Internship Report

on

Financial Performance Analysis of Sonali Bank PLC

Submitted by:

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Program: Bachelor of Business Administration

Major: Finance

Sonargaon University (SU)

Submitted to:

Department of Business Administration

Sonargaon University (SU)

Submitted for the partial fulfillment of the degree of

Bachelor of Business Administration



Sonargaon University (SU)

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Date of Submission: May 05, 2024

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Submitted to:

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Lecturer

Department of Business Administration

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LETTER OF TRANSMITAL

May 5, 2024

To

Md. Rasel Hawlader

Lecturer

Department of Business Administration

Sonargaon University

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

Dear Sir,

With great pleasure, right here I have submitted my internship report on **"Financial Performance of Sonali Bank Limited".** It has been a great gratification for me to have the opportunity to apply my academic knowledge in practical field. The theoretical knowledge is of on worth if it is not applied in reality. The report is prepared on the basis of the theoretical and practical learning from the three month internship program in Sonali Bank Limited (Malibag Branch).

I would like to cordial thanks to you for your support & statement of my works which made it easy for me as properly as supplied expertise of gaining knowledge in practical.

Sincerely Yours,

……

Ummay Fatema

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LETTER OF APPROVAL

This is certify that Ummay Fatema-Tuz-Zohura Suchi, ID: BBA2101022005, BBA (Finance), is a regular student of Department of Business Administration, Sonargaon University. He has successfully completed his internship program at Sonali Bank Limited and has prepared this internship under my direct supervision. His assigned internship topic is "Financial Performance Analysis of Sonali Bank Limited". I think that the report is well-intentioned of fulfilling the partial requirements of BBA program.

……..……

Md. Rasel Hawlader
Lecturer
Department of Business Administration
Sonargaon University

ACKNOWLEDGEMENT

First of all I would like to categorical my gratitude to the Almighty Allah. This is my pleasure that I could successfully complete my internship report by the grace of almighty Allah.I want to convey my heartfelt respect and cordial thanks Md. Rasel Hawlader, Lecturer, Department of Business, Sonargaon University, Encouragement, Guidance, advices and valuable supervision. I am very lucky for getting the opportunity to prepare this report under his supervision and guidance. Without his instruction it was impossible for me to complete this report successfully.

EXECUTIVE SUMMARY

Sonali Bank Limited is the largest state owned commercial bank in Bangladesh with total of 1215 branches. Total of 746 branches in rural areas, 467 branch in urban areas and 2 are located overseas (India). The functions of the bank covered a wide range of banking and function activities to individual, firms, corporate bodies, multinational agencies and the rural area. The bank provides more than 21 types of free services on behalf of the government of Bangladesh through its rural and urban branches as part of their commitment to society. In the new competitive commercial enterprise era, non-public banking zone is getting greater aggressive in Bangladesh. In this quarter the most used monetary statements are the balance sheet and profit and loss account. In this report, I have given ratio analysis of Sonali Bank Limited. I have used financial tools like (liquidity ratio, Efficiency ratio, Asset activity ratio, Credit risk ratio, Profitability ratio) to analyzed financial position of the bank. Beside this tools I have also used common size analysis, trend analysis of balance sheet and income statement of Sonali Bank limited. By using the tools, I have been able to teach at some graphical interpretation. Without this I have also mentioned others side of the Bank like (Products, Service and Social responsibility). In the last chapter of the report, finding and recommendations were given to improve the financial performance of the bank.

ACRONYMS AND ELABORATION

Acronyms	Full Meaning
SBL	Sonali Bank Limited
LTR	Loan Against Trust Receipt
SWOT	Strength Weak Opportunity Threat
KYC	Know Your Customer
NPL	Non- performing Loan
IRC	Imported Registration Certificate
ALCO	Asset-Liability Management Committee
IBC	In ward Bill for Collection
CRG	Credit Risk Grading
RWA	Risk Weighted Assets
CIB	Credit Information Bureau
LIM	Invested Against Imported Merchandise
CRM	Credit Risk Management
VAT	Value Added Tax
PO	Payment Order
CRR	Cash Reserve Ratio
FDR	Fixed Deposit Receipt
A/C	Account
OBC	Out ward Bill for Collection
BCD	Bearer Certificated Deposit
LC	Leverage Ratio
HBI	House Building Investment
SLR	Statutory Liquidity Requirement

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Chapter-One

Introduction

1.1 Introduction

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

1.2 Background of the Study

To fulfil the degree name Bachelor of Business Administration (BBA) from Sonargaon University. It is mandatory to complete an internship course all of students of BBA have to sustain.The students are sent to various organizations where they are assigned to one or more projects.This program is three month duration. At the end of program, the internships are required to place the accomplishment and finding of the project through the writing of the internship report covering the relevant topics. As the case, I have done an internship course at Sonali Bank Limited. In this session I have completed a report on financial performance of Sonali Bank Limited at Malibag Branch, Dhaka.

1.3 Scope of the Study

This report will screen an organization in a general way of Sonali Bank Limited. It will send wide view of the several stages. I tried to exhibit the analysis by way of individual graphs and charts through movement and ratio analysis based on over five years performance. Findings and applicable tips are made primarily based on that analysis. To keep way from complexity some overall performance variables are taken into consideration while analyzing performance. The study would focus on the following fields the three major financial tools of Sonali Bank Limited.

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

1.4 Objectives of the Study

General objective of this report is to analyze the performance of Sonali Bank Limited.

This report contains few Specific objectives are as follows-

1. To know the theoretical background of financial performance of Sonali Bank Ltd.
2. To know the five years financial performance of Sonali Bank Ltd by using different tools like Ratio, Trend and Common Size etc.
3. To identify the problems related with financial performance of Sonali Bank Ltd.
4. To make some recommendations to solve the all these problems.

1.5 Methodology of the study

Sources of Data:

The study is based on primary and secondary sources of data. Data have been collected from official records discussions with employees and from different circular in newspapers and annual report at Sonali Bank Ltd.

Primary Sources:

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

Secondary Sources:

1. Annual report and related with books of Sonail Bank Ltd from 2013 to 2017.
2. Different written document of Sonali Bank Ltd.
3. Newspaper and web site etc.

1.6 Limitations of the Study:

1. Three months, time is not enough for such comprehensive study. It is very difficult to collect all information in such a short time.
2. Sonali Bank Limited as a commercial bank they are very busy and they could not able to give me enough time for discussion about various topics.
3. As a financial organization a bank has some restriction to serve all the real data of the bank of the general people as a result the study is mostly depends on artificial files and annual reports.
4. There were some restrictions to have access to the information confidential by the authority.

Chapter-Two
Literature Review & Theoretical Background

2.1 Literature Review

In every business consumer plays the vital roles for the success of the business. Consumer will be the cause of success of any business when they will get the proper service what they want from the business organization. So, without positive consumer service policy it will be very difficult for any organization to reach their target or profit because their popularity and brand image may go down because of negative consumer service. (Heath, n.d.) states that if any organization promise Page | 34 something then it is their duty to keep the trust and respect to the customer. According to (Pushpanjalee & Chitra, 2010), consumer service has been considered as the main factor of relationship between costs and profitability and it depends on customer retention, behavioral style and positive word of mouth. (Heath, n.d.) argues that if the organization value the customer, then they will keep coming back to them because this is also linked with phenomenon of reciprocity in social psychology. (Lewis & Mitchell, 1990) states that major number of successful industries become successful at the first step by their consumer service because create an image among the customer. So, it is very important for any organization to maintain a proper policy for the consumer so that the consumer get their service easily and properly. Like other industries banking is also consumer dependent organization. According to (Deninzon, Malik, & Kapoor, 2019) consumer needs are changing rapidly and for that reason banking organizations need to draw design that how will they meet the need of the consumers. So, it is important for banking institution to draw a design for future that how much the consumer needs may be changed and how to meet their needs. (Zhu, Wymer, & Chen, 2002) states that IT-based service has link with the with consumer satisfaction and it depends on organization's traditional service, experience of IT services and the policy of how they will use their IT facilities. Now a days, banking sectors are mostly dependent on IT technology and for that reason every

bank needs to hold strong IT facilities to serve the customer smoothly. (Gagnon, n.d.) argues that in technology-driven world, there is no shortcut plan for banks and credit unions to innovate and develop the customer experience and she also states that consumer service is a major component of a quality customer experience as it reflects how the customers is experiencing with the organization. (Grubor, Salai, & Lekovic, n.d.) suggests that quality service provider company management need to focus on four key areas important for achieving quality that includes moments of truth, service design, productivity of service and corporate culture. For that reason, if the organization always give a trustworthy service, then it will be an advantage for the organization. Besides, service design is also important for the organization because it will help the employee to set their goals that how will they serve the consumer and what ability they. Knowing the ability is the best practice for the employees because it will make the organization more trustworthy to their consumers. According to (Grubor, Salai, & Lekovic, n.d.) productivity of service is also very important for providing quality service to the consumers because without productivity an organization will not be able to reach their target customer and for that reason there will be a mismanagement if the productivity not reach to the target production. Page | 35 They also state that corporate culture is also important to provide quality service because corporate culture directly impact on the employees and positive corporate culture always encourage the employees to be positive in their work field. (Yao, Siali, Darun, & Ismail, 2014) argues that consumer expectation means customer expects according to available resources of the service provider and it is encouraged by the family background, cultural practice, personality, demography, different advertising, experience with same products as well as online based information that mostly influenced by social media. (Yao, Siali, Darun, & Ismail, 2014) also clarify that consumer perception is totally subjective which has linked with the consumers interaction with the product or service. According to them consumer perception is derived from

the consumer's satisfaction for their desirable product or service which have linkage to the service delivery. (Bashir, Al, & Basher, 2015) states that to focus any industry's work field first of all they should focus on their service area because ensuring good service is the key selling point and he also identified the importance of mobile banking on customer need and on their satisfaction. Internet banking becoming popular among the developing countries in the world and especially in Bangladesh but internet banking is not much familiar in rural area because of low accessibility of ATM booth in rural area. (Bashir, Al, & Basher, 2015) also argues that internet banking facilities become popular among the customers on reliability and cost effectiveness that reflects on the consumer and it is also a kind of service that should provide by the banks. E-banking banking will play a vital role in banking sector of Bangladesh in future which will also become a factor for the consumer satisfaction. (Gupta & Dev, 2012) suggests that five factor that is that is driving consumer satisfaction in banking sector and the factors are service quality, hygiene, client participation, accessibility and financial facilities. They also state that the factors are expected to bring new era to the issue of customer satisfaction in retail banking as well as to help the retail bankers in improving specific parameters of service which will increase overall consumer satisfaction in banking sector.

2.2 Theory of Ratio

Ratio analysis is the most effective way to evaluate a company or organization. By this a company can take the proper decision to make an investment. Most of the financial institution are depending on it just to make their investment is going to in productive sector. With this tools now a day's people can take decision about their short term & long term financing. Ratio can make the results so approximate to practical. Only ratio can express the comparative result on the basis of logical calculation. There are many kinds of ratio now a days. People are creating different software to get proper analysis of their respected balance. Basically ratio are categorized in five ways in banking sector. These are given below:-

1. Liquidity Ratio
2. Asset Activity Ratio
3. Efficiency Ratio
4. Profitability Ratio
5. Credit Risk Ratio

2.2.1 Liquidity Ratio: Liquidity Ratio is the ratio by which a company can calculate the company's ability to meet up the amount of liability to creditor. Most of the firm used to take a large amount of loan from respected lender to expand its productive activity. Against the loan a company has to calculate the cost of capital. Because a levered company is more beneficial compare to unlevered company. So in that case for a company has to maintain liquidity ratio to aware of its liability to creditors. There are some liquidity ratios those are given below.

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

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

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

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

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

2.2.4 Profitability Ratio: The ratio measure the company's ability in format of profit remaining after deducting all costs. Every company wants to get biggest than big profit in consider of its total operating activities. It can indicate the investment opportunity to a firm about to take decision. By the ratio new investors for a company can take decision at to have investment. There are some ratios which are considered as profitability ratio. Those are given below:

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

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

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

2.3 Common Size Analysis

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

2.4Trend Analysis

Trend analysis regularly refers to methods for extracting an underlying pattern of behavior in a time series which would otherwise be partly or almost completely hidden by means of trend. If the trend can be assumed to be linear, trend analysis can be undertaken inside a formal regression analysis, as described in trend estimation. Trend analysis is a mathematical technique that makes use of historical outcomes to predict future outcome. This is done by tracking variances in value and time table performance. The accounts listed help decide if the company is going through any type of financial stress. When trend analysis is performed, a organization is capable to see if its monetary position is enhancing or declining based as the length and the items on the statements for all later intervals are compared with gadgets on the statements of the base period. The adjustments are normally shown in percentage.

Chapter-Three

Profile Of Sonali Bank PLC

3.1 History of the Sonali Bank Limited

Sonali Bnak Limited is a state-owned leading industrial monetary group in Bangladesh. Sonali Bank Limited used to be hooked up in 1972 beneath the Bangladesh banks orders, via the amalgamation and nationalization of the branches of National Bank of Pakistan. Bank of Bahawalpur and premier bank branches located in East Pakistan until the 1971 Bangladesh liberation of the war. When it was to be established Sonali Bank Limited had a paid up capital of 30 million taka in 2001, it's approved and paid up capital have been taka 10 billion and taka 3.272 billion respectively. Presently it is approved and paid up capital is taka 10 billion and taka 9 billion respectively. The banks' reserve money has been taka 1979 and taka 2.050 billion on 30 June 2000. The bank has been transformed to Public Limited Company with one hundred percent ownership of the authorities and started functioning as Sonali Bank Limited from November 15, 2007 taking over all assets, liabilities and commercial enterprise of Sonali Bank Limited. SBL has a whole 2015 branches. Out of them 467 are positioned in city areas and 746 in rural areas, others 2 branches are placed in India and UK. The Sonali Exchange Company Inc. in USA and Sonali Bank (UK) Limited, United kingdom to facilitate overseas exchange remittances. Sonali Bank limited is ruled by way of a Board of Directors consisting of eleven members. It is headed by the managing Directors & CEO, who is a true considered Banker and a related professional.

3.2 Corporate Profile of Sonali Bank Limited

• Name of the Company	:	Sonali Bank Limited
• Chairman	:	Mr. Md. Ashraful Moqbul
• CEO & Managing Director	:	Mr. Md. Obayed Ullah Al Masud
• Company Secretary	:	Mr. Md. Hasanul Banna
• Legal Status	:	Public Limited Company
• Genesis	:	Emerged as state-owned Commercial Bank in 1972, under Bangladesh Bank order nationalization (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 • Paid-up Capital	:	Taka 6000.00 Core
	:	Taka 4130.00 Core
• Number of Employee • Number of Branches • Phone-PABX	:	18,167
	:	1215
	:	9550426-31, 33, 34, 9552924
• FAX	:	88-02-9561410, 9552007
• SWIFT • Website	:	BSONBDDH
	:	www.sonalibank.com.bd
• E-mail	:	itd@sonalibank.com.bd

3.3 Function of Sonali Bank Limited

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

3.4 Vision, Mission & Objectives of the Sonali Bank Limited

Vision: Socially committed leading banking institution with global presence**.**

Mission: Dedicated to extend a whole range of quality products that support divergent needs of people aiming at enriching their lives, creating value for the stakeholders and contributing towards socio-economic development of the country

Objectives:

1. To earn customer satisfaction though diversified banking activities and introduction of innovation banking.
2. To improve the customer services in recent times by introducing a number of it based reform measure.
3. To maintain adequate liquidity to meet maturing obligation and commitments.
4. To remain one of the best banks in Bangladesh in terms of profitability and assets quality.
5. To maintain a healthy growth of business with desired image.
6. To ensure optimum utilization of all available resources.
7. To maintain adequate control systems and transparency in procedures.
8. To create medium of exchange and the increase the capital formation.
9. To expand tread and commerce.

3.5 Management Hierarchy of Sonali Bank Limited



3.6 Small & Medium Enterprise (SME)

Sonali Bank limited emphasizes highest precedence on SME financing for disposing of poverty by means growing SME mortgage glide at economically underdeveloped location & humans putting up precedence base. SME saving policy for ladies & underprivileged entrepreneurs. Sonali Bank Limited is working for the improving of their socio-economic condition.

3.7 Corporate Social Responsibility (CSR)

1. Special credit program for freedom fighters.
2. Collateral-free group based Credit program for the landless.
3. Special Scholarship brilliant students.
4. Credit program for overseas employment.
5. Special credit program for Government Primary School Teachers.
6. Green banking programs like biogas & solar paints.

3.8 Products & Services Sonali Bank Limited Offers

General Service

Saving Account: A saving account is an account provided by bank for individual to save money and earn interest on the cash held in the account. A savings accounts can be used to save money for specific expenses or for longer-term undefined goals, all while earning interest on the money in the account.

Current Account: A current account is opened by business man who have a higher number of regular transactions with the bank. It includes deposits, withdrawals, and contra transactions. It is also known as demand deposit accounts.

Corporate Account: A corporate account refers to an account that specializes in offering services for companies and offshore businesses. Its differentiation from personal and investment bank accounts lies on the fact that it provides services targeted directly to businesses.

Short-term Deposit: Short term deposit meaning in deposit terminology, the term short term deposit refers to an amount of money placed in a bank or financial institution for a term no longer than one year. A short term deposit will usually earn a fixed rate of interest.

Deposit Service

Fixed Deposit Scheme: A fixed deposit scheme is a financial device provides by banks which provides investors a higher rate interest than a regular savings accounts, untie the given maturity date. It may or may not require the creation of a separate account. The interest rate changes between 4 and 7.25 percent.

Social Service

1. Old age allowance.
2. Widows, divorcees and destitute women's allowances.
3. Freedom fighters allowances.
4. Rehabilitation & Maternal allowances for poor women.
5. Savings certificates.
6. ICB unit certificates.
7. Prize bonds.
8. Wage earners development bond.
9. Public service commission's application from.
10. Judicial service commissions application from.
11. Exchange of soiled / torn notes.
12. US Dollar premium & investment bond.

Loan Scheme

General Loan: A loan to a broker or brokerage by a bank. Brokers take out broker's loans usually to fund margin accounts for their clients, but also to fund underwriting purchases. Brokers loans are payable on 24 hours' notice and carry interest rate that are about one point higher than short-term rates.

Terms Loan: a term credit is a monetary loan that is repaid in regular payment over a set period of time. Term loans usually last between one and ten years. A term loan generally entangles an unrealized interest rate that will accumulate additional balance to be refined.

Loan against House Building: a sum of money borrowed from a financial institution or bank purchase a house. Home loans consist of an adjustable or fixed interest rate and payment terms.

Housing Loan Scheme: Home Loan' A sum of money borrowed from a financial institution or bank to purchase a house. Home loans consist of an adjustable or fixed interest rate and Payment terms.

House Repairing Loan Scheme: Term loans, overdrafts, letters of credit, guarantees and many more such products are included in the credit basket. Recognizing individual customer needs bank of Maharashtra. Special housing loan scheme. Customer segments, for the individual we have finance schemes that translate your dreams into reality.

Personal Loan Scheme: It called signature loans. Unsecured loans are advanced on the basis of the borrows credit history and ability to repay the loan from personal income. Restoration is generally through fixed amount installments over a fixed term.

Transport Loan: Means of transportation to serve your customer base, it may be time to purchase a few new ones. Of course, this can be very pricey, so consider using trucking loans to pay for this investment.

Loan against Trust Receipt: Trust Receipt (TP) is a type of short-term import loan to provide the buyer with financing to settle goods imported under letter of credit where title of goods is held by the bank.

Departments of SBL

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

Chapter-Four

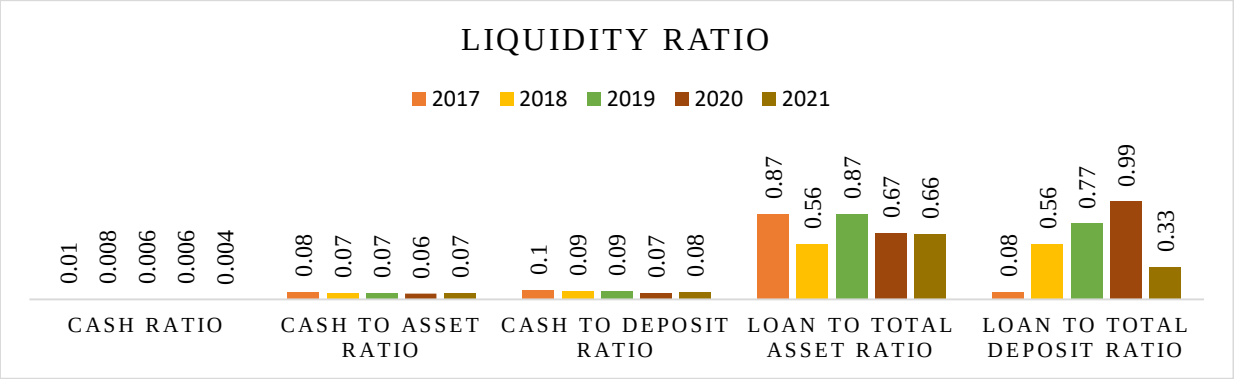
Analysis Of Study

4.1Ratio Analysis of Sonali Bank Limited

4.1.1 Liquidity Ratio:

Year	2017	2018	2019	2020	2021
Cash Ratio	0.01	0.008	0.006	0.006	0.004
Cash to Asset Ratio	0.08	0.07	0.07	0.06	0.07
Cash to Deposit Ratio	0.1	0.09	0.09	0.07	0.08
Loan to Total Asset Ratio	0.87	0.56	0.87	0.67	0.66
Loan to Total Deposit Ratio	0.08	0.56	0.77	0.99	0.33

Graphical Explanation

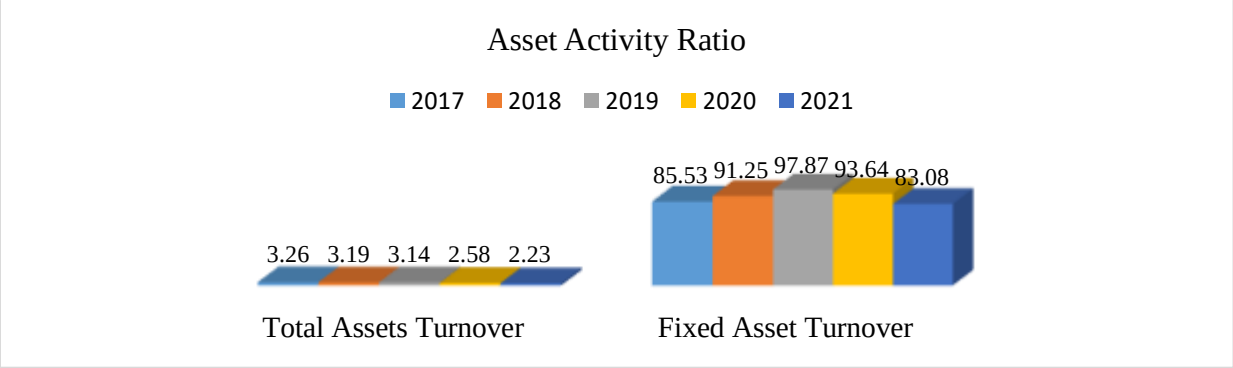


Interpretation: The Cash Ratio of the Sonali Bank Limited is better using deposit against their cash in hand. The cash to asset ratio has been fluctuated over the years a little bit. It was the range between (0.06 - 0.08).The bank could able to use their cash in consider of asset. Cash to deposit ratio in 2017 was good but it sequence of time has decreased (0.10 to 0.07) because of deposit is increased. Loan to total asset ratio showing better fluctuation from 2017 to 2021. The Loan to total deposit ratio in has been increased 2018 to 2019 and decreased 2021 but from 2017 increasing up to 2021.

4.1.2Asset Activity Ratio

Year	2017	2018	2019	2020	2021
Total Asset Turnover	3.26	3.19	3.14	2.58	2.23
Fixed Asset Turnover	85.53	91.25	97.87	93.64	83.08

Graphical Explanation

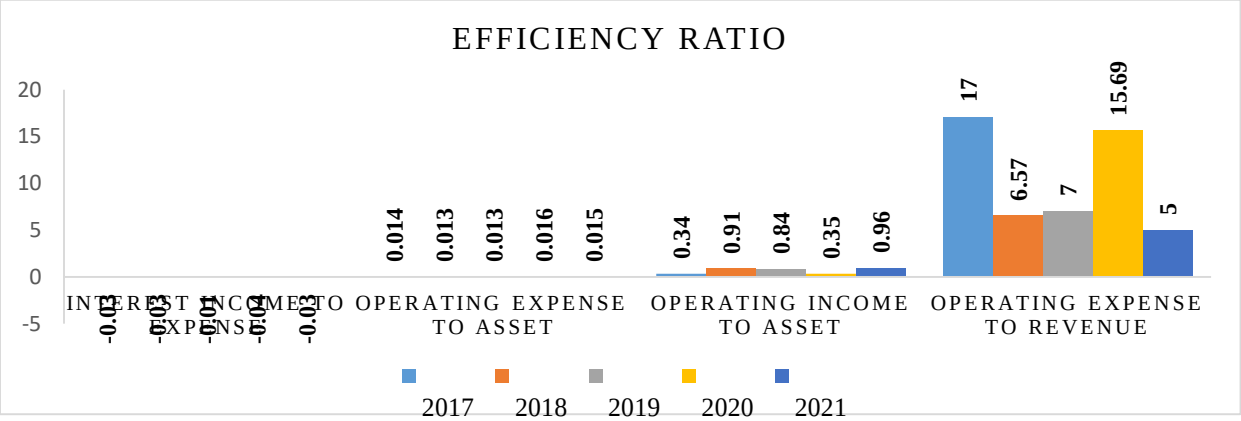


Interpretation: The total asset turnover showing that banks interest income is less than total asset. After 2018 the rate has been from 3.19 to 2.23 in 2021 and 2017 rate is high in 3.26. The fixed asset turnover has been fluctuation in 2017 to 2021. In 2017 it was 85.53 because of interest income was a little bit less than fixed asset but from 2018 to 2020 the difference was decreased and return of interest income has increased in against fixed asset. That's the years fixed asset turnover showing a better performance.

4.1.3 Efficiency Ratio

Year	2017	2018	2019	2020	2021
Interest Income to Expense	-0.03	-0.03	-0.01	-0.04	-0.03
Operating Expense to Asset	0.014	0.013	0.013	0.016	0.015
Operating Income to Asset	0.34	0.91	0.84	0.35	0.96
Operating Expense to Revenue	17	6.57	7	15.69	5

Graphical Explanation

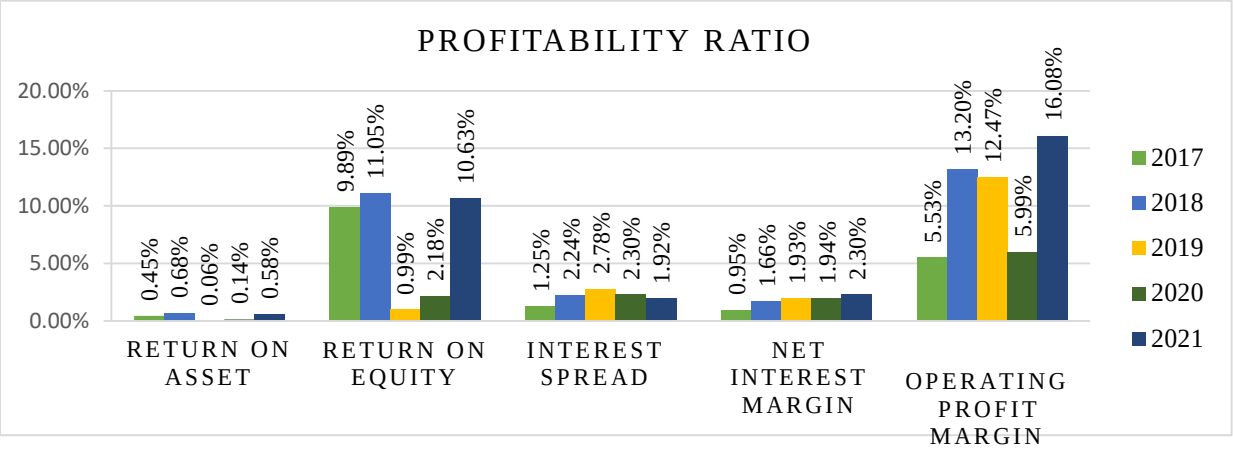


Interpretation: The interest income to expense has reckoning from 2017 to 2021. Operating expense to asset showing a positive result in favor of bank. The bank could able to operate their activities with low operational expense compare to total asset. Operating income to asset has been fluctuated over the years a smallest bit. The bank could maintain their operating income total asset. Operating expense to revenue is showing the ratio high performance 17 in 2017 and lower is 5 in 2021. And 2018 to 2019 was same range decrease in 2020 from 2017.

4.1.4 Profitability Ratio

Year	2017	2018	2019	2020	2021
Return on Asset	0.45%	0.68%	0.06%	0.14%	0.58%
Return on Equity	9.89%	11.05%	0.99%	2.18%	10.63%
Interest Spread	1.25%	2.24%	2.78%	2.30%	1.92%
Net Interest Margin	0.95%	1.66%	1.93%	1.94%	2.30%
Operating Profit Margi	5.53%	13.20%	12.47%	5.99%	16.08%

Graphical Explanation

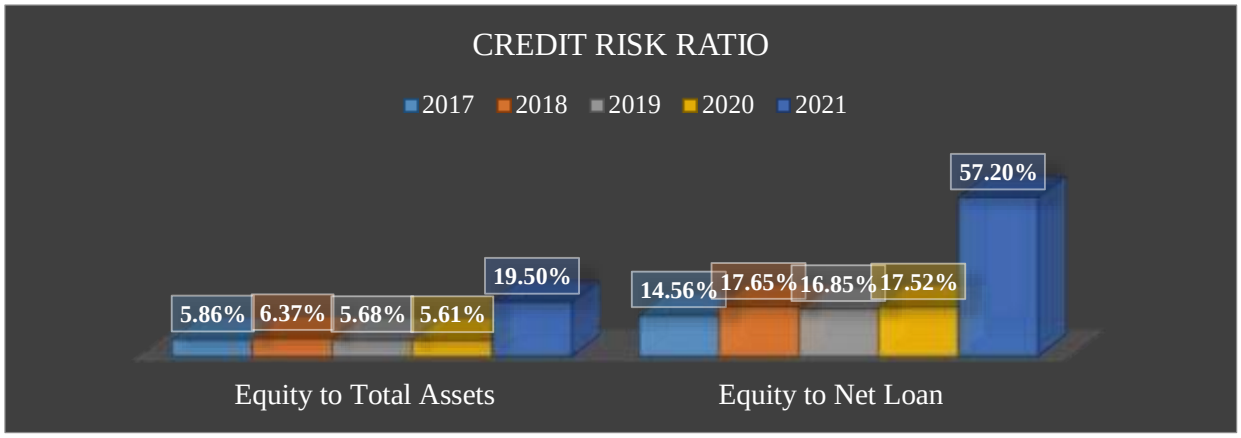


Interpretation: The return on asset has been fluctuated over the year a little bit and showing rate of slam 2017 to 2021. The banks return on equity was positive stream from 2017, 2018 and 2021. In 2019 to 2020 showing the ratio was decreased 0.99% to 2.18% but significantly increased in 2021. The interest spread showing a normal rate following the years but lower performance in 2017 and higher performance in 2019. Net interest margin has positive trend from 2017 to 2021. Operating profit margin showing better fluctuation from 2017 to 2021 and in 2021 it is very high.

4.1.5 Credit Risk Ratio

Year	2017	2018	2019	2020	2021
Equity to Total Assets	5.86%	6.37%	5.68%	5.61%	19.50%
Equity to Net Loan	14.56%	17.65%	16.85%	17.52%	57.20%

Graphical Explanation

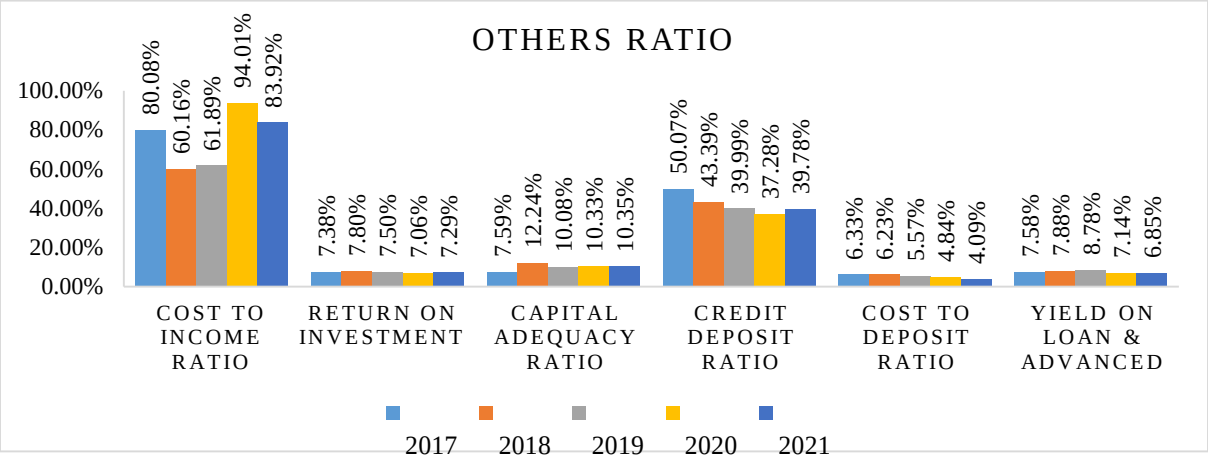


Interpretation: The equity to total assets ratio of the sonali Bank Ltd is indicating percentage of equity in total asset. In 2017 it was good but next some years it has increased a little bit. Consequently, it was most same next two years expect in 2021. The equity to net loan ratio is a percentage of equity in 100% loan amount. It was a slide good in 2017 and then it was increased up positively up to 2021.

4.2 Others Ratio

Year	2017	2018	2019	2020	2021
Cost to income Ratio	80.08%	60.16%	61.89%	94.01%	83.92%
Return on Investment	7.38%	7.80%	7.50%	7.06%	7.29%
Capital Adequacy Ratio	7.59%	12.24%	10.08%	10.33%	10.35%
Credit Deposit Ratio	50.07%	43.39%	39.99%	37.28%	39.78%
Cost to Deposit Ratio	6.33%	6.23%	5.57%	4.84%	4.09%
Yield on Loan & Advanced	7.58%	7.88%	8.78%	7.14%	6.85%

Graphical Explanation



Interpretation: From this graph we got the cost to income ratio has been fluctuation over the years. The higher ratio is 94.01% in 2016 and lower 60.16% in 2018. The return on investment showing most similar trend from 2017 to 2021 but the bank should increase it financial productivity to investment sector. Capital adequacy ratio showing better fluctuation from 2017 to 2021. Credit deposit ratio showing better deposit from the creditors. So it is high time to make this function to get profit. Cost to deposit ratio has been decreased from 2017 to 2021 (6.33% to 4.09%). The yield on loan and advanced of the Sonali Bank Ltd could able to balanced their return following the years.

4.3.1Trend Analysis:

Trend Analysis of Balance Sheet

Sonali Bank Limited

Particulars	2017	2018	2019	2020	2021
Cash	100%	93%	85%	62%	56%
Cash in Hand (Including Foreign Currencies)	100%	134%	157%	146%	180%
Balance with Bangladesh Bank and its Agent Bank	100%	87%	62%	55%	49%
Balance with other Banks & Financial Institutions	100%	45%	63%	46%	26%
In Bangladesh	100%	31%	53%	27%	15%
Outside Bangladesh	100%	94%	78%	252%	141%
Money at Call on Short Notice	100%	48%	99%	124%	20%
Investments	100%	84%	67%	58%	59%
Government	100%	84%	67%	58%	60%
Others	100%	75%	62%	54%	40%
Loans and Advances	100%	102%	99%	89%	81%
Loans, Cash Credit, Overdrafts, etc.	100%	97%	94%	84%	77%
Bills Purchased and Discounted	100%	199%	260%	310%	247%
Fixed Asset Including Premises, Furniture and Fixture	100%	99%	98%	98%	98%
Others Assets	100%	96%	99%	69%	93%
Non-Banking Assets	0	0	0	0	0
Total Assets	100%	91%	83%	71%	69%
Liabilities					
Borrowing from others Banks, Financial Institutions & Agents	100%	106%	114%	122%	131%
Deposit and d Others Accounts	100%	101%	91%	759%	74%
Current Accounts & Others Accounts etc.	100%	90%	83%	61%	63%
Bills Payable	100%	67%	94%	56%	68%
Saving Bank Deposits	100%	92%	80%	55%	61%
Fixed Deposits	100%	86%	77%	72%	72%
Others Deposits	0%	0%	0%	0%	0%
Other liabilities	100%	120%	114%	115%	106%
Total Liabilities	100%	92%	83%	71%	68%
Shareholders' Equity	100%	84%	86%	74%	75%
Paid up Capital	100%	36%	29%	29%	27%
Statutory Reserve	100%	85%	85%	78%	63%
Others Reserve	100%	44%	44%	39%	40%
Revaluation Reserve	100%	89%	76%	75%	87%
Total Liabilities and Shareholders' Equity	100%	91%	83%	71%	69%

4.3.2 Trend Analysis

Trend Analysis of Income Statement

Sonali Bank Limited

Particulars	2017	2018	2019	2020	2021
Interest Income	100%	93%	86%	90%	100%
Income on Investment	100%	67%	57%	50%	46%
Non-interest Income	100%	89%	107%	115%	82%
Total Income	100%	83%	77%	76%	72%
Interest Expense	100%	90%	83%	82%	90%
Non-interest Expense	100%	93%	85%	62%	61%
Total Expense	100%	90%	84%	76%	81%
Net Interest Margin	100%	46%	35%	31%	24%
Net Non-interest Expense	100%	130%	36%	15%	23%
Operating Profit	100%	35%	34%	70%	25%
Earnings Before Provision & Tax	100%	38%	38%	72%	28%
Profit Before Provision & Tax	100%	34%	34%	68%	24%
Net Profit After Tax	100%	59%	61%	55%	50%

Interpretation: Trend analysis is a comparative analysis among the items in balanced sheet and income statement. In 2018 to 2021 the percentage of cash has been decreased from 93% to 56%. It showed that bank has paying attention in profitable transections to make sure better use of money. Cash in hand (including foreign currency) showing 134% to 180% a better use of money in the format of foreign reserve. Investment showing a negative trend from 2018 to 2021 which is 84% to 59% because of economical slum in this country. Loan & advanced gradually decreased from 2018 to 2021 at this 102% to 81%. On the others hand, bills purchased and discounted item showing a positive growth from 199% to 247%. In most cases the bank experienced inconstant rate of return. So it has an effect to the banks total assets which decreased from sequence 91% to 69%. On the others side bank played better performance and got positive result. In income statement showing a good trend in interest income from 2018 to last year. The rate increased 93% to 100%. The change is only 7%. All the above net profit after tax have fluctuated following the years abnormally.

4.4.1 Common Size Analysis:

Common Size Analysis of Balance Sheet

Sonali Bank Limited

Particulars	2017	2018	2019	2020	2021
Cash	6%	6%	6%	7%	7%
Cash in Hand (Including Foreign Currencies)	1%	1%	1%	1%	0%
Balance with Bangladesh Bank and its Agent Bank	5%	5%	6%	6%	7%
Balance with others Banks & Financial Institutions	2%	4%	3%	3%	6%
In Bangladesh	1%	3%	2%	3%	5%
Outside Bangladesh	1%	1%	1%	0%	0%
Money at Call on Short Notice	1%	1%	0%	0%	2%
Investments	32%	35%	40%	39%	37%
Government	30%	32%	37%	36%	34%
Others	2%	2%	3%	3%	3%
Loans and Advances	40%	36%	34%	32%	34%
Loans, Cash Credit, Overdrafts, etc.	37%	35%	33%	31%	33%
Bills Purchased and Discounted	3%	2%	1%	1%	1%
Fixed Asset Including Premises, Furniture and Fixture	4%	4%	3%	3%	3%
Others Assets	15%	15%	13%	16%	11%
Non-Banking Assets	0%	0%	0%	0%	0%
Total Assets	100%	100%	100%	100%	100%
Borrowing from Others Banks, Financial Institutions & Agents	0%	0%	0%	0%	0%
Deposit and others Accounts	92%	83%	84%	90%	86%
Current Accounts & Others Accounts etc.	17%	17%	17%	20%	19%
Bills Payable	1%	1%	1%	1%	1%
Savings Bank Deposits	20%	20%	21%	27%	23%
Fixed Deposits	42%	44%	45%	41%	40%
Others Deposits	0%	0%	0%	0%	0%
Others Liabilities	14%	10%	10%	8%	9%
Total Liabilities	94%	94%	94%	94%	95%
Shareholder's Equity	6%	6%	6%	6%	5%
Paid up Capital	1%	3%	4%	3%	3%
Statutory Reserve	1%	1%	1%	1%	1%
Others Reserve	0%	0%	0%	0%	0%
Revaluation Reserve	3%	3%	3%	3%	2%
Total liabilities and Shareholders' Equity	100%	100%	100%	100%	100%

4.4.2 Common Size Analysis:

Common Size Analysis of Income Statement

Sonali Bank Limited.

Particulars	2017	2018	2019	2020	2021
Interest Income	100%	100%	100%	100%	100%
Income on Investment	56%	77%	85%	100%	123%
Non-Interest income	37%	39%	30%	29%	46%
Total Income	193%	216%	215%	229%	269%
Interest Expense	140%	145%	145%	153%	155%
Non-Interest Expense	43%	43%	43%	62%	70%
Total Expense	183%	188%	188%	215%	225%
Net Interest Margin	16%	33%	40%	47%	68%
Net Non-Interest Expense	6%	4%	13%	33%	24%
Operating Profit	11%	29%	27%	14%	43%
Earnings Before Provision & Tax	13%	30%	29%	16%	45%
Profit before Provision &Tax	10%	29%	27%	14%	43%
Net Profit After Tax	13%	20%	2%	0%	26%

Interpretation: Common size analysis refers the balance sheet items to understand percentage change of assets, liabilities and other items. Basically it measures the respected items based on partial common account. In comparison of total asset, the cash item showing a little change from 2017 to 2021. Investment showing a lesser growth from 32% to 37%. Deposit and others account showing a normal rate of change following the years. All tough saving deposit has been increased up from 20% to 23% but fixed deposit has been decreased 42% to 40% expect 2019. The bank could able to control its liability so strongly. It has 1% increased following the years. On the other hand, Common size analysis of income statement that is income on investment showing a better growth from 56% to 123%. Non-interest income has a positive trend 29% to 46%. Along with the different incomes like net interest margin, non-interest income, operating profit total operating expense also increased 183% to 225%. All the above change of data resulting a positive net profit expect 2020.

Chapter-Five
Findings

5.1 Findings

1. Liquidity ratio indicates the firm's ability to meet up its immediate demand in cash. Cash ratio of the bank has been decreasing from 2013 to 2017 that means has facing cash crisis in 2017.
2. Loan to total asset ratio of the bank in 2013 & 2015 was high that indicates the bank has loan default risk because the higher the ratio, the lower the liquidity of the bank. On the other hand, in 2014 it so low. But it has a little fluctuated between 2016 and 2017.
3. Loan to total deposit ratio showing that in 2013 the ratio was 0.08 which is co-putatively too low than next four years. Al the same times, in 2016 it was 0.99 whereas in 2017 it was 0.33. It means the bank could not able to make profit as much as it expected.
4. Operating expense to asset showing it was high in 2013, 2016 and 2017 in comparison to total asset which indicate a bad operating of the bank.
5. Operating expense to revenue of the bank in 2013 & 2016 was so high which indicating the higher expense in respect to its operating income.
6. Return on asset showing a diminishing trend 2013 to 2017. Among the rates in 2015 it was 0.06% which indicates that the bank has got a return of 0.06% by using its 100% asset. Return on equity of the bank indicating a slum in 2015 and 2016. ROE in 2015 and 2016 were respectively 0.99% and 2.18%.
7. Cost to income ratio showing a negative trend from 2013 to 2017 expect 2014 and 2015. Cost of deposit of the bank was high in 2013, 2014 and 2015 respectively 6.33%, 6.23% and 5.57% which was bad compare to last two years.
8. The trend analysis showing comparatively a negative change in investment sector. So the bank should increase up its investment so productively. Trend analysis of income statement showing total income has been decreased up to 72% in 2017. On the other hand total expense has been increased up to 81% which is 90% bigger than total income in 2017. So the bank should have decreased its expense.

Chapter Six
Recommendations, Conclusion & Bibliography

6.1 Recommendations

1. Cash ratio of the bank has been decreasing from 2013 to 2017 that means facing cash crisis in 2017. So the bank should increase its cash ratio to solve liquidity crisis.
2. Loan to asset ratio of the bank in 2013 and 2015 was high that indicates the bank has loan default risk because the higher the ratio, the lower the liquidity of the bank. In 2014 is very low but it has little fluctuated 2016 & 2017.In that case the bank should decrease its loan amount with the balance of total asset.
3. Loan to deposit ratio showing that in 2013 the ratio was 0.08 which is comparatively too low than next four years. At the same time, in 2016 it was 0.99 whereas in 2017 it was 0.33. So the bank should increase its loan amount as well as deposit to increase its profit.
4. Operating expense to asset showing it was high in 2013, 2016 and 2017 in comparison to total asset which indicate a bad operation of the bank. In that case the bank should be strategic capital expenditure.
5. Operating expense to revenue of the bank in 2013 and 2016 was so high which indicating the higher expense in respect to its operating income. The bank should be careful of its generative operation to reduce its operating expense.
6. Return on asset showing a slow positive trend of return from 2013 to 2017. So the bank should pace up its productivity. Return on equity showing a low return. So the should be careful about it to increase ROA and ROE.
7. Cost to income ratio showing a negative trend from 2013 to 2017 except 2014 and 2015. Cost of deposit of the bank was high in 2013, 2014 and 2015 respectively 6.33%, 6.23% and 5.57% which was bad compare to last two years. So the bank should positive to make their expense.
8. In trend analysis showing comparatively a negative change in investment sector which has decreased from 100% to 59% that's why cash in hand has been increased from 100% to 180%. So the bank should be trend analysis of income statement showing total income has been decreased up to 72% in 2017. On the other hand total expense has been increased up to 81% which is 90% bigger than total income in 2017.

6.2 Conclusion

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

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