

**Lankan Alliance Finance Limited  
Financial Statements  
As at and for the year ended December 31, 2022**

# 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 2022, and the profit and loss account, statement of changes in equity and cash flows 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 2022, 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.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of key audit matters	Our response to key audit matters
<b>Measurement of provision for loans, advances and leases</b>	
The process for estimating the provision for loans, advances and leases portfolio associated with credit risk is significant and complex.	We tested the design and operating effectiveness of key controls focusing on the following: <ul style="list-style-type: none"><li>• Credit appraisal, loan disbursement procedures, monitoring and provisioning process;</li><li>• Identification of loss events, including early warning and default warning indicators;</li><li>• Reviewed quarterly Classification of Loans (CL);</li></ul>
For the individual analysis for large exposure, provisions calculation considers the estimates of future business performance and the market value of collateral provided for credit transactions.	Our substantive procedures in relation to the provision for loans and advances portfolio comprised the following: <ul style="list-style-type: none"><li>• Reviewed the adequacy of the general and specific provisions in line with related Bangladesh Bank guidelines;</li><li>• Assessed the methodologies on which the provision</li></ul>
For the collective analysis of exposure on portfolio basis, provision calculation and reporting are manually processed that deals with voluminous databases, assumptions and	



<p>estimates.</p> <p>As at 31 December 2022, the Company reported total gross loans, advances and leases of BDT 3,142,978,598 (31 December 2021: BDT 2,324,620,040) and provision for loans and advances of BDT 30,355,239 (31 December 2021: BDT 19,395,245).</p> <p>We have focused on the following significant judgments and estimates which could give rise to material misstatement or management bias:</p> <ul style="list-style-type: none"> <li>• Completeness and timing of recognition of loss events in accordance with criteria set out in DFIM Circular no 04 dated 26 July 2021;</li> <li>• For individually assessed provisions, the measurement of the provision may be dependent on the valuation of collateral, estimates of exit values and the timing of cash flows;</li> </ul> <p>Provision measurement is primarily dependent upon key assumptions relating to probability of default, ability to repossess collateral and recovery rates.</p>	<p>amounts based, recalculated the provisions and tested the completeness and accuracy of the underlying information;</p> <ul style="list-style-type: none"> <li>• Assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines; and</li> <li>• Finally compared the amount of loan provision and loan classification disclosed in the financial statements with the quick summary report prepared by Bangladesh Bank.</li> </ul> <p>Considering the adverse impact on Bangladesh economy due to increase in COVID 19 infection and flood in many areas of the country. Bangladesh Bank vide DFIM circular letter no. 27 dated 21 December 2022 has instructed NBFIs not to further downgrade any loan/lease/advance from its existing classification applicable as at 01 January 2022 if the concerned client has paid at least 50% of total outstanding amount for the month of October to December 2022 and interest income may be recognized considering the actual recovery.</p> <p>No penal interest or additional fee/charge/commission shall be imposed on these deferred instalments.</p> <p>We have selected samples to check compliance of above Bangladesh Bank instructions. However, due to the current uncertainty of the overall economic situation both in Bangladesh and Globally there are inherent risk that the judgment applied by Management in assessing recoverability of interest income may be different than the actual situation in future.</p>
<p>See note no 7 and 12 to the financial statements</p>	

<b>Measurement of deferred tax assets</b>	
<p>At year end of 2022, the Company reported total deferred tax assets of BDT 9,434,646 (2021: BDT 7,149,681) and deferred tax income of BDT 2,284,965 (2021: deferred tax income BDT 2,704,364).</p> <p>Significant judgment is required in relation to deferred tax assets as their recoverability is dependent on forecasts of future profitability over a number of years.</p>	<p>We obtained an understanding, evaluated the design and tested the operational effectiveness of the Company's key controls over the recognition and measurement of DTAs and the assumptions used in estimating the Company's future taxable income.</p> <p>We also assessed the completeness and accuracy of the data used for the estimations of future taxable income. The Company has sufficient taxable profit to recover the deferred tax assets in foreseeable future.</p>





	<p>We involved tax specialists to assess key assumptions, controls, recognition and measurement of DTA's.</p> <p>Finally assessed the appropriateness and presentation of disclosures against IAS 12 Income Tax including deduction of DTA on specific provision from regulatory capital.</p>
See notes no 9.01 to the financial statements	

<b>IT systems and controls</b>	
<p>Our audit procedures have a focus on IT systems and controls due to the pervasive nature and complexity of the IT environment, the large volume of transactions processed in numerous locations daily and the reliance on automated and IT-dependent manual controls.</p>	<p>We tested the design and operating effectiveness of the Company's IT access controls over the information systems that are critical to financial reporting.</p> <p>We tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing that requests for access to systems were appropriately reviewed and authorized.</p> <p>We tested the Company's periodic review of access rights and reviewed requests of changes to systems for appropriate approval and authorization.</p> <p>We considered the control environment relating to various interfaces, configurations and other application layer controls identified as key to our audit.</p>

<b>Legal and regulatory matters</b>	
<p>We focused on this area because the Company operates in a legal and regulatory environment that is exposed to significant litigation and similar risks arising from disputes and regulatory proceedings. Such matters are subject to many uncertainties and the outcome may be difficult to predict.</p> <p>These uncertainties inherently affect the amount and timing of potential outflows with respect to the provisions which have been established and other contingent liabilities.</p> <p>Overall, the legal provision represents the Company's best estimate for existing legal matters that have a probable and estimable impact on the Company's financial position.</p>	<p>We obtained an understanding, evaluated the design and tested the operational effectiveness of the Company's key controls over the legal provision and contingencies process.</p> <p>We enquired to those charged with governance to obtain their view on the status of all significant litigation and regulatory matters.</p> <p>We inquired of the Company's internal legal counsel for all significant litigation and regulatory matters and inspected internal notes and reports.</p> <p>We assessed the methodologies on which the provision amounts are based, recalculated the provisions, and tested the completeness and accuracy of the underlying information.</p> <p>We also assessed the Company's provisions and contingent liabilities disclosure.</p>





### **Reporting on 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 auditors' 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.

If, based on the work we have performed, on the other information obtained prior to the date of this audit report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **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 the 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **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 Group and 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 1,500 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, 2023

DVC: 2303301512AS881606



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





**Lankan Alliance Finance Limited**  
**Balance Sheet**  
**As at 31 December 2022**


Particulars	Notes	Amounts in BDT	
		31 December 2022	31 December 2021
<b>ASSETS</b>			
<b>Cash</b>	3		
In hand	3.01	11,310	27,737
Balance with Bangladesh Bank and its agents	3.02	32,572,091	30,852,074
		<b>32,583,401</b>	<b>30,879,811</b>
<b>Balance with other banks and financial institutions</b>	4		
Inside Bangladesh	4.01	323,102,636	567,096,812
Outside Bangladesh		-	-
		<b>323,102,636</b>	<b>567,096,812</b>
<b>Money at call and short notice</b>	5	340,000,000	100,000,000
<b>Investments</b>	6		
Government	6.01	-	-
Others	6.02	250,151,033	305,790,409
		<b>250,151,033</b>	<b>305,790,409</b>
<b>Loans and advances</b>	7		
Loans, cash credit, overdraft etc.		3,142,978,598	2,324,620,040
Bills purchased and discounted		-	-
		<b>3,142,978,598</b>	<b>2,324,620,040</b>
Fixed assets including land, building, furniture and fixtures	8	58,020,820	54,188,298
Other assets	9	72,500,303	81,722,410
Non-banking assets		-	-
<b>Total Assets</b>		<b>4,219,336,791</b>	<b>3,464,297,779</b>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>			
<b>Liabilities</b>			
Borrowings from other banks, financial institutions and agents	10	204,353,683	7,750,000
<b>Deposits and other accounts</b>	11		
Current accounts and other accounts etc.		-	-
Bills payable		-	-
Savings bank deposits		-	-
Scheme deposits		9,708,221	13,092,655
Term deposits		2,501,827,761	1,985,123,197
Bearer certificate of deposits		-	-
Other deposits		2,184,527	2,226,878
		<b>2,513,720,509</b>	<b>2,000,442,730</b>
Other liabilities	12	226,488,043	183,154,085
<b>Total Liabilities</b>		<b>2,944,562,235</b>	<b>2,191,346,815</b>
<b>Shareholders' equity</b>			
Paid-up capital	13	1,000,000,000	1,000,000,000
Share premium		172,200,000	172,200,000
Statutory reserves	14	46,807,935	36,443,217
General reserves		-	-
Retained earnings	15	55,766,621	64,307,747
		1,274,774,556	1,272,950,964
<b>Total Equity</b>		<b>1,274,774,556</b>	<b>1,272,950,964</b>
<b>Total Liabilities and Shareholders' equity</b>		<b>4,219,336,791</b>	<b>3,464,297,779</b>



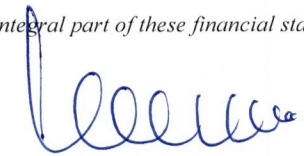
# Hoda Vasi Chowdhury & Co

<u>Particulars</u>	<u>Notes</u>	<u>Amounts in BDT</u>	
		<u>31 December 2022</u>	<u>31 December 2021</u>
<b>OFF-BALANCE SHEET ITEMS</b>			
<b>Contingent liabilities</b>			
Acceptances and endorsements		-	-
Letters of guarantee		-	-
Irrevocable letters of credit		-	-
Bills for collection		-	-
Other contingent liabilities		-	-
<b>Total contingent liabilities</b>		-	-
<b>Other commitments</b>			
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines		-	-
Un-disbursed contracted loans, advances and leases		-	-
<b>Total other commitments</b>		-	-
<b>Total off-balance sheet items including contingent liabilities</b>		-	-
<b>Net asset value per share- (NAV)</b>		<b>12.75</b>	<b>12.79</b>
<b>Restated Net asset value per share- (NAV)</b>		<b>-</b>	<b>12.73</b>

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, 16 March 2023

DVC No: 2303301512AS881606

  
Shaikh Hasibur Rahman FCA  
Partner  
Enrollment No: 1512  
Hoda Vasi Chowdhury & Co.  
Chartered Accountants

Signed on: 30/03/2023



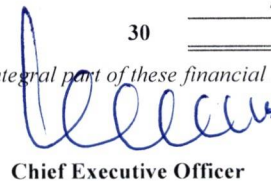
**Lankan Alliance Finance Limited  
Profit and Loss Account  
For the year ended 31 December 2022**

Particulars	Note	Amounts in BDT	
		31 December 2022	31 December 2021
Interest income	16	346,744,598	252,821,725
Less : Interest on deposits and borrowings etc.	17	183,910,407	118,416,351
<b>Net interest income</b>		<b>162,834,191</b>	<b>134,405,374</b>
Investment income	18	28,481,234	36,438,469
Commission, exchange and brokerage		-	-
Other operating income	19	28,078,176	16,742,312
<b>Total operating income</b>		<b>219,393,601</b>	<b>187,586,154</b>
Salaries, allowances and benefits	20	61,280,166	48,597,015
Rent, taxes, insurance, electricity etc.	21	6,695,946	4,377,016
Legal & Professional fees	22	391,338	665,207
Postage, stamp, telecommunication etc.	23	678,954	425,216
Stationery, printing, advertisements etc.	24	2,641,707	967,943
CEO's salary and benefits	25	12,400,044	12,899,998
Directors' fees	26	856,000	800,000
Auditors' fees		391,000	345,000
Charges on loan losses		-	-
Depreciation and repair of Company's assets		18,441,149	13,481,545
Other administration and maintenance	27	11,622,697	6,126,196
<b>Total operating expenses</b>		<b>115,399,001</b>	<b>88,685,136</b>
<b>Profit before provisions</b>		<b>103,994,601</b>	<b>98,901,019</b>
<b>Provision for loans and investments</b>			
General provision		9,895,996	(363,085)
2% Special Provision		(75,533)	4,216,106
Specific provision		1,139,531	-
Provision for diminution in value of investments		5,168,936	3,501,864
<b>Total provision</b>		<b>16,128,930</b>	<b>7,354,885</b>
<b>Total profit before taxation</b>		<b>87,865,671</b>	<b>91,546,134</b>
<b>Provision for taxation</b>			
Current tax expense		38,327,044	35,696,576
Deferred tax expenses/(income)		(2,284,965)	(2,704,364)
<b>Net profit after taxation</b>		<b>51,823,592</b>	<b>58,553,922</b>
<b>Appropriations to:</b>			
Statutory reserves		10,364,718	11,710,784
Dividend etc.		-	-
		10,364,718	11,710,784
<b>Retained surplus</b>		<b>41,458,874</b>	<b>46,843,138</b>
<b>Earnings per share</b>	<b>30</b>	<b>0.52</b>	<b>0.59</b>

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, 16 March 2023  
DVC No: 2303301512AS881606

  
Shaikh Hasibur Rahman FCA  
Partner  
Enrollment No: 1512  
Hoda Vasi Chowdhury & Co.  
Chartered Accountants

signed on 30/03/2023





**Lankan Alliance Finance Limited  
Statement of Changes in Equity  
For the year ended 31 December 2022**

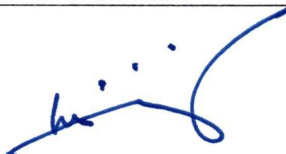

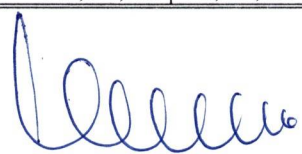

**Amounts in BDT**

Particulars	Paid-up capital	Share premium	Statutory reserves	Retained earnings	Total
Balance at 01 January 2022	1,000,000,000	172,200,000	36,443,217	64,307,747	1,272,950,964
Net profit for the year 2022	-	-	-	51,823,592	51,823,592
Appropriation to reserve	-	-	10,364,718	(10,364,718)	-
5% Cash dividend ( for 2021)	-	-	-	(50,000,000)	(50,000,000)
<b>Balance as at 31 December 2022</b>	<b>1,000,000,000</b>	<b>172,200,000</b>	<b>46,807,935</b>	<b>55,766,621</b>	<b>1,274,774,555</b>

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

**Amounts 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	-	-	11,710,784	(11,710,784)	-
Prior year adjustment	-	-	-	(6,457,689)	(6,457,689)
<b>Balance at 31 December 2021</b>	<b>1,000,000,000</b>	<b>172,200,000</b>	<b>36,443,217</b>	<b>64,307,747</b>	<b>1,272,950,965</b>

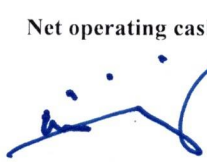
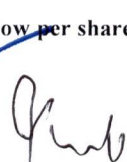
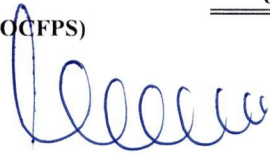
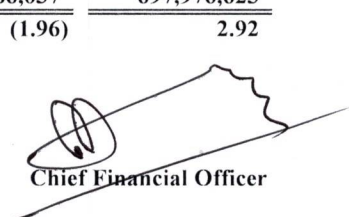





Chairman                      Director                      Chief Executive Officer                      Chief Financial Officer



**Lankan Alliance Finance Limited  
Cash Flow Statement  
For the period ended 31 Dec 2022**

Particulars	Amount in BDT	
	31 Dec 2022	31 Dec 2021
<b>A) Cash flows from operating activities</b>		
Interest received	337,101,081	270,789,424
Interest paid	(169,700,806)	(110,193,436)
Dividend received	29,636,053	34,132,600
Fees and commission received	-	-
Paid to employees and suppliers	(82,439,783)	(98,978,752)
Payment of income tax	(34,358,907)	(36,918,842)
Received from other operating activities	20,935,283	13,204,498
<b>Cash generated from operating activities before changes in operating assets and liabilities</b>	<b>101,172,921</b>	<b>72,035,492</b>
<b>Increase/(decrease) in operating assets and liabilities</b>		
Loans & Advance	(810,679,957)	(649,220,372)
Sale of shares	-	-
Investment in share	-	(7,288,545)
Term and other deposits	513,277,778	876,603,099
	(297,402,178)	220,094,182
<b>Net cash flows from/(used in) operating activities</b>	<b>(196,229,257)</b>	<b>292,129,675</b>
<b>B) Cash flows from investing activities</b>		
Purchase of fixed assets	(8,304,389)	(7,354,436)
Investment in shares	55,639,376	-
<b>Net cash used in investing activities</b>	<b>47,334,987</b>	<b>(7,354,436)</b>
<b>C) Cash flows from financing activities</b>		
Drawdown of term loans / Treasury Line	196,603,683	3,000,000
Dividend Payment	(50,000,000)	-
<b>Net cash flow from financing activities</b>	<b>146,603,683</b>	<b>3,000,000</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		
<b>D) (A+ B + C)</b>	<b>(2,290,586)</b>	<b>287,775,239</b>
<b>E) Effects of exchange rate changes on cash and cash equivalents</b>		
	-	-
<b>F) Cash and cash equivalents at beginning of the year</b>	<b>697,976,623</b>	<b>410,201,384</b>
<b>G) Cash and cash equivalents at end of the year (D+E+F)</b>	<b>695,686,037</b>	<b>697,976,623</b>
<b>Cash and cash equivalents at end of the year</b>		
Cash in hand (including foreign currencies)	11,310	27,737
Balance with Bangladesh Bank and its agent bank(s)	32,572,091	30,852,074
Balance with other banks and financial institutions	323,102,636	567,096,812
Money at call and short notice	340,000,000	100,000,000
	695,686,037	697,976,623
<b>Net operating cash flow per share (NOCFPS)</b>	<b>(1.96)</b>	<b>2.92</b>

 Chairman  
 Director  
 Chief Executive Officer  
 Chief Financial Officer



**Lankan Alliance Finance Limited**  
**Liquidity statement**  
**As at 31 December 2022**

Particulars	Amounts in BDT					
	Not more than 1 month term	1-3 months term	3-12 months term	1-5 years term	Above 5 years term	Total
<b>Assets</b>						
Cash in hand (including balance with Bangladesh Bank)	32,583,401	-	-	-	-	32,583,401
Balance with other banks and financial institutions	173,102,636	-	150,000,000	-	-	323,102,636
Money at call and short notice	340,000,000	-	-	-	-	340,000,000
Investments	55,151,033	-	35,000,000	120,000,000	40,000,000	250,151,033
Loans & advances	114,403,589	424,016,372	1,064,144,528	1,463,317,209	77,096,900	3,142,978,598
Fixed assets including land, building, furniture and fixtures	-	-	-	53,684,883	4,335,937	58,020,820
Other assets	-	341,000	60,306,140	11,853,163	-	72,500,303
Non-banking assets	-	-	-	-	-	-
<b>Total assets</b>	<b>715,240,659</b>	<b>424,357,372</b>	<b>1,309,450,668</b>	<b>1,648,855,255</b>	<b>121,432,837</b>	<b>4,219,336,791</b>
<b>Liabilities</b>						
Borrowing from Bangladesh Bank, other banks and financial institutions & its agents	12,509,917	3,250,001	48,376,464	140,217,301	-	204,353,683
Deposits	224,286,074	1,213,071,675	1,031,130,377	37,355,030	5,692,825	2,511,535,982
Other accounts	-	-	-	2,184,527	-	2,184,527
Provision and other liabilities	15,951,586	9,788,434	112,143,263	87,860,150	744,610	226,488,043
<b>Total liabilities</b>	<b>252,747,577</b>	<b>1,226,110,110</b>	<b>1,191,650,104</b>	<b>267,617,008</b>	<b>6,437,435</b>	<b>2,944,562,235</b>
<b>Net Liquidity Gap</b>	<b>462,493,082</b>	<b>(801,752,738)</b>	<b>117,800,564</b>	<b>1,381,238,247</b>	<b>114,995,402</b>	<b>1,274,774,556</b>



**Lankan Alliance Finance Limited**  
**Notes to the financial statements**  
**As at and for the year ended 31 December 2022**

**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 September 27, 2003 under the Companies Act, 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. However, corporate address is at Laila Tower, 8 South Gulshan Ave, Dhaka 1212. The Company is registered as a Financial Institution under the Financial Institutions Act, 1993.

**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 with International Financial Reporting Standards (IFRS) 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 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 (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 IFRS. As such the company has departed from those contradictory requirements of IFRS in order to comply with the rules and regulations of Bangladesh Bank, which are disclosed below along with financial impact where applicable:

**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 2022;
- b) Profit and Loss Account for the year ended 31 December 2022;
- c) Statement of Cash Flows for the year ended 31 December 2022;
- d) Statement of Changes in Equity for the year ended 31 December 2022;
- e) Liquidity Statement for the year ended 31 December 2022;
- f) Notes to the Financial Statements for the year ended 31 December 2022.



**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 16 March 2023.

**2.7 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 Taka.

**2.8 Use of estimates and judgments**

The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. It also requires disclosures of contingent assets and liabilities at the date of the financial statements.

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

- Provision for impairment of loans, leases and investments
- 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.

**2.9 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.



**2.10 Branch accounting**

The Company has one branch, with no overseas branch as on December 31, 2022. Accounts of the branch is maintained at the head office from which these accounts are drawn up.

**2.10.1 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.

**2.11 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 BAS-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:

Particulars of Property, Plant & Equipment	Rates
Furniture and fixtures	20%
Office equipment	20%
Office decoration	10%
Furniture and fixtures	10%
Motor vehicles	13%
ICT Equipment	20%
Software (Office Operation)	33.33%
Software (Business Operation)	20.00%

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.

**2.12 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.





**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.

**2.13 Revenue recognition**

Revenue is recognized only when it is measurable and probable that the economic benefits associated with the transaction will follow to the company and in accordance with IFRS 15 Revenue from contract with customers unless otherwise mentioned or otherwise guided by the separate IFRS.

**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.

**Fee based revenues**

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

**2.14 Interest suspense account**

Interest on term finance overdue beyond three months period and interest on short term finance overdue beyond permitted credit term plus ninety days period are not recognized as revenue and credited to interest suspense account.

**2.15 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.

**2.16 Borrowing cost**

Borrowing cost is capitalized for the period from the dates of respective disbursements to the date of execution of lease. On execution of lease, advance including capitalized borrowing cost is transferred to the gross lease receivables.

Borrowing costs are recognized as expense in the year in which they are incurred unless capitalization is permitted under Bangladesh Accounting Standard (BAS) 23: "Borrowing Costs".

**2.17 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.

**2.18 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.

**2.19 Provision for doubtful accounts and future losses**

Provision has been made 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.

**2.20 Employees' benefit obligation**

**2.21.1 Defined contribution plan**

The Company has a contributory provident fund scheme for its permanent employees. Provident fund administered by a Board of Trustees, funded by equal contributions both by the employees and the Company at a 10% of basic salary rate. The contributions has been managed separately from the Company's asset. Employees' provident fund will be mature 100% after 2 (two) years continuous service from the date of enrolment as a member of contributory provident fund.

**2.21.2 Defined benefit plan ( Gratuity scheme)**

The Company also introduced a funded gratuity scheme. Employees are entitled to gratuity benefit after completion of five 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.

**2.21.3 Workers Profit Participation Fund and Welfare Fund**

SRO-336-AIN/2010 dated 5-10-2010 issued by the 'Ministry of Labour and Employment' declares the status of business of certain institutions and companies along with Bank & insurance companies as "Industrial Undertakings" for the purposes of Chapter-XV of the Bangladesh Labour Act, 2006 (as amended up to 2013) which deals with the workers' participation in company's profit by way of 'Workers Participation Fund' and 'Welfare Fund'. This Act requires the "Industrial Undertakings" to maintain provision for workers' profit participation fund @ 5% on net profit. Since this requirement contradicts with the 'Section 11' of the 'Bank Company Act 1991 (as amended up to 2018)', Banks in Bangladesh took up the issue collectively and sought opinion from 'Association of Bankers Bangladesh Limited (ABB)' on the same. ABB wrote a letter to the 'Ministry of Finance' of Government of People's Republic of Bangladesh on 09.03.2016 to draw attention of the honorable Finance Minister regarding relevance and applicability of Chapter XV of the Bangladesh Labour Act, 2006 (as amended up to 2013) for Bank Companies and to obtain a direction on the issue. The 'Ministry of Finance' revealed their opinion that WPPF should not be relevant for Bank Companies and therefore, it should not be applied there. They also sought for an opinion on this issue from Bangladesh Bank. Subsequently, Bangladesh Bank agreed on all the logics and legal opinion collected by the ABB and expressed their consensus with them on 29.11.2016. In this backdrop, the 'Ministry of Finance' has given their instruction, vide letter no. 53.00.0000.311.22.002.17.130 dated 14.02.2017, for not applying Chapter XV of the Bangladesh Labour Act, 2006 (as amended up to 2013) in Bank Companies. Therefore, no provision in this regard has been made in the financial statements for the year ended on December 31, 2022.

**2.21.4 Other employees benefit obligation**

The Company operates a health insurance scheme for its permanent employees.

**2.22 Taxation**

Tax expense comprises current and deferred tax.

**2.22.1 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 result 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.

**2.22.2 Current tax**

Provision for current tax is made on the basis of the profit for the year as adjusted for taxation purpose in accordance with the provision of Income Tax Ordinance, 1984 and amendments made thereto from time to time.

**2.23 Impairment of long-lived assets**

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the book value of the assets may not be recovered. Accordingly, the Company estimates the recoverable amount of the assets. Impairment losses, if any, is recognized in the profit and loss account when the estimated recoverable amount of an asset is less than its carrying amount.

**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.

**2.27 Statutory reserves**

As per Financial Institutions Regulation 1994, every Non Banking Financial Institution (NBFI) is required to transfer at least 20% of its current year's profit to the fund until such reserve fund equals to its 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.

**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) Investments are on the basis of their expected liquidation and residual 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
Employee Benefits	19	Applied
Accounting for Government Grants and Disclosure of Government Assistance	20	N/A
The Effects of Changes in Foreign Exchange Rates	21	Applied
Borrowing Costs	23	Applied
Related Party Disclosures	24	Applied
Accounting and Reporting by Retirement Benefit Plans	26	N/A
Separate Financial Statements	27	N/A
Investment in Associates and Joint Ventures	28	N/A
Financial Reporting in Hyperinflationary Economics	29	N/A
Interests in Joint Ventures	31	N/A
Financial Instruments: Presentation	32	Applied *
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
Financial Instruments: Recognition and Measurement	39	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	Applied
Financial Instruments	9	Applied
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.



**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.





Additional risks required to be addressed under regulatory requirements

DFIM Circular No.03 of 2016, introduced the Integrated Risk Management Guidelines for Financial Institutions ("the guidelines"). These guidelines supplement, and do not replace, existing risk management guidelines.

#### **Strategic Risk Management**

Strategic risk has been demarcated as the risk of possible losses that might arise from unfavorable business decisions, improper execution, and delay in responding to fluctuations in the business environment. The guidelines set out the respective roles of the Board of Directors, Senior Management, and business units in managing strategic risks, identify the steps to be followed in the strategic risk management processes, and suggest mitigating actions for risk control.

LAFL has been managing strategic risks from its inception. This is evident from the constantly evolving business model of the company over the years. The company has a transparent strategic vision on the way forward with a mission statement that states what it will do to achieve its vision. Strategic issues are discussed at a variety of forums including meetings of the Management Committee and of the LAFL Board. LAFL is driven by the vision of its leaders with an annual preparation of the budgets and strategic plans which will be reviewed on a quarterly basis.

#### **Compliance Risk**

Compliance risk is an organization's potential exposure to legal penalties, financial forfeiture, and material loss, resulting from its failure to act in accordance with industry laws and regulations, internal policies, or prescribed best practices. Compliance risk is also known as integrity risk. LAFL strives to achieve all the regulatory compliance requirements set forth by all regulators including Bangladesh Bank, the Office of the Registrar of Joint Stock Companies & Firms, and the National Board of Revenue with a follow-up mechanism regularly with the respective regulators.

Historically, LAFL has always fostered a compliance-oriented culture. In general, compliance risk management is embedded in the day to day to business processes and practices of the company. ICC department looks after the compliance-related work including, internal audit & internal control framework. ICC department works administratively with the other functional departments while reporting to Board Audit Committee on a quarterly basis.

#### **Reputation Risk**

Reputational risk is the damage that can occur to a business when it fails to meet the expectations of its stakeholders and is thus negatively perceived. The guidelines set out the respective roles of the Board and senior management in managing reputation risk and require financial institutions to implement a sound and comprehensive risk management process to identify, monitor, control, and report all reputational risks.

LAFL has already with its conduct in the manner to put in place a process to monitor and avoid any other matters that might give rise to potential reputational risk issues. To date, no material reputational risk issue involving the company has been identified.

#### **Environmental & Social Risk**

LAFL, being a responsible and inclusive financial service provider understands our true corporate responsibility towards fulfilling national priorities for the nation's sustainable development and safeguarding the natural environment in which we operate.

LAFL is currently adopting all the regulatory compliances of the Bangladesh Bank SFD guidelines and circulars regarding the implementation of the sustainable finance policy including Guidelines on Environmental & Social Risk Management (ESRM) for Banks and Financial Institutions in Bangladesh.

LAFL has adopted the Environmental & Social Risk Management System (ESMS) as one of its integral parts of Credit Risk Assessment to compute environmental & social risks from its financial footprints. LAFL is one of the front runners to practice ESMS within its framework, a global standard to minimize environmental & social risks from organizational activities.





From the year 2022, with the support and guidance of Bangladesh Bank, LAFL is strictly following the Environmental and Social Risk Due Diligence (ESDD) process. The current ESDD process covers three sections – i) General Risks, ii) Environmental & Health Risks, and iii) Social Risks. Moreover, it contains specific notes on ten (10) different vulnerable sectors of Bangladesh. In addition to all these, with the help of an exclusion list.

The core objective of LAFL's ESRM System is to realize to integrate Environment & Social (E&S) risks and incorporate appropriate risk mitigation measures in overall credit management to be able for expanding the credit/investment portfolio rather than avoid investing in high E&S risks.

The ESRM Guideline that we adopted from Bangladesh bank provides a robust, auto-generated, quantitative risk rating system to reduce the subjectivity of a qualitative risk assessment.

All national regulations pertaining to E&S governance are taken into cognizance while carrying out E&S due diligence of a particular transaction. International frameworks such as ISO 14001 for environmental management, OHSAS 18001 for occupational health and safety, and SA8000 for socially acceptable practices in the workplace, adherence to IFC Performance Standards is considered in case of large project financing as a good practice and optional requirement.

The organizational roles and responsibilities (Board and Management) defined in the ESRM Guidelines are built upon the principles of integration of E&S risks into LAFL's overall credit policy. It clearly delineates the responsibility of different functions of LAFL in terms of E&S risk assessment and the decision-making process based upon E&S risk rating.

A dedicated Sustainable Finance Unit (SFU) and a Sustainable Finance Committee comprising all departments with defined terms of reference are working collaboratively to ensure Environmental & Social Risk Management (ESRM) effectively across LAFL, and for capacity building of business units as well as credit risk management officials to seize the opportunities of evolving economy and society towards sustainability. LAFL envisions creating value for both society and stakeholders and remaining trustworthy as always amongst investors, customers, employees, and society. LAFL arranges regular pieces of training for employees for environmental awareness. It ensures sustainable in-house management of resources like power, utility, and papers.

#### **2.34 Credit rating**

Credit Rating Information and Services Limited rated the Company on 08 June 2022 with "AA-" (Pronounced as Double A Minus) in the long term and ST-2 for the short term based on audited financial statement for the year ended 31 December, 2021 and other available information up to the date of rating declaration. The outlook on the rating is Stable. This rating will be valid till 07 June 2023.

#### **2.35 Going concern**

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

#### **2.36 General**

- i) Figures appearing in these financial statements have been rounded off to the nearest Taka.
- ii) Figures of 2021 have been rearranged where necessary for better presentation of current years' financial statements.

#### **2.37 Events after the reporting date**

Events after the reporting date that provide additional information about the Company's position at the balance sheet date are reflected in the financial statements. Events after the reporting date that are non adjusting events are disclosed in the notes when material.

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 03 August 2002, FID circular No. 03, dated 03 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 9.90 million has been increased against general provision for leases, loans and advances for the year end 31.12.2022. Accumulated provision for leases, loans and advances as at 31.12.2022 stand at Taka 30.36 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 03 August 2002 investments in quoted shares and unquoted shares are revalued at the year end at market price and as per book value of last audited balance sheet respectively. Provision should be made for any loss arising from diminution in value of investment; however in case of any</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, 2022 there was BDT 8.67 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 2022 and corresponding year 2021 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 2022 and corresponding year 2021 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 2022 and corresponding year 2021 have been prepared as per guideline (DFIM Circular No. 11 dated 23 December 2009) of Bangladesh Bank.
8	Current/Non-current distinction	IAS 1 "Presentation of Financial Statement"	As per Para 60 of IAS 1 "Presentation of Financial statement" An entity shall present current and non-current assets and current and non-current 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 2022 and corresponding year 2021 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 2022 and corresponding year 2021 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 2022 and corresponding year 2021 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 2022 and corresponding year 2021 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.	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.  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.	Financial Statements for 2022 and corresponding year 2021 have been prepared as per the guideline and templates issued by Bangladesh Bank.  There is no financial impact for this departure in the financial statements.
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.	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	Financial Statements for 2022 and corresponding year 2021 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.



		<b>Amounts in BDT</b>	
		<b>31-Dec-22</b>	<b>31-Dec-21</b>
<b>3</b>	<b>Cash</b>		
	Cash in hand (including foreign currencies) (Note 3.01)	11,310	27,737
	Balance with Bangladesh Bank and its agent (including foreign currencies)	32,572,091	30,852,074
		<b>32,583,401</b>	<b>30,879,811</b>
	Cash are hypothecated with two Banks named Commercial Bank of Ceylon & NCC bank to secure the borrowings from Bank and FI presented in note - 10.		
<b>3.01</b>	<b>Cash in hand (including foreign currencies):</b>		
	In local currency	11,310	27,737
	In foreign currency	-	-
		<b>11,310</b>	<b>27,737</b>
<b>3.02</b>	<b>Balance with Bangladesh Bank and its agent (including foreign currencies)</b>		
	In local currency	32,572,091	30,852,074
	In foreign currency	-	-
		<b>32,572,091</b>	<b>30,852,074</b>
<b>3.03</b>	<b>Cash Reserve Requirement (CRR) and Statutory Liquidity Reserve (SLR)</b>		
	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.		
	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.		
<b>a)</b>	<b>Cash Reserve Requirement (CRR)</b>		
	Required reserve	15,613,083	29,815,483
	Actual reserve maintained	32,583,401	30,879,811
	<b>Surplus / (deficit)</b>	<b>16,970,318</b>	<b>1,064,328</b>
<b>b)</b>	<b>Statutory Liquidity Reserve (SLR)</b>		
	Required reserve (including CRR)	39,827,669	107,747,729
	Actual reserve maintained (including CRR)	205,603,444	597,976,623
	<b>Surplus / (deficit)</b>	<b>165,775,775</b>	<b>490,228,894</b>
<b>4</b>	<b>Balance with other banks and financial institutions Inside of Bangladesh</b>		
<b>4.01</b>	<b>Local Currency</b>		
	Non interest bearing current account (Note - 4.02)	1,138,053	262,524
	Interest bearing short term deposit account (Note - 4.03)	84,964,583	34,334,288
	Fixed deposit account (Note - 4.04)	237,000,000	532,500,000
		<b>323,102,636</b>	<b>567,096,812</b>
	The fixed and floating assets of the Company are hypothecated with Commercial Bank of Ceylon & NCC Bank Limited to secure the borrowings from Bank and FI presented in note - 10.		
<b>4.02</b>	<b>Non interest bearing account</b>		
	Commercial Bank of Ceylon PLC, Current A/C No. 1818000829, (Gulshan Br.)	1,076,166	6,239
	Dhaka Bank Limited, Current A/C No. 2151000010692, ( Gulshan Br.)	5,308	111,493
	Mutual Trust Bank Limited, Current A/C No. 0220210011579 ( Gulshan Br.)	45,865	46,210
	Woori Bank, Current A/C No. 923934781 ( Dhaka Br.)	3,805	89,495
	NCC Bank, Current A/C No. 0124-0210000337 ( Mohammadpur Br.)	6,909	9,087
		<b>1,138,053</b>	<b>262,524</b>

		<b>Amounts in BDT</b>	
		<b>31-Dec-22</b>	<b>31-Dec-21</b>
<b>4.03</b>	<b>Interest bearing short term deposit account</b>		
	Midland Bank Limited, SND A/C No. 0011-1090000463 (Gulshan Br.)	9,561,676	14,067,994
	Midland Bank Limited, SND A/C No. 0011-1060000260 (Gulshan Br.)	1,284,748	335,749
	Midland Bank Limited, SND A/C No. 0011-1070000107 (Gulshan Br.)	7,364	-
	Mutual Trust Bank Limited, SND A/C No. 0022-0320001649 (Gulshan Br.)	140,561	126,125
	NRB Bank Limited, SND A/C No. 1012050145944 ( Principal Br.)	73,923,196	19,804,418
	Bank Asia Limited, SND A/C No. 61536000010 (Gulshan Br.)	38,175	2
	Standard Chartered Bank, SND A/C No. 02 5968650 01 (Gulshan Br.)	8,863	-
		<b>84,964,583</b>	<b>34,334,288</b>
<b>4.04</b>	<b>Fixed deposit account</b>		
	NRB Commercial Bank Limited	-	100,000,000
	Dhaka Bank Limited	-	82,500,000
	IFIC Bank Limited	-	100,000,000
	*NCC Bank Limited	50,000,000	50,000,000
	*One Bank Limited	100,000,000	100,000,000
	SBAC Bank Limited	-	100,000,000
	Midland Bank Limited	87,000,000	-
		<b>237,000,000</b>	<b>532,500,000</b>
	*These FDRs have been liened with NCC Bank Limited and One bank Limited against credit line with that Banks respectively.		
<b>4.05</b>	<b>Maturity grouping of balance with other banks and financial institutions</b>		
	Up to 1 month	205,686,037	65,476,623
	Over 1 month but not more than 3 months	-	300,000,000
	Over 3 months but not more than 6 months	-	-
	Over 6 months but not more than 1 year	150,000,000	182,500,000
	Over 1 year but not more than 5 years	-	50,000,000
	Over 5 years	-	-
		<b>355,686,037</b>	<b>597,976,623</b>
<b>5</b>	<b>Money at Call and short notice</b>		
	Industrial And Infrastructure Development Finance Company Limited	-	100,000,000
	IPDC Finance Limited	90,000,000	-
	LankaBangla Finance Limited	-	-
	Uttara Finance Limited	-	-
	National Housing	50,000,000	-
	NRB Bank Limited	50,000,000	-
	Agrani Bank Limited	150,000,000	-
		<b>340,000,000</b>	<b>100,000,000</b>
<b>6</b>	<b>Investments</b>		
<b>6.01</b>	<b>Government</b>	-	-
<b>6.02</b>	<b>Other</b>		
	Investment in Un-Quoted Shares (Note 6.02.01)	195,000,000	250,000,000
	Investment in Quoted Shares (Note 6.02.02)	55,151,033	55,790,409
		<b>250,151,033</b>	<b>305,790,409</b>
	The above Investments are hypothecated with two Banks named Commercial Bank of Ceylon & NCC bank to secure the borrowings from Bank and FI presented in note - 10.		
<b>06.02.01</b>	<b>Investment in Shares</b>		
	<b>Un-Quoted Shares</b>		
	Confidence Power Limited	60,000,000	80,000,000
	Kushiara Power Company Limited	75,000,000	90,000,000
	Karnaphuli Power Limited	60,000,000	80,000,000
		<b>195,000,000</b>	<b>250,000,000</b>
<b>06.02.02</b>	<b>Investment in quoted shares</b>		
	Cost price	55,151,033	55,790,409
		<b>55,151,033</b>	<b>55,790,409</b>



<b>Amounts in BDT</b>	
<b>31-Dec-22</b>	<b>31-Dec-21</b>
3,142,978,598	2,324,620,040
-	-
<b>3,142,978,598</b>	<b>2,324,620,040</b>

**7 Leases, loans and advances**  
Loans and advances (Note 7.01)  
Bills Purchased and Discounted

130 M of leases, loans and advances are hypothecated with two Banks named Commercial Bank of Ceylon & NCC bank to secure the borrowings from Bank and FI presented in note - 10.

**7.01 Loans and advances**

Lease receivables	(Note - 7.02)	9,260,930	13,656,246
Term loan - Corporate		1,776,904,209	1,018,450,424
Auto loan		81,468,385	97,223,857
SME loan		1,043,537,843	992,917,514
Lease receivable - SME		30,236,330	37,579,708
Home Loan		186,941,521	157,988,144
Loan against deposit		270,150	-
Interest / Installment Receivable ( 7.02)	(Note - 7.02)	14,359,231	6,804,146
		<b>3,142,978,598</b>	<b>2,324,620,040</b>

**7.02 Lease receivable**

Balance at January 1	13,656,246	11,657,705
Add: Addition during the year	-	5,000,000
	13,656,246	16,657,705
Less: Realisation during the year	4,395,316	3,001,459
Balance at December 31	<b>9,260,930</b>	<b>13,656,246</b>

**Lease receivable**

Gross lease receivable	10,509,610	16,791,180
Less: Unearned lease income	1,248,680	3,134,934
<b>Lease receivable</b>	<b>9,260,930</b>	<b>13,656,246</b>

Aging analysis of lease receivable

Up to one year	4,227,273	2,285,911
Above one year to three years	5,033,657	6,356,369
Above three years to five years	-	5,013,966
More than five years	-	-
	<b>9,260,930</b>	<b>13,656,246</b>

**Net loans, advances and leases**

Gross performing loans, advances and leases (Note-7)	3,142,978,598
Less:	
Non-performing loans, advances and leases (Note-7.15(x)(a))	-
Interest suspense (Note-12.3)	1,776,089
Provision for loans and advances/investments (Note-12.6 (i))	30,355,239
	32,131,328
	<b>3,110,847,271</b>



		<u>Amounts in BDT</u>			
		<u>31-Dec-22</u>	<u>31-Dec-21</u>		
<b>7.03</b>	<b>Interest Receivable</b>				
	Auto Loan	344,912	-		
	Lease Finance - Corporate	43,390	-		
	Lease Finance - SME	80,868	106,114		
	Loan Against Deposit	1,853	-		
	Long Term Loan - Corporate	4,683,031	1,758,628		
	Long Term Loan-SME	2,959,203	2,955,734		
	Real Estate Finance	712,907	631,050		
	Short Term Loan - Corporate	3,378,903	-		
	Short Term Loan - SME	2,154,164	1,352,620		
		<b>14,359,231</b>	<b>6,804,146</b>		
<b>7.04</b>	<b>Maturity Wise Grouping</b>				
	On Demand	-	-		
	Not more than 3 months	538,419,961	597,847,274		
	More than 03 Month to 01 Years	1,064,144,528	488,578,309		
	More than 01 Year to 05 Years	1,463,317,209	1,101,769,273		
	More than 05 Years	77,096,900	136,425,184		
		<b>3,142,978,598</b>	<b>2,324,620,040</b>		
<b>7.05</b>	<b>Classification wise leases, loans and advances/ investments</b>				
	<b><u>Unclassified</u></b>				
	Standard	3,118,331,861	2,324,620,040		
	Special Mention Accounts (SMA)	17,143,033	-		
		<b>3,135,474,894</b>	<b>2,324,620,040</b>		
	<b><u>Classified</u></b>				
	Sub-standard	7,503,704	-		
	Doubtful	-	-		
	Bad/loss	-	-		
		<b>7,503,704</b>	<b>-</b>		
		<b>3,142,978,598</b>	<b>2,324,620,040</b>		
<b>7.06</b>	<b>Particulars of required provision for loans, advances and leases</b>				
		<b>Base</b>	<b>Rate</b>		
	<b>Status</b>	<b>for provision</b>	<b>(%)</b>	<b>2022</b>	<b>2021</b>
	Loans and leases SME-STD (Excluding SMA)	1,198,262,070	0.25%	2,995,655	2,689,020
	Loans and leases (Excluding SMA)	1,927,331,313	1.00%	19,273,313	12,490,119
	Loan/lease to the Subsidiaries/Sister Concerns, Brokerage House, Merchant	-	2.00%	-	-
	Special mention account (SMA)	8,547,330	5.00%	427,367	-
	<b>Special Reserve</b>				
	Extra provision for providing COVID related circular advantage	210,516,901	2.00%	4,210,338	4,216,106
	<b>Specific provision</b>				
	Sub-standard	5,548,222	20.00%	1,109,644	-
	Doubtful	-	50.00%	-	-
	Bad/ Loss	-	100.00%	-	-
	Required provision for loans, advances and leases			28,016,317	19,395,245
	Other provision				
	Off-Balance Sheet Exposure	-	1.00%	-	-
	Other Asset	-	100.00%	-	-
				<b>28,016,317</b>	<b>19,395,245</b>

		<b>Amounts in BDT</b>	
		<b>31-Dec-22</b>	<b>31-Dec-21</b>
<b>7.05</b>	<b>Loans, advances and leases on the basis of significant concentration</b>		
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	187,654,428	157,483,928
ii)	Car Loan	79,492,266	93,975,260
iii)	Personal loan	-	-
iv)	Loan Against deposits (LAD)	272,003	-
v)	Small and medium enterprises	1,072,475,975	1,024,516,019
vi)	Special program loan (BB refinancing scheme)	53,493,917	-
vii)	Staff loan	-	-
viii)	Industrial Loans, advances and leases	1,749,590,010	1,048,644,833
ix)	Other loans and advances	-	-
		<b>3,142,978,598</b>	<b>2,324,620,040</b>
d)	Details of Industrial loans, advances and leases	-	-
i)	Garments and Knitwear	311,440,224	5,307,696
ii)	Textile	-	-
iii)	Jute and Jute -products	-	-
iv)	Food Production and Processing industry	187,926,554	59,211,669
v)	Plastic Industry	113,209,707	-
vi)	Leather and Leather Goods	31,726,435	47,491,531
vii)	Iron, Steel and Engineering	252,602,462	146,345,406
viii)	Pharmaceuticals and Chemicals	146,582,931	52,065,313
ix)	Cement and Allied Industry	-	-
x)	Telecommunication and IT	33,866,231	44,027,784
xi)	Paper, printing and Packaging	68,516,077	-
xii)	Glass, Glassware and Ceramic Industry	41,311,576	53,127,442
xiii)	Ship Manufacturing Industry	-	-
xiv)	Electronics and Electrical Products	91,359,402	-
xv)	Power, Gas, water and Sanitary Service	296,111,151	378,544,142
xvi)	Transport and Aviation	130,597,744	43,572,878
xvii)	Other industries	44,339,516	1,494,926,179
		<b>1,749,590,010</b>	<b>2,324,620,040</b>
<b>7.06</b>	<b>Particulars of lease, loans and advances</b>		
i)	Leases and loans considered good in respect of which the Company is fully secured.	526,699,277	158,619,191
ii)	Leases and loans considered good in respect of which the Company is partially secured.	1,696,349,731	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.	919,929,590	1,133,604,449
v)	Classified loans against which no provision has been made	-	-
vi)	Loans due from Directors either separately or jointly with any other persons.	-	-
vii)	Loans due from Officers either separately or jointly with any other persons.	-	-



	<b>Amounts in BDT</b>	
	<b>31-Dec-22</b>	<b>31-Dec-21</b>
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.	-	-
	<b>3,142,978,598</b>	<b>2,324,620,040</b>

**7.07 Investments allowed to each customer exceeding 15% of FI's total capital**

Total Loans, Advances and Leases	738,435,000	703,728,446
No. of Customers	3	4
Classified amount thereon	-	-
Measures taken for recovery	N/A	N/A

**7.08 Geographical Location-wise break-up**

**Inside Bangladesh:**

Dhaka Division	3,142,978,598	2,324,620,040
	<b>3,142,978,598</b>	<b>2,324,620,040</b>

**Outside Bangladesh:**

	-	-
	<b>3,142,978,598</b>	<b>2,324,620,040</b>

**8 Fixed assets including land, building, furniture and fixtures**

Freehold assets (Note-8.01)	13,950,373	11,055,585
Intangible assets (Note-8.02)	1,098,445	480,748
Lease assets (Note-8.03)	42,972,002	42,651,965
	<b>58,020,820</b>	<b>54,188,298</b>

The above Fixed assets are hypothecated with two Banks named Commercial Bank of Ceylon & NCC bank to secure the borrowings from Bank and FI presented in note - 10.

Details are given in Annexure - A

**8.01 Freehold assets**

**A. Cost**

Opening Balance	25,914,643	19,199,832
Additions	7,275,389	6,714,811
	<b>33,190,032</b>	<b>25,914,643</b>

**B. Accumulated depreciation**

Opening Balance	(14,859,058)	(10,761,966)
Charged During the year	(4,380,601)	(4,097,092)
	<b>(19,239,659)</b>	<b>(14,859,058)</b>

**C. Written down value (A-B)**

	<b>13,950,373</b>	<b>11,055,585</b>
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Amounts in BDT	
31-Dec-22	31-Dec-21

**10 Borrowings from other banks, financial institutions and agents**

**Inside Bangladesh**

SOD with One Bank Limited	135,615	-
SOD with Commercial Bank of Ceylon	-	-
Call Loan from Sonali Bank	-	-
BB Refinance Scheme - COVID 19 Stimulus Package	-	7,750,000
BB Refinance Scheme - Brick Kiln Project	51,944,444	-
BB Refinance Scheme - CMSMEs ( Joy Enterprise 0145 )	2,500,000	-
BB Refinance Scheme - CMSMEs ( Premier Furniture 0151)	1,000,000	-
BB Refinance Scheme - CMSMEs ( Asia Motors 0147)	5,000,000	-
Credit Line with Commercial Bank of Ceylon	65,333,326	-
Credit Line with NCC Bank	78,440,298	-
<b>Outside Bangladesh</b>	-	-
	<b>204,353,683</b>	<b>7,750,000</b>

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

Payable on demand	-	-
Up to 1 month	12,509,547	-
Over 1 months but within 3 months	3,250,001	-
Over 3 months but within 1 year	48,376,464	7,750,000
Over 1 year but within 5 years	140,217,301	-
Over 5 years	-	-
	<b>204,353,313</b>	<b>7,750,000</b>

**11 Deposits and other accounts**

Current deposits	-	-
Bills payable	-	-
Savings bank deposits	-	-
Scheme Deposits	9,708,221	13,092,655
Term deposits	2,501,827,761	1,985,123,197
Bearer certificates of deposit	-	-
Other deposits	2,184,527	2,226,878
	<b>2,513,720,509</b>	<b>2,000,442,730</b>

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

Government	-	-
Deposit from banks and financial institutions	-	-
Other institutions	1,902,230,787	1,619,424,232
Individuals	611,489,722	381,018,499
	<b>2,513,720,509</b>	<b>2,000,442,730</b>

**11.02 Maturity Analysis**

Repayable on Demand	-	-
Repayable within 01 Month	224,286,074	197,093,983
Repayable over 01 (one) Month but within 03 (three) Months	1,213,071,675	399,487,015
Repayable over 03 (three) Months but within 01 (one) Year	1,031,130,377	1,331,493,200
Repayable over 01 (one) Year but within 05 (five) Years	39,539,557	67,018,532
Repayable over 05 (five) Years	5,692,825	5,350,000
	<b>2,513,720,509</b>	<b>2,000,442,730</b>





## 12 Other Liabilities

	Amounts in BDT	
	31-Dec-22	31-Dec-21
Payable to People's Leasing & Finance Plc, Sri Lanka	17,613,990	17,613,990
VAT Payable	2,515,821	952,936
TDS Payable	129,026	84,511
TDS Payable on deposits	1,312,123	616,949
Excise Duty Payable	3,003,450	268,800
Salary Tax Payable	641,791	537,229
Tax payable ( 12.02)	42,464,225	39,561,464
Gratuity payable	6,621,898	3,868,548
General Provision for loans, advances and leases	25,075,135	15,179,139
Specific Provision	1,139,531	-
2% Special provision	4,140,573	4,216,106
Provision for diminution in value of investments	8,670,800	3,501,864
Interest Payable on Term Deposit	46,729,761	33,974,604
Interest Payable on BB Refinance	134,136	8,969
Interest Payable on borrowing from Bank	1,594,871	-
Interest Suspension	1,776,089	-
Performance Bonus Payable	-	2,800,000
Other accruals & payables (12.01)	1,628,472	1,236,215
Lease liabilities	54,866,912	52,643,321
Payable for Worldcup Quiz Contest	340,000	-
Prior Year VAT Payable	6,089,440	6,089,440
	<b>226,488,043</b>	<b>183,154,085</b>

\* VAT Audit, Intelligence & Investigation Directorate carried a VAT audit for the period from 2016 to 2020 , after submitting related documents and supporting paper BDT 6,089,440/- was finalize by them including unpaid VAT and interest thereon and Board has decided to pay as it seems the genuine claim and interest thereon. Subsequently, the entire claim has been settled on 24th January 2023.

### 12.01 Other accruals & Payables

Audit fee payable	345,954	389,654
Professional fees payable	230,000	57,500
Directors Fees Payable	269,600	331,200
Salary & Allowances Payable	-	179,511
Other accrued expenses	780,918	276,351
Others Payable	2,000	2,000
	<b>1,628,472</b>	<b>1,236,216</b>

### 12.02 Provision for Income Tax

Balance at January 1, 2022	39,561,464	37,388,571
Add : Provision made during the year	38,599,337	37,281,452
Less : Adjustment during the year	(35,696,576)	(35,108,559)
Balance at December 31, 2022	<b>42,464,225</b>	<b>39,561,464</b>

Tax has been calculated @ 40% on business income, @ 10% on Capital gain on sale of shares & @ 20% on Dividend Income. Details calculation are shown in Notes 28.

### 12.03 Intetrest Suspense

Interest Suspense - Long Term Loan -	260,520	-
Interest Suspense - Auto Loan	506,058	-
Interest Suspense - Real Estate Finance	1,009,511	-
	<b>1,776,089</b>	<b>-</b>

## 13 Share Capital

### Authorised Capital

100,000,000 Ordinary shares of Tk 10/= each	<b>1,000,000,000</b>	<b>1,000,000,000</b>
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### Issued, subscribed and paid up Capital

100,000,000 Ordinary shares of Tk 10/= each	<b>1,000,000,000</b>	<b>1,000,000,000</b>
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Amounts in BDT	
31-Dec-22	31-Dec-21

Details of shares holding as at 31.12.2022 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. Lutfu 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
<b>Grand Total</b>		<b>100,000,000</b>	<b>100%</b>	<b>1,000,000,000</b>

### 13.01 Capital adequacy Ratio:

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

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

<b>Tier-1 (Core Capital)</b>	<b>1,274,774,556</b>	<b>1,279,600,403</b>
Paid-up Capital	1,000,000,000	1,000,000,000
Statutory Reserve	46,807,935	37,003,216
General Reserve	-	-
Share Premium	172,200,000	172,200,000
Retained Surplus	55,766,621	70,397,187
<b>Tier-2 (Supplementary Capital):</b>	<b>29,215,708</b>	<b>15,179,139</b>
General provision maintained against unclassified loans	29,215,708	15,179,139
Other Reserves	-	-
<b>Total Capital Held (Tier 1 + Tier 2)</b>	<b>1,303,990,264</b>	<b>1,294,779,542</b>
<b>Total Risk Weighted Assets (Note 13.02)</b>	<b>3,015,664,545</b>	<b>2,945,841,487</b>
<b>Required capital</b>	<b>1,000,000,000</b>	<b>1,000,000,000</b>
(10% of risk-weighted assets or Tk. 100.00 Core whichever is higher)		
<b>Total Capital Held</b>	<b>1,303,990,264</b>	<b>1,294,779,542</b>
Capital adequacy ratio	43.24	43.95
Core capital	42.27	43.44
Supplementary capital	0.97	0.52

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	2,253,268,939	2,087,645,881
(b) Risk Weights for Market Risk	483,000,000	604,600,000
(c) Risk Weights for Operational Risk	279,395,606	253,595,606
<b>Total Risk Weighted Assets (a+b+c)</b>	<b>3,015,664,545</b>	<b>2,945,841,487</b>

### 14 Statutory Reserve

Opening balance	36,443,217	24,732,433.11
Add: Transferred during the year	10,364,718	11,710,784
	<b>46,807,935</b>	<b>36,443,217</b>



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		<b>Amounts in BDT</b>	
		<b>31-Dec-22</b>	<b>31-Dec-21</b>
		<b>Re-stated</b>	
<b>15</b>	<b>Retained Earnings</b>		
	Opening balance	64,307,747	23,922,299
	*Prior year adjustment	-	(6,457,689)
		<b>64,307,747</b>	<b>17,464,610</b>
	Net profit during the period	51,823,592	58,553,922
	Transferred to Statutory Reserve	(10,364,718)	(11,710,784)
	5% Cash dividend for 2021	(50,000,000)	-
		<b>55,766,621</b>	<b>64,307,747</b>
	*The amount represents computation error of VAT in the previous years, identified during the year which has been adjusted retrospectively.		
<b>16</b>	<b>Interest income</b>		
	This represents interest income from the following products:		
	Interest on loans (Corporate)	194,532,594	97,553,615
	Interest on lease	1,470,050	1,843,579
	Interest Income on Home Loan	17,460,385	17,150,884
	Interest on Auto Loan	10,714,740	13,480,912
	Interest on SME Loan	99,887,850	94,337,200
	Interest Income on LAD	29,858	22,231
		<b>324,095,477</b>	<b>224,388,420</b>
	Interest on Bank deposits	18,372,161	24,118,069
	Interest Income on Treasury Line	4,253,002	4,315,236
	Interest Income on Call Placement	23,958	-
		<b>22,649,121</b>	<b>28,433,305</b>
		<b>346,744,598</b>	<b>252,821,725</b>
<b>17</b>	<b>Interest Expense on Deposits &amp; Borrowings</b>		
	Interest on term deposits	161,325,485	110,300,998
	Interest on borrowings	13,359,894	53,050
	Interest on call loan & treasury line	493,750	1,107,749
	Interest on BB Refinance scheme	1,998,865	362,306
	Interest expense on lease rent	6,732,413	6,592,248
		<b>183,910,407</b>	<b>118,416,351</b>
<b>18</b>	<b>Investment income</b>		
	Gain on sale of marketable securities	1,895,284	3,542,902
	Dividend Income	1,887,180	925,300
	Dividend Income on Preference Share	24,698,770	31,970,267
		<b>28,481,234</b>	<b>36,438,469</b>
<b>19</b>	<b>Other Operating Income</b>		
	Documentation Fee & Penal Interest	8,672,238	1,802,436
	Income From Structured Finance	18,213,903	11,019,565
	Early Settlement Charge	906,639	3,469,886
	Other income	285,396	450,425
		<b>28,078,176</b>	<b>16,742,312</b>





		<b>Amounts in BDT</b>	
		<b>31-Dec-22</b>	<b>31-Dec-21</b>
<b>20</b>	<b>Salaries, allowances and benefits</b>	<b>61,280,166</b>	<b>48,597,015</b>
	Salaries, allowances and benefits includes contribution to Provident Fund Tk. 2,775,823/- in 2022 and Tk. 1,569,959/- in 2021.		
<b>21</b>	<b>Rent, taxes, insurance, electricity, etc.</b>		
	Rent, rate and taxes (Note: 21.1)	3,500,650	1,767,003
	Insurance	1,612,851	1,427,489
	Power and electricity	1,582,445	1,182,524
		<b>6,695,946</b>	<b>4,377,016</b>
<b>21.1</b>	<b>Disclosure related to rent, rate and taxes:</b>		
	Actual rent expenses (inclusive of VAT)	21,978,754	13,831,575
	Less: Reclassification of rent expenses (as per IFRS 16: Leases)	18,478,104	12,064,572
	Rent expenses as reported	<b>3,500,650</b>	<b>1,767,003</b>
	In addition to the above mentioned change in rent expense, implementation of IFRS 16 has resulted in charging of depreciation against Right-of-use asset as disclosed in Annexure A and of Interest expense on lease rent, as disclosed in Note 17.		
<b>22</b>	<b>Legal &amp; Professional fees</b>		
	Legal & Professional fees	<b>391,338</b>	<b>665,207</b>
<b>23</b>	<b>Postage, stamp, telecommunication etc.</b>		
	Postage	42,908	13,436
	Telecommunication & Internet etc.	636,046	411,780
		<b>678,954</b>	<b>425,216</b>
<b>24</b>	<b>Stationery, printing, advertisements, etc.</b>		
	Stationery & printing	878,663	425,136
	Advertisement and publicity	1,763,044	542,807
		<b>2,641,707</b>	<b>967,943</b>
<b>25</b>	<b>CEO's salary and benefits</b>		
	Basic Pay	6,000,000	6,000,000
	Bonus	1,100,000	1,600,000
	Allowance and benefits	5,300,044	5,299,998
		<b>12,400,044</b>	<b>12,899,998</b>
<b>26</b>	<b>Directors' fees</b>		
	Honorarium for attending meeting	<b>856,000</b>	<b>800,000</b>
<b>26.01</b>	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 meeting per director.		
<b>27</b>	<b>Administration and maintenance</b>		
	Bank charges	725,466	625,238
	BLFCA Membership fee	200,000	200,000
	Office Maintenance	729,769	554,882
	Travelling & Conveyance	1,059,727	681,975
	CIB Charges	35,080	26,730
	Directors Traveling and hotel charges	362,282	-
	Training	168,580	153,670
	FICCI Membership Fee	100,000	50,000
	SLBCCI Membership Fee	10,000	10,000
	CRISL - Rating Agency Fee	150,500	177,375
	Office 365 License & Renewal	357,199	319,555
	Antivirus License & Renewal	21,000	-
	Web Domain	19,579	18,536
	Books & Periodicals	2,100	-

	Amounts in BDT	
	31-Dec-22	31-Dec-21
DSE Registration Fee/Brokerage Commission/IPO Application Fee	23,504	46,728
Portfolio Management Fee	444,733	170,788
Recruitment expenses	744,870	20,475
Business Promotion	2,250,890	869,730
NID Verification Charge	4,750	-
Corporate Social Responsibilities ( CSR)	250,000	150,000
New Website Development Cost	283,500	-
Trade License	25,265	12,550
Donation	9,850	-
Cleaning Services ( DCS)	401,050	262,680
Meeting Expense for BOD/EC/AC	136,944	163,840
Office Consumables	765,036	325,102
Security Service (Elite)	1,072,642	704,568
Support Staff Welfare ( Overtime)	204,740	126,987
AC Maintenance	150,190	110,400
Incidental Allowance for COVID - 19	24,000	-
Vehicle Fuel & Other Expense	803,270	337,273
Miscellaneous expenses	86,182	7,114
	<b>11,622,697</b>	<b>6,126,196</b>

## 28 Current Tax

Particulars	Taka	Rate	Amount in 2022	Amount in 2021
<b>Income from Business</b>	82,050,815	40%	32,820,326	28,763,172
<b>Income from Capital Gains</b>				
Capital gain on sale of fixed assets	-	15%	-	-
Capital gain on sale of shares	1,895,284	10%	189,528	354,290
<b>Income from Investments</b>				
Dividend income	26,585,950	20%	5,317,190	6,579,113
Capital Gain from sale of Government Treasury Bills	-	15%	-	-
Total taxable income (A)	110,532,049	Tax liability	38,327,044	35,696,576
Less: Release of tax provision			-	-
<b>Current Tax Provision during the year 2022</b>			<b>38,327,044</b>	<b>35,696,576</b>

## 29 Average effective tax rate

The average effective tax rate is calculated below as per International Accounting Standard (IAS) 12: "Income Taxes".

Tax expenses (A)	36,042,079	32,992,212
Accounting profit before tax (B)	87,865,671	91,546,134
Average effective tax rate (A÷B)	<b>41%</b>	<b>36%</b>

29.01 Reconciliation of effective tax rate :	2022		2021	
	%	BDT	%	BDT
Profit before income tax as per profit and loss account		87,865,671		91,546,134
Income tax as per applicable tax rate	40%	35,146,268	40%	36,618,454
Net inadmissible expenses	36%	31,658,455	39%	35,516,591
Tax savings from reduced tax rates (ranging from 0% to 20% for exempted investment income, dividend income, capital gains, management fee of mutual funds, sale of stock exchange membership & release from settlement of pending tax cases)	-32%	(28,477,679)	-40%	- 36,438,469
Effect of deferred tax	-3%	(2,284,965)	-3%	- 2,704,364
Reported average effective tax rate & total tax expenses	41%	36,042,079	36%	32,992,212



Amounts in BDT	
31-Dec-22	31-Dec-21

### 30 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	51,823,592	58,553,922
Weighted average number of ordinary share outstanding	100,000,000	100,000,000
<b>Basic Earnings Per Share</b>	<b>0.52</b>	<b>0.59</b>

### 31 Net Asset Value (NAV) Per Share

Net Asset (total assets less total liabilities) (A)	1,274,774,556	1,279,040,404
Total number of ordinary shares outstanding (B)	100,000,000	100,000,000
<b>Net Asset Value per share (NAV) (A÷B)</b>	<b>12.75</b>	<b>12.79</b>

Net Asset (total assets less total liabilities) (A)	1,274,774,556	1,272,950,964
Total number of ordinary shares outstanding (B)	100,000,000	100,000,000
<b>Restated Net Asset Value per share (NAV) (A÷B)</b>	<b>12.75</b>	<b>12.73</b>

### 32 Net operating cash flow per share (NOCFPS):

Net cash flow from operating activities (A)	(196,229,257)	292,129,675
Number of shares outstanding (B)	100,000,000	100,000,000
	<b>(1.96)</b>	<b>2.92</b>

Net operating cash flow per share showed (1.41) negative balance was due to dependency on financing activities through banks and financial institutions which is showing a positive figure of BDT 196 Mn rather than dependency on deposits which is relatively lower in 2022 compared to the preceding period.

### 33 Divisional Segment

Revenue and profit	Corporate	SME	Consumer	Treasury & Common
Total External revenue	220,985,870	102,489,685	28,382,453	51,446,001
Total Segment Revenue (A)	228,829,169	103,807,190	30,181,643	51,446,001
Total Segment Expense (B)	167,887,009	75,543,198	22,354,500	49,653,631
<b>Reportable segment profit before tax (A-B)</b>	<b>60,942,160</b>	<b>28,263,992</b>	<b>7,827,143</b>	<b>1,792,370</b>





# Hoda Vasi Chowdhury & Co

Amounts in BDT	
31-Dec-22	31-Dec-21

## 34 Cash flows from operating activities

### Net profit after tax

51,799,771	58,553,922
------------	------------

Items not involving in movement of cash:

Add: Depreciation

18,441,149	16,488,356
------------	------------

Add: Provision for loans and investments

16,128,930	7,354,885
------------	-----------

Add: Provision for taxation

38,327,044	35,696,576
------------	------------

Add/ (Less): Accrued expenses

56,516,680	35,219,788
------------	------------

Add/ (Less): Accrued income

(14,796,510)	14,292,855
--------------	------------

Increase/(Decrease) in Employee gratuity

2,753,350	1,476,559
-----------	-----------

Increase/(Decrease) in deferred tax

(2,284,965)	(2,704,364)
-------------	-------------

Adjustments to reconcile net profit after tax to net cash provided by operating activities

166,885,448	166,378,577
-------------	-------------

Increase/(decrease) in operating assets and liabilities

(Increase)/Decrease in Loans & advances

(810,803,474)	(650,483,489)
---------------	---------------

(Increase)/Decrease in Other assets

18,748,497	(29,295,549)
------------	--------------

Increase/(Decrease) in Term & other deposits

513,277,778	876,603,098
-------------	-------------

Increase/(Decrease) in Payable and accrued expenses

(100,926,995)	(90,802,274)
---------------	--------------

Increase/(Decrease) in Income tax

14,813,400	19,729,312
------------	------------

Increase/(Decrease) in Portfolio investors fund

-	-
---	---

Increase/(Decrease) in Interest suspense

1,776,089	-
-----------	---

(363,114,704)	125,751,098
---------------	-------------

### Net cash flows from/(used in) operating activities

(196,229,257)	292,129,675
---------------	-------------



**35 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 2022	Addition	Adjustment	Balance as at Dec 31, 2022
People's Leasing & Finance PLC - Sri Lanka	Shareholder	17,613,990	-	-	17,613,990
Ispahani Summit Alliance Terminals Ltd.	Common Director	106,483,077	-	106,483,077	-
AHL Employees' Provident Fund	Common Director	2,750,516	1,834,882	-	4,585,398
Alliance Econiq Technologies Limited	Common Director	-	-	-	-
Ms. Fatema Hossain Rizvi	Director's family member	6,219,252	494,454.09	-	6,713,706
Fountain Garments Manufacturing Ltd.	Common Director	162,704,168	31,980,807.01	-	194,684,975
Mr. Lutfu Mawla Ayub	Director	5,000,000	-	3,369,721.25	1,630,279
Ms. Mazkura Ayub	Director's family member	10,000,000	5,219,162.75	-	15,219,163
Md. Mamun-Ur-Rashid	Shareholder's family member	75,000,000	17,050,000.00	-	92,050,000
Oriental Oil Company Limited	Common Director	164,090,862	-	164,090,862	-
PEB Steel Alliance Limited Employees Provident Fund	Common Director	14,212,519	6,371,355.54	-	20,583,875
Sabera Ahmed Rizvi Foundation	Director's family member	500,000	-	-	500,000
Mr. Syed Ali Haider Rizvi	Director's family member	20,155,921	1,298,211.64	-	21,454,133
Mr. Syed Nasser Haider Rizvi	Director's family member	22,000,000	847,420.88	-	22,847,421
Mrs. Archita Podder	CEO's Spouse	7,000,000	3,000,000	-	10,000,000
Mr. Shahanur Rashid	Head of Business, LAFL	1,030,000	-	1,030,000	-
Orient Center	Director's family member	-	15,180,667	-	15,180,667
OOCL Employees Provident Fund	Common Director	-	1,200,000	-	1,200,000
Alliance Petroleum Corporation Limited	Common Director	-	54,740,200	-	54,740,200
Ispahani Summit Alliance Terminals Limited Beneficiaries Profit Participation Fund	Common Director	-	2,658,268	-	2,658,268
Ispahani Summit Alliance Terminals Limited Employees Provident Fund	Common Director	-	1,000,000	-	1,000,000
Fahmida Akter Khatun	Shareholder	-	26,046,250	-	26,046,250
Masco Exports Limited	Common Director	-	122,783,698	-	122,783,698



**36 Significant contract where Lankan Alliance is party and wherein Directors have interest**

As on 31 December 2022 no such contract exists.

**36.01 Share issued to Directors and executives without consideration or exercisable at a discount**

As on 31 December 2022 no share issue exists.

**36.02 Lending policy to related parties**

Loans, advances and leases extended to related parties were as per the credit policy of the company.

**36.03 Investment in the securities of directors and their related concern**

As on 31 December 2022 no such investments exists.







37 Directors and their entities in which they have interest

a. Particulars of Directors and Shareholders & their interest in different entities

SL no.	Name of the Director	Status in LAFL	Name of the firms/companies in which interested is the proprietor, partner, director, managing agent, guarantor, employee etc.	Status in interested entity	(%) of Holding/Interest in the concern as on 31.12.2022
1.	Mr. Syed Ali Jowher Rizvi	Chairman	Alliance Holdings Limited	Chairman & Shareholder	44.69%
			PEB Steel Alliance Limited	Director and shareholder	6.69%
			Alliance Building Materials Limited	Chairman and Shareholder	45.70%
			PEB Steel Bangladesh Limited	Managing Director and Shareholder	11.00%
			Alliance Equities Limited	Chairman and Shareholder	34.00%
			Alliance Oil Limited	Chairman and Shareholder	33.40%
			Summit Alliance Port Limited	Managing Director and Shareholder	5.48%
			Alliance Petroleum Corporation Limited	Chairman and Shareholder	65.00%
			Oriental Oil Company Limited	Chairman (Nominated by Alliance Holdings Limited) and Shareholder	0.01%
			Lankan Alliance Finance Limited	Chairman and Shareholder	10.00%
2.	Mr. Lutfe Mawla Ayub	Director	Union Accessories Limited	Chairman and Shareholder	25.50%
			Union Knitting and Dyeing Limited	Chairman and Shareholder	26.00%
			Cashe Alliance Limited	Chairman and Shareholder	42.53%
			Ispahani Summit Alliance Terminals Limited	Director (Nominated by Alliance Holdings Limited)	N/A
			Fountain Garments Manufacturing Limited	Director and Shareholder	31.44%
			Green Care Agro Ltd	Shareholder	2.98%
			Cashe Alliance Limited	Shareholder	4.98%
			Fountain Garments Manufacturing Limited	Shareholder	20.00%
			Green Delta Securities Limited (GDSDL)	Subsidiary	100.00%
			Green Delta Capital Limited (GDCL)	Subsidiary	100.00%
3.	Green Delta Insurance Company Limited	Shareholder	Professional Advancement Bangladesh Limited (PA)	Subsidiary	99.96%
			GD Assist Limited (GDAL)	Subsidiary	99.96%
			Green Delta Dragon Asset Management Company I	Associate	40.00%
			Rangs Motors Limited	Managing Director	50.00%
			Ranks Commercial Vehicle Limited	Director	51.00%
			Ranks Motors Workshop Limited	Managing Director	11.00%
			Ranks Interiors Limited	Managing Director	55.00%
			Ranks Food & Beverage Limited	Director	60.00%
			Ranks Real Estate Limited	Director	51.00%
			Ranks Motorbikes Limited	Managing Director	40.00%
4.	Ms. Sohana Rouf Chowdhury	Director	Ranks Electrode & Electronics Ind.Limited	Director	19.00%

		Ranks Agro Boiteq Limited	Director	50.00%
		Zhen Natural Limited	Director	40.00%
		Ranks Power Tech Limited	Managing Director	60.00%
		Ranks Construction Limited	Managing Director	65.00%
		Sash Limited	Managing Director	40.00%
		SRK Limited	Managing Director	70.00%
		Ranks Autos Limited	Shareholder	60.00%
		M/s. The Largest Equipment Rental Network	Partner	80.00%
		SASH International	Managing Partner	40.00%
		Metro Foils Limited	Director	8.00%
		Zest Polymers Limited	Director	20.00%
		Rancon Autos Limited	Director	45.00%
		Rangs Pharmaceuticals Ltd	Director	1.00%
		Shield Security Service Limited	Director	6.50%
		Rancon Engineering Limited	Director	5.00%
		Agro Foods Services Limited	Director	20.00%
		Ranks Appliances Limited	Managing Director	51.00%
		Ranks Dolonchapa Express Limited	Managing Director	25.00%
		Streat Limited	Share Holder	60.00%
		Ranks Alliance Limited	Managing Director	60.00%
		Ranks-Agro Industries Limited	Managing Director	68.00%
		Sea Resources Ltd.	Director	13.50%
		Sea Fishers Ltd.	Director	15.00%
		Deep Sea Fishers Ltd	Director	15.00%
		Rangs Limited	Shareholder	6.00%
		Rangs Properties Limited	Shareholder	5.00%
		Rangs Workshop Limited	Shareholder	6.00%
		Rangs ITT Limited	Shareholder	5.00%
		Ranks Telecom Limited	Shareholder	6.00%
		Softex Communication Limited	Shareholder	12.00%
		Rancon Motors Limited	Shareholder	0.29%
		MPL Wear Limited	Chairman & Shareholder	33.00%
		Masco Exports Limited	Chairman & Shareholder	20.00%
		Masco Overseas Limited	Chairman & Shareholder	25.00%
		Masminu International Limited	Chairman & Shareholder	25.00%
		Masminu Systems Limited	Chairman & Shareholder	25.00%
		Masco Trims Limited	Managing Director & shareholder	20.00%
		Masco Industries Limited	Director & Shareholder	19.00%
		Masco Cottons Limited	Director & shareholder	25.00%
		Mascotex Limited	Director & shareholder	13.00%
		Concept Knitting Limited	Director & shareholder	5.00%
		Shanta Expression Limited	Director & shareholder	17.00%
5.	Fahima Akhter		Nominated Director	



		Tasmiah Fabrice Limited	Director & shareholder	24.00%
		Masco Printing and Embroidery Limited	Director & shareholder	13.00%
		Masco Picasso Limited	Director & shareholder	13.00%
		Masco Yam Dyeing and	Director & shareholder	25.00%
		Masco Poultry Limited	Director & shareholder	25.00%
		Masco Services Limited	Director & shareholder	20.00%
		Masco Linens Limited	Director & shareholder	25.00%
		Masminu Energy Limited	Director & shareholder	20.00%
		Masminu Footspree Limited	Director & shareholder	20.00%
		Masco Superknits Limited	Director & shareholder	20.00%
		Masco Energy Limited	Director & shareholder	25.00%
		Masco Shakib Cricket Academy Ltd.	Director & shareholder	20.00%
		Masco Cotspin Limited	Director & shareholder	20.00%
		Masco Properties Limited	Director & shareholder	15.00%
		Masco Bazar Limited	Director & shareholder	23.00%
		Masco Shares & Securities Limited	Director & shareholder	12.00%
		Summit Corporation Limited	Director	0.00%
		Summit Holdings Limited	Director	19.67%
		Summit Assets Limited	Director	16.72%
		Summit Alliance Port Limited	Director	3.68%
		Summit Investment Limited	Director	7.50%
		Grands Garden Limited	Director	39.90%
		Summit Oil & Shipping Company Limited	Director	0.01%
		Summit Equities Limited	Director	1.66%
		Cosmopolitan Finance Limited	Director	16.72%
6.	Summit Holdings Limited			
			Shareholder	



**38.0 Disclosures on the board audit committee**

**Composition and qualification:**

The Audit Committee consists of the following directors of the Board:

Name	Status with the Company	Status with the Committee	Educational Qualification
Mohamed Azzam Ali Ahamat	Director	Chairman	CIMA, ACCA
Shamindra Joseph Marcus Marcelline	Director	Member	B.Sc in Economics & Accountancy, FAIQ
Sohana Rouf Chowdhury	Director	Member	BA in Economics
Azeeza Aziz Khan	Director	Member	BA in Economics

**Audit Committee meetings held during the year 2022:**

SL.	Meeting no.	Meeting date
1	01/2022 no. Audit Committee Meeting	22-Mar-2022
2	02/2022 no. Audit Committee Meeting	20-Jun-2022
3	03/2022 no. Audit Committee Meeting	19-Sep-2022
4	04/2022 no. Audit Committee Meeting	19-Dec-2022

**Major issues discussed in the Audit Committee Meeting during the year 2022 were as under:**

- Reviewed the draft financial statements of the Company.
- Reviewed the effectiveness of external audit process.
- Reviewed the Internal Audit Plan.
- Reviewed the Core Risk Management Policies of the Company.
- Reviewed and approved the 'Audit Committee Report'.
- Reviewed the quarterly financial statements.
- Reviewed the quarterly report on compliance of internal policy and operations report.

**39.0 Contingent liabilities & other commitments**

Contingent liabilities:

Other commitments:

Un-disbursed contracted loans, advances and leases

Amount in Taka	
2022	2021
-	-
-	-
-	-

This represents loans, advances and leases sanctioned during the year but not yet disbursed.

**40.0 Legal proceedings**

The Company is not currently a defendant or a plaintiff in any material lawsuits or arbitration. From time to time, however, the Company is involved as a plaintiff in some actions taken against the default clients in the ordinary course of business for non-payment of rentals/installments. We believe that the ultimate dispositions of those matters will be favorable and will have no material adverse effect on business, financial conditions or results of operations.

**41.0 Board meetings and number of directors**

During the year 2022, 07 (Eight) Board Meetings were held. As on 31 December 2022, there were 13 members in the Board, out of 13 members 1 member resigned and none of re-appointed. As per FID circular no. 09 dated 11 September 2002, a non-banking financial institution shall have maximum 11 (eleven) Directors in the Board.

**42.0 Number of employees**

A total number of 47 employees, including 3 sub staffs were employed in Company as at 31 December 2022.

**43.0 Reporting currency and level of precision**

The figures in the financial statements represent Bangladesh currency (Taka), which has been rounded off to the nearest integer.

**44.0 Impact of inflation and changing prices**

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

Financial statements presented herein have been prepared in accordance with International Accounting Standards and International Financial Reporting Standards as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), which required the measurement of the financial position and operating results in terms of historical costs.



**45.0 Restatement**

Directorate of Audit , Intelligence and Investigation, Value added Tax , Dhaka conducted a VAT audit for the period from January 2016 to December 2020 and identified some calculation mistakes of VAT on some vatiable iteams. The authority shared their primary report in June 2022 which have been reassessed after completing hearing as on 31.08.2022 and demand of VAT of Tk. 6,089,440 was confirmed on that date. VAT payable amount was Tk. 2,902,234 and interest amount was tk. 3,186,838 . The Company applied for interest waver on 13.11. 2022 which the authority denied subsequent to the year end on 09.01 2023. The Company paid the full amount on 24 January, 2023. Considering the event as a subsequent and adjusting event and the Company adjusted it as per IAS 8 and the balance of earlier prior periods' retained earnings has been restated. Moreover, Sustainable Finance Department of Bangladesh Bank instructed to charge @ 6.50% to client ( Eco Ceramics) for Brick Kiln Efficiency Improvement Project and the excess interest charged earlier @ 12 % to be adjusted with the client's installment in the year 2021 , BDT 368,249 was related to 2020 which also has been adjusted retrospectively.

**46.0 Events after the reporting period**

**46.01 Initial public offer**

The Board of Directors of the Company has taken decision for raising its share capital TK. 30.00 crore it in its' 06/2022 BOD meeting on extended date 10th January, 2023. The Company applied to the Bangladesh Bank for approval and it approved. The Company will apply to Bangladesh Securities and Exchange Commission for its consent.

**46.02 Dividend for the year 2022**

The Board of Directors of Lankan Alliance Finance Limited at its 01/2023 Board Meeting held on March 16, 2023, recommended to the shareholders a Cash Dividend @ 5%, amounting to BDT 50,000,000 and Stock dividend @ 5%, amounting to BDT 50,000,000 based on financial performance of 2022.

**47.0 Foreign currency exposure profile**

There were no foreign currency monetary assets or liabilities that would give rise to gains or losses in the profit and loss account.

**48.0 Comparative figures**

Comparative information in respect of the preceding period as specified in IAS 1, para 38 has been disclosed in respect of the year 2022 for all numerical data in the financial statements and also the narrative and descriptive information when it is relevant for better understanding of the current year's financial statements. Previous years figures have been rearranged whenever considered necessary to ensure comparability with the current period.

**49.0 Geographical area of operation**


No office is located out of Dhaka.

**50.0 Disagreement with auditors**

There were no disagreement with the Auditors on accounting and financial disclosures.

**51.0 Approval of the financial statements**

These financial statements were authorized for issue by the Board of Directors of the Company on 16 March, 2023.

  
Chairman

  
Director

  
Chief Executive Officer

  
Chief Financial Officer



Lankan Alliance Finance Limited  
Schedule of Fixed Assets including land, building, furniture and fixture  
As at 31 December 2022

Annexure A  
Amounts in BDT

Particulars	Cost				Depreciation					Written Down Value as on 31.12.2022
	Balance as on 01.01.2022	Transferred in/Additions	Transferred out/Disposal	Balance as on 31.12.2022	Rate %	Balance as on 01.01.2022	Charged during the year	Adjustment during the year	Balance as on 31.12.2022	
<b>Freehold assets</b>										
Office decorations	5,487,212	1,501,839	-	6,989,051	10%	2,742,102	624,446.00	-	3,366,548	3,622,503
Furniture and fixtures	3,296,266	670,220	-	3,966,486	20%	2,732,293	630,994.00	-	3,363,287	603,199
ICT Equipment	7,885,107	3,803,257	-	11,688,364	20%	5,269,964	2,067,619.00	-	7,337,583	4,350,781
Office equipment	3,696,058	1,300,073	-	4,996,131	20%	3,478,761	492,944.00	-	3,971,705	1,024,426
Vehicle	5,550,000	-	-	5,550,000	12.5%	635,938	578,125.00	-	1,214,063	4,335,937
	<b>25,914,643</b>	<b>7,275,389</b>	<b>-</b>	<b>33,190,032</b>		<b>14,859,058</b>	<b>4,394,128</b>	<b>-</b>	<b>19,253,186</b>	<b>13,936,845</b>
<b>Intangible asset</b>										
CIB Module ,Tally & Fortinet Coterm	1,262,025	1,029,000		2,291,025	33%	781,277	411,243.00	-	1,192,520	1,098,505
Right of use asset	71,207,552	13,969,282		85,176,834	as per lease term	28,555,588	13,635,778	-	42,191,366	42,985,468
<b>Balance as on 31 Dec 2022</b>	<b>98,384,220</b>	<b>22,273,671</b>	<b>-</b>	<b>120,657,891</b>		<b>44,195,923</b>	<b>18,441,149</b>	<b>-</b>	<b>62,637,072</b>	<b>58,020,818</b>
<b>Balance as on 31 December 2022</b>	<b>95,457,736</b>	<b>7,354,436</b>	<b>(4,427,952)</b>	<b>98,384,220</b>	<b>33%</b>	<b>32,866,015</b>	<b>13,909,132</b>	<b>(2,579,224)</b>	<b>44,195,923</b>	<b>54,188,297</b>



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**Lankan Alliance Finance Limited  
Schedule of Financial Indicators  
As at 31 December 2022**

**Annexure B**

Sl no.	Key indicators	As at 31 Dec 2022	As at 31 Dec 2021
1	Paid-up capital	1,000,000,000	1,000,000,000
2	Total capital	1,303,966,443	1,294,779,542
3	Capital surplus	303,966,443	294,779,542
4	Total assets	4,219,315,646	3,464,297,779
5	Total deposits	2,511,535,982	1,998,215,852
6	Total loans, advances and leases	3,142,978,598	2,324,620,040
7	Total contingent liabilities and commitments	-	-
8	Credit deposit ratio	125%	116%
9	Percentage of classified loans against total loans, advances and leases	0.24%	0.00%
10	Profit after tax and provision	51,799,771	58,553,922
11	Amount of classified loans during current period	7,503,704	-
12	Provisions kept against classified loans	1,164,465	-
13	Provision surplus against classified loan	-	-
14	Cost of fund	7.40%	7.14%
15	Interest earnings assets	4,056,211,122	3,297,507,261
16	Non-interest earnings assets	163,104,524	166,790,518
17	Return on investment (ROI)	11.39%	11.92%
18	Return on Asset (ROA)	1.35%	1.96%
19	Income from investment	28,481,234	36,438,469
20	Earnings Per Share (EPS)	0.52	0.59
21	Net income per share	-	-
22	Market price per share	N/A	N/A
23	Price earnings (PE) ratio	N/A	N/A



**Lankan Alliance Finance Limited**  
**Details of investment in quoted shares**  
**As at 31 December 2022**

**Annexure - D**

SI No	Name of Script	No of Shares	Cost Price	Market Price	Total Cost Value	Total Market Value
1	British American Tobacco Bangladesh	10,000	655.06	518.70	6,550,608	5,187,000
2	Berger Paints Bangladesh Ltd.	999	1,794.33	1,722.60	1,792,536	1,720,877
3	Beximco Pharma	12,000	196.13	146.20	2,353,594	1,754,400
4	BRAC Bank Ltd.	30,000	49.72	38.50	1,491,657	1,155,000
5	City Bank Ltd.	112,500	25.93	21.80	2,917,131	2,452,500
6	Dutch Bangla Bank Ltd.	55,000	74.73	62.60	4,110,317	3,443,000
7	Eastern Bank Ltd.	35,000	34.32	31.80	1,201,352	1,113,000
8	Grameenphone Limited	28,000	343.92	286.60	9,629,699	8,024,800
9	Marico	1,000	2,479.62	2,421.50	2,479,619	2,421,500
10	Reckitt Benckiser	390	5,185.39	4,760.70	2,022,300	1,856,673
11	Square Pharmaceuticals Ltd.	30,000	236.42	209.80	7,092,593	6,294,000
12	Summit Power	150,000	47.95	34.00	7,192,186	5,100,000
13	Global Islami Bank	413,291	10.00	9.00	4,132,910	3,719,619
14	Islami Commercial Insurance	8,798	10.00	28.10	87,980	247,224
15	Walton Hi-Tech Industries	1,900	1,103.44	1,047.70	2,096,541	1,990,630
					<b>55,151,023</b>	<b>46,480,223</b>

