

**Internship Report on**  
**PERFORMANCE ANALYSIS OF SONALI BANK**  
**LIMITED**



Prepared By

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Bachelor of Business Administration  
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**Internship Report on**  
**PERFORMANCE ANALYSIS OF SONALI BANK**  
**LIMITED**

**Supervised by**

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**Date of submission: January 4, 2019**

## Letter of Transmittal

January 4, 2019

Md. Kamruzzaman Didar  
Senior Lecturer  
Department of Business Administration  
Faculty of Business & Entrepreneurship  
Daffodil International University

Subject: Submission of Internship Report on “Financial Performance Analysis of Sonali Bank Limited”

**Dear Sir,**

It is my pleasure to submit the internship report entitled “**Financial Performance Analysis of Sonali Bank Limited.**” This report is an outcome of the internship program, which is an academic requirement for the completion of BBA Program. I have put my best effort in completing the report with all the information that I have collected both from primary and secondary sources and from my personal observation. With available data, information and related knowledge what I have learnt and gathered by working as an intern from Sonali Bank Limited, I have tried to make my report as much comprehensive as possible.

I am grateful to you for giving me such an opportunity, and I appreciate this Internship program. I hope that you will cordially receive my Internship report.

Yours Sincerely,

---

Md. Moinul Islam

ID: 162-11-348

BBA (Finance)

Department of Business Administration  
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## Approval Certificate

I am pleased to certify that the internship report on “*Financial Performance Analysis Of Sonali Bank Ltd.*” prepared by Md. Moinul Islam bearing ID:162-11-348 of the Department of Business Administration is permitted for internship defense. Under my supervision, he worked with *Sonali Bank Ltd* as an intern. He has completed the work during the Fall 2019.

I am pleased to certify that the data and findings presented in the report seem to be authentic.

I wish him all success in life.

.....

**Md. Kamruzzaman Didar**

Senior Lecturer

Department of Business Administration

Faculty of Business & Entrepreneurship

Daffodil International University

## **Acknowledgement**

First, I would like to express my deep gratitude to Allah the Almighty for giving me the opportunity to perform and successfully completing the internship report.

I would like to thank and convey my gratitude to my internship advisor, Md. Kamruzzaman Didar, Senior Lecturer of Daffodil International University for valuable instructions and guidance during the internship program.

My sincere gratitude to the SBL for allowing me to complete my internship program in their organization. I am thankful to MD. Zillur Rahman- **SPO** of SBL, Abu Rahman- **SOC** and all the other employees to give me enough time from their busy schedule of work and helping me to do my work properly.

Without anyone's help, no work cannot be done alone so, I would like to thanks again all those who supported me and guided me by providing me with assistance in preparing the report on the assigned topic "Financial Performance Analysis of Sonali Bank Limited".

## **Executive Summary**

Financial Performance are the crucial part of a bank. The main objective of this study is to evaluate the Financial Performance of Sonali Bank Limited, using different Financial Performance Analysis tools. In this report, I have discussed about the Financial Performance Analysis of Sonali Bank Limited. Performance evaluation have given that to know the banking investment present situation.

Sonali Bank Limited is a strong, creating and present day keep money with a perspective of guidelines and control. Their primary objectivity is to give the best and fulfils the clients and faithful to the bank. They additionally work to build up the general public and increment the business rate of the nation. From my 3 months experience and all the data, it tends to be effectively said that Sonali Bank Limited, have distinctive thoughts in offering advances to the clients. They give away advance for the benefit as well as for the social improvement. They don't take intrigue moment of they move toward becoming accomplices for any task they are giving credit and offer both the misfortune and benefit. The bank causes the clients to purchase the item with the sum they requested and give them a specific date to reimburse the sum.

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# **Chapter 1**

## **Introduction**

## **1.1 Introduction: -**

Banking area has an essential position to play in the monetary things to do and improvement of any country. There are distinct sorts of banks like Central Banks, Commercial Banks, Savings Banks, Investment Banks, Industrial Banks, and Co-operative banks etc. In Bangladesh, the business banks are dominating the economic sector and macroeconomic management mostly relies upon on the overall performance of the business banks as nicely as banking sector. The assurance of the availability of the carrier provider is primary factor in bank service. As a result, it has end up quintessential for every man or woman to have some thinking on the bank and two banking procedure. At present, there are 58 scheduled banks operating all over the country. Out of these, 9 are state-owned, 39 are personal industrial banks and the relaxation 9 are overseas commercial bank. The biggest trouble of Bangladesh banking device is the financial institution loan default two problem. Various initiatives have been undertaken to address the mortgage default hassle in Bangladesh. One of them is to have a savings coverage and approaches guideline mandated by the Bangladesh Bank.

## **1.2 Background of the Study: -**

As a part of my graduation program Daffodil International University has given me an opportunity to explore the real world. For the accomplishment of my internship period, it is very much essential to summarize my whole leanings in the report.

In this session, I have completed a report on financial performance of Sonali Bank Limited at Savar, Cantt. Branch, Dhaka.

## **1.3 Scope of the report: -**

I tried to exhibit the analysis by way of distinct graphs and charts through vogue and ratio analysis based on over five years' performance. Findings and applicable tips are made primarily based on that analysis. To keep away from complexity, some overall performance variables are taken into consideration while analyzing performance. In this report three major financial tools had been tried to approach. These are given below-

1. Ratio Analysis.
2. Trend Analysis.
3. Common Size Analysis.

#### **1.4 Objectives of the Study: -**

Objectives of the report are as follows-

1. To know the theoretical background of financial performance of SBL.
2. To know the five years financial performance of SBL by using different tools like ratios, trend, common size etc.
3. To identify the problems related with financial performance of SBL.
4. To suggest some possible recommendations to overcome the problems

**1.5 Methodology: -** For the execution of study, the sources are recognized and amassed with retaining the guidelines and regulations of banking act. Then, the work of classification, analysis, systematic corporation has been made. The basic manner of methodology has been given.

**Data Collection:** To get the proper data in this report I tried both the ways like primary and secondary source. Lack of time I could not meet the respected mentors who are so experienced in ensuring proper. That's why I had headed to secondary sources to bring a meaning in this report.

#### **Primary Sources:**

1. Face to face consul with the respective officers of the Bank.
2. Practical experience gained by working in different desks during internship period.

#### **Secondary Sources:**

1. Annual Report of Sonali Bank Limited from 2013 to 2017.
2. Different written document of Sonali Bank Limited.
3. Newspaper.
4. Web site.

## **1.6 Limitations of the report: -**

By the grace of almighty Allah, I have obtained the immense support and co- operation from my colleagues, seniors. Since it was a short, 3 months internship program, I have found out some limitations. They are-

1. The internship time was too much short. For attaining depth knowledge of general banking, this length of the time is not satisfactory.
2. As I mentioned earlier the whole report is based on secondary sources, which may be considered as the limitations of the report.
3. The absence of adequate information. Besides that, SBL did not provide me all the information following their legal obligation.

## **Chapter 2**

### **Profile of Sonali Bank Limited**

## **2.1 History of Sonali Bank Ltd.**

**Sonali Bank Limited** is a state-owned leading industrial monetary group in Bangladesh. Sonali Bank Ltd used to be hooked up in 1972 beneath the Bangladesh Banks Order, via the amalgamation and nationalization of the branches of National Bank of Pakistan. When it used to be established, Sonali Bank Ltd had a paid up capital of 30 million tk. In 2001, it's approved and paid up capital have been Taka 10 billion and Taka 3.272 billion respectively. Presently, it's approved and paid up capital is Taka 10 billion and Taka 9 billion respectively. The bank's reserve money has been Taka 60 million in 1979 and Taka 2.050 billion on 30 June 2000.

The bank has been transformed to a Public Limited Company with one hundred percent ownership of the authorities and started functioning as Sonali Bank Limited from November 15, 2007 taking over all assets, liabilities and commercial enterprise of Sonali Bank Ltd. Sonali Bank Ltd has a whole of 1214 branches. Out of them, 343 are positioned in city areas, 862 in rural areas, and 2 are placed overseas. It additionally operates the Sonali Exchange Company Inc. in USA and Sonali Bank (UK) Ltd., United Kingdom, to facilitate overseas exchange remittances. Sonali Bank UK remits up to 14 locations for the duration of Bangladesh directly. Sonali Bank Limited is ruled by way of a Board of Directors consisting of eleven members. It is headed by the Managing Directors & CEO, who is a true considered Banker and a reputed professional.

### **Present Capital Structure**

Authorized Capital	:	Tk 6000.00 Crore
Paid up Capital	:	Tk 3830.00 Crore

**Transformed as Limited Company:** - From November 15, 2007, the bank has been transformed as Public Limited Company, but the bank has 100% share of Government.

**Branches of Sonali Bank Limited:-** There are 1211 branches in Sonali Bank Limited. Foreign Branches: 2, located in UK  
Local Branches 1209  
Rural Branches 743

Urban Branches	466
Regional Offices	16
Principle Offices	46

## **2.2 Corporate profile of Sonali Bank Ltd.**

Name of the Company	: Sonali Bank Ltd.
Chairman	: Mr. Ziaul Hasan Siddiqui
CEO & Managing Director	: Mr. Md. Ataur Rahman Prodhan
Company Secretary	: Mr. Md. Hasanul Banna
Legal Status	: Public Limited Company
Date of Incorporation	: 3 June 2007
Date of Vendor's Agreement	: 15th November, 2007
Headquarters	: 35-42 Motijheel Commercial Area, Dhaka Bangladesh.
Authorized Capital	: TK 6000.00 Crore
Paid-up Capital	: TK 4130.00 Crore
Employees	: 18,167
Number of Branches	: 1218
Phone-PABX	: 9550426-31, 33, 34, 9552924
Fax	: 88 02-9561410, 9552007
SWIFT	: BSONBDDH
Website	: <a href="http://www.sonalibank.com.bd">www.sonalibank.com.bd</a>
E-mail	: <a href="mailto:itd@sonalibank.com.bd">itd@sonalibank.com.bd</a>

## **2.3 Functions of Sonali Bank Ltd.**

1. Deposit series from customers.
2. Cash transactions via client's current account.
3. Attending payments of trade and draft of customers.
4. Loan sanction.
5. Provide on line services to the customers.
6. Money transfer.
8. Collecting extraordinary charges, activity dividends, rents, pension etc.

## **Clients Services**

Sonali Bank provides multiple services to their clients-

Customers can take installment of resigned Government, private and Army annuities which are given by Sonali Bank Limited. In addition, the bank is submitted for the financial advancement of their clients by giving Teacher's Salary, Scholarship office of understudies in light of their monetary condition.

## **Core value**

1. Believable
2. Dependable
3. Technology
4. Accuracy
5. Trustworthy
6. Fair
7. Secure
8. Responsibility

## **2.4 Vision of Sonali Bank Limited:**

The target of this bank is to take the country in to a new level of excellence. To ended up the successful commercial bank in Bangladesh to back the socio- economic improvement of the nation and tend to be driving in South Asia.



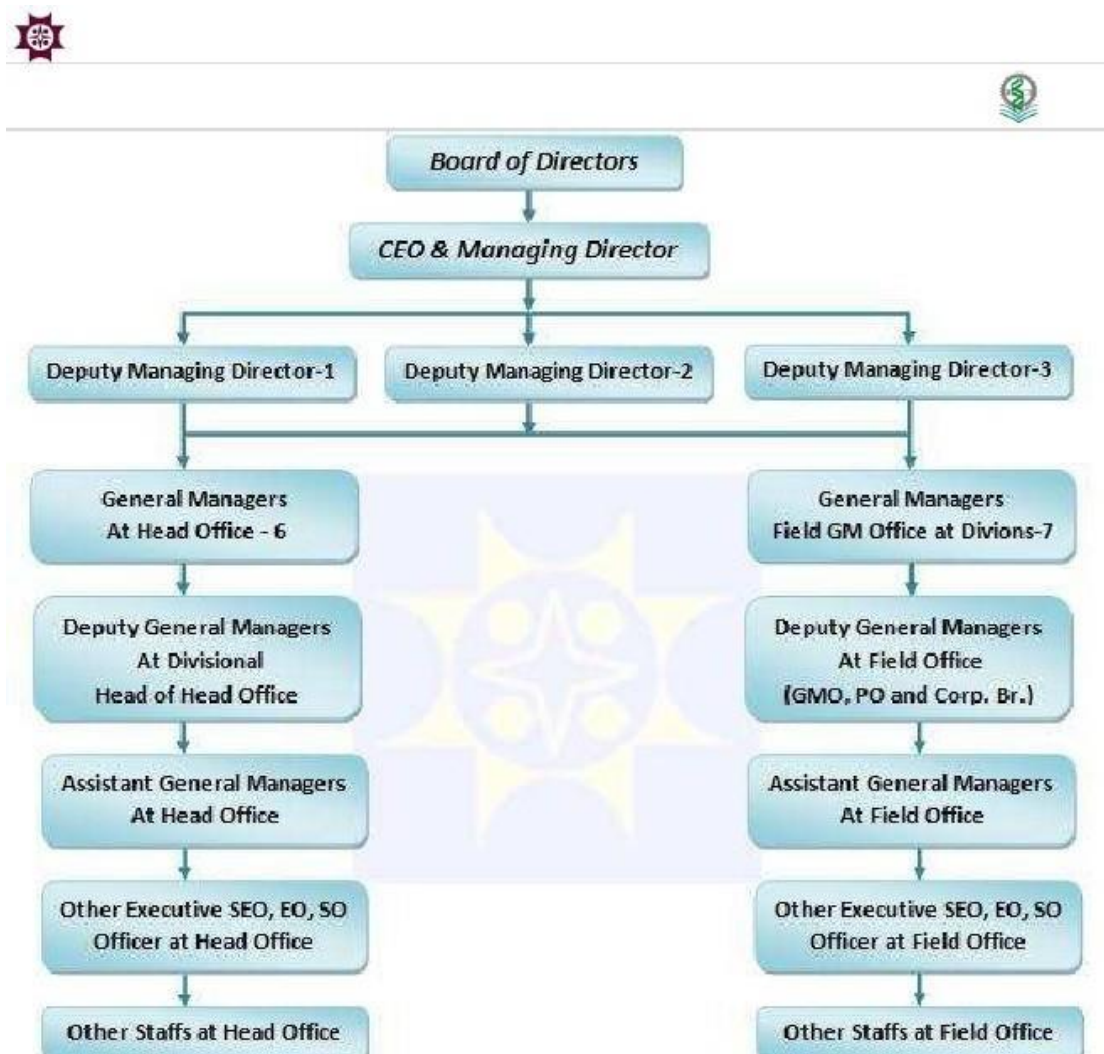
## 2.5 Mission of Sonali Bank Limited:

The mission of the bank is to actively participate in the social- economic development of the nation by operating a commercially sound banking organization, providing credit to viable borrowers, efficiently, delivered and competitively priced, simultaneously protecting depositors funds and providing a satisfactory return on equity to the owners.

## Slogan of Sonali Bank Limited:

“Your trusted partner in innovative banking.”

## 2.6 Management Hierarchy of Sonali Bank Limited.



## **2.7 Objectives of SBL**

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.

## **2.8 Small & Medium Enterprise (SME )**

Sonali Bank Limited emphasizes highest precedence on SME financing for disposing of poverty by means of growing SME mortgage glide at economically underdeveloped location & humans putting up precedence base. SME savings policy for ladies & Underprivileged entrepreneurs. Sonali Bank ltd is working for the improvement of their Socio-economic condition.

## **2.9 Corporate Social Responsibility (CSR)**

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

## **2.10 Sonali Bank Ltd Offers:**

### **Products of SBL**

1. Deposit Products
2. Credit Products
3. E- services
4. Rural Credits
5. Ready Cash

## **2. Ancillary Services of SBL**

- Electricity bills.
- Municipal holding Tax.
- Passport fees, visa fees
- Customs & Excise duties.
- Source tax and VAT.
- Zakat fund.
- Hajj deposit

## **3. Payment of SBL**

1. Pension of employees of Government and other Bodies.
2. Bangladesh Bank employee's pension.
3. Students' stipend/scholarship. Govt. & Non-Govt. Teachers' salary

## **Social Services of SBL**

1. Old age allowances.
2. Widows, divorcees and destitute women's allowances.
3. Freedom Fighters' allowances.
4. Rehabilitation & Maternal allowances for poor women.
5. Savings Certificates.
6. ICB Unit Certificates.
7. Prize Bonds.
8. Wage Earner's Development Bonds.
9. US Dollar Premium & Investment Bond.
10. Sanchaypatra.
11. Public Service Commission's application form.
12. Judicial Service Commission's application form.
13. Exchange of soiled / torn notes.

### **Departments of SBL**

1. Account Operating Department.
2. General Banking Department.
3. Loan & Advance Department.
4. Deposit Department.
5. Cash Department.
6. Clearing Department.
- 7.Accounts Department.

## **Chapter 3**

### **Theoretical Background**

### 3.1 Ratio Analysis

Cash related extents are useful pointers of an affiliation's execution and budgetary condition. Money related proportions can be used to separate examples and to balance the affiliation's financials with those of various firms. Extent examination is the check and connection of extents, which are gotten from the information in an association's financial reports. Cash related extents are largely imparted as a percent or as times per period. Extent examination is a comprehensively used gadget of budgetary examination. It is portrayed as the deliberate use of extent to translate the spending reports with the objective that the quality and inadequacies of a firm and moreover its recorded execution and current fiscal condition can be settled. The term extent implies the numerical or quantitative association between two variables. With the help of extent examination end can be drawn review a couple of points, for instance, cash related prosperity, profit and operational efficiency of the undertaking. Extent points out the working viability of the firm i.e. despite whether the organization has utilized the organization's focal points precisely, to extend the examiner's wealth. It ensures a sensible return to its proprietors and grapples perfect utilization of organization's advantages. Extent examination helps in the middle of firm examination by giving imperative data. A cover firm relationship exhibits relative position. It gives the imperative data to the examination of the execution of different divisions. If connection exhibits a vacillation, the possible reasons of assortments may be perceived and if results are negative, the movement may be begun in a split second to get them line. One more segment of handiness or extent examination, critical from the View reason for the board is that it hurls light on the degree profitability in the distinctive activity extents appraises this kind of operational adequacy.

1. Liquidity Ratios
2. Leverage Ratios
3. Profitability Ratios
4. Activity Ratios
5. Market Ratios
6. Statements of Cash Flow

**3.1.1 Liquidity Ratio:** Liquidity Ratio is the ratio by which a company can calculate the Company's ability to meet up the amount of liability to creditor. Most of the firm used to

take a large amount of loan from respected lender to expand its productive activity. Against the loan, a company has to calculate the cost of capital. Because a levered company is more beneficial, compare to unlevered company. Therefore, in that case for a company has to maintain liquidity ratio to aware of its liability to creditors. Those are given below some liquidity ratios.

1. Cash Ratio.
2. Cash to Assets Ratio.
3. Cash to Deposit Ratio.
4. Loan to Total deposit ratio.
5. Loan to total assets ratio

**3.1.2 Asset Activity Ratio:** It modify the various kind of account in the financial statement in Consideration of cash & time. By these ratios, an institution can measure its perfect time to make a transaction in cash or credit. In the perspective of banking sector, it covers two ratio. These are given below

1. Fixed Assets Turnover.
2. Total Asset Turnover.

**3.1.3 Efficiency Ratio:** It implies the percentage of assets return compare to its total cost. On the others hand, it measure the income has made by using 100% asset. The higher the ratio indicates the better operation of the company. Sometimes it ensures the respected creditors about to buy more common stocks. Some ratios are responsible for creating efficiency in a company these are: s-

1. Interest Income to Expense ratio.
2. Operating Expense to asset ratio.
3. Operating Income to Asset Ratio.
4. Operating Expense to Revenue Ratio.

**3.1.4 Profitability Ratio:** The ratio measure the company's ability in format of profit remaining after deducting all costs. Every company wants to get biggest than big profit in consider of its total operating activities. It can indicate the investment opportunity to a firm about to take decision. By the ratio new investors for a company can take decision at to

have investment. There are some ratios, which are considered as profitability ratio. Those are given below

1. Return on assets.
2. Return on equity.
3. Interest Spread.
4. Net Interest Margin.
5. Operating Profit Margin

**3.1.5 Credit Risk Ratio:** The ratio refers the probability of credited money to return. If the respected loan amount does not make interest it has the most probability to be default. End of the day it will consider as non-performing loan. It used to calculate by two ways.

1. Equity to Total asset.
2. Equity to net loan.

### **3.2 Common Size Analysis**

Common size or vertical analysis is a method of evaluating monetary statistics by means of expressing each item in a economic announcement as a proportion of a base amount for the equal time period. A company can use this analysis on its stability sheet or its profits statement. A balance sheet summarizes the company's property (things that it owns that have value) its liabilities means the amounts it owes to others, and its fairness means an owners funding in the business. A profit assertion shows the company's revenues means amount of cash it made through promoting its goods and services and its prices means the amount of cash it spent to earn its revenues.

### **3.3 Trend Analysis**

Trend analysis regularly refers to methods for extracting an underlying pattern of behavior in a time series which would otherwise be partly or almost completely hidden by means of trend. If the trend can be assumed to be linear, trend analysis can be undertaken inside a formal regression analysis, as described in trend estimation. Trend analysis is a mathematical technique that makes use of historical outcomes to predict future outcome. This is done by tracking variances in value and time table performance. The accounts listed help decide if the company is going through any type of financial stress. When trend



analysis is performed, a organization is capable to see if its monetary position is enhancing or declining based as the length and the items on the statements for all later intervals are compared with gadgets on the statements of the base period. The adjustments are normally shown in percentage.

## **Chapter 4**

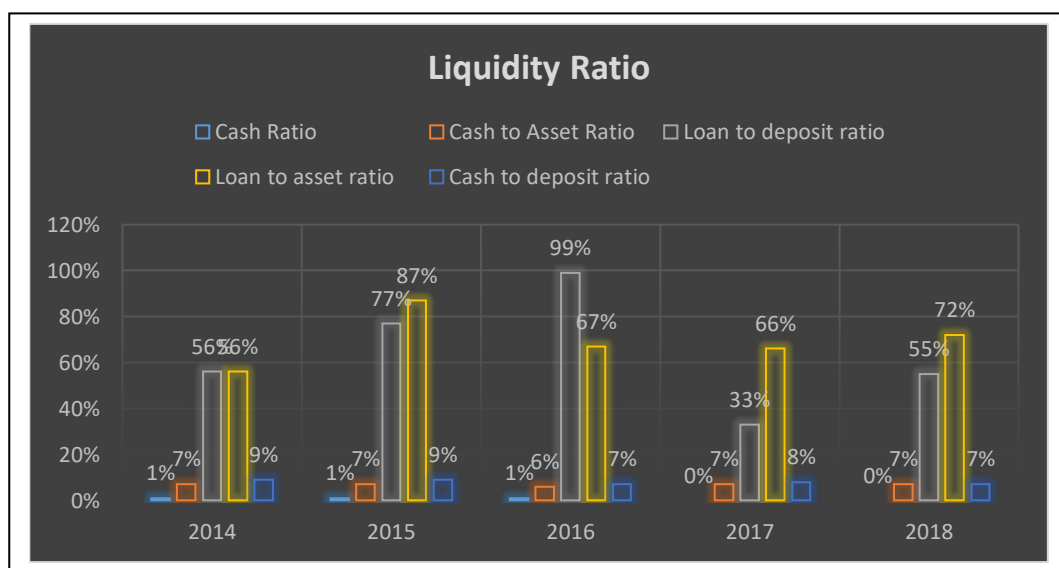
### **Performance Analysis**

## 4.1 Ratio Analysis of Sonali Bank Limited.

### 4.1.1 Liquidity Ratio:

year	2014	2015	2016	2017	2018
Cash Ratio	1%	1%	1%	0%	0%
Cash to Asset Ratio	7%	7%	6%	7%	7%
Loan to deposit ratio	56%	77%	99%	33%	55%
Loan to asset ratio	56%	87%	67%	66%	72%
Cash to deposit ratio	9%	9%	7%	8%	7%

### Graphical Explanation

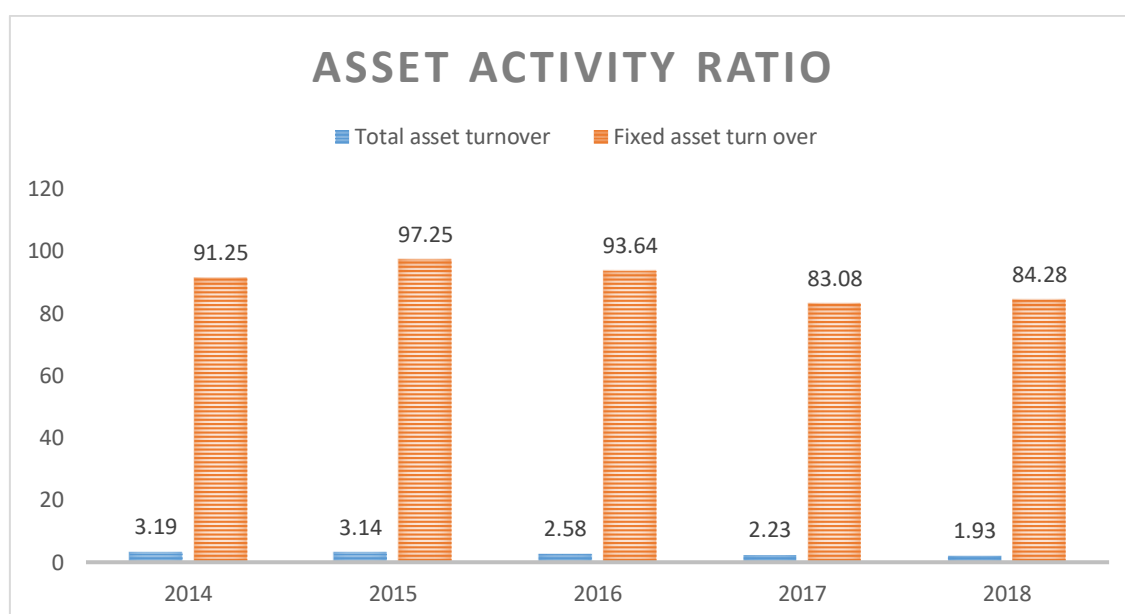


**Interpretation:** Cash to asset ratio of Sonali bank ltd has been fluctuated over the years a little bit. It was in the range between (.06-.07). The bank could able to use their cash in consider of asset. Cash ratio indicating the bank is better using their deposit against their cash in hand. Loan to total deposit ratio in 2014 is .56, which is so slow, but from 2016, it is jumped to .99 and continue increasing up to 2018. Loan to asset ratio showing better fluctuation from 2014 to 2018. Cash to deposit ratio in 2014 was good but in course of time, it has decreased .07 to .08 because of deposit increased.

#### 4.1.2 Asset Activity Ratio: -

Particulars	2014	2015	2016	2017	2018
Total asset turnover	<b>3.19</b>	<b>3.14</b>	<b>2.58</b>	<b>2.23</b>	<b>1.93</b>
Fixed asset turn over	<b>91.25</b>	<b>97.25</b>	<b>93.64</b>	<b>83.08</b>	<b>84.28</b>

#### Graphical Explanation

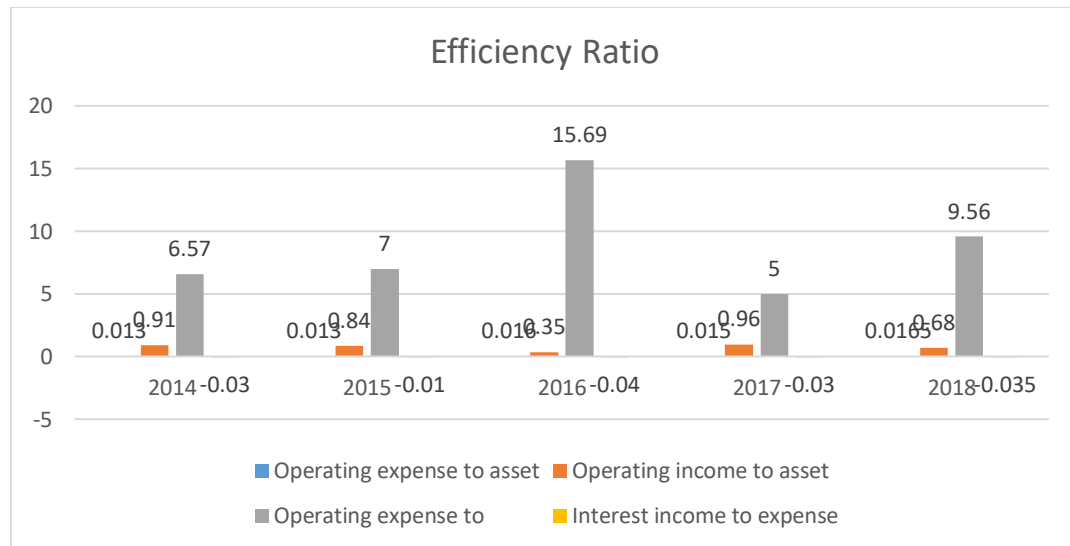


**Interpretation:** Following the years fixed asset turnover showing a better performance. In 2014 it was 91.25 because of interest income was a little bit less than fixed asset but from 2017 to 2018 the difference was decreased and return of interest income has increased up against fixed asset. Total asset turnover showing that bank's interest income is so less than total asset. After 2015, the rate has been decreased from 3.14 to 2.58, 2.23 & 1.93.

### 4.1.3 Efficiency Ratio:

Year	2014	2015	2016	2017	2018
Operating expense to asset	0.013	0.013	0.016	0.015	0.0165
Operating income to asset	0.91	0.84	0.35	0.96	0.68
Operating expense to Revenue	6.57	7	15.69	5	9.56
Interest income to expense	-0.03	-0.01	-0.04	-0.03	-0.035

### Graphical Explanation

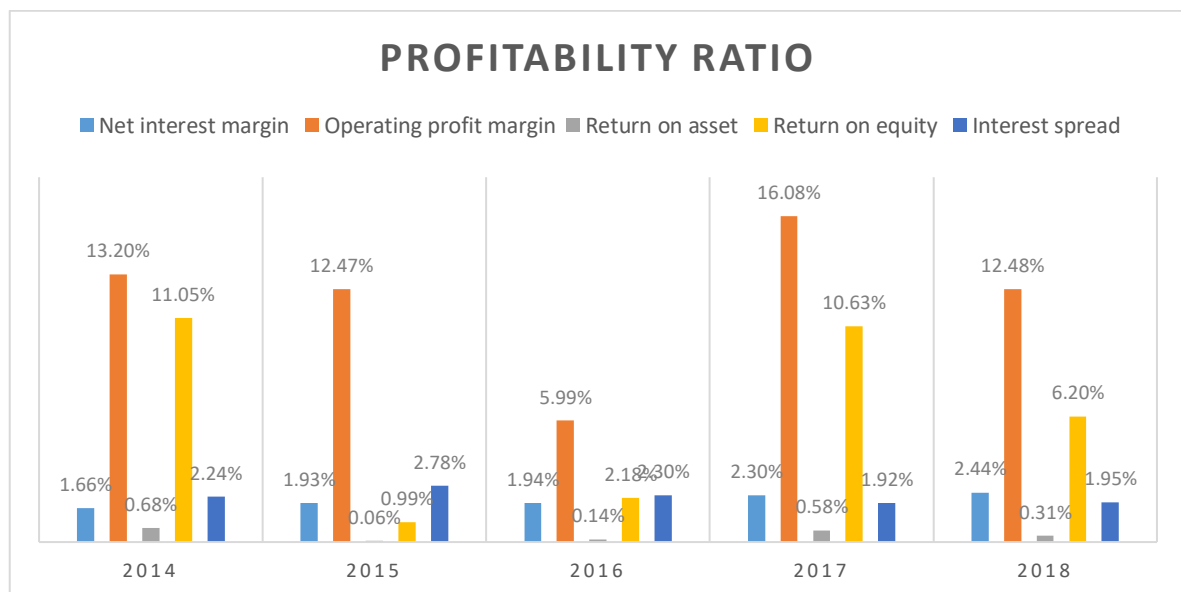


**Interpretation:** Operating expense to total asset showing a positive result in favor of the bank. It is almost constant from the year 2014 to 2018 at the range .013 -.017. The bank could able to operate their activities with low operational expense compare to total asset. The bank could maintain their operating income against total asset. Most of the time the bank could reduce the difference between operating income and total asset.

#### 4.1.4 Profitability Ratio:

YEAR	2014	2015	2016	2017	2018
<b>Net interest margin</b>	1.66%	1.93%	1.94%	2.30%	2.44%
<b>Operating profit margin</b>	13.20%	12.47%	5.99%	16.08%	12.48%
<b>Return on asset</b>	0.68%	0.06%	0.14%	0.58%	0.31%
<b>Return on equity</b>	11.05%	0.99%	2.18%	10.63%	6.20%
<b>Interest spread</b>	2.24%	2.78%	2.30%	1.92%	1.95%

#### Graphical Explanation

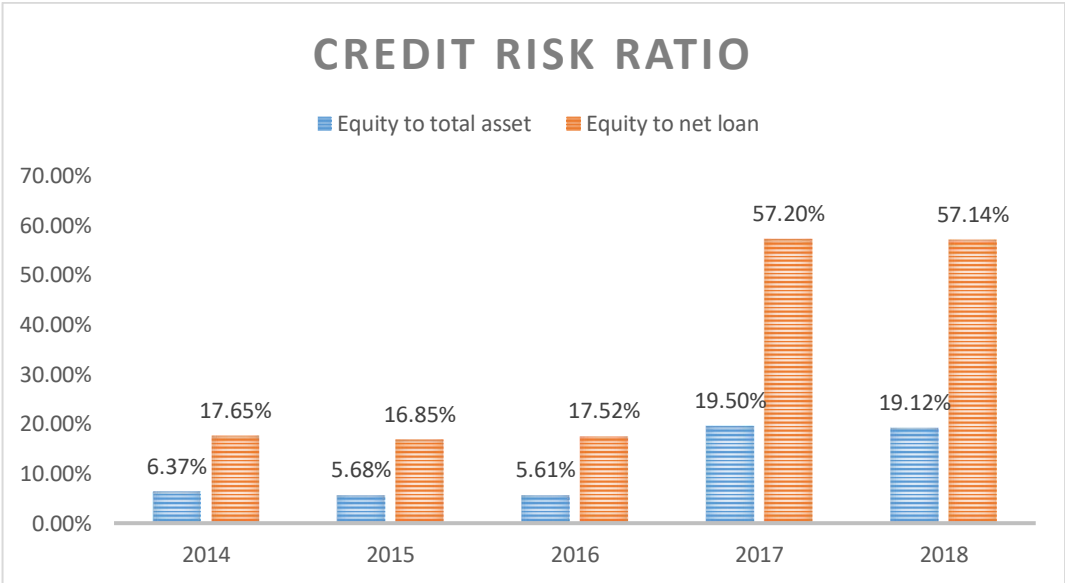


**Interpretation:** The banks return on equity showing a positive stream in 2014 t. In 2016, the ratio increased to 2.18% but significantly increased in 2017 .Operation profit margin has an strong growth following the years. In 2017, it is so high. Return on shareholder’s equity showing positive trend from 2014, 2017 and 2018 except 2015 & 2016. Interest spread showing a normal rate following the years. Return on asset showing rate of slum 2014 to 2018.

**4.1.5 Credit Risk Ratio:**

YEAR	2014	2015	2016	2017	2018
Equity to total asset	6.37%	5.68%	5.61%	19.50%	19.12%
Equity to net loan	17.65%	16.85%	17.52%	57.20%	57.14%

**Graphical Explanation**

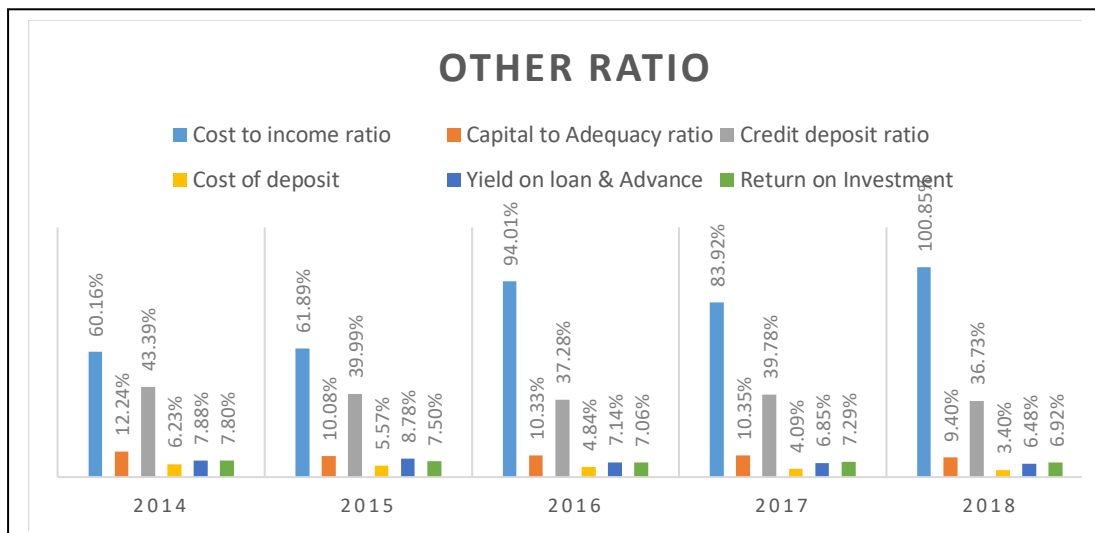


**Interpretation:** Equity to asset ratio indicating percentage of equity in total asset. In 2014, it was good but next some years it has increased a little bit. Consequently, it was most same next two years except in 2017 & 2018. On the other hand, equity to net loan is a percentage of equity in 100% loan amount. It was a slide good in 2014, then it was increased up positively up to 2018.

## 4.2 Other Ratios:

Year	2014	2015	2016	2017	2018
<b>Cost to income ratio</b>	60.16%	61.89%	94.01%	83.92%	100.85%
<b>Capital to Adequacy ratio</b>	12.24%	10.08%	10.33%	10.35%	9.40%
<b>Credit deposit ratio</b>	43.39%	39.99%	37.28%	39.78%	36.73%
<b>Cost of deposit</b>	6.23%	5.57%	4.84%	4.09%	3.40%
<b>Yield on loan &amp; Advance</b>	7.88%	8.78%	7.14%	6.85%	6.48%
<b>Return on Investment</b>	7.80%	7.50%	7.06%	7.29%	6.92%

### Graphical Explanation



**Interpretation:** From the graph we got cost to income ratio is so high in 2016, 2017 and 2018. The higher the ratio the lower performance of the bank. In 2014 and 2015, the bank could able to reduce in an average 60.78%. Yield on loan & advanced SBL could able to balance their return following the years. In return on investment showing most similar trend from 2014 to 2018 but the bank should increase it financial productivity to investment sector. Credit deposit ratio showing a better deposit from the creditors. So it is high time to make it function to get profit.



### 4.3.1 Trend Analysis:

#### Trend Analysis of Balance sheet Sonali bank Limited.

Particulars	2014	2015	2016	2017	2018
Cash	100%	85%	62%	56%	41%
Cash in Hand (Including Foreign Currencies)	100%	157%	146%	180%	186%
Balance with Bangladesh Bank	100%	62%	55%	49%	33%
Balance with other Banks & Institutions	100%	63%	46%	26%	27%
In Bangladesh	100%	53%	27%	15%	13%
Outside Bangladesh	100%	78%	252%	141%	220%
Money at Call on Short Investments	100%	99%	124%	20%	58%
Government	100%	67%	58%	60%	47%
Others	100%	62%	54%	40%	30%
Loans and Advances	100%	99%	89%	81%	75%
Loans, Cash Credit, Bills Purchased and Fixed Asset Including Fixture	100%	94%	84%	77%	71%
Others Assets	100%	260%	310%	247%	303%
Non-Banking Assets	0	0	0	0	0
Total Assets	100%	83%	71%	69%	59%
Liabilities	100%				
Borrowing from others Institutions & Agents	100%	114%	122%	131%	139%
Deposit and d Others	100%	91%	759%	74%	403%
Current Accounts & Others	100%	83%	61%	63%	49%
Bills Payable	100%	94%	56%	68%	63%
Saving Bank Deposits	100%	80%	55%	61%	43%
Fixed Deposits	100%	77%	72%	72%	65%
Others Deposits	100%	0%	0%	0%	0%
Other liabilities	100%	114%	115%	106%	104%
Total Liabilities	100%	83%	71%	68%	58%
Shareholders' Equity	100%	86%	74%	75%	70%
Paid up Capital	100%	29%	29%	27%	24%
Statutory Reserve	100%	85%	78%	63%	60%
Others Reserve	100%	44%	39%	40%	38%
Revaluation Reserve	100%	76%	75%	87%	80%
Total Liabilities and	100%	83%	71%	69%	59%

### 4.3.2 Trend Analysis:

**Trend analysis of Income statement  
Sonali bank limited.**

Particulars	2014	2015	2016	2017	2018
Interest Income	100%	86%	90%	100%	99%
Income on Investment	100%	57%	50%	46%	38%
Non-interest Income	100%	107%	115%	82%	95%
Total Income	100%	77%	76%	72%	69%
Interest Expense	100%	83%	82%	90%	86%
Non-interest Expense	100%	85%	62%	61%	46%
Total Expense	100%	84%	76%	81%	74%
Net Interest Margin	100%	35%	31%	24%	17%
Net Non-interest Expense	100%	36%	15%	23%	-35%
Operating Profit	100%	34%	70%	25%	43%
Earnings Before Provision & Tax	100%	38%	72%	28%	45%
Profit Before Provision & Tax	100%	34%	68%	24%	41%
Net Profit After Tax	100%	61%	55%	50%	48%

**Interpretation:** Trend analysis is a comparative analysis among the items in balanced sheet and income statement. In 2015 to 2018, the percentage of cash has been decreased from 85% to 41%. It showed that bank has paying attention in profitable transactions to make sure better use of money. Cash in hand (including foreign currency) showing (157% to 186%) a better reserve of money in the format of foreign reserve. Investment showing a negative trend from 2015 to

2018 which is (67%-46%) because of economical slum in this country. Loan & advanced gradually decreased from 2015 to 2018 at (99% - 75%). On the other hand, Bills Purchased and Discounted item showing a positive growth from 260% to 303%. In most cases, the bank experienced inconstant rate of return. So it has an effect to the bank's total asset which decreased from 83% to 59%. On the other side bank played a better performance and got positive result. In income statement showing a good trend in interest income from 2015 to last year. The rate increased 86% to 100%. the change is only 14%. All the above net profit after tax have fluctuated following the years abnormally.

#### 4.4.1 Common size Analysis:

##### Common Size Analysis of Balance Sheet

##### Sonali Bank Limited

Particulars	2014	2015	2016	2017	2018
Cash	6%	6%	7%	7%	8%
Cash in Hand (Including Foreign	1%	1%	1%	0%	0%
Balance with Bangladesh Bank and its	5%	6%	6%	7%	7%
Agent					
Balance with others Banks & Financial	4%	3%	3%	6%	8%
Institutions					
In Bangladesh	3%	2%	3%	5%	6%
Outside Bangladesh	1%	1%	0%	0%	2%
Money at Call on Short Notice	1%	0%	0%	2%	2%
Investments	35%	40%	39%	37%	33%
Government	32%	37%	36%	34%	29%
Others	2%	3%	3%	3%	5%
Loans and Advances	36%	34%	32%	34%	36%
Loans, Cash Credit, Overdrafts, etc.	35%	33%	31%	33%	35%
Bills Purchased and Discounted	2%	1%	1%	1%	1%
Fixed Asset Including Premises, Furniture	4%	3%	3%	3%	3%
and					
Others Assets	15%	13%	16%	11%	11%
Non-Banking Assets	0%	0%	0%	0%	0%
Total Assets	100%	100%	100%	100%	100%
Borrowing from Others Banks, Financial	0%	0%	0%	0%	0%
Institutions & Agents					
Deposit and others Accounts	83%	84%	90%	86%	84%
Current Accounts & Others Accounts etc.	17%	17%	20%	19%	18%
Bills Payable	1%	1%	1%	1%	1%
Savings Bank Deposits	20%	21%	27%	23%	27%
Fixed Deposits	44%	45%	41%	40%	38%
Others Deposits	0%	0%	0%	0%	0%
Others Liabilities	10%	10%	8%	9%	11%
Total Liabilities	94%	94%	94%	95%	95%
Shareholder's Equity	6%	6%	6%	5%	5%
Paid up Capital	3%	4%	3%	3%	3%
Statutory Reserve	1%	1%	1%	1%	1%
Others Reserve	0%	0%	0%	0%	0%
Revaluation Reserve	3%	3%	3%	2%	2%
Total liabilities and Shareholders' Equity	100%	100%	100%	100%	100%

#### 4.4.2 Common size Analysis:

##### Common size Analysis Of Income Statement

##### Sonali bank Limited.

Particulars	2014	2015	2016	2017	2018
Interest Income	100%	100%	100%	100%	100%
Income on Investment	77%	85%	100%	123%	135%
Non-Interest income	39%	30%	29%	46%	41%
Total Income	216%	215%	229%	269%	276%
Interest Expense	145%	145%	153%	155%	159%
Non-Interest Expense	43%	43%	62%	70%	80%
Total Expense	188%	188%	215%	225%	239%
Net Interest Margin	33%	40%	47%	68%	75%
Net Non-Interest Expense	4%	13%	33%	24%	39%
Operating Profit	29%	27%	14%	43%	36%
Earnings Before Provision & Tax	30%	29%	16%	45%	38%
Profit before Provision & Tax	29%	27%	14%	43%	36%
Net Profit After Tax	20%	2%	0%	26%	16%

**Interpretation:** Common size analysis refers the balance sheet items to understand Percentage change of assets, liabilities and other items. Basically it measures the respected items based on partial common account. In comparison of total asset, the cash item showing a little change from 2014 to 2018. Investment showing a lesser growth from 35% to 33%. Deposit and other account showing a normal rate of change following the years. Al tough saving deposit has been increased up from 20% to 27% but fixed deposit has been decreased 44% to 38% except 2015. The bank could able to control it's liability so strongly. It has 1% increased following the years. On the other hand, Income on investment showing a better growth from 77% to 135%. Non-interest income has a positive trend 39% to 41%. Along with the different incomes like net interest margin, non-interest income, operating profit total operating expense also increased 188% to 239%. All the above change of data resulting a positive net profit except 2016.

## **Chapter 5**

### **Findings, Recommendations & Conclusion**

## 5.1 Problems Identification:

- Liquidity ratio indicates the firm's ability to meet up its immediate demand in cash. Cash ratio of the bank been decreasing since 2016 that means has been facing cash crisis in 2017 & 2018.
- Loan to deposit ratio showing that in 2014 the ratio was .56 which is comparatively too low than next four years. At the same time, in 2016 it was .33 whereas in 2017 it was .99. It means the bank could not able to make profit as much as it expected.
- Loan to asset ratio of the bank in 2015 & 2018 was high that indicates the bank has loan default risk because the higher the ratio, the lower the liquidity of the bank. On the other hand, in 2014 it so low. But it has a little fluctuated in 2016 to 2017. Operating expense to revenue of the bank in 2016 & 2018 was so high which indicating the higher expense in respect to its operating income.
- Operating expense to asset showing it was so high in 2016, 2017 & 2018 in comparison to total asset, which indicate a bad operation of the bank.
- Return on asset showing a diminishing trend 2014 to 2018. Among the rates in 2015 it was .06% which indicates that the bank has got a return of .06% by using it's asset. Return on equity of the bank indicating a slum in 2015 & 2016. ROE in 2015 & 2016 were respectively .99% & 2.18%.
- Cost to income ratio showing a negative trend from 2014 to 2018 except 2014 & 2015. Cost of deposit of the bank was high in 2014, 2015 & 2016 respectively 6.23%, 5.57% & 4.84% which was bad, compare to last two years.
- In trend analysis showing comparatively a negative change in investment sector. So the bank should increase up its investment so productively. Trend analysis of income statement showing total income has been decreased up to 69% on the other hand total expense has been increased up to 74 %, which is 5% bigger than total income in 2018. So the bank should have decreased its expense.

## 5.2 Recommendations-

- Liquidity ratio indicates the firm's ability to meet up its immediate demand in cash. Cash ratio of the bank been decreasing since 2016 that means has been facing cash crisis in 2017 & 2018. So the bank should increase its cash ratio to solve liquidity crisis.
- Loan to deposit ratio showing that in 2014 the ratio was .56 which is comparatively too low than next four years. At the same time, in 2016 it was .33 whereas in 2017 it was .99. It means the bank could not able to make profit as much as it expected. So the bank should increase its loan amount as well as deposit to increase its profit.
- Loan to asset ratio of the bank in 2015&2018 was high that indicates the bank has loan default risk because the higher the ratio, the lower the liquidity of the bank. On the other hand, in 2014 it so low. But it has a little fluctuated in 2016 to 2017. Operating expense to revenue of the bank in 2016 & 2018 was so high which indicating the higher expense in respect to its operating income. In that case, the bank should decrease its loan amount with the balance of total asset
- Operating expense to asset showing it was so high in 2016, 2017 & 2018 in comparison to total asset, which indicate a bad operation of the bank. The bank should be careful of its generative operation to reduce its operating expense.
- Return on asset showing a diminishing trend 2014 to 2018. Among the rates in 2015 it was .06% which indicates that the bank has got a return of .06% by using its asset. Return on equity of the bank indicating a slum in 2015 & 2016. ROE in 2015 & 2016 were respectively .99% & 2.18%. So the should be careful about it to increase ROA and ROE.
- Cost to income ratio showing a negative trend from 2014 to 2018 except 2014 & 2015. Cost of deposit of the bank was high in 2014, 2015 & 2016 respectively 6.23%, 5.57% & 4.84% which was bad, compare to last two years. In that case, the bank should be strategic capital expenditure.
- In trend analysis showing comparatively a negative change in investment sector. So the bank should increase up its investment so productively. Trend analysis of income statement showing total income has been decreased up to 69% on the other hand total expense has been increased up to 74 %, which is 5% bigger than total income in 2018. So the bank should have decreased its expense. So the bank should positive to make their expense.



### **5.3 Conclusion**

As a commercial bank, it has many regular functions like different commercial bank. Without those the financial institution has a gorgeous contribution in the experienced banking to guard the environment with the local financial challenges globally. An awesome duty is carried out with the aid of the financial institution is the clearing housing characteristic on behalf of the Bangladesh bank. The Bank is strongly positioned in the market and with its core strengths it can match shareholders' expectations and as a consequence elevate their wealth in future via moral banking and great pricing. So, the reason of earnings technology like personal business bank is no longer the remaining purpose of SBL but to furnish a better offering for the economic improvement of country. In spite of making an attempt to do well in some factors. Sonali Bank Ltd constrained faced some monetary troubles from the time to time. Some of the issues were in moderate awful loans, scarcity of loans and advances, satisfactory deposits, scarcity of money in fingers due to vault restriction etc. Those issues arouse due to economic slowdown, interest rate fluctuation, rising capital market and inflation in the money market. For this, the assisting hand of government is crucial and it is anticipated that govt. will broaden its hand for enforcing the suggestions for the welfare of the humans of Bangladesh.

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