“ Financial Performance Analysis of Sonali Bank PLC. ”



Internship Report

on

Financial Performance Analysis of Sonali Bank PLC

Submitted to:

Department of Business Administration
Sonargaon University (SU)
Green Road, Dhaka-1215

Submitted by:

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Date of Submission: 09th September, 2024



Sonargaon University (SU)
Dhaka-1215

Internship Report
on
Financial Performance Analaysis of Sonali Bank PLC

Submitted to:
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Submitted for the partial fulfillment of the requirements for the degree the Bachelor of Business Administration.

Date of Submission: 09th September, 2024

Letter of Transmittal

Date: 09th September, 2024

Md. Shahbub Alam
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Department of Buisness Administration
Sonargaon Universty (SU)

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

Dear Sir,

I am delighted to submit the internship report, **"Financial Performance Analysis of Sonali Bank PLC,"** as part of the BBA program's academic requirements. This report delves into the investigation of Sonali Bank PLC's general Finncial operations and performance. With guidance from my esteemed supervisor, it includes a comparative analysis of liquidity scenarios across various years within the bank. I have diligently strived to make this report resourceful, clear, and comprehensive within the given constraints. I genuinely hope it fulfils its intended objectives. Should further clarification be necessary, I am more than willing to provide it.

Thanks a lot for your concern.

Sincerely yours,

- - - - - - - - - - - - - -

Rajaul Karim
ID: BBA2003021013
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Certificate of Supervisor

The internship report titled “Financial performance Analysis”submitted as partial requirment of BBA degree at Sonargaon university (SU). The report has been prepared by Rajaul Karim, ID: BBA2003021013, Program: BBA (major: Finanace), Department of Buisness Administration, Sonargaon University (SU) under my supervision and guidence.The data and findig presented in the report seem to be authentic. Thus the internship report has been presentation.

I wish him every success in life.

_____

Md. Shahbub Alam
Lecturer
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Declaration of Student

Actually, this report is submitted as a fulfillment of the requrement of Bachelor of Buisness Administration degree. I am Rajaul karim hereby declered that the work presented in this report titled " Financial performance Analysis" Has been carried out by me has not beeen previosly submitted to any other university,college or organization for any academic qualification, certificate , diplom or digree.

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Acknowledgement

With the help of almighty Allah, I am done with my internship report. To this report, I have tried my best to analyse banking operations activity and evaluate the performance of Sonali Bank PLC. I complete my internship from Sonali Bank PLC, Krishi Bazar Branch Dhaka with three months duration. This internship gives me the opportunities to learn about Financial sector and its activities in practical rather than class room. Classroom definitely game the initial idea but this report gives me the practical implication of what we learnt in academy. Whenever I started to preparing this report, it took me too deep of this operations and evaluation topics. So, this internship has helped me build interpersonal skills, self-confidence, and understanding of the business world.

I would like to thanks to some really unique individuals whose support help me to grow my confidence. Sincerely, I am grateful to my internship supervisor Lecturer Shahbub Alam sir Departmenyt of Buisness Adminstration sonargaon Universty (SU).

As a result of their constant guidance, I now have a firm grasp of how Sonali Bank PLC's operations operate. There are many people I like thanks to for their help in putting together this research, including all of the employees of Sonali Bank PLC.Krishi Bazar branch in Dhaka as well as the authors whose work I have referenced in this study.

Last but not least, I would want to express my eternal appreciation to the Almighty for bestowing upon me the strength and capacity to complete the assignment within the allotted time.

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Executive Summary

Financial institutions like banks, play a pivotal role in providing a comprehensive range of economic services, including cash collection, loan issuance, and payment solutions. Within the financial landscape of Bangladesh, the banking sector holds significant influence and impact. Banks, recognizing the evolving needs of the market, have diversified their activities by establishing new subsidiaries offering additional services or through strategic collaborations with various financial institutions.

My internship experience provided valuable insights into the practical realities of financial organizations. Sonali Bank PLC, with its primary goal of playing a significant role in the nation's financial operations, has carved a distinctive position in the banking sector through a flexible service, creative practices, dynamic development, and efficient management.

The initial chapter of this paper provide foundational information about banks and their activities. The preparatory phase encompasses the introduction, statement of the problem, objectives of the investigation, research technique, and limitations. The subsequent section investigates into the background of Sonali Bank PLC, specifically focusing on the krishi Bazar branch dhaka. The subsequent portions provide an overview of the entire bank, including its vision, purpose, and a comprehensive ratio analysis, visually represented through graphs and charts for enhanced understanding.

The study concludes with several recommendations derived from the findings. In essence, the institution should transition from previous financial sector trends to embrace a more creative system, characterized by structural and technical growth, customer-centric practices with minimal hassles, reduced leverage, and enhanced efficiency in management. In recognizing the challenges, I have proposed solutions from my perspective to address these issues. The study's outcomes are extensively clarified in the subsequent chapters.

Chapter 1- Introduction

Bangladesh's economy is heavily dependent on the services provided by commercial banks for stability. The banking industry's functions include fostering economic expansion and making sure that funds are allocated to development organisations that banks in Bangladesh manage efficiently. It is imperative that the public and government have access to the financial services offered by these institutions in order to support planned economic growth.

Banks' main function is to facilitate the flow of money from economic surplus to deficit. Some banks focus on taking money from surplus organisations and directing it towards deficit organisations, which gradually improves the public's opinion of these banks (Maklan, 2020). Being employed by a bank is more than just a job; it's an honorable and rewarding opportunity to support the country's economic growth and national duty.

Origin of the Report

This report is a result of the internship requirement for the completion of the BBA Program at the Institute of Business Administration, sonrgaon university The internship spanned from 27th May to 27August 2024 at SBPLC, krishi bazar branch mohammadour . Throughout this period, me as a student got the opportunities to have practical knowledge about real business in banking sector and at the same time leant to navigate various organizational levels. Serving as an intern at SBPLC, I got the opportunity to gain hands-on experience in the General Banking Department at SBPLC, mohammadpur krishi bazar Branch, engaging in diverse tasks within this department.

Objectives of the Report

The Sonali Bank Limited is a reputable public bank in Bangladesh. This report's primary goal is to give readers in the future a critical evaluation of this bank's financial performance. In this regard, the following specific goals are listed:

- ✓ Getting an overview of recent financial performance-related actions;
- ✓ Examining the steady performance of the preceding six years;
- ✓ Analysing ratios to assess financial performance;
- ✓ Identifying some barriers that prevent this bank from improving
- ✓ Making recommendations to improve performance in necessary sectors

Methodology of the Study

The entire study procedure is structured and methodical, from obtaining secondary and raw data (2018–2022) to composing the final report. The laws and regulations of the banking act serve as a guide in the selection and gathering of sources for the study. At this point, classification and systematic organisation are finished. In order to calculate the ratios (current, net working capital, debt-equity, asset turnover, profitability), analyse the data, clarify certain concepts, and reach conclusions, this report includes a number of charts and tables.

Data selection: Correct use of primary and secondary sources of data was made in the compilation of this study.

Primary Sources of Data

- ✓ Interviews with bank staff and officials.
- ✓ During the internship, I was able to obtain practical and hands-on experience by working at a variety of desks.
- ✓ Conversations with new and potential customers over the phone.
- ✓ On-the-job experience.

Secondary Sources of Data

- ✓ Sonali Bank PLC. Annual Reports (2018-2022)
- ✓ Sonali Bank PLC. Official Records
- ✓ Sonali Bank PLC. Web Site
- ✓ A number of previous studies that are relevant to the subject matter

Data analysis methods

Excel is used to generate this report through a variety of ratio analysis, regression analysis, and comparative analysis techniques. Various diagrams are also included to enhance the analysis. This report presents the detailed calculations using appropriate graphs and charts, and it also appropriately discusses the meaning of each indication.

Scope of the study

This report can be used by Sonali Bank PLC to monitor general operations activities and assess overall performance by comparing it to the previous four years. I did my best to elaborate the report using various tables, graphs, and ratio analyses so that I could get to a precise, definite

conclusion. In light of the investigation's findings, recommendations and conclusions are made. This takes into account multiple performance aspects, which helps to keep things simple (Barlatier, 2021). A brief analysis of branch performance is carried out to show the bank's overall financial health success.

Study Limitations

During the report writing process, I came into the following challenges and restrictions:

- ✓ It takes more than three months to finish an investigation of size. In a brief
- ✓ It is really challenging to obtain all of the required information in the allotted time.
- ✓ Sonali Bank PLC, Dhaka, krishi bazar branch dhaka, Payment and Receivables The individual holds a very confidential position.
- ✓ There weren't enough articles or papers available.
- ✓ There were no structured information sources found
- ✓ The authority's power to access the information was limited in several ways.
- ✓ Due to security concerns and other business obligations, staff members hide some crucial information.

Chapter 2- Literature Review

A significant portion of our everyday lives is always devoted to finances, which includes both personal and professional accounting duties. A well-informed business choice based on sound financial analysis has the power to significantly alter a company's course. In a same vein, a poor choice might completely destroy a company. Thus, study in this field is crucial to success in finance (Lovinger, 2020). A large number of research studies have been conducted to evaluate the efficacy of financial and non-financial enterprises. Banks and other financial institutions' financial performance has usually been evaluated using financial ratio analysis, benchmarking, performance against budget, or a mix of these methods.

According to a study on the financial performance and client preferences of commercial and nonconventional banks in Bangladesh, the banking sector is outperforming the others. For the purpose of this study, key performance indicators were divided into two categories: inner bank factors, which assess the implementation of two types of banks in terms of profitability, liquidity, credit risk, and solvency, and peripheral bank factors, which deal with customer behaviour and perceptions of both commercial and Islamic banks.

The evaluation of financial performance in the study on financial performance analysis of scheduled commercial banks in Bangladesh focused mostly on publicly traded commercial banking companies in Bangladesh, raising concerns about the generalizability of the findings. Economic value added (EVA) and profitability ratios, as well as EVA and market ratios, showed a strong link, according to the research findings, which led to the designation of EVA as an independent performance metric (Covin, 2021). According to a study on the performance analysis of two conventional and non-conventional banks with locations in the United Arab Emirates, the key ratios to pay attention to are the bank's capital structure, share performance, profitability, liquidity, and managerial ability.

The general stability of each bank was also mentioned in this article. The people of Bangladesh should be able to perform all banking and investing activities on the basis of interest-free financial transactions, as this is what Islam prescribes. For this reason, it has been demonstrated that a variety of operation activities can be employed to closely examine Islami Bank Bangladesh Ltd.'s operations. The robust financial well-being of banks is contingent upon depositors alone,

performance of various banks by closely examining their financial standing and efficient administration within every given enterprise. Islam said in his article that management's capacity to develop strategic plans and enhance performance determines the performance of banks. Additionally, this study assessed the bank's performance by comparing its financial performance to that of the previous year utilizing financial ratios. The CAMEL technique was used to analyse the financial performance of Ethiopian commercial banks and investigate the correlation between profitability indicators and specific CAMEL factor measurements.

Financial performance analysis is the process of determining a company's operational and financial characteristics from accounting and financial statements. The goal of this type of study is to ascertain how successful and effective the company's management is based on its financial records and reports. The article used multiple analysis of linear regression methodology and simulated neural network approaches to forecast bank performance (Bustinza, 2021). To quantify bank performance, seven independent variables and one dependent variable ROA were used. These were cost to income ratio, size, concentration ratio, credit risk, and liquidity. Financial performance analysis is one of the most crucial tools for evaluating an organization's financial health.

A company's ability to analyse its financial performance is crucial to its success. Financial performance analysis is the process of assessing the viability, stability, and fertility of a company, sub business, or mission. According to Altman and Eberhart's report, the Italian central bank has started utilizing neural networks to detect companies that are distressed. Using over 1,000 selected firms and 10 financial ratios as independent variables, they found that the classification performed by neural networks was remarkably similar to the classification performed by discriminant analysis. They concluded that the neural network is not a distinctly dominant mathematical technique when compared to traditional statistical procedures.

Using several ratios that represent the company's financial status, performance analysis allows one to assess the overall financial success of an organisation. An understanding of the business's operational effectiveness and potential is given by the analysis. Ratios for activity, liquidity, profitability, and debt are frequently used in financial performance analysis. Ratios are a crucial performance indicator that help us determine whether a business is solvent or not.

Chapter 3- A Look at Theory in Financial Performance Evaluation

Ratio Evaluation: Ratio analysis is a statistical method for assessing data from a company's financial statements to ascertain its operational efficiency, profitability, and liquidity. Ratio analysis is an essential part of fundamental analysis. It is the examination of the financial account line items for a business. Ratio analysis is a helpful method for evaluating the profitability, liquidity, and operational effectiveness of a company. An outsider's primary source of information about a company is its financial statements, therefore this type of study is extremely useful to them. Ratio analysis is less useful to corporate insiders since they have better access to more detailed operational information about the organisation. Two particularly useful applications of ratio analysis are:

Line of trend: Determine each ratio throughout an extensive number of reporting periods to check for any patterns in the data that has been computed (Lovett, 2019). Examining the trend can reveal financial issues that would not be visible if ratios were just looked at for one time. Additionally, trend lines can be used to predict the future performance direction of ratios.

Ratios of Profitability

Profitability ratios are a class of financial statistics that assess a company's ability to make profits over time in relation to its revenue, operating costs, balance sheet assets, or shareholders' equity using data at a particular point in time. A company is generally doing well when its profitability ratio is better than that of its rivals or higher than the same ratio from a previous period. When it comes to profitability ratios, comparisons with similar businesses, historical performance, or industry norms are the most useful. For example, the gross profit margin is one of the most widely used profitability or margin ratios. For some industries, like the retail industry, seasonality is a given. Retailers typically experience a noticeable increase in sales and earnings during the year-end Christmas season.

Return on Equity: Since it gauges a company's capacity to generate a return on its equity investments, return on equity (ROE) is a crucial number for investors. Net income is divided by shareholders' equity to get ROE. Without more equity investments, ROE may climb since a larger asset base financed by debt might result in higher net income.

Return on Investment: It goes without saying that an investor's return on investment is

more crucial. To gain a thorough understanding of this, use the return-on-investment ratio. Divide net income by investment to get ROI. This ratio may rise as a result of a specific organization's declining investment level or rising net income.

Return on Total Assets: Profitability is assessed in relation to costs and expenses as well as assets in order to assess how successfully a company is using its resources to generate sales and profits. The term "return" in relation to the ROA ratio usually means net profit or net income, which is the quantity of earnings from sales after all costs, expenses, and taxes are subtracted. To calculate ROA, divide net income by total assets. With more assets under its belt, a company may be able to increase sales and earnings. Because economies of scale assist lower costs and enhance margins, eventually improving ROA, returns may increase faster than asset growth.

Earnings Margin on Net Interest (NIM): The ratio of net interest revenue that a financial institution earns from credit products, such mortgages and loans, to the interest that it pays to holders of certificates of deposit (CDs) and savings accounts is known as "net interest margin" (NIM). When represented as a percentage, the Net Interest Margin (NIM) is a profitability metric that provides an approximate estimate of the likelihood that a bank or financial institution would prosper over the long term (Little, 2018). This figure helps prospective investors decide whether or not to invest in a certain financial services company by showing the profitability of interest revenue in relation to interest expenses.

Ratio of Operating Profit: The operating profit margin ratio shows how much money a business makes after covering its variable production expenses, like labour and raw materials. It therefore demonstrates the effectiveness of a company managing the expenditures and expenses related to business operations and is also stated as a percentage of revenues. Moreover, it excludes unique or one-time transactions and represents the result obtained from ordinary operations.

Profitable Operations for Each Branch: To calculate the operating profit per branch, divide the total operating profit by the number of branches that turned a profit that year. In essence, it is the mean earnings of lucrative divisions. It can only be raised for all branches by entire operations.

Margin of Net Profit: The term "net profit margin" refers to the amount of net income or profit made relative to revenue. Net profit margin is the ratio of a company's or business segment's net earnings to revenues. Net profit margin can be displayed as a decimal, even though it is most frequently expressed as a percentage. A company's net profit margin indicates how much profit it makes on each dollar of sales it brings in. Sometimes, net income is referred to as the company's bottom line or net profit. Net margin is another term for net profit margin. The terms "net profits" and "net income" can be used interchangeably on the income statement.

Per Share Earnings (EPS): Earnings per share, or EPS, is calculated by dividing a company's profit by the total number of outstanding shares of its common stock. The resulting number is used to calculate a business's profitability. Businesses usually report EPS that has been modified to account for anomalous costs and potential share dilution. If an organization's EPS is larger, it is regarded as more profitable.

Equity Comparing Net Loans: This ratio displays an entity's equity percentage to net loans at a specific point in time. This ratio is calculated by dividing the total equity by the net loans. A higher ratio denotes a stronger equity position relative to the bank loan that was issued. Either raising equity or lowering net loans will raise it.

Ratio of Liquidity

Liquidity ratios are a crucial class of financial indicators that are used to evaluate a debtor's ability to pay off outstanding debts without needing to obtain new capital. Liquidity ratios compute metrics such as the current ratio, quick ratio, and operating cash flow ratio to evaluate a company's ability to pay off debt and its margin of safety. A few common liquidity ratios are as follows:

The Current Ratio: A company's cash, accounts receivable, and inventory must be calculated using the current ratio in order to cover its current liabilities, or debts that must be repaid within a year. The higher the ratio, the better the company's liquidity condition. The formula to calculate current ratio is Current Ratio = Current Assets / Current Liabilities.

The Cash Ratio: The cash ratio can be thought of as an indicator of a company's value in the worst-case scenario for example, when it is on the verge of going out of business. It gives creditors and analysts information about the value of current assets that can be quickly turned

into cash as well as the percentage of current liabilities that can be satisfied by these cash and near-cash assets. A company's cash position is determined using the formula Cash Ratio = Cash and Cash Equivalents / Current Liabilities.

Financial Solvency Ratio

The solvency ratio offers a comprehensive evaluation of a company's capacity to be solvent by adding back depreciation and other non-cash expenses to measure a company's actual cash flow instead of net income. It evaluates this cash flow capacity in relation to all commitments, rather than simply short-term debt. In this way, the solvency ratio assesses a company's future viability by evaluating its capacity to pay back its long-term debt and the interest attached to it. A few common solvency ratios are as follows:

Debt to Equity Ratio: This ratio compares the total amount of debt to shareholder equity. The entire liabilities of your company are equal to the equity held by your shareholders. While a high debt-to-equity ratio implies that the company overused debt to finance its expansion, a high solvency ratio often indicates that a corporation is economically sound. Companies may have unstable earnings as long as interest rates remain high. Business owners should priorities postponing expenses, cutting debt, and increasing overall revenues in order to avoid insolvency.

Debt to Asset Ratio: In relation to total holdings, this is the ratio between long-term and short-term liabilities. It can be expressed mathematically as the short- and long-term obligations of your company divided by the total assets. Banks and creditors face increased financial risk when a company's debt-to-assets ratio rises. In determining the ratio of total debt to total assets, it is crucial to consider the extent of leverage. When we talk about financial leverage, we usually mean borrowing money to increase our purchasing power. For example, we might borrow money to buy new equipment or make further investments in our business.

Ratios of interest to coverage: These ratios assess how well a business can manage interest payments, which increase in tandem with total debt. By dividing earnings before interest and tax (EBIT) by interest expenses, business owners can compute the interest-coverage ratio. An interest-coverage ratio of 1.5 or below generally indicates financial instability, making it more difficult for a corporation to get bank and other lender loans. Reduce debt and increase total profits to improve your interest-coverage ratio.

Debt to EBITDA Ratio: The ratio of debt to EBITDA, or earnings before interest, taxes, depreciation, and amortization, indicates how much money is made and made available for debt repayment before interest, taxes, depreciation, and amortization costs are paid. The ratio of debt to EBITDA indicates how well a business can pay off its debt. An excessively large debt load for the company may be indicated by a high ratio result.

Ratios of Efficiency

The efficiency ratio is frequently used to assess how an organisation uses its internal resources and duties. An efficiency ratio can be used to calculate the rotation of receivables, the payback of debts, the amount and usage of equity, and the overall consumption of equipment and inventories. This ratio can be used to track and assess the performance of commercial and investment banks.

Ratio of Cost to Income: One crucial financial metric that is especially significant when assessing banks is the cost-to-income ratio. It displays the expenses of a business compared to its revenue. Calculate the ratio by dividing the operational costs (which include fixed and administrative expenditures like rent and property taxes, but not written-off bad debts) by the operating income (Mathewson, 2018). Investors can clearly see from the ratio how profitably the company is being operated; the lower the ratio, the more lucrative the bank will be. Variations in the ratio can also point to possible issues. For example, if the ratio increases from one month to the next, it indicates that expenses are growing faster than revenue, which may indicate that the organisation has lost focus in its efforts to draw in more clients.

Ratio of Loan to Deposit (LDR): The loan-to-deposit ratio, or LDR, is a metric used to assess a bank's liquidity that is calculated by taking the total number of loans made to the total number of deposits made within a specific time period. The LDR is expressed as a percentage. If the ratio is too high, the bank could not have enough liquidity to cover any unplanned funding needs. However, if the ratio is too low, the bank could not be earning as much as it could. The loan-to-deposit ratio of a bank shows how much it can afford to cover loan losses and customer withdrawals. Investors monitor banks' loan default rates (LDRs) to make sure that, in the event of an economic downturn, there is enough liquidity to service loans.

Value of Net Assets Per Share: Applications for asset value per share are numerous. The phrase usually means the entire value of investments made by a fund divided by the number of outstanding shares. When liabilities are deducted, this kind of asset value per share is more frequently referred to as net asset value per share, or simply net asset value (NAV). For both open-end and closed-end funds, NAV is computed. (Net) Another way to calculate asset value per share is to divide the entire number of outstanding shares of a corporation by its fair value less all of its liabilities. Variable annuity contracts and variable universal life insurance plans are two further uses for the measure.

Employee Productivity Ratio: Productivity measures the efficiency of a company's manufacturing process. It is calculated by dividing the outputs produced by the business by the inputs used in the production process. Sales or the amount of goods and services produced are usually used to quantify outputs, whereas capital, labour hours, and natural resources are commonly utilized as inputs. Productivity can be calculated using either the ratio of a company's net sales to employee labour hours or the number of units produced in relation to employee labour hours.

Operating Efficiency Ratio: The operational ratio, which compares a company's total operating expense (OPEX) to net sales, provides insight into the efficacy of management at a certain level. The operating ratio shows how well a company's management raises revenue or increases sales while keeping costs under control. The smaller the ratio, the more profitably a company generates in relation to its total expenses.

Activity Ratios

An activity ratio, one type of financial indicator, demonstrates how well a company generates cash and revenue from the assets on its balance sheet. Analysts regularly utilize activity ratios, also referred to as efficiency ratios, to evaluate a company's inventory management procedures, which are essential to the smooth operation and general financial health of the enterprise. Activity ratios are especially useful for comparing two competing businesses in the same industry to determine how one business differs from the other (Kharel, 2019). However, by following a company's financial progress throughout multiple recording periods, activity ratios can also be utilized to measure changes over time. Plotting these numbers can provide an outlook for an organization's performance going forward.

Turnover of Total Assets: The effectiveness with which a company uses its assets to tender a sale is gauged by the total asset's turnover ratio. To calculate how well a company uses its assets, total sales are divided by total assets. Lower ratios could mean that a business is having trouble selling its goods.

Ratio of Capacity: The capacity ratio shows a bank's ability by emphasizing the percentage of loans to total assets. While a larger loan can result in greater interest rates, it also raises the possibility of client default. entire debt divided by entire assets is what it is. A lower ratio denotes a reduced risk when extra gains from loans and advances are ignored.

Ratio of Investment to Deposit: The ratio of investment to deposit indicates how much of a deposit is used for investment. The investment to deposit ratio of Sonali Bank Ltd. is rising annually. This indicates that the bank is appropriately allocating its deposits to a variety of lucrative domestic and international industries.

Analysis of Regression

A helpful method for determining the linear relationship between a few chosen variables is regression analysis. This tool is used by researchers to assess the specifics of an organization's financial statements. Regression modelling can be used to see how net income and operational expenses are related. We will be able to determine the degree of the association between the variables as well as the kind of correlation.

Chapter 4- Overview of Sonali Bank PLC

In order to preserve economic stability, Bangladesh, a developing country, is placing a lot of attention on its banking sector. The fundamental elements of the contemporary business environment have complicated the financial system, and the banking sector acts as the country's economic compass to guarantee that it continues in a safe direction. Among them, Bangla Desh Bank Limited (Sonali) is the biggest bank in the country and is a noteworthy example of a state-owned business.

Preceding the 1971 Bangladesh Liberation War, Sonali Bank PLC was established in 1972 by the amalgamation and nationalization of multiple establishments, including the National Bank of Pakistan, Bank of Bahawalpur, and Premier Bank branches throughout Pakistan. It started operations with a capital of $30,000,000 and amassed a paid-up capital of 4530 crores, with an allocated capital of 6000. Sonali Bank PLC was founded on November 15, 2007, when its operations, liabilities, and assets were fully assumed. This provided the management with the autonomy they would require to carry on with their competitive and effective operations when the bank was established.

Sonali Bank PLC has a network of 1231 branches, comprising 467 urban, 756 rural, and 2 overseas branches. Additionally, it oversees Sonali Exchange Company Inc. in the US and Sonali Bank PLC in the UK. As well as enabling transfers from Sonali Bank PLC UK to Bangladesh's Dhaka, Chittagong, Sylhet, and Balaganj, the bank provides its services in Manchester, Birmingham (Small Heath), and London (Osborn Street). The managing director, the CEO, and nine other employees oversee the Board from the company's Motijheel, Dhaka, headquarters.

Management

The organization's governance structure, which is based on the guidelines provided in the Bangladesh Bank rule from 1972, includes the Board of Directors. The Board, which has the power to act independently, manages and oversees the bank's operations in compliance with a wealth of administrative regulations. The Managing Director (MD) has been granted complete authority by the board to function as the Bank's Chief Executive Officer (CEO).

Corporate Profile

Name of the Company : Sonali Bank PLC

Chairman	: Mr. Ziaul Hasan Siddiqui
CEO & Managing Director	: Md. Afzal Karim
Company Secretary	: Mr. Tauhidul Islam
Legal Status	: Public Limited Company
Genesis	: Emerged as Nationalised Commercial Bank in 1972, following the Bangladesh Bank (Nationalisation) Order No. 1972 (PO No.26 of 1972.
Date of Incorporation	: 03June, 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	: 17,965 Number of Branches: 1224

Vision of Sonali Bank PLC

Committed to be the controller of financial market and leading banking institutions with worldwide representation.

Misson of Sonali Bank PLC

Dedicated to offering a wide selection of superior products that meet a variety of personal needs, with the goal of improving lives, adding value for all parties involved, and advancing the nation's socioeconomic progress.

Slogan

Credible and Smart.

Objectives of Sonali Bank PLC

Sonali Bank PLC offers a wide range of goals. The following are some of Sonali Bank PLC's key goals:

- ✓ This project aims to gather deposits, alleviate poverty, safeguard deposits, and promote savings.
- ✓ The production of new employment
- ✓ To monitor the outstanding debt.
- ✓ To make it easier for value to be exchanged.
- ✓ The aim is to enhance global trade and business.
- ✓ To support the growth of the industrial sector.
- ✓ To increase the funds that are accessible for investment.
- ✓ The objectives are to meet customer needs, turn a profit, and support regional development.

Products and Services of Sonali Bank Limited

Sonali Bank is one of the leading banks in Bangladesh. Customer are preferring the bank to deposit their money and take loans. The organization provides many services to their customers. Their loyalty and quality of services attract the customers. The services are given in the chart:

Core Business Services	Islami Bank Services	Other Business Services
Corporate Banking **Project Finance** **SME Finance** **Remittance** **Lease Finance** **Consumer Credit** **Trade Finance** **Loan Syndication** **Foreign Exchange Dealing** **International Trade** **NGO-Linkage Loan** **Investment** **Government Treasury Function** **Money Market Operation** **Rural and Micro credit** **Capital Market Operation** **Special Small Loan**	Al-Wadeeah Current Account (AWCA) Mudaraba Savings Account (MSA) Mudaraba Special Notice Deposit Account (MSNDA) Mudaraba Term Deposit Account (MTDA) Mudaraba Hajj Saving Account (MHSA) Mudaraba Sonali Monthly Deposit Scheme (SMDS) Mudaraba Monthly Profit Scheme (MMPS **Investment Products:** Bai-Murabaha Bai-Muajjal Bai-Salam Bai-Istisna Hire Purchase Under Shirkatul Melk (HPSM)	Government Treasury Bonds Locker Service A.T.M. Card Utility Bills Collection Ancillary Services Merchant Banking School Students Scholarship distribution Widow allowances

Corporate Social Responsibility (CSR) Activities

Corporate Social Responsibility (CSR) has evolved from the traditional practice of giving money to charitable organizations at the end of the fiscal year to an ongoing obligation that businesses take on for the environment, best practices, involvement in the community, and recognition that brand names are based not only on product quality, price, and uniqueness but also on how they interact with their employees, the community, and the environment. Bangladesh's banking sector is currently very competitive and promising (Little, 2018). Corporate Social Responsibility is a powerful and useful instrument for any bank looking to gain a competitive edge. The Sonali Bank was the first in the banking sector of Bangladesh to use the tool. Sonali Bank Limited is a highly prosperous bank in Bangladesh that continues to expand with ample opportunities. The following CSR initiatives have been carried out by Sonali Bank Limited:

- ✓ Student scholarship
- ✓ Contribution to welfare funds
- ✓ Education and Research

- ✓ Health and Treatment
- ✓ Poverty Reduction and Rehabilitation
- ✓ For repaying loan interest of the poor and marginal farmers and for leather sector business promotion.
- ✓ Information Technology
- ✓ Natural Calamity
- ✓ Protection of Environment

These SBL techniques include the expert assistance provided to people, families, groups, organisations, and communities in order to improve or regain their ability to operate as social beings in the best possible way, as well as the establishment of social environments that support this objective. According to them, businesses can contribute to sustainable development through CSR. An extensive overview of the costs associated with CSR efforts is provided here.

Years	Expenditures
2013	2.33
2014	3.30
2015	5.57
2016	1.38
2017	1.29
2018	2.23
2019	2.50
2020	1.90
2021	1.89
2022	3.78

Chapter 5- Activities in General Banking

The core of all banking operations is the general banking department. This is the busiest and most crucial department in any bank branch. A variety of banking operations, including opening an account, writing checks, clearing them, sending money, mobilizing funds, and conducting transactions, are carried out in the general banking department. General banking, commonly referred to as "retail banking," is a term used to describe the daily services that banks provide. The following SBPLC departments fall within the general banking category: Cash, Deposit, Account Opening, Bills & Remittance, Clearing, and Additional Customer Service.

Section on Account Opening

In a bank, a new account is opened in the name of a new customer for any type of transaction, marking the beginning of the customer and bank relationship. The establishment of an account is the first and most important step in the client-bank relationship (Kharel, 2019). By opening an account, a conduit is created between the consumer and the bank, through which the latter receives its investments and the former is able to access a wide range of services. SBPLC complies with numerous laws and regulations, requests a number of required documents when creating an account, and offers a variety of goods to its clients, including DPS and FDR.

Conservatory Account

Savings accounts are the most widely used type of account in SBPLC and other Bangladeshi banks. Consumers open savings accounts for salary-related savings. Interest is paid to customers in proportion to their deposits. Following the establishment of a new account, each account holder will receive a debit card.

Present Account

Although anyone can create a current account, every corporate entity opens one for routine commercial activities. A demand deposit account is a current account. Money can be constantly deposited and taken out of the account. Both the deposited funds and the withdrawal cap are interest-free. To start a current account, you must have at least TK 1100/=, and you must always maintain at least TK 1000/= in the account.

Accounts for deposits

The account user has the option of making monthly deposits for a predetermined duration of time or a specific amount of money. The DPS and FDR can be opened by Bangladeshi citizens and organisations that are active in the country and have not been declared bankrupt by any local court of law. For FDR, a photocopy of the income tax return form is required if the amount exceeds 5 Lac Taka. The fixed deposit account has a minimum balance of TK 50,000/=. Based on the quantity of money and the length of the account, the DPS and FDR interest rates fluctuate, and the depositor receives this interest upon maturity.

Elimination

SBPLC offers inward and outward clearing services through the Bangladesh Automated Clearing House (BACH). Every MIRCH cheque is moved from one bank to another using the BACH system. Through a clearinghouse, customers can transfer and retrieve their funds from multiple banks. Two different kinds of clearance exist.

Internal Organizing: SBPLC Bank uses inward clearing to pick up its own checks that are issued by other banks. As an illustration, suppose that Mr. Z has an account at mohammadpur krishi bazar branch 6 of 26 of Dhaka Bank. However, suppose that Mr. Y, who has an account at SBPLC, gives Mr. X a cheque from SBPLC. Clearing is the method used to accomplish this. First, Dhaka Bank will accept the client's check, check that it was written by Mr. Y, and then transmit an online copy of the check to SBPLC bank. After receiving the copy, SBPLC bank will double check the information in both the account holder and the document. SBPLC debits Mr. Y's account and sends it to their main branch if all the information is accurate, including the amount, routing number, and date the check was issued. Subsequently, the main branch interacts with Bangladesh Bank and extends credit to them. Ultimately, money is credited to Mr. X by Dhaka Bank and Bangladesh Bank to each other.

External Cleaning: SBPLC bank is able to accept checks from other banks via outward clearing. It grants a record in a register. Subsequently, the cheque is sent to the appropriate bank. The bank uses an inward clearance procedure. A cheque may occasionally be dishonored for several reasons. The bank deducts five hundred and seventy-five takas as a penalty from the customer account of the person who issued the dishonor cheque. The causes are as follows:

- ✓ Insufficient money in the account.
- ✓ Date over cheques
- ✓ Discrepancy in written amount and recorded number.

Section for Cash

The cash section, which represents a bank's liquidity strength, is the most significant aspect of general banking. Since it deals with liquid money and helps to build goodwill and customer satisfaction by offering quicker and higher-quality services, the cash sector is also one of the most sensitive areas. An electronic counting equipment and PCs with an internet system are available in the SBPLC Bank's cash department. Cash Receipt & Cash Payment are the two services offered in the cash department (Bustinza, 2021). The depositor must utilise an SBPLC Bank green deposit slip, filling in the account number, name, date, amount in words and figures, and signing it. The consumer can obtain cash at the payment cash counter by using the SBPLC chequebook. The cashier accurately verifies the chequebook. The account holder must write all necessary information, including the branch seal, the date (which must be the current day or 180 days prior), the amount in words and figures, and their signature. Two more account holder signatures are required on the reverse of the check.

Other Pursuits

Terminating a User Account

Anytime the account holder wishes to close the account with the bank, they can do so. The account holder must follow certain procedures in order to close the account. The authorised officer will provide an account closure form, which the account holder must complete in order to shut the account. Then, if desired, he or she may turn in the card and chequebook. The account can be closed without the requirement for any additional paperwork. The client can remove the remaining amount from the account; the bank will charge TK. 500 for account closure.

Release of a Novel Chequebook

Once a new account is opened, the account holder may request a fresh cheque at any moment. It may occur on the initial day of the account establishment or six months later. The account holder must complete a check requisition form and include the account number, title of the account, number of leaves, and customer signature in order to make a request. The authorized officer

compares the account opening signature with the signature on the cheque requisition form. There are 25 leaves on the savings account check, and there are 25 to 50 leaves in the current account check book (Cockell, 2022). The account holder can take money out of the account or pay other people at any bank by using a Chequebook. In the 8 of 26 SBPLC branches where the account is opened, the account holder receives the cheque. The account holder is required to pick up the cheque book by themselves.

Locker Service

The SBPLC locker service, also known as the safe deposit vault, ensures that the valuables stored in the lockers are properly secured, safe, and discreet. The valuables may consist of jewelry or documents.

Providing the clients with the statement and account information

The customer can check their account whenever they want by using the mobile banking service. They have the ability to monitor their withdrawal and deposit amounts. For a little fee, the account holder can obtain a hard copy of the transaction statement from the bank during business hours.

Chapter 6- Overview of the krishi Bazar Branch

In addition to leading the krishi bazar branch in Dhaka mohammad ripon is the Senior Principal Officer. The branch sets up its sections to deal with specific tasks including credit management, accounting, remittances, and cash management. With a workforce of under twenty workers, the support desk is run by one expert, the cash department by two people, the vouchers department by two more employees, and the remittance department by three representatives.

Workplace Conditions

The Krishi bazar branch staff has an easily available method for resolving issues. As an alternative, they could go to the manager's office to get the necessary approvals or signatures. When officers need materials or clearance, they frequently go to the manager's chamber, especially in the cash and remittance department (Mathewson, 2018). The branch promotes a positive work environment with its cost and welcoming atmosphere. The group has a positive attitude, works well together, and helps one another out when needed.

The office has a very nice ambiance, which helps create a productive environment. The management stays late, even after the bank's official business hours of 10 a.m. to 5 p.m., indicating their dedication to making sure the bank succeeds in the future.

Culture of the Organisation

The genuine warmth and friendliness of the workplace encourage a strong sense of cohesion and collaboration among staff members. Excellent communication is occurring between team members and the service manager. Employees who have the ability to request time off during emergencies show that they are understanding and supportive of one another. The option to work from home was made available when there were personal situations that required time away, including missing classes or exams. The introduction of flexible work schedules has been crucial in enabling people to better balance their personal and professional obligations.

Organizational structure of this Branch

- ✓ Senior Principal Officer (SPO)
- ✓ Principal Officer (PO)
- ✓ Officer

Chapter 7- Internship Duties and Responsibilities

Office-related Activities

Working with some brilliant and bright people in a sound environment was a great experience that lasted for around three months. I was first introduced to the office workers on my first day of work. I merely wanted to introduce myself to everyone in the office; it wasn't a formal introduction. Following the introduction, they walked through and demonstrated how to fill out the account opening forms. This task was not too difficult. The staff members are amiable, and despite their hectic schedules, they never bothered to help me with my concerns while I was working.

There are distinct workstations for various tasks at the branch, such as information desks, credit desks, account desks, ATM desks, etc. Each desk officer introduced themselves to me. During the first few days, they provided me with basic information and taught me how to open various types of accounts, such as savings accounts, fixed deposit accounts, monthly savings scheme accounts, etc. The following tasks have been acquired by me during this internship period:

- Opening Current, Savings and Fixed Accounts, DPS;
- Opening Students Accounts;
- Requirements for loan
- Measures to prevent NPL
- Checking the validity for cash delivery to the clients

Even though three months isn't long enough to understand every banking task at a branch, I frequently pick up the quick duties of various desks. I have experience opening current, fixed, savings, and accounting accounts for students (Prati, 2019). I worked at the loan section desk for a few workdays, where I gained extensive knowledge on how to correctly issue loans. In addition, I spent a few workdays in the cash sector to have a thorough understanding of this area.

Job Responsibilities

Internship is a debut for a student where one must not get a major responsibility at that period. I had the following responsibility at office:

- ✓ Signing at attendance sheet of office
- ✓ Helping the new account opening people

- ✓ Filling up the KYC form of illiterate people
- ✓ Checking the proper documents while working at loan desk
- ✓ Checking the validity and clarity of cheque for cash delivery at cash corner
- ✓ Including new information for financial analysis

Experience

Even though three months isn't long enough to understand every banking task at a branch, I frequently pick up the quick duties of various desks. I have experience opening current, fixed, savings, and accounting accounts for students. I worked at the loan section desk for a few workdays, where I gained extensive knowledge on how to correctly issue loans. In addition, I spent a few workdays in the cash sector to have a thorough understanding of this area. I have learned a lot of new things throughout this internship, and I have also received real-world experience that will be extremely beneficial to my career. Working with some knowledgeable and insightful people was also a great opportunity for me to keep growing as a person.

Chapter 8- SWOT analysis of Sonali Bank PLC

The bank's SWOT analysis is given below, based on the financial summary. Every organisation is known to have both internal strengths and disadvantages. But the range of difficulties and possibilities goes beyond the confines of the organisation. In order to obtain a thorough comprehension of a company, it is important to analyse its advantages and disadvantages in addition to the possible chances and risks it faces (Barlatier, 2021). A company's SWOT analysis essentially reveals the possibilities and challenges it faces from the outside as well as its internal strengths and weaknesses. Let's now examine Sonali Bank PLC's SWOT analysis.

Benefits

Everything that a company is capable of doing well or that is advantageous to the business is considered a strength of the company. Among the inherent strengths of Sonali Bank PLC are:

- ✓ Sonali Bank PLC is a prominent commercial bank in Bangladesh. The bank has thirteen overseas subsidiary offices, two offshore offices, and 1196 sites throughout both urban and rural areas.
- ✓ The bank has educated and trained its staff members adequately.
- ✓ The bank's endeavor to broaden its range of banking activities suggests that it has sustainability goals for the long run.
- ✓ A proficiently managed institution with robust connections. 346 larges from 98 different countries have connected with it.
- ✓ The CEO possesses vision.

Shortcomings

Everything that a company does poorly or lacks in terms of resources is considered a "weakness".

- ✓ Excessive Classified Debt.
- ✓ There is a utilisation of contemporary financial technology that needs to be updated periodically.
- ✓ A rise in the expenses of the fund.
- ✓ A greater dependence on government- and self-financed export and import initiatives.
- ✓ The project has a large total cost.

- ✓ Exports and imports for commerce are comparatively lower.

Opportunities

A company's opportunity is defined as any advantageous circumstance that occurs in the external environment.

- ✓ The use of local and overseas subsidiary branches to expand the company's operations.
- ✓ Interbank foreign exchange business expansion.
- ✓ Importing and exporting goods for business purposes.
- ✓ Finance for export-oriented businesses.
- ✓ Export incentives for non-industrial goods.

Threats

Competition with the government is fierce. Commercial banks, both domestically and abroad.

- ✓ Borrowers' defaulting habits.
- ✓ Some workers' unwillingness to work is a problem.
- ✓ The government's intrusion was excessive.
- ✓ In export finance, the government has enforced a low interest rate.

Chapter 9- Comprehensive Summary

An examination of Sonali Bank PLC's performance

- ✓ Top Achievers for 2022 in a Nutshell: The Bank continuously strives for noteworthy financial outcomes. The Bank's remarkable success is largely due to its strong capital basis, reliable and happy customers, and support from stakeholders. The main achievements of SBPLC in 2022:
- ✓ The net profit after tax for 2022 was $3,710.43 million, whereas for 2021 it was $3,456.67 million.
- ✓ The Bank's total assets climbed from Tk. 1,706.80 million on December 31, 2021 to Tk. 1,789.78 million on December 31, 2022, a 4.87 percent rise. This represents the largest asset base a financial organisation has ever accumulated.
- ✓ The bank has successfully kept up its deposit trend. The bank's deposit climbed from Tk. 1,350,498.55 million in 2021 to Tk. 1420,215.11 million in 2022, a 5.16 percent gain.
- ✓ Customers of the Bank can access digitalized banking services through CBS at any of its 1225 branches. SMS banking is available at these branches. Those who have registered can use the SMS service.

A few achievements during the past three years

- ✓ In 2022, deposits reached $1.4 trillion.
- ✓ Among all state-owned banks in Bangladesh, it has the highest rating (96.66%) and net profit (2,430 million) in 2022.
- ✓ Among the state-owned commercial banks in Bangladesh, it recorded the second-highest operating profit (2,430 crore) and net profit (4,081.78 million) in 2022. In 2022, the overall operational profit of SBPLC increased by 110.21% on an annual basis. 22,05 crores in 2021 versus Tk. 2,430 crore in 2022.
- ✓ In 2022, operating expenses totaled Tk. 27 million, while in 2021 they were Tk. 22 million. The net profit for 2022 was Tk 4,081 million, while it was Tk 3,805 million in 2021.
- ✓ As of December 31, 2022, the Bank has Tk 1,420,215 million in deposits, up 5.16 percent from Tk 1,350,498 million in 2021. Twenty-two million Taka was the total deposit (current and other accounts) in 2022; in 2021, it was twenty-one million Taka.

- ✓ The investment made by SBPLC altered dramatically. In 2022, the Bank invested a total of Tk 616,995 million, as opposed to Tk 685,850 million in 2021. Major investments included Treasury Bills, Treasury Bonds, Special Bonds, Reverse Repo, Call Loan, Term Deposit, Shares, and Debentures.

Loans and Recoveries: As of December 31, 2022, Tk 1,060 million was the total amount of categorised loans. By the end of 2021, it had reached Tk 1,336 million. The rate of loan recovery is 20.65%.

Chapter 10- Financial Performance Analysis

Profitability Ratios

Return on Equity: A company's return on equity, which includes ordinary, preferred, and minority shares, is measured by its return on equity (ROE). As mentioned, net income is used to calculate return (Maklan, 2020). Return on common equity (ROCE) is a variant that calculates a company's return solely on its common equity. "(Net income / Shareholder's equity) * 100" is the formula.

Year	2018	2019	2020	2021	2022
Return on Equity (%)	3.32	3.92	4.21	4.26	4.70

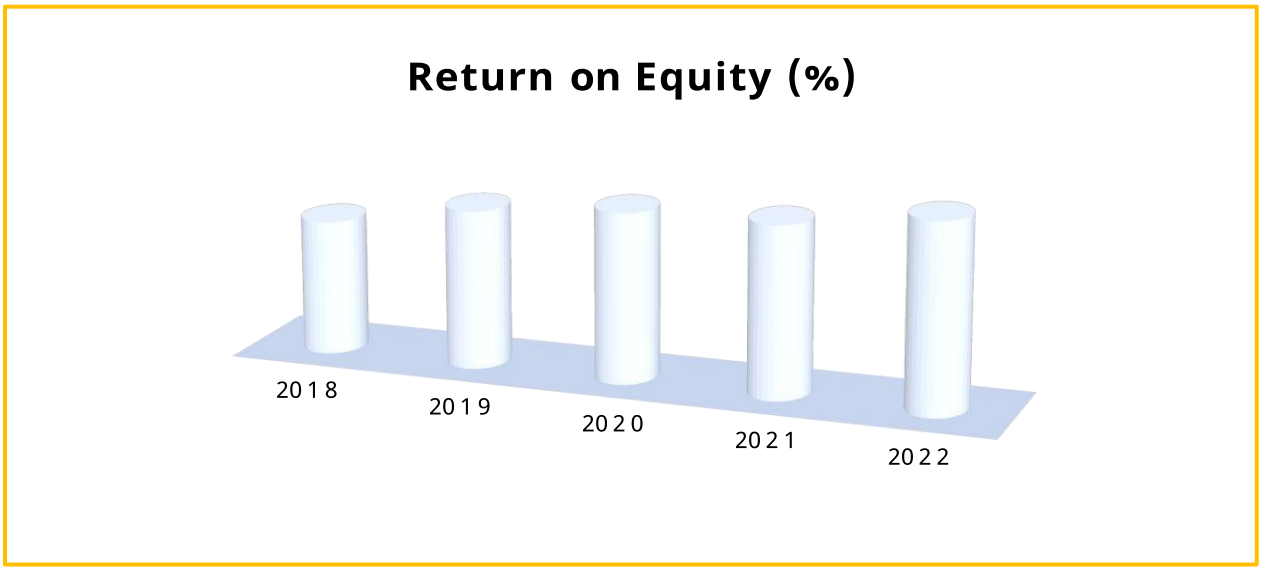


Figure 01: Return on Equity

Source: (Author)

Interpretation: Return on equity take a long downward jump in the year of 2018. Due to poor management its ROE fall to 3.32% from 10.63%. though it was pandemic period (2020,2021) still ROE keep a consistent growth rather than fall down which is now at 4.70% in 2022. The variation of the ratio is a sign of poor management. As a result, they need to keep an eye on the wealth of their stockholders. Efforts should be made to boost the value of equity.

Return on Total Assets: ROA measures the return earned by a company on its assets. The higher the ratio, the more income is generated by a given level of assets. Most databases compute this ratio as: Net Income/Total Assets*100

Year	2018	2019	2020	2021	2022
Return on Assets (%)	0.18	0.20	0.21	0.21	0.23

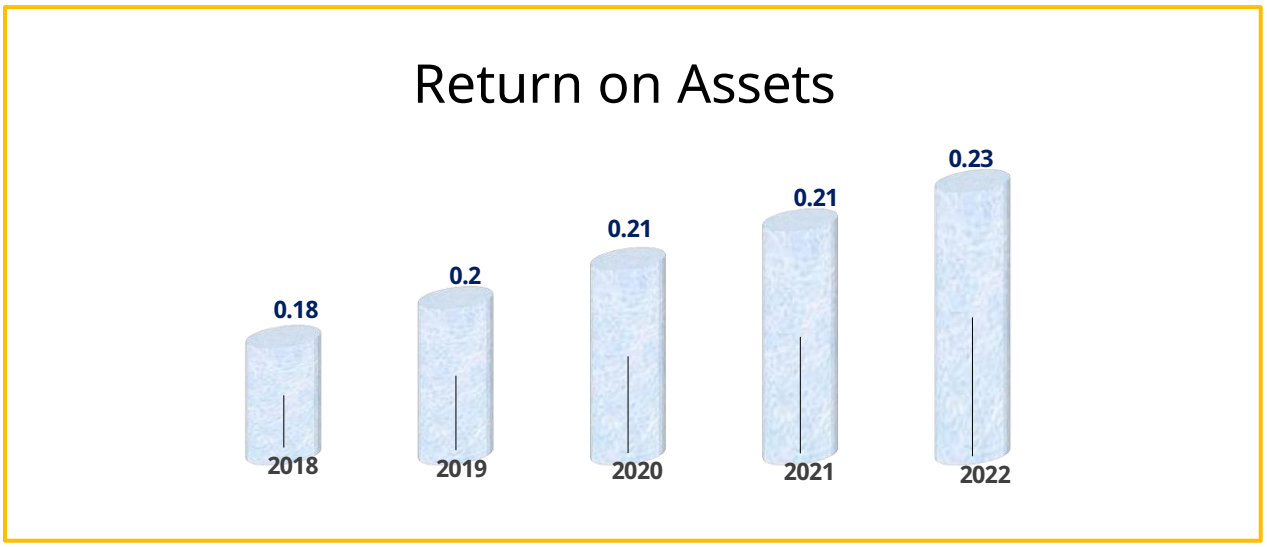


Figure 02: Return on Assets

Source: (Author)

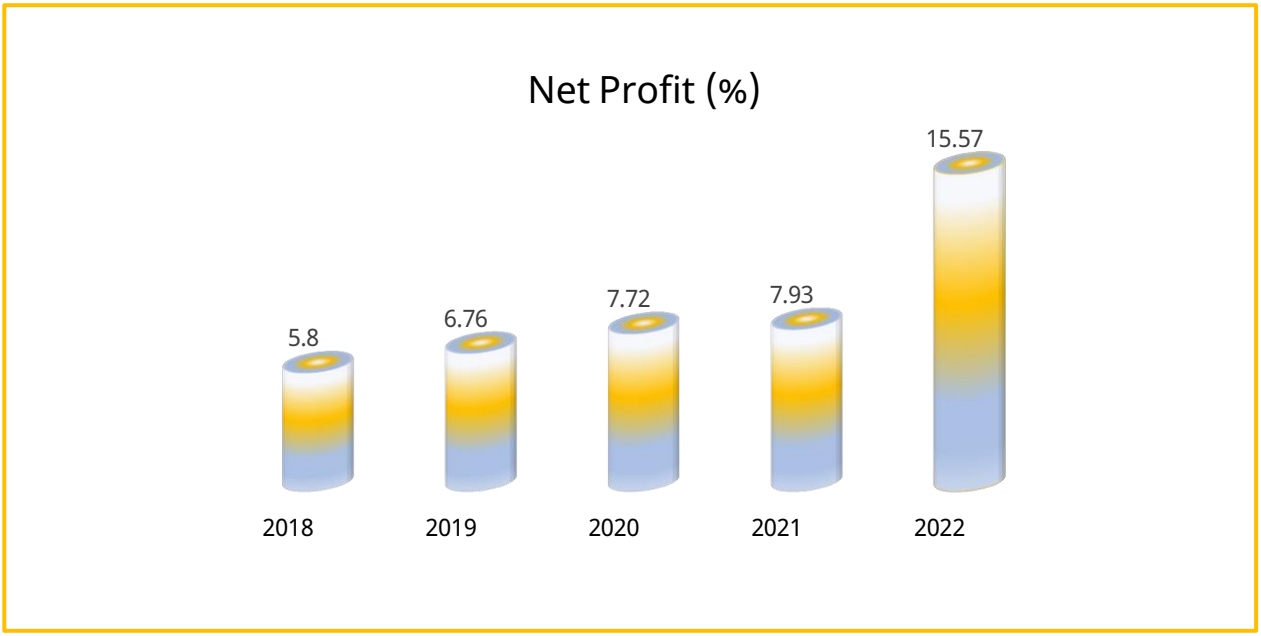
Interpretation: After a forgettable year of 2017, Sonali Bank PLCs return on assets increase slightly in the year of 2018. Then the next three years its rate remain same to .21% which is indicating the stable positive situation. In other words, if the ROA is positive, then means the bank is doing well. In 2022, bank is doing well.

Net Profit Margin: The percentage of each dollar of sales that is left over after deducting all operational costs, VAT, preferred dividends, and interest is known as the net profit margin. The stronger the bank's financial status, the larger the net profit margin of the company. One often used indicator of the performance of the business in terms of earnings per sale is the net profit margin. "Net Profit Margin=Net profit after tax/operating income*100" is the formula used to determine ratios.

Year	2018	2019	2020	2021	2022

Net Profit (%)	5.80	6.76	7.72	7.93	15.57

Figure 03: Net Profit Margin



Source: (Author)

Interpretation: The greater the value of net profit margin means the better the organizations position. SBPLC net profit margin was 5.80% in 2018 which is in 2022 is 15.57%. This is a great sigh for Sonali Bank PLC. They earned 15.57 TK net profit from 100 TK operating income.

Earnings Per Share: The firm's EPS generally represents earning of shareholders, on their respective shares. It's one of the mostly used metric when evaluating a firm's profitability, on an absolute basis. Usually the higher the earnings, the better is the firm's financial position. Its calculated as- **EPS = Earnings available for Common Stock Holder/Number of Shares of Common Stock Outstanding.**

Year	2018	2019	2020	2021	2022
Earnings Per Share (%)	5.47	5.97	7.14	8.40	9.01

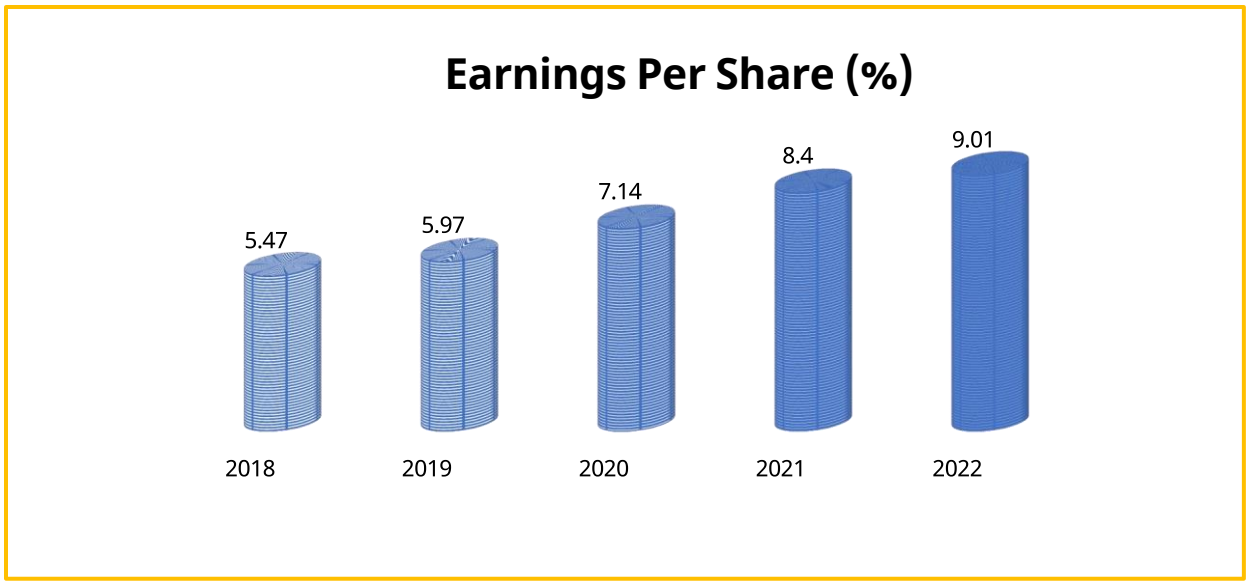


Figure 04: Earnings Per Share

Source: (Author)

Interpretation: The SBL management is trying to overcome with the operating efficiency. In the year 2018, there was growth in comparison the rest years, when suddenly climbed a good deal 5.47. Though it decreased to 5.97% in 2019, it kept on continuing to grow gradually in the coming years, 2020 and 2021, consecutively being 7.14% and 8.40% and 9.01% respectively.

Liquidity Ratios

Current Ratio: One of the most often used financial ratios, the current ratio assesses the company's capacity to pay short-term debt. The firm's liquidity position is better the greater the current ratio. "Current Ratio=Current Asset/Current Liabilities" is how it is expressed.

Year	2018	2019	2020	2021	2022
Current Ratio (%)	1.58	1.87	1.89	1.93	1.77

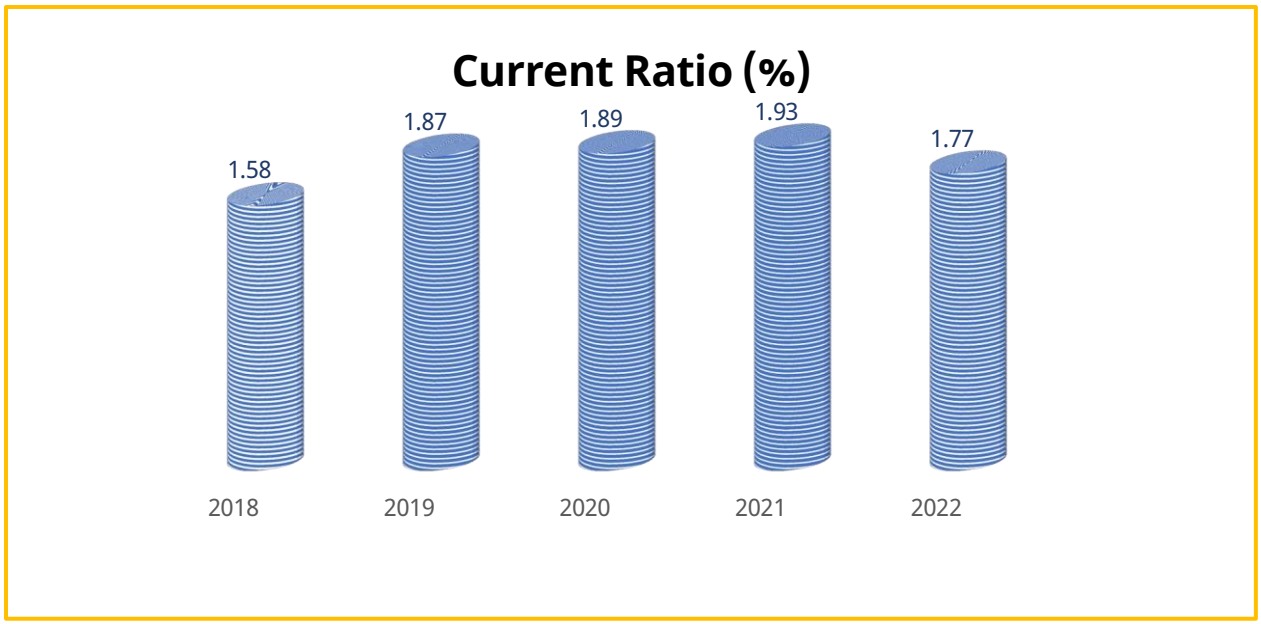


Figure 05: Current Ratio

Source: (Author)

Interpretation: The current ratio is strong since it has more than 1-taka current assets to 1-taka current liabilities, although the banking sector generally has 1: 1. The present ratio is modest in 2022, however it grows throughout time. In 2021, the ratio was above 1.9, while in 2022, it was just 1.77 achieving a ratio that is lower than 2021.

Cash Ratio: It is calculated by dividing a company's current obligations by its total cash and cash equivalents. The most popular way to gauge a company's liquidity is to utilize the cash ratio. Thus, it can ascertain whether and when the business can pay back its short-term debt. When determining how much debt, if any, they would be ready to extend to the seeking party, creditors can benefit from having a high cash ratio. "Cash ratio = Cash in hand at banks/Total Deposit" is the formula used to compute the ratio.

Year	2018	2019	2020	2021	2022
Cash Ratio	0.09	0.13	0.10	0.07	0.14

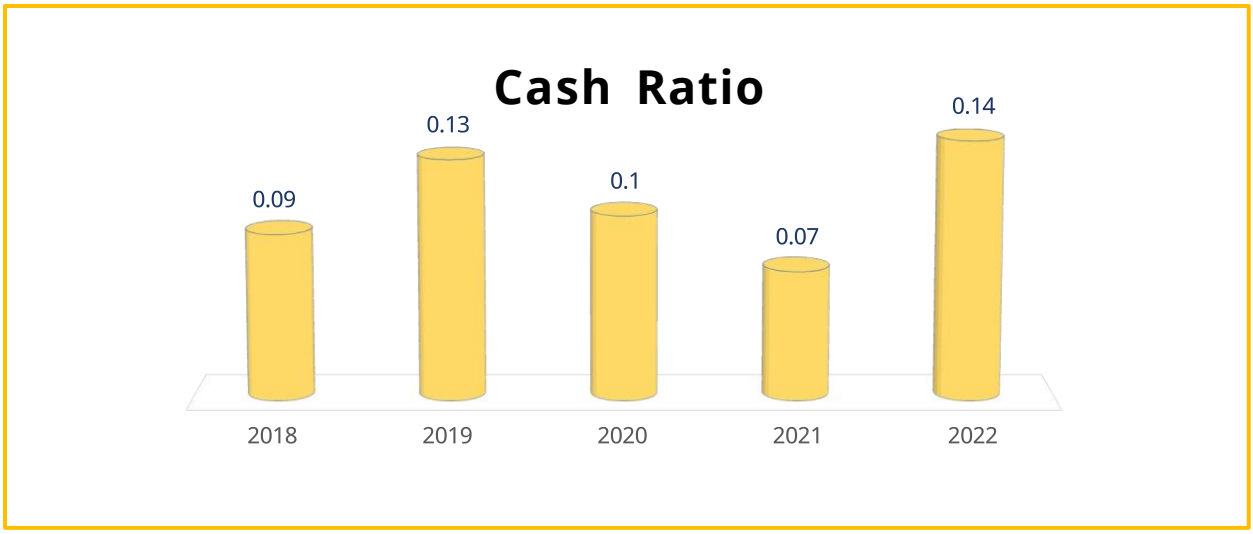


Figure 06: Cash Ratio

Source: (Author)

Interpretation: Cash ratio interprets the ability to pay of current liabilities of an organization. in that purpose, SBL has sufficient ability to pay off current debts. In 2018, we can see in the graph that the bank has .09 percent cash reserve over current liability and it is growing. Corona pandemic affected the organization much. The ratio was degrading in that time. Presently, the organization come back to its gear up position.

Activity Ratios

Total Asset Turnover: A low asset turnover ratio may be a sign of inefficiency or of the company's relative capital intensity. The ratio also shows management's strategic choices. For instance, choosing between a corporate strategy that requires more labour versus one that requires more finance. The following formula is used to compute the ratio: Operating Income / Total Assets equals Total Asset Turnover.

Year	2018	2019	2020	2021	2022
Asset Turnover (Times)	0.030	0.025	0.027	0.026	0.028

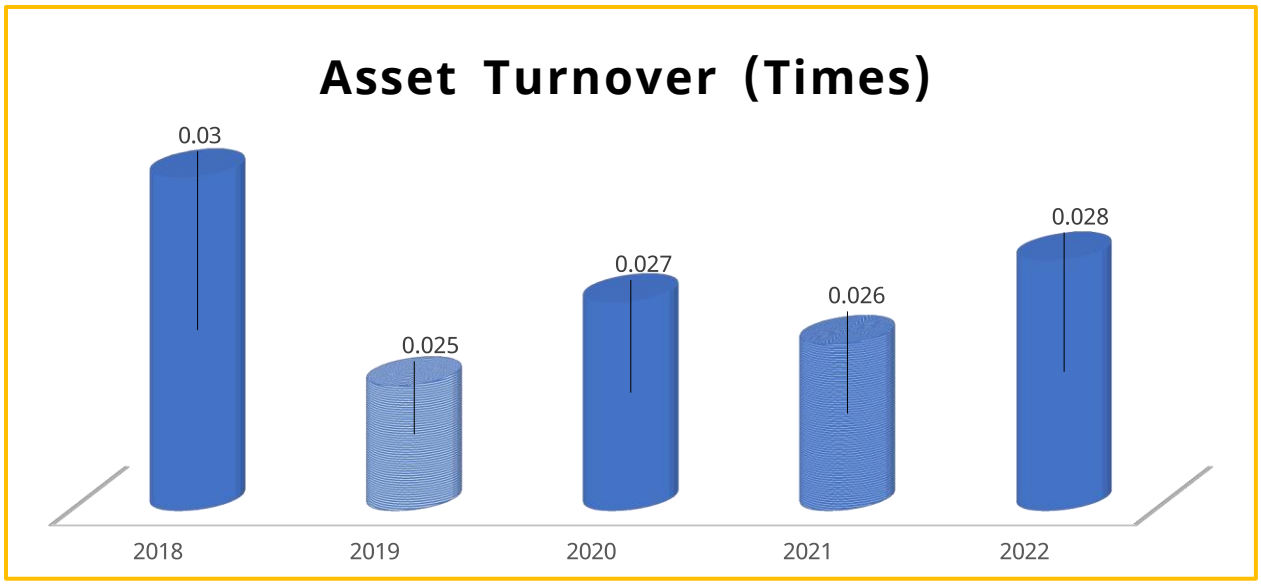


Figure 07: Total Asset Turnover Ratio

Source: (Author)

Interpretation: SBPLC's asset turnover ratio has exhibited consistent fluctuations over the years. It reached its peak in 2018 but has since experienced numerous fluctuations. By 2022, there was a significant improvement for SBPLC, recording a ratio of 0.028 compared to 0.026 in 2021.

Investment to Deposit Ratio: In essence, the investment deposit ratio reveals how the bank uses its deposits. It might be in the creation of economic prosperity or in a particular sector, like agriculture, where regional development is necessary. Another area where investments might provide higher interest rates is small and medium-sized business loans (SME loans). "Investment to Deposit Ratio=Total investment/Total deposit" is the ratio.

Year	2018	2019	2020	2021	2022
Investment to Deposit (%)	0.45	0.48	0.51	0.51	0.43

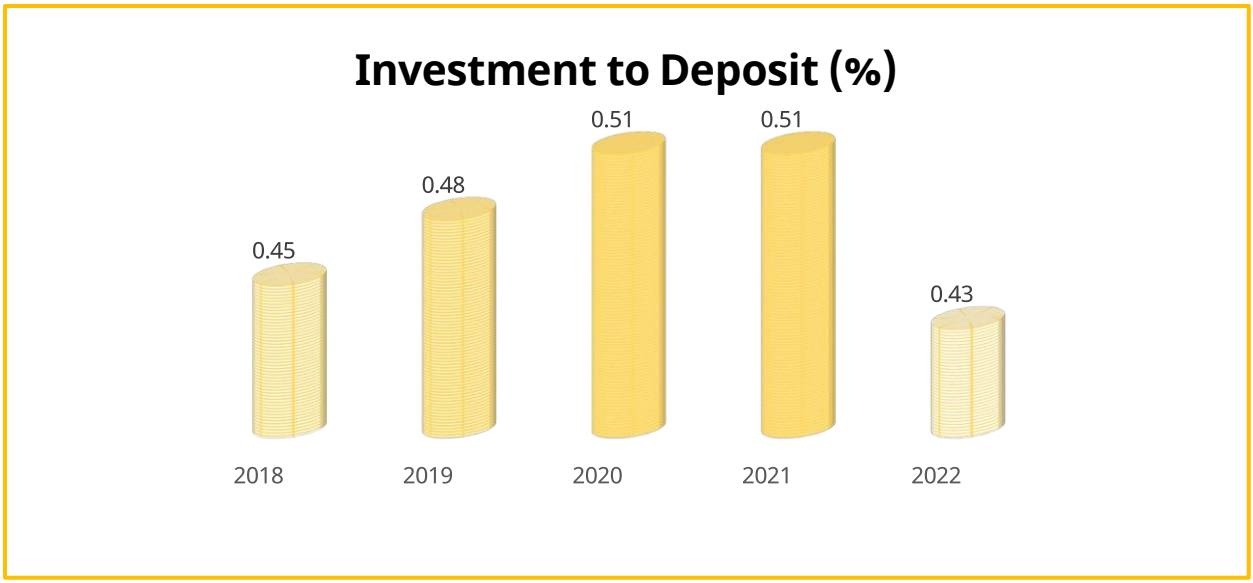


Figure 08: Investment to Deposit

Source: (Author)

Interpretation: Ratio of investment to deposit reveals how much of a savings account's value is invested. The investment-to-deposit ratio of Sonali Bank PLC. is rising year after year. This implies that Bank was putting their money to good use in a variety of successful home and international markets. But last year its Investment to Deposit Ratio fall to 0.43 which means management need to focus more on investment deposit ratio.

Net Working Capital: Working capital is necessary to continue the business function of an organization. they need to pay off the wage of employees, recover the daily necessities of raw materials, rent and pay off the other needs. Sonali Bank limited performs well to pay off current liabilities as they hold sufficient amount of current assets. The formula is net working capital= current assets- current liabilities.

Year	2018	2019	2020	2021	2022
Net working capital (BDT millions)	154453	232375	246358	252113	230738

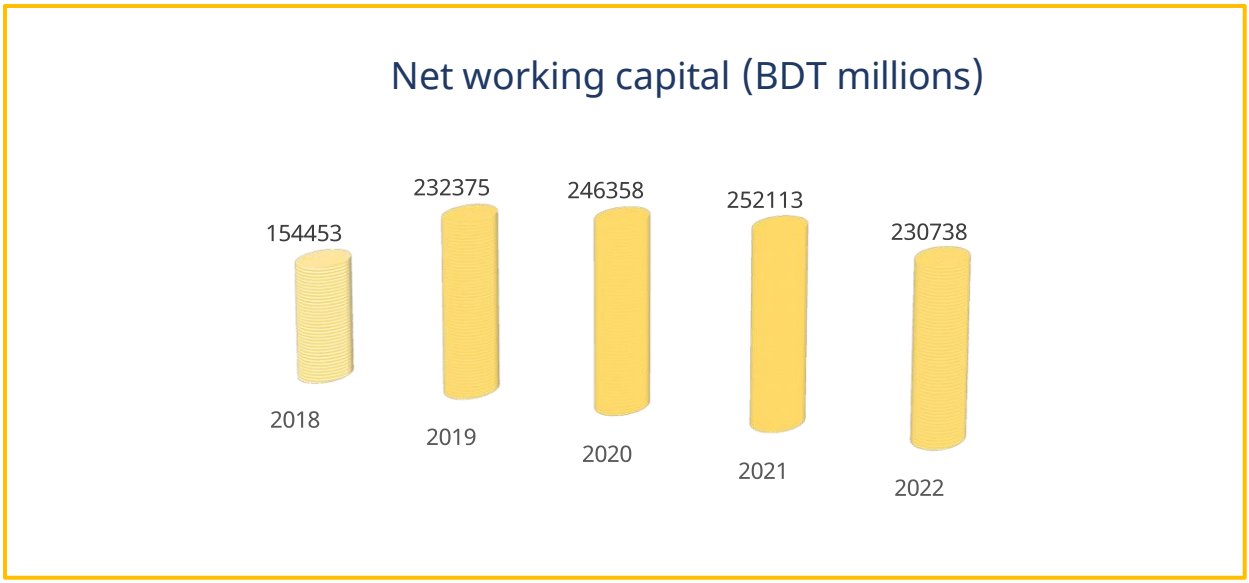


Figure 09: Net Working Capital Ratio

Source: (Author)

Interpretation: There has been an ups and downs in the amount of net working capital. The amount is sufficient enough to cover the current liabilities. In 2018 working capital was less than 200000 million. But in the year of 2019 to 2022 it fluctuates in increasing manner. In 2022, SBPLCs working capital bit decrease but still good enough to maintain regular business activities.

Financial Solvency Ratios

Debt to Equity Ratio: The ratio of debt to equity expresses how much capital is in debt as compared to equity. The two ratios before it can be interpreted similarly. A debt-to-capital ratio of 50% would be shown by a ratio of 1.0, which denotes equal amounts of debt and equity. Debt to Equity Ratio = Total Liabilities / Shareholder Equity is the formula used to calculate this ratio.

Year	2018	2019	2020	2021	2022
Debt to Equity (%)	17.63	20.59	17.58	21.24	21.04

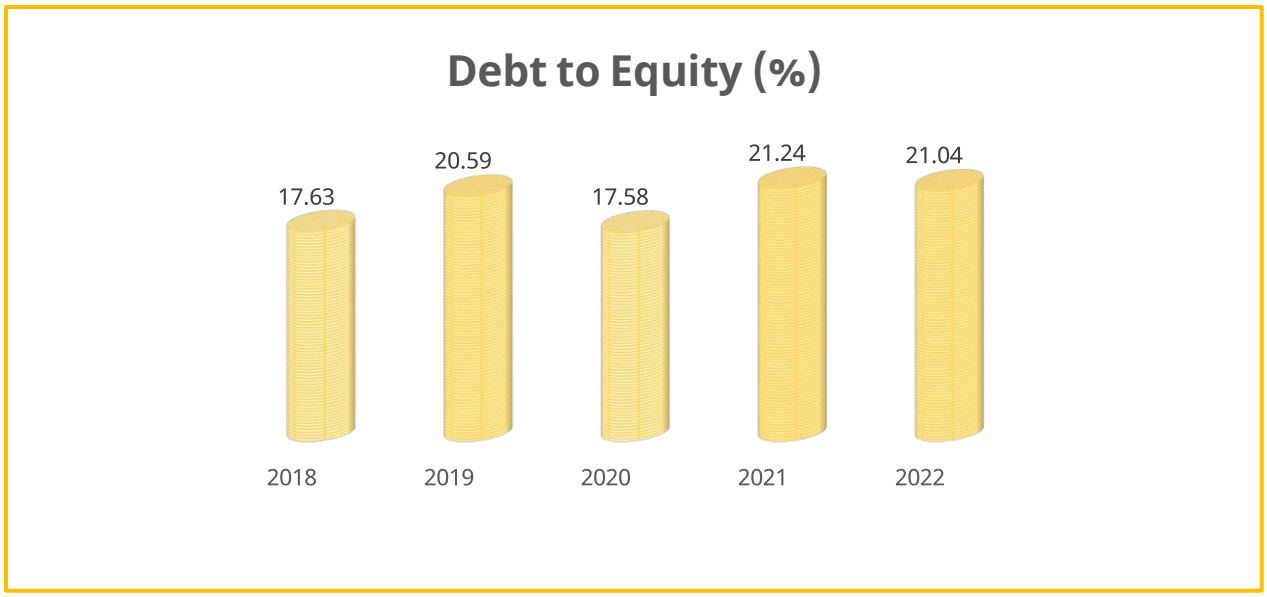


Figure 10: Debt to Equity Ratio

Source: (Author)

Interpretation: The D/E ratio of SBPLC are fluctuating last year from 2018 to 2022. The higher value of D/E ratio indicates that the investors and shareholders would are in a risky situation and the higher value means that SBPLC is able to attain high tax exemptions.

Fixed asset turnover Ratio: A low asset turnover ratio may be a sign of inefficiency or of the company's relative capital intensity. The ratio also shows management's strategic choices. For instance, choosing between a corporate strategy that requires more labour versus one that requires more finance. Total Asset Turnover = Operating Income / Total Assets is the formula used to compute the ratio.

Year	2018	2019	2020	2021	2022
Fixed asset turnover Ratio (%)	1.18	1.10	1.27	1.25	1.49

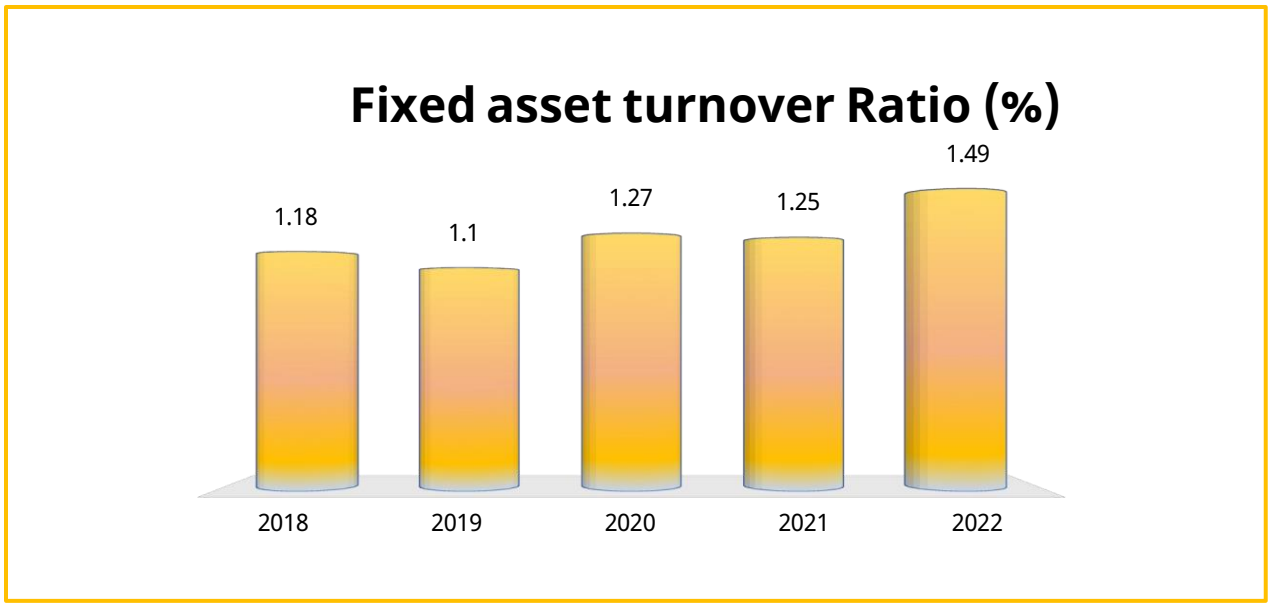


Figure 11: Fixed Asset Turnover Ratio

Source: (Author)

Interpretation: SBPLC's asset turnover ratio has exhibited consistent fluctuations over the years. It reached its peak in 2018 but has since experienced numerous fluctuations. By 2022, there was a significant improvement for SBPLC, recording a ratio of 0.028 compared to 0.026 in 2021.

Earning Asset to Deposit Ratio: Earning asset to deposit ratio indicates the percentage earning asset to total deposit. Higher ratio means that the company has more earning asset compared to total deposit. The ratio is calculated as: Earning Asset to Deposit Ratio = (Earning Assets / Total Deposits) *100

Year	2018	2019	2020	2021	2022
Earning Asset to Deposit (%)	85	89	87	79	85

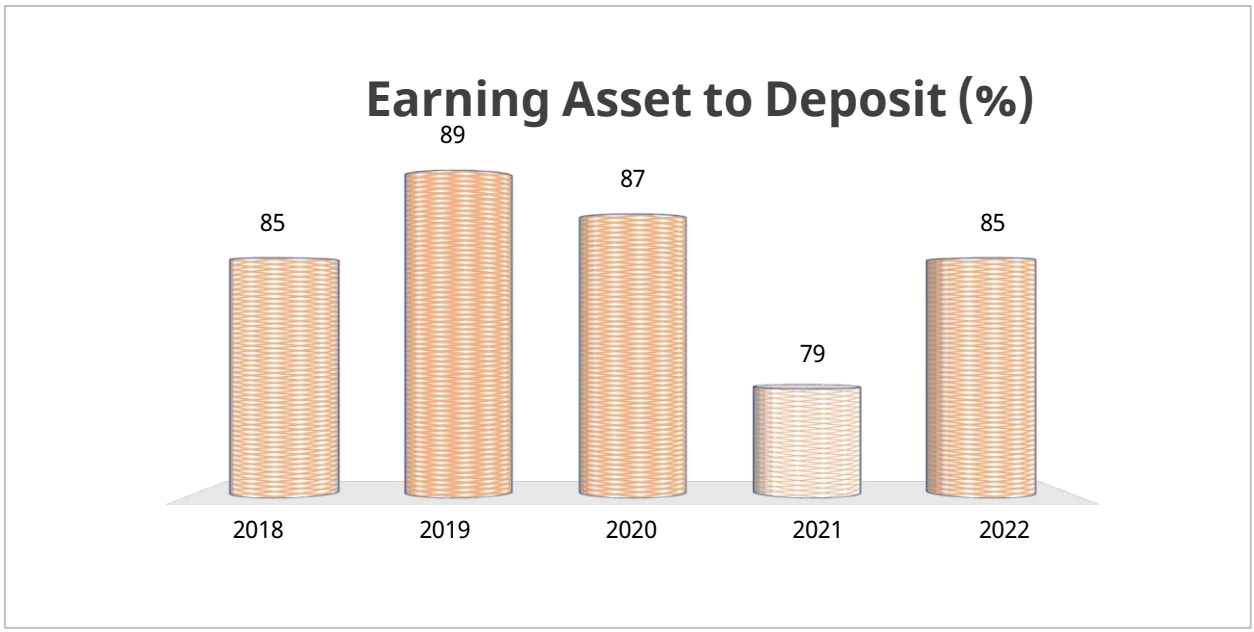


Figure 12: Earning Asset to Deposit Ratio

Source: (Author)

Interpretation: From the graph chart of Sonali Bank Limited earning asset to total deposit we see that the ratio is good enough. Despite a little bit lower ratio in 2020 and 2021, it showed that it had earning asset of BDT 79 against total deposit BDT 100. COVID-19 impacted negatively on the bank performance. So, it can be said that this bank has a larger amount of earning asset which is always helpful for any bank to be solvent in future.

Efficiency Ratios

Cost to Income Ratio: The relationship between income and the expense of obtaining that money is indicated by the "cost income ratio (CIR)" or "cost-to-income ratio." A crucial metric for assessing bank performance is the CIR. Generally speaking, a bank runs more efficiently the lower its cost-to-income ratio. "Cost Income Ratio=Total Operating Expenses/Total Operating Income x 100" is the formula used to compute it.

Year	2018	2019	2020	2021	2022
Cost Income (%)	74.13	77.74	74.61	75.00	73.90

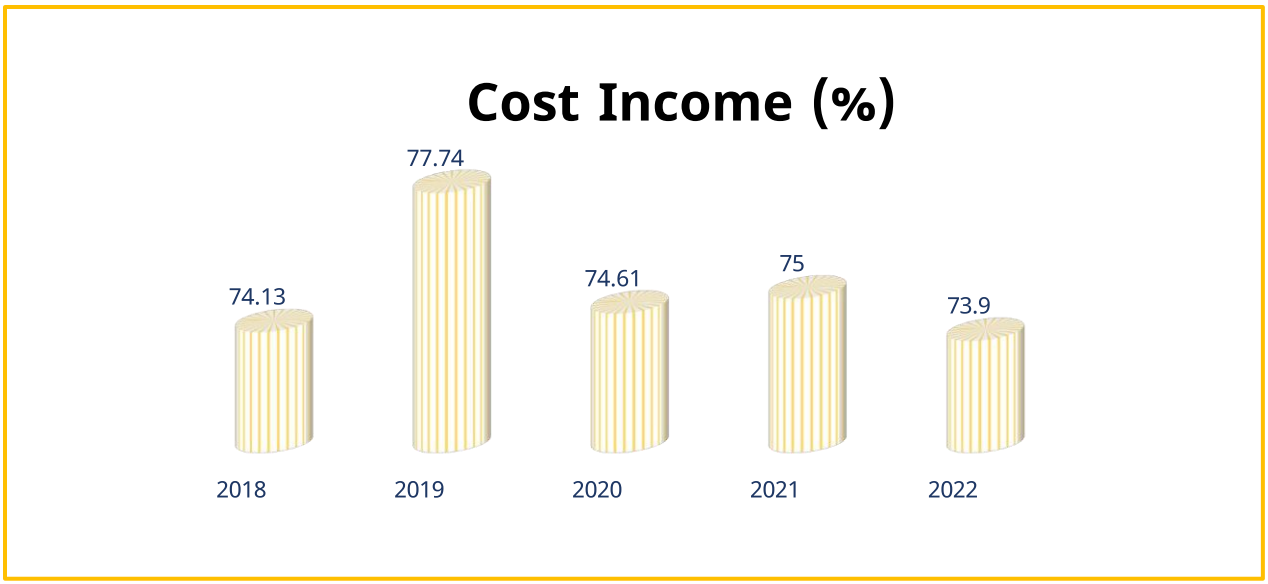


Figure 13: Cost to Income Ratio

Source: (Author)

Interpretation: We know that the greater this ratio is, the less efficient the bank is at functioning, since it gauges the proportion of total operating expenditures to total operating revenue. Sonali Bank PLC.'s operational costs are high in 2019, but they fall substantially in 2020 and then rise sharply in 2021and again fall in 2022 which is a very good sign. As a result, Sonali Bank PLC.'s operational efficiency is subpar, as seen by their inability to reduce operating expenses.

Employee Productivity Ratio: Either the number of units produced in relation to employee labour hours or the ratio of a company's net sales to employee labour hours can be used to calculate productivity (Barlatier, 2021). The formula for calculating this ratio is: Net Operating Income / Number of Full-Time Equivalent Employees * 100 = Employee Productivity Ratio

Year	2018	2019	2020	2021	2022
Employee Productivity Ratio (%)	88.90	92.34	78.49	63.23	84.43

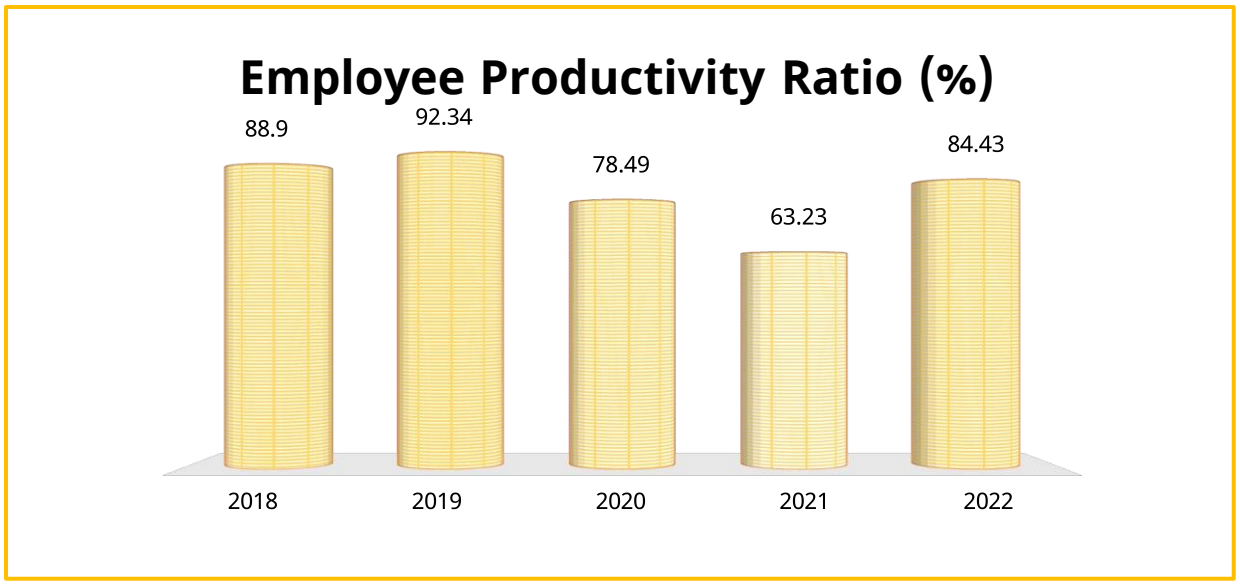


Figure 14: Employee Productivity Ratio

Source: (Author)

Interpretation: The Employee productivity ratio of Sonali Bank Limited shows that it was gradually doing well since 2019. It was 88.9% in 2018 and reached to 92.34% in 2019. So, it is a remarkable achievement for Sonali Bank Limited. In 2020 and 2021, the performance was gradually degrading for the impact of pandemic prevailing in that year. Now, the bank performs well in the running years.

Operating Efficiency Ratio: The operating ratio demonstrates how well a business's management controls expenses while increasing sales or income. The more efficiently a corporation generates income relative to its total expenses, the lower the ratio. Operating Efficiency Ratio = Total Operating Expenses/Total Operating Income is the formula used to determine this ratio.

Year	2018	2019	2020	2021	2022
Operating Efficiency Ratio	0.95	1.65	2.03	1.12	1.75

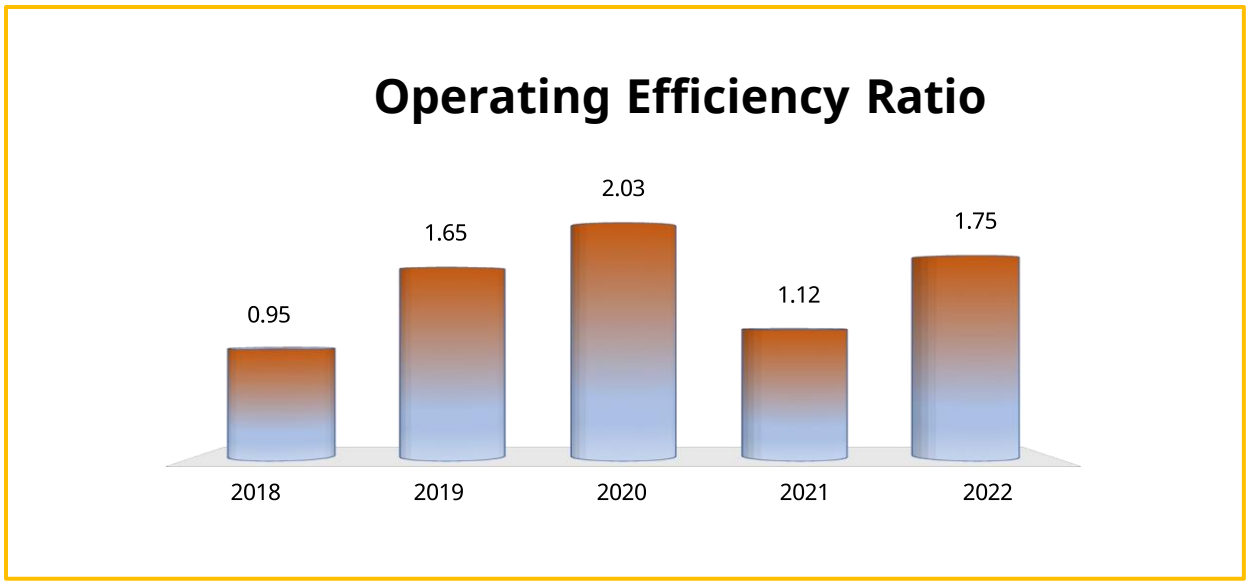


Figure 15: Operating Efficiency Ratio

Source: (Author)

Interpretation: the financial operation of Sonali Bank Limited was going on well. The bank gradually held up its success up to 2020. But the impact of covid pandemic changed the internal and external function of the bank. The bank lost its efficiency in 2021 and the ratio was 1.12 which is less than the last year. However, the bank is doing well in the running years.

Regression Analysis

Dependent Variable (Y): For the regression analysis, I have taken return on equity as dependent variable, as an indicator for financial performance.

Independent Variable(X): For the independent variables, I use earning per share, debt to equity ratio and Return on Investment, as they are relevant to the Profitability of Sonali Bank PLC.

Year	Return on Equity (%)	ROI (%)	EPS	Debt to Equity (%)
2018	3.32	7.6	5.47	17.63
2019	3.92	6.0	5.98	20.59
2020	4.21	6.1	7.14	17.58
2021	4.26	5.9	8.40	21.24
2022	4.7	5.6	9.01	21.04

Regression Statistics Analysis

Regression Statistics	
Multiple R	0.989931925
R Square	0.979965216
Adjusted R Square	0.919860864
Standard Error	0.144130728
Observations	5

Coefficient of Correlation (R): Ranging from -1 to +1, R is the correlation among the variables, in the relative term. Here we see that, R=0.992541, which is very close to +1, implying that there IS almost a perfectly positive relationship between the dependent and independent variables. That means, if the dependent variable will also increase with the increase of the independent variables. In this model, which thus implies, with the increase in EPS and D/E Ratio, there will also be an increase in the ROE.

R Squared: R-Squared is the proportion of variance in the dependent variable, which can be predicted from the independent variables. This value indicates that 98.51% of the variance in ROE can be predicted from the variables EPS and D/E Ratio.

Adjusted R Squared: The adjusted R-square attempts to yield a more honest value to estimate the R-squared for the population. The value of R-squared was .9952, while the value of Adjusted R-squared was 0.975229.

Standard Error: It shows the accuracy of the prediction, which is the square root of the Mean Square Residual, in this case which is = 0.426791%.

ANOVA Table Analysis

ANOVA					
	df	*SS*	*MS*	*F*	*Significance F*
Regression	3	1.016106333	0.338702111	16.30439707	0.179616179
Residual	1	0.020773667	0.020773667		
Total	4	1.03688			

SS: These are the sum of squares associated with the three variances Model, Residual and Total.

df: These are the degrees of freedom, associated with the sources of variance. The total variance has N-1 degrees of freedom. In this case, there were N=5 observations, so the df for total is 4.

MS: These are the mean squares, the Sum of Squares when divided by their respective DF, For Example. for the Model, it is 36.220681/2 =18.110341. It's computed to find the F ratio, to find the Significance of the predictors of the model.

Significance F: It tells us about the probability of the model being wrong. So, the lower the Significance F. the better it is. In this test, the value is 0.001812, which is much low, implying that the model is very strong, and significant.

Coefficient Analysis

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	6.329370131	1.988333123	3.183254384	0.19377549	-18.93479761	31.59354	-18.9348	31.59354
ROI (%)	-41.29554972	16.07368549	-2.569140086	0.236308264	-245.5310884	162.94	-245.531	162.94
EPS	18.43030991	7.445348814	2.475412552	0.244415351	-76.17181646	113.0324	-76.1718	113.0324
Debt to Equity (%)	-0.05135711	0.055840314	-0.919713848	0.526609165	-0.760875574	0.658161	-0.76088	0.658161

From the coefficient table, the regression equation that can be constructed is as follows.

ROE= 2.702012 +0.550803*EPS + (-0.130192) *D/E Ratio.

Intercept: It's the average value of the dependent variable, when the independent variables are set equal to zero. In this equation intercept is 2.702012, which means in the absence of independent variables EPS and D/E Ratio, on an average the dependent variable ROE will be 2.702012.

Earnings Per Share: The equation implies that a unit change in the independent variable EPS can cause the dependent variable ROE to change by an amount of 0.550803, when D/E Ratio is held constant.

Debt to Equity Ratio: The equation also implies that, a unit change in the independent variable D/E Ratio, the dependent variable ROE changes by an amount of (-0.130192), when EPS is held constant. So, we can say that there is significant impacts of the variables EPS and D/E Ratio, on SBL's ROE.

Findings

I have drawn specific conclusions based on my findings, all of which are derived from my independent analysis. Here are the key insights:

Profit and Deposits: Profits and deposits have experienced a significant and commendable increase. As Sonali Bank PLC enters its 50th year, it boasts full depositor confidence and robust growth across all banking operations. While its commercial bank profit may be relatively low, the government commercial bank profit stands out notably in the context of Bangladesh. The bank's extensive network ensures a presence in every Upazila, distinguishing it from other banks.

Liquidity: The liquidity situation, which was notably high in previous years, has shown improvement in the current year's ratio. Despite the understanding that liquidity enhances with a higher ratio, an excess of liquidity can adversely impact profits. The management must strike a balance between liquidity and profitability. In 2022, the liquidity ratio stands at 1.77, a positive indicator compared to previous years, suggesting that liquidity is sufficient for operational needs.

Debt Ratio: The debt ratio reveals how much borrowed money is utilized to generate profit. Sonali Bank's strategy of accepting low-interest deposits and investing them in high-interest ventures is evident in its successful collection of 1 trillion deposits from clients. This approach positions the bank favourably compared to other major commercial banks.

Activity Ratio: Activity ratios exhibit fluctuations between years. The cost-to-income ratio and overall asset turnover ratio indicate that 2021 outperformed 2022. Variables such as rent, taxes, and electricity show a growing trend. However, the investment-to-deposit ratio remains excellent, reflecting efficient utilization of idle client funds and marking a positive transition from a challenging 2014 to a successful 2022 for the bank.

Earnings and Financial Flow: A substantial flow of deferred tax payments and other provisions led to a dramatic reduction in earnings in 2014. Reduced investment in 2017 resulted in a significant cash flow outside the bank, impacting profits negatively. However, 2018 and 2019

saw less financial outflow, with everything stabilizing, including the profit margin. The net profit margin in 2022 is the best among the last five years at 15.57%, and the return on assets equals that of the previous year.

Sonali Bank PLC, as the largest commercial bank and agent of Bangladesh Bank, operates with a commitment to various tasks, often without a primary focus on immediate profit. While some banks may incur losses, it is essential to recognize that this does not signify failure, as these actions contribute to the greater good of the country. Sonali Bank PLC demonstrates slow but steady growth in profit, high liquidity, and profitability on equity. The bank exhibits high efficiency, with an increasing earnings per share (EPS) each year and widening earnings spread. As a nationalized bank, Sonali Bank PLC is performing commendably.

Chapter 11

Recommendations

- ✓ At the branch level, the organisation employs highly skilled personnel. However, the business ought to be able to make the most of these employees to increase output.
- ✓ The bank's inefficient utilization of human resources There are branches with too many employees and not enough work, and branches with too many employees and not enough work. The recruiting and recruitment of human resources must be optimized.
- ✓ There are not enough ATM booths for cardholders at Sonali Bank PLC.
- ✓ All branches must have CC cameras and strong internet security.
- ✓ Online shoppers have limited choices. Their focus ought to be on improving online customer support.
- ✓ Sometimes, when collecting poor debts, the bank disregards its consumers. Even though the krishi bazar ranch is in a good position, the management board should nonetheless offer enough guidance.
- ✓ The infrastructure of Sonali Bank PLC is insufficient to run the financial system. Some places of business don't have enough amenities. Thus, this needs to be considered.
- ✓ Enhance the layout of the website. The client is not enthralled with the current design.
- ✓ Branch Managers should have the authority from upper management to authorize loans for international trade up to a predetermined limit. Thus, they might provide their cherished clients with emergency loans.
- ✓ The Bank ought to utilize more equity money and less debt financing.
- ✓ Profit target is a long-standing SBPLC practice. Management needs to determine which sectors require immediate attention in order to increase profitability.

Conclusion

As a commercial bank, Sonali Bank PLC actively participates in a wide range of financial services that have a substantial impact on the economy of the country. In addition to its commercial activities, it is a government bank, which means it has a number of general duties that are comparable to those of other commercial banks. This entails gathering core deposits from clients in both urban and rural areas, then carefully allocating these deposits to important industries, businesses, power plants, and telecommunications, among other sectors. As a government bank, Sonali Bank PLC carries out a fundamental duty assigned by the government by overseeing pension services for government workers. Furthermore, 25 of 26 of the bank acts as a clearinghouse for Bangladesh Bank, strengthening its already strong position in the industry. While SBPLC does not only aim to generate profits, as is common with private commercial banks, its principal goal is still to deliver excellent services that contribute to the nation's general economic development. However, Sonali Bank PLC has faced financial difficulties on a few occasions in spite of its attempts. These difficulties include things like an abundance of poor loans, a lack of loans and advances, worries about the caliber of deposits, and cash flow limitations brought on by vault limits. These difficulties frequently stem from more general economic variables such a recession, interest rate swings, capital market dynamics, and money market inflation. In order to overcome these obstacles, the government must step in and support the bank, realizing that the bank's continued operations and the execution of suggested policies for the betterment of Bangladesh's populace depend on it. It is anticipated that the government will provide more assistance in order to put these suggestions into practice, strengthening the bank's resilience and advancing the general well-being of the country.

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Appendix

Year	Current Ratio (%)	ROA (%)	ROE (%)	ROI (%)	Debt to Asset Ratio (%)	Debt to Equity (%)	Net Profit Margin (%)	Earnings Per Share (%)	Investment to Deposit Ratio (%)
2013	1.37	0.42	7.27	1.33	94.22	16.30	1.04	31.82	0.39
2014	2.00	0.65	10.32	1.88	93.72	14.93	1.79	32.12	0.41
2015	1.83	0.06	0.83	0.14	93.13	13.69	0.17	1.53	0.47
2016	1.86	0.13	2.29	0.32	94.49	17.15	0.39	3.96	0.45
2017	1.67	0.56	10.63	7.29	93.19	18.32	1.68	18.50	0.43
2018	1.58	0.18	3.32	7.58	94.49	17.91	5.80	5.47	0.40
2019	1.87	0.20	3.92	5.98	94.82	20.59	6.76	5.98	0.48
2020	1.89	0.21	4.21	6.07	94.71	17.58	7.72	7.14	0.51
2021	1.93	0.21	4.26	5.87	95.37	21.24	7.93	8.40	0.51
2022	1.77	0.21	4.70	5.58	79.36	21.04	15.57	9.01	0.43

Regression Statistics

Regression Statistics	
Multiple R	0.989931925
R Square	0.979965216
Adjusted R Square	0.919860864
Standard Error	0.144130728
Observations	5

ANOVA Table

ANOVA					
	df	***SS***	***MS***	***F***	***Significance F***
Regression	**3**	**1.016106333**	**0.338702111**	**16.30439707**	**0.179616179**
Residual	**1**	**0.020773667**	**0.020773667**		
Total	**4**	**1.03688**			