Internship Report on

Financial Performance Analysis of

Supervised By

Mr. Md. Arif Hassan

Assistant Professor

Department of Business Administration

Daffodil International University

Prepared By

Hurea Jannat Queen

ID: 232-14-011

MBA Program

Major: Accounting

Submission Date: 1st October 2024

<u>Letter of Transmittal</u>

Date: 01/10/24

To,

Mr. Md. Arif Hassan

Assistant Professor

Department of Business Administration

Daffodil International University

Subject: Submission of Internship Report on "Financial Performance Analysis of Sonali Bank Limited".

Dear Sir,

With best respect and honour, I would like to inform you that I have completed my internship report on Financial Statement Analysis of "Sonali Bank Limited" of last five years A study on Mirpur-1 Branch, Dhaka.

I have tried my best to complete this statement correctly following the procedures delivered by you and apprehensive organization. I learned a lot from working on this topic.

I truly trust that this report will assist you with assessing me. I will be obliged to explain any matter or to give any additional data with respect to this report.

Thanking you for your kind supervision.

Sincerely Yours,

Jannat

Name:(Hurea Jannat Queen)

ID No: (232-14-011)

MBA (Major in Accounting)

Daffodil International University Bangladesh.

Student's Declaration

I am (Hurea Jannat Queen), the student of Master of Business Administration my ID No is (232-14-011) major in accounting hereby make declaration that the introduced report of internship under Financial Performance Analysis of " Sonali Bank Limited" of last five years is interestingly prepared by me after consummation activity of three months work in Sonali Bank limitedonMirpur-1 branch without any financial benefit.

I also assure that, the report arranged uniquely for my academical prerequisites not really for some other reason and has not been submitted somewhere else for any other purpose.

Jannat

Name: (Hurea Jannat Queen)

ID No: (232-14-011)

MBA (Major in Accounting)

Department Of Business Administration

Daffodil International University Bangladesh.

Certificate

This is to certify that an internship report on "Financial Statement Analysis Of Sonali Bank Limited'' on Mirpur-1 branch for fractional satisfaction of the degree of Master of Business Administration major in Accounting from the Daffodil International University, Bangladesh concurred out by HureaJannat Queen ID NO: (232-14-011) under my supervision.

She bears a solid moral person and each satisfying liability. I wish her every success in life.

Mr. Md. Arif Hassan

Assistant Professor

Department Of Business Administration

Daffodil International University

Acknowledgement

At first, I would like to express my gratitude to omnipotent and almighty Allah whose empower me to finish this report appropriately.

Also thank to Sonali Bank Limited for giving me the chance to finish my internship program. I thank all the employees for being agreeable & helpful. I was shown heaps of significant things contemplated my entry level position vocation as a result of their legitimate consideration and collaboration.

Then I pass my most profound appreciations on to my supervisor Mr. Md. Arif Hassan, Assistant Professor, Department of Business Administration at Daffodil International University for this continuous guidance and whole-hearted supervision and supporting me to finish my internship report at the right way.

Also I would like to thanks to A.S.M MahbooburRahman, Assistant General Manager & Head of Branch Sonali Bank Limited. For giving me the opportunity to finish my three months of internship.

In fine, I would like to send my cordial thanks to all of them who have contributed through their suggestions and valuable time to equip this internship report in a wide way. This credit is not boundless to tell them how thoughtful impress of their intention on this report paper, that I am therefore obstructed to all. I grant my full of life thanks to everybody of them.

Abstract

The internship paper is started in consequences of my place that I even have done, as an interest of MBA program. This paper is done supported my three months place in “Sonali Bank Limited on Mirpur-1 Branch, Dhaka.

Financial statements are a collection of summary-level reports about an organization's financial results, financial position, and cash flows. They include the income statement, balance sheet, and statement of cash flows.

Sonali Bank will be interesting association in Bangladesh. It will be an information based association where the Sonali Bank experts will advance constantly from their clients and partners worldwide to add esteem. Sonali Bank Limited (SBL) is established in 1972 under the Bangladesh Banks(Nationalization) Order. Sonali Bank has a total of 1211 branches. Out of them, 343 are located in urban areas, 862 in rural areas, and 2 are located overseas. It also operates the Sonali Exchange Company Inc. in USA and Sonali Bank (UK) Ltd., United Kingdom, to facilitate foreign exchange remittances.

The report is partitioned within five chapters. At the first chapter included the introductory portion of the report which suggests introduction, background, objectives, rationalization, methodology, sources of data.

Second chapter divided into two parts. In the 1st part there has been said historical background of Sonali bank limited, mission, vision. In the 2nd part there has been said background of Mirpur-1 Branch , mission of the branch, vision of the branch, goals, strategy, organization structure, last five years performance.

Third chapter included the theoretical aspects such as financial statement analysis, Advantages of Financial Statements, Disadvantages of Financial Statements, The Balance Sheet, The Income Statement, The Statement of Cash Flows, Horizontal analysis, Vertical analysis, Financial ratio analysis.

Four chapter included the financial statement analysis of “Sonali Bank Limited”. And the last chapter is chapter five which included the findings, recommendations & conclusion.

Table of contents

Chapter:01

(Introduction)

1.1Introduction

Financial performance measurementshowan instituting can use itsassetsto generate an institution and make revenue . It also measurements the overall financial health of an institution in a given period of time.

An institution has many stakeholders, including trade creditors, bondholders, investors, and business owners . Everyone wants to know the institution’s financial performance to understand how well the institution is generating revenue. Is it in profit or loss ? By analysing this they can decide what to do in the institution to grow in the future.

The previous studies investigated in the literature review have reflected that financial performance is a critical factor for the growth and durability in the banks, and then the banks looking for increasing their financial representation through several factors the current study assumes financial performance influenced.

Sonali bank limited is one of the Bangladesh`s largest state-owned commercial banks . Sonali bank is a fully government owned bank. The bank operates various types of financial activities which is very dynamic in nature. There are thousands of clients are doing their financial activities through this bank. This bank is also contributing a lot to grow business in public and private sector.

The bank is operating for a dynamic profitable model by utilizing a cautiously strong monetary affiliation, abundant credit to appropriate account holders, and appropriate patron's assets. The financial statement analysis means the understanding the financial condition of an organization/institution by reviewing it’s financial statement of few years. In this paper an endeavour is taken by studying Income statement, Balance sheet and statement of cash flows of the bank to analyse the financial statement.

1.2 Background of the Study

The necessity of applying earned knowledge from academic courses is compulsory, as a surplus of theoretical understanding may render itself futile without practical application in real-life scenarios. For a student to derive substantial advantages from theoretical knowledge, it is essential to engage in practical applications, often facilitated through internship programs.

Internship programs maintain considerable significance in providing students with hands-on experience in real-world business activities. By working nearly with the personnel of an organization, students gain insights into the functioning of the entity. This close interaction approves them to incorporate practical knowledge, fostering the development of analytical skills and academic capability.

In essence, internships serve as a bridge between theoretical learning and its practical application, ensuring that students not only comprehend academicconcepts but also acquire the skills essential to navigate and contribute effectively in professional settings.

1.3 Objective of the Report

The main objective of this report is to analyze the financial performance of Sonali Bank Limited. Also, there are some appointed objectives regarding performance analysis; these are :

- To gatherknowledgeabout the tools used to analyze the financial performance.
- To analyze the financial performance of Sonali Bank Limited.
- To find out some lacking , short comings related to financial performance of Sonali Bank Limited.
- To provide any suggestions based on findings.

1.4Rationale

To analyze Sonali Bank Limited`s financial statements effectively, a comprehensive financial statement analysis typically includes examining the bank`s financial ratios, profitability, liquidity, efficiency, and solvency over a given period. The report aims to identify the rationale behind the performance and financial position of Sonali Bank Limited.

1.5Methodology

The paper is prepared from the information gathered by face to faceinteraction meeting with the different level of employees of bank. Moreover, various information was also taken from different report, text, site and journal.

Sources of information: The sources of information are as follows:

a. Official website of the bank

b. Annual report of the Bank

1.6Limitations of the report

While preparing the report following difficulties ware faced:

a. Due to privacy of the bank detail information could not be revealed.
b. Due to busy schedule bank staffs could not give sufficient time.
c. Most of the data are collected from various sources of internet.

Chapter : 2

(Company Profile)

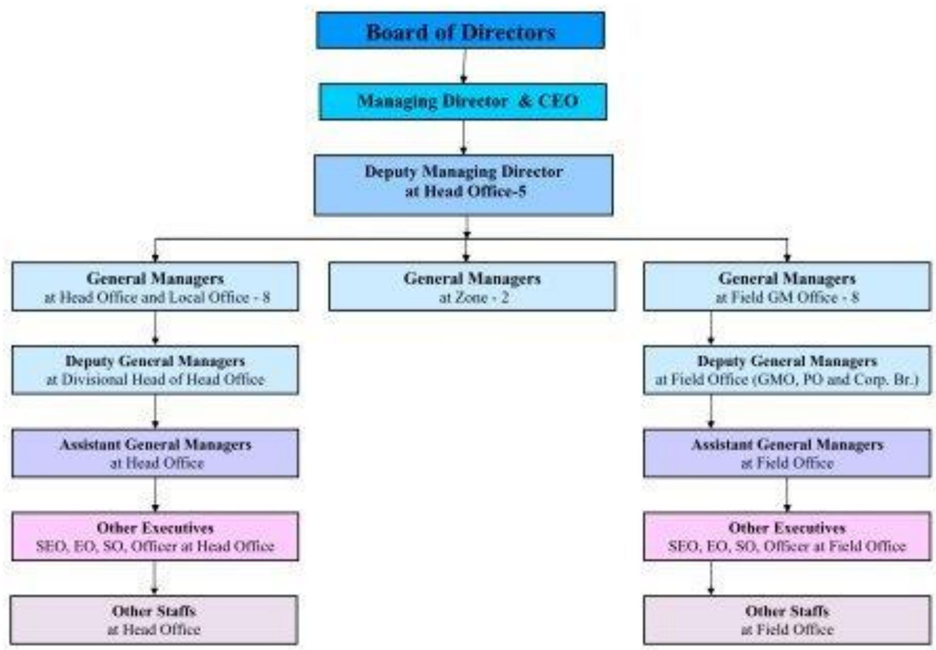
2.1 Historical background of Sonali bank limited

Sonali Bank Limited, one of largest state-owned commercial banks in Bangladesh, has a important historical background that reflects the country`s journey toward economic development. It was established in 1972, right after Bangladesh gained independence from Pakistan. Sonali Bank was formed by nationalizing two British banks along with some of the branches of Habib Bank Limited in the newly independent country. This was part of a broader effort to consolidate and strengthen the banking sector in Bangladesh.

The bank primarily served as a central bank for Bangladesh until the establishment of the Bangladesh bank, the country`s central bank. since then, Sonali Bank has operated as a commercial bank with a focus on providing services to the government, corporate clients, and rural communities. Over the years, Sonali Bank expanded its reach with a unlimited network of branches across Bangladesh and established a few international branches, especially in places with a large Bangladeshi diaspora.

Sonali Bank played a essential role in the country`s economy by financing major development projects, especially in sectors such as agriculture, infrastructure, and small-scale industries. However, like many state -owned banks, it has faced challenges related to non-performing loans and management inefficiencies, Efforts have been made to reform and modernize the bank, and it continues to be a key financial institution in Bangladesh`s economy.

2.2Hierarchy of Sonali Bank



2.3 Mission of Sonali Bank Limited

The mission of Sonali Bank Limited is to give reliable and accessible banking services to support economic growth and improve the financial well-being of individuals, businesses, and communities. It aims to offer quality customer service, promote savings, and support small to large businesses, especially in rural areas, to drive financial inclusion and development in Bangladesh. The Mission Statements are as follows :

- ✓ Providing Financial Services.
- ✓ Promoting Economic Growth.
- ✓ Ensuring Accessibility.
- ✓ Enhancing Customer Satisfaction.
- ✓ Encouraging Savings.
- ✓ Contributing to Social Development.
- ✓ Maintaining Transparency.

2.4 Vision of Sonali Bank Limited

The Vision of Sonali Bank Limited is to be a leading, Believed financial institution in Bangladesh, offering modern and reliable banking services to support the country`s financial growth and improve the well-being of its people.

2.5 Motto of Sonali Bank Limited

The motto of Sonali Bank Limited is “Your Trusted Partner”. This mirror its commitment to reliability and strong relationships with customers.

2.6 Sonali Bank Mirpur-1 Branch, Dhaka

I was given opportunity to do my internship in Mirpur-1 branch, Dhaka which is locates at Dhaka. I learned many things like routing number, SWIFT code, service hours and what times and days this branch will be open and closed. The bank staffs were

very cordial to me and they tried to teach me their best about overview of banking and I learned a lot of from them.

2.7 Goals and Commitments

Sonali Bank Limited, as one of largest state-owned commercial banks in Bangladesh, has specific goals and commitments to support economic growth and meet its stakeholders needs. Below are the typical goals and commitments of Sonali Bank Limited :

Our commitments to the clients are as follows :

- ✓ Financial Solutions and Services.
- ✓ Trust and Transparency.
- ✓ Accessibility and Inclusivity.
- ✓ Customer Satisfaction.
- ✓ Security and Confidentiality.
- ✓ Social Responsibility.
- ✓ Innovation and Technology.

Goals :

- ✓ Financial Inclusion.
- ✓ Support National Economic Development.
- ✓ Business Growth and Diversification.
- ✓ Digital Transformation.
- ✓ Sustainability.

Strategic Objectives :

- ✓ Deliver better and faster banking services to customers.
- ✓ Use modern technology like online banking, mobile apps, and ATMs for easier transactions.
- ✓ Provide Banking services to rural areas and underserved communities.
- ✓ Increase earnings by improving efficiency and reducing costs.
- ✓ Train and developemployees to offer high-quality services.
- ✓ Strengthen measures to handle financial risks effectively.
- ✓ Finance government projects and promote economic growth in Bangladesh.
- ✓ Minimize financial risks and ensure the safety of customer funds.
- ✓ Promote environmentally and socially responsible banking activities.
- ✓ Increase profits and expand the bank's operations locally and internationally.

Chapter: 03

(Theoretical Background)

3.1 Financial Performance Analysis

Financial performance analysis is the procedure of analysing the company's financial performance for the process of decision making. With this analysis the exotic stakeholders appreciate the total economic condition of an organization and monetary value. This is also a monitoring tools for managing finance for the internal users of an organization. The outcomes of financial analysis can impact decisions as :

1. Realizing whether to invest in a business and, if so, at what share price.
2. Measuring whether to lend money to a business and defining the terms of the loan.
3. Evaluating internal investment opportunities in assets and Realizing how to finance the acquisition.

Financial analysis serves as a crucial instrument for business managers to assess their organization's performance. Managers regularly recommend financial analysts for insights into profitability, cash flows, and other financial aspects of their business. In this report, I conducted a comprehensive analysis of Sonali Bank Limited financial statements using three distinct approaches. These Approaches are :

- HoriZontal Analysis.
- Common Size Income Statement.
- Common Size Balance Sheet.
- Financial Ratio Analysis.

However here, only Financial Ratio Analysis.

Financial Ratio Analysis :

Financial Ratio Analysis is a powerful instrument for exploring and comparing relationship`s among diversified components of monetary information. Any company perform leverage data from its income statement and balance sheet to calculate financial ratios. This quantitative exploration involves evaluating several aspects of acompany's operational and financial performance, including efficiency, liquidity, profitability, and solvency. Various types of ratios exist, each serving a unique objective. The ratios provided under are accompanied by explanations, offering a comprehensive insight into the company's financial landscape.

3.2 Categories of Financial Ratios :

Financial Ratios be able be conveniently categorized within six fundamental groups :

- Liquidity,
- Activity,
- Debt,
- Profitability,
- Efficiency and
- Credit Risk.

The Liquidity, Activity, and Debt ratios are primarily focused on assessing risk, while profitability ratios measures return on investment, Efficiency ratios measure how well a company utilizes its assets and manages its liabilities to create revenue and profit. Credit Risk Ratios assess the risk of disability and creditworthiness of a company. It is essential, as a general rule, to have the income statement and balance sheet as fundamental inputs for an efficient financial analysis. In our examination, we will utilize the income statements and balance sheets of sonali Bank Limitedspanning from 2019 to 2023.

A. Liquidity Ratio :

Liquidity, a critical aspect of a firm’s financial health, measures its power to meet short-term obligations promptly. It reflects the overall solvency of the firm and its capacity to settle bills effortlessly. Given that low or declining liquidity often precedes financial distress, various ratios serve as reliable indicators of potential cash flow problems. Key measures of a bank’s liquidity include :

1. Current ratio
2. Net Working Capital Ratio
3. Cash Ratio
4. Cash to Assets ratio
5. Cash to Deposits ratio
6. Loan to Total Deposits ratio
7. Loan to Total Assets ratio

1. **Current Ratio :**The current ratio serves as a financial metrical revealing the relationship within a company’s current assets and current liabilities. This ratio stands as a key indicative of the company’s liquidity.essentially, a substantial amount of current assets in compare to a relatively modest sum of current liabilities imparts confidence that impending obligations will be met. The benchmark for an optimal current ratio is often calculated to be 2:1. This ratio is articulated as follows:

Current Ratio = Current Assets \ Current Liabilities

2. **Net Working Capital Ratio :**The Net Working Capital (NWC) Ratio is a financial metrical that assesses a company's operational liquidity and short-term financial health through comparing its current assets to its current liabilities. It provides insights in the company's power to convention its short-term obligations and fund its day-to-day operations.

Working Capital = Current Assets – Current Liabilities

Net Working Capital Ratio = Net Working Capital \ Net Assets

3. **Cash Ratio :**The Cash ratio serves as an determinative of a company's liquidity, representing the ratio of a firm's total assets and cash equivalents to its current liabilities. This metrical assesses the company's capacity to settle its short-term debts using designedly available cash or easily marketable securities. Investors often considering this information when evaluating the extent to which they are willing to lend money toa company.

Cash Ratio = Cash \ Current Liabilities

4. **Cash to Assets Ratio :**The Cash to Assets Ratio measurement the percentage of a company's assets comprised of cash and short-term investments, as reflected in the latest available Balance Sheet. This metrical is primarily employed in the analysis of funds and investment trusts. A higher rate of assets in cash signals that the fund manager is not fully deploying all available funds. While this approach may influence returns, it could also reflect the manager's perspective on the direction of financial markets.

Cash to Assets Ratio = Cash \ Total Asset

5. **Cash to Deposits Ratio :**The Cash to Deposits ratio is a financial metric that assesses the rate of a bank's total cash and cash equivalents in relation to its overall customer deposits. It provide for insights in a bank's liquidity position and its power to convention short-term obligations, particularly the potential demand for withdrawals by depositors. A superior Cash to Deposits ratio generally indicates a greater liquidity buffer, suggesting the bank has more readily available funds to cover withdrawals and unforeseen liquidity needs. This ratio is significant for assessing a bank's financial stability and its capacity to manage liquidity risk effectively.

Cash to Deposits Ratio = Cash \ Total Deposits

6. **Loan to Total Deposits ratio :**The loan-to-deposit ratio (LDR) serves as a measure because of evaluating a bank's fluidity by comparing its total loans to total deposits within a conferred timeframe, expressed as a percentage. An elevated ratio suggests probability insufficiency in covering unforeseen fund requirements, indicating a risk of inadequate liquidity. Conversely, less ratio may signify suboptimal earnings potential for the bank.

Loan to Total Deposits Ratio = Total Loans \ Total Deposits

7. **Loan to Total Assets ratio :**The loan to total assets ratio is a fundamental metric revealing a bank's asset composition by rapid indicating the percentage of assets on its books allocated to loans. A heightened ratio could signify lower liquidity for the bank, increasing its vulnerability to elevated default risks.

Loan to Total Asset ratio = Total Loans \ Total Assets

B. Activity Ratios :

Activity ratios are monetary metrics used to measurement how efficiently a company uses its assets to produce revenue or carry out its operations. These ratios show how well the company manages its resources, for example inventory, accounts receivable, and fixed assets, to achieve its business aims.

In simple terms, activity ratios say us how fast or efficiently a company is "turning over" its assets into sales or cash.

1. **Total Asset Turnover Ratios:**The **Total Asset Turnover Ratio** is a financial metrical that shows how efficiently a company uses its total assets to make sales or revenue. It is considered by distributing a company's total revenue by its total assets.

Total Asset Turnover Ratios = Sales Or Revenue \ Total Assets

2. **Equity Turnover Ratio :**The **Equity Turnover Ratio** is a monetary metric that shows how effectively a company uses its shareholders' equity to raise revenue.

In simple terms, it tells you how much money the company makes (revenue) for every dollar of equity invested by the owners or shareholders.

Equity Turnover Ratios = Net Revenue \ Average Shareholders Equity

C. Debt Ratio :

The **Debt Ratio** is a monetary metrical that measurements the rate of a company's total assets that are financed through debt. It is published as a percentage or a decimal and is calculated using the following formula:

Debt Ratio = (Total Liabilities \ Total Assets)× 100

D. Profitability Ratios :

Profitability Ratios measurement a company's overall performance by measurement the total revenue generated from its operations. In simple terms, these ratios quantify a firm's power to make profits from its expenses and other costs incurred above a earmarked time. Different types of Profitability Ratios include:

1. Gross Profit Margin:

The gross margin ratio represents the relationship within a business's gross profit and its revenue. This profitability ratio quantify the percentage of revenue that interprets among gross profit, which is revenue minus the cost of goods sold. A higher gross profit margin is friendly, indicating lower relative costs associated with merchandise sold. The gross profit margin is considered using the following formula:

Gross Profit Margin = Gross Profits \ Sales or Revenue

2. Operating Profit Margin :

The operating margin ratio, also known as the return on sales ratio, publish the relationship between a business's operating income and its revenue. This profitability ratio illustrates the percentage of operating income comparative to revenue. The operating profit margin is considered as follows:

Operating Profit Margin = Operating Profit \ Sales or Revenue

3. Net Profit Margin:

The net profit margin is kind of a way to see how much money a company makes compared to how much money it brings in. It's a percentage that showing the profit a company keeps after covering all its expenses, divided by the total revenue it earns. The net profit margin is considered as follows:

Net Profit Margin = Net Income After Tax \ Total Operating Revenues

4. Return on Total Assets (ROA):

Return on assets is a profitability ratio that signifies the relationship within a business's annual net income and its average total assets over a financial year. This ratio assesses the ability of the business in utilizing its assets to generate net income. A higher Return on Total Assets is introducing of better performance. The considered for the return on total assets is as follows:

Return on Total Assets (ROA) = Net Income After Tax \ Total Assets

5. Return on Common Equity (ROE):

Return on equity (ROE) or return on capital is the ratio of a business's net income for a given year to its stockholders' equity during that very same year. This metric serves as like a measure of the profitability of stockholders' investments, expressing net income as a percentage of shareholder equity.

Return on Equity = Net Income After Tax \ stockholders Equity

E. Efficiency Ratio :

Effectiveness refers to how efficiently a company improve its assets. Productivity is generally evaluated based on the amount of revenue generated from a specific level of assets. Additionally, unskilled utilization of assets can lead to liquidity issues. A lack of liquidity often precedes lower profitability and decreased opportunities. Short-term liquidity issues also influence an organization's customers and suppliers, especially when dealing with financial institutions.

1. Interest Income to Expense:

The Interest-Expense Ratio serves as a measurement of financial efficiency, derived from a business's or firm's financial statements, particularly those determining gross firm income. Financial efficiency pertains to the effectiveness with which a business or firm can produce income. Assessing the financial efficiency of a business or firm aids owners in understanding how various aspects such as production, financing, marketing, etc., impact the overall gross income of the business.

Interest Income to Expense = Interest Income \ Expenses

2.Operating Expenses to Assets:

The Operating Expense to Assets Ratio is an efficiency metrical measures a bank's operating expenses, which are non-interest expenses, relative to its quantity or asset base. Unlike some ratios, it remains unaffected by changes in interest rates, offering a clearer aspects on the bank's efficiency in managing expenses relative to its assets. Consequently, this ratio proves valued in assessing a bank or financial institution's efficiency, especially during periods marked by important fluctuations in interest rates or spreads.

Operating Expenses to Assets = Operating Expenses \ Average Assets

3. Operating Income to Assets (Asset utilization):

Operating Income on Assets, an efficiency ratio, presents a change of the conventional return on assets ratio. This metrical, also known as operating return on assets, illustrates the company's operating income generated per unit of currency deposited specifically in assets utilized in its day-to-day business operations. Similar to the return on assets ratio, it assesses the profit level relative to the company's assets but employs a more appointed definition of those assets.

Operating Income to Assets =Earnings Before Interest and Taxes (EBIT) / Average Assets

4. Operating Expense to Revenue:

In the banking sector, the Operating Expense to Revenue ratio holds a independent significance. For banks, this represents the ratio of non-interest expenses to revenue. This metrical provides insights into how effectively the bank's managers handle their over expenses. Similar to the efficiency ratios mentioned before, this ratio qualify analysts to assess the performance of both commercial and investment banks.

Operating Expense to Revenue = Operating Expense \ Net Revenue

F. Credit Risk Ratio :

Credit risk refers to the potential of a debtor failing to fulfil loan obedience. In simple terms, it is the risk that the debtor may not repay either the principal amount or the associated interest payments (or both) either partially or in full. This outcome results in a loss for the lender due to disrupted cash flows and grown collection costs.

Several factors can contribute to credit risk, including poor cash flows creating it challenging for the debtor to meet interest and principal payments, fluctuations in interest rates for variable interest rate loans, changes in economic conditions, business failure, borrower reluctance to repay, and much.

This part outlines original ratios pertinent to credit risk, focusing on activity ratios:

- Equity to Assets
- Equity to Net Loans

1. Equity to Asset Ratio:

The equity-to-asset ratio is a measurement designed to identify the proportion of a company's assets that is owned by investors without leveraging. This ratio indicates the part of assets that could potentially be under the monitoring of debt-holders in the event of bankruptcy. A upper equity-to-asset ratio signifies lower leverage, indicatory that a richer percentage of the company's assets is owned through the company and its investors.

Equity to Asset ratio = Total Shareholders Equity \ Total Loans

2. Equity to Net Loans:

The Equity to Net Loans ratio, further acquainted as the "risk ratio" or "gearing," serves as a leverage metrical that evaluates the rate of total short-term and longterm loans relative to total shareholders' equity. This ratio gives insight within the balance of a company's capital structure between loans and equity financing.

Equity to Net Loans ratio = Total Shareholders Equity \ Total Loans

Chapter *04*

Analysis

Financial Ratio Analysis

Financial Ratio Analysis: The ratios are given below with explanation:

Liquidity Ratio

4.1 Current Ratio

The calculations of Current Ratio of Sonali Bank Limited are conferred bellow:

Sonali Bank limited's 2019-2023 Current Ratio (TK. in million) :

Year	2019	2020	2021	2022	2023
Current Ratio	1.87	1.89	1.93	1.83	1.99

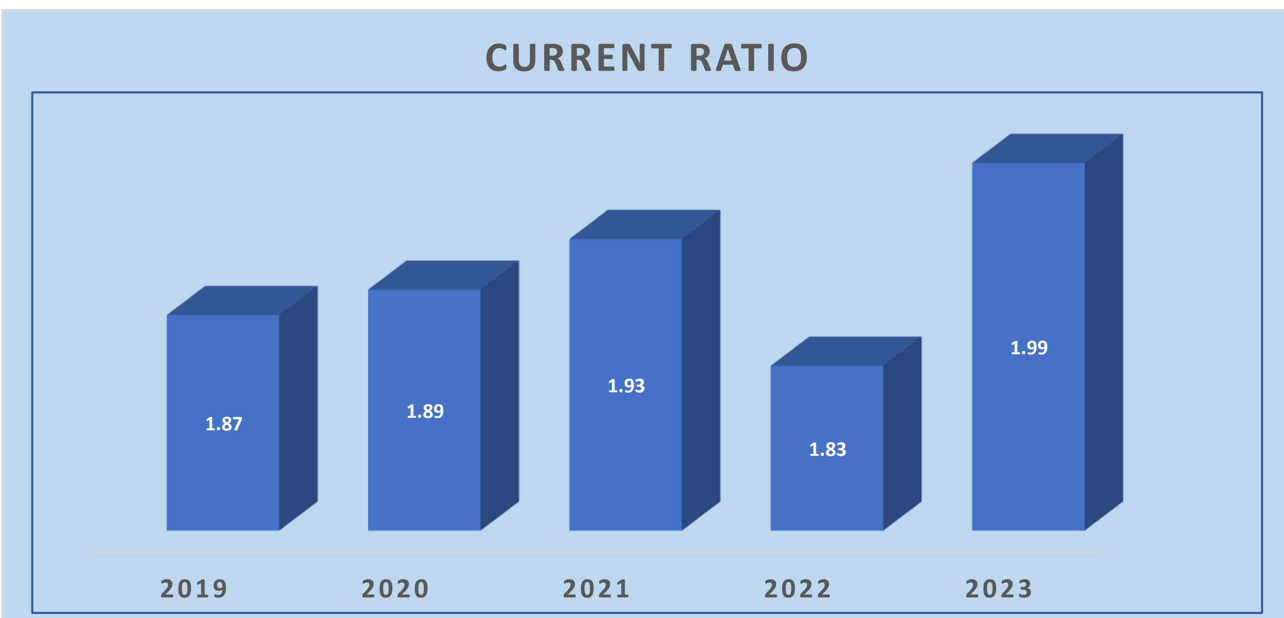


Figure: 4.1 Current Ratio

Interpretation

According to the previously explained Current Ratio of Sonali Bank Limited, it seems that in all 5 years of study it has a lot of ups and downs. In the year of 2019, the ratio was 1.87, then it started to increases till the year of 2020 by 1.89 and then it started to increases till the year of 2021 by 1.93 and then it started to decreases till the year of 2022 by 1.83 and then it started to increases till the year of 2023 by 1.99. Where the ratio increased compared to previous years. And it can be seen that year by year it was increased and it's will remain near to the standard of current ratio.

4.2 Net Working capital Ratio:

The Net working Capital ratio of Sonali Bank Ltd. is considered as follows:

Net Working Capital Ratio= Net Working Capital / Net Assets

[N.B: Working Capital = Current Assets - Current Liabilities]

Sonali Bank Limited's 2019-2023 Net Working Capital (Tk. in million):

Particulars	2019	2020	2021	2022	2023
Working Capital	232375	246358	252113	230738	333193
Net Assets	68092	85615	76742	81191	86559
Net Working capital Ratio	3.41	2.87	3.28	2.84	3.84

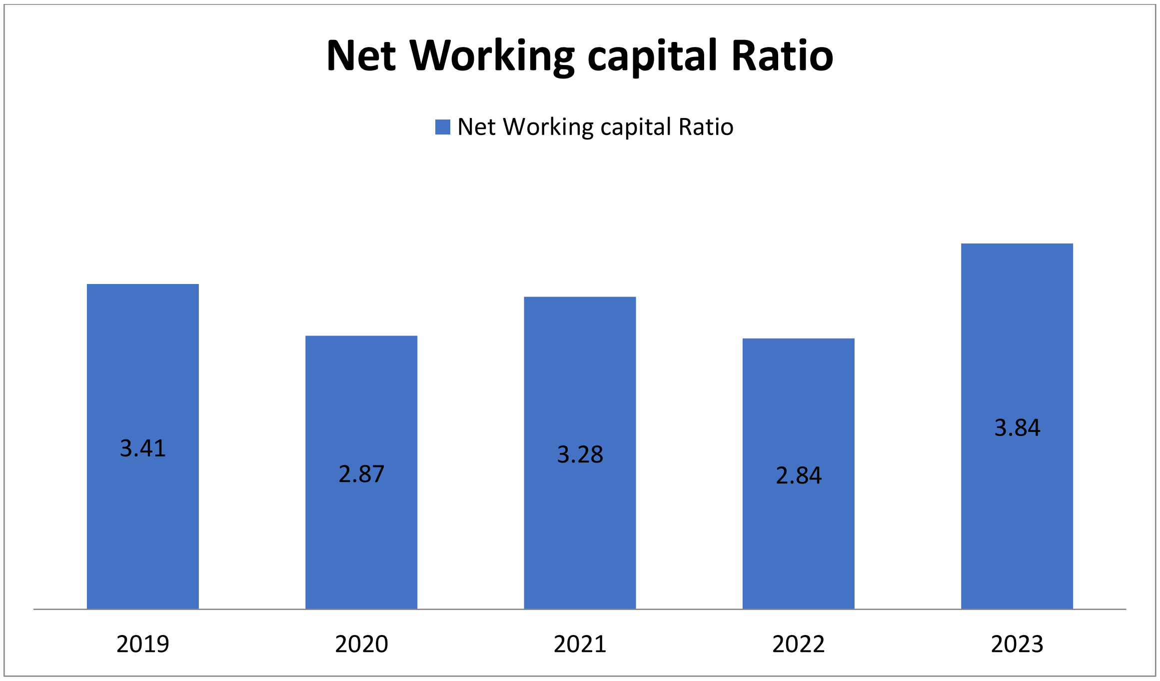


Figure:4.2 Net Working capital Ratio

Interpretation

According to the datum in the above table, the Net Working Capital Ratio of Sonali Bank Ltd was very good which is above standard 2. It means they have sufficient working capital to meet up their customers demand in short time.The ratio was 3.41 in 2019 and it started to gradually decrease till 2020 by 2.87 and it started to gradually increase in 2021 by 3.28. The ratio was 2.84 in 2022 and it started to gradually increase till 2023 by 3.84 which was very high. They have sufficient working capital, now they can invest their funds in different projects.

4.3 Cash Ratio

The count of Cash Ratio of Sonali Bank Limited are conferred bellow:

Sonali Bank limited's 2019-2023 Cash Ratio (TK. in million):

Year	**2019**	**2020**	**2021**	**2022**	**2023**
Results	7.90%	7.70%	6.20%	5.20%	5.10%

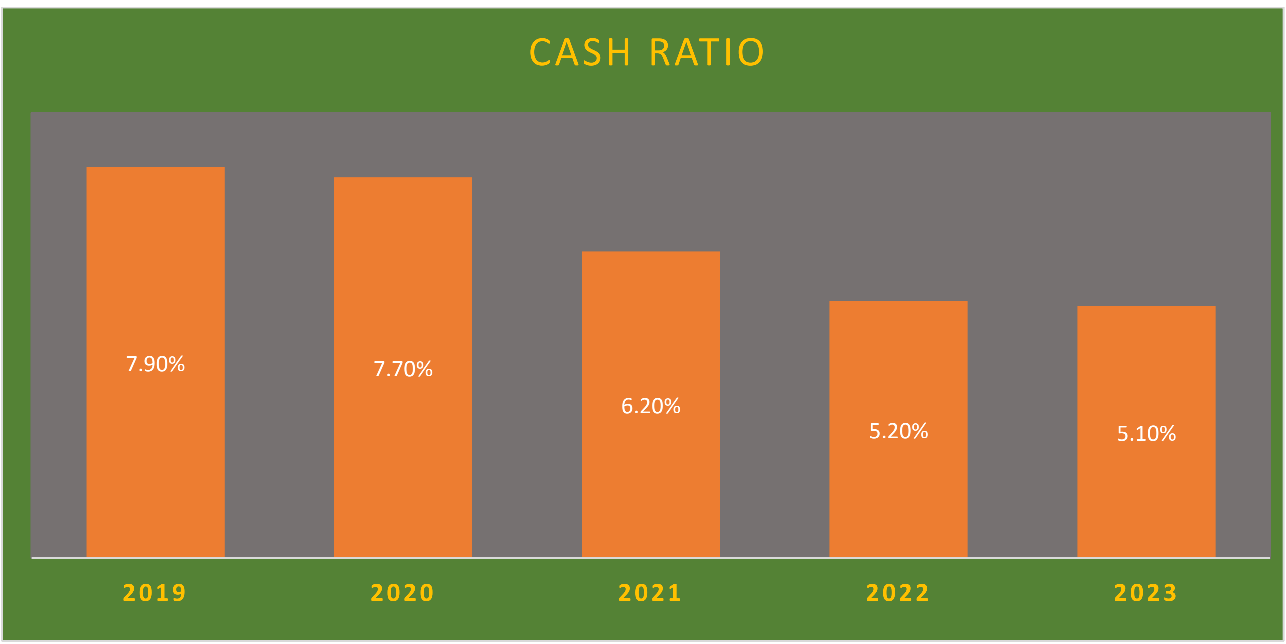


Figure 4.3 Cash Ratio

Interpretation

Given the knowledge above Cash Ratio of Sonali Bank Limited, it is clear that in all 5 years of study it has a lot of ups and downs. In the year of 2019, the ratio was 7.90%, then it started to decreases till the year of 2023 and the ratio was 5.10% which decreases the ability of the bank to meet their customers demand on time. It is not well for a bank to decrease its cash availability. So, they should to improve their techniques to have adequate money supply to meet customers demand.

4.4 Cash to Asset Ratio:

The calculations of Cash to Asset Ratio of Sonali Bank Limited are given bellow:

Sonali Bank Limited's 2019-2023 Cash to Asset Ratio (Amount in BDT):

Particularsrs	2019	2020	2021	2022	2023
Cash	108888153331	91230294258	77657667655	90236140703	112952791440
Total Assets	1472501000000	1591233000000	1706803000000	1789772000000	1981130000000
Cash to Asset Ratio	0.073	0.057	0.045	0.050	0.057

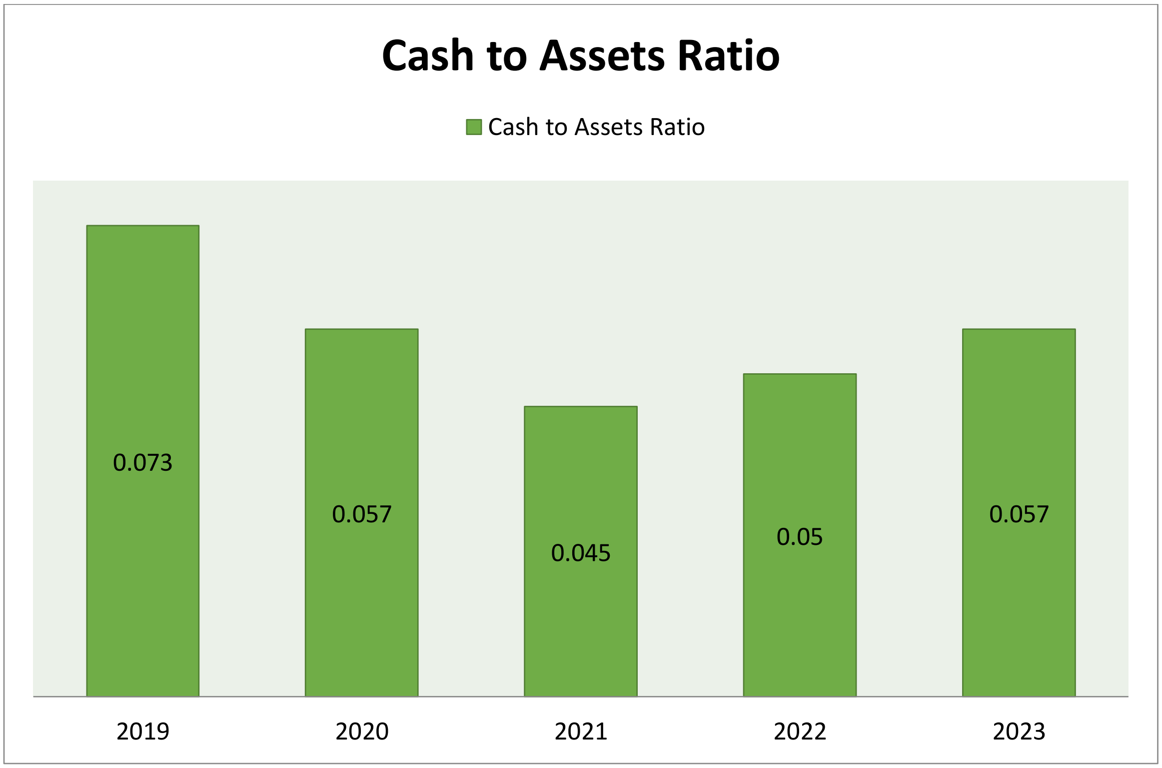


Figure 4.4 Cash to Asset Ratio

Interpretation:

From the above Cash to Asset Ratio of Sonali Bank Limited, it appears that in all 5 years of study it has a lot of ups and downs. In the year of 2019, the ratio was 0.073, then it started to decreases till the year of 2021 and the ratio was 0.045 which decreases the ability of the bank to meet their customers demand on time. The cash to asset ratio of the bank is too low than the industry standard which is 1 and the ratio here showing, it is not good for an organization. So, they need to increase their money supply to meet customers demand.

4.5 Cash to Deposit Ratio:

The calculations of Cash to Deposit Ratio of Sonali Bank Limited are given bellow:

Sonali Bank Limited's 2019-2023 Cash to Deposit Ratio (Amount in BDT):

Particulars	2019	2020	2021	2022	2023
Cash	108888153331	91230294258	77657667655	90236140703	112952791440
Total Deposit	1158788000000	1258786000000	1350815000000	1420362000000	1506184000000
Cash to Deposit Ratio	9.30%	7.2%	5.7%	6.3%	7.4%

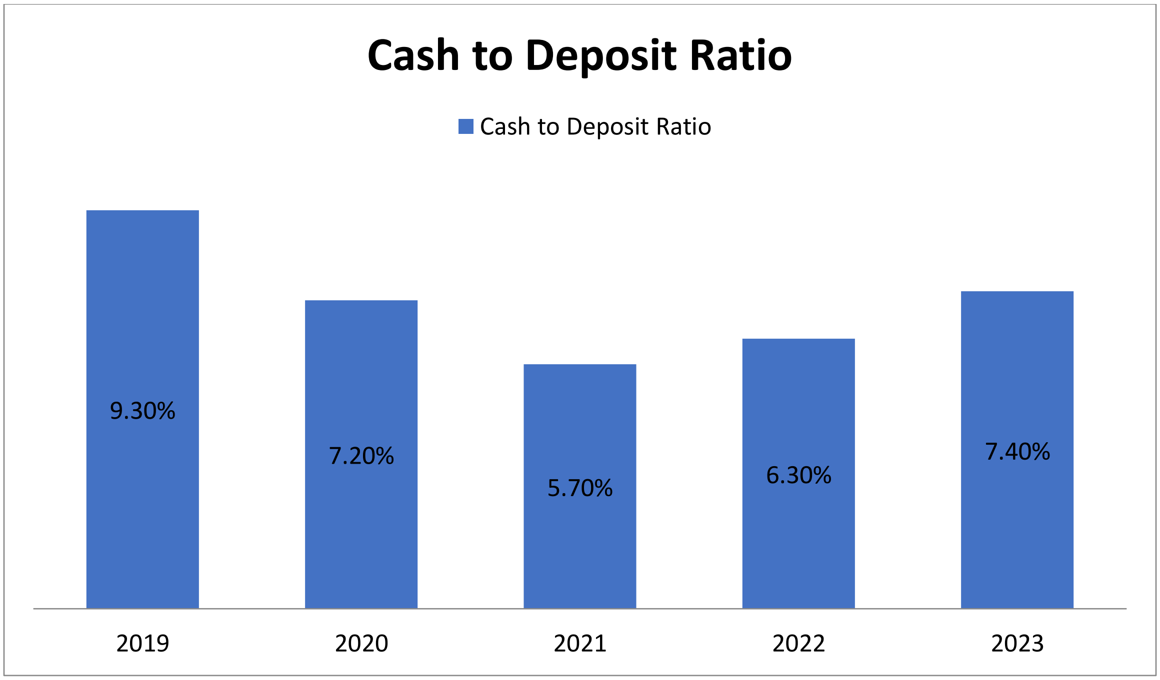


Figure 4.5 Cash to Deposit Ratio

Interpretation:

From the above Cash to Deposit Ratio of Sonali Bank Limited, it appears that in all 5 years of study it has a lot of ups and downs. In the year of 2019, the ratio was 9.30%, then it started to decreases till the year of 2021 and the ratio was 5.70% which decreases the ability of the bank to meet their customers demand on time. In against of deposit, the bank have a very lower ratio which is not well for an organization. So, the bank should have suitable cash supply to meet their customer demand.

4.6 Loan to Deposit Ratio:

The calculations of Loan to Deposit Ratio of Sonali Bank Limited are given bellow:

Sonali Bank Limited's 2019-2023 Loan to Deposit Ratio (Amount in BDT):

Particulars	2019	2020	2021	2022	2023
Total Loan	551026000000	586232000000	690596000000	846430000000	1008053000000
Total Deposit	1158788000000	1258786000000	1350815000000	1420362000000	1506184000000
Loan to Deposit Ratio	47.5%	46.5%	51.1%	59.5%	66.9%

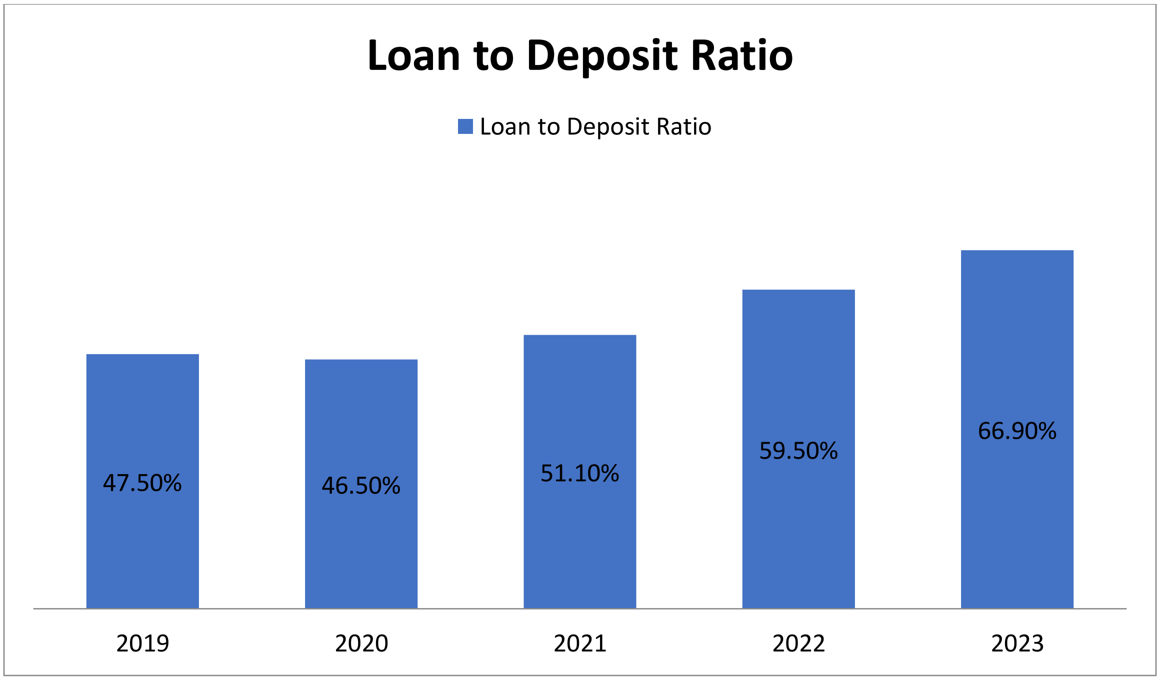


Figure 4.6 Loan to Deposit Ratio

Interpretation:

From the above Loan to Deposit Ratio of Sonali Bank Limited, it appears that in all 5 years of study it has remain very close to each ratio of the year. In the year of 2019, the ratio was 47.50%, then it started to increases a little in the year of 2021 and the ratio was 51.10%. Then it again increases in the year of 2022 and 2023. After pandemic, people again started to take loans and the ratio of Loan to Deposit increases to 66.90% in the year of 2023. But it has already surpasses the standard which is 80% to 90% . It means they have taken more risk than usual which can lead to liquidity crisis.

4.7 Loan to Total Asset Ratio

The calculations of Loan to Total Asset Ratio of Sonali Bank Limited are given bellow:

Sonali Bank Limited's 2019-2023 Loan to Total Asset Ratio (Amount in BDT):

Particulars	2019	2020	2021	2022	2023
Total Loan	551026000000	586232000000	690596000000	846430000000	1008053000000
Total Asset	1472501000000	1591233000000	1706803000000	1789772000000	1981130000000
Loan to Total Asset Ratio	37.42%	36.84%	40.46%	47.29%	50.88%

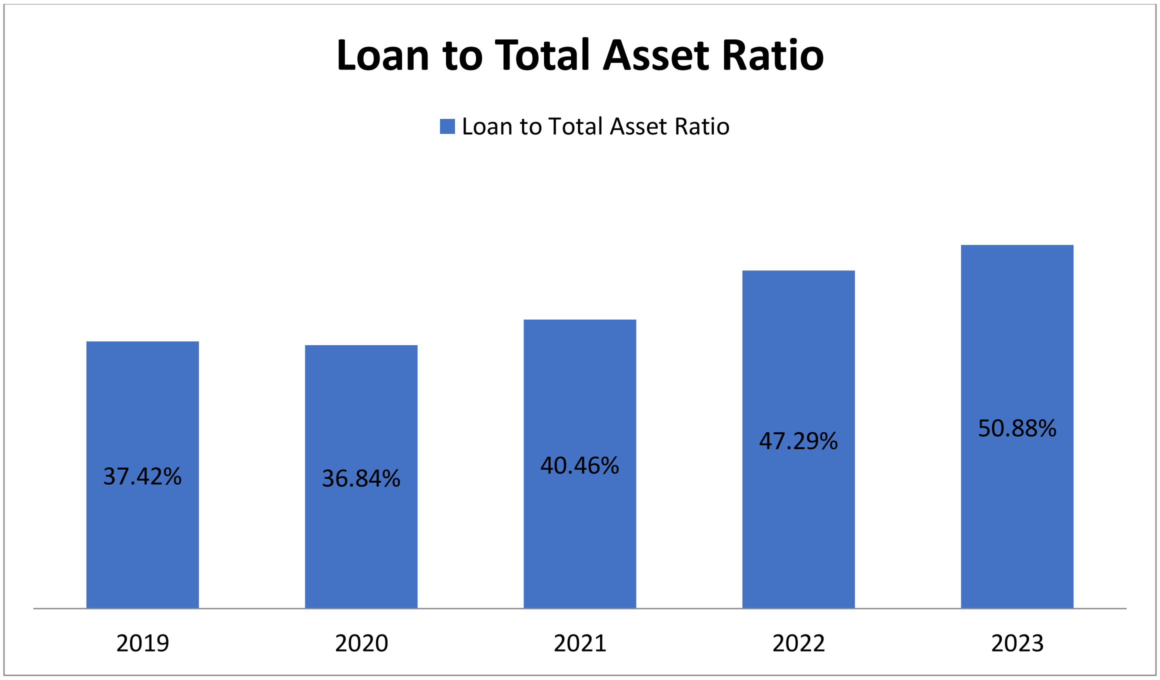


Figure 4.7 Loan to Total Asset Ratio

Interpretation:

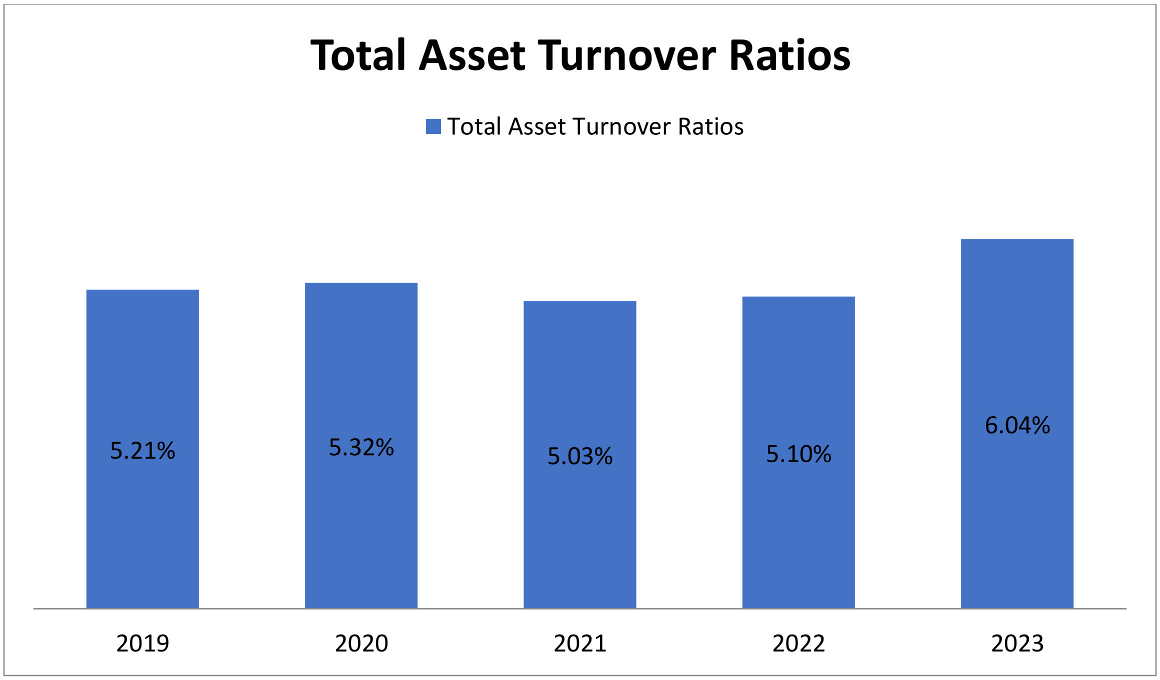
From the above Loan to Total Asset Ratio of Sonali Bank Limited, it appears that in all 5 years of study it has ups and downs. In the year of 2019, the ratio was 37.42%, then it started to decreases a little in the year of 2020 and the ratio was 36.84%. Then it again increases in the year of 2021 and 2021 by the ratio of 40.46% . After 2021, people again started to take loans and the ratio of Loan to Total Asset increases to 47.29% in the year of 2022 and then it again increases in the year of 2023 and by the ratio of 50.88%. It means they have taken more risk of giving to much loan than usual which can lead to liquidity crisis.

4.2 Activity Ratios

i. Total Asset Turnover Ratios: The calculations of Sonali Bank Limited's 2019-2023 Total Asset Turnover Ratios are given bellow:

Sonali Bank Limited's 2019-2023 Total Asset Turnover Ratio (Amount in BDT):

Particulars	**2019**	**2020**	**2021**	**2022**	**2023**
Sales or Revenue	76810000000	84780000000	85925000000	91302000000	119722000000
Total Assets	1472501000000	1591233000000	1706803000000	1789772000000	1981130000000
Total Assets Turnover Ratio	5.21%	5.32%	5.03%	5.10%	6.04%

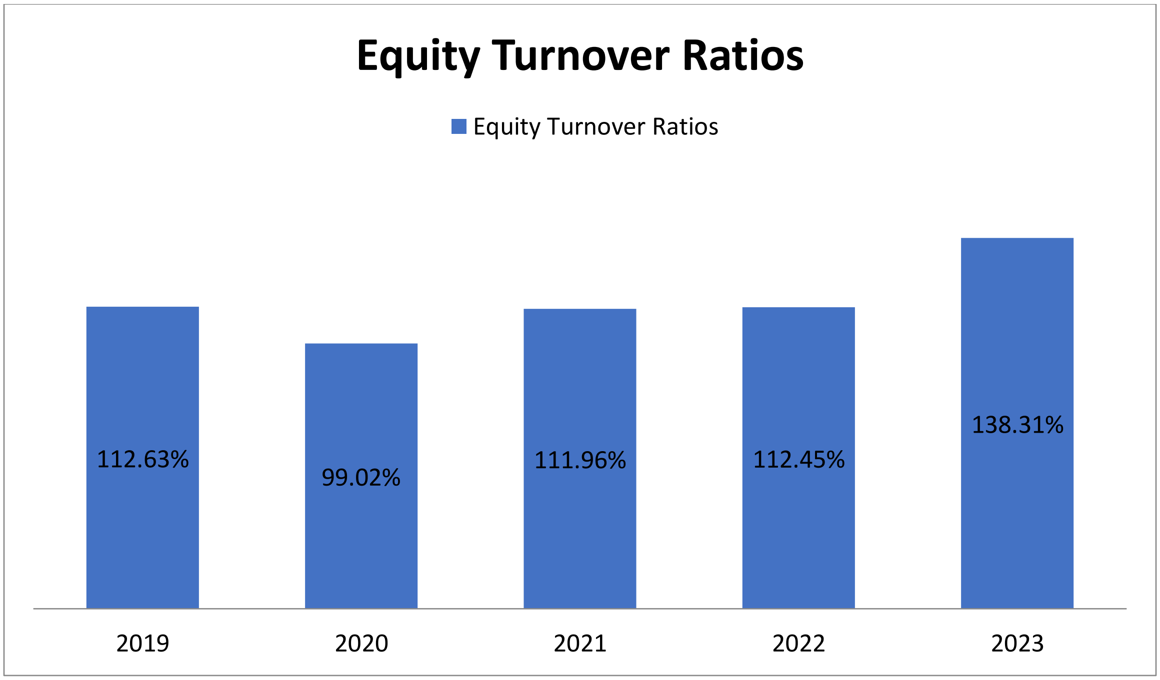


Interpretation : In the time of the five years (2019-2023) of the study of Sonali Bank Limited, the total growth of Total Assets Turnover Ratio were fluctuated a lot. In the year of 2019, the Total Assets Turnover Ratio was 5.21%, then rise a little and it was 5.32% in the year of 2020. Then it fall heavily in the year of 2021 by 5.03%. It means the company isn’t able to generate enough revenue by using their total assets. Eventually, the turnover fall to 5.10% in 2022. then it started to increases a little in the year of 2023 by 6.04%.So it can be said that the Total Assets Turnover Ratio of Sonali Bank limited is fairly good.

ii. Equity Turnover Ratios: The calculations of Sonali Bank Limited’s 2019-2023 Equity Turnover Ratios are given bellow:

Sonali Bank Limited’s 2019-2023 Equity Turnover Ratio (Amount in BDT):

Particulars	2019	2020	2021	2022	2023
Sales or Revenue	76810000000	84780000000	85925000000	91302000000	119722000000
Average shareholder’s equity	68193000000	85616000000	76742000000	81191000000	86559000000
Equity Turnover Ratios	112.63%	99.02%	111.96%	112.45%	138.31%



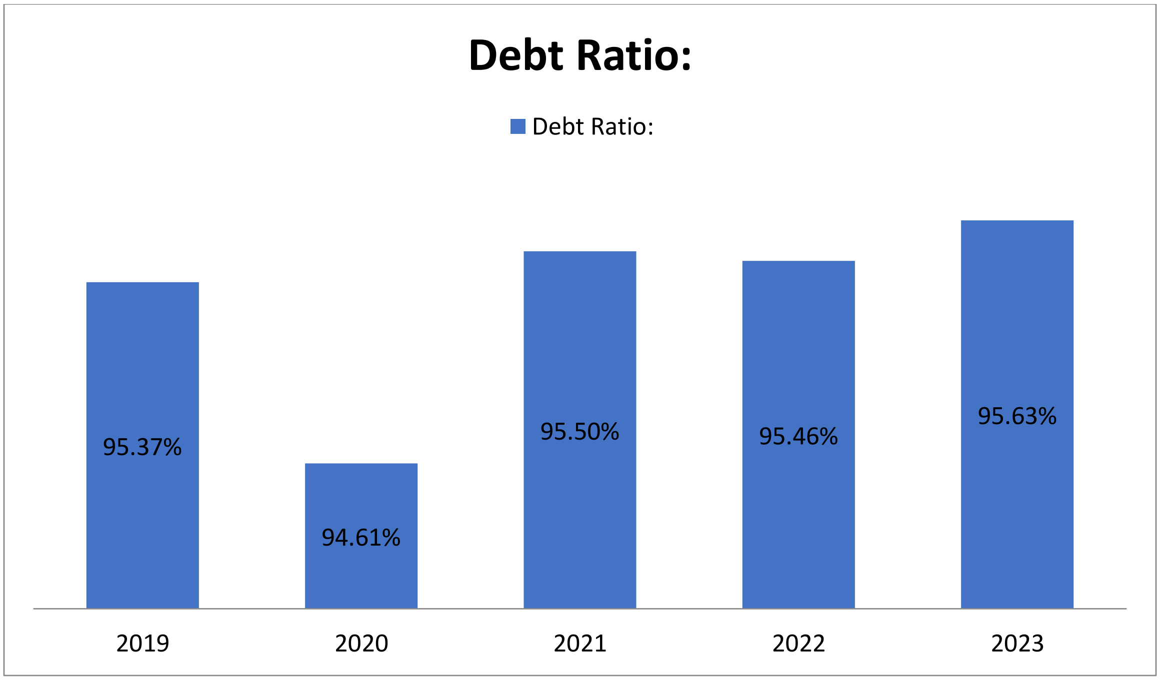
Interpretation: During the five years (2019-2023) of the study of Sonali Bank Limited, the total growth of Equity Turnover Ratio were fluctuated a lot. In the year of 2019, the Equity Turnover Ratio was 112.63%, which was good. Then decreases a little and it was 99.02% in the year of 2020. Then it increases a little in the year of 2021 by 111.96%. Again it increases and the turnover rise to 112.45% in the year of 2022. After that, in the year of 2023, it increases by 138.31%. The Equity Turnover Ratio of Sonali Bank limited was initially good, because the ratio is more than industry standard which is 50%, though because of pandemic it dropped down a lot but it is still more than standard which is a positive sign for a company.

4.3 Debt Ratios

i) Debt Ratio: The ratio is calculated as follows:

Sonali Bank Limited's 2019-2023 Debt Ratio (TK. in million):

Particulars	2019	2020	2021	2022	2023
Total Liabilities	1404409	1505618	1630061	1708581	1894571
Total Assets	1472501	1591233	1706803	1789772	1981130
Debt Ratio	95.37%	94.61%	95.50%	95.46%	95.63%



Interpretation:

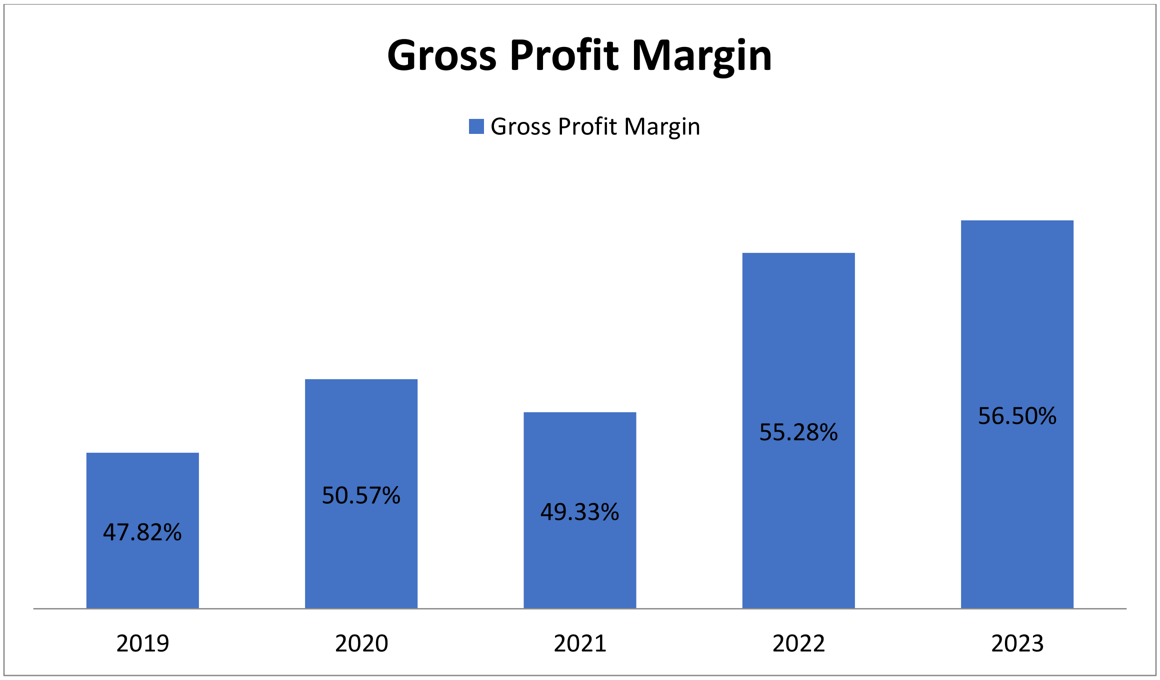
Similar to every other company Sonali Bank Limited's Debt Ratio includes both long-term and short - term debt. It further contains the company's tangible assets and intangible assets. In the debt ratio of Sonali Bank Limited there was an increasing trend over the past five years. And the debt ratio was 94.61% in the year of 2020 which was too high as per the standard ratio which is 60-70%. Then it increases over the years and increases by 95.63% in the year of 2023 which was higher than any other year and lastly, it was 95.50% in the year of 2021. So, it may be terminated that they undertook more financial risk which is not good for the company.

4.4 Profitability Ratios

i) **Gross Profit Margin:** The gross profit margin of Sonali Bank Ltd. is calculated as follows:

Sonali Bank Limited's 2019-2023 Gross Profit Margin (Amount in BDT):

Year	2019	2020	2021	2022	2023
Gross Profit Margin	47.82%	50.57%	49.33%	55.28%	56.50%



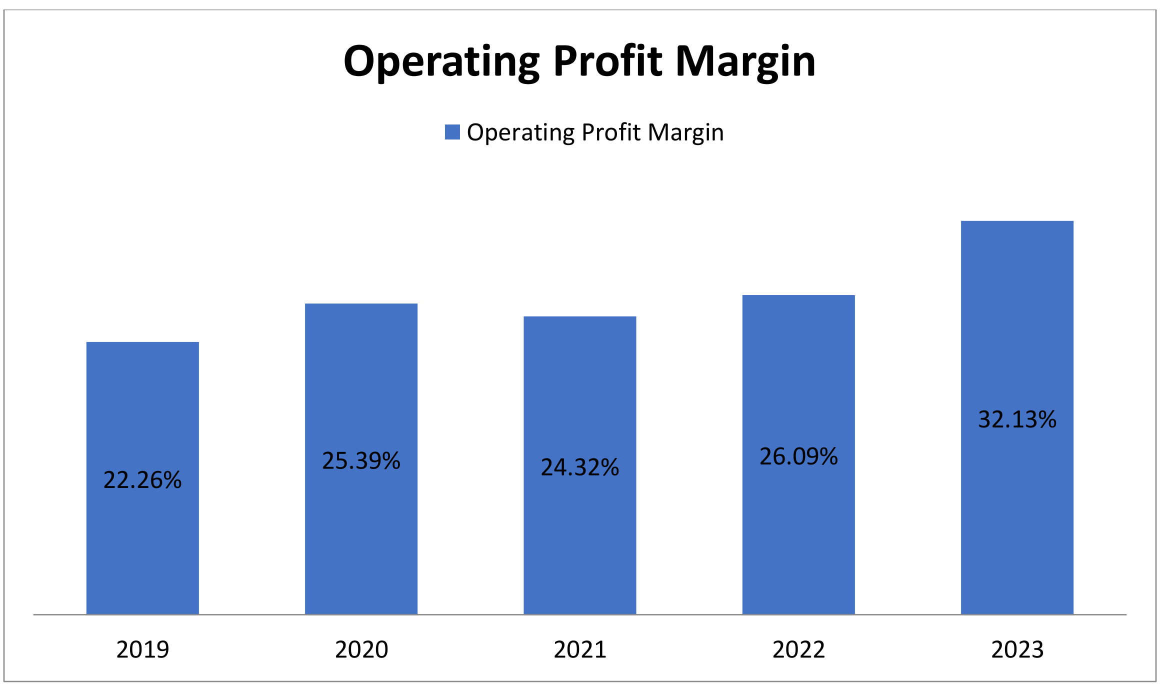
Interpretation:

The Gross profit margin of Sonali Bank Ltd. was 47.82%, 50.57%, 49.33%, 55.28% and 56.50% from 2019 to 2023 respectively. It dropped heavily in the year of 2019 and 2021 because of COVID-19 pandemic. After the pandemic, it gets better, they are able to maximize revenue in against of expenses and the ratio started to rise in year of 2022 and 2023. Though, the company is going towards good condition internally, and compare to the standard it is in a good situation.

ii) Operating Profit Margin: The operating profit margin is calculated as follows:

Sonali Bank Limited's 2019-2023 Operating Profit Margin (Amount in BDT):

year	2019	2020	2021	2022	2023
Operating Profit Margin	22.26%	25.39%	24.32%	26.09%	32.13%



Interpretation:

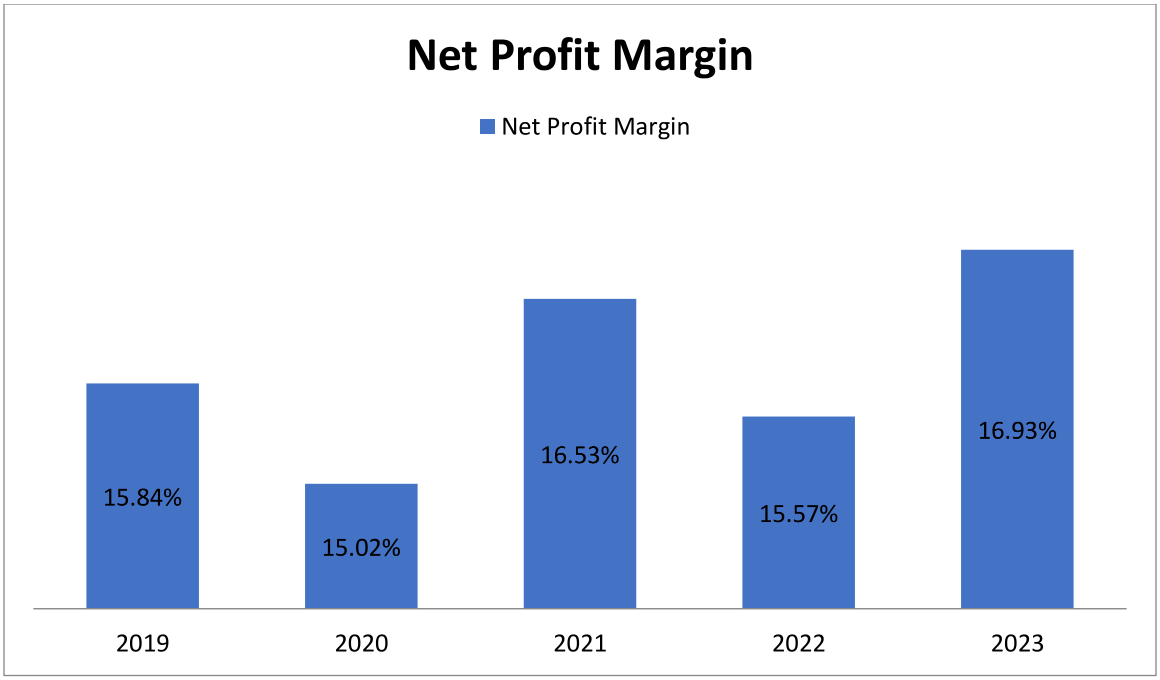
Based on the table upon, it is obvious that from 2019 to 2023 the Operating profit margin of Sonali Bank Limited has fluctuated due to cost variation in different years. In the year of 2019, it was 22.26% and in 2020 the margin rise a little and the ratio was 25.39%. After that, the operating profit margin started to decrease till 2021 , and the ratios was 24.32%. After that, the operating profit margin started to increase from 2022-2023 and the ratios was 26.09% and 32.13%. It means the company is doing great in terms of generating operating profit. It means they are generating more from operating profit.

iii) Net Profit Margin:

The Net profit margin is calculated as follows:

Sonali Bank Limited's 2019-2023 Net Profit Margin (TK. in million):

Particulars	2019	2020	2021	2022	2023
Net Income after tax	2710	3234	3456	3710	6515
Operating Profits	17100	21526	20903	23823	38462
Net profit margin	15.84%	15.02%	16.53%	15.57%	16.93%



Interpretation:

According to the upon table, it perform be seen that from 2019 to 2023 the Net profit margin of Sonali Bank Limited has fluctuated in different years. In the year of 2019, it was 15.84% and in 2020 the margin decreased a little and the ratio was 15.02%. After that, the net profit margin started to rise from 2021.Then it started to decrease in 2022 and the ratio was 15.57%. And then it started to increase in 2023 and the ratio was 16.93%. It means the company is doing great in terms of generating net profit. compare to the standard it is doing good, because the ratios are close to the standard which is 13.9% . It means they are generating sufficient profit from net profit margin.

iv)Return on Asset

The return on total asset of Sonali Bank Ltd. is calculated as follows:

Sonali Bank Limited's 2019-2023 Return on Total Assets (TK. in million):

Year	2019	2020	2021	2022	2023
Results	0.20%	0.21%	0.21%	0.21%	0.35%

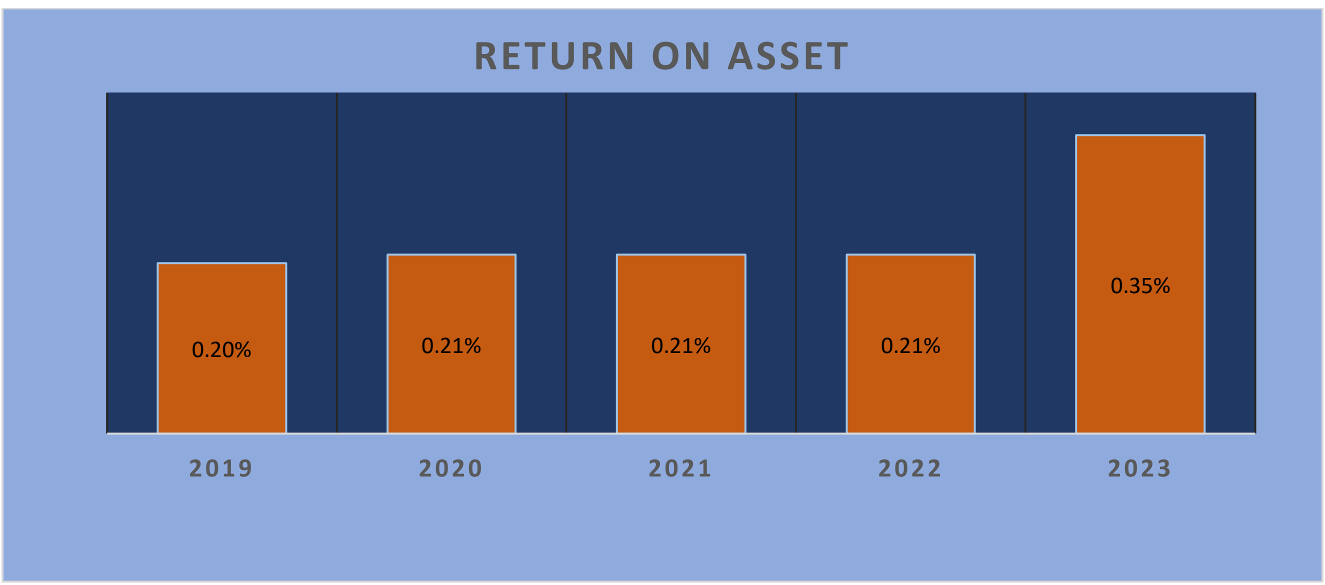


Figure : Return on asset

Interpretation

From the upon table, it perform be seen that from 2019 to 2023 the Return on Total Assets of Sonali Bank Limited has fluctuated a lot. The ratio was highest in the year of 2023 and it was 0.35%. From the year of 2019 to 2022 the ratio dropped from 0.20% to 0.21%. The ratios are very much lower than the standard which is 1% to 2% . It means shareholders are not getting good return from their investment. It is not a positive sign for a company. They need to take initiative to increase their Return on Total Assets.

v)Return on Equity

The return on equity of Sonali Bank Ltd. is considered as follows:

Sonali Bank Limited's 2019-2023 Return on Equity (TK. in million):

Year	2019	2020	2021	2022	2023
Results	3.92%	4.21%	4.26%	4.70%	7.77%

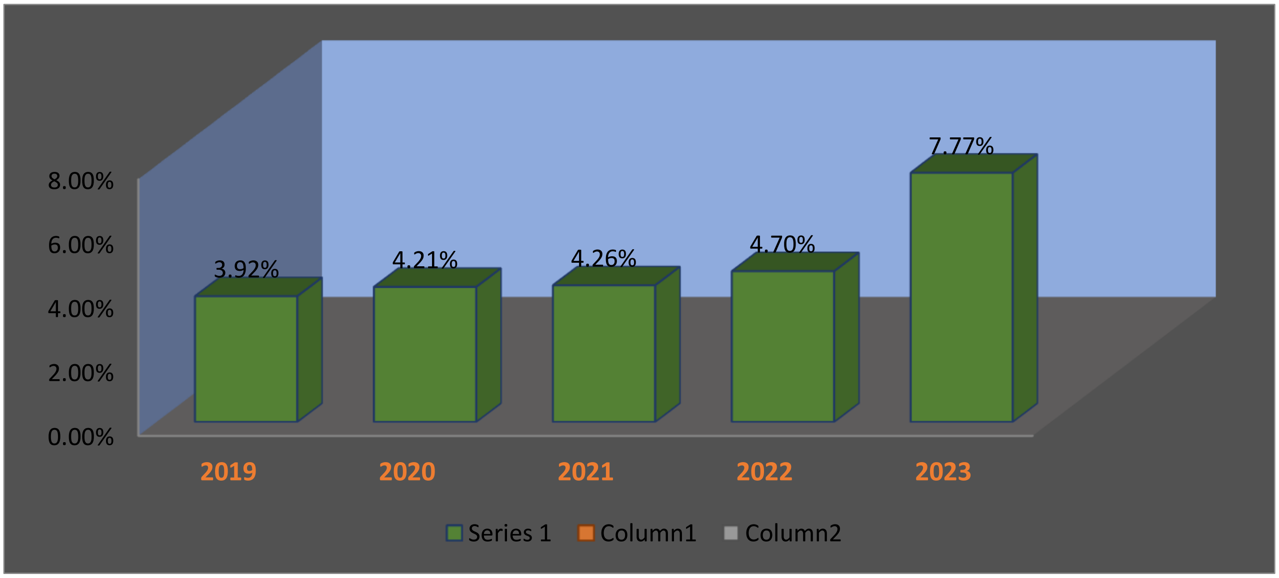


Figure :Return on Equity

Interpretation

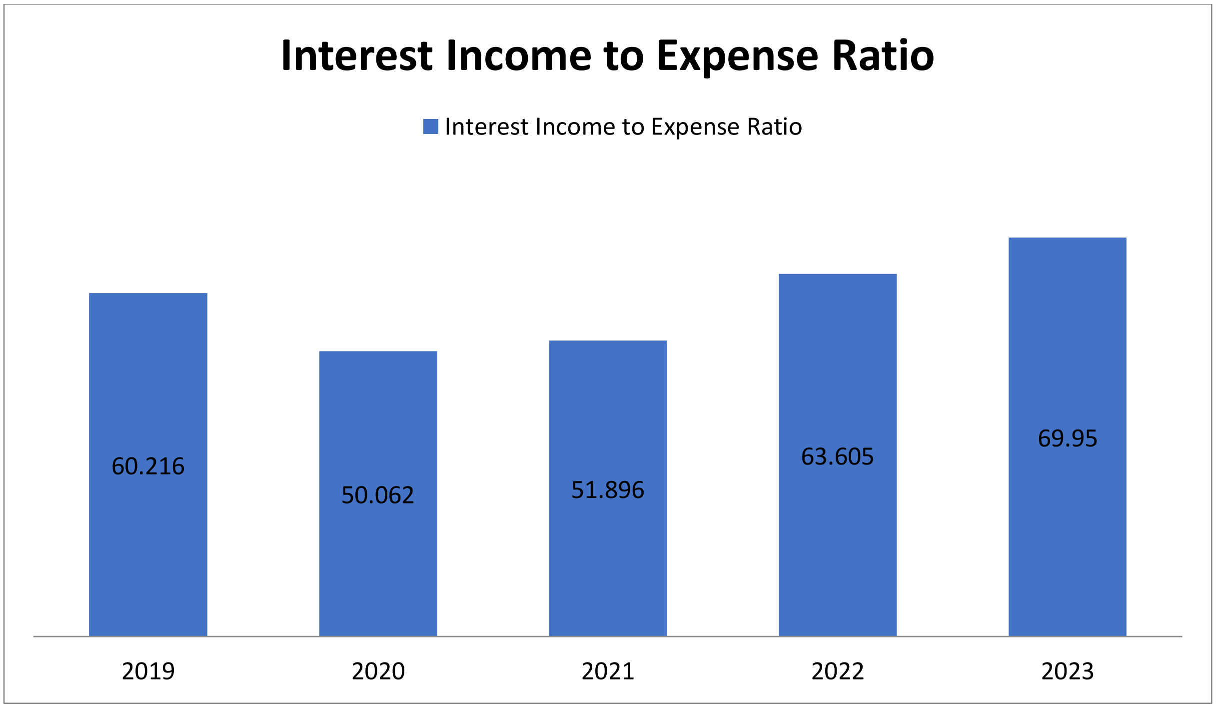
From the above table, it perform be seen that the Return on Equity (ROE) of Sonali Bank Limited has fallen from 2019 to 2023. The ratio was highest in the year of 2023 and it was 7.77%. It started to fall gradually from the year of 2019 to 2022 and ratio dropped from 3.92% to 4.70% respectively. Also, the ratios are very much lower . It means the company is not generating enough return from their investment. By seeing this negative trend of the organization, it is not acceptable. So, the company should take positive steps to grow their Return on Equity.

4.5 Efficiency Ratio:

i. **Interest Income to Expense Ratio:** The Interest Income to Expense Ratio of Sonali Bank Ltd. is calculated as follows:

Sonali Bank Limited's 2019-2023 Interest Income to Expense Ratio (TK. in million):

Particulars	2019	2020	2021	2022	2023
Interest Income	35955	31666	33744	42920	56842
Expenses	59710	63253	65022	67478	81260
Interest Income to Expense Ratio	60.216	50.062	51.896	63.605	69.950



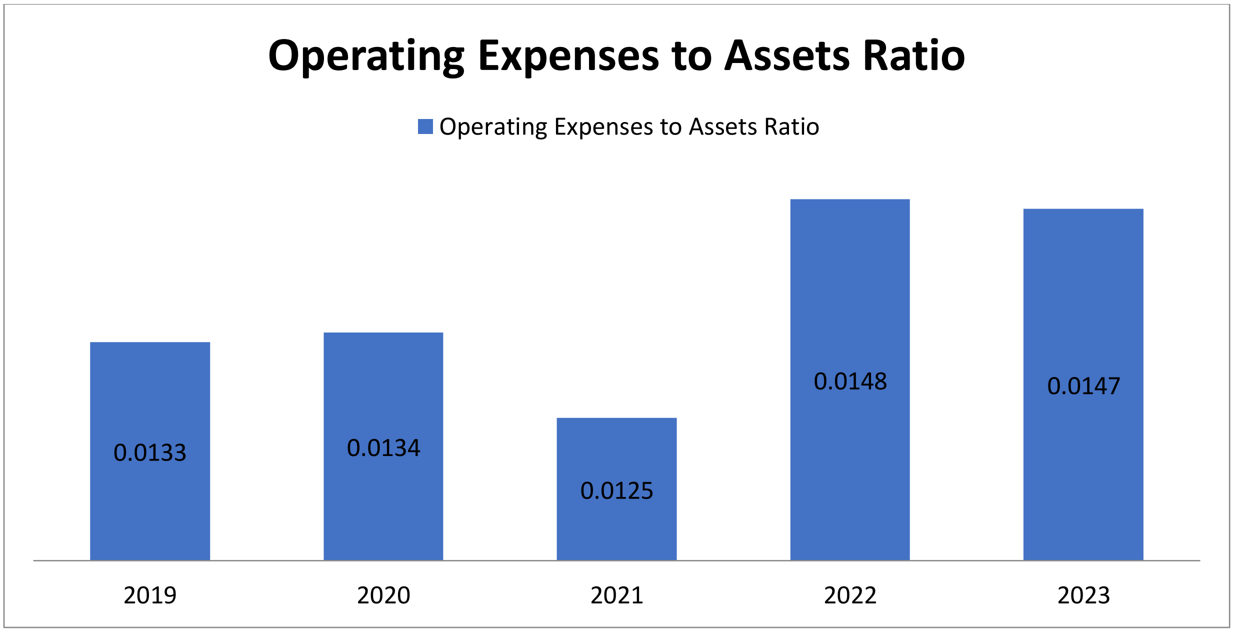
Interpretation:

From the above table, it perform be seen that the Interest Income to Expense Ratio of Sonali Bank Limited has fluctuated a lot. it started to fall gradually from the year of 2019 , 2020 and 2021 and ratio dropped was 60.216, 50.062, and 51.896 . The ratio dropped because of pandemic. And after the pandemic the ratio started to rise, and the ratio in 2022 and 2023 was 63.605 and 69.95 respectively. The ratios are above 1, in the internal trend analysis, in terms of expenses the bank is generating enough interest income.

ii. Operating Expenses to Assets Ratio : The **Operating Expenses to Assets Ratio** of Sonali Bank Ltd. is considered as follows:

Sonali Bank Limited's 2019-2023 Operating Expenses to Assets Ratio (TK. in million):

Particulars	2019	2020	2021	2022	2023
Operating Expenses	19627	21346	21485	26647	29176
Average Assets	1472501	1591233	1706803	1789772	1981130
Operating Expenses to Assets Ratio	0.0133	0.0134	0.0125	0.0148	0.0147



Interpretation:

From the above table, it perform be seen that the Operating Expenses to Assets Ratio of Sonali Bank Limited has fluctuated a lot. In the year of 2019, it was 0.0133 then it rise in the year of 2020 and the ratio was 0.0134 and then it fallen in the year of 2021 and the ratio was 0.0125 . which means the operating expenses are decreasing in against of total asset. But in the year of 2022, it increases by 0.0148. Again in the year of 2023, it decreases a little by 0.0147. which means the operating expenses in against of total asset are increasing.

4.6 Credit Risk Ratio:

i. Equity to Assets Ratio: The **Equity to Assets Ratio** of Sonali Bank Ltd. is calculated as follows:

Sonali Bank Limited's 2019-2023 Equity to Assets Ratio (TK. in million):

Particulars	2019	2020	2021	2022	2023
Total shareholders' equity	68193	85616	76742	81191	86559
Total Asset	1472501	1591233	1706803	1789772	1981130
Equity to Assets Ratio	0.0463	0.0538	0.0449	0.0453	0.0436

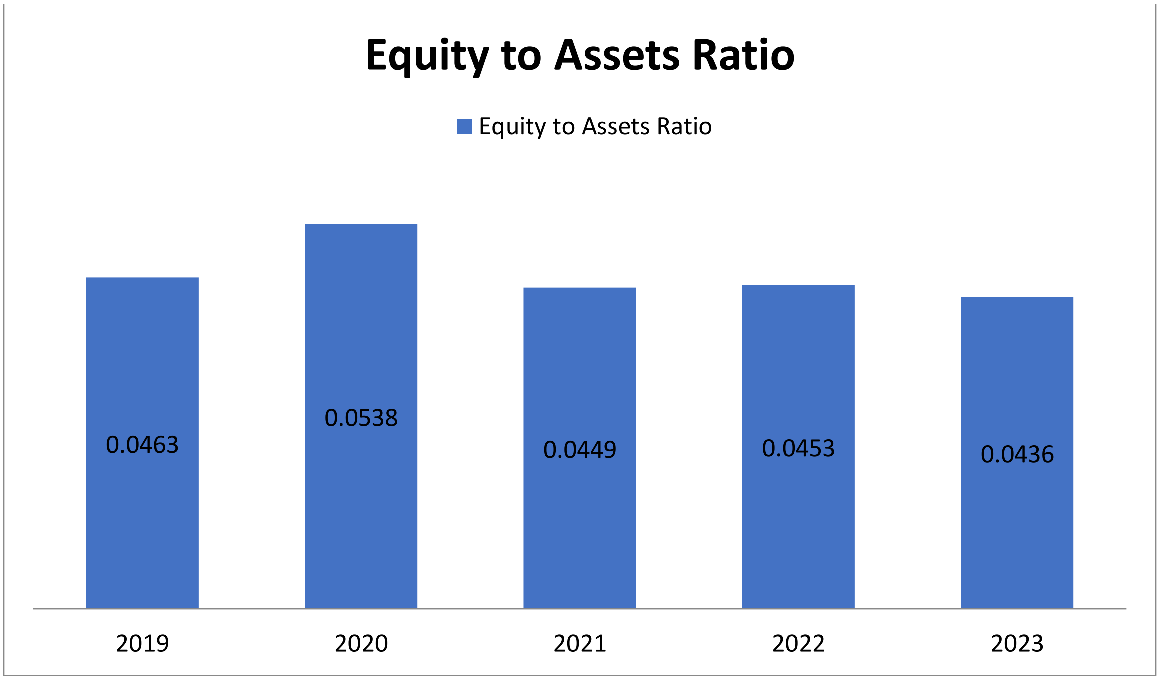


Figure 4.12 Equity to Assets Ratio

Interpretation:

The Equity to Asset Ratio is a dynamic indicator of a company`s level of financial leverage. The Equity to total Asset Ratio measures the rate of the total assets that are financed by stockholders. The Equity to Total Assets Ratio of the Sonali Bank Limited were gradually decreased from the year of 2020 to 2023 which raises concerns about the company's financial structure and risk profile. The ratio dropped from 0.0538 to 0.0436 which is not a positive sign for a company.

ii. Equity to Net Loans Ratio:The **Equity to Net Loans Ratio** of Sonali Bank Ltd. is calculated as follows :

Sonali Bank Limited’s 2019-2023 Equity to Net Loans Ratio (TK. in million):

Particulars	2019	2020	2021	2022	2023
Total shareholders’ equity	68193	85616	76742	81191	86559
Total Loans	551026	586232	690596	846430	1008053
Equity to Net Loans ratio	0.123	0.146	0.111	0.095	0.085

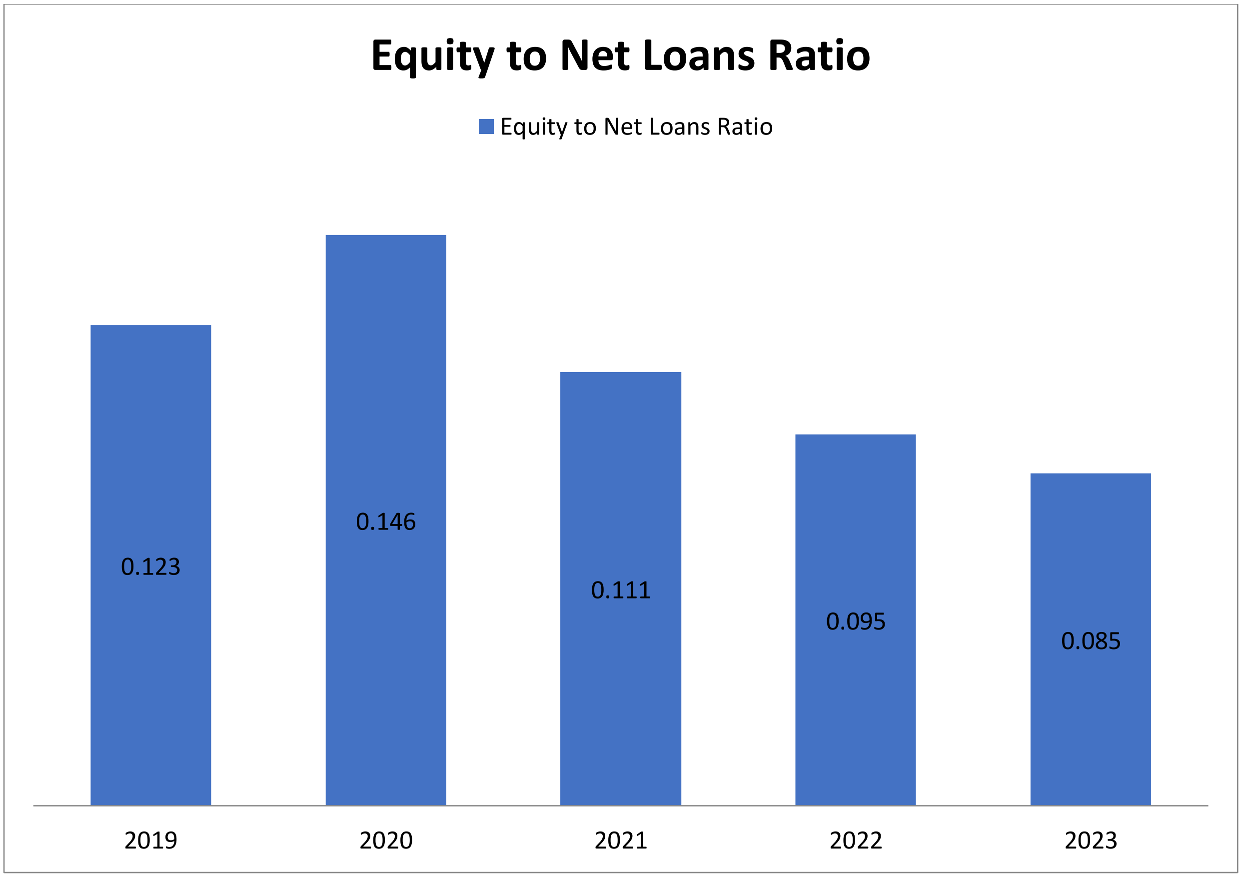


Figure 4.13 Equity to Net Loans Ratio

Interpretation:

Credit risk is evaluated based on the borrower`s overall receptivity to pay back the debt. From the above table it has been seen that from 2020 to 2023 the Equity to Net Loans ratio of Sonali Bank Limited has gradually decreased. It was highest in the year of 2020 and the ratio was 0.146 and the lowest was in the year of 2023 and the ratio was 0.085. It means compare to equity the loan amount has decreases. The decline in the Equity to Net Loans ratio indicates that, over the specified period, the bank's capacity to collect loans from its customers may have decreases. It also raises concern about the overall credit quality of the loan portfolio.

Chapter: 05

(Findings, Recommendations & Conclusion)

Findings

The key activities which get into a company's liquidity and profitability are total assets, total liabilities, shareowner equity, current ratio, quick ratio, debt to equity ratio, ROA and ROE. Nonetheless, other ratios are further important as they provide additional insights into a company's performance. According to the financial performance analysis, both positive and negative findings perform be observed. In total finding that we audited from on ratio analysis of Sonali Bank Limited are given below :

Financial Ratio Analysis :

1. Liquidity Ratios:

- **Current Ratio :**The current ratio has been fluctuating . In the banking industry, a Current ratio around 1.1 is generallyconsidered standard. In 2023, it was 1.99, indicating that the bank may have sufficiency in covering its short-term accountabilities with its current assets.

- **Net Working Capital Ratio:**With the Net Working Capital Ratio going up, a high of 3.84, but a small decrease to 3.41 in 2019 suggests it needs a closer look.

- **Cash Ratio :**Sonali Bank Limited experienced a concerning decline in its Cash Ratio from 7.90% in 2019 to 5.10% in 2023signaling a minimized ability to cover short-term liabilities with available cash.

- **Cash to Asset Ratio:**The Cash to Asset Ratio exhibited a decreasing trend over the five year period, falling from 0.073 in 2019 to 0.057 in 2023, highlighting a diminishing capacity to meet obligations with existing cash resources.

- **Cash to Deposit Ratio:** Sonali Bank's Cash to Deposit Ratio saw a decline from 9.30% in 2019 to 7.40% in 2023, indicating a reduced ability to cover customer demand against deposits.

- **Loan to Deposit Ratio:** The Loan to Deposit Ratio had some ups and downs, but in 2023, it notably went up to 66.90%, indicating a change in how the bank lends money, and a matter of risk because the ratio is too high.

- **Loan to Total Asset Ratio:** Sonali Bank's Loan to Total Asset Ratio went through changes, going down in 2019 and 2020 during the pandemic but bouncing back to 50.88% in 2023, suggesting the bank made adjustments in its loan offerings and is now placing renewed emphasis on loans compared to its overall assets after the pandemic.

2. Activity Ratios:

- **Total Asset Turnover Ratio:** The Total Asset Turnover Ratio has seen a significant decline and rise over the years, reaching 6.04% in 2023. This indicates that the bank is efficiently using its assets to develop revenue.

- **Equity Turnover Ratio:** The Equity Turnover Ratio also shows fluctuations, with a decline during the pandemic in 2020. It improved in 2023 by 138.31%, indicating better utilization of equity for generating revenue.

3. Debt Ratios:

- **Debt Ratio:**The Debt Ratio has been consistently high, reaching 95.63% in 2023. This suggests a high level of financial leverage, which can be risky for the bank.

4.Profitability Ratios:

- **Gross Profit Margin:**The Gross Profit Margin dropped in 2019 and 2021 but showed signs of recovery in 2022 and 2023. It was 56.50% in 2023. But still need a closer look into this section.

- **Operating Profit Margin:**The Operating Profit Margin improved over the years, reaching 32.13% in 2023, indicating efficient cost management.

- **Net Profit Margin:** The net profit margins fluctuating from 2019 to 2023, with a peak at 16.93% in 2023 and a decline in subsequent years, reaching 15.02% in 2020. The decreasing trend suggests challenges in sustaining profitability, indicating potential financial concerns for the company during this period.

- **Return on Assets (ROA):**Sonali Bank Limited's Return on Assets showed a improvement from 0.20% in 2019 to 0.35% in 2023, signalingincreased profitability in utilizing its assets.

- **Return on Equity (ROE):**Sonali Bank Limited's Return on Equity (ROE) increased from 3.92% in 2019 to 7.77% in 2023, indicating a increasing ability to generate returns for common stockholders.

5. Efficiency Ratio:

- **Interest Income to Expense Ratio:** The Interest Income to Expense Ratio reaching increase in 2019 and subsequently declining in 2020 and 2021 due to the pandemic. The ratio rebounded post-pandemic, showing a positive trend in 2022 and 2023 by 63.605 and 69.950.

- **Operating Expenses to Assets Ratio:** The Operating Expenses to Assets Ratio experienced a decline from 2019 to 2021, indicating a decrease in operating expenses relative to total assets. However, there was an upward trend, it was 0.0148 in 2022.

6. Credit Risk Ratio:

- **Equity to Assets Ratio:** The Equity to Assets Ratio, decreased from 2021 to 2023, indicating a declining proportion of total assets financed by stockholders. suggests a potential stabilization, but the overall trend raises concerns about the bank's reliance on equity.

- **Equity to Net Loans Ratio:** The Equity to Net Loans Ratio, steadily decreased from 2020 to 2023. And in 2023 it was 0.085. This suggests a potential decrease in credit risk but also raises questions about the bank's lending practices and the balance within equity and loans.

Recommendations

Based on the comprehensive analysis of Sonali Bank Limited financial Performance, several recommendations can be made to address areas of concern and enhance overall efficiency :

1. Sonali Bank Limited should implement strategic measures to improve profitability, especially in the aftermath of the pandemic. Focus on diversifying income streams and exploring new avenues for revenue generation.

2. Sonali Bank Limited should examine the total assets which decline, have potential risks and needed adjustments. Optimize asset utilization, ensuring a balance between short-term liquidity and long-term permanency. Sustain effective liability management to prevent liabilities from exceeding assets. Regularly assess and adjust liability structures to align with changing economic environment.

3. The common-size income statement exploration highlights a potential challenge in cost management. The company should conduct a thorough investigate of its cost structure, exploring opportunities for operational efficiency and negotiating cost-effective contracts.

4. The common-size balance sheet reveals fluctuations in the bank's cash position and investments. To ensure optimal liquidity and stability, Sonali Bank Limited should evaluate its cash management practices and consider strategic adjustments to maintain a sufficient cash reserve.

5. Evaluate the Loan to Deposit Ratio and Loan to Total Asset Ratio changes to understand the shifts in lending practices. Monitor credit risk and lending practices to maintain a well balance between loans and equity.

6. Sonali Bank Limited should work on lowering its Debt Ratio, which is quite high. The bank should focus on negotiating best terms with lenders, and looking for other ways to get funds. They should minimize risks and making the bank more financially stable in the long run.

7. Sonali Bank Limited should implement cost-effective measures to enhance efficiency. Carry on optimizing operating expenses to ensure a favorable Operating Expense to Revenue Ratio.

8. Performance strategies to consistently strengthen shareholder's equity. Explore opportunities for sustainable growth to mark up equity over the long term. Regularly assess and manage credit risk by closely monitoring the Equity to Net Loans Ratio to balance the possibility for losses from loans.

Conclusion

The Sonali Bank Limited is not only a mercantile bank but also a government bank. As a bank Sonali Bank Limited has to do a lot of things forthe improvement of the country. The Bank is powerfully positioned in the market and with its core strong points it can match shareholder's expectances and thus raise their wealth in future through moral banking and best pricing. Thus, it has to take initiative so that it perform fulfil the desire of the govt. as well as people. It will promote more public services and build up working teams to give the best services to its valued customers. It must be run in organized way and method must be ensured in all sphere of its performance. Expert export team, import team must be formed and perform duties properly.

More training, computerization, data collection, market analysis and swiftness in servicing are essentially necessary. To do these the recommended suggestions perform be used. Although it is theoretical suggestions, it is not unimportant. It has great influence on the banking business and other sectors of the economy. For this, govt. help is fundamental and it is expected that govt. will broaden its hand for implementing the recommendations for the benefit of the people of Bangladesh.

Appendix:

Last Five Years Financial Data for Analysis of Sonali Bank Limited's:

(BDT in million)

Year	(2019)	(2020)	(2021)	(2022)	(2023)
Authorized Capital	60000	60000	60000	60000	60000
Paid-up Capital	45300	45300	45300	45300	45300
Equity	68193	85616	76742	81191	86559
Total Assets	1472601	1591233	1706803	1789772	1981130
Deposits	1158788	1258786	1350815	1420362	1506184
Loans & Advances	551026	586232	690596	846430	1008053
Operating Profit	17100	21526	20903	23823	38462
Net Profit	2710	3234	3456	3710	6515
Classified Loans	551026	586232	690596	846430	1008053
Import	255965	165550	314539	436769	467313
Export	25670	25160	32213	25988	20215
Foreign Remittance	111483	129056	125263	109210	86313
No. of Employees	19609	18918	18200	17542	18257
No. of Branches	1224	1226	1229	1231	1232

Bibliography

A. Referred Books

1. Financial Intelligence- Karen Berman, Joe Knight, John Case
2. The Finance Book – Stuart Warner & Si Hussain

B. Reports & Journals

- Sonali Bank limited overview

https://www.sonalibank.org/index.php/aboutus

C. Reference & website

- Financial Statement Tools
  Website: https://www.wallstreetmojo.com/financial-analysis-tools/
- Ratio Analysis
  Website: https://www.accountingtools.com/articles/ratio-analysis.html
- Website of Sonali Bank Limited
  Website:https://www.sonalibank.org