ANNUAL REPORT 2015



Connecting Lives

Growing Together...

LankaBangla™
FINANCE



Connecting Lives

Rooted to a market validated by sustainable development trajectory, LankaBangla has managed to supersede the potential for expanding its footprint to new frontiers. Adjusting to the constant shift in the financial market of Bangladesh, the company has positioned itself at a vantage point; broadening its operational network to secure extensive stakeholders' approval and celebrating the participation of all strata of society.

Conforming to our foremost objective, we have retained a progressive framework and enduring value index for shareholders. Over the years, we have registered triumphant geographical outreach by virtue of sustainable growth and essentially 'Connecting Lives'. The Annual Report 2015 corresponds to our widespread engagement portfolio as we pledge to expedite our effort for nurturing partnerships built through succession and maintain flagship position in the industry.

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LankaBangla FINANCE

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

Notice of 19th Annual General Meeting

Notice is hereby given that 19th Annual General Meeting of the Shareholders of LankaBangla Finance Limited will be held on March 30, 2016 at 10:00 a.m. at MIDAS Centre (12th Floor), House # 05, Road # 16 (New), 27 Old Dhanmondi, Dhaka-1209 to transact the following businesses:

AGMA-01-19-16	To receive and adopt the Directors' Report, Auditors' Report and Audited Financial Statements for the year ended 31st December 2015
AGMA-02-19-16	To declare dividend for the year 2015
AGMA-03-19-16	To appoint/elect Directors in accordance with regulatory requirements
AGMA-04-19-16	To appoint Auditors of the Company for the year 2016 until conclusion of 20th AGM and to fix their remuneration
AGMA-05-19-16	To transact any other business with the permission of the Chairman

Dated, Dhaka
March 14, 2016

By Order of the Board

Mostafa Kamal FCA
Company Secretary

Notes:

- The record date is fixed on March 14, 2016. 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 dividends.
- The Board of Directors has recommended 15% Cash Dividend i.e. Tk. 1.50 per share of Tk. 10.00 each and 15% Stock Dividend i.e. 15 (Fifteen) Bonus Shares for every 100 (Hundred) Ordinary Shares held.
- 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.

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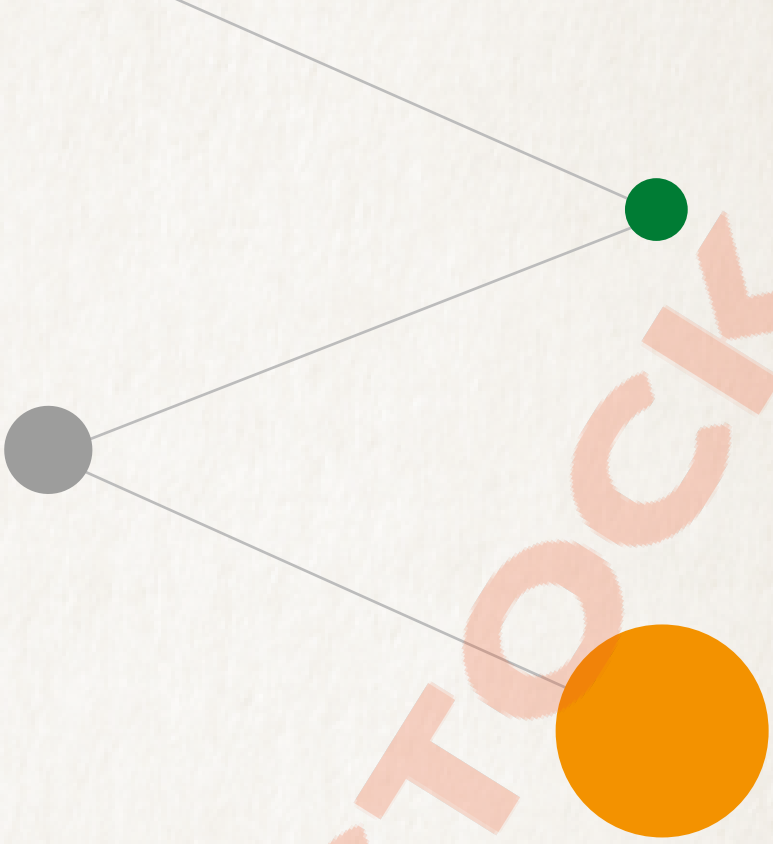

Communication to Shareholders

LankaBangla Finance Limited is listed in both the bourses of the country. Investors can monitor the ticker in the name of LANKABAFIN in both DSE and CSE. Any price sensitive information is disseminated timely. Annual Report of the company summarizes the company's financial performance and provides an overview of the company's major activities. The annual report is duly submitted to Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange & Chittagong Stock Exchange in timely manner. Each stockholder is sent copy of the report before AGM. Annual Report, Quarterly Reports and Supplements to the reports are available on the company's website, **www.lankabangla.com** or copies are available with the Board Secretariat at LankaBangla Finance Limited.

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

Redressal of Investors' complaint

Investor Relations Department of LankaBangla Finance Limited always gives extreme priority in mitigating investors' complaints (if any) regarding any inconvenience. Investors can approach to Investor Relations Department with a complaint or can make an email at company's designated e-mail id for investor relations at ir@lankabangla.com. An Investor can make a written complaint to LankaBangla Finance Limited also. Upon receipt of the compliant, designated cell at LankaBangla takes immediate steps to resolve the complaint.



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 endeavours 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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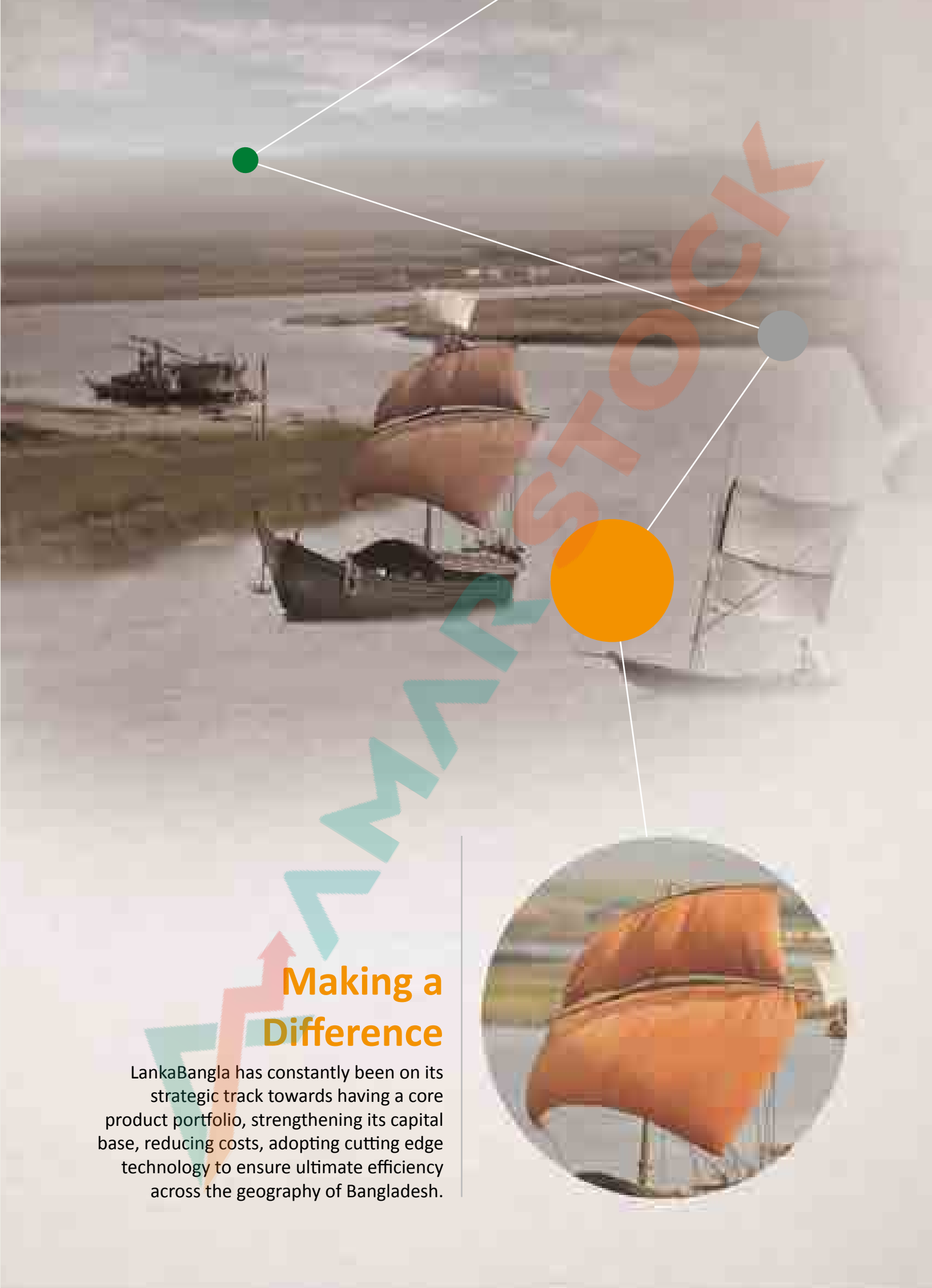

Making a Difference

LankaBangla has constantly been on its strategic track towards having a core product portfolio, strengthening its capital base, reducing costs, adopting cutting edge technology to ensure ultimate efficiency across the geography of Bangladesh.



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

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Core Values

We have strong values that are well embedded in our culture. Our values create the following goals to help us deliver our strategy:

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



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 2016:

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 house 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

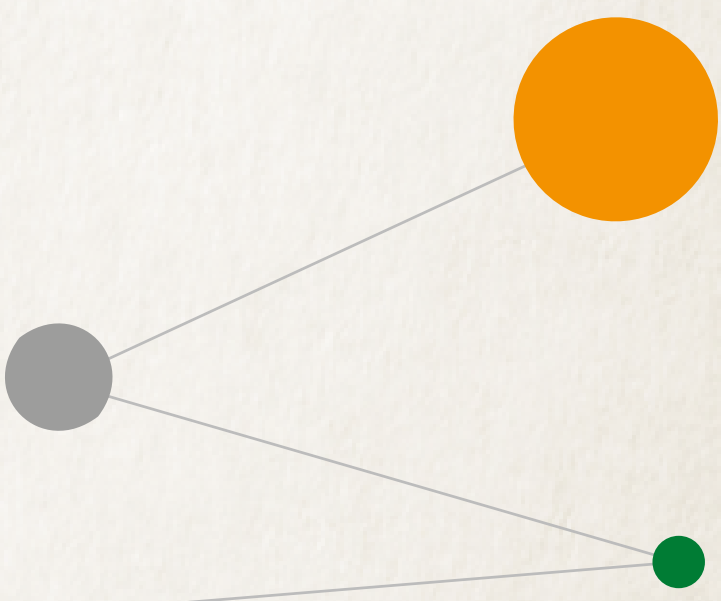
- Continually improve key areas of customer service
- Simplify processes and ensure disciplined expense management
- Upgrade our technology that will make us more efficient and competitive

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 underprivileged 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



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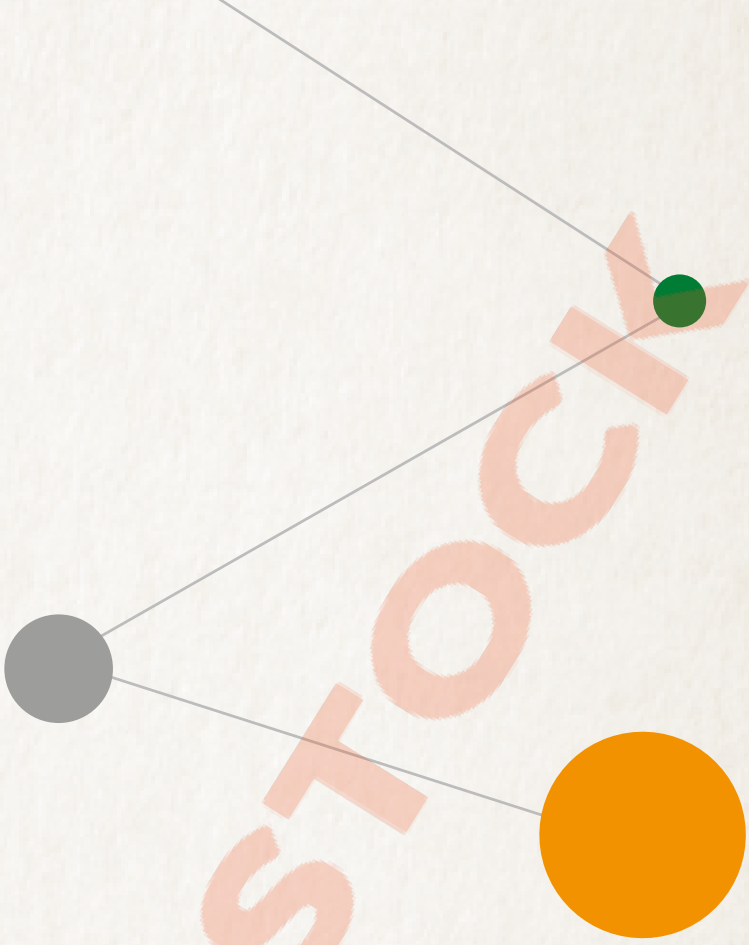


Forward Looking Statement

"The next is NOW" is the motto of our journey in 2016. We, at LankaBangla, want to march ahead of time. What would be that next prominent strategy for the penetration in the financial landscape of Bangladesh, is well deemed and happening NOW in our territory.

- In 2016, we would put high emphasize on the Retail and SME Financial Services to achieve a fragmented portfolio to diversify risk and high yield. Through establishing credit delivery channels, staffing required skill sets, making improved process flow, decentralizing credit decisions, we will expand our business at high pace.
- With the objective of optimizing the Company's funding mix, we would look forward to more diversified sources of fund. The Cost of Funds is also anticipated to come down with the diversification of the Company's' funding portfolio. ALCO will be more vibrant in 2016 to tap market level opportunities.
- We would be upgrading our interface and functionality by using latest technology, systems and tools. This will increase operational efficiency, reduce lead time, faster customer service, enable quick information dissemination to loan and liability clients, save cost.
- We believe product diversification is the key to achieve customer satisfaction by meeting the tailor made needs of customers. Innovation would be continuing in the foreseeable future.
- In 2016, more emphasis will be given to run the branches independently so that we can deliver the finest customer service. Branch will be the main focal point and one stop service delivery center for business acquisitions, retention and development and for providing customer care and maintaining relationship with all parties.
- Cost control will be one of the top strategy for 2016. We would take initiatives to reduce costs to income as minimum as possible.
- Continuous monitoring will be done to restrict NPL at a tolerable low level. Initiatives will be taken to increase the efficiency level of Recovery & Monitoring team and Special Asset Management Team to reduce NPL at minimum level.
- While we engage in doing things we will be maintaining strict compliance and good governance in norms and regulations to ensure long term sustainability of the company. 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 and services
- Gather business intelligence properly and ethically
- Prevent the use of company's services against money laundering purposes

Corporate Citizenship

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

LankaBangla at a Glance

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.

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.

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

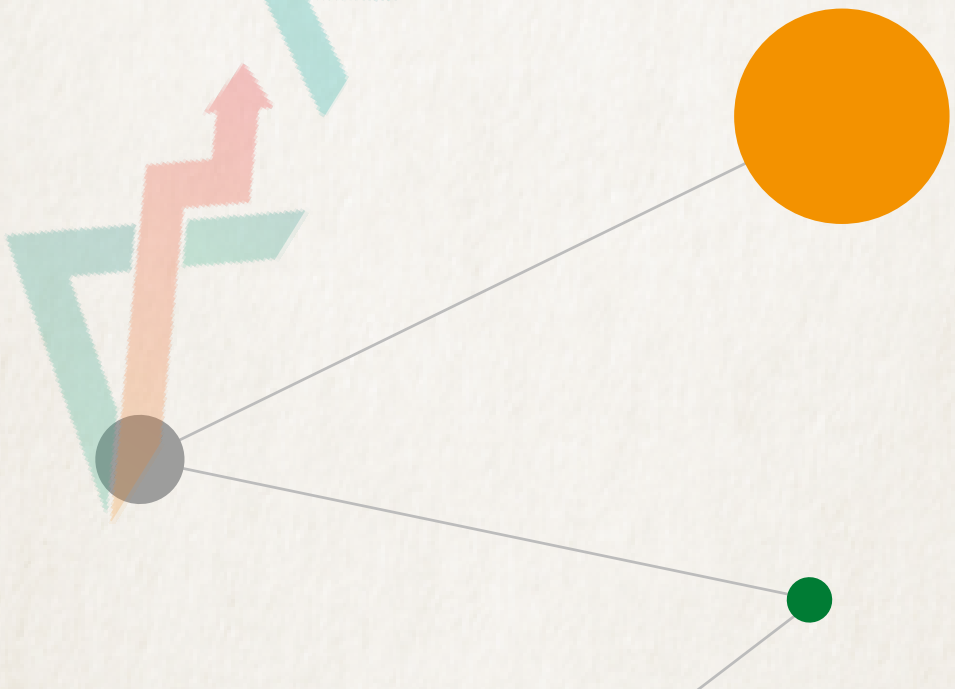
Under the broadest umbrella of products and service offerings, we are the lone financial institution to operate credit card (MasterCard and VISA) and also provide third party card processing services to different banks in Bangladesh.

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 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 "Category Winner - Financial Service Sector" and "Overall Winner" for the "Best Presented Annual Report and SAARC Anniversary Award for Corporate Governance Disclosure 2014" from South Asian Federation of Accountants (SAFA) (An Apex body of SAARC). This is undoubtedly an igniting accomplishment and it is a reflection of ethical practices, true compliance and a great team work.

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.



Milestones

Our Journey so far

20 years of achieving and sustaining excellence

1996
05th November
Incorporation of the Company

1996
05th November
Commencement of Business

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

1997
30th October
Licensed as Financial Institution by Bangladesh Bank

1998
30th March
Signing of First Lease Agreement

1998
16th August
Issuance of First Credit Card

1996-1999

2005
05th September
Launching of MasterCard

2006
17th October
Listing on Dhaka Stock Exchange

2006
31st October
Listing on Chittagong Stock Exchange

2006
01st November
Trading of Shares in Stock Exchange

2007
10th February
Commencement of Operation of Chittagong Branch

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

2007
11th December
First Disbursement of Domestic Factoring

2000-2007

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2008-2011

2008
18th February
First Disbursement of Mortgage Loan

2009
27th April
Commencement of Operation of Sylhet Branch

2009
23rd November
Licensed as Primary Dealer

2009
24th November
Issuance of First VISA Card

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

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

2012-2016

2012
31st January
Approval of Right Issue by BSEC

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

2013
28th January
Commercial Launching of Narsingdi Branch

2013
03rd February
Commercial Launching of Comilla Branch

2013
13th February
Commercial Launching of Jessore Branch

2013
12th November
Commercial Launching of Banani Principal Branch

2013
11th December
Commercial Launching of Dhanmondi Branch

2014
21st January
Contact Center Launching

2014
03rd March
Commercial Launching of Uttara Branch

2014
25th May
Commercial Launching of CDA Branch, Chittagong

2014
15th December
Zero Coupon Bond Issue

2014
23rd December
Commercial Launching of Motijheel Branch

2015
29th January
Commercial Launching of Mirpur Branch

2015
24th May
Commercial Launching of Bogra Branch

2015
24th June
Commercial launch of Barisal Branch

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This is undoubtedly an igniting accomplishment that will work as an inspiration for us to reach the summit of success. It is a reflection of ethical practices, true compliance and a great team work.



Let this be an inspiration in the journey of success



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: (880-2) 9883701-10, Fax: (880-2) 8810998
Company E mail	info@lankabangla.com
Company Website	www.lankabangla.com
Corporate, Personal, Liabilities & SME Financial Services Division	Safura Tower (Level 8) 20 Kemal Ataturk Avenue, Banani, Dhaka-1213, Bangladesh Phone: (880-2) 9883701-10, Fax: (880-2) 8810998 E-mail: info@lankabangla.com
Card Centre	65/B Assurance Nazir Tower, (Level-6/B), Banani Phone: (880-2) 55035245, (880-2) 55035255 Email: 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 13) 20 Kemal Ataturk Avenue, Banani, Dhaka-1213, Bangladesh Phone: (880-2) 9883701-10 Fax: (880-2) 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	ACNABIN Chartered Accountants BDBL Bhaban (Level 13 & 14) 12 Kawran Bazar Commercial Area, Dhaka 1215, Bangladesh Phone: (880-2) 8144347-52 & 8189428-29 Fax: (880-2) 8144353 E-mail: acnabin@bangla.net www.acnabin-bd.com
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 and Subsidiaries

Branches of LankaBangla Finance Limited	
Principal Branch, Banani	Assurance Nazir Tower, 65/B Kemal Ataturk Avenue (3rd Floor), Banani, Dhaka 1213, Bangladesh Phone: (880-2) 9840720 Fax: (880-2) 9840662 E-mail: banani@lankabangla.com
Dhanmondi Branch	MIDAS Centre (8th Floor, North Side) House No # 05, Road No # 16 (New), 27 (Old) Dhanmondi-1209, Dhaka, Bangladesh Phone: (880-2) 9114460, 9114451, 9114648, 9114574 Fax: (880-2) 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, Bangladesh Phone: (880-2) 8958863, 7914230 Fax: (880-2) 8960256 E-mail: uttara@lankabangla.com
Mirpur Branch	Northern Khan Height Tower (Level 3) Plot No # 34, Road No # 03, Block # D Section # 11, Mirpur, Dhaka 1216, Bangladesh Phone: (880-2) 9037841, 9037842-8, 9037851-2 Fax: (880-2) 9037848 E-mail: mirpur@lankabangla.com
Motijheel Branch	Peoples Insurance Bhaban (10th Floor) 36 Dilkusha C/A, Dhaka 1000, Bangladesh Phone: (880-2) 9514570-2, 9513714-16, 9514767-8 E-mail: motijheel@lankabangla.com
Agrabad Branch	Hal's Aster Anwer 1728, 14th Floor, Sheikh Mujib Road, Agrabad, Chittagong 4100, Bangladesh E-mail: agrabad@lankabangla.com
CDA Avenue Branch	Yunusco City Centre (8th Floor) 807/1056, CDA Avenue, OR Nizam Road Khulshi, Chittagong 4000, Bangladesh 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: (880-821) 728420 Fax: (880-821) 728418 E-mail: sylhet@lankabangla.com
Comilla Branch	Omri Mansion (3rd Floor), 349/KA (new) Badurtola, Kandir Par, Comilla 3500, Bangladesh Phone: (880-81) 73371-2 E-mail: comilla@lankabangla.com
Narsingdi Branch	56/1 Jalpatty Road (2nd Floor) Madhabdi Bazar, Narsingdi 1604, Bangladesh Phone: (880-2) 9446730-31 E-mail: narsingdi@lankabangla.com
Jessore Branch	Mohashin Super Market (2nd Floor) 10 R. N. Road, Jessore 7400, Bangladesh Phone: (880-421) 71146-47 Fax: (880-421) 71148 E-mail: jessore@lankabangla.com

Barisal	Yunus Plaza, 1st Floor, 444 K.B. Hemayet Uddin Road Barisal 8200, Bangladesh Phone: (880-431) 61884 E-mail: barisal@lankabangla.com
Bogra	Bogra Trade Center (Level-4), Dotto Bari, Borogola Bogra 5800, Bangladesh Phone: (880-51) 71031-35 E-mail: bogra@lankabangla.com
Mymensingh	Sabit Sharif Bhaban, 2nd Floor, 55/A Boro Bazer Mymensingh 2200, Bangladesh
Khulna	Tribune Tower, 2nd floor, 2/A KDA Avenue Khulna 9200, Bangladesh
Rajshahi	Ahmed Plaza, 2nd floor, 182-Alo Patti, Ghoramara Boalia, Rajshahi, Bangladesh
Bangshal Booth	5 Old Bangshal Lane (57 New shahid Sayed Nazrul Islam Sharani) Dhaka 1100, Bangladesh Phone: (880-2) 9550482, 9513822 Fax: (880-2) 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: (880-2) 9561238, Fax: (880-2) 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)	Praasad Trade Centre, 4th Floor, 6 Kemal Ataturk Avenue Banani C/A, Dhaka-1213, Bangladesh E-mail: amcl@lankabangla.com Web: www.lankabangla.com

Shareholding Position of LankaBangla Finance Limited

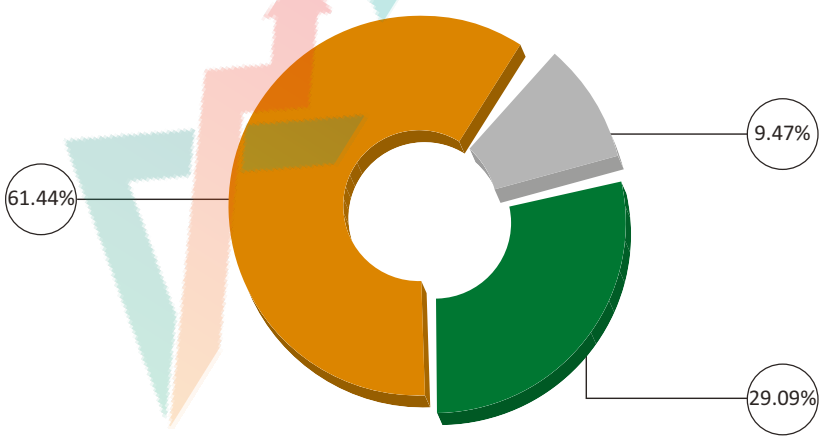
As on December 31, 2015

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

Issued, Subscribed and Paid up Capital:	No. Share	Taka
(Ordinary Shares of TK. 10.00 each)	240,643,434	2,406,434,340

Details of shareholding structure is as under:

Sponsor:	Total Holding (No. of Share)	% of Shareholding
a) Foreign Institution:		
Sampath Bank PLC	22,792,770	9.47%
Sub total	22,792,770	9.47%
b) Local Institution:		
ONE Bank Limited	11,688,600	4.86%
SSC Holdings Limited	2,581,718	1.07%
Shanta Apparels Limited	4,184,645	1.74%
Sub total	18,454,963	7.67%
c) Individuals:		
Mr. Mohammad A. Moyeen	10,201,405	4.24%
Mrs. Jasmine Sultana	2,717,599	1.13%
Mrs. Aneesha Mahial Kundanmal	18,535,473	7.70%
Mr. Mahbubul Anam	10,717,756	4.45%
Mr. Tahsinul Huque	9,375,717	3.90%
Sub total	51,547,950	21.42%
Sponsor local	70,002,913	29.09%
Sponsor total	92,795,683	38.56%
c) General Shareholders :	**147,847,751**	**61.44%**
Grand	**240,643,434**	**100.00%**



AMARSTOCK



Passionate Minds

With a crew of indomitable team leaders, LankaBangla is forwarding ahead, meeting its goals, achieving new milestones day by day. The far-reaching visions of these leaders are the key to our inevitable success.

Profile of the Directors of the Board



Mr. Mohammad A. Moyeen
Chairman

Mr. Moyeen is a leading entrepreneur in Bangladesh. He has a Bachelor of Architecture degree from Bangladesh University of Engineering and Technology. Mr. Moyeen is involved in a number of businesses which include, among others, Apollo Hospitals Dhaka, International School Dhaka, DPS-STS Schools 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. Mahbubul Anam
Director

Mr. Anam is a Mechanical Engineer from BUET. He has long experience of 29 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.

AMBR STOCK



Mr. M. Y. 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 27 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 31 years, including Corporate, Treasury and Investment Banking in various capacities in different banks and financial institutions. He started his Career at Agrani Bank Limited as an Officer in 1983, and later served different organizations at home & 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.

AMR 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 New York in 1990 and served the company at different capacities until 2003. He then joined Deutsche Bank as a Managing Director of the Investment Banking Division in London. Mr. Huque has spent many years in Investment Banking, Capital Markets and various management roles at Deutsche Bank in London. In 2016, he relocated to New York with Deutsche Bank in a senior management role. 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.

AMR STOCK



Mr. Kazi Abu Muhammad Majedur Rahman

Independent Director

Mr. Rahman has more than 30 years of experience in banking in South Asia, Australia, the Middle East and Africa. He worked at ANZ Grindlays Bank, Mashreq Bank, Standard Chartered Bank, Dhaka Bank, IPDC of Bangladesh Limited, Bank Alfalah Limited, AB Bank Limited and The Premier Bank Limited. Presently, he is engaged in financial services advisory including a role as Consultant in the Ireland based organisation eCurrency Mint Limited.

During the long span of his career, Mr. Rahman held key positions in Retail, SME, Commercial and Investment Banking. He has valuable experience in Risk management, Business Process Reengineering and banking technology. Mr. Rahman worked overseas for over 10 years and returned home in 1997 to lead Standard Chartered Bank's consumer banking business introducing the first ever ATM network and online banking in Bangladesh. He served as the CEO & Managing Director of The Premier Bank Limited until February 2015. Earlier, he had set up the operations of Bank Alfalah Limited in Bangladesh as the first Country Head and Additional Managing Director of AB Bank Limited.

Mr. Rahman attended premier institutions Faujdarhat Cadet College and Dhaka University for schooling, undergraduate and postgraduate education. He has attended Senior Management Development programmes at Said Business School, Oxford; London Business School and FMO Netherlands. Mr. Rahman has also attended special training on Risk Management at the prestigious Institute of Risk Management in the United Kingdom.



Mr. Mohammed Nasir Uddin Chowdhury

Managing Director

Mr. Mohammed Nasir Uddin Chowdhury is serving LankaBangla Finance Limited as the Managing Director from December 1, 2011. Before joining LBFL, Mr. Chowdhury served LankaBangla Securities Limited as Chief Executive from July 2002 to April 2011 and MIDAS Financing Limited as Director representing LBFL. He is now a member of the Board of Directors of LankaBangla Securities Limited and LankaBangla Investments Limited. Under his sound and proven leadership LankaBangla Finance Limited and its subsidiaries have been able to hold strong position in the respective industries.

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. Mr. Chowdhury now chairs one of the first venture capital organizations in Bangladesh, called BD Venture Ltd. He is also the vice chairman of FinExcel, a capacity building institute for financial institutions. He holds a directorship at Eastern Cables Ltd, as well.

Mr. Chowdhury 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 participated in "On the Job Training Program of the Chief Executives" conducted by "Singapore Institute of Management" and also attended leadership program on "Authentic Leadership Development" from Harvard Business School, Boston, USA. Mr. Chowdhury has a rare blend of expertise in money market and capital market. He is a prominent private equity arranger and successfully arranged financing for many start-ups in Bangladesh.

Mr. Chowdhury completed his graduation and post-graduation from the University of Chittagong. He is a life time member at International business forum of Bangladesh (IBFB). Currently, he is the President of Old Faujian Association, Dhaka Chapter. Mr. Chowdhury is an active member of Dhaka Club and Chittagong Club also.

Board Committees

Executive Committee

Mohammad A. Moyeen
Chairman

Mahbubul Anam
Member

Al-Mamoon Md. Sanaul Huq
Member

Aneesha Mahial Kundanmal
Member

M. Fakhrul Alam
Member

Kazi Abu Muhammad Majedur Rahman
Member

Audit Committee

Al-Mamoon Md. Sanaul Huq
Chairman

Mohammad A. Moyeen
Member

Mahbubul Anam
Member

Mirza Ejaz Ahmed
Member

M. Fakhrul Alam
Member

Management Committee (MANCOM)

Mohammed Nasir Uddin Chowdhury
Managing Director
Position in the Committee (Chairman)

Khwaja Shahriar
Deputy Managing Director
Position in the Committee (Member)

A.K.M. Kamruzzaman
EVP & Head of Operations
Position in the Committee (Member)

Quamrul Islam
EVP & Head of Treasury & FIs
Position in the Committee (Member)

Khurshed Alam
EVP & Head of Personal Financial Services
Position in the Committee (Member)

Mohammed Kamrul Hasan
SVP & Chief Risk Officer
Position in the Committee (Member)

Mostafa Kamal
SVP & Group Company Secretary
Position in the Committee (Member Secretary)

Kazi Masum Rashed
SVP & Chief Credit Officer
Position in the Committee (Member)

Mohammad Shoaib
SVP & Head of Corporate Financial Services
Position in the Committee (Member)

Shamim Al Mamun
VP & Chief Financial Officer
Position in the Committee (Member)

Kamruzzaman Khan
VP & Head of SME
Position in the Committee (Member)

Mohammad Faruk Ahmed Bhuya
VP & Head of Asset Operation
Position in the Committee (Member)

S. M. Abu Washib
VP & Head of Liability Management
Position in the Committee (Member)

Sheik Mohammad Fuad
SAVP & Head of IT
Position in the Committee (Member)

Md. Shariful Islam Mridha
SAVP & Head of Human Resources
Position in the Committee (Member)

Mohammad Anisur Rahman
AVP & Head of GIS
Position in the Committee (Member)

AMARSTOCK

Management Team



Mohammed Nasir Uddin Chowdhury
Managing Director

Mohammed Nasir Uddin Chowdhury is serving LankaBangla Finance Limited as the Managing Director from December 1, 2011. Before joining LBFL, Mr. Chowdhury served LankaBangla Securities Limited as Chief Executive from July 2002 to April 2011 and MIDAS Financing Limited as Director representing LBFL. He is now a member of the Board of Directors of LankaBangla Securities Limited and LankaBangla Investments Limited. Under his sound and proven leadership LankaBangla Finance Limited and its subsidiaries have been able to hold strong position in the respective industries.

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Mr. Chowdhury 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 participated in "On the Job Training Program of the Chief Executives" conducted by "Singapore Institute of Management" and also attended leadership program on "Authentic Leadership Development" from Harvard Business School, Boston, USA. Mr. Chowdhury has a rare blend of expertise in money market and capital market. He is a prominent private equity arranger and successfully arranged financing for many start-ups in Bangladesh.

Mr. Chowdhury completed his graduation and post-graduation from the University of Chittagong. He is a life time member at International business forum of Bangladesh (IBFB). Currently, he is the President of Old Faujian Association, Dhaka Chapter. Mr. Chowdhury is an active member of Dhaka Club and Chittagong Club also.



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 Company 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 Administration 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 thirteen 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 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 training in home and abroad.



Mohammed Kamrul Hasan, FCA

Chief Risk Officer

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

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



Mostafa Kamal, FCA

Group Company Secretary

Mostafa Kamal, Senior 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 ICAB for the year 2010-2011. He has been elected Council Member of ICAB for the term 2016-2018. Mr. Kamal played a very vital role in opening Dhaka Chapter of Information System Audit and Control Association (ISACA) of USA. He is the Founder Director, Communication and Ex-Director, Academic Relations of ISACA Dhaka Chapter.

Mr. Kamal is also a Founder Member and the General Secretary of Vision Care Foundation (a non- profit organization). He is the Executive Director and a member of Policy Advisory Committee of Bashundhara Eye Hospital and Research Institute, a non-profit and most modern Eye Hospital in Bangladesh.



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.

AMAR STOCK



Mohammad Shoaib

Head of Corporate Financial Services

Mohammad Shoaib, Senior 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 12 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.



Shamim Al Mamun, FCA

Chief Financial Officer

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



Kamruzzaman Khan

Head of SME

Md. Kamruzzaman Khan, 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 13 years of Banking and Financial Services experience. Prior to joining LankaBangla Finance Limited, he served in BRAC Bank Limited under SME Division indifferent 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.



S. M. Abu Washib

Head of Liability Management

S. M. Abu Washib Joined LankaBangla Finance Limited as 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 13 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 Faruk Ahmed Bhuya

Head of Asset Operations

Mohammad Faruk Ahmed Bhuya joined LankaBangla Finance Limited as Vice President on April 01, 2013. He is currently working as Head of Asset operations and responsible to take care of Loan Documentation, Disbursement, Credit Card Operation, filling, scanning and vaulting of documents, Post Dated Cheques (PDC) & Un-dated Cheque (UDC) management. Prior to this, he was working as manager at BASIC Bank limited in different Branches and divisions at Head Office from June 2000 to March 31, 2013. He started his banking career in 1999 with Prime Bank limited as Management Trainee Officer (MTO) . Mr. Bhuya is a post graduate in Management from the University of Dhaka.

He brings with him 17 years of long and diversified banking experience in Credit, Trade Finance and General Banking. Mr. Bhuya attended a number of professional Training, workshops and seminars at home and abroad. He is Diplomaed Associate of the Institute of Bankers, Bangladesh (DAIBB). Mr. Bhuya is a widely travelled person.



Sheik Mohammad Fuad

Head of IT

Sheik Mohammad Fuad, Head of Information Technology Division, has been working in LankaBangla Finance Limited since 1999. He has more than 15 years of experience in IT Operations, IT Project Management, IT Governance and Risk Management. As a Head of IT, Mr. Fuad is responsible for enabling various business requirements through development and successful deployment Information Technology features. He also contribute to the strategic planning of the organization as a member of the Management Committee.

Here in LankaBangla Mr. Fuad is leading a team of highly professional personnel experienced in various wing of Information Technology such as Network Security, Database Management and Administration, Project Management, IT Audit and Compliance.

Mr. Fuad has attained professional credentials such as ITIL(F), COBIT 5, PRINCE 2, MCP.

LANKA STOCK



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 11 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. He attended American Management Association's 5-day "MBA" workshop from Singapore Institute of Management (SIM), Singapore. He also completed 6 week weekend course on "Human Resource Management Competencies (HRMC)" from IBA, University of Dhaka. Currently, he is enrolled in Master of Professional Human Resource Management (MPHRM) Program under faculty of Business Studies, University of Dhaka. He has attended various job specific and leadership trainings in home and abroad.



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 Science (Honors) and Master of Science in Geography from University of Dhaka. He has participated in various professional and leadership trainings.

Weaving Success



"I always had a dream of contributing to the national economy. After receiving the financial support and prospective business consultancy from LBFL, I feel that I have already taken a major step towards fulfilling my dream" -Mrs. Anjuman Ara

Mrs. Anjuman Ara lives in Kotowali, the business hub of the Chittagong district. Ever since her marriage in the mid 90's, Mrs. Anjuman has been working alongside her husband to help him with his garments accessories business named 'Star Image'. Inspired by the growth of the business, the couple set up a CTP Plate, Film & Printing business in 2008 and eventually rented two floors in a building at Kadam Mobarak Road of the city, where the two businesses started their operation side by side.

Despite of a host of challenges being associated with being a woman entrepreneur, Mrs. Anjuman's business flourished and secured the second position in the respective industry. Coming from a respectable Muslim family of Feni district, Mrs. Anjuman developed strong foothold for her business through her commendable personality, her strong relationship with local traders and her unscathed reputation as a business leader.

With the growing demand for diversified printing services in the market, Mrs. Anjuman felt the urge to expand her business. In connection, she approach LankaBangla for financial help, and was promptly entertained with a loan amount of 50 lacs payable over a tenure of 4 years under 'Anonnya' product category, designed exclusively to help women entrepreneurs establish their businesses. LankaBangla also facilitated her with business consultancy, enabling her to grasp the ongoing trends in printing business.

Empowered by the financial freedom, Mrs. Anjuman installed two more machines at her printing factory premises, enabling her to take up more orders and enhance productivity through a total of 4 machines, suited for delivering diversified printing solutions.

Mrs. Anjuman has always been resolute in her approach of doing business combined with the intention of contributing to the society. To date, she has employed 30 skilled and unskilled workers in her business and helped reduce the unemployment problem in the locality. In relation, she has also expressed her indebtedness towards LankaBangla, as she maintained: "I always had a dream of contributing to the national economy. After receiving the financial support and prospective business consultancy from LBFL, I feel that I have already taken a major step towards fulfilling my dream".

Mrs. Anjuman recognizes that the garments workers; specially the female segment are somewhat underprivileged in our society, although their work is labor intensive and a major contributor to the country's economy. Therefore, she believes that she has the responsibility to empower these workers as an entrepreneur, which in turn could fetch positive changes to the society.

Looking ahead, Mrs. Anjuman is able to foresee a brighter future for her business and a stronger relationship with LankaBangla. With further financial aid from the organization, she aims to adjoin more state of the art machineries to develop automated production facility. Mother of two little girls, Mrs. Anjuman cherishes a lasting relationship with LankaBangla, saying: "I had no issues whatsoever in obtaining the loan from LankaBangla, and there is a definite likelihood that I shall turn to them again whenever I feel it necessary to expand my business further.

MANCOM Members



Sitting from the left

Khurshed Alam
EVP & Head of Personal Financial Services

A. K. M. Kamruzzaman, FCMA
EVP & Head of Operation

Mohammed Nasir Uddin Chowdhury
Managing Director

Khwaja Shahriar
Deputy Managing Director

Quamrul Islam
EVP and Head of Treasury and FI's

Standing from the left

Sheik Mohammad Fuad
SAVP & Head of Information Technology

Mohammad Anisur Rahman
AVP - Head of General & Infrastructure Services

S. M. Abu Washib
VP & Head of Liability

Mohammad Faruk Ahmed Bhuya
VP & Head of Asset Operation

Md. Shariful Islam Mridha
SAVP & Head of Human Resources

"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."



Shamim Al Mamun, FCA
VP & Head of Finance and Accounts

Kamruzzaman Khan
VP & Head of SME Financial Services

Mohammed Kamrul Hasan, FCA
SVP & Chief Risk Officer

Kazi Masum Rashed
SVP & Chief Credit Officer

Mohammad Shoaib
SVP & Head of Corporate Financial Services

Mostafa Kamal, FCA
SVP & Group Company Secretary

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 Asset Operation	Mohammad Faruk Ahmed Bhuya	Member
15	Head of GIS	Mohammad Anisur Rahman	Member
16	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 Asset Operation	Mohammad Faruk Ahmed Bhuya	Member
11	Head of IT	Sheikh Mohammad Fuad	Member
12	Head of Liability	S. M. Abu Washib	Member
13	Head of SME Financial Services	Md. Kamruzzaman Khan	Member
14	Head of Human Resources	Md. Shariful Islam Mridha	Member
15	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 Asset Operation	Mohammad Faruk Ahmed Bhuya	Member
8	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 Compliance 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 Asset Operation	Mohammad Faruk Ahmed Bhuya	Member
9	Head of Liability	S. M. Abu Washib	Member
10	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 Asset Operation	Mohammad Faruk Ahmed Bhuya	Member
7	Head of IT	Sheik Mohammad Fuad	Member Secretary
8	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 Asset Operation	Mohammad Faruk Ahmed Bhuya	Member
8	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 Asset Operation	Mohammad Faruk Ahmed Bhuya	Member
11	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 Asset Operation	Mohammad Faruk Ahmed Bhuya	Member
5	Head of IT	Sheikh Mohammad Fuad	Member
6	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 Asset Operation	Mohammad Faruk Ahmed Bhuya	Member
11	Head of IT	Sheikh Mohammad Fuad	Member
12	Head of SME Financial Services	Md. Kamruzzaman Khan	Member
13	Head of Human Resources	Md. Shariful Islam Mridha	Member

Capital Market Operations Committee

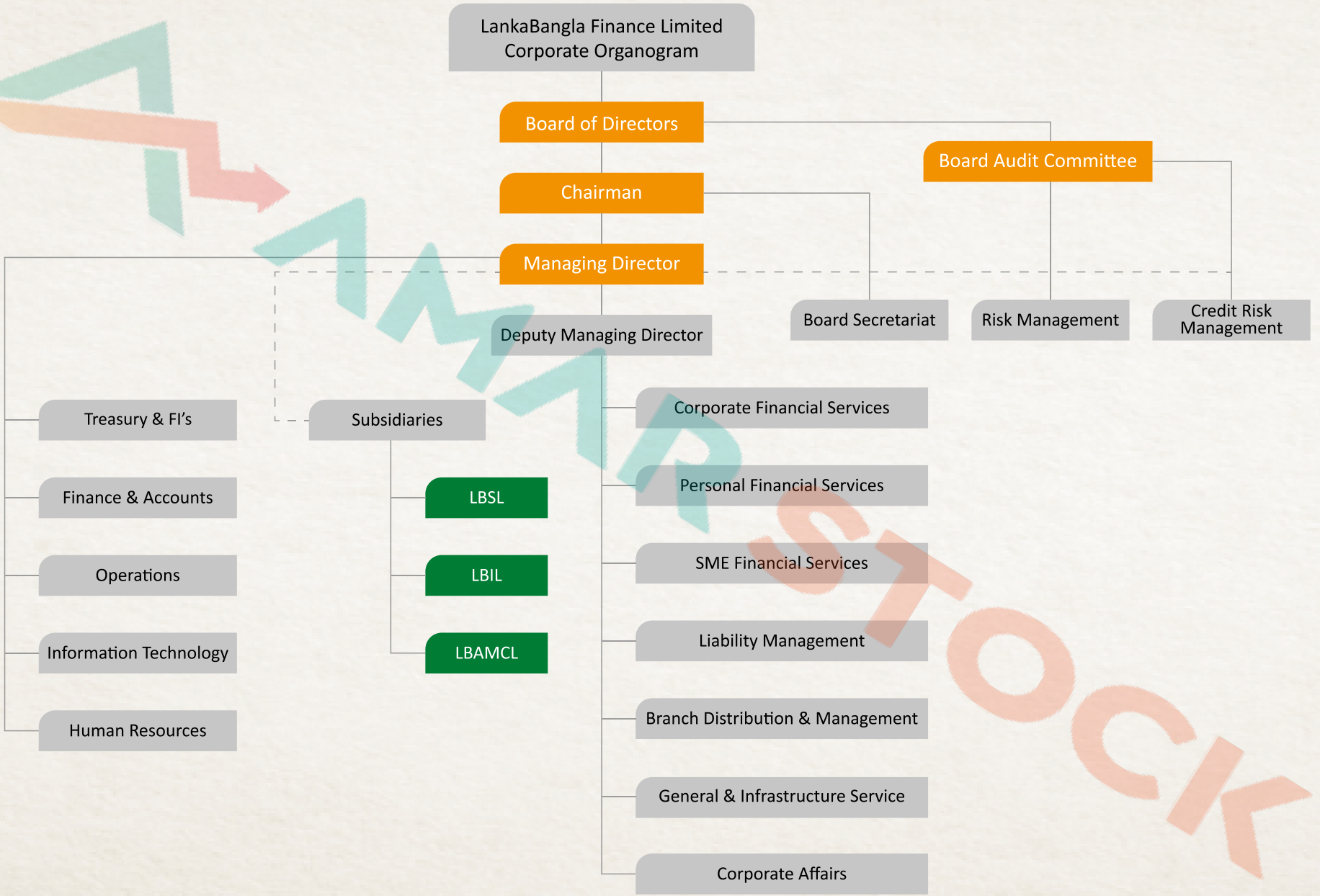
Sl. No.	Designation	Name	Position in the Committee
1	Managing Director	Mohammed Nasir Uddin Chowdhury	Chairman
2	Deputy Managing Director	Khwaja Shahriar	Member
3	Head of Treasury & FIs	Quamrul Islam	Member
4	FAVP, Capital Markets	M A Faisal Mahmud	Member Secretary

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	Sr. Manager, Corporate Affairs	Md. Raziuddin	Member
8	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	Deputy Managing Director	Mr. Khwaja Shahriar	Chairman
2	Head of Operations	Mr. AKM Kamruzzaman	Member
3	Head of Personal Financial Service	Mr. Khurshed Alam	Member
4	Chief Risk Officer	Mr. Mohammed Kamrul Hasan	Member
5	Head of Corporate Financial Service	Mr. Mohammad Shoaib	Member
6	Chief Financial Officer	Mr. Shamim Al Mamun	Member
7	Head of Asset Operation	Mohammad Faruk Ahmed Bhuya	Member
8	Head of IT	Mr. Sheikh Muhammad Fuad	Member
9	Head of SME Financial Service	Mr. Md. Kamuzzaman Khan	Member
10	Head of Liability	Mr. SM Abu Washib	Member
11	Head of GIS	Mr. Mohammad Anisur Rahman	Member
12	Head of HR	Mr. Shariful Islam Mridha	Member
13	FAVP-Audit & Inspection	Mr. Mohd. Shafiqul Islam	Focal Point


LankaBangla Finance Limited
Corporate Organogram
Board of Directors
Board Audit Committee
Chairman
Managing Director
Board Secretariat
Risk Management
Credit Risk Management
Deputy Managing Director
Treasury & FI's
Subsidiaries
Finance & Accounts
LBSL
Operations
LBIL
Information Technology
LBAMCL
Human Resources
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 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, channelling 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 property (LAP) and credit cards(MasterCard & VISA card). The division delivers services through 4 (Four) units namely Auto Loan Unit, Home and Mortgage Loan Unit, Personal Loan Unit and Card Center.

Auto Loan Unit

The unit deals with all sales, marketing, business promotions, relationship management with individual and corporate 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. The unit also start providing Motor Cycle loan to individual professional and corporate houses.

Home & Mortgage Loan Unit

The activities of Home & Mortgage 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, loan against property (LAP) and home plan financing for professionals.

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 with corporate houses, customer service activities including planning, budgeting, target setting & allocation and also execution, monitoring & evaluation of sales deal, customer service quality, etc. Doctors Loan, Travelling loan, Marriage loan and Loan for Land lord/lady are offered under this unit. Short term loan against lien of deposits, shares of listed companies, savings instruments etc are also offered under this unit for any purpose.

Credit Card

Card Centre deals with issuing of MasterCard and VISA credit cards; there are mainly three categories of MasterCard–Titanium, Gold & Classic and two categories of VISA card –Gold & Classic for individual and corporate clients. 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 with outlets & corporate house, customer service activities including planning, budgeting, target setting and allocation, execution, monitoring and evaluation of sales deal, customer service quality, etc.

SME Financial Services

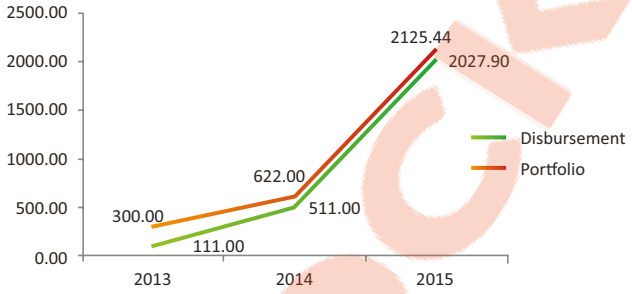
SME Industry becomes blood of economic and sustainable development of Bangladesh. Today, SME remains the engine of economic growth and considering the population of Bangladesh, SME offers large-scale employment and income earning opportunities at relatively low costs, especially in the rural areas. It strengthens efforts to achieve high and sustainable the convergence of growth in SME, women entrepreneurship 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.

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 and allocation, and also execution, monitoring and evaluation of sales deals in Small Medium Enterprise Segment. SME Division of LankaBangla had created a sound footprint in the year 2015 and it enjoyed higher growth in every parameter than that of previous year and is expecting to excel further. The division is working on new product introduction, cluster analysis and finding out prospective sectors. 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 and rural areas. We are now strongly focusing on Agro processing Finance outside Dhaka and Chittagong metropolitan area and 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. The Division had introduced Start up Finance product "Somporko" which will be marketing and expanding in full fledge in the year 2016 of all LBFL Branches.

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 has been conducted both in-house and external. Also singed different MoU between different organizations during the year.

Management has a plan to give a special priority on SME Business in the year 2016 and set a huge budget accordingly to support this sector. However in the year 2015 Portfolio growth is almost 242%, Disbursement growth is 297% and NPL restricted within single digit which suggests that the Division is growing in terms of every parameter and a good net profit is going to attain in the year 2016 if the budgeted target is achieved.

SME Portfolio & Disbursement Growth in Last Three Years



A dedicated business, CRM and 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.

Moreover the SME division is going to focus more in the following issues as per commitment in the year 2016:

- 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
- Marketing the Start-up Finance product "Somporko"
- Recruit Relationship Executive at each branches

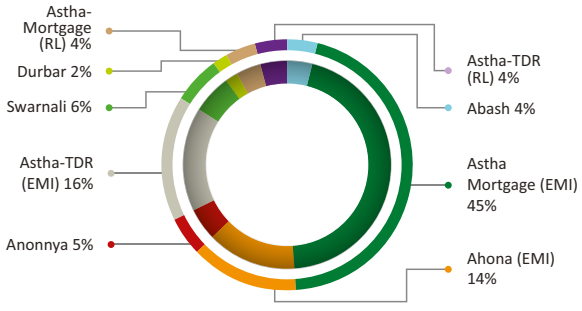
LBFL SME Position at a Glance: (As on 31st Dec 2015)

Figure in million

Number of Loans Disbursed	467
Amount of Total Loan Disbursed	2027.90
Amount of Loan Outstanding	2125.44
Number of SME Products	7
Number of Branches that operates SME Business	14

SME Product Mix in the year 2015:

Product Wise Disbursement-2015



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 330 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 these activities vis-à-vis another core area of concentration is 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 & FI's 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 & FI's
- 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

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 Departments namely Asset Operations Departments, Legal Affairs Departments, Asset Recovery & Monitoring Departments, Special Asset Management Departments, Liability Operations Departments, Asset Accounts, Maintenance and Treasury Operation Department and Closing & Clearing Departments.

Asset Operations Department

The unit deals with CIF (Customer Information Folio) Completion and 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.

Asset Accounts Maintenance, Closing and Clearance Department

It deals with a/c maintenance activities like customers query mitigation, providing loan statements, tax certificate, interest rate changes implementation, loan reschedule and restructure implementation, pre-settlement and settlement execution etc.

Finance And Accounts

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:

- Financial Reporting and Budgeting
- Business Finance
- 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, processing of financial information, budgeting and budgetary control, and development of financial and tax strategies
- Preparation of separate and consolidate financial statements on a monthly, quarterly, half-yearly and annual basis
- Providing various financial analysis and subsequent reporting to the Management and the Board
- Preparation, controlling, monitoring, and analysing 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 and returns 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 reconciliation
- Monitoring day to day transaction of branches meticulously
- Financial monitoring and reporting of Branches on monthly basis
- Ledger reconciliation of the book of accounts on regular basis.
- Development activities of core banking software
- Cooperation with regulatory (Bangladesh Bank, Tax, VAT etc.), external and internal auditors
- Preparation of Provident fund Accounts and cooperation with external auditor
- Preparation of Gratuity fund Accounts and cooperation with external auditor
- Preparation of LB Foundation Accounts and cooperation with external auditor
- Publication of Annual Report, half yearly report and quarterly report
- Current product analysis in System software
- Development and controlling of fixed assets register for the Company

- Petty cash management including all branches
- Ensuring TAX and VAT compliance

Business Finance Department

The Business Finance Department broadly deals with the financial management of business activities and operations. It incorporates various performance measurement methods to delineate the efficiency with which the business divisions operate, 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
- Preparation and submission of "Daily Flash" on a regular basis which provides daily detailed business performance with regards to advance and deposit positions
- Providing MIS on regular interval which highlights business performance with regard to asset and liability positions
- Providing necessary MIS and analysis to top management and the Board for effective decision making
- Monitor performance of sales staff and provide performance reports for management review
- Assist in preparation of Branch Accounts for each operating branch on a monthly basis
- Prepare Monthly performance analysis of operational branches and monitoring of their financial performance
- Preparation of Divisional Accounts, focusing on the performance of each Business Divisions
- Act as a focal point in the Annual Budget preparation by taking into consideration the necessary data and conducting the required analysis related to Annual Budgeting process
- Maintaining liaison with business functions and teams, whereby required business data is received, necessary for report preparation
- 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 cheque to the Bank, and checking commission for reserve collection
- Tracking daily sales and collections to help in producing the necessary income and expense report
- Assess and maintain the stock of blank plastic card

Information Technology

Information Technology (IT) Division is directed by the Head of Information Technology (IT) Division under the supervision of the Managing Director.

The division develops and maintains an internal network of around 1000 workstations, digital office equipment, networking equipment, operating systems and servers to tie them together, central data center and a DR site.

The division also maintains an array of financial business systems including Core Banking System, Credit Card System, Customer Management System, and Document Management System. Along with these financial systems the division also maintain other IT enables services such as corporate Email System, ERP System, Info Zone for Intranet services, Online Ticketing System.

In addition to maintaining existing systems the division is actively working to introduce new systems for areas such as, financial information management, electronic information management, and mobile application for customers. We also provide a help-desk function for assistance to all staff.

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

The division is internally structured in four key departments named Database Administration Department, Infrastructure and Network Department, IT Security and Compliance Department, and Maintenance & Support Department. Core responsibilities of these departments are –

Database Administration Department

Duties 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, administer core banking software, credit card software; they also provide user support and training regarding these software and applications.

Infrastructure and Network Department

Accountabilities 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, Wi-Fi network, and third party connectivity to ensure a smooth and secure flow of information throughout the corporate network.

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. The department provides 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

Human Resources Division of LankaBangla Finance Limited is established to not only manage employment life-cycle of the employees starting from strategic human resources planning to separation from the Company but also to engage themselves with the Company, which gives an opportunity to interact with each other, growing bonding among them towards achieving Company's long-term goals.

HR Division stands to ensure right fit for the right position, to take human resource 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 2015, Human Resource Division was focused on employee engagement activities, developing HR Policies, updating standard operating procedures (SOPs), developing employees through in-house and abroad trainings, signing service level agreements (SLAs) with other Divisions, introducing Reward and Recognition program in Town Hall Meeting, HR automation, introducing e-Learning etc.

Currently, HR Division consists of 03 (three) separate departments namely Recruitment and Learning, Employee Relations and HR Operations. These departments have several units to perform their job in an effective and efficient manner.

Recruitment and Learning has 02 (two) units such as Recruitment which focuses on organizational structure and employee mapping, HR budgeting and organogram updating, job profiling, job advertisement, creating CV bank, monitoring staff requisitions as well as recruitment and selection of suitable and deserving incumbent, etc. The other one is Learning unit which focuses on orientation and foundation training, functional and soft skill training, managerial and leadership training, executive coaching with 360 degree assessment, abroad training and e-Learning.

Employee Relations Department emphases on vision, mission and values of the Company, monitoring employee code of conduct, managing cultural shift, up-gradation of HR policies, HR related survey, organizing different events for employees and their families, managing disciplinary actions, complaint management, arranging reward and recognition program, signing MOU with different companies for employee discount facilities, issuing monthly HR magazine to let all employee know what is happening around the Company etc.

HR Operations has 02 (two) units such as HR Services that covers HR archive management, data entry, providing service like employee separation and transition activities, leave and attendance administration, HR reporting and insurance management, updating, monitoring and maintaining HRIS. Compensation and Benefits unit focuses on preparing headcount budget and planning, preparing SLAs and SOPs with all divisions of the Company, facilitate the performance evaluations process, payroll processing, commission/ incentive processing, managing staff promotion, performance and festival bonus processing, industry survey, staff cost analysis, staff amenities, preparing management reports, HR automation etc.

General & Infrastructure Services

General & Infrastructure Services (GIS) is responsible to ensure the smooth delivery of infrastructure and all kind of logistics support services across the organization in all over Bangladesh. This Division has been structured in 4 different units to ensure the following major tasks:

GIS consists of 4 Units. These are as follows:

a. Infrastructure Development & Management (IDM)
b. General Admin
c. Procurement
d. Logistics

Infrastructure Development & Management (IDM)

This Unit search and identify the appropriate sites/ locations for the infrastructure set-ups including business and operational outlets Plan, prepare and initiate the project for every infrastructure set-ups. Responsible for the repair and maintenance of LBF's premises and assets (Technical and Non-Technical) after Completion of any project. Different Functional Aspects are Asset Monitoring & Maintenance, Asset Maintenance (Premises, Furniture and Fixture), Asset Maintenance (Technical Assets), Insurance and Legal Affairs.

General Admin

Ensuring smooth operation of reception and front desk of LBFL. Manage the security guard service for LBF through outsourced service providers and directly supervise and monitor the performance of the security guards. All type of insurance coverage of the Organization. Responsible for ensuring the uninterrupted T&T Service for the LBF and provide PABX extension numbers as and when required. Maintain the liaison with Mobile Operators and looks after the routine administrative issues related to mobile communication. Responsible for the operations of LBF's Central Store and ensures the availability of routine consumables in coordination with different Departments and GIS Procurement.

Procurement

This Unit processes and executes all kind of procurement issues of the entire organization across the country through the maintenance of proper accountability and transparency in the process. Plan and prepare the procurement projection of the organization for the routine consumables of LBF in coordination with GIS general admin and other relevant departments. Responsible for vendor management of the organization. Different functional sections of procurement: Capital Assets Procurement, Revenue Items Procurement, Supply Chain Management and Quality Control.

Logistics

Responsible for managing all internal and external logistics requirements in regard to venue management and related entertainments. Such as, AGM, EGM, Town Hall and others. Ensure arrangement of Food and others for Board, Audit Committee, EC Meeting and others as and when required. Beside this unit manages the LBF's pool vehicle fleet, dispatch services, TIN and Trade License of LBFL, drinking water supply. Ensures the recruitment and routine administration of the outsourced staff of the organization in coordination with Human Resources department and outsourced vendor.

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.

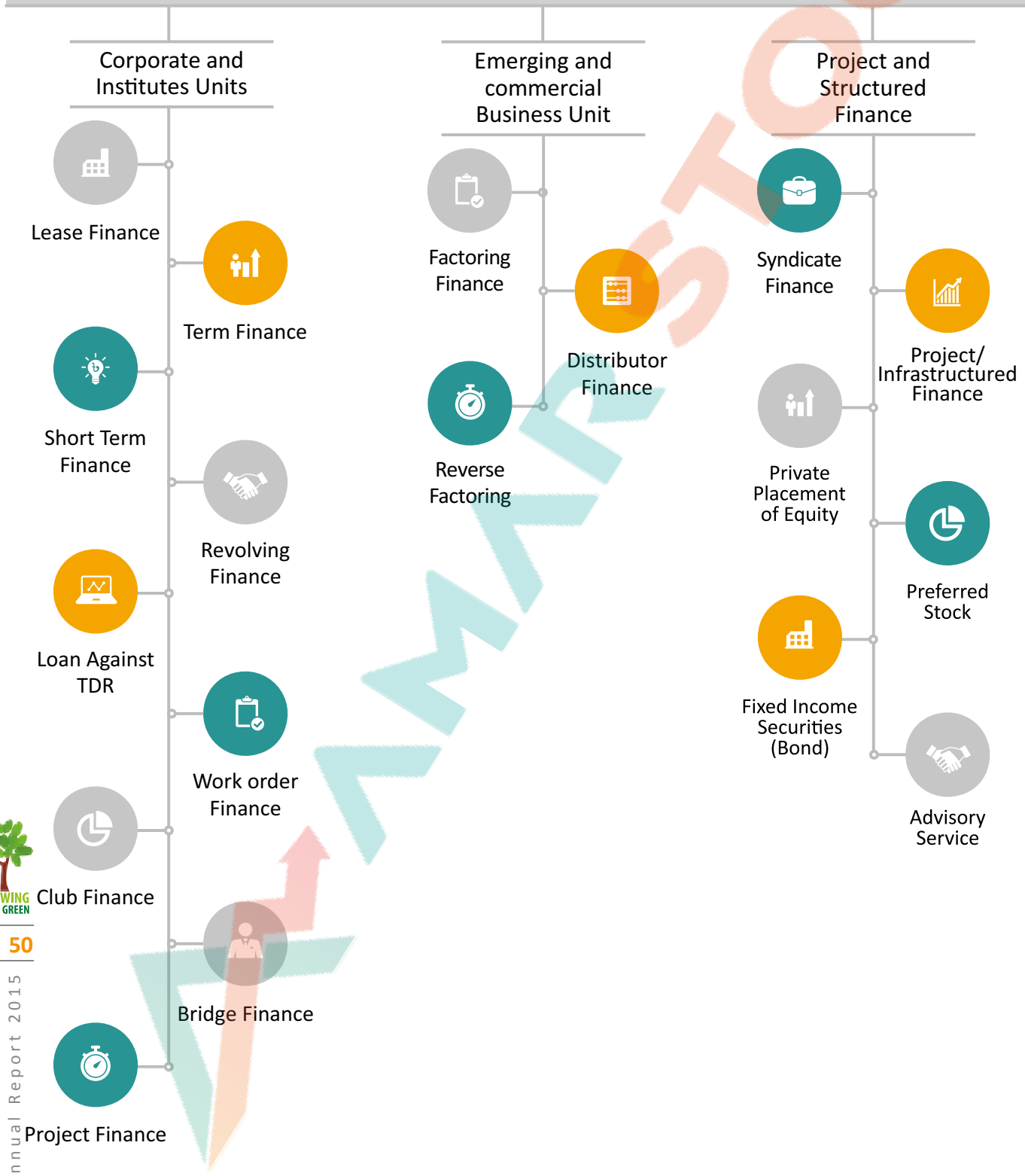
The Board Secretariat is reportable to the Board and for administrative purpose to the Managing Director. The Board Secretariat is the authorized representative of the Board of Directors. The Board Secretariat is often the first contact point for the shareholders regarding the operation of the Company. 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.

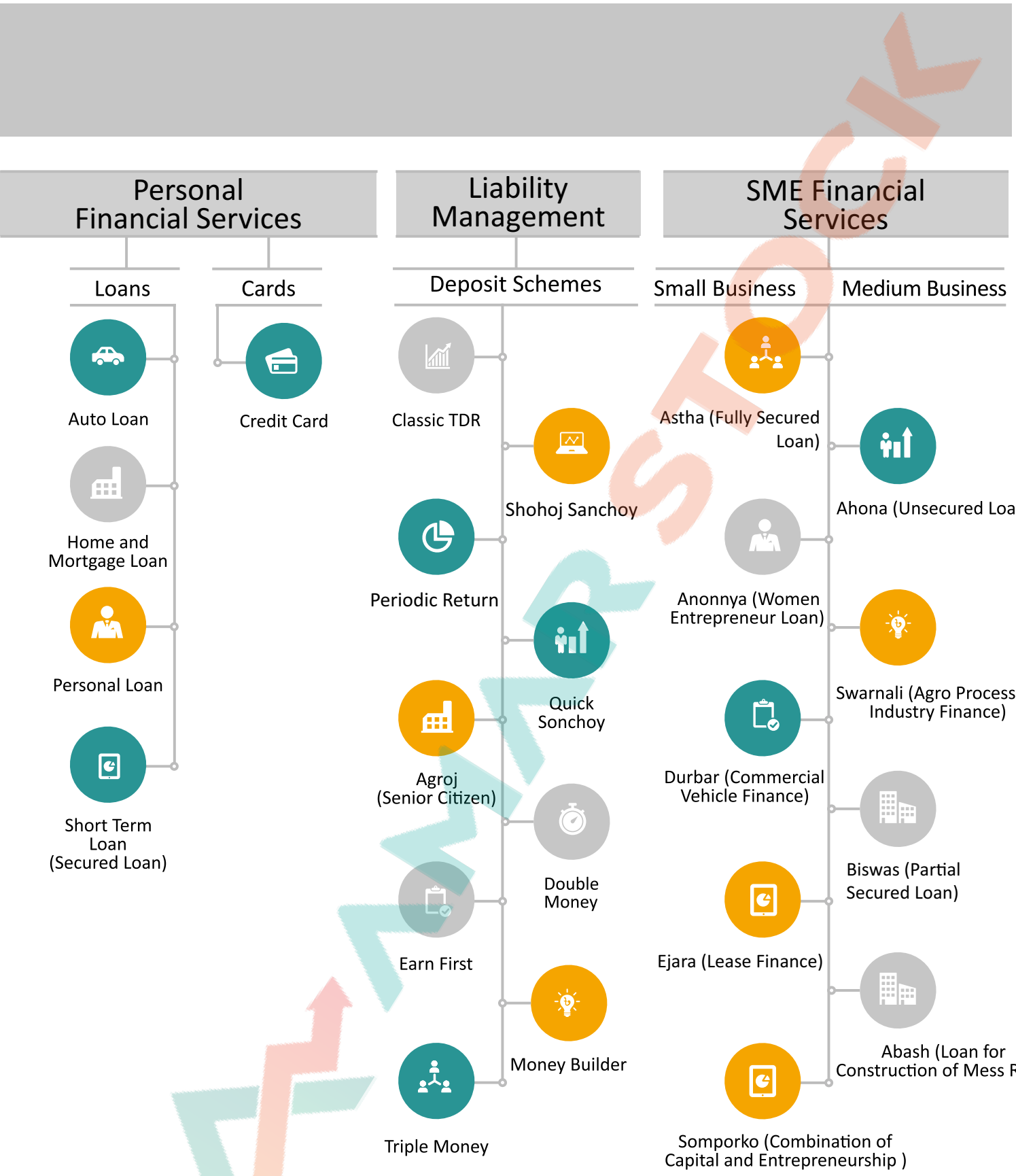


GROWING
WITH GREEN

PRODUCTS AND SERVICES OF LANKABANGLA FINANCE

Corporate Financial Services




Personal Financial Services
Liability Management
SME Financial Services
Loans
Cards
Deposit Schemes
Small Business
Medium Business
Auto Loan
Credit Card
Classic TDR
Astha (Fully Secured Loan)
Shohoj Sanchoy
Ahona (Unsecured Loan)
Home and Mortgage Loan
Periodic Return
Anonnya (Women Entrepreneur Loan)
Personal Loan
Quick Sonchoy
Swarnali (Agro Processing Industry Finance)
Agroj (Senior Citizen)
Durbar (Commercial Vehicle Finance)
Short Term Loan (Secured Loan)
Double Money
Biswas (Partial Secured Loan)
Earn First
Ejara (Lease Finance)
Money Builder
Abash (Loan for Construction of Mess Rent)
Triple Money
Somporko (Combination of Capital and Entrepreneurship)

Projects Financed by LankaBangla



Power Generation Plant



Ship Building



Steel Manufacturing Plant



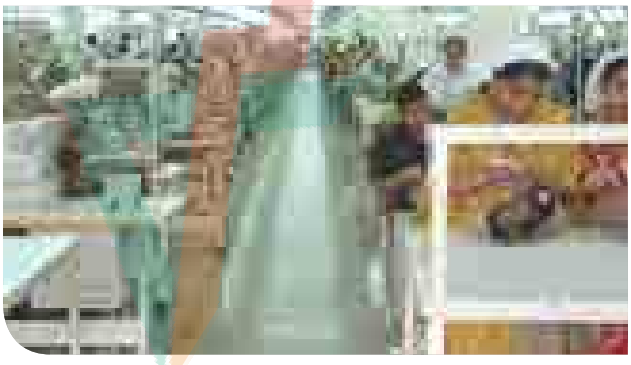
Spinning Mill



Textile Mill



Washing Plant



Ready-Made Garment



Petroleum Plant

Projects Financed by LankaBangla



Shoe Manufacturing Plant



Oil Refinery



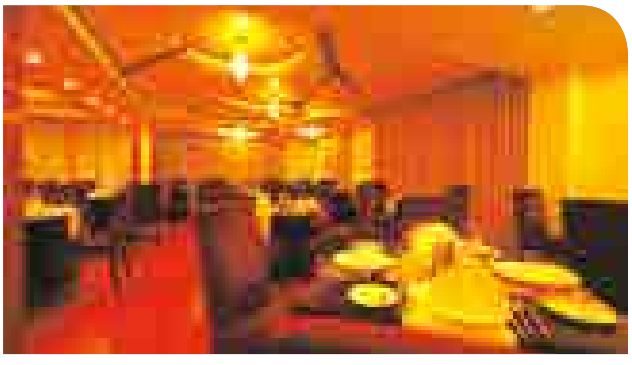
Ready-mix Processing Plant



Beverage Plant



Printing Plant



Hospitality

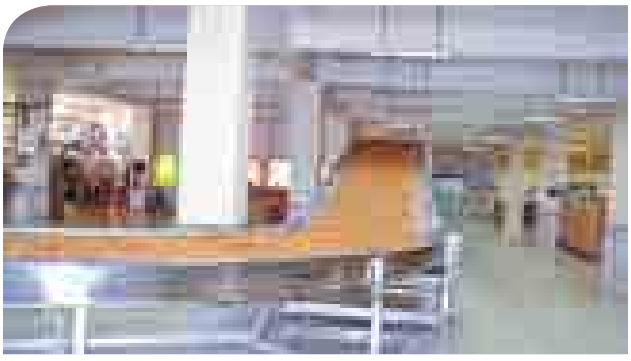


Logistics

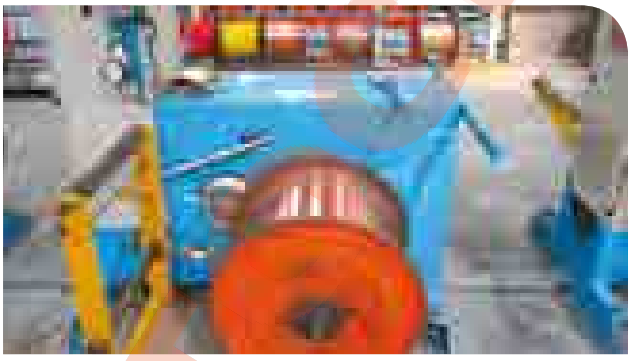


Furniture Manufacturing

Projects Financed by LankaBangla



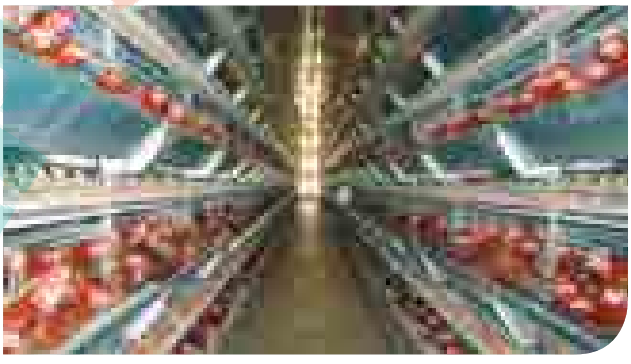
Food Processing Plant



Cable Manufacturing

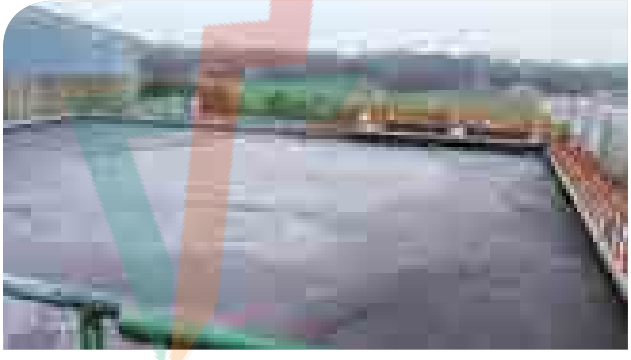


It Sector Financing by LankaBangla

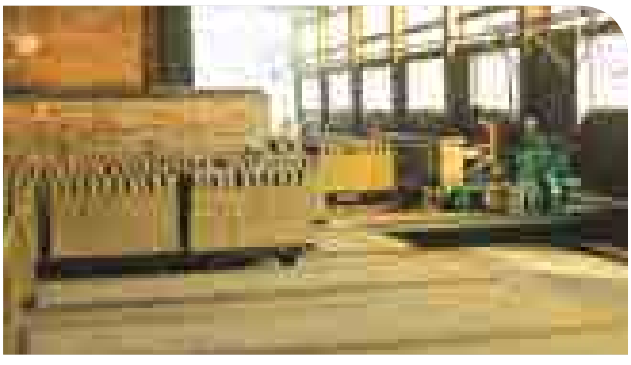


Agriculture Financing by LankaBangla

Green Financing by LankaBangla



ETP



Auto Brick

An Eventful Year for LankaBangla



18th AGM of LankaBangla



The Directors of LankaBangla Finance on Board Meeting



Shareholders of LankaBangla Finance at 18th AGM



The Directors of LankaBangla Securities on Board Meeting



The Directors of LankaBangla Investments on Board Meeting



The Directors of LankaBangla Asset Management Company on Board Meeting



LankaBangla Finance on Audit Committee Meeting



LankaBangla Securities on Audit Committee Meeting

An Eventful Year for LankaBangla



LankaBangla Investment on Audit Committee Meeting



Job Fair Participation



People Management for Non-HR Leader Training Program



Annual Budget Conference



REHAB Winter Fair Participation



Town Hall 2015



BARBIDA Auto Fair 2015



Celebrating Family Day 2015

An Eventful Year for LankaBangla



LankaBangla Finance Ltd. and Pragati Life Insurance Ltd. Signed MOU for Employee Insurance facility



Barishal Branch opening



Bogra Branch opening



ICAB Award for Best Presented Annual Report 2014



Football Fest 2015



Annual Sales Night 2015, Dhaka



Meeting with Business RM



Champion of Corporate Football Tournament

An Eventful Year for LankaBangla



SME MoU Refinancing Facility



LankaBangla Finance Ltd. and AJ Corporation Ltd. Signed MOU for Home Loan facility



LankaBangla Finance Ltd. and Pacific Motors Ltd. signed MOU for Auto Loan facility



Mother's Day Celebration



Heros@work



Dine with MD



LankaBangla Finance Ltd. and The Palace Resort & Spa signed MOU for Credit Card facility



Art Competition (Dhaka)

An Eventful Year for LankaBangla



Tree Plantation Program



Receiving ICAB National Award



LankaBangla Finance Ltd. Art Competition



Banani Branch Opening



Customer Awareness Program



Blanket Distribution



Advance Leadership Training Program



Signing Ceremony of Syndicated Financing Facility

Triumph over Barriers



"LankaBangla has been the only solution to my business needs over the years that acted as a true friend and with great loyalty".- S.M Shah Alam

Residing at Dania, Jatrabari on the outskirts of Dhaka city, Mr. S.M Shah Alam nurtured the dream of becoming a successful entrepreneur from his childhood through his family dairy business that his mother Zobeda Begum initiated in the 90's.

With the objective of attaching financial stability and sustainability to his business, Mr. Alam moved to South Korea in 1999, where he worked in a farm to gain crucial knowledge and working capital for his business. After coming back home in 2007, he re-engaged himself with the business with four cows and a small shed in his homestead area. However, the business demanded immediate expansion; which Mr. Alam could not afford due to financial constraints. His farm was also plagued with foot and mouth diseases (FMD), plunging his business into further jeopardy.

Resolute against what has transpired, he eventually turned to Motijheel Branch of LankaBangla Finance Limited for a term loan of BDT 3.00 million for a span of 3 years. Following positive response from the organization, Mr. Alam concentrated on utilizing the amount for expansion of the business. He rented 8 Katha of land adjacent to his existing farm situated on 5 Katha of land. Besides he repaired the existing cow sheds that were devastated by the recent flood. He employed 3 workers in his farm and increased the number of cows to 50 which are able to provide more than 500 litres of milk every day. He said: "Apart from helping my business growth, LankaBangla is also contributing to the society, as a number of people are engaged with the trading of my milk produce and maintenance of my cow sheds".

Mr. Alam established himself as a righteous and dignified businessman in his local sphere, which enabled him to develop goodwill and strong relationship with local traders. As a result, he was able to trade his production of milk in the wholesale market through local vendors. His dedication and determination to thwart the incessant political turmoil and fierce competitors enabled him to win over the local customer base as well.

As the looming perils of dairy business cleared from the horizon, Mr. Alam expressed his heartfelt gratitude towards LankaBangla Finance Limited, saying: "LankaBangla has been the only solution to my business needs over the years that acted as a true friend and with great loyalty". As the business emerged on a larger scale, his relation with LankaBangla received new impetus. Mr. Alam then applied for another loan under "Swarnali" scheme, to which LankaBangla responded with a further cash roll-out of BDT 2.5 million in January 2016.

Sensing a brighter future for his business, Mr. Shah Alam is more confident about expanding his business with crucial financial assistance from LankaBangla. With LankaBangla on board, Mr. Alam has planned to buy 11 more cows for his farm and to rent more land for the expansion of his shed. Father of a little girl and a boy, Mr. Alam refuses to look back and aims to triumph over every barrier.

Financial Highlights

In 2015, LankaBangla Finance Limited leaped several levels higher than the previous year. Our outreaching activities came out to be much more effective than we anticipated. We believe this achievement is another feather on our crown.



Financial Highlights LankaBangla Group

All figures in BDT million except (%)

Financial Position	2011	2012	2013	2014	2015	Growth of 2015 over 2014	5 Year CAGR (%)/ Average
Total Assets	22,380	25,339	32,648	39,030	50,448	29.25%	22.53%
Total Liabilities	16,293	18,672	25,619	32,807	44,099	34.42%	28.26%
Business Disbursement	4,444	6,370	11,070	19,750	35,763	81.08%	68.43%
Property Plant and Equipment	189	238	291	311	1,292	315.40%	61.68%
Current Assets	9,345	19,887	19,281	13,316	19,146	43.79%	19.64%
Current Liabilities	8,945	10,805	14,965	9,381	17,302	84.44%	17.93%
Net current assets	400	9,082	4,317	3,935	1,845	-53.12%	46.54%
Non Current Assets	13,035	5,452	13,367	25,715	31,301	21.73%	24.48%
Long Term Liabilities	7,348	7,867	10,654	23,427	26,797	14.39%	38.19%
Term Deposits	5,310	7,616	10,827	16,683	29,992	79.77%	54.16%
Total Investment Portfolio	20,666	23,517	31,265	37,119	47,605	28.25%	23.20%
Operational Performance							
Operating Revenue	3,410	3,537	5,189	5,100	6,237	22.29%	16.29%
Operating Expenses	627	794	892	1,285	1,612	25.46%	26.63%
Financial Expenses	1,397	2,148	2,731	3,033	3,715	22.49%	27.71%
Net Profit Before Tax	1,304	510	997	434	533	22.89%	-20.05%
Net Profit After Tax	859	348	955	454	421	-7.28%	-16.33%
EBITDA	2,818	2,808	4,369	3,909	4,717	20.68%	13.75%
Turnover of Share Trading by LBSL	229,162	135,335	135,795	181,674	148,645	-18.18%	-10.26%
Financial Ratios							
Gross Profit Ratio	59.05%	39.29%	47.37%	40.53%	40.43%	-0.24%	40.48%
Operating Profit Ratio	40.67%	16.86%	30.18%	15.34%	14.59%	-4.90%	14.96%
Return on Capital Employed	7.12%	2.60%	5.35%	2.27%	2.01%	-11.38%	2.14%
Cash reserve ratio/ liquidity asset ratio (Required 2.5%)	3.59%	2.80%	2.58%	2.64%	2.51%	-4.74%	2.58%
Statutory Liquidity Reserve (Required 5%)	8.92%	7.57%	6.52%	6.00%	6.06%	1.00%	6.03%
Capital Adequacy Ratio (2011: Test Run. Effct. From 2012)	10.32%	19.6%	20.75%	17.26%	13.41%	-22.31%	15.34%
Gross Non performing assets to gross advances/ Non performing loans (assets) to total loans (assets)	6.51%	3.96%	4.84%	4.05%	3.20%	-20.99%	4.51%
Cost to Income Ratio	59.33%	83.14%	69.82%	84.66%	85.41%	0.89%	76.47%
Current Ratio	1.04	1.84	1.29	1.42	1.11	-22.04%	1.34
Debt Equity Ratio	2.85	2.88	3.75	5.38	7.04	30.86%	4.38
Financial Expense Coverage Ratio	1.99	1.28	1.57	1.26	1.24	-1.04%	1.47
Return on Equity (%)	15.03%	5.71%	14.34%	7.02%	6.81%	-2.94%	9.78%
Return on Assets (%)	3.84%	1.46%	3.29%	1.27%	0.94%	-25.73%	2.16%
Equity Parameters							
Authorized Capital	3,000	3,000	3,000	3,000	3,000	0.00%	0.00%
Paid-up Capital	824	1,894	2,083	2,188	2,406	10.00%	30.75%
Shareholders' Equity	5,715	6,474	6,840	6,096	6,262	2.71%	2.31%
No. of Share Outstanding (Mn)	82.35	189.41	208.35	218.77	240.64	10.00%	30.75%
Net Asset Value (NAV) Per Share	23.75	26.90	28.42	25.33	26.02	2.71%	2.31%
Earnings Per Share (EPS)*	1.84	1.36	3.89	1.84	1.76	-3.97%	-1.08%
Market Price Per Share (Closing)*	103.05	46.44	57.58	40.00	29.00	-27.50%	-27.17%
Price Earnings Ratio (Times)*	55.93	34.25	14.81	21.77	16.44	-25.50%	28.64
Dividend Payment (C-cash & B- bonus)	30% B -	10% B -	5% B 15% C	10% B 10% C	15% B 15% C		32%
Profit Per Employee (mn)	5.51	1.73	2.92	0.96	0.81	-15.66%	2.39
"Credit Ratings"							
Long Term	A2	A2	A2	A2	A1		
Short Term	ST-3	ST-3	ST-3	ST-3	ST-3		

*restated

Financial Highlights Lankabangla Finance Limited

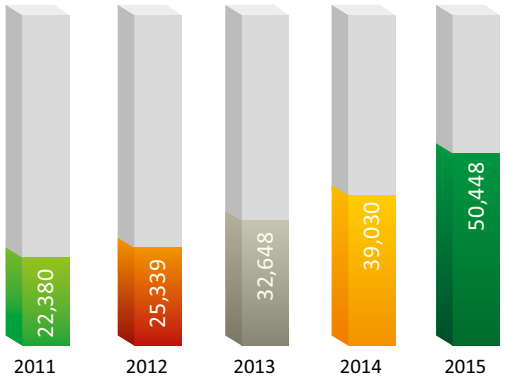
All figures in BDT million except (%)

Financial Position	2011	2012	2013	2014	2015	Growth of 2015 over 2014	5 Year CAGR (%)/ Average
Total Assets	15,904	19,499	26,630	32,353	44,615	37.90%	29.42%
Total Liabilities	14,079	15,628	22,315	27,705	39,156	41.33%	29.14%
Business Disbursement	4,444	6,370	11,070	19,750	35,763	81.08%	68.43%
Property Plant and Equipment	30	50	73	129	878	581.77%	132.44%
Term Deposits	5,570	7,677	10,876	16,717	30,081	79.94%	52.45%
Total Investment Portfolio	14,580	18,634	25,732	31,228	42,600	36.41%	30.74%
Operational Performance							
Operating Revenue	2,211	3,628	3,490	4,090	5,298	29.53%	24.43%
Operating Expenses	212	374	407	718	957	33.27%	45.70%
Financial Expenses	1,403	1,829	2,409	2,631	3,219	22.35%	23.07%
Net Profit Before Tax	541	1,233	344	465	1,046	124.91%	17.89%
Net Profit After Tax	467	1,236	448	652	1,030	58.05%	21.89%
EBITDA	2,014	3,275	3,103	3,415	4,387	28.46%	21.48%
Financial Ratios							
Gross Profit Ratio	36.52%	49.58%	30.96%	35.69%	39.25%	9.98%	37.47%
Operating Profit Ratio	26.91%	39.28%	19.28%	18.14%	21.19%	16.84%	19.66%
Return on Capital Employed	4.17%	7.88%	2.71%	2.45%	3.71%	51.34%	3.08%
Capital Adequacy Ratio (2011: Test Run. Effct. From 2012)	10.3%	19.6%	16.76%	15.07%	14.17%	-5.97%	14.62%
Gross Non performing assets to gross advances/ Non performing loans (assets) to total loans (assets)	6.51%	3.96%	4.84%	5.08%	3.72%	-26.77%	4.82%
Cost to Income Ratio	73.09%	60.72%	80.72%	81.86%	78.81%	-3.73%	75.04%
Debt Equity Ratio	7.72	4.04	5.17	5.96	7.17	20.35%	6.01
Financial Expense Coverage Ratio	1.42	1.78	1.28	1.28	1.35	5.21%	1.42
Return on Equity (%)	30.62%	43.39%	10.95%	14.54%	22.99%	58.05%	24.50%
Return on Assets (%)	3.15%	6.98%	1.94%	2.21%	2.68%	21.12%	3.39%
Equity Parameters							
Authorized Capital	3,000	3,000	3,000	3,000	3,000	0.00%	0.00%
Paid-up Capital	824	1,894	2,083	2,188	2,406	10.00%	30.74%
Shareholders' Equity	1,824	3,871	4,315	4,647	5,459	17.46%	-1.16%
No. of Share Outstanding	82.35	189.41	208.35	218.77	240.64	10.00%	30.75%
Net Asset Value (NAV) Per Share	23.77	26.90	28.42	19.31	22.68	17.46%	-1.16%
Earnings Per Share (EPS)*	1.94	4.30	1.86	2.71	4.28	58.05%	21.89%
Market Price Per Share (Closing)*	103.05	46.44	57.58	40.00	29.00	-27.50%	-27.17%
Price Earnings Ratio (Times)*	53.14	10.79	30.92	14.77	6.78	-54.13%	23.28
"Dividend Payment (C-cash & B- bonus)"	30% B -	10% B -	5% B 15% C	10% B 10% C	15% B 15% C		32%
Dividend Payout Ratio (%)	31.22%	56.60%	43.67%	67.11%	70.09%	4.43%	22.41%
Dividend Coverage (Times)	3.20	1.84	2.29	1.49	1.43	-4.25%	-18.30%
Dividend Yield (%)	1.76%	1.69%	3.01%	4.55%	10.34%	127.59%	4.27%
Profit Per Employee (mn)	2.99	6.15	1.37	1.38	1.98	43.76%	2.77
"Credit Ratings"							
Long Term	A2	A2	A2	A2	A1		
Short Term	ST-3	ST-3	ST-3	ST-3	ST-3		

*restated

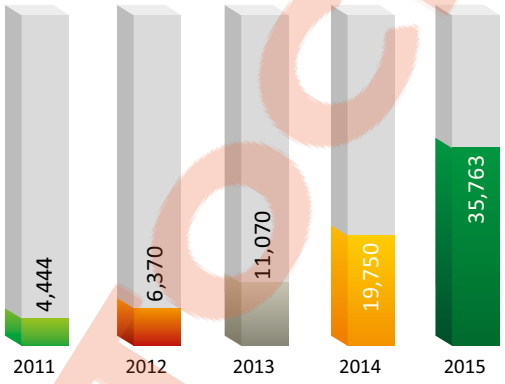
Consolidated Financial Highlights - LankaBangla Group

Total Assets



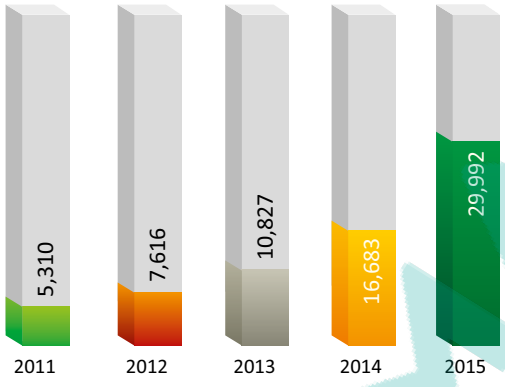
In 2015 Total Group Assets grows by 29% maintaining a continuous average growth of 23% over the last 5 years. It is a result of company's relentless effort to disburse quality loans, causous investments and planned expansion of Group's network.

Business Disbursement



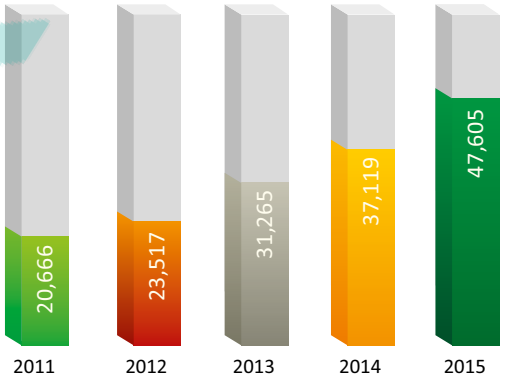
81% Growth is achieved in 2015 due to recorded amount (3,577 crore) of disbursement to corporate, Retail and SME clients. In the last 5 years LBFL continuously growing with average loan disbursement growth of over 68% which is remarkable and evident of sustainable growth.

Term Deposits



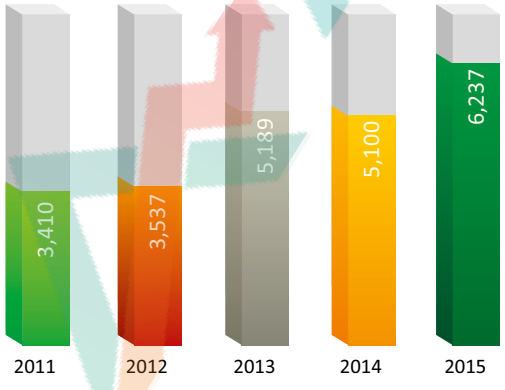
In 2015 Term Deposit portfolio grows by 80% compared to that of 2014. A continuous average growth of 54% over the last 5 years is evident of LankaBangla's Brand value and sustainable customer relationship.

Total Investment Portfolio



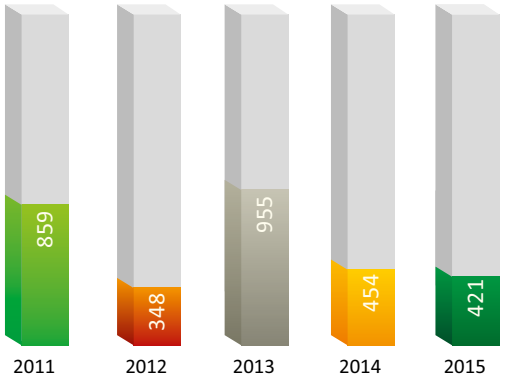
Investmnet portfolio grows due to excellent growth in loan disbursement and vigilant investment decisions. Total Investment portfolio grows by 28% in 2015 from that of 2014 registering a continuous average growth of 23% in last 5 years.

Operating Revenue



Group's operating revenue grows by 22.29% in 2015 compared to 2014. Maintaining good quality of assets and planned growth of earning assets plays vital role for this achievement.

Net Profit After Tax

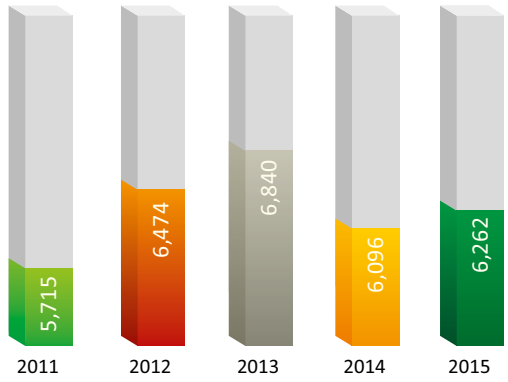


Group's NPAT slightly reduced in 2015 in comparison to 2014 despite of increase in Operating revenue for the negative equity adjustments of subdiaries.

Note: All figugres in BDT Million except %

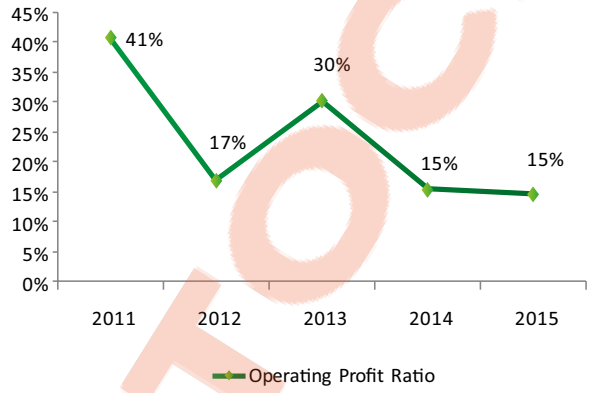
Consolidated Financial Highlights - LankaBangla Group

Shareholders' Equity



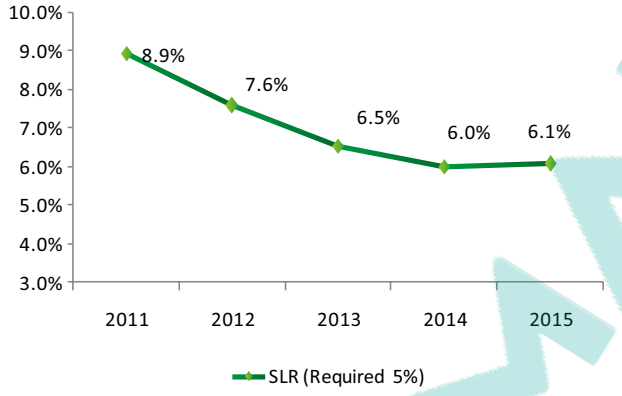
Shareholders equity increased by BDT 166 million despite of negative equity adjustments by subsidiaries is evident of sustainable income sources.

Operating Profit Ratio



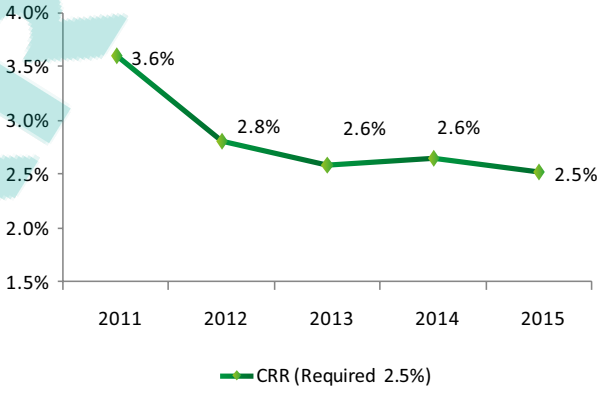
Operating profit margin for the year 2015 is 15% which is nearly same as the previous year. With a robust increase in the business volume supported by massive expansion of LBFL network maintaining same margin promises better future results.

SLR (Required 5%)



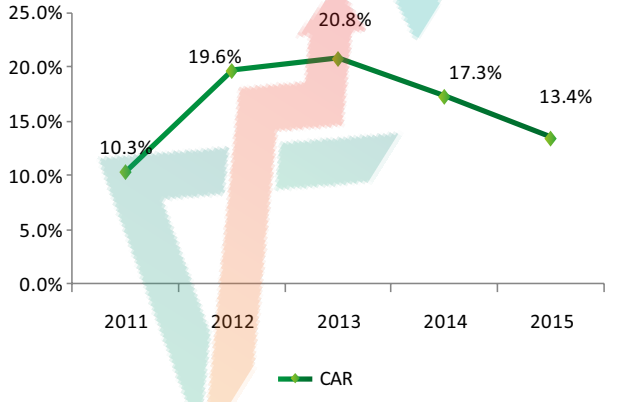
The Company is now more concerned to keep SLR a little bit above of 5% to avoid surplus liquidity.

CRR (Required 2.5%)



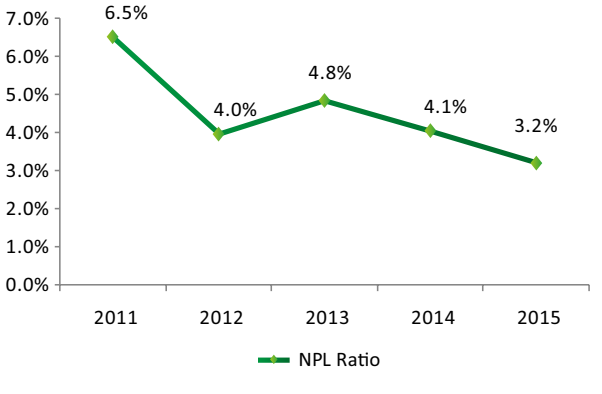
The Company is now more concerned to keep CRR a little bit above of 2.5% to avoid surplus liquidity.

Capital Adequacy Ratio



The Company always endeavors to keep more than adequate capital in order to be compliant and risk free. Continuous monitoring over capital adequacy has been established in the Company.

NPL Ratio



Quality of loan portfolio improves and is visible from the reduction of NPL ratio to 3.2% at the end of 2015 from a high 4.1% of 2014.

Note: All figugres in BDT Million except %

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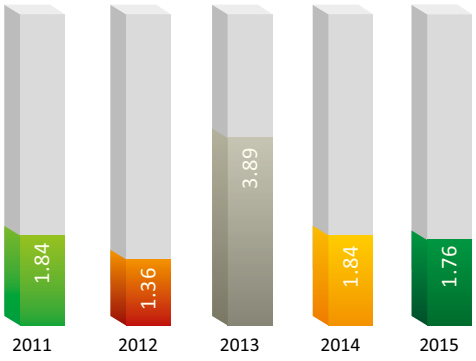
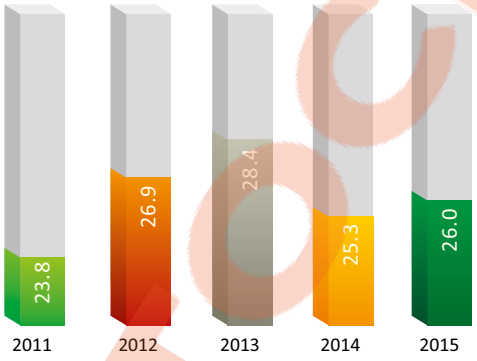
Consolidated Financial Highlights - LankaBangla Group

Earnings Per Share (EPS)



Due to slight decrease in NPAT Group EPS reduces a little in 2015.

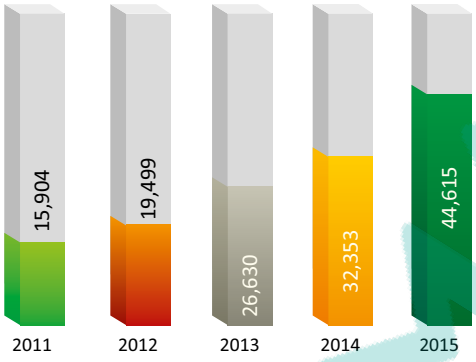
Net Asset Value (NAV) Per Share



NAV increased by 2.7% in 2015 compare to that of 2014. Valur per shares increases and it is evident that the Group is managing its resources effective and efficiently to create value towards the investors.

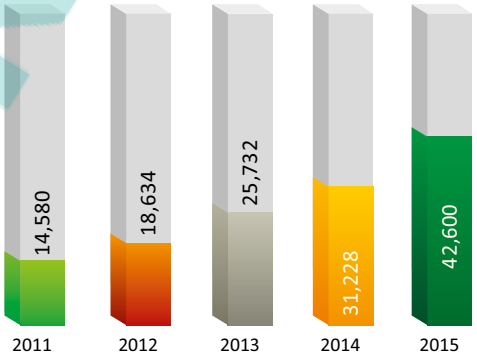
Separte Financial Highlights - LankaBangla Finance

Total Assets



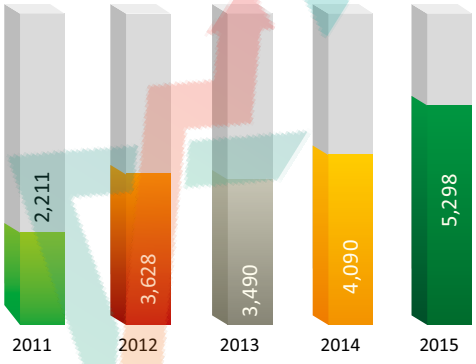
In 2015 Total Assets grows by 38% comapred to 2014 maintaining an average growth of 29% over the last 5 years. It is a result of company's relentless effort to disburse quality loans and planned expansition of LBFL network.

Total Investment Portfolio



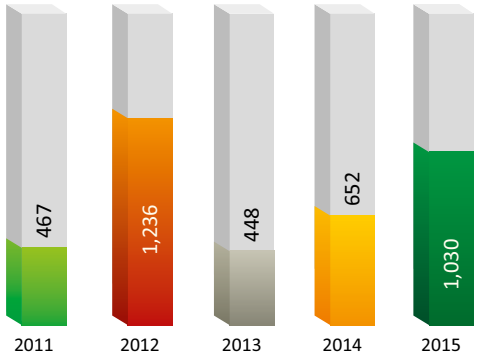
Investmnet portfolio grows at a rapid pace due to excellent growth in loan disbursement and vigilant investment decisions. Total Investment portfolio grows by 41% in 2015 from that of 2014 registering an average growth of 29% in last 5 years.

Operating Revenue



30% growth in 2015 over 2014 is evident of soundness of operating activities. Income has been boosted as a result of goodquality assets and effective management of PAR.

Net Profit After Tax

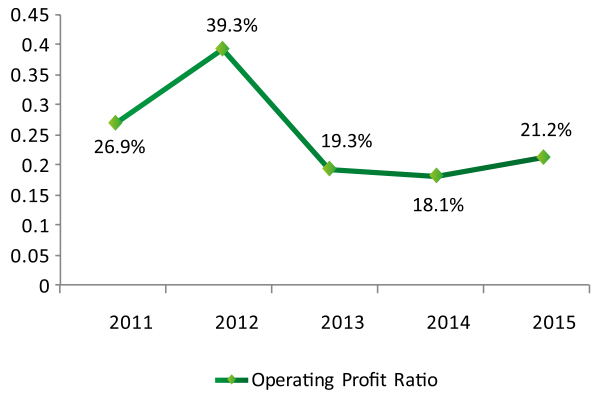


PAT reaches to a remarkable fogure of 1,03 0 million for the year 2015 registering a massive 58% growth over the year 2014.

Note: All figugres in BDT Million except %

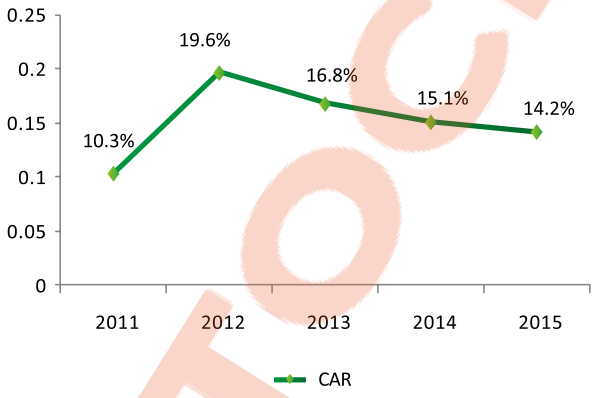
Separte Financial Highlights - LankaBangla Finance

Operating Profit Ratio



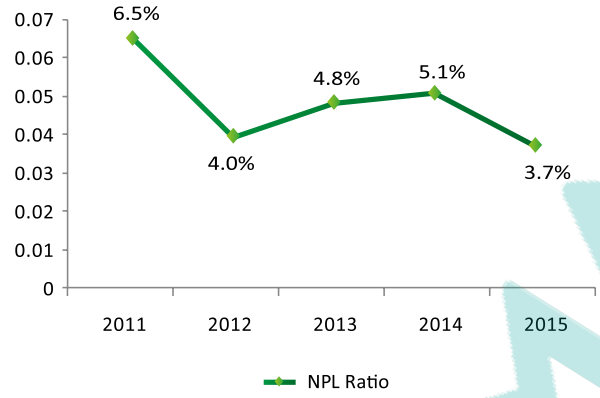
Operating margin increased by 3.1% to 21.2% in 2015 comapred to 18.1% of 2014 . It reflects the combined effect of inreasing operating revenue and effective management of cost despite rapid expansion.

Capital Adequacy Ratio



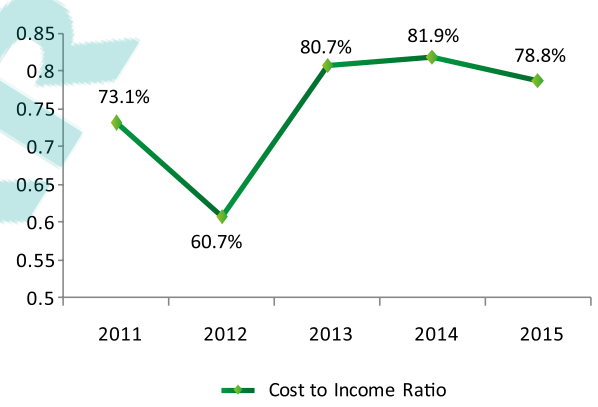
The Company always endeavors to keep more than adequate capital in order to be compliant and risk free. Continuous monitoring over capital adequacy has been established in the Company.

NPL Ratio



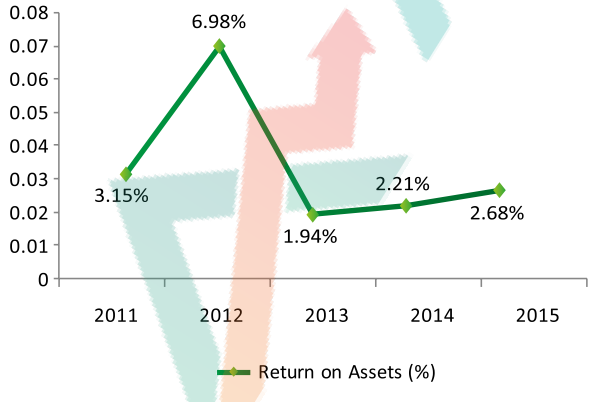
Quality of loan portfolio improves and is visible from the reduction of NPL ratio to 3.7% at the end of 2015 from a high 5.1% of 2014.

Cost to Income Ratio



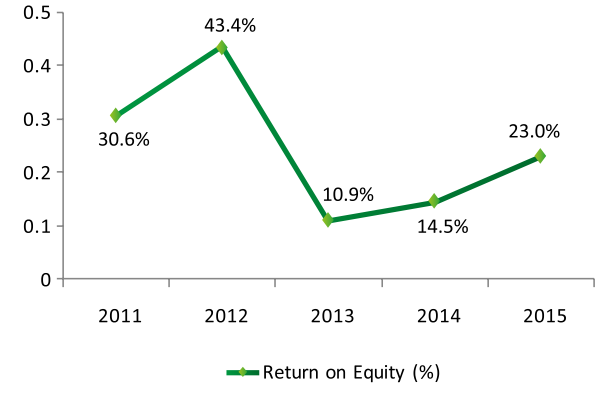
Costs to income ratio decreased to 78.8% in 2015 compare to 81.9% of 2014. Operating expenses significantly increased in the year due to Company's rapid expansion but the boost in operating revenue exceed the impact of increased expenses.

Return on Assets (%)



Return on Average Assets improves and reaches 2.7% for the year 2015 which was 2.2% in 2014. Improvement in ROA signifies the improvement of quality anf efficiency of the investment portfolio.

Return on Equity (%)



In 2015 ROE experiences a massive improvement and reaches to 23% compared to only 14.5% for nthe year 2014. The ratio is evident that trhe management is effectively uses the resources of the investors and company's value is growing at a rapid pace.

Note: All figugres in BDT Million except %

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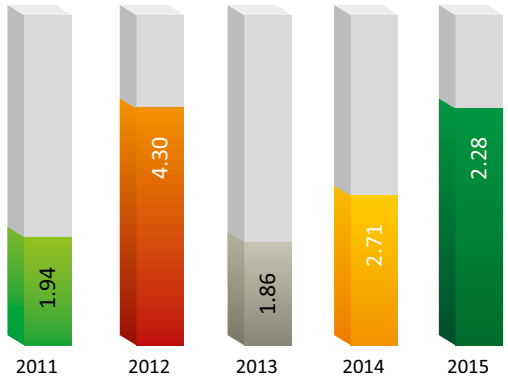
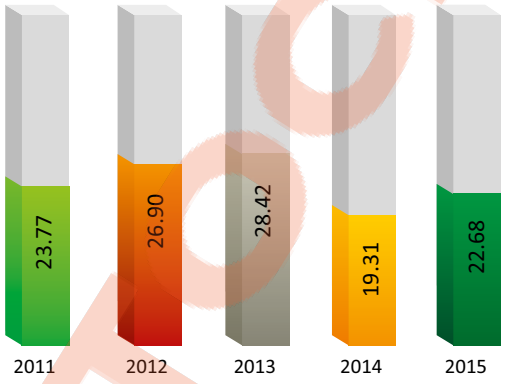
Separte Financial Highlights - LankaBangla Finance

Earnings Per Share (EPS)



Huge growth in net profit (58%) results substantial upward movement of EPS. Healthy growth in EPS indicates the soundness of financial performance of the company.

Net Asset Value (NAV) Per Share



PAT reaches to a remarkable fogure of 1,03 0 million for the year 2015 registering a massive 58% growth over the year 2014.

Note: All figugres in BDT Million except %

AMAR STOCK

Horizontal Analysis

For last 5 years

Consolidated Profit and Loss Account

	2015	2014	2013	2012	2011
Operating Income					
Net interest	111%	97%	107%	70%	100%
Interest income	203%	168%	159%	120%	100%
Less : Interest expenses on deposits & borrowings	266%	217%	196%	154%	100%
Income from investment	287%	131%	492%	21%	100%
Commission, exchange and brokerage income	74%	89%	63%	63%	100%
Other operational income	333%	191%	153%	151%	100%
Total operating income	**125%**	**103%**	**122%**	**69%**	**100%**
Operating Expenses					
Salary and allowances	421%	345%	226%	186%	100%
Rent, taxes, insurance, electricity etc.	431%	310%	239%	186%	100%
Legal and professional fees	215%	277%	186%	133%	100%
Postage, stamp, telecommunication etc.	319%	327%	197%	161%	100%
Stationery, printing, advertisement	332%	286%	169%	130%	100%
Managing director's salary and allowance	737%	620%	535%	479%	100%
Director fees and expenses	285%	244%	242%	200%	100%
Audit fees	129%	264%	117%	88%	100%
Repairs, maintenance and depreciation	322%	275%	213%	190%	100%
Other expenses	129%	94%	69%	75%	100%
Total operating expenses	**257%**	**205%**	**142%**	**127%**	**100%**
Net Operating Income	**66%**	**56%**	**113%**	**43%**	**100%**
Provisions for loans / investments	**455%**	**417%**	**675%**	**104%**	**100%**
Profit before tax and reserve	**41%**	**33%**	**76%**	**39%**	**100%**
	25%	**-5%**	**10%**	**36%**	**100%**
Provision for tax made during the year	25%	-3%	6%	38%	100%
Deferred tax expense or (Income)	-5%	-310%	986%	-306%	100%
Net profit after tax	**49%**	**53%**	**111%**	**41%**	**100%**
Earnings Per Share (EPS)	**54%**	**56%**	**118%**	**41%**	**100%**

AMARSTOCK

Horizontal Analysis

For last 5 years

Consolidated Balance Sheet

	2015	2014	2013	2012	2011
PROPERTY AND ASSETS					
Cash	**435%**	**284%**	**164%**	**137%**	**100%**
Cash in hand	200%	97%	110%	98%	100%
Balance with Bangladesh Bank	435%	284%	164%	137%	100%
Balance with other banks and financial institutions	**71%**	**94%**	**116%**	**75%**	**100%**
Inside Bangladesh	71%	94%	116%	75%	100%
Outside Bangladesh					
Investment	**123%**	**136%**	**99%**	**95%**	**100%**
Government securities	0%	56%	56%	62%	100%
Other investments	247%	217%	142%	129%	100%
Leases, loans and advances	**401%**	**291%**	**244%**	**179%**	**100%**
Lease portfolio, term finance, short term loan, etc.					
Fixed assets including land, building, furniture and fixtures	**683%**	**164%**	**154%**	**126%**	**100%**
Other assets	**17%**	**21%**	**14%**	**23%**	**100%**
TOTAL PROPERTY AND ASSETS	**225%**	**174%**	**146%**	**113%**	**100%**
LIABILITY AND SHAREHOLDERS' EQUITY					
Liabilities	**283%**	**206%**	**163%**	**120%**	**100%**
Borrowings from Bangladesh Bank, other banks and financial institutions	107%	138%	137%	105%	100%
Term deposits	565%	314%	204%	143%	100%
Other liabilities	**202%**	**175%**	**126%**	**88%**	**100%**
TOTAL LIABILITIES	**271%**	**201%**	**157%**	**115%**	**100%**
Shareholders' Equity	**110%**	**107%**	**120%**	**113%**	**100%**
Paid up capital	292%	266%	253%	230%	100%
Share premium	100%	100%	100%	100%	100%
Statutory reserve	314%	249%	207%	179%	100%
General reserve	137%	135%	117%	109%	100%
Fair value measurement reserve	0%	0%	15%	100%	100%
Retained earnings	57%	66%	97%	81%	100%
Non controlling interest	24%	34%	51%	52%	100%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**225%**	**174%**	**146%**	**113%**	**100%**

Vertical Analysis

For last 5 years

Consolidated Profit and Loss Account

	2015	2014	2013	2012	2011
Operating Income					
Net interest	17.19%	18.29%	19.76%	19.02%	28.21%
Interest income	76.76%	77.75%	72.39%	79.73%	69.16%
Less : Interest expenses on deposits & borrowings	59.57%	59.47%	52.63%	60.71%	40.95%
Income from investment	7.00%	3.90%	14.41%	0.92%	4.46%
Commission, exchange and brokerage income	9.01%	13.28%	9.21%	13.56%	22.40%
Other operational income	7.23%	5.07%	3.99%	5.79%	3.98%
Total operating income	**40.43%**	**40.53%**	**47.37%**	**39.29%**	**59.05%**
Operating Expenses					
Salary and allowances	13.17%	13.20%	8.50%	10.29%	5.72%
Rent, taxes, insurance, electricity etc.	2.56%	2.25%	1.71%	1.94%	1.09%
Legal and professional fees	0.32%	0.50%	0.33%	0.34%	0.27%
Postage, stamp, telecommunication etc.	0.27%	0.34%	0.20%	0.24%	0.16%
Stationery, printing, advertisement	0.64%	0.68%	0.39%	0.44%	0.35%
Managing director's salary and allowance	0.27%	0.28%	0.23%	0.31%	0.07%
Director fees and expenses	0.03%	0.03%	0.03%	0.04%	0.02%
Audit fees	0.01%	0.03%	0.01%	0.01%	0.02%
Repairs, maintenance and depreciation	1.76%	1.84%	1.40%	1.83%	1.00%
Other expenses	6.81%	6.05%	4.39%	6.99%	9.63%
Total operating expenses	**25.85%**	**25.19%**	**17.19%**	**22.44%**	**18.38%**
Net Operating Income	**14.59%**	**15.34%**	**30.18%**	**16.86%**	**40.67%**
Provisions for loans / investments	**6.04%**	**6.78%**	**10.78%**	**2.43%**	**2.43%**
Provisions for leases and loans	2.13%	3.27%	5.36%	2.08%	2.43%
Provision for margin loan	4.49%	0.52%	4.63%	0.00%	0.00%
Provision for diminution in value of investments	-0.44%	3.00%	0.79%	0.35%	0.00%
General provision for other assets	-0.14%	0.05%	0.18%	0.00%	0.00%
Profit before tax and reserve	**8.54%**	**8.50%**	**19.22%**	**14.43%**	**38.24%**
	1.79%	**-0.40%**	**0.82%**	**4.59%**	**13.05%**
Provision for tax made during the year	1.80%	-0.30%	0.51%	4.73%	13.00%
Deferred tax expense or (Income)	0.00%	-0.10%	0.31%	-0.14%	0.05%
Net profit after tax	**6.75%**	**8.90%**	**18.40%**	**9.84%**	**25.19%**

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Vertical Analysis

For last 5 years

Consolidated Balance Sheet

	2015	2014	2013	2012	2011
PROPERTY AND ASSETS					
Cash	**1.02%**	**0.86%**	**0.60%**	**0.64%**	**0.53%**
Cash in hand	0.00%	0.00%	0.00%	0.00%	0.00%
Balance with Bangladesh Bank	1.02%	0.86%	0.59%	0.64%	0.53%
Balance with other banks and financial institutions	**2.83%**	**4.88%**	**7.20%**	**5.98%**	**9.04%**
Inside Bangladesh	2.83%	4.88%	7.20%	5.98%	9.04%
Outside Bangladesh	0.00%	0.00%	0.00%	0.00%	
Investment	**8.67%**	**12.40%**	**10.77%**	**13.40%**	**15.95%**
Government securities	0.00%	2.59%	3.09%	4.38%	8.05%
Other investments	8.67%	9.82%	7.68%	9.02%	7.90%
Leases, loans and advances	**82.90%**	**77.88%**	**77.87%**	**73.54%**	**46.64%**
Lease portfolio, term finance, short term loan, etc.					
Fixed assets including land, building, furniture and fixtures	**2.56%**	**0.80%**	**0.89%**	**0.94%**	**0.84%**
Other assets	**2.02%**	**3.18%**	**2.67%**	**5.50%**	**27.00%**
TOTAL PROPERTY AND ASSETS	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**
LIABILITY AND SHAREHOLDERS' EQUITY					
Liabilities	**77.30%**	**72.75%**	**68.69%**	**64.93%**	**61.51%**
Borrowings from Bangladesh Bank, other banks and financial institutions	17.85%	30.01%	35.52%	34.88%	37.78%
Term deposits	59.45%	42.74%	33.16%	30.06%	23.72%
Other liabilities	**10.11%**	**11.31%**	**9.78%**	**8.76%**	**11.29%**
TOTAL LIABILITIES	**87.41%**	**84.06%**	**78.47%**	**73.69%**	**72.80%**
Shareholders' Equity	**12.41%**	**15.62%**	**20.95%**	**25.55%**	**25.54%**
Paid up capital	4.77%	5.61%	6.38%	7.48%	3.68%
Share premium	2.16%	2.79%	3.34%	4.31%	4.87%
Statutory reserve	1.96%	2.00%	1.99%	2.22%	1.41%
General reserve	0.11%	0.14%	0.14%	0.17%	0.18%
Fair value measurement reserve	0.00%	0.00%	0.21%	1.77%	2.00%
Retained earnings	3.42%	5.08%	8.88%	9.61%	13.40%
Non controlling interest	**0.17%**	**0.32%**	**0.58%**	**0.76%**	**1.66%**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**100%**	**100%**	**100%**	**100%**	**100%**

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Value Added Statement

For the year ended 31 December 2015

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.

	2015 BDT (Mn)	%	2014 BDT (Mn)	%	2013 BDT (Mn)	%
Value added						
Operating revenue	6,237		5,100		4,949	
Cost of borrowing	(3,715)		(3,033)		(2,731)	
Provisions	(377)		(346)		(329)	
Operating expenses excluding staff cost and depreciation	(681)		(515)		(371)	
Available for distribution	**1,464**		**1,206**		**1,518**	
Distribution of value addition						
Employees as remuneration	838	57%	687	57%	453	30%
Government	112	8%	(15)	-1%	26	2%
Shareholders as dividend	438	30%	417	35%	189	27%
	1,388	90%	1,088	90%	669	44%
Retained for expansion and future growth						
Value retained in the business	(17)	-1%	30	2%	765	50%
Deferred tax	(0)	0%	5	0%	16	1%
Depreciation	93	6%	82	7%	67	4%
Amount distributed	**1,464**	**100%**	**1,206**	**100%**	**1,518**	**100%**
Number of employees at the end of the year	520		473		327	
Value created per employee (Mn BDT)	**2.81**		**2.55**		**4.64**	
Number of shares (Mn)*	240.64		240.64		240.64	
Value created per share (BDT)	**6.08**		**5.01**		**6.31**	

*restated

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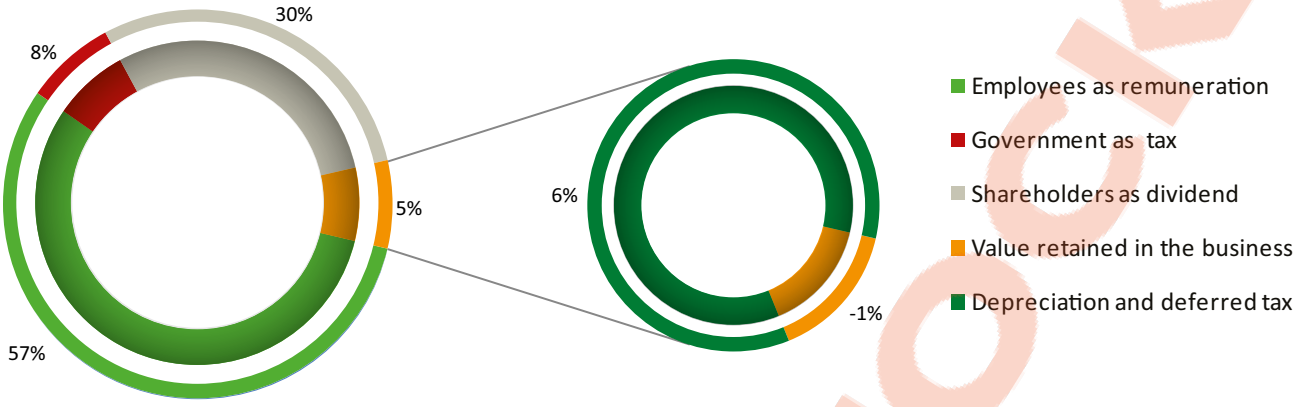
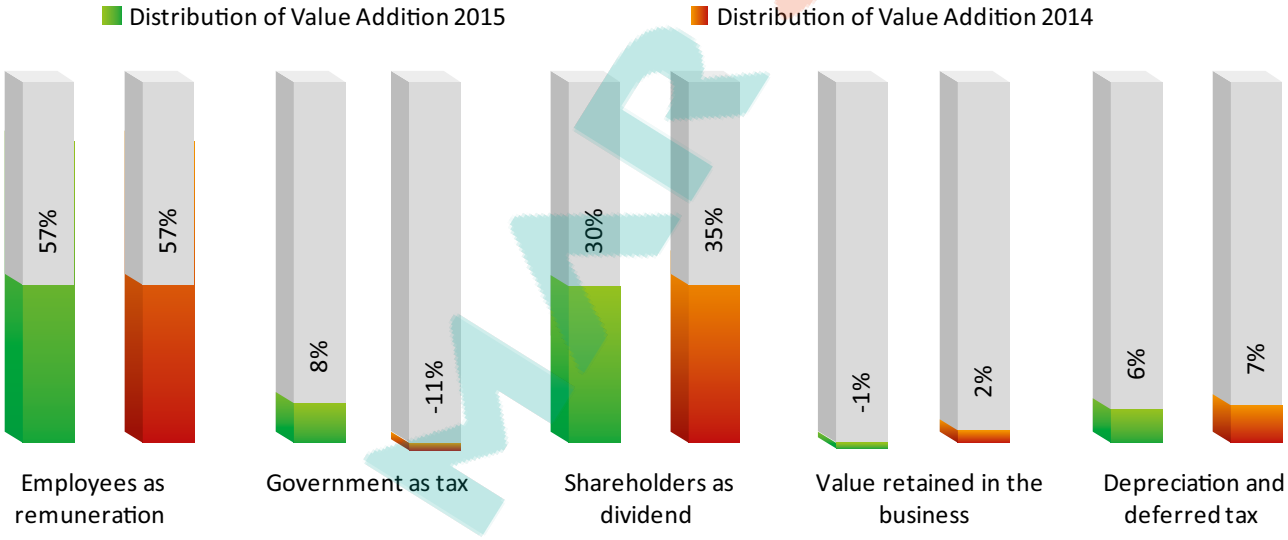

30%
8%
5%
57%
6%
-1%
Employees as remuneration
Government as tax
Shareholders as dividend
Value retained in the business
Depreciation and deferred tax


Distribution of Value Addition 2015
Distribution of Value Addition 2014
57%
57%
8%
-11%
30%
35%
-1%
2%
6%
7%
Employees as remuneration
Government as tax
Shareholders as dividend
Value retained in the business
Depreciation and deferred tax

Market Value Added (MVA) Statement

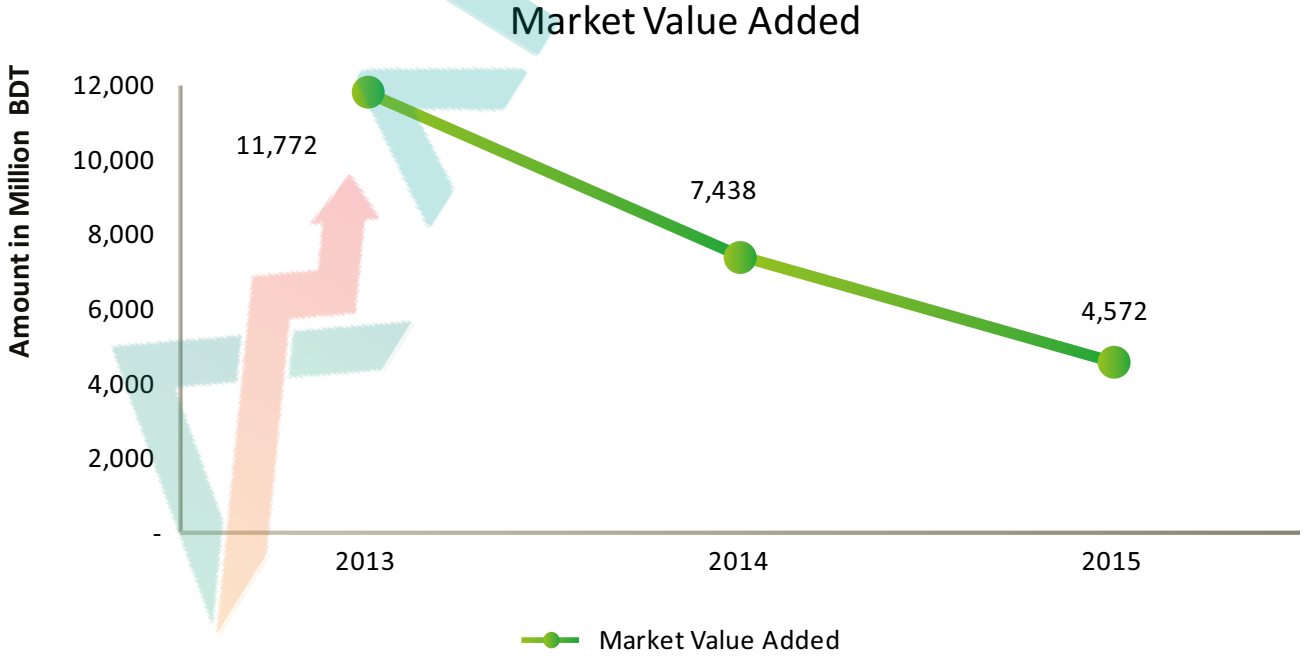
For the year ended 31 December 2015

Market Value Added (MVA) statement reflects the company's performance evaluated by the market through the shares. MVA is the difference between total market value and total book value of the share of the company. A high value of MVA indicate that company has created substantial wealth for the shareholder. The share market value of the Company stood at Tk 6,979 million whereas the book value of the shares stood at Tk 2,406 million, resulting a Market Value Addition of Tk 4,572 million as of December 31, 2015. The calculation of Market Value Added is given below:

Particulars	2015		
	No. of Share (Mn)	Price per share	BDT (Mn)
Market Value	241	29	6,979
Book Value	241	10	2,406
Market Value Added			**4,572**

Particulars	2014		
	No. of Share (Mn)	Price per share	BDT (Mn)
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	BDT (Mn)
Market Value	208	66.5	13,855
Book Value	208	10	2,083
Market Value Added			**11,772**



Economic Value Added (EVA) Statement

For the year ended 31 December 2015

"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:

EVA = (NOPAT – Cost of average equity)

NOPAT

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

	2015 BDT (Mn)	2014 BDT (Mn)	2013 BDT (Mn)
Operating income	6,237	5,100	5,189
Operating expenses	(5,327)	(4,318)	(3,623)
Operating profit	910	782	1,566
Income tax	(112)	20	(43)
NOPAT	**798**	**803**	**1,523**

Equity

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

	2015	2014	2013
Shareholders' equity at year end	6,262	6,096	6,840
Accumulated provision for doubtful losses	2,600	2,459	1,467
Equity	**8,862**	**8,555**	**8,307**

Average equity

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

	2015	2014	2013
Shareholders' equity	8,862	8,595	8,307
Average equity	**8,708**	**8,431**	**7,516**

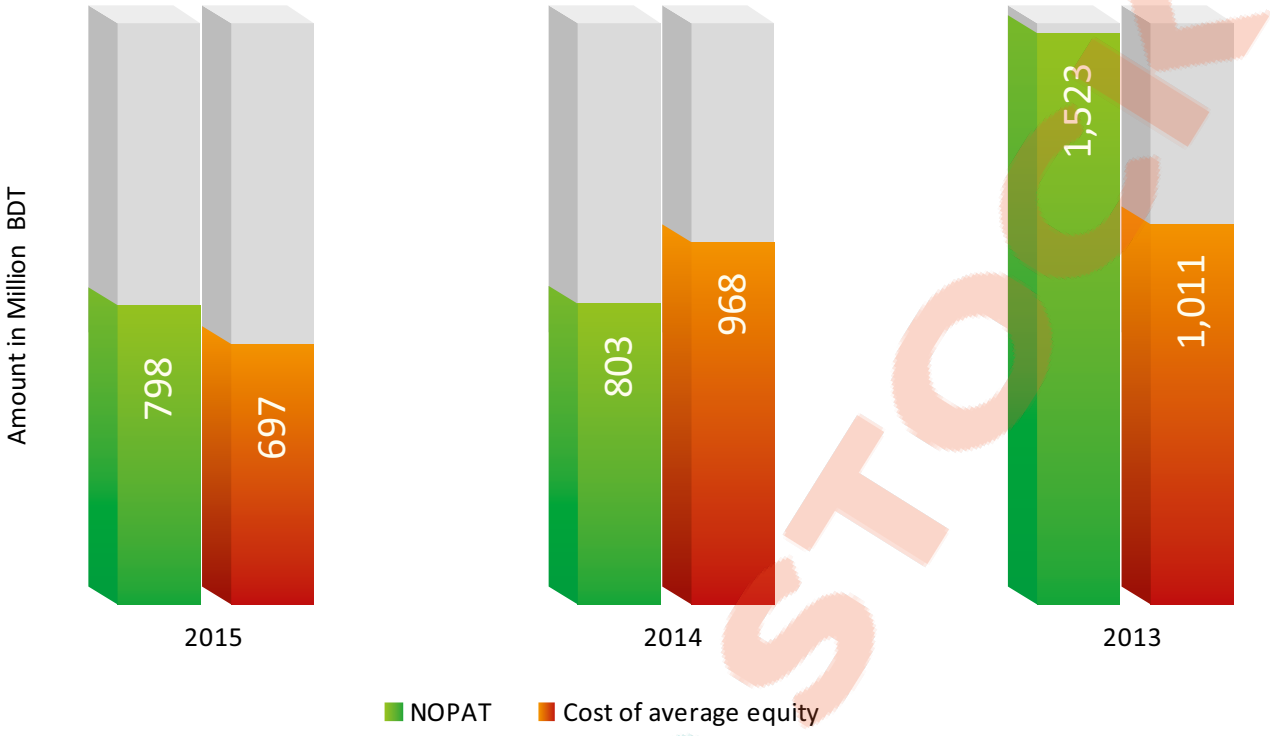
Cost of equity

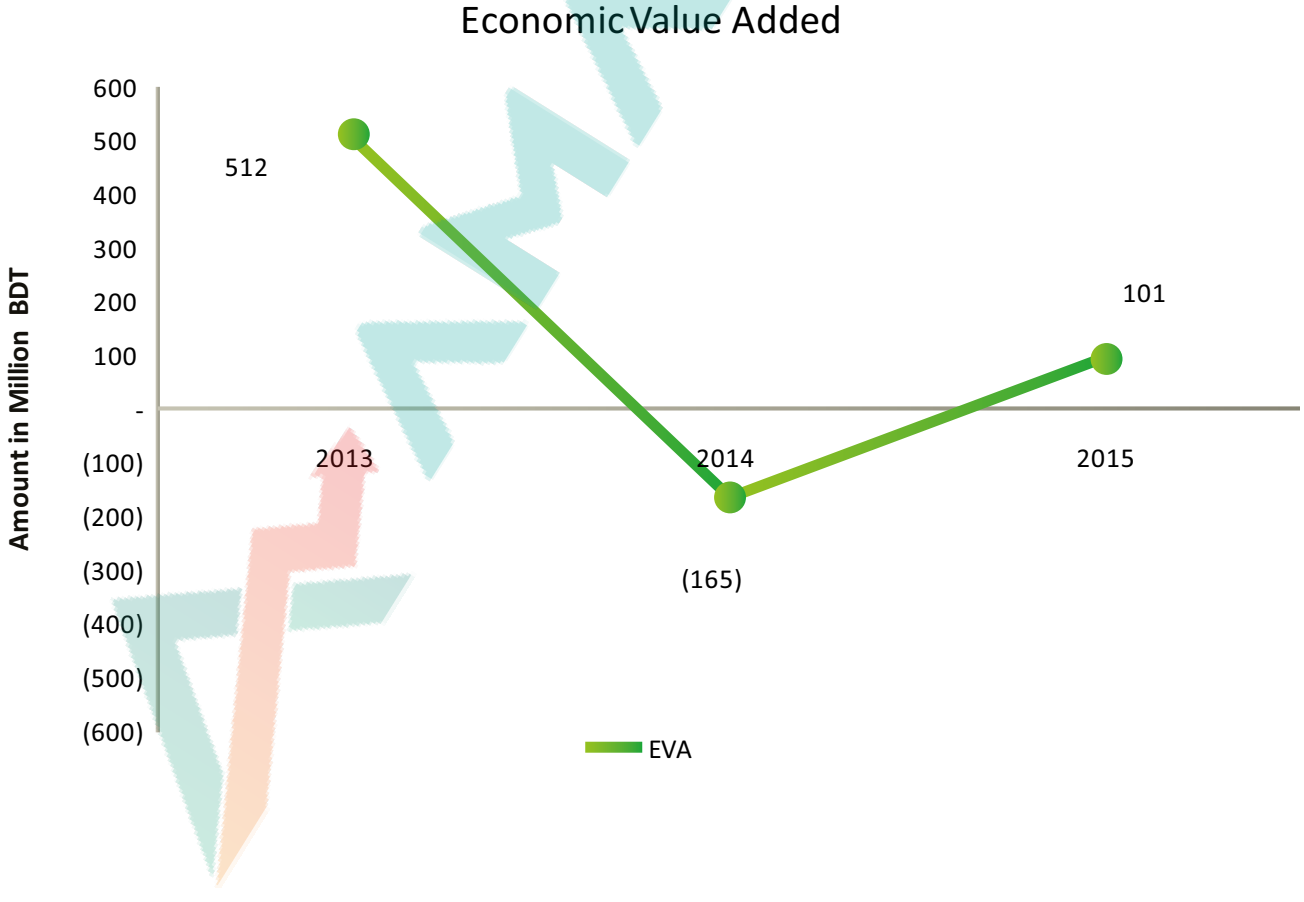
Cost of equity reflects shareholders' expected return. Eventually this is the opportunity cost for shareholders for investing their funds in the company. Interest on 5 years Government Treasury Bond plus a standard risk premium has been assumed to be the cost of equity.

	2015	2014	2013
Interest rate on 5 Years Government Treasury Bond as on 31 December	6.00%	9.48%	11.45%
Standard Risk premium	2%	2%	2%
Cost of equity	**8.00%**	**11.48%**	**13.5%**

ECONOMIC VALUE ADDED

	2015	2014	2013
NOPAT	798	803	1,523
Cost of average equity	697	968	1,011
Average Shareholders' equity	8,708	8,431	7,516
Cost of capital	8.00%	11.48%	13.5%
EVA	**101**	**(165)**	**512**
Number of shares (Mn)	241	241	241
Economic Value Added Per Share	**0.42**	**(0.69)**	**2.13**


Amount in Million BDT
798
697
803
968
1,523
1,011
2015
2014
2013
NOPAT
Cost of average equity


Economic Value Added
Amount in Million BDT
600
500
400
300
200
100
-
(100)
(200)
(300)
(400)
(500)
(600)
512
(165)
101
2013
2014
2015
EVA

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Statement on Contribution to Government Exchequer

For the year ended 31 December 2015

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 Exchequer when the necessary amounts fall due. For the year 2015, LankaBangla Finance and its subsidiaries made a handsome contribution to Government Exchequer of an amount equal to BDT 467.04 million, composed of income tax, withholding tax, VAT, withholding VAT and excise duty. This is in comparison to BDT 381.46 million in 2014, reflecting its fair and consistent commitment towards national contribution.

Forms of Contribution	2015	2014
Income Tax	385,806,948	333,682,752
Salary	26,155,857	19,117,787
Interest on savings deposit	181,348,147	141,537,921
Payment of Supplier	10,622,909	4,108,778
House Rent	5,276,588	4,101,993
Payment on transaction of securities	75,948,422	90,836,800
Payment of Commission	5,306,816	1,656,827
Advance Corporate Tax	6,128,950	6,299,109
Return Submission	63,750,382	30,000,000
Dividend Payment	11,149,730	35,928,186
Payment for Professional & Technical Services	113,147	88,352
Others	6,000	7,000
VAT	60,155,658	44,599,173
House Rent	9,149,496	6,779,528
Processing, Documentation Fee etc.	12,164,367	7,266,734
Procurement of goods and services	13,890,637	6,824,557
Legal, Professional & Technical Fees	2,087,884	2,434,105
Director Fees	78,000	51,000
Others	22,785,274	21,243,248
Excise Duty	21,076,338	3,174,104
Collection of excise duty from clients	20,404,168	2,733,925
Excise duty deducted by bank	672,170	440,179
Total Paid to Government Exchequer	**467,038,944**	**381,456,030**

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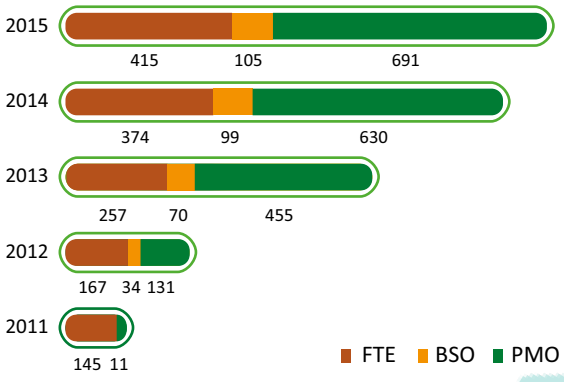
Human Resource Accounting

LankaBangla has always been very passionate about human capital management and takes responsibility for developing employee potentials and leveraging employee skills in the organization. LankaBangla continues to implement HR policies and practices that are aimed at growing and developing employees and ensuring their active contribution towards the achievement of corporate goals. LankaBangla believes that the skills and enthusiasm of its employees are a major force that helps it to achieve sustainable results.

LankaBangla significantly considers human resources at corporate level, professional level, social level and overall national level. In this process LankaBangla not only identify the value of human resources but also identify and report investment made in human resources.



BDT Million

	2014	2015
Total employee benefits	713.58	871.53
Training Cost	9.92	11.74
Employee Benefit Per Employees	20.05	21.74
Training Cost per Employees	0.027	0.028
Gross Revenue per employee	143.30	155.58
Total Expenses per employees	121.32	132.89
Operating cost per employee	36.10	40.21
Operating profit per employees	21.98	22.69

Total value of Human Capital has been ascertained BDT 21,358 million in the year 2015 and BDT 16,834 million in 2014 using present value of future earning model (Lev & Schawrtz) by discounting total benefit payable to employees, which was considered minimum expected benefits for them up to retirement.

	2014	2015
Human Capital (BDT Million)	16,834	20,845
No. of employee	473	520
Per Capita Value (BDT Million)	35.59	40.09

Assumptions used in Human Capital Valuation

i. All existing employee will continuously serve the company up to their respective retirement

ii. Average age of LankaBangla employees is around 33 and hence it has been assumed that present set of employees will serve for another 27 years till the retirement age of 60 years

iii. Employee payouts include all direct and indirect benefits provided to them

iv. Annual increment is estimated to be granted at 10% on average over the years

v. Only FTEs and BSOs are considered and PMOs are excluded from our calculation as they are not enrolled in the payroll system

vi. The future benefits of all employees in each year are discounted at 10.98% to calculate present value, which comes with the last on the run 20 years Treasury bond rate plus 2.50% premium for risk

vii. The value herein is an internal assessment based on above stated assumptions and subject to change for any deviations with the assumptions

As per model we have capitalized the total value of employees as Human Capital. 23.82% growth in the total value of human capital in 2015 over 2014 was due to net addition of 47 head counts of experienced and fresh recruitments that was required for the expansion of the business and ensuring better quality of service as well as customer satisfaction. In this process LankaBangla increased its year to year training expenditure to excel employee performance.

	31-Dec-15	31-Dec-14
Assets		
Cash	516	338
Balance with other banks and financial institutions	1,427	1,904
Investment	4,373	4,840
Leases, loans and advances	41,819	30,396
Fixed assets including land, building, furniture and fixtures	1,292	311
Human Assets	**20,845**	**16,834**
Individuals' value	20,833	16,824
Value of Investments	12	10
Other Assets	1,020	1,241
Total Assets	**71,293**	**55,865**
Capital & Liabilities		
Borrowings	9,007	11,711
Term deposits	29,992	16,683
Other deposits	115	78
Shareholders' equity	6,262	6,096
Human Capital	**20,845**	**16,834**
Other liabilities	5,073	4,462
Total Capital & Liabilities	**71,293**	**55,865**

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. Sustaining earnings amidst challenging times and taking result oriented initiatives have helped us to elevate the company performance to the next level.



Message from the Chairman

Dear Stakeholders,

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

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 19th 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. I am pleased to report that during the year 2015, LankaBangla has displayed sustained performance amid a slowing credit market and resultantly we have achieved high operating growth. From the macroeconomic stability perspective, our economy has been witnessing lower inflation, lower current account deficit, robust foreign exchange reserves, contained fiscal deficit, momentum in reforms and therefore, improved growth prospects. Hence, we believe that our economy is better placed for business growth following an interest rate decrease in the economy. Our strong funding position and capacity enhancement enabled us to support borrowers with a more accommodating pricing in loan portfolio.

You will be happy to know that during the year 2015 the Company's standalone net profit after tax increased to highest level of BDT 1,030.01 million which is 58.05% higher over the year 2014. Operating revenue of the Company in 2015 stood at BDT 5,298.00 million which was BDT 4,090.00 million in 2014 reporting 30.00% increase. Operating expenses increased by 33.27% to a level of BDT 957.00 million against last year's amount of BDT of 718.00 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. Consolidated profit after tax of the Company stood at BDT 421.00 million in the year 2105 against BDT 454.00 million in the previous year.

Total deposits of your Company have risen to BDT 30,080.86 million indicating 79.94% growth over that of last year's level of BDT 16,717.17 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. Total investment portfolio of your Company has reached to BDT 47,605.00 million at the end of 2015 which was BDT 37,119.00 million at the end of 2014. Your Company has strengthened its reach by adding its network; three nos. of branches have been opened during the year 2015 at potential areas to capture emerging customers and three more branches are in the process of opening.

Risk is inevitable in the lending business and hence, a sound risk management framework is the touchstone of an efficient organization. Your Company has robust architecture to address various risks inherent in its business. The architecture includes mechanism of defining risk appetite, its monitoring, reporting and review. The objective of the architecture is to ensure that the asset quality is sustained against economic shocks and sufficient capital buffers are available to withstand those.

During the year 2015, there was sizable improvement in NPL status of the Company which is represented in its NPL ratio being decreased to 3.72% from previous year's 5.08%. Special efforts were given during the year to reduce the NPL to a sizable extent in comparison to the industry.

Capital Adequacy Ratio of your Company stood at 14.17% as against Bangladesh Bank's stipulation of 10.00%. LankaBangla has taken necessary measures to remain compliant, in line with the regulatory requirements, with regard to its forecasted future growth.

LankaBangla through LB Foundation has extended its support for underprivileged people of the community in particular to ensure their education, health and living. In 2015, we have extended support to unprivileged brilliant students to pursue their education, organized tree plantation program for protecting environmental and ecological degradation, distributed blankets among the poor people to protect them from cold wave, promoted creativity and cultural development of children through arranging art competition. We have also considerably achieved efficient business operations and conscience corporate governance and compliance to facilitate smooth and effective business. As a result we have been able to contribute for our sustainable society.

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 15.00% cash dividend and 15.00% stock dividend for the year 2015.

I am very pleased to inform you that LankaBangla Finance Limited became the winner of the SAFA, an Apex Body of the South Asian Association for Regional Co-operation (SAARC), under Financial Service sector for the year 2014. LankaBangla Finance Limited was also adjudged as the recipient of SAFA award as overall winner for the year 2014 among all nine categories. This is a great achievement and matter of prestige and honour for the company. We believe that it will boost up the company's corporate image and elevate its brand value. Our subsidiary company LankaBangla Securities Limited achieved certificate for outstanding performance securing 1st position in terms of turnover for consecutive eight years from 2006 to 2014 by Dhaka Stock Exchange (DSE) and for consecutive nine years from 2005 to 2014 by Chittagong Stock Exchange (CSE).

LankaBangla will continue to focus on further strengthening its capital and funding position so as to grow its business sustainably with better profitability. We are confident that with the strategic focus on people, processes and technology your Company will remain in the leadership position in the emerging business environment. To respond to increasing competition and other challenges, LankaBangla will make its business model more cost efficient and try to improve its earnings through an optimum mix of interest income and non-interest income. Keeping this in mind your Company is well positioned for growth during the year 2016. In the current economic environment, we will consolidate its positions by preserving healthy ratios and improve it further to ensure buoyant growth in its profitability and return.

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, Registrar of Joint Stock Companies and Firms, National Board of Revenue and all other regulatory authorities for their valuable guidance, support and co-operation. 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.

We are encouraged by and grateful for the ongoing support of all our shareholders. I solicit your continued co-operation and patronage in future also.

With warm regards,

Yours sincerely,



Mohammad A. Moyeen

Chairman

In2016,LankaBangla is entering to another growth trajectory. With a larger platform we are well positioned for large scale expansion of our personal financial services and SME financial services. We have been emerging as customer centric financial institution with full range of financial services.

Review from the Managing Director

Dear Stakeholders,

2015 was another year of economic progress for Bangladesh achieving 6.51% real GDP growth surpassing other regional peers. Bangladesh has seen low inflationary environment, high surge in FOREX reserve, relatively stable exchange rate even in global currency market shake ups. Government was less dependent on the banking sector for credit while private sector credit started only slowly picking up. Money market was very vibrant and rate structure has been revised downward several times.

Prices for Brent crude, the global standard, have fallen well below U.S. $100 per barrel in the past two years. According to data from the Organization for Petroleum Exporting Countries (OPEC), the price for a barrel of Brent crude was selling for $38 in December 2015 compared with $111 per barrel in December 2013. There was no pass through of international prices and no price reform was evident in Bangladesh but lower oil price made subsidies disappear. This is not crude oil but industrial metals like aluminum, steel, copper, platinum, and palladium have collapsed horrendously in 2015. Bear story was also for agricultural commodities and for other major Bangladeshi imports. Falling commodity prices on global market has been pushing inflation downwards. Inflation (point to point) stood at 6.10% in Dec'15 which was 6.11% in Dec'14. Sliding prices offer a unique opportunity for Bangladesh to spend on much-needed infrastructure and growth projects without fuelling inflation.



Bangladesh Bank (BB) will maintain accommodative monetary policy stance in 2016. The latest MPS for H2 FY16 was a very growth supporting. Policy rates have been reduced by 50 basis points after almost 3 years. Stable political environment coupled with the huge excess liquidity in the banking system is expected to further reduce banks' lending rates and boost lending and investments. During FY15, the total credit to the private sector recorded 13.2% growth Y-o-Y, while in the first 5 months of FY16, the growth was 13.8% Y-o-Y. Business confidence is improving and the stable exchange rate has led to higher import of machineries. We expect the businesses are ready to start take off in another phase of expansion and prosperity taking the advantage of the falling interest rates.

Being a growth partner of the business operating in Bangladesh, LankaBangla Finance Limited has been able to increase capacity and established platform for high frequency lending in Retail and SME business. Alongside, Corporate Financial Services is well positioned itself for financing in the large projects syndication, structuring and corporate lending.

In 2015, with relentless efforts, 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 2015 is 81.92% higher than 2014. We have disbursed BDT 35,770 million in 2015, which was BDT 19,750 million in 2014. Investment portfolio reached BDT 42,600 million in 2015 compared to BDT 31,228 million in 2014. Thus, the interest revenue growth has also been impressive. With appropriate borrowing mix and strategies, we could reduce our cost of fund by 9.23% in 2015.

Public Deposit sources was our key of fund in 2015 During the year deposit portfolio has been increased by BDT 13,364 million and posted an 79.94% year-on-year growth. 70.94% of which is Public deposit. With appropriate borrowing mix and effective strategies we have reduced our cost of fund by 13.25% which came down to 9.23% at the end of 2015 from 10.64% in 2014. Treasury at LankaBangla is using its expertise successfully and made good spread by taking arbitrage opportunities thereby enabling the company to improve its revenue.

In 2015, LankaBangla earned a net profit of BDT 1030.01 million as against BDT 651.72 million in 2014 registering an impressive growth of 58.05%. Total loans, advances and leases grew 48.43% and reached BDT 36,018.82 million at the end of 2015 which was BDT 24,265.99 million in 2014.

We have earned consolidated pretax profit BDT 533 million in 2015 against BDT 434 million in the previous year. The consolidated net profit after tax stood at BDT 421 million registering a growth of -7.28% than 2014. The consolidated earnings per share during the year under review was BDT 1.76 compared to previous year's BDT 1.84. Our consolidated investment portfolio grew 28.25% and reached to BDT 37,119 million in 2015 as against BDT 47,605 million in 2014.

Risk Management unit of LankaBangla has been further strengthened this year and our capital adequacy ratio (CAR) reached to 14.17% well above the regulatory threshold.

In 2015, we focused heavily on personal financial services and SME financial services. Credit card has emerged as a unique strength of LankaBangla and our client base is growing sharply. With outstanding execution of the plan our personal financial services portfolio grew at an impressive 64% rate. Credit card portfolio of LankaBangla reached to BDT 1,629.93 million in 2015 and registered a growth of 25.91%. Auto Loan business has been grown at a staggering rate of 184.45% in 2015 and portfolio reached to BDT 3091.24 million from BDT 1675.90 million in 2014.

SME financial services is now well set up for high volume business. In 2015, SME portfolio grew 241%. We would be focusing high on SME in 2016.

Corporate financial services grew 35% amid weak business case country wide. We have been mandated to work as arranger for a large scale green financing project and participated in a few project syndications. We are also working as an arranger in zero coupon bonds and commercial papers.

In capital markets front, we are maintaining our leadership in both stock broking and investment banking. LankaBangla Securities Limited was one again top brokerage in 2015 and is strengthening its research base and IT infrastructure. As a prominent investment bank, LankaBangla Investments Limited successfully completed several mandates. The company successfully managed IPO of a power generation and distribution company under book building system.

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 2015. 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 2016, we would try to eliminate all non-value added costs to restrain our cost to income ratio at desired level. Branch network would be further widening to reach even the distant customers. In 2016, four new branches would be opened in four major townships of the country. 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

Breaking New Grounds



"When I needed the financial support for my business the most, LankaBangla stood beside me. I hope that they will continue to be a part of my success story." -Md. Shamsul Huda

It was the year of 1999. In a quiet village of Madhabdi Sadar, Narshingdi, a pioneering entrepreneur named Md. Shamsul Huda set up a clothing accessories manufacturing facility named Tanvir Textile. With an initial capital of 2 lac taka, he purchased 4 sewing machines to make trouser pockets and mosquito nets. Despite of numerous challenges along with fiercely competitive market and limitations with new market acquisition, Mr. Tanvir steadily took his business forward. Advisor adviser

However, Mr. Huda's clients were persistently looking for better quality and bulk production from his end, which he was unable to deliver due to financial constraints and technological limitations of his old machines. Besides, the infiltration of cloth brokers in the local market escalated as a monumental challenge before Mr. Huda, leaving his access into the mainstream marketplace a tough ask.

Undeterred by the obstacle, Mr. Huda pledged to defy the norms of the market and decided to reinvest his profit amount into the business. With his integrity and meticulous growth process, Mr. Huda managed to procure a total of 18 machines by 2015. However, it was difficult to attain business growth with the shoestring budget available at his disposal. To break the shackles of financial deficiency, Mr. Huda approached LankaBangla for a term loan of 15 lac taka. Considering the growth potential and range of his business, Mr. Huda was granted a loan of 6 lac taka payable by 24 straight instalments within 2 years.

Rejuvenated by the help extended by LankaBangla, Mr. Huda applied the best of his efforts into the business. He made room at his own house where production started in full swing. Gradually, he included a new array of technologically advanced machines to produce finer clothing accessories.

The new injection of capital helped Mr. Huda to purchase 6 more machines. He also conjoined an extra 2 decimals of land to extend 8 the decimals of existing floor area of his mill. The new monetary disbursement helped him diversify his product range and take pre orders from the wholesale dealers. Ultimately, with a fresh new impetus to his business, Mr. Huda developed a harmonious business relationship with LankaBangla. Commenting on how LankaBangla's support helped transform his business, Mr. Huda said: "When I needed the financial support for my business the most, LankaBangla stood beside me. I hope that they will continue to be a part of my success story."

Currently, Mr. Huda employs 12 experienced people in his clothing factory who can produce a minimum of 15,000 meters of clothing accessories every week. Through his business acumen and widespread reputation, Mr. Huda has managed to attract a number of wholesalers across the country who travel to Madhabdi Bazar every week with a view to collecting clothing goods from him.

Apart from investing the loan amount into his business, Mr. Huda used it to construct a two-storeyd building as well; where he lives with his wife and 3 children. All of them attend school and the eldest son helps Mr. Huda with his business as well.

"I dream of a better tomorrow, where I can see my business flourishing to its full potential. I wish to approach LankaBangla again for the financial support that can fulfil my dream in near future", Mr. Huda says. The dreams of Mr. Shamsul Huda, with help from LankaBangla, could bring forward ground-breaking changes in the lives of many more of his peers.

Sustainability Report

Being focused on our strategic priorities, our redefined approach towards sustainability has built us a sustainable business that tends to continue without any pause. We have been offering financial products and services that directly or indirectly lead us along with all our stakeholders to long-term environmental benefit and social developments.



Sustainability Report

"Our long term objective is to stimulate growth and provide lending and capital into the economy, but responsible lending is the primary target, to build long-term trust."

Mohammed Nasir Uddin Chowdhury
Managing Director and CEO

Our corporate vision "To be the most preferred financial service provider in establishing, nurturing and maximizing value to the stakeholders, thereby, GROWING TOGETHER" is the foundation of our sustainability vision. Sustainability is therefore an integral component of the business model we pursue.

Our sustainability thinking encompasses socially, economically and environmentally beneficial approach to growth, the triple bottom line of sustainability. Sustainable development is an area of continuous concern in strategic discussions which is highlighted and prioritized when objectives and goals are set, at LankaBangla. This is incorporated with governance and accountability arrangements and risk management.

Sustainability is now the primary moral and economic imperative and it is one of the most important sources of both opportunities and risks for businesses. Nature, society and business are interconnected in complex ways that need to be understood by decision makers. Incremental changes towards sustainability are not sufficient, we need a fundamental shift in the way companies and directors act and organize themselves. Some companies have figured out how to benefit from the trend and some companies have not. Sustainability scholars argue that sustainability issues will force a fundamental change for business as did globalization and information technology. Those companies that are not able to adapt, will not survive. The year started with promises and ended with even more but the system is still in recovery. We know that LankaBangla exists in a sector that faces challenges, but we are committed to playing a leadership role. We are encouraged that we have always structured our business practices to make dealings fairer for our customers and our communities. Our strategy is simple, the company's success is dependent on the success and fortune of our customers and the communities we live and work in. We only succeed when they do.

We always agree in building prosperity by supporting a broad range of causes through donation, sponsorship and supporting helpless peoples. We encourage our employees to participate in social and charitable programs. As a part of its social responsibility, the Company contributes to various funds, flood affected people, to hospitals and to the people who were affected by the natural calamities. We believe that sustainable economic growth and a healthy environment are inter-linked. We take supportive role in terms of providing financial services by restricting and discouraging those projects that cause pollution for environment and health hazard.

At the outset it can be demonstrated that as corporate participant, we recognize that, we have responsibilities to the development of the society and the country as a whole. We aspire to be known as an institution that builds enduring relationship with and delivers value for our clients, shareholders, employees and the community where we work, where we live. At LankaBangla, we define sustainability in the broadest possible terms. It is about conducting our day-to-day business the right way and continuing to play a part in addressing some of the biggest challenges faced by society. First and foremost however, we need to get the basics right for our customers.

Like previous years, during 2015, we have continued to build a sustainable business in which our clients have confidence, our employees can take pride and our neighbouring community get better livelihood. We remain committed to provide our customers superior and unparalleled experience in the financial 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 operational branch network have reached 15 and we are moving ahead with further expansion plan. In 2016, another 4 new branches would be opened in four important townships for better customer reach.

Striking the right balance between the financial well-being of our different stakeholder groups is at times, quite challenging. That is why we are committed to maintaining an honest and transparent dialogue with all of our stakeholders, to continually revisit our policies and practices in light of the company's environment, social and economic impacts. We host regular themed sessions with external stakeholders, where participants have the opportunity to speak directly to the Board on wide-ranging issues. With an increasing focus on ethics and sustainability, the priority of the Board of Directors is to assess and encourage the work of the executive team in building an institution that puts customers' interests first and embeds sustainable banking into everything that we are acting with integrity is imperative to everything we do. It underpins our work, our relationships and the products and services we provide. Everyone in the company is expected to behave with integrity and we have comprehensive policies/ frameworks and compliance measures as well. In addition to that, we have education programs to support our people in maintaining the highest professional standards. The institution is committed to a stance of zero tolerance to bribery and corruption, including facilitation payments across all areas of the business, regardless of jurisdiction.

We are always keen to build deposits to reduce Bank dependencies. Our progress in this are in the outgoing year is commendable. Our deposit base grew 79.77% in 2015 and most of the deposits are core in nature. Sustainable banking depends on some key parameters. Deposits are first and predominant one. 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.

The 1211 employees of LankaBangla nationwide are our greatest asset, we say it often and with good reason. It is only with their determination and dedication that we can serve our clients, generate long-term value for our shareholders and make lasting contributions to our communities. At the core of our efforts is a focus on nurturing and sustaining a diverse workplace, because we have experienced the power of bringing different perspectives a to address the complex and diverse situations our clients face. We recognize the significance of employee engagement and have continued to work towards creating a culture of trust and team spirit. The company's commitment to diversity, inclusion and excellence is pivotal to success and contributes to our culture of innovation. We encourage our people to participate in development programs to ensure that they are equipped with the tools they need to succeed. At LankaBangla, we pursue to instill the values in our people that will encourage them to respect and abide by the social, economic and environmental commitment of the institution. A total of 129 training programs involving 17,014 man-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.

Innovation is an integral part of how we deliver on our vision to excel at securing and enhancing the financial well-being of people, businesses and communities. For LankaBangla, innovation is about seeing things from the customer's point of view and giving customers the technologies and services that fundamentally change the way they access and manage their finances, for the better. Continuing from the year before we established full-fledged contact center at LankaBangla to connect with our customers in real time for providing financial services, 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.

At LankaBangla, we have long acknowledged that a healthy environment is the foundation for economic progress and the well-being of society. As a leading financial institution, we are committed to finding market solutions that benefit the environment. As per our long term commitment to our community we continued to invest both in nurturing underprivileged people of our society and 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. 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.

We at LankaBangla recognize our capacity to achieve the ultimate goal of creating both social and business value by incorporating social and environmental responsibility into our fundamental business operations and stakeholder management. Like the outgoing years, we are strongly motivated to deliver to all sub-divisions of society and through careful customer segmentation provide financial access and services across the continuum of socio demographic groups.



Mohammed Nasir Uddin Chowdhury
Managing Director & CEO

Directors' Report

Dear Shareholders,

On behalf of the Board of Directors of LankaBangla Finance Limited, I am very happy to welcome you in the 19th Annual General Meeting of the Company. The Board of Directors takes pleasure in presenting the Annual Report for the year ended December 31, 2015 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 2015, LankaBangla Finance Limited recorded remarkable growth in its core business. With good penetration in loan products, LankaBangla made good profit growth in 2015.

I am pleased to report that during the year 2015, LankaBangla Finance Limited earned after tax net profit of BDT 1,030 million, meeting or exceeding all financial and operational objectives. These results continue to demonstrate that we have the right strategy and we are executing it well.

World Economy

Global growth continued to disappoint in 2015 as resulted from continued slowing down of economic activity in emerging and developing economies amid further drops in commodity prices, restrained global trade, stretches of financial market volatility, and weakening capital flows. In contrast, the recovery in major high-income countries gained traction last year. This has been increasingly driven by stronger domestic demand, particularly in the United States, where employment conditions are robust. In the Euro Area, credit growth is improving and unemployment is declining. The recovery remains fragile in Japan despite substantial policy stimulus. With external demand negatively affected by a slowdown in large emerging market economies, growth forecasts across major high-income economies in 2016 have been shaded down, but growth should still show some improvement from 2015.

GDP growth

	2013	2014	2015	2016E	2017E
World	2.4	2.6	2.4	2.9	3.1
USA	1.5	2.4	2.5	2.7	2.4
Euro Area	-0.2	0.9	1.5	2.7	2.4
Developing Countries	5.3	4.9	4.3	4.8	5.3

Source: World Bank

Global growth is estimated to pick up at a considerably slower pace than previously projected, aiming 2.9 percent in 2016 and 3.1 percent in 2017-18. Global inflation is expected to rise moderately in 2016 as commodity prices level off, but will remain low by historical standards. However, 2016 growth forecasts for high-income countries have been marked down in view of the effect on the United States of dollar appreciation and the impact on Japan of slowing trade in Asia. Conditions for a continued but weak upturn in the Euro Area still appear in place, despite soft external demand and rising geopolitical concerns. Although gradually dissipating, legacies from the global financial crisis continue to be felt across high-income countries, limiting both aggregate demand and the underlying growth potential of these economies.

Regional Economy

GDP growth in South Asia rose from 6.8 percent in 2014 to 7.0 percent in 2015, the fastest rate among developing regions, as recovery took place in India, and as the region benefited from lower oil prices and improved resilience to external setbacks. A moderate further acceleration in economic activity is projected, with regional growth rising to 7.3 percent in 2016, supported by strengthening investment and a broadly supportive policy environment.

GDP growth (%) in South Asian Region

	2013	2014	2015	2016E	2017E
South Asia	6.2	6.8	7.0	7.3	7.5
Bangladesh	6.1	6.5	6.5	6.7	6.8
India	6.9	7.3	7.3	7.8	7.9
Pakistan	4.4	4.7	5.5	5.5	5.4

Source: World Bank

The region also has comparatively limited trade exposure to slowing demand in major emerging markets, and as a net importer of oil will continue to be benefited from low global energy prices. Generalized weakness in the global trading environment, and indirect spillovers from slower growth in major developing economies are expected to partly offset the positive impulse to exports from high-income country demand.

Growth in the region is expected to edge up, reaching 7.5 percent by 2017, driven mainly by domestic demand. Investment growth is expected to continue strengthening in India due to government efforts to accelerate infrastructure development and boost Public Private Partnerships (PPPs), and in Pakistan due to CPEC (China Pakistan Economic Corridor) implementation. In Bangladesh and Sri Lanka, public sector wage increases and an easing of political tensions or uncertainty should bolster private consumption.

World Commodity Price

Commodity prices continued to fall in the fourth quarter of 2015, reflecting abundant supplies, weaker growth prospects in emerging economies, and a strong U.S. dollar. One of the largest declines was in crude oil, which fell from $51 per barrel (pbl) in early October to less than $30/pbl in mid-January. For 2015 as a whole, energy prices plunged by 45 percent from the previous year, while non-energy commodity prices declined by 15 percent. Most price forecasts have been

revised downward for 2016. Aside from rebound in oil prices, only a modest recovery is expected in 2017.

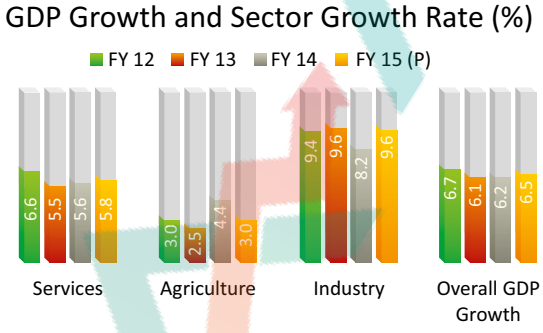
Commodity	Unit	2014	2015	2016E	2017E	2018E
Energy						
Crude Oil, avg	$/pbl	96.2	50.8	37.0	48	51.4
Metal						
Gold	$/toz	1,265	1,160	1,075	1,066	
Copper	$/to z	6,863	5,510	5,000	5,190	5388
Silver	$/to z	19.1	15.7	14.0	14.2	14.42
Agriculture						
Com	$/mt	193	170	170	175	180
Cotton	$/kg	1.8	1.6	1.6	1.66	1.7
Soybeans	$/mt	492	391	400	412	424
Wheat	$/mt	285	203	185	193	201
Sugar	$/kg	0.37	0.30	0.35	0.35	0.36

Source: World Bank

Bangladesh Economy

The target of growth in the budget for FY 2015-16 has been set at 7.0 percent which appears to be ambitious like the previous year's target growth of 7.3%. The historical track record shows that the government has not only failed to achieve such high rate of growth in its previous budgets, but also the country has been experiencing a decelerating rate of growth in the last three fiscal years.

In the FY 2015-16, the economy of Bangladesh has to deal with a number of economic bottlenecks. Inadequate savings and investment and increasing gap between these two appeared to be the major challenges in the economy. In addition, lack of any significant breakthrough in agriculture as regards innovation and technological advancement in the post-green revolution period, unsatisfactory rate of growth in manufacturing and lack of employment opportunity in the sector causing higher unemployment rate, lack of investment in skill development in the service sector has caused the real sector to decelerate.



Source: Bangladesh Bureau of Statistics

Fiscal Management

Budget for FY'16 has been marked high ambition with a vision of attaining the middle income goal. The budget size is BDT 2951.00 billion which is 23.1% higher compared to FY'15's revised budget. It has revenue target of BDT 2084.43 billion which is 27.6% higher than that of the FY15's revised budget.

Gross Domestic Product (GDP) has been estimated to grow at a rate of 7% in FY'16, marked down slightly from the previous year's target of 7.3%.

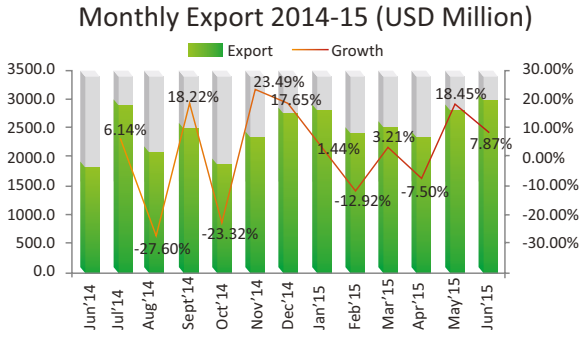
Budget deficit is projected to be BDT 866.57 billion. Of this deficit, BDT 385.23 billion will be collected from bank borrowing, BDT 180.0 billion will be collected from savings certificates and other non-banking source and remaining BDT 301.3 billion will be backed by the external sources. High Dependence on banking system in financing the deficit may cause private investments to fall further and inflationary pressure to rise in the current fiscal year.

Budget Particulars	FY 15		FY 16	Growth
	Actual	Revised	Actual	
Budget Size	2,505.1	2,396.7	2,951.0	23.1%
Target Revenue	1,829.5	1,633.7	2,084.3	27.6%
Budget Deficit	675.5	763.0	866.6	13.6%
Bank Borrowing	312.2	317.1	385.2	21.5%
Non-Bank Borrowing	120.6	230.0	180.0	-21.7%
External Source	242.8	215.8	301.3	39.6%
GDP Growth Target	7.3%	7.2%	7.0%	-
Inflation Target	6.0%	7.0%	6.2%	-

Source: Ministry of Finance, (Amount in billions)

Current Account Balance

At the end of FY2015, current account balance was negative for the first time since FY2005. The Current account Balance stood at BDT negative 178 billion. This was mainly due to low level of growth in export earnings and high growth in import payments. The export earnings witnessed 6.7% negative growth over the previous fiscal year (2013-14).



Source: Bangladesh Bank

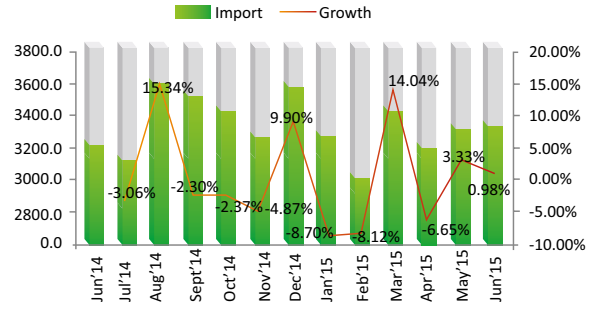
Import

Total Import of the country stood at USD 40.58 billion by the end of 2014-15, which was USD 40.73 billion in 2013-14.

Total import of the country witnessed insignificant 0.004% negative growth over the previous fiscal year (2013-14). Import Growth was relatively constant throughout the period

but there was a significant fall in unit price of key imported products (i.e. POL, fertilizer, food grains, raw cotton, etc.) in the global market. Also exchange rates of BDT against currencies of major trading partners somewhat appreciated which contributed to the situation.

Monthly Import 2014-15 (USD Million)



Source: Bangladesh Bank

Remittance Inflow

Inflow of remittance returned to its positive growth in 2014-15 after experiencing a major setback in 2013-14, according to CPD. Remittance inflow increased by 7.6% in 2014-15 whereas it declined by 1.3% in 2013-14. Increase in the overseas employment, about 13.0% growth, as well as reopening of the Saudi market in 2015 will positively impact the remittance inflow in near future.

Foreign Exchange Reserve

Foreign exchange reserve has continued its increasing momentum in 2014-15. Foreign exchange reserve has reached a peak of USD 25.03 billion in June 2015, which is around 16.4% higher than last year's reserve of USD 21.50 billion. Normal export growth and relatively low import has helped the foreign currency reserve to build up. Taka has gained strength in 2014-15 against USD, and we expect BDT to remain stable against USD in 2016.

Inflation

Inflationary state of the country experienced a consistent decline in the first half of the year 2014-15. However, the situation perceived a rising movement during February-April period due to supply chain disruption by violence, strikes and blockades.

Average inflation decreased from 7.4% in 2013-14 to 6.4% in 2013-14. On point to point basis, in June 2015 inflation rate was 6.3% which was 7.0% in June 2014. Non-food inflation was on the rise due to higher domestic demand. Conversely, food inflation has sharply declined to 6.7% in June 2015 (from 8.6% in June 2014) in the face of disruptions.

Money Market

The money market also went through significant change in 2015. Overall interest rates received significant fall. Government bond operation was suspended for a couple of months. Reverse repo operation was reduced with higher borrowing through low yielding BB-bill.

Bangladesh Bank (BB) will maintain accommodative monetary policy stance in 2016. The latest MPS for H2 FY16 was a very growth supporting one. Policy rates have been reduced by 50 basis points after almost 3 years. This, coupled with the huge excess liquidity in the banking system is expected to further reduce banks' lending rates and boost investments. As the economy is on the way to recovery, credit growth has been slowly picking up. During FY15, the total credit to the private sector recorded 13.2% growth year over year. Business confidence is improving and the stable exchange rate has led to higher import of machineries. The falling interest rates will boost private credit growth next year.

Outlook for Bangladesh Economy in 2016

The year 2015 ended with some positive notes for Bangladesh economy, though challenges continue to accompany them. 2016 will, to a large degree, be shaped on the basis of how the economy has performed and what have been achieved in 2015. The political turmoil, amidst the protest of the opposition party, demanding free and fair elections marked the beginning of the preceding year.

Although, overall investment remains stable at around 28-29 percent of the GDP, private investment has been stagnant during the last five years. Reversing the stagnant private investment trend will be a key challenge for realizing not only the growth target of the FY16 budget but also that of the next years. Ensuring single digit lending rate, uninterrupted supply of electricity and gas and establishment of specialized economic zone are necessary in order to spur private investments.

Although, rational monetary policy has helped push the lending rate down but rising non-performing loans especially by the state-owned banks still act as a major impediment to realize the desired level.

Increased infrastructure spending and public sector wage hikes in the country are expected to keep growth high over the medium term, but also to widen the Fiscal deficit. An amendment to labor laws in September that strengthened workers' rights and workplace safety should assist export performance, particularly in view of retaining Generalized System of Preferences (GSP) in United States.

Large Fiscal deficits outpouring risks that rising government borrowing will crowd out private investment.

Principal Activities

The principal activities of LankaBangla Finance Limited and its subsidiaries during the year 2015 were lease finance, term finance, mortgage financing, credit card operation, SME, auto loan, personal 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 109.

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 reviewing 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 2015

Even though the political turmoil early in 2015 adversely affected private investment and exports among other areas, the economic growth in Bangladesh held up well subsequently because of brisk domestic demand, boosted by higher worker remittances, private sector wages, and public investment. As such, LankaBangla also exhibited a substantial progress in many of the business lines during 2015. Total asset of the group grew by 28% from BDT 39 billion in 2014 to BDT 50 billion in 2015. Significant amount of disbursements were made in Corporate, Retail and SME business. Furthermore cautious investment in capital market and correct on time decisions have led to an overall success for the company. Cost of borrowing has reduced from 10.62% in 2014 to 9.23% in 2015. This is due to the settlement of high cost bank borrowing and increase in public deposit. Decreased cost to income ratio is the result of increased efficiency and better utilization of the company's resources.

Total disbursement of LankaBangla Finance grew by 81% compared to 2014, largely on the back of stronger performance across all our business divisions and through increased concentration on due diligence in credit approval. The total disbursed amount in 2015 was BDT 35,770 million compared to BDT 19,750 million in 2014. In line with our long term strategy, we penetrated the liability market strongly with the focus on increasing our retail customer base by offering attractive rates and ensuring quality customer services. On the deposit side, our total deposits grew by 80% from BDT 16,717 million in 2014 to BDT 30,081 million in 2015, largely driven by our strong liability sales team who has provided uncompromising service. New customer friendly products have been introduced in 2015 in adherence to all the regulations stipulated by the Bangladesh Bank. The company's investment portfolio reached BDT 42,600 million in 2015 compared to BDT 31,228 million in 2014. NPL showed a positive picture as the percentage of classified loans for the company decreased to 3.72% in 2015 compared to 4.80% in 2014.

Consolidated operating revenue stands at BDT 2,522 million while operating expenses of BDT 1,612 million were incurred. Consolidated net profit after tax is reported at BDT 421 million. Return on average equity was 6.81% during 2015 for the group and Consolidated Earnings per Share (EPS) stood at BDT 1.76. NPL ratio for the group stood at 3.20% at the end of the year, which fell from 4.05% in 2014.

Segment Report for the year 2015

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. A stunning performance was achieved overall across all of the segments of the Company in the year 2015. Business segment-wise performance report is given in the page 233.

Performance Reporting by Business Segment

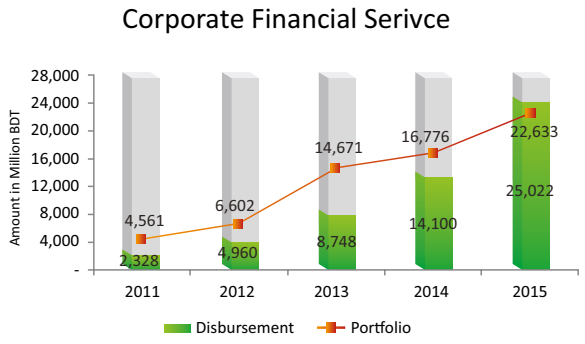
Amidst a challenging environment not considered as conducive for business growth in the economy, all of our business segments continued to operate with firm commitment to be a supportive growth partner of our clients' business initiatives. We accelerated our initiative and achieved a disbursement growth over the last year. Business segment-wise performance report is given below:

Core Business Review

Corporate Financial Services

LankaBangla's focus on extending its Corporate Business portfolio has continued throughout 2015. A total of BDT 25,022 million of corporate lending has been disbursed in the year compared to BDT 14,100 million in 2014. Of the total disbursement in 2015, BDT 7,750 million was Transitory Finance. Annual growth of total disbursement of Corporate stands at 77%. Moreover, while the budgeted disbursement

target in 2015 was BDT 18,041 million, it has exceeded the target by 39%. Disbursement in 2015 was driven mostly by Transitory Finance, Term Loan and Factoring.



Retail Financial Services

During the year 2015, the Company has continued to concentrate more on this segment by expanding several branches and increasing manpower in retail financial activities. Total BDT 8,720 million was disbursed during 2015 under retail financial services in the form of auto loan, home loan, personal loan, credit card and staff loan. The amount of disbursement helped the Company to achieve 70% yearly growth in this segment and exceeded the budgeted disbursement by 21%.

Home Loan

Total Home Loan disbursement in 2015 was BDT 1,800 million comprising of Mortgage Loan of 1,714 million and Staff Home Loan of BDT 86 million. Home Loan portfolio grew by 47% in 2015, the same growth that was achieved in 2014 as well.

Auto Loan

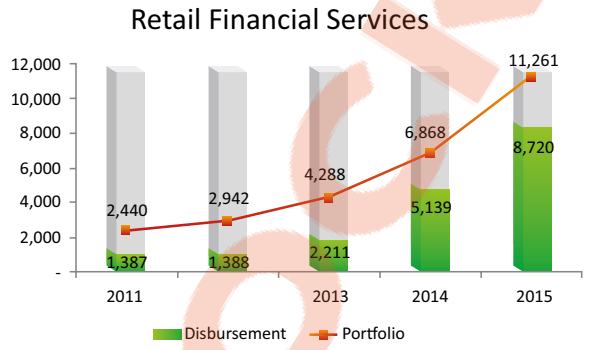
In 2015, BDT 2,008 million has been disbursed as auto loan compared to 1,077 million in 2014 resulting in a 86% growth in disbursement. Also the auto loan portfolio grew by 84% in 2015 from BDT 1,676 million in 2014 to BDT 3,091 million in 2015.

Personal Loan

Disbursement of Personal Loan has been strong in 2015 with a total figure of BDT 1,874 million. The Personal Loan portfolio is comprised of Loan against Deposit, Term Loan and Staff Loan. Portfolio for the Personal Loan in 2015 was BDT 2,241 million, which grew by 131% from BDT 971 million in 2014.

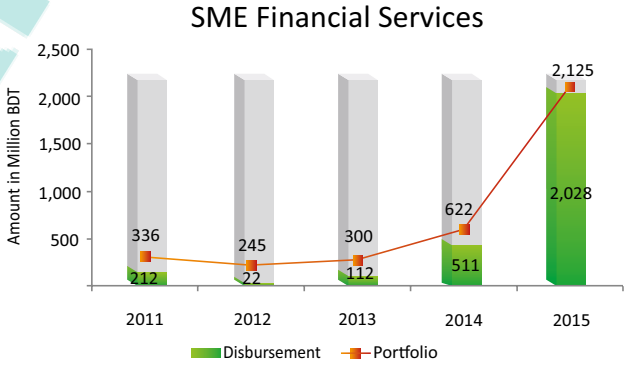
Credit Card

During 2015, a total of 15,828 new credit cards were issued by LankaBangla. The card portfolio grew by 26% in 2015 to BDT 1,630 million from BDT 1,295 million in 2014. Number of active credit card users has increased from 27,363 in 2014 to 39,108 in 2015 resulting in a growth of 43%. Monthly average spending by all credit card users has significantly increased in 2015 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, gifts, etc. Average monthly credit card usage in 2015 has increased to BDT 253 million from BDT 182 million in 2014 resulting in a growth of 39%.



SME

SME, the heart of growth of economies worldwide, is emerging as the most powerful and sustainable pillars of Bangladesh economy. Our country is moving towards SME led industrial development, and as such growth of SME Financial Service in LankaBangla Finance is also noteworthy. In 2015, SME loan disbursement of BDT 2,028 million has been made compared to BDT 511 million in 2014, thereby resulting in a 297% growth. At the end of 2015, SME portfolio stood at BDT 2,125 million compared to BDT 622 million in 2014 resulting in 241% growth in portfolio. Management has taken a series of strategies to foster more disbursement in this sector and boost the portfolio size to a sizeable amount as this sector is less rate sensitive and more profitable.



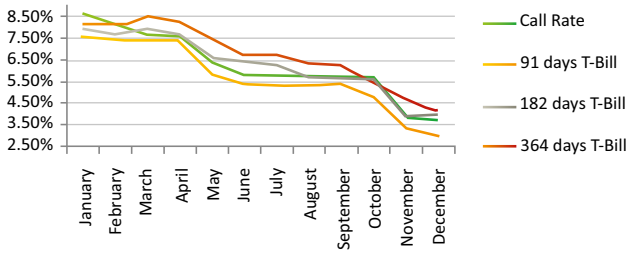
Treasury Operations

In view of the rising market risk and the Company's ambitious growth trajectory, Treasury in LankaBangla assumed greater importance. Treasury is using its internal expertise successfully in reading the market, gaining market entry in a timely manner and availing itself of arbitrage opportunities thereby enabling the company to improve its revenue. It is also engaged in increasing the sources of funding, proprietary trading, as well as managing the maturity mismatches arising from short-term financing to long term lending in its attempt to sustain the Company's margins.

The Treasury function in LankaBangla is overseen by the Asset and Liability Management Committee (ALCO) which holds the overall responsibility of managing the Assets and Liabilities of the Company. By providing the necessary information in relation to interest rates and carrying out liquidity gap analysis, stress testing on rate sensitive assets and liabilities,

stress testing on liquidity gaps, the Treasury facilitates ALCO to discharge its duties effectively. The Company's Asset and Liability Management (ALM) policy is approved by the ALCO and the Board of Directors, and is reviewed annually.

Call Rate & Cash Market Securities



Using the liquidity of the economy to shape the funding mix

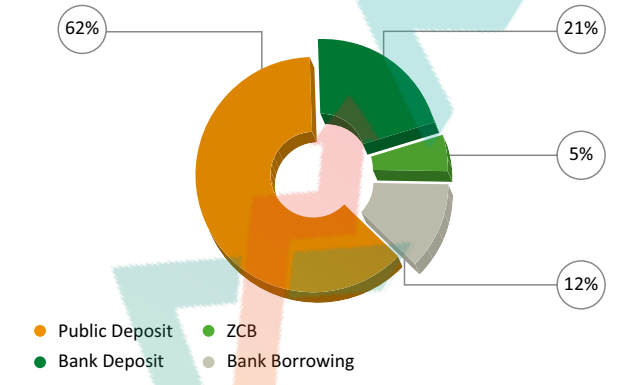
2015 started with an unrest political environment that hurt the confidence of the business community throughout the year. Ample net foreign Assets that increase the money supply steadily continue the liquidity condition of the economy as there has limited demand for credit. Surplus Liquidity which started in 2014 poses a new challenge for most of the Treasurer in the Banking and Non-Banking sector.

In absent of quality investment opportunities Bank went for Reverse Repo with Central Bank at 5.25% rate. Central Bank at the third quarter declined most of the bids from commercial Banks for Reverse Repo. Consequence of which Bangladesh Bank reduced Policy rates (Repo rate & Reverse Repo rate) by 50 basis points at MPS of H2 FY 2016.

Yield of both Treasury Bills & Bonds dropped significantly in 2015. Rate of 91 days T-Bill came down to 3% from 8% in one year whereas 20 years T-Bond decreased to 8.99% from 12.05% or a 25.39% fall.

The inter-bank call money market remained liquid and stable in 2015. Naturally call money rate dropped to 3% level at the end of the year which was around 8% one year back.

As of Dec 31 2015



We were very prudent to place our self to take the advantage of liquidity condition. Deposit was our key sources of fund especially public deposit. Diversification of the company's funding base was core focus to our balance sheet management strategy. Customer deposits provide large pools of stable funding to support the majority of lending. We accessed a diversified funding base by way of debt issuances in 2014. We maintained a substantial portfolio of liquid unutilized available credit facility that can be realized if liquidity stress occurs.

Liability Division did an excellent job to mobilize deposit and as of December 31, 2015 our Term Deposit portfolio stood at BDT 30,081 million. During the year deposit portfolio has been increased by BDT 13,364 million and posted a 79.94% year-on-year growth. 74.3% of total deposit as on 31 December 2015 was Public deposit (Corporate and Retail).

We continued our drive to reduce the dependency on high cost long term bank borrowing. As a part of our strategy, we settled another BDT 1,870.29 million term loan in 2015 that contributed to reduce our cost of borrowing to some extent. We increased our money market exposure through overnight/ call borrowing and Treasury placement forms in the year 2015. We take the advantages of low cost Treasury fund by increasing our Bank deposit significantly. Our Bank Deposit registered a growth of 105% in 2015 whereas traditional Bank Borrowing decreased to 12.32% of total borrowing mix in 2015 from 25.12% of 2014.

Managing Cost of Fund

We managed to reduce our overall cost of fund substantially and gained a lift in margin (NIM), which has directly improved our profitability in 2015. Interest expense to income ration in 2015 has come down to 69.89% which was 71.93% in 2014. By using maximum exposure of Money Market, we reduced our cost of fund to 9.15% from 10.62% in 2015, an overall reduction of 14% whereas the market cost of fund reduced to 8.96% from 9.82% or 8.75% (Ref: Cost of Fund Index of Bangladesh Bank). Interest expense has grown only 22% against the 38% total asset growth (48.00% portfolio growth).

ALM desk was busy throughout the year 2015 to adopt proactive policy measures to bring down the cost of borrowing to an optimum level and cut interest rates on customer deposits several times commensurate with the market. Maximum utilization of money market exposure and declining rate of deposits kept the major impact to reduce overall cost of fund.

Liquidity Management

We maintained a portion of credit facility always unutilized to support cash management in the event of an unforeseen interruption of cash flow. In addition, Treasury maintained the liquidity ratio prescribed by Bangladesh Bank.

The Company's liquidity management process, as carried out within Treasury, includes:

- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or is borrowed by customers
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- Monitoring the liquidity ratios of the Statement of Financial Position against internal and regulatory requirements; and Managing the concentration and profile of debt maturities

Monitoring and reporting take the form of cash flow

measurement and projections for the next day, week and month respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial obligations and the expected collection date of the financial assets. Treasury also monitors unmatched medium-term assets, the level and type of undrawn lending commitments, the usage of overdraft facilities and the impact of contingent liabilities.

Holding of Govt. Securities and Investment in Treasury & Other Equity Securities

We played a very successful year in term of profit that we registered from the trading of Govt Securities. Bangladesh Bank in its letter vide DMD-136/2014-1399 as on July 27, 2014 has withdrawn the Primary Dealership (PD) license of all NBFI PD's. Management decided to wash out holding of Govt. Securities immediate to this decision. Treasury was looking for an opportunity and as a result of it, we successfully offloaded our holding of BDT 1,009.1 million Govt. securities in August and September 2015. We sold our total holding of 15 & 20 years Bonds when Yield of those securities came down to 7.85% & 8.20% respectively and made a handsome amount of profit.

Besides this specific deal, we made several other transactions in secondary market and established LankaBangla as a regular player in secondary market of Govt. securities.

Capital Market/Investment Activities

Despite of huge down turn in the capital market (negative return of 6.3% with index fall of 311.87 points), we successfully consolidate our positions in capital market investment in 2015. 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. Moreover we started to take position in a new venture in economy namely Commercial Paper. We are very much calculative in back end but at the same time aggressive to some extent to invest in commercial paper.

Thinking future

One of the key initiatives planned for the year 2016 by the Treasury division is the implementation of Transfer Pricing policy. The objective of introducing the proposed "Matching Fund Transfer Pricing System" is to centralize the market risk. It will also facilitate assessing customer wise /deal wise profitability, enabling LankaBangla Finance Ltd to be more competitive in its pricing.

With the objective of optimizing the Company's funding mix, the Treasury is expecting to pursue foreign funding during the year ahead. The Cost of Funds is also anticipated to come down with the diversification of the Company's' funding portfolio.

Human Capital

Key performance indicators of HR practices and decent work responsibility

Employment: Total by Employee type, Region and Gender

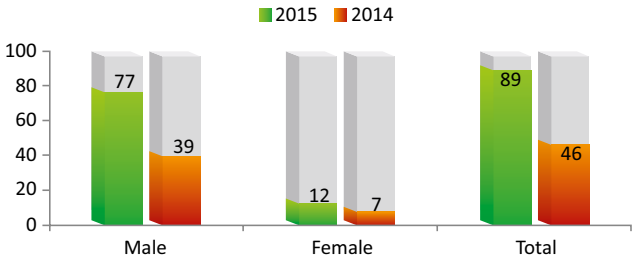
The tables and graphs given below provide information on total workforce by region, employment type, age analysis, service analysis, gender.

LankaBangla has opened one new branch in 2014 and one branch in Bogra & Barishal respectively in 2015 to serve the countrymen. Now the total number of branches stood 13 with 1 Booth in Dhaka. More new branches are in pipe line for opening.

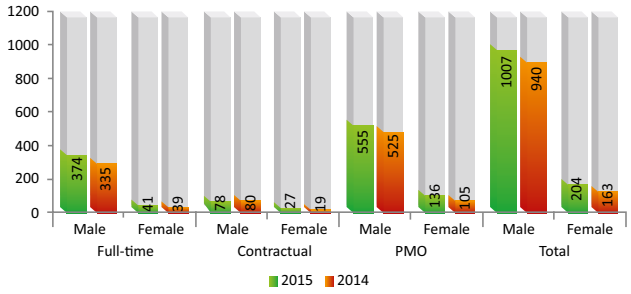
District-Wise Breakdown of Human Capital as at December 31, 2015

District-Wise Breakdown of Human Capital as at December 31

District	2015				2014			
	No. of Branches	No. of Employees			No. of Branches	No. of Employees		
		Male	Female	Total		Male	Female	Total
Dhaka	6	345	59	404	6	325	50	375
Chittagong	2	43	4	47	2	43	5	48
Sylhet	1	10	2	12	1	11	2	13
Narsingdi	1	11	1	12	1	10	1	11
Comilla	1	10	0	10	1	10	0	10
Jessore	1	17	0	17	1	16	0	16
Bogra	1	8	1	9				
Barishal	1	8	1	9				
TOTAL	14	452	68	520	12	415	58	473



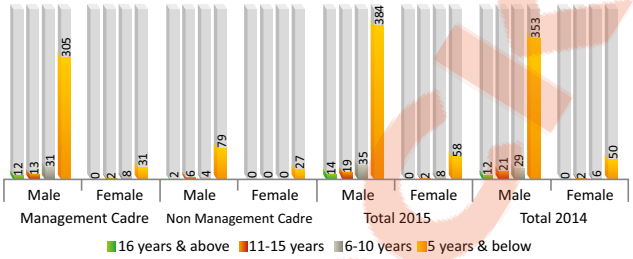
No. of Employee by Type and Gender 2014– 2015



Employment Type: Full-Time, Contractual and PMO

As we have opened 2 new branches, to boost-up the liability sales and sales of personal products and to explore the lending opportunity in the market, we have recruited new employees in 2015 as well. The percentage of full-time, contractual and PMO has increased by 9.80% in 2015 comparing to 2014. LBFL provides equal employment opportunity to both male and female. There is a significant growth in female employees in contractual positions. Overall the number of female employee has increased by 25.15% compared to 2014.

Service Analysis of Employees as at December 31



Employment Type: Full-Time, Contractual and PMO

Employment Type	No. of Employees		Composition in%	
Full-Time	**2015**	**2014**	**2015**	**2014**
Male	374	335	90%	90%
Female	41	39	10%	10%
TOTAL	**415**	**374**	**100%**	**100%**
Contractual	**2015**	**2014**	**2015**	**2014**
Male	78	80	74%	81%
Female	27	19	26%	19%
TOTAL	**105**	**99**	**100%**	**100%**
PMO	**2015**	**2014**	**2015**	**2014**
Male	555	525	80%	83%
Female	136	105	20%	17%
TOTAL	**691**	**630**	**100%**	**100%**

Age Analysis of Employees as at December 31

Category	Management Cadre		Non-Management Cadre		Total 2015		Total 2014	
	Male	Female	Male	Female	Male	Female	Male	Female
51-60 years	2	0	0	0	2	0	3	0
41-50 years	33	4	6	0	39	4	35	2
31-40 years	231	14	22	3	253	17	228	18
21-30 years	95	23	63	24	158	47	148	38
20 years & below	0	0	0	0	0	0	1	0
TOTAL	361	41	91	27	452	68	415	58

Service Analysis of Employees as at December 31

Category	Management Cadre		Non-Management Cadre		Total 2015		Total 2014	
	Male	Female	Male	Female	Male	Female	Male	Female
16 years & above	12	0	2	0	14	0	12	0
11-15 years	13	2	6	0	19	2	21	2
6-10 years	31	8	4	0	35	8	29	6
5 years & below	305	31	79	27	384	58	353	50
TOTAL	361	41	91	27	452	68	415	58

Employment Status

Number of employees confirmed in service has increased by 17.39% whereas employees under probation have decreased by 28.85% in 2015 compared to 2014. Percentage of contractual employees has increased by 6.06% in 2015.

Status of Employment as at December 31	No. of Employees		Percentage of Employees by Type (%)	
	2015	2014	2015	2014
Confirmed in Service	378	322	73%	68%
Undergoing Training or on Probation	37	52	7%	11%
Contractual	105	99	20%	21%
TOTAL	520	473	100%	100%

Employees by Grade

With our new grading system, number of Management Cadre has increased by 11.36% and Non-Management Cadre by 5.36% in 2015 comparing to 2014. Now Management Cadre accounting around 77% of the total staff strength and Non-Management Cadre accounting for 23%. The number of employees of all grades increased over the previous year with the expansion of branch operations.

Category	2015		2014	
	No. of Employees	Percentage	No. of Employees	Percentage
Management Cadre	402	77%	361	76%
Non-Management Cadre	118	23%	112	24%
TOTAL	520	100%	473	100%

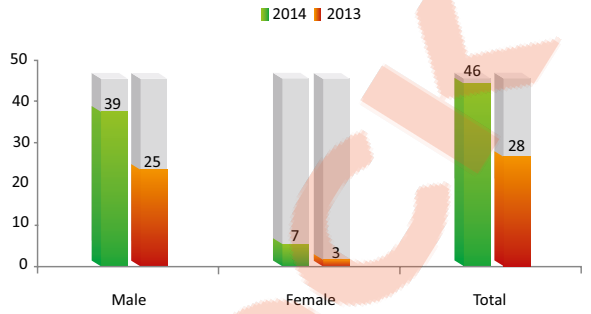
New Employees Hired

LBFL is a performance driven organization. We have focused more on improving the performance of the employees rather than recruiting new employees to generate our business. During the period 2015, we have hired 134 new employees which is 31.34% less than 2014. Details of which by employee grade are given below:

Category	No. of Employees Hired	
	2015	2014
Management Cadre	89	134
Non-Management Cadre	45	42
TOTAL	134	176

Employees Attrition

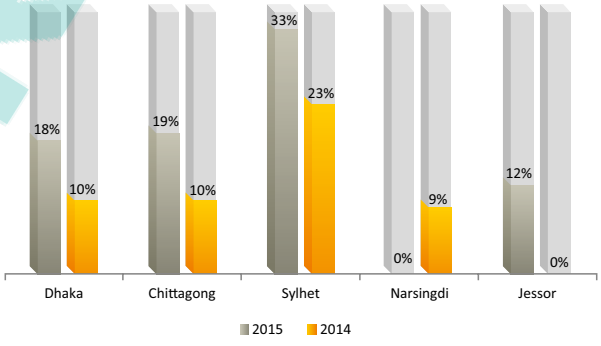
Due to market competitiveness and improved employment opportunity, attrition rate has increased significantly. A total of 89 nos. of employees has resigned from service during the year under review which includes both full time employees and contractual employees comparing to 46 nos. of resignations in 2014. It is to be noted that out of 89 employees, 15 has joined as Management Cadre from Non-Management cadre. So we can say that the real attrition rate



for the year 2015 is 14% comparing to 10% in 2014. Of the total employees resigned, 87% were male and only 13% were female which is 2% lower than 2014.

Category	Gender-Wise Turnover		Percentage of Employees		Gender-Wise Percentage of Attrition	
	2015	2014	2015	2014	2015	2014
Male	77	39	87%	85%	17%	9%
Female	12	7	13%	15%	18%	12%
TOTAL	89	46	100%	100%	17%	10%

Gender-wise Employee Turnover



Employee Attrition Rate by Age Group

Category	No. of Employees Left	
	2015	2014
51-60 years	3	0
41-50 years	2	0
31-40 years	35	17
21-30 years	49	29
TOTAL	89	46

Geography-wise Employee Turnover

Category	Turnover (No.)		Turnover %	
	2015	2014	2015	2014
Dhaka	74	37	18%	10%
Chittagong	9	5	19%	10%
Sylhet	4	3	33%	23%
Narsingdi	0	1	0%	9%
Jessore	2	0	12%	0%
TOTAL	89	46	17%	10%

District-Wise Employee Turnover 2014 - 2015

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
- Home loan facility at concessionary interest rate
- Medical benefits enjoyed by all employees including life insurance and hospitalization insurance to tide over any personal exigency
- Annual increment
- Performance related bonus
- 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
- Disturbance allowance for temporary transfer
- 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
- LBFL plans, designs and arranges various job specific soft skills and technical training based on individual need assessment and business requirement
- E-Learning for all Management Cadres
- Orientation program for all employees (Management Cadres & Non-Management Cadres)

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

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

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

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

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

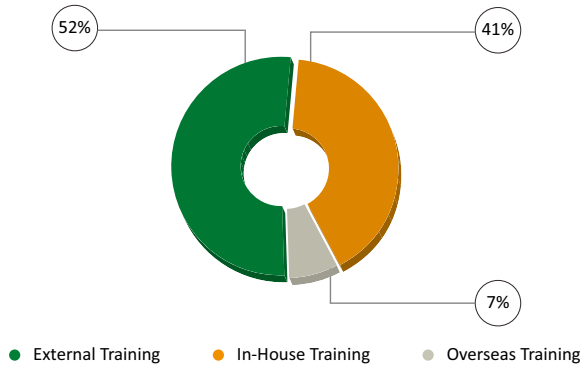
Learning & Development

Learning and Professional Development

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 6.98 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 129 training programs involving 17,014 man-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 17,014 man-hours of training during the year on various knowledge-building programs whereas it was 13,978 man-hours in 2014.



Training Type	2015			2014		
	No. of Programs	No. of Participants	Person Hours	No. of Programs	No. of Participants	Person Hours
Overseas Training	9	9	224	8	9	53
External Training	67	185	3,773	72	323	6,380

Training Type	2015			2014		
	No. of Programs	No. of Participants	Person Hours	No. of Programs	No. of Participants	Person Hours
In-House Training	53	1,661	13,017	22	773	7,545
TOTAL	129	1,855	17,014	102	1,105	13,978

Composition of Training Program

It is to be mentioned that, LBFL has focused more on internal training than external training in the year under review. We have prepared our own customized course contents and hired specialist for those programs. In 2014, of the total training, 21% was in-house training, 71% was external training and rests were overseas training. But this composition has significantly changed regarding in-house and external training in 2015.

Training Hours by Employee Grade

This year, we have provided training to our subsidiaries as well. Because we believe in "Growing Together". We will conduct more training in our subsidiaries in the coming years.

Category	2015		2014	
	Male	Female	Male	Female
Management Cadre	13,372	942.5	11,937	903
Non-Management Cadre	576	290	95	67
Product Marketing Officer	1,584	153.5	876	100
Subsidiaries of LankaBangla	96	0	0	0
TOTAL	15,628	1,386	12,908	1,070

Our Investment on Training

To further strengthen the staff development process, the company increased its investment on training from BDT 5.77 million in 2014 to BDT 6.98 million in 2015. This approximately 21% increase will also support our intensive efforts to improve customer experience across all business units, with long term benefits accruing to the company. In 2015, we have also launched E-Learning training system for our Management Cadres.

Career Development Review

All employees of the company irrespective of their race, caste or gender received formal performance and career development reviews during 2015. 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. A significant number of contractual employees have been absorbed under Management Cadre in 2015.

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; developing service level agreement at all levels, reducing turnaround time for service delivery 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 positions, 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 plans, operates and supports organization's IT infrastructure, enabling business users to carry out their roles efficiently, productively and securely. The division must meet multiple business and technical requirements, provide a secure IT infrastructure and minimize costs.

At LankaBangla about 1000 workstations are connected to its corporate network. Currently we have 14 branch locations and 13 different floors at head office. All branch network, local network, lease lines, internet connectivity, central data center are maintained and administered by the Network Infrastructure and Security Department. Core Banking Solutions, Credit Card System, and all other in-house and outsourced software and applications are maintained and administered by the Database Administration Department.

IT division is constantly working towards the development and implementation of new technologies to enable the organization meeting future market demand. In the year 2015

IT division has successfully completed the following project –

- Secondary MIP setup for MasterCard at Jessore
- Branch network migration
- Head office network migration
- Data center network migration
- Controller based Wireless Network System for MD office
- Up-gradation of virtualization server to accommodate more virtual machine in order to save energy and cost
- Separate power backup facility for data center with redundant online UPS
- 3 new branch setup and installation
- Enhancement of Customer Management Software (CMS)
- Launched Mobile Application for customers
- All branch migration to Core Banking System (BankUltimus)

- Kofax software implementation for Document Management
- New release implementation of BankUltimus
- Launched dashboard SPORSHO to accumulate important links in single page
- Launched e-Learning portal for internal employees
- E-Statement for MasterCard customers
- EnaDoc, the Document Management Solution for storing digital copies of all important documents
- Integration of e-Tendering in LBFL website

To go further and to meet the growing demand of new technologies in business we have initiated some major projects for the year 2016 that includes –

- MasterCard Software up-gradation to version 4 to have updated features of PRIME
- Implementation of Web Gateway for secured and managed Internet Access
- Implementation of Advanced Backup Solution for archiving business critical data
- Implementation of Storage Solution for DC and DR
- Placement of Network Traffic Analyzer for filtering network traffic to ensure secure communication across the corporate network
- Deployment of new Virtualization Server for enhancing services
- Email system migration to Microsoft Exchange 2013
- Centralized Print Solution with secured access to print device
- Setup of Disaster Recovery Site at Jessore
- MasterCard 2 Factor Authentication
- i-Banking / i-Account module deployment in Core Banking System
- Implementation of new Enterprise Recourse Planning (ERP) software
- DR setup for PRIME
- e-Ticketing system for IT Helpdesk

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 seven 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 52.53 million which was BDT 311.22million in the year 2014.

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 2015 LankaBangla Investments Limited has incurred net loss of BDT 520.64 million as against net loss after tax amounting to BDT 337.89 million in 2014.

LankaBangla Assets Management Company Limited, a fully owned subsidiary of LankaBangla Finance Limited has posted after tax net profit of BDT 42.77 million which was 8.89 million in the year 2014.

Branch Operation

During the year 2015 we have focused in covering wide range of geographic territory. Chittagong and Sylhet branch had good business performance in 2015. In 2015, we have opened the branches at Mirpur, Bogra and Barisal to facilitate the growing financial need in that area and in 2016 we have planned to open our branches at Mymensing, Rajshahi, Khulna, Narayangonj and Chowmuhoni to covering the commercial hub in of the country.

Financial result and proposed dividend and appropriation of profit

The Company posted pretax profit for the year end 2015 amounting to BDT 1,046 million, indicating increase in growth of 125% from BDT 465 million in 2014 while net profit after tax increased by 58% from BDT 1,030 million of 2014 to BDT 652 million in 2014.

2015 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 15% accompanied by 15% cash dividend for the year 2015. The Directors are pleased to report the financial results for the year 2015 and recommend the following appropriations:

Net profit after tax for the year 2015	**1,030,013,524**
Retained earnings brought forward	2,064,661,706
Profit available for appropriation	**3,094,675,231**
Less: Statutory Reserve	206,002,705
Amount available for declaration of	**2,888,672,526**
Dividend	2,888,672,526
Less: Proposed Dividend	
Stock Dividend (15%)	360,965,151
Cash Dividend (15%)	**360,965,151**
Retained earnings carried forward	**2,166,742,224**

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 61.

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 classified 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- 37 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

As the political regime is more stable now and business confidence is rising, we expect a higher economic growth in FY16. Both ADB and World Bank in their latest estimates reflected this view projecting 6.7% GDP growth in FY16, while the Government of Bangladesh (GoB) targets a bit higher at 7.0%.

Falling commodity prices on global market has been pushing inflation downwards regime. Inflation (point to point) stood at 6.10% in Dec'15 which was 6.11% in Dec'14. We are expecting the government to cut down local oil prices soon.

We anticipate lower remittance growth due to revenue loss by the Middle Eastern oil exporting and currency devaluation in Asia Pacific Region. We think Low commodity prices will help to nullify some effects of public sector pay rise and keep inflation under control. Low inflation and upward revision of salary structure of public employees will boost domestic consumption. Latest figure per capita GNI of USD 1,310 is a sign of peoples' ability has increased and would increase aggregate demand in the economy. We expect this higher consumption to translate into higher corporate profitability in 2016.

As it was in the case of last few monetary policies, we expect Bangladesh Bank (BB) will maintain accommodative monetary policy stance in 2016. The latest MPS for H2FY16 was a very growth supporting one. Policy rates have been reduced by 50 basis points after almost 3 years. This, coupled with the huge excess liquidity in the banking system is expected to further reduce banks' lending rates and boost investments.

As the economy is on the way to recovery, credit growth has been slowly picking up. During FY15, total credit to the private sector recorded 13.2% growth Y-o-Y, while in the first 5 months of 2015, the growth was 13.8% Y-o-Y. Business confidence is improving and the stable exchange rate has led to higher import of machineries. The falling interest rates will boost private credit growth next year.

We project single-digit growth in foreign trade of Bangladesh in 2016. Import in value is likely to be slow in the next couple of years, driven by lower fuel and commodity price but performance would be encouraging in terms of volume. Export, however, is expected to grow at a higher pace, mainly driven by RMG export, the biggest item in the export basket, which is getting traction again in the international market.

Current account balance (CAB) dropped to the negative territory in FY15 with USD 1650 mn deficit. Widened trade deficit due to slower export growth, rising import growth, and low remittance growth were the reasons behind this negative CAB. However, we are expecting positive CAB for FY16 as exports are on a rising trend, import bill is expected to be reduced, and remittance is expected to receive a marginal growth in FY16.

The FOREX reserve of the country hit USD 27.45 bn in Dec'15, a record high. This amount is adequate to meet more than 7 months of import bill. We predict BDT to largely remain stable against USD helped by this large reserve and lower oil prices. However, BDT might experience a little depreciation against USD considering our expectation about the external sector. However, we believe, a small depreciation within people's expectations and below panic levels might actually have greater upside potential than downside risk.

We believe, 2016 is another challenging year for lending business as business confidence is slowly rising and current liquidity position will persist. Government borrowing from banking system will not crowd out private sector lending. We forecast that the country's aggregate credit demand will start to grow up from the second half of 2016 and downward trending interest rate will continue but the intensity of the falling rates may reduce.

Considering this outlook, LBFL has already chalked out short and medium term strategy to put all efforts to achieve the business volumes targeted by all the departments as well as to realize the corporate objectives. Innovative and relentless marketing drive would be put in place to attract quality assets in our portfolio and to improve the quality of the existing portfolio.

Material changes after Balance Sheet date (December 31, 2015)

There have been no material changes and commitments between the end of 2015 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 2015. In this regard a declaration signed by the Company Secretary is given on page 12 of this annual report.

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. Mohammad A. Moyeen**
- **Mr. Mirza Ejaz Ahmed**
  (Representing SSC Holdings Limited)
- **Mr. Mahbubul Anam**
- **Mr. Tahsinul Huque**

Biographies of the Directors seeking re-election/re-appointment and the names of the Companies where they have interest are presented on page 24 of this Annual Report.

Appointment of Independent Director

The Board of Directors has appointed Mr. Kazi Abu Muhammad Majedur Rahman as Independent Director of the Company for a period of 3 (three) years in compliance with the Corporate Governance Guidelines of Bangladesh Securities and Exchange Commission.

Business Ethics

Our customer welfare comes first. We ensure understanding of our client's need, extending facilities to the right clients at fair terms. We want 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 follow 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 confirms 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

LankaBangla Finance Limited became the 'Winner' under Financial Service Sector for the year 2014 awarded by SAFA which is an Apex Body of the South Asian Association for Regional Co-operation (SAARC). It is also an acknowledged Accounting Group of International Federation of Accountants (IFAC). LankaBangla Finance Limited was also adjudged as the recipient of the Award 'Overall Winner' for the year 2014 among all nine categories. This is a great achievement for the company. It is a matter of prestige and honor. We believe that it will boost up the company's corporate image and also elevate its brand value.

As a reward of our relentless efforts to promote 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 2014.

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

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 page 126.

Board Meeting & Attendance

During the year 2015, 06 (six) nos. of Meetings of the Board of Directors were held. Attendance of the Directors is shown in the page 125.

Auditors

In the 18th Annual General Meeting of the Company, M/s. ACNABIN Chartered Accountants was appointed as statutory auditors of the company until conclusion of 19th Annual General Meeting at a consolidated fee of Tk. 225,000. Being eligible for the re-appointment, the existing auditor M/s. ACNABIN, Chartered Accountants, offered themselves for re-appointment. 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 2016 with an audit fee of BDT 325,000 plus VAT at the applicable rate.

The Board in its meeting held on February 22, 2016 recommended the Shareholders to appoint M/s. ACNABIN Chartered Accountants Chartered Accountants at a remuneration of BDT 325,000 plus VAT. We have also taken the prior approval from Bangladesh Bank to appoint M/s. ACNABIN, Chartered Accountants, until conclusion of 20th 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 115.

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 is no significant doubt 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 deteriorated
- 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 Directors in its 98th Meeting held on February 22, 2016 has recommended 15% Cash Dividend and 15% Stock for the year ended on December 31, 2015 for placement before the shareholders at 19th Annual General Meeting of the company scheduled to be held on March 30, 2016.

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 deepest 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 ACNABIN, 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 highest cooperation, in the face of adverse internal and external conditions, and made the year 2015 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.

I take this opportunity to thank you for the confidence you have placed in our Company and for your continued support over the years. Together we can make a difference.

For and on behalf of the Board of Directors



Mohammad A Moyeen

Chairman

Subsidiary Companies

LankaBangla Securities Limited

LankaBangla Securities Ltd (LBSL)'s scrupulous investment in time and labor to create a better investment pathway for their clientele in the Bangladesh Stock Market has made them become the leading equity brokerage house in the country.

LBSL began as Vanik Bangladesh Securities Ltd in 1997 with their activities confined only within the Chittagong Stock Exchange (CSE) Ltd. A year later, they made a step ahead and introduced themselves to the Dhaka Stock Exchange (DSE). They re branded themselves as LankaBangla Securities Ltd. in 2005 following a restructuring of the company.

At LankaBangla Securities Ltd., they specialize in developing the country's most efficient stock brokerage workforce with unmatched skills and consummate perfectionism. Also, in whichever corner of the country the customers are, LBSL gets them covered as they could find their 10 branches spread in the leading cities and townships countrywide.

LBSL is the leader in terms of customer transactions. That's why they are again crowned as the largest brokerage house in terms of transaction value for the 9th consecutive time in DSE and 10th in CSE in 2014.

Quality, convenience, and reliability are some things that they provide the customers at the highest level they can expect from their broker and that is the key that LBSL has such a strong network of key clients all over the world. Furthermore, the local and international recognitions from financial institutions, custodian banks, corporations, international fund managers, and other fellow brokers for their professionalism has laid the foundation of their strength and further success.

LBSL is a 90.91% owned subsidiary of LankaBangla Finance Ltd (LBFL) which is one of the leading listed non banking financial institutions in Bangladesh engaged in Leasing financing, Consumer financing, Merchant Banking, Corporate Financing, Corporate Advisory and M&A; LBFL is shared by a group of highly successful local business entrepreneurs of Bangladesh, the Sampath Bank Limited of Sri Lanka, the One Bank Limited of Bangladesh, and the general mass. With all these on the back, LBSL is undoubtedly a global one which knows the customer preferences, acts on the clientele choice, and guarantees the most comfortable investment environment while the clients choose to invest in Bangladesh. Recent historical volatility in the stock market has tested the mettle of all participants. Adherence to upholding utmost integrity of stock market, loyalty to the clients, state of the art information technology and above all robust internal control and firm wide risk management system has severed and will continue to server, cement, and enhance the position of LankaBangla Securities Ltd in Bangladesh Capital Market.

Services

Brokerage Services

LBSL provides "Trade Execution Service" for its clients in Dhaka and Chittagong Stock Exchange. They trade in the portfolio accounts maintained with LankaBangla Investments Limited and IDLC Finance Ltd as well as they provide custodial services to clients for safe custody of securities. In addition, they provide extended credit facilities through their margin trading services.

Trading Facility through NITA (Non Resident Investor's Taka Account)

LBSL has been successfully providing services of NITA Trading through which Non-Resident Bangladeshis (NRBs) are able to transact under Non-resident Investor's Taka Account (NITA). The company is also dedicated to use extensive recourses to offer new products and services to the existing clients and also to attract new clients. The choice of an object oriented approach and using the latest technology has given them the flexibility to extend their product and service range as well as ensuring performance, security and scalability.

Internet-based Services

LBSL has adopted Internet trading facilities for its distance clients for trade execution. LBSL's step toward Internet trading is not only enriching the door of potential clientele but also ensuring the company's participation in the overall development of Bangladesh Capital Market. The company has been successfully running the Order Management System (OMS) with Chittagong Stock Exchange through API to provide DMA (Direct Market Access) facility to the Dealers as well as investors. This is the first time in Bangladesh to provide DMA through Broker House instead of exchange provided application. It offers multi-channel e-trading to its customers (web, mobile, client server) and advantages of Multi Asset Class (Equity, Derivatives, Bond, Commodity, etc) trading option, smart order routing, multiple exchanges and Cross Border supported application, MIS & centralized risk management. It has ability to create interfaces to other systems such as accounting systems, banking solutions and depository systems; and real time access charting with strategies, indicators and patterns. The Algo trading (VWAP, TAWP, POV, IS, etc) and STP-Gate/FIX protocol supported system is the advanced option for the futuristic capital market. It requires Ultra low latency bandwidth and configurable network architecture for Broker and Investors. The LBSL OMS is the open platform to integrate with other stock exchange trading engine. It is the new milestone for the capital market in Bangladesh. Dealers and inventors can place the order based on conditions and strategies using real time

technical analysis and risk management. Also, LankaBangla Financial Portal is providing "Investor Relationship Pages" so that companies can add value to their company website by strengthening the investor relationship section.

CDBL Services

LBSL operates as a Full Service DP at both DSE and CSE. Apart from their BO Account Opening and Maintenance services, they provide their clientele with De-materialization and Re-materialization services. They offer safe transfers and transmission through CDBL as well as they provide their customers with customized services related to Pledging, Un-pledging and Confiscation of Securities.

Research Services

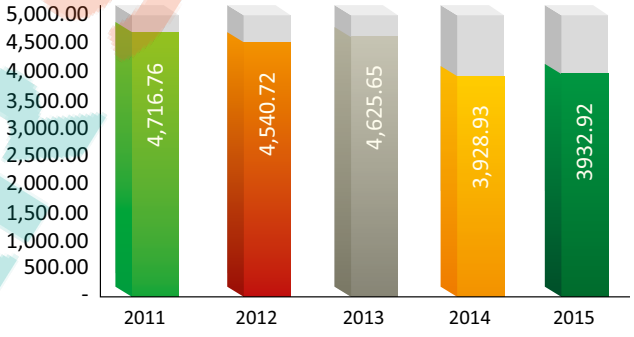
LBSL firmly believes in the knowledge-based investment in the capital market to keep pace with the advanced market and sophisticated clients. Apart from efficient and effective brokerage services, LBSL is backed by the strength of a comprehensive Research Unit, which provides a range of services from company, industry and country research to corporate valuation. One of the important functions of LBSL is to carry out capital market research for themselves and their valued customers. Their Research & Analysis Department is one of the most important departments which is solely dedicated to these functions. The Capital Market Research Department is continually generating knowledge based reports on the overall capital market, the macro-economy, and the individual companies listed on the stock exchanges. The team puts its effort to analyze the capital market along with the fundamental and technical indicators of listed securities of DSE and CSE. The approach is to understand the psychology and trend history of the market, and most importantly the actions of investors. The flagship magazine "Market Pulse" published from the Publication Department has continued drawing attention and appreciation from readers here and outside the country.

Business Overview of LankaBangla Securities Limited

Capital market of the country was very unstable in the year 2015 and the daily turnover in both the bourses decreased significantly. However, LBS L was able maintain its market share above 6% in DSE and around 8% in CSE.

At the end of the year 2015, net profit after tax was BDT 77.64 million and consolidated net profit after tax was Tk. 52.53 million.

	2011	2012	2013	2014	2015
Shareholders' Equity	4,716.76	4,540.72	4,625.65	3,928.93	3,937.92
Total Assets	7,698.24	7,824.08	8,163.72	9,094.33	9,018.99
Total Liabilities	2,981.48	3,283.36	3,538.06	5,165.40	5,081.07
Revenue from Brokerage	758.51	475.12	477.10	675.78	560.59
Net Profit After Tax	747.62	259.68	484.75	311.22	52.53
Return on Assets	9.71%	3.32%	6.06%	3.42%	0.58%
Return on Equity	15.85%	5.72%	10.48%	7.92%	1.33%
Earnings per Share	3.88	1.35	2.40	1.40	0.26



Business Strategy and Implementation

The company has taken business strategy by analyzing the near future economic outlook, capital market prospects, and competitor standing. DSE and CSE are moderately optimistic about the turnover growth in the markets; the main focus is now to maintain more than 7% overall market shares in the both bourses. In 2016, the most priority will be given in developing of the company's Internet trading clients who will use the only real time trading platform of the country namely TradeX. LBSL expects at least 12,500 users will trade daily through TradeX which will generate BDT 62.5 million

All amounts are in BDT except (%)

	2011	2012	2013	2014	2015
LBSL's Turnover in DSE	199,964.07	119,601.54	117,730.48	165,070.93	134,898.49
LBSL's Turnover in CSE	29,197.55	15,733.71	18,064.03	16,602.67	13,746.65
Total Turnover of LBSL	229,161.62	135,335.25	135,794.51	183,687.60	148,645.14
Market Share in DSE	6.41%	6.00%	6.08%	6.94%	6.54%
Market Share in CSE	7.84%	6.77%	8.50%	8.52%	7.77%

daily turnover for the company. Moreover, the company have already introduced and implemented real time trade monitoring Dashboard which enables the managers to monitor their trade volume in line with the daily turnover target. The company is also planning to introduce Islamic Shariah based branch to attract the clients who would like to invest only Islami Shariah approved stocks. The company is also planning to open Information booth to the different places of the country to which will ensure LBSL's presence all over the country. The company is also focusing on to reduce its cost of funds which will increase the profitability of the company.

Sustain Leading Position in the Market

LankaBangla Securities Ltd has been able to sustain the top position among the stock brokers in the country's both stock exchanges in DSE and CSE for the last eight and nine years respectively and thus it has become the market leader in brokerage service. Over the last few years, it has maintained a sustained market share of more than 6 percent in Dhaka Stock Exchange and more than 7 percent in Chittagong Stock Exchange.

Seasoned and Experienced Human Resource

LBSL has knowledgeable, well educated, and experienced management team with strong network and has efficient, energetic, and committed employees with lowest employee turnover in the industry. It has sound HR policy for the betterment of its employees to keep them motivated towards achievement. To ensure long term sustainability, LBSL is relentlessly pursuing its vision to transform the human resources into human capital. Diversely talented, motivated and engaged young employees have always been our key assets.

The company has been maintaining a highly favorable employer image by ensuring congenial working environment; where employees receive plenty of opportunities to realize their diverse potentials fully as well as benefit the organization by demonstrating value creating behaviors.

The company always offers different motivational packages and training programs both at home and abroad.

Particulars	As on Dec 31, 2015
Total Employee	233
Maximum Service Length at LBSL	18 Years
Most Elderly Employee's Age	48 Years
Youngest Employee's Age	22 Years

Credit Rating

The company was adjudged credit rating of AA3 (Double A Three) in the long term by the Credit Rating Agency of Bangladesh (CRAB) based on the audited Financial Statements of 2014 and other relevant information. This rating indicates that the company has a very strong capacity to meet its financial commitments and is judged to be of very high quality and is subject to very low credit risk.

Corporate Governance Culture

To bring economic efficiency, to ensure transparency and accountability of individuals in the organization, and to properly preserve and increase shareholders' wealth, the Board of Directors of LBSL strongly supports the principles of good corporate governance. LBSL ensures compliance with the Securities and Exchange Rules 1987, the Companies Act 1994, and other applicable laws and regulations. LBSL has an internal audit committee which regularly performs internal audit function. Besides, the company's account is always audited by external auditors on regular quarterly basis. There is an effective internal control and compliance system in place in LBSL. The Board regularly reviews the reports arising from internal and external audit, monitors the progress of the company, and takes corrective action.

International Exposure

Apart from NITA trading, LankaBangla Securities Ltd. (LBSL) is offering trading facilities to foreign institutional clients comprising of different funds, international brokers, banks, etc. who are interested in trading Bangladeshi securities. Throughout the world, any client of an international broker can trade in the Bangladesh Capital Market through LBSL. To make it better, LBSL foreign trade execution team has a Bloomberg terminal on its dedicated foreign trade desk which connects the team with every fund manager around the globe assuring 100% compliant trading for the foreign clients.

Focus on Diversification

Possessing a strong equity base, LBSL focuses on the diversification strategy following which LBSL has made an equity participation in BizBangla Media Limited which is publishing the country's first Bengali business daily 'The Daliy Bonik Barta'. Besides, LankaBangla Securities Limited is one of the directors of MIDAS Financing Limited, a renowned financial institution. LBSL has already initiated establishing an independent IT subsidiary LankaBangla Information Systems Ltd.

LankaBangla Investments Limited

LankaBangla Investments Limited (LBIL) a fully owned subsidiary of LankaBangla Finance Limited, one of the leading Non-Banking Financial Institutions in Bangladesh. LBIL is engaged in providing Investment Banking Services and Investment Management Services for its clients.

LBIL has competent human resources with a combination of experience, diversified knowledge, and knowledge on regulations, which makes LBIL a major force in investment banking business of Bangladesh. Our human resources are

well capable of providing optimum financial solutions for our clients. LBIL values on long term sustainable business operation and relationship with clients. We provide tailored financial solution for client with in-depth analysis.

LBIL was incorporated in Bangladesh with the Registrar of Joint Stock Companies and Firms (RJSCF), vide registration no. C 83568/10 dated 29 March 2010 as a Private Limited Company under the Companies Act, 1994. LBIL inherited its merchant banking operation from its parent company, LankaBangla Finance Limited, which was the first merchant bank to offer discretionary portfolio management services back in 1997. The Company obtained Merchant Banking license (registration certificate no. MB-57/2010) from the Securities and Exchange Commission on 2 January 2011 and spun off its merchant banking operation as a separate company. Later on the company converted itself into a public limited company with effect from 12 June 2013.

Investment Banking Services

LBIL offers a wide selection of Investment Banking Services for institutional clients seeking to raise finances for business development, to merge with or acquire another business, to re-structure for better performance, or to grow business by exploring new territories.

Corporate Advisory

The pursuit of a long term financial goal begins with a Corporate Advisor who can help you reach it. Armed with a deep understanding of your distinctive needs, LBIL as Corporate Advisor can plan and execute strategies from the products and services of Investment Banking suite.

Bond Issuance

LankaBangla Investments Limited combines expertise on debt origination and structuring with established 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.

Alternative financing

LBIL provides Issue Management and Subscription Arrangement in case of Preference Share issuance, Commercial Paper issuance and Equity arrangement through Private Placement. With the market insight and expertise LBIL provides best possible services for its clients.

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. Our services starts form designing the scheme to Post-merger compliance.

Joint Advisory Services

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 etc.

Primary Market Services

LBIL provides assistance to institutional clients seeking for raising funds through Issue Management, Capital raising & Private Placement business. The Primary Market Services Team has wide range of experiences in managing different types of issues across various industries, leading to obtaining of in-depth knowledge of the regulatory framework and processes.

Capital Raising for Private & Public Ltd. Companies

Services include Transaction feasibility analysis, Capital Raising, Pricing & Valuation, Negotiating with Investors, and Effective Project Management to successful closing.

Issue Management

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), Direct Listing, Rights Offering and Repeat Public Offering (RPO).

Corporate Advisory Services

Our Corporate Advisory Services in this segment include-

Capital Restructuring

Our expert team of professionals are adept in rebuilding the existing capital structure of client's Company which will derive optimum value in changing business conditions. Our methods are especially focused on improving the operational efficiency of the client.

Financial Consultancy

We provide in-depth and complete financial solution which include advice, guidance and service to the issuer especially in ensuring compliance related to financial disclosure requirements.

Feasibility of IPO

We determine the feasibility of an IPO given the company's fundamentals including business model and management capability, growth potential and market size, financial track record, shareholders' objectives etc.

Post Issue Services

The transformation from a private company to a public enterprise is a life-changing process for any organization and it will continue long after the actual IPO transaction. Our Post Issue Services ease the activities of the company that is going public.

Company Valuation

In the quest for discovering the economic value of an owner's interest in business, we conduct business valuation, where we consider the relevant industry and business aspects along with historical performance and future growth of the business entity.

Corporate Governance Structuring: We assist companies to adapt its internal structure to meet the requirements of the

Corporate Governance framework guideline authorized by the regulators.

Underwriting

LBIL provides underwriting services for public issues to create efficiencies in the capital markets and reduce risk for Public Issues, Repeat Offering and Rights Issue. LBIL has underwritten a large number of issues in various industries.

Value Added Services

We offer value added services which are unique, 1st time in Bangladesh and Global Standard. It include-

- Compliance Guideline
- IPO Readiness
- Customized Equity Financing Strategy

Portfolio Management Services

Portfolio management refers to investment in diversified types of assets such as different equity securities and bond securities. Two types of accounts are available in LankaBangla Investments Ltd. One of them is discretionary portfolio account, "AlphaPlus" (managed by Investment Team of LBIL) and other one is Non-Discretionary portfolio account (Managed by clients). In the portfolio management services, LBIL do vast research and maintain proper combinations of securities that gives maximum return with minimum risk for LBIL discretionary clients. LBIL's portfolio management service is designed to provide personalized, secure and simple financial solutions for a wide range of investors, who wish to enhance their opportunities while minimizing their administrative burden.

Discretionary Portfolio Management

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 tons of financial data and market information continuously. LBIL provides Discretionary Portfolio Management Services which relieves the investors from the hassles and burden of following market information as well as investments management. LBIL offers three Discretionary products for its clients.

AlphaPlus (Investments Best Managed)

Discretionary Portfolio Management Service offers a number of benefits to 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. Efficient trade execution by LBIL team also ensures optimum benefit for the client.

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 low. On a condition like this, AlphaPlus INITIAL will pave the way of investment in primary market with least hassle for those investors and reducing risks arising out from secondary markets.

LankaBangla Nishchinto

LankaBangla Nishchinto is a monthly savings instrument with monthly fixed deposit for 3 years, which will be invested in selected Blue Chip stocks, Mutual Funds and Fixed Income instruments. Any individual can start LankaBangla Nishchinto by depositing minimum BDT 5,000 each month for three years. Profit along with the invested amount will be distributed to the client after maturity.

Non-Discretionary Portfolio (IPA Scheme)

LankaBangla Investments provides comprehensive non-discretionary services including trade execution and margin loan under its Investors Portfolio account called 'IPA Scheme'. We are capable of executing proper and efficient trades through our designated sister concern 'LankaBangla Securities Ltd', the largest stock broker of the country.

LankaBangla Asset Management Company Limited

LankaBangla Asset Management Company Limited (LBAMCL) is an emerging asset management company in Bangladesh. It is a 99.99% subsidiary of LankaBangla Finance Limited, one of the leading providers of financial services in Bangladesh. LBAMCL was incorporated with the Registrar of Joint Stock Companies (RJSC) vide registration no. C-67738(289)/2007 dated 16 July 2007 under the companies Act, 1994. It received its 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. LBAMCL is the official asset management wing of LankaBangla group and 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 strict investment discipline. 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.

Vision

To be a leading player in the Asset Management Industry of Bangladesh; recognized for its high level of ethical and professional conduct and uncompromising commitment towards enhancing investor interest.

Mission

To provide a diverse range of investment choices and deliver the best possible investment management service to investors and institutions.

Strive to meet and exceed its clients' expectations thereby creating long term value.

Conduct its business activities by maintaining highest ethical and professional standard in the investment management industry.

Core Values

- Deliver Consistent Performance
- Be Client Focused
- Uphold Ethical Values
- Exhibit Sincerity &Professionalism
- Innovation & Creativity

Corporate Slogan

Growing together

Products and Services

Mutual Fund

LBAMCL is currently focused on floating open ended mutual funds in the capital market of Bangladesh of various styles. It is now working on the following mandates:

LankaBangla 1st Balanced Unit Fund

LankaBangla 1st Balanced Unit Fund is an open ended Unit Fund with perpetual life and unlimited size. LankaBangla Finance Limited, one of the leading NBFIs in Bangladesh is the sponsor of the fund. The Initial size of the fund is BDT 250 mn and face value per unit is BDT 10. The objective of the fund is to generate capital appreciation and income by investing in the permissible markets at appropriate percentages as determined by the Asset Manager.

Bangladesh Securities and Exchange Commission (BSEC) has already issued registration certificate of the fund. The fund is expected to be formally launched in the capital market of Bangladesh shortly.

Shariah Compliant Unit Fund

LankaBangla Asset Management Company Limited has taken initiative to launch a Shariah compliant Unit Fund in the capital market of Bangladesh.

Corporate Fund Management Service

"Maximizer" is a tailored discretionary portfolio management account designed exclusively for Institutional Clients. The sole objective of the fund is to generate attractive risk-adjusted return by investing in the equity market, fixed income instruments and money market instruments. Equipped with best in class investment professionals, deep research insight and industry acknowledged superior capital market knowledge; LBAMCL is deeply committed in growing its clients' money and ensuring their sustainable financial growth.

Shariah Compliant Fund Management Service

"Minar" is a Shariah based fund management service exclusively designed for Institutional clients. Investment of funds will be done only in Shariah Compliant securities and Islamic Fixed Income Products. Based on a comprehensive screening process, LBAMCL maintains a universe of Shariah Compliant investment securities. An Independent Shariah Board is in place for verification/monitoring of Shariah compliance related to each and every stage of the fund management activity.

Provident Fund & Gratuity Fund Management Service

"Prudent" is a complete package of "Employees' Provident Fund and Gratuity Fund Management Service". The service entails two categories as follows:

a) Investment management service

b) Administration and reporting service

The offered services include the task of collecting the Fund for purpose of investment as well as operating the fund as per the guideline of the Trustee. The Fund will mainly be invested in Fixed Income and Equity securities. Asset Allocation decision will be based on risk appetite and guideline provided by the Trustee. Along with this, full-fledged Administration and Reporting service will be provided through automated web-based software and a dedicated team.

Corporate Governance

Our practice to remain within the guideline for strategic and steady journey towards progress is being governed by our percipient leaders harmonized by our Board of Directors and the Chairman. This practice ensures transparent and winning corporate governance for LankaBangla.



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 (BSEC), 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 2015 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 by the Bangladesh Securities and Exchange Commission (SEC) vide notification no. SEC/CMRRCD/2006-158/134/Admin/44, dated: 07/08/2012.

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 at A Glance:

- 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
- Re-Constitutions of the Board Audit Committee and Board Executive Committee
- Formation of Risk Management Forum and Risk Analysis Unit in LankaBangla
- Strengthening the process of business operation through rearrangement of Corporate Organogram
- Revision of the Finance and Accounting Manual of the Company and review by the Board Audit Committee and Approved by the Board of Directors
- Revision of the Human Resource Manual &Policy by the Board Audit Committee and Board of Directors
- Revision of the Credit Policy and incorporation of Environment Risk Management Procedure (following guidelines of Bangladesh Bank) by the Board Audit Committee and Board of Directors
- Approval of ICT Policy of the Company by the Board of Directors
- Approval of Anti-Money Laundering Policy & Guidelines and Business Continuity Plan for LankaBangla by the Board of Directors
- Approval of Green Banking Policy for LankaBangla by the Board of Directors
- Review of the Product Program Guidelines (PPG) on Home Loan, Auto Loan, Credit Cards, SME Loan, Personal Loan.
- Strengthening the process of identification, recording and disclosure of Related Party Transactions
- Expansion of geographical presence to cover more customer base by opening 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 ensure that all relevant regulations and established procedures regarding the conduct of the Board are complied with.

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

In addition, the Board constantly places emphasis that not only the Board, but the Company and its employees operate with professionalism, integrity and ethics. 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, and judgment and balance which may not be available if the Board consists only of full time executives; and secondly to ensure that the performance of the executive directors and the management of the Company are up to the standards required. Independent directors of LankaBangla bring their special expertise and knowledge to bear on the strategy and enterprise of the company. They each bring an independent 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 organization 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 specialized 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 04 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 functions 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 158.

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 125 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 2015.

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 categorized 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 discuss 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 organizational 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 2015 are given in the Notes to the Financial Statements Note no. 37.

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.

MMH

07 March 2016

Our Ref: 01/03/2016

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 2015

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 2015.

In our opinion, LankaBangla Finance Limited has complied with the conditions of Corporate Governance Guidelines of BSEC for the year ended 31 December 2015. Actual status of Compliance against each requirement of the Corporate Governance Guidelines is shown in ***Annexure-i.***

Thanking You.

Yours Faithfully,



Chartered Accountants



AMARSTOCK

MMH & Co
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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, and his/her family members should not mention 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	✓		

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
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	✓		
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. The BOD should clearly define the roll and responsibilities of the Chairman and CEO**	✓		
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	✓		

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
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
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			N/A
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	✓		

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
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	✓		
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	✓		

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
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
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

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
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	✓		
4 (ix)	Audit/certification services on compliance of corporate governance as required under clause (i) of condition No. 7	✓		
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.	✓		

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
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	✓		
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	✓		

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

Annexure -III

Compliance Report on BSEC's Notification

Compliance of Section 1.5(xx)

Board of Directors meeting held during the year 2015 and attendance by each Director:

Sl. No.	Composition of the Board	Meeting held	Attended
1	Mr. Mohammad A. Moyeen	6	3
2	Mr. I. W. Senanayake	6	4
3	Mr. M. Y. Aravinda Perera	6	3
4	Mr. B. W. Kundanmal (Alternate Director of Mrs. Aneesha Mahial Kundanmal)	6	2
5	Mr. M. Fakhrul Alam	6	6
6	Mr. Mirza Ejaz Ahmed	6	5
7	Mr. Mahbubul Anam	6	5
8	Dr. M. Mahbubul Huque (Alternate Director of Mr. Tahsinul Huque)	6	4
9	Mr. Al-Mamoon Md. Sanaul Huq (Independent Director)	6	6
10	Mr. Kazi Abu Muhammad Majedur Rahman (Independent Director)	6	2

Notes:

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

Board of Executive Committee meeting held during the year 2015 and attendance by each Director:

Sl. No.	Composition of the Board	Meeting held	Attended
1	Mr. Mohammad A. Moyeen	12	8
2	Mr. Mahbubul Anam	12	6
3	Mr. M. Fakhrul Alam	12	12
4	Mrs. Aneesha Mahial Kundanmal	12	0
5	Mr. Al-Mamoon Md. Sanaul Huq (Independent Director)	12	12
6	Mr. Kazi Abu Muhammad Majedur Rahman (Independent Director)	12	3

Notes:

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

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Board of Audit Committee meeting held during the year 2015 and attendance by each Director:

Sl. No.	Composition of the Board	Meeting held	Attended
1	Mr. Al-Mamoon Md. Sanaul Huq (Independent Director)	5	5
2	Mr. Mohammad A. Moyeen	5	2
3	Mr. Mahbubul Anam	5	5
4	Mr. M. Fakhrul Alam	5	4
5	Mr. Mirza Ejaz Ahmed	5	2

Notes:

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

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., Srilanka	Related Party	22,792,770

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

Name	Designation	Shares Held
Mr. Mohemmad A. Moyeen	Chairman	10,201,405
Mr. I.W. Senanayake	Representative of Sampath Bank Limited	22,792,770
Mr. M. Y. Aravinda Perera	Representative of Sampath Bank Limited	
Mr. M Fakhru Alam	Representative of ONE Bank Limited	11,688,600
Mr. Mirza Ejaz Ahmed	Representative of SSC Holdings Limited	2,581,718
Mrs. Aneesha Mahial Kundanmal	Director	18,535,473
Mr. Mahbubul Alam	Director	10,717,756
Mr. Tahsinul Huque	Director	9,375,717
Mr. Al Mamoon Md. Sanaul Huq	Independent Director	None
Mr. Kazi Abu Muhammad Majedur Rahman	Independent Director	None
Mr. Mohammed Nasir Uddin Chowdhury	Managing Director	None
Mr. Mostafa Kamal FCA	Company Secretary	3,465
Mr. Shamim Al Mamun FCA	Chief Financial Officer	None
Mr. Mohammed Kamrul Hasan FCA	Head of Internal Audit	None

c) Executives (Top five salaried employees of the company, other than Directors, CEO, CFO and Head of Internal Audit)

Name	Designation	Shares Held
Mr. Khwaja Shahriar	Deputy Managing Director	None
Mr. AKM Kamruzzaman FCMA	Executive Vice President	None
Mr. Quamrul Islam	Executive Vice President	None
Mr. Khurshed Alam	Executive Vice President	None
Mr. Kazi Masum Rashed	Senior Vice President	None

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

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

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

Monitoring compliance

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

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

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

Our 'HR Manual' and 'Employee Handbook' 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 is 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.

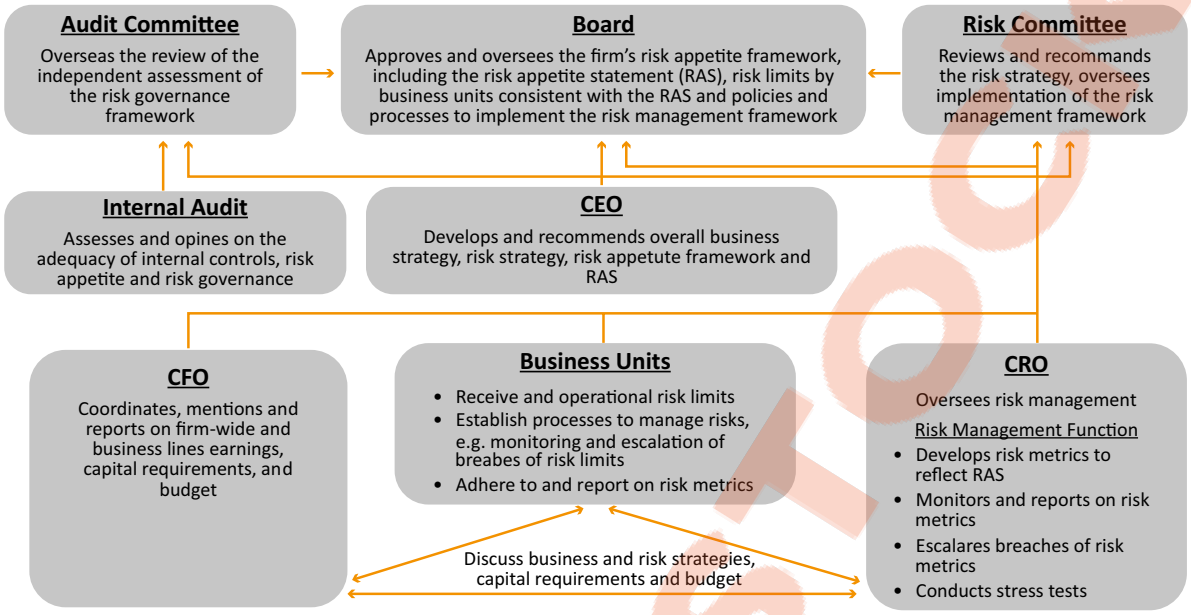
The Board Audit Committee is supported by Risk Management Division, which has functional responsibility n a day-to-day basis for providing independent risk control and managing credit, market, operational, liquidity, and other key risks. Within the division, risk officers are dedicated to establishing 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:

An example of a risk governance framework



- The Risk Management Forum members will parameterize the Internal Environment of the Company including risk appetite, integrity and ethical values and the environment in which is operated
- The MANCOM must form the Objectives so that they can identify potential events affecting the achievement unenthusiastically and consistent with its risk appetite
- The management will identify the internal and external events affecting company's achievement and distinguish between risks and opportunities
- It is the management responsibility to assess and measure the potential risks
- The management selects risk responses-avoiding, accepting, reducing or sharing risk-- developing a set of actions to align risks with the company's risk tolerances and risk appetite
- The management will take policies and procedures and implement it to help ensure the risk responses are effectively carried out
- The managerial authority will identify generate and communicate the relevant information in a form and timeframe that enable people to carry out their responsibilities
- The entirety of enterprise risk management will be monitored and it will be accomplished through ongoing management activities
- Ensure roles and responsibilities are agreed and clearly understood by all management levels
- Ensure all staff, in business and support functions, is aware of their responsibilities for company's overall Risk management
- Ensure there are structured processes at each department level to report control failures to designated individuals and escalate material issues to RMF
- Establish workable Business Continuity Plans (including Disaster Recovery and Crisis Management procedures) to minimize the impact of unplanned events on business operations and customer service

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. Non-compliance 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.

Risk Analysis unit will be responsible only for the followings:

- Promote broader understanding of risk and work closely with risk management to ensure risk management initiatives are in place for risk controlled LBFL practices
- Work as an active risk associate by identifying departmental risk issues and perform analysis
- Escalate respective risk issues to risk management unit in a monthly basis for discussion and enforce mitigation in monthly risk associates forum
- Assist RMF to plan and reduce operational surprises and losses by recommending risk mitigation strategies
- Finalize enterprise level risk issues to RMF meeting for management evaluation and resolutions
- Implement RMF resolutions and monitor the risk mitigation process within the given deadline & update status to RMF
- Interact with all the relevant stakeholders of LBFL to create risk awareness and encourage control of risk at enterprise level

- Business and Support functions risk associates will escalate risks to this forum under supervision of Chief Risk Officer (CRO)

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 FI's 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 obliger 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.

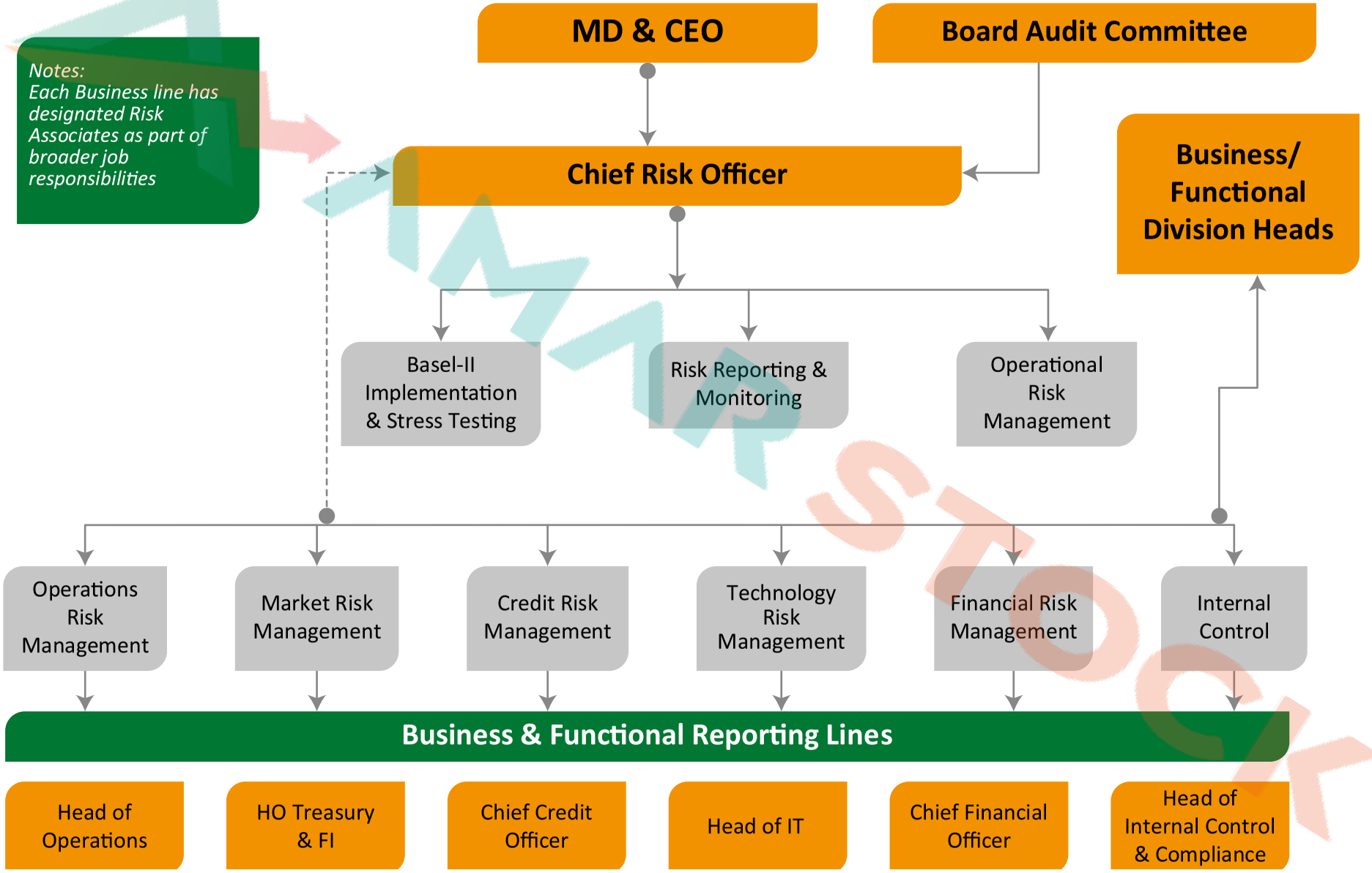
Credit Risk Management Oversight and Organization

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") division has 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 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

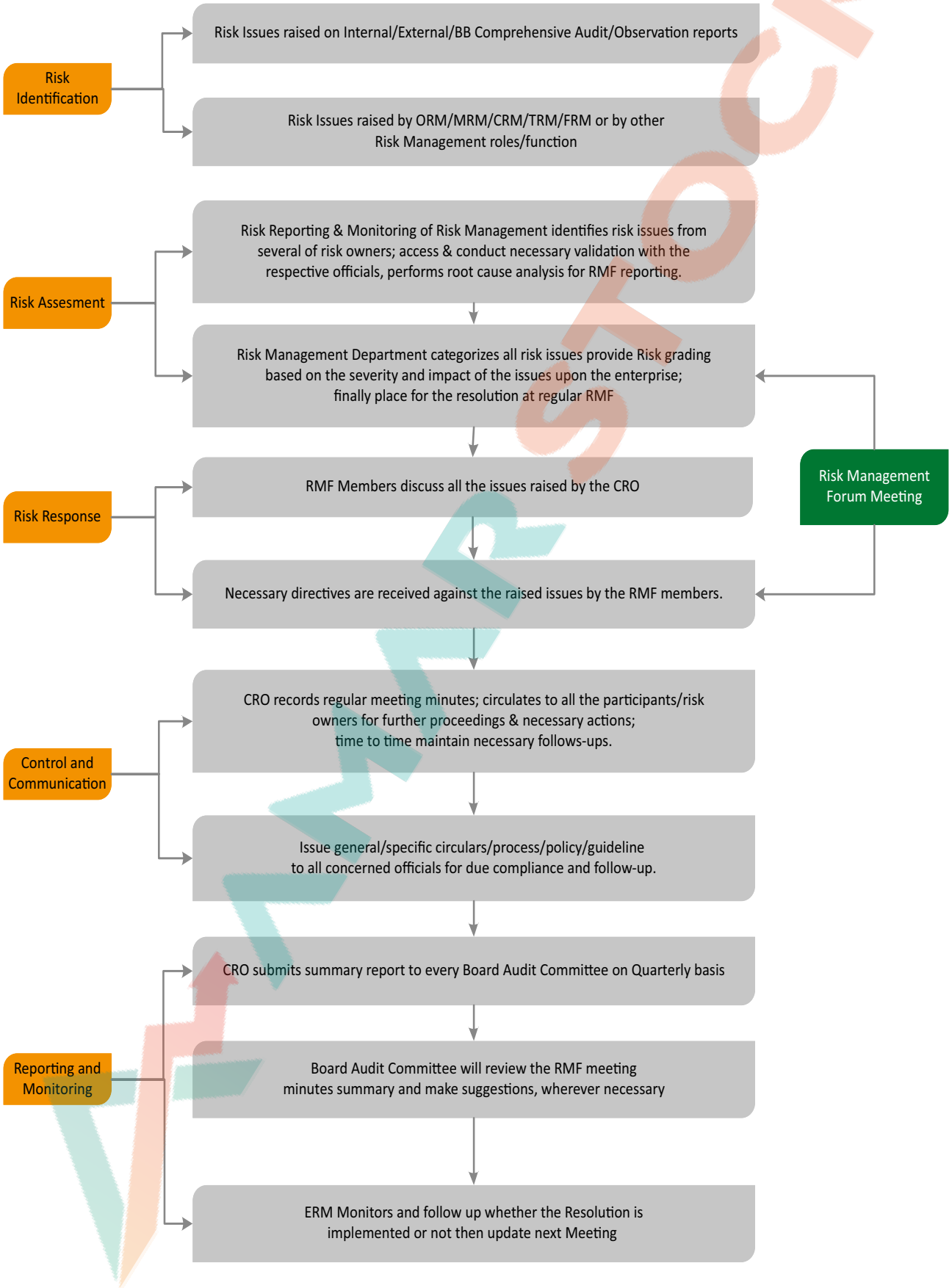
Risk Management Structure



Risk Management Techniques:

SL	Type	Purpose	Procedure
1	Direct Assessment through Risk Audit	To facilitate risk assessment and risk reporting / escalation.	• Risk Reporting & Monitoring team under Risk Management Department will do overall risk assessment on a regular basis throughout the company. (To Business & Functional units) • Risk Audit Plan to be initiated & conduct accordingly on a periodical basis. Risk Audit reports should be sent separately to Board Audit Committee
2	Leading Key Risk Indicator (LKRI) / Key Risk Indicators (KRIs)	Determine key risk indicators for the high and medium risk areas identified for the business /Risk Management Function unit. KRIs should be reviewed quarterly and trends assessed to identify potential risks for the unit.	• Management Department and designated Risk Management wings (CRM, MRM, and TRM & ORM) shall jointly develop the KRIs & LKRIs • However, all KRIs & LKRIs shall be managed by Risk Management Department
3	Potential Loss / Risk Reports	Collect/Identify & Analyze potential risk issues and submits periodical reports to Risk Management Forum.	• CRM, MRM, TRM & ORM teams shall provide all potential loss / Risk reports to RMF on a monthly basis • Risk Reporting & Monitoring team shall analyze, maintain risk database & provide summary reports to RMF
4	Incident Reports	Report to ensure that critical incidents are reported to senior management and ensure appropriate action is taken quickly on issues which can affect company as a whole.	• CRM, MRM, TRM & ORM teams shall provide all potential loss / Risk reports to RMF on a monthly basis • Risk Reporting & Monitoring team shall analyze, maintain risk database & provide summary reports to RMF
5	Issue Raised by Mail	General staffs / designated employees who shall hold the Risk Management position should raise significant risk issues of their area. Risk Management Department shall monitor all risk issues and ensure that adequate remedial action is taken where necessary.	• CRM, MRM, TRM & ORM teams shall provide all potential loss / Risk reports to RMF on a monthly basis • Risk Reporting & Monitoring team shall analyze, maintain risk database & provide summary reports to RMF
6	Internal Audit Reports / Adverse Comments	All Internal & External Audit Reports to be reviewed for identifying repetitive /adverse audit comments. RMF Should be aware of repeated audit comments & root causes of poor control measures in different areas of the company.	• Risk Reporting & Monitoring wing of Risk Management Department to perform root cause analysis on a monthly basis & develop risk management papers by coordinating with CRM, MRM, TRM & ORM
7	External Audit Reports / BB Audit Reports	External Audit Reports / BB Audit Reports shall be summarized & all vital findings to be presented with recommendations for RMF	• Enterprise Risk Management & Reporting wing of Risk Management Department to perform root cause analysis on a monthly basis & develop risk management papers by coordinating with CRM, MRM, TRM & ORM
8	Risk Management Papers / Research Papers	Risk Management Department to publish Research Paper according to the Bangladesh Bank guidelines	Risk Management Department to ensure effective & efficient risk disclosure for the company. Initiate Risk Management Research Paper / Concept Paper in cooperation with the other risk management partners

Risk Management Process Flow



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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.

Approval Process

The approval process must reinforce the segregation of Relationship Management/Marketing from the approving authority. The responsibility for preparing the Credit Application should rest with the RM within the corporate financial services division. Credit Applications should be recommended for approval by RM and Head of Corporate Financial Services/Head of business unit, which will be forwarded to the Credit Risk Management Division for approval. FI may wish to establish various thresholds, above which, the recommendation of the Head of Corporate Financial Services is required prior to onward recommendation to Chief Credit Officer for approval. In addition, FI may wish to establish regional credit centers within the approval team to handle routine approvals.

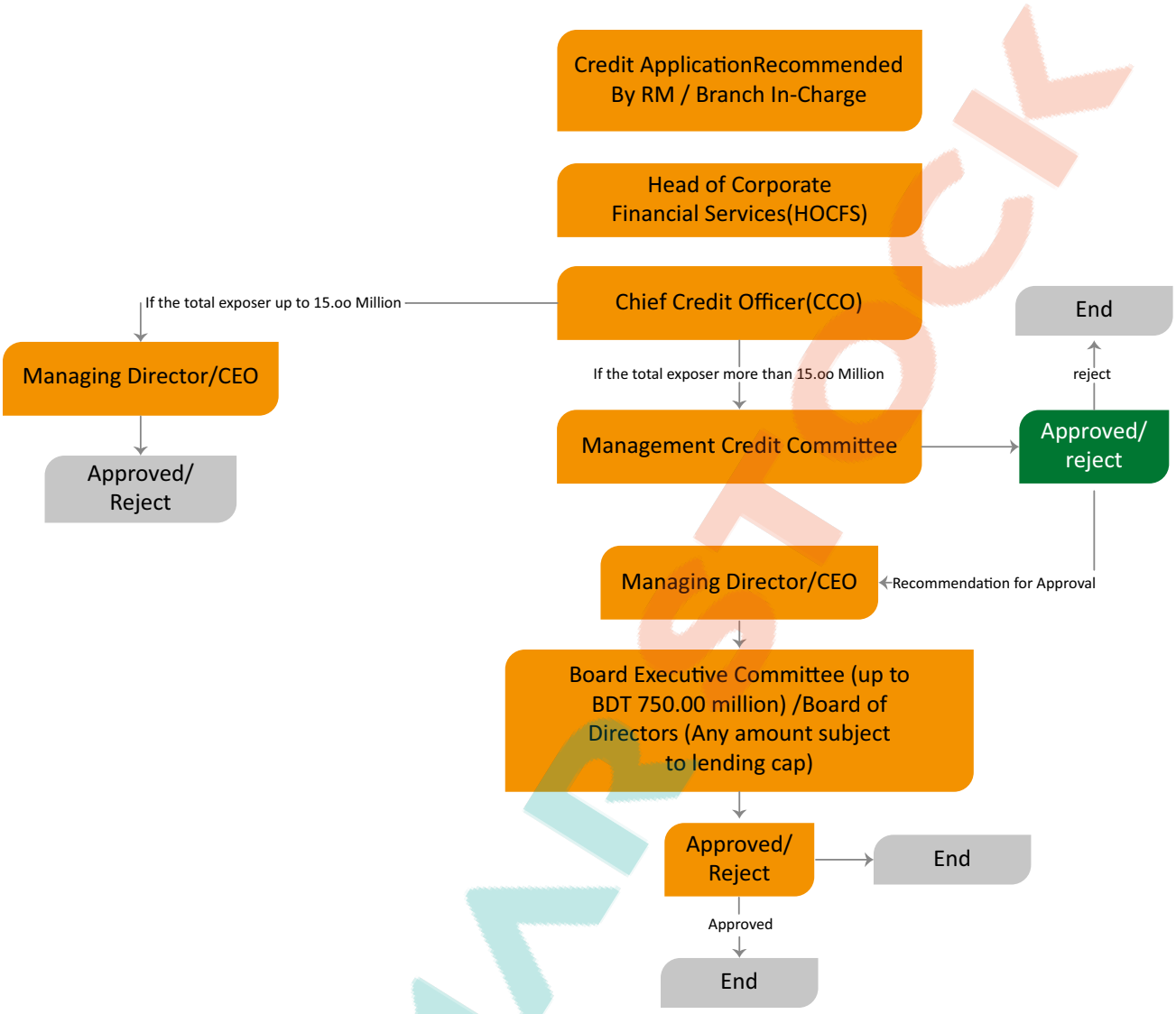
- Relationship Manager (RM) prepares the loan proposals and supports & forwards to Head of Corporate Financial Services (HOCFS) for onward recommendation
- HOCFS places it to Credit Risk Management Division for their approval/ recommendation through MCC
- Managing Director & CEO approves/recommends as per delegated authority by the board/EC
- Managing Director & CEO presents the proposal to Board/EC
- Board/EC advises the decision in exceptional circumstances when approval of an extension of Credit is required at short notice, the Managing Director may get approval of the proposal by circulation with recommendation of Credit Risk Management. Concern approver can approve waiver on any documentation deficiency at the time of disbursement, if required/ justified. However, Board may review the above delegated approval authority time to time based on business volume, product nature and Bangladesh Bank guidelines

Annual Review and Renewal Standards

All credit files must be updated and the credit relationship analyzed as warranted by changes in facts and circumstances. Renewal periods to be properly aligned with the year-end financials. It is the responsibility of the business unit, for each relationship, that at least once every 12 months the following occurs:

- Facilities are reviewed
- Credit files are updated and reviewed
- Material changes are identified and analyzed, if necessary
- Renewal of facilities is approved

Annual review and renewal of revolving facilities to be commenced at least two months prior to expiry of facility. If for any reason, the facility cannot be reviewed within two month period, the rationale must be documented and approved by the Managing Director. Material Changes in the Facilities: When an existing credit facility (ies) undergo (es) any other changes, the materiality must be determined by the approver/ Chief Credit Officer for the affected facility (ies). Material changes may include changes in the tenor, amortization, guarantee or support. If the change is determined to be "material", Total Facilities must be reapproved by the respective approver. In case of changes of purpose, tenor and mode of disbursement of approved facility, Chairman of the Board or the Chairman of the Board Audit Committee can approve through mail. The Business



may be allowed to continue with the previously approved facilities for up to 90 days following the expiration date of the facilities, unless otherwise stated in the approval package.

Approval Expiration

The approval of a credit facility for a specific transaction is valid for 90 days unless specifically approved otherwise.

Appeal Process

Any declined credit may be re-presented to the next higher authority for reassessment/approval. However, there should be no appeal process beyond the Managing Director

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

Step IV: 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 counter parties if there is a one-notch downgrade of our credit rating.

Non-performing Loan Scenario of LBFL

Particulars	2014		2015	
	Amount of Outstanding	% of Portfolio	Amount of Outstanding	% of Portfolio
Unclassified	21974.2	90.56%	33985.88	94.36%
SMA	1132.84	4.67%	693.74	1.93%
SS	128	0.53%	271.12	0.75%
DF	387.81	1.60%	312.39	0.87%
BL	640.96	2.64%	755.66	2.10%
Total CL [SS+DF+-BL]	1156.78	4.77%	1339.18	3.72%

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.

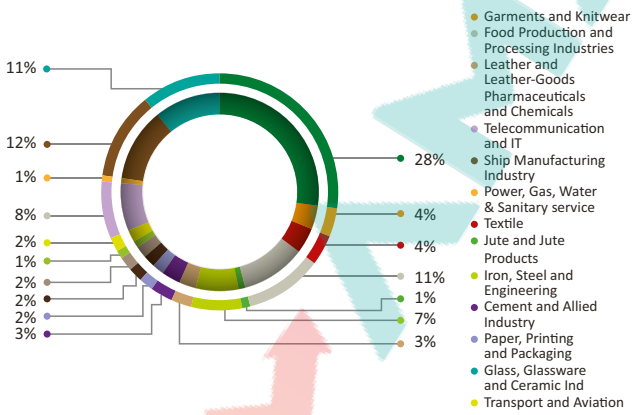
The Company is in compliance with Section 14 of the Financial Institutions Act, 1993 which limits its exposure to any single client in Bangladesh to not more than 30% of our Equity.

Credit Concentration Risk (Sector wise)

Name of Sector (Figure Million)	As on 31/12/14	As on 31/12/15
Garments and Knitwear	1286.59	1420.35
Textile	742.62	1523.75
Food Production and Processing Industries	1264.14	3866.04
Jute and Jute products	450.32	255.78
Leather and Leather-Goods	51.49	40.60
Iron, Steel and Engineering	1708.68	2466.93
Pharmaceuticals and Chemicals	90.58	966.84
Cement and Allied Industry	740.05	971.41

Name of Sector (Figure Million)	As on 31/12/14	As on 31/12/15
Telecommunication and IT	493.48	659.16
Paper, Printing and Packaging	631.09	572.28
Ship Manufactur-ing Industry	0.00	0.00
Glass, Glassware and Ceramic Ind	577.15	820.02
Power, Gas, Water & Sanitary Service	475.68	366.80
Transport and Aviation	489.69	599.99
Trade and Com-merce	1277.69	3024.08
Agriculture	338.00	315.36
Housing	3553.12	4299.03
Brokerage & Secu-rities	4153.14	3806.27
Others Loan	5940.32	10044.11
Total	**24263.83**	**36018.81**

Sector Exposure as on December 2015



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 categorized as "Special Mention", while non-performing loans ("NPLs") are categorized 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 collect ability 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.

IRR under simple Sensitivity analysis

Particulars	Upto 3 months	Over 3 months to 6 months	Over 6 months to 1 Year	Above 1 Year
Rate Sensitive Asset (RSA)	86310.44	52596.96	49214.02	218723.94
Rate Sensitive Liabilities (RSL)	95776.89	60523.51	40349.01	196429.40
Net Gap [RSA-RSL]	-9466.44	-7926.55	8865.01	22294.54
Cumulative gap	-9466.44	-17392.99	-8527.98	13766.56
BL	640.96	2.64%	752.62	2.09%
Impact of Net interest Income				
1% interest rate increase	-23.34	-42.89	-42.06	0.00
1% interest rate decrease	23.34	42.89	42.06	0.00
2% interest rate increase	-0.06	-0.11	-0.21	0.00
2% interest rate decrease	0.06	0.11	0.21	0.00

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 Risk Management Forum 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 Risk Management Forum 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 pro-actively interact with the business units on an ongoing basis.

Stress Testing And Scenario Analysis

The Company also performs stress testing and scenario analyses 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 analyses 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 ("ALMCO") 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 excludes legal risk and reputation risk. The Company's operational risk management aims to minimize 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

Structural Liquidity Profile

	1 to 30 days	Over 1 month to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
OUTFLOWS								
1. Capital	0.00	0.00	0.00	0.00	0.00	0.00	24064.34	24064.34
2. Reserves and surplus	0.00	0.00	0.00	0.00	0.00	0.00	30522.95	30522.95
3. Notes, bonds & debentures	0.00	0.00	5000.00	0.00	12320.49	0.00	0.00	17320.49
4. Deposits	21064.04	61346.78	33207.24	27580.31	36033.23	59480.58	63247.86	301960.05
5. Bank Borrowings	333.00	720.77	97.16	11603.18	4502.93	3330.69	3192.43	23780.15
6. Current liabilities and provisions	1721.48	7852.02	10988.80	8329.94	9684.60			38576.85
7. Contingent Liabilities								0.00
8. Others	442.43	2399.61	1091.77	1051.99	1036.07	611.69	3287.05	9920.61
A. Total Outflows (A)	23560.95	72319.19	50384.97	48565.43	63577.31	63422.96	124314.63	446145.43
INFLOWS								
1. Cash	2.00	0.00	0.00	0.00	0.00	0.00	0.00	2.00
2. Remittance in transit	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3. Balance with banks	6194.56	2915.48	3304.09	0.00	0.00	0.00	0.00	12414.12
4. Investments (Net of provisions)	1444.93	1311.86	4072.23	0.00	0.00	2170.89	8412.45	17412.36
5. Lease Finance & Loans (Performing)	13885.34	59657.23	43573.66	49580.55	50776.85	61264.81	67836.80	346575.25
6. Non-performing loans	0.00	0.00	0.00	0.00	13340.22	0.00	0.00	13340.22
7. Fixed assets (Excluding assets on Lease)	0.00	0.00	0.00	0.00	0.00	0.00	8797.01	8797.01
8. Other asset	604.04	3632.10	302.02	399.57	352.63	604.04	146.01	6040.42
9. Others	372.86	1297.19	0.00	0.00	0.00	0.00	39894.00	41564.05

	1 to 30 days	Over 1 month to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
B. Total Inflows (B)	22503.73	68813.86	51252.00	49980.13	64469.70	64039.75	125086.28	446145.43
C. Mismatch (B-A)	-1057.22	-3505.33	867.02	1414.70	892.38	616.80	771.65	0.00
D. Cumulative Mis-match	-1057.22	-4562.55	-3695.53	-2280.83	-1388.44	-771.65	0.00	0.00
E. C as percentage of A [as Ref. month]	-4.49%	-4.85%	1.72%	2.91%	1.40%	0.97%	0.62%	
C as percentage of A [1 month earlier]								
C as percentage of A [2 month earlier]								

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 materialize 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.

Basel-II Classified Operational Risk Areas

Operational risks were addressed by incorporating the six (6) core operational risks listed in BASEL II Guidelines, and the corresponding risk activities.

i. Internal Fraud

Loss due to acts of a type intended to defraud, misappropriate property or circumvent regulations, the law or company policy, excluding diversity / discrimination events, which involves at least one internal party

ii. External Fraud

Losses due to acts of a type intended to defraud, misappropriate property or circumvent the law, by a third party

iii. Employment Practices and Workplace Safety

Losses arising from acts inconsistent with employment, health or safety laws or agreements, from payment of personal injury claims, or from diversity / discrimination events

iv. Clients, Products & Business Practice

Losses arising from an unintentional or negligent failure to meet a professional obligation to specific clients (including fiduciary and suitability requirements), or from the nature or design of a product

v. Damage to Physical Assets

Losses arising from loss or damage to physical assets from natural disaster or other events

vi. Business Disruption & Systems Failures

Losses arising from disruption of business or system failures

vii. Execution, Delivery & Process Management

Losses arising from Transaction Capture, Execution and Maintenance

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

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 eligible 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.

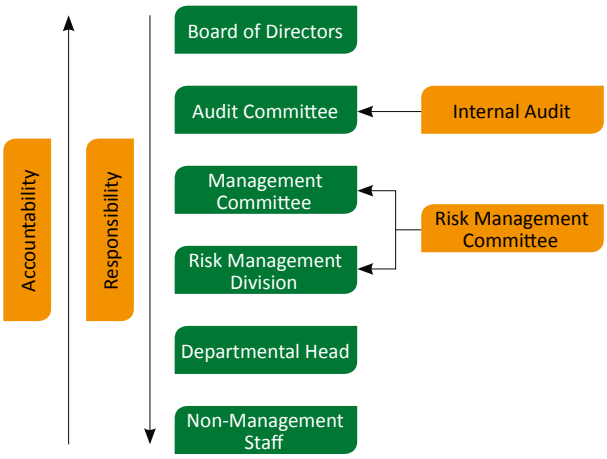
(4) A minimum of around 28.5% of market risk needs to be supported by the Tier 1 capital. Market risk must be supported by Tier 3 capital up to a maximum of 250% of Tier 1 capital, available after meeting the necessary credit risk capital requirement.

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.

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:

Figures in BDT Million

Particulars	Solo		Consolidated	
	2015	2014	2015	2014
Fully paid-up capital/capital lien with BB	2,406	2,188	2,406	2,188
Statutory reserve	988	782	988	782
Non-repayable share premium account	-	-	1,091	1,091
General reserve	-	-	54	53
Retained earnings (restated)	2,065	1,678	1,723	1,983
Minority interest in subsidiaries (restated)	-	-	87	127

Particulars	Solo		Consolidated	
	2015	2014	2015	2014
Non-cumulative irredeemable preferences share	-	-	-	-
Dividend equalization account	-	-	-	-
Other (if any item approved by Bangladesh Bank)	-	-	-	-
Less Shortfall in provisions required against investment in shares	-	-	-	-
Less: Book value of goodwill	-	-	234	-
Total	**5,459**	**4,648**	**6,115**	**6,223**

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

Figures in BDT Million

Particulars	Solo		Consolidated	
	2015	2014	2015	2014
General provision (unclassified loans up to specified limit + SMA + off Balance Sheet exposure)	357	269	357	269
50% of Asset Revaluation Reserve	-	-	-	-
10% of Securities Revaluation Reserve (restated)	-	-	-	
All other preference shares	-	-	-	-
Other (if any item approved by Bangladesh Bank)	-	-	-	-
Total	**357**	**269**	**357**	**269**

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

The table below gives details of Credit Risk:

Figures in BDT Million

Distribution of risk exposure by claims	Solo		Consolidated	
	2015	2014	2015	2014
Cash and Cash Equivalents	-	-	-	-
Claims on Bangladesh Govt. & Bangladesh Bank	-	-	-	-
Claims on NBFI and Banks	207	214	348	398
Claims on Corporate	15,884	12,808	15,884	12,808
Claims categorized as retail portfolio & Small Enterprise	1,100	565	1,100	565
Consumer Finance	4,953	1,436	4,953	1,436
Claims fully secured by residential property	1,926	1,241	1,926	1,241
Claims fully secured by commercial real estate	173	305	173	305
Past Due Claims	900	979	900	979
All other assets (restated)	11,720	10,922	13,574	14,226
Total	**36,863**	**28,470**	**38,858**	**31,958**

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 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:

Figures in BDT Million

Capital Requirements	Solo		Consolidated	
	2015	2014	2015	2014
Interest Rate Risk	-	39	-	39
Equity Position Risk (Restated)	214	200	682	594
Foreign Exchange Risk	-	0.01	-	0.01
Commodity Risk	-	-	-	-
Total	**214**	**240**	**682**	**633**

- 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.

Total Risk Weighted Asset

Figures in BDT Million

Particulars	Solo		Consolidated	
	2015	2014	2015	2014
Credit Risk				
1. On- Balance Sheet	36,863	28,471	38,858	31,958
2. Off - Balance Sheet	-	-	-	
Market Risk	2,135	2,395	6,820	6,329
Operational Risk	2,030	1,770	2,573	3,120
Total RWA	**41,028**	**32,636**	**48,251**	**41,407**

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

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

Capital Adequacy

Figures (except percentage) in BDT Million

Particulars	Solo		Consolidated	
	2015	2014	2015	2014
Core Capital	5,459	4,648	6,115	6,223
Supplementary Capital	357	269	357	269
Total Eligible Capital	5,815	4,917	6,472	6,492
Risk Weighted Assets (RWA)	41,028	32,636	48,251	41,407
Capital Adequacy Ratio	14.17%	15.07%	13.41%	15.68%
Core Capital to RWA	13.30%	14.24%	12.67%	15.03%
Supplementary Capital to RWA	0.87%	0.83%	0.74%	0.65%
Minimum Capital Requirement (10% of RWA)	4,103	3,264	4,825	4,141
Excess Capital Over Regulatory Requirement	1,712	1,653	1,647	2,352

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 nonperforming asset is 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 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. sales and relationship teams hold prima-facie responsibility to ensure their accountability towards quality asset portfolio, However, to put into more and rigorous monitoring, separate department namely Asset Recovery & Monitoring Department continuously thrives for protection before assets turn into NPLs. Regular due date and overdue status reminders through SMS, e-mails, letters, telecommunications, meetings, discussions, visits, etc with the clients are consistently carried out by the department which facilitates managing NPL at the lowest possible level.
- For managing NPL cases arising out even after all the efforts as mentioned above, a dedicated department namely SAM (Special Asset Management) Department is in place to directly monitor, put into action and intensify recovery and settlement drives through dedicated internal recovery officers and also third party collection service providers, where necessary. Litigation 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 accounts
b) One month's overdue accounts
c) Two months' overdue accounts
d) Three months' overdue accounts
e) Four months' overdue accounts
f) Five months' overdue accounts
g) Suspended accounts (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 after closure of the due month. If the letter does not bring in result an official visit is made by a collection officer to resolve the matter.
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, 2015:

During the year 2015, there was sizable improvement in NPL status of the Company which is represented in its NPL ratio being decreased to 3.72% from previous year's 5.08%. However, the absolute figures show slight increase in classified portfolio from BDT 1,231.91 million in 2014 to BDT 1,339.18 million in 2015. The deterioration in figures has occurred under stress in the economy arising out of political turmoil during first quarter. 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 sizable extent comparing to the industry.

The movement in NPL accounts during the year 2015 has been depicted in following table:

BDT million

Opening Balance as on January 1, 2015	1,231.91
Add: Addition During the Year	353.95
Less: Collection During the Year	246.68
Less: Write-offs	00.00
Closing Balance as on December 31, 2015	1,339.18

Write offs:

During the year 2015, the movement in write-offs accounts is as under:

Particulars	No of Accounts	BDT million
Opening Balance as on January 1, 2015	10	517.05
Add: Addition During the Year	0	00.00
Less: Collection During the Year	1*	22.35
Closing Balance as on December 31, 2015	10	494.70

* Partially received from 1 account which is however not settled in full.

Sector-wise NPL Status:

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

Sl. No.	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
1	**Trade and Commerce**	**3,024.08**	**8.40%**	**175.53**	**0.50%**
2	Industry	-		-	0.00%
	A) Garments and Knitwear	1,420.35	3.94%	99.80	0.45%
	B) Textile	1,523.75	4.23%	-	0.08%
	C) Jute and Jute-Products	255.78	0.71%	-	0.00%
	D) Food Production and Processing Ind.	3,866.04	10.73%	-	0.05%
	E) Plastic Industry	192.13	0.53%	-	0.00%
	F) Leather and Leather-Goods	40.60	0.11%	-	0.00%
	G) Iron, Steel and Engineering	2,466.93	6.85%	87.19	0.25%
	H) Pharmaceuticals and Chemicals	966.84	2.68%	16.53	0.00%
	I) Cement and Allied Industry	971.41	2.70%	7.22	0.02%
	J) Telecommunication and IT	659.16	1.83%	-	0.00%
	k) Paper, Printing and Packaging	572.28	1.59%	11.31	0.03%

Sl. No.	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
	L) Glass, Glassware and Ceramic Ind	820.02	2.28%	-	0.06%
	M) Ship Manufacturing Industry	-	0.00%	-	0.00%
	N) Electronics and Electrical Products	919.87	2.55%	-	0.00%
	O) Power, Gas, Water & Sanitary Service	366.80	1.02%	-	0.08%
	P) Transport and Aviation	599.99	1.67%	158.70	0.43%
	Industry Total	**15,641.94**	**43.43%**	**380.75**	**1.46%**
3	**Agriculture**	**315.36**	**0.88%**	**36.80**	**0.10%**
4	**Housing**	**5,340.81**	**14.83%**	**47.15**	**0.37%**
5	Others	-			0.00%
	A) Merchant Banking (Loan to LankaBangla Investments Limited)	3,109.11	8.63%		0.00%
	B) Margin Loan	697.17	1.94%		0.00%
	C) Others	7,890.34	21.91%	524.41	1.29%
	Others Total	**11,696.62**	**32.47%**		**1.29%**
	Grand Total	**36,018.82**	**100.00%**	**1,164.64**	**3.72%**

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 2015 like-wise 2014. We hope further improvement in year 2016 in recovery of NPL accounts.

On the other hand, in order to check any further significant NPL, we have extensively reorganized our Organogram, reengineered business and operational processes and SLAs, strengthened pool of qualified human resources in the departments, enhanced lawyers' panel incorporating leading law firms, strengthened Risk management division, putting into a strong risk management framework in place which is expected to result in significant improvement in year 2016.

Green Banking

With the constant headway of our Green Banking Unit (GBU), we have been a successful team in green banking. To seek increased deployment of clean energy and more efficient use of funds, we introduced of Green Finance, initiated in-house management, created Climate Risk Fund, Green Marketing, and supported employee training.



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 stake holders all over the world. Banking 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 FI.

Green Banking Unit

As per the Bangladesh Bank Circular No. 04 on "Policy Guidelines for Green Banking" and LankaBangla Finance "Green Banking Policy"approved by Board. A separate Green Banking Unit (GBU) require to establish for designing, evaluating and administering activities related to green banking issues of the FI. As per the set BB circulation this unit will report to the high powered committee time to time. GBU will be under the supervision of Risk Management Division (RMD). GBU will be comprised of the representatives from each relevant division.

Following are the member of GBU, who will work together for providing input, data and preparing relevant reports as per green banking policy guidelines and Bangladesh Bank requirements.

Green Banking Unit Members		
Chief Risk Officer & Head of Green Banking Unit	Mohammed Kamrul Hasan	Chair
Head of Corporate Financial Services	Mohammed Shoaib	Member
Head of SME Financial Services	Md. Kamruzzaman Khan	Member
Head of Asset Operations	Mohammad Faruk Ahmed Bhuya	Member
Head of Corporate Credit	Mohammad Nazmul Hasan Tipu	Member
Head of Human Resources	Md. Shariful Islam Mridha	Member
Head of General & Infrastructure Services	Md. Anisur Rahman	Member
Head of Home and Mortgage loan	Md. Shariar Parves	Member
Deputy Head of IT	Kazi Mohtasim Bellah Alom	Member
Senior Manager, Corporate Affairs	Md. Raziuddin	Member
Manager, Green Banking Unit & RMD	Ujjal Kumar	Coordinator

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.

Introducing Green Finance

Financing in eco-friendly and environmentally sustainable business activities and energy efficient industries shall be extended through preference by all the credit delivery points. Environmental infrastructures such as renewable energy project(s), Liquid Waste Management, Alternative Energy, Fire Burnt Brick, Non Fire Block Brick, Recycling & Recyclable Product, Green Industry, Safety and Security of Factory, etc. are encouraged and those will be financed by the company with priority.

Viability of environmental infrastructures for financing shall be assessed in line with the environmental issues i.e. how the purpose of the project(s)/business (es) & to what extent this/these is/are rewarding to the environment. Most viable project(s)/business (es)/ sector(s) shall be prioritized for financing to position the financial institution gradually as a "Carbon Neutral Financial Institution" first & 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.

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.

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

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.

Corporate Social Responsibility

Corporate Social responsibility (CSR) of LankaBangla is a form of corporate self-regulation integrated into our business model based on the objective of good business for good society. LankaBangla in its core management concept and corporate responsibility integrated CSR with focus on social and environmental concerns in all business operations and interactions with its stakeholders including shareholders, customers, employees, suppliers, business partners, local communities and other organizations.

With these CSR policies & principles, our organization believes in achieving a balance of economic, environmental and social imperatives ("Triple-Bottom-Line- Approach") besides safeguarding interest of stakeholders. We have also considerably achieved efficient business operations and conscience corporate governance and compliance to facilitate smooth and effective business. As a result we have been able to contribute for our sustainable society. LankaBangla through its Foundation extends its support for underprivileged people of the community in particular to ensure their education, health and living.

CSR activities of 2015 of LankaBangla Foundation:

Supporting education of underprivileged brilliant students:

LankaBangla Foundation always stands beside the underprivileged brilliant students to pursue their higher education. Scholarship program of the Foundation for these students is a platform to ease the challenges to reach their aim in life. We extend this continuous financial support to make their dreams come true. Supporting education sector for building an enlightened society is not new for LankaBangla. Journey started from 2010 and continues till to date with an immense priority on education for building knowledge based society.

We provide financial support to SSC completed poor brilliant students to continue their HSC and graduation with an objective to help them to become self-sufficient in life. Scholarship program is one of the sustainable programs of CSR of LankaBangla Foundation. Voices from some of the scholarship holders who achieved their aim-in-life with the support from Foundation indicate that CSR initiatives from LankaBangla significantly contributed to build a sustainable society.

In 2015, a total number of 64 students received financial assistance of BDT 2.1 million to pursue their higher education. At the end of 2015 total 5 nos. of students completed their graduation. Three of them are already in their professional life and other 2 students are still pursuing further higher education. Moreover, 5 students are pursuing their education in different Medical Colleges.

LankaBangla Foundation Scholarship was like a new sun shine in the dark nights for me. For a poor student like me, continuing higher study was difficult because I had to think about my earning to support my education. LankaBangla has taken the burden on their shoulder and gave me the chance of concentrating my full time only in study. I feel no hesitation to state that if LankaBangla were not beside me, I might not be able to continues my study properly. Throughout my under graduation LankaBangla Foundation was like a trusted, effective, exemplary and exceptional partner who had ease my path to reach my destination. I was supported by the scholarship from mid 2010 till my last month of graduation. Presently, I am working as a Fellow in Teach For Bangladesh. I am looking forward for further improvement of my career.



Mashfiq Tamim

Fellow

Teach for Bangladesh

I could never think of my present condition if I were not studying well in my under graduation. I could never think of effective study in my university time if the scholarship were not there. My family did not have financial strength to support for my engineering study. But LankaBangla Foundation stood beside me and supported my higher education. Soon after I got the scholarship I did not require to look back- just concentrated on my study. I have no hesitation to say if the scholarship was not there I might not be able to be here where I am now- showing all my excellences. I am indebted to LankaBangla Foundation. Thanks for the scholarship. Thanks for everything.



Tawfiq Protim

Sr. Executive, Runner Group

Financial Assistance for education for Children of deceased Ex-Officios

LankaBangla Foundation continued its support for education as part of its CSR activities. This support is extended to two female students who are daughters of two deceased officials of sister concerns of LankaBangla Finance Limited.

(i) Foundation contributed an amount of BDT 164,000.00 (in two installments - for one year support) to Ms. Nora Sumlina (daughter of Late M. Shakil Islam Bhuiyan, Ex-CEO, LankaBangla Investments Limited) to continue her studies.

(ii) Foundation also contributed an amount of BDT 363,655.00 (in two installments) to Ms. Auritree Ahmed (daughter of Late Mr. Golam Faruk, Ex-Managing Editor of the Daily BonikBarta) to continue her studies.

Protecting Environmental & Ecological Degradation through Tree Plantation

Another core area of CSR of LankaBangla Foundation is to extend support to protect environmental & ecological degradation through tree plantation every year. In 2015, the Foundation undertook tree plantation program on 25 August 2015 at Daudkandi Upazila. In total 1,500 saplings of fruit-bearing, wood-trees & medicine-trees were planted at the premises of different institutions and distributed among students of different institutions of the Upazila. The plantation & distribution was supported by the local government of Daudkandi Upazila.



Support for local community to protect from Cold Wave

In Bangladesh, during winter ultra-poor people fight against cold every year and LankaBangla Foundation distributes blankets every year to facilitate better comfort to the ultra-poor people. This year the Foundation distributed more than 4,000 blankets among the cold victims poor people of different districts.



Beside the tradition, we have distributed small number of blankets to different orphanages of Gazipur, Sirajganj, Dhaka Cantonment and among hindu community of Loknath Shrine of Narayanganj.

Support for Renovation and Modernization of Library

LankaBangla Foundation donated additional financial support of BDT 210,980 to renovate & modernize Library of different Colleges. Last year for the same purpose Foundation donated an amount of BDT 2,115,956.

Creativity and Cultural Development of children is an integral part of CSR of LankaBangla Foundation

Creativity and cultural development of children is an integral part of CSR of LankaBangla Foundation. The Foundation organizes art competition for the school children every year with focus on psychological and cultural development. Our endeavor is to help the children to become familiar with our rich cultural heritage and also to explore their hidden creativity.

In 2015, LankaBangla Foundation arranged 3rd Art Competition for children in Chittagong. "Six-seasons of Bangladesh" was the theme of art competition. LankaBangla Finance Limited selected top 12 arts works and printed in the calendar of 2016 of LankaBangla with caption of the respective names of the children and his/her schools. This unique facilitation definitely boosts up the children who won the competition and also keep alive the intention of others to compete in future.

I'm Md Tuhinur Rahman, BSc (Hons), MSc (Ongoig), Dept. of Physics, University of Dhaka. I have been a stipend holder from LankaBangla Foundation (LBF) since June 2010.



Without the financial help from LBF it would be difficult to continue my study. To me LBF is the silent guardian and blessing for me and I strongly believe that other students who receive the financial help from the Foundation have the same feelings. I am blessed and privileged to have LankaBangla on my side. The way LBF helps poor talent students it is actually "Unique" and "Exemplary". I also feel that LankaBangla has the strength and goodwill to "set the bar very high" in helping poor students so that it can become one of the best Foundation. I have high hope that LBF will continue helping and encouraging the poor and talented students who face financial barrier in completing their studies.

Md. Tuhinur Rahman

BSc(Hons.), MSc(ongoing)

Deptt. of Physics, University of Dhaka

Board Audit Committee Report

The Composition of the Committee

In accordance with the currently accepted Best Practice and Corporate Governance Guidelines, the Board appointed Audit Committee comprises of the following Non-Executive and Independent Directors of the Company:

- Mr. Al-Mamoon Md. Sanaul Huq- Independent Director (Chairman)
- Mr. Mohammad A Moyeen
- Mr. Mahbubul Anam
- Mr. Mirza Ejaz Ahmed
- Mr. M. Fakhrul Alam

The Chairman of the Committee, an Independent non-executive director was a Consultant of World Bank Dhaka Office, Controller General of Accounts and Comptroller & Auditor General of Bangladesh and possesses considerable experience in the Field of Audit, Finance & Management. The Portfolios of the members are given in pages 24.

The Committee is responsible and reports to the Board of Directors. The Managing Director and the Chief Financial Officer attend committee meetings by invitation. The Board Secretary functions as the Secretary of the Committee.

The Charter of the Audit Committee

The Audit Committee charter is periodically reviewed and revised with approval of the Board of Directors. The Terms of Reference of Audit Committee is clearly defined in the Charter of the Audit Committee. The Process ensures that new developments and concerns are adequately addressed. The Committee is responsible to the Board of Directors and reports on its activity regularly. The functions of the committee are geared to assists the Board in its general oversights on financial reporting, internal audit, internal controls, risk management and external audit.

The Bangladesh Bank Circular DFIM Circular No. 13, dated; 26/10/2011, on formation of Audit Committee and its subsequent amendments and The Securities and Exchange Commission Notification no. SEC/CMRRCD/2006-158/134/Admin/44, dated: 07/08/2012, on "Code of the best Practice on Corporate Governance" for listing companies further regulate the compositions, roles and functions of the Audit Committee.

Terms of Reference

The Terms of Reference of the Audit Committee clearly defines the roles and responsibility of the Audit Committee. The Terms of Reference is periodically reviewed and revised with the concurrence of the Board of Directors. The Audit is responsible to and reports to the Board of Directors. The Role and functions of the Committee are further regulated by the rules governing the Audit Committee as specified by the "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 role and functions of the Committee are further regulated by the rules governing the Audit Committee as specified by the Guidelines of Bangladesh Bank on 'Corporate Governance for NBFI's in Bangladesh' and also 'Conditions on Corporate Governance' by the Securities and Exchange Commission.

The main objective of the Audit Committee is to assist the Board of Directors to effectively carry on its responsibilities relating to financial and other connected affairs of LankaBangla. The Committee is empower to monitor, review and examine;-

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.

Meetings

The Committee held on five (5) meetings during the year under review. The attendance of Committee members at meetings is stated in the table on page 125 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, ACNABIN attended Committee meetings during the year. The Committee continued guiding the management with the selection of the new Accounting Policies which is required under the aforesaid new Accounting Standards and implementing same.

Activities

The Committee carried out the following activities;-

Financial Reporting

The Committee supports the Board of Directors to discharge their responsibility for the preparation of Financial Statements that reflect a True and Fair view of the financial performance and financial position based of the Company's accounting records and in terms of the 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
- 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 Bank is well monitored

Regulatory Compliance

The Company's procedures in place to ensure Compliance with Mandatory Bangladesh Bank's instructions and statutory requirements were under close scrutiny. The Committee monitors the due compliance with all requirements through the quarterly statements submitted by the Internal Audit Department. The Committee monitors the due compliance with all requirements

Identification of Risk and Control measures

In view the fact LankaBangla has adopted a risk-based audit approach, the effectiveness of internal control procedures in place to identify and manage all significant risks are being reviewed by the Committee throughout the Company and other Group entities. The Risk Management was invited to make presentations on Risk Management measures adopted in their areas of responsibility. Risk rating guidelines with an appropriate Risk Grading Matrix has been formulated for assessing and measuring the operational risks identified during inspections. The Committee seeks and obtains the required assurances from the Business Units on the remedial action in respect of the identified risks in order to maintain the effectiveness of internal control procedures in place.

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 07 August 2012 for the year ended 31 December 2015. Corporate Governance for Licensed Financial Institutions in Bangladesh Annual Corporate Governance Report for 2015 is provided on pages 109 to 114. The external auditors have performed procedures set out by the Bangladesh Securities and Exchange Commission (BSEC), to meet the compliance requirement of the Corporate Governance directive. Their findings presented in their report dated 21st February 2016, addressed to the Board are consistent with the matters disclosed above and did not identify any inconsistencies to those reported by the Board on pages 109 to 126.

Internal Audit Function

The Audit Committee approves the terms of reference of internal audit and reviews the effectiveness of the internal audit function. In line with leading practice, it to provide independent and reasonable, but not absolute, assurance that the LankaBangla system of risk management, control, and governance processes, as designed and implemented by senior management, are adequate and effective. Internal Audit reports on the adequacy of the system of internal controls to the Audit Committee and management, but does not form any part of the system of internal controls. Internal Audit has implemented risk-based audit processes. Audit work is prioritized and scoped according to an assessment of risk exposures, including not only financial risks, but operational, compliance and strategic risks as well.

The work undertaken by Internal Audit includes the audit of the Company's system of internal controls over its key operations, review of security and access controls for the Company's computer systems, review of control processes within and around new products and system enhancements, and review of controls over the monitoring of market, liquidity, and credit risks. Internal Audit also participates in major new system developments and special projects, to help evaluate risk exposures and to help ensure that proposed compensating internal controls are adequately evaluated on a timely basis. It also ascertains that the internal controls are adequate to ensure prompt and accurate recording of transactions and proper safeguarding of assets, and that the Company complies with laws and regulations, adheres to established policies and takes appropriate steps to address control deficiencies.

The Audit Committee is responsible for the adequacy of the internal audit function, its resources and its standing, and ensures that processes are in place for recommendations raised in internal audit reports to be dealt with in a timely manner and outstanding exceptions or recommendations are closely monitored. Internal Audit reports functionally to the Audit Committee and administratively to the 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.

Ethics and Good Governance

Highest standards in Corporate Good Governance and strict adherence to the requirements of LBFL's Code of Ethics are ensured through close monitoring. Through the Code of Ethics all levels of staff have been educated and encouraged to resort to whistle blowing, when they suspect wrong doings or other improprieties. The Committee also ensures that appropriate procedures are in place to conduct independent investigations into all such incidents.

Bangladesh Accounting Standards

The Committee continued to monitor the progress of the mandatory implementation of Bangladesh Accounting Standards (BAS) with converged with International Financial Reporting Standards (IFRS). Committee reviewed the revised policy decisions relating to adoption of new and revised BAS applicable to the Financial Institutions and made recommendations to 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, Chartered Accountants, be appointed for the financial year ending 31 December 2016, subject to the approval of shareholders at the next Annual General Meeting.



Al-Mamoon Md. Sanaul Huq
Chairman – Audit Committee

Dhaka
18 February, 2016

Statement on Directors' Responsibility

The statement sets out the responsibility of the Directors, in relation to the Financial Statements of LankaBangla Finance Limited ("The Company") and its subsidiaries. The responsibilities of the External Auditors in relation to the Financial Statements are set out in the "Auditors' Report" given on page 169.

In terms of sections 181, 183, 185, 186, 187 and 189 of the Companies Act, 1994 (Act XVIII of 1994), the Directors of the Company are responsible for ensuring that the Group and the Company keep proper books of accounts of all the transactions and prepare Financial Statements that give a true and fair view of the financial positions of the Company and the Group for each financial year. The Financial Statements comprise of the Statements of Financial Positions as on 31 December, 2015, The Statements of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year then ended and notes thereto.

Accordingly, the Directors confirm that the Financial Statements of the Company and the Group give a true and fair view of –

(a) The financial position of the Company and the Group as on 31 December, 2015; and

(b) The financial performance of the Company and the Group for the year then ended.

Compliance Report

The Board of Directors also wishes to confirm that:

(a) Appropriate accounting policies have been selected and applied in preparing the Financial Statements based on the latest financial reporting framework on a consistent basis, while reasonable and prudent judgments have been made so that the form and substances of transactions are properly reflected and material departures, if any, have been disclosed and clarified;

(b) The Financial Statements for the year 2015, prepared and presented in this annual report have been prepared based on the Bangladesh Accounting Standards (BASs) are in agreement with the underlying books of account and are in conformity with the requirements of the Bangladesh Financial Reporting Standards (BFRSs), the Financial Institutions Act, 1993, the Companies Act, 1994, the Securities and Exchange Rules, 1987 and other applicable laws & regulations;

(c) These Financial Statements comply with the prescribed format issued by the Bangladesh Bank vide DFIM Circular No. 11, dated; 23/11/2009 for the preparation of annual Financial Statements of financial institutions;

(d) Proper accounting records which correctly record and explain the Company's transactions have been maintained as required by the section 181 of the Companies Act, 1994 to determine at any point of time the Company's financial position, in accordance to the Act to facilitate proper audit of the Financial Statements;

(e) The Directors have taken appropriate steps to ensure that the Company and the Group maintain proper books of accounts and review the financial reporting system directly by them at their regular meetings and also through the Board Audit Committee, the report of the Audit Committee is given in pages 158 to 160 The Board of Directors also approves the interim Financial Statements prior to their release, following a review and recommended by the Board Audit Committee;

(f) The Board of Directors accepts responsibility for the integrity and objectivity of the Financial Statements presented in this Annual Report;

(g) The Directors also have taken reasonable measures to safeguard the assets of the Company and the Group and to prevent and detect frauds and other irregularities. In this regard, the Directors have instituted an effective and comprehensive system of internal controls comprising of internal checks, internal audit and financial and other controls required to carry on the business of financial institution in an orderly manner and safeguard its assets and ensure as far as practicable, the accuracy and reliability of the records. The Directors' Statement on Internal Control is given in pages 163 to 164 of this Annual Report;

(h) To the best of their knowledge, all taxes, duties and levies payable by the Company and its Subsidiaries, and all other known statutory dues as were due and payable by the Company and its Subsidiaries as at the reporting date have been paid or, where relevant, provided for;

(i) As required by Sections 183(2) of the Companies Act, 1994, they have prepared this Annual Report in time and ensured that a copy thereof is sent to every shareholders of the Company.

(j) That all shareholders in each category have been treated equitably in accordance with the original terms of issue;

(k) That after considering the financial positions, operating conditions, regulatory and other factors and such matters required to be addressed in the "Code of Corporate Governance" issued separately by Bangladesh Securities and Exchange Commission and Bangladesh Bank for the financial institutions, the Directors have a reasonable expectation that the Company and its subsidiaries possess adequate resources to continue in operation for the foreseeable future.

(l) The Financial Statements of the Company and the Group have been signed by three Directors and the Company

Secretary of the Company on 22 February, 2016 as required by the Section 189(1) of the Companies Act, 1994 and other regulatory requirements

(m) The Company's External Auditors, ACNABIN & Co. who were appointed in terms of the Section 210 of the Companies Act, 1994 and in accordance with resolution passed at the last Annual General Meeting, were provided with every opportunity to undertake the audit they considered appropriate. They carried out reviews and sample checks on the system of internal controls as they considered appropriate and necessary for expressing their opinion on the Financial Statements and maintaining accounting records. They have examined the Financial Statements made available to them by the Board of Directors of the Company together with all the financial records, related data and minutes of shareholders' and Directors' meetings and expressed their opinion which appears as reported by them on page 169.

Accordingly, the Directors are of the view that they have discharged their responsibilities as set out in this statement.

By Order of the Board



Mostafa Kamal FCA

Group Company Secretary

Dhaka, 22 February, 2016

AMAR STOCK

Directors' Statement on Internal Control

Responsibility

Bangladesh Bank's DFIM Circular No. 07, dated; 25-09-2007, DFIM Circular Letter No. 09, dated; 08-10-2007, DFIM Circular Letter No. 18, dated; 26-10-2011 and DFIM Circular Letter no. 06, dated; 17-06-2012, which clearly define the responsibility of the Board of Directors on Internal Control of the Company.

The Board of Directors ("The Board") is responsible for the adequacy and effectiveness system of internal controls of LankaBangla Finance Limited (LBFL). However, such a system is designed to manage the LBFL's key areas of risk within an acceptable risk profile, rather than eliminate the risk of failure to achieve the business objectives and policies of the Company. Accordingly, the system of internal controls can only provide a reasonable but not absolute assurance against material misstatement of management and financial information and records or against financial losses or fraud.

The Board has established an on-going process for identifying, evaluating and managing the significant risks faced by the Company and this process includes enhancing the system of internal controls as and when there are changes to business environment or regulatory guidelines. The process is regularly reviewed by the Board in accordance with the guidance for Directors of FIs on the DFIM Circulars on Internal Control issued by the Bangladesh Bank. As per the said guidance, significant processes affecting significant accounts of the Company were assessed along with the key risk areas of the Company.

The management assists the Board for implementation of the Board's policies and procedures on risk and control by identifying and assessing the risks faced by the Company, and in the design, operation and monitoring of suitable internal controls to mitigate and control these risks. The Board is of the view that the system of internal controls in place is sound and adequate to provide a reasonable assurance regarding the reliability of financial reporting, and that the preparation of financial statements for external purposes is in accordance with relevant accounting principles and regulatory requirements.

Significant Internal Control processes that have been established in reviewing the adequacy and integrity of the system of internal controls include the following:

- The Board Sub Committees are established to assist the Board in ensuring:
- the effectiveness of the LBFL's daily operations.
- that the LBFL's operations are in accordance with the corporate objectives and strategies.
- that the operations of the Company are in line with the annual budget as well as the policies and business directions that have been approved by the Board.
- The Internal Audit Division of the Company checks for compliance with policies and procedures and the effectiveness of the internal control systems, highlights and significant findings in respect of any non-compliance. Audits are carried out on majority of units and branches, the frequency of which is determined by the level of risk assessed by the internal audit, to provide an independent and objective report on operational and management activities of these units and branches. The annual audit plan is reviewed and approved by the Audit Committee and the findings of the audits are submitted to the Audit Committee for review at their periodic meetings.
- The Audit Committee of the Company reviews internal control issues identified by the Internal Audit Division, the external auditors, regulatory authorities and management; and evaluates the adequacy and effectiveness of the risk management and internal control systems. They also review the internal audit function with particular emphasis on the scope of audits and quality of the same. The minutes of the Audit Committee meetings are tabled for information of the Board. Further details of the activities undertaken by the Audit Committee of the Company are set out in the Audit Committee Report on pages 158 to 160.
- The Risk Management Forum (RMF) is established to assist the Board to oversee the overall management of principal areas of risk of the Company. The Risk Management Forum which includes representation from all key business and operating units of the Company, assists the Board for implementation of policies advocated at the Board Audit Committee.
- Board Executive Committee has also been established with appropriate empowerment to ensure effective management and supervision of the LBFL's core areas of business operations and investments.

In assessing the internal control system over financial reporting, identified officers of the Company collated all procedures and controls that are connected with significant accounts and disclosures of the financial statements of the Company. These in turn were observed and checked by the internal audit department for suitability of design and effectiveness on an ongoing basis.

The Company complied Bangladesh Accounting Standards (BASs) & Bangladesh Financial Reporting Standards (BFRSs). Since adoption of such Bangladesh Accounting Standards, progressive improvements on processes to comply with new requirements of recognition, measurement, classification and disclosure are being made whilst, further strengthening of processes will take place pertaining to impairment of loans and advances and financial statement disclosures. They also recognized the need to introduce an automated financial reporting process to more effectively comply with the requirements of recognition, measurement, classification and

disclosures of financial instruments. The recommendations made by the external auditors in connection with the internal control system in previous years were reviewed during the year and appropriate steps have been taken to implement/ rectify those.

Confirmation

Based on the above processes, the Board confirms that the financial reporting system of the Company has been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes complying with BASs and BFRSs and regulatory requirements of the Bangladesh Bank and Bangladesh Securities and Exchange Commission.



Mohammad A Moyeen
Chairman

Dhaka, 22 February, 2016

AMAR STOCK

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 LankaBangla 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.
5. To assist the Management in the development, implementation, and continuous monitoring of the Company's plans & strategies.
6. To assist the Management for the robust implementation of the Internal Control system by which smooth operations, reliable financial reporting and compliance with regulations and policies are ensured.

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, FCA
Chief Financial Officer

Report on Going Concern

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

Financial indications

Performance Growth

LBFL has excellent growth in its operating performance. Company's Total Asset has increased from BDT 39,129 Million to BDT 50,313 Million, achieving a growth of 29% over last year. Earning Assets of LBFL grows by 36% in 2015 compared to that of 2014. Earning Assets reaches to BDT 42,600 Million in 2015 which was BDT 31,228 in 2014.Operating Revenue for the year 2015 amounted to BDT 6,237 Million which is 22% higher than last year's BDT 5,100 Million. Although all through the year 2015 the interest rate was in a declining state the Net Interest of LBFL grow by 15% over last year. Net Interest for the year 2015 amounted to BDT 1,072 Million compared to BDT 933 Million of 2014.

Credibility in Payment obligations

LBFL has strong credibility in terms of payment of its obligations to the lenders and suppliers. LBFL is very particular in fulfilling the terms of payment or repayment agreements without any exception. This has resultant from our effective liquidity management plan.

Positive key financial ratios

The key financial ratios of LBFL for the year 2015 indicate a very positive picture as evident from financial highlights and graphical presentation of financial position given separately in this annual report. Financial ratios indicate LBFL's sound financial strength and good prospects.

Cash Flow analysis:

LBFL's cash flow analysis represents its strengths about its ability to repay its obligations, ability to adapt in changing circumstances and generate sufficient cash and cash equivalents which will lead the organization to a sustainable future growth.

Operating Cash Flow before changes in operating assets and liabilities increase by 33% in 2015 compared to 2014; BDT 1,024 Million as against BDT 772 Million of previous year. However, Net Operating Cash Flow after changes in operating assets and liabilities shows net inflow of BDT 2,966 Million which was only BDT 1,410 million in previous year.

Expansion of Business

LBFL has expanded its segment geographically by opening new branches in different places considering the economic significance. In 2015 LBFL opened 3 new branches and initiatives have been taken to open 5 new branches in first half of 2016 at different places in Bangladesh. As on 31 December 2015 LBFL has 14 Branches and 1 SME Booth.

LBFL give due importance on product diversification a key strategy to achieve customer satisfaction by tailoring the need of customers. It is the impact of our sound organizational structure, skilled and dedicated work force and business strategies that in the year 2015 Lease, Loans and Advances has increased by 48% and Term Deposit has increased by nearly 80% compared to that of 2014. Fund Under Management grows by 41% and reaches to BDT 75,012 Million in 2015 compared to BDT 53,134 Million of previous year. LBFL's Management has positive intent to maintain this growth in future years which represent Company's intention to perpetuity.

Consistent payment of Dividends

LBFL has been paying consistent dividend to its shareholders over many years, which reflects company's long term vision and firm commitment to its shareholders.

Corporate environment and Employees' satisfaction

There exists a very good corporate working environment in the Company. LankaBangla Finance Limited is an excellent work place with a friendly working environment. Communication among the employees is excellent. The organization endeavors to be honest and practices fair treatment to all employees which ensures healthy corporate environment. The company pays a very competitive compensation package and there exists a good number of employee benefits like provident fund, gratuity fund, Home and personal loan for employees at a reduced rate, employees health insurance, incentive bonus, transport facility to the eligible employees. Pay scale are frequently revised to give effect of inflation as well as to align with the industry level. These factors are instrumental for employee satisfaction.

Maintenance of sufficient capital:

As per BASEL-II, an NBFI should maintain total capital of at least 10 percent of Risk Weighted Asset. LBFI maintains its capital well above the required level consistently even though growth of RWA is significant. As on 31December 2015 Capital Adequacy Ratio (CAR) of Lanka Bangla is 13.41%.

Other indications

Satisfactory Credit Rating:

LBFL has been rated A1 for long term credit rating and ST-3 for short term based on audited financial statements up to 31 December 2014 and other relevant quantitative as well as

qualitative information up to 12 November 2015. There has been an improvement in long term credit rating as previously it was A2. The ratings are consistent with CRAB's Financial Institution Rating Methodology.

The rating reflects LBFL's strength in risk weighted capital adequacy, adequate earning generation as well as moderate liquidity. The rating also reflects the company's high franchise strength and strong business links.

Changes in Government policy:

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

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

AMAR STOCK

Financial Report

Over the last year, LankaBangla has exhibited newer dimensions in performance and redefined its financial position as an enterprise in the unpredictable financial market of Bangladesh. Our energetic effort and endless inspiration have led us to introduce an understandable, relevant, reliable, and comparable financial statements to our stakeholders.



ACNABIN
Chartered Accountants

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Independent Auditors' Report

To the shareholders' of

LankaBangla Finance Limited

We have audited the accompanying consolidated financial statements of LankaBangla Finance Limited and its Subsidiaries (the "Group") as well as the separate financial statements of LankaBangla Finance Limited ("the Company") which comprise the consolidated and the separate balance sheet as at 31 December 2015, profit and loss account, statement of changes in equity, cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of the consolidated financial statements of the Group and also the separate financial statements of the Company that give a true and fair view in accordance with Bangladesh Financial Reporting Standards (BFRS), the Financial Institutions Act 1993, the rules and regulations issued by 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements of the Group and the separate financial statements of the Company 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 consolidated financial statements of the Group and the separate financial statements of the Company are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements of the Group and the separate financial statements of the Company. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements of the Group and separate financial statements of the Company, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements of the Group and separate financial statements of the Company that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. 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 consolidated financial statements of the Group and also the separate financial statements of the Company.

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 2015, and of the consolidated and the separate financial performance and cash flows of the Group and the Company for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRS) and comply with the applicable sections of the Financial Institutions 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 and found satisfactory;

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 consolidated balance sheet and consolidated profit and loss of the Group and the separate balance sheet and profit and loss statement of the Company together with annexed notes from 1 to 40 dealt with by the report are in agreement with the books of account;

iv. the expenditure incurred was 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 Bangladesh Bank to the extent applicable to the Company;

vi. the record submitted by the parent company and the subsidiary companies have been audited and consolidated properly in the financial statements;

vii. the records and accounts of the branches have been properly maintained and consolidated in the financial statements;

viii. adequate provisions have been made for leases and advances and other assets which are, in our opinion, doubtful of recovery and Bangladesh Bank's instructions in this regard have been followed properly;

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ix. statements sent to Bangladesh Bank have been checked on sample basis and no inaccuracy has come to our attention;

x. taxes and other duties collected and deposited to Government treasury by the Company as per Government instructions found satisfactory;

xi. nothing has come to our attention that the Company has adopted any unethical means i.e. 'window dressing' to inflate the profit and mismatch between the maturity of assets and liabilities;

xii. proper measures have been taken to eliminate the irregularities mentioned in the inspection report of Bangladesh Bank and the instructions issued by Bangladesh Bank and other regulatory authorities have been complied properly;

xiii. the internal control and the compliance of the Company is satisfactory, and effective measures have been taken to prevent possible fraud, forgery and internal policies are being followed appropriately;

xiv. the Company has complied with relevant laws pertaining to capital, reserve and net worth, cash and liquid assets and procedure for sanctioning and disbursing loans/ leases found satisfactory;

xv. the consolidated financial statements of the Group and the separate financial statements of the Company conform to the prescribed formats and standards set in the accounting regulations issued by Bangladesh Bank after consultation with the professional accounting body of Bangladesh;

xvi. 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 1,500 person hours for the audit of books and accounts of the Group and the Company; and

xvii. all other issues which are important for the stakeholders of the Company have been adequately disclosed in the audit report;

Dhaka
22 February 2016

ACNABIN
Chartered Accountants

LankaBangla Finance Limited and its Subsidiaries

Consolidated Balance Sheet

As at 31 December 2015

	Notes	31.12.2015	31.12.2014	01.01.2014
		Taka	Taka	Taka
			Restated	Restated
PROPERTY AND ASSETS				
Cash		**516,273,295**	**337,547,216**	**194,402,709**
Cash in hand	3	334,081	160,970	183,868
Balance with Bangladesh Bank	4	515,939,214	337,386,246	194,218,842
Balance with other banks and financial institutions	5	**1,427,389,298**	**1,903,881,535**	**2,350,845,060**
Inside Bangladesh		1,427,389,298	1,903,881,535	2,350,845,060
Outside Bangladesh		-	-	-
Money at call and short notice		-	-	-
Investment	6	**4,372,854,794**	**4,840,291,911**	**3,417,475,937**
Government securities		-	1,009,100,000	1,009,100,000
Other investments		4,372,854,794	3,831,191,911	2,408,375,937
Leases, loans and advances	7	**41,819,015,931**	**30,396,386,719**	**25,424,477,507**
Loans , cash credit and overdraft etc.		41,819,015,931	30,396,386,719	25,424,477,507
Bills discounted and purchased		-	-	-
Fixed assets including land, building, furniture and fixtures	8	**1,291,853,287**	**310,992,989**	**291,414,287**
Other assets	9	**1,020,498,293**	**1,241,267,775**	**871,192,887**
Non-Banking assets		-	-	-
TOTAL PROPERTY AND ASSETS		**50,447,884,897**	**39,030,368,144**	**32,549,808,388**
LIABILITY AND SHAREHOLDERS' EQUITY				
Liabilities				
Borrowings from Bangladesh Bank, other banks and financial institutions	10	**9,006,817,980**	**11,711,474,316**	**11,597,381,469**
Deposits and other accounts	11	**30,106,707,729**	**16,760,552,643**	**10,953,261,971**
Current deposits and other accounts etc.		-	-	-
Bills payable		-	-	-
Saving bank deposit		-	-	-
Term deposits	11.1	29,991,564,599	16,682,970,535	10,827,261,549
Bearer certificate of deposits		-	-	-
Other deposits	11.2	115,143,130	77,582,108	126,000,422
Other liabilities	12	**4,985,106,251**	**4,335,464,182**	**3,878,252,885**
TOTAL LIABILITIES		**44,098,631,960**	**32,807,491,141**	**26,428,896,325**
Shareholders' Equity		**6,261,793,994**	**6,096,318,737**	**5,989,500,365**
Paid up capital	13	2,406,434,340	2,187,667,590	2,083,492,950
Share premium		1,090,888,800	1,090,888,800	1,090,888,800
Statutory reserve	14	987,633,085	781,630,380	651,287,206
General reserve		53,849,069	52,741,881	45,823,827
Retained earnings	15	1,722,988,700	1,983,390,086	2,118,007,582
Non controlling interest	16	**87,458,943**	**126,558,266**	**131,411,699**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**50,447,884,897**	**39,030,368,144**	**32,549,808,388**

AMARSTOCK

	Notes	31.12.2015	31.12.2014	01.01.2014
		Taka	Taka	Taka
			Restated	Restated
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		6,607,801,622	6,951,826,772	4,205,131,466
TOTAL OTHER COMMITMENTS		**6,607,801,622**	**7,104,880,962**	**4,209,640,966**
TOTAL OFF BALANCE SHEET ITEMS		**6,607,801,622**	**7,104,880,962**	**4,209,640,966**

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

Director **Director** **Managing Director** **Company Secretary**

This is the Consolidated Balance Sheet referred to in our separate report of even date.

ACNABIN
Chartered Accountants

Dhaka, 22 February 2016

LankaBangla Finance Limited and its Subsidiaries

Consolidated Profit and Loss Account

For the year ended 31 December 2015

	Notes	2015 Taka	2014 Taka
Operating Income			
Interest income	17	4,787,247,300	3,965,489,195
Less : Interest expenses on deposits & borrowings	18	3,714,884,740	3,032,890,469
Net interest income		1,072,362,560	932,598,725
Income from investment	19	436,307,012	198,763,111
Commission, exchange and brokerage income	20	562,067,448	677,064,510
Other operational income	21	450,938,098	258,701,186
Total operating income		**2,521,675,118**	**2,067,127,532**
Operating Expenses			
Salary and allowances	22	821,578,089	672,951,415
Rent, taxes, insurance, electricity etc.	23	159,808,261	114,990,494
Legal and professional fees	24	19,744,690	25,407,350
Postage, stamp, telecommunication etc.	25	17,006,908	17,445,187
Stationery, printing, advertisement	26	40,167,644	34,575,477
Managing director's salary and allowance	27	16,775,264	14,114,434
Director fees and expenses	28	1,822,127	1,555,710
Audit fees	29	667,584	1,364,000
Charges on loan losses		-	-
Repairs, maintenance and depreciation	30	109,543,227	93,637,627
Other expenses	31	424,855,180	308,802,926
Total operating expenses		**1,611,968,975**	**1,284,844,619**
Net Operating Income		**909,706,143**	**782,282,912**
Provisions for loans, investments and other assets		**376,862,732**	**348,673,536**
Provisions for leases and loans	32	132,649,299	166,529,589
Provision for margin loan		280,292,635	26,511,282
Provision for diminution in value of investments		(27,138,202)	152,909,664
General provision for other assets		(8,941,000)	2,723,000
Profit before tax and reserve		**532,843,411**	**433,609,377**
		111,914,896	**(20,377,493)**
Provision for tax made during the year	33	111,998,262	(15,281,752)
Deferred tax expense or (income)		(83,366)	(5,095,741)
Net profit after tax		**420,928,514**	**453,986,869**
Attributed to			
Shareholders of the Company		424,536,041	442,102,416
Non controlling interest		(3,607,526)	11,884,453
		420,928,514	**453,986,869**
Appropriations		**207,109,893**	**137,261,228**
Statutory reserve		206,002,705	130,343,174
General reserve		1,107,188	6,918,054
Retained surplus		**217,426,148**	**304,841,188**
Earnings per share (2014 restated)	34	**1.76**	**1.84**

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

Director **Director** **Managing Director** **Company Secretary**

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

ACNABIN
Chartered Accountants

Dhaka, 22 February 2016

LankaBangla Finance Limited and its Subsidiaries

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

		2015	2014
		Taka	Taka
A)	***Cash flows from operating activities***		
	Interest received	4,799,308,668	3,904,517,059
	Interest paid	(3,467,162,403)	(2,895,424,173)
	Dividend received	95,159,729	44,503,960
	Fees and commission received	824,411,542	878,329,810
	Income from investment	360,880,032	154,126,974
	Cash paid to employees (including directors)	(911,853,695)	(691,888,714)
	Cash paid to suppliers	(45,047,728)	(36,467,829)
	Income taxes paid	(175,648,515)	(154,271,024)
	Received from other operating activities	192,876,080	44,609,966
	Paid for other operating activities	(648,868,906)	(476,217,398)
	Cash generated from operating activities before changes in operating assets and liabilities	**1,024,054,804**	**771,818,632**
	Increase/ (decrease) in operating assets & liabilities		
	Loans and advances to customers	(11,422,563,595)	(5,183,090,034)
	Other assets	232,254,283	(390,514,057)
	Deposits from customers	13,346,155,086	5,855,708,986
	Other liabilities	(213,963,774)	356,544,632
	Total increase/ (decrease) in operating assets & liabilities	**1,941,881,999**	**638,649,527**
	Net cash flow from operating activities	**2,965,936,804**	**1,410,468,159**
B)	***Cash flows from investing activities***		
	Investment in securities	38,337,117	(1,422,815,973)
	Net proceeds from Treasury bills	1,009,100,000	-
	Purchase of property, plant and equipment	(862,872,237)	(103,713,491)
	Investment in commercial paper	(580,000,000)	-
	Sales proceeds of fixed assets	28,799,486	648,109
	Net cash used in investing activities	**(366,635,634)**	**(1,525,881,356)**
C)	***Cash flows from financing activities***		
	Drawdown of term loan, overdraft and REPO	(2,704,656,335)	114,092,846
	Dividend paid	(192,410,992)	(302,498,668)
	Net cash used in financing activities	**(2,897,067,328)**	**(188,405,822)**
D)	***Net decrease in cash & cash equivalents***	**(297,766,158)**	**(303,819,019)**
E)	***Cash and cash equivalents at the beginning of the year***	**2,241,428,751**	**2,545,247,770**
F)	***Cash and cash equivalents at the end of the year***	**1,943,662,593**	**2,241,428,751**
	*** Closing cash and cash-equivalents**		
	Cash in hand (including foreign currencies)	334,081	160,970
	Balance with Bangladesh Bank and its agent bank (s)	515,939,214	337,386,246
	Balance with other banks and financial institutions	1,427,389,298	1,903,881,535
		1,943,662,593	**2,241,428,751**

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

Director **Director** **Managing Director** **Company Secretary**

Dhaka, 22 February 2016

AMARSTOCK

LankaBangla Finance Limited and its Subsidiaries

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

Amount in Taka

Particulars	Share Capital	Share Premium	Statutory Reserve	General Reserve	Fair Value Measurement Reserve	Retained Earnings	Total	Non Controlling Interest	Total Equity
Balance as at 01 January 2015	**2,187,667,590**	**1,090,888,800**	**781,630,380**	**52,741,881**	**-**	**1,983,390,086**	**6,096,318,737**	**126,558,266**	**6,222,877,003**
Prior year adjustments	-	-	-	-	-	-	-	-	-
Restated Balance	**2,187,667,590**	**1,090,888,800**	**781,630,380**	**52,741,881**	**-**	**1,983,390,086**	**6,096,318,737**	**126,558,266**	**6,222,877,003**
Items Involved in Changes in Equity									
Adjustments of non controlling interest	-	-	-	-	-	(17,561,042)	(17,561,042)	(25,974,779)	(43,535,821)
Changes of non controlling interest	-	-	-	-	-	(22,732,982)	(22,732,982)	(9,517,018)	(32,250,000)
Net profit for the year	-	-	-	-	-	424,536,041	424,536,041	(3,607,526)	420,928,514
Appropriation to statutory reserve	-	-	206,002,705	-	-	(206,002,705)	-	-	-
Appropriation to general reserve	-	-	-	1,107,188	-	(1,107,188)	-	-	-
Dividend									
Stock dividend (10%)	218,766,750	-	-	-	-	(218,766,750)	-	-	-
Cash dividend (10%)	-	-	-	-	-	(218,766,759)	(218,766,759)	-	(218,766,759)
Balance as at 31 December 2015	**2,406,434,340**	**1,090,888,800**	**987,633,085**	**53,849,069**	**-**	**1,722,988,700**	**6,261,793,994**	**87,458,943**	**6,349,252,937**
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**
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**
Items Involved in Changes in Equity									
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)	-	-	-
Transfer to interest suspense	-	-	-	-	-	(781,126,267)	(781,126,267)	(29,037,779)	(810,164,046)
Adjustments with other investments	-	-	-	-	(69,285,191)	-	(69,285,191)	(29,133,169)	(98,418,360)
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**	**-**	**1,983,390,086**	**6,096,318,737**	**126,558,266**	**6,222,877,003**

The annexed notes form an integral part of these consolidated Financial Statements.

Director **Director** **Managing Director** **Company Secretary**

Dhaka, 22 February 2016

LankaBangla Finance Limited

Balance Sheet

As at 31 December 2015

PROPERTY AND ASSETS	Notes	31.12.2015 Taka	31.12.2014 Taka
Cash		**516,139,048**	**337,419,663**
Cash in hand	3	199,834	33,417
Balance with Bangladesh Bank	4	515,939,214	337,386,246
Balance with other banks and financial institutions	5	**725,473,016**	**985,266,791**
Inside Bangladesh		725,473,016	985,266,791
Outside Bangladesh		-	-
Money at call and short notice		**-**	**-**
Investment	6	**1,836,284,248**	**2,181,169,863**
Government securities		-	1,009,100,000
Other investments		1,836,284,248	1,172,069,863
Leases, loans and advances	7	**36,018,816,850**	**24,265,994,073**
Loans , cash credit and overdraft etc.		36,018,816,850	24,265,994,073
Bills discounted and purchased		-	-
Fixed assets including land, building, furniture and fixtures	8	**877,649,370**	**128,731,842**
Other assets	9	**4,640,180,877**	**4,454,140,000**
Non-Banking assets		**-**	**-**
TOTAL PROPERTY AND ASSETS		**44,614,543,408**	**32,352,722,232**
LIABILITY AND SHAREHOLDERS' EQUITY			
Liabilities			
Borrowings from Bangladesh Bank, other banks and financial institutions	10	**6,235,918,622**	**8,886,334,401**
Deposits and other accounts	11	**30,196,004,667**	**16,794,752,643**
Current deposits and other accounts		-	-
Bills payable		-	-
Savings bank deposits		-	-
Term deposits	11.1	30,080,861,537	16,717,170,535
Bearer certificate of deposits		-	-
Other deposits	11.2	115,143,130	77,582,108
Other liabilities	12	**2,723,890,987**	**2,024,152,822**
TOTAL LIABILITIES		**39,155,814,276**	**27,705,239,866**
Shareholders' Equity		**5,458,729,131**	**4,647,482,366**
Paid up capital	13	2,406,434,340	2,187,667,590
Statutory reserve	14	987,633,085	781,630,380
Retained earnings	15	2,064,661,706	1,678,184,396
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**44,614,543,408**	**32,352,722,232**

AMARSTOCK

	Notes	31.12.2015 Taka	31.12.2014 Taka
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
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		6,607,801,622	6,951,826,772
TOTAL OTHER COMMITMENTS		**6,607,801,622**	**7,104,880,962**
TOTAL OFF BALANCE SHEET ITEMS		**6,607,801,622**	**7,104,880,962**

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

Director **Director** **Managing Director** **Company Secretary**

This is the balance sheet referred to in our separate report of even date.

ACNABIN
Chartered Accountants

Dhaka, 22 February 2016

AMARSTOCK

LankaBangla Finance Limited

Profit and Loss Account

For the year ended 31 December 2015

	Notes	2015 Taka	2014 Taka
Operating Income			
Interest income	17	4,605,008,851	3,657,310,900
Less : Interest expenses on deposits & borrowings	18	3,218,810,010	2,630,765,712
Net interest income		1,386,198,841	1,026,545,188
Income from investment	19	425,653,183	262,860,663
Commission, exchange and brokerage income	20	-	-
Other operational income	21	267,527,826	170,287,244
Total operating income		**2,079,379,850**	**1,459,693,095**
Operating Expenses			
Salary and allowances	22	499,344,992	408,598,973
Rent, taxes, insurance, electricity etc.	23	96,912,936	58,295,968
Legal and professional fees	24	15,941,909	18,547,161
Postage, stamp, telecommunication etc.	25	11,844,026	12,919,223
Stationery, printing, advertisement	26	29,219,123	23,001,790
Managing director's salary and allowance	27	16,775,264	14,114,434
Director fees and expenses	28	691,500	485,000
Audit fees	29	318,750	925,250
Charges on loan losses		-	-
Repairs, maintenance and depreciation	30	58,939,008	42,468,384
Other expenses	31	226,664,527	138,483,461
Total operating expenses		**956,652,034**	**717,839,644**
Net Operating Income		**1,122,727,816**	**741,853,451**
Provisions for loans, investments and other assets		**76,816,626**	**276,816,681**
Provisions for leases and loans	32	132,649,299	166,529,589
Provision for diminution in value of investments		(46,891,672)	107,564,091
General provision for other assets		(8,941,000)	2,723,000
Profit before tax and reserve		**1,045,911,190**	**465,036,770**
		15,897,665	**(186,679,101)**
Provision for tax made during the year	33	15,897,665	(186,679,101)
Deferred tax expense or (Income)		-	-
Net profit after tax		**1,030,013,524**	**651,715,871**
Appropriations		**206,002,705**	**130,343,174**
Statutory reserve		206,002,705	130,343,174
General reserve		-	-
Retained surplus		**824,010,819**	**521,372,697**
Earnings Per Share (2014 restated)	34	**4.28**	**2.71**

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

Director **Director** **Managing Director** **Company Secretary**

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

ACNABIN
Chartered Accountants

Dhaka, 22 February 2016

LankaBangla Finance Limited

Statement of Cash Flows

For the year ended 31 December 2015

		2015	2014
		Taka	Taka
A)	***Cash flows from operating activities***		
	Interest received	4,620,811,511	3,197,952,124
	Interest paid	(2,952,441,140)	(2,540,881,538)
	Dividend received	23,195,772	82,196,153
	Fees and commission received	209,960,146	131,538,085
	Income from investment	180,657,170	94,015,542
	Cash paid to employees (including directors)	(503,666,468)	(408,999,208)
	Cash paid to suppliers	(59,648,365)	(38,858,200)
	Income taxes paid	(11,606,145)	(12,481,697)
	Received from other operating activities	57,567,679	38,749,159
	Paid for other operating activities	(227,274,589)	(165,226,023)
	Cash generated from operating activities before changes in operating assets and liabilities	**1,337,555,571**	**378,004,396**
	Increase/ (decrease) in operating assets & liabilities		
	Loans and advances to customers	(11,752,822,777)	(5,007,118,286)
	Other assets	12,304,135	16,685,070
	Deposits from customers	13,401,252,024	5,841,220,986
	Other liabilities	301,991,440	214,082,151
	Total increase/ (decrease) in operating assets & liabilities	**1,962,724,822**	**1,064,869,919**
	Net cash flow from operating activities	**3,300,280,392**	**1,442,874,316**
B)	***Cash flows from investing activities***		
	Investment in securities	(141,995,917)	(23,842,012)
	Net proceeds from Treasury bills	1,009,100,000	-
	Purchase of property, plant and equipment	(794,860,655)	88,974,187
	Sales proceeds of fixed assets	868,000	312,850
	Investment in commercial paper	(580,000,000)	-
	Investment in subsidiaries	(32,250,000)	(115,000,000)
	Net cash used by investing activities	**(539,138,573)**	**(49,554,974)**
C)	***Cash flows from financing activities***		
	Drawdown of term loan, overdraft and REPO	(2,650,415,779)	(711,735,611)
	Dividend paid	(191,800,430)	(298,564,856)
	Net cash generated by financing activities	**(2,842,216,209)**	**(1,010,300,467)**
D)	***Net (decrease)/increase in cash & cash equivalents***	**(81,074,389)**	**383,018,875**
E)	***Cash and cash equivalents at the beginning of the year***	**1,322,686,454**	**939,667,579**
F)	***Cash and cash equivalents at the end of the year****	**1,241,612,064**	**1,322,686,454**
	*** Closing cash and cash-equivalents**		
	Cash in hand (including foreign currencies)	199,834	33,417
	Balance with Bangladesh Bank and its agent bank (s)	515,939,214	337,386,246
	Balance with other banks and financial institutions	725,473,016	985,266,791
	Total:	**1,241,612,064**	**1,322,686,454**

Director **Director** **Managing Director** **Company Secretary**

Dhaka, 22 February 2016

LankaBangla Finance Limited

Statement of Changes in Equity

For the year ended 31 December 2015

Amount in Taka

Particulars	Share Capital	Statutory Reserve	General Reserve	Retained Earnings	Total
Balance as at 01 January 2015	**2,187,667,590**	**781,630,380**	**-**	**1,678,184,396**	**4,647,482,366**
Items involved in changes in equity	-	-	-	-	-
Net profit for the year	-	-	-	1,030,013,524	1,030,013,524
Appropriation to statutory reserve	-	206,002,705	-	(206,002,705)	-
Stock dividend (10%)	218,766,750	-	-	(218,766,750)	-
Cash (10%)	-	-	-	(218,766,759)	(218,766,759)
Balance as at 31 December 2015	**2,406,434,340**	**987,633,085**	**-**	**2,064,661,706**	**5,458,729,131**
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 year	-	-	-	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 annexed notes form an integral part of these financial statements.

Director **Director** **Managing Director** **Company Secretary**

Dhaka, 22 February 2016

LankaBangla Finance Limited

Consolidated Statement of Liquidity

As at 31 December 2015

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)	516,273,295	-	-	-	-	516,273,295
Balance with banks and financial institutions	14,353,725	731,589,978	681,445,595	-	-	1,427,389,298
Money at call and short notice	-	-	-	-	-	-
Investments	102,685,414	278,437,742	679,754,475	1,102,265,344	2,209,711,820	4,372,854,794
Lease, loans and advances	918,832,840	2,664,556,868	12,375,650,736	18,403,892,279	7,456,083,207	41,819,015,931
Fixed assets including land, building, furniture and fixtures	-	-	23,802,067	581,129,989	686,921,231	1,291,853,287
Other assets	4,264,613	5,671,241	149,103,820	280,192,241	581,266,378	1,020,498,293
Non-banking assets	-	-	-	-	-	-
Total Assets	**1,556,409,888**	**3,680,255,830**	**13,909,756,693**	**20,367,479,852**	**10,933,982,635**	**50,447,884,897**
Liabilities						
Borrowing from other banks, financial institutions and agents	494,200,000	75,000,000	4,771,347,056	1,870,833,911	1,795,437,013	9,006,817,980
Deposits and other accounts	587,286,382	2,958,149,871	7,940,456,313	14,011,889,212	4,608,925,950	30,106,707,729
Other liabilities	81,899,185	31,092,801	362,364,017	1,316,586,252	3,193,163,996	4,985,106,251
Total Liabilities	**1,163,385,567**	**3,064,242,673**	**13,074,167,385**	**17,199,309,375**	**9,597,526,959**	**44,098,631,960**
Net Liquidity Surplus or (Gap)	**393,024,321**	**616,013,157**	**835,589,308**	**3,168,170,477**	**1,336,455,676**	**6,349,252,937**

AMARSTOCK

LankaBangla Finance Limited

Statement of Liquidity

As at 31 December 2015

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)	516,139,048	-	-	-	-	516,139,048
Balance with banks and financial institutions	14,476,490	93,190,599	617,805,926	-	-	725,473,016
Money at call and short notice	-	-	-	-	-	-
Investments	16,862,725	71,571,044	687,818,290	301,035,704	758,996,485	1,836,284,248
Leases, loans and advances	810,467,351	2,632,988,416	8,316,000,118	18,403,892,279	5,855,468,685	36,018,816,850
Fixed assets including land, building, furniture and fixtures	-	-	12,773,459	177,954,680	686,921,231	877,649,370
Other assets	3,280,472	3,242,481	137,093,720	280,192,241	4,216,371,963	4,640,180,877
Non-banking assets	-	-	-	-	-	-
Total Assets	**1,361,226,087**	**2,800,992,541**	**9,771,491,513**	**19,163,074,903**	**11,517,758,364**	**44,614,543,408**
Liabilities						
Borrowing from other banks, financial institutions and agents	494,200,000	75,000,000	2,606,705,734	1,264,575,875	1,795,437,013	6,235,918,622
Deposits and other accounts	587,286,382	2,958,149,871	8,144,896,382	14,011,889,212	4,493,782,819	30,196,004,667
Other liabilities	81,899,185	31,092,801	362,364,017	208,609,097	2,039,925,887	2,723,890,987
Total Liabilities	**1,163,385,567**	**3,064,242,673**	**11,113,966,133**	**15,485,074,184**	**8,329,145,719**	**39,155,814,276**
Net Liquidity Surplus or (Gap)	**197,840,520**	**(263,250,132)**	**(1,342,474,620)**	**3,678,000,718**	**3,188,612,645**	**5,458,729,132**

AMARSTOCK

Notes to the Consolidated and Separate Financial Statements

As at and for the year ended 31 December 2015

1 Legal status and nature of the company

1.1 Domicile, legal form and country of operation

LankaBangla Finance Limited (hereinafter referred to as "LankaBangla" or "the Company"), a joint venture **non-banking financial institution,** was incorporated in Bangladesh with the Registrar of Joint Stock Companies and Firms (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	2015-2016
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	2015-2016
6.	DCCI Membership Certificate	2857	23.12.2008	2015
7.	Board of Investment	9803054-H	30.03.1998	N/A
8.	Registration Number	C-702(823)/96	05.11.1996	N/A

1.2 Subsidiary companies

1.2.1 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% (202,126,617 shares of Tk.10 each totaling Tk. 2,021,266,170) 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 Securities Limited has two subsidiaries-

I) LankaBangla Information System Limited

LankaBangla Information System Limited (hereinafter referred to as "LBIS" or "the Company") was incorporated with the Registrar of Joint Stock Companies and Firms (RJSCF) vide registration no. C-108903/13 dated 02 May 2013 as a Private Company Limited by Shares. Its registered office is situated at Safura Tower, 11th Floor, 20 Kemal Ataturk Avenue, Banani, Dhaka. The Operational activities are carrying out from AA Bhaban (Level 6), 23 Motijheel C/A, Dhaka-1000. The Company was entitled to commence its business from 02 May 2013. The Company is a subsidiary of LankaBangla Securities Limited, which has a TREC (Trading Right Entitlement Certificate) in DSE and CSE.

II) BizBangla Media Limited

BizBangla Media Ltd. is a Private Limited Company incorporated on January 18, 2011 under the Companies Act 1994 with the Registrar of Joint Stock Companies & Firm of Bangladesh vides Reg. no. C- 89751/11. The Registrar office of the company is situated at 12, Kazi Nazrul Islam Avenue, BDBL Bhaban (Level - 17), Karwan Bazar, Dhaka-1215.

1.2.2 LankaBangla Asset Management Company Limited

The Company is also holding another subsidiary company named "LankaBangla Asset Management Company Limited" with an equity interest of 99.999% (9,999,900 shares of Tk. 10 each totaling Tk. 999,990,000) 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.

1.2.3 LankaBangla Investments Limited

The Company is also holding another subsidiary company named "LankaBangla Investments Limited" with an equity interest of 99.999996% (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 (RJSCF) vide registration no. C-83568/10 dated 29 March 2010 under the Companies Act, 1994. Later on the company converted itself into a public limited company with effect from 12 June 2013. LankaBangla Investments Limited also applied for registration to the Bangladesh Securities and Exchange Commission for approval to operate in the Capital Market.

1.3 Company's activities

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

- Fees based services include Credit Card Membership Fees, Merchants Commission, Underwriting of Securities, IPOs, Portfolio Management, 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 also provides brokerage services, Merchant Bank services and Asset Management Services through its majority owned subsidiary company.

2. Basis for preparation and significant accounting policies

2.1 Statement of compliance

The consolidated financial statements and separate financial statements of LankaBangla have been prepared on a going concern basis following accrual basis of accounting except for statement of cash flows as per DFIM circular No # 11 dated 23 December 2009 issued by Department of Financial Institutions and Market of Bangladesh Bank with reference to the provisions of Financial Institutions Act 1993 and Bangladesh Bank's other circulars and guidelines or directives and in accordance with Bangladesh Financial Reporting Standards (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 - 2.6**.

However, this departure with BFRS has been made by following all of the relevant provisions of BAS – 1 and the details disclosures are given in **Note - 2.6** by following the provision of Para 20 of BAS – 1 (Presentation of Financial Statements).

2.2 Presentation of financial statements

The presentation of the financial statements has been made as per the requirements of DFIM Circular No: 11, dated 23 December 2009 issued by the Department of Financial Institutions and Markets of Bangladesh Bank. The activities and accounting heads mentioned in the prescribed form, which are not applicable for the financial institutions, have been excluded in preparing the financial statements.

[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.

2.3 Prior Year errors

The following tables summarizes the adjustment made to the consolidated statement of financial position for correcting prior year errors

Amount in million

Particulars	Other liabilities	Retained earning	Other Investments	Fair value measurement reserve	Non-controlling interest
Balance 1 January 2014, as previously reported	3,194.09	2,899.13	2,506.79	69.29	189.58
Impact of correction of error					
Interest charged on negative equity*	810.16	(781.13)	-	-	(29.04)
Representing cost value of investment in DSE and CSE shares**	-	-	(98.42)	(69.29)	(29.13)
Restated balance at 1 January 2014	**4,004.25**	**2,118.01**	**2,408.38**	**-**	**131.41**
Rearrangement of other liabilities with other deposit **(Note-11)**	126.00	-	-	-	-
Restated balance as presented on 31 December 2014	**3,878.25**	**2,118.01**	**2,408.38**	**-**	**131.41**

Amount in million

Particulars	Other liabilities	Retained earning	Other Investments	Fair value measurement reserve	Non-controlling interest
Balance 31 December 2014, as previously reported	3,602.88	2,764.52	3,929.61	69.29	184.73
Impact of correction of error	-	-	-	-	-
Interest charged on negative equity*	810.16	(781.13)	-	-	(29.04)
Representing cost value of investment in DSE and CSE shares**	-	-	(98.42)	(69.29)	(29.13)
Impact of correction during 2014	-	-	-	-	-
Restated balance at 31 December 2014	**4,413.05**	**1,983.39**	**3,831.19**	**-**	**126.56**
Rearrangement of other liabilities with other deposit **(Note-11)**	77.58	-	-	-	-
Restated balance as presented on 31 December 2014	**4,335.46**	**1,983.39**	**3,831.19**	**-**	**126.56**

*** Interest charged on negative equity**

In prior years LankaBangla Securities Limited (LBSL) have recognised interest income on negative equity in the expectation that the Stock Markets' condition will improve and negative equity will reverse. But the stock market is continuing with its bearish trend. Hence, management come into a stand that prior years' interest income on negative equity impact should be reversed to present a fair view of the financial position.

As per present and expected market condition LBSL should not have charge interest income rather should have to charge those to interest suspense account. In the proses to rectify these prior year errors as per BAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" LBSL reduce its Retained Earnings and charge the same to Interest Suspense account.

**** Representing cost value of investment in DSE and CSE shares**

LankaBangla Securities Limited (LBSL) purchased membership of DSE and CSE. Subsequently LBSL has received shares from DSE and CSE against the membership under demutualization scheme of the stock exchanges. Previously this investment was presented at face value of the shares instead of cost value which is an error. In order to rectify this error we reduce the value of investment to represent cost value and also reduce the Fair value measurement reserve by the same amount as per BAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

2.4 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.

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

2.5 Non-Controlling Interest

Non-Controlling Interest are measured at their proportionate share of acquires identifiable net assets at the date of acquisition.

Changes in Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transaction. Details are given in **Note - 16** by following the provision of Para 22 of BFRS – 10 (Consolidated Financial Statements).

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2.6 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:

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 leases, 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 2015 equivalent to BDT 132.64 million as per Bangladesh Bank guidelines among which BDT 86.28 million is general provision on good loan. Also, as at 31 December 2015, accumulated provision for lease, loan and advances stand at BDT 882.83 million. In consolidated accounts, provision has been kept for 2015 equivalent to BDT 412.94 million as per Bangladesh Bank guidelines Also, as at 31 December 2015, accumulated provision for lease, loan and advances stand at BDT 1,312.81 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 decreased to BDT 283.80 million from 288.28 million resulting a decrease of BDT 4.48 million of interest suspense. This amount has been shown in interest income; rather shown as liability.
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 and fixed term deposits should be treated as investment asset rather than cash equivalent as it is illiquid asset and not available for use in day to day operations.	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 provided detail of presentation of statement cash flows.	Presentation of financial statements is not fully aligned with the requirements of BAS. Thus items 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 DFIM circular No. 7 dated 31 July 2011, no deferred tax asset can be recognized for any deductible temporary difference against lease, loans and advances.	During this year there is no impact in the financial statements due to this departure as the Company has no taxable income in near future.

Sl.	Nature of Departure	Title of BFRS	Treatment of BFRS	Treatment Adopted as per Bangladesh Bank	Financial or Presentation Effect of the Departure
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.
7	Preparation of "Statement of Cash Flows"	BAS 7 "Statement of Cash Flows"	The Cash flow statement can be prepared using either the direct method or the indirect method. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently.	As per DFIM Circular-11, Date-23 December 2009, Cash flow statement has been guided by the Bangladesh Bank which is the mixture of direct and indirect method.	Presentation of financial statements is not fully aligned with all requirements of the BAS.
8	Current/ Non-current distinction	BAS-1 "Presentation of Financial Statement"	As per Para 60 of BAS-1 "Presentation of Financial statement" An entity shall present current and non-current assets and current and non-current liabilities as separate classification in its statement of financial position.	As per DFIM Circular-11, Date-23 December 2009, Bangladesh Bank has issued templates for financial statements which is applicable for all the Financial Institutions. In this templates there is no current and non-current segmentation of assets and liabilities	Presentation of financial statements is not fully aligned with all requirements of the BAS. Moreover, the liquidity statement shows the current/non-current portion of assets and liabilities in this regards.
9	Off-balance sheet items	BAS 1 "Presentation of Financial Statements"	There is no concept of off-balance sheet items in any BFRS; hence there is no requirement for disclosure of off-balance sheet items on the face of the balance sheet.	As per DFIM Circular-11, Date-23 December 2009, off balance sheet items (e.g. letter of credit, letter of guarantee etc.) must be disclosed separately on the face of the balance sheet.	Presentation of financial statements is not aligned with requirements of the BAS 1. There is no financial impact for this departure in the financial statements
10	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 # BSEC/ Mukhpatro (Ditio Khondo)/2011/2205 dated 30 November 2015 provisions for the year 2015 on impairement of principal portion of margin loan may be kept at 20% on each quarter for the five quarters starting from December 2015.	Erosion of principal portion of Margin Loan as on 31 December 2015 is BDT 361.22 million. As per the requirement of the BSEC circular provision of BDT 74.09 million has been kept.
11	Complete set of financial statements	BAS 1 "Presentation of Financial Statements"	As per BAS 1"Presentation of Financial Statements" complete set of financial statements are i) statement of financial position, ii)statement of profit or loss and other comprehensive income, iii) statement of changes in equity, iv) statement of cash flows, v) notes, comprising significant accounting policies and other explanatory information and vi) statement of financial position at the beginning of preceding period for retrospective restatement.	As per DFIM Circular-11, Date-23 December 2009, complete set of financial statements are i) balance sheet, ii) profit and loss account, iii) statement of cash flows, iv) statement of changes in equity, v) statement of liquidity, vi) notes, comprising significant accounting policies and other explanatory information.	Presentation of financial statements is not aligned with requirements of the BAS 1. There is no financial impact for this departure in the financial statements.
12	Intangible asset	BAS 1 "Presentation of Financial Statements"	As per BAS 1"Presentation of Financial Statements" para 54 the statement of financial position shall include separate line item for intangible assets.	As per DFIM Circular-11, Date-23 December 2009, there is no option for separate line item for intangible asset in the balance sheet. We present intangible asset in the balance sheet as part of fixed assets and provide details in annexure- A as separate line item.	Presentation of financial statements is not aligned with requirements of the BAS 1. There is no financial impact for this departure in the financial statements.

2.7 Components of the financial statements

The financial statements comprise of (As per DFIM Circular-11, Dated 23 December 2009):

a) Consolidated and Separate Balance Sheet as at 31 December 2015;
b) Consolidated and Separate Profit and Loss Account for the year ended 31 December 2015;
c) Consolidated and Separate Statement of Cash Flows for the year ended 31 December 2015;
d) Consolidated and Separate Statement of Changes in Equity for the year ended 31 December 2015;
e) Consolidated and Separate Liquidity Statement; and
f) Notes to the Consolidated and Separate Financial Statements.

2.8 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.

2.9 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.

2.10 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.

2.11 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.

2.12 Directors' responsibility statement

The Board of Directors takes the responsibility for the preparation and presentation of these consolidated and separate financial statements.

2.13 Statement of cash flows

Statement of cash flows has been prepared in accordance with the template provide with DFIM circular no.-11, Date-23 December 2009 which is a mixture of Direct and Indirect method.

2.14 Branch accounting

The Company has 13 branches and a SME Booth, with no overseas branch as on 31 December 2015. 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.

2.15 Accounting for leases

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.

2.16 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.

2.17 Accounting for margin loan

Margin Loan to Portfolio investors is given at an agreed ratio between investors deposit and loan amount to purchase securities against respective investor account. The investors are to maintain the margin as per set rules and regulations. The margin is monitored on daily basis as it is changes due to changes in market price of share. If the margin falls below the minimum requirement, the investors are required to deposit additional fund to maintain the margin as per rules otherwise the securities are sold to bring the margin to the required level.

Interest on Margin loan is charged on client's portfolio value on daily basis at the applicable rate. Whenever the probability arises that the benefit will flow to the Company this is recognized to income as per para 29 of BAS 18: 'Revenue'.

2.18 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 – 2.6**, no gain is recognized in statement of comprehensive income as per BB guidelines.

Investment 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).

2.19 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.

2.20 Recognition of fixed assets

2.20.1 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.

During 2015, the Company acquired and capitalized a piece of land for BDT 68.69 crore located at 23-24 Tejgaon Industrial Area, Dhaka measuring more or less 1.0175 bighas to set up Corporate Office of the Company.

2.20.2 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.

2.20.3 Depreciation on fixed assets

Depreciation will be charge from the day of acquisition of assets and depreciation will be charged on daily basis. However, the depreciation method on fixed assets is charged using straight-line method at the following rates:

Property and equipment	Revised rate
Furniture and fixture	20%
Office equipment	20%
Motor vehicle	20%
IT equipment	33.33%
Building	2%
Land	Nil

Changes in accounting estimates

During 2015, the Company adopts a revised fixed assets policy effective from 01 January 2015 due to revised estimates for fixed assets useful lives. As per new policy, depreciation will be charge from the day of acquisition of assets and depreciation will be charged on daily basis where in previous policy depreciation was charged from the period of acquisition of assets and no depreciation in the year of disposal. However, the depreciation method on fixed assets remains unchanged as straight-line method at the following revised rates:

Property and equipment	Previous rate	Revised rate
Furniture and fixture	15%	20%
Office equipment	20%	20%
Motor vehicle	25%	20%
IT equipment	N/A	33.33%
Building	N/A	2%
Land	N/A	Nil

As per Para 39-40 of BAS-8 "Accounting Policies, Changes in Accounting Estimates and Error", the effects of these changes on actual depreciation decreased by total BDT 5.31 million (Approx.) in 2015 and the effects of expected depreciation expense for upcoming periods cannot be determined due to lack of reliable calculation of estimated future depreciation of fixed assets.

2.20.4 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 installment paid or due are charged as depreciation in the period to which it relates.

2.20.5 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.

2.20.6 Disposal of property and equipment

On disposal of fixed assets, the cost and accumulated depreciation are eliminated from the fixed assets schedule and gain or loss on such disposal is reflected in the income statement, which is determined with reference to the net book value of the assets and net sale proceeds.

2.20.7 Intangible assets

Intangible assets comprise the value of computer software. Intangible assets acquired separately are measured on initial recognition at cost and are carried at cost less accumulated amortization and accumulated impairment losses if any.

Intangible assets include accounting software, credit card software, other software and integrated systems along with related hardware.

Amortization

Amortization is calculated using the straight line method to write down the cost of intangible assets to their residual values over their estimated useful lives based on the management best estimates of four (4) years.

Subsequent expenditure

Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits in the specifications to which it relates. All other expenditure is expensed as incurred.

2.21 Other assets

Other assets include mainly advance office rent, payment of advance income tax for which assessment of tax has not been closed yet and all other financial assets, fees and other unrealized income receivable, and advance for operation.

2.22 Borrowing cost

Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of fund.

The Company capitalized borrowing costs that are directly attributable to the acquisition, construction or production of qualifying asset form part of the cost of that asset. Other borrowing costs are recognized as an expense as per para 8 of BAS 23 'Borrowing Costs'.

2.23 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.

2.24 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.

2.25 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.

2.26 Books of account

The Company maintains its books of account for main business in Electronic Form through soft automation.

2.27 Consistency

In accordance with BFRS framework for the presentation of financial statements together with BAS-1 and BAS-8, LankaBangla Finance Limited discloses its information consistently from one period to the next. Where selecting and applying a new accounting policy, correction of errors, the amount involved are accounted for and disclosed retrospectively in accordance with the requirement of BAS-8. However, for changes in the accounting estimates the related amount is recognized prospectively in the current period and in the next period or periods.

2.28 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 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 profit and loss account after netting off.

2.29 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.

2.29.1 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.

2.29.2 Interest income from term finance

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.

2.29.3 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

2.29.4 Portfolio management fee

Portfolio management fee are recognized on the market value of the client's portfolio on daily basis at the applicable rate.

2.29.5 Issue Management and Corporate Advisory Fee

Issue management fee and corporate advisory fees are recognized according to the stage of completion of services as agreed and defined in Issue Management and Corporate Advisory agreement between company and clients.

2.29.6 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.

2.29.7 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.

2.29.8 Dividend income on shares

Dividend income on shares is recognized during the year in which it is established the right to receive the payment as per para 30 (c) of BAS 18 'Revenue'.

2.29.9 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 up to maturity date and with the equivalent current rate of interest.

2.29.10 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.

2.30 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.

2.31 Bank loans

Bank loans are recorded at the proceeds received. Interest on bank loans is accounted for on accrual basis and charged to profit and loss account.

2.32 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. The provisions rates are given below

Particulars	Rates
General Provision on:	
Unclassified general loans and advances	1%
Unclassified small and medium enterprise	0.25%
Special Mention Account	5%
Specific Provision On:	
Substandard loans and advances	20%
Doubtful loans and advances	50%
Bad/loss loans and advances	100%

2.33 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.

2.34 Corporate tax

a. Current tax

Provision for current income tax has been made @ 40 % as prescribed in Finance Act 2015 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".

2.35 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:

2.35.1 Provident fund

The Company maintains a contributory employees Provident Fund recognized by National Board of Revenue within the meaning of section 2(52), read with the provisions of part - B of the First Schedule of Income Tax Ordinance 1984 for its permanent employees. The Fund is administered by a Board of Trustees and is funded equally by the employer and the employees @ 10% of their basic salary as contribution of the fund. Provident Funds are invested in Fixed Deposit with other financial institutions and to the Government Treasury Bills and Bonds. Interest earned from the investments is credited to the members' account on yearly basis.

2.35.2 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.

2.35.3 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.

2.35.4 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.

2.35.5 Employees home loan scheme

The Company also has real estate loan for its permanent employees at 7% simple interest rate. Employees are entitled for real estate loan after satisfying of minimum loan eligible criteria.

2.36 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.

2.37 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.

2.38 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".

2.39 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.

2.40 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.**

Basic earnings

This represents earnings for the period ended on 31 December 2015 attributable to the ordinary shareholders.

Weighted average number of ordinary shares outstanding during the year

This represents the number of ordinary shares outstanding at the beginning of the year plus the number of ordinary shares issued (as bonus share) during the year multiplied by a time weighting factor. The time-weighting factor is the numbers of days the specific shares are outstanding as a proportionate of the number of days in the year.

Basic earnings per share

This has been calculated by dividing the basic earning by the weighted average number of ordinary shares outstanding for the year.

Diluted earnings per share

Diluted EPS is calculated if there is any commitment for issuance of equity shares in foreseeable future, i.e., potential shares, without inflow of resources to the Company against such issue. This is in compliance with the requirement of BAS – 33" Earnings Per Share".

2.41 Credit rating

Credit Rating Agency of Bangladesh Ltd. (CRAB) has rated the Company based on 31 December 2014 with "A1" (Pronounced as A One) in the long term and ST-3 for the Short Term based on audited financial of FY2014 and other available information up to the date of rating declaration. The outlook on the rating is Positive. The date of rating was 12 November 2015.

The rating reflects the strengths of the Company which is backed by a strong team of management, growth in the non-interest income, deposits and investments, adequate capital coverage with high Tier-1 capital, improved asset quality and well controlled liquidity position.

2.42 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".

2.43 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.

2.44 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 2015 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.

2.45 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.

2.46 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.

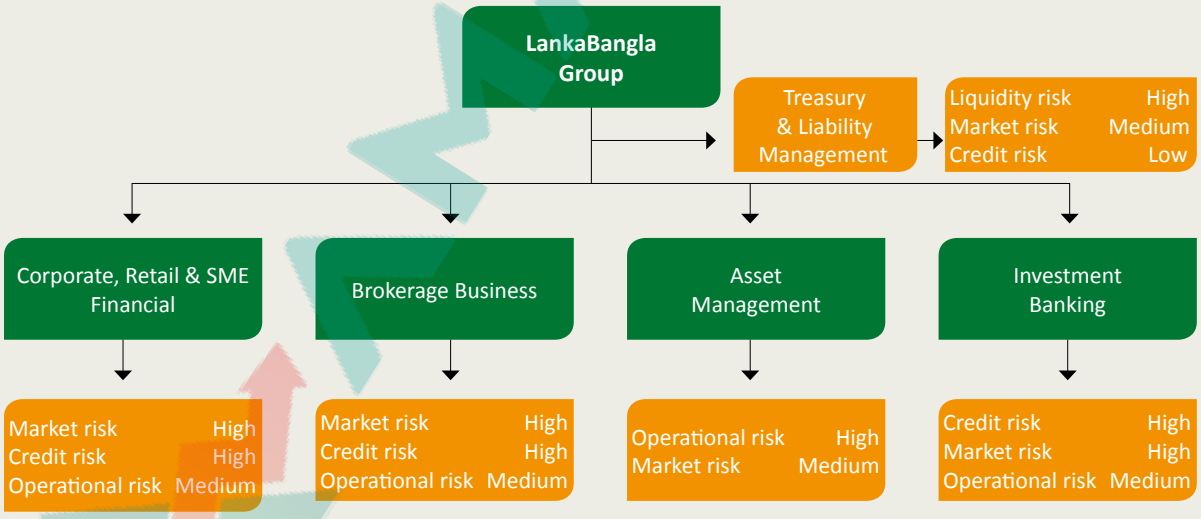
In line with Bangladesh Bank requirement, the Company has already formed BASEL Implementation Unit (BIU) to ensure timely implementation of BASEL II accord.

2.47 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 counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's loans and advances to customers and other banks.

For risk management reporting purposes, the Group considers and consolidates all elements of credit risk exposure (such as individual obligor default risk and sector risk).

The Board of Directors has delegated responsibility for the oversight of credit risk to its Group Credit Committee. A separate Group Credit Risk Management department, reporting to the Managing Director and Executive Committee, is responsible for management of the Group's credit risk, including:

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

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

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

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

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

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

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

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

B. Liquidity Risk

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

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

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

- Maintaining a diversified funding base consisting of customer deposits (both retail and corporate), zero coupon bond and different types of bank borrowing ranging from very short nature call loan to short term loan to long term loan and maintaining contingency facilities;
- Carrying a portfolio of highly liquid assets, diversified by currency and maturity;
- Monitoring liquidity ratios, maturity mismatches, behavioral characteristics of the Group's financial assets and liabilities, and the extent to which the Group's assets are encumbered and so not available as potential collateral for obtaining funding;

- Carrying out stress testing of the Group's liquidity position. Treasury division receives information from other business units regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business. Treasury then maintains a portfolio of short-term liquid assets, largely made up of short-term liquid investment securities, loans and advances to banks and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the Group as a whole.

C. Market Risk

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

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

D. Operational risks

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

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

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

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

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

2.48 Segments

After incorporated the company started with lease and loan as its core financing business. By times, it diversified its business among Asset Management Operations, Merchant banking business and brokerage business. The company has decided it various operating segment considering nature of segmental business. Thus four operating segments of the Group are reported and presented. Profit and loss account of above operations and other operation have been prepared in accordance with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS), and results of its operation have been combined, item by item, with the financial results of the Company. Information about operating segment has been presented in **Note-35**.

2.49 Comparative figures

Comparative information has been disclosed in respect of the period ended 31 December 2015 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 2014 have been restated and rearranged whenever considered necessary to ensure comparability with the current period.

2.50 Date of authorization

The Board of Directors has authorized these financial statements for public issue on 22 February 2016.

2.51 Compliance of Bangladesh Financial Reporting Standards (BFRS)

Sl #	Name of BAS/BFRS	Status
01	**BAS 1:** Presentation of Financial Statements	Partially Complied
02	**BAS 2:** Inventories	Not Applicable
03	**BAS 7:** Statements of Cash Flows	Partially Complied
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 Complied
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 29:** Financial Reporting in Hyperinflationary Economics	Not Applicable
20	**BAS 32:** Financial Instruments: Presentation	Partially Complied
21	**BAS 33:** Earnings Per Share	Complied
22	**BAS 34:** Interim Financial Reporting	Complied
23	**BAS 36:** Impairment of Assets	Complied
24	**BAS 37:** Provisions, Contingent Liabilities and Contingent Assets	Complied
25	**BAS 38:** Intangible Assets	Complied
26	**BAS 39:** Financial Instrument: Recognition and Measurement	Partially Complied
27	**BAS 40:** Investment Property	Not Applicable
28	**BAS 41:** Agriculture	Not Applicable
29	**BFRS 1:** First-time adoption of International financial Reporting Standards	Not Applicable
30	**BFRS 2:** Share-based Payment	Not Applicable
31	**BFRS 3:** Business Combinations	Not Applicable
32	**BFRS 4:** Insurance Contracts	Not Applicable
33	**BFRS 5:** Non-current Assets Held for Sale and Discontinued Operations	Not Applicable
34	**BFRS 6:** Exploration for and Evaluation of Mineral Resources	Not Applicable
35	**BFRS 7:** Financial Instruments: Disclosures	Partially Complied
36	**BFRS 8:** Operating Segments	Complied
37	**BFRS 10:** Consolidated Financial Statements	Complied
38	**BFRS 11:** Joint Arrangements	Not Applicable
39	**BFRS 12:** Disclosure of Interests in Other Entities	Complied
40	**BFRS 13:** Fair Value Measurement	Complied
41	**BFRS 14:** Regulatory Deferral Accounts	Not Applicable
41	**BFRS 15:** Revenue from Contracts with Customers	Not Applicable

Partially Complied standards are those requirements of which are different from those of Bangladesh Bank. **Note – 2.6** contains details about such departure from BFRS requirements to comply with Bangladesh Bank.

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	Taka	Taka	Taka	Taka

3 Cash in hand

Local currency	334,081	160,970	199,834	33,417
Foreign currency	-	-	-	-
	334,081	**160,970**	**199,834**	**33,417**

4 Balance with Bangladesh Bank

Local currency	515,939,214	337,386,246	515,939,214	337,386,246
Foreign currency	-	-	-	-
	515,939,214	**337,386,246**	**515,939,214**	**337,386,246**

4.1 Cash Reserve Requirement (CRR) and Statutory Liquidity Reserve (SLR)

Cash Reserve Requirement and Statutory Liquidity Reserve have been calculated and maintained in accordance with Financial Institution Act, 1993 and Financial Institution Regulations 1994 and FID Circular No. 06 dated 06 November, 2003 and FID Circular No. 02 dated 10 November, 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	515,792,664	318,358,263	515,792,664	318,358,263
Actual reserve held	518,786,571	337,386,246	518,786,571	337,386,246
Surplus/ (deficit)	**2,993,907**	**19,027,983**	**2,993,907**	**19,027,983**

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	1,078,904,834	674,943,601	1,078,904,834	674,943,601
Actual reserve held	1,089,958,034	683,033,812	1,089,958,034	683,033,812
Total surplus/ (deficit)	**11,053,200**	**8,090,211**	**11,053,200**	**8,090,211**

5 Balance with other banks and financial institutions

Inside of Bangladesh

Local Currency

Non interest bearing current account (Note - 5.1)	14,353,725	21,582,124	14,353,725	21,582,124
Interest bearing short term deposit account (Note - 5.2)	731,467,213	958,620,128	93,190,599	74,225,805
Fixed deposit account (Note - 5.3)	681,445,595	923,554,024	617,805,926	889,333,603
	1,427,266,533	**1,903,756,276**	**725,350,251**	**985,141,532**

		LankaBangla Group		LankaBangla Finance Limited	
		31.12.2015	31.12.2014	31.12.2015	31.12.2014
		Taka	Taka	Taka	Taka
	Foreign Currency				
	Dhaka Bank Limited-USD Account (Exchange Rate:Tk. 78.5000)	85,596	85,893	85,596	85,893
	Dhaka Bank Limited-POUND Account (Exchange Rate Tk. 115.7326)	30,761	32,275	30,761	32,275
	Dhaka Bank Limited-EURO (Exchange RateTk.85.2353)	6,408	7,091	6,408	7,091
		122,765	**125,259**	**122,765**	**125,259**
		1,427,389,298	**1,903,881,535**	**725,473,016**	**985,266,791**
	Outside of Bangladesh	-	-	-	-
		1,427,389,298	**1,903,881,535**	**725,473,016**	**985,266,791**
5.1	**Non interest bearing current account**				
	Al Arafah Islamai Bank Limited	34,146	-	34,146	-
	Bank Al-Falah Limited	18,707	14,857	18,707	14,857
	BRAC Bank Limited	252,572	607,953	252,572	607,954
	Dhaka Bank Limited	34,862	90,098	34,862	90,098
	Eastern Bank Limited	79,240	76,342	79,240	76,342
	First Security Islami Bank Limited	3,504	4,654	3,504	4,654
	Hongkong and Shanghai Banking Corporation (HSBC)	297,960	297,960	297,960	297,960
	Jamuna Bank Limited	870	33,745	870	33,745
	Mercantile Bank Limited	3,210,137	6,589,401	3,210,137	6,589,401
	National Bank Limited	16,442	598,823	16,442	598,823
	National Credit and Commerce Bank Limited	-	1,755	-	1,755
	ONE Bank Limited	1,923,227	962,834	1,923,227	962,834
	Prime Bank Limited	153,705	158,080	153,705	158,080
	Shahjalal Islami Bank Limited	58,148	27,087	58,148	27,087
	Southeast Bank Limited	-	8,846	-	8,846
	Standard Bank Limited	16,444	13,053	16,444	13,053
	Standard Chartered Bank	738,573	1,905,123	738,573	1,905,123
	Premier Bank Limited	-	17,136	-	17,136
	Trust Bank Limited	7,515,189	10,174,378	7,515,189	10,174,378
		14,353,725	**21,582,124**	**14,353,725**	**21,582,124**
5.2	**Interest bearing short term deposit account**				
	Al-Arafah Islami Bank Limited	-	562	-	562
	Arab Bangladesh Bank Limited	300,103	660,501	300,103	660,501
	Bangladesh Development Bank Limited	157,103	3,525	3,095	3,525
	Bangladesh Krishi Bank Limited	325	1,475	325	1,475
	Bank Asia Limited	3,677,049	9,203,586	3,677,049	9,203,586
	BRAC Bank Limited	26,312	25,802	2,606,561	-
	Commercial Bank of Ceylon PLC	453,983	222,127	-	-

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	Taka	Taka	Taka	Taka
Dhaka Bank Limited	3,564,531	29,102,099	-	2,640,709
Dutch Bangla Bank Limited	14,235,738	36,309,121	14,218,068	36,290,279
Exim Bank Limited	230	198,588	230	198,588
Hongkong and Shanghai Banking Corporation	712,090	1,415,184	-	-
ICB Islami Bank Limited	83,708	83,708	83,708	83,708
IFIC Bank Limited	6,736	7,749	6,736	7,749
Jamuna Bank Limited	24,188	63	24,188	63
Mercantile Bank Limited	7,397,612	12,939,676	7,397,612	12,939,676
Meghna Bank Limited	9,611	-	-	-
Mutual Trust Bank Limited	47,486	216,336	47,486	216,336
National Credit and Commerce Bank Limited	3,172,904	8,370	2,720	8,370
NRB Commercial Bank Limited	3,930	3,930	3,930	3,930
National Bank Limited	7,470	2,125	-	-
ONE Bank Limited	638,336,731	826,109,216	9,023,742	1,516,356
Prime Bank Limited	241,269	252,536	241,269	252,519
Pubali Bank Limited	45,768	46,075	45,768	46,075
Shahjalal Islami Bank Limited	522,013	151,612	-	-
Social Islami Bank Limited	5,091	5,091	5,091	5,091
Southeast Bank Limited	2,202	3,246	2,202	3,246
South Bangla Agriculture and Commercial Bank Limited	345,050	48,775	7,659	8,627
Standard Bank Limited	-	5,999	-	5,999
Standard Chartered Bank	52,348,506	36,997,561	49,834,858	5,615,460
The City Bank Limited	1,384,781	338,328	1,303,506	256,213
Premier Bank Limited	4,288,554	4,186,047	4,288,554	4,186,047
United Commercial Bank Limited	61,420	60,643	61,420	60,643
Uttara Bank Limited	4,720	10,470	4,720	10,470
	731,467,213	**958,620,128**	**93,190,599**	**74,225,805**

5.3 Fixed deposit account

Commercial Bank of Ceylon PLC	58,946,426	141,069,830	58,946,426	141,069,830
Mercantile Bank Limited	-	50,263,773	-	50,263,773
Prime Bank Limited	108,100,000	100,000,000	108,100,000	100,000,000
The Premier Bank Limited	30,759,500	28,000,000	30,759,500	28,000,000
Union Bank Limited	120,000,000	100,000,000	120,000,000	100,000,000
Midland Bank Limited	-	250,000,000	-	250,000,000
NRB Bank Limited	-	50,000,000	-	50,000,000
Exim Bank Limited	100,000,000	20,000,000	100,000,000	20,000,000
Midas Finance Limited	200,000,000	-	200,000,000	-
Standard Chartered Bank	36,718,512	34,220,421	-	-
Mutual Trust Bank Ltd	25,000,000	-	-	-
Peoples Leasing and Financial Services Limited	-	150,000,000	-	150,000,000
One Bank Limited	1,921,157	-	-	-
	681,445,595	**923,554,024**	**617,805,926**	**889,333,603**

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	Taka	Taka	Taka	Taka

Disclosers in compliance to the FID Circular # 6, dated 06 November 2003 of the Bangladesh Bank consist of the following:

5.4 Maturity grouping of balance with other banks and financial institutions

Up to 1 month	14,476,490	21,707,383	14,476,490	21,707,383
Over 1 month but not more than 3 months	731,467,213	958,620,128	93,190,599	74,225,805
Over 3 months but not more than 6 months	681,445,595	923,554,024	617,805,926	889,333,603
Over 6 months but not more than 1 year	-	-	-	-
Over 1 year but not more than 5 years	-	-	-	-
Over 5 years	-	-	-	-
	1,427,389,298	**1,903,881,535**	**725,473,016**	**985,266,792**

6 Investment

Government securities	**-**	**1,009,100,000**	**-**	**1,009,100,000**
Treasury bills	-	-	-	-
Treasury Bonds (Note-6.1)	-	1,009,100,000	-	1,009,100,000
Other investments	**4,372,854,794**	**3,831,191,911**	**1,836,284,248**	**1,172,069,863**
Non marketable ordinary shares (Note - 6.2)	165,559,935	461,063,935	78,569,450	46,569,450
Marketable ordinary shares (Note - 6.3)	3,627,294,860	3,370,127,976	1,177,714,798	1,125,500,413
Investment in Commercial Paper	580,000,000	-	580,000,000	-
	4,372,854,794	**4,840,291,911**	**1,836,284,248**	**2,181,169,863**

See details in Note 2.3 for prior year adjustment

Investment is Designated as follows:

Held for Trading	-	3,370,127,976	1,177,714,798	1,125,500,413
Held to Maturity	580,000,000	1,470,163,935	658,569,450	1,055,669,450
Available for Sale	-	-	-	-
Others	-	-	-	-
	580,000,000	**4,840,291,911**	**1,836,284,248**	**2,181,169,863**

6.1 Treasury Bonds

05-Year Treasury Bond	-	-	-	-
10-Year Treasury Bond	-	479,700,000	-	479,700,000
15-Year Treasury Bond	-	294,800,000	-	294,800,000
20-Year Treasury Bond	-	234,600,000	-	234,600,000
	-	**1,009,100,000**	**-**	**1,009,100,000**

6.2 Non marketable ordinary shares

Dhaka Stock Exchange Limited*	11,606,000	11,606,000	-	-
Chittagong Stock Exchange Limited*	5,000,000	5,000,000	-	-
BD Venture Limited	20,000,000	20,000,000	20,000,000	20,000,000

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	Taka	Taka	Taka	Taka
BizBangla Media Limited	-	318,000,000	-	-
Central Depositary (Bangladesh) Limited	1,569,450	1,569,450	1,569,450	1,569,450
Financial Excellence Limited	3,000,000	3,000,000	-	-
CAPM Unit Fund	2,000,000	20,000,000	2,000,000	20,000,000
Information Technology Company Limited (ITCL)**	72,384,485	72,384,485	5,000,000	5,000,000
United Power Generation and Distribution Limited	-	9,504,000	-	-
LankaBangla 1st Balanced Unit Fund	50,000,000	-	50,000,000	-
	165,559,935	**461,063,935**	**78,569,450**	**46,569,450**

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

Stock Exchange	Type of Shares	"Number of Shares"	Face Value	Face Value amount
Dhaka Stock Exchange	Floated (40%)	2,886,042	10	28,860,420
	Blocked (60%)	4,329,064	10	43,290,640
		7,215,106		**72,151,060**
Chittagong Stock Exchange	Floated (40%)	1,714,932	10	17,149,320
	Blocked (60%)	2,572,398	10	25,723,980
		4,287,330		**42,873,300**

Valuation of membership has been shown at cost in the accounts.

**Information Technology Company Limited (ITCL) is converted to marketable ordinary share as on 10 January 2016.

6.3 Marketable ordinary shares

Bank	760,665,448	782,594,802	529,723,137	520,136,666
Cement	191,896,774	312,962,760	-	-
Engineering	129,400,990	118,865,127	20,929,882	23,012,515
Non-Bank Financial Institutions	665,508,687	504,680,830	165,290,369	165,290,369
Fuel and Power	219,504,362	107,927,990	-	-
Insurance	332,745,630	330,689,630	-	-
IT Sector	24,620,272	19,061,567	24,620,272	18,320,748
Food and Allied	21,941,045	15,966,191	21,941,045	15,934,631
Miscellaneous	-	131,460,526	-	-
Mutual Funds	225,148,476	215,026,569	63,118,703	50,150,000
Pharmaceuticals and Chemicals	512,071,758	296,688,905	212,416,332	189,162,858
Tannery Industries	69,761,029	81,909,662	-	11,092,438
Telecommunication	12,724,657	-	-	-
Textile	452,271,641	452,273,027	132,398,803	132,400,188
Manufacturing	-	20,391	-	-
Ceramics	9,034,092	-	7,276,255	-
	3,627,294,860	**3,370,127,976**	**1,177,714,798**	**1,125,500,413**

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	Taka	Taka	Taka	Taka

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 31 December, 2015 there was Tk.36,606,960 gross unrealized gain on investment in marketable ordinary shares which has been net off against Tk. 175,391,904 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 31 January, 2012 issued by Bangladesh Bank.

6.4 Strategic classification of investment in shares

Strategic investment in shares	2,190,488,811	1,820,842,960	841,095,233	748,244,203
Non-strategic investment in shares	1,436,806,049	1,549,285,016	336,619,566	377,256,210
	3,627,294,860	**3,370,127,976**	**1,177,714,798**	**1,125,500,413**

6.5 Maturity grouping of investments

Maturity wise group				
Up to 01 Month	102,685,414	113,661,990	16,862,725	2,084,018
More than 01 Month to 03 Months	278,437,742	308,201,396	71,571,044	18,320,748
More than 03 Month to 01 Years	679,754,475	752,416,954	687,818,290	188,132,875
More than 01 Year to 05 Years	1,102,265,344	1,220,092,200	301,035,704	734,022,404
More than 05 Years	2,209,711,820	2,445,919,371	758,996,485	1,238,609,819
	4,372,854,794	**4,840,291,911**	**1,836,284,248**	**2,181,169,863**

7 Leases, loans and advances

Loans , cash credit and overdraft etc. (Note - 7.1)	41,819,015,931	30,396,386,719	3 6,018,816,850	24,265,994,073
Bills discounted and purchased	-	-	-	-
	41,819,015,931	**30,396,386,719**	**36,018,816,850**	**24,265,994,073**

7.1 Loans , cash credit and overdraft etc.

Corporate finance				
Factoring debtors	720,967,177	350,286,986	720,967,177	350,286,986
Lease finance	2,199,768,799	1,771,380,973	2,199,768,799	1,773,460,480
Revolving credit -secured	48,568,179	41,659,455	48,568,179	41,659,455
Short term finance	5,192,731,527	2,867,029,990	5,192,731,527	2,867,029,990
Short term loan to subsidiaries (Note - 7.1.1)	-	-	3,393,501,095	3,632,574,703
Term loan	10,420,557,539	7,269,301,975	10,420,557,539	7,269,301,975
Real estate developers Finance	12,154,467	-	12,154,467	-
Term loan syndication finance	586,981,656	762,045,459	586,981,656	762,045,459
Work order finance	57,297,810	79,334,255	57,297,810	79,334,255
	19,239,027,154	**13,141,039,093**	**22,632,528,248**	**16,775,693,303**
Retail finance				
Credit card receivables (Note - 7.1.2)	1,629,929,972	1,294,555,556	1,629,929,972	1,294,555,556
Mortgage loan (Note - 7.1.3)	4,299,031,839	2,926,769,390	4,299,031,839	2,926,769,390

		LankaBangla Group		LankaBangla Finance Limited	
		31.12.2015	31.12.2014	31.12.2015	31.12.2014
		Taka	Taka	Taka	Taka
	Auto loan (Note - 7.1.4)	3,123,615,510	1,681,934,277	3,091,239,700	1,675,906,406
	Personal loan (Note - 7.1.5)	2,248,003,861	987,665,020	2,240,637,614	970,652,140
		11,300,581,182	**6,890,924,243**	**11,260,839,125**	**6,867,883,492**
	SME finance				
	SME finance	2,125,449,476	622,417,278	2,125,449,476	622,417,278
		2,125,449,476	**622,417,278**	**2,125,449,476**	**622,417,278**
	Others				
	Margin loan to share trading clients	3,559,650,618	4,262,866,614	-	-
	Debit balance of share trading clients	5,594,307,500	5,479,139,490	-	-
		9,153,958,118	**9,742,006,104**	**-**	**-**
		41,819,015,931	**30,396,386,719**	**36,018,816,850**	**24,265,994,073**
	Place of disbursement				
	In Bangladesh	41,819,015,931	30,396,386,719	36,018,816,850	24,265,994,073
	Outside of Bangladesh	-	-	-	-
		41,819,015,931	**30,396,386,719**	**36,018,816,850**	**24,265,994,073**
7.1.1	**Short term finance-subsidiaries**				
	Short term loan to subsidiaries				
	LankaBangla Investments Limited	-	-	3,109,108,380	3,320,257,883
	LankaBangla Securities Limited	-	-	284,392,715	312,316,820
		-	**-**	**3,393,501,095**	**3,632,574,703**
7.1.2	**Credit card receivables**				
	Master card	1,061,022,683	879,415,121	1,061,022,683	879,415,121
	VISA card	481,094,367	382,636,494	481,094,367	382,636,494
	Master card ezypay settlement account	61,272,389	22,314,998	61,272,389	22,314,998
	VISA card ezypay settlement account	26,540,532	10,188,943	26,540,532	10,188,943
		1,629,929,972	**1,294,555,556**	**1,629,929,972**	**1,294,555,556**
7.1.3	**Mortgage loan**				
	Bangladesh Bank refinance loan	608,321,668	676,050,847	608,321,668	676,050,847
	Commercial loan	3,557,027,062	2,181,983,698	3,557,027,062	2,181,983,698
	Staff loan	133,683,108	68,734,845	133,683,108	68,734,845
		4,299,031,839	**2,926,769,390**	**4,299,031,839**	**2,926,769,390**
7.1.4	**Auto Loan**				
	Commercial loan	3,047,230,683	1,628,045,605	3,047,230,683	1,628,045,605
	Staff loan	76,384,828	53,888,672	44,009,018	47,860,801
		3,123,615,510	**1,681,934,277**	**3,091,239,700**	**1,675,906,406**
7.1.5	**Personal Loan**				
	Loan against deposit	160,738,946	95,577,655	160,738,946	95,577,655
	Term loan	1,997,653,155	822,043,595	1,997,653,155	822,043,595

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	Taka	Taka	Taka	Taka
Staff loan	89,611,760	70,043,771	82,245,513	53,030,891
	2,248,003,861	**987,665,020**	**2,240,637,614**	**970,652,140**
Maturity wise group				
On demand	918,832,840	1,726,099,728	810,467,351	1,693,595,787
Not more than 3 months	2,664,556,868	1,727,162,710	2,632,988,416	1,727,162,710
More than 03 month to 01 years	12,375,650,736	6,160,483,977	8,316,000,118	2,133,818,708
More than 01 year to 05 years	18,403,892,279	11,451,260,872	18,403,892,279	11,451,260,872
More than 05 years	7,456,083,207	9,331,379,432	5,855,468,685	7,260,155,996
	41,819,015,931	**30,396,386,719**	**36,018,816,850**	**24,265,994,073**

7.1.6 Classification wise leases, loans and advances/ investments

Unclassified				
Standard (UC)	39,786,087,762	28,098,689,219	33,985,888,681	21,968,296,573
Special Mention Accounts (SMA)	693,746,690	1,065,783,841	693,746,690	1,065,783,841
	40,479,834,452	**29,164,473,060**	**34,679,635,371**	**23,034,080,414**
Classified				
Sub-standard (SS)	271,122,016	145,078,111	271,122,016	145,078,111
Doubtful (DF)	312,397,978	408,479,002	312,397,978	408,479,002
Bad/loss (BL)	755,661,484	678,356,546	755,661,484	678,356,546
	1,339,181,479	**1,231,913,659**	**1,339,181,479**	**1,231,913,659**
	41,819,015,931	**30,396,386,719**	**36,018,816,850**	**24,265,994,073**

Detailed classification wise leases, loans and advances is given in **Annexure-C.**

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	3,393,501,095	3,636,816,216
b) Loans, advances and lease to Chief Executive and other senior executives	57,253,196	44,415,456	57,253,196	44,415,456
c) Loans, advances and lease to customer groups:				
i) Real estate finance	3,557,027,062	2,181,983,698	3,557,027,062	2,181,983,698
ii) Car loan	3,047,230,683	1,681,934,277	3,047,230,683	1,675,906,406
iii) Personal loan	1,997,653,155	822,043,595	1,997,653,155	822,043,595
iv) Loan against deposits (LAD)	160,738,946	95,577,655	160,738,946	95,577,655
v) Small and medium enterprises	2,125,449,476	622,417,278	2,125,449,476	622,417,278
vi) Special program loan (Bangladesh Bank refinancing scheme)	608,321,668	676,050,847	608,321,668	676,050,847
vii) Staff loan	299,679,696	138,778,616	259,937,639	121,765,736
viii) Industrial loans, advances and leases	19,239,027,154	13,141,039,093	22,632,528,248	16,775,693,303
ix) Other loans and advances	10,783,888,090	11,036,561,660	1,629,929,972	1,294,555,556
	41,819,015,931	**30,396,386,719**	**36,018,816,850**	**24,265,994,073**

		LankaBangla Group		LankaBangla Finance Limited	
		31.12.2015	31.12.2014	31.12.2015	31.12.2014
		Taka	Taka	Taka	Taka
	d) Details of industrial loans, advances and leases				
	1) Trade and commerce	3,024,082,267	1,277,690,253	3,024,082,267	1,277,690,253
	2) Industries				
	i) Garments and knitwear	1,420,353,942	1,286,588,828	1,420,353,942	1,286,588,828
	ii) Textile	1,523,745,941	742,624,151	1,523,745,941	742,624,151
	iii) Jute and jute -products	255,783,420	450,316,183	255,783,420	450,316,183
	iv) Food production and processing industry	3,866,039,628	1,264,142,434	3,866,039,628	1,264,142,434
	v) Plastic industry	192,125,085	276,008,725	192,125,085	276,008,725
	vi) Leather and leather goods	40,595,787	51,489,480	40,595,787	51,489,480
	vii) Iron, steel and engineering	2,466,928,115	1,708,676,161	2,466,928,115	1,708,676,161
	viii) Pharmaceuticals and chemicals	966,840,928	90,583,204	966,840,928	90,583,204
	ix) Cement and allied industry	971,406,847	740,052,921	971,406,847	740,052,921
	x) Telecommunication and IT	659,158,478	493,481,271	659,158,478	493,481,271
	xi) Paper, printing and packaging	572,279,087	631,086,100	572,279,087	631,086,100
	xii) Glass, glassware and ceramic industry	820,023,890	577,153,476	820,023,890	577,153,476
	xiii) Ship manufacturing industry	-	-	-	-
	xiv) Electronics and electrical products	919,868,304	877,100,805	919,868,304	877,100,805
	xv) Power, gas, water and sanitary service	366,804,879	475,680,613	366,804,879	475,680,613
	xvi) Transport and aviation	599,990,424	489,690,712	599,990,424	489,690,712
		15,641,944,756	**10,154,675,064**	**15,641,944,756**	**10,154,675,064**
	3) Agriculture	315,363,374	337,998,340	315,363,374	337,998,340
	4) Housing	5,340,808,724	2,926,769,390	5,340,808,724	2,926,769,390
	5) Others				
	i) Loan to subsidiaries companies	-	-	3,393,501,095	3,632,574,703
	ii) Others	17,496,816,811	15,699,253,671	8,303,116,635	5,936,286,323
		41,819,015,931	**30,396,386,719**	**36,018,816,850**	**24,265,994,073**
7.1.7	**Particulars of loans, advances and leases**				
	i) Loan considered good in respect of which the Bank/ FI is fully secured	12,231,506,072	11,372,289,195	10,565,156,501	5,241,896,549
	ii) Loan considered good for which the Bank/ FI holds no other security than the debtor's personal security.	5,763,779,482	1,294,555,556	1,629,929,972	1,294,555,556
	iii) Loan considered good and secured by the personal security of one or more parties in addition to the personal security of the debtors.	23,823,730,377	17,729,541,968	23,823,730,377	17,729,541,968
	iv) Loan adversely classified; for which no provision is created.	-	-	-	-
		41,819,015,931	**30,396,386,719**	**36,018,816,850**	**24,265,994,073**

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	Taka	Taka	Taka	Taka
v) Loan due by directors or officers of the Bank/ FI or any of them either jointly or separately with any other persons.	-	192,667,288	259,937,639	169,626,537
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.	-	-	3,393,501,095	3,632,574,703
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.	156,000,621	53,030,891	156,000,621	169,626,537
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	4,369,115	14,389,458	4,369,115	14,389,458
x) Information in respect of classified loans and advances:				
a) Classified loans for which interest/ profit not credited to income	1,339,181,479	1,231,913,659	1,339,181,479	1,231,913,659
b) Amount of provision kept against loans classified as bad/ loss as at the Balance Sheet date	415,894,992	391,619,110	415,894,992	391,619,110
	1,755,076,471	**1,623,532,769**	**1,755,076,471**	**1,623,532,769**
c) Amount of interest credited to the interest suspense account	(4,482,789)	129,396,652	(4,482,789)	129,396,652
xi) Cumulative amount of written off loans:				
Opening Balance	517,051,972	483,975,637	517,051,972	483,975,637
Amount written off during the year	-	33,326,335	-	33,326,335
Amount received from written off during the year	22,350,000	250,000	22,350,000	250,000
Balance of written off loans and advances yet to be recovered	**494,701,972**	**517,051,972**	**494,701,972**	**517,051,972**
The amount of written off loans for which law suits have been filed				

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	Taka	Taka	Taka	Taka
Leases, Loans, and advances -geographical location-wise				
Inside Bangladesh:				
Urban				
Dhaka	31,329,466,188	24,471,291,701	27,053,261,529	18,340,899,055
Chittagong	8,821,795,173	5,345,127,578	7,501,864,323	5,345,127,578
Sylhet	575,134,845	262,052,738	423,499,369	262,052,738
Jessore	549,726,510	143,545,950	549,726,510	143,545,950
Narshindi	226,397,092	94,682,637	226,397,092	94,682,637
Comilla	239,078,823	79,686,116	186,650,727	79,686,116
Bogra	46,884,066	-	46,884,066	-
Barisal	30,533,234	-	30,533,234	-
	41,819,015,931	**30,396,386,719**	**36,018,816,850**	**24,265,994,073**
Outside Bangladesh:	-	-	-	-
	41,819,015,931	**30,396,386,719**	**36,018,816,850**	**24,265,994,073**

8 Fixed Assets including Land, Building, Furniture and Fixtures

Freehold assets (Note - 8.1)	989,832,775	253,053,792	843,283,581	111,145,595
Intangible assets (Note - 8.2)	276,465,276	41,096,526	29,214,282	16,361,245
Lease hold assets (Note - 8.3)	25,555,236	16,842,671	5,151,506	1,225,001
	1,291,853,287	**310,992,989**	**877,649,370**	**128,731,842**

Details are given in Annexure - A and Annexure - B.

8.1 Freehold assets

Land (Note - 8.1.1)	686,921,231	-	686,921,231	-
Freehold asset other than land (Note 8.1.2)	302,911,544	253,053,792	156,362,350	111,145,595
	989,832,775	**253,053,792**	**843,283,581**	**111,145,595**

8.1.1 Land

Opening Balance	-	-	-	-
Add : Addition/(Disposal) during the year	686,921,231	-	686,921,231	-
	686,921,231	-	686,921,231	-
Less: Sales/ adjustment during the year	-	-	-	-
	686,921,231	**-**	**686,921,231**	**-**

8.1.2 Freehold asset other than land

A. Cost

Opening Balance	494,908,085	415,395,926	232,598,422	160,254,194
Add : Addition during the year	139,430,889	87,387,644	83,145,749	76,001,707
	634,338,973	502,783,571	315,744,170	236,255,901
Less: Sales/ disposal during the year	21,380,690	7,875,486	3,781,769	3,657,479
	612,958,283	494,908,085	311,962,401	232,598,422

		LankaBangla Group		LankaBangla Finance Limited	
		31.12.2015	31.12.2014	31.12.2015	31.12.2014
		Taka	Taka	Taka	Taka
	B. Accumulated depreciation				
	Opening Balance	241,854,293	197,954,579	121,452,826	95,817,328
	Add : Charged during the year	81,748,371	50,039,493	37,566,327	27,891,175
		323,602,664	247,994,071	159,019,154	123,708,503
	Less: Adjusted during the year	13,555,925	6,139,779	3,419,103	2,255,677
		310,046,739	241,854,293	155,600,051	121,452,826
	C. Written down value Total (A-B)	**302,911,544**	**253,053,792**	**156,362,350**	**111,145,595**
8.2	**Intangible assets**				
	Goodwiil (Note - 8.2.1)	234,143,286	-	-	-
	System Software (Note - 8.2.2)	42,321,991	41,096,526	29,214,282	16,361,245
		276,465,276	**41,096,526**	**29,214,282**	**16,361,245**
8.2.1	**Goodwill***				
	Opening Balance	-	-	-	-
	Add: Addition during the year	234,143,286	-	-	-
		234,143,286	**-**	**-**	**-**
	Less : Impairment during the year	-	-	-	-
		234,143,286	**-**	**-**	**-**

* Intangible asset, goodwill, arises as a result of acquisition of 80% shares of BizBangla Media Limited by LankaBangla Securities Limited a subsidiary of LankaBangla Finance Limited as on 31 May 2015. Details calculation is given below:

Cost of acquisition	60,000,000	-	-	-
Less: Share of net assets at acquisition date	(174,143,286)	-	-	-
	234,143,286	**-**	**-**	**-**
8.2.2	**System software**			
Opening Balance	41,096,525	73,280,805	16,361,245	6,533,637
Add: Addition during the year	22,989,321	16,325,847	19,916,676	12,972,481
	64,085,847	89,606,652	36,277,921	19,506,118
Less : Amortized during the year	21,763,856	48,510,126	7,063,639	3,144,873
	42,321,991	**41,096,526**	**29,214,282**	**16,361,245**
8.3	**Lease hold assets**			
	A. Cost			
Opening Balance	49,297,810	49,297,810	4,900,000	4,900,000
Add: Addition during the year	16,947,625	-	4,877,000	-
	66,245,435	49,297,810	9,777,000	4,900,000
Less: Adjusted during the year	11,969,780	-	-	-
	54,275,655	49,297,810	9,777,000	4,900,000

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	Taka	Taka	Taka	Taka
B. Accumulated depreciation				
Opening Balance	32,455,139	23,374,080	3,674,999	2,450,000
Add : Charged during the year	7,479,060	9,081,059	950,495	1,224,999
	39,934,199	32,455,139	4,625,494	3,674,999
Less: Adjustment during the year	11,213,780	-	-	-
	28,720,419	32,455,139	4,625,494	3,674,999
C. Written down value (A-B)	**25,555,236**	**16,842,671**	**5,151,506**	**1,225,001**

9 Other assets

Non income generating assets				
Advances and prepayments (Note-9.1)	**923,507,658**	**1,154,939,030**	**592,769,301**	**587,194,474**
Income generating assets	**96,990,635**	**86,328,745**	**4,047,411,576**	**3,866,945,526**
Interest and other receivables (Note-9.2)	96,990,635	86,328,745	13,974,613	49,510,022
Investment in:	-	-	4,033,436,963	3,817,435,504
LankaBangla Securities Limited	-	-	1,546,237,023	1,362,485,564
LankaBangla Asset Management Company Limited	-	-	817,200,000	784,950,000
LankaBangla Investment Limited	-	-	1,669,999,940	1,669,999,940
	1,020,498,293	**1,241,267,775**	**4,640,180,877**	**4,454,140,000**

9.1 Advances and Prepayments

Advance office rent	69,104,883	45,068,932	49,743,292	25,395,797
Advance for expenses	5,706,243	49,595,269	322,262	2,601,596
Advance insurance premium	1,791,899	-	1,791,899	-
Advance to employee	956,852	262,716	-	-
Advance to suppliers	2,364,083	25,556,927	2,364,083	25,556,927
Advance income tax**	230,516,824	206,585,749	202,858,308	191,252,163
Advance interest payment	23,361,900	18,231,445	23,361,900	18,231,445
Advance against floor purchase	191,968,000	188,968,000	-	-
Security and other deposit receivable	7,120,208	244,191,328	6,920,208	16,474,208
Advance for bank guarantee margin	319,611	2,048,437	-	-
Prepayments and others (Note - 9.1.1)	390,297,156	374,430,226	305,407,350	307,682,338
	923,507,658	**1,154,939,030**	**592,769,301**	**587,194,474**

**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.

9.1.1 Prepayments and others

Prepayments	185,697,146	186,022,634	182,935,000	182,935,000
Receivables against share trading	-	10,305	-	3
Receivables DSE and CSE	46,759,317	51,182,904	-	-
Deferred tax asset (Note -9.1.1.1)	21,155,656	23,070,481	20,670,433	20,670,433
Dividend receivables	116,533,046	96,270,763	97,393,125	96,250,763
Work in Progress	-	-	370,000	-
Receivable from Employees Provident Fund	-	4,000,000	1,128,321	4,000,000
Other receivables	20,151,992	13,873,140	2,910,472	3,826,140
	390,297,156	**374,430,226**	**305,407,350**	**307,682,338**

9.1.1.1 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 including leased hold assets as on 31 December 2015	190,728,139	937,426,767	745,373,285
Liabilities:			
Employee gratuity as on 31 December 2015	27,534,735	-	27,534,735
Total	**218,262,874**	**937,426,767**	**772,908,020**
Applicable tax rate for fixed assets and employee gratuity @40%			309,163,208
Deferred tax asset as on 31 December 2015			309,163,208
Deferred tax asset as on 31 December 2014			20,670,433
Deferred tax income need to account for during the year			**288,492,775**

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 161 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.

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2015	**31.12.2014**	**31.12.2015**	**31.12.2014**
	Taka	**Taka**	**Taka**	**Taka**
9.2 Interest and other receivables				
Interest receivables-fixed deposit account	12,882,319	29,377,745	10,523,780	26,326,439
Interest receivables from Commercial Paper	3,450,833	-	3,450,833	-
PD- receivable -Treasury Bonds/Bills	-	23,183,583	-	23,183,583
Issue management fees receivable	5,040,000	5,793,558	-	-
Underwriting commission receivable	-	451,008	-	-
Account receivable from PO department	16,886,433	23,502,852	-	-
Account receivable from advertisement	51,560,558	-	-	-
Account receivable from circulation	3,269,274	-	-	-
Receivable from LankaBangla 1st balanced unit fund	181,218	-	-	-
Corporate advisory fees receivable	3,720,000	4,020,000	-	-
	96,990,635	**86,328,745**	**13,974,613**	**49,510,022**

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	Taka	Taka	Taka	Taka

10 Borrowings from Bangladesh Bank, other banks and financial institutions

Inside Bangladesh (Note 10.1)	9,006,817,980	11,711,474,316	6,235,918,622	8,886,334,401
Outside Bangladesh	-	-	-	-
	9,006,817,980	**11,711,474,316**	**6,235,918,622**	**8,886,334,401**

10.1 Inside Bangladesh

Secured:				
Bank overdraft (Note - 10.1.1)	935,636,347	592,619,316	916,705,734	592,619,316
Long term loan (Note - 10.1.2)	2,665,656,043	4,491,767,186	1,432,163,901	3,204,863,348
REPO against Govt. treasury bills and bonds (Note - 10.1.3)	-	735,380,043	-	735,380,043
	3,601,292,391	**5,819,766,544**	**2,348,869,635**	**4,532,862,706**
Unsecured:				
Call loans- (Note - 10.1.4)	490,000,000	1,400,000,000	490,000,000	1,400,000,000
Short term borrowings (Note - 10.1.5)	3,183,476,603	2,038,236,077	1,665,000,000	500,000,000
Zero Coupon Bond (Note - 10.1.6)	1,732,048,987	2,453,471,695	1,732,048,987	2,453,471,695
	5,405,525,590	**5,891,707,772**	**3,887,048,987**	**4,353,471,695**
	9,006,817,980	**11,711,474,316**	**6,235,918,622**	**8,886,334,401**

10.1.1 Bank overdraft

Secured by FDR				
Standard Chartered Bank Limited	(42,332,279)	-	(42,332,279)	-
Commercial Bank of Ceylon PLC	109,999,798	135,363,641	109,999,798	135,363,641
	67,667,519	**135,363,641**	**67,667,519**	**135,363,641**
Secured by Pari Passu sharing agreement				
Bangladesh Development Bank Limited	916	897,813	916	897,813
Midland Bank Limited	2,201,548	980,109	2,201,548	980,109
Bank Asia Limited	24,722,800	19,399,014	24,722,800	19,399,014
Mercantile Bank Limited	-	21,730,421	-	21,730,421
Prime Bank Limited	121,834,453	85,343,482	121,834,453	85,343,482
Dhaka Bank Limited	29,852,734	13,367,903	29,852,734	13,367,903
Meghna Bank Limited	8,658	702,235	8,658	702,235
Mercantile Bank Limited	44,085,417	-	44,085,417	-
Modhumoti Bank Limited	1,551,443	-	1,551,443	-
Mutual Trust Bank Limited	342,694,003	158,854,773	323,763,390	158,854,773
Standard Chartered Bank	-	46,256,478	-	46,256,478
United Commercial Bank Limited	301,016,857	109,723,448	301,016,857	109,723,448
	867,968,828	**457,255,675**	**849,038,215**	**457,255,675**
	935,636,347	**592,619,316**	**916,705,734**	**592,619,316**

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	Taka	Taka	Taka	Taka
10.1.2 Long term loan				
Opening Balance	4,491,767,186	7,390,174,188	3,204,863,348	6,424,237,851
Add: Addition during the year	750,000,000	2,165,032,553	400,000,000	1,056,050,000
	5,241,767,186	9,555,206,741	3,604,863,348	7,480,287,851
Less: Adjusted during the year	2,576,111,143	5,063,439,555	2,172,699,448	4,275,424,503
	2,665,656,043	**4,491,767,186**	**1,432,163,901**	**3,204,863,348**
Details of the above balance is presented below:				
From Bangladesh Bank and its agents Bank				
Bangladesh Bank (under Re-Finance)- Women Entrepreneur	109,511,188	68,079,732	109,511,188	68,079,732
Bangladesh Bank (under Re-Finance)- Mortgage Loan	600,125,826	659,833,599	600,125,826	659,833,599
Bangladesh Bank (under Re-Finance)- IPFF Fund	189,000,000	85,050,000	189,000,000	85,050,000
Bangladesh Bank (Under Re-Finance)- Agro Processing Industry	1,000,000	-	1,000,000	-
	899,637,013	**812,963,331**	**899,637,013**	**812,963,331**
From other than Bangladesh Bank and its agents Bank				
Arab Bangladesh Bank Limited		-		
Bank Asia Limited	-	115,476,687	-	115,476,687
Dhaka Bank Limited	-	85,072,951	-	85,072,951
Dutch Bangla Bank Limited	53,848,203	118,760,458	53,848,203	118,760,458
Eastern Bank Limited	180,952,381	-	180,952,381	-
Fareast Finance Limited	23,342,251	47,284,730	-	-
Hajj Finance Company Limited	162,489,063	177,520,837	-	-
International Leasing and Financial Services Limited	63,479,266	99,574,917	-	-
Investment Corporation of Bangladesh (ICB)	52,121,257	90,682,497	-	-
Mutual Trust Bank Limited	291,447,008	398,770,179	291,447,008	398,770,179
Meghna Bank Limited	58,485,366	88,715,210	-	-
Phoenix Finance & Investment Ltd	170,961,484	254,974,762	-	-
Shahjalal Islami Bank Limited	148,481,145	827,661,906	-	618,438,015
Southeast Bank Limited	-	182,479,206	-	182,479,206
Standard Bank Limited	-	165,891,389	-	165,891,389
South Bangla Agriculture and Commerce Bank Limited	544,780,421	307,975,000	-	-
The Premier Bank Limited	-	687,539,856	-	687,539,856
Uttara Bank Limited	-	16,620,177	-	16,620,177
Lease obligation	15,631,186	13,803,095	6,279,296	2,851,101
	1,766,019,030	**3,678,803,854**	**532,526,887**	**2,391,900,017**
	2,665,656,043	**4,491,767,186**	**1,432,163,901**	**3,204,863,348**

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	Taka	Taka	Taka	Taka

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.

10.1.3 REPO against Govt. treasury bills and bonds

REPO against Govt. treasury bills	-	-	-	-
REPO against Govt. bonds	-	735,380,043	-	735,380,043
	-	**735,380,043**	**-**	**735,380,043**

10.1.4 Call loan

Southeast Bank Limited	-	50,000,000	-	50,000,000
Mutual Trust Bank Limited	50,000,000	-	50,000,000	-
United Commercial Bank Limited	-	230,000,000	-	230,000,000
The City Bank Limited	-	180,000,000	-	180,000,000
Bangladesh Development Bank Limited	-	100,000,000	-	100,000,000
Pubali Bank Limited	40,000,000	50,000,000	40,000,000	50,000,000
Agrani Bank Limited	-	200,000,000	-	200,000,000
Dutch Bangla Bank Limited	210,000,000	-	210,000,000	-
One Bank Limited	-	50,000,000	-	50,000,000
Basic Bank Limited	100,000,000	50,000,000	100,000,000	50,000,000
Sonali Bank Limited	50,000,000		50,000,000	-
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	40,000,000	100,000,000	40,000,000	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
	490,000,000	**1,400,000,000**	**490,000,000**	**1,400,000,000**

10.1.5 Short term borrowings

One Bank Limited	759,168,485	750,000,000	-	-
Eastern Bank Limited	700,000,000	-	700,000,000	-
Standard Chartered Bank	280,506,327	277,236,077	-	-
Shahjalal Islami Bank Limited	375,544,445	400,000,000	-	-
Brac Bank Limited	640,000,000	300,000,000	640,000,000	300,000,000
IPDC of Bangladesh Limited	75,000,000	-	75,000,000	-
The Premier Bank Limited	250,000,000	-	250,000,000	-
Bank Asia Limited	-	200,000,000	-	200,000,000

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	Taka	Taka	Taka	Taka
South Bangla Agriculture and Commerce Bank Limited	103,257,345	100,000,000	-	-
National Bank Limited	-	11,000,000	-	-
	3,183,476,603	**2,038,236,077**	**1,665,000,000**	**500,000,000**

10.1.6 Zero Coupon Bond

Sk. Akijuddin Limited	750,555,716	1,063,172,703	750,555,716	1,063,172,703
Central Depository Bangladesh Limited	57,736,121	81,784,025	57,736,121	81,784,025
Delsey Cotton Spinning Mills Limited	86,602,449	122,673,585	86,602,449	122,673,585
Janata Jute Mills Limited	346,409,797	490,694,339	346,409,797	490,694,339
Prime Bank Limited	57,732,657	81,779,119	57,732,657	81,779,119
Square Pharmaceuticals Limited	86,602,449	122,673,585	86,602,449	122,673,585
Universal Jeans Limited	173,204,899	245,347,169	173,204,899	245,347,169
Uttara Motor Corporation Limited	173,204,899	245,347,169	173,204,899	245,347,169
	1,732,048,987	**2,453,471,695**	**1,732,048,987**	**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.

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.

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.

Maturity grouping of borrowings from other banks and financial institutions

Payable on demand	-	-	-	-
Up to 1 month	494,200,000	1,400,000,000	494,200,000	1,400,000,000
Over 1 month but within 3 months	455,759,383	592,619,316	75,000,000	592,619,316
Over 3 months but within 1 year	1,897,600,703	2,467,430,999	2,606,705,734	1,500,000,000
Over 1 year but within 5 years	4,744,117,210	6,168,727,621	1,264,575,875	4,658,335,043
Over 5 years	1,415,140,685	1,082,696,380	1,795,437,013	735,380,043
	9,006,817,980	**11,711,474,316**	**6,235,918,622**	**8,886,334,401**

11 Term deposits and other deposits

Term deposits (Note - 11.1)	29,991,564,599	16,682,970,535	30,080,861,537	16,717,170,535
Other deposit (Note - 11.2)	115,143,130	77,582,108	115,143,130	77,582,108
	30,106,707,729	**16,760,552,643**	**30,196,004,667**	**16,794,752,643**

Previously other deposit presented in other liabilities that is rearranged for better presentation and complience of DFIM circular no # 11 dated 23 December 2009.

		LankaBangla Group		LankaBangla Finance Limited	
		31.12.2015	31.12.2014	31.12.2015	31.12.2014
		Taka	Taka	Taka	Taka
11.1	**Term deposits**				
	Product wise break-up of term deposit				
	Periodic return term deposits	841,739,618	1,013,807,442	841,739,618	1,013,807,442
	Cumulative term deposits	614,908,663	662,403,913	614,908,663	662,403,913
	Double money term deposits	2,285,001,481	858,021,957	2,285,001,481	858,021,957
	Money builders scheme	115,608,272	54,836,752	115,608,272	54,836,752
	Fixed term deposit	14,023,727,619	12,270,101,847	14,113,024,557	12,304,301,847
	Term deposit earn first	115,437,882	315,493,199	115,437,882	315,493,199
	Term deposit shohoj sanchoy	635,601,529	181,899,870	635,601,529	181,899,870
	Term deposit quick sanchoy	107,408	-	107,408	-
	Term deposit triple money	49,382,895	1,418,183	49,382,895	1,418,183
	Term deposit (fixed term)-3 months	422,326,321	1,324,987,370	422,326,321	1,324,987,370
	Term deposit Earn First Fixed Rate	504,516,956	-	504,516,956	-
	Term deposit Agroj (Senior Citizen)	753,950,573	-	753,950,573	-
	Term deposit Classic TDR 2 To 3 Years	9,629,255,381	-	9,629,255,381	-
		29,991,564,599	**16,682,970,535**	**30,080,861,537**	**16,717,170,535**
11.2	**Other deposits against leases, loans and advances**				
	Other deposits				
	Corporate Clients	103,498,258.00	68,464,234	103,498,258	68,464,234
	Retail Clients	5,388,410.00	1,908,508	5,388,410	1,908,508
	SME Clients	6,256,462.00	7,209,366	6,256,462	7,209,366
		115,143,130	**77,582,108**	**115,143,130**	**77,582,108**
11.3	**Group-wise break-up of term deposits and other deposits**				
	Banks	7,492,632,016	3,300,000,000	7,492,632,016	3,300,000,000
	Corporate houses	11,804,798,795	5,233,222,738	11,894,095,733	5,267,422,738
	Employees provident fund	2,483,861,974	1,831,263,305	2,483,861,974	1,831,263,305
	Individual	6,634,933,309	5,102,247,967	6,634,933,309	5,102,247,967
	Insurance companies	898,586,051	715,216,180	898,586,051	715,216,180
	Non Banking Financial Institute (NBFI)	407,140,465	2,050,000	407,140,465	2,050,000
	Non-Government Organization (NGO)	384,755,120	576,552,453	384,755,120	576,552,453
		30,106,707,729	**16,760,552,643**	**30,196,004,667**	**16,794,752,643**
11.4	**Remaining maturity grouping of term deposits and other deposits**				
	Payable on demand	22,765,400	-	22,765,400	-
	In not more than 01 month	564,520,982	460,991,466	564,520,982	460,991,466
	In more than 01 month but not more than 06 months	5,916,299,743	1,466,684,399	5,916,299,743	1,466,684,399
	In more than 06 months but not more than 01 year	5,186,746,511	2,599,168,798	5,186,746,511	2,599,168,798

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	Taka	Taka	Taka	Taka
In more than 01 year but not more than 05 years	13,922,592,273	5,194,053,448	14,011,889,211	5,194,053,448
In more than 05 years but not more than 10 years	4,493,782,820	7,039,654,531	4,493,782,820	7,073,854,531
In more than 10 years	-	-	-	-
	30,106,707,729	**16,760,552,643**	**30,196,004,667**	**16,794,752,643**

12 Other liabilities

Accrued expenses	26,569,087	19,260,969	22,014,279	13,773,716
Salaries and related expenses payable	5,393,246	5,781,741	598,703	643,952
Office rent payable	3,036,500	-	629,077	-
Utility bill payable	2,404,409	-	1,027,038	-
Advance receipt against leases-adjustment A/C	306,665,865	38,454,833	306,665,865	38,454,833
CDBL expenses payable	2,114,650	162,482	-	-
Client positive balance	56,829,033	72,502,814	-	-
Deferred liability-employee gratuity (Note -12.1)	87,910,169	94,662,146	27,534,735	14,156,758
Deferred tax liability	-	1,998,191	-	-
Employees provident fund payable	2,214,629	553,763	-	71,965
Interest payable (Note - 12.2)	753,901,788	505,640,689	725,307,943	453,808,618
Interest suspense account (Note - 12.3)	1,093,964,825	1,098,447,614	283,800,779	288,283,568
IPO subscription payable	51,794	51,794	51,794	51,794
ITCL settlement A/C	283,000	613,126	283,000	613,126
Payable against MCBS charges	465	240	465	240
Payable against merchants claims and others	206,315	1,164,428	206,315	1,164,428
Payable against receipt from other card holders	2,635,921	2,268,228	2,635,921	2,268,228
Payable to LB Foundation	11,188,409	8,038,357	10,404,177	4,926,159
Payable DSE and CSE	27,396,281	126,394,914	-	-
Payable to share trading clients	584,374,130	491,336,804	-	-
Provisions for loans / investments (Note - 12.4)	1,506,023,770	1,360,105,926	1,006,394,000	920,636,374
Provision for other assets	2,910,000	11,851,000	2,910,000	11,851,000
Provision for taxation (Note - 12.5)	234,003,429	273,616,467	179,488,712	163,591,047
Receivables/(payables)-other MasterCard operator (Note - 12.6)	7,855,390	8,199,484	7,855,390	8,199,484
Payable to right share holder	-	-	214,123	214,123
Payable against legal and professional fees	2,772,175	146,984	2,772,175	146,984
Payable to Green Delta for trustee fee	350,000	700,000	350,000	700,000
Provision for audit fee	794,350	722,850	398,750	350,250
Sundry creditors	11,000,520	13,905,642	11,000,520	13,383,142
Safety net deposit-factoring and others	2,272,141	-	2,272,141	1,516,267
Unpaid dividend	53,671,930	27,316,163	50,506,960	23,540,631
Privileged creditors (Note - 12.7)	175,393,392	157,206,904	78,476,686	60,865,731
VISA settlement A/C	26,287	940,403	26,287	940,403
Brokerage sharing	13,508,539	8,909,219	-	-
Other liabilities	7,318,661	4,510,009	-	-
Mobile phone bill payable-Handset	65,152	-	65,152	-
	4,985,106,251	**4,335,464,182**	**2,723,890,987**	**2,024,152,822**

		LankaBangla Group		LankaBangla Finance Limited	
		31.12.2015	31.12.2014	31.12.2015	31.12.2014
		Taka	Taka	Taka	Taka
12.1	**Deferred liability - employee gratuity**				
	Opening Balance	94,662,146	62,691,555	14,156,758	174,366
	Addition during the year	38,994,698	40,381,145	13,650,287	14,182,892
	Received cash	187,440	-	187,440	-
		133,844,284	103,072,700	27,994,485	14,357,258
	Payment during the year	45,934,115	8,410,554	459,750	200,500
	Closing Balance	**87,910,169**	**94,662,146**	**27,534,735**	**14,156,758**
12.2	**Interest payable**				
	Term deposit receipts	702,453,920	442,302,910	702,504,539	442,641,869
	Long term loan-commercial bank	-	551,737	-	-
	Long term loan-Bangladesh Bank	8,741,007	8,242,138	8,741,007	8,242,138
	Long term loan-Bangladesh Bank-IPFF	13,786,840	1,687,612	13,786,840	1,687,612
	Long term loan-Bangladesh Bank-Agro Processing Industry	31,668	-	31,668	-
	Short term borrowings	28,831,964	52,081,791	187,500	462,500
	Call loan borrowings	56,389	774,500	56,389	774,500
		753,901,788	**505,640,689**	**725,307,943**	**453,808,618**
12.3	**Interest suspense**				
	Lease finance	91,825,435	137,199,288	91,825,435	137,199,288
	Term finance	129,559,693	123,392,223	129,559,693	123,392,223
	Credit card	17,824,665	15,086,134	17,824,665	15,086,134
	Mortgage loan	44,590,986	12,605,924	44,590,986	12,605,924
	Margin Loan*	810,164,046	810,164,046	-	-
		1,093,964,825	**1,098,447,614**	**283,800,779**	**288,283,568**
	* See details in **Note - 2.3**				
12.3.1	**Movement of interest suspense account**				
	Opening Balance	1,098,447,614	199,202,194	288,283,568	199,202,194
	Add: Transferred to interest suspense during the year	10,364,366	103,448,113	10,586,783	103,448,113
	Add: Transferred to interest suspense as prior year adjustment	-	810,164,046	-	-
	Less: Interest suspense realized during the year	14,847,154	12,791,660	15,069,572	12,791,660
		1,093,964,825	1,100,022,693	283,800,779	289,858,647
	Less: Write off during the year	-	1,575,079	-	1,575,079
	Balance at 31 December	**1,093,964,825**	**1,098,447,614**	**283,800,779**	**288,283,568**
	See details in **Note - 2.3**				

		LankaBangla Group		LankaBangla Finance Limited	
		31.12.2015	31.12.2014	31.12.2015	31.12.2014
		Taka	Taka	Taka	Taka
12.4	**Provisions for loans / investments**				
	Provision for leases and loans	**882,833,140**	**750,183,842**	**882,833,140**	**750,183,842**
	Lease finance	238,732,396	247,850,518	238,732,396	247,850,518
	Term finance and short term loan	439,572,274	337,831,027	439,572,274	337,831,027
	Credit card	157,436,430	129,573,290	157,436,430	129,573,290
	Mortgage loan	47,092,041	34,929,007	47,092,041	34,929,007
	Margin loan	429,973,951	389,567,203	-	-
	Provision for diminution in value of investment in equity shares	193,216,679	220,354,881	123,560,860	170,452,533
		1,506,023,770	**1,360,105,926**	**1,006,394,000**	**920,636,374**
12.4.1	**Movement of provision for loans / investments**				
	Opening Balance	1,360,105,926	1,267,760,462	920,636,374	679,869,029
	Provision required for the year	486,450,335	361,150,909	186,404,228	289,294,054
	Provision released during the year	(109,587,602)	(15,200,374)	(109,587,602)	(15,200,374)
	Provision charged for the year	376,862,732	348,673,536	76,816,626	276,816,681
	Write off during the year	-	(253,605,071)	-	(33,326,335)
	Closing Balance	**1,506,023,770**	**1,360,105,926**	**1,006,394,000**	**920,636,374**

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) and no written off it's receivables of contracts during the year 2015.

12.4.2 Grouping of Provision for leases, loans and advances

General Provision				
Standard (UC)	325,157,854	217,052,567	325,157,686	217,052,567
Special Mention Account (SMA)	31,394,070	53,219,146	31,394,070	53,219,146
	356,551,924	**270,271,713**	**356,551,757**	**270,271,713**
Specific Provision				
Sub-standard (SS)	25,065,438	43,965,665	25,065,438	43,965,665
Doubtful (DF)	80,783,373	44,327,353	80,782,373	44,327,353
Bad Loss (BL)	420,432,405	391,619,110	420,433,572	391,619,110
	526,281,216	**479,912,128**	**526,281,383**	**479,912,128**
Provision for margin loan	**429,973,951**	**389,567,203**	**-**	**-**
Provision for investment in shares	**193,216,679**	**220,354,881**	**123,560,860**	**170,452,533**
	1,506,023,770	**1,360,105,926**	**1,006,394,000**	**920,636,374**

Detailed classification wise provision of leases, loans and advances is given in **Annexure-C.**

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	Taka	Taka	Taka	Taka

12.5 Provision for taxation

Opening Balance	273,616,467	431,407,916	163,591,047	350,270,148
Provision during the year	112,104,402	171,397,349	15,897,665	-
	385,720,869	602,805,265	179,488,712	350,270,148
Adjusted during the year	151,717,440	329,188,799	-	186,679,101
	234,003,429	**273,616,467**	**179,488,712**	**163,591,047**

12.6 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	(641,871)	(1,351,237)	(641,871)	(1,351,237)
City Bank Limited	1,730	1,730	1,730	1,730
National Bank Limited	15,570	15,570	15,570	15,570
Prime Bank Limited	-	7,757	-	-
Premier Bank Limited	7,757	-	7,757	7,757
Balance for Master Card operation (Nostro A/C)	5,584,533	5,584,533	5,584,533	5,584,533
Standard Chartered Bank	2,887,671	3,941,131	2,887,671	3,941,131
	7,855,390	**8,199,484**	**7,855,390**	**8,199,484**

12.7 Privileged creditors

Three major categories of Government dues are reported. Tax deduction at source, VAT, Excise duty payable to govt. exchequer.

VAT at source	9,103,922	9,388,186	9,045,173	9,313,196
Tax deducted at source (TDS)	150,765,019	134,307,966	53,907,062	38,041,783
Excise duty deducted form customer accounts	15,524,450	13,510,752	15,524,450	13,510,752
	175,393,392	**157,206,904**	**78,476,686**	**60,865,731**

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	Taka	Taka	Taka	Taka

13 Share capital

Authorized	**3,000,000,000**	**3,000,000,000**	**3,000,000,000**	**3,000,000,000**
100,000,000 ordinary shares of Tk.10/- each				
Issued, subscribed and paid up	**2,406,434,340**	**2,187,667,590**	**2,406,434,340**	**2,187,667,590**

Details of shares holding position are as under:

Sponsor shareholders:	Percentage 2015	2015		2014	
		Number of shares	Taka	Number of shares	Taka
a. Foreign sponsors					
Sampath Bank Limited, Sri Lanka	9.47%	22,792,770	227,927,700	20,720,700	207,207,000
b. Local sponsors	29.09%	70,002,913	700,029,130	63,639,016	636,390,160
ONE Bank Limited, Bangladesh	4.86%	11,688,600	116,886,000	10,626,000	106,260,000
SSC Holdings Limited, Bangladesh	1.07%	2,581,718	25,817,180	2,347,017	23,470,170
Shanta Apparel Limited	1.74%	4,184,645	41,846,450	3,804,223	38,042,230
Individuals	21.42%	51,547,950	515,479,500	46,861,776	468,617,760
General shareholders	61.44%	147,847,751	1,478,477,510	134,407,043	1,344,070,430
	100%	**240,643,434**	**2,406,434,340**	**218,766,759**	**2,187,667,590**

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		731,392	0.30	1,044,662	0.48
501	to 5,000	14,115,151	5.87	13,532,764	6.19
5,001	to 10,000	8,760,282	3.64	8,273,494	3.78
10,001	to 20,000	10,102,813	4.20	9,337,421	4.27
20,001	to 30,000	6,152,562	2.56	5,288,155	2.42
30,001	to 40,000	4,529,229	1.88	3,959,904	1.81
40,001	to 50,000	10,209,110	4.24	2,994,327	1.37
50,001	to 100,000	3,179,311	1.32	11,759,326	5.38
100,001	to 1,000,000	56,340,711	23.41	49,919,240	22.82
Above 1000000		126,522,873	52.58	112,657,466	51.50
		240,643,434	**100.00**	**218,766,759**	**100.00**

The company increased its paid-up capital from Tk. 2,187,667,590 to Tk. 2,406,434,340 by issuing 21,876,675 bonus share to the shareholder as approved in 18th Annual General Meeting (AGM) held on 19 March 2015.

The shares were listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited on 17 October 2006 and 31 October 2006 respectively, also trading in the both houses form 01 November, 2006. Share trade Tk. 29.00 and Tk. 29.00 At Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited respectively at the end of the year 2015.

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	Taka	Taka	Taka	Taka

13.1 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 2015 were Tk.171.24 crore and Tk. 164.65. crore, respectively."

Core Capital (Tier-1)				
Paid-up capital (Note - 13)	2,406,434,340	2,187,667,590	2,406,434,340	2,187,667,590
Share premium	1,090,888,800	1,090,888,800	-	-
Statutory reserves (Note - 14)	987,633,085	781,630,380	987,633,085	781,630,380
General reserves	53,849,069	52,741,881	-	-
Dividend equalization reserves	-	-	-	-
Retained earnings (Note - 15)	1,722,988,700	1,983,390,086	2,064,661,706	1,678,184,396
Non-controlling interest -	87,458,943	184,729,213	-	-
Sub-Total	**6,349,252,937**	**6,281,047,951**	**5,458,729,132**	**4,647,482,366**
Deductions from Tier-1 (Core Capital)				
Goodwill and value of any contingent assets which are shown as assets	234,143,286	-	-	-
Total Eligible Tire - 1 Capital	**6,115,109,651**	**6,281,047,951**	**5,458,729,132**	**4,647,482,366**
Supplementary capital (Tier -II)				
General provision (unclassified loans up to specified limit + SMA + off balance sheet exposure)	356,500,000	269,400,000	356,500,000	269,400,000
Assets revaluation reserves up to 50%	-	-	-	-
Revaluation reserve for securities up to 10%	-	31,178,336	-	-
All others preference shares	-	-	-	-
Others (if any other item approved by Bangladesh Bank)	-	-	-	-
Sub-Total	**356,500,000**	**300,578,336**	**356,500,000**	**269,400,000**
A) Total capital	**6,471,609,651**	**6,581,626,287**	**5,815,229,132**	**4,916,882,366**
Total assets including off -balance sheet exposures	**57,055,686,519**	**46,135,249,106**	**51,222,345,030**	**39,457,603,194**
B) Total risk weighted assets	**48,250,823,201**	**42,676,120,516**	**41,028,018,699**	**32,635,760,504**
C) Required capital based on risk weighted assets (10% on B)	**4,825,082,320**	**4,267,612,052**	**4,102,801,870**	**3,267,166,027**
D) Surplus (A-C)	**1,646,527,331**	**2,314,014,235**	**1,712,427,262**	**1,654,662,968**
E) Capital Adequacy Ratio	**13.41%**	**15.42%**	**14.17%**	**15.07%**
F) Core Capital to RWA	**12.67%**	**14.72%**	**13.30%**	**14.24%**
G) Supplementary Capital to RWA	**0.74%**	**0.70%**	**0.87%**	**0.83%**

Prior year consolidated core capital is changed due to restatement of retained earning. For details please see in **Note - 2.3**

	LankaBangla Group		LankaBangla Finance Limited	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	Taka	Taka	Taka	Taka

14 Statutory reserve

Opening Balance	781,630,380	651,287,206	781,630,380	651,287,206
Add: Transferred from profit during the year @ 20%	206,002,705	130,343,174	206,002,705	130,343,174
	987,633,085	**781,630,380**	**987,633,085**	**781,630,380**

15 Retained earnings

	2,407,926,127	3,341,236,266	2,708,197,920	2,231,743,312
Opening Balance	1,983,390,086	2,899,133,850	1,678,184,396	1,580,027,441
Add: Profit/(loss) for the year	424,536,041	442,102,416	1,030,013,524	651,715,871
Less: Adjustment during the year:	684,937,426	1,357,846,180	643,536,214	553,558,916
Transfer to statutory reserve during the year	206,002,705	130,343,174	206,002,705	130,343,174
Transfer to general reserve during the year	1,107,188	6,918,054	-	-
Prior year adjustments	-	7,574,381	-	-
Transfer to interest suspense*	-	781,126,267	-	-
Changing effect of non controlling interest	22,732,982	5,556,364	-	-
Adjustment of non-controlling interest	17,561,042	-	-	-
Transferred of stock dividend	218,766,750	104,174,640	218,766,750	104,174,640
Cash dividend	218,766,759	312,523,943	218,766,759	312,523,943
Transfer LB Foundation	-	9,629,357	-	6,517,159
	1,722,988,700	**1,983,390,086**	**2,064,661,706**	**1,678,184,396**

* See details in **note 2.3**

16 Non-controlling interest

Name of Subsidiaries	Percentage of Non-controlling interest	Equity as on 31.12.2015	LankaBangla Group	
			31.12.2015	31.12.2014
			Taka	Taka
Name of Subsidiaries				
LankaBangla Securities Limited	3.5841851%	3,986,429,039	142,880,994	126,557,963
LankaBangla Investments Limited	0.0000036%	869,670,579	31	139
LankaBangla Asset Management Company Limited	0.0010000%	898,256,476	8,983	164
LankaBangla Information System Limited	3.7770167%	918,520	34,693	-
BizBangla Media Limited	22.8673481%	(242,554,397)	(55,465,758)	-
			87,458,943	**126,558,266**

See details in **Note - 2.3**

		LankaBangla Group		LankaBangla Finance Limited	
		2015	2014	2015	2014
		Taka	Taka	Taka	Taka
17	**Interest income**				
	Corporate finance				
	Factoring finance	76,329,685	55,386,204	76,329,685	55,386,204
	Lease finance	320,796,682	208,108,086	320,796,682	208,938,902
	Lending to subsidiaries	-	-	483,216,124	595,641,781
	Term loan secured overdraft	7,460,624	6,542,826	7,460,624	6,542,826
	Short term lending	638,294,386	503,896,805	638,294,386	503,896,805
	Term finance	1,317,865,151	1,048,975,203	1,317,865,151	1,048,975,203
	Term loan syndication finance	96,382,416	88,450,962	96,382,416	88,450,962
	Real estate developers finance	2,932,662	-	2,932,662	-
		2,460,061,606	**1,911,360,087**	**2,943,277,730**	**2,507,832,684**
	Retail finance				
	Auto loan	353,024,563	206,028,968	353,024,563	206,028,968
	Credit card (Note- 17.1)	330,975,827	325,007,111	330,975,827	325,007,111
	Mortgage loan (Note- 17.2)	491,057,355	364,372,568	491,057,355	364,372,568
	Personal loan (Note- 17.3)	247,792,522	122,707,201	246,548,601	121,518,022
		1,422,850,268	**1,018,115,849**	**1,421,606,347**	**1,016,926,670**
	SME finance				
	SME finance	186,979,790	61,398,792	186,979,790	61,398,792
		186,979,790	**61,398,792**	**186,979,790**	**61,398,792**
	Treasury finance				
	Fixed deposit accounts	53,471,964	71,478,956	50,474,643	68,434,740
	Short term deposit accounts	49,320,996	71,495,473	2,670,341	2,718,014
		102,792,960	**142,974,429**	**53,144,984**	**71,152,754**
	Others				
	Margin loan to share trading clients	109,479,557	165,048,286	-	-
	Debit balance of share trading clients	505,083,119	666,591,752	-	-
		614,562,675	**831,640,038**	**-**	**-**
		4,787,247,300	**3,965,489,195**	**4,605,008,851**	**3,657,310,900**
17.1	**Credit Card**				
	Master Card	224,550,428	228,319,135	224,550,428	228,319,135
	Visa Card	106,425,399	96,687,976	106,425,399	96,687,976
		330,975,827	**325,007,111**	**330,975,827**	**325,007,111**
17.2	**Mortgage loan**				
	Bangladesh Bank refinance loan	66,362,609	62,331,204	66,362,609	62,331,204
	Commercial loan	418,141,428	299,760,936	418,141,428	299,760,936
	Staff loan	6,553,318	2,280,428	6,553,318	2,280,428
		491,057,355	**364,372,568**	**491,057,355**	**364,372,568**

		LankaBangla Group		LankaBangla Finance Limited	
		2015	2014	2015	2014
		Taka	Taka	Taka	Taka
17.3	**Personal loan**				
	Term loan	222,768,198	95,024,687	222,768,198	95,024,687
	Loan against deposit	15,151,276	21,271,270	15,151,276	21,271,270
	Staff loan	9,873,048	6,411,245	8,629,127	5,222,066
		247,792,522	**122,707,201**	**246,548,601**	**121,518,022**
18	**Interest expenses on deposits and borrowings**				
	Other than Bangladesh Bank				
	Term loan- commercial bank	651,824,625	883,905,646	150,893,617	475,783,151
	Zero Coupon Bond	278,577,293	14,409,490	278,577,293	14,409,490
	Term deposits	2,332,154,318	1,720,596,609	2,337,345,229	1,726,594,347
	Short term loan	187,030,981	85,566,397	187,030,981	85,566,397
	Bank overdraft	64,056,395	45,119,651	63,721,763	45,119,651
	Call loan	108,439,167	167,848,819	108,439,167	167,848,819
		3,622,082,778	**2,917,446,612**	**3,126,008,048**	**2,515,321,855**
	Bangladesh Bank				
	Term loan- Bangladesh Bank	47,867,233	40,123,610	47,867,233	40,123,610
	Bangladesh Bank REPO	44,934,729	75,320,247	44,934,729	75,320,247
		92,801,962	**115,443,857**	**92,801,962**	**115,443,857**
		3,714,884,740	**3,032,890,469**	**3,218,810,010**	**2,630,765,712**
19	**Income from investment**				
	Income from investment in share (Capital)	180,222,862	60,111,433	57,781,533	(18,484,041)
	Dividend income	95,159,729	44,503,960	206,947,231	187,196,986
	Commercial paper	3,450,833	-	3,450,833	-
	PD operation	157,473,587	94,147,719	157,473,587	94,147,719
		436,307,012	**198,763,111**	**425,653,183**	**262,860,663**
20	**Commission, exchange and brokerage income**				
	Underwriting commission	1,473,400	1,288,121	-	-
	Brokerage commission	560,594,048	675,776,389	-	-
		562,067,448	**677,064,510**	**-**	**-**
21	**Other operational income**				
	Corporate finance				
	Fees and documentations (Note-21.1)	24,216,913	29,497,233	24,216,913	29,497,233
	Write off recovery	22,350,000	250,000	22,350,000	250,000
	Portfolio and issue management fee	46,649,680	78,084,581	-	-
	Capital restructuring, PMD	-	300,000	-	-
		93,216,593	**108,131,814**	**46,566,913**	**29,747,233**

	LankaBangla Group		LankaBangla Finance Limited	
	2015	2014	2015	2014
	Taka	Taka	Taka	Taka
Retail finance				
Membership fees of credit card	14,664,800	12,330,800	14,664,800	12,330,800
Other income from credit card	56,103,163	37,311,570	56,103,163	37,311,570
Fees and documentations (Note-21.1)	131,474,972	84,129,675	131,474,972	84,129,675
	202,242,936	**133,772,046**	**202,242,936**	**133,772,046**
SME finance				
Fees and documentations (Note-21.1)	17,253,461	5,330,377	17,253,461	5,330,377
	17,253,461	**5,330,377**	**17,253,461**	**5,330,377**
Others				
Profit on sale of fixed asset	21,076,500	51,154	626,557	-
Foreign exchange gain/(loss)	(1,598)	(2,743)	(1,598)	(2,743)
Corporate finance fees	3,273,600	4,667,400	61,500	-
Miscellaneous	1,597,631	6,456,938	778,056	1,440,331
Settlement fee	34,628,083	-	-	-
Advertisement	40,345,956	-	-	-
Circulation	4,436,289	-	-	-
Sponsorship	1,591,220	-	-	-
Round Table Conference	1,289,370	-	-	-
Scrap sales	1,392,348	-	-	-
Income from CDBL	28,595,710	294,200	-	-
	138,225,109	**11,466,949**	**1,464,516**	**1,437,588**
	450,938,098	**258,701,186**	**267,527,826**	**170,287,244**

21.1 Fees and documentations

Corporate finance				
Lease finance	5,126,295	2,271,597	5,126,295	2,271,597
Term loan	4,960,818	14,725,823	4,960,818	14,725,823
Real estate developers Fin-Build	-	100,000	-	100,000
Term loan syndication finance	120,860	2,559,457	120,860	2,559,457
Bridge finance	-	173,913	-	173,913
Short term loan	4,124,375	2,151,749	4,124,375	2,151,749
Revolving credit -secured	22,201	1,052	22,201	1,052
Factoring finance	9,555,231	7,076,058	9,555,231	7,076,058
Work order finance	45,000	431,705	45,000	431,705
Late payment charge-factoring	262,134	5,879	262,134	5,879
	24,216,913	**29,497,233**	**24,216,913**	**29,497,233**
Retail finance				
Auto loan	13,229,639	7,184,538	13,229,639	7,184,538
Home loan	18,798,616	8,142,487	18,798,616	8,142,487
Personal loan	16,409,825	5,929,279	16,409,825	5,929,279
Credit card	83,036,892	62,873,372	83,036,892	62,873,372
	131,474,972	**84,129,675**	**131,474,972**	**84,129,675**

	LankaBangla Group		LankaBangla Finance Limited	
	2015	2014	2015	2014
	Taka	Taka	Taka	Taka
SME finance				
SME finance	17,253,461	5,330,377	17,253,461	5,330,377
	17,253,461	**5,330,377**	**17,253,461**	**5,330,377**
	172,945,346	**118,957,285**	**172,945,346**	**118,957,285**

22 Salary and allowances

Salary and allowances	723,692,196	585,295,166	439,796,140	361,813,695
Provident fund contribution	24,918,691	15,894,843	11,926,060	5,830,325
Gratuity fund	37,363,434	40,012,686	12,019,023	13,814,433
Festival bonus	35,603,768	31,748,719	35,603,768	27,140,521
	821,578,089	**672,951,415**	**499,344,992**	**408,598,973**

23 Rent, taxes, insurance, electricity etc.

Office rent	120,208,326	91,444,021	74,100,830	47,932,010
Insurance premium	19,389,405	7,776,183	12,543,959	2,864,534
Electricity	20,210,531	15,770,290	10,268,147	7,499,424
	159,808,261	**114,990,494**	**96,912,936**	**58,295,968**

24 Legal and professional fees

	19,744,690	**25,407,350**	**15,941,909**	**18,547,161**

25 Postage, stamp, telecommunication etc.

Postage and courier	2,029,473	3,119,641	1,759,175	2,790,966
Stamp charges	926,349	1,738,423	874,327	1,642,623
Telephone bill	14,051,086	12,587,122	9,210,524	8,485,634
	17,006,908	**17,445,187**	**11,844,026**	**12,919,223**

26 Stationery, printing, advertisement

Printing and stationery	24,503,665	22,779,150	14,972,477	15,183,608
Advertisement	15,663,979	11,796,327	14,246,646	7,818,182
	40,167,644	**34,575,477**	**29,219,123**	**23,001,790**

27 Managing director's salary and allowance

Salary and allowances	13,000,000	11,897,250	13,000,000	11,897,250
Provident fund contribution	804,000	699,225	804,000	699,225
Gratuity fund	1,631,264	368,459	1,631,264	368,459
Festival bonus	1,340,000	1,149,500	1,340,000	1,149,500
	16,775,264	**14,114,434**	**16,775,264**	**14,114,434**

28 Director fees and expenses

Board meeting attendence fees	1,822,127	1,555,710	691,500	485,000
Other financial benefits	-	-	-	-
	1,822,127	**1,555,710**	**691,500**	**485,000**

For details, please see the **Note- 40**.

	LankaBangla Group		LankaBangla Finance Limited	
	2015	2014	2015	2014
	Taka	Taka	Taka	Taka

29 Audit fees

Annual audit fees	607,584	668,750	258,750	230,000
Provident fund audit fees	30,000	23,000	30,000	23,000
Gratuity fund audit fees	30,000	17,250	30,000	17,250
IT security control compliance review fees	-	575,000	-	575,000
LB foundation audit fees	-	80,000	-	80,000
	667,584	**1,364,000**	**318,750**	**925,250**

30 Repairs, maintenance and depreciation

Repairs and maintenance	3,312,188	10,094,681	2,022,106	9,063,474
Software maintenance	13,682,013	1,143,864	11,336,441	1,143,864
Depreciation	92,549,026	82,399,082	45,580,461	32,261,046
	109,543,227	**93,637,627**	**58,939,008**	**42,468,384**

31 Other expenses

Training	11,737,736	9,924,840	8,909,641	5,876,593
HR event	2,759,410	-	2,759,410	-
Staff welfare	721,114	655,115	721,114	655,115
Membership and renewal fees	4,345,552	4,687,179	2,210,639	1,846,694
Conveyance	4,994,076	2,898,277	4,780,548	2,891,922
Travelling	25,205,859	6,316,980	21,067,050	3,622,116
Internet and e-mail	15,977,185	13,890,136	4,051,288	3,384,889
Newspaper and periodicals	742,601	228,734	25,931	2,526
Computer accessories	399,835	2,244,634	382,085	2,238,750
Fuel expense	2,003,915	1,723,016	543,010	492,477
Vehicle maintenance/registration	33,173,592	26,512,449	15,728,346	12,678,087
Water and sewerage bill	1,949,546	1,511,898	1,061,629	858,501
Office maintenance	39,946,360	22,164,207	28,780,006	11,023,004
Donation and miscellaneous expenses	7,047,440	973,360	729,953	938,779
Entertainment	8,983,604	8,230,971	2,574,844	1,636,085
Business promotion	40,977,618	50,392,875	18,143,447	6,626,913
Bank charges	2,360,730	1,537,911	1,202,601	977,456
CIB Charge	3,661,270	2,618,750	3,661,270	2,618,750
Marketing expenses	58,097,002	47,235,960	58,097,002	47,235,960
Recovery commission	322,869	628,867	322,869	628,867
CDBL fee	32,561,701	13,707,590	238,345	47,567
Cost of Newspaper, P. S Plates & Polyester film	11,813,037	-	-	-
Factory overhead	4,966,140	-	-	-
Fair and conference	1,178,440	-	-	-
Selling & distribution expenses	3,472,197	-	-	-
Third party commission	4,221,082	-	-	-
MCBS charges	12,568,080	12,579,517	12,568,080	12,579,517
Loss on sales of fixed asset	197,568	1,138,752	121,223	1,088,952
AGM and related expenses	949,512	498,225	858,108	458,871

	LankaBangla Group		LankaBangla Finance Limited	
	2015	2014	2015	2014
	Taka	Taka	Taka	Taka
Recruitment expense	285,271	299,711	285,271	299,711
Educational expense reimbursements	96,736	220,811	96,736	154,316
Meeting expense	1,130,643	2,386,872	1,130,643	2,386,872
Loan processing fee	-	512,328	-	-
LB foundation	11,188,409	-	10,404,177	-
Subscription	290,781	179,448	-	-
Hawla charges	894,994	5,112,816	-	-
laga charges	34,990,155	35,720,715	-	-
Other operational expense credit card	12,803,858	8,807,048	12,803,858	8,807,048
Documentation fee	810,113	308,836	761,750	23,170
Networking charge	236,389	396,376	-	-
Software maintenance fee	-	1,681,082	-	-
Commission on bank guarantee	12,767,104	12,935,215	-	-
Credit card accessories	2,155,252	205,500	2,155,252	205,500
Picnic expenses	-	36,950	-	36,950
Other expenses	366,656	1,517,472	-	
Excise duty	624,520	398,709	609,170	378,709
SMS service charge	2,352,974	1,008,089	2,352,974	1,008,089
Bkash commission	65,381	1,581	65,381	1,581
Master Card-SBLC issuance charge	1,072,281	1,023,094	1,072,281	1,023,094
Contact point verification fee	5,388,596	3,750,032	5,388,596	3,750,032
	424,855,180	**308,802,926**	**226,664,527**	**138,483,461**

32 Provisions for loans, investments and other assets

Provisions for leases and loans	**132,649,299**	**166,529,589**	**132,649,299**	**166,529,589**
General provision	86,280,043	65,963,347	86,280,043	65,963,347
Specific provision	46,369,255	100,566,242	46,369,255	100,566,242
Provision for margin loan	280,292,635	26,511,282	-	-
General provision for other assets	(8,941,000)	2,723,000	(8,941,000)	2,723,000
Provision for diminution in value of investments	(27,138,202)	152,909,664	(46,891,672)	107,564,091
	376,862,732	**348,673,536**	**76,816,626**	**276,816,681**

33 Provision for tax made during the year

Current tax expense	111,998,262	(15,281,752)	15,897,665	(186,679,101)
Deferred tax expense/ (income)	(83,366)	(5,095,741)	-	-
	111,914,896	**(20,377,493)**	**15,897,665**	**(186,679,101)**

In calculating deferred tax, temporary difference arising from freehold assets and liability for gratuity were considered.

34 Earnings Per Share (EPS)

Earning attributable to ordinary shareholders	424,536,041	442,102,416	1,030,013,524	651,715,871
Weighted average number of ordinary shares outstanding	240,643,434	240,643,434	240,643,434	240,643,434
Basic earnings per share	**1.76**	**1.84**	**4.28**	**2.71**

35 Segment report

35.1 Basis for segmentation

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

Reportable Segments	Operations
Core Financing Business	Fees based services include Credit Card Membership Fees, Loan processing fees etc. Fund based services include Lease Finance, Term Finance, Real Estate Finance, Hire Purchase, Credit Card Operation, SME, Auto loan, Personal Loan, Factoring, Syndication Finance, Revolving Credit, Loan against Deposit, and Staff Loan etc.
Brokerage Business	Act as a member of Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited to carry on the business of brokers or dealers in stocks, shares and securities, commercial papers, bonds, debentures, debentures stocks, foreign currencies, treasury bills and/or any financial instruments.
Investment Business	Trading, margin loan and corporate finance activities
Asset Management Business	Fund management activities

The Group's Management Committee reviews internal management reports from each segment at least monthly.

35.2. Information about reportable segments

Information related to each reportable segment is set out below. Segment profit before tax, as included in internal management reports reviewed by the Group's management committee, is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to the other entities that operate within the same industries. Inter-segment pricing is determined on an arm's length basis.

Amount in Taka

Particulars	For the year 2015				
	Core Financing Business	Brokerage Business	Investment Business	Asset Management Business	Consolidated
Revenue from external customers					
Interest revenue	4,121,792,727	547,742,146	116,796,496	915,930	4,787,247,300
Revenue from investment	241,901,724	107,926,624	34,128,307	52,350,356	436,307,012
Commission, exchange and brokerage income	-	560,594,048	1,473,400	-	562,067,448
Other operational income	267,527,826	104,290,813	84,807,611	102,849	456,729,098
Total revenue from external customers	**4,631,222,278**	**1,320,553,631**	**237,205,815**	**53,369,135**	**6,242,350,858**
Revenues from transactions with other operating segments of the same entry :					
Interest revenue	483,216,124	-	-	5,190,911	488,407,035
Revenue from investment	183,751,459	-	-	-	-
Total revenues from transactions with other operating segments of the same entry	**666,967,583**	**-**	**-**	**5,190,911**	**488,407,035**
Total segment revenue	**5,298,189,860**	**1,320,553,631**	**237,205,815**	**58,560,046**	**6,730,757,893**
Interest expenses					
Segment interest expenses	3,213,619,099	494,244,361	6,686,648	334,632	3,714,884,740
Revenues from transactions with other operating segments of the same entry	5,190,911	41,560,895	441,655,228	-	488,407,035
Total segment expenses	**3,218,810,010**	**535,805,257**	**448,341,876**	**334,632**	**4,203,291,775**
Operating expenses	**900,647,643**	**538,142,103**	**66,775,610**	**8,437,432**	**1,514,002,788**
Depreciation and amortization	**45,580,461**	**41,994,477**	**3,758,523**	**1,215,565**	**92,549,026**
Net operating income	**1,133,151,745**	**204,611,794**	**(281,670,195)**	**48,572,418**	**920,914,303**
Material non-cash items other than depreciation and amortisation					
Provision for leases, loans and advances / investments	76,816,626	62,897,911	236,132,741	1,015,454	376,862,732
Profit before tax and reserve	**1,056,335,119**	**141,713,883**	**(517,802,936)**	**47,556,964**	**544,051,571**
Provision for tax made during the year	21,502,474	90,444,019	711,429	4,945,148	117,603,071
Deferred tax (expense)/ Income	-	(2,044,345)	2,123,088	(162,109)	(83,366)
	21,502,474	**88,399,674**	**2,834,517**	**4,783,039**	**117,519,705**
Net profit after tax	**1,034,832,645**	**53,314,209**	**(520,637,453)**	**42,773,924**	**426,531,866**
Total segment assets	44,615,692,969	8,883,263,141	4,193,676,664	927,855,528	58,620,488,302
Inter segmental assets	3,393,501,095	-	-	89,296,938	3,482,798,033
Net segment assets	**41,222,191,874**	**8,883,263,141**	**4,193,676,664**	**838,558,590**	**55,137,690,270**

Amount of addition to non-current fixed assets	794,860,655	74,392,965	2,723,481	1,361,860	873,338,961
Segment capital employed	5,454,337,989	3,851,488,346	869,670,579	898,256,476	11,073,753,390
Segment liability	39,161,354,980	5,080,283,838	3,324,006,086	29,599,051	47,595,243,954
Inter segmental liabilities	89,296,938	284,392,715	3,109,108,380	-	3,482,798,033
Total segmental liability	**44,704,989,907**	**9,216,164,899**	**7,302,785,044**	**927,855,528**	**62,151,795,377**

Amount in Taka

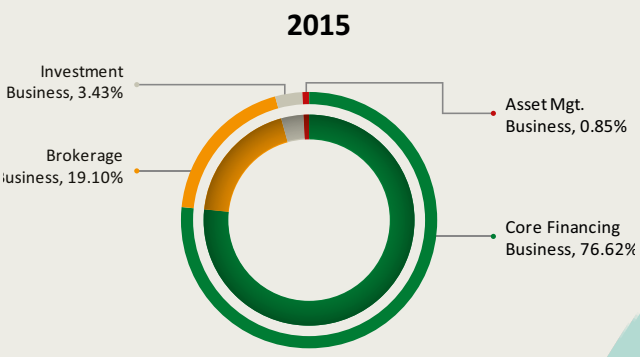
Particulars	For the year 2014				
	Core Financing Business	Brokerage Business	Investment Business	Asset Management Business	Consolidated
Revenue from external customers					
Interest revenue	3,061,669,119	724,145,212	180,168,745	336,935	3,966,320,011
Revenue from investment	87,859,275	51,350,542	51,958,405	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

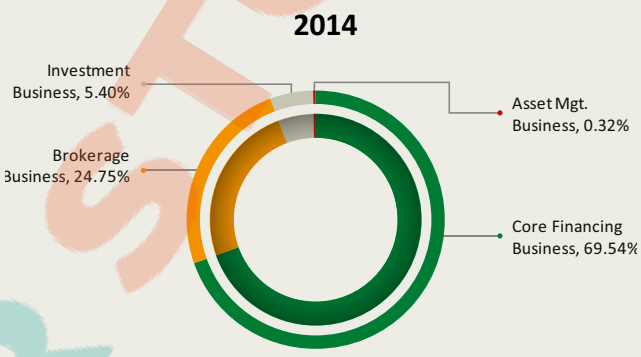
AMARSTOCK

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 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**

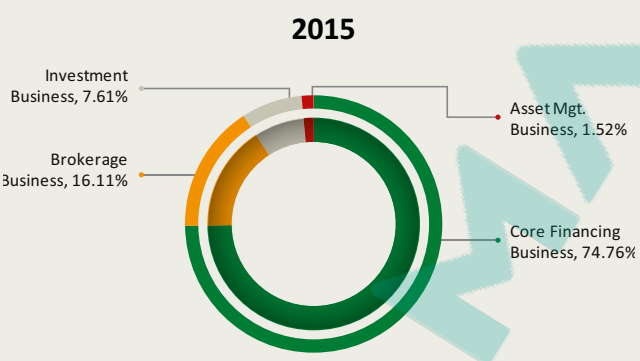
35.2. Information about reportable segments (continued)

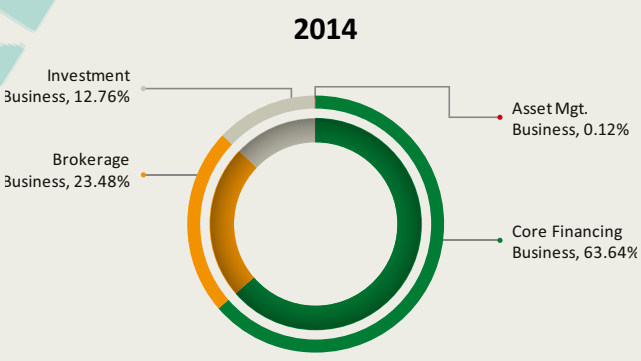
Revenue



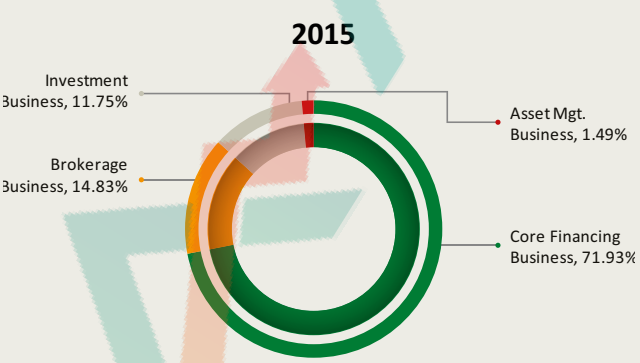


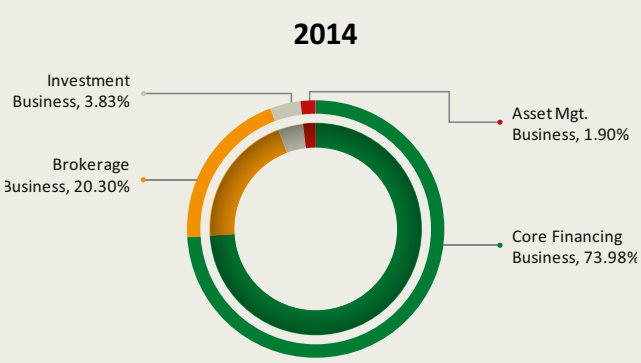
Assets





Liabilities





36 Group subsidiaries

36.1 List of significant subsidiaries

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

Sl.	Name	Place of business	Ownership Interest
1	LankaBangla Securities Limited	Bangladesh	96.4158149%
2	LankaBangla Investments Limited	Bangladesh	99.9999964%
3	LankaBangla Asset Management Company Limited	Bangladesh	99.9990000%
4	LankaBangla Information System Limited	Bangladesh	96.2229833%
5	BizBangla Media Limited	Bangladesh	77.1326519%

36.2 Financial support given to structured entities

All the transactions with or among the subsidiaries are arms length transactions and are properly disclosed in the related party disclosure **(Note-37)**. Other than those no other financial support has been given to any of the subsidiaries in the year 2015.

36.3 Significant restrictions

The Group does not have any significant restrictions on its ability to access or use its assets and settle its liabilities other than those resulting from the supervisory framework within which financial subsidiaries operate. The regulatory frameworks require financial organizations to keep certain level of regulatory capital and liquid assets, limit their exposure to other parts of the Group and comply with other ratios.

36.4 NCI in subsidiaries

Name	NCI	Profit allocated to NCI	Carrying amount of NCI
LankaBangla Securities Limited	3.5841851%	2,089,212	142,880,994
LankaBangla Investments Limited	0.0000036%	(19)	31
LankaBangla Asset Management Company Limited	0.0010000%	427.74	8,983
LankaBangla Information System Limited	3.7770167%	(8,828)	34,693
BizBangla Media Limited	22.8673481%	(5,688,319)	(55,465,758)
Total		**(3,607,526)**	**87,458,943**

LankaBangla Finance Limited and its Subsidiaries

Annexure -A

Consolidated Fixed Assets Schedule

As at 31 December 2015

Amount in Taka

Particulars	COST					DEPRECIATION				Written down value as at 31.12.2015
	Balance as at 01.01.2015	Addition during the year	Sales/ Adjustment during the year	Balance as at 31.12.2015	Rate %	Balance as at 01.01.2015	Charged during the year	Adjustment during the year	Balance as at 31.12.2015	
I. Freeholds assets										
Land		686,921,231	-	686,921,231				-		686,921,231
Building	115,246,150	-	8,792,000	106,454,150	2.5	10,679,543	2,771,254	1,421,100	12,029,697	94,424,453
Furniture and Fittings	138,532,830	17,390,606	173,966	155,749,469	20	62,578,844	17,917,231	105,283	80,390,792	75,358,678
Office Equipment	148,095,848	75,298,658	4,333,951	219,060,555	20	110,161,361	33,428,876	3,956,272	139,633,965	79,426,590
IT Equipment	16,972,871	20,877,235	1,420,980	36,429,126	33.33	1,967,987	7,775,993	1,413,477	8,330,503	28,098,623
Office Renovation	51,589,268	21,006,390	3,200,193	69,395,465	20	39,996,649	10,338,161	3,200,193	47,134,617	22,260,848
Motor Vehicles	24,471,119	4,858,000	3,459,600	25,869,519	20	16,469,910	9,516,856	3,459,600	22,527,167	3,342,352
	494,908,085	**826,352,119**	**21,380,690**	**1,299,879,514**		**241,854,293**	**81,748,371**	**13,555,925**	**310,046,739**	**989,832,775**
II. Intangible assets and goodwill										
Goodwill	-	234,143,286	-	234,143,286		-	-	-	-	234,143,286
Systems and Software	113,319,166	30,039,217	-	143,358,383	25	72,222,640	28,813,752	-	101,036,392	42,321,991
III. Lease Hold Assets										
Motor Vehicle	49,297,810	16,947,625	11,969,780	54,275,655	20	32,455,139	7,479,060	11,213,780	28,720,419	25,555,236
Total (2015)	**657,525,061**	**873,338,961**	**33,350,470**	**1,497,513,552**		**346,532,072**	**118,041,183**	**24,769,705**	**439,803,551**	**1,291,853,287**

As at 31 December 2014

Amount in Taka

Particulars	COST					DEPRECIATION				Written down value as at 31.12.2015
	Balance as at 01.01.2015	Addition during the year	Sales/ Adjustment during the year	Balance as at 31.12.2015	Rate %	Balance as at 01.01.2015	Charged during the year	Adjustment during the year	Balance as at 31.12.2015	
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	90,169,429	49,840,409	1,477,009	138,532,830	15	45,319,520	17,809,963	550,639	62,578,844	75,953,986
Office Equipment	136,898,433	31,717,263	3,546,977	165,068,719	20	95,082,195	22,636,292	5,589,140	112,129,348	52,939,371
Office Renovation	51,589,268			51,589,268	20	34,980,550	5,016,098		39,996,648	11,592,619
Motor Vehicles	21,492,646	5,829,972	2,851,500	24,471,119	25	14,773,925	1,695,985		16,469,910	8,001,209
	415,395,926	**87,387,644**	**7,875,486**	**494,908,085**	**-**	**197,954,578**	**50,039,493**	**6,139,779**	**241,854,293**	**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)	**561,687,055**	**103,713,491**	**7,875,486**	**657,525,061**		**270,272,768**	**82,399,082**	**6,139,779**	**346,532,072**	**310,992,989**

Archive Version

Annexure -B

Schedule of Fixed Assets

As at 31 December 2015

Amount in Taka

Particulars	COST					DEPRECIATION				Written down value as at 31.12.2015
	Balance as at 01.01.2015	Addition during the year	Sales/ Adjustment during the year	Balance as at 31.12.2015	Rate %	Balance as at 01.01.2015	Charged during the year	Adjustment during the year	Balance as at 31.12.2015	
I. Freeholds assets										
Land	-	686,921,231	-	686,921,231		-	-	-	-	686,921,231
Furniture & Fittings	116,204,720	15,852,502	29,600	132,027,621	20	52,081,615	14,462,003	29,600	66,514,018	65,513,603
Office Equipment	83,450,935	46,121,372	1,104,189	128,468,118	20	57,892,808	14,287,051	749,026	71,430,833	57,037,285
IT Equipment	15,605,823	20,873,875	1,420,980	35,058,718	33.33	1,413,477	7,324,497	1,413,477	7,324,497	27,734,221
Motor Vehicles	17,336,945	298,000	1,227,000	16,407,945	20	10,064,927	1,492,776	1,227,000	10,330,703	6,077,242
	232,598,422	**770,066,979**	**3,781,769**	**998,883,632**		**121,452,826**	**37,566,327**	**3,419,103**	**155,600,051**	**843,283,581**
II. Intangible assets										
Systems and Software	43,218,632	19,916,676	-	63,135,308	25%	26,857,387	7,063,639	-	33,921,026	29,214,282
III. Leaseholds assets										
Motor Vehicles	4,900,000	4,877,000	-	9,777,000	20%	3,674,999	950,495	-	4,625,494	5,151,506
Total (2015)	**280,717,053**	**794,860,655**	**3,781,769**	**1,071,795,940**		**151,985,212**	**45,580,461**	**3,419,103**	**194,146,570**	**877,649,370**

As at 31 December 2014

Amount in Taka

Particulars	COST					DEPRECIATION				Written down value as at 31.12.2015
	Balance as at 01.01.2015	Addition during the year	Sales/ Adjustment during the year	Balance as at 31.12.2015	Rate %	Balance as at 01.01.2015	Charged during the year	Adjustment during the year	Balance as at 31.12.2015	
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**

LankaBangla Finance Limited

Annexure -C

Classification of leases, loans and advances with provisions and interest suspenses

As on 31 December 2015

Amount in Taka

Products	Total	Balance Outstanding						Base for Provision				Amount of Provision Required	Interest in Suspense		
		Unclassified (UC)			Classified			SMA	Sub Standard (SS)	Doubtful (DF)	Bad/ Loss (BL)		SMA	Classified	Total
		Standard	Standard-SME	SMA	Sub Standard (SS)	Doubtful (DF)	Bad/ Loss (BL)								
Corporate															
Factoring	720,967,177	696,289,194	-	-	7,210,167	-	17,467,815	-	6,647,371	-	16,255,082	24,547,448	-	1,775,530	1,775,530
Lease Finance	2,199,768,799	1,785,410,448	-	27,912,645	47,798,327	28,953,529	309,693,851	26,152,537	24,990,519	19,519,610	161,201,084	195,120,724	1,760,109	85,930,574	87,690,682
Secured Overdraft	48,568,179	48,568,179	-	-	-	-	-	-	-	-	-	485,682	-	-	-
Short Term Loan	5,192,731,527	5,130,442,412	-	62,288,098	-	-	1,017	56,308,812	-	-	-	54,119,865	5,979,287	-	5,979,287
Short Term loan to Subsidiaries	3,393,501,095	3,393,501,095	-	-	-	-	-	-	-	-	-	33,935,011	-	-	-
Term Loan	10,420,557,539	9,932,387,409	-	264,860,412	83,842,488	-	139,467,229	233,856,503	53,107,481	-	30,187,700	151,825,895	31,003,910	37,400,211	68,404,120
Real estate developers Finance	12,154,467	12,154,467	-	-	-	-	-	-	-	-	-	121,545	-	-	-
Syndication Finance	586,981,656	586,981,656	-	-	-	-	-	-	-	-	-	5,869,817	-	-	-
Work Order Finance	57,297,810	17,664,300	-	-	-	-	39,633,510	-	-	-	20,454,296	20,630,939	-	6,179,214	6,179,214
	22,632,528,248	**21,603,399,159**	**-**	**355,061,156**	**138,850,982**	**28,953,529**	**506,263,422**	**316,317,851**	**84,745,370**	**19,519,610**	**228,098,161**	**486,656,925**	**38,743,305**	**131,285,528**	**170,028,833**
Retail Finance															
Auto Loan	3,091,239,700	2,983,044,412	-	78,321,167	18,388,732	10,004,011	1,481,378	75,958,303	17,749,814	9,078,216	1,155,662	42,873,093	2,362,864	1,890,429	4,253,293
Home Loan	4,299,031,839	4,084,555,701	-	80,409,381	71,986,893	25,774,459	36,305,404	68,756,750	2,056,790	3,188,639	2,014,857	48,303,929	11,652,631	31,674,368	43,327,000
Credit Cards	1,629,929,972	1,384,159,208		80,504,996	15,363,018	14,022,178	135,880,572	71,069,178	13,465,096	12,182,249	131,257,275	157,436,476	9,435,818	8,362,623	17,798,441
Personal Loan	2,240,637,614	1,970,592,468	-	53,194,345	2,887,396	213,962,690	715	51,421,356	2,661,996	108,150,612	715	76,885,412	1,772,989	23,763,929	25,536,918
	11,260,839,125	**10,422,351,790**	**-**	**292,429,889**	**108,626,039**	**263,763,338**	**173,668,069**	**267,205,587**	**35,933,697**	**132,599,716**	**134,428,509**	**325,498,909**	**25,224,302**	**65,691,349**	**90,915,651**
SME															
SME	2,125,449,476	-	1,960,137,906	46,255,645	23,644,995	19,681,111	75,729,820	44,357,967	4,648,124	9,445,420	57,906,728	70,677,306	1,897,678	20,958,617	22,856,295
Total	**36,018,816,850**	**32,025,750,949**	**1,960,137,906**	**693,746,690**	**271,122,016**	**312,397,978**	**755,661,311**	**627,881,404**	**125,327,191**	**161,564,746**	**420,433,399**	**882,833,140**	**65,865,285**	**217,935,494**	**283,800,779**

* 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%

Highlights

(As per Bangladesh Bank guidlines)

Annexure-D

Amount in taka (mn)

Sl no.	Key indicators	LankaBangla Group		LankaBangla Finance Limited	
		2015	2014	2015	2014
1	Paid-up capital	2,406.43	2,187.67	2,406.43	2,187.67
2	Total capital	6,261.79	6,096.32	5,458.73	4,647.48
3	Capital surplus	1,646.53	2,314.01	1,712.43	1,654.66
4	Total assets	50,447.88	39,030.37	44,614.54	32,352.72
5	Total deposits	30,106.71	16,760.55	30,196.00	16,794.75
6	Total loans, advances and leases	41,819.02	30,396.39	36,018.82	24,265.99
7	Total contingent liabilities and commitments	6,607.80	7,104.88	6,607.80	7,104.88
8	Credit deposit ratio	1.39	1.81	1.19	1.44
9	Percentage of classified loans against total loans, advances and leases	3.20%	4.05%	3.72%	5.08%
10	Profit after tax and provision	420.93	453.99	1,030.01	651.72
11	Amount of classified loans during current year	1,339.18	1,231.91	1,339.18	1,231.91
12	Provisions kept against classified loans	526.28	479.91	526.28	479.91
13	Provision surplus against classified loan	-	-	-	-
14	Cost of fund	9.23%	10.64%	9.23%	10.64%
15	Interest earnings assets	43,811.93	32,278.56	37,309.81	25,229.55
16	Non-interest earnings assets	6,635.96	6,751.81	7,304.73	7,123.17
17	Return on investment (ROI)	0.88%	1.22%	2.42%	2.09%
18	Return on assets (ROA)	0.83%	1.16%	2.31%	2.01%
19	Income from investment	436.31	198.76	425.65	262.86
20	Earnings Per Share (EPS) (restated :2014)	1.76	1.84	4.28	2.71
21	Net income per share (restated:2014)	1.76	1.84	4.28	2.71
22	Market price per share	29.00	44.00	29.00	44.00
23	Price earnings ratio	16.44	23.95	6.78	16.25

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37.00 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	Mr. Kazi Abu Muhammad Majedur Rahman	Independent Director	N/A	

ii)	Significant contracts where Company is a party and wherein Directors have interest during the year 2015	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 (Related Party Disclosures) as noted below:

SL No.	Name of Related Party	Relationship	Percentage of Holding	Amount of Transaction during the year	Outstanding 2014	Amount of transaction during the year 2015		Outstanding 2015	Nature of Transaction	Outstanding balance present in note
						Debit	Credit			
1	LankaBangla Securities Limited	Subsidiary company	90.910%	95,770,050	312,316,820	41,575,895	69,500,000	284,392,715	Short term loan	7.1
2	LankaBangla Investments Limited	Subsidiary company	99.998%	652,819,732	3,320,257,883	441,670,228	652,819,732	3,109,108,380	Short term loan	7.1
3	LankaBangla Asset Management Company Ltd.	Subsidiary company	99.998%	55,096,938	34,200,000	3,759,781	58,851,250	89,291,469	TDR	11.1
4	STS Educational Group Limited	Concern related to Directors	-	3,631,310	49,146,500	1,402,434	5,033,744	52,777,810	TDR	11.1
5	STS Holdings Llimited	Concern related to Directors	-	321,620,475	414,129,678	1,742,954	16,179,535	428,566,260	TDR	11.1
6	Colloid Enterprises Limited	Concern related to Directors	-	5,000,000	5,000,000	-	-	5,000,000	TDR	11.1
7	Global Aviation Services Limited	Concern related to Directors	-	16,000,000	16,000,000	800,000	800,000	16,000,000	TDR	11.1

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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

38 Audit committee disclosures

In Compliance with the requirement of Bangladesh Bank Notification No. DFIM-13, dated 26 October, 2011 and Bangladesh Securities & Exchange Commission (BSEC) Notification No. SEC/CMRRCD/2006-158/134/admin/44, dated 07 August 2012- 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 2015, the Audit Committee of the Board conducted 05 (Five) 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.

39 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.

40 Others

a) Board meeting and directors' remuneration

Each Director is drawing Taka 5,000 for attending five Board Meetings and Taka 8,000 for attending five one Meeting. No remuneration or special payment was paid to the directors for attending board meetings or otherwise during the year 2015. 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	92th Board Meeting	18 February 2015	5
02	93th Board Meeting	11 May 2015	7
03	94th Board Meeting	31 May 2015	6
04	95th Board Meeting	27 July 2015	6
05	96th Board Meeting	26 October 2015	7
06	97st Board Meeting	1 December 2015	9

b) Executive Committee (EC) meeting and directors' remuneration

Each Director is drawing Taka 5,000 for attending Eleven Executive Committee (EC) Meetings and Taka 8,000 for attending One Executive Committee (EC) Meeting. No remuneration or special payment was paid to the directors for attending board meetings or otherwise during the year 2015. 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	39rd EC Meeting	2 February 2015	3
02	40th EC Meeting	1 March 2015	3
03	41th EC Meeting	20 April 2015	4
04	42th EC Meeting	7 May 2015	3
05	43th EC Meeting	24 June 2015	3
06	44th EC Meeting	11 July 2015	4
07	45th EC Meeting	13 August 2015	3
08	46th EC Meeting	2 September 2015	3
09	47st EC Meeting	16 September 2015	3
10	48nd EC Meeting	27 October 2015	4
11	49rd EC Meeting	19 November 2015	4
12	50th EC Meeting	8 December 2015	4

c) Employees' details

	Year-2015	Year-2014
No. of employee received TK.3,000 per month	0	0
No. of employee received more than Tk.3,000 per month	518	470
	518	**470**

d) Event after the Reporting Period

Dividend Information

The Board of Director in its 98th Meeting held on 22 February 2016 has recommended to the shareholders @15% of Stock Dividend and @ 15 % of Cash Dividend for the year ended 31 December 2015. This will be considered for approval of shareholders at 19th Annual General Meeting (AGM) of the company scheduled to be held on 30 March 2016.

e) Capital expenditure commitment

There was no capital expenditure contracted but not incurred or provided for at 31 December 2015. There was no material capital expenditure authorized by the Board but not contracted for at 31 December 2015.

f) Foreign remittances

During the year 2015, the company remitted **USD 398,163.77 (in BDT 31,217,176.58)** and **GBP 5,015.8 (in BDT 596,109.03)** against Various Technical Service Fees to the Foreign Shareholders and training provider.

Sl #	Purpose	Pay to	USD	GBP	BDT
01	Training Fee -2015	Various Training provider abroad	28,330.00	-	2,411,400.00
02	Annual Maintenance Fee	TSYS Card Tech	44,309.63	-	3,462,797.58
03	Annual Service Fee	TSYS Card Tech	-	5,015.80	596,190.03
04	Annual Membership Fee	Asian Financial Services Association (AFSA)	750.00	-	59,312.00
05	Dividend Payment	Sampath Bank PLC	226,237.57	-	17,612,595.00
		Mr. Tahsinul Huque	98,536.57	-	7,671,072.00
Total			**398,163.77**	**5,015.80**	**31,813,366.61**

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 and as per BAS 34 "Interim Financial Reporting".

Interim Reporting Period	Publication Date
January to March (1st quarter)	12 May 2015
January to June (Half Yearly)	28 July 2015
January to September (3rd quarter)	27 October 2015

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.

iii) No amount was spent by the Company for compensating any members of the board for special services rendered during the period.



Director



Director



Managing Director



Company Secretary

Dhaka, 22 February 2016



LankaBangla Securities Limited

Financial Statements for the Year Ended
31 December 2015

Auditors' Report

To the Shareholders of

LankaBangla Securities Limited

We have audited the accompanying consolidated Financial Statements of LankaBangla Securities Limited, which comprise the consolidated and the separate Statement of Financial Position as at December 31, 2015 and the Statement of profit or loss and other 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 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 Securities and Exchange Rules 1987, Dhaka Stock Exchange, Chittagong Stock Exchange, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements of the company based on our audit. The assets and liabilities as at December 31, 2015 and revenue and expenses for the year ended December 31, 2015 of the company's Two subsidiaries namely BizBangla Media Ltd. and LankaBangla Information system Ltd. have been consolidated and accounted for in the consolidated financial statements. The financial statements of the subsidiary LankaBangla Information system Ltd. is audited by other auditor whose report has been furnished to us and our opinion is as so far as it relates to the amounts included in respect of the company's subsidiaries based on the reports. In addition, we have performed our audit procedure for consolidated purpose, based on which the financial statements of the subsidiary have been consolidated. 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 of the company 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 consolidated 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, 2015 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.

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, Statement of profit or loss and other Comprehensive Income and Statement of Cash Flows dealt with by the report are in agreement with the books of accounts;

Place : Dhaka

Dated: February 22, 2016

Ahmed Zaker & Co.

Chartered Accountants

Lankabangla Securities Limited

Consolidated Statement of Financial Position

As at December 31, 2015

Particulars	Notes	Amount In Taka		
		31.12.2015	31.12.2014	01.01.2014
			Restated	Restated
ASSETS				
Non-current assets				
Property, plant and equipment	4	168,876,900	170,188,662	203,811,460
Long term loan to employees'	5	29,393,074	14,025,679	9,496,000
Long Term Investment in Shares	6	1,085,102,807	1,412,606,807	787,207,490
Deferred tax assets	18	46,154	-	-
Intangiable Assets		234,143,286	-	-
Total non-current assets		**1,517,562,220**	**1,596,821,148**	**1,000,514,950**
Current assets				
Advances, deposits and prepayments	7	233,686,137	268,876,022	186,898,087
Investments	8	926,867,019	879,589,354	179,416,590
Inventories	9	400,017	-	
Current portion of loans and advances	10	10,348,984	9,015,072	53,300,706
Accounts receivable	11	5,696,096,649	5,534,971,578	5,149,008,983
Accrued interest		1,719,650	3,051,305	3,033,558
Cash and cash equivalents	12	632,307,391	802,003,022	1,493,127,089
Total current assets		**7,501,425,847**	**7,497,506,355**	**7,064,785,013**
TOTAL ASSETS		**9,018,988,067**	**9,094,327,502**	**8,065,299,963**
SHAREHOLDER'S EQUITY AND LIABILITIES				
Shareholder's Equity				
Share capital	13	2,223,391,170	2,021,264,700	1,925,014,000
Share premium	14	1,200,000,000	1,200,000,000	1,200,000,000
General reserve	15	55,943,075	54,835,887	47,724,361
Retained earnings		507,094,794	652,822,950	544,330,115
Non controlling interest		(48,509,041)	2,305	-
Total equity		**3,937,919,998**	**3,928,925,842**	**3,717,068,476**
Liabilities				
Non-current liabilities				
Term loan	16	825,150,538	840,884,017	223,496,712
Defined benefit obligations	17	56,086,350	77,753,296	58,666,967
Deferred tax liabilities	18	-	1,998,191	5,616,187
Finance lease obligation	19	5,683,353	8,102,122	12,815,213
Total non-current liabilities		**886,920,241**	**928,737,625**	**300,595,079**
Current liabilities				
Accounts payable	20	635,477,840	626,686,893	438,849,124
Short term loans	21	1,802,869,318	1,850,552,897	1,370,860,159
Provision for current tax	22	20,797,427	80,098,140	42,416,048
Current portion of lease obligation	23	3,668,537	4,929,379	8,044,269
Current portion of term loan	24	346,868,458	336,364,343	705,312,533
Provision for negative equity & others	25	424,503,469	361,605,558	546,294,916
Interest Suspense	26	810,164,046	810,164,046	810,162,500
Other liabilities	27	149,798,735	166,262,779	125,696,859
Total current liabilities		**4,194,147,828**	**4,236,664,035**	**4,047,636,408**
Total liabilities		**5,081,068,070**	**5,165,401,660**	**4,348,231,487**
TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES		**9,018,988,067**	**9,094,327,502**	**8,065,299,963**

The accompanying policies and explanatory notes 1-46 form an integral part of the financial statements.

Director | **Director & CEO** | **Company Secretary**

Signed as per our separate report of same date.

Ahmed Zaker & Co.
Chartered Accountants

Place: Dhaka
Dated: February 22, 2016

LankaBangla Securities Limited

Consolidated Statement of Profit or Loss and other Comprehensive Income

For the year ended December 31, 2015

Particulars	Notes	Amount In Taka	
		31.12.2015	31.12.2014
Revenue			
Interest Income	28	546,568,342	723,083,798
Income from investment	29	107,926,624	51,350,542
Brokerage income	30	560,594,048	675,776,389
Revenue from advertisement & circulation	31	44,782,245	-
Other operational income	32	33,280,119	36,024,664
Total Revenue		**1,293,151,378**	**1,486,235,393**
Cost of services		**(618,496,517)**	**(542,009,823)**
Interest expenses	33	535,805,257	457,346,309
Other costs directly attributable to services	34	82,691,260	84,663,513
Gross profit		**674,654,861**	**944,225,571**
Other non-operational income	33	27,402,253	4,701,317
Operating expenses		**(498,229,552)**	**(438,817,697)**
Salary and allowances	36	280,289,492	223,950,037
Rent, taxes, insurance, electricity etc.	37	51,873,551	40,492,899
Legal & professional fees	38	2,721,880	2,486,892
Postage, stamp, telecommunication etc.	39	4,565,206	3,785,207
Stationery, printing, advertisement	40	10,591,884	10,870,859
Director fees and expenses	41	578,627	564,710
Audit fees	42	164,833	161,000
Repairs, maintenance and depreciation	43	43,209,059	44,865,897
Other expenses	44	104,235,019	111,640,195
Operating profit before provisions		**203,827,562**	**510,109,191**
Other Provisions		**(62,897,911)**	**(35,589,378)**
For doubtful loans and advances		34,425,386	-
For diminution in value of investment		28,472,525	35,589,378
Profit before tax (PBT)		**140,929,651**	**474,519,813**
Income tax income/ (expense)		**(88,399,675)**	**(163,300,004)**
Current tax expense		(90,444,020)	(166,918,000)
Deferred tax income		2,044,345	3,617,996
Profit after tax (PAT)		**52,529,976**	**311,219,809**
Attributable to			
Shareholders of the company		57,505,502	311,219,505
Non controlling interest		(4,975,525)	305
		52,529,976	**311,219,809**
Earnings Per Share (2014 restated)	45	**0.26**	**1.40**

The accompanying policies and explanatory notes 1-46 form an integral part of the financial statements.

Director | **Director & CEO** | **Company Secretary**

Signed as per our separate report of same date.

Ahmed Zaker & Co.
Chartered Accountants

Place: Dhaka
Dated: February 22, 2016

LankaBangla Securities Limited

Consolidated Statement of Changes in Equity

For the year ended December 31, 2015

Particulars	Share Capital	Share Premium	General eserve	Retained Earnings	Total	Non Controlling Interest	Total
Balance at January 01, 2014	1,925,014,000	1,200,000,000	47,724,361	1,354,492,615	4,527,230,976	-	4,527,230,976
Changes in equity for 2014							
Total comprehensive income for the year	-	-	-	311,219,505	311,219,505	305	311,219,810
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)	-		-
Transfer to interest suspense				(810,164,046)	(810,164,046)	-	(810,164,046)
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**	**652,822,950**	**3,928,923,537**	**2,305**	**3,928,925,842**
Changes in equity for 2015							
Total comprehensive income for the year	-	-	-	57,505,502	57,505,502	(4,975,525)	52,529,976
Stock dividend	202,126,470	-	-	(202,126,470)	-	-	-
Non controlling interest b/f	-	-	-	-	-	(43,535,821)	(43,535,821)
Transfer to general reserve	-	-	1,107,188	(1,107,188)	-	-	-
Balance at December 31, 2015	**2,223,391,170**	**1,200,000,000**	**55,943,075**	**507,094,794**	**3,986,429,039**	**(48,509,041)**	**3,937,919,998**

Director | **Director & CEO** | **Company Secretary**

Place: Dhaka
Dated: February 22, 2016

Signed as per our separate report of same date.

Ahmed Zaker & Co.
Chartered Accountants

AMARSTOCK

LankaBangla Securities Limited

Consolidated Statement of Cash flows

For the year ended December 31, 2015

Particulars	Amount In Taka	
	31.12.2015	31.12.2014
Cash Flows from Operating Activities		
Receipts from clients	26,389,821,817	31,837,064,103
Payment to clients	(22,989,396,744)	(17,475,518,948)
Receipts from DSE & CSE	8,845,157,307	7,565,989,850
Payment to DSE & CSE	(11,308,735,853)	(20,950,196,862)
Brokerage sharing with clients	(25,563,035)	(33,866,839)
Payment to CDBL	(45,509,597)	(44,858,802)
Gratuity Payment	(45,060,519)	(5,455,559)
Non-operating Income	14,244,113	4,135,289
Operating expenses	(376,953,419)	(390,905,055)
	458,004,071	**506,387,177**
Other Operating Activities		
Interest Income	43,879,599	57,535,713
Advance, deposits & prepayments	25,979,626	7,488,020
Income Tax paid	(149,857,355)	(129,235,908)
	(79,998,131)	**(64,212,174)**
Net cash used in operating activities	**378,005,940**	**442,175,003**
Cash Flows from Investing Activities		
Investment in Shares	(34,040,458)	(1,325,572,081)
Capital gain from investment in shares	72,469,837	38,616,604
Cash dividend income	35,456,787	12,733,939
Advance Against property, Plant & Equipment	(3,000,000)	(49,710,000)
Leased assets	(4,929,379)	(7,827,981)
Sale of fixed assets	29,280,197	249,654
Acquisition of fixed assets	(31,751,643)	(10,468,193)
Net Cash used in Investing Activities	**63,485,341**	**(1,341,978,059)**
Cash Flows from Financing Activities		
Long Term Loan from Bank & Other Institutions	350,000,000	1,000,000,000
Repayment of Loan	(355,379,596)	(751,560,886)
Interest payment	(559,390,696)	(423,066,601)
Cash dividend	(610,563)	(96,388,262)
Non controlling interest	-	2,000
Short term Loan	(48,008,212)	479,692,739
Net Cash flow from Financing Activities	**(613,389,066)**	**208,678,989**
Net increase in Cash and Cash Equivalents	(171,897,785)	(691,124,067)
Cash & Cash Equivalent as on January 01,2015 (BizBangla)	2,202,154	-
Cash & Cash Equivalent as on January 01,2015	802,003,022	1,493,127,089
Cash & Cash Equivalent as on December 31,2015	**632,307,391**	**802,003,022**

Director **Director & CEO** **Company Secretary**

Signed as per our separate report of same date.

Ahmed Zaker & Co.
Chartered Accountants

Place: Dhaka
Dated: February 22, 2016

AMARSTOCK

Lankabangla Securities Limited

Statement of Financial Position

As at December 31, 2015

Particulars	Notes	Amount In Taka		
		31.12.2015	31.12.2014	01.01.2014
			Restated	Restated
ASSETS				
Non-current assets				
Property, plant and equipment	4	148,503,612	170,188,662	203,811,460
Long term loan to employees'	5	29,393,074	14,025,679	9,496,000
Long Term Investment in Shares	6	1,404,100,807	1,413,604,807	787,207,490
Deferred tax assets	18	46,154	-	-
Total non-current assets		**1,582,043,646**	**1,597,819,148**	**1,000,514,950**
Current assets				
Advances, deposits and prepayments	7	274,048,570	268,876,022	186,898,087
Investments	8	924,945,862	879,589,354	179,416,590
Current portion of loans and advances	10	10,000,503	9,015,072	53,300,706
Accounts receivable	11	5,641,395,877	5,534,771,578	5,149,008,983
Accrued interest		1,719,650	3,051,305	3,033,558
Cash and cash equivalents	12	630,429,174	801,004,772	1,493,127,089
Total current assets		**7,482,539,636**	**7,496,308,105**	**7,064,785,013**
TOTAL ASSETS		**9,064,583,283**	**9,094,127,253**	**8,065,299,963**
SHAREHOLDER'S EQUITY AND LIABILITIES				
Shareholder's Equity				
Share capital	13	2,223,391,170	2,021,264,700	1,925,014,000
Share premium	14	1,200,000,000	1,200,000,000	1,200,000,000
General reserve	15	55,943,075	54,835,887	47,724,361
Retained earnings		527,076,343	652,671,004	544,330,115
Total equity		**4,006,410,588**	**3,928,771,591**	**3,717,068,476**
Liabilities				
Non-current liabilities				
Term loan	16	825,150,538	840,884,017	223,496,712
Defined benefit obligations	17	56,086,350	77,753,296	58,666,967
Deferred tax liabilities	18	-	1,998,191	5,616,187
Finance lease obligation	19	4,728,179	8,102,122	12,815,213
Total non-current liabilities		**885,965,067**	**928,737,625**	**300,595,079**
Current liabilities				
Accounts payable	20	623,508,048	626,640,893	438,849,124
Short term loans	21	1,793,700,833	1,850,552,897	1,370,860,159
Provision for current tax	22	20,936,859	80,098,140	42,416,048
Current portion of lease obligation	23	3,373,943	4,929,379	8,044,269
Current portion of term loan	24	346,868,458	336,364,343	705,312,533
Provision for negative equity & others	25	424,503,469	361,605,558	546,294,916
Interest Suspense	26	810,164,046	810,164,046	810,162,500
Other liabilities	27	149,151,973	166,262,779	125,696,859
Total current liabilities		**4,172,207,627**	**4,236,618,036**	**4,047,636,408**
Total liabilities		**5,058,172,695**	**5,165,355,661**	**4,348,231,487**
TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES		**9,064,583,283**	**9,094,127,253**	**8,065,299,963**

The accompanying policies and explanatory notes 1-46 form an integral part of the financial statements.

Director | **Director & CEO** | **Company Secretary**

Signed as per our separate report of same date.

Ahmed Zaker & Co.
Chartered Accountants

Place: Dhaka
Dated: February 22, 2016

LankaBangla Securities Limited

Statement of Profit or Loss and Other Comprehensive Income

For the year ended December 31, 2015

Particulars	Notes	Amount In Taka	
		31.12.2015	31.12.2014
Revenue			
Interest Income	28	546,457,258	723,083,798
Income from investment	29	107,926,624	51,350,542
Brokerage income	30	560,594,048	675,776,389
Revenue from advertisement & circulation	31	-	-
Other operational income	32	28,671,976	35,824,664
Total Revenue		**1,243,649,906**	**1,486,035,393**
Cost of services		**(600,963,073)**	**(542,009,823)**
Interest expenses	33	535,050,990	457,346,309
Other costs directly attributable to services	34	65,912,083	84,663,513
Gross profit		**642,686,833**	**944,025,571**
Other non-operational income	35	27,227,253	4,701,317
Operating expenses		**(441,126,102)**	**(438,769,947)**
Salary and allowances	36	247,137,649	223,950,037
Rent, taxes, insurance, electricity etc.	37	46,059,398	40,492,899
Legal & professional fees	38	1,311,249	2,486,892
Postage, stamp, telecommunication etc.	39	4,334,733	3,785,207
Stationery, printing, advertisement	40	9,597,251	10,870,859
Director fees and expenses	41	578,627	564,710
Audit fees	42	115,000	115,000
Repairs, maintenance and depreciation	43	39,743,883	44,865,897
Other expenses	44	92,248,312	111,638,445
Operating profit before provisions		**228,787,984**	**509,956,941**
Other Provisions		**(62,897,911)**	**(35,589,378)**
For doubtful loans and advances		34,425,386	-
For diminution in value of investment		28,472,525	35,589,378
Profit before tax (PBT)		**165,890,073**	**474,367,563**
Income tax income/ (expense)		**(88,251,077)**	**(163,300,004)**
Current tax expense		(90,295,422)	(166,918,000)
Deferred tax income		2,044,345	3,617,996
Profit after tax (PAT)		**77,638,997**	**311,067,559**
Earnings Per Share (2014 restated)	45	**0.35**	**1.40**

The accompanying policies and explanatory notes 1-46 form an integral part of the financial statements.

Director | **Director & CEO** | **Company Secretary**

Signed as per our separate report of same date.

Place: Dhaka
Dated: February 22, 2016

Ahmed Zaker & Co.
Chartered Accountants

LankaBangla Securities Limited

Statement of Changes in Equity

For the year ended December 31, 2015

Particulars	Share Capital	Share Premium	General eserve	Retained Earnings	Total Equity
Balance at January 01, 2014	1,925,014,000	1,200,000,000	47,724,361	1,354,492,615	4,527,230,976
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)	-
Transfer to interest suspense				(810,164,046)	(810,164,046)
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**	**652,671,004**	**3,928,771,592**
Changes in equity for 2015					
Total comprehensive income for the year	-	-	-	77,638,997	77,638,997
Stock dividend	202,126,470	-	-	(202,126,470)	-
Transfer to general reserve	-	-	1,107,188	(1,107,188)	-
Balance at December 31, 2015	**2,223,391,170**	**1,200,000,000**	**55,943,075**	**527,076,343**	**4,006,410,589**

Director **Director & CEO** **Company Secretary**

Signed as per our separate report of same date.

Place: Dhaka
Dated: February 22, 2016

Ahmed Zaker & Co.
Chartered Accountants

AMARSTOCK

LankaBangla Securities Limited

Statement of Cash flows

For the year ended December 31, 2015

Particulars	Amount In Taka	
	31.12.2015	31.12.2014
Cash Flows from Operating Activities		
Receipts from clients	26,330,328,789	31,837,064,103
Payment to clients	(22,872,244,697)	(17,475,518,948)
Receipts from DSE & CSE	8,845,157,307	7,565,989,850
Payment to DSE & CSE	(11,308,735,853)	(20,950,196,862)
Brokerage sharing with clients	(25,563,035)	(33,866,839)
Payment to CDBL	(45,509,597)	(44,858,802)
Gratuity Payment	(45,060,519)	(5,455,559)
Non-operating Income	6,100,866	4,135,289
Operating expenses	(377,399,750)	(390,903,305)
	507,073,511	**506,388,927**
Other Operating Activities		
Interest Income	43,879,599	57,535,713
Advance, deposits & prepayments	(18,525,373)	7,488,020
Income Tax paid	(149,456,703)	(129,235,908)
	(124,102,478)	**(64,212,174)**
Net cash used in operating activities	**382,971,034**	**442,176,753**
Cash Flows from Investing Activities		
Investment in Shares	(35,852,508)	(1,326,570,081)
Capital gain from investment in shares	72,469,837	38,616,604
Cash dividend income	35,456,787	12,733,939
Advance Against property, Plant & Equipment	(3,000,000)	(49,710,000)
Leased assets	(4,929,379)	(7,827,981)
Sale of fixed assets	28,404,197	249,654
Acquisition of fixed assets	(25,377,758)	(10,468,193)
Net Cash used in Investing Activities	**67,171,176**	**(1,342,976,059)**
Cash Flows from Financing Activities		
Long Term Loan from Bank & Other Institutions	350,000,000	1,000,000,000
Repayment of Loan	(355,229,364)	(751,560,886)
Interest payment	(558,025,817)	(423,066,601)
Cash dividend	(610,563)	(96,388,262)
Non controlling interest	-	-
Short term Loan	(56,852,064)	479,692,739
Net Cash flow from Financing Activities	**(620,717,808)**	**208,676,989**
Net increase in Cash and Cash Equivalents	(170,575,598)	(692,122,317)
Cash & Cash Equivalent as on January 01,2015	801,004,772	1,493,127,089
Cash & Cash Equivalent as on December 31,2015	**630,429,174**	**801,004,772**

Director **Director & CEO** **Company Secretary**

Signed as per our separate report of same date.

Ahmed Zaker & Co.
Chartered Accountants

Place: Dhaka
Dated: February 22, 2016

AMAR STOCK

Notes to the Financial Statements

For the year ended December 31, 2015

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.

1.03 Information regarding subsidiary companies

As on 31 December 2015 LankaBangla Securities Limited has 02 (Two) subsidiaries company to include for preparation of consolidated financial statements as per Bangladesh Financial Reporting Standard (BFRS) 10, 'Consolidated Financial Statements'. A brief description of the companies is described below:

LankaBangla Information System Limited (Subsidiary Company)

LankaBangla Information System Limited is a private limited company incorporated on 02 May 2013 in Bangladesh under the Companies Act 1994. The main objectives of the company are to restructure and improve the infrastructure to ensure the security, mobility, enhancement and service to all business concerns. LankaBangla Securities Limited holds 99.8 percent shares in its subsidiary.

BizBangla Media Limited (Subsidiary Company)

BizBangla Media Limited is a private limited company incorporated on 18 January 2011 in Bangladesh under the Companies Act 1994. The main objectives of the company are to carry on business of printing publishes of newspaper, Journals, magazines, periodicals, books, pamphlets and other literary and non literary works and undertakings, radio, television broadcastings and any other media to deal with copy right, patent, trade mark, intellectual property and IT related products. LankaBangla Securities Limited holds 80 percent shares in its subsidiary.

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 Basis of consolidation

The financial statements of the company and its subsidiary have been consolidated in accordance with Bangladesh Financial Reporting Standard (BFRS) 10: 'Consolidated Financial Statements'. The consolidation of the financial statements has been prepared by using uniform accounting policies and after eliminating all material intra group balances, income and expenses arising from intra-group transactions.

The total profits of the company and its subsidiary are shown in the consolidated profit and loss account with the proportion of profit after taxation pertaining to minority shareholders being deducted as 'Non-controlling Interest'. All assets and liabilities of the company and of its subsidiary are shown in the consolidated Statement of Financial Position. The interest of minority shareholders of the subsidiary are shown separately in the consolidated Statement of Financial Position under the heading 'Non-controlling Interest'.

2.05 Date of authorization

The Board of Directors accorded its approval and authorized these financial statements on February 22, 2016.

2.06 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.

2.07 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.

2.08 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.

2.09 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 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.

2.11 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.

2.12 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.

2.13 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.

2.14 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.

2.15 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

2.16 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.

2.17 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.

2.18 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.

2.19 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.

2.20 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

2.21 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- 46.

2.22 Proposed Dividend

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.

2.23 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.

2.24 Branch accounting

The Company has a total ten number of Branch offices (excluding Head Office), with no overseas branch as on December 31, 2015. Accounts of the branches are maintained at the head offices which are included in the accompanying financial statements.

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- 19 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- 10 Consolidated Financial Statements
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.

Amount in Taka

		Consolidated		Separate	
		31.12.2015	31.12.2014	31.12.2015	31.12.2014
4.00	**Property, Plant & Equipment**				
	Cost:				
	Opening balance	346,276,493	336,981,668	346,276,493	336,981,668
	Add: Addition during the year	74,392,965	10,468,193	25,377,758	10,468,193
		420,669,458	**347,449,860**	**371,654,251**	**347,449,860**
	Less: Disposal during the year	29,339,201	1,173,367	29,339,201	1,173,367
	Closing balance	**391,330,257**	**346,276,493**	**342,315,050**	**346,276,493**
	Depreciation:				
	Opening balance	176,087,831	133,170,208	176,087,831	133,170,208
	Add: Charged during the year	67,486,634	43,842,690	38,844,715	43,842,690
		243,574,466	**177,012,898**	**214,932,547**	**177,012,898**
	Less: Adjustment made during the year	21,121,108	925,067	21,121,108	925,067
	Accumulated depreciation	**222,453,358**	**176,087,831**	**193,811,439**	**176,087,831**
	Carrying amount	**168,876,900**	**170,188,662**	**148,503,612**	**170,188,662**

A schedule of property, Plant & Equipment is given in Annexure-A

5.00	**Long term loan to employees'**				
	Staff transport loan	24,015,050	12,612,480	24,015,050	12,612,480
	Loan against salary	5,378,024	1,413,199	5,378,024	1,413,199
		29,393,074	**14,025,679**	**29,393,074**	**14,025,679**
6.00	**Long Term Investment in Shares**				
	Investment in unlisted company (Note-6.01)	46,706,000	374,210,000	365,704,000	375,208,000
	Investment in strategic company (Note-6.02)	1,038,396,807	1,038,396,807	1,038,396,807	1,038,396,807
		1,085,102,807	**1,412,606,807**	**1,404,100,807**	**1,413,604,807**
6.01	**Investment in equity of unlisted company**				
	Information Technology Consultants Limited	27,100,000	27,100,000	27,100,000	27,100,000
	Financial Excellence Limited	3,000,000	3,000,000	3,000,000	3,000,000
	DSE Membership at Cost (Note-6.01.A)	11,606,000	11,606,000	11,606,000	11,606,000
	CSE Membership at Cost (Note-6.01.A)	5,000,000	5,000,000	5,000,000	5,000,000
	United Power Generation & Distribution Ltd.	-	9,504,000	-	9,504,000
	LankaBangla Information Technology Limited	-	-	998,000	998,000
	BizBangla Media Limited	-	318,000,000	318,000,000	318,000,000
		46,706,000	**374,210,000**	**365,704,000**	**375,208,000**

6.01.A DSE and CSE Membership at Cost

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

Stock Exchange	Type of Shares	Number of Shares	Face Value
Dhaka Stock Exchange Limited	Floated (40%)	2,886,042	10
	Blocked (60%)	4,329,064	10
		7,215,106	
Chittaggong Stock Exchange Limited		1,714,932	10
		2,572,398	10
		4,287,330	

Valuation of membership has been shown at cost in the financial statements.

Amount in Taka

		Consolidated		Separate	
		31.12.2015	31.12.2014	31.12.2015	31.12.2014
6.02	**Investment in equity of strategic company**				
	Eastern Cables Limited	94,683,662	94,683,662	94,683,662	94,683,662
	Midas Financing Limited	335,912,204	335,912,204	335,912,204	335,912,204
	Active Fine Chemical	60,000,000	60,000,000	60,000,000	60,000,000
	Popular Life Insurance Co Ltd	321,823,630	321,823,630	321,823,630	321,823,630
	Bank Asia Limited	225,977,311	225,977,311	225,977,311	225,977,311
		1,038,396,807	**1,038,396,807**	**1,038,396,807**	**1,038,396,807**
7.00	**Advances, Deposits and Prepayments**				
	Advances				
	Office rent	18,326,591	18,098,135	18,326,591	18,098,135
	Advance for Bank guarantee margin	319,611	2,048,437	319,611	2,048,437
	Advance against floor purchase	191,968,000	188,968,000	191,968,000	188,968,000
	BizBangla Media Limited	-	-	45,000,000	-
	Advance against expenses	5,170,732	46,905,301	3,894,800	46,905,301
		215,784,934	**256,019,873**	**259,509,002**	**256,019,873**
	Deposits				
	Clearing house	25,000	25,000	25,000	25,000
	Lease Deposit	374,702	374,702	374,702	374,702
	Loan Deposit	8,752,870	7,043,963	8,752,870	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
	Prattashee Traders	950,000	-	-	-
	Jai Jai Din Printers	500,000	-	-	-
	Md. Abdur Roup Hayder	502,800	-	-	-
	Security deposit with agencies	403,025	-	-	-
	Security deposit for office space	3,464,160	2,158,350	2,458,350	2,158,350
		15,139,057	**9,768,515**	**11,777,422**	**9,768,515**
	Prepayments				
	Group and health insurance	2,344,327	2,722,503	2,344,327	2,722,503
	Insurance for office equipment	253,312	127,201	253,312	127,201
	Insurance for motor vehicle	164,507	237,931	164,507	237,931
		2,762,146	**3,087,634**	**2,762,146**	**3,087,634**
		233,686,137	**268,876,022**	**274,048,570**	**268,876,022**
8.00	**Investments**				
	Investment in listed securities (Note-8.01)	888,227,350	845,368,934	888,227,350	845,368,933
	Fixed deposits receipt (FDR) (Note-8.02)	38,639,669	34,220,421	36,718,512	34,220,421
		926,867,019	**879,589,354**	**924,945,862**	**879,589,354**
8.01	**Investment in listed securities**				
	Beximco Pharma Limited	196,872,000	131,460,115	196,872,000	131,460,115
	Envoy Textiles Limited	319,872,838	319,872,838	319,872,838	319,872,838
	Heidelberg Cement	127,939,748	158,179,232	127,939,748	158,179,232
	Linde Bangladesh Limited	148,986,924	107,779,000	148,986,924	107,779,000
	Apex Tannery	69,761,029	56,026,496	69,761,029	56,026,496
	Renata	-	47,200,000	-	47,200,000
	Peoples Insurance	8,866,000	8,866,000	8,866,000	8,866,000
	LR Global BD MF One	9,139,000	9,139,000	9,139,000	9,139,000
	Popular Life 1st Mutual Fund	3,471,589	3,471,589	3,471,589	3,471,589

Amount in Taka

		Consolidated		Separate	
		31.12.2015	31.12.2014	31.12.2015	31.12.2014
	2ND ICB Mutual Fund	2,817,500	2,817,500	2,817,500	2,817,500
	Janata Bank 1st Mutual Fund	500,000	500,000	500,000	500,000
	Jamuna Oil Co. Ltd	703	8,433	703	8,433
	RAK Ceramics (BD) Limited	-	20,391	-	20,391
	MJL Bangladesh Limited	-	10,580	-	10,580
	MI Cement Factory Limited	-	4,233	-	4,233
	Summit Alliance Port	19	410	19	410
	Rupali Bank Limited	-	2,809	-	2,809
	Cash form	-	10,305	-	10,305
		888,227,350	**845,368,934**	**888,227,350**	**845,368,933**
8.02	**Fixed deposit receipts (FDR)**				
	FDR with Standard Chartered Bank	36,718,512	34,220,421	36,718,512	34,220,421
	FDR with One Bank Limited	1,921,157	-	-	-
		38,639,669	**34,220,421**	**36,718,512**	**34,220,421**
9.00	**Inventories**				
	Newspaper	335,117	-	-	-
	P. S plate	58,000	-	-	-
	Polyester film	6,900	-	-	-
		400,017	-	-	-
10.00	**Current portion of loans and advances**				
	Staff Transport Loan	8,360,760	4,400,400	8,360,760	4,400,400
	Loan Against Salary	1,988,224	4,614,672	1,639,743	4,614,672
		10,348,984	**9,015,072**	**10,000,503**	**9,015,072**
11.00	**Accounts receivable**				
	Receivable from clients (Note - 11.01)	5,649,337,332	5,483,788,675	5,594,636,560	5,483,588,675
	Receivable from DSE & CSE (Note - 11.02)	46,759,317	51,182,904	46,759,317	51,182,904
		5,696,096,649	**5,534,971,578**	**5,641,395,877**	**5,534,771,578**
11.01	**Receivable from clients**				
	LankaBangla Investments Ltd.	-	4,449,184	-	4,449,184
	LankaBangla Information Systems Ltd.	-	-	329,060	-
	Sundry debtors against advertisement	51,560,558	-	-	-
	Sundry debtors against circulation	3,269,274	-	-	-
	Swsspro	200,000	200,000	-	-
	Other clients	5,594,307,500	5,479,139,490	5,594,307,500	5,479,139,490
	Other clients	**5,649,337,332**	**5,483,788,675**	**5,594,636,560**	**5,483,588,675**

Other clients includes receivable from share trading.

11.02 Receivable from DSE & CSE

ABG&N	34,562,163	-	34,562,163	-
ABG&N (Spot)	-	127,194	-	127,194
Z	420,302	37,114,985	420,302	37,114,985
Z	375,234	1,240,780	375,234	1,240,780
Z	1,329,067	3,106,248	1,329,067	3,106,248
Z	1,051,139	915,539	1,051,139	915,539
Z	3,069,039	61,849	3,069,039	61,849
Z	687,686	549,306	687,686	549,306
Z	1,111,694	618,803	1,111,694	618,803

Amount in Taka

		Consolidated		Separate	
		31.12.2015	31.12.2014	31.12.2015	31.12.2014
	Z	149,020	710,417	149,020	710,417
	Z	419,310	434,742	419,310	434,742
	Total DSE	**43,174,654**	**44,879,864**	**43,174,654**	**44,879,864**
	ABG&N	2,926,804	2,062,729	2,926,804	2,062,729
	ABG&N (Spot)	-	2,502	-	2,502
	Z	232,875	1,064,426	232,875	1,064,426
	Z	2,137	574,750	2,137	574,750
	Z	51,467	1,493,442	51,467	1,493,442
	Z	14,361	290,837	14,361	290,837
	Z	168,737	145,582	168,737	145,582
	Z	-	165,752	-	165,752
	Z	9,600	157,491	9,600	157,491
	Z	50,686	156,515	50,686	156,515
	Z	127,997	189,014	127,997	189,014
	Total CSE	**3,584,663**	**6,303,040**	**3,584,663**	**6,303,040**
	Grand Total DSE & CSE	**46,759,317**	**51,182,904**	**46,759,317**	**51,182,904**
12.00	**Cash and Cash Equivalents**				
	Cash in hand	121,973	121,340	92,923	121,340
	Cash at bank (Notes 12.01)	632,185,418	801,881,682	630,336,251	800,883,432
		632,307,391	**802,003,022**	**630,429,174**	**801,004,772**
12.01	**Cash at Bank /NBFI**				
	Standard Chartered Bank	2,445,411	30,991,732	2,445,411	30,991,732
	BRAC Bank Limited	26,312	25,802	26,312	25,802
	ONE Bank Limited	624,477,568	769,164,037	622,786,234	768,165,787
	Dutch-Bangla Bank Limited	17,671	18,842	17,671	18,842
	Hongkong and Shanghai Corporation Ltd.	712,090	1,415,184	712,090	1,415,184
	Prime Bank Limited	-	17	-	17
	Commercial Bank of Ceylon	453,983	222,127	453,983	222,127
	National Bank Limited	7,470	2,125	7,470	2,125
	Shahajalal Islami Bank limited	373,720	1,668	373,720	1,668
	South Bangla Agriculture & Commerce Bank	337,391	40,148	337,391	40,148
	Bangladesh Development Bank Ltd	154,008	-	-	-
	National Credit and Commerce Bank Ltd	3,170,184	-	3,166,359	-
	Meghna Bank Limited	9,611	-	9,611	-
		632,185,418	**801,881,682**	**630,336,251**	**800,883,432**
13.00	**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	**2,223,391,170**	**2,021,264,700**	**2,223,391,170**	**2,021,264,700**
	222,339,117 ordinary shares of Taka 10 each fully paid	**2,223,391,170**	**2,021,264,700**	**2,223,391,170**	**2,021,264,700**
	Detail of Shareholding Position of the Company				
	Name of the Sponsor & Directors Shareholders		**No. of Shares**		
	LankaBangla Finance Ltd.	202,126,617	1,837,514,590	2,021,266,170	1,837,514,590
	Mr. Mohammad A. Moyeen	101,067	918,790	1,010,670	918,790
	Mr. Mahbubul Anam	99,043	900,390	990,430	900,390

Amount in Taka

	Consolidated		Separate	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Mr. B W Kundanmal	2	20	20	20
Mr. Mohammed Nasiruddin Chowdhury	2,312	21,020	23,120	21,020
Mr. Mohammad Khairul Anam Chowdhury	2,310	21,000	23,100	21,000
	202,331,351	1,839,375,810	2,023,313,510	1,839,375,810
General Shareholders	20,007,766	181,888,890	200,077,660	181,888,890
	222,339,117	**2,021,264,700**	**2,223,391,170**	**2,021,264,700**

14.00 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**

15.00 General Reserve

Opening balance	54,835,887	47,724,361	54,835,887	47,724,361
Add: Addition during the year	1,107,188	7,111,526	1,107,188	7,111,526
	55,943,075	**54,835,887**	**55,943,075**	**54,835,887**
Less: Adjustment during the year	-	-	-	-
Closing balance	**55,943,075**	**54,835,887**	**55,943,075**	**54,835,887**

The Board of Directors of LankaBangla Securities has decided to create a general reserve by a margin of 1% on outstanding extended as 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.

16.00 Long Term Loan

Opening balance	840,884,017	223,496,712	840,884,017	223,496,712
Add: Drawdown during the year	350,000,000	1,000,000,000	350,000,000	1,000,000,000
	1,190,884,017	1,223,496,712	1,190,884,017	1,223,496,712
Less: Conversion to Short term	365,733,479	382,612,695	365,733,479	382,612,695
Closing balance	**825,150,538**	**840,884,017**	**825,150,538**	**840,884,017**
Detail of long term portion of the above balance is presented below:				
International Leasing Financial Services Ltd. 4	32,623,373	64,028,249	32,623,373	64,028,249
Fareast Finance Limited	-	23,418,337	-	23,418,337
Shahjalal Islami Bank Limited 2	110,902,439	143,682,471	110,902,439	143,682,471
Hajj Finance Limited	17,044,011	53,437,542	17,044,011	53,437,542
Hajj Finance Limited 2	29,168,652	63,679,328	29,168,652	63,679,328
Hajj Finance Limited 3	30,326,512	-	30,326,512	-
Phonix Finance & Investment Ltd	137,254,895	170,961,484	137,254,895	170,961,484
South Bangla Agriculture & Commerce Bank Ltd	211,560,314	263,191,240	211,560,314	263,191,240
South Bangla Agriculture & Commerce Bank Ltd 2	150,525,389	-	150,525,389	-
South Bangla Agriculture & Commerce Bank Ltd 3	82,522,690	-	82,522,690	-
Meghna Bank Limited	23,222,263	58,485,366	23,222,263	58,485,366
Sub total	**825,150,538**	**840,884,017**	**825,150,538**	**840,884,017**

17.00 Defined benefit obligations

Opening balance	77,753,296	58,666,967	77,753,296	58,666,967
Add: Addition during the year	23,393,573	24,541,888	23,393,573	24,541,888
	101,146,869	**83,208,855**	**101,146,869**	**83,208,855**
Less: Paid during the year				
Paid to employee	4,632,383	5,455,559	4,632,383	5,455,559
Transfer to gratuity fund	40,428,136	-	40,428,136	-
	45,060,519	5,455,559	45,060,519	5,455,559
Closing balance	**56,086,350**	**77,753,296**	**56,086,350**	**77,753,296**

Amount in Taka

	Consolidated		Separate	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014

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''.

Particulars		Carrying Amount at Balance Sheet	Tax Base	Taxable / Deductible Temporary Difference
Assets:				
Fixed assets net of depreciation		148,503,620	148,635,489	131,869
Total		**148,503,620**	**148,635,489**	**131,869**
Applicable Tax Rate			35%	
Deferred Tax Assets as on 31st December 2015			**46,154**	

19.00 Finance lease obligation

Opening balance	8,102,122	12,815,213	8,102,122	12,815,213
Add: Addition during the year	1,249,768	-	-	-
	9,351,890	12,815,213	**8,102,122**	12,815,213
Less: Conversion to Short term	3,668,537	4,713,091	3,373,943	4,713,091
Closing balance	**5,683,353**	**8,102,122**	**4,728,179**	**8,102,122**

20.00 Accounts payable

Payable to clients (Note-20.01)	592,862,839	491,122,684	586,209,289	491,122,684
Payable to DSE and CSE (Note - 20.02)	27,396,281	126,394,914	27,396,281	126,394,914
Accrued expenses (Note - 20.03)	15,218,721	9,169,295	9,902,479	9,123,296
	635,477,840	**626,686,893**	**623,508,048**	**626,640,893**

20.01 Payable to Clients

IDLC of Bangladesh Ltd	50,507	6,259,899	50,507	6,259,899
LankaBangla Investments Ltd.	6,663,525	-	6,663,525	-
Prattashee Traders	3,040,381	-	-	-
Akiz Group	1,500,000	-	-	-
Jai Jai Din Printers	1,019,775	-	-	-
Other clients	580,588,651	484,862,785	579,495,257	484,862,785
	592,862,839	**491,122,684**	**586,209,289**	**491,122,684**

Other Clients

Other clients includes payable from share trading.

20.02 Payable to DSE & CSE

ABG&N	16,403,054	114,643,781	16,403,054	114,643,781
Z	318,544	7,237,112	318,544	7,237,112
Total DSE	**16,721,599**	**121,880,893**	**16,721,599**	**121,880,893**
ABG&N	10,616,408	4,431,636	10,616,408	4,431,636
Z	58,273	82,385	58,273	82,385
Total CSE	**10,674,682**	**4,514,021**	**10,674,682**	**4,514,021**
Grand Total DSE & CSE	**27,396,281**	**126,394,914**	**27,396,281**	**126,394,914**

20.03 Accrued Expenses

Telephone bill	98,785	70,979	62,691	70,979
Electricity bill	1,005,105	829,876	784,079	829,876
Office rent	1,346,773	-	1,094,061	-
Printing & stationeries	1,326,519	207,065	508,820	207,065
Office maintenance	792,299	280,606	418,174	280,606
Water and sewerage bill	153,368	81,283	80,105	81,283

Amount in Taka

		Consolidated		Separate	
		31.12.2015	31.12.2014	31.12.2015	31.12.2014
	Audit fees	184,000	161,000	115,000	115,000
	Legal and professional fee	57,500	-	-	-
	Incentive	4,700,897	5,137,789	4,700,897	5,137,789
	Contribution to provident fund	1,650,178	-	-	-
	Honorarium	1,763,645	-	-	-
	Salaries & Allowances	25,003	23,340	24,003	23,340
	CDBL charges	2,114,650	2,377,358	2,114,650	2,377,358
		15,218,721	**9,169,295**	**9,902,479**	**9,123,296**
21.00	**Short Term Loan**				
	Opening Balance	1,850,552,897	1,370,860,158	1,850,552,897	1,370,860,158
	Loan taken during the year	-	784,860,958	-	784,860,958
		1,850,552,897	**2,155,721,116**	**1,850,552,897**	**2,155,721,116**
	Re-scheduled/repayment during the year	47,683,579	305,168,219	56,852,064	305,168,219
	Closing Balance	**1,802,869,318**	**1,850,552,897**	**1,793,700,833**	**1,850,552,897**
	Detail of the above balance is presented below:				
	Loan taken as a short term				
	Lanka Bangla Finance Limited	284,392,715	312,316,820	284,392,715	312,316,820
	One Bank Limited	759,168,485	750,000,000	750,000,000	750,000,000
	Standard Chartered Bank	280,506,327	277,236,077	280,506,327	277,236,077
	Shahjalal Islami Bank Limited	375,544,445	400,000,000	375,544,445	400,000,000
	South Bangla Agriculture & Commerce Bank Ltd	103,257,345	100,000,000	103,257,345	100,000,000
	National Bank Ltd	-	11,000,000	-	11,000,000
	Sub total	**1,802,869,318**	**1,850,552,897**	**1,793,700,833**	**1,850,552,897**
22.00	**Provision for Current Tax**				
	Opening Balance	80,098,140	42,416,048	80,098,140	42,416,048
	Add: Provision during the year	90,401,563	166,918,000	90,295,422	166,918,000
		170,499,703	**209,334,048**	**170,393,562**	**209,334,048**
	Less: Paid during the year	61,883,815	30,000,000	61,883,815	30,000,000
	Advance tax deducted at source	11,870,040	8,399,107	11,624,467	8,399,107
	Tax deducted at source on turnover	75,948,422	90,836,800	75,948,422	90,836,800
		149,702,276	129,235,908	149,456,703	129,235,908
		20,797,427	**80,098,140**	**20,936,859**	**80,098,140**
23.00	**Current portion of lease obligation**				
	Opening balance	4,929,379	8,044,269	4,929,379	8,044,269
	Add: Conversion from Long Term	3,668,537	4,713,091	3,373,943	4,713,091
		8,597,916	**12,757,360**	**8,303,322**	**12,757,360**
	Less: Paid during the year	4,929,379	7,827,981	4,929,379	7,827,981
	Closing balance	**3,668,537**	**4,929,379**	**3,373,943**	**4,929,379**
24.00	**Current portion of term loan**				
	Opening balance	336,364,343	705,312,533	336,364,343	705,312,533
	Add: Conversion from Long Term	365,733,479	382,612,695	365,733,479	382,612,695
		702,097,822	1,087,925,229	702,097,822	1,087,925,229
	Less: Paid during the year	355,229,364	751,560,886	355,229,364	751,560,886
	Closing balance	**346,868,458**	**336,364,343**	**346,868,458**	**336,364,343**
25.00	**Provision for negative equity & others**				
	Provision for negative equity (Note-25.01)	355,884,791	321,459,405	355,884,791	321,459,405
	Diminution value of investment (Note-25.02)	68,618,678	40,146,153	68,618,678	40,146,153
		424,503,469	**361,605,558**	**424,503,469**	**361,605,558**

Amount in Taka

	Consolidated		Separate	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014

25.01 Provision for negative equity

Opening balance	321,459,405	541,738,141	321,459,405	541,738,141
Add: Addition during the year*	34,425,386	-	34,425,386	-
	355,884,791	**541,738,141**	**355,884,791**	**541,738,141**
Less: Write off during the year	-	220,278,736	-	220,278,736
Closing balance	**355,884,791**	**321,459,405**	**355,884,791**	**321,459,405**

* As per Directives of Bangladesh Securities and Exchange Commission dated 09 December 2013 (circular # SEC/CMRRCD/2009-193/155) and dated 08 December 2015 (circular # SEC/CMRRCD/2009-193/181), the required provisions for the year 2015 on unrealized loss of margin loan can be kept 20% on each quarter for the next five quarters starting from December 2015.

25.02 Diminution value of investment

Opening balance	40,146,153	4,556,775	40,146,153	4,556,775
Add: Addition during the year	28,472,525	35,589,378	28,472,525	35,589,378
	68,618,678	**40,146,153**	**68,618,678**	**40,146,153**
Less: Adjustment during the year	-	-	-	-
Closing balance	**68,618,678**	**40,146,153**	**68,618,678**	**40,146,153**

* As per Directives of Bangladesh Securities and Exchange Commission dated 09 December 2015 (circular # SEC/CMRRCD/2009-193/155) and dated 08 December 2015 (circular # SEC/CMRRCD/2009-193/181), the required provisions for the year 2015 on unrealized loss of dealer account can be kept provision @ 20% on each quarter for the next five quarters starting from December 2015.

26.00 Interest Suspense — **810,164,046** | **810,164,046**

In prior years LankaBangla Securities Limited (LBSL) have recognised interest income on negative equity in the expectation that the Stock Markets' condition will improve and negative equity will reverse. But the stock market is continuing with its bearish trend. Hence, management come into a stand that prior years' interest income on negative equity impact should be reversed to present a fair view of the financial position.

As per present and expected market condition LBSL should not have charge interest income rather should have to charge those to interest suspense account. In the proses to rectify these prior year errors as per BAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" LBSL reduce its Retained Earnings and charge the same to Interest Suspense account.

Year	Interest Applied on Negative Equity	Net profit after Tax	Interest Suspense
2011	277.09	747.62	270.88
2012	404.42	259.68	232.76
2013	394.43	484.75	306.52
	1075.94	1492.06	810.16

27.00 Other Liabilities

Interest on short term loan	28,644,464	51,619,291	28,644,464	51,619,291
Liabilities for other expenses	6,799,006	2,428,750	6,799,006	2,428,750
Brokerage sharing	12,636,624	8,909,219	12,636,624	8,909,219
Liabilities for security deposit	72,507	-	-	-
Third party brokerage sharing	871,915	167,027	871,915	167,027
LB Foundation	784,232	3,112,198	784,232	3,112,198
Un-claimed cash dividend	3,164,970	3,775,532	3,164,970	3,775,532
Tax and VAT deducted at source	96,825,017	96,250,762	96,250,762	96,250,762
	149,798,735	**166,262,779**	**149,151,973**	**166,262,779**

Amount in Taka

		Consolidated		Separate	
		31.12.2015	31.12.2014	31.12.2015	31.12.2014
28.00	**Interest income**				
	Interest on debit balance of clients	505,083,119	666,591,752	505,083,119	666,591,752
	Interest on bank deposit (Note-28.01)	41,485,224	56,492,047	41,374,139	56,492,047
		546,568,342	**723,083,798**	**546,457,258**	**723,083,798**
28.01	**Interest Income**				
	Interest on Bank Deposit				
	One Bank Limited	35,186,010	53,257,611	35,074,926	53,257,611
	Dutch-Bangla Bank Limited	665	21,861	665	21,861
	Hong Kong & Shanghi Banking Corporation	5,299	5,423	5,299	5,423
	Commercial Bank of Ceylon	171,551	161,698	171,551	161,698
	South Bangla Agriculture & Commerce Bank Ltd	74,218	468	74,218	468
	National Credit and Commerce Bank Ltd	3,688,307	-	3,688,307	-
	BRAC Bank Limited	741	770	741	770
	FDR with Standard Chartered Bank	2,358,432	3,044,216	2,358,432	3,044,216
		41,485,224	**56,492,047**	**41,374,139**	**56,492,047**
29.00	**Income from investment**				
	Capital gain from shares investment (Note-29.01)	72,469,837	38,616,604	72,469,837	38,616,604
	Dividend	35,456,787	12,733,939	35,456,787	12,733,939
		107,926,624	**51,350,542**	**107,926,624**	**51,350,542**
29.01	**Capital gain from shares investment**				
	Sales price of shares	442,079,596	528,965,674	442,079,596	528,965,674
	Less: Cost price of shares	369,560,112	490,310,063	369,560,112	490,310,063
		72,519,485	38,655,611	72,519,485	38,655,611
	Less: CDBL & Other charges	49,647	39,008	49,647	39,008
		72,469,837	**38,616,604**	**72,469,837**	**38,616,604**
30.00	**Brokerage income**				
	DSE	511,032,898	614,488,476	511,032,898	614,488,476
	CSE	49,561,150	61,287,913	49,561,150	61,287,913
		560,594,048	**675,776,389**	**560,594,048**	**675,776,389**
31.00	**Revenue from advertisement & circulation**				
	Revenue from advertisement	40,345,956	-	-	-
	Revenue from circulation	4,436,289	-	-	-
		44,782,245	**-**	**-**	**-**
32.00	**Other operational income**				
	Service charge from clients for CDBL	28,362,110	35,278,125	28,362,110	35,278,125
	Sponsorship	1,591,220	-	-	-
	Round Table Conference	1,289,370	-	-	-
	Scrap sales	1,392,348	62,300	64,600	62,300
	Sale of beneficiary owner accounts (BO) form	-	324,200	-	324,200
	IPO application commission	168,916	105,389	168,916	105,389
	IT enable and Cloud services	144,000	200,000	-	-
	Monthly review	332,156	54,650	76,350	54,650
		33,280,119	**36,024,664**	**28,671,976**	**35,824,664**

Amount in Taka

		Consolidated		Separate	
		31.12.2015	31.12.2014	31.12.2015	31.12.2014
33.00	**Interest expenses**				
	Interest on term loan	534,222,887	454,468,454	533,545,952	454,468,454
	Interest on lease finance	1,582,370	2,877,856	1,505,038	2,877,856
		535,805,257	**457,346,309**	**535,050,990**	**457,346,309**
34.00	**Other costs directly attributable to services**				
	Service charge paid to CDBL	30,026,935	43,829,982	30,026,935	43,829,982
	Cost of goods sold (Newspaper, P. S Plates & Polyester flim)	11,813,037	-	-	-
	Factory overhead	4,966,140	-	-	-
	Hawla charges	894,994	5,112,816	894,994	5,112,816
	Laga charges	34,990,155	35,720,715	34,990,155	35,720,715
		82,691,260	**84,663,513**	**65,912,083**	**84,663,513**
35.00	**Other non-operational income**				
	Income from office space rent	5,791,000	3,588,750	5,791,000	3,588,750
	Gain on disposal of fixed assets	20,437,449	51,154	20,262,449	51,154
	Interest on loans and advances to employees	1,173,804	1,061,414	1,173,804	1,061,414
		27,402,253	**4,701,317**	**27,227,253**	**4,701,317**
36.00	**Salary and allowances**				
	Salary and allowances	246,476,126	190,554,930	213,930,519	190,554,930
	Provident fund contribution	10,419,794	8,853,218	9,813,557	8,853,218
	Gratuity fund	23,393,573	24,541,888	23,393,573	24,541,888
		280,289,492	**223,950,037**	**247,137,649**	**223,950,037**
37.00	**Rent, taxes, insurance, electricity etc.**				
	Office rent	37,701,401	29,805,307	33,734,873	29,805,307
	Insurance premium	6,289,507	4,530,701	5,940,994	4,530,701
	Electricity	7,882,644	6,156,891	6,383,531	6,156,891
		51,873,551	**40,492,899**	**46,059,398**	**40,492,899**
38.00	**Legal and professional fees**				
	Legal and professional fees	2,721,880	2,486,892	1,311,249	2,486,892
		2,721,880	**2,486,892**	**1,311,249**	**2,486,892**
39.00	**Postage, stamp, telecommunication etc.**				
	Postage and courier	241,388	224,713	214,732	224,713
	Telephone and mobile bill	4,323,818	3,560,494	4,120,001	3,560,494
		4,565,206	**3,785,207**	**4,334,733**	**3,785,207**
40.00	**Stationery, printing, advertisement**				
	Printing and stationery	9,199,051	7,049,971	8,230,191	7,049,971
	Advertisement	1,392,833	3,820,888	1,367,060	3,820,888
		10,591,884	**10,870,859**	**9,597,251**	**10,870,859**
41.00	**Director fees and expenses**				
	Director fees and expenses	578,627	564,710	578,627	564,710
		578,627	**564,710**	**578,627**	**564,710**
42.00	**Audit fees**				
	Audit fees	164,833	161,000	115,000	115,000
		164,833	**161,000**	**115,000**	**115,000**

Amount in Taka

		Consolidated		Separate	
		31.12.2015	31.12.2014	31.12.2015	31.12.2014
43.00	**Repairs, maintenance and depreciation**				
	Repairs and maintenance	1,214,582	1,023,207	899,168	1,023,207
	Depreciation	41,994,477	43,842,690	38,844,715	43,842,690
		43,209,059	**44,865,897**	**39,743,883**	**44,865,897**
44.00	**Other expenses**				
	Training	1,632,073	2,835,943	1,561,099	2,835,943
	Incentive	4,153,500	4,595,498	4,153,500	4,595,498
	Membership and renewal fees	2,124,913	2,770,485	1,868,388	2,770,485
	Traveling and conveyance	3,640,908	2,114,395	3,458,127	2,114,395
	Internet and e-mail	11,681,307	10,304,862	11,303,560	10,304,862
	News paper and periodicals	611,806	192,325	164,362	192,325
	Fuel expenses	770,328	707,550	433,587	707,550
	Vehicle maintenance/Registration	16,718,746	13,079,241	15,580,625	13,079,241
	Water and sewerage bill	887,917	653,397	742,917	653,397
	Office maintenance	8,252,405	8,628,877	7,461,392	8,628,877
	Entertainment	6,380,163	6,535,465	6,136,354	6,535,465
	Business promotion	21,186,500	43,266,072	19,028,373	43,266,072
	Bank charges	1,087,645	501,474	1,041,738	499,724
	Loss on sales of fixed asset	76,345	49,800	76,345	49,800
	Bad debts written off	188,320	-	-	-
	AGM and Related Expenses	91,404	39,354	91,404	39,354
	Documentation fee	48,363	285,666	6,450	285,666
	LB Foundation	784,232	-	784,232	-
	Miscellaneous (Note-44.01)	23,918,144	15,079,791	18,355,860	15,079,791
		104,235,019	**111,640,195**	**92,248,312**	**111,638,445**
44.01	**Miscellaneous**				
	Software maintenance fee	1,988,542	1,377,771	1,880,129	1,377,771
	Commission of bank guarantee	12,767,104	12,935,215	12,767,104	12,935,215
	Fair and conference	1,178,440	-	-	-
	Selling & distribution expenses	3,472,197	-	-	-
	Third party commission	4,221,082	587,357	3,417,846	587,357
	Subscriptions	290,781	179,448	290,781	179,448
		23,918,144	**15,079,791**	**18,355,860**	**15,079,791**
45.00	**Earnings per Share (EPS):**				
	Net profit after Tax	57,505,502	311,219,809	77,638,997	311,067,559
	Number of Ordinary Shares Outstanding (Note: 45.01)	222,339,117	222,339,117	222,339,117	222,339,117
	Earnings Per Share (EPS)	**0.26**	**1.40**	**0.35**	**1.40**

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.**

			Re-stated		Re-stated
45.01	**Number of Ordinary Shares Outstanding**				
	Balance on 1 January	202,126,470	202,126,470	202,126,470	202,126,470
	Bonus Issued	20,212,647	20,212,647	20,212,647	20,212,647
	Total shares before restating	**222,339,117**	**222,339,117**	**222,339,117**	**222,339,117**
	Retrospective effect of bonus issue				
	Number of shares outstanding (2014 restated)	**222,339,117**	**222,339,117**	**222,339,117**	**222,339,117**

46.00 Related Party Disclosure

During the year the Company carried out a number of transactions with the related parties in the normal course of business on arm's length basis. 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	(312,316,819.82)	-	27,924,104.73	(284,392,715.09)
LankaBangla Investment Ltd.	Sponsor Shareholder	IP Accounts	4,449,184.23	-	(11,112,709.03)	(6,663,524.80)
LankaBangla Finance Ltd.	Sponsor Shareholder	Lease	(2,079,506.94)	-	(2,079,506.94)	-
LankaBangla Investment Ltd.	Sponsor Shareholder	Portfolio	(20,913.58)	(1,984,615.12)	-	(2,005,528.70)

AMAR STOCK

LankaBangla Securities Limited

Annexure -A

Consolidated Schedule of Property, Plant & Equipments

For the year ended December 31, 2015

Amount in Taka

Particulars	COST				DEPRECIATION					Carrying amount as on December 31, 2015
	Balance as on January 1, 2015	Additions during the year	Disposal during the year	Balance on December 31, 2015	"Rate of Depreciation"	Balance as on January 1, 2015	Charged during the year	Disposal during the year	Balance on December 31, 2015	
Building	115,246,150	-	8,792,000	106,454,150	2.5%	10,679,543	2,771,254	1,421,100	12,029,697	94,424,453
Furniture & Fixtures	8,870,185	1,486,891	144,366	10,212,710	10%	3,481,240	1,067,432	75,683	4,472,989	5,739,721
Office Equipment	56,982,509	28,565,018	3,000,262	82,547,265	20%	46,099,019	18,211,201	2,977,752	61,332,468	21,214,797
Data Center & Dr	66,957,972	2,747,498	-	69,705,470	30%	44,818,641	18,001,768	-	62,820,409	6,885,061
Office Renovation	51,589,268	21,006,390	3,200,193	69,395,465	20%	39,996,649	10,338,161	3,200,193	47,134,617	22,260,848
Motor Vehicle	2,232,600	2,760,000	2,232,600	2,760,000	20%	2,232,600	7,286,562	2,232,600	7,286,562	(4,526,562)
Software	-	5,756,543	-	5,756,543	33%	-	3,281,691	-	3,281,691	2,474,852
Leased Asset	44,397,810	12,070,625	11,969,780	44,498,655	20%	28,780,140	6,528,565	11,213,780	24,094,926	20,403,729
Total December 31, 2015	**346,276,493**	**74,392,965**	**29,339,201**	**391,330,257**		**176,087,831**	**67,486,634**	**21,121,108**	**222,453,358**	**168,876,900**

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LankaBangla Securities Limited

Annexure -A

Schedule of Property, Plant & Equipment

For the year ended December 31, 2015

Amount in Taka

Particulars	COST				DEPRECIATION					Carrying amount as on December 31, 2015
	Balance as on January 1, 2015	Additions during the year	Disposal during the year	Balance on December 31, 2015	"Rate of Depreciation"	Balance as on January 1, 2015	Charged during the year	Disposal during the year	Balance on December 31, 2015	
Building	115,246,150	-	8,792,000	106,454,150	2.5%	10,679,543	2,771,254	1,421,100	12,029,697	94,424,453
Furniture & Fixtures	8,870,185	980,222	144,366	9,706,041	10%	3,481,240	928,818	75,683	4,334,375	5,371,666
Office Equipment	56,982,509	7,471,696	3,000,262	61,453,943	20%	46,099,019	5,765,866	2,977,752	48,887,133	12,566,810
Data Center & Dr	66,957,972	2,747,498	-	69,705,470	30%	44,818,641	18,001,768	-	62,820,409	6,885,061
Office Renovation	51,589,268	9,992,145	3,200,193	58,381,220	20%	39,996,649	4,050,378	3,200,193	40,846,834	17,534,386
Motor Vehicle	2,232,600	1,360,000	2,232,600	1,360,000	20%	2,232,600	136,000	2,232,600	136,000	1,224,000
Software	-	2,826,197	-	2,826,197	33%	-	942,066	-	942,066	1,884,131
Leased Asset	44,397,810	-	11,969,780	32,428,030	20%	28,780,140	6,248,565	11,213,780	23,814,926	8,613,104
Total December 31, 2015	**346,276,493**	**25,377,758**	**29,339,201**	**342,315,050**		**176,087,831**	**38,844,715**	**21,121,108**	**193,811,439**	**148,503,612**
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**

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LankaBangla Investments Limited

Financial Statements for The Year Ended
31 December 2015

AMAR STOCK

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 2015, 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 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 2015 and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards ("BFRS").

We also report that:

a) 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;

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 Statement of Financial Position and the Statement of Comprehensive Income dealt with by the report are in agreement with the books of account; and

d) The expenditure incurred was for the purposes of the Company's business.

Place : Dhaka
Dated: 22 February, 2015

Syful Shamsul Alam & Co.
Chartered Accountants

LankaBangla Investments Limited

Statement of Financial Position

As at 31 December 2015

	Notes	Amount in Taka	
		2015	2014
ASSETS			
Non-current assets			
Property, plant and equipment	4	5,159,127	6,266,711
Intangible assets	5	350,181	277,645
Investments	6	342,142,256	74,486,435
Deferred tax asset	20	-	2,123,088
Other non-current assets	7	869,862	326,480
Total non-current assets		**348,521,426**	**83,480,359**
Current assets			
Margin loan	8	3,559,650,618	4,262,866,614
Advances, deposits and prepayments	9.02	20,019,462	232,088,971
Investments	10	206,700,992	325,461,115
Accounts receivable	11	53,459,525	33,900,560
Cash and cash equivalents	12	5,324,642	56,237,011
Total current assets		**3,845,155,238**	**4,910,554,271**
TOTAL ASSETS		**4,193,676,664**	**4,994,034,630**
EQUITY AND LIABILITIES			
Equity			
Share capital	13	1,670,000,000	1,670,000,000
Retained earnings		(800,329,421)	(279,691,968)
Total equity		**869,670,579**	**1,390,308,032**
Liabilities			
Non current liabilities			
Term loans	14.01	-	52,121,256
Defined benefit obligation	15	4,178,021	2,752,092
Total non-current liabilities		**4,178,021**	**54,873,348**
Current liabilities			
Accounts payable	16	58,986,199	79,363,205
Short term loans	17	3,109,108,380	3,320,257,883
Current portion of term loan	18	52,121,257	46,582,227
Provision for current tax	19	25,030,683	24,319,254
Provision for margin loan & others	21	74,089,160	77,842,307
Other liabilities	22	492,387	488,374
Total current liabilities		**3,319,828,065**	**3,548,853,250**
Total liabilities		**3,324,006,086**	**3,603,726,598**
TOTAL EQUITY AND LIABILITIES		**4,193,676,664**	**4,994,034,630**

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: 22 February 2016

Syful Shamsul Alam & Co.
Chartered Accountants

AMAR STOCK

LankaBangla Investments Limited

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2015

	Notes	Amount in Taka	
		2015	2014
Revenue		**237,143,128**	**316,923,988**
Interest income	23	109,479,557	165,048,286
Income from investments	24	34,128,307	51,958,405
Fee based income	25	85,921,914	84,322,702
Other operational income	26	7,613,349	15,594,595
Cost of services		**450,710,169**	**552,312,951**
Interest expenses	27	448,341,876	547,198,785
Other costs directly attributable to services	28	2,368,293	5,114,166
Gross profit/(loss)		**(213,567,041)**	**(235,388,963)**
Other non-operational income	29	62,687	518,783
Operating expenses		**68,165,841**	**64,715,201**
Salary and allowances	30	33,872,363	31,139,601
Rent, insurance, utilities etc.	31	15,535,803	14,957,678
Legal & professional fees	32	724,402	4,361,797
Postage, stamp, telecommunication etc.	33	724,547	823,088
Stationary, printing, advertisement	34	799,458	955,383
Director fees and expenses	35	368,000	391,000
Audit fees	36	126,500	174,250
Repairs, maintenance and depreciation	37	7,369,510	9,108,308
Other expenses	38	8,645,258	2,804,095
Net operating income/(loss)		**(281,670,195)**	**(299,585,381)**
Provisions for loans / investments		**236,132,741**	**36,245,790**
Provision for margin loan		245,867,249	**26,511,282**
Provision for diminution in value of investments		(9,734,508)	**9,734,508**
Profit/(loss) before tax (PBT)		**(517,802,936)**	**(335,831,171)**
Income tax expense / (income)	19.01	**2,834,517**	**2,053,921**
Current tax expense / (income)		711,429	3,254,706
Deferred tax expense / (income)		2,123,088	(1,200,785)
Profit/(loss) after tax (PAT)		**(520,637,453)**	**(337,885,092)**
Other comprehensive income/(expense), net of tax		-	-
Total comprehensive income		**(520,637,453)**	**(337,885,092)**
Earnings Per Share (EPS)	**39**	**(3.12)**	**(2.07)**

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: 22 February 2016

Syful Shamsul Alam & Co.
Chartered Accountants

LankaBangla Investments Limited

Statement of Changes in Equity

For the year ended 31 December 2015

Amount in Taka

	Share Capital	Retained Earnings	Total Equity
Balance at 01 January 2014	**1,570,000,000**	**58,193,124**	**1,628,193,124**
Changes in equity for 2014			
Issue of share (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**
Balance at 01 January 2015	**1,670,000,000**	**(279,691,968)**	**1,390,308,032**
Total comprehensive income for the year	-	(520,637,453)	(520,637,453)
Balance at 31 December 2015	**1,670,000,000**	**(800,329,421)**	**869,670,579**

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: 22 February 2016

AMAR STOCK

LankaBangla Investments Limited

Statement of Cash flows

For the year ended 31 December 2015

		Notes	Amount in Taka 2015	2014
A)	**Cash flows from operating activities**			
	Cash received from:			
	- Fees and other income		32,953,201	27,288,164
	- Repayment of staff loan		8,860	383,765
	Cash paid for:			
	- Rental expenses		(13,183,351)	(9,911,454)
	- IT expenses		(384,839)	(652,997)
	- Provident Fund		(2,523,578)	(2,067,935)
	- Employees' salaries and allowances		(28,799,084)	(29,519,843)
	- Staff loan		(920,000)	(150,000)
	- Other operating expenses		(16,323,314)	(15,667,636)
	Cash generated from operating activities before changes in operating assets and liabilities		**(29,172,104)**	**(30,297,936)**
	Settlement with LankaBangla Securities Limited		691,825,491	705,659,687
	Client deposits		269,193,643	263,841,636
	Client withdrawals		(354,055,095)	(335,903,453)
			606,964,038	**633,597,870**
	Cash generated from operating activities		**577,791,935**	**603,299,934**
	Income taxes paid-Corporate		-	(4,800,000)
	Income taxes paid-Others		(724,682)	(1,529,269)
	Net cash from operating activities		**577,067,252**	**596,970,665**
B)	**Cash flows from investing activities**			
	Proceeds from sale of own portfolio securities		20,000,000	181,325,000
	Own portfolio investment		(3,450,000)	(215,150,000)
	Proceeds from sale of disposed assets		10,000	4,277,796
	Dividend on own portfolio investment		11,574,724	6,854,559
	Return for Non-allotted securities		51,098,720	-
	Advance for unsubscribed securities		-	(218,001,120)
	Procurement of property, plant and equipment		(876,763)	(1,160,353)
	Net cash used in investing activities		**78,356,681**	**(241,854,118)**
C)	**Cash flows from financing activities**			
	Received on paid up capital		-	100,000,000
	Loan received from Investment Corporation of Bangladesh (ICB)		-	108,982,553
	Repayment of loan from Shahjalal Islami Bank Limited		(8,201,361)	(8,246,623)
	Interest payment on Loan from Shahjalal Islami Bank Limited		(619,107)	(2,145,377)
	Repayment of loan to Investment Corporation of Bangladesh		(39,347,464)	(18,300,055)
	Interest payment on Loan from Investment Corporation of Bangladesh (ICB)		(5,348,639)	(3,655,653)
	Repayment of loan to LankaBangla Finance Limited		(222,741,341)	-
	Interest payment on loan from LankaBangla Finance Limited		(430,078,391)	(551,085,860)
	Net cash used in financing activities		**(706,336,303)**	**(374,451,015)**
D)	**Net increase/(decrease) in cash and cash equivalents (A+B+C)**		**(50,912,369)**	**(19,334,468)**
E)	**Cash and cash equivalents at 01 January**		**56,237,011**	**75,571,479**
F)	**Cash and cash equivalents at 31 December (D+E)**	12	**5,324,642**	**56,237,011**

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: 22 February 2016

Notes to the Financial Statements

For the year ended 31 December 2015

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 fully owned 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 2015-2016
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 2016

1.02 Nature of business

The activities of the Company include services broadly classified as interest income and fee based services, such as 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 2015;

b) Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2015;

c) Statement of Changes in Equity for the year ended 31 December 2015;

d) Statement of Cash Flows for the year ended 31 December 2015; 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 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

The departures from BAS and BFRS in the financial statements for 2015 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 the category of either ' at fair value through profit or loss' or 'available for sale' where any change in the fair value at the year end is taken through Income Statement or Statement of Other Comprehensive Income 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 presented at cost only. As per Bangladesh Securities and Exchange Commission (BSEC) circular # BSEC/Mukhpatro(Ditio Khondo)/2011/2205 dated 30 November 2015 provisions for the year 2015 on impairment of investment in quoted shares may be kept at 20% on each quarter for the five quarters starting from December 2015	If the BAS would be followed value of investments presented would be higher by BDT 76,477,941 and the same figure would be for 'Unrealized Gain'. There is no unrealized loss(portfolio basis) as at 31 December 2015 and no requirement to keep provision as per the stated circular.
2	Provision for Margin Loan (Loans and receivables)	BAS-39 : 'Financial Instruments: Recognition and measurement'	Measurement of loan after initial recognition at amortized cost and recording of changes through profit and loss	As per Bangladesh Securities and Exchange Commission (BSEC) circular # BSEC/Mukhpatro(Ditio Khondo)/2011/2205 dated 30 November 2015 provisions for the year 2015 on impairment of principal portion of margin loan may be kept at 20% on each quarter for the five quarters starting from December 2015	As per the requirement of the BSEC circular LBIL kept only erosion of principal portion of Margin Loan as provision as on 31 December 2015. As per the requirement of the BSEC circular 20% of erosion of principal portion of margin loan is kept as provision in the financial statement amounting BDT 74,089,160.

2.04 Basis of measurement

The financial statements have been prepared on historical cost basis except for financial instruments at fair value through profit or loss.

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 currency Taka (Taka/Tk), that 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 recognized 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 2015 to 31 December 2015.

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, 2015 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 2014 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 22 February 2016.

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 recognized 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 recognized in the statement of comprehensive income as incurred.

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 recognized 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 capitalization and no depreciation is charged in the month of disposal. Land is not depreciated.

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 recognized 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 recognized 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 Margin Loan

Margin loan represents outstanding loan balance provided to portfolio clients. Margin loan is provided as per the guidelines of Bangladesh Securities and Exchange Commission (BSEC). Margin loan is provided only against the purchase of marginable shares. Margin loan is created if a client purchases shares in excess of his own fund. Margin loan is presented in the financial statements as net of suspense (if any) created against the loan.

3.07 Intangible assets

Intangible assets are to be initially recognized at cost including any directly attributable cost. Intangible assets that have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses. Subsequent expenditure is capitalized 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. Amortization is to be provided on a straight-line basis at 20% to write off the cost of intangible assets. Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.08 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 recognized in profit or loss.

3.09 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 recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to- maturity financial assets are measured at amortized cost using the effective interest method, less any impairment losses.

3.10 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.

3.11 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.

3.12 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.

3.13 Share capital

Only ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary share are recognized as a deduction from equity, net of any tax effects.

3.14 Borrowings

Interest-bearing borrowings are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost using the effective interest method.

3.15 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 recognized provident fund for all permanent employees of the Company. This qualifies as defined contribution plan.

3.15.1 Defined contribution plans (provident fund)

Defined contribution plan is a post employment benefit plan under which the Company provides benefits to one or more employees. The recognized 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 recognizes 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.

3.15.2 Defined benefit plans (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 Monthly Basic Salary for each year
4 years and above but less than 5 years	100% of Last Monthly Basic Salary for each year
5 years and above	150% of Last Monthly Basic Salary for each year

The actuarial valuation has not yet been made to assess the adequacy of the liabilities provided for the scheme.

3.15.3 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.

3.16 Corporate Tax

3.16.1 Current tax

Income tax expense is recognized 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 2015

3.16.2 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. 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 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 probable that the related tax benefit will be realized.

3.16.3 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 judgments 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.

3.17 Provisions

A provision is recognized 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.

3.18 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.

3.19 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.

3.19.01 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 not 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.

3.19.02 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.

3.19.03 Fee based income

Fee based income is recognised when a service is rendered in line with the related agreement.

3.19.04 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.

3.19.05 Dividend income on shares

Dividend income on shares is recognized during the year in which it is declared and ascertained.

3.19.06 Earnings Per Share (EPS)

Earnings Per Share (EPS) is calculated by dividing total earnings available for ordinary share holders by weighted average number of shares outstanding for the year.

3.20 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.

3.21 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 analyze 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	
	2015	**2014**
4.00 Property,plant & equipment		
Cost		
Opening balance	22,389,672	24,265,465
Add: Addition during the year	2,463,481	1,171,227
	24,853,153	**25,436,692**
Less: Disposal during the year	229,500	3,047,020
Closing balance	**24,623,653**	**22,389,672**
Less: Accumulated depreciation		
Opening balance	16,122,961	13,948,104
Add: Charged during the year	3,571,059	5,133,892
	19,694,020	**19,081,996**
Less: Adjustment on disposal	229,494	2,959,035
Closing balance	**19,464,526**	**16,122,961**
Carrying amount	**5,159,127**	**6,266,711**

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	260,000	-
	1,045,654	**785,654**
Less: Disposal during the year	-	-
Closing balance	**1,045,654**	**785,654**
Less: Accumulated depreciation		
Opening balance	508,009	350,878
Add: Charged during the year	187,464	157,131
	695,473	**508,009**
Less: Adjustment on disposal	-	-
Closing balance	**695,473**	**508,009**
Carrying amount	**350,181**	**277,645**

A schedule of intangible assets is given in Annexure-B

		Amount in Taka	
		2015	2014
6.00	**Investments**		
	Non current portion:		
	Investment in equity of non-listed company (Note-6.01)	40,284,485	40,284,485
	Strategic investment in equity of companies (Note-6.02)	301,857,771	34,201,950
		342,142,256	**74,486,435**

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 Strategic investment in equity of companies

Particulars	No. of Shares	Cost Price	Market Price as at 31 Dec 2015	Unrealized Gain/(Loss)
Bank Asia Limited	300,000	4,965,000	4,950,000	(15,000)
Eastern Cables Limited	15,000	1,168,950	1,978,500	809,550
LR Global Bangladesh Mutual Fund One	19,035,921	132,808,423	104,697,566	(28,110,857)
Midas Financing Ltd.	16,069,870	160,859,399	268,366,829	107,507,430
Popular Life Insurance Co. Ltd.	25,000	2,056,000	1,922,500	(133,500)
		301,857,771	**381,915,395**	**80,057,623**

7.00	**Other non-current assets**		
	Non current portion:		
	Advances (Note- 9.01)	624,862	126,480
	Deposits (Note- 9.01)	200,000	200,000
	Prepayments (Note-9.01)	45,000	-
		869,862	**326,480**
8.00	**Margin loan**		
	Revolving margin loan to clients	3,559,650,618	4,262,866,614
		3,559,650,618	**4,262,866,614**

Margin loan refers to the amount provided by the company against shares purchased by the clients.

9.00	**Advances, deposits and prepayments**		
	Advances (Note-9.01 and 9.02)	19,898,075	231,017,079
	Deposits (Note- 9.01)	200,000	200,000
	Prepayments (Note- 9.01 and 9.02)	791,249	1,198,372
		20,889,324	**232,415,451**
9.01	**Non current portion**		
	Advances		
	Advance to Employees	624,862	126,480
		624,862	**126,480**
	Deposits		
	Security deposit CDBL	200,000	200,000
		200,000	**200,000**
	Prepayments		
	Office rent	45,000	-
		45,000	**-**
		869,862	**326,480**

		Amount in Taka	
		2015	2014
9.02	**Current portion**		
	Advances		
	Advance to Employees	331,990	136,236
	Advance against expenses	7,000	15,000
	Advance income tax	18,934,223	12,738,243
	Advance for unsubscribed shares	-	218,001,120
		19,273,213	**230,890,599**
	Prepayments		
	Prepayment against expenses	206,249	73,372
	Office rent	540,000	1,125,000
		746,249	**1,198,372**
		20,019,462	**232,088,971**

10.00 Investments

Current portion:

Investments in listed securities (Note-10.01)	206,700,992	325,461,115
	206,700,992	**325,461,115**

10.01 Investments in listed securities

Particulars	No. of Shares	Cost Price	Market Price as at 31 Dec 2015	Unrealized Gain/(Loss)
ACI Limited	13,500	7,522,065	7,581,600	59,535
Appollo Ispat Complex Limited	650,000	12,618,495	11,310,000	(1,308,495)
Baraka Power Limited	130,000	4,327,700	3,991,000	(336,700)
Berger Paints Bangladesh Limited	5,361	11,091,077	10,205,200	(885,877)
Beximco Pharma	35,000	2,982,219	2,943,500	(38,719)
Grameenphone Ltd.	41,000	12,724,657	10,373,000	(2,351,657)
Heidelberg Cement BD.	122,570	63,957,026	68,896,597	4,939,571
International Leasing and Financial Services Limited	362,050	3,446,716	3,294,655	(152,061)
Khulna Power Company Limited	530,000	41,132,123	39,697,000	(1,435,123)
Linde Bangladesh Limited	8,700	10,812,633	9,904,080	(908,553)
Marico Bangladesh Limited	5,660	8,902,064	8,084,178	(817,886)
MJL Bangladesh Limited	50,000	5,355,560	4,715,000	(640,560)
RAK Ceramics (Bangladesh) Limited	10,000	653,956	669,000	15,044
Square Pharmaceuticals Ltd.	50,000	12,286,000	12,685,000	399,000
Summit Power Limited	115,000	4,557,450	4,565,500	8,050
United Power Generation & Distribution Company Ltd.	30,000	4,331,250	4,206,000	(125,250)
		206,700,992	**203,121,310**	**(3,579,682)**

11.00 Accounts receivable

Receivable from group entities (Note - 11.01)	8,669,046	-
Other receivables (Note - 11.02)	44,790,479	33,900,560
	53,459,525	**33,900,560**

11.01 Receivable from group entities

LankaBangla Securities Limited	8,669,046	-
LankaBangla Finance Limited	-	-
	8,669,046	**-**

		Amount in Taka	
		2015	2014
11.02	**Other receivables**		
	Issue management fees receivable	5,040,000	5,793,558
	Corporate advisory fees receivable	3,720,000	4,020,000
	Underwriting commission receivable	-	451,008
	Other receivables - primary market department	-	29,000
	Accounts receivables - PO department	16,886,433	23,502,852
	Dividend receivable-own portfolio	19,139,921	-
	Receivables for reimbursable expenses	-	104,142
	Accounts receivables-others	4,125	-
		44,790,479	**33,900,560**
12.00	**Cash and cash equivalents**		
	Cash in hand	5,540	5,018
	Cash at bank (Note- 12.01)	5,319,102	56,231,993
		5,324,642	**56,237,011**
	Cash and cash equivalents in the statements of cash flows	**5,324,642**	**56,237,011**
12.01	**Cash at bank**		
	One Bank Limited	4,828,862	55,426,493
	Dhaka Bank Limited	196,438	190,780
	Shahjalal Islami Bank Limited	148,294	149,944
	The City Bank Limited	81,275	82,115
	Standard Chartered Bank	64,233	382,661
		5,319,102	**56,231,993**
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 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	December 15			December 14		
	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%	166,999,994	1,669,999,940	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%**	**167,000,000**	**1,670,000,000**	**100%**

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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	
		2015	2014
14.00	**Term loan**		
	Opening balance	98,703,483	16,267,610
	Add: Drawdown/Adjustment during the year	965,062	108,982,553
		99,668,545	**125,250,163**
	Less: Repayment during the year	47,547,288	26,546,680
	Closing balance	**52,121,257**	**98,703,483**

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. This loan has been totally repaid by October 2015. Another loan (principal amount Tk.108,982,553) has been taken under Pronodona Package from Investment Corporation of Bangladesh (ICB) in June 2014. Amount due within next 12 months has been shown as a current liability.

14.01	**Non-current portion**		
	Shahjalal Islami Bank Limited	-	-
	Investment Corporation of Bangladesh (ICB)	-	52,121,256
		-	**52,121,256**
14.02	**Current portion**		
	Shahjalal Islami Bank Limited	-	8,020,986
	Investment Corporation of Bangladesh (ICB)	52,121,257	38,561,241
		52,121,257	**46,582,227**
15.00	**Defined benefit obligation (gratuity)**		
	Opening balance	2,752,092	3,850,222
	Add: Addition during the year	1,637,375	1,656,365
		4,389,467	**5,506,587**
	Less: Gratuity paid during the year	211,446	2,754,495
	Closing balance	**4,178,021**	**2,752,092**
16.00	**Accounts payable**		
	Payable to clients (Note-16.01)	56,829,033	72,544,592
	Payable to group entities (Note - 16.02)	-	4,428,268
	Accrued expenses (Note - 16.03)	2,157,166	2,390,345
		58,986,199	**79,363,205**
16.01	**Payable to clients**		
	Client positive balance (IPA)	56,191,560	71,382,269
	Client positive balance (BDA)	637,473	1,162,323
		56,829,033	**72,544,592**
16.02	**Payable to group entities**		
	LankaBangla Securities Limited	-	4,428,268
		-	**4,428,268**

		Amount in Taka	
		2015	2014
16.03	**Accrued expenses**		
	Audit fee	126,500	126,500
	CDBL charges	284,800	162,482
	Rent Payable	1,060,650	1,037,335
	Security service payable	37,125	37,125
	Office maintenance	28,000	35,000
	Electricity bill	120,113	111,706
	Fuel costs	56,563	48,379
	Water charges	14,250	17,658
	Telephone and mobile payable	44,000	35,500
	Internet expenses payable	5,630	14,000
	Accrued interest payable	304,041	551,737
	Group life insurance costs payable	-	123,581
	Payable for other expenses	75,494	89,342
		2,157,166	**2,390,345**
17.00	**Short term loan**		
	LankaBangla Finance Limited	3,109,108,380	3,320,257,883
		3,109,108,380	**3,320,257,883**
18.00	**Current portion of term loan**		
	Investment Corporation of Bangladesh (ICB) (Note-14.02)	52,121,257	38,561,241
	Shahjalal Islami Bank Limited (Note-14.02)	-	8,020,986
		52,121,257	**46,582,227**
19.00	**Provision for current tax**		
	Opening balance	24,319,254	34,338,386
	Add: Provision made during the year	711,429	3,254,706
		25,030,683	**37,593,092**
	Less: Adjustment for prior year:		
	Assessment year 2013-2014	-	13,273,838
	Closing balance	**25,030,683**	**24,319,254**
19.01	**Tax expense**		
	Current tax	711,429	3,254,706
	Deferred tax expense/(income)	2,123,088	(1,200,785)
		2,834,517	**2,053,921**

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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: 2015			
Property, plant and equipment (Note: 4)	5,159,127	13,028,057	7,868,930
Gratuity Provision	4,389,467	-	4,389,467
Temporary difference			12,258,397
Income tax rate			37.50%
Deferred tax asset (B)			**4,596,899**
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 liability (A)			**2,123,088**
Deferred tax income for 2015 (A-B)			**(2,473,811)**

But, as LBIL has a recent trend of business loss, existing deferred tax asset is derecognized and charged to expense, in compliance with paragraph 34 & 35 of BAS 12.

	Amount in Taka	
	2015	**2014**
21.00 Provision for margin loan & others		
Provision for margin loan (Note-21.01)	74,089,160	68,107,799
Provision for Diminution in value of investments (Note-21.02)	-	9,734,508
	74,089,160	**77,842,307**

21.01 Provision/suspense for negative equity

Opening balance	68,107,799	41,596,517
Add: Provision during the period *	245,867,249	26,511,282
	313,975,048	**68,107,799**
Less: Adjustment of provision during the period	239,885,888	-
Closing balance	**74,089,160**	**68,107,799**

* As per circular of Bangladesh Securities and Exchange Commission circular # BSEC/Mukhpatro(Ditio Khondo)/2011/2205 dated 30 November 2015, the required provisions for the year 2015 on principal portion of margin loan is to be kept at 20% in the five installments starting from December 2015.

21.02 Diminution in value of investment

Opening balance	9,734,508	-
Add: Provision during the period	9,734,508	9,734,508
	19,469,016	**9,734,508**
Less: Reversal of provision during the period	**19,469,016**	**-**
Closing balance	**-**	**9,734,508**

		Amount in Taka	
		2015	2014
22.00	**Other liabilities**		
	Deposit suspense account	447,148	397,963
	Withholding tax payable (Note-22.01)	45,239	90,411
		492,387	**488,374**
22.01	**Withholding tax payable**		
	TDS from suppliers	1,844	7,065
	TDS on professional fees	1,889	8,356
	TDS payable on director fees	6,000	-
	VAT payable on suppliers	10,249	56,457
	VAT payable on professional fees	2,833	12,533
	VAT Payable on Others	13,424	-
	VAT payable on director fees	9,000	6,000
		45,239	**90,411**
23.00	**Interest income**		
	Interest on margin loan	109,479,557	165,048,286
		109,479,557	**165,048,286**
24.00	**Income from investments**		
	Dividend income	33,608,291	19,411,342
	Realized gain/loss on listed securities	520,016	32,547,063
		34,128,307	**51,958,405**
24.01	**Realized gain on listed securities**		
	Sales price of securities	316,677,096	243,869,092
	Less: Cost price of securities	316,157,080	211,322,029
		520,016	**32,547,063**
25.00	**Fee based income**		
	Management fees	23,116,831	34,021,467
	Settlement fees	34,628,083	37,272,106
	Capital restructuring	-	300,000
	Underwriting commission	1,473,400	1,288,121
	Issue management fees	23,430,000	6,791,008
	Corporate advisory fees	3,273,600	4,650,000
		85,921,914	**84,322,702**
26.00	**Other operational income**		
	Documentation charges	26,000	101,500
	Gain on CDBL annual fees payment	233,600	294,200
	Gain on IP client dividend collection	36,810	78,436
	Interest income on STD balances	7,246,823	14,992,694
	Interest income on staff loan	70,117	127,765
		7,613,349	**15,594,595**
27.00	**Interest expenses**		
	Interest on term loan	6,686,648	6,306,614
	Interest on short term loan (Note-27.01)	441,655,228	540,892,171
		448,341,876	**547,198,785**

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		Amount in Taka	
		2015	2014
27.01	**Interest on short term loan**		
	Interest on short term loan (group entities)	441,655,228	540,892,171
		441,655,228	**540,892,171**
28.00	**Other costs directly attributable to services**		
	CDBL settlement transfer fee	2,289,922	4,971,310
	CDBL CDS connection fee	6,000	6,000
	Corporate action fees for settlement	72,371	136,856
		2,368,293	**5,114,166**

In 2014 CDBL related costs were classified as other expenses, but in 2015 these have been reclassified as part of Other costs directly attributable to services. In line with that Financial Statements of 2014 has been reclassified.

29.00	**Other non-operational income**		
	Gain on disposal of fixed assets	12,494	-
	Miscellaneous earnings	50,193	518,783
		62,687	**518,783**
30.00	**Salaries and allowances**		
	Salaries and allowances	31,011,322	28,420,081
	Provident fund contribution	1,223,666	1,063,155
	Gratuity fund	1,637,375	1,656,365
		33,872,363	**31,139,601**
31.00	**Rent, insurance, utilities etc.**		
	Office rent	13,104,595	12,602,204
	Insurance premium	477,897	376,778
	Utilities	1,953,311	1,978,697
		15,535,803	**14,957,679**
32.00	**Legal and professional fees**	724,402	4,361,797
		724,402	**4,361,797**
33.00	**Postage, stamp, telecommunication etc.**		
	Postage and courier	28,835	103,862
	Stamp charges	47,837	95,800
	Telephone and mobile bill	444,685	423,041
	Internet expense	203,190	200,385
		724,547	**823,088**
34.00	**Stationary, printing, advertisement**		
	Printing	140,198	284,767
	Stationary	94,589	226,792
	Advertisement	24,500	143,933
	Promotional expense	540,171	299,891
		799,458	**955,383**
35.00	**Director fees**	368,000	391,000
		368,000	**391,000**
36.00	**Audit fees**	126,500	174,250
		126,500	**174,250**

		Amount in Taka	
		2015	2014
37.00	**Repairs, maintenance and depreciation**		
	Repairs and maintenance (Note-37.01)	3,610,986	3,817,285
	Depreciation (Note-4 & Annexure-A)	3,571,059	5,133,892
	Amortization (Note-5 & Annexure-B)	187,464	157,131
		7,369,510	**9,108,308**
37.01	**Repairs and maintenance**		
	Office maintenance	1,378,644	1,419,240
	Office maintenance-supplier	449,276	678,498
	Software maintenance fees	189,467	303,311
	Vehicle maintenance	616,394	675,862
	Repairs	75,500	8,000
	Cleaning	247,230	258,780
	Fuel costs	654,475	473,594
		3,610,986	**3,817,285**
38.00	**Other expenses**		
	Travel and accommodation (Note- 38.01)	696,148	573,969
	Training and business development (Note- 38.02)	653,271	982,676
	Irrecoverable receivables (Note- 38.03)	6,223,097	-
	Bank Charges	63,468	53,091
	Security expenses	512,328	512,328
	Newspapers and journals	104,864	33,883
	Other IT and telecommunication	236,389	390,376
	Client portfolio maintenance	102,149	96,188
	Other expenses - own portfolio	38,544	7,288
	Other fees and charges	15,000	70,750
	Miscellaneous expenses	-	83,546
		8,645,258	**2,804,095**
38.01	**Travel and accommodation**		
	Conveyance	198,248	174,898
	Traveling	16,720	57,396
	Airfare	333,100	147,600
	Per diem	79,590	-
	Accommodation	68,490	194,075
		696,148	**573,969**
38.02	**Training and business development**		
	Meeting	77,017	181,009
	Corporate conference	222,788	140,768
	Training and development	303,466	316,684
	Welfare	50,000	344,215
		653,271	**982,676**
38.03	**Irrecoverable receivables**		
	Write-off of loans & receivables	6,223,097	-
		6,223,097	**-**

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		Amount in Taka	
		2015	2014
39.00	**Earnings Per Share (EPS)**		
	Earnings attributable to ordinary shareholders outstanding	(520,637,453)	(337,885,092)
	Weighted average number of ordinary shares	167,000,000	163,547,945
		(3.12)	**(2.07)**

40.00 Events after reporting period

LBIL has an investment in the shares of Information Technology Company Ltd (ITCL) . Prior to 10 January 2016 ITCL was a non-listed company and has been listed with DSE from that date. Investment in ITCL shares has been shown as 'investment in non listed securities' in the financial statements of 2015. But the status of this investment in 2016 before the Financial Statements of 2015 are authorized for issue is 'investment in listed securities'.

40.01 Related parties

40.01.01 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.

40.01.02 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	2015	2014
LankaBangla Finance Limited	Parent	Funding	988,547,564	-
		Interest expense	441,655,228	540,801,467
LankaBangla Securities Limited	Subsidiary of parent	Share trading settlement	2,282,363,607	1,941,995,802
		LBIL Portfolio	2,005,528	923,252,678
		LBSL Portfolio	(11)	990,500
		Brokerage commission	-	-
LankaBangla Asset Management Company Limited	Subsidiary of parent	LBAML Portfolio	64	47,969,373

41 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 analyze 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

41.01 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.

41.01.01 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 was:

	Amount in Taka	
	2015	2014
Margin loan	3,559,650,618	4,262,866,614
Investments	548,843,248	399,947,550
Receivable from group entities(LBSL)	8,669,046	-
Other receivables	44,790,479	33,900,560
Cash and cash equivalents	5,324,642	56,231,993
	4,167,278,033	**4,752,946,717**

41.02 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.

41.03 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.

42 Contingencies and commitments

There are no contingent assets or liabilities and unrecognized contractual commitments at the date of statement of financial position.

43 Number of employees

The number of employees engaged for the whole year or part thereof who received total remuneration of Taka 36,000 p.a. or above was 37 (2014:37); among them total 3 left the company during 2015 and 34 existed at 31 December 2015.

44 Capital expenditure commitment

There was no capital expenditure commitment as at 31 December 2015.

LankaBangla Investments Limited

Annexure-A

Schedule of Property, plant & equipment

As at 31 December 2015

Amount in Tk

	Office equipment	Furniture and fittings	Motor vehicles	Interior work (movable)	Interior work (immovable)	Total
Cost						
Balance at 1 January 2014	6,369,646	1,077,430	7,753,074	2,220,801	6,844,514	24,265,465
Acquisition/addition during the year	1,171,227	-	-	-	-	1,171,227
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**
Balance at 1 January 2015	7,345,353	1,077,430	4,901,574	2,220,801	6,844,514	22,389,672
Acquisition/addition during the year	612,268	51,213	1,800,000	-	-	2,463,481
Disposal/adjustment	229,500	-	-	-	-	229,500
Balance at 31 December 2015	**7,728,121**	**1,128,643**	**6,701,574**	**2,220,801**	**6,844,514**	**24,623,653**
Accumulated depreciation						
Balance at 1 January 2014	4,635,293	420,282	5,461,397	638,514	2,792,618	13,948,104
Depreciation for the year	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**
Balance at 1 January 2015	6,072,189	640,324	4,172,383	971,667	4,266,397	16,122,961
Depreciation for the year	867,212	159,396	737,518	333,154	1,473,779	3,571,059
Disposal/adjustment	229,494	-	-	-	-	229,494
Balance at 31 December 2015	**6,709,907**	**799,720**	**4,909,902**	**1,304,821**	**5,740,177**	**19,464,526**
Carrying amount						
At 1 January 2014	1,734,353	657,148	2,291,677	1,582,287	4,051,896	10,317,361
At 1 January 2015	1,273,164	437,106	729,191	1,249,134	2,578,117	6,266,711
At 31 December 2015	**1,018,214**	**328,923**	**1,791,672**	**915,980**	**1,104,337**	**5,159,127**

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LankaBangla Investments Limited

Schedule of Intangibles

As at 31 December 2015

Amount in Taka

	Software	Total
Cost		
Balance at 1 January 2014	785,654	785,654
Acquisition/addition during the period	-	-
Disposal/adjustment	-	-
Balance at 31 December 2014	**785,654**	**785,654**
Balance at 1 January 2015	785,654	785,654
Acquisition/addition during the period	260,000	260,000
Disposal/adjustment	-	-
Balance at 31 December 2015	**1,045,654**	**1,045,654**
Accumulated amortization		
Balance at 1 January 2014	350,878	350,878
Amortization for the period	157,131	157,131
Disposal/adjustment	-	-
Balance at 31 December 2014	**508,009**	**508,009**
Balance at 1 January 2015	508,009	508,009
Amortization for the period	187,464	187,464
Disposal/adjustment	-	-
Balance at 31 December 2015	**695,473**	**695,473**
Carrying amount		
At 1 January 2014	434,776	434,776
At 1 January 2015	277,645	277,645
At 31 December 2015	**350,181**	**350,181**

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LankaBangla Asset Management Company Limited

Financial Statements for the Year Ended 31 December 2015

AMAR STOCK

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 financial statements of LankaBangla Asset Management Company Limited ("the company"), which comprise the Statement of Financial Position as at 31 December 2015 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 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' judgment, 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 2015 and of its financial performance and its cash flows for the period then ended in accordance with Bangladesh Financial Reporting Standards ("BFRSs").

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 purposes of our audit and made due verification thereof;

(b) in our opinion proper books of accounts as required by law have been kept by the Company so far as it appeared from our examination of those books;

(c) 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

(d) the expenditure incurred was for the purposes of the Company's business.

Place: Dhaka
Dated: 22 February 2016

Syful Shamsul Alam & Co.
Chartered Accountants

LankaBangla Asset Management Company Limited

Statement of Financial Position

As at 31 December 2015

	Notes	Amount in Taka	
		2015	2014
ASSETS			
Non-current assets			
Property, plant and equipment	4	2,276,810	3,209,824
Intangible assets	5	3,397,614	181,304
Capital Work in Progress (CWIP)	6	-	2,137,000
Investments (Long Term)	7	781,886,283	749,636,283
Deferred tax assets	8	439,069	276,960
Total non-current assets		**787,999,776**	**755,441,371**
Current assets			
Advances, deposits and prepayments	9	9,174,293	12,561,343
Investments (Current Term)	10	128,694,079	35,409,063
Accounts receivable	11	1,208,552	379,820
Cash and cash equivalents	12	778,828	26,281,843
Total current assets		**139,855,753**	**74,632,070**
TOTAL ASSETS		**927,855,528**	**830,073,441**
EQUITY AND LIABILITIES			
Equity			
Share capital	13	100,000,000	50,000,000
Share money deposit	14	717,201,000	734,951,000
Retained earnings	15	81,055,476	38,281,552
Total equity		**898,256,476**	**823,232,552**
Liabilities			
Current liabilities			
Accounts payable	16	129,080	729,377
Short term loan	17	18,930,613	-
Provision for current tax	18	8,686,607	5,608,026
Payable to gratuity fund	19	111,063	-
Other liabilities	20	1,741,688	503,486
Total current liabilities		**29,599,052**	**6,840,889**
Total liabilities		**29,599,052**	**6,840,889**
TOTAL EQUITY AND LIABILITIES		**927,855,528**	**830,073,441**

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: 22 February 2016

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 2015

	Notes	Amount in Taka	
		2015	2014
Revenue			
Management fee	21	102,849	-
Interest income	22	6,106,841	6,334,673
Income from investment	23	52,350,356	12,548,638
Total Revenue		**58,560,046**	**18,883,311**
Operating expenses			
Salary and allowances	24	3,917,742	4,654,605
Rent, taxes, insurance, electricity etc.	25	1,276,971	1,243,948
Legal and professional fees	26	356,500	11,500
Postage, stamp, telecommunication etc.	27	76,319	118,053
Stationery, printing, advertisement	28	97,351	47,336
Director fees & expenses	29	184,000	115,000
Audit fees	30	57,500	103,500
Repairs, maintenance and depreciation	31	1,383,128	1,004,323
Other expenses	32	2,638,118	1,724,239
Total operating expenses		**9,987,628**	**9,022,504**
Net Operating Income		**48,572,418**	**9,860,807**
Provision for investment			
Provision for diminution in value of investments		1,015,454	21,687
Profit before tax (PBT)		**47,556,964**	**9,839,120**
Income tax expense/(income)		**4,783,039**	**947,683**
Current tax expense/(income)		4,945,148	1,224,643
Deferred tax expense/(income)		(162,109)	(276,960)
Profit after tax (PAT)		**42,773,924**	**8,891,437**
Other comprehensive income, net of tax		-	-
Total comprehensive income		**42,773,924**	**8,891,437**
Earnings Per Share (2014 restated)	33	**4.28**	**0.89**

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: 22 February 2016

Syful Shamsul Alam & Co.
Chartered Accountants

AMARSTOCK

LankaBangla Asset Management Company Limited

Statement of Changes in Equity

For the year ended 31 December 2015

Particulars	Share Capital	Share Money Deposit	Retained Earnings	Total Equity
	Taka	Taka	Taka	Taka
Balance as at 01 January 2014	**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**
Changes in equity for 2015				
Share money deposit	-	32,250,000	-	32,250,000
Issue of share capital (right issue)	50,000,000	(50,000,000)		
Total comprehensive income	-	-	42,773,924	42,773,924
Adjustment in Retained Earnings	-	-	-	-
Balance as at 31 December 2015	**100,000,000**	**717,201,000**	**81,055,476**	**898,256,476**

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

Director **Director** **Chief Executive Officer** **Company Secretary**

Place: Dhaka
Dated: 22 February 2016

LankaBangla Asset Management Company Limited

Statement of Cash Flows

For the year ended 31 December 2015

	Amount in Taka	
	2015	2014
Cash Flows from Operating Activities		
Interest received	4,802,587	5,964,825
Dividend received	2,335,154	114,466
Paid to employees	(3,603,760)	(4,243,515)
Bank charges paid	(6,814)	(4,330)
Withholding Tax and VAT payment	(374,631)	(359,112)
Income taxes paid	(1,866,567)	(310,091)
Paid for other operating expenses	(4,516,722)	(3,074,444)
Cash generated from operating activities before changes in operating assets and liabilities	**(3,230,752)**	**(1,912,200)**
Increase/(decrease) in operating assets & liabilities		
Settlement with LankaBangla Securities Ltd.	68,230,000	18,320,000
Settlement with LankaBangla Investments Ltd.	(3,000)	4,421,000
Settlement with LankaBangla 1st balances unit fund	(78,369)	-
Advance & Prepayment	(5,000,000)	(9,504,000)
Total Increase/(Decrease) in operating assets & liabilities	**63,148,631**	**13,237,000**
Net Cash used in Operating Activities	**59,917,879**	**11,324,800**
Cash Flows from Investing Activities		
Investments in securities	(54,745,896)	(18,500,000)
Changes in investment in FDR	(80,000,000)	14,488,000
Acquisition of fixed assets	(3,360)	(1,293,900)
Acquisition of Intangible assets	(52,250)	(214,330)
Acquisition of assets-CWIP	(1,800,000)	(450,000)
Net Cash from Investing Activities	**(136,601,506)**	**(5,970,230)**
Cash Flows from Financing Activities		
Proceed from share money deposit	32,250,000	15,000,000
Proceed from short term loan	18,930,613	-
Net Cash from Financing Activities	**51,180,613**	**15,000,000**
Net increase in Cash and Cash Equivalents	(25,503,014)	20,354,570
Opening Cash & Cash Equivalents	26,281,843	5,927,273
Closing Cash & Cash Equivalents	**778,828**	**26,281,843**
Closing Cash & Cash Equivalents include:		
Cash in hand	6,734	1,195
Cash at Dhaka Bank Limited (A/C No: 206.150.1590)	761,533	26,270,610
Cash at Standard Chartered Bank (A/C No: 01-1184160-01)	4,004	2,330
Cash at One Bank Limited (A/C No: 018 1020001469)	6,558	7,708
	778,828	**26,281,843**

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

Director **Director** **Chief Executive Officer** **Company Secretary**

Place: Dhaka
Dated: 22 February 2016

Notes to the Financial Statements

For the year ended 31 December 2015

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. 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.

1.3 Asset management

LBAMCL is currently managing the sponsor portion of a fund named 'LankaBangla 1st Balanced Unit Fund' which was constitued through a Trust Deed signed on 02 December 2015 between LankaBangla Finance as 'Sponsor' and Bangladesh General Insurance Company Limited as 'Trustee' of the fund . LBAMCL is the asset manager of the fund. The fund was registered with Bangladesh Securities and Exchange Commission on 12 January 2016 under the Bangladesh Securities and Exchange Commission (Mutual Fund) Rules 2001. The Initial size of the fund is BDT 25 Crore and face value per unit is BDT 10. The fund is expected to be formally launched in the capital market of Bangladesh within a short period of time.

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".

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 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%

3.2.2 Capital Work in Progress (CWIP)

These expenditures have been capitalized and recognized as operating assets after completion of the development process.

3.3 Investment

Investment in securities is measured at cost.

3.4 Revenue recognition

a. Income from management fee is recognised on accrual basis. Such income is calculated considering average weekly Net Asset Value of the fund.

b. Interest income is calculated on a time proportion basis.

c. Dividend income is recognized on the declaration of dividend and subsequently approved in the Annual General Meeting.

d. 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 2015 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 Employee benefits

a. Provident fund

The company operates a contributory provident fund for its permanent employees. All permanent employees contribute 10% of their basic salary to the provident fund and the company also makes equal contribution.

b. Gratuity

The company has an unfunded gratuity scheme for all eligible employees who have completed minimum 03 (three) years of confirmed service with the company. 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

3.9 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".

4.0 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.

4.1 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.

4.2 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.

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		Amount in Taka	
		2015	2014
4.00	**Property, plant and equipment**		
	Cost		
	Opening balance	4,999,280	4,253,924
	Addition during the year	3,360	745,356
		5,002,640	**4,999,280**
	Adjustment / (Disposal) during the year	-	-
	Closing balance	**5,002,640**	**4,999,280**
	Less: Accumulated depreciation		
	Opening balance	1,789,456	823,737
	Charged during the year	936,374	965,719
		2,725,830	**1,789,456**
	Adjustment / (Disposal) during the year	-	-
	Closing balance	**2,725,830**	**1,789,456**
	Carrying amount	**2,276,810**	**3,209,824**
	A schedule of property, plant and equipments are given in **Annexure-A**		
5.00	**Intangible assets**		
	Cost		
	Opening balance	219,908	-
	Addition during the year	3,495,500	219,908
		3,715,408	**219,908**
	Adjustment / (Disposal) during the year	-	-
	Closing balance	**3,715,408**	**219,908**
	Less: Accumulated amortization		
	Opening balance	38,604	-
	Charged during the year	279,190	38,604
		317,794	**38,604**
	Adjustment / (Disposal) during the year	-	-
	Closing balance	**317,794**	**38,604**
	Carrying amount	**3,397,614**	**181,304**
	A schedule of intangible assets are given in **Annexure-B**		
6.00	**Capital Work in Progress (CWIP)**		
	Opening balance	2,137,000	-
	Add: Addition during the year	1,358,500	2,137,000
	Sage Accpac Software	-	52,250
	X-Asset Management Software	1,358,500	2,084,750
	Less: Transfer to Intangible Assets	3,495,500	-
		-	**2,137,000**
7.00	**Investments (Long Term)**		
	Strategic equity investment in non-listed company (Note:7.01)	781,886,283	749,636,283
		781,886,283	**749,636,283**

7.01 Strategic equity investment in non-listed company

Particulars	No. of Shares	Cost Price	Market Price
LankaBangla Securities Limited	12,243,577	781,886,283	N/A
	12,243,577	**781,886,283**	**-**

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 December 31, 2015	Tax Base	(Taxable)/ Deductible temporary difference
Property, plant and equipment	2,276,810	3,420,229	1,143,419
Gratuity payable	111,063	-	111,063
Total	**2,387,873**	**3,420,229**	**1,254,482**
Applicable Tax Rate			35%
Deferred tax asset as on December 31, 2015			439,069
Deferred tax asset as on December 31, 2014			276,960
Deferred tax income accounted for during the year			**162,109**

	Amount in Taka	
	2015	**2014**
9.00 Advances, Deposits and Prepayments		
Advances (Note: 9.01)	8,724,293	12,111,343
Prepayment for Office Rent	450,000	450,000
	9,174,293	**12,561,343**
9.01 Advances		
Advance income tax	8,724,293	2,595,343
Advance for Investment in Securities	-	9,516,000
	8,724,293	**12,111,343**
10.00 Investments (Current Term)		
Fixed Deposits Receipts in LankaBangla Finance	89,296,938	34,200,000
Fixed Deposits Receipts in Mutual Trust Bank Ltd.	25,000,000	-
Investments held for trading (Note: 10.01)	14,397,141	1,209,063
	128,694,079	**35,409,063**

10.01 Investments held for trading

Particulars	No. of Shares	Cost Price	Market Price
DBH 1st Mutual Fund	2,500,000	13,293,260	12,250,000
Shinepukur Ceramic	100,000	1,103,881	1,110,000
		14,397,141	**13,360,000**

	Amount in Taka	
	2015	**2014**
11.00 Accounts receivable		
Interest receivable (Note - 11.01)	993,549	338,958
Dividend receivable	-	20,000
Receivable from LankaBangla Investments Ltd.	64	-
Receivable from LankaBangla Securities Ltd.	33,721	20,862
Receivable from LankaBangla 1st balanced unit fund	181,218	-
	1,208,552	**379,820**

		Amount in Taka	
		2015	2014
11.01	**Interest receivable**		
	Interest receivable from FDRs in LankaBangla Finance	354,660	338,958
	Interest receivable from FDRs in Mutual Trust Bank	638,889	-
		993,549	**338,958**
12.00	**Cash and cash equivalent**		
	Cash in hand	6,734	1,195
	Cash at Bank (Note: 12.01)	772,094	26,280,648
		778,828	**26,281,843**
12.01	**Cash at Bank**		
	Dhaka Bank Limited (A/C No: 206.150.1590)	761,533	26,270,610
	Standard Chartered Bank (A/C No: 01-1184160-01)	4,004	2,330
	One Bank Limited (A/C No: 018 1020001469)	6,558	7,708
		772,094	**26,280,648**
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		
	10,000,000 Ordinary Shares of Taka 10 each fully paid up	**100,000,000**	**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	9,999,900	99.99900	99,999,000	49,999,000
Mr. Mahbubul Anam	90	0.00090	900	900
Mr. A. Malek Shamsher	10	0.00010	100	100
	10,000,000	**100.00**	**100,000,000**	**50,000,000**

14.00	**Share money deposit**		
	Opening balance	734,951,000	719,951,000
	Add: Addition during the year	32,250,000	15,000,000
		767,201,000	**734,951,000**
	Less: Issue of share capital (right issue)	(50,000,000)	-
	Closing balance	**717,201,000**	**734,951,000**
15.00	**Retained earnings**		
	Opening balance	38,281,552	29,390,115
	Add: Profit during the year	42,773,924	8,891,437
		81,055,476	**38,281,552**
	Less: Adjustment during the year	-	-
	Closing balance	**81,055,476**	**38,281,552**
16.00	**Accounts payable**		
	Provision for audit fees	85,100	85,100
	Accrued expenses	43,980	55,620
	Payable to LankaBangla Investments Ltd.	-	54,657
	Payable to supplier	-	522,500
	Payable to consultant	-	11,500
		129,080	**729,377**

		Amount in Taka	
		2015	2014
17.00	**Short term loan**		
	Bank overdraft	18,930,613	-
	(Mutual Trust Bank Ltd.,A/C # 0002-0133019793)	**18,930,613**	**-**
18.00	**Provision for Current Tax**		
	Opening balance	5,608,026	4,383,335
	Add: Provision made during the year	4,945,148	1,224,643
		10,553,174	**5,607,978**
	Less: Adjustment during the year	(1,866,567)	48
	Closing balance	**8,686,607**	**5,608,026**
19.00	**Payable to gratuity fund**		
	Opening balance	-	-
	Add: Provision made during the year	313,463	-
		313,463	**-**
	Less: Payment during the year	(202,400)	-
	Closing balance	**111,063**	**-**
20.00	**Other liabilities**		
	Withholding Tax Payable	23,207	-
	Withholding VAT payable	23,243	-
	Payable to employees' provident fund	564,451	481,798
	Payable to employee	93,646	-
	Provision for diminution in value of investments	1,037,141	21,687
		1,741,688	**503,486**
21.00	**Management fee**		
	Management fee - LankaBangla 1st Balanced Unit Fund	102,849	-
		102,849	**-**
22.00	**Interest income**		
	Interest on Fixed Deposit Receipt (FDR) (Note: 22.01)	5,829,800	5,997,738
	Interest on Short Term Teposit (STD) account	277,041	336,935
		6,106,841	**6,334,673**
22.01	**Interest on fixed deposit receipt**		
	Interest on FDRs in LankaBangla Finance	5,190,911	5,997,738
	Interest on FDRs in Mutual Trust Bank	638,889	-
		5,829,800	**5,997,738**
23.00	**Income from investment**		
	Net income on sale of securities	49,451,476	7,431,806
	Dividend Income	2,898,880	5,116,832
		52,350,356	**12,548,638**
24.00	**Salary and allowances**		
	Salary and allowances	3,478,774	4,506,460
	Provident fund contribution	125,505	148,145
	Gratuity fund	313,463	-
		3,917,742	**4,654,605**
25.00	**Rent, taxes, insurance, electricity etc.**		
	Office rent	1,092,500	1,104,500
	Insurance premium	78,042	4,170
	Utility expenses	106,429	135,278
		1,276,971	**1,243,948**

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		Amount in Taka	
		2015	2014
26.00	**Legal and professional fees**		
	Legal and professional fees	356,500	11,500
		356,500	**11,500**
27.00	**Postage, stamp, telecommunication etc.**		
	Postage and courier	75	100
	Stamp charges	4,185	-
	Telephone and mobile bill	72,059	117,953
		76,319	**118,053**
28.00	**Stationery, printing & advertisement**		
	Printing and stationery	97,351	34,012
	Advertisement	-	13,324
		97,351	**47,336**
29.00	**Director fees & expenses**		
	Director fees & expenses	184,000	115,000
		184,000	**115,000**
30.00	**Audit fees**		
	Audit fees	57,500	103,500
		57,500	**103,500**
31.00	**Repairs, maintenance and depreciation**		
	Software maintenance	167,563	-
	Depreciation	936,374	965,719
	Amortization	279,190	38,604
		1,383,128	**1,004,323**
32.00	**Other expenses**		
	Training, Seminar and Meeting	542,750	229,628
	Regulatory fees and charges	10,000	70,000
	Registration Fee	47,550	469,605
	Conveyance	15,280	6,355
	Travelling expenses	-	6,500
	Data connectivity charge	41,400	41,400
	Computer accessories	17,750	5,884
	Fuel expenses	36,102	49,395
	Vehicle maintenance / registration	62,557	79,259
	Office Cleaning and maintenance	126,633	127,008
	Business promotion expenses	1,107,500	200,000
	Entertainment expense	28,597	59,421
	Bank charges and others	7,016	5,873
	Interest expenses	334,632	49,998
	CDBL fee	500	-
	Share Bidding Fee	-	5,000
	Office Plantation maintenance	28,800	28,800
	Educational expenses reimbursement	-	66,495
	Security Services	168,188	156,337
	Overtime allowance	2,850	12,700
	Excise duty	15,350	20,000
	Share trading service charge	22,645	-
	Miscellaneous	22,019	34,581
		2,638,118	**1,724,239**

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	Amount in Taka	
	2015	2014

33.00 Earnings per Share (EPS)

Net profit after Tax	42,773,924	8,891,437
Number of Ordinary Shares Outstanding (Note: 33.01)	10,000,000	10,000,000
Earnings Per Share (EPS)	**4.28**	**0.89**

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 share

33.01 Number of Ordinary Shares Outstanding

Balance on 01 January	5,000,000	5,000,000
Right share issued	5,000,000	-
Total shares before restating	**10,000,000**	**5,000,000**
Retrospective effect of right issue	-	5,000,000
Number of shares outstanding (2014 restated)	**10,000,000**	**10,000,000**

34.00 Related party disclosure

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	Nature of transaction		
LankaBangla Finance Limited	Parent	TDR	89,296,938	34,200,000
LankaBangla Investments Ltd.	Subsidiary of Parent	Strategic Investment & Others	64	(54,657)
LankaBangla Securities Ltd.	Subsidiary of Parent	Investment in Securities	33,721	20,862

35.00 Events after reporting period

There are no events after reporting period

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Annexure-A

LankaBangla Asset Management Company Limited

Schedule of Property, plant and equipment

As at 31 December 2015

Amount in Taka

Particulars	COST				DEPRECIATION					Written down value as at 31.12.2015
	Balance as at 01.01.2015	Addition during the period	Adjustment / (Disposal) the period	Balance as at 31.12.2015	Rate (%)	Balance as at 01.01.2015	Charged during the period	Adjustment / (Disposal) the period	Balance as at 31.12.2015	
Furniture & Fittings	3,315,180	-	-	3,315,180	15	1,137,601	421,467	-	1,559,068	1,756,113
Office Equipment	95,496	-	-	95,496	20	26,235	19,100	-	45,335	50,161
Computer Equipments	428,568	3,360	-	431,928	33	183,874	141,798	-	325,672	106,256
Electric Equipments	221,556	-	-	221,556	20	71,109	44,312	-	115,421	106,135
IT Equipments	938,480	-	-	938,480	33	370,636	309,698	-	680,334	258,146
Total:	**4,999,280**	**3,360**	**-**	**5,002,640**		**1,789,456**	**936,374**	**-**	**2,725,830**	**2,276,810**

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**

LankaBangla Asset Management Company Limited

Schedule of Intangible Assets

As at 31 December 2015

Amount in Taka

Particulars	COST				AMORTIZATION					Written down value as at 31.12.2015
	Balance as at 01.01.2015	Addition during the period	Adjustment / (Disposal) the period	Balance as at 31.12.2015	Rate (%)	Balance as at 01.01.2015	Charged during the period	Adjustment / (Disposal) the period	Balance as at 31.12.2015	
Computer Programs (Software)	219,908	3,495,500	-	3,715,408	33	38,604	279,190	-	317,794	3,397,614
Total:	**219,908**	**3,495,500**	**-**	**3,715,408**	**-**	**38,604**	**279,190**	**-**	**317,794**	**3,397,614**

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**

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Notes:

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LankaBangla FINANCE

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

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 19th Annual General Meeting of the Shareholders of LankaBangla Finance limited to be held on March 30, 2016, Wednesday at 10:00 a.m. at MIDAS Centre (12th Floor), House # 05, Road # 16 (New), 27 Old Dhanmondi, Dhaka-1209 or at any adjournment thereof or any ballot to be taken in consequence thereof.

Signed this ..... day of March, 2016

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.

LankaBangla FINANCE

Safura Tower (Level-11), 20, Kemal Ataturk Avenue
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Fax: +881 0998, E-mail: info@lankabangla.com

Attendance Slip

I/We hereby record my/our attendance at the 19th Annual General Meeting of the Shareholders of LankaBangla Finance limited to be held on March 30, 2016, Wednesday at 10:00 a.m. at MIDAS Centre (12th Floor), House # 05, Road # 16 (New), 27 Old Dhanmondi, Dhaka-1209.

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.

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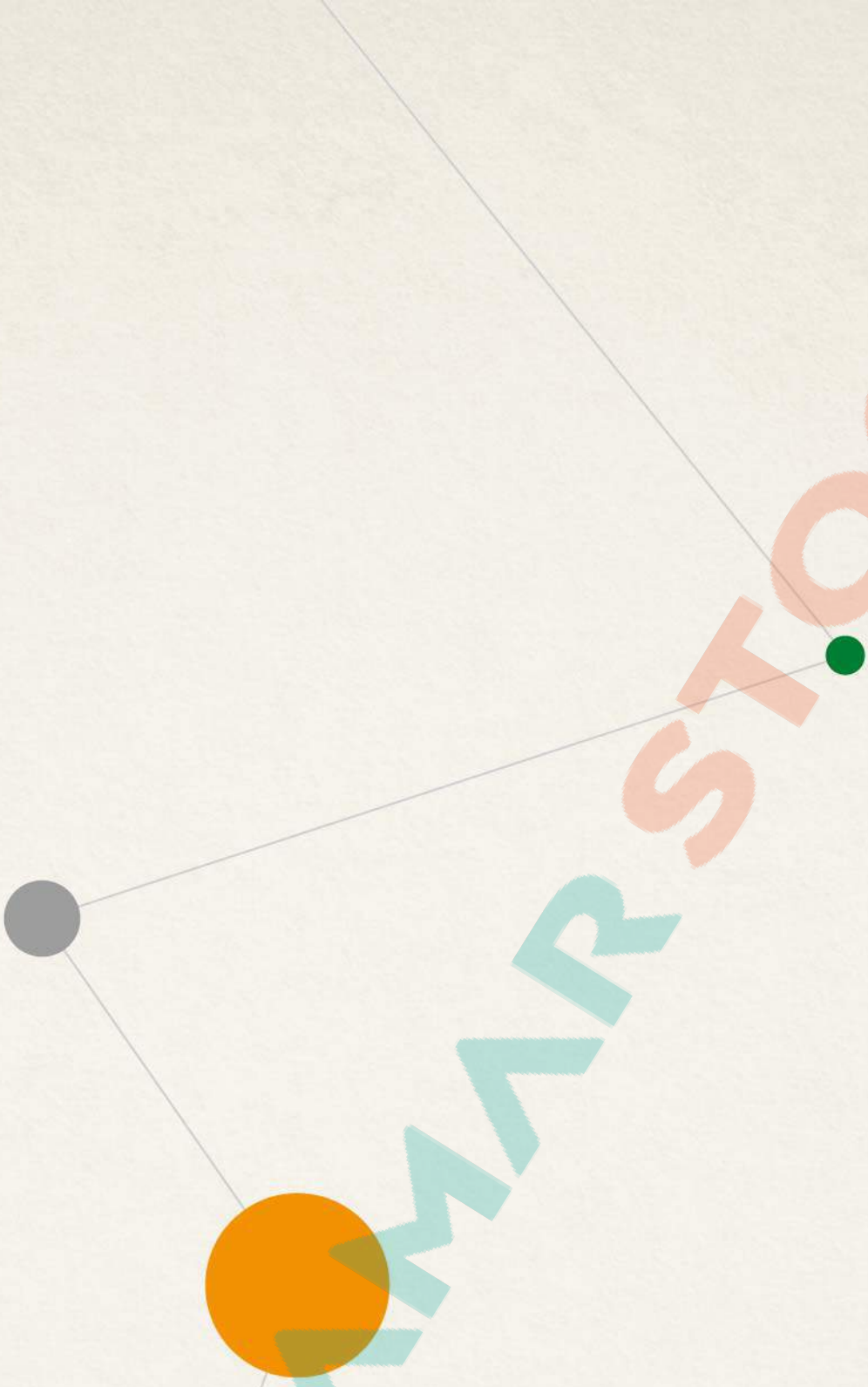

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