

An Internship Report
on
Performance Evaluation of Sonali Bank Limited



Daffodil International University
Permanent Campus
Ashulia, Savar, Dhaka.

An Internship Report
on
Performance Evaluation of Sonali Bank Limited

Submitted To:

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Assistant Professor

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Submitted By:

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Letter of Transmittal

Date: 25th april, 2019

To,

Md. Anhar Sharif Mollah
Assistant Professor
Department of Business Administration
Faculty of Business & Entrepreneurship

Subject: Submission of internship Report on “Performance Evaluation of Sonali Bank Limited”

Sir,

I, Himel Ahmed, ID: 152-11-225, may be interested in informing you that the report on the "Performance Evaluation of Sonali Bank Limited" that I have been assigned an internship. The assigned report was a real pleasure for me. With your kind supervision, I carried out my internship program at Sonali Bank Limited. I am confident that the learning and experience I have gained in my future professional life during the internship.

I have made every effort to prepare that report accurately, unequivocally, extensively and strived best to add applicable and important data within the time and resources that I have arranged. My complete blame is for any weakness in this report. I've invested every effort to define the management quality, which the Sonali Bank Limited, Bhaluka Branch, Mymensingh performs. If you accept this report kindly,

I will be grateful to you.

Thank You.

Sincerely Yours,

Himel Ahmed
ID:152-11-225
Department of Business Administration
Faculty of Business & Entrepreneurship

Letter of Authorization

This is to fully implement the internship report Himel Ahmed ID: 152-11-225, which I have chaired, entitled "Performance Evaluation of Sonali Bank Limited" by a student of the Business Administration Department of Daffodil International University He was an intern at Sonali Bank Limited. He was an intern. Bhaluka Branch, Mymensingh. I am glad to say that the report has taken all the steps required to complete it, and it includes all the authentic data, information, analysis and results. As a result, the report appears to be successful.

In life, I wish him every success.

.....

Signature of the Supervisor

Md. Anhar Sharif Mollah

Assistant Professor

Department of Business Administration

Faculty of Business & Entrepreneurship

Student's Declaration

I, Himel Ahmed ID: 152-11-225, hereby announce that the following internship report titled “Performance Evaluation of Sonali Bank Limited” is solely prepared by me right after the completion of my internship at Sonali Bank Limited, Bhaluka Branch, Mymensingh under the supervision of **Md. Anhar Sharif Mollah**, Assistant Professor, Faculty of Business and Entrepreneurship.

I ensure that the report has been prepared in consideration of the fulfilment of my academic requirement and not for any other intention although the concerned parties may find it useful for the improvement of HR policies.

.....

Himel Ahmed
ID:152-11-225
Department of Business Administration
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Acknowledgements

By Allah Almighty's grace I've successfully completed the "Performance Evaluation of Sonali Bank Limited" project report.

First, I want to offer my sincere gratitude to my consultant, Md. Anhar Sharif Mollah, for her patience, drive and immense knowledge in continuous support of my study and related projects. Her guidance helped me throughout this project's study and writing. I couldn't imagine a better project consultant and mentor.

Beside my Advisor, I am highly indebted to Sonali Bank Limited, Bhaluka Branch, Mymensingh for their guidance and constant supervision as well as for providing necessary information regarding the project & also for their support in completing the project.

I want to express my gratitude for their kind cooperation and encouragement in the completion of this project to my parents and Sonali Bank Limited, Bhaluka Branch, Mymensingh.

I would like to thank industry people and express my special gratitude for their care and time for me. I also wish to express my thanks and gratitude to my colleague who has helped me with their ability in developing the project.

In this project, I have made efforts. However, without the kind support and support of many individuals and organizations, this would not have been possible. I want to extend to all of them my heartfelt thanks.

Contents

1. Introduction	1
1.1 Background of the study	1
1.2 Objectives of the Study	2
1.3 Scope of the Study	2
1.4 Literature Review.....	3
1.5 Methodology of the study:	4
2. Organizational Overview	6
2.1. About Sonali Bank limited.....	6
3.3. Organogram of Sonali Bank Limited.....	8
3.4. Management Hierarchy of Sonali Bank Limited:	9
Chairman	9
3.5. Vision of Sonali Bank Ltd:	10
3.6. Mission of Sonali Bank Ltd	10
3.7. Slogan	10
3.8. Objectives of Sonali Bank	10
3.9 Strategic significance of Sonali bank:	11
3.10 Functions of Sonali Bank Ltd	11
3.11. Sonali Bank Core Business:.....	12
Figure3.3: Sonali Bank’s core businesses.....	12
3.12. Small & Medium Enterprise (SME)	12
3.13. Corporate Social Responsibility (CSR)	13
3.14. Payment.....	13
3.17. Social Services:	13
3.18 Sonali Bank Ltd, Bhaluka Branch, Mymensingh:	14
3.19 Financial Highlights of SBL, Bhaluka Branch :(amount in lakhs).	14
3.20 Three Years Comparative Financial Budget and Performance of SBL Bhaluka Branch: (amount in lacks)	14
4. Findings &Analysis	16
4.1 Findings.....	16
4.2 Analysis	17
4.2.1 Liquidity Ratio Analysis	17

Figure4.1: Current Ratio	18
Figure4.2: Net Working Capital.....	19
Figure4.3: Cash ratio	20
The fall of 2016 and 2018 can be attributed to the bank's increasing loans and deposits. Growing loans make cash in hand and smaller at banks, while growing total deposits make the cash ratio denominator larger, reducing the ratio number figure.....	20
4.2.3 Debt Ratio Analysis:	20
Figure4.4: Debt ratio	21
Figure4.5: Times interest earned ratio	22
4.2.4 Activity Ratio Analysis:	22
Figure4.8: Capacity Ratio	25
Figure4.9: Investment to Deposit Ratio	26
4.2.5 Profitability Ratios:.....	26
Figure4.10: Operating profit per branch.....	27
Figure 4.11: Net Profit Margin	28
Figure 4.12: Returns on Equity.....	29
Figure4.13: Earnings per Share.....	30
Figure4.14: Equity to net loans	31
Figure4.15: Equity to net loans	32
The branch is growing, which is no problem, but the loss branch numbers are increasing, which is the main problem. The number of loss branches decreased from 2014 to 2016, but after that the sharp rise in loss branches is the main concern of SBL shareholders. In terms of the no. of loss branches, the overall profit did not decrease respectively, as some branches ' profit is so much enough to recover the loss branches.	32
4.3 SWOT analysis of Sonali Bank Limited:.....	32
5. Conclusion:	34
6. Recommendations:.....	35
References.....	37

1. Introduction

1.1 Background of the study

Economic system is a complicated dynamic gadget in which banks play a critical role in mobilizing the economic system among exceptional marketers of society. The banking institutions are making the economic system extra dynamic in a dynamic financial system. Without a financial institution, the current economic capabilities are meaningless and seedless. Nobody can deny the bank's position with the help of any means to make the social machine evolve and dynamic. Banks at mobilizing funds from the excess to deficit financial gadgets as a financial intermediary. Now a day's banks are playing an essential role as the main economic intermediary to meet each economy's growing needs.

After the emergence of Bangladesh, in the closing 3 years, the banking machine has grown to lots. Although a large number of private industrial banks have been set up, the major portion of the banking business is protected by four nationalized business banks, including: Sonali, Janata, Agrani and Rupali Financial Institution Ltd. In our united states, Sonali bank is treated as the leading banking group after the Bangladesh financial institution.

Pakistan's country-wide bank, Bahawalpur Ltd's financial institution, and finest bank Ltd. were jointly declared by the Presidential Order as Sonali Bank in 1972. Now, with 1186(after closing) branches, Sonali financial institution maintains its operations. His headquarters are located in Motijhel, Dhaka. Financial institution Sonali, branch of Bhaluka, Mymensingh started operating in 1973. The department is located in Laxmipur; it is headed by a predominant senior officer and 32 staff. This is one of Mymenshigh City's busiest industrial financial institution. With the assistance of the head office except C, this branch serves all varieties of legal loan facilities. C (Goodbye). The special feature of this department is that it is widely declared by way of the top workplace as a unique collection branch, this department offers fishing assignment credit score, hen company, and so on. It offers small loans as well. All Sonali Bank, Bhaluka Branch, Mymensingh's economic transactions are completed through this branch. It also provides banking

centers to nearby Laxmipur businessmen. It presents credit score to more than 100 projects that worried: fishing, fowl, and so on as a special deposit series branch. This department also provides the O with the exception of all these centres. D facilities for its clients. It also offers a locker facility to ensure the security of its customers ' valuables.

A senior executive who acts as an executive is headed by Sonali Bank, Bhaluka Branch, Mymensingh. There are two senior officers working under the branch manager, five senior officers, eleven officers, six sub-accountants, and other clerical and non-clerical staff. I learned about general banking procedures like: cash receipt and payment, Remittance, Demand Draft (DD), Mail Transfer (MT), TT, Statement of Affairs, Loans and Advances, Token Issue, etc. during my training at Sonali Bank, Bhaluka Branch, Mymensingh. Even though I have an overall idea of banking. I need to focus on the Branch's performance until 2013-2017.

1.2 Objectives of the Study

The objective of the study is to gather practice of all knowledge regarding business sector and operations.

- To gather the practical experience base on the theoretical knowledge.
- To habituated with the corporate environment and culture.
- To serve the function of overall banker customer relationship
- To observe the function of general banking system.
- To evaluate the financial performance of Sonali Bank Limited.
- To observe the function of merchant banking operations.
- To understand and analyze the financial strength of Sonali Bank Limited.
- To observe the function of foreign exchange department.
- To learn and acquainted to fulfill the academic purpose.

1.3 Scope of the Study

Since I was an intern, for some purpose my scope was limited and restricted. I maintained some formal formality for collecting my report's data. This study will give a clear idea of Sonali Bank Limited's financial performance as well as the different section of Sonali Bank Limited's various products and services. Information availability.

- Good communication system.

- Gave a wide area of gaining knowledge.
- Good working environment.

1.4 Literature Review

Many research has been conducted to measure both financial and non-financial companies' corporate disclosure. The financial performance of banks and other financial institutions has generally been measured using a combination of analysis of financial ratios, benchmarking, measuring budget performance or a mix of these methodologies (Avkiran, 1995). (Spathis, and Duomo's, (2002) investigated the effectiveness of the financial position of Greek banks based on their assets size. They used several criteria in their study to classify Greek banks according to the return and operational factors. They tried to show the differences between small and large banks in the profitability and efficiency of the bank.

A research paper entitled Customer Service Efficiency and Financing Performance among Australian financial institutions (Elizabeth Duncan and Elliott, 2004) showed that all financial performance measures such as interest margin, asset return and capital adequacy are positively correlated with quality scores for customer service. Bakar and Tahir (2009) in their research paper used multiple analysis of linear regression technique and simulated neural network techniques for predicting bank performance. ROA was used as a bank performance dependent variable and seven variables were used as independent variables, including liquidity, credit risk, revenue ratio, size and concentration ratio. O'Donnell and Van der Westhuizen (2002) measured the branch-level effectiveness of a South African bank. Their main focus was to investigate branches that performed well and those that did badly to improve efficiency. They found that many branches operated on an excessively small scale and could increase their operating scales thus improving the bank's overall efficiency.

But the research's empirical results (Raza et al., 2011; Tarawneh, 2006) explained that a company with better efficiency does not mean that it will always show better efficiency. However, the banks' literature on asset and liability management strongly suggests that the banking industry must focus on risk management issues and their implications.

(Jon R.Presely, 1992) concluded from his study that greater risk management is needed in relation to more efficient portfolio management, which requires greater emphasis on the nature of risk and return in the structure of bank assets, and greater diversification of assets in order to spread and reduce the risk of the bank.

In addition, Ho and Zhu (2004) reported that the performance evaluation of a company focused on operational efficiency and effectiveness, which could directly influence the survival of the company.

Finally, the performance analysis is a way of measuring the overall financial performance of a company by various ratios that reflect the financial position of the company. The analysis provides an idea of the operating efficiency of the company and prospects for the future. Liquidity, profitability, activity and debt ratios are common for financial performance analysis. Ratios are a key indicator of a company's poor or good performance.

1.5 Methodology of the study:

This study is based on a systematic process from raw data collection to final report preparation. The sources are identified and collected for the execution of the study with the maintenance of the banking act rules and regulations. Then the classification, analysis, and systematic organization work was done. The overall methodology process was given as follows:

Selection of the data: The information was collected properly to organize this report is both from primary and secondary sources.

Primary Sources of Data:

- Oral conversation with employees and officers of the banks.
- Practical and manual experience gained by working different desks during internship period.
- Oral conversation with the new and prospective clients.
- Interview

Secondary Sources of Data:

- Five years Annual Reports of Sonali Bank Ltd.

- Official Records of Sonali Bank Ltd.
- Web site of the Sonali Bank Ltd.
- Collections Prior research reports
- Different text book and journals
- Various reports and articles related to study
- Some of my course elements as related to this report

Data sources identification: Both primary and secondary data sources were identified that are needed to carry on the study and complete this report.

2. Organizational Overview

2.1. About Sonali Bank limited

Sonali Bank Limited Is a state-owned leading Bangladesh commercial bank. It's the country's largest bank. Sonali Bank was established under the Bangladesh Banks (Nationalization) Order in 1972 by amalgamating and nationalizing branches of the National Bank of Pakistan, Bahawalpur Bank and Premier Bank branches located in Pakistan until the Bangladesh Liberation War in 1971. Sonali Bank had a paid-up capital of 30 million taka when it was set up. In 2001, Taka 10 billion and Taka 3.272 billion respectively were authorized and paid-up capital. Currently, 10 billion Taka and 9 billion Taka are authorized and paid-up capital respectively. The bank's reserve funds were Taka 60 million in 1979 and Taka 2.050 billion on June 30, 2000. The bank was converted into a government-owned public limited company and began operating as Sonali Bank Limited on November 15, 2007 to take over all Sonali Bank's assets, liabilities and business. After corporation, the bank's management was given the autonomy needed to make the bank competitive and effectively run its business.

Cyber criminals stolen \$ 250,000 from the bank in 2013 using the Swift International payment network. The Bank signed with PayPal a legal Memorandum of Understanding in 2016.

There are a total of 1211 branches in Sonali Bank. Of these, there are 343 in urban areas, 862 in rural areas and 2 in overseas. It also operates the US-based Sonali Exchange Company Inc. and UK-based Sonali Bank (UK) Ltd. to facilitate foreign currency remittances. Sonali Bank UK directly delivers up to 14 destinations throughout Bangladesh, including Dhaka, Chittagong, Sylhet, Moulvibazar, Beanibazar, Balaganj, Biswanath, Jagan nathpur, Sunamganj, Gopalganj, Nabigonj, Hobigonj, and Kulauraor Tajpur. There are currently three branches in the UK, one in Osborn Street, London, one in Small Heath, one in Birmingham, and one in Manchester. Sonali Bank Limited is governed by an 11-member Board of Directors. The Managing Directors & CEO, who is a well-known banker and a reputable professional, heads it. The bank's corporate headquarters is located in Motijheel, Bangladesh, Dhaka. The capital's main shopping center.

3.2 Corporate Profile of Sonali Bank Limited:

Corporate Profile

Name of the Company	Sonali Bank Limited
Chairman	Mr. Md. Ashraful Moqbul
CEO & Managing Director	Mr. Md. Obayed Ullah Al Masud
Company Secretary	Mr Md. Ataur Rahman
Legal Status	Public Limited Company
Genesis	Emerged as Nationalised Commercial Bank in 1972, following the Bangladesh Bank (Nationlisation) 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, Rangpur, Bangladesh
Authorised Capital	Taka 6000.00 Crore
Paid-up Capital	Taka 3830.00 Crore
Number of Employee	18,806
Number of Branches	1211
Phone-PABX	9550426-31, 33, 34, 9552924
FAX	88-02-9561410, 9552007
SWIFT	BSONBDDH
Website	www.sonalibank.com.bd
E-mail	itd@sonalibank.com.bd

3.3. Organogram of Sonali Bank Limited

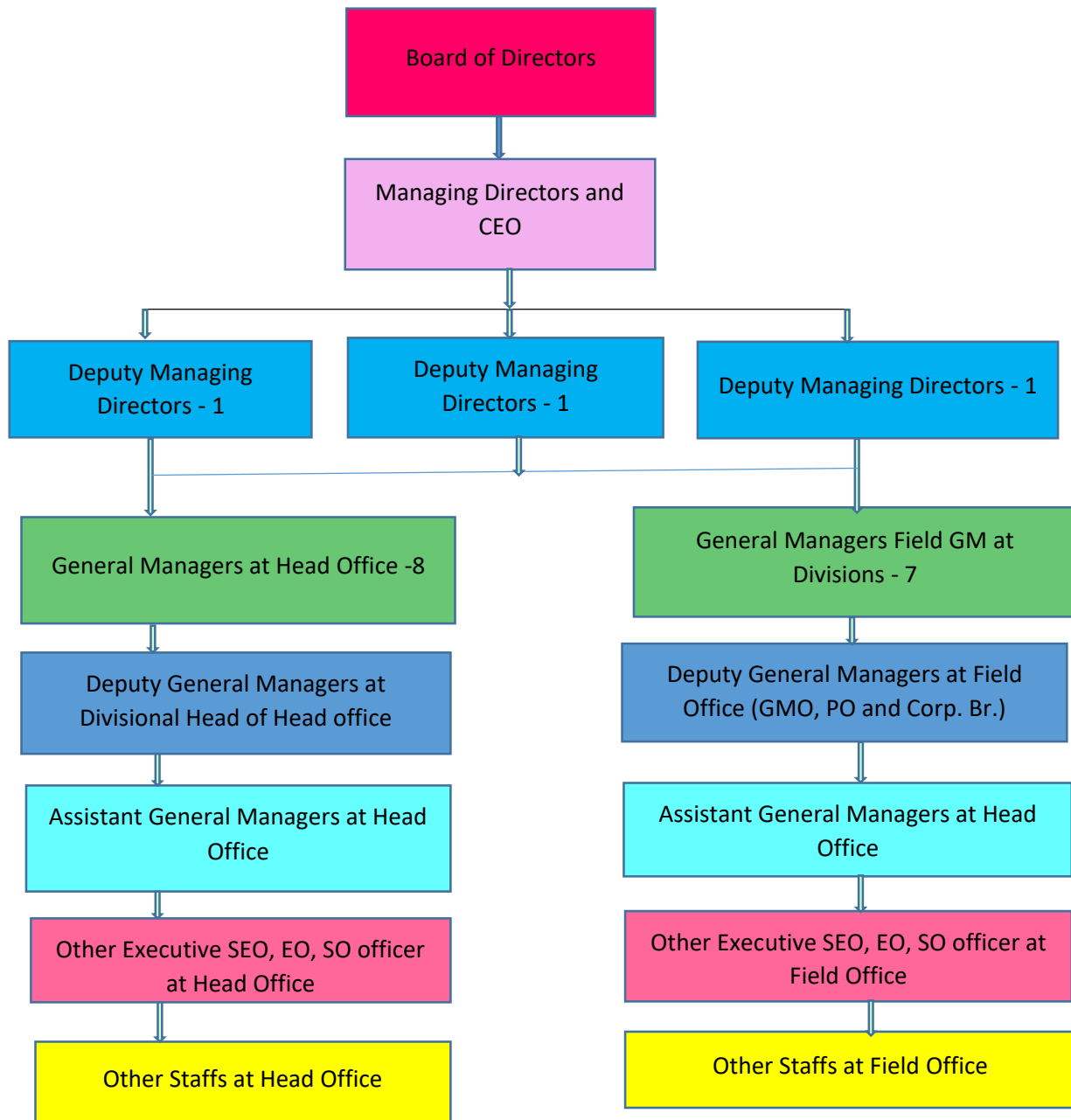


Figure 3.1 : Organogram of SBL

3.4. Management Hierarchy of Sonali Bank Limited:

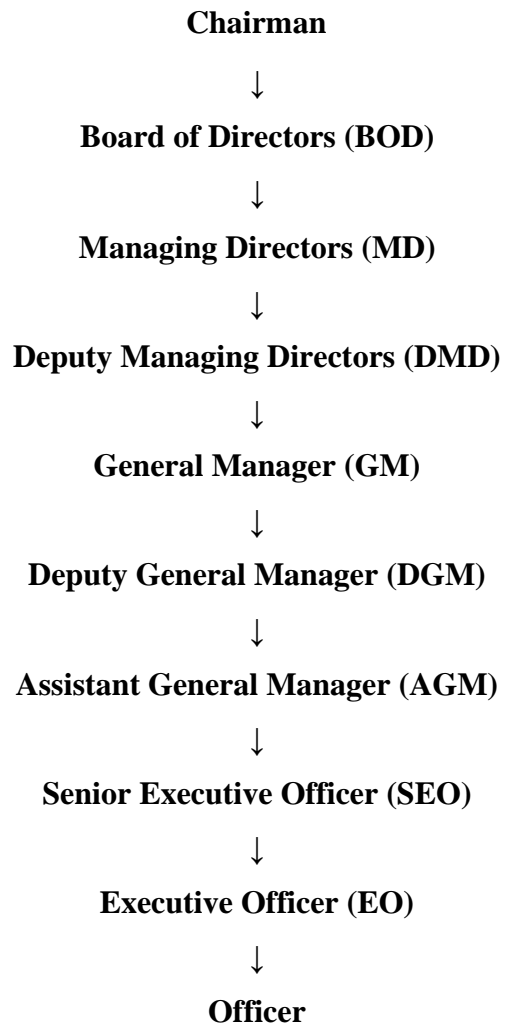


Figure3.2: Management Hierarchy of SBL

3.5. Vision of Sonali Bank Ltd:

Socially committed leading banking institution with global presence.

3.6. Mission of Sonali Bank Ltd

Dedicated to extend a wide range of quality products that support divergent needs of people to enrich their lives, create value for stakeholders and contribute to the country's socio-economic development.

3.7. Slogan

Your trusted partner in innovative banking.

3.8. Objectives of Sonali Bank

Sonali Bank has a various types of Objectives. Important objectives of Sonali Bank are as follows:

1. To collect of deposits
2. To alleviate poverty
3. To secure deposit
4. To inspire savings
5. To create employment
6. To control loan
7. To create medium of exchange
8. To expand trade and commerce
9. To helps in industrialization
10. To increase the capital formation
11. To provide the customers service
12. To earn profit
13. To ensure Regional Development.

There are also some others without those goals. The bank is responsible for providing people's door steps with all types of banking services. The bank is involved in various socio-economic development activities and is also involved in implementing various government policies and programs. As the country's leading bank managed as the largest state-oriented and professional.

3.9 Strategic significance of Sonali bank:

Sonali Bank, as a commercial bank, has some core responsibilities toward customers, management, shareholders and other business organizations. Through quality and timely services the bank is responsible for sound customer satisfaction. This bank has some common goals to be met like any commercial bank. Security is a common talk about wealth preservation in the present world. This bank helps customers secure their wealth through a secure banking system. Sonali Bank supports Bangladesh's regional development by expanding its loan portfolio to include business, agribusiness, industry. A unique feature of sonali bank is that by settling commercial transactions between commercial banks known as clearing house, it works in favor of Bangladesh bank. It has expanded its online services to maintain competition with other commercial banks such as online customer account checking, issuance of visas and master cards to support online transactions, online customer account settlement, etc. The bank does some social services to create the country's positive image, such as accepting scraped money, providing meritorious students with a scholarship facility. Finally, through innovation and challenges, the bank serves society and is more responsive to the environment.

3.10 Functions of Sonali Bank Ltd

Main functions of Sonali Bank are:

1. Deposit collection from customers.
2. Cash transactions through client's current account.
3. Attending bills of exchange and draft of customers.
4. Loan sanction
5. Provide online services to the customers
6. Money transfer
7. Collecting different charges, interest dividends, rents, pension etc.
8. Acts as an advisor
9. During the food scarcity they provide food to the government.
10. They participate in the urban banking.
11. They arrange part-time hypothesis for the university's student.

12. They provide the primary teachers' salary as a representative of the government.
13. They distribute pension to the retired workers.
14. They distribute and collect the form of passport.

3.11. Sonali Bank Core Business:

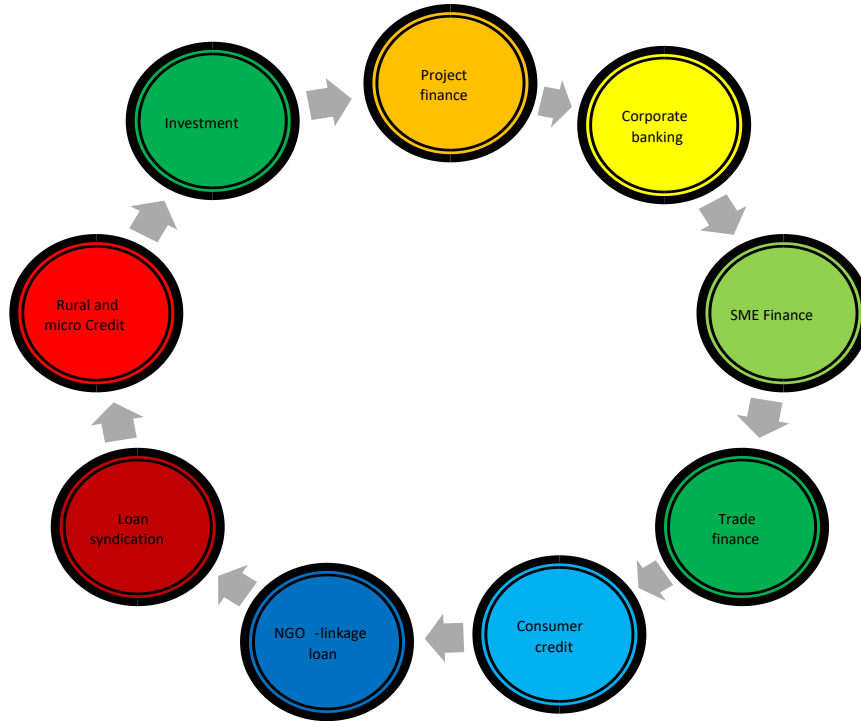


Figure3.3: Sonali Bank's core businesses

3.12. Small & Medium Enterprise (SME)

Sonali Bank Limited emphasizes the highest priority of SME financing to eradicate poverty by increasing the flow of SME loans in economically underdeveloped areas and establishing priorities for SME credit policies for women and underprivileged entrepreneurs. Sonali Bank works to improve their socio-economic status.

3.13. Corporate Social Responsibility (CSR)

To develop CSR engagements & practices the Bank has taken up leading programs at lower rate of interest like:

- Special credit program for freedom fighters,
- Special Scholarship brilliant students
- Special credit program for Government Primary School Teacher,
- Credit Program for overseas Employment,
- Collateral-free group –based Credit Program for the landless & sharecroppers,
- Green Banking programs like biogas & solar plants

3.14. Payment

- Pension of employees of Government and other Corporate Bodies.
- Bangladesh Bank employee's pension. □ Army pension.
- British pension.
- Students' stipend/scholarship.
- Govt. & Non-Govt. Teachers' salary.

3.17. Social Services:

- Old age allowances.
- Widows, divorcees and destitute women's allowances.
- Freedom Fighters' allowances.
- Rehabilitation allowances for acid survival women.
- Maternal allowances for poor women.
- Disability allowances.
- Savings Certificates.
- ICB Unit Certificates.
- Prize Bonds.
- Wage Earner's Development Bonds.
- US Dollar Premium & Investment Bond.
- Lottery tickets of different Semi-Govt. And Autonomous Bodies.
- Sanchaypatra.
- Public Service Commission's application form.
- Judicial Service Commission's application form.
- Exchange of soiled / torn notes.
- Misc. Services:
 - Bank a/c information on the tax paying client according to demand of NBR.
 - Local Governance Support Project.

3.18 Sonali Bank Ltd, Bhaluka Branch, Mymensingh:

Bank Name	Sonali Bank Limited
Branch Name	Bhaluka Branch
Address	Bhaluka, Mymensingh
Telephone	09022 56002
Branch Code	031
SWIFT Code	BSONBDDH
Routing Number	200610311
District	Mymensingh
Service Hours	Sunday: 10:00 am - 4:00 pm
	Monday: 10:00 am - 4:00 pm
	Tuesday: 10:00 am - 4:00 pm
	Wednesday: 10:00 am - 4:00 pm
	Thursday: 10:00 am - 4:00 pm
	Friday: Closed
	Saturday: Closed
Working Days	Sunday - Thursday (Except Holidays)

3.19 Financial Highlights of SBL, Bhaluka Branch :(amount in lakhs)

Particulars	2015	2016	2017	2018
Total Income	436.62	630.47	745.16	206.04
Total cost	299.87	485.65	775.39	202.75
Net profit	4	(74)	(30.24)	3.29
Total Deposit	6180.87	7832.11	2118.2	1948.61
Total Loan & advance	2921.55	2119.81	2337.86	2595.61
Total assets	9192.49	7562.84	15324.75	16909.98
Total Liabilities	9192.49	7562.84	14579.6	16703.05

3.20 Three Years Comparative Financial Budget and Performance of SBL Bhaluka Branch: (amount in lacks)

Items	Target (2016)	Actual (2016)	Rate (%)	Target (2017)	Actual (2017)	Rate (%)	Target (2018)	Actual (2018)	Rate (%)
Deposit	1897	1759	93%	2000	2118	106%	2350	1948	83%
Advance	2415	2120	88%	2400	2338	97%	2500	2597	104%
Income	3	(74)	-	1	(30)	-	1	3.39	339%
			1850%			3000%			
Foreign remittance	8620	7170	83%	8500	7830	92%	8600	7940	92%

Comment: In this brief analysis, the bank has been in a big loss over the past 2 financial years but has recovered to 3.09 shortcomings in 2018. For this branch, this was a great achievement. Other sectors have been consistent with past years. As far as I know, the reason behind this branch's big loss is that the amount of house building staff loan was a big amount with a low interest rate. In the unproductive sector, a large amount of deposits remained unused, meaning house loans for employees. In 2018, the amount was nearly half of the total loan and advances (135165993.71). But the bank had to pay more interest than the house loan rate. Without this, the amount of interest suspense increases year after year, proving the inefficiency of the branch authority of the bank to recover the amount of suspense. The amount of loan is negligible in SME financing. The manager of the bank should offer businessmen some attractive scheme to take the banking facility to expand their business.

4. Findings & Analysis

4.1 Findings

I have some findings after collecting and analyzing data. From my personal point of view, these findings are completely. The following are given:

Sonali bank has gained a favorable reputation not only in Bangladesh but also in foreign countries as a nationalized commercial bank. It is one of the top government banks in Bangladesh. The bank has already shown a huge increase in profits and deposits. After enjoying the full confidence of the depositors and achieving substantial growth across the entire banking operations area, the bank successfully entered the 45-year operation. I saw that the profit from Sonali Bank as a commercial bank is low, but as a government commercial bank it is remarkable in Bangladesh. It has a wide-spread networking facility. That means every Upzila has at least one branch of the Sonali Bank. But for the other banks there is no such facility.

The liquidity position in particular preceded years well, but last year's current ratio was not up to the mark. The higher the ratio, the larger the liquidity. However, excess liquidity reduces profitability. A manager has to make up for liquidity and profitability. The liquidity ratio was 1.46 last year (2016), with an average relationship maintained with previous years. Without this, cash ratio and net working capital have been good enough. I believe that the liquidity position is sufficient to perform operations.

In the debt ratio, a company's debt position shows the amount of money used by other people to generate profit. The financial analyst is generally most concerned with long-term debts, as these commit the company to a long-term stream payment. Because creditors' claims must be met before the earnings can be distributed to shareholders, current and prospective shareholders pay close attention to debt repayment to companies. The debt ratio here is spreading by (94 percent-97 percent), meaning that 94-97 percent is leverage on total assets. But the interest rate times is good enough to meet the financial charges that are fixed. My analysis shows that the bank has taken customer deposits at a low rate but has invested the funds at a high rate. To prove this, I can give a reference that Sonali Bank has already stated that customers have collected 1 trillion deposits. A great accomplishment compared to all national commercial banks for them.

We can see that the ratio fluctuates between the years in the activity ratio. Ratio cost to income measures how much expenditure is incurred in order to generate profit. The 2018 ratio was high over 2017. I found some reasons behind the fact that the main elements are the increase in rents, taxes and electricity and salaries for employees. The same reason applies to the total turnover ratio of assets. In the investment to deposit ratio, a good sign is found because the bank collected idle deposits from customers and invested properly. In 2014, the bank recovered to the rich position in 2018 from the poor positions.

In the profitability ratio, as I have seen from my analysis, the sharp decline in profit in 2014 was caused by the large flow of deferred tax payments and other provisions. Investment decrease in 2017 causes the bank to have a large cash flow out side for this the profit was low. But there's no such large cash outflow in 2018 somewhat. Everything was normal and there was a good profit margin. The ROA and EPS were therefore consistent with the margin of net profit. But the equity loan and ROE ratio was low due to the ability of the bank to raise a good deposit collection from the client.

In summary, Bangladesh Bank Sonali Bank's biggest commercial bank and agent must do different kinds of work without thinking about the profit. That's why we've seen bank loss in some cases, but although loss we can't directly say it's the failure of its bank. This only happens to help the nation. On the other hand, we saw that the rising rate of bank profit is poor but growing. The bank is highly liquid, earning a lot of profit on the equity of the owner. The operating efficiency of the Bank is good. EPS is doubling annually and the spread of earnings is also increasing. So, after all, we can say that Sonali Bank Limited is a bank that earns better than other nationalized banks as a nationalized bank.

4.2 Analysis

The financial performance analysis of Sonali Bank is given below:

4.2.1 Liquidity Ratio Analysis

(a). Current ratio:

The current ratio, one of the financial ratios most frequently cited, measures the ability of the firm to fulfill its short-term obligations. The higher the current ratio, the better the company's liquidity position. It is expressed as: “*Current Ratio=Current Asset/Current Liabilities*”.

Year	2014	2015	2016	2017	2018
Current Ratio	1.37	2	1.83	1.86	1.46

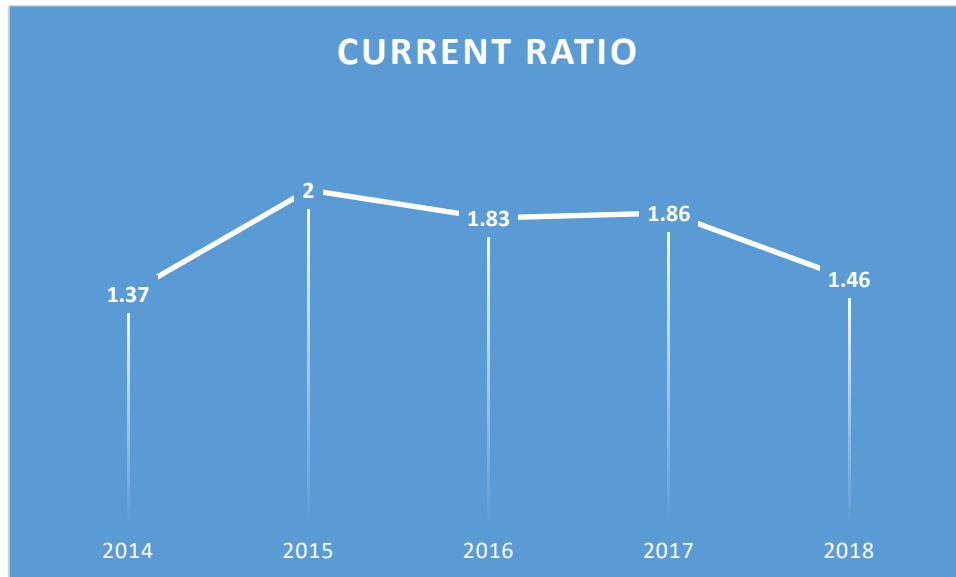


Figure4.1: Current Ratio

Interpretation: The higher the current ratio; it is considered the more liquid the firm is. The current ratio of SBL is good enough because it maintains more than 1 tk of current assets compared to 1 tk of current liabilities, while the banking industry usually maintains 1:1 current ratio. This graph shows that in 2014 the current ratio is low but increases with the passage of time. In 2015, the ratio is so higher than 5 financial year, but in 2018 it dropped to 1.46. The ratio is good but slightly worse than the performance of the previous year.

(b). Net Working capital

Net working capital, although not actually a ratio is a common measure of a firm's overall Liquidity a measure of liquidity ratio calculated by "*Net Working capital=Current Asset x Current Liabilities*".

Year	2014	2015	2016	2017	2017
Net Working Capital(In million)	61798	152912	143848	170775	122847

Table-2: Net Working capital Graphical

Presentation:

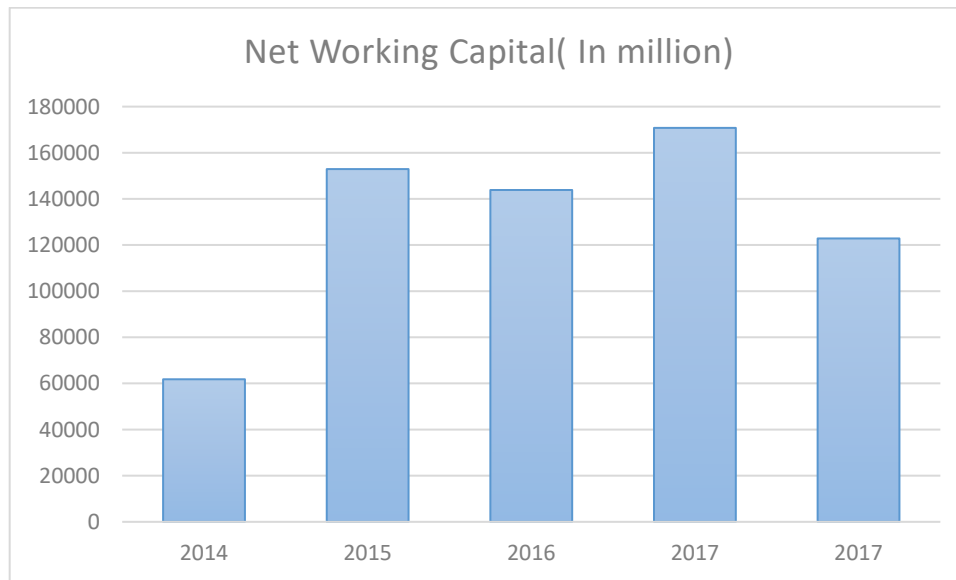


Figure4.2: Net Working Capital

Interpretation: SBL's net working capital is gradually declining in Year by Year, but the bank cannot fulfill its current obligations. So the bank's current asset should be increased.

(c). Cash Ratio:

It is the ratio of total cash and cash equivalents of a company to their current commitments. Most commonly used as a measure of corporate liquidity is the cash ratio. Therefore, it can determine whether the company can repay its short-term debt and how quickly. A strong cash ratio is useful for creditors when they decide how much debt they would be willing to extend to the requested party if any. The ratio is calculated by “*Cash ratio = Cash in hand at banks/Total deposit x 100*”.

Year	2014	2015	2016	2017	2018
Cash Ratio	7.75%	8%	6.7%	7.15%	7%

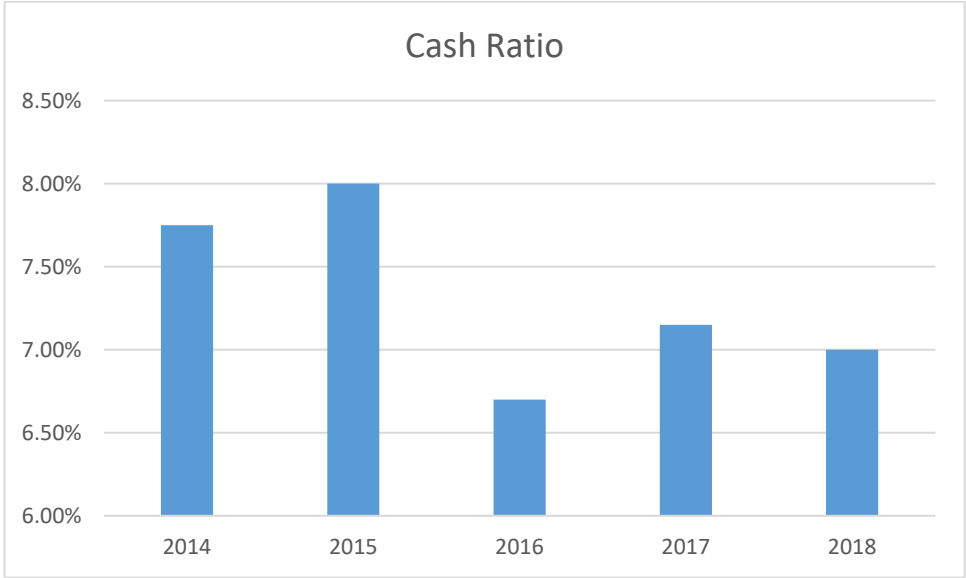


Figure4.3: Cash ratio

The fall of 2016 and 2018 can be attributed to the bank's increasing loans and deposits. Growing loans make cash in hand and smaller at banks, while growing total deposits make the cash ratio denominator larger, reducing the ratio number figure.

4.2.3 Debt Ratio Analysis:

(a). Debt ratio:

The debt ratio measures the percentage of total assets funded by the creditors of the firm. The higher the ratio, the higher the amount of money used by other people to make profits. The ratio is calculated by “*Debt ratio= Total Liabilities/Total Assets x 100*”.

Year	2014	2015	2016	2017	2018
Debt Ratio	97%	94%	94%	93%	94%



Figure4.4: Debt ratio

Interpretation:

This graph shows that ; in 2014 the debt ratio was high, but in 2015 it dropped sharply. Measures the debt ratio, providing the proportion of total assets by the creditors of the firm. Their debt ratio was a downward trend indicating a positive sign.

(b). Times interest earned ratio:

Times interest earned ratio, sometimes referred to as the interest coverage ratio, measures the ability of the bank to make contract payments. The higher its value, the better the bank can meet its interest obligations. The times interest ratio is computed by *“Times interest earned ratio=Earnings before interest and Tax/Interest”*.

Year	2014	2015	2016	2017	2018
Times interest earned ratio	0.28	1.57	3.15	0.80	5.10

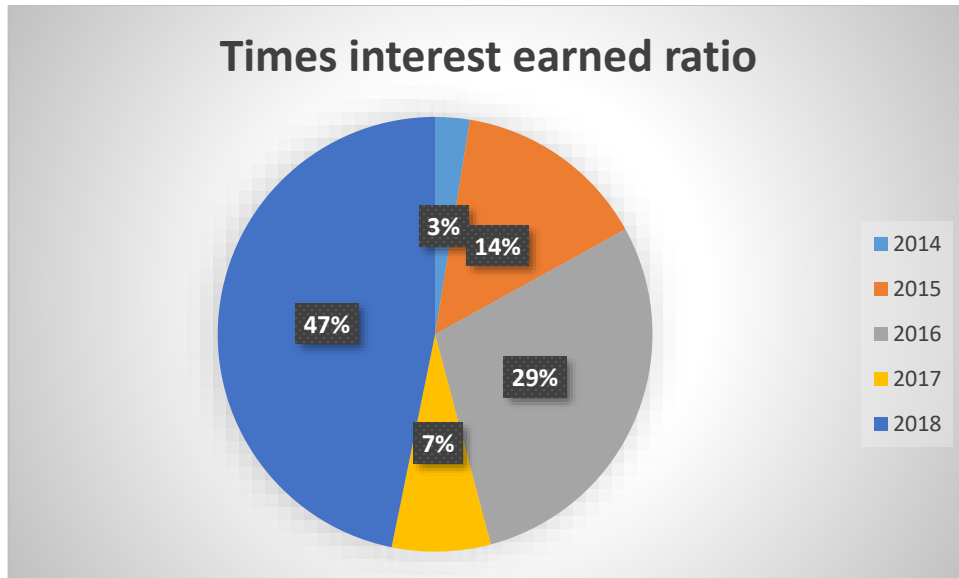


Figure 4.5: Times interest earned ratio

Interpretation: This graph shows that the ratio of time interest earned was low but increased gradually over 3 years. The ratio fell sharply in 2017 and increased sharply in 2018. The ratio of time interest earned, sometimes referred to as the interest coverage ratio, measures the ability of the firm to make contractual interest payments. The higher the value, the better the ability of the company to fulfill its obligations of interest. It is often suggested a value of at least 3 to 5. Here, 2018's performance is remarkable compared to previous years.

4.2.4 Activity Ratio Analysis:

(a). Cost Income Ratio:

The “**cost income ratio (CIR)**” or “**cost-to-income ratio**” Shows the relationship between income and income costs. The CIR is an important banking performance measure. The lower the cost-to-income ratio of a bank, in general, the more efficiently a bank operates. It is calculated by “*Cost Income Ratio=Total operating Expenses/Total Operating Income x 100*”.

Year	2014	2015	2016	2017	2018
Cost income Ratio	50.72%	80.08%	60.16%	61.89%	94.01%

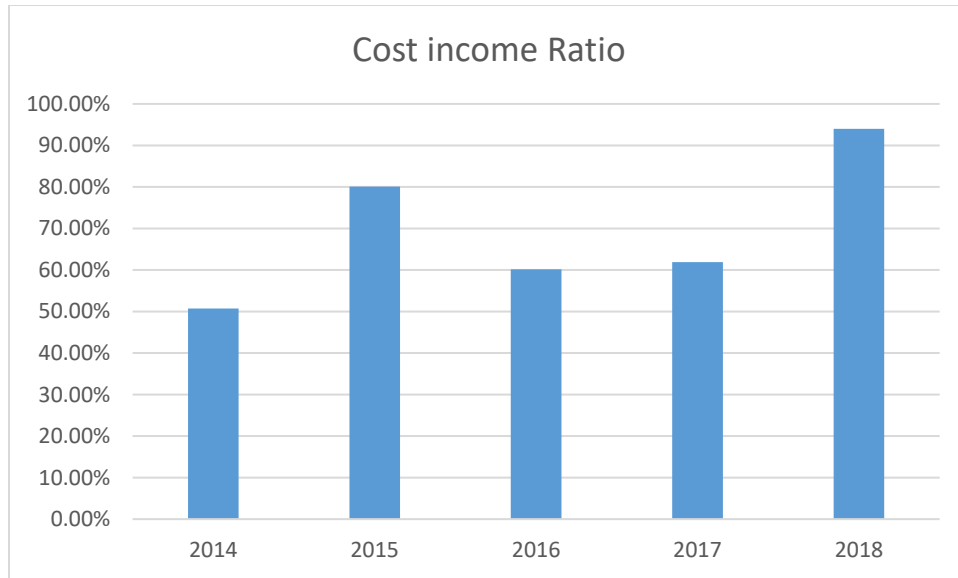


Figure-6: Cost Income Ratio

Interpretation:

We know this ratio measures the bank's operating efficiency by measuring the portion of the total operating costs compared to that bank's total operating income and the higher the ratio, the lower the operating efficiency. Sonali Bank Ltd's operating cost in 2015 is high, but after that it drops sharply in 2016 but rises sharply in 2018. So it can be said that Sonali Bank Ltd's operating efficiency is not in a good position to minimize its operating costs.

(b). Total Asset Turnover Ratio:

The total turnover of assets shows the efficiency with which the company can use all of its assets to generate sales. But at Bank, I took an alternative to sales to operating income. It is calculated by, **“Total Asset Turnover= Operating Income/Total Asset x 100”**.

Year	2014	2015	2016	2017	2018
Total Asset Turnover	1.46	.35	.91	.843	0.354

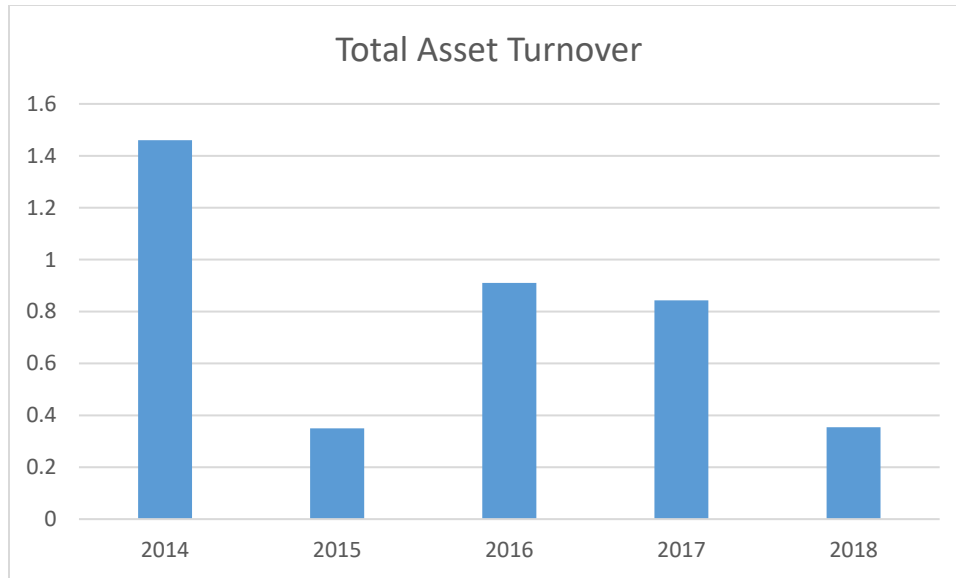


Figure4.7: Total Asset Turnovers

Interpretation: Generally speaking, the higher the total turnover of the company's assets, the more effectively its assets were used. This measurement is likely to be of greatest interest to management as it indicates whether the operations of the firm were financially efficient. This means exactly how many times each year the company returns its assets. The larger the total turnover of assets, the company is more efficient and the standard position is 4 to 6 times, but it also depends on industry. Here, after 2016 to 2018, the total asset turnover ratio of SBL is falling, which is not a good sign.

(c). Capacity ratio:

Capacity ratio is the ratio of total assets to net loans and leases. It is an indicator of negative liquidity, as loans and leases are often among the most illiquid assets a bank can hold. Below is the capacity ratio of SBL. The ratio is “*Capacity Ratio= Total loan and Advances/Total assets*”.

Year	2014	2015	2016	2017	2018
Capacity Ratio	50%	40%	36%	34%	32%

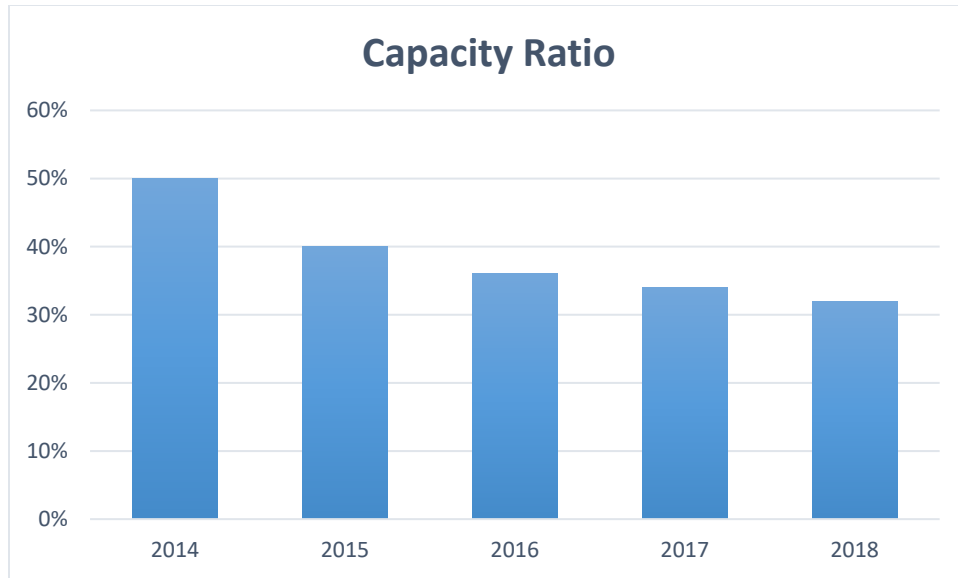


Figure4.8: Capacity Ratio

Interpretation: The lower a bank's capacity ratio, the better its position. From 2014 to 2018, the ratio is gradually declining and the bank is performing well.

(d). Investment to Deposit ratio:

Investment deposit ratio basically indicates where the bank uses its deposits. It may be in the development of economic wealth or in some particular area where regional development, like agriculture, has to be done. Small and medium-sized enterprise loans are another investment sector in order to earn more interest. The ratio is “**Investment to Deposit Ratio=Total investment/Total Deposit**”.

Year	2014	2015	2016	2017	2018
Investment to Deposit Ratio	0.25	0.40	0.42	0.47	0.45

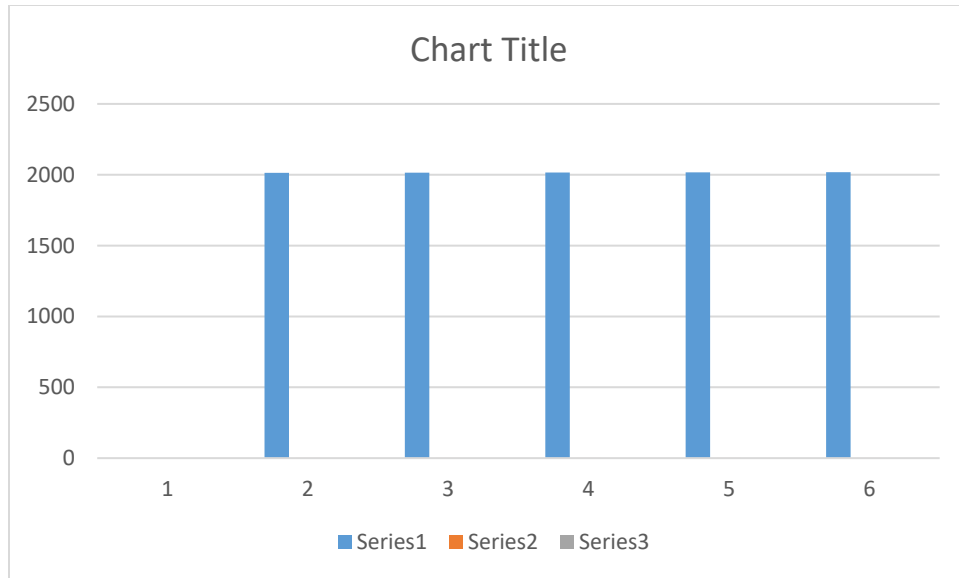


Figure4.9: Investment to Deposit Ratio

Interpretation: Deposit-to-deposit ratio shows what deposit amount is used as investment. Investment in the deposit ratio of Sonali Bank Ltd. is increasing year after year. That means, in the domestic and foreign arena, Bank properly uses its deposits in various profitable sectors.

4.2.5 Profitability Ratios:

(a). Operating profit per branch:

Also, profit per branch is a good indicator of the bank's financial performance. Every year, Sonali Bank expands its branch to innovate the banking industry and reach the core domestic areas for banking services. The ratio is “*Operating Profit per branch= Total operating profit/No of branches*”.

Year	2014	2015	2016	2017	2018
Operating profit per branch(in million)	9.2	2.47	7.1	7.17	3.52

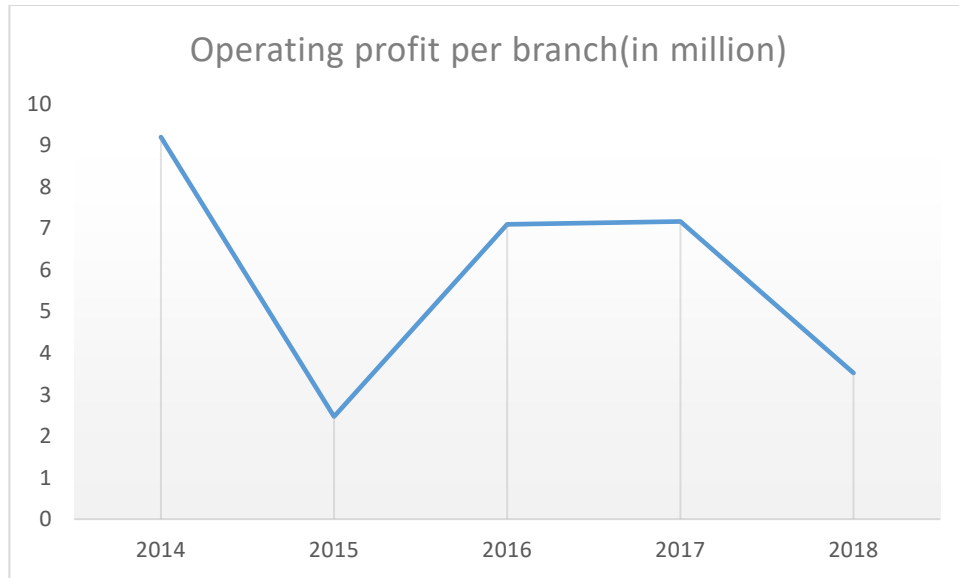


Figure4.10: Operating profit per branch

Interpretation: Because the branches are increasing year after year, profit per branch is not the financial indicator. Two branches were increased last year without any profit contribution. But it's a good indicator that the average profit per branch is positive, but there are losses for too many branches.

(b). Net Profit Margin:

After all operating expenses, VAT, preferred dividends and interest, the net profit margin measures the percentage of each remaining sales dollar. The higher the net profit margin of the company, the better the bank's financial condition. The net profit margin is a commonly cited measure of the success of the company in terms of sales earnings. Ratio is “*Net Profit Margin=Net profit after tax/operating income*”.

Year	2014	2015	2016	2017	2018
Net Profit Margin	(226%)	120%	71%	7%	36%

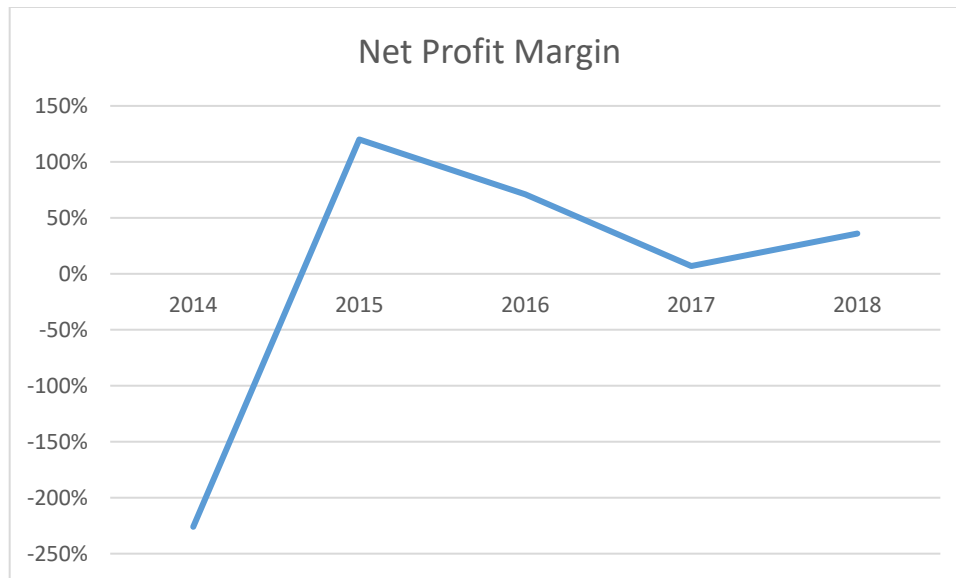


Figure 4.11: Net Profit Margin

Interpretation: The margin of net profit of the Bank in 2014 was negative (226 %). But SBL recovered from the worst situation in 2015 and subsequently slightly increased but dropped sharply in 2017. The position of the last year has been positive and good.

(d). Return on Equity (ROE):

The return on equity measures the return earned on the company's investment by common stockholders. Generally speaking, the higher the return, the better the owners will be. Return on Equity is calculated by, “*Return on Equity=Net Profit after Tax/ Shareholders equity x 100*”.

Year	2014	2015	2016	2017	2018
Return on Equity	(104%)	7.2%	10%	.82%	2.25%

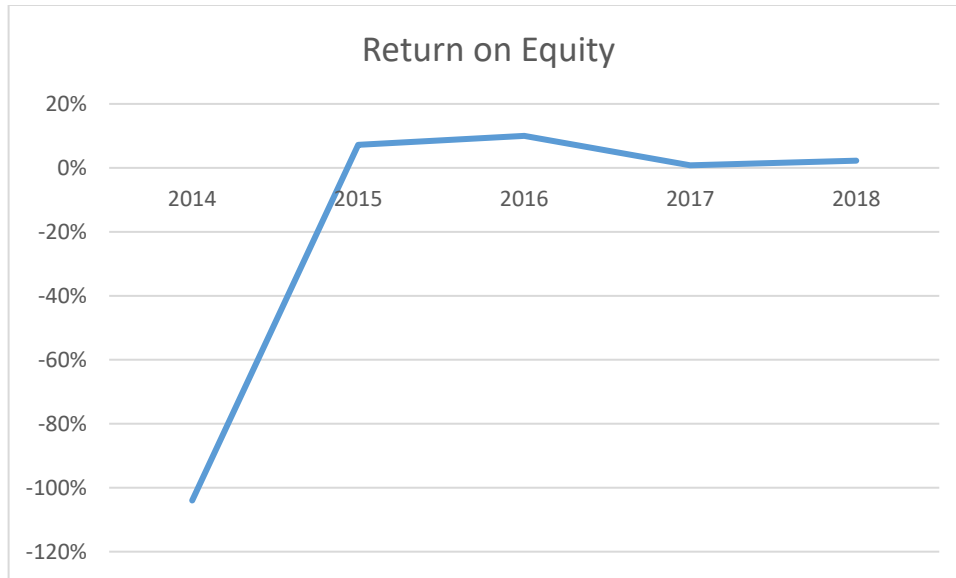


Figure 4.12: Returns on Equity

Interpretation: Banks return on equity recovered from 2014 to 2016 from the worst situation. The ratio dropped to only 0.82 percent in 2017 but increased in 2018. The ratio fluctuation indicates inefficiency in management. So, they should be careful about the wealth of the shareholder. They should work hard to raise equity-related returns.

(e). Earnings per Share:

Earning per share (EPS) of the company generally represents shareholders ' earnings on their respective shares. The Earning per share is the number of dollars earned for each outstanding common stock share. The higher the income, the better the financial position. The earnings per share is calculated as follows: ***“Earnings per Share =Earnings available for common stock holder/No of shares of common stock outstanding”***

Year	2014	2015	2016	2017	2018
EPS(in Taka)	(221.86)	31.82	32.12	1.53	3.96

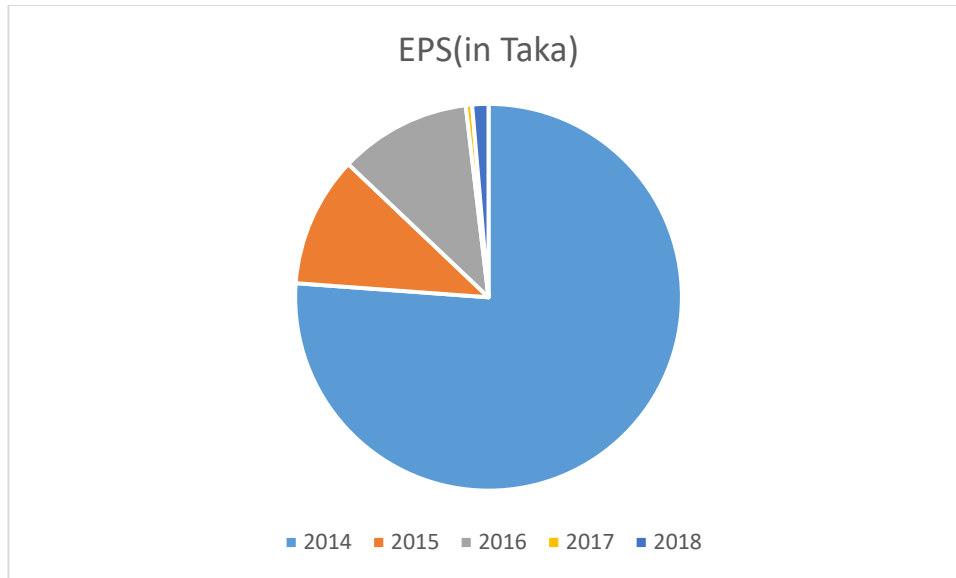


Figure4.13: Earnings per Share

Interpretation: The graph shows that the highest negative earnings per share of SBL in 2012 compared to the next four years. But the ratio was so good in 2013 and 2014, but the main concern for 2015 is a gradual decline. Reduction of the net profit margin, which means the operating result of the bank is decreasing. A slight increase in 2016 shows that with operating efficiency, management is trying to overcome.

(f). Equity to Net Loans

This ratio is part of a bank's capital and fund ratios and measures the financial leverage of a company by calculating the equity and debt ratio that the company uses to finance its assets. Total equity covers total reserves of equity, total equity and stock of treasury. Net loans include loans to banks or credit institutions, net loans to customers and loans to group firms. The ratio is as follows, “**Equity to net loans=Total equity/Net loans**”.

Year	2014	2015	2016	2017	2018
Equity to net loans	5.8%	14.5%	17.75%	21%	17%

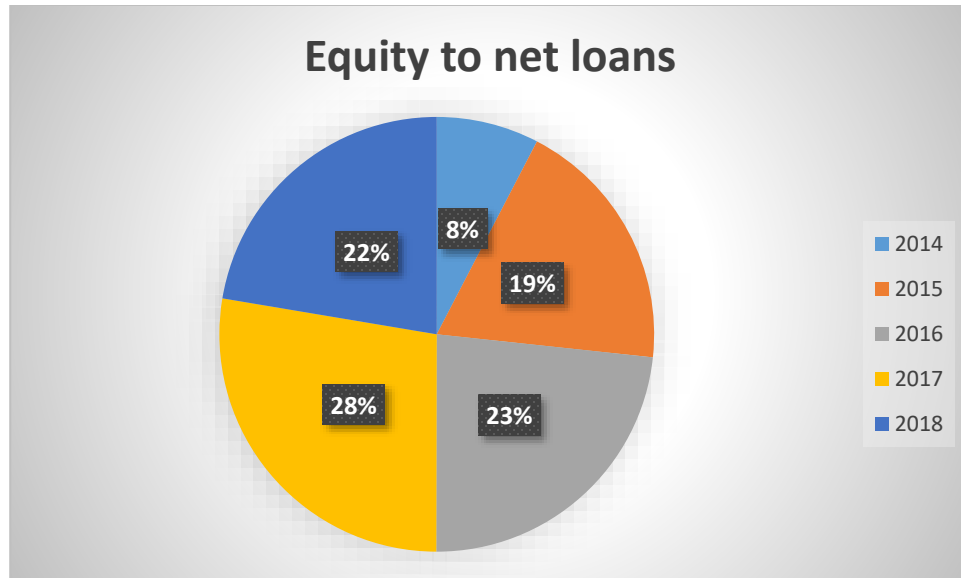


Figure4.14: Equity to net loans

In 2014 it was 5.8 percent and in 2015 it grew to 14.50 percent. In 2017, it fell again to 17 percent. Changes in funding methods can explain the fluctuations in the ratio from 2014 to 2018. Increasing both total equity and net loans in 2017, resulting in a higher equity ratio to net loans. But net loans increased substantially in 2018, which dropped the ratio again.

(g). No. of Loss Branches:

The branches of sonali bank are increasing year to year. In 2014, there were 1200 branches but over 5 years they increased to 12011. The number of loss branches are as below:

Year	2014	2015	2016	2017	2018
No. of loss branches	53	47	31	126	233

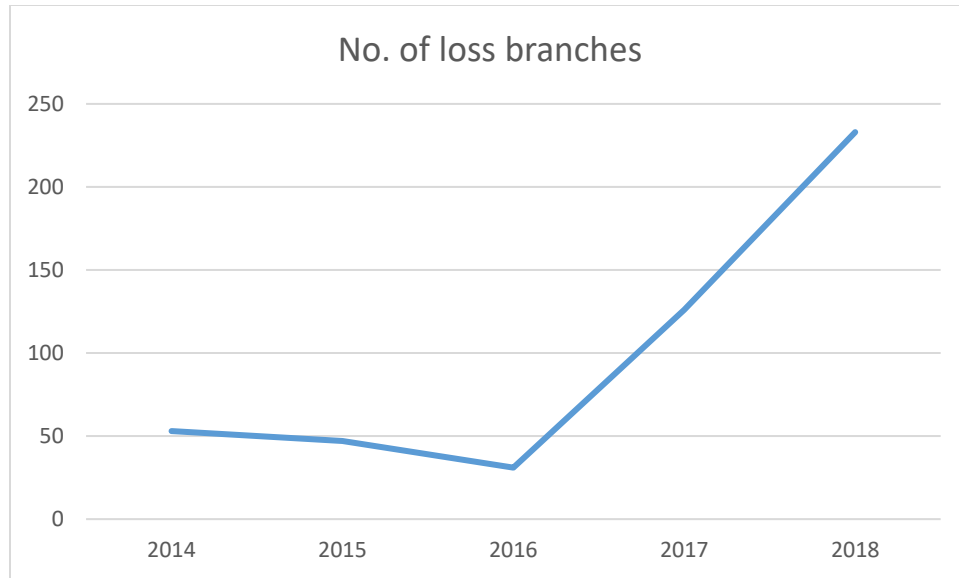


Figure4.15: Equity to net loans

The branch is growing, which is no problem, but the loss branch numbers are increasing, which is the main problem. The number of loss branches decreased from 2014 to 2016, but after that the sharp rise in loss branches is the main concern of SBL shareholders. In terms of the no. of loss branches, the overall profit did not decrease respectively, as some branches ' profit is so much enough to recover the loss branches.

4.3 SWOT analysis of Sonali Bank Limited:

Strengths	Weaknesses
<ul style="list-style-type: none"> ❖ SBL has already established a favorable reputation in the banking industry of the country. It has more reliability and feasibility than any other commercial bank. ❖ Bank has many attractive deposit schemes. ❖ State owned bank ❖ The number of depositors are more than other bank. ❖ A good number of experienced bankers in its management ❖ Most profitable bank in Bangladesh 	<ul style="list-style-type: none"> ❖ The activities of bank are maintained manually in the rural area ❖ Low remuneration package ❖ Training programs are not frequent for the employees. ❖ Complex credit policy. ❖ Bureaucratic complexity in Management

Opportunities	Threats
<ul style="list-style-type: none"> ❖ High contribution in economic development ❖ The Branch has no efficient marketing officers ❖ High demand of small enterprise financing ❖ Money transfer easily in any branches globally. 	<ul style="list-style-type: none"> ❖ Competitors have more flexible deposit scheme. ❖ Increased competition for market share in the industry ❖ There has no available high technology ❖ The employees take more time to work that people dislike

5. Conclusion:

The limited Sonali Bank is not just a commercial bank, but a government bank as well. As a commercial bank, like other commercial bank, it has many general functions. Collecting core deposits from urban and rural customers and investing these deposits as an investment in various sectors of the economy such as industry, agriculture, business, power plants, telecommunications, etc. Without these, the bank has a major contribution to protecting the environment with global challenges of climate change in the green banking sector. It has a core responsibility as a government bank to maintain government pension services to the different govt. Employees, employees. A major responsibility on behalf of the Bangladesh bank is the clearing housing function. The Bank is strongly positioned on the market and can match shareholders ' expectations with its core strengths and thus increase their wealth through ethical banking and best pricing in the future. Thus, the motive for profit generation like private commercial bank is not SBL's ultimate goal but to provide a better service for the country's economic development. Sonali Bank Limited faced some financial problems from time to time, despite trying to do well in some aspects. Some of the issues were—excessive bad loans, loan and advance shortages, quality deposits, cash scarcity in hands due to vault limits, etc. These problems are caused by economic slowdown, fluctuation of interest rates, emerging capital markets, and money market inflation. Governance's helping hand is essential for this, and that govt is expected. It will extend its hand to implement the Bangladeshi people's welfare recommendations.

6. Recommendations:

In my internship period, I tried to look something deeply that what are the actual problems behind the backward positions of Sonali Bank than other private commercial banks. From my analysis and point of view, some recommendations are as follows-

1. Lack of adequate bank-wide use of human resources. Some branches have excess staff without work and some others have excessive workload without human resources to deal with the pressure. Recruitment and human resource employment need to be well optimized.
2. Sonali bank's ATM facility is so low for ATM / VISA / Master Card holders to carry out banking transactions. I visited Rangpur city area personally and saw only one SBL ATM booth in one place but lots of other ATM booths from banks.
3. Sonali bank is available online. That's all right, but the Bank's facility is too poor to maintain cyber security. Proper security on the internet and all branches under the CC Camera are therefore essential.
4. In Sectors of bad debt recovery, banks sometimes indifferent to overlooking customers. The management body should provide adequate guidance on this. The interference of the Director in the case of lending should be reduced as this may increase the risk and may also increase the bad debt. To recover bad debts from default clients, root level managers should be encouraged.
5. The Sonali Bank's infrastructure facility is not good enough to run the banking system. Some offices do not have adequate facilities. This should therefore be taken into consideration in particular.
6. There employees should be given adequate incentives to perform their banking functions properly. Because motivations are the main tools for the proper use of human forces, communication with employees. According to extra working hours, allowances can be allowed over time.

7. Bangladesh Bank rule of uniformity should be imposed on all types of schemes. This allows customers to decide where to receive service based on the quality of service and the organizational environment.
8. The website design needs to be improved. The design of the website should therefore be changed and more information about the bank can be placed. The current design can not capture the attention of the customer.
9. The management at the upper level should give the branch managers some power to sanction loans for foreign trade purposes up to a certain limit. So they can provide their valuable customers with loans when they are in an emergency shortfall of funds.
10. The top management of Sonali Bank Limited should be more effective for the employee than the current situation. Because they should take care of the branch level employee's benefits, opportunities, etc.
11. The Bank should use less debt financing and focus more on equity financing.
12. Target of profit is an old trend of SBL. The management body should point out that in order to increase profitability, which sector needs development and must be done on a time-frame basis.

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