



Daffodil
International
University

Internship Report

On

“Financial Performance Analysis of ONE Bank Limited”

Submitted By

Anne Silvia Gomes

ID: 161-11-4929

BBA- Major in Finance, Batch: 43rd
Department of Business Administration
Faculty of Business & Entrepreneurship
Daffodil International University

Supervised By

Shah-Noor Rahman

Assistant Professor

Department of Business Administration
Faculty of Business & Entrepreneurship
Daffodil International University

Date of Submission: 24.10.2019



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Letter of Transmittal

17.12.19

To

Shah-Noor Rahman
Assistant Professor
Department of Business Administration
Faculty of Business & Entrepreneurship
Daffodil International University

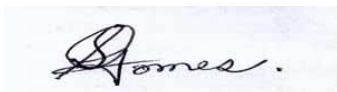
Subject: Submission of the internship report on “Performance Analysis of ONE Bank Limited (OBL)”

I am very pleased to present my internship report on "**Performance Analysis of ONE Bank Limited (OBL)**". At the time of my internship, I was able to know all the details of the management of operations of ONE Bank LTD. It's a blessing for me to do my homework under your supervision.

I gathered various information on the management of OBL during this period and attached each information to my report. I think that will help you to know my report well. I appreciate your regular supervision and support in preparing this report.

Therefore, I can pray and hope that you will approve my report and oblige thereby.

Yours Obedient,



Anne Silvia Gomes
ID: 161-11-4929
BBA- Major in Finance, Batch: 43rd
Department of Business Administration
Faculty of Business & Entrepreneurship
Daffodil International University

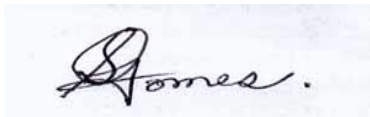
Certificate of Declaration

I, **Anne Silvia Gomes**, student of B.B.A, 43rdbatch carrying **ID #161-11-4929**, hereby announce that the submitted report of internship titled "**Performance Analysis of ONE Bank Limited (OBL)**" is prepared by me after the fulfillment 3 months internship.

I hereby solemnly announce that the study submitted in this report has been done by me and has never been submitted before to a university for the purpose of obtaining a university degree or diploma.

The work presented in this report does not infringe any copyright.

In addition, I agree to compensate the University for any loss or damage resulting from the violation of the former obligation.



Anne Silvia Gomes

ID: 161-11-4929

BBA- Major in Finance, Batch: 43rd

Department of Business Administration

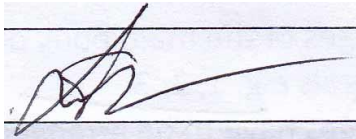
Faculty of Business & Entrepreneurship

Daffodil International University

Certificate of Approval

I am pleased to certify that the Internship report on “**Performance Analysis of ONE Bank Ltd.**” conducted by **Anne Silvia Gomes** bearing #ID No: **161-11-4929** of BBA Program, Department of Business Administration has been approved for presentation and defense. **Anne Silvia Gomes** worked with **ONE Bank Limited (OBL)**, Tipu Sultan Road Branch, Dhaka, as an intern under my supervision.

Anne Silvia Gomes bears a strong moral character and a very pleasing personality. It has indeed been a great pleasure working with her. I wish her all success in life.



.....
Shah-Noor Rahman
Assistant Professor
Department of Business Administration
Faculty of Business & Entrepreneurship
Daffodil International University

ACKNOWLEDGEMENT

Many people have my sincere thanks and appreciation for preparing this report. Without their constant support and encouragement, such a comprehensive analysis would be a difficult challenge.

First of all, I would like to express my gratitude to Almighty God for giving me the strength and endurance necessary to complete the task in a timely manner; my respected teacher, Shah-Noor Rahman, (Assistant Professor, Daffodil International University) for her guidance and unflagging support throughout the internship period. His ideas and constant supervision helped me to better understand my report.

Secondly, I must acknowledge **Mr. Fazole Mahmud (SAVP & Manager)** and **Mr. Enamul Kabir (Senior Officer)** of **ONE Bank Limited**, Tipu Sultan Branch for their continued motivation to learn. In addition, it helps me learn new things. And I'm grateful that they let me into the team, offering so much to learn.

Finally, my most sincere thanks to all the exceptional people of the Daffodil International University who accompanied me through this experience. It would have been impossible to end this trip without your help.

Executive Summary

The report is created as a result of my internship, which I have done, as a requirement of the BBA program. This report is based on my three-month internship program at ONE Bank Ltd. During office hours, I never felt irritated or bored. The environment of ONE Bank Ltd. is good and very user friendly. Staffs are trained in their respective areas, work effectively and are supervised by senior management. ONE Bank Ltd. is one of the leading private banks in Bangladesh. All aspects of OBL like credit and risk management; regulatory activities, standards, credit operations, processes, variety of products and services, and the financial performance analysis have been included to this report. The objectives of the study were defined in order to analyze the five years performance of the bank. Based on the analysis, to find out the loopholes of the bank and to recommend the better way to overcome the lacking. To analyze the performance several ratios were used such as interest margin, non-interest margin, EPS, equity multiplier etc. After the analysis, some findings are included such as the decline of EPS, ROA, ROE. The income from non-interest factors are quite good. Based on the findings, some recommendation has given. The bank should focus on increasing interest earnings by lending at higher rate also should concentrate on their earnings spread. They should increase interest income to increase the spread more. Moreover, OBL is gaining its trustworthiness to its customers day by day. At OBL, all staff create arenas to serve customers tirelessly. OBL is engaged in serving society, improving people's lifestyle, developing the business environment.

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Chapter – 01
INTRODUCTION

1.1.Introduction:

The banking sector has a role in the development of an economy. It is the key driver of economic growth of the country and has a dynamic role play in converting the idle capital resources for optimum utilization so as to attain maximum productivity. (Bredehorn T., 2009) .Credit risk management is directly proportional to the highest return of a bank; it can expect to earn more money. A higher credit risk also increases the risk that the bank will incur heavy losses and be forced into bankruptcy. In fact, banks today have to execute their operations with two goals in mind, which are to generate profits and survive in business. So, banks try to make sure that their credit risk is considered prudent. In addition, credit risk management is a key issue related to the stability of the financial system in banking sector.

The economic situation depends on the adequacy of its banking system. In a developing country like Bangladesh, banking system plays a significant role in promoting economic development. A bank is the heart of a country's economic structure and the capital it provides is like blood. All body organs will remain healthy and fit until the blood is circulating. If no blood is supplied to a party, this part would become ischemic and dead. Like this, if funding is not provided to all sectors, such as agriculture or industry, it will be destroyed. Banks provide loans that helps the producer to improve production.

The introduction of the bank began with the first prototype bank that provides loans to farmers and traders who transport goods between cities. The development of the bank spread to Europe in the 15th and 16th centuries. The first modern bank in Bengal was Hindustan Bank, established in Calcutta. In 1846, the first bank was established in Dhaka. After independence, this bank was established as a central bank and was renamed Bangladesh Bank. More banks were established in the late 1970s and early 1980s.

Today, the bank is an integral part of our economic system. Modern trade and commerce depend entirely on this banking system. It will be almost impossible without banking services.

First, banking offers savings to all classes and all types of people, as well as the security of their assets.

Second, the banking instigates investments. Banks invest money in the industrial, agricultural and commercial sectors.

Third, foreign trade is done by the banks. In case of import and export, the money is transferred through the banks.

1.2 Scope of the Study:

This internship report has been prepared as part of the internship program, an essential element of the Bachelor of Business Administration program. Each student is required to work on a specific topic for his / her learning with the attached file of any required organization. To accomplish this requirement, I work as an intern at ONE Bank Ltd. and prepared this report on “Performance Analysis of ONE bank Ltd”.

During the consultation of my supervisor, I selected a topic entitled “**Performance Analysis of ONE bank Ltd**”. Although I worked, there are several departments, but I had to choose a field of study where I could conduct a detailed survey and present my understanding.

1.3 Objective of the Study:

The main objective of the study is to analyse the Financial Performance of ONE Bank Ltd. from the period of 2014 to 2018 and evaluates this performance.

The other objectives of this study are:-

- To evaluate the financial position and performance of ONE Bank Limited from the period of 2014-2018.
- To estimate the factors affecting performance of the Bank.
- To calculate the financial ratios and identify the areas of concern.
- To understand the implications in analysing and interpreting the financial ratios.
- To measure the managerial efficiency of the firm as well as earning capacity of OBL in future period.
- To suggest better ways for enhancing the performance of the Bank.

1.4 Methodology of the Study:

The study is descriptive in nature. The methodology refers to the significant part of the study and the process of gathering information and its organization in terms of relevant study topics. It is designed to fit the objectives of the study. Several The study requires a systematic procedure that goes from the choice of the topic to the completion of the final report.

The study requires a systematical method ranging from the choice of the subject to the finalization of the final report. The study is based on information extracted from different sources and compiled according to a specific methodology.

Sources of Data:

A) Primary Sources:

- Employees of the branch.
- Customers of the branch.

Method of data Collection:

- Personal interview: Direct conversation and detailed interview with the respective representatives and clients of the branch.
- Personal Observation: Observing of the management activities.

B) Secondary Sources:

- Annual report of ONE Bank Limited.
- Different publications of ONE Bank Limited.
- Different manuals and publications of Bangladesh Bank.
- Daily, monthly and yearly statements, ledgers received from different section.
- Different text books.
- Official web site of OBL.

1.5 Limitations of The Study:

In any research work collecting diverse information, create data and analyze this data and this literature is very essential. But there are certain limitations. The multiple limitations

caused during this investigation. I have tried to avoid these kinds of problems, but still there are some mistakes. The following limitations have been found.

- The major limitation which resists the study was lack of adequate information.
- Due to the confidentiality and security of the organization, the employee did not provide much information.
- It is very difficult to learn all the functions in just 90 days.
- As the staff at the bank were busy, they could not give me enough time.
- Lack of opportunity to visit more than one branch.
- The change of strategy of ONE Bank Ltd. prevented me from gathering updated information and strategy.
- Due to lack of experience, the best effort may not be provided. Therefore, an error is necessary to forgive.
- Due to lack of sufficient time, it was not possible to do a vast study.

Chapter – 02
Organization Profile of ONE Bank Limited

2.1 Introduction of ONE Bank Limited

OBL is a private sector commercial bank dedicated to collecting deposits from the public through its various savings and fund lending systems in different sectors. Risk assessment and compliance are carefully followed when selecting the portfolio of assets and liabilities. Bank financing is focused on both working capital and long-term financing.

The name ONE Bank is derived from the insights and feelings of promoters to reach people from all walks of life and progress together towards prosperity in a spirit of oneness.

The Bank is committed to serving customers and the community with the greatest dedication. The main focus is efficiency, transparency, precision and motivation with the spirit and conviction to excel as ONE Bank in both value and image.

In the industrial sector, the textile and RMG sector is considered as the major focus of the bank. As RMG's exposure increased, the bank significantly increased its non-funded activities. The Bank has taken the initiative to increase the visibility of SMEs to increase small entrepreneurs' access to bank credit.

Endowed with state-of-the-art technology, OBL has a real-time online banking service and has launched a Visa debit and credit card, ATM machine, electronic banking, mobile banking and more. A full-fledged Disaster Recovery (DR) centre has been established in Sirajgonj to ensure business continuity of the bank. OBL has set up the centralized center for administration of loans and processing of commercial transactions in Dhaka and in the area of the Chittagong.

2.2 Corporate Mission & Vision Statements And Corporate Slogan of ONE Bank Limited:

2.2.1 Vision statement:

- Establish ONE Bank Limited as a model in the banking sector in Bangladesh.

- Respond to the needs of our customers, bring satisfaction to our staff and create value for our shareholders.

2.2.2 Mission statement:

- Constantly looking for ways to better serve the customers.
- Be proactive in fulfilling our social responsibilities.
- Regularly review all areas of business and develop industry best practices.
- Work environment that promotes teamwork, enabling employees to perform well.

2.2.3 Corporate Slogan:

We make things happen....

2.3 Mode of Formation:

One Bank Limited (OBL) is a private banking division established on May 12, 1999 and composed of a public limited company in 1994 and listed on the Dhaka Stock Exchange (DSE) and the Chittagong Stock Exchange (CSE).

Date of Establishment: 12th May 1999

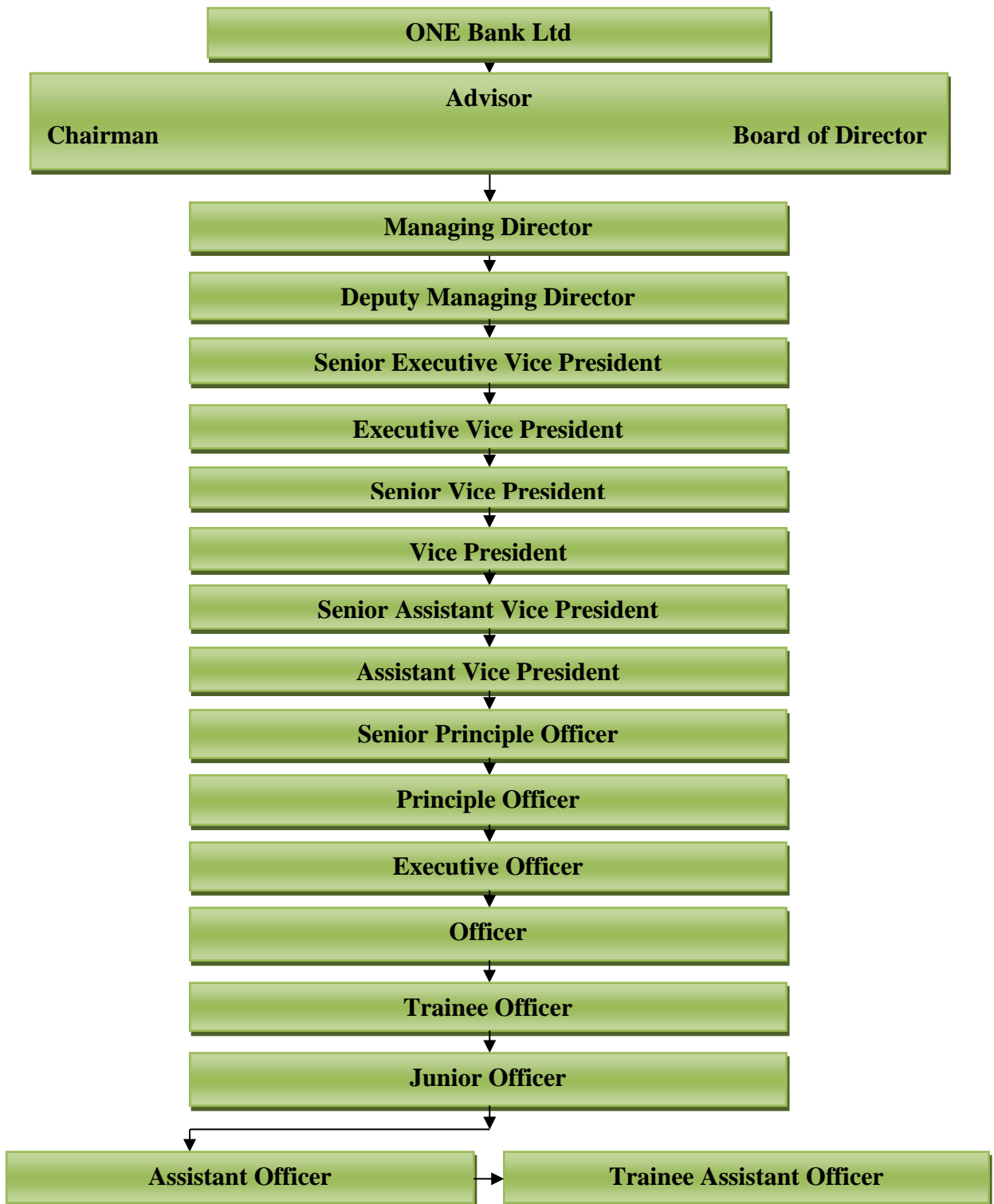
Date of Operation: 14th July 1999

Corporate Head Office: 2/F, HRC Bhaban, 46 Kawran Bazar C/A, Dhaka-1215

Web page: www.onebankbd.com

E-mail: obl@onebankbd.com

2.4 Organization Hierarchy of ONE Bank Ltd:



2.5SWOT Analysis of ONE Bank Limited:

SWOT analysis is an extended procedure that is used as an institution's strategy. This includes assessing strength, weakness, opportunities and threat. This facilitate an organization to find out the present condition, situation and to forecast the future position in relation to others. It can be considered one of the vital elements of the advanced strategic management of an organization.

SWAT is a phrase for the strength, efficiency& devitalization of a company. A company not only faces the scopes but also risks. So as a business entity SWAT of ONE bank will be as follows:

Strength:

- Provide vigorous team-work.
- Organize superior management.
- Supportive with each other.
- Excellent relationship between bank and customer.
- Consolidated economic condition.
- Broad corporate homogeneity.
- Young passionate work force.

Weakness:

- Narrow training opportunity.
- Limited scopes for job rotation.
- Lack of expertize of employee at junior level.
- Very few own ATM services.
- High employee turnover.
- Limited industrious & skilled employees.
- Insufficient advertisement of bank.
- Bank condition is relatively poor.

Opportunity:

- Attract more customers for deposit.
- Increasing the quantity of ATM services.
- Improvement of banking and customer services.
- Engage the employees with work.
- Enhancing marketing and advertisement.

Threats:

- Growing number of banks.
- Variation of FCB'S services.
- Advanced services of different banks.
- Failure of loan payment/installments.
- Political unrest.

Chapter – 03
Products and Services
of
ONE Bank Limited

3.1 Deposit Products of ONE Bank Limited:

Pyramid Savings: The consolidation of formal savings and recurring savings is called pyramid savings and it allows an exclusive way to save by force and quickly.

Characteristics:

- Minimum 20,000 tk. is the opening balance with 4 different maturity.
- Client has to deposit at least 50 tk. in single transaction.
- Client can deposit any amount at any date.
- Adjustable deposit facility without any withdrawal option before maturity date.
- Client gets the advantage of cash line facility up 90%.

➤ **Probashi Sonchoy:** Probashi Shonchoy is a taka savings account that earns daily interest and pays monthly interest to non-residents of Bangladesh.

Characteristics:

- Interest is calculated based on day to day basis and paid month wise.
- Interest is added to the account per month.
- The client gets first cheque book for free.
- Internet Banking and SMS Banking are absolutely free of cost.
- Valid address and work permission is needed for the non- residents Bangladeshi.

➤ **Monthly Money Maker:** The Monthly Money Maker Program is a unique kind of fixed deposit account. The claimant gets the accumulated monthly interest from the fixed deposit in the applicant's current / savings account.

Characteristics:

Amount of Deposit:	At least Tk.50,000.00
Primary Deposit Day:	At any date of month.
Interest accrued:	After ending 1 month of initial deposit day, the bank will credit the interest to the clients account.
Interest Payment Method:	Interest payment method is transferred to savings/current account.

Interest Payment constancy:	Interest Payment constancy is monthly.
Auto-Closing of Account:	The account will be suspended at once in case of demise of the depositor.

- **Money Rotator:** Money Rotator is structured to reach different governmental agencies as well as large corporations, semi-governmental agencies, universities, Non-Government Organizations and different people, as well as the concerns of different owners.

Characteristics:

- Maturity is 3/6/12 months.
- At least tk. 1(one) crore or more have to be deposited.
- Interest rate: 5.00% per annum or decided by ALCO.
- Interest is compounded monthly.
- Customers will have the option to open a Money Rotator account less than 1 crore, in which case opening an OBL Gold & Silver Savings account will be essential for the customer.

- **Elegant Savings Account:** Elegant Savings is a taka savings account that generates daily and monthly interest for the elder people in Bangladesh.

Characteristics:

- The client has to deposit at least Tk. 5000 as opening balance.
- The client gets first cheque book for free.
- In 1st year client gets 25% exemption in locker charges.
- The Elegant Savings account holders enjoys 0.50% bonus interest rate on retail Fixed Deposit.
- Internet Banking and SMS Banking are absolutely free.
- Any native citizen age above 18 can open the account.

- **ONE-2-3:** ONE-2-3 is an appealing scheme offered by ONE Bank Limited that allows the deposits to grow double over a period of time, usually after 6.5 years.

Characteristics:

- When the account is opened a ONE-2-3 deposit voucher will be given.

- In the case of the destruction of deposit slip, the bank can deliver a copy of original receipt. The rules for issuing a duplicate slip will be applied.
- **OBL Youth Banking:** Youth Banking is a savings account specifically crafted for the youths of Bangladesh. It offers a broad range of characteristics with a fascinating interest rate on the daily money remaining in the account.

Characteristics:

- Rate of interest is alluring.
 - Interest is calculated based on day to day basis and paid month wise.
 - At least BDT 500/- has to be deposited primarily.
 - There is no Account operating fee.
 - Rate of interest is 6 percent per annum.
 - Student gets 50% discount on OBL Student Loan Process charge.
 - Student gets additional 20% exemption student file handling fee.
 - Internet Banking has no fee.
- **Quick Millionaire:** OBL Quick Millionaire is a high-end DPS product designed for vigorous and up-and-coming customers.

Characteristics:

- First rate DPS for ambitious individuals.
 - Scope to be a millionaire by two years
 - The client can decide from four tenures from 2 to 8 years
 - Client gets the advantage of loan facility up 90%.
 - Spontaneous cognizance of monthly instalment.
- **Edusave:** Education costs more and more every day. Therefore, Edusave is a future vision scheme that unites dream with reality.

Characteristics:

- A great monthly scheme for a great expected value

- The client has the flexibility of deposit options with various tenures.
 - Up to 90% loan coverage against deposit.
 - The rate of interest is alluring.
 - Account linked with a general savings account.
- **School Banking:** OBL launched a special product which is intended only for students who want to install the habit of saving and familiarizing younger generations with banking transactions.

Characteristics:

- BDT 100/- has to be deposited for opening the account.
- Interest is 6% per annum credited daily.
- There is free online fee for deposit and withdraw of amount.
- Account balance is informed via SMS.
- Only government charges will be debited from the account.

- **Silver Savings Account:** The OBL Silver Account is a savings account that pays daily interest and monthly interest. In order to earn interest the minimum balance requirements 25000 tk.

Characteristics:

- Interest is calculated based on day to day basis and paid month wise
- Interest is added to the account per month.
- Interest rate 4.00%.
- Internet banking service is absolutely free of cost.
- At least BDT 25,000/- has to be kept to earn interest.
- More than 50 thousand Tk. can't be withdrawn every day.

3.2 Comparison of Product Features:

Features	General savings account	Premium Payroll account	School banking	OBL youth banking	Silver savings	Gold savings	Elegant savings	Probashi Shonchoy
A/C opening balance(min)	Tk. 5000	Nil	100/-	Tk.500	Tk. 25000	Tk. 50000	Tk. 5000	Tk.2000
Interest Accrued	Minimum credit balance& other conditions.	Daily balance	Daily balance	Daily balance	Daily balance	Daily balance	Daily balance	Daily balance
Application of interest	Half yearly	Half yearly	Half yearly	Monthly	Monthly	Monthly	Monthly	Monthly
Service charge	No maintenance fee up to tk. 5000	No maintenance fee up to tk. 5000, above 5k tk.100	Free	Free	No maintenance fee up to tk. 5000	No maintenance fee up to tk. 5000	No maintenance fee up to tk. 5000	No maintenance fee up to tk. 5000
Minimum balance requirement	Tk.5000	N/A	N/A	Tk. 1000	Tk. 25000	Tk. 50000	Tk.10000	Tk.10000
Interest rate	3.55% to 6%	5%	6%	5%	4%	4.5%	3.5%-4.5%	4-4.5%
Special features	N/A	1 st 25 page cheque book free	N/A	N/A	N/A	N/A	.50% bonus in interest rate for FD	1 st 25 page cheque book free

3.3 Loan Products:

- **OBL Protect Personal Loan:** It is an unbolted and expired credit line (based on the EMI system) that fulfills a legitimate purpose. It is backed up with life insurance coverage and high interest rate.

Characteristics:

- The client gets the loan amount starting from Tk.50000 to Tk.200k and up to Tk. 300k for Business person.
- Death Coverage: 100 percent of Outstanding deposit.
- Permanent Total Disability Coverage: 100 percent of Outstanding deposit.
- Loan maturity varies from 1year to 5 years.
- Minimum procedure.

- **OBL Home Loan:**To fulfill the need of finance for home OBL home loan is an alternative package the affordability and flexibility of features converts the dream into reality.

Characteristics:

- The customer get loan from BDT 5 lac to 12million.
- Take over facility from other bank/financial institutions
- Processing fee waiver on takeover loan

- **OBL Personal Loan:** OBL Personal Loan is a better scheme to meet our lifestyle needs. It requires minimal certification process and provides competitive interest rate.

Characteristics:

- The customer get loan from BDT 50 thousand to 20 lac.
- Reimbursement term: more than 60 months.
- Minimum procedure.
- No charge for borrowing from another bank or financial institution.

- **OBL Car Loan:** ONE Bank Car Loan is a term loan scheme to fulfill the need of financing to purchase unregistered refurbished vehicle for personal use only as part of a reimbursement based on an equivalent monthly payment (EMI).

Characteristics:

- The customer get loan from BDT 2 lac to 4 million.
- Reimbursement term: more than 60 months.
- Minimum procedure.
- Fast process

- **OBL Student Loan:** The purpose of the OBL student loan is to provide the necessary financial support to deserving students so that they can carry out higher professional or technical studies at home and abroad. When anyone wants to start their education abroad.

Characteristics:

- The customer gets loan from BDT 50 thousand 20 lac.
- Reimbursement term: more than 12 years.
- Rate of interest is 10.99%
- Documentation process is very simple.

- **ONE Bank Professional Loan:** ONE Bank Professional Loan is a line of credit based on equal monthly payments (EMI). The scheme is specially designed for professionals such as doctors, accountants, engineers, architects and other professionals involved in personal practice or in counseling.

Features:

- The customer gets loan up to 20 lac
- Reimbursement term: up to 12 years.
- Fast process
- Ease of credit with other banks

- **Agriculture products loan:**

OBL Crop Loan:

- Seed Purchase
- Purchase of manure and insecticides.
- Cost of labour

- Land preparing expense.
- Payment of lease of land.
- Inundation
- Storage and marketing
- Other related entries allowed.

Chapter – 04
Performance Analysis
of
ONE Bank Limited

4.1 Ratio Analysis:

The ratio analysis is the measuring of items in the financial statements of a company. Ratio analysis is basically used to calculate a series of problems with an entity, such as liquidity, operational efficiency and profitability.

The analysis of the financial statements is a method to review and analyze the accounting records of a company (financial statements) to evaluate past, present or future performance. This process for examining the financial statements grants better economic decision making. Worldwide, it is compulsory to submit the financial report to the corresponding authority of public companies.

It is also necessary to present financial statements that company share with their shareholders. Because financial statements are presented to meet the necessity, the next step is to properly examine and check them to forecast future results and cash flows.

Consequently, the primary purpose of the analysis of the financial statements is to use information about the company's past performance to predict future performance. Another reason is to discover the problems and correct them.

4.2 Assumption of Ratio Analysis:

The most commonly used form for summarizing financial statement data is the ratio form. Motivations for examining data in proportional form include:

- Checking the effect of size variations in bank overtime.
- For the data to better respond to the assumptions veiling the statistical tools.
- Investigating a theory in which one of the reasons is the variability of interest.
- Exploiting a pragmatic regularity observed among a financial ratio and the estimate of the variable of interest.

4.3 Uses of Ratio Analysis:

1. Decision support:

- i. **Managerial use:** Financial statements are basically used for taking decision. But the information given in the financial statements is not eligible for making any considerable conclusion. The information given in financial statements are used to ratio analysis and make decisions.
- ii. **Help with forecasting and financial planning:** Ratio analysis is a valuable aid for financial prediction and financial planning. Planning is forward-looking and proportions calculated for many years serve as a guide for the future. Significant conclusions can be drawn for the future of these proportions.

2. Helps to communicate:

The strength and financial weakness of a company communicate in a simpler and understandable way through the use of key figures. The information contained in the financial statements is transmitted in a meaningful way to the person to whom it is intended. Therefore, the indices facilitate communication and value the financial statements.

3. Helps with co-ordination:

The proportions even assist with coordination. It holds the ultimate significance for productive business management. Superior communication about the effectiveness and weakness of a company results in better coordination within the company.

4. Helps with the controlling:

Ratio analysis can even effectively control the business. Financial statements are the basis of standard ratios. It is also possible to find variations or gaps by comparing the real with standards and to take right action at the right time.

5. Other uses:

Ratio analysis can be used for other reasons. It holds a significant element of control of budget and standard costing. The reasons are of utmost significance in analysing and interpreting the statements because they contribute to the strength or weakness of a company.

4.4 Ratio analysis of ONE Bank Limited (2014 to 2018):

A) **Net Interest Margin:** The net interest margin is a measurement that calculates the differences between interest-income which is originated by banks or other financial institutions and the amount of interest paid to their lenders (from deposits) in relation to the amount of their (interests) assets.

Equation:

Net Interest Margin

$$\frac{\text{interest income from loans and security investment} - \text{interest expenses on deposits and debt}}{\text{total assets}}$$

Year	2014	2015	2016	2017	2018
Net interest income	4,332,399,607	4,553,649,947	4,341,219,442	4,924,877,559	6,315,926,326
Total assets	121,712,495,690	154,126,620,161	188,122,242,302	227,012,482,593	266,170,944,794
NIM	3.16%	2.85%	2.22%	2.33%	1.65%

Table 1: Net Interest Margin of OBL

Graphical Presentation:

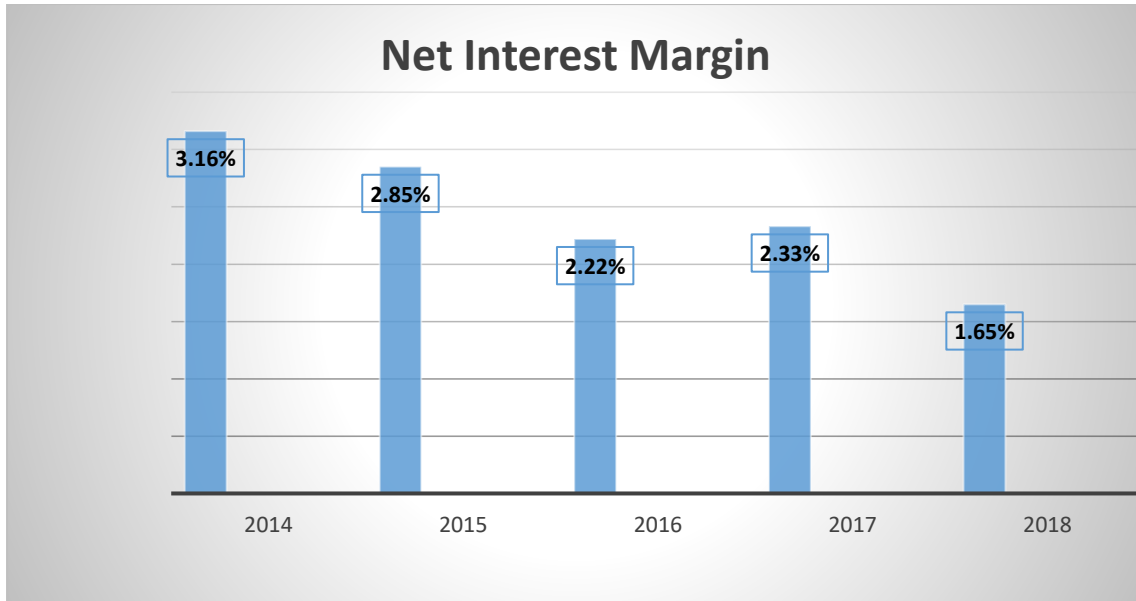


Figure 4.01: Calculation of Net Interest Margin

Analysis: The net interest margin is commonly used to measure the difference between the interest which is basically generated by loans provided by banks and the interest banks provide on deposits. The NIM is basically profit by interest.

The net interest margin of OBL has been fluctuated from 2014-2018. Throughout, this four-year time, net interest margin decreased from 3.16% to 2.85% which showed decrease. And from 2015-2018 it decreases from 2.22% to 1.65% which means their interest income is not good.

B) Net Non-interest Margin:

Non-interest margin is a financial measure that assesses the value of interest-free income, such as fees and service charges, income from investments etc. It is also named as interest-free margin, which is basically the difference between interest-free income and interest-free expenses dividing by total income generating assets.

Equation:

$$\text{Net Non-interest Margin} = \frac{\text{non-interest revenue} - \text{non-interest expenses}}{\text{total assets}}$$

Year	2014	2015	2016	2017	2018
Net non-interest revenue-net	3,850,606,198	4,390,954,858	4,174,373,829	5,281,396,353	4,390,954,857

non-interest expense					
Total Assets	121,712,45,690	154,126,620,161	188,122,242,302	227,012,482,593	266,170,944,794
Net non-interest margin	3.56%	2.95%	2.31%	2.17%	2.37%

Table 2: Non-interest margin of OBL

Graphical Presentation:

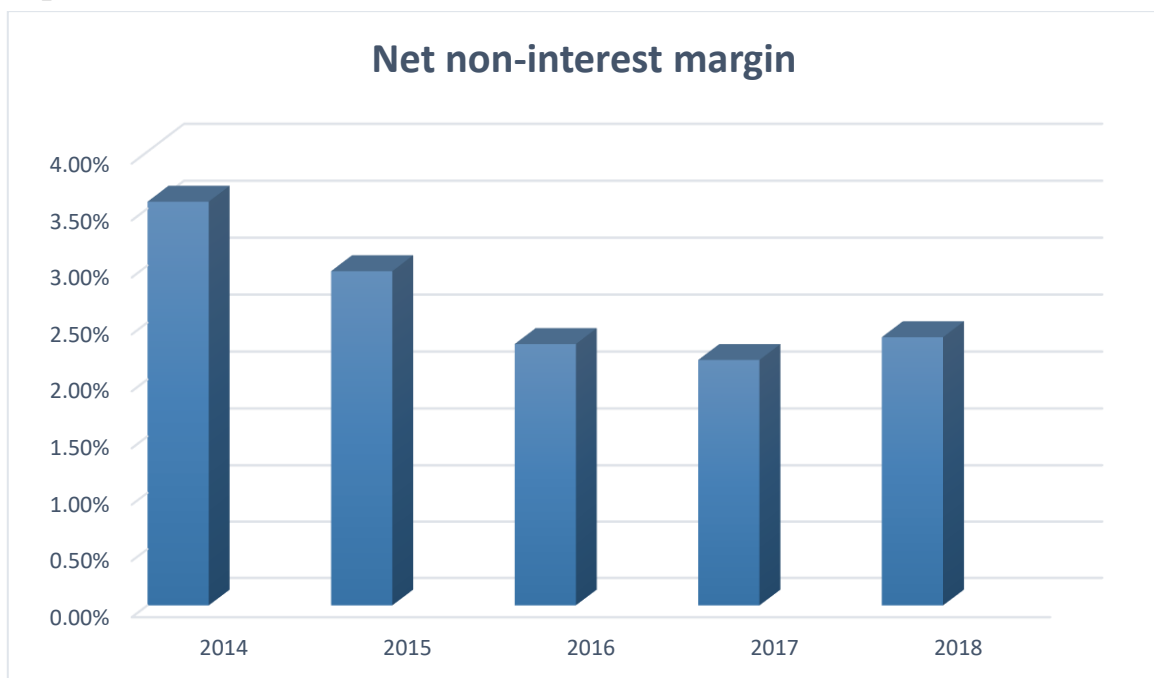


Figure 4.02: Calculation of Non-interest margin

Analysis: The Non-interest margin is commonly used to measure the basically the difference between interest-free income and interest-free expenses dividing by total income generating assets.

The non-interest margin of OBL has been fluctuated from 2014-2018. Throughout, this four-year time, non-interest margin declined from 3.56% to 2.95%, which showed a slight decline. And from 2016-2018 it increases from 2.31% to 2.37% which showed increase. In this case, their income from non interest sector is relatively low.

C) Net Bank Operating Margin:

Net bank operating margin is a measure that calculates the difference between income from operation and expenses.

Equation:

$$\text{Net bank operating margin} = \frac{\text{total operating revenue} - \text{total operating expenses}}{\text{total assets}}$$

Year	2014	2015	2016	2017	2018
Bank Operating income	78,499,01,285	1,679,727,875	151,231,821,498	180,349,405,572	428,958,198,578
Total assets	121,712,45,690	154,126,620,161	188,122,242,302	227,012,482,593	266,170,944,794
Net bank operating margin	6%	11%	8%	8%	16%

Table 3: Net Bank Operating Margin

Graphical Presentation:

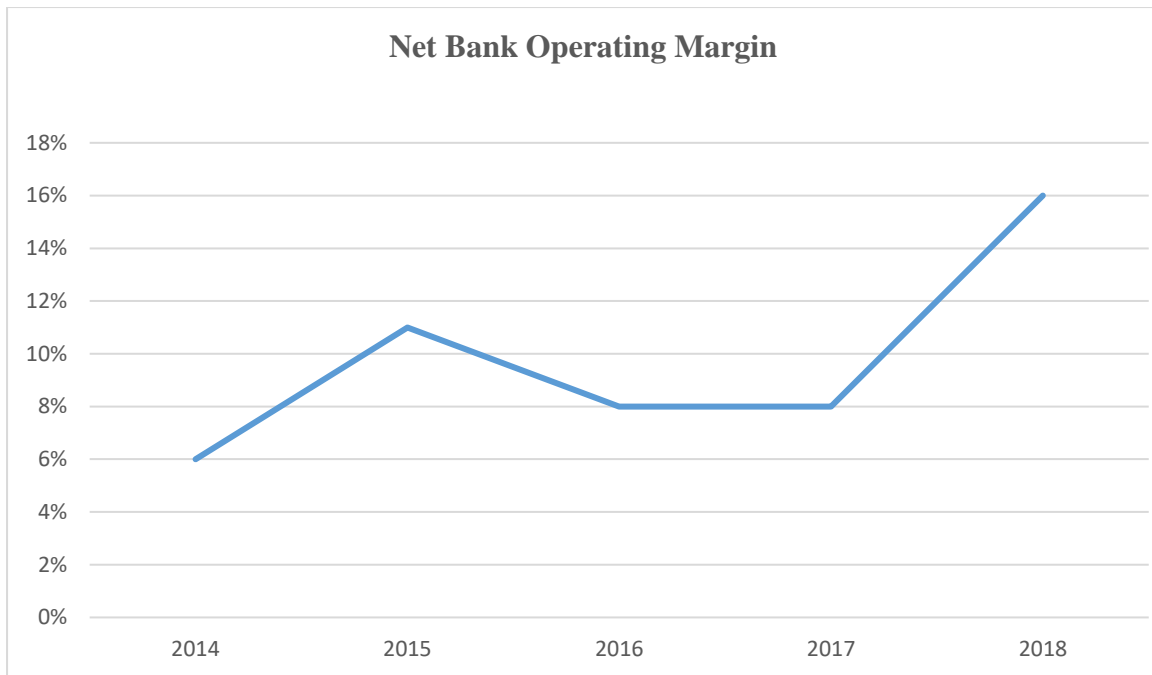


Figure 4.03: Calculation of Net Bank Operating Margin

Analysis: Net Bank Operating Margin is an indicator of a company's income from operation. In 2014, the net bank operation margin was 6% which was gradually increased to 16% in 2018. That means they are improving but they need to improve it more.

D) Earnings per share (EPS)

Earnings per Share (EPS) is basically the part of profit reserved to every outstanding share of common shares. Earnings per share is considered as a sign of a company's profitability.

Equation:

$$\text{EPS} = \frac{\text{net income} - \text{dividend on preferred stock}}{\text{average outstanding shares}}$$

Year	2014	2015	2016	2017	2018
EPS	3.17	2.82	3.64	3.42	1.84

Table 4: EPS of OBL

Graphical Presentation:

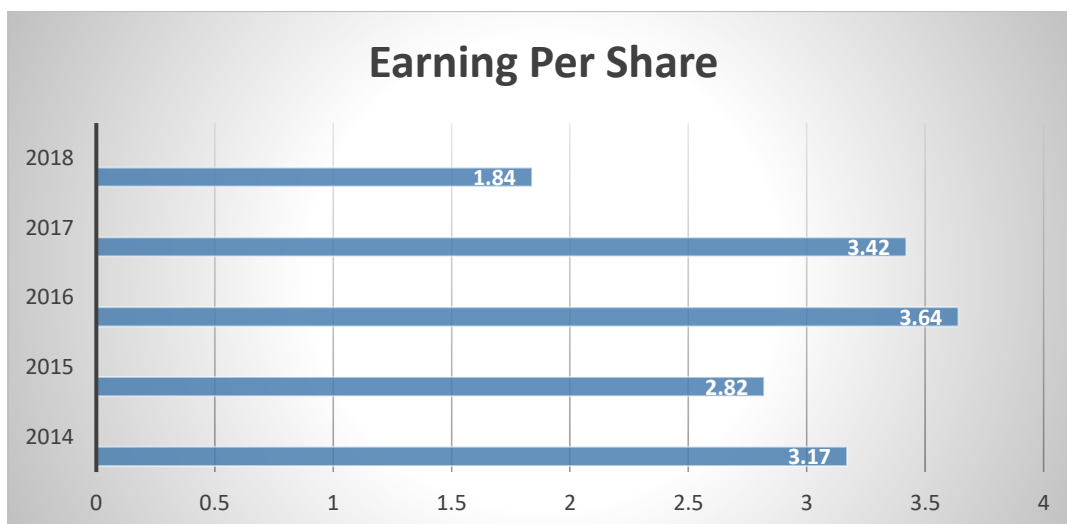


Figure 4.04: Calculation of EPS

E) Return on Asset (ROA)

Return on assets (ROA) is gives indication of a company's profitability in relation to its total assets. ROA demonstrates how effectively management make the best use of its assets to gain profits. ROA is measured by dividing annual profit by its total assets.

Equation:

$$\text{ROA} = \frac{\text{net profit}}{\text{total assets}} \times 100$$

Year	2014	2015	2016	2017	2018
Net profit	2,096,051,282	1,869,876,262	2,421,212,008	2,456,471,445	1,736,912,356
Total assets	121,712,495,690	154,126,620,161	188,122,242,302	227,012,482,593	266,170,944,794
ROA	1.72%	1.21%	1.29%	1.08%	0.65%

Table 5: ROA of OBL

Graphical Presentation:

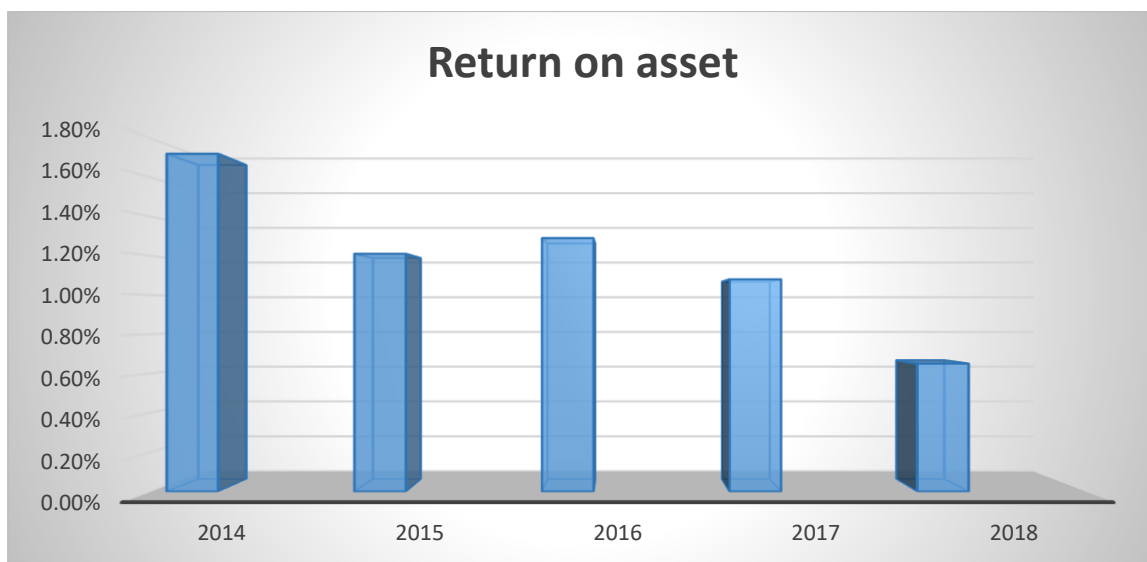


Figure 4.05: Calculation of Return on Asset

Analysis: Return on asset represents company’s ability to gain profit in proportion to assets. The greater value of ROA means company is able to gain more profit by investing on their assets. In 2014 ROA was 1.7% and by year it decreased and in 2018 it became 0.65% which is not a good sign for company.

F) Return on Equity:

Return on equity calculates the return on the invested capital of the corporation's shareholder. In general, the higher returns indicates ability to earn more by investing in shares.

Equation:

$$ROE = \frac{\text{net profit}}{\text{equity capital}} \times 100$$

Year	2014	2015	2016	2017	2018
Net profit	2,096,051,282	1,869,876,262	2,421,212,008	2,456,471,445	1,736,912,356
Equity capital	9,583,366,834	10,885,182,699	12,578,949,890	14,218,815,361	14,514,367,831
ROE	22%	17%	19%	17%	12%

Table 6: ROE of OBL

Graphical Presentation:

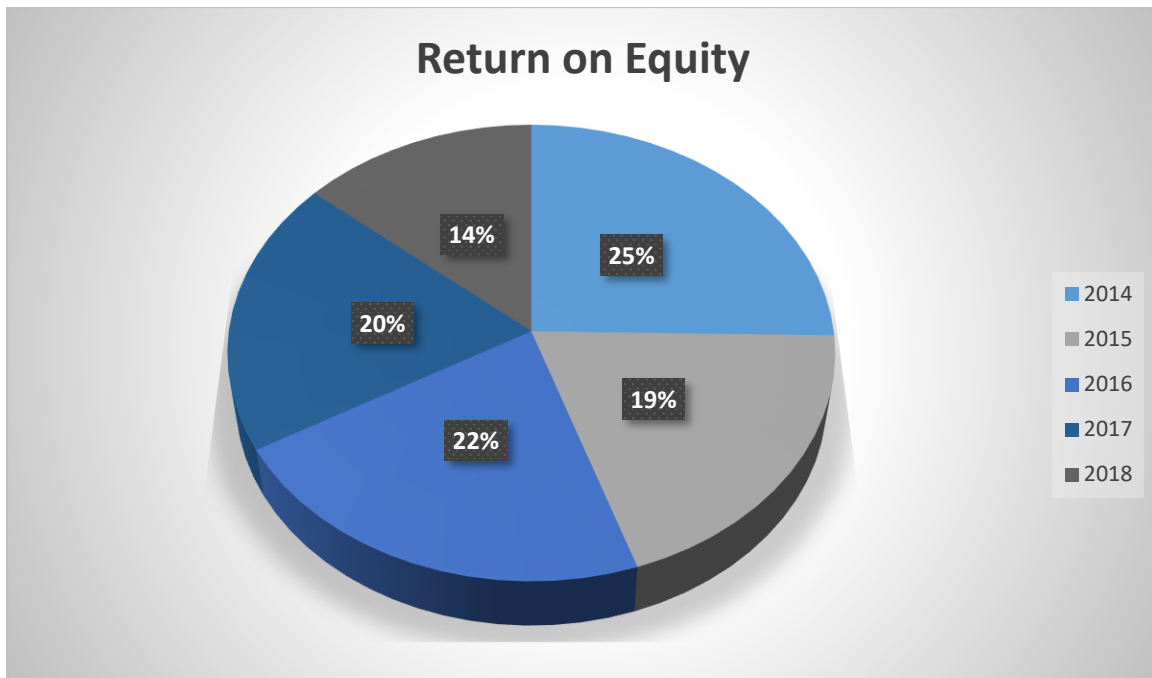


Figure 4.06: Calculation of Return on Equity

Analysis: Return on equity represents company's ability to gain profit in proportion to equity. The higher returns indicates ability to earn more by investing in shares.

In 2014 ROE was 22% which was pretty good and by year it decreased and in 2018 it became 14% that means they were not able to gain profit that much by investing in share capital.

G) Net Profit Margin: Net Profit margin is the percentage of income remaining after all expenses have been deducted from sales. The measure reveals the amount of profits that a company can earn from its total sales. The net sales portion of the equation is gross sales minus all sales deductions, such as sales discounts.

$$\text{Equation: NPM} = \frac{\text{net profit after tax}}{\text{total operating revenue}} \times 100$$

Year	2014	2015	2016	2017	2018
Net profit after tax	9,583,366,834	10,885,182,699	2,632,457,461	2,421,212,008	1,409,575,509
Total operating revenue	7,122,745,335	7,682,105,278	8,363,871,960	9,795,665,608	10,359,114,561

NPM	13%	14%	31%	25%	14%
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Table: NPM of OBL

Graphical Presentation:

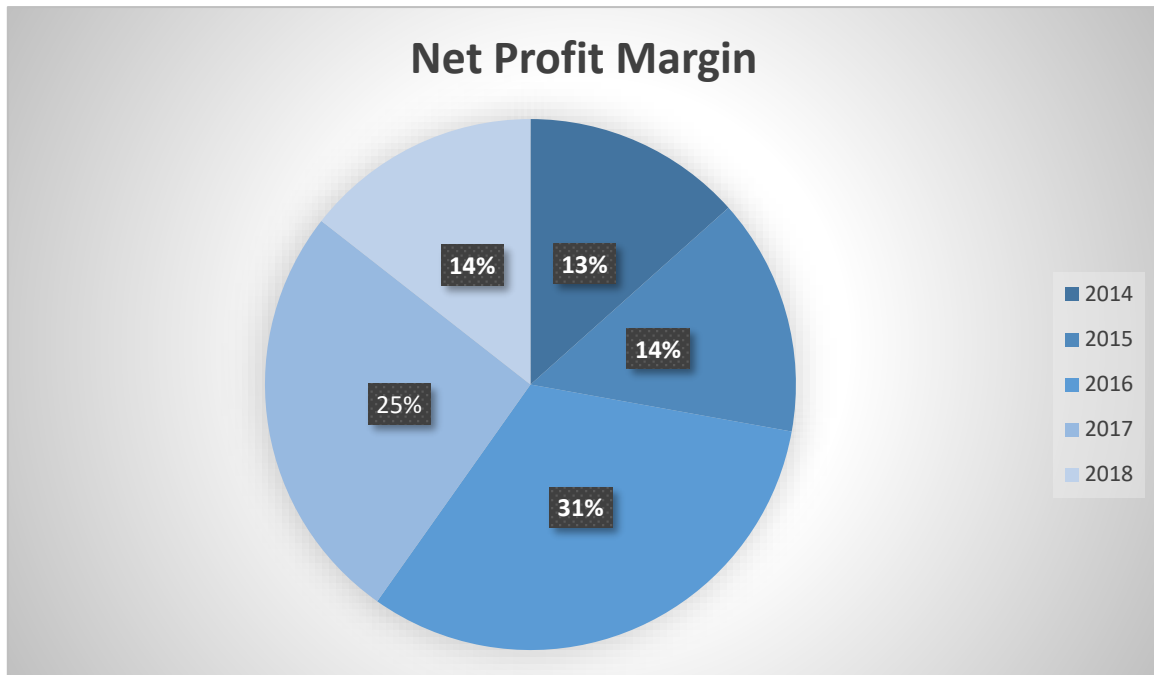


Figure 4.07: Calculation of Net Profit Margin

Analysis: Net profit margin is used to calculate the company's capacity to generate profit from sales. In 2014 NPM was 13% which is moderate but it fluctuates year by year. And it became 14% in 2018. The company should focus on increasing net profit margin.

H) The degree of asset utilization:

Asset utilization is a proportion used by business analysts to calculate the extent to which a company uses its available assets to generate profits. Asset utilization rates are used to find out the profitability of everything from inventory to accounts receivable, sales and total asset turnover.

Equation:

$$\text{Asset Utilization} = \frac{\text{total operating revenues}}{\text{total assets}}$$

Year	2014	2015	2016	2017	2018
Total operating revenue	7,122,745,335	7,682,105,278	8,363,871,960	9,795,665,608	10,359,114,561
Total assets	121,712,495,690	154,126,620,161	188,122,242,302	227,012,482,5	266,170,944,79
NPM	6%	5%	4%	4%	4%

Table: AU of OBL

Graphical Presentation:

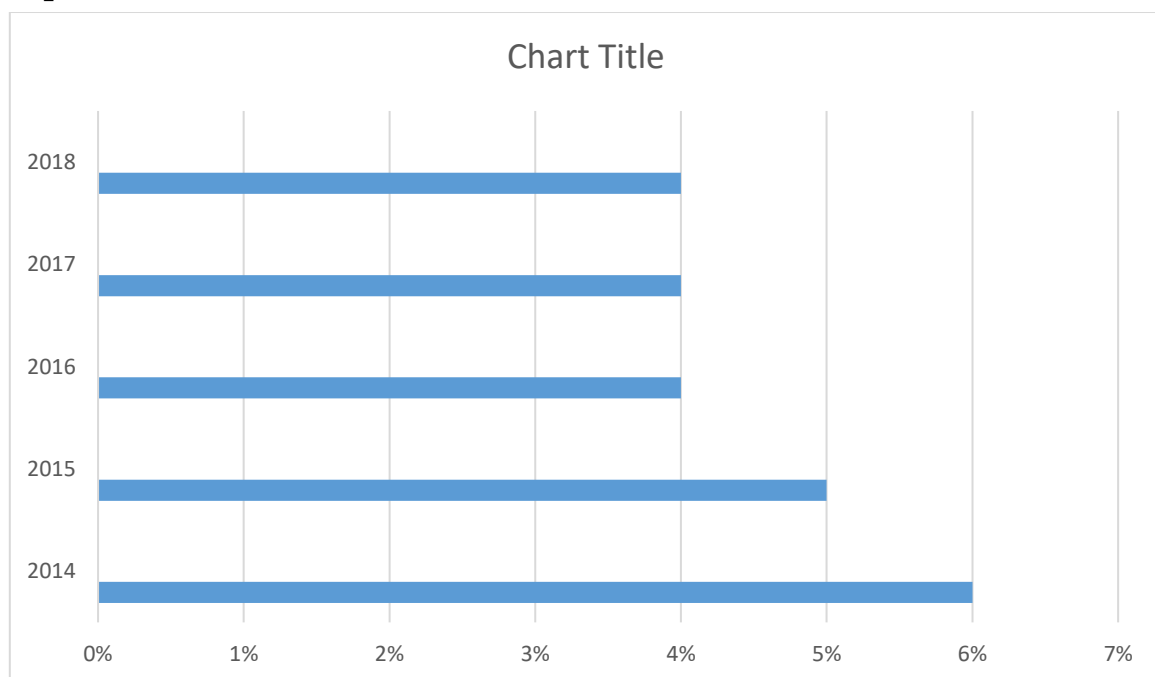


Figure 4.08: Calculation of Asset Utilization

Analysis: Asset utilization is used to calculate the company's capacity to generate profit investing in assets. In 2014 AU was 6% which is very low and it decrease innext 2 years and became 4% and it remains constant in 2017 and 2018.

I) Equity Multiplier: The equity multiplier is a leverage ratio that calculates the amount of a company's assets that are funded by its shareholders in comparison with total assets with

total shareholders' equity. In other words, the equity multiplier indicates the percentage of assets financed or owned by shareholders.

Equation:

$$\text{Equity Multiplier} = \frac{\text{total assets}}{\text{total equity capital}}$$

Year	2014	2015	2016	2017	2018
Total assets	121,712,495,690	154,126,620,161	188,122,242,302	227,012,482,5	266,170,944,79
Equity capital	9,583,366,834	10,885,182,699	12,578,949,890	14,218,815,36	14,514,367,831
EM	12.70	14.16	14.96	15.97	18.34

Table: EM of OBL

Graphical Presentation:

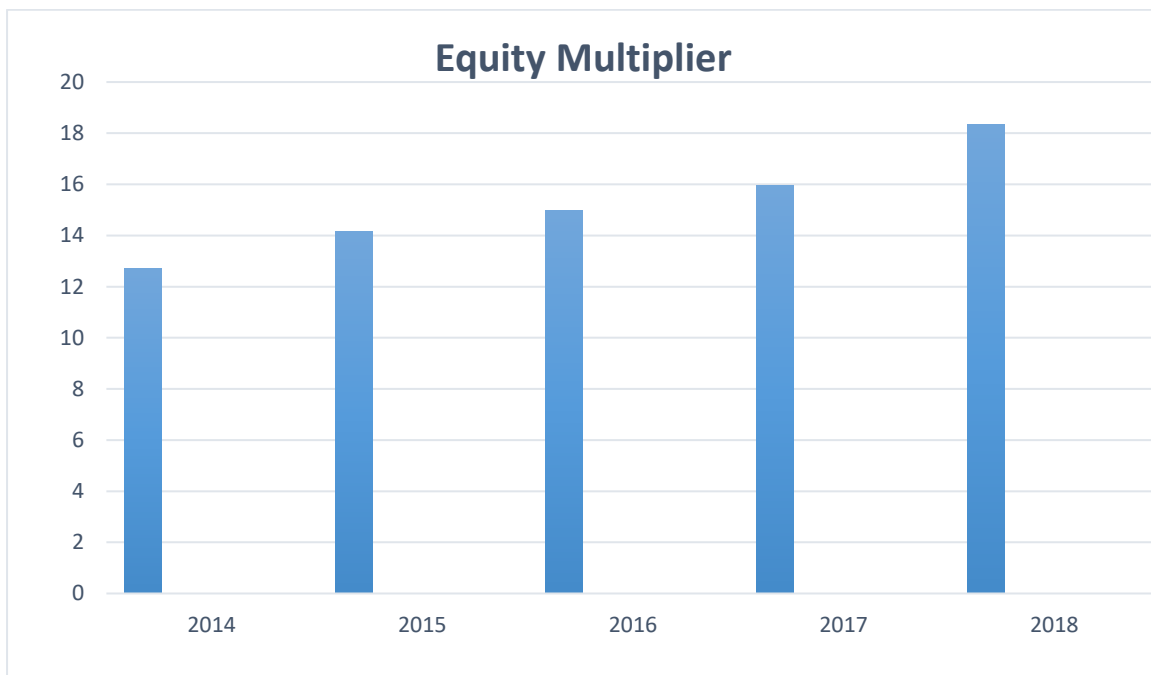


Figure 4.09: Calculation of Equity Multiplier

Analysis: The equity multiplier is a leverage ratio that calculates the amount of a company's assets that are funded by its shareholders in comparison with total assets with total shareholders' equity. In 2014 EM was 12.70 and it increase in 14.16 and in 2018 it increases in 18.34 that means the company uses more debt than equity capital which is riskier.

J) Earnings spread: For institutions that capture deposits, such as banks, differential income is the difference between their assets, loans or securities and the cost of their deposits and / or funds is called spread.

Equation:

$$\text{Earnings spread} = \frac{\text{total interest income}}{\text{total earnings income}} - \frac{\text{total interest expense}}{\text{total interest bearing bank liabilities}}$$

Year	2014	2015	2016	2017	2018
Total interest income/total earnings income	121,712,495,690	154,126,620,161	188,122,242,302	227,012,482,593	266,170,944,794
Total interest expense/total interest bearing liabilities	9,583,366,834	10,885,182,699	12,578,949,890	14,218,815,361	14,514,367,831
ES	2.70	1.31	2.51	3.94	4.36

Table: ES of OBL

Graphical Presentation:



Figure 4.10: Calculation of Earnings Spread

Analysis: Earnings spread calculates the effectiveness of bank's function of borrowing and lending money. The greater spread indicates greater margin. Here, in 2014 the spread was 2.7 and it decreases in 1.31 2015. Gradually the spread increases at 4.36 in 2018.

Chapter – 05
Findings, Recommendation
&
Conclusion

5.1 Findings:

From the study mentioned, several findings can be revealed. The findings regarding various aspects of the OBL financial statement analysis are presented below:

- EPS of OBL fluctuated from year 2014-2018 and finally decreased in 2018.
- The fluctuation in ROA was found and finally in the year 2018 it decreased which is not a good sign for company.
- In 2014, ROE was pretty good and by year it decreased and in 2018, that means they were not able to gain profit that much by investing in share capital.
- The earnings spread increased in the last year but still it is not very much satisfactory.
- The bank is concentrating on using more equity capital rather than debt capital.
- The net interest margin is declining year by year.
- The income from non-interest factors are quite good.

5.2 Recommendation:

From the findings stated above certain problems are found. To solve those problems some recommendation can be given:

- The bank should focus on increasing interest earnings by lending at higher rate.
- The bank should concentrate on their earnings spread. They should increase interest income to increase the spread more.
- The bank should focus on increasing their earnings.
- The bank should properly utilize their assets to increase the return from investments.
- The company should focus on using more equity capital rather than debt capital.
- The bank should also focus on improving their customer service. It will help increasing their return positively.

5.3 Conclusion:

ONE Bank Limited is one of the pioneering private banks in the country. It provides distinctive and sophisticated banking services to its clients, that's why it is one of the leading bank. It continuously tries to improve their banking services to hold their position

in the market and search for ways to increase productivity. The use of information technology remains its main pillar. OBL plays an important role in different areas of the economy, such as industry, agriculture, trade and commerce, transportation and many other areas. It also works for developing human resources and creating new job opportunities. It also conducts various wellness activities for the good of society.

As stated in the study, the performance of this bank is up to the mark. Different financial tools were used calculate the financial performance of this bank and ONE Bank Limited is proved to be a developed bank and at the same time they are improving their performance in nearly all areas. To sustain in this speed of growth and development, they should now be more attentive to their customer service and should be more attentive while providing loans to customers to reduce the dropout rate.

OBL is gaining its trustworthiness to its customers day by day. At OBL, all staff create arenas to serve customers tirelessly. OBL is engaged in serving society, improving people's lifestyle, developing the business environment.

References:

Annual reports:

https://www.onebank.com.bd/annual_report/AnnualReport-2014.pdf

https://www.onebank.com.bd/annual_report/AnnualReport-2015.pdf

https://www.onebank.com.bd/annual_report/AnnualReport-2016.pdf

https://www.onebank.com.bd/annual_report/AnnualReport-2017.pdf

https://www.onebank.com.bd/annual_report/AnnualReport-2018.pdf

<https://www.onebank.com.bd/>

OBL Books:

- Internship books
- Collected some update information from Bank

Websites:

- www.google.com
- www.nblbd.com/
- <https://en.wikipedia.org/>
- <https://www.bb.org.bd/>