ANALYSIS OF IDLC FINANCE PLC & NON-BANKING FINANCIAL INSTITUTIONS IN BANGLADESH: AN INTERNSHIP EXPERIENCE PERSPECTIVE

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This report is submitted to the school of Business and Economics, United International University as a partial requirement for the degree fulfillment of Bachelor of Business Administration

ANALYSIS OF IDLC FINANCE PLC & NON-BANKING FINANCIAL INSTITUTIONS IN BANGLADESH: AN INTERNSHIP EXPERIENCE PERSPECTIVE

Submitted to:

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Professor

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Registration Trimester: Fall 2024

School of Business and Economics

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Date of submission: March 5, 2025

Letter of Transmittal

Date: 5th March, 2025

To,

Prof. Dr. Md Mohan Uddin

Professor

School of Business & Economies

United International University (UIU)

United City, Madani Avenue, Dhaka 1212

Subject: Submission of Internship Report Titled **"Analysis of IDLC Finance PLC & Non-Banking Financial Institutions: An Internship Experience Perspective."**

Dear Sir,

With due respect, I would like to inform you that it is a great pleasure and privilege to present the internship report titled **"Analysis of IDLC Finance PLC & Non-Banking Financial Institutions: An Internship Experience Perspective"** after successfully completing a three-month internship attachment at IDLC finance PLC, Gulshan Branch under your co-operative supervision. This topic was assigned to me as a partial requirement for the completion of BBA program. Throughout the study I have tried the best of my capability to accommodate as much as information as possible and tried to follow the instructions that you have suggested. I put my best effort to make this report such as much detailed as possible. The knowledge I gained during my BBA degree and internship has been applied to prepare this report. I did my best to make the report as much comprehensive as possible. I sincerely believe that this report would satisfy and meet the requirements and will serve the purpose of my report. I am grateful to you for your kind guidance and cooperation at every step of my effort during preparing this report.

Thank you for your assistance on this matter.

Sincerely yours,

Atia

Syeda Atia Aysha

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Certification of Similarity Index

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Declaration of the Student

I, Syeda Atia Aysha, a BBA student of United International University, do hereby declare that this report on “Analysis of IDLC Finance PLC & Non-Banking Financial Institutions: An Internship Experience Perspective” is an internship report work done by me in partial fulfillment of the requirements for the degree of Bachelor of Business Administration (BBA).

This report has been prepared based on my own findings, data collections, research, and experience accomplished while working as an intern at IDLC Finance PLC and I am confirming that nothing has been replicated from any other publications. This report has not been presented yet, and has not been published, for any degree or any other academic purpose.

Atia

Syeda Atia Aysha

ID: 111 201 032

Major in Finance

Bachelor of Business Administration (BBA)

United International University

Corporate Evidence

IDLC
financing happiness

IDLC/HR/IAL/2025/05

February 16, 2025

Nahid Hassan Khan
Director, Director of Career Counseling & Student Affairs
United International University

Dear Mr. Hasan:

INTERNSHIP

We are pleased to inform you that Syeda Atia Aysha, bearing ID/Roll: 111201032 was selected for Internship Program in our organization for a period of 3 months starting from 27-October-2024.

Md. Mushfiq Alam Arko, Senior Manager of our company is her supervisor.

Thank you,

Yours sincerely,

Numaya Eum Illma
Manager, TA Lead, HR

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Acknowledgement

In the very beginning, I would like to take moment of breath to thanks to Almighty Allah, whose grace has granted me both mental and physical well-being, allowing me to complete the report. I also wish to extend my sincere thanks to my parents and beloved faculty members, whose continuous support and encouragement have played a significant role in my academic journey, helping me reach this milestone of completing my graduation. The following report might not have been possible without the proper guidance and the help of several individuals who were in one way or another contributed and extended their valuable assistance in the preparation of this report.

However, a special thanks go to my honorable university's supervisor, **Professor Dr. Md Mohan Uddin, School of Business & Economics at United International University (UIU).** The supervision, constructive feedback, invaluable guidance, constant encouragement and support that he gave actually help the progression and betterment of the internship program. In fact, he guided as my tutor and motivator to understand the clear scenario of the whole report. His co-operation is muchly needed and appreciated.

I'm grateful to all senior officers of IDLC Finance PLC, Head office, Gulshan, Dhaka who had created the opportunity to get the practical knowledge and I recognize that their contributions were vital in making this work possible. Besides, this internship program makes me realized the cost of working jointly as a team and as a new experience in working environment, which challenges me every minute.

Last but not the least I am also owed to each person who concerned inside and outside of IDLC Finance PLC in carrying out this report.

Executive Summary

Non-banking financial institutions (NBFIs) are the fastest growing industries in Bangladesh. There are in total of 36 NBFIs in Bangladesh who play a vital role in the economy of Bangladesh. Financial performance analysis is one of the major concerns of every NBFIs of Bangladesh. They consider various parameters while evaluating the financial performance.

The study uses rigorous quantitative analysis to observe how several variables like liquidity ratios, profitability ratios and others determine how NBFIs like IDLC Finance PLC is performing. The results demonstrate relevant information. As example- Return on Asset of IDLC Finance PLC has significantly decreased in the year 2023 compared to the year 2019 which indicates that they could not generate enough return by utilizing their assets. We also observed that their ROE in the year 2023 has lessened which means that they have failed to generate enough profit relative to its' shareholders' equity and it diminishes the confidence and faith of their investors towards IDLC Finance PLC. Compared to the year 2019, their earning per share has lessened in 2023 which indicates that company's profitability is weakening. We also observed a decrease in dividend payout ratio in 2023 which creates a negative impact among investors who expect immediate returns from the company through dividends. Their debt to total asset ratio increased which indicates that they are at greater insolvency risk, and it raises concerns among investors.

Their debt-to-equity ratio has decreased in 2023 which means that the company is relying less on debt compared to equity. But it also indicates that it puts limit on the potential returns on the equity. The company is also suffering in case of operating profit margin as it has decreased in the year 2023. It indicates that their profitability has reduced and as a result, the company's ability to reinvest has been hampered. It also raises concern regarding the long-term financial health of IDLC Finance PLC.

SWOT analysis of IDLC reveals key strengths, such as its strong brand reputation, wide range of financial products & services, and extensive branch network across the country, which gives it a competitive edge in the NBFI financial industry. However, some relevant weaknesses are high operating costs and significant dependency on interest-based income, which may affect its profitability in the long run. Furthermore, the analysis identifies profitable opportunities in expanding digital financial services, increasing SME financing, and benefiting from suitable regulatory reforms. On the other hand, the company faces possible threats from the growing

number of competitors, new entrance, and economic uncertainties, which could pose challenges to its future growth.

My internship experience at IDLC Finance PLC offered invaluable insights to the company's day-to-day operational activities and helped to gain practical experience which helped me to gather clear ideas regarding the financial performance trend of IDLC Finance PLC. This experience has prepared me with practical skills that are essential for future opportunities in the Non-Banking Financial Institution (NBFIs) sector and giving me a clearer understanding of how this industry operates in real-world scenarios.

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List of Acronyms & Abbreviations

IDLC	Industrial Development Leasing Company
NBFIs	Non-Banking Financial Institutions
ROA	Return on Asset
ROE	Return on Equity
EPS	Earnings per Share
DPR	Dividend Payout Ratio
D/TA	Debt to Total Asset
D/E	Debt to Equity
OPM	Operating Profit Margin
SWOT	Strength, Weakness, Opportunities, Threat.
NPL	Non-Performing Loan
SME	Short Medium Enterprise
CSR	Corporate Social Responsibility

CHAPTER 1: INTRODUCTION

1.1. Background of the Report

Finance, in the twenty-first century, has ever-greater power in almost all the surfaces of our lives, providing a vision for the futurity of finance. In the current economy, both traditional and Fin-Tech finance have substantial importance, and it is essential to day-to-day living. Financial situation analysis has grown in importance as companies aim for higher performance in order to evaluate and enhance organizational efficiency.

This study on the Analysis of IDLC Finance PLC & Non-Banking Financial Institutions: An Internship Experience Perspective. It is one of the well-known Non-Banking Financing Institution (NBFI) in Bangladesh. The financial sector plays a crucial role in the economic development of a country by facilitating capital formation, investment, and economic stability. Non-Banking Financial Institutions (NBFIs) complement the traditional banking sector by offering diversified financial services, including leasing, loans, and investment solutions. (*Non-Bank Financial Institutions in Bangladesh*, 2024). IDLC Finance PLC is one of the largest and most reputed non-banking financial institution (NBFIs) in Bangladesh, contributing significantly to the financial sector through its diversified financial products and services. It is formally known as Industrial Development Leasing Company of Bangladesh Limited, was established in 1985 by a group of both international and domestic institutions, including the International Finance Corporation (IFC), German Investment and Development Company, Korea Development Financing Corporation, Aga Khan Fund for Economic Development, Kookmin Bank, IPDC Finance Limited, and Sadharan Bima Corporation. After initially focusing on leasing, IDLC has developed into a multi-product non-banking financial institution (NBFI) that offers a wide range of financial services, such as SME finance, corporate finance, consumer banking, investment banking, and asset management. ("IDLC Finance PLC," 2025a)

In such context of Bangladesh, the NBFI is becoming more important each day. The variety of services offered by NBFIs covers almost all services offered by traditional banking, such as leasing, loans, venture capital, and investment banking. NBFIs have become relevant in providing financial solutions to sectors such as small and medium enterprises (SMEs), where banking hardly assists. The mentioned NBFIs, like IDLC Finance PLC, have contributed sometimes towards operational financing and provided a broader scope to access financial resources for economic growth. ("IDLC Finance PLC," 2025b)

By meticulously scrutinizing its financial records, the report seeks to assess the company's overall standing, operational prowess, and financial soundness. The key objective of this report is to provide an extensive analysis of IDLC Finance PLC's financial effectiveness. To determine IDLC Finance PLC's position within the competitive landscape of non-banking financial institutions (NBFIs), the study will concentrate on key performance indicators such as profitability, liquidity, solvency, and asset management. This report will pinpoint the strong suits of IDLC Finance PLC, and point out areas where improvements can be made, and suggest actionable recommendations to bolster financial effectiveness and operational efficiency in the future. This will be achieved by examining financial reports and analyzing operational execution.

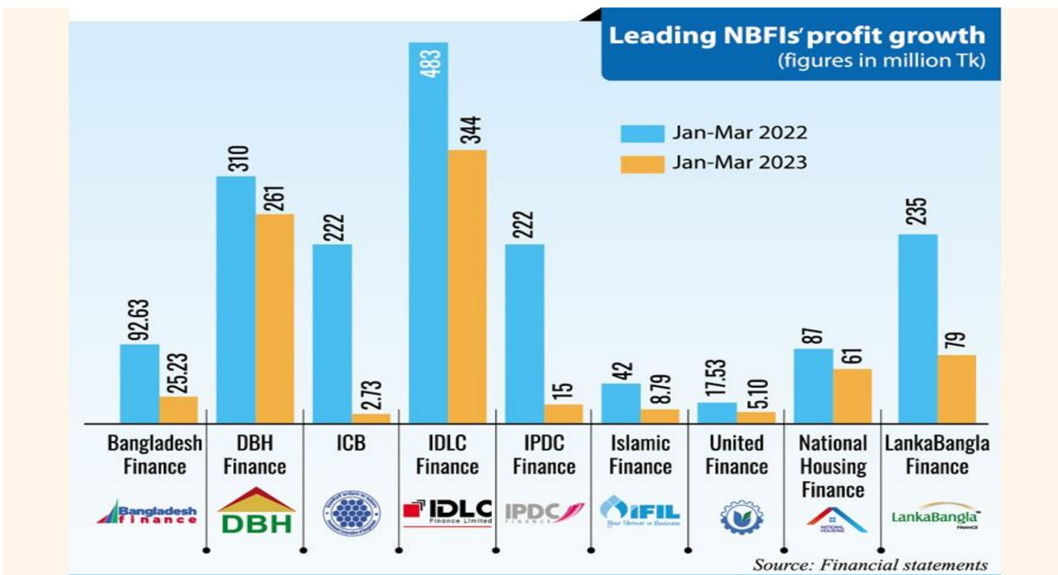


Figure 1.1: Leading NBFIs Profit Growth, Source: (Express, n.d.)

Profit is an important aspect for all Bangladesh's NBFIs industry for the economic growth. According to figure 1.1 graph, IDLC had the highest profit growth in 2022 & 2023. Among all the NBFIs in Bangladesh, this company leading in the top as always. However, this report has the intention to provide a complete analysis of IDLC Finance PLC's financial performance, considering the historical background of the NBFI sector's evolution and the company's strategic plantings to adapt to dynamic change of market.

1.2. Objectives of the Report

The report has two types of objectives, which are given below:

1.2.1. Main Objectives-

The main objective of the study is to analyze the "NBFIs industry, IDLC Finance PLC company, and my internship experience in a critical way." Firstly, understand how Non-Banking Financial Institutions (NBFIs) drive their activities in Bangladesh, their role in the financial area, and their overall contribution to the economic sector. Secondly, analysis the IDLC Finance PLC, evaluating their business plans, products, services, market position, profit growth, and how it operates as one of the leading NBFIs in the country. Thirdly analyze my practical internship experience, such as skills learned, new skill developed, the tasks performed, and how the overall experience contributed to personal and professional development in my life.

1.2.2. Specific Objective-

- Analyzing the Non-Bank Financial Institution (NBFI) Industry in Bangladesh.
- Analyzing the Financial Performance of IDLC Finance PLC.
- Describing Internship Experience.

1.3. Significance of the Report

This analysis of IDLC Finance PLC's financial performance is valuable to a wide range of audience, including investors, lawmakers, regulators, financial experts, and business leaders. Investors, who are depending on this type of analysis to assess a company's profitability and risk level prior to making an investment. By understanding IDLC's financial health, investors can make more informed judgments about its market position and also potential for growth. As a leading Non-Banking Financial Institution (NBFI) in Bangladesh, IDLC drives under the oversight of the Bangladesh Bank. Consequently, its financial performance analysis offers insights into the effectiveness of its risk management practices, capital adequacy, and adherence to regulatory standards. For IDLC itself, this analysis serves as a vital tool for effective strategic decision-making. It helps identify strengths, weaknesses, and areas for improvement in financial management, asset allocation, and operational efficiency. This study provides a comparative analysis of IDLC Finance PLC with other NBFIs, helping assess its competitive position in the financial industry. It also highlights industry trends and challenges that affect IDLC's operations and future growth.

1.4. Scope of the Report

The scope of the study covers the whole scenario of my internship experience and the operational performance at IDLC Finance PLC, a leading financial institution in Bangladesh. This study primarily focuses on the activities, services, and operational actions of IDLC Finance PLC, along with the practical knowledge outcomes gained during the internship period. Similarly, it explores the inside workflow of the institution, work environment, and the role of digital financial solutions. This report is excluded the sensitive data and the findings are based on the data gathered through direct participation, observation, and discussions with colleagues.

1.5. Methodology of the Study

This internship report is done by secondary data which has been taken from the annual report of IDLC Finance PLC.

1.5.1. Data Collection:

The information used to complete this report has been taken from the primary & secondary sources.

1.5.1.1. **Primary Sources**:

The "primary sources" are as follows:

- Conversation with Head of department.
- Study of relevant documents.
- Observing the operations of various departments of the organization.
- Discussion with the supervisor.

1.5.1.2. **Secondary Sources**:

Secondary data are collected from the subsequent sources:

- Annual reports of IDLC Finance PLC-2023
- Industry report
- Different newspaper, Books related to financial performance metrics.
- Newspapers, Academic Journals, Articles etc.
- Website of the organization: https://idlc.com/

1.5.2. Data analysis Process:

The study follows exploratory research methods that use quantitative data. The quantitative data are directly collected from the IDLC Finance PLC annual report of the year 2019-2023 and used Microsoft word and excel to research the performance with the assistance of various chart.

1.6. Limitations of the Study

I have faced some limitations while preparing this report are listed as follows:

- Time Limitation is a crucial thing that we have to maintain. To finish the study, time was limited by three months. It had been really very short time to understand particular matters about a corporation and this allocated moment is not enough for an entire and fruitful study.

- Some information needed to develop this report is highly privileged but IDLC Finance PLC did not allow full disclosure of these data.

- Though, there are convenient ways to get to know about the products of IDLC Finance PLC. There are minute or very few written documents available for the operating procedures.

- Lack of experiences: Lack of experiences has acted as constraints within the way of scrupulous exploration on the subject

CHAPTER 2: ANALYSIS OF THE INDUSTRY

2.1 Specification of NBFI Industry in Bangladesh

Non-Bank Financial Institutions (NBFIs) work as an essential part of Bangladesh's financial system by providing a diverse range of financial services that complement the conventional banking sector. These institutions offer to various financial services, including leasing, investment financing, housing finance, and asset management, which help bridge the gap left by traditional banks. With an emphasis on client satisfaction, innovation, and moral practices, NBFIs contribute significantly to the country's economic growth.

The culture of Bangladesh's NBFIs is built on professionalism and a strong focus on the customer. As a result, the customer's needs and wishes are always prioritized. Moreover, they place great importance on high ethical standards and integrity, requiring all business to be done with transparency and responsibility. NBFIs work to give their clients the best possible experience by offering personalized financial solutions. To stay competitive, they put money into research and development, coming up with new financial products that are in tune with the dynamic demands of the market, especially in niche areas. They also follow the rules that are generated by the Bangladesh Bank, which ensures smooth operations and safeguards customers. Furthermore, these institutions use solid risk management strategies to keep any financial risks in check and maintaining operational stability and long-term sustainability.

Bangladesh's Non-Banking Financial Institutions (NBFIs) sector has experienced substantial growth since 1981. It began primarily with development financial institutions and leasing companies. Currently, it also includes investment companies and merchant banks. This expansion indicates an increasing demand for a wider range of financial services beyond traditional banking. (Growth of Non-Bank Financial Institution in Bangladesh, 2023)

2.2 Size, Trend, and Maturity of NBFI Industry in Bangladesh

Bangladesh's economy is heavily dependent on non-banking financial institutions (NBFIs), which are essential for raising financial inclusion and meeting a range of financial needs. They are offering services in loans, insurance and also investments. But NBFIs are not allowed to take deposits from the general people, unlike traditional banks, because they do not have full banking licenses.(*Insights on the NBFI Industry | Upturn*, n.d.)

2.2.1 Market Size

In Bangladesh, there are 35 NBFIs as of March 2024, which is regulated under the Financial Institution Act of 1993. This sector includes three (3) government-owned non-bank financial institutions (NBFIs), thirteen (13) international joint ventures, and nineteen (19) private businesses. Now the NBFI sector has 308 branches as of March 2024. (Insights on the NBFI Industry | Upturn, n.d.). Among these, 56 branches are state-owned, while 252 are privately managed, which highlights its significance to the financial ecosystem in Bangladesh. The main fact is, most of these branches are placed in Chattogram and Dhaka highlights the sector's concentration in large cities. (*Non-Bank Financial Institutions in Bangladesh: Unsung Financial Heroes | The Daily Star*, n.d.)

However, the financial performance of NBFIs has experienced remarkable changes over recent years in Bangladesh.

2.2.2 Market Trend

The growing number of non-performing loans (NPLs) in the NBFI industry is a significant issue. Many institutions' financial health is greatly impacted by this trend. Economic downturns, major borrower defaults, and, sometimes fraudulent activity are some of the factors that influence this. Some of the factors such as, liquidity crises, strong rivalry with banks, and brand impact for irregularities through certain institutions that have contributed to this concerning increase in non-performing loans. Due to these difficulties, NBFIs have had trouble collecting deposits, and in the face of tough business conditions, borrowers have found it difficult to repay loans. (NPLs in Non-Bank Financial Institutions Surge to Tk 247b by Jun 2024, n.d.) In the non-bank financial institutions (NBFIs) sector of Bangladesh, non-performing loans (NPLs) climbed sharply from taka 14,232 crore in March 2022 to taka 17,855 crore in March 2023. As a result, this 25.5% increase in non-performing loans reveals the sector's growing asset quality problems.(Number of Weak NBFIs on the Rise, 2023)

As of September 2024, according to the most recent data from Bangladesh Bank, the 35 Non-Banking Financial Institutions (NBFIs) reported defaulted loans totaling Tk26,163.19 crore, or

35.52% of their total disbursed loans of Tk73,662.77 crore. Data from the central bank shows that by September 2024, the number of defaulted loans will have increased by 21%, or Taka 4,505.04 crore. Non-performing loans, or NPLs, continued to rise after March 2023. By September 2023, they had reached Taka 21,658 crore, or 29.75% of all loans disbursed by NBFIs. (BB, n.d.)

During the first half of 2023, the profit margins of a number of non-bank financial institutions (NBFIs) in Bangladesh declined, largely as a result of historically low interest ranges. The interest range, or the difference between the weighted average interest rates on deposits and loans, saw a significant reduction during this time. For example, the spread fell to 0.37% in May 2023 after being recorded at 0.44% in April 2023.

To address the issues facing the industry, the Bangladesh Bank is stepping up its regulatory control of NBFIs where he NBFI Act of 2023 is a key part of the reform. Phoenix Finance and Investments Limited and other NBFIs reported a weighted average interest rate spread of 1.94% by December 2024, indicating an increase in the spread.(Bangladesh Bank, n.d.)

2.2.3 Market Maturity

Analyzing the past, present, and future development of Bangladesh's NBFI (Non-Banking Financial Institution) sector is necessary to understand its market maturity. Though the exact "maturity stage" is up for discussion, we can get a clear picture by looking at some important indications, which are given below:

- The first one is asset quality. In a mature market, NPL ratios would be lower and credit evaluation procedures would be more reliable. It is noticeable that, NPLs in the NBFI sector increased from Taka 14,232 crore in March 2022 to taka 17,855 crore in March 2023. (*Number of Weak NBFIs on the Rise*, 2023)The large number of non-performing loans (NPLs) suggests that lack of maturity in the risk management procedures.
- The second one is regulatory framework. It is true that, in a mature market, the regulatory would be steady and efficient. Whereas, the regulatory system is still changing, as seen by the ongoing reforms.
- The third one is product and service diversification. There would be a large number of specialized financial products and services in a maturity market. Even though NBFIs now offer a broader range of products, innovation and specialization are still possible.

- Fourthly, the adaption of technology. Though the rate of technology adoption is increasing, the market is not yet fully developed.

2.3 Seasonality

In Bangladesh's Non-Banking Financial Institution (NBFI) sector, the term seasonality is used to define the fluctuations in business operations, demand for financial services, and overall performance that occur at different times throughout the year and are influenced by a range of economic, social, and regulatory factors. In contrast to traditional banks, NBFIs mainly offer corporate loans, lease financing, home and auto loans, investment services, and loans for small and medium-sized enterprises (SMEs). They are more susceptible to seasonal fluctuations that are impacted by consumer spending trends and economic cycles as a result of this concentration.

2.3.1 Key Seasonal Trends in the NBFI Industry

Seasonal fluctuations in the Non-Banking Financial Institution (NBFI) sector occurs due to investment opportunities that arise at particular periods of the year. There are some contributing factors, including business cycles, important occasions or festivals, government regulations, tax payment deadlines and weather patterns.

- **Year End/ Fiscal Year (December to March):**

In this timeframe, loan disbursement is greater, because businesses frequently look for working capital loans or lease financing in the final months of the fiscal year in order to meet their annual goals. This time frame is very important, as many businesses make their investment decisions. For instance, a manufacturing company may lease financing equipment from IDLC finance PLC before the fiscal year ends in June, which would increase loan disbursements from December to March.

- **Tax Season (March to June):**

During the tax season, tends to increase the demand for personal or small and medium-sized business (SME) loans, which runs from March to June. In this period, companies frequently look for short-term loans to solve cash flow issues or to satisfy corporate tax obligations. In a similar manner, individuals may decide to use personal loans to pay their income taxes. For example, a small business owner in the trading sector applied for a short-term SME loan from IDLC Finance PLC in order to fulfill their VAT or income tax before the government enforced the deadline.

- **Festivals or Special Occasions (April–June & October–November):**

In this season, the demand for personal loans and auto loans increased. The festival can be Eid-ul-Fitr, Eid-ul-Adha, Durga Puja. Before Eid-ul-Fitr, Eid-ul-Adha, and Durga Puja, there is a rush in consumer financing and personal loan applications due to the need for additional cash for travel, shopping, or the purchase necessary things. For example, an employee may apply for a personal loan from IDLC to purchase animals for sacrifice during Eid-ul-Adha. In the same way, a lot of people look for auto loans before Eid in order to purchase cars for family trips.

- **Agricultural Season (May to September):**

The period of May to September is for agricultural season for the SME and agricultural financing. Basically, it is a peak time for the farmers and small agricultural enterprises as they need frequent seasonal loans to buy seeds, fertilizer, or transportation vehicles. Throughout this time, a small or medium-sized business in a rural area may use loans from IDLC Finance to purchase trucks for the transportation of harvested crops.

- **Season of Loan Recovery Pressure (December to January):**

It is the year end season where the loan recovery pressure is high. During the month December to January, the year draws to a close. To improve their financial health, Non-Banking Financial Institutions (NBFIs) hardly gives their efforts to decrease the number of non-performing loans (NPL) and also strengthen their efforts to collect loans that are overdue. They use this approach to make their balance sheets smooth before the annual financial report is released. Around this period, institutions such as IDLC may introduce special discount offers on payments as an incentive for borrowers to repay their loans on schedule.

Table 2.1: Table of Seasonality, Source: Author's on Calculation

Seasons	Key Activities	Product demand	Example
December to March	Year-End Financing	Lease Finance, SME Loans	Machinery Purchase
March to June	Tax Season	SME Loans, Personal Loans	Tax Payments
April-June, October-November	Eid Festivals	Personal Loans, Car Loans	Shopping, vacation, vehicle purchase
May to September	Agriculture Season	SME Loans	Crop or seeds buy, Transportation cost
December to January	Loan Recovery Pressure	Loan Repayment Offers	NPL Reduction Campaigns

The NBFI industry in Bangladesh has seen its seasonal fluctuations influenced heavily by economic trends, festive periods, and the regulatory landscape. Additionally, gaining a deeper insight into these recurring patterns allows NBFIs to fine-tune their corporate strategies and craft specialized financial products.

2.4 External Economic Factors

Bangladesh's Non-Bank Financial Institutions, a substantial force in the nation's financial landscape, are facing the effects of external economic aspects beyond their immediate influence. These aspects are now shaping the growth and profitability of the entire NBFI sector. Several key external economic aspects are currently influencing NBFIs across Bangladesh, and they included:

2.4.1 Major External Economic Factors:

- Fluctuations of Interest Rate: Interest rates have a direct impact on Non-Banking Financial Institutions' (NBFIs') profit margins and borrowing costs. The lending rates of NBFIs are straightly impacted when the central bank (Bangladesh Bank) frequently modifies the policy rates. To illustrate, Bangladesh Bank increased the policy rate from 5.75% to 6.5% in 2023 to control inflation, which increased the cost of funds for NBFIs. Hence, NBFIs had to increase their loan interest rates, which was more expensive for customers. However, the financing expenses for non-bank financial institutions rose as the weighted average interest rate on deposits reached 7.73% in November 2024. (*2024_december.Pdf*, n.d.)
- Inflation Rate: Higher inflation rate negatively impacts on NBFIs by raising living expenses and decreasing people's capacity to save or invest. Also, this rate creates default risk, because borrowers find difficulties to repay debts. In 2023, Bangladesh's inflation rate reached 9.5%, which caused late loan repayments of many SME borrowers of NBFIs. As of November 2024, Bangladesh's annual inflation rate touched 11.38%, representing rising consumer prices. (*Bangladesh Inflation Rate*, n.d.)
- GDP Growth Rate: The demand for non-bank financial institution services such as leasing, project financing, and loans for small and medium-sized businesses (SMEs) is raised when GDP growth rates increase, because it indicates corporate expansion and economic stability.
- Political Uncertainty: Instability in politics can lead to economic uncertainty, which may harmfully affect the overall stability of financial institutions in Bangladesh, especially non-bank financial institutions (NBFIs). Currently this industry faces political chaos in Bangladesh in 5 August, 2024. (*Bangladesh Turmoil May Slow Financial Reform, Weaken Banks, S&P Says | Reuters*, n.d.)
- Environmental Elements: Bangladesh faces significant dangers from natural disasters, which can disrupt economic operations and influence borrowers' capacity to fulfill their loan obligations, thereby impacting the asset quality of Non-Banking Financial Institutions

(NBFIs). For example, excessive flooding can badly affect both agricultural and industrial sectors, which can increase loan defaults within the affected areas.

- Government Policies & Regulations: The government of a country can change polices at any time. This change could be regulations, liquidity support, or loan restructuring policies directly impact the operations of NBFIs.

Interest rates, inflation, exchange rates, and governmental regulations are some of the external economic factors that have a key impact on the performance of Bangladesh's non-bank financial institution (NBFI) sector. By knowing these elements, NBFIs can create their efficient strategic plans and reduce their risks of operations. However, the government and Bangladesh Bank must provide appropriate policy to support the NBFI sector for growing sustainably.

2.5 Technological Factors

Non-Banking Financial Institutions (NBFIs) in Bangladesh face a number of difficulties, such as inflation, the dollar crisis, and increase in non-performing loans (NPLs). To ensure resilience and sustainability, this industry implement strategic initiatives targeted at managing the complex and unpredictable economic landscape. Technology integration is essential for improving operational effectiveness and raising customer service. Currently, many banks have developed mobile apps for appropriate transactions. In this way, NBFIs are implementing digital solutions to streamline their financial services and greatly improve user experience. As an example, IPDC Finance newly launched IPDC EZ – a card-less financing product that allows consumers to purchase consumer goods on credit via a ‘Buy Now, Pay Later’ model. The ‘Buy Now, Pay Later’ service allows users to buy products on an EMI (Equated Monthly Installment) facility without a credit card. (*Ipdc*, n.d.). It links a large merchant network with their customers, who are interested in electronics, smart devices, home appliances, furniture, home décor, motorbikes, and various e-commerce products. (*Adopting Advanced Technology Is Crucial | The Daily Star*, n.d.). As well as IDLC Finance PLC has made significant investments in improving its Enterprise Resource Planning (ERP) system in order to enhance internal operations and boost efficiency. Moreover, IDLC has introduced a Deposit Pension Scheme (DPS) service in collaboration with bKash, which allows customers to open and manage DPS accounts directly by using mobile financial services platform.

(*IDLC Payments Now on bKash App | The Daily Star*, n.d.). This new service ensures a smooth and effective experience by enabling consumers to efficiently handle pension-related issues using their mobile devices.

It is expected that artificial intelligence will have a major effect on the non-banking financial institutions (NBFIs) in the upcoming future. AI-powered solutions have the potential to improve loan evaluation processes, conduct more effective risk assessments, and optimize credit assessment by reducing the amount of non-performing loans (NPLs). As digital transformation continues, it is impossible to overestimate the significance of cybersecurity and data protection. NBFIs must have to follow the rules given by Bangladesh bank to achieve the trust of clients and their privacy.

Indeed, every aspect with advantage comes with some drawbacks. Even though, technology provides all the benefits for NBFIs industry, it is still high cost for many NBFIs which present their investment on it. Also, fintech platforms are facing trouble because of lack of expertise, which is creating the transition to digital even more challenging.

If Non-Banking Financial Institutions (NBFIs) are wanted to survive and prosper in the current rapid changing financial industry, they must have to embrace technology, follow rules & regulations, and also diversify their product offerings while tackling problems with cost control, cybersecurity, and hiring qualified employee. For them to succeed and survive in the rapidly growing financial landscape of today, this strategy is important. The nation's overall financial stability, operational efficiency, and financial inclusion can all be enriched by NBFIs using these strategies.

2.6 Political, Legal, and Regulatory Factors

Non-Bank Financial Institutions (NBFI’s) hold a critical position in financial intermediation that is not only influenced by politically, but also affected by legally and at the regulatory level. These issues determine the progress, equilibrium, and concentration of the control of NBFIs within the country.

NBFIs are subject to the regulatory supervision of the Bangladesh Bank and other authorized bodies. There are many socio-political, legal, and regulatory effects that impacts directly their functions and the nation’s economy. There is an increase in the regulation’s effectiveness in the facilitation of financial transparency and efficiency, but political intervention, legal gaps, and corruption still remain the major problems.

To develop the sustainability of NBFIs within the country, stronger legal enforcement and a more predictable regulatory environment will be required. Political instability, poorly formulated static legal frameworks, and over- regulation highly characterize the NBFI segment of the economy which in return leads to the broader development and stability of Bangladesh

2.6.1 Political Factors

Political pressures directly influence the financial sector, dictating policy issues, economic stability, and investor moods.

The government's fiscal and monetary policies affect the operations of NBFIs, such as interest rates, lending practices, and market competition. Political instability in the form of capricious policy changes, strikes, or political revolutions creates a risk-based environment that destroys investor confidence and loan recovery.

NBFIs tend to come under pressure in the disbursement of loans, with politically influential borrowers at times being given favorable treatment. Political intervention in regulatory agencies can dilute enforcement actions, resulting in higher default rates and financial mismanagement.

Corruption in financial institutions and regulatory bodies can undermine transparency and accountability in NBFIs' activities. It is difficult for NBFIs to receive new product approvals or expand their services because of slow bureaucratic actions.

2.6.2 Legal Factors

In Bangladesh, NBFIs are governed by a number of legal frameworks that specify their duties, rights, and scope. Their effectiveness is also impacted by legal obstacles like fraud, loan recovery problems, and compliance requirements.

a. The Financial Institutions Act, 1993: This law specifies capital sufficiency, license criteria, and acceptable activities for NBFIs, and it regulates the creation, management, and oversight of NBFIs.

b. The Companies Act, 1994: This act ensures adherence to reporting, auditing, and disclosure requirements by regulating the corporate governance and structure of NBFIs.

c. The Money Laundering Prevention Act, 2012: It enforces a strict compliance with anti-money laundering and combating the financing of terrorism regulations. Also, this require NBFIs to implement KYC policies and immediately report suspicious transactions.

d. Artha Rin Adalat (Money Loan Court) Act, 2003: This law provides a legal framework for the recovery of defaulted loans. However, weak enforcement mechanisms and lengthy legal procedures make loan recovery much more difficult for NBFIs.

2.6.3 Regulatory Factors

Regulatory bodies, particularly Bangladesh Bank, shall exercise their supervisory role over NBFIs and implement policy criteria to ensure financial stability, transparency, and consumer protection.

a. Bangladesh Bank Oversight: Bangladesh Bank regulates NBFIs, sets certain rules, on capital adequacy, risk management, and governance. Their ongoing scrutiny and standards of auditing help deter financial recklessness and any fraudulent activities.

b. Interest Rate and Lending Policies: The Bangladesh Bank influences interest rates and lending policies thereby affecting the profits of NBFIs. A recent limitation on interest rates has affected both lending decisions and financial returns.

c. Corporate Governance Guidelines: This guideline governance norm that intended to improve transparency and curtail financial mismanagement. Guidelines issued regarding board structure, disclosure of financial information, and auditing protocols ensure accountability.

d. Digital Finance and Fintech Regulations: This includes new policies on digital lending, fintech partnerships, and cybersecurity reform NBFIs in new ways. Regulators are currently contemplating guidelines for mobile money services and online lending platforms.

2.7 Industry & Competitive Analysis

Porter’s Five Forces Model Analysis of NBFIs:

Porter's Five Forces Model was devised by Porter to assess the business setting within which a company operates. Within industrial organization economics, five forces play a critical role in determining competitive strength. Here we are going to analyze Porter’s Five Forces model analysis of NBFIs based on IDLC’s information:

Figure 2.1: Porter's Five Forces Model.

Source: (Hessing, 2014)

2.7.1 Barriers to entry

Higher level of competitions, from new entrants in this industry:
It is a high chance of facing the solid risk of new competitor's incoming in this industry due to the substantial probable for new entrants, which includes both large financial institutions and little native enterprises.

2.7.2 Supplier Power

Robust bargaining power of the supplier:
As there are many participants within a sector places a limit on the amount of influence that may be wielded by various suppliers in the market for consumer financial services. This includes NBFI offerings provided by IDLC Finance PLC, as well as government banks, foreign banks, and investment organizations.

2.7.3 Buyer Power

Strong bargaining position for the buyer:
Due to the low switching costs and contracted product choice available in this market, buyers wield a considerable amount of power. As a result, they are better able to exert an impact over the transactions that take position.

2.7.4 Threat of Substitutes

Lower rate of competition from potential substitutes:

In this industry, the competition from possible alternatives is momentous and steadily increasing. The spread of non-bank financial institutions (NBFIs), mutual funds, insurance companies, and other associated businesses in Bangladesh presents momentous challenges for IDLC Finance PLC. For example, we can say Lanka-Bangla Finance PLC, IPDC Finance Limited.

2.7.5 Industry rivalry

High level of competitive challenges in NBFI industry:

There has been a move from a monopolistic arrangement to one that is characterized by fierce competition and rapid development in the landscape of non-banking services. Enterprises need to constantly expand their service portfolios in order to preserve their competitive edge, and the price of services and the recognition of brands are important areas of variance in this context.

2.8 Summary of challenges & opportunities of NBFIs in Bangladesh

2.8.1 Challenges face the NBFIs Industry in Bangladesh

i. **Limitations of Funding:** In general, asset-liability occurs because NBFIs depends on their short-term loans due to finance long term investments. Recently, the bank faces liquidity crisis which make it difficult for NBFIs to secure capital at reasonable rates. (*BracU IR*, n.d.)

ii. **Limitations of Regulatory**: The act 2023 of finance companies implements strict regulations for NBFIs which are, limitations on deposits, restrictions unsecured loans and requirements for collateral. Though these type of restrictions are designed to ease irregularities, they may restrict the sector's flexibility and capacity for innovation. (*The Financial Express | First Financial Daily of Bangladesh*, n.d.)

iii. **Increase Non-Performing Loan (NPLs)**: It is true that, increase in NPL creates problem for NBFIs and also causing liquidity challenges. This type of scenario happens due to both internal mismanagement and external economic factors. (*Most NBFIs Struggling, but a Few Shining*, 2023)

iv. **Rivalry from Banks**: In Bangladesh, usually traditional banks have more resources and larger networks which create a serious threat to NBFIs. From this rivalry, it will create limitations of potential growth and market share of NBFIs.("(PDF) Issues and Challenges of Non-Bank Financial Institutions in Bangladesh," 2024)

v. **Disability of HR (human Resource)**: There is a visible lack of qualified workers in the NBFIs industry which create effects on the productivity and service quality. This lacking can be removed by providing proper training. ("(PDF) Issues and Challenges of Non-Bank Financial Institutions in Bangladesh," 2024)

2.8.2 Opportunities for the NBFI Industry in Bangladesh

i. **Supporting small sectors:** This industry gradually supports on the sectors such as micro small and medium enterprises (MSMEs), agriculture, and infrastructure development. By this support, this industry can fill the financing lacking left by traditional banks. (Ahmed & Chowdhury, n.d.)

ii. **Strategic Collaboration:** It is true that, work as a partnership with a well-developed organization create a positive impact and makes working activities more productive. By collaborating with international developed financial organizations, NBFIs can obtain technical expertise and reasonable funding, which will allow them to offer competitive goods and services.

iii. **Integration of Technology:** By adapting technology in financial operations, NBFIs can increase improvement in their customer service, mitigate expenses and develop operational efficiency.

iv. **Regulatory Reforms**: To keep financial operation stable and promote growth, there is a need to maintain and obey the balanced regulations by the constructive dialogue with regulatory boards.

CHAPTER 3: ANALYSIS OF IDLC FINANCE PLC

3.1 Overview and History of IDLC Finance PLC

Figure 3.1: Logo of IDLC Finance PLC. (n.d.)

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

3.1.1 Vision of IDLC Finance PLC

They will be the best financial brand in the country.

3.1.2 Mission of IDLC Finance PLC

They will focus on quality growth, superior customer experience and sustainable business practices.

3.1.3 Core Values

- Integrity
- Customer Focus
- Trust and Respect
- Equal Opportunity
- Eco-friendly
- Passion
- Simplicity

3.1.4 Strategic Objectives

- Sustainable Growth in Business
- Continuous operational, infrastructural and
- Technological development
- Strong Funding Mix
- Holistic Employee Development
- Customer Centricity & Financial Inclusion
- Integrating Environmental, Social and Governance (ESG) into business
- Competent Leadership and Organizational Synergy
- Effective Risk Management

3.1.5 Code of Conduct and Ethics

- Act with integrity, competence, dignity and in an ethical manner when dealing with
- customers, prospects, colleagues, agencies and the public
- Act and encourage others to behave in a professional and ethical manner that will
- reflect positively on IDLC employees, their profession and on IDLC at large
- Strive to maintain and improve the competence of all in the business
- Use reasonable care and exercise independent professional judgment
- Not restrain others from performing their professional obligations.
- Maintain knowledge of and comply with all applicable laws, rules and regulations
- Disclose all conflicts of interest
- Deliver professional services in accordance with IDLC policies and relevant technical and professional standards of Respect the confidentiality and privacy of customers, people and others with whom they do business.

3.2 Trend & Growth of IDLC Finance PLC

Back in 1985, a mere five forward-thinking individual got together to start IDLC Finance PLC. This company has grown incredibly over the years, and its long list of accomplishments proves how much dedicated it is to giving its clients top-notch financial products and services. One of its biggest achievements has been building a really strong team, which now boasts over 1,400 dedicated and committed employees. This growth highlights the company's continuous focus on learning more, improving client support, and also strengthening its place in the financial world. IDLC's drive to nurture talent and keep up with its clients' changing requirements is clear from its continuous expansion in human resources.

On top of expanding its operations to cover the whole country of Bangladesh, IDLC Finance PLC has now established a network of 38 b purposefully placed branches. As a result, this extensive branch network shows the company's dedication to serving customers across around all over the areas of a nation and providing them with easy access to its full range of financial products and services. Similarly, it highlights the company's commitment to growing internationally.

IDLC Finance PLC is all about meeting the diverse needs of its clients by providing a wide range of financial products and services. Also they truly believe in their clients, and this commitment showcases their flexibility, creativity, and eagerness to satisfy to the changing requirements of those they serve. IDLC is committed to expanding its financial offerings, aiming to provide clients with reliable support and additionally help them with confident to achieve their financial goals.

3.3 Customer Mix

IDLC Finance PLC shows its solid presence across the various financial areas by serving to a diverse clientele. Their customers include big corporations, small and medium-sized enterprises (SMEs), and individuals. In order to consistently make sure to meet the specific requirements of its clients, IDLC Finance PLC always carries out all of its business operations. This ensures that IDLC Finance PLC is able to consistently provide excellent service. They analyze the requirements and goals of their customers, which provides them with a road map for how they should promote their goods and services to those consumers. In this way, IDLC has to really think about things regular people buy and the steps they take before actually buying them. They're doing this to generate a profit using this method. Since people need a lot more than just loans, this strategy can show IDLC how to make their products and services handier and better. Picking the perfect location for new offices and branches is one of the top priority for any company that wants to make sure its customers have a great experience by using the products and service. It is a keystone of building a successful company. That is why IDLC Finance PLC has opened 38 different locations all over the country in Bangladesh, all with the goal of giving their clients the service they want and need. Furthermore, IDLC Finance PLC always make sure that it is easy for clients to reach them and get personalized service through their online channels. In this way people can connected with IDLC Finance PLC.

It should point out that IDLC Finance PLC really helps its clients to get ahead by putting them in a strong position. It is important to highlight that how they have been consistently focused on building strong relationships with their clients over the years, which is real standout aspect of their business. Afterwards, they are planning to achieve this by coming up with ways to provide even more value to their customers and by building those trustful relationships that keep clients working with them.

3.4 Products & Services Mix of IDLC Finance PLC

Table 3.1 : Products & Services mix of IDLC Finance PLC

Source*:* (*IDLC Finance PLC - Loans, Deposits, SME and Corporate Finance*, n.d.)*,(Author's on Calculation)*

SME Loan ➢ Term Loan ➢ Shampad (SME Lease) ➢ Purnota (Women Entrepreneur Loan) ➢ Working Capital Loan ➢ Utshob (Seasonal Loan) ➢ Abashan ➢ Shombhabona (New ➢ Entrepreneurs Loan) ➢ Bahon (Commercial Vehicle Loan) ➢ Imarat (Commercial Space loan) ➢ Shachal ➢ Uttoron (Special loan ➢ product catering to the SMEs transitioning to the corporate segment)	**Consumer** **Home Loan** ➢ Apartment / Home Purchase ➢ Building Construction ➢ Commercial Space Purchase ➢ Home Equity ➢ ASHA ➢ ULLASH ➢ Semi Paka Loan ➢ Affordable Housing ➢ Finance Solution ➢ Green Affordable ➢ Housing Finance Solution
Car Loan ➢ Brand New ➢ Reconditioned ➢ Registered	**Personal Loan** ➢ Secured ➢ Unsecured

Corporate	Supply Chain Finance
➢ Term Loan ➢ Lease Financing ➢ Term Loan for Vehicles/ ➢ Commercial Vehicles ➢ Working Capital Loan ➢ Commercial Space Loan ➢ Bridge Loan	➢ Factoring of Accounts receivable ➢ Work order financing ➢ Distributor Financing ➢ Corporate Factoring
Structured Finance	**Green Finance**
➢ Debt Syndication (Local & ➢ Foreign Currency) ➢ Working Capital Syndication ➢ Agency & Trusteeship ➢ Zero Coupon Bonds, Coupon ➢ Bearing Bonds & Convertible ➢ Bonds ➢ Balance Sheet Restructuring ➢ Arrangement of Private Equity & Preference Shares ➢ Commercial Paper ➢ Corporate Advisory for Mergers & Acquisitions and Joint Venture Making ➢ Corporate Advisory for Initial Public Offering ➢ Preparation of feasibility Study	➢ Renewable Energy ➢ Energy & Resource Efficiency ➢ Alternative Energy ➢ Liquid Waste Management ➢ Solid Waste Management ➢ Circular Economy & Eco- Projects Financing ➢ Environment Friendly Brick Production ➢ Green/Environment Friendly Establishments ➢ Green Agriculture ➢ Green CMSME ➢ Green Socially Responsible Financing ➢ Information and Communication Technology ➢ Sustainable Agriculture ➢ Sustainable MSME ➢ Sustainable Linked Socially Responsible Financing ➢ Other Sustainable Linked Finance

3.4.1 CSR (Corporate Social Responsibility) Activities

Through our CSR activities, we partake in the community development and in places, help individual unlock their potentials and in turn, create a sustainable world. This chain of value generation includes facilitating scholarships for the underprivileged yet meritorious students, energy sourcing in remote villages and contributing in healthcare of the needy.

- Scholarships to 66 economically underprivileged female students through Prothom Alo Trust.
- Educational support to students with special needs through Proyash Institute for special education.
- Scholarship schemes for the children of IDLC's permanent support employee.
- Sponsored Bangladesh Economics Olympiad 2023 with Strategic and Research Outreach (SRO) Foundation.
- The installation of Water Purifiers at Chief Judicial Magistrate Court.
- Also introduction of Chemotherapy Services at Chattogram Maa-O-Shishu Hospital.
- More over the installation of Safe Drinking Water System in Government Primary Schools in Dhaka.
- Financial support for helping treatment of childhood Cancer with ASHIC Oncology and Palliative Care Center.
- Cervical Cancer awareness session organized for IDLC female employees.

3.4.2 Organogram of IDLC Finance PLC

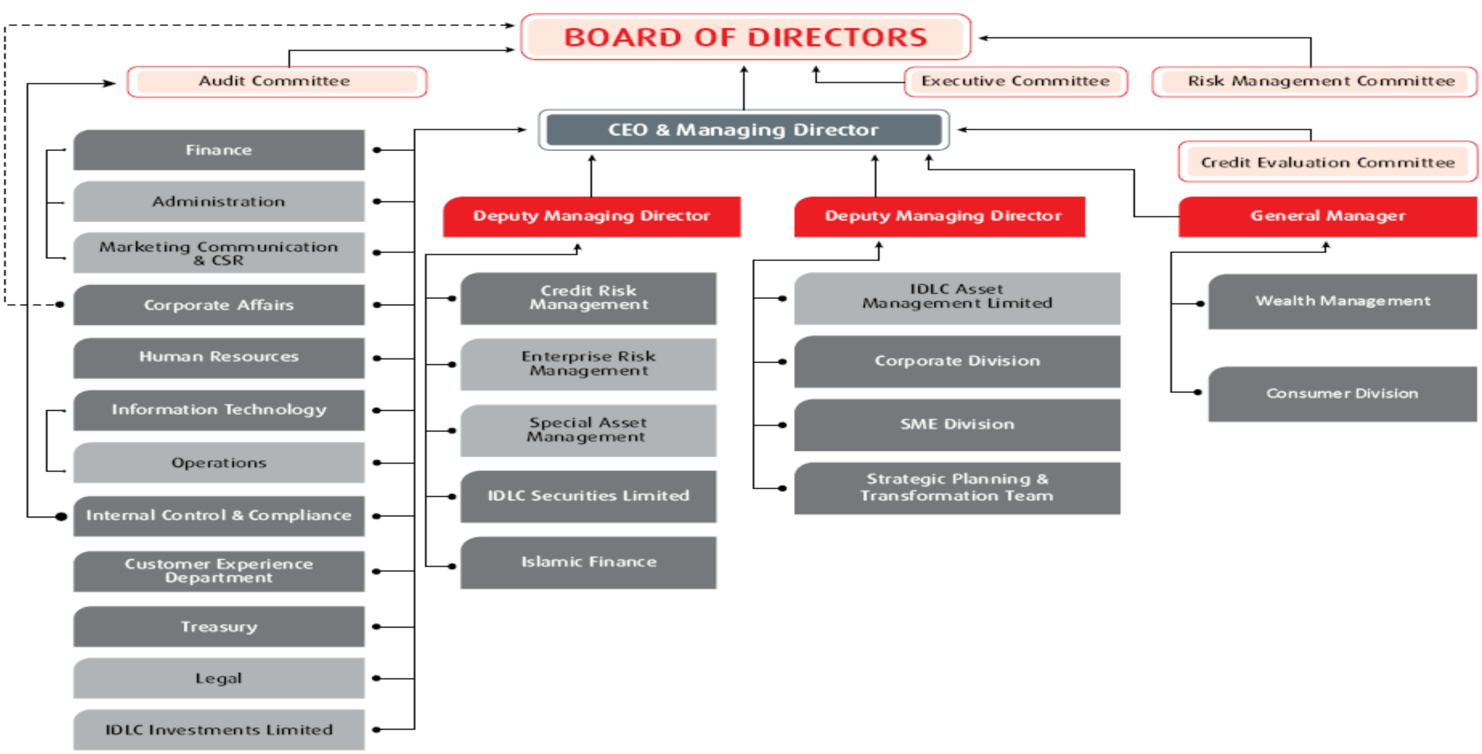


Figure 3.2: Organogram of IDLC Finance PLC

Source: ("IDLC Finance PLC," 2025b)

According to the organogram, it can be seen that, the Executive and Audit committee are two sub-panels of the Board which were formed by the IDLC Board of Directors. The Audit committee's duties is to review any topic pertaining to the company's financial concerns and conducting surveys of all review and assessment programs, internal control frameworks, and compliance with regulations. On the other hand, the Executive committee is in charge of problem related to the company's regular corporate operations as well as those that the Board of directors rarely approves.

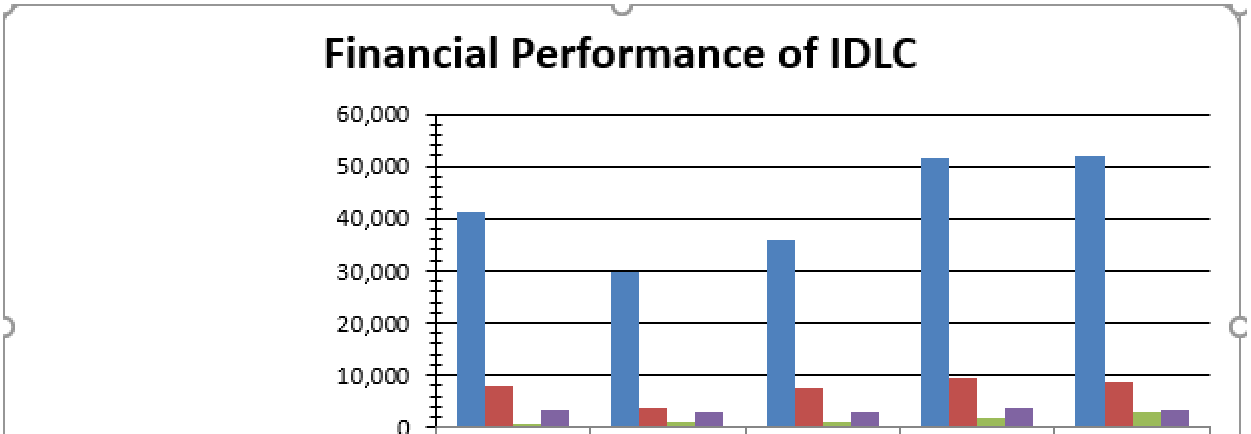
3.5 Operations:

Financial Performance Analysis of IDLC Finance PLC

Table 3.2: Financial Performance of IDLC Finance PLC

***Source:** (Financial Reports & Disclosures - Annual and Quarterly Reports and Analysis | IDLC, n.d.)*

Financial Performance	2019	2020	2021	2022	2023
Lease and Term loans disbursed	41,414	29,944	36,052	51,466	51,974
Housing finance disbursement	8,134	3,793	7,523	9,597	8,744
Short term finance portfolio	735	891	1,152	1,922	2,910
Lease Finance	3,496	3,037	2,964	3,852	3,497
Real estate finance assets	28,163	26,834	27,372	30,322	31,616
Total assets	114,655	123,419	136,756	143,868	142,877
Long term liabilities	101,069	109,158	120,371	125,694	123,167
Term deposit balance	77,008	78,131	73,893	79,410	82,402
Net current assets	2,691	9,793	14,860	9,702	8,105



	2019	2020	2021	2022	2023
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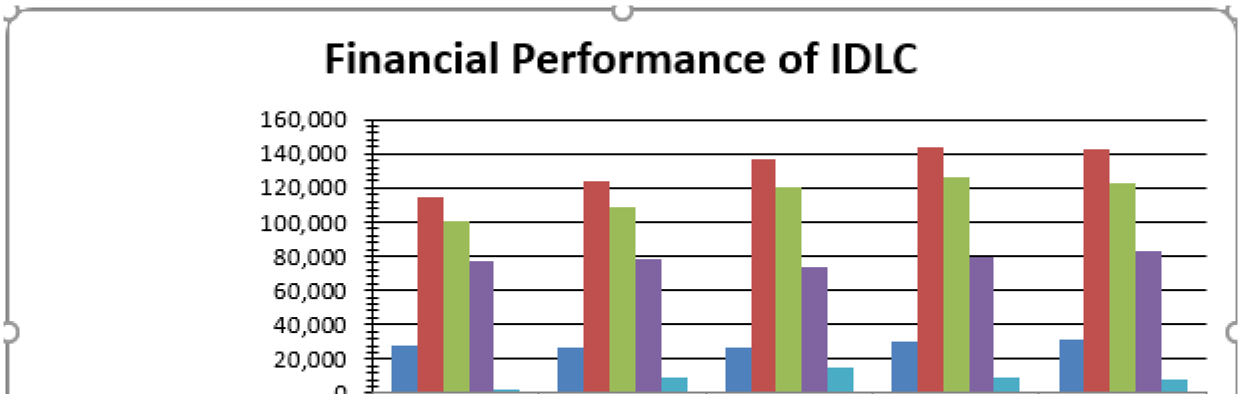
Housing finance disbursement	8,134	3,793	7,523	9,597	8,744
Short term finance portfolio	735	891	1,152	1,922	2,910
Lease Finance	3,496	3,037	2,964	3,852	3,497

Figure 3.3: Graphical visualization of financial performance of IDLC, Source: Author



	1	2	3	4	5
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Term deposit balance	77,008	78,131	73,893	79,410	82,402
Net current assets	2,691	9,793	14,860	9,702	8,105

Figure 3.3: Graphical visualization of financial performance analysis of IDLC

Source: Author

3.5.1 Operational Performance

IDLC Finance PLC, a prominent non-banking financial institution in Bangladesh, has demonstrated robust operational performance in recent years.

Table 3.3: Last 5 years' Operational performance of IDLC,

Source*:(Financial Reports & Disclosures - Annual and Quarterly Reports and Analysis | IDLC, n.d.)*

Operational Performance	2019	2020	2021	2022	2023
Operational income	4,815	5,625	5,870	5,500	5,338
Operational expenses	2,012	2,157	2,218	2,415	2,530
Financial expenses	8,640	7,640	5,499	6,202	7,725
Profit before tax	2,390	3,252	2,743	2,079	1,802
Net profit after tax	1,522	2,205	1,576	1,620	1,094

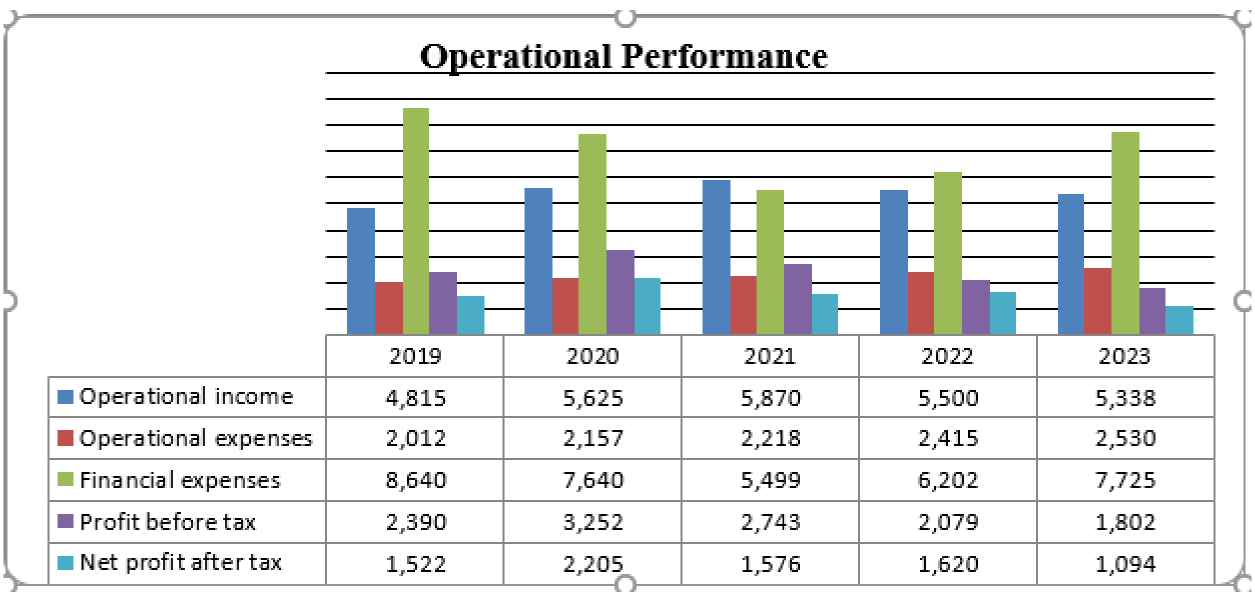

Figure 3.4: Graphical Visualization of Operational Performance

3.5.2 Ratio Analysis of IDLC Finance PLC

Table 3.4: Financial Ratios of IDLC

Source: *(Financial Reports & Disclosures - Annual and Quarterly Reports and Analysis | IDLC, n.d.)*

Financial Ratios	2019	2020	2021	2022	2023
Debt equity ratio (Times)	9.21	9.19	9.42	9.17	8.77
Average effective tax rate (%)	36.32	32.20	42.41	48.78	54.11
Financial expenses coverage ratio (Times)	1.28	1.43	1.50	1.34	1.23
Current ratio (Times)	1.06:1	1.18:1	1.24:1	1.15:1	1.14:1
Return on total assets (%)	1.38	1.85	1.21	1.15	0.76
Non-performing loan ratio (%)	3.07	1.79	3.05	3.81	4.46
Return on shareholders' equity (%)	13.68	18.89	12.49	11.87	7.60
Earnings per share	3.66	5.30	3.79	3.90	2.63
Dividend per share	3.50	2.00	2.00	1.50	1.50
Dividend yield (%)	7.71	3.15	3.32	3.23	3.23
Dividend payout ratio (%)	95.58	37.71	52.75	38.50	57.02
Net interest income as a percentage (%) of working funds	4.94	4.60	5.14	4.73	4.10
Operating Profit as percentage (%) of working fund	3.23	3.78	4.03	3.20	2.59
Shareholders' equity	11,231.11	12,116.17	13,126.79	14,152.55	14,622.62

3.5.2.1 Liquidity Ratio:

Liquidity refers to the capability of a firm to meet its short-term financial obligations while and as they come due.

3.5.2.1(a) Current Asset Ratio:

The current ratio (CR) refers a company's capacity and stability to pay off their short term debts with short term assets, such as inventory, accounts receivables, and cash. Higher CAR indicates the company has enough assets to cover their obligations. Here is the formula of CAR:

CAR= Current Asset / Current Liabilities **[Equation 3.1: Current Ratio]**

Table 3.5: Current Ratio

Year	2019	2020	2021	2022	2023
Current Ratio	1.06	1.18	1.24	1.15	1.14

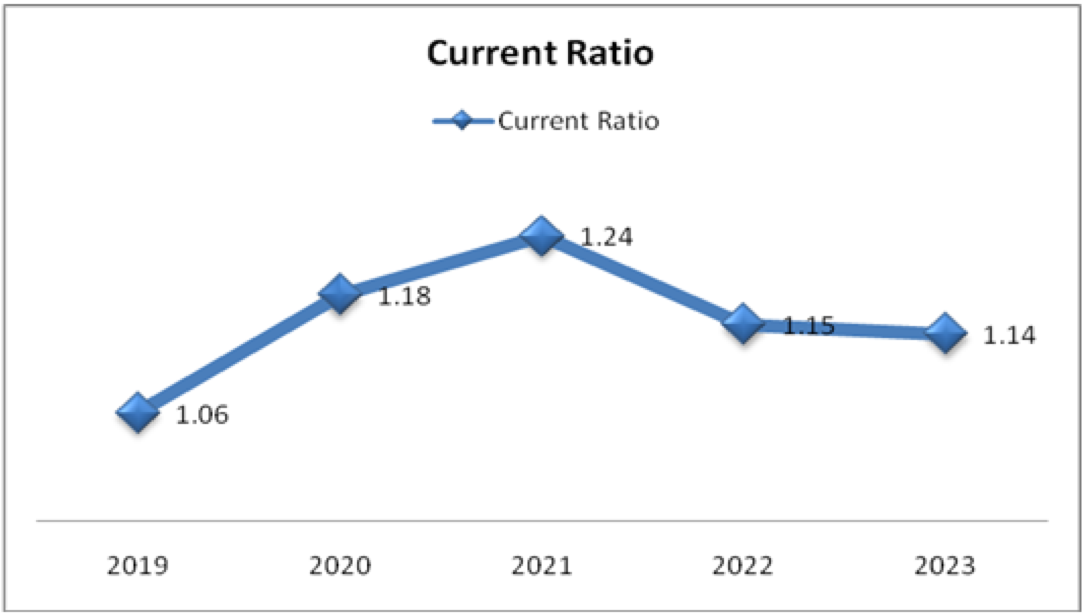

Figure 3.5: Current Ratio, Source: Author

Interpretaion:

Form this figure we can see about Current Ratio of IDLC Finance PLC since 2019-2023. Here Current Ratio of IDLC Finance PLC increasing from 2019-2021 and last two years decreased. They had highest current ratio was 1.24 in 2021 and lowest 1.06 in 2019.

3.5.2.2 Profitability Ratio

A class of financial metrics that are second-hand to assess a business & capability to produce earnings as compared to its expenses and other relevant costs incurred during a specific era of time.

3.5.2.2(a) Return on Assets (ROA):

To generate profit, organizations basically use this term. A higher ROA indicates that the company is using their assets effectively to making profit. Here is the formula of ROA:

ROA= Net income / Total Asset **[Equation 3.2: Return on Asset]**

Table 3.6: Return on Assets

Years	2019	2020	2021	2022	2023
Return on Assets (ROA)	1.38	1.85	1.21	1.15	0.76

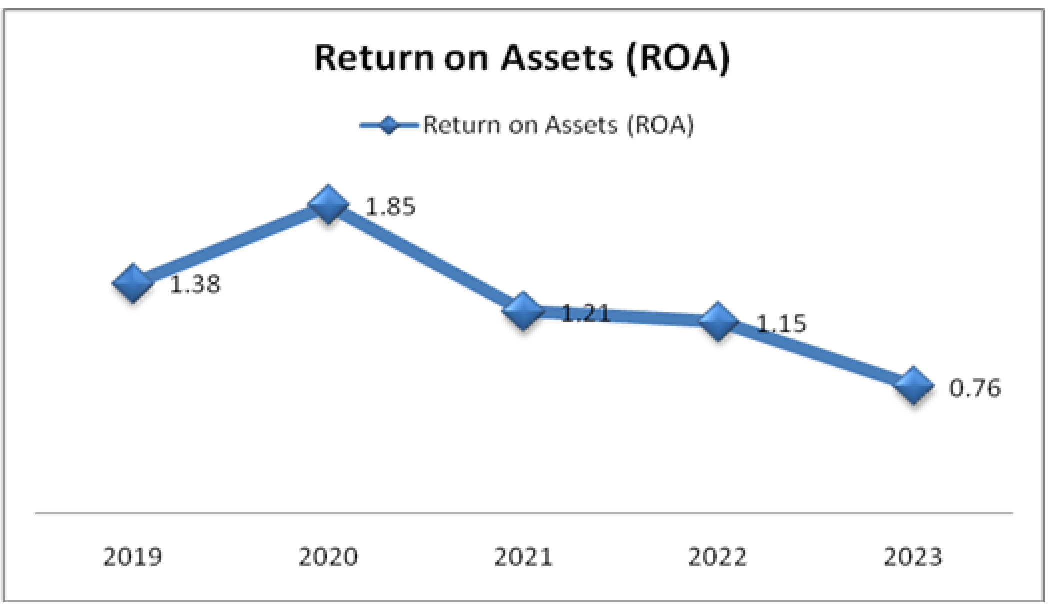

Figure 3.6: Return on Assets (ROA), Source: Author

<u>Interpretation:</u>

From this figure we can see about Return on assets of IDLC Finance PLC since 2019-2023. Here return on assets of IDLC Finance PLC increased from 2019-2021 and last two years decreased. They had highest ratio was 1.85 in 2020 and lowest 0.76 in 2023.

3.5.2.2(b) Return on Equity (ROE):

The term ROE (Return on Equity) measures that, how successfully a company is using and making revenue from their shareholder's equity. A higher ROE shows that the company is giving better returns to its investors. Here is the equation of ROE:

ROE=Net Income / Total Equity **[Equation 3.3: Return On Equity]**

Table 3.7: Return on Equity

Years	2019	2020	2021	2022	2023
Return on Equity	13.68	18.89	12.49	11.87	7.60

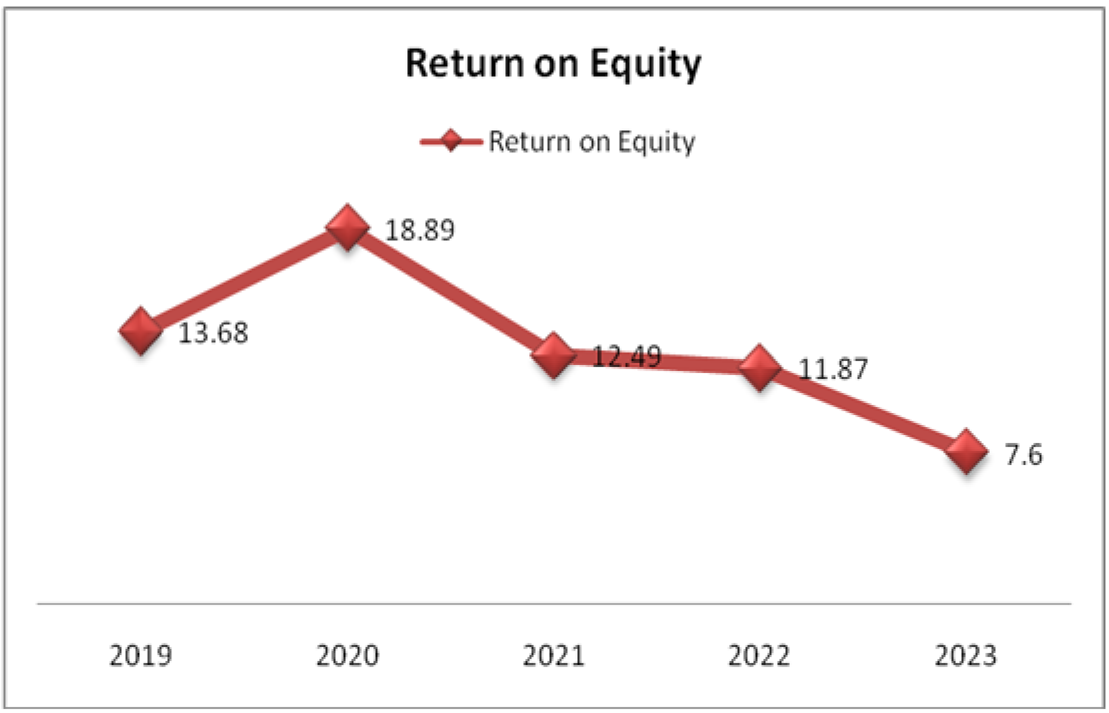

Figure 3.7: Return on Equity (ROE), Source: Author

<u>Interpretation:</u>

ROE is considered a measure of how effectively management is using a company's assets to create profits. From this graph we can see the Return on equity of IDLC Finance PLC since 2019-2023. Return on Equity of IDLC Finance PLC increased from 2019-2021 and last two years decreased. They had highest ratio was 18.89 in 2020 and lowest 7.60 in 2023.

3.5.2.2(c) Earnings per share (EPS):

The term EPS shows how much of a company's earnings are distributed to each outstanding share of common stock. A higher EPS draws in more investors for financial organizations like IDLC, which increasing the company's standing and market share in the process. Here is the formula of EPS:

EPS= Net Income / Number of Share **[Equation 3.4: Earnings per share]**

Table 3.8: Earnings per share

Years	2019	2020	2021	2022	2023
Earnings Per Share (EPS)	3.66	5.30	3.79	3.90	2.63

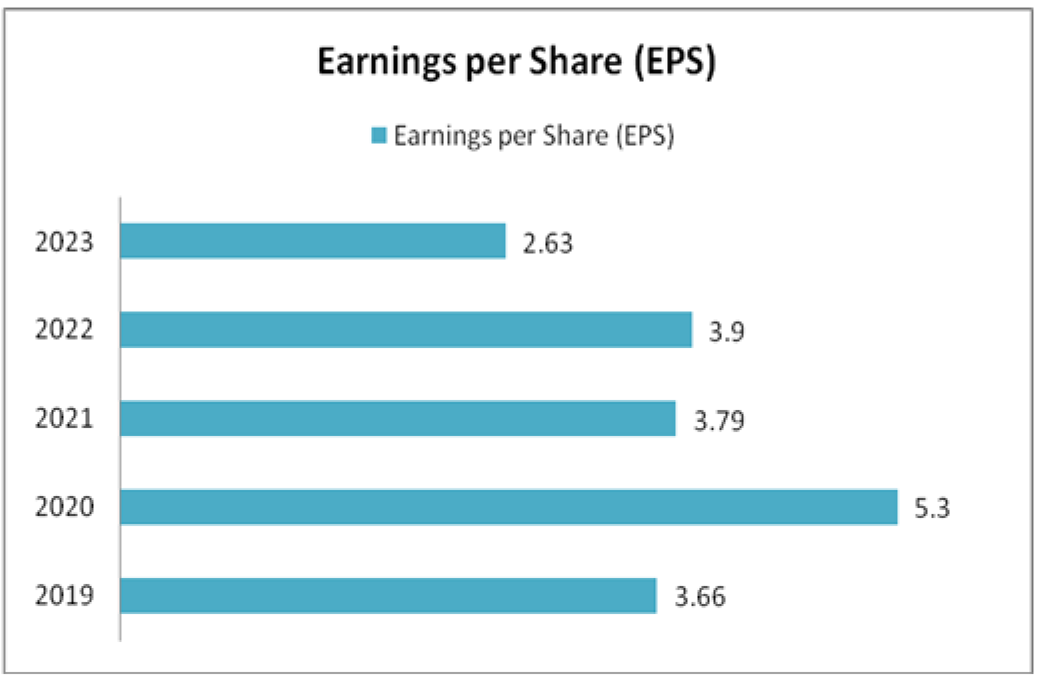

Figure 3.8: Earnings per share, Source: Author

<u>Interpretation:</u>

We know that EPS represents the portion of a company & profit allocated to each outstanding share of common stock. EPS serve as an indicator of a company & profitability. They had highest Earning per share was 5.3 Taka in 2020 and lowest 2.63 Taka in 2023.

3.5.2.2(d) Dividend Payout Ratio (%):

In a financial organization, the dividend payout ratio displays the percentage of net income which is distributed to shareholders as dividends. Here is the equation of DPR:

DPR= Dividend per Share / EPS **[Equation 3.5: Dividend Payout Ratio]**

Table 3.9: Dividend Payout Ratio (%)

Years	2019	2020	2021	2022	2023
Dividend Payout Ratio (%)	95.58	37.71	52.75	38.50	57.02

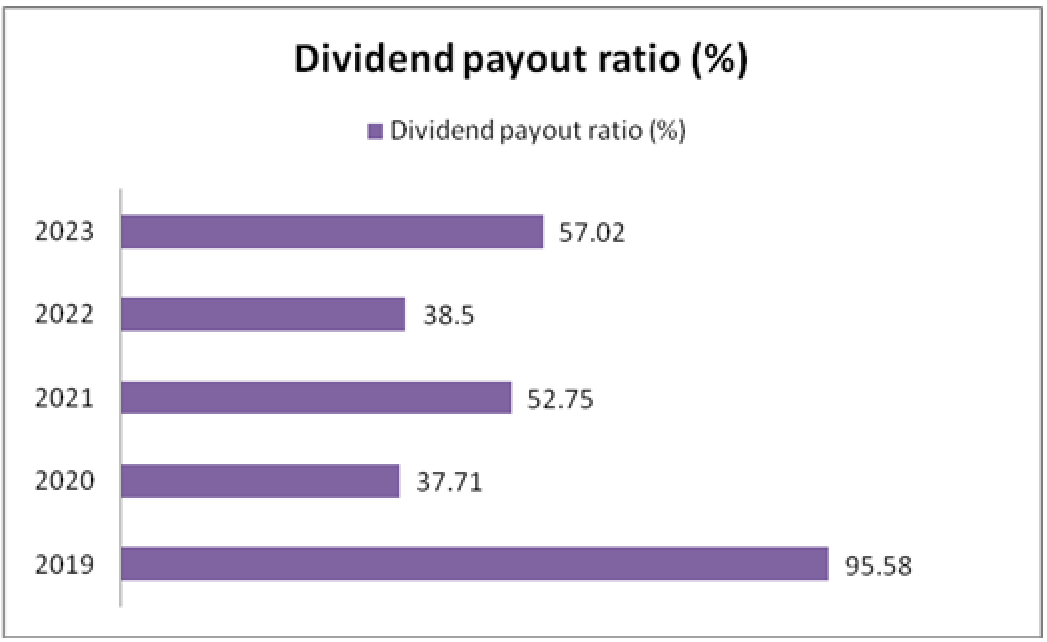

Figure 3.9: Dividend Payout Ratio (%), Source: Author

Interpretation:

From this figure we can see about Dividend payout ratio (%) of IDLC Finance PLC since 2019-2023. They had highest Dividend payout ratio (%) was 95.58 in 2019 and lowest 37.71 in 2020.

3.5.2.3 Solvency Ratio

The solvency ratio is a key financial metric that measures a company's ability to meet its long-term debt obligations. It helps assess financial stability and long-term sustainability.

3.5.2.3(a) Debt to Total Asset:

A company's debt-financed assets are showed as a percentage by using this ratio. It helps to identify financial risk of a company. Higher in this ratio indicates that the company is deeply dependent on their debt finance which is risky for a company. Here is the formula for Debt to Total Asset:

Total Liabilities / Total Asset **[Equation 3.6: Debt to Total Asset]**

Table 3.10: Debt to Total Asset

Years	2019	2020	2021	2022	2023
Debt to Total Asset	92.92%	93.60%	91.55%	93.10%	94.25%

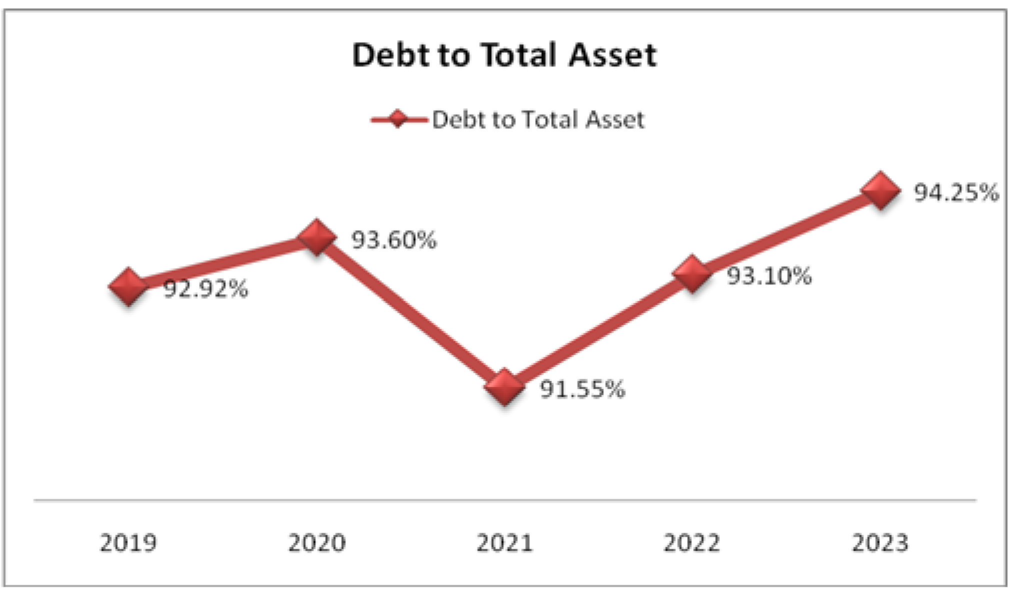

Figure 3.10: Debt to Total Asset, Source: Author

Interpretation: From this figure we can see about Debt to Total Asset of IDLC Finance PLC since 2019-2023. Debt to Total Asset of IDLC Finance PLC increasing year by year without 2021. They had highest Debt to Total Asset was 94.25% in 2023 and lowest 91.55% in 2021.

3.5.2.3(b) Debt to equity Ratio (time):

This ratio has a relation to shareholders' equity which is known as the debt-to-equity ratio. A greater ratio shows that the company is facing financial risk by depending on borrowed funds. Financial organizations follow a balanced ratio to stay stable. Here is the Equation:

DER= Total Liabilities / Total Equity **[Equation 3.7: Debt to Equity]**

Table 3.11: Debt to Equity Ratio (time)

Year	2019	2020	2021	2022	2023
Debt to Equity Ratio (time):	7.37	7.33	7.51	7.18	6.76

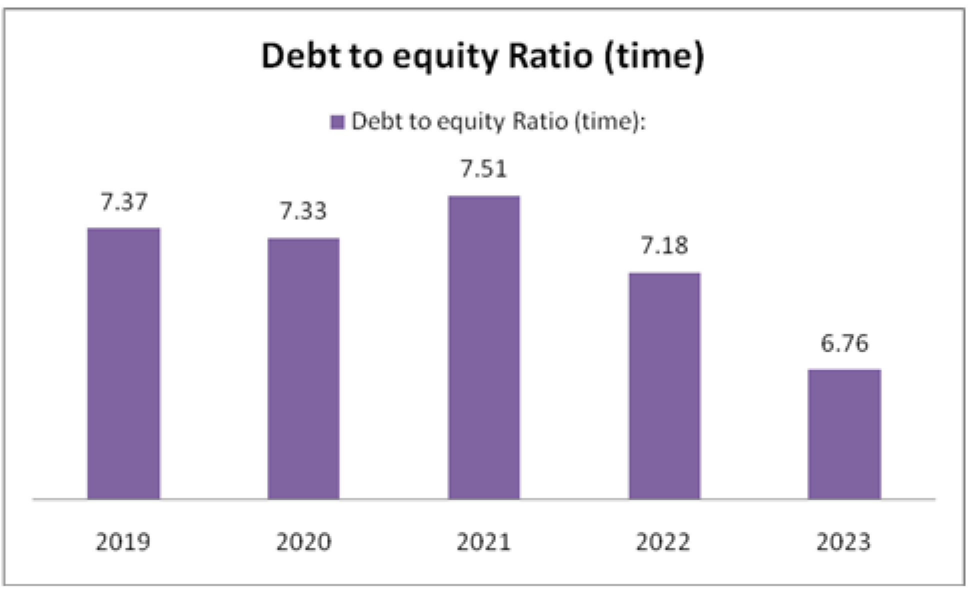

Figure 3.11: Debt to Equity Ratio (Time), Source: Author

<u>Interpretation:</u>

From this figure we can see about Debt to equity Ratio (time) of IDLC Finance PLC since 2019-2023. Debt to equity Ratio (time) of IDLC Finance PLC increasing from 2019-2022 and last year decreased. They had highest Debt to equity Ratio (time) was 7.51 in 2021 and lowest 6.76 in 2023.

3.5.2.4 Operating Profit Margin (OPM)

The operating profit margin is a term that shows how much amount of profit an organization can makes from its operations before removing interest and taxes. Here is the formula of it:

Operating Profit Margin $= \frac{OperatingProfit}{TotalOperatingIncome}$ ***[Equation 3.8: Operating Profit Margin]***

Table 3.12: Operating Profit Margin

Years	2019	2020	2021	2022	2023
Operating Profit Margin	3.23	3.78	4.03	3.20	2.59

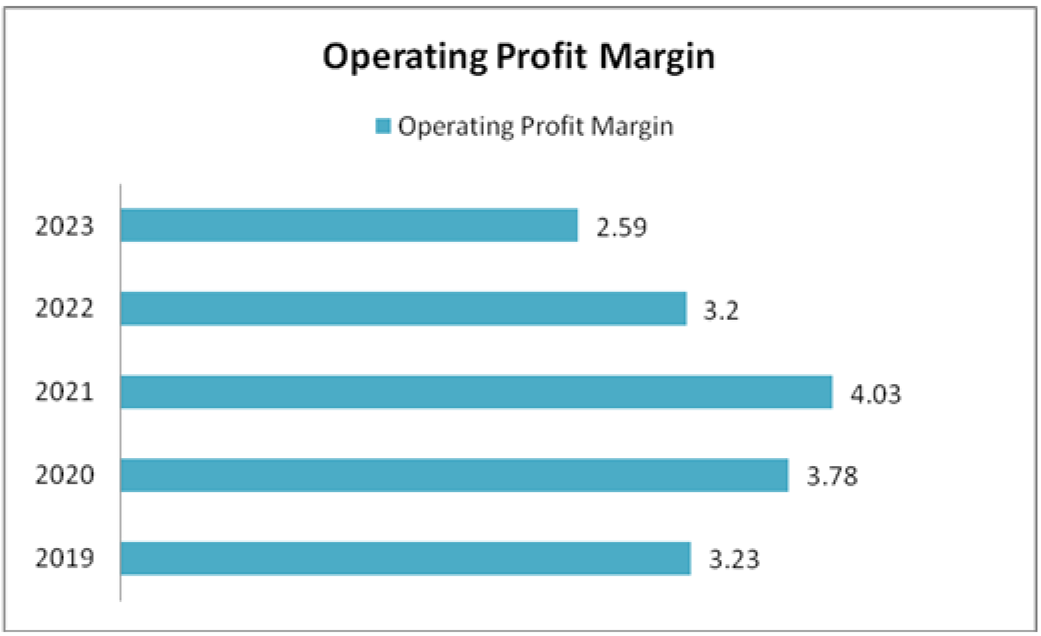

Figure 3.12: Operating Profit Margin, Source: Author

<u>Interpretation</u>:

From this figure we can see Operating profit margin of IDLC Finance PLC from 2019-2023. Operating profit margin of operating profit margin is increasing from 2019-2021and last 2 years decreased. They had highest ratio was 4.03 in 2021 and lowest 2.59 in 2023.

3.6 SWOT Analysis of IDLC Finance PLC

A SWOT analysis can be used to identify and evaluate a company's opportunities, threats, weaknesses, and strengths. The main goal of SWOT analysis is to raise a better understanding of the factors that can influence company’s strategy and help to make strategic decision.

Figure 3.13: SWOT Analysis of IDLC

Source:*(How To Do a SWOT Analysis: Step-by-Step Guide - Diib® - Learn, n.d.)*

Strength (S):

The main strength of IDLC finance PLC is their strong brand image and reputation. Between the non- banking financial institutes of Bangladesh, IDLC finance PLC has enormous brand equity. IDLC finance PLC is one of the largest and most reputed non-banking financial institutions (NBFIs) in Bangladesh with more than three decades of operations. Also, IDLC's brand image is stronger than many competitors like Lanka-Bangla Finance and United Finance due to its consistent service quality and transparency to their clients. Moreover, IDLC has a higher loan portfolio and also lower non-performing loan (NPL) ratio compared to Lanka-Bangla Finance. Another strength of this company is that they offer a wide range of financial product and services. Among the many financial services that IDLC provides are investment banking services, house loans, auto loans, and SME loans. Whereas most competitors such as IPDC Finance focus on only specific segments. As a result, it has created their brand value among the country.

They can maintain a positive image by continue investing in brand promotion, CSR activities, expand their product offerings by adding innovative digital financial products and maintain strictly the risk assessment and credit management policies. They have some more straights that help them to go forward, that are given below:

- IDLC Finance PLC is a leading non-banking financial institution (NBFI) in Bangladesh with a well-established standing.
- SME Finance, loan, Capital market service and leasing are part of IDLC finance PLC varied product portfolio which adds to the diversification of their income model.
- They have a well trained and experienced team who has the history of providing great results.
- IDLC has a vigorous distribution network which helps them to maintain a larger customer base.
- One of the main reasons behind their success is their excellent relationship with their customers.
- Rules, regulations and the leadership of the governing bodies are strictly followed by the employees and the organization itself.
- As per present times IT departments plays chief part to maintain Company software's. There are some companies who rely on other establishments to complete their IT necessities but IDLC don't do that. They have a muscular IT Department which gives them 24-hour backup and maintains all of their software and darken activity.

Weakness (W):

First and foremost, their biggest weakness is reliance on interest based income. Since their most of the revenue comes from the interest income, making it vulnerable to market interest rate fluctuations. Competitors like IPDC has a higher portion of fee-based income. Secondly, IDLC's digital services are not as advanced as some fin-tech competitors. The competitors have introduced more innovative digital products. Compared to IPDC and Lanka-Bangla Finance, IDLC's digital offerings are less sophisticated. Thirdly, IDLC has higher operating costs compared to its rivals because of its extensive branch networks and administrative expenses.

To overcome and generate revenue streams, they can expand investment banking and advising services, make investment in digital infrastructure through working with fin-tech companies, and finally implement cost cutting methods into their actions. However, the other factors of their weakness are given below:

- In order to get good quality outcomes without any issues they give their best but great outcomes also come with a lot of expenses.
- Even though they are very superior at what they are doing their services only boundaries within Bangladesh.
- In 2023, income dropped by 6.68%**,** affecting overall financial performance.
- Most of their revenue stream comes from their superior customers which is risky for them.
- They need to invest more on research and development in order to bring newness in their services.

Opportunities (O):

Bangladesh's SME sector is growing now, which is creating demand for business loans. In comparison to LankaBangla and IPDC, IDLC already holds a major market share in SME finance. Besides, digital financial services like mobile banking and internet usage can create opportunities for IDLC, as these platforms are already being used by its competitors. On the other hand, green finance is promoted by government policies for the environmental sustainability. Though IDLC has started providing green financial products but it still has room to grow its line.

They can generate personalized SME loan solutions with flexible payback terms as part of their action plan. As well as they can introduce e-wallet services, digital loan processing, and mobile banking apps. Yet, they have some more opportunities which are:

- Among the middle class people of Bangladesh digital financial services are receiving popular day by day.
- Growing demand for SME financing in Bangladesh presents a lucrative opportunity.
- In terms of financial services populace are leaning towards which can help IDLC to enlarge its consumer base.

- In order to develop financial sector government is at present providing a lot of benefits to the financial institutions as encouragement. IDLC finance PLC can take these benefits and use it wisely to develop their business.
- IDLC finance PLC can increase its business in other nationalities which can give them the opportunity to reduce their risk.

Threats (T):

With new competitors and aggressive pricing, Bangladesh's NBFI sector is becoming more competitive. It is true that, superior digital services are provided by other NBFIs such as IPDC and LankaBangla. It is a threat for IDLC Finance PLC indeed. Similarly, IDLC's operations may be impacted by Bangladesh Bank's continuous regulation changes. Actually this problem affects all the NBFI's in Bangladesh, but larger institutions like IDLC might have to face more compliance. Also, high rates of inflation and economic volatility may make it tougher for borrowers to repay their loans. While all financial institutions are at risk, IDLC's loan portfolio that mainly focuses on SMEs may be particularly in danger.

They can overcome this obstacle by providing individualized services and loyalty programs to keep their clients, keep maintaining a proactive regulatory compliance and offer their clients with flexible repayment periods. They have some additional threats such as:

- As we know that there are also other financial institutes who are combination the online financial platform, it can be a bit competitive for them in the near future.
- Economic and political factors may work as an intimidating factor to IDLC Finance PLC as we know that we can never be certain about these factors due to their susceptibility.
- Unpredictable interest rate can be a problematic part for IDLC Finance PLC as their profitability relies on the interest rate.

By SWOT analysis, it can be seen that IDLC has a strong market position and it is supported by broad product lines with good financial results. However, it has challenges such as reliance on interest-based income and insufficient digital transformation must be tackled. By capitalizing on its strengths and opportunities while addressing weaknesses and threats through strategic initiatives, IDLC can improve its market leadership within the NBFI sector in Bangladesh.

3.7 Challenges & Opportunities of IDLC Finance PLC

IDLC Finance PLC, as a leading non-banking financial institution (NBFI) in Bangladesh, faces different challenges and opportunities that impact its financial performance and growth prospects.

Challenges

1. Competition and economic uncertainty affect earnings.
2. A large portion of revenue comes from interest-based earnings.
3. In 2023, IDLC's revenue dropped by 6.68%, indicating slower business growth.
4. Changes in interest rates can significantly impact profitability.
5. Inflation, currency depreciation, and economic downturns can affect loan repayments and business expansion.
6. The rising cost of funds due to higher inflation and interest rates can reduce profit margins.
7. The Bangladesh Bank imposes strict regulations on NBFIs, which may limit flexibility in business operations.
8. Compliance costs are increasing.
9. Managing default risks is crucial to maintaining financial stability.
10. IDLC's NPL ratio was 1.79% in 2020, but any increase can weaken financial health.
11. Investment in fintech and digital banking is necessary to remain competitive.

Opportunities

1. IDLC can expand lending to SMEs to boost revenue.
2. Adoption of mobile banking and digital payment solutions can enhance customer experience.
3. SMEs contribute 25% to Bangladesh's GDP, and demand for small business loans is growing.
4. Investing in AI and automation can improve operational efficiency.
5. Government initiatives support financial inclusion for underserved populations.
6. IDLC can tap into new customer segments by offering microloans and affordable financial products.
7. Expanding into new financial products like wealth management, insurance, and asset management can reduce dependence on loans.
8. The Bangladesh Bank is introducing reforms to strengthen the NBFI sector, providing a better business environment for companies like IDLC.
9. Access to international funding can improve capital structure.

CHAPTER 4: INTERNSHIP EXPERIENCE

4.1 Position, Duties, & Responsibilities

I have worked as an intern at IDLC Finance PLC, Head office, Gulshan, Dhaka for three months which lasted from (27th November 2024 to 27th January 2025) was both enriching and enjoyable. Over these three months, I had numerous opportunities to learn about the activities of IDLC Finance PLC and gained valuable hands-on experience, which I believe will significantly benefit my future career. They have showed me how to deal with problems effectively and efficiently. I enjoyed my internship journey.

Responsibility and Duties:

1) Checking the document of the vendors.
2) Files scanning and printing.
3) Handle the bank statement information file of the vendors.
4) Handling the LA (Loan Agreement) forms.
5) Check the bill disbursement.
6) Recognized the missing amount and date of the bills.
7) Making phone calls to communicate with the region head.
8) Preparation of the Report.

4.2 Training

I have received useful and insightful training during my internship program at IDLC finance PLC which boosted my professional skills and developed my understanding of the company's operations. I got the orientation session at the very beginning of my internship which introduced me to the company’s, history, objectives, departments, and code of conduct. This orientation gave me a detailed outline of the company culture, work environment, and employees. After that, I had two days of practical training from my line managers and heads before I was assigned. The key focus of the training is hand-on work experience. During office hours, I cooperated with my colleagues individually. By working in one of the Bangladesh's leading leasing company, IDLC Finance PLC, I have felt that having completed my internship there was preferable and also created opportunities for me. Since the starting of my three-month internship, the incorporated family has taught me a lot and shown me a lot of new things that will help me in future.

Once they had given me all the information I required, they gave me instructions that what I need to do. Each department made a unique contribution which made my training easier. Since I have learned and gained a lot of knowledge from IDLC, now I can honestly state that I understand the environment and appreciate how IDLC operates. Also my communication skills got a lot better than before during my internship because I had to interact with so many different kind of individuals in all sorts of situations. I may therefore say that my internship experience served as some sort of training.

4.3 Contribution within Department

I was recruited by IDLC Finance PLC, Head office, Gulshan, Dhaka to work in their SME finance department. I have a number of departmental duties to perform by the help of my line managers and heads. For the sake of my job, I always had to stay in touch with the other departments such as corporate finance, supply chain, wealth management, and human resource, which helps me to buildup relationship with people. I also offered support and help from the other group members.

4.4 Evaluation of Internship Performance

Evaluation of an intern's performance, covering key areas like skills, work ethic, and professional behavior. They have given me a detailed assessment of my work. Both the head of SME department and head of human resource evaluated my overall internship performance. Demonstrates understanding of tasks and responsibilities. Applies technical and academic knowledge effectively. Shows problem-solving ability and adaptability. Completes assigned tasks accurately and on time. Pays attention to detail and meets expectations. Works efficiently and manages workload effectively.

I started off by making some usual beginner errors, but I soon realized my mistakes and quickly learned from them. The manager always overviews my works and taught me how to deal with customer and maintain their financial transactions. My team members and other colleagues from another department always were appreciative of my efforts.

I began by making typical rookie mistakes. I quickly, however, realized my mistakes. The mistakes I made their helped me learn. The Manager who oversaw my work showed me how to interact with customers and their financial transactions. All of my employees and my team members respected my efforts.

4.5 Skill Applied

At IDLC Finance PLC, I was able to apply a variety of skills I had acquired from my academic knowledge and personal and personal learning. I was able to use these skills in a real-world work environment which helped to contribute effectively to the department's daily operations.

Achieving a great deal of new skills and knowledge is unpreventable while working with new coworkers in a new environment. They gave me a lot of experience and also taught me a lot of new abilities, such as how to behave in a corporate environment and the standards and norms of that environment, which I developed through daily practice with them. There, working under pressure is another recognized skill. I am therefore expected to complete a number of activities within a set time limit. Similarly, I was worked by IDLC Finance PLC under a number of different line managers. So that I always had to maintain the time and communicate while coordinating with different departments to collect necessary data and clarify information.

One of the key skills I applied was Microsoft Excel for the company's data entry, data analysis, and preparing my report. I have used diverse Excel functions, which are sum, sort, filter, VLOOKUP, Pivot Table, and IF formulas that helped me manage large amounts of information accurately and professionally. Besides, I learned a lot of new Microsoft Excel rules and techniques, which increased my skills. It is surely true that working with new people in a new environment will result in the acquisition of a great deal of new knowledge and skills. I hope to use this skills and knowledge in my future because I mentioned before that they provide me a bunch of skills and with a wealth of knowledge.

4.6 New Skill Developed

Developing new skills during an internship is important for career growth and personal development. Improve email writing, polished report writing in Microsoft word, and documentation skills. Develop time management, formal communication, work management system, work competence and punctuality. Acquired profound knowledge in writing articles in the MBR of IDLC. Practice creation well-informed decisions by the supervision of my senior colleagues. Gain assurance in making independent choices. Learn from senior colleagues and help junior interns.

4.7 Application of Academic Knowledge

Academic knowledge plays an essential role in internships, as it provides the foundation for applying theoretical idea in real-world situations. In my practical experience working at IDLC Finance PLC, I had a better opportunity to apply my theoretical knowledge. This internship is an excellent platform to break the gap between academic knowledge and practical application. From my academic journey, I learned theoretical concepts of various financial aspects such as corporate finance, credit risk management, financial reporting and so-on. During my academic program, I leaned Microsoft excel in the course of MIS, which helped to use pivot table, equations, formatted, graphs, restructured data from a large data set. These things made it clear that excel is used efficiently as a working tool. Moreover, financial reporting helped while preparing submissions, monthly financial reports, and receipts as well.

CHAPTER 5: RECOMMENDATIONS

5.1 Recommendations for Improving Departmental Operations

Improve Internal Control System is very important for any organization. It improves operational efficiency and make a company successful. It helps a company to achieve his goals and objectives. Efficient internal control system can mitigate risks, increase accuracy of financial reporting, risk management, identify frauds and errors, meet compliance requirements, improve IT controls etc. IDLC Finance PLC can improve their internal control system. After that, they can Enhanced cross-functional relationship between departments. An organization consist of different departments. Cross functional relationship is very important for any organization's success. IDLC should also improve cross functional relationship between departments. To improve it, they can do branding collaborate with different marketing firms and get different ideas for branding. Besides, automation is daily activities make work easier. Apply digital automation tools to Credit Risk Management, Customer Service, and Account, to reduce manual labor. Use loan management software to automate the loan processing, approval, and disbursement stages to eliminate errors and reduce the amount of time used for the process. Additionally, improve the relationship with existing Customers through CRM System. Enhance the existing centralized CRM system to improve the record keeping of clients and follow up on customer queries in an effective manner. Lastly, improve the employee branding system that can motivate employee.

5.2 Recommendations for Improving Self-Performance

Personal development and improvement of personal performance are essential for the overall success of my career. Internship at this organization has been a huge opportunity for me to achieve practical knowledge and improve professional skills. Also it has given me a real world experience. During the internship period, a lot of factors of self-performance were observed, which can further improve to get better efficiency and personal growth. Based on the real-life experience, there are some recommendations which can help to improve self-performance.

We know that, time management is a very important aspect of our day to day life. Doing an internship has taught me this in a better way as I had to done multiple works within a short timeframe given by my line managers. If we can choose which task to do first, our time management will much efficient. For this, need to prepare a daily to-do list, reminders to priories work based on importance. After that, a good communication skill plays an important role in any corporate environment, as need to interact constantly with colleagues, clients, line managers. Better network and relationship can be built while I improve my communication abilities. I dedicate myself to improve my ability while sharing ideas with developing my ability in both listen carefully to individuals and making point of view when needed. I will also practice professional email writing and actively participate in discussions to improve this skill. Besides, technical skills are necessary to grape the financial industry. Many tools and software applications were used when I had to check sanction letter, disbursement during my internship. I would like to enhance my knowledge of these tools by online courses, self-learning, or guidelines from my senior and heads which will keep me updated with the lasted technological advancements.

I have seen that corporate environment faces unexpected changes. So lastly I would try to learn maintaining a positive attitude and adaptability in any critical situation. I will build up the ability to adapt the changes quickly which will keep my mindset positive and help me to learn new things in a better way.

CHAPTER 6: CONCLUSION

Conclusion

Banks and NBFI'S playing a key role in the economic industry. The number of banks in our country is greater than the number of NBFI's. But all the NBFI's performance is not up to the mark. IDLC leading the NBFI industry by providing vast client services, for that they have a good reputation in the market. In this report we have analyzed the last 5 years' performance of IDLC to know about why they are the market leaders. The analysis captures some of the company's significant activities and accomplishments and finally, attempts to highlight the remaining gaps. The study results prove that regardless of the many economic constraints, IDLC Finance PLC has improved in business expansion and has remained robust financially throughout the years. This assessment provides valuable information regarding the company's overall operations and the commitment within the financial sector. Achieving future success and sustainable growth requires IDLC Finance PLC to increase their corporate social responsibilities beyond their operational primary domain to ensure long-term success. To enable the company to perform better in the future, a number of compensatory solutions have been proposed in order to address some of the shortcomings that were identified during the financial year.

While aiming to become the leading financial brand in Bangladesh, IDLC Finance PLC has the potential to develop into one of the most popular and powerful financial institutions in the country.

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Appendix

IDLC Finance PLC.

BALANCE SHEET

as at 31 December 2023

Particulars	Notes	31.12.2023 BDT	31.12.2022 BDT
PROPERTY AND ASSETS			
Cash	3		
In hand (including foreign currencies)	3.1	325,000	345,000
Balance with Bangladesh Bank and its agent (including foreign currencies)	3.2	1,298,197,218	1,521,361,610
		1,298,522,218	**1,521,706,610**
Balance with other banks and financial institutions	4		
Inside Bangladesh	4(a)	15,432,552,420	20,874,354,474
Outside Bangladesh	4(b)	-	-
		15,432,552,420	**20,874,354,474**
Money at call and short notice	5	**500,000,000**	**5,300,000,000**
Investments	6		
Government		3,199,742,978	3,653,565,398
Others		2,116,407,760	2,092,511,455
		5,316,150,738	**5,746,076,853**
Loans, advances and leases	7		
Loans, cash credit, overdraft etc.		113,339,341,609	103,752,962,222
Bills purchased and discounted		-	-
		113,339,341,609	**103,752,962,222**
Fixed assets including land, building, furniture and fixtures	8(c)	**1,341,759,332**	**1,373,767,934**
Other assets	9	**5,648,445,788**	**5,298,861,320**
Non-banking assets		-	-
Total Assets		**142,876,772,104**	**143,867,729,414**
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	10	**32,383,374,860**	**37,205,189,936**
Deposits and other accounts	11		
Current accounts and other accounts etc.		-	-
Bills payable		-	-
Savings bank deposits		-	-
Term deposits		82,401,917,639	79,409,711,289
Bearer certificate of deposits		-	-
Other deposits		3,159,627,264	2,600,566,897
		85,561,544,903	**82,010,278,187**
Other liabilities	12	**10,309,229,957**	**10,499,708,484**
Total Liabilities		**128,254,149,720**	**129,715,176,607**
Capital/Shareholders' equity			
Paid-up capital	13	4,156,984,840	4,156,984,840
Share premium	14	1,260,585,930	1,260,585,930
Statutory reserves	15	3,808,756,195	3,590,032,734
General reserves	16	1,000,000,000	1,000,000,000
Dividend equalisation reserves		500,000,000	46,500,000
Retained earnings		3,896,295,420	4,098,449,304
Total Equity		**14,622,622,385**	**14,152,552,807**
Total Liabilities and Shareholders' equity		**142,876,772,104**	**143,867,729,414**

Particulars	Notes	31.12.2023 BDT	31.12.2022 BDT
OFF-BALANCE SHEET ITEMS		-	
Contingent liabilities	17.1		
Acceptances and endorsements		-	-
Letters of guarantee		32,126,400	85,714,717
Irrevocable letters of credit		-	-
Bills for collection		-	-
Indemnity bond		-	-
Corporate guarantee		750,000,000	650,000,000
		782,126,400	**735,714,717**
Other commitments	17.2		
Documentary credits and short term trade related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Un-drawn note issuance and revolving underwriting facilities		-	-
Un-drawn formal standby facilities, credit lines		-	-
Un-disbursed contracted loans and leases		-	-
		-	-
Total Off-Balance Sheet items including contingent liabilities		**782,126,400**	**735,714,717**
Net Assets Value (NAV) per share	37	**35.18**	**34.05**

The annexed notes from 1 to 46 and Annexure A, B and C form an integral part of these financial statements.

This is the balance sheet referred to in our separate report of even date.

A. Qasem & Co.
Chartered Accountants
Firm Registration No.: 2-PC7202

Aziz Al Mahmood
Director

Farooq Sobhan
Director

Mahia Juned
Director

IDLC Finance PLC.

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2023

Particulars	Notes	31.12.2023 BDT	31.12.2022 BDT
Interest income	19	12,169,998,342	10,762,698,415
Interest on deposits and borrowings etc.	20	(7,724,873,893)	(6,202,405,166)
Net interest income		**4,445,124,449**	**4,560,293,249**
Investment income	21	175,350,074	315,500,787
Commission, exchange and brokerage	22	19,265,455	56,511,698
Other operating income	23	698,001,905	567,464,331
Total operating income		**5,337,741,883**	**5,499,770,065**
Salaries and allowances	24	1,589,384,150	1,505,042,955
Rent, taxes, insurance, electricity etc.	25	49,995,891	44,760,676
Legal expenses	26	11,687,096	14,241,088
Postage, stamp, telecommunication etc.	27	49,693,479	55,592,789
Stationery, printing, advertisements etc.	28	198,419,285	193,462,437
Managing Director's salary and benefits	29	12,600,004	12,600,004
Directors' fees	30	1,233,135	1,603,199
Auditors' fees	31	800,600	1,490,723
Charges on loan losses		-	-
Depreciation and repair of Company's assets	32	219,477,492	227,066,848
Other expenses	33	397,131,978	359,031,232
Total operating expenses		**2,530,423,110**	**2,414,891,951**
Profit before provisions		**2,807,318,773**	**3,084,878,114**
Provision for loans and investments	12.6(ii)		
General provision		3,776,985	137,564,786
Specific provision		995,301,571	669,926,472
Provision for diminution in value of investments		6,699,490	198,700,336
Other provision		-	-
Total provision		**1,005,778,046**	**1,006,191,594**
Total profit before taxation		**1,801,540,728**	**2,078,686,520**
Provision for taxation			
Current tax expense	12.2	976,497,653	1,016,277,437
Release from previous year's excess provision	12.2	(266,919,512)	(555,000,000)
Deferred tax expense/(income)	Annex B	(1,654,717)	(2,207,052)
		707,923,424	459,070,385
Net profit after taxation		**1,093,617,303**	**1,619,616,134**
Appropriations to:			
Statutory reserves		218,723,461	323,923,227
General reserves		-	-
Dividend etc.		-	-
		218,723,461	323,923,227
Retained surplus		**874,893,843**	**1,295,692,907**
Earnings Per Share (EPS)	36	**2.63**	**3.90**

The annexed notes from 1 to 46 and Annexure A, B and C form an integral part of these financial statements.

This is the profit & loss account referred to in our separate report of even date.

A. Qasem & Co.
Chartered Accountants
Firm Registration No.: 2-PC7202

Aziz Al Mahmood
Director

Farooq Sobhan
Director

Mahia Juned
Director

Ziaur Rahman Zia FCA
Partner
Enrolment Number: 1259
DVC: 2403141259AS635365
Dhaka, 12 March 2024

M. Jamal Uddin
CEO & Managing Director

Abul Fazal Mohamed Rubayat
Company Secretary