



Inspiring Excellence



INTERNSHIP REPORT

ON

A DESCRIPTIVE ANALYSIS OF CONSUMER DIVISION, IDLC FINANCE LIMITED

Submitted To:

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Date of Submission: September 4, 2016

Letter of Transmittal

September 4, 2016

To

Fairuz Chowdhury

Lecturer

BRAC Business School

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Subject: Submission of internship report.

Dear Sir,

I am respectfully submitting my internship report on “A descriptive analysis of Consumer Division, IDLC Finance Limited” which has been prepared for the requirement of BUS400 course.

I believe the report will at least give you a brief picture about the topic which will also showcase that I have acquired valuable experiences through my internship period in IDLC Finance Limited. I have tried my best to enrich this report by providing what I have learned throughout the internship program and compiled this report as per the requirements.

Thank you for encouraging me for working on this interesting topic. Kindly accept my report and oblige thereby.

Yours Sincerely,

Tasmia Binte Selim

ID: 12104031

BRAC Business School

BRAC University

Acknowledgement

I would like to start this report by acknowledging my gratefulness to the Almighty Allah. I would like to express heartfelt gratitude to every single person who has assisted me in the preparation of this internship report. I wish to thank them for their support, guidance and belief in every step.

I would like to take the opportunity to say my gratitude towards Mr. Fairuz Chowdhury, Lecturer, BRAC Business School, for his endless support, inspiration and guidance during this internship. This report has been prepared and presented to him for the assessment and final evaluation of this course.

I must remember to express my appreciation to Mr. Jahirul Alam, Senior Executive Officer, CAD-CD, IDLC Finance Limited under whose supervision I went through my internship. I would also like to thank Mr. Firuz Hossian, Head of Consumer Operations, Mr. Ziaul Huq, Head of CAD-CD, Mr. Sheik Mohammad Rahmat Ullah, Senior Executive Officer, CAD-CD, Ms. Naznin Sultana, Senior Officer, CAD-CD, Mr. Md. Shah Paran, Assistant Officer, CAD-CD of IDLC Finance Limited for their kind support and valuable feedback. Simultaneously, I would like to thank my other colleagues of IDLC who provided me with enormous insights and helped me to learn the situation of the current business world.

Last of all, I am grateful to BRAC University which is the reason I am standing here on the peak of earning my bachelors degree successfully.

Executive Summary

The report is on IDLC Finance limited which is one of the leading non-banking financial institutions in our country. The fundamental reason for this report was to exhibit the internship experience which would help me to comprehend the usefulness, productivity and its viability of the business and also for the organization.

This report is prepared with a view to showcase a descriptive analysis of the Consumer Division of IDLC Finance Limited to its readers. The Consumer Division started its journey as one of the preliminary divisions of IDLC which became one of the forefronts for the institution with its skilled and talented employees.

In my 3-month internship tenure I worked under the Credit Administration Department on Consumer Division of IDLC Finance Limited and aided my supervisors in every way possible. As a part of the internship I am assigned to prepare a report which will replicate what I have learned from my work there.

At first this report contains a complete overview of IDLC Finance Limited and its various divisions and departments. Then it further delves into various analyses which have been shown both descriptively and figuratively. Lastly, some recommendations have been documented which can facilitate improvement in the competencies of IDLC Finance Limited to an exceptional level.

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1. Introduction:

The improvement of financial business sector has been getting heightened consideration from the policy-makers in recent years. One clarification lies in the fundamental shift of improved strategy reflected in the widespread grasp of the private sector as an engine of monetary development.

IDLC Finance Limited started its operation in 1985 as the first leasing organization in Bangladesh. In 1995, IDLC Finance Limited was authorized as a financial Institution by Bangladesh Bank and amid the most recent two decades, the organization has developed with the nation's developing economy.

The company's wide array of products and services range from retail items, for example, home, auto and personal loans, corporate and SME products including lease and term loans, organized finance services going from syndications to capital rebuilding and capital market services.

2. The Organization:

2.1. History:

IDLC Finance Limited started its journey in 1985 as a joint venture public limited company and the first leasing company of Bangladesh. It's establishment was a collaboration of International Finance Corporation of World Bank, German Investment and Development Company, Kookmin Bank and Korean Development Leasing Corporation of South Korea, the Aga Khan Fund for Economic Development, The City Bank Limited, IPDC of Bangladesh Limited and Sadharan Bima Corporation. In 1995, IDLC was licensed as a Financial Institution by the country's central bank, Bangladesh Bank, following the enactment of the Financial Institution Act 1993. As the company started to progress the initial foreign shareholding of 49% was gradually withdrawn. In 2009, the local sponsors bought the shareholdings, which left the company with no major foreign shareholdings. (IDLC Finance Limited, About Us, 2016)

2.2. About IDLC Finance Limited:

IDLC Finance Limited commenced its journey, in 1985, as the first leasing company of the country with multinational collaboration and the lead sponsorship of the International Finance Corporation (IFC) of The World Bank Group. Technical assistance was provided by Korean Development Leasing Corporation (KDLC), the largest leasing company of the Republic of South Korea.

The unique institutional shareholding structure comprising mostly of financial institutions helps the company to constantly develop through sharing of experience and professional approach at the highest policy making level.

IDLC offers an assorted range of financial services and solutions to institutional and individual clients to meet their diverse and unique requirements. The product offerings consist of Lease Finance, Term Finance, Real Estate Finance, Short Term Finance, Corporate Finance, Merchant Banking, Term Deposit Schemes, Debentures and Corporate Advisory Services. IDLC has also established two wholly owned subsidiaries, IDLC Securities Limited and IDLC Investment Limited to provide customers with security brokerage solutions. (Limited, IDLC Finance, 2015)

2.3. Vision:

We will be the best financial brand in the country. (Limited, IDLC Finance, 2015)

2.4. Mission:

We will focus on quality growth, superior customer experience and sustainable business practices. (Limited, IDLC Finance, 2015)

2.5. Core Values:

- Integrity
- Customer Focus
- Trust and Respect
- Equal opportunity
- Eco-friendly
- Passion
- Simplicity (Limited, IDLC Finance, 2015)

2.6. Strategic Objectives:

- Grow and develop our talent pool
- Fully leverage new core banking platform
- Optimize distribution points
- Grow and diversify funding sources
- Grow sales and service capabilities in Consumer Division
- Aggressively grow SME portfolio
- Focus on top-tier clients in Corporate
- Consolidate capital market operations and enhance capabilities
- Embrace internationally accepted corporate governance and sustainable business practices. (Limited, IDLC Finance, 2015)

2.7. Code of Conduct:

In accordance with the approved and agreed Code of Conduct, IDLC employees shall:

- i. Act with integrity, competence, dignity and in an ethical manner when dealing with customers, prospects, colleagues, agencies and the public.
- ii. Act and encourage others to behave in a professional and ethical manner that will reflect positively on IDLC employees, their profession and on IDLC at large.
- iii. Strive to maintain and improve the competence of all in the business.
- iv. Use reasonable care and exercise independent professional judgment.
- v. Not restrain others from performing their professional obligations.

- vi. Maintain knowledge of and comply with all applicable laws, rules and regulations.
- vii. Disclose all conflicts of interest.
- viii. Deliver professional services in accordance with IDLC policies and relevant technical and professional standards.
- ix. Respect the confidentiality and privacy of customers and people with whom we do business.
- x. Not engage in any professional conduct involving dishonesty, fraud, deceit or misrepresentation or commit any act that reflects adversely on our honesty, trustworthiness or professional competence.

IDLC employees have an obligation to know and understand not only the guidance contained in the Code of Conduct but also the spirit on which it is based. (Limited, IDLC Finance, 2015)

2.8. Organogram of IDLC Finance Limited:

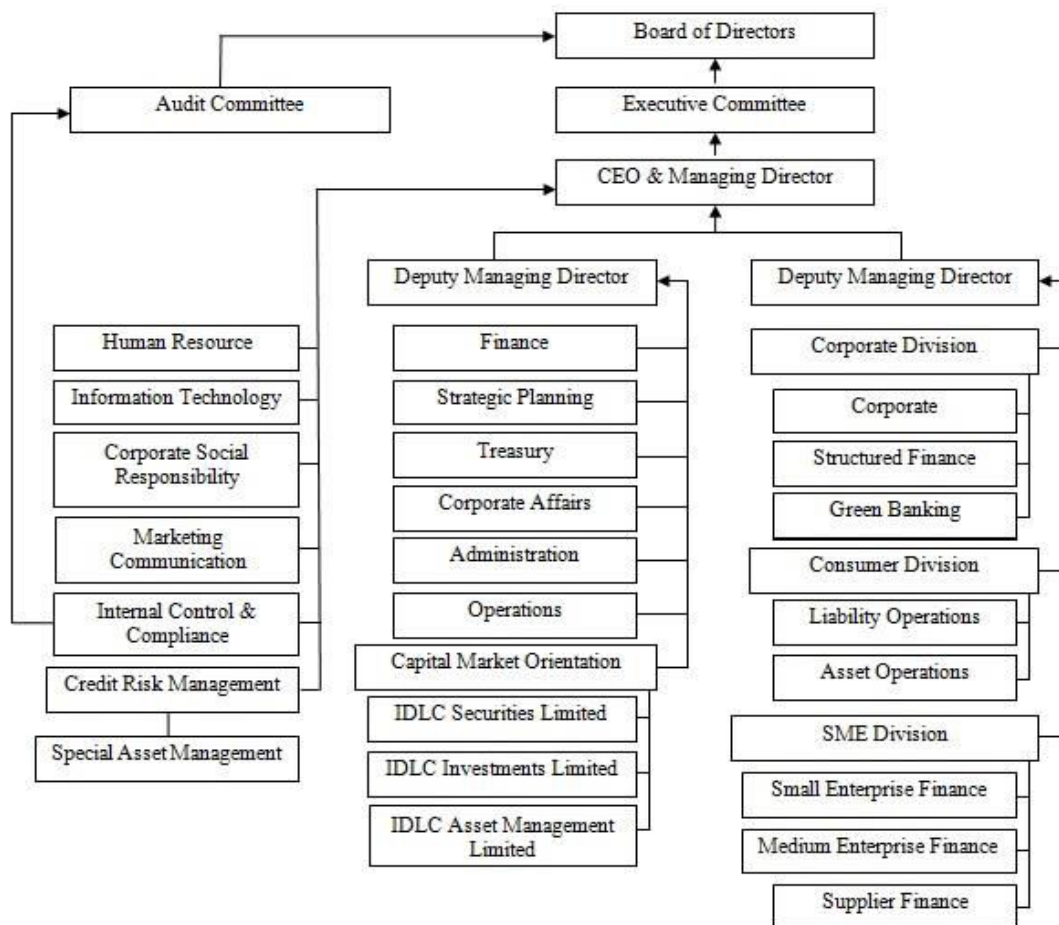


Figure 1: IDLC Finance Limited Organogram

The Board of Directors of IDLC formed two sub-panels of the Board: Executive Committee and Audit Committee. The matter identified with conventional business operations of the Company and the matters that the Board of Directors every now and then, approves are vested on Executive Committee. The Audit Committee is engaged, in addition to other things, to look at any matter identifying with the money related issues of the Company and to survey all review and assessment programs, interior control frameworks and techniques, bookkeeping strategies and adherence to compliance requirements, etc. (Limited, IDLC Finance, 2015)

2.9. Organogram of IDLC Investments Limited:

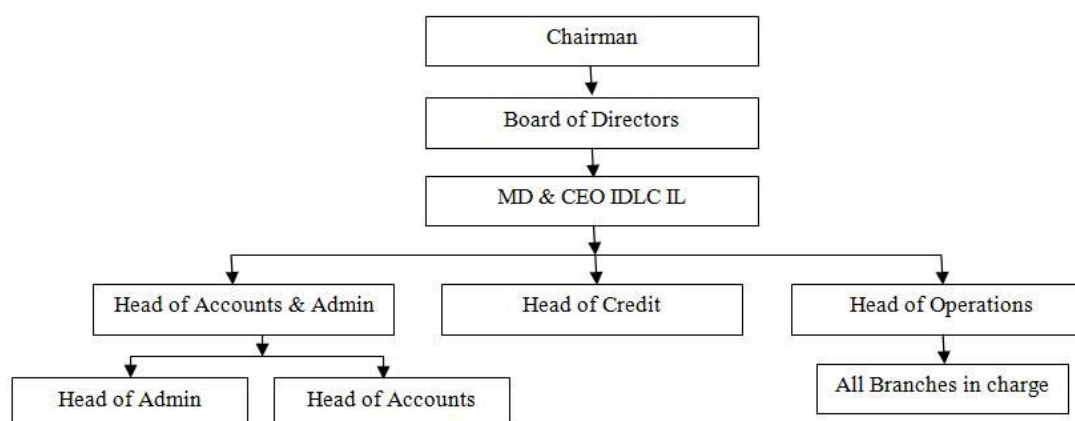


Figure 2: IDLC Investments Limited Organogram

The Credit Advisory group is enabled, in addition to other things, to break down the business sector chance and favour the edge advance for the financial specialist. Head of Accounts and Administrator are essentially in charge of the financial related exchange and controlling administration. Head of operation controls the record opening and record looks after exercises. (Limited, IDLC Finance, 2015)

2.10. Organogram of IDLC Securities Limited:

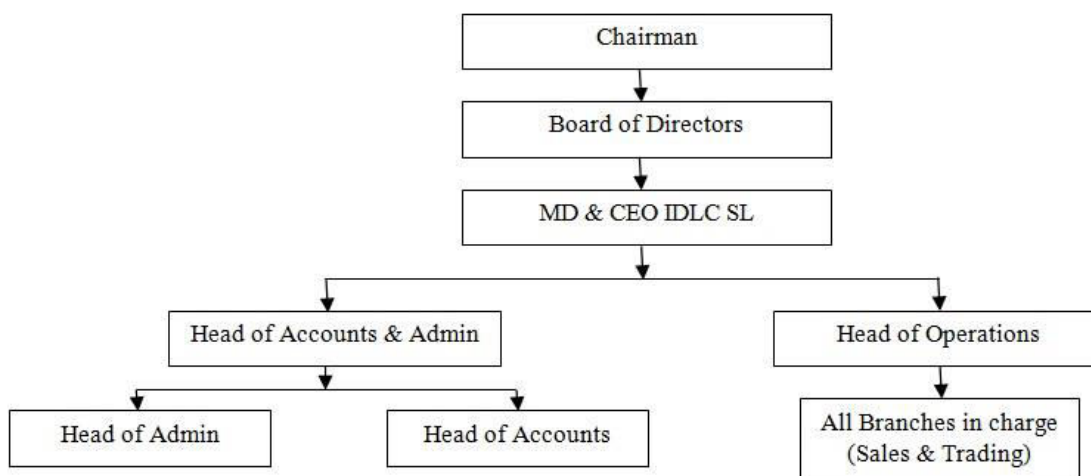


Figure 3: IDLC Securities Limited Organogram

IDLC securities are a completely owned subsidiary of IDLC Finance Limited. The administration board of trustees is verging on same as IDLC. MD is capable to keep up every one of the exercises through the hierarchy of leadership in Head of Admin and Head of operations. Here head of operations primarily manages deals and exchanging related exercises. Each Branch predominantly runs the deals and exchanging office. They additionally get backing of Merchant Bank division in their Branch. (Limited, IDLC Finance, 2015)

2.11. Shareholding Structure:

The shareholding structure of IDLC Finance Limited is given below (IDLC Finance Limited, Shareholding Structure, 2016):

Serial No.	Name Of Shareholders	As a % of total
1	Sponsor/Directors	
	The City Bank Limited and its wholly owned subsidiaries	24.21
	Transcom Group	13.33
	Sadharaon Bima Corporation	7.62
	Mercantile Bank Limited	7.50

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	Reliance Insurance Co. Limited	7.00
	Sub Total	59.66
2	General	
	Institutions	
	Investment Corporation of Bangladesh (ICB)	7.11
	Eastern Bank Limited and its subsidiaries	2.89
	LR Global	2.03
	Marina Apparels Limited	1.00
	Other institutions	8.05
	Sub Total	21.08
	Individuals	
	General Public	15.54
	Sub Total	15.54
	Foreign	
	Institutions and Individuals	3.73
	Sub Total	3.73
	Total	100

Table 1: Shareholding Composition of IDLC Finance Limited (As on July 31, 2016)

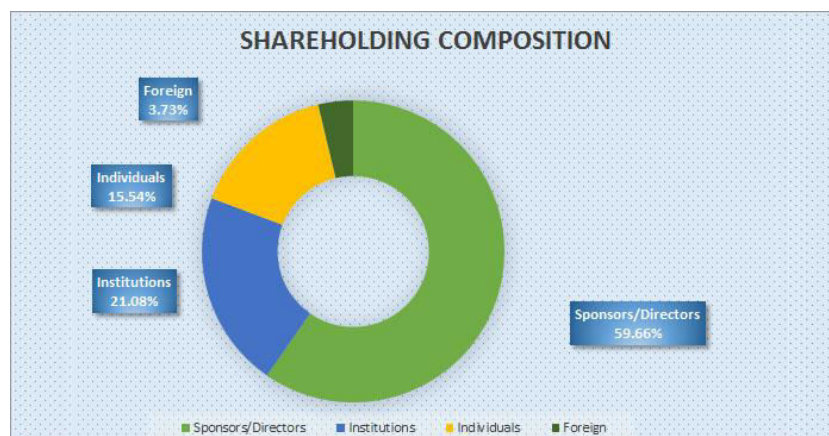


Figure 4: Shareholding Composition of IDLC Finance Limited (As on July 31, 2016)

2.12. Business review:

The company accomplishes its diverse business through its four arms – SME, Consumer, Corporate and Capital Markets.

2.12.1. SME (Small and Medium Enterprise):

This division is dedicated to provide specialist lending to small and medium-sized businesses across a broad range of industries including steel, cement, light engineering, plastics and textiles, among others, geographically spread across Bangladesh. This division provides a broad range of services e.g. term loans, working capital loans and lease financing to satisfy diversified customer requirements. Moreover this division customizes their services if necessary. The division also supports and encourages women entrepreneurship by providing them loans at attractive covenants. (Limited, IDLC Finance, 2015)

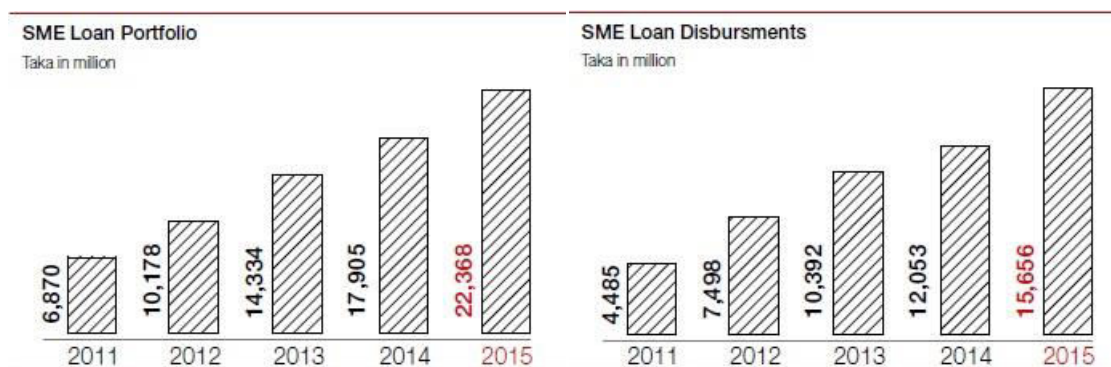
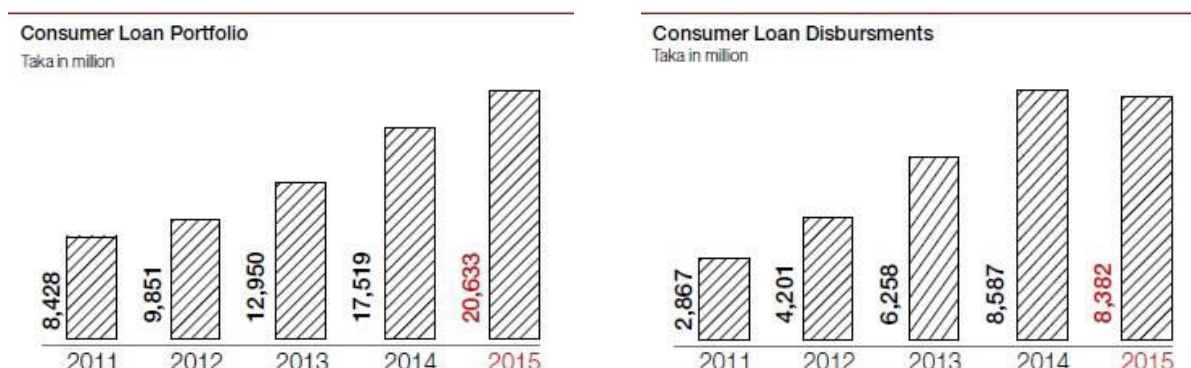


Figure 5: Business overview of SME

2.12.2. Consumer Division:

The Consumer division is focused in offering retail financial services. Its financial products encompass home Loan, car Loan, and a small portion of personal Loan and loans against deposits. This division is currently enjoying highest market shares and growth rates within the Home Loan industry of Bangladesh. This arm of the company is also actively engaged in mobilizing deposits through multiple retail savings products with varying interest rates and maturities. (Limited, IDLC Finance, 2015)



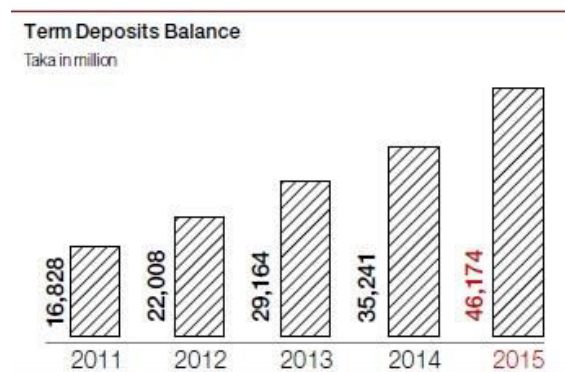


Figure 6: Business overview of Consumer Division

2.12.3. Corporate Division:

The principal function of the corporate division is to provide quality service to financial institutions across the country in financial matters. Amongst its diversified array of services lease financing, term loans and financing options for capital expenditure etc. are mentionable. In addition to these this division of the company also offers Structured Finance (SF) solutions which include corporate bond issuance and debt syndication. (Limited, IDLC Finance, 2015)

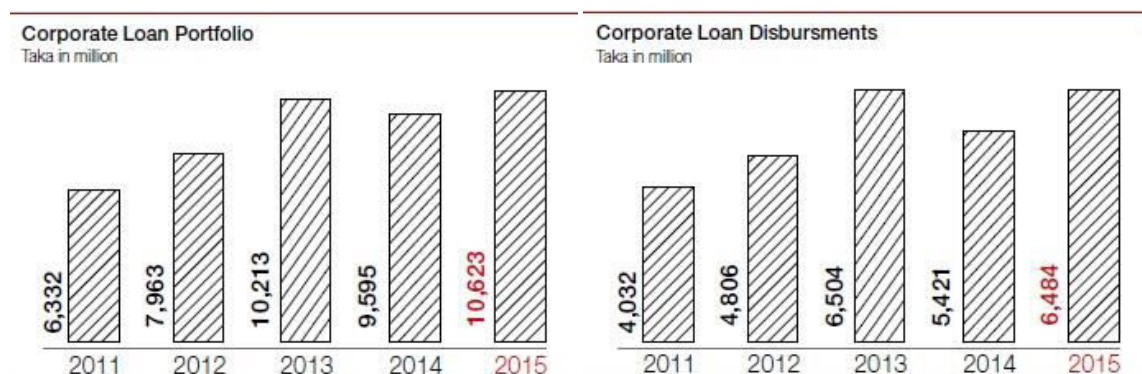


Figure 7: Business overview of Corporate Division

2.12.4. Capital Market:

IDLC Finance Limited accomplishes its capital market operations through two of its wholly-owned subsidiaries – IDLC Securities Limited and IDLC Investments Limited. These two subsidiaries provide all sorts of trading services to their customers. Their robust trading facilities enable them to offer best execution experience to their broad and diversified client base. Underwriting, primary issuance and merchant banking are its other major services. The

division has recently initiated Discretionary Portfolio Management services. They are paying extra attention to grow this portfolio especially with their consumer division via inter-divisional synergistic opportunities. (Limited, IDLC Finance, 2015)

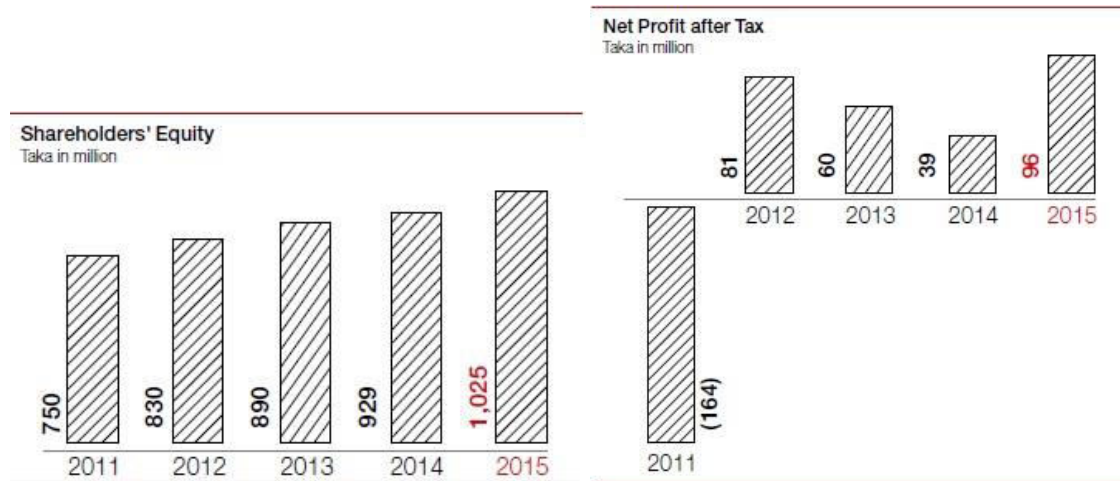


Figure 8: Business overview of Capital Market

2.13. SWOT and PESTEL Analysis of IDLC Finance Limited:

2.13.1. Overview of SWOT Analysis:

SWOT analysis is undertaken by an organization to identify its internal strengths and weaknesses, as well as external opportunities and threats. It is a common phase used to abbreviate Strengths, Weaknesses, Opportunities and Threats. Each item is a heading for separate analysis of the business but they can be related as below:

- ✓ **Strengths** provide an insight to the business **Opportunities**
- ✓ **Weaknesses** in the business can cause immediate **Threats**

It is important to know that the SWOT analysis is only based upon information that is known by the assessor and is seen as perhaps the more basic approach of analyzing a business position. But SWOT is still a powerful tool when looking for immediate benefits. It has always been important for a business to know and understand how it fits in and interacts with the surrounding environment on both an internal (office/factory/work environment) and external view (how the business operates with the outside world).

2.13.2. SWOT Analysis of IDLC Finance Limited:

There is no fixed way of doing a SWOT analysis, but it should be done in a way that one feels most comfortable with, and more importantly easily understandable. The objective is to

be a position where the company can determine a strategy for the future to improve company's overall performance.

Following factors are discussed to showcase the internal strengths, weaknesses, and the external opportunities, threats of IDLC Finance Limited. (Limited, IDLC Finance, 2015)

Strengths:

- ***Strong Corporate Identity:***

IDLC Finance Limited is the leading financial services provider among the local brands in Bangladesh. It is the first non-banking financial institution of our country. It has three decades of impeccable track record as a responsible, proactive and customer-oriented financial service provider. IDLC Finance won ICAB award in 2002, 2003, 2005, 2006 and 2007, 2010, 2014 for the best published accounts and reports. Honesty and integrity is the most important capital of the organization.

- ***Customer Centricity:***

IDLC Finance Limited provides top-quality services to the clients by continuous innovation in need based products and superior service standards. They are always transparent and ethical towards their clients.

- ***Efficient Performance:***

IDLC Finance Limited provides hassle free customer service to its client comparing to other financial institutions in Bangladesh. In this regards client service is excellent.

- ***Infrastructure:***

Investment in world-class core banking software, processes, technology enables the company to achieve efficiency, higher levels of process automation and uninterrupted service delivery. Its ultramodern system starting from terminal PCs to HUB are based on international standards. The strategically located branches help IDLC finance Limited to expand strategically by covering unreached regions and population.

- ***Corporate governance and compliance:***

The organization abides by all rules and regulations provided by the regulatory bodies. It has proven reputation in serving customers by maintaining strong compliance practices and

presence in the market. Collaborative and proactive approach towards regulatory and industry reform initiatives enable the firm to adopt best practices. This strict adherence to compliance standard is an excellent strength for the organization.

- ***Empowered Work Force:***

Human resources of IDLC Finance Limited are extremely well-managed. As from the very first the top management believed in empowering employees through continuous training and development and building a competent work environment. This empowered environment makes IDLC Finance Limited a better place for employees, as a result they have a passion towards the organization and also feel proud and a sense of belongingness towards the company. The strong organizational culture of the company is the main reason behind this strength.

- ***Strong Financial Grip:***

One of the biggest strengths of IDLC Finance Limited is their solid capital base. It helps them to increase capital by right issues to further strengthen the capital base. Their sound and steady ROA and ROE facilitate them to deliver superior financial results and maintain shareholder return.

Weaknesses:

- ***Interest - The Major Source of Revenue:***

A limitation of IDLC Finance Limited, being a NBF, is its dependency on interest income as a major revenue source. To address such weakness IDLC needs to introduce new fee based services like 'Easy Invest' and diversify through subsidiaries such as IDLCIL, IDLCSL, IDLCAMC.

- ***Dependency on Term Loading:***

Dependency on term lending in the absence of transactional accounts is another drawback of IDLC Finance Limited as an NBF and to overcome this it should continue innovating its product suit and focus on niche markets.

- ***Portfolio Concentration:***

The portfolio of IDLC Finance Limited is concentrated around the branches of Dhaka and adjacent areas as distant branches are established in last 4-5 years. For widening the

operation network the company needs to grow loan portfolio in distant areas and focus on the SME vertical.

Opportunities:

- ***360-Degree Financial Services:***

IDLC Finance Limited has a great opportunity of providing 360-degree financial services to all customer segments - deposit products, loans, brokerage, investment management and advisory. With the establishment of AMC business, IDLC will have the full range of wealth management services to offer through its subsidiaries. IDLC also expects to capitalize on its goodwill to offer customized and comprehensive financial solutions to its customers.

- ***Merger:***

IDLC Finance Limited considers co-branding and business partnerships as opportunities to expand their business by grabbing majority shares of the market.

- ***Green Financing:***

From the perspective of a financial institution green finance refers to environment oriented financial products or services. IDLC Finance Limited recognizes the value of environment and treatment as a capital, while trying to improve human well-being through reducing environment risk and maintaining ecological balance. Some of the green financing projects conducting by IDLC Finance Limited are:

- Tunnel Kiln
- Zigzag Brick Kiln
- Effluent Treatment Plant
- Waste Recycling plant
- Biogas Plant
- Solar Home System

Threats:

- ***Rivalry of existing competitor:***

A large number of banks and non-banking financial institutions increase rivalry because they are competing in the same market with almost same products. The intense competition in

corporate lending is driving the commercial banks to focus on SME and consumer financing. The rivalry intensifies if the companies have similar market share, leading to struggle for market leadership.

- ***New NBFIs and Banks:***

New non-banking financial institutions and private banks possess a serious threat for IDLC Finance Limited as stiff competition. To counter such threat the company will have to develop strategies to compete the threat (e.g. innovate, automate, invest to reduce loan TAT further).

- ***Industrial Downward:***

Excess liquidity and lack of investment opportunities creates unhealthy price-wars among the sector participants to grab the best clients.

2.13.3. Overview of PESTEL Analysis:

PESTEL analysis is a framework used to scan the external macro environment the organization is working in. The letters stand for Political, Economic, Social, Technological, Environmental and Legal factors of the macro environment. It is a part of the external analysis when doing market research and gives a certain overview of the different macro environmental factors that the company has to take into consideration. It is a useful strategic tool for understanding market growth or decline, business position, potential and direction for operations.

2.13.4. PESTEL Analysis of IDLC Finance Limited:

Before measuring any organization's performance it is very important to analyse the political, economic, socio-cultural, technological, legal and environmental factors. To evaluate the position of IDLC Finance Limited in the industry, it is crucial to know in what situation this organization is performing its operations.

Following factors are discussed to show their effect on IDLC Finance Limited and on the financial industry of Bangladesh as a whole. (Limited, IDLC Finance, 2015)

- ***Political Factors:***

Political factors include areas such as tax policy, employment laws, environmental regulations, trade restrictions, tariffs and political stability. Political environment is always

unstable and it always affects every aspect of life of this developing country. Due to political turmoil since October 2006 the financial market behaves inconsistently. During this period whole economy was stagnate. All development & investment activities were stopped. Security market was also unstable. Since the second quarter of 2015, the political situation is becoming stable. Resultantly, most of the businesses are coming out of the slump suffered, due to the political unrest in earlier years, and NPL, which the grave concern for most financial institutions, is expected to improve if the current political situation remains stable. In this situation IDLC Finance Limited will focus on quality acquisition and regularizing the default accounts.

- **Economic Factors:**

Economic factors are economic growth, interest rate, exchange rate, inflation. Economic forces are the factors that affect the consumer buying behaviour and spending patterns. Despite political turmoil Bangladesh witnessed the highest GDP growth rate over the last eight years. In spite of a political turmoil witnessed during the beginning of 2015, the government targeted to achieve a GDP growth rate of 7% in fiscal year 2015-16, where The World Bank forecasted it to be 6.7%. (World Bank global report forecasts 6.7 percent GDP growth for Bangladesh in 2015-16, 2016) In this economical state, IDLC Finance Limited is expecting the investments made in 2015 and earlier on people and processes to provide benefits. The organization is also looking ahead to grow strongly in SME segment where margins are still good despite the growing liquidity in the system.

- **Social Factors:**

Social factors often look at the cultural aspects and include health consciousness, population growth rate, age distribution, career attitudes and emphasis on safety. These are the forces related to society's basic values, perceptions, preferences and behaviour. The country was able to achieve the lower middle income status in 2015, with a per capita income of \$1,314. As a result the standard of living has improved and created more opportunities for consumer financing and small business financing. IDLC Finance Limited is prepared to capitalize the opportunity with its vast range of product and service offerings.

- **Technological Factors:**

Technological factors include ecological and environmental aspects and can determine barriers to entry, minimum efficient production level and influence outsourcing decisions. Technological advancement has made customers more sophisticated and has altered expectation levels. With the advancement in communication technology and increase in internet penetration, individuals are now becoming more aware of market variables. IDLC Finance Limited always prioritizes on their technologies which lead them to have a world-class core banking software.

- **Environmental Factors:**

There has been increasing global focus on encouraging green and environmentally-responsible businesses and sustainable financing. This has shaped up as an outcome of the increasing threat on the environment. In that case, IDLC Finance Limited is committed to sustainable development through the creation of long-term value for their stakeholders, environment and the community.

- **Legal Factors:**

Industries are faced with tighter rules and regulations and application of laws are more uniform and stringent, translating into a more level playing field. IDLC's history of strict legal and regulatory compliance places it in a good position within the financial services industry. Close communication is maintained with regulators and trade bodies. Separate compliance team ensures compliance across the group.

3. Internship Experience:

I have completed my internship from IDLC Finance Limited and privileged to say that I have worked in Dilkusha Branch during the 3-months tenure. I have gathered lot of practical knowledge about consumer market of Bangladesh, the activities of NBFIs and their different working procedure step by step. I have tried my best to know about personal financing also tried to give the best as an intern in IDLC Finance Limited, Dilkusha Branch.

In Bangladesh perspective, IDLC mainly performs issue management, underwriting, portfolio management and corporate advising. As I was in Dilkusha Branch I had to work under the Credit Administration Department of Consumer Division. I worked with the disbursement and post disbursement team. In this process I had to maintain customer portfolio, print cheques based on their EMI and residual payments, construct foreclosure and expiry letter.

Besides the above mentioned activities, I also had to work with the legal team of CAD-CD on managing their information system regarding home loan, car loan and personal loan files, number of the clients of the branch etc. By working here, I also gathered some knowledge about how a loan account is verified in legal terms. I even had to analyse the productivity level of the legal executives by considering the amount of legal files vetted in one year.

3.1. Specific Responsibilities:

As an intern my daily assigned jobs were-

- i. Managing the information system of the legal department.
- ii. Analysing the dispute among CRM, Legal and Technical team in terms of processing a file for disbursement.
- iii. Archiving the data contained within each of the four types of loan documents
- iv. Maintaining a list of the approved documents and keeping it in coherent with the files.
- v. Printing cheques based on EMI (Equated Monthly Installment) and residual payments.

- vi. Finding the appraisal report of various customers who have payment overdue of more than three & above.
- vii. Creating document handover list and deed of amendment of loan agreement.
- viii. Constructing disbursement, foreclosure and expiry letter for customers.
- ix. Filling up client CIB (Credit Administration Bureau) form.
- x. Calculating revised loan term and revised EMI payment in terms of loan conversion.
- xi. Coordinating the file indexing project in vault.

Maintaining Information System of Legal Department:

During the first phase of internship, I had to work under the legal team of CAD-CD to maintain their information system by indexing the vetted and rejected files of 2015. After the primary indexing, I had created a report to showcase the vetted files concerning the date (on which the files have been vetted) and branch. I sent the rejected files, by giving unique box number, in the Orogenic in Gazipur where other rejected files have been stored.

Later on I was given an assignment to find dispute among the three teams (CRM, Legal and Technical) in handing out of loan files for disbursement. Before a loan file has proceeded for disbursement, these three teams study the file to ensure the authenticity of the papers provided by the customer. Here I had to examine the files these teams have proceeded and rejected to demonstrate a comparison of their level of productivity.

Maintaining Registrar Book:

As an intern I had to maintain a register book of the department for addressing the files. After the primary indexing all the sanctioned, rejected and backed files were sent to their respective sales channel. Sometimes files were needed to be recalled from the vault or the relationship managers used to take the sanctioned files from the department for further documentation. I had to note down the files every time whenever these have been recalled from the vault or taken by any relationship manager.

Coordinating File Indexing Project in Vault:

As per the needs CAD-CD, Operations needed to have a complete index of all the loans files (home loan, car loan, personal loan, employee loan) which are kept in documents in their storage which is also called vault. The expected result from the completion of this project was to identify the exact location of the files so that they can quickly find out which files are misplaced and reduce the hassle of looking thoroughly in the vault. For accomplishing this project I had to spend a considerable amount of time in the vault and manually go through all the files and to ensure if they contain all the necessary documents. Missing any of the documents can be catastrophic as these files will be handed over to the respective clients after foreclosure or expiry.

4. The Project

4.1. Objective of the report:

- i. To get an overall idea about the functions and operations of Consumer Division of IDLC Finance Limited.
- ii. To present a comparative performance evaluation between IDLC Finance Limited and LankaBangla Finance Limited.
- iii. To exhibit how EPS affects the stock price of the company.

4.2. Methodology:

Analysis has been made on the basis of the objectives mentioned before in the context of "A Descriptive Analysis of Consumer Division, IDLC Finance Limited". The paper has been written on the basis of information collected from primary and secondary sources.

- i. Primary Data:

I have collected this data with the help of the respective company officials.

- ii. Secondary Data:

For the completion of the present study, secondary data has been collected. The main sources of secondary data are:

- Annual reports of IDLC Finance Limited
- Website of IDLC Finance Limited
- Annual reports of LankaBangla Finance Limited

4.3. Limitation:

But I have faced some barriers for making a complete and perfect report. These barriers or limitations, which hinder my work, are as follows:

- i. The time span of 3 months was not sufficient enough to learn all the activities of the organization properly.
- ii. Some information was difficult to be assessed to retain the confidentiality of the organization.
- iii. Some preceding and latest data, which could have enriched the report, were not available.

4.4. Consumer Division:

The Consumer Division of IDLC Finance Limited is focused on asset operations and liability operations providing a range of successful financial products. As one of the oldest NBFIs of Bangladesh, the retail-finance products of IDLC Finance Limited have been widely accepted and considerably profitable in our financial markets.

The consumer division has several sub-divisions operating under its wing in providing retail products and supporting the smooth marketing and sales of its major products.

4.4.1. Sales and Marketing:

Sales and marketing department is one of the core and profitable departments of IDLC Finance Limited. This department is in charge of the promotional campaigns and achieving the sales targets of the organization. Their core responsibility is to strategize and focus on the promotion and sale of five important retail products of the company.

The four products under the Marketing and Sales/ Business Department are:

- Deposit Scheme
- Home Loan
- Car Loan
- Personal Loan

Relationship managers (RM) are at the helm of reaching the targets of sales of the department. They acquire the potential customers, communicate all the requirements of taking out a loan with the company, collect all the required documents as per Bangladesh Bank rules and transfer these documents to the credit team for assessing loans.

4.4.2. Liability Operations:

IDLC Finance Limited offers a number of liability products and this department is at the charge of providing these products. Under its division, IDLC Finance Limited has a wide range of deposit solutions with different packages and tenures to suit the needs of different clients. This department provides risk free return and other services like deposit statement, documents related to tax, deposit instrument, cheques etc to their clients. The main objective

of the department is to collect fund for sustainable availability of liquid asset which is the prerequisite to run a financial organization.

The products under the Liability Operations department are listed below:

- Cumulative Term Deposit
- Annual Earner Deposit
- Monthly Earner Deposit
- Quarterly Earner Deposit
- Double Money Deposit
- Triple Money Deposit
- Millionaire Scheme

These schemes are convenient and easy to open with minimal paperwork requiring authentic customer identification, usually a travel document or passport or the National Identity Card, issued by the government and tax information in the form of TIN certificates or E-tin certificates. Photographs of both the applicant and co-applicant are required and usually a bank instruction in the form of Bangladesh Electronic Fund Transfer Network (BEFTN) form is required to be filled.

4.4.3. Credit Administration:

The Credit Administration Department, under which I worked during my internship tenure, plays the most vital role in the issuance of loan. As long as the relationship managers collect approval from the management and all required documents from the applicants for loan assessment, the documents are transferred to this department. Thereafter CAD starts its process of assessing and disbursement of the loan.

CAD process contains the following steps:

- ***Issuance of sanction letter:***

Initially an appraisal letter of the loan is created and approved by the department. After the approval the team prepares a sanction letter in favour of the client and sends it to the business unit. Later on the sanction letter is handed over to the client.

- ***Legal and Documentation:***

CAD controls over all security documentation e.g. terms and conditions are followed, legal vetting of documentation, the provided documents are authentic and lists any document that is pending.

- ***Disbursement:***

Before disbursement of a loan it has to be checked that full financial data is available, full set of security documents are in place and any deferral memo is approved by management. Disbursement entry is entered into the company software, the disbursement memo is approved and the approval memo is forwarded to the Accounts and Taxation Department for cheque preparation. After completion of all these procedures the cheque is handed over to the client.

- ***Execution:***

Client information is entered into the company software. Any receivable dues are created in the system. Signed lease/ loan agreement is forwarded to client along with the payment schedule.

- ***Expiry/ Foreclosure:***

CAD closes contract upon expiry. After getting the 'to be expired' list from company software, the team prepares receivable calculations and gets it approved by the Accounts and Taxation Department. Receivable letter (if any) is forwarded to client via Customer Services Department. The respective relationship manager is notified for collection in the Business Unit. Client pays receivable amount and CAD prepares closure memo. The approved memo is forwarded to Accounts and Taxation Department for adjustments and closing. Any payables are refunded to client. Any NOC and post-dated cheques are returned to the client.

- ***Issuance of final settlement letter:***

Finally CAD prepares and sends a final settlement letter to the client to finalize the closure of the loan account.

4.4.4. Accounts and Taxation:

The Accounts and Taxation Department is in charge of recording all financial transactions of IDLC Finance Limited. The department collects all the cheques from different divisions and proceeds toward clearing them. Moreover this department communicates all the financial information with the corporate division for the preparation of financial performance reports.

4.4.5. Customer Service:

Customer Services Department communicates with and provides various services to the walk-in clients and all other after-sales services to the existing clients with great respect. This department ensures smooth disbursement of loans to the clients. The customer service team informs all terms and conditions to the client, collects relevant fees, takes post-dated cheques for EMI payments and disburses the loan amount through account payee cheques.

4.4.6. Credit Evaluation:

Credit Evaluation Department is the most important department of Consumer Division which decides whether a client is eligible for the loan or not. The department assesses the eligibility of potential customers on the basis of appraisal reports that highlight the client's cash flow over the loan term, sustainability of income and financial behaviour. Different segments of clients have different credit appraisal guidelines.

Classification of Clients:

i. Employed:

- Employees from renowned multinational companies, large local organizations, banks and financial institutions, UN and other multilateral developmental bodies and NGOs are given priority.
- Employed persons in corporate organization operating at least from the last five years.
- Government employees, teachers of universities, colleges and renowned schools.

ii. Priority Independent Professionals:

- Physicians, professional accountants (FCA, FCMA), engineers, consultants, architects, financial and economic or sociological consultants, marine engineers.

iii. Other Independent Professionals:

- Contractors, insurance agents, renowned lawyers & journalists, freelance creative artists, small business persons (proprietorship or small private limited company),
- Manufacturer, wholesaler, retailers of consumer goods or consumer durables in renowned market, supplier/importer of manufacturer's raw materials and allied products working with large and medium manufacturer.
- Specialized service industry, electricians, IT professional, ad agency, education ancillaries, hospital or clinic, etc.

iv. Medium and Large Corporate Directors:

- Shareholder directors of large and medium corporate houses.

v. Others:

- Non-resident Bangladeshi (NRB) service holders
- Non-resident Bangladeshi (NRB) business persons
- Individual land lord with substantial rental earning

Credit Risk:

Credit risk is the possibility that the borrower or the counter party will fail to meet agreed obligations. For a financial institution, the most crucial task is managing credit risk with efficiency. Due to the fast changing, dynamics global economy and the increasing pressure of globalization, liberalization, and consolidation it is essential that financial institutions have healthy credit risk management policies and procedures that are sensitive and responsive to the changes.

At IDLC Finance credit risk is assessed in the following forms (Limited, IDLC Finance, 2015):

- Default risk
- Credit concentration risk
- Recovery risk
- Counter-party risk
- Related-party risk
- Environmental risk

To encounter and reduce the credit risk the following control measures are in place at IDLC Finance.

- i. Multilayer approval process
- ii. Policy for maximum sector and group exposure limit
- iii. Policy for customers' maximum asset exposure limit
- iv. Mandatory search for credit report from credit information bureau
- v. Looking into payment performance of customer before financing
- vi. Annual review of clients
- vii. Adequate insurance coverage for funded asset
- viii. Vigorous monitoring and follow up by Special Assets Management Team
- ix. Strong follows up of compliance of credit policies by Operational Risk Management Department.
- x. Taking collateral
- xi. Seeking external legal opinion
- xii. Maintaining neutrality in politics and following arm's length approach in related party transactions
- xiii. Regular review of market situation and industry exposure.

4.4.6. Collection:

The basic job of this department is to request and remind the clients who fail to make due payments on time, to avoid making postponement in payment and avoid any legal action. If the department fails to get any positive response from the client, legal action is taken as per rules.

4.4.7. IT:

The IT department is primarily accountable in providing all the day-to-day IT supports to all departments, keeping servers and software working smoothly and providing flawless communication internally and externally throughout the business activities.

5. Comparative Performance Evaluation between IDLC Finance Limited and LankaBangla Finance Limited:

The comparative performance evaluation has been done considering the profitability (Gross Profit Margin, Operating Profit Margin, Net Profit Margin, Return on Assets and Return on Equity) and market ratios (EPS, P-E Ratio and Dividend Payout Ratio) of IDLC Finance Limited and LankaBangla Finance Limited. Profitability ratios are used to measure an organization's ability to generate earnings compared to its operating expenses and other relevant costs during a specified period of time.

The financial highlights of IDLC Finance Limited and LankaBangla Finance Limited are briefly given below: (Limited, IDLC Finance, 2015) (Limited, LankaBangla Finance, 2015)

IDLC Finance Limited						LankaBangla Finance Limited	
						2015	
						2015	
Profitability Ratios							
Gross Profit Margin (%)	$\frac{\text{Gross Profit}}{\text{Net Sales}}$	40.02	36.07	33.43	38.87	39.21	39.25
Operating Profit Margin (%)	$\frac{\text{Gross Operating Income}}{\text{Net Sales}}$	54.79	49.51	44.44	49.22	49.89	21.19
Net Profit Margin (%)	$\frac{\text{Net Profit}}{\text{Net Sales}}$	12.69	14.69	10.77	16.76	17.06	11.75
ROA (%)	$\frac{\text{Net Profit}}{\text{Total Assets}}$	2.93	1.18	1.92	2.18	1.93	2.68
ROE (%)	$\frac{\text{Net Profit}}{\text{Average Common Shareholders Equity}}$	27.51	16.76	19.24	22.37	20.01	22.99
Market Ratios							
EPS	$\frac{\text{Net Profit After Tax} - \text{Preferred Dividend}}{\text{Total Number of Commonstock Outstanding}}$	3.20	2.34	3.23	4.59	4.95	4.28

P-E Ratio	$\frac{\text{Market Price per Share}}{\text{EPS}}$	27.41	15.95	15.12	12.06	10.96	6.78
Dividend Payout Ratio (%)	$\frac{\text{Dividend Paid}}{\text{Net Income}}$	49.47	52.08	72.09	56.51	43.07	70.09

Table 2: Profitability and Market Ratios of IDLC Finance Limited and LankaBangla Finance Limited

5.1. Profitability Ratios:

Gross Profit Margin:

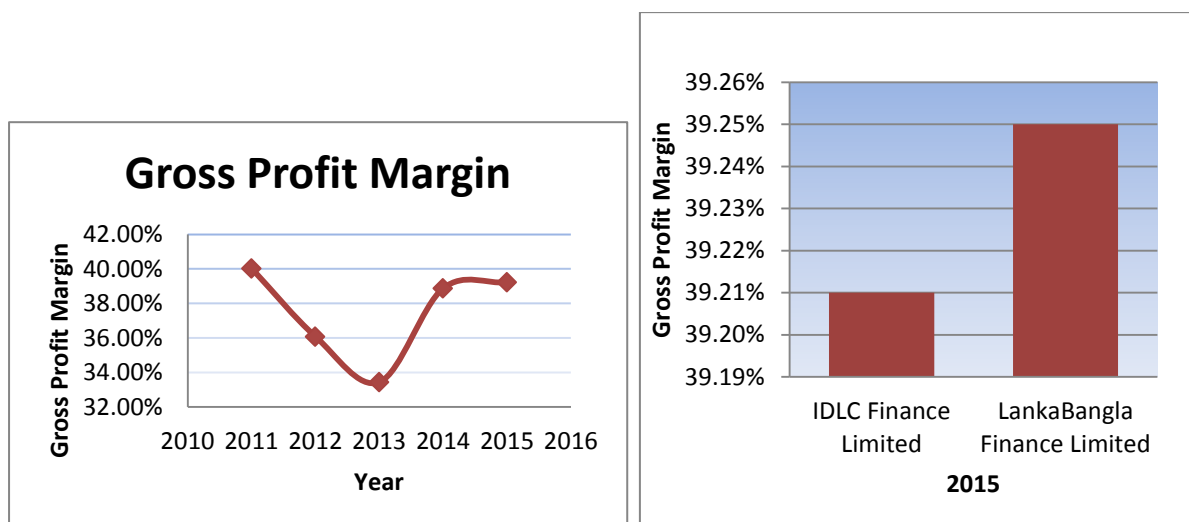


Figure 9: Gross Profit Margin of IDLC Finance Ltd and LankaBangla Finance Ltd

Interpretation:

The gross profit of IDLC Finance Limited has fluctuated over last five years of time span. In 2015, the company earned 39.21 Taka of gross profit from every 100 Taka sales, which has increased slightly from last year. Whereas, LankaBangla Finance Limited enjoyed a gross profit of 39.25 Taka on each 100 Taka sales which is close to IDLC.

Operating Profit Margin:

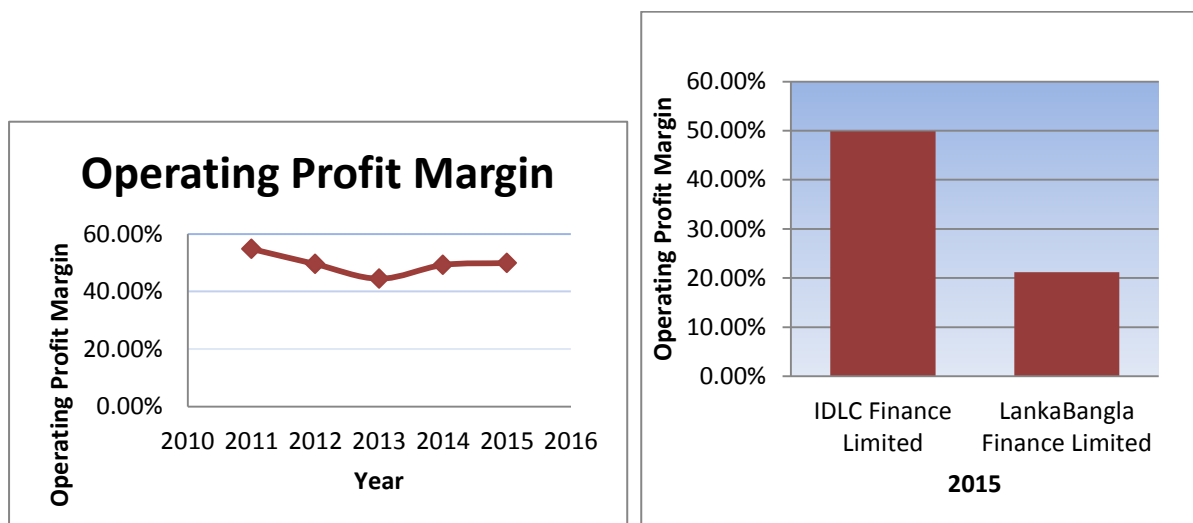


Figure 10: Operating Profit Margin of IDLC Finance Ltd and LankaBangla Finance Ltd

Interpretation:

The operating profit of IDLC Finance Limited has fluctuated over last five years. In 2015, the company had 49.89 Taka of operating profit from every 100 Taka sales, which has increased insignificantly from last year. On the other hand, LankaBangla Finance Limited had an operating profit of only 21.19 Taka on each 100 Taka sales.

Net Profit Margin:

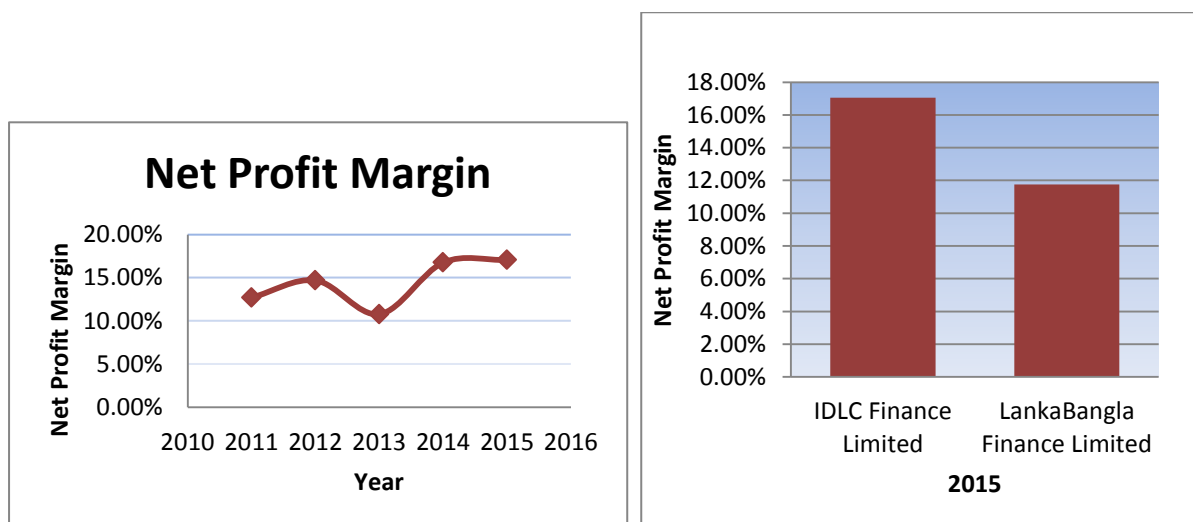


Figure 11: Net Profit Margin of IDLC Finance Ltd and LankaBangla Finance Ltd

Interpretation:

IDLC has enjoyed net profit of 17.06 Taka from every 100 Taka sales in the year of 2015. The net profit margin of IDLC has been fluctuating for last five years, though it has slight increase from last year. In 2015, IDLC had better net profit margin than LankaBangla Finance Limited as it earned only 11.75 Taka of net profit from every 100 Taka worth of sales.

Return on Asset:

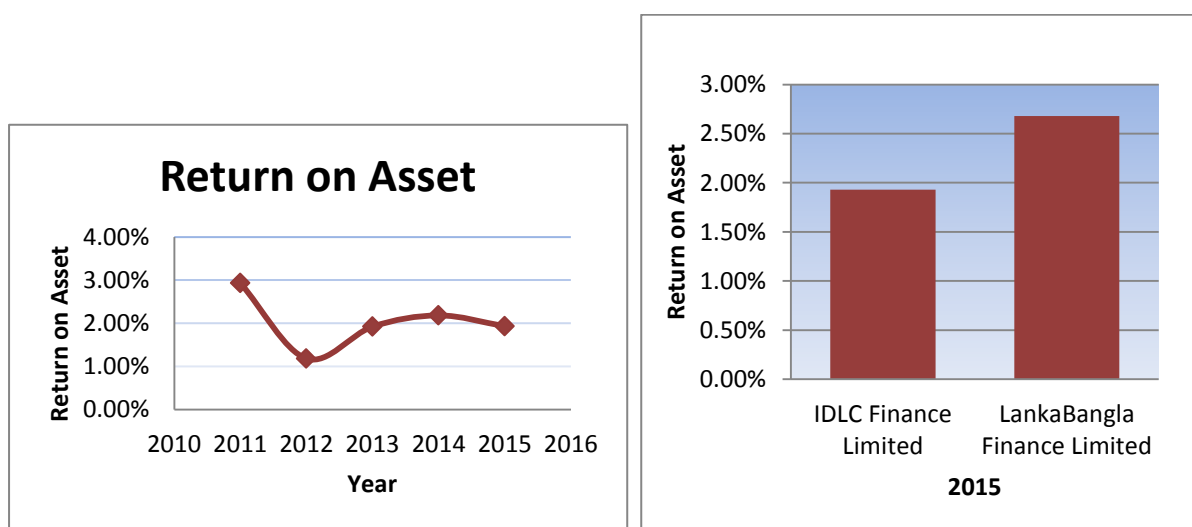


Figure 12: ROA of IDLC Finance Ltd and LankaBangla Finance Ltd

Interpretation:

The ROA of IDLC Finance Limited has been fluctuating in the past five years. In 2015, the company earned a profit 1.93 Taka from every 100 Taka worth of total assets whereas LankaBangla Finance Limited had ROA of 2.68%.

Return on Equity:

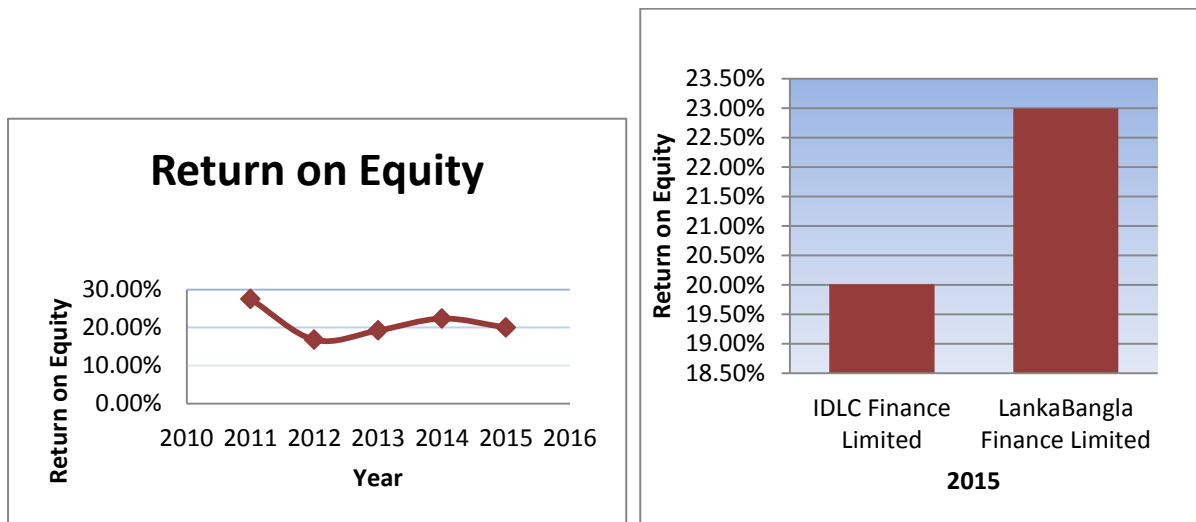


Figure 13: ROE of IDLC Finance Ltd and LankaBangla Finance Ltd

Interpretation:

In 2015, the common shareholders of IDLC Finance Limited have earned 20.01 Taka of net profit from every 100 Taka they invested into the company. Though ROE of the company also has been fluctuating over last five years, it has decreased significantly from the previous year, whereas LankaBangla Finance limited had a ROE of 22.99%.

5.2. Market Ratios:

Earnings per Share:

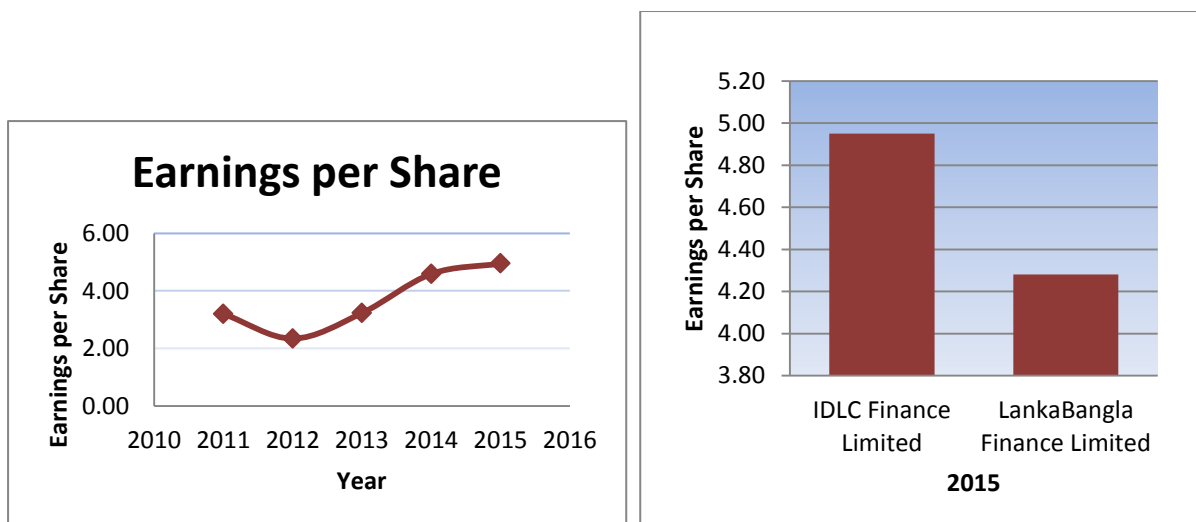


Figure 14: EPS of IDLC Finance Ltd and LankaBangla Finance Ltd

Interpretation:

In year of 2015, the common stockholders of IDLC Finance Limited earned 4.95 Taka on every share they held, which is higher than LankaBangla Finance Limited as it had an EPS of 4.28 Taka. In this year the EPS of IDLC Finance Limited has slightly increased compared to the previous year.

Price to Earnings Ratio:

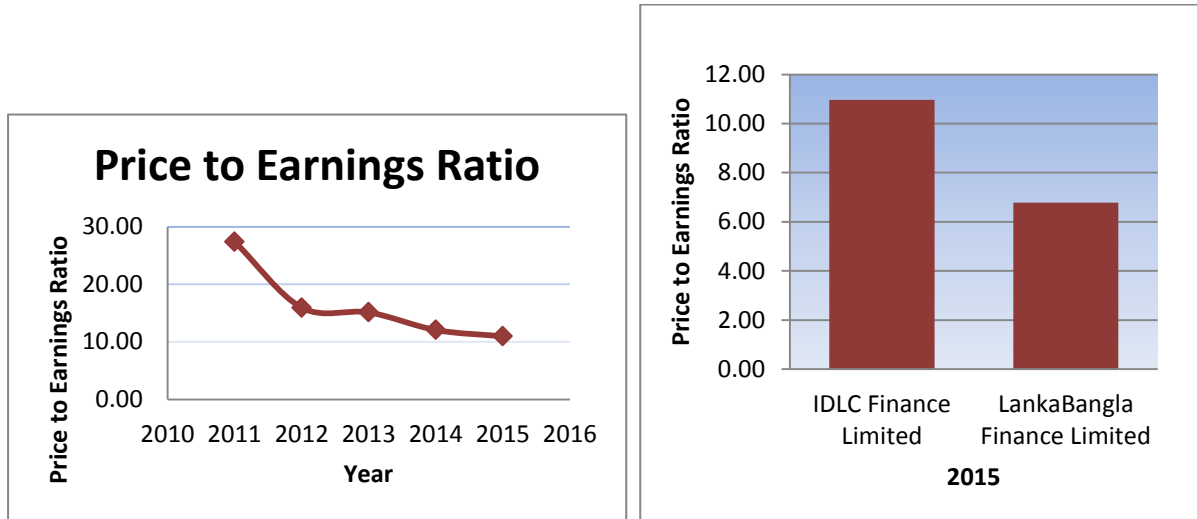


Figure 15: P/E Ratio of IDLC Finance Ltd and LankaBangla Finance Ltd

Interpretation:

Over the past five years the price to earnings ratio of IDLC Finance Limited is decreasing. In 2015, the common shareholders of the company were willing to pay 10.96 Taka for every Taka of reported earnings. For investors, IDLC is comparatively more attractive as LankaBangla Finance Limited had higher P/E ratio, which was 6.78 in 2015.

Dividend Payout Ratio:

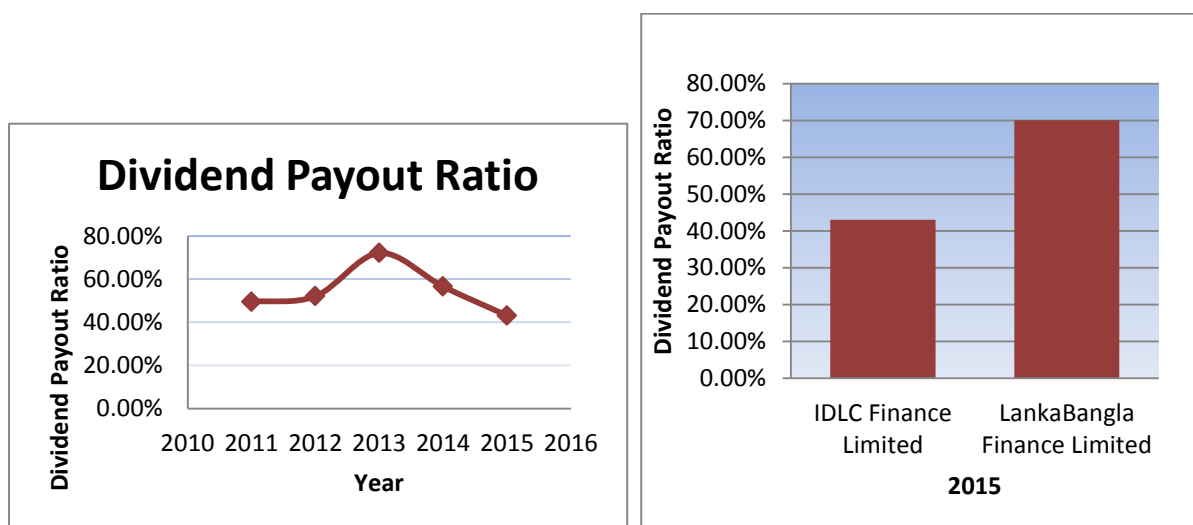


Figure 16: D/P Ratio of IDLC Finance Ltd and LankaBangla Finance Ltd

Interpretation:

The dividend payout ratio of IDLC Finance Limited is oscillating in last five years. In 2015, the company paid 43.07% of its net income as dividend whereas LankaBangla Finance Limited had a dividend payout ration of 70.09%.

5.3. The effect of EPS on Share Price:

EPS is generally considered to be the single most important variable in determining a share's price. The EPS and share price of IDLC Finance Limited and LankaBangla Finance Limited over last 10 years are given below: (Limited, LankaBangla Finance, 2010-2015) (Limited, IDLC Finance, 2010-2015)

Year	IDLC Finance Limited		LankaBangla Finance Limited	
	EPS	Share Price	EPS	Share Price
2006	26.17	784.00	2.43	19.90
2007	50.50	1519.00	5.47	100.10
2008	67.73	2289.00	9.81	196.60
2009	136.98	3703.00	14.00	313.80
2010	221.18	4648.00	32.00	497.90
2011	3.20	138.50	1.84	103.05
2012	2.34	91.90	1.36	46.44
2013	3.23	62.90	3.89	57.58
2014	4.59	74.70	1.84	40.00

2015	4.95	63.60	1.76	29.00
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Table 3: EPS and Share Price of IDLC Finance Ltd and LankaBangla Finance Ltd

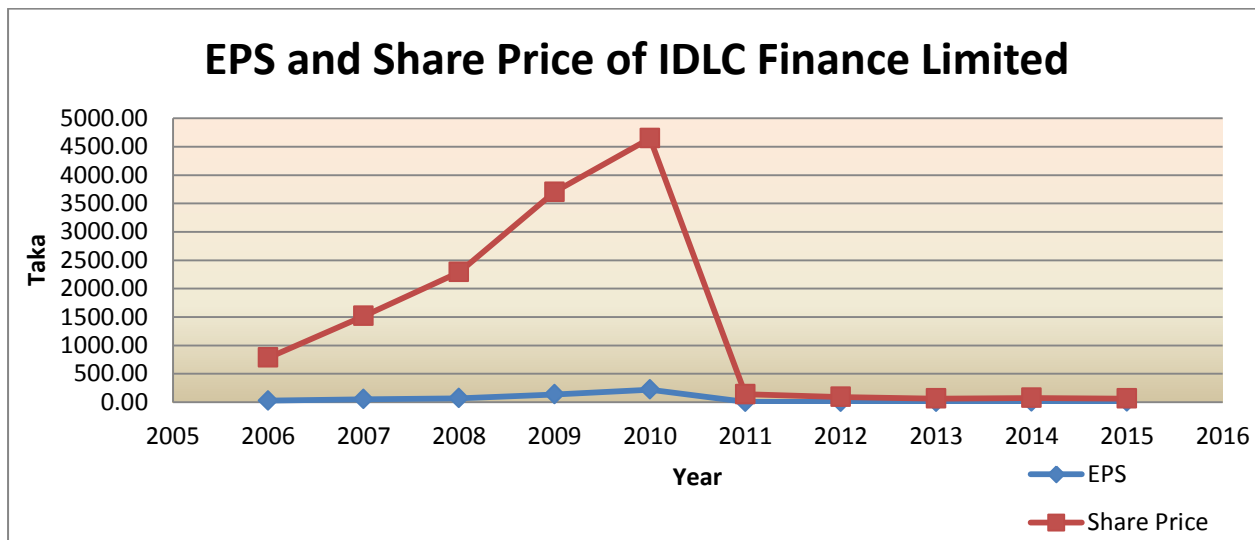


Figure 17: EPS and Share Price of IDLC Finance Limited

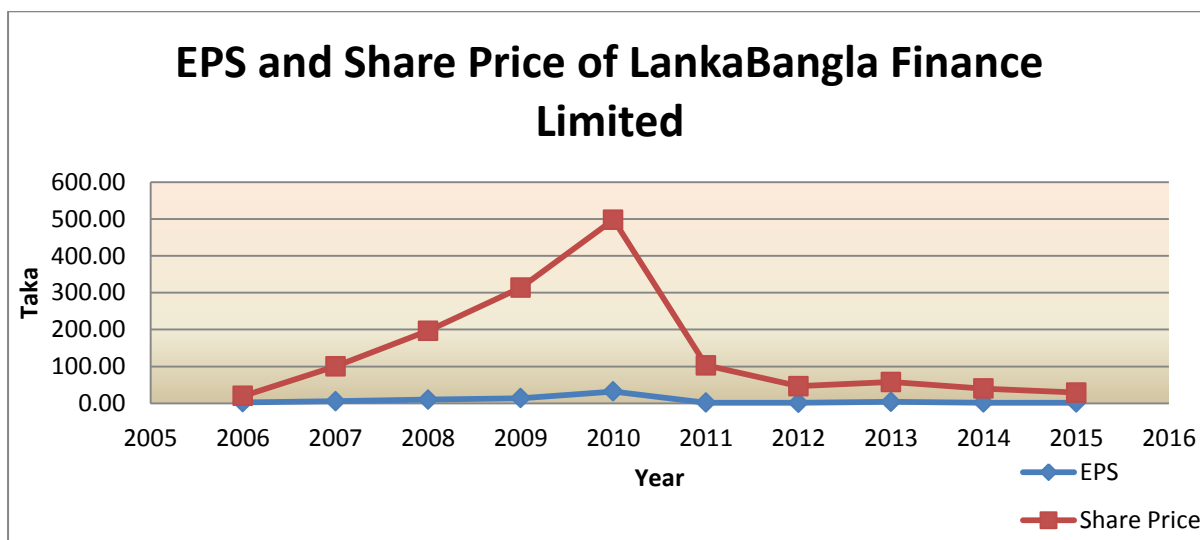


Figure 18: EPS and Share Price of LankaBangla Finance Limited

Seeing the graph, we can interpret that EPS has a significance effect on share price. The graph is indicating that when the EPS was higher, stock price was also higher and when the EPS decreased, stock price has also decreased for both IDLC Finance Limited and LankaBangla Finance Limited.

6. Findings and Recommendations:

As a pioneer and leading NBF in Bangladesh IDLC Finance Limited has been maintaining its quality in a smooth way. It's empowered working environment, corporate governance, practice of the highest level of honesty and integrity, commitment to the client, sharp compliance to the policy has made the organization best in the industries. However as an intern I think still there are some scopes to improve.

1. In every division there can be sub-teams under every team so that works may have proper balance.
2. Each team should have one monitor so that he can look after every team member and can report regarding performances.
3. Client service can be improved by providing more attention.
4. If possible personalized service should be provided to the specific clients.
5. There can be some gift items like pen, notebook, calendar, key holder etc. which is not expensive but worthy to clients.
6. Discussion room can be increased in each branch to reduce the waiting time of clients.
7. If possible branches should be increased.
8. Credit department can show immediate response for urgent files.
9. The Consumer Division can make effective power point presentation for sales & marketing team to become sufficiently clear about their requirements and policy.
10. There should have an expert leader for sales team except head of sales. The leader should have active role and influence over the team. He should take care who is not performing well. He should find out the problem of non-performer and should provide guideline and advice cordially to improve his performance.
11. If possible the Sales and Marketing department can be separate from operational branches to become a stronger one.
12. If possible number of skill development programs can be increased for employees.
13. The authority should take extra care for each individual in the organization. Every employee is an asset for them. Here every employee is self-motivated. If there is

more praising and motivation I believe people can work harder from their own positions.

14. If possible they can bring fast electronic helping hands so that the employees can face less difficulty and work more proficiently for the sake of their organization.
15. For data storage a cloud drive is used by the company. But sometimes it used to go out of order due to server down and caused hamper in regular workflow. Therefore, the company should pay attention in improving this system.

7. Conclusion:

Non-bank financial institution is a key element to a sound and stable financial system. By providing additional and alternative financial services, NBFIs have already gained considerable popularity both in developed and developing countries. Being the biggest NBFIs of the country, IDLC Finance Limited is setting remarkable track in the economic development of the country. The company's business is experiencing growth in every year. Among many other factors the increasing loan applications from consumer client segment is also contributing in this growth. Exceptionally talented, skilled, and competent workers of the Operations and Credit Risk Management Department of Consumer Division guarantee quick and proper delivery of service. As a result IDLC Finance Limited has to compete directly with both local and multinational financial institutions in this client sector. At the same time the company is extremely strict in accepting to the tenets and directions set by Bangladesh Bank. As a result their performance, growth, sustainability are likely to be upwards. Today, the Consumer Division has emerged as a leading player in the home and car loan sector and successfully captured a growing market share. Working with this company helped me to grow my potential skill and knowledge about financial institutions.

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Appendix:

Financial Highlights of IDLC Finance Limited 2011-2015

laka in million

Particulars	2011	2012	2013	2014	2015	Growth
Financial Performance						
Lease and term loans disbursed	8,517.37	12,304.15	16,895.49	17,473.48	22,140.06	26.71%
Housing finance disbursement	2,585.54	2,735.85	4,421.49	5,895.91	5,954.43	0.99%
Short term finance portfolio	821.09	581.28	603.62	735.40	1,079.41	46.78%
Lease finance assets	4,546.94	5,479.27	6,358.33	6,281.83	6,016.18	-4.23%
Real estate finance assets	6,979.00	8,262.15	11,169.99	14,822.12	17,205.95	16.08%
Total assets	29,518.81	35,748.17	48,534.84	57,159.52	71,768.71	25.56%
Long term liabilities	25,298.91	30,986.62	42,884.40	50,470.64	63,590.66	26.00%
Term deposit balance	16,828.27	22,008.20	29,163.88	35,241.00	46,174.48	31.02%
Net current assets	3,676.20	2,796.51	2,681.76	2,777.57	5,924.28	113.29%
Operational Performance						
Operational income	2,042.68	1,955.48	2,573.22	3,326.18	3,960.85	19.08%
Operational expenses	672.21	822.03	1,021.25	1,236.79	1,393.76	12.69%
Financial expenses	2,359.22	3,087.77	4,127.32	4,530.35	4,827.09	6.55%
Profit before tax	912.63	1,032.57	1,406.12	2,029.13	2,275.52	12.14%
Net profit after tax	804.22	589.20	811.01	1,153.54	1,243.82	7.83%
Financial Ratio						
Debt equity ratio (Times)	8.16	8.38	9.50	9.04	9.65	0.61
Average effective tax rate (%)	41.57	42.94	42.32	43.15	45.34	2.19
Financial expenses coverage ratio (Times)	1.39	1.33	1.34	1.45	1.47	0.02
Current ratio (Times)	1.31:1	1.21:1	1.14:1	1.13:1	1.22:1	0.09
Return on total assets (%)	2.93	1.81	1.92	2.18	1.93	(0.25)
Non performing loan ratio (%)	2.32	2.09	1.63	2.02	3.06	1.04
Return on shareholders' equity (%)	27.51	16.76	19.24	22.37	20.01	(2.35)
Earnings per share*	3.20	2.34	3.23	4.59	4.95	0.36
Shareholders' equity	3,220.51	3,809.72	4,620.72	5,693.82	6,736.55	18.31%

* Prior years' number of shares have been adjusted to reflect Bonus share issued in 2014.

Financial Highlights of IDLC Finance Limited 2006-2010

(BDT in million)

Particulars	2006	2007	2008	2009	2010	Growth
Financial Performance						
Lease and term loans disbursed	2,875	2,977	3,412	3,750	4,345	15.88%
Real estate finance disbursement	1,205	1,255	1,612	1,839	2,121	15.36%
Short term finance portfolio	326	213	336	317	468	47.51%
Lease finance	5,001	4,571	4,734	4,383	4,107	-6.30%
Real estate finance assets	2,441	3,065	3,915	4,789	5,605	17.04%
Total assets	11,680	15,056	17,342	22,681	26,930	18.73%
Long term liabilities	8,115	11,103	12,115	18,792	21,745	15.72%
Term deposit balance	5,610	8,257	8,249	9,780	12,373	26.52%
Net current assets	(192)	1,401	1,559	3,645	4,172	14.45%
Operational Performance						
Operating income	479	883	1,179	1,913	3,027	58.26%
Operating expenses	179	272	352	490	946	93.26%
Financial expenses	896	1,246	1,553	1,887	1,822	8.02%
Profit before tax	236	475	708	1,273	1,956	53.65%
Net profit after tax	157	303	406	822	1,327	61.47%
Average effective tax rate	33.41	36.08	42.57	35.46	32.16	-9.30%
Financial Ratios						
Debt equity ratio (Times)	9.28	9.54	8.32	8.48	6.30	-2.18
Financial expenses coverage ratio (Times)	1.29	1.38	1.46	1.75	2.07	0.32
Current ratio (Times)	0.96:1	1.20:1	1.21:1	1.04:1	1.29:1	0.35
Return on total assets (%)	1.57	2.37	2.50	4.11	5.35	1.24
Non performing loan ratio (%)	4.74	4.82	4.50	3.62	3.07	-0.55
Return on shareholders' equity (%)	17.45	27.59	28.43	41.05	43.64	2.59
Earnings per share* (BDT)	26.17	50.50	67.73	136.98	221.18	61.47%
Dividend per share (%)	38.33	40.00	35.00	110.00	100.00	-9.09%
Price earnings ratio (Times)	29.96	30.08	33.80	27.03	21.01	-6.02
Dividend yield (%)	4.89	2.83	1.53	2.97	2.15	-0.82
Dividend payout ratio (%)	36.62	26.40	21.55	40.14	45.21	5.07
Equity Statistics						
Number of shares (No.)	1,500,000	2,000,000	2,500,000	3,000,000	6,000,000	100.00%
Year end market price per share (BDT)	784.00	1,519.00	2,289.00	3,703.00	4,648.00	25.52%
Net asset value per share (BDT)	158.67	207.91	268.55	398.85	615.03	54.20%
Market capitalization	1,176.00	3,038.00	5,722.50	11,109.00	27,888.00	151.04%
Market value addition	625.33	1,311.09	2,020.45	3,304.15	4,032.97	22.06%
Shareholders' equity	952.00	1,247.44	1,811.31	2,393.09	3,690.16	54.20%

* Prior years' number of shares have been adjusted to reflect bonus share issued in 2009.

Financial Highlights of LankaBangla Finance Limited 2006-2010

	Total in Million					
	2006	2007	2008	2009	2010	Growth (%)
Financial Performance						
Total Assets	2,827.54	5,782.38	8,108.87	13,435.00	19,322.24	43.74%
Total Liabilities	2,403.84	5,165.03	7,186.40	11,335.07	14,532.20	28.21%
Business Disbursement	1,869.60	3,024.22	3,258.97	4,683.28	4,275.50	8.82%
Current Assets	1,710.63	3,977.81	5,554.92	8,639.66	8,985.65	1.65%
Current Liabilities	1,593.86	3,477.92	4,793.27	7,384.94	7,869.65	6.42%
Non Current Assets	1,116.91	1,804.57	2,553.95	4,795.33	10,337.59	124.93%
Long Term Liabilities	809.98	1,757.12	2,393.12	3,940.13	6,662.55	69.09%
Term Deposits	761.75	1,818.52	2,627.30	4,432.90	4,560.00	2.87%
Total Investment Portfolio	2,420.04	4,717.46	6,869.63	10,699.17	15,064.57	48.80%
Operational Performance						
Operating Revenue	385.66	946.96	1,542.18	2,427.07	4,176.11	72.06%
Operating Expenses	293.09	648.57	1,069.97	1,362.38	1,513.72	11.11%
Financial Expenses	163.07	418.76	707.16	906.61	1,016.08	8.48%
Net Profit Before Tax	66.58	298.39	472.21	908.07	2,331.10	156.71%
Net Profit After Tax	66.82	210.47	377.64	744.08	1,700.15	128.49%
Turnover of Share Trading by LBSL	16,361.13	65,972.48	127,605.37	242,210.58	560,366.03	131.35%
Financial Ratios						
Current Ratio	1.07	1.14	1.36	1.20	1.14	-4.88%
Debt Equity Ratio	5.67	8.68	7.79	5.40	3.03	-43.90%
Financial Expense Coverage Ratio	1.41	1.56	1.53	1.79	2.67	48.97%
Return on Equity (%)	19.32%	41.23%	40.94%	35.42%	35.49%	0.18%
Return on Assets (%)	3.00%	4.89%	4.66%	5.54%	8.80%	58.86%
Equity Parameters						
Authorized Capital	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	
Paid up Capital	350.00	350.00	385.00	442.75	531.30	20.00%
Shareholders' Equity	423.69	597.34	922.48	2,100.53	4,790.04	128.04%
No. of Share Outstanding	35.00	35.00	38.50	44.28	53.13	19.99%
Net Asset Value (NAV) Per Share	12.11	17.07	23.96	47.44	90.18	90.09%
Earnings Per Share (EPS)	2.43	5.47	9.81	14.00	32.00	128.49%
Market Price Per Share (Closing)	19.90	100.10	196.60	313.80	497.90	58.67%
Price Earnings Ratio (Times)	8.19	18.30	20.04	22.41	15.56	-30.56%
Dividend Payment (C-cash & B- bonus)	10% C	10% B 15% C	15% B 15% C	20% B 15% C	50% B	
Dividend Payout Ratio (%)	49.73%	76.50%	69.45%	44.15%	72.49%	64.20%
Dividend Coverage (Times)	2.56	1.19	1.44	2.27	1.38	-39.23%
Dividend Yield (%)	5.03%	2.56%	1.52%	1.12%	1.10%	-1.37%

Financial Highlights of LankaBangla Finance Limited 2011-2015

All figures in BDT million except (%)

Financial Position	2011	2012	2013	2014	2015	Growth of 2015 over 2014	5 Year CAGR (%) / Average
Total Assets	15,904	19,499	26,630	32,353	44,615	37.90%	29.42%
Total Liabilities	14,079	15,628	22,315	27,705	39,156	41.33%	29.14%
Business Disbursement	4,444	6,370	11,070	19,750	35,763	81.08%	68.43%
Property Plant and Equipment	30	50	73	129	878	581.77%	132.44%
Term Deposits	5,570	7,677	10,876	16,717	30,081	79.94%	52.45%
Total Investment Portfolio	14,580	18,634	25,732	31,228	42,600	36.41%	30.74%
Operational Performance							
Operating Revenue	2,211	3,628	3,490	4,090	5,298	29.53%	24.43%
Operating Expenses	212	374	407	718	957	33.27%	45.70%
Financial Expenses	1,403	1,829	2,409	2,631	3,219	22.35%	23.07%
Net Profit Before Tax	541	1,233	344	465	1,046	124.91%	17.89%
Net Profit After Tax	467	1,236	448	652	1,030	58.05%	21.89%
EBITDA	2,014	3,275	3,103	3,415	4,387	28.46%	21.48%
Financial Ratios							
Gross Profit Ratio	36.52%	49.58%	30.96%	35.69%	39.25%	9.98%	37.47%
Operating Profit Ratio	26.91%	39.28%	19.28%	18.14%	21.19%	16.84%	19.66%
Return on Capital Employed	4.17%	7.88%	2.71%	2.45%	3.71%	51.34%	3.08%
Capital Adequacy Ratio (2011: Test Run. Effct. From 2012)	10.3%	19.6%	16.76%	15.07%	14.17%	-5.97%	14.62%
Gross Non performing assets to gross advances/ Non performing loans (assets) to total loans (assets)	6.51%	3.96%	4.84%	5.08%	3.72%	-26.77%	4.82%
Cost to Income Ratio	73.09%	60.72%	80.72%	81.86%	78.81%	-3.73%	75.04%
Debt Equity Ratio	7.72	4.04	5.17	5.96	7.17	20.35%	6.01
Financial Expense Coverage Ratio	1.42	1.78	1.28	1.28	1.35	5.21%	1.42
Return on Equity (%)	30.62%	43.39%	10.95%	14.54%	22.99%	58.05%	24.50%
Return on Assets (%)	3.15%	6.98%	1.94%	2.21%	2.68%	21.12%	3.39%
Equity Parameters							
Authorized Capital	3,000	3,000	3,000	3,000	3,000	0.00%	0.00%
Paid-up Capital	824	1,894	2,083	2,188	2,406	10.00%	30.74%
Shareholders' Equity	1,824	3,871	4,315	4,647	5,459	17.46%	-1.16%
No. of Share Outstanding	82.35	189.41	208.35	218.77	240.64	10.00%	30.75%
Net Asset Value (NAV) Per Share	23.77	26.90	28.42	19.31	22.68	17.46%	-1.16%
Earnings Per Share (EPS)*	1.94	4.30	1.86	2.71	4.28	58.05%	21.89%
Market Price Per Share (Closing)*	103.05	46.44	57.58	40.00	29.00	-27.50%	-27.17%
Price Earnings Ratio (Times)*	53.14	10.79	30.92	14.77	6.78	-54.13%	23.28
Dividend Payment (C-cash & B- bonus)	30% B	10% B	5% B	10% B	15% B		32%
	-	-	15% C	10% C	15% C		
Dividend Payout Ratio (%)	31.22%	56.60%	43.67%	67.11%	70.09%	4.43%	22.41%
Dividend Coverage (Times)	3.20	1.84	2.29	1.48	1.43	-4.25%	-18.30%
Dividend Yield (%)	1.76%	1.69%	3.01%	4.55%	10.34%	127.59%	4.27%
Profit Per Employee (mn)	2.99	6.15	1.37	1.38	1.98	43.76%	2.77
Credit Ratings							
	Long Term	A2	A2	A2	A2	A1	
	Short Term	ST-3	ST-3	ST-3	ST-3	ST-3	

*revised