Report On

"Evaluating the Financial Health and Performance of IPDC Finance PLC"

By
Adib Bin Ataur
Student ID: 20304065

An internship report submitted to the BRAC University in partial fulfillment of the requirements for the degree of Bachelor of Business Administration

BRAC Business School
BRAC University
December 31, 2024

Declaration

It is hereby declared that

1. The internship report submitted is my/our own original work while completing degree at Brac University.
2. The report does not contain material previously published or written by a third party, except where this is appropriately cited through full and accurate referencing.
3. The report does not contain material which has been accepted, or submitted, for any other degree or diploma at a university or other institution.
4. I/We have acknowledged all main sources of help.

Student's Full Name & Signature

Adib Bin Ataur
20304065

Supervisor's Full Name & Signature

Dr. Mohammad Enamul Hoque
Assistant Professor, BRAC Business School
BRAC University

Co- Supervisor's Full Name & Signature

Sayla Sowat Siddiqui, PhD
Assistant Professor, BRAC Business School
BRAC University

Letter of Transmittal

Dr. Mohammad Enamul Hoque
Assistant Professor
BRAC Business School
BRAC University
Merul Badda, Dhaka 1212.

Subject: Submission of internship report on **‘Evaluating the Financial Health and Performance of IPDC Finance PLC’**

Dear Sir,
As an important requirement for finishing my internship, I am writing this report on 'Application of the CAMELS rating approach to compare IPDC Finance Ltd.'s performance to one of its key competitors,’ which I am doing with a lot of pleasure. In addition to preparing IPDC Finance PLC CAMELS rating and comparing its performance to that of one of its primary competitors, IDLC Finance PLC & LankaBangla Financial PLC. I put a lot of effort into creating the report with the pertinent data for analysis. My workplace observations served as my motivation for this issue, allowing me to create the report based on first-hand knowledge.

I am optimistic that this report will fulfill all needs and standards.

Sincerely yours,
Adib Bin Ataur
Student ID: 20304065
BRAC Business School
BRAC University
Date: 31-12-2024

Non-Disclosure Agreement

I have a contract with "IPDC Finance Plc" as a BRAC University student that allows me to use and obtain any organizational data needed to complete my internship report, "Utilization of the CAMELS Rating Framework to compare IPDC Finance plc's performance to one of its main rivals."

My organizational line manager approved and guided the preparation of the data and information in this report about the non-bank organization. I want to sincerely thank you for giving me permission to use the information in my report preparation.

As part of the internship, a comprehensive report and presentation must be turned in by the IPDC Finance PLC supply chain finance intern. I was strongly urged not to use sensitive information by the organizational supervisor. Without a formal document that has been signed by both parties, this agreement cannot be modified.

Line manager's Full Name & Signature

____

Md Ismail Hossen
Senior Executive
Corporate Business, IPDC Finance PLC

Student's Full Name & Signature

____

Adib Bin Ataur

Address: BRAC University, Merul Badda, Dhaka 1212.

Description of the report: "**Evaluating the Financial Health and Performance of IPDC Finance PLC**"

Acknowledgement

I am incredibly grateful to Allah Almighty for giving me the abilities and determination to finish my report on time. My internship project succeeded because of the efforts of several people, without whose expert advice and recommendations it would have been nearly impossible to prepare the report. Without the assistance of everyone who helped me throughout my internship and gave me all the necessary information on the main operations and activities of IPDC Finance Limited, this report would not have been possible.

In addition to sharing her expertise, Dr. Mohammad Enamul Hoque, an assistant professor at BRAC University, has given me constant support, feedback and guidance throughout this internship. My co-supervisor, Sayla Sowat Siddiqui, PhD, an assistant professor at BRAC University, is also deserving of my gratitude for reviewing my report and making all the necessary modifications.

Additionally, I would like to express my gratitude to Md. Ismail Hossen, Senior Executive Corporate Business, IPDC Finance PLC, who has given me invaluable advice, enthusiasm, and insights throughout my tenure at IPDC. I would especially like to thank Sharmin Akter, Executive, Corporate Business Desk, IPDC Finance PLC, for letting me work on several projects that have helped me better understand the company.

For sharing his extensive knowledge and expertise on their management system, I am also very grateful to K. S. Taiseer Chowdhury, Assistant Senior Executive Talent Acquisition, HR Department, IPDC Finance Plc. I want to express my gratitude to IPDC Finance's entire Human Resources and Supply Chain Finance department for providing me with all the relevant details regarding the organization's many projects, marketing strategies, and strategic developments.

Finally, I would like to express my gratitude to my noble parents and the contributors to BRAC University for their constant faith in me and support, which has inspired and motivated me.

Executive Summary

The internship report has been prepared as part of BRAC University's BBA program. The goal of this study is to use the CAMEL rating to compare IPDC Finance Limited's performance to that of a close competitor. As well, the primary goal of the report is to instruct individuals on the financial performance of this non-banking financial institution in Bangladesh by contrasting it with two of its competitors.

Being one of the most respected and well-known non-banking financial organizations (NBFI) in Bangladesh, IPDC holds a special place in the nation's financial scene. They began their journey in 1981 and eventually founded Bangladesh's first financial organization. IPDC has advanced significantly over the last few years. The entire study will use CAMEL rating and performance comparisons with IDLC Finance PLC & LankaBangla Financial PLC. To illustrate how their financial performance transformed between 2019 and 2023, both before and during the COVID-19 crisis.

Also, a comprehensive overview of the internship program is given in the first chapter. In addition to a summary of the internship's actions, results, and conclusions gathered from the IPDC Finance PLC Supply Chain Finance Department, the introduction chapter includes the names and contact details of each internship supervisor.

This report's next section, which includes a comprehensive business description, presents the organizational overview. In addition to an industry and SWOT analysis, it includes IPDC Finance Ltd.'s key procedures and tactics.

The third component describes how the information is evaluated and understood. The evaluation and analysis of data is defined and depicted in a graph. This section included the review's findings, contribution and recommendation, study limitation, conclusion, and references, as well as an attempt to interpret IPDC Finance Limited's annual report's Financial Performance Analysis using CAMEL Rating.

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IPDC

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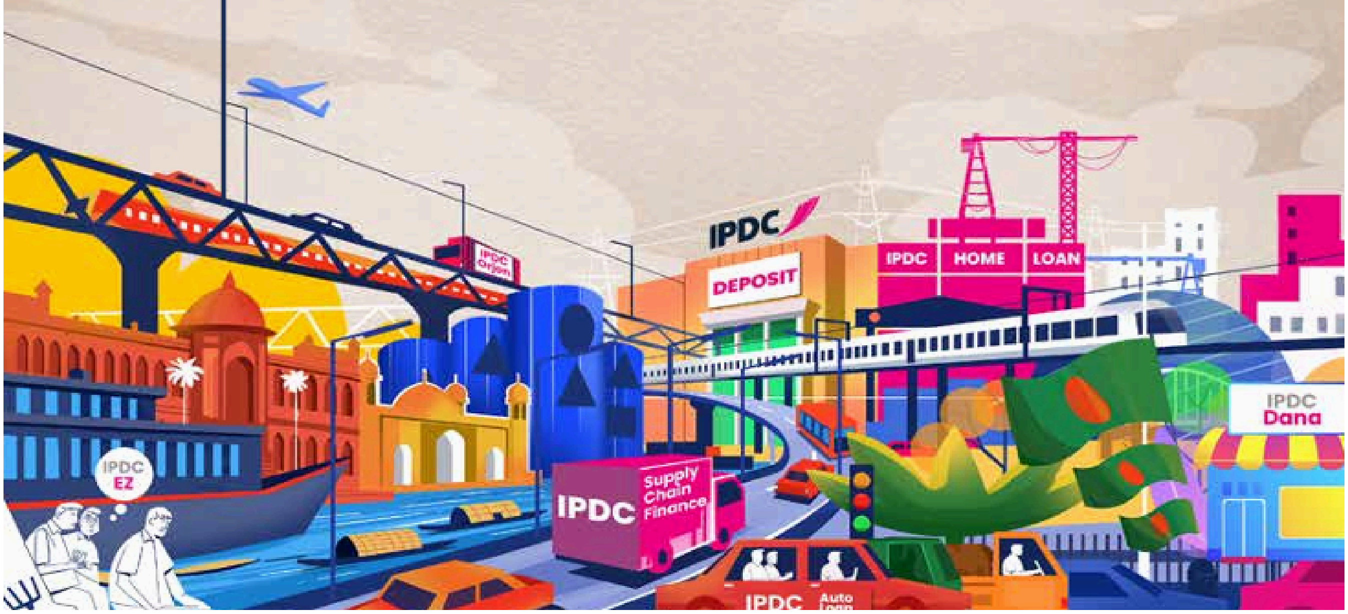
IPDC FINANCE

CREATING STORIES TRANSFORMING LIVES



Chapter 01: Overview of the Internship

1.1. Details about the Student

I am Adib bin Ataur and my ID no. is 20304065. I am studying in BRAC Business School in Bachelor of Business Administration (BBA) and did a major in Finance with a minor in Accounting.

1.2. Details of the Internship

1.2.1. Time frame, business, division, and address

Following my completion of the 12th semester of my BBA degree, I was given a three-month internship with IPDC Finance PLC. I started working at IPDC Finance PLC Corporate Head Office in Gulshan Avenue on October 6, 2024. Over the course of my internship, I was mostly tasked with the Supply Chain Finance PLC Department. The last day of my internship was January 6, 2024.

1.2.2. Details of the Internship Company Supervisor

My supervisor's name is Md Ismail Hossen. He is the Senior Executive at the Supply Chain Finance Department of IPDC Finance PLC Corporate head office, which is located at Gulshan Avenue, Dhaka-1212.

1.2.3. Job Description, Responsibilities, and Job Scope

Working with the Supply Chain Finance Department's DANA Team was a privilege and an opportunity I had while I was employed at IPDC Finance PLC. My tenure from October 6 to January 6. My working hours are from 10 Am to 6 pm every Sunday to Thursday. Helping the DANA team with their daily tasks was my primary duty as a student intern in DANA. My duties as an intern of IPDC Finance PLC included:

- ➢ I was appointed as an intern in charge of a continuing project on the Dana team that began in 2020. One of its primary goals is to combine the Bank Ultimus database and the supply chain finance management database into a single, integrated platform linking it with unnoti, its recently purchased cutting-edge core software, which will significantly cut down on waste time, reduce duplicate data entry, and boost productivity.

- ➢ Creating a Dashboard with Power Query.
- ➢ Participating in sessions on how to download CIB of clienteles
- ➢ NID verification and downloading CIB reports of potential clients.
- ➢ File status checking from the system (Unnoti) to know the file is approved or pending.
- ➢ If approved then enlist in excel or if it's pending enlist those in other excel & Verification calls also for checking the actual user & nominee.
- ➢ From filling up the retailers from the NID Informations & also doing the file scanning of those retailers.
- ➢ Find out the outlet codes which are missing in the forms. After finding out the outlet code, enlist in Excel and write down in the form also.
- ➢ Helping financial analysts in various tasks like cross-checking financial data, sort and organize Data.
- ➢ Lastly, merge those approved and pendings files in two different Excel and submit it to my line manager.

Sorting and Organizing

Although IPDC is a financing firm that works in a large portion of its industry, an important number of data files is generated daily. Therefore, in order to improve accessibility and guarantee that such files are easily accessible, it was also my duty to sort and arrange them into the right places.

Participating in training sessions on collecting credit information bureau of client

I took part in workshops that explained how to obtain customer credit data from the Credit Information Bureau (CIB) of Bangladesh Bank. Financing companies such as IPDC require credit information from their clients prior to transactions. For this, they need the client's credit details, which are found in Bangladesh Bank's CIB. However, in order for someone to obtain this data, a certain process needs to be followed. We attended training sessions where we learnt how to access this type of data from CIB and the guidelines that must be adhered to. For example, the FI cannot collect the CIB until the customer requests it. However, the FI is not permitted to show the client the CIB.

Knowledge acquired relating regulation

I have also gained a thorough understanding of the field's regulations. For example, I now understand the goals of loan/lease classification and provisioning, which are disseminated by DFIM. I now understand the many types of loans and leases, terminology-related classifications, and categories, the foundation for classifying loans and leases, including objective standards and qualitative evaluation. Additionally, I learnt about maintenance of provision, which encompasses both specific and general provisions. I also gained knowledge about the rate of provision. After that, I learnt about the different kinds of dangers and how to evaluate them. In addition, I learnt every bit of information about CIB and how to download it throughout my internship.

Since this information is regularly used to develop or construct reports for Bangladesh Bank and for other purposes, it is quite important to work in this subject. Since formulas are developed to build reports depending on the information provided, even a small adjustment can have a significant impact on any value. Therefore, these are the key facts that one should continue to commit to memory in order to work in this subject.

1.3. Internship Outcomes

1.3.1. The contribution of students to the organization

I wanted to make a contribution to the company's success as a limited-duty intern. Completing all of the tasks was my top priority. My supervisor gave me projects that took into consideration my proficiency with Excel. To help them understand what I had learnt, I also brought up my coursework from my finance major. I could put my primary-level knowledge to use. They asked me to figure out the interest rate and the weighted average rate. I also assisted other department employees with their daily responsibilities. And by watching, asking, and doing their jobs, I gained knowledge about them. It has been a pleasure to work in the corporate headquarters of IPDC Finance PLC because everyone is friendly. It was enjoyable at work. IPDC Finance plc establishes trusting bonds with potential clients and provides outstanding customer service.

1.3.2. Problems/Difficulties

There were many highs and a lot lows for me as an intern at IPDC Finance Ltd. I had many obstacles to overcome during my internship. I struggled to adapt to the environment at IPDC Finance, even though it was a great place to work. since I have never worked in a corporate setting before. Since the office culture and traditions were completely new to me, I took some time to get used to it. It was also difficult for me to transition from my time in university to the corporate world.

Not all of the office supplies are of the best capable. It could be difficult to use the equipment at times. For example, the laptop I was given by the IT department was incredibly slow and would frequently hang when I was using Excel. Because of this, it was challenging. To finish any duties fast and was really disagreeable. This issue caused me to occasionally lose concentration on my task. Furthermore, there were delays of work and significant time wastage due to the server's regular outages.

Also, there is a huge generational divide between interns and full-time workers. As a result, communication became challenging because some older individuals thought our generation's speech was impolite. I had never engaged in a small conversation with these generations before. Previously, I found it difficult to think of topics to speak with most of the employees.

Moreover, the main headquarters is located in the luxurious area of Gulshan, which is well-known for its wealth in Dhaka. The majority of people cannot afford the high expense of purchasing lunch and snacks as a result. To address this, on-site Lunch catering is needed so that it will be grateful for all workers in the company. Transportation was the most difficult part. I had to travel frequently between Mirpur1 and Gulshan's main office because I lived there and no one would come get me at home. I faced an issue as IPDC does not offer intern transportation.

1.3.3. Suggestions and recommendations for upcoming internships to the organization

- First, interns are rarely hired by the Supply Chain Finance Department. Young recent graduates of colleges should, in my opinion, have more opportunities to obtain experience in a respectable organization.
- Secondly, there is a need for an extra transportation service, lounge and café. All employees, including interns, should have hand sanitisers and shields provided by the procurement department due to the hygiene issues.
- Thirdly, the laptop kept shutting down and Excel was highly out-of-date which made it difficult for me to enter data. Additionally, restricting access to shared files made my work more difficult.

- Updates for server software should be regularly checked by IT staff. Arrange facilities for employee care because the server often goes down. The current financial system has to be replaced with a new, fresher one.
- Complete assistance in a shorter period of time. More workstations and student IDs are needed for undergraduate interns.

Chapter 02: Organization Part

2.1. Introduction

Since it was founded in 1981, IPDC Finance Plc has played a significant role in accomplishing its main objective, which was to bring about Bangladesh's Industrial Revolution. In execution of this excellent objective, the company created innovative financial services and products that, when taken as a whole, enabled them to establish the foundation for Bangladesh's leading companies.

Featuring 15 branches across the country, the company presently operates in 12 districts, including Dhaka, Khulna, Sylhet, Jashore, Chattogram, and others (*Ipdc Finance Plc*, 2024). Additionally, IPDC offers a variety of services and goods, such as ucchash clubs, deposit products, and loan products. As part of their business strategy, IPDC has divided their operations into three major strategically important units such as Corporate, SME, and Retail. (Annual Report, 2022).

IPDC Finance plc is a renowned non-banking financial institution in Bangladesh that provides a range of financial services and products to both individuals and companies. The first financial institution in the nation was established in 1981 by IPDC Finance Plc in collaboration with the Commonwealth Development Corporation (CDC). It has grown over time to become one of the country's leading non-banking financial firms (Issue-I, 2024a). IPDC Finance wants to be the most customer-focused financial company in Bangladesh by offering innovative and customer-focused financial products. Its mission is to provide timely and responsible funding so that people can achieve their goals.

In an effort to better society, IPDC Finance takes part in a variety of CSR initiatives. Among these initiatives are projects related to healthcare, education, environmental sustainability, and community development.

2.1.1. Broad Objective

Information gathering regarding IPDC, its operations, and the critical roles it analyzes is the primary objective of this organizational component. Compiling data and statistics about IPDC, their activities, and the main roles they take into consideration was the main goal. An overview of IPDC's financial management and responsibility is given in the section that follows. Another goal is to incorporate a thorough understanding of the operations and processes of each department. However, a SWOT analysis and an industry analysis are required to assess a company's overall performance.

2.1.2. Specific Objective

This project part includes IPDC's duties and operations, including financial processes, marketing plans, accounting techniques, and management protocols. The industry and competition of IPDC Finance Plc will also be assessed, along with their information systems and operations management procedures. The purpose of this website is to give a summary of the ways in which different departments function. An industry study of competitors and a SWOT analysis are both necessary for assessing a company's overall performance.

2.1.3. Methodology

One component of the qualitative research during this study phase was interviewing people and HR executives. This study delves further into practice and policy after these careful deliberations. I also had the opportunity to evaluate their job accurately while I was at work. This is based on my own observations and interactions, as well as what I have learned from my professional experience. Information, corporate websites, and previous company reports are analyzed and looked into for quantitative research. This study included data from both primary and secondary sources. To collect information, I consult with my supervisor and other Treasury team members. I asked them several questions to acquire accurate answers, and they were so helpful in getting information regarding this.

Speaking with professionals in management, finance, and human resources are important sources of information. Surveys are one type of secondary data. I consider the company's website and online help to be secondary sources of information.

2.1.4. Scope

After their work placement or internship period is over, many organizations, such as IPDC, offer trainees and interns the choice to work full-time, part-time, or under contract. They might decide to hire interns if a position opens up. The reader will learn more about the organization's rules and processes in this portion of the report.

2.1.5. Limitation

There was not enough time during the three-month internship to completely comprehend their marketing and management practices. Because I was so preoccupied with my own, I also found it hard to follow events in other sectors. Nevertheless, I tried my hardest and managed to gather information for this section of the report.

2.1.6. Significance

Students who are interested in working at IPDC will benefit from my research on internships by knowing more about the business culture. Students looking into internships could find the information useful. Marketing, management, and SWOT analysis are all part of my line of work. IPDC will use this survey to find out how its employees feel about its accounting and HR systems as well as potential future advancements. Additionally, the experience has helped me become used to a business setting, which is something I intend to do in the future.

2.2. Overview of the Company

2.2.1. Background Information of IPDC Finance Plc

The Industrial Promotion and Development Company of Bangladesh Plc, founded on November 28, 1981, was the country's first private DFI/NBFI. It received funding from the IFC and the AKFED. The International Finance Corporation (IFC) and the Aga Khan Fund for Economic Development (AKFED) assisted in funding the establishment of this new. According to the provision of the Financial Institutions Act of 1995, Bangladesh Bank provided a financial institution license to IPDC (*Bangladesh Bank.*, 2012). In the growth of Bangladesh’s leading players were formed when IPDC Finance Plc had a hand in the formation of the industrial environment.

Figure 1: Historical Glimpse of IPDC Finance (Taken from Annual Report Of IPDC 2023)

Figure 1.1: Historical Glimpse of IPDC Finance (Taken from Annual Report Of IPDC 2023)

Since the beginning, the IPDC has been assisting the industries of developing countries. While Bangladesh was developing, they collaborated with a number of multinational companies. One of the few banks in the country which has assisted in the expansion of private businesses Correspondent (2024). In Bangladesh, IPDC has taken part in creative efforts. To give the reader a taste of this list, we will highlight a few individuals from a variety of areas.

2.2.2. MILESTONE INVESTMENTS

IPDC has been essential to the industrial environment of developing nations since its founding. Many of Bangladesh's most well-known corporate firms were our partners during their early phase. No other financial institution in the nation has contributed so significantly to the growth of the private sector. Several significant projects that were the first of their kind in Bangladesh were partnered on by IPDC. According to IPDC they simply name a small number of people from various industries on the website.

First Leasing Company

First Theme Park

First Preference Share Investment

First Independent Power Producer

First Housing Finance Company

First International Standard Private

First Private Sector 5 Star Hotel

Second Housing Finance Company

First Private Sector TV Channel

First Institutional Investment in Private Sector Education

2.2.3 Shareholding Structure of IPDC Finance Limited

Founding Shareholders

The Government the People's Republic of Bangladesh (GOB)

The Swiss Aga Khan Fund for Economic Development (AKFED)

German Investment and Development Company (DEG), Germany

Commonwealth Development Corporation(CDC), United Kingdom

Figure2 : Shareholding Structure of IPDC Finance

(Source: IPDC Official Website)

2.2.4. IPDC's Present Shareholding Structure

Shareholding structure as on November 30, 2024

Authorised Capital (Tk.)	8,000,000,000
Total paid-up capital (Tk.)	3,710,915,470
Total Number of shares	389,646,124

SL No.	Name of Sponsor	No. of Shares	% of paid-up capital
1	**The Government of the Peoples' Republic of Bangladesh (GOB)**	**85,252,870**	**21.88%**
2	**BRAC**	**97,411,527**	**25.00%**
3	**Ayesha Abed Foundation**	**38,964,609**	**10.00%**
5	**Institutions**	**103,114,228**	**26.46%**
6	**Foreign**	**328,275**	**0.08%**
7	**General Public**	**64,574,615**	**16.57%**
	Total Shares	**389,646,124**	**100.00%**

Figure 3: Share Numbers and Paid-up Capital

Source: (*SHAREHOLDERS.*, 2024)

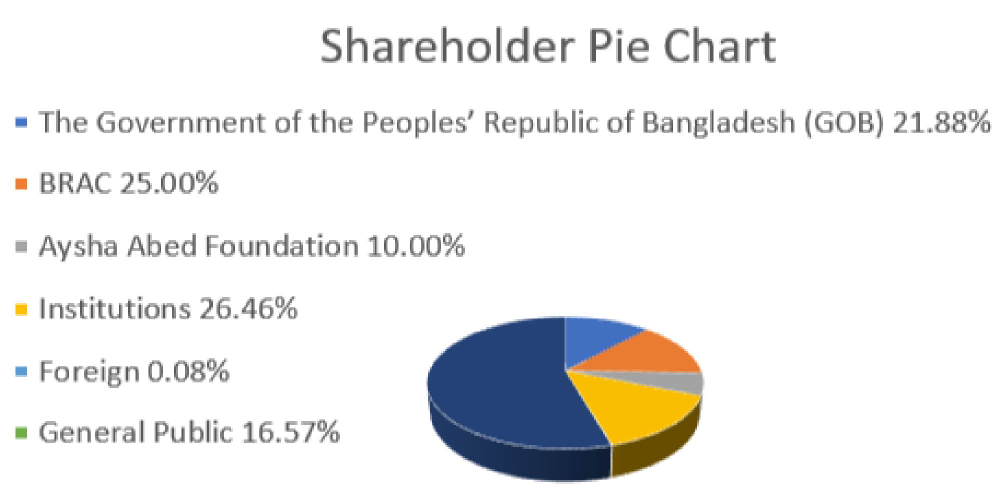


Figure 4: Shareholders pie chart

2.2.5. IPDC Overview

Figure 5: IPDC Logo

IPDC Finance plc was Bangladesh's first private non-banking financial institution. Established partners include the United States, Germany, the International Finance Corporation (IFC), the German Investment and Growth Company, and the Aga Khan Fund for Economic Growth (Issue-I, 2024a). In 1981, IPDC Finance Limited applied for long-term loans in Dhaka, Bangladesh (*PitchBook.*, 2024). IPDC is a bank or other financial organization as defined by the 1993 Act (FIA). The public in Chittagong and Dhaka banned business dealings.

Additionally, the private sector was significantly impacted by IPDC's unique financial services and products when it first started operating. Along with corporate finance and consultancy, the company's portfolio also includes retail wealth management and retail finance. IPDC provides for its clients' financial needs. Consequently, many unfinished projects have been completed.

Additionally, this has resulted in one of NBFI's most seasoned corporate teams. IPDC keeps up good client relations. These included the first housing finance company, DBH; the first independent power producer, Summit; the first theme park, Fantasy Park; the second housing finance company, National Housing; the first leasing company, IDLC Finance Limited; the first five-star hotel in the private sector, Westin; the first preference share investment, Holcim; the first international standard private hospital, Apollo; the first institutional investment in the private sector education, Scholastica; and the first private sector TV channel, Ekushe TV. In order to become a market leader, IPDC wants to empower women and youth. This decision affected how the organization operated. IPDC is advancing thanks to upcoming advancements. The company feels that it must mirror its present self and change into its ideal self in order to create the non-banking corporation. IPDC seeks to boost economic growth by enhancing assessment and decision-making.

2.2.6. IPDC Finance Plc Vision Statement

To become the most powerful financial brand in the nation, focusing especially on women, young people, and underserved communities.

2.2.7. IPDC Finance Plc Mission Statement

By offering innovative financial solutions in a prompt, amiable, truthful, and cost-effective manner, they want to enable their customers and communities to realize their full potential.

2.2.8. Goals of IPDC Finance

- To regulate Bangladesh's lending market for the establishment of small and medium-sized enterprises, the construction of homes, and the acquisition of automobiles.
- To establish a high-achieving service business that can grow both its clientele and revenue.
- To create an accepting and happy work atmosphere that might inspire positive drive for the expansion of the company.

2.2.9. Strategic Goals and Projects of IPDC Finance Plc

Being honest with business practices is the top priority for IPDC Finance Plc. A varied workforce and community are valued by them. They deliver exceptional customer service by utilising modern technology. on their consistent will to be successful in the financial industry. Among the strategic projects are:

- **Building Retail Credit Outside of Megacities:** IPDC wants to expand retail credit outside of urban areas where competition isn't as fierce.

- **Property Loan Service:** IPDC must expand its customer base, especially among middle-class and lower-class individuals, and provide a new line of products to meet the growing demand for its house loan portfolio.
- **Opportunities for women's empowerment:** They use financial resources to help establish and sustain small and medium-sized businesses controlled by women.
- **Bringing accuracy to the doorstep:** By utilizing elements like rising per capita income, demographic purchasing power, the percentage of small homes, and increased spending on consumer durables and lifestyle items, the IPDC aims to have a significant influence on the consumer finance sector in the upcoming years.
- **Development of Small Business and Entrepreneurship:** By giving them access to the right product offerings and distribution channels, IPDC meets the demands of the upcoming generation of business owners.

2.2.10. The business's main focus

Their main line of work is investment and finance. The bank offers debt collection, leasing, factoring, project finance, and commercial lending. There is advice accessible. Nonetheless, corporate social responsibility, ecological sustainability, and community and human development are the three primary focus areas.

2.2.11. IPDC Finance Plc's Basic Core Values

Figure 6: IPDC Core Value Structure

[**Taken from:** IPDC Annual Report 2020]

IPDC Finance Limited commits to a set of standards. The foundation of the business is its core values. They assess the client's experience, tolerance for individuality, and confidence in pursuing renown.

2.2.12. Activities related to corporate social responsibility (CSR)

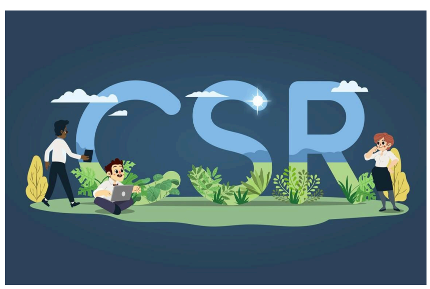


Figure 7: Corporate Social Responsibility Logo

In 1981, the country's first private financial institution/non-bank was backed by the World Bank Group's International Finance Corporation (IFC) and an international coalition. This is how IPDC Finance Limited continued to conduct banking. It is a significant financial organisation that has helped the economy of our country grow. In order to demonstrate social responsiveness and advance society, IPDC joined CSR. This consists of the following:

- Seven women received recognition for the first time for their contributions to women's empowerment and accomplishments in a variety of disciplines. (2019)

- They distributed 200 school bags that IPDC sent to the Madaripur Social Service Club to 200 young people with autism.
- IPDC Finance presented Nagar Krishi's LITTLE FARMER on the campus of the British Council. They researched a variety of subjects, including tests, indoor plants, rooftop farming, rooftop fish farming, aquaculture, tree planting, and an insect museum. They wanted to inspire a generation that cares about the planet's future.
- Many individuals are suffering greatly as a result of the extent of the flood's destruction. While it is encouraging to see everyone standing up for the victims, they think this will help to restore their standard of living. Therefore, in addition to the regular donations, IPDC Finance is providing shelter for the impacted individuals in spots of Sirajganj District such as Vaturia, Dokkhin Maijhail, and Belkuchi, taking consideration of the long-term viability of the assistance for those affected.
- Recently, needy residents of various Upazilas in Kurigram and Rangpur received nebulizers and winter blankets from IPDC Finance Limited.
- Support for BRAC's "We Stand for Korail" fundraising initiative, which aims to assist individuals who lost everything following the December 2016 fire in Dhaka's largest slum. You contributed to BRAC.
- The Uttara Ladies Club received a silver jubilee award for inspiring women and helping them to rise above poverty. Their goal is to support the defence of the fundamental yet important rights of our society's impoverished children (DCI).
- "Lady Unbound" will help women who are business owners.
- IPDC provided 300 underprivileged individuals with necessary Eid-related supplies, such as rice, sugar, milk, and semai.
- IPDC hands over books to “Jaago Foundation”
- The construction of public restrooms aims to prevent moderate-to-severe illnesses.
- Planting trees in Kurigram & Barguna.
- Donation to the Bangladesh Law Association (BELA) on behalf of a critically ill patient.
- Inauguration Program at the IPDC Computer Lab, 2015.

2.2.13. Services and Goods Provided by IPDC

Retail loans, including personal, home, and auto loans, as well as savings and deposit plans, are among the many financial services and products that IPDC Finance provides. Also they provide corporate clients and small and medium-sized businesses (SMEs) customised financing options. By improving access to these services, particularly in underprivileged areas of Bangladesh, IPDC hopes to reach more individuals while concentrating on sustainable financial activities. They are dedicated to providing individualised financial solutions to both people and companies across the nation.

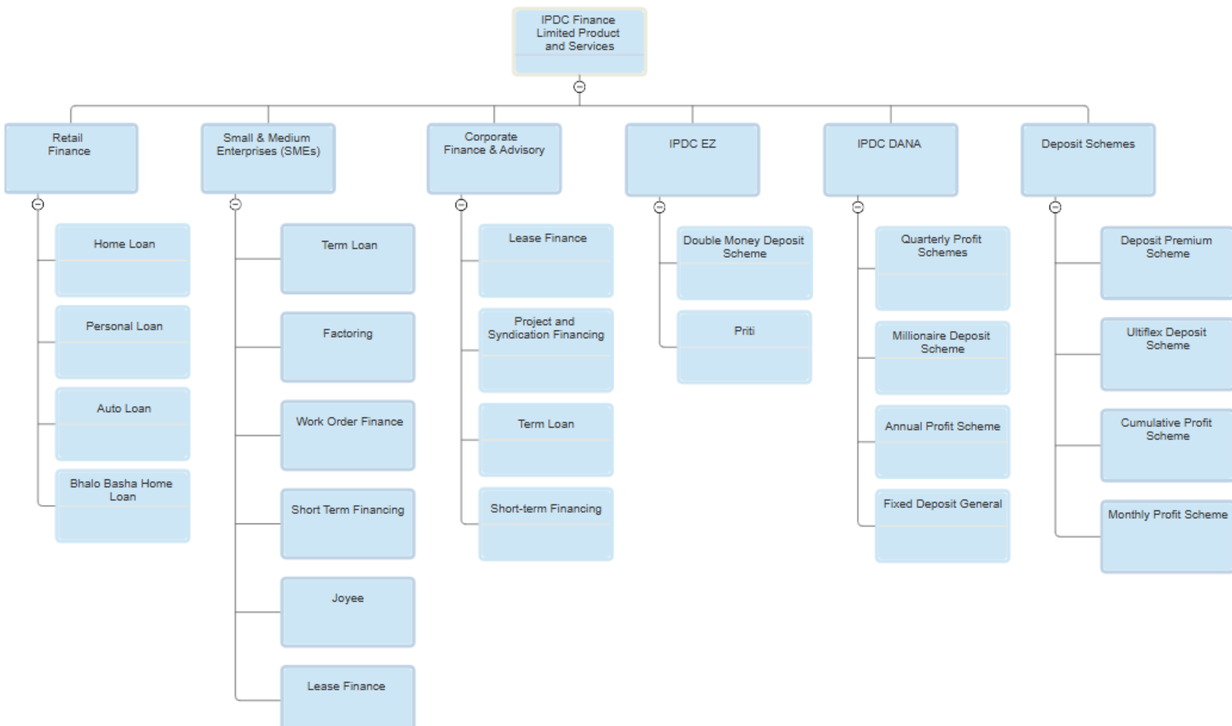


Figure 8: Organogram of Products and Services of IPDC Finance

Source: Constructed by the Author (Taken from IPDC Annual Report 2023)

1. Retail Finance: They have a thorough understanding of their consumers' demands because of their extensive experience with them. In order to provide customers with quick and simple financial solutions, the company was based on customer service. Personal financial services and products are provided by Individual Financial Services. This unit provides excellent services with the highest level of security. Competition exists for both depositor-backed lending opportunities and depositor funds. Retail-related goods and services include:

Figure 9: IPDC Home Loan Advertising

A. **Home Loan:** Aspires to fulfil each person's desire to become a homeowner. For those seeking to buy or construct a home, IPDC provides home credit opportunities. The home loan product offers funding for building a home, purchasing a flat, or redesigning an existing property.

B. **Personal Loan:** Personal loans from IPDC Finance Plc have been designed to cover a range of individual financial demands, including travel, wedding expenses, medical bills, education, and other personal expenses.

C. **Auto Loan:** To assist people and businesses in buying cars, IPDC Finance Limited provides a convenient financing option called IPDC Auto Loan. IPDC offers customized finance alternatives whether anyone is looking to purchase a personal vehicle, an SUV, or a business vehicle.

D. Bhalo Basha Home Loan: In order to facilitate and lower the cost of owning a house, IPDC Finance Plc offers a specialised housing loan product called the IPDC Bhalobasha Home Loan. It focuses on giving families and people with different income levels the financial support they need to achieve their goal of owning a home.

2. Small & Medium Enterprises (SMEs): Due to their infrastructure, low energy use, and negligible environmental impact, SMEs make a substantial contribution. The growth of SMEs has impacted industrialisation, employment rates, women's empowerment, and income distribution growth. It is used to purchase machines and automobiles. SMBs are able to lease. Plans in this field consist of:

A. **Term Loan:** The duration of a term loan may be brief or lengthy. A business uses long-term finance to pay for fixed-asset and continuing capital expenses. To close a cash flow gap, businesses might apply for short-term loans from short-term finance.
B. **Factoring:** Clients of IPDC can quickly acquire cash against their receivables through factoring, which provides working capital and relieves the first party of a debt for a fraction of the initial amount.
C. **Work Order Finance:** For businesses that require working cash to complete contracts, buy supplies, or cover other expenses associated with carrying out a work order, this kind of finance is suitable.
D. **Short Term Financing:** This particular type of financing is intended to give companies that are experiencing short-term cash flow problems or that want money for immediate needs like inventory purchases, operating expenses, or meeting urgent orders fast access to working capital.
E. **Joyee:** Joyee was created especially for Bangladeshi women to help them reach their career, financial, and personal objectives. By giving women quick access to money for a range of requirements, including personal spending, business development, healthcare, and education, the loan seeks to empower women.
F. **Lease Finance:** IPDC is able to lease the equipment or vehicle that a business needs. Leasing can be used by small and medium-sized businesses to finance fixed assets such as machinery, generators, cars, boats, and other vehicles, as well as commercial and industrial equipment.

3. Corporate Finance & Advisory: Large public and commercial organisations all over the world can access a comprehensive range of financial services from IPDC's Corporate Financial Services Division. Products offered by the corporate financial conglomerate include:

A. **Lease Finance:** Lease financing can be used to buy new construction or commercial and industrial equipment. rented machinery and industrial equipment. Engines, automobiles, boats, generators, office equipment, and industrial equipment can all be leased.
B. **Project and Syndication Financing:** Large-scale investments were supported by the formation of a coalition of financial institutions. IPDC is the financial advisor. Major investment initiatives for financial institutions are managed by IPDC.
C. **Term Loan:** Long-term finance helps customers reach their business goals and cover capital and operating costs. A specific sum of money has been allocated for the long-term activities of the organization. Term loans are used to finance customers' capital and operating costs. both originality and line balance.
D. **Short-term Financing:** short-term funding for essential business operations. Working capital finance provides short-term funding to businesses, assisting them in managing their operations. This element assists the organization in achieving its goals. Purchases of common equity and preferred stock were finished.

4. **IPDC EZ:** For those in urgent need of money, IPDC EZ seeks to offer rapid and simple access to credit. The loan is a great option for people who need money for emergency, family, or personal costs because it is easy to apply for, requires little paperwork, and is approved quickly.

A. **Double Money Deposit Scheme:** The IPDC Double Money Deposit Scheme is a special and advanced fixed deposit product that IPDC Finance PLC offers to give customers a better return on their investment. This plan offers depositors the opportunity to double their money within a specified period of time, which makes it a desirable choice for people seeking safe, long-term investments with assured returns.
B. **Priti:** Pritilata Waddar is the founder of PRITI. PRITI provides a large number of services. This serves two purposes. Products for loans and deposits. Millionaire Scheme, Double Money Scheme, Deposit Pension Scheme (DPS), and Fixed Deposit (FDR) are subcategories for deposits. Loan subcategories include personal loans, auto loans, home loans, and Bhalobasha home loans.

5. IPDC DANA: IPDC Dana is an innovative product developed by microentrepreneurs. Its pilot phase was successful, and it has already been launched. with one of the largest FMCG manufacturers in the nation. The project aims to improve microentrepreneurs' quality of life by providing them with quick access to capital.

A. **Quarterly Profit Schemes:** Investors can benefit from their investment on a quarterly basis using this scheme. This plan is designed to offer a predictable and attractive source of income, especially for those who prefer periodic returns to one-time payments.
B. **Millionaire Deposit Scheme:** The IPDC Millionaire Deposit Scheme is a financial product that IPDC Finance Plc offers with the goal of assisting people in growing their wealth through methodical saving. The plan is designed for people with long-term financial objectives who wish to build up a significant sum of money in an organised manner.
C. **Annual Profit Scheme:** For those who would rather get their profit distributions annually rather than quarterly or monthly, this plan is perfect. Usually set up as a fixed deposit plan, it provides consistent earnings over a certain time period.
D. **Fixed Deposit General:** By making a lump sum deposit for a certain period of time, people can earn fixed, guaranteed returns through the popular IPDC Fixed Deposit General investment plan, which is provided by IPDC Finance Limited. It was designed for people seeking a stable and safe investment that will protect their principle and yield a set interest rate over a specific amount of time.

6. **Deposit Schemes:** In order to meet a range of financial demands, IPDC Finance Plc provides a number of deposit plans which ensure investors security, consistent returns, and flexibility. These programs are designed for people and companies who want to increase their savings through planned deposits.

A. **Deposit Premium Scheme:** With the simplicity of manageable monthly installments, the IPDC Deposit Premium Scheme is a specialised savings plan created to assist people in developing an extensive savings fund. This plan is perfect for people who want to save consistently and obtain competitive returns in order to reach certain financial objectives, such as investing in assets, paying for school, or saving for retirement.
B. **Ultiflex Deposit Scheme:** For those who wish to invest without the strict limitations of fixed deposits, the IPDC Ultiflex Deposit Scheme offers a very adaptable savings option.

Higher returns are provided by this plan, which also permits withdrawals during the deposit period without sacrificing benefits.

C. **Cumulative Profit Scheme:** A high-return savings choice for people and businesses wishing to increase their investments through compound interest is the IPDC Cumulative Profit Scheme. For people who want to improve their investments over a certain amount of time and do not require recurrent dividends, this plan is perfect.

D. **Monthly Profit Scheme:** For individuals and organisations looking to make a consistent monthly income from their savings, the IPDC Monthly Profit Scheme was created. This plan is a great option for people who require constant cash flow for personal or company requirements because it provides the convenience of regular monthly profit payouts.

2.2.14. Organogram of Organizational Structure of IPDC Finance Plc

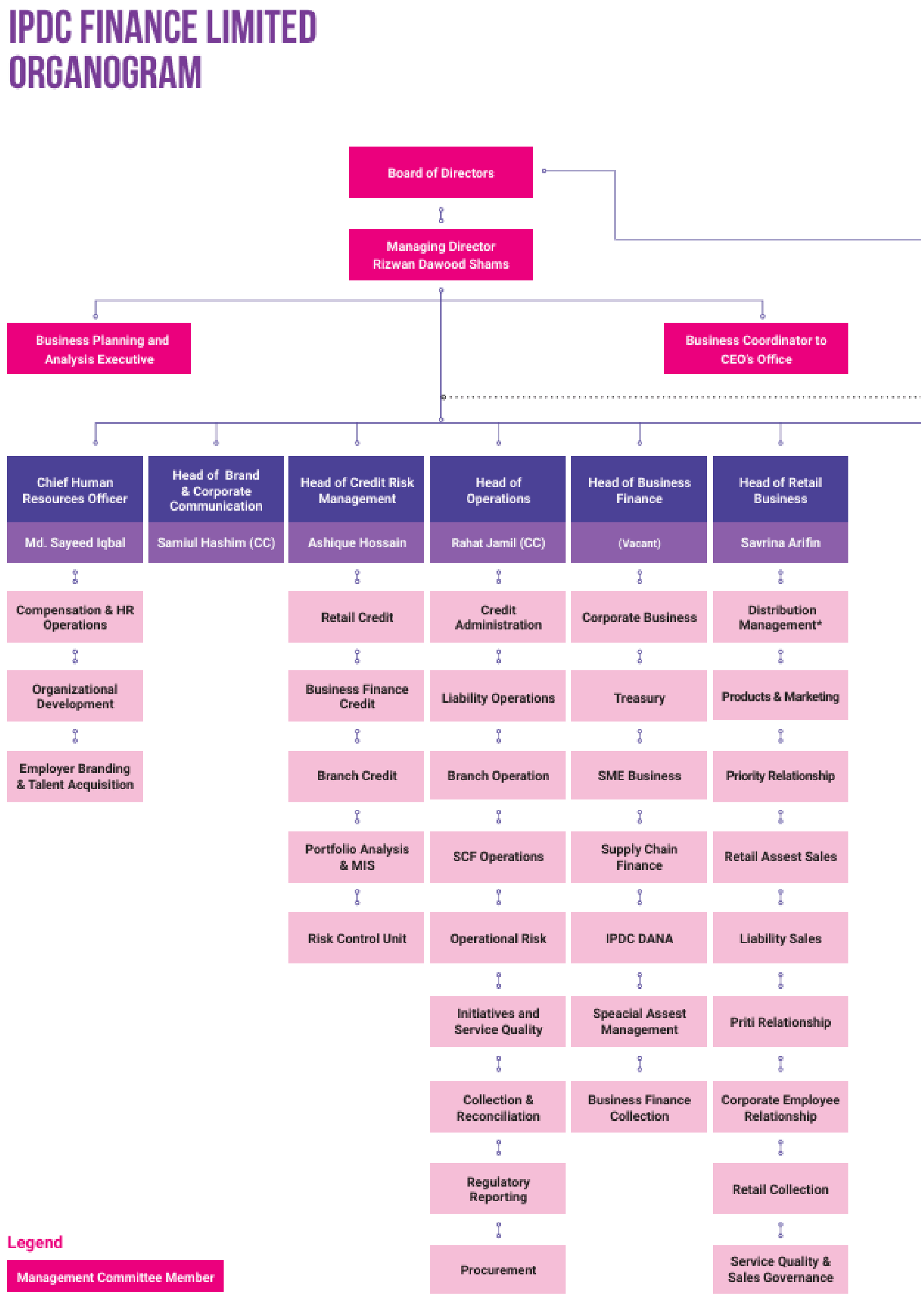


Figure 10: IPDC Corporate Structure with a Vertical Multi-Level structure

Source: Constructed by the Author (Adapted From IPDC Annual Report 2023)

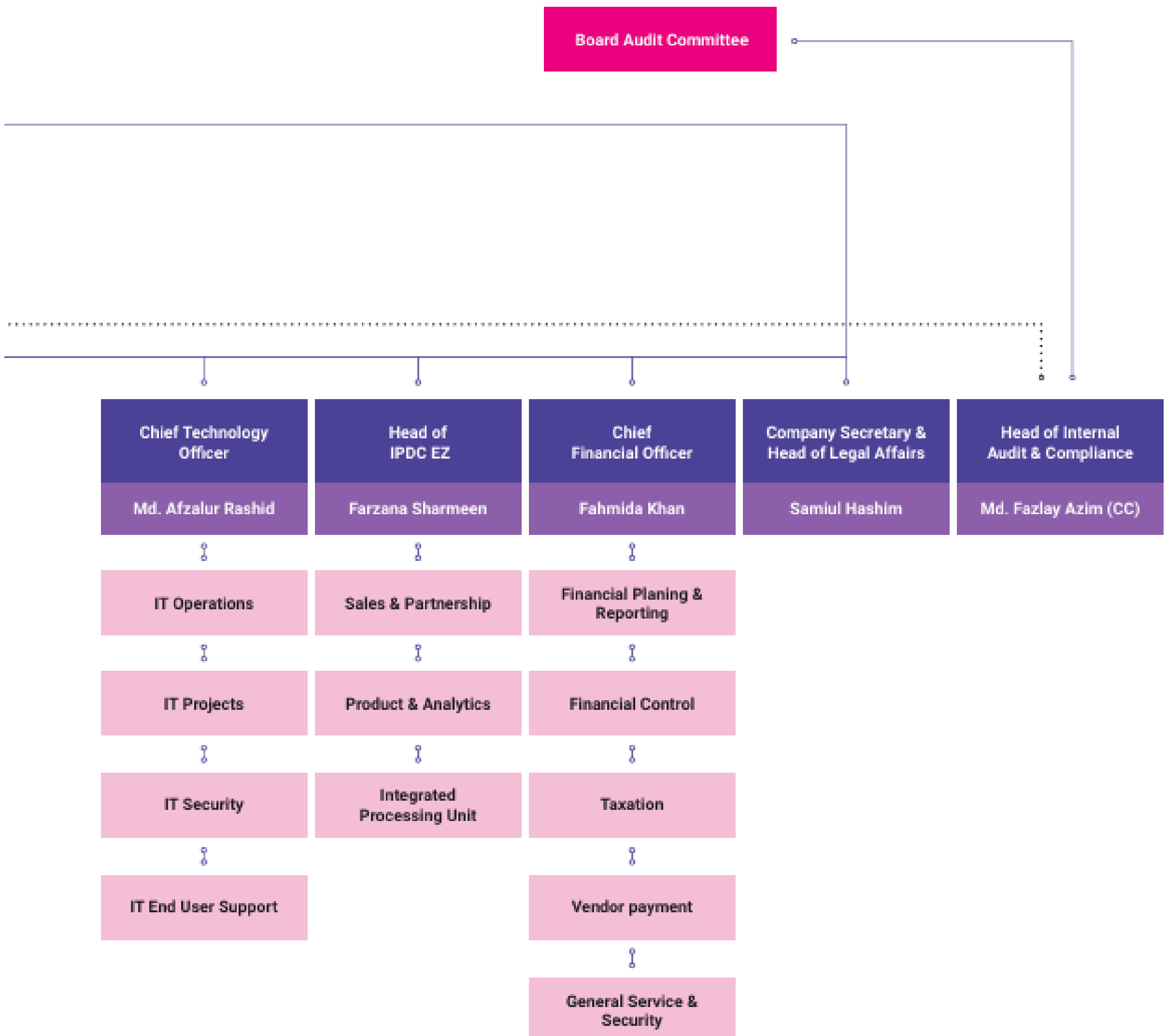


Figure 10.1: IPDC Corporate Structure with a Vertical Multi-Level structure

Source: Constructed by the Author (Adapted From IPDC Annual Report 2023)

2.2.15. Structure of IPDC Finance PLC Management

By expanding its investment capital operations, the corporation has maintained its strong position. The following figure provides a breakdown of the administration systems currently in use:

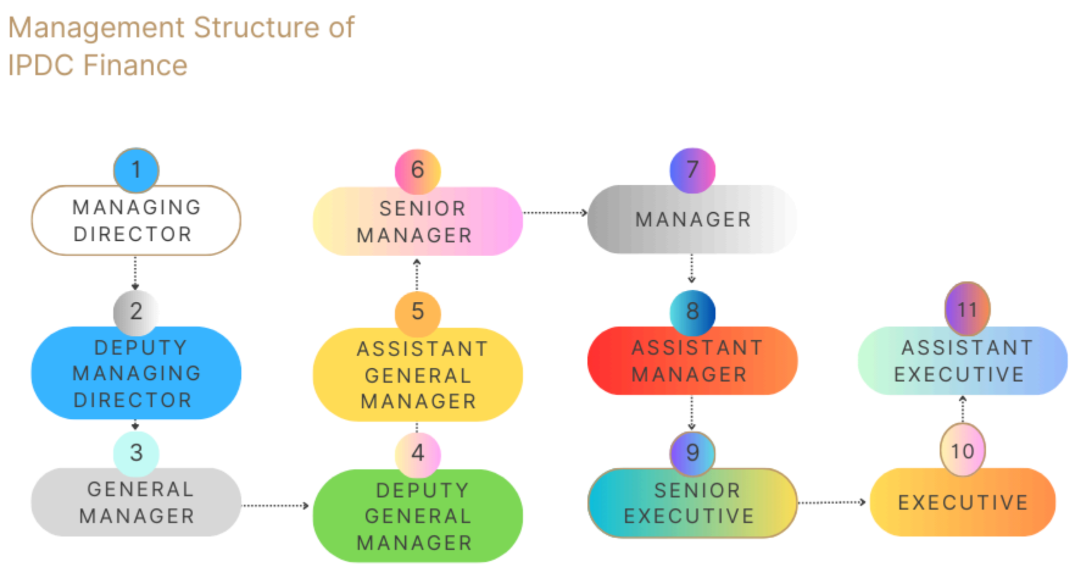


Figure 11: Management Structure of IPDC Finance

Source: Constructed by the Author (Taken from IPDC Annual Report 2020)

2.2.16. Milestones for IPDC Finance from 2019 to 2023

2019: First Bangladeshi NBFIs to adopt the Temenos T24 Core Banking Software was seen here.

2020: More IT enabled services for providing banking services to small and medium enterprises.
2021: Better partnerships for the fostering of expansion programmes for SMEs.
2022: Financial services and products focused on sustainable forms of operations and business were launched. For the third year in a row they made it.
2023: Saw it reach a position of number one in Bangladesh Bank's Sustainability Rating of NBFIs.

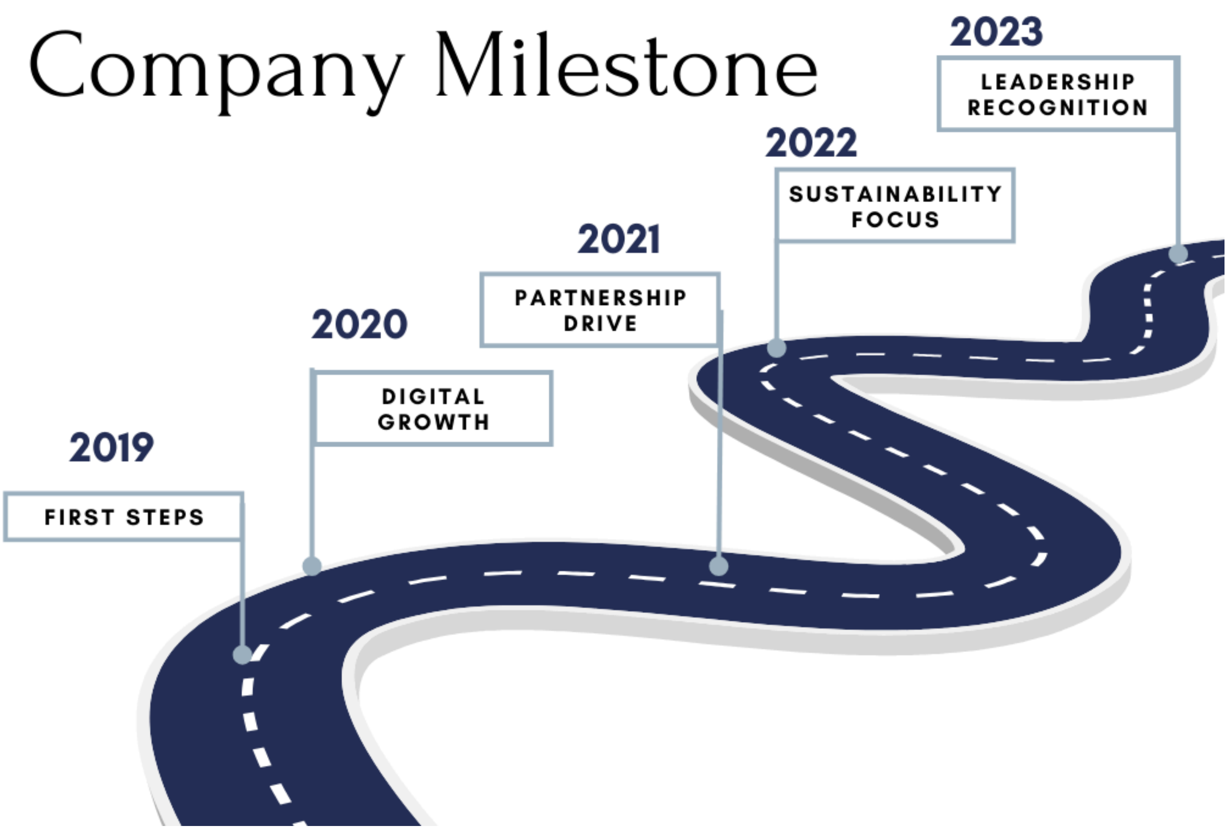


Figure 12: IPDC Finance Plc's Milestone from 2029-2023
(Make this picture with the help of Canva)

2.3. Management Practices

2.3.1. Approach to Leadership

Setting goals, developing processes, and enforcing the law all aid the organization in achieving its objectives. To oversee business projects, leadership is required. One of the four types mentioned is Participative Leadership, which is used by IPDC. Participatory leadership is different from traditional management. Most decisions are made with input from the entire team. Every team member is given the opportunity to comment and is informed of the company's options. Research indicates that participation in management improves workplace collaboration, employee engagement, and retention despite requiring more time than other leadership philosophies.

IPDC achieves its goals with the aid of Participation Leadership. Goals and strategies are described in Chapter 2. IPDC wanted more customers, more income, and a happy workplace. When a business implements participatory leadership, the boss and employees interact and communicate. concepts, strengthening ties and the flow of ideas. They decide, plan, and take action. This ensures success. Both organisational success and satisfaction are increased by this tactic. Their goal was to be truthful when exchanging ideas and opinions. IPDC is creating a diverse community by employing this leadership style. Leaders that take member feedback into account will feel appreciated. Success is influenced by self-confidence. IPDC is able to accomplish its objectives through interactive leadership.

2.3.2. IPDC's Human Resource Planning Process

As part of its overall strategy, IPDC makes investments in human resources. To maintain employee satisfaction and engagement, the company develops and applies new HRM techniques. Therefore committed to drawing in the best and most talented candidates. Human resources manages benefits for employees, respect to labour laws, and is equitable. They ensure that the business pays employees fairly and complies with labour laws (*IPDC*, 2024). These abilities are required for the tasks. Performance reviews, pay plans, and other benefits for employees are also included in human resource management.

2.3.3. The process of hiring and choosing

Before each department head can develop an annual budget, the Management Committee must approve it. Budgets must be prepared each month and sent to human resources. At monthly meetings with business executives and HR, a three-month moving personnel plan is updated. They give HR a list of job needs as well as an anticipated salary range. The managing director must approve the creation of a new post that wasn't funded by the company's budget. Hiring is covered by the company's budget. Board approval is required for direct reporting to the MD. Sign a requisition document prior to hiring.

International and US applications are also welcome. Where to look for applications will depend on the merits of the position. IPDC hires at the following places:

- Recommendations from colleagues.
- The IPDC webpage.
- The term "job search engine" is used rarely.
- LinkedIn and other professional networking sites.
- There are internships available.
- Employers and human resources professionals.

IPDC HR connects with candidates and markets IPDC as a great place to work. When a position is posted, IPDC receives a large number of applications, indicating that HR is making an effort to find qualified candidates. The change in name of IPDC to "Unbounders" highlights lifelong learning. prospects for upcoming leaders. IPDC has employed two student batches since 2017. IPDC management trainees visited 14 prestigious universities in Bangladesh.

One option is to use an assessment centre or panel interview. Those selected for a second or third interview will be contacted. If permitted, HR will collect pay and benefits. Candidates who give false replies are disqualified. Every applicant is given a recruitment memo.

2.3.4. The System of Compensation

Every employee is categorized and given rewards based on the tasks they complete. IPDC must offer competitive benefits in order to attract outstanding people. The incentive scheme offered by IPDC encourages the retention of both new workers and strong performers.

i. Pay and benefits: Employees get their paychecks on the 23rd or 24th of each month. The month of the event may see an early payout from the management.

ii. Annual Survey: Depending on performance and suggestions from the department head or supervisor, management may alter pay and benefits. Changes to the annual review procedure go into effect on April 1.

iii. Festival bonus: Bonuses equal to one month's basic salary are given to employees who are paid by the company at the time of payment distribution.

iv. Tax: The Income Tax Act governs the deduction of taxes. Following the taxable year, employees receive a withholding certificate.

v. Complimentary: For every year of service, permanent staff members get a one-month incentive. The basis for gratuities is a 12-month service period. Employees receive 1.5 months' basic income after ten years.

A welfare fund, professional and business club memberships, group life insurance, health insurance, and hospitalisation insurance are further privileges.

2.3.5. Initiatives for training and development

Employee productivity and company performance are raised via training and self-improvement. IPDC's training and development approach is divided into three stages: "know," "should know," and "good to know." The structure of these three processes is ordered. Training at a higher level is "good to know." These should be applied in rational staff selection as they are methodical. HR will provide internal training sessions in coordination with department leaders. External technical or professional training, including travel expenses and other fees, must be covered by employers. Nonetheless, the following method is helpful:

1. The CEO and department heads/supervisors must give their approval prior to deployment.

2. Relevance of the job and necessary training

3. As a position (whether permanent or full-time) Contribution

As the firm's value rises following the training.

2.3.6. System for Performance Appraisal

IPDC supports continuous improvement in its three-step performance management methodology. Each level has its own goals and aspirations. The primary instrument for selecting successors and establishing personal career goals is performance management.

i. Performance Planning: The action plan for the year is based on developing performance goals, outputs, and objectives that are both achievable and measurable.

ii. Periodic progress evaluations/ constructive feedbacks: Timely feedback and progress reports keep the channels of communication open. To boost productivity, IPDC promotes open communication between management and staff. Supervisors should evaluate employees' progress and provide constructive feedback as part of performance management.

iii. Yearly Performance Review: Every worker is aware of the yearly performance evaluation. They produce a list of significant conversations, accomplishments, and opportunities for growth.

2.4. Marketing Practices

2.4.1. Strategy for advertisement

To ensure the success of marketing campaigns, IPDC Finance Plc's integrated marketing communication team has worked very hard. Their sole choice for immediate commercial supremacy. The corporate communications team makes recommendations and selects the best before a marketing campaign is launched. Anyone in the organization could interfere with the agenda. IPDC's plan has a unique official launch. IPDC's marketing strategy is as follows:

i. The best idea is chosen to get things started.

ii. Second, formal management suggestions are made. To discuss particular strategic plans and how to implement them, the management community agrees to meet for two days.

iii. Concepts for implementation are accepted and carried out utilising the appropriate procedures following discussion and strategic planning.

Following planning, campaign ideas are discussed in a session with associated agencies. Several companies create different presentations, then select the best one. The marketing director and management committee heard the agency's last presentation. The CMO reviews the entire presentation and helps create the final version that is used by the Management Community.

Figure 13: Marketing Strategies to make the campaign plan into action

Source: Constructed by the Author from canva

Timeline and message coordination are important aspects of the campaign. "Being connected" describes how well link messages are advertised on TV, radio, newspapers, and Facebook.

Writing a message is necessary in order for it to be broadcast on TV, radio, newspapers, or Facebook. Every target audience requires unified communications.

2.4.2. Target clients, positioning strategy, and targeting

Families and businesses of all sizes are served by IPDC Finance Plc. According to the Daily Star, IPDC is focusing on housing in an effort to grow its customer base. During a time when other bank loan defaults and a lack of corporate governance have harmed institutions, IPDC's retail CEO, Savrina Afrin, asserts that the company has prospered by developing long-term business goals. MarketScreener (2024). It collaborates with well-known builders to help customers buy the homes of their dreams and offers significant financial support. Among other things, labour, steel, cement, fixtures and fittings, and interior design are all essential to the real estate industry. The following are some of IPDC's brand positioning tactics:

i. Point of reference: IPDC Financing Plc is a non-bank financing company that specializes in offering services.

ii. Parity point: Online transactions, attractive interest rates on loans and deposits, and checking and savings accounts are all offered by non-bank financial organisations. For these facets of banking, finance clients expect prompt, excellent service.

iii. Distinctive Point: IPDC gets a AAA credit rating since it has the lowest nonperforming loan ratio in the industry. The prize for this year's top financial institution. For housing and auto loans, IPDC provides women with low-interest loans, excellent deposit rates, and no closing expenses.

2.4.3. Marketing channels

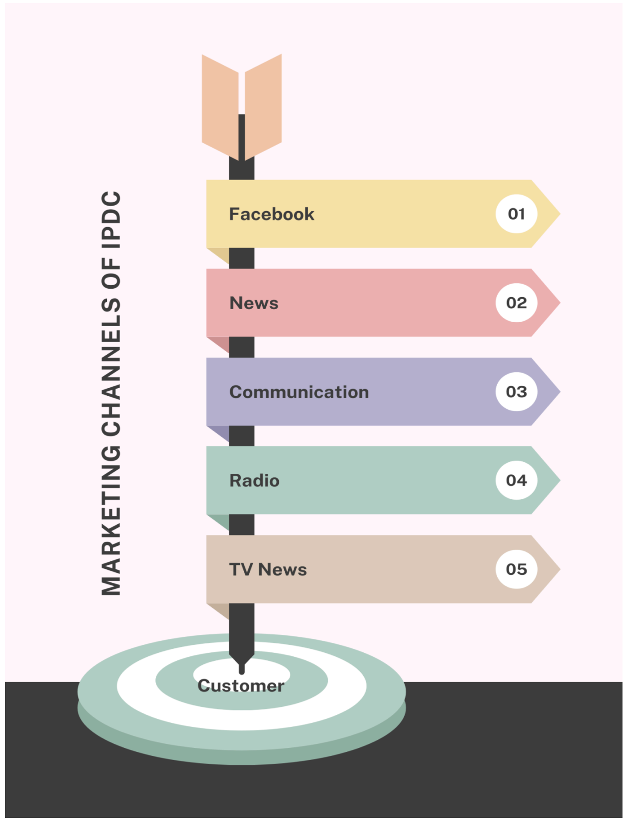


Figure 14: Marketing Channels of IPDC (Constructed by the Author with the help of canva)

Start by deciding on a channel of communication and outlining their connections. In order to be popular and acknowledged in the bank and non-bank sectors, IPDC seeks to maintain a variety of media connections and communication channels.

Media are essential to marketing communications. IPDC includes media; there are 378,321 Facebook fans of IPDC Finance. 80% of internet users in Bangladesh use Facebook. It is essential for communication and advertising. They launched Facebook pre-campaigns, highlighting client success stories. Success stories on Facebook could draw customers. Bangladeshis are idealistic people who enjoy success stories. (Issue-I, 2024)

IPDC cares about their communities and cultivates relationships with customers. They increase awareness. Integration of diverse media is necessary. IPDC's marketing department puts in a lot of effort. Facebook and the newspaper both aim to reach different demographics. The same is published in the newspaper. Facebook item (sports, entertainment, business, etc.).

2.4.4. Winning Awards

At the 24th ICAB National Awards, IPDC Finance Plc took home the Gold Award in the Financial Services division(Report, 2024). The Institute of Chartered Accountants of Bangladesh (ICAB) oversees the award program, which honors achievement in corporate governance disclosures, integrated reporting, and financial reporting(Report, 2024).

Figure 15: ICAB 2023 National Awards

The prizes were presented at the Pan Pacific Sonargaon Hotel in Dhaka by Dr. Salehuddin Ahmed, the adviser for finance and trade. Notable guests included Md. Abdur Rahman Khan, Secretary, Internal Resources Division, Ministry of Finance and Chairman of the National Board of Revenue (NBR); Dr. Md. Khairuzzaman Mozumder, Secretary, Finance Division, Ministry of Finance; and Md. Selim Uddin, Secretary, Ministry of Commerce.

2.4.5. Development of new and existing products as well as competitive strategies

'Orjon', Bangladesh's first blockchain-based digital supply chain finance platform, is launched by IPDC.

Figure 16: IPDC launches 'Orjon'

Introduced "Orjon," the first digital supply chain financing platform in Bangladesh. At a sumptuous event hosted at the Radisson Blu Water Garden Dhaka Hotel on Thursday, December 5, "Orjon" kicked off its journey to Bangladesh.

2.4.6. Activities related to branding

"Jaago Ucchashe" stood out among the blue, green, and yellow primary depositories competing for national appeal, while the IPDC stood out in magenta. It portrays a unique way of life. By the end of 2016, the country was stunned by one of the most spectacular corporate rebrandings in history. IPDC's marketing approach includes digital media including YouTube, GDN, and GNR.

2.4.7. Strategies for promotion and advertising (with particular attention to digital marketing and social media)

Figure 17: Unique promotional Strategy 'Amader Gaan'

Figure 17.1: Unique promotional Strategy 'Amader Gaan'

Figure 17.2: Promotional Strategy Glimpse

Tamim Iqbal represents the IPDC. 2021 Business Standard IPDC's service and business acumen were commended by Tamim Iqbal. He asserts that he oversees all brand promotion. Financial decisions cause stress. IPDC is one of the country's most robust, rapidly expanding, and customer-focused businesses. For the country's 50th anniversary, a modern rendition of a classic Bangladeshi song is called "Amader Gaan." It's studio records feature a variety of musical influencesHayat (2021). IPDC Amader Gaan's Facebook profile CREATO is in charge of IPDC's musical platform, which features Partho Barua songs.

2.4.8. Important marketing problems and deficiencies (if any)

Traditional media including print, radio, television, and outdoor should be the main focus of IPDC's advertising strategy. Due to the shutdown, they have been focusing solely on social media and event sponsorship throughout the COVID-19 pandemic. People can ask questions and get information on our nation's financial status during a live chat session with well-known businesses and influencers on social media platforms like Instagram (The Business Standard, 2021). The IPDC may hold a quiz show to identify the winning team after the round. It is possible to build brand value.

2.5 Accounting Procedures and Financial Performance

2.5.1. Financial Results (DuPont Analysis)

The ultimate Return on Equity (ROE), which is a flow from revenue production to profit distribution, is influenced by all factors. Operating expenses are deducted from total revenue, which is net interest income and non-interest income, to determine operating income. The cost/income ratio measures how well these costs are being controlled. Operating profit is then adjusted for provisions (like bank loan loss provisions) to get at profit before taxes. Applying the tax rate yields the final net income. Return on Assets (RoA) measures how well assets are used to generate profit and is computed by dividing this net income by average assets. Ultimately, ROE is calculated by multiplying RoA by the Assets/Equity ratio (also known as the equity multiplier or financial leverage), which displays the return generated for shareholders while accounting for the company's use of debt financing. Therefore, each element affects overall profitability and how that profit is turned into returns for stockholders.

Particulars	2019	2020	2021	2022	2023
Net Interest Income	3.40%	2.90%	3.50%	3.20%	2.70%
Non-Interest Income	0.40%	1.20%	0.80%	0.60%	0.50%
Operating Income	3.80%	4.00%	4.30%	3.80%	3.20%
Operating Expenses	1.70%	1.60%	1.50%	1.70%	1.80%
Cost/Income	45.30%	40.60%	36.00%	45.80%	55.20%
Operating Profit	2.10%	2.40%	2.70%	2.10%	1.50%
Provisions	0.30%	0.70%	0.90%	0.60%	0.70%
Profit before Tax	1.70%	1.70%	1.90%	1.50%	0.70%
Tax Rate	43.40%	41.30%	41.40%	28.70%	48.20%
RoA	1.00%	1.00%	1.10%	1.00%	0.40%
RoE	12.10%	12.10%	14.20%	13.70%	5.10%
Assets/Equity	12.3	12.1	13	13.1	13.2

Figure 18: Financial DuPont Analysis of IPDC

(Source: Annual Report 2023)

The company's financial performance significantly declined between 2019 and 2023, according to the DuPont Analysis, with Return on Equity (RoE) falling from 12.1% in 2019 to 5.1% in 2023. The decrease in Net Interest Income (from 3.4% to 2.7%) and Non-Interest Income (from 0.4% to 0.5%), as well as an increase in the Cost/Income Ratio (from 45.3% to 55.2%) and a decrease in Operating Profit (from 2.1% to 1.5%), are the main causes of this fall. Return on assets (RoA) fell significantly from 1.0% to 0.4%, indicating a decline in efficiency even though financial leverage, defined by the assets/equity ratio, was constant. The need for better cost management and revenue generation techniques is highlighted by the combined effect of rising expenses, increased provisions, and decreased income.

2.5.2. Accounting Practices

The major financial performance and position for the current year and the four prior years are compared, with an explanation, under Shareholder's Information. The Managing Director and CEO's Statement provides an overview of the company's performance and current and future market positions.

Total Assets

From 2019 to 2023, the Bank's total assets showed steady growth, indicating its development and progress over time. Cumulative assets were BDT 64.40 billion in 2019, but thanks to new product offerings and a rise in loans and advances, they increased by 18.0% to reach BDT 75.97 billion in 2020. With total assets increasing by 11.9% to BDT 84.97 billion in 2021, the financial crisis continued. Assets increased somewhat by 2.1% in 2022 to BDT 86.73 billion and by 6.0% in 2023 to BDT 91.93 billion, but the growth rate declined in the following years. Even if growth has slowed, the bank's capacity to adjust and grow its portfolio in a changing market is demonstrated by the consistent rise in total assets.

Investments

Between 2019 and 2023, IPDC's consolidated investments fluctuated significantly, indicating both regulatory compliance and strategy changes. Investments totalled BDT 1.57 billion in 2019, representing a strong 80.8% rise. The purchase of government bonds and bills to satisfy Bangladesh Bank's increased statutory liquidity requirements was the primary source of the remarkable 227.4% growth in 2020, which brought the total to BDT 5.14 billion. However, due to lower activity in government securities, investments fell rapidly by 46.7% in 2021 to BDT

2.74 billion and then by 8.8% in 2022 to BDT 2.50 billion. In 2023, the trend reverted, with investments rising 80.8% to BDT 4.52 billion, showing a return to government securities auctions and compliance with statutory liquidity requirements. These variances demonstrate IPDC's consistent regulatory compliance and flexible investment approach throughout time.

Liabilities

From 2019 to 2023, the Bank's consolidated total liabilities increased rapidly due to increases in deposits, borrowings, and other commitments. Liabilities reached BDT 58.83 billion in 2019, a 25.8% increase over the year before. Liabilities increased by 18.8% to BDT 69.90 billion in 2020, continuing this upward trend and demonstrating strong financial expansion. Liabilities increased by an additional 12.5% in 2021, to BDT 78.62 billion. Liabilities increased slightly by 1.7% to BDT 79.93 billion in 2022, but the growth rate decreased considerably. The growth rate somewhat improved in 2023, as liabilities increased 6.6% to BDT 85.18 billion. The bank's increasing responsibilities to finance its growing activities and satisfy market needs are shown by the steady rise in liabilities over time.

Shareholders' equity

From 2019 to 2023, the Bank's shareholders' equity increased a little, with a minor decrease in the last year. As a result of rapid capital accumulation, equity grew by 48.6% in 2019 to reach BDT 5.58 billion. The equity reached BDT 6.06 billion in 2020 as a result of this growth, albeit at a slower pace of 8.7%. Equity increased by an additional 4.8% in 2021 to BDT 6.35 billion, and then by 7.1% in 2022 to BDT 6.80 billion. However, equity saw a slight decrease of 0.8% to BDT 6.75 billion in 2023. While the minor decline in 2023 suggests possible pressures on retained earnings or other equity components, the patterns show strong capital growth in previous years.

Depreciation

In the context of IAS-16, "Property, Plant and Equipment," the declining balance technique is used specifically for depreciation to calculate how much depreciation needs to be documented. The depreciation was calculated using the following depreciation rates:

Type of Fixed Assets	Depreciation Method	Depreciation Rate
Land	N/A	N/A
Office Supplies	Method of Reducing Balance	20%
Automobiles	The Straight Line Approach	20%
Real estate	Method of Reducing Balance	2.50%
Decorations and Furnishings	Method of Reducing Balance	10%

Figure 19: Accounting Practices 'Depreciation Methods'

(Source: Annual Report: 2023)

2.6 Practices of Information Systems and Operations Management

2.6.1. The role of the IT steering committee

The IT steering committee's duties and tasks are as follows:

- Monitor management processes in order to identify and achieve the strategic goals of the IT department.
- Provide advice on the risks and safety measures associated with information and communication technology use.
- Assist in financing and purchasing IT hardware and software.
- Assess and accept the project's priorities and the ICT idea's feasibility.
- Make sure that suitable risk management and mitigation techniques are in place for all large projects.
- Give advice on technology selection based on IPDC criteria.
- The legal and regulatory criteria for Direct Bangladesh Bank.

2.6.2. Recent developments in IPDC's ICT Policy

- IPDC has worked to enhance technology in recent years. Their latest improvement is ORJON. IBM and IPDC made the ORJON digital supply chain platform. SMEs can apply for low-cost, collateral-free financing through the organization's program.
- Companies then use this information to assist in creating a supply chain management ecosystem. Through Using this information, organizations build a supply chain management ecosystem. Also using this information, organizations build a supply chain management ecosystem. With assistance from the UK (DFID), the For the Poor in Bangladesh Program (BFP-B) platform was created. (Report, 2024)
- Using this information, organizations build a supply chain management ecosystem. With assistance from the UK (DFID), the For the Poor in Bangladesh Program (BFP-B) platform was created.
- The new platform aims to establish a secure, open ecosystem and sets a new benchmark for financial inclusion, security, and transparency. Value chain linking promotes economic efficiency, sustainability, and optimal performance. The first blockchain-based digital supply chain finance platform in Southeast Asia.

2.7 Analysis of the Industry and Competition

2.7.1 Porter’s Five Forces Analysis

Long-term growth requires industry and external influences. The Five Forces Model developed by Michael Porter is used to evaluate five factors that affect sector competitiveness. A company's or industry's level of success is influenced by a number of factors, including competition, supplier and customer negotiating power, and emerging technologies. rivals and alternatives to the product. The Five Forces of Porter:

Figure 20: Porter's Five Forces Analysis of IPDC Finance

A. **Rivalry Among Existing Firms:** The existence of 50 banks and 35 nonbank financial organisations indicates that the country's financial sector is more competitive than ever. The following elements feed this never-ending rivalry:
   - Switching costs are fairly inexpensive due to the intense competition among service providers.
   - Service Quality: Despite working in a highly competitive industry, IPDC has built a reputation for offering its clients outstanding services.
   - Customer Loyalty: The company's customer loyalty is increasing as a result of IPDC's new marketing strategy, which has raised retention.

B. **Bargaining Power of the Suppliers:** This industrial negotiation leverage may have an impact on the buyer's profit potential and competitive environment.
   - The Cost of Supplier Switching: Finding a specialised source is a major task in and of itself, and switching suppliers can be expensive.

- Level of Concentration: Due to their extensive knowledge and experience, providers in this industry have a significant advantage when it comes to negotiations.
- Concentration of Investment Portfolios: Due to their extensive knowledge and experience, providers in this sector have a significant advantage when negotiating.

C. **Bargaining Power of Buyers:** Buyers' negotiating power is one of Porter's Five Forces. It's the pressure that customers and consumers put on businesses to make better products.
   - Product and service differentiation: The fact that all NBFIs offer nearly identical product lines may be advantageous to customers.
   - The Cost of Production: When purchasing financial services, purchasers can bargain with NBFIs because of their low cost of production.

D. **Threat of New Entry:** The threat that new rivals offer to established businesses is known as "new entrant hazard." This occurs when a new business provides a comparable good or service to an established business.
   - Economic on a greater scale: By preventing new competitors from providing the service on a larger size, risk is reduced.
   - Legal Barriers: The strict regulations controlling NBFI operations reduce the risk of new competitors.
   - The Advantage of Being First: Since IPDC was the first private sector non-bank financial organization to be created in the country, it has a clear advantage when it comes to doing business there. It would be difficult for any new NBFI to keep up the level of service.

E. **Threat of Substitutes:** Companies worry about their market share being lost to rivals' goods and services. The risk of replacement rises when competitors or other organisations create more enticing or affordable alternatives.
   - Deposit Programs: In return for their investment in the organisation, members of certain cooperative organisations are offered lucrative deposit programs.

- Uncontrollable Credit: NBFIs as a whole are at risk from a variety of unregulated lending strategies.
- E-banking Service: Users can now deposit extra money with ease thanks to the widespread availability of MFS around the country.

2.7.2. SWOT Analysis

In the beginning the industry position, microenvironment analysis, framework, and structure of IPDC are examined. Later stages of planning are guided by SWOT analysis. SWOT must first assess the viability of the goal. Investors and readers will benefit from this SWOT analysis by learning how to leverage our strengths, turn our weaknesses into strengths, take advantage of chances, and lower risks.

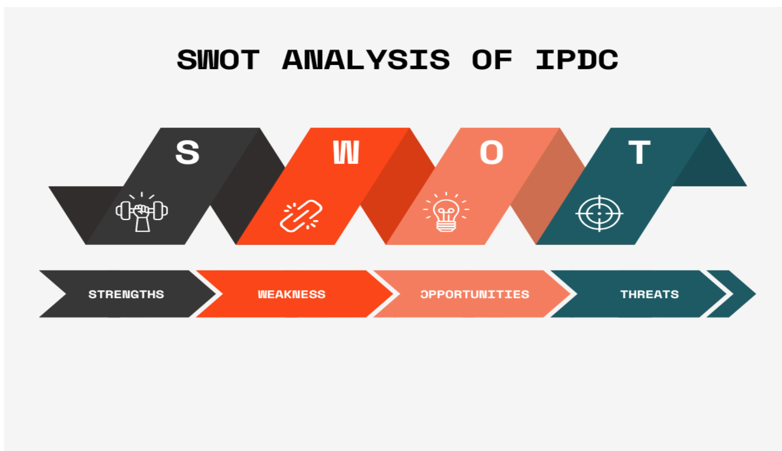


Figure 21: SWOT Analysis of IPDC Finance

Strengths

- **The company's brand and position in the market:** The well-known company IPDC has established a distinct market niche. It has demonstrated financial stability and shareholder trust in the past as a business. One well-known brand in the financial sector is IPDC. The company was a pioneer in its field at first, always considering the demands of its customers. The company benefits from this position due to their excellent brand image.
- **IPDC's productivity has seen a boost:** The goal of IPDC is to offer comprehensive, accurate solutions that are customized to meet the unique needs of every client. One of

their main responsibilities is processing lending and loan applications, and they are renowned for doing it efficiently and promptly. Applications from applicants are reviewed, and answers are provided as quickly as feasible.

Weaknesses

- **Additional choices:** The company can lose focus on its core services if it broadens its range of products and services.
- **Funding costs have gone up:** Because commercial banks make up a significant portion of NBFIs' activities, their cost of capital is higher than that of traditional financial institutions. Clients may also provide shorter-term deposits to IPDC in an effort to minimize the firm's average cost, necessitating a more transparent foundation for IPDC's deposit.

Opportunities

- **Loan limitations have increased as a result of a lack of commercial banks:** NBFIs are exempt from the requirement that their debt-to-equity ratio be 70:30, unlike commercial banks. Higher loan limits are offered by IPDC and other NBFIs in contrast to commercial banks. As a result, IPDC has more ability to hire clients (Issue-I, 2025). The name of IPDC Finance Limited is mentioned.
- **International investment opportunities:** The nation's financial market is now seeing a rise in investment. Consequently, IPDC has a great opportunity to develop in this rapidly growing new sector.

Threats

- **It's a risk from new non-bank financial institutions (NBFIs):** Similar goods and services are provided by NBFIs. IPDC is in danger. Midas, Meridian, Lanka Bangla, and IDLC are rivals. IDLC Finance Limited has already been discussed.
- **Competition between commercial banks:** Even though there aren't many commercial banks interested in leasing, NBFIs are crucial to the industry. Consequently, IPDC has to contend with a growing number of competitors.

2.8. Summary and Conclusions

As the leading corporate finance company in the nation, IPDC Finance Plc sought to provide outstanding customer service while upholding its moral principles and social obligations. The organisation is changing in order to serve underprivileged communities and draw in more youth. This level of product diversity has worked well, but businesses may need to further distinguish their offerings to meet consumer demands if market conditions shift. Businesses are now able to enter new markets because of recent legislation developments. In order to empower women, youth, and the impoverished, IPDC Finance Plc has established standards that non-bank financial institutions (NBFIs) have to conform to. (*Women in Leadership*, 2021)

During my three months as an intern at IPDC Finance Plc, I gained excellent knowledge and abilities. My industry-specific skills and market responsiveness have increased as a result of working with some of the brightest financial minds in the nation. I learnt life lessons from my adventure that will benefit my job. My internship at the Treasury Department gave me a better understanding of the middle market. This helped me understand the hiring requirements of big businesses.

My internship was the best since I never did the same thing twice. Interns are assigned laborious, time-consuming tasks by their employers. During my time at IPDC, I had the opportunity to speak with and work directly with decision-makers, which helped me better understand their arguments. I've discussed some of the major issues I became aware of while working with them below.

2.9. Recommendations/Implications

The business practices of IPDC Finance eliminate functional inefficiencies, and the company has one of the greatest corporate cultures in the sector. Beyond appearances, there is more. After working there for three months, I am confident in my ability to provide insightful opinions and useful solutions since I have a solid grasp of the larger picture.

- I observed how departmental misunderstandings caused delays in loan application responses. The observation is accepted as true even though there may be a counterargument. A communication breakdown could be disastrous in a fast-paced business setting. Take this communication away to increase productivity.

- Spending less on paper and using less of it can save money. environmentally friendly as well. Even if the organization's usage of paper has decreased as a result of their partial internet transition in response to the continuing process, they may still be able to plan their paper use moving forward.
- The approval of a loan application may take a long time because it requires the consent of multiple decision-makers. If authorisation is obtained at the same time as the operation, I believe the process can be simplified.
- Despite the responsible parties' best efforts to promote a sense of togetherness, it is heartbreaking to see how much stress each individual experienced at work. Flexible targets would have reduced employee stress.
- More work-life balance is needed because of the pressure. The employer might offer child care, flexible scheduling, and other benefits. Employees ought to work where and when they choose. Arrange the equipment and furnishings for the home office.
- Make each employee's training program unique. Foreign training is necessary for senior and mid level staff to increase motivation. To progress, the requirements for each level must increase the best efforts of applicants that are guaranteed by ongoing education.

Chapter 03:"Evaluating the Financial Health and Performance of IPDC Finance PLC"

3.1 Introduction

This section captures the researcher's main conclusions of the research undertaken in this study. The name of the project also indicates that we will find out how the CAMEL rating is used to compare the performance of the subject company IPDC Finance plc with its main competitors IDLC Finance plc and LankaBangla Finance plc.

3.1.1. Background

The situation in the financial sector in Bangladesh has not been easy in recent times. It is unfortunate that many financial institutions are vulnerable due to non– performing loans, or NPLs, defaulted advances among other issues. The efficacy of COVID-19 also affected the economy. The financial sector which is a crucial pillar of every country has suffered a lot of impacts from the COVID-19 virus. This was incumbent on the 2020 coronavirus that affected the growth of the company's financial plan (Issue-I, 2024a). Alo, dues were more even though they were high before the occurrence. The financial sector might be affected once more in the next pandemic style of event. NPL, though considered to be partly blamed for the poor performance, is not the root of the problem. Lack of control may stem from weak methods, weak compliance, and money laundering.

<u>Performance before COVID-19</u>

The company performance of IPDC Finance at the end of the year before the COVID epidemic was solidity based on asset deposits and the consistency of its profitability. Based on the work interpretation, the company strives in the financial industry due to measurement and control of risks and sound investment.

<u>COVID-19's effects</u>

There were several global concerns and local financial problems in Bangladesh when the virus COVID-19 emerged in 2020. In its operation, IPDC Finance faced problems such as lockdowns and economic challenges which put pressure on its operations, and led to increased NPLs as well as being more selective with the new investment (MarketScreener, 2024). However these challenges posed the business remained focused to ensure that adequate cash was available and assisting its' customers during the calamity.

Recovery from COVID-19 and Current Outcomes

After the pandemic, the company has shown stability and commitment to recovery at IPDC Finance. In the first nine months of 2024 company's operational profit was BDT 1,021.9 million; an 18% rise compared with the previous year. This growth is attributable to a 44.5% increase in the investment portfolio which boosted investment income annually by 170%.(*IPDC*, 2024) Also, the company had to face interest expenses that surged by 24.8% due to higher deposit costs and policy rate hike from Bangladesh Bank. Nevertheless, IPDC was able to implement clever staffing and resource mechanisms to reduce the operating cost to 7% from Q3 2023(*IPDC*, 2024). The amount of provision for total impaired assets also rose in Q3 2024 by 13.8% and now stood at BDT 3,493 million to ensure the company's sound financial structure.

Bangladesh Bank has the power to issue and regulate NBFI's licenses in consideration of the Financial Institutions Non-Banking Companies Act 1993. A Financial institution is required to have paid up capital of BDT 1 billion and more as per the Financial Institutions Regulation, 1994. To the NBFI like IPDC Finance, other types of deposit facilities like money market funds, check or draft deposits and over specific request deposits are not being accepted because these are commercially smaller than banks(*Bangladesh Bank.* 2012). There are still options such as cash credit, checking and savings deposit, and overdraft which are missing in the services. Also public deposits with a maturity of ninety days, commercial papers, and bonds, and funding acquired from various banks for which term deposit's minimum maturity period stands at ninety days. Before going through that let me say that the deposit insurance provided by Bangladesh Bank does not include these deposits. There are quantity constraints as well as qualitative constraints on the part of the IPDC especially the requirements which have been set by the Bangladesh Bank in terms of capital adequacy ratio, asset classification, provisions, income recognition and accruals and prudential regulation on capital markets borrowing by individual and group borrowers.

Recent reports on IPDC Finance PLC suggest the business has been rather stable especially when operating under challenging circumstances of 2023 as well as 2024. In the fiscal year of 2023, total assets stood at BDT 70.57 billion, but the problem started as the income from operation declined, a non-performing loans ratio raised and as result net profit after tax has fallen down 61.6% to BDT 346 million(*IPDC*, 2023). Similarly, operating profit of the organisation was reduced by 25.8% to BDT 1.30 billion. However, obstacles such as high non-performing loans and increased competition affected the company during the period in question IPDC acted to remedy these issues regarding non-performing operations and increase operational efficiency. Business was relieved in 2024 and manifested when operating profit increased in the first nine months by 18%, and that was BDT 1,021.9 million. Thus, IPDC produced trailing 12-month sales of approximately USD 25.5 million by the financial period ending September 30, 2024(*IPDC*, 2024). The company's ongoing process of recovery and operational growth has been made possible by its active management of credit risks, engagement with interest rate constraints and development of digital services.

3.1.2. Objective(s)

Specific Objectives

The main purpose of the specific objectives should be split into specific objectives for making up a proper direction into the project.

For this particular report, the study's particular goals are:

- To calculate the CAMEL Rating of IPDC Finance plc and its primary rivals.
- Ratio analysis and CAMEL Rating Analysis of IPDC Finance Plc, LankaBangla Finance Plc. and IDLC Finance Plc.
- Ranking analysis of each bank will be conducted in order to estimate the CAMEL rating.
- Composite rating will be used in order to estimate the analysis of the benchmark.
- Suggesting ways for IPDC Finance Plc. to raise their CAMEL rating.

3.1.3. Significance

The main objective of this chapter is to be used as a reference point for upcoming undertakings, since it is a student's first practical experience in a non-banking field. By contrasting the financial outcomes of IPDC Finance plc, LankaBangla Finance plc, and IDLC Finance plc, the non-banking sector in Bangladesh will be evaluated. The report's recommendations might be advantageous to IPDC Finance plc. My report's first and second chapters concentrated on my own experiences and the lessons I've learned thus far from my internship. The second important feature of this section of the report is that it might provide readers with a wealth of knowledge. Another advantage of this report is that the author will be keen to ask for feedback and share his ideas with the reader. A comprehensive overview of IPDC Finance plc, and the author's internship experience are also provided to the reader in this report. The user may fully understand the problem from start to finish when he first encounters it. The author asserts that this study will provide a comprehensive analysis of the non-banking industry.

The performance, regulation, and supervision of the non-banking industry are also evaluated on a national level. Thereafter, there will be a comprehensive ratio analysis, ranking analysis, camel rating, and overall composite rating. The CAR Ratio is taken into account by the C-Capital Adequacy Ratio. A. Measures of Asset Quality loans that are not performing. The ratio of cost to income is a component of M-Management Efficiency. The E-Earning Capacity includes ROA and ROE. An important component of L-Liquidity Management is the Credit Deposit Ratio. The S- Sensitivity ratio for market risk. Additionally, the investigation will assist the non-bank financial institution in improving its credit score.

3.2 Methodology

This study uses a methodical strategy that starts with the collection of raw data and ends with the creation of the final report. The Non-Banking Act's regulations controlled the research's data collection and source selection procedures. Following classification, analysis, and systematic arrangement, the methodological approach often adopts the following strategy:

Data collection and selection: Following discussions with both my assigned supervisor from BRAC University and my on-site supervisor of the company, the topic "An Analytical Study on the Utilization of the CAMELS rating framework for evaluating the financial health and performance of IPDC Finance PLC" was chosen. In essence, there are two ways to gather the information. They are:

A. **Data Collected from Primary Sources:** A list of data gathered from primary sources is provided below:
    - I've gained practical knowledge and skills from working in a range of fields.
    - During the information gathering process, institution executives, administrators, and staff participated in the discussion.
    - combining the skills and knowledge of several different fields.
B. **Information collected from Secondary Sources:** The following secondary sources were examined in the construction of this study. The secondary sources listed below are where the information below was gathered:

- The last five years of financial accounts and notes from IPDC Finance Plc.
- The data was retrieved from the website of IPDC Finance Plc.
- The 2019–2023 Annual Reports of LankaBangla Finance Plc, IDLC Finance Plc, and IPDC Finance Limited Plc.
- I found all the information I required on the official website of the Bangladesh Central Bank.
- A range of academic papers and publications were used to collect data.
- The official document is not the same as the official website of IPDC Finance Plc.
- A number of published studies and papers on the topic were used.
- Readings from the other essential finance courses also served as the basis for this study.

3.3 Results and Analysis Section

3.3.1 CAMELS Rating's introduction

The CAMELS rating is a popular type of statistical analysis used in the financial industry. People in Bangladesh also use it, just as in every other country. In Bangladesh, the five CAMEL components have been used since the early 1990s to assess a bank's overall financial health, compliance with banking laws and regulations, and overall operational soundness. This assessment procedure has been in progress. (Wikipedia contributors, 2025).
Financial institutions utilize a technique called the CAMELS Rating to assess a bank's overall financial health and pinpoint its strong and weak points. In order to keep banks from failing, regulators keep a careful eye on them and look for serious problems that need to be fixed. Public trust in the financial system will rise if financial institutions can avoid catastrophes like this. The following paragraphs will outline the approach used by the Federal Reserve System (FRS), the Federal Deposit Insurance Corporation (FDIC), and the Comptroller of the Currency. Poor management is one of the most common causes of bank failure(Wikipedia contributors, 2024). Nevertheless, no evidence of poor management may be regarded as reliable. Because of this, financial institutions are rated using the CAMEL scale, which has five points and is described below:

- ➢ **(C)**capital adequacy
- ➢ **(A)**assets
- ➢ **(M)**management Capability
- ➢ **(E)**earnings
- ➢ **(L)**liquidity
- ➢ **(S)**sensitivity

3.3.2. Composite Rating Description

On a scale of 1 to 5 each of the following five factors capital adequacy, asset quality, management effectiveness, earnings potential, and liquidity management will receive a score. Here is a list of some of the most famous beginnings in the world:

Rating 1: An institution that receives a rating of 1 has done exceptionally well. A rating of one indicates that you are performing at the top level.

Rating 2: This rating guarantees the safety and soundness of the financial institution's operations and indicates performance that is above average. With a score of 2, the financial institution has demonstrated that its responsibilities are adequately protected and that its performance exceeds expectations.

Rating 3: A score of three indicates that the presentation may want some work, but it is still regarded as adequate even though there was opportunity for improvement.

Rating 4: A performance qualifies as inferior or incredibly inadequate if it receives a score of four. A poor and meaningless performance on a scale of one to four points.

Rating 5: A score of five means that the bank is performing so badly that immediate action is needed to improve the situation. Performance that receives a score of five is considered inadequate and must be promptly addressed to ensure the long-term sustainability of the financial institution.

3.3.3. CAMEL Rating Analysis and Ratio

Ratings	1	2	3	4	5
Capital Adequacy	>15%	12-14.99%	8-11.99%	7-7.99%	<6.99%
Asset Quality (NPLs/TL)	<1.25%	<2.5-1.26%	<3.5-2.6%	<5.5-3.6%	>5.6%

Management Efficiency(cost/income)	**<25%**	**30-26%**	**38-31%**	**45-39%**	**>46%**
Earning Capacity ROA	**>1.5%**	**1.25-1.5%**	**1.01-1.25%**	**0.75-1.00%**	**<0.75%**
ROE	**>22%**	**17-21.99%**	**10-16.99%**	**7-9.99%**	**<6.99%**
Liquidity (TL/TD)	**<55%**	**62-56%**	**68-63%**	**80-69%**	**>81%**
Sensitivity to Market Risk	**< 5%**	**5%-12%**	**14%<20%**	**23%-37%**	**>42%**

Figure 22: Ratio Analysis Rating Chart

3.3.4. Capital Adequacy

A bank's capacity to tolerate withdrawals and yet fulfil customer obligations is assessed by the capital adequacy ratio. The ability of a bank to raise sufficient capital is the only way to resolve this problem. The capital adequacy of a bank is determined by its risk-weighted assets-to-capital ratio. A bank's capital adequacy is used by the CAMELS rating system to determine if it has enough cash on hand to cover losses. A bank's capital is measured by the capital adequacy ratio. CAR ratios are managed by central banks. It serves as a safeguard against a bank failing.

Structure: CAR= (Tier-1 capital + Tier-2 capital) /risk weighted assets

Capital Adequacy (CAR Ratio)											
NBFI's	2019		2020		2021		2022		2023		
	Ratio	Rating	Ratio	Rating	Ratio	Rating	Ratio	Rating	Ratio	Rating	Average Ratings
IPDC Finance Plc	19.30%	1	18.51%	1	15.65%	1	15.92%	1	18.12%	1	1
IDLC Finance Plc	14.82%	2	14.59%	2	15.27%	1	15.99%	1	15.91%	1	1.4
LankaBangla Finance Plc	16.40%	1	18.80%	1	16.90%	1	15.80%	1	14.20%	2	1.2

Figure 23: Capital Adequacy Ratios and Rating of IPDC, IDLC & LankaBangla Finance

Ranking Analysis

IPDC Finance Plc

IPDC Finance Plc maintained elevated CAR ratios from 2019 to 2023 with results between 15.65% and 19.30%. The company kept its strong CAR numbers during 2020 along with steady results in later years. The company accomplished this result while maintaining proper control over its risk-weighted assets. IPDC regularly boosted its first and second-level capital resources as shown in annual reports and managed its asset base for achievement of these targets. During five years IPDC achieved the highest rating of "1" by demonstrating its ability to keep customer trust and maintain legal standards. The bank has outstanding capital levels and operating results which show up in its high CAR ratio.

IDLC Finance Plc

During this period IDLC Finance Plc maintained consistent CAR ratios with minor changes. The business showed strong performance after its CAR scoring fell to "2" in 2019-2020 before reaching its highest marks of "1" in 2021 and 2023. These consistent improvements show IDLC focuses both on developing its capital base and meeting all necessary rules. Past years showed IDLC experienced challenges finding the right mix between building up capital reserves while growing its assets. While IDLC could do better at keeping its ratios stable the bank maintained a strong average grade of "1.4" when it came to adherence with regulations.

LankaBangla Finance Plc

LankaBangla Finance Plc had an exceptional CAR ratio during the last five years; it was 14.20% in 2023 and 18.80% in 2020. The company maintained a top rating of "1" in most of the years, notwithstanding a poor performance in 2023 when the rating decreased to "2." This indicates that increased risk-weighted assets may have grown faster than capital. Notwithstanding this slight drop, LankaBangla's average rating of "1.2" demonstrates effective management of finances together with regulatory compliance. Much of their poor performance in previous years and constant compliance demonstrate their ability to transfer the risk of loss and to contribute to the stability.

Overall Analysis: So, the most important measures of an organization's financial stability and loss-absorbing capacity is its capital adequacy ratio, or CAR ratio. The performance of three NBFIs IPDC Finance Plc, IDLC Finance Plc, and LankaBangla Finance Plc is highlighted in the table. Over the years, IPDC Finance has continuously maintained a high CAR rating of 1, demonstrating remarkable financial stability with ratios ranging from 15.65% to 19.30%. With a consistent CAR range of 14.59% to 15.99% and an average rating of 1.4, IDLC Finance has improved over time, going from a rating of 2 in 2019 and 2020 to 1 in the years that followed. With CAR ratios ranging from 14.20% to 18.80%, LankaBangla Finance consistently maintains a grade of 1, indicating strong performance. However, its decline in 2023 led to a rating of 2, which gave it an average rating of 1.2 for that year. All three institutions, with IPDC being the most consistent, followed by LankaBangla and IDLC, generally satisfy regulatory requirements.

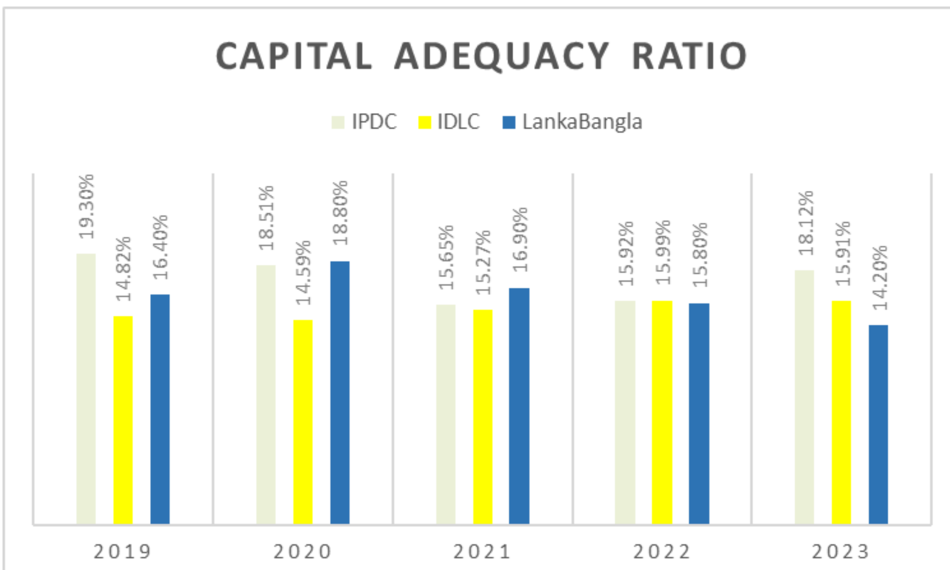


Figure 23.1: Capital Adequacy Ratios and Rating of IPDC, IDLC & LankaBangla Finance

3.3.5. Asset Quality

Every bank is in charge of deciding how to allocate the deposited funds, and these decisions affect the credit risk that the bank is responsible for. Consequently, the regulators look into the bank's assets, which include securities and loans. An analysis of a financial institution's existing loan portfolio can be used to gauge its liquidity. This has directly led to a decline in the asset's quality, which is primarily made up of loans and advances. To precisely predict the proportion of the bank's loans and advances that are anticipated to default, it is also critical to concentrate on loans that are doing negatively.

Non-performing loans/total loans

The percentage of a bank's total loans that are non performing is known as the nonperforming loan ratio, or NPL ratio. The ability of a bank to collect past-due loans is gauged by NPL ratios. Lenders use the percentage of non-performing loans to evaluate how well their lending decisions are doing. An elevated ratio, as determined by the bank's loan portfolio, indicates greater credit risk.

Structure: Non-performing loans/total loans = NPL/total loans

Asset Quality Ratio											
NBFI's	2019		2020		2021		2022		2023		
	Ratio	Rating	Ratio	Rating	Ratio	Rating	Ratio	Rating	Ratio	Rating	Average Ratings
IPDC Finance Plc	11.69%	5	9.16%	5	8.18%	5	8.96%	5	10.11%	5	5
IDLC Finance Plc	3.07%	3	1.79%	1	3.05%	3	3.81%	4	4.46%	4	3
LankaBangla Finance Plc	5.20%	4	4.40%	4	6.57%	5	7.22%	5	7.41%	5	4.6

Figure 24: Asset Quality Ratios and Rating of IPDC, IDLC & LankaBangla Finance

Ranking Analysis

IPDC Finance Plc

From 8.18% in 2021 to 11.69% in 2019, IPDC Finance Plc continuously had the highest asset quality ratios of the three NBFIs. In comparison to its counterparts, these ratios received a "5" rating for each of the five years, indicating comparatively poorer asset quality. Even with modest gains in 2021 and 2022, IPDC's overall average rating of "5" indicates that a sizable percentage of its assets might be non-performing or of greater risk. Enhancing asset quality should be a top goal to lower credit risk and boost operational efficiency, even though the institution has continued to comply with regulatory standards.

IDLC Finance Plc

In terms of asset quality, IDLC Finance Plc exceeded IPDC, with ratios varying from 1.79% in 2020 to 4.46% in 2023. Its ratings fluctuate throughout time, falling to "3" and "4" in certain years but reaching a "1" in 2020, indicating outstanding asset quality. Due to this fluctuation, the average grade was "3," indicating that the asset quality was relatively strong but still had potential for development. In 2020, IDLC demonstrated its capacity to manage non-performing assets and keep a low-risk loan portfolio, demonstrating its propensity to continuously improve outcomes through strategic interventions.

LankaBangla Finance Plc

In 2019 and 2020, LankaBangla Finance Plc's asset quality ratios were reasonably strong, but they gradually declined over time. Ratings varied between "4" and "5", and ratios ranged from 4.40% in 2020 to 7.41% in 2023. Its "4.6" average grade indicates that asset quality has declined over time, maybe as a result of a rise in hazardous or non-performing assets. Reducing the institution's exposure to credit risk and enhancing financial stability will require addressing these problems.

Overall Analysis: By calculating the percentage of non-performing assets to total assets, the Asset Quality Ratio evaluates the financial health of non-banking financial institutions (NBFIs). A higher percentage of non-performing assets and potential for asset quality improvement are indicated by IPDC Finance's continuously high ratios, which range from 8.18% to 11.69% and maintain the lowest grade of 5 across all years. With much lower ratios ranging from 1.79% to 4.46%, IDLC Finance exhibits superior asset quality. This results in an average grade of 3, which indicates comparatively effective management of non-performing assets. With ratios ranging from 4.40% to 7.41%, LankaBangla Finance exhibits moderate performance, resulting in an average grade of 4.6. It outperforms IPDC but has more non-performing assets than IDLC. There is potential for improvement across all institutions to increase financial stability, however overall, IDLC leads in asset quality, followed by LankaBangla and IPDC.

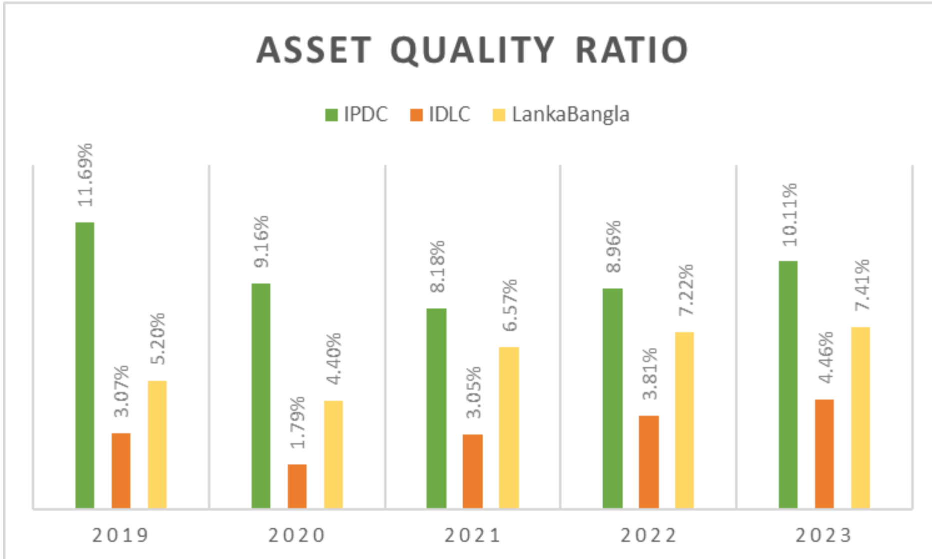


Figure 24.1: Asset Quality Ratios and Rating of IPDC, IDLC & LankaBangla Finance

3.3.6. Management Efficiency

A company's management efficacy is one of the most important factors influencing its success. If a company's management can handle all of the day-to-day operations of the business, it may make money and turn a profit. By examining how effectively managers address worries about market competition, assign roles and responsibilities, create compensation plans and job instructions, and perform other comparable tasks, this indicator assesses how successful management is.

Every aspect of bank administration is evaluated. Additionally, the authorities assess the bank's management on the basis of administrative proficiency, standard compliance, and flexibility in a changing environment. To find out if management can identify financial issues, they also examine the bank's internal controls. Subjectivity is what this is.

Structure: Cost/ Income= Total Operating Cost/ Total Operating Income

Management Efficiency Ratio											
NBFI's	2019		2020		2021		2022		2023		
	Ratio	Rating	Ratio	Rating	Ratio	Rating	Ratio	Rating	Ratio	Rating	Average Ratings
IPDC Finance Plc	45.31%	4	40.65%	4	36.04%	3	45.79%	4	55.22%	5	4

IDLC Finance Plc	**42.00%**	**4**	**38.00%**	**3**	**38.00%**	**3**	**44.00%**	**4**	**47.00%**	**5**	**3.8**
LankaBangla Finance Plc	**54.33%**	**5**	**64.24%**	**5**	**56.63%**	**5**	**63.73%**	**5**	**58%**	**5**	**5**

Figure 25: Management Efficiency Ratios and Rating of IPDC, IDLC & LankaBangla Finance

Ranking Analysis

IPDC Finance Plc

In 2021, IPDC Finance Plc's management efficiency ratio was 36.04%; in 2023, it was 55.22%. With a rating of "3," the institution's performance peaked in 2021; but, in subsequent years, its ratios were greater, receiving ratings of "4" and "5". Although it shows potential for improvement in operational cost control, the average rating of "4" denotes modest efficiency. The rising trend in 2023 highlights the necessity for cost optimization techniques and points to increasing difficulties in controlling expenses in relation to income.

IDLC Finance Plc

The managerial efficiency ratios for IDLC Finance Plc ranged from 38.00% in 2020 and 2021 to 47.00% in 2023, showing a small improvement over IPDC. The average rating was "3.8," with ratings ranging from "3" to "5". Although IDLC demonstrated better cost control in 2020 and 2021, the rising ratios in 2022 and 2023 point to a drop in productivity. By addressing these patterns and putting in place more efficient cost controls, IDLC may be able to enhance its operational efficiency.

LankaBangla Finance Plc

From 54.33% in 2019 to 64.24% in 2020, LankaBangla Finance Plc continuously reported the highest Management Efficiency Ratios. All five years received the same rating of "5" due to these continuously high ratios, which indicated serious inefficiencies in the way operating costs were managed. The average rating of "5" emphasizes how urgently LankaBangla must improve resource allocation and cost structure in order to achieve better financial performance.

Overall Analysis: With ratings basically at 4, IPDC Finance Plc presents changing ratios, from 45.31% in 2019 to 55.22% in 2023, suggesting a modest degree of management efficiency. With ratios falling from 42.00% in 2019 to 38.00% in 2021 but increasing in the following years, IDLC Finance Plc exhibits a more inconsistent performance. With potential for improvement, its average grade of 3.8 indicates a mixed level of efficiency. With a high and steady range of ratios, ranging from 54.33% to 64.24%, LankaBangla Finance Plc continuously surpasses the others and maintains a rating of 5 in every year, indicating exceptional efficiency in operating expense management. In terms of management efficiency, LankaBangla Finance Plc leads the field, followed by IPDC Finance Plc, while IDLC Finance Plc's management efficiency may use some work.

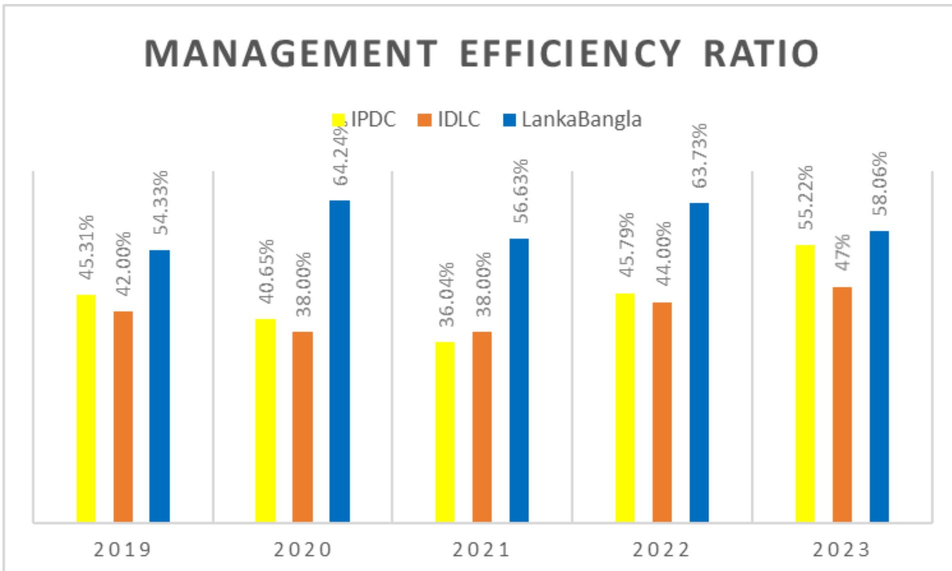


Figure 25.1: Management Efficiency Ratios and Rating of IPDC, IDLC & LankaBangla Finance

3.3.7. Earnings Capacity

The term "CAMEL"E" means earnings capability. The ability of a bank to consistently turn a profit is known as earning capacity. to assess a bank's financial standing in order to ascertain its long-term viability. Risk is emphasized by CAMEL ratings, but earnings are equally crucial. Banks are brought down by negative earnings. By dividing after-tax income by assets, return on assets (ROA) calculates how profitable banks are. One way to assess a bank's long-term profitability is to compare its results to those of the industry. The bank's performance can now be contrasted with those of its competitors. Regulators are therefore worried about how changes in the economy may affect a bank's profitability.

Return on Assets

The percentage of a company's assets that successfully generate income for the enterprise is known as return on assets.

Structure: Return on Assets (ROA) = Net profit (loss)/ Total assets

Return on Equity

It accomplishes this by comparing a company's profitability to the equity held by its shareholders.

Structure: Return on Equity (ROE) = Net profit (Loss)/ Shareholder's equity

Earnings Capacity (ROA Ratio)											
NBFI's	2019		2020		2021		2022		2023		
	Ratio	Rating	Ratio	Rating	Ratio	Rating	Ratio	Rating	Ratio	Rating	Average Ratings
IPDC Finance Plc	0.87%	4	0.93%	4	1.04%	3	1.04%	3	0.37%	5	3.8
IDLC Finance Plc	1.30%	2	1.80%	1	1.20%	3	1.10%	3	0.80%	4	2.6
LankaBangla Finance Plc	0.93%	4	1.07%	3	0.74%	5	0.21%	5	0.19%	5	4.4

Figure 26: Earning Capacity Ratios and Rating Analysis of IPDC, IDLC & LankaBangla Finance

Earnings Capacity (ROE Ratio)											
NBFI's	2019		2020		2021		2022		2023		
	Ratio	Rating	Ratio	Rating	Ratio	Rating	Ratio	Rating	Ratio	Rating	Average Ratings
IPDC Finance Plc	14.99%	3	12.65%	3	14.53%	3	14.18%	3	5.04%	5	3.4
IDLC Finance Plc	13.60%	3	18.20%	2	12.00%	3	11.40%	3	7.70%	4	3
LankaBangla Finance Plc	7.12%	4	8.24%	4	5.83%	5	1.61%	5	1.52%	5	4.6

Figure 26.1: Earning Capacity Ratios and Rating Analysis of IPDC, IDLC & LankaBangla Finance

Ranking Analysis (ROA)

IPDC Finance Plc

Throughout the years, IPDC Finance Plc's ROA Ratio performed moderately, reaching a high of 1.04% in 2021 and 2022, earning a "3." However, in 2023, the ratio dropped dramatically to 0.37%, earning a "5." This implies that asset usage efficiency has declined recently. IPDC's average rating of "3.8," which indicates the need for more robust profitability measures, indicates that it was somewhat efficient but had trouble maintaining consistency, especially in 2023.

IDLC Finance Plc

In terms of ROA, IDLC Finance Plc continuously beat its competitors. In 2020, it achieved its greatest ratio of 1.80%, receiving a top rating of "1." The ratio fell to 0.80% in 2023, earning a "4," but IDLC's overall performance was still comparatively good, earning an average rating of "2.6." Although the company's capacity to sustain greater ROA ratios in previous years suggests efficient asset usage, the downward trend emphasizes the necessity of redoubling efforts to increase profitability.

LankaBangla Finance Plc

With ratios continuously below 1.00%, LankaBangla Finance Plc performed worse in terms of ROA than its peers. After a peak ratio of 1.07% in 2020, which earned a "3," there were notable drops in the following years, with a ratio of 0.19% in 2023, which earned a "5." The average score of "4.4" indicates persistently low asset utilization and difficulties with profitability. In order to improve revenue generation and maximize asset utilization, LankaBangla must take strategic measures to address its poor performance.

Overall Analysis: With ROA values ranging from 0.37% to 1.04% and an average grade of 3.8, IPDC Finance Plc exhibits mediocre performance, with erratic efficiency and a notable decline in 2023. With an average grade of 2.6 and ROA values ranging from 0.80% to 1.80%, IDLC Finance Plc performs the best out of the three, exhibiting comparatively superior asset utilisation and profitability. LankaBangla Finance Plc, on the other hand, has the lowest ROA ratios, ranging from 0.19% to 1.07%. This results in an average grade of 4.4, which indicates lower profitability and efficiency. All institutions require improvement to maximise their profitability in relation to assets, with IDLC leading the way in ROA performance overall, followed by IPDC and LankaBangla.

Ranking Analysis (ROE)

IPDC Finance Plc

From 2019 to 2022, IPDC Finance Plc's ROE performance was steady but moderate, with ratios ranging from 12.65% in 2020 to 14.99% in 2019. These years consistently received a "3." But in 2023, a notable reduction to 5.04% earned a "5," signifying a precipitous decline in profitability in relation to equity. With an average grade of "3.4," IPDC demonstrated a moderate level of efficiency in producing returns for shareholders; nonetheless, it encountered difficulties in maintaining performance, especially in 2023.

IDLC Finance Plc

With the best overall ROE performance, IDLC Finance Plc surpassed its peers; in 2020, it reached its highest ratio of 18.20%, earning a "2." Years after that, though, saw a slow drop, with the ratio hitting 7.70% in 2023 and earning a "4." Although the downward trend emphasizes the need for better profitability methods, IDLC maintained an average grade of "3," demonstrating comparatively solid shareholder returns, despite these changes.

LankaBangla Finance Plc

The ROE performance of LankaBangla Finance Plc was consistently worse, with ratios ranging from 7.12% in 2019 to 1.52% in 2023. Over the course of the period, it received a lot of "4" and "5" reviews, with an average rating of "4.6." These numbers show low profitability and inefficient return generation for shareholders. The notable drops in recent years imply that LankaBangla has a difficult time sustaining its financial performance and providing value to its stockholders.

Overall Analysis: With ROE values ranging from 12.65% to 14.99%, IPDC Finance Plc shows steady performance from 2019 to 2022, keeping its grade at 3. Its overall average grade, however, dropped to 3.4 in 2023 due to a notable drop to 5.04%, which was indicative of a reduction in equity efficiency. With ROE values ranging from 11.40% to 18.20% and an average grade of 3, IDLC Finance Plc exhibits the best overall performance. This indicates stable and generally excellent equity utilisation, albeit there has been a minor dip in recent years. With ROE values falling precipitously from 7.12% in 2019 to 1.52% in 2023, LankaBangla Finance Plc, on the other hand, performs the worst, receiving an average grade of 4.6, indicating inefficiencies in making equity gains. Overall, LankaBangla lags far behind IPDC and IDLC in ROE performance, underscoring the need for better equity management across all institutions.

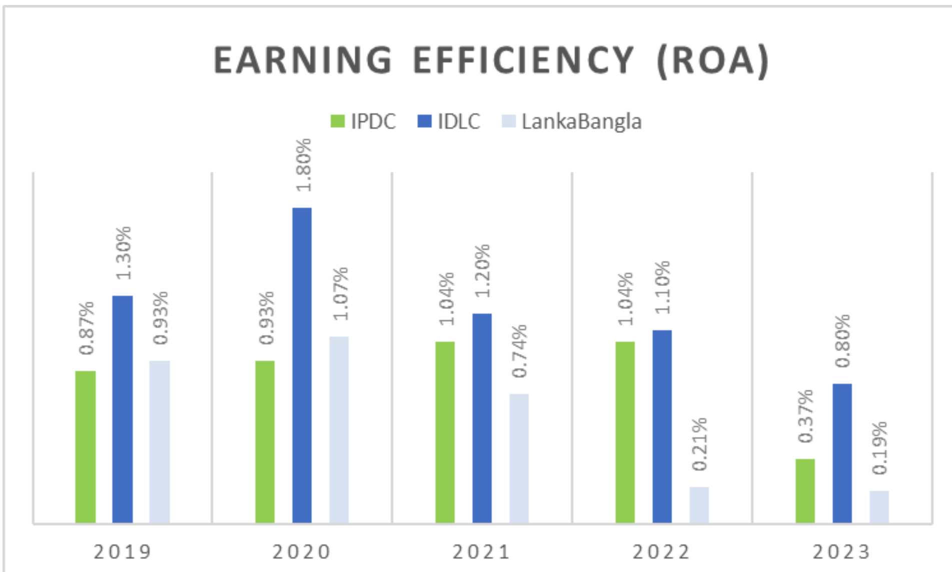


Figure 26.2: Earning Capacity Ratios and Rating Analysis of IPDC, IDLC & LankaBangla Finance

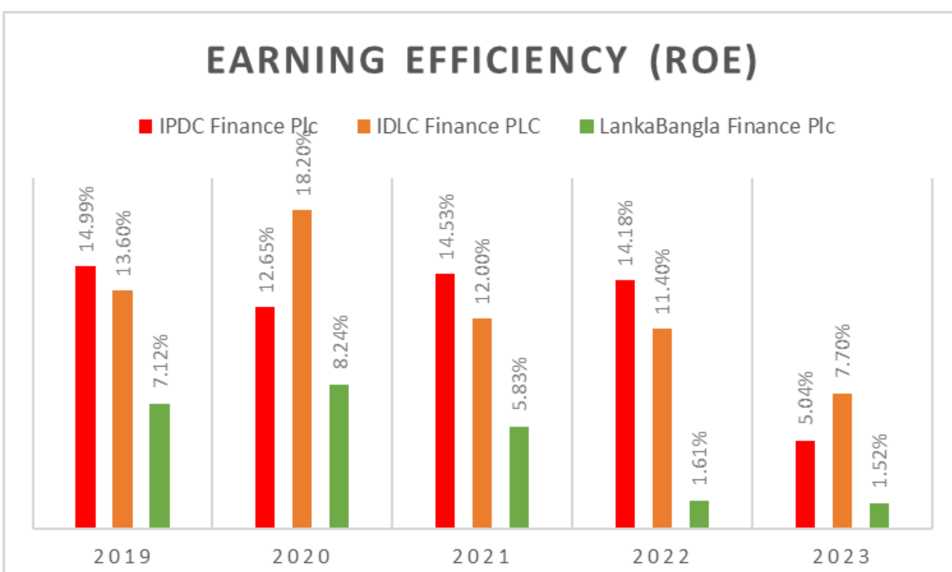


Figure 26.3: Earning Capacity Ratios and Rating Analysis of IPDC, IDLC & LankaBangla Finance

3.3.8. Liquidity Management

Financial institutions' ability to effectively manage liquidity is essential to their long-term survival. This can determine if a bank is on the verge of failing. When a bank has enough cash on hand to cover its immediate liabilities, it is said to have adequate liquidity. "Liquid money" refers to assets that are readily convertible. The overall liquidity and efficiency of a bank may be impacted if short-term liquidity requirements cannot be met. It implies that they might not have the funds to reimburse depositors, which is what determines whether the bank would fail.

Structure: Credit Deposit Ratio = Total Loans/Total Deposits

Liquidity Ratio											
NBFI's	2019		2020		2021		2022		2023		
	Ratio	Rating	Ratio	Rating	Ratio	Rating	Ratio	Rating	Ratio	Rating	Average Ratings
IPDC Finance Plc	15.18%	1	20.87%	1	17.38%	1	20.46%	1	26.75%	1	1
IDLC Finance Plc	17.60%	1	25.80%	1	48.00%	1	45.40%	1	37.80%	1	1
LankaBangla Finance Plc	33.29%	1	26.17%	1	33.60%	1	53.47%	1	60.87%	2	1.2

Figure 27: Liquidity Management Ratio and Rating of IPDC, IDLC & LankaBangla Finance

Ranking Analysis

IPDC Finance Plc

Throughout the period, IPDC Finance Plc continuously demonstrated strong liquidity, as evidenced by ratios that ranged from 15.18% in 2019 to 26.75% in 2023. The company's outstanding ability to fulfil short-term obligations was demonstrated by these strong ratios, which consistently received a "1" rating over the course of the five years. With an average rating of "1," IPDC showed steady and dependable liquidity management, guaranteeing that its financial operations ran smoothly and without incurring large liquidity risks.

IDLC Finance Plc

IDLC Finance Plc had outstanding liquidity performance, continuously reaching ratios greater than IPDC, with values ranging from 17.60% in 2019 to a peak of 48.00% in 2021. The organisation consistently maintained a "1" rating for all five years, yielding an average rating of "1." This performance demonstrates IDLC's robust liquidity position and efficient liquid asset management, guaranteeing its capacity to effectively meet short-term financial obligations.

LankaBangla Finance Plc

Strong liquidity ratios were also shown by LankaBangla Finance Plc, with values ranging from 26.17% in 2020 to 60.87% in 2023. A notable increase in the ratio in 2023, however, caused the grade to drop to "2" and may have signalled possible inefficiencies in using liquid assets for investments or growth. In spite of this, LankaBangla kept its average rating of "1.2," which indicates that while liquidity is generally strong, there is still opportunity for improvement in terms of striking a balance between operational efficiency and liquid asset levels.

Overall Analysis: From 2019 to 2023, IPDC Finance Plc and IDLC Finance Plc both demonstrate exceptional liquidity management, continuously earning a flawless average rating of 1. In order to demonstrate consistent and effective liquidity management, IPDC keeps its ratios between 15.18% and 26.75%. In a similar vein, IDLC maintains strong performance with ideal short-term financial health despite recording somewhat larger ratios, ranging from 17.60% to 48.00%. On the other hand, LankaBangla Finance Plc has an average rating of 1.2 and shows greater liquidity ratios, ranging from 26.17% to 60.87%. Interestingly, its 2023 ratio of 60.87% led to a lowered rating of 2, indicating a possible over-reliance on liquid assets or inefficiency in asset utilisation. Although all three institutions have solid liquidity situations overall, LankaBangla shows a need for improved liquidity management techniques, while IPDC and IDLC set the standard for ideal performance.

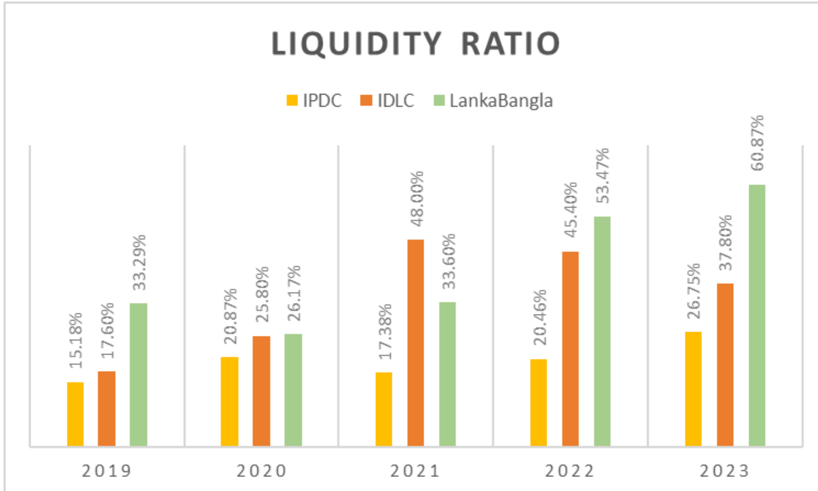


Figure 27.1: Liquidity Management Ratio and Rating of IPDC, IDLC & LankaBangla Finance

3.3.9. Sensitivity

The CAMELS ratings' Sensitivity to Market Risk (S) metric evaluates how susceptible an organization is to changes in the market, including shifts in interest rates, currency rates, and share prices. In spite of unfavorable market fluctuations, it assesses the institution's capacity to control these risks and preserve financial stability. While a higher rating denotes increased exposure to market risks, a lower sensitivity rating represents sound risk management procedures.

Structure: Rate-Sensitive Assets (RSA) - Rate-Sensitive Liabilities (RSL) / Total Assets

Sensitivity to Market Risk (S)											
	2019		2020		2021		2022		2023		
	Ratio	Rating	Ratio	Rating	Ratio	Rating	Ratio	Rating	Ratio	Rating	Average Ratings
IPDC	0.55%	1	0.65%	1	0.07%	1	0.06%	1	0.05%	1	1
IDLC	0.13%	1	19.80%	3	0.97%	1	14.70%	3	0.15%	1	1.8
LankaBangla	4.16%	1	0.63%	1	6.21%	2	0.07%	1	0.15%	1	1.2

Figure 28: Sensitivity Ratio and Rating of IPDC, IDLC & LankaBangla Finance

Ranking Analysis

IPDC Finance Plc

From 2019 to 2023, IPDC continuously demonstrated exceptional success in controlling market risk sensitivity. It showed excellent risk management by maintaining incredibly low market risk ratios, which ranged from 0.05% to 0.65%. IPDC continuously received the highest rating of "1," resulting in an average rating of 1. This demonstrates IPDC's capacity to successfully preserve stability and reduce susceptibility to market swings.

IDLC Finance Plc

With ratios below 1% in 2019, 2021, and 2023, IDLC demonstrated strong success in controlling market risk in the majority of those years, receiving a "1" grade. Nevertheless, there were notable increases in market risk in 2020 and 2022, with ratios hitting 19.80% and 14.70%, respectively, earning those years a "3" rating. Because of these variations, IDLC's overall average rating rose to 1.8, indicating erratic sensitivity to market risk management.

LankaBangla Finance PLC

From 2019 and 2023, LankaBangla Finance PLC's performance in managing market risk was erratic but typically positive. The business received a "1" rating in 2019, 2020, 2022, and 2023 for maintaining low market risk ratios in the majority of those years. But in 2021, the ratio increased to 6.21%, earning the year a "2" rating. LankaBangla received an overall average grade of 1.2 in spite of this unpredictability, which suggests that the company has adequate management over market risk despite sporadic changes.

Overall Analysis: From 2019 to 2023, IPDC, IDLC, and LankaBangla Finance PLC's Sensitivity to Market Risk (S) ratings demonstrate their capacity to control risks associated with the market. With ratios ranging from 0.05% to 0.65% over the course of the five years, IPDC continuously maintained a low level of market risk exposure, receiving the highest rating of "1" each year, for an average rating of 1. Similar to this, IDLC performed well in the majority of years, earning a "1" grade for market risk ratios that were less than 1% in 2019, 2021, and 2023. These ratios managed to sharply increase to 19.80% and 14.70% in 2020 and 2022, respectively, earning those years a "3" grade and raising the average rating to 1.8. The market risk ratios of LankaBangla Finance PLC varied moderately, from 0.07% to 6.21%. The company received an average rating of 1.2, with a "1" in the majority of years and a "2" in 2021 because of a higher ratio. All things considered, IPDC showed the most consistent and advantageous market risk sensitivity, followed by LankaBangla and IDLC.

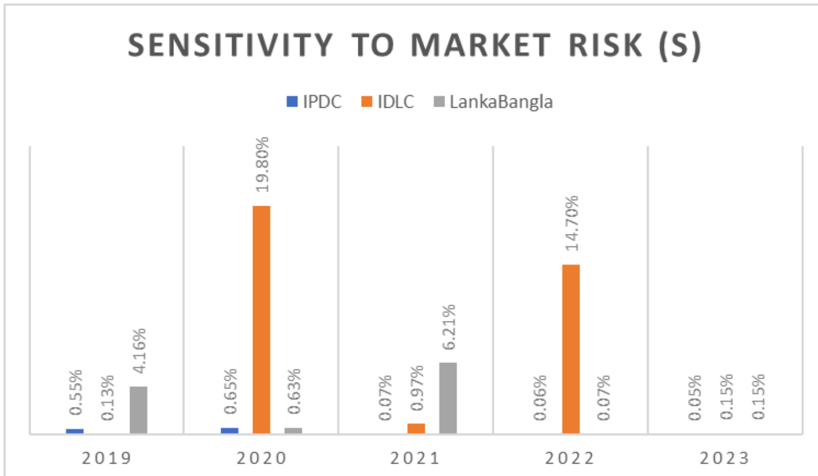


Figure 29: Sensitivity Ratio and Rating of IPDC, IDLC & LankaBangla Finance

3.3.10. Composite Camels Rating

Composite Camels Rating								
NBFI's	**C**	**A**	**M**	**E**	**L**	**S**	**Average**	**Composite Rating**
IPDC	**1**	**5**	**4**	**3.6**	**1**	**1**	**3.12**	**3**
IDLC	**1.4**	**3**	**3.8**	**2.8**	**1**	**1.8**	**2.76**	**3**
LankaBangla	**1.2**	**4.6**	**5**	**4.5**	**1.2**	**1.2**	**3.54**	**4**

Figure 30: Composite Camels Rating Comparison of IPDC, IDLC & LankaBangla Finance

By evaluating six essential elements Capital Adequacy (C), Asset Quality (A), Management Efficiency (M), Earnings (E), and Liquidity (L) the Composite, Sensitivity (S) CAMELS Rating offers a comprehensive assessment of the performance and stability of Non-Banking Financial Institutions (NBFIs). With a Composite Rating of 3, an average score of 2.76, and strong Capital Adequacy (1.4), Liquidity (1), and balanced Sensitivity (1.8), IDLC Finance Plc stands out as having the highest stability; however, its moderate performance in Asset Quality (3) and

Management Efficiency (3.8) leaves opportunities for improvement. Similar to this, IPDC Finance Plc, which has a Composite Rating of 3 and an average score of 3.12, does well in the areas of Capital Adequacy (1), Liquidity (1), and Sensitivity (1); however, there is room for improvement due to high risks in Asset Quality (5) and moderate Management Efficiency (4). However, with an average score of 3.54 and a Composite Rating of 4, LankaBangla Finance Plc has the greatest difficulties. Despite its strengths in capital adequacy (1.2), liquidity (1.2), and sensitivity (1.2), the company's low earnings (4.5), poor asset quality (4.6), and inadequate management efficiency (5) all point to serious weaknesses that need to be addressed right now. Overall, IDLC continues to hold the top spot, but in order to improve their operational stability and financial health, IPDC and LankaBangla must address significant deficiencies.

3.4 Conclusions

The internship at IPDC Finance PLC has been a life-changing experience that has helped to close the gap between theoretical knowledge and practical financial uses. The CAMELS rating system was used in this research to evaluate IPDC Finance's financial standing and provide a comparison with major rivals like LankaBangla Finance PLC and IDLC Finance PLC. The results showed both areas that needed strategic improvement and areas that were strong, especially in the areas of digital transformation projects, cost efficiency, and asset quality management.

Understanding the complex dynamics of the non-banking financial industry has been made easier by this internship, which goes beyond technical analysis. It has given them a greater understanding of supply chain finance and the innovations generated by fintech that are changing the financial services industry. Analytical, problem-solving, and decision-making abilities that go well beyond academics have been refined via practical work, industry collaboration, and real-world challenges.

IPDC Finance PLC's long-term performance will depend on its capacity to innovate, adapt, and improve its operational strategies as it crosses a changing financial landscape. In addition to giving exposure to real-world situations, this experience has stoked a desire for financial analysis and strategic problem-solving, which will be a great advantage in any future financial industry business.

3.5 Recommendations

1. Capital Adequacy

- Keep the CAR Ratio Consistent:
  - ➢ The CAR ratio fluctuated, especially in 2021 (15.65%), even though it improved in 2023 (18.12%).
  - ➢ For CAR to remain above regulatory criteria, IPDC should guarantee consistent growth in Tier 1 and Tier 2 capital.
- Optimize Risk-Weighted Assets:
  - ➢ The risk-weighted assets grew from BDT 35.43 billion in 2019 to BDT 49.77 billion in 2023, a substantial increase over time.
  - ➢ Use risk-reduction techniques including lowering exposure to high-risk industries and diversifying the loan portfolio.

2. Asset Quality

- Lower Non-Performing Loan (NPL) Ratio:
  - ➢ Following an improvement in 2021 (8.18%), the NPL ratio rose in 2023 (10.11%). To keep the NPL ratio low, improve credit assessment and recovery processes.
- Enhance the Methods of Loan Origination:
  - ➢ To stop default rates from increasing further, provide strong risk assessment processes for new loans.
- Pay Attention to High-Yield Loans:
  - ➢ To increase asset quality and profitability, give preference to high-quality loans in industries with historically low default rates.

3. Management Efficiency

- Cut the Ratio of Cost to Income:
  - ➢ In 2023, the cost-to-income ratio increased significantly from 36.04% in 2021 to 55.22%.
  - ➢ Reduce operating expenses and increase efficiency by investing in automation and streamlining procedures.
  - ➢ Determine which operating expenses are inefficient and cut them out.
- Boost Worker Output:
  - ➢ Implement skill-development initiatives to enhance employee performance and lower mistakes that result in increased expenses.

4. Earnings Capacity

- Increase ROE and ROA:
  - ➢ In comparison to prior years, ROE (5.04%) and ROA (0.37%) both decreased in 2023.
  - ➢ Focus on fee-based revenue sources and cutting-edge financial solutions to boost net profit.
- Improve Net Interest Margin:
  - ➢ Create competitive pricing plans for deposits and loans to increase interest revenue while lowering funding expenses.
- Expand Revenue Streams:
  - ➢ To diversify profits, introduce more value-added services like wealth management products and advisory services for SMEs.

5. Liquidity Management

- Optimize Credit-Deposit Ratio:
  - ➢ Potential liquidity stress was indicated by the credit-deposit ratio, which rose from 15.18% in 2019 to 26.75% in 2023.
  - ➢ To prevent excessive leverage and liquidity shortages, strike a balance between loan disbursements and deposit growth.

- Attract Stable Deposits:
  - ➢ To keep a solid liquidity position, introduce alluring deposit plans aimed at corporate and individual clients.
- Leverage Alternative Funding Sources:
  - ➢ To lessen reliance on deposits, look into finance from overseas lenders, capital markets, and syndicated loans.

6. Sensitivity

- Improve Rate-Sensitive Asset (RSA) Management
  - ➢ RSA decreased particularly from 27,222 in 2019 to 3,844.52 in 2023, showing a significant decline over time.
  - ➢ To improve interest rate sensitivity and keep a steady balance against obligations, IPDC should expand its investments in rate-sensitive assets.
- Balance Rate-Sensitive Liabilities (RSL)
  - ➢ There is a mismatch even if RSL decreased from 23,616 in 2019 to 3,422.08 in 2023 since the decline in RSA is greater than the decline in RSL.
  - ➢ Reducing exposure to short-term rate-sensitive liabilities and improving liability structures should be IPDC's main priorities.

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3.7 Appendix A

			IPDC				
C- Capital Adequancy			**2019**	**2020**	**2021**	**2022**	**2023**
1. CAR Ratio:			**19.30%**	**18.51%**	**15.65%**	**15.92%**	**18.12%**
Tier 1 +			5,266,852,668	5,621,345,070	6,047,055,069	6,498,360,110	6,459,607,059
Tier 2			1,572,576,116	1,628,106,439	1,461,051,542	1,257,332,774	2,556,986,573
Risk-weighted asset			35,430,258,498	39,161,998,909	47,969,969,422	48,707,535,777	49,765,228,926
A- Asset Quality			**2019**	**2020**	**2021**	**2022**	**2023**
1. Non-Performing Loans:			**11.69%**	**9.16%**	**8.18%**	**8.96%**	**10.11%**
	NPL's		200,000,000	45,800,000	50,000,000	125,000,000	150,000,000
	Total Loans		1,711,456,581	500,000,000	611,979,167	1,395,089,286	1,483,429,324.00
M- Management Efficiency			**2019**	**2020**	**2021**	**2022**	**2023**
1. Cost to Income Ratio:			**45.31%**	**40.65%**	**36.04%**	**45.79%**	**55.22%**
Operating Costs			981,315,365	1,150,211,016	1,241,299,042	1,486,668,468	1,602,683,619
Operating Income			2,165,698,703	2,829,795,301	3,444,668,246	3,246,952,625	2,902,451,401
E- Earning Capacity			**2019**	**2020**	**2021**	**2022**	**2023**

1. Earnings							
ROA:			**0.87%**	**0.93%**	**1.04%**	**1.04%**	**0.37%**
Net Profit (Loss)			562,471,755	705,564,611	881,059,536	901,020,079	342,955,864
Total Assets			64,402,099,290	75,969,433,159	84,972,593,995	86,732,379,052	91,933,996,939
ROE:			**14.99%**	**12.65%**	**14.53%**	**14.18%**	**5.04%**
Net Profit (Loss)			562,471,755	705,564,611	881,059,536	901,020,079	342,955,864
Total Equity			3,751,927,371	5,575,981,673	6,063,432,063	6,353,028,643	6,802,943,139
L - Liquidity Management			**2019**	**2020**	**2021**	**2022**	**2023**
1. Credit Deposit Ratio:			15.18%	20.87%	17.38%	20.46%	26.75%
Total Loans			7,037,982,481	10,946,478,220	10,495,832,829	12,097,050,078	16,099,168,254
Total Deposits			46,361,357,299	52,456,341,963	60,405,264,987	59,139,483,337	60,177,042,834
Sensitivity to Market Risk (S)			**2019**	**2020**	**2021**	**2022**	**2023**
1. Interest Rate Sensitivity Ratio			**0.55%**	**0.65%**	**0.07%**	**0.06%**	**0.05%**
Rate-Sensitive Assets (RSA)			27,222	31,363	3,829	3,766	3,844.52
Rate-Sensitive Liabilities (RSL)			23,616	26,416	3,253	3,253	3,422.08
Total Assets			64,402,099,290	75,969,433,159	84,972,593,995	86,732,379,052	91,933,996,939

3.8 Appendix B

			IDLC				
C- Capital			**2019**	**2020**	**2021**	**2022**	**2023**

Adequancy							
1. CAR Ratio:			**14.82%**	**14.59%**	**15.27%**	**15.99%**	**15.91%**
Tier 1 +			11,231	12,116	13,127	14,153	14,623
Tier 2			704	705	813	951	955
Risk-weighted asset			80,551	87,888	91,287	94,428	97,915
A- Asset Quality			**2019**	**2020**	**2021**	**2022**	**2023**
1. Non-Performing Loans:			**3.07%**	**1.79%**	**3.05%**	**3.81%**	**4.46%**
	NPL's		37,906,847	17,683,011	37,674,323	89,376,341	154,264,801
	Total Loans		1,834,767,840	987,654,321	1,634,463,892	2,735,679,201	3,856,989,012.00
M- Management Efficiency			**2019**	**2020**	**2021**	**2022**	**2023**
1. Cost to Income Ratio:			**42.00%**	**38.00%**	**38.00%**	**44.00%**	**47.00%**
Operating Costs			2,011,718,794	2,157,126,143	2,218,211,626	2,414,891,951	2,530,423,110
Operating Income			4,815,404,454	5,625,441,870	5,870,487,217	5,499,770,065	5,337,741,883
E- Earning Capacity			**2019**	**2020**	**2021**	**2022**	**2023**
1. Earnings							
ROA:			**1.30%**	**1.80%**	**1.20%**	**1.10%**	**0.80%**
Net Profit (Loss)			1,522,193,265	2,204,740,977	1,576,197,208	1,619,616,134	1,093,617,303
Total Assets			114,654,809,403	123,418,886,876	136,755,503,009	143,867,729,414	142,876,772,104
ROE:			**13.60%**	**18.20%**	**12.00%**	**11.40%**	**7.70%**
Net Profit (Loss			1,522,193,265	2,204,740,977	1,576,197,208	1,619,616,134	1,093,617,303

)							
Total Equity			11,231,107,366	12,116,170,614	13,126,791,652	14,152,552,807	14,152,552,807
L - Liquidity Management			**2019**	**2020**	**2021**	**2022**	**2023**
1. Credit Deposit Ratio:			**17.60%**	**25.80%**	**48.00%**	**45.40%**	**37.80%**
Total Loans			14,027,773,689	20,790,990,945	36,674,079,415	37,205,189,936	32,383,374,860
Total Deposits			79,498,568,372	80,622,188,549	76,331,149,699	82,010,278,187	85,561,544,903
Sensitivity to Market Risk (S)			**2019**	**2020**	**2021**	**2022**	**2023**
1. Interest Rate Sensitivity Ratio			**0.13%**	**19.8%**	**0.97%**	**14.7%**	**0.15%**
Rate-Sensitive Assets (RSA)			1,323	1,747	1,484	1,694	1,776.37
Rate-Sensitive Liabilities (RSL)			816	896	896	1,055	1,124.18
Total Assets			3,888,982,108	4,281,090,337	6,053,522,390	4,327,495,770	4,324,921,212

3.9 Appendix C

			Lanka Bangla PLC				
C- Capital Adequancy			**2019**	**2020**	**2021**	**2022**	**2023**
1. CAR Ratio:			**16.4%**	**18.8%**	**16.9%**	**15.8%**	**14.2%**
Tier 1 +			8,808,450,546	9,339,941,930	9,278,122,720	9,031,678,764	8,326,421,001

Tier 2			2,078,568,263	3,065,856,010	2,49,0241,323	2,153,007,716	1,387,295,374
Risk-weighted asset			66,367,301,857	65,888,649,028	69,687,975,469	70,878,681,018	68,627,400,546
A- Asset Quality			**2019**	**2020**	**2021**	**2022**	**2023**
1. Non-Performing Loans:			**5.20%**	**4.40%**	**6.57%**	**7.22%**	**7.41%**
	NPL's		300,000,000	582,155,461.00	430,765,123.00	645,922,029.00	514,789,456.00
	Total Loans		5,769,230,769	13,248,967,521	6,553,129,431.00	8,937,456,890.00	7,131,416,070
M- Management Efficiency			**2019**	**2020**	**2021**	**2022**	**2023**
1. Cost to Income Ratio:			**54.33%**	**64.24%**	**56.63%**	**63.73%**	**58.06%**
Operating Costs			1,897,491,908	1,646,314,507	1,629,211,036	1,684,031,907	1,728,519,647
Operating Income			3,492,795,201	2,562,603,627	2,876,739,803	2,642,516,672	2,977,351,713
E- Earning Capacity			**2019**	**2020**	**2021**	**2022**	**2023**
1. Earnings							
ROA:			**0.93%**	**1.07%**	**0.74%**	**0.21%**	**0.19%**
Net Profit (Loss)			736,012,624	825,717,132	609,002,658	178,489,067	169,947,529
Total Assets			79,181,420,224	76,812,538,240	82,534,564,317	85,934,092,812	87,476,193,455
ROE:			**7.12%**	**8.24%**	**5.83%**	**1.61%**	**1.52%**
Net Profit (Loss)			736,012,624	825,717,132	609,002,658	178,489,067	169,947,529
Total Equity			10,336,923,987	10,017,931,954	10,447,702,886	11,073,883,094	11,168,525,945
L - Liquidity Management			**2019**	**2020**	**2021**	**2022**	**2023**

1. Credit Deposit Ratio:			**33.29%**	**26.17%**	**33.60%**	**53.47%**	**60.87%**
Total Loans			15,613,095,652	12,460,714,321	16,188,024,885	23,341,745,934	25,833,962,950
Total Deposits			46,894,962,510	47,611,272,015	48,181,265,170	43,656,711,247	42,441,762,741
Sensitivity to Market Risk (S)			**2019**	**2020**	**2021**	**2022**	**2023**
1. Interest Rate Sensitivity Ratio			**4.16%**	**0.63%**	**6.21%**	**0.07%**	**0.15%**
Rate-Sensitive Assets (RSA)			1,524	1,327	1,487	1,254	1,876.86
Rate-Sensitive Liabilities (RSL)			603	677	743	643	543.00
Total Assets			2,209,922,257	1,031,743,269	1,196,507,932	85,934,092,812	87,476,193,455

4.0 Appendix D

Capital Adequacy (CAR Ratio)										
NBFI's	2019		2020		2021		2022		2023	
	Ratio	Rating	Ratio	Rating	Ratio	Rating	Ratio	Rating	Ratio	Rating	Average Ratings
IPDC Finance Plc	19.30%	1	18.51%	1	15.65%	1	15.92%	1	18.12%	1	1
IDLC Finance Plc	14.82%	2	14.59%	2	15.27%	1	15.99%	1	15.91%	1	1.4
LankaBangla Finance Plc	16.40%	1	18.80%	1	16.90%	1	15.80%	1	14.20%	2	1.2

Asset Quality Ratio											
NBFI's	2019		2020		2021		2022		2023		
	Ratio	Rating	Ratio	Rating	Ratio	Rating	Ratio	Rating	Ratio	Rating	Average Ratings
IPDC Finance Plc	11.69%	5	9.16%	5	8.18%	5	8.96%	5	10.11%	5	5
IDLC Finance Plc	3.07%	3	1.79%	1	3.05%	3	3.81%	4	4.46%	4	3

LankaBangla Finance Plc	5.20%	4	4.40%	4	6.57%	5	7.22%	5	7.41%	5	4.6

Management Efficiency Ratio										
NBFI's	2019		2020		2021		2022		2023	
	Ratio	Rating	Ratio	Rating	Ratio	Rating	Ratio	Rating	Ratio	Rating	Average Ratings
IPDC Finance Plc	45.31%	4	40.65%	4	36.04%	3	45.79%	4	55.22%	5	4
IDLC Finance Plc	42.00%	4	38.00%	3	38.00%	3	44.00%	4	47.00%	5	3.8
LankaBangla Finance Plc	54.33%	5	64.24%	5	56.63%	5	63.73%	5	58%	5	5

Earnings Capacity (ROA Ratio)											
NBFI's	2019		2020		2021		2022		2023		
	Ratio	Rating	Ratio	Rating	Ratio	Rating	Ratio	Rating	Ratio	Rating	Average Ratings
IPDC Finance Plc	0.87%	4	0.93%	4	1.04%	3	1.04%	3	0.37%	5	3.8
IDLC Finance Plc	1.30%	2	1.80%	1	1.20%	3	1.10%	3	0.80%	4	2.6
LankaBangla Finance Plc	0.93%	4	1.07%	3	0.74%	5	0.21%	5	0.19%	5	4.4

Earnings Capacity (ROE Ratio)											
NBFI's	2019		2020		2021		2022		2023		
	Ratio	Rating	Ratio	Rating	Ratio	Rating	Ratio	Rating	Ratio	Rating	Average Ratings
IPDC Finance Plc	14.99%	3	12.65%	3	14.53%	3	14.18%	3	5.04%	5	3.4
IDLC Finance Plc	13.60%	3	18.20%	2	12.00%	3	11.40%	3	7.70%	4	3
LankaBangla Finance Plc	7.12%	4	8.24%	4	5.83%	5	1.61%	5	1.52%	5	4.6

Liquidity Ratio											
NBFI's	2019		2020		2021		2022		2023		
	Ratio	Rating	Ratio	Rating	Ratio	Rating	Ratio	Rating	Ratio	Rating	Average Ratings
IPDC Finance Plc	15.18%	1	20.87%	1	17.38%	1	20.46%	1	26.75%	1	1
IDLC Finance Plc	17.60%	1	25.80%	1	48.00%	1	45.40%	1	37.80%	1	1
LankaBangla Finance Plc	33.29%	1	26.17%	1	33.60%	1	53.47%	1	60.87%	2	1.2

Sensitivity to Market Risk (S)										
	2019		2020		2021		2022		2023		
	Ratio	Rating	Ratio	Rating	Ratio	Rating	Ratio	Rating	Ratio	Rating	Average Ratings
IPDC	0.55%	1	0.65%	1	0.07%	1	0.06%	1	0.05%	1	1
IDLC	0.13%	1	19.80%	3	0.97%	1	14.70%	3	0.15%	1	1.8
LankaBangla	4.16%	1	0.63%	1	6.21%	2	0.07%	1	0.15%	1	1.2

Composite Camel Rating								
NBFI's	C	A	M	E	L	S	Avarage	Composite Rating
IPDC	1	5	4	3.6	1	1	3.12	3
IDLC	1.4	3	3.8	2.8	1	1.8	2.76	3
LankaBangla	1.2	4.6	5	4.5	1.2	1.2	3.54	4

Ratings	1	2	3	4	5
Capital Adequacy	>15%	12-14.99%	8-11.99%	7-7.99%	<6.99%
Asset Quality (NPLs/TL)	<1.25%	<2.5-1.26%	<3.5-2.6%	<5.5-3.6%	>5.6%
Management Efficiency(cost/income)	<25%	30-26%	38-31%	45-39%	>46%
Earning Capacity ROA	>1.5%	1.25-1.5%	1.01-1.25%	0.75-1.00%	<0.75%
ROE	>22%	17-21.99%	10-16.99%	7-9.99%	<6.99%
Liquidity (TL/TD)	<55%	62-56%	68-63%	80-69%	>81%
Sensitivity to Market Risk	< 5%	5%-12%	14%<20%	23%-37%	>42%