

**A Report**

**On**

Financial performance Analysis of “Sonali Bank Ltd.”

**Supervised By**

Abul Kalam

Professor

BBA Program

Sonargaon University

**Prepared By**

Md. Rakibul Islam Himon

ID:- BBA1902017058

BBA program

Major:- Finance

**Date of Submission:- 29-09-2021**

## **Dedication**

I dedicated this report to my respectful parents who are the best well wisher for my everything.

## Letter of Submission

29-09-2021

Abul Kalam

Professor

Sonargaon University

Department of Bachelor of Business Administration

Sonargaon University

Sir, I am glad to inform you that I have completed my internship report based on financial performance analysis of "Sonali Bank Limited" that is a nationalized Bank of Bangladesh. I have tried by best to collect data and information from various sources. I have tried to prepared my report by maintaining right way. I have tried to follow your all guidance and instructions. In spite of my various weakness I give my all efforts to prepare the report in a realistic way. I try my best to select the meaningful measurement for analyzing financial performance of "Sonali Bank Ltd.". I have tried to various reasonable part relate this report within this limited time period.

Sir, I therefore pray and hope that my internship will cut your attentions to get your approval and you would be kind enough to accept this report by pardoning many mistakes of this report.

Sincerely

Yours most obedient

Md. Rakibul Islam Himon

ID:- BBA1902017058

Program:- BBA

Major:- Finance

Sonargaon University

## Declaration

I am Md. Rakibul Islam Himon, a regular student of Sonargaon University declared that this report is completed by me under Abul Kalam sir who is now work as a professor of Sonargaon University. I have prepared this report only for my academics purpose that means for the completion of BBA program of Sonargaon University. This report has not published in any university's internship program, any newspapers, any journals or any media.

This report is made by me separately and uniquely and I prepared this report as an internship report as a compulsory part of my BBA program.

Declared by

Md. Rakibul Islam Himon

ID:- BBA1902027058

Program:- BBA

Major:- Finance

Sonargaon University

## **Supervisor's certificate**

This is to certify that Md. Rakibul Islam Himon, a student of BBA Program, major in Finance of Sonargaon University, Dhaka, bearing ID No.: BBA1902017058 , Session:- 2019 summer has successfully completed the Internship Report titled on "Financial Performance Analysis of Sonali Bank Limited" under my supervision and monitoring. I wish his success at every sphere of life.

Supervisor

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Abul Kalam

Professor and Dean

BBA Program

Sonargaon University

## Acknowledgement

I am glad to complete this report. The guidance of my supervisor Abul Kalam sir, Professor and Dean of BBA program of Sonargaon University, reduces my huge effort to complete this report. Thanks to him from my heart. Special thanks to my parents who has raised me and sacrificed for me for my comfortable and successful life. Special thanks to my brother who give me his mobile phone for preparing my internship program as I have no mobile phone or computer since my mobile phone had stolen. Thanks to the officials and employees of Sonali Bank who provides me information by sacrificing their precious time. Thanks to my all friends and good wishers as they want my happiness and success.

## Preface

I have prepared this report under Abul Kalam sir, Professor and dean of Sonargaon University as an internship report as it is compulsory for every students of BBA program of Sonargaon University. He has helped me a lot to prepare this report by marinating right form and right way. He also helps me a lot by providing much information regarding this report. I have selected Sonali Bank Limited as it has great influence in our socio-economic culture and our every spheres of life. Sonali Bank contributes to the welfare of our country more than any other bank of our country. I have manly focused on express the core financial position of Sonali Bank. For this purpose I have tried my best to analyze some highly important factors of Sonali Bank. I have analyzed some vital statistical factors such as liquidity position of the bank, debt position of the bank, profitability position of the bank etc. as well as discuss some important theoretical matters of Sonali Bank for the purpose of showing a view of the financial performance of Sonali Bank Limited as well as the activities that can change the financial position of Sonali Bank limited. I collect my data from different medium. I collect information from reading some internship report on financial performance of Sonali Bank Ltd., various article on financial analysis of Sonali Bank Ltd., Reading book about Sonali Bank Ltd., employees and officials of Sonali Bank etc. I collect data for statistical calculation from the annual report of Sonali Bank Ltd. From 2013-2017. So, I have done my statistical analysis based on 2013-2017.

## Abstract

This report mainly represents the financial performance analysis of Sonali Bank Limited of the five year period of 2013-2017. This report shows the calculation, assessment, analysis with. My personal findings and recommendations about financial performance of Sonali Bank. I have written some findings that represent Sonali bank's strength and weakness. I also add some suggestions that helps Sonali Bank to overcome its weakness. My suggestions are presented in my recommendations section. I also add a theoretical framework in which I am trying to analysis Sonali Bank performance theoretically. Statistical calculation of financial performance of Sonali Bank Ltd. gives the idea about financial performance of Sonali Bank Ltd. on statistical perspective. I clarify this statistical perspective by adding analysis with each of the calculation. For more clarifying I describe theoretically about the each financial performance measurements when I am starting to write about the each financial performance measurements. I have given name to this part as Statistical overview of Sonali Bank. I have started this report by discussing introductory part. In introductory part I have added origin of th report, introduction of the report, justification of the report, objectives of the study, scope of the study, methodology, sources of information, Limitations of the study, This report consists of 10 main parts. These main parts are Introductory part, Literature review, An overview of Banking functions (general functions), A brief overview of Sonali Bank Ltd, Theoretical framework, A statistical overview of Sonali Bank Ltd., SWOT Analysis, Findings, Recommendations and Conclusion. This report helps me a lot to gather practical knowledge and ideas that can help me in practical work in future. This report also improve my IQ level in research arena that enhances my ability to prepare research paper



## Introductory Part

### Origin of the report

Every student is obliged to prepare this type of internship report for completing their BBA program. Internship report connects a student with reality. A student can gather practical knowledge and experience by doing internship report. Internship report is a reporting field where every student expresses their practical experience in a reporting form. Every student has to maintain a systematic way and form to prepare an internship report. Internship course is a three-month course where every student gets the opportunity to show their practical strength regarding their program. Many students work in different institutions for gathering practical experiences that help in preparing an internship report.

### Introduction of the report

Banks influence our economy a lot in the modern era. We can't imagine our economy without banks. Banks have become an important part not only in our economy but also in our life. Banks have no money. They collect money from individuals, business men, institutions and other sources. So banks are the lenders of other's money. Now a days, banks offer various financial services. The rate of engagement of people with banks is increasing day by day. Sonali Bank Limited is regarded as the largest financial institution in Bangladesh. Sonali Bank Ltd. plays a vital role to make our financial life easy and comfortable. It also serves our government faithfully. Sonali Bank contributes a lot in our economy, life and growth of GDP. As a commercial and government bank, Sonali Bank is dynamic in its action. Banks play the most essential role in the economy. To collect money from individuals, industries and other sources and lend this money to others is the main activity of every bank. Now banks offer their clients various financial services and perform lots of financial functions for helping their clients. Now banks have proven that they are one of the key factors for the business and economy by providing various facilities to public as well as helping government by doing various activities. Sonali Bank Limited is the most popular largest banking institution in Bangladesh that is dynamic in actions, honest in dealings with customers and government, prudent in judgment, excellent in approaches and providing high quality service to customers and thereby contribute to the growth of GDP of the country throughout enhancing trade and commerce, boosting up export, reducing poverty, raising living standard of poor people and overall sustainable socio-economic development in the country. To achieve the aforesaid objectives of the bank, different banking activities must play an important role to provide the financial assistance to the customer who also helps them by providing management assistance when needed. Sonali Bank Limited has played this role with their experiences in the banking sector where the other banks can't match with bank. The internship report comprises a brief study on the Sonali Bank Limited during three months internship. The

report is distributed in many parts according to nature and requirement of organization and according to the instructions of supervisor of report.

### **Justification of the study**

Every University includes internship in their BBA program. So, as a BBA student, it is mandatory for me to prepare Internship report. In modern business, the importance of practical knowledge and experience has increased day by day. In our academic education, we mainly gather theoretical knowledge. So, BBA program gives an opportunity to gather practical knowledge and experience by internship. It improves a student's practical knowledge and experience by connecting them with real world of business. I am glad to get such a great opportunity. Internship is a compulsory course that offers four credits for all students of B.B.A program under Sonargaon University. Practical orientation is recognized as an important tools to be an efficient employee in professional area. Recognizing the necessity of practical experience, BBA program of Sonargaon University has included a three months internship course for enhancing the practical knowledge of its student as a part of the curriculum of BBA program. For the purpose of completing my internship program I have prepare my internship report based on "Financial performance analysis of Sonali Bank Limited". In our academics education, we mainly study theoretical concept that enhance our theoretical knowledge. But in the current situation, there is no alternative to the practical knowledge and work experiences. Therefore, before entering into job, students should have some real world experience in the major field of study on the career choice that interest him/her. I try my best to preparing this report that gives a brief idea about financial performance of this highly important Bank of our country that renders a great service to our country's people and government. I am proud to prepare this report as it is a report of Sonali Bank that plays a remarkable role in our economy.

### **Objectives of the study**

The objectives of the study is to acquire practical knowledge, idea and experience in the field of business. We gain many theoretical knowledge in our BBA program. Our respectable teachers also engage us some practical knowledge. But that practical knowledge give us very few ideas about real business world. So, this internship is essential for us to improve our practical knowledge, ideas and experience. Some objective of the study is given below:-

#### **General Objectives**

Every reports has some objectives. The general objective is the main objective of any report. The general objective of this study is to justify the financial performance of Sonali Bank Limited.

#### **Specific Objectives**

There are some specific objectives of this report that are shown below:-

- To make a consideration about the financial operations and performance of Sonali Bank Limited.
- To improve the practical knowledge, views, ideas and experience on the basis of theoretical knowledge.
- To know the use of my knowledge in practical field.
- To connect my knowledge that I gather from BBA program with real business world.
- To improve my understanding about corporate environment and culture.
- To gather some experiences that help me to find out my strength and weakness to be an efficient employee.
- To gather some Knowledge and experience that enrich my capability in doing financial work practically.
- To make better understanding about general banking system.
- To make a clear judgement about the financial conditions of Sonali Bank Ltd.
- To gain the ability of analyzing the financial performance of any bank
- To know the financial strength and weakness of Sonali Bank Ltd.
- To strength my practical knowledge
- To take a proper Idea about the financial performance of Sonali Bank Ltd.

### **Scope of the study**

As I am an intern student, my scope is very limited. Sonali Bank's officials and employees are restricted to give much information to intern students for some purpose. I also faced some official formality to collect data and information. This report is made for showing the performance analyzing of sonali bank limited. Data of 2013-2017 is considered for analyzing the financial performance of Sonali Bank Ltd. I try my best to show the financial performance analyzing of Sonali Bank in a well manner by using various formula. I also considered the facts that effect the financial performance. For eliminating complexity, some performance variables are taken into my judgement.

### **Methodology of the Study**

I have created this report as a preliminary research paper. In this report, I try to give a brief idea of an overview of general banking functions of Bank and a brief overview of Sonali Bank Ltd. as well as critically analyze the financial performance of Sonali Bank. I design my report on the basis of theoretical framework and statistical overview that measure some important financial conditions and position of the Bank. For completing this report I gather ideas and knowledge from my intern guide Abul Kalam sir. I also consider my personal thinking and observation. I gathers man information regarding this report from internet. I read various journal and articles from internet that help me to arrange this report.

## **Sources of the Information**

I try my best to create this report more correct and meaningful. For this purpose I collect information from two sources that are given below:-

### **Primary sources of information**

- Practical desk work of various desk of Sonali Bank.
- Face to face conversation with different officials and employees of Sonali Bank.
- Face to face conversation with some clients.
- Interview

### **Secondary Sources of information**

- Annual report of Sonali Bank Ltd.
- Official records of Sonali Bank Ltd.
- Website of Sonali Bank Ltd.
- Various internship report on Sonali Bank Ltd.
- Prior research report
- Various journals and article on Sonali Bank Ltd.
- Different text book.
- The knowledge I gather from my BBA program
- My guide teacher Abul Kalam sir also a secondary source because he provides me information, knowledge, ideas and advice related to this report
- Some of my course elements related to this internship report.

### **Limitation of the study**

I have faced some limitations that hinder my work that are given below:-

- I get very limited time for preparing this report. Because three month time is not enough for preparing this type of report
- I also take another 3 courses in this period of time for completing all of my courses offered by BBA program. So I have to give a huge efforts of those three courses that cut my time and efforts for preparing internship report.
- Many information related to this report is highly confidential in Sonali Bank.
- Insufficient publications relating to this report.
- Insufficient records relating to this report.
- Information is not organized in a systematical manner.
- No separate loan recovery division
- Some employees are reluctant to provide information.
- Some employees are not interested to talk much with me for providing information.

- Some employees are helpful but they were very busy with their job. So they can't talk much with me.
- As I prepare this report by mobile app, I can't add graph and chart in this report.

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## Literature Review

There are many researchers who did their research on various financial functions and financial performance of Banks and other financial institutions. They are divided in their opinions in conducting research on financial activities of financial institutions and Banks. Some researchers prefer to using a combination of ratio analysis, benchmarking etc. Some researchers think measuring performance against budget can express better result than ratio analysis. Some researchers prefers to using mixed of these methodology. Some researchers consider the effectiveness of the financial position on financial institutions and Banks based on their assets size. An investigation had been conducted upon Greek banks to measure the effectiveness of the financial position of Greek banks on the basis of their assets size. In this investigation Greek Banks are categorized according to return and operational factors. In this investigation we see that there are a difference in profitability of small and large banks. This investigation also proved that efficiency of large Banks and small Banks are also different. Duncan and Elliot conducted an research on Australian financial institutions about efficiency of customer service and financial performance. This research paper suggested that customer service and financial performance are positively correlated that means if we provide better services to customer it will strengthen our financial positions that result in a greater profitability. Some researchers apply multiple linear regression technique to measure financial performance of Banks and other financial institutions. So, application of techniques to measure and evaluate financial performance of Banks and other financial institutions varies man to man. Actually, to measure financial performance of a bank or company is a system in which can know how well a company or a bank deals with financially and how much strong or how weak a company financially that reflects a company of bank's overall financial performance in which we know a company or bank's financial position.

## A brief overview of banking operation in BD (general banking function)

Economic activities and policy has a great effect in the development of a country. Banking is an excellent medium to enhance the economic development and circulation in Bangladesh. Banks play an essential role to accelerate the socio-economic changes in Bangladesh. Agricultural, commercial and industrial sectors are considered to be very important sectors that play a vital role in economy. There is a proverb that these three sectors provide the bulk of an economy. Now a days the functions of the bank are getting complex. Now the function of the bank contains multidimensional configuration. In the modern days there are various functions of Banks. But like ancient period, Lending remains the most important functions of Banks. There are many types of clients of Banks such as individuals, small businesses, multinational businesses, banks, government. For satisfying different types of customers, the functions of banking sector are increasing day by day. Bank provides both short-term and long-term loan to its borrowers as well as collect money from its clients. Bank owns no money. Bank conducts its business by other's money. The customer comes from all walks of life engages with the bank. Banks try to engage more people. For this purpose Banks are giving various services and opportunities to its clients. Bank opens various account such as current account, savings account, checking account for different minded people. Bank also opens various account such as money market account on the basis of occupation of people. Bank also opens various accounts such as retirement arrangement account on the basis of situation of people. In Bangladesh, Grameen Bank introduced us with a new system named micro credit system. Grameen Bank gives loans to rural people as a medium of employment. Microcredit is the expansion of very small loans named micro loans to impoverished rural people who typically need steady employment for removing their poverty. Micro credit system is designed to help poor people by supporting entrepreneurship and reduce poverty. Dr. Yunus who was former Managing Director of Grameen Bank is awarded Nobel prize for poverty alleviation success of Grameen Bank. Dutch Bangla Bank started 'Mobile Banking Service' in Bangladesh on 31 March in 2011. Now mobile banking become an essential part of huge amount of people in Bangladesh. Now Bikash, Rocket, Nagad etc. become very popular across the country as form of mobile banking. Banks provide us debit card, credit card etc. Standard chartered Bank first introduced debit card and credit card in Bangladesh. We can withdraw our money from Banks by Debit Card and can borrow money by Credit Card. It makes our life easy and comfortable. The name of the central bank of Bangladesh is Bangladesh Bank. Central Bank controls activities of all of the banks. It create rules and regulation for Banks, collect foreign reserves, create note of 100 taka, 200 taka, 500 taka, 1000 taka etc. Some regulations of Bangladesh Bank are given below:-

1. Minimum capital requirements.
2. Limits on loan concentration and insider borrowing

### 3. Guidelines for assets classification

Bangladesh Bank plays vital role as war house of all banks. Every Bank has to keep a certain amount of money in Bangladesh Bank. Bangladesh Bank gives loaned to other banks at a low rate.



## A brief overview of Sonali Bank Ltd.

Sonali bank was established under Bangladesh Bank order by the integration and nationalization of the branches of Bank of East Pakistan, Bank of Bahawalpur and Branches of Premier Bank in 1972. Sonali Bank started its journey with a paid up capital of 30 million taka. The paid capital of Sonali bank reached at 3.272 billion taka in 2001. There were 10 billion taka as authorized capital of Sonali Bank in 2001. Recently, Sonali Bank's paid up capital reached to taka 9 billion. The authorized capital of Sonali Bank remains same as 2001. Sonali Bank earned taka 45.61 billion in 2018. Net incomes of Sonali Bank are 2.32 billion in 2018. Total assets of Sonali Bank was 1307 billion taka in 2018. Approximately 22000 employees work in Sonali Bank Ltd.

### Branches of Sonali Bank Ltd.

There are total of 1228 branches in Sonali Bank Ltd. The newest branch that conduct activities as a branch of Sonali Bank Ltd. is in Rajshahi University Campus Branch, Rajshahi. Sonali Bank has 467 branches in city areas. 746 branches are located in rural areas. Sonali Bank established 2 branches in India that conduct banking activities successfully. It also conducts the Sonali Exchange Company Inc. in USA, Sonali Exchange in Dubai (UAE), Sonali Bank (UK) Ltd., United Kingdom, Hong Kong, (HAR), and Singapore to that provide services successfully to the Bangladeshi people who live in those country and work as a reputable medium of foreign exchange remittance. Sonali Bank UK revokes up to 25 destinations across Bangladesh directly, these include Dhaka, Chittagong, Sylhet, Moulvibazar, Beanibazar, Balaganj, Biswanath, Jagannathpur, Sunamganj, Gopalganj, Nabigonj, Hobigonj, Kulaura, Tajpur.

### Products of Sonali Bank

- ★ Finance and Insurance
- ★ Customer Banking
- ★ Corporate Banking
- ★ Investment Banking
- ★ Investment Management

### Corporate profile of Sonali Bank Ltd

**Chairman:-** Mr. Ziaul Hassan Siddique

**CEO & MD:-** Md. Ataur Rahman Prodhan

**Company Secretary:-** Mr. Tauhidul Islam

**Legal Status:-** Public Limited Company

**Genesis:-** Emerged as Nationalized Commercial Bank in 1972, following the Bangladesh Bank (Nationalization) Order No. 1972 (PO No.26 of 1972)

**Date of Incorporation:** 03 June, 2007

**Date of Vendor's Agreement :** 15 November, 2007

**Registered Office:** 35-42, 44 Motijheel Commercial Area, Dhaka, Bangladesh

**Authorized Capital:** Taka 6000.00 Crore

**Paid-up Capital:** Taka 4530.00 Crore

**Number of Employee :** 19,348

**Number of Branches:-** 1228

## **Vision**

Socially committed leading banking institution with global presence.

## **Mission**

Dedicated to expand a wide range of competitive product with high quality can deal with various needs of different clients focusing on enhancing their lives, give importance on stakeholder's benefit and most important mission is to contribute to the society and country.

## **Objectives of Sonali Bank Limited**

- Collection of deposits
- Poverty Alleviation / Reduction
- Try its best to secure deposit
- Inspiring people for more savings
- Creation of employment of unemployed people
- To control loans
- Creating medium for exchanging
- To spread trade and commerce
- To help in creating more business.
- To help in industrialization
- To help people for increasing their funds of capital
- To provide better customer services
- Sonali Bank's main objective is to earn profit
- To help government by providing various services
- To make sure regional development

## **Functions of Sonali Bank Limited**

- Collection of deposits from people come from different area.
- Transitioning cash through customer's current account
- To perform the activities of bill of bills of exchange and draft of customers
- Sanctioning loans
- Provide ATM services to the customers
- Providing online services to the customers.
- Transferring money one branch to another branch.
- To collect different charges, interest dividends, rents, pension and so on
- Providing advice to its clients
- Provide food to the government during the food crisis.
- To participate in both rural and urban banking for betterment of the country
- Give opportunity to university students to do practical work as an intern of the bank.
- To provide primary teacher's salary
- To provide pension to the retired person of government jobs.
- To distribute and collect form of passport.

## Theoretical Framework

### Personal Banking facilities

Sonali Bank ensures a good personal banking facilities in both rural and urban area by its approximately 1200 branches. Sonali bank has highest branches in Bangladesh. No other bank in Bangladesh are capable to ensure as good service as Sonali Bank. Sonali Bank tries its best to give various personal banking facilities. Most of the people in Bangladesh prefer Sonali Bank in case of personal banking to other banks. Sonali Bank has gain a huge loyalty among all kinds of people in case of personal banking. Sonali Bank reaches local and foreign remittance service to people as swift as it can. Sonali has provided foreign remittance service in cash taka and taka draft. Sonali Bank makes transfer of funds easy for its customers. Sonali Bank transfer funds from one account to another account and one branch to another branch by using various techniques. For example:- Demand draft savings A/C, Mail transfer daily profit A/C, Telegraphic transfer FDR A/C etc. Some personal banking facilities provided by Sonali Bank are given below:-

- ★ Issuance of payment order
- ★ Issuance of Call deposits.
- ★ Collection of checks through clearing house.
- ★ Locker facilities for safe keeping of valuable assets.

### Rural credit

Most of our people live in rural areas. So Bank servicing in rural area is a blessing for us. Sonali Bank plays a vital role in this case. Sonali Bank tries hard to attract rural people by providing various types of services. Rural credit is one of them. 70% of rural population depends on Agricultural. So, Agriculture is the main occupation of most of the rural people. Agriculture contribute 13% to our GDP. For helping rural people in their Agricultural functions and improving their standard of livelihood, Sonali Bank maintained a project named rural credit since 1973. Sonali Bank extended its rural credit project through 1182 branches. Sonali Bank Ltd started indirect credit in rural area through IRDP. Now the name of IRDP is converted to BRDP. This program plays a vital economical role in rural areas. Sonali Bank continued to lend rural people through BRDP under some programs that are written below:-

1. Crop Loan (Special Agricultural Credit Program)
2. Special Investment Program
3. Farming & Off farming Program
4. Krishi Khamar Rin Karmasuchi (Project)

5. Pond Fisheries Credit Program
6. Fertilizer Dealers Credit Program
7. Social Afforestation Program
8. Sugarcane Production Loans Program in Mill Area

## **Micro Credit**

Micro credit is a credit system where Bank gives credit to people and create opportunity of employment for them. It is used as an essential techniques of poverty alleviation across the globe. Sonali Bank undertook Micro Credit program since 2003. It is used as an effective earning elements of Sonali Bank Ltd. as well as an important media of poverty alleviation tool of rural people. Sonali Bank Ltd has undertaken 32 programs under Microcredit.

## **International Banking**

Sonali Bank has a great reputation in international Banking. Sonali bank took first steps to involve with international Banking in our country. Sonali Bank is famous for in-house growth because it maintains a record of in-house over the 50 years. Sonali Bank has provided export credit services, letter of credit services in international banking faithfully. Sonali Bank facilitates supplier's credit for conducting international business. Sonali Bank plays a vital role by providing guarantees of foreign Currency services. Sonali Bank also helps people to deal with international banking by providing following services:-

- Bill purchasing
- Bill discounting
- To collect remittance
- Purchasing foreign currency
- Selling foreign currency
- Purchasing traveler's checks
- Selling traveler's checks
- To provide NRAT services. NRAT means non residence account in taka
- To provide NFCD A/C service
- To provide RFCD A/C service
- To provide convertible and non-convertible taka account service
- To maintain forward contract
- Correspondent banking relationships.

## **Import Finance**

Sonali Bank Limited helps its clients by giving various facilities and opportunities in case of its import process to make sure a solid running of their business. Sonali Bank always provide reliable

services in their import financing. The facilities that are provided by Sonali Bank throughout its import process are shown below:-

- Import Letter of Credit
- Post Import Financing
- Import collection services and shipping guarantee
- Sonali Bank maintains 9.0% interest rate

## **Export Financing**

Sonali Bank tries its best to facilitate export financing. It has a good reputation to deal with export financing. Sonali Bank provides various services for facilitating export financing. Sonali Bank always tries to ensure extra care for facilitating export process. Sonali Bank always tries to demand extra cover to its clients for inter export process hoping to stimulate receipt of proceeds. The facilities provided by Sonali bank to speed up its export processes and export financing are presented below:-

- Export Letter of Credit Advising
- Export Documents Negotiations
- Pre-shipment Export Financing
- Letter of Credit confirmation
- Sonali Bank maintains 9.0% interest rate

## **Credit schemes**

Some of the important credit schemes of Sonali Bank Limited are given below:-

- Industrial financing for trust sectors
- Sonali Bank Industrial Credit Scheme
- Special Investment Scheme for Cottage and Small Industries
- Financing Large Scale Industries Trough Banks' Consortium
- Financing Software Development and Data Processing
- There are 100 branches including corporate and district headquarters are providing industrial credit scheme

## Statistical Overview of Sonali Bank Limited

Evaluating the financial performance of banks is somehow same as evaluating financial performance of traditional companies. Most of the incomes of bank come from the return of the money with interests that it lend to its borrowers. Bank also get income from asset appreciation. In short Bank's income is related to its investment that means it's income come from its investment. For evaluating exact result Bank also consider the cost of investment. So, cost of investment is also a vital factor. Because Profit= (Bank income from its investment -Bank pay for its investment). Interests comes from borrowers are main borrowers incomes of a bank. So, net profit margin is a popular measurement of profit of a Bank. There are many measurement system to evaluate the financial performance of a bank like Somali Bank such as:-

- Ratio Analysis
- Economic Measures of performance
- Market based Measure of performance

In my report, I chose Ratio Analysis and some market based measure of performance for evaluating the financial performance of Sonali Bank. I don't get enough time. So, I briefly discuss the financial performance of Sonali Bank by using that measurements. For evaluating the financial performance of Sonali Bank, I will measure the financial position of Sonali Bank by using different kinds of ratio analysis. These different kinds of Ratio Analysis are mainly divided into five portion that are shown below:-

1. Liquidity Analysis
2. Earning performance Analysis
3. Capital Adequacy Analysis
4. Asset Management Analysis
5. Solvency Analysis

### Liquidity Analysis of Sonali Bank Ltd.

Liquidity refers to the capability of converting assets to cash quickly. The liquidity ratios justify the capability of a bank's payment of short term loans and obligations. Usually, higher value of liquidity ratio is good for a bank because it ensures more safety. I discuss three types of Liquidity ratio that are shown below:-

1. Current Ratio
2. Quick Ratio
3. Loans to deposit Ratio

## Current Ratio

Current Ratio is the liquidity ratio that evaluate the capability to pay a bank's those type of obligations and loans that due within one year. On the other hand we can say, current ratio is a measurement that measure the ability to pay short term loans and obligations.

Formula:-  $\text{Current Ratio} = \text{Current Asset} \div \text{Current Liabilities}$

### Calculation

Year	Current Assets (In Million)	Current Liabilities (In Million)	Result
2017	430681.68	413955.97	1.04:1
2016	426636.64	410503.03	1.04:1
2015	345385.82	335978.66	1.03:1
2014	314186.75	305702.73	1.03:1
2013	285730.53	275583.75	1.04:1

### Analysis

If the current Ratio is 1:1, we consider it as satisfactory. The range of current ratio is 1.03 to 1.04 over the five period. It means the current ratio is just little bit high from satisfactory level. It is good but Sonali Bank should increase its current ratio by increasing current assets or by decreasing current liabilities. Sonali Bank has the ability to pay its short-term obligations but it should improve its a ability to pay its obligations by increasing its current assets or by decreasing current liability.

### Quick Ratio

Quick Ratio means the. Organization's Ability to pay its current obligations without the necessity of selling its inventory or acquisition of extra financing. Quick Ratio is the measurement Technique that expresses company's capabilities to deal with real its current liabilities financially.

We know that,  $\text{Quick Ratio} = (\text{Cash} + \text{Marketable Securities} + \text{Account Receivable} - \text{Inventory}) \div \text{Current Liabilities}$

Note:- Banks don't deal with inventory. So, in case of calculation of Quick Ratio of Sonali Bank there is no need to calculation of inventory.



### Calculation

Year	Current Assets (In Million)	Current Liabilities (In Million)	Result
2017	430681.68	413955.97	1.04:1
2016	426636.64	410503.03	1.04:1
2015	345385.82	335978.66	1.03:1
2014	314186.75	305702.73	1.03:1
2013	285730.53	275583.75	1.04:1

### Analysis

Sonali Bank's Quick Ratio is good enough over the five year period that means Sonali Bank always maintain enough quick assets to meet its long-term obligations and debts.

### Loans to deposit Ratio

This ratio determine if the bank has enough deposits to meet its loans. A bank's capacity to fill up its loans by its deposit is important. If a bank can pay all of its loans by its deposit, the bank will maintain a safety position that means it has less risk to meet its loans because it can pay all of its loans by its deposits.

We know that,  $\text{Loans to deposits Ratio} = (\text{Loans} \div \text{Deposits}) \times 100$

### Calculation

Year	Total Loans (in million)	Total Deposits (in million)	Result
2017	459580.05	649440.78	0.71
2016	403037.41	641819.15	0.63
2015	349861.30	568911.14	0.61
2014	319773.25	516010.74	0.62
2013	285747.65	478535.57	0.60

### Analysis

Low Loans to deposits ratio is good for Bank. If the ratio is less that 1, it is consider to be a good situation. Sonali Bank's Loans to Deposits ratio is fairly good in 2013-2016 period. In 2017, Loans to Deposits ratio is good but the condition is worse than prior period.

## Earning performance of Sonali Bank Ltd.

Profitability can use as one of the vital measurements of the effectiveness of a bank because bank conduct its business for profit like other businesses. Profitability Ratio is a popular measurement that justifies the ability to make earnings compared to its expenses and other relevant costs occurred during a bounded time of period of a bank like Sonali Bank. So, in brief the profitability expresses the rate of profit, EPS, rate of investment, rate of equity, abundance of profit or scarcity of profit, dividend payment ratio, retention ratio etc. I will analyze some profitability ratios for determining the conditions of profitability of Sonali Bank Ltd. Based on the data of 2013-2017.

### Return on Assets

We can express return on asset briefly as ROA. ROA measures the profitability of a bank compared to its total assets. We calculate ROA as an indicator of effectiveness of profitability by using a bank's asset. So ROA helps us to determine how effective a bank's management such as Sonali Bank's management to use its asset for generating profits.

Return on asset =  $(\text{Earning Available For Common Stockholders} \div \text{Total Assets}) \times 100$

#### Calculation:-

Year	2017	2016	2015	2014	2013
ROA	0.33%	0.33%	0.70%	0.61%	1.42%

**Analysis:-** High ROA is good for the bank. In 2013 Sonali Bank generates a very high ROA. But after this year ROA is decreasing at a devastating rate day by day except 2017 and 2015. In 2017 ROA is almost same compared to its prior year. In 2015 ROA is increasing at a low rate compared to its prior year.

### Return On Equity

Return on equity is expressed briefly as ROE. It is the measurement of the fact that how much profit a bank generate by its shareholder's investment. Many researchers consider ROE as the best indicator of profitability measurements and growth potential measurements.

ROE=  $(\text{Earning Available For Common} / \text{Common Stock Holders Equity}) \times 100$

#### Calculation:-

Year	2017	2016	2015	2014	2013
ROE	5.23%	5.22%	9.70%	9.66%	30.09%

### Analysis:-

In 2013, Sonali Bank had a very big ROE that is above 30%. But in 2014 the ROE had decreased in a greater rate. In this year, ROE of Sonali Bank had decreased from 30.09% to 9.66%. In 2015, there was a little increase of ROE that was hope for Sonali Bank that Sonali Bank would increase its ROE in future. But Sonali Bank can't overcome its bad situation. After that ROE of Sonali Bank has decreased day by day.

### Operating Profit Margin

Operating margin indicates the profit based on each taka sells before bank pays interests and taxes. A Bank's operating profit margin increases denotes the increases of earning of that bank based on per taka. To increase operating profit margin indicates more profits on the basis of per taka revenue.

Operating Profit Margin = (Operating Profit / Total revenue) × 100

#### Calculation

Year	2017	2016	2015	2014	2013
OPM	22.46%	20.19%	24.09%	27.90%	44.43%

Note:- OPM= Operating Profit Margin .

### Analysis:-

The operating profit margin of Sonali Bank is decreasing every year. Son Sonali Bank should take step to increase its operating profit margin. The OPM of Sonali Bank in 2017 is half of the OPM of Sonali Bank in 2013. So, it gives a bad signal to Sonali Bank.

### Earnings per share:-

Earnings per share represents the portion of total earnings that is considered as a earnings of a unit portion and that earnings of unit portion is the earnings of each share. In short EPS means average earnings of each share. Earnings per share is written briefly as EPS. Here, E= Earning, P= Per, S= Share. EPS measures the profitability of each share of a bank like Sonali Bank.

EPS= Earnings available for common stockholders / Total number of common stock.

Now I will show the calculation of EPS of Sonali Bank below:-

#### Calculation:-

Year	2017	2016	2015	2014	2013
EPS	14.04	13.61	25.12	19.92	86.31

### Analysis:-

Higher earning per share attracts people to invest. So, High earning per share is good for the bank. Sonali Bank's EPS are fluctuating year by year. In 2017 EPS is high considering 2016, in 2016 EPS is low considering 2015, in 2015 EPS is high considering 2014, in 2014 EPS is low considering 2013. In 2013 Sonali Bank enjoys a remarkable EPS that is very very high considering other years.

### Return on Loan

The system in which bank lends money to the borrowers under contract where borrowers are bound to pay these money with stated interest is called bank loan. On the other hand bank loan refers to the arrangement of a system to provide loans by Bank to its client under a contract between bank (lender) and its clients ( borrowers) where the bank give money to its client with some terms and condition and clients are bounded to obey the terms and conditions and agree to pay the money along with stated interest. Return on loans represents how much interest earns on loan on the basis of total loan. So it express a relationship between interest earn on loans and total loans.

Return on Loans = ( Interest earned on loans/ Total loans ) × 100

### Calculation

The return on loan ratios of sonali Bank of 2013 to 017 are given below:-

Year	2017	2016	2015	2014	2013
Return on Loans	6.78	7.91	8.76	10.55	12.66

### Analysis

The return on loan of Sonali Bank is decreasing day by day. Return on loan is a very important matter for an bank. Higher return on loans leads bank to increase its profit. So Sonali Bank should take necessary step to increase its return on loans. It can examine the return on loans policy of those bank of Bangladesh that are increasing return on loans ratio day by day and Sonali Bank can take a decision by examining those policy. Now it a vital need for Sonali Bank to increase it return on loans. Sonali Bank can increase its interest rate to increase the return on loans. It can open a service like khela somiti in magura and expose this service across the country with huge publicity to attract more and more people. This policy not only lure people but also increase return on loans. The policy of khela somiti is to lend money public at a 10% interest and collect it from them within a specific period of time and then give some awards such as Television, Camera, Refrigerator, Washing Machine, Pen etc. to some people by lottery.

## Net Interest Margin

Net interest margin (NIM) reveals the amount of money earning by a bank as interest on loans compared to the amount it is paying as interest on deposits. NIM is one indicator of a bank's profitability and growth. In short, net interest margin is one indicator of a bank's profitability and growth. It reveals how much the bank is earning in interest on its loans compared to how much it is paying out in interest on deposits. We can find Net Interest margin subtracting interest expense from interest income and then dividing the result by interest earning assets.

$$\text{Net Interest Margin} = (\text{Interest Incomes} - \text{Interest Expenses}) / \text{Interest Earning Assets}$$

### Calculation

Net Interest Margin of Sonali Bank of 2013 to 2017 are calculated below in a table format

Year	2017	2016	2015	2014	2013
NIM	0.74	0.10	-0.62	-0.47	0.44

### Analysis

To increase Net Interest Margin is good for the bank. In 2013 Sonali Bank had 0.44 Net Interest Margin that is 0.44. But in 2014 and 2015 Net Interest Margin of Sonali Bank decreases. In both year Sonali Bank had a negative net interest profit margin. But in 2016 Sonali Bank managed to positive interest and that is 0.10. It is better than 2014 & 2015 but worse than 2013. In 2017 Sonali Bank had highest Net Profit Margin compared to 2013, 2014, 2015 and 2016.

### Net Income Per Employee

Net income per ratio expresses the measurement in which we can get an idea about how much income of revenue generated on average by one employee. This an example of measuring the benefit acquired by using human resources of a bank. It is an example of indicator tht measures the productivity of a person. Skillful person always gives better productivity. So, on the other hand it is the measurement of combined skillfulness of a bank's employees. It also justifies the effectiveness of utilizing human powers of a bank. So, it is also an important indicators to measure financial performances of a bank. Sonali Bank has above 19000 employees. We can find out how effectively Sonali Bank utilizing its Manpower.

Formula:- 
$$\text{Net Income Per Employee} = \text{Net Income After tax} \div \text{Total Number of Employees}$$

## Calculation

The Net Income Per Employee of Sonali Bank of 2013 to 2017 are calculated below in the form of table format:-

Year	2017	2016	2015	2014	2013
Net Income Per Employee	0.22	0.20	0.34	0.26	0.62

## Analysis

Like all other measurements, 2013 is the most successful year for Sonali Bank according to Net Income Per Employee measurement. In, 2013 Net Income Per Employee is very high that means in this year Sanali Bank's employees were doing very skillful activities for the bank. Net Interest Per Employee of Sonali Bank in 2017, 2016 and 2014 are ranges between 0.20-0.29. In 2015 Net Income Per employees crossed the level 0.30. The reason of calvulting the Net Income Per Employee is to justify the skillfulness of the employee by knowing the on average performance of each employees. The reason for increasing or decreasing the value of Net Income Per employee is to increasing or decreasing income and increasing or decreasing the number of employees.

## Dividend Layout Ratio

Dividend Layout Ration is also known as payout ratio. The Dividend Payout Ratio or Payout ratio refers to a percentage of a bank or company's net earnings paid out to the investors as a cash dividend. At the end of a certain period of time, each of the shareholders earns dividends or bears loss. The money of the dividends come from the bank or company's earnings. So there is a relation between company or bank's earnings and dividends. Dividend layout or payout ratio represents the percentage of the bank's earnings that are paid to shareholders as cash dividends. So, we will calculate Dividend Layout Ratio or Payout Ratio as percentage of earnings paid out as cash dividends. So we will get Dividend Layout Ratio or Payout Ratio in the process dividing cash dividends of a specific period of time by net earnings of that specific period.

Formula:-  $\text{Dividend Layout Ratio} = (\text{Cash Dividends} \div \text{Net Earnings}) \times 100$

## Calculation:

The Dividend Layout Ratio of Sonali Bank of 2013-2017 are presented below in a tabulation form:-

Year	2017	2016	2015	2014	2013
Dividend Layout Ratio	37%	38%	21%	26%	10%

## Analysis

In 2017 and 2016 the rate of cash dividends paid are very high. In generally we see that when Bank earns more, it increases the percentage of cash dividends paid. So, we can say that in 2017 and 2016 Sonali Bank earnings were huge. On the other hand Sonali Bank maintain a very percentage to pay its share-holder's cash dividend in 2013. It indicates that in 2013 Bank generates very low earnings. In 2017 Sonali Bank gave 37% cash dividends to its share-holders. In 2016 Sonali Bank paid 38% cash dividends to its share-holders that was highest of the stated five year period. In 2015 and 2014 Sonali Bank paid its Share-holders more than 20% cash dividends but less than 27% cash dividends. In 2013 Sonali Bank gave its share-holders only 10% cash dividends.

## Capital Adequacy Analysis

### Capital Adequacy Ratio

The capital adequacy ratio (CAR) is a measure of how much capital a bank has available, reported as a percentage of a bank's risk-weighted credit exposures.

The purpose is to establish that banks have enough capital on reserve to handle a certain amount of losses, before being at risk for becoming insolvent.

Capital is broken down as Tier-1, core capital, such as equity and disclosed reserves, and Tier-2, supplemental capital held as part of a bank's required reserves.

A bank with a high capital adequacy ratio is considered to be above the minimum requirements needed to suggest solvency.

Therefore, the higher a bank's CAR, the more likely it is to be able to withstand a financial downturn or other unforeseen losses.

**Formula:-** Capital Adequacy Ratio = (Tiers-1 Capital + Tiers-2 Capital) / Risk Weighted Assets) × 100

### Calculation

The Capital Adequacy Ratio of Sonali Bank of 2013 to 2017 are calculated below in the following table:-

Year	2017	2016	2015	2014	2013
Capital Adequacy Ratio	10.06%	10.69%	10.16%	10.30%	10.27%

## **Analysis**

According to BASEL-2 capital framework guideline a bank maintaining 10% or above 10% CAR against risk maintain a good situation. So Sonali Bank has done well in case of capital adequacy ratio.

### **Asset Management Analysis of Sonali Bank Ltd.**

Asset Management Analysis has a great importance in case of measuring financial performance of a bank. Asset Management ratio measure the efficiency of a bank in case of converting cash or sale into resources. It evaluate the bank's strength to convert cash or sale into resources. So, Asset Management Ratio evaluate how effectively a bank use its assets. management (turnover) ratios compare the assets of a company to its sales revenue. Asset management ratios indicate how successfully a company is utilizing its assets to generate revenues. Analysis of asset management ratios tells how efficiently and effectively a company is using its assets in the generation of revenues. They indicate the ability of a company to translate its assets into the sales. Asset management ratios are also known as asset turnover ratios and asset efficiency ratios. Asset management ratios are computed for different assets. Common examples of asset turnover ratios include fixed asset turnover, inventory turnover, accounts payable turnover ratio, accounts receivable turnover ratio, and cash conversion cycle. These ratios provide important insights into different financial areas of the company and its highlights its strengths and weaknesses. High asset turnover ratios are desirable because they mean that the company is utilizing its assets efficiently to produce sales. The higher the asset turnover ratios, the more sales the company is generating from its assets.

#### **Earning Assets to Total Ratio**

According to the point of view of bank, Earning assets are those kind of assets that generate income. Bank analysts want to know what percentage of a company's assets are actually generating income. They determine this with the earning assets to total assets ratio. Of all the assets that a company owns (referred to as total assets), analysts want to know what percentage of them are actually generating income. Earning assets usually include any assets that are directly generating income, such as interest-generating investments or income-generating rentals, but in some cases, they include other forms of assets that directly contribute to income, such as machinery, computers, or anything that is directly involved in producing goods and services that will be sold to customers. You calculate the earning assets to total assets ratio by using this equation:

Formula:-  $\text{Earning Assets to Total Assets Ratio} = (\text{Earning Assets} / \text{Total Assets}) \times 100$



## Calculation

Earning Assets to Total Assets Ratio of Sonali Bank of five year period of 2013 to 2017 are given below:-

Year	2017	2016	2015	2014	2013
Earning Assets to Total Assets Ratio	75.68%	77.76%	80.31%	79.05%	78.7%

## Analysis

The bank that generate their income from loans and rentals, such as banks, a high ratio indicates a very efficient use of assets. A low ratio may indicate a poor use of assets and a need to either decrease their asset costs or improve volume. The Sonali Bank maintain above 70% Earning Assets to Total Assets Ratio I every year. It represents that Sonali bank maintains a good position according to Earning Assets Total Assets Ratio. It is clear that Sonali Bank maintain highest Earning Assets to Total Assets Ratio in 2015 considering the five year period as it is higher than other four years.

## Fixed Asset Turnover

This ratio measures the capability of a company to pay the cot of its fixed assets by its revenue. This ratio express the revenue generating in terms of fixed assets. A larger fixed asset turnover ratio is better because it represents that company has a higher capability to utilizing its assets for generating revenue. There is no hard and fast rule for selecting the best level of Fixed asset turnover ratio. Many companies and Banks used to calculate Fixed Asset Turnover Ratio every year. It helps people to know about how effective a bank or a company in case of using its fixed assets.

Formula:- Fixed Assets Turnover = Total Revenue / Total fixed Asset

## Calculation

Year	2017	2016	2015	2014	2013
Fixed Asset Turnover	5.09	5.14	5.54	5.8	5.66

## Analysis

We find from the calculation Sonali Bank had higher Fixed Assets Turnover ratio in 2015 than the other years of the five year period that was 5.8. This 2015 is the only year among the five year period that maintained an increase considering the prior year. But after that Faxed turnover ratio

is decreasing day by day. As Sonali Bank had maintained its Turnover Ratio up to 5.0 in each of the five years of the period, we can say Sonali Bank maintained a reliable Fixed Assets Turnover Ratio over the five year period. So Fixed Assets Turnover ratio of Sonali Bank is in satisfactory level. It indicates that Sonali Bank is maintained a good position in case of Fixed Asset Turnover ratio like other measurements.

### **Solvency Analysis of Sonali Bank Ltd.**

Solvency Ratio also known as Leverage Ratio examines the ability to sustain in the business field of a bank. We determine the debt level of a bank on the basis of equity, assets and earning that means comparing debt level with equity, assets and earnings. In other words, Solvency analysis measures the bank's strength rate to pay a bank's long term obligations and bills. The difference between solvency ratios and liquidity ratio is to solvency ratio deals with long term obligation and liquidity ratio deals with short-term obligations.

#### **Debt to Total Assets Ratio**

debt-to-total-assets ratio represents the amount of a business is owned by borrowers of the bank compared with the amount off the bank's assets are owned by shareholders. Debt capacity represents both a bank's capability to serve the current debt as well as the capability to raise cash from new debt, if necessary.

Formula:-  $\text{Debt to Total Assets Ratio} = (\text{Total Debt} / \text{Total Assets}) \times 100$

#### **Calculation**

Debt to Total Assets Ratio of Sonali Bank from 2013-2017 are calculated below:-

Year	2017	2016	2015	2014	2013
Debt to Total Assets Ratio	93.63%	93.59%	92.83%	93.72%	9.67%

#### **Analysis**

Higher debt to total asset ration increase the risk of bank. The debt to total assets ratio of Sonali Bank is very high. It represents that the high risk of Sonali bank to meet and deal with its maturing obligations.

## Time Interest Earned Ratio

The times interest earned ratio represents a measurement of Sonali bank's capability to deal with its debt obligations on the basis of its current incomes. We can calculate Sonali bank's time interest earned ratio by using the for simple calculation of earnings before interest and taxes (EBIT) divided by the total interest payable on bonds and other debt. By this way we find a result that represents a number and this number represents the value of Time Interest Earned Ratio. Time Interest Earned Ratio shows the value that represents how many times a company could cover its interest charges with its pretax earnings.

Formula:-  $\text{Interest Earned Ratio} = \frac{\text{Earning before Interests and taxes}}{\text{Interest}}$

### Calculation

Year	2017	2016	2015	2014	2013
Time Interest Earned Ratio	1.38	1.5	1.8	2.04	1.9

### Analysis

Only in 2014 the ratio had increased. In the other years there was little decreasing of the ratio. The reason of little decreasing in those years is to gradual increasing of deposits compared to prior years. In 2014 time interest earned ratio is higher than other years because in this year the amount of interest paid on deposits and borrowing are lower than other years.

## SWOT Analysis

### Strength

- I. Sonali Bank has a very high brand value across the country that means Sonali Bank Limited has build a great reputation across the country.
- II. Most of the People of Bangladesh keep their faith in Sonali Bank Limited. Sonali Bank Limited earns more reliability of the countrymen than any other bank of Bangladesh.
- III. Sonali Bank offers many exciting deposit schemes
- IV. Sonali Bank has a great popularity among the people of Bangladesh
- V. People consider Sonali Bank less risky than other banks. People consider that investing in Sonali bank is safer than most of the bank in Bangladesh.
- VI. It is one of the state owned Banks.
- VII. Sonali Bank has more deposits than any other banks in Bangladesh.
- VIII. Management of Sonali Bank is skillful
- IX. Sonali Bank is regarded as most profitable bank in our country.

### Weakness

- I. We generally see that Sonali Bank maintains its activities in rural areas manually.
- II. Low remuneration package is considered as weakness of Sonali Bank
- III. Less training program
- IV. Less incentives
- V. Complicated credit policy
- VI. Poor ATM facilities
- VII. As both commercial and state owned bank, Sonali Bank has to face bureaucratic complexity.
- VIII. Poor infrastructure

### Opportunities

- I. Huge contribution in our economy
- II. High demand on SME financing
- III. Sonali Bank can transfer money easily from one branch to another branch. It can easily transfer money to abroad than any other bank of Bangladesh.
- IV. If Sonali Bank develops its infrastructure and modernized its systems and technology, it can attract modern people

## **Threats**

- I. Competitors maintain more flexible deposit scheme
- II. Competition is increasing day by day
- III. Demand of stock of competitors has increased day by day
- IV. Competitors are far ahead to deal with better technology
- V. Competitors maintain better infrastructure
- VI. The employees are very slow to do their tasks. They take more time to finish their tasks
- VII. Sonali Bank maintain more formalities that kill time.

## Findings

- Sonali Bank maintained really an excellent liquidity ratio over the five year period. Higher liquidity is good for the bank but excess liquidity reduces profit. Sonali Bank maintained 1.04:1.00 current ratio an quick ratio that is fairly good in this perspective. Sonali Bank also maintained a good. Loans to Deposits ratio over the five year period because it maintained less than 1 Loans to Deposits ratio in every years over the five year period.
- The ROE of Bank is not satisfactory because it is very low except 2013 over the five year period. In 2013, Sonali Bank had an excellent ROE that surpassed 30%. I think, the reason for lower ROE of Sonali Bank is its policy to increase its provision for loans and advances.
- The researchers consider more than 15% operating profit margin is good enough for a bank. Sonali Bank had more than 20% operating profit margin over the five year period that indicates that Sonali Bank maintained a very good operating profit margin. So, onli Bank has done a great job in this section
- There is a established idea among the researchers that 5% or more ROA is good for a bank and 20% or more ROA is excellent for a Bank. Sonali Bank always maintained less than 2% ROA that indicates that Sonali Bank is fairly in a bad position in dealing with ROA
- EPS of Sonali Bank is not good because Sonali Bank's recent EPS are increasing drastically. It is alarming for Sonali Bank.
- Return on loans of Sonali Bank is decreasing day by day. It is a going concern situation for Sonali Bank.
- The Sonali Bank's Net Interest Margin is not satisfactory because it maintains a low positive or negative net interest profit margin.
- In 2013 there was 0.62 net income per employee but in 2013 it decreased to 0.22. It indicates that efficiency of employees on average is decreasing at a great level comparing to 2013. Sonali Bank can arrange training for improving the skills of employees
- Sonali Bank's earning assets to total asset ratio is very good. It is above 75% in every years of the five year periods. It indicates the Sanali Bank's shows a great ability to utilize its total asset for generating earnings.
- Many Financial Analyst consider debt position the of a bank as the most important financial indicator. Because debt position of a bank indicates the ability of a bank to generate profit by using other's money. Sonali Bank maintain a very bad debt position over the stated five year period. Sonali bank had more than 92.8% debt to total asset ratio over the stated five year period that Sonali bank has maintained more than 92.8% leverage on total asset in every year over the stated five year period.
- In 2017 and 2016 Sonali Bank pays 37% and 38% cash dividends to share-holders of its net earnings that is far more than 2015, 2014 and 2013. It indicates that capability of Sonali Bank to pay more cash dividends compared to its net income has increased in a large margin.

## Recommendations

- Sonali bank should increase the facilities of the employee to attract efficient employees. It can also improve the quality of its training program to improve the skill of its employees
- Physical and technical facilities should be developed to deal with its credit systems.
- To take necessary steps for diminishing gap between its employees and its clients. Sonali Bank can find out the solution by arranging meeting, seminar etc.
- Sonali Bank has a lacking of using its funds. Sonali Bank should maintain a policy that can minimize its cost of fund
- Sonali Bank has a poor infrastructure. Sonali Bank should develop its infrastructure for accept the challenge of the time. Sonali Bank should maintain high level of infrastructure.
- Sonali Bank should give importance on online banking as online banking has become popular among people of Bangladesh
- ATM facilities should be developed
- Lack of utilizing proper human resources are decreasing profitability of Sonali Bank. Sonali Bank should give importance on utilizing and managing human resources
- Sonali Bank should set CC camera in all branches because bank robbery is a common factor.
- Sonali Bank should give importance to develop its incentives plan for employees. Because skillful employees is essential for conducting the activities of a bank. Sonali Bank's employees are not enough skillful on average.
- The existing web design of Sonali Bank is not up to the mark. It can't attract fashionable customers. The design of website need to be developed.
- Sonali Bank should reduce the use of its debt financing
- Sonali Bank should give more importance to enhance its equity financing
- Sonali Bank's top management should decentralize some power to branch manager to do some activities quickly such as for the purpose of foreign trade up to a certain limit.
- There are many branches that don't continue to serve people that means these branches are closed. Sonali Bank should give importance to open its all closed branches for aiming to provide services to more area and more people
- When Sonali Bank transfer an employee from one branch to another branch, Sonali bank should arrange 10-15 days training program for him to guide him about his new branch, the environment of the branch and the variation of his new duty and so on.
- Sonali Bank should organize more training.
- More market analysis, more computerized, more data collection are needed for Sonali Bank.

- Sonali Bank should update its all poor systems and try to use most updated Technology for servicing well to the customers.

## Conclusion

Sonali Bank Plays a role of both commercial and government bank. As the county's largest bank, Sanali bank should conduct its business not only for the commercial purpose but also for the betterment of the country. Sonali Bank has a great brand value that helps it to hold strong position in the market. Although Sonali Bank is doing well according to some financial measurements, it also fails to do well according to Some other financial measurements. Sonali Bank's debt position is one of the worst in the country. It should give emphasis on developing its debt position. I have given some suggestions in my recommendations. If Sonali Bank follow this suggestion, I think Sonali Bank will get benefit to develop its financial position. As an agent of Bangladesh Bank and as a nationalized Bank Sonali Bank has to do many tasks and duty for the betterment of the nation without thinking about profit. I have to consider this matter also. In this case the loss should not counted as loss because these loss brings good for the whole nation.



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