



ECFH Financially Speaking

East Caribbean Financial Holding Company Limited

In this week's column we present another investment related term. This week's term is: **Profitability Ratios.**

Profitability Ratios are a group of financial measurements that are used to evaluate a company's ability to generate income as compared to its expenses during a specific period of time. For most of these ratios, having a higher value relative to that of a competitor or the same ratio from a previous period may be indicative that the company is doing well.

What does this mean for you?

Some examples of **profitability ratios** are profit margin, return on assets and return on equity. Fund managers and investment advisors use these ratios regularly to decide whether investing in a particular company will be a sound investment. It is important to note that some background knowledge is necessary in order to make relevant comparisons when analyzing these ratios. For more information on **profitability ratios** and how they are used to make prudent financial decisions, call Bank of Saint Lucia's Wealth & Asset Management Division (WAM) at 456-6104 or ECFH Global Investment Solutions at 457-7233.