

LankaBangla Securities Limited

(If there is any contrary information please communicate with DSE through email: listing@dsebd.org)

Disclaimer:

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Brief Overview of the Company:

1. Date of Incorporation : 3rd July 1997
2. Year of Commencement : 3rd July 1997
3. Registration No. : C 33276(22)/97
4. Authorized Capital : Tk. 1,000 million
5. Paid up Capital (Pre IPO) : Tk. 550 million.
6. Financial year : January-December

Description of Security Outstanding or Being Offered:

Particular	Premium in Taka	Capital in Taka
Authorized Capital 100,000,000 Shares @ Taka 10/- per share	-	1,000,000,000.00
Issued & Fully Paid up Capital 55,000,400 ordinary Shares @ Taka 10/- per share	1,200,000,000.00	550,004,000.00
IPO 30,000,000 ordinary Shares @ Taka 250/- each including a premium of Tk. 240 (based on indicative price)	7,200,000,000.00	300,000,000.00
After IPO total Paid up capital	8,400,000,000.00	850,004,000.00

Issue Manager : AAA Consultants & Financial Advisers Limited

Auditor : Ahmed & Akhter

Registrar to the Issue : Prime Finance and Investment Limited.

Use of proceeds:

The company mainly intends to use the net proceeds received from IPO (after adjusting the IPO expenses and tax on premium) in the form of margin loan, strategic investment, proprietary investment, investment in bond market, acquisition of assets and other forms mentioned above. If any excess fund remains in the proceeds of IPO then it will be used for business expansion.

USE OF PROCEEDS	Percentage of net IPO proceed
Margin Loan	30.00%
Strategic Investment	20.00%
Proprietary Investment	20.00%
Investment in Bond Market	10.00%
Expand of Branches	3.00%
Repayment of Debt	5.00%
Acquisition of Fixed Assets & Infrastructure Development	10.00%
Development of Software	1.00%
Business Promotion & Development	0.54%
IPO Expenses	0.46%
Total	<u>100%</u>

Company at a glance

LankaBangla Securities Limited (LBSL) is a subsidiary of LankaBangla Finance Limited and a leading equity brokerage house in the country with a diverse clientele of institutions, high net worth individuals, foreign funds and retail investors. The company commenced stock broking activities in 1997 and has over time become the largest stock broking company in the country having developed a strong team of highly skilled and experienced professionals.

LBSL (Formerly known as Vanik Bangladesh Securities Ltd) started its stock broking business in 1997 trading on the Chittagong Stock Exchange (CSE) Ltd, while commencing trading on the Dhaka Stock Exchange (DSE) in 1998. The company was renamed LankaBangla Securities with effect from 27 April 2005 following a restructuring of the company.

Milestone of LankaBangla Securities Limited:

- ⇒ Started Stock Broking Business since 1997 through CSE
- ⇒ Started Stock Broking Business since 1998 through DSE
- ⇒ Renamed as LBSL from VBSL with effect from 27th April 2005
- ⇒ Secured 1st position in DSE in the last consecutive four years and CSE in the last consecutive Five years
- ⇒ Inaugurate Integrated Back Office Software System first ever in Bangladesh Capital Market in 2008.
- ⇒ Achieved "BEST IT USE AWARD-2009" from Bangladesh Association of Software & Information Services (BASIS).
- ⇒ Converted from Private Limited to Public Limited Company in 2009
- ⇒ Taken Over Directorship of MIDUS Financing Limited in 2009
- ⇒ Tagging with BDJOBS.com in 2009
- ⇒ Sponsor Shareholding of Financial Excellence Limited in 2010

Nature of Business:

The Company extends brokerage services as its core business. Basically the company performs margin loan facilities, research & analysis and provides advisory services to the clients.

Principal products and services:

LankaBangla Securities Limited offers various kinds of services all over the country, which includes the followings:

- ⇒ Brokerage Services
- ⇒ Trading Facility through NITA (Non Resident Investor's Taka Account)
- ⇒ Internet Trading
- ⇒ CDBL Services
- ⇒ Research Services

Relative contribution of Products contributing more than 10% of the total revenue:

The total operating income of LBSL is 933,936,974.00 in June 30, 2010. The only service contributing more than 10% on the total revenue is the "Revenue from Brokerage". The amount of "Revenue from Brokerage" is 808,390,453.00, which 86.55% of the total operating income.

Name of associates, subsidiary/related holding company and their core areas of business:

The Company has no associates or subsidiary. However, LBSL is the subsidiary company of LankaBangla Finance Limited.

Distribution of Products/Services:

Brokerage Services:

- ⇒ "Trade Execution Service" for clients in Dhaka and Chittagong Stock Exchange
- ⇒ Trading of portfolio accounts maintained with the Merchant Banking Division of LankaBangla Finance Limited and IDLC Finance Ltd.
- ⇒ Custodial Services provided for clients for safe custody of securities.
- ⇒ Extend credit facilities through Margin Trading.

Sources and availability of raw materials and the names of the principal suppliers:

Raw material for a LBSL is fund which is mainly mobilized/ procured from equity capital, and borrowing from Banks and NBFIs.

Board of Directors:

Name of Directors	Position	Date of becoming first Director	Date of expiration of current term*
Mr. Mohammad A. Moyeen	Chairman & Director	Date of Incorporation	24-03-2011
Mr. I. W. Senanayake	Director	27.11.2008	12-04-2012
Mr. G.L.H. Premaratne	Director	27.11.2008	12-04-2012
Mr. B.W. Kundanmal	Director	23.01.2000	03-03-2013
Mr. Khondoker Monir Uddin	Director	Date of Incorporation	03-03-2013
Mr. Mahbubul Anam	Director	Date of Incorporation	03-03-2013
Mr. Mafizuddin Sarker	Director	27.03.2007	12-04-2012
Mr. Mohammed Nasir Uddin Chowdhury	Director & CEO	08.03.2006	24-03-2011

Directors Ownership in other Companies:

Sl	Name of Directors	Position	Directorship/Sponsorship/Ownership with other Companies
01	Mr. Mohammad A. Moyeen	Chairman	Director of Tropica Garments Ltd., Airline Cargo Resources Ltd, Cross Freight Lines Ltd., Expo Express Services Ltd., Freight Care Aviation Services Ltd., Global Aviation Services Ltd., Wings Air Cargo Ltd., LankaBangla Finance Ltd., S.G Logistics Private Ltd., Standard Paper Products Ltd., STS Educational Group Ltd., STS Holdings Ltd., Swift Logistic Services Ltd., The M & M Ltd., UCL Logistic Limited, Wings Tours & Travels Ltd., Wings Express Ltd., Wings Logistics Ltd., Wings Ocean Freight Ltd., Orchid Air Ltd.
02	Mr. I. W. Senanayake	Director	Chairman of Sampath Bank PLC, Sri Lanka.
03	Mr. G.L.H. Premaratne	Director	Chief Executive Officer-Sampath Bank PLC, Sri Lanka.
04	Mr. B.W. Kundanmal	Director	Royal Park Limited Represented by: SinoLanka (Pvt.) Ltd., Shanta Garments Ltd., STS Holdings Limited.
05	Mr. Khondoker Monir Uddin	Director	Shanta Garments Limited, Shanta Apparels Limited, Moazzam Garments Industries Ltd., Shanta Properties Ltd. (SPL).
06	Mr. Mahbubul Anam	Director	Director of Expo Lanka Bangladesh Ltd., Allied Aviation Services Ltd., Freight Care Aviation Services Ltd., Airline Cargo Resources Ltd, S G Logistics (Private) Ltd., Cross Freight Lines Ltd., Expolanka Bangladesh Ltd., LankaBangla Finance Ltd., Airlines Services Ltd., Pulsar Shipping Agencies Ltd, Stan ard Paper Products Ltd., STS Educational Group Ltd., STS Holdings Ltd., Tropica Garments Ltd., The M & M Ltd., UCL Logistic Limited, Voyager Airlines Ltd, Global Aviation Services Ltd., Wings Air Cargo Ltd., Wings Logistic Ltd., Wings Ocean Freight Ltd., Wings Classic Tours & Travels Ltd.
07	Mr. Mafizuddin Sarker	Director	N/A
08	Mr. Mohammed Nasir Uddin Chowdhury	Director	N/A

Family relationship between Directors and Officers:

There is no family relationship between the Directors and top five Officers.

Ownership of Company's Securities:

The Company's shareholding position as on 31 December 2009 is as follows:

Name of the Shareholders	No. of Shares	BDT
Lanka Bangla Finance Ltd.	49,999,409	499,994,090.00
Mr. Khondoker Monir Uddin	496	4,960.00
Mr. Mahbubul Anam	150,491	1,504,910.00
Mr. Mohammad A. Moyeen	150,001	1,500,010.00
Mrs. Aneesha Mahial Kundanmal	1	10.00
Mr. Mafizuddin Sarker	1	10.00
Mr. Mohammed Nasiruddin Chowdhury	16,001	160,010.00
General Share Holder	4,684,000	46,840,000
	55,000,400	550,004,000.00

Shareholding structure for 5% or more as on 31 December 2009:

SL	Name	Position	Nos. of Shares	Amount of Shares in TK.	Percentage %
1.	LankaBangla Finance Ltd.	Director	49,999,409	499,994,090.00	90.90%

Performance at a Glance

Tk. in million

Particulars	31.12.2005	31.12.2006	31.12.2007	31.12.2008	31.12.2009	30.06.2010	Annualized
Operating Income	45.44	63.18	219.52	397.3	877.84	933.94	1867.88
Growth		39.04%	247.45%	80.99%	120.95%		112.78%
Operating and other expenses	22.08	31.75	79.45	119.46	179.56	113.56	227.12
Profit Before Tax	23.36	31.43	140.07	277.84	698.28	820.38	1640.76
Growth		34.55%	345.66%	98.36%	151.32%		134.97%
Current Tax	3	2.45	13.25	25.01	60.12	77.99	155.98
Net Profit After Tax	20.36	31.43	126.82	252.82	638.15	742.39	1484.78
Growth		42.34%	337.61%	99.36%	152.41%		132.67%
Total Assets	75.42	105.74	291.98	602.93	2012.44	3951.18	
Growth		40.20%	176.13%	106.50%	233.78%	96.34%	
Intangible Assets		0.17	0.4		0.75	0.56	
Net Assets	72.92	103.27	228.27	481.09	1612.64	3605.03	
Growth		41.62%	121.04%	110.75%	235.21%	123.55%	
NAV per share	14.58	20.65	20.66	31.44	40.32	65.55	
Growth		41.62%	0.02%	52.21%	28.22%	62.58%	
EPS	4.07	5.80	11.48	16.52	15.95	13.50	27.00
Growth		42.34%	98.01%	43.98%	-3.46%	-15.39%	
EPS (restated)	0.41	0.58	2.54	5.06	12.76	14.68	29.36
Growth		42.34%	337.61%	99.36%	152.41%	15.01%	
NAV per share (restated)	0.86	1.21	2.69	5.66	18.97	42.41	84.82
Growth		41.62%	121.04%	110.75%	235.21%	123.55%	

Particulars	31.12.2005	31.12.2006	31.12.2007	31.12.2008	31.12.2009	30.06.2010
Shareholders' Equity	72.92	103.27	228.27	481.09	1,612.64	3605.03
No. of Shares	5,000,000	5,000,000	11,050,000	15,300,000	40,000,320	55,000,400
No. of shares adjusting Bonus share	50,000,400	50,000,400	50,000,400	50,000,400	50,000,400	50,577,323
Post IPO Number of shares						85,000,400

Operating Revenue:

(As per Audited
Accounts amount in Taka)

Description	30-06-2010	31-12-2009	31-12-2008	31-12-2007
Revenue from Brokerage	808,390,453.00	842,737,817.00	376,282,036.00	204,097,049.00
Capital Gain from Investment in Share	30,725,606.00	9,922,093.00	5,370,846.00	
Interest Income	23,074,751.00	19,323,043.00	14,374,548.00	22,387,384.00
Other Operating Profit/Loss	71,746,164.00	5,853,450.00	1,269,981.00	-6,968,170.00
Total Operating & Other Expenses	113,559,706.00	179,563,957.00	119,462,310.00	79,445,365.00
EPS	14.68	24.685	17.624	16.213

Future capital expenditure:

The Company has planned for capital expenditure during the period July 2010 – Dec 2011 according to the plan of utilization of IPO proceeds.

Financial Lease Commitments during last five years:

The company purchase total 11(Eleven) vehicles under Finance lease agreement, on which two in 2006, three in 2007, three in 2008 and three in 2009. The outstanding Finance Lease amount in June 30,2010 is 8,546,962.00.

Tangible Asset Per Share

Net assets are valued on historical cost basis "reduced by depreciation provision" and considered on the basis of audited balance sheet as at 30 June 2010 as under

	Amount (Taka)
Sources of Funds	
Share Capital	550,004,000.00
Share Premium	1,200,000,000.00
Proposed Stock Dividend	-
Retained Earnings	1,361,634,559.00
Fair- Value Measurement Reserve	493,394,000.00
Shareholders Equity	3,605,032,559.00
Long Term Liabilities	
Deferred liability -Employee Gratuity	8,928,871.00
Lease Finance under Capital Obligation	8,546,962.00
Long Term Loan	328,675,861.00
Total Capital Employed	346,151,694.00
Application of Funds	3,951,184,253.00
Non-Current Assets (A)	
Fixed assets less Accumulated Depreciation	57,850,895.00
Investment in Stock Exchange for Membership	510,000,000.00
Investment in Share	247,030,143.00
Lease Assets-Motor Vehicles	12,574,753.00
Intangible Assets	564,561.00
	828,020,352.00
Advances, Deposits and Prepayments	70,442,302.00
Receivable from Clients	2,385,186,927.00
Receivable from DSE & CSE	451,044,340.37
Accrued Interest	2,657,696.00
Cash and Cash Equivalents	1,311,432,649.15
	4,220,763,914.52
Current Liabilities (C)	
Payable to Clients	939,792,976.05
Payable to DSE & CSE	55,365,049.87
Accrued Expenses	5,377,412.00
Liabilities for other Finance	21,387,039.50
Short-term Loans	60,000,000.00
Provision for Tax	15,677,535.00
	1,097,600,012.42
Net Current Assets (D) = (B-C)	3,123,163,902.10
Total Assets (E)= (A+D)	3,951,184,254.10
Net Asset Value Per Share	65.55

Description of Property:

The Company's main business is being conducted through its several branches in Bangladesh. However, the Company owns the following fixed assets at written down value as given below:

(As per Audited Accounts in Taka)

Particulars	As at 30 June, 2010	As at 31 Dec, 2009	As at 31 Dec, 2008	As at 31 Dec, 2007
Building	8,469,900	8,579,800	4,040,850	-
Office Space	839,375	850,000	-	-
Furniture and Fixtures	3,402,274	2,200,377	2,337,740	1,498,155
Office Equipment	23,575,368	19,813,188	14,706,153	8,557,328
Office Renovation	20,657,218	15,744,394	16,010,035	6,842,413
Motor vehicles	906,760	1,130,020	6,427,190	3,307,900
Total	57,850,895	48,317,779	43,521,968	20,205,796

- 1) The Company itself owns the entire fixed assets there is not any lease agreement of the property.
- 2) There is no mortgage or lien on the property.
- 3) The properties are purchased in brand new condition.

Revaluation of Company's Assets & Summary thereof:

Investment in Stock Exchange for membership are stated at fair value determined by Ahmad Ahmad and Associated, a financial consulting firm. Fair Value of investment in Stock Exchanges for Memberships are incorporated in the financial statements as in 31.12.2009. Fair Value Measurement Reserve are not available for distribution as dividend to the Shareholders of the company.

Investments for membership are initially recognized at cost (which includes transaction costs) and are subsequently re-measured at fair value based on current quoted bid price (in case of CSE Membership based on current bid price and DSE Membership based on fair market value). Surplus arising from changes in the fair value of investment for membership are transferred to Fair Value Measurement Reserve (FVMR).

**Comparison of Revaluation for Membership
(i) Dhaka Stock Exchange Ltd**

Particulars	Carrying Value (Tk.) FY 2008	Fair Value (Tk.) FY 2009	Fair Value Measurement Reserve (Tk.)
Investment as Membership of DSE	11,606,000	350,000,000	338,394,000
Sub Total	<u>11,606,000</u>	<u>350,000,000</u>	<u>338,394,000</u>

(ii) Chittagong Stock Exchange Ltd.

Particulars	Carrying Value (Tk.) FY 2008	Fair Value (Tk.) FY 2009	Fair Value Measurement Reserve (Tk.)
Investment as Membership of CSE	5,000,000	160,000,000	155,000,000
Sub Total	<u>5,000,000</u>	<u>160,000,000</u>	<u>155,000,000</u>

Total Amount = (i+ii) 16,606,00 510,000,000 493,394,000

Consent of the eligible institutional investors regarding Indicative price:

Institutional Investors have consented to the proposed indicative price of Tk. 250.00 or above each. The following table illustrates the list of Eligible Institutional Investors consenting to the indicative price:

Sl.	Name	Category	Offer Price
1	Dhaka Bank Ltd.	Bank	270.00
2	Pubali Bank Ltd.	Bank	300.00
3	Eastern Bank Ltd.	Bank	250.00
4	Shahjalal Islami Bank Ltd.	Bank	290.00
5	IDLC Finance Ltd.	NBFI	250.00
6	Prime Finance & Investment Ltd.	NBFI	250.00
7	Midas Financing Ltd.	NBFI	285.00
8	Fidelity Assets & Securities Co. Ltd.	Merchant Bank	270.00
9	Banco Trans world (Bangladesh) Ltd.	Merchant Bank	290.00
10	NDB Capital Ltd.	Merchant Bank	302.16
11	Union Capital Ltd.	Merchant Bank	280.00
12	Prime Bank Investment Ltd.	Merchant Bank	260.00
13	PFI Securities Ltd.	Sock Brokerage	255.00
14	Fareast Stocks & Bond Ltd.	Sock Brokerage	250.00

15	Multi Securities & services Ltd.	Sock Brokerage	262.00
16	Bangladesh Mutual Securities Ltd.	Sock Brokerage	258.00
17	Pragati Insurance Ltd.	Insurance	280.00
18	Pragati Life Insurance Ltd.	Insurance	300.00
19	Popular life Insurance Co. Ltd.	Insurance	310.00
20	Peoples Insurance Company Ltd.	Insurance	310.00
21	Continental Insurance Ltd.	Insurance	300.00

We, the issuer, in consultation with the issue manager, quoted the indicative price in the prospectus based on the indicative prices so obtained from the eligible institutional investors in the lower end that is 250.00 per share including a premium of Tk.240.00 each share. However we obtain indicative price within the range of Tk.250/- to 310/- per share.

RISK FACTORS AND MANAGEMENT'S PERCEPTION ABOUT RISKS

Risk is the element of uncertainty or possibility of loss that prevails in any business transactions in any place in any mode and any time. The company manages various risks through involvement of various levels of management. As with all investments investor should be aware that there is risk associated with investment in stock market. This could result in loss in income or capital investment. Investors are encouraged to seek independent financial advice.

Interest Rate Risk

Interest rate risk is concerned with debt of short term and long term maturity. Volatility in money market and increased demand for loans raise the rate of interest. The Company's financing in different sectors are generally structured at fixed and variable rates for specified terms. Increase in interest rates of borrowings could narrow or eliminate the spread, or result in a negative spread, and hence, may have a material adverse effect on the Company's business, financial condition and/or results of operations.

Management perception:

The company's capital structure is mainly equity based financing. The portion of credit from different financial institution will repay after getting money from IPO. The management of LBSL is aware of interest rate in the market to reduce the cost of the firm. LBSL procure Long term loan with minimum fixed interest rate and short term fund with reasonable competitive rate. So the change of market interest would not have a great impact on LBSL's profitability.

Exchange rate risk:

Any organization which involved in the foreign exchange bears a huge risk because of the volatility of the foreign exchange rate. If the profit of the organization is related with the foreign exchange then the company bears huge risk.

Management perception:

LBSL's main income source is revenue through commission which is not directly related to foreign exchange transaction. So volatility in the exchange rate would not directly affect LBSL's profitability.

Industry Risk

Brokerage service industry is an emerging sector with vast local demand for its huge local demand. Competition in this sector is usually based on the customized services that the firms provided. By providing skilled services and entry of new competitor may increase the market competition and may adversely affect the profitability of the company. Since financial organization is fast growing industry there is potentiality for a well established and growing financial institution to come up with their new window of stock broking business. Recently insurance companies and banks have received approval for inaugurating stock broking business. Around 15 merchant banks are in queue for introducing its business operation. Moreover as long as capital market operation is growing new and existing competitors are sharing single pie.

Management perception:

Retaining pinnacle market position, Management of LBSL is paying attention to introduce new products and services in the capital market for providing better customer service by ensuring geographical presence in all over the country. In this point of view LBSL has already introduced NITA for its non-resident Bangladeshi (NRBs) clients which almost a green field for Bangladesh Capital Market. Moreover

LBSL is emphasizing on technical analysis and valued awareness program for market competitiveness. Management of LBSL also think about to activate Bond and derivatives market which are emerging in this sector.

Market Risk:

LBSL may affect by adverse economic and political conditions, broad trends in business and financial changes in volumes and price levels of securities and other factors that affect the volume of stock trading. Also when markets are highly volatile, trade volume may reduce. Reduced trade volumes and prices have historically resulted in reduced transaction revenue for brokerage which affects LBSL's profitability that means volatility in the capital market may affect LBSL's business and profitability.

Management perception:

Top Management of the Company constantly monitors the market situation and makes appropriate adjustments as required. In addition, LBSL has strong Research & Analysis Department to monitor and analyze micro and macro level issues of the country to minimize and take opposite position against any unexpected circumstances. Moreover, LBSL's clients' base consists of a combination of Institutions, foreign investors and retail investors. Hence, the impact of any volatility of the Capital Market on LBSL's activities will be minimum.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems or from external events but does not include credit risk. One of the key challenges in operational risk management is to identify the key risk indicators (KRIs) in processes people and systems.

Management perception:

LankaBangla Securities has well defined processes for all the products and services a pool of experienced and motivated people and state of the art international standard IT platform to minimize its day to day operational risk. Moreover there are dedicated branch operational team members at each branch of LBSL to ensure regular output checking and compliance issues. LBSL has retained its key personnel in most of its divisions. LBSL is strengthening its HR practices to attract, retain and motivate its personnel. Reorganization of internal audit and internal control and compliance will help in identifying and managing operational risk in more focused way.

Credit Risk

Continuous and consistent oversight by the Board Management Committee and the Audit Committee in compliance with good corporate governance norms. Different risk management process under individual business unites have been evaluated and modified accordingly.

Management perception:

LBSL is doing its own grading of risks for its different level of clients for monitoring and controlling credit exposure. It has also introduced Loan Administration Department for controlling credit risk and credit exposure base of security and exchange rules and regulation. There is a credit committee of LBSL to formalize the credit policies, procedure the identification of target market. This committee is authorized to supervise the margin loan facility and control credit risk of LBSL. Several tools are used to control the Credit Risk of LBSL. These are:

- ⇒ *Evaluation of daily Client Exposure List*
- ⇒ *Margin Call*
- ⇒ *Approved Securities*

Potential changes in regulatory policies:

With the moving market trend it may be necessary for the capital market regulatory agencies to make some adjustments. By entering of new rules by SEC, DSE, CSE, Central Bank or any other regulatory agencies may affect the profitability of the company. Even by taking any national policy by government such as imposing tax, vat or other charges can affect the profitability of the company.

Management perception:

The management of LBSL is always concerned about existent and potential changes in the regulatory policy by different regulatory bodies and shall response properly and timely to preserve its interest. If SEC or any other authority impose any restriction or change any policy in the capital market that may affect the industry as a whole, the business of LBSL is expected not to be affected alone. Capital market provides more than 20% of GDP and it is an emerging sector in the economy. Therefore, it is implausible that the regulatory body will frustrate the growth of the industry with adverse policy change.

Change in Existing Government & Foreign Policy

As we know one small negative information about the market put a huge adverse impact on the market in a multiplier basis. Imposition of restrictive monetary and/or fiscal policy by the government at any time may affect a company's profitability. Also by any change in the foreign policy can affect the national policy and indirectly the profitability of the company.

Management perception:

Imposing any kind of tax or other charges can affect the capital market and indirectly the profitability of the company. Changes in the regularity or monitoring policy can also affect the company's profitability. But those change would affect the industry as a whole, the business of LBSL is expected not to be affected alone. It is also unlikely that government will impose any restriction which will have impact on the economy. However by changes in the foreign policy can not affect the capital market and the profitability of the company directly.

Changes in Economic & Political Condition

Through any disaster, calamities or by any other situation the economical condition can change which can affect the capital market. By any valance or any other occurrence can change the political situation of the country which can adversely affect the capital market and the brokerage firms.

Management perception:

In the current government period there is stable situation in the market and expecting this situation will be continuing in the future. Although any kind of

political violence, change in the government or in economic situation can effect the capital market and can indirectly affect the company's profitability.

Portfolio management risk

Maintaining the portfolio of the clients according to their choice and term is very much essential for any brokerage house. If any brokerage house is unable to maintain trustworthiness of its clients then the brokerage house can lose its reputation and the clients can switch.

Management perception:

LankaBangla securities Ltd maintains highly efficient professional team to provide best services to its clients. Moreover LBSL provide research and publication for its clients so that they can construct their portfolio efficiently.

Technology Related Risk Management:

In the global market of 21st century developed technology obsoletes the old service/product strategy. So the existing technology is not sufficient enough to cope up with future trends and needs.

Management perception:

The Management of LankaBangla Securities is very much alive to need of auto motion of the stock broking transaction with the updated version of technology. LBSL has introduced back office integrated software leads for integrating not only back office but also connecting all of its branch offices around Bangladesh. LBSL preserves its entire databank in one of the leading commercial banks in Bangladesh and maintain high tech server system for flawless business operation in all parts of the Country. The Company is also planning to establish Internet Earth Station and Digester Recovery System to mitigate future need and promptly recover database of the Company. For enriching IT infrastructure in Bangladesh Capital Market, *LBSL* also received *BEST IT USERS AWARD 2009* during this period.

Competition with Commercial Banks:

Now a days the commercial banks are opening their merchant banking wings, which mainly operate the brokerage services. Though the banks have own capital, so they provide margin loan facilities to its customers in a great extent.

Management perception:

Although now the commercial banks and non bank financial institutions are operating their merchant banking services in the capital market. But LankaBangla securities is the market leader in terms of turnover and achieving best Brokerage house award in DSE for the consecutive four years and CSE for the consecutive last five years and would continue with same growth through innovative ideas, product line and efficient management team. To maintain its market share, LBSL has constantly been expanding its business and is in close interaction with all major customers. LBSL also has a Research & Analysis division, which help in advising customer and dealers. To compete with banks and other merchant banks, LBSL is expanding branches in all over the country to maintain current market share.

Management related Risk:

Inability to manage the company's rapid growth could disturb its business and adversely affect profitability.

Management Perception:

LBSL is managed by professionals in all key areas of operation and promoters have more than a decade of experience in the industry. LBSL has also witnessed multiple growth in the past five years and does not envisage any difficulty in managing the growth.

Market Turnover Risk:

The company which provides brokerage services and margin loan is a product of that company. Then the profit of the company is highly co-related with the margin loan and the margin loan is related with the market turnover. If market fall for any reason then the demand for margin loan can decline and the profitability of the company can also reduce.

Management Perception:

The company is a stock brokering house which provides his brokerage service to its clients through its different branches. Usually the company earns a specific portion of its revenue from margin loan but the company is not solely dependent on the margin loan and it also earn a specific number of profits from different investment . LBSL will invest only 30% of its IPO proceeds to margin loan and the other portion will invest in the form of strategic investment, proprietary investment, investment in bond, acquisition of assets, pay off bank loan and expansion of business. So the company is totally diversified in terms of market turnover risk. Although in our capital market there is always some up and down but LBSL achieved the best brokerage house award for the last 5 years in CSE and for the last 4 years in DSE. All over LBSL achieving a huge growth in the annual profit in the previous years.....

History of Non Operation:

Is there any history of non operation of LankaBangla Securities Ltd.?

Management Perception:

LankaBangla Securities Ltd. has incorporated on 3rd July, 1997 and started its business operation successfully. It has completed its successive 13 years of operation and has no operation failure history yet. Chance of non operative in future is minimum.