

Internship Report on
Financial Performance Analysis of ONE Bank
Limited

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Date of Submission: 18-09-2022

Letter of submission

18 September 2022

To,

Prof. Dr. Mostafa Kamal

Professor

Department of Business Administration

Faculty of Business & Entrepreneurship

Subject: Submission of Internship report on “Financial Performance Analysis of ONE Bank Limited”

Dear Sir,

You would be proud to know that I just finished a three-month internship program as an intern at ONE Bank Limited. I chose the title "**Financial Performance Analysis of ONE Bank Limited**" for my internship report. ONE Bank Limited is Bangladesh's second Generation Private commercial bank. Working on the bank's financial results has enhanced my experience by allowing me to use various aspects of my financial knowledge in a practical setting. I'd like to add that I've acquired a lot of important practical job experience that has helped me to recognize the operations of financial institutions.

I sincerely hope that you will approve my report, and I will also get your kind consideration for its acceptance.

Sincerely



Isteak Afroz

ID: 212-12-732

Major in Finance

Department of Business Administration

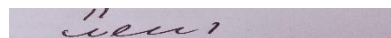
Daffodil International University

Letter of Authorization

This is to confirm that **Isteak Afroz, ID: 212- 12- 732** a student of the Master's Program of Daffodil International University has completed his internship report titled "**Financial Performance Analysis of ONE bank Limited.**" under my supervision and guidance.

His internship was at ONE Bank Limited. I am glad to say that he has completed all of the necessary and required procedures to complete the report and that the report has all of the data, information, analysis, and results from reliable sources. As a result, the report appears to have been completed on a good note.

I wish him every success in life.



.....
Dr. Mostafa Kamal

Professor

Department of Business Administration

Faculty of Business & Entrepreneurship (FBE)

Dean Academic

Daffodil International University

Student's Declaration

This is **Isteak Afroz**, ID: **212-12-732** hereby declare that the internship report title "**Financial Performance analysis of ONE bank limited**" is fully prepared by me after completion of the internship at ONE bank limited. I also certify that this report has been written specifically for the purpose of fulfilling an academic requirement. The papers have not been published in any journal or magazine, nor have they been accepted by any other university or institution for any degree apprenticeship or student fellowship.

Sincerely



Isteak Afroz

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MBA

Major in Finance

Department of Business Administration

Daffodil International University

Acknowledgment

I would like to thank Allah for keeping me healthy so I could finish this report on time. Thank you, Professor Dr. Mostafa Kamal, for your continued support and guidance throughout the preparation of this report. This report required the help of a few people. It took a few months to put it together. Without their help and support, I would not have been able to finish my paper.

Second, I'd like to thank you, MD. Mosharrof Hossain, Head of Reporting, CTPC Dhaka, ONE Bank Limited, has given me the opportunity to work for a Bangladeshi renowned private bank. During my three-month internship, he was responsible for my tasks. To help me deal with a difficult problem brought me. Thank you to all of the employees and personnel at ONE Bank Ltd. Your help was invaluable. It was hard for me to carry out my daily duties. They also gave me information on a bank that would be more beneficial to me. They also provided me with some information on the bank that would enhance and develop my report.

Executive Summary

This report analyzes ONE Bank Limited's financial performance over the previous five years. Using data from the financial statements for the previous five years, this report will provide an evaluation and analysis of the profitability, liquidity, leverage position, activity conditions, common size, and trajectory of the OBL (2017-2021). My report's primary goal is to assess OBL's financial performance, highlighting certain factors that impede it and offering some solutions. I provided background information for the entire content report in the first section of my report. I'll then give a brief overview of OBL. The project's portion follows. I've displayed an examination of OBL's financial performance in this section. I went into great length on each aspect of general banking. Debt ratio, ROA, ROE, operational profit ratio, net interest income ratio, and interest spread ratio are the position ratios I used to analyze bank performance. In the recommendation section, I give a general description of my suggestions. Finally, writing reports gives me a chance to learn about the study field practically, which benefits my real life.

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Chapter – 01

Introduction

1.1 Introduction

The MBA program at Daffodil International University must be completed with internships, thesis or project. The report was created to fulfill a requirement for my MBA degree based on a three-month internship at ONE Bank Limited. My academic advisor, Prof. Dr. Mostafa Kamal, Dean and Professor, Department of Business Administration, Daffodil International University, assigned the topic "Financial Performance Analysis of ONE Bank Limited." The word "bank" often indicates that it is a financial organization that deals with money.

Nevertheless, there are many other types of banks, including central banks, commercial banks, savings banks, investment banks, industrial banks, and cooperative banks. Nevertheless, the word "bank" is used to refer to commercial banks without any qualifier or prefix. The commercial banks most significant economic contributors to a nation. Banks accept the least expensive deposits feasible. They charge more fees and grant loans and advances at a higher rate because they are profit-driven enterprises. My study is about that financial condition of ONE Bank Ltd. Since its foundation, OBL's goal has been to distinguish itself as a unique commercial bank by providing a wide range of innovative services to its cherished clients. The ultimate goal is to increase the degree to which SWIFT and financial treasury resources are mutually sustainable for international trade. The bank has achieved excellent achievements in all areas of business operations, making significant progress in a short period of time and carving out a desirable position among its competitors. In Bangladesh as of right present, the bank has 107 branches. As a modern private commercial bank in the area, OBL provides all conventional banking services to its customers. Additionally, a variety of products and services based on deposits and credit are available. Such includes services for managing funds, clearing payments, providing safe deposit boxes, and providing perks to employees. Commercial banking services are offered by ONE Bank Limited. The Bank also engages in other 3 operations, such as offering its clients Islamic financial services through Islamic Banking offices. Two of the bank's industry sectors are conventional banking and Islamic banking. Working capital financing, encompassing working capital methods like time loans and cash credits; offers for importers, including loan against trust receipt and time loans; and offers for exporters, including over draft and packing in It offers a range of services, such as bid bonds, overdrafts, value guarantees, and security bonds, to suppliers and manufacturers. Its subsidiaries include ONE Bank Securities Limited and ONE Bank Capital Management Limited.

1.2 Background of the Study

The main objective of an internship is to gain work experience. The hardest job I had as an intern was fusing my academic understanding with my practical experience. The three-month internship at ONE Bank Limited led to the completion of this program. Based on the "Financial Performance of ONE Bank Limited," this report is required. The study also discusses the goods and services provided by ONE Bank Limited.

1.3 Objectives of the Study

1.3.1 Broad Objective

Analyzing ONE Bank Limited's financial statements with a focus on its overall financial performance is the study's main goal.

1.3.2 Specific Objectives

- To understand the theoretical underpinnings of ONE Bank Limited's financial performance.
- To use various ratio analyses to examine OBL's financial performance during the previous five years.
- To pinpoint the issues with OBL's financial performance.
- To offer suggestions based on issues to enhance OBL's financial performance

1.4 Methodology of the Study

From the selection of the study's subjects until the creation of the final report, a methodical methodology was used. The gathering and identification of data are one of the most important parts. The data is categorized, scrutinized, and inferred to acquire the essential points using the approach described above. Additionally, this study will examine the entire process in more detail.

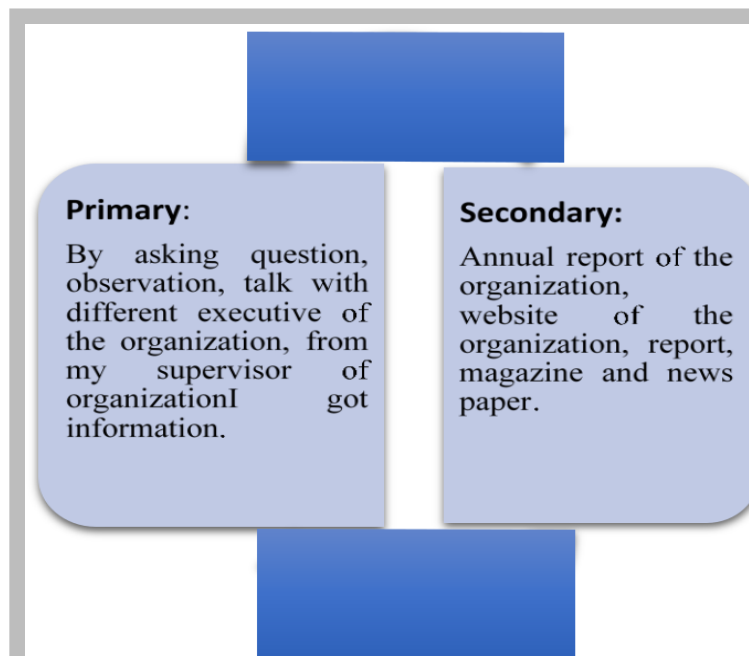
I've selected the last five years to analyze (2017-2021). I gathered information and financial records from the preceding five years to create this record.

1.5 Sources of Data

To make this research as useful as possible, both primary and secondary data were used.

Primary Sources: I gathered information from the supervisor of my company through observing, asking questions, and interacting with numerous executives.

Secondary sources: These include the annual report, website, magazine, and newspaper of the organization.



1.6 Limitations of the Study

- I, therefore, had less time to work on the report.
- The absence of information is the fundamental component in understanding the report.
- Insufficient expertise in writing internship reports.
- Alternative limitations on the report's creation, such as periodicals and journals, were lacking.

Chapter – 02

Overview of ONE Bank Limited

2.1 About ONE Bank Limited

As a commercial bank in the private sector, ONE Bank Limited was established in May 1999 by the Registrar of Joint Stock Companies.

The Bank is obligated to provide the community and its clients with the utmost commitment. Efficiency, transparency, accuracy, and motivation are the main areas of attention, with the spirit and commitment to thrive as ONE Bank in both value and image.

The inspiration for the name ONE Bank came from the promoters' insight and deeply held desire to connect with people from all walks of life and move forward toward prosperity as a single, united front.

2.2 Corporate Information

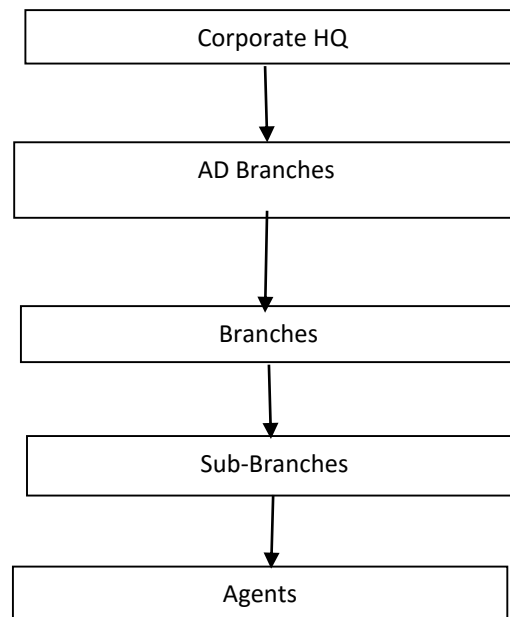
Name of the Company	One Bank Limited
Managing Director	Md. Monzur Mofiz
Registered Office	HRC Bhaban,46, Kawran Bazar C/A, Dhaka-1215
Authorized Capital	Tk. 10000 million
Paid up Capital	Tk. 9800 million
Reserve	Tk. 8372 million
Total Asset	Tk. 308500.109 million
Number of Branches	107
Phone Number	(+88 02) 55012505, (+88 02) 55012516
Website	www.onebank.com.bd

2.3 Management

The Bangladesh Bank Order of 1972, which governs how the bank is run, places responsibility for general management and heads of strategic issues with the board. In accordance with the Board Policy of the legislature, the top management team, which consists of 13 (thirteen) individuals, has the power to create, work on, and manage business-related projects. Chiefs have been appointed by the administration. Three of the Board's members including M.D. have experience in the domains of finance, banking, trade, commerce, industry, and agriculture. Various members of the Board also have government delegations. Managing director is the chief executive officer of the bank.

2.4 Organogram of ONE Bank Limited

ONE Bank is the country's renowned commercial bank. To serve the nation, it has 107 branches around the country. The bank's headquarters are located at HRC Bhaban, 46, Kawran Bazar C/A, Dhaka-1215. There are 2 AMD, 03 DMD, 05 ADMD, 15 SEVP, 20 EVP, 28 VP and 2300 (SAVP-FAVP-AVP-SPO-PO-SO-Officer-AO-TAO) in total.



2.5 Product and Services of ONE Bank Limited

Currently, Bangladesh is a developing nation. The United Nations classified Bangladesh as a developing nation on March 17, 2018. Bangladesh's quick economic development is what has allowed it to get to this point. This fast-monetary cycle for this pipeline has consistently been led by the financial sector, which has played a prominent role in doing so. State-owned & Private banks are widely spread throughout Bangladesh. The renowned commercial bank in Bangladesh is ONE Bank. In Bangladesh, ONE Bank is in charge of both corporate and retail banking, with a big emphasis on social and financial development. This bank offers limited long-term credit introduction as well as short-term cash advances. As a result, this bank offers rural banking as well as small activity and excellent recognition. On the other hand, ONE Bank provides business banking services like money exchange, buyer funds, and venture accounts. Retail banking also offers a variety of benefits for settlement and shopping methods.

E-Service:

- Internet Banking
- ATM
- Automated Branch Banking
- BEFTN
- Green banking
- RTGS
- Inter Bank Fund Transfer (IBFT)
- Customized Register Biller and Bill Payment
- Mobile Banking

Modern Banking:

- Online Banking
- OBL Green Communication
- OBL Remittance
- OK Wallet

OBL One stop Remittance Service:

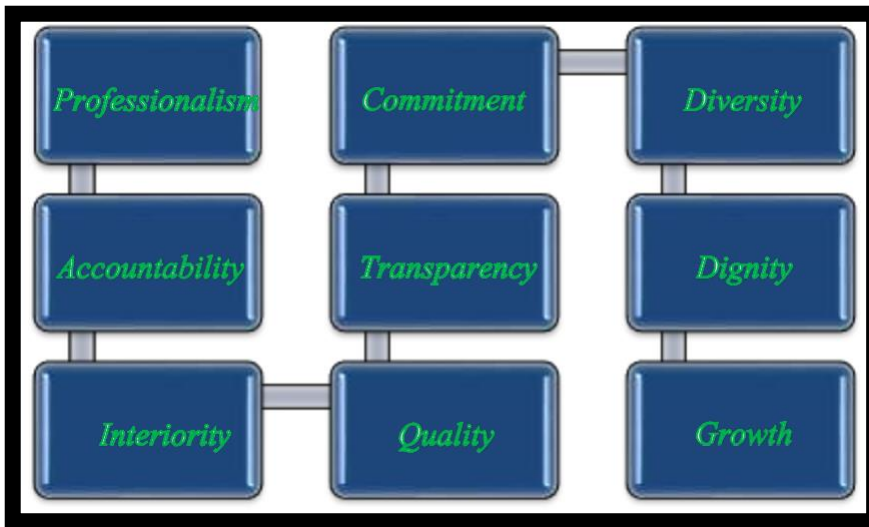
The following are some characteristics of OBL's one-stop remittance distribution services:

- Deliver money without charging fees;
- Maintain transaction secrecy;
- Online account credit services available to customers of ONE Bank Ltd.;
- Account credit services offered by Bangladesh Electronic Fund Transfer Network (BEFTN); EFT/TT Services to people who do not have accounts with ONE Bank Ltd. a committed customer service team at CHQ;
- An extensive network of disbursement that includes more than 100 OBL Branches, OBL Sub Branches, OBL Agent Banking Outlets, and Okay Wallet (OBL Mobile Financial Service).

2.6 Functions of ONE Bank Limited

The whole spectrum of services are offered to ONE Bank's clients, both internal and external. The real limits of ONE Bank are things like offering general banking services, utility services, deposit mobilization, offering special credit facilities like working capital to industries, investment, outbound and internal remittances, financing import and export, and more. In order to deliver superior organizations to its Customers and Correspondents, ONE Bank is directly more developed to handle sophisticated operations through an overall planned and profitable Manpower. In order to offer consumers quick and effective services, ONE Bank has been using PC exercises since the late 2000s.

2.7 Core Value of ONE Bank Limited



2.8 Objectives of ONE Bank Limited

The bank was created with the following goals in mind:

- To continue, transact, adopt, and conduct the banking business across all branches.
- To obtain, borrow, or raise money through a mortgage, cash on deposit, or in any other situation under terms that the agency may also approve.
- To continue the business of trading and discounting for commodities, securities, and all other forms of commercial banking.
- To provide safe-deposit vaults and secure storage for a variety of valuables.
- To continue to serve as financiers, promoters, investors, financiers and screen sellers, concessionaires, and brokers for the business.
- To act like a marketer and purchase any inventory, stocks, or securities, as well as for any other brief or mercantile transaction.

2.9 Services of ONE Bank Limited

<i>Current Services</i>	<i>Deposit Services</i>	<i>Others</i>
<ul style="list-style-type: none"> • <i>Customer Credit Scheme</i> • <i>Secured Overdraft</i> • <i>Cash Credit</i> • <i>Current Deposit A/C</i> • <i>Deposit Services</i> 	<ul style="list-style-type: none"> • <i>Savings A/C</i> • <i>Current Deposit A/C</i> • <i>Short Term Deposit</i> • <i>Fixed Deposit Received</i> • <i>Monthly Savings Scheme</i> 	<ul style="list-style-type: none"> • <i>DD</i> • <i>TT</i> • <i>L/C</i> • <i>PO</i> • <i>Credit Cards</i> • <i>Online Banking</i>

2.10 Branches of ONE Bank Limited

Branches	No. of Branches
Corporate HQ	1
Ad Branch	10
Local Branch	62
Sub-Branches	34
Total Branches	107

Chapter – 03

Theoretical Practice

3.1 About Financial Analysis

Assessing the performance and sustainability of businesses, initiatives, spending plans, and other financial operations is done through financial analysis. When evaluating whether a company is stable, solvent, liquid, or profitable enough to warrant financial investment, financial analysis is frequently utilized.

Financial analysis is used to identify investment opportunities, set financial policy, develop long-term corporate strategy, and evaluate economic trends. Combining financial data and figures allows for this. The income statement, balance sheet, and cash flow statement are among the financial accounts that a financial analyst will carefully examine. Both corporate finance and investment finance situations are suitable for conducting financial analysis.

Calculating ratios from the information in the financial statements and comparing them to other companies' ratios or the company's own historical performance is one of the most popular techniques for assessing financial data.

3.2 Financial Analysis Tools:

In order to evaluate and comprehend a company's financial statements for a variety of goals, including strategy, investment, and performance, financial analysis techniques are used. According to usage and requirements, common size statements (vertical analysis), comparative financial statements, and ratio analysis are some of the most widely used financial instruments.

A variety of analytical techniques and occasionally rules of thumb are available to generate quantitative answers when an analyst, business executive, or student is tackling a financial issue or wants to comprehend the financial implications and economic trade-offs involved in business investment, operations, or financing decisions. It is obvious that a key step in the analytical process is choosing the appropriate tools from the available options.

The top 4 most popular tools for financial analysis are:–

- i. Vertical Analysis.
- ii. Horizontal Analysis.
- iii. Ratio Analysis.
- iv. Economic value added Analysis (EVA).
- v. Market value analysis.

3.2.1 Horizontal Analysis

In financial statement analysis, horizontal analysis is used to examine historical data from a number of accounting periods, such as ratios or line items. Horizontal analysis can use percentage or absolute comparisons, where the amounts in each period are expressed as a percentage of the total for the baseline year, with 100% being the baseline amount. The base-year analysis is another name for this.

Investors and analysts can assess the factors that have influenced a company's financial performance over time and spot trends and growth patterns by using horizontal information. Analysts can examine relative changes in distinct line items over time and project them into the future using this type of study. A thorough picture of operational outcomes can be obtained by examining the income statement, balance sheet, and cash flow statement over time. This will show you what makes a business successful and whether it is operating efficiently and profitably.

3.2.2 Vertical Analysis

Each line item in the financial statement is reported as a percentage of a base number in the vertical analysis technique for financial statement analysis. As a result, line items on the income statement and balance sheet can both be expressed as a percentage of gross sales, total assets, or liabilities, and, in the case of a cash flow statement, vertical analysis shows each cash inflow and outflow as a percentage of total cash inflows.

3.2.3 Ratio Analysis

The purpose of ratios is to provide a meaningful connection between the various values in a financial statement. The risk-return relationships of various companies of various sizes can be compared using the ratio. A ratio can provide a profile of a business, providing information about its economic aspects, competitive strategies, and unique operational, financial, and investment traits. Changes in a ratio and variability over time may be more important than the quantity at any given time given the differences between sectors, as well as the impact of various capital structures, accounting, and reporting procedures. The many ratios utilized in the banking sector include the following. Ratios are designed to create a meaningful link between the different values in a financial statement:

- i. Leverage ratio.
- ii. Profitability ratio.
- iii. Efficiency & activity ratio.
- iv. Liquidity ratio.

3.2.3.1 Profitability Ratio

Using the information at a certain point in time, profitability ratios are a sort of financial statistic that evaluates a company's ability to generate earnings in relation to its sales, operational costs, balance sheet assets, or shareholders' equity over time.

Efficiency ratios, which consider how effectively a company uses its resources internally to generate money, can be compared to profitability ratios (as opposed to after-cost profits).

Below are listed various profitability ratios:

- a. Return on asset
- b. Return on Equity
- c. Operating profit Margin
- d. Net interest income ratio
- e. Interest spread ratio.

Return on Asset:

A profitability ratio called return on assets (ROA) illustrates how much profit a company can generate from its assets. Return on assets (ROA), in other words, measures how successfully a company's management generates profits from its financial resources or balance-sheet assets.

The bigger the value of ROA, which is measured as a percentage, the better a company's management is at controlling its balance sheet to generate profits.

Return on Equity:

Divide net income by shareholders' equity to get the financial performance indicator known as return on equity (ROE). Since shareholders' equity is equal to a company's assets less its debt, ROE is referred to as the return on net assets. A company's profitability in relation to its stockholders' equity is gauged by its return on equity (ROE).

Operating Profit Margin:

The operating profit margin is the amount of profit a company makes on each dollar of sales after variable production costs like labor and raw materials are subtracted, but before interest and taxes are subtracted. It is calculated by dividing a company's operating income by net sales. Higher ratios are usually preferable because they show that a company's operations are effective and that it has a strong track record of turning sales into profits.

Net Interest Income:

A financial performance statistic known as net interest income measures the difference between the revenue generated by an institution's interest-bearing assets and the costs associated with repaying its interest-bearing debt. All varieties of loans, both personal and business, mortgages, and securities make up a typical bank's assets. The liabilities are the interest-bearing deposits made by customers. The difference between the interest earned on assets and the interest paid out on deposits is known as net interest income.

Interest Spread Ratio:

The difference between the average yield on loans and other interest-earning activities at a financial institution and the average rate it pays on deposits and borrowings is known as the net interest rate spread. A key element in assessing a financial institution's profitability is the net interest rate spread (or lack thereof).

3.2.3.2 Leverage Ratio

Leverage ratios are one of many financial indicators that assess a company's ability to meet its financial obligations by looking at how much of the company's revenue comes from debt (loans). Because businesses often utilize a combination of debt and equity to support their operations, understanding a company's level of debt can be used to predict whether it will be able to make its debt payments on time. Some of the most popular leverage ratios are listed here.

If a company takes on too much debt, both the company and its investors may be at risk. Debt may be used to finance expansion if, on the other hand, a company's operations provide a higher rate of return than the interest rate on its loans. Debt that isn't managed could lead to credit downgrades or even worse. On the other hand, having too few debts could be problematic. Lack of operating margins could be indicated by difficulty or unwillingness to borrow.

Various types of leverage ratios are given below:

- I. Debt ratio.
- II. Debt to equity ratio.
- III. Interest coverage ratio.

Debt Ratio:

The debt ratio is a monetary indicator that shows how much debt a company has. The decimal or percentage ratio of total debt to total assets is known as the debt ratio. It speaks of the proportion of a business's assets that are financed by debt.

A ratio greater than one signifies that a sizeable portion of assets is being utilized to finance debt. Or, to put it another way, the corporation has more obligations than assets. A high proportion also signals that a company may be in danger of going into default if interest rates suddenly increase. When the ratio is less than one, a bigger portion of a company's assets is funded by stock.

Debt to Equity Ratio:

To calculate financial leverage, the debt-to-equity (D/E) ratio divides a company's total liabilities by its shareholder equity.

The D/E ratio is an important statistic in corporate finance. It indicates how much a company relies on debt to fund its operations rather than entirely owned capital. It represents the capacity of shareholder equity to satisfy all existing obligations in the event of a corporate downturn. The debt-to-equity ratio is a type of gearing ratio.

Interest Coverage Ratio:

The debt-to-profitability ratio known as the interest coverage ratio assesses how easily a company can make interest payments on its debt. The interest coverage ratio is calculated by dividing a company's earnings before interest and taxes (EBIT) by its interest expense for a specific time period. The interest coverage ratio is also known as the time's interest earned (TIE) ratio. Lenders, investors, and creditors regularly employ this technique to determine how risky a company is with respect to its current debt or potential future borrowing.

3.2.3.3 Efficiency and Activity Ratio:

An efficiency ratio evaluates a business's ability to generate income from its assets. An efficiency ratio, for instance, can take into account a number of things, such as how long it takes to turn inventory into cash or collect money from customers. Typical efficiency ratios include the ratios of accounts receivable turnover, fixed asset turnover, sales to inventory, sales to net working capital, accounts payable to sales, and stock turnover.

Various types of efficiency ratios are:

- a. Total asset turnover.
- b. Fixed asset turnover.
- c. Equity turnover.

Total Asset Turnover (TAT):

A company's sales are measured against all of its assets using the total asset turnover ratio. The ratio is frequently used by outside parties to evaluate a company's operations since it measures its ability to generate sales successfully. On the other side, a company with a high total asset turnover ratio may operate with fewer assets than a less effective competitor, requiring less debt and equity to do so. Stockholders of the corporation ought to profit more as a result.

Fixed Asset Turnover Ratio:

A sales efficiency ratio called Fixed Asset Turnover (FAT) gauges how effectively a business uses fixed assets to generate revenue. Divide net sales by net fixed assets over a year to get this ratio. Net fixed assets are the amount of property, plant, and equipment less accumulated depreciation. A higher fixed asset ratio typically denotes that investments in fixed assets are being utilized to generate income more efficiently. This ratio is typically looked at in conjunction with profitability and leverage ratios.

Equity Turnover:

The equity turnover ratio is an activity ratio that assesses the financial management skills of an organization. To calculate this amount, divide the company's net revenues by the average equity held by its investors. When the equity turnover ratio is high, the shareholders' equity is used effectively. The value of this indicator represents the number of goods and services sold for each dollar of equity. It is reasonable to look at the ratio's trends and contrast its current value with that of the main competitors in the industry. The company's stock turnover is increasing, which indicates that equity management is continually being optimized.

3.2.3.4 Liquidity Ratio:

A company's ability to meet its obligations on schedule can be evaluated using a liquidity ratio, which is a financial indicator. In other words, it tells us whether a company's current assets are enough to cover its liabilities. Creditors and lenders generally utilize accounting liquidity ratios to decide whether to extend credit. Although it is always a good idea for business owners to understand their company's liquidity, creditors and lenders primarily utilize them to decide whether to grant credit.

Various types of liquidity ratios are:

- a. Current Ratio.
- b. Loan to deposit ratio.
- c. Loan to asset ratio.

Current Ratio:

A liquidity ratio called the current ratio evaluates a company's ability to meet short-term or one-year obligations. It illustrates to investors and analysts how a company could use current assets on its balance sheet to settle existing debt and other liabilities.

Generally, it is considered appropriate to have a current ratio that is equivalent to or slightly higher than the industry average. A current ratio that is lower than the industry average could indicate a higher risk of default or difficulties. Similar to this, if a company's current ratio is exceptionally high in comparison to its competitors, it may indicate that management isn't utilizing its resources to their full potential.

The reason the current ratio is called "current" is that, unlike some other liquidity ratios, it takes into account all current assets and liabilities. The working capital ratio is also known as the current ratio.

Loan to Deposit Ratio:

The loan-to-deposit ratio (LDR), which compares a bank's total loans to its total deposits for the same time period, is used to assess a bank's liquidity. Percentages are used to calculate the LDR. If the ratio is too high, the bank could not have enough liquidity to meet any unforeseen funding requirements. The bank could not be making as much money as it might if the ratio is too low.

3.2.4 Economic Value-Added Analysis

As a measure of a company's financial success, economic value added (EVA) is calculated by deducting its cost of capital from operating profit on a cash basis, then accounting for taxes. Since EVA strives to record a company's true economic profit, it is sometimes referred to as economic profit.

The incremental gap between a company's rate of return (ROR) and the cost of capital is known as EVA. The value that a company generates from money invested in it is mostly assessed using this method. A company's EVA indicates whether or not the capital put in it is producing value. If it is negative. On the other hand, a positive EVA shows that a company is making money off of the cash that has been put into it.

3.2.5 Market Value Analysis

Investors turn to MVA first when they want to assess how a company performs for its shareholders. A company's ability to increase shareholder value over time is gauged by its MVA. A high MVA demonstrates great operational capability and effective management. A low MVA means that shareholder capital is valued higher than the value of management's actions and investments. A negative MVA shows that management's actions and investments have diminished and reversed the value of the capital contributed by shareholders.

Chapter – 04

Financial Performance Analysis

4.1 Horizontal Analysis of OBL

Trend analysis is another name for horizontal analysis.

Trend Analysis Of ONE Bank Limited (Balance sheet)

Particulars	2017	2018	2019	2020	2021
Cash in hand	100%	98%	95%	104%	130%
Balance with BB and its agent bank (s)	100%	110%	115%	105%	109%
Balance with other banks and FIS	100%	170%	240%	323%	258%
Money at call and short notice	100%	118%	146%	202%	63%
Investment	100%	105%	79%	75%	84%
Loans and advance	100%	114%	130%	151%	157%
Fixed asset	100%	104%	101%	101%	77%
Other asset	100%	121%	129%	127%	131%
Total asset	100%	114%	116%	126%	132%
Paid up capital	100%	100%	101%	120%	121%
Reserve fund and surplus	100%	102%	107%	102%	88%
Total shareholder equity	100%	101%	103%	111%	100%
Capital employed	100%	104%	110%	119%	115%
Deposits	100%	112%	115%	118%	121%
Current liabilities	100%	123%	124%	132%	143%
Long-term liabilities	100%	103%	111%	118%	117%
Actual cash reserve held with BB (CRR)	100%	117%	125%	120%	106%
Actual statutory liquidity reserve held with BB (SLR)	100%	103%	74%	60%	74%

**Trend Analysis of
Of
ONE Bank Limited
(Income Statement)**

Particulars	2017	2018	2019	2020	2021
Total revenue	100%	99%	95%	90%	91%
Interest income	100%	105%	101%	112%	108%
Non-interest income	100%	88%	101%	71%	74%
Interest expense	100%	91%	81%	78%	86%
Non-interest expense	100%	1189%	129%	128%	127%
Total expense	100%	98%	90%	92%	94%
Net interest margin	100%	18%	121%	227%	136%
Net non-interest expense	100%	166%	169%	217%	215%
Operating profit	100%	95%	107%	90%	65%
Profit before tax	100%	57%	65%	15%	14%
Net profit after tax	100%	55%	57%	6%	7%

Interpretation:

The financial statement analysis method known as "trend analysis" shows how many financial statement components are linked throughout time. It's a financial statement analysis method known as "trend analysis" shows how many financial statement components are linked throughout time. It's an excellent tool for spotting trends. In a horizontal analysis, statements for two or more periods are employed. Cash on hand reflects a money reserve in the form of a foreign reserve (98% to 130%). Investment has decreased from 2019 to 2021 due to COVID-19, ranging from 105% to 75%, due to the country's economic development. From 2017 through 2021, loans and advances have steadily increased. (114% - 157%). As a result, the bank's total assets, which have increased from 113% to 130%, have a positive effect. The bank, on the other hand, did well and got a good result. The revenue statement exhibits a rising trend in interest income from 2017 to 2021. The percentage increased by 12%, from 100% to 112%. However, interest income has fallen from 2017 to 2021. The rate decreased by 4%, from 112% to 108%. All of the aforementioned criteria point to a decline in net profit after taxes during the previous two years.

4.2 Vertical Analysis of OBL

Vertical analysis is also known as common-size financial statement analysis.

Common Size Analysis Of ONE Bank Limited (Balance sheet)

Particulars	2017	2018	2019	2020	2021
Cash in hand	1%	1%	1%	1%	1%
Balance with BB and its agent bank (s)	6%	6%	6%	4%	5%
Balance with other banks and FIS	2%	4%	4%	4%	3%
Money at call and short notice	0%	0%	2%	0%	0%
Investment	32%	31%	21%	18%	20%
Loans and advance	52%	52%	58%	62%	64%
Fixed asset	1%	1%	1%	1%	1%
Another asset	7%	7%	8%	7%	6%
Total asset	100%	100%	100%	100%	100%
Paid up capital	3%	2%	2%	2%	2%
Reserve fund and surplus	4%	2%	4%	3%	3%
Total shareholder equity	7%	7%	6%	5%	6%
Capital employed	50%	48%	50%	47%	45%
Deposits	82%	83%	81%	77%	75%
Current liabilities	48%	54%	53%	52%	50%
Long-term liabilities	44%	40%	42%	43%	44%
Actual cash reserve held with BB (CRR)	5%	5%	5%	4%	4%
Actual statutory liquidity reserve held with BB (SLR)	30%	27%	20%	15%	17%

**Common Size Analysis
Of
ONE Bank Limited
(Income Statement)**

Particulars	2017	2018	2019	2020	2021
Total revenue	100%	100%	100%	100%	100%
Interest income	58%	60%	59%	55%	54%
Non-interest income	12%	12%	12%	10%	09%
Interest expense	61%	57%	54%	57%	60%
Non-interest expense	21%	25%	27%	28%	29%
Total expense	82%	81%	79%	82%	85%
Net interest margin	5%	2%	7%	8%	7%
Net non-interest expense	9%	12%	13%	18%	19%
Operating profit	18%	19%	20%	18%	15%
Profit before tax	13%	8%	9%	8%	6%
Net profit after tax	7%	6%	6%	3%	2%

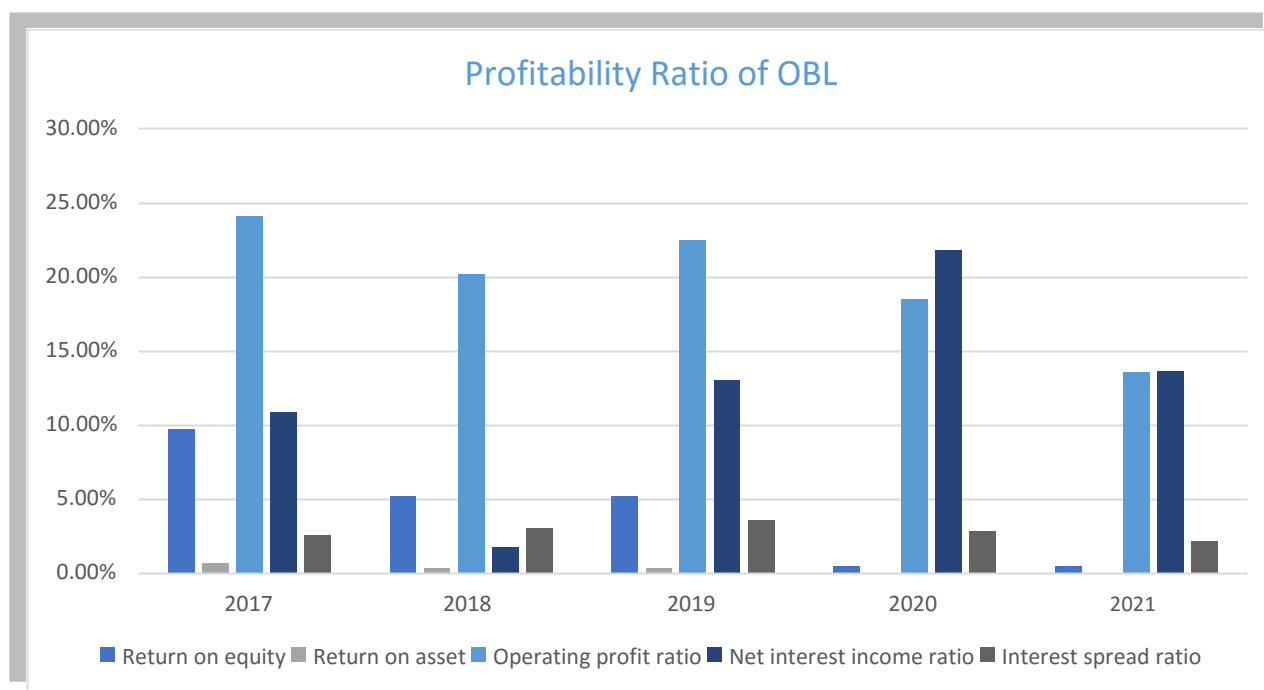
Interpretation:

Common size analysis, also referred to as vertical analysis, is a method of financial analysis. Managers examine financial statements. By showing each line item as a percentage of the overall fundamental total for that time period, it examines financial statements. Each item in the financial statements and its relationship to the final total are explained by the study's findings. In terms of total assets, the cash item shows a slight improvement from 2017 to 2021. The investment rate increased from 18% to 20% between 2017 and 2019, as shown in the graph above. Deposits exhibit a regular pace of change throughout time. The bank should oversee liabilities. The bank's net profit after taxes will naturally increase if it can keep its liabilities under control.

4.3 Ratio Analysis of OBL

4.3.1 Profitability Ratio Analysis

Year	2017	2018	2019	2020	2021
Return on equity	9.69%	4.22%	4.23%	0.44%	0.39%
Return on asset	0.68%	0.30%	0.30%	0.02%	0.02%
Operating profit ratio	23.09%	19.19%	21.46%	18.38%	13.13%
Net interest income ratio	11.85%	1.68%	12.01%	21.59%	13.31%
Interest spread ratio	1.59%	3.15%	3.48%	2.61%	2.04%

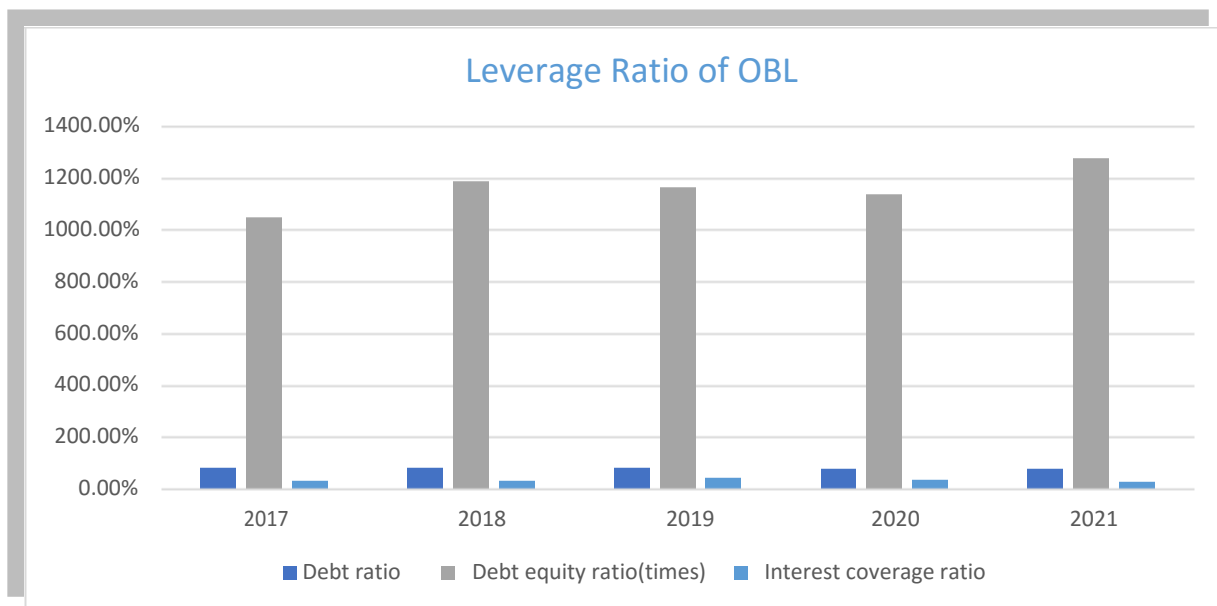


Interpretation:

The bar chart above demonstrates that ONE Bank Limited's return on equity and return on asset both decreased in 2019–2021 compared to the prior year. This is not good for the bank because COVID–19 prevents it from effectively utilizing its assets and equity to create profit. The operational profit ratio, net interest income ratio, and interest spread ratio all fell from 2018 to 2019 and 2020 to 2021. They are currently unable to make improvements. This graph's scenario has it all over it.

4.3.2 Leverage Ratio Analysis

Year	2017	2018	2019	2020	2021
Debt ratio	81.37%	81.43%	80.48%	77.00%	75.23%
Debt equity ratio(times)	09.48	10.86	11.34	11.18	10.75
Interest coverage ratio	30.55%	31.04%	41.46%	36.09%	25.85%

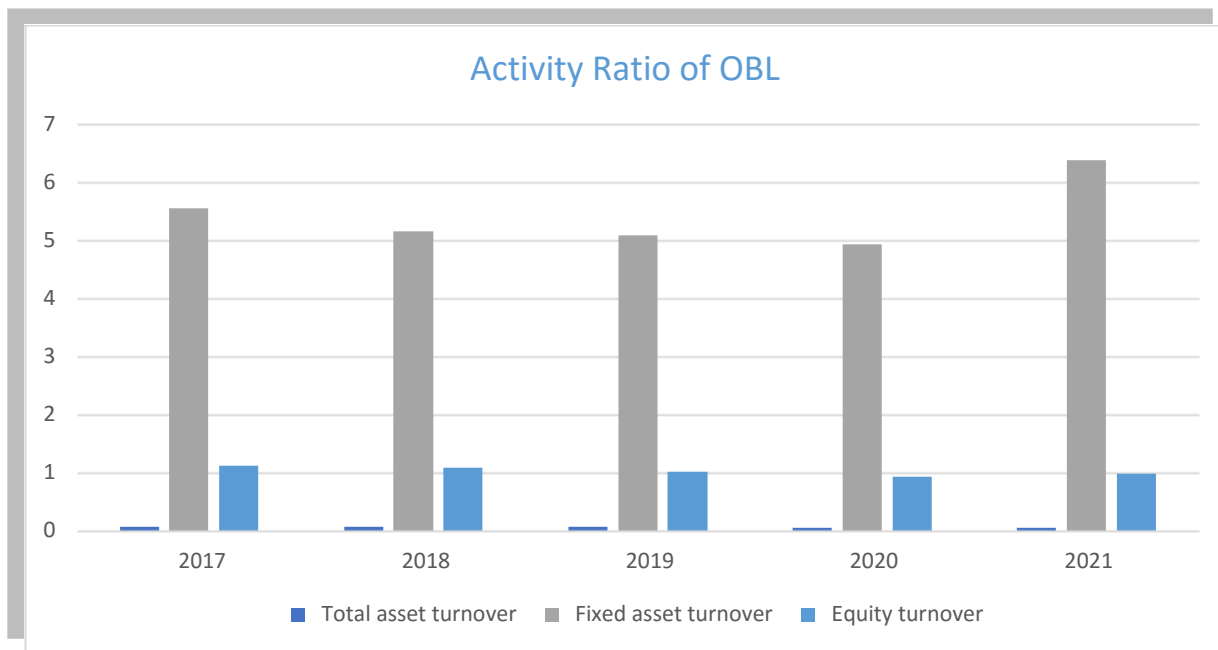


Interpretation:

The Bar Graph, which displays the percentage of a ONE Bank's financial capital that is made up of debt from 2017 to 2021, can be used to assess the bank's long-term solvency. The debt ratio was steady from 2017 to 2019, despite some modest ups and downs. However, in 2018 and 2019, it will decrease by roughly 2% to 3%. The information displays the relative amounts of capital and debt that were utilized to finance the assets of ONE Bank Limited from 2017 to 2021. This was how ONE bank used its debt and capital, more so in 2018 than in 2021. The bank used less capital in 2017, which is a good indicator. The aforementioned bar graph also shows how much interest ONE bank limited paid on its existing loans from 2017 to 2021. The annual ratios show that it gradually fell between 2020 and 2021 until peaking at 41.46 percent in 2019. Currently declining, it will reach its lowest point of 26.85% in 2021.

4.3.3 Efficiency & Activity Ratio Analysis

Year	2017	2018	2019	2020	2021
Total asset turnover	.081	.072	.066	.058	.054
Fixed asset turnover	5.45	5.10	5.00	4.63	4.38
Equity turnover	1.13	1.07	1.01	.94	.90

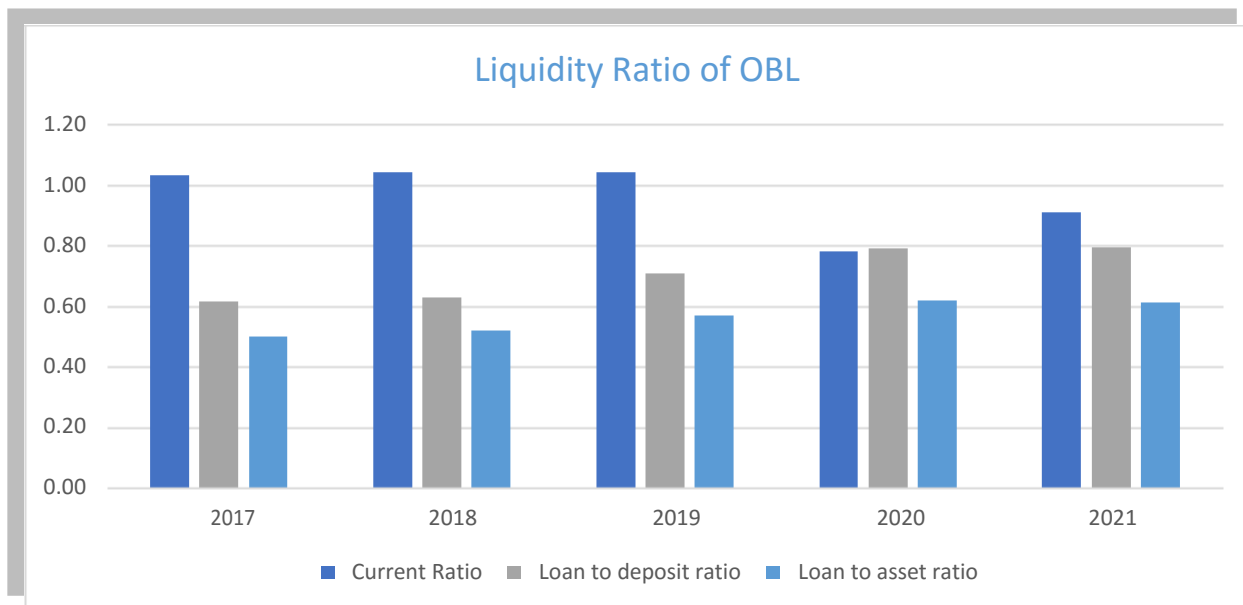


Interpretation:

While the fixed asset and equity turnovers have increased, the overall asset turnover has decreased from the prior year. The statement implies that the bank uses its equity but not its assets. The bank should utilize its current asset as much as possible.

4.3.4 Efficiency & Activity Ratio Analysis

Year	2017	2018	2019	2020	2021
Current Ratio	1.04	1.05	1.05	0.88	0.81
Loan to deposit ratio	0.605	0.628	0.709	0.791	0.795
Loan to asset ratio	0.52	0.51	0.58	0.52	0.51

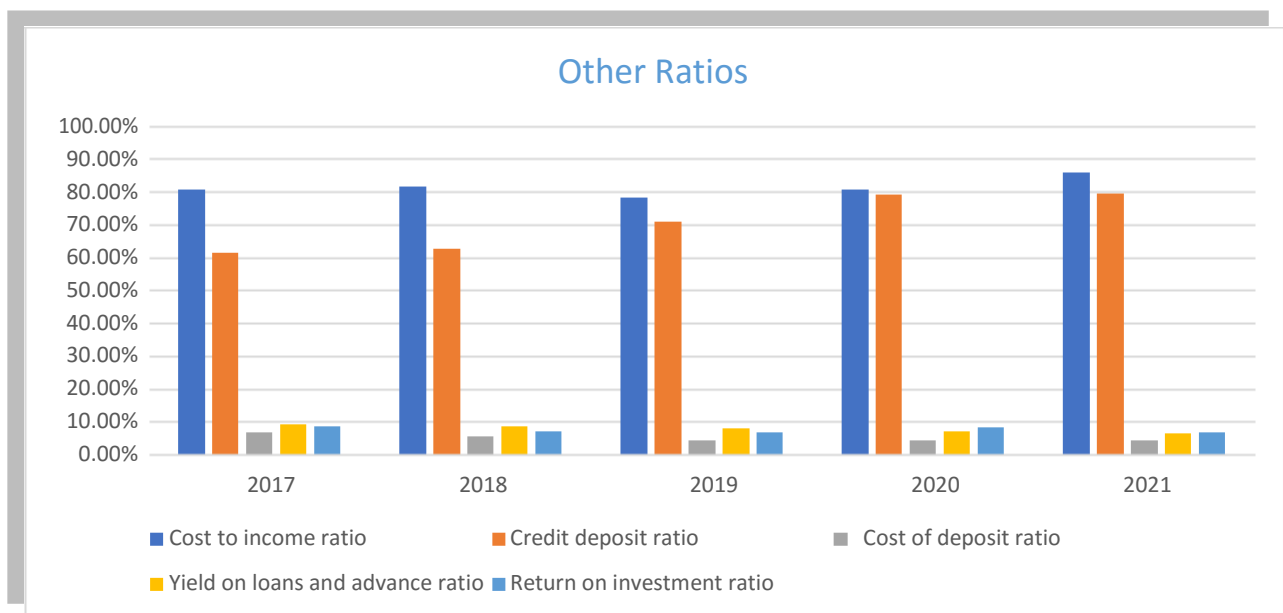


Interpretation:

The graph demonstrates the decline in ONE Bank's current ratio year over year. The current ratio was 1.04 in 2017, climbed to 1.05 in 2018, and remained constrained through 2019, but it fell to 0.88 in 2020 and continued to decline somewhat in 2021. The total deposit ratio of deposits in 2017 was 0.605, according to the graph above. This ratio rose in 2018 and will keep rising until 2021. From 2017 to 2021, the asset ratio experienced significant swings. The statutory liquidity ratio of ONE Bank Limited grew in 2021, however OBL's SLR was higher.

4.3.5 Other Ratios

Year	2017	2018	2019	2020	2021
Cost to income ratio	81.75%	80.53%	78.13%	81.69%	84.80%
Credit deposit ratio	60.50%	61.80%	70.57%	79.02%	78.33%
Cost of deposit ratio	6.66%	5.39%	4.07%	4.24%	The yield
Yield on loans and advance ratio	9.25%	8.44%	7.94%	7.05%	6.20%
Return on investment ratio	7.61%	7.09%	6.99%	6.97%	6.79%

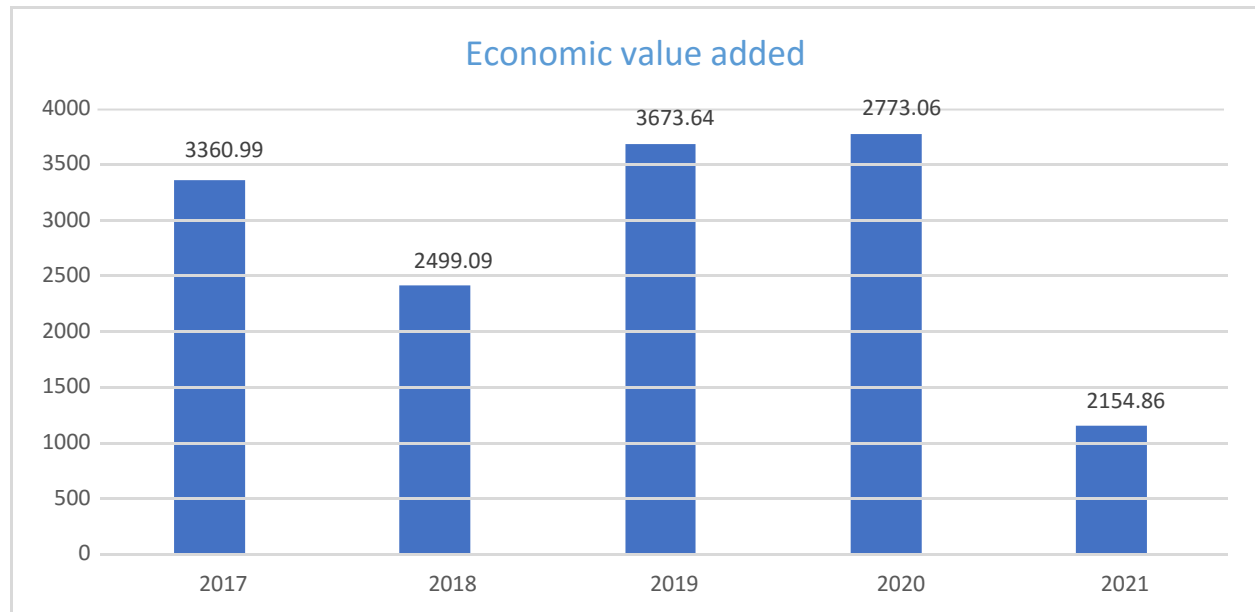


Interpretation:

We obtained a very high revenue ratio for 2021 from the diagram. The performance of the bank declines as the ratio increases. In 2019, the bank was successful in reducing the average by 78.13 percent. Year after year, yields were able to maintain a balance between loan returns and improved OBLs. The return on investment is shown by the most comparable pattern from 2017 to 2021, yet banks could improve financial efficiency in terms of investment. Creditor deposits are better, as seen by the credit deposit ratio. Therefore, the time has come to turn a profit.

4.4 Economic value added (EVA) Analysis

Economic value added (EVA) Analysis					
Year	2017	2018	2019	2020	2021
Economic value added	3360.99	2409.09	3673.64	2773.06	2154.86



Interpretation:

A performance statistic called economic value added (EVA) can be used to estimate the true economic profit of a business. Its other name is "economic profit," and it serves as a benchmark for assessing a bank's long-term financial success or failure. The graph indicates that over the period of 2017–2021, the EVA of ONE Bank Limited fluctuates. The EVA of OBL was 3360.99 in 2017, but it fell to 2499.09 in 2018, climbed in 2019, and then fell once again in 2020–2021. The highest EVA of OBL over the previous five years was in 2019, and the lowest EVA was in 2021.

4.5 Market value added (MVA) Analysis

Market value added is the distinction between a company's present total market value and the money that investors have contributed (MVA). As a measure of wealth, it quantifies the total amount of money the bank has amassed through time. In order to determine market value added, use the following formula:

$$\text{Market Value Added} = \text{Market Value} - \text{Capital Invested}$$

Market Value Added Calculation

Particular	Number of Share	Value Per Share	Amount
Intrinsic value per share	201400000	207.23	41736122000
Book value	201400000	101	20341400000
Market value added	201400000	106.89	21527646000

Chapter – 05

Findings and Recommendations

5.1 Findings of the study:

- **Net interest income grew:** In 2017, net interest income increased from 10.85 percent to 13.61 percent, which is favorable for the bank.
- **The turnover of fixed assets rose:** From 2017 to 2021, the turnover of fixed assets increased. The fixed asset turnover ratio was 5.55 in 2017, but it increased to 6.38 in 2021, indicating that the bank is effectively using its fixed assets.
- **Liquidity condition:** The liquidity situation for ONE Bank Limited is excellent. It has a high amount of assets compared to general loans, and its liquidity ratios are at a normal level.
- **Net interest fluctuation:** The ONE Bank's net interest income ratio varies from 2017 to 2021, yet it has increased this year compared to last. Which will increase the net profit.
- **Roe:** In comparison to 2017, ONE Bank Limited's return on equity (roe) fell in 2021. The bank received a return of 9.70 percent using its total equity in 2017, according to the ROE, but in 2021, the bank only received a return of 0.49 percent using its total equity, which is extremely low when compared to 2017.
- **ROA declining:** From 2017 to 2021, return on assets showed a declining trend. In 2017, one of the rates was 0.70 percent, meaning the bank used all of its assets to generate a return of 0.70 percent, while in 2021, the bank only generated a 0.03 percent return.
- **Declining profit:** From 2017 to 2021, ONE Bank Limited's operating profit likewise showed a tendency of declining.
- **Variations in spread ratios:** From 2017 to 2021, ONE Bank's interest spread ratio fluctuated a little. It also declined a tiny bit compared to 2021.
- **Financial performance:** When compared to other Private commercial banks, ONE Bank Limited's financial performance is generally relatively excellent. Despite the extremely adverse economic climate of recent years, OBL produced commendable results in all key areas of the banking business.

5.2 Recommendations:

1. The bank should speed up its productivity as the Return on Equity is declining. In order to enhance shareholder wealth, the bank should make some adjustments.
2. The Bank should carefully invest its money to generate a higher return in order to raise the Return on Asset (ROA).
3. The bank's operating profit provides insight into how efficiently it controls its operational expenses. Therefore, in order to maximize operating profit, the bank should make every effort to cut operational costs.
4. The bank should exercise caution while taking out loans and when giving them in order to receive stable and positive interest income. ONE Bank ought to make an effort to lower interest costs.
5. The Interest Spread ratio is influenced by the bank's borrowing and lending interest rates. Both rates are subject to change over time. Therefore, the bank must keep a constant eye on them in order to obtain a positive, steady Interest Spread.
6. The bank should concentrate on asset usage in the upcoming years to enhance overall asset turnover.
7. If ONE Bank's loan amount is increasing in proportion to the balance of its total assets, this indicates that the bank's loan-to-asset ratio needs to be reduced.

5.3 Conclusion

ONE Bank aspires to excel in the banking industry and contribute significantly to the growth of the nation. In order to ensure long-term success, a healthy return, and a contribution to the development of the nation through a motivated and skilled workforce, the Bank is dedicated to meeting the diverse needs of its customers by providing a wide range of goods at a fair price, using appropriate technology, and guaranteeing prompt service. This bank's general banking operations and financial performance from 2017 to 2021 were discussed. I made an effort to evaluate its performance by looking at the ratio and trend of selected bank indicators. Overall, the information points to an improvement in this bank's financial performance between 2017 and 2021. OBL must compete not simply with other Private commercial banks, but also with government-owned banks. The principal branch of OBL is more capable of fostering economic progress than other OBL branches. The Shilpa Nagari branch is crucial to both our economy and the banking sector. The effectiveness of general banking operations and departmental cooperation are essential to the bank's success. The impact on the economies of all nations is significantly influenced by the global banking industry. Bangladesh is hence closely associated with financial and economic progress. Our exports won't increase over time if we can't boost our economy. The present GDP growth rate will worsen, revenues will decline, and the unemployment issue will worsen. As a result, the public authority, Bangladesh bank, and service of account of Bangladesh should plan short-, medium-, and long-term solutions for getting out of this current emergency situation as well as ensuring an economic development in Bangladesh's financial sector.

Appendix

Annual Reports & Articles:

1. Annual reports of ONE Bank Limited (2017-2021).
2. Annual Reports of Bangladesh Bank, 2016.
3. Circulars issued by the Head Office of ONE Bank Ltd.
4. Different types of Brochures of OBL.
5. A.H.M. Bunnet (1987). “Performance Evaluation of Public Enterprises in Bangladesh”, Journal of Business Administration, Vol.13, No.1, p. 1
6. Srivastava U, Pandey B.B, Wadhwa D,S (2011):“Evaluating the performance of Axis Bank in terms of Capital Adequacy using financial indicators”; International Journal of Management & Business Studies,Vol.1,Issue.3.
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Books:

1. Jerry j. Weygand, Donald E Kieso & Warfield Kimmel, (2005), Accounting Principles, 8th edition, pp.781-798.
2. Lawrence J. Gitman (2009-2010) Principles of Managerial Finance, 12th edition, pp.58-71.Khan, A. R. “Bank Management”
3. Zikmund, William G (1997) “Research Management” 16th edition
4. C.R.Kothari (2011) “Research Methodology” 2nd edition fair corporation, Bangladesh
5. Reading Materials on Theory & Practice of Banking (B- 101)’, Bangladesh
6. Bangladesh Institute of Bank Management (BIBM)

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4. www.onebank.com
5. <https://www.onebank.com.bd/financial-statement/half-yearly-report-2021.pdf>
6. <https://www.cse.com.bd/company/companydetails/ONEBANKLTD>
7. <https://studylib.net/doc/7905021/fundamental-analysis-framework---bob-pen>