

Internship Report

On

*Efficiency Evaluation and Comparison between Non-Banking Financial
Institutions and Commercial Banks of Bangladesh*

Submitted to

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Subject: Submission of Internship Report.

Dear Sir,

It is a great pleasure and honor for me to submit my internship report on “Efficiency Evaluation and Comparison between Non-Banking Financial Institutions and Commercial Banks of Bangladesh”. I am submitting this report as the part of my Bachelor of Business Administration (BBA) degree. While preparing this report, I have tried my best to follow the instruction of my instructor. The entire report has been prepared on the practical experience in the LankaBangla Finance Limited and the secondary data that have been found in the web site of respective NBFIs and Commercial Banks whose data are analyzed in the project work.

I hope you will assess my report considering the limitations of the study. Your kind advice will encourage me to make better report in future.

Yours“ sincerely

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Acknowledgement

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My gratitude to Mr. A.K.M. Kamruzzaman, FCMA–Executive Vice President and Head of Operations of LBFL and also my internship coordinator Mrs. Sharmin Sultana–Manager, Liability Operations Division of LBFL for helping me. Finally, I want to thanks all the member of Liability Operations Division for helping me in all aspects and for co-operating with me to work in LBFL.

Executive Summary

Within last few decades Non-Banking Financial Institutions (NBFI's) are operating in Bangladesh whether the Banking sector is an established financial institution. There are several types of banks have been established in our country. Say for example: Government Banks, Specialized Banks and Commercial Banks etc. NBFIs" have not expanded their operations to the every flock of people as the banks have been established. But recent phenomena like the rising of the rate of loan defaulter, lack of managerial control of banks have raised question about the efficiency of the banks. This report is about to compare the efficiency evaluation and compare the financial position of NBFI's and Commercial Banks. This report only compare the commercial banks and does not compare the Government Banks or Specialized Banks because the controversial performance of those institutions. This report is based on totally quantitative method where different financial ratios are taken as key tools of measure the financial conditions of the NBFI's and Commercial Banks. The NBFI's and Commercial Banks are randomly chosen as samples of the industries. Performance of last five years of those organizations is taken to make a separate average of each ratio for NBFIs" and Commercial Banking sector. Thus, putting the average financial performances of NBFIs" and Commercial Banks, the better positions has been decided. Which sector does well in NPL controlling, managing overall assets and equity to generate enough revenue and sells revenues are considered as more efficient financial sector in between NBFIs" and Commercial Banks.

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Chapter-1

LankaBangla Finance Limited: Organization Overview

1.1) Introduction:

Lankabangla started its operation with technical support from the Sampath Bank Limited of Sri Lanka in 1996. At that time the company started its operation as LankaBangla Finance Limited (LBFL) which is now one of the leading listed Non-Banking Financial Institutions(NBFI) in Bangladesh. With the passage of time and expansion of operation the company now has four subsidiaries. The subsidiaries are-

- LankaBangla Securities Limited;
- LankaBangla Investments Limited;
- LankaBangla Asset Management Limited;
- LankaBangla Information System.

1.2) History of LankaBangla Finance Limited:

LankaBangla Finance Limited (LBFL), a joint venture financial institution established with multinational collaboration is in operation since 1997 having license from Bangladesh Bank under Financial Institutions Act, 1993 with its head office at Safura Tower (11th floor), 20, Kemal Ataturk Avenue, Banani Dhaka 1213. Technical support provided by Sampath Bank Limited, Sri Lanka has been working as a catalyst to emerge LBFL as most innovative financial solution provider strictly in compliance with the rules & regulations of Bangladesh Bank. Later in 2006 company listed its shares in DSE and CSE. Today LBFL is a leading and diversified financial service provider company in Bangladesh with its highly motivated employees, strong shareholding pattern, and friendly and dynamic corporate style working culture. Under the broadest umbrella of products and service offerings, LBFL is the lone financial institution to operate credit card (MasterCard and VISA) and also provide third party card processing services to different banks in Bangladesh. LankaBangla is a primary dealer of government securities since

November 2009. The company got listed in both of the bourses of country i.e. DSE & CSE in 2006.

The major milestones of LankaBangla Finance Limited are given at a glimpse below:

- Incorporation of the Company 5th November, 1996;
- Commencement of Business 5th November, 1996;
- Registration of First Subsidiary (LankaBangla Securities Limited) 3rd July, 1997;
- Licensed as Financial Institution by Bangladesh Bank 30th October, 1997;
- Signing of First Lease Agreement 30th March, 1998;
- Issuance of First Credit Card 16th August, 1998;
- Launching of MasterCard 5th September, 2005;
- Listing on Dhaka Stock Exchange 17th October, 2006;
- Listing on Chittagong Stock Exchange 31st October, 2006;
- Trading of shares in Stock Exchanges 1st November, 2006;
- Commencement of Operation of Chittagong Branch 10th February, 2007;
- Registration of Second Subsidiary (LankaBangla Asset Management Company Ltd.)
16th July, 2007;
- First disbursement of Domestic Factoring 11th December, 2007;
- First disbursement of Mortgage Loan 18th February, 2008;
- Commencement of Operation of Sylhet Branch 27th April, 2009;
- Licensed as Primary Dealer 23rd November, 2009;

- Issuance of First VISA Card 24th November, 2009;
- First Participation in the Auction of Govt. Securities as Primary Dealer 1st December, 2009;
- Registration of Third Subsidiary (LankaBangla Investments Ltd.) 29th March, 2010;
- Approval of Right Issue by SEC 31st January, 2012;
- Signing of Agreement with Leads Corporation for Bank Ultimus (CBS) 10th January, 2012;
- Commercial Launching of Khatungonj Branch, Chittagong 8th March, 2012;
- Commercial Launching of Narsingdi Branch 28th January 2013;
- Commercial Launching of Comilla Branch 3rd February, 2013;
- Commercial Launching of Jessore Branch 13th February, 2013;
- Commercial Launching of Banani Principal Branch 12th November, 2013;
- Commercial Launching of Dhanmondi Branch 11th December, 2013;
- Commercial Launching of Uttara Branch 3rd March, 2013.

1.3) Vision of LBFL:

To be the nation's most sought after facilitator in creating, nurturing and maximizing value to the stakeholders, the society, the environment, and thereby, GROWING TOGETHER.

1.4) Mission of LBFL:

- Be a growth partner of our customers ensuring on time financing and superior experience;
- Maintaining a culture of meritocracy in the DNA of the company;

- Be sustainable and ensure quality returns to our valued shareholders;
- Uphold efforts to develop our community.

1.5) Core Values of LBFL:

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

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

1.6) Vision for Future of LBFL:

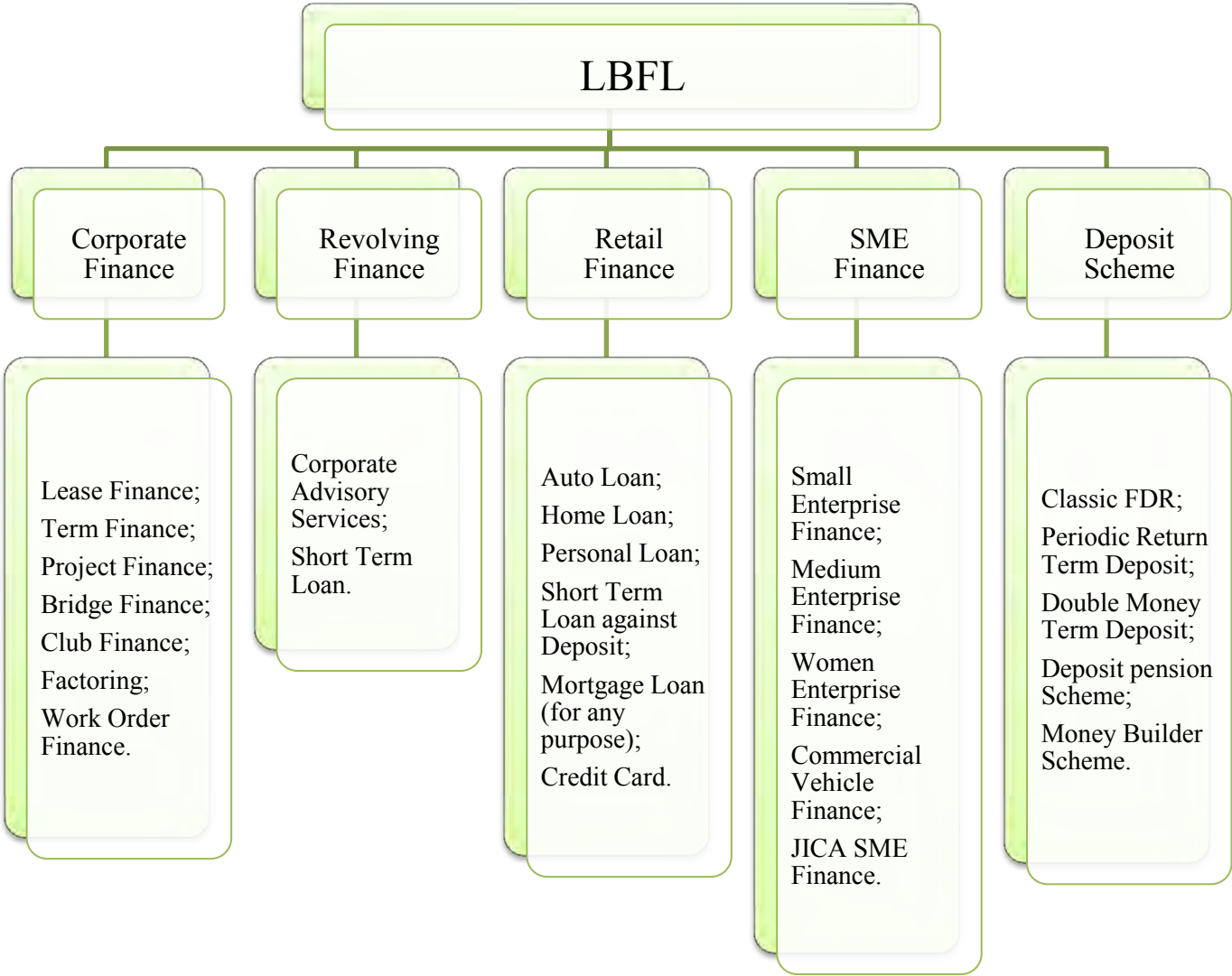
LankaBangla Finance limited believes in growing together sustainably with their people, customers, shareholders and the community putting priority in ecological balance of the environment. From the strategic point of view, LankaBangla Finance Limited prefers to keep their portfolio diversified while focusing on the following matters-

- Create sustainable brand;
- Focus on core product portfolio;
- Manage balance sheet prudently;
- Simplify processes to reduce cost;
- Maintain strict compliance and good governance in norm and regulation.

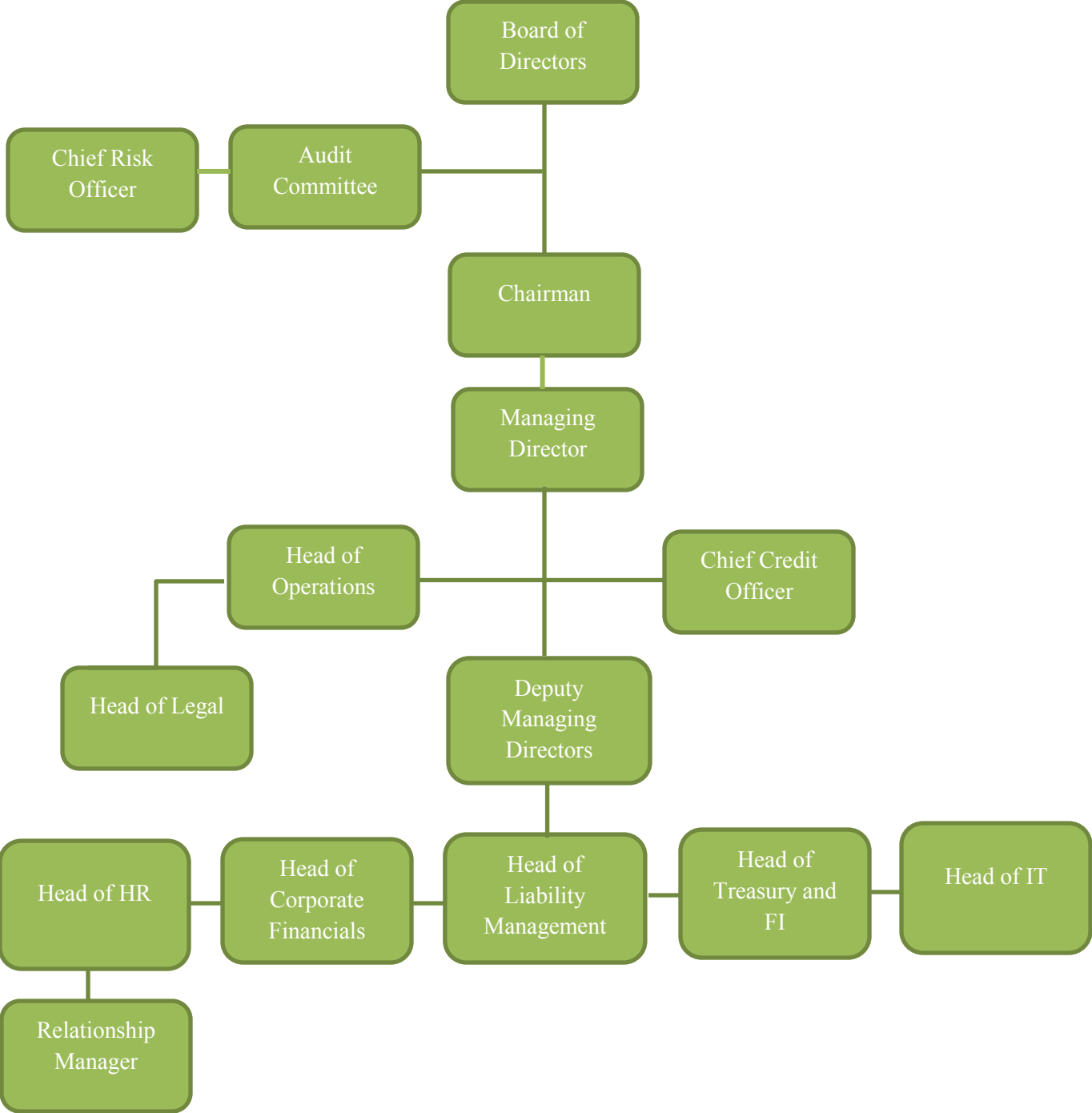
Meanwhile, LBFL wants to provide priority on Retail and SME financial services for its potentiality in value addition and employment generation capabilities in future. However, LBFL is destined to expand their business sphere in major areas all over the country.

1.7) Product and services of LBFL :

The available products and services of LBFL are mentioned below,



1.8) Organogram of LBFL:



Chapter-2

Job Experiences in LankaBangla Finance Limited

2.1) Nature of Jobs

I joined LankaBangla Finance Limited on 26th April, 2015 as an intern. My working tenure was 12 weeks full time office hours. My office was at Head Office of LankaBangla Finance Limited, Kemal Ataturk Avenue, Banani, Dhaka. I was assigned to the Liability Operation Division (LOPD) under the supervision of Mrs. Sharmin Sultana–Manager, Liability Operations Division of LBFL. There were other four officers in the team. The works of liability operation division are back office work. All the other branches directly interact with customers and send the relative customer’s request to the Liability Operation Division. Based on the request of frontend, LOPD provides different services like;

- Encashment;
- BEFTN (Bangladesh Electronic Fund Transfer Network);
- Lien Mark;
- Lien Withdrawn;
- Profit Transfer to Customers Account;
- New TDR (Term Deposit Receipt) Issue;
- Tax Certificate;
- Maintenance Certificate;
- CIF (Customer Information) Update and so on.

Except the customer request, LOPD have to do to some internal work as well for LBFL. Such as Reporting to Other Departments, Filing TDR and send them to Scanning Department etc.

For internal work LBFL has their own IT and R&D team who provides technical support to all other departments. IT maintains the Back Office Server thus employees of a department can connect to each other easily and get the Real Time access to of their files and Data Server. Most of the works are done by software, Bank Ultimus of Leads Corporation. For the internal Management Information System (MIS) and day to day work MS Excel is being used. Most of the times, I have done organization’s internal work. In the mean-time, I have learned some practical uses of formula and function in MS Excel to create a server like MS Excel Sheet.

Besides that I have learned a bit about the Bank Ultimas software to update CIF, preparing tax certificate and maintenance certificate through the software.

I have experienced that there has a difference between the academic knowledge and work experiences, in fact a very few of our academic knowledge would possible to apply on the field work. Only the higher authority can apply the proper academic knowledge of financial procedures. Otherwise works are divided into many fragments and done by different departments. So from mid-level officers to bottom all works are quiet repetitions of same working procedures. Thus, works are getting easy to accomplish by an individual and expertise knowledge grows among employees.

2.2) Specific Responsibilities of the Job

As per policies of LBFL, interns get a limited access to the main software, Bank Ultimas, to do the usual jobs as a permanent employee get to do. However, an intern may get admittance to do some of the usual works like preparing tax certificates, maintaining register and so on. I was assigned to do several specific jobs. They are as follows:



- **Making Certificates:** Customers ask for some certificates as a client of LBFL. These certificates come in need to the people or authorities who concern of it. As per request of clients coming through different branches, I had done several types of certificates throughout my internship tenure. They are-
 - **Tax Certificates:** Usually clients demand for tax certificates to submit them to tax authorities or for other purposes to show how much tax they are liable against their TDR or have any tax rebate. Client's Statement of Income is needed first to prepare a tax certificate. So I had taken client's statements and as per requested tax tenure I did tax certificates. At June-July session most of the organizations and individuals demanded for tax certificates based on fiscal year. The pressure for Tax Certificates was getting high at that time.
 - **Maintaining Certificates:** Another certificate that is asked by clients is Maintaining Certificate. The certificate assures that the respective client maintain one or several TDRs of certain amounts with LBFL. It is an assurance to the third party or to whom it may concern. The pattern of maintaining certificate may differ based on client's need. For example; some clients want to convert the current balance into US Dollar, GBP or as their wish.
 - **Solvency Certificates:** Solvency certificates contain that particular clients are maintaining one or several TDRs with LBFL for certain periods of time. It states the current balance of account to assure the party to whom it may concern.
- **Maintaining Registers:** LOPD maintains different types of register in accordance with the policy of LBFL. Maintaining those registers were one of my major works. Function of those registers are describing below:
 - **Daily Work Register:** Daily work register is a matter of regular maintenance. It reflects how many works have been done in a day. The register is consisted of some columns. Those are Sl.No., Branch No., A/C No., Client Name, Purposes, Amount, Work Received Time, Work Done By, Forward to Time and Remarks. LOPD gets request from the branch for works. Based on the request the works are distributed among the officers by Manager of LOPD. The core informations are recorded into the Daily Work Register.

- **Cheque Deposit Register:** LBFL usually sends profit or encashment amount to the clines account through BEFTN. But some banks do not adopt the technique yet. So when BEFTN is not possible to be done or customer asks for Cheque to be deposited to their banks account, LOPD provides their money through depositing Cheque to the customer's account. In such cases a Cheque Deposit Register need to be maintained. It contains the information about Cheque No., Bank's Name, Amount, Customer's Account No. and Cheque Received by whom.
- **Couriers Register:** In cases when BEFTN is not possible or Clients demand for getting Cheque on their hand but the client lives outside of Dhaka, LOPD sends the Cheque to the respective branch through courier. Every day at last working hour the courier is being taken. It takes usually one working day to reach the courier to other branches. The couriers register records the information of Client's Account No., Branch, Particular, Cheque no, Amount and Signature of Receiver.
- **File Maintenance:** Another internal work is work is file maintenance. Every day on an average 25-30 works are done by LOPD. Mostly "Encashment" and "Lien Mark" works are important to be filed for preservation and scanning. Internal Control generally asks for these file to evaluate the performance. Original TRD instrument, original Customer Service Form (CS Form), Client statement and other relevant papers are contained to a particular file. After the works have been done on a particular request, officers create that file for further inspection and send them in an array to the Scanning Division.
- **MIS Update and Report:** Management Information System (MIS) update is a daily work at the last hour of a day. In the Back Office Server a common MIS Excel file is preserved for LOPD. This MS Excel file is a softcopy of Daily work Register. I just had to put the Client Account No. so that the Client Information appeared to a formatted cell automatically. The work sheet was designed by VLOOK UP function and Pick Up from Scroll. That is why information entry is so easy to daily MIS and reliable as well. From that daily MIS, it was easy to sorted out which work had been done how many times. This sorted out analysis went to the authority every month for making decisions.

- **Others:** Besides that major works I had to do some relevant other works. Deposit slip writing was one of them. When any Cheque needs to deposit to a bank, deposit slip of that bank get attached with the Cheque. Another work was to receive the daily courier from reception. Original copy of TDRs, CS Forms are sent by different branches. LOPD complete the work by getting softcopy from other branches. But the original copy is needed for File Maintenance and Scanning purposes. I had to receive those original copies. Moreover, within the first seven days of a month every division needs to send their stationary requisition to relevant department and collect the stationary for the month. I was assigned to reckon the materials we need, send the requisition and collect them in order. Furthermore, I got the responsibilities to update CIF to the file. Based on the authorities decision CIF should be given with every file. To do the job I got the permission to access the Bank Ultimass and in accordance of Customer Account no. I updated the CIF with each files. Another of my job was to take receiving of the files I gave to the scanning division. I got experiences not only doing my usual tasks, helping and observing other jobs assist me to understand how a NBFBI functions.

2.3) Critical Observations

LankaBangla Finance Limited is an established and well organized company. In spite of being established, there has always a way to be better. During my internship tenure, I observed some aspects where there has chances to be more efficient. Such pitfalls are as follow-

- First of all, I have noticed that LOPD in LankaBangla Finance is quiet centralized to the head office. Officers of other branches send request for customer services to head office. LOPD has no direct interaction with customers. I have noticed several times that branch officers misinterpret the client's demand that leads to a wrong service done by LOPD. After that, based on the client's complain LOPD have to do the work again. Such occurrences are total wastage of resources.
- Secondly, there has shortage of human resources in LOPD. During my internship period, there were only five members in this team. The manager is assigned to do the authorization and other four officers have to meet the demand of customers coming from

all corners of Bangladesh. If one of the officers gets sick or takes necessary leave, the pressure grows up on the other team members.

- Thirdly, to create daily MIS, LOPD have to go through the “Daily Work Register” again. Thus, redundancy of work increases. Moreover, if a work does not record to “Daily Work Register” or recorded incorrectly, it will impact the MIS and further to the work report for sure.
- Another problem that I have noticed is taking the “Reference Number”. Reference numbers are taken by several divisions who have to send ingoing or outgoing letters. There are two types of reference number. One for ingoing documents and another for outgoing letters. The registers are kept in a certain place. That is why, everyone have to leave their desk at the time of work to take the reference number. It creates an extra burden to all.
- Moreover, LOPD needs to scan some papers to send to their corporate clients. In those cases whether they have to go to scanning division or need to search for another scanner. Same type of problem is being faced in term of printer. There has common printer which sometimes gets jam because of jolted of command and everyone has to suffer. LOPD have to print a huge number of „Letter Head” pages which is important sometime get waste because of common printer.
- Furthermore, everyday someone of LOPD have to go to the reception to check out whether any courier from other branches has come yet or not. The matter of fact that, the very same courier service comes to LOPD to receive courier for other branches. So checking out to reception is an interruption of work.

2.4) Recommendations:

To mitigate the problem that has been described above, LBFL can take the following initiatives:

- At the very beginning, LOPD need to decentralize. Every day on an average 25-30 customer requests come to LOPD. If within every branch there has a LOPD, the pressure of work will be reduced. LOPD will be more efficient because it will get the opportunity to contract with customers directly. Thus, the chances of mistakes will be reduced as well.
- Secondly, human resources need to be increase in LOPD. To meet the customer demand in time more human resources is needed.
- Thirdly, to eradicate the work redundancy, LOPD should use the real time server in which there will be a register useable by only term members of LOPD. When one member get request or authorized to do a work, he / she will put an entry to that server register. Thus, a register will be built automatically without redundancy.
- LOPD should have at least one scanner and one printer of its own. It will reduce the collision with other department and resources like “Letter Head” will not be wasted.
- As courier come to the LOPD department to receive courier, the instruction would be given that any particulars for LOPD should be handed over to them directly will make things straight. Thus the unwanted work interruption can also be solved.

Chapter-3

Project Work

Efficiency Evaluation and Comparison between Non-Banking Financial Institutions and Commercial Banks of Bangladesh

3.1) Summary

Banks and Non-Banking Financial Institutions (NBFIs) are two important elements of a financial system. A bank is mainly a depository institution that means its main work is to lend and borrow money. Besides lending and borrowing money, banks are also involved in some other related works. Whether, NBFIs are working on leasing, investing, hedging, risk pooling, market brokering and so on. This report is intended to compare the performance of Commercial Banks and NBFIs of Bangladesh. According to do so, some ratios are being analyzed. Based on the comparison of those ratios, efficiency that means the ability to utilize the assets, loan control, generating revenues and overall economic progress of the organizations and in total the efficiency of a sector can be assessed. In this report some commercial banks and NBFIs are chosen randomly as samples of the banking sectors and NBFIs of Bangladesh. The cumulative result of the performance of banks and NBFIs are compared later. Thus, the performance of banking sector NBFIs can be compared. Based on the comparison; strengths, weaknesses and potentiality of each sector can be evaluated.

3.2) Description of the Project

First of all, to complete this project some samples are being taken from each of Commercial Banks and NBFIs. The representatives of commercial banks are - AB Bank Ltd., The City Bank Ltd. and BRAC Bank Ltd. On the other hand; LankaBangla Finance Ltd., Prime Finance and Investment Ltd. and IDLC Finance Ltd. are taken as samples from NBFIs. This project is intended to assess the internal performance that is why some financial ratios are being used as tools to measure the performances. Only those financial ratios are chosen which will be free of unit or monetary values so that it can be comparable. Thus, the problem like the organizational size or adequacy of resources of different organizations can be eradicated. The ratios are as follow-

1. Current Ratio
2. Debt to Equity
3. Net asset value (NAV) per Share
4. Earnings per Share (EPS)
5. Price Earning (P/E) Ratio
6. Return on Equity (ROE)

7. Return on Assets (ROA)
8. Return on Investment (ROI)
9. Total Asset Turnover (TAT) Ratio
10. Non-Performing Loan (NPL)

Secondly, the results of these ratios are being sorted for commercial banks and NBFIs". Thus, 30 ratios for 3 commercial banks and 30 ratios for other 3 NBFIs" are comprised for average purposes. The average of ratio of NBFIs" and the average of ratio of Commercial banks are prepared for comparability.

Finally, the average of each ratio for commercial Banks and NBFIs" can be compare through tables and graphs. Thus, the efficiency and performance can compare.

3.3) Objective of the Project

The main objective of this project is to identify which sector of financial institutions is more efficient and has a better performance in Bangladesh. Both the commercial banks and non-banking financial institutions are involved in offering various types account for customers and large investment. In these circumstances, identifying the sector with more efficiency and better potentiality is the core object of the project.

Banking sector has a long history in Bangladesh even for the beginning. But Non-Banking Financial Institutions are far more new to common people to experience. NBFIs" are not even that much recognized to individual customers except large organization as customers. So investing or saving with NBFIs" is new experiences to common people. But the present condition of the banking sector in Bangladesh is quiet alarming. Moreover, expertise knowledge of NBFIs" to control investment is better than banks. Furthermore, the managerial transparency of banking sector in Bangladesh is in question now. However, in such condition Commercial Banks are trying to improve their service and overall management. On the other hand, the size of the market and resources of NBFIs" are quite less in compare with banks. According to the whole situation finding out which financial sector may serve better to common people is another objective of the report.

3.4) Methodology

In this report descriptive analysis and quantitative approach has been taken. This report is based on secondary data. All the quantitative information is taken from the respective organizational website and annual reports. In this report 6 companies' financial data has been used. The organizations are as follow –

1. LankaBangla Finance Limited
2. Prime Finance and Investment Limited
3. IDLC Finance Limited
4. AB Bank Limited
5. The City Bank Limited
6. BRAC Bank Limited

Based on the financial statements and highlights the quantitative parts are done. Financial ratios are the major financial tools that is used all though the research. Trend analysis, graph and chart are being done in Microsoft Excel. For the help of descriptive analysis the books are used is also secondary source in nature.

3.5) Limitations : The major drawbacks of the reports are as follow –

- All the quantitative information is secondary in nature that has been provide by the organization themselves. So one have to wholly trust on the organizational data. Any manipulation of internal data can make the whole research derailed.
- The whole research is based on quantitative approach. Any qualitative approaches are being ignored. Because no primary access are available. Qualitative units are like organizational structure, managerial control, organizational resources etc.
- The representatives of banking sector are not quite unanimous representative. Because only Commercial Banks are taken as sample. Government and specialized banks are cut out of the arena because of their incompetency.
- Finally, average is being used in trend analysis. Though average is a good representative of all information but sometimes it may be affected by extreme data. Weighted Average Method is not use because it makes the calculation lengthy and difficult to understand in certain areas.

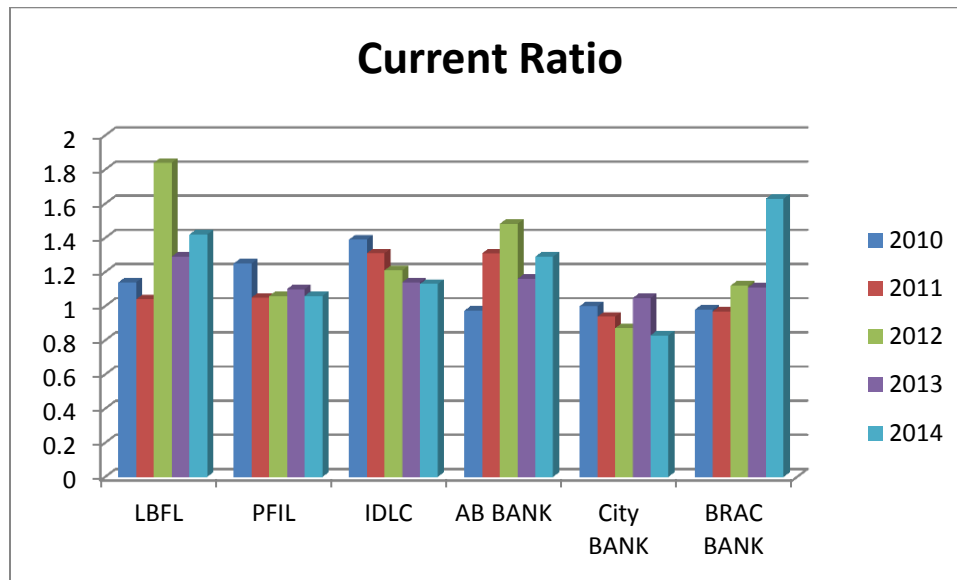
Chapter-4

Performances of Non-banking Financial Institutions (NBFIs') and Commercial Banks based on Financial Ratios

4.1) Current Ratio

Current ratios of all 6 organizations are given below as chart and graph.

Current Ratio					
	2010	2011	2012	2013	2014
LBFL	1.14	1.04	1.84	1.29	1.42
PFIL	1.25	1.05	1.06	1.1	1.06
IDLC	1.39	1.31	1.21	1.14	1.13
AB BANK	0.97	1.31	1.48	1.16	1.29
City BANK	1.00	0.94	0.87	1.05	0.829
BRAC BANK	0.98	0.97	1.12	1.11	1.63

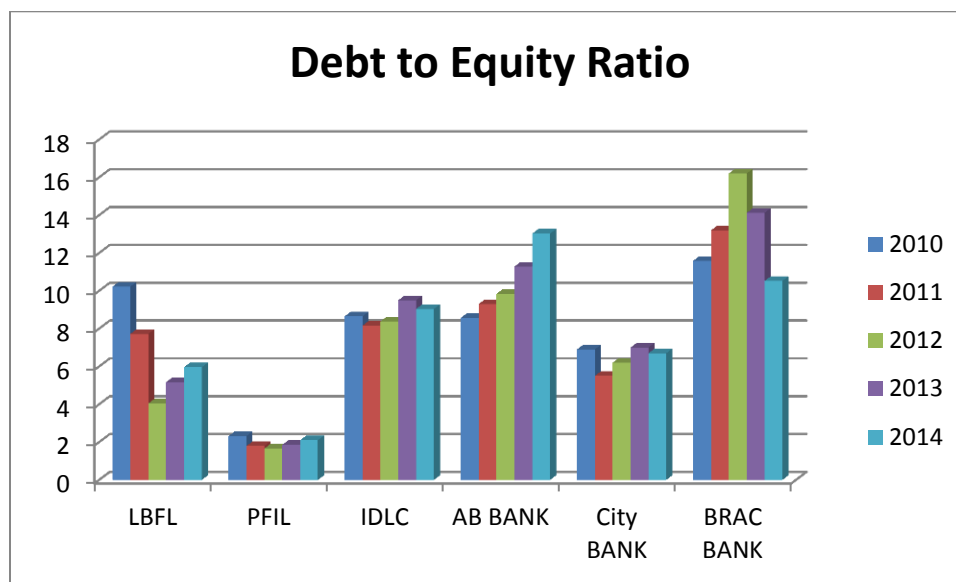


Graph above is showing the position of current ratio of respective organization of different years. Graph is showing that on an average LankaBangla Finance Limited is maintaining more current ratio than other organization. The overall range of current ratios of the organizations is from .83 to 1.8.

4.2) Debt to Equity Ratio

All the amounts and graphs of Debt to Equity ratio of respective organizations are given below –

Debt to Equity Ratio					
	2010	2011	2012	2013	2014
LBFL	10.22	7.72	4.04	5.17	5.96
PFIL	2.32	1.79	1.66	1.85	2.1
IDLC	8.65	8.16	8.38	9.5	9.04
AB BANK	8.57	9.30	9.84	11.28	13.03
City BANK	6.9	5.5	6.2	7	6.7
BRAC BANK	11.59	13.20	16.21	14.12	10.52

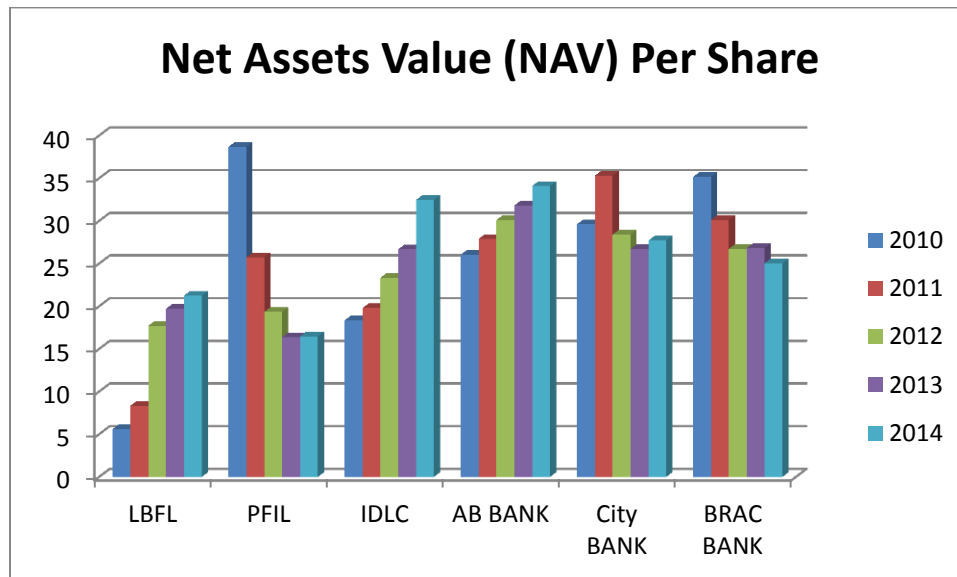


Debt to Equity ratio shows the capital structure of an organization. Based on the above graph it is certain that BRAC Bank has a higher debt financing tendency than other 5 organizations. On the other hand Prime Finance limited shows the lowest level of debt financing and focusing on equity financing more.

4.3) Net Asset value Per Share

NAV per share of 6 organizations are provided in chart and graph below –

Net Asset Value Per Share					
	2010	2011	2012	2013	2014
LBFL	5.59	8.34	17.7	19.72	21.24
PFIL	38.69	25.74	19.34	16.38	16.47
IDLC	18.35	19.79	23.34	26.67	32.46
AB BANK	26.04	27.89	30.11	31.81	34.1
City BANK	29.6	35.3	28.4	26.7	27.7
BRAC BANK	35.16	30.12	26.72	26.81	25.03

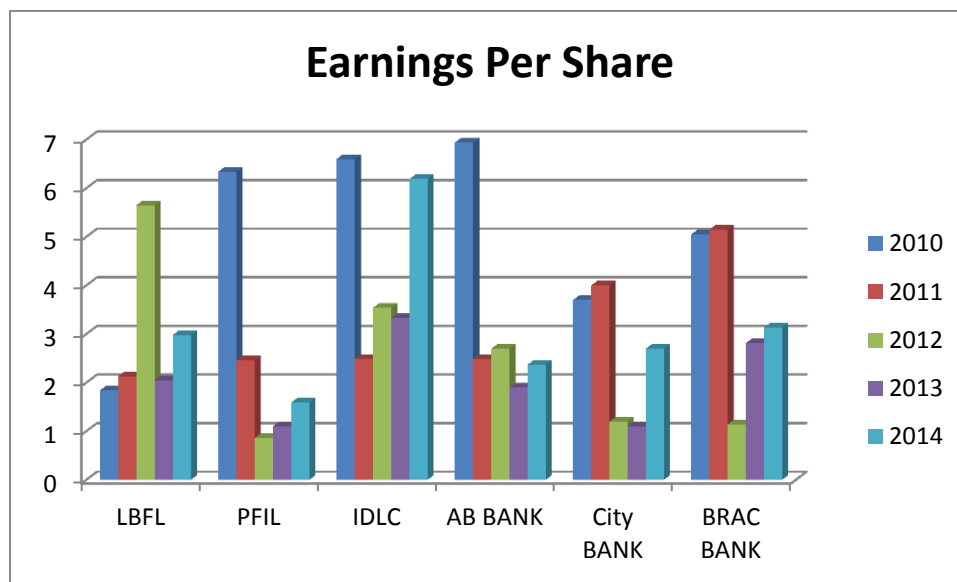


From the information above it is seen that on an average the NAV of The City Bank Limited is better than other organizations. However, NAV of Prime Finance and Investment Limited was highest in the year 2010.

4.4) Earnings Per Share

All the calculation and graphs are given below –

Earnings Per Share					
	2010	2011	2012	2013	2014
LBFL	1.84	2.13	5.65	2.05	2.98
PFIL	6.34	2.46	0.86	1.1	1.59
IDLC	6.6	2.49	3.54	3.33	6.19
AB BANK	6.94	2.49	2.7	1.9	2.37
City BANK	3.7	4	1.2	1.1	2.7
BRAC BANK	5.05	5.15	1.14	2.81	3.13

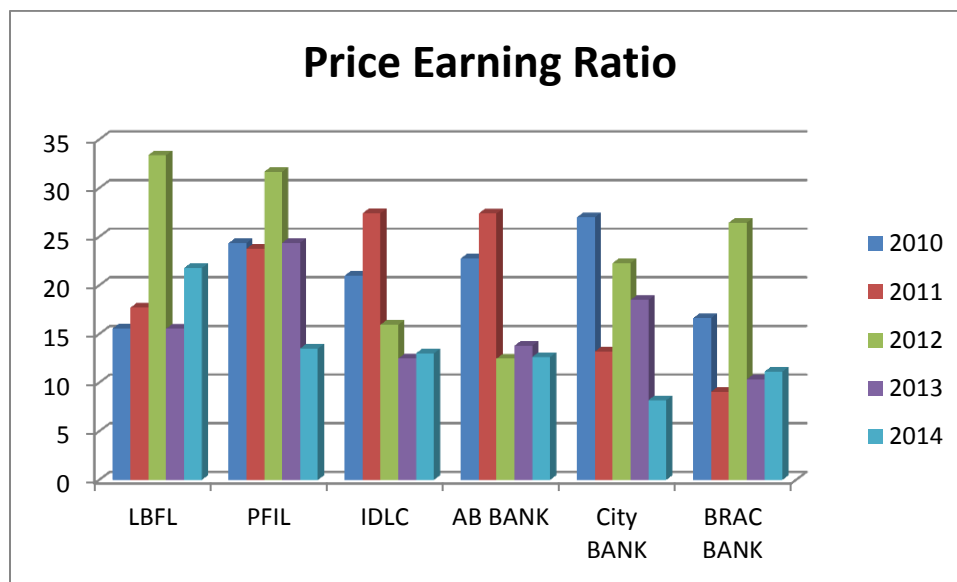


The data above is showing many ups and downs in term EPS of the organizations in the following tenures. Among the high EPS, AB bank had the highest EPS in 2010. On an average, IDLC finance has the higher EPS than others.

4.5) Price Earning Ratio

Information of P/E ratio is as following –

Price Earning Ratio					
	2010	2011	2012	2013	2014
LBFL	15.56	17.71	33.39	15.54	21.78
PFIL	24.35	23.77	31.69	24.37	13.5
IDLC	21.01	27.41	15.95	12.48	13.02
AB BANK	22.77	27.39	12.47	13.8	12.64
City BANK	27	13.2	22.3	18.5	8.2
BRAC BANK	16.63	9.05	26.46	10.34	11.14

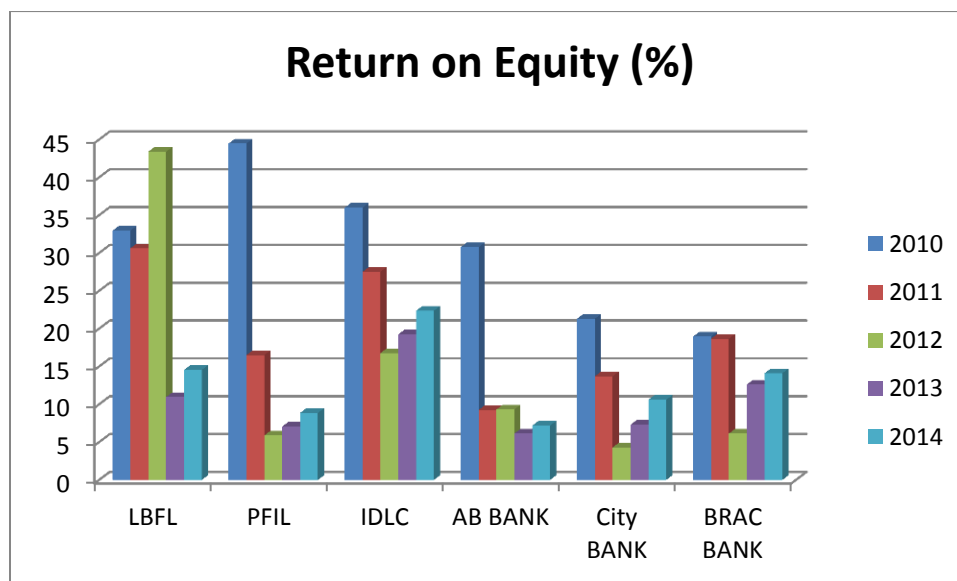


Based on the above information it is seen that in 2012 LankaBangla Finance had the highest P/E ratio. But again, on an average IDLC finance has better P/E ratio than other. On the contrary, BRAC Bank has the lower P/E ratio on an average.

4.6) Return on Equity

The chart and graph of ROE of reported organizations are given below –

Return on Equity					
	2010	2011	2012	2013	2014
LBFL	32.95	30.62	43.39	10.95	14.54
PFIL	44.47	16.5	5.88	7.06	8.85
IDLC	35.99	27.51	16.76	19.24	22.37
AB BANK	30.77	9.25	9.31	6.13	7.18
City BANK	21.3	13.7	4.3	7.3	10.6
BRAC BANK	18.95	18.66	6.13	12.6	14.11

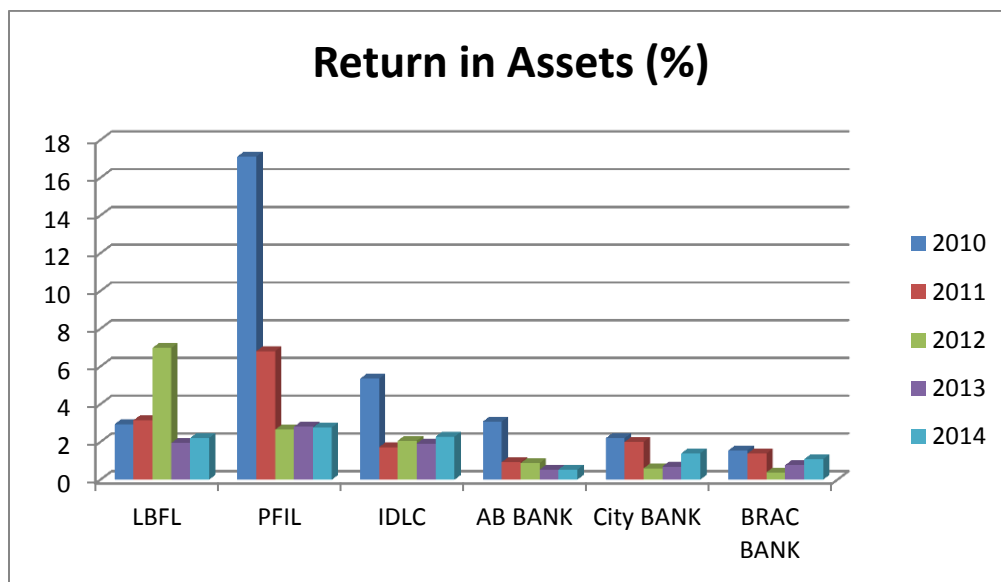


From the above graph it is clear that consecutively 3 years LankaBangla Finance had higher ROE than the other organizations whether Prime Finance Limited had the highest ROE in 2010. Another Significant thing is that NBFIs are looking to have a higher ROE than the ROE of Commercial Banks.

4.7) Return on Assets

All the calculation and graphs are given below –

Return on Assets					
	2010	2011	2012	2013	2014
LBFL	2.94	3.15	6.98	1.94	2.21
PFIL	17.12	6.81	2.65	2.81	2.77
IDLC	5.35	1.72	2.07	1.92	2.28
AB BANK	3.08	0.93	0.88	0.53	0.54
City BANK	2.2	2	0.6	0.7	1.4
BRAC BANK	1.56	1.39	0.39	0.78	1.09

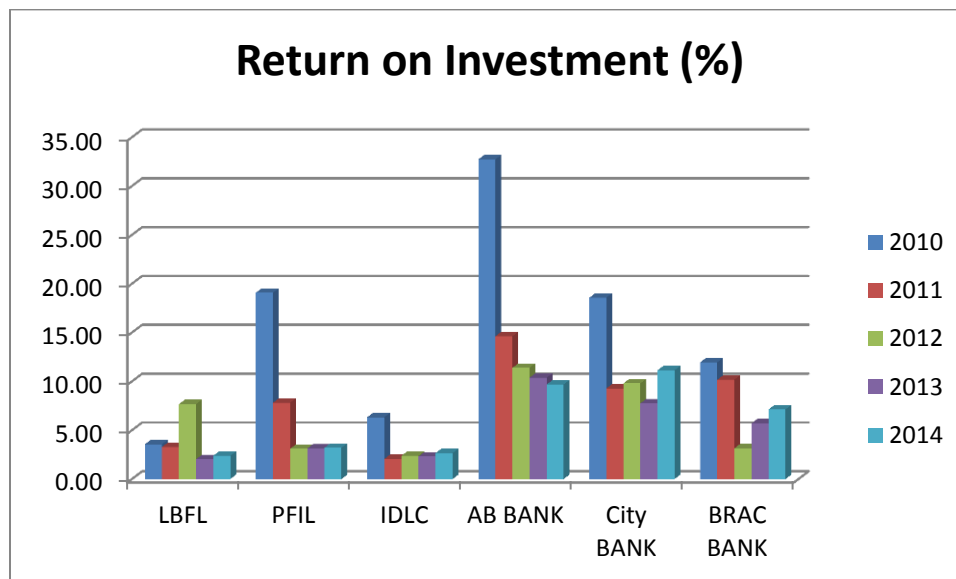


On an average Prime Finance Limited has the higher ROA than other organizations which is clear from the above graph. Based on the rule of thumb it is better to have a ROA over 5%. The most significant thing is that none of the organizations can achieve the level from 2012.

4.8) Return on Investment

ROI amounts are shown in chart and graph below –

Return on Investment (%)					
	2010	2011	2012	2013	2014
LBFL	3.55	3.28	7.67	2.03	2.38
PFIL	19.08	7.81	3.1	3.13	3.2
IDLC	6.32	2.05	2.38	2.31	2.66
AB BANK	32.72	14.62	11.39	10.37	9.68
City BANK	18.56	9.28	9.8	7.75	11.14
BRAC BANK	11.95	10.17	3.15	5.7	7.13

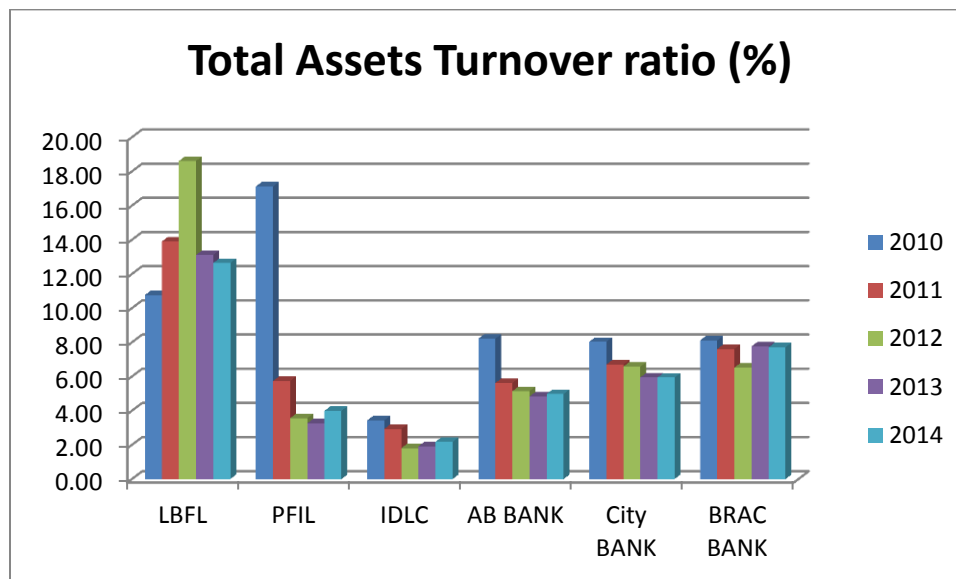


From the above graph, it is obvious that Commercial Banks have better ROI than NBFI's. Among the banks AB Banks has the highest ROI rate in 2010.

4.9) Total Assets Turnover Ratio

Chart and graph according to TAT is shown below –

Total Assets Turnover Ratio					
	2010	2011	2012	2013	2014
LBFL	10.76	13.90	18.61	13.11	12.64
PFIL	17.12	5.74	3.56	3.26	3.99
IDLC	3.43	2.93	1.81	1.92	2.18
AB BANK	8.21	5.62	5.14	4.83	4.98
City BANK	8.03	6.7	6.58	5.95	5.94
BRAC BANK	8.12	7.61	6.52	7.76	7.71

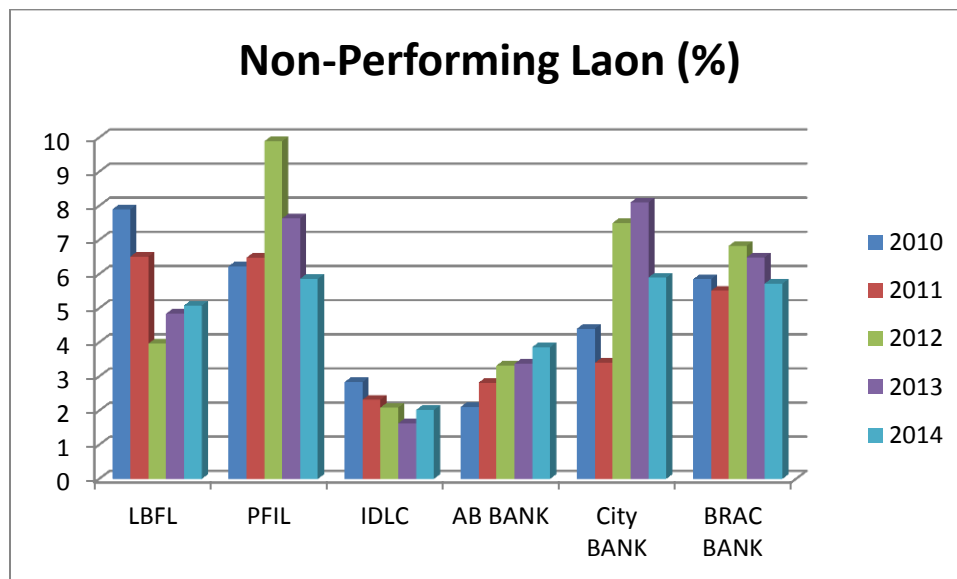


Analyzing the above graph it is certain that LankaBangla Finance has the highest TAT in 2012 and has the higher TAT comparing the other organizations. That means LBFL able to generate more sales revenue for assets than other organizations.

4.10) Non-Performing Loan

NPL ratio of NBFIs“ and Banks are provided below in form of chart and graph –

Non-Performing Loan (%)					
	2010	2011	2012	2013	2014
LBFL	7.9	6.51	3.96	4.84	5.08
PFIL	6.23	6.48	9.89	7.63	5.86
IDLC	2.84	2.32	2.09	1.63	2.02
AB BANK	2.11	2.82	3.32	3.37	3.86
City BANK	4.4	3.4	7.5	8.1	5.9
BRAC BANK	5.85	5.51	6.83	6.49	5.72



Among the reported organizations, IDLC has the lowest and most stable NPL ratio. The lower the NPL ratio, the better the situation for the organization is. It should be mention that banks usually shows unclassified loan rather than their original NPL ratio in their annual report.

Chapter-5

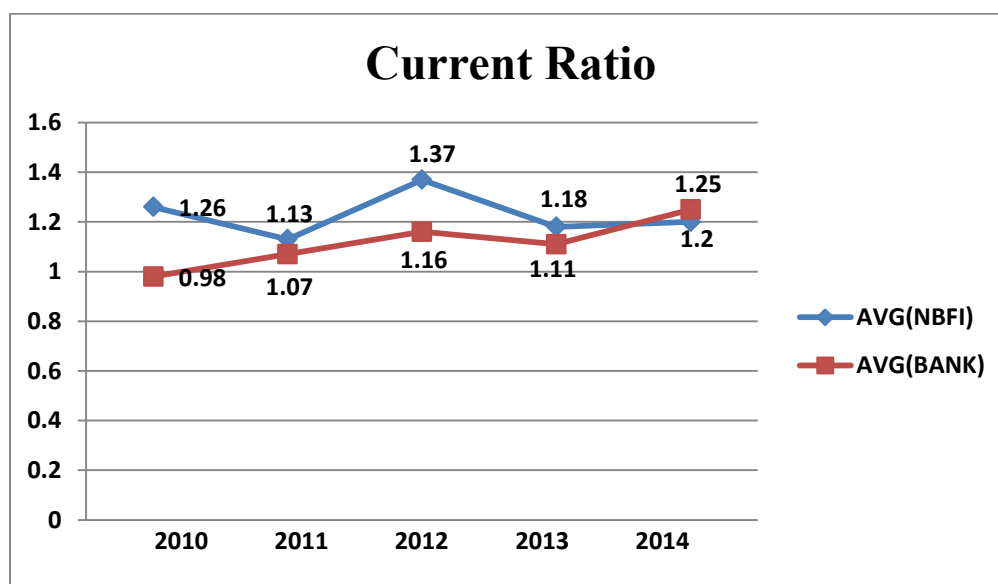
*Comparison between the Performances of Non-banking
Financial Institutions (NBFIs') and Commercial Banks*

5.1) Current Ratio

All the calculations and procedures to calculate the average current ratio for the samples of Non-Banking Financial Institutions and Commercial Banks are given below –

Current Ratio								
Year	LBFL	PFIL	IDLC	AVG(NBFI)	AB BANK	CITY BANK	BRAC BANK	AVG(BANK)
2010	1.14	1.25	1.39	1.26	0.97	1.00	0.98	0.98
2011	1.04	1.05	1.31	1.13	1.31	0.94	0.97	1.07
2012	1.84	1.06	1.21	1.37	1.48	0.87	1.12	1.16
2013	1.29	1.1	1.14	1.18	1.16	1.05	1.11	1.11
2014	1.42	1.06	1.13	1.20	1.29	0.829	1.63	1.25

Year	2010	2011	2012	2013	2014
AVG(NBFI)	1.26	1.13	1.37	1.18	1.2
AVG(BANK)	0.98	1.07	1.16	1.11	1.25



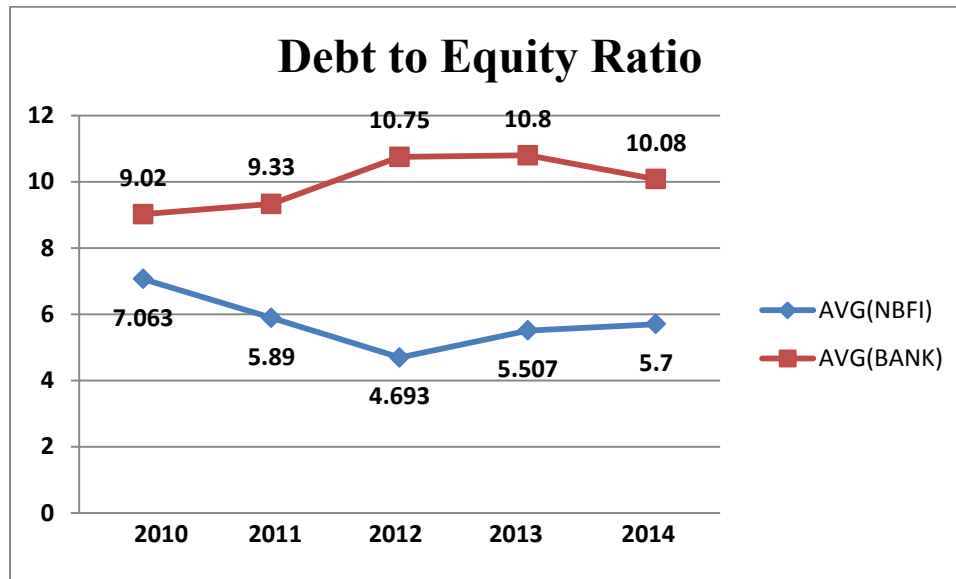
From the above calculation and graph it is seen that on an average NBFIs are higher in current ratio than Commercial Banks. That means NBFIs are more capable to mitigate their current liabilities with their current assets.

5.2) Debt to Equity ratio

All the calculations and procedures to calculate the average debt to equity ratio for the samples of Non-Banking Financial Institutions and Commercial Banks are given below –

Debt to Equity Ratio								
Year	LBFL	PFIL	IDLC	AVG(NBFI)	AB BANK	CITY BANK	BRAC BANK	AVG(BANK)
2010	10.22	2.32	8.65	7.063	8.57	6.9	11.59	9.02
2011	7.72	1.79	8.16	5.890	9.30	5.5	13.20	9.33
2012	4.04	1.66	8.38	4.693	9.84	6.2	16.21	10.75
2013	5.17	1.85	9.5	5.507	11.28	7	14.12	10.80
2014	5.96	2.1	9.04	5.700	13.03	6.7	10.52	10.08

Year	2010	2011	2012	2013	2014
AVG(NBFI)	7.063	5.89	4.693	5.507	5.7
AVG(BANK)	9.02	9.33	10.75	10.8	10.08



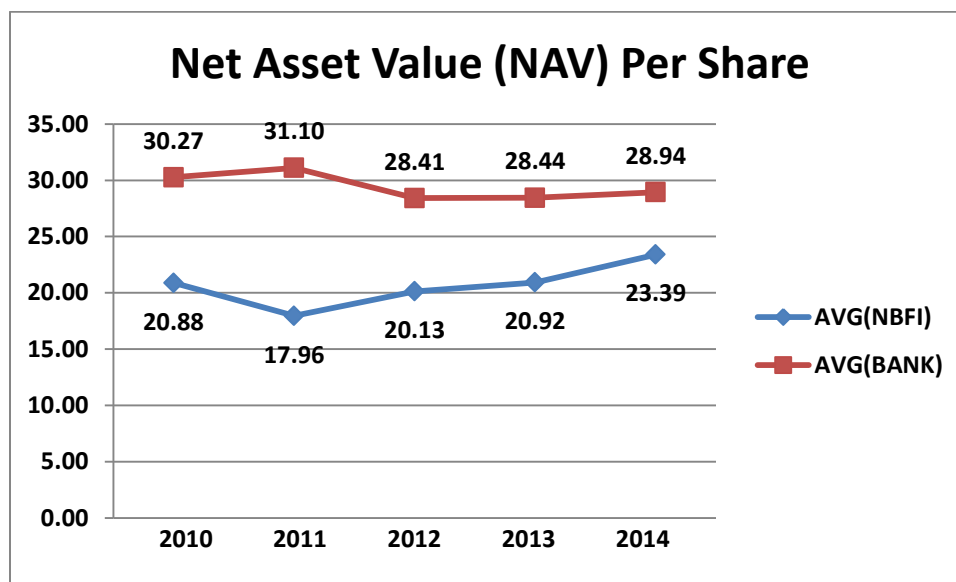
In term of debt to equity ratio commercial banks prefer more debt financing to reduce the cost of capital. On the other hand, NBFIs“ prefer equity based financing to maintain a balance capital structure.

5.3) Net Asset Value (NAV) per share

All the calculations and procedures to calculate the average NAV per share for the samples of Non-Banking Financial Institutions and Commercial Banks are given below –

Net Asset Value(NAV) Per Share								
Year	LBFL	PFIL	IDLC	AVG(NBFI)	AB BANK	CITY BANK	BRAC BANK	AVG(BANK)
2010	5.59	38.69	18.35	20.88	26.04	29.6	35.16	30.27
2011	8.34	25.74	19.79	17.96	27.89	35.3	30.12	31.10
2012	17.7	19.34	23.34	20.13	30.11	28.4	26.72	28.41
2013	19.72	16.38	26.67	20.92	31.81	26.7	26.81	28.44
2014	21.24	16.47	32.46	23.39	34.1	27.7	25.03	28.94

Year	2010	2011	2012	2013	2014
AVG(NBFI)	20.88	17.96	20.13	20.92	23.39
AVG(BANK)	30.27	31.10	28.41	28.44	28.94



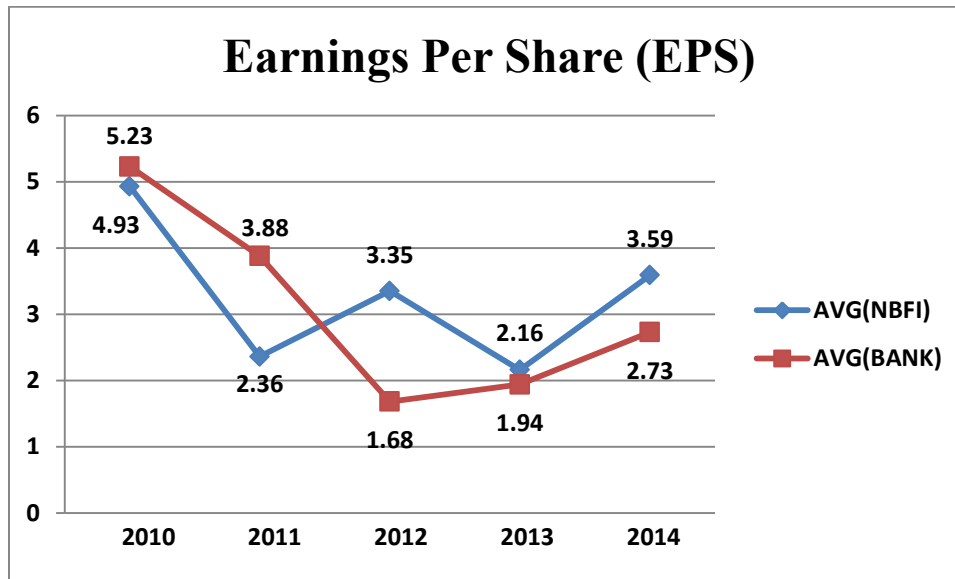
From the chart and data above it is clear that average NAV of Commercial Banks is higher than the average NAV of NBFIs. But another significant thing is that the growth potentiality of average NAV of NBFIs is higher than the average NAV of Commercial Banks.

5.4) Earnings Per Share (EPS)

All the calculations and procedures to calculate the average EPS for the samples of Non-Banking Financial Institutions and Commercial Banks are given below –

Earnings Per Share								
Year	LBFL	PFIL	IDLC	AVG(NBFI)	AB BANK	CITY BANK	BRAC BANK	AVG(BANK)
2010	1.84	6.34	6.6	4.93	6.94	3.7	5.05	5.23
2011	2.13	2.46	2.49	2.36	2.49	4	5.15	3.88
2012	5.65	0.86	3.54	3.35	2.7	1.2	1.14	1.68
2013	2.05	1.1	3.33	2.16	1.9	1.1	2.81	1.94
2014	2.98	1.59	6.19	3.59	2.37	2.7	3.13	2.73

Year	2010	2011	2012	2013	2014
AVG(NBFI)	4.93	2.36	3.35	2.16	3.59
AVG(BANK)	5.23	3.88	1.68	1.94	2.73



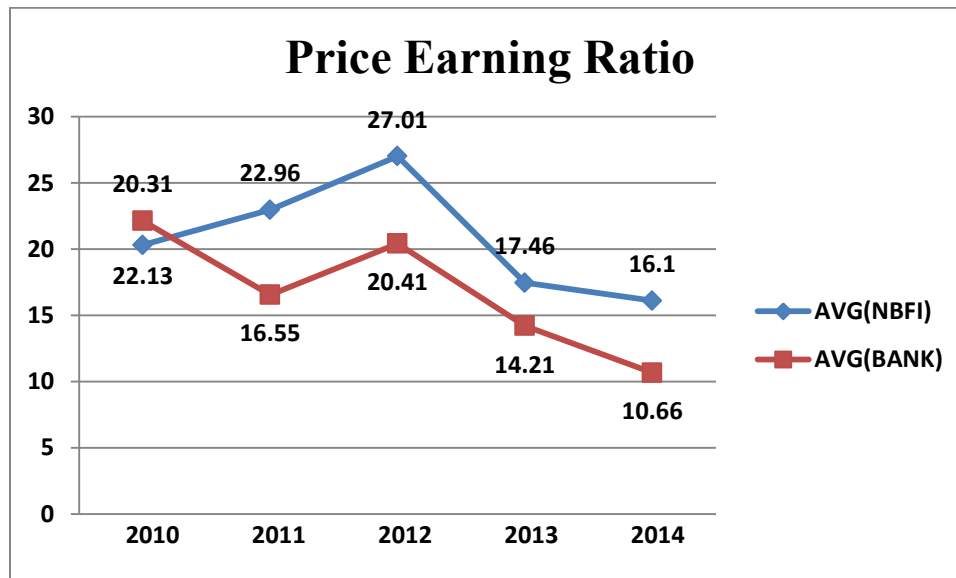
The graph above shows some intersection in between the average EPS of NBFIs” and Commercial Banks. At the beginning average EPS of Commercial Banks was a bit higher than the average EPS of NBFIs”. But from 2013 average EPS of NBFIs” got higher position over Commercial Bank”s average EPS.

5.5) Price Earning (P/E) Ratio

All the calculations and procedures to calculate the average P/E ratio for the samples of Non-Banking Financial Institutions and Commercial Banks are given below –

Price Earning Ratio								
Year	LBFL	PFIL	IDLC	AVG(NBFI)	AB BANK	CITY BANK	BRAC BANK	AVG(BANK)
2010	15.56	24.35	21.01	20.31	22.77	27	16.63	22.13
2011	17.71	23.77	27.41	22.96	27.39	13.2	9.05	16.55
2012	33.39	31.69	15.95	27.01	12.47	22.3	26.46	20.41
2013	15.54	24.37	12.48	17.46	13.8	18.5	10.34	14.21
2014	21.78	13.5	13.02	16.10	12.64	8.2	11.14	10.66

Year	2010	2011	2012	2013	2014
AVG(NBFI)	20.31	22.96	27.01	17.46	16.1
AVG(BANK)	22.13	16.55	20.41	14.21	10.66



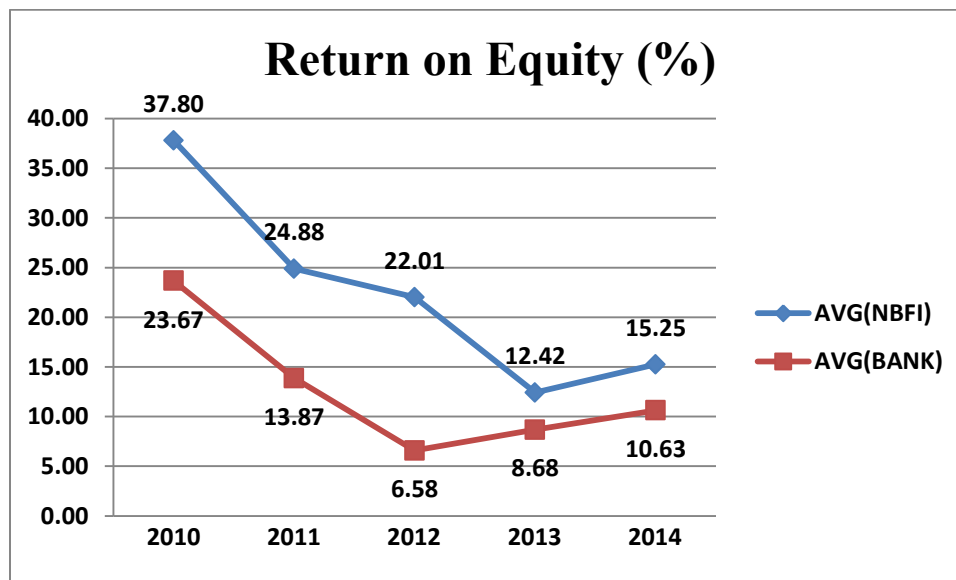
Based on the data and graph above it is clear that average P/E ratio of NBFIs is stronger than the average P/E ratio of Commercial Banks. It means that NBFIs can recover the shareholders capital outlay in the form of earnings more quickly than Commercial Banks.

5.6) Return on Equity (ROE)

All the calculations and procedures to calculate the average ROE for the samples of Non-Banking Financial Institutions and Commercial Banks are given below –

Return on Equity (%)								
Year	LBFL	PFIL	IDLC	AVG(NBFI)	AB BANK	CITY BANK	BRAC BANK	AVG(BANK)
2010	32.95	44.47	35.99	37.80	30.77	21.3	18.95	23.67
2011	30.62	16.5	27.51	24.88	9.25	13.7	18.66	13.87
2012	43.39	5.88	16.76	22.01	9.31	4.3	6.13	6.58
2013	10.95	7.06	19.24	12.42	6.13	7.3	12.6	8.68
2014	14.54	8.85	22.37	15.25	7.18	10.6	14.11	10.63

Year	2010	2011	2012	2013	2014
AVG(NBFI)	37.80	24.88	22.01	12.42	15.25
AVG(BANK)	23.67	13.87	6.58	8.68	10.63



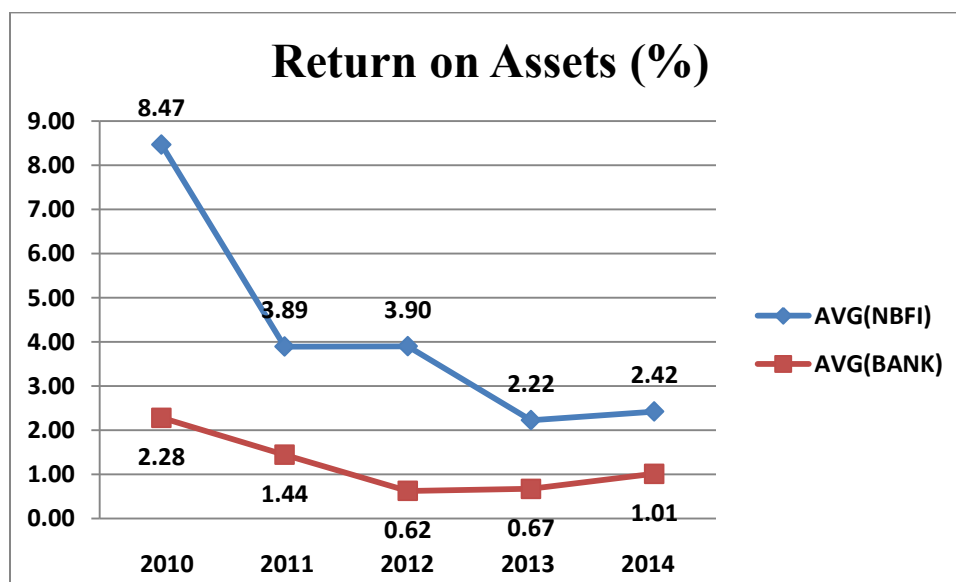
Though in between 2012 to 2013 all financial organizations suffered more or less, it is seen from the graph above that average ROE of NBFIs are better in position than the average ROE of Commercial Banks. Almost all the times it was over 15% that is the expected level.

5.7) Return on Assets (ROA)

All the calculations and procedures to calculate the average ROA for the samples of Non-Banking Financial Institutions and Commercial Banks are given below –

Return on Asset (%)								
Year	LBFL	PFIL	IDLC	AVG(NBFI)	AB BANK	CITY BANK	BRAC BANK	AVG(BANK)
2010	2.94	17.12	5.35	8.47	3.08	2.2	1.56	2.28
2011	3.15	6.81	1.72	3.89	0.93	2	1.39	1.44
2012	6.98	2.65	2.07	3.90	0.88	0.6	0.39	0.62
2013	1.94	2.81	1.92	2.22	0.53	0.7	0.78	0.67
2014	2.21	2.77	2.28	2.42	0.54	1.4	1.09	1.01

Year	2010	2011	2012	2013	2014
AVG(NBFI)	8.47	3.89	3.90	2.22	2.42
AVG(BANK)	2.28	1.44	0.62	0.67	1.01



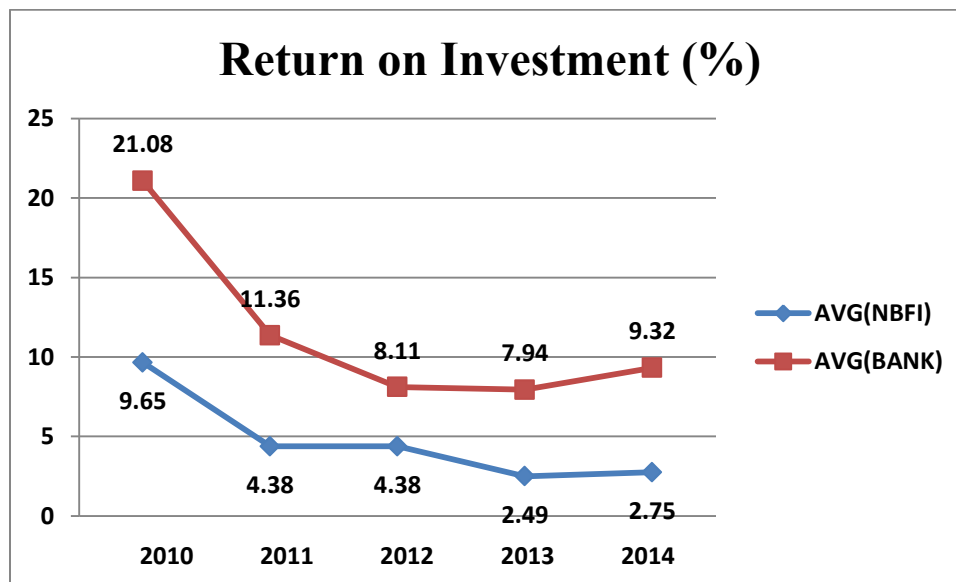
Even in the ROA comparison NBFIs“ is in a better position than Commercial Banks. From the information above it is clear that NBFIs“ are more efficient to generate revenues using their assets than Commercial Banks.

5.8) Return on Investment (ROI)

All the calculations and procedures to calculate the average ROI for the samples of Non-Banking Financial Institutions and Commercial Banks are given below –

Return on Investment (%)								
Year	LBFL	PFIL	IDLC	AVG(NBFI)	AB BANK	CITY BANK	BRAC BANK	AVG(BANK)
2010	3.55	19.08	6.32	9.65	32.72	18.56	11.95	21.08
2011	3.28	7.81	2.05	4.38	14.62	9.28	10.17	11.36
2012	7.67	3.1	2.38	4.38	11.39	9.8	3.15	8.11
2013	2.03	3.13	2.31	2.49	10.37	7.75	5.7	7.94
2014	2.38	3.2	2.66	2.75	9.68	11.14	7.13	9.32

Year	2010	2011	2012	2013	2014
AVG(NBFI)	9.65	4.38	4.38	2.49	2.75
AVG(BANK)	21.08	11.36	8.11	7.94	9.32



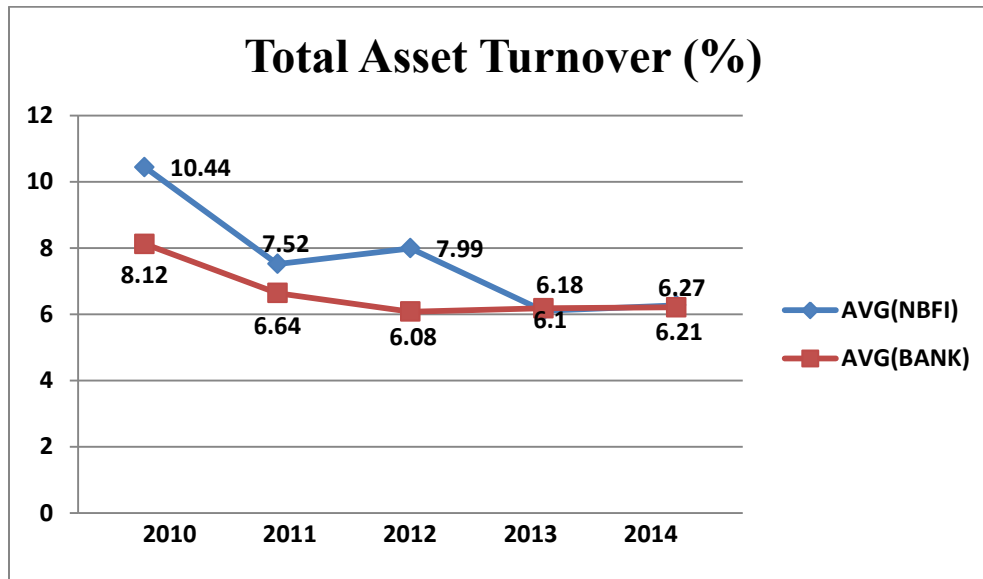
In general it is happened that ROI follows the same trend with ROE and ROA. However in this case, from the chart and graph above it is shown that average ROI of Commercial Banks are in better position than the average ROI of NBFI's. That means investors of Commercial Banks will gain quickly than the investors of NBFIs'.

5.9) Total Assets Turnover (TAT) Ratio

All the calculations and procedures to calculate the average TAT ratio for the samples of Non-Banking Financial Institutions and Commercial Banks are given below –

Total Assets Turnover (%)								
Year	LBFL	PFIL	IDLC	AVG(NBFI)	AB BANK	CITY BANK	BRAC BANK	AVG(BANK)
2010	10.76	17.12	3.43	10.44	8.21	8.03	8.12	8.12
2011	13.90	5.74	2.93	7.52	5.62	6.7	7.61	6.64
2012	18.61	3.56	1.81	7.99	5.14	6.58	6.52	6.08
2013	13.11	3.26	1.92	6.10	4.83	5.95	7.76	6.18
2014	12.64	3.99	2.18	6.27	4.98	5.94	7.71	6.21

Year	2010	2011	2012	2013	2014
AVG(NBFI)	10.44	7.52	7.99	6.1	6.27
AVG(BANK)	8.12	6.64	6.08	6.18	6.21



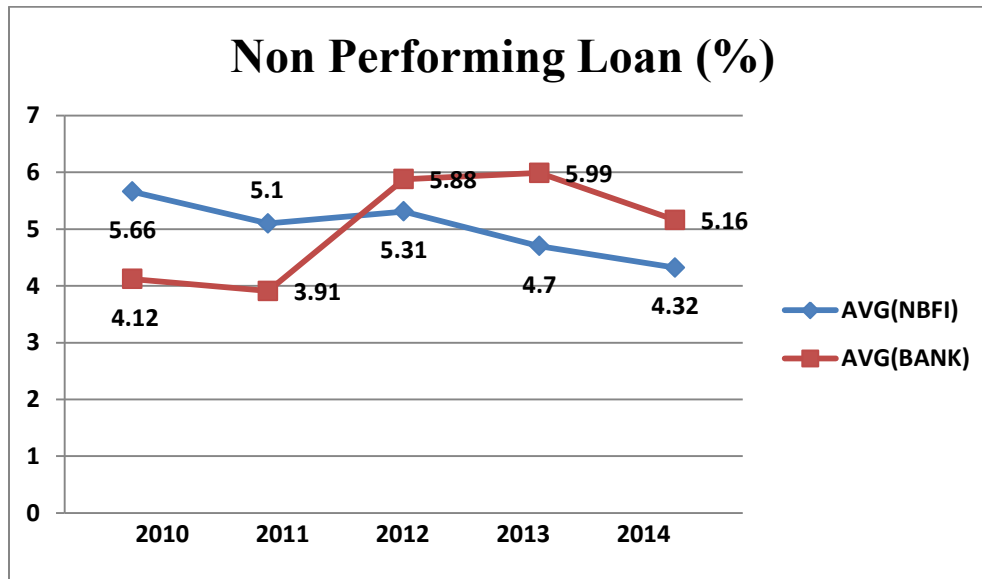
Based on the above information it is obvious that NBFI's had a better TAT ratio in the beginning. However coming to the last two years average TAT of NBFI's and Commercial Banks are become similar.

5.10) Non-Performing Loan (NPL)

All the calculations and procedures to calculate the average NPL for the samples of Non-Banking Financial Institutions and Commercial Banks are given below –

Non-Performing Loan (%)								
Year	LBFL	PFIL	IDLC	AVG(NBFI)	AB BANK	CITY BANK	BRAC BANK	AVG(BANK)
2010	7.9	6.23	2.84	5.66	2.11	4.4	5.85	4.12
2011	6.51	6.48	2.32	5.10	2.82	3.4	5.51	3.91
2012	3.96	9.89	2.09	5.31	3.32	7.5	6.83	5.88
2013	4.84	7.63	1.63	4.70	3.37	8.1	6.49	5.99
2014	5.08	5.86	2.02	4.32	3.86	5.9	5.72	5.16

Year	2010	2011	2012	2013	2014
AVG(NBFI)	5.66	5.1	5.31	4.7	4.32
AVG(BANK)	4.12	3.91	5.88	5.99	5.16



Sometimes it is hard to get the NPL of commercial Banks and have to use the classified loan instead. Moreover the original NPL of overall Banking sector is very high because of higher NPL ratio of Government and Specialized Banks. In such condition the samples of Commercial Banks are showing a moderate level of NPL ratio. However, coming to an end the average NPL ratio is lower for NBFI's than the average NPL ratio of Commercial Banks.

Conclusion

Comparing with the tenure of Commercial Banks, NBFIs have started their operations in Bangladesh later. But in the recent economic condition NBFIs are becoming an alternative of banks to lend and invest money. Based on the above calculation and graph it can be concluded that NBFIs show a better result in most of the ratios. Thus, it can be considered that the NBFIs are more efficient in controlling and managing resources.

Appendix

Highlights of the performance of Different Organizations¹

LankaBangla Finance Ltd.					
Financial Ratio	2010	2011	2012	2013	2014
Debt to Equity Ratio	10.22	7.72	4.04	5.17	5.96
Return on Equity (%)	32.95	30.62	43.39	10.95	14.54
Return on Assets (%)	2.94	3.15	6.98	1.94	2.21
Net Asset Value (NAV) Per Share	5.59	8.34	17.7	19.72	21.24
Earnings Per Share (EPS)	1.84	2.13	5.65	2.05	2.98
Price Earnings Ratio (Times)	15.56	17.71	33.39	15.54	21.78
NPL Ratio (%)	7.9	6.51	3.96	4.84	5.08
Current Ratio	1.14	1.04	1.84	1.29	1.42
Total Asset Turnover Ratio (%)	10.76	13.90	18.61	13.11	12.64
Return on Investment (%)	3.55	3.28	7.67	2.03	2.38

PRIME FINANCE LIMITED					
Financial Ratios	2010	2011	2012	2013	2014
Debt Equity Ratio	2.32	1.79	1.66	1.85	2.1
Return on Equity (%)	44.47	16.5	5.88	7.06	8.85
Return on Assets (%)	17.12	6.81	2.65	2.81	2.77
Net Asset Value (NAV) Per Share	38.69	25.74	19.34	16.38	16.47
Earnings Per Share (EPS)	6.34	2.46	0.86	1.1	1.59
Price Earnings Ratio	24.35	23.77	31.69	24.37	13.5
NPL Ratio (%)	6.23	6.48	9.89	7.63	5.86
Current Ratio	1.25	1.05	1.06	1.1	1.06
Total Asset Turnover Ratio (%)	17.12	5.74	3.56	3.26	3.99
Return on Investment (%)	19.08	7.81	3.1	3.13	3.2

¹ All the information are taken form the financial highlights of the respective organizations.

IDLC					
Financial Ratios	2010	2011	2012	2013	2014
Debt Equity Ratio	8.65	8.16	8.38	9.5	9.04
Return on Equity (%)	35.99	27.51	16.76	19.24	22.37
Return on Assets (%)	5.35	1.72	2.07	1.92	2.28
Net Asset Value (NAV) Per Share	18.35	19.79	23.34	26.67	32.46
Earnings Per Share (EPS)	6.6	2.49	3.54	3.33	6.19
Price Earnings Ratio (Times)	21.01	27.41	15.95	12.48	13.02
NPL Ratio(%)	2.84	2.32	2.09	1.63	2.02
Current Ratio	1.39	1.31	1.21	1.14	1.13
Total Asset Turnover Ratio (%)	3.43	2.93	1.81	1.92	2.18
Return on Investment (%)	6.32	2.05	2.38	2.31	2.66

AB BANK					
Financial Ratios	2010	2011	2012	2013	2014
Debt Equity Ratio	8.57	9.30	9.84	11.28	13.03
Return on Equity (%)	30.77	9.25	9.31	6.13	7.18
Return on Assets (%)	3.08	0.93	0.88	0.53	0.54
Net Asset Value (NAV) Per Share	26.04	27.89	30.11	31.81	34.1
Earnings Per Share (EPS)	6.94	2.49	2.7	1.9	2.37
Price Earnings Ratio (Times)	22.77	27.39	12.47	13.8	12.64
NPL Ratio(%)	2.11	2.82	3.32	3.37	3.86
Current Ratio	0.97	1.31	1.48	1.16	1.29
Total Asset Turnover Ratio (%)	8.21	5.62	5.14	4.83	4.98
Return on Investment (%)	32.72	14.62	11.39	10.37	9.68

City Bank					
Financial Ratios	2010	2011	2012	2013	2014
Debt Equity Ratio	6.9	5.5	6.2	7	6.7
Return on Equity (%)	21.3	13.7	4.3	7.3	10.6
Return on Assets (%)	2.2	2	0.6	0.7	1.4
Net Asset Value (NAV) Per Share	29.6	35.3	28.4	26.7	27.7
Earnings Per Share (EPS)	3.7	4	1.2	1.1	2.7
Price Earnings Ratio (Times)	27	13.2	22.3	18.5	8.2
NPL Ratio (%)	4.4	3.4	7.5	8.1	5.9
Current Ratio	1.00	0.94	0.87	1.05	0.829
Total Asset Turnover Ratio (%)	8.03	6.7	6.58	5.95	5.94
Return on Investment (%)	18.56	9.28	9.8	7.75	11.14

BRAC Bank					
Financial Ratios	2010	2011	2012	2013	2014
Debt Equity Ratio (Times)	11.59	13.20	16.21	14.12	10.52
Return on Equity (%)	18.95	18.66	6.13	12.6	14.11
Return on Assets (%)	1.56	1.39	0.39	0.78	1.09
Net Asset Value (NAV) Per Share	35.16	30.12	26.72	26.81	25.03
Earnings Per Share (EPS)	5.05	5.15	1.14	2.81	3.13
Price Earnings Ratio (Times)	16.63	9.05	26.46	10.34	11.14
NPL Ratio(%)	5.85	5.51	6.83	6.49	5.72
Current Ratio	0.98	0.97	1.12	1.11	1.63
Total Asset Turnover Ratio (%)	8.12	7.61	6.52	7.76	7.71
Return on Investment (%)	11.95	10.17	3.15	5.7	7.13

Descition of Ratios

The description of the ratios which have used to in the report are give below –

1. Current Ratio: Current ratio measures that to what extent current assets can cover the current liabilities of an organization. Computation method is –

$$\text{Current Ratio} = \text{Total Current Assets} / \text{Total Current Liabilities}$$

The result of this ratio is better to be 1 to more than 1.

2. Debt to Equity Ratio: This ratio measures to which extent debt contributes to fund total assets comparing the contribution from equity. Computation method is –

$$\text{Debt to Equity Ratio} = \text{Total Debt} / \text{Total Equity}$$

It is better for an organization to have more equity than debt.

3. Net asset value (NAV) per Share: It simply expresses the book value of ordinary shares. Computation method is –

$$\text{NAV} = \text{Ordinary Shareholders' fund} / \text{The Number of Ordinary Shares in Issue}$$

The higher the NAV per share, the better it is for the organization.

4. Earnings per Share (EPS): EPS measures the share of current year's earnings attributable to an ordinary share in issue. Computation method is –

$$\text{EPS} = \text{Profit attributable to ordinary shareholders} / \text{the weighted average number of ordinary shares outstanding during the year}$$

The higher the EPS, the better it is for the organization.

5. Price Earning (P/E) Ratio: P/E ratio assesses how many years that would be taken to recover the shareholders' capital outlay in the form of earnings. Computation method is –

$$\text{P/E Ratio} = \text{Market price of a share} / \text{Earnings per Share (EPS)}$$

6. Return on Equity (ROE): ROE assesses the earning power on shareholders' book value of investment. Calculation method is –

$$\text{ROE} = \text{Annual Net Income} / \text{Average Shareholders' Equity}$$

Based on rule of thumb, ROE is better to be higher than 15%.

7. Return on Assets (ROA): ROA assesses how profitable a company's assets are in generating revenues. It is a good tool to compare the capital intensity of different companies of same industry. Calculation method is –

$$\text{ROA} = \text{Annual Net Income} / \text{Average Total Assets}$$

ROA higher than 5% is considered as acceptable in general.

8. Return on Investment (ROI): ROI indicates in percentage to which extent an investor can be benefited from an investment. Measurement method is –

$$\text{ROI} = (\text{Gain from Investment} - \text{Cost of Investment}) / \text{Cost of Investment}$$

The higher the ROI percentage, the better it is for the investors.

9. Total Asset Turnover (TAT) Ratio: TAT measures the company's ability to utilize the assets in generating sales revenue. Calculating method is –

$$\text{TAT} = \text{Net Sales Revenue} / \text{Average Total Assets}$$

Usually companies with low profit margin have high TAT and vice versa.

10. Non-Performing Loan (NPL): NPL measures the percentage of total gross non-performing portfolio against the total gross portfolio. Calculation method is –

$$\text{NPL} = \text{Total gross non-performing portfolio} / \text{total gross portfolio}$$

The lower the percentage of NPL, the better the efficiency for the organization is.

List of Abbreviations

1. NBFIs⁶⁶ : Non-Banking Financial Institutions
2. LBFL : LankaBangla Finance Limited
3. LOPD : Liability Operation Division
4. PFIL : Prime Finance and Investment Limited
5. ROE : Return on Equity
6. ROA : Return on Assets
7. ROI : Return on Investment
8. TAT : Total Assets Turnover
9. NPL : Non-Performing Loan
10. EPS : Earnings Per Share

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