

Lankan Alliance Finance Limited
Financial statements
For the year ended 31 December 2021.

Hoda Vasi Chowdhury & Co

Chartered Accountants

Independent Auditor's Report to the Shareholders of Lankan Alliance Finance Limited Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Lankan Alliance Finance Limited (the "Company"), which comprise balance sheet as at 31 December 2021, and the profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note 2.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), Bangladesh Securities and Exchange Commission (BSEC) and Bangladesh Bank, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises all of the information in the Annual Report other than the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the board of directors of the company.

Responsibilities of Management and Those Charged with Governance for the Financial Statements and Internal Controls

Management is responsible for the preparation and fair presentation of the financial statements of the Company in accordance with IFRSs as explained in note 2, 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.

In preparing these financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994, the Securities and Exchange Rules 1987, the Financial Institutions Act, 1993 and the rules and regulations issued by Bangladesh Bank, we also report that:

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books;
- (iii) the balance sheet and profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- (iv) the expenditures incurred were for the purpose of the Company's business for the year;



- (v) the financial statements of the Company have been drawn up in conformity with the Financial Institutions Act, 1993 and in accordance with the accounting rules and regulations which were issued by Bangladesh Bank to the extent applicable to the Company;
- (vi) adequate provisions have been made for loans, advances, leases, investment and other assets which are, in our opinion, doubtful of recovery and Bangladesh Bank's instructions in this regard have been followed properly;
- (vii) the financial statements of the Company conform to the prescribed standards set in the accounting regulations which were issued by Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- (viii) the records and statements which were submitted by the branches have been properly maintained and recorded in the financial statements;
- (ix) statements sent to Bangladesh Bank have been checked on sample basis and no inaccuracy has come to our attention;
- (x) taxes and other duties were collect to be and deposited in the Government treasury by the Company as per Government instructions found satisfactory based on test checking;
- (xi) nothing has come to our attention that the Company has adopted any unethical means i.e. 'window dressing' to inflate the profit and mismatch between the maturity of assets and liabilities;
- (xii) proper measures have been taken to eliminate the irregularities mentioned in the inspection report of Bangladesh Bank and the instructions which were issued by Bangladesh Bank and other regulatory authorities have been complied properly as disclosed to us by management;
- (xiii) based on our work as mentioned above under the auditor's responsibility section, the internal control and the compliance of the Company is satisfactory, and effective measures have been taken to prevent possible material fraud, forgery and internal policies are being followed appropriately;
- (xiv) the Company has complied with relevant laws pertaining to capital, reserve and net worth, cash and liquid assets and procedure for sanctioning and disbursing loans/leases found satisfactory;
- (xv) we have reviewed over 80% of the risk weighted assets of the Company and we have spent around 870 person hours for the audit of the books and accounts of the Company;
- (xvi) the Company has complied with relevant instructions which were issued by Bangladesh Bank relevant to classification, provisioning and calculation of interest suspense;
- (xvii) the Company has complied with the 'First Schedule' of the Financial Institutions Act, 1993 in preparing these financial statements; and
- (xviii) all other issues which in our opinion are important for the stakeholders of the Company have been adequately disclosed in the audit report.

Dhaka, 30 March 2022
DVC: 2203311512AS709524


Shaikh Hasibur Rahman, FCA
Enrolment no. 1512
Hoda Vasi Chowdhury & Co
Chartered Accountants



Lankan Alliance Finance Limited
Balance Sheet
As at 31 December 2021

Particulars	Notes	Amount in BDT	
		31 December 2021	31 December 2020
PROPERTY AND ASSETS			
Cash	3	30,879,811	16,853,410
Cash in hand (including foreign currencies)	3.01	27,737	35,465
Balance with Bangladesh Bank & and its agent (Including foreign currencies)	3.02	30,852,074	16,817,945
Balance with other Banks and financial institutions	4	567,096,812	293,347,974
In Bangladesh	4.01	567,096,812	293,347,974
Outside Bangladesh	4.02	-	-
Money at call on short notice	5	100,000,000	100,000,000
Investments	6	305,790,409	295,000,000
Government	6.01	-	-
Others	6.02	305,790,409	295,000,000
Loans, advances and leases	7	2,324,620,040	1,675,422,612
Loans, cash credit, overdraft etc.		2,324,620,040	1,675,422,612
Bills purchased and discounted		-	-
Fixed assets including land, building, furniture and fixtures	8	54,188,298	62,591,722
Other assets	9	81,722,410	62,729,291
Non-banking assets		-	-
Total Assets		3,464,297,779	2,505,945,009
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other Banks, financial institutions and agents	10	7,750,000	4,750,000
Deposits and other accounts	11	2,000,442,730	1,123,839,632
Current accounts and other accounts etc.		-	-
Bills payable		-	-
Savings bank deposits		-	-
Term deposits		1,998,215,852	1,121,523,192
Bearer certificate of deposits		-	-
Other deposits		2,226,878	2,316,440
Other liabilities	12	177,064,645	156,500,645
Total Liabilities		2,185,257,375	1,285,090,277
Capital/Shareholders' equity		1,279,040,404	1,220,854,732
Paid-up capital	13	1,000,000,000	1,000,000,000
Share premium		172,200,000	172,200,000
Statutory reserves	14	36,443,217	24,732,433
General reserves		-	-
Retained earnings	15	70,397,187	23,922,299
Total Liabilities and Shareholders' equity		3,464,297,779	2,505,945,009
Net asset value per share- (NAV)	25	12.79	12.21



**Lankan Alliance Finance Limited
Balance Sheet
As at 31 December 2021**

Particulars	Notes	Amount in BDT	
		31 December 2021	31 December 2020

OFF-BALANCE SHEET ITEMS

Contingent liabilities

Acceptances and endorsements
Letters of guarantee
Irrevocable letters of credit
Bills for collection
Indemnity bond
Corporate guarantee

-	-
-	-
-	-
-	-
-	-
-	-
-	-

Other commitments

Documentary credits and short term trade related transactions
Forward assets purchased and forward deposits placed
Un-drawn note issuance and revolving underwriting facilities
Un-drawn formal standby facilities, credit lines
Un-disbursed contracted loans and leases

-	-
-	-
-	-
-	-
-	-

Total Off-Balance Sheet items including contingent liabilities

-	-
-	-

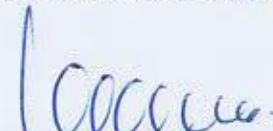
The annexed notes form an integral part of these financial statements.



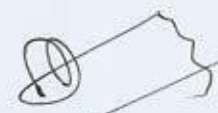
Chairman



Director



Chief Executive Officer



Chief Financial Officer

Signed in terms of our separate report of even date annexed.

Dhaka, 30 March 2022
DVC:2203311512AS709524



Shaikh Hasibur Rahman FCA
Enrolment no 1512
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Chartered Accountants

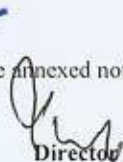


**Lankan Alliance Finance Limited
Profit and Loss Account
For the year ended 31 December 2021**

Particulars	Notes	Amount in BDT	
		31 December 2021	31 December 2020
Interest income	16	252,821,725	204,945,091
Less : Interest on deposits and borrowings etc.	17	118,416,351	78,052,933
Net interest income		134,405,374	126,892,158
Investment income	18	36,438,469	34,365,808
Commission, exchange and brokerage		-	-
Other operating income	19	16,742,312	6,641,747
Total operating income		187,586,154	167,899,713
Salaries, allowances and benefits	20	48,597,015	39,647,565
Rent, taxes, insurance, electricity etc.		4,377,016	4,188,846
Legal & Professional fees		665,207	1,344,095
Postage, stamp, telecommunication etc.		425,216	420,391
Stationery, printing, advertisements etc.		967,943	1,155,200
CEO's salary and benefits	21	12,899,998	9,299,262
Directors' fees	22	800,000	448,000
Auditors' fees		345,000	437,288
Charges on loan losses		-	-
Depreciation and repair of Company's assets		13,481,545	13,721,821
Other administration and maintenance	23	6,126,196	4,634,257
Total operating expenses		88,685,136	75,296,725
Profit before provisions		98,901,019	92,602,988
Provision for loans and investments			
General provision		(363,085)	3,730,524
2% Special Provision		4,216,106	-
Specific provision		-	-
Provision for diminution in value of investments		3,501,864	-
Other provision		-	-
Total provision		7,354,885	3,730,524
Total profit before taxation		91,546,134	88,872,464
Provision for taxation			
Current tax expense		35,696,576	35,108,559
Deferred tax expenses/(income)		(2,704,364)	(3,018,160)
Net profit after taxation		58,553,922	56,782,065
Appropriations to:			
Statutory reserves		11,710,784	11,356,413
General reserves		-	-
Dividend etc.		-	-
		11,710,784	11,356,413
Retained surplus		46,843,138	45,425,652
Earnings per share	24	0.59	0.57

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


Chairman



Director


Chief Executive Officer


Chief Financial Officer

Signed in terms of our separate report of even date annexed.

Dhaka, 30 March 2022
DVC:2203311512AS709524


Shaikh Hasibur Rahman FCA
Enrolment no 1512
Hoda Vasi Chowdhury & Co.
Chartered Accountants



Lankan Alliance Finance Limited
Statement of Changes in Equity
For the year ended 31 December 2021

Amount in BDT

Particulars	Paid-up capital	Share premium	Statutory reserves	Retained earnings	Total
Balance at 01 January 2021	1,000,000,000	172,200,000	24,732,433	23,922,299	1,220,854,732
Net profit for the year 2021	-	-	-	58,553,922	58,553,922
Appropriation to reserve	-	-	11,710,744	(11,710,784)	-
Prior year adjustment	-	-	-	(368,249)	(368,249)
Balance as at 31 December 2021	1,000,000,000	172,200,000	36,443,217	70,397,187	1,279,040,404

Lankan Alliance Finance Limited
Statement of Changes in Equity
For the year ended 31 December 2020

Amount in BDT

Particulars	Paid-up capital	Share premium	Statutory reserves	Retained earnings	Total
Balance at 01 January 2020	1,000,000,000	172,200,000	13,376,023	(20,166,681)	1,165,409,339
Net profit for the year 2020	-	-	-	56,782,065	56,782,065
Appropriation to reserve	-	-	11,356,413	(11,356,413)	-
Prior year adjustment	-	-	-	(1,336,673)	(1,336,673)
Balance at 31 December 2020	1,000,000,000	172,200,000	24,732,433	23,922,298	1,220,854,732

The annexed notes form an integral part of these financial statements


Chairman


Chief Executive Officer


Chief Financial Officer

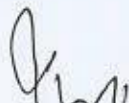


Lankan Alliance Finance Limited
Cash Flow Statement
For the year ended 31 December 2021

Particulars	Amount in BDT	
	31 December 2021	31 December 2020
A) Cash flows from operating activities		
Interest received	270,789,424	188,392,783
Interest paid	(110,193,436)	(61,021,052)
Dividend received	34,132,600	34,483,633
Fees and commission received	-	-
Paid to employees and suppliers	(98,978,752)	(65,337,531)
Payment of income tax	(36,918,842)	(47,390,494)
Received from other operating activities	13,204,498	7,768,937
Cash generated from operating activities before changes in operating assets and liabilities	72,035,492	56,896,276
Increase/(decrease) in operating assets and liabilities		
Loans & Advance	(649,220,372)	(404,617,636)
Sale of shares	-	-
Investment in Shares	(7,288,545)	(5,023,545)
Term and other deposits	876,603,099	354,056,677
	220,094,182	(55,584,503)
Net cash flows from/(used in) operating activities	292,129,675	1,311,772
B) Cash flows from investing activities		
Purchase of fixed assets	(7,354,436)	670,108
Net cash used in investing activities	(7,354,436)	670,108
C) Cash flows from financing activities		
Drawdown of term loans	3,000,000	(135,250,000)
Net cash flow from financing activities	3,000,000	(135,250,000)
D) Net increase / (decrease) in cash and cash equivalents (A+ B + C)	287,775,239	(133,268,120)
E) Effects of exchange rate changes on cash and cash equivalents	-	-
F) Cash and cash equivalents at beginning of the year	410,201,384	543,469,503
G) Cash and cash equivalents at end of the year (D+E+F)	697,976,623	410,201,384
Cash and cash equivalents at end of the year		
Cash in hand (including foreign currencies)	27,737	35,465
Balance with Bangladesh Bank and its agent bank(s)	30,852,074	16,817,945
Balance with other Banks and financial institutions	567,096,812	293,347,974
Money at call and short notice	100,000,000	100,000,000
	697,976,623	410,201,384



Chairman



Director



Chief Executive Officer



Chief Financial Officer



Lankan Alliance Finance Limited
Liquidity statement
As at 31 December 2021

Amounts in BDT

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)	30,879,811	-	-	-	-	30,879,811
Balance with other Banks and financial institutions	34,596,812	300,000,000	182,500,000	50,000,000	-	567,096,812
Money at call and short notice	100,000,000	-	-	-	-	100,000,000
Investments	55,790,409	-	-	250,000,000	-	305,790,409
Loans & advances	196,339,791	401,507,483	488,578,509	1,101,769,273	136,425,184	2,324,620,040
Fixed assets including land, building, furniture and fixtures	-	-	-	54,188,298	-	54,188,298
Other assets	24,200,851	-	24,748,297	32,773,262	-	81,722,410
Non-banking assets	-	-	-	-	-	-
Total assets	441,807,674	701,507,483	695,826,606	1,488,730,833	136,425,184	3,464,297,779
Liabilities						
other banks and financial	-	-	-	-	-	7,750,000
Deposits	197,093,983	399,487,015	1,331,493,200	67,018,532	5,350,000	2,000,442,730
Other accounts	-	-	-	-	-	-
Provision and other liabilities	4,978,686	2,621,735	13,708,224	98,353,282	57,402,688	177,064,645
Total liabilities	202,072,669	402,108,750	1,352,951,424	165,371,814	62,752,688	2,185,257,375
Net liquidity gap	239,735,006	299,398,733	(657,124,818)	1,323,359,019	73,672,496	1,279,040,404

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


Chairman


Director


Chief Executive Officer


Chief Financial Officer



Lankan Alliance Finance Limited

**Notes, comprising a summary of significant accounting policies and other explanatory notes
As at and for the year ended 31 December 2021**

1. Company and its activities

1.1 Legal status and nature of the Company

Lankan Alliance Finance Limited (The Company "Lankan Alliance Finance Limited") was incorporated in Bangladesh as a Public limited company on 27 September 2003 under the Companies Act 1994, in its earlier name of Alliance Leasing & Finance Company Limited. The Company changed its name in December 2017. The registered office of the company is situated at The Alliance Building, 63 Pragati Sarani, Baridhara, Dhaka-1212. The Company is registered as a Financial Institution under the Financial Institutions Act, 1993 .

1.2 Principal activities and nature of operation

When incorporated, the Company started with lease and term financing, as its core businesses. It expanded its activities into 'Short-Term Finance' (work order financing) and 'Real Estate Finance' operations. It also started car loan and personal loan services to individuals, respectively. Now, the company has evolved itself as multiproduct financial institution.

2. Basis of preparation and significant accounting policies

2.1 Statement of compliance

The financial statements of the Company have been prepared on a going concern basis following accrual basis of accounting except for cash flow statement and investment in marketable securities which are stated at market value in accordance International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as adopted in Bangladesh by the Institute of Chartered Accountants of Bangladesh, except the circumstances where local regulations differ, and the Companies Act 1994, the Financial Institutions Act 1993 and other applicable laws and regulations.

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

The requirements of accounting standards as per IFRS that have been departed to comply with Bangladesh Bank requirements have been disclosed in detail in **Note-2.3**.

However, this departure with IFRS has been made by following all of the relevant provisions of IAS-1 and the details disclosures are given in **Note-2.3** by following the provision of Para 20 of IAS 1 (Presentation of Financial Statements).

2.2 Basis of measurement

This financial statements have been prepared based on International Accounting Standards (IASs) and International Financial Reporting Standards (IFRS) and 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.

2.3 Disclosure of deviations from few requirements of IAS/IFRS due to mandatory compliance with Bangladesh Bank's requirements

Bangladesh Bank (the local Central Bank) is the prime regulatory body for Financial Institution in Bangladesh. Some requirements of Bangladesh Bank's rules and regulations contradict with those of financial instruments and general provision standards of IAS and IFRS. As such the company has departed from those contradictory requirements of IAS/IFRS in order to comply with the rules and regulations of Bangladesh Bank, which are disclosed along with financial impact where applicable:



Annexure C - Disclosure of deviations from few requirements of IAS/IFRS due to mandatory compliance with Bangladesh Bank's

SL.	Nature of Departure	Title of IAS/IFRS	Treatment of IAS/IFRS	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)	IFRS 9 "Financial Instruments"	<p>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.</p> <p>If any such evidence exists, expected credit losses are required to be measured through a loss allowance at an amount equal to:</p> <p>a) the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or</p> <p>b) full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).</p>	<p>As per FID circular No. 08, dated 05 August 2002, FID circular No. 03, dated 05 May 2006, FID circular No. 03, dated 29 April 2013 and DFIM circular No. 04, dated 26 July 2021, a general provision at 0.25% to 5% under different categories of unclassified loans (good standard loans and Special Mentioned Accounts (SMA)) has to be maintained irrespective of objective evidence of impairment on lease, loans and advances.</p> <p>Also provision for sub-standard investments, doubtful investments and bad losses has to be provided at 20%, 50% and 100% respectively for investments depending on the duration of overdue.</p>	<p>In financial statements, an amount of Taka 3.85 million has been increased against general provision for leases, loans and advances for the year end 31.12.2021. Accumulated provision for leases, loans and advances as at 31.12.2021 stand at Taka 19.40 million.</p>
2	Valuation of Investments in quoted and unquoted shares	IFRS 9 "Financial Instruments"	<p>Investment in shares falls either under at "fair value through profit/loss (FVTPL)" or "fair value through other comprehensive income (FVTOCI)" where any change in the fair value in case of FVTPL at the year-end is taken to profit of loss, and any change in fair value in case of</p>	<p>As per FID circular No. 08, dated 05 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</p>	<p>During this year, total market value of investment in Quoted shares of Lankan Alliance Finance Limited is less than its cost price.</p> <p>As on December 31, 2021 there was BDT 3.51 million unrealized loss on investment in quoted shares.</p>



Annexure C - Disclosure of deviations from few requirements of IAS/IFRS due to mandatory compliance with Bangladesh Bank's

SL.	Nature of Departure	Title of IAS/IFRS	Treatment of IAS/IFRS	Treatment Adopted as per Bangladesh Bank	Financial or Presentation Effect of the Departure
3	Recognition of interest income for SMA and classified lease, loans and advances	IFRS 9 "Financial Instruments"	Income from financial assets measured at amortized cost is recognized through effective interest rate method over the term of the investment. Once a 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 leases, loans 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.	Lankan Alliance Finance Limited did not maintain any amount as interest suspense.
4	Presentation of cash and cash equivalent	IAS 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 No. 11, dated 23 December 2009 which will strictly be followed by all banks and NBFIs. The templates of financial statements provided detail presentation for statement of cash flows.	Financial Statements for 2021 and corresponding year 2020 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank.



Annexure C - Disclosure of deviations from few requirements of IAS/IFRS due to mandatory compliance with Bangladesh Bank's

Sl.	Nature of Departure	Title of IAS/IFRS	Treatment of IAS/IFRS	Treatment Adopted as per Bangladesh Bank	Financial or Presentation Effect of the Departure
5	Measurement of deferred tax asset	IAS 12 "Income Tax"	A deferred tax asset shall be recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized.	As per DFIM circular No. 7, dated 31 July 2011, no deferred tax asset can be recognized for any deductible temporary difference against the provision for lease, loans and advances.	During this year there is no impact in the financial statements due to this departure as the Company did not consider any deductible temporary difference against the provision for leases, loans and advances.
6	Presentation and disclosure of Financial Statements and Financial Instruments	IAS 1 "Presentation of Financial Statements" IFRS 9 "Financial Instruments" & IFRS 7 "Financial Instruments: Disclosure"	Other Comprehensive Income (OCI) is a component of financial statements or the elements of OCI are to be included in a single Other Comprehensive Income statement. IAS 1 requires separate line item for intangible assets on the face of statement of financial position. IFRS 9 and IFRS 7 require specific presentation and disclosure relating to all financial instruments.	Bangladesh Bank has issued templates for financial statements vide DFIM Circular No. 11, dated 23 December 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 IAS 39. As such some disclosure and presentation requirements	Financial Statements for 2021 and corresponding year 2020 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank.



Annexure C - Disclosure of deviations from few requirements of IAS/IFRS due to mandatory compliance with Bangladesh Bank's

SL.	Nature of Departure	Title of IAS/IFRS	Treatment of IAS/IFRS	Treatment Adopted as per Bangladesh Bank	Financial or Presentation Effect of the Departure
7	Preparation of "Statement of Cash Flows"	IAS 7 "Statement of Cash Flows"	The Cash flow statement can be prepared using either the direct method or the indirect method. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently.	As per DFIM Circular No. 11, dated 23 December 2009, Cash flow statement has been guided by the Bangladesh Bank which is the mixture of direct and indirect method.	Financial Statements for 2021 and corresponding year 2020 have been prepared as per guideline (DFIM Circular No. 11 dated 23 December 2009) of Bangladesh Bank.
8	Current/Non-current distinction	IAS "Presentation of Financial Statement"	As per Para 60 of IAS 1 "Presentation of Financial statement" An entity shall present current and non-current assets and current and non-current liabilities as separate classification in its statement of financial position.	As per DFIM Circular No. 11, dated 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	Financial Statements for 2021 and corresponding year 2020 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank. Moreover, the liquidity statement shows the aging profile of all financial assets and liabilities from where current/non-current portion of assets and liabilities can be obtained.
9	Off-balance sheet items	IAS 1 "Presentation of Financial Statements"	There is no concept of off-balance sheet items in any IFRS; hence there is no requirement for disclosure of off-balance sheet items on the face of the balance sheet.	As per DFIM Circular No. 11, dated 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.	Financial Statements for 2021 and corresponding year 2020 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank. There is no financial impact for this departure but there is a disclosure in the financial statements.



Annexure C - Disclosure of deviations from few requirements of IAS/IFRS due to mandatory compliance with Bangladesh Bank's

SL.	Nature of Departure	Title of IAS/IFRS	Treatment of IAS/IFRS	Treatment Adopted as per Bangladesh Bank	Financial or Presentation Effect of the Departure
10	Impairment of Margin Loan (Loans and receivables)	IFRS 9 "Financial Instruments"	Measurement after initial recognition at amortized cost and recording of changes through profit and loss.	As per Bangladesh Securities and Exchange Commission (BSEC) Circular No. SEC/CMRRCD/2009-193/196 dated 28 December 2016, provisions for the year 2016 on impairment of principal portion of margin loan shall be kept at 20% on each quarter for the five quarters starting from December 2016.	There is no such impact for this.
11	Complete set of financial statements	IAS 1 "Presentation of Financial Statements"	As per IAS 1: "Presentation of Financial Statements" complete set of financial statements are i) statement of financial position, ii) statement of profit or loss and other comprehensive income, iii) statement of changes in equity, iv) statement of cash flows, v) notes, comprising significant accounting policies and other explanatory information and vi) statement of financial position at the beginning of preceding period for retrospective restatement.	As per DFIM Circular No. 11, dated 23 December 2009, complete set of financial statements are i) balance sheet, ii) profit and loss account, iii) cash flow statement, iv) statement of changes in equity, v) liquidity statement, vi) notes, comprising significant accounting policies and other explanatory information.	Financial Statements for 2021 and corresponding year 2020 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank. There is no financial impact for this departure in the financial statements.
12	Intangible asset	IAS 1 "Presentation of Financial Statements"	As per IAS 1: "Presentation of Financial Statements" para 54: the statement of financial position shall include separate line item for intangible assets.	As per DFIM Circular No. 11, dated 23 December 2009, there is no option for separate line item for intangible asset in the balance sheet.	Financial Statements for 2021 and corresponding year 2020 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank.

Annexure C - Disclosure of deviations from few requirements of IAS/IFRS due to mandatory compliance with Bangladesh Bank's

SL.	Nature of Departure	Title of IAS/IFRS	Treatment of IAS/IFRS	Treatment Adopted as per Bangladesh Bank	Financial or Presentation Effect of the Departure
13	Other comprehensive income	IAS 1 "Presentation of Financial Statements"	As per IAS 1: "Presentation of Financial Statements" Other Comprehensive Income (OCI) is a component of financial statements or the elements of OCI are to be included in a single OCI statement.	<p>Bangladesh Bank has issued templates for financial statements which will strictly be followed by financial institutions. The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income (OCI) nor are the elements of OCI allowed to be included in a single OCI statement.</p> <p>As such the financial institution does not prepare the other comprehensive income statement. However, elements of OCI, if any, are shown in the statements of changes in equity.</p>	<p>Financial Statements for 2021 and corresponding year 2020 have been prepared as per the guideline and templates issued by Bangladesh Bank.</p> <p>There is no financial impact for this departure in the financial statements.</p>
14	Disclosure of presentation of profit	N/A	There is no requirement to show appropriation of profit in the face of statement of comprehensive income.	<p>As per DFIM circular no 11, dated 23 December 2009, an appropriation of profit should be disclosed in the face of profit and loss account</p>	<p>Financial Statements for 2021 and corresponding year 2020 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank.</p> <p>There is no financial impact for this departure in the financial statements.</p>



2.4 Components of the financial statements

The financial statements comprise of (As per DFIM Circular No. 11, Dated December 23, 2009):

- a) Balance Sheet as at 31 December 2021;
- b) Profit and Loss Account for the year ended 31 December 2021;
- c) Statement of Cash Flows for the year ended 31 December 2021;
- d) Statement of Changes in Equity for the year ended 31 December 2021;
- e) Liquidity Statement for the year ended 31 December 2021;
- f) Notes to the Financial Statements for the year ended 31 December 2021.

2.5 Directors' responsibility statement

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

2.6 Date of authorization

The Board of directors has authorized this financial statements on **30 March 2022**.

2.7 Comparative information

As per paragraph 38 of IAS 1: "Presentation of Financial Statements" the company has disclosed comparative information in respect of the previous period for all amounts reported in the current period's financial statements.

Figures of the previous period have been rearranged whenever considered necessary to ensure comparability with the current year.

2.8 Reporting period

Financial statements of the company cover one calendar year from 01 January, 2021 to 31 December, 2021 consistently.

2.9 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 Taka has been rounded off to the nearest BDT.

2.10 Use of estimates and judgments

The preparation of financial statements in conformity with International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) 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.

The most critical estimates and judgments are applied to the following:

- Provision for impairment of loans, leases and investments, Income tax and deferred tax
- Gratuity
- Useful life of depreciable assets

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. In accordance with the guidelines as prescribed by IAS 37 Provisions, Contingent Liabilities and Contingent Assets, provisions are recognized in the following

Provisions

Provisions are liabilities that are uncertain in timing or amount. Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Contingent liability

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or the Group has a present obligation as a result of past events but is not recognized because it is not likely that an outflow of resources will be required to settle the obligation; or the amount cannot be reliably estimated. Contingent liabilities normally comprise legal claims under arbitration or court process in respect of which a liability is not likely to occur.

Contingent assets

A contingent asset is possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Contingent assets are never recognized, rather they are disclosed in the financial statements when they arise.



2.11 Accounting for term finance & other finances

Books of accounts for 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.

2.12 Investment in securities

Investment in marketable ordinary shares has been shown at cost or market price, whichever is lower, on an aggregate portfolio basis. Investment in non-marketable shares has been valued at cost or intrinsic value whichever is lower. Full provision for diminution in value of shares as on closing of the year on an aggregate portfolio basis is made in the financial statements as required by Bangladesh Bank DFIM circular No. 02 dated 31 January 2012.

2.13 Property and equipment

i) Recognition and measurement

Own assets

Items of own fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the assets to its working condition for its intended use as per International Accounting Standard (IAS) 16. "Property, Plant and Equipment".

ii) Subsequent expenditure on fixed assets

Subsequent expenditure is capitalized only when it increases the future economic benefit from the assets and that cost can be measured reliably. All other expenditures are recognized as an expense as and when they are incurred.

iii) Depreciation

Depreciation is charged to amortize the cost of assets, over their estimated useful lives, using the straight-line method in accordance with IAS-16: "Property, Plant and Equipment". Full depreciation is charged on additions irrespective of date when the related assets are put into use and no depreciation is charged from the month of disposal. Asset category wise depreciation rates are as follows:

<u>Particulars of Property, Plant & Equipment</u>	<u>Rates</u>
Furniture and fixtures	20%
Office equipment	20%
Office decoration	10%
ICT equipment	20%
Vehicle	12.50%

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 profit and loss account.

Depreciation methods, useful lives and residual values, if any are reviewed at the balance sheet date.

2.14 Intangible assets and amortization of intangible assets

Recognition & measurement

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.

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 3 years or 5 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.

2.15 Revenue recognition

Revenue is only recognised when it meets the following five steps model framework as per IFRS 15: "Revenue from Contracts with Customers"

- a) identify the contract (s) with a customers;
- b) identify the performance obligations in the contract;
- c) determine the transaction price;
- d) allocate the transaction price to the performance obligations in the contract;
- e) recognise revenue when (or as) the entity satisfies a performance obligation.

Interest income from loans and other sources is recognised on an accrual basis of accounting and where applicable, on the basis of instruction from Bangladesh Bank considering on the future risk of recovery.



Lease income

Finance lease income is allocated over the lease term on a systematic and rational basis. This income allocation is based on a pattern reflecting a constant periodic return on net investment in the finance lease. The unearned lease income is recognised on installment date as revenue on an accrual basis over the terms of the lease. However, lease income is not recognised if capital or interest receivable is in arrears for more than three months.

Interest on term loans and short term finance

Interest on term loan and short term finance are recognized as revenue on an accrual basis and interest income on term loan is not recognized where any portion of interest is in arrear for more than three months.

Profit or loss on sale of securities

Profit or loss arising from the sale of securities is accounted for only when the securities are sold/offloaded.

Fee based revenues

Fees on services rendered by the company are recognized as and when services are rendered.

Dividend income

Dividend is recognized as income when the right to receive income is established.

2.16 Interest suspense account

Lease income earned, interest on term finance (car loans, personal loans) overdue beyond three months period and interest on real estate finance overdue beyond nine months period, and interest on short term finance overdue beyond permitted credit term plus ninety days period are not recognised as revenue and are credited to the interest suspense account.

2.17 Accounts receivable

Accounts receivable at the balance sheet date is stated at amounts which are considered realizable. Specific allowance is made for receivable considered to be doubtful for recovery.

2.18 Cash flow statements

The cash flow statement is prepared using the direct method as stipulated in International Accounting Standard (IAS) 7: "Cash Flow Statements", and in accordance with the instruction of Bangladesh Bank.

2.19 Conversion of foreign currency transactions

Foreign currency transactions are translated into Taka at rates prevailing at the respective dates of transactions, while foreign currency monetary assets at the end of the 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 year after netting off.

2.20 Provision for doubtful accounts and future losses

Provision has been made at estimated rates on outstanding exposures, based on aging and continuous review of the receivables, as per the Bangladesh Bank Provisioning policy. A general provision has been made by the company to cover unforeseen losses on all loans and investments. The provision is adequate to meet any probable future losses.

2.21 Employees' benefit obligation

2.22 Defined contribution plan

The Company has a contributory provident fund scheme for its permanent employees. Provident fund will be administered by a Board of Trustees, funded by equal contributions both by the employees and the Company at a predetermined rate. The contributions will be managed separately from the Company's asset.

2.22.1 Defined benefit plan

The Company also introduced a funded gratuity scheme. Employees are entitled to gratuity benefit after completion of minimum 5 years of service with the Company. The gratuity is calculated on the last basic pay and is payable at the rate of one month's basic pay for every completed year of service.

2.23 Taxation

Tax expense comprises current and deferred tax.

2.23.1 Deferred tax

The Company accounts for deferred tax as per International Accounting Standard (IAS) 12 Income Taxes. Deferred tax is provided using the balance sheet method for all temporary timing differences arising between the tax base of assets and liabilities and their carrying value for financial reporting purposes. Tax rate prevailing at the balance sheet date is used to determine deferred tax.

Deferred tax may results in a liability or an asset being recognized within the Statement of Financial Position. IAS 12 defines a deferred tax liability as being the amount of income tax payable in future periods. Deferred tax is recognized on differences between the carrying amounts 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.

2.23.2 Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any, in accordance with provisions of Income Tax Ordinance, 1984. It is measured using tax rates enacted or substantively enacted at the reporting date. Applicable tax rate for the Company for the year 2021 is based on Finance Act 2021. For the purpose of these financial statements, management has assumed that the existing tax rates will be applicable for Income year 2021 as well, which are mentioned below:

Regular business tax rate	Rates
LAFL - Non traded Financial institution	40.00%
Other business tax rate	Rates
Dividend income	20.00%
Capital gain on sale of fixed assets	15.00%
Capital gain on sale of marketable securities	10.00%

2.24 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at bank, term deposits and investment in call loan that are readily convertible to a known amount of cash (with less than three months maturity) and that are subject to an insignificant risk of change in value.

2.25 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.

2.26 Related party disclosure

As per International Accounting Standards (IAS) 24 Related Party Disclosures, parties are considered to be related if one of the party 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 its related parties. Related party disclosures has

2.27 Statutory reserves

As per Financial Institutions Regulation 1994, every Non Banking Financial Institution (NBFI) is required to transfer at least 20% of it's current year's profit to the fund until such reserve fund equals to it's paid up share capital and share premium (if any). In conformity with the above requirement, the Company transfers 20% of net profit to statutory reserve before declaration of dividend.

2.28 Events after the balance sheet date

All material events occurring after the balance sheet date has been considered and where necessary, adjusted for or disclosed.

The Board of Directors has recommended 5% cash dividend for the year ended 31 December 2021 in its meeting held on 30th March 2022.

2.29 Contingent liabilities and contingent assets

The Company does not recognize contingent liability and contingent asset but discloses the existence of contingent liability in the financial statements.

A contingent liability is a probable obligation that arises from past events whose existence will be confirmed by occurrence or non-occurrence of uncertain future events not within the control of the Company or a present obligation that is not recognized because outflow of resources is not likely or obligation cannot be measured reliably.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

2.30 Liquidity statement

The liquidity statement has been prepared in accordance with remaining maturity grouping of Assets and Liabilities as of the close of the year as per following bases:

- a) Balances with other bank and financial institutions are on the basis of their maturity term.
- b) Loans, advances and leases are on the basis of their repayment/maturity schedule
- c) Fixed assets are on the basis of their useful lives.



- d) Other assets are on the basis of their adjustment terms.
- e) Borrowings from other banks and financial institutions as per their maturity/repayment terms.
- f) Deposits and other accounts are on the basis of their maturity term and behavioral past trends.
- g) Other long term liabilities are on the basis of their maturity terms.
- h) Other liabilities are on the basis of their settlement terms.

2.31 Status of compliance of International Financial Reporting Standards

In addition to compliance with local regulatory requirements, in preparing the Financial Statements, LAFL applied following IAS and IFRS:

Name of the IAS	IAS No.	Status
Presentation of Financial Statements	1	Applied *
Inventories	2	N/A
Statements of Cash Flow	7	Applied
Accounting Policies, Changes in Accounting Estimates and Errors	8	Applied
Events after the Reporting Period	10	Applied
Construction Contracts	11	N/A
Income Taxes	12	Applied
Property, Plant and Equipment	16	Applied
Leases	17	Applied**
Employee Benefits	19	Applied
Accounting for Government Grants and Disclosure of Government Assistance	20	N/A
Borrowing Costs	23	Applied
Related Party Disclosures	24	Applied
Accounting and Reporting by Retirement Benefit Plans	26	N/A
Separate Financial Statements	27	Applied
Investment in Associates and Joint Ventures	28	N/A
Financial Reporting in Hyperinflationary Economies	29	N/A
Interests in Joint Ventures	31	N/A
Earnings per share	33	Applied
Interim Financial Reporting	34	Applied
Impairment of Assets	36	Applied
Provisions, Contingent Liabilities and Contingent Assets	37	Applied
Intangible Assets	38	Applied
Investment Property	40	N/A
Agriculture	41	N/A

Name of the IFRS	IFRS No.	Status
Share Based payment	2	N/A
Business combination	3	N/A
Insurance contracts	4	N/A
Non-current assets held for sale and discontinued operation	5	N/A
Exploration for and evaluation of mineral resources	6	N/A
Financial instruments: disclosures	7	Applied *
Operating segments	8	N/A
Consolidated financial statements	10	N/A
Joint arrangement	11	N/A
Disclosure of interest in other entities	12	N/A
Fair value measurement	13	Applied *
Revenue from contract with customers	15	Applied
Leases	16	Applied

N/A= Not Applicable

* As the regulatory requirements differ with the standards, relevant disclosures have been made in accordance with Bangladesh Bank's requirements.

** Superseded by IFRS 16 as of 1 January 2019

2.32 BASEL II & 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 has started and the guidelines namely "Prudential Guidelines on Capital Adequacy and Market Discipline for Financial Institutions



(CAMD)" 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 FIs for the purpose of statutory compliance. As per CAMD guidelines, Financial Institutions should maintain a Capital Adequacy Ratio (CAR) of minimum 10%. In line with CAMD guideline's requirement, the company is in the process of introducing necessary initiatives to ensure implementation of BASEL II accord. Latest status of Capital Adequacy Ratio(CAR) has been shown in note - 13.01.

2.33 Financial risk management

LAFI always concentrates on delivering high value to its stakeholders through appropriate trade-off between risk and return. A well structured and proactive risk management system is in place within the Company to address risks relating to credit, market, liquidity, operations and anti money laundering. In addition to the industry best practices for assessing, identifying and measuring risks, LAFI also considers guidelines for managing core risks of financial institutions issued by the Country's Central Bank, Bangladesh Bank, vide FID Circular No. 10 dated September 18, 2005 for management of risks and, more recently, DFIM Circular No. 03 dated January 24, 2016.

Credit risk

To encounter and mitigate credit risk the company employed multilayer approval process, policy for maximum exposure limit of sector or groups, policy for customers' assets maximum exposure limit, mandatory search for credit report from Credit Information Bureau, looking into payment performance of customer before financing, frequent review of clients, taking collateral, seeking external legal opinion, maintaining neutrality in politics and following arm's length approach in related party transactions, regular review of market situation and industry exposure etc.

Market risk

The Asset Liability Committee (ALCO) of the Company regularly meets to assess the changes in interest rate, market conditions, carry out asset liability maturity gap analysis, re-pricing of products and thereby takes effective measures to monitor and control interest rate risk.

Liquidity risk

Liquidity requirements are managed on a day-to-day basis by the Treasury Division which is responsible for ensuring that sufficient funds are available to meet short term obligations, even in a crisis scenario, and for maintaining a diversity of funding sources. Treasury Division maintains liquidity based on historical requirements, anticipated funding requirements from operation, current liquidity position, collections from financing, available sources of funds and risks and returns.

Operational risk

Appropriate internal control measures are in place, at LAFI, to address operational risks. LAFI has also established internal control & compliance department (ICC) to address operational risk and to frame and implement policies to encounter such risks.

Compliance risk

Compliance risk is defined as the current or prospective risk of legal sanction and/or material financial loss that an organization may suffer as a result of its failure to comply with laws, its own regulations, code of conduct, and standards of the best practice as well as from the possibility of incorrect interpretation of laws or regulations. In general, compliance risk management is embedded in the day to day to business processes and practices of the company.

Money laundering and terrorist financing risk

In The Company, money laundering and terrorist financing risk takes two broad dimensions:

- a) Business risk i.e. the risk that The Company may be used for money laundering or terrorism financing and
- b) Regulatory risk i.e. the risk that The Company fails to meet regulatory obligations under the Money Laundering Prevention Act 2012 and Anti-Terrorism Act 2009 (amended in 2013).

To mitigate the risks, The Company, while adhering to various guidelines and circulars issued by the Bangladesh Financial Intelligence Unit (BFIU), put in place a strict compliance program consisting of the following components:

- a) Development and implementation of internal policies, procedures and controls to identify and report instances of money laundering and terrorism financing;
- b) Creation of structure and sub-structure within the organization, headed by a Central Compliance Unit (CCU), for AML and CFT compliance;
- c) Appointment of an AML/CFT Compliance Officer, known as the Chief Anti Money Laundering Officer (CAMLCO), to lead the CCU;



- d) Independent audit function including internal and external audit function to test the programs;
- e) Ongoing employee training programs.

2.34 Changes in significant accounting policies - IFRS 16 Leases

2.34.1 Nature and impact of changes

(a) Definition of a lease

Previously, LAFL determined at contract inception whether an arrangement is or contains a lease under IFRIC 4 (if any). Under IFRS 16, LAFL assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note . On transition to IFRS 16, LAFL evaluated all types of contracts to assess whether a contract is or contains, a lease at the date of initial application.

As a Lessee

As a lessee, LAFL previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to LAFL. Under IFRS 16, LAFL recognises right-of-use assets and lease liabilities for all leases.

(i) Leases classified as operating leases under IAS 17

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at LAFL's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments (if any).

(ii) Leases previously classified as finance leases

For leases that were classified as finance leases under IAS 17 (if any), the carrying amount of the right of use asset and the lease liability at 1 January 2019 are determined at the carrying amount of the lease asset and lease liability under IAS 17.

As a lessor

LAFL is not required to make any adjustments on transitions to IFRS 16 for leases in which it acts as a lessor.

Impacts on financial statements

LAFL has lease contracts related to the rental agreement of various branches. The table below show the impacts arising from IFRS 16 in the beginning of 2019:

Lankan Alliance Finance Ltd.

Leases	Liabilities	Right-of-use Asset
Office Rent	75,635,504	75,635,504

As at 1 January 2019:

Right-of-use assets:

Right-of-use assets of BDT 78,523,744 and BDT 5,183,687 were recognised and presented separately in Annexure A and also included in fixed assets in Lankan Alliance Finance Limited's balance sheet respectively. This includes the Right-of-assets for office rent & vehicle.

Lease Liabilities:

Lease liabilities derived from present value of all rental payments amounted to BDT 78,523,744 and BDT 5,183,687 has been incorporated in Lankan Alliance Finance Limited's balance sheet respectively (under other liabilities head).

When measuring lease liabilities, LAFL discounted lease payments using its incremental borrowing rate (12%) at 1 January 2019.



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		Amounts in BDT	
		31 December 2021	31 December 2020
3	Cash		
	Cash in hand (including foreign currencies) (Note 3.01)	27,737	35,465
	Balance with Bangladesh Bank and its agent (including foreign currencies) (Note 3.02)	30,852,074	16,817,945
		30,879,811	16,853,410
3.01	Cash in hand (including foreign currencies):		
	In local currency	27,737	35,465
	In foreign currency	-	-
		27,737	35,465
3.02	Balance with Bangladesh Bank and its agent (including foreign currencies)		
	In local currency	30,852,074	16,817,945
	In foreign currency	-	-
		30,852,074	16,817,945
3.03	Cash Reserve Requirement (CRR) and Statutory Liquidity Reserve (SLR)		
	Cash Reserve Requirement (CRR) and Statutory Liquidity Reserve (SLR) have been calculated and maintained in accordance with Financial Institutions Act, 1993 & Financial Institutions Regulations, 1994 and FID Circular No. 06 dated November 06, 2003, FID Circular No. 02 dated November 10, 2004 and FID Circular No. 01 dated January 12, 2017 & DFIM Circular No 3, June 21, 2020.		
	Cash Reserve Requirement (CRR) has been calculated at the rate of 2.5% on Total Term Deposits which is preserved in current account maintained with Bangladesh Bank. Total Term Deposit means Term or Fixed Deposit, Security Deposit against Lease/Loan and other Term Deposit, received from individuals and institutions (except Bank & 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 maintained in liquid assets in the form of cash in hand (notes & coin in Taka), balance with Bangladesh Bank and other banks and Financial Institutions, unencumbered treasury bill and treasury bond and any other assets approved by Government Circular issued by Gazette or Bangladesh Bank.		
a)	Cash Reserve Requirement (CRR)		
	Required reserve	29,815,483	15,613,083
	Actual reserve maintained	30,879,811	16,853,410
	Surplus / (deficit)	1,064,328	1,240,327
b)	Statutory Liquidity Reserve (SLR)		
	Required reserve (including CRR)	107,747,729	61,565,632
	Actual reserve maintained (including CRR)	597,976,623	310,201,384
	Surplus / (deficit)	490,228,894	248,635,753
4	Balance with other banks and financial institutions		
	Inside of Bangladesh		
4.01	Local currency		
	Non interest bearing current account (Note - 4.02)	262,524	154,078
	Interest bearing short term deposit account (Note - 4.03)	34,334,288	10,693,896
	Fixed deposit account (Note - 4.04)	532,500,000	282,500,000
		567,096,812	293,347,974
4.02	Non interest bearing account		
	Commercial Bank of Ceylon PLC, Current A/C No. 1818000829, (Gulshan Br.)	6,239	407
	Dhaka Bank Limited, Current A/C No. 2151000010692, (Gulshan Br.)	111,493	79,808
	Mutual Trust Bank Limited, Current A/C No. 0220210011579 (Gulshan Br.)	46,210	46,900



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		Amounts in BDT	
		31 December 2021	31 December 2020
	Woori Bank, Current A/C No. 923934781 (Dhaka Br.)	89,495	26,963
	NCC Bank, Current A/C No. 0124-0210000337 (Mohammadpur Br.)	9,087	-
		262,524	154,078
4.03	Interest bearing short term deposit account		
	Midland Bank Limited, SND A/C No. 0011-1090000463 (Gulshan Branch)	14,067,994	10,343,379
	Midland Bank Limited, SND A/C No. 0011-1060000260 (Gulshan Branch)	335,749	140,743
	Mutual Trust Bank Limited, SND A/C No. 0022-0320001649 (Gulshan Branch)	126,125	208,806
	NRB Bank Limited, SND A/C No. 1012050145944 (Principal Br.)	19,804,418	-
	Bank Asia Limited, SND A/C No. 61536000010 (Gulshan Branch)	2	968
		34,334,288	10,693,896
4.04	Fixed deposit account		
	Commercial Bank of Ceylon PLC	-	182,500,000
	NRB Commercial Bank Limited	100,000,000	50,000,000
	LankaBangla Finance Limited	-	50,000,000
	Dhaka Bank Limited	82,500,000	-
	IFIC Bank Limited	100,000,000	-
	NCC Bank Limited	50,000,000	-
	One Bank Limited	100,000,000	-
	SBAC Bank Limited	100,000,000	-
		532,500,000	282,500,000
4.05	Maturity grouping of balance with other banks and financial institutions		
	Up to 1 month	34,596,812	60,847,974
	Over 1 month but not more than 3 months	300,000,000	50,000,000
	Over 3 months but not more than 6 months	-	-
	Over 6 months but not more than 1 year	182,500,000	182,500,000
	Over 1 year but not more than 5 years	50,000,000	-
	Over 5 years	-	-
		567,096,812	293,347,974
5	Money at call and short notice		
	Industrial And Infrastructure Development Finance Company Limited	100,000,000	50,000,000
	IPDC Finance Limited	-	50,000,000
	LankaBangla Finance Limited	-	-
	Uttara Finance Limited	-	-
		100,000,000	100,000,000
6	Investments		
6.01	Government	-	-
6.02	Other		
	Investment in Un-Quoted Shares (Note 6.02.01)	250,000,000	295,000,000
	Investment in Quoted Shares (Note 6.02.02)	55,790,409	-
		305,790,409	295,000,000



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		Amounts in BDT	
		31 December 2021	31 December 2020
06.02.01	Investment in un-quoted shares		
	Confidence Power Limited	80,000,000	100,000,000
	Kushiara Power Company Limited	90,000,000	95,000,000
	Karnaphuli Power Limited	80,000,000	100,000,000
		250,000,000	295,000,000
06.02.02	Investment in quoted shares		
	Cost price	55,790,409	-
		55,790,409	-
7	Leases, loans and advances		
	Loans and advances (Note 7.01)	2,324,620,040	1,675,422,612
	Bills Purchased and discounted	-	-
		2,324,620,040	1,675,422,612
7.01	Loans and advances		
	Lease receivables	13,656,246	11,657,705
	Term loan - Corporate	995,663,037	945,304,166
	Auto loan	93,975,260	104,283,386
	SME loan	986,936,311	580,186,229
	Lease receivable - SME	37,579,708	16,370,773
	Home Loan	157,483,928	9,530,146
	Interest / Installment Receivable	39,325,550	8,090,207
		2,324,620,040	1,675,422,612
7.02	Maturity wise grouping		
	On demand	-	-
	Not more than 3 months	597,847,274	358,956,564
	More than 03 Month to 01 Years	488,578,309	376,807,615
	More than 01 Year to 05 Years	1,101,769,273	927,087,830
	More than 05 Years	136,425,184	12,570,603
		2,324,620,040	1,675,422,612
7.03	Classification wise leases, loans and advances/ investments		
	<u>Unclassified</u>		
	Standard	2,324,620,040	1,675,422,612
	Special Mention Accounts (SMA)	-	-
		2,324,620,040	1,675,422,612
	<u>Classified</u>		
	Sub-standard	-	-
	Doubtful	-	-
	Bad/loss	-	-
		-	-
		2,324,620,040	1,675,422,612



Hoda Vasi Chowdhury & Co

Amounts in BDT	
31 December 2021	31 December 2020

7.04 Loans, advances and leases on the basis of significant concentration

a) Loans, advances and leases to the institutions in which Directors have interest	-	-
b) Loans, advances and leases to Chief Executive and other senior executives	-	-
c) Loans, advances and leases to customer groups:	-	-
i) House finance	157,483,928	9,530,146
ii) Car Loan	93,975,260	105,483,426
iii) Personal loan	-	-
iv) Loan Against deposits (LAD)	-	-
v) Small and medium enterprises	1,024,516,019	596,708,071
vi) Special program loan (BB refinancing scheme)	-	-
vii) Staff loan	-	-
viii) Industrial Loans, advances and leases	1,048,644,833	963,700,969
ix) Other loans and advances	-	-
	2,324,620,040	1,675,422,612

d) Details of industrial loans, advances and leases

i) Garments and Knitwear	5,307,696	3,741,389
ii) Textile	-	-
iii) Jute and Jute -products	-	-
iv) Food Production and Processing industry	59,211,669	79,088,540
v) Plastic Industry	-	-
vi) Leather and Leather Goods	47,491,531	-
vii) Iron, Steel and Engineering	146,345,406	-
viii) Pharmaceuticals and Chemicals	52,065,313	-
ix) Cement and Allied Industry	-	128,124,308
x) Telecommunication and IT	44,027,784	-
xi) Paper, printing and Packaging	-	-
xii) Glass, Glassware and Ceramic Industry	53,127,442	57,116,109
xiii) Ship Manufacturing Industry	-	-
xiv) Electronics and Electrical Products	-	51,093,842
xv) Power, Gas, water and Sanitary Service	378,544,142	5,214,920
xvi) Transport and Aviation	43,572,878	-
xvii) Other industries	1,494,926,179	1,351,043,504
	2,324,620,040	1,675,422,612

7.05 Particulars of lease, loans and advances

i) Leases and loans considered good in respect of which the company is fully secured.	158,619,191	760,082,607
ii) Leases and loans considered good in respect of which the company is partially secured.	1,032,396,399	-
iii) Loans considered good against which the company holds no security other than the debtors' personal guarantee.	-	-
iv) Loans considered good secured by the personal undertaking of one or more parties in addition to the personal guarantee of the debtors.	1,133,604,449	915,340,005



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		Amounts in BDT	
		31 December 2021	31 December 2020
v)	Classified loans against which no provision has been made	-	-
vi)	Loans due from Directors either separately or jointly with any		
vii)	Loans due from Officers either separately or jointly with any other persons.	-	-
viii)	Loans due from Companies or firms in which the Directors have interest as Directors, Partners or managing agents Companies, as members.	-	-
ix)	Maximum total amount of advances, including temporary advances made at any time during the year to Directors or Managers or Officers either separately or jointly with any other person.	-	-
x)	Maximum total amount of advances, including temporary advances granted during the year to the Companies or firms in which the Directors have interest as Directors, Partners or Managing agents or in the case of private Companies, as members.	-	-
xi)	Due from banking companies and other financial institutions.	-	-
xii)	Classified lease, loans and advances		
a)	Classified lease, loans and advances on which interest has not been charged.	-	-
b)	Increase/(decrease) of specific provision.	-	-
c)	Amount of loan written off.	-	-
d)	Amount realized against loan previously written off.	-	-
e)	Provision kept against loans classified as bad/loss on the date of preparing the balance sheet.	-	-
f)	Interest credited to Interest Suspense account.	-	-
		<u>2,324,620,040</u>	<u>1,675,422,612</u>
7.06	Investments allowed to each customer exceeding 15% of FI's total capital		
	Total Loans, Advances and Leases	956,905,293	874,117,602
	No. of Customers	3	8
	Classified amount thereon	-	-
	Measures taken for recovery	N/A	N/A
7.07	Geographical Location-wise break-up		
	Inside Bangladesh:		
	Dhaka Division	2,324,620,040	1,675,422,612
		<u>2,324,620,040</u>	<u>1,675,422,612</u>
	Outside Bangladesh:	-	-
		<u>2,324,620,040</u>	<u>1,675,422,612</u>
8	Fixed assets including land, building, furniture and fixtures		
	Freehold assets (Note-8.01)	11,055,585	8,437,866
	Intangible assets (Note-8.02)	480,748	155,163
	Lease assets (Note-8.03)	42,651,965	53,998,693
		<u>54,188,298</u>	<u>62,591,722</u>
	Details are given in Annexure - A		
8.01	Freehold assets		
	A. Cost		
	Opening Balance	19,199,832	18,475,658
	Additions	6,714,811	724,174
		<u>25,914,643</u>	<u>19,199,832</u>



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		Amounts in BDT	
		31 December 2021	31 December 2020
	B. Accumulated depreciation		
	Opening Balance	(10,761,966)	(7,508,222)
	Charged During the year	(4,097,092)	(3,253,744)
		<u>(14,859,058)</u>	<u>(10,761,966)</u>
	C. Written down value (A-B)	<u>11,055,585</u>	<u>8,437,866</u>
8.02	Intangible assets		
	Software		
	A. Cost		
	Opening Balance	622,400	500,000
	Additions	639,625	122,400
		<u>1,262,025</u>	<u>622,400</u>
	B. Accumulated ammortization		
	Opening Balance	(467,237)	(259,791)
	Charged during the year	(314,040)	(207,446)
		<u>(781,277)</u>	<u>(467,237)</u>
	C. Written down value (A-B)	<u>480,748</u>	<u>155,163</u>
8.03	Lease assets		
	A. Cost		
	Opening Balance	75,635,505	83,707,431
	Additions	-	-
	Adjustment / Closure	(4,427,952)	-
	Adjustment of prior year	-	(6,562,810)
	Adjustment for lease modification	-	(1,509,117)
		<u>71,207,553</u>	<u>75,635,505</u>
	B. Accumulated depreciation		
	Opening Balance	(21,636,812)	(11,376,181)
	Charged during the year	(9,498,000)	(10,260,631)
	Adjustment / Closure	2,579,224	-
		<u>(28,555,588)</u>	<u>(21,636,812)</u>
	C. Written down value (A-B)	<u>42,651,965</u>	<u>53,998,693</u>
9	Other assets :		
	Tax deducted at sources	11,922,600	6,013,182
	Security deposit for CFO's resident	164,000	-
	Interest receivable on deposits etc.	8,818,130	26,762,891
	Interest paid in advance	58,847	1,358,953
	Payment of Tax	11,201,878	13,716,130
	Dividend receivable on preference share	8,246,703	10,226,436
	Dividend receivable on quoted share	742,700	-
	Receivable from structured finance	6,175,000	-
	Advance with stock broker	102,087	-
	Advance for investment in share (IPO)	22,083,930	-
	Advance for CBS (Software & Hardware)	3,784,720	-
	Other Advances	345,705	185,668
	Deferred tax (Note - 9.01)	7,149,681	4,445,317
	Interest subsidy receivable from BH	926,429	20,714
		<u>81,722,410</u>	<u>62,729,291</u>



Amounts in BDT	
31 December 2021	31 December 2020

9.01 Deferred Tax

Particular	Carrying Amount of Accounting Base	Carrying Amount of Tax Base	Taxable/(deductible) Temporary Difference
For the year ended on 2021			
Property, Plant & Equipment	11,536,333	15,550,632	(4,014,299)
Gratuity Provision	(3,868,548)	-	(3,868,548)
Lease Assets	(9,991,356)	-	(9,991,356)
			<u>(17,874,203)</u>
Applicable tax rate			40%
Deferred Tax (Asset)/ Liability			<u>(7,149,681)</u>
For the year ended on 2020			
Property, Plant & Equipment	8,593,029	10,770,080	(2,177,051)
Gratuity Provision	(2,391,989)	-	(2,391,989)
Lease Assets	(6,544,253)	-	(6,544,253)
			<u>(11,113,293)</u>
Applicable tax rate			40%
Deferred Tax (Asset)/ Liability			<u>(4,445,317)</u>
Deferred Tax (income)/expenses			<u>(2,704,364)</u>

10 Borrowings from other banks, financial institutions and agents

Inside Bangladesh

BB Refinance Scheme - COVID 19 Stimulus Package 7,750,000 4,750,000

Outside Bangladesh

	-	-
	<u>7,750,000</u>	<u>4,750,000</u>

10.01 Maturity grouping of borrowings from other banks, financial institutions & agents

Payable on demand	-	-
Up to 1 month	-	-
Over 1 months but within 3 months	-	-
Over 3 months but within 1 year	7,750,000	4,750,000
Over 1 year but within 5 years	-	-
Over 5 years	-	-
	<u>7,750,000</u>	<u>4,750,000</u>

11 Deposits and other accounts

Current deposits	-	-
Bills payable	-	-
Savings bank deposits	-	-
Term deposits	1,998,215,852	1,121,523,192
Bearer certificates of deposit	-	-
Other deposits	2,226,878	2,316,440
	<u>2,000,442,730</u>	<u>1,123,839,632</u>

11.01 Group-wise break-up of deposits and other accounts

Government	-	-
Deposit from Banks and financial institutions	-	50,000,000
Other institutions	1,619,424,232	908,133,055
Individuals	381,018,499	165,706,577
	<u>2,000,442,730</u>	<u>1,123,839,632</u>

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		Amounts in BDT	
		31 December 2021	31 December 2020
11.02	Maturity analysis		
	Repayable on Demand	-	-
	Repayable within 01 Month	197,093,983	50,602,858
	Repayable over 01 (one) Month but within 03 (three) Months	399,487,015	402,658,725
	Repayable over 03 (three) Months but within 01 (one) Year	1,331,493,200	657,030,734
	Repayable over 01 (one) Year but within 05 (five) Years	67,018,532	12,847,315
	Repayable over 05 (five) Years	5,350,000	700,000
		2,000,442,730	1,123,839,632
12	Other liabilities		
	Payable to People's Leasing & Finance Plc, Sri Lanka	17,613,990	17,613,990
	VAT payable	952,936	31,896
	TDS payable	84,511	71,934
	TDS payable on deposits	616,949	322,271
	Excise duty payable	268,800	79,400
	Salary tax payable	537,229	313,773
	Tax payable (12.02)	39,561,464	37,388,571
	Gratuity payable	3,868,548	2,391,989
	General provision for loans, advances and leases	15,179,139	15,542,224
	2% Special provision	4,216,106	-
	Provision for diminution in value of investments	3,501,864	-
	Interest payable on term deposit	33,974,604	20,460,071
	Interest payable on BB refinance	8,969	8,444
	Performance Bonus Payable	2,800,000	-
	Other accruals & payables (12.01)	1,236,215	1,733,137
	Lease liabilities	52,643,321	60,542,945
		177,064,645	156,500,645
12.01	Other accruals & payables		
	Audit fee payable	389,654	389,654
	Professional fees payable	57,500	161,250
	Directors Fees Payable	331,200	299,200
	Salary & Allowances Payable	179,511	-
	PF payable	-	232,258
	Other accrued expenses	276,351	646,879
	Others payable	2,000	3,896
		1,236,216	1,733,137
12.02	Provision for Income Tax		
	Balance at January 1, 2021	37,388,571	33,458,899
	Add : Provision made during the year	37,281,452	35,108,559
	Less : Adjustment during the year	(35,108,559)	(31,178,887)
	Balance at December 31, 2021	39,561,464	37,388,571
	Tax has been calculated @ 40% on business income, @ 10% on Capital gain on sale of shares & @ 20% on Dividend Income.		
13	Share capital		
	Authorised capital		
	100,000,000 Ordinary shares of Tk 10/= each	1,000,000,000	1,000,000,000
	Issued, subscribed and paid up Capital		
	100,000,000 Ordinary shares of Tk 10/= each	1,000,000,000	1,000,000,000



Amounts in BDT	
31 December 2021	31 December 2020

Details of shares holding as at 31.12.2019 are as under;

Shareholder	Face Value (BDT)	Total Number of Equity Shares	Percentage of Shareholding	Consideration paid (BDT) for all shares (excl. premium)
Summit Holdings Limited	10	10,000,000	10%	100,000,000
Concept Knitting Ltd.	10	4,000,000	4%	40,000,000
Green Delta Insurance Company Ltd.	10	10,000,000	10%	100,000,000
Mr. Syed Ali J. Rizvi	10	10,000,000	10%	100,000,000
Mr. Lutfi Mawla Ayub	10	2,000,000	2%	20,000,000
Ms. Sohana Rouf Chowdhury	10	10,000,000	10%	100,000,000
Ms. Fahmida Akter Khatun	10	3,000,000	3%	30,000,000
People's Leasing & Finance PLC - Sri Lanka	10	51,000,000	51%	510,000,000
Grand Total		100,000,000	100%	1,000,000,000

13.01 Capital Adequacy Ratio:

This disclosure is comply with DPIM Circular 14/2011 under the para 7.4 (a) of "Prudential Guidelines on Capital Adequacy And Market Discipline for Financial Institutions."

Capital adequacy ratio has been calculated as per circular issued by Bangladesh Bank.

Tier-1 (Core Capital)	1,279,600,403	1,220,854,731
Paid-up Capital	1,000,000,000	1,000,000,000
Statutory Reserve	37,003,216	24,732,433
General Reserve	-	-
Share Premium	172,200,000	172,200,000
Retained Surplus	70,397,187	23,922,298
Tier-2 (Supplementary Capital):	15,179,139	15,542,224
General provision maintained against unclassified loans	15,179,139	15,542,224
Other Reserves	-	-
Total Capital Held (Tier 1 + Tier 2)	1,294,779,542	1,236,396,955
Total Risk Weighted Assets (Note 13.02)	2,945,841,487	2,140,791,686
Required capital	1,000,000,000	1,000,000,000
(10% of risk-weighted assets or Tk. 100.00 Core whichever is higher)		
Total Capital Held	1,294,779,542	1,236,396,955
Capital adequacy ratio	43.95	57.75
Core capital	43.44	57.03
Supplementary capital	0.52	0.73

Minimum Capital Adequacy Ratio requirement as per Bangladesh Bank Guideline is 10% on RWA.

Gross Risk-Weighted Assets (RWA) of 2019 in the various categories of risk weights are detailed below :

13.02 Total Risk Weighted Assets

(a) Risk Weights for Credit Risk	2,087,643,881	1,065,962,402
(b) Risk Weights for Market Risk	604,600,000	601,305,268
(c) Risk Weights for Operational Risk	253,595,606	213,049,939
Total Risk Weighted Assets (a+b+c)	2,945,841,487	1,880,317,609

14 Statutory Reserve

Opening balance	24,732,433	13,376,020
Add: Transferred during the year	11,710,784	11,356,413
	36,443,217	24,732,433

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		Amounts in BDT	
		31 December 2021	31 December 2020
15	Retained Earnings		
	Opening balance	23,922,299	(20,166,681)
	Net profit during the period	58,553,922	56,782,065
	Transferred to Statutory Reserve	(11,710,784)	(11,356,413)
	Prior year adjustment	(368,249)	(1,336,673)
		<u>70,397,187</u>	<u>23,922,299</u>
16	Interest income		
	Interest income on Lease, Loan, Advances	224,388,420	177,733,140
	Interest on balance with other banks and financial institutions	28,433,305	27,211,951
		<u>252,821,725</u>	<u>204,945,091</u>
17	Interest expense on deposits & borrowings		
	Interest on term deposits	110,300,998	68,717,287
	Interest expense on borrowings	53,050	1,527,927
	Interest on call loan & treasury line	1,107,749	183,333
	Interest expense on BB Refinance	362,306	8,444
	Interest expense on lease liability	6,592,248	7,615,941
		<u>118,416,351</u>	<u>78,052,933</u>
18	Investment income		
	Gain on sale of share	3,542,902	358,735
	Dividend income	925,300	3,690
	Dividend income on preference share	31,970,267	34,382,175
	Unrealized gain on financial asset - held for trading	-	(378,792)
		<u>36,438,469</u>	<u>34,365,808</u>
19	Other operating income		
	Income from structured finance	11,019,565	-
	Documentation fee & penal Int.	1,802,436	3,895,446
	Early settlement charge	3,469,886	1,578,258
	Other income	450,425	1,168,043
		<u>16,742,312</u>	<u>6,641,747</u>
20	Salaries, allowances and benefits		
	Salaries, allowances and benefits includes contribution to Provident Fund Tk. 2,085,377/- in 2021 and Tk. 1,569,959/- in 2020.		
21	CEO's salary and benefits		
	Basic Pay	6,000,000	7,098,387
	Bonus	1,600,000	-
	Allowance and benefits	5,299,998	2,200,875
		<u>12,899,998</u>	<u>9,299,262</u>
22	Directors' fees		
	Honorarium for attending meeting	<u>800,000</u>	<u>448,000</u>
22.01	Bangladesh Bank vide its DFIM Circular No. 13 dated November 30,2015 re-fixed the maximum limit of remuneration to the directors for attending meeting of the Board and it's committees at Taka 8,000/- per		
23	Administration and maintenance		
	Bank charge	625,238	97,340
	BLFCA membership fee	200,000	200,000
	Office admin & maintenance	2,604,268	1,846,048
	Travelling and transport charges	610,528	411,081
	CIB charges	26,730	17,900



Hoda Vasi Chowdhury & Co

	Amounts in BDT	
	31 December 2021	31 December 2020
Directors traveling and accommodation	-	306,945
Training	153,670	92,411
FICCI Membership Fee	50,000	40,000
SLBCCI Membership Fee	10,000	20,000
CRISL - Rating Agency Fee	177,375	188,125
Office 365 License & Renewal	319,555	233,328
Antivirus License & Renewal	-	122,906
IPO Application Fee / Portfolio Management Fee	217,516	3,587
Recruitment expenses	20,475	52,448
Business Promotion	865,428	460,149
Rent A car expenses	75,749	-
Corporate Social Responsibilities (CSR)	150,000	500,000
Trade license	12,550	12,550
Miscellaneous expenses	7,114	29,438
	6,126,196	4,634,257
24 Earnings Per Share (EPS)		
Earnings Per Share as shown in the face of the Profit and Loss Account is calculated in accordance with Bangladesh Accounting Standard 33 : Earnings Per Share".		
Basic earnings per share has been calculated as follows:		
Earnings attributable to ordinary shareholders	58,553,922	56,782,065
Weighted average number of ordinary share outstanding	100,000,000	100,000,000
Basic Earnings Per Share	0.59	0.57
25 Net Asset Value (NAV) Per Share		
Net Asset (total assets less total liabilities) (A)	1,279,040,404	1,220,854,732
Total number of ordinary shares outstanding (B)	100,000,000	100,000,000
Net Asset Value per share (NAV) (A÷B)	12.79	12.21



26 Related party disclosure

Parties are considered to be related if one party has the ability to control the other party or exercises significant influence over the other party in making financial and operational decision and include associated companies with or without common Directors and key management positions. The Company has entered into transaction with other related entities in normal course of business that fall within the definition of related party as per International Accounting Standard 24: "Related Party Disclosures." Transactions with related parties are executed on the same terms, including interest rate and collateral, as those prevailing at the time for comparable transactions with other customers of similar credentials and do not involve more than a normal risk.

Name of related party and relationship	Transaction nature	Transaction during the year			
		Balance as at 01 January 2021	Addition	Adjustment	Balance as at Dec 11, 2021
People's Leasing & Finance PLC - Sri Lanka	Shareholder	17,613,990	-	-	17,613,990
Ispahani Summit Alliance Terminals Ltd.	Common Director	100,000,000	6,483,077	-	106,483,077
AHL Employees' Provident Fund	Common Director	2,092,557	657,959	-	2,750,516
Alliance Econiq Technologies Limited	Common Director	6,000,000	-	6,000,000	-
Ms. Fatema Hossain Rizvi	Director's family member	5,591,000	628,252	-	6,219,252
Fountain Garments Manufacturing Ltd.	Common Director	213,423,191	9,280,977	60,000,000	162,704,168
Mr. Lutfe Mawla Ayub	Director	3,500,000	3,500,000	2,000,000	5,000,000
Ms. Mazkura Ayub	Director's family member	2,500,000	7,500,000	-	10,000,000
Md. Mamun-Ur-Rashid	Shareholder's family member	25,000,000	55,000,000	5,000,000	75,000,000
Oriental Oil Company Limited	Common Director	50,609,862	113,481,000	-	164,090,862
PEB Steel Alliance Limited Employees Provident Fund	Common Director	11,900,000	3,347,519	1,035,000	14,212,519
Sabera Ahmed Rizvi Foundation	Director's family member	500,000	-	-	500,000
Mr. Syed Ali Haider Rizvi	Director's family member	18,732,500	1,423,421	-	20,155,921
Mr. Syed Nasser Haider Rizvi	Director's family member	5,000,000	17,000,000	-	22,000,000
Mrs. Archita Podder	CEO's Spouse	-	7,000,000	-	7,000,000
Mr. Shahanur Rashid	Head of Business, LAFL	-	5,030,000	4,000,000	1,030,000
		462,463,100	308,367,205	692,795,305	-

27 Number of employees

The Company paid an aggregate amount more than BDT 36,000 per annum to 35 employees, who were in employment for full year or part of the year. (2020: 32)

28 COVID-19

On 11 March 2020, World Health Organization (WHO) declared a global pandemic due to Corona Virus related respiratory disease commonly called as COVID-19. To contain the spread of this disease, along with many other countries of the world, Government of Bangladesh has also taken a number of measures such, as declaration of general holiday, enforcement of lock down, social distancing etc. As a result of these measures all business and economic activities are adversely affected which also impacted the Company. Although the business operation and profitability of the Company are impacted due to COVID-19, but as the situation is constantly changing and there is no certainty at present as to how long the situation will prevail, the potential impact of COVID-19 related matters on the Company's operation and financial results cannot be reasonably assessed.

29 General

Previous year's figures have been rearranged where necessary to conform to current year's presentation.



Lankan Alliance Finance Limited
Fixed Asset Schedule
As at 31 December 2021

Particulars	Cost						Depreciation				Written Down Value as on 31.12.2021
	Balance as on 01.01.2021	Transferred in/Additions	Transferred out/Disposal/Adjustment	Balance as on 31.12.2021	Rate %	Balance as on 01.01.2021	Charged during the year	Adjustment during the year	Balance as on 31.12.2021		
										Amounts in BDT	
Freehold assets											
Office decorations	5,487,212	-	-	5,487,212	10%	2,193,381	548,721	-	2,742,102	2,745,110	
Furniture and fixtures	2,350,201	346,065	-	3,296,266	20%	2,084,773	647,520	-	2,732,293	563,973	
ICT Equipment	7,209,807	675,300	-	7,885,107	20%	3,739,481	1,530,483	-	5,269,964	2,615,143	
Office equipment	3,552,612	143,446	-	3,696,058	20%	2,744,331	734,430	-	3,478,761	217,297	
Vehicle	-	5,550,000	-	5,550,000	12.5%	-	635,938	-	635,938	4,914,062	
	19,199,832	6,714,811	-	25,914,643		10,761,966	4,097,092	-	14,859,058	11,055,585	
Intangible asset											
CIB Module, Tally & Fortinet Coterm	522,400	639,625	-	1,262,025	33.33%	467,237	314,040.00	-	781,277	480,748	
Right of use asset	75,535,504	-	(4,427,952)	71,207,552	as per lease term	21,636,812	9,498,000	(2,579,224)	28,555,588	42,651,964	
Balance as on 31 Dec 2021	95,457,736	7,354,436	(4,427,952)	98,384,220	0	32,866,015	13,909,132	(2,579,224)	44,195,923	54,188,297	
Balance as on 31 Dec 2020	102,335,489	724,174	(8,071,927)	95,457,736		19,144,194	13,721,822	-	32,866,016	62,591,721	

