

**An Internship Report on Financial Performance Analysis
of Sonali Bank Limited**

Submitted to:

Professor Mohammed Masum Iqbal

Dean

Daffodil International University

Dhaka-1207

Supervised by:

Rozina AKter

Senior Lecturer

Department of Business Administration

Daffodil International University

Submitted by:

Ramzan Hussain

ID-131-11-3132

Session: 2013-2017

Major: Finance

Bachelor of Business Administration

Daffodil International University

Date of Submission: 1st December, 2018

Letter of Transmittal

1st December, 2017

Rozina Akter

Senior Lecturer

Daffodil International University

Dhaka

Subject: Submission of Internship Report.

Dear Mam,

With due respect, I would like to inform you that, it is a great pleasure for me submitted the internship report on “**Financial Performance Analysis of Sonali Bank Ltd**” as it is a fulfillment of partial requirement for obtaining BBA Degree from Daffodil International University, Bangladesh.

To prepare this report, I have gathered what I believe to the most complete information available on Sonali Bank Limited and enjoyed working thereon. The experience I have gathered during the period will remain as an invaluable asset of immense usefulness in my life. I have worked hard preparing this report and I hope that will fulfill my degree requirement. I will be always available for answering any query of this report.

So, I am requesting and hope that you would be kind enough to accept my report and oblige thereby.

Sincerely Yours,

Ramzan Hussain

ID No:131-11-3132

Major: Finance

Batch-38th

Academic Session: 2013-17

Certificate of the Supervisor

This is to certify that, **Ramzan Hussain**, Daffodil International University. ID Number: 131-11-3132, Academic session: 2013 – 2017, major in Finance is a regular student of BBA Program, Department of Business Administration, Daffodil International University of Bangladesh. He has completed a three months internship program on "**Financial Performance Analysis of Sonali Bank Limited**", under my supervision which is a fulfillment of partial requirement of obtaining BBA Degree.

I wish his success in all his future endeavors.

.....

(Rozina AKter)

Senior Lecturer

Department of Business Administration

Daffodil International University

Acknowledgement

First of all, I am expressing my heartfelt gratitude to my Almighty Allah, the most merciful and the benevolent, for His special kindness to give me the opportunity to completed the internship successfully and prepare internship report timely.

I would like to express my gratitude to the authority at Daffodil International University our honorable Dean, Professor Dr.Mohammed Masum Iqbal for providing me such an opportunity. I also give my sincere gratitude to my academic supervisor Rozina AKter Lecturer, Department of Business Administration, Daffodil International University for her continuous gridlines, individual suggestion, continuous encouragement and unfeeling enthusiasm through the process of completion of this report.

I would like to extend my deepest appreciation to all my faculty members of Department of Business Administration Daffodil International University for the individual contribution and co-operation in advising this report and hereby completing my BBA program successfully. I would also like to express my special thanks to the staffs of the college for their excellent administrative supports.

I am also thankful to the Head of Human Resource Division of Sonali Bank Limited for giving me opportunity to do the internship in their organization, and specially Mr. Md. Rezaul Karim (DGM, GB), Mr. Shawpan Kumar Roy Talukdar (DGM, ITFD), Mr. Md. Shahjahan (DGM, GAD), Mr. Khorshed Alam Patwary (DGM, ICD) for their advice, endorsement and supports in the internship program as my organization supervisors. I also thankful my beloved collogues at Sonali Bank Limited, who give me a sense of belongings which help me to get acquainted with the culture of the Bank and encourage me to completed my internship successfully.

Finally, I am very grateful to my entire family members especially to my father and mother for their responsive support and inspiration to accomplish my study.

Executive Summary

As an Intern, I had the opportunity to do the different types of tasks under Sonali Bank Limited. During the internship period, I have used my observations and gained experiences about various banking functions and day-today operations. Sonali Bank Limited provides different types of services to its customer's like-Merchant Banking, Foreign exchange, General banking etc. I have prepared this report in four chapters. In my whole report, I have worked on financial performance analysis of Sonali Bank Limited. I have collected last five years financial data of Sonali Bank Limited for preparing the report.

In my first chapter, I have introduced the report as the origin of the report. Then I have discussed objectives, methodology and scope respectively. I have also discussed the limitations of preparing my report.

In my second chapter, I have discussed the history background of Sonali Bank Limited. Then I have shown the roles, corporate profile, vision, mission, products and services, board of directors, core values, ethical principles and commitment to clients. I have also shown the SWOT analysis and corporate social responsibility.

In the third chapter, I have shown the financial performance in short from 2013 to 2017 like-total advances, deposits, net profits/losses, operating profits etc. Then I have shown the common size statements (balance sheet) for 2017. Then I have discussed various types of ratios like- operating profit ratios, gross profit ratios, ROA, ROI, ROE etc. From these types of analysis I have seen that total income has ups and down previous five years. In 2013 it has been 3945 million, 2014 has been 4977 million, 2015 has been 3235 million, 2016 has been 3101 million and in 2017 it has been 3400 million. On the other hand net profit and total operating profit has been increased because of decrease in total expense the five years. ROA, ROE, has been decreased ultimately. In 2013 ROA and ROE has been 1.28% and 12.90% respectively but in 2017 these ratios has been 1.21% and 0.01% respectively. This indicates that Sonali Bank's return has been decreased against the assets and equity. EPS and NAVPS have also been decreased over the year like-in 2013 EPS and NAVPS have been TK.30.64 and 443.43 respectively but in 2017 these ratios have been Tk. 18.50 and 160.02 respectively which indicates that market value and net asset's value have been loosed by Sonali Bank

Limited. After all of these types of discussion, I can say that financial performance of this bank is not good.

In my last chapter I have shown the findings of my financial analysis which means ratios and items of financial statements decreased or increased. Then I have given some recommendations like- appropriate utilization of employees, improving the design of website and cheque training of the employees about the online banking appropriately. At last I have stated conclusion in which I have stated the main evaluated financial conditions, recommendations and what the bank is trying to do for recovering, shortly.

Table of Contents

Chapter No.	Particulars	Page No.
Chapter-1: Introduction	1.1 Origin of the Report	02
	1.2 Objectives of the Report	03
	1.2.1 General Objectives	03
	1.2.2 Specific Objectives	03
	1.3 Methodology of the Report	03
	1.3 Scope of the Report	04
	1.4 Limitations of the Report	04
Chapter-2: An Overview of Sonali Bank Limited	2.1 History Background of Sonali Bank Limited	06
	2.2 Role of Sonali Bank Limited in the National Economy	06
	2.3 Comments of World Bank	08
	2.4 Corporate Profile of Sonali Bank Limited	11
	2.5 Vision	12
	2.6 Mission	112
	2.7 Products and Services of Sonali Bank Limited	13
	2.8 Islamic Banking	12
	2.9 Organogram	14
	2.10 Board of Directors	15
	2.11 Core Values	15
	2.12 Ethical Principles	16
	2.13 Commitment to Clients	16
	2.14 SWOT Analysis	17
	2.15 Corporate Social Responsibility (CSR)	19

Chapter-3: Financial Analysis and Evaluation	3.1 Financial Performance Analysis	22
	3.2 Common Size Statements	23
	3.3 Ratio Analysis	28
	3.3.1 Operating Profit Ratio	28
	3.3.2 Gross Profit Ratio	29
	3.3.3 Net Interest Margin on Earning Assets	30
	3.3.4 Cost of Deposit	31
	3.3.5 Return on Total Assets (ROA)	32
	3.3.6 Return on Equity (ROE)	33
	3.3.7 Return on Investment (ROI)	34
	3.3.8 Return on Capital Employed	35
	3.3.9 Debt-Equity Ratio	36
	3.3.10 Advance Deposit Ratio	37
	3.3.11 Capital Adequacy Ratio	38
	3.3.12 EPS	39
	3.3.13 Net Asset Value per Share	40
	3.3.14 Cost to Income Ratio	41
3.3.15 Cost of Fund	42	
3.3.16 Interest Spread	43	
3.3.17 Yield on Loans and Advances	44	
Chapter-4: Findings, Recommendations and Conclusion	4.1 Findings	47
	4.2 Recommendations	47
	4.3 Conclusion	48
	Bibliography	49
	Appendix	50

List of Tables

Name of Tables	Page No.
Table-01: Corporate Profile of SBL	11
Table-02: Board of Directors of Sonali Bank Ltd	15
Table-03: Performance at a Glance 2013-17	22
Table-04: Common-Size Statement (Balance Sheet)	23
Table-05: Operating Profit Ratio	28
Table-06: Gross Profit Ratio	29
Table-07: Net Interest Margin on Earning Assets	30
Table-08: Cost of Deposit	31
Table-09: Return on Total Assets (ROA)	32
Table-10: Return on Equity (ROE)	33
Table-11: ROI	34
Table-12: ROCE	35
Table-13: Debt-Equity Ratio	36
Table-14: Advance Deposit Ratio	37
Table-15: Capital Adequacy Ratio	38
Table-16: EPS	39
Table-17: NAVPS	40
Table-18: Cost to Income Ratio	41
Table-19: Cost of Fund	42
Table-20: Interest Spread	43
Table-21: Yield on Loans and Advances	44

List of Figures

Name of Figures	Page No.
Figure-01: Organogram of SBL	14
Figure-02: Operating Profit Ratio	28
Figure-03: Gross Profit Ratio	29
Figure-04: Net Interest Margin on Earning Assets	30
Figure-05: Cost of Deposit	31
Figure-06: Return on Total Assets (ROA)	32
Figure-07: Return on Equity (ROE)	33
Figure-08: ROI	34
Figure-09: ROCE	35
Figure-10: Debt-Equity Ratio	36
Figure-11: Advance Deposit Ratio	37
Figure-12: Capital Adequacy Ratio	38
Figure-13: EPS	39
Figure-14: NAVPS	40
Figure-15: Cost to Income Ratio	41
Figure-16: Cost of Fund	42
Figure-17: Interest Spread	43
Figure- 18: Yield on Loans Advances	44

Acronyms

AD	= Advance Deposit
BBA	= Bachelor of Business Administration
BPC	= Bangladesh Petroleum Corporation
CAR	= Capital Adequacy Ratio
CRAR	= Capital-to-Risk Weighted Asset Ratio
CSR	= Corporate Social Responsibility
DBS	= Disclosure and Bearing Service
DD	= Demand Draft
EBIT	= Earnings before Interest and Tax
EDS	= Educational Deposit Scheme
EGBMP	= Enterprise Growth and Bank Modernization Project
EPS	= Earnings per Share
ETF	= Exchange Traded Fund
FI	= Financial Institution
GDP	= Gross Domestic Product
GOB	= Government of Bangladesh
IPO	= Initial Public Offer
IGA	= Income Generating Activities
KPIs	= Key Performance Indicators
LTD	= Long Term Debt
MES	= Monthly Earning Scheme
NAV	= Net Asset Value
NAVPS	= Net Asset Value per Share
NCBs	= Nationalized Commercial Banks
NGO	= Non-Government Organization

NII	= Net Interest Income
NIM	= Net Interest Margin
NPA	= Non Performing Asset
NPL	= Non Performing Loan
OPM	= Operating Profit Margin
ROA	= Return on Asset
ROCE	= Return on Capital Employed
ROE	= Return on Equity
ROI	= Return on Investment
SBL	= Sonali Bank Limited
SCBs	= State-Owned Commercial Banks
SEC	= Sonali Exchange Company Inc.
SME	= Small and Medium Size Enterprise
SOEs	= State-Owned Enterprises
SWIFT	= Society for Worldwide Interbank Financial Telecommunication
SWOT	= Strengths, Weaknesses, Opportunities & Threats
TTs	= Telegraphic Transfers
UK	= United Kingdom
VAT	= Value Added Tax
VRS	= Voluntary Retirement Scheme

CHAPTER-01

Introduction

1.1 Origin of the Report:

A country is financially rich when it has modern financial institutions of its own. These institutions play a vital role in the field of financial stability of a country. Banks assume the most critical job in the economy. Banks gather cash from the people and loan them to other people. Presently banks offer the most stretched out scope of monetary administrations and perform loads of budgetary capacities. Therefore, banks have demonstrated that they are the key factor for the business and economy also.

Sonali Bank is a state-claimed business bank in Bangladesh. It is the biggest managing an account foundation in Bangladesh, dynamic in activities, legitimate in dealings, just in judgment, reasonable in methodologies and committed to amazing administration to clients and in this way add to the development of GDP of the nation all through animating exchange and business, boosting up fare, destitution easing, raising expectation for everyday comforts of restricted pay gathering and in general practical financial advancement in the nation.

To accomplish the previously mentioned goals of the Bank, diverse keeping money exercises must assume a functioning job to give budgetary help to the client who additionally causes them by giving them the executives help when required. Sonali Bank Limited has assumed this job with their encounters in the managing an account division where the others are not simply performed. Entry level position Program is a required program for all understudies of B.B.A. My internship report is based on financial performance analysis of Sonali Bank Limited. I have prepared this report under Rozina AKter, Lecturer, Department of Business Administration, Daffodil International University, Dhaka. Normally a student gains theoretical knowledge from his study. Yet, now daily, in the activity showcase, there is no substitution of rule work involvement. Consequently, before landing into the position, understudies ought to have some genuine involvement in the significant field of concentrate on the profession decision that will be keen on him/her.

The entry-level position report includes a short report on the Sonali Bank Limited amid three months' temporary job. The report comprises of numerous parts as per the nature and necessity of the association and as indicated by the directions of the director of the report.

This report will provide a view regarding the products and performance of the Sonali Bank Limited.

1.2 Objectives of the Report:

The objectives of this report can be viewed from two perspectives-

1.2.1 General Objectives:

This internship report is primarily prepared as a requirement of the completion of Bachelor of Business Administration degree under the Department of Business Administration at Daffodil International University

1.2.2 Specific Objectives:

- ✓ To accumulate the down to earth encounter base on the hypothetical learning
- ✓ To conjecture and additionally decide the genuine money related status and execution
- ✓ Assess the monetary execution of Sonali Bank Limited
- ✓ Discovering the probability and genuine results from the SBL's tasks
- ✓ Finding out the strengths and weakness of the bank.

1.3 Methodology of the Report:

I have planned this report as an expletory investigate paper. Here I have examined the budgetary execution of Sonali Bank Limited. We can utilize a few devices to assess an organization, however I will utilize a standout amongst the most significant devices that is "monetary proportions". Proportions are an examiner's magnifying lens; they permit us show signs of improvement perspective of the company's money related wellbeing than simply taking a gander at the crude budgetary explanations. Proportions are helpful both to inward and outside experts of the firm. For inner purposes: proportions can be valuable in getting ready for the future, defining objectives, and assessing the execution of administrators. Outside examiners utilize proportions to choose whether to allow credit, to screen money related execution, to estimate monetary execution, and to choose whether to put resources into the organization.

Sources of Data:

For smooth and precise investigation inputs were gathering information from two sources-

Primary Sources:

- ✓ Useful work area work
- ✓ Up close and personal talk with officers
- ✓ Up close and personal discussion with the customer

Secondary Sources:

- ✓ Annual reports of SBL of five years
- ✓ Official website
- ✓ Operational manual
- ✓ Banking journals
- ✓ Various publications of the organization

1.4 Scope of the Report:

As I was an understudy, my extension was constrained and limited for some reason. I had kept up some official custom for the gathering of information of my report. This report may give a reasonable thought regarding the money related execution of Sonali Bank Limited and also the diverse area of various items and administrations of Sonali Bank Limited. The extent of the report can be expressed by the given perspective-

- ✓ History, organizational structure, services, Achievements of Sonali Bank Limited
- ✓ Financial performance of SBL
- ✓ Interpretations, findings & recommendations

1.5 Limitations of the Report:

A Wholehearted exertion has been connected to set up the report and to bring a dependable and productive outcome. Notwithstanding having the wholehearted exertion, there exist a few restrictions which went about as a hindrance. The constraints are given underneath:

- Absence of organized and current data as the Bank's arrangement does not allow to reveal different information identified with my report and this is the significant issue among every one of the issues, I have experienced with.
- Because of absence of experience, there is a shot of having some misstep in the report through the best exertion has been connected to stay away from any sort of slip-up.

- Time is likewise a major requirement for my investigation. I need to present a more extensive arrangement in a shorter type of result.
- As I am an assistant at SBL, I need to go under my everyday activity duty that I should do as such. So I have attempted my dimension best to get a couple of more opportunity to spend on gathering information for setting up my temporary job report.

CHAPTER-02

An Overview of Sonali Bank Limited

2.1 Historical Background of Sonali Bank Limited:

Sonali Bank is a state-possessed business bank in Bangladesh. It is the biggest bank in the nation. A completely state-claimed endeavor, the bank has been releasing its country building obligations by embraced government endowed diverse financial plans and additionally, currency advertises exercises of its own volition, covering all circles of the economy. Sonali Bank Limited uniquely appreciates the renown of being the specialist of the Central Bank of Bangladesh in such places where the watchman of the currency showcase has decided not to act without anyone else's input.

Sonali Bank was built up in 1972 under the Bangladesh Banks (Nationalization) Order, through the amalgamation and nationalization of the parts of National Bank of Pakistan, Bank of Bahawalpur and Premier Bank offices situated in East Pakistan until the point that the 1971 Bangladesh Liberation War. When it was built up, Sonali Bank had a paid up capital of 30 million takas. In 2001, it's approved and paid-up capital was Tk. 10 billion and Tk. 3.272 billion individually. The bank's save reserves were Tk. 60 million out of 1979 and Tk. 2.050 billion on June 30, 2000.

The administration of Sonali Bank is vested in an 11-part top managerial staff selected by the legislature. The overseeing chief is the CEO. He is helped by an appointee overseeing chief, six general directors, and other senior administrators. The general supervisors are responsible for the bank's offices in the central command of the six regulatory divisions of the nation to be specific, Dhaka, Chittagong, Rajshahi, Khulna, Sylhet, and Barisal. The bank has 32 offices at its head office incorporating a preparation establishment in Dhaka. On 30th June 2015, the aggregate number of representatives of the bank was 22,100.

2.2 Role of Sonali Bank Limited in the National Economy:

Economy and Banking industry go together and are indistinguishable. Sonali Bank Limited has been assuming a critical job in the monetary advancement of the nation. Upwards of 22100 individuals are in the work of the Bank as on June 30, 2015. Plus, Sonali Bank Limited has created work for several individuals in the activities and enterprises set up under fund. The Bank has been financing the exchange and trade of the nation. The bank has taken care of a volume of nations fares and imports. The stores of Sonali Bank activated through the outlets of branches helped in the development of capital in the nation. It has added to the industrialization and enhancement of exchange and trade of the nation which eventually

quicken financial development and national welfare through increasing the impact. It has gathered VAT and duty on premium/benefit winning of clients of the Bank. For help and recovery of common cataclysm hit individuals of the nation in 2011, the bank has given a meant measure of cash.

Foreign Remittance:

To create a national framework and economy of Bangladesh Sonali Bank Limited has been assuming an overwhelming job to bring hard procuring of Bangladesh ostracizes working/living abroad through keeping money channels. For this reason, Sonali Bank Limited has built up a bank named Sonali Bank (U.K) and a trade house named Sonali Exchange Company Inc. (SECI), USA. Sonali Bank has additionally settled illustration course of action with different trade house/banks in the Middle East, Canada, and Malaysia. Under this course of action, remitters can without much of a stretch send their well-deserved to the recipients in Bangladesh through 1207 Sonali Bank Limited Branches the nation over. They can dispatch their cash through Demand Drafts (DD), Telegraphic Transfers (TTs), SWIFT and Computerized Payment Instructions (PC to PC by means of a dial-up modem) on Sonali Bank Limited particular branches.

Investment Banking:

Focal Accounts and Fund Management Division at Head Office keeps up Investment Portfolio of the Bank. With a view to executing Government arrangements and choices and quickening the development of the capital market of the nation, surplus assets of Sonali Bank are used in the accompanying zones:

A) Short Term:

- 1. Call credits:** A medium-term speculation to different Banks and Financial Institutions.
- 2. Treasury Bills:** Investment made to the Government through Treasury bills.

B) Long Term:

- 1. Government/Public Bonds:** Sonali Bank Limited buys bonds issued by the Govt. of Bangladesh and other Public Bodies.
- 2. Shares/Equity Participation:** Sonali Bank Limited takes an interest in the IPO and stretches out extension back to the value of open constrained organizations, foundations, and open bodies.

3. Debentures: Sonali Bank Limited buys debentures issued by general society bodies and monetary organizations under Government.

2.3 Comments of World Bank:

A task titled Enterprise Growth and Bank Modernization Project (EGBMP) has been attempted by the Government of Bangladesh (GOB) in July 2004 under the direction of and financed by World Bank. This task was planned with the expectation to upgrade the limit working of the pioneering ability of the business and exchange related segment and modernize the bank the executives through a program of changes of the Nationalized Commercial Banks (NCBs).

Implementation Support Mission of World Bank:

A World Bank Mission (Implementation Support Mission) visited Bangladesh over the period June 7 to 18, 2009 to catch up with the Government of Bangladesh on the advancement of the managing an account part under the Enterprise Growth and Bank Modernization Project.

The mission involved the Local Specialists/Analysts of World Bank, Dhaka Office and in addition Foreign Specialists of Washington Office. The mission talked about the keeping money changes with the Ministry of Finance, the Bangladesh Bank (Central Bank of Bangladesh) and the Management of Sonali Bank Limited. The mission presented the Aide Memoire which contained the accompanying on Sonali Bank Limited (SBL) execution:

- Money recuperations from NPA are the prominent accomplishments made by Sonali Bank Ltd. in the general execution markers. The decrease in real NPL level is credited to different strategies utilized for money recuperations of NPL including discounts, out of court repayments, rescheduling, and arrangement of private accumulation operators and in addition broad endeavors and the acquaintance of a motivator plot with remuneration representatives for recouping non-performing advances. Against the recuperation focus of Tk. 500 crore in 2008, SBL acknowledged Tk. 496 crore which speaks to relatively 100% of the objective and is the most noteworthy among SCBs as far as the sum recouped in real money. All these added to the decrease of NPL level as an offer of gross advances from 47 percent in 2007 to 33 percent in 2008. Notwithstanding the striking advancement in 2008, the NPL dimension of Sonali Bank is as yet the most noteworthy among the three state-possessed business

banks (SCBs) and needs further decrease, including the acknowledgment of credits from State-claimed Enterprises (SOEs).

- The outcome for Business and income development markers and non-financed pay is empowering. Income targets were met with "great credit" portfolio having a strong development of 46% in 2008. In the meantime, transformation of Bangladesh Petroleum Corporation (BPC) advance into government security and the expanded market rivalry has truly influenced Sonali Bank's net premium pay and a portion of the working effectiveness pointers because of the bigger offer of BPC loan in the bank's portfolio relative to other SCBs. Although net interest income is still negative, increased business activity from remittances, letter of credit facilities, other fees and commissions contributed to 29% growth in non-funded income in 2008, surpassing the target. Strong inflow of remittances has helped increase deposits compared to 2007. Nonetheless, the Bank performed comparatively better under this category with all indicators meeting the target, but narrowly missing (69% in place of 70%) the target for low cost deposit as percentage of total deposit.
- Working proficiency markers Sonali Bank Limited (SBL) has accomplished the net spread and net premium edge targets. But it could be better enough which is missed because of its larger share of low-yielding BPC bonds and concessional interest rates and this position is indicating that banking sector is becoming more competitive. The target for net operating income to total assets and cost to income ratio have not been achieved largely due to increased operating expenses on amortization of intangible assets by Tk. 350 crore and salary. Recent interest controls imposed by Bangladesh Bank will reduce the net spread in the banking sector, but Sonali Bank would have to make extra efforts to enhance its revenue generation ability in the face of escalating competition in the banking sector. SBL has the scope to enhance its revenue generation by improving the Advance-Deposit ratio (AD ratio).
- Gainfulness according to inspected money related articulations, SBL made net pay before arrangement and tax of Tk.161.6 crore in 2008, compared to Tk.424.6 crore in 2007. This decline in profit has been caused mainly by increase in operating expenses (e.g., salary and allowances increased by more than double in a year and amortization of intangible assets by Tk.350 crore in 2008). Though this reduction in net profit before tax had affected its ROA, it has improved to 0.47 percent in 2008 from a negative 6.17 percent in 2007.

- Staffing the objective set for staff justification couldn't be emerged due to delays in implementation of VRS scheme. Staff cost as percentage of total operating cost reduced to 52.7% in 2008 from 75.6%o in 2007. Income per staff has also improved from 0.11 to 0.12 in 2008. However, staff expenses to total income have increased due to increase in staff benefits. Current figures may further deteriorate when Sonali Bank adopts a new pay scale without any adjustments in the total number of staff via a VRS scheme. The number of staff has been reduced by 703 in 2008, as a result of natural attrition and this trend will continue.
- The Net Worth of the bank kept on enhancing under the audit time frame. Given the precise significance of Sonali bank as the biggest state-possessed business bank, the capital position should be additionally reinforced. The measure of genuine provisioning for advance misfortunes stayed higher than required provisioning in 2008.
- Computerization Target on computerization of branches has been met with 56% of stores and 74% of advances systems mechanized as of end 2008.

Performance Indicators for Sonali Bank Limited:

The Implementation Support Mission of the World Bank visited the Bank as of late on 16 November 2009 and surveys the general advancement of execution of the undertaking with a specific spotlight on the manageability of saving money changes and set its remark as pursues:

A huge accomplishment under this venture has been the enhancement in the money related condition to a great extent because of the Management Team that has been contracted under this task. The Management Team have not just transformed the bank into operationally gainful association yet have likewise: enhanced client administrations; presented new items; created arrangements and manuals for powerful and effective activities of the bank; changed the authoritative structure of the bank; left on a far-reaching preparing program for staff; presented impetuses for better staff execution, and are proceeding with the computerization of the bank's task. The bank has kept up an expanding pattern in stores, credits, pay, working benefits and total assets. Amazing accomplishments have been made in recuperating terrible and far-fetched advances and lessening the proportion of non-performing advances to add up to credits. Besides, the Management Team is effectively meeting a large portion of the Key Performance Indicators (KPIs) concurred for the bank.

2.4 Corporate Profile of Sonali Bank Limited

Table-01: Corporate Profile of SBL

Name of the Company	: Sonali Bank Limited
Chairman	: Mr. Md. Ashraful Moqbul
CEO and Managing Director	: Mr. Md. Obayed Ullah Al Masud
Company Secretary	: Mr. A. K. M Sajedur Rahman Khan
Legal Status	: Public Limited Company
Genesis	: Emerged as Nationalized Commercial Bank in 1972, following the Bangladesh Bank (Nationalization) Order No. 1972(PO No.26 of 1972)
Date of Incorporation	: 03 June, 2007
Date of Vendor's Agreement	: 15 November, 2007
Registered Office	: 35-42, 44 Motijheel Commercial Area, Dhaka, Bangladesh
Authorized Capital	: Taka 6000.00 Crore
Paid-up Capital	: Taka 3830.00 Crore
Number of Employee	: 22,446
Number of Branches	: 1209
Phone-PABX	: 9550426-31, 33, 34, 9552924
FAX	: 88-02-9561410, 9552011
SWIFT	: BSONBDDH
Website	: www.sonalibank.com.bd
E-mail	: sbhoid@bdmail.net sbhoitd@btcl.net.bd

Source: Website of SBL

2.5 Vision:

Socially dedicated driving keeping money organization with a worldwide nearness.

2.6 Mission:

Devoted to broadening an entire scope of valuable items that help the disparate needs of individuals going for advancing their lives, making an incentive for the partners and contributing towards the financial improvement of the nation.

2.7 Products and Services of Sonali Bank Limited:

All the activities of the bank can be classified in the following ways:

- Corporate banking
- Project financing
- SME finance
- Consumer credit
- International trade
- Trade finance
- Government treasury function
- Money market operation
- Capital market operation
- Remittance
- Ancillary service
- Locker
- Automation status
- ATM services
- ATM location
- Online tax payment procedure process
- NBR Sonali Bank e-payment process

1.8 Islamic Banking:

Sonali Bank Limited has begun Islamic Banking Activities in thought with the expanding request and desire for religious Muslims. It is totally founded on Islamic Sharia. A high profiled Sharia supervisory board of trustees comprises of presumed Islamic researchers, Economists and Bankers, has been working for appropriate and reasonable Islamic Banking exercises.

Establishment of Islamic Windows in Sonali Bank Limited:

Sonali Bank Limited as the biggest state-possessed business bank has initiated its Islamic Banking task since 29 June 2010 at the accompanying five branches with independent window-

- Fakirapool branch, Dhaka
- Agrabad corporate branch, Chittagong
- Khulna corporate branch, Khulna
- Bogra corporate branch, Bogra

Aims & Objectives:

- To encourage the online Sharia-based keeping money at the doorstep of the religious Muslims.
- To build up a great Islamic Banking System by direct cooperation contemptible and open welfare Banking, guaranteeing a legitimate and created budgetary Management, in view of Islamic Sharia.
- To acquire dynamism Islamic managing an account by using the knowledgeable experience and positive attitude of Sonali Bank Limited.
- To energize the reserve funds, following direct Investment.
- To make greater work offices by moving task Investment.

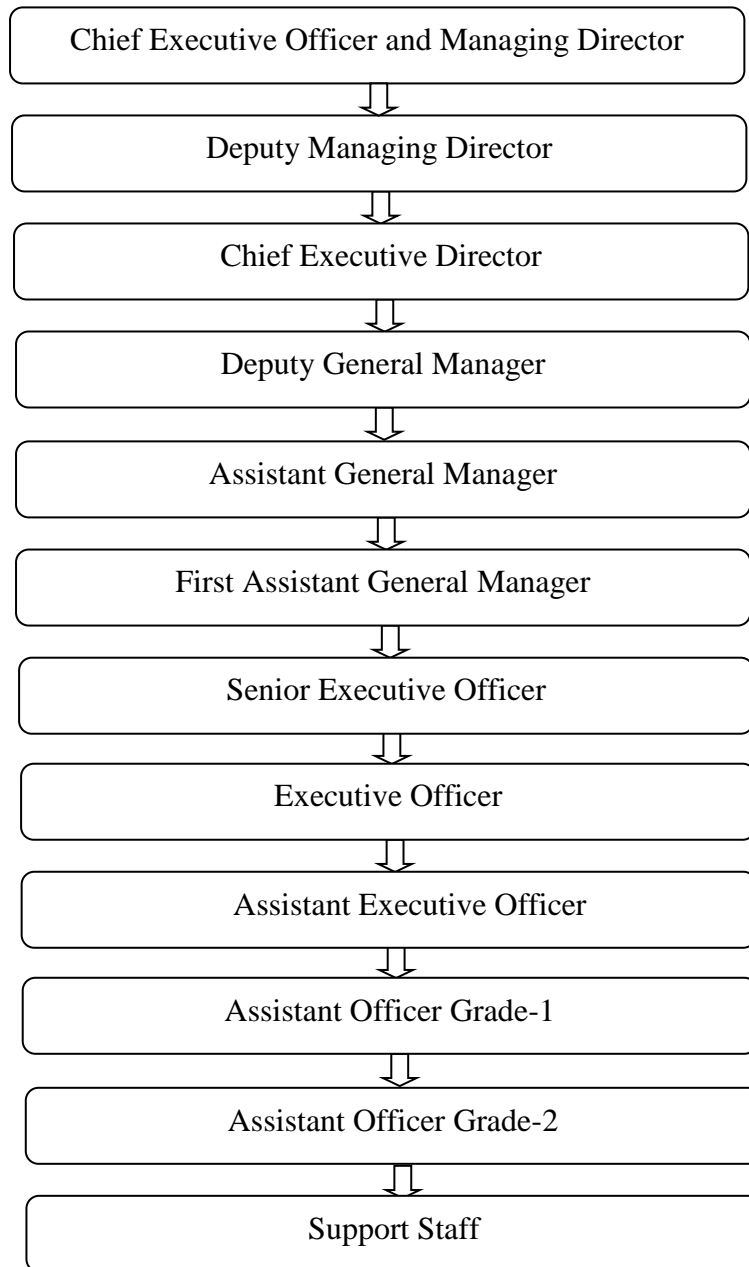
Functions of Islamic Banking:

The Islamic Banking windows are performing the following banking activities through on-line banking-

1. Collection of Deposits
2. Investment Assistance

2.9 Organogram:

Figure-01: Organogram of SBL



Source: Website of SBL

2.10 Board of Directors:

Table-02: Board of Directors of SBL

Sl. No.	Name	Designation
1.	Mr. Md. Ashraful Moqbul	Chairman
2.	Mr. Mohammad Muslim Chowdhury	Director
3.	Mr. Md. Fazlul Haque	Director
4.	Mr. Md. Mahboob Hossain	Director
5.	Mr. Md. Shaheb Ali Mridha	Director
6.	Mr. Kazi Tariqul Islam	Director
7.	Mrs. Sabera Aktari Jamal	Director
8.	Mr. Afzal Hossain	Director
9.	Mr. MUHAMMED ASADULLAH	Director
10.	Mr. Md. Obayed Ullah Al Masud	Director

Source: Website of SBL

2.11 Core Values:

Sonali Bank Limited (SBL)'s Core Value proposition consists of ten key elements. The qualities would help the bank in seeing its representatives fill in as a group towards the achievement of allocated obligations and duty regarding the accomplishment of wanted destinations.

Team work: Open correspondence, discourse, and cooperation among the workers would guarantee the unification of activities and endeavors towards accomplishing the shared objective.

Ethics: Everybody must guarantee adherence to moral practices of keeping the money.

Objectivity: All people will have unmistakable target in completing their errands.

Integrity: Insurance and protection of clients' advantage is an indispensable component for societal trust.

Excellence: Great execution and adequacy are preconditions to guarantee quality support of the vast client base of the bank.

Innovation: New and imaginative items are the necessities of the ideal opportunity for which consistent activity situated inquires about are done.

Commitment: Each representative is resolved to work up to the normal dimension to guarantee fulfillment of esteemed clients.

Self-Reliance: Each representative is resolved to work up to the normal dimension to guarantee fulfillment of esteemed clients.

Transparency: Data is to be kept open for all so partners can have legitimate thoughts regarding the bank's exercises.

Accountability: All workers are in charge of their exercises and will stay responsible to their particular unrivaled for the achievement of errands.

2.12 Ethical Principles:

Sonali Bank Limited trusts that it will end up being a main bank in the administration area. They trust that their points and goals must be acknowledged completely and continued extra time by devotion to morals that can't generally be incorporated with sets of principles and controls. In this faith in morals that persuades the bank in its dealings with the client, controllers, and representatives.

2.13 Commitments to Clients:

Sonali Bank Limited has been endeavoring to focus on current managing an account through ceaseless utilizing present-day innovation. It likewise endeavors to push more to the client by giving different investment funds plans like as EDS, MES, and DBS and so forth. Bank's duties to the customers are the accompanying:

- ✓ Provide benefit with high level of polished skill and constant utilization of current innovation through legitimate utilization of youthful age officers.
- ✓ Make a long haul relationship dependent on common trust with clients.
- ✓ Offer client's qualities and convictions.
- ✓ Give item and administration at focused evaluating.
- ✓ Guarantee wellbeing and security of client's resources in trust with the bank.

2.14 SWOT Analysis:

SWOT investigation is a procedure that distinguishes the qualities, shortcomings, openings, and dangers of an association. In particular, SWOT is an essential, scientific structure that surveys what an association can and can't do, and in addition its potential chances and dangers. A SWOT investigation takes data from an ecological examination and isolates it into interior qualities and shortcomings, and additionally its outer chances and dangers.

Strengths: Strengths of Sonali Bank Limited are given below-

- ✓ Transparent and Quick Decision Making
- ✓ Efficient Team of Performer
- ✓ Satisfied Customers
- ✓ Internal Control
- ✓ Skilled Risk Management
- ✓ Diversification
- ✓ Financial Leverage
- ✓ Asset Leverage
- ✓ Supply Chain
- ✓ Economies of Scale
- ✓ Cost Advantages
- ✓ Unique Products
- ✓ Technology
- ✓ Customer Loyalty
- ✓ Brand Name

Weaknesses: Weaknesses of Sonali Bank Limited are given below-

- ✓ High Debt Burden
- ✓ Work Inefficiencies
- ✓ Outdated Technology
- ✓ High Staff Turnover
- ✓ Weak Supply Chain
- ✓ Weak Management

Opportunities: Opportunities of Sonali Bank Limited are given below-

- ✓ Knowledge
- ✓ Experience & Expertise
- ✓ Customer Orientation/ Focus
- ✓ Transparency
- ✓ Determination
- ✓ Zeal for Improvement
- ✓ Reliability
- ✓ Financial Leverage
- ✓ Online Market
- ✓ Innovation
- ✓ New Services
- ✓ New Technology
- ✓ Loosening Regulations
- ✓ Emerging Markets
- ✓ New Products
- ✓ New Markets
- ✓ International Expansion

Threats: Threats of SBL are given below-

- ✓ Bad Economy
- ✓ International Competition
- ✓ Intense Competition
- ✓ Govt. Regulations
- ✓ Change in Tastes
- ✓ Volatile Costs
- ✓ Volatile Revenue
- ✓ Substitute Products

2.15 Corporate Social Responsibility(CSR):

Sonali Bank Limited (SBL) has been rendering different administrations for accomplishing more noteworthy social objectives and destinations. For this procedure, it intends to contribute towards practical advancement of the general public in general and satisfaction of corporate social commitment specifically. To strengthen CSR exercises, the bank has attempted crisp activities in accordance with Bangladesh Bank rules in the zones of social administrations, strengthening of ladies and poor, sports and culture, managing an account for the burdened gatherings, catastrophe and help exercises.

Social Services:

SBL has been rendering social administrations through a dispersion of different recompenses to the Freedom warriors, widows, seniority nationals, helpless gatherings, Disabled people groups and so on according to set down criteria of the legislature. Furthermore, the bank has been dispensing benefits of govt. representatives, a month to month pay of instructors, and govt. furthermore, semi govt. authorities without charges.

Empowerment of women and poor:

SBL has been giving discount credit offices to various smaller scale credit organization who are thus loaning among the ladies and needy individuals in various Income Generating Activities (IGA).

Sports and Cultural Activities:

Sonali Bank Limited has a custom of belittling and supporting games and social exercises at home and abroad. In 2011, Sonali Bank Limited ended up Champion in the Victory Day Hockey Tournament and Runners' up in the Office Hockey League, Dhaka.

Banking service for the Disadvantaged Groups:

With 1209 branches all over Bangladesh, SBL could reach the banking services to the disadvantaged groups with the aim to encourage them in mobilization of their hard earned savings and creation for them investment opportunities.

Employee welfare:

SBL offers yearly stipends and grants to the splendid offspring of the workers of the bank.

Disaster Relief:

SBL dependably remains next to the vulnerable individuals at the seasons of regular catastrophes and stretches out assistance to the sufferers. SBL gave Tk. 10.5 million to help the casualties of violent wind 'Siddur' to the alleviation store of the Chief Advisor. Sonali Bank Limited has gathered assets from Bangladeshis living abroad and dispatched over Tk. 150 million at for nothing out of pocket through Sonali Exchange Company (SECI), USA and Sonali Bank (UK) Limited. SBL has additionally given to set up a Cancer Hospital in Dhaka. It has helped various Foundations and Organizations for raising assets through the lottery and different means.

Future Plan:

SBL will keep on disparaging games and culture at home and abroad. Game plans will be improved for rendering social administrations to the network separated from center saving money exercises.

CHAPTER-03

Financial Analysis & Evolution

3.1 Financial Performance Analysis:

The process of reviewing and evaluating a company's financial statements (such as the balance sheet or profit and loss statement), thereby gaining an understanding of the financial health of the company and enabling more effective decision making.

Table-03: Performance at a Glance 2013-17

Source: Annual report of SBL, 2017

PARTICULAR	2013	2014	2015	2016	2017
	Amount	Amount	Amount	Amount	Amount
Total Income	3945724495	4977034401	32359247311	31019525463	34006012795
Total Expenses	1254359104	13112853735	14257372363	19579570526	19705110114
Total Operating Profit	26128118964	35063283814	37304990769	40167556945	46906841803
Net Profit/Net Loss	3446803502	5978338561	548423889	1493265927	7161158032
Paid-up Capital	11250000000	31200000000	38300000000	38300000000	41300000000
Reserve Fund	25178528621	28168564059	33026180550	33718673632	28920784692
Deposits	355742308951	413140962152	463209757624	496852235866	493414311551
Advances	345768295745	339766103592	348444032978	386652700217	425491805397
Export	9554082552	31114748984	17901569418	35446755102	62556320682
Import	8493964211	9016791165	10886965759	3593087295	6315909795
No. of Employees	21938	23383	22100	22890	22446
No. of Branches	1196	1200	1207	1203	1204
No. of Loss Branches	66	53	126	47	31

3.2 Common-size Statements:

A common size financial statement displays all items as percentages of a common base figure. This type of financial statement allows for easy analysis between companies or between time periods of a company.

Table-04: Common-size Statement (Balance Sheet)

Source: Annual Report of SBL, 2017

PARTICULAR	2013	2014	2015	2016	2017
PROPERTY AND ASSETS	Amount	Amount	Amount	Amount	Amount
Cash	49491493642	53382074145	70477626670	80083451762	87995987763
cash in hand (including foreign currency)	9201593012	6866617665	5854843846	6289949137	5112714589
Balance with Bangladesh Bank and its agent Bank	40289900630	46515456480	64622782824	73793502625	82883273174
Balance with other Banks and financial institutions	18048046763	40131540149	28572059359	39039842397	68872230477
In Bangladesh	9554082552	31114748984	17895819000	35446755102	62556320682
Outside Bangladesh	8493964211	9016791165	10676240359	3593087295	6315909795
Money at call and short notice	4461595150	9225582000	4521712000	3586282000	22564800000

PARTICULAR	2013	2014	2015	2016	2017
	Amount	Amount	Amount	Amount	Amount
Investments:	270411184260	323023445173	407955474784	469370564524	462939311828
Government	5500000000	300525808400	381600397662	437987987654	420729885067
Others	1558185070	22497636773	26355077122	31382576870	42209426761
Loans and Advances	345768295745	339766103592	346346340867	386652700217	425491805397
Loans, Cash Credits, Overdrafts etc.	317038976931	325316333005	335298299782	377392473205	413854566578
Bills purchased & discounted	28729318814	14449770587	11048041085	9260227012	11637,238819
Fixed assets including premises, furniture and fixtures	32529799019	32786534070	33016011697	3319021065	33310453737
Other assets	132141309557	136970971513	135219280394	189711448378	140011348148
Total Assets	<u>852851724136</u>	<u>935286250642</u>	<u>1026108505771</u>	<u>1201563310343</u>	<u>1241185937350</u>
<u>liabilities and capital</u>					
Liabilities					
Borrowings from other banks, financial institutions and agents	938079370	881709418	866012281779	769625629	714241872
Deposit and other accounts	685755301368	777974782686	176230885281	1031593588286	1064225960435
Current Accounts and other Accounts	146920803593	162461473184	9011261815	232276650424	238868974602

PARTICULAR	2013	2014	2015	2016	2017
	Amount	Amount	Amount	Amount	Amount
Bills payable	8430055666	1267631 550	217560377059	15060153280	12363905107
Savings Bank Deposits	1746621 331 58	89696005800	463209757624	287404548,7 16	3 19578769175
Fixed Deposits	55742308951	413140962152	0	496852235866	4934 143 1 1551
Other Deposits	0	0	100887564237	0	0
Other Liabilities	116272591225	97049921 43 1	967725348911	102080884792	110343471985
Total Liabilities	80296597 1964	875906413 535	58383156860	1134444098707	1175283674292
Capital/ Shareholder's Equity	49885752172	59379837107	38300000000	67119211636	65902263058
Paid up capital	11 250000000	31 200000000	7601472379	38300000000	41300000000
Share Money Deposit	19950000000	7100000000	0	0	0
Statutory Reserve	64331 77755	760 1472379	107818856	8284876285	10199682013
Other Reserve	47000000	107000000	33026180550	122810533	117000000
Revaluation Reserve	251 78528621	281 68564059	20652314925	33718673632	28920784692
Surplus in profit and loss/Retained Earnings	1 2972954204	14797'199330	70477626670	13307148815	14635203647
Total Liabilities and Shareholders' Equity	85 1 7241 36	935286250642	5854843846	1201563310343	1241185937350
<u>Operating Income</u>					
Interest income	27888109928	29971597332	32313077239	31019525463	27762561787

PARTICULAR	2013	2014	2015	2016	2017
	Amount	Amount	Amount	Amount	Amount
Interest paid on deposit and borrowing etc.	38838603825	433 11198254	46699338149	47352935110	42903178754
Net Interest Income	10950493897	13339600922	14386260910	16333409647	15140616967
Investment income	15546997497	2315 1348750	27400014402	30995634979	34006012795
Commission,exchange and brokerage	905686 1 292	10737404770	9155665790	8,326,585,055	124 10601186
Other Operating income	1524260175	11 74530294	532993067	674749099	312120496
Total Operating Income (A)	15177625068	21723682892	22702412349	31453211253	23626418630
<u>Operating Expenses</u>					
Salary and allowances	8072207420	8726331 1 70	9425641252	14312926177	14191050179
Rent, tax, insurance, electricity etc.	799889146	78379471 8	831369908	973679064	1023543967
Legal expenses	19488424	3329 1411	34135856	46629546	52296007
Postage, Stamps and telecommunication etc.	7172 1219	74333330	78093893	69980894	72331158
Printing, stationary, advertisements etc.	1 98000722	21 9299789	209335116	225341621	167881378
Chief Executive's salary fees	7234159	8254707	7220087	7932942	9059719
Director's fees	53 16805	5689683	4132042	4808677	7434289

PARTICULAR	2013	2014	2015	2016	2017
	Amount	Amount	Amount	Amount	Amount
Auditor's fees	2725368	2910016	2616695	3156603	3241834
Depriciation & repair to bank's assets	516957589	574018347	570052168	567503260	505413782
Other expenses	2460818252	2684930564	2888859390	3163114075	3466056851
Total Operating Expenses (B)	12154359104	13112853735	14051456407	19375072859	19498309164
Profit before Provision, Amortization and Taxes C=(A-B)	3023265963	8610829157	8650955942	4251345771	11954902089
Provision for loans & Advances	302174483	103624351	8227793118	0	468800000
Provision for diminution in value of investment	29141673	19624608	156900000	0	471449325
Other provision	0	2705866786	2535504724	834326240	2378224121
Total Provision (D)	331316156	2829115745	10920197842	834326240	2380873446
Total Profit/(Loss) before taxes E=(C-D)	2691949807	5781713412	(2269241900)	3417019531	9574028643
Provision for taxation (F)	1022987541	196625149	(2855740162)	1900808863	2482368257
Current tax	252640666	215946921	197184155	416118748	438638021
Deffered tax	1275628207	412572070	(3052924317)	1484690115	2043730236
Net Profit/(Loss) after taxation G= (E-F)	<u>3446803502</u>	<u>5978338561</u>	<u>586498262</u>	<u>1516210668</u>	<u>7091660386</u>

1.3 Ratio Analysis:

Money related proportions are valuable markers of an association's execution and monetary circumstance. Monetary proportions can be utilized to investigate patterns and to contrast the company's financials with those of different firms. Proportion examination is the estimation and correlation of proportions which are gotten from the data in an organization's budget reports. Budgetary proportions are generally communicated as a percent or as times per period. Proportion investigation is a broadly utilized device of monetary examination. It is characterized as the methodical utilization of proportion to translate the fiscal reports so the quality and shortcomings of a firm and in addition its recorded execution and current money related condition can be resolved. The term proportion alludes to the numerical or quantitative connection between two factors. With the assistance of proportion, the examination end can be drawn seeing a few perspectives, for example, budgetary wellbeing, productivity and operational effectiveness of the endeavor. Proportion calls attention to the working efficiency of the firm i.e. regardless of whether the administration has used the association's advantages effectively, to expand the financial specialist's riches. It guarantees a reasonable come back to its proprietors and anchors ideal use of association's benefits. Proportion examination helps in between firm correlation by giving fundamental information.

3.3.1 Operating Profit Margin:

A bank's working benefit is determined in the wake of deducting working costs from the net premium pay. Working costs for a bank would mostly be a greater amount of managerial costs. The fundamental cost heads would incorporate pay rates, showcasing and promoting and lease, among others. Working edges are benefits earned by the depend on its aggregate premium salary. Accordingly,

$$\text{OPM} = (\text{Net intrigue pay (NII)} - \text{working costs}) / \text{add up to intrigue pay}$$

Table-06: Operating Profit Margin

Year	2013	2014	2015	2016	2017
Operating profit Margin (%)	16.00	23.79	22.97	18.67	35.44

Figure-02: Operating Profit Margin



Source: Annual Report of SBL, 2017

Interpretation: In 2013 operating profit margin shows the decreasing trend but in 2017 operating profit margin has increased exesively

3.3.2 Gross profit Margin:

Gross prifit margin is considered as same as operating profit margin in case of Sonali Bank Limited. So here gross benefit is determined in the wake of deducting working costs from the net intrigue pay. The main expense heads would include salaries, marketing and advertising and rent, amongst others. Gross margins are profits earned by the sonali bank on its total interest income. As such,

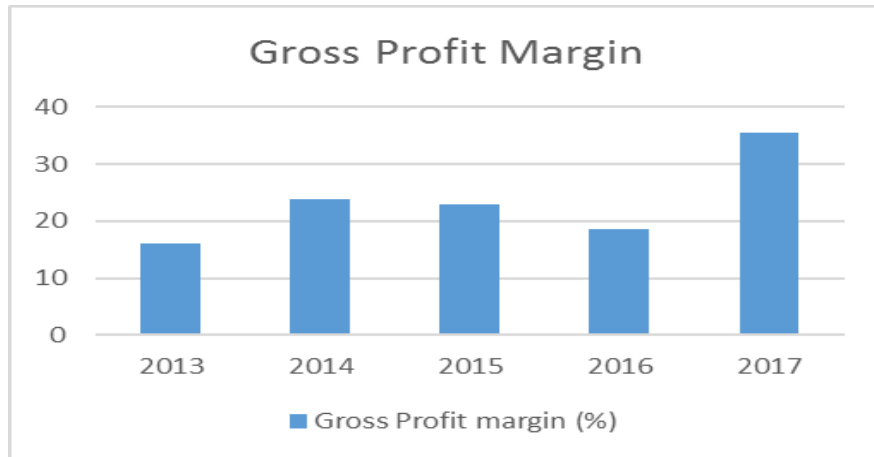
Gross profit margin = (Net interest income (NII) - operating expenses) / total interest income

Table-07: Gross Profit Margin

Year	Gross Profit margin (%)
2013	16.00
2014	23.79
2015	22.97
2016	18.67
2017	35.44

Source: Annual Report of SBL, 2017

Figure-03: Gross Profit Margin



Source: Annual Report of SBL, 2017

Interpretation: From 2013, 2015 and 2016 gross profit margin shows the decreasing trend but in 2014 gross profit margin has increased and again in 2017 it has decreased.

3.3.3 Net Interest Margin:

Similarly, as we compute and measure exhibitions of non-money related organizations based on their working execution (EBITDA edges), the execution of banks is to a great extent reliant on the NIM for the year. The contrast between intrigue pay and intrigue cost is known as net intrigue pay. It is the salary, which the bank acquires from its central business of loans. Thusly, NIM is the net premium pay earned by the rely upon its normal acquiring resources. These benefits include propels, ventures, offset with the RBI and cash at a call. Thusly it is determined as,

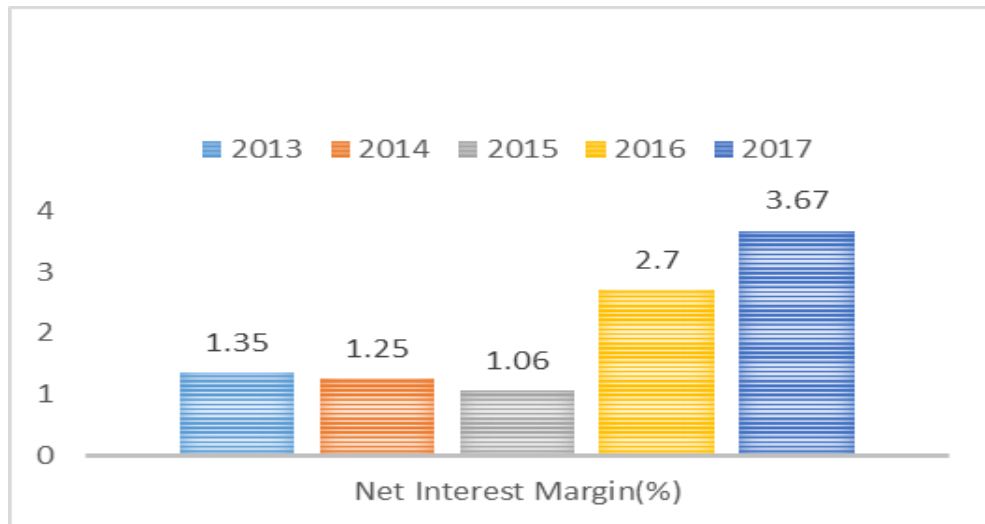
$$\text{NIM} = (\text{Interest pay} - \text{premium costs}) / \text{normal income resources}$$

Table-08: Net Interest Margin on Earning Assets

Year	Net Interest Margin(%)
2013	1.35
2014	1.25
2015	1.06
2016	2.70
2017	3.67

Source: Annual Report of SBL, 2017

Figure-04: Net Interest Margin



Source: Annual Report of SBL, 2017

Interpretation: For first 3 years, Sonali Bank Limited's Interest margin exhibit decreasing trend. But from 2016 the margin exhibit increasing trend.

3.3.4 Cost of Deposit:

The cost of deposit, which is calculated based on the interest rate paid by the banks divided by the deposit amount, has a direct impact on banks' profitability. The formula is given below-

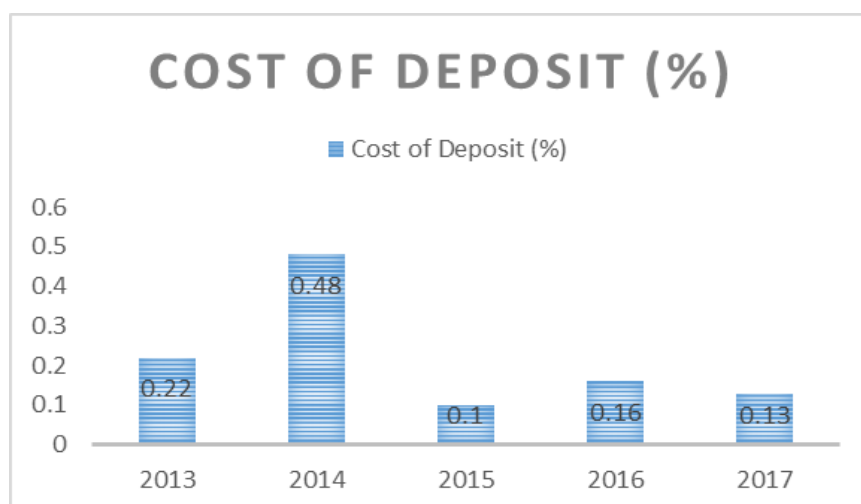
Cost of deposit = Interest paid / average deposits.

Table-09: Cost of Deposit

Year	Cost of Deposit (%)
2013	0.22
2014	0.48
2015	0.10
2016	0.16
2017	0.13

Source: Annual Report of SBL, 2017

Figure-05: Cost of Deposit



Source: Annual Report of SBL, 2017

Interpretation: Cost of deposit of Sonali Bank limited for first two years shows increasing rate but in 2015 it decreased and after 2015 it shows increasing and 2017 it decreased again.

3.3.5 Return on Total Assets (ROA):

Profit for resources (ROA) is a pointer of how productive an organization is with respect to its aggregate resources. ROA gives a thought about how proficient administration is at utilizing its resources to create income. Determined by isolating an organization's yearly profit by its aggregate resources, ROA is shown as a rate. Some of the time this is alluded to as "degree of profitability". The recipe for profit for resources is:

Profit for resource = Net pay/add up to resource

Table-10: Return on Total Assets (ROA)

Year	Return on Total Assets (%)
2013	1.28
2014	1.42
2015	1.40
2016	1.35
2017	1.21

Source: Annual Report of SBL, 2017

Figure-06: Return on Total Assets (ROA)



Source: Annual Report of SBL, 2017

Interpretation: Return on Total assets of Sonali Bank Limited in 2017 was lowest and before 2014 the return on total assets were increasing. That shows Sonali Bank Limited tries to enhance their net profit against it's total assets.

3.3.6 Return on Equity:

Profit for value (ROE) is the measure of net gain returned as a level of investors value. Profit for value estimates an organization's benefit by uncovering how much benefit an organization produces with the cash investors have contributed. ROE is communicated as a rate and determined as:

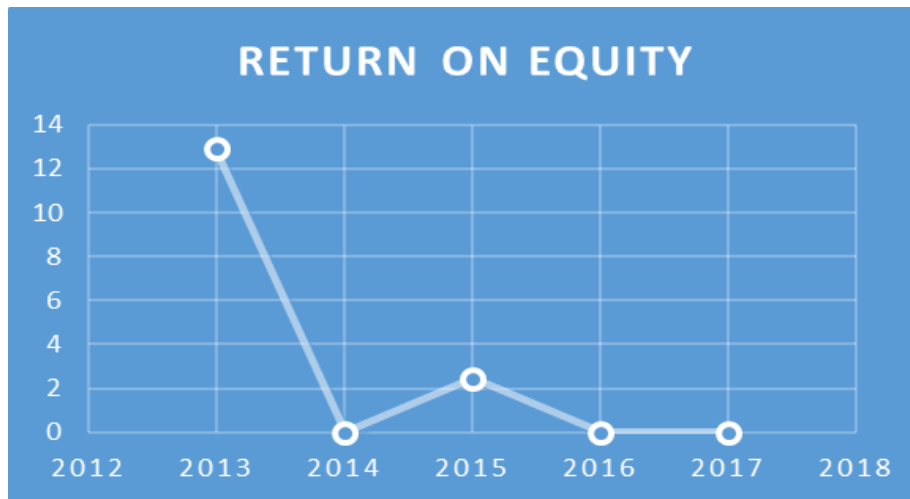
Profit for Equity = Net Income/Shareholder's Equity

Table-11: Return on Equity (ROE)

Year	Return on Equity (%)
2013	12.90
2014	0.01
2015	2.45
2016	0.01
2017	0.01

Source: Annual Report of SBL, 2017

Figure-07: Return on Equity (ROE)



Source: Annual Report of SBL, 2017

Interpretation: Return on Equity of Sonali Bank Limited in 2016 and 2017 was lowest and in 2013 the return on was highest that means Sonali Bank Limited should tries to enhance it's net income against it's equity.

3.3.7 Return on Investment (ROI):

An execution measure used to assess the proficiency of a speculation or to look at the productivity of various diverse ventures. return for capital invested measures the measure of profit for a venture with respect to the speculation's expense. To figure ROI, the advantage (or return) of a venture is separated by the expense of the speculation, and the outcome is communicated as a rate or a proportion. The arrival on venture equation

The rate of return (ROI) = (Gain from venture – the expense of speculation)/cost of the venture.

Table-12: ROI

Year	ROI (%)
2013	16.39
2014	12.95
2015	13.88
2016	14.14
2017	12.61

Source: Annual Report of SBL, 2017

Figure-08: ROI



Source: Annual Report of SBL, 2017

Interpretation: From 2013 to 2017 return on equity has increased but in 2014 and 2017 it has decreased. In 2013 return on equity has increased again that means sonali bank tries to increase it's net income against it's investment.

3.3.8 Return on Capital Employed:

Return on capital employed (ROCE) is a financial ratio that measures a company's profitability and the efficiency with which its capital is employed. ROCE is calculated as:

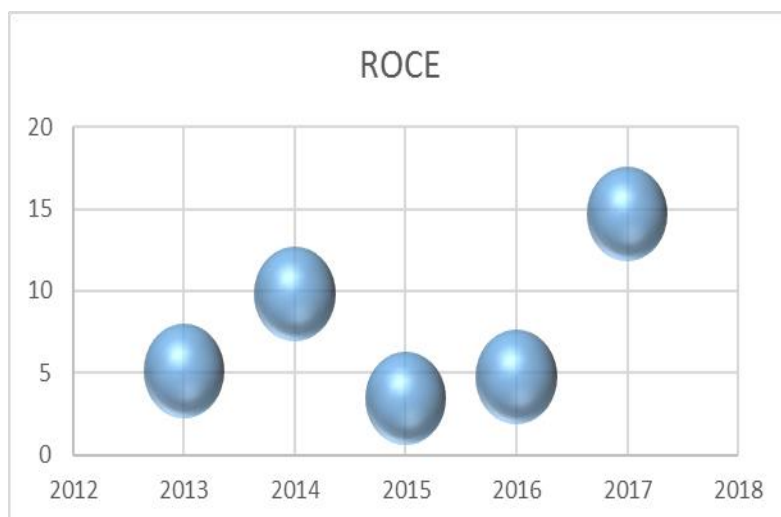
$$\text{ROCE} = \text{Earnings Before Interest and Tax (EBIT)} / \text{Capital Employed}.$$

Table-13: ROCE

Year	ROCE(%)
2013	5.09
2014	9.83
2015	3.43
2016	4.74
2017	14.68

Source: Annual Report of SBL, 2017

Figure-09: ROCE



Source: Annual Report of SBL, 2017

Interpretation: Return on capital employed of sonali bank ltd has been in increasing from 2013 to 2017 except 2015 which means the ROCE shows satisfied earning against sonali bank's employed capital.

3.3.9 Debt-Equity Ratio:

Obligation/Equity Ratio is an obligation proportion used to quantify an organization's money related use, determined by isolating an organization's aggregate liabilities by its investors' value. The D/E proportion shows how much obligation an organization is utilizing to back its benefits in respect to the measure of significant worth spoke to in investors' value. The recipe for computing D/E proportions can be spoken to in an accompanying way:

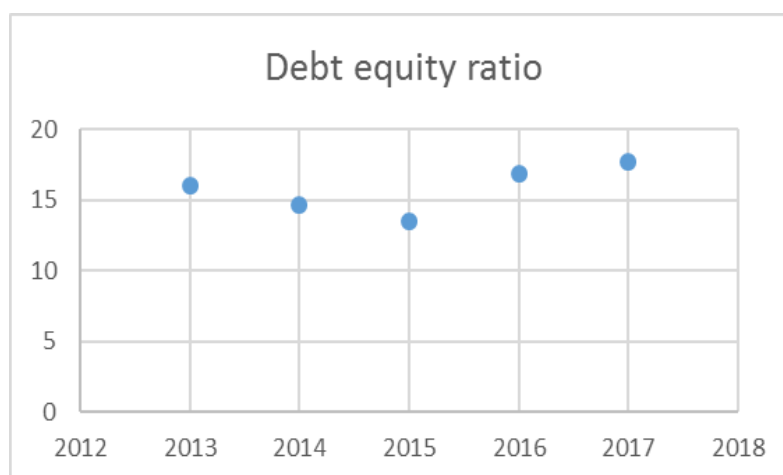
Obligation - Equity Ratio = Total Liabilities/Shareholders' Equity.

Table-14: Debt-Equity Ratio

Year	Debt equity ratio(times)
2013	16.04
2014	14.68
2015	13.54
2016	16.90
2017	17.76

Source: Annual Report of SBL, 2017

Figure-10: Total Long Term DebtTotal Equity



Source: Annual Report of SBL, 2017

Interpretation: A high obligation/value proportion, for the most part, implies that a Bank has been forceful in financing its development with obligation. The obligation value proportion of Sonali Bank constrained demonstrates that in 2017 it was most noteworthy and in 2015 it was least which have that obligation utilized more than value.

3.3.10 Advance Deposit Ratio:

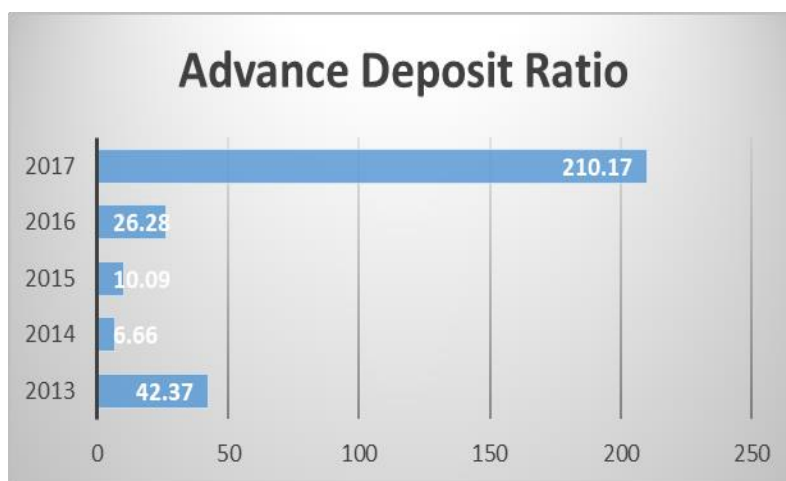
The loan-to-deposit ratio (LTD) is a commonly used statistic for assessing a bank's liquidity by dividing the bank's total loans by its total deposits. This number is expressed as a percentage. If the ratio is too high, it means that the bank may not have enough liquidity to cover any unforeseen fund requirements, and conversely, if the ratio is too low, the bank may not be earning as much as it could be. It is calculated as Follows-Advance deposit ratio = Loan / deposit

Table-15: Advance Deposit Ratio

Year	Advance Deposit Ratio (%)
2013	42.37
2014	6.66
2015	10.09
2016	26.28
2017	210.17

Source: Annual Report of SBL, 2017

Figure-11: Advance Deposit Ratio



Source: Annual Report of SBL, 2017

Interpretation: From 2014 to 2015 advance deposit ratio has been continuously decreasing which means that amount loan has been decreasing against deposit for statutory rules.

3.3.11 Capital Adequacy Ratio:

The capital sufficiency proportion (CAR) is a proportion of a bank's capital. It is communicated as a level of a bank's hazard weighted credit exposures.

Otherwise called funding to-hazard weighted resources proportion (CRAR), it is utilized to ensure contributors and advance the soundness and effectiveness of money related frameworks around the globe. Two sorts of capital are estimated: level one capital, which can assimilate misfortunes without a bank being required to stop exchanging, and level two capital, which can ingest misfortunes in case of a twisting up thus gives a lesser level of security to investors. It is determined as pursues

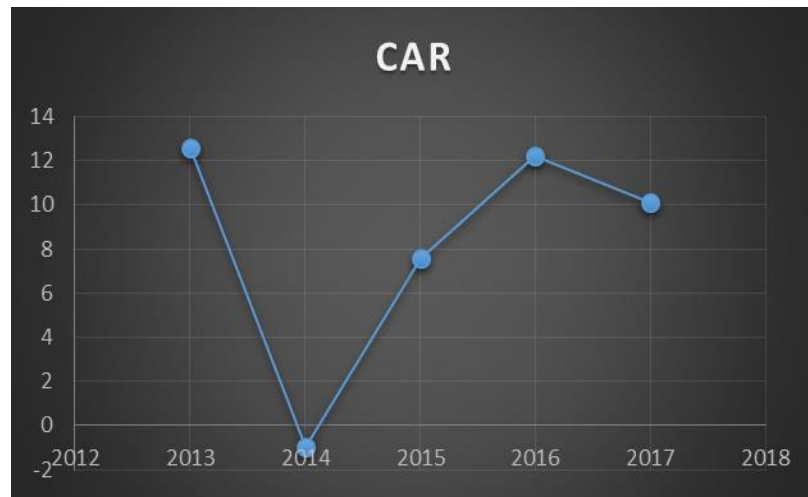
$$\text{CAR} = (\text{Tier one capital} + \text{level two capital}) / \text{hazard weighted resources}$$

Table-16: Capital Adequacy Ratio

Year	CAR (%)
2013	12.60
2014	(0.94)
2015	7.59
2016	12.24
2017	10.08

Source: Annual Report of SBL, 2017

Figure-12: Capital Adequacy Ratio



Source: Annual Report of SBL, 2017

Interpretation: Here 2014 2015 and 2017 capital adequacy ratio has decreased badly but it has increased in 2013 and 2016. And again it has decreased in 2015. So we can say that capital adequacy of sonali bank is not satisfactory.

3.3.12 EPS:

Earnings per share (EPS) are the portion of a company's profit allocated to each outstanding share of common stock. Earnings per share serve as an indicator of a company's profitability. It is calculated as follows-

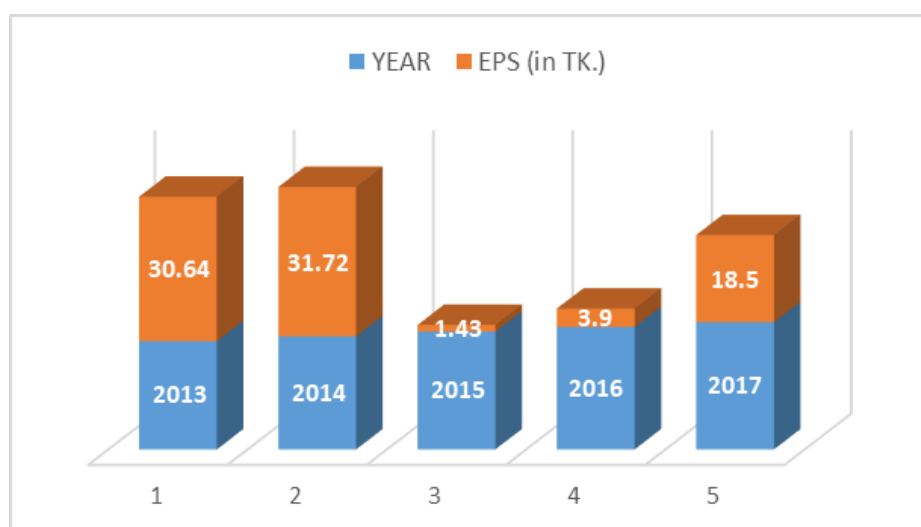
$$\text{EPS} = (\text{Net income} - \text{dividends on preferred stock}) / \text{average outstanding shares}$$

Table-17: EPS

YEAR	EPS (in TK.)
2013	30.64
2014	31.72
2015	1.43
2016	3.90
2017	18.50

Source: Annual Report of SBL, 2017

Figure-13: EPS



Source: Annual Report of SBL, 2017

Interpretation: EPS of sonali bank has badly dropped in 2015 but it was increasing in 2013 2014 and 2017. And again it has decreased in 2016. So we can say that the EPS of sonali bank is not good.

3.13 Net Asset Value per Share:

The net resource esteem per share (NAVPS) additionally alluded to as the book esteem per share, is an articulation for net resource esteem that speaks to the esteem per offer of a common store, trade exchanged reserve (ETF) or a shut end finance. It is determined by partitioning the aggregate net resource estimation of the reserve or organization by the number of offers exceptional. It is determined as pursues

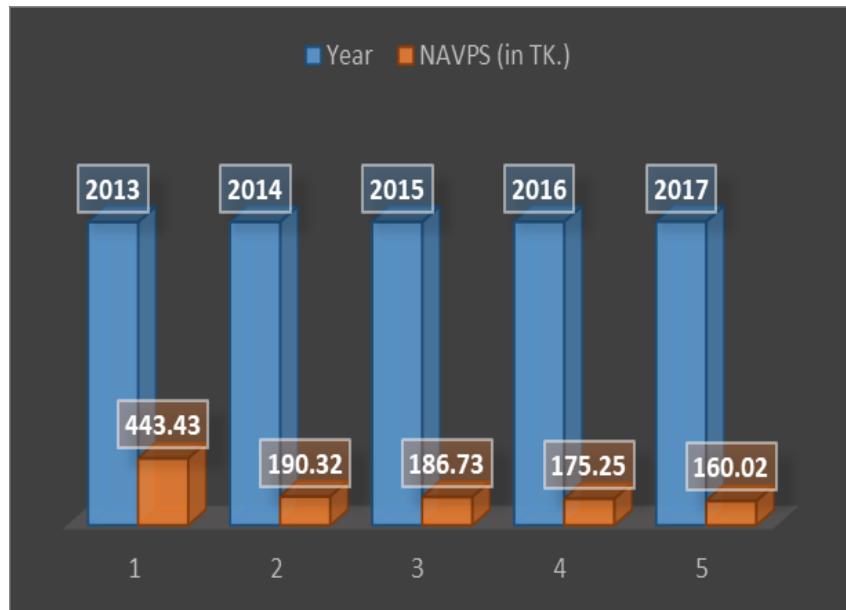
$NAVPS = NAV / \text{no. of offer exceptional}$.

Table-18: NAVPS

Year	NAVPS (in TK.)
2013	443.43
2014	190.32
2015	186.73
2016	175.25
2017	160.02

Source: Annual Report of SBL, 2017

Figure-14: NAVPS



Source: Annual Report of SBL, 2017

Interpretation: In 2017 NAVPS of sonali bank has decreased but in 2013 it has increased. And in 2016 and 2017 NAVPS has exhibit decreasing trend. So can say NAVPS is not satisfactory.

3.14 Cost to Income Ratio:

The proportion, which estimates working cost as a level of working pay, is utilized to measure proficiency and profitability for banks. Lower proportions, for the most part, demonstrate higher productivity, yet various variables can influence the proportion, including a bank's plan of action and size. It is calculated as follows-

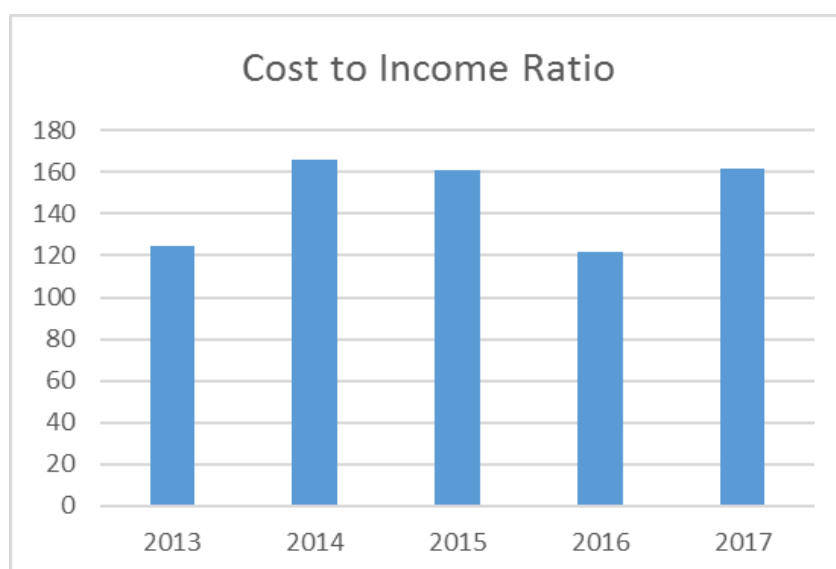
Cost to income ratio = operating expense / operating income.

Table-19: Cost to Income Ratio

Year	Cost to Income Ratio (%)
2013	124.87
2014	165.66
2015	160.87
2016	121.72
2017	161.31

Source: Annual Report of SBL, 2017

Figure-15: Cost to Income Ratio



Source: Annual Report of SBL, 2017

Interpretation: From 2014 to 2017 cost to income ratio of sonali bank has been increasing except in 2013 and 2016. So we can say that operating cost of sonali bank is decreasing year to year against the operating income of sonali bank.

3.3.15 Cost of Fund:

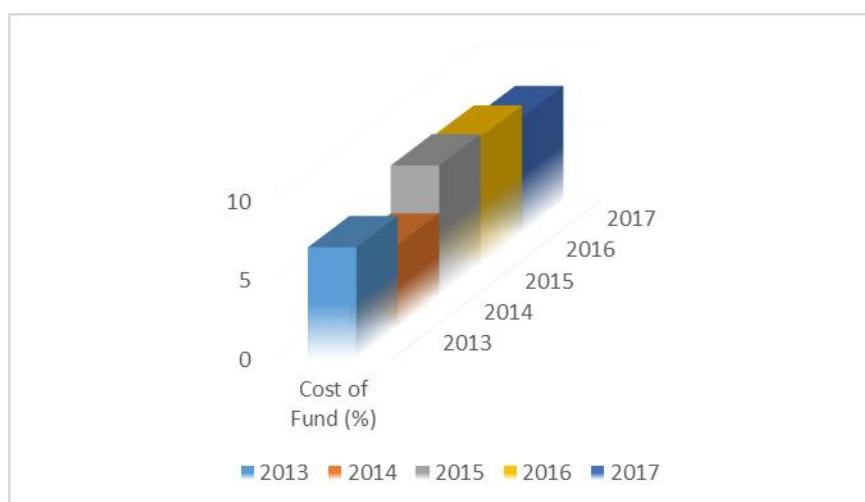
Cost of assets is the loan fee paid by money-related establishments for the assets that they send in their business. The expense of assets is a standout amongst the most vital information costs for a budgetary organization since a lower cost will produce better returns when the assets are sent as present moment and long-haul credits to borrowers. The spread between the expense of assets and the loan fee charged to borrowers speaks to one of the fundamental wellsprings of benefit for most monetary organizations.

Table-20: Cost of Fund

YEAR	Cost of Fund (%)
2013	7.05
2014	5.22
2015	8.26
2016	8.09
2017	7.34

Source: Annual Report of SBL, 2017

Figure-16: Cost of Fund



Source: Annual Report of SBL, 2017

Interpretation: In 2014, cost of fund of sonali bank has decreased but in 2015, cost of fund has increased. And in 2013 and 2017 it has decreased again. So we can say that change in cost of fund is in average situation.

3.3.16 Interest Spread:

The net loan fee spread is the distinction between the normal yield a money-related organization gets from advances and other enthusiasm collecting exercises and the normal rate it pays on stores and borrowings. The net loan fee spread is a key determinant of a budgetary foundation's benefit (or deficiency in that department). It is calculated as follows-

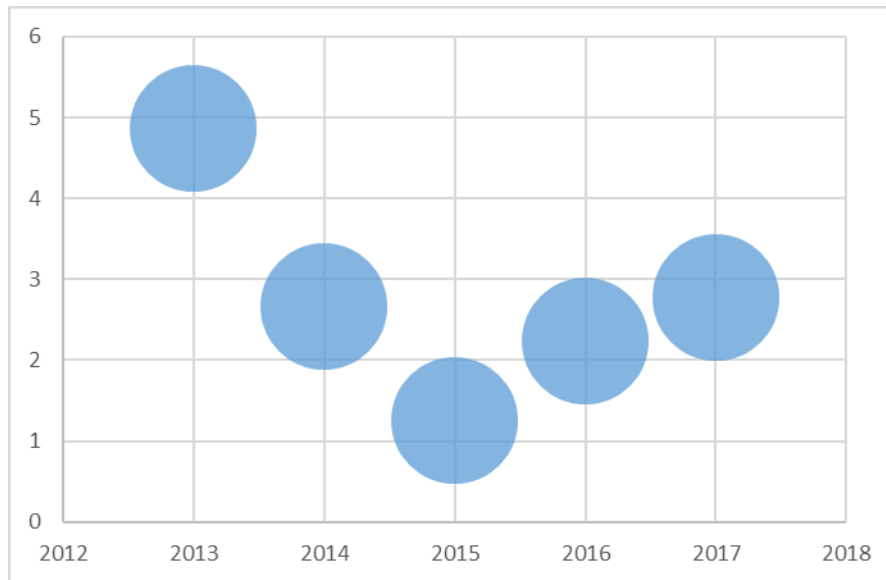
Interest spread = (interest income ÷ interest earning assets) - (interest expense ÷ interest bearing liabilities)

Table-21: Interest Spread

Year	Interest Spread (%)
2013	4.86
2014	2.66
2015	1.25
2016	2.24
2017	2.78

Source: Annual Report of SBL, 2017

Figure-17: Interest Spread



Source: Annual Report of SBL, 2017

Interpretation: From 2015 to 2016, interest spread of sonali bank shows decreasing trend but in 2013 and 2014 and 2017, interest spread has increased which means sonali bank is trying to increase its' interest spread.

3.3.17 Yield on Loans and Advances:

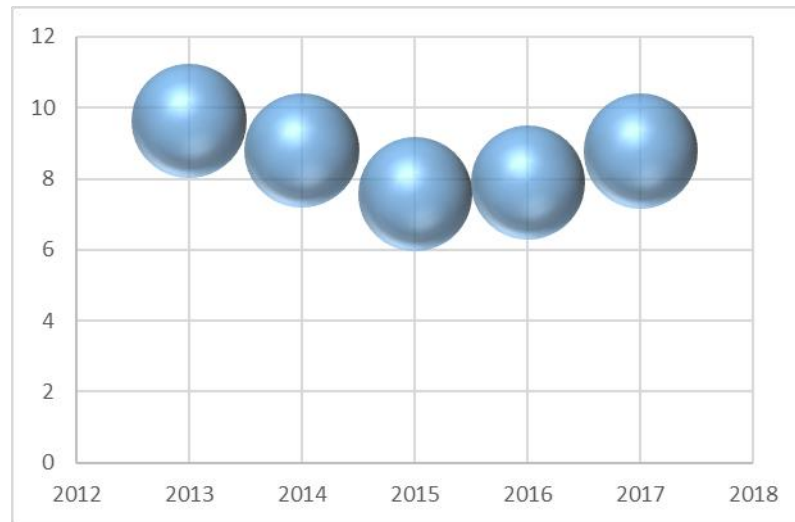
A financial solvency ratio that compares a financial institution's interest income to its earning assets. Yield on loans and advances indicate how well assets are performing by looking at how much income they bring in.

Table-22: Yield on Loans Advances

Year	Yield on Loans and Advances (%)
2013	9.62
2014	8.80
2015	7.58
2016	7.88
2017	8.78

Source: Annual Report of SBL, 2017

Figure- 18: Yield on Loans Advances



Source: Annual Report of SBL, 2017

Interpretation: Yield on loans and advances of sonali bank have been decreasing from 2013 to 2015 but in 2016 and 2017, it has increased again. So we can say that sonali bank tries to increase its' yield on loans and advances.

CHAPTER-04

Findings, Recommendation And Conclusion

4.1 Findings:

- ✓ It has been seen that EPS have decreased badly.
- ✓ NAVPS of SBL has decreased from 2014 to 2017 except in 2013.
- ✓ Operating profit ratio has also decreased from 2013 and increased in 2017 excessively.
- ✓ Gross profit ratio has also decreased ratio in 2013,2015 and 2016 except in 2017.
- ✓ Return on asset ratio has been fluctuating from 2013 to 2017.
- ✓ Return on equity has been fluctuating from 2013 to 2017
- ✓ Return on investment of SBL has also been fluctuating from 2013 to 2017 like- in 2013 ROI has been 16.39% in 2014 ROI has decreased to 12.95% in 2015 it has increased to 13.88%, in 2016 it has increased to 14.14% and in 2017 it has decreased to 12.61%
- ✓ Debt-equity ratio has also been fluctuating from 2013 to 2017.
- ✓ I have also found that efficiency ratio of SBL has been fluctuating in previous five years.

4.2 Recommendations:

- ✓ The bank has a profoundly gifted worker in the branch level. Be that as it may, the bank ought to have the capacity to use these workers at the fitting approach to take out the bank's yield.
- ✓ The web composition should be made strides. In this way, the site ought to be changed and given more data about the bank. The current plan can't catch the client's consideration.
- ✓ The human asset division ought to be made more successful.
- ✓ The higher administration ought to be watchful about the worker, to take the correct methodology, right basic leadership.
- ✓ Online keeping money has been begun. So the dependable workers ought to be prepared viably.
- ✓ The preparation assessment process and frame is to be more modernized.
- ✓ Framework ought to be modernized.

4.3 Conclusion:

As a bank Sonali Bank Limited needs to complete a lot of things for the advancement of the nation. Despite the fact that the money related position has been sufficient The Bank is attempting to make a solid position in the market and with its center qualities, it can coordinate investors' desires and in this way bring their riches up in future through moral managing an account and best estimates. Consequently, it needs to step up with the goal that it can satisfy the craving of the govt. and individuals. It will improve more open administrations and develop working groups to give the best administrations to its important clients. It must be kept running in a composed way and order must be guaranteed in all circle of its execution. Productive fare group, import group, and settlement group must be shaped and perform obligations legitimately. Additional preparation, computerization, information gathering, advertise examination and quickness in overhauling are basically required. To do these the prescribed proposals can be utilized. Despite the fact that it is hypothetical proposals, it isn't valueless. It greatly affects the saving money business and different divisions of the economy. For this, govt. help is basic and it is normal that govt. will expand its hand for actualizing the suggestions for the welfare of the general population of Bangladesh.

Bibliography

Books & Articles:

- Eugene F. Brigham, “Financial Management Theory and Practice” (10th Edition) Harcourt Brace College Publishers, 2001.
- Fabozzi, Frank J., and T. Dossa Fabozzi, “The Handbook of Fixed Income Security” (4th edition). Burr Ridge, IL: Irwin, 1995.
- Gitman, Lawrence J. “Principles of Managerial Finance”, (7th edition) New York HarperCollins, 1994.
- Leopold A. Bernstein “Financial Statement Analysis”,(5th Edition) New Work, 2000.

Annual Reports:

1. Annual Report of Sonali Bank Limited (2013-2017)

Web References:

- www.sonalibank.com.bd
- www.bb.org.bd
- www.investopedia.com
- www.bibm.org.bd

Appendix

Appendix-1: Consolidated Balance Sheet

Source: Annual Report of SBL, 2017

Appendix-2: Consolidated Profit & Loss Account

PARTICULAR	2016	2017
PROPERTY AND ASSETS	Amount	Amount
Cash	8008341762	87995987763
Cash in hand (including the foreign currency)	6289949137	511271458 9
Balance with Bangladesh Bank and its agent Bank	73793502625	828 83273174
Balance with other Bank and financial institutions	39039842397	68872230477
In Bangladesh	35446755102	6 2556320682
Outside Bangladesh	3593087295	6315909'795
Money at call and short notice	3586282000	22564800000
Investments:	469370564524	462939311828
Government	437987987654	4207298 85067
Others	31382576870	42209426761
Loans and Advances	386652700217	425491805397
Loans, Cash Credits, Overdrafts etc.	377392473205	413854566578
Bills purchased & discounted	9260227012	11637238819
Fixed assets including premises, furniture and fixtures	3319021065	33310453737
Other assets	189711448378	140011348148
Total Assets	1201563310343	1241185937350

PARTICULAR Liabilities and Capital	2016	2017
	Amount	Amount
Liabilities	0	0
Borrowings from other banks, financial institutions and agents	769625629	714241872
Deposit and other accounts	1031593588286	1064225960435
Current Accounts and other Accounts	232276650424	238868974602
Bills payable	15060153280	12363905107
Savings Bank Deposits	287404548716	319578769175
Fixed Deposits	496852235866	493414311551
Other Deposits	0	0
Other Liabilities	102080884792	110343471985
Total Liabilities	1134444098707	1175283674292
Capital/ Shareholder's Equity	67119211636	65902263058
Paid up capital	38300000000	41300000000
Share Money Deposit	0	0
Statutory Reserve	8284876285	10199682013
Other Reserve	122810533	117000000
Revaluation Reserve	33718673632	28920784692
Surplus in profit and loss/Retained Earnings	13307148815	14635203647
Total Liabilities and Shareholders' Equity	1201563310343	1241185937350
<u>Operating Income</u>		
Interest income	31019525463	27762561787
Interest paid on deposit and borrowing etc.	47352935110	42903178754
Net Interest Income	16333409647	15140616967
Investment income	30995634979	34006012795
Commission, exchange and brokerage	8,326,585,055	12410601186
Other Operating income	674749099	312120496
Total Operating Income (A)	31453211253	23626418630
Salary and allowances	14312926177	14191050179

PARTICULAR	2016	2017
	Amount	Amount
<u>Operating Expenditure</u>		
Rent, tax, insurance, electricity etc.	973679064	1023543967
Legal expenses	46629546	52296007
Postage, Stamps and telecommunication etc.	69980894	72331158
Printing, stationery, advertisements etc.	225341621	167881378
Chief Executive's salary fees	7932942	9059719
Director's fees	4808677	7434289
Auditor's fees	3156603	3241834
Depreciation & repair to bank's assets	567503260	505413782
Other expenses	3163114075	3466056851
Total Operating Expenses (B)	19375072859	19498309164
Profit before Provision, Amortization and Taxes C=(A-B)	4251345771	11954902089
Provision for loans & Advances	0	468800000
Provision for diminution in value of investment	0	471449325
Other provision	834326240	2378224121
Total Provision (D)	834326240	2380873446
Total Profit/(Loss) before taxes E=(C-D)	3417019531	9574028643
Provision for taxation (F)	1900808863	2482368257
Current tax	416118748	438638021
Deffered tax	1484690115	2043730236
Net Profit/(Loss) after taxation G= (E-F)	<u>1516210668</u>	<u>7091660386</u>

Source: Annual Report of SBL, 2017