



Performance Analysis of Leasing Companies: The Case of Bangladesh

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Abstract

In most developing countries, leasing is one of the few forms of medium-to long-term financing available to businesses for fixed assets. It provides all types specially MFIs (Micro Finance Institutions) with an opportunity to reach new borrowers and expand existing markets. This paper attempts to analyze the performance of leasing companies in Bangladesh. Here simple ratio and trend analysis has been done. The ratios and trend analysis show that profitability situation of leasing companies decrease over the year due to increase financial as well as other operating expenses. On the other hand lease contribution in revenue portion improving day by day which signifies the efficiency of managing the lease business properly. The study also covers the laws and regulation of leasing business in Bangladesh. The findings have important implications for the development of lease financing in Bangladesh.

Key words: Leasing, NBFIs, MFIs, term lending, SME

1. Introduction

Bangladesh is a developing country having a per capita income of \$690 with a population of 156.6 million. Being highly populated, people are trying hard and soul to manage the basic needs of life. The activities in the business arena are increasing which show new sign of improving the situation. Banking and non-banking financial institution (NBFIs) are the channels through which funds are collected from the Surplus Spending Units (SSUs) of the society and disburse it to the Deficit Spending Units (DSUs).

The financial system in Bangladesh includes Bangladesh Bank (the Central Bank), scheduled banks, non-bank financial institutions, microfinance institutions (MFIs), insurance companies, co-operative banks, credit rating agencies and stock exchange. Among scheduled banks there are 4 nationalized commercial banks (NCBs), 4 state-owned specialized banks (SBs), 30 domestic private commercial banks (PCBs), 9 foreign commercial banks (FCBs) and 31 nonbank financial institutions (NBFIs). Among the 31 NBFIs, 21 have been listed in the stock exchanges to strengthen financial capability and the rest are under process to be listed in due course.

Being competitor both BFIs (banking financial institutions) and NBFIs are working in the same sector trying to acquire the market share from one another. Non-Bank Financial Institutions play a key role in fulfilling the gap of financial services that are not generally provided by the banking sector. The competition among NBFIs is increasing over the years, which is forcing them to diversify to a wider range of products and services and to provide innovative investment solutions. NBFIs appear to offer flexible options and highly competitive products to help customers meet their operational and financial goals. The major business of most NBFIs in Bangladesh is leasing, though some are also diversifying into other lines of business like term lending, housing finance, merchant banking, equity financing, venture capital financing etc. In total Lease financing, term lending and housing finance constituted approximately 94% of the total financing activities of all NBFIs up to June 2010.

Leasing in Bangladesh, like in many of its peer countries, owes its origin to the efforts of the International Finance Corporation (IFC), Washington. At the instance IFC and Aga Khan Fund for Economic Development (AKFED)

initiated the establishment of the first leasing company in Bangladesh, Industrial Promotional Development Company of Bangladesh Ltd. (IPDC) in 1981. IFC and AKFED again initiated another company call Industrial Development Leasing Company of Bangladesh Ltd. (IDLC) in 1985.

For several years, IDLC remained the sole leasing company in Bangladesh. However, the real momentum began in the 1990s when Bangladesh Bank put in place a regulatory mechanism under the Financial Institutions Act 1993. Now a day 31 NBFIs are working in the country facilitating the momentum of economic development.

2. Objectives

This paper has multifaceted objectives, delineating the performance dynamics of the leasing companies of Bangladesh being the main objectives. For achieving the main objective, some of the supporting objectives are portrayed below:

- To understand the overall leasing industry in terms of the profitability and effectiveness, the market share and ownership structure of the companies.
- To focus on recent development in the market, legal framework for leasing companies, tax structure, accounting for lease so as to give complete view on how these companies are carrying their business.

3. Methodology

The nature of this report is descriptive; most of the necessary information has been collected from secondary sources. Data is collected from company's catalogue, brochures and materials issued by the organization and also collected from electronic resources such as, CD, Internet and Annual Report. The period of study is ten years spanning from 2003 to 2012. This analysis selected nine (9) NBFIs by conducting their ratio analysis and trend analysis based on the secondary data of the companies.

4. Literature Review

Leasing has tremendous growth in popularity and today is the fastest growing form of capital investment. Because of the increased significance and prevalence of lease arrangements, the need for uniform accounting and complete informative reporting of these transactions has intensified (**Keiso, 2005**).

The tremendous popularity of leasing is quite understandable, as it offers greater flexibility, often coupled with a range of economic advantages over ownership. For the lessor, there will be a regular stream of

lease payments, which include interest that often will be at rates above commercial lending rates, and at the end of the lease term, usually some residual value (**Epstein et al, 2003**).

In the emerging era of heightened interest of global investors in the capital market of Bangladesh, it is imperative that financial statements correctly reflect the financial position of firms. **Jahur et al, (2002)** concludes in their paper therefore, capitalization of leases with a required set of disclosure as per BAS 17; leases should be made in order to presenting a true and vivid picture of financial and operational performance of the lessee. Companies are thereby to provide a correct picture to the parties interested in particular concern and to facilitate inter-firm comparisons as well.

Salim (2005) in his paper has identified that absence of accounting standards for lease transactions was the main reason for deviation of actual practice of lease accounting from improved method advocated by BAS. They also opined that in Bangladesh, capitalization controversy exists because of the provisions of Companies Act 1994 and Income Tax Ordinance 1984 and Bangladesh lease accounting.

The activities of NBFIs witnessed an impressive growth during the last few years. As per Section 7 of the Banking Companies Act 1991, commercial banks also started different activities offered by NBFIs, specially leasing. The entry of banks in this sector is expected to brace the growth momentum and will fill the gap in acquiring the institutional finance and serve the needs of the industrial sector in the acquisition of capital assets. Commercial banks worldwide are directly or indirectly involved in activities such as leasing, hire purchase, term lending, house financing and capital market operation. In developed countries commercial banks are also actively involved in different activities other than banking. Operation by banks in what have been traditional non-banking areas is often questioned by NBFIs although both can act as complementary to each other rather than being competitors.

Bangladesh Lease and Finance Companies Association (BLFCA) alleged that commercial banks of the country are engaged in non-bank financing activities within the existing banking rules; which is posing difficulties for NBFIs. This is because by having access to cheaper rate funds, banks have a comparative advantage over NBFIs that does not ensure proper competition for both. Again, it is argued that if banks continue in the leasing business then the default culture of the banking system may also infect the leasing industry (**Choudhury, 2001**).

5. Legal Framework for Lease

5.1 Financial institutions License (section 4 to 8, Financial Institution Act, 1993)

Any person who wants to carry financing business in Bangladesh has to have license of financial institution issued by Bangladesh Bank. Bangladesh Bank needs to be satisfied on some particular issues before issuing license to entity. Such aspects are financial condition, characteristics of the management, adequacy of capital and earning prospect and also the objectives specified in the memorandum of association. The Bangladesh Bank will determine the minimum capital for the institutions and Bangladesh Bank's permission is required before opening any branch. Bangladesh Bank also reserves the right to cancel the license of any institution if deemed fit.

5.2 Regulatory Bodies

Legally licensed as non-banking financial institutions, the leasing businesses in Bangladesh are regulated by Bangladesh Bank under the Financial Institutions Act, 1993. Bangladesh Bank also controls their foreign exchange transactions and transactions with commercial banks. Leasing companies are required to furnish monthly, quarterly, semi-annual and annual reports on their operational performance to the central bank. In addition, they are required to submit monthly statements on the positions of their liquid assets and liabilities as well as public deposits and cash reserves maintained with Bangladesh Bank.

5.3 Accounting for leases

Until the year 2003, there were no specific accounting standards for the lessor or lessee to account for leasing transactions. Generally Accepted Accounting Principles (GAPP) was being followed, under which the leased assets were being shown in the books of the lessor while the rental payments were considered as revenue expenditure by the lessee for financial reporting. However, from January 1, 2004, the Institute of Chartered Accountants of Bangladesh (ICAB) has adopted the International Accounting Standards (IAS) no 17, which deals with leases. With the adoption of this standard, it has become mandatory for the leasing companies to follow financing method of accounting for financial reporting, under which the leased assets are shown as fixed assets in the books of the lessee with a corresponding liability and future rental receivables shown as receivables in the books of leasing companies.

5.4 Taxation of leasing in Bangladesh

The corporate tax rate for banks and financial institutions, including leasing companies is 42.5% on taxable income. A lessor approved by National Board of Revenue is entitled to the following tax exemptions:

- Three years tax exemption on income of expatriate personnel employed by the lessor.
- Government exempted deduction of VAT from lease rentals.

Nevertheless, allowance for doubtful accounts is not allowed for tax purposes and payment of interest on term deposit is subject to deduction of tax at source @ 10%.

6. Performance Analysis

This section evaluated the performance of Nine (09) NBFIs i.e IDLC Finance Limited, Phoenix Finance and Investment Limited, International Leasing and Financial Services Limited, Prime Finance and Investment Limited, Peoples Leasing and Finance Services Limited, LankaBangla Finance Limited, MIDAS Financing Limited, Islamic Finance and Investment Limited and Industrial Promotion and Development Company of Bangladesh Limited. For performance evaluation ratio analysis and trend analysis has been conducted of the nine (9) NBFIs for ten (10) years. Under ratio analysis Equity, EPS, ROA, ROE, NPM, OPM, Operating Profit On Assets, Debt-Equity Ratio, Financial Expense to Total Expenses, Operating Expense to Operating Revenue, Leases as % of Total Revenue and Financial Expenses Coverage Ratio has been evaluated by analyzing ten (10) years data of the nine (9) NBFIs from year 2003 to year 2012 and based on those data trend analysis has been conducted by taking 10 years predicted data from year 2013 to year 2022.

6.1 Equity Analysis

The ownership structure of leasing companies (**Table-1**) showed an increasing trend, especially in terms of total shareholders' equity. Despite Bangladesh Bank's regulation for the NBFI to go for IPO, only 21 out of 31 are listed in the stock exchange. Considering the equity composition since 2003, smooth uptrend is envisaged from the **Table-1**. In the year 2007, total average equity (**Table-13**) capitalization of the leasing companies stood at BDT 3349.36 million, escalating sharply from BDT 289.59 million in the year 2003. Based on the historical figures from year 2003 to year 2012, the analysis has predicted the figures for the subsequent years i.e year 2013 to year 2022 using trend analysis (**Table-14**) which indicated positive and increasing trend of shareholders equity.

6.2 Earnings Per Share

From the **Table-2**, the pattern of Earnings Per Share (EPS) is envisaged. Smooth downtrend visualized in this

Table-2. In the year 2012, average Earnings Per Share of the leasing companies stood at Tk. 5.27(**Table-13**), decline sharply from Tk. 37.81 in the year 2003. This smooth downtrend of EPS is not a good sign for the sector as it indicated that the sector is getting slaughter over the years. Though equity capitalization is increasing in this sector, the diminish profit also showed negative move thus resulting in decreasing EPS. In the predicted years also, **Table-14** derived a downbeat trend using the trend analysis.

6.3 Net Profit Margin (NPM)

The overall NBFIs showed a positive trend toward profitability (**Table-3**). Though in the initial section of the observation period, it has noticed higher percentage of Average Net Profit Margin (**Table-13**); in the later section low Average Net Profit Margin is envisaged. In the year 2010, Average Net Profit Margin of the leasing companies stood at 24.54%, escalating sharply from 10.91% in the year 2003(**Table-13**). After year 2010 it declined dramatically. In the predicted years, a positive trend using the trend analysis has been shown in **Table-14**.

6.4 Operating Profit Margin (OPM)

Similar to the NPM situation, the overall NBFIs showed a positive trend toward operating profitability demonstrated in **Table-4**. Though in the initial section of the observation period, it has illustrated lower percentage of OPM; in the later section high OPM is envisaged. **Table-13** showed that in the year 2012, Average Operating Profit Margin (OPM) of the leasing companies stood at 30.79%, increasing sharply from 25.90% in the year 2003. In the predicted years also, the analysis derived a positive trend using the trend analysis which is shown in **Table-14**.

6.5 Operating Profit on Assets

Starting with a low Operating Profit On Assets ratio, **Table-5** showed a smooth upward trend. The trend also continued in the predicted years (**Table-14**). In the year 2012, Average Operating Profit on Assets of the leasing companies stood at 7.14% (**Table-13**), rising sharply from 4.96% in the year 2003.

6.6 Return on Asset (ROA)

The overall NBFIs showed inconsistent trend toward Return on Asset. Though in the initial section of the observation period, **Table-6** revealed lower percentage of Average ROA (**Table-13**); in the later section high Average ROA is visualized from year 2008 to 2010 but stridently declined in 2011. In the year 2012, Average Return on Asset of the leasing companies stood at 1.48%, turn down sharply from 2.09% in the year 2003. In the

predicted years, **Table-14** demonstrated a positive trend using the trend analysis.

6.7 Return On Equity (ROE)

From the **Table-7**, the pattern of Return On Equity is envisaged. The ROE has increased significantly over the observation period. In the initial period, the Average ROE stood at 20.20% in the year 2003 (**Table-13**). In the year 2010 it stood at 29.31%. This high positive return on equity has attracted the equity investors in this particular sector in recent time. Leasing companies will have to be very much competitive to sustain their return on equity. The industry is getting stagnant and severe competition is expected to be seen in the future. The trend depicted in the **Table-13**. In the predicted year (**Table-14**) ROE showed a downtrend by the trend analysis.

6.8 Debt-Equity Ratio

The capital structure position of the sector showed in the **Table-8**. In the initial part of the reference period, increasing trend in Average Debt-Equity ratio is observed (**Table-13**). But in the year 2008, due to increased equity capitalization, observed a sharp decline in this regard. But the momentum of the previous trend kept going down in the subsequent year 2012. In the year 2003 the debt-equity ratio was 51.32% and in the year 2012 it stood at 24.79%. In the predicted years also, the trend remained decreasing from year 2013 to year 2022. The trend presented in the **Table-14**.

6.9 Financial Expense to Total Expenses

Though not sharply, the Financial Expense to Total Expense as a whole showed an increasing trend (**Table-9**). Based on the data showed in **Table-14**, in the predicted years also derived an increasing trend as well. In the year 2003 the average financial expense to total expenses was 66.94% which get higher to 111.65% in the year 2012(**Table-13**).

6.10 Operating Expense to Operating Revenue

Operating Expense to Operating Revenue indicates the expenses incurred directly for earning the corresponding revenues. For the leasing companies, during the observation period, **Table-10** perceived an encouraging issue for the companies. The ratio is consistently decreasing indicating the growing efficiency of the industry in terms of cost management. This ratio is consistent with the Net Profit Margin and Operating Profit Margin. Due to this sheer cost management, Net Profit Margin and Operating Profit increased substantially during the observation period. All these facts and figures presented in the **Table-13** and **Table-14**.

6.11 Leases as % of Total Revenue

Lease as % of Total Revenue indicates the portion of lease earnings from the total revenue. From the year 2003

to year 2012 **Table-11** indicated that, the ratio is increasing which signified the revenue of the leasing companies increased due to diversifying into different types of business and leasing company's earnings from lease portion also increase day by day. The trend presented in the **Table-13**. The predicted year 2013 to year 2022 also point out increasing trend through to the trend analysis.

6.12 Financial Expenses Coverage Ratio

In general, a high coverage ratio suggests a company is "too safe" and is neglecting opportunities to magnify earnings through leverage. Financial Expenses Coverage ratio below 1.0 indicates that a company is not able to meet its interest obligations. Financial expenses coverage ratio of the leasing companies (**Table-12**) showed an increasing trend reflecting the companies short term ability to meet interest obligations was good.

7. Conclusion and Recommendation

Overall study shows number of significant insight through which comments can be delivered on certain items. The Financial Institution Act 1993 is a complete guideline through which Bangladesh Bank can implement and enforce regulations. The ownership structure of the companies doing business in Bangladesh showed enough foreign shareholding which in turn ensures international mobilization of the fund.

The leasing companies investment portfolio is diversified which is good in the sense that they are mobilizing fund across all sectors which ensures the economic development to a large extent. Leasing companies are moving from fund based to fee based activities which is of strategic significance because they can charge a little fraction as documentation or processing fees and hence generate direct income. In the lending market NBFIs is acquiring more market share day by day. The average growth of recovery, disbursement and outstanding of NBFIs is more than that of the foreign, specialized and Nationalized commercial banks. The leasing growth seems to be stabilizing due to increase of the competitors in the market. In recent years lease shows a stable growth and total industry seems to be stabilizing in this case. NBFIs deposit base has been increased remarkably over these days and it reduces the cost of fund of the companies to a large extent. Hence the share business of leasing companies witnessed remarkable growth in recent days and it is expected to go up in the upcoming days. Underwriting, IPO activities, brokerage activities seems to move at a higher pace as most of the NBFIs are concentrating in these segments.

The overall industry profitability is increasing from year to year. NBFIs in Bangladesh witnessed a healthy ROE and ROA over these years. The reserve and paid up capital of the NBFIs are growing and it indicates the stability of leasing industry to face strong challenges afterwards. Low non-performing loan, hassle free services, integration of the foreign partners, specialized innovative products helps NBFIs to offer better services than the banks. Hence further scope of study can be availed by the researchers on how new products can be developed to suit the business house purposes. Detailed subjective study can also be done to find out what the main reasons that peoples are availing services from NBFIs rather than banks when they knows that banks can charge lower than that of the NBFIs.

In Bangladesh, the financial market is extremely competitive with banks and non-banking financial institutions. The competitive environment for leasing companies is even more challenging, as they have to compete with banks which have low cost. In this seemingly adverse environment, the leasing companies of Bangladesh continue to grow robustly due to prudent fund management, strong credit management policies, innovative products, better transparency, thus providing greater value to their customer. Most of the leasing companies are using their expertise to pioneer a number of innovative financial products which provide customer with better value.

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Table 1: Equity

Amount in Million BDT

Company Name	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
IDLC Finance Limited	667	756	851	952	1247	1611	2393	3690	3980	4693
Phoenix Finance and Investments Limited	197	252	319	397	425.98	606.98	646.75	1605.5	1872.3	2142.1
International Leasing and Financial Services Limited	229.3	331	466.4	504.9	690.2	757.2	924.4	1267.5	1968.6	2084.9
Prime Finance and Investment Limited	212.22	284.4	390.75	496.1	635.26	921.31	1826.4	3893.6	4684.4	5106.6
Peoples Leasing and Finance Services Limited	75.24	165.43	362	510	313	874	1231	3372	3897	4126
LankaBangla Finance Limited	128.74	194.66	267.95	423.69	597.34	922.48	2100.5	4790	5720.2	6474
MIDAS Financing Limited	110	131	286	322	1394.3	1510.9	1838.5	1995.5	2165.4	2191.4
Islamic Finance and Investment Limited	82.07	170.36	319.95	343.66	360.56	376	518	928	961	1299
Industrial Promotion and Development Company of Bangladesh Limited	904.76	1071.43	1116.67	1545.45	1662.5	1474.2	1610.9	1787.1	1898.7	2027.3

Source: Data Source: Annual Reports of the respective NBFIs for the year 2003-2012

Note: US \$1 = BDT 78

Table-2 Earnings Per Share (EPS)

Amount in Million BDT

Company Name	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
IDLC Finance Limited	75.33	89.33	102	104.67	151.50	162.40	274	221.17	5.05	5.76
Phoenix Finance and Investment Limited	42.51	37.15	39.2	37.26	39.77	3.19	3.69	4.56	3.81	2.95
International Leasing and Financial Services Limited	83.5	97	91.7	56.5	46.5	38.9	70.5	3.37	-0.33	0.35
Prime Finance and Investment Ltd.	21.57	40.1	48.79	33.99	59.89	1.26	3	7.6	2.96	1.04
Peoples Leasing and Finance Services Limited	39.00	28.00	39	49.58	20.56	3.56	4.94	9.47	2.76	1.54
LankaBangla Finance Limited	10.34	13.7	21.4	24.3	60.1	1.99	3.93	8.98	4.51	1.77
MIDAS Financing Limited	7.89	20.41	18.06	13.67	19.39	26.17	20.02	43.9	44.78	31.71
Islamic Finance and Investment Limited	17.85	18.22	27.84	18.18	18.66	0.75	1.86	1.62	0.36	1.13
Industrial Promotion and Development Company of Bangladesh Limited	42.32	47.13	28.06	27.57	18.73	6.88	17.43	18.6	1.07	1.23

Source: Data Source: Annual Reports of the respective NBFIs for the year 2003-2012

Note: US \$1 = BDT 78

Table 3: Net Profit Margin

Amount in Million BDT

Company Name	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
IDLC Finance Limited	13.03%	13.58%	15.18%	12.16%	15.15%	18.93%	32.09%	43.02%	12.68%	14.69%
Phoenix Finance and Investment Limited	14.11%	12.53%	12.64%	11.00%	12.75%	9.80%	11.20%	6.75%	19.80%	15.80%
International Leasing and Financial Services Limited	9.05%	25.52%	21.50%	12.08%	11.37%	8.95%	12.27%	15.09%	-2.72%	2.65%
Prime Finance and Investment Limited	2.48%	2.92%	3.13%	2.77%	4.40%	5.34%	7.45%	13.41%	4.52%	1.79%
Peoples Leasing and Finance Services Limited	32.34%	30.89%	35.84%	41.34%	64.30%	32.57%	45.42%	85.37%	30.39%	17.28%
LankaBangla Finance Limited	13.68%	15.93%	23.05%	9.88%	22.08%	34.58%	66.40%	206.27%	82.23%	61.57%
MIDAS Financing Limited	20.02%	32.89%	36.70%	26.16%	2.76%	2.04%	2.57%	5.36%	1.78%	-3.13%
Islamic Finance and Investment Limited	8.61%	7.60%	26.64%	19.93%	17.55%	14.81%	34.38%	27.93%	5.30%	13.13%
Industrial Promotion and Development Company of Bangladesh Limited	23.49%	25.11%	11.97%	16.31%	11.55%	7.08%	20.88%	31.06%	16.12%	14.93%

Source: Annual Reports of the respective NBFIs for the year 2003-2012

Note: US \$1 = BDT 78

Table 4: Operating Profit Margin

Amount in Million BDT

Company Name	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
IDLC Finance Limited	80.97%	87.03%	47.22%	37.10%	44.15%	54.98%	74.68%	98.78%	54.79%	49.51%
Phoenix Finance and Investment Limited	28.53%	26.04%	24.90%	20.61%	24.43%	22.53%	29.10%	38.84%	31.37%	37.96%
International Leasing and Financial Services Limited	13.80%	29.29%	19.72%	10.89%	11.13%	14.31%	18.36%	36.80%	7.23%	2.89%
Prime Finance and Investment Limited	3.94%	3.12%	2.90%	3.38%	4.51%	14.58%	13.74%	23.84%	14.85%	12.29%
Peoples Leasing and Finance Services Limited	32.34%	37.46%	38.94%	44.13%	263.14%	72.54%	76.29%	114.77%	59.39%	44.75%
LankaBangla Finance Limited	13.68%	20.20%	23.37%	21.91%	20.06%	141.20%	216.59%	506.66%	354.50%	667.46%
MIDAS Financing Limited	36.42%	32.89%	40.25%	26.66%	4.65%	0.00%	6.43%	10.20%	9.40%	4.85%
Islamic Finance and Investment Limited	8.61%	10.72%	27.98%	21.93%	21.23%	34.55%	47.70%	48.87%	32.20%	25.80%
Industrial Promotion and Development Company of Bangladesh Limited	25.71%	27.90%	22.07%	19.58%	20.40%	23.04%	33.14%	40.60%	19.07%	24.09%

Source: Annual Reports of the respective NBFIs for the year 2003-2012

Note: US \$1 = BDT 78

Table 5: Operating Profit On Assets

Amount in Million BDT

Company Name	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
IDLC Finance Limited	11.86%	12.65%	5.41%	4.29%	6.12%	6.80%	8.43%	11.31%	6.93%	6.36%
Phoenix Finance and Investment Limited	3.24%	2.68%	2.84%	2.70%	3.32%	2.73%	4.04%	11.26%	4.43%	8.59%
International Leasing and Financial Services Limited	3.42%	2.92%	2.30%	1.39%	1.34%	1.66%	2.26%	5.14%	0.93%	0.39%
Prime Finance and Investment Limited	4.93%	4.89%	1.71%	1.79%	4.51%	14.58%	13.74%	23.84%	14.23%	12.34%
Peoples Leasing and Finance Services Limited	5.41%	4.44%	3.66%	5.11%	5.94%	7.15%	6.94%	9.90%	6.57%	5.09%
LankaBangla Finance Limited	2.64%	2.23%	3.41%	2.47%	1.99%	19.02%	18.07%	21.61%	15.24%	13.96%
MIDAS Financing Limited	4.60%	4.34%	5.48%	3.26%	6.34%	0.00%	6.66%	7.91%	5.13%	2.34%
Islamic Finance and Investment Limited	1.68%	2.53%	2.94%	2.75%	2.73%	4.67%	5.59%	4.90%	3.46%	2.96%
Industrial Promotion and Development Company of Bangladesh Limited	2.19%	1.11%	1.84%	2.40%	2.62%	2.55%	3.59%	3.69%	1.95%	2.92%

Source: Annual Reports of the respective NBFIs for the year 2003-2012

Note: US \$1 = BDT 78

Table 6: Return On Assets (ROA)

Amount in Million BDT

Company Name	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
IDLC Finance Limited (IDLC)	1.91%	1.97%	1.74%	1.41%	2.10%	2.34%	3.62%	4.93%	1.60%	1.89%
Phoenix Finance and Investment Limited.	1.60%	1.29%	1.44%	1.44%	1.73%	1.19%	1.55%	1.96%	2.80%	3.57%
International Leasing and Financial Services Limited	2.24%	2.54%	2.51%	1.54%	1.37%	1.04%	1.51%	2.11%	- 0.35%	0.36%
Prime Finance and Investment Limited	3.10%	4.57%	1.84%	1.47%	4.40%	5.34%	7.45%	13.41%	4.33%	1.79%
Peoples Leasing and Finance Services Limited	5.41%	3.66%	3.37%	4.79%	1.45%	3.21%	4.13%	7.37%	3.36%	1.96%
LankaBangla Finance Limited	2.64%	1.76%	3.37%	1.11%	2.19%	4.66%	5.54%	8.80%	3.53%	1.29%
MIDAS Financing Limited	2.53%	4.34%	5.00%	3.20%	3.76%	2.42%	2.66%	4.15%	0.97%	-1.51%
Islamic Finance and Investment Limited	1.68%	1.80%	2.80%	2.50%	2.26%	2.00%	4.03%	2.80%	0.57%	1.50%
Industrial Promotion and Development Company of Bangladesh Limited	2.00%	1.00%	1.00%	2.00%	1.49%	0.78%	2.26%	2.82%	1.65%	1.81%

Source: Annual Reports of the respective NBFIs for the year 2003-2012

Note: US \$1 = BDT 78

Table 7: Return On Equity (ROE)

Amount in Million BDT

Company Name	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
IDLC Finance Limited	16.94%	17.72%	17.98%	16.49%	24.30%	25.20%	34.35%	35.96%	12.56%	15.19%
Phoenix Finance and Investment Limited	22.84%	20.24%	20.69%	19.90%	24.58%	25.58%	29.06%	14.53%	14.40%	12.66%
International Leasing and Financial Services Limited	34.06%	37.04%	31.05%	20.14%	17.05%	14.94%	22.19%	27.07%	-2.87%	2.84%
Prime Finance and Investment Limited	18.29%	25.38%	24.56%	20.85%	31.00%	32.58%	42.31%	44.47%	14.58%	5.60%
Peoples Leasing and Finance Services Limited	27.23%	14.21%	22.38%	29.02%	79.31%	21.17%	28.92%	30.58%	13.47%	7.85%
LankaBangla Finance Limited	16.11%	15.55%	20.28%	7.42%	21.23%	40.94%	35.42%	35.49%	13.83%	5.04%
MIDAS Financing Limited	7.16%	16.65%	14.84%	10.98%	3.96%	3.37%	3.83%	8.59%	3.07%	-5.45%
Islamic Finance and Investment Limited	15.23%	10.73%	15.50%	14.54%	14.21%	15.16%	27.41%	13.36%	2.91%	6.62%
Industrial Promotion and Development Company of Bangladesh Limited	21.00%	21.00%	12.00%	11.00%	8.00%	3.33%	8.48%	9.86%	5.88%	6.34%

Source: Annual Reports of the respective NBFIs for the year 2003-2012

Note: US \$1 = BDT 78

Table 8: Debt to Equity

Amount in Million BDT

Company Name	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
IDLC Finance Limited	7.50%	7.60%	8.00%	9.28%	9.54%	8.32%	8.48%	6.30%	6.83%	7.05%
Phoenix Finance and Investment Limited	64.85%	67.97%	75.19%	71.42%	60.60%	68.60%	93.30%	86.50%	84.50%	83.60%
International Leasing and Financial Services Limited	4.20%	4.00%	5.70%	6.00%	5.00%	3.00%	3.20%	1.79%	1.15%	3.25%
Prime Finance and Investment Limited	43.63%	45.96%	84.87%	84.15%	83.25%	3.94%	4.05%	1.91%	1.79%	1.66%
Peoples Leasing and Finance Services Limited	80.13%	74.23%	47.18%	52.95%	79.00%	84.84%	85.72%	75.91%	75.04%	74.99%
LankaBangla Finance Limited	53.02%	35.92%	33.92%	N/A	66.65%	7.79%	5.40%	3.03%	2.92%	2.91%
MIDAS Financing Limited	56.18%	62.78%	1.64%	1.58%	1.75%	2.65%	2.56%	N/A	N/A	N/A
Islamic Finance and Investment Limited	83.92%	78.35%	76.42%	65.28%	72.07%	3.29%	2.77%	2.46%	2.27%	1.83%
Industrial Promotion and Development Company of Bangladesh Limited	68.46%	65.22%	70.28%	65.88%	41.86%	31.00%	13.00%	52.00%	26.00%	23.00%

Source: Annual Reports of the respective NBFIs for the year 2003-2012

Note: US \$1 = BDT 78

Note: N/A- Data not available

Table 9: Financial Expenses to Total Expenses

Amount in Million BDT

Company Name	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
IDLC Finance Limited	79.3%	68.3%	352.6%	414.2%	458.1%	441.2%	344.3%	188.6%	258.9%	293.3%
Phoenix Finance and Investment Limited	84.7%	84.6%	83.2%	87.0%	65.1%	49.2%	64.7%	76.6%	119.5%	163.2%
International Leasing and Financial Services Limited	86.1%	81.9%	82.4%	89.6%	85.4%	95.8%	94.2%	90.2%	91.2%	92.2%
Prime Finance and Investment Limited	28.5%	52.0%	69.3%	79.6%	70.4%	67.6%	72.6%	74.6%	78.0%	76.3%
Peoples Leasing and Finance Services Limited	176.2%	142.0%	71.7%	81.0%	204.5%	465.4%	408.4%	372.8%	524.9%	842.6%
LankaBangla Finance Limited	14.0%	22.9%	52.2%	54.5%	64.6%	66.1%	68.7%	67.1%	69.0%	65.1%
MIDAS Financing Limited	23.2%	46.4%	46.5%	47.7%	62.0%	37.2%	38.8%	10.2%	7.6%	18.6%
Islamic Finance and Investment Limited	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Industrial Promotion and Development Company of Bangladesh Limited	91.8%	91.1%	92.9%	59.7%	95.3%	86.8%	166.1%	253.2%	322.9%	421.4%

Source: Annual Reports of the respective NBFIs for the year 2003-2012

Note: US \$1 = BDT 78

Note: N/A- Data not available

Table 10: Operating Expenses to Operating Revenue

Amount in Million BDT

Company Name	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
IDLC Finance Limited	56.40%	62.01%	15.08%	15.26%	13.60%	16.42%	19.13%	31.32%	23.16%	21.80
Phoenix Finance and Investment Limited	71.79%	74.94%	75.10%	80.08%	122.96%	107.09 %	84.89%	34.02%	72.97%	49.89 %
International Leasing and Financial Services Limited	33.91%	70.70%	80.27%	89.11%	88.87%	85.69%	81.62%	63.20%	92.77%	97.11 %
Prime Finance and Investment Limited	27.69%	10.52%	8.99%	8.70%	9.80%	9.45%	6.89%	8.41%	8.54%	9.71%
Peoples Leasing and Finance Services Limited	67.88%	82.78%	60.62%	55.87%	26.42%	10.92%	10.33%	11.01%	8.22%	7.73%
LankaBangla Finance Limited	117.56	79.80%	76.63%	94.00%	112.91%	97.96%	121.58	183.65	210.33	622.32
MIDAS Financing Limited	63.58%	67.11%	61.07%	74.28%	4.93%	8.53%	8.30%	24.67%	38.88%	33.80
Islamic Finance and Investment Limited	62.79%	63.33%	12.97%	12.45%	13.36%	12.25%	15.26%	19.24%	18.29%	16.56 %
Industrial Promotion and Development Company of Bangladesh Limited	64.12%	68.72%	78.00%	80.45%	51.52%	76.08%	33.14%	20.78%	19.29%	15.28 %

Source: Annual Reports of the respective NBFIs for the year 2003-2012

Note: US \$1 = BDT 78

Table 11: Lease as % of Total Revenue

Amount in Million BDT

Company Name	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
IDLC Finance Limited	479.82%	422.90%	467.36%	387.37%	228.55%	220.77%	171.11%	133.14%	115.34%	112.70%
Phoenix Finance and Investments Limited	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	673.21%	577.27%
International Leasing and Financial Services Limited	26.82%	71.28%	65.00%	65.13%	223.84%	312.44%	231.52%	151.58%	160.86%	144.25%
Prime Finance and Investment Limited	70.05%	48.93%	44.40%	41.32%	37.25%	27.48%	15.65%	10.38%	8.46%	6.95%
Peoples Leasing and Finance Services Limited	148.76%	128.24%	50.31%	40.42%	101.52%	368.67%	344.22%	356.23%	256.88%	169.15%
LankaBangla Finance Limited	47.68%	39.24%	25.72%	36.59%	38.32%	161.38%	152.79%	117.59%	87.62%	152.46%
MIDAS Financing Limited	N/A	N/A	N/A	N/A	N/A	N/A	81.79%	109.86%	152.20%	162.57%
Islamic Finance and Investment Limited	82.47%	77.27%	325.00%	183.51%	130.19%	145.97%	138.50%	178.38%	144.13%	146.41%
Industrial Promotion and Development Company of Bangladesh Limited	31.92%	28.84%	19.27%	N/A	N/A	237.36%	259.68%	225.67%	177.80%	187.85%

Source: Annual Reports of the respective NBFIs for the year 2003-2012

Note: US \$1 = BDT 78

Note: N/A- Data not available

Table 12: Financial Expense Coverage Ratio

Amount in Million BDT

Company Name	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
IDLC Finance Limited	44.75%	42.35%	53.17%	63.21%	62.30%	72.42%	65.86%	59.07%	59.97%	63.93%
Phoenix Finance and Investments Limited	60.82%	63.39%	62.45%	69.64%	80.04%	52.67%	54.91%	26.05%	87.20%	81.41%
International Leasing and Financial Services Limited	29.18%	57.92%	66.11%	79.84%	75.88%	82.06%	76.90%	56.99%	84.60%	89.50%
Prime Finance and Investment Limited	7.88%	5.47%	6.23%	6.93%	6.90%	6.39%	5.00%	6.27%	6.66%	7.41%
Peoples Leasing and Finance Services Limited	119.63%	117.53%	43.46%	45.23%	54.02%	50.80%	42.20%	41.05%	43.14%	65.18%
LankaBangla Finance Limited	16.49%	18.24%	40.02%	51.25%	72.90%	64.75%	83.58%	123.27%	145.17%	405.21%
MIDAS Financing Limited	14.73%	31.15%	28.40%	35.45%	3.05%	3.18%	3.22%	2.53%	2.96%	6.29%
Islamic Finance and Investment Limited	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Industrial Promotion and Development Company of Bangladesh Limited	58.86%	62.59%	72.45%	47.99%	49.10%	66.05%	55.06%	52.63%	62.28%	64.39%

Source: Annual Reports of the respective NBFIs for the year 2003-2012

Note: US \$1 = BDT 78

N/A- Data not available

Table 13: Average of Selected Financial Indicators

Amount in Million BDT

Company Name	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Average Equity	289.59	372.92	486.64	610.53	814.01	1006.01	1454.38	2592.12	3016.40	3349.36
Average Earnings Per Share	37.81	43.45	46.23	40.64	48.34	27.23	44.37	35.47	7.22	5.28
Average Net Profit Margin	10.91%	12.01%	11.48%	10.09%	10.49%	10.69%	15.62%	24.45%	9.68%	6.37%
Average Operating Profit Margin	25.90%	26.61%	18.40%	15.74%	22.94%	33.95%	35.22%	52.34%	33.41%	30.79%
Average Operating Profit On Asset	4.96%	3.56%	2.96%	2.86%	4.23%	7.47%	8.33%	12.60%	7.79%	7.14%
Average Return On Asset	2.09%	1.61%	1.85%	1.83%	1.93%	2.35%	3.69%	5.89%	2.26%	1.48%
Average Return on Equity	20.20%	20.82%	18.75%	15.94%	18.25%	18.71%	26.26%	29.31%	10.75%	6.88%
Average Debt to Equity	51.32%	49.12%	44.80%	44.57%	46.64%	23.71%	24.28%	28.74%	25.06%	24.79%
Average Financial Expense to Total	66.94%	70.57%	95.80%	94.08%	103.14%	95.24%	103.10%	91.99%	100.32%	111.65%

Expenses										
Average Operating Expense to Operating Revenue	47.68%	43.74%	36.98%	38.18%	32.36%	35.22%	27.02%	26.11%	29.78%	32.61%
Average Lease as % of Total Revenue	126.79%	116.67%	142.44%	125.73%	126.61%	210.58%	174.41%	160.35%	197.39%	184.40%
Average Financial Expense Coverage	44.04%	49.83%	46.54%	49.94%	50.52%	49.79%	48.34%	45.98%	61.50%	97.91%

Source: Annual Reports of the respective NBFIs for the year 2003-2012 , Note: US \$1 = BDT 78

Table 14: Expected Average of Selected Financial Indicators

Amount in Million BDT

Company Name	2013e	2014e	2015e	2016e	2017e	2018e	2019e	2020e	2021e	2022e
Expected Average Equity	4927.89	6701.62	9127.15	12454.85	16816.52	22609.79	29589.22	38661.54	53651.25	73809.94
Expected Average Earnings Per Share	9.47	6.74	4.76	3.37	2.34	1.73	1.19	0.97	0.87	0.62
Expected Average Net Profit Margin	11.02%	10.69%	10.51%	10.21%	9.53%	8.74%	7.82%	7.52%	8.39%	8.27%
Expected Average Operating Profit Margin	40.63%	46.20%	54.05%	58.83%	59.13%	60.30%	64.60%	69.15%	81.18%	88.49%
Expected Average Operating Profit On Asset	10.72%	13.55%	16.34%	18.50%	19.46%	20.48%	23.13%	26.39%	33.11%	38.08%
Expected Average Return On Asset	2.91%	3.14%	3.18%	3.21%	3.14%	2.97%	2.80%	2.87%	3.42%	3.56%
Expected Average Return on Equity	12.19%	11.03%	10.00%	8.84%	7.43%	6.28%	5.31%	4.94%	5.11%	4.63%
Expected Average Debt to Equity	20.27%	18.21%	16.47%	14.93%	13.88%	13.65%	12.07%	10.61%	9.70%	8.82%
Expected Average Financial Expense to Total Expenses	116.67%	117.69%	116.43%	120.26%	123.61%	129.51%	133.71%	139.92%	142.14%	144.62%
Expected Average Operating Expense to Operating Revenue	25.63%	24.87%	24.28%	23.32%	22.86%	21.99%	21.79%	20.68%	19.33%	18.50%
Expected Average Lease as % of Total Revenue	207.93%	223.25%	233.38%	250.82%	259.67%	260.82%	286.51%	306.36%	318.33%	340.01%
Expected Average Financial Expense Coverage	70.21%	74.88%	82.08%	89.21%	98.35%	108.80%	119.42%	128.13%	131.35%	137.26%

Source: Annual Reports of the respective NBFIs for the year 2003-2012, Note: US \$1 = BDT 78