Report On
Analyzing Financial Performance of IDLC Finance Limited

By

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

BRAC Business School
BRAC University
November 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:

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Supervisor Full Name
Designation, BRAC Business School
BRAC University

Letter of Transmittal

Dr. Suman Paul Chowdhury

Assistant Professor,

BRAC Business School

BRAC University

66 Mohakhali, Dhaka-1212

Subject: Submission of Internship Report

Dear Sir,

I am pleased to submit my internship report titled "Analyzing Financial Performance of IDLC Finance Limited" as a part of my course requirements.

I have made every effort to complete this report by including essential data and providing well-considered recommendations. Ensuring it is both concise and thorough.

I hope the report meets your expectations.

Sincerely yours,

____

Saiyara Ahmed Adiba

Student ID 19104014

BRAC Business School

BRAC University

Date: November 20, 2024

Non-Disclosure Agreement

This agreement is established between IDLC Finance Limited and the undersigned student from BRAC University, Saiyara Ahmed Adiba, ID: 19104014

Acknowledgment

I would like to begin by expressing my heartfelt gratitude to Allah for giving me the strength and ability to carry out and complete this report. I am also deeply thankful to Dr. Suman Paul Chowdhury, Assistant Professor at BRAC Business School, BRAC University, for his invaluable guidance, continuous encouragement and insightful feedback throughout the research and writing process. His expertise and support played a crucial role in the successful completion of this report.

I am especially grateful to my supervisor, Saidul Bari, Manager of CRM at IDLC Finance Limited and Amer Akktab Muiz, Senior Officer of CRM at IDLC Finance Limited, for their cooperation and for providing me with the necessary information and insights for this report.

I would like to personally thank my family and friends for all their love and support on this journey.

Finally, I am grateful to have had the opportunity to work on this project because the project has really increased my knowledge and enlarged my experience.

Sincerely,

Saiyara Ahmed Adiba

ID: 19104014

BRAC Business School

BRAC University

Executive Summary

This report provides comprehensive analysis of IDLC Finance Limited which is a leading NBFI in Bangladesh. It deals with company's history, management practices, financial performance and market strategies among others. The report also analyzes the recruitment and selection of IDLC Finance Limited. A detailed comparison of IDLC Finance Limited's performance with that of other NBFI's in Bangladesh is included in the study.

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List of Acronyms

CRM	Credit Risk Management
CD	Consumer Division
SME	Small and Medium Enterprise
CPU	Credit Processing Unit
CPV	Customer Point Verification
NBFI	Non-Banking Financial Institution

Chapter 1 Overview of Internship

1.1 Student Information

Name: Saiyara Ahmed Adiba

ID: 19104014

Program: Bachelor of Business Administration

Major/Specialization: Double Major in Accounting and Finance

1.2 Internship Information

1.2.1 Internship Company Information:

Company Name: IDLC Finance Limited

Department: Credit Risk Management Department

Division: Consumer Division

Address: IDLC Finance Limited, Dilkusha Branch, DR Tower (5th - 7th Floor), 65/2/2 Culvert Rd., Dhaka 1000.

Period: 15th May 2023 to 31th August 2023

1.2.2 Internship Company Supervisor's Information

Name: Saidul Bari

Position: Manager

1.2.3 Job Scope:

Job Description: IDLC Finance Limited is one of the renown NBFI in Bangladesh. As a NBFI, one of the many activities are providing loans to the public. However, there are various types of loans provided to the public. To make the services run smoothly, there different departments in the organization. Such as, Legal, CRM, Operations, CAD, RM etc. Among the departments there are two divisions like, CD (Consumer Division) and SME (Small and Medium Enterprise).

IDLC Finance Limited provides loans in two divisions. Among those two divisions I got to work in the Department of CRM (Credit risk Management) of CD (Consumer Division). In the CRM department of CD there are teams which are named according to the work responsibilities. The names are CPU (Credit Processing Unit), Disbursement Unit and Analysist. My task as an intern to do was the work of CPV (Customer Point Verification) under Disbursement unit and CPU and also with the head of the department.

<u>My duties as an intern of CPV were:</u>

- Maintaining and entering the information of each loan applicant of CD from the hard copy of the Bank statement.
- Also Crosschecking the bank statement with the system of CPV of IDLC whether the required documents have been provided.
- Have to check the applicant's information from the CPV system which have been provided by the CPU and assign to agents for information verification. (Here "Agents" are small companies that verifies the information provided by the loan applicant. Different agents are allocated by the location of the applicant.)
- After assigning the agent in the CPV system, the soft copy needs to be printed and provided to the agent on daily basis. Also, keeping a track on the agents for information verification.
- Updating the verified information provided by the agents on time to time as there is a deadline of each loan applicant for loan approval.
- Moreover, providing the hard copy of the bank statement for verification is also included.
- Moreover, Financial analysis on the industry among the top best firms was conducted. Here I did the whole research on the supervision of the analysist. This work was directly handled by the department head of CRM.
- Providing reports on weekly meeting with the CPU and disbursement team.

1.3 Internship Outcome

1.3.1 My contribution to the company:

- Able to minimize the time of verification of the report on loan applicants' information from the 3th party agent.
- Managed to maintain different excel file with using different formula of excel.
- Was able to maintain the communication bridge among the agents, CPU and disbursement team.
- Updated each excel file on daily basis.
- Made sure each applications file as assigned to the agents according to their location.
- Kept track on the agents with file so that the verified report can be given to the disbursement team on time for them to proceed their work.
- Also kept the CPV system updated with each verified information of the loan applicants on daily basis for the disbursement team to check on.
- Conducted a whole financial analysis of the industry of NBFI for the analysist to work on.
- Provided reports on verified information of the loan applicants information to the disbursement team and financial analysis report to the supervisor of the analysist team.

1.3.2 Benefits to the student:

After finishing all academic courses internship is the bridge between that helps one to relate the academic knowledge with corporate. Through the internship the benefits I got are:

- **Time management:** In the organization I was able to provide the output of the work on time before deadline. Since there was day to day basis works that needed to be done before 5pm as well as other weekly and monthly deadline for me to fulfil. So, finishing all the task before deadline was a must.

- **Efficiency:** Working efficiently is one of the most key elements in the CRM department as one mistake can cause huge delay for other teams and departments to execute their task. Since I worked for CPV and after my work was done then the Disbursement team was able to make the final work.
- **Proactiveness and planning:** Throughout the internship I had to be proactive for being efficient on my work. For which I had to plan my day-to-day task before starting. By planning ahead, it was easy to work in a time frame and efficiently.
- **Understanding:** As a student I was able to understand the work environment. Work life is vey different than student life or day to day normal life. Here every action needs to be very precise and thoughtful. Whether it talking to a client or boss or co-workers, or conducting a report or a task. As an intern who works with the CPU, Disbursement team and Department head I had to be very careful with my work and behavior to make everyone understand smoothly without any delay.

1.3.3 Difficulties:

IDLC is one of the largest NBFI in Bangladesh and its internal work environment is very supportive. However, there are some minor changes needed. Like:

- The office uses the Microsoft Office 2013 version. It is quite difficult to use the old version as the new version is easier ad fast to use.
- IDLC have their own cloud system for doing the work. However, every 7 days after downloading the files get deleted. Sometimes it becomes a problem to download the files during work.
- Moreover, their internal server and cloud system is very slow and takes a lot of time to open those systems and applications.

Other than that, there was not any problem and enjoyed working.

1.3.4 Recommendations:

My recommendation for the IDLC IT team is:

- Use updated Microsoft office which will provide an increase in work speed in the Microsoft office application.
- Use a permanent storage system in their system to save the files permanently. As, every 7 days after downloading the files get deleted.
- Fix and update the internal server and cloud system.

Chapter 2 Organization Part

2.1 Introduction

IDLC Finance limited is one of the well-known NFBI in Bangladesh. As a NFBI this institution basically provides various types of loans, capital market items, services to consumers, small SME and corporate and now deposits. IDLC Finance Limited has over 1300 employees and 38 branches all over Bangladesh. From a leasing company with only four people started in 1985 by leasing one product at a time is now a multi-product NFBI in Bangladesh.

2.2 Overview of the Company

In 1985, IDLC Finance limited started as "Industrial Development Leasing Company" of Bangladesh with a single leasing product. In the beginning the goal was to making people of Bangladesh to know the new modes of financing which are unknown. With this initial thought IDLC started investment banking, portfolio management and then got listed on Dhaka Stock Exchange. Then IDLC got licensed as NFBI in Bangladesh and from here on the company kept growing. Many subsidiaries opened under IDLC like IDLC Securities Limited, IDLC Asset Management Limited. Then in 2007 "Industrial Development Leasing Company" name changed to "IDLC Finance Limited".

IDLC Finance Limited's vision:

We want to be Bangladesh's no. 1 asset management company in terms of investors' trust and Asset Under Management.

<u>IDLC Finance Limited mission:</u>

We want to be the most-preferred destination for investment knowledge, investment products and investment return in Bangladesh for both individuals and institutions.

2.3 Management Practices

2.3.1 Leadership Style:

IDLC Finance Limited leadership style has a mixture of both democratic and laissez faire.

Democratic style: At the start of every week in IDLC Finance Limited each team supervisor host on a meeting with the team. In the meeting the supervisor talks about each teammate's performance based on the previous weeks work and provides them feedback on it. Also checks on each individual if they have a problem or will ask the teammates for advices to make the work more efficient. Moreover, in the beginning of the month the department head will organize a meeting with each team with their teammates for the previous month's performance. By doing this both the department heads and team's supervisors are able to engage strongly with everyone, learn new ideas, increase productivity in the organization.

Laissez faire style: Each teams supervisor has separate work task than the team members. Meaning the supervisor's job is not to look at their day-to-day work and assist them but to supervise the output of the teams. Here in day-to-day work task each team member discusses with each other when they face any problems or new tasks before doing it. For this reason, each team is a to work with each other in a smooth way with zero leadership, and are self-motivated.

2.3.2 Human Resource Planning Process

Recruitment process: IDLC Finance Limited's recruitment process is external. Whenever there is a vacant position in the company of each department, the manager of each department provides the list of vacant position to the HR department. Through the HR department job advertisement is posted on different job-hunting websites. After posting the job advertisement with a given deadline applicants have to apply for the job in that time frame. Then selection process begins. Then the selected candidate will be recruited for 6 months for probation period. After 6 months of probation and according to the performance the candidate will be recruited as permanent employee.

Selection Process: After applicants have applied for the job and has summited there resume the resume scheming starts. Firstly, resumes are schemed according by CGPA, experience, age, location. When the scheming is done each candidate will be notified for a written exam 3 weeks prior the exam date. After the exam those who passes in the examination gets called for a focus group discussion interview. The candidate passes that round will be called for another 2-round interview where first interview will do before the allocated department's manager or Department head and then passing candidate will be interviewed before the AD or the directors. Passing candidate in the final interview will be the selected candidate for the vacant position of the department. In each level of interview behavior, body language, industrial knowledge, Company knowledge, rational thinking is monitored and prioritized according to the job position. The candidates that can fulfil the criteria are selected.

2.3.2.2 The Compensation System

IDLC Finance Limited's compensation system is done in a way to make the employees more motivated towards their work. They are:

- Wages
- Two festival bonuses
- Maternity leave pays
- Yearly bonuses
- Welfare funds

2.3.2.3 The Training and Development Initiatives

As a large institution IDLC Finance Limited organizes different types of training pregame for the employees to achieve successes in their work field. Since IDLC Finance limited have many departments and there about 1400 employees in the institution. In order to maintain an equal work environment and for better understanding of each positions work training and development initiatives are conducted. Mostly three types of training are given. They are "In House Training", "Extensive Training" and "Customized Training".

2.3.2.4 Performance Appraisal System

The employees of IDLC Finance Limited gets their performance review on monthly basis from their supervisor. Each employee's performance is monitored through their targeted goal. Employee have to fulfil those targets and at end of the fiscal year the employee that performs the best throughout the year is given an award for motivation from each team. Also, with that whole year's evaluation of the employee will determine promotion, increase in salary and other benefits.

2.4 Marketing Practices

One of the key elements of any business is marketing. IDLC Finance Limited business style is B2B and B2C. In order to, increase brand awareness and make the people know about the institution IDLC Finance Limited has great marketing practices.

2.4.1 Marketing Strategy:

IDLC Finance Limited follows some strategies for marketing such as:

- Content Marketing
- Social Media Marketing
- Digital Marketing
- Diversity Marketing

2.4.2 Customer Target:

IDLC Finance Limited Customer target range is huge. The product of IDLC Finance Limited loans and now deposits. There are various types of loans in institution and recently they have added few types of deposit services. For such product and services, the targeted customers are:

- **Individual:** Any person whose age is above 18 years and has an income source for personal loan.
- **SME:** Any small business such as like small vegetable cart business can come to IDLC Finance Limited for loan.
- **Corporate:** Moreover, big corporate like Robi can come to IDLC Finance Limited for corporate loan surpasses.

2.4.3 Marketing Channel:

IDLC Finance Limited's marketing channels are directed in two ways. They are:

Direct Marketing Channel: IDLC Finance Limited handles some of the marketing channel directly by them. Such as social media posts like- Facebook page, LinkedIn, YouTube etc., poster, video content, print media and many more.

Indirect Marketing Channel: Video creating for each digital marketing, content marketing, diversity marketing, social media marketing is created by different marketing agents. Sometimes they hire freelance video editor through KajKey. Through this type of third-party videos are made. Then the rest is handled by the marketing team of IDLC Finance Limited.

2.5 Financial Performance and Accounting Practices

2.5.1 Financial performance:

Liquidity Ratio:

Liquidity ratio analysis helps to understand, if the business has the ability to pay its short-term debt obligations.

- **Current Ratio** showing that in the last 3 years current assets are higher than the current liabilities and through current assets it can pay its current liabilities.
- **Cash Ratio** is saying that in terms of cash IDLC Finance limited is very low than its current liabilities. But is not a huge problem as the institution does not keep huge cash to their accounts.

IDLC Finance Limited has the ability to pay its shot term debt obligations.

Leverage Ratio:

How a business efficiently uses its debt in the firm is identified by leverage ratio analysis.

- **Debt on Equity ratio** is showing that equity is on average 9 times higher than debt in the previous 3 years of IDLC Finance Limited.
- **Debt ratio** is also saying the same thing. IDLF Finance Limited assets are on average 90% higher than debt.

To be precise, IDLC Finance Limited is managing its debt in a very efficient way.

Ratio Analysis

Details		2020	2021	2022
Liquidity ratio	Current ratio= Current assets/ Current liabilities	1.18:1	1.24:1	1.15:1
	Cash ratio= Cash/ Current liabilities	0.019	0.017	0.019
Leverage ratio	Debt on Equity Ratio= Debt/ Equity	9.19	9.42	9.17
	Debt ratio= Debt/ Total asset	90.18%	90.40%	90.16%
Eficiency Ratio	Asset turnover ratio= Revenue/Average total asset	3.54%	3.57%	3.25%
	Inventory turnover ratio= Sales/ Inventory	0.81	1.74	0.79
	Receivables turnover ratio= Rredit sales/ Accounts	0.046	0.052	0.044
Profitability ratio	Gross profit margin= Gross profit/ Sales	82%	79%	68%
	Operating profit margin= Operating income/ Sales	30.78%	41.03%	30.20%
	Net profit margin= Net income/ Sales	52%	34%	36%
	Return on Asset= Net income/ Total asset	1.85	1.21	1.15
	Return on Equity= Net income/ Equity	18.89	12.49	11.87
Market ratio	EPS= Net income/ Total number of shares	5.3	3.79	3.9

Table.1

Efficiency Ratio:

With efficiency ratio analysis, it can analyze how efficiently a business is utilizing its assets, liabilities, cash inflow and outflow.

- Through **Asset turnover ratio** IDLC Finance Limited has able to use able to use its assets to generate 3% above of revenue in last 3 years.

- **Inventory turnover ratio** shows that IDLC Finance Limited usage of its inventory is less efficient as over 3 years the ratio is not very stable compared to its asset.
- **Receivables turnover ratio** shows that IDLC Finance Limited is receivables collection has declined in the last year by 1%. Meaning bad debt is increasing compared to its revenue.

Overall, the efficiency of asset and cash management has declined over the 3 years, which is not good. Meaning that the institution has some problem in asset management.

Profitability Ratio:

Profitability ratio analysis is one of the most important financial analysis which helps to measure the return earned by the business trading activities and investment.

- **Gross profit margin** of the institution is very high but in a declining way over the last 3 year which means the institution revenue is declining.
- **Operating profit margin** is very high but in a declining way over the last 3 year which means the institution revenue is very concerning. Meaning that operation expenses has increased than revenue.
- **Net profit margin** is a bit unstable which is concerning as it indicates that the risk for the institution's is not safe.
- **Return on Asset** is declining meaning the profit generated from asset is declining.
- **Return on Equity** is also the same as ROA.

Market Ratio:

- **EPS** of the company has also dropped throughout the last 3 years. Meaning the number of earnings are earned through the shares outstandings has dropped.
- **Price per Earning** of shares has not dropped in a huge scale but compared to the first year is higher which indicates, investors are willing to pay the high price.

2.5.2: Accounting Practices

- **Revenue Recognition:** IDLC Finance LTD uses accrual basis accounting. Meaning when the revenue is incurred the transaction is recognized, same goes for cost.
- **Cost Principal:** IDLC Finance LTD follows the fair value of cost principle for their assets and liabilities. Also, they use straight-line method for asset depreciation.
- **Matching Principal:** IDLC Finance LTD follows the Product costs principal as it is the part of Generally Accepted Accounting Principle (GAAP). Here revenue and expenses are shown in the income statement as overheads in the company.
- **Objectivity Principle:** All the accounts information has evidence. The company keeps all the hard copy in the company storage and keeps is soft copy in their cloud system to access the information.
- **Full Disclosure Principle:** IDLC Finance LTD uses the standards imposed by the Generally Accepted Accounting Principle (GAAP), Securities and Exchange Commissions (SEC), Bangladesh Bank, and International Financial Reporting Standards (IFRS). Moreover, IDLC Finance LTD accounting periods starts from 1 January to 31 December of each current year.

2.6 Operation Management and Information System Practice

IDLC Finance Limited is one of the NFBI in Bangladesh which uses separate cloud storage system for the organization and also has own information system. For this reason, each department of the company has small IT team containing 2-3 person. Moreover, they have their own separate communication system which is called Lync to call and hold audio meeting. For video conference they use Zoom application. Firstly, the internal database server that is used in the whole organization software of devices is called “Online Credit Appraisal System” or in short OCAS. In this system any file saved in each device will get deleted within 7 days so each person of the organization has to be very careful with file storage. Another software is used called OSP. Here request for client’s profile verification request gets approved, scanned, checked, assigned to different agents for information and profile verification and document updating. Also, there are different layers of OSP. Meaning that as the role of each employees changes the access to different type of layers of OSP changes. For interns’ only 3 websites of the OSP were given access where some employee had accesses to 6 websites of OSP. Moreover, each employee’s identity card also had access to the building security and different devices of the office. All the documents hard copy is stored on a different location but each document’s will be scanned and kept as backup in the cloud storage system. This way each employee can access to the file anytime in need and does not have to wait for the hard copy. This way the operations of each department runs smoothly without any delay.

When it comes to task management of each team and department IDLC Finance Limited has it sorted. Each team will be assigned with a monthly target goal assigned by the leader which everyone has to follow. The leader will weekly conduct a meeting to discuss on each individual performance over the week and motivate them. Moreover, when there is a need for employee training, the organization will conduct training sessions for a better outcome. By such way, the operation management is also handled with the help of advanced information system.

2.7 Industry and Competitive Analysis

<u>Market size of the industry in Bangladesh:</u>

Finance sector of Bangladesh has undergone a significant transformation in recent time, with a critical role in the country's economic development. The banking sector which is the primary support system has been expanding steadily, with total asset reaching BDT 33.77 trillion as for December 2021. The private banking industry is the biggest player, accounting for roughly 59% of total assets. The number of non-bank financial institution has increased rapidly in Bangladesh, with total NFBI assets reaching 958 billion. The capital market, the Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE), has also seen significant development. The financial technology business in Bangladesh is projected to be worth $ 4.7 billion by 2025. Microfinance Institutions are an important part of the financial sector, with a loan portfolio of BDT 308 billion.

2.7.1 SWAT Analysis:

SWOT analysis is one of greatest key factor of an organization to understand its sustainability. SWOT stands for:

Strength:

1) Strong brand equity: Among the non- banking financial institutes of Bangladesh, IDLC finance limited has a great brand equity.

2) Product portfolio diversity: SME Finance, loan, Capital market service and leasing are part of IDLC finance limited diverse product portfolio which adds to the diversification of their revenue model.

3) Skilled management team: They have a well trained and experienced team who has the history of providing great results.

4) Distribution network: IDLC has a vigorous distribution network which helps them to maintain a larger customer base.

5) Competent customer service: One of the main reasons behind their success is their excellent rapport with their customers.

6) Complete compliance towards regulations: rules, regulations and the guidance of the governing bodies are strictly followed by the employees and the organization itself.

7) Personally operated IT Department: As per present times IT departments plays major part , to maintain Company softwires. There are some companies who rely on other establishments to fulfill their IT requirements but IDLC don't do that. They have a strong IT Department which gives them 24-hour backup and maintains all of their software and cloud activity.

Weakness:

1) High operation cost: In order to get good outcomes without any issues they give their best but great outcomes also comes with a lot of expenses.

2) Less global reach: Even though they are very good at what they are doing their services only confines within Bangladesh.

3) Few large customers: Most of their revenue stream comes from their larger customers which is risky for them.

4) Lack of service innovation: They need to invest more on research and development in order bring newness in their services.

Opportunities:

1) Increasing demand for digital financial services- Among the middle class people of Bangladesh digital financial services are getting popular day by day.

2) Increased technological adaptability - In terms of financial services people are leaning towards which can help IDLC to enlarge its client base.

3) Government benefits - In order to develop financial sector government is currently providing a lot of benefits to the financial institutions as encouragement. IDLC can take these benefits and use it wisely to develop their business.

4) Market expansion - IDLC finance limited can expand its business in other nationalities which can give them the opportunity to minimize their risk.

Threats:

1) Existing businesses - As we know that there are also other financial institutes who are joining the online financial platform, it can be a bit competitive for them in the near future.

2) Economic and political instability - Economic and political factors may work as a threatening factor to IDLC as we know that we can never be certain about these factors due to their vulnerability.

3) Flexible interest rate - Changeable interest rate can be a problematic part for IDLC as their profitability relies on the interest rate.

Chapter 3 Project Part

3.1 Introduction

In Bangladesh, Financial institutions are rapidly growing and are facing new challenges in every fiscal year. In every fiscal year new terms and conditions given so the financial institutions can adapt with the country's economic situation. So, as each year passes by every organization releases annual repost. With the help of the annual report people who does not know what is going inside the company can understand its performance through the report. Moreover, financial analysis helps to understand how one company is doing according to the recent time and situation.

3.1.1 Objectives:

Objectives are:

- To evaluate the performance of all 5 NBFIs with IDLC in finance.
- To see the loan overdue difference in between.
- To compare the operational performance of the two institutions in terms of profitability, revenue growth, cost efficiency and return on investments.

3.1.2 Significance:

The financial analysis of All 5 NBFIs and IDLC are going to give the insight of the organization's overall. Like;

- Financial analysis allows stakeholders to compare the performance of the IDLC comparing with other NBFIs.
- Investors and shareholders use financial analysis to make informed decisions about where to allocate their resources. a through comparison helps identify which institution offers better potential returns.
- By analyzing financial metrics such as liquidity ratios, debt levels and cash flow, stakeholders can assess the financial stability and risk profile of each NBFI.
- Management can use insights from financial analysis to develop strategies for growth, cost reduction, market expansion and other business objectives.

3.1.3 Literature Review:

Private financial sector in Bangladesh is always in a various state every year. According to 2023 '*The Daily Star*' report, among top 16 NBFIs in terms of lending money IDLC is first also in terms of NPLs. On the other hand, other NBFI's are also in the top position in money lending and in NPLs. Meaning as one of the largest NBFI in Bangladesh IDLC lends money to huge number of people but when it comes to number of loan overdue that is huge also. On the other hand, other Five NBFIs are not as old NBFI like IDLC but has a very strict lending policy for which the number of lending are very different. For which the number of loan overdue is extremely different. In 2022, an article of "The Business Standard" saying that where maximum NBFI's of Bangladesh are struggling to survive in the market where some NBFI's are standing first in line succeeding. IDLC was in the second in line. Successfully facing off the liquidity crisis, dull stock market, small profit margin and many more. By looking at the report it can be said that in terms of firm's size IDLC is large but in competing some NBFI's are giving a tough competition. In short, IPDC, BIFFL, DBH, LankaBangla Finance, Bangladesh Finance and IDLC are great NBFI's in Bangladesh. Through conducting financial analysis on all the organizations will show the different or same results.

3.2 Methodology

Conducting a financial analysis between two Non-Banking Financial Institutions involves several steps to ensure a comprehensive comparison.

Methodology steps:

- **Data collection:** Gather the annual reports, balance sheets, and profit and loss statements of the NBIs for the relevant periods.
- **Data Standardization:** Ensure consistency in the data by standardizing the accounting practices, currency, and units of measurement.
- **Ratio Analysis:** Calculate key financial ratios for both NBFIs, including profitability, liquidity, solvency, and efficiency ratios.

- **Comparative Analysis:** Perform horizontal and vertical analysis to compare financial performance across different periods and between the two NBFIs.
- **Interpretation:** Calculate ratios and analyze the data to see trends, strengths, weaknesses, and total financial health of each NBFC.
- **Conclusion:** Based on comparative analysis, draw conclusions about which NBFC is performing better as well as why.

Types of Research Involved in Comparative Financial Analysis

1. **Descriptive Research**

- **Objective:** To describe the financial condition and performance of the NBFIs according to the financial statements.
- **Method:** Collecting and presenting financial data, calculating financial ratios, and summarizing financial metrics.

2. **Analytical Research**

  - **Objective:** To analyze the financial data to identify trends, strengths, weaknesses, opportunities, and threats (SWOT analysis) of each NBFC.
  - **Method:** Interpreting the data using financial ratios and other analytical tools, but to reach conclusions as to the financial health of each institution.

3. **Comparative Research**

- **Objective:** To compare the financial performance and condition of two or more NBFIs.
- **Method:** Side-by-side comparison of financial ratios, growth rates, profitability metrics, and other financial indicators.

4. **Quantitative Research**

  - **Objective:** To quantify the financial performance and health of the NBFIs using numerical data.
  - **Method:** Calculating and interpreting financial ratios, growth rates, and other quantitative measures.

5. **Empirical Research**

- **Objective:** To use real-world data (i.e., financial statements) to test hypotheses or draw conclusions.

- **Method:** Analyzing historical financial data to observe patterns, relationships, and trends.

3.3 Findings and Analysis

3.3.1 IDLC Finance Limited analysis:

Financial Ratio Analysis of IDLC Based on the Provided Data (2018-2022)

IDLC						
Details		2018	2019	2020	2021	2022
Profitability ratio	Net profit margin= Net income/ Sales	33.80%	31.60	39.18	26.84	29.25
	Return on Asset= Net income/ Total asset	1.51	1.33	1.79	1.15	1.22
	Return on Equity= Net income/ Equity	14.42	13.55	18.2	12.01	12.77
Liquidity ratio	Current ratio= Current assets/ Current liabilities	1.12	1.06	1.18	1.24	1.15
Efficiency ratio	Asset turnover ratio= Revenue/Average total asset	0.045	0.042	0.046	0.043	0.042
	equity multiplyer	9.45	10.21	10.19	10.42	10.42
Leverage ratio	Debt on Equity Ratio= Debt/ Equity	8.54	9.21%	9.18%	9.42	9.43
	Equity Ratio= Total Equity /Total Asset	0.089	0.098	0.098	0.096	0.096
	Debt ratio= Debt/ Total asset	0.895	0.902	0.902	0.904	0.904
Market ratio	EPS= Net income/ Total number of shares outstanding	4.28	3.66	5.3	3.79	3.9

Table:2

Profitability Ratios:

- **Net Profit Margin:** IDLC's profitability saw highs in 2020 (39.18%) but declined to 29.25% in 2022. This suggests a reduction in income relative to sales over recent years.

- **Return on Assets (ROA):** ROA remained fairly stable, peaking at 1.79% in 2020 and slightly declining afterward, indicating a minor dip in asset efficiency.
- **Return on Equity (ROE):** ROE followed a similar trend, with a high in 2020 (18.52%) but dropping to 12.77% by 2022, suggesting reduced returns for shareholders.

Liquidity Ratios:

- **Current Ratio:** The current ratio improved slightly over the years, reaching 1.15 in 2022, indicating improved ability to cover short-term liabilities with current assets, though it's still relatively low.

Efficiency Ratios:

- **Asset Turnover Ratio:** This ratio remained relatively stable, showing a small decrease by 2022. It indicates that revenue generation per unit of asset has remained fairly consistent but may not be very high.
- **Equity Multiplier:** The equity multiplier fell slightly to 10.42 in 2022, which meant that the reliance of assets on equity financing has decreased a bit.

Leverage Ratios:

- **Debt on Equity:** Debt reliance slightly increased in recent years, reaching 9.43 in 2022, suggesting higher debt usage relative to equity.
- **Equity Ratio:** This ratio remained low, around 0.096 in 2022, indicating that IDLC has a significant reliance on debt for asset financing.
- **Debt Ratio:** The debt ratio stayed consistent, around 0.904, suggesting IDLC's assets are largely financed by debt.

Market Ratios:

- **EPS (Earnings Per Share):** EPS decreased from 4.28 in 2018 to 3.9 in 2022, reflecting a decline in earnings available per share.

Overall, IDLC's financial health shows steady performance but reflects a declining trend in profitability and moderate reliance on debt, with some stability in market valuation. This indicates a mixed financial picture, with challenges in maintaining profitability and managing debt while sustaining reasonable market confidence.

Horizontal and Vertical Financial Analysis of IDLC (Balance Sheet)

Details	IDLC									
	Horizontal					Vertical				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
PROPERTY AND ASSETS										
Cash										
In hand (including foreign currencies)	104.55%	104.55%	103.03%	103.03%	100.00%	0.00024%	0.00025%	0.00028%	0.00030%	0.00031%
Balance with Bangladesh Bank and its agent (including foreign currencies)	59.31%	50.35%	59.28%	84.87%	100.00%	1.06%	0.94%	1.23%	1.90%	2.44%
Total Cash	**59.32%**	**50.36%**	**59.28%**	**84.87%**	**100.00%**	**1.06%**	**0.94%**	**1.23%**	**1.90%**	**2.44%**
Balance with other banks and financial										
Inside Bangladesh	167.04%	289.18%	146.52%	97.17%	100.00%	14.51%	26.43%	14.84%	10.59%	11.88%
Outside Bangladesh	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Balance with other banks and financial	**167.04%**	**289.18%**	**146.52%**	**97.17%**	**100.00%**	**14.51%**	**26.43%**	**14.84%**	**10.59%**	**11.88%**
Money at call and short notice	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**3.68%**	**0.73%**	**0.00%**	**0.00%**	**0.00%**
Investments	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Government	0.00%	0.00%	0.00%	0.00%	0.00%	2.54%	0.28%	2.44%	0.83%	0.00%
Others	74.92%	81.78%	79.47%	63.18%	100.00%	1.45%	1.67%	1.80%	1.54%	2.66%
Total Investments	**205.74%**	**95.57%**	**187.52%**	**97.43%**	**100.00%**	**3.99%**	**1.95%**	**4.24%**	**2.37%**	**2.66%**
Loans, advances and leases										
Loans, cash credit, overdraft etc	125.90%	108.31%	111.46%	110.97%	100.00%	72.12%	65.27%	74.42%	79.76%	78.35%
Bills purchased and discounted	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Loans, advances and leases	**125.90%**	**108.31%**	**111.46%**	**110.97%**	**100.00%**	**72.12%**	**65.27%**	**74.42%**	**79.76%**	**78.35%**
Fixed assets including land, building,	275.23%	293.72%	177.27%	185.58%	100.00%	0.95%	1.07%	0.72%	0.81%	0.47%
Other assets	119.93%	111.57%	127.04%	118.56%	100.00%	3.68%	3.60%	4.55%	4.57%	4.20%
Non-banking assets	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Assets	**136.78%**	**130.02%**	**117.34%**	**109.01%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

Details	IDLC									
	Horizontal					Vertical				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
LIABILITIES AND CAPITAL Liabilities										
Borrowings from other banks,financial institutions and agents	303.81%	299.47%	169.77%	114.55%	100.00%	25.86%	26.82%	16.85%	12.23%	11.64%
Deposits and other accounts :										
Current accounts and other accounts etc	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Fixed deposits										
Bills payable	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Savings bank deposits	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Term deposits	111.31%	103.58%	109.52%	107.95%	100.00%	55.20%	54.03%	63.31%	67.17%	67.82%
Bearer certificate of deposits	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other deposits	105.93%	99.32%	101.46%	101.43%	100.00%	1.81%	1.78%	2.02%	2.17%	2.33%
Total Deposits and other account	**111.14%**	**103.44%**	**109.25%**	**107.73%**	**100.00%**	**57.00%**	**55.82%**	**65.32%**	**69.34%**	**70.16%**
Other liabilities	129.41%	130.93%	121.89%	121.98%	100.00%	7.30%	7.77%	8.01%	8.63%	7.71%
Total Liabilities	**137.77%**	**131.31%**	**118.21%**	**109.85%**	**100.00%**	**90.16%**	**90.40%**	**90.18%**	**90.20%**	**89.51%**
Capital/Shareholders' equity										
Paid-up capital	110.25%	105.00%	100.00%	100.00%	100.00%	2.89%	2.89%	3.06%	3.29%	3.58%
Share premium	100.00%	100.00%	100.00%	100.00%	100.00%	0.88%	0.92%	1.02%	1.10%	1.20%
Statutory reserves										
Revaluation reseve on got. Securities										
Assets revaluation reserve	148.56%	135.16%	122.11%	103.86%	100.00%	2.50%	2.39%	2.39%	2.19%	2.30%
General reserves	100.00%	100.00%	100.00%	100.00%	100.00%	0.70%	0.73%	0.81%	0.87%	0.95%
Dividend equalisation reserv	100.00%	100.00%	100.00%	100.00%	100.00%	0.03%	0.03%	0.04%	0.04%	0.04%
Other reserves										
Retained earnings	161.71%	141.83%	121.83%	104.31%	100.00%	2.85%	2.63%	2.50%	2.31%	2.41%
Total Equity	**128.33%**	**119.03%**	**109.86%**	**101.84%**	**100.00%**	**9.84%**	**9.60%**	**9.82%**	**9.80%**	**10.49%**
Total Liabilities and Shareholders' equity	**136.78%**	**130.02%**	**117.34%**	**109.01%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

Table 3

Based on the provided data, the horizontal and vertical financial analysis for IDLC Finance Limited for the years 2018 to 2022 are:

Horizontal Analysis

The Horizontal Analysis compares IDLC's financial data across multiple years (2018 to 2022) to observe changes in each category over time, showing growth or decline in percentages relative to the base year (2018 in this case).

Assets:

- Cash grew significantly, especially in 2022 (59.32%), indicating a strategy to maintain higher liquidity.
- Balances with Other Banks showed a major increase, reaching 167.04% in 2022 compared to 2018, suggesting a focus on ensuring quick-access funds.
- Loans and Advances also grew, though at a slower pace, reaching 125.90% of 2018 levels by 2022. This steady growth implies a controlled lending approach, possibly to mitigate risk.
- Fixed Assets remained stable, showing no major expansion in long-term physical assets.

Other Assets had significant fluctuations, with a peak of 119.99% in 2022, which could reflect diversified or revalued investments.

Liabilities:

- Borrowings surged by 303.81% in 2022 compared to 2018, indicating IDLC has increasingly relied on external funding.
- Deposits were stable, with slight increases, indicating that customer deposits remained a reliable funding source.

Other Liabilities also increased by 129.47% in 2022, hinting at additional financial obligations, possibly due to new operational or strategic needs.

Equity:

- Total Equity grew to 110.25% in 2022, driven mainly by retained earnings, which rose to 161.73%. This shows that IDLC is reinvesting profits to strengthen its financial base, enhancing stability.

Vertical Analysis

The Vertical Analysis expresses each item as a percentage of total assets or liabilities + equity for each year, providing insight into the structure and proportional distribution of IDLC's assets, liabilities, and equity.

Assets:

- Loans and Advances consistently form the largest part of assets, ranging from 72-79% over the years, highlighting IDLC's primary business focus on lending.
- Cash and Balances with Other Banks saw a gradual increase in their proportion, indicating a shift towards a more liquid position, possibly to handle short-term obligations.
- Fixed Assets and Other Assets remained small proportions, indicating that IDLC's focus is on financial rather than physical assets.

Liabilities:

- Borrowings constituted around 25-26% in recent years, a significant portion of liabilities, reflecting IDLC’s strategy of using external funds for growth.

- Deposits accounted for a stable 58-66% of liabilities, showing that customer deposits are still the backbone of IDLC's funding.

Other Liabilities remained a smaller part of the liabilities structure, reflecting a conservative approach in incurring additional obligations.

Equity:

- Total Equity stayed around 9-10% of total liabilities and equity, showing a balanced approach to maintaining a stable capital structure.
- Retained Earnings increased in proportion within equity, reflecting IDLC's ability to generate and retain profits, reinforcing financial resilience.

Overall Insights

The Horizontal Analysis indicates that IDLC's cash, balances, and borrowings have been increasing and this implies on the need for liquidity and from external sources to support such movement. IDLC also continues to be a vertically differentiated firm, having loans and advances as its core assets, while customer deposits and borrowings are the key sources of funding, and the equity structure is stable.

In conclusion IDLC seems to be strategically increasing liquidity, utilize equity growth through retained earnings and likely manage debt carefully while all the time balancing growth opportunities with risk.

Horizontal and Vertical Financial Analysis of IDLC (Income Statement)

Details	IDLC									
	Horizontal					Vertical				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
Interest income	98.37%	92.76%	108.39%	118.23%	100.00%	236.01%	218.26%	281.11%	301.08%	278.71%
Interest paid on deposits and borrowings	88.41%	78.39%	108.90%	123.15%	100.00%	136.01%	118.26%	181.11%	201.08%	178.71%
Net Interest income	**116.16%**	**118.45%**	**107.46%**	**109.44%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**
Investment income	106.18%	253.10%	348.32%	10.97%	100.00%	6.92%	16.17%	24.53%	0.76%	7.57%
Commission, exchange and brokerage	124.63%	93.19%	102.98%	117.71%	100.00%	1.24%	0.91%	1.11%	1.24%	1.16%
Other operating income	129.86%	97.47%	74.40%	99.07%	100.00%	12.44%	9.16%	7.71%	10.08%	11.13%
Total operating income	**116.89%**	**124.76%**	**119.56%**	**102.34%**	**100.00%**	**120.60%**	**126.24%**	**133.35%**	**112.08%**	**119.86%**
Salaries and allowances	142.50%	131.76%	128.18%	111.62%	100.00%	33.00%	29.93%	32.09%	27.44%	26.90%
Rent, taxes, insurance, electricity etc	24.35%	23.71%	22.91%	24.61%	100.00%	0.98%	0.94%	1.00%	1.05%	4.68%
Legal expenses	191.04%	228.20%	100.38%	241.26%	100.00%	0.31%	0.37%	0.18%	0.42%	0.19%
Postage, stamp, telecommunication etc	178.91%	131.02%	125.72%	115.43%	100.00%	1.22%	0.88%	0.93%	0.83%	0.79%
Stationery, printing, advertisements etc.	136.90%	97.69%	73.51%	100.72%	100.00%	4.24%	2.97%	2.46%	3.31%	3.60%
Managing Director's salary and benefits	105.53%	76.77%	105.53%	104.61%	100.00%	0.28%	0.20%	0.30%	0.29%	0.30%
Directors' fees	109.47%	100.05%	84.54%	96.25%	100.00%	0.035%	0.032%	0.029%	0.033%	0.04%
Auditors' fees	59.70%	35.69%	35.69%	35.40%	100.00%	0.033%	0.019%	0.021%	0.021%	0.06%
Charges on loan losses						0.00%	0.00%	0.00%	0.00%	0.00%
Depreciation and repair of Company's assets	157.05%	160.02%	183.21%	189.91%	100.00%	4.98%	4.98%	6.28%	6.39%	3.68%
Other expenses	107.86%	103.46%	99.50%	90.73%	100.00%	7.87%	7.41%	7.85%	7.03%	8.48%
Total operating expenses	**126.22%**	**115.94%**	**112.75%**	**105.15%**	**100.00%**	**52.95%**	**47.70%**	**51.13%**	**46.82%**	**48.73%**
Profit before provisions	**110.49%**	**130.81%**	**124.22%**	**100.42%**	**100.00%**	**67.65%**	**78.54%**	**82.21%**	**65.26%**	**71.12%**

Details	IDLC									
	Horizontal					Vertical				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
Provision for loans and investments										
General provision / Provision for loans and advances	146.78%	104.35%	1.23%	82.10%	100.00%	3.02%	2.10%	0.03%	1.79%	2.39%
Specific provision	561.84%	680.92%	303.50%	287.71%	100.00%	14.69%	17.46%	8.58%	7.98%	3.04%
Provision for diminution in value of investments	129.72%	0.00%	-95.60%	-4.40%	100.00%	4.36%	0.00%	-3.47%	-0.16%	3.90%
Other provision										
Total provision	**274.81%**	**248.47%**	**59.16%**	**112.87%**	**100.00%**	**22.06%**	**19.56%**	**5.13%**	**9.62%**	**9.33%**
Total profitbefore taxation	**85.69%**	**113.05%**	**134.04%**	**98.54%**	**100.00%**	**45.58%**	**58.98%**	**77.08%**	**55.64%**	**61.80%**
Provision for taxation										
Current tax expense	119.57%	136.85%	127.03%	103.21%	100.00%	22.29%	25.01%	25.59%	20.42%	21.65%
Release from previous year's excess provision						-12.17%	0.00%	0.00%	0.00%	0.00%
Deferred tax	15.10%	-22.29%	223.50%	61.24%	100.00%	-0.05%	0.07%	-0.77%	-0.21%	-0.37%
	54.96%	139.63%	125.34%	103.94%	100.00%	10.07%	25.08%	24.82%	20.21%	21.28%
Net profit after taxation	**101.82%**	**99.09%**	**138.61%**	**95.70%**	**100.00%**	**35.52%**	**33.90%**	**52.26%**	**35.43%**	**40.52%**
Appropriations to:										
Statutory reserves	101.82%	99.09%	138.61%	29.35%	100.00%	7.10%	6.78%	10.45%	2.17%	8.10%
General reserves										
Dividend etc										
	101.82%	99.09%	138.61%	29.35%	100.00%	7.10%	6.78%	10.45%	2.17%	8.10%
Retained surplus	**101.82%**	**99.09%**	**138.61%**	**112.28%**	**100.00%**	**28.41%**	**27.12%**	**41.81%**	**33.26%**	**32.41%**
Earnings Per Share (EPS)	**92.42%**	**89.81%**	**131.99%**	**95.73%**	**100.00%**					

Table 4

Based on the provided data, the horizontal and vertical financial analysis for IDLC Finance Limited for the years 2018 to 2022 are:

Horizontal Analysis:

- **Interest Income:** Interest income has varied somewhat with periods of increasing and decreasing amounts, although overall there has been an upward trend in more recent periods. It means that lending volumes either went up or interest rates changed, or they both did.
- **Net Interest Income:** We observe a continued growth in our net interest income, which indicates that IDLC has been able to handle the interest earned and paid difference very well, which is an important aspect of maintaining strong core earnings.
- **Total Operating Income:** There is consistent growth here, which indicates that IDLC is moving forward to expand its income from operations on regular basis which are non interest things like fee and commission and so on.
- **Operating Expenses:** Operating costs have increased significantly specifically for salaries, utilities and other administrative expenses. The indication from this upward trend is that IDLC might have to concentrate more on cost management to prevent squeezing profit margins.
- **Total Provisions:** Provisions have jumped, particularly in recent years as more provisions are being set aside to cover potential losses in the loan portfolio, likely because of higher risk in the loan portfolio.
- **Net Profit Before Tax:** The stock of profit before tax is not buckling under the added financial pressures, rather it's relatively stable even with the rise in operating expenses and provisions, IDLC is for the most part remaining solid.

Vertical Analysis:

- **Interest Income:** Interest income on the whole has become a smaller slice of the pie as a percentage of total income. This implies that IDLC is also diversifying its sources of income, other than through non-interest income channels.
- **Net Interest Income:** Earning from lending remains still a steady part of total income, which shows that the core business of earning lending is still strong and steady.
- **Operating Income:** The part of operating income within the total income is increasing that indicates the ability of IDLC in earning from all its business activities in a good manner, contributing to overall financial health.
- **Operating Expenses:** We observe that the share of operating expenses in total income has been increasing, thus costs are growing faster than income. Interestingly, this is a clear indication that expenses need to come under tighter control to prevent a sieve of profitability.
- **Total Provisions:** Costs on the other hand are steadily growing as IDLC's provisions has become a larger part of total expenses suggesting IDLC’s credit risk has been rising likely due to a cautious approach to loan defaults owing either to potential loan risks or to economic uncertainties.
- **Net Profit After Tax:** Even though profit is also stable, this now forms a smaller part of total income because of rising costs and provisions. This suggests the growing expense base is dragging the bottom line—implying the need to work smarter.

IDLC’s own financials depict a balanced growth path, with income climbing consistently, while managing its core earnings with caution. Some challenges are, rising costs, and higher need for provisions. Although interest income is growing, it is becoming an ever smaller piece of the total revenue, hinting that IDLC is making good choices and diversifying its income sources. Staff and administrative costs are increasing, and may need to be active in bringing down operating expenses in order to maintain profitability. However, tightening of cost control, efficiency improvement along with improving management of expenses and risk provisions could offset the negative impact of rising expenses and risk provisions.

3.3.2 Other 5 NBFIs analysis:

1. **DBH Analysis:**

Financial Ratio Analysis of DBH Based on the Provided Data (2018-2022)

DBH						
Details		2018	2019	2020	2021	2022
Profitability ratio	Net profit margin= Net income/ Sales	52.52	55.44	41.46	42.06	42.31
	Return on Asset= Net income/ Total asset	1.82	1.82	1.52	1.73	1.77
	Return on Equity= Net income/ Equity	20.79	18.52	13.85	14.41	13.75
Liquidity ratio	Current ratio= Current assets/ Current liabilities	1.09	1.11	1.12	1.13	1.44
Efficiency ratio	Asset turnover ratio= Revenue/Average total asset	0.035	0.033	0.037	0.041	0.042
	equity multiplyer	11.41	10.19	9.11	8.32	7.75
Leverage ratio	Debt on Equity Ratio= Debt/ Equity	10.41	9.19	8.11	7.32	0.75
	Equity Ratio= Total Equity /Total Asset	0.088	0.098	0.110	0.120	0.129
	Debt ratio= Debt/ Total asset	0.921	0.902	0.89	0.88	0.87
Market ratio	EPS= Net income/ Total number of shares outstanding	7.82	6.96	5.78	5.89	5.03

Table 5

The above includes the table of financial ratios and metric of Delta Brac Housing Finance Corporation Limited (DBH) of 2018 to 2022 years. Here is a comprehensive financial analysis based on these metrics:

Profitability Ratios

Profitability

- **Net Profit Margin:** For DBH, net profit margin has fallen from 52.52% in 2018 to, 42.31% in 2022, meaning the company is now left with less profit per unit sales than before.
- **Return on Assets (ROA):** It appears a drop over the years which tended to be gradual, showing that the company can generate returns from its assets.
- **Return on Equity (ROE)**: It has also fallen gradually following Return on Equity, which has shown that the ability of the company to generate return from the equity has weakened a little bit.

Liquidity

- **Current Ratio:** DBH has also seen an increase from 1.09 in 2018 to 1.44 in 2022, this means DBH is in more solid position to cover its short term liabilities and it has become a better liquidity manager.

Efficiency

- **Asset Turnover Ratio:** The percentage of assets incorporated into operations abbreviated as asset turnover ratio remained constant, although with an increase of 0.042 in the year 2022; this shows that efficiency in generating revenue from assets remained steady.
- **Equity Multiplier:** However, it has dropped, which could mean that it will rely less on debt financing.

Leverage

- **Debt on Equity Ratio:** DBH has decreased its debt burden over the time, as evident from the noticeable decrease in the debt on equity ratio, which falls from 10.41 in 2018 to 7.05 in 2022.
- **Debt Ratio:** The debt ratio also held steady around 0.88 which means that it remained balanced in the balance of debt financing.

Market

- **Earnings per Share (EPS):** It has fallen from 7.82 in 2018 to 5.03 in 2022, perhaps because earnings per share have become less profitable.

Summary

The performance of DBH is less profitable, but slightly less efficient; however, with better liquidity and lower debt dependency, DBH's financial stability is strengthened. Improving returns from assets and equity may be one way to further raise future profitability.

Horizontal and Vertical Financial Analysis of DBH (Income Statement)

Details	DBH									
	Horizontal					Vertical				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
Interest income	82.51%	86.31%	100.92%	108.50%	100.00%	270.53%	233.56%	303.23%	371.35%	326.60%
Interest paid on deposits and borrowings	74.96%	71.14%	97.48%	114.27%	100.00%	170.53%	133.56%	203.23%	271.35%	226.60%
Net Interest income	99.61%	120.69%	108.69%	95.42%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Investment income	316.34%	272.54%	52.61%	58.46%	100.00%	8.13%	5.78%	1.24%	1.57%	2.56%
Commission, exchange and brokerage	125.17%	121.49%	106.67%	136.72%	100.00%	10.24%	8.20%	8.00%	11.68%	8.15%
Other operating income	184.47%	146.52%	175.05%	49.33%	100.00%	1.16%	0.76%	1.01%	0.32%	0.63%
Total operating income	106.94%	124.39%	107.63%	97.34%	100.00%	119.53%	114.75%	110.25%	113.57%	111.34%
Salaries and allowances	116.15%	112.12%	108.96%	103.86%	100.00%	21.14%	16.84%	18.17%	19.73%	18.13%
Rent, taxes, insurance, electricity etc	66.20%	69.94%	59.50%	105.10%	100.00%	1.99%	1.74%	1.64%	3.31%	3.00%
Legal expenses	378.10%	334.98%	266.83%	177.24%	100.00%	1.00%	0.73%	0.64%	0.49%	0.26%
Postage, stamp, telecommunication etc	103.83%	106.85%	84.79%	94.03%	100.00%	0.47%	0.40%	0.35%	0.45%	0.45%
Stationery, printing, advertisements etc.	138.31%	78.22%	51.30%	104.64%	100.00%	1.12%	0.52%	0.38%	0.88%	0.81%
Managing Director's salary and benefits	86.09%	86.09%	46.69%	100.00%	100.00%	0.73%	0.60%	0.36%	0.88%	0.84%
Directors' fees	138.42%	154.89%	138.54%	95.38%	100.00%	0.05%	0.05%	0.05%	0.04%	0.04%
Auditors' fees	125.00%	118.75%	112.50%	105.00%	100.00%	0.03%	0.03%	0.03%	0.03%	0.03%
Charges on loan losses										
Depreciation and repair of Company's assets	188.40%	175.83%	162.07%	112.06%	100.00%	3.97%	3.06%	3.13%	2.46%	2.10%
Other expenses	185.49%	131.54%	115.60%	114.45%	100.00%	3.68%	2.16%	2.10%	2.37%	1.98%
Total operating expenses	123.23%	114.08%	105.66%	105.81%	100.00%	34.18%	26.12%	26.86%	30.64%	27.63%
Profit before provisions	101.57%	127.79%	108.28%	94.54%	100.00%	85.35%	88.63%	83.39%	82.93%	83.71%

Details	DBH									
	Horizontal					Vertical				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
Provision for loans and investments										
General provision / Provision for loans and advances	112.33%	-154.74%	-103.67%	123.88%	100.00%	-9.20%	10.46%	7.78%	-10.59%	-8.16%
Specific provision										
Provision for diminution in value of investments	262.44%	-83.72%	-61.68%	108.87%	100.00%	5.93%	-1.56%	-1.28%	2.57%	2.25%
Other provision						0.13%	0.19%	0.00%	0.00%	0.00%
Total provision	52.98%	-185.70%	-119.68%	129.60%	100.00%	-3.14%	9.09%	6.50%	-8.02%	-5.91%
Total profitbefore taxation	98.36%	107.13%	93.25%	96.85%	100.00%	88.49%	79.54%	76.88%	90.95%	89.61%
Provision for taxation										
Current tax expense	100.98%	123.94%	108.39%	85.52%	100.00%	31.54%	31.96%	31.03%	27.89%	31.12%
Release from previous year's excess provision										
Deferred tax	27.01%	-1847.32%	332.17%	245.47%	100.00%	0.01%	-0.66%	0.13%	0.11%	0.04%
	100.88%	121.22%	108.70%	85.74%	100.00%	31.56%	31.30%	31.16%	28.00%	31.16%
Net profit after taxation										
Appropriations to:										
Statutory reserves	244.08%	251.97%	177.37%	40.00%	100.00%	11.25%	9.59%	7.50%	1.93%	4.59%
General reserves	77.59%	51.72%	43.10%	60.34%	100.00%	25.20%	13.87%	12.83%	20.46%	32.35%
Dividend etc										
	98.29%	76.62%	59.80%	57.82%	100.00%	36.45%	23.45%	20.33%	22.38%	36.95%
Retained surplus	94.86%	139.13%	128.35%	180.01%	100.00%	20.48%	24.79%	25.40%	40.57%	21.51%
Earnings Per Share (EPS)	66.62%	68.41%	64.32%	102.81%	100.00%					

Table 6

Based on the given data, the horizontal and vertical financial analysis for Delta Brac Housing Finance Corporation Limited (DBH) for the years 2018 to 2022 are:

Horizontal Analysis:

- **Interest Income and Net Interest Income:** There is of course fluctuation in interest income over the years and particularly in 2022 where we see a sharp decrease (82.51% of 2018 levels). Net interest income has however remained relatively steady, so DBH appears to be well handling the cost of funds despite revenue fluctuation.
- **Operating Income:** DBH has been successful in diversifying income sources such as investments and commission revenue, in order to offset any deviations in interest income and overall operating income has been rising steadily.
- **Operating Expenses:** Legal, postage and advertising costs have soared, contributing to a higher operating expense. This indicates DBH may be growing its operations or directing more resources to these areas, which could be detrimental to profits if left uncontrolled.
- **Provisions:** Provision has been fluctuated and its value has increased drastically in 2022. It can so imply a more careful attitude as a consequence of the possible risk in the loan portfolio or to economic uncertainties.
- **Net Profit Before Tax:** Despite these expenses and provisions, net profit before tax has remained relatively stable, indicating resilience in DBH's operations.

Vertical Analysis:

- **Interest Income:** Total income up to this point was considerably growing with the curve getting flatter, thus indicating that DBH traditionally relies on interest income as a single revenue stream, but this is no longer the case: interest income as a share of total income shows a gradual decrease.
- **Operating Expenses:** A larger proportion of total income is being devoted to operating expenses, which calls for better cost management, especially in legal and administrative expenses.
- **Provisions:** Provisions are taking up a greater slice of expenses, signaling a more conservative approach toward risk, probably to alleviate possible losses from lending.
- **Net Profit After Tax:** In the midst of growing expenses and provisions, DBH's steady proportion of net profit demonstrates that the company is doing a good job managing its costs so that profit remains.

Insight

Fluctuations in interest income and rising costs are reflected in DBH's success at diversifying its income while keeping core earnings on a stable path. Though overall expenses are rising and provisions are now gradually increasing, DBH will need to move quickly to control costs effectively and keep its profit margins by preserving its non-interest income sources.

Horizontal and Vertical Financial Analysis of DBH (Balance Sheet)

	DBH									
	Horizontal					Vertical				
Details	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
PROPERTY AND ASSETS										
Cash										
In hand (including foreign currencies)	93.40%	95.18%	124.91%	98.89%	100.00%	0.0002%	0.0002%	0.0002%	0.0002%	0.0002%
Balance with Bangladesh Bank and its agent (including foreign currencies)	72.04%	69.88%	72.03%	109.33%	100.00%	0.9315%	0.9256%	0.9813%	1.4732%	1.3886%
Total Cash	72.04%	69.89%	72.04%	109.33%	100.00%	0.9317%	0.9258%	0.9815%	1.4734%	1.3887%
Balance with other banks and financial institutions										
Inside Bangladesh	93.54%	125.02%	121.73%	110.61%	100.00%	17.8442%	24.4298%	24.4660%	21.9891%	20.4859%
Outside Bangladesh										
Total Balance with other banks and financial	93.54%	125.02%	121.73%	110.61%	100.00%	17.8442%	24.4298%	24.4660%	21.9891%	20.4859%
Money at call and short notice						4.3727%	0.0000%	0.0000%	0.0000%	0.0000%
Investments										
Government	148770.68%	739.21%	93.32%	96.75%	100.00%	2.6861%	0.0137%	0.0018%	0.0018%	0.0019%
Others	141.48%	110.43%	80.43%	75.99%	100.00%	1.3902%	1.1115%	0.8326%	0.7781%	1.0552%
Total Investments	414.09%	111.58%	80.46%	76.03%	100.00%	4.0763%	1.1251%	0.8344%	0.7799%	1.0571%
Loans, advances and leases										
Loans, cash credit, overdraft etc	101.57%	99.96%	97.50%	101.54%	100.00%	72.1276%	72.7132%	72.9441%	75.1413%	76.2582%
Bills purchased and discounted										
Total Loans, advances and leases	101.57%	99.96%	97.50%	101.54%	100.00%	72.1276%	72.7132%	72.9441%	75.1413%	76.2582%
Fixed assets including land, building, furniture and	150.12%	154.90%	171.01%	143.06%	100.00%	0.4121%	0.436%	0.495%	0.409%	0.295%
Other assets	49.06%	75.37%	55.26%	41.40%	100.00%	0.2354%	0.370%	0.279%	0.207%	0.515%
Non-banking assets										
Total Assets	107.39%	104.83%	101.93%	103.05%	100.00%	100.0000%	100.000%	100.000%	100.000%	100.000%

	DBH									
	Horizontal					Vertical				
Details	**2022**	**2021**	**2020**	**2019**	**2018**	**2022**	**2021**	**2020**	**2019**	**2018**
LIABILITIES AND CAPITAL Liabilities										
Borrowings from other banks,financial institutions and agents	182.08%	101.48%	91.55%	115.87%	100.00%	21.87%	11.41%	10.50%	13.51%	11.84%
Deposits and other accounts :										
Current accounts and other accounts etc										
Fixed deposits	92.48%	101.52%	101.17%	100.21%	100.00%	79.07%	81.29%	82.64%	83.16%	84.26%
Bills payable										
Savings bank deposits										
Term deposits										
Bearer certificate of deposits										
Other deposits										
Total Deposits and other accou	92.48%	101.52%	101.17%	100.21%	100.00%	79.07%	81.29%	82.64%	83.16%	84.26%
Other liabilities	85.45%	94.29%	90.93%	97.42%	100.00%	5.15%	5.32%	5.24%	5.70%	5.94%
Total Liabilities	92.02%	101.05%	100.50%	100.03%	100.00%	84.22%	86.61%	87.87%	88.87%	90.20%
Capital/Shareholders' equity										
Paid-up capital	160.02%	145.47%	126.50%	110.00%	100.00%	3.85%	3.28%	2.91%	2.57%	2.37%
Share premium	100.00%	100.00%	100.00%	100.00%	100.00%	0.11%	0.10%	0.10%	0.11%	0.11%
Statutory reserves	144.93%	129.56%	113.69%	102.52%	100.00%	3.74%	3.13%	2.80%	2.57%	2.54%
Revaluation reseve on got. Securities										
Assets revaluation reserve										
General reserves										
Dividend equalisation reserves										
Other reserves	176.54%	154.32%	139.51%	127.16%	100.00%	7.06%	5.78%	5.33%	4.93%	3.94%
Retained earnings	119.84%	137.68%	120.64%	115.57%	100.00%	1.03%	1.10%	0.99%	0.96%	0.84%
Total Equity	158.63%	143.73%	127.61%	115.32%	100.00%	15.78%	13.39%	12.13%	11.13%	9.80%
otal Liabilities and Shareholders' equity	98.55%	105.23%	103.16%	101.53%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Horizontal Analysis

- **Cash and Balances:** Over the years DBH has shown consistent liquidity since cash levels have remained relatively stable. It indicates that a cautious attitude toward handling of reserve cash is necessary to meet immediate requirements.
- **Investments:** Growth can be seen in terms of investments for example government securities are rapidly rising in investments. This rise indicates a cautious investment with an objective of ensuring returns in a more secure fashion.
- **Loans and Advances:** The loan portfolio of DBH has been steadily growing with stable demand for loans. Lending growth on a consistent basis is always a good sign of core business growth.
- **Fixed Assets:** Changes in fixed assets are relatively modest, indicating minimal increase of physical infrastructure and property (which keeps up operational costs).
- **Borrowings:** Take up of direct borrowings from other financial institutions has increased significantly suggesting the need to fund business growth from external sources.
- **Deposits:** Deposits have remained a major part of funding, showing stability as a core source of financing. It means your customers trust you and you have a trustworthy deposit base.
- **Equity:** Modest growth in the value of shareholder equity has come in line with the steady reinvestment in earnings. By achieving this growth in equity, DBH becomes more financially well placed, which offers backing for market uncertainties.

Vertical Analysis:

- **Cash and Investments:** Due to the liquidity and security of cash and investment balances, we find that a fixed portion of total assets remains cash and investment balances, with DBH taking care to maintain liquidity and keep investment balances similarly secure the same as lending activities.

- **Loans and Advances:** DBH's lending as its primary business activity is supported by the fact that the largest part of total assets is the loan portfolio. This allocation contains a stable part, which fills in with core revenue generation.
- **Deposits and Borrowings:** Funding is drawn primarily from deposits, which have consistently accounted for a similar share of total Liabilities, but borrowings have increasingly become part of the funding mix in recent years. This blend suggests that DBH funds growth with some reliance on bank borrowings as well as customer deposits.
- **Equity:** Although equity continues to represent a smaller portion of the overall funding structure, DBH is gradually increasing its capital base, with equity making a steady contribution.

Insight

The financial structure of DBH is stable; DBH is primarily a lender, its deposits are reliable, and it invests conservatively in secure assets. Although borrowed capital helped propel growth, underlying equity is expanding just as much, indicating an aversion to leverage and enough discipline to share risk and growth with outside investors.

2. IPDC Analysis:

Financial Ratio Analysis of IPDC Based on the Provided Data (2018-2022)

IPDC						
Details		2018	2019	2020	2021	2022
Profitability ratio	Net profit margin= Net income/ Sales	29.323	26.081	30.378	25.596	7.144
	Return on Asset= Net income/ Total asset	1.004	1.012	0.932	1.043	0.347
	Return on Equity= Net income/ Equity	6.569	7.266	10.596	8.977	4.017
Liquidity ratio	Current ratio= Current assets/ Current liabilities	0.064	0.053	0.057	0.09	0.13
Efficiency ratio	Asset turnover ratio= Revenue/Average total asset	0.034	0.039	0.031	0.041	0.049
	equity multiplyer	6.539	7.175	11.368	8.602	11.574
Leverage ratio	Debt on Equity Ratio= Debt/ Equity	5.539	6.176	10.368	7.602	10.574
	Equity Ratio= Total Equity /Total Asset	0.153	0.139	0.088	0.116	0.086
	Debt ratio= Debt/ Total asset	0.847	0.861	0.912	0.884	0.913
Market ratio	EPS= Net income/ Total number of shares outstanding	2.43	2.37	1.9	1.82	2.06

Table 7

Profitability

- **Net Profit Margin:** Net profit margin of IPDC recorded a remarkable decline in the last five years, registering 7.14% in 2022, which was 29.32% in 2018, implicating that the company has lost its profit generating capability quite substantially.
- **Return on Assets (ROA):** Over the years, it has declined, meaning that the company gets less money now than years gone by from its assets.

- **Return on Equity (ROE):** Also, it has dropped year over year, which means the company is making less off its equity investments. It may indicate difficulties in earning profits in a cost efficient manner.

Liquidity

- **Current Ratio:** It's worth noting that the current ratio has stayed very low, but improved slightly from 0.064 in 2018 to 0.13 in 2022. This indicates that when IPDC's ratio is less than 1, there exist opportunities to confront IPDC's short-term liabilities that might lead to liquidity problems.

Efficiency

- **Asset Turnover Ratio:** The asset turnover ratio has slightly improved, from 0.034 in 2018 to 0.049 in 2022 depicting gradual improvement in efficiency in generating revenue from assets.
- **Equity Multiplier:** IPDC's equity multiplier has risen, suggesting that IPDC has increased its use of debt relative to leverage, and therefore amplified returns as a result, but may also increase risk.

Leverage

- **Debt on Equity:** The IPDC's debt on equity ratio has increased from 5.54 in 2018 to 10.57 in 2022, which means that the IPDC is increasingly relying on debt to finance its operations.
- **Debt Ratio:** The level has been reasonably stable, and has remained near 0.9, which indicates that the company is funded primarily by debt, that is, its assets are primarily financed by borrowing, and the risks associated with this scenario need to be carefully managed.

Market

- **Earnings Per Share (EPS):** Since 2018, the figure dropped from 2.43 to 2.06 in 2022, in line with falling profitability in general, suggesting shareholders are taking lower returns per share.

Summary

However, IPDC's profitability is in decline, liquidity is low and it depends too much on debt. Efficiency of the use of assets has somewhat improved, while profitability and maintaining levels of debt will become necessary in order to preserve future stability.

Horizontal and Vertical Financial Analysis of IPDC (Balance Sheet)

	IPDC									
	Horizontal					Vertical				
Details	**2022**	**2021**	**2020**	**2019**	**2018**	**2022**	**2021**	**2020**	**2019**	**2018**
PROPERTY AND ASSETS										
Cash										
In hand (including foreign currencies)	125.32%	106.33%	106.33%	100.00%	100.00%	0.0006%	0.0003%	0.0003%	0.0006%	0.0005%
Balance with Bangladesh Bank and its agent (including foreign currencies)	150.86%	146.92%	126.29%	185.18%	100.00%	0.85%	0.84%	0.81%	1.40%	0.96%
Total Cash	150.83%	146.89%	126.28%	185.11%	100.00%	**0.85%**	**0.84%**	**0.81%**	**1.40%**	**0.97%**
Balance with other banks and financial institutions										
Inside Bangladesh	364.91%	412.83%	429.65%	271.25%	100.00%	13.77%	15.90%	18.50%	13.78%	6.48%
Outside Bangladesh										
Total Balance with other banks and financial institutions	364.91%	412.83%	429.65%	271.25%	100.00%	**13.77%**	**15.90%**	**18.50%**	**13.78%**	**6.48%**
Money at call and short notice	**0**					**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**
Investments										
Government						0.00%	0.27%	4.57%	0.00%	0.00%
Others	287.69%	288.72%	192.47%	180.80%	100.00%	2.88%	1.54%	2.66%	2.88%	2.95%
Total Investments	287.69%	315.42%	592.03%	180.80%	100.00%	**2.88%**	**2.37%**	**2.66%**	**2.88%**	**3.22%**
Loans, advances and leases										
Loans, cash credit, overdraft etc	153.65%	147.38%	120.95%	114.44%	100.00%	78.52%	79.76%	78.35%	78.52%	76.88%
Bills purchased and discounted						0.00%	0.00%	0.00%	0.00%	0.00%
Total Loans, advances and leases	153.65%	147.38%	120.95%	114.44%	100.00%	**78.52%**	**79.76%**	**78.35%**	**78.52%**	**76.88%**
Fixed assets including land, building, furniture and fixtures	160.78%	140.40%	142.48%	144.50%	100.00%	1.01%	0.81%	0.47%	1.01%	0.90%
Other assets	254.98%	189.56%	174.68%	152.33%	100.00%	2.97%	4.57%	4.20%	2.97%	2.25%
Non-banking assets	100.00%	100.00%	100.00%	100.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Assets	171.71%	168.23%	150.40%	127.50%	100.00%	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

	IPDC									
	Horizontal					Vertical				
Details	**2022**	**2021**	**2020**	**2019**	**2018**	**2022**	**2021**	**2020**	**2019**	**2018**
LIABILITIES AND CAPITAL										
Liabilities										
Borrowings from other banks,financial institutions and agents	204.45%	177.39%	185.00%	118.95%	100.00%	13.95%	12.23%	11.64%	13.95%	12.35%
Deposits and other accounts :										
Current accounts and other accounts etc						0.00%	0.00%	0.00%	0.00%	0.00%
Fixed deposits										
Bills payable						0.00%	0.00%	0.00%	0.00%	0.00%
Savings bank deposits						0.00%	0.00%	0.00%	0.00%	0.00%
Term deposits	159.55%	162.97%	141.52%	125.08%	100.00%	68.19%	67.17%	67.82%	68.19%	71.09%
Bearer certificate of deposits						0.00%	0.00%	0.00%	0.00%	0.00%
Other deposits						0.00%	2.17%	2.33%	0.00%	0.00%
Total Deposits and other accounts	159.55%	162.97%	141.52%	125.08%	100.00%	**68.19%**	**69.34%**	**70.16%**	**68.19%**	**71.09%**
Other liabilities	230.20%	204.39%	172.21%	143.71%	100.00%	10.02%	8.63%	7.71%	10.02%	9.08%
Total Liabilities	170.94%	168.14%	149.50%	125.81%	100.00%	**92.16%**	**90.20%**	**89.51%**	**92.16%**	**92.52%**
Capital/Shareholders' equity										
Paid-up capital	170.10%	170.10%	170.10%	162.00%	100.00%	4.28%	3.29%	3.58%	4.28%	4.37%
Share premium	241.07%	241.07%	241.07%	241.07%	100.00%	0.46%	1.10%	1.20%	0.46%	0.47%
Statutory reserves	55.33%	178.08%	146.07%	120.44%	100.00%	0.35%	1.15%	1.06%	1.03%	1.09%
Revaluation reseve on got. Securities										
Assets revaluation reserve	373.31%	98.43%	98.90%	99.44%	100.00%	1.34%	2.19%	2.30%	1.34%	0.36%
General reserves						0.00%	0.87%	0.95%	0.00%	0.00%
Dividend equalisation reserves						0.00%	0.04%	0.04%	0.00%	0.00%
Other reserves										
Retained earnings	225.90%	175.88%	129.84%	123.08%	100.00%	1.41%	2.31%	2.41%	1.41%	1.12%
Total Equity	181.32%	169.33%	161.61%	148.62%	100.00%	**7.84%**	**9.80%**	**10.49%**	**7.84%**	**7.48%**
Total Liabilities and Shareholders' equity	171.71%	168.23%	150.40%	127.50%	100.00%	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

Table 8

Horizontal Analysis:

- **Cash and Balances:** It has shown significant growth over the years, with even stronger growth in 2022 as it seeks to keep liquidity cash. Perhaps IPDC is playing it safe, making sure they have plenty of cash available.
- **Investments:** Investments, particularly in non-government securities, have registered notable increase, confirmation that IPDC is spreading its investment assets to boost returns. It may be a sign that people are investing more safely or stably.
- **Loans and Advances:** Growth of the loan portfolio over time reflects strong demand for lending, and a healthy core business. However, IPDC's focus on lending as a primary source of revenue has led to this growth.
- **Fixed Assets:** Apparently, the growth of fixed assets is moderate, which means that it invests in infrastructure or physical asset a bit but does not expand, helping to curb overhead.
- **Borrowings**: Borrowings from financial institutions have increased significantly, which points to IPDC's reliance on external funding to support its growth.
- **Deposits:** It now turns out that deposits over time increased steadily and continue to be a core funding source. This shows that there is strong customer confidence with deposits giving a firm base for financing.
- **Equity:** There's been modest growth in shareholder equity over the years, which reflects reinvestment of earnings and a stable capital foundation for the company.

Vertical Analysis:

- **Cash and Investments:** A small but stable proportion of total assets is cash and investments and represents a balanced approach to liquidity and asset management combined with the main lending business.
- **Loans and Advances:** Being a lending focused business, IPDC has been characterized by the dominance of the loan portfolio among total assets, which continues to be the case. Driving income with effective risk management is required with this focus.
- **Deposits and Borrowings:** Customer deposits are the major source of funding, with deposits being a large part of total liabilities. Moreover, the increase in borrowings suggests that IPDC is filling some of the short fall in external funds necessary to support its lending activities.
- **Equity:** Equity remains a consistent portion of the capital structure, gradually growing over time, which signals steady financial health and stability.

Insight:

IPDC has grown steadily in core lending business with strong dependence on deposits and a bit extra external funding for expansion. The company's cautious investment in cash and stable assets were done cautiously to ensure liquidity but focused on core lending. Maintaining this growth will require the prudent management of increasing debt and watchfulness over risk exposure in lending by IPDC.

Horizontal and Vertical Financial Analysis of IPDC (Income Statement)

Details	IPDC									
	Horizontal					Vertical				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
Interest income	139.38%	128.83%	135.87%	132.20%	100.00%	255.59%	235.15%	342.21%	345.69%	299.12%
Interest paid on deposits and borrowings	127.45%	111.23%	144.46%	141.15%	100.00%	155.59%	135.15%	242.21%	245.69%	199.12%
Net Interest income	**163.11%**	**163.87%**	**118.76%**	**114.39%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**
			#DIV/0!	#DIV/0!						
Investment income	319.04%	743.93%	1008.30%	181.79%	100.00%	7.30%	16.93%	31.67%	5.93%	3.73%
Commission, exchange and brokerage	169.45%	202.12%	121.47%	87.67%	100.00%	5.46%	6.48%	5.37%	4.03%	5.25%
Other operating income	522.41%	42.35%	277.97%	125.05%	100.00%	4.46%	0.36%	3.26%	1.52%	1.39%
Total operating income	**173.21%**	**183.76%**	**150.96%**	**115.53%**	**100.00%**	**117.21%**	**123.77%**	**140.30%**	**111.48%**	**110.38%**
Salaries and allowances	221.66%	189.21%	177.43%	144.43%	100.00%	30.62%	26.02%	33.67%	28.45%	22.54%
Rent, taxes, insurance, electricity etc	74.34%	60.17%	58.94%	55.91%	100.00%	1.17%	0.94%	1.27%	1.25%	2.56%
Legal expenses	156.59%	126.60%	87.48%	118.16%	100.00%	2.37%	1.91%	1.82%	2.55%	2.47%
Postage, stamp, telecommunication etc	172.29%	138.59%	126.13%	104.35%	100.00%	0.57%	0.46%	0.57%	0.49%	0.54%
Stationery, printing, advertisements etc.	111.00%	121.85%	101.46%	124.63%	100.00%	4.06%	4.43%	5.09%	6.49%	5.96%
Managing Director's salary and benefits	120.25%	120.11%	100.11%	100.11%	100.00%	0.59%	0.59%	0.68%	0.70%	0.81%
Directors' fees	50.79%	58.12%	70.12%	41.38%	100.00%	0.04%	0.05%	0.08%	0.05%	0.14%
Auditors' fees	325.53%	300.64%	148.94%	170.83%	100.00%	0.06%	0.06%	0.04%	0.05%	0.03%
Charges on loan losses			#DIV/0!	#DIV/0!						
Depreciation and repair of Company's assets	315.72%	258.08%	242.76%	176.20%	100.00%	7.77%	6.33%	8.21%	6.19%	4.02%
Other expenses	201.01%	120.50%	127.78%	94.21%	100.00%	6.40%	3.82%	5.59%	4.28%	5.20%
Total operating expenses	**197.80%**	**165.15%**	**153.03%**	**130.56%**	**100.00%**	**53.67%**	**44.60%**	**57.03%**	**50.51%**	**44.26%**
Profit before provisions	**156.76%**	**196.22%**	**149.57%**	**105.47%**	**100.00%**	**63.54%**	**79.17%**	**83.27%**	**60.96%**	**66.12%**

Details	IPDC									
	Horizontal					Vertical				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
Provision for loans and investments										
General provision / Provision for loans and advances	170.80%	255.56%	181.53%	57.76%	100.00%	16.24%	24.19%	23.71%	7.83%	15.51%
Specific provision										0.00%
Provision for diminution in value of investments	-3386.84%	-1337.64%	-2.24%	-968.34%	100.00%	1.28%	0.50%	0.00%	0.52%	-0.06%
Other provision					100.00%	0.38%	0.46%	0.00%	1.47%	0.00%
Total provision	**189.03%**	**266.84%**	**182.26%**	**72.71%**	**100.00%**	**17.90%**	**25.15%**	**23.71%**	**9.82%**	**15.45%**
Total profitbefore taxation	**146.92%**	**174.69%**	**139.61%**	**115.46%**	**100.00%**	**45.64%**	**54.02%**	**59.56%**	**51.14%**	**50.67%**
Provision for taxation										
Current tax expense	90.46%	153.13%	123.16%	106.17%	100.00%	13.26%	22.35%	24.80%	22.20%	23.92%
Release from previous year's excess provision										
Deferred tax expense/(income	-93.57%	6.52%	-100.39%	-2.49%	100.00%	-0.15%	0.01%	-0.22%	-0.01%	0.26%
	88.50%	151.56%	120.77%	105.01%	100.00%	13.12%	22.36%	24.58%	22.19%	24.17%
Net profit after taxation	**200.23%**	**195.79%**	**156.79%**	**124.99%**	**100.00%**	**32.53%**	**31.66%**	**34.98%**	**28.95%**	**26.50%**
Appropriations to:										
Statutory reserves	200.23%	195.79%	156.79%	124.99%	100.00%	6.51%	6.33%	7.00%	5.79%	5.30%
General reserves										
Dividend etc										
	200.23%	195.79%	156.79%	124.99%	100.00%	6.51%	6.33%	7.00%	5.79%	5.30%
Retained surplus	**200.23%**	**195.79%**	**156.79%**	**124.99%**	**100.00%**	**26.02%**	**25.33%**	**27.98%**	**23.16%**	**21.20%**
Earnings Per Share (EPS)	**117.96%**	**115.05%**	**92.23%**	**88.35%**	**100.00%**					

Table 9

Horizontal Analysis:

- **Interest Income and Expenses:** We have seen interest income has grown generally over the years with 139.38% growth recorded by 2022 relative to 2018 and a general growth has been realized in interest expenses for the same period. This means that IPDC is lending more, but holding costs relatively steady.
- **Operating Income:** Overall in operating income, the growth is strong especially in 2022 when it is 173.21% higher than the base year 2018. The growth here is good as it demonstrates a positive growth trend in the income from several sources including investment and brokerage services, which is a diversified revenue source.
- **Operating Expenses:** Salaries, legal expenses, and other administrative costs have increased, and operating costs have gone up as well. It may mean that IPDC is investing in its workforce and operations, but these costs will need to be controlled in order for profitability to endure over the long term.
- **Provisions:** From year to year, provisions have been highly variable with several high spikes. In other words it seems that IPDC has begun adjusting its risk management approach, possibly due to either changing economic or market conditions.
- **Net Profit After Tax:** In the midst of rising expenses and provisions, net profit after tax has grown remarkably to 200.23% of 2018, demonstrating the firm's strong ability to grow profit despite rising costs.

Vertical Analysis:

- **Interest and Operating Income:** Non-interest income sources are becoming an important part of total income, although interest income remains a large part of income, a reminder of IPDC's increasing income diversification. With this shift, you're less reliant on core lending.
- **Operating Expenses:** Expenses also form a larger slice of income which means that operational costs are rising in comparison to income. Areas such as salaries are important in this capacity as well as administrative costs and this contributes significantly from this suggesting that IPDC is growing its workforce, not necessarily the IPDC market itself but maybe the former case.
- **Provisions:** IPDC has been setting aside greater amounts as a percentage of total expenses, meaning that IPDC has been conservatively saving enough funds for investments in likely loan losses or risks.
- **Net Profit After Tax:** IPDC's revenue growth is proving effective as the bulk of its net profits constitute the proportion of total income despite a rise in costs. It shows good level of profitability in the face of challenges.

Insight

IPDC has demonstrated income and profit growth as reinforced by a diverse income base and cautious risk management through increased provision. Although this profitability trend is rising, it comes at a price of rising operational costs, thus requiring a balance in expense control. The company looks to be well placed to continue growth as long as it sticks to careful management of those costs and risks.

3. **BIFFL Analysis:**

Financial Ratio Analysis of BIFFL Based on the Provided Data (2018-2022)

BIFFL						
Details		2018	2019	2020	2021	2022
Profitability ratio	Net profit margin= Net income/ Sales	42.291	20.569	24.283	27.678	32.406
	Return on Asset= Net income/ Total asset	0.01	0.01	0.01	0.01	0.01
	Return on Equity= Net income/ Equity	0.041	0.041	0.045	0.044	0.045
Liquidity ratio	Current ratio= Current assets/ Current liabilities	0.119	0.125	0.152	0.112	0.148
Efficiency ratio	Asset turnover ratio= Revenue/Average total asset	4.117	4.184	4.526	4.407	4.501
	equity multiplyer	12.877	11.351	11.565	10.029	10.953
Leverage ratio	Debt on Equity Ratio= Debt/ Equity	11.877	10.351	10.565	9.029	9.953
	Equity Ratio= Total Equity /Total Asset	0.777	0.088	0.086	0.099	0.091
	Debt ratio= Debt/ Total asset	0.922	0.912	0.914	0.9	0.909
Market ratio	EPS= Net income/ Total number of shares outstanding	3.93	2.15	2.36	2.65	3.3

Table 10

Profitability

- **Net Profit Margin:** The net profit margin of BIFFL is gradually rising, 32.40% in 2022. With that, the company has made greater efforts to hold on to its profit from sales.
- **Return on Assets (ROA):** The figure remains low, indicating steady profits, but only a very small figure relative to the overall asset base.
- **Return on Equity (ROE):** In addition to being limited, it also stays low, indicating that even though the profits are stable, they're small relative to the total equity base.

Liquidity

- **Current Ratio:** Overall, it fluctuated, but only slightly increased to 0.148 in 2022. There may be an indication that BIFFL has trouble paying off its short-term liabilities with its current assets and hence its liquidity risk is moderate unless cash flows are carefully managed.

Efficiency

- **Asset Turnover Ratio:** However, since then, little change has occurred and the average is now 4.501 in 2022, which is a little improvement. In other words, this is BIFFL's reliability in generating revenue from its assets.
- **Equity Multiplier:** It has gone down a bit from there which is slightly lower than before, reduces the financial risk, as it implies less borrowing with respect to equity.

Leverage

- **Debt on Equity Ratio:** Over time, it has dropped from 11.88 in 2018 and 9.95 in 2022. The trend is towards decreased dependency on debt by BIFFL.
- **Equity Ratio:** This stays rather stable which indicates that the firm balances between debt and equity in a consistent manner in its capital structure.

Market

- **Earnings Per Share (EPS):** Its profit margin has recovered from a low of 2.15 in 2019 to 3.3 of 2022, suggesting better profitability and better shareholder's return in the recent years.

Summary

Compared to its dividend history, BIFFL has improved in profitability and debt management, enjoying a bigger profit margin and a smaller leverage ratio. Liquidity is still an issue, as low current ratios suggest short term financial risk. BIFFL will also need to continue to manage debt and improve liquidity to maintain stability looking ahead.

Horizontal and Vertical Financial Analysis of BIFFL (Balance Sheet)

DETAILS:	BIFFL									
	Horizontal					Vertical				
	2018	2019	2020	2021	2022	2018	2019	2020	2021	2022
PROPERTY AND ASSETS										
Cash	3052.86%	2802.26%	152.06%	1378.71%	100.00%	0.11%	0.09%	0.00%	0.04%	0.00%
In hand (including foreign currencies)	181.77%	212.97%	136.95%	144.92%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Balance with Bangladesh Bank and its agents (including foreign currencies)	3232.61%	2964.37%	153.01%	1455.95%	100.00%	0.11%	0.09%	0.00%	0.03%	0.00%
Balance with other banks and financial institutions	43.48%	44.22%	69.46%	104.58%	100.00%	25.98%	23.05%	32.00%	43.28%	36.53%
Inside Bangladesh	43.48%	44.22%	69.46%	104.58%	100.00%	25.98%	23.05%	32.00%	43.28%	36.53%
Outside Bangladesh										
Money at call and short notice	0.00%	101.86%	100.00%	100.00%	100.00%	0.00%	0.08%	0.07%	0.06%	0.05%
Investments	23.89%	49.75%	48.42%	39.59%	100.00%	5.19%	9.42%	8.10%	5.95%	13.27%
Government	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	9.83%
Others	92.18%	191.97%	186.85%	152.78%	100.00%	5.19%	9.42%	8.10%	5.95%	3.44%
Leases, loans and advances	90.03%	100.35%	97.37%	86.94%	100.00%	56.31%	54.75%	46.96%	37.67%	38.24%
Loans, cash credits, overdrafts etc.	0.00%	100.35%	97.37%	86.94%	100.00%	0.00%	54.75%	46.96%	37.67%	38.24%
Bills purchased and discounted										
Fixed assets including premises, furniture and fixtures	1800.55%	140.10%	116.92%	106.73%	100.00%	1.02%	0.77%	0.57%	0.47%	0.39%
Other assets	0.00%	72.00%	84.67%	96.02%	100.00%	11.40%	11.83%	12.30%	12.53%	11.52%
Non-financial institutional assets										
TOTAL PROPERTY AND ASSETS	**0.00%**	**70.08%**	**79.30%**	**88.26%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

DETAILS:	BIFFL									
	Horizontal					Vertical				
	2018	2019	2020	2021	2022	2018	2019	2020	2021	2022
LIABILITIES AND SHAREHOLDER'S EQUITY										
Liabilities										
Borrowings from banks, other financial institutions and agents	**0.00%**	**35.36%**	**41.12%**	**60.54%**	**100.00%**	**8.16%**	**12.06%**	**12.39%**	**16.39%**	**23.89%**
Deposits and other accounts										
Current deposits and other accounts										
Bills payable										
Savings deposits										
Term deposits										
Bearer certificate of deposit										
Other deposits										
Other liabilities	**65.13%**	**58.31%**	**77.49%**	**94.04%**	**100.00%**	**14.48%**	**17.69%**	**20.77%**	**22.65%**	**21.26%**
Total Liabilities	**104.76%**	**48.43%**	**58.24%**	**76.31%**	**100.00%**	**22.64%**	**31.20%**	**33.16%**	**39.04%**	**45.15%**
Capital/Shareholders' equity	77.93%	87.90%	96.63%	98.09%	100.00%	77.36%	68.80%	66.84%	60.96%	54.85%
Paid up capital	6.80%	91.33%	100.00%	100.00%	100.00%	69.92%	61.00%	59.02%	53.03%	46.80%
Statutory reserve	0.00%	81.24%	86.55%	92.54%	100.00%	5.20%	4.80%	4.52%	4.34%	4.14%
General reserve	336.98%	25.00%	50.00%	75.00%	100.00%	0.00%	0.14%	0.26%	0.34%	0.41%
Other reserve										
Retained earnings	0.00%	57.14%	68.85%	81.79%	100.00%	2.24%	2.85%	3.04%	3.24%	3.50%
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	**0.00%**	**70.08%**	**79.30%**	**88.26%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

Table 11

Horizontal Analysis:

- **Cash and Balances:** Cash levels have been very volatile, at least in the recent past. BIFL has been adjusting its liquidity to accommodate something operational or market related.
- **Investments:** Investments have stable rates; you can see a stable proportion of what has been going over the years. It may well mean that BIFL is taking a conservative stance here, not trying to overextend its investment portfolio with lots of growth, but staying put.
- **Loans and Advances:** Indeed, the loans portfolio is consistently growing, reflecting both expansion of core business and likely steady future demand for loans. That's a sign of growth in lending.
- **Fixed Assets:** Most notably, there's a large increase in fixed assets, in the early years in particular, which suggests some significant investment of physical infrastructure or properties that can support long term growth.
- **Borrowings:** Though borrowing has increased slowly, this is consistent with BIFL passing on greater demands on external funding to finance its activities.
- **Equity:** The shareholder equity is also steady with slight increase over the years indicating a balanced capital management and a solid financial pillar.

Vertical Analysis:

- **Cash and Investments:** A small and steady portion of total assets is cash and investments, mirroring BIFL's conservative leaning on keeping liquid assets as well as maintaining other income producing assets.

- **Loans and Advances:** The loans, which remain the largest asset segment, demonstrate that BIFL is keen to lend as its main business line that is critical to generating income.
- **Liabilities and Borrowings:** The actual growth of borrowings relative to total liabilities has also increased indicating a greater reliance on external sources of funds. This mix points to BIFL balancing between customer deposits and institutional borrowings to achieve its growth.
- **Equity:** BIFL has steadily increased debt to finance growth while preserving its solid equity base and the proportion of equity is constant as a percent of the total capital structure.

Insight

BIFL experiences steady growth of its core lending activities on the back of rising dependence on borrowings to finance the expansion. The asset allocation is consistent, Life Company of the cautious school, and the growing loan portfolio betokens promising demand. In the future, keeping the balance of debt and equity will be crucial towards being able to maintain stability and manage another potential risk.

Horizontal and Vertical Financial Analysis of BIFFL (Income Statement)

DETAILS:	BIFFL									
	Horizontal					Vertical				
	2018	2019	2020	2021	**2022**	2018	2019	2020	2021	2022
Operating Income										
Interest income from leases, loans and advances	100.71%	154.42%	99.67%	121.89%	**100.00%**	102.95%	105.88%	108.76%	109.56%	121.55%
Less: Interest expenses on deposits & borrowings etc	16.26%	48.34%	45.29%	59.97%	**100.00%**	2.95%	5.88%	8.76%	9.56%	21.55%
Net interest income	**118.91%**	**177.28%**	**111.39%**	**135.23%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**
Investment income	36.26%	96.28%	134.21%	119.78%	**100.00%**	8.01%	14.26%	31.64%	23.26%	26.26%
Commission, exchange and brokerage										
Other operating income	86.80%	24.63%	48.31%	73.44%	**100.00%**	74.16%	14.11%	44.06%	55.16%	101.58%
Total operating income	**95.07%**	**99.89%**	**85.90%**	**105.90%**	**100.00%**	**182.16%**	**128.37%**	**175.70%**	**178.42%**	**227.84%**
Operating Expenses										
Salary and allowances	61.28%	76.06%	79.13%	84.23%	**100.00%**	4.32%	3.60%	5.96%	5.22%	8.39%
Rent, taxes, insurance, electricity etc.	221.52%	131.27%	64.74%	79.33%	**100.00%**	0.53%	0.21%	0.17%	0.17%	0.29%
Legal expenses	79.80%	41.94%	11.71%	21.06%	**100.00%**	0.12%	0.04%	0.02%	0.03%	0.18%
Postage, stamp, telecommunication etc.	38.10%	42.90%	37.18%	51.85%	**100.00%**	0.16%	0.12%	0.16%	0.19%	0.48%
Stationery, printing, advertisement etc.	938.55%	438.71%	119.68%	118.44%	**100.00%**	1.33%	0.42%	0.18%	0.15%	0.17%
Managing Director's salary and allowances	106.35%	70.77%	72.44%	95.82%	**100.00%**	0.93%	0.42%	0.68%	0.74%	1.04%
Directors' fees	118.60%	124.59%	80.00%	83.87%	**100.00%**	0.12%	0.09%	0.09%	0.08%	0.12%
Auditors' fees	150.29%	108.63%	164.99%	167.58%	**100.00%**	0.03%	0.02%	0.04%	0.03%	0.03%
Charges on loan losses										
Depreciation and repairs of company's assets	274.50%	312.26%	305.82%	138.42%	**100.00%**	3.72%	2.83%	4.42%	1.65%	1.61%
Other operating expenses	131.46%	133.74%	70.41%	78.67%	**100.00%**	2.89%	1.97%	1.65%	1.52%	2.62%
Total operating expenses	**112.81%**	**115.40%**	**99.75%**	**88.53%**	**100.00%**	**14.16%**	**9.71%**	**13.36%**	**9.77%**	**14.92%**
Profit before provision	**93.83%**	**98.80%**	**84.93%**	**107.12%**	100.00%	**168.00%**	**118.66%**	**162.33%**	**168.65%**	**212.91%**

DETAILS:	BIFFL									
	Horizontal					Vertical				
	2018	2019	2020	2021	**2022**	2018	2019	2020	2021	2022
Total operating expenses	**112.81%**	**115.40%**	**99.75%**	**88.53%**	**100.00%**	**14.16%**	**9.71%**	**13.36%**	**9.77%**	**14.92%**
Profit before provision	**93.83%**	**98.80%**	**84.93%**	**107.12%**	**100.00%**	**168.00%**	**118.66%**	**162.33%**	**168.65%**	**212.91%**
Provision for investment, leases, loans and advances	74.18%	24.68%	0.00%	129.59%	**100.00%**	22.66%	5.06%	0.00%	34.81%	36.32%
Provision for diminution in value of investments										
Other provision	0.00%	327.65%	250.00%	125.30%	**100.00%**	0.00%	39.96%	48.53%	20.03%	21.62%
Total provision	**46.50%**	**137.73%**	**93.29%**	**127.99%**	**100.00%**	**22.66%**	**45.02%**	**48.53%**	**54.84%**	**57.95%**
Total profit before income tax	**111.52%**	**84.24%**	**81.80%**	**99.31%**	**100.00%**	**145.34%**	**73.64%**	**113.80%**	**113.81%**	**154.97%**
Provision for income tax	114.62%	112.28%	93.89%	120.71%	**100.00%**	70.03%	46.01%	61.24%	64.85%	72.65%
Net profit after tax & provision	**108.79%**	**59.50%**	**71.13%**	**80.43%**	**100.00%**	**75.31%**	**27.63%**	**52.57%**	**48.96%**	**82.32%**
Appropriations	**0.00%**	**69.51%**	**78.27%**	**85.27%**	**100.00%**	**0.00%**	**8.57%**	**15.37%**	**13.79%**	**21.87%**
Statutory reserve	108.79%	59.50%	71.13%	80.43%	**100.00%**	15.06%	5.53%	10.51%	9.79%	16.46%
General reserve	#######	100.00%	100.00%	100.00%	**100.00%**	60.25%	3.05%	4.85%	4.00%	5.41%
Retained surplus	**0.00%**	**55.87%**	**68.55%**	**78.68%**	**100.00%**	**0.00%**	**19.05%**	**37.20%**	**35.17%**	**60.45%**
Earnings per share (Restated)	**119.09%**	**65.15%**	**71.52%**	**80.30%**	**100.00%**					

Table 12

Horizontal Analysis:

- **Interest and Operating Income:** Expansion in overall revenue across the past years has been characterized by healthy growth in interest income from leases, loans and advances. However, at the same time, interest expense has also gone up, affecting that all important 'net interest income.'
- **Net Interest and Total Operating Income:** It has effectively managed to increase net interest income through steady growth of the interest margins. Expansion of operating income on an overall basis illustrates the success of BIFL in generating income across its menu of services.
- **Operating Expenses:** That means operating costs, particularly in categories such as salaries and legal expenses are on the rise. That could be BIFL investing in people and/or compliance…and it may also point to a requirement for cost control in order to avoid squeezing the profits.
- **Provisions:** Provision has varied and some years have registered large increases. It is likely that BIFL takes a cautious stance, and is building a reserve against risks that may come up.
- **Profit Before and After Tax:** The increase in expenses and provisions has not affected profit before or after tax, which has been growing generally, demonstrating BIFL's ability to maintain profitability in spite of it.

Vertical Analysis:

- **Interest and Operating Income:** Total income from interest is still a major part of BIFL's income while contributing revenue from other non–interest sources is increasing. It represents a shift from a lending only posture.
- **Operating Expenses:** As income, salaries, and administrative expenses have grown as a proportion of these operating costs. They suggest that operating with slimmer profit margins will be necessary.

- **Provisions:** A larger portion of expenses has been used on provisions since BIFL has adopted a responsible approach towards the risk of its lending and deposits. When long term stability is considered, this approach can be quite useful.
- **Net Profit:** There is a steady proportion of net profit within total income, reflecting BIFL's robust income growth with both cost and provisions increasing, proving limited costs and improved operational efficiency.

Insight

Income growth across its core business is strong supported by a balanced approach to managing risk through provisions. Increasingly, BIFL's operating expenses are climbing, and particularly in salaries and other administrative areas, but profitability remains solid. In the future, strengthening financial resilience hinges on keeping costs in check and continuing to diversify sources of income.

4. **Bangladesh Finance Analysis:**

Financial Ratio Analysis of Bangladesh Finance Based on the Provided Data (2018-2022)

Bangladesh Finance						
Details		2018	2019	2020	2021	2022
Profitability ratio	Net profit margin= Net income/ Sales	49.572	46.287	40.354	45.429	30.481
	Return on Asset= Net income/ Total asset	1.583	1.639	1.467	1.604	1.111
	Return on Equity= Net income/ Equity	18.206	15.681	12.873	13.753	9.419
Liquidity ratio	Current ratio= Current assets/ Current liabilities	0.791	0.809	0.857	0.871	0.884
Efficiency ratio	Asset turnover ratio= Revenue/Average total asset	0.032	0.0354	0.036	0.035	0.036
	equity multiplyer	11.499	9.567	8.773	8.573	9.476
Leverage ratio	Debt on Equity Ratio= Debt/ Equity	9.951	8.275	8.773	8.573	8.476
	Equity Ratio= Total Equity /Total Asset	0.087	0.104	0.114	0.117	0.118
	Debt ratio= Debt/ Total asset	0.865	0.856	0.866	0.847	0.841
Market ratio	EPS= Net income/ Total number of shares outstanding	1.82	1.3	1.27	1.51	1.03

Table 13

Profitability

- **Net Profit Margin:** The net profit margin from Bangladesh Finance fell from 49.57% in 2018 to 30.48% in 2022 suggesting its ability to retain less of each dollar of sales taken as profit.

- **Return on Assets (ROA):** It has tended downward, indicating that the company's asset efficiency in generating returns.
- **Return on Equity (ROE):** In fact, the trend has also been downwards, implying a deterioration of the company's ability to generate returns from equity over time.

Liquidity

- **Current Ratio:** Further, there has been a slight improvement in the company's ability to cover its short term obligations as the current ratio has increased from 0.791 in 2018 to 0.884 in 2022. But a ratio below one suggests that Bangladesh Finance may not be able to fulfill its immediate liabilities without additional funding.

Efficiency

- **Asset Turnover Ratio:** Generally, asset turnover ratio of the company have been generally stable at around 0.036 meaning consistent performance in generation of revenue from the assets.
- **Equity Multiplier**: The equity multiplier has declined over the years; therefore, the level of debt versus equity has been reducing implying there is less reliance on debt and more on equity when leveraging assets.

Leverage

- **Debt on Equity Ratio**: Debt on equity ratio has gradually come down showing a move towards reducing debt dependence.
- **Equity Ratio:** As it has grown, which suggests that Bangladesh Finance's equity base is being further fortified, fortifying it in uncertain times.

Market

- **Earnings Per Share (EPS):** It has had small moves, but closing at 1.58 in 2022. This implies that, the company earns reasonable returns for its shareholders even though there is a lower profitability margin.

Summary

Bangladesh Finance scores a low profitability, declining returns and ROE, and a very high return on asset, and while the debt is below the industry standard, there has been some improvement in liquidity. Being able to maintain profitability whilst working to improve efficiency and manage liabilities will be essential to its future stability and growth.

Horizontal and Vertical Financial Analysis of Bangladesh Finance (Balance Sheet)

DETAILS	Bangladesh Finance									
	Horizontal					Vertical				
	2018	2019	2020	2021	2022	2018	2019	2020	2021	2022
PROPERTY AND ASSETS										
Cash										
Balance with Bangladesh Bank	174.85%	121.36%	138.61%	32.14%	**100.00%**	0.00%	0.00%	0.00%	0.00%	0.00%
Balance with Bangladesh Bank	113.03%	98.60%	63.69%	84.38%	**100.00%**	0.76%	0.72%	0.47%	0.59%	0.68%
	113.06%	98.61%	63.72%	84.36%	**100.00%**	0.76%	0.72%	0.47%	0.59%	0.68%
Balance with other Banks and Financial Institutions										
Inside Bangladesh	57.64%	53.24%	60.48%	86.71%	**100.00%**	3.76%	3.80%	4.34%	5.93%	6.57%
Outside Bangladesh										
	57.64%	53.24%	60.48%	86.71%	**100.00%**	3.76%	3.80%	4.34%	5.93%	6.57%
Money at call and short notice										
Investment in Securities										
Government										
Others	115.57%	67.69%	48.72%	60.33%	**100.00%**	2.77%	1.77%	1.28%	1.51%	2.41%
	115.57%	67.69%	48.72%	60.33%	**100.00%**	2.77%	1.77%	1.28%	1.51%	2.41%
Lease, Loans and Advances						0.00%	0.00%	0.00%	0.00%	0.00%
In Bangladesh	99.49%	95.94%	93.75%	97.59%	**100.00%**	77.84%	81.98%	80.63%	79.97%	78.71%
Outside Bangladesh										
	99.49%	95.94%	93.75%	97.59%	**100.00%**	77.84%	81.98%	80.63%	79.97%	78.71%
Fixed Assets including Premises, Furniture and Fixtures	68.25%	71.20%	92.27%	92.00%	**100.00%**	2.22%	2.52%	3.29%	3.13%	3.27%
Other Assets	160.87%	101.44%	110.78%	101.94%	**100.00%**	11.44%	7.88%	8.66%	7.59%	7.15%
Non Banking Assets	99.53%	99.53%	99.53%	99.53%	**100.00%**	1.21%	1.32%	1.33%	1.27%	1.22%
Total Assets	**100.59%**	**92.10%**	**91.52%**	**96.04%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

DETAILS	Bangladesh Finance								
	Horizontal				Vertical				
	2019	2020	2021	2022	2018	2019	2020	2021	2022
LIABILITIES AND CAPITAL									
Liabilities									
Financing (Borrowings) from other Banks financial Institutions and Agents	116.15%	110.65%	93.88%	**100.00%**	18.31%	19.32%	18.52%	14.98%	15.32%
Deposits and other Accounts	89.60%	87.37%	97.03%	**100.00%**	54.71%	55.12%	54.09%	57.24%	56.66%
Term Deposits	84.49%	81.95%	95.83%	**100.00%**	52.00%	51.61%	50.38%	56.14%	56.26%
Other Deposits	735.20%	825.45%	286.16%	**100.00%**	1.84%	2.68%	3.02%	1.00%	0.34%
Advance Rent & Installments	1217.10%	992.17%	156.51%	**100.00%**	0.87%	0.84%	0.69%	0.10%	0.06%
Bills Payable					0.00%	0.00%	0.00%	0.00%	0.00%
Other Liabilities	80.93%	85.86%	92.04%	**100.00%**	13.31%	9.27%	9.90%	10.11%	10.55%
Total Liabilities	93.42%	91.50%	95.81%	**100.00%**	86.33%	83.71%	82.51%	82.33%	82.53%
Capital/Shareholders' Equity					0.00%	0.00%	0.00%	0.00%	0.00%
Share Capital	89.00%	89.00%	94.34%	**100.00%**	8.70%	10.45%	10.52%	10.62%	10.81%
Statutory Reserve	72.56%	81.58%	92.28%	**100.00%**	1.83%	2.27%	2.57%	2.77%	2.88%
General Reserve					0.00%	0.00%	0.00%	0.00%	0.00%
Revaluation Surplus on Land & Building	72.17%	100.69%	100.34%	**100.00%**	1.69%	1.84%	2.59%	2.46%	2.35%
Retained earnings	111.63%	116.92%	122.93%	**100.00%**	1.46%	1.73%	1.82%	1.83%	1.43%
Total Shareholders' Equity	85.88%	91.63%	97.14%	**100.00%**	13.67%	16.29%	17.49%	17.67%	17.47%
Total Liabilities & Shareholders' Equity	**92.10%**	**91.52%**	**96.04%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

Table 14

Horizontal Analysis:

- **Cash and Bank Balances:** Liquidity management emphasized, as there has been steady growth of the cash held with Bangladesh Bank and other banks. This increase indicates that Bangladesh Finance is continuing to hold an adequate amount of cash reserves which could be used to meet its short term maturity or to position any position of opportunities.
- **Investments:** The investments, especially in government securities, have remained stable, implying that an investment strategy is rather conservative with little spillover

to this area. It can be indicative of a focus on safe returns and risk management.

- **Loans and Advances:** Bangladesh Finance's core business focus on lending as a means of revenue has kept loans and advances consistent over the years. This category is stable meaning it's driven by the need for a consistent demand and controlled risk taking in lending.
- **Fixed Assets:** Minor fluctuations exist in fixed assets but they do not constitute a major segment of the total assets, indicating limited expansion aims for physical presence thus keeping the overhead costs at a minimum.
- **Borrowings:** This has steadily accumulated increases in borrowing from other financial institutions, highlighting the ever-growing use of external funding sources to meet operational needs or support growth.
- **Deposits:** Due to the nature of deposits, they are a dependable part of the funding base, which in turn shows stable customer confidence and the source for reliable financing.
- **Shareholder Equity:** The equity levels are modest and have been indicating gradual reinvestment of profits in Bangladesh Finance, which will help it strengthen its capital base.

Vertical Analysis:

- **Cash and Loans:** A considerable proportion of total assets are made up of cash and loans, indicating that Bangladesh Finance continues to preserve its liquidity whilst its core business of lending remains strong. For operational flexibility this is critical.
- **Liabilities:** Both institutional borrowing and customer deposits constitute important components of total liabilities, that is, Bangladesh Finance's dependence

on it is quite considerable on both sides: it borrows big sums to deploy in pursuance of its objectives, and it also attracts significant deposits. The balanced structure supports growth whilst keeping funding costs in control.

- **Equity:** From this it can be noted that the equity proportion was relatively stable showing that Bangladesh Finance has maintained a constant capital structure while slowly increasing equity over time to reinforce its financial base.

Insight

Finance Bangladesh is a steady grower in its core lending businesses with liquidity and funding base in place at a stable level. Borrowing has grown to support growth, but in balance, the company has supported this through deposits from customers and slow equity reinforcement. Keeping this balance going forward, along with cost control is crucial to its financial health.

Horizontal and Vertical Financial Analysis of Bangladesh Finance (Income Statement)

DETAILS:	Bangladesh Finance									
	Horizontal					Vertical				
	2018	2019	2020	2021	**2022**	2018	2019	2020	2021	2022
Interest Income	134.39%	141.29%	120.63%	108.78%	**100.00%**	431.58%	335.97%	336.38%	292.86%	363.44%
Less: Interest paid on Deposits & Borrowings etc	142.44%	136.91%	116.94%	98.83%	**100.00%**	331.58%	235.97%	236.38%	192.86%	263.44%
Net Interest Income	**113.17%**	**152.84%**	**130.33%**	**135.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**
Income from Investment in securities	10.26%	-91.10%	19.55%	177.09%	**100.00%**	4.67%	-30.66%	7.71%	67.47%	51.44%
Commission, Exchange and Brokerage	19.65%	23.89%	49.12%	246.07%	**100.00%**	0.09%	0.08%	0.20%	0.98%	0.54%
Other Operating Income	186.82%	280.77%	62.89%	49.94%	**100.00%**	25.78%	28.69%	7.54%	5.78%	15.62%
	51.13%	-4.26%	29.80%	148.26%	**100.00%**	30.54%	-1.88%	15.45%	74.23%	67.59%
Total Operating Income	**88.15%**	**89.48%**	**89.79%**	**140.35%**	**100.00%**	**130.54%**	**98.12%**	**115.45%**	**174.23%**	**167.59%**
Salaries and Allowances	66.94%	62.03%	59.28%	72.91%	**100.00%**	28.60%	19.63%	21.99%	26.11%	48.35%
Rent, Taxes, Insurances, Electricity etc.	351.26%	48.51%	89.02%	107.40%	**100.00%**	5.16%	0.53%	1.14%	1.32%	1.66%
Legal & Professional Fees	52.37%	40.43%	63.05%	116.68%	**100.00%**	0.46%	0.26%	0.48%	0.86%	0.99%
Postage, Stamps, Telecommunication etc.	62.76%	69.94%	64.89%	85.09%	**100.00%**	0.59%	0.48%	0.53%	0.67%	1.06%
Stationery, Printings, Advertisements etc.	25.36%	46.78%	31.65%	101.20%	**100.00%**	0.91%	1.24%	0.98%	3.04%	4.05%
Managing Director's Salary and Allowances	87.77%	90.91%	54.96%	100.00%	**100.00%**	1.58%	1.21%	0.86%	1.51%	2.03%
Directors' Fees and Conveyance	66.52%	43.79%	62.69%	78.66%	**100.00%**	0.22%	0.11%	0.18%	0.22%	0.38%
Auditors' Fees	45.74%	48.78%	142.97%	92.08%	**100.00%**	0.05%	0.04%	0.13%	0.08%	0.12%
Depreciation & Repairs of NBFI's Assets	70.97%	113.09%	93.03%	86.47%	**100.00%**	7.41%	8.74%	8.43%	7.57%	11.81%
Other Expenses	76.67%	81.70%	40.38%	82.04%	**100.00%**	7.11%	5.61%	3.25%	6.38%	10.49%
Total Operating Expenses	**72.81%**	**71.45%**	**61.14%**	**79.63%**	100.00%	**52.09%**	**37.85%**	**37.98%**	**47.75%**	**80.96%**
Profit before Provision	**102.49%**	**106.33%**	**116.56%**	**197.09%**	100.00%	**78.45%**	**60.27%**	**77.48%**	**126.48%**	**86.63%**

DETAILS:	Bangladesh Finance									
	Horizontal					Vertical				
	2018	2019	2020	2021	**2022**	2018	2019	2020	2021	2022
Specific provisions for Classified Investment	-92.99%	6.14%	47.63%	-65.12%	**100.00%**	-20.51%	1.00%	9.12%	-12.04%	24.96%
General provisions for Unclassified Investment	-70.91%	19.50%	12.35%	469.14%	**100.00%**	-6.70%	1.36%	1.01%	37.18%	10.70%
Special provisions for Unclassified Investment	0.00%	0.00%	0.00%	-5013.52%	**100.00%**	0.00%	0.00%	0.00%	16.46%	-0.44%
Provisions for other Receivables	-16.45%	98.51%	100.00%	150.00%	**100.00%**	-0.77%	3.41%	4.05%	5.87%	5.28%
Provisions for Off-Balance Sheet Exposures	0.00%	0.00%	0.00%	-233.33%	**100.00%**	0.00%	0.00%	0.00%	0.68%	-0.40%
Provisions for Investment in Securities	-300.00%	536.21%	165.00%	14.13%	**100.00%**	14.01%	-18.54%	-6.69%	-0.55%	-5.28%
Total Provision	-45.42%	-56.02%	28.07%	184.56%	**100.00%**	-13.97%	-12.76%	7.50%	47.60%	34.82%
Total Profit before Provisions for Taxation	201.88%	215.43%	176.03%	205.51%	**100.00%**	92.43%	73.03%	69.98%	78.88%	51.81%
Deferred Tax Expenses/(benefit)	7.56%	-42.15%	40.34%	177.44%	**100.00%**	-0.35%	1.42%	-1.60%	-6.79%	-5.17%
Current Tax Expenses	540.50%	881.37%	572.39%	762.42%	**100.00%**	28.06%	33.88%	25.80%	33.18%	5.88%
	4415.36%	7595.95%	4440.71%	5015.56%	**100.00%**	27.72%	35.31%	24.21%	26.39%	0.71%
Net Profit after Taxation	143.31%	112.83%	116.74%	138.64%	**100.00%**	64.71%	37.73%	45.77%	52.48%	51.10%
Appropriations										
Statutory Reserve	143.31%	112.83%	116.74%	138.64%	**100.00%**	12.94%	7.55%	9.15%	10.50%	10.22%
General Reserve										
Retained Earnings	143.31%	112.83%	116.74%	138.64%	**100.00%**	51.77%	30.18%	36.62%	41.99%	40.88%
Net Profit after Taxation	143.31%	112.83%	116.74%	138.64%	**100.00%**	64.71%	37.73%	45.77%	52.48%	51.10%
Earnings Per Share (Re-stated)	176.70%	126.21%	123.30%	146.60%	**100.00%**					

Table 15

Horizontal Analysis:

- **Interest Income and Net Interest Income:** While interest income growth over the years has been immense, this is largely due to expansion in core lending activities. The bank has also consistently increased its net interest income, which indicates effective management of interest margins ensuring profitability in Bangladesh Finance also.

- **Operating Income:** It is observed that total operating income grew substantially, especially in 2022, implying its successful expansion in non-interest revenue sources including investments and brokerage. Diversification is a good thing, as it lessens the company's dependence solely on lending.
- **Operating Expenses:** For instance, the operating costs have gone up steadily, especially on the costs of salaries, administrative expenses and other costs of operation. Although important for expanding the business, Bangladesh Finance may need to watch and control for these and other costs in order to maintain profit.
- **Provisions:** Provisions in the regular budget have fluctuated widely, including some considerable increases in some years. This indicates that Bangladesh Finance has started shifting the reserves to deal with possible risks, indicating a prudent attitude in uncertain periods.
- **Profit Before Provision and After Tax:** While profit before provision has generally been growing, the net profit after tax in some years has been affected by the fluctuations in provisions demonstrating a balance between income growth and risk management.

Vertical Analysis:

- **Interest and Operating Income:** While interest income remains a big part of the total income, non-interest income is growing which reflects Bangladesh Finance's attempt to diversify. The balance serves the company to control lending risks or interests rate changes.
- **Operating Expenses:** They spend a greater share of total income on operating expenses, specifically salaries and admin costs, so there must be constant control

over operational costs as income rises because they are transitioning to a larger scale of operation.

- **Provisions:** But in some years, provisions form a major part of expenses, reflecting the company's decisiveness in keeping aside some funds to cover potential losses. This conservative approach helps to improve the stability of short term profits but its effects on short term profits are negative.
- **Net Profit After Tax:** Rising costs and provisions have impacted net profit as a proportion of income but Bangladesh Finance can grow its income base and keep its profitability up.

Insight

Bangladesh Finance has seen steady income growth with a diversified revenue base and a cautious risk strategy. The need for cost control and efficient risk management in order to keep profitable is underscored by rising operational costs and provisions. Income growth as well as careful expense and risk oversight will allow Bangladesh Finance to continue to strengthen its financial stability.

5. **LankaBangla Finance's Analysis:**

Financial Ratio Analysis of LankaBangla Finance Based on the Provided Data (2018-2022)

LankaBangla Finance						
Details		2018	2019	2020	2021	2022
Profitability ratio	Net profit margin= Net income/ Sales	23.467	21.072	32.225	21.169	5.209
	Return on Asset= Net income/ Total asset	0.885	0.929	1.079	0.737	0.207
	Return on Equity= Net income/ Equity	7.896	6.858	7.571	7.272	1.563
Liquidity ratio	Current ratio= Current assets/ Current liabilities	0.123	0.13	0.146	0.206	0.263
Efficiency ratio	Asset turnover ratio= Revenue/Average total asset	0.037	0.044	0.033	0.035	0.039
	equity multiplyer	8.919	7.378	7.016	9.856	7.526
Leverage ratio	Debt on Equity Ratio= Debt/ Equity	7.908	6.379	6.016	8.856	6.526
	Equity Ratio= Total Equity /Total Asset	0.112	0.135	0.143	0.101	0.133
	Debt ratio= Debt/ Total asset	0.887	0.864	0.857	0.898	0.867
Market ratio	EPS= Net income/ Total number of shares outstanding	1.4	1.43	1.53	1.13	0.33

Table 16

Profitability

- **Net Profit Margin:** LankaBangla's net profit margin zoomed down from 23.47% in 2018 to 5.21% in 2022 indicating decreasing retention of the profit by the company out of total sales.
- **Return on Assets (ROA):** Over time has it has decreased, showing less ability to earn returns from the company's assets.

- **Return on Equity (ROE):** The latter has also decreased over time, implying less and less efficiency in generating earnings from the company's equity.

Liquidity

- **Current Ratio:** It has improved that one slightly yet, as the current ratio has grown from 0.123 in 2018 to 0.263 in 2022. While it’s still less than 1, indicating potential liquidity issues, this trend higher signals a slow, creeping improvement in the company’s ability to meet short term liabilities.

Efficiency

- **Asset Turnover Ratio:** The asset turnover has been stable, with a slight increase of 0.039 in 2022 which reflect the efficiency of using the assets in drawing revenue.
- **Equity Multiplier:** In terms of equity multiplier, we are seeing less leverage and therefore more reliance on debt than equity.

Leverage

- **Debt on Equity Ratio:** LankaBangla has progressively reduced its dependence on debt as represented by a decrease in the debt on equity ratio from 7.91 in 2018 to 6.53 in 2022. This translates into strength of the company's financial stability by progressively reducing the company's leverage.

Market

- **Earnings Per Share (EPS):** It has fallen from 1.4 in 2018 to 1.22 in 2022, to be consistent with overall profitability decline and implies lower return for shareholders.

Summary

LankaBangla Finance has been making some progress with regard to liquidity and controlling debt, and overall has deteriorated in terms of profitability and returns on assets/equity. To strengthen financial position and support future growth, efficiency in operations and managing liabilities will have to be their major focus.

Horizontal and Vertical Financial Analysis of LankaBangla Finance (Balance Sheet)

Details	LankaBangla Finance									
	Horizontal					Vertical				
	2018	2019	2020	2021	2022	2018	2019	2020	2021	2022
Cash	188.54%	165.14%	118.71%	120.64%	**100.00%**	1.24%	1.11%	0.82%	0.78%	0.62%
Cash in hand (including foreign currencies)	95.65%	76.95%	80.78%	78.58%	**100.00%**	0.00%	0.00%	0.00%	0.00%	0.00%
Balance with Bangladesh Bank and its agent banks (including foreign currencie	188.66%	165.26%	118.76%	120.70%	**100.00%**	1.24%	1.11%	0.82%	0.78%	0.62%
Balance with other banks and financial institutions	76.29%	79.77%	110.67%	107.59%	**100.00%**	8.31%	8.86%	12.66%	11.46%	10.23%
Inside Bangladesh	76.29%	79.77%	110.67%	107.59%	**100.00%**	8.31%	8.86%	12.66%	11.46%	10.23%
Outside Bangladesh										
Money at call and short notice										
Investment	50.72%	50.40%	63.70%	81.76%	**100.00%**	2.99%	3.02%	3.94%	4.71%	5.53%
Government securities	325.98%	323.89%	31.11%	4.21%	**100.00%**	2.99%	3.02%	0.30%	0.04%	0.86%
Other investments	1590.38%	1512.53%	69.71%	96.05%	**100.00%**	79.07%	76.61%	3.64%	4.67%	4.67%
Leases, loans and advances	104.00%	98.91%	89.20%	95.83%	**100.00%**	79.07%	76.61%	71.22%	71.21%	71.37%
Loans, cash credit and overdraft etc.	0.00%	0.00%	89.20%	95.83%	**100.00%**	0.00%	0.00%	71.22%	71.21%	71.37%
Bills discounted and purchased										
Fixed assets including land, building, furniture and fixtures	71.82%	93.22%	90.87%	88.29%	**100.00%**	1.68%	2.23%	2.24%	2.02%	2.20%
Other assets	62.59%	74.91%	81.01%	93.84%	**100.00%**	6.70%	8.18%	9.11%	9.82%	10.06%
Non-Banking assets										
TOTAL PROPERTY AND ASSETS	**93.87%**	**92.14%**	**89.39%**	**96.04%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

Details	LankaBangla Finance									
	Horizontal					Vertical				
	2018	2019	2020	2021	2022	2018	2019	2020	2021	2022
LIABILITY AND SHAREHOLDERS' EQUITY										
Liabilities										
Borrowings from Bangladesh Bank, other banks and financial institutions	54.15%	66.89%	53.38%	69.35%	**100.00%**	15.67%	19.72%	16.22%	19.61%	27.16%
Deposits and other accounts	122.38%	107.42%	109.06%	110.36%	**100.00%**	66.23%	59.22%	61.98%	58.38%	50.80%
Current deposits and other accounts										
Bills payable										
Savings bank deposits										
Term deposits	122.54%	107.58%	109.14%	110.47%	**100.00%**	66.01%	59.04%	61.74%	58.16%	50.57%
Bearer certificate of deposits										
Other deposits	86.88%	22.12%	91.92%	87.86%	**100.00%**	0.21%	0.06%	0.24%	0.21%	0.23%
Other liabilities	71.56%	85.69%	80.40%	91.30%	**100.00%**	6.89%	8.41%	8.13%	8.59%	9.04%
TOTAL LIABILITIES	95.80%	92.51%	88.70%	95.58%	**100.00%**	88.79%	87.35%	86.34%	86.58%	87.00%
Shareholders' Equity	80.98%	89.70%	93.97%	99.15%	**100.00%**	11.21%	12.65%	13.66%	13.42%	13.00%
Paid up capital	95.24%	95.24%	100.00%	100.00%	**100.00%**	6.36%	6.48%	7.01%	6.53%	6.27%
Share money deposit for right issue										
Statutory reserve	77.47%	84.53%	92.45%	98.29%	**100.00%**	2.00%	2.23%	2.51%	2.48%	2.43%
Retained earnings	147.46%	135.85%	138.72%	125.42%	**100.00%**	2.85%	2.67%	2.81%	2.37%	1.81%
Revaluation reserve for investment in subsidiaries	0.00%	47.12%	47.64%	78.71%	**100.00%**	0.00%	1.27%	1.33%	2.04%	2.49%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**93.87%**	**92.14%**	**89.39%**	**96.04%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

Table 17

Horizontal Analysis:

- **Cash and Balances:** They have spent a great deal of time trying to manage their liquidity based on operational needs, and cash levels have fluctuated a lot. This indicates an active balance between cash reserve at LankaBangla which may be as a result of the market condition or business demand.

- **Investments:** Investments in general have been stable with government securities being the most stable investments and approach of cautious investment and secure returns. The stability suits a risk adverse strategy, and would appear to focus on capital preservation.
- **Loans and Advances:** The loans end showing steady growth, in line with the core focus in lending as source of revenue from LankaBangla. The growth in loans is also consistent which shows demand for such lending business is also expanding in a healthy way.
- **Fixed Assets:** Additionally, fixed assets demonstrate only minor changes and on the whole represent a small percentage of total assets. This implies very little investment in physical assets, as research and development make up most of overheads, along with resource spent on revenue generating activities.
- **Borrowings and Deposits:** They have needed to rely more heavily on external funding to fuel growth as borrowings have risen steadily. Other accounts, deposits remain constant providing customer funding on a solid basis.
- **Shareholders' Equity:** Growth of equity has been modest, sign of reinvestment of profits to fortify the financial base.

Vertical Analysis:

- **Cash and Loans:** A large portion of LankaBangla's total assets can be accounted for by loans and cash. These translate operational flexibility and income generation.
- **Liabilities:** Total liabilities consist of borrowings and deposits, which are prime components, pointing out the fact that LankaBangla is heavily dependent on both

institutional and customer funding. This structure represents a varied approach to funding growth in an efficient way.

- **Equity:** Shareholder equity is relatively stable over time with a consistent capital structure but rising retained earnings overtime which is also helpful for the stability of the business.

Insight

Maintaining its liquidity and steady growth in lending business, relying very much on external fund sources and cautious investments, LankaBangla Finance has been gradually developing its lending business. Though very small relative to net assets, growth in equity, combined with a stable funding structure, suggest a balanced approach that can aid in managing risk and support a long term sustainable path. LankaBangla's financial health will be depending upon effective cost control and continued focus on core activities.

Horizontal and Vertical Financial Analysis of LankaBangla Finance (Income Statement)

DETAILS:	LankaBangla Finance									
	Horizontal					Vertical				
	2018	2019	2020	2021	2022	2018	2019	2020	2021	2022
Operating Income										
Interest income	127.65%	140.38%	113.66%	94.99%	100.00%	360.35%	365.09%	398.55%	381.10%	368.77%
Less : Interest expenses on deposits & borrowings	126.54%	139.85%	116.82%	96.14%	100.00%	260.35%	265.09%	298.55%	281.10%	268.77%
Net interest income	130.63%	141.80%	105.16%	91.92%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Income from investment	39.56%	121.05%	40.99%	186.18%	100.00%	4.68%	13.20%	6.03%	31.32%	15.46%
Commission, exchange and brokerage income										
Other operational income	102.48%	105.61%	98.56%	125.64%	100.00%	23.32%	22.14%	27.86%	40.64%	29.73%
Total operating income	115.17%	132.18%	96.98%	108.86%	100.00%	128.01%	135.34%	133.89%	171.96%	145.19%
Operating Expenses										
Salary and allowances	94.97%	107.49%	97.87%	96.18%	100.00%	36.66%	38.22%	46.92%	52.76%	50.42%
Rent, taxes, insurance, electricity etc.	478.29%	98.57%	74.72%	61.13%	100.00%	7.48%	1.42%	1.45%	1.36%	2.04%
Legal and professional fees	53.67%	89.50%	70.10%	63.58%	100.00%	0.88%	1.35%	1.43%	1.48%	2.15%
Postage, stamp, telecommunication etc.	96.58%	112.20%	94.02%	88.37%	100.00%	0.83%	0.89%	1.01%	1.08%	1.13%
Stationery, printing, advertisement	84.58%	84.49%	58.31%	74.49%	100.00%	1.62%	1.49%	1.38%	2.02%	2.50%
Managing director's salary and allowance	97.88%	97.88%	97.88%	108.47%	100.00%	0.65%	0.60%	0.81%	1.03%	0.87%
Director fees and expenses	100.06%	107.60%	102.74%	205.48%	100.00%	0.03%	0.03%	0.03%	0.08%	0.04%
Audit fees	83.33%	91.67%	91.67%	91.67%	100.00%	0.02%	0.02%	0.03%	0.04%	0.04%
Repairs, maintenance and depreciation	63.34%	133.04%	130.55%	106.35%	100.00%	6.30%	12.20%	16.14%	15.04%	13.00%
Other expenses	122.80%	120.53%	86.82%	101.60%	100.00%	19.13%	17.30%	16.80%	22.50%	20.35%
Total operating expenses	103.92%	112.68%	97.76%	96.74%	100.00%	73.61%	73.53%	86.02%	97.39%	92.53%
Net Operating Income	134.92%	166.44%	95.60%	130.16%	100.00%	54.40%	61.82%	47.87%	74.57%	52.66%

DETAILS:	LankaBangla Finance									
	Horizontal					Vertical				
	2018	2019	2020	2021	2022	2018	2019	2020	2021	2022
Provisions for loans, investments and other assets	72.92%	112.86%	-0.23%	83.64%	100.00%	20.08%	28.64%	-0.08%	32.74%	35.98%
Provisions for leases and loans	68.22%	108.56%	22.46%	106.45%	100.00%	15.51%	22.74%	6.34%	34.40%	29.70%
Provision for diminution in value of investments	93.56%	131.78%	-106.49%	-26.69%	100.00%	4.54%	5.90%	-6.42%	-1.84%	6.34%
Provision for off-balance sheet exposure	-58.42%	0.00%	0.00%	-127.66%	100.00%	0.03%	0.00%	0.00%	0.09%	-0.07%
General provision for other assets						34.31%	33.18%	47.95%	0.09%	0.00%
Profit before tax and reserve	33.45%	39.61%	30.32%	230.48%	100.00%	4.27%	4.66%	4.81%	41.83%	16.68%
Provision for tax	81.15%	96.10%	73.57%	72.59%	100.00%	4.27%	4.66%	4.81%	5.43%	6.88%
Current tax	0.00%	0.00%	0.00%	72.59%	100.00%	0.00%	0.00%	0.00%	5.43%	6.88%
Deferred tax										
Net profit after tax	400.11%	412.36%	462.61%	341.20%	100.00%	30.04%	28.52%	43.14%	36.40%	9.81%
Appropriations	400.11%	412.36%	462.61%	341.20%	100.00%	6.01%	5.70%	8.63%	7.28%	1.96%
Statutory reserve	400.11%	412.36%	462.61%	341.20%	100.00%	6.01%	5.70%	8.63%	7.28%	1.96%
General reserve										
Capital Reserve										
Retained surplus	400.11%	412.36%	462.61%	341.20%	100.00%	24.03%	22.82%	34.51%	29.12%	7.85%
Earnings Per Share- (EPS)	424.24%	433.33%	463.64%	342.42%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Table 18

Horizontal Analysis:

- **Interest and Operating Income:** Over the years, year on year, interest income has been steadily increasing, which a good sign of good performance in core is lending activities. Also net interest income has grown due to good control of borrowing costs versus earnings on loans.

- **Operating Income and Other Revenue:** Investments and other income sources have contributed to total operating income growth. This suggests LankaBangla is attempting to broaden their revenue pool, whilst backing away from solely lending.
- **Operating Expenses:** Salaries and administrative expenses have climbed steadily as operating costs. This is apparently good for business, but it also shows that controlling expenses is needed to continue to be profitable.
- **Provisions:** Provisions for these potential loan losses and investment declines have ranged widely, including several substantial increases. According to this, LankaBangla is making provisions according to risk, placing sufficient reserves specifically for the possible losses.
- **Net Profit After Tax:** However, the net profit after tax has tended to display an ability to maintain the profitability through revenue growth and risk management, notwithstanding rising expenses and provisions.

Vertical Analysis:

- **Interest and Operating Income:** The total income consists of interest income, which remains the major part, and non-interest income that is gradually increasing. The mix also highlights LankaBangla's increasing ability to build diversification in its income sources to minimize rate dependence.
- **Operating Expenses:** Salaries and other administrative expenses are a major element in the total income operation expenses. This shows why it is essential to keep a handle on these costs or run the risk of eroding profits as the company scales.

- **Provisions:** With the objective of maintaining a cautious approach, expenses for loan and investment risks account for a significant share of expenses.
- **Net Profit After Tax:** LankaBangla's earnings from net profit is a steady part of income which indicates that because of an extended provision and also cost effort, LankaBangla's efforts in income diversification and cost management help support the overall profitability.

Insight

LankaBangla Finance shows improving trend of its core income streams, where the risk is balanced through provision. Diversifying the company's revenue stream appears promising, whilst managing expenses will be imperative to keep profit margins fat. LankaBangla is well placed for continued growth with prudent cost control and continued attention to diversified revenue.

3.4 Conclusion

- **Profitability**

Profitability of IDLC is strong, with strong profitability of net interest income suggesting that lending and borrowing are managed effectively. However, it does have downward pressure on its net profit margin as it has been on the decline, a result of higher operating expenses or a bloodier lending environment. IDLC is competitive compared to peers but can become more efficient and control costs.

- **Liquidity**

IDLC's liquidity ratios were somewhat better than some of those of its peers, reflecting a relatively better position in meeting short term obligations. That advantage provides some flexibility in terms of dealing with near term liabilities and it's a little bit less susceptible to meeting cash flow requirements than some competitors.

- **Efficiency**

IDLC has a decent asset turn ratio, indicating well performed revenue generation from its assets. IDLC is deploying its resources as effectively as the best peers to generate income, making this efficiency on a par with the best performers. IDLC stands good in terms of operational efficiency compared to other considered NBFIs.

- **Leverage**

From the point of view of leverage, IDLC has a well-balanced debt to equity ratio which indicates that IDLC has used debt as a source of finance more prudently than some other of its much more debt oriented competitors. As a result, IDLC is less susceptible to mass debt dependence due to which they remain stable even in the changeable market. Here, it fares well particularly in respect of the maintenance of a sustainable capital structure.

- **Market Position**

IDLC's earnings per share (EPS) are still good, though affected to some extent from the trend of profitability. However, they are in a strong market position and have an opportunity to improve their ability to generate shareholder returns. With regards to the other NBFIs, the EPS of IDLC remains resilient thereby showing the potential of the NBFI sector for being an attractive basis of investment.

Overall Position

IDLC is a well-balanced NBFI with solid profitability, stable liquidity and an effective use of asset. IDLC has improved competitiveness in the sector, though there are room for improvement concerning the cost management and profitability margins. Its patience regarding debt, alongside a solid liquidity situation, lends it greater resumption in terms of resilience and operational soundness over some peers.

3.5 Recommendations for IDLC

- **Focus on Non-Interest Income:** For moving away from traditional lending, IDLC should move toward non-interest income streams like fees, commission and investments. Diversifying revenue sources help in having a consistent source of revenue, even when interest rates are fluctuating.
- **Optimize Debt Management:** Despite IDLC having a balanced debt to equity, there is room for money in optimizing its financial flexibility. IDLC could reduce its interest cost and improve net profitability by reducing its dependency on high cost borrowing.

- **Strengthen Market Position through Branding:** IDLC can differentiate itself from its competitors by enhancing brand visibility and reputation. Through building a stronger brand, more clients can be attracted and loyalty brought forth along with it improving its competitive edge in the NBFI sector.

With a proper focus on the two areas that IDLC can further strengthen itself and in those areas which it can improve, IDLC can further continue its trajectory of being a competitive and resilient player in the NBFI market.

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