

**INTERNSHIP REPORT ON
FINANCIAL STATEMENT
ANALYSIS OF IFIC BANK LTD.**





United International University
QUEST FOR EXCELLENCE

Internship Report on:

Financial Statement Analysis of International Financial Investment and Commerce
Bank Limited (IFIC Bank Ltd.)

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Trimester: Spring 2020

Date of Submission: 31st May, 2020



ACKNOWLEDGEMENT

Firstly, I want to thank The Almighty Allah, The Most Gracious and The Most Merciful for His abundant blessings and wisdom. Then I want to take this scope to convey my most profound thankfulness to each one of the individuals who gave me the information, helping hand to finalize this report. A special gratitude to Mr. Md. Abdullah Babu Sir, Assistant Professor, School of Business & Economics, United International University, for giving me a fantastic guideline for the Internship report throughout several consultations as my supervisor. The continuous discussion between me and my supervisor has let me to put a heartfelt effort to produce this report.

In addition many people, especially my senior colleagues of IFIC Bank Limited of Lalmatia Branch where I worked, have made valuable comments/suggestions on this report, which gave me an insight to enhance my work on this report. I want to thank each and every individual for their assistance indirectly to finish my report.



LETTER OF TRANSMITTAL

May 31st, 2020

To

Md. Abdullah Babu

Assistant Professor

School of Business & Economics (SoBE), United International University

Subject: Submission of Internship Report on Financial Statement Analysis of IFIC Bank Limited

Dear Sir,

I am delighted to present my Internship report labelled Financial Statement Analysis of IFIC Bank Limited to you, my supervisor for Internship as assigned by the university authority. I have given my absolute best to form this report with necessary details, figures and suggested proposition. This adventure of working in a corporate office as an Intern for three months, fulfilling certain objectives given by the organization's management to attain the goals, collecting information and preparing a comprehensive report to conclude my Internship experience as part of my BBA in AIS course has been brilliant. I attempted all possible steps to complete the report in due time and I wholeheartedly desire that this report will meet the expectations.

My honest effort was put into giving this report a neat shape to make it as revealing and detailed as possible. If you face any problem to read any part of my report or need any assistance, feel free to contact me (Email: smursaleen153004@bba-ais.uiu.ac.bd, Cell no. 01928514108).

Thanking You

Yours sincerely,

Syed Nazar Mursaleen

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DECLARATION

I, **Syed Nazar Mursaleen**, a student of Bachelor of Business Administration in Accounting & Information Systems (BBA in AIS), bearing ID: 114 153 004, would like to reveal that this report titled Financial Statement Analysis of IFIC Bank Ltd. is an original, authentic work carried out by me while doing Internship for three months, from 16th February 2020 to 15th May 2020 in International Finance Investment and Commerce Bank Limited (IFIC Bank Ltd.) under the guidance of Mr. Md. Abdullah Babu Sir, Assistant Professor, School of Business & Economics, United International University.

The report is mainly prepared for the final requirement for the privilege of the degree BBA in AIS. I further express that this work have not been or won't be submitted to some other institute, university for some other degrees or to any other newspapers, journals etc. but only will be submitted to United International University as a segment of the Internship course.



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ABSTRACT

This report is mainly conducted with the aim to discover the financial performances and situations of International Financial Investment and Commerce Bank Limited (IFIC Bank Ltd.) over ten (10) years with the aid of ratio analysis of twenty five different ratios. There were scopes and limitations as well while assembling this report.

The Literature review in this study describes what Financial Statement Analysis is and mentions some researchers and their quotes about what they think about this topic. Here, we find out what type of data it has been used, how it has been accumulated and what was the sample size used during the study. The organizational overview has been discussed extensively, talking about the IFIC Bank Limited's profile, visions, missions, milestones, management team, organizational hierarchy etc.

In the Findings and Analysis section, the main segment of the study has been spoken about where the Financial performances and results of the bank has been graphically presented and analyzed thoroughly about how the situation is in the financial statements.

Lastly, this report ends with concluding how the financial situations has been over the ten years in IFIC Bank Limited and recommending whether they should improve their performance or keep it the way as it is.

Key words: Financial Statement Analysis, Ratio Analysis, Financial Performances, Financial Statements.



ACRONYMS

Acronyms	Word
IFIC	International Financial Investment and Commerce Bank Limited
BBA	Bachelor of Business Administration
AIS	Accounting & Information Systems
IFICSL	International Financial Investment and Commerce Bank Limited Securities Limited
SOBE	School of Business & Economics
SWOT	Strengths, Weakness, Opportunities and Threats
EPS	Earnings per Share
ROE	Return on Equity
ROI	Return on Investment
CRR	Cash Reserve Ratio
SLR	Statutory Liquidity Ratio
NPL	Non-Performing Loan
LDR	Loan to Deposits Ratio
CAR	Capital Adequacy Ratio
P/E	Price Earnings Ratio
NAV	Net Assets Value

Table 1: List of Acronyms



CHAPTER 1: INTRODUCTION

- *The Objective of the Report*
- *Rational of the Report*
- *Scope of the Report*
- *Limitations of the Report*



INTRODUCTION

1.1 THE OBJECTIVE OF THE REPORT

There are mainly two types of objectives normally used to define the purpose of a report being produced or the study being conducted. In this report as well, two varieties of objectives are applied which are narrated below:

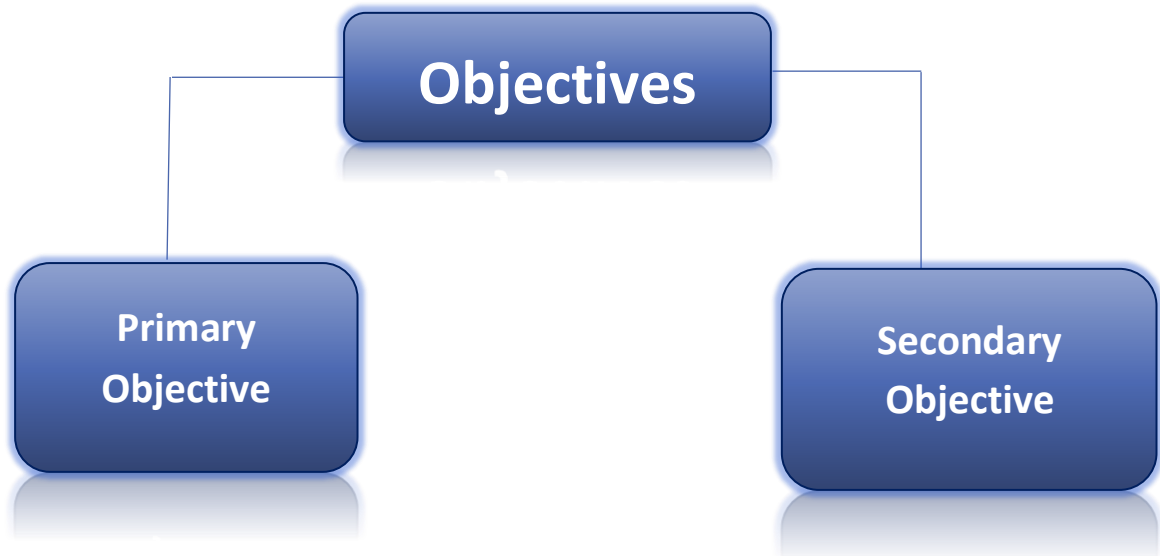


Figure 1: Types of Objectives

- **Primary Objective:** Primary objective can also be said as Specific objective. This report's primary objective is to submit the report to my supervisor for final requirement for the privilege of the degree BBA in AIS.
- **Secondary Objective:** The Secondary objective can also be expressed as general objectives. Secondary objective normally provides a topic's detailed research which I have been discussing here. So this report's secondary objective is a review on Financial Statement Analysis of International Financial Investment and Commerce Bank Limited (IFIC Bank Ltd.).



1.2 RATIONAL OF THE REPORT

The main reason I am conducting this study for the necessary to submit an Internship report at the end of the trimester to my supervisor as it is the last requirement which if done successfully, I will get a undergrad degree from my university. There were two options which were given to me between Internship and Project and I have chosen Internship as I wanted to obtain a practical experience of working in an organization. As an AIS student, my supervisor has instructed me to orchestrate a review on the financial statement analysis of IFIC Bank Ltd., an organization where currently I am doing my Internship with the intention to discover how IFIC Bank Ltd. is doing in decision making purposes by analyzing the financial statements and recommending whether they need to improve on their financial performances or not and if they do need it, how should they move forward to improve on their financial situation.

1.3 SCOPE OF THE REPORT

Few of the vital reasons which defines the scope of this report has been mentioned below:

- I managed to obtain a practical experience of working in a bank.
- I managed to understand the culture and values of a corporate life.
- I managed to learn to handle slightly difficult situations or scenarios of working in an organization during day time on weekdays while working to produce this extensive report during night on weekdays and days and nights during the weekend.
- Considering this extensive report is an individual work, I managed to gather various and huge knowledge while collecting data, information to produce this report and understood how to tackle various small problems while preparing the report by myself only.

1.4 LIMITATIONS OF THE REPORT

Although this report has managed to find what exactly what it was looking for or what was the actual aim, there were few limitations which were unfortunately unavoidable. Those limitations are given below:

- There were time constraints as this report needed more time to prepare to my satisfaction.
- Interviews of my colleagues were rarely taken as they were busy during office hours.
- Sample of references such as articles, journals, various links were rare to find and even when it was found, it was difficult to take whole data and information due to the suspicion of directly copying.



The advertisement features a smiling woman hugging a young girl. In the top right corner is the IFIC BANK logo and 'Celebrating 43 Years'. On the left, there is a large red '৪৩ বছর' (43 Years) text. In the center, three red hexagons contain the Bengali text 'আছি সেবায়' (We are in service), 'আছি সাফল্যে' (We are in success), and 'আছি আনন্ডায়' (We are in joy), each accompanied by a small green icon. Below this, a paragraph in Bengali describes the bank's commitment to service and success. At the bottom left, contact information is provided: phone numbers ১৬২৫৫ and ০৯৬৬৬৭ ১৬২৫৫, and the website www.ificbank.com.bd. A small note at the bottom right mentions the bank's headquarters in Dhaka.

দেশের প্রথম ও অন্যতম সফল সরকারি-বেসরকারি যৌথ উদ্যোগ প্রতিষ্ঠান আইএফআইসি ব্যাংক। সমরোপযোগী গ্রাহকমুখী সেবার পথ ধরে আমরা পেয়েছি সাফল্য ও সকলের আস্থা।

☎ ১৬২৫৫ ☎ ০৯৬৬৬৭ ১৬২৫৫ 📍 মাদার আইএফআইসি সড়ক-৪৩ চৌকোদে শাখা
IFICBank.com.bd www.ificbank.com.bd



CHAPTER 2: LITERATURE REVIEW

- *Horizontal Analysis*
- *Vertical Analysis*
- *Ratio Analysis*



LITERATURE REVIEW

Financial statement analysis is the route toward separating an association's financial statements for dynamic purposes. Outside accomplices use it to get a handle on the general trustworthiness of an association similarly as to evaluate financial execution and business fame. Inside individuals use it as a checking instrument for managing the assets.

In the expressions of **Myers**, "Financial statement analysis is to a great extent an investigation of relationship among the different financial factors in a business as unveiled by a solitary arrangement of statements and an investigation of the pattern of these variables as appeared in a progression of statements." A financial statement analysis is the initiation of the organization's monetary presentation analysis and for the most part continues down to essential fields and results as effectivity, creation limit usage, supplement the executives and so forth. Financial analysis recognizes shortcomings and qualities of the organization, is the apparatus of "wellbeing" diagnostics and gives fundamental data to business the board and to proprietors (**Vlachynský, 2009, 369**).

The primary motivation behind financial analysis is to communicate resources and the financial situation of the organization and to set up the contributions for interior administration dynamic. The intricacy and nonstop execution are the fundamental prerequisites of financial analysis (**Hrdý, 2009, 118**). **Sedláček** comprehends the financial analysis of the organization as a strategy for the organization's financial administration assessment, during which the information got is reviewed, amassed and contrasted with one another. Besides, the connections between them are measured, searching for the causal association between the information and their advancement is resolved. This builds the logical intensity of information preparing and its enlightening worth. Therefore it centers on distinguishing issues, qualities, shortcomings and preeminent the organization's worth procedures. Data acquired through financial analysis empowers us to arrive at certain decisions about general administration and the financial



circumstance of the organization and speaks to a foundation for the executives dynamic (Sedláček, 2009, 3).

According to **Periasamy (2010)** financial statement analysis implies to the route toward setting up the critical association between the things of the two financial statements with the objective of perceiving the financial and operational characteristics and deficiencies. Considering the thought over, the term of financial statement analysis can be portrayed as a methodology to evaluate association execution subject to the information contained in the parts of the financial accounting report and income statement with the objective that they can choose the right decision to draw out the business later on.

According to **Drake (2010)**, financial statement analysis is the assurance, appraisal, and comprehension of financial data, close by other important information, to help theory and financial dynamic. Furthermore, it is also the route toward recognizing financial characteristics and weaknesses of the association by suitably developing association between the things of the balance sheet and income statement.

The financial statements of an organization record critical financial data on each piece of a business' activities. Appropriately they can be evaluated based on past, present and expected or future performance.

A couple of methodologies are commonly used as an element of financial statement analysis. Three of the most critical frameworks contain which are horizontal analysis, vertical analysis, and ratio analysis. Horizontal analysis takes a gander at data horizontally, by examining estimations of subtleties across two years at any rate. Vertical analysis watches the vertical impacts subtleties have on various bits of the business and moreover the business' region. Ratio analysis uses critical ratio estimations to put a figure on authentic associations.

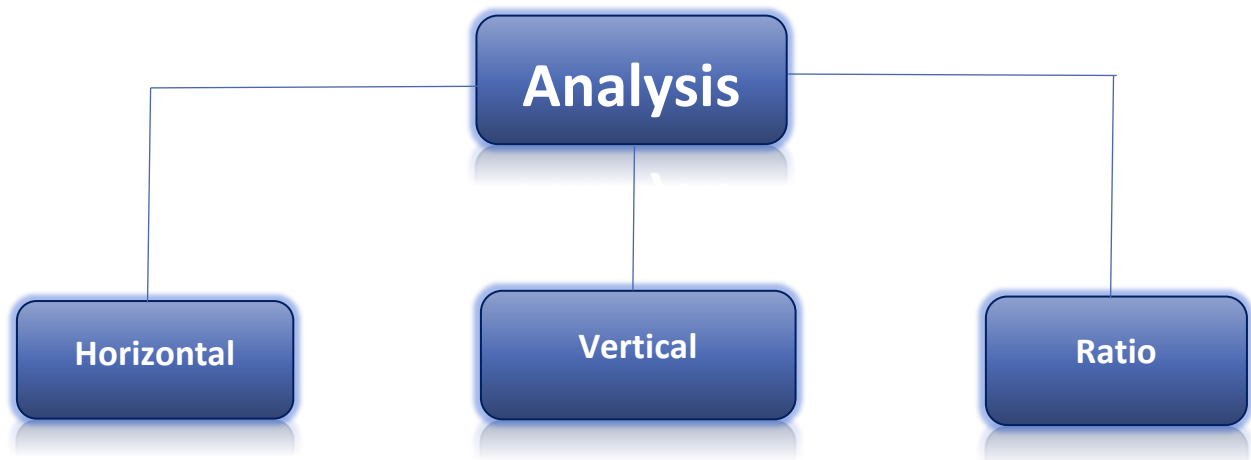


Figure 2: Types of Analysis

What is Horizontal Analysis?

Horizontal analysis permits researchers to perceive what has been driving an association's budgetary demonstration over different years, similarly as to spot examples and improvement models, for instance, consistency. It gives approve to the specialists to overview relative changes in different subtleties after some time, and undertaking them into what's to come. By taking a look at the income statement, balance sheet, and cash flow statement after some time, one can make a total picture of operational results, and see what has been driving an association's introduction and whether it is working profitably and usefully.

The analysis of essential extents of business achievements, for instance, generally speaking incomes, stock turnover, and net benefit toward the year's end, can perceive creating issues and characteristics. For example, Earnings per Share (EPS) may have been ascending considering the way that the cost of items sold have been falling, or considering the way that game plans have been thriving unequivocally. In addition, incorporation ratios, like the cash flow-to-debt ratio and the interest coverage ratio can reveal whether an association can bolster its weight through



satisfactory liquidity. Horizontal analysis moreover makes it more straightforward to gaze at the improvement rates and advantage among various associations. According to **Weygandt, Kimmel, and Kieso (2013)**, Horizontal analysis is a technique for evaluating a movement of financial statement data over some indistinct time period. Its inspiration is to choose the extension or decrease that has happened.

An investigation by which the pattern of or changes in different elements of a financial unit over various years are analyzed is called horizontal analysis. Basic size examination is likewise called vertical analysis on the grounds that these announcements are set up in here and there structure, and when one watches the announcements, his perception moves from upwards to downwards (**Sinha, 2010**).

What is Vertical analysis?

Vertical analysis is a method for financial statement analysis wherein each detail is recorded as a degree of a base figure inside the statement. Along these lines, subtleties on an Income statement can be passed on as a degree of gross arrangements, while subtleties on an accounting report can be exhibited as a degree of hard and fast assets or liabilities, and vertical analysis of an income statement shows every cash inflow or overflowing as a degree of the total cash inflows.

According to **Weygandt, kimmel, kieso (2013)**, Vertical analysis is a framework that imparts each financial statement thing as a degree of a base aggregate. It is the assessment of changes in different pieces of the financial synopses over different periods with help of a movement of decrees. Such an assessment makes it possible to mull over intermittent instabilities in different pieces of the financial reports. Examination of examples owing debtors or offer capital or their relationship over the span of the last multi years' time range or examination of profitability designs for a period of 5 or 10 years (**Dr. Donthi Ravinder, Muskula Anitha, Nov. - Dec. 2013**).



How Vertical Analysis Works?

Vertical analysis makes it much less difficult to consider the financial statements of one association with another, and across organizations. This is in light of the fact that one can see the general degrees of record changes. It moreover makes it less difficult to gaze at past periods for time, in which quarterly and yearly figures are considered over different years, in order to build a picture of whether execution estimations are improving or separating.

For example, by showing the distinctive cost subtleties in the income statement as a degree of arrangements, one can see how these are adding to in general incomes and whether net benefit is improving after some time. It gets less difficult to differentiate the advantage of an association and its allies.

What Is Ratio Analysis?

Ratio analysis is a quantitative procedure for getting understanding into an association's liquidity, operational capability, incomes and profits by checking at the information contained in its financial statements. Ratio analysis is a foundation of basic assessment of analysis.

Outside analysts use a couple of sorts of ratios to review associations, while corporate insiders rely upon them less considering their passage to progressively down and out operational data about an affiliation.

What Does Ratio Analysis Tell You?

At the point when researchers talk about crucial or quantitative analysis, they are by and large inferring to ratio analysis. Ratio analysis incorporates surveying the introduction and financial quality of an association by using data from the present financial statements.

The data recuperated from the statements is used to differentiate an association's introduction after some time while assessing whether the association is improving or then again falling isolated, to separate an affiliation's financial standing and the business normal, or to adjust a



relationship with in any occasion one evident affiliations working in its division to see how the association accumulates.

Liquidity ratios measure an association's ability to achieve its transient commitments as they become due in a matter of seconds. Debt ratios measure how much an association utilizes money from debtors as against to financial specialists to subsidize its operations. Profitability ratios are among the most enduringly and observed furthermore, generally alluded to financial ratios. Different affiliations interface specialist prizes to profitability ratios and stock costs respond forcefully to unexpected changes in these measures. **(Megginson et al., 2007).**

There are five characterizations of ratios used in fiscal report examination. These are: (1) Liquidity ratios, which measure an organization's ability to address cash issues as they develop; (2) Efficiency ratios, which measure the liquidity of express assets and the capability of directing assets; (3) Solvency ratios, which measure the level of an affiliation's financing with commitment relative with worth and its ability to cover premium and other fixed charges; (4) Profitability ratios, which measure the general execution of an association and its profitability in administering assets, liabilities, and worth **(Fraser and Ormiston, 2004)**; and (5) Market value ratios, which gets the stock cost and give a thought of investors' opinion of the organization and its future possibilities **(Brigham and Houston, 2009).**

Ratio as per **Garbutt (1972)** is one number communicated regarding another. It is characterized in the Oxford Dictionary as the connection between two sums dictated by the occasions one is carried in the other. By the usage of ratio analysis procedures, it is conceivable to encourage examination of noteworthy figures, by communicating their relationship as ratios or percentages, consequently empowering the records of a business to be deciphered by bringing into center striking highlights carried in the fiscal statements.

Financial ratios are utilized to mean past patterns, think about present exhibitions and may give a sign to future patterns, exhibitions or activities of an organization and in this way goes about



as signs for plans and approaches. It could be found from the previous sentence that ratios fills in as pragmatic methods for checking and improving exhibitions of an organization (**Lucey, 1988**).

Essien (2006:144) perceived: Financial articulations convey loads of money related Information that are covered up in the figures. The figures in fiscal statements become increasingly helpful when they are identified with one another or to some other important monetary information. Subsequently, clients of budgetary data go a further advance to set up connections (or ratios) among chosen information in fiscal reports.

Nissim and Penman (2003) presents a fiscal summary investigation. That makes a qualification between leverage that emerges in tasks from leverage that emerges in financing exercises. Accountant in addition do financial report research for use in equity valuation (**Nissim and Penman, 2001**). Ratio is the path toward choosing the imperative working and financial characteristics of a firm from accounting data and monetary outlines (**Hampton, 2003**).

Liquidity ratios measure an association's ability to achieve its transient commitments as they become due in a matter of moments. Debt ratios measure the degree to which a firm uses cash from debtors as opposed to investors to back its tasks. Profitability ratios are among the most firmly viewed and broadly cited budgetary ratios. Numerous organizations connect worker rewards to Profitability ratios and stock costs respond strongly to unforeseen changes in these measures (**Megginson et al., 2007**).



CHAPTER 3: METHODOLOGY

- *Data Type*
- *Research Type*
- *Data Collection*
- *Sampling*
- *Data Analysis Tools*
- *Data Presentation*



METHODOLOGY

3.1 DATA TYPE

To prepare this report, there were three varieties of data were mainly used which were Primary Data, Secondary Data and Mixed Method.

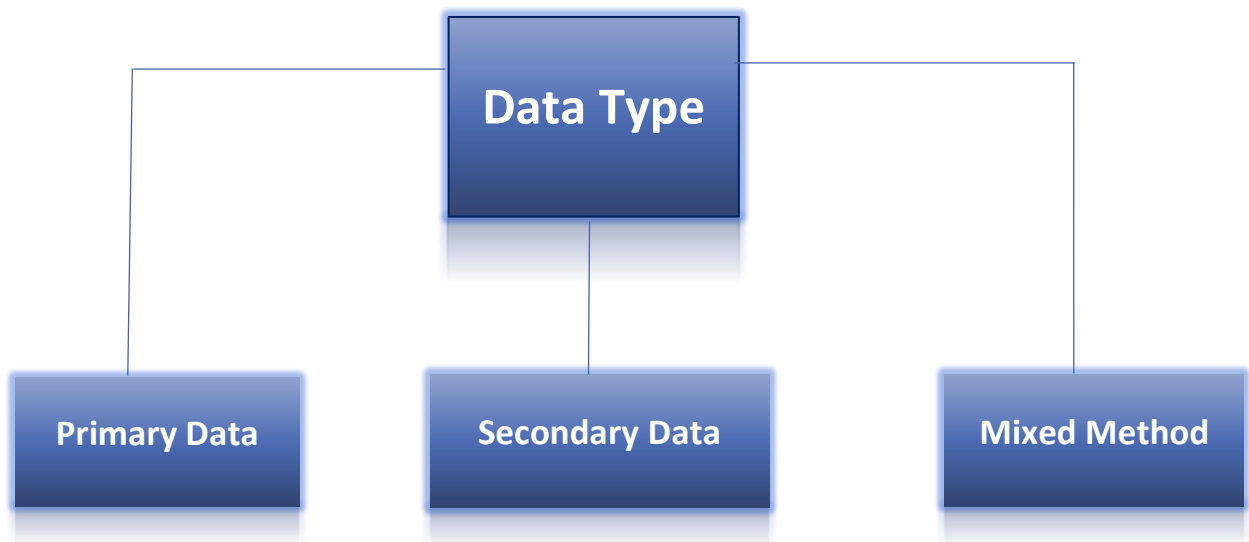


Figure 3: Types of Data

- **Primary Data:** Primary Data such as Interviews of my senior colleagues were taken by me to discover which ratios were mostly used to make annual reports of this bank which helped me to conduct my report.
- **Secondary Data:** Secondary data were needed such as annual reports, website of IFIC Bank, journals, magazines, various links throughout the internet.
- **Mixed method:** This method focuses both qualitative and quantitative methods as this report focused both on numbers and words.



3.2 RESEARCH TYPE

There are six varieties of research which can be carried out during preparing a report but in this paper, just one type of research type were mainly concentrated which is descriptive method.

- **Descriptive method:** This method gathers data without controlling any variables just like I have gathered data about values of ratios from annual reports without changing any numbers or attempt to manipulate any information about ratios.

3.3 DATA COLLECTION

I have collected the data from methods such as interviews, discussion, annual reports, websites, journals and various links through the help of internet.

3.4 SAMPLING

a] Sampling Size:

- Ten years of annual reports from 2009 to 2018 were researched to prepare this report.
- I had an open discussion with five of my senior colleagues to know and find out which of the most important ratios are being used in annual reports to show the financial point of view of the bank.

b] Sampling Technique and Procedure: In the sampling procedure, there are eight different types but in this case as well only one type was being used which was the Non- Probability sampling method.



- **Non- Probability sampling method:** This method suggests people are chosen dependent on non-arbitrary models and only one out of every odd individual gets an opportunity of being incorporated, for example: when I interviewed or discussed with my senior colleagues, I did not get the chance to have a discussion with all my colleagues whereas I interviewed few of them who were at a specific time were free to have an open discussion with me during busy office hours.

3.5 DATA ANALYSIS TOOLS

Data has been analyzed using Microsoft Office Word and Microsoft Office Excel.

3.6 DATA PRESENTATION

Data or the whole report will be presented in soft copy through e-mail in PDF format or in hard copy.



CHAPTER 4: ORGANIZATIONAL OVERVIEW

- *IFIC Profile*
- *Vision*
- *Mission*
- *Core Values*
- *Strategic Priority*
- *Management Structure*
- *Global Corporate Structure*
- *Breakthrough in the Evaluation of IFIC Bank Limited*
- *Joint Ventures Abroad*
- *Composition of Board and it's Committees*
- *Senior Management Team*
- *SWOT Analysis*
- *Organizational Hierarchy*



ORGANIZATIONAL OVERVIEW

4.1 IFIC PROFILE

International Finance Investment and Commerce Bank Limited (IFIC Bank Ltd.) banking association converged in the People's Republic of Bangladesh with constrained commitment. It was organized at the event of the Government in 1976 as a joint undertaking between the Government of Bangladesh and Sponsors in the private part with the objective of filling in as an account relationship inside the nation and setting up joint endeavor banks/money related organizations prepared. In 1983 when the Government let banks in the private segment, IFIC was changed over into a conspicuous business bank. The Government of the People's Republic of



Bangladesh, direct, holds simply over 32% of the offer capital of the Bank. Boss and Sponsors having enormous incorporation with the field of exchange and business ensure 8.33% of the offer capital and the rest is held by Institutions both close by and remote and General Shareholders.

4.2 VISION

At IFIC, we should be the supported money related help provider through innovative, practical and comprehensive advancement and pass it on to the summit which will be a motivation to all partners.



4.3 MISSION

Our Mission is to offer help to our customers with the help of a gifted workforce whose creative abilities, innovative activities and genuine edge make our position exceptional in giving quality support everything being equal and people that we care for.

We are centered on the government assistance and money related thriving of the individuals and the system, for we get from them our motivation and drive for ahead advancement to success.

In a strongly genuine and complex budgetary and business condition, we particularly center on advancement and gainfulness of all concerned.

4.4 CORE VALUES

Integrity: Maintaining trustworthiness in all that we do, always, all over the place.

Fairness: Endeavoring to offer the best to our clients decently with straightforwardness.

Innovation: Empowering and sustaining innovativeness.

Commitment: Concentrated on enormity in client care and extension of partners' impetus through participation.

4.5 STRATEGIC PRIORITY

- To take a stab at sound business advancement by guaranteeing consumer loyalty through quality and favorable administrations.
- To administer and work the Bank in the most capable manner to guarantee achievement of objectives.
- To keep up acceptable capital stream to help further turn of events.



- To ensure successful and skilled peril for viable business improvement.
- To expand advance portfolio through composed cash and augmentation of Corporate, SME, Agriculture and Retail organizations.
- To mount condition of-the-craftsmanship advances and get innovative thoughts for budgetary incorporation.
- To groom Human Resource for serving clients capably.
- To increment brand deceivability by making positive image of the Bank S To be a pioneer in serving the general public and remain receptive to nature S To guarantee sound corporate organization rehearses.
- To energize versatility in banking by up-level of Internet and Mobile Banking S To Incorporate an impetus for all partners.

4.6 MANAGEMENT STRUCTURE

The eight individuals from the Board of Directors are in control for the vital masterminding and when all is said in done move toward rules of the Bank. Further, there is an Executive Committee of the Board to discard squeezing strategic agreements.

In addition, there is an Audit and Risk Management Committee in the Board to direct consistence of major authoritative and operational issues.

The Managing Director and CEO, Deputy Managing Directors and Head of Divisions are liable for achieving business objectives and supervising the ordinary movement.

The Managing Director and CEO is helped by a Senior Management Group containing Deputy Managing Directors and Head of Divisions who control development of different Divisions midway and co-ordinates activity of branches.



Key issues are administered by a Management Committee headed by the Managing Director and CEO. This encourages quick choices.

There is an Asset Liability and Risk Management Committee involving individual from the Senior Executives headed by the Managing Director and CEO to examine each and every operational limit and Risk Management of the Bank.

4.7 GLOBAL CORPORATE STRUCTURE

IFIC Subsidiaries

IFIC Securities Limited (IFICSL)

IFIC Securities Limited (An auxiliary organization of IFIC Bank) is dedicated to the advancement of the Capital Market of the nation through stretching out world-class business administrations to the individual and institutional financial specialists. IFICSL bargains in purchasing, selling and exchanging of protections in the Capital Market. As an advanced and inventive monetary arrangements supplier, IFICSL targets giving a wide range of business and custodial administrations to its clients with the help of a submitted work-power.

IFIC Money Transfer (UK) Limited

IFIC Money Transfer (UK) Limited, a totally owned assistant exchange association of IFIC Bank Limited was intertwined in UK. As asserted by Bangladesh Bank, IFIC Money Transfer (UK) Limited began its system on 31 August 2011 to empower inner remote repayment from the United Kingdom. It was consolidated as a privately owned business with Companies House of England and Wales on 16 September 2010 under Registration No. 07379137. The Company (auxiliary) got enrollment from HM Customs and Excise on 17 January 2011 under Money Laundering Regulations. The Company additionally got enrollment from Financial Services Authority on 16 June 2011 under Payment Services Regulations 2009.



4.8 BREAKTHROUGH IN THE EVALUATION OF IFIC BANK LIMITED

Milestones in the Development

1976	Established as an Investment & Finance Company under arrangement of joint venture with the Govt. of Bangladesh.
1980	Commenced operation in Foreign Exchange Business in a limited scale.
1982	Obtained permission from the Govt. to operate as a commercial Bank, Set up its first overseas joint venture (Bank of Maldives Limited) in the Republic of Maldives (IFIC's share in Bank of Maldives limited was subsequently sold to Maldives Govt. in 1992).
1983	Commenced operation as a full-fledged commercial bank in Bangladesh.
1985	Set up a joint venture Exchange Company in the Sultanate of Oman, titled Oman Bangladesh Exchange Company (Subsequently, renamed as Oman International Exchange, LLC).
1987	Set up its first overseas branch in Pakistan at Karachi.
1993	Set up its second overseas branch in Pakistan at Lahore.
1994	Set up its first joint venture in Nepal for banking operation, titled Nepal Bangladesh Bank Ltd.
1999	Set up its second joint venture in Nepal for lease financing, titled Nepal Bangladesh Finance & Leasing Co. Ltd. (Which was merged with NBBL in 2007).
2003	Set up a new Bank in Pakistan, NDLC-IFIC Bank Ltd. (Subsequently renamed as NIB Bank Ltd.) and the Overseas Branches of IFIC and a local leasing company, NDLC were amalgamated with and into it.
2005	Acquired MISYS solution for real time online banking application. Core Risk Management implemented.
2007	Launched VISA branded Credit Card (completed full range of Cards i.e. Debit, Credit & Prepaid by 2010).
2010	Set up Offshore Banking Unit (OBU).
2011	Established a fully owned subsidiary exchange company named IFIC Money Transfer (UK) Ltd.
2012	Inauguration of 100th Branch at Tejgaon-Gulshan Link Road in Dhaka.
2013	Achieved the Landmark of Tk 10,000 Crore Deposits.
2014	Launching of IFIC Mobile Bank.
2015	Crossed the Landmark of Tk 20,000 Crore in Foreign Trade Business.
2016	Inauguration of IFIC Tower at 61 Purana Paltan, Dhaka.
2017	Launched an innovative product IFIC Aamar Account, combining benefits of current & saving accounts, FDR, credit cards, etc. Became market leader in Home Loan product under retail banking segment. Introduced One Stop Service model in the branches for the first time in Bangladesh.
2018	IFIC Home Loan outstanding crossed the amount BDT 2,911.40 crore. Aamar Account stood at BDT 1,456.49 crore with a total of 99,399 accounts.



4.9 JOINT VENTURES ABROAD

Oman Exchange LLC

Oman Exchange LLC, a joint undertaking between IFIC Bank Limited and Omani Nationals, was developed in 1985 to energize settlement by Bangladeshi specialists from Oman. IFIC Bank holds 49% offers and the equality 51% is held by the Omani sponsor. The exchange association has an arrangement of 12 branches covering all the huge urban regions/towns of Oman. Now the bank has set up direct settlement organization with nine country's viz. Bangladesh, India, Indonesia, Nepal, Pakistan, Philippines, Qatar, Sri Lanka, U.A.E.

Nepal Bangladesh Bank Limited

Nepal Bangladesh Bank Limited, a joint undertaking business bank between IFIC Bank Limited and Nepali Nationals, started movement with sway from 06 June 1994 in Nepal with half value from IFIC Bank Limited. The Bank has so far opened 81 (eighty one) branches at various significant areas in Nepal. IFIC Bank straightforwardly hold on to just less than 41% offers in Nepal Bangladesh Bank Limited.

MCB Bank Ltd, Pakistan

IFIC Bank had two branches in Pakistan, one at Karachi and the other at Lahore. Karachi Branch was inaugurated in April 1987, while the Lahore Branch was inaugurated in December 1993. To meet the Minimum Capital Requirement of the State Bank of Pakistan, Pakistan parts of IFIC converged with a presumed renting organization named NDLC and renamed equivalent to NDLC-IFIC Bank Limited with impact from 02 October 2003 and it was accordingly renamed as NIB Bank Limited with impact from 28 November 2005. In 2017 NIB Bank Limited converged with MCB Bank Limited and IFIC Bank currently holds 175,508 portions of MCB Bank Limited.



4.10 COMPOSITION OF BOARD AND IT'S COMMITTEES



Composition of Board and its Committees

Board of Directors
Chairman/Chairperson Salman F Rahman
Vice-Chairman/Vice-Chairperson Ahmed Shayan Fazlur Rahman
Directors
Anwaruzzaman Chowdhury Independent Director
Rabeya Jamali Independent Director
Jalal Ahmed Govt. Nominated Director
A. R. M. Nazmus Sakib Govt. Nominated Director
Quamrun Naher Ahmed Govt. Nominated Director
Managing Director & CEO M Shah Alam Sarwar
Company Secretary Md. Mokammel Hoque

Executive Committee of the Board
Chairman A. R. M. Nazmus Sakib
Member Quamrun Naher Ahmed
Secretary to the Committee Md. Mokammel Hoque

Audit Committee of the Board
Chairman/Chairperson Rabeya Jamali
Members Anwaruzzaman Chowdhury Jalal Ahmed
Secretary to the Committee Md. Mokammel Hoque

Risk Management Committee of the Board
Chairman Jalal Ahmed
Members Rabeya Jamali A. R. M. Nazmus Sakib Quamrun Naher Ahmed
Secretary to the Committee Md. Mokammel Hoque



4.11 SENIOR MANAGEMENT TEAM (SMT)

Senior Management Team (SMT)

1.	M Shah Alam Sarwar	Managing Director & CEO	Chairman
2.	M. M. Haikal Hashmi	DMD & CRO	Member
3.	Shah Md. Moinuddin	DMD & Head of International Division	Member
4.	Md. Nurul Hasnat	DMD & Head of Business	Member
5.	Syed Mansur Mustafa	DMD & CCO	Member
6.	Md. Monitur Rahman	DMD & COIT	Member
7.	K. A. R. M. Mostofa Kamal	Head of Human Resource Management	Member
8.	Ashim Chowdhury	Head of Internal Control & Compliance	Member
9.	Dilip Kumar Mandal	Chief Financial Officer	Member
10.	Md. Mokammel Hoque	Company Secretary	Member Secretary

4.12 SWOT ANALYSIS

Strengths:

- IFIC Bank Ltd. has just settled a great notoriety in the financial business of the nation. It is one of the main private division business bank in Bangladesh. The bank has just demonstrated a gigantic development in the benefits and stores part.
- IFIC Bank Ltd. has a long haul notoriety in the financial business as it is probably the most established player here. In this way, their suffering cooperative attitude in the field functions as an essential quality.
- IFIC Bank Ltd. has an intuitive corporate culture. The workplace is well disposed, intuitive and impart gives as an incredible inspiration factor among the potential client.
- It has magnificent management.



- It has high responsibility of client, qualified and experienced Human Resource.
- It has refined computerized banking framework in a large segment of its branches which encourage the general financial movement.

Weakness:

- Absence of inspiration among the employees.
- Overwhelming reliance on Head Office in dynamic now and again more slow the work procedure.
- Absence of outward and natural prize and motivating forces for the workers from the executives now and then outcome to work wear out.
- High reliance on 'informal' procedure as against to acquiring any promoting methodology.
- Nonappearance of cooperation between branches.

Opportunity:

- Other unexplored region where branches can be set up.
- High mindfulness among all degree of individuals to store cash in the banks.
- Expanding the interest of client account.
- Speculation capability of Bangladesh.
- Relationship Management.



Threats:

- Some business/Foreign Bank just as private bank are expanding.
- Comparative sort of retail banking items, for example, insurance agency, stock trade, money related organization and so forth.
- Visit changes in rules and guidelines from Bangladesh Bank.
- Client consciousness of estimating and administration.



4.13 ORGANIZATIONAL HIERARCHY



Figure 4: Organizational Hierarchy



CHAPTER 5: FINDINGS AND ANALYSIS

- *Profitability Ratios*
- *Liquidity Ratios*
- *Solvency Ratios*
- *Market Prospect Ratios*



FINDING AND ANALYSIS

In this section, I will examine about the most vital part of this report which is the financial situation of the International Finance Investment and Commerce Bank Limited (IFIC Bank Ltd.).

Normally to analyze financial statements or information, there are three various type of analysis, Horizontal Analysis, Vertical Analysis and Ratio Analysis. For my assessment, I will implement Ratio Analysis to analyze my topic.

With the help of twenty five (25) various ratios, I am going to analyze the financial statements, mainly by taking financial information with the aid from annual reports' Profit and Loss statements, Balance Sheet and Cash Flow Statements. The financial information would be gathered from annual report of last ten (10) years, from 31st December 2009 to 31st December 2018. These are the list of ratios which I am going to interpret to tell people about the financial situation of IFIC Bank Ltd.:

- | | |
|--|--|
| ➤ Return on Equity | ➤ Equity Multiplier |
| ➤ Net Interest Margin on Average Earning Assets | ➤ Debt to Capital Ratio |
| ➤ Cost to Income Ratio | ➤ Capital Adequacy |
| ➤ Return on Investment | ➤ Market Price per Share |
| ➤ Cash Reserve Ratio | ➤ Earnings per Share |
| ➤ Statutory Liquidity Ratio | ➤ Price Earnings Ratio |
| ➤ NPL to Total Loans and Advances | ➤ Net Assets Value per Share |
| ➤ Percentage of Classified Loans against Total Loans and Advances | ➤ Dividend Coverage Ratio |
| ➤ Credit Deposit Ratio | ➤ Operating Profit per Share |
| ➤ Debt to Equity Ratio | ➤ Net Operating Cash Flow per Share |
| ➤ Equity Ratio | ➤ Dividend Yield |
| ➤ Debt Ratio | ➤ Dividend Payout Ratio |
| | ➤ Stock Dividend |



In ratio analysis, there are normally five varieties of ratios: Profitability, Liquidity, Efficiency, Solvency and Market Prospect Ratios.

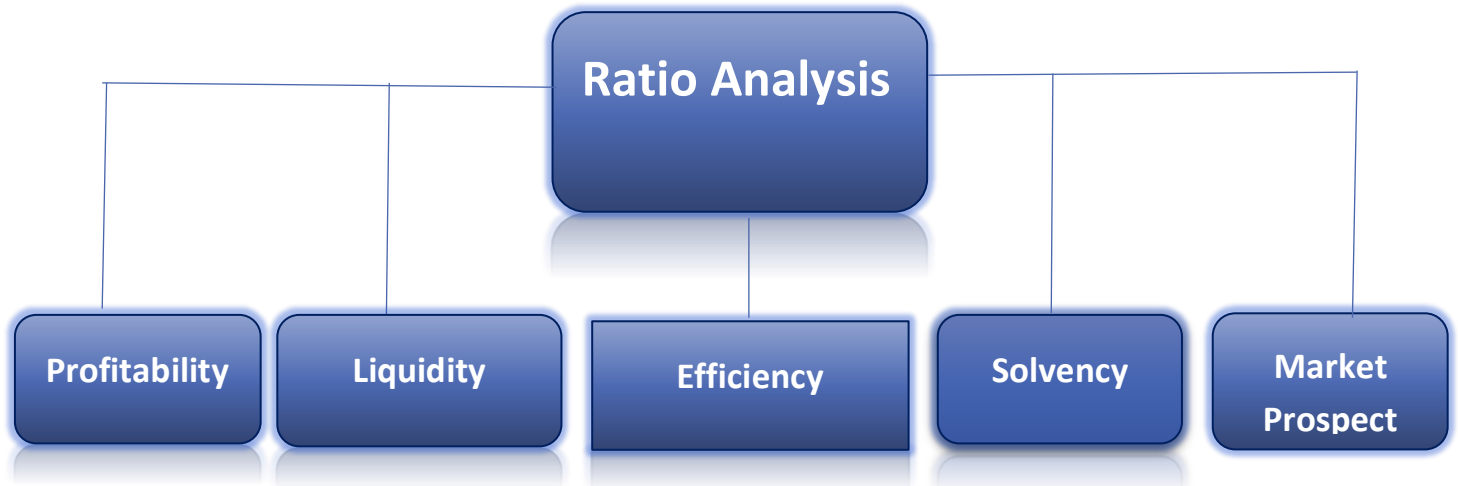


Figure 5: Types of Ratio Analysis

The list of ratios mentioned in the previous page are divided into four types of ratios. Efficiency ratio was not discussed as there were less information in the annual report to discuss from Efficiency ratio's part.

In this report, I will try my best to analyze four varieties of ratios to interpret the situation of the financial performance of IFIC Bank Ltd. very clearly so that anybody reading this paper would get a comprehensible perception about the operation of the bank and therefore would make a decision then about whether they want to invest in this bank or not.

Among all varieties of ratios, let's begin with Profitability Ratios.

5.1 PROFITABILITY RATIOS

Profitability ratios are budgetary estimations used by investors' to measure and survey the limit of an association to create benefit similar with income, accounting report assets, working costs, and speculators' incentive during a particular time span. They show how well an association utilizes its points of interest to create advantage and motivating force to financial specialists.



A higher ratio all in all is searched for after by most associations, as this regularly suggests the business is performing extraordinary by making incomes and profits. The ratios are most useful when they are analyzed interestingly with similar associations or appeared differently in relation to past periods. From part of Profitability, I will be analyzing Return on Equity, Net Interest Margin on Average Earning Assets, Cost to Income Ratio and Return on Investment originating the analysis with Return on Equity.

5.1.1 RETURN ON EQUITY

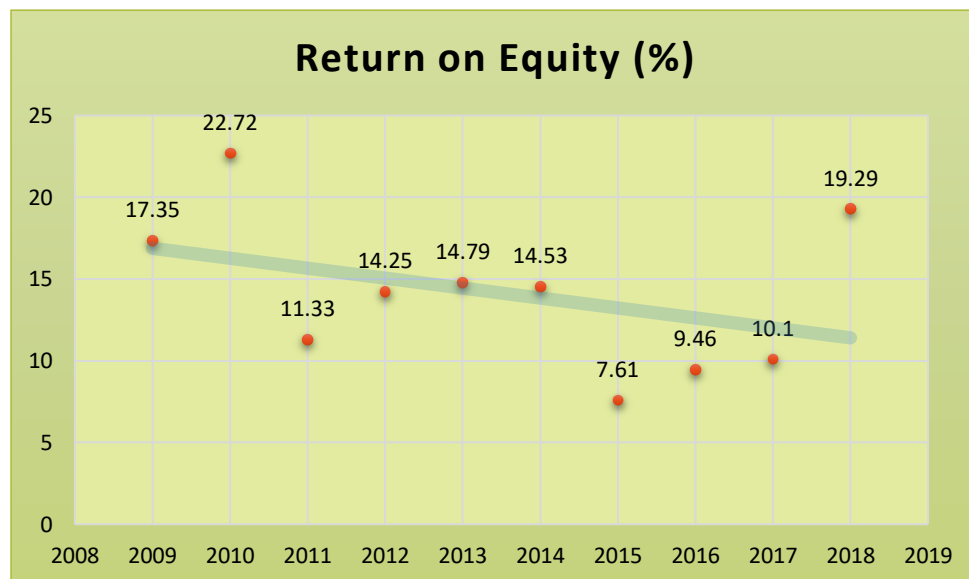


Figure 6: Return on Equity

The Return on Equity (ROE) expresses the organization's capability to earn or make profit from the investments of the shareholders or shareholders equity. The higher the percentage, the better the capability of the bank to generate incomes, profits from shareholders investment. In 2010 the percentage was the highest with an impressive 22.72% which implies that the investors saw a 22.72 percent back on their funds which was invested. From 2011 to 2014, the percentage was steady but went down a bit from 22 percent. From 2015, it went far down which may suggests the shareholders did not get a good return on their investments which could be very



bad news for IFIC Bank but in 2018, there was a huge jump in terms of return, from 10.1% to 19.29% which indicates the IFIC Bank have improved in latest years and investors can sigh a relief and can continue to invest in this bank although IFIC Bank needs to sustain a high percentage not for just one year but few years consecutively at least.

5.1.2 NET INTEREST MARGIN ON AVERAGE EARNING ASSETS

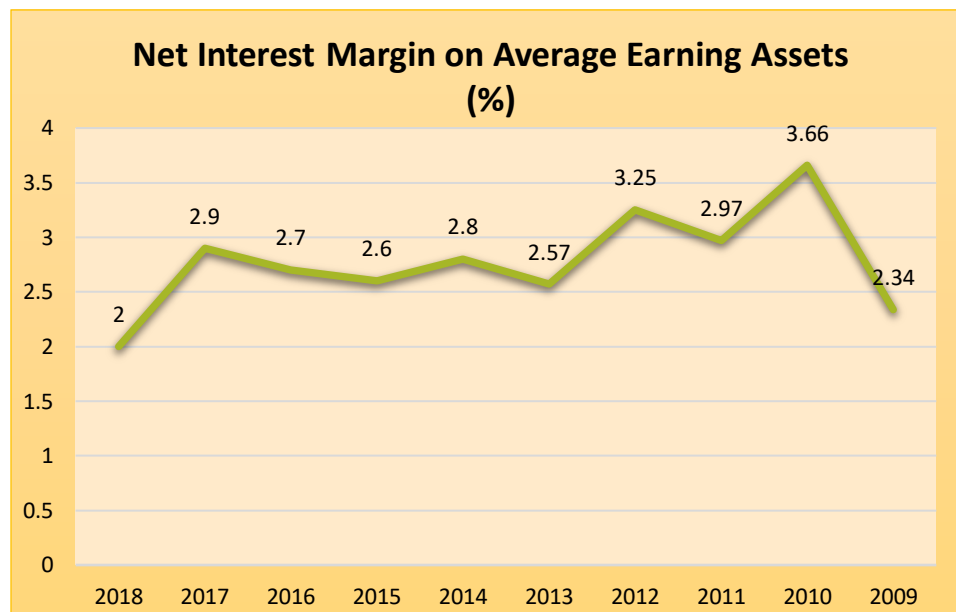


Figure 7: Net Interest Margin on Average Earning Assets

Net Interest Margin is the contrast between banks which gives out interest to those who take loans. The loan amount which is given away by the organization comes from depositors, lenders and investors. Organizations earn from interest of the loans given away and in contrast, they pay interest to the clients with savings account. From the graph, we can spot the percentage is always positive and always are either 2% or above 2%, reaching a maximum 3.66% in 2010 which indicates the investors can invest their hard earned money in this bank comfortably because IFIC Bank earn more rather than lends more from interest. A negative percentage would have told a different story though which we do not catch sight of in the graph.



5.1.3 COST TO INCOME RATIO

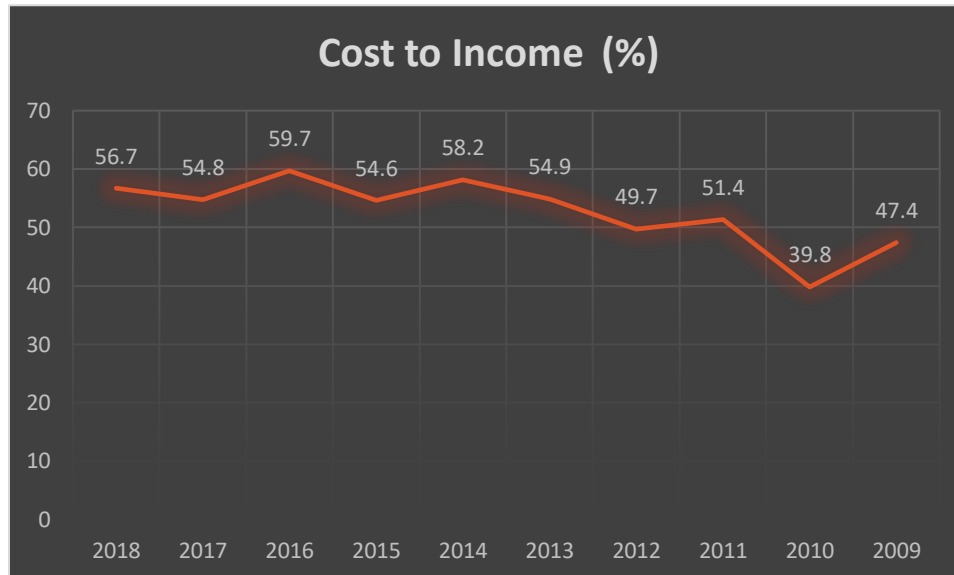


Figure 8: Cost to Income Ratio

The Cost to Income percentage can be said as the cost implemented to run an organization compare to the organization's income it generates. This ratio tells us that the lower the percentage, it's better for the bank in general as it would mean you require to spend less to generate an income in the company. The graph above specifies that the ratio in general steady, normally ranging from 47% to 60% from 2009 to 2018 which implies that the ratio is competent for the bank and it would be beneficial to invest in this bank. Although the percentage is almost similar, only once it was very low was back in 2010 as the percentage was only 39.8%. As it was mentioned before, the lower the ratio, the better so the bank was most successful in terms of cost to income was in that year as it suggests, you require to spend only BDT 40 to earn an income of BDT 100 which is an excellent sign in an organization.



5.1.4 RETURN ON INVESTMENT

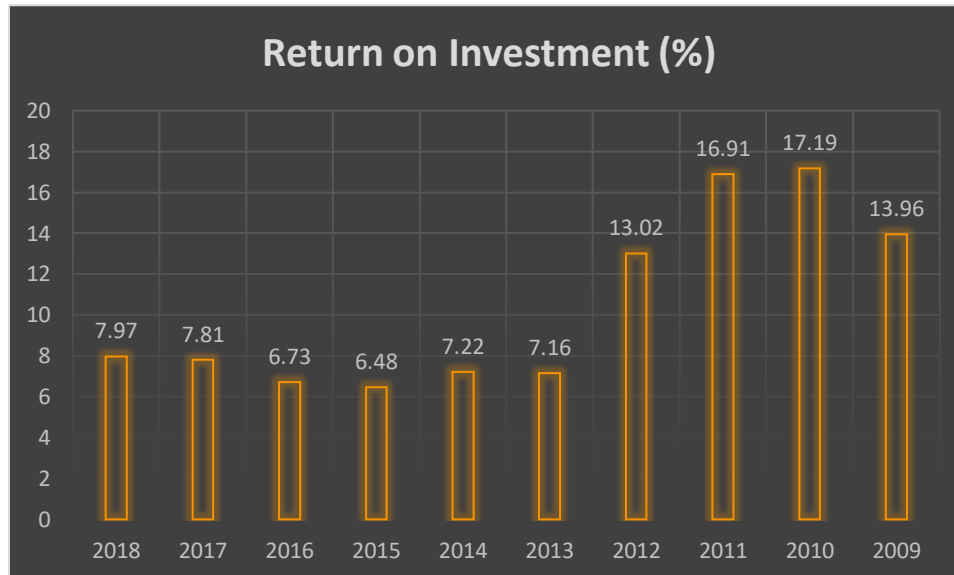


Figure 9: Return on Investment

Return on Investment (ROI) can be interpreted as a profit or loss produced on the investment created by the shareholders. The higher the percentage, the better in a sense that more profits are being able to made from investments so from the graph, it is noticed that Year 2010 and 2011 was very successful because the percentage was 17.19% and 16.91% respectively which is an impressive return. Although the return has always been positive and in the initial four years of the data, the return was more than 13%, the ROI has went down in recent years as the percentage decreased to less than 8% from 2013 afterwards. The IFIC Bank would want to make sure their ROI increased, just like it used to return from 2009 to 2012, but even if the return remains positive and manages a percentage more than 7%, it is still reasonably good.

5.2 LIQUIDITY RATIOS

In accounting, the word liquidity is described as the limit of an association to experience its financial unbelievably as required. The liquidity ratio, by then, is an estimation that is used to measure an association's ability to compensate its momentary liabilities. Liquidity ratio for an



association is its ability to deal with duty. A conventional liquidity ratio is much else noticeable than 1. It exhibits that the association is in adequate cash related prosperity and is less disposed to stand up to fiscal hardships.

The higher ratio, the higher is the security edge that the business needs to experience its current liabilities. The liquidity ratio all in all used by loan bosses and banks while finishing up whether to loosen up credit to a business. From the portion of Liquidity, Cash Reserve Ratio, Statutory Liquidity Ratio, Non - Performing Loans to Total Loans and Advances, Percentage of Classified Loans against Total Loans and Advances, Credit Deposit Ratio will be discussed beginning with Cash Reserve Ratio.

5.2 1 CASH RESERVE RATIO



Figure 10: Cash Reserve Ratio

Cash Reserve Ratio (CRR) expresses a certain percentage of total deposits of clients which the country's central bank holds so as to meet the payment demands of the clients in times of necessary because by chance bank may be out of liquid cash to reward the depositors. From the graph, we can find out that the percentage is steady which ranges from 5.2% to 6.7% over the



last ten years. The purpose of CRR is to put a certain bank's deposits with the central bank so that it remains secure, the central bank manages to control the extra flow of cash in the economy as well as so that the bank does not lend excessive loans to borrowers.

5.2.2 STATUTORY LIQUIDITY RATIO

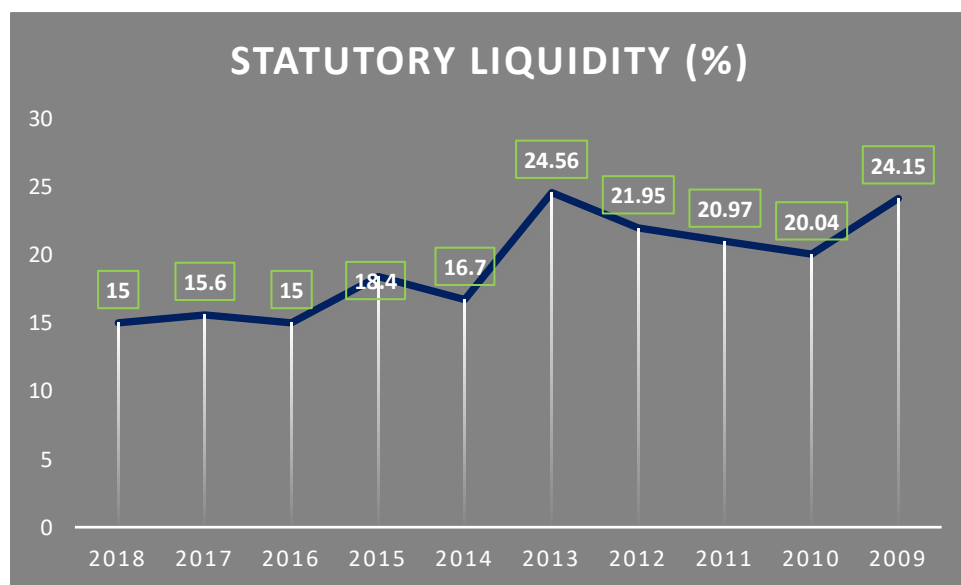


Figure 11: Statutory Liquidity Ratio

Statutory Liquidity Ratio (SLR) can be described as a minimum amount of deposits a bank must maintain. The deposits in this case needs to be in cash, securities, gold etc. The amount banks needs to maintain is fixed by the central bank and from the graph, it indicates the percentage ranges from 15% to 24.6% in last ten years. From 2009 to 2013, the SLR was over 20% but in the last five years, it decreased to less than 18.5%. The aim of SLR is maintain the solvency of all the banks, motivate banks to invest in bonds government securities such as bonds and sometimes the SLR ratio is decreased so that the banks have more liquidity which is probably why we can notice that the ratio has decreased from 2014 onwards.



5.2.3 NON-PERFORMING LOANS TO TOTAL LOANS AND ADVANCES

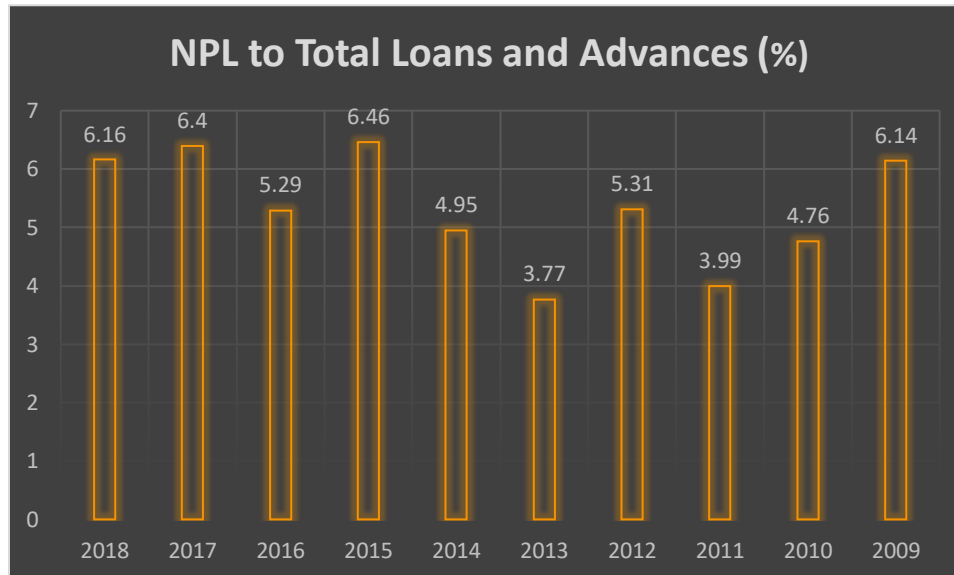


Figure 12: Non - Performing Loans to Total Loans and Advances

Non-Performing Loan (NPL) can be explained as a loan which the person who have taken loan is unable to make timely payments or may have stopped making payments because he or she may be financially constraint. From the graph, it is noticed that the NPL percentage is steady and it ranges from 3.77% to just less than 6.5% in the last ten years. The result in the graph indicates the percentage is not that huge therefore it stands the borrowers' unable to pay in time is very less which is a satisfactory sign.



5.2.4 PERCENTAGE OF CLASSIFIED LOANS AGAINST TOTAL LOANS AND ADVANCES

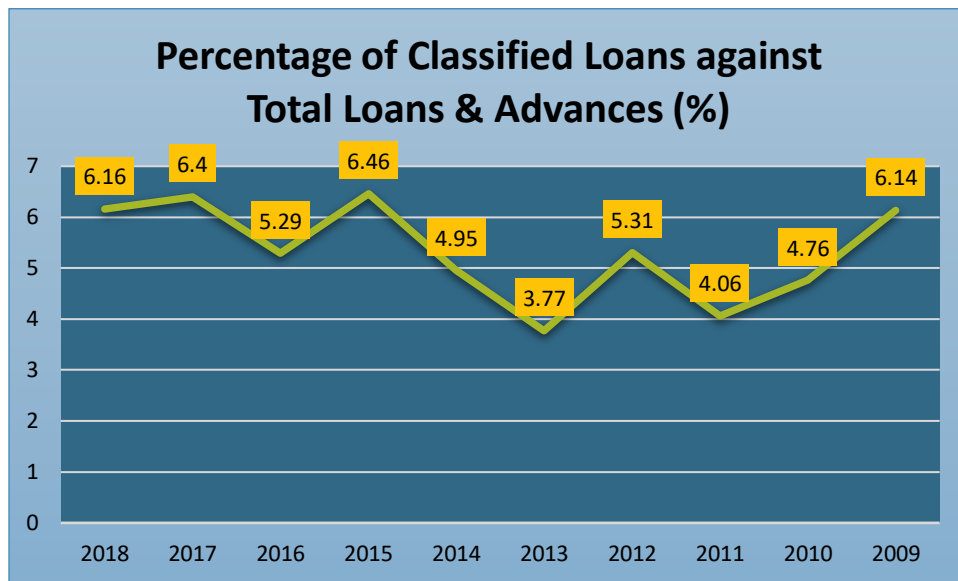


Figure 13: Percentage of Classified Loans against Total Loans and Advances

A Classified Loan is a variety of loan in banks which is in danger of not getting back as the borrower will most likely be unable to make convenient installments, ends or misses to make payments. The graph shows that the percentage is almost very similar throughout the years, with changes very little from 2009 to 2018. The percentage ranges from 3.8% to 6.5% most of the years with the highest percentage was 6.46% back in 2015 while the lowest was less than 4% which was in 2013. In my opinion, considering the percentage is almost steady and is less than 6.5% all the time, the performance of the borrowers in terms of making payment is satisfactory.



5.2.5 CREDIT DEPOSIT RATIO

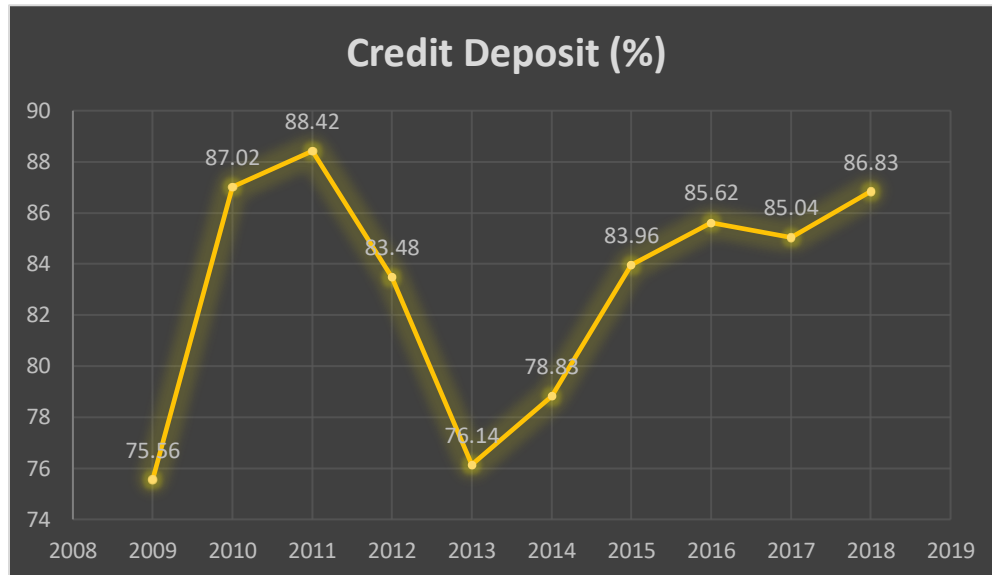


Figure 14: Credit Deposit Ratio

Credit Deposit or also known as Loan-to-Deposit Ratio (LDR) measures the bank's capability to loan its borrowers for every funds obtained from depositors. The graph shows us that in the initial years, the percentage was not steady as once it was below 77% in 2009 and 2013 while it was more than 83% from 2010 to 2012. In the latest years however, the percentage have increased with percentage ranging from 84% to 87% from 2015 onwards. Normally this is the ideal ratio for LDR and if the percentage was more than 100%, it would mean the banks lends more than it receives in deposits so then the shareholders will not be motivated to invest here but considering the percentage is less than 90%, the investors would likely invest given the bank is able to lend a good amount of loan but not more than it receives in deposits.



5.3 SOLVENCY RATIOS

Solvency ratios assess the limit of an association to pay its drawn out debt and the enthusiasm on that specific debt. Solvency ratios help the business visionary pick the odds of any banks long stretch steadiness. Solvency ratios are every so often confused with liquidity ratios. Both assess an association's financial prosperity.

From Solvency's segment, Debt to Equity Ratio, Equity Ratio, Debt Ratio, Equity Multiplier, Debt to Capital Ratio and Capital Adequacy Ratio will be analyzed commencing with Debt to Equity.

5.3.1 DEBT TO EQUITY RATIO

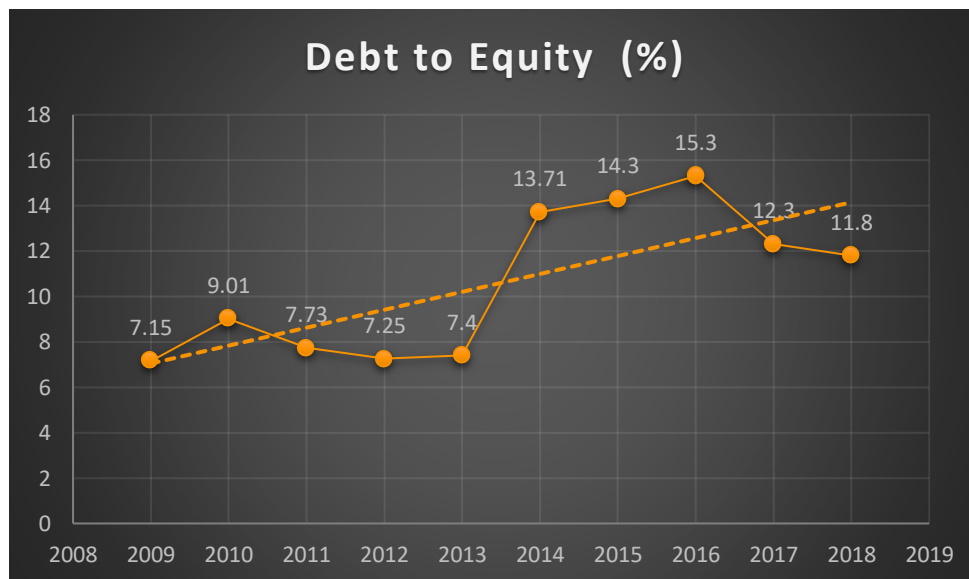


Figure 15: Debt to Equity Ratio

The Debt to Equity Ratio determine a bank's total debt or liabilities in contrast to total equity. The graph shows IFIC Bank had less debt compare to equity in the early years (the percentage ranging from 7.15% to 9%) whereas from 2014 onwards, there were more debt compare to total equity (from 12% to 15%). It indicates that in recent years, the percentage have increased which signifies that the bank is financed more from creditors' help than the shareholder's compare to



the first few years which was totally contrasting. Of course the more a bank is financed by creditors' help, the less financially stable a bank is although the decline in percentage in recent years is not that huge and investors, clients, potential borrowers can hope for a quick improvement.

5.3.2 EQUITY RATIO

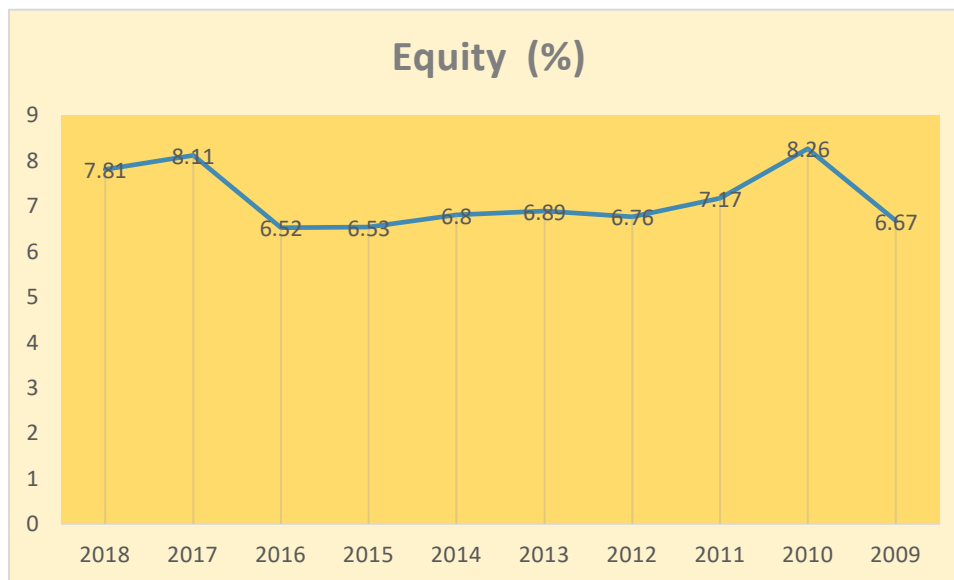


Figure 16: Equity Ratio

The Equity Ratio expresses the connection between total assets and total equity of a bank as it calculates how much assets are financed by the shareholders' fund invested by them. The graph shows us that the percentage lies between just over 6.5% to just over 8% with the lowest 6.52% coming back in 2016 while in 2010, the highest percentage of 8.26% was the equity ratio. In the middle years, from 2011 to 2016, the ratio was between a steady rates of 6.5% to 7.17% while in the last two years, the ratio has been over 7.8%. This shows it is favorable for shareholder's to invest as their money are being made used effectively to finance assets. Also a higher ratio also indicates potential borrowers to take loans as the bank is sustainable and rely more on shareholders' investments.



5.3.3 DEBT RATIO

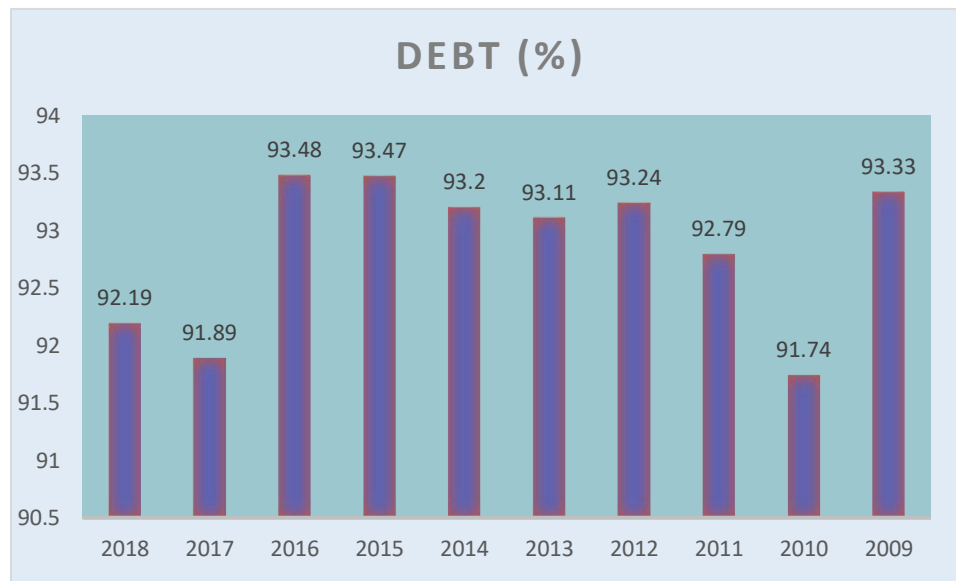


Figure 17: Debt Ratio

In simple language, Debt Ratio gives a proposition of how much assets an organization should sell to pay it's all of organization total liabilities. The graph shows that from 2009 to 2018, the percentage ranges from 91.74% to less than 93.5% which can be said it is a steady rate. Given that the percentage is less than 100%, it implies that the bank does not have to sell all of their properties to pay off the liabilities but have to sell over 90% properties to pay the liabilities. A much lower percentage or ratio would have been better but still the organization is still profitable which would motivate shareholders to invest.



5.3.4 EQUITY MULTIPLIER

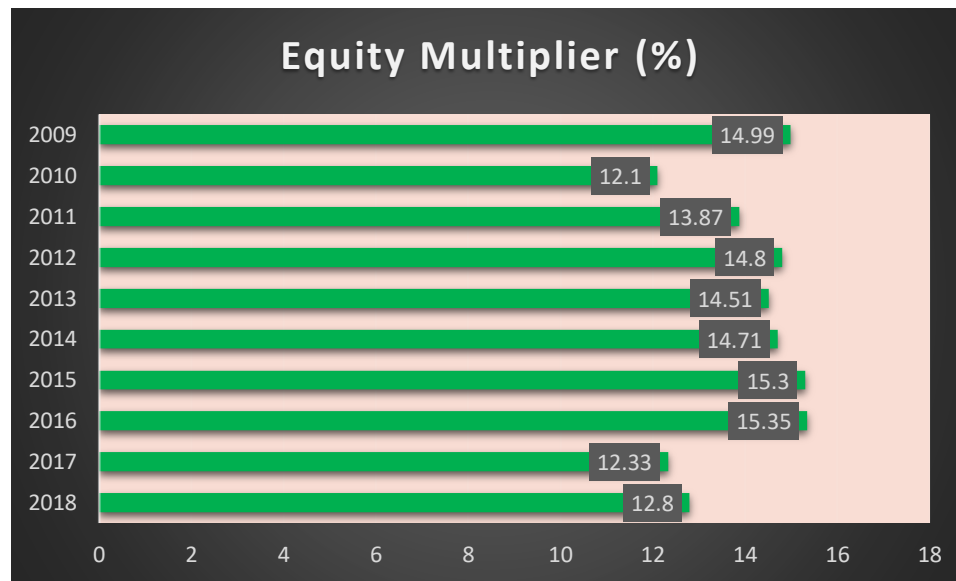


Figure 18: Equity Multiplier

An Equity Multiplier evaluate how much assets were financed by debt or liabilities compare to shareholders' equity. The percentage for the Equity Multiplier ranges from 12% to 15.4% over the last ten years so we can say there has been a steady rate. Although the percentage was over 14.5% from 2012 onwards, the percentage dropped to less than 13% in the last couple of years, indicating less assets were funded by liabilities than equity in recent years which is an extraordinary sign for IFIC Bank.



5.3.5 DEBT TO CAPITAL RATIO

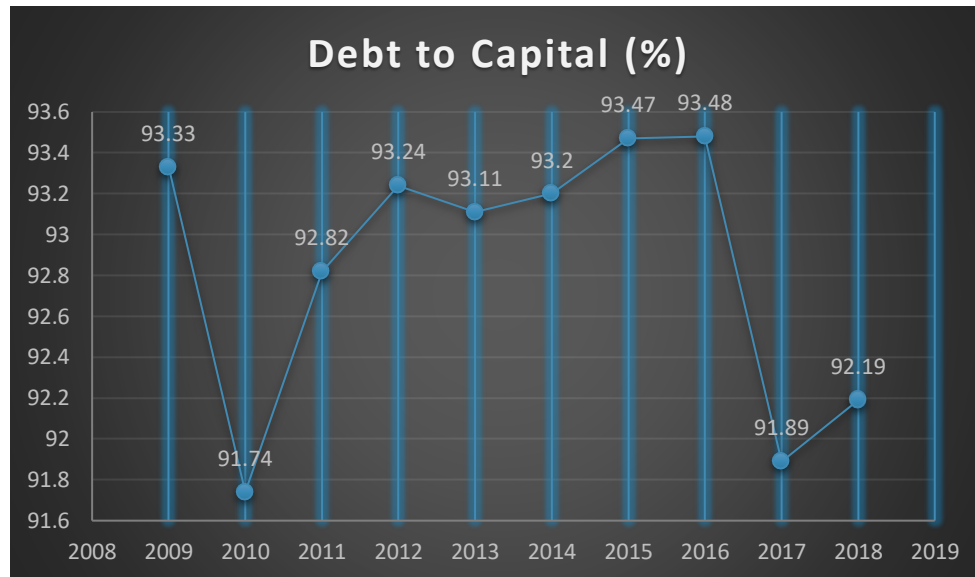


Figure 19: Debt to Capital Ratio

Debt to Capital Ratio is explained when a bank's total debt is divided by its total capital and in this case total capital consists of total liabilities or debt added by whole shareholders equity. It helps analysts to figure out how much debt or liabilities it consists in a bank compare to shareholder's equity. Considering all the year's ratios are less than 1 (less than 100%), it is considered less risky because the debt level can be maintained or managed. If the ratio was more than 1 (more than 100%), the debt or liabilities level would have been more than the assets which definitely would have been riskier. From the graph, it is seen the percentage ranges from 91.74% to less than 93.5%, a very healthy and steady rate.



5.3.6 CAPITAL ADEQUACY RATIO

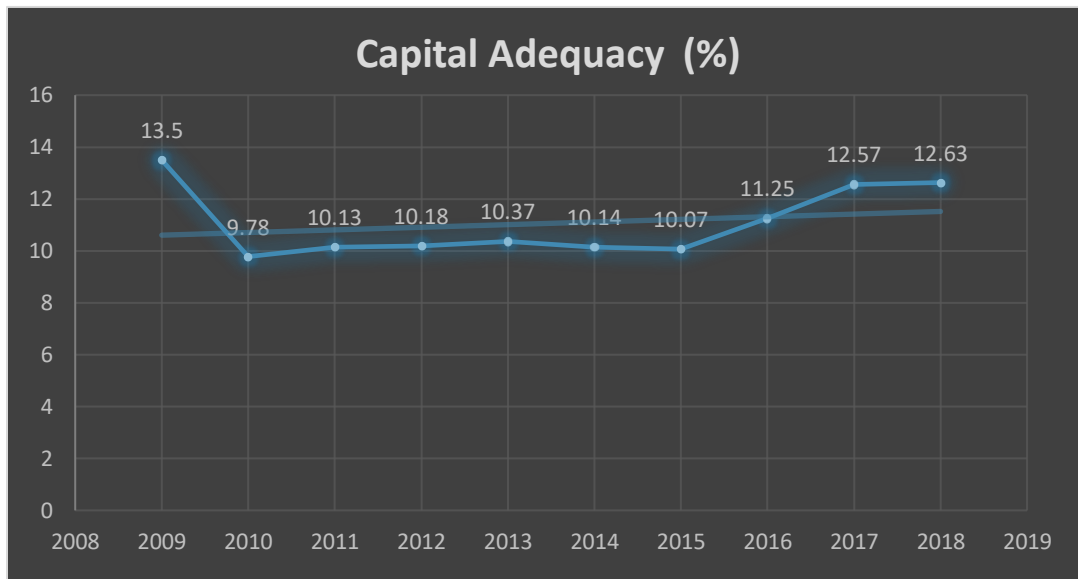


Figure 20: Capital Adequacy Ratio

Capital Adequacy Ratio (CAR) can be explained as a measurement of bank's total capital to the bank's whole risk – weighted assets. A percentage of CAR suggests that a segment of capital is kept to handle with risky assets. A risky assets can go absolute in any time and with the assistance of a segment of capital set aside apart, that capital would then be used to buy assets which were lost. The graph indicates the highest 13.5% of capital was set aside way back in 2009 but from 2010 onwards, the capital's percentage was between 9.78% to 11.25%. Although in the last couple of years, the percentage have jumped to over 12.5% indicating funds are being kept aside to handle with these risky type of assets. The percentage in this graph is reasonable, not so low and not so high. A higher percentage may suggests the banks are not being to utilize its capital efficiently.



5.4 MARKET PROSPECT RATIOS

Market Prospect ratios are used to differentiate open market associations' stock expenses and other cash related evaluations like salary and profit rates. Investors' utilize market prospect ratios to look at stock worth examples and help figure with trip a stock's present and future market regard.

Figuratively speaking, market prospect ratios show investors' what they want to get from their hypothesis. They may get future benefits, pay, or just a recognized stock worth.

To describe Market Prospect Ratios of IFIC Bank, I will talk about Market Price per Share, Earnings per Share, Price Earnings Ratio, Net Assets Value per Share, Dividend Coverage Ratio, Operating Profit per Share, Net Operating Cash Flow per Share, Dividend Yield, Dividend Payout Ratio and lastly Stock Dividend.

5.4.1 MARKET PRICE PER SHARE

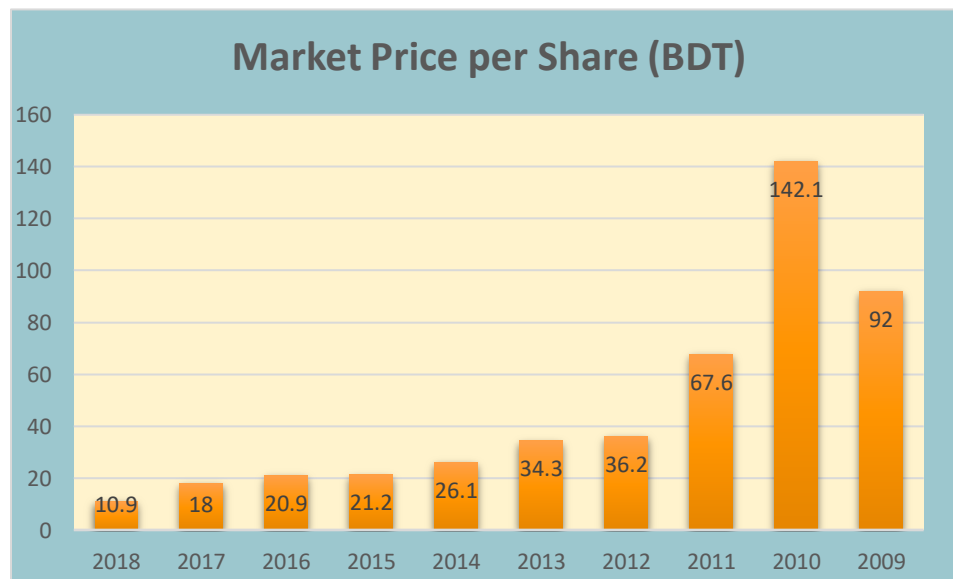


Figure 21: Market Price per Share

A Market Price per Share is the number of cash shareholders' are eager to pay for an individual share. It can be found from total market value of the bank divided by the quantity of shares which are outstanding. In the graph above, it can be seen that the market value of per share is very



high in previous years where it was more than BDT 65 from 2009 to 2011 with a huge BDT 142.1 was the price of market share in 2010. From 2012 onwards, the share price begin to drop with value reaching less than only BDT 40. In 2018, it was only BDT 10.9 proving the investors are eager to pay much less than they used to do ten years ago.

5.4.2 EARNINGS PER SHARE

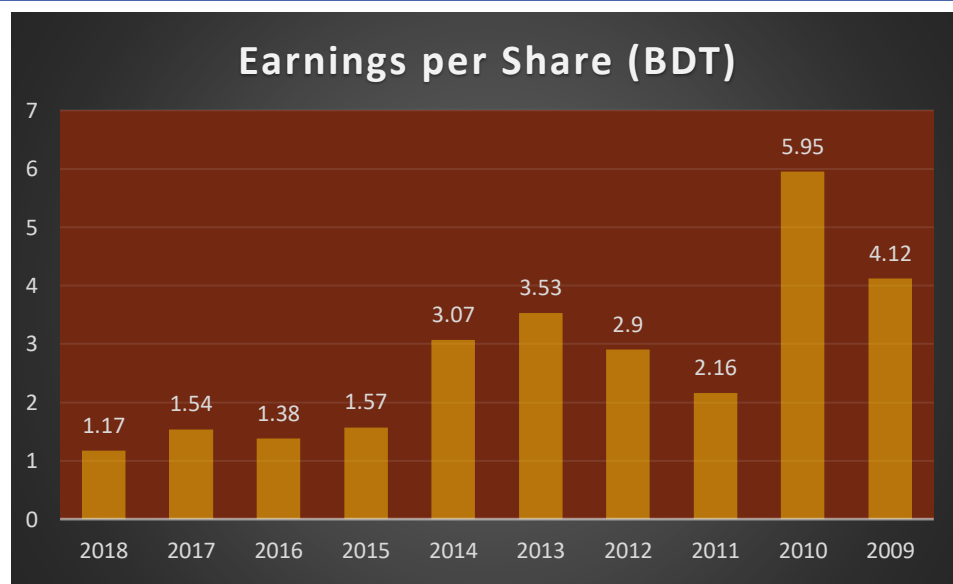


Figure 22: Earnings per Share

Earnings per Share (EPS) can be explained as an organization's income or profit which calls for to be divided by the common stock's available shares. Simply put, company's net income per available shares. The higher the EPS, the better the chance of a bank to be profitable and the bank would then have more income to distribute to the investors. From the graph, it can be identified that in the initial years, the EPS was really high, with BDT 4.12 and BDT 5.95 per share was the EPS in 2009 and 2010. Then the value fell down a bit to less than BDT 2.20 per share in 2011 and although it got up to BDT 3.53 per share in 2013, since then it had been on downwards slope as the EPS has always been less than BDT 1.6 per share. IFIC Bank will most likely want to take a note of their EPS and would hope it increases to more than BDT 3 per share which was the case in 2014 and before, although any other value more than BDT 1 per share is still satisfactory.



5.4.3 PRICE EARNINGS RATIO



Figure 23: Price Earnings Ratio

Price Earnings (P/E) can be explained as it expresses the estimated price of a market share depending on the income of the bank. The better the ratio, the better the indication of a positive performance of the bank in the future. The latest values of P/E ratio of over 8.9 is still good, meaning shareholders will like to pay more than BDT 8.9 for each taka of income, but in 2015 and 2016, the ratio was much better and as we go behind and look at the past performance, the P/E ratio was more than 22 from 2009 to 2011 with an outstanding EPS ratio 31.3 was calculated way back in 2011. This proves although the current value is good, it could have been much better by having a stare at the past performance of this bank.



5.4.4 NET ASSETS VALUE PER SHARE

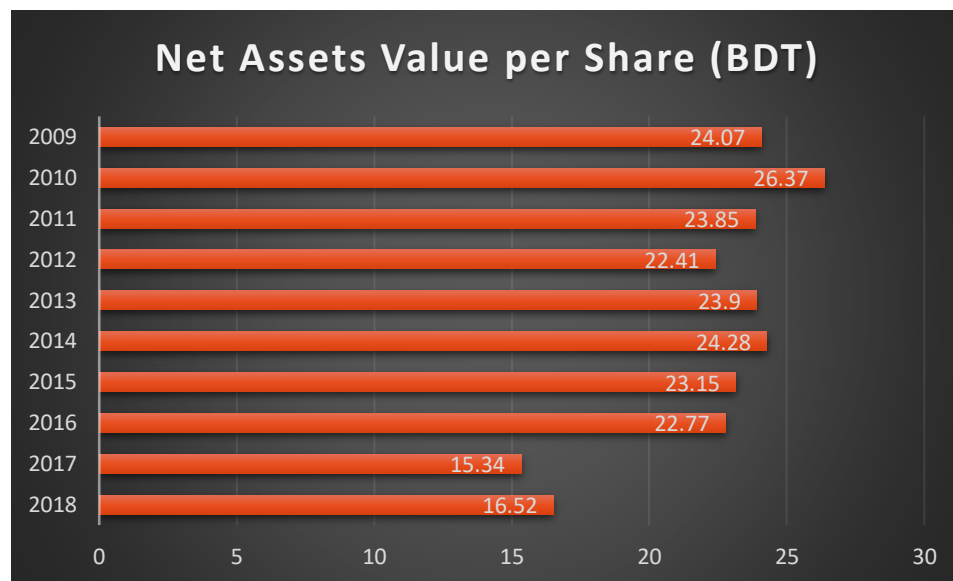


Figure 24: Net Assets Value per Share

Net Asset Value (NAV) per Share can be clarified as the organization's fair value subtracted by the total liabilities of the bank, divided by the volume of shares which are outstanding. From the above graph, it is noticed that the NAV is very close in numbers from 2009 to 2018 with the value from 2009 to 2016 ranges from BDT 22.41 to 26.37 per share with the highest NAV Value was in 2010. In 2017 and 2018, the value slightly dropped to between BDT 15 and 16 but still there was not a major drop in NAV per Share. The higher NAV normally means the bank's investments have performed well so it is concluded that the investment's performance was relatively similar from 2009 to 2016 but despite the drop in value in recent years, the performance have not impacted greatly. As the securities value in the bank's fund goes up, the NAV value increases and if the securities value falls, the NAV also falls along with it.



5.4.5 DIVIDEND COVERAGE RATIO

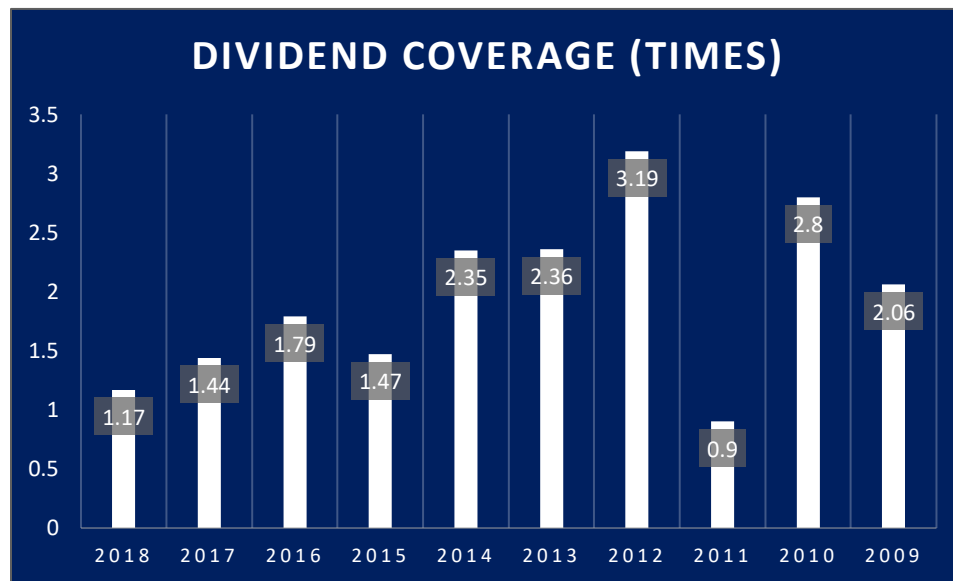


Figure 25: Dividend Coverage Ratio

The Dividend Coverage Ratio can be explained in times with the bank's net income after tax divided by the dividends paid to the investor's or the dividend's declared. From the formula, we can imply that it determines how many times the bank will be able to rewards its dividends to the shareholders. Any value above 1 indicates the income produced by the bank are enough to grant their shareholder's their dividend. The performance of the bank has been good with the ratio was above 2 in every year from 2009 to 2014 except in one year which was in 2011 where the ratio was less than 1 which was a concern. But the bank managed an impressive 3.19 times in the very next year meaning that the proportion of dividend payouts increased significantly which was satisfactory news for the shareholder's. Although the ratio has been less than 2 in the last four years, the dividend payouts has still been satisfactory which signals a good profitability for the bank in the future.



5.4.6 OPERATING PROFIT PER SHARE

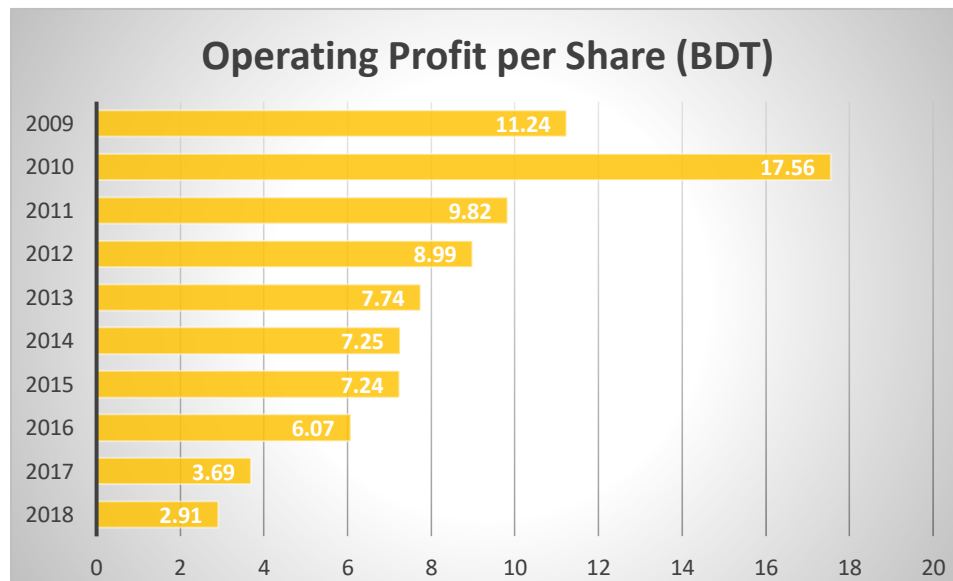


Figure 26: Operating Profit per Share

Operating Profit per Share is found out when an organization's operating income is divided by its net sales. It assesses how much an organization makes a profit on BDT 1 of sales, but before of course paying taxes or interest. From the graph, it can be noticed that the Operating Profit was really good in 2009 and 2010 with an outstanding BDT 17.56 profit per share was the value in 2010. Since then, it went on a downhill as the value kept decreasing on a regular basis and by staring at the performance of the last ten years, the very latest year's performance, Year 2018, had been the worst accompanied by the second worst performance came in 2017, third worst in 2016 and so on. Interestingly enough, the graph is showing a trend where the performance had been getting worse each year since 2011. If IFIC Bank does not improve this performance, investors and lenders will likely to stay away from making any sort of investment or lending any sort of money.



5.4.7 NET OPERATING CASH FLOW PER SHARE

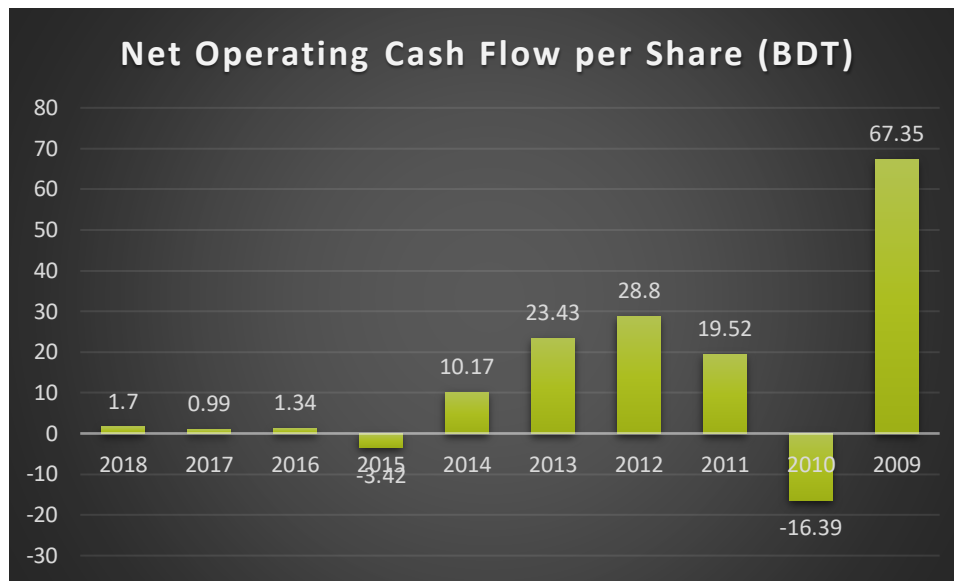


Figure 27: Net Operating Cash Flow per Share

Net Operating Cash Flow per Share can be conveyed as when a bank's cash flow at the end of a period is divided by the bank's whole shares which are available. The better the percentage, the better the situation of the bank. In 2009, it was the best as the value was BDT 67.35 per share which is a very impressive performance. In the very next year though, the worst performance occurred when the value became negative. Although the performance improved since then, the Share's value became positive but it could not match the performance of 2009. In 2015, the value per share again became negative and in the last three years, although the values are positive but it is only enough, with values ranging from BDT 0 to 1.7 in the last three years. IFIC Bank quickly needs to improve net operating cash flow per share, not only they should try to maintain the positive value but in addition increase the value to more than BDT 10 per share at least.



5.4.8 DIVIDEND YIELD

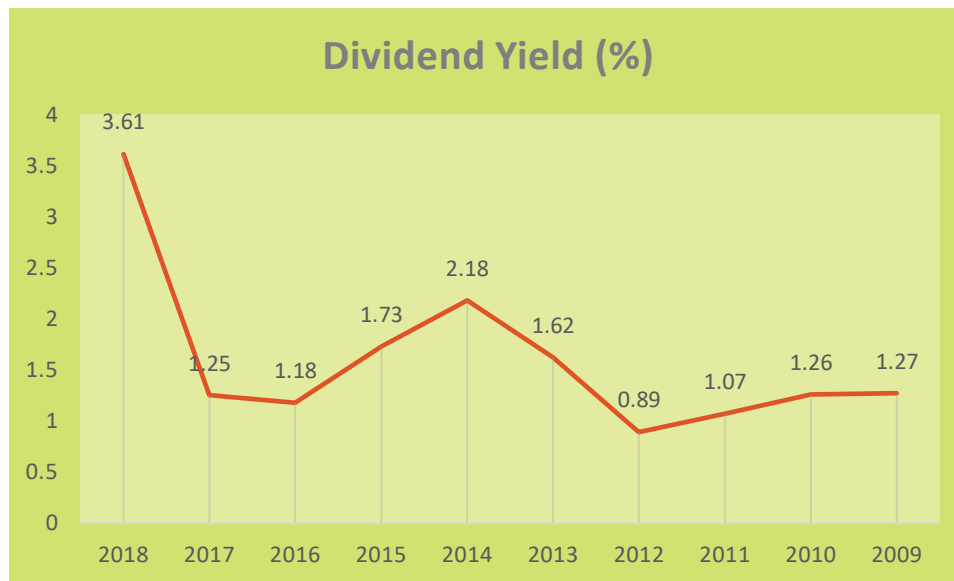


Figure 28: Dividend Yield

Dividend Yield can be explained when the company's dividend gets divided by the current price of the stock. The higher the percentage, the better it is for the company. We can identify from the graph that Dividend Yield's performance was ranging from 0.89% to 1.27% from 2009 to 2012, then for the next two years it increased and then for the very next two years, it fell down. Now for the last two years, the performance have been excellent as the best Dividend Yield performance came in 2018 with a 3.61% yield, much better than the second best 2.18% in 2014. By staring at the latest year's performance, investors would be happy to know they will be getting good portion of dividends for every BDT that the current stock is valued.



5.4.9 DIVIDEND PAYOUT RATIO

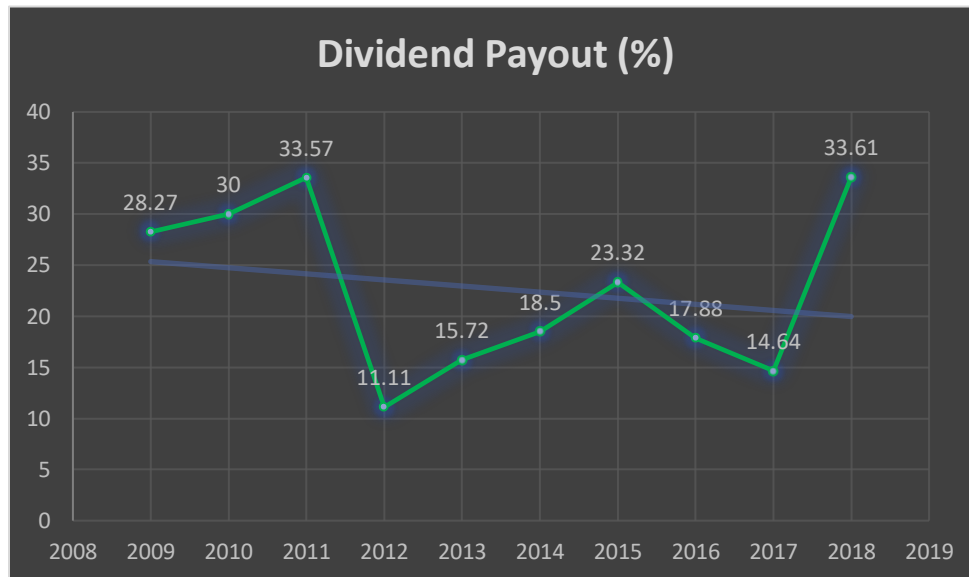


Figure 29: Dividend Payout Ratio

Dividend Payout Ratio expresses a percentage of company's net profit which is normally distributed to the investors at the end of the year in the form of dividends. From 2009 to 2011, the ratio was very healthy, was in an upward slope and kept increasing but suddenly in 2012, it went down sharply, going down by further than 20%. From 2013 again, the ratio rose up and slowly it kept increasing. Although it fell again, the Dividend Payout Ratio increased sharply this time, went up by almost 19% from 2017 to 2018. In the very latest year, the 33.61% was the best performance among the last ten years which is an excellent news for both the bank and the investors. A higher dividend payout ratio like this one will encourage investors to invest in this bank in the hope of getting good returns in the form of dividends at the end of a period.



5.4.10 STOCK DIVIDEND

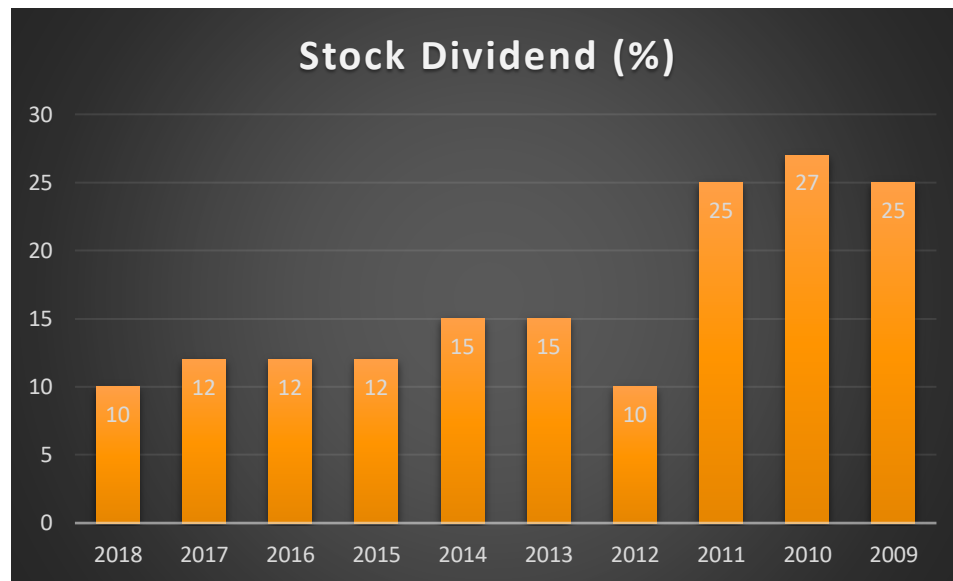


Figure 30: Stock Dividend

A Stock Dividend can be described as a payment or distribution of additional corporate shares according to the ownership in the organization instead of cash because the organization may not have enough cash to pay to the shareholders but they want to motivate the investors to still invest in their organization. In the graph given above, it can be detected that $\frac{1}{4}$ th of the whole dividends were given in the form of stocks which could mean IFIC Bank may not had enough cash or may not had made enough profit to pay dividends in cash but in the last seven years from 2012 to 2018, the Stock Dividend percentage decreased to a range from 10% to 15% which gives a hint that there have been lots of cash to pay the investors in the form of cash instead of stocks.



CHAPTER 6: CONCLUSIONS AND RECOMMENDATIONS

- *Conclusions*
- *Recommendations*



CONCLUSIONS AND RECOMMENDATIONS

6.1 CONCLUSIONS

After analyzing four varieties of ratios, it is visible that the Profitability, Liquidity and Solvency ratio's performance of IFIC Bank Ltd. have been good. Only the Market Prospect ratio's performance have not been satisfactory.

The performances of all the four ratios from Profitability part have been good enough with Return on Equity have been the best performer with Return on Investment can be said as the most unsatisfactory performer but other three ratio's performance have been so good that a reasonable good performance from Return on Investment is seen as the least performer from Profitability part.

All five ratio's performance from Liquidity segment has been good as well with good Cash Reserve Ratio and Statutory Liquidity Ratio. Other three ratios have similar great figures for which it would be safe to say IFIC Bank's Liquidity performance is satisfactory.

On the issue about Solvency, Debt Ratio, Debt to Equity Ratio and Capital Adequacy Ratio's figures is reasonable but other three ratios numbers are great in this segment which exceeds Debt Ratio, Debt to Equity Ratio and Capital Adequacy Ratio's performance.

Talking lastly about Market Prospect Ratios, the performance of majority of the ratios are just positive but should improve dramatically or else it would be tough to escort lenders, customers and investors to the bank. More than few of the ratios, mainly dividend related ratio's performance though are really good so if we focus on dividend related ratios, the overall performance is good but if we put our concentration on earnings and share related ratios, the performance is not that great.



6.2 RECOMMENDATIONS

IFIC Bank Ltd. would be delighted to maintain how Profitability and Liquidity ratios are performing as all of its ratios have been doing fantastically well although a stronger performance from Return on Investment and Return on Equity is anticipated. Return on Equity's performance was good throughout the years but it was really great only in the last year and this performance needs to continue for few more consecutive years at least.

The performances of Solvency ratios is also great and the bank would also be grateful to keep it the way it is going though in this part as well, the bank would be welcomed to improve three ratio's, Debt Ratio, Debt to Equity Ratio and Capital Adequacy Ratio's performances to make it more sustainable.

Lastly, IFIC Bank will hope of a better performance from earnings and share related ratios from market prospect ratios as the performance of these ratios were pretty good last seven to ten years ago. As earnings and share related ratios needs to improve, dividend related ratio's performance is excellent and if managed well, overall performance of IFIC Bank will remain great and hope for continuing of better performances from the financial point of view.





CHAPTER 7: APPENDIX

- *Raw Data*



APPENDIX

7.1 RAW DATA

From the twenty five (25) ratios, most of them were available in annual reports but ten of them were needed to be calculated after going through ten years of annual reports and putting figures together so that by following the formulas of those ratios, it would be simple to acquire the result. The ratios which needed to be calculated are Debt to Equity Ratio, Capital Adequacy Ratio, Return on Equity, Equity Multiplier, Dividend Payout Ratio, Debt Ratio, Non-Performing Loans to Total Loans and Advances, Equity Ratio, Debt to Capital Ratio and Dividend Yield and this is the values put in an Excel table so it would be easy to calculate the ratios.

Items	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
TOTAL ASSETS	283073	253249	197051	178334	156339	132017	114729	91541	69565	62902
TOTAL LIABILITIES	260957	232710	184210	166680	145711	122919	106975	84939	63817	58704
S. EQUITY	22116	20539	12840	11654	10628	9098	7753	6568	5748	4197
NET INCOME	4267	4624	3379	2817	2168	1730	386	1107	1306	728
NP AFTER TAX	1650	2397	1583	1057	1545	1346	1105	748	1647	900
TOTAL OPERATING REVENUE	3895	4414	3420	3646	3173	2948	2707	2718	3827	1960
DIVIDEND PAID	1434	677	604	657	0	0	0	0	0	0
TOTAL LOANS	206929	179264	137118	123269	102282	84110	77160	64641	47563	37794
TOTAL DEPOSITS	226333	200205	160155	146820	129746	107778	92433	73106	54660	50018

Table 2: Data to calculate various ratios

Dividend Payout Ratio	Mkt price per share	EPS	Dividend Per Share
33.61	10.9	1.17	39.3237
14.64	18	1.54	22.5456
17.88	20.9	1.38	24.6744
23.32	21.2	1.57	36.6124
18.5	26.1	3.07	56.795
15.72	34.3	3.53	55.4916
11.11	36.2	2.9	32.219
33.57	67.6	2.16	72.5112
30	142.1	5.95	178.5
28.27	92	4.12	116.4724

Table 3: Data to calculate Dividend Payout Ratio



CHAPTER 8: REFERENCE



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