Project Paper on
Financial Performance Analysis of Sonali Bank Limited

ABSTRACT

The Project Paper on **Financial Performance Analysis of Sonali Bank PLC**, the objectives of the study are to study & to analyse the overall financial performance that took place in last 3 years in Sonali Bank PLC.

Sonali Bank PLC is the largest state-owned commercial bank in Bangladesh. It began its journey in 1972 under the Bangladesh Banks (Nationalisation) Order, through the amalgamation and nationalisation of the branches of National Bank of Pakistan, Bank of Bahawalpur and Premier Bank branches located in East Pakistan until the 1971 Bangladesh Liberation War.

In this Paper, I have discussed Sonali Banks corporate profile and its management system. I have discussed its financial performance on the basis of ratio analysis and compared them with previous years. I tried to make a detailed analysis of ratios along with other comparisons that will help to understand its financial position at a glance.

In the last, I tried to make conclusion over my study and give some recommendations that will help Sonali Bank PLC to overcome problems which are considered as the barrier in banking sector.

Acronyms

AGM	: Assistant General Manager
BL	: Bill of Leadiong
BOE	: Bill of Exchange
CEO	: Chief Executive Officer
CAD	: Computer Aided Design
CAP	: Computer Aides Spreading
CAM	: Computer Aided Manufacturing
DGM	: Deputy General Manager
FDD	: Foreign Demand Draft
FOB	: Free on Board
GM	: General Manager
HRM	: Human Resources Management
HO	: Head Office
L/C	: Letter of Credit
ROE	: Return on Equity
TK	: Taka
PLS	: Profit Loss Sharing
USD	: US Dollar
VP	: Vice President
MBA	: Masters of Business Administration
SPLC	: Sonali Bank Public Limited Company
CRS	: Cost Surplus Ratio
UCPDC	: United Custom for Practice of Documentary Credit

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Chapter 1

Introduction

1.1 Introduction

Banks are the organizations which play the most important role in the running the economy of a country. It collects money from other organizations and individuals and lends them to others for high interest. Nowadays banks have to perform a wide range of financial activities. Financial performance analysis of a bank is the function of recognizing a bank's financial position and its overall risks.

Being the largest banking institution in Bangladesh Sonali Bank is dynamic in actions, honest in dealings, just in judgment, fair in approaches and devoted to high-quality service to customers. Its contribution to the growth of GDP of the country throughout stimulating trade and commerce, boosting up export, poverty alleviation, raising the living standard of limited income group and overall sustainable socio-economic development in the country are well known.

To achieve the objective mentioned above Sonali Bank PLC keep its financial records efficiently where many other financial organisations fail to do that. For this Sonali Bank keeps has to keep financial statements and other necessary books that allows it to keep control of its overall activities.

The Project report comprises a brief study on the Sonali Bank PLC. The report is distributed in many parts according to nature and requirement of organization and according to the instructions of supervisor of the report.

1.2 Objectives of the Study

Broad objective:

The Main objective of the report is to evaluate financial performance Analysis of Sonali Bank PLC.

Specific Objectives:

- To gather the practical experience base on the theoretical knowledge.
- To observe the function of merchant banking operations.
- To understand and analyse the financial strength of Sonali Bank PLC.
- To learn and acquainted to fulfil the academic purpose.

1.3 Significance of the Study

The importance of the study is to improve practical knowledge on the banking sector in Bangladesh, especially on Sonali Bank Limited. It will show the overall improvement or downfall over times, happened in Sonali Bank. It will recognize the importance of financial performance in general and the banking sector. The report will emphasis on attention to the financial performance and financial ratios, including analysis contribute to decision-makers to take correct decisions.

1.4 Methodology of the Study

I have designed this report as an exploratory research paper where I have discussed the financial performance that Sonali Bank performed in recent past and its consequences on its overall banking activities and financial position. For this purpose I use auditor's report on Sonali Bank, its financial statements and my personal observation during my Project program. There are several tools to evaluate a company but here I use the most useful tool "Financial Ratio" to evaluate the financial performance of Sonali Bank Limited. Ratios are the analyst's microscope; they help us to get an overall view of the firm's financial health than just looking at the raw financial statements. They are effective both for the internal and external purpose.

1.5 Sources of Information

To make the study more accurate and authentic there used two sources that are primary sources and secondary sources. The sources are discussed below;

Primary Sources:

- Focus group meeting
- Face to face conversation with the officers.
- Practical desk work.
- Informal discussion
- Facing some practical situation related to the day to day banking activities.

Secondary Sources:

- Annual Report of Sonali Bank Limited.
- Wikipedia
- Account statement
- Research papers
- Websites.

1.6 Limitations of the Study

The study that I have completed on Sonali Bank faced some problems at the time of collecting data. The problems or barrier that the study faced are below;

- Because of company policy Sonali Bank limited didn't give me the permission to enter all the data that I need. Other employees who work there they also deny disclosing various data which was a major problem to my study on Sonali Bank.
- Limited time was a great constraint to my study. I got only 45 days to complete my Project work.
- I faced the lack of research paper on this topic in internet so it was quite difficult to prepare a report completely within due date. But I have tried my best to complete it properly.

Chapter 2

Literature Review

2.1 Literature Review

Many studies took place in different organizations especially on banking Sector. Some financial performance analysis that related to the measurement of financial performance are discussed below:

Abdulrahman, and Al-Sabaawee (2013) their study tried to assess the performance of Islamic banks through the use of complex financial analysis based on the use of two tools: (financial analysis using financial ratios) and (analysis of change and the general trend on the basis of the base year). For judging the performance of these banks and the efficiency of management in the management of financial resources optimally, and to achieve economic and social objectives in light of various developments taking place in these banks. The study sample consisted by (the Iraqi Islamic Bank) and (Jordan Islamic Bank), in an attempt to analyse the financial statements of these banks for the period (2000-2010). The study found that Islamic Banks if they want to achieve the economic and social objectives and in line with their fundamentals base, it is necessary to have a role of great decision making and financial policies and future plans, and strengthening the position of these banks in the societies working in it, as well as the use of financial instruments provided by the financial analysis in order to reach the goals that are supposed to be achieved.

Almazari (2013) in his study attempted basically to measure the financial performance of seven Jordanian commercial banks for the period 2005-2011, by using simple regression in order to estimate the impact of independent variable represented by; the bank size, asset management, and operational efficiency on dependent variable financial performance represented by; return on assets and interest income size. It was found that banks with higher total deposits, credits, assets, and shareholders' equity do not always mean that has better profitability performance. Also found that there exists a positive correlation between financial performance and asset size, asset utilization and operational efficiency, which was also confirmed with the regression analysis that financial performance is greatly influenced by these independent factors.

Almumani (2019) the purpose of his study is to analyse and compare the performance of Saudi banks that listed in stocks market for the period 2009-2013. The study is an evaluator in nature, drawing sources of information from secondary data. The financial performance of banks is studied on the basis of financial ratios and variables. Financial performance was measured by two approaches; trend analysis and inter-firm analysis. It was found that increasing of assets, operating expenses, and cost of income caused a decrease in Saudi bank's profitability while increasing of operating income causes an increase in the profitability of Saudi Banks. Analysis shows that all the variables of study have a positive mean value and all banks are generating income. Saudi joint venture banks proved to be more proficient in generating profits, absorbing loan losses and dominating in ROE, while, Saudi established banks have more capacity of absorbing asset losses and dominating in ROA.

Alsamaree (2018) studies and puts shed light on the performance of commercial banks in particular during the critical period from 2009 to 2012, and the reason that the banks in Kuwait has been able to largely overcome the crisis and draws attention to the National Bank of Kuwait was able to distribute profits at that stage.

Bashir (1999, 2000, & 2001) examined the balance sheets and the income statements of a sample determinant of Islamic Banks' performance, specifically the relationship between the profitability and the banks' characteristics. He found that the measure of profitability is an increasing function of the capital and loan ratios. Besides, the study highlights the empirical role that adequate capital ratios and loan portfolios play in explaining the performance of Islamic banks. Factors such as non-interest earning assets and customer and short-term financing, etc. contribute to the increase of the Islamic banks' profit. In the year (2000), he examines the determinants of Islamic bank's performance across eight Middle Eastern countries for the 1993-1998 period. A number of the internal and external factor were used to predict profitability and efficiencies. Controlling for the macroeconomic environment, financial market situation and taxation, the results show that higher leverage and large loans to asset ratios, lead to higher profitability. The paper also reports that foreign-owned banks are more profitable than the domestic one. There is also evidence that taxation impacts negatively bank profitability. Finally, macroeconomic setting and stock market development have a positive impact on profitability.

Haque and Sharma (2013), their research studied the hypotheses tested imply that there are significant differences amongst Saudi banks. The financial performance of banks in Saudi Arabia is studied on the basis of financial variables and ratios through the help of Spearman's' rank correlation method. Although benchmarking performance of banks is done using advanced linear programming models, this study attempts to develop an efficiency frontier on the basis of simple linear regression. Albeit certain restrictive assumptions, this study identifies Al Rajhi bank to be the best bank to which other banks could look up to and justifies this model on the basis of parsimony while Sidqqui and Shoaib, (2013) concluded in their study "Measuring performance through capital structure in Pakistan" that size of the bank plays an important role in determining the profitability of the bank using ROE as profitability measure. In addition, Tobin's Q model was also used in the study to measure banks profitability and performance and found a direct and positive relationship with the size of the banks, the leverage ratio and Investments by banks in assets.

Hassan and Bashir (2003) who look at the determinants of Islamic bank performance and show Islamic banks to be just as efficient as conventional banks if one uses standard accounting measure such as cost to income ratio. Moreover, banks should have solid knowledge of how to manage their data and how to create and amend the database periodically.

Jahangir, Shill and Haque (2009) stated that the traditional measure of profitability through stockholder's equity is quite different in the banking industry from any other sector of business, where loan-to-deposit ratio works as a very good indicator of banks' profitability as it depicts the status of asset-liability management of banks. But banks' risk is not only associated with this asset liability management but also related to growth opportunity. Smooth growth ensures higher future returns to holders and there lies the profitability which means not only current profits but future returns as well. So, market size and market concentration index along with the return to equity and loan-to-deposit ratio grab the attention of analysing the banks' profitability.

Kumbirai and Webb (2012) investigated the performance of South Africa's commercial banking sector for the period 2005- 2011. Financial ratios are employed to measure the profitability, liquidity and credit quality performance of five large South African based commercial banks. The study found that overall bank performance increased considerably in the first two years of the analysis. A significant change in trend is noticed at the onset of the global financial crisis in 2009, reaching its peak during 2010-2011. This resulted in falling profitability, low liquidity and deteriorating credit quality in the South African Banking sector.

Samad (2004) examines empirically the performance of Bahrain's commercial banks with respect to credit (loan), liquidity and profitability during the period 1994-2001. Ten financial ratios are selected for measuring credit, liquidity and profitability performances. By applying t-test to these financial measures, his paper finds that commercial banks' liquidity performance is not at par with the banking industry.

Commercial banks are relatively less profitable and less liquid and, are exposed to risk as compared to the banking industry. With regard to credit performance, this study finds no unambiguous conclusion

Tarawneh (2008) found that the banks having high total capital, deposits, credits, or total assets does not always means that has healthier profitability performance. The operational efficiency and asset management, in adding to the bank size, positively influenced the financial performance of these banks. In the light of his empirical study, he concluded that the operational efficiency and asset management, in addition to the bank size, strongly and positively influenced financial performance of the banks.

The aforesaid studies cover different cases only one is from Iraq, here, the study covers those studies related to performance while applying the financial ratios only. So many other studies were there but with another mode that may relate or using other approaches of analysis.

Chapter 3

THEORETICAL ASPECT

3.1 Findings and Analysis

Financial ratios show us the trends of a firm's financial position in different times so that we can take future financial or other managerial decisions accurately depending on the trend because financial ratio analysis helps us to compare the trend among years. It is ratio analysis which is the calculation and comparison of ratios which are derived from the information in a company's financial statements. Financial ratios usually express the percent or as times per period of the financial transactions calculating on the basis of different measurement tools. For financial analysis ratio analysis is the most used tool which is defined as the systematic use of ratio to analyse or interpret the financial statement of an organization. Ratio analysis helps us to find out the strength and weakness of a firm as well as it shows us the past financial performance and present condition of the organization. It is the quantitative relationship between two variables. By observing the ratio analysis investors can understand the overall position of the firm and its profitability, so it helps them to take further investment decision in the organization. It is also helpful for the government to keep control over the organization as it reflects the company's overall activities and position in a nutshell. Mostly it helps the management of the firm for taking necessary steps if big variation in the performance is seen.

Here, in the study I used to analyse the following ratios along with some other analysis of Sonali Bank Limited;

a) Liquidity Ratios

b) Leverage Ratios

c) Profitability Ratios

d) Activity Ratios

e) Market Ratios

f) Statements of Cash Flow

3.1.1 Liquidity Ratio

Liquidity ratios measure a company's ability to pay debt obligations and its margin of safety through the calculation of metrics including the current ratio, quick ratio and operating cash flow ratio. Current liabilities are analysed in relation to liquid assets to evaluate the coverage of short-term debts in an emergency. (Investopedia)

Current Ratio:

Current Ratio = Current Assets / Current Liabilities

The current ratio is a liquidity ratio that measures a company's ability to pay short-term and long-term obligations. To gauge this ability, the current ratio considers the current total assets of a company (both liquid and illiquid) relative to that company's current total liabilities. Current assets is a balance sheet account that represents the value of all assets that can reasonably expect to be converted into cash within one year. Current assets include cash and cash equivalents, accounts receivable, inventory, marketable securities, prepaid expenses and other liquid assets that can be readily

Working Capital:

Working capital is a measure of both a company's efficiency and its short-term financial health. Working capital is calculated as:

Working Capital = Current Assets - Current Liabilities

If a company's current assets do not exceed its current liabilities, then it may run into trouble paying back creditors in the short term. The worst-case scenario is bankruptcy. A declining working capital ratio over a longer time period could also be a red flag that warrants further analysis. For example, it could be that the company's sales volumes are decreasing and, as a result, its accounts receivables number continues to get smaller and smaller. Working capital also gives investors an idea of the company's underlying operational efficiency. Money that is tied up in inventory or money that customers still owe to the company cannot be used to pay off any of the company's obligations. So, if a company is not operating in the most efficient manner (slow collection), it will show up as an increase in the working capital. This can be seen by comparing the working capital from one period to another; slow collection may signal an underlying problem in the company's operations. (Investopedia)

3.1.2 Leverage Ratios

By using the combination of assets, debt, equity and interest payments leverage ratio shows a Company's ability to meet its long-term obligations.

A leverage ratio is any one of several financial measurements that look at how much capital comes in the form of debt (loans) or assesses the ability of a company to meet its financial obligations. The leverage ratio is important given that companies rely on a mixture of equity and debt to finance their operations, and knowing the amount of debt held by a company is useful in evaluating whether it can pay its debts off as they come due.

Debt Ratio:

The debt ratio is a financial ratio that measures the extent of a company's leverage. The debt ratio is defined as the ratio of total debt to total assets, expressed as a decimal or percentage. It can be interpreted as the proportion of a company's assets that are financed by debt.

The higher the debt ratio, the more leveraged a company is, implying greater financial risk. At the same time, leverage is an important tool that companies use to grow, and many businesses find sustainable uses for debt.

Debt to Equity Ratio

Debt/Equity Ratio = Total Debt / Shareholders' Equity

A most popular leverage ratio is the debt to equity ratio which provides detail around the amount of leverage that a company has in relation to monies provided by the shareholders. The debt-to-equity ratio (D/E) is a financial ratio indicating the relative proportion of shareholders' equity and debt used to finance a company's assets. Closely related to leveraging, the ratio is also known as risk, gearing or leverage. The two components are often taken from the firm's balance sheet or statement of financial position, but the ratio may also be calculated using market values for both, if the company's debt and equity are publicly traded, or using a combination of book value for debt and market value for equity financing.

3.1.3 Profitability Ratios

Profitability is the net result of a number of policies and decision. This section of the discussion the different measures of corporate profitability and financial performance. These ratios, much like the operational performance ratios, give users a good understanding of how well the company utilized its resources in generating profit and shareholder value. The long-term profitability of a company is vital for both the survivability of the company as well as the benefit received by shareholders. It is these ratios that can give insight into the all-important "profit". Profitability ratios show the combined effects of liquidity, asset management and debt on operating results. These ratios examine the profit made by the firm and compare these figures with the size of the firm, the asset employed by the firm or its level of sales.

3.1.4 Activity Ratios

Activity ratios are financial analysis tools used to gauge the ability of a business to convert various asset, liability and capital accounts into cash or sales. The faster a business is able to convert its assets into cash or sales, the more efficient it runs. Activity ratios become more meaningful when compared to industry-average activity ratios. Different industries have different industry-average activity ratios and pitting your ratios against those of peer businesses allows you to know if your ratios are better or worse. (Chron)

Total Asset Turnover:

Total Asset Turnover = Total Sales / Total Asset

The asset turnover ratio is an efficiency ratio that measures a company's ability to generate sales from its assets by comparing net sales with average total assets. In other words, this ratio shows how efficiently a company can use its assets to generate sales.

The total asset turnover ratio calculates net sales as a percentage of assets to show how many sales are generated from each dollar of company assets. For instance, a ratio of .5 means that each dollar of assets generates 50 cents of sales. (My accounting course)

3.1.5 Market Ratios

Market ratios are used to evaluate the market value of the share, the stock price etc. It helps us to understand whether a company's share is overpriced or under-priced.

Earnings per share- EPS

Earnings per share = Profit after Taxation / Number of Shares

3.1.6 Statements of Cash Flow

A Cash Flow Statement shows how much cash is generated and used during a given time period. The official name for the cash flow statement is the statement of cash flows. Cash flow ratios indicate liquidity, borrowing capacity or profitability. This section of the financial ratio looks at cash flow indicators, which focus on the cash being generated in terms of how much is being generated and the safety net that provide to the company.

Operating Cash Flow to Total Debt:

The cash flow to debt ratio reveals the ability of a business to support its debt obligations from its operating cash flows. This is a type of debt coverage ratio. A higher percentage indicates that a business is more likely to be able to support its existing debt load. The calculation is to divide operating cash flows by the total amount of debt. The total amount of debt includes short-term debt, the current portion of long-term debt, and long-term debt.

Chapter 04

Analysis & Evaluation

4.1 Findings and Analysis

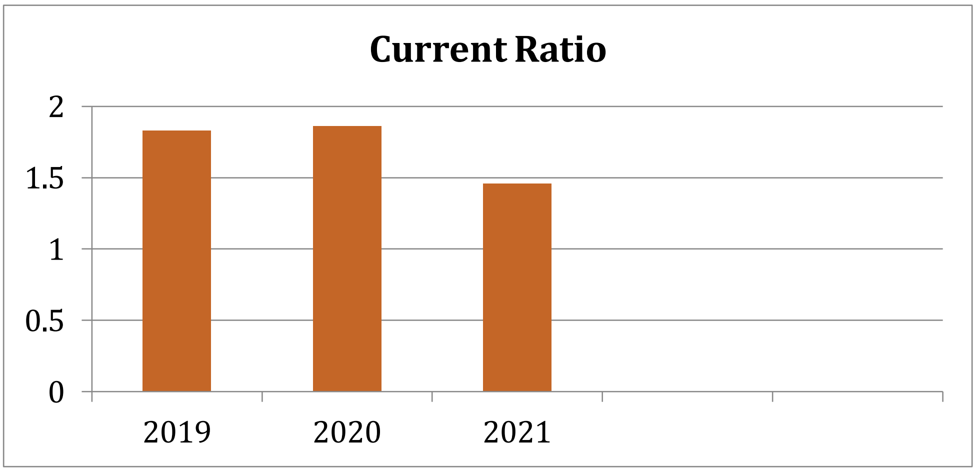
4.1.1 Liquidity Ratio

Current Ratio:

Current Ratio = Current Assets / Current Liabilities

Year	2021	2020	2019
Current Assets	388,392,000,000	368,437,000,000	317,162,000,000
Current Liabilities	265,545,000,000	197,662,000,000	173,314,000,000
Current Ratio	1.46	1.86	1.83

Graphical Presentation



Interpretation

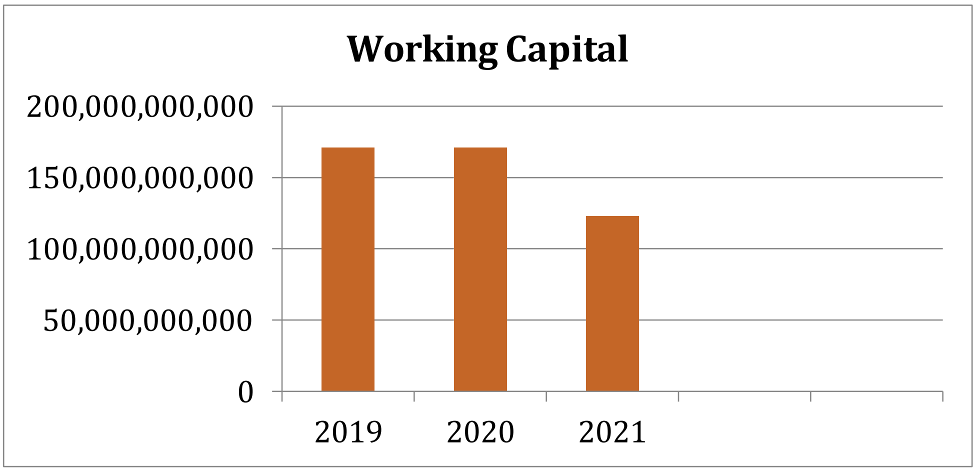
The current ratio for the year 2021, 2020 &2019 is 1.46, 1.86 & 1.83 respectively. If we compare these ratios with the standard current ratio 2:1 we can see that SBL has the lower current ratio rate which indicates that SBL is holding insufficient asset or loss asset that it needed to meet the short-term liabilities. It means an insufficient use of resources.

Working Capital:

Working Capital = Current Assets - Current Liabilities

Year	2021	2020	2019
Current Assets	388,392,000,000	368,437,000,000	317,162,000,000
Current Liabilities	265,545,000,000	197,662,000,000	173,314,000,000
Working Capital	122,847,000,000	170,775,000,000	170,775,000,000

Graphical Presentation



Interpretation:

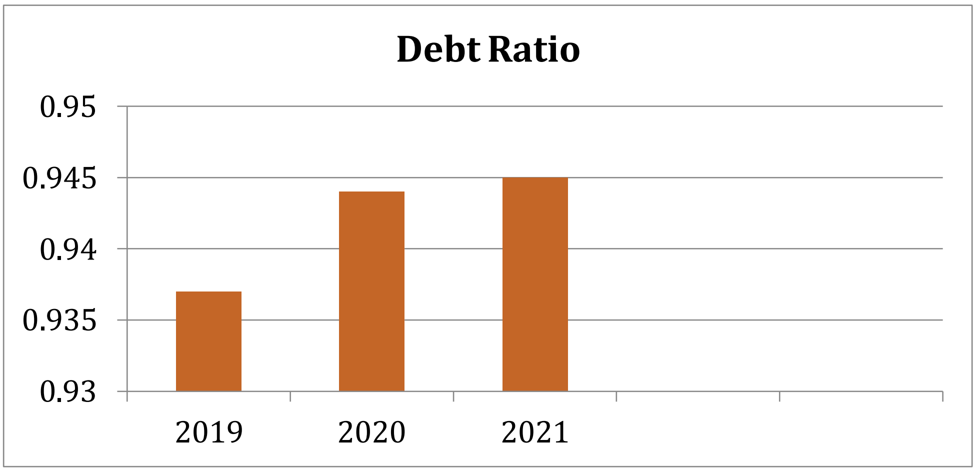
Here we can see SBPLC has enough current assets to pay off its current liabilities and the amount is increasing every year though the last year shows some decrease but previous years seen a regular increase in working capital. It shows good short-term liquidity efficiency.

4.1.2 Leverage Ratios

Debt Ratio:

Debt Ratio = Total debt / Total Asset

Year	2021	2020	2019
Total Debt	1,134,444,098,707	968,713,495,307	875,906,413,536
Total Asset	1,200,590,000,000	1,026,109,000,000	934,592,000,000
Debt Ratio	0.945	0.944	0.937



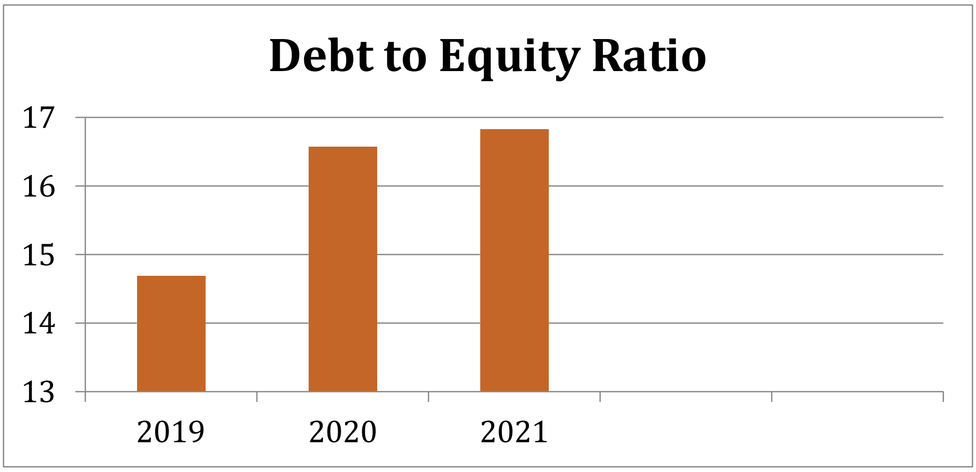
Interpretation

After calculating the debt ratio, it seems that SBL is a highly leveraged organization.

Debt to Equity Ratio

Debt/Equity Ratio = Total Debt / Shareholders' Equity

Year	2021	2020	2019
Total Debt	1,134,444,098,707	968,713,495,307	875,906,413,536
Shareholders' Equity	67,119,211,636	71,515,752,941	5,937,987,107
Debt/Equity Ratio	16.83	16.57	14.69



Interpretation

From the above calculations, we can see that these ratios continuously increasing last three years.

Current Worth to Net worth Ratio:

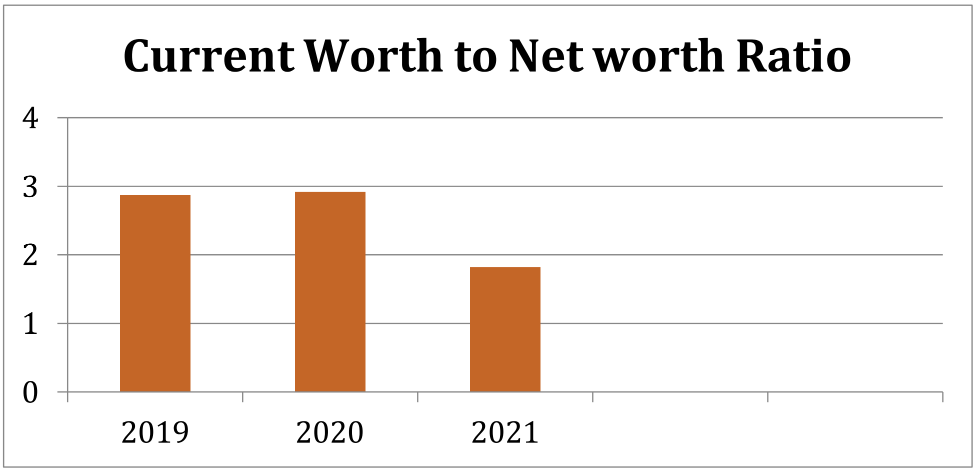
Current Worth to Net worth Ratio= Current Worth / Net worth Ratio

We can calculate current worth and net worth by using following formulas:

Current Worth = Total Current Asset – Total Current Liabilities

Net Worth = Total Asset – Total Liabilities

Year	2021	2020	2019
Current Worth	122,847,000,000	170,775,000,000	170,775,000,000
Net Worth	67,374,000,000	58,383,000,000	59,579,000,000
Current Worth to Net worth Ratio	1.82	2.92	2.87



Interpretation

From the above calculation, we can see that current worth to net worth ratio of SBL is fluctuating over years. In 2019 it was 2.87 and in 2020 it increased to 2.92, but in 2021 it decreased a lot to 1.93.

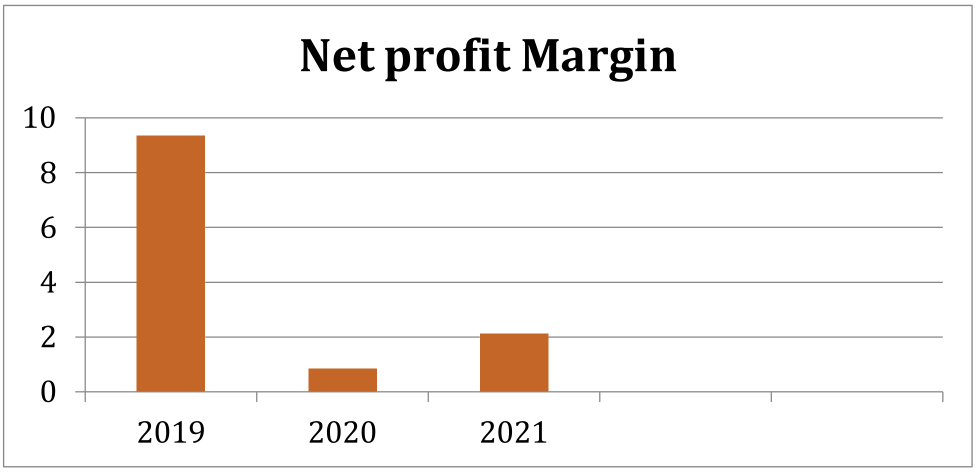
4.1.3 Profitability Ratios

Net profit Margin

Net profit margin = (Net profits / Net sales) x 100

(Figures are in millions)

Year	2021	2020	2019
Net Profit	1,516	586	6,054
Net sales	71,187	69,402	6,4741
Net Profit Margin	2.13	0.844	9.35

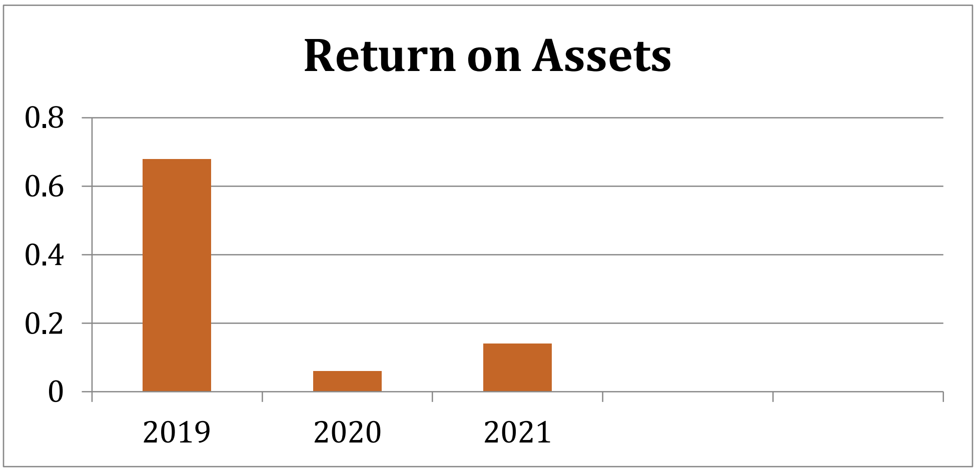


Return on assets:

Return on Asset = (Profit after Taxation / Average total Asset) x 100

(Figures are in Million)

Year	2021	2020	2019
Profit after Taxation	1,516	586	6,054
Average total Asset	1,113,349.5	980,350.5	893,407.5
Return on Asset	0.14	0.06	0.68



Interpretation:

Return on asset decreased in 2020 and 2021. In 2019 it was the highest among the discussed years.ROA tells us what earnings were generated from invested capital (assets)

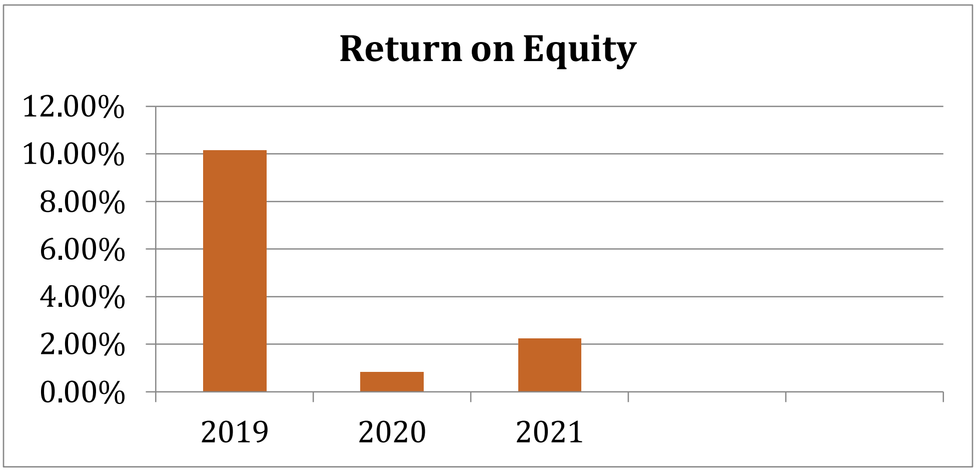
Return on Equity - ROE

ROE is expressed as a percentage and calculated as:

Return on Equity = (Net Income/Shareholder's Equity) x100

(Figures are in Million)

Year	2021	2020	2019
Net Income	1,516	586	6,054
Shareholder's Equity	67,375	71,573	59,579
Return on Equity	2.25%	0.82%	10.16%



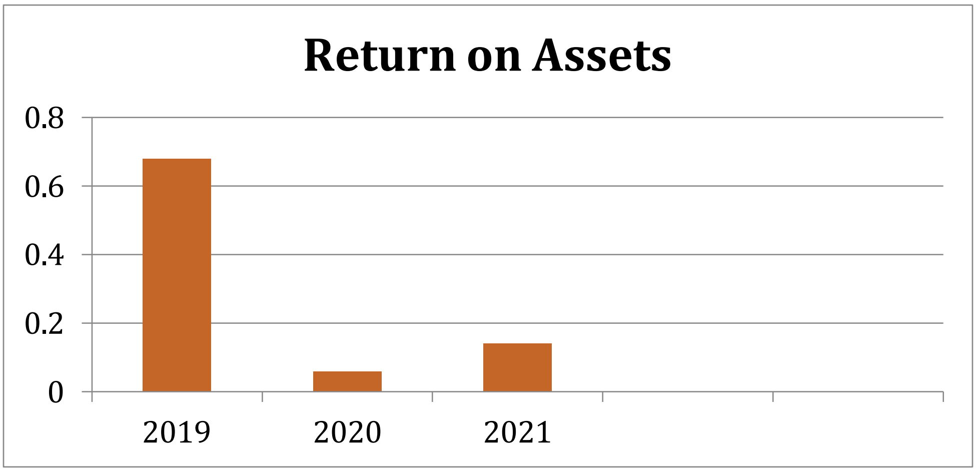
4.1.4 Activity Ratios

Total Asset Turnover:

Total Asset Turnover = Total Sales / Total Asset

(Figures are in Million)

Year	2021	2020	2019
Total Sales	71,187	69,402	64,741
Total Asset	1,200,590	1,026,109	934,592
Total Asset Turnover	0.06	0.07	0.07



Interpretation:

This ratio shows how efficiently a firm is using its assets to generate sales. The calculation above shows that in 2019 and 2020 total asset turnover ratio was about to similar but in 2021 it falls down. It means 2021 was less efficient to generate more sales compared to 2019 and2021

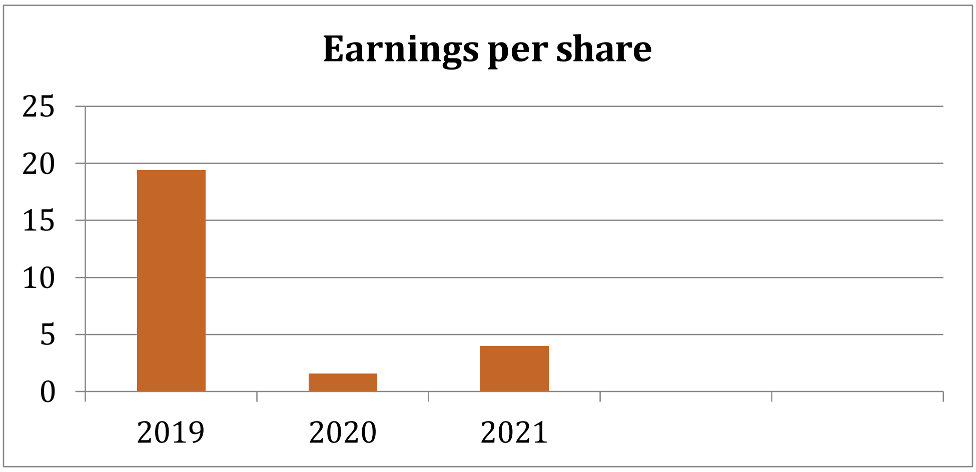
4.1.5 Market Ratios

Earnings per share- EPS

Earnings per share = Profit after Taxation / Number of Shares

(Figures are in Millions except stated)

Year	2021	2020	2019
Profit after Taxation	1,516	586	6,054
Number of Shares	383	383	312
Earnings Per Share (In TK)	3.95 tk	1.53 tk	19.40 tk

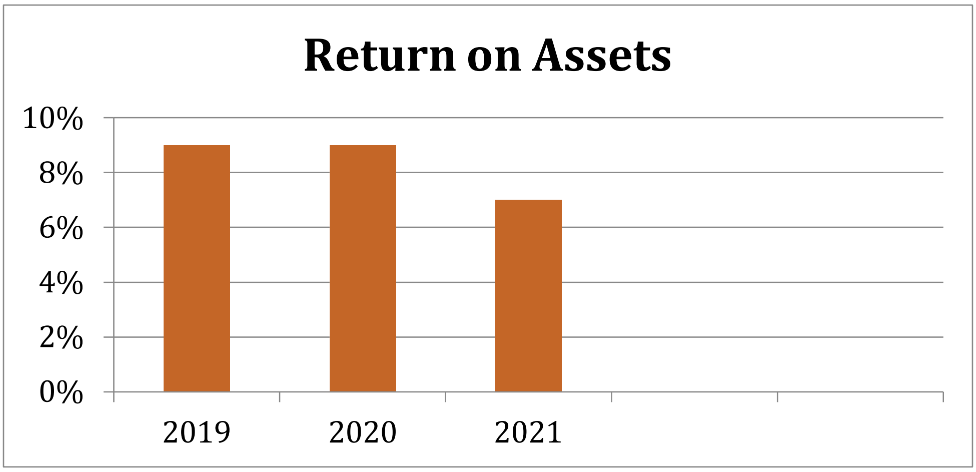


4.1.6 Statements of Cash Flow

Operating Cash Flow to Total Debt:

Operating Cash Flow to Total Debt = Operating Cash Flow / Total Debt

Year	2021	2020	2019
Operating Cash Flow	79,821,577,868	86,749,772,494	76,563,246,153
Total Debt	1,134,444,098,707	968,713,495,307	875,906,413,536
Operating Cash Flow to Total Debt	7%	9%	9%



Interpretation:

A high percentage of operating cash flow to total debt indicate that the company is more likely to be able to pay back its total debt. Here we can see that SBPLC operating cash flow to debt ratio percentage decreased. Where in 2019 and 2020 it was 9% in 2021 it decreased to 7%.

4.2 Other Financial Performance Analysis of Sonali Bank PLC

4.2.1 Horizontal Analysis of Balance Sheet

Sonali Bank PLC

Balance Sheet

Dec 31 2021, 2020&2019

Particulars	2021	2020	Analysis (Increase and decrease)	
			2021	2020
PROPERTY AND ASSETS **Cash** **Cash in Hand (Including Foreign Currencies)**	**80,083,451,762**	**70,477,626,670**	**150.02**	**132.02**
Balance with Bangladesh Bank and its agent Bank(s) (Including Foreign Currencies) **Balance with other Banks & Financial institutions**	6,289,949,137 73,793,502,625	5,854,843,846 64,622,782,824		
In Bangladesh	**39,039,842,397**	**28,788,535,177**	**97.27**	**71.74**
Outside Bangladesh **Money at Call on Short Notice**	35,446,755,102 3,593,087,295	17,901,569,418 10,896,965.759		
Investments	**3,586,282,000**	**4,521,712,000**	**38.87**	**49.01**
Government **Other**	**469,370,564,524**	**408,430,082,439**	**145.31**	**126.44**
Loans and advances	437,987,987,654 31,382,576,870	381,600,397,662 26,829,684,777		
Loans, cash credit, overdraft etc.	**386,652,700,217**	**348,444,032,978**	**113.8**	**102.55**
Bills Purchased and Discounted	377,392,473,205 9,260,227,012	337,395,991,893 11,048,041,085		
Fixed Asset including Premises, Furniture and Fixture **Other Assets** **Non-Banking Assets**	**33,119,021,065** **189,711,448378** **-**	**33,025,307,720** **146,541,951,265** **-**		
Total Assets	**1,201,563,310,343**	**1,040,229,248,249**	**128.47**	**111.22**

LIABILITIES AND CAPITAL				
Liabilities				
Borrowing from other Banks, Financial Institutions & Agents	**769,625,629**	**825,502,895**	**87.29**	**93.63**
Deposits and Other Accounts	**1,031,593,588,286**	**865,993,806,239**	**132.6**	**111.31**
Current Accounts & Other Accounts etc.	192,717,123,346	176,212,409,741		
Bills Payable	54,619,680,358	9,01 1,261 ,8 I 5		
Savings Bank Deposits	287,404,548,716	217,560,377,059		
Fixed Deposits	496,852,235,866	463,209,757,624		
Other Deposits	-	-		
Other Liabilities	**102,080,884,792**	**101,894,186,173**	**105.18**	**104.99**
Total Liabilities	**1,134,444,098,707**	**968,713,495,307**	**129.52**	**110.6**
Shareholders' Equity	**67,119,211,636**	**71,515,752,941**	**113.04**	**120.44**
Paid up Capital	38,300,000,000	38,300,000,000		
Share Money Deposit	-	-		
Statutory Reserve	8,284,876,285	7,601,472,379		
Other Reserve	122,810,533	107,818,856		
Revaluation Reserve	33,718,673,632	33,026,180,550		
Surplus in Profit and Loss Account/Retained Earnings	(13,307,148,815)	(7,519,718,844)		
Total Liabilities and Shareholders' Equity	1,201,563,310,343	1,040,229,248,249	128.47	111.22
Contingent Liabilities				
Acceptances and Endorsements	**196,926,074,997**	**251,952,992,975**	**85.65**	**109.58**
Letters of Guarantee	2,312,599,135	2,834,121,419		
Irrevocable Letters of Credit	187,750,197,605	242,443,332,567		
Bills for Collection				
Other Contingent Liabilities	6,963,279,257	6,675,439,990		
Total Off-Balance Sheet Items including Contingent Liabilities	**196,926,074,997**	**251,952,992,975**	**112.02**	**143.32**
Net Asset Value per Share (NAVPS)	**175.25**	**186.73**	**92.08**	**98.11**

4.3 SWOT Analysis

SWOT Analysis:

SWOT analysis is an important tool for evaluating the company's Strength, Weaknesses, Opportunities, and Threats.

Strengths:

1. Strong presence in the banking sector of Bangladesh with a large network of branches and ATMs.
2. Good reputation and brand recognition.
3. Experienced management team.
4. Diversified product portfolio including retail banking, corporate banking, and international trade financing.
5. Strong focus on customer service.

Weaknesses:

1. Low profitability in recent years.
2. High non-performing loan ratio.
3. Slow adoption of technology compared to competitors.
4. Limited geographical presence outside Bangladesh.
5. Reliance on government business.

Opportunities:

1. Growing demand for banking services in Bangladesh.
2. Expansion into new markets and geographies.
3. Introduction of new products and services to meet changing customer needs.
4. Embracing technology to improve efficiency and customer experience.
5. Strategic partnerships with other financial institutions to expand reach and services.

Threats:

1. Intense competition from domestic and foreign banks.
2. Economic and political instability in the country.
3. Regulatory changes and compliance requirements.
4. Cyber security threats.
5. Changing customer preferences and expectations.

Chapter 5

Findings, Recommendations & Conclusion

5.1 Findings

1. The bank's ability to meet short-term obligations by analyzing its current ratio, quick ratio, and cash ratio.
2. The quality of the bank's loans and investments, which can be assessed by analyzing its non-performing loan (NPL) ratio and provision coverage ratio.
3. The bank's ability to generate profits, which can be assessed by analyzing its net interest margin (NIM), return on assets (ROA), and return on equity (ROE).
4. The bank's ability to manage its resources efficiently, which can be assessed by analyzing its cost-to-income ratio (CIR) and revenue per employee.
5. The bank's ability to absorb losses and maintain a sound financial position, which can be assessed by analyzing its capital adequacy ratio (CAR) and Tier 1 capital ratio.
6. The bank's ability to identify, measure, and manage various types of risks, including credit risk, market risk, and operational risk.
7. The bank's potential for growth in terms of expanding its customer base, product offerings, and geographic reach.

5.2 Recommendations

i. Top level management of the company should be more strict to control lower level management so they will be in line to maintain company's policy to keep records and prepare reports in due time.

ii. They should prepare their financial statements ethically. Unethical practice should not be allowed in SBPLC.

iii. SBPLCs financial statements should be audited regularly internally and externally.

iv. All the branches especially rural branches should not be ignored in control process and employees of that branches should be given equal chance to get the promotion.

v. As a government-owned organization it should give importance on wealth maximization instead of short-term profit maximization.

vi. Financial statements should be communicated to the stakeholders.

vii. Sonali Bank PLC must hold an annual general meeting within six months of its year end to discuss about company's contemporary.

5.3 Conclusion

In the economy of Bangladesh, Sonali Bank PLC is considered as a most important bank. Sonali Bank is playing a vital role in developing the country financially as well as keeping its economy dynamic. Sonali bank run Commercial as well as all types of activities that are necessary for a banking organization, for the people and for the government of the country.

It will enhance more public services and build up working teams to provide the best services to its valuable customers. It must be run in organized way and discipline must be ensured in all sphere of its performance so that it can use its property that has been given by the government of Bangladesh.

Efficient and expert employees should be employed so that they can maintain its financial statements and analyse statements for taking the right decision in right time. Because wrong information may lead to the wrong decision and hamper its asset which will keep a bad impact on the overall economy of the country.

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Appendix

Sonali Bank PLC

Balance Sheet

Dec 31 2021, 2020 & 2019

Particulars	2021	2020	2019
PROPERTY AND ASSETS			
Cash	**80,083,451,762**	**70,477,626,670**	**53,382,074,145**
Cash in Hand (Including Foreign Currencies)	6,289,949,137	5,854,843,846	6,866,617,665
Balance with Bangladesh Bank and its agent Bank(s) (Including Foreign Currencies)	73,793,502,625	64,622,782,824	46,515,456,480
Balance with other Banks & Financial institutions	**39,039,842,397**	**28,788,535,177**	**40,131,540,149**
In Bangladesh	35,446,755,102	17,901,569,418	3l,ll4,748,884
Outside Bangladesh	3,593,087,295	10,896,965.759	9,016,791,165
Money at Call on Short Notice	**3,586,282,000**	**4,521,712,000**	**9,225,592,000**
Investments	**469,370,564,524**	**408,430,082,439**	**323,023,445,173**
Government	437,987,987,654	381,600,397,662	300,775.983,800
Other	31,382,576,870	26,829,684,777	22,247,461,373
Loans and advances	**386,652,700,217**	**348,444,032,978**	**339,766,103,592**
Loans, cash credit,	377,392,473,205	337,395,991,893	325,316,333,005
	9,260,227,012	11,048,041,085	14,449,770,587

overdraft etc.			
Bills Purchased and Discounted			
Fixed Asset including	**33,119,021,065**	**33,025,307,720**	32,786,534,070
Premises, Furniture			
and Fixture	**189,711,448378**	**146,541,951,265**	16,970,971,513
Other Assets	-	-	
Non-Banking Assets	**1,201,563,310,343**	**1,040,229,248,249**	**935,286,250,642**
Total Assets			
LIABILITIES AND			
CAPITAL Liabilities	**769,625,629**	**825,502,895**	**881,709,418**
Borrowing from other			
Banks, Financial	**1,031,593,588,286**	**865,993,806,239**	**777,974,782,686**
Institutions & Agents			
Deposits and Other	192,717,123,346	176,212,409,741	162,461,473,184
Accounts	54,619,680,358	9,01 1,261 ,8 I 5	12,676,341,550
Current Accounts &	287,404,548,716	217,560,377,059	189,696,005,800
Other Accounts etc.	496,852,235,866	463,209,757,624	413,140,962,152,
Bills Payable	-	-	-
Savings Bank Deposits	**102,080,884,792**	**101,894,186,173**	**97,049,921,431**
Fixed Deposits			
Other Deposits	**1,134,444,098,707**	**968,713,495,307**	**875,906,413,536**
Other Liabilities	**67,119,211,636**	**71,515,752,941**	**59,379,837,107**
	38,300,000,000	38,300,000,000	31,200,000,000
Total Liabilities	-	-	-
	8,284,876,285	7,601,472,379	7,601,472,379
Shareholders' Equity	122,810,533	107,818,856	113,500,000
	33,718,673,632	33,026,180,550	28,168,564,059
Paid up Capital			
Share Money Deposit	(13,307,148,815)	(7,519,718,844)	(14,803,699,330)

Statistory Reserve **Other Reserve** **Revaluation Reserve** **Surplus in Profit and Loss Account/Retained Earnings**			
Total Liabilities and Shareholders' Equity	1,201,563,310,343	1,040,229,248,249	935,286,250,642
Contingent Liabilities **Acceptances and Endorsements**	**196,926,074,997**	**251,952,992,975**	**229,929,738,014**
Letters of Guarantee **Irrevocable Letters of Credit** **Bills for Collection** **Other Contingent Liabilities**	2,312,599,135 187,750,197,605 6,963,279,257 -	2,834,121,419 242,443,332,567 6,675,439,990 -	4,524,516,271 206,390,740,160 19,014,491,593 -
Total Off-Balance Sheet Items including Contingent Liabilities	**196,926,074,997**	**251,952,992,975**	**175,802,795,405**
Net Asset Value per Share (NAVPS)	**175.25**	**186.73**	**190.32**