

FIN 464 Term Paper

You have to compare the performances of two listed Private Commercial Banks which are listed at DSE (any private bank other than Islamic Banks following Shariah Banking) over a period of time (from 2011 to 2015). Analyze the performance in terms of –

- Liquidity
- Financial Risk
- Efficiency
- Profitability
- Market Position
- Capital Adequacy

The analysis should indicate whether the performances of the banks are improving or deteriorating over a period time (5 years) and it should also reveal the reasons for that. You also have to find out the credit ratings of both of your chosen bank and the reasons for their ratings.

Important information about the term paper –

- Students have to submit computer print-outs, Times New Roman, 12, 1.5 line spacing, box border.
- Submission Date – 23rd March, 2016 by 1 PM.
- Late submission of the term paper will not be entertained.

Project Outline

- Prefatory Pages- 1 mark**
- Executive Summary- 1 mark**
- Objectives, Methodology, Limitation-0.5 mark**
- Overview of the Banks- 1 mark**
- Findings and Analysis- 8 marks (The Report must also include graphical representations . i.e.: line graphs, bar charts, etc.)**
- Credit Ratings – 1 mark**
- Recommendations- 2 marks**
- Bibliography and Appendix-0.5 mark**

Ratios that must be calculated:

- 1. Debt Ratio**
- 2. Debt to Equity Ratio**
- 3. Times Interest Earned**
- 4. ROE**
- 5. ROA**
- 6. Net Interest Margin**
- 7. Net Non Interest Margin**
- 8. Net Operating Margin**
- 9. Net Profit Margin**
- 10. EPS**
- 11. Tax Management Efficiency**
- 12. Expense Control Efficiency**
- 13. Degree of Asset Utilization**
- 14. Equity Multiplier**
- 15. P/E Ratio**
- 16. DPS**
- 17. Dividend Yield**
- 18. Cash Position Indicator**
- 19. Liquid Securities Indicator**
- 20. Capacity Ratio**

Formulas

Debt Ratio	Total Liability / Total Asset
Debt to equity capital	Total Liability / Total Equity Capital
Interest Coverage Ratio	EBIT/INT.Exp
Return on Equity (ROE)	Net Income after Tax/ Total Equity Capital
Return on Asset (ROA)	Net Income after Tax/ Total Asset
Net Interest Margin	(Interest Earnings-Interest Exp)/Total Asset
Net Non Interest	(Non-Interest Earnings-Non-Interest
Net Operating Margin	(Operating revenue-Operating Exp)/Total
Net Profit Margin	Net Income after Tax/Total Operating
Earning per Share	Net Income after Tax/Number of equity shares
Tax Management Ratio	Net Income after Tax/Net Income before
Expense Control	Net Income before Tax & Gains (Losses)/Total
Degree of Asset	Total Operating revenue /Total Asset
Funds Management	Total Asset/Total Equity Capital
Operating Efficiency	Total Operating Exp/Total Operating
Employee productivity	Net Operating Income/Number of full time or equivalent employees
P/E Ratio	Market Price per share/EPS
M/B Ratio	Market Value per Share/Book Value per
DPS	Dividends Paid/ Number of Shares
Dividend Yield	DPS/Current Share Price
Cash position indicator	Cash and Deposits Due from Other
Liquid Securities	Government Securities/Total Assets
Capacity Ratio	Net Loans & leases/Total Assets