

Internship Report

On

Financial Performance Analysis of Sonali Bank limited

Submitted to

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LETTER OF TRANSMITTAL

May 11, 2024

To,

Mohammad Tariq Hasan, Ph.D.

Associate Professor

United International University

Subject: Submission of internship report.

Sir,

I am submitting my internship report on “Financial Performance Analysis of Sonali Bank Limited”, which has been prepared to complete this course. I strongly believe that this report will provide you with elaborate insights into the topic which will also showcase that I have acquired valuable experiences through my internship tenure at Sonali Bank Limited. I have exerted a lot of effort in developing this report by providing what I have learned through my internship program and compiling my report according to the requirements.

Thanks for encouraging me to work on this topic. Kindly, accept my report and oblige Thereby.

Sincerely,

Jubair Sarkar

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School of Business & Economics

ACKNOWLEDGEMENT

I would like to start this report by acknowledging my gratitude to the Almighty. I would like to express heartfelt gratitude to every single person who has assisted me in the preparation of this internship report. I wish to thank them for their support and guidance in every step. I would like to take the opportunity to say my gratitude towards my honorable faculty Mohammad Tariq Hasan, Associate Professor, United International University, for his endless support and guidance during the internship period. This report has been prepared and presented to him for this course's assessment and final evaluation. I must remember to express my appreciation to Selim Rashed Sir, Branch Manager of SONALI BANK LIMITED, Corporate Branch Narayanganj, under whose supervision I went through my internship. I would also like to thank, Md. Munim Sir, Senior Officer, Sonali Bank Limited for his kind support and extremely valuable feedback. Simultaneously, I would like to thank my other colleagues of Sonali Bank Financial Department who provided me with enormous insights and helped me to learn the situation of the current capital market scenario.

Last of all, I am grateful to United International University which is the reason I am standing here on the peak of earning my Undergrad degree successfully.

EXECUTIVE SUMMARY

Sonali Bank Ltd. a corporate branch in Narayanganj, I have a valuable opportunity to get practical experience. This bank is specifically focused on development for many sectors such as business, industry, agriculture, and government. This report focus on doing a financial performance analysis of Sonali Bank Ltd, by using various ratio analyses over the last five years. Mission statement of Sonali bank is “Socially committed leading banking institution with global presence”. The mission is 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. Sonali Bank provides all general banking services to its clients through its extensive network all over the country. Savings and Current accounts, money transfer through Demand Draft, Pay Order, Mail Transfer, and Telegraphic Transfer etc. are regular functions of this bank. In addition, it receives utility bills from consumers. There are many similar kinds of banks like Rupali bank, Pubali bank, Janata bank. They are also very renowned government banks. But in this particular report I have compared it only with janata bank. The primary objective of SBL is not profit making, as is the case with private commercial banks, but rather to enhance the quality of service provided for the economic growth of the nation.

Keywords: Financial performance, ratio analysis, banking sector, Sonali bank, Bangladesh

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CHAPTER ONE: INTRODUCTION

1.1 Background of the study

The professional world is highly competitive, where a single error may result in significant losses or even lead to the closure of the organization. Our current day is characterized by globalization, where businesses are increasingly focusing on innovation via product and strategy development. Business organizations are exploring several avenues for business innovation to remain competitive. As a student, we lack practical understanding regarding the business field. An internship program provides the opportunity to acquire both theoretical and practical expertise in a genuine corporate setting. As an intern with Sonali Bank Ltd, a corporate branch in Narayanganj, I have a valuable chance to get practical expertise. This section is specifically focused on regional development for many sectors such as business, industry, agriculture, and government. The research focuses on doing a financial performance analysis of Sonali Bank Ltd. by using various ratio analysis methods to evaluate its financial performance over the last five years. I have been assigned an organizational attachment at the Corporate Branch of Sonali Bank Limited in Narayanganj. Three months starting from November 1, 2022, to January 31, 2023. During this phase, I learned about my host organization with the assistance of the organizational supervisor. I learned about various bank processes and how to manage interactions with clients, workers, and new client.

1.2 Objectives of the study

The primary goal in this research is to conduct a detailed analysis of the Financial Performance of Sonali Bank Limited. Compute financial ratios for the Bank for the past five years using Balance sheets and income declaration. Identify restrictions that impede the bank's performance. Enhance practical understanding of banking performance for future career development. Providing recommendations derived from calculated outcomes. To enhance my proficiency in report writing.

1.3 Scope of the study

This study primarily aims to analyze the financial performance of Sonali Bank. The time frame is defined as the past 5 years. I attempted to demonstrate the analysis. Analyze various graphs and charts using trend and ratio analysis to evaluate performance throughout the years. Conclusions and appropriate suggestions are derived from the study. Performance analysis considers certain performance factors to simplify the process. Analyze the bank branch's performance briefly to assess its financial status in terms of total performance.

1.4 Limitations of the study

Obstacles encountered during report preparation: Three months is insufficient to conduct such a comprehensive investigation. It is challenging to gather all the necessary information within a limited timeframe. The loan disbursement and recovery status of Sonali Bank Ltd, Corporate Branch, and Narayanganj is considered highly confidential for employees. Large-scale research was not feasible because of the constraints and limits imposed by the bank. There was a lack of adequate recordkeeping and publications. The information was not organized systematically. Access to the sensitive material was restricted by the authorities. There was no distinct department dedicated to debt recovery. Bankers have made efforts to assist, but the demands of their profession leave them with little time for discussion. Obtaining accurate information was challenging due to the bank staff being occupied with their professional duties. Therefore, it was rather challenging for them to assist due to their busy schedules.

CHAPTER TWO: COMPANY PREVIEW

2.1 Introduction

Several studies have been carried out to assess the corporate disclosure practices of both financial and non-financial organizations. Traditionally, banks and financial institutions evaluate their financial performance by using a mixture of financial ratio analysis, benchmarking, and comparing performance versus budget, as outlined by Avkiran in 1995. (Spathis and Doumpos, 2002) examined how the financial situation of Greek banks was influenced by the amount of their assets. The research used many criteria to categorize Greek banks based on return and operational variables. They attempted to demonstrate the disparities in profitability and efficiency of banks based on their size. The research paper titled "Efficiency in Customer Service and Financing Performance among Australian Financial Institutions" found a positive correlation between financial performance measures such as interest margin, return on assets, and capital adequacy, and customer service quality scores. In their study article, Bakar and Tahir (2009) used linear regression analysis and simulated neural network approaches to forecast bank performance. The Return on Assets (ROA) was the dependent variable in the study on bank performance. Seven independent variables, including liquidity, credit risk, cost-to-income ratio, size, and concentration ratio, were utilized in the analysis. O'Donnell and Van der Westhuizen (2002) assessed the effectiveness of a South African bank at the branch level. They primarily focused on examining branches that were excelling and those that were underperforming to identify areas where efficiency might be enhanced. They discovered that several branches were functioning on a modest size and might enhance their operational scales to improve the bank's overall performance. The empirical findings from studies by Raza et al. (2011) and Tarawneh (2006) suggest that a corporation with higher efficiency does not necessarily always exhibit superior effectiveness. The literature on asset and liability management for banks indicates that the banking sector must focus on risk management concerns and their ramifications. Jon R. Presely's 1992 research demonstrated the need for enhanced risk management to improve portfolio management effectiveness. Sonali Bank was founded in 1972 as a result of the merging and nationalization of branches from the National Bank of Pakistan, Bank of Bahawalpur, and Premier Bank branches throughout Pakistan. Bangladesh Liberation War in 1971.

2.2 Sonali Bank

Sonali Bank was founded with a paid-up capital of 30 million taka. In 2001, the authorized capital was Taka 10 billion and the paid-up capital was Taka 3.272 billion. Currently, its authorized and paid-up capital is in Taka. 10 billion and 9 billion Taka, respectively. In 1979, the bank's reserve funds were Taka 60 million, and by June 30, 2000, they had increased to Taka 2.050 billion. The bank transitioned to a Public Limited Company fully owned by the government and began operating as Sonali Bank Limited on November 15, 2007, assuming all assets, liabilities, and business operations of Sonali Bank. Following corporatization, the bank's management has been granted the necessary autonomy to enhance competitiveness and operate the company efficiently.

In 2013, Cyber thieves stole \$250,000 from the bank using the Swift International payments network. In 2016, the Bank entered into a formal Memorandum of Understanding with PayPal. Sonali Bank has a total of 1231 branches. Of them, 500 are situated in urban areas, 730 in rural regions, and 2 are located abroad. Sonali Bank also runs the Sonali Currency Company Inc. in the USA and Sonali Bank (UK) Ltd. in the United Kingdom to assist with foreign currency remittances. Sonali Bank UK sends money directly to 14 places in Bangladesh, including Dhaka, Chittagong, Sylhet, Moulvibazar, Beanibazar, Balaganj, Biswanath, Jagan Nathpur, Sunamganj, Gopalganj, Nabigonj, Hobigonj, and Kulaura or Tajpur. There are now three branches in the UK: one in Osborn Street, London; another in Small Heath, Birmingham; and one in Manchester. Sonali Bank Limited is overseen by a Board of Directors of 11 members. The organization is led by the Managing Directors & CEO, who is a prominent banker with a strong reputation. The bank's corporate headquarters is situated in Motijheel, Dhaka, Bangladesh. The primary business district of the capital.

2.2.1 Purpose of Sonali bank limited

Investment financing for a specific Sonali Bank's primary functions are:

1. Collecting deposits coming out of clients.

2. Financial dealings conducted using the client's current account.
3. Processing bills of exchange and clients' drafts.
4. Loan approval
5. Offer digital services to consumers
6. Financial transaction
8. Accumulating various fees, interest, dividends, rentals, pensions, etc.
9. Functions as a consultant
10. They supplied food to the government during the food shortage.
11. Engage in urban banking.
12. Organize part-time research projects for the university's students.
13. The major teachers' remuneration is provided by the government as a representation.
14. They award pensions to the retiring employees.
15. They distribute and collect passport application forms.

Aside from those goals, there are other ones as well. The bank is responsible for delivering a wide range of financial services directly to people's homes. The bank engages in many social-economic development initiatives and collaborates in the execution of government policies and programs. The bank is the biggest in the nation, with a focus on state orientation and professional management. They also engaged in:

- Project
- Business-related
- Banking
- Rural and Microcredit
- Small and Medium Enterprise Finance
- Loan syndication
- Commercial Financing

- NGO-linked loan
- Consumer credit

2.2.2 Object of the Narayanganj Branch

The Narayanganj branch, located in the main town of Narayanganj, aims to contribute to the economic growth of the region by providing loans in various sectors and collecting deposits from the residents. The bank provides loans to its consumers by accepting deposits. The aims of this branch are similar to those of Sonali Bank Limited. Sonali Bank provides loans at a low-interest rate to enable small merchants to invest in their businesses. The primary goal of the Narayanganj branch is to engage in trade and commerce and contribute to the social-economic development of the region.

2.2.3 Corporate Socio Responsibility (CSR)

The Bank has initiated prominent programs at reduced interest rates to enhance its CSR initiatives and practices. Special credit program for those who fought for freedom, Special scholarship for exceptional pupils. Special credit program available for Government Primary School Teachers. Credit program for international employment, a collateral-free group-based credit program for landless individuals and sharecroppers. Green banking initiatives such as biogas and solar power facilities.

2.2.4 Payment

Employees' pensions from government and corporate entities. Pension for employees of Bangladesh Bank. Army retirement benefits. British retirement fund. Students' stipend or scholarship. Bangladesh is home to a significant number of commercial banks. As one of the prominent commercial government banks in Bangladesh, Sonali Bank Ltd. has emerged as a significant player in the industry. The company has a total of 1231 branches nationwide, with the Narayanganj Branch being among them. Due to its proximity to Chasara town, the function of this location is of significant magnitude.

CHAPTER THREE: METHODOLOGY

3.1 Methodology of the study

This research follows a methodical approach from collecting raw data to preparing the final report. To conduct the research, sources are identified and gathered in compliance with the norms of the Banking Act. The task of categorizing, examining, and methodically arranging the work has been completed. The approach technique has been outlined as the study was compiled using information gathered from both major and minor sources.

3.1.1 Major data sources

Engaging in verbal discussions with bank staff and officials. The hands-on experience acquired by working at several desks throughout the internship. Engaging in verbal discussions with potential and new customers.

3.1.2 Minor data sources:

Five annual reports from Sonali Bank Ltd. throughout the last five years. Sonali Bank Limited office internal records. Sonali Bank Limited website. Research reports from previous collections. Various textbooks and academic periodicals. Various papers and publications about research. Some of the components of my course relevant to this report. Identification of data sources: Both primary and secondary data sources required for the research and report completion were identified.

CHAPTER FOUR: FINANCIAL PERFORMANCE ANALYSIS

4.1 Commercial Highlights of SBL, Corporate Branch:

(Lakhs)

Particulars	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Total Income	436.62	630.47	745.16	206.04
Total cost	299.87	485.65	775.16	202.75
Net profit	4	(74)	(30.24)	3.29
Total Deposit	6180.87	2119.81	2118.2	1948.61
Total Loan & Advance	2921.55	7562.84	2337.87	2595.61
Total assets	9192.47	7832.11	15324.75	16909.96
Total liabilities	9192.49	7562.84	14579.6	16703.05

Table 1: Commercial highlights of SBL

4.2 Comparative Financial Budget and Performance of SBL Corporate Branch:

(amount in lacks)

Items	Target	Actual	Rate	Target	Actual	Rate	Target	Actual	Rate
Years	2019	2019	(%)	2020	2020	(%)	2021	2021	(%)
Deposit	1897	1759	93%	2000	2118	106%	2350	1948	83%
Advanced Income	2415	2120	88%	2400	2338	97%	2500	2597	104%
Remittance	8620	7140	83%	8500	7830	92%	8600	7940	92%

Table 2: Comparative Financial Budget

A summary is a condensed representation of the whole analysis of the report. I compiled all the ratios into a comprehensive table for ease of reference, including the whole study. The liquidity

ratio, which includes the current and cash ratios, seems to be satisfactory, however, the current ratio for the previous year 2019.

4.3 Summary of Financial Ratios

Particulars	2019	2020	2021	2022	2023
Cash Ratio	1.37	2	1.83	1.86	1.46
Debt Ratio	7.75%	8%	6.7%	7.15%	7%
Times interest earned ratio	97%	94%	94%	93%	94%
Cost Income Ratio	0.28	1.57	3.15	0.80	5.10
Total Asset Turnover	50.72%	80.08%	60.16%	61.89%	94.01%
Capacity Ratio	1.46	0.35	0.91	0.84	0.35
Investment To Deposit Ratio	50%	40%	36%	34%	32%
Net Profit Margin	0.25	0.40	0.42	0.47	0.45
Return on Asset	(226%)	120%	71%	7%	36%
Return on Equity	3%	0.42%	0.65%	0.06%	0.13%
Loans	(104%)	7.2%	10%	0.82%	2.25%

Table 3: Summary of Financial Ratios

The debt ratio analysis includes the debt ratio and times interest coverage ratio. A larger debt ratio increases the likelihood of the business facing bankruptcy. The debt ratio has been consistently high in previous years, although it is not expected to be as high as in 2020. The time interest coverage ratio is significant since it often falls between the ranges of 3.0 to 5. The ratio has been uneven throughout the years with significant variations, while the position in the past

year was exceptional. The activity ratio analysis includes the cost-income ratio, total asset turnover, capacity ratio, and investment-to-deposit ratio. The cost-income ratio is an indicator of efficiency.

Performance increases as the ratio decreases. Over the years, the ratio remained relatively stable, but the ratio in 2021 significantly hindered SBL's success. The overall asset turnover ratio is declining annually. It is a crucial ratio to examine since it is another factor contributing to bad performance. SBL is doing effectively in collecting deposits. The profitability ratio study includes net profit margin, return on assets (ROA), return on equity (ROE), and equity to net loans ratio. In 2021, the net profit margin was significantly negative due to a substantial payment of deferred taxes by the bank, which has been satisfactory in previous years. The rising number of losing branches year by year is reducing the ROA and ROE, indicating inefficiency in management's ability to capture all branches. The ratio of equity to net loans has remained relatively stable throughout the years.

4.4 Groups of Financial Ratios

Financial ratios can be divided into four basic groups or categories:

1. Liquidity Ratios
2. Activity Ratios
3. Debt Ratios
4. Profitability Ratios.

Liquidity, activity, and debt ratios primarily measure risk, profitability ratios measure return.

4.4.1 Liquidity Ratio Analysis

The liquidity of a business is assessed by its capacity to fulfill its short-term commitments when they come due. Liquidity refers to the solvency of the business's total financial condition. The three fundamental measurements of liquidity are: -

- Net working capital
- Current Ratio
- Quick Ratio

4.4.2 Current Ratio

The organization employs the current ratio to estimate the firm’s capacity to satisfy its short-term commitments. It demonstrates the bank’s capacity to cover its present liabilities with current assets. The greater the current ratio the better the liquidity situation of the company. The formula for calculating current ratio is:

$$\text{Current Ratio} = \text{Current asset} / \text{Current liabilities.}$$

Banks	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
JBL	1.04	1.04	1.02	1.31	1.04
SBL	1.65	1.46	1.86	1.83	2

Table 4: Current Ratios of JBL, SBL, RBL

4.4.3 Net Working Capital

Net working capital is not a ratio. It’s an overall measure of a firm’s liquidity. The formula calculating Net working capital is,

$$\text{Net working capital} = \text{Total current asset} - \text{Total current liabilities.}$$

Banks	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
JBL	1672.57	1613.36	940.72	848.41	614.73
SBL	14523.57	12284.70	17077.50	14384.80	15291.20

Table 5: Net working capital of JBL, SBL

Interpretation

The net working capital of JBL is rising day by day. However, the net working capital of JBL is smaller than SBL. So, JBL has a negative disparity here.

4.4.4 Quick Ratio

The Quick Ratio is much more exacting measure than current ratio. This ratio shows a Firm's ability to current liabilities with its most liquid assets. The formula for calculating quick ratio is:

$$\text{Quick Ratio} = (\text{Cash} + \text{Marketable securities} + \text{Accounts Receivables}) / \text{Current Liabilities}$$

Banks	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
JBL	0.67	0.64	0.64	0.68	0.54
SBL	0.73	0.71	0.72	0.67	0.82

Table 6: Quick Ratios of JBL, SBL

Interpretation

Here, the standard ratio is 1:1. Companies with ratios less than 1 can't pay their present obligations and should be handled with great care. The quick ratios of JBL are inferior to the norm. Although none of the banks have good fast ratios here, among them JBL has the lowest ratio. So, JBL has a negative disparity here.

4.4.5 Debt Ratio Analysis

The debt ratio represents the percentage of total assets funded by the firm's creditor. The higher the ratio, the bigger the quantity of other people's money being utilized to produce a profit. The formula for calculating the ratio is,

$$\text{Debt ratio} = (\text{Total liabilities}/\text{Total Assets}) * 100$$

Banks	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
JBL	9.34%	9.32%	9.28%	9.37%	9.45%
SBL	9.28%	9.40%	9.30%	9.41%	9.48%

Table 7: Debt Ratios of JBL, SBL

Interpretation

Here debt ratios of JBL are sometimes greater than SBL and sometimes lower than SBL. As the debt ratio represents the number of creditors' money utilized in assets, greater ratios indicate negative disparity, and lower ratios indicate positive difference. As JBL's ratios are usually greater than SBL's ratios, then with comparison to SBL, JBL has a negative disparity.

4.4.6 Times Interest Earn Ratio

Times interest earned ratio, commonly termed interest coverage ratio, evaluates the Bank's capacity to meet contractual payments. The greater it's worth, the better the bank can pay its interest commitments. The formula for computing this ratio is:

$$\text{Times interest earn ratio} = \text{EBIT} / \text{Interest Expense.}$$

Banks	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
JBL	1.93	1.73	1.64	1.57	1.61
SBL	2.51	5.10	0.80	3.15	1.57

Table 8: Times Interest Earn Ratios of JBL, SBL

Interpretation

JBL has greater ratios in certain years and lower ratios in other years when compared to SBL. When JBL has higher ratios, it is considered to have positive disparity and when JBL has lower ratios it is known to have negative discrepancies.

4.4.7 Equity Capital Ratio

The equity capital ratio measures the financial strength of a corporation. Equity capital is the amount of money invested in a firm by its shareholders. If the ratio is bigger than 1, it signifies that part of the company's assets have been funded by debt. The formula for calculating equity capital ratio is,

$$\text{Equity capital ratio} = \text{Total shareholders' equity} / \text{Total Asset}$$

Banks	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
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JBL	0.064	0.065	0.072	0.063	0.063
SBL	0.062	0.056	0.071	0.064	0.059

Table 9: Equity Capital Ratios of JBL, SBL

Interpretation

In general, higher equity ratios are favorable for companies. Equity financing in general is much cheaper than debt financing because of the interest expenses related to debt financing. Companies with higher equity ratios should have less financing and debt service costs than companies with lower ratios. Here we can see that JBL have higher equity ratios than SBL which indicates positive discrepancy. Also, JBL have higher equity ratios than SEBL in the previous years, but now JBL have lower equity ratios than SBL. So JBL have negative discrepancy than SBL in recent years.

4.4.8 Activity Ratio Analysis

Total asset turnover ratio indicates the efficiency with which the firm is able to use all of its assets to generate sales. But in case of bank, I took operating income as alternative to sales. The formula for calculating total asset turnover ratio is:

$$\text{Total asset turnover ratio} = \text{Operating income} / \text{Total Asset (average)}$$

Banks	2019	2020	2021	2022	2023
JBL	1.41	1.29	1.55	1.71	2.07
SBL	0.79	0.36	0.84	0.91	0.35

Table 10: Total Asset Turnover Ratios of JBL, SBL

Interpretation

The higher the firm's total asset turnover ratios, the more efficiently its assets have been used. As JBL have higher ratio than SBL there is a positive discrepancy. As, JBL have lower ratio than SBL here exists a negative discrepancy.

4.4.9 Investment to Deposit Ratio

The formula for calculating this ratio is:

$$\text{Investment to Deposit ratio} = \text{Total Investment} / \text{Total Deposit}$$

Banks	2019	2020	2021	2022	2023
JBL	0.60	0.57	0.62	0.63	0.55
SBL	0.44	0.45	0.47	0.42	0.40

Table 11: Investment to Deposit Ratios of JBL, SBL

Interpretation

Investment to deposit ratio shows which amount of deposit is used to as investment. JBL have higher investment to deposit ratio than SBL. That indicates that JBL have positive discrepancies.

4.4.10 Profitability Ratio Analysis

The formula for calculating operating profit per branch is,

$$\text{Operating profit per branch} = \text{Total operating profit} / \text{No of branches.}$$

Banks	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
JBL	12.47	11.01	11.76	11.82	13.30
SBL	4.71	4.52	7.53	7.77	2.71

Table 12: Operating profit per branch of JBL, SBL

4.4.11 Net Profit Margin

The net profit margin measures the percentage of each sales dollar remaining after all operating expenses, VAT, preferred dividends and interest. The higher the firm's net profit margin, the

better the financial condition of Bank. The net profit margin is a commonly cited measure of the company's success with respect to earnings on sales. The formula for calculating Net profit Margin is:

$$\text{Net Profit Margin} = \text{Net Profit After Tax} / \text{Operating Income}$$

Banks	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
JBL	23.62%	25.96%	17.37%	15.67%	16.61%
SBL	40.26%	35.66%	6.77%	71%	119.67%

Table 13: Net Profit Margin of JBL, SBL

Interpretation

Here we can see JBL's net profit margin is better than SBL in some years. In year 2012, SBL have negative net profit margin. With compared to SBL's net profit margin, JBL's net profit margin is higher in most of the years. So, here we can say JBL have positive discrepancy because its net profit margin is more convenient.

4.4.12 Return on Asset (ROA)

The formula for calculating Return on Asset is:

$$\text{Return on Asset (ROA)} = \text{Net profit after tax} / \text{Total Asset}$$

Banks	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
JBL	0.33%	0.33%	0.70%	0.61%	0.60%
SBL	0.16%	0.04%	0.06%	0.68%	0.45%

Table 14: Return on Asset of JBL, SBL

Interpretation

In recent years JBL's ROA is better than SBL. So, here exists positive discrepancy. But with compared to SBL's ROA, JBL's ROA is lower. So, here exists a negative discrepancy.

4.4.13 Return on Equity (ROE)

The formula for calculating Return on Equity is,

$$\text{Return on Equity (ROE)} = \text{Net profit after tax/Shareholder's Equity}$$

Banks	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
JBL	5.23%	5.22%	9.70%	9.66%	10.61%
SBL	3.11%	2.55%	0.82%	10%	7.21%

Table 15: Return on Equity of JBL, SBL

Interpretation

ROE is the measurement of the rate of return flowing to the bank's shareholders. It measures the net benefit that the shareholders have received from investing their capital in the bank. Here JBL's ROE is higher than SBL. So compared to SBL, JBL's ROE is better. On the contrary, SBL's ROE is higher than JBL's ROE. So, here exists a negative discrepancy.

4.4.14 Earnings per Share (EPS)

The formula for calculating EPS is,

$$\text{Earnings per Share (EPS)} = \text{Earnings available for shareholders} / \text{No of shares of Common stock outstanding.}$$

Banks	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
JBL	14.04	13.61	25.12	19.92	86.31
SBL	4.21	3.96	1.53	32.12	31.82

Table 16: Earnings per Share of JBL, SBL

Interpretation

Here we can see that EPS of JBL is higher than SBL. So, we can say that here exists positive discrepancy.

4.5 Findings

After analyzing discrepancies and working experience I come up with some findings:

- Technical growth is little slower.
- CBS T24 has not yet reached every branch and it is in the developing stage.
- SBL has a bit better service rather than JBL in respect of cheques and online banking.
- JBL server is better.
- Has Lacking of adequate liquidity.
- Rate offered against FDR is lower than SBL. It will create a problem in getting adequate deposits.
- FDR service is similar but they shortage of 3-year service.
- Inadequate skilled manpower in Janata bank Ltd, because there is lack of proper training arrangement of employees.
- Doesn't have Islamic Banking feature.

CHAPTER FIVE: CONCLUSION

5.1 Conclusion

Sonali Bank Limited is a financial institution that operates as both a commercial bank and a government bank. Similar to other commercial banks, it has a range of general activities. The process involves collecting core deposits from consumers residing in both urban and rural regions, which are then allocated as investments throughout many sectors of the economy, including manufacturing, agriculture, business, power plants, and telecommunications. In the absence of these factors, the bank plays a significant role in promoting green banking practices aimed at safeguarding the environment despite the global difficulties posed by climate change. The primary duty of a government bank is to uphold the provision of pension services to various government workers on behalf of the government. The clearing housing duty on behalf of the Bangladesh Bank is a significant job undertaken by the bank. The bank exhibits a robust market position and leverages its fundamental capabilities to effectively align with shareholders' expectations, therefore enhancing their wealth in the long run via the implementation of ethical banking practices and competitive pricing strategies. The primary objective of SBL is not profit making, as is the case with private commercial banks, but rather to enhance the quality of service provided for the economic growth of the nation.

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