

Internship Report
on
**Comparative Analysis (Through
Ratio Analysis) of IFIC Bank
Limited with the Same Generation
Private Banks**



IFIC BANK
LIMITED

ইন্টারন্যাশনাল ফাইনাল ইনভেস্টমেন্ট এন্ড কর্মাস ব্যাংক লিঃ

Internship Report
On
Comparative Analysis (Through Ratio Analysis)
of IFIC Bank Limited with the Same Generation
Private Banks



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Letter of Transmittal

1st of January, 2021

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Professor

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Subject: Submission of the Internship Report on “**Comparative Analysis (Through Ratio Analysis) of IFIC Bank Limited**”

Dear Sir,

I am very pleased to present you with the internship report on “**Comparative Analysis (Through Ratio Analysis) of IFIC Bank Limited**” by calculating the Ratios of four First Generation Private Bank of Bangladesh from the data collected from Income Statement and Balance Sheet of the years **2015,2016,2017,2018,2019**”. In order to fulfill all the requirements and instructions you have given me all over the last 3 months, I have tried my level best.

I appreciate that I got the opportunity to prepare this report and for gaining an ability to understand it. In order to fulfill all your needs, I have tried my best to prepare this paper. This research has given me an excellent experience that could be of great use in future endeavors, and I sincerely hope that your expectations will be met.

I have put my sincere effort into giving a presentable shape to this report and making it as insightful and reliable as possible.

Sincerely yours,

Barshan Kumar Bhowmick

ID: 111 162 057

Acknowledgment

First of all, I am very thankful to almighty as I properly prepared my internship report on “**Performance Analysis of IFIC Bank Limited**” amid this Covid-19 situation. My heartiest thanks go to my supervisor **Mohammad Musa, Professor, United International** University for his guidance and who helped me immensely to prepare and complete this report.

I would like to thank my organizational supervisor Mr. Akram Hossain Senior Officer of Branch IFIC Bank Ltd. for helping me and guiding me to know the process of the organizational procedure and gave me the idea about the Comparative Financial analysis. I would also like to thank Mr. Abul Kalam Azad, Manager of IFIC Bank Ltd, for providing me necessary documents and guidance to help me complete the report

Also thanks to Ms. Sayma Khanom, Mr. Sushanto Das, Mr. Jasim Uddin and all other stuffs and workers of IFIC BANK LIMITED LALMATIA BRANCH

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Executive Summary

One of the renowned and leading private commercial banks in Bangladesh is IFIC Bank Limited. The Bank began its journey as a mutual undertaking in 1976. After that, the government allowed private sector banks in 1983. IFIC has been turned into a bank of commerce. Now, their level of service is in the lead role. This bank is now offering its clients and customers all new banking services that fulfill the customer's real satisfaction. Nevertheless, they do keep upgrading their banking system and enhancing the quality of service.

In this report I have compared **IFIC BANK LIMITED** Performance with the same 1st generation Private Banks which are **AB Bank Ltd, National Bank Ltd, & NCC Bank Ltd**. By collecting the Five Year Financial Reports of the Banks I have Analyzed the Data and Calculated the Financial Ratios Liquidity, Solvency, Efficiency, Profitability and Market Value Ratios.

Then the Ratios has been used to figure out the overall five-year performance of the IFIC BANK LTD Compared with the Performance of those same 1st Generation Banks.

I have Four Chapter Under which there is description about the IFIC BANK LTD. In Chapter-1 I have given short description about the methods and necessary steps that has been followed. I In Chapter-2 I have given information about IFIC BANK LTD. In Chapter-3 the Analysis has been provided and in Chapter-4 I have given showed overall Finding and Recommendation and lastly the conclusion.

Chapter One

1.INTRODUCTION

1.Introduction

The banks play a vital role in a company's financial field. As the essence of the economy, the value of the bank can be considered. Although the bank does not generate money, it helps to disperse and recycle money, to transfer wealth through a country's national boundaries. Throughout this world today, without some kind of bank, we cannot think of a commercial transaction, a private transaction or a currency trading. "A bank is the main broker, a broker in loans and debts, according to Cairncross. As we know, the bank is the life line of all industrial and commercial operations that help to grow the entire economy of a nation and also helps to flow funds and secure financial capital." But in the other hand, the bank offers various facilities to run its company smoothly. Bank also offers clients and customers with various facilities such as locker facility, withdrawal services, credit letter, online payment system, performance guarantee, etc. The danger is often marketed by banks to customers. Our standards of living are being improved day by day by modern online banking. Banks make it a lot easier for an individual to have home loans, auto loans, farm loans, personal loans, and so on. This is how the bank allows us to raise our living conditions.

There are 63 scheduled banking institutions all over the country at present.

Of which, 9 are state-owned (including five specialized banks), 38 are private banks, and 9 are private banks. Commercial banks, and the remaining 9 are commercial banks from abroad. Although banking The Bangladesh industry is undergoing radical changes and continues to suffer from chronic changes. inefficiency. Bank lending is the biggest problem in Bangladesh's banking system. A default issue. Various initiatives have been undertaken to address the default of the loan. Bangladesh's problem. One of them is a credit policy and procedures to have Directives mandated by the Bank of Bangladesh. Thus, a bank's financial performance All the necessary analysis is included.

1.1 Origin of the Report

An internship experience is a precondition is a must for all the BBA program to be accomplished. After all academic programs are finished, a student must be accepted to an internship training. Each graduate must prepare a report on what he or she learned from the internship training on practical experience and internships. So, I was thankful that I had a chance to do a small internship program at IFIC Bank. The title of my paper is IFIC Bank Limited's "Performance Analysis (Ratio Analysis)." underneath the supervision of Musa Sir, Professor of the United International University, I have prepared this report.

1.2 Objectives of the Report

The prime aim of this Report is to use the theoretical principles of Realistic Orientation in Banking activities in the examination of real life, which is a partial requirement of the BBA program. But something wider is the aim behind this report. In this article, the broad objectives are summarized in the following manner:

1.2.1 Broad Objective

- Knowing the success of IFIC Bank Limited
- Performance of the IFIC Bank Ltd compared to the same generation Banks.
- Observe the Profitability, Solvency, Liquidity, Efficiency & Market Value position of IFIC Bank Ltd.
- To observe IFIC Bank Limited 's general banking and advance activities, and their services.
- How a bank conducts its operations as a single entity in various fields.
- What does a bank do to grow the national economy in Bangladesh?
- To gain overall realistic knowledge of banking as a financial institution.

1.2.2 Specific Objectives

- To collect data about the banking system and its facilities.
- To find out the efficiency of IFIC Bank LTD by ratio analysis over the years. To predict IFIC Bank LTD future position comparing to other same generation Banks.
- To find out the reason behind IFIC Bank LTD changes or performance traps over the years
- Presentation of an organizational introduction- IFIC Bank Limited as a whole
- To get an overall idea of IFIC Bank Limited 's credit and general banking.
- To suggest the requisite steps to resolve the IFIC Bank 's problems
- Limited
- To assess the main areas of inefficiency.

1.3. Methodology of the Report

This Report is made on the basis of secondary sources of knowledge, the report is prepared.

Secondary Source: They are as follows:

- The annual report of the Same Generation Banks of IFIC Bank Ltd. Which are AB Bank, NCC Bank and National Bank
- File the balance sheet and different records
- Different textbooks & materials
- Websites of the Banks used
- Reports submitted by multiple student internships

1.4. Limitations of the Study:

This report was approved with the intention of making the report meaningful and adequately accepted. Performed. In the process of organizing the analysis, however, several issues arose. All the pictures The information provided is not entirely accurate. Any of the data is confidential and business secret. It is necessary and only given to some individuals to know about it. There are some weaknesses that I discovered when I studied at the bank. Now I'm going to list all the limitations I encountered during my internship program time—

- I was given a limited period of time to prepare the report (3 months).
- Also the Covid-19 impacted very harshly on all of the students
- I have known very little about the software's they used for their main operation.
- Employees remained busy all day long as they have to do multiple operations at a time. They couldn't afford me enough time as a result.
- Lack of equipment for electronics like computers. They didn't send me a machine that was set to function.

1.5. Internship Roles and Responsibilities

I started my internship in IFIC BANK LIMITED LALMATIA BRANCH in Credit Department on 5th of July, 2020 and my Internship Completed on 5th of October, 2020. I did and learned a lot of work in there but most mentionable works were

- ✓ I was responsible to process the SHOHOJ WRIN and file up all the necessary documents from the clients.
- ✓ I also prepared Home Loan Documents.
- ✓ Fill up CIB forms and also understand read the CIB form
- ✓ Prepare Charge Documents such as (DP notes, Letter of Lien, Authority etc.)
- ✓ Stamping the Charge document
- ✓ Provide Locker Service
- ✓ Data Input of several processing work
- ✓ Client Service
- ✓ Fill up Cheques and prepare Account opening form and necessary documents

Chapter Two

2. COMPANY PROFILE & BANKING INDUSTRY

2.1 Banking in Bangladesh

Bangladesh is a struggling developing country where banking conditions, in particular, are just not very good; they are weak in terms of customer service offered by government banks. Literally, one of the key explanations for this aspect is nation's political crises. Private banks, though, came and tried hard to boost the banking situation in Bangladesh, but we were disappointed by some government limitations, bureaucracy, inexperienced staff, lack of technology, and so on. But the guardians bank is attempting to cope with Bangladesh Bank and strictly track the entire banking situation.

Now, at a glance, I am explaining the history of banking. In Bengal, the very first modern bank was the Bank of Hindustan, founded in Calcutta in 1770. Some other Calcutta-based banks, such as General Bank of Bengal and Bihar (1733-75); Bengal Bank (1784-91) (not connected to the later Bank of Bengal); General Bank, later General Bank of India (1786-91); Commercial Bank (1819-33); Calcutta Bank (1824-29); Union Bank (1829-48); Government Savings Bank (1833-unknown); and Mirzapore Bank (c. 1835-1837), have been founded and operated.

Furthermore, the Bank of Calcutta, started in 1806, is the oldest bank that still exists. Then, in 1846, some other modern bank, Dacca Bank, established its headquarters in Dhaka. In 1959, Eastern Mercantile Bank Ltd. was formed.

After independence, the Government of the People's Republic of Bangladesh nationalized the twelve banking companies that were doing business in Bangladesh, such banks as Sonali Bank, Rupali Bank, Agrani Bank, Janata Bank, Uttora Bank, Pubali Bank. Bangladesh Bank concentrated on bank privatization in the late 1970s and early 1980s, and now we have private bank facilities.

2.2. Company profile

International Finance Investment and Commerce Bank Limited (IFIC Bank) is a restricted liability banking company founded in the People's Republic of Bangladesh. As I stated before, it was formed in 1976 as a joint venture between the government of Bangladesh and private sector sponsors. The primary objective was to function within the country as a finance company and to help create on board joint venture banks / financial organizations. When the government approved private sector banks in 1983, IFIC was converted into a full commercial bank. 32,75 percent of the Bank's share capital is now owned by the Government of the People's Republic of Bangladesh.

2.2.1 Missions

- The mission is to provide service to our customers with the help of a skilled and dedicated workforce whose innovative talents, creative actions and competitive edge make our position unique in providing all institutions and individuals we care for with quality service.
- We are committed to the people and the community's welfare and economic prosperity, because we draw our inspiration from them and drive for further progress towards prosperity.
- We want to be Bangladesh 's leader among banks and make our indelible mark as an active regional banking partner operating beyond the national boundary.
- We concentrate especially on the growth and profitability of all concerned in an increasingly competitive and dynamic financial and business climate.

2.2.3 Vision

At IFIC, we want to be the preferred financial service provider through innovative, sustainable and inclusive growth and deliver the best in class value to all stakeholders.

2.2.4 Core Values:

There are some core values of IFIC Bank-

- Integrity
- Fairness
- Innovation
- Commitment

2.2.5 Banking areas

There are total 136 branches of International Finance Invest and Commerce Bank Limited situated in 42 districts in Bangladesh. Head Office is located in Purnapattan, Dhaka. There are many other branches are located in different districts in Bangladesh. Here are the lists of districts-Bagerhat, Barisal, Bhola, Bogura, Brahmanbaria, Chapai-Nawabganj, Chittagong, Cumilla, Cox's Bazar, Dhaka, Dinajpur, Gazipur, Habiganj, Jamalpur, Faridpur, Feni, Jessore, Jhenaidah, Joypurhat, Khulna, Kushtia, Lakshmipur, Kishoreganj, Madaripur, Manikganj, Moulvibazar, Munshiganj, Rangamati, Rangpur, Mymensingh, Naogaon, Narayanganj, Rajshahi, Narsingdi, Noakhali, and Pabna.

2.2.6 Management Structure

- For strategic planning and strategy, 8 members of the board of directors are accountable.
- The activities are observed by an Audit and Risk Management Committee within the board.
- Deputy directors are responsible for achieving targets for the CEO and the manager.
- Significant concerns are seen by the committee of management.
- There is a Responsibility Committee as well.

It is the responsibility of the thirteen members of the Board of Directors for strategic planning and The Bank's overall policy guidance. In addition, there is an Executive Committee of the Board to

be appointed to

Dispose of company ideas that are urgent.

In addition, the Board has an Oversight Committee to monitor compliance with major regulatory regulations.

Operational challenges and.

The Chief Executive Officer, Managing Director, Deputy Managing Director and Head of Divisions are

Responsible for the accomplishment of company objectives and management of day-to-day activities.

A senior management department composed of a senior management team is assisted by the CEO and Managing Director.

Deputy Managing Director and Head of Departments overseeing separate activities

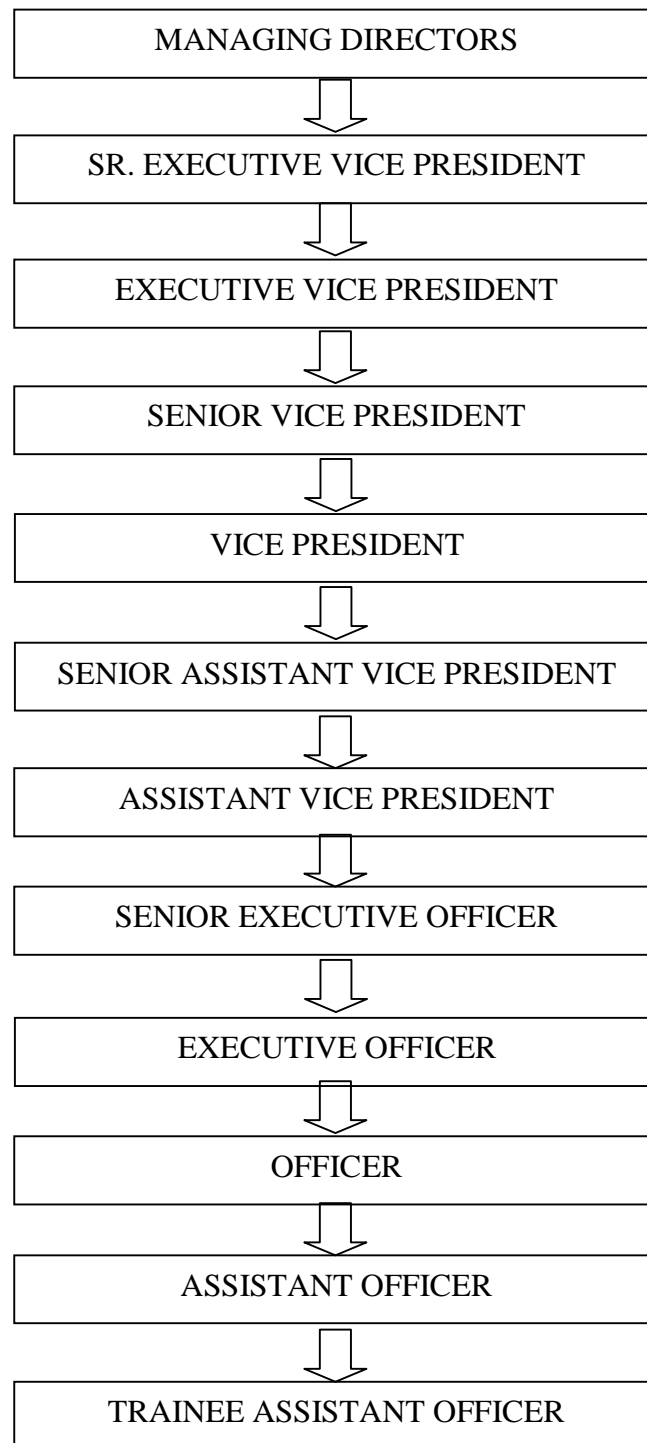
Divisions centrally coordinate and coordinate branch operations.

A Management Committee led by the CEO and Managing Director handles main issues.

Director. Director. It encourages rapid choices.

There is an Asset Responsibility Committee consisting of senior executive members chaired by senior executives.

2.2.7 Organization Hierarchy:



2.2.8 Main Services of IFIC Bank

IFIC Bank mainly served these prime services-

1) Corporate Banking:

- ❖ Working Capital Finance.
- ❖ Industrial and Project Finance.
- ❖ Trade Finance.
- ❖ Lease Finance.
- ❖ Treasure and off shore banking.
- ❖ Syndication and structured finance.
- ❖ Letter of credit and Bank Guarantee services.

2) Retail Banking:

- ❖ Consumer Finance.
- ❖ Deposit Products.
- ❖ Credit Card.
- ❖ Debit Cards.
- ❖ Pre-paid Cards.
- ❖ Student Account.
- ❖ NRB Account.

3) SME Banking:

- ❖ IFIC-KRISHI SILPO.
- ❖ IFIC-SILPO SOHAY.
- ❖ IFIC-prantonari.
- ❖ IFIC-protaysha.
- ❖ Transport Loan.
- ❖ Commercial House Building Loan.
- ❖ Contractor's Loan.
- ❖ Bidder's Loan.
- ❖ Easy Commercial Loan.

- ❖ Working Capital Loan.

4) Treasury and Capital Market:

- ❖ Treasury Division.
- ❖ Capital Market/Brokerage House.
- ❖ Money Market.
- ❖ Forex Market.

5) Agriculture Credit:

- ❖ Krishi sharonjamrin.
- ❖ Shechsoronjamrin.
- ❖ IFIC- suborno gram.

6) Loan Products:

- ❖ IFIC Easy Loan.
- ❖ IFIC Home Loan.
- ❖ IFIC Salary Loan.
- ❖ IFIC Auto Loan.

7) **Account services:** IFIC Bank offers different forms of facilities for accounting. Below, the list of accounts is given—

➤ **Current Account:**

- **Current Account:** This type of account is very familiar and common to us. In this account there is no interest and Client of the account can withdraw whenever they want. Customers who are interested to open current account they need to provide 3 copies of photographs with 1 copy of nominee's photograph, a copy of NID and a copy of utility bill.
- **Aamar Account:** This is a relatively new type of current account, but still very common because clients are charged annually and earn an attractive interest rate on a regular basis.
Primary The Main

The benefits of this program are deposit and loan facility availability against a single account.

Savings Accounts:

- **Saving Account:** with an attractive interest rate, a very common and daily form of account. Customers get facilities for SMS and internet banking. Customers must have 3 copies of images, 1 copy of the nominee's photograph, 1 copy of the NID or Passport and a copy of the utility bill to open this saving account.
- **Smart Saving Account:** With this saving account, a very good interest is granted. A debit card and a cheque book are not necessary. **Super Saving Plus:** Attractive Return on Investment is offered in this account. Minimum opening balance is 5000 tk. There is no maintenance charge. On the other hand, Interest is calculated daily and given monthly.
- **Saving Account in Duronto:** 1000 tk. Initial deposit. There's a cheque book open. An attractive rate of interest is offered. Interest is taken into account on a daily basis and on a monthly basis. **Sanchita Saving Account:** Almost similar features and facilities are given in this account.

➤ Saving scheme:

- **IFIC Aagami:** IFIC Aagami is one of the most exclusive DPS accounts, providing an exclusive return on investment and a competitive loan facility discount. At 5/7/10 years, Tenor is very versatile.
- **PSS:** A very special kind of saving device with a value of fine maturity. The tenor versatility is 3/5 years. On the other hand, up to 95 per cent of the deposited principal amount is granted to the credit facility.

- **School Saving Plan:** This saving plan is for school-going students with flexible payments only. Attractive investment yield. Up to 5000 tk is eligible for scholarship facilities. For both SSC and HSC, for a GPA of 5.00 / A+. The tenor is around 5/7 years old.
- **Millionaire Dream Plan:** If you want to be a millionaire, the Millionaire Dream Plan suits you the best. A client within 4/5/7/10 years could be a millionaire. Each month, you need to deposit a fixed sum and become a millionaire. Fixed Deposit:
 - **FDR:** a certain amount of time such as 1\3\6 months or 1/2/3 years remains set for deposit. Strong investment return rate. Customers could take out a loan of 95 percent against this FDR.
 - **DRDS:** A special type of IFIC bank deposit product that gives a double return on investment after 8 years and 3 months. 25000 tk is the minimum deposit balance.
 - **Monthly income scheme:** A fixed deposit plan that offers a monthly return on investment. Up to 85 per cent of credit facilities are available.

8) Debit card:

- ❖ **Domestic debit card:** The individual savings account or current account is issued with the IFIC domestic debit card. It gives you the right to access funds in your local account in Bangladesh at any time of the day.
- ❖ **International Debit Card:** You can use this debit card outside of Bangladesh. This card is issued to an individual for the use of foreign currency funds overseas.

9) Credit card:

- **Classic Credit Card:** It provides a hassle-free credit facility for you. It charges minimum rates of interest. For both domestic and foreign use, this card is eligible.
- **Gold Credit Card:** It comes with a good credit cap to meet our regular financial

requirements with low interest rates and up to 50 days free of charge



Others Services:

- ❖ NRB.
- ❖ Schedule of Charges.
- ❖ SMS Banking.
- ❖ Internet Banking.
- ❖ Student Pack.
- ❖ AD Branches.
- ❖ ATMs
- ❖ Contract center.

2.2.9 Required document for partnership Account:

- Two copies of each partner's passport-size photograph.
- Trade license for the business of collaborations.
- Copy of a valid passport or NID card.
- Copy of the alliance enterprise's energy bill.

2.2.10 Some Account code:

We know that there are multiple account codes in each account of a bank. Below, IFIC bank codes are shown—

Saving Account	_____	031
Current Account	_____	001
PSS	_____	226
IFIC Amar account	_____	811
FDR	_____	200

2.2.11 Departmental activities of IFIC Bank:

The IFIC bank has many divisions to complete the co-ordination of different activities. In fact, in these divisions, there are three departments and all the activities. They are given below—

2.2.11.1 General Banking Department:

This department is considered the heart of all departments of banking. Customers can directly get service in this department. Account opening, cheque clearing, cash clearance, remittance services, bill and clearing section, account section, cheque book issues, account transfer, account closing, dispatch section, etc. are included in the activities of this department. Front desk officers, clearing and accounting officers provide their customers with these facilities. **Opening an Account:** If a person wants to open an account in IFIC Bank Limited, needs to physically present to the responsible officer and must fill up an account opening form with following particulars information-

- I. Fill in the particular type of form (Savings\Current\Fixed etc.) issued to the customer by the bank.
- II. The form should be completed by the applicant / herself.
- III. The Bank has to include two copies of passport-size photos. All partner photos must be submitted in the case of a relationship account. Documentation procedures must be fulfilled by the applicants.
- IV. Applicants must sign a bank-provided specimen signature form.
- V. To open any account, the initiator is a mediator.
- VI. The signature and account number of the introducer will be checked by an approved officer.
- VII. The application will be approved by an appointed officer.

- VIII. The minimum balance must be paid by the applicant to the bank (only cash is accepted).
- IX. The approved officer will give the registry entry and open the account.
- X. After that, the officer will provide the account holder with a cheque book.
- XI. KYC (Knowledge of your client) should be maintained.

➤ **The account should be properly introduced by any one of the following:**

- I. The existing holder of the bank's current account.
- II. Bank officials who do not fall below the rank of assistant officer.
- III. A respectable person well known to the Manager / Sub-Manager in the location.

2.2.11.2 Credit and Advances Department:

IFIC Bank's department provides different forms of loans. Short term loans, medium term loans and long-term loans are eligible. Such loans are taken for their own purposes by individuals, business firms and corporate houses.

- ✓ **Short Term Loan:** This form of loan is lent for no many as 1 year by creditors. This loan actually allows tenors to finance their needs for working capital and production purposes.
- ✓ **Medium- and Long-Term Loan:** Such loans are provided for different purposes. In the case of retailers, the bank offers loans toward salaries and funding for house construction. There are different conditions for them if the loan is only for corporate houses, such as a loan for setting up a new factory, loan for construction of factories, procurement of equipment, employee wages, etc.

2.2.11.3 Foreign Exchange Department:

This department is responsible for opening up commercial services, such as letters of credit, management of exports and imports, foreign currency exchanges, etc. This department is contributing to the

Foreign partnership and assists the country's importer and exporter rather than local business or individuals. Responsibilities for remittance services and the management of an international account are administered by the Department of Foreign Exchange. Often, the international bond is also sold by the department. Furthermore, if individuals want to send currency through IFIC Bank, they can send money with absolute confidence because IFIC Bank is responsible for handing this money on time to the right person.

2.12 Corporate Banking of IFIC Bank:

IFIC Bank provides its corporate customers with a wide variety of goods and services. They often offer a significant amount of money according to the needs and preferences of their customers. IFIC Bank, on the other hand, supports its clients' financial and consulting services and operational assistance, support and needs. IFIC Bank's primary emphasis is to develop and maintain a long-term shared understanding and a productive relationship with corporate customers. There are some main tasks that have to be performed under IFIC Bank corporate banking—

- ✓ **Working capital finance:** Working capital is one kind of short-term financial facilities to meet the daily requirement of an organization like business concerns, manufacturing or trading, frequently face shortage of cash flow due to up gradation, Balancing total capital liquidity.
- **Industrial funding and enterprise financing:**

For several industrial ventures, IFIC Bank offers funds in the form of a term loan for private construction, procurement of machinery and vehicles, LC for imports of machinery.

➤ **Trade finance:**

There is a long tradition of funding and offering trade finance facilities. IFIC Bank has plenty of experience to assist professionals in trade-related services. These services are — These services are Import

- Export
- Pre-shipment finance
- Post shipment finance
- Firefighting and safety equipment loan
- Green factory Building loan
- Long term financial facility

2.13 Risk Management Process of IFIC Bank:

The method of risk management is a process that allows an organization's management to achieve the desired profitability metrics and to prevent the deployment of illogical resources. The risk management method of IFIC Bank focuses on a consistent view of many risks, ongoing disciplined risk evaluation, measurement and tracking. Danger approval from the board of directors. Policies and methods of management



Under the Risk Management Process, there are five steps which are followed by IFIC Bank. These steps are given below-

- **Risk Identification:**

Risk detection is the very first step in bank risk management. IFIC defines such possible threats, such as credit risk, international risk, risk of anti-money laundering, risk of internal control and enforcement, risk of information and technology, and other risks.

- **Risk Measurement:**

When the risk has been established, the next step is risk measurement, which has an impact on the resources of the bank and its profitability.

- **Risk Aggregation:**

Correlation effects are also important to take into consideration.

- **Planning:**

The IFIC Bank's overall risks are handled and prepared in a very reliable, efficient and coordinated manner. They are all governed according to schedule.

- **Controlling and Monitoring:**

Risks are managed properly according to their controlling and monitoring policies to ensure their capabilities and capacities.

2.14 Business Ethics of IFIC Bank:

There is a conviction that IFIC Bank strictly follows corporate ethics that provides the bank with great stability and sustainability, supports and preserves the efforts of the bank to achieve its objective. The Bank encourages all parties to deal with banks, to conduct business and to perform their duties in compliance with business ethics. There are some corporate ethics protocols—

Honesty and Integrity

- ✓ Compliance of law
- ✓ Maintain of rules and regulations
- ✓ Preservation of the Bank's reputation
- ✓ Concern for stakeholders
- ✓ Code, conduct and Standards
- ✓ Effective and efficient management control

Chapter 3

3. Ratio Analysis of IFIC Bank, AB Bank, National Bank, NCC Bank

Bank Performance Evaluation Process

In this Part, The Performance of IFIC Bank Limited will be Evaluated against the three same generation Commercial Banks which are AB Bank Limited, National Bank Limited & NCC Bank Limited. Here the performance will be evaluated based on some ratios. Which are **Liquidity Ratios, Profitability Ratios, Credit Risk Ratios, Efficiency Ratios, Market Value Ratios, & Solvency Ratios.**

For Evaluating the performance of any Bank two essential dimensions are profitability and risk. Some banks want to expand more rapidly and meet certain targets for long-range growth. Others seem to prefer a comfortable life, minimizing risk and conveying the picture of a sound bank, but with modest rewards for their investors.

If stocks do not increase in value according to the expectations of stockholders, current investors will attempt to unload their shares and the bank will have trouble raising new capital to support its future growth.

Banks often faces many risks while their operation and those Banks which can cope up with these risks can perform better the risks are

- Credit Risk:** The possibility of some of the bank's assets declining in value and perhaps becoming worthless
- Liquidity Risk: The bank** Probability that Banks will not have sufficient cash and borrowing capacity to meet deposit withdrawals and other cash needs.
- Market Risk:** Market value probability of the investment portfolio of the Bank Falling in value due to a rise in interest rates
- Efficiency Risk:** Probability that Bank will lose the efficiency to turn income from their assets.
- Earnings Risk:** The Risk to the Bank's Bottom Line – Its Net Income After All Expenses
- Solvency Risk:** Possibility that Banks assets will be less in value than their Total Liabilities.

So with the Ratio Analysis we will see how much exposed the chosen Banks are and how they are coping with these risks and Evaluate the Performance of IFIC BANK LIMITED with the 3 other Banks.

3.1 Liquidity Ratio

3.1.1 Current Ratio

The Current Ratio is a Liquidity Ratio that can be defined as the relationship between the Current Liabilities and the Current Assets of an organization. It measures the capability of an organization to pay off its debts with its available resources. In other words, it compares the current assets to an organization's current liabilities. If the current ratio of an organization is within the industry standard, which is 1.5 to 3, then the business is considered to be a stable business or in other words it usually implies good financial strength for the short term.(Al Karim & Alam, 2013) If the current liabilities surpass current assets, the business may face difficulties meeting its short-term liabilities and if the current ratio is higher, the company may not make efficient use of its available current assets or its short-term financing facilities. Current Ratio is calculated using the following formula:(Al Karim & Alam, 2013)

$$\text{Current Ratio: } \frac{\text{Short Term Liquid Assets(Current Assets)}}{\text{Short Term Obligations Liabilities(Current Liabilities)}}$$

As Banks don't usually have specified current assets and Liabilities but there are some assets which are short term in nature so those assets were considered as Current Assets and the liabilities which are short term in nature or has to be repaid within 1 year was considered as Current Liabilities.

Year wise comparison of IFIC Bank with other banks

Current Ratio					
Bank Name	2015	2016	2017	2018	2019
IFIC Bank	1.1811956	1.930281	1.863614	1.6948315	1.521633
AB Bank	1.1742576	1.436133	1.273315	1.1859412	1.55936
National Bank'	1.5708912	1.313096	3.42533	1.1541149	1.118974
NCC Bank	1.2258838	1.043773	1.154658	1.2337236	1.024327
Average	1.2880571	1.430821	1.929229	1.3171528	1.306074

- ✓ In 2015, the Current Ratio of IFIC Bank was 1.1811956, AB Bank was 1.1742576, National Bank was 1.5708912 and NCC Bank was 1.2258898. Therefore, we can say that National Bank was efficient in paying off its debts compared to IFIC Bank.
- ✓ In 2016, the Current Ratio of IFIC Bank was 1.930281, AB Bank was 1.436133, National Bank was 1.313096 and NCC Bank was 1.043773. Therefore, we can say that IFIC Bank was successful enough to pay off its debts compared to the other banks.
- ✓ In 2017, the Current Ratio of IFIC Bank was 1.863614, AB Bank was 1.273315, National Bank was 3.42533 and NCC Bank was 1.154658. Therefore, we can say that National Bank was very much efficient in paying off its debts compared to IFIC Bank.
- ✓ In 2018, the Current Ratio of IFIC Bank was 1.69483, AB Bank was 1.185941, National Bank was 1.154115 and NCC Bank was 1.233724. Therefore, we can say that IFIC Bank was successful enough to pay off its debts compared to the other banks.
- ✓ In 2019, the Current Ratio of IFIC Bank was 1.521633, AB Bank was 1.55936, National Bank was 1.118974 and NCC Bank was 1.024327. Therefore, we can say that AB Bank was very much efficient in paying off its debts compared to IFIC Bank.

Eventually it can be seen that over the past five years that the current ratio of IFIC Bank has been stable and within the industry standards which indicates IFIC Bank efficiently utilizes its available current assets to pay off its debts. Compared to the previous financial years IFIC Bank was in better position in 2016 than in 2015, 2017, 2018 and 2019.

3.1.2 Cash Ratio:

The Cash Ratio is a calculation of the liquidity of a firm, precisely the ratio of the total cash and cash equivalents of an organization to its current liabilities. The measure assesses the ability of a business to repay its short-term liabilities with cash or near cash resources, such as securities that are easily marketable. A cash ratio, greater or less than 1 is expressed as an amount. The company

has exactly the same number of current liabilities when measuring the ratio, if the outcome is equal to 1, since it pays off those debts with cash and cash equivalents.(Al Karim & Alam, 2013) If the cash ratio of a business is **higher** than 1, the business has more cash and cash equivalents than current liabilities. This means that the organization has the opportunity to pay all the short term liabilities and still ends up having cash left with them. If the cash ratio is **lesser** than 1, then there are more current liabilities than cash and cash equivalents available. This implies that there is insufficient cash on hand to pay off its short-term debts.(Al Karim & Alam, 2013)

Cash Ratio is calculated using the following formula:

$$\text{Cash Ratio: } \frac{\text{Cash and Cash Equivalents}}{\text{Current Liabilities}}$$

Year wise comparison of IFIC Bank with other banks

Cash Ratio					
Bank Name	2015	2016	2017	2018	2019
IFIC Bank	0.392642	0.281205	0.258132	0.236337	0.219567
AB Bank	0.2559602	0.357098	0.329615	0.3015229	0.338758
National Bank'	1.3961774	1.22114	3.022832	1.0900301	1.066632
NCC Bank	1.0776276	0.912603	1.042412	1.0374157	0.810861
Average	0.7806	0.6930	1.1632	0.6663	0.6090

- ✓ In 2015, the Cash Ratio of IFIC Bank was 0.392642, AB Bank was 0.2559602, National Bank was 1.3961774 and NCC Bank was 1.0776276. Therefore, we can say that National Bank and NCC Bank has more cash and cash equivalents than current liabilities. This means that it had the opportunity to pay all the short term liabilities and still ends up having cash left with them compared to IFIC Bank.
- ✓ In 2016, the Cash Ratio of IFIC Bank was 0.281205, AB Bank was 0.357098, National Bank was 1.22114 and NCC Bank was 0.912603. Therefore, we can say that National Bank has more

cash and cash equivalents than current liabilities. This means that it had the opportunity to pay all the short term liabilities and still ends up having cash left with them compared to IFIC Bank.

- ✓ In 2017, the Cash Ratio of IFIC Bank was 0.258132, AB Bank was 0.329615, National Bank was 3.022832 and NCC Bank was 1.042412. Therefore, we can say that National Bank and NCC Bank has more cash and cash equivalents than current liabilities. This means that it had the opportunity to pay all the short term liabilities and still ends up having cash left with them compared to IFIC Bank.
- ✓ In 2018, the Cash Ratio of IFIC Bank was 0.236337, AB Bank was 0.301523, National Bank was 1.09003 and NCC Bank was 1.037416. Therefore, we can say that National Bank and NCC Bank has more cash and cash equivalents than current liabilities. This means that it had the opportunity to pay all the short term liabilities and still ends up having cash left with them compared to IFIC Bank.
- ✓ In 2019, the Cash Ratio of IFIC Bank was 0.219567, AB Bank was 0.338758, National Bank was 1.066632 and NCC Bank was 0.810861. Therefore, we can say that National Bank has more cash and cash equivalents than current liabilities. This means that it had the opportunity to pay all the short term liabilities and still ends up having cash left with them compared to IFIC Bank.

Eventually it can be seen that over the past five years that the cash ratio of IFIC Bank was below 1 and thus it implies that IFIC Bank had less cash in hand to pay off its short-term liabilities.

3.1.3 Loans to Deposit Ratio

The loan-to-deposit ratio (LDR) is used to measure the liquidity of a bank by comparing the total loans of a bank with the total deposits of that bank for the same duration. As a percentage, the LDR is expressed. If the ratio is **too high**, this means that the bank will not have ample liquidity to meet any unexpected needs for funds. Contrarily, the bank might not be earning as much as it should be if the ratio is **too poor**. The LDR helps to illustrate how well a bank attracts and keeps

clients. If the deposits of a bank rise, new cash and new customers are on board. As a result, it is possible that the bank will have more money to lend, which could raise earnings. The acceptable loan-to-deposit ratio is 80% to 90%. For every dollar earned in deposits it received, a loan-to-deposit ratio of 100 percent means a bank loaned one dollar to customers. It also means that, for planned or unpredictable contingencies, a bank may not have significant reserves available.

Loan-to-deposit Ratio is calculated using the following formula: (Z. Rahman, 2017)

$$\text{Loan-to-deposit Ratio} = \frac{\text{Total Loans}}{\text{Total Deposits}} * 100$$

Year wise comparison of IFIC Bank with other banks

Loans to Deposit Ratio					
Bank Name	2015	2016	2017	2018	2019
IFIC Bank	83.959%	85.616%	89.540%	91.427%	1.599%
AB Bank	98.085%	89.061%	97.327%	102.389%	91.789%
National Bank'	83.822%	86.988%	109.779%	157.092%	98.491%
NCC Bank	93.020%	94.907%	91.653%	90.866%	89.510%
Average	89.72%	89.14%	97.07%	110.44%	70.35%

- ✓ In 2015, the Loan-to-deposit Ratio of IFIC Bank was 83.959%, AB Bank was 98.085, National Bank was 83.822% and NCC Bank was 93.020%. Therefore, we can say that IFIC Bank and the other banks' liquidity position was stable to meet any unexpected needs for funds.
- ✓ In 2016, the Loan-to-deposit Ratio of IFIC Bank was 85.616%, AB Bank was 89.061%, National Bank was 86.988% and NCC Bank was 94.907%. Therefore, we can say that IFIC Bank and the other banks' liquidity position was stable to meet any unexpected needs for funds.
- ✓ In 2017, the Loan-to-deposit Ratio of IFIC Bank was 89.540%, AB Bank was 97.327%, National Bank was 109.779% and NCC Bank was 91.653%. Therefore, we can say that IFIC Bank and the other banks' liquidity position was stable to meet any unexpected needs for funds.

- ✓ In 2018, the Loan-to-deposit Ratio of IFIC Bank was 91.427%, AB Bank was 102.389%, National Bank was 157.092% and NCC Bank was 90.866%. Therefore, we can say that IFIC Bank and the other banks' liquidity position was stable to meet any unexpected needs for funds.
- ✓ In 2019, the Loan-to-deposit Ratio of IFIC Bank was 1.599%, AB Bank was 91.789%, National Bank was 98.491% and NCC Bank was 89.510%. Therefore, we can say that IFIC Bank and the other banks' liquidity position was stable to meet any unexpected needs for funds.

Eventually it can be seen that over the past five years that the Loan-to-deposit Ratio of IFIC Bank IFIC Bank had a stable loan to deposit ratio however in 2019 we can see that IFIC Bank had serious issues regarding the amount of deposits and loans.

3.1.4 Loans to Asset Ratio

Loan to-total-assets is a ratio of leverage that determines the total amount of debt in relation to the company's assets. Using this measure, analysts will equate the leverage of one business to that of other businesses in the same sector. This data may reflect how financially healthy a business is. The higher the ratio, the greater the degree of leverage (DoL) and, thus, the greater the risk of investing in that company. If an organization has a loan-to -assets ratio of 0.4, 40% of its assets are financed by creditors, and 60% are financed by owners (shareholders) equity. The debt to asset ratio is widely used to assess a company's net risk by analysts, investors, and creditors. Firms with a higher ratio are more leveraged and, thus, riskier to invest in and lend to. (Uddin & Bristy, 2014)

- A ratio equal to one (= 1) implies that the business retains the same quantity of liabilities as its assets. This shows that the enterprise is highly leveraged.
- A ratio greater than one (>1) means more liabilities are owned by the company than assets. This means that the company is highly leveraged and highly risky to invest in or lend to.
- A ratio of less than one (<1) means that the business owns more assets than liabilities and, if necessary, can satisfy its obligations by selling its assets. The lower the debt-to-asset ratio, the less volatile the organization is.(Uddin & Bristy, 2014)

Loan-to-Asset Ratio is calculated using the following formula:

$$\text{Loan-to-Asset Ratio} = \frac{\text{Total Loans}}{\text{Total Assets}} * 100$$

Total Asset

Year wise comparison of IFIC Bank with other banks

Loans to Asset Ratio					
Bank Name	2015	2016	2017	2018	2019
IFIC Bank	64.0574%	64.9570%	66.1647%	68.7695%	72.1212%
AB Bank	66.6141%	76.7584%	73.0047%	74.7444%	70.1681%
National Bank'	64.5394%	67.3847%	68.9127%	75.3538%	76.6838%
NCC Bank	69.5327%	70.4052%	69.1752%	69.9070%	67.2839%
Average	66.19%	69.88%	69.31%	72.19%	71.56%

- ✓ In 2015, the Loan-to-deposit Ratio of IFIC Bank was 64.0574%, AB Bank was 66.6141%, National Bank was 64.5394% and NCC Bank was 69.5327%. Therefore, we can say that more liabilities were owned by banks than assets. This means that the banks were highly leveraged and highly risky to invest in or lend to.
- ✓ In 2016, the Loan-to-deposit Ratio of IFIC Bank was 64.9570%, AB Bank was 76.7584%, National Bank was 67.3847% and NCC Bank was 70.4052%. Therefore, we can say that more liabilities were owned by banks than assets. This means that the banks were highly leveraged and highly risky to invest in or lend to.
- ✓ In 2017, the Loan-to-deposit Ratio of IFIC Bank was 66.1647%, AB Bank was 73.0047%, National Bank was 68.9127% and NCC Bank was 69.1752%. Therefore, we can say that more liabilities were owned by banks than assets. This means that the banks were highly leveraged and highly risky to invest in or lend to.
- ✓ In 2018, the Loan-to-deposit Ratio of IFIC Bank was 68.7695%, AB Bank was 74.7444%, National Bank was 75.3538% and NCC Bank was 69.9070%. Therefore, we can say that more

liabilities were owned by banks than assets. This means that the banks were highly leveraged and highly risky to invest in or lend to.

- ✓ In 2019, the Loan-to-deposit Ratio of IFIC Bank was 72.1212%, AB Bank was 70.16819%, National Bank was 76.6838% and NCC Bank was 67.2839%. Therefore, we can say that more liabilities were owned by banks than assets. This means that the banks were highly leveraged and highly risky to invest in or lend to.
- ✓ Eventually it can be seen that over the past five years that the Loan-to-deposit Ratio of IFIC Bank had more liabilities were owned than assets. This means that it was highly leveraged and highly risky to invest in or lend to

3.2 Solvency Ratio

3.2.1 Leverage Ratio:

This ratio calculates the amount of core capital a bank has in relation to its total assets and was implemented to monitor the amount of leverage a bank has and improve risk-based criteria by using a back-stop security measure. The leverage ratio of banks shall signify the bank's financial status in terms of its debt and its capital or assets and shall be measured on the basis of Tier 1 capital divided by combined assets, provided that Tier 1 capital comprises common equity, deposits, retained earnings and other securities after goodwill has been subtracted. In plain terms, it is a measure used to determine the company's amount of debt and its ability to repay its financial obligations. Globally it is required that the Banks must have at least 3% of Leverage Ratio.

Formula: Leverage Ratio: (Tier Capital 1/ Total Assets)

Leverage Ratio					
Bank Name	2015	2016	2017	2018	2019
IFIC Bank	6.360%	6.372%	8.001%	7.713%	7.659%
AB Bank	7.2394%	8.1100%	7.2390%	7.0228%	6.2479%
National Bank'	11.918%	11.846%	1.065%	11.004%	10.578%
NCC Bank	10.690%	9.578%	8.439%	7.349%	7.539%
Average	9.052%	8.977%	6.186%	8.272%	8.006%

- ✓ In 2015, the **Leverage Ratio** of IFIC Bank was 6.360% AB Bank was 7.2394% National Bank was 11.918% and NCC Bank was 10.690% Therefore, we can see that AB, NCC and National Bank have Higher **Leverage Ratio** than IFIC Bank but IFIC Bank has stable **Leverage Ratio** position because according to BB guidelines they need to have at least 6% Leverage Ratio which indicates IFIC Bank Retain has sufficient Core Capitals to cover their certain risks and also they are not expose to insolvency risk as they have more than 6% Core Capital in comparison with their Total Asset.
- ✓ In 2016, the **Leverage Ratio** of IFIC Bank was 6.372% AB Bank was 8.1100% National Bank was 11.846% and NCC Bank was 9.578% Therefore, we can see that AB, NCC and National Bank have Higher **Leverage Ratio** than IFIC Bank but IFIC Bank has stable **Leverage Ratio** position because according to BB guidelines they need to have at least 6% Leverage Ratio which indicates IFIC Bank Retain has sufficient Core Capitals to cover their certain risks and also they are not expose to insolvency risk as they have more than 6% Core Capital in comparison with their Total Asset.
- ✓ In 2017, the **Leverage Ratio** of IFIC Bank was 8.001% AB Bank was 7.2390% National Bank was 1.065% and NCC Bank was 8.439% Therefore, we can see that AB and NCC Bank have Higher **Leverage Ratio** than IFIC Bank but IFIC Bank has stable **Leverage Ratio** position because according to BB guidelines they need to have at least 6% Leverage Ratio which indicates IFIC Bank Retain has sufficient Core Capitals to cover their certain risks and also they are not expose to insolvency risk as they have more than 6% Core Capital in comparison with their Total Asset.

- ✓ In 2018, the **Leverage Ratio** IFIC Bank was 7.713% AB Bank was 7.0228% National Bank was 11.004% and NCC Bank was 7.349 Therefore, we can see that National Bank have Higher **Leverage Ratio** than IFIC Bank but IFIC Bank has stable **Leverage Ratio** position because according to BB guidelines they need to have at least 6% Leverage Ratio which indicates IFIC Bank Retain has sufficient Core Capitals to cover their certain risks and also they are not expose to insolvency risk as they have more than 6% Core Capital in comparison with their Total Asset.

- ✓ In 2019, the **Leverage Ratio of** IFIC Bank was 7.659% AB Bank was 6.2479% National Bank was 10.578% and NCC Bank was 7.539% Therefore, we can see that AB and National Bank have Higher **Leverage Ratio** than IFIC Bank but IFIC Bank has stable **Leverage Ratio** position because according to BB guidelines they need to have at least 6% Leverage Ratio which indicates IFIC Bank Retain has sufficient Core Capitals to cover their certain risks and also they are not expose to insolvency risk as they have more than 6% Core Capital in comparison with their Total Asset.

Eventually it can be seen that over the past five years the **Leverage Ratio of** IFIC Bank has been stable and was consistently up to the mark as the Bangladesh Bank Requirement is to have minimum of 6% Leverage Ratio as per the Basel Norms 3 and in all these 5 years IFIC Bank Ltd has more than this requirement. But the overall Performance of IFIC Bank Limited was lower than AB, NCC and National Bank but in 2017,2018, and 2019 IFIC Bank Has Improved their Performance.

3.2.1 Total Debt Ratio

The debt ratio is a financial ratio which measures the extent of the leverage of a business. The debt ratio is known as the ratio, expressed as a decimal or percentage, between total debt and total assets. It can be interpreted as the proportion of the assets of a company that are debt-financed. A

ratio **greater than 1** means that the assets fund a large portion of the debt. The company has more liabilities than assets, in other words. A high ratio also means that if interest rates were to escalate unexpectedly, a business could be placing itself at risk of default on its loans. A ratio **below 1** relates to the fact that a larger portion of the assets of a company are financed by equity. Commonly, the debt ratio applies to the debt-to-assets ratio.(Uddin & Bristy, 2014)

Total Debt Ratio is calculated using the following formula:

$$\text{Total Debt Ratio} = \frac{\text{Total Debts}}{\text{Total Asset}}$$

Year wise comparison of IFIC Bank with other banks

Total Debt Ratio					
Bank Name	2015	2016	2017	2018	2019
IFIC Bank	0.934649	0.934837	0.918898	0.921871	0.922395
AB Bank	0.832872	1.023547	0.92761	0.929772	0.937521
National Bank'	0.880818	0.881542	0.884905	0.889965	0.894219
NCC Bank	0.893047	0.904218	0.915605	0.926509	0.924607

- ✓ In 2015, the Total Debt Ratio of IFIC Bank was 0.934649 AB Bank was 0.832872, National Bank was 0.880818 and NCC Bank was 0.893047. Therefore, we can say that none of banks had a larger portion of the assets that are financed by equity.
- ✓ In 2016, the Total Debt Ratio of IFIC Bank was 0.934837, AB Bank was 1.023547, National Bank was 0.881542 and NCC Bank was 0.904218. Therefore, we can say that AB Bank's assets fund a large portion of the debt. The company has more liabilities than assets than IFIC Bank.

- ✓ In 2017, the Total Debt Ratio of IFIC Bank was 0.918898, AB Bank was 0.92761, National Bank was 0.884905 and NCC Bank was 0.915605. Therefore, we can say that none of banks had a larger portion of the assets that are financed by equity.
- ✓ In 2018, the Total Debt Ratio of IFIC Bank was 0.921871, AB Bank was 0.929772, National Bank was 0.889965 and NCC Bank was 0.926509. Therefore, we can say that none of banks had a larger portion of the assets that are financed by equity.
- ✓ In 2019, the Total Debt Ratio of IFIC Bank was 0.922395, AB Bank was 0.937521, National Bank was 0.894219 and NCC Bank was 0.924607. Therefore, we can say that none of banks had a larger portion of the assets that are financed by equity.

Eventually it can be seen that over the past five years that the Total Debt Ratio of IFIC Bank was below 1 which implies that the assets of IFIC Bank which are funded by debt rather than equity. Though there are slight fluctuations, IFIC Bank has been able to maintain an average debt ratio of 0.934649 to 0.922395 from 2015 to 2019. Most of their total assets and their liabilities are growing in the same range. From a risk perspective, this is nice, since greater leverage means higher earnings. Higher leverage also means higher risk is exposed to the bank. Financial leverage is useful for a bank during good times when profits are high.

3.2.2 Debt-equity Ratio

The ratio is used to measure the financial leverage of an organization. A significant metric that is used in corporate finance is the D/E ratio. It is a measure of the degree to which a business finances its activities through debt versus wholly-owned funds. More precisely, it represents the willingness of shareholder equity in the event of a market downturn to cover all outstanding debts. The debt-to-equity ratio is a specific form of gearing ratio. The debt-to-equity ratio calculates the debt of a company relative to the value of its net assets, and is most commonly used to assess the degree to which a company takes on debt as a way of maximizing its assets. High risk is often associated with a high debt/equity ratio; this means a business has been aggressive in financing its debt

growth. The debt-to-equity ratio below 1 show that a corporation has lower leverage and lower rate bankruptcy risk.(Uddin & Bristy, 2014)

Debt-Equity Ratio is calculated using the following formula:

$$\text{Debt-Equity Ratio} = \frac{\text{Total Debt}}{\text{Total Equity}}$$

Year wise comparison of IFIC Bank with other banks

Debt-equity Ratio					
Bank Name	2015	2016	2017	2018	2019
IFIC Bank	14.3021	14.34624	11.33008	11.79934	11.88574
AB Bank	5.752357	6.310367	6.407066	6.619627	7.502648
National Bank'	7.390533	7.441782	7.688474	8.088	8.453464
NCC Bank	8.349942	9.440345	10.84898	12.60714	12.26388
Average	8.95	9.38	9.07	9.78	10.03

- ✓ In 2015, the Debt-Equity Ratio of IFIC Bank was 14.3021 AB Bank was 5.752357, National Bank was 7.390533 and NCC Bank was 8.349942. Therefore, we can say that IFIC bank had more liabilities compared to the other banks.
- ✓ In 2016, the Debt-Equity Ratio of IFIC Bank was 14.34624, AB Bank was 6.310367, National Bank was 7.441782 and NCC Bank was 9.440345. Therefore, we can say that IFIC bank had more liabilities compared to the other banks.
- ✓ In 2017, the Debt-Equity Ratio of IFIC Bank was 11.33008, AB Bank was 6.407066, National Bank was 7.688474 and NCC Bank was 10.84898. Therefore, we can say that IFIC bank had more liabilities compared to the other banks.

- ✓ In 2018, the Debt-Equity Ratio of IFIC Bank was 11.79934, AB Bank was 6.619627, National Bank was 8.088 and NCC Bank was 12.60714. Therefore, we can say that NCC bank had more liabilities compared to the IFIC Bank.
- ✓ In 2019, the Debt-Equity Ratio of IFIC Bank was 11.88574, AB Bank was 7.502648, National Bank was 8.453464 and NCC Bank was 12.26388. Therefore, we can say that Therefore, we can say that NCC bank had more liabilities compared to IFIC Bank.

3.2.4 Long-Term Debt Ratio

The long-term debt-to-total-assets ratio is a calculation reflecting the proportion of long-term debt-financed assets of a company that contains loans or other debt commitments that last more than one year. This ratio provides a general indicator of a company's long-term financial condition, including its ability to satisfy its unpaid loan financial obligations. A solvency ratio is used to measure the level of a company's leverage is the long-term debt-to-total-assets ratio. The ratio outcome indicates the percentage of the assets of a corporation that it will have to liquidate to repay its long-term debt. If a company has a high long-term debt-to-assets ratio, it indicates that the company has a reasonably high degree of risk and will not be able to repay its debts eventually.(Ferdaus, 2014)

Long Term Debt Ratio is calculated using the following formula:

$$\text{Long-Term Debt Ratio} = \frac{\text{Long-Term Debt}}{\text{Total Assets}}$$

Year wise comparison of IFIC Bank with other banks

Long-term Debt Ratio					
Bank Name	2015	2016	2017	2018	2019
IFIC Bank	0.691391	0.680971	0.682116	0.682601	0.662955
AB Bank	0.627856	0.74526	0.667212	0.644652	0.664759
National Bank'	0.484783	0.433099	0.107249	0.460217	0.406969
NCC Bank	0.698197	0.685929	0.717398	0.755694	0.75261
Average	0.63	0.64	0.54	0.64	0.62

- ✓ In 2015, the Long Term Debt Ratio of IFIC Bank was 0.691391 AB Bank was 0.627856, National Bank was 0.484783 and NCC Bank was 0.698197. Therefore, we can say that about 69% of IFIC Bank's overall assets are in the form of long-term debt.
- ✓ In 2016, the Long Term Debt Ratio of IFIC Bank was 0.680971, AB Bank was 0.74526, National Bank was 0.433099 and NCC Bank was 0.685929. Therefore, we can say that about 68% of IFIC Bank's overall assets are in the form of long-term debt.
- ✓ In 2017, the Long Term Debt Ratio of IFIC Bank was 0.682116, AB Bank was 0.667212, National Bank was 0.107249 and NCC Bank was 0.717398. Therefore, we can say that about 68% of IFIC Bank's overall assets are in the form of long-term debt.
- ✓ In 2018, the Long Term Debt Ratio of IFIC Bank was 0.682601, AB Bank was 0.644652, National Bank was 0.460217 and NCC Bank was 0.755694. Therefore, we can say that about 68% of IFIC Bank's overall assets are in the form of long-term debt.
- ✓ In 2019, the Long Term Debt Ratio of IFIC Bank was 0.662955, AB Bank was 0.664759, National Bank was 0.406969 and NCC Bank was 0.75261. Therefore, we can say that about 66% of IFIC Bank's overall assets are in the form of long-term debt.

Eventually it can be seen that over the past five years that the Long Term Debt Ratio of IFIC Bank was around 69% to 66% which implies that their degree of risk has decreased and ability to repay its debts has been in a better position.

3.3 Efficiency Ratios

3.3.1 Casa (Current & Savings Account) Ratio:

CASA stands for savings account and current account. The primary source of funds for banks is different types of deposits in the current account, savings account and term deposits. The CASA ratio indicates how much deposit a bank has on the overall deposit in the form of current and saving account deposits.

A higher CASA ratio means that a higher proportion of the bank's deposits come from current and savings deposits, which are usually a cheaper source of funds. Many banks pay interest on current account deposits and a mere 3.5 percent interest rate is attracted by money lying in savings accounts. Increasing the CASA ratio thus increases the net interest margin, which means improving the bank's operating performance. (A. Rahman, 2012)

Formula: $\text{CASA Ratio} = (\text{CASA Deposits} \div \text{Total Deposits})$

Year Wise Comparison:

Casa Ratio					
Bank Name	2015	2016	2017	2018	2019
IFIC Bank	0.28833	0.30332	0.29160	0.29280	0.31337
AB Bank	0.19942	0.20486	0.21908	0.21876	0.19357
National Bank'	0.32672	0.37015	0.35649	0.33943	0.35815
NCC Bank	0.37106	0.39401	0.33780	0.31874	0.32637
Average	0.2964	0.3181	0.3012	0.2924	0.2979

- ✓ In 2015, the **CASA Ratio** of IFIC Bank was 0.28833, AB Bank was 0.19942, National Bank was 0.32672 and NCC Bank was 0.37106. Therefore, we can say that National Bank and NCC was efficient compared to IFIC Bank.
- ✓ In 2016, the **CASA Ratio** of IFIC Bank was 0.30332, AB Bank was 0.20486, National Bank was 0.37015 and NCC Bank was 0.39401. Therefore, we can say that National Bank and NCC was efficient compared to IFIC Bank.
- ✓ In 2017, the **CASA Ratio** of IFIC Bank was 0.29160, AB Bank was 0.21908 National Bank was 0.21908 and NCC Bank was 0.33780. Therefore, we can say that National Bank and NCC was efficient compared to IFIC Bank.
- ✓ In 2018, the **CASA Ratio** of IFIC Bank was 0.29280, AB Bank was 0.21876, National Bank was 0.33943 and NCC Bank was 0.31874. Therefore, we can say that National Bank and NCC was efficient compared to IFIC Bank.
- ✓ In 2019, the **CASA Ratio** of IFIC Bank was 0.31337, AB Bank was 0.19357, National Bank was 0.35815 and NCC Bank was 0.32637. Therefore, we can say that National Bank and NCC was efficient compared to IFIC Bank.

Eventually it can be seen that over the past five years that the **CASA Ratio** of IFIC Bank has been stable and within the industry standards which indicates IFIC Bank efficiently had stable CASA Ratio but National and NCC Bank has better position in it.

3.3.2 Total Asset Turnover:

The ratio of total asset turnover calculates the value of the sales or earnings of a company compared to the value of its properties. The asset turnover ratio can be used as a measure of the efficiency with which a business produces revenue using its assets.

The more effective a corporation is at producing income from its assets, the higher the asset

turnover ratio. Conversely, if a business has a low asset turnover ratio, it means that it does not use its assets effectively to produce revenue. (A. Rahman, 2012)

The total asset turnover index is an efficiency index that calculates the capacity of a business to produce revenue by comparing its net sales with the total average assets from its activities. In other words, this study illustrates how efficiently a corporation can use its resources to produce revenue. The company's total asset turnover ratio measures net sales as a percentage of assets to represent the amount of sales generated by the company's assets for each dollar.

Formula: Total Asset Turnover Ratio = (Interest Income ÷ Total Asset)
Interest Income is the amount the Bank

Year Wise Comparison:

Total Asset Turnover					
Bank Name	2015	2016	2017	2018	2019
IFIC Bank	0.07095	0.06335	0.05893	0.05272	0.07707
AB Bank	0.06008	0.07302	0.05585	0.06036	0.07308
National Bank'	0.06927	0.06200	0.06428	0.06913	0.07486
NCC Bank	0.00762	0.00737	0.06284	0.07360	0.07947
Average	0.0520	0.0514	0.0605	0.0640	0.0761

- ✓ In 2015, the **Total Asset Turnover Ratio** of IFIC Bank was 0.07095, AB Bank was 0.06008, National Bank was 0.06927 and NCC Bank was 0.00762. Therefore, we can say that IFIC Bank use its Assets more effectively and efficiently compared to the other banks.
- ✓ In 2016, the **Total Asset Turnover Ratio** of IFIC Bank was 0.06335 AB Bank was 0.07302, National Bank was 0.06200 and NCC Bank was 0.00737. Therefore, we can say that IFIC Bank use its Assets more effectively and efficiently compared to the other banks but in 2017 AB Bank has better position than IFIC.
- ✓ In 2017, the **Total Asset Turnover Ratio** of IFIC Bank was 0.05893, AB Bank was 0.05585 National Bank was 0.06428 and NCC Bank was 0.06284. Therefore, we can say that National Bank and NCC was efficient in using their Assets compared to IFIC Bank.

- ✓ In 2018, the **Total Asset Turnover Ratio** of IFIC Bank was 0.05272, AB Bank was 0.06036, National Bank was 0.06913 and NCC Bank was 0.07360. Therefore, we can say that AB Bank, National Bank and NCC was efficient in using their Assets compared to IFIC Bank

- ✓ In 2019, the **Total Asset Turnover Ratio** of IFIC Bank was 0.07707, AB Bank was 0.07308, National Bank was 0.07486 and NCC Bank was 0.07947. Therefore, we can say that only NCC was in using their Assets compared to IFIC Bank.

Eventually it can be seen that over the past five years that the **Total Asset Turnover Ratio** of IFIC Bank has been stable and within the industry standards which indicates IFIC Bank efficiently had stable **Total Asset Turnover Ratio** but in some years AB, National and NCC Bank has better position in it.

3.3.3 Total Operating Expense to Income Ratio:

It is Calculated by dividing total operating expenses by Interest Income, this ratio represents the proportion of the Income of a farm that is used to cover operating expenses, the operating expense ratio is "a measure of how the farm income is used." (A. Rahman, 2012)

Operating expenses are the expenses of conducting the regular operations of a business to manufacture its products or services. Generally speaking, the lower the operating costs of the organization are, the more profitable the business can be. In Banking sector, the ratio of operating expenses shows how Interest Incomes are earned efficiently with lower operating expense.

As an indicator of the amount of money used to fund operating costs, it can be used to define possible areas of expense problems and cost saving opportunities.

Formula: Total Operating Expense to Income Ratio = (Total Operating Expense ÷ Interest Income)

Total Operating Expense to Income Ratio					
Bank Name	2015	2016	2017	2018	2019
IFIC Bank	0.34706	0.41036	0.35834	0.34213	0.24561
AB Bank	0.31715	0.27044	0.33420	0.28626	0.24085
National Bank'	0.24694	0.29375	0.25635	0.23085	0.19802
NCC Bank	2.76725	2.41996	0.29732	0.23720	0.23644
Average	0.9196	0.8486	0.3116	0.2741	0.2302

- ✓ In 2015, the **Total Operating Expense to Income Ratio** of IFIC Bank was 0.34706, AB Bank was 0.31715, National Bank was 0.24694 and NCC Bank was 2.76725. Therefore, we can say that IFIC Bank has a better position in this ratio and they are generating more income with less expenses than other Banks.
- ✓ In 2016, the **Total Operating Expense to Income Ratio** of IFIC Bank was 0.41036 AB Bank was 0.27044, National Bank was 0.29375 and NCC Bank was 2.41996. Therefore, we can say that IFIC Bank has a better position in this ratio and they are generating more income with less expenses than other Banks but NCC Bank has most efficient position in 2016.
- ✓ In 2017, the **Total Operating Expense to Income Ratio** of IFIC Bank was 0.35834, AB Bank was 0.33420 National Bank was 0.25635 and NCC Bank was 0.29732. Therefore, we can say that IFIC Bank has a better position in this ratio and they are generating more income with less expenses than other Banks.
- ✓ In 2018, the **Total Operating Expense to Income Ratio** of IFIC Bank was 0.34213, AB Bank was 0.28626, National Bank was 0.23085 and NCC Bank was 0.23720. Therefore, we can say that IFIC Bank has a better position in this ratio and they are generating more income with less expenses than other Banks.
- ✓ In 2019, the **Total Operating Expense to Income Ratio** of IFIC Bank was 0.24561, AB Bank was 0.24085, National Bank was 0.19802 and NCC Bank was 0.23644 Therefore, we can say

that IFIC Bank has a better position in this ratio and they are generating more income with less expenses than other Banks.

Eventually it can be seen that over the past five years the **Total Operating Expense to Income Ratio** of IFIC Bank has been stable and within the industry standards which indicates IFIC Bank had stable **Total Operating Expense to Income Ratio** but in 2015 and 2016 NCC Bank has better position in it.

3.3.4 Tax Management Efficiency Ratio:

A fund's tax management efficiency ratio calculates what proportion of the income of a fund are lost to taxes. Since putting money into your wallet is the aim of a corporation, tax efficiency is a useful way to calculate the desirability of a fund. Funds that lose a lot of tax revenue are less effective and less attractive, while those that lose a little tax have a higher efficiency and desirability ratio for tax management.

For businesses, it is possible to achieve tax efficiency by other ways. Tax effectiveness can be influenced by the nature of the legal entity that is the company: LLCs do not face double taxation as companies do. Furthermore, transferring funds within the corporation from account to account will also leave less to be taxed. One choice is to reinvest money into research and development instead of taking business profits: the company has less capital gains than if it held revenue. (Faruk & Alam, 2014)

Formula: Tax Management Efficiency Ratio = (Net Income before tax ÷ Net Income after tax)

Tax Management Ratio					
Bank Name	2015	2016	2017	2018	2019
IFIC Bank	0.54923	0.58269	0.87005	0.54915	0.58499
AB Bank	0.78972	0.68739	-8.72399	1.80472	1.51070
National Bank'	0.60758	0.66102	0.60493	0.57114	0.57247
NCC Bank	0.72776	0.60213	0.57207	0.52503	0.59737
Average	0.6686	0.6333	-1.6692	0.8625	0.8164

- ✓ In 2015, the **Tax Management Efficiency Ratio** of IFIC Bank was 0.54923, AB Bank was 0.78972, National Bank was 0.60758 and NCC Bank was 0.72776. Therefore, we can say that other Banks have better position compared to IFIC and Other Banks AB, National, NCC are better in managing their Tax and therefore have higher efficiency.
- ✓ In 2016, the **Tax Management Efficiency Ratio** of IFIC Bank was 0.58269 AB Bank was 0.68739, National Bank was 0.66102 and NCC Bank was 0.60213. 72776. Therefore, we can say that other Banks have better position compared to IFIC and Other Banks AB, National, NCC are better in managing their Tax and therefore have higher efficiency.
- ✓ In 2017, the **Tax Management Efficiency Ratio** of IFIC Bank was 0.87005, AB Bank was - 8.72399 National Bank was 0.60493 and NCC Bank was 0.57207. Therefore, we can say that other Banks have better position compared to IFIC but IFIC has better position than AB Bank and Other Banks National & NCC are better in managing their Tax and therefore have higher efficiency.
- ✓ In 2018, the **Tax Management Efficiency Ratio** of IFIC Bank was 0.54915, AB Bank was 1.80472, National Bank was 0.57114 and NCC Bank was 0.52503. Therefore, we can say that other Banks have better position compared to IFIC but IFIC has better position than NCC Bank and Other Banks AB & NCC are better in managing their Tax and therefore have higher efficiency.
- ✓ In 2019, the **Tax Management Efficiency Ratio** of IFIC Bank was 0.58499, AB Bank was 1.51070, National Bank was 0.57247 and NCC Bank was 0.59737. Therefore, we can say that IFIC Bank has a better position in this ratio and they are generating more income with less expenses than other Banks.

Eventually it can be seen that over the past five years the **Tax Management Efficiency Ratio** of IFIC Bank has been stable and within the industry standards which indicates IFIC Bank had stable **Total Operating Expense to Income Ratio** but in 2015 and 2016 NCC Bank has better position than IFIC and 2016 and 2017 AB Bank has better position than IFIC Bank.

3.3.5 Expense Control Efficiency Ratio:

After the operating cost is removed, it means the portion of Income. It is an indicator of the performance and cost of operations. It also shows how much control the institution has over their expenses and how efficiently they handle their expenses and whether they are generating sufficient income to control the expenses. (Faruk & Alam, 2014)

Formula: Expense Control Efficiency Ratio = Net Operating Income before Tax (Total Operating Revenues – Total Operating Expense)/ Total Operating Revenues

Expense Control Efficiency					
Bank Name	2015	2016	2017	2018	2019
IFIC Bank	0.00326	0.00282	0.00200	0.00379	0.00378
AB Bank	0.18171	0.26072	-0.01526	0.06429	0.10161
National Bank'	0.48508	0.51615	0.48380	0.45676	0.46463
NCC Bank	0.31690	0.46468	0.35487	0.33252	0.34475
Average	0.2467	0.3111	0.2064	0.2143	0.2287

- ✓ In 2015, the **Expense Control Efficiency Ratio** of IFIC Bank was 0.00326, AB Bank was 0.18171, National Bank was 0.48508 and NCC Bank was 0.31690 Therefore, we can say that other Banks have better position compared to IFIC and Other Banks AB, National, NCC are better in managing their expenses and therefore have higher efficiency.
- ✓ In 2016, the **Expense Control Efficiency Ratio** of IFIC Bank was 0.00282 AB Bank was 0.26072, National Bank was 0.51615 and NCC Bank was 0.46468. Therefore, we can say that other Banks have better position compared to IFIC and Other Banks AB, National, NCC are better in managing their expenses and therefore have higher efficiency.
- ✓ In 2017, the **Expense Control Efficiency Ratio** of IFIC Bank was 0.00200, AB Bank was - - 0.01526 National Bank was 0.48380 and NCC Bank was 0.35487. Therefore, we can say that other Banks have better position compared to IFIC and Other Banks AB, National, NCC are better in managing their expenses and therefore have higher efficiency.

- ✓ In 2018, the **Expense Control Efficiency Ratio** of IFIC Bank was 0.00379, AB Bank was 0.06429, National Bank was 0.45676 and NCC Bank was 0.33252 Therefore, we can say that other Banks have better position compared to IFIC and Other Banks AB, National, NCC are better in managing their expenses and therefore have higher efficiency.

- ✓ In 2019, the **Expense Control Efficiency Ratio** of IFIC Bank was 0.00378, AB Bank was 0.10161, National Bank was 0.46463 and NCC Bank was 0.34475 Therefore, we can say that other Banks have better position compared to IFIC and Other Banks AB, National, NCC are better in managing their expenses and therefore have higher efficiency.

Eventually it can be seen that over the past five years the **Expense Control Efficiency Ratio** of IFIC Bank has not been stable and was consistently poor and was not within the industry standards which indicates IFIC Bank had unstable **Expense Control Efficiency Ratio** where other Banks such AB, National and NCC has better position in this ratio.

3.4 Profitability Ratios

3.4.1 Net Interest Margin:

This ratio measures the amount of core capital a bank has in relation to its total assets and, by using a back-stop security mechanism, was introduced to track the amount of leverage a bank has and strengthen risk-based requirements. Compared to the amount it pays in interest on deposits, the net interest margin (NIM) shows the amount of money that a bank receives in interest on loans. One measure of the profitability and growth of a bank is NIM. In brief, one measure of a bank's profitability and growth is the net interest margin. It indicates how much the bank gains on its loans in interest relative to how much it pays out on deposits in interest.

Formula: Net Interest Margin = (Net Interest Income/ Average Earning Assets)

Here the Earning Assets Are Loans and Advances and Investments.

Net Interest Margin					
Bank Name	2015	2016	2017	2018	2019
IFIC Bank	2.468%	2.695%	2.652%	1.914%	2.334%
AB Bank	1.171%	1.612%	0.970%	0.671%	2.474%
National Bank'	1.19%	1.51%	2.09%	1.91%	2.47%
NCC Bank	2.446%	2.661%	2.620%	2.744%	2.951%
Average	1.820%	2.119%	2.081%	1.809%	2.557%

- ✓ In 2015, the **Net Interest Margin** of IFIC Bank was 2.468% AB Bank was 1.171% National Bank was 1.19% and NCC Bank was 2.446% Therefore, we can say that IFIC Bank has better **Net Interest Margin** than other banks Which Indicates that IFIC is doing well and managing their profitability properly and their Performance is better because globally the usual NIM rate is 3%.
- ✓ In 2016, the **Net Interest Margin** of IFIC Bank was 2.695% AB Bank was 1.612% National Bank was 1.51% and NCC Bank was 2.661% Therefore, we can say that IFIC Bank has better **Net Interest Margin** than other banks Which Indicates that IFIC is doing well and managing their profitability properly and their Performance is better because globally the usual NIM rate is 3%.
- ✓ In 2017, the **Net Interest Margin** of IFIC Bank was 2.652% AB Bank was 0.970% National Bank was 2.09% and NCC Bank was 2.620% Therefore, we can say that IFIC Bank has better **Net Interest**

Margin than other banks Which Indicates that IFIC is doing well and managing their profitability properly and their Performance is better because globally the usual NIM rate is 3%.

✓ In 2018, the **Net Interest Margin** of IFIC Bank was 1.914% AB Bank was 0.671% National Bank was 1.91% and NCC Bank was 2.744% Therefore, we can say that IFIC Bank has better **Net Interest Margin than** other banks Which Indicates that IFIC is doing well and managing their profitability properly and their Performance is better because globally the usual NIM rate is 3%.

✓ In 2019, the **Net Interest Margin** of IFIC Bank was 2.334% AB Bank was 2.474% National Bank was 2.47% and NCC Bank was 2.951% Therefore, we can say that IFIC Bank has better **Net Interest Margin than** other banks Which Indicates that IFIC is doing well and managing their profitability properly and their Performance is better because globally the usual NIM rate is 3%...

Eventually it can be seen that over the past five years the **Net Interest Margin** of IFIC Bank has been stable and was consistently up to the mark and increased throughout these 5 years which indicates IFIC Bank has stable profitability, IFIC generated more profit has been generated for each Taka income. Their Interest Income from the Loans was higher than they paid as deposit and have higher percentage against the Average Earning Assets.

3.4.2 Net Bank Operating Margin:

Net Bank Operating Margin = (Total Operating Income - Total Operating Expense) / Total Assets If any bank's net bank operating margin shows greater value than previous years or than other banks, then against its total assets, that bank will generate more operating profit. Thus, the higher net non-interest profit value is satisfactory.

Formula: Net Bank Operating Margin = (Total Operating Income - Total Operating Expense) / Total Assets

Net Bank Operating Margin					
Bank Name	2015	2016	2017	2018	2019
IFIC Bank	63.519%	68.433%	65.412%	47.461%	45.524%
AB Bank	58.2533%	50.8472%	58.9006%	44.4221%	48.2267%
National Bank'	67.04%	86.13%	71.17%	55.83%	45.11%
NCC Bank	62.5368%	67.1534%	68.4497%	58.8496%	56.5469%
Average	62.838%	68.140%	65.982%	51.642%	48.853%

- ✓ In 2015, the **Net Bank Operating Margin** of IFIC Bank was 63.519% AB Bank was 58.2533% National Bank was 67.04% and NCC Bank was 62.5368% Therefore, we can say that IFIC Bank has better **Net Bank Operating Margin** than other banks Which Indicates that IFIC is doing well and managing their profitability properly and their Performance is better.
- ✓ In 2016, the **Net Bank Operating Margin** of IFIC Bank was 68.433% AB Bank was 50.8472% National Bank was 86.13% and NCC Bank was 67.1534% Therefore, we can say that IFIC Bank has better **Net Bank Operating Margin** other banks but National Bank has the Highest **Net Bank Operating Margin** Which Indicates that IFIC is doing well and managing their profitability properly and their Performance is good.
- ✓ In 2017, the **Net Bank Operating Margin** of IFIC Bank was 65.412% AB Bank was 58.9006% National Bank was 71.17% and NCC Bank was 68.4497% Therefore, we can say that IFIC Bank has better **Net Bank Operating Margin** other banks but National Bank and NCC Bank has the Highest **Net Bank Operating Margin** Which Indicates that IFIC is doing well and managing their profitability properly and their Performance is good.
- ✓ In 2018, the **Net Bank Operating Margin** of IFIC Bank was 47.461% AB Bank was 44.4221% National Bank was 55.83% and NCC Bank was 58.8496% Therefore, we can say that IFIC Bank has better **Net Bank Operating Margin** other banks but National Bank and NCC Bank has the Highest **Net Bank Operating Margin** Which Indicates that IFIC is doing well and managing their profitability properly and their Performance is good.
- ✓ In 2019, the **Net Bank Operating Margin** of IFIC Bank was 45.524% AB Bank was 48.2267% National Bank was 45.11% and NCC Bank was 56.5469% Therefore, we can say that IFIC Bank has better **Net Bank Operating Margin** other banks but National Bank and NCC Bank has the Highest

Net Bank Operating Margin Which Indicates that IFIC is doing well and managing their profitability properly and their Performance is good.

Eventually it can be seen that over the past five years the **Net Bank Operating Margin** of IFIC Bank has been stable and was consistently up to the mark and increased throughout the first 3 years but in 2018 and 2019 it fell significantly. Their performance got poor in 2018 and 2019 so they should look forward to solve this.

3.4.3 Profit Margin:

The margin of profit is a ratio of a company's profit (sales minus all expenses) divided by its income. The profit margin ratio compares profit to profits and tells you how well the organization handles its finances overall. It's all represented as a percentage. This margin is one of the primary management success metrics - to the degree that maintaining a high margin is likely to be a key part of the conditions by which managers are paid bonuses. There is constant pressure on shareholder leadership to raise the profit margin to the greatest extent possible, as this helps to push the stock price up. (A. Rahman, 2012)

Profit margin tests the degree to which money is earned by a company or a business operation, simply by dividing income by revenue.

Profit margin, expressed as a percentage, indicates how many cents of profit for each dollar of sale has been generated.

Formula: Profit Margin = (Net Income After tax ÷ Interest Income)

Profit Margin					
Bank Name	2015	2016	2017	2018	2019
IFIC Bank	29.6074%	35.0490%	36.7993%	36.7993%	26.1930%
AB Bank	14.9994%	20.5622%	15.1995%	9.8120%	29.4537%
National Bank¹	15.0374%	21.5066%	28.5599%	25.2172%	30.1291%
NCC Bank	277.2361%	313.7251%	36.2693%	32.1417%	31.3353%

✓ In 2015, the **Profit Margin** of IFIC Bank was 29.6074%, AB Bank was 14.9994%, National Bank was 15.0374% and NCC Bank was 277.2361%. Therefore, we can say that IFIC Bank

has better Profit Margin than other banks but NCC Bank has the Highest Profit Margin Ratio. Which Indicates that IFIC is doing well and managing their profitability properly.

- ✓ In 2016, the **Profit Margin** of IFIC Bank was 35.0490%, AB Bank was 20.5622% National Bank was 21.5066% and NCC Bank was 313.7251%. Therefore, we can say that IFIC Bank has better Profit Margin than other banks but NCC Bank has the Highest Profit Margin Ratio. Which Indicates that IFIC is doing well and managing their profitability properly.
- ✓ In 2017, the **Profit Margin** of IFIC Bank was 36.7993% AB Bank was 15.1995% National Bank was 28.5599% and NCC Bank was 36.2693% Therefore here IFIC Bank has the highest profit margin than the other Banks and dominated in this year and had better profitability.
- ✓ In 2018, the **Profit Margin** of IFIC Bank was 36.7993% AB Bank was 9.8120%, National Bank was 25.2172% and NCC Bank was 32.1417% Therefore here IFIC Bank has the highest profit margin than the other Banks and dominated in this year and had better profitability.
- ✓ In 2019, the **Profit Margin** of IFIC Bank was 26.1930%, AB Bank was 29.4537%, National Bank was 30.1291% and NCC Bank was 31.3353% Therefore, we can say that other Banks have better position compared to IFIC and Other Banks AB, National, NCC are better in managing their expenses and therefore have higher efficiency.

Eventually it can be seen that over the past five years the **Profit Margin** of IFIC Bank has been stable and was consistently up to the mark and was within the industry standards which indicates IFIC Bank had stable profitability, **IFIC** generated more profit has been generated for each Taka income. Only in 2015 and 2016 they were behind NCC Bank.

3.4.4 Return on Asset (ROA)

Return on Assets (ROA) is a measure of a company's profitability with respect to its total assets. The ROA provides the understanding to a manager, investor or analyst about how efficiently a

company's management uses its assets to produce income. Asset output is displayed as a percentage. For a business, ROA is a very significant predictor, as it tells investors how the organization actually conducts itself in terms of turning assets into net capital. As a consequence, it can be concluded that the higher the metric (given in percentage), the better for the management of the company.

More clearly, when a specific organization has a low ROA index, the condition can be generated by many factors. The targeting of ventures and investments in relatively unprofitable areas may be one of them. Another explanation is correlated with low asset efficiency due to obsolescence or even very high waste and total expenditure.(Faruk & Alam, 2014)

Formula: Return on Asset(ROA) = (Net Income After tax ÷ Total Asset)

Return on Assets					
Bank Name	2015	2016	2017	2018	2019
IFIC Bank	0.4974%	0.6161%	0.8165%	0.5547%	0.7710%
AB Bank	0.4144%	0.4457%	0.0094%	0.0057%	0.0459%
National Bank'	1.0417%	1.3334%	1.8358%	1.7432%	2.2555%
NCC Bank	1.0952%	1.2263%	0.8733%	0.7561%	0.9255%
Average	0.762%	0.905%	0.884%	0.765%	0.999%

- ✓ In 2015, the **Return on Asset(ROA)** of IFIC Bank was 0.4974% AB Bank was 0.4144% National Bank was 1.0417% and NCC Bank was 1.0952% Therefore, we can say that NCC and National Bank has Higher ROA than IFIC Bank but IFIC Bank has stable ROA position which indicates IFIC Bank is successfully using their Assets to generate profit and have a stable profitability position.
- ✓ In 2016, the **Return on Asset(ROA)** of IFIC Bank was 0.6161% AB Bank was 0.4457% National Bank was 1.3334% and NCC Bank was 1.2263% Therefore, we can say that NCC and National Bank has Higher ROA than IFIC Bank but IFIC Bank has stable ROA position which indicates IFIC Bank is successfully using their Assets to generate profit and have a stable profitability position.

- ✓ In 2017, the **Return on Asset(ROA)** IFIC Bank was 0.8165% AB Bank was 0.0094% National Bank was 1.8358% and NCC Bank was 0.8733% Therefore, we can say that NCC and National Bank has Higher ROA than IFIC Bank but IFIC Bank has stable ROA position which indicates IFIC Bank is successfully using their Assets to generate profit and have a stable profitability position.
- ✓ In 2018, the **Return on Asset(ROA)** of IFIC Bank was 0.5547% AB Bank was 0.0057% National Bank was 1.7432% and NCC Bank was 0.7561% Therefore, we can say that NCC and National Bank has Higher ROA than IFIC Bank but IFIC Bank has stable ROA position which indicates IFIC Bank is successfully using their Assets to generate profit and have a stable profitability position.
- ✓ In 2019, the **Return on Asset(ROA)** of IFIC Bank was 0.7710% AB Bank was 0.0459% National Bank was 2.2555% and NCC Bank was 0.9255% Therefore, we can say that NCC and National Bank has Higher ROA than IFIC Bank but IFIC Bank has stable ROA position which indicates IFIC Bank is successfully using their Assets to generate profit and have a stable profitability position. Therefore, we can say that IFIC Bank has better Net Profit Margin than other banks but National has the Highest Profit Margin Ratio. Which Indicates that IFIC is doing well and managing their profitability properly.

Eventually it can be seen that over the past five years the **Return on Asset(ROA)** of IFIC Bank has been stable and was consistently up to the mark and was within the industry standards which indicates IFIC Bank had stable profitability and Return on Asset. But NCC Bank and National Bank has higher ROA over the five years than IFIC Bank.

3.4.5 Return on Equity (ROE)

Return on equity (ROE) is a financial performance indicator determined by dividing shareholder equity by net profits. The ROE may be known as the return on net assets since the net assets are

equal to the assets of a corporation minus its debt. The ROE is regarded as a measure of the efficiency with which a company's resources are used by the administration to produce income. The ROE is expressed as a percentage and if net income and net capital are positive numbers, it can be measured for any company. Before the dividends paid to the common shareholders and after dividends to the preferred shareholders and the interests of the lenders, net earnings are measured.

A higher ROE implies that the management team of a company is more successful when it comes to using investment finance to expand its business (and is more likely to provide better returns to investors). However, a low ROE means that a business may be mismanaged and may reinvest earnings into unproductive assets. (Faruk & Alam, 2014)

Formula: Return on Asset(ROA) = (Net Income After tax ÷ Total Equity)

Return on Equity					
Bank Name	2015	2016	2017	2018	2019
IFIC Bank	7.6108%	9.4555%	10.0673%	7.0999%	9.9351%
AB Bank	2.8621%	2.7481%	0.0650%	0.0404%	0.3672%
National Bank'	8.7401%	11.2562%	15.9501%	15.8419%	21.3222%
NCC Bank	10.2401%	12.8033%	10.3477%	10.2888%	12.2756%
Average	7.363%	9.066%	9.108%	8.318%	10.975%

- ✓ In 2015, the **Return on Equity (ROE)** of IFIC Bank was 7.6108% AB Bank was 2.8621% National Bank was 8.7401% and NCC Bank was 10.2401% Therefore, we can say that NCC and National Bank has Higher ROE than IFIC Bank but IFIC Bank has stable ROE position which indicates IFIC Bank is successfully using their SHAREHOLDERS EQUITY to generate profit and have a stable profitability position.
- ✓ In 2016, the **Return on Equity (ROE)** of IFIC Bank was 9.4555% AB Bank was 2.7481% National Bank was 11.2562% and NCC Bank was 12.8033% Therefore, we can say that NCC and National Bank has Higher ROE than IFIC Bank but IFIC Bank has stable ROE position

which indicates IFIC Bank is successfully using their SHAREHOLDERS EQUITY to generate profit and have a stable profitability position.

- ✓ In 2017, the **Return on Equity (ROE) IFIC** Bank was 10.0673% AB Bank was 0.0650% National Bank was 15.9501% and NCC Bank was 10.3477% Therefore, we can say that NCC and National Bank has Higher ROE than IFIC Bank but IFIC Bank has stable ROE position which indicates IFIC Bank is successfully using their SHAREHOLDERS EQUITY to generate profit and have a stable profitability position.

- ✓ In 2018, the **Return on Equity (ROE) of IFIC** Bank was 7.0999% AB Bank was 0.0404% 0.0057% National Bank was 15.8419% and NCC Bank was 10.2888% Therefore, we can say that NCC and National Bank has Higher ROE than IFIC Bank but IFIC Bank has stable ROE position which indicates IFIC Bank is successfully using their SHAREHOLDERS EQUITY to generate profit and have a stable profitability position.

- ✓ In 2019, the **Return on Equity (ROE) of IFIC** Bank was 9.9351% AB Bank was 0.3672% National Bank was 21.3222% and NCC Bank was 12.2756% Therefore, we can say that NCC and National Bank has Higher ROE than IFIC Bank but IFIC Bank has stable ROE position which indicates IFIC Bank is successfully using their SHAREHOLDERS EQUITY to generate profit and have a stable profitability position.

Eventually it can be seen that over the past five years the **Return on Equity (ROE) of IFIC** Bank has been stable and was consistently up to the mark and was within the industry standards which indicates IFIC Bank had stable profitability and Return on Asset. But NCC BANK has higher ROE over the five years than IFIC Bank. But IFIC's ROE increased with in this 5 years.

3.4.6 Return on Loans:

This ratio is a measure how the Banks are generating the income from the loans that has been provided by them. It a measure of how the banks are earning from their loans and how they are doing in terms of loan provided. This is also a measure whether there are default borrowers and whether the Banks are getting proper returns from their loans

Return on Loans					
Bank Name	2015	2016	2017	2018	2019
IFIC Bank	10.2645%	9.1039%	8.3253%	7.2123%	10.6855%
AB Bank	9.0185%	9.5130%	7.6495%	8.0754%	10.4149%
National Bank'	10.4763%	9.0259%	9.0741%	8.9505%	9.6193%
NCC Bank	1.0630%	1.0096%	8.6706%	10.1814%	11.4027%
Average	7.706%	7.163%	8.430%	8.605%	10.531%

- ✓ In 2015, the **Return on Loans of IFIC Bank** was 10.2645% AB Bank was 9.0185% National Bank was 10.4763% and NCC Bank was 1.0630% Therefore, we can say that NCC and National Bank has Higher ROCE than IFIC Bank but IFIC Bank has stable ROCE position which indicates IFIC Bank is successfully using their CAPITAL to generate profit and have a stable profitability position.
- ✓ In 2016, the **Return on Loans of IFIC Bank** was 9.1039% AB Bank was 9.5130% National Bank was 9.0259% and NCC Bank was 1.0096% Therefore, we can say that NCC and National Bank has Higher ROCE than IFIC Bank but IFIC Bank has stable ROCE position which indicates IFIC Bank is successfully using their CAPITAL to generate profit and have a stable profitability position.
- ✓ In 2017, the **Return on Loans Bank** was 8.3253% AB Bank was 7.6495% National Bank was 9.0741% and NCC Bank was 8.6706% Therefore, we can say that NCC and National Bank has Higher ROE than IFIC Bank but IFIC Bank has stable ROE position which indicates IFIC

Bank is successfully using their CAPITAL to generate profit and have a stable profitability position.

- ✓ In 2018, the **Return on Loans** IFIC Bank was 7.2123% AB Bank was 8.0754% National Bank was 8.9505% and NCC Bank was 10.1814% Therefore, we can say that NCC has Higher ROCE than IFIC Bank but IFIC Bank has stable ROCE position which indicates IFIC Bank is successfully using their CAPITAL to generate profit and have a stable profitability position.

- ✓ In 2019, the **Return on Loans of IFIC Bank** was 591.2985% AB Bank was 10.4149% National Bank was 9.6193% and NCC Bank was 11.4027% Therefore, we can say that NCC and National Bank has Higher ROCE than IFIC Bank but IFIC Bank has stable ROCE position which indicates IFIC Bank is successfully using their CAPITAL to generate profit and have a stable profitability position.

Eventually it can be seen that over the past five years the **Return on Loans of IFIC Bank** has been stable and was consistently up to the mark and was within the industry standards which indicates IFIC Bank had stable profitability and Return on Asset. But NCC BANK has higher ROE over the five years than IFIC Bank. But IFIC's ROCE increased with in this 5 years and the ROCE constantly increased.

3.4.7 Return on Deposit:

It measures how much profit is generated from the Deposit and how much return the Banks has actually made from the Deposit they have taken.

Retruns on Deposits					
Bank Name	2015	2016	2017	2018	2019
IFIC Bank	0.6041%	0.7581%	1.0328%	0.6938%	0.9458%
AB Bank	0.6102%	0.5172%	0.0125%	0.0078%	0.0600%
National Bank'	1.7352%	2.3072%	2.0748%	2.0480%	1.1369%
NCC Bank	1.4221%	1.5953%	1.1043%	0.9505%	1.1886%
Average	1.093%	1.294%	1.056%	0.925%	0.833%

- ✓ In 2015, the **Return on Deposit of IFIC Bank** was 0.6041% AB Bank was 0.6102% National Bank was 1.7352% and NCC Bank was 1.4221% Therefore, we can say that NCC and National Bank has Higher ROD than IFIC Bank but IFIC Bank has stable ROD position which indicates IFIC Bank is successfully using their Deposit to generate profit and have a stable profitability position.

- ✓ In 2016, the **Return on Deposit of IFIC Bank** was 0.7581% AB Bank was 0.5172% National Bank was 2.3072% and NCC Bank was 1.5953% Therefore, we can say that NCC and National Bank has Higher ROD than IFIC Bank but IFIC Bank has stable ROD position which indicates IFIC Bank is successfully using their Deposit to generate profit and have a stable profitability position.

- ✓ In 2017, the **Return on Deposit of IFIC Bank** was 1.0328% AB Bank was 0.0125% National Bank was 2.0748% and NCC Bank was 1.1043% Therefore, we can say that NCC and National Bank has Higher ROD than IFIC Bank but IFIC Bank has stable ROD position which indicates IFIC Bank is successfully using their Deposit to generate profit and have a stable profitability position.

- ✓ In 2018, the **Return on Deposit IFIC Bank** was 0.6938% AB Bank was 0.0078% National Bank was 2.0480% and NCC Bank was 0.9505% Therefore, we can say that NCC has Higher

ROD than IFIC Bank but IFIC Bank has stable ROD position which indicates IFIC Bank is successfully using their Deposit to generate profit and have a stable profitability position.

- ✓ In 2019, the **Return on Deposit of IFIC Bank** was 0.9458% AB Bank was 0.0600% National Bank was 1.1369% and NCC Bank was 1.1886% Therefore, we can say that NCC and National Bank has Higher ROCE than IFIC Bank but IFIC Bank has stable ROCE position which indicates IFIC Bank is successfully using their CAPITAL to generate profit and have a stable profitability position.

Eventually it can be seen that over the past five years the **Return on Deposit of IFIC Bank** has been stable and was consistently up to the mark and was within the industry standards which indicates IFIC Bank has stable profitability and Return on Deposit. But NCC BANK has higher ROD over the five years than IFIC Bank. But IFIC's ROD increased with in this 5 years and the ROD constantly increased

3.5 Market Value Ratios

3.5.1 P/E Ratio:

The price/earnings ratio (P/E ratio) is the market valuation ratio of a company that measures the current price of the shares in relation to its earnings per share (EPS). The price/earnings ratio is also called the price multiple or profit multiple.

It tells shareholders how much a business is worth. For a given duration, such as the past 12 months, the P/E ratio essentially divides the stock price by the company's earnings per share. The price/earnings ratio indicates how much, for \$1 of earnings, investors would pay per share.

The price-to-earnings ratio (PE Ratio) is the indicator of the share price as opposed to the company's annual net profits per share. The PE ratio shows the current demand of investors for a share in a stock. In general, a high PE ratio implies increased demand because investors expect potential growth in earnings. There are units of years in the PE ratio, which can be translated as

the amount of years of profits to pay the purchase price back.

The PE ratio is often referred to as the "multiple" because it indicates how much an investor is prepared to pay for a dollar of profits. PE ratios are often measured in the denominator using projections of next year's earnings per share. It is commonly noted when this occurs, (Rafi et al., 2020)

Formula: price/earnings Ratio: current price of the share/earnings per share.

Price - Earnings Ratio					
Bank Name	2015	2016	2017	2018	2019
IFIC Bank	8.28025	6.04651	8.44156	11.11111	7.83133
AB Bank	5.00000	5.13228	242.50000	485.00000	44.09091
National Bank'	3.5385	2.4468	3.8983	4.4805	4.8252
NCC Bank	8.76623	5.74468	6.75000	6.55340	5.86957
Average	6.3962	4.8426	65.3975	126.7863	15.6542

- ✓ In 2015, the **price/earnings Ratio of IFIC Bank** was 8.28025 AB Bank was 5.00000 National Bank was 3.5385 and NCC Bank was 8.76623 Therefore, we can see that AB and NCC Bank has Higher **P/E Ratio** than IFIC Bank but IFIC Bank has stable **P/E Ratio** position which indicates IFIC Bank will have higher demand for the higher P/E Ratio.

- ✓ In 2016, the **price/earnings Ratio of IFIC Bank** was 6.04651 AB Bank was 5.13228 National Bank was 2.4468 and NCC Bank was 5.74468. Here IFIC Bank has highest P/E Ratio in this year and their investors had more earnings for their increased P/E ratio.

- ✓ In 2017, the **price/earnings Ratio of IFIC Bank** was 8.44156 AB Bank was 242.50000 v National Bank was 3.8983 and NCC Bank was 6.75000 Therefore, we can say that AB Bank has Higher **P/E Ratio** than IFIC Bank but IFIC Bank has stable **P/E Ratio** position which indicates IFIC Bank will have higher demand for the higher P/E Ratio.

- ✓ In 2018, the **price/earnings Ratio** IFIC Bank was 11.11111 AB Bank was 485.00000 National Bank was 4.4805 and NCC Bank was 6.55340. Therefore, we can say that AB Bank has Higher **P/E Ratio** than IFIC Bank but IFIC Bank has stable **P/E Ratio** position which indicates IFIC Bank will have higher demand for the higher P/E Ratio.
- ✓ In 2019, the **price/earnings Ratio of IFIC Bank** was 7.83133 AB Bank was 44.09091 National Bank was 4.8252 and NCC Bank was 5.86957. Therefore, we can say that AB Bank has Higher **P/E Ratio** than IFIC Bank but IFIC Bank has stable **P/E Ratio** position which indicates IFIC Bank will have higher demand for the higher P/E Ratio.

Eventually it can be seen that over the past five years the **price/earnings Ratio of IFIC Bank** has been stable and was consistently up to the mark and was within the industry standards which indicates IFIC Bank has stable profitability and Return on Deposit. But NCC BANK has higher ROD over the five years than IFIC Bank. But IFIC's ROD increased with in this 5 years and the ROD constantly increased

3.4.2 Dividend Pay-Out Ratio:

The dividend payout ratio is the ratio, relative to the company's net income, of the total amount of dividends paid out to shareholders. It is the amount of profits received in dividends to shareholders. The sum not paid to shareholders shall be held by the corporation for the purpose of paying off debt or reinvesting in core operations. Often it is commonly known as the 'payout ratio. (Rafi et al., 2020)

The dividend payout ratio shows how much money a business returns to shareholders as opposed to how much it holds on hand to reinvest in growth, pay off debt, or add to cash reserves (retained earnings)

Dividend Pay-out Ratio					
Bank Name	2015	2016	2017	2018	2019
IFIC Bank	0.25819	0.17345	0.27122	0.75682	0.49786
AB Bank	0.25172	0.35616	0.82050	5.98503	1.43372
National Bank'	0.1097	-0.2976	-0.7271	-0.6017	0.6047
NCC Bank	0.30242	0.31647	0.32649	0.35554	0.36586
Average	0.2305	0.1371	0.1728	1.6239	0.7255

- ✓ In 2015, the **dividend payout ratio** of IFIC Bank was 0.25819 AB Bank was 0.25172 National Bank was 0.1097 and NCC Bank was 0.30242 Therefore, we can see that AB and NCC Bank has Higher **dividend payout ratio** than IFIC Bank but IFIC Bank has stable **dividend payout ratio** position which indicates IFIC Bank provides a good amount of dividend to their shareholders.
- ✓ In 2016, the **dividend payout ratio** of IFIC Bank was 0.17345 AB Bank was 0.35616 National Bank was -0.2976 and NCC Bank was 0.31647 Therefore, we can see that AB and NCC Bank has Higher **dividend payout ratio** than IFIC Bank but IFIC Bank has stable **dividend payout ratio** position which indicates IFIC Bank provides a good amount of dividend to their shareholders.
- ✓ In 2017, the **dividend payout ratio** of IFIC Bank was 0.27122 AB Bank was 0.82050 National Bank was -0.7271 and NCC Bank was 0.32649 Therefore, we can see that AB and NCC Bank has Higher **dividend payout ratio** than IFIC Bank but IFIC Bank has stable **dividend payout ratio** position which indicates IFIC Bank provides a good amount of dividend to their shareholders.
- ✓ In 2018, the **dividend payout ratio** IFIC Bank was 0.75682 AB Bank was 5.98503 National Bank was -0.6017 and NCC Bank was 0.35554. Therefore, we can see that IFIC Bank has the highest Dividend Payout Ratio which indicates that they paid a good amount of dividend from their Net Income as dividend to their Shareholders.

- ✓ In 2019, the **dividend payout ratio of IFIC Bank** was 0.49786 AB Bank was 1.43372 National Bank was 0.6047 and NCC Bank was 0.36586. Therefore, we can see that IFIC Bank has the highest Dividend Payout Ratio which indicates that they paid a good amount of dividend from their Net Income as dividend to their Shareholders.

Eventually it can be seen that over the past five years the **dividend payout ratio of IFIC Bank** has been stable and was consistently up to the mark and was within the industry standards which indicates IFIC Bank has stable profitability and Return on Deposit. But AB & NCC BANK has higher Dividend Payout in 2015 and 2016 than IFIC Bank. But IFIC's has increased with in this 5 years and the ROD constantly increased and had highest Dividend Payout Ratio in 2017, 2018

3.4.3 Retention Rate Ratio:

The retention ratio is the proportion of profits held back as retained income in the business. Instead of being paid out as dividends, the retention ratio refers to the percentage of net income that is retained to grow the company. That is the reverse of the payout ratio, which calculates the proportion of profit paid out as dividends to shareholders. The plowback ratio is also called the retention ratio.

The retention ratio is the portion of profits retained back in a company to expand the company, as opposed to being paid out to shareholders as dividends.

The distribution ratio is the opposite of the retention ratio, which calculates the proportion of earnings allocated to shareholders as dividends.

The amount of profit left over, after dividends have been paid out, is known as retained earnings. The retention ratio lets investors decide how much money a corporation retains to reinvest in the activities of the company.

Retention Rate					
Bank Name	2015	2016	2017	2018	2019
IFIC Bank	0.83555	0.91932	0.82388	0.35315	0.70008
AB Bank	0.87025	0.81155	-19.51250	-298.25131	-5.51692
National Bank'	0.9438	1.1055	1.4108	1.3907	0.5771
NCC Bank	0.80362	0.86533	0.83675	0.82741	0.84093
Average	0.8633	0.9254	-4.1103	-73.9200	-0.8497

- ✓ In 2015, the **Retention Rate Ratio** of IFIC Bank was 0.83555 AB Bank was 0.87025 National Bank was 0.9438 and NCC Bank was 0.80362 Therefore, we can see that AB has Higher **Retention Rate** than IFIC Bank but IFIC Bank has stable **Retention Rate** position which indicates IFIC Bank Retain a good some of profit from the Net Income and Reinvest in future and Higher Retention also means they can handle bad situation.
- ✓ In 2016, the **Retention Rate Ratio** of IFIC Bank was 0.91932 AB Bank was 0.81155 National Bank was 1.1055 and NCC Bank was 0.86533 Here IFIC Bank has highest Dividend Payout Ratio in this year which indicates IFIC Bank Retain a good some of profit from the Net Income and Reinvest in future and Higher Retention also means they can handle bad situation .
- ✓ In 2017, the **Retention Rate Ratio** of IFIC Bank was 0.82388 AB Bank was -19.51250 National Bank was 1.4108 and NCC Bank was 0.83675 Here IFIC Bank has highest Dividend Payout Ratio in this year which indicates IFIC Bank Retain a good some of profit from the Net Income and Reinvest in future and Higher Retention also means they can handle bad situation.
- ✓ In 2018, the **Retention Rate Ratio** IFIC Bank was 0.35315 AB Bank was --298.25131 National Bank was 1.3907 and NCC Bank was 0.82741 Therefore, we can say that AB Bank has Higher **dividend payout ratio** than IFIC Bank but IFIC Bank has stable **dividend payout ratio** position which indicates IFIC Bank will have higher demand for the higher P/E Ratio.

- ✓ In 2019, the **Retention Rate Ratio** of IFIC Bank was 0.70008 AB Bank was -5.51692 National Bank was 0.5771 and NCC Bank was 0.84093. Therefore, we can see that AB has Higher **Retention Rate** than IFIC Bank but IFIC Bank has stable **Retention Rate** position which indicates IFIC Bank Retain a good some of profit from the Net Income and Reinvest in future and Higher Retention also means they can handle bad situation.

Eventually it can be seen that over the past five years the **Retention Rate Ratio** of IFIC Bank has been stable and was consistently up to the mark and was within the industry standards which but it fell down in 2018 and 2019.

3.5 Credit Risk Ratios

3.5.1 Capital Adequacy Ratio:

The Capital Adequacy Ratio (CAR) is a calculation of the investment funds of a bank expressed in terms of the risk-weighted credit exposure of a bank. By looking at the capacity of a bank to pay liabilities and respond to credit risks and operating risks, the Capital Adequacy Ratio sets requirements for banks. The capital adequacy ratio, often defined as the Capital-to-Risk Weighted Assets Ratio (CRAR), can be used to protect investors and facilitate the stability and effectiveness of world banking structures. The Capital Adequacy Ratio (CAR) is the ratio of the capital of a bank in terms of the total current liabilities and risk-weighted assets. Central banks and financial institutions have agreed to discourage commercial banks from exceeding their leverage and becoming insolvent in the process.

- The capital adequacy ratio (CAR) is a calculation of the amount of capital available to a bank, and is recorded as a percentage of the risk-weighted credit exposures of a bank.
- The goal is to decide that banks have adequate reserve capital to manage a certain amount of losses until they are at risk of being insolvent.
- Capital, such as equity and disclosed deposits, is broken down as Tier-1, core capital, and Tier-2, additional capital retained as part of the necessary reserves of a bank.
- It is assumed that a bank with a high capital adequacy ratio is above the minimum criteria needed to indicate solvency.

Formula:

Capital Adequacy Ratio (CAR): (Tier 1 Capital + Tier 2 Capital) / Risk-Weighted Assets

Tier 1 Capital:

The Tier one Capital is the Core capital of any Bank or Financial institution. Tier 1 capital is capable of bearing losses without affecting company activities, since it is the core capital kept in reserves.

Conversely, on the other hand,

Its consist of

- Shareholders' Equity

- Share Premium
- Statutory Reserve
- General Reserve
- Retained Earnings

Tier Capital 2:

It is also known as supplementary Capital but short falling in Tier Capital two means that the operation might get in to trouble and Banks might run into insolvency.

It Consist of

- Subordinated Debt
- General Provision
- Other Preferences Share
- Revaluation Reserve
- Long-term Unsecured Loans
- Debt Capital Instruments

Risk Weighted Assets:

Risk-weighted assets are the risk-weighted total of the assets of a bank. Banks generally have different asset classes, such as cash, debentures, and bonds, and a different risk level is associated with each asset class. In my Analysis I have used the Guideline of Bangladesh Bank for calculating the Risk Weights. The Percentage used in the Analysis is given below.

Table 7: Risk Weights for Balance Sheet Exposure

Sl.	Exposure Type	BB's Rating Grade	Risk Weight (%)	
a.	Cash		0	
b.	Claims on Bangladesh Government (other than PSEs) and BB (denominated in domestic and foreign currency)		0	
c.	Claims on other Sovereigns & Central Banks ¹³			
d.	Claims on Bank for International Settlements, International Monetary Fund and European Central Bank		0	
e	Claims on Multilateral Development Banks (MDBs)	i) IBRD, IFC, ADB, AfDB, EBRD, IADB, EIB, EIF, NIB, CDB, IDB, CEDB	0	
		ii) Other MDBs	1	20
			2,3	50
			4,5	100
			6	150
			Unrated	50
f	Claims on public sector entities (excluding equity exposure)	1	20	
		2,3	50	

Sl.	Exposure Type	BB's Rating Grade	Risk Weight (%)	
		4,5	100	
		6	150	
		Unrated	50	
g	Claims on Banks and NBFIs (denominated in domestic as well as foreign currency)	1	20	
		i) Original maturity over 3 months	2,3	50
			4,5	100
			6	150
			Unrated	100
			ii) Original maturity up to 3 months	20
h	Claims on Corporate (excluding equity exposures)	1	20	
		2	50	
		3, 4	100	
		5, 6	150	
		Unrated	125	
h1	Claims on SME	SME 1	20	
		SME 2	40	
		SME 3	60	
		SME 4	80	
		SME 5	120	
		SME 6	150	
		Unrated(Small Enterprise & <BDT 3.00m	75	
		Unrated(Small Enterprise having ≥BDT 3.00m & Medium enterprise)	100	

Sl.	Exposure Type	Risk Weight (%)
Fixed Risk Weight Groups:		
i	Claims categorized as retail portfolio (excluding consumer finance and Staff loan)	75
j	Consumer Finance	100
k	Claims fully secured by residential property (excluding Staff loan/investment)	50
l	Claims fully secured by commercial real estate	100
m	Past Due Claims ¹⁴	
	The claim (other than claims secured by eligible residential property) that is past due for 60 days or more and/or impaired will attract risk weight as follows (Risk weights are to be assigned to the amount net of specific provision):	
	Where specific provisions are less than 20 percent of the outstanding amount of the past due claim ;	150
	Where specific provisions are no less than 20 percent of the outstanding amount of the past due claim.	100
	Where specific provisions are more than 50 percent of the outstanding amount of the past due claim.	50
	Claims fully secured against residential property that are past due for 60 days or more and/or impaired (Net of specific provision) -where specific provision held there-against is less than 20 percent of outstanding amount	100
	Loans and claims fully secured against residential property that are past due for 60 days or more and /or impaired (gross of specific provision) -where specific provision held there-against is no less than 20 percent of outstanding amount	75
n	Capital Market Exposures	125
o	Investments in venture capital	150

As per the BB risk-based capital adequacy requirements, banks must maintain at least capital adequacy ratio (CAR) of 12.50 percent by 2019, which is also the capital reserve of a bank to protect their risk exposure, in line with the BASEL III provision

Capital Adequacy Ratio					
Bank Name	2015	2016	2017	2018	2019
IFIC Bank	13.484%	14.071%	15.899%	15.365%	14.042%
AB Bank	35.177%	34.744%	37.017%	34.406%	33.103%
National Bank'	18.333%	17.153%	17.334%	16.904%	15.780%
NCC Bank	36.190%	36.440%	30.726%	31.440%	31.357%

- ✓ In 2015, the **Capital Adequacy Ratio** of IFIC Bank was 13.484% AB Bank was 35.177% National Bank was 18.333% and NCC Bank was 36.190% Therefore, we can see that AB and NCC Bank have Higher Capital Adequacy Ratio than IFIC Bank but IFIC Bank has stable Capital Adequacy Ratio position because according to BB guidelines they need to have at least 12.5% of CAR which indicates IFIC Bank Retain has sufficient Capitals to cover their certain risks and also they are not expose to insolvency risk.
- ✓ In 2016, the **Capital Adequacy Ratio** of IFIC Bank was 14.071% AB Bank was 34.744% National Bank was 17.153% and NCC Bank was 36.440% Therefore, we can see that AB and NCC Bank have

Higher Capital Adequacy Ratio than IFIC Bank but IFIC Bank has stable Capital Adequacy Ratio position because according to BB guidelines they need to have at least 12.5% of CAR which indicates IFIC Bank Retain has sufficient Capitals to cover their certain risks and also they are not exposed to insolvency risk.

- ✓ In 2017, the **Capital Adequacy Ratio of IFIC Bank** was 15.899% AB Bank was 37.017% National Bank was 17.334% and NCC Bank was 30.726% Therefore, we can see that AB and NCC Bank have Higher Capital Adequacy Ratio than IFIC Bank but IFIC Bank has stable Capital Adequacy Ratio position because according to BB guidelines they need to have at least 12.5% of CAR which indicates IFIC Bank Retain has sufficient Capitals to cover their certain risks and also they are not exposed to insolvency risk. .

- ✓ In 2018, the **Capital Adequacy Ratio IFIC Bank** was 15.365% AB Bank was 34.406% National Bank was 16.904% and NCC Bank was 31.440% % Therefore, we can see that AB and NCC Bank have Higher Capital Adequacy Ratio than IFIC Bank but IFIC Bank has stable Capital Adequacy Ratio position because according to BB guidelines they need to have at least 12.5% of CAR which indicates IFIC Bank Retain has sufficient Capitals to cover their certain risks and also they are not exposed to insolvency risk.

- ✓ In 2019, the **Capital Adequacy Ratio of IFIC Bank** was 14.042% AB Bank was 33.103% National Bank was 15.780% and NCC Bank was 31.357%. Therefore, we can see that AB and NCC Bank have Higher Capital Adequacy Ratio than IFIC Bank but IFIC Bank has stable Capital Adequacy Ratio position because according to BB guidelines they need to have at least 12.5% of CAR which indicates IFIC Bank Retain has sufficient Capitals to cover their certain risks and also they are not exposed to insolvency risk.

Eventually it can be seen that over the past five years the **Capital Adequacy Ratio of IFIC Bank** has been stable and was consistently up to the mark as the Bangladesh Bank Requirement is to have minimum of 12.5% and in all these 5 years IFIC Bank Ltd has more than this requirement. But the overall Performance of IFIC Bank Limited was lower than AB, NCC and National Bank.

3.5.2 CET 1 Ratio (Common Equity Tier 1 Ratio)

Common Equity Tier 1 (CET1) is a part of Tier 1 capital owned by a bank or financial institution that is mainly common stock. It is indeed a capital measure which was implemented in 2014 to shield the economy from a financial crisis as a precautionary means. By 2019, all banks are expected to reach the minimum required CET1 ratio of 4.5 percent. During the time when the Basel II agreement was being introduced, the 2008 Global Financial Crisis took place. Basel II laid down guidelines for risk and capital management that ensured that banks retained appropriate capital equal to the risk to which they were exposed through their core operations, i.e. lending, investment and trading.

- The capital of Common Equity Tier 1 (CET1) contains the necessary capital retained by a bank in its capital structure.
- To assess its capacity to endure financial distress, the CET1 ratio measures the capital of a bank against its risk-weighted assets.
- A bank's core must include equity capital and assets disclosed, such as retained earnings,
- The ratio of CET1 measures the capital of a bank against its properties.
- Additional Tier 1 capital consists of securities which do not constitute common equity.
- Equity is extracted from the Tier 1. in the time of crisis.
- Some bank leverage tests against banks use Tier 1 capital as a starting measure to test the liquidity of the bank and the capacity of the bank to withstand a difficult monetary situation.

Formula: CET Ratio 1= (Capital Tier 1 / Total Risk Weighted Assets)

Explanation of Capital Tier 1 and Risk Weighted Assets are given with Capital Adequacy Ratio.

CET 1 Ratio					
Bank Name	2015	2016	2017	2018	2019
IFIC Bank	8.334%	8.151%	10.044%	9.549%	9.698%
AB Bank	3.077%	2.817%	3.012%	2.812%	2.385%
National Bank'	15.882%	15.414%	1.339%	13.132%	12.608%
NCC Bank	36.190%	36.440%	30.726%	31.440%	31.357%
Average	15.871%	15.705%	11.280%	14.233%	14.012%

- ✓ In 2015, the **CET 1 Ratio** of IFIC Bank was 8.334% AB Bank was 3.077% National Bank was 15.882% and NCC Bank was 36.190% Therefore, we can see that National and NCC Bank have Higher **CET 1 Ratio** than IFIC Bank but IFIC Bank has stable **CET 1 Ratio** position because according to BB guidelines they need to have at least 4.5% CET 1 Ratio which indicates IFIC Bank Retain has sufficient Capitals to cover their certain risks and also they are prepared to stand against crisis moments which shows that their Investors are safe.
- ✓ In 2016, the **CET 1 Ratio** of IFIC Bank was 8.151% AB Bank was 2.817% National Bank was 15.414% and NCC Bank was 36.440% but IFIC Bank has stable CET 1 Ratio position because according to BB guidelines they need to have at least 4.5% CET 1 Ratio which indicates IFIC Bank Retain has sufficient Capitals to cover their certain risks and also they are prepared to stand against crisis moments which shows that their Investors are safe.
- ✓ In 2017, the **CET 1 Ratio** of IFIC Bank was 10.044% AB Bank was 3.012% National Bank was 1.339% and NCC Bank was 30.726% but IFIC Bank has stable CET 1 Ratio position because according to BB guidelines they need to have at least 4.5% CET 1 Ratio which indicates IFIC Bank Retain has sufficient Capitals to cover their certain risks and also they are prepared to stand against crisis moments which shows that their Investors are safe
- ✓ In 2018, the **CET 1 Ratio** IFIC Bank was 9.549% AB Bank was 2.812% National Bank was 13.132% and NCC Bank was 31.440% but IFIC Bank has stable CET 1 Ratio position because according to BB guidelines they need to have at least 4.5% CET 1 Ratio which indicates IFIC Bank Retain has sufficient Capitals to cover their certain risks and also they are prepared to stand against crisis moments which shows that their Investors are safe.

- ✓ In 2019, the **CET 1 Ratio of IFIC Bank** was 9.698% AB Bank was 33.103% National Bank was 2.385% and NCC Bank was 12.608% but IFIC Bank has stable CET 1 Ratio position because according to BB guidelines they need to have at least 4.5% CET 1 Ratio which indicates IFIC Bank Retain has sufficient Capitals to cover their certain risks and also they are prepared to stand against crisis moments which shows that their Investors are safe.

Eventually it can be seen that over the past five years the **CET 1 Ratio of IFIC Bank** has been stable and was consistently up to the mark as the Bangladesh Bank Requirement is to have minimum of 4.5% and in all these 5 years IFIC Bank Ltd has more than this requirement. But the overall Performance of IFIC Bank Limited was lower than NCC and National Bank.

3.5.3 Provision for Credit Losses(PCL) Ratio:

The credit loss clause (PCL) is an estimate of possible losses that may be incurred by a business due to credit risk. The bad debts clause is viewed as an expenditure on the financial statements of the company. Losses from delinquent and bad debt or other loans that are likely to default or become unrecoverable are anticipated. This is how we can measure how a Bank is performing with their loans and how much security they have against the Bad Loans If the borrowers fails how much Provision are kept as security. It is a measure of Credit Risk. And if the Banks are sufficiently covered this risk this means that the Banks are Performing Better.

Formula:

Provision for Credit Losses (PCL Ratio): (Provision for Loan Losses/Total Loans)

Provision for Credit Losses(PCL) Ratio					
Bank Name	2015	2016	2017	2018	2019
IFIC Bank	1.65%	0.97%	1.14%	0.50%	0.41%
AB Bank	1.44%	1.00%	2.02%	1.04%	2.00%
National Bank'	1.03%	1.11%	1.01%	0.65%	0.42%
NCC Bank	1.56%	0.75%	1.25%	1.56%	1.52%
Average	1.42%	0.96%	1.35%	0.94%	1.09%

- ✓ In 2015, the **Provision for Credit Losses(PCL) Ratio** of IFIC Bank was 1.65% AB Bank was 1.44% National Bank was 1.03% and NCC Bank was 1.56% Therefore, we can see that IFIC Bank Limited has the Highest Provision **for Credit Losses(PCL) Ratio** than other Banks which indicates that IFIC Bank Limited has proper precaution against the bad loans and they can manage situation if borrower's defaults so they have proper coverage. So we can say IFIC has better performance in managing the default borrowers.
- ✓ In 2016, the **Provision for Credit Losses(PCL) Ratio** of IFIC Bank was 0.97% AB Bank was 1.00% National Bank was 1.11% and NCC Bank was 0.75% Here IFIC Bank Has lower PCL Ratio than AB and NCC bank but IFIC Bank has stable PCL Ratio position which indicates that IFIC Bank Limited has proper precaution against the bad loans and they can manage situation if borrower's defaults so they have proper coverage. So we can say IFIC has better performance in managing the default borrowers
- ✓ In 2017, the **Provision for Credit Losses(PCL) Ratio** of IFIC Bank was 1.14% AB Bank was 2.02% National Bank was 1.01% and NCC Bank was 1.25% Here IFIC Bank Has lower PCL Ratio than AB and NCC bank but IFIC Bank has stable PCL Ratio position which indicates that IFIC Bank Limited has proper precaution against the bad loans and they can manage situation if borrower's defaults so they have proper coverage. So we can say IFIC has good performance in managing the default borrowers
- ✓ In 2018, the **Provision for Credit Losses(PCL) Ratio** IFIC Bank was 0.50% AB Bank was 1.04% National Bank was 0.65% and NCC Bank was 1.56% Here IFIC Bank Has lower PCL Ratio than AB and NCC bank but IFIC Bank has stable PCL Ratio position which indicates that IFIC Bank Limited has proper precaution against the bad loans and they can manage situation if borrower's defaults so

they have proper coverage. So we can say IFIC has good performance in managing the default borrowers

- ✓ In 2019, the **Provision for Credit Losses(PCL) Ratio** of IFIC Bank was 0.41% AB Bank was 2.00% National Bank was 0.42% and NCC Bank was 1.52% In 2019 IFIC Bank's PCL ratio is the lowest among all 4 Banks which indicates throughout the 5 years their Performance has declined and they have lower protection against default borrowers and bad loans.

Eventually it can be seen that over the past five years the **Provision for Credit Losses(PCL) Ratio** of IFIC Bank has not been stable and they had better position in 2015 but eventually situation changed now they have lower provision. So their Performance here has declined over the years comparing with the other 3 banks AB, National, and NCC Bank.

3.5.4 Provision for Loan Losses against Equity Capital:

The Loan loss clause against is an estimate of possible losses that may be incurred by a business due to credit risk. The bad debts clause is viewed as an expenditure on the financial statements of the company. Losses from delinquent and bad debt or other loans that are likely to default or become unrecoverable are anticipated. This is how we can measure how a Bank is performing with their loans and how much Equity Capital they have against the Bad Loans If the borrowers fail how much Provision are kept as security. It is a measure of Credit Risk. And if the Banks are sufficiently covered this risk this means that the Banks are Performing Better

Provision for Loan Losses against Equity					
Bank Name	2015	2016	2017	2018	2019
IFIC Bank	17.42%	10.41%	9.92%	4.68%	3.83%
AB Bank	13.24%	9.50%	20.35%	11.12%	22.51%
National Bank'	5.71%	6.44%	6.20%	4.55%	3.08%
NCC Bank	10.47%	5.74%	10.70%	15.39%	14.03%
Average	12%	8%	12%	9%	11%

- ✓ In 2015, the **Provision for Loan Losses against Equity Capital Ratio** of IFIC Bank was 17.42% AB Bank was 13.24% National Bank was 5.71% and NCC Bank was 10.47%

Therefore, we can see that IFIC Bank Limited has the Highest **Provision for Loan Losses against Equity Capital Ratio** than other Banks which indicates that IFIC Bank Limited has proper precaution against the bad loans and they can manage situation if borrower's defaults so they have proper coverage with their Equity Capital and we can see a large percentage of Equity Capital has been used to cover the Loan Loss or default borrowers. So we can say IFIC has better performance in managing the default borrowers with their Equity Capital.

- ✓ In 2016, the **Provision for Loan Losses against Equity Capital Ratio** of IFIC Bank was 10.41% AB Bank was 9.50% National Bank was 6.44% and NCC Bank was 5.74% Therefore, we can see that IFIC Bank Limited has the Highest **Provision for Loan Losses against Equity Capital Ratio** than other Banks which indicates that IFIC Bank Limited has proper precaution against the bad loans and they can manage situation if borrower's defaults so they have proper coverage with their Equity Capital and we can see a large percentage of Equity Capital has been used to cover the Loan Loss or default borrowers. So we can say IFIC has better performance in managing the default borrowers with their Equity Capital
- ✓ In 2017, the **Provision for Loan Losses against Equity Capital Ratio** Bank was 9.92% AB Bank was 20.35% National Bank was 6.20% and NCC Bank was 10.70% Here IFIC Bank Has lower **Provision for Loan Losses against Equity Capital Ratio** than AB and NCC bank but IFIC Bank has stable PCL Ratio position which indicates IFIC Bank Limited has proper precaution against the bad loans and they can manage situation if borrower's defaults so they have proper coverage with their Equity Capital and we can see a large percentage of Equity Capital has been used to cover the Loan Loss or default borrowers. So we can say IFIC has better performance in managing the default borrowers with their Equity Capital. so they have proper coverage. So we can say IFIC has good performance in managing the default borrowers
- ✓ In 2018, the **Provision for Loan Losses against Equity Capital Ratio** IFIC Bank was 4.68% AB Bank was 11.12% National Bank was 4.55% and NCC Bank was 15.39% Here IFIC Bank Has lower **Provision for Loan Losses against Equity Capital Ratio** than AB and NCC bank but IFIC Bank has stable PCL Ratio position which indicates IFIC Bank Limited has proper precaution against the bad loans and they can manage situation if borrower's defaults so they have proper coverage with their Equity Capital and we can see a large percentage of Equity

Capital has been used to cover the Loan Loss or default borrowers. So we can say IFIC has better performance in managing the default borrowers with their Equity Capital. so they have proper coverage. So we can say IFIC has good performance in managing the default borrowers.

- ✓ In 2019, the **Provision for Loan Losses against Equity Capital Ratio** of IFIC Bank was 3.83% AB Bank was 22.51% National Bank was 3.08% and NCC Bank was 14.03% In 2019 IFIC Bank's PCL ratio is the lowest among all 4 Banks which indicates throughout the 5 years their Performance has declined and they have lower protection against default borrowers and bad loans.

Eventually it can be seen that over the past five years the **Provision for Loan Losses against Equity Capital Ratio** of IFIC Bank has not been stable and they had better position in 2015 and 2016 but eventually situation changed now in 2017,2018,2019 they have lower provision against their Equity Capital. So their Performance here has declined over the years comparing with the other 3 banks AB, National, and NCC Bank.

3.5.5 Non-Performing Loan Ratio (NPL) Ratio:

As a revenue generator, banks rely on borrowers to sustain their scheduled loan repayments. The loan is called a non-performing loan, or NPL, if a customer has not made daily payments for at least 90 days. Popularly known as the NPL ratio, the non-performing loan ratio is the ratio of the amount of non-performing loans in the loan portfolio of a bank to the total amount of outstanding loans held by the bank. The NPL ratio tests a bank's efficiency in securing repayments on its loans. If the borrower fails to pay, filed bankruptcy or loses the income they need to repay the debt, loans can be listed as non-performing. Since a bank's position as a borrower can be damaged by non-performing loans, the bank may opt to sell these loans to collection agencies or other companies to recover its losses.

Formula: NPL Ratio= (Classified Loans/Non-Performing Loans/ Total Loans and Advances)

Non Performing Loan Ratio (NPL)					
Bank Name	2015	2016	2017	2018	2019
IFIC Bank	5.882%	5.807%	6.403%	6.157%	5.366%
AB Bank	1.672%	1.146%	2.212%	1.688%	1.594%
National Bank'	7.007%	10.350%	10.645%	9.501%	7.451%
NCC Bank	7.067%	5.773%	5.790%	5.804%	6.190%
Average	5.407%	5.769%	6.262%	5.787%	5.150%

- ✓ In 2015, the **Non-Performing Loan Ratio** of IFIC Bank was 5.882% AB Bank was 1.672% National Bank was 7.007% and NCC Bank was 7.067% Therefore, we can see that IFIC Bank Limited has the second lowest value and here low value is more preferable because it indicates that lower amount of Loans are not generating income for the Bank. Here AB Bank has the Lowest value which means they are performing better than the IFIC Bank Limited.
- ✓ In 2016, the **Non-Performing Loan Ratio** of IFIC Bank was 5.807% AB Bank was 1.146% National Bank was 10.350% and NCC Bank was 5.773% Therefore, we can see that IFIC Bank Limited has the Third lowest value and here low value is more preferable because it indicates that lower amount of Loans are not generating income for the Bank. Here AB Bank and NCC has the Lowest value which means they are performing better than the IFIC Bank Limited and their NPL are lower than IFIC Bank.
- ✓ In 2017, **Non-Performing Loan Ratio** Bank was 6.403% AB Bank was 2.212% National Bank was 10.645% and NCC Bank was 5.790% Therefore, we can see that IFIC Bank Limited has the Third lowest value and here low value is more preferable because it indicates that lower amount of Loans are not generating income for the Bank. Here AB Bank and NCC has the Lowest value which means they are performing better than the IFIC Bank Limited and their NPL are lower than IFIC Bank.
- ✓ In 2018, the **Non-Performing Loan Ratio** IFIC Bank was 6.157% AB Bank was 1.688% National Bank was 9.501% and NCC Bank was 5.804%. Therefore, we can see that IFIC Bank Limited has the Third lowest value and here low value is more preferable because it indicates that lower amount of Loans are not generating income for the Bank. Here AB Bank and NCC

has the Lowest value which means they are performing better than the IFIC Bank Limited and their NPL are lower than IFIC Bank.

- ✓ In 2019, the **Non-Performing Loan Ratio** of IFIC Bank was 5.366% AB Bank was 1.594% National Bank was 7.451% and NCC Bank was 6.190% Therefore, we can see that IFIC Bank Limited has the Third lowest value and here low value is more preferable because it indicates that lower amount of Loans are not generating income for the Bank. Here AB Bank and NCC has the Lowest value which means they are performing better than the IFIC Bank Limited and their NPL are lower than IFIC Bank.

Eventually it can be seen that over the past five years the **Non-Performing Loan Ratio** of IFIC Bank has been stable and they had second lowest value in 2015,16 but in 2017,18,19 they were 3rd lowest. Though they have stable ratio but it should be minimized if they want to make better performance.

3.6 Performance Analysis of IFIC BANK through Comparing IFIC Bank Ratios with AVERAGE of all Bank Ratios

Liquidity Ratios

Current Ratio			
	IFIC BANK RATIOS	AVERAGE	Scenario
2015	1.181195605	1.288057069	Low
2016	1.930281462	1.430820698	High
2017	1.863614312	1.929229149	Low
2018	1.694831476	1.317152787	High
2019	1.521632894	1.306073557	High

Compared to the average, Current Ratio of IFIC Bank with all the other 3 banks, it can be seen that the performance of IFIC Bank was **higher** in 2016, 2018 and 2019. This shows that IFIC Bank was liquid enough in these years to pay its current liabilities compared to other banks. IFIC Bank's performance was up to the standard and IFIC Bank had ample liquid assets to be able to cope with any short-term obligations easily.

Cash Ratio			
	IFIC BANK RATIOS	AVERAGE	Scenario
2015	0.392642046	0.7806	Low
2016	0.281205453	0.693	Low
2017	0.258131881	1.1632	Low
2018	0.236337014	0.6663	Low
2019	0.219567002	0.609	Low

Compared to the average, Cash Ratio of IFIC Bank with all the other 3 banks, it can be seen that the performance of IFIC Bank was **low** in the last 5 years. This shows that IFIC Bank did not have much Cash and Cash Equivalents to pay its liabilities compared to other banks. IFIC Bank's performance was not up to the standard and IFIC Bank did not have ample liquid assets to be able to cope with any short-term obligations easily.

Loans to Deposit Ratio			
	IFIC BANK RATIOS	AVERAGE	Scenario
2015	83.96%	89.72%	Low
2016	85.62%	89.14%	Low
2017	89.54%	97.07%	Low
2018	91.43%	110.44%	Low
2019	1.60%	70.35%	Low

Compared to the average, Loans to Deposit Ratio of IFIC Bank with all the other 3 banks, it can be seen that the performance of IFIC Bank was **low** in the last 5 years. This shows that IFIC Bank had more deposits in respect to the loans taken. IFIC Bank's performance was up to the standard and IFIC Bank could attract and keep their clients which means if the deposits of a bank rise, new cash and new customers are on board.

Loans to Asset Ratio			
	IFIC BANK RATIOS	AVERAGE	Scenario
2015	64.06%	66.19%	Low
2016	64.96%	69.88%	Low
2017	66.16%	69.31%	Low
2018	68.77%	72.19%	Low
2019	72.12%	71.56%	High

Compared to the average, Loans to Asset Ratio of IFIC Bank with all the other 3 banks, it can be seen that the performance of IFIC Bank was **low** in the last 4 years and high in 2019. This shows that IFIC Bank had more assets in respect to the loans taken in the last 4 years and fewer assets in 2019 in respect to the loans taken. IFIC Bank's performance was up to the standard.

Solvency Ratios

Debt-Equity Ratio			
	IFIC BANK RATIOS	AVERAGE	Scenario
2015	14.30210121	8.95	High
2016	14.34624097	9.38	High
2017	11.33007713	9.07	High
2018	11.79934367	9.78	High
2019	11.88574249	10.03	High

Compared to the average, Debt-Equity Ratio of IFIC Bank with all the other 3 banks, it can be seen that the performance of IFIC Bank was **high** in the last 5 years. This shows that IFIC Bank had more Equity in respect to the Debts. IFIC Bank's performance was not up to the standard and means IFIC Bank has been aggressive in financing its debt growth whereas debt-to-equity ratio below 1 means lower leverage and lower rate bankruptcy risk.

Long-Term Debt Ratio			
	IFIC BANK RATIOS	AVERAGE	Scenario
2015	0.691391258	0.63	High
2016	0.680971481	0.64	High
2017	0.682116297	0.54	High
2018	0.682601427	0.64	High
2019	0.662954776	0.62	High

Compared to the average, Long Term Debt Ratio of IFIC Bank with all the other 3 banks, it can be seen that the performance of IFIC Bank was **high** in the last 5 years. This shows that IFIC Bank had a reasonably high degree of risk and was not able to repay its debts eventually. IFIC Bank's performance was not up to the standard.

Leverage Ratio			
	IFIC BANK RATIOS	AVERAGE	Scenario
2015	6.36%	9.05%	Low
2016	6.37%	8.98%	Low
2017	8.00%	6.19%	High
2018	7.71%	8.27%	Low
2019	7.66%	8.01%	Low

Compared to the average, Leverage Ratio of IFIC Bank with all the other 3 banks, it can be seen that the performance of IFIC Bank was **low** in the 2015, 2016, 2018 and 2019 and **high** in 2017. This shows that IFIC Bank has not taken on a substantial amount of debt in excess of its potential and was able to meet its current cash flow obligations in 2015, 2016, 2018 and 2019 however they could not do it in 2017 with its available resources. IFIC Bank's performance was up to the standard in 2015, 2016, 2018 and 2019.

Efficiency Ratios

Casa Ratio			
	IFIC BANK RATIOS	AVERAGE	Scenario
2015	0.28833	0.2964	Low
2016	0.30332	0.3181	Low
2017	0.2916	0.3012	Low
2018	0.2928	0.2924	High
2019	0.31337	0.2979	High

Compared to the average, CASA Ratio of IFIC Bank with all the other 3 banks, it can be seen that the performance of IFIC Bank was **low** from 2015 to 2017 and **high** in 2018 and 2019. This shows that IFIC Bank from 2015 to 2017 lower portion of the bank's deposits came from current and savings deposits and is typically a lower source of funds and from 2018 to 2019 a large amount of deposits of IFIC were made from current deposits and savings deposit. IFIC Bank's performance was up to the standard in 2018 and 2019 which means IFIC had an increased the net interest margin.

Total Asset Turnover			
	IFIC BANK RATIOS	AVERAGE	Scenario
2015	0.07095	0.052	High
2016	0.06335	0.0514	High
2017	0.05893	0.0605	Low
2018	0.05272	0.064	Low
2019	0.07707	0.0761	High

Compared to the average, Total Asset Turnover of IFIC Bank with all the other 3 banks, it can be seen that the performance of IFIC Bank was **low** in 2017 and 2018 and **high** in 2015, 2016 and 2019. This shows that IFIC Bank in 2015, 2016 and 2019 they were more effective at producing income from its assets and in 2017 and 2018 they did not use its assets effectively to produce revenue. IFIC Bank's performance was up to the standard in 2015, 2016 and 2019.

Total Operating Expense to Income Ratio			
	IFIC BANK RATIOS	AVERAGE	Scenario
2015	0.34706	0.9196	Low
2016	0.41036	0.8486	Low
2017	0.35834	0.3116	High
2018	0.34213	0.2741	High
2019	0.24561	0.2302	High

Compared to the average, Total Operating Expense to Income Ratio of IFIC Bank with all the other 3 banks, it can be seen that the performance of IFIC Bank was **low** in 2015 and 2016 and **high** from 2017 to 2019. This shows that IFIC Bank in 2015 and 2016 they were more efficient in other words Interest Incomes were earned efficiently with lower operating expense. IFIC Bank's performance was up to the standard in in 2015 and 2016.

Tax Management Ratio			
	IFIC BANK RATIOS	AVERAGE	Scenario
2015	0.54923	0.6686	Low
2016	0.58269	0.6333	Low
2017	0.87005	-1.6692	High
2018	0.54915	0.8625	Low
2019	0.58499	0.8164	Low

Compared to the average, Tax Management Ratio of IFIC Bank with all the other 3 banks, it can be seen that the performance of IFIC Bank was **low** in 2015,2016,2018,2019 and **high** in 2017. This shows that IFIC Bank in 2015,2016,2018,2019 they were less efficient in managing their Taxes in other words they lost more of their Incomes In taxes so they need to make changes so the Tax payment can be properly controlled and Profit can be increased.

Expense Control Efficiency			
	IFIC BANK RATIOS	AVERAGE	Scenario
2015	0.00326	0.2467	Low
2016	0.00282	0.3111	Low
2017	0.002	0.2064	Low
2018	0.00379	0.2143	Low
2019	0.00378	0.2287	Low

Compared to the average, Expense Control Efficiency Ratio of IFIC Bank with all the other 3 banks, it can

be seen that the performance of IFIC Bank was **low** in all the years. This shows that IFIC Bank in 2015,2016,2018,2019 they were less efficient in managing their expenses in other words their operation costs were higher than the average of the 3 Banks. Which means the Performance was not at all up to the standard.

Profitability Ratios

Return on Assets			
	IFIC BANK RATIOS	AVERAGE	Scenario
2015	0.50%	0.76%	Low
2016	0.62%	0.91%	Low
2017	0.82%	0.88%	Low
2018	0.55%	0.77%	Low
2019	0.77%	1.00%	Low

Compared to the average, Return on Asset Ratio of IFIC Bank with all the other 3 banks, it can be seen that the performance of IFIC Bank was **low** in all the years. This shows that IFIC Bank in 2015,2016,2018,2019 they were less profitable in other words IFIC is making good returns from the assets but still they are lacking behind the average of the 3 Banks.

Return on Equity			
	IFIC BANK RATIOS	AVERAGE	Scenario
2015	7.61%	7.36%	High
2016	9.46%	9.07%	High
2017	10.07%	9.11%	High
2018	7.10%	8.32%	Low
2019	9.94%	10.98%	Low

Compared to the average, Return on Equity Ratio of IFIC Bank with all the other 3 banks, it can be seen that the performance of IFIC Bank was **High** in all 2015-2017 and **Low** in 2018 and 2019. This shows that IFIC Bank in 2015,2016,2017, IFIC Bank was better in utilizing their Equity and made more profit but in 2018,2019 they were less profitable.

Return on Loans			
	IFIC BANK RATIOS	AVERAGE	Scenario
2015	10.26%	7.71%	High
2016	9.10%	7.16%	High
2017	8.33%	8.43%	Low
2018	7.21%	8.61%	Low
2019	10.69%	10.53%	High

Compared to the average, Return on Loans of IFIC Bank with all the other 3 banks, it can be seen that the performance of IFIC Bank was **High** in all 2015,2016 and 2019 and **Low** in 2018 and 2017. This shows that IFIC Bank in 2015,2016,2019, IFIC Bank was better in utilizing their Loans and made more profit but in 2018,2017 they were less profitable.

Retruns on Deposits			
	IFIC BANK RATIOS	AVERAGE	Scenario
2015	0.60%	1.09%	Low
2016	0.76%	1.29%	Low
2017	1.03%	1.06%	Low
2018	0.69%	0.93%	Low
2019	0.95%	0.83%	High

Compared to the average, Return on Deposit of IFIC Bank with all the other 3 banks, it can be seen that the performance of IFIC Bank was **High** in all 2019, and **Low** in all other years. This shows that IFIC Bank in 2019, IFIC Bank was better in utilizing their Deposits and made more profit but in other years they were less profitable and made lower profit than the average.

Net Interest Margin			
	IFIC BANK RATIOS	AVERAGE	Scenario
2015	2.47%	1.82%	High
2016	2.70%	2.12%	High
2017	2.65%	2.08%	High
2018	1.91%	1.81%	High
2019	2.33%	2.56%	Low

Compared to the average, Net Interest Margin of IFIC Bank with all the other 3 banks, it can be seen that the performance of IFIC Bank was **High** in all 2015 to 2018, and **Low** 2019. This shows that IFIC Bank in 2015 to 2018, IFIC Bank was better in utilizing their Average Earning Assets and made more profit but in

other years they were less profitable and made lower profit than the average

Net Bank Operating Margin			
	IFIC BANK RATIOS	AVERAGE	Scenario
2015	63.52%	62.84%	High
2016	68.43%	68.14%	High
2017	65.41%	65.98%	Low
2018	47.46%	51.64%	Low
2019	45.52%	48.85%	Low

Compared to the average, Net Bank Operating Margin of IFIC Bank with all the other 3 banks, it can be seen that the performance of IFIC Bank was **High** in all 2015 to 2016, and **Low** 2017 to 2019. This shows that IFIC Bank in 2015 to 2018, IFIC Bank was better in utilizing their assets and made more operating profit but in other years they were less profitable and made lower operating profit than the average.

Market Value Ratio

Price - Earnings Ratio			
	IFIC BANK RATIOS	AVERAGE	Scenario
2015	8.28025	6.3962	High
2016	6.04651	4.8426	High
2017	8.44156	65.3975	Low
2018	11.11111	126.7863	Low
2019	7.83133	15.6542	Low

Compared to the average, P/E Ratio of IFIC Bank with all the other 3 banks, it can be seen that the performance of IFIC Bank was **High** in all 2015 to 2016, and **Low** 2017 to 2019.

Dividend Pay-out Ratio			
	IFIC BANK RATIOS	AVERAGE	Scenario
2015	0.25819	0.2305	Hgh
2016	0.17345	0.1371	Hgh
2017	0.27122	0.1728	Hgh
2018	0.75682	1.6239	Low
2019	0.49786	0.7255	Low

Compared to the average, Dividend Payout Ratio of IFIC Bank with all the other 3 banks, it can be seen

that the performance of IFIC Bank was **High** in all 2015 to 2017, and **Low** 2018 to 2019 . This shows that IFIC Bank Limited paid more dividends to their shareholders in 2015,16,17 and less in 2018,19

Retention Rate			
	IFIC BANK RATIOS	AVERAGE	Scenario
2015	0.83555	0.8633	Low
2016	0.91932	0.9254	Low
2017	0.82388	-4.1103	High
2018	0.35315	-73.92	High
2019	0.70008	-0.8497	High

Compared to the average, Retention Ratio of IFIC Bank with all the other 3 banks, it can be seen that the performance of IFIC Bank was **High** in all 2017 to 2019, and **Low** 2015 to 2016 . This shows that IFIC Bank Limited paid more dividends and retained less profit from the Net Profit to their shareholders in 2015,16, and gave less dividends and retained more in 2017,18,19

Credit Risk Ratios

Capital Adequacy Ratio			
	IFIC BANK RATIOS	AVERAGE	Scenario
2015	13.48%	25.80%	Low
2016	14.07%	25.60%	Low
2017	15.90%	25.24%	Low
2018	15.37%	24.53%	Low
2019	14.04%	23.57%	Low

Compared to the average, Capital Adequacy Ratio of IFIC Bank with all the other 3 banks, it can be seen that the performance of IFIC Bank was **low** in all years. But as per the Basel Norm 3 they have more than the minimum requirement amount but still their performance is below the average among the 3 other Banks.

CET 1 Ratio			
	IFIC BANK RATIOS	AVERAGE	Scenario
2015	8.33%	15.87%	Low
2016	8.15%	15.71%	Low
2017	10.04%	11.28%	Low
2018	9.55%	14.23%	Low
2019	9.70%	14.01%	Low

Compared to the average, CET 1 Ratio of IFIC Bank with all the other 3 banks, it can be seen that the performance of IFIC Bank was **low** in all years. But as per the Basel Norm 3 they have more than the minimum requirement amount but still their performance is below the average among the 3 other Banks.

Provision for Credit Losses(PCL) Ratio			
	IFIC BANK RATIOS	AVERAGE	Scenario
2015	1.65%	1.42%	High
2016	0.97%	0.96%	High
2017	1.14%	1.35%	Low
2018	0.50%	0.94%	Low
2019	0.41%	1.09%	Low

Compared to the average, PCL Ratio of IFIC Bank with all the other 3 banks, it can be seen that the performance of IFIC Bank was **low** 2017,18,19 but was better in 2015,16. So we can see that IFIC BANK LIMITED keeps a handsome amount of provision against their bad loans.

Provision for Credit Losses against Equity			
	IFIC BANK RATIOS	AVERAGE	Scenario
2015	17.42%	12%	High
2016	10.41%	8%	High
2017	9.92%	12%	Low
2018	4.68%	9%	Low
2019	3.83%	11%	Low

Compared to the average, PCL against Equity Ratio of IFIC Bank with all the other 3 banks, it can be seen that the performance of IFIC Bank was **low** 2017,18,19 but was better in 2015,16. So we can see that IFIC BANK LIMITED keeps a handsome amount of provision against their bad loans and the provision is covered with Equity value.

Overall: Overall IFIC BANK LIMITED has performed below the Average of the 3 same generation private Bank which are AB, NATIONAL & NCC BANK LIMITED. Still the performance was close and in some Ratios IFIC BANK Dominated but still they need to improve their Performance in many sections to be more successful.

3.7 Growth Analysis

In here we can see how much the Growth for the major components of the four Banks and we can see whether the Growth Performance of IFIC Bank Limited Was Better than AB, National & NCC Bank.

Total Assets					
	2015	2016	2017	2018	2019
IFIC Bank	-	10.50%	28.52%	11.78%	11.97%
AB Bank	-	-9.47%	10.37%	2.53%	13.35%
National Bank	-	8.54%	14.77%	16.10%	13.84%
NCC Bank	-	12.55%	17.66%	20.14%	-10.77%

- ✓ In 2016, the Total Asset of IFIC Bank was 10.50%, AB Bank was -9.47%, National Bank was 8.54% and NCC Bank was 12.55%. Therefore, we can say that the total assets of IFIC Bank were more than the total assets of AB Bank and National Bank however, a little less than NCC Bank.
- ✓ In 2017, the Total Asset of IFIC Bank was 28.52%, AB Bank was 10.37%, National Bank was 14.77% and NCC Bank was 17.66%. Therefore, we can say that the total assets of IFIC Bank were more than the total assets of the other banks.
- ✓ In 2018, the Total Asset of IFIC Bank was 11.79934, AB Bank was 7.119627, National Bank was 9.088 and NCC Bank was 13.60714. Therefore, we can say that the total assets of IFIC Bank were more than the total assets of AB Bank however, a little less than National Bank and NCC Bank.
- ✓ In 2019, the Total Asset of IFIC Bank was 12.88574, AB Bank was 8.002648, National Bank was 9.453464 and NCC Bank was 13.26388. Therefore, we can say that the total assets of IFIC Bank were more than the total assets of NCC Bank however, a little less than AB Bank and National Bank.

Eventually it can be seen that the Total Assets of IFIC Bank was grown in 2017 than in 2016, 2018 and 2019.

Long Term Liabilities					
	2015	2016	2017	2018	2019
IFIC Bank	-	8.83%	28.74%	11.86%	8.74%
AB Bank	-	7.45%	-1.19%	-0.94%	16.88%
National Bank	-	-3.03%	21.92%	16.14%	0.67%
NCC Bank	-	15.92%	22.51%	25.24%	6.37%

- ✓ In 2016, the Long Term Liabilities of IFIC Bank was 8.83% AB Bank was 7.45% National Bank was -3.03% and NCC Bank was 15.92%. Therefore, we can say that Long Term Liabilities of IFIC Bank were more than the Long Term Liabilities of AB Bank and National Bank however, less than NCC Bank.
- ✓ In 2017, the Long Term Liabilities of IFIC Bank was 28.52%, AB Bank was 10.37%, National Bank was 14.77% and NCC Bank was 17.66%. Therefore, we can say that the Long Term Liabilities of IFIC Bank were more than Long Term Liabilities the other banks.
- ✓ In 2018, the Long Term Liabilities of IFIC Bank was 11.86%, AB Bank was -0.94%, National Bank was 16.14% and NCC Bank was 25.24%. Therefore, we can say that Long Term Liabilities of IFIC Bank were more than the Long Term Liabilities of AB Bank however, less than National Bank and NCC Bank.
- ✓ In 2019, the Long Term Liabilities of IFIC Bank was 8.74%, AB Bank was 16.88%, National Bank was 0.67% and NCC Bank was 6.37%. Therefore, we can say that the Long Term Liabilities of IFIC Bank were more than the Long Term Liabilities of NCC Bank and National Bank however, than AB Bank.

Eventually it can be seen that the Long Term Liabilities of IFIC Bank was grown in 2017 than in 2016, 2018 and 2019.

Term Deposit Balance

	2015	2016	2017	2018	2019
IFIC Bank	-	9.08%	25.01%	13.05%	14.15%
AB Bank	-	14.88%	-3.94%	-0.22%	18.69%
National Bank	-	8.65%	-6.21%	-11.54%	82.96%
NCC Bank	-	17.78%	20.51%	19.60%	4.53%

- ✓ In 2016, the Term Deposit Balance of IFIC Bank was 9.08%, AB Bank was 14.88%, National Bank was 8.65% and NCC Bank was 17.78%. Therefore, we can say that the Term Deposit Balance of IFIC Bank was more than the total assets of National Bank however, less than AB Bank and NCC Bank.
- ✓ In 2017, the Term Deposit Balance of IFIC Bank was 25.01%, AB Bank was -3.94%, National Bank was -6.21% and NCC Bank was 20.51%. Therefore, we can say that the Term Deposit Balance of IFIC Bank was more than the Term Deposit Balance of the other banks.
- ✓ In 2018, the Term Deposit Balance of IFIC Bank was 13.05%, AB Bank was -0.22%, National Bank was -11.54% and NCC Bank was 19.60%. Therefore, we can say that the Term Deposit Balance of IFIC Bank was more than the Term Deposit Balance of AB Bank and National Bank however, less than NCC Bank.
- ✓ In 2019, the Term Deposit Balance of IFIC Bank was 14.15%, AB Bank was 18.69%, National Bank was 82.96% and NCC Bank was 4.53%. Therefore, we can say that the Term Deposit Balance of IFIC Bank were more than the Term Deposit Balance of NCC Bank however, less than AB Bank and National Bank.

Eventually it can be seen that the Term Deposit Balance of IFIC Bank was better in 2017 than in 2016, 2018 and 2019.

Operational Income					
	2015	2016	2017	2018	2019
IFIC Bank	-	6.29%	14.28%	-7.80%	23.54%
AB Bank	-	-3.96%	-2.22%	-16.42%	48.98%
National Bank	-	-3.96%	-1.68%	-2.04%	-0.39%
NCC Bank	-	8.90%	14.97%	19.70%	10.81%

- ✓ In 2016, the Operational Income of IFIC Bank was 6.29%, AB Bank was -3.96%, National Bank was -3.96% and NCC Bank was 8.90%. Therefore, we can say that the Operational Income of IFIC Bank was more than the Operational Income of AB Bank and National Bank however, less than NCC Bank.
- ✓ In 2017, the Operational Income of IFIC Bank was 14.28%, AB Bank was -2.22%, National Bank was -1.68% and NCC Bank was 14.97%. Therefore, we can say that the Operational Income of IFIC Bank was more than the Operational Income of AB Bank and National Bank however, less than NCC Bank.
- ✓ In 2018, the Operational Income of IFIC Bank was -7.80%, AB Bank was -16.42%, National Bank was -2.04% and NCC Bank was 19.70%. Therefore, we can say that Operational Income of IFIC Bank was less than other Banks.
- ✓ In 2019, the Operational Income of IFIC Bank was 23.54%, AB Bank was 48.98%, National Bank was -0.39% and NCC Bank was 10.81%. Therefore, we can say that the Operational Income of IFIC Bank were more than the Operational Income of NCC Bank and National Bank however, less than AB Bank and National Bank.

Eventually it can be seen that the Operational Income of IFIC Bank was better in 2017 than in 2016, 2018 and 2019.

Operational Expense					
	2015	2016	2017	2018	2019
IFIC Bank	-	16.65%	4.40%	-4.53%	17.49%
AB Bank	-	-6.17%	4.31%	-5.08%	15.46%
National Bank	-	15.56%	3.84%	12.43%	5.75%
NCC Bank	-	-0.20%	22.80%	11.08%	14.96%

- ✓ In 2016, the Operational Expense of IFIC Bank was 16.65%, AB Bank was -6.17%, National Bank was 15.56% and NCC Bank was -0.20%. Therefore, we can say that the Operational Expense of IFIC Bank was more than the Operational Expense of AB Bank and NCC Bank however, a little less than National Bank.
- ✓ In 2017, the Operational Expense of IFIC Bank was 4.40%, AB Bank was 4.31%, National Bank was 3.84% and NCC Bank was 22.80%. Therefore, we can say that the Operational Expense of IFIC Bank was more than the Operational Expense of AB Bank and NCC Bank however, a little less than National Bank.
- ✓ In 2018, the Operational Expense of IFIC Bank was -4.53%, AB Bank was -5.08%, National Bank was 12.43% and NCC Bank was 11.08%. Therefore, we can say that Operational Expense of IFIC less than the other Banks.
- ✓ In 2019, the Operational Expense of IFIC Bank was 17.49%, AB Bank was 15.46%, National Bank was 5.75% and NCC Bank was 14.96%. Therefore, we can say that the Operational Expense of IFIC Bank were more than the Operational Expense of other banks

Eventually it can be seen that the Operational Expense of IFIC Bank was better in 2019 than in 2016, 2017 and 2018.

Net Profit After Taxation					
	2015	2016	2017	2018	2019
IFIC Bank	-	36.88%	70.31%	-24.06%	55.63%
AB Bank	-	-2.63%	-97.67%	-38.10%	815.44%
National Bank	-	44.47%	-15.66%	-12.69%	1.56%
NCC Bank	-	32.12%	-16.58%	2.94%	30.72%

- ✓ In 2016, the Net Profit After Taxation of IFIC Bank was 36.88%, AB Bank was -2.63%, National Bank was 44.47% and NCC Bank was 32.12%. Therefore, we can say that the Net Profit After Taxation of IFIC Bank was more than the Net Profit After Taxation of the other Banks.
- ✓ In 2017, the Net Profit After Taxation of IFIC Bank was 70.31%, AB Bank was -97.67%, National Bank was -15.66% and NCC Bank was -16.58%. Therefore, we can say that the Net Profit After Taxation of IFIC Bank was more than the Net Profit after Taxation of the other Banks.
- ✓ In 2018, the Net Profit After Taxation of IFIC Bank was -24.06%, AB Bank was -38.10%, National Bank was -12.69% and NCC Bank was 2.94%. Therefore, we can say that the Net Profit After Taxation of IFIC Bank was more than the Net Profit After Taxation of AB Bank however less than National Bank and NCC Bank.
- ✓ In 2019, the Net Profit After Taxation of IFIC Bank was 55.63%, AB Bank was 815.44%, National Bank was 1.56% and NCC Bank was 30.72%. Therefore, we can say that the Net Profit After Taxation of IFIC Bank was more than the Net Profit after Taxation of National Bank and NCC Bank however less than AB Bank.

Eventually it can be seen that the Net Profit After Taxation of IFIC Bank was better in 2017 than in 2016, 2018 and 2019.

Shareholders' Equity					
	2015	2016	2017	2018	2019
IFIC Bank	-	10.18%	59.96%	7.68%	11.22%
AB Bank	-	1.41%	-1.48%	-0.53%	0.84%
National Bank	-	7.88%	11.51%	10.99%	9.44%
NCC Bank	-	5.67%	3.21%	3.53%	9.57%

- ✓ In 2016, the Shareholders' Equity of IFIC Bank was 10.18%, AB Bank was 1.41%, National Bank was 7.88% and NCC Bank was 5.67%. Therefore, we can say that the Shareholders' Equity of IFIC Bank were more than the Shareholders' Equity of AB Bank, National Bank and NCC Bank.
- ✓ In 2017, the Shareholders' Equity of IFIC Bank was 59.96%, AB Bank was -1.48%, National Bank was 11.51% and NCC Bank was 3.21%. Therefore, we can say that the Shareholders' Equity of IFIC Bank were more than the Shareholders' Equity of AB Bank, National Bank and NCC Bank.
- ✓ In 2018, the Shareholders' Equity of IFIC Bank was 7.68%, AB Bank was -0.53%, National Bank was 10.99% and NCC Bank was 3.53%. Therefore, we can say that the Shareholders' Equity of IFIC Bank were more than the Shareholders' Equity of AB Bank and NCC Bank however, less than National Bank.
- ✓ In 2019, the Shareholders' Equity of IFIC Bank was 11.22%, AB Bank was 0.84%, National Bank was 9.44% and NCC Bank was 9.57%. Therefore, we can say that the Shareholders' Equity of IFIC Bank were more than the Shareholders' Equity of AB Bank, National Bank and NCC Bank.

Eventually it can be seen that the Shareholders' Equity of IFIC Bank was better in 2017 than in 2016, 2018 and 2019.

Chapter 4

4. Findings and Recommendation & Conclusion For IFIC BANK LTD.

4.1 Findings

From this Ratio Analysis that has been conducted with the data that has been taken from the Financial Statements of IFIC, AB, National & NCC Bank Limited. of the year 2015, 2016, 2017, 2018, 2019. I have found some interesting facts and figures of IFIC Bank Limited. With the Ratios I have tried my best to measure the overall performance of IFIC Bank Limited and tried to compare the performance of IFIC Bank limited with the other three Banks AB, National & NCC Bank Limited. The findings are shown below.

- ✓ In the **Liquidity Ratios** IFIC Bank Limited has better position than all the other three Banks AB, National & NCC Bank which indicates that IFIC will face lower liquidity risk and will be able to meet the liabilities very efficiently and also they are less likely to face Bankruptcy
- ✓ In the **Solvency Ratios** we have seen that IFIC Bank Limited has taken higher numbers in almost all the Ratios and also they have consistently taken more debt against their assets which shows that their most of the Financing has come from borrowings which means they are subject to long term liability risk.
- ✓ In the **Efficiency Ratio** NCC and National Bank has comparatively a better position than IFIC Bank Limited but still IFIC Bank had stable position in this ratio which means that they were quite efficient in using their assets and generate proper income from those assets
- ✓ Also in the **Profitability Ratios** NCC Bank and National Bank have better position in some of the ratios and years but in some years IFIC Bank Limited dominated and has stable growth which indicates that they were good at turning income from their assets and also they provide a good value to their shareholders.
- ✓ In the **Market Value Ratio** IFIC Bank Limited has good position than other Banks AB, National & NCC Bank Limited also through this we can understand that the Stock Value of the IFIC Bank Limited is undervalued and people can trust this Bank for investment as they have **Stable Market Value Ratios.**
- ✓ In the Credit Risk Ratios, we know that these ratios are most important for the Banks for evaluating their Performance and also here the Basel Norm 3 are followed by every Banks.

Here we have seen IFIC BANK Limited has sufficient amount of Provision against their Non-performing loans, Also the CAR (Capital Adequacy Ratio) is higher than the minimum requirement of Bangladesh Bank which indicates that they have good performance in here and they have sufficient amount of Tier Capital 1 and Tier Capital 2 for which they will not face insolvency problem. But other Banks have Performed Better than IFIC BANK LIMITED in some years and have better position than the IFIC BANK Limited so IFIC BANK need to improve their Performance so they can be on the Top.

Findings from the Growth Analysis:

- ✓ IFIC Banks Total Assets has increased over these 5 years so we can say that their performance in acquiring Assets has improved.
- ✓ Long-Term Liabilities has also increased over the years which is not a good sign for them because increase in the Liabilities indicates that they might run in to Bankruptcy
- ✓ Term Deposit has also increased for IFIC BANK Limited over these 5 years which means that their Performance in gaining the trust of the investors or depositors are also increasing
- ✓ Operational Income has mixed views because first it decreased but in 2018 and 2019 it increased which means that IFIC Bank Limited is performing better in managing their expenses.
- ✓ Operating Expenses have also mixed views it decreased in 2015,16 but eventually increased in 2018,2019.
- ✓ Net Profit After Tax we know it is a good indicator of how the Banks are making money from their operation. For IFIC BANK the Net Profit After Tax increased over the years which means that they are performing better to increase their profits.
- ✓ Most Importantly IFIC Banks Shareholder equity has increased over the years which means that the Investors are gaining trust in this Bank and their investors are growing day by day. Also they need less amount of borrowings because their investors value are rising.

4.2 Recommendation

In this Internship Report I have put a lot of hard work and determination to prepare it properly. Also, I have given my utmost effort and used my knowledge that I have gained from the Courses that I have done in UIU mostly the knowledge I gained from major courses has helped me a lot to prepare this report.

So, from the Ratio Analysis and Personal Experience that I have gained from working in the IFIC BANK LIMITED, Lalmatia Branch, I have some suggestion for IFIC BANK LIMITED That can be used to make increase the efficiency and to improve the performance of the IFIC BANK LTD.

4.2.1 Recommendation based on the Ratio Analysis

- ✓ IFIC BANK LIMITED has stable position in almost all types of Ratios but still they are lagging behind in some areas compared to the NCC and National Bank. So, IFIC BANK LIMITED should focus on those areas and try to solve those issues.
- ✓ Mostly they should focus on the Efficiency and Profitability Ratios because specifically they are having trouble in this two areas.
- ✓ They should give more Focus on the Ratios of ROA, ROE and Return on Deposit and they should be more efficient in using their assets and equity.
- ✓ Also they should take less amount of Debt in their Capital Structure so that their long term risk can be minimized.
- ✓ IFIC Bank should also try to increase the Capital Adequacy Ratio though they have more than the requirements but it is lower than the other Banks
- ✓ They should also try to Increase the CET 1 Ratio

4.2.2 Recommendation from the Personal Experience

- ✓ IFIC BANK LIMITED should give priority on their interior decorations because in Lalmatia Branch the interior decorations are very poor and in this prominent area this type of decoration doesn't match.
- ✓ Also they should change their computers because those are quite old and outdated.
- ✓ They should also maintain proper kitchen facilities for the Employees because they suffer quite a lot for this.
- ✓ Also they should provide technical facilities to the Interns because for the 3 months I worked in their I didn't get any personal computer or desk from the IFIC BANK LIMITED authorities or else I could have learned a lot more from them.

4.3 Conclusion

IFIC Bank is one of Bangladesh's main banks. This bank is consistently making a profit. Since it was set up in Bangladesh through the banking sector, it is not very decent. Also I was very much overwhelmed that I got the opportunity to work in an organization which has this huge reputation in the Banking Sector. The three months that I have spent in IFIC BANK LIMITED was very much special for me and also the Employees there were very friendly and helpful.

Also this report has helped me a lot to understand the core of the Banking Industry and also I have tried my best to show the Comparative Performance of the IFIC BANK LIMITED with the same Generation Private Banks. This report was very much special for me.

Furthermore, I have given my Findings and some Recommendation that IFIC BANK LIMITED can use for better performance.

Also, my internship supervisor Dr. Mohammad Musa (Professor of United International University) has helped me a lot to complete this Internship Report amid this COVID-19 situation without his support I couldn't have complete this report.

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