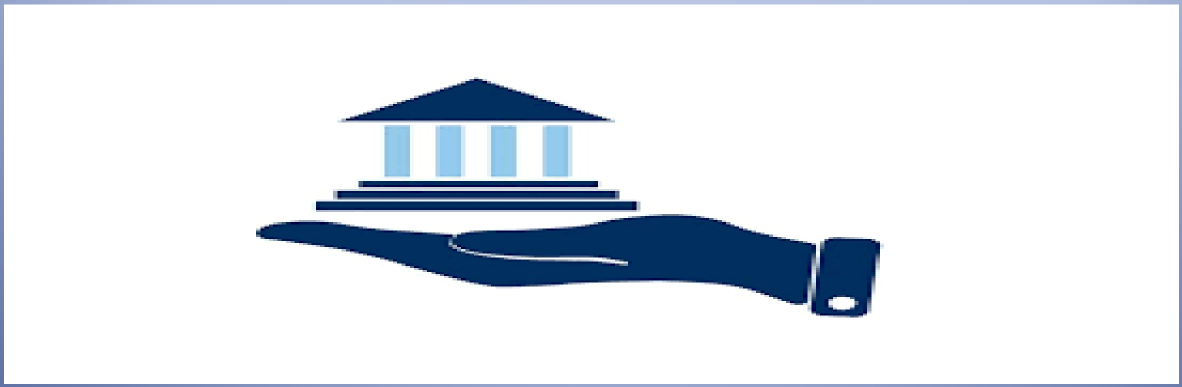
“Financial Statement Analysis of Non-Banking Financial Institutions of Bangladesh”



United International University
QUEST FOR EXCELLENCE

Internship Report on:

Financial Statement Analysis of Non-Banking Financial Institutions of Bangladesh

Supervised by:

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Submitted by:

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Bachelor of Business Administration in Accounting & Information Systems (BBA in AIS)

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ACKNOWLEDGEMENT

All praises to the Almighty Creator, who has conferred his kindness upon me by giving me the chance, time, courage, and strength to carry out and finish the task within the time limit. I would like to express thanks to those who have contributed to it a lot.

I sincerely acknowledge my debt and special gratitude to the instructor, Md. Abdullah Babu, Assistant Professor of BBA Program, School of Business & Economics (SoBE), United International University, for his careful supervision and eccentric guidelines for the Project report throughout several consultations as my supervisor. The continuous discussion between me and my supervisor has let me put a heartfelt effort to produce this report. He has indebted us with his flawless advice and support and of course to allow us to work on such an exceptional project from where we have learned abundant things. His support, encouragement, and availability to discuss ideas and problems have contributed much to complete my report. To end with, I must not miss the chance of articulating my earnest appreciation to some of my friends, who shared and inspired me all the time.

LETTER OF TRANSMITTAL

23rd October, 2020

To,

Md. Abdullah Babu

Assistant Professor (SoBE)

United International University

Subject: Submission of Internship Report on "Financial Statement Analysis of Non-Banking Financial Institutions of Bangladesh"

Dear Sir,

I am delighted to present my Project report regarded as" Financial Statement Analysis of Non-Banking Financial Institutions of Bangladesh" to you, my supervisor for the Project as assigned by the university authority. I have given my absolute best to form this report with the necessary details, figures, and suggested proposition. In writing this report, I have charted the guidelines that you have specified to me and I have also applied related concepts that I have learned throughout my under graduation phase. Moreover, I also collected information from the selected organization to find a resemblance to theoretical learning. However, some information and references have been taken from different sources to facilitate my report. 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: fsarker163002@bba-ais.uiu.ac.bd, Cell no. 01534535158). Finally, I would love to express once again my gratitude for your compassionate thoughts and kind consideration.

Sincerely Yours,

Fouzia Kamal Sarker

ID: 114 163 002 (BBA in AIS)

DECLARATION

I, Fouzia Kamal Sarker, a student of Bachelor of Business Administration in Accounting & Information Systems (BBA in AIS), bearing ID: 114 163 002, would like to reveal that this report titled "Financial Statement Analysis of Non-Banking Financial Institutions of Bangladesh" is an original, authentic work carried out by me while doing Project 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 has 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 Project course.

ABSTRACT

This report is mainly conducted to discover financial performances and situations of Non-Banking Financial Institutions of Bangladesh over five (5) years with the aid of ratio analysis of thirty 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 industrial overview has been discussed extensively, schmooze about industry profile, types of NBFI'S, main features, functions, role, 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 NBFI's 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 have been over the five years of NBFI in Bangladesh and recommending whether they should improve their performance or keep it the way as it is.

Keywords: Financial Statement Analysis, Ratio Analysis, Financial Performances, Financial Statements.

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ACRONYMS

Acronyms	Word
NBFI	Non-Banking Financial Institutions
BBA	Bachelor of Business Administration
AIS	Accounting & Information Systems
SoBE	School of Business & Economics
EPS	Earnings per Share
ROE	Return on Equity
ROI	Return on Investment
CRR	Cash Reserve Ratio
NPL	Non-Performing Loan
CAR	Capital Adequacy Ratio
P/E	Price Earnings Ratio
NAV	Net Assets Value

Table 1: List of Acronyms

CHAPTER 1:

- **INTRODUCTION**
- **OBJECTIVES OF THE STUDY**
- **RATIONALE OF THE REPORT**
- **SCOPES OF THE REPORT**
- **LIMITATIONS OF THE REPORT**

1.1 INTRODUCTION

NBFI could be fundamental to the organizational edifice of the systematized financial framework in Bangladesh. NBFI executes a remarkable and critical part of our economic associated framework. They encourage the method of channelizing of public reserve funds and give way improved yield to the depositors. We are conscious that in arrears of liberalization and globalization, the banking diligence and money related segment has departed through numerous changes. In the current economic situation, this is very challenging to accommodate the necessity of people by Banks alone so the role of Non-Banking Financial Institutions and Micro Finance Corporations becomes requisite. NBFI in Bangladesh has experienced subjective changes over a long time through utilitarian concentration. The part of NBFI as operational financial arbitrators has been well acknowledged as it has an intrinsic capability to proceeds with faster verdicts, undertake superior menaces, and modify their services and concerns additional conferring to the requirements of the users. Whereas the highlights, as paralleled to the banks, have subsidized to the expansion of NBFI, their adaptable edifices permit them to unpackaged administrations given by banks and market the constituents on a viable premise. The discrepancy between banks and non-banks has been steadily getting obscured since both the fragments of the monetary framework lock-in themselves in numerous comparable sorts of exercises. At current, NBFI in Bangladesh has ended up conspicuous in an extensive run of exercises hire-purchase finance, equipment lease finance, loans, investments, etc. By utilizing inventive publicizing techniques and formulating suitable-made items, NBFI has furthermore been capable to construct up a custom vile amid the contributors, clean up and about open reserve funds and grasp expansive assets as replicated within the development of their pledges from the public, shareholders, directors, and their businesses, and borrowings by the dispute of non-convertible debentures, etc.

There are twenty-three companies recorded within the Dhaka stock exchange of Bangladesh. All of the NBFI is not within the same situation or all of them are not within a similar category, but it is troublesome for the common investors to discover which company is in a superior situation & which isn't. The most perfect mode to discover out is the examination of the fiscal explanations of the company. Any foremost valuable & well-practiced conduct of examining the financial report is the proportion examination. In consideration, I have attempted to deliver a proportion examination of the listed NBFI. Proportions will be given within the four broad categories. In this think about there might be a few issues that will be found out & the significant arrangements might be given. In general, contemplate providing a detailed proportion investigation of NBFI with discoveries & recommendations.

The name twenty-three listed NBFI's are given below:

1. BAYLEASING (Bay Leasing & Investment Limited)
2. BDFINANCE (Bangladesh Finance and Investment Co.Ltd)
3. BIFC (Bangladesh Industrial Fin. Co. Ltd.)
4. DBH (Delta Brac Housing Finance Corp. Ltd.)
5. FAREASTFIN (Fareast Finance & Investment Limited)
6. FASFIN (FAS Finance & Investment Limited)
7. FIRSTFIN (First Finance Limited)
8. GSPFINANCE (GSP Finance Company (Bangladesh) Limited)
9. ICB (Investment Corporation Of Bangladesh)
10. IDLC (IDLC Finance Ltd.)
11. ILFSL (International Leasing & Financial Services Ltd.)
12. IPDC (IPDC Finance Limited)
13. ISLAMICFIN (Islamic Finance & Investment Ltd.)
14. LANKABAFIN (LankaBangla Finance Ltd.)
15. MIDASFIN (MIDAS Financing Ltd.)
16. NHFIL (National Housing Fin. and Inv. Ltd.)
17. PHOENIXFIN (Phoenix Finance and Investments Ltd.)
18. PLFSL (Peoples Leasing and Fin. Services Ltd.)
19. PREMIERLEA (Premier Leasing & Finance Limited)
20. PRIMEFIN (Prime Finance & Investment Ltd.)
21. UNIONCAP (Union Capital Limited)
22. UNITEDFIN (United Finance Limited)
23. UTTARAFIN (Uttara Finance and Investments Limited)

1.2 OBJECTIVES OF THE STUDY

- Primary objectives: The school of business and economics of United International University requires its BBA in AIS students to submit one research paper or internship report at the end of their course work. To achieve a Bachelor's degree, this is a partial requirement. To accomplish that requirement is the exclusive reason for this study.
- Secondary objectives: Secondary objectives can be described in two ways. One is overall what I want to achieve from this study as a whole, second what is specifically desired. It

normally provides a topic's detailed research which I have been discussing here. So this report's secondary objective is a review of Financial Statement Analysis of Non-Banking Financial Institutions.

- Specific Objectives:

(a) To identify the contemporary position of NBFI.

(b) To analyze diverse ratios of the non-banking industry.

(c) To analyze the financial peaks of the industry.

(d) To comprehend in what manner the industry has coped its assets & liabilities.

(e) To find out the total position of the ratio from the ratio analysis.

1.3 RATIONALE 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 an undergrad degree from my university. Two options were given to me between Internship and Project and I have chosen Project as I wanted to obtain theoretical knowledge. As an AIS student, my supervisor has instructed me to orchestrate a review of the financial statement analysis of non-banking financial institutions. I find different ratios that can be helpful in decision-making purposes by analyzing the financial statements and recommending whether the industry needs to improve on the financial performances or not and if it needs to do, how should it move forward to improve on their financial situation.

1.4 SCOPES OF THE REPORT

This report encourages me to comprehend the unmistakable continuous knowledge about how the activity of NBFI is working along with all the more unequivocally about Non-Banking organization works. It likewise encourages me to see how the aggregate procedure and functions in Non-Banking Financial Institution.

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. This report can be utilized as an optional wellspring of data. The study is going to use the data of twenty-three listed NBFI for the years 2015-2020 (5 years); however, results can be generalized to cover all NBFI's. I trust that my report will help a great deal of the individuals who need detailed information on listed non-banking financial institutions.

1.5 LIMITATIONS OF THE REPORT

Promote it is included that the gathering of correct data and information is troublesome because the greatest data is classified. A large portion of the data has been taken from Secondary sources. It was exceptionally hard to get genuine data for me as a result of classification. Adequate records, productions, archives were not accessible as the organization website wasn't ingenious. This requirement limits the extent of the genuine investigation. In light of time limitations, I couldn't invest adequate energy to make an inside and out examination. Because of time restriction, huge numbers of the viewpoints couldn't be examined in the report and it needed more time to prepare for my satisfaction. Each association has its mystery that isn't uncovered to other people. While gathering information they didn't unveil much data for authoritative classification. Despite our untiring effort, there are still some shortcomings prevailing in the report. There was a lack of practical experience and capabilities in the real world. Sample of references such as articles, journals, various links was 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. Lastly, couldn't gather information by personally visiting companies due to the pandemic (Covid-19).

Despite these limitations, I tried my preeminent to accumulate the required data and information that have been analyzed in the following section.

CHAPTER 2:

- **LITERATURE REVIEW**

2.1 LITERATURE REVIEW

Financial Statement Analysis could be a strategy of looking into and analyzing a company's bookkeeping reports (money related explanations) to measure its past, display, or anticipated future execution. This handle of investigating the money related articulations permits for way better financial choice making.

The budgetary explanations give a rundown of the accounts of a trading endeavor, the adjust sheet reflecting the resources, liabilities, and capital as on certain information, and the pay articulations appearing the comes about of operations amid a certain period**. (John N. Meyer 2009).**

The conclusion item of monetary bookkeeping could be a set of budgetary explanations arranged by the bookkeeper of a commerce undertaking that indicates to uncover the money related position of the venture the result of its later exercises, and an examination of what has been done with earnings". **(Smith and Ashburn 2017).**

Concurring to **(John N. Meyer 2009)**, **—**The budgetary articulations are composed of information which is the come about of a combination of the recorded realities concerning the commerce exchanges, traditions embraced to encourage the bookkeeping procedures, hypothesizes or suspicions made to, and individual judgments utilized within the application of the traditions and hypothesizes.

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 an association between the things of the balance sheet and income statement.

"A money related articulation investigation is the start of the organization's money related introduction examination and for the foremost portion proceeds down to basic areas and comes about as successfully, creation constrain utilization to supplement the administrators and so forward. Budgetary examination recognizes inadequacies and qualities of the organization, is the device of "prosperity" diagnostics, and gives crucial information to trade the board and proprietors. **(Vlachynský, 2009)**

The primary motivation behind the 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).** He 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.

Moreover, Organizations like NBFI'S offer assistance for the utmost of the businesses and industries to pick up loans for their business and amplify their operation. Concurring to **Koranteng (2016)** recently many industries, businesses, and individuals elect for such establishments proceeds loan and a further source of finance from this Non-Banking Financial Institution. As frequently banks don't help much to get a loan and their strategy may be troublesome commonly to get credit or any kind of funding. Therefore, it gets to be the finest choice to extend capital for firms amid their troublesome financial times.

Besides, **Maxwell (2016)** included that NBFI these days has gotten to be a source of the back for numerous firms. The achievement and improvement of firms lead to a superior economy of a nation as an entirety. So it is additionally fundamental for them to examine the Credit process of that credit range and to oversee them effectively and successfully to diminish the Credit process. Hence they can maintain a steady and superior economy.

Siddiqui (2012) in her article "Capital Structure Determinants of Non-Bank Financial Institutions (NBFI's) in Bangladesh" endeavored to create an association between capital structure choice and some variables tallying benefit, liquidity, working use, development rate, firm measure, etc. The initiator utilized long-term obligation proportions, short-term obligation proportions, and add up to obligation proportions as the strategies of the subordinate variable i.e. capital structure. The revelations showed up that, in all the three cases of long-term obligation proportion and short-term obligation proportion, benefit proportion was not essential It as well did not comply with the hypothesis that, within the case of long term and add up to obligation extent, benefit incorporates an unfavorable association. In any case, the study found profitability to have an adverse connection with brief tenure obligation complying with the speculation even though the result was not measurably critical.

Ahmed and Chowdhury (2007) in their article “Non-Bank Financial Institutions in Bangladesh: An Analytical Review” expressed that numerous commercial banks in Bangladesh are locked in non-bank financial exercises inside the prevailing keeping money system which has been posturing troubles for the non-bank budgetary teach.

Moreover **Frank (2016)** said that the administration of the credit process too may recognize as the quintessence of legitimate financial administration. When loans are beneath prepared things should be watched that are the association between credit non-procedure and other hazards related to business.

Hossain and Shahiduzzaman (2012) in their article "Development of Non-Bank Financial Institutions to Strengthen the Financial System of Bangladesh” expressed that the execution of NBFI’s in the leasing business is a pointer that the industry can be developing up at a feasible proportion and ought to core further on exercises within the capital market. In any case, non-banks, having an elevated cost of funds, are constrained to contend with the banks that have a generally low cost of finance. The initiators proposed that this circumstance to some degree impedes the expansion and advancement of NBFI’s.

Farah and Rahman (2012) in their article "Non-Bank Financial Institutions’ Profitability Indicators: Evidence from Bangladesh" initiate that their preferred factors as profitability indicators i.e. operating efficiency, capital structure, fixed charges, and income, liquidity state affect net value. In any case, among those factors, liquidity situation and working efficiency were initiated to have a noteworthy impact on the benefit of non-bank division in Bangladesh. As default risk could be key distress for money related segment recently and it can obstruct the economy development. For the most part, there's elevated plausibility of default threat in long-term credits and so legitimate examine moderation can the chance a few.

As a result, the Government levies significance to credit procedure administration and has a few rules concerning credit operation management **(Ntiamoah, 2016). Asma et al. (2011)** in their article "Determinant of Islamic banking institutions' profitability in Malaysia" examined bank-specific components factors i.e. size, capital adequacy ratio, liquidity, and expenditure management and they establish that as it were a measure of the firms can measurably impact the benefit of banks.

Samad (2015) in his article "Determinants Bank Profitability: Empirical Evidence from Bangladesh Commercial Banks" requested that jeopardy and bank efficiency are persuasive components for deciding the productivity of Bangladeshi banks.

The study on banks' benefit by **Sufian and Chong (2008)** proposes that the benefit of the Philippines banks be subject to all the bank-specific contributing factors and they have a measurably noteworthy effect on benefit. Amid the period beneath thinking about, emanates appeared that measure, credit risk, and overhead costs have a negative relationship with bank benefit, whereas non-interest income and capitalization have a positive effect. The observational study moreover demonstrates that the rate of expansion is adversely related to the Philippines banks' benefit level proposing that the level of expansion was unexpected by banks. On the contrary, financial development, the development within the cash supply, and the level of stock market capitalization have not considerably clarified the varieties within the profit of the Philippines banks.

Leasing companies can be thought of as an elective source of financing to meet the request of capital for investment. So, the division warrants broad think about to investigate diverse measurements of renting commerce in Bangladesh. **Islam (1999)** in his consider, endeavored to investigate the authentic foundation of renting commerce, the advantages and drawbacks of rent financing in 1999. He too recognized the quality and shortcomings of leasing in his ponder. He pushed embracing IAS-17 to bring around harmonization in rent detailing. He opined that competition within the leasing market would be the most challenge for renting companies in the future. He utilized a case study strategy where he examined IDLC, ULC, and PLC to comment on almost the quality, shortcomings, and issues of leasing companies in Bangladesh but the effect of SWOT blend on hazard administration was not highlighted. **Chaudhury (1999)** talked about non-bank money-related teach as the modern slant in the monetary framework of Bangladesh in 1999. He recognized the insufficiency of the authentic and administrative structure as the most issue of the division. He also observed that the need for coordination among diverse administrative offices hampers the improvement of the sector. **Islam, Bhuiyan, and Rounak (2009)** inspected lease financing trade in Bangladesh in 2009 with special reference to IDLC Back Ltd. They point by point sorts of renting destinations, capacities of renting companies, and problems confronted by renting companies in Bangladesh. They moreover recognized the variables contributing to the development of the renting trade in Bangladesh. But it did not cover the chance administration hones of leasing companies. They primarily dissected ROA, ROE, NPAT, EPS, etc. to appear the execution of IDLC Finance Ltd.

Ahmed, Pandit, and Hossain (2013) embraced a broad think about operational risk management in banks in 2013 that investigated distinctive measurements of operational hazard. They distinguished that operational risk management in Bangladeshi financial education was intensely subordinate on capital upkeep or maybe than focusing on other relief procedures such as protections, catastrophe recuperation frameworks, trade progression plans, etc. They too emphasize the requirement for a solid database to move from a less difficult approach to a progressed approach of risk management.

Chowdhury (2014) in his think about analyzed the financial execution of a few chosen renting companies in Bangladesh in 2014 on the premise of development rate and proportion investigation of a few company particular factors. He attempted to shed light on the determinants of the net benefit of chosen renting companies. He utilized a relapse investigation between net wage and a few factors like working salary, working cost, rent and progress, stores, and branches. He too attempted to center on long-haul prospects of the renting industry in Bangladesh. He watched that political steadiness and by and large financial advancement were the pre-condition for the smooth development of the segment. His inquire about was based on distributed monetary articulations of chosen companies, i.e., he utilized as it were auxiliary information. He purposively chose 7 companies out of the populace of 22. He too utilized a few data from Bangladesh Bank and Bangladesh Securities and Trade Commission. The collected information was analyzed through various statistical methods like growth percentage, regression, correlation coefficient, etc.

Saklain's (2012) consider on commercial banks' profitability in Bangladesh recognized that resource estimate does not have a factually critical relationship with benefit. It proposes that to realize the next level of ROA it isn't continuously vital to be a bigger bank. Net interest margin (NIM) is constantly measured to be the utmost basis of earnings of a bank, but in the study, it is initiated that NIM/assets proportion does not have a noteworthy effect on productivity. But the foremost critical variable which influences the benefit was found to be the non-interest income/asset proportion. This shows that more noteworthy expansion in keeping money exercises emphatically impact benefit.

Financial Stability Report of **Bangladesh Bank (2015)** detailed growing ROA and ROE ratios of the at that point NBFI's from 2010 to 2015 which they title the result of superior exploitation of resources and value. Besides, a decay of the sources of add up to wage appears that the prevailing commitment is on account of intrigued salary from conventional commerce, which loans to higher benefit. Other than, each non-banking budgetary institution has it possess approaches to handle Credit operation. Essentially in Credit operation administration, there are 4 steps to take after Risk identifying, risk assessment, risk monitor, and risk mitigation. These all are done sometime recently and after authorizing the advance but credit chance checking. Chance checking is done after endorsement. To bargain with the Credit operation board of executives endorse the Credit operation arrangements and technique, survey them occasionally or every year to degree its adequacy to diminish the Credit operation. They as well perform a part in deciding credit constrain and make a strategy for Credit operation administration. They besides characterize generally chance resistance in connection to Credit operation. In contrast, senior administration is responsible for actualizing the arrangements, methodology, and strategy endorsed by the board of executives. They in some cases create approaches for hazard distinguish, screen, estimation, and control. Such arrangements and methods offer assistance to discover out Credit operation and minimize the chance. Bangladesh's government has rules and endorsed wide arrangements concerning bargain with Credit operation and all are bound to take after. When setting the credit constrains money related examiner considers the client's profile for credit he ought to consider the quality of the borrower, the reason for the credit, financial condition, and risk appetite

After completely fulfilling foundation data a financial examiner sanctions the credit. Assist, an investigator ought to screen regularly its client and its trade to recoup the credit. As a portion of that, he regularly goes to client visit and surveys strategy and tries to recognize any kind of disintegration within the credit. He locks in this screen prepare to distinguish the current budgetary position of the client, how the client is utilizing affirmed credit lines, and on and on **(Bangladesh Bank, 2016).** “The effect of Credit operation Management activities on Non-Bank Financial Institution of sampled Ghanaian credit unions” was inspected. Comes about appear that Credit operation administration has a critical positive relationship to the NBFI execution of the tested credit union which infers that for each increment in NBFI execution through a long time come about from an increment of 5.35% of credit examination, 1.14% in credit arrangement and choice, 7.79% in credit approach, 8.06% in observing, and 6.07% in credit losses (default and failures).

Moreover, there’s a positive relationship between NBFI and Credit operation administration when it was dissected freely whereas it gave a positive relationship when dissected alongside other execution pointers. The loan policy moreover has a positive critical relationship with NBFI execution. Additionally, credit examination and credit arrangement and choice moreover apply negative impacts on NBFI performance indicating that the utilization and not proprietorship have an impact on NBFI execution. Within the same vein, advance misfortunes (default and disappointments) to have a positive correlation with return on NBFI. “This result implies that the increase in loan losses also leads to an increase in return on NBFI performance” **(Koranteng, Straight to the point, Maxwell, Ntiamoah, 2016)**

In conclusion, there's a solid measurable and positive effect on the NBFI execution of trade divisions on the off chance that it contributes to Credit operation administration. The reason for the construct, the execution of the Non-Bank Financial Institution (NBFI) administration ought to create proficient administration of Credit operation management. In conjunction with that, they must create the level of Credit operation administration speculations in case of credit approaches and choose to raise their execution and accomplish stakeholders.

CHAPTER 3:

- **METHODOLOGY**
- **RESEARCH TYPE**
- **DATA COLLECTION**
- **SAMPLING**
- **DATA ANALYSIS TOOLS**
- **DATA PRESENTATION**

3.1 METHODOLOGY

The choice of a successful and proficient strategy for research contemplates is extremely imperative to think of the nature of data and information. Here I attempted some consecutive technique and method for exercises to finish with this report effectively. Here while doing the report I gather information from various sources

This study comprises both the vivid part & the breakdown part. This study will entail some of the information that is not primary. Since in this type of industry primary data is not accessible & if available they will take a massive time to study. Due to the pandemic, it was difficult to have an informal discussion with the customers of NBFI, collect different manuals or booklets.

The two manners by which I have gathered data given underneath:

- Secondary Data: Secondary data were needed such as annual reports, the website of different NBFI's, journals, magazines, various links throughout the internet.
- Mixed method: This method focuses on both qualitative and quantitative methods as this report focused both on numbers and words

3.2 RESEARCH TYPE

There are six varieties of research that can be carried out during preparing a report but in this paper, just one type of research type was mainly concentrated which is a 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 the internet.

3.4 SAMPLING

- **Sampling Size:** Five years of annual reports from 2015 to 2019 were researched to prepare this report.

- **Sampling Technique and Procedure:** In the sampling procedure, there are eight different types. I prefer to choose:
  - Online (via the internet) method was used to collect responses.
  - Judgmental and convenience are used to collect bias-free and representative samples from the population.

3.5 DATA ANALYSIS TOOLS

Data has been analyzed using “Microsoft Office Word” for making the report paper and “Microsoft Office Excel” used for data accumulation and calculations.

3.6 DATA PRESENTATION

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

CHAPTER 4:

- **INDUSTRY PROFILE**
- **FUNDING SOURCES**
- **DEPOSIT SAFETY NET**
- **TYPES OF NBFI'S**
- **MAIN FEATURES**
- **FUNCTIONS OF NBFI'S**
- **ROLE OF NBFI'S**
- **CORPORATE SOCIAL RESPONSIBILITY OF NBFI'S**
- **COMMERCIAL BANK (V/S) NON- BANKING FINANCIAL INSTITUTIONS**
- **NBFI'S IN BANGLADESH**

4.1 INDUSTRY PROFILE

NBFI is a combination carrier of establishments starting from leasing, factoring, and capital businesses towards numerous forms of prescribed savings and institutional investors (pension funds, insurance companies, and mutual funds). Generally, Non-bank financial institutions (NBFI's) are monetary educations that offer managing an account administration denied of gathering the authorized definition of a bank, i.e. these educate aren't allowed to require stores from the common open. Be that as it may, all forms of those lessons are still actualized beneath bank direction. However this depends on the specialist, as in a few impacts, just like the commerce of managing an account, and there aren't any managing account authorizations issued. In case an organization in Bangladesh proposes to clarify itself as a bank and anticipates to utilize the word bank in its name it must, to begin with, obtain authorization and official enrollment and so permit from the country's financial organization, the Bangladesh Bank.

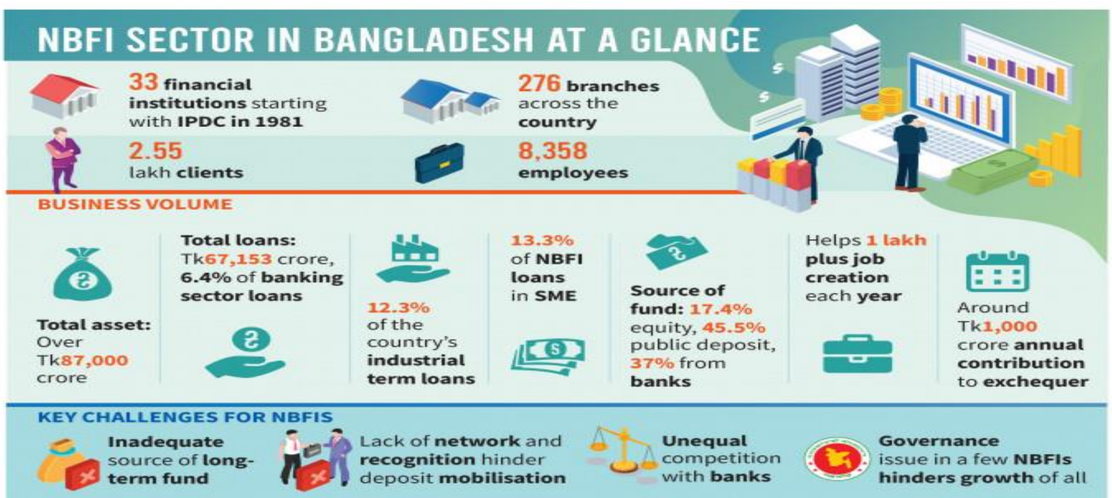

Figure-1

Based on their Liability NBFI's are divided into two categories. Category 'A' companies (NBFI's accommodating public deposits), and Category 'B' companies (NBFI's not nurturing public deposits or NBFI's).

NBFI's accommodating public deposits are subject to necessities of Capital adequacy, quick assets maintenance, Exposure norms (comprising limitations on acquaintance to investments in land, building and unquoted shares), ALM discipline, and reporting requirements; in divergence, until 2006 NBFI’s not nurturing public deposits or NBFI’s were subject to the nominal parameter.

Since April 1, 2007, non-deposit taking NBFI’s with resources of `1 billion and past are being categorized as Systemically Imperative Non-Deposit taking NBFI’s, and provident controls, comparable capital ampleness necessities, and introduction standards in conjunction with announcing prerequisites are made appropriate to them. The asset-liability management (ALM) detailing and divulgence standards have moreover been made pertinent to them at diverse focuses of your time.

4.2 FUNDING SOURCES

The foremost funding sources of NBFI’s are capital, term deposits, credit facilities from banks, and added NBFI’s, call money borrowing, and securitization. NBFI’s are allowed to mobilize term deposits only, with a tenor of a minimum of 3 months. Banks also invest bound and debentures issued by NBFI’s, which is another source of funds. In 2015, the borrowings and deposits of NBFI’s increased by 3.5 percent and 29.5 percent respectively, while capital decreased by 2.0 percent, compared with those of the previous year.

4.3 DEPOSIT SAFETY NET

The deposit insurance system helps NBFI’s to attenuate the chance of losses of depositors’ funds with NBFI’s. At present, there's no deposit sum of money for the depositors of NBFI’s. However, the proposal to bring the NBFI’s’ depositors, under the umbrella of the amount of money, is under the process of approval with the Ministry of Finance.

4.4 TYPES OF NBFI'S

Depending upon their nature of activities, non- banking finance companies are classified into the subsequent categories:

- Development finance institutions
- Leasing companies
- Investment companies
- Modaraba companies
- House finance companies
- Venture capital companies
- Discount & guarantee houses
- Corporate development companies

4.5 MAIN FEATURES

- Can compromise related services to commercial banks,
- Can complement them or compete with them.
- Provide financing to high-end clients
- Make investments
- Expedite bank associated services like investment risk pooling, contractual savings, and market brokering.

4.6 FUNCTIONS OF NBFI's

One of the important roles that NBFI's show in an economy is to deed as a shield, especially within the time of economic grief. An effectual NBFI sector besides acts as systemic risk mitigation and subsidizes to the goal of monetary stability within the economy.

Key functions of the NBFI's are as follows:

1**. Financial Intermediation:**

The foremost basic work of the non-bank monetary middle people is that the allotment of reserves from the borrowers to the investors. Financial intermediation is sensibly estimated and less well-off to both little trade and small borrowers,

(a) It conveys stores to little dealings that it's tricky to offer pillories and bonds due to extraordinary exchange costs,

(b) It so also helps the minor gatherers by amassing their reserves and changing their investments.

2. **Economic Basis of monetary Intermediation:**

Hold of reserves by monetary mediators is assist prudent and more strong than that by the discrete riches merchants much appreciated to the detail that monetary intermediation is predicated on (a) The law of colossal numbers and (b) Economies of scale in portfolio administration.

(a) The law of huge numbers:

Financial intermediaries work the thought of the measurable law of gigantic numbers. in keeping with this law, not all the lenders will pull back their reserves from these lessons. Besides, on the off chance that a few leasers are pulling back cash, a few others might moreover be keeping cash. However once more, the budgetary mediators other than getting steady intrigued installments on credits or speculations made by them these components empower the money-related mediators to remain in cash as it were a small division of the reserves given by the lenders and loan or contribute the leftover portion.

(b) Economies of Scale:

A huge degree of resource portfolios licenses the monetary middle people to procure various economies of scale in portfolio administration. The foremost economies are: • Reduction of risk through portfolio diversification • Employment of efficient and professional managers •

Low administrative cost of huge loans and • Low costs of the firm, information, and transactions.

3. **Inducement to Save:**

Non-bank financial intermediaries play a vital part in advancing reserve funds inside the nation. Savers require stores of purport to carry their reserve funds in. These educate give a huge run of financial resources as store profitable and make accessible master budgetary administrations to the savers. As stores imperative, the money related resources have certain uncommon preferences over substantial resources (such as physical capital, inventories of items, etc.). They're effectively storable, more fluid, more effortlessly separable, and less hazardous. The saving-income proportion is emphatically related with both money related teach and budgetary resources; monetary advance actuates bigger reserve funds out of the indistinguishable level of genuine wage.

4. **Mobilization of Savings:**

Mobilization of investment funds takes put when the savers hold investment funds inside the sort of cash, bank stores, post office investment funds stores, life affirmation approaches, bills, bond's value offers, etc. NBFI offers an exceedingly competent instrument for mobilizing investment funds. There are two shapes of NBFITs included within the mobilization of savings;

(a) Depository Intermediaries, like reserve funds and advance affiliations, credit unions, common sparing banks, etc. These educate mobilize little reserve funds and supply tall liquidity of funds.

(b) Contractual intermediaries like protections companies, open provident stores, annuity reserves, etc. These educate enter into a contract with savers and supply them different styles of benefits over the long periods.

In Bangladesh, the legally binding mediators do not appear to be beneath the NBFI. As it were safe middle people are directed beneath the Financial Institutions Act 1993 and thus the Monetary Educate Prudential Direction Act 1994.

5**. Investment of Funds:**

The foremost impartial of NBFI’s is to receive incomes by capitalizing on the organized reserves. For this persistence, these establishments trail diverse investment strategies. For instance, reserves and loan relations, mutual savings banks invest in mortgages, though insurance companies invest shackled and securities.

4.7 ROLE OF NBFI’s

BFI’s complement banks in giving money related offices to individuals and firms. They will donate competition for banks interior the course of action of those organizations. Though banks may offer a bunch of money related organizations as a bundle deal, NBFI’s unbundle these organizations, fitting their organizations to particular bunches. Furthermore, person NBFI’s may concentrate on a particular segment, picking up an enlightening advantage. Through this unbundling, coordinating, and specializing, NBFI’s underwrite contention contained by the budgetary administration industry.

A multi-faceted national economy, that has non-bank budgetary educate, can guard economies against money related shivers and get over those blows. NBFI’s give numerous options to redesign an economy’s investment funds into capital speculation, which act as reinforcement offices ought to the primary sort of intermediation, fall flat. The institution division works as a catalyst to the financial handle of the nation. This segment has been contributing towards expanding both the standard and amount of financial administrations and hence improving money related intermediation to fulfill the developing needs of speculations inside the nation. The NBFI’s run in parallel to the ordinary deposit-taking commercial banks. NBFI’s incorporate, but aren't restricted to venture banks, Advancement Monetary Educate (DFIs), protections companies, specialized credit educate, modarabas, common stores, renting companies, rebates and ensure houses, and capital companies.

4.8 CORPORATE SOCIAL RESPONSIBILITY OF NBFI'S:

NBFI's are not anymore unfamiliar to the people of Bangladesh because of their various CSR programs over the years since the financial organization took this as a tool of its growth strategy. Currently, Bangladesh Bank has prepared it obligatory for Banks to place due prominence on CSR and brought institutional phases of observing such activities periodically. A variety of NBFI's has taken several innovative CSR programs and their further efforts on liquidating social responsibility have brought positive variations within the society complementing the government's exertions. Embracing CSR begins with the verdict at the very best corporate level (board of directors) and approval of action programs and performance targets preferred in review processes concerning the inner and external stakeholders apprehensive. The CSR programs taken by some leading NBFI's include Eye Camp, support to flood victims and other religious and women's empowerment events, emission of Co2 from the environment, etc.

As a part of the world economy, Bangladesh to boot cognizant of the need to require a positive activity to decide a picture of ecologically and socially capable businesses. CSR as thought is being continuously joined into the mind of neighborhood businesses. In any case, the strategy is moderate, and as it was in its earliest stages. In most of the cases, CSR hones do not appear to be especially surrounded inside the context of seeing to that that the cash being given as corporate gifts had been a portion of a feasible community improvement exertion. Here NBFI's are moving quickly with the bolster of universal benefactor offices counting the UN and the Worldwide Bank for Reproduction and Improvement.

Calamity alleviation and recovery got to be the portion over the long time where the leading number of NBFI's taken an interest to help in case the sufferings of the influenced individuals. Inside the current setting, there's a wanted move from the customarily well-known areas of instruction or wellbeing. More than some NBFI's have familiarized micro-finance for the target bunches, like destitute agriculturists, landless laborers, ladies business visionaries, rootless ghetto individuals, incapacitated individuals, etc. Increasingly companies have taken different activities for underprivileged but commendable understudies for the influence of their ponders, instead of giving one-time acknowledgment grants to great entertainers. A few companies incline toward supplying a proceeded asset for keeping up working costs of wellbeing care organizations.

4.9 COMMERCIAL BANK (V/S) NON- BANKING FINANCIAL INSTITUTIONS:

While commercial banks and non-banking financial companies are both financial intermediaries (middleman) receiving deposits from public and lending them. Commercial bank is called as "Big brother" while the "NBFC" is called as the "Small brother. But there are some important differences between both of them, they are as follows:

No.	**Commercial Banks.**	**Non Bank Financial companies.**
1	**Issue of cheques:** In case of commercial banks, **a cheque can be issued** against bank deposits.	In case of NBFC's there is **no facility to issue cheques** against bank deposits.
2	**Rate of interest:** Commercial bank offer **lesser rate of interest** on deposits and charge **less** rate of **interest on loans** as compared to NBFC's.	NBFC's offer **higher rate of interest** on deposits and charge **higher** rate of **interest on loans** as compared to Commercial banks.
3	**Facilities provided by them:** Commercial banks can enjoy the **benefit of certain facilities** like deposit insurance cover facilities, refinancing facilities, etc.	NBFC's are **not given** such facilities.
4	**Law which governs them:** Commercial banks are **regulated by** Banking Regulation Act 1949 and RBI	NBFC's are regulated by different regulation such as **SEBI,** Companies Act, National Housing Bank, Unit Fund Act and RBI.
5	**Types of assets:** commercial banks **hold a variety of assets** in the form of loans, cash credit, bill of exchange, overdraft etc.	NBFC's specialize in **one types of asset.** For e.g.: Hire purchase companies specialize in consumer loans while Housing Finance Companies specialize in housing Finance only.

Figure-2

4.10 NBFI'S IN BANGLADESH

In Bangladesh, Non-bank financial institutions depict one of the foremost significant portions of an economic system. Out of 31 companies, 29 NBFI's are now functioning within the country.

The NBFI's division in Bangladesh comprising basically of the issue budgetary teach, renting undertakings, venture companies, dealer investors, etc. The financing modes of the NBFI's our long-run. Ordinarily, our charge money associated educate are convoluted in term loaning occasions, which are ordinarily unacquainted items for them. The wastefulness of BFIs in long-term advanced administration has as of now driven to a boundless volume of extraordinary advances in our nation. At this scenery, to affirm the stream of term credits and to fulfill the credit crevice, NBFI's have monstrous significance inside the economy. Besides, the non-bank budgetary range is exceptionally imperative to include the mobilization of term investment funds and to give care offices to the capital showcase.

The maneuvers of NBFI's in Bangladesh are organized by the Bangladesh bank. The allow of the specialist to have interaction in borrowing from the in general open is frequently upheld by such variables as the least capital necessity, quality of administration, compliance with the concerned laws, rules, and controls, and solidness of money-related standing. NBFI's may give advances to their individuals additionally the common open up to a specific sum and will to lock in believe capacities with the earlier authorization of the budgetary organization. they're not permitted to associate in trade exchanges. NBFI's are masters within the intermediation handle and their roots are frequently followed to the occasion of specialized financial institutions. Their existence and presence rely upon their aptitude to (a) offer indentures that serve the wants of expert customers, (b) maintain a variety amid the speed they pay money for funds and also the rate they receive which will support their costs, and (c) meet the obligation to suppliers of funds.

CHAPTER 5:

- **FINDINGS AND ANALYSIS**
    - **LIQUIDITY RATIOS**
    - **PROFITABILITY RATIOS**
    - **SOLVENCY RATIOS**
    - **MARKET PROSPECT RATIO**

5.1 FINDING AND ANALYSIS

In this section, I will examine the most vital part of this report which is the financial the situation of the Non-Banking Financial Institutions (NBFI). Normally to analyze financial statements or information, there are three various types of analysis, Horizontal Analysis, Vertical Analysis, and Ratio Analysis. For my assessment, I will implement a Ratio Analysis to analyze my topic. With the help of thirty (30) 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 the annual report of last five (5) years, from 31st December 2015 to 31st December

2019. These are the list of ratios which I am going to interpret to tell people about the financial the situation of NBFI of Bangladesh:

1. Current Ratio (Times)
2. Debt/Equity Ratio
3. Return on Equity
4. Return on Assets
5. Stock Dividend
6. EPS
7. Credit deposit ratio
8. Price Earnings Ratio (P/E Ratio)
9. Total Expense Ratio
10. Cash to Total Assets
11. ROI
12. Operating Profit Margin
13. Net Profit Margin
14. Dividend Yield
15. NPL to Total Loans and Advances
16. Dividend coverage ratio
17. Cash Reserve Ratio
18. Statutory Liquidity ratio
19. Dividend Payout Ratio
20. NAV Per Share
21. Net interest margin
22. Capital adequacy ratio
23. Cost to income ratio
24. Debt Ratio
25. Return on capital employed
26. Interest coverage ratio
27. Equity Multiplier
28. Equity Ratio
29. Debt to Asset Ratio
30. Debt to Capital Ratio

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

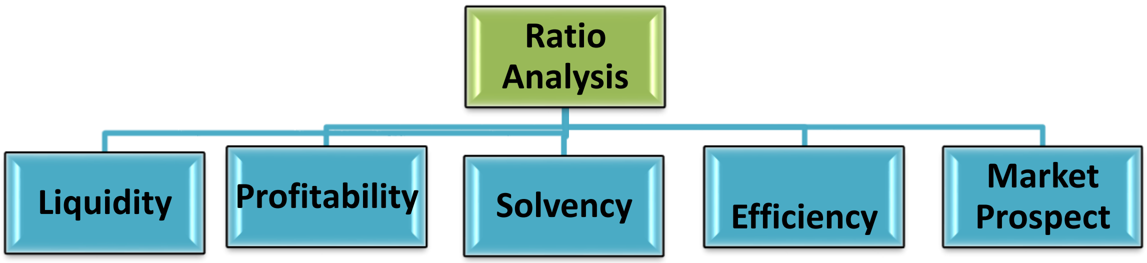

Figure-3

The lists of ratios mentioned on the previous page are divided into five types of ratios. In this report, I will try my best to analyze four varieties of ratios to interpret the situation of the financial performance of NBFI evidently so that anybody reading this paper would get a comprehensible perception about the operation and therefore would make a decision. Among all varieties of ratios, let's begin with Liquidity Ratios.

5.1.1 LIQUIDITY RATIO

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. The liquidity ratio for an association is its ability to deal with the duty. It refers to a company’s capability to convert assets into cash, invest it, or use it to pay off debts, without the help of external financing. Investors rely on the liquidity of the company to analyze its ability to perform credit paybacks A conventional liquidity ratio is much else noticeable than 1. It exhibits that the association is inadequate 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, Current Ratio, Statutory Liquidity ratio, Credit deposit ratio (CDR), Cash to Total Assets, Non-Performing Loan and Cash Reserve ratios will be discussed beginning with Current Ratio

<u>Current ratio</u>

The current ratio may be a liquidity proportion that measures a firm’s capacity to pay off its short-term liabilities with its current resources. The measurement is for one year. The high ratio is a good indication that the liabilities can be payable. It will help attract investors and will have a good impact on the economy. We can calculate it by dividing current assets by current liabilities.

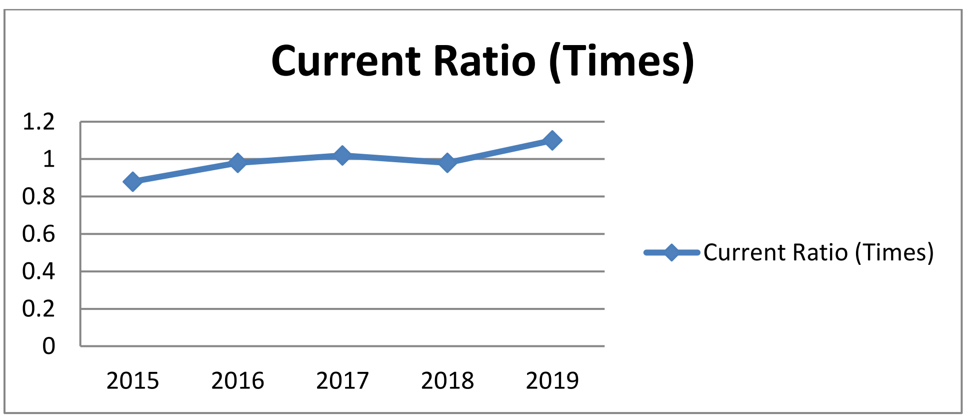

Figure-4

We can see the current ratio for NBFI increased in 2019 but it was in a steadier position in back three years. Moreover, the lowest was in 2015. The current ratio computation comes about in a sum more noteworthy than 1, it implies that the company has satisfactory current resources to settle its current liabilities. So in 2019, the current ratio tends to be in a good state than other years.

Statutory Liquidity Ratio (SLR)

Statutory Liquidity Ratio (SLR) can be described as a minimum amount of deposits a bank must maintain. The deposits, in this case, need to be in cash, securities, gold, etc. The amount bank needs to maintain is fixed by the central bank

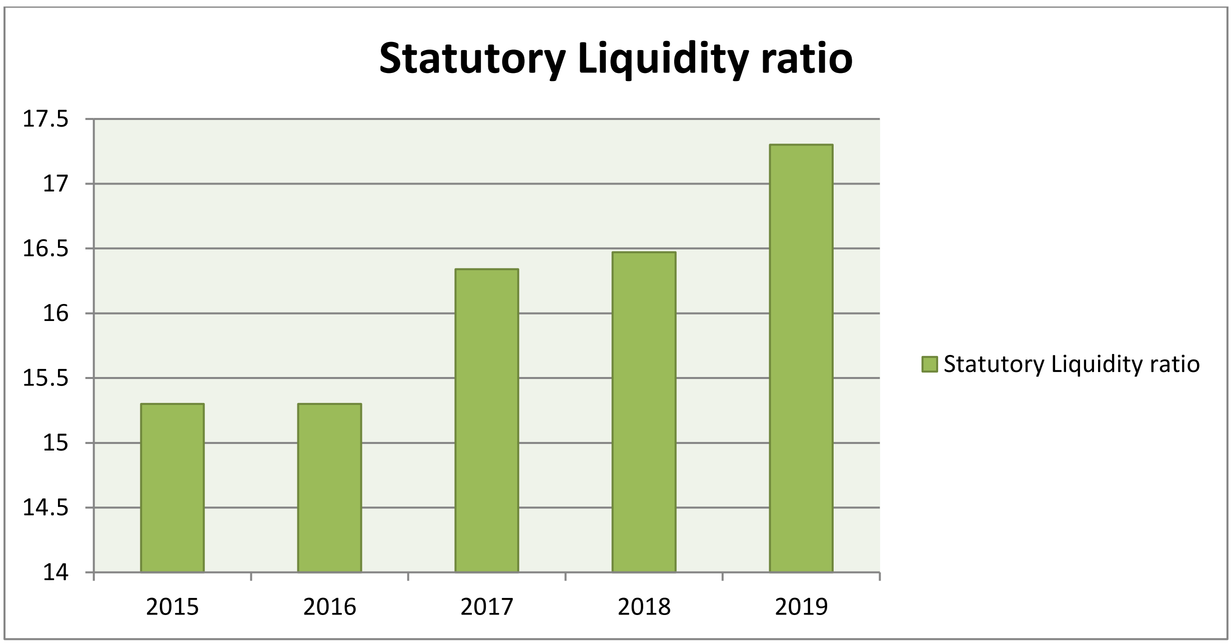

Figure-5

From the graph, it indicates the percentage ranges from 15% to 17.3% in the last 5 years. From 2015 to 2016, the SLR was around 15.3% and it drastically increased to 16.34% and consecutively over the years it grew and in 2019 it was 17.3%. SLR aims to maintain the solvency of all the banks, motivate banks to invest in bonds government securities such as bonds, and sometimes the SLR ratio is increased so the banks have less liquidity which is probably why we can notice that the ratio has increased from 2017 onwards.

Credit deposit ratio

Credit Deposit or also known as Loan-to-Deposit Ratio (LDR) measures the bank's capability to loan it's borrowers for every fund obtained from depositors.

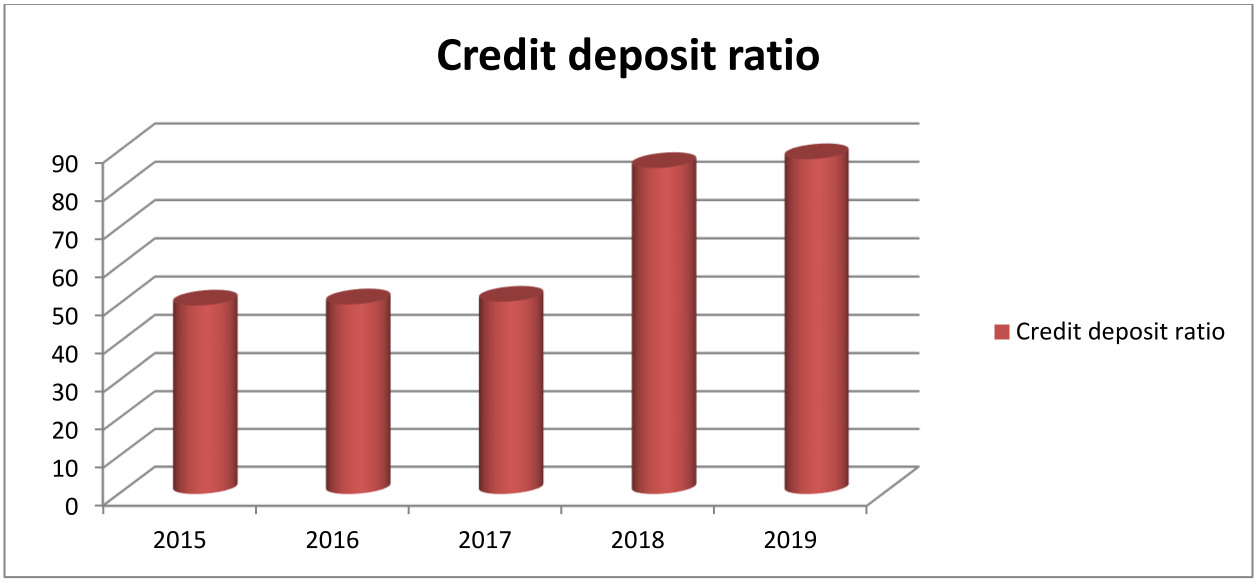

Figure-6

The graph shows us that in the initial three years, the percentage was steady. However, in the latest years, the percentage has increased with a percentage ranging from 85% to 87% from 2018 onwards. Normally this is the ideal ratio for LDR and if the percentage was more than 100%, it would mean the banks lend 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 can lend a good amount of loan but not more than it receives in deposits.

Cash to Total Assets

Cash to Total Assets measures the parcel of a business's resources held in cash or attractive securities. A high proportion could be a great marker of certain security from a creditor's point of see, but abundant sums of cash may be seen as wasteful. The abundance of liquidity may allude to the moo utilization of stores. This proportion is found by cash divided by total Assets.

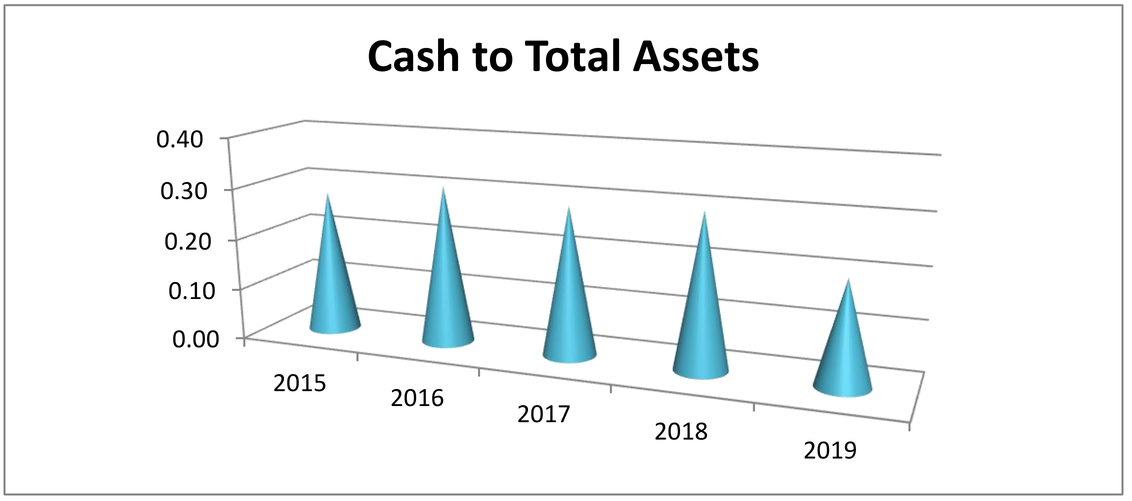

Figure-7

We know, a high ratio is a virtuous sign. The NBFI's ratio is shown to be well below 1. From 2015 to 2018 it showed around 0.3 but in 2019 it was 0.2 it means cash us being utilized more.

NPL to Total Loans and Advances (%)

Non-Performing Loan (NPL) can be explained as a loan in which the person who has taken the loan is unable to make timely payments or may have stopped making payments because he or she may be financially constraint. This is a loan in which the borrower is evasion and hasn't made any organized payments of principal or interest for a certain period.

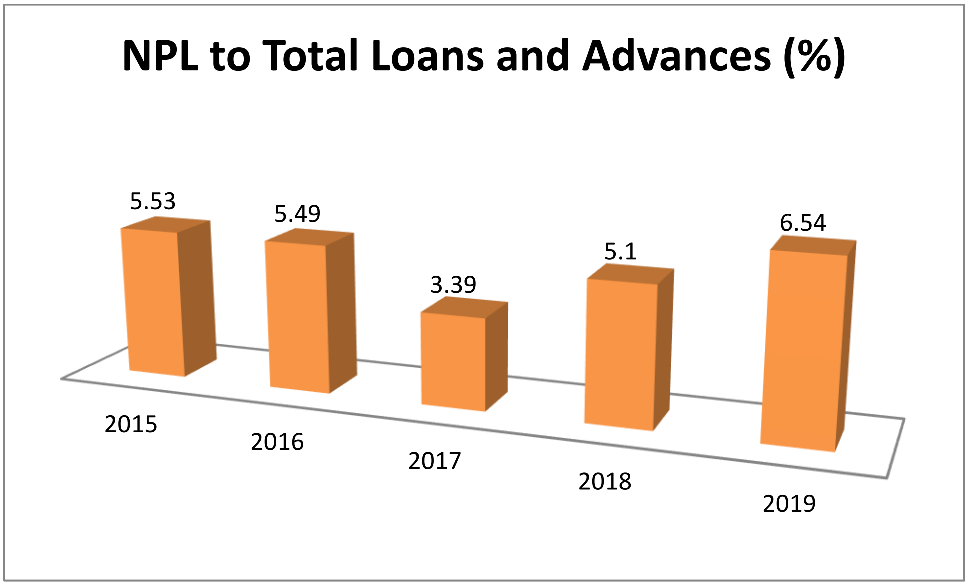

Figure-8

From the graph, it is noticed that the NPL percentage is steady and it ranges from 5.53 to 5.49% in 2015 and 2016. But a satisfactory sign can be seen in 2017 whereas the upcoming next two years indicate the percentage is colossal therefore it stands the borrowers' unable to pay in time is more which is not a pleasing sign.

Cash Reserve Ratio (CRR)

Cash Reserve Ratio (CRR) expresses a certain percentage of total deposits of clients that the country's central bank holds to meet the payment demands of the clients in times of necessary because by chance banks may be out of liquid cash to reward the depositors.

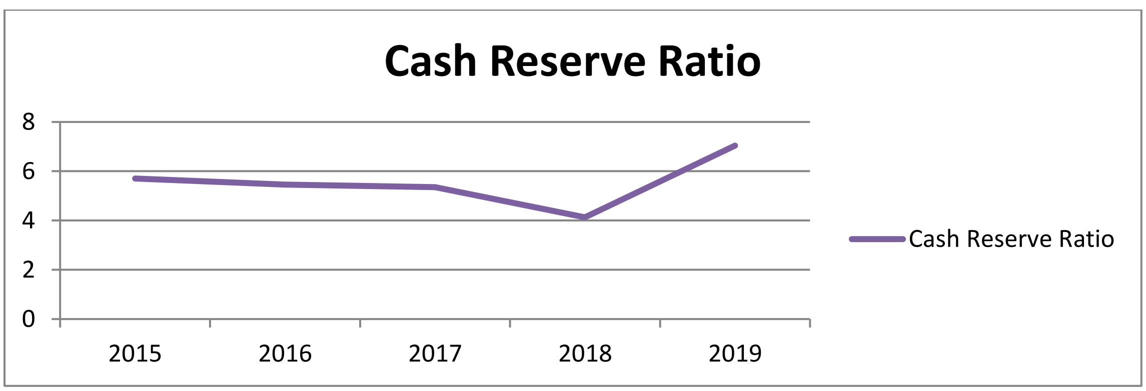

Figure-9

From the graph, we can find out that the percentage is steady which ranges from 5.71% to 5.35% over the last three years. However, in 2018 it shows a fall of 4.13% but it again increases to 7.04% more than before. 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.

5.1.2 PROFITABILITY RATIOS

Profitability ratios are budgetary estimations used by investors' to measure and survey the limit of an association to create benefits similar to income, accounting report assets, working costs, and speculators' incentive during a particular period. 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 about past periods. From part of Profitability, I will be analyzing Return on Equity, Return on Assets, Return on Investment, Operating Profit Margin, Net Profit Margin, Net interest margin, Net profit margin, Return on total assets, Return on Average Assets, Expense Ratio and Cost to income ratio originating the analysis with Return on Equity.

Return on Equity

The return on equity ratio or ROE is one of the benefit proportions that degree the capability of a firm to form profits from its shareholder's ventures within the company. It appears how much benefit each dollar of common stockholder value creates. It communicates the organization's capability to win or make a benefit from the ventures of the shareholders or shareholder's value. The higher the rate, the way better the capability of the bank to create salaries, benefits from the shareholder's speculation.

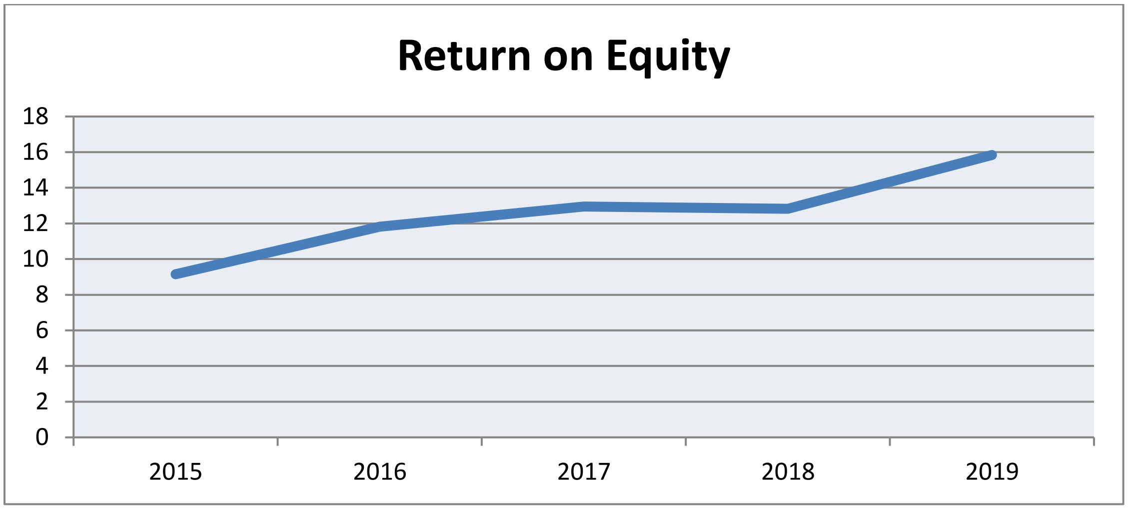

Figure-10

In 2019, the percentage was highest at 15.84 which are impressive that implies that the investors saw a 15.84 percent back on their funds which were invested. From 20115 to 2018, the percentage was steady but went down a bit from 15 percent, which may suggest the shareholders did not get a good return on their investments which could be very bad news Financial leverage increases a company's return on esteem so long as the after-tax brought of commitment is lower than its return on esteem. As benefits are inside the numerator of the return on esteem extent, growing benefits relative to esteem increases a company's return on esteem.

Return on Assets

Return on assets (ROA) is an indicator of how dynamic a company is relative to its add up to resources. ROA provides a supervisor, financial specialist, or examiner a thought as to how proficient a company's administration is at exploiting its resources to create profit. Return on assets is displayed as a rate. It is calculated by isolating net pay and add up to resources. Efficiency increments can result in a lower generation taken a toll per unit and an increment in a net edge that will drop to the bottom-line benefit. The higher benefit may cause the return on add up to resources to extend, indeed on the off chance that the new equipment increments the full resource base to some degree.

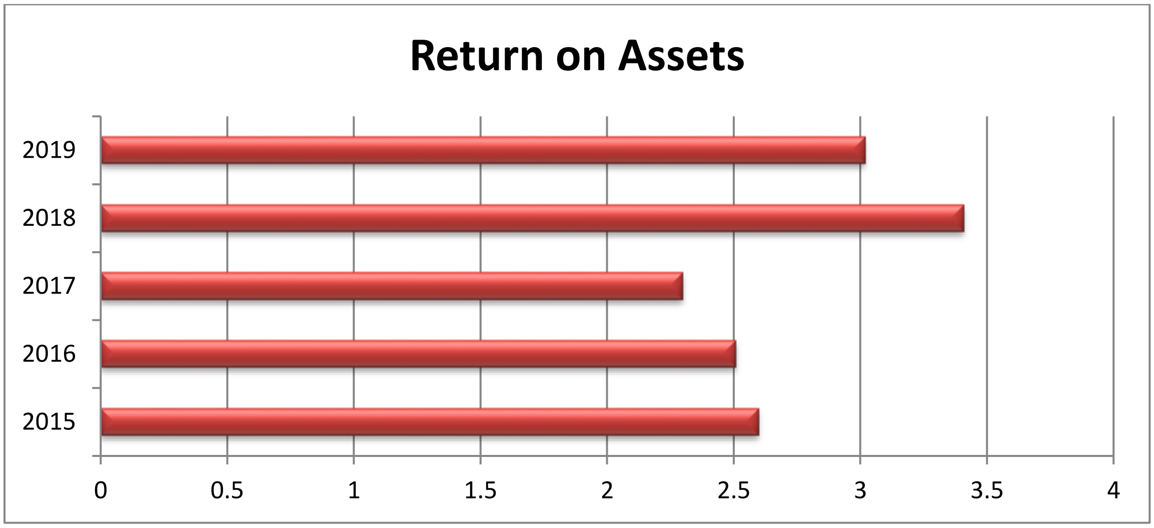

Figure-11

After observing the graph, we noticed that in 2015, ROA was 2.6% and in the next consecutive years it was 2.51 and 2.3. However, next year, it improved somewhat to 3.41%, and thereafter; it gradually lessened to 3.02% respectively. To improve the ROA, NBFI's have to initiate either minimize expense ratio or maximize Asset Utilization Ratio.

Return on Investment (ROI)

Return on Investment measures the gain or misfortune delivered on speculation relative to the sum of cash contributed. Numerous examiners and financial specialists like to utilize the ROI metric since of its flexibility and straightforwardness. ROI bargains with the money you contribute within the company and the return you realize that cash based on the net benefit of the commerce. It works as a fast gauge of an investment's productivity. It can be deciphered as a benefit or misfortune created on the venture made by the shareholders.

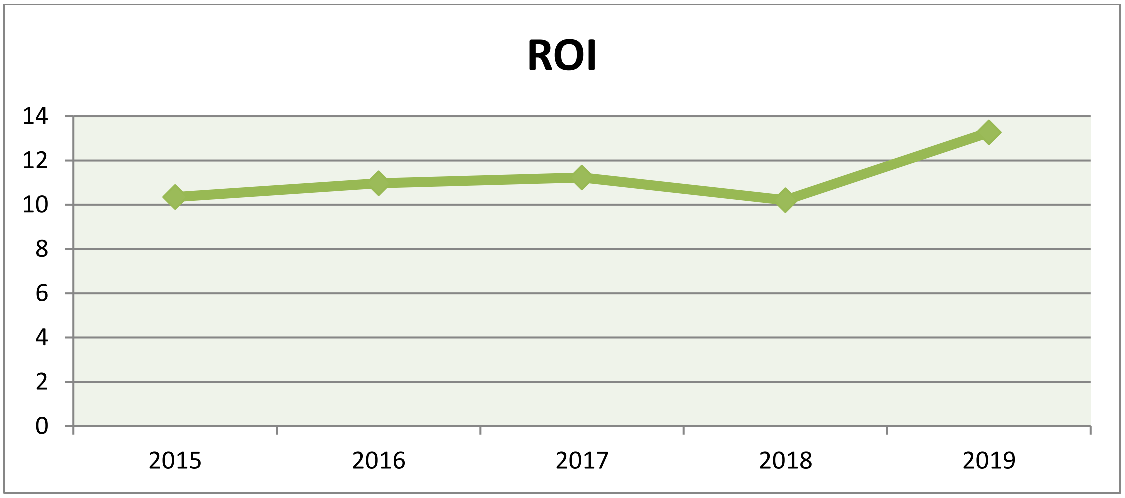

Figure-12

The higher the percentage, the better in the sense that more profits are being able to make from investments so from the graph, it is noticed that Year 2019 was very successful because the percentage was 13.27% which is an impressive return. The return has always been positive and in the initial four years of the date, the return was more than 10%. The higher the return on investment ratio, the further resourcefully the company is using its asset vile to produce sales. This company shows a gradual improvement in its return on investment.

Operating Profit Margin

The operating margin ratio uncovered how much incomes are cleared out over after the complete variable (cost of goods sold) or working costs have been paid. It is utilized as an estimation of benchmarking one company against comparative companies inside the same industry since it can uncover the best entertainers inside an industry and appear the requirement for assist inquire about concerning why a specific company is beating or dropping behind. It measures how much advantage a company makes on a dollar of bargains, after paying for variable costs of an era, such as recompense and unrefined materials, but at some point as of late-paying charmed or charge. It is calculated by isolating a company's working advantage from its net bargains.

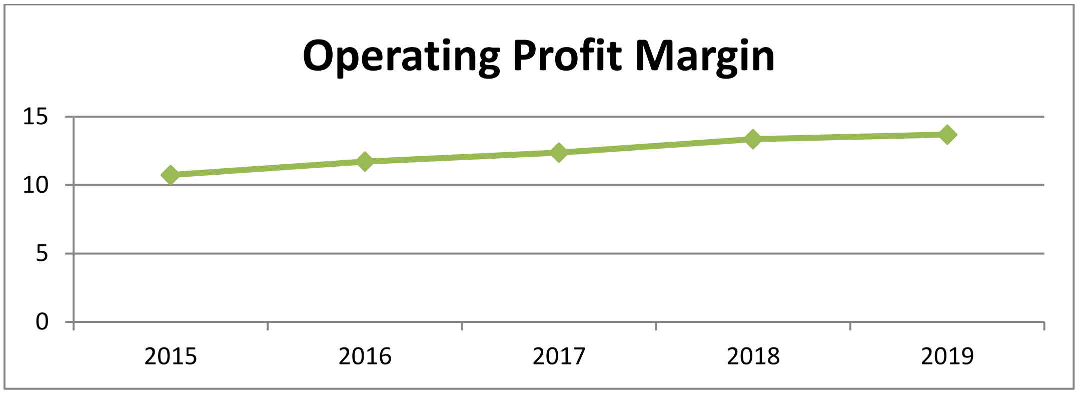

Figure-13

Here, we observed that at an initial level that is in 2015, the operating margin was 10.74% but in 2016, 2017, and 2018 it increased to 11.71%, 12.36%, and 13.35%. Thereafter it has become steadier slightly and was 13.69%. The higher the margin that a company has the lesser amount of financial risk it has as associated with a lower ratio. After analyzing we can tell that this NBFI's maintaining a stable operating profit margin.

Net Profit Margin

The net profit margin is the proportion of net benefits to incomes for a company or trade portion. Net benefit edge is frequently linked as a rate but can too be spoken to in decimal shape. The net profit margin frameworks how much of each dollar in income collected by a company deciphers into a benefit.

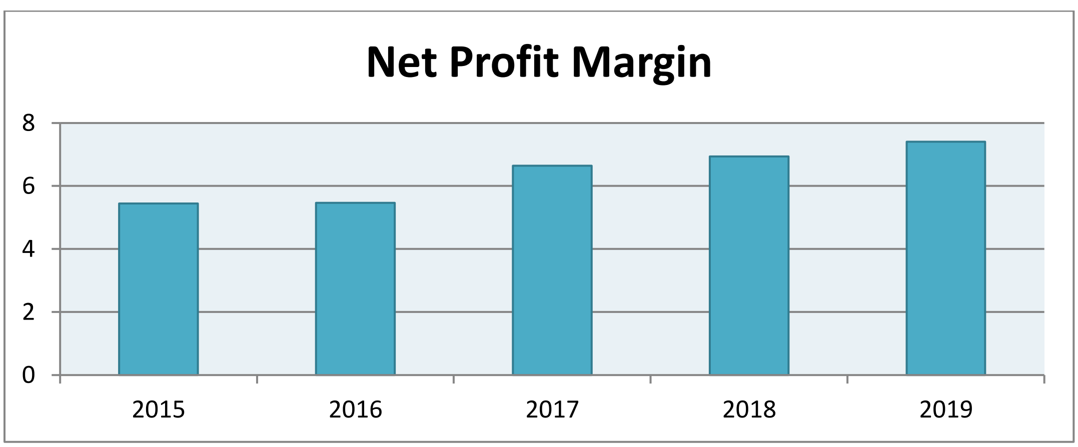

Figure-14

Any alter that increments deals or diminishes costs comes about in an expanded benefit edge. Net margin measures the productivity of a firm by partitioning its net benefit by add up to deals.

A firm contains a competitive advantage when its net edge surpasses that of its industry. NBFI's can increment the Net profit margin by expanding incomes. Here we noticed that the level Net Profit Margin in 2015 was 5.45% and was steadier to 5.47% in the subsequent year. However, in the next two years, it shows a percentage of over 6.5. Lastly, in 2019 it becomes increase somewhat to 7.41%.

Net interest margin

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 the interest of the loans given away and in contrast, they pay interest to the clients with a savings account.

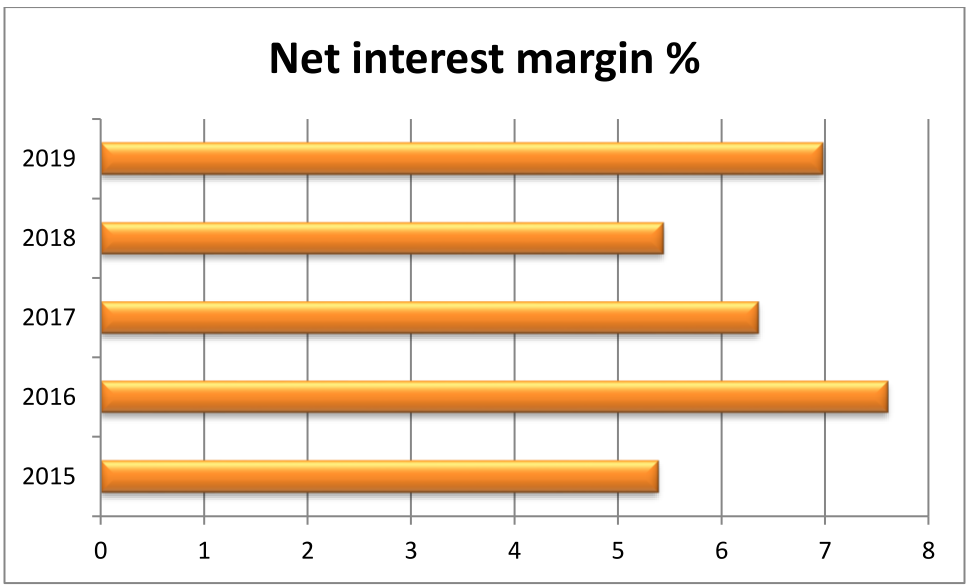

Figure-15

From the graph, we can spot the percentage is always positive and always are above 5%. However, the highest percentage was in 2016 of 7.61. This indicates the investors 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.

Return on capital employed

Return on capital employed (ROCE) could be a productivity proportion that calculates how appropriately a company can create assistance from its capital exploited by associating net operating profit to capital employed. In other words, the return on capital developed demonstrates to speculators how numerous dollars in aids each sum of capital employed creates.

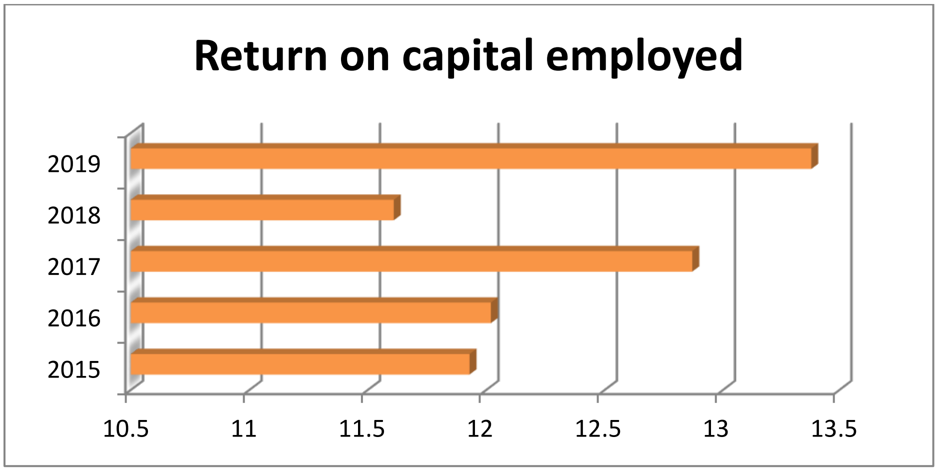

Figure-16

In 2015 and 2018, return on capital employed shows 11.93% and 11.61%; in the next two subsequent years, it was 12.02% and 12, 87% respectively. The highest percentage was in 2019 which was 13.38%. A higher ratio would be more promising because it means that more BDT of profits spawned by each BDT of capital employed.

Total Expense Ratio

The total expense ratio is the proportion between add up to support costs and total fund resources. It gives data concerning the full costs included yearly for venture reserves. The costs incorporate expenses like legitimate expenses, administration expenses, and other operational costs. It expresses the costs necessary to run a fund as a percentage. Any time a fund incurs higher or lower operating expenses, those are not necessarily directed to the actual production of a good or service.

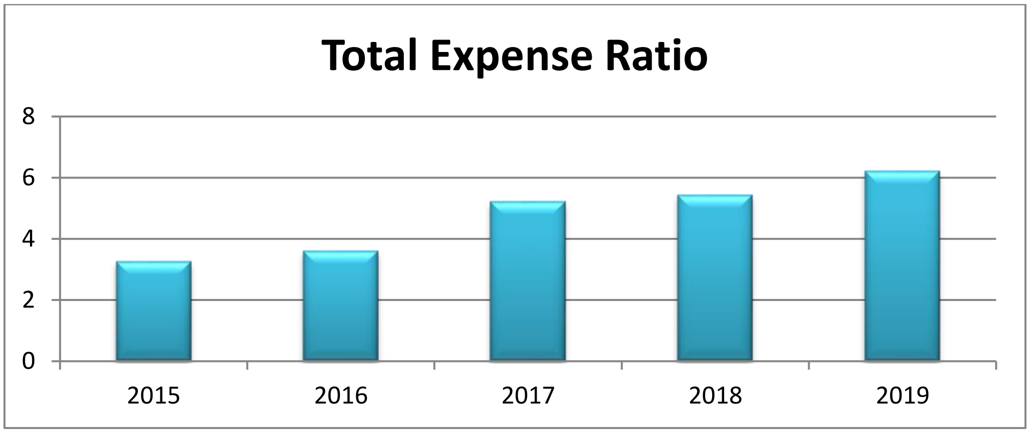

Figure-17

Here, we noticed that the level of Expense Ratio was 3.26 and 3.61 in 2015 and 201. However, a steady rise can be seen from the subsequent years. It was 5.22 and 5.43 in 2017 and the next year. The highest percentage was in 2019 at 6.21%.which is alarming for the company.

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 spending less to generate an income in the company.

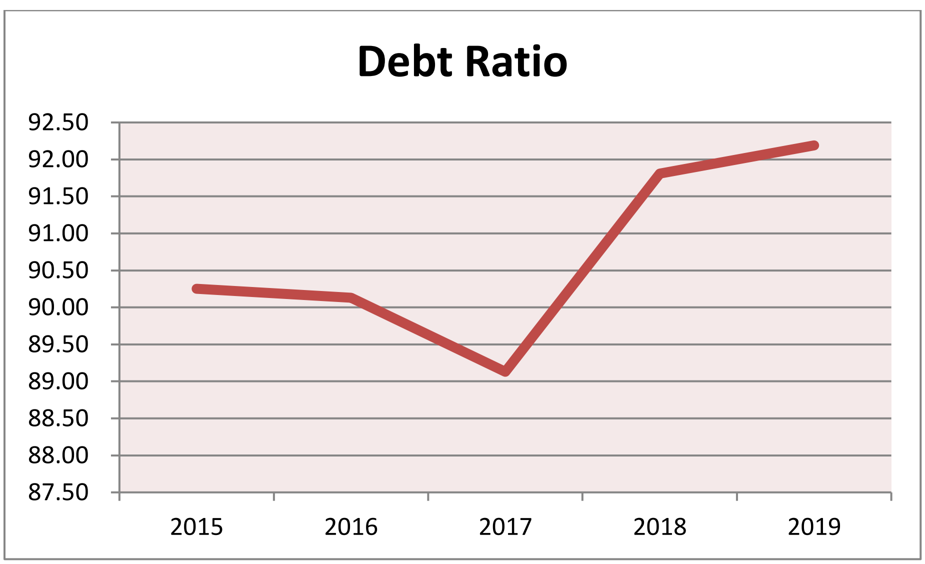

Figure-18

The graph above specifies that the ratio in general steady, normally ranging from 35.33% to 39.42% from 2015 to 2018 which implies that the ratio is competent for the NBFI's and it would be beneficial to invest. Although the percentage is almost similar, in the next two years it was 41.40% and 41.44%. As it was mentioned before, the lower the ratio, the better so it was most successful in terms of cost to income was in the previous years.

5.1.3 SOLVENCY RATIOS

The solvency ratio may be a key metric utilized to degree an enterprise's capacity to meet its commitment commitments and is utilized routinely by up and coming commerce moneylenders. The dissolvability extent appears whether a company's cash stream is satisfactory to meet its short-and long-term liabilities. It assesses 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 bank's 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/Equity Ratio, Debt to Asset Ratio, Debt to Capital Ratio, Assets to Equity ratio, Interest coverage ratio, Capital adequacy ratio, Equity Multiplier, and Equity Ratio will be analyzed commencing with Debt to Equity.

Debt/Equity Ratio

This ratio formula points to decide the sum of total obligation that incorporates both a short-term obligation and long-term obligation commerce has attempted to the Value and makes a difference in finding the whole use of the commerce. The Proportion makes a difference in distinguishing how much trade is supported by obligation compared to Value. The proportion is utilized to assess a company's monetary use. The D/E ratio is an imperative metric utilized in the corporate fund. It may be a degree of the degree to which a company is financing its operations through debt versus wholly-owned stores. More particularly, it reflects the capacity of shareholder value to shield all exceptional obligations within the case of a trade downturn.

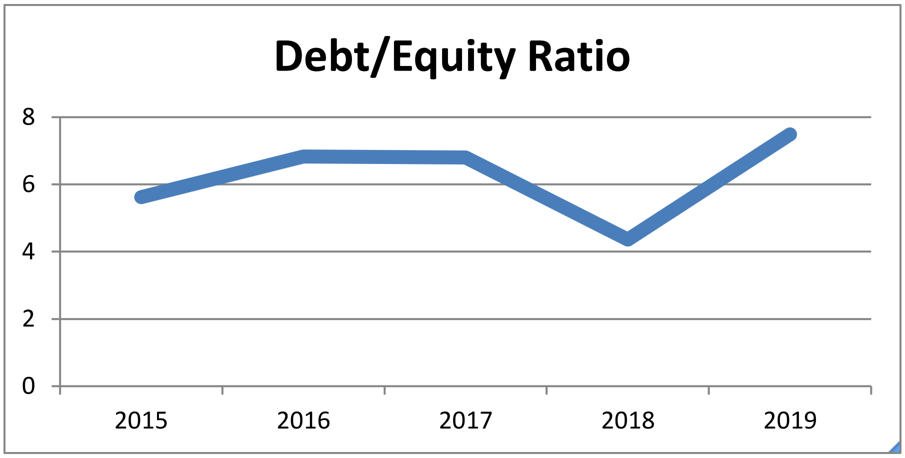

Figure-19

The ideal debt to equity ratio will diverge be contingent on the industry as some industries usage more debt financing than others. The graph shows NBFI had less debt compared to equity in the years 2015 and 2018 whereas from 2016 to 2017 it was quite in a steady position at 6.8 and abruptly in 2019 it stood to 7.49. It indicates that in recent years, the percentage has increased which signifies that the bank is financed more from creditors' help than the shareholders compared to the first few years which was 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.

Debt to Asset Ratio

This Ratio aims to decide the extent of add-up to resources of the company which incorporates both Current Resources and Non-Current Assets which are financed by Obligation and make a difference in evaluating the entire use of the trade. The higher the proportion, the higher the use and higher is the monetary hazard on account of an overwhelming obligation commitment (within the shape of Intrigued and Foremost Installments) on the portion of the commerce. It is calculated by total obligation isolated by add up to resources.

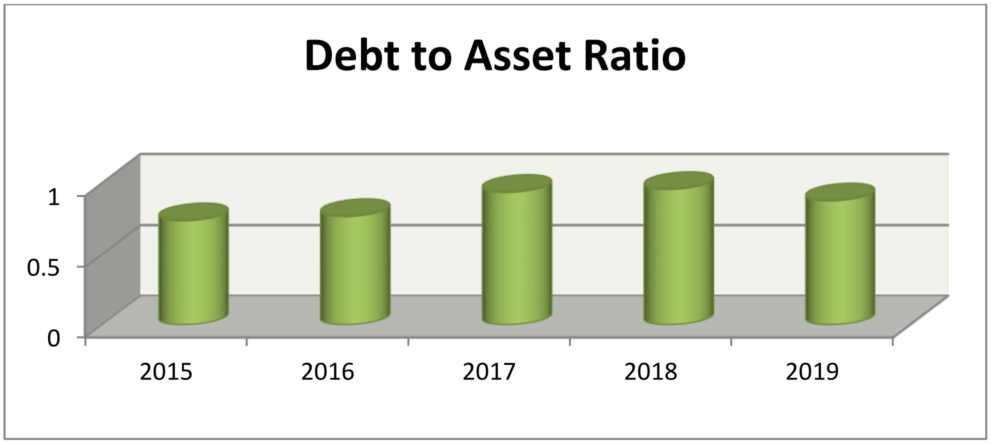

Figure-20

From the above graph, we can see the previous two years it was above 0.70. However, in the subsequent two years, 2017 to 2018 shows the highest debt to asset ratio. Though the next year it falls to 0.88 it can be count as a good amount as the lower ratio designates that the company is in a good condition in terms of a debt obligation. Here, we can see that in the earlier year, the condition is better rather than the recent years.

Debt to Capital Ratio

Debt to Capital Ratio is explained when a bank's total debt is divided by its total capital and in In this case, the total capital consists of total liabilities or debt added by the whole shareholder's equity. It helps analysts to figure out how much debt or liabilities it consists of a bank compared to shareholder's equity.

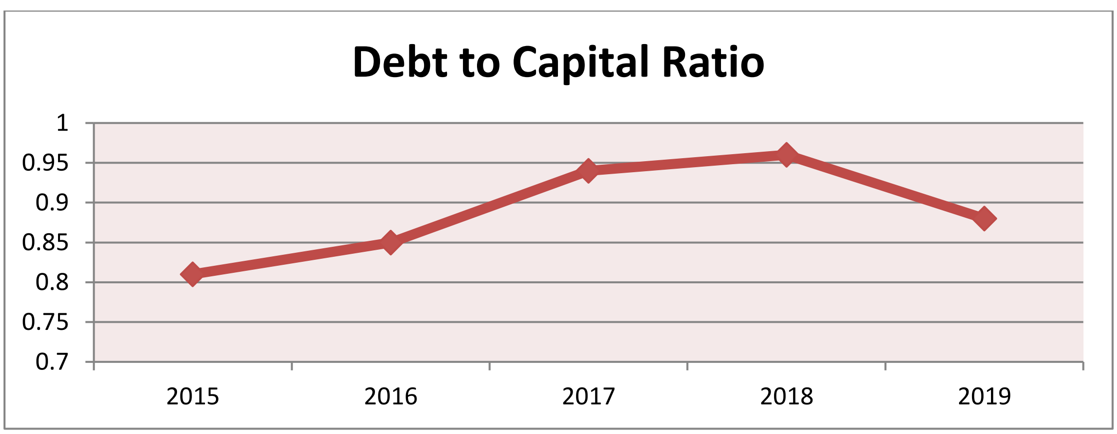

Figure-21

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 0.81 to 0.85 from 2015 to 2016 and in the next two years, it shows an upward trend by more than 0.90 but again in 2019 it alludes to 0.88.

Debt Ratio

Debt Ratio gives a proposition of how much assets an organization should sell to pay it's all of the organization's total liabilities. It shows the proportion of a company's assets that are financed through debt.

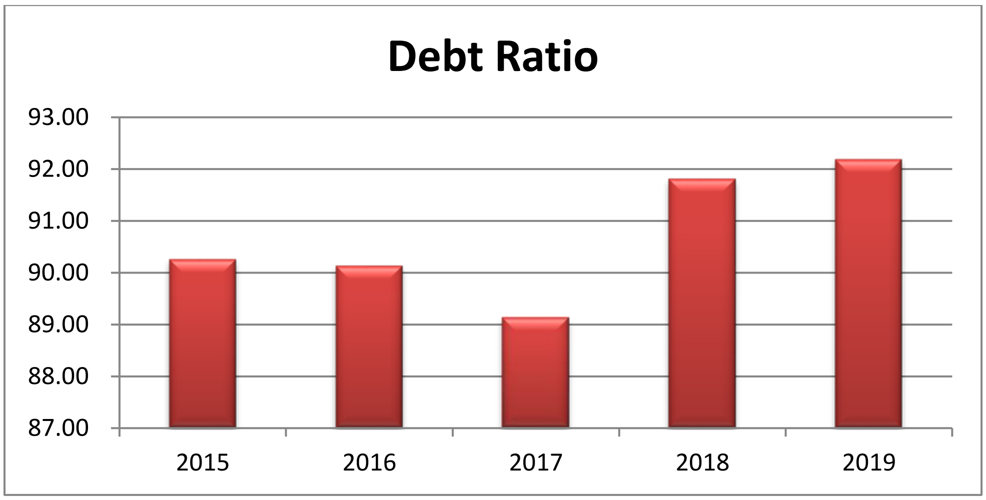

Figure-22

The graph shows that from 2015 to 2016, the percentage ranges from90.25% to 90.13% that 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% of properties to pay the liabilities. The recent two years 2018 to 2019 show over 90% rather than the lowest percentage to be seen in the year 89.13% in 2017. A much lower percentage or ratio would have been better but still, the organization is profitable which would motivate shareholders to invest.

Interest coverage ratio

The interest coverage ratio may be a financial ratio that measures a company's ability to create intrigued payments on its obligation expeditiously. Lenders and financial specialists utilize this computation to get it the benefit and chance of a company. It is calculated by profit some time recently intrigued and charge by the interest expense.

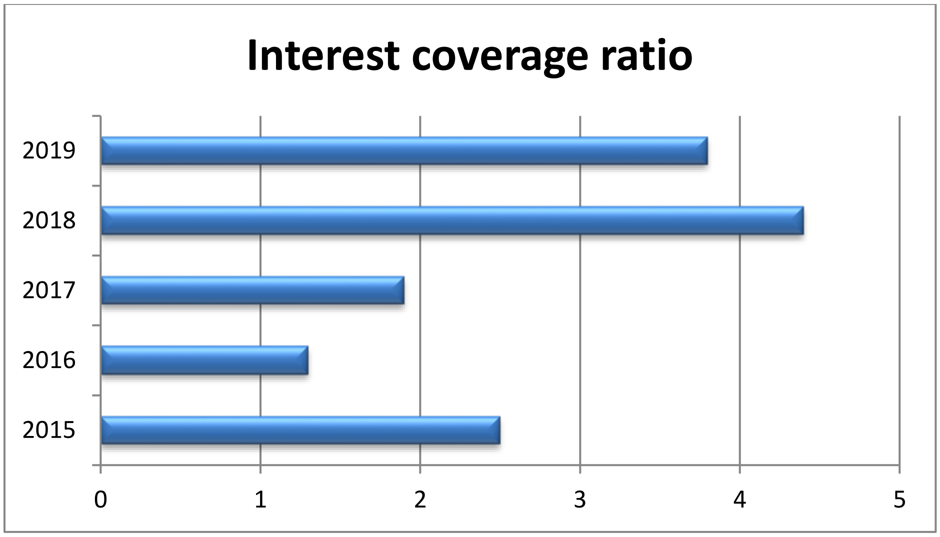

Figure-23

We know, the higher the interest coverage ratio, the greater the company does. From 2015 to 2017 it shows a ratio of 2.5, 1.3, and 1.9 consecutively which provides not a good indication for the NBFI's and they got a lot of work to do for the improvement but it tends to upsurge from the year 2018 to 4.4 and a steadier value in 2019.

Capital adequacy ratio

Capital Adequacy Ratio (CAR) can be explained as a measurement of a bank's total capital to the bank's whole risk-weighted assets. A percentage of Capital adequacy ratios suggest that a segment of capital is kept to handle risky assets. A risky asset can go absolute at any time and with the assistance of a segment of capital set aside apart, that capital would then be used to buy assets that were lost.

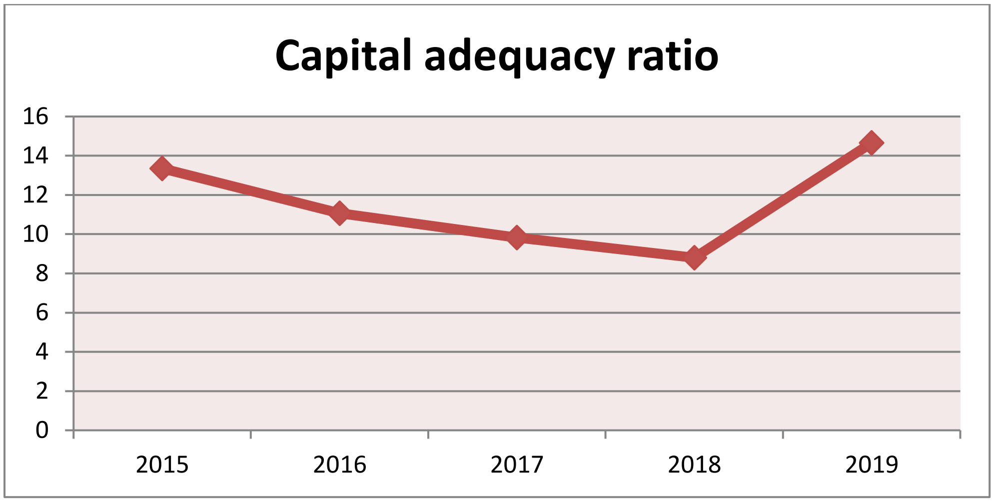

Figure-24

The graph indicates the highest 14.65% of the capital was set aside way in 2019, the second-highest year can be said in 2015 by 13.35%, and over the years from 2018 to 2016 capital's percentage was between 8.8% to 11.07%. Although in the last couple of years, the percentage had jumped to over 14.65% indicating funds are being kept aside to handle these risky types of assets. The percentage in this graph is reasonable, not so low and not so high. A higher percentage may suggest the NBFI's are not being to utilize its capital efficiently.

Equity Multiplier

The equity multiplier could be a financial use proportion that measures the number of a firm's resources that are financed by its shareholders by comparing add up to resources with add up to shareholder's value. In other words, the value multiplier appears as the rate of resources that are financed or owed by the shareholders. It assesses how much resources were financed by obligation or liabilities compare to shareholders' value.

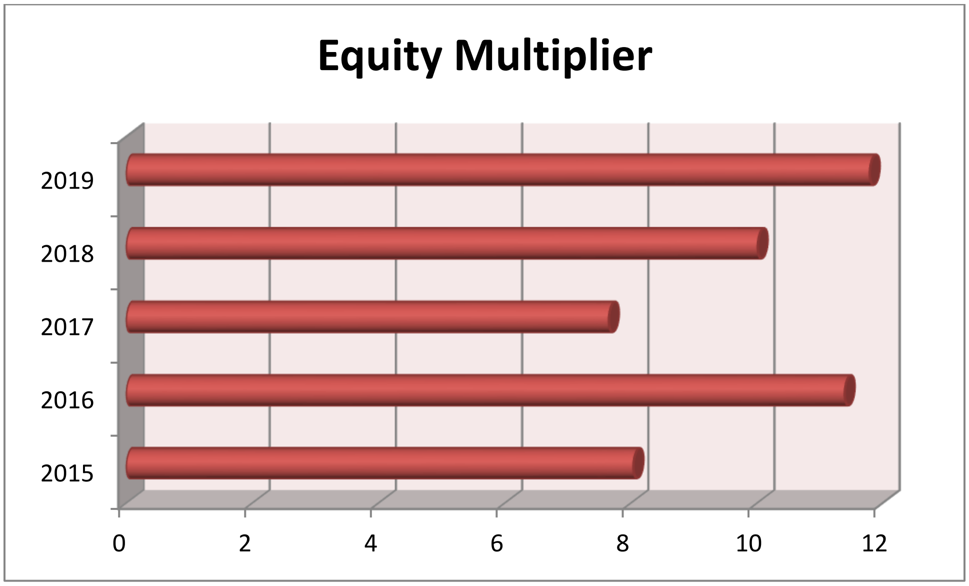

Figure-25

The percentage for the Equity Multiplier was the lowest in the year 2015 and 2017 by 8.04 and 7.65, indicating fewer assets were funded by liabilities than equity. The rest three years show a steadier rate of over 10%. A lower equity multiplier shows a company has lower monetary use. It is superior to have a moo value multiplier since which means a company should utilize less obligation to fund its resources. The equity multiplier is well off in 2015 and 2017. But the other three years show a slightly higher rate, which indicates higher financial leverage.

Equity Ratio

The equity ratio may be a monetary metric that measures the sum of use utilized by a company. It uses speculations in resources and the sum of value to decide how well a company oversees its obligations and stores its resource necessities. It expresses the connection between total assets and total equity of a bank as it calculates how much assets are financed by the shareholder's fund invested by them.

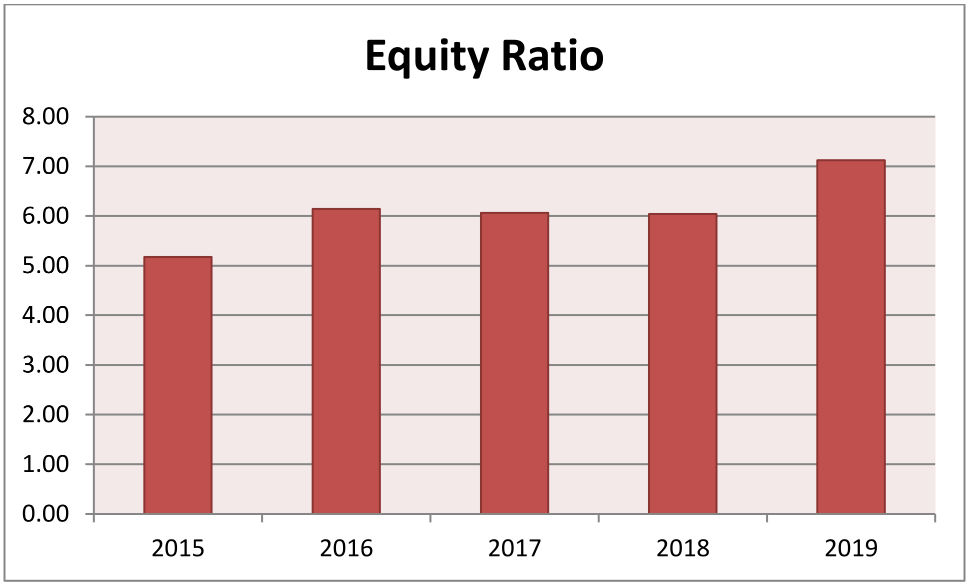

Figure-26

The graph shows us that the percentage lays 5.17% to 6.14% within the lowest of 6.04% in 2018. In the middle years, from 2015 to 2018, the ratio was between steady rates. The highest percentage shows in the recent year in 2019 by 7.12%. This shows it is favorable for shareholders to invest as their money is being made used effectively to finance assets. Also, a higher ratio indicates potential borrowers to take loans as the bank is sustainable and rely more on shareholders' investments.

5.1.4 MARKET VALUE RATIO

Market Value Ratios are used to differentiate open market associations' stock expenses and other cash related evaluations like salary and profit rates. Investors utilize market value ratios to look at stock worth examples and help figure with a 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 NFBI of Bangladesh, I will talk about Earnings per Share, Net Assets Value per Share, Dividend Coverage Ratio, Price Earnings Ratio, Dividend Payout Ratio, Dividend Yield and lastly Stock Dividend.

Earnings per Share (EPS)

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. It measures the sum of net income earned per share of stock extraordinary. Higher profit per share is continuously superior to a lower proportion since this implies the company is more productive and the company has more benefits to disseminate to its shareholders.

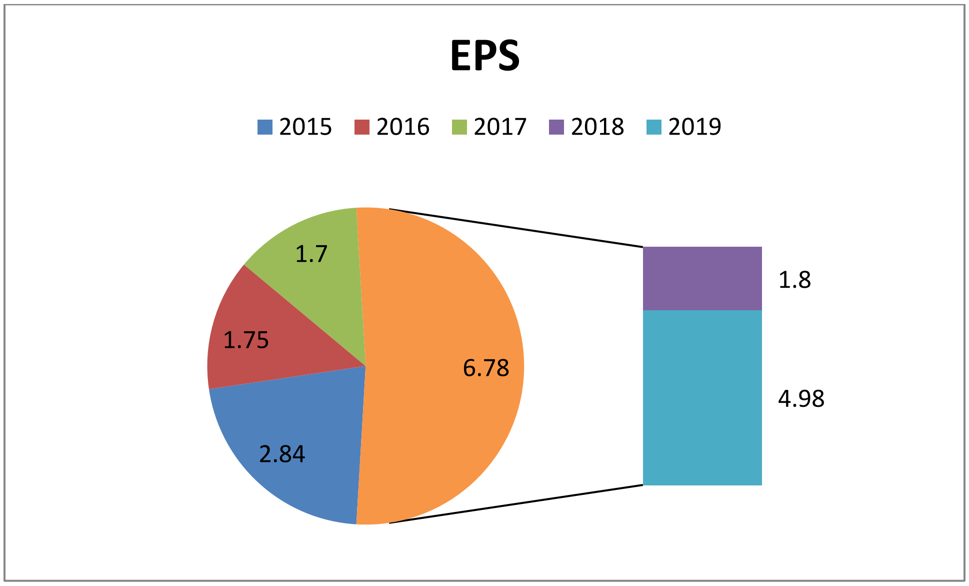

Figure-27

From the graph, it can be identified that in the initial years, the EPS was lower till 2018. A lower EPS can make investors feel worried about the future growth and earning power of the company. However, in 2019 the EPS tends to be seen in a good state at 6.78 which is double than before. Bank will most likely want to take a note of their EPS and would hope it increases to more than 3 per share, although any other value more than BDT 1 per share is still satisfactory.

Net Assets Value per Share (NAV)

The net asset value per share (NAV) is an expression for net resource esteem that speaks to the esteem per share. It can be clarified as the organization's reasonable esteem subtracted by the whole liabilities of the banks isolated by the volume of outstanding shares It is calculated by partitioning the whole net resource esteem of the support or company by the number of offers extraordinary

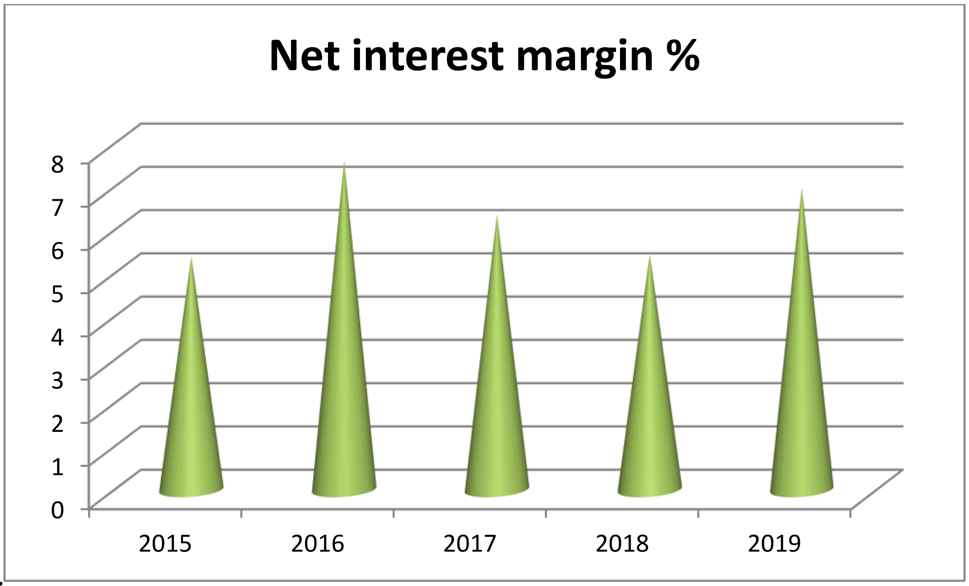

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Figure-28

From the above graph, it is noticed that the NAV is very close in numbers from 2015 to 2018 with the value ranges from BDT 9.29 to 12.42 per share. In 2017 and 2018. However, in 2019 the NAV shows the highest value that is 15.8. 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 2015 to 2018 but despite the upsurge in value in recent years, the performance has impacted greatly. As we know, 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

Dividend Coverage Ratio

The Dividend Coverage Ratio may be a monetary metric that measures the number of times that a company can pay profits to its shareholders. The profit scope proportion is the proportion of the company's net wage separated by the profit paid to shareholders. It 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 reward its dividends to the shareholders.

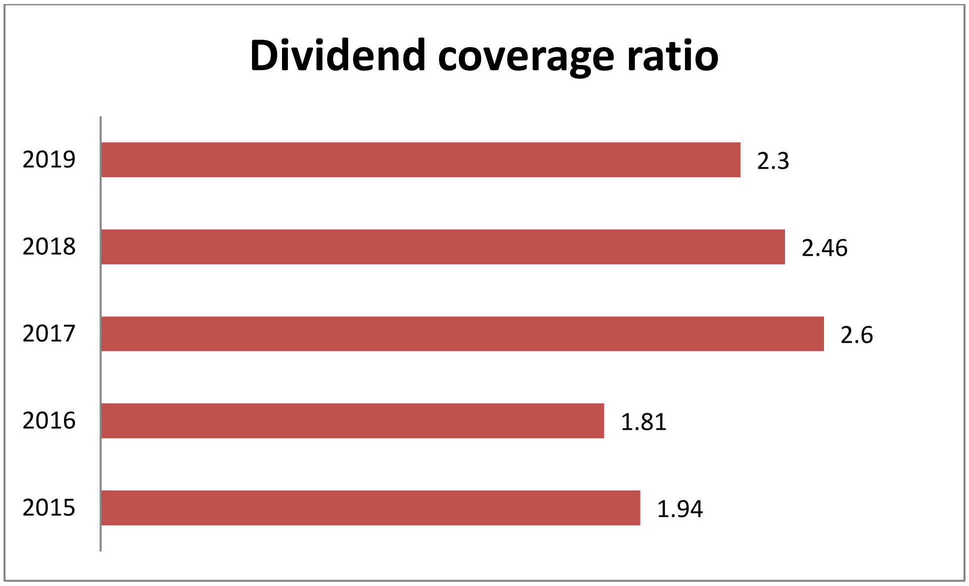

Figure-29

We know any value above 1 indicates the income produced by the bank is enough to grant their shareholders their dividend. From the graph we can say the performance of the NBFI has been good with the ratio was above 1 every year from 2015 to 2019. However, from 2017 it shoes above 2 which is a good sign. NBFI' managed an impressive value above 2 in the very next year meaning that the proportion of dividend disbursements increased significantly which was satisfactory news for the shareholders. Although the ratio has been less than 2 in the last two years, the dividend outgoings have still been satisfactory which signals good profitability for the bank in the future.

<u>Price Earnings Ratio (P/E)</u>

The price-to-earnings proportion or P/E is one of the foremost widely-used stock investigation devices utilized by speculators and investigators for deciding the stock valuation. The Cost Profit Proportion (P/E Proportion) is the relationship between a company's stock cost and profit per share. In pith, the price-earnings proportion shows the sum a speculator can anticipate to invest in a company to get off that company's profit. Cost Profit (P/E) is the proportion of esteeming a company that measures its current share cost relative to its per-share profit. The price-earnings proportion is additionally some of the time known as the cost numerous or the profit different.

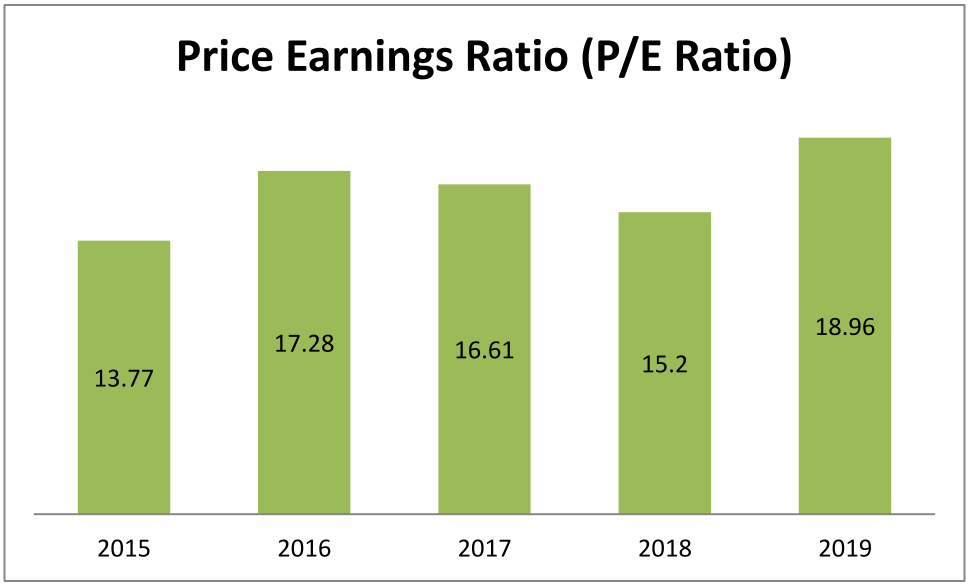

Figure-30

We know, the better the ratio, the better the indication of the positive performance of the bank in the future. The former years it shows 13.77 in 2015 and rises significantly to 17.28 in the subsequent year with a slight fall in the next years but in 2019 it sharply rises to 18.96 which is good, meaning shareholders will like to pay more than BDT 18.96 for each taka of income. But the past year's values indicate although the current value is good, it could have been much better by having a stare at the past performance of this bank. A company with a high P/E proportion ordinarily demonstrated positive future execution and speculators are willing to pay more for this company's offers. A company with a lower proportion, on the other hand, is more often than not a sign of destitute current and future execution.

Dividend Payout Ratio

Dividend Payout Ratio communicates a rate of the company's net benefit which is normally distributed to the financial specialists after the year within the frame of dividends. Investors are especially fascinated by the profit payout proportion since they need to know if companies are paying out a sensible parcel of net salary to them or not.

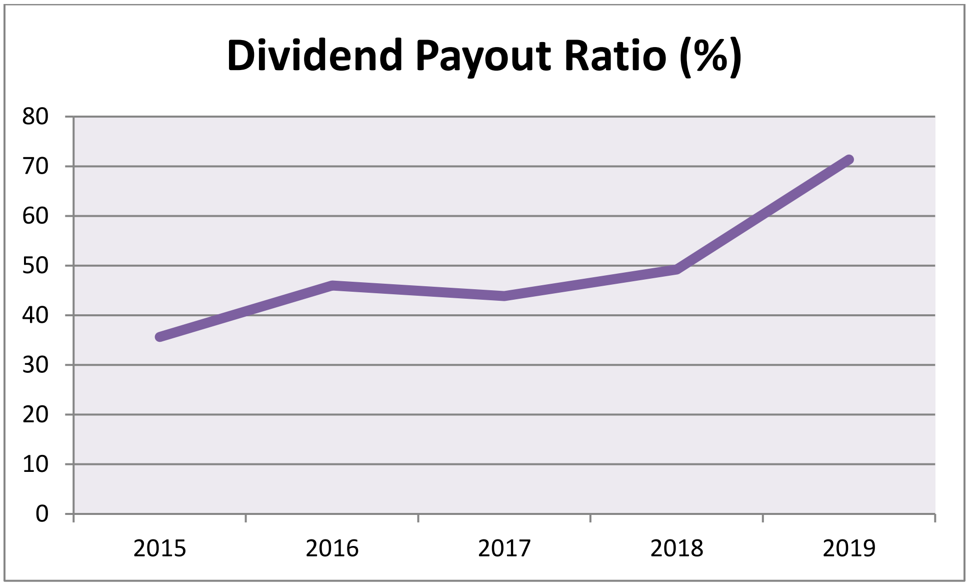

Figure-31

From 2015 to 2016 the ratio was very healthy, was on an upward slope, and kept increasing but suddenly in 2017, it went down a bit. From 2018 again, the ratio rose and slowly it kept increasing. In the very latest year, 71.36% was the best performance among the last five years which is an admirable summary for both the NBFI's and the investors. A higher dividend payout ratio like this one will encourage investors to invest in the hope of getting good returns in the form of dividends at the end of a period. As financial specialists are concerned with economical patterns, a company that contains a descending slant of payouts is disturbing to speculators.

Dividend Yield

Profit Yield can be clarified when the company's profit gets isolated by the current price of the stock. The higher the rate, the way better it is for the company. Numerous financial specialists see to dividend-paying stocks to produce wage in expansion to capital picks up. A high profit abdicates, be that as it may, may not continuously be a great sign, since the company is returning so numerous benefits to speculators instead of developing the company.

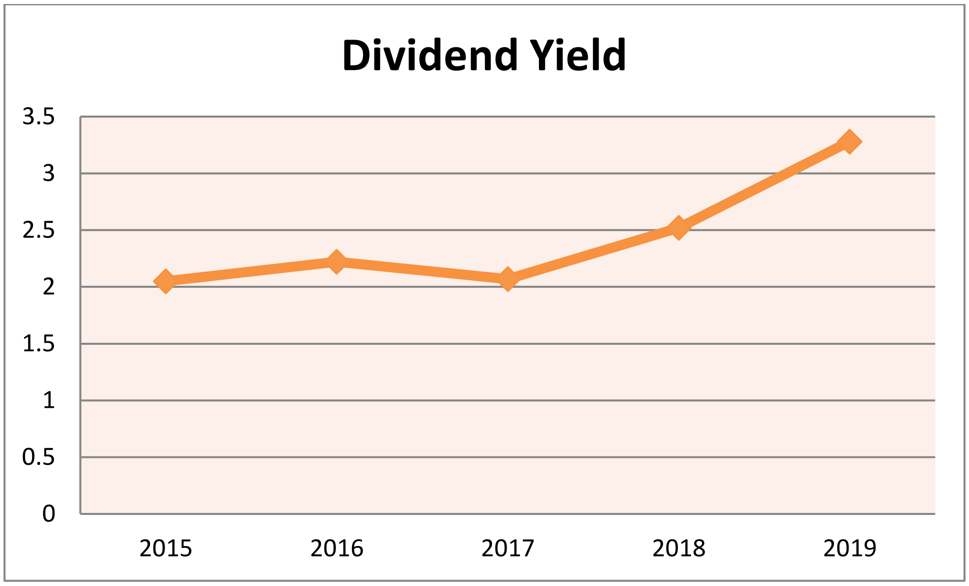

Figure-32

We can identify from the graph that Dividend Yield's performance was ranging from 2.05 to 2.22% from 2015 to 2016, then the next year it decreased and then for the very next two years, it rises again. In 2019 the performance has been excellent as the best Dividend Yield performance came in that year with a 3.28% yield, much better than the second-best 2.52% in 2018. By staring at the latest year's performance, investors would be happy to know they will be getting a good portion of dividends for every BDT that the current stock is valued.

Stock Dividend

A stock dividend, a strategy utilized by companies to convey riches to shareholders, maybe a profit payment made within the form of offers instead of cash. Stock profits are fundamentally issued rather than cash profits when the company is low on liquid cash on hand. It 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.

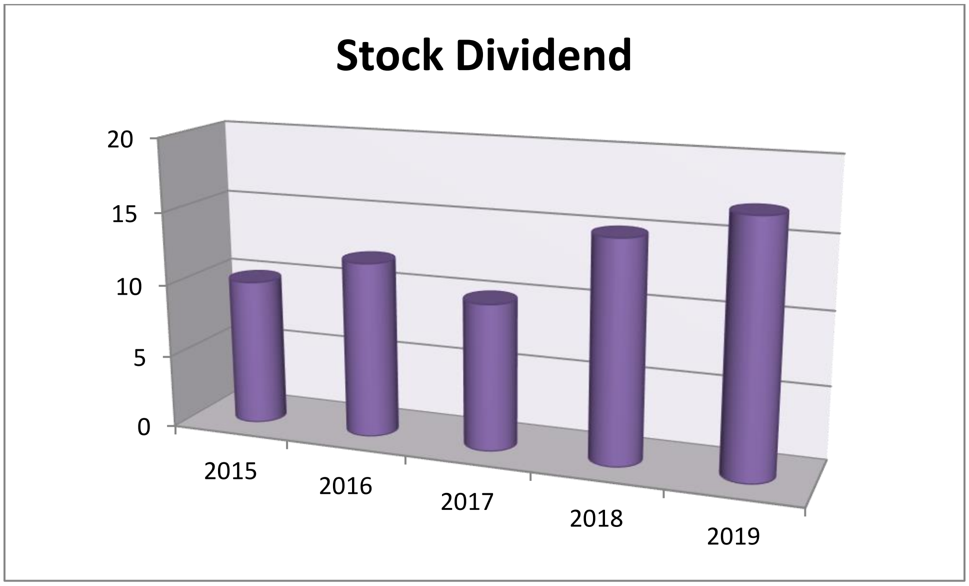

Figure-33

In the graph given above, it can be detected that ¼th of the whole dividends were given in the form of stocks which could mean NBFi's may not have enough cash or may not have made enough profit to pay dividends in cash but in the last five years. The stock dividend increases to 17% that gives a hint that there have been lots of cash to pay the investors in the form of cash instead of stocks.

CHAPTER 6:

- **CONCLUSION**
- **RECOMMENDATIONS**

6.1 CONCLUSION

Banks and Non-Bank Financial Institutions are mutually key components of a sound and constant financial framework. NBFI's of Bangladesh have as of now conceded more than two and a half decades of operation. It is motivating that the NBFI sector's implication is being acknowledged over FI showcase components as well as the controller. Be that as it may, the significance connected to the division is regularly rising above into lost richness. Distorted and dubious drivers for NBFI evaluations such as key fit and client base, can never substitute impartial commerce analytics. A sound evaluation of the inborn values of NBFI's calculating issues such as past execution, auxiliary shortcomings of the division together with recognizable proof of genuine capabilities is basic to guarantee that the balance between the cost paid and esteem realized is come to to the degree conceivable. Despite a few constraints, the industry has performed strikingly well and their part within the economy ought to be duly recognized. It is imperative to see NBFI's as a catalyst for economic development and to supply the fundamental bolster for their development. A long term approach by all concerned for the improvement of NBFI's is essential. Given the appropriate bolster, NBFI's will be able to play a more critical part in the financial improvement of the nation. After analyzing four varieties of ratios, it is visible that the Profitability, Liquidity, and Solvency ratio's performance of NBFI's of Bangladesh has been decent overall; relatively in some cases, it was not so good. However, Market Value Ratios show overall good sign as all the ratios are comparatively going well in recent times.

All five ratio's performance from the Liquidity section has been good. Despite the non-performing loan in recent years shows a satisfactory indication. For the Profitability ratio, the ROA was a bit lower in recent times so to improve the ROA, NBFI's have to initiate either minimize expense ratio or maximize Asset Utilization Ratio. Alike Total Expense Ratio shows a higher rate in recent years which is alarming as expenses are rising. Likewise, for the cost to income ratio, it is higher in recent years than before but we know the lower the ratio, the better. On the dispute about Solvency, the debt to equity ratio in the recent year's shows increased percentage which signifies that the bank is financed more from creditors but we know a less financially stable 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. Moreover, the condition of Debt to Asset Ratio is better previous rather than in recent years. Similarly for Debt Ratio condition is somewhat the same; though it can be said profitable which would motivate shareholders to invest. For the capital adequacy ratio, overall values are satisfactory but recent years are however more than previous and a higher percentage may suggest the NBFI's are not being to utilize its capital efficiently. Correspondingly Equity Multiplier shows higher leverage. Equity Ratio shows a pleasant thing it shows a higher ratio that indicates potential borrowers to take loans as the bank is sustainable and relies more on shareholders' investments. Further on a good point, the Interest coverage ratio provides not a good indication in the previous years but in recent years it showed an upward trend.

6.2 RECOMMENDATIONS

Local Financial markets can be coordinates by making NBFI's Channel accomplices to Banks. Offering assistance in superior allotment and reserves accessibility. There are numerous powerless non-bank monetary educate (NBFI's) and these ought to be consolidated with generally expansive and solid money-related education. Bigger banks with steady adjust sheets, tall resource quality, and a solid capital base can make the country's keeping money division invulnerable The credit delivery component must be more straightforward and hassle-free. There ought to be more rigid standards for the defaulters. Reinforcing the polished skill of the NBFI sector through instruction and preparing, the Administrative body should teach individuals approximately NBFC. The intrigued taken a toll can be diminished and thus advantage the extreme buyer. Asserting on the ratios, we have seen before the strength and drawbacks of NBFI sectors by evaluating the ratios. For profitability, NBFI's have to initiate either minimize expense ratio or maximize Asset Utilization Ratio. For the liquidity part, the NBFI should make sure to stable their non-performing loan rate by a lessening in net intrigued wage, addition in impedance costs, extra capital criterion four high-risk weighted resources, lower appraisals, and expanded taken a toll of financing, defiantly persuading value valuations, etc. Lastly, for the solvency ratios, the NBFI can be more financially stable and rely less on creditors and shareholders' investment. Besides, NBFI should utilize its capital more efficiently.

In conclusion, prominently Investors have to be made more mindful about the trends and changes within the current economy and share costs. This is often since the more educated the investors are, the more they will be able to effectively take an interest within the stock exchanges of Bangladesh. This will not as it were offer assistance them in accepting sensible and satisfactory returns on their investments but moreover in expanding the effectiveness of the stock market.

CHAPTER 7:

- **APPENDIX**
  - **RAW DATA**

7.1 RAW DATA

From the Thirty (30) ratios, most of them were not available in annual reports so I need to accumulate all the data of 23 Listed NBFI through five 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 put in an Excel table so it would be easy to calculate the ratios.

NO:	Accounting Ratios	2015	2016	2017	2018	2019
1	Current Ratio (Times)	0.88	0.98	1.02	0.98	1.1
2	Debt/Equity Ratio	5.62	6.83	6.8	4.36	7.49
3	Return on Equity	9.15	11.82	12.95	12.83	15.84
4	Return on Assets	2.6	2.51	2.3	3.41	3.02
5	Stock Dividend	10	12	10	15	17
6	EPS	2.84	1.75	1.7	1.8	4.98
7	Credit deposit ratio	49.67	49.97	50.67	85.6	87.9
8	Price Earnings Ratio (P/E Ratio)	13.77	17.28	16.61	15.2	18.96
9	Total Expense Ratio	3.26	3.61	5.22	5.43	6.21
10	Cash to Total Assets	0.28	0.31	0.29	0.3	0.2
11	ROI	10.35	10.97	11.23	10.21	13.27
12	Operating Profit Margin	10.74	11.71	12.36	13.35	13.69
13	Net Profit Margin	5.45	5.47	6.64	6.94	7.41
14	Dividend Yield	2.05	2.22	2.07	2.52	3.28
15	NPL to Total Loans and Advances (%)	5.53	5.49	3.39	5.1	6.54
16	Dividend coverage ratio	1.94	1.81	2.6	2.46	2.3
17	Cash Reserve Ratio	5.71	5.46	5.35	4.13	7.04
18	Statutory Liquidity ratio	15.3	15.3	16.34	16.47	17.3
19	Dividend Payout Ratio (%)	35.63	45.98	43.86	49.19	71.36
20	NAV Per Share (Tk.)	9.29	10.18	11.1	12.42	15.8
21	Net interest margin %	5.39	7.61	6.36	5.44	6.98
22	Capital adequacy ratio	13.35	11.07	9.82	8.8	14.65
23	Cost to income ratio	33.33	35.39	39.42	41.4	41.44

24	Debt Ratio	90.25	90.13	89.13	91.81	92.19
25	Return on capital employed	11.93	12.02	12.87	11.61	13.38
26	Interest coverage ratio	2.5	1.3	1.9	4.4	3.8
27	Equity Multiplier	8.04	11.4	7.65	10.01	11.8
28	Equity Ratio	5.17	6.14	6.06	6.04	7.12
29	Debt to Asset Ratio	0.74	0.77	0.94	0.96	0.88
30	Debt to Capital Ratio	0.81	0.85	0.94	0.96	0.88

Figure-34

CHAPTER 8:

- **REFERENCE**

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