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Psychological and Economic Determinants of Market Price of Shares- An Empirical Study on the Listed Pharmaceutical Companies in Bangladesh

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Abstract - In India, the service sector has assumed greater economic importance over the past decade and enjoys the largest share in GDP. Banking and financial services, being an important part of service sector, are facing critical challenges to compete with the international players while satisfying customers by offering quality services. As delivering quality service to customers is a must for success, it needs to be continuously evaluated. Extant literature on the subject supports the contention that SERVQUAL and SERVPERF are the two most prominent scales forming the genesis for service quality assessment in different service sectors. Present paper attempts to present a review of the above mentioned two scales in an elucidative, concise and thoroughly documented manner. It also tries to posit the best approach of evaluating service quality in a more efficient and valid method for marketing managers/researchers in Indian context.

Keywords : *capital market, economic factors, psychological factors, earning per share and dividend rate.*

GJMBR-E Classification : *JEL Code: N20, D53*



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Psychological and Economic Determinants of Market Price of Shares- An Empirical Study on the Listed Pharmaceutical Companies in Bangladesh

Mohammad Rokibul Kabir [α], Faruk Bhuiyan [σ] & Shyfur Rhaman Chowdhury [ρ]

Abstract - The paper is an attempt to identify the economic and psychological factors that impact the market price of shares of the listed Pharmaceutical companies in Dhaka Stock Exchange (DSE). More specifically this study aims at finding the extent to which factors like Earning per Share, Net Asset Value per Share, Dividend rate, Disclosures in Annual Report, Percentage of shares held by Public, Good news, Bad News etc influence the market price. The study reveals that about 68.1% of the variations in market price are explained by the above mentioned economic and psychological factors. Among different economic factors dividend rate has the most positive influence on the market price while among the psychology factors good news about a company is the most positively influencing factor. Findings also signify that the percentage of shares held by public, and bad news about a particular company negatively influence the market prices of shares of that particular company.

Keywords : capital market, economic factors, psychological factors, earning per share and dividend rate.

I. Introduction

The capital market of Bangladesh is in its adolescent stage. Though, Stock Market is the indispensable part of an economy which acts as an intermediary for movement of funds between surplus units and deficit units, it is yet to play a significant role for the economic development of the country. It is a place to raise capital by means of issuing share and hence transacting it on a regular basis among the participants. Thus, a share is just like a commodity sold in the stock market through stock exchange. By purchasing shares of a company an investor become the owner of that company up to the intrinsic value of his shareholding and also become entitled to the profit or loss of the company proportionate to his share.

Bangladesh has been trying to fulfill the national aspiration of turning its pharmaceutical industry into an exporter of quality medicines. In mid 90's a few companies took initiatives to export pharmaceuticals from Bangladesh. Today, Bangladesh is exporting its pharmaceuticals from Bangladesh. Today, Bangladesh is exporting its pharmaceuticals to various countries like Singapore, Russia, Ukraine, Georgia, Pakistan, Myanmar, Vietnam, Sri Lanka, Nepal, Kenya, Germany, Yemen, Malaysia, Iran, Philippines, Sudan, South Korea, Bhutan and Hong Kong. It is worth mentioning that the world renowned hospitals & institutions like, KK Women & Children Hospital and Raffles Hospital of Singapore, MEDS of Kenya and Zinnah Hospital of Pakistan have been using the pharmaceutical products of Bangladesh (Shafiuzzaman, 2004). Hence, Pharmaceutical industry in Bangladesh is undoubtedly is going to be one of the leading export sectors. But to meet the huge future demand capital accumulation is a vital issue and capital market is the right place to raise fund from mass people by offering ownership through purchase of share from stock market. To do so, it is essential to make people interested to purchase the share of pharmaceutical companies and market price is an important consideration in this regard. Thus, it is important to find the determinants of market price of shares of pharmaceutical companies. Taking this in mind, this study attempts to explore the determinants of market price of share of listed pharmaceutical companies in Dhaka Stock Exchange. Stock market prices are usually affected by business fundamentals, company and world events, human psychology, and much more. It is lucid from previous studies that many factors, such as enterprise performance, dividends, stock prices of other countries, gross domestic product, exchange rates, interest rates, current account, money supply, employment, their information etc. have an impact on daily stock prices (Kurihara, 2006). Among different factors economic characteristics like EPS, Dividend Rate interest rate in the money market plays significant roles in determining market price of shares ((Docking and Koch, 2005). Thus, this paper is an attempt to identify such economic and psychological factors which influence the market price of shares.

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II. An Overview of Pharmaceutical Companies in Bangladesh

Bangladesh Pharmaceutical Sector has enormous export opportunities since 2005 as Bangladesh is allowed to manufacture and export pat ended drugs to 48 Least Developed Countries (LDC) of the world. Among all 49 LDC's Bangladesh is the only country which has a strong base in Pharmaceuticals. The Country can fetch as much as 500 billion US Dollar by exporting pharmaceutical Products (Shafiuzzaman, 2004). With the development of healthcare infrastructure, government intervention, increase of health awareness and the purchasing capacity of people, this industry is expected to grow at a higher rate in future than the present condition. Healthy growth is likely to encourage the pharmaceutical companies to introduce newer drugs, newer formulas, newer equipments and newer research products, while at the same time maintaining a healthy & non-monopolistic competitiveness in respect of the most essential drugs. In Bangladesh Pharmaceutical sector is one of the most developed hi tech sector with most educated science background people, which is contributing in the country's economy (Huda, Islam Mahmud and Rssell-2011). The pharmaceutical industry, however, like all other sectors in Bangladesh, was much neglected during Pakistan regime. Most multinational companies had their production facilities in West Pakistan. With the emergence of Bangladesh in 1971, the country inherited a poor base of pharmaceutical industry. For several years after liberation, the government could not increase budgetary allocations for the health sector. Millions of people had little access to essential life saving medicines. With the promulgation of the Drug (Control) Ordinance of 1982 many medicinal products considered harmful, useless or unnecessary got removed from the market allowing availability of essential drugs to increase at all levels of the healthcare system. Increased competition helped maintain prices of selected essential drugs at the minimum and affordable level.

In Bangladesh Pharmaceutical sector is one of the most developed hi tech sector which is contributing in the country's economy. After the promulgation of Drug Control Ordinance - 1982, the development of this sector was accelerated. The professional knowledge, thoughts and innovative ideas of the pharmacists working in this sector are the key factors for this development. Due to recent development of this sector we are exporting medicines to global market including European market. This sector is also providing 97% of the total medicine requirement of the local market. Leading Pharmaceutical Companies are expanding their business with the aim to expand export market. Recently few new industries have been established with hi tech equipments and professionals which will enhance the strength of this sector. The export value of pharmaceuticals, though small, is growing at 50 per cent per year. Exports increased from $8.2 million in 2004 to $28.3 million in 2007 and expanded further in last two of years. The export destinations have now risen from 37 to 72 countries during the period (Alam, 2009). Bangladesh can compete with countries like India, China, Brazil and Turkey in the international export market due to its quality compliance. It enjoys the exemption limit until 2016 under the provisions of the World Trade Organization with regard to generic, patients and other related matters. The country exports high-tech specialized products like HFA, inhalers, suppositories, hormones, steroids, oncology, immunosuppressant products, nasal sprays, injectibles and IV infusions. The local pull of demand for medicines set the industry in a second footing (Alam, 2009).

III. Literature Review

There is a saying that the stock market is the pulse of the economy. In the developed western world, how the stock market is doing is not only a matter for prime-time news bulletin but also a matter of public interest on an hourly-basis. Keeping conspiracy theory aside, instability or extreme volatility of a capital market may suggest weaknesses in the market. Further, this is an indicator of looming economic uncertainty (Monem, R., 2011).The decomposition of stock price movements is very sensitive to what assumption is made about the presence of permanent changes in either real dividend growth or excess stock return (Wohar & Mark, 2006). Hartono, 2004 examined that the positive recent earning information has significant relation with stock prices when it follows negative dividend information, and vice versa. Dividend change announcements elicit a greater change in stock price when the nature of the news (good or bad) goes against the grain of the recent market direction during volatile times (Docking and Koch, 2005).

Previous studies of Bagnoli M, & G. W. Susan, 2007 provided evidence on how the stock market reacts to different levels of information precision, their results suggest that quantitative disclosure reduces share price volatility showing a positive relationship between the level of disclosures and market price of shares. Relative to managers who do not provide supplemental disclosures, those who do are more likely to increase (decrease) the market response to a positive (negative) earnings surprise. Market reaction studies have investigated how the stock market has reacted to firm specific events and information disclosures such as annual earnings announcements, interim earnings, dividend announcements, takeover bids, and rights share issues. These studies have indicated that the market anticipates much of the news content or information in formal earnings announcements, and also seems to absorb much information on a continuous

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basis as it arises from firm specific events and other macroeconomic and industry level events and such news have impact on market price of shares (Brookfield and Morris, 1992). Korn and Schiller (2003) suggest that equity prices change in opposite directions for voluntary-disclosing and non-disclosing firms. Suominen (2001) has explained the positive correlation effect between trading volume and price variability based on private information. He has demonstrated that price changes are not sufficient source in predicting volatility but the information content on trading volume is also needed. As stressed by Mustafa and Nishat (2008) the non-informational trade based on events, short selling and insider trading has significant effect on prices and trading activity.

Lee and Rui (2001) have explained the relation between trading volume and serial correlation of stock returns by including another variable named as shocks i.e. informational and non-informational components.

IV. Objectives of the Study

The main objective of the study is to identify the economic and psychology factors those have influences on the market price of shares of the pharmaceutical companies listed in Dhaka Stock Exchange (DSE). The specific objectives can be summarized as follows:

a) To identify the major psychological factors influencing market price of shares.

b) To explore the major economic determinants of market price of shares.

c) To find to what extent those factors influence market price of shares.

V. Methodology

a) Sample Selection and Data Collection

There are 11 listed companies in total in DSE which are listed before 2000 and active participants in the Capital Market. Since the total population is small all the companies in the population are taken as samples.

The study is based on the secondary data collected from website of DSE, CSE and sample companies. Monthly magazine published by CSE called "CSE Porikroma" has also been browsed. The collected data cover the period of 12 years ranging from 2000 to 2011. The collected data are analyzed by using statistical software SPSS.

b) Variable Selection

The dependent variable for the study is the market price per share while independent variables are Earning Per Share, Net Asset Value Per Share, Dividend rate, Disclosures in Annual Report, Percentage of shares held by Public, Good news, Bad News.

i. *Validity and Reliability Test*

According to Sekeran (1992), if the value of Cronbach's Alpha is smaller than 0.6 it is poor, if it is in the range of 0.60 to 0.80 it is considered acceptable and if it is above above 0.80 it is considered good.

Table 1 : Construct Reliability Value

Construct	Construct Reliability	Specification
Earning Per Share	0.72	Acceptable
Net Asset Value Per Share	0.64	Acceptable
Dividend rate	0.65	Acceptable
Disclosures in Annual Report	0.71	Acceptable
Percentage of shares held by Public	0.68	Acceptable
Good news	0.56	Poor
Bad News	0.596	Acceptable

Source : Authors calculation through SPSS:17

The above table shows that Cronbach's Alpha is about or above 0.6 for the variables Earning Per Share, Net Asset Value Per Share, Dividend rate, Disclosures in Annual Report, Percentage of shares held by Public and Bad news but slightly below 0.6 for the Good News.

c) Construction of Un-Weighted Disclosure Index

In order to measure and analyze the extent of disclosure in the annual reports of the listed textile companies, and intensive study of disclosure items was selected. Un-weighted Disclosure Index (UDI) was constructed having a common base containing 144 (Appendix I) items of information (both mandatory and voluntary items), which were presented under 9 headings. The nine heading are Company Profile Items (CPI), Accounting Policy Items (API), and Balance Sheet Items-Assets (BSIA), Balance Sheet Items –Liabilities (BSIL), Income Statement 9 Items-Cr. (ISIC), Income Statement Items –Dr. (ISID), Projections and Budgetary Disclosure (PBD), Ratios, Statistics and Other Details (RSD) and Measurement and Valuation Method (MVM). The annual reports of the listed companies under study were analyzed to determine the extent to which they contained the items of information included in the disclosure index. In constructing the UDI dichotomous scoring, each of the 144 score items was used (disclosure = 1, nondisclosure =0). Hence, the maximum possible score attainable by a firm was 144 with minimum theoretical score of 0. (Hossain, 2010).

d) Specification of the Regression Model

The following regression model has been used to examine the influence of Earning Per Share, Net Asset Value Per Share, Dividend rate, Disclosures in Annual Report, Percentage of shares held by Public, Good news, Bad News.

$$MPPS = \alpha 1 + \beta 1EPS + \beta 2NAV + \beta 3DR + \beta 4\ DIA + \beta 5SHP + \beta 6GN + \beta 7BN$$

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Where,

MPPS = Market Price per Share

α1 = the value of market price per share in absence of Earning Per Share, Net Asset Value Per Share, Dividend rate, Disclosures in Annual Report, Percentage of shares held by Public, Good news, Bad News.

β1= the partial change in market price per share due to one unit change in Earning Per Share while other things remain constant.

β2= the partial change in market price per share due to one percentage change in Net Asset Value Per Share while other things remain constant.

β 3= the partial change in market price per share due to one percentage change in Dividend rate while other things remain constant.

β 4= the partial change in market price per share due to one percentage change in Disclosures in Annual Report while other things remain constant.

β5= the partial change in market price per share due to one percentage change in Percentage of shares held by Public while other things remain constant.

β 6= the partial change in market price per share due to any Good news while other things remain constant.

β 7= the partial change in market price per share due to any Bad news while other things remain constant.

Table 2 : Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Market price Per Shar	132	9.00	1880.55	235.2543	351.14467
Earning Per Share	132	-19.00	57.69	9.4477	11.23072
Net Asset Value Per Share	132	-6.59	187.00	53.4777	44.51638
Dividend rate	132	.00	750.00	54.3740	88.14607
Disclosures in Annual Report	132	35.00	61.77	49.9747	5.50189
Percentage of shares held by Public	132	4.35	55.60	29.1927	18.43123
Good news	132	.00	1.00	.3712	.48497
Bad News	132	.00	1.00	.1818	.38716
Valid N (listwise)	132				

Source : Authors calculation through SPSS:17

VI. Determination of Economic and Psychological Factors Influencing Market Price

The economic and psychological factors identified for the study are:

a) Economic Factors

Earning Per Share, Net Asset Value per Share, Dividend rate.

b) Psychological Factors

Disclosures in Annual Report, Percentage of shares held by Public, Good news, Bad News.

i. *Earnings Per Share (EPS)*

EPS is the amount earned on behalf of each outstanding common stock not the distributed amount to shareholders. This is perhaps the most important factor for deciding the health of any company and they influence the buying tendency in the market.

ii. *Net asset value per share (NAV)*

A valuation of an investment company's shares calculated by subtracting any liabilities from the market value of the firm's assets and dividing the difference by the number of shares outstanding. This factor illustrates the amount a shareholder would receive for each share owned if the fund sold all its assets (stocks, bonds, and so forth) at their current market value, paid off any outstanding debts with the proceeds, and then distributed the remainder to the stockholders. In general, net asset value per share is the price an investor would receive when selling a fund's shares back to the fund. Net asset value per share is similar in concept to book value per share for other types of firms.

iii. *Dividend Rate*

The total expected dividend payments from an investment, fund or portfolio expressed on an annualized basis plus any additional non-recurring dividends that may be received during that period.

iv. *Disclosures in Annual Report*

It refers the no of items disclosed by a company in its annual report. Through such disclosure the real pictures of an organization could be revealed (Hossain, 2010). To find the disclosure in annual reports a disclosure index has been used has is mentioned in methodology section.

v. *Percentage of Shares held by Public*

It refers the ownership structure of company. In a company there may be different types of owners like Institutions, Govt., Directors and General Public. Hence the percentage of shares held by public refers the percentage of shares held by general investors.

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vi. *Good News*

It refers any sort of news published by a company in relation to its financial and non financial activities which bears some good characteristics.

vii. *Bad News*

It refers any sort of news published by a company in relation to its financial and non financial activities which bears some bad characteristics.

VII. Findings

a) Summary of Descriptive Statistics

From the above table it is seen that the highest market price during the selected period among the different companies is Tk.1880.55 while the lowest is Tk.9. The highest EPS is Tk.57.69 having the lowest of Tk. (19).The maximum NAV is Tk187 while the minimum is Tk. (6.59). The dividend rate ranges from a minimum of 0% to 750%. On the basis of constructed Disclosure Index of 144 points (Appendix-I), the maximum score is 61.77 and the minimum is 35. The investigations on the Capital Structure of the companies show that in a particular company the percentage of shares held by public is 55.60% which is the highest while the lowest is 4.35%.

b) Correlation and Regression Analysis

The use of statistical correlation is to evaluate the strength of the relations between independent variables (Earning Per Share, Net Asset Value Per Share, Dividend rate, Disclosures in Annual Report, Percentage of shares held by Public, Good News and Bad news) with the dependent variable (Market Price per Share). The results shown in Table: 3 (Appendix i) show that Dividend rate (r=.712) has the highest correlation while Good News (r=.205) has the lowest correlation with the Market Price per Share.

Table 4 : Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.762[a]	.681	.657	204.25199

a. Predictors: (Constant), Bad News, Dividend rate, Percentage of shares held by Public, Disclosures in Annual Report, Good news, Net Asset Value Per Share, Earning Per Share

Table 5 : ANOVAa

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	9366663.373	7	1338094.768	24.385	.000[b]
Residual	6749501.182	123	54873.993		
Total	16116164.554	130			

Source : Authors calculation through SPSS:17

a. Dependent Variable: Market price Per Share

b. Predictors: (Constant), Bad News, Dividend rate, Percentage of shares held by Public, Disclosures in Annual Report, Good news, Net Asset Value Per Share, Earning Per Share

From the statistical output found through SPSS it is seen that the selected independent variables have significant influence on market price of shares (Table-5). While it is observed that such independent variables explain 68.1%% of the variations in the independent variable having R Square value of 68.1% and Adjusted R Square of 65.7% (Table-4).

Table 6 : Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-252.103	201.443		-1.251	.213
Earning Per Share	.824	3.317	.026	.248	.804
Net Asset Value Per Share	1.644	.617	.208	3.662	.003
Dividend rate	2.224	.335	.559	6.630	.000
Disclosures in Annual Report	6.833	4.044	.107	1.690	.014
Percentage of shares held by Public	-2.867	1.195	-.150	-3.400	.003
Good news	56.102	45.895	.077	3.222	.004
Bad News	-37.777	57.736	-.042	-6.654	.000

a. Dependent Variable: Market price Per Share

The most influencing economic factor is the Dividend rate which positively influences the market price while among the psychological factors bad news influence most having a negative relationship with market price.

The fitted regression model on the basis of statistical finding through SPSS (Table-6) follows:

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$$MPPS = \alpha 1 + \beta 1EPS + \beta 2NAV + \beta 3DR + \beta 4\ DIA + \beta 5SHP + \beta 6GN + \beta 7BN$$

$$\text{i.e. } MPPS = -252.103 + 0.824EPS + 1.644NAV + 2.224DR + 6.833DIA - -2.867SHP + 56.102GN - 37.777BN$$

i. *Explanation*

The above regression model indicates that,

- The partial increase in market price per share due to one unit change in Earning per Share is 0.824 while other things remain constant though it is statistically insignificant (Table-6).
- The partial increase in market price per share due to one unit change in Net Asset Value per Share is 1.644 while other things remain constant and it is statistically significant (Table-6).
- The partial increase in market price per share due to one percent change in Dividend Rate is 2.224 while other things remain constant and it is statistically highly significant (Table-6).
- The partial increase in market price per share due to one unit change in Disclosure in Annual Report is 6.833 while other things remain constant though it is statistically significant (Table-6).
- The partial decrease in market price per share due to one unit change in percentage of shares held by public is 2.867 while other things remain constant and it is statistically significant (Table-6).
- The partial increase in market price per share of a company due to one good news about a company is 56.102 while other things remain constant and it is statistically significant (Table-6).
- The partial decrease in market price per share of a company due to one bad news about a company is 37.777 while other things remain constant and it is statistically highly significant (Table-6).

VIII. Recommendation

For building a vibrant capital market the following things should be taken under consideration:

i. As the disclosures in annual report has a positive influence on market price and as it provides a lucid picture of a company, SEC should make the company agreed to provide more information in annual reports since the present level of disclosure is not satisfactory.

ii. The companies need to be very careful about publishing their good and bad news as these are very sensitive issues and have an influential characteristics having both positive and negative impact on market price respectively.

iii. The investors in the capital market must consider the above mention economic and psychological factors before taking their investment decisions.

IX. Conclusion

It is undoubtedly the capital market which can ensure a sound economic condition of Bangladesh. Though regrettable, it has not been considered as the vehicle of economic development through augmenting capital from the surplus units yet. As no govt. in Bangladesh since its independence has taken proper initiatives to establish strong regulation and proper guidance for its stable growth and as a large number of investors are not well educated about capital market phenomenon, instability and peculiarity have become part and parcel of the country's capital market. Thus, this is high time both the government and the investors became vigilant about the factors that have influence on the market price of shares.

X. Policy Implication Limitation and Scope of Future Study

The study provides a significant idea about the determinants of market price of shares, especially concerning the psychological and economic factors with special reference to the pharmaceutical companies. A careful implication of the finding of this study may help in capital accumulation through issuing share to the public for ensuring the rapid growth of pharmaceutical sector.

As the study is based on the pharmaceutical companies only, other companies listed in DSE are not considered here the inclusion of which could make the study more comprehensive. Moreover, a numbers of other factors like money supply, market price of other Stock market in the world etc. were not included in this study due to unavailability of reliable data sources inclusion of such factors may make the research a better one for aiding the healthy growth of the capital market of Bangladesh. Future studies could be undertaken in this regard.

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Appendix I

Table 3 : Pearson Correlations

	Market price Per Shar	Earning Per Share	Net Asset Value Per Share	Dividend Per Share	Disclosures in Annual Report	Percentage of shares held by Public	Good news	Bad News
Market price Per Shar	1	.586**	.400**	.712**	.267**	-.262**	.205*	-.272**
Earning Per Share	.586**	1	.614**	.680**	.325**	-.101	.086	.066
Net Asset Value Per Share	.400**	.614**	1	.324**	.081	.114	.068	.108
Dividend Per Share	.712**	.680**	.324**	1	.233**	-.224**	.131	.028
Disclosures in Annual Report	.267**	.325**	.081	.233**	1	-.054	.047	.125
Percentage of Share held by Public	-.262**	-.101	.114	-.224**	-.054	1	-.111	-.076
Good news	.205*	.086	.068	.131	.047	-.111	1	-.322**
Bad News	-.272**	.066	.108	.028	.125	-.076	-.322**	1

Source : Authors calculation through SPSS:17

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

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Appendix II

a) Disclosure Index

Number	Un-weighted Index of Disclosure	SCORE OBTAINED		TOTAL	
A.	Company Profile Items				
1	Name of the Firm -				1
2	Corporate headquarters				1
3	Date of Incorporation				1
4	Year of incorporation as a limited liability company				1
5	Year of listing on the DSE				1
6	Audit firm(s)				1
7	Corresponding figure of preceding period				1
	SUB TOTAL				7
B.	Accounting Policy Items				
1	Basis of accounting				1
2	Subsequent events after the balance sheet date				1
3	Consolidation Policy (if any)				1
4	Reporting currency				1
5	Methods of Revenue recognition				1
6	Changes in Accounting policy and their cumulative effects				1
7	Basis of measurement (historical or other)				1
8	Method of calculating EPS				1
9	Changes in Accounting Estimates				1
10	Disclosure of monitory impact of any change in Accounting policy				1
11	Changes in accounting principles				1
12	Information about compliance with BAS				1
	SUB TOTAL				12
C.	Balance Sheet Item (Assets)				
1	Details about quick assets				
i.	Cash in hand (including foreign currency)			0.5	
ii.	Balance with Bank			0.5	
					1
2	Development and prepaid expenses (if it is capitalized)				1
3	Cash and cash equivalents				1
4	Information on disclosure of investment items				
i.	Treasury bills – 1			0.1	
ii.	National investment bonds - 1			0.1	
iii.	Prize bonds			0.1	
iv.	Debenture			0.1	
v.	Other bonds – 1			0.1	
vi.	Shares			0.1	
vii.	Debenture and bonds			0.1	
viii.	Gold			0.1	
ix.	Worthless stock			0.1	
x.	Other investments			0.1	
					1
5	Information relating to investment				
i.	Cost of marketable securities			0.2	

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ii.	Market value of marketable securities			0.2	
iii.	Investments accounted for using the equity method			0.2	
iv.	Portfolio investment			0.2	
v.	Valuation basis			0.2	
					1
	Information relating fixed assets				
6	Classification of Fixed assets				1
7	Cost				1
8	Market				1
9	Revaluation amount				1
10	Basis for valuation				1
11	Information as to other assets – Commission on brokerage on shares and debentures				1
12	Information relating to – Preliminary formation and organization expense (if it is capitalized)				1
13	Non financial assets (classified)				1
14	Information about security of loan				1
15	Loan taken by directors and officers				1
16	Loans and advances to customers				1
i.	Classification amount			0.33	
ii.	Doubtful amount			0.33	
Iii.	Bad amount			0.34	
					1
18	Information as to intangible assets –				
i.	Goodwill			0.34	
ii.	Other intangible assets			0.33	
Iii.	Amortization policy			0.33	
					1
	SUB TOTAL				18
D.	Balance sheet Item (Liabilities)				
1	Details shareholders interest				
i.	Issued Capital			0.5	
ii.	Shareholder's equity or paid up capital			0.5	
					1
2	Information as to –				
i.	Provisions			0.25	
ii.	Provision for taxation			0.25	
Iii.	Provision for loans and interest suspense account			0.25	
iv.	Provision for bad and doubtful investment			0.25	
					1
3	Information as to-				
i.	Statutory reserve			0.25	
ii.	Revaluation Reserve(if not capitalized)			0.25	
iii.	Surplus profit and loss account			0.25	
iv.	Gratuity and benevolent fund			0.25	
					1
4	Information as to:				
i.	Commitments - Directors (classified)			0.5	
ii.	Commitments - Contingent Liabilities			0.5	
					1

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5	Details about-				
i.	Borrowing from banks in Bangladesh			0.25	
ii.	Borrowing from agents, financial institutions and banks outside Bangladesh			0.25	
iii.	Secured borrowing amount			0.25	
iv.	Unsecured borrowing			0.25	
					1
6	Information about-				
i.	Nature and amount of security given			0.34	
ii.	Other commitments			0.33	
iii.	Other borrowed fund			0.33	
					1
7	Information as to principal deposits- Pension or insurance fund				1
8	Information about - long term Debt with security				1
9	Information about – Mortgages on assets against loan in Bangladesh				1
10	Information as to-				
i.	Particular of redemption of long term debt			0.5	
ii.	Current portion of long term debt			0.5	
					1
11	Information about – non current interest bearing liabilities				1
12	Information relating to – Income tax payable				1
13	Details as to –				
i.	Liabilities and subsidiary companies			0.25	
ii.	Proposed dividend			0.25	
iii.	Prepaid deferred tax at the end of the period			0.5	
					1
14	Information as to –				
i.	Bill payable			0.5	
ii.	Interest payable			0.5	
					1
15	Information about – Trade and other payable				1
	SUB TOTAL				15
E.	Income statement Items (Cr.)				
1	Details as to –				
i.	Interest and similar income			0.33	
ii.	Interest income from debentures			0.33	
iii.	Interest on bill and Treasury bills			0.34	
					1
2	Income from balances with banks/financial institutions				1
3	Details about – Dividend income				1
4	Information as to – Investment income				1
5	Details as to – Gains less losses arising from investment securities				1
6	Information as to –				
i.	Profit from ordinary activities			0.25	
ii.	Profit from operations			0.25	
iii.	Profit from invested shares			0.5	
					1

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7	Information as to –				
i.	Gains less losses arising from dealing securities			0.25	
ii.	Gains arising from dealing securities			0.25	
iii.	Gains on foreign currency transaction			0.25	
iv.	Gains less losses arising from dealing in foreign currencies			0.25	
					1
8	Information about –				
i.	Non financial income			0.5	
ii.	Income from non financial assets			0.5	
					1
9	Information on income from rent, taxes, insurance, license fees, royalties and other income				1
	SUB TOTAL				9
F.	Income statement Items (Dr.)				
1	Information as to –				
i.	Salaries, allowances and fees			0.2	
ii.	Stationary, postage, stamp etc. and general administrative expenses			0.2	
iii.	Printing and advertisement expenses			0.2	
iv.	Internet, Telegram, Telephone and Communication expenses			0.2	
v.	Fees and commission expenses			0.2	
					1
2	2. Information as to – Legal expenses				1
3	3. Information as to – Taxes on income				1
4	4. Information as to –				
i.	Chairman and directors Remuneration			0.5	
ii.	Auditors fees			0.5	
0					1
5	Information as to –				
i.	Dividend paid for the period			0.5	
ii.	Appropriation against profit on dividends			0.5	
					1
6	Information as to –				
i.	Provision for classified loans and advances			0.2	
ii.	Provision for gratuities			0.2	
iii.	Provision for diminution value of investment securities (if it is apprehend)			0.2	
iv.	Provision for decline in value of trading securities and other provisions			0.2	
v.	Bad and doubtful provisions on loan and provision for bad and doubtful debts against adversely classified and advances			0.2	
					1
7	Information as to –				
i.	Appropriation against profit on statutory reserve			0.5	
ii.	Appropriation against profit on general reserve			0.5	
8	Details as to –				
i.	Depreciation of fixed assets and amortization expenses			0.2	
ii.	Repair expenses of machinery			0.2	
iii.	Repair expenses of furniture			0.2	

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iv.	Repair expenses of buildings			0.2	
v.	Depreciation on repairs and maintenance			0.2	
					1
9	Information as to –				
i.	Interest expenses and similar charges			0.5	
ii.	Tax expenses for the period			0.25	
iii.	Taxes, including deferred taxes			0.25	
					1
10	Disclosure as to –				
i.	Extraordinary items – Loss on expropriation of car engine			0.2	
ii.	Extraordinary items – Insurance proceeds from earthquake disaster settlement			0.2	
iii.	Losses arising from dealing securities			0.2	
iv.	Foreign currency translation and hedging			0.2	
v.	Other operating expenses			0.2	
					1
11	Information about –				
i.	Amount expended on human resource			0.25	
ii.	Loss from sale of or dealing with non-banking assets			0.25	
iii.	Allowances for doubtful debts			0.25	
iv.	Charitable donations			0.25	
					1
	SUB TOTAL				11
G.	Information useful to projections and budgetary disclosure				
1	Disclosure as to loss on sale on investment				1
2	Disclosure as to profit on sale on investment				1
3	Disclosure as to loss on unusual items				1
4	Disclosure as to provision for diminution in the value of investment				1
5	Information as to proposed capital expenditure in near future				1
6	Information about offer of new services				1
7	Information about labor management relationship				1
8	Information about number of days in strike by the employers (yearly)				1
9	Information about bank issuing bonus shares				1
10	Information about pension and retirement plans				1
11	Information about employees social welfare scheme				1
12	Information about number of cases filed for recovery of loan				1
13	Information about cash inflow				1
14	Information about cash outflow				1
15	Information relating to sale of property and other assets				1
16	Information relating to transfer of research and development				1
17	Inflation adjusted accounts				1
18	Information about Tax refunds receivable				1
	SUB TOTAL				18
H.	Ratios, Statistics and other Details				

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1	Return on capital employed				1
2	Return on shareholders Equity				1
3	Return on equity funds				1
4	EPS				1
5	DPS				1
6	Earning yield				1
7	Dividend yield				1
8	Rate of return on investment				1
9	Return on total assets				1
10	Debt – equity ratio				1
11	Debt to total capital ratio				1
12	Debt to total assets ratio				1
13	Proprietary ratio				1
14	Capital gearing ratio				1
15	Interest coverage ratio				1
16	Dividend coverage ratio				1
17	Total coverage ratio				1
18	Cash flow coverage ratio				1
	Information relating to statistics and other details				
19	Comparative income statement (at least 1 year)				1
20	Comparative balance sheet (at least 1 year)				1
21	Cash budgeting projection up to 5 years				1
22	Extent of dependence on a few customers				1
23	Review of the year and prospects for the future (discussion of the factors which will influence bank's next year performance)				1
24	Forecast of next year earnings				1
25	Statement of the firm's objectives and policies				1
26	No of shareholders and share held by them				1
27	Information on number of employees				1
	SUB TOTAL				27
I.	Information useful to measurement and valuation method				
1	Amount of depreciation				1
2	Fixed assets valuation method				1
3	Basis of overall valuation				1
4	Method used in calculating depreciation				1
5	Depreciation policy				1
6	Consistency of method rate of depreciation				1
7	Rate of depreciation				1
8	Gains and losses on disposal of property				1
9	Pension costs and retirement plans				1
10	Estimated useful life and change in estimate (if any)				1
11	The reason for change in method and rate of depreciation				1
12	The monetary impact on profit				1
13	The tax effect for the change				1
14	Consistency of useful lives of assets				1
15	Disclosure of significant financial transactions				1
16	Disclosure about related party transactions				1
17	Accounting policy adopted for the recognition of revenue				1

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18	Method adopted to determine the stage completion of transactions				1
19	Disclosure of significant category of revenue recognized during the period				1
20	The nature and amount of commitments to extent credit that are irrevocable				1
21	The nature and amount of contingent liabilities and commitments arising from off balance sheet items				1
22	Disclosure of maturity date of liabilities				1
23	Disclosure of significant concentration of assets and liabilities and off balance sheet items in terms of geographical areas, customer or industry groups				1
24	Disclosure of significant net foreign currency exposure				1
25	Other concentration risks				1
26	Disclosure about appropriation of retained earnings				1
27	Disclosure of secured liabilities and the carrying amount of the assets pledged as security				1
	SUB TOTAL				27
	GRAND TOTAL				144

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