

সোনালী ব্যাংক লিমিটেড

Sonali Bank Limited



# United International University

## Internship Report

Of

Sonali Bank Limited

On

## General Banking Activities and Financial Performance Analysis

Internship Course Code: INT 4399

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### **Submitted To:**

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Designation: Professor

School of Business and Economics

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Date of Submission: 05-11-2018

## **Letter of Transmittal**

Date-05/11/2018

**Prof. Dr. Salma Karim**

United International University

School of Business and Economics

**Subject:** Submission of Internship Report

Dear Madam,

With due respect, I would like to inform you that I am submitting my Internship Report on General Banking Activities and Financial Performance Analysis of “**Sonali Bank Limited (SBL)**” as a part of my BBA program. I give my best to make the report meaningful and informative.

I am thankful to you for your guidance and cooperation as the way to prepare this report. I might be grateful if you kindly take some time to go through the report and evaluate my performance.

Sincerely Yours,

**Imtiaj Ahammed Shah**

ID: 111 141 341

Major: Accounting

United International University

School of Business and Economics

## **Acknowledgement**

At first, I would like to express my gratitude to almighty Allah for giving me opportunity to preparing this report.

Education involves not only reading books but also acquiring some practical knowledge. This internship report has designed only for considering that purpose. This internship opportunity at Sonali Bank Limited has exposed me to the general banking sector and has helped me learn and gather vast practical knowledge about how the banking industry operates.

Finally, I want to give my special thanks to my respected supervisor Prof. Dr. Salma Karim for providing me valuable guidance and suggestion in preparing this report. I would like to thank all the other personnel at Sonali Bank Limited for their cooperation. It would be very tough on behalf of me to prepare this report without their cooperation.

## **Executive Summary**

This internship report is aimed at providing a broad image of area of general banking activities and financial performance of Sonali Bank. I have worked on general banking department of Sonali Bank. During my internship period, I get to know lots of thing related to general banking activities and also how they provide service.

The report has been contain by some area such introduction, profile of SBL, General Banking activities and financial performance, SWOT analysis of SBL, recommendation and conclusion.

## **Acronyms**

**SBL**= Sonali Bank Limited

**GB** = General Banking

**ATM**= Automated Teller Machine

**FDR** = Fixed Deposit Receipt

**P.O.** = Pay order

**D.D.** = Demand draft

**CBS** = Core Banking System

**BACH** = Bangladesh Automated Clearing House

**I.T** = Information Technology

**DPS** = Deposit Premium Scheme

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## **Introduction**

The title of the report is General Banking Activities and Financial Performance Analysis of Sonali Bank Limited (SBL). The main purpose of the report is to explore how Sonali Bank operates their general banking activities and also to explain their financial performance.

General Banking department is the heart of a bank. Actually General Banking operates core banking functions and long term planning needs to manage it fairly. A banker and customer relationship starts with general banking. This is the foundation level of all banking operation and majority of customers directly depend on general banking because it provides all the services that a customer needs on daily transaction. The purpose of general banking is not only to maximize profit but also to earn a reputation for the organization.

Financial performance is very much important for a company. Financial performance measure a company's policy and operation in monetary terms. Most of the company's objective is to earn a profit and financial performance indicates financial health of a company that means better financial performance means better profit. Measuring financial performance of a company ultimately measures its success and it indicates how efficiently a company can achieve its goal.

Sonali Bank deals with a lot of functions and the report has contained some areas such as introduction, profile of SBL, general banking activities and financial performance, SWOT analysis of SBL, recommendation and conclusion.

## **Objective of the report**

The main objective of this report is to know, how Sonali Bank Ltd does general banking activities and as well as to calculate and state financial performance of Sonali Bank Ltd.

The specific objectives of the study are:

- To state the General Banking systems of SBL
- To narrate about their account, scheme and services
- To explain the financial performance of SBL

## **Literature Review**

Eshna.V (2017) stated that financial performance refers to the degree to which a company being accomplished its financial objectives. It is a way by which we measure a company's policy and operation in monetary terms. It indicates the overall financial health of a company.

Matar & Bilal.E. (2018) stated that financial performance is very much important for the investor of a company. It shows the performance of the executive leadership of a company. By higher financial performance a company can use its resources effectively and efficiently later it contributes to the country's economy.

Helen.H (2017) stated that at present general banking condition is consistent with the technical development communication between customer and bank such as e-banking. Thus bank should provide more facility for communication through internet.

## **Methodology of this report**

Both primary and secondary data were used to prepare the report. The report is descriptive in nature.

The sources of the primary data were interaction with the employees and the experiences which were gathered from desk work while working in Sonali Bank.

The sources of Secondary data were website of Sonali Bank, annual reports and different type of documents that are relevant to this report.

## **Limitations of this report**

Several obstacles were faced to prepare this report. There was a little chance to work at general banking section as an intern student. The main limitation of this study is the time constraint because of three month period is not enough to understand the whole general banking activities of SBL. Unavailability of sufficient data is also one of the limitations of this report.

## **Company Profile**

### **Background of SBL**

Sonali Bank was established after independence in 1972 under the Bangladesh Bank Nationalization Order. From November 15, 2007 the bank has transformed into public limited company.

### **Vision of SBL**

Socially committed leading banking institution with global presence

### **Mission of SBL**

Dedicated to extend a whole range of quality product that support divergent needs of people aiming at enriching their lives, creating value for stake holders and contributing towards socio-economic development of the country.

### **Branches of Sonali bank Limited**

There are total 1213 branches of Sonali Bank Limited. Among which 2 are foreign branches and 1211 local branches.

### **Corporate Profile of Sonali bank**

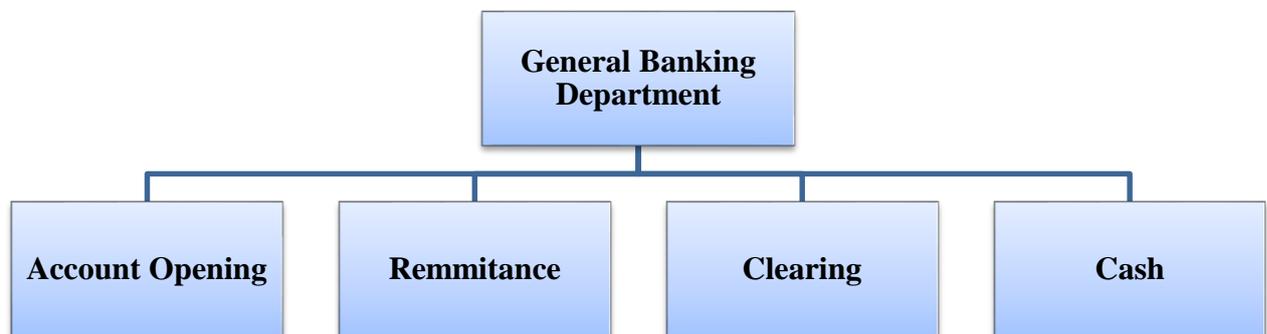
|                         |  |
|-------------------------|--|
| Name of the Company     | : Sonali Bank Ltd  |
| Chairman                | : Mr. Md. Ashraful Moqbul  |
| CEO & Managing Director | : Mr. Md. Obayedullah Al Masud                                     |
| Company secretary       | : Md. Aatur Rahman   |
| Status                  | : Public Limited Company   |
| Headquarters            | : 35-42 Motijheel Commercial Area, Dhaka Bangladesh                |
| Authorized Capital      | : Taka 6000 Crore  |
| Paid-up Capital         | : Taka 4130 Crore  |
| Employees               | : 18,167   |
| Website                 | : <a href="http://www.Sonalibank.com.bd">www.Sonalibank.com.bd</a> |

## Findings & Analysis

### General Banking Systems of SBL

General Banking activities are the heart and core banking activities of all kind of banks. Actually General Banking operates core banking function. This is the foundation level of all banking operation and majority of customers directly depend on general banking because it provides all the services that a customer needs on daily transaction it is also considered as retail banking.

A bank usually plays the following functions of General Banking:



### Division of General Banking

#### Account Opening Section

Account opening section is the most important section of a bank. Various kinds of activities are performed in this section. As like-

- Opening Account
- Enquiry of an account
- Maintaining of an account
- Issue Cheque book
- Closing or transfer of an account

## Remittance Section

The procedures of sending money from one branch to another branch of same bank and one bank to other bank within the country or outside the country is known as remittance. A bank can be able to earn a good amount of commission from remittance and it is one of the major functional activities of a bank.

Remittance is two types:

- Local remittance
- Foreign remittance

### Local Remittance

When money is sent from one place to another place within a country, it is called local remittance. For the purpose of local remittance sonali bank use Demand Draft and Pay Order.

**Pay Order:** If a bank makes an order for payment within his area it is called pay order. By the pay order a customer can remit money or fund and can purchase as deposit.

**Demand draft:** In case of demand draft money will sent from one branch to another branch within the same bank. A credit voucher will give to the sender of the money and he completes the form and pay the money with proper amount of commission and vat to the cash counter. After that, the voucher will be received in the remittance section and the concern officer will make the draft. The officer in charge checks the voucher and takes it. Finally the demand draft will be sent to the receiver.

### Foreign Remittance

In case of foreign remittance money is transferred from one country to another country. Sonali bank department of foreign remittance depends on money exchange houses which are web based and use spot cash system for transferring money from one country to another one. Below the table shows the all money exchange houses name by which Sonali bank provide foreign remittance to receiver:

|                          |                                       |
|--------------------------|---------------------------------------|
| 1. Western Union         | 8. Instant Cash                       |
| 2. Money Gram Remittance | 9. IME ( International Money Express) |
| 3. Xpress Money          | 10. Agrani Remittance                 |
| 4. Prabhu Money Transfer |                                       |
| 5. Ria Money Transfer    |                                       |
| 6. Eazy Remit            |                                       |
| 7. Merchantrade Asia     |                                       |

### Procedure of Foreign Remittance:

- At first the sender of the money go to the money exchange house and show some document as like national id card.
- Than the sender of money give the name and national id number of person to whom he\she wanted to send the money
- Than the officer of the money exchange house sets a pin number through their software and sends the money to the recommending branch.
- After few days the receiver goes to the bank and fills up a form, gives the pin number, tells his name and shows some documents.
- Than the officer in charge of the remittance department logs in to software and matches the pin number and receivers name.
- Finally the officer gives the money to the receiver.

### **Bills and Clearing**

Bills and clearing section is one of the major functional areas of a bank. Trough this section bank clear its interbank and other bank transaction. Banks check the all deposited money and send it to the Bangladesh Bank central clearing section. Sonali bank have clearing account with the central bank. By using the central bank account data, bank clear the claimed amount and made it to cash. All activities of clearing section are maintained by Bangladesh Automated Clearing House (BACH).

Clearing can be two types

- Inward clearing
- Outward clearing

### **Inward Clearing**

Inward bank clearing means inter branch clearing. That means bank receives cheque from same bank. In case of internal clearing cheque must be received and sent within 11.30 am and no batch charge is needed in this clearing. In inward clearing bank debit the amount of money and other bank credit the amount of money.

### **Outward Clearing**

Outward clearing means other bank clearing that means bank receive cheque from other bank within the clearing zone. In case of outward clearing money more than 5 lakh is called high value and money not more than 5 lakh is called regular value. The reporting time of the high value money is before 12.45 am and the reporting time of regular money is before 12.15 am. In outward clearing cheque receiving bank credit the amount of money and other bank debit the amount of money.

## Procedure of Clearing

- Officers of sonali bank collect the cheque and match the account holder name, signature, and batch number.
- Then scan the cheque and log in to their Core Banking systems (CBS) software.
- After that all steps are completed in CBS software and the cheque is sent to the cash department for payment.
- Bankers store the cheque and other documents as a backup or after usages.

Sometimes cheque can be dishonored by the clearing section and some reasons are mentioned below:

- Insufficient fund
- Differ in amount and figure
- Mismatch and missing of signature
- Data and images mismatch
- Closed account.

## Cash Department

Cash department is one of the most important departments and it plays a crucial role on banking sector. Cash department has direct interaction with customer and cash department measures liquidity strength of a bank. Cash department is one of the riskiest departments of a bank where tight security is maintained for operating.

### Cash Payment

Cheque, demand draft, pay order, debit voucher and many others are received by cash department from other department in order to pay cash to customer. Before honoring a cheque, bank should maintain the following rules

- Check the account number and name
- Check the issue date of a cheque
- Written amount of money in the cheque
- Match the amount in words with figure.
- Match the signature of the account holder.

After maintaining above formalities, the officer sign on the cheque and customer can receive money from the counter. The officer of the cash department makes entry the whole transaction (account number, amount of money, batch number) to the register book.

## **Cash Receipt**

When customer deposits money to the cash counter, the banker maintains the following rules:

- Check the account name and signature
- Match the amount in words with the figure
- Count the money
- Deposit slip signed by the officer
- Carbon copy of deposit slip must be given to the customer

In fact above all of those, cash department maintains some book for recording; that are:

**Vault Register:** In this book a branch will make record all available amount of money.

**Cash Receive Register:** In this register book, a bank records all receive money.

**Cash Payment Register:** As like cash receive register, cash payment register records outgoing cash.

## **Bank Account, schemes and services of SBL**

Sonali bank different types of account such as-

- Saving deposits account
- Current deposits account
- Fixed deposits account
- Short term deposits account
- Call deposits account

### **Saving Deposits Account**

Saving deposits accounts are small amount account and the owner of the account can withdraws money many times from this account. Cheque facility is also available for this account but account holder can withdraw money only two times by cheque in a week. The monthly interest rate is 5% and the interest is given based on the monthly balance figure of the account

### **Procedure of Opening Saving A\C**

If a client wants to open a saving account than he\she must maintain the following procedure:

- Collects application form from the bank.
- Submits the form with necessary informations (passport size photographs, national id card, electricity bill copy, reference of an introducer).
- BDT 1000 must pay for opening account
- After completing all procedures the responsible bank officer open the account and give the account number to the client.

### **Current deposits account**

Mostly the business people open this type account. In case of current account the account holder can deposit or withdraw money for many times. There is no limitation for transaction. Cheque facility is also given for this type of account and no interest is given against this account.

### **Procedure of Opening Current A\C**

If a client wants to open a current account than he\she must maintain the following procedure:

- Collect application form from bank.
- Submits the form with necessary information (passport size photographs, national id card, electricity bill copy, reference of an introducer).
- BDT 1500 must pay for opening account
- After completing all procedures the responsible bank officer open the account and give the account number to the client.

### **Fixed deposits account**

Actually fixed deposits accounts are called Fixed Deposit Receipt (FDR). The interest rate of FDR is 5%. Clients open this type of account as a fixed period and bank reserves cash against this type of account. The minimum amount for opening FDR is BDT 50000 and maximum money deposit limit depends on client. Client can deposit the money by cheque or cash.

### **Procedure of Opening Fixed Deposit A\C**

If a client wants to open a current account than he\she must maintain the following procedures:

- Client must have a savings account from the same bank to open FDR
- Collect application form from bank.
- Submit the form with necessary information (passport size photographs, national id card, electricity bill copy, reference of an introducer).

- After completing all procedure the responsible bank officer open the FDR account and give the FDR account number to the client with the FDR block as a proof.

### **Call deposits account**

Only tender money is deposited in this account and bank paid no interest in this type of account. A fixed amount of money must be paid by the users as a security.

### **Short-term deposit**

A client opens this type of account for a limited time period as 7 to 89 days and the interest rate is 5% monthly basis.

### **Closing of an account**

An account can be closed in the following ways:

- If the account holder gives notice or application for closing the account.
- If a customer not following the accurate guideline.
- If an account holder becomes insane.
- Due to the death of an account holder.

### **Dormant Account**

Dormant accounts are those account which customer are not make any transaction for a long time based on the bank policy if the account holder does not make any transaction for 6 month the account becomes dormant. If banks find the account holder guilty, in case of any fraudulent manner in transaction, the account becomes dormant. Another reason for dormant account is if bank informs the customer for closing the account and the customer does not take any initiative or does not meet with the banker than the account becomes dormant.

There is also way to running a dormant account and the procedure are given below:

- The account holder have to fill a application form
- The application form must be authorized by the bank manger on behalf of the account holder.
- After authorizing the application form, the responsible banker makes run the account by their CBS software.
- Then the account holder must deposit some money to the account.

## **Schemes of SBL**

Sonali bank provide lots scheme for their customers such as:

- Sonali Deposit Scheme (SDS) this scheme can be open on 10 years basis the interest rate of this scheme is 8.5%. Monthly installment is BDT 500 to BDT 10000.
- Marriage Saving Scheme (MSS) this scheme can be open on 10 years basis the interest rate of this scheme is 7%. Monthly installment is BDT 500tk, BDT 1000 and BDT 10000.
- Educational Deposit Scheme (EDS) this scheme can be open on 10 years basis the interest rate of this scheme is 7%. Monthly installment is BDT 500 and BDT 1000.
- Medical Saving Scheme (MSS) this scheme can be open on 10 years basis the interest rate of this scheme is 7%. Monthly installment is BDT 500 to BDT 1000.
- Retirement Saving Scheme (RSS) this scheme can be open on 3 years basis the interest rate of this scheme is 9%.

## **Services of SBL**

Sonali Bank offers Ancillary services for their clients throughout their branches in all over the country in addition to their normal banking activities. Through sonali bank people can pay electricity bill & gas bill, municipal holding tax, passport and visa fees. They receive and deliver Pension of Government employees and other corporate bodies, Govt. & Non-Govt. teacher's salary. Sonali Bank offer some social services like old age and widow's allowances, freedom fighters allowances, disability allowances, maternal allowances for poor woman. They also offer some sales & purchase services as like savings certificates, prize bonds, and investment bonds. In fact All of the services Sonali Bank provide locker service for their customers but only 54 branches provide locker service and yearly charge of the this service is BDT 2000 to BDT3000.

## **Financial Performance Analysis of SBL**

Ratio analysis is an important study by which we can identify the financial health of a company. The category of the ratio as like liquidity ratio, profitability ratio, market ratio, leverage ratio. Ratios are the indicator of the financial situation of a company and the financial situation of sonali bank being described below:

### **Liquidity Ratio:**

Liquidity ratio measure a firm ability to meet its current obligations.

Current Ratio: Current ratio tells the measure that the current liabilities are covered by those current assets that are expected to convert into cash in the need of future days.

We can calculate current ratio by using following formula:

$$\text{Current Ratio} = \text{Current Asset} / \text{Current Liability}$$

| Year              | 2015           | 2016           | 2017           |
|-------------------|----------------|----------------|----------------|
| Current Asset     | BDT 5854843846 | BDT 6289949137 | BDT 5112714589 |
| Current Liability | BDT 4885537384 | BDT 5237911578 | BDT 4584717281 |
| Current Ratio     | 1.20           | 1.20           | 1.16           |

Comment:

The current ratio for the year 2015, 2016 & 2017 were 1.20, 1.20 & 1.16 respectively .The standard of current ratio is 2:1 and the result of the current ratio did not meet the standard which was not good for the company.

Cash Flow Ratio: Cash flow ratio is one of the most important ratio its indicate liquidity. It also tells the financial health of a company.

We can calculate cash flow ratio by using the following formula:

$$\text{Cash Flow Ratio} = \text{Operating Cash Flow} / \text{Total Liability}$$

| Year                | 2015             | 2016              | 2017              |
|---------------------|------------------|-------------------|-------------------|
| Operating cash flow | BDT 86749772494  | BDT 79821577868   | BDT 52802855133   |
| Total Liability     | BDT 968713495307 | BDT 1134444098707 | BDT 1175283674292 |
| Cash Flow Ratio     | .089             | .070              | .045              |

Comment:

The standard of the cash flow ratio is ( Cash Flow Ratio > 1).The cash flow ratio for the year 2015, 2016 & 2017 is .089, .070 & .045 respectively. Compared to standard this ratio shows low result which was not suitable for the company.

Working Capital: The working capital indicates the ability to meets short term liabilities. A good amount or positive working capital means the company is capable to meet its short term liabilities.

We can calculate working capital by using the following formula:

Working Capital = Current Asset – Current Liability

| Year              | 2015           | 2016           | 2017           |
|-------------------|----------------|----------------|----------------|
| Current Asset     | BDT 5854843846 | BDT 6289949137 | BDT 5112714589 |
| Current Liability | BDT 4885537384 | BDT 5237911578 | BDT 4584717281 |
| Working Capital   | BDT 969306462  | BDT 1052037559 | BDT 527997308  |

Comment:

A high amount of working capital is good for a company. The working capital for the year 2015, 2016 & 2017 is BDT 969306462 , BDT 1052037559 & BDT 527997308 respectively and from the above calculation working capital were increased in 2015 & 2016 which is good but in the year 2017 it was decreased.

### **Leverage Ratio:**

Leverage ratio measure a company's long term funds.

Time Interest Earned: Time interest earn (TIE) ratio tells how a company is capable to pay its interest charges against the debt the company currently have.

We can calculate TIE ratio by using the following formula:

TIE Ratio = EBIT / Interest Charged

| Year             | 2015            | 2016            | 2017            |
|------------------|-----------------|-----------------|-----------------|
| EBIT             | BDT 8679641656  | BDT 3417019531  | BDT 9676241277  |
| Interest Charges | BDT 47727224061 | BDT 47352528207 | BDT 42903178754 |
| TIE Ratio        | .18 times       | .07 times       | .26 times       |

Comment:

The standard of TIE ratio is (TIE > 1). The Time Interest Earned ratio is .18 times in 2015, .07 times in 2016 and .26 times in 2017. The result of the TIE ratio did not meet with the standard which was not suitable for the company.

Debt Ratio: The debt ratio measures the leverage of a company. Debt ratio is calculated by dividing total debt and total asset.

We can calculate debt ratio by using the following formula:

$$\text{Debt Ratio} = \text{Total Debt} / \text{Total Asset}$$

| Year        | 2015              | 2016              | 2017              |
|-------------|-------------------|-------------------|-------------------|
| Total Debt  | BDT 968713495307  | BDT 1134444098707 | BDT 1175283674292 |
| Total Asset | BDT 1026859553027 | BDT 1200589972325 | BDT 1241185937350 |
| Debt Ratio  | .94 %             | .94 %             | .95 %             |

Comment:

The debt ratio is more than 50% is better for a company. The Debt ratio for the year 2015, 2016 & 2017 is .94%, .94% & .95% respectively. The calculation shows that the company has performed same in the year 2015 & 2016 which was good. But the calculation shows a little high result in the year 2017 which was also good for the company.

### **Profitability Ratio**

The profitability ratio discuss about the profitability of a company and how the company use its policy to earn profit.

Return on Equity: Return on equity (ROE) ratio indicate how a company earn total amount of net income by its shareholder equity

We can calculate profitability ratio by using the following formula:

$$\text{ROE} = \text{Net Profit} / \text{Shareholders equity}$$

| Year                 | 2015            | 2016            | 2017            |
|----------------------|-----------------|-----------------|-----------------|
| Net Profit           | BDT 548423887   | BDT 1493265927  | BDT 7161158032  |
| Shareholders' Equity | BDT 58146057719 | BDT 67374756176 | BDT 65902263058 |
| ROE Ratio            | .94%            | 2.22%           | 10.8%           |

Comment: A high ROE is profitable for a company. The return on equity ratio for the year 2015, 2016 & 2017 is .94%, 2.22% & 10.8% respectively and it was increased over the last three years which was good for the company.

Return on Asset: Return on equity (ROA) ratio indicates how a company earn total amount of net income by its asset.

We can calculate ROA by using the following formula:

$$\text{ROA} = \text{Net Profit} / \text{Total Asset}$$

| Year        | 2015              | 2016              | 2017              |
|-------------|-------------------|-------------------|-------------------|
| Net Profit  | BDT 548423887     | BDT 1493265927    | BDT 7161158032    |
| Total Asset | BDT 1026859553027 | BDT 1200589972325 | BDT 1241185937350 |
| ROA Ratio   | .06%              | .12%              | .58%              |

Comment:

A High ROA is profitable for a company. The return on equity ratio for the year 2015, 2016 & 2017 is .06%, .12% & .58% respectively and it was increased over the last three years which was good for the company

### Market Ratio

Earnings per share: Earnings per share (EPS) tell the available net profit against per share outstanding of company. And a higher EPS figure is better for a company.

We can calculate EPS by using the following formula:

$$\text{EPS} = \text{Net Profit} / \text{Share Outstanding}$$

| Year              | 2015          | 2016           | 2017           |
|-------------------|---------------|----------------|----------------|
| Net Profit        | BDT 548423887 | BDT 1493265927 | BDT 7161158032 |
| Share Outstanding | BDT 383000000 | BDT 383000000  | BDT 383410959  |
| EPS Ratio         | BDT 1.43      | BDT 3.90       | BDT 18.68      |

Comment:

A high EPS is a sign of better earning for the company. The EPS for the year 2015, 2016 & 2017 is BDT 1.43, BDT 3.90 & BDT18.68 respectively and it was increased over the last three years which was good for the company.

Price earnings ratio: Price earnings ratio tells the willingness of an investor that how much he will pay for its current earnings.

We can calculate price earnings ratio by using the following formula:

Price earnings ratio= Price per share / EPS

| Year                 | 2015     | 2016      | 2017      |
|----------------------|----------|-----------|-----------|
| Price per share      | BDT 100  | BDT 100   | BDT 100   |
| EPS                  | BDT 1.43 | BDT 3.90  | BDT 18.68 |
| Price earnings Ratio | BDT 70   | BDT 25.64 | BDT 5.35  |

Comment

A high amount of price earnings ratio is good for a company. Price earnings ratio for the year 2015, 2016 & 2017 is 70, BDT 25.64 & BDT 5.35 and it was decreased over the last three years which was not suitable for the company.

## **SWOT Analysis**

SWOT analysis is a way by which we can identify strength, weakness, opportunity and threat of an organization and that can be internal as well as external. The followings are strengths, weakness, opportunities and threats of Sonali Bank limited

### **Strength**

- As it is a government so it gets more support from government than any other bank.
- It has branch all over Bangladesh so it has a strong network all over the country.
- SBL has more funds than any other bank.
- It has lots of years experience from establishments.

### **Weakness**

- The employee of SBL has less fear about job losing so they are not providing customer oriented service.
- SBL is not using modern technique and tool in banking sector on a proper way.
- Every branch has no IT department.
- The interior design of every branch is not well decorated.
- Few number of ATM booth.

### **Opportunity**

- SBL has positive image across the country.
- Rural people are reliable about this bank and middle class- lower class people fully depend on this bank for banking transaction.
- Sonali bank has many schemes than any other bank.

### **Threats**

- In some areas of banking private bank provide fast service compare to government bank.
- Private bank using modern technique in all perspective of banking.
- Competition is uprising day by day in banking sector.
- Foreign exchange rate fluctuation and devaluation of money is causing threat.

## Recommendation

Bankers and customer relation starts with general banking. General Banking consist few sections as like Account, Remittance, Cash, and Clearing section. Sonali bank uses CBS software for their banking task and records all the transaction using this software .There is lack of proper communication between officials among these departments and sometimes the officers face technical difficulty during their working time and it takes a long time for solving this problem. Sonali banks internal communication system and service of general banking departments should be more developed. There must be an IT department in every branch of Sonali bank. If IT department is not possible for every branch even, authority should give permission to the responsible officers to solve their technical problem by themselves for better service. They can also provide technical training to their employees and HR practices should be more enhanced.

Sonali bank covers almost all the available banking facility in Bangladesh. But in case of some services as like cheque book, ATM card, closing an account etc, sonali bank takes more time for providing the service even in case of other account & schemes as like FDR, DPS etc. It pays lower interest than other private banks. Most of the customers are dissatisfied about ATM services. The authority of sonali bank should be more concerned about their services and they should take immediate initiatives for providing better service than their competitors. They should increase the interest rate of different deposit accounts and others schemes.

The standard of the current ratio is 2:1. As we have seen from the findings the current ratio did not meet the standard. The current assets are not enough to support the current liability. So sonali bank should try to increase their current assets. The standard of the cash flow ratio is (cash flow ratio > 1) and the cash flow ratio did not meet the standard .So sonali bank should try to increase their operating cash flow. The standard of TIE ratio is (TIE > 1) and the result of the TIE ratio did not meet the standards in any year. So, sonali bank should try to increase their TIE ratio as well. The standard debt ratio is more than 50% is better for a company. The Debt ratio for the year 2015, 2016 & 2017 is .94%, .94% & .95% respectively. Sonali bank has performed same in the year 2015 & 2016 but the findings shows a little high result in the year 2017 which was also good for the company. The debt ratio is too much high than the standard. Sonali bank should try to keep their debt ratio on a minimum level which above the standard not too much high than standard. The ROE for the year 2015, 2016 & 2017 is .94%, 2.22% & 10.8% respectively and it was increased over the last three years which was good. But high ROE can be riskier sonali bank should try to keep their performance on a steady level. The ROA ratio for the year 2015, 2016 & 2017 is .06%, .12% & .58% respectively and it was increased over the last three years which was good but they should try to steady their performance. A high EPS is a sign of better earning for the company. The EPS for the year 2015, 2016 & 2017 is BDT 1.43, BDT 3.90 & BDT18.68 respectively and it was increased over the last 3 years but in the year 2017 it was too much high than previous years result. Sonali bank should take steps to steady their performance. As we have seen from the findings price earnings ratio was decreased over last three years which was not good. Sonali bank should also take steps to increase price earnings ratio.

## **Conclusion**

Sonali Bank limited is a leading bank in Bangladesh which starts its journey since 1972 under the Bangladesh Bank Nationalization Order. Sonali Bank already established a well reputation among their customer in competitive market place and it provides its excellent service and product to their customers which enrich lifestyle. Nowadays our country stands strongly in economically and sonali bank plays a leading role for the economic development of the country. Sonali bank contributes to the economy of Bangladesh along with high level of corporate social responsibility. It is a way to move forward in faster than other banks in our country.

## **Appendix**

Annual Report of Sonali Bank Limited (2015, 2016, 2017)

Eshna Verma, July 27 (2016) “Understanding the concept and importance of Financial Performance” Article on Financial Performance

Ali Matar and Bilal Enizan, January (2018) “Determinants of financial performance on firms evidence from Jordan” Article on Financial Performance.

### **Websites**

- Sonali Bank Limited Website  
<https://www.sonalibank.com.bd/>
- Bangladesh Bank Website  
<https://www.bb.org.bd/>
- [www.google.com](http://www.google.com)