Internship Report on
Performance Evaluation of Grameen Bank

Prepared For
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Letter of Transmittal

Date: 20th December, 2024
To,
Dr. Sayedul Anam
Associate Professor
Department of Business Administration
Faculty of Business & Entrepreneurship Daffodil International University
Daffodil Smart City (D.S.C.), Birulia, Savar, Dhaka-1216

Subject: Submission of Internship Report on "Performance Evaluation of Grameen Bank."

Dear Sir,
The report is prepared to complete Daffodil International University's BBA graduation requirements. I completed the "Performance Evaluation of Grameen Bank" report for my internship. I put my effort into including as much of the skills and information I gained throughout my internship as I could in my report. I did my best to adhere to your recommendations in my report.

I am grateful to you for your assistance and for letting me write this report. I would welcome the opportunity to meet with you to talk about how my findings could best achieve your objectives if you need further details or clarification on my report.

Sincerely yours,
Md. Toab Ahammad Rafin
ID: 211-11-6660
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Certificate of Approval

The internship report 'Performance Evaluation of Grameen Bank' was carried out by, Md Toab Ahammad Rafin, ID: 211-11-6660, a student in the Daffodil International University, Department of Business Administration, under my supervision and guidance.

To the best of my knowledge, this is an original piece of work that has never been published in a journal or submitted for credit toward a degree or certificate at any institution or organization. As an outcome, I provide permission to examine a highly recommended internship report.

S. Anam

Dr. Sayedul Anam
Associate Professor
Department of Business Administration
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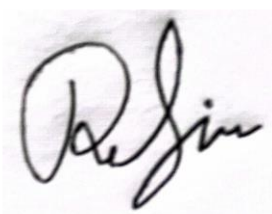
Student Declaration

I am, **Md. Toab Ahammad Rafin**, a Daffodil International University-BBA student, **ID 211-11-6660**, officially attest that the internship study, **“Performance Evaluation of Grameen Bank”** was created only for educational purposes. I further promise that my report on my internship is unique and has never been appointed to another university, foundation, or organization. No intellectual property rights, copyrights, or patents are violated by the work detailed in this report. I certify that this report was written entirely by myself. The paper is turned in as part of the requirements for the BBA program at Daffodil International University's Department of Business Administration in Dhaka. I have done everything I can to collect the data I need to produce this report.



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Acknowledgment

First and foremost, I express my profound gratitude to the Almighty for granting me the strength, patience, and opportunity to complete this report successfully. This accomplishment would not have been possible without His divine blessings.

I extend my heartfelt appreciation to everyone who supported me throughout this academic journey. I am sincerely grateful to my course teacher and the Department of Business Administration at Daffodil International University for their guidance and unwavering support in completing this academic endeavor. I also acknowledge the encouragement and assistance of my fellow students, who provided valuable insights and inspiration during this process.

I am especially indebted to my academic supervisor, Dr. Sayedul Anam, Associate Professor, Department of Business Administration, Faculty of Business & Entrepreneurship, Daffodil International University, for his insightful guidance, constructive suggestions, and continuous encouragement. His expertise and advice have been instrumental in the successful completion of this report.

Furthermore, I would like to extend my gratitude to the management and staff of Grameen Bank, Head Office, for their generous cooperation and assistance during my internship. Their support in providing relevant information and facilitating my learning experience played a vital role in enabling me to complete this report effectively.

Executive Summary

This report presents a comprehensive analysis of the financial performance of Grameen Bank, focusing on key financial metrics such as liquidity ratios, efficiency ratios, leverage ratios, profitability ratios, and other relevant financial indicators. The findings are based on an in-depth review of Grameen Bank's performance over the period from 2018 to 2022.

Grameen Bank operates primarily through two core activities: deposit mobilization and loan disbursement. Its primary objective is to collect funds from depositors with surplus resources and channel these funds toward individuals or businesses in need of financing. Over the years, Grameen Bank has demonstrated significant growth in deposit collection, with 2022 marking notable progress as the bank strengthened its financial foundation through robust deposit mobilization.

However, collecting deposits represents only one dimension of the bank's financial operations. The efficient utilization of these deposits to generate income through loan disbursement is critical. The bank's ability to achieve sustainable profitability and enhance borrower impact relies heavily on issuing high-quality loans that generate consistent returns and maintain high recovery rates.

The analysis in this report identifies key strengths, such as steady growth in deposits and high borrower engagement, as well as areas needing improvement, including liquidity management, operational efficiency, and profitability. While Grameen Bank has achieved commendable results in certain financial metrics, the findings also emphasize the need for strategic interventions to address identified weaknesses and enhance performance.

In conclusion, this report offers actionable insights into Grameen Bank’s financial performance, highlighting its accomplishments and opportunities for improvement. With a focused strategy and effective implementation of recommendations, the bank is well-positioned to achieve greater financial resilience and long-term sustainability in the years ahead.

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CHAPTER 1 - INTRODUCTION

1.1 Introduction

This report presents an extensive analysis of Grameen Bank's financial performance, focusing on its role in fostering economic development and alleviating poverty in rural Bangladesh. Established with a mission to empower the financially disadvantaged, Grameen Bank has become a cornerstone in the microfinance industry, serving as a financial lifeline for rural communities. With a significant proportion of the Bangladeshi population residing in rural areas, poverty alleviation efforts through microfinance have been instrumental in raising the standard of living and stimulating economic growth in these regions (Grameen Bank, 2019).

The bank operates on the principles of inclusivity and sustainability, striving to improve livelihoods by providing accessible credit to individuals who typically lack collateral and credit history. By encouraging small-scale entrepreneurship and financial independence, Grameen Bank has contributed to a positive cycle of income generation, savings accumulation, and poverty reduction. Its role is especially notable in boosting the nation's GDP by promoting rural trade, enhancing low-income livelihoods, and driving socio-economic development (Yunus, 2007). As a prerequisite for completing the BBA program at Daffodil International University, this internship allowed me to work within Grameen Bank's International Program Department, located in Mirpur-2, Dhaka, where I gained practical insights into the financial and operational frameworks of a leading microfinance institution. This report synthesizes both theoretical and practical knowledge gained through this experience and provides a comprehensive analysis of Grameen Bank's financial performance.

1.2 Background of the study

The banking sector plays a vital role in fostering economic growth by facilitating financial transactions, extending credit, and supporting businesses. In Bangladesh, institutions like Grameen Bank have significantly contributed to the nation's socio-economic development by promoting financial inclusion and providing microfinance services to underserved communities. Since its establishment, Grameen Bank has emerged as a global leader in microfinance, revolutionizing how financial services are delivered to the economically disadvantaged.

This study delves into Grameen Bank's financial performance over the years, focusing on areas such as operational efficiency, financial growth, and its unique approach to uplifting marginalized groups. Grameen Bank has continuously adapted to a dynamic economic environment, addressing challenges such as increasing competition, technological advancements, and evolving customer needs.

By analyzing Grameen Bank's financial trends and performance metrics, this study aims to identify its strengths and weaknesses, uncover patterns in its growth, and evaluate how its strategies align with the broader objectives of the banking sector in Bangladesh. This analysis sets the stage for understanding how Grameen Bank balances its mission of social impact with the need for financial sustainability, highlighting its role as a pioneer in ethical and inclusive banking.

1.3 Objectives of the Study

Primary Objective

- Evaluate the financial performance of Grameen Bank using key financial ratios.

Secondary Objectives

- Assess the bank's liquidity, profitability, and efficiency trends over the last five years.
- Identify areas for improvement in financial management and operational strategies.
- Provide actionable recommendations to enhance financial stability.

1.4 Methodology of the Study

Data Collection: Grameen Bank's financial statements, annual reports, Wall Street Journal articles, various books & websites.

Analysis Tools: Explain how ratio analysis was performed, with a focus on liquidity, leverage, profitability, and efficiency ratios.

Software: Excel for data analysis and visualization, Word for creating and writing this report.

1.5 Scope of the Study

Scope

1. The study examines Grameen Bank's financial performance by analyzing key indicators such as profitability, liquidity, and leverage ratios to evaluate the bank's financial health.
2. It reviews the operational efficiency of the bank by assessing resource utilization, loan recovery processes, and cost management practices.
3. The study explores the social impact of Grameen Bank, focusing on its role in empowering women, promoting financial inclusion, and improving the socio-economic conditions of borrowers through initiatives like education loans and the Struggle Members Program.
4. It evaluates the geographical reach of the bank, highlighting its extensive network and

ability to serve rural and underserved populations across Bangladesh.

5. The study provides comparative insights by analyzing Grameen Bank's practices and performance in relation to other microfinance institutions to understand its unique contributions.
6. It identifies future prospects for Grameen Bank, including opportunities in digital transformation, operational improvements, and product diversification, to enhance its sustainability and impact.

1.6 Limitations of the Study

- Time Constraints: The study was conducted within a limited time frame, which restricted the scope of exploration and analysis. Many aspects could not be thoroughly addressed due to these constraints.
- Respondent Challenges: Limited understanding among some respondents led to confusion during discussions, particularly when verifying conceptual questions. This affected the clarity and depth of some responses.
- Data Privacy: Organizational policies on data confidentiality posed a significant barrier. Access to sensitive information was restricted, limiting the comprehensiveness of the study.
- Accuracy of Data: Since the study relied on both primary and secondary sources, there is a possibility of inaccuracies or inconsistencies in the collected information, which may have impacted the findings.
- Restricted Financial Information: Obtaining precise data on past profits, product costs, or other financial details was challenging. Like many banking institutions, Grameen Bank is cautious and conservative in sharing such information publicly.

CHAPTER 2 - OVERVIEW OF GRAMEEN BANK

2.1 About Grameen Bank

Grameen Bank was founded by Dr. Muhammad Yunus in 1983, inspired by his belief that small loans could alleviate rural poverty in Bangladesh. The idea originated in 1976 with a pilot project in Jobra village, Chattogram district, providing microcredit to the poor. The bank's unique feature is its collateral-free loans, focusing on empowering women and marginalized communities. Today, 98% of its borrowers are women, with many rising out of poverty through economic participation. Grameen Bank operates in 94% of Bangladesh's villages, with a network of 2,568 branches and 23,618 employees (as of November 2024). It serves 10.66 million borrower members and indirectly benefits 45 million people, including family members. The bank offers various services, including education loans, entrepreneurship loans, scholarships, and its innovative Struggle Members Program, which provides interest-free loans to help beggars become self-sufficient.

Grameen Bank has disbursed BDT 3,204,416.24 million (USD 39,300.93 million) in loans since inception, with a recovery rate of 96.39%. Its current outstanding loans are BDT 162,457.75 million (USD 1,353.93 million), while deposits stand at BDT 224,840.75 million (USD 1,873.83 million).

The bank's contributions extend beyond financial services, promoting education, entrepreneurship, and sustainable development. It received the Nobel Peace Prize in 2006 for its innovative approach to reducing poverty through microcredit.

2.2 Basic Information of Grameen Bank

- Full Name: Grameen Bank
- Year Established: 1983
- Headquarters Location: Grameen Bank Bhaban, Mirpur-2, Dhaka-1216, Bangladesh
- Ownership Structure: Public Limited Company (Majority of shares held by the borrowers themselves)
- Regulatory Body: Bangladesh Bank (Central Bank of Bangladesh)
- Chairman: Dr. Abdul Hannan Chowdhury
- No of Zonal Office: 40
- No of Branches: 2568

2.3 Mission & Vision

Mission

Grameen Bank's mission is to provide financial services that empower the poor to escape poverty and achieve economic independence. Key objectives include:

- Financial Inclusion: Providing collateral-free loans to underserved communities, especially women.
- Poverty Alleviation: Supporting income generation through small businesses and entrepreneurship.
- Women's Empowerment: Enabling women to participate in economic activities and achieve self-reliance.
- Community Development: Reinvesting in education, health, and infrastructure for sustainable growth.
- Microfinance Innovation: Pioneering solutions like group lending and microcredit for the poor.

Vision

Grameen Bank's vision, "Banking for the poor," reflects its commitment to:

- Accessibility: Delivering financial services to rural and underserved areas.
- Sustainability: Encouraging productive investments for long-term self-sufficiency.
- Equality: Building an inclusive financial system for the marginalized.
- Global Impact: Inspiring microfinance models worldwide.
- Social Responsibility: Enhancing the socio-economic well-being of borrowers and their families.

2.4 Core Business Activity of Grameen Bank

Grameen Bank's core business revolves around microfinance and related financial services aimed at empowering the rural poor. Its primary activities include:

1. Microcredit Lending:
    - Providing collateral-free loans to individuals, especially women, for small businesses, agriculture, and other income-generating activities.
    - Offering tailored loan products such as general loans, housing loans, and seasonal loans to meet the diverse needs of borrowers.
2. Savings and Deposit Programs:
    - Encouraging financial discipline by enabling borrowers to save regularly through

deposit schemes.
- Offering deposit products with attractive interest rates to foster long-term savings habits.

3. Specialized Loan Programs:
    - Education Loans: Supporting the children of borrowers in pursuing higher education.
    - Entrepreneurship Loans: Funding small and medium enterprises (SMEs) for sustainable growth.
    - Struggle Members Program: Offering interest-free loans to beggars to help them become self-sufficient.
4. Empowering Women:
    - Prioritizing women as primary borrowers, with 98% of borrowers being women, to improve household income and socio-economic conditions.
5. Group-Based Lending Model:
    - Utilizing a unique group lending approach to foster collective responsibility and ensure high loan repayment rates.
6. Doorstep Banking Services:
    - Delivering banking services directly to borrowers in rural areas, eliminating the need to visit branch offices.
7. Community Development:
    - Promoting education, health, and entrepreneurial skills among borrowers to ensure holistic community progress.
8. Global Microfinance Advocacy:
    - Acting as a model for microfinance initiatives worldwide, influencing poverty alleviation programs in other countries.

2.5 Products & Services

Loan Products

- Basic Loan
- Microenterprise Loan
- Crop Loan
- Livestock Loan
- Bridge Loan
- Young Entrepreneur Loan
- Special Loan
- Housing Loan
- Higher Education Loan

- Struggling (Beggar) Member Loan

Saving Products

- Savings Account
- Grameen Pension Scheme
- Fixed Deposit
- Double in 7 Years Deposit
- Monthly Profit Scheme
- Family Welfare Savings
- Two Years Savings

2.6 Milestones

Grameen Bank has achieved several significant milestones since its inception, showcasing its commitment to empowering the poor and revolutionizing microfinance.

1976 – Pilot Project Launch:

Dr. Muhammad Yunus initiated a microcredit pilot project in Jobra village, Chattogram, to test the feasibility of providing collateral-free loans to the rural poor.

1983 – Establishment as a Bank:

Grameen Bank was officially established as an independent bank through a special ordinance, transforming the pilot project into a formal institution dedicated to poverty alleviation.

1992 – 1 million Borrowers:

Achieved the milestone of 1 million borrower members, reflecting its rapid growth and acceptance among the rural poor.

1998 – Introduction of Housing Loans:

Launched housing loans to help borrowers build or improve their homes, expanding its range of services.

2002 – Reaching 100% Villages in Bangladesh:

Extended its operations to reach every village in Bangladesh, achieving full geographical coverage.

2006 – Nobel Peace Prize:

Awarded the Nobel Peace Prize jointly to Grameen Bank and Dr. Muhammad Yunus for pioneering microfinance and its impact on poverty reduction.

2010 – Introduction of Struggle Members Program:

Launched the Struggle (Beggar) Members Program, offering interest-free loans to beggars to help them achieve financial independence.

2012 – 98% Female Borrowers:

Reached the milestone where 98% of its borrowers were women, reflecting its dedication to empowering women.

2024 – Serving 10.66 million Borrowers:

Grameen Bank now serves 10.66 million borrower members, indirectly benefiting over 45 million people in Bangladesh.

As of November 2024, the bank disbursed BDT 3,204,416.24 million (USD 39,300.93 million), with an impressive recovery rate of 96.39%.

2.7 Awards

Bank for the Poor
GRAMEEN BANK

Home » Awards

Awards

01. ICMAB Awards
02. MCCI Award
03. Norway : Nobel Peace Prize
04. U.S.A. : Petersberg Prize
05. INDIA : Gandhi Peace Prize
06. UNITED KINGDOM : World Habitat Award
07. MALAYSIA : Tun Abdul Razak Award
08. BANGLADESH : Independence Day Award
09. BELGIUM : King Baudouin International Development Prize
10. SWITZERLAND : Aga Khan Award For Architecture

2.8 SWOT Analysis of Grameen Bank

A SWOT analysis provides an overview of Grameen Bank's strengths, weaknesses, opportunities, and threats, giving insight into its strategic position.

Strengths

1. Innovative Microfinance Model:
    - Pioneered collateral-free loans, making credit accessible to the rural poor.
    - Uses a group-lending approach to ensure high repayment rates.
2. Empowerment of Women:
    - 98% of borrowers are women, fostering gender equality and economic empowerment.
3. Extensive Reach:
    - Operates in 94% of villages in Bangladesh, serving 10.66 million borrowers.
4. Global Recognition:
    - Awarded the Nobel Peace Prize in 2006 for contributions to poverty alleviation through microfinance.
5. High Loan Recovery Rate:
    - Maintains a recovery rate of 96.39%, showcasing strong borrower commitment and effective financial management.
6. Social Impact Programs:
    - Offers education loans, entrepreneurship loans, and the Struggle Members Program to uplift marginalized groups.

Weaknesses

1. Dependence on Rural Economy:
    - Performance is closely tied to rural economic conditions, which can be volatile.
2. Limited Revenue Streams:
    - Heavy reliance on microcredit services; diversification into other financial products is limited.
3. High Operating Costs:
    - Reaching remote areas and maintaining a decentralized structure increases operational expenses.
4. Scalability Challenges:
    - Expanding services to urban areas or outside Bangladesh requires additional resources and expertise.
5. Regulatory Oversight:
    - Subject to stringent government regulations, which can limit operational flexibility.

Opportunities

1. Expansion into Urban Microfinance:

- Opportunity to serve urban low-income populations with tailored microfinance products.

2. Technological Integration:
    - Implementing digital banking solutions to reduce operating costs and improve service efficiency.
3. Global Microfinance Expansion:
    - Collaborating with other nations to replicate Grameen Bank's model and enter new markets.
4. Product Diversification:
    - Offering insurance, investment products, and savings schemes tailored to low-income groups.
5. Collaboration with NGOs and Governments:
    - Partnering to scale impact-driven programs, such as education and health loans.

Threats

1. Economic Instability:
    - Inflation, natural disasters, or economic downturns can affect borrowers' repayment ability.
2. Competition from Commercial Banks:
    - Increasing focus of commercial banks on microfinance could challenge Grameen Bank's market share.
3. Political and Regulatory Risks:
    - Changes in government policies or leadership could impact operations and sustainability.
4. Loan Default Risks:
    - Despite a high recovery rate, any economic crisis or borrower distress could lead to increased defaults.
5. Technological Disruption:
    - Failure to adopt modern banking technologies could result in inefficiencies and loss of competitive edge.

CHAPTER 3 – FINANCIAL ANALYSIS

Financial Performance Analysis Financial analysis is structural and logical way to present overall financial performance of a financial institution. It also helps to evaluate and decision making for business operation. In financial analysis process, ratio analysis is the most dominant and logical structure to help business related stakeholder.
This chapter provides an in-depth financial analysis of Grameen Bank over five recent years (2018-2022). Key financial ratios, including liquidity, debt, activity, and profitability ratios, are analyzed to evaluate the bank's operational efficiency, financial stability, and profitability.

3.1 Balance Sheet & Income Statement Analysis

A comprehensive financial analysis requires a deeper dive into the company's financial statements. Here I am including some key notes that I realize after reviewing the statement of SIBL from 2018 to 2022-

Balance Sheet Analysis

Asset Growth: The bank has consistently increased its assets over the past few years, indicating growth and expansion.

Loan Growth: A significant portion of the asset growth is driven by an increase in loans and advances, reflecting the bank's lending activities.

Deposit Growth: The bank has also experienced growth in deposits, indicating increased customer confidence and reliance on the bank.

Capital Adequacy: The bank seems to maintain adequate capital, which is crucial for its financial stability and risk-absorbing capacity.

Liquidity: The bank's liquidity position appears strong, as evidenced by sufficient cash and liquid assets to meet short-term obligations.

Profit and Loss Statement Analysis

Revenue Growth: The bank has experienced revenue growth over the past few years, driven by increased interest income and fee-based income.

Expense Control: The bank has managed to control its operating expenses, which has contributed to improved profitability.

Net Profit Margin: The net profit margin has been increasing over the years, indicating improved efficiency and profitability.

Return on Equity (ROE): The ROE has been consistently strong, reflecting the bank's ability to generate returns for its shareholders.

3.2 Ratio Analysis

It's a tool used to evaluate a company's financial performance and health by analyzing its financial statements. It involves comparing various numerical values to uncover insights about profitability, liquidity, efficiency, and solvency. Ratios also help compare performance over time and benchmark against industry standards.

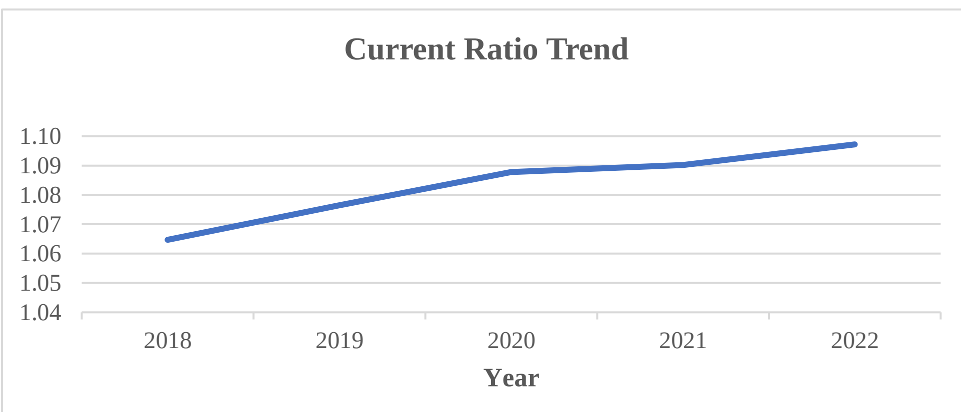
3.2.1 Liquidity Ratio

Liquidity ratios measure a company's ability to meet its short-term obligations. They are crucial for understanding financial stability in the short term.

Current ratio

Current ratio = Current Asset / Current Liability

Year	Current Assets	Current Liabilities	Current Ratio
2018	262,044	246,118	**1.06**
2019	284,912	264,682	**1.08**
2020	288,764	265,465	**1.09**
2021	293,484	269,212	**1.09**
2022	299,415	272,883	**1.10**



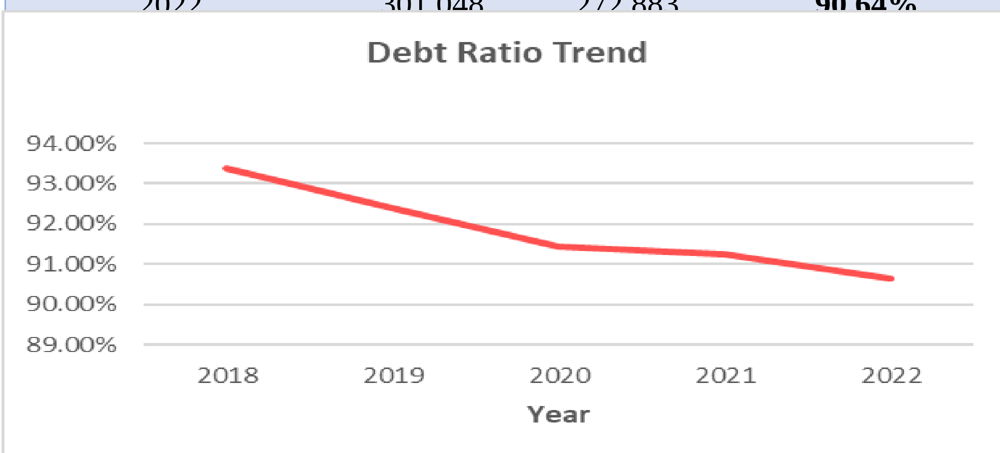
The current ratio, which measures a company's ability to cover its short-term obligations with its short-term assets, shows a gradual increase from 1.06 in 2018 to 1.10 in 2022. While consistently above 1.0, indicating the company has sufficient liquidity to meet its short-term liabilities, the year-on-year changes are minimal. This stability suggests the company is maintaining a balanced approach to managing its assets and liabilities, with a slight improvement in liquidity over the years. However, the ratio remaining close to 1.0 highlights a relatively tight margin for covering unexpected financial challenges.

3.2.2 Debt Ratios

Debt Ratios

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

Year	Total Assets	Total Liabilities	Debt Ratio
2018	263,554	246,118	**93.38%**
2019	286,452	264,682	**92.40%**
2020	290,300	265,465	**91.45%**
2021	295,040	269,212	**91.25%**
2022	301,048	272,883	**90.64%**

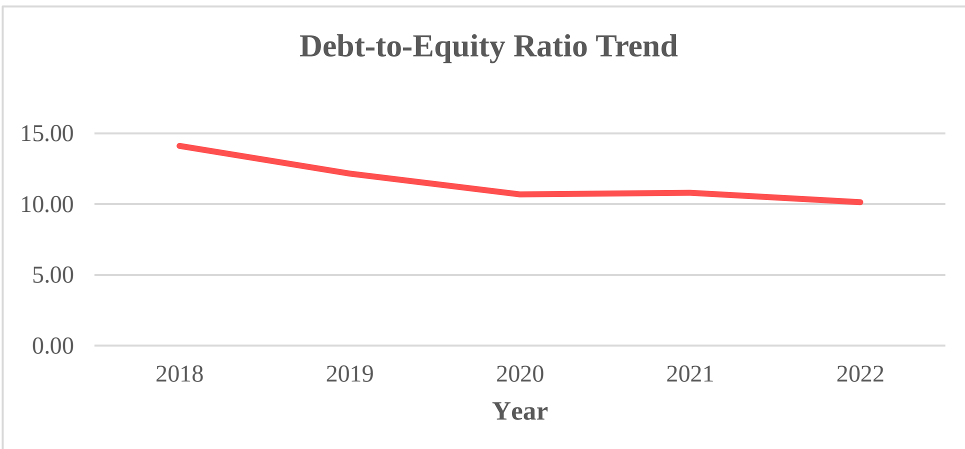


The debt ratio, which measures the proportion of a company’s assets financed through liabilities, shows a consistent decline from 93.38% in 2018 to 90.64% in 2022. This indicates a gradual reduction in the company’s reliance on debt to support its assets, signaling a positive shift toward improving financial stability. A high debt ratio, as observed in this case, suggests the company is heavily leveraged, meaning a significant portion of its operations is funded by borrowed resources. However, the steady decline over the years reflects efforts to reduce financial risk and improve the balance between debt and equity financing. This trend indicates that the company is slowly moving toward a more sustainable financial structure, with a stronger capacity to weather potential economic uncertainties.

Debt-to-Equity Ratio

Debt-to-Equity Ratio = (Total Liabilities / Shareholders Equity)

Year	Shareholders' Equity	Total Liabilities	Debt-to-Equity Ratio
2018	17,436	246,118	**14.12**
2019	21,770	264,682	**12.16**
2020	24,835	265,465	**10.69**
2021	24,921	269,212	**10.80**
2022	26,920	272,883	**10.14**



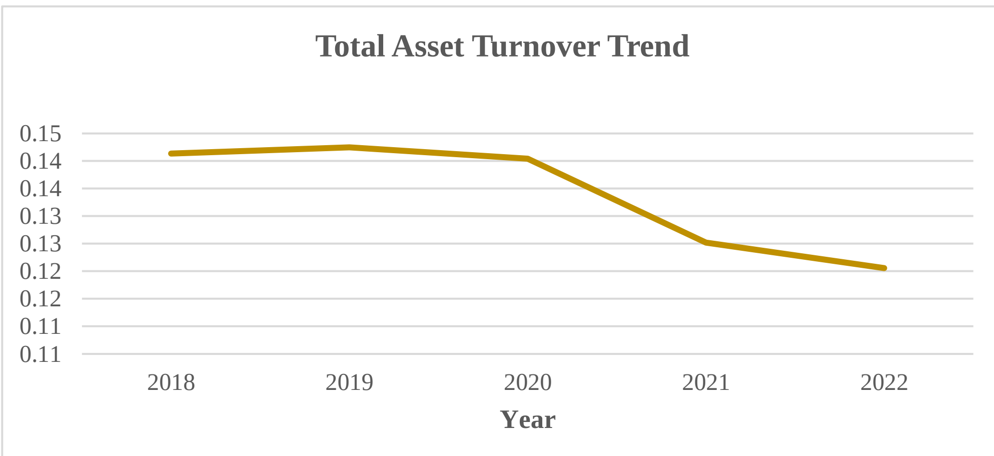
The debt-to-equity ratio, which compares the company's total liabilities to its shareholders' equity, has shown a gradual decline from 14.12 in 2018 to 10.14 in 2022. This indicates that while the company remains highly leveraged, its reliance on debt relative to equity is decreasing over time. A high ratio, such as the one observed here, reflects significant dependence on external financing, which may amplify financial risk. However, the steady reduction suggests that equity growth is outpacing the increase in liabilities, leading to an improved balance between debt and equity. This trend demonstrates a shift toward a slightly less aggressive financing structure, which could enhance the company's long-term financial stability.

3.2.3 Activity (Turnover) Ratios

Total Asset Turnover

Total Asset Turnover = Operating Income / Total Assets

Year	Total Assets	Sales/Revenue	Total Asset Turnover
2018	263554	37,260	**0.14**
2019	286452	40,814	**0.14**
2020	290300	40,772	**0.14**
2021	295040	36,943	**0.13**
2022	301048	36,300	**0.12**



In 2019, the total asset turnover ratio was 0.45, indicating that the bank generated 45 cents of operating income for every dollar of assets. In 2020, this ratio slightly decreased to 0.43, showing a small decline in asset utilization efficiency. The ratio continued to decrease in 2021 to 0.39 and further dropped to 0.34 in 2022, highlighting a trend of decreasing efficiency in generating revenue from assets. In 2023, the ratio fell to 0.32, suggesting that the bank's ability to generate income from its assets has continued to weaken over the period.

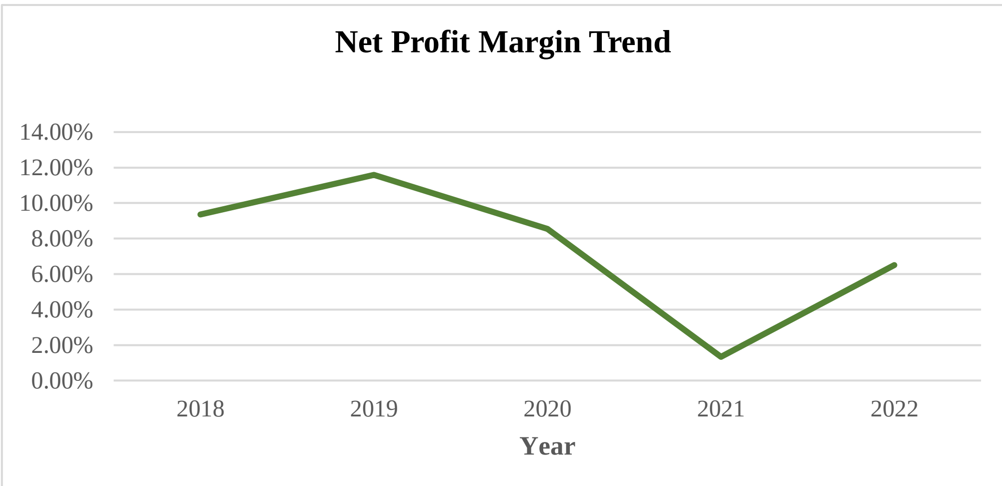
A decreasing asset turnover ratio can be a sign that the bank is becoming less efficient in utilizing its assets, which might indicate underperforming assets or a slowing revenue growth. For a bank, this could also reflect factors such as low loan growth, inefficient asset management, or a larger asset base that hasn't been effectively leveraged to generate income.

3.2.4 Profitability Ratios

Net Profit Margin

Net Profit Margin = Net Profit/ Operating Income ×100

Year	Net Profit	Sales/ Revenue	Net Profit Margin
2018	3,485	37,260	**9.35%**
2019	4,729	40,814	**11.59%**
2020	3,487	40,772	**8.55%**
2021	493	36,943	**1.34%**
2022	2,360	36,300	**6.50%**

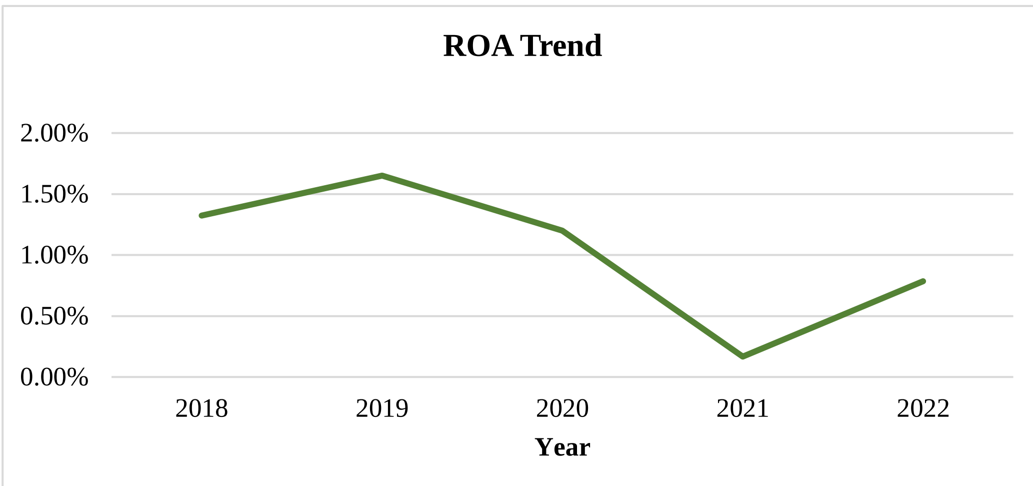


The net profit margin, which measures the percentage of revenue retained as profit after all expenses, fluctuated significantly from 2018 to 2022. Starting at 9.35% in 2018, the margin peaked at 11.59% in 2019, indicating strong profitability that year. However, it dropped sharply to 8.55% in 2020 and further plummeted to a concerning low of 1.34% in 2021, suggesting challenges in controlling costs or declining operational efficiency during that period. By 2022, the margin recovered slightly to 6.50%, showing some improvement but remaining below earlier levels. These variations highlight periods of both strength and struggle in profitability, reflecting shifts in the company's ability to manage expenses relative to revenue generation.

ROA

ROA= Net Profit / Total Assets ×100

Year	Net Profit	Total Assets	ROA
2018	3,485	263,554	**1.32%**
2019	4,729	286,452	**1.65%**
2020	3,487	290,300	**1.20%**
2021	493	295,040	**0.17%**
2022	2,360	301,048	**0.78%**

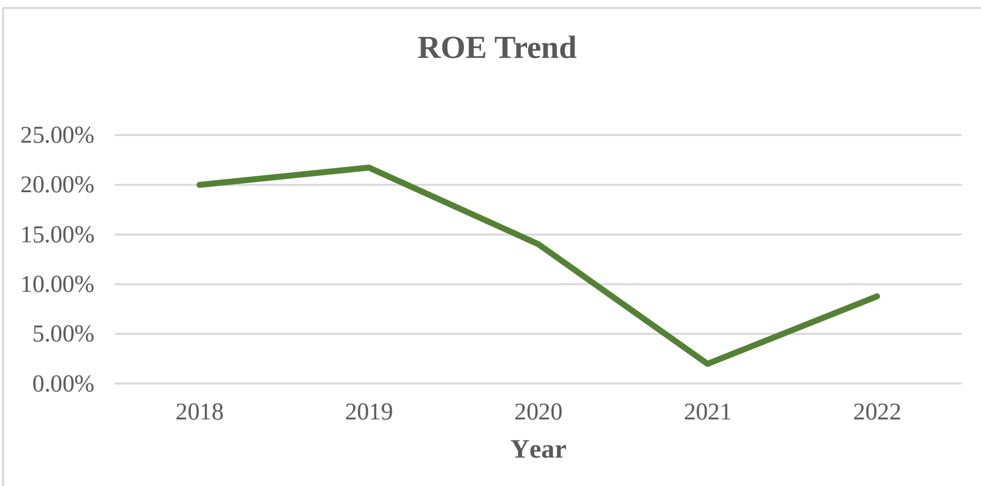


The return on assets (ROA), which indicates how efficiently a company uses its assets to generate net profit, has fluctuated significantly from 2018 to 2022. Starting at 1.32% in 2018, ROA improved to 1.65% in 2019, reflecting better asset utilization that year. However, it declined to 1.20% in 2020 and dropped sharply to just 0.17% in 2021, indicating a period of minimal profitability relative to assets. By 2022, ROA rebounded slightly to 0.78%, showing signs of recovery but remaining well below the earlier peak. These trends suggest varying levels of operational efficiency, with challenges in generating profit from assets particularly evident in 2021 and partial improvement in subsequent years.

ROE

ROE = Net Profit / Shareholders’ Equity ×100

Year	Net Profit	Shareholders’ Equity	ROE
2018	3,485	17,436	**19.99%**
2019	4,729	21,770	**21.72%**
2020	3,487	24,835	**14.04%**
2021	493	24,921	**1.98%**
2022	2,360	26,920	**8.77%**



The return on equity (ROE), which measures a company's ability to generate profit from its shareholders' equity, showed a positive trend in the initial years but experienced significant volatility thereafter. It started strong at 19.99% in 2018 and increased to 21.72% in 2019, reflecting strong profitability and efficient use of equity. However, ROE dropped to 14.04% in 2020, then fell drastically to 1.98% in 2021, signaling a sharp decline in profitability relative to equity. By 2022, ROE improved to 8.77%, but it remained far below the earlier levels. This decline and recovery pattern suggests the company faced substantial profitability challenges, especially in 2021, but showed signs of improvement in the following year.

Gross Profit Margin

Gross Profit Margin = Gross Profit / Net Sales ×100

Year	Cross Profit	Net Sales	Gross Profit Margin
2018	20,028	37,260	**53.75%**
2019	21,834	40,814	**53.50%**
2020	22,154	40,772	**54.34%**
2021	19,192	36,943	**51.95%**
2022	18,938	36,300	**52.17%**

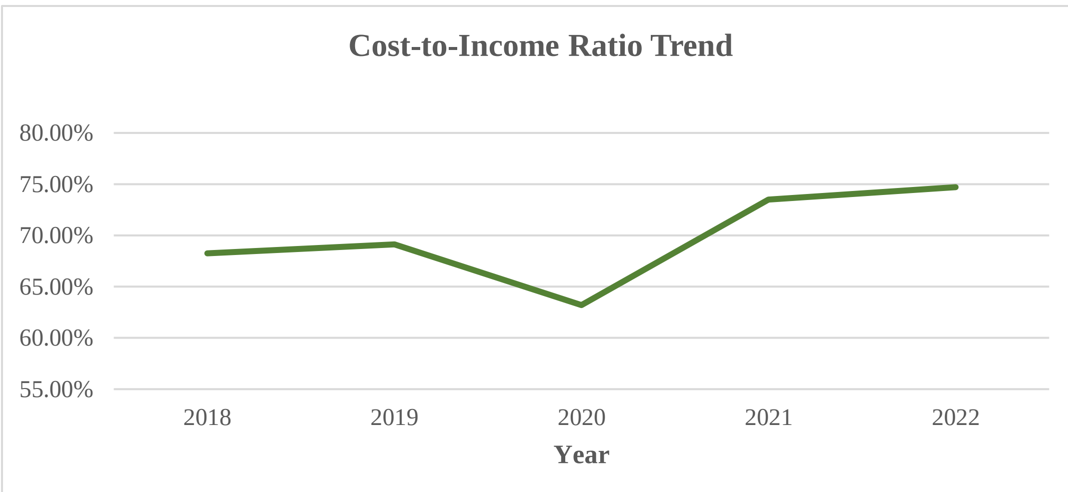
The gross profit margin, which shows the percentage of revenue that exceeds the cost of goods sold, has remained relatively stable over the years with slight fluctuations. In 2018, the margin was 53.75%, reflecting solid profitability from core operations. It decreased slightly to 53.50% in 2019 and improved to 54.34% in 2020, indicating a slight increase in operational efficiency. However, the margin dropped to 51.95% in 2021, suggesting some challenges in maintaining profitability or higher costs during that period. By 2022, the margin recovered to 52.17%, showing a modest improvement. Overall, the company has maintained a healthy gross profit margin, with only minor variations that reflect fluctuations in costs or sales strategies.

3.2.5 Efficiency Ratios

Cost-to-Income Ratio

Cost-to-Income Ratio = (Total Operating Expenses / Total Operating Income) x 100

Year	Operating Income	Operating Expense	Cost-to-Income Ratio
2018	22294.26	15,216.79	**68.25%**
2019	24352.49	16,835.11	**69.13%**
2020	24546.48	15,513.55	**63.20%**
2021	22498.44	16,537.18	**73.50%**
2022	23038.28	17,211.04	**74.71%**



The cost-to-income ratio, which compares operating expenses to operating income, is an important indicator of efficiency, showing how much of the company's income is consumed by operating costs. Over the years, this ratio has fluctuated, starting at 68.25% in 2018, indicating that for every unit of income, the company spent around 68 cents on operating expenses. In 2019, the ratio slightly increased to 69.13%, suggesting a modest rise in costs relative to income.

In 2020, the ratio improved to 63.20%, reflecting better cost management or an increase in income that outpaced the growth in expenses. However, the ratio climbed significantly in 2021 to 73.50%, pointing to a sharp rise in operating expenses compared to income. This could have been due to factors like higher operational costs or a decrease in income during that year. The trend worsened further in 2022, with the ratio reaching 74.71%, indicating that the company's operating expenses were consuming a larger portion of its income.

This increasing trend suggests that the company faced growing challenges in controlling operating expenses, or that revenue growth did not keep pace with the rising costs. While the company remains profitable, the rising cost-to-income ratio highlights potential inefficiencies or the need to improve cost management strategies to maintain profitability.

3.3 DuPont Analysis

Particulars/Year	2018	2019	2020	2021	2022
NPM	9.35%	11.59%	8.55%	1.34%	6.50%
TAT	0.14	0.14	0.14	0.13	0.12
EM	15.12	13.16	11.69	11.84	11.18
ROE	19.99%	21.72%	14.04%	1.98%	8.77%

The 3-Factor DuPont Analysis breaks down the Return on Equity (ROE) into three key components: Net Profit Margin (NPM), Total Asset Turnover (TAT), and Equity Multiplier (EM). Let's dive deeper into each of these factors and their trends over the years:

1. Net Profit Margin (NPM):

- This measures the percentage of revenue that turns into profit, reflecting the company's ability to manage its costs and generate profits from sales.
- 2018: 9.35% – The company achieved a solid profit margin, showing efficient cost management.
- 2019: 11.59% – Profitability improved, likely due to better cost control or increased revenue.
- 2020: 8.55% – A decline, suggesting a possible increase in costs or lower revenue in relation to expenses.
- 2021: 1.34% – A sharp drop, indicating a major challenge in profitability, possibly due to rising expenses or a significant drop in revenue.
- 2022: 6.50% – A slight recovery, but still far below the previous highs, signaling ongoing cost pressures.

2. Total Asset Turnover (TAT):

- This measures the efficiency with which a company uses its assets to generate revenue. A higher ratio means more efficient use of assets.
- 2018–2020: 0.14 – The company maintained a consistent asset turnover ratio over the first three years, suggesting steady but low efficiency in converting assets into sales.
- 2021: 0.13 – A slight decrease, indicating that the company's ability to generate revenue from its assets has slightly worsened.
- 2022: 0.12 – Another decline, signaling further inefficiencies in utilizing assets to generate sales.

3. Equity Multiplier (EM):

- This indicates the level of financial leverage the company is using, showing how much of the company's assets are financed by shareholders' equity. A higher EM means more debt is being used relative to equity.
- 2018: 15.12 – A relatively high equity multiplier, showing the company relied heavily on debt to finance its assets.
- 2019: 13.16 – A slight decrease, indicating a marginal reduction in leverage, though still relatively high.
- 2020: 11.69 – Continued decline, reflecting a gradual reduction in the company's reliance on debt.
- 2021: 11.84 – A slight increase, possibly due to the company's use of more debt financing relative to equity.
- 2022: 11.18 – A small improvement, indicating a slight reduction in leverage.

Summary of the Trends:

- ROE (Return on Equity): The overall return on equity follows a pattern of fluctuation: high in 2018 (19.99%), improving in 2019 (21.72%), then dropping sharply in 2020 (14.04%), followed by a steep decline in 2021 (1.98%) and a modest recovery in 2022 (8.77%). This drop, especially in 2021, suggests significant challenges in profitability, asset utilization, and financial leverage.
- Net Profit Margin saw a sharp decline in 2021 and remained low in 2022, which significantly impacted ROE. The company's profitability was squeezed by higher costs or declining revenues.
- Total Asset Turnover decreased over the years, indicating reduced efficiency in generating sales from assets.
- Equity Multiplier fluctuated, but the overall trend was toward decreasing leverage (less debt financing). This suggests the company was moving toward a less risky financial structure, though it still relied on debt to a considerable extent.

3.4 Sensitivity Analysis

Sensitivity analysis is a financial modeling tool used to assess how different variables or assumptions impact the outcome of a particular financial metric, such as profitability, return on equity (ROE), or asset utilization. By changing one variable at a time while holding others constant, sensitivity analysis helps to identify which factors have the most significant effect on the outcome.

Benefits of this analysis include better decision-making, risk assessment, and understanding of potential vulnerabilities in financial performance. It enables businesses to evaluate different scenarios, prepare for uncertainties, and optimize strategies by highlighting critical areas that require attention or improvement.

3.4.1 Sensitivity of NPM with ROE

Year	NPM	TAT	EM	ROE	Changes
2018	9.35%	0.14	15.12	19.99%	
2019	11.59%	0.14	15.12	24.76%	23.88%
2020	8.55%	0.14	15.12	18.28%	-26.19%
2021	1.34%	0.14	15.12	2.85%	-84.39%
2022	6.50%	0.14	15.12	13.90%	386.97%

The Net Profit Margin (NPM) is a critical measure of profitability, while Return on Equity (ROE) reflects the company's ability to generate profit from shareholders' equity. The sensitivity of NPM to changes in ROE is a key indicator of how well the company's profit margins influence overall financial performance. By analyzing the relationship between NPM, Total Asset Turnover (TAT), Equity Multiplier (EM), and ROE, we can understand the broader impact of profit margins on the company's returns to equity holders.

- 2018 (NPM: 9.35%, ROE: 19.99%): In 2018, the company had a relatively strong Net Profit Margin (NPM), which contributed to a healthy Return on Equity (ROE) of 19.99%. This was a favorable starting point, showing a solid balance between profitability and leverage. There was no significant change in the metrics compared to the previous period.
- 2019 (NPM: 11.59%, ROE: 24.76%): The NPM improved significantly in 2019 to 11.59%, which was directly reflected in the ROE rising to 24.76%. This increase in profitability resulted in a 23.88% change in ROE, demonstrating a strong positive relationship between NPM and ROE. The Total Asset Turnover (TAT) and Equity Multiplier (EM) remained unchanged, indicating that the improved profit margin alone was sufficient to drive higher returns on equity.
- 2020 (NPM: 8.55%, ROE: 18.28%): In 2020, there was a decline in NPM to 8.55%, which contributed to a drop in ROE to 18.28%. The -26.19% change in ROE highlights the negative impact of reduced profitability on the company's ability to generate returns for equity holders. Despite maintaining the same TAT and EM, the decrease in NPM had a significant detrimental effect on overall returns.
- 2021 (NPM: 1.34%, ROE: 2.85%): The sharp drop in NPM to 1.34% in 2021 led to a drastic reduction in ROE to 2.85%, a -84.39% change. This stark decline reflects not only a significant reduction in profitability but also the company's reduced ability to generate

value for shareholders. The EM and TAT remained unchanged, but the reduced NPM had an overwhelming impact on ROE.

- 2022 (NPM: 6.50%, ROE: 13.90%): In 2022, NPM improved to 6.50%, which led to a 386.97% change in ROE, resulting in an increase to 13.90%. Although this was a recovery compared to 2021, it remained lower than 2019 levels. The improvement in NPM had a positive effect on ROE, but the company's overall leverage and asset utilization (TAT and EM) still needed improvement for stronger returns.

The sensitivity of Net Profit Margin (NPM) to Return on Equity (ROE) over the years demonstrates a clear relationship between profitability and the company's financial performance. The years of declining NPM, especially 2021, were followed by sharp reductions in ROE, indicating that lower profit margins significantly impacted the company's ability to generate returns for shareholders. Conversely, 2019 saw a positive correlation between increased NPM and ROE, highlighting the importance of maintaining strong profitability. While the Total Asset Turnover (TAT) and Equity Multiplier (EM) remained constant, NPM had the most direct and profound effect on the company's ROE performance.

3.4.2 Sensitivity of TAT with ROE

Year	NPM	TAT	EM	ROE	Changes
2018	9.35%	0.14	15.12	19.99%	
2019	9.35%	0.14	15.12	20.14%	0.78%
2020	9.35%	0.14	15.12	19.86%	-1.43%
2021	9.35%	0.13	15.12	17.70%	-10.85%
2022	9.35%	0.12	15.12	17.05%	-3.70%

The sensitivity of Total Asset Turnover (TAT) with Return on Equity (ROE) demonstrates the relationship between asset utilization and the company's ability to generate returns for shareholders. Over the five-year period, while Net Profit Margin (NPM) and Equity Multiplier (EM) remained consistent, the TAT and its effect on ROE showed noticeable variations.

- In 2018, the company recorded a TAT of 0.14, leading to an ROE of 19.99%, with a relatively stable relationship between asset turnover and equity returns. The following year, in 2019, the TAT remained unchanged at 0.14, but the ROE slightly increased to 20.14%, reflecting a 0.78% change. This modest rise suggests a positive but limited impact of TAT on the overall ROE during this period.

- However, in 2020, despite TAT staying constant at 0.14, the company experienced a slight decrease in ROE to 19.86%, marking a -1.43% change. This indicates that while asset turnover was stable, other factors, like profitability, may have influenced the overall returns for equity holders. In 2021, TAT dropped to 0.13, contributing to a more significant decline in ROE to 17.70%, reflecting a -10.85% change. The reduction in asset turnover indicates that lower efficiency in utilizing assets had a noticeable negative impact on ROE.

- In 2022, TAT further decreased to 0.12, and the company saw a continued decline in ROE to 17.05%, which represented a -3.70% change from the previous year. The reduced TAT combined with the stable NPM and EM contributed to a further decline in ROE, underlining the importance of asset efficiency in maintaining higher returns.

The analysis of the sensitivity of TAT with ROE reveals that although TAT remained relatively stable in the early years, its gradual decrease had a noticeable negative effect on ROE over time. The drop in asset turnover reflects a reduction in the efficiency of asset utilization, which contributed to declining returns on equity. This underscores the importance of maintaining strong asset utilization to support higher ROE, especially as TAT dropped from 0.14 to 0.12 over the period. Despite the stability in NPM and EM, the reduced asset turnover directly impacted the company's financial performance, leading to lower returns for shareholders.

3.4.3 Sensitivity of EM with ROE

Year	NPM	TAT	EM	ROE	Changes
2018	9.35%	0.14	15.12	19.99%	
2019	9.35%	0.14	13.16	17.40%	-12.95%
2020	9.35%	0.14	11.69	15.46%	-11.16%
2021	9.35%	0.14	11.84	15.66%	1.28%
2022	9.35%	0.14	11.18	14.79%	-5.54%

The sensitivity of the Equity Multiplier (EM) with Return on Equity (ROE) explores how changes in leverage affect the company's ability to generate returns for its shareholders. While Net Profit Margin (NPM) and Total Asset Turnover (TAT) remained unchanged over the years, fluctuations in the EM significantly influenced ROE.

- In 2018, the company reported an EM of 15.12, leading to an ROE of 19.99%. The EM in this period reflected a higher level of leverage, which helped boost the return on equity. However, in 2019, the EM decreased to 13.16, which contributed to a decline in ROE to 17.40%, marking a -12.95% change. This decrease in the EM indicates that the company relied less on leverage, which directly reduced its ability to generate high returns for equity holders.

- The trend continued in 2020, with EM falling to 11.69, resulting in a further decline in ROE to 15.46%, representing an -11.16% change. The consistent reduction in leverage contributed to a steady decline in the company's ability to amplify its equity returns through debt. In 2021, EM slightly increased to 11.84, leading to a minor increase in ROE to 15.66%, reflecting a 1.28% change. This small recovery suggests that a slight increase in leverage had a positive effect on ROE, though the effect was modest.
- In 2022, the EM dropped further to 11.18, and ROE decreased to 14.79%, reflecting a -5.54% change. The continued decline in the equity multiplier shows a reduction in financial leverage, which in turn dampened the company's ability to generate returns for shareholders.

The analysis of EM's sensitivity with ROE reveals that a decline in leverage (as seen through the decreasing EM) contributed to a reduction in ROE over the years. Although NPM and TAT remained stable, the drop in EM from 15.12 in 2018 to 11.18 in 2022 suggests that the company's diminishing use of debt reduced its ability to generate high returns on equity. The minor increase in ROE in 2021 was associated with a slight rise in EM, indicating that financial leverage can positively impact returns. Overall, the results emphasize that managing leverage effectively is crucial for maximizing ROE, and the company's ability to utilize debt played a significant role in its financial performance.

CHAPTER 4 - COMPARATIVE ANALYSIS

This chapter provides a detailed comparative analysis of Grameen Bank, evaluating its performance, practices, and impact relative to other financial institutions, including microfinance institutions (MFIs), commercial banks, and similar organizations such as BRAC. The comparison focuses on operational practices, target audience, financial performance, and social impact.

4.1 Comparison with Other Microfinance Institutions (MFIs)

Grameen Bank shares many similarities with other MFIs while also standing out due to its unique features and innovative practices.

Similarities

- Focus on Poverty Alleviation: Grameen Bank and other MFIs aim to reduce poverty by providing financial access to underserved populations.
- Empowering Women: Women are prioritized as borrowers, with 98% of Grameen Bank's borrowers being women, aligning with global MFI trends.
- Group-Based Lending: Grameen Bank adopts the group lending model, fostering mutual accountability, a common practice in MFIs.

Differences

- Ownership Structure: Grameen Bank's borrowers are also shareholders, giving them ownership in the institution. Most MFIs are nonprofit or privately owned.
- Social Programs: Grameen Bank offers unique initiatives like the Struggle Members Program (interest-free loans for beggars), which is rarely found in other MFIs.
- Loan Recovery Rates: Grameen Bank boasts a 96.39% recovery rate, outperforming many global MFIs in repayment efficiency.

4.2 Comparison with Commercial Banks

While Grameen Bank shares some financial practices with commercial banks, its focus and operational model differ significantly.

Similarities

- Deposit Mobilization: Like commercial banks, Grameen Bank collects deposits and channels them into loans for income generation.
- Regulatory Oversight: Both Grameen Bank and commercial banks operate under the regulation of Bangladesh Bank.

Differences

- Target Audience: Grameen Bank serves the rural poor and marginalized populations, whereas commercial banks focus primarily on middle- and high-income clients.
- Loan Requirements: Grameen Bank provides collateral-free microloans, unlike commercial banks that require substantial collateral.
- Branch Network: Grameen Bank’s extensive presence in 94% of Bangladesh’s villages contrasts with the urban-centric focus of commercial banks.
- Loan Purpose: Grameen Bank's loans are primarily for small businesses and personal development, while commercial banks often fund corporate and industrial projects.

4.3 Comparison with BRAC

BRAC, a leading Bangladeshi nonprofit organization, shares similar goals with Grameen Bank but differs in its operational approach.

Similarities

- Both focus on poverty alleviation and empowering women through microfinance.
- Both integrate financial services with social development initiatives, such as education and healthcare.

Differences

- Ownership and Model: Grameen Bank is a financial institution owned by its borrowers, whereas BRAC is a nonprofit organization funded by donations and microfinance revenues.
- Program Focus: Grameen Bank emphasizes financial independence through loans, while BRAC combines microfinance with broader social services.
- Global Presence: BRAC operates in multiple countries, while Grameen Bank is concentrated in Bangladesh.

4.4 Comparative Financial Performance

Grameen Bank's financial performance is compared to its peers based on key metrics.

1. Deposit Growth
   Grameen Bank has shown steady growth in deposits, reflecting trust among rural populations. Its deposit mobilization contributes significantly to funding its loan portfolio.
2. Loan Recovery Efficiency
   With a 96.39% loan recovery rate, Grameen Bank outperforms many MFIs and commercial banks, showcasing strong borrower discipline and effective credit management.
3. Social Impact
   Serving 10.66 million borrowers, Grameen Bank has achieved remarkable scale in poverty alleviation and women's empowerment compared to other MFIs.
4. Profitability
   Grameen Bank balances financial sustainability and social impact. Unlike many MFIs reliant on donor funding, Grameen Bank generates income through interest and borrower contributions.

4.5 Challenges in Comparative Context

Despite its achievements, Grameen Bank faces challenges in staying competitive and improving efficiency.

1. Increasing Competition
   Commercial banks are entering the microfinance sector, intensifying competition in deposit mobilization and loan disbursement.
2. Technological Integration
   While competitors adopt advanced digital banking solutions, Grameen Bank needs to accelerate its digital transformation to remain efficient and accessible.
3. Operational Costs
   Operating in remote areas results in higher costs compared to urban-focused banks or digital-first MFIs.

CHAPTER 5: INSIGHTS AND STRATEGIC RECOMMENDATIONS

5.1 Analysis & Findings:

1. Liquidity and Solvency

- Current Ratio: The current ratio has been stable, ranging from 1.06 to 1.10 from 2018 to 2022, suggesting that Grameen Bank has maintained a stable ability to meet short-term obligations with its short-term assets. A ratio above 1.0 indicates adequate liquidity, meaning the bank is capable of covering its current liabilities with its current assets.

- Debt Ratio: The debt ratio has decreased from 93.38% in 2018 to 90.64% in 2022, reflecting a slight reduction in leverage. While still high, this decrease indicates that the bank is gradually reducing its reliance on debt to finance its assets, which could reduce financial risk in the long term.

- Debt-to-Equity Ratio: The debt-to-equity ratio has consistently decreased from 14.12 in 2018 to 10.14 in 2022, suggesting that the bank has been successfully lowering its debt relative to equity. This indicates a more balanced capital structure and less reliance on borrowed funds, reducing the bank's financial leverage.

2. Profitability

- Net Profit Margin (NPM): NPM showed fluctuations, peaking at 11.59% in 2019 but falling to 1.34% in 2021 before recovering to 6.50% in 2022. The significant decline in 2021 can be attributed to a sharp drop in profitability, which likely stemmed from operational challenges or external economic factors. However, the improvement in 2022 indicates a recovery in profit generation, signaling better control over costs or improved revenue streams.

- Gross Profit Margin: The gross profit margin remained relatively stable, ranging from 51.95% to 54.34% over the five years. This consistency suggests that the bank has been able to maintain stable efficiency in its core lending activities, particularly in managing the cost of funds and maintaining profitability on loans.

- Cost-to-Income Ratio: The cost-to-income ratio showed a rising trend from 68.25% in 2018 to 74.71% in 2022, indicating that the bank's operational efficiency has been under pressure. A higher ratio suggests that a growing portion of income is being consumed by operating expenses, which may indicate higher operational costs or inefficiencies that need to be addressed.

3. Efficiency and Asset Utilization

- Total Asset Turnover (TAT): The TAT has been declining from 0.14 in 2018 to 0.12 in 2022, showing decreasing efficiency in using assets to generate revenue. This decline could indicate underutilized assets, highlighting the need for improved asset management or more effective revenue generation from existing resources.

- Return on Assets (ROA): ROA declined from 1.32% in 2018 to 0.78% in 2022, reflecting lower profitability relative to the bank's assets. The sharp drop in 2021 (0.17%) shows that the bank faced significant challenges in generating returns on its assets that year. Although the ROA improved slightly in 2022, the overall trend indicates that the bank's ability to efficiently use its assets to generate profits needs improvement.

4. Return on Equity (ROE)

- ROE showed a significant drop from 19.99% in 2018 to 8.77% in 2022. This decline is primarily due to reduced profitability (NPM) and decreasing efficiency (TAT), despite efforts to lower financial leverage (EM). The sharpest drop occurred in 2021, where ROE fell to 1.98%, largely driven by the substantial reduction in NPM. However, the ROE improved in 2022 (up to 8.77%), showing a recovery in profitability, though still below previous years.

5. Sensitivity Analysis Insights

- Sensitivity of NPM with ROE: NPM has a strong influence on ROE, with significant swings observed. In 2019, an increase in NPM resulted in a sharp rise in ROE (+23.88%), while in 2021, the sharp decline in NPM led to a massive drop in ROE (-84.39%). This indicates that improving profitability is crucial for maintaining high ROE.

- Sensitivity of TAT with ROE: TAT showed a moderate effect on ROE, with smaller fluctuations over the years. The most significant impact occurred in 2021, when a slight decline in TAT contributed to a notable drop in ROE (-10.85%). A decrease in asset utilization efficiency is negatively impacting ROE, emphasizing the need to improve asset management.

- Sensitivity of EM with ROE: Changes in EM also have a significant impact on ROE, with 2022 seeing a decline in EM leading to a drop in ROE (-5.54%). This shows that while leverage has been reduced, the bank's use of debt has a direct impact on equity returns.

5.2 Recommendations

1. Improve Profitability (Net Profit Margin)

- Cost Control and Efficiency: The sharp decline in Net Profit Margin (NPM) in 2021 and the moderate recovery in 2022 indicates that Grameen Bank should focus on controlling operational costs. Implementing cost-cutting measures, such as reducing administrative overheads, enhancing operational efficiency, and leveraging technology, can significantly boost profitability.
- Diversification of Revenue Streams: Grameen Bank should consider diversifying its revenue sources beyond microcredit, such as by introducing new financial products like insurance, savings accounts, and digital banking services, which could stabilize and grow income.

2. Enhance Operational Efficiency

- Optimize Asset Utilization (TAT): The declining Total Asset Turnover (TAT) shows that Grameen Bank's assets are not being used as effectively as they could be to generate revenue. To improve this:
  - Review asset allocation and ensure better deployment of funds in productive areas.
  - Focus on loan management: Ensure that the loan portfolio is effectively managed and that loans are used for productive purposes that generate higher returns.
  - Digitization and Automation: Implement digital banking solutions to reduce operational costs and improve efficiency in loan disbursements and repayments.
- Improve Cost-to-Income Ratio: The rising cost-to-income ratio suggests a need for streamlining operations. This can be achieved by:
  - Automating manual processes to reduce administrative expenses.
  - Improving branch network management to reduce operational inefficiencies.

3. Strengthen Financial Leverage (EM)

- Optimizing Leverage: The Equity Multiplier (EM) has been steadily decreasing, indicating lower reliance on debt. While reducing debt is a positive sign, Grameen Bank should be cautious about over-reducing leverage, as it could limit growth opportunities. A balanced approach would involve:
  - Moderate use of leverage to maintain financial flexibility while avoiding excessive risk.

- Exploring other forms of funding (e.g., equity investments, government grants) to maintain healthy financial leverage while avoiding a debt-heavy capital structure.

4. Focus on Sustainable Growth and Risk Management

- Loan Portfolio Management: The fluctuations in Return on Equity (ROE) and Net Profit Margin (NPM) indicate the need for better management of the loan portfolio:
    - Enhance loan recovery processes: Despite high recovery rates, continuing to monitor and improve collection methods will ensure that the bank maintains its high recovery standards.
    - Introduce credit risk management systems: Use advanced analytics to assess creditworthiness and minimize defaults, especially in challenging economic periods.
- Expand Product Offerings: To better manage asset growth and maintain profitability, Grameen Bank should:
    - Develop new products like health insurance, pensions, and education loans, which cater to a broader range of customer needs.
    - Focus on youth and young entrepreneurs by offering specialized financial products to promote business growth and employment generation.

5. Technology and Digital Transformation

- Adopt Digital Banking Solutions: With declining asset utilization, Grameen Bank should explore digital banking channels to reduce operating costs and reach a broader market, especially in remote areas:
    - Mobile banking platforms could help borrowers access loans and savings accounts more easily, reducing the need for physical branches.
    - Implement digital lending and repayment systems to streamline the process and improve efficiency.
- Data-Driven Decision Making: Leverage big data analytics to improve loan decision-making, predict repayment behavior, and identify areas for cost savings. Advanced data analytics could help optimize product offerings and enhance customer targeting.

6. Focus on Social Impact and Financial Inclusion

- Empowering Women: Given that 98% of Grameen Bank's borrowers are women, continuing to focus on women’s financial empowerment through microcredit programs is crucial. The bank could:
    - Offer women-specific entrepreneurship programs to help women grow their businesses.
    - Ensure that financial education programs are available to help women manage loans and investments effectively.
- Rural Development Programs: Continue expanding services to rural areas by offering microcredit programs, housing loans, and agricultural loans to boost rural entrepreneurship and self-sufficiency.

7. Strengthen Governance and Risk Oversight

- Enhanced Governance Practices: As the bank continues to grow, ensuring robust corporate governance will be key to sustaining long-term stability. Focus on:
    - Strengthening internal controls and transparency.
    - Regularly reviewing risk management frameworks to handle financial and operational risks.

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APPENDICES

Balance Sheet for last 5 Years					
Fiscal year is January-December. All values BDT Millions.	**2023**	**2022**	**2021**	**2020**	**2019**
Assets					
Cash & Short-Term Investments	16,718	3,326	2,749	2,599	13,761
Cash Only	16,718	3,326	2,749	2,599	13,761
Cash & Short-Term Investments Growth	402.67%	21.00%	5.77%	-81.11%	-
Cash & ST Investments / Total Assets	8.34%	1.80%	1.69%	1.75%	9.25%
Total Accounts Receivable	7,658	7,321	6,398	6,618	6,382
Accounts Receivables, Net	5,784	5,967	4,864	5,022	4,652
Accounts Receivables, Gross	8,680	7,884	6,677	7,061	6,415
Bad Debt/Doubtful Accounts	-2,896	-1,917	-1,813	-2,039	-1,763
Other Receivables	1,874	1,354	1,534	1,596	1,730
Accounts Receivable Growth	4.60%	14.42%	-3.32%	3.70%	-
Accounts Receivable Turnover	20.73	20.54	22.36	21.1	22.51
Inventories	591	1,088	260	201	225
Finished Goods	591	1,088	260	201	225
Other Current Assets	337	358	460	513	631
Prepaid Expenses	337	358	460	513	631
Total Current Assets	25,304	12,094	9,868	9,931	20,999
Net Property, Plant & Equipment	143,107	143,350	122,922	110,434	120,425
Property, Plant & Equipment - Gross	283,450	273,763	242,807	232,560	249,262
Buildings	4,117	4,103	4,064	4,051	4,046
Land & Improvements	1,238	1,229	1,070	1,054	1,011
Machinery & Equipment	26,394	24,148	21,542	156,875	167,535
Construction in Progress	4,171	4,679	7,287	5,711	6,055
Computer Software and Equipment	11,487	9,960	8,333	7,458	8,159
Transportation Equipment	572	715	893	1,033	1,495
Other Property, Plant & Equipment	159,385	148,428	137,083	2,846	2,933
Accumulated Depreciation	140,343	130,413	119,885	122,126	128,837
Buildings	2,578	2,399	2,220	2,002	1,804
Machinery & Equipment	21,221	19,646	18,095	111,752	116,959
Computer Software and Equipment	7,881	6,949	5,988	5,226	6,518

Transportation Equipment	361	391	465	599	990
Other Property, Plant & Equipment	108,302	101,027	93,118	2,546	2,565
Intangible Assets	4,396	4,023	3,632	2,317	2,275
Net Other Intangibles	4,396	4,023	3,632	2,317	2,275
Other Assets	27,613	25,620	26,585	25,503	5,035
Deferred Charges	7,141	5,149	6,036	4,934	4,480
Tangible Other Assets	20,472	20,472	20,549	20,568	555
Total Assets	200,420	185,087	163,007	148,184	148,734
Assets - Total - Growth	8.28%	13.55%	10.00%	-0.37%	-
Asset Turnover	0.82	-	-	-	-
Return On Average Assets	17.16%	-	-	-	-
Liabilities & Shareholders' Equity					
ST Debt & Current Portion LT Debt	13,126	15,890	14,946	7,569	10,284
Short Term Debt	3,120	5,037	5,500	1,240	-
Current Portion of Long-Term Debt	10,006	10,852	9,446	6,329	10,284
Accounts Payable	12,452	12,839	12,603	10,362	10,999
Income Tax Payable	19,460	23,780	25,604	24,871	28,137
Other Current Liabilities	47,161	40,423	32,083	33,855	41,006
Dividends Payable	3,926	205	47	1,762	6,907
Accrued Payroll	272	260	303	314	298
Miscellaneous Current Liabilities	42,963	39,958	31,733	31,779	33,801
Total Current Liabilities	92,198	92,933	85,236	76,656	90,426
Current Ratio	0.27	0.13	0.12	0.13	0.23
Quick Ratio	0.27	0.12	0.11	0.13	0.23
Cash Ratio	0.18	0.04	0.03	0.03	0.15
Long-Term Debt	40,213	41,047	22,675	14,147	13,484
Provision for Risks & Charges	696	1,718	1,686	1,793	1,089
Deferred Taxes	479	3,061	3,425	3,351	5,216
Deferred Taxes - Credit	479	3,061	3,425	3,351	5,216
Other Liabilities	145	119	106	130	172
Other Liabilities (excl. Deferred Income)	145	119	106	130	172
Total Liabilities	133,731	138,877	113,128	96,077	110,387
Total Liabilities / Total Assets	66.73%	75.03%	69.40%	64.84%	74.22%
Common Equity (Total)	66,690	46,211	49,879	52,108	38,347
Common Stock Par/Carry Value	13,503	13,503	13,503	13,503	13,503
Additional Paid-In Capital/Capital Surplus	7,840	7,840	7,840	7,840	7,840

Retained Earnings	45,332	24,853	28,521	30,750	16,988
Other Appropriated Reserves	14	14	14	14	16
Total Shareholders' Equity	66,690	46,211	49,879	52,108	38,347
Total Equity	66,690	46,211	49,879	52,108	38,347
Liabilities & Shareholders' Equity	200,420	185,087	163,007	148,184	148,734

Source: Wall Street Journal

Income Statement for last 5 years					
Fiscal year is January-December. All values BDT Millions.	**2023**	**2022**	**2021**	**2020**	**2019**
Sales/Revenue	158,716	150,403	143,066	139,606	143,656
Sales Growth	5.53%	5.13%	2.48%	-2.82%	-
Cost of Goods Sold (COGS) incl. D&A	75,052	68,484	64,295	61,577	60,832
COGS excluding D&A	42,730	40,584	41,279	37,928	37,381
Depreciation & Amortization Expense	32,322	27,900	23,016	23,650	23,451
Depreciation	31,008	26,863	22,315	22,614	22,469
Amortization of Intangibles	1,313	1,036	701	1,036	982
COGS Growth	9.59%	6.51%	4.41%	1.23%	-
Gross Income	83,664	81,920	78,770	78,029	82,825
Gross Income Growth	2.13%	4.00%	0.95%	-5.79%	-
Gross Profit Margin	52.71%	-	-	-	-
SG&A Expense	19,091	18,334	15,543	14,778	16,349
Other SG&A	19,091	18,334	15,543	14,778	16,349
SGA Growth	4.13%	17.96%	5.17%	-9.61%	-
EBIT	64,573	63,585	63,228	63,251	66,476
Non-Operating Income/Expense	-962	-1,511	85	-167	-117
Non-Operating Interest Income	353	157	148	1,622	598
Interest Expense	9,640	10,241	2,640	1,904	3,057
Interest Expense Growth	-5.87%	288.01%	38.62%	-37.72%	-
Gross Interest Expense	9,640	10,241	2,640	1,904	3,057
Pretax Income	54,324	51,990	60,821	62,801	63,899
Pretax Income Growth	4.49%	-14.52%	-3.15%	-1.72%	-
Income Tax	21,249	21,899	26,692	25,614	29,382
Income Tax - Current Domestic	23,985	22,262	26,684	27,166	30,250
Income Tax - Deferred Domestic	-2,736	-364	8	-1,552	-867
Consolidated Net Income	33,075	30,092	34,129	37,187	34,517

Net Income	33,075	30,092	34,129	37,187	34,517
Net Income Growth	9.91%	-11.83%	-8.22%	7.74%	-
Net Margin	20.84%	-	-	-	-
Net Income After Extraordinaries	33,075	30,092	34,129	37,187	34,517
Net Income Available to Common	33,075	30,092	34,129	37,187	34,517
EPS (Basic)	24.49	22.29	25.28	27.54	25.56
EPS (Basic) Growth	9.91%	-11.83%	-8.22%	7.74%	-
Basic Shares Outstanding	1,350	1,350	1,350	1,350	1,350
EPS (Diluted)	24.49	22.29	25.28	27.54	25.56
Diluted Shares Outstanding	1,350	1,350	1,350	1,350	1,350
EBITDA	96,895	91,485	86,244	86,901	89,927

Source: Wall Street Journal

M.J. ABEDIN & Co.
Chartered Accountants

ACNABIN
Chartered Accountants

Grameen Bank
Cash Flow Statement
For the year ended 31 December 2022

	Notes	Amount in Taka 2022	2021
Cash flows from operating activities			
Interest received		36,546,742,120	35,745,971,546
Dividend income from investments		61,142,072	53,656,462
Interest paid		(17,363,620,433)	(17,751,457,821)
Cash payments to employees		(12,717,759,357)	(12,533,108,340)
Income Tax Paid		(2,818,164,169)	(621,405,645)
Payments for other operating expenses		(4,418,602,084)	(3,938,475,765)
Receipts from other operating income		1,452,932,319	1,659,174,991
Recoveries from loans previously written off		2,585,986,804	1,593,242,193
Operating profit before changes in operating assets and liabilities		**3,328,657,272**	**4,207,597,621**
(Increase)/Decrease in operating assets:			
Loans and advances		(18,297,628,723)	5,903,019,270
Other assets	31.00	(93,431,618)	239,119,343
Increase/(decrease) in operating liabilities:			
Deposits and other funds		388,160,347	1,115,056,049
Other liabilities	32.00	(347,834,530)	(1,961,901,503)
Cash utilised in operating assets & liabilities (ii)		**(18,350,734,524)**	**5,295,293,159**
Net cash from operating activities		**(15,022,077,252)**	**9,502,890,780**
Cash flows from investing activities			
Purchase of tangible fixed assets		(158,905,088)	(117,988,442)
Disposal of tangible fixed assets		12,441,952	34,060,165
Investments in Mutual Fund		(1,000,000,000)	0
Fixed deposits with other Banks		14,989,007,325	(8,253,663,229)
Net cash from investing activities		**13,842,544,189**	**(8,337,591,506)**
Cash flows from financing activities			
Issue of share capital		123,148,200	8,001,700
Net decrease in borrowings from banks and other institutions		338,556,762	(62,017,905)
Payment of dividends		(290,706,510)	(288,306,000)
Payment of tax on dividends		(33,737,477)	(33,377,400)
Net cash used in financing activities		**137,260,975**	**(375,699,605)**
Net Increase/(decrease) in cash and cash equivalents		(1,042,272,088)	789,599,669
Cash and cash equivalents at beginning of the period		3,076,526,624	2,286,926,955
Cash and cash equivalents at end of the period	33.00	**2,034,254,536**	**3,076,526,624**

The annexed notes 1 to 33 form an integral part of these financial statements.

Pradip Kumar Saha
General Manager

Director

Director

Md. Mosleh Uddin
Managing Director

M.J. ABEDIN & Co.
Chartered Accountants

ACNABIN
Chartered Accountants

GRAMEEN BANK
Profit and Loss Account
For the year ended 31 December 2022

	Notes	Amount in Taka 2022	Amount in Taka 2021
OPERATING INCOME			
Interest income	17.00	36,299,997,218	36,943,489,812
Interest paid on deposits & borrowings etc.	18.00	(17,362,180,388)	(17,751,198,252)
Net interest income		**18,937,816,830**	**19,192,291,560**
Dividend income from investments	19.00	61,142,072	53,656,462
Other income	20.00	4,039,322,449	3,252,487,297
Total operating income		**23,038,281,351**	**22,498,435,319**
Salary and allowances	21.00	12,720,569,849	12,533,863,066
Rent, rates, taxes, insurance, utilities etc.	22.00	295,644,428	284,315,314
Legal, professional fees and others	23.00	483,891,149	470,127,685
Postage, stamp, telecommunication etc.	24.00	66,148,919	60,641,572
Stationery, printing, advertisement etc.	25.00	103,802,359	97,112,024
Directors' fees		1,480,000	1,224,000
Auditors' fees	26.00	1,581,250	1,581,250
Depreciation of fixed assets	27.00	70,389,666	63,613,210
Repairs and maintenance of bank's assets	28.00	85,199,834	60,106,299
Other expenses	29.00	3,382,334,145	2,964,591,621
Total operating expenses		**17,211,041,599**	**16,537,176,041**
Profit before provision		**5,827,239,752**	**5,961,259,278**
Provisions for loans and advances	30.00	1,615,147,554	4,239,002,208
Profit before Tax		**4,212,092,198**	**1,722,257,070**
Income Tax Expense	12.00	1,851,597,392	1,228,935,100
NET PROFIT		**2,360,494,806**	**493,321,970**
APPROPRIATIONS			
Net profit transferred for appropriation		2,360,494,806	493,321,970
Retained surplus brought forward from prior year		2,779,733,477	2,918,039,477
Dividend paid for year 2021 @ 30% (2020: 30%)		(290,706,510)	(288,306,000)
Total retained surplus available for appropriation		**4,849,521,773**	**3,123,055,447**
Dividend equalization fund		250,000,000	-
General reserve		1,650,000,000	250,000,000
Employees welfare fund		160,494,806	93,321,970
		2,060,494,806	**343,321,970**
Remaining retained surplus		**2,789,026,967**	**2,779,733,477**

The annexed notes 1 to 33 form an integral part of these financial statements.

Pradip Kumar Saha
General Manager

Director

Director

Md. Mosleh Uddin
Managing Director

M.J. Abedin & Co.
Chartered Accountants
Registration# CAF-001-111

Harun Mahmud FCA,
Partner
Enrolment Number: 850
DVC No: 2308310850AS654610

Dated: Dhaka, 30 Aug 2023

ACNABIN
Chartered Accountants
Registration# CAF-001-112

Abu Sayed Mohammad Nayeem FCA,
Partner
Enrolment Number: 353
DVC No: 2308310353AS276565

M.J. ABEDIN & Co.
Chartered Accountants

ACNABIN
Chartered Accountants

GRAMEEN BANK
Balance Sheet
As at 31 December 2022

	Notes	Amount in Taka 31. 12. 2022	31. 12. 2021
PROPERTY AND ASSETS			
Cash:			
Cash in hand		242,514	524,384
Balance with Bangladesh Bank		4,904,321	3,724,387
		5,146,835	**4,248,771**
Balance with other banks	4.00	112,725,356,461	128,757,533,938
Investments	5.00	1,260,500,000	260,500,000
Loans and advances	6.00	167,820,398,274	149,522,769,551
Fixed assets including premises, furniture & fixtures	7.00	1,560,823,629	1,482,092,108
Investment property	8.00	72,101,739	74,356,464
Other assets	9.00	17,603,700,001	14,938,849,116
		301,042,880,104	**295,036,101,177**
Total Assets		**301,048,026,939**	**295,040,349,948**
LIABILITIES AND CAPITAL			
Liabilities:			
Borrowings from banks and other institutions	10.00	1,244,987,135	906,430,373
Deposits and other funds:	11.00		
Members deposit		169,251,823,906	168,403,408,940
Non-members deposit		74,940,708,512	75,779,248,308
Other funds		9,150,996,902	8,612,216,919
		253,343,529,320	**252,794,874,167**
Income Tax Liability	12.00	3,556,474,743	1,704,877,351
Other liabilities	13.00	15,982,902,718	14,712,739,247
Total Liabilities		**19,539,377,461**	**16,417,616,598**
Capital/Shareholders' Equity			
Paid up capital	14.00	1,092,169,900	969,021,700
Capital and other reserves	15.00	23,038,936,156	21,172,673,633
Retained surplus	16.00	2,789,026,967	2,779,733,477
Total Shareholders' Equity		**26,920,133,023**	**24,921,428,810**
Total Liabilities and Shareholders' Equity		**301,048,026,939**	**295,040,349,948**

The annexed notes 1 to 33 form an integral part of these financial statements.

Pradip Kumar Saha
General Manager

Director

Director

Md. Mosleh Uddin
Managing Director

M.J. Abedin & Co.
Chartered Accountants
Registration# CAF-001-111

Harun Mahmud FCA,
Partner
Enrolment Number: 850
DVC No: 2308310850AS654610

ACNABIN
Chartered Accountants
Registration# CAF-001-112

Abu Sayed Mohammad Nayeem FCA,
Partner
Enrolment Number: 353
DVC No: 2308310353AS276565

Dated: Dhaka, 30 Aug 2023

68 GRAMEEN BANK

S. F. AHMED & CO
Chartered Accountants

Hoda Vasi Chowdhury & CO
Chartered Accountants

GRAMEEN BANK
Cash Flow Statement
For the year ended 31 December 2020

	Notes	Amount In Taka 2020	2019
Cash flows from operating activities			
Interest received		38,083,988,830	40,117,202,685
Dividend income from investments		29,199,634	38,685,243
Interest paid		(18,618,560,923)	(18,981,811,687)
Cash payments to employees		(12,313,389,998)	(12,156,289,341)
Payments for other operating expenses		(3,135,320,364)	(4,615,365,250)
Receipts from other operating income		1,569,226,240	1,418,611,104
Recoveries from loans previously written off		793,561,226	1,061,200,993
Operating profit before changes in operating assets and liabilities		**6,408,704,645**	**6,882,233,747**
(Increase)/Decrease in operating assets:			
Loans and advances		13,243,529,029	(5,515,517,132)
Other assets	30.00	(306,230,882)	(25,328,901)
Increase/(decrease) in operating liabilities:			
Deposits and other funds		(1,575,998,395)	18,708,700,398
Other liabilities	31.00	(1,386,607,806)	(3,679,237,129)
Cash utilised in operating assets & liabilities (ii)		**9,974,691,946**	**9,488,617,236**
Net cash from operating activities		**16,383,396,591**	**16,370,850,983**
Cash flows from investing activities			
Purchase of tangible fixed assets		(66,964,436)	(98,947,777)
Disposal of tangible fixed assets		6,025,227	5,253,865
Fixed deposits with other Banks		(13,535,990,541)	(16,567,220,843)
Net cash from investing activities		**(13,596,929,750)**	**(16,660,914,755)**
Cash flows from financing activities			
Issue of share capital		8,868,800	54,058,900
Net decrease in borrowings from banks and other institutions		(1,910,911,246)	598,918,794
Payment of dividends		(285,645,360)	(269,427,690)
Payment of tax on dividends		(32,978,304)	(31,049,654)
Net cash used in financing activities		**(2,220,666,110)**	**352,500,350**
Net Increase/(decrease) in cash and cash equivalents		565,800,731	62,436,578
Cash and cash equivalents at beginning of the period		1,721,126,224	1,658,689,646
Cash and cash equivalents at end of the period	32.00	**2,286,926,955**	**1,721,126,224**

The annexed notes 1 to 32 form an integral part of these financial statements.

(Md. Jasim Uddin Majumder)
General Manager

Director

Director

(Jahangir Hossen Howlader)
Managing Director (Acting)

68 GRAMEEN BANK

S. F. AHMED & CO
Chartered Accountants

Hoda Vasi Chowdhury & CO
Chartered Accountants

GRAMEEN BANK
Profit and Loss Account
For the year ended 31 December 2020

	Notes	Amount In Taka 2020	2019
OPERATING INCOME			
Interest income	16.00	40,771,598,998	40,814,055,575
Interest paid on deposits & borrowings etc.	17.00	(18,617,187,358)	(18,980,268,964)
Net interest income		**22,154,411,640**	**21,833,786,611**
Dividend income from investments	18.00	29,199,634	38,685,243
Other income	19.00	2,362,872,014	2,480,021,685
Total operating income		**24,546,483,288**	**24,352,493,539**
Salary and allowances	20.00	12,312,226,624	12,155,872,846
Rent, rates, taxes, insurance, utilities etc.	21.00	271,855,774	255,283,606
Legal, professional fees and others	22.00	414,644,180	416,712,272
Postage, stamp, telecommunication etc.	23.00	61,112,163	60,733,044
Stationery, printing, advertisement etc.	24.00	84,422,128	114,610,339
Directors' fees		1,053,742	504,000
Auditors' fees	25.00	1,581,250	1,581,250
Depreciation of fixed assets	26.00	64,951,128	63,365,394
Repairs and maintenance of bank's assets	27.00	64,225,537	65,307,883
Other expenses	28.00	2,237,479,332	3,701,136,856
Total operating expenses		**15,513,551,858**	**16,835,107,490**
Profit before provision		**9,032,931,430**	**7,517,386,049**
Provisions for loans and advances	29.00	5,545,981,455	2,794,144,072
NET PROFIT		**3,486,949,975**	**4,723,241,977**
APPROPRIATIONS			
Net profit transferred for appropriation		3,486,949,975	4,723,241,977
Retained surplus brought forward from prior year		2,643,684,837	2,153,112,527
Dividend paid for year 2019 @ 30% (2018: 30%)		(285,645,360)	(269,427,690)
Total retained surplus available for appropriation		**5,844,989,452**	**6,606,926,814**
Dividend equalization fund		315,000,000	420,000,000
General reserve		2,500,000,000	3,400,000,000
Employees welfare fund		111,949,975	143,241,977
		2,926,949,975	**3,963,241,977**
Remaining retained surplus		**2,918,039,477**	**2,643,684,837**

The annexed notes 1 to 32 form an integral part of these financial statements.

(Md. Jasim Uddin Majumder)
General Manager

Director

Director

(Jahangir Hossen Howlader)
Managing Director (Acting)

Md. Enamul Haque Choudhury FCA
ICAB Enrolment No. 471
S. F. Ahmed & Co.
Chartered Accountants
DVC No: 2108180471AS119999

Sabbir Ahmed FCA
ICAB Enrolment No. 770
Hoda Vasi Chowdhury & Co
Chartered Accountants
DVC No: 2108120770AS370141

Dated: Dhaka, 29 July 2021

S. F. AHMED & CO
Chartered Accountants

Hoda Vasi Chowdhury & CO
Chartered Accountants

GRAMEEN BANK
Balance Sheet
As at 31 December 2020

	Notes	Amount In Taka 31.12.2020	31.12.2019
PROPERTY AND ASSETS			
Cash:		**6,436,461**	**4,513,277**
Cash in hand		459,161	144,595
Balance with Bangladesh Bank		5,977,300	4,368,682
Balance with other banks	4.00	119,712,083,350	105,612,215,262
Investments	5.00	260,500,000	260,500,000
Loans and advances	6.00	155,425,788,821	168,669,317,850
Fixed assets including premises, furniture & fixtures	7.00	1,459,452,204	1,461,124,851
Investment property	8.00	76,611,188	78,865,912
Other assets	9.00	13,359,044,548	10,365,203,498
Total Assets		**290,299,916,572**	**286,451,740,650**
LIABILITIES AND CAPITAL			
Liabilities:			
Borrowings from banks and other institutions	10.00	968,448,278	2,879,359,524
Deposits and other funds:	11.00	249,945,328,041	251,409,376,461
Members deposit		166,605,826,027	170,884,260,240
Non-members deposit		75,198,907,969	72,900,133,962
Other funds		8,140,594,045	7,624,982,259
Other liabilities	12.00	14,551,029,743	10,393,139,291
Total Liabilities		**265,464,806,062**	**264,681,875,276**
Capital/Shareholders' Equity			
Paid up capital	13.00	961,020,000	952,151,200
Capital and other reserves	14.00	20,956,051,033	18,174,029,337
Retained surplus	15.00	2,918,039,477	2,643,684,837
Total Shareholders' Equity		**24,835,110,510**	**21,769,865,374**
Total Liabilities and Shareholders' Equity		**290,299,916,572**	**286,451,740,650**

The annexed notes 1 to 32 form an integral part of these financial statements.

(Md. Jasim Uddin Majumder)
General Manager

Director

Director

(Jahangir Hossen Howlader)
Managing Director (Acting)

Md. Enamul Haque Choudhury FCA
ICAB Enrolment No. 471
S. F. Ahmed & Co.
Chartered Accountants
DVC No: 2108180471AS119999

Sabbir Ahmed FCA
ICAB Enrolment No. 770
Hoda Vasi Chowdhury & Co
Chartered Accountants
DVC No: 2108120770AS370141

Dated: Dhaka, 29 July 2021

S. F. AHMED & CO
Chartered Accountants

Hoda Vasi Chowdhury & CO
Chartered Accountants

GRAMEEN BANK
Cash Flow Statement
For the year ended 31 December 2019

	Notes	Amount in Taka 2019	2018
Cash flows from operating activities			
Interest received		40,117,202,685	36,230,896,147
Dividend income from investments		38,685,243	49,913,658
Interest paid		(18,981,811,687)	(17,232,734,810)
Cash payments to employees		(12,156,289,341)	(11,821,872,878)
Payments for other operating expenses		(4,615,365,250)	(3,335,113,541)
Receipts from other operating income		1,418,611,104	1,257,589,367
Recoveries from loans previously written off		1,061,200,993	957,381,306
Operating profit before changes in operating assets and liabilities		**6,882,233,747**	**6,106,059,249**
(Increase)/Decrease in operating assets:			
Loans and advances		(5,515,517,132)	(11,109,465,454)
Other assets	30.00	(25,328,901)	31,941,487
Increase/(decrease) in operating liabilities:			
Deposits and other funds		18,708,700,398	18,628,134,636
Other liabilities	31.00	(3,679,237,129)	(2,429,115,374)
Cash utilised in operating assets & liabilities (ii)		**9,488,617,236**	**5,121,495,295**
Net cash from operating activities		**16,370,850,983**	**11,227,554,544**
Cash flows from investing activities			
Purchase of tangible fixed assets		(98,947,777)	(86,767,838)
Disposal of tangible fixed assets		5,253,865	20,962,307
Fixed deposits with other Banks		(16,567,220,843)	(11,709,533,277)
Net cash from investing activities		**(16,660,914,755)**	**(11,775,338,808)**
Cash flows from financing activities			
Issue of share capital		54,058,900	35,935,200
Net decrease in borrowings from banks and other institutions		598,918,794	910,222,910
Payment of dividends		(269,427,690)	(258,647,130)
Payment of tax on dividends		(31,049,654)	(29,527,070)
Net cash used in financing activities		**352,500,350**	**657,983,910**
Net Increase/(decrease) in cash and cash equivalents		62,436,578	110,199,646
Cash and cash equivalents at beginning of the period		1,658,689,646	1,548,490,000
Cash and cash equivalents at end of the period	32.00	**1,721,126,224**	**1,658,689,646**

The annexed notes 1 to 32 form an integral part of these financial statements.

(Md. Masud Reza)
Deputy General Manager

29.9.2020
Director

Director

(Abul Khair Md Monirul Hoque)
Managing Director

S. F. AHMED & CO
Chartered Accountants

Hoda Vasi Chowdhury & CO
Chartered Accountants

GRAMEEN BANK
Profit and Loss Account
For the year ended 31 December 2019

	Notes	Amount in Taka 2019	2018
OPERATING INCOME			
Interest income	16.00	40,814,055,575	37,260,220,487
Interest paid on deposits & borrowings etc.	17.00	(18,980,268,964)	(17,232,029,828)
Net interest income		**21,833,786,611**	**20,028,190,659**
Dividend income from investments	18.00	38,685,243	49,913,658
Other income	19.00	2,480,021,685	2,216,157,878
Total operating income		**24,352,493,539**	**22,294,262,195**
Salary and allowances	20.00	12,155,872,846	11,822,464,467
Rent, rates, taxes, insurance, utilities etc.	21.00	255,283,606	246,131,685
Legal, professional fees and others	22.00	416,712,272	402,858,859
Postage, stamp, telecommunication etc.	23.00	60,733,044	24,597,879
Stationery, printing, advertisement etc.	24.00	114,610,339	108,484,146
Directors' fees		504,000	426,000
Auditors' fees	25.00	1,581,250	1,569,750
Depreciation of fixed assets	26.00	63,365,394	58,782,166
Repairs and maintenance of bank's assets	27.00	65,307,883	53,698,792
Other expenses	28.00	3,701,136,856	2,497,772,430
Total operating expenses		**16,835,107,490**	**15,216,786,174**
Profit before provision		**7,517,386,049**	**7,077,476,021**
Provisions for loans and advances	29.00	2,794,144,072	3,592,187,597
NET PROFIT		**4,723,241,977**	**3,485,288,424**
APPROPRIATIONS			
Net profit transferred for appropriation		4,723,241,977	3,485,288,424
Retained surplus brought forward from prior year		2,153,112,527	1,861,759,657
Dividend paid for year 2018 @ 30% (2017: 30%)		(269,427,690)	(258,647,130)
Total retained surplus available for appropriation		**6,606,926,814**	**5,088,400,951**
Dividend equalization fund		420,000,000	250,000,000
General reserve		3,400,000,000	2,600,000,000
Employees welfare fund		143,241,977	85,288,424
		3,963,241,977	**2,935,288,424**
Remaining retained surplus		**2,643,684,837**	**2,153,112,527**

The annexed notes 1 to 32 form an integral part of these financial statements.

(Md. Masud Reza)
Deputy General Manager

29.9.2020
Director

Director

(Abul Khair Md Monirul Hoque)
Managing Director

S.F. Ahmed & Co.
S F AHMED & CO.
Chartered Accountants

Hoda Vasi Ch
Hoda Vasi Chowdhury & Co
Chartered Accountants

Dated, Dhaka: 31 August 2020

S. F. AHMED & CO
Chartered Accountants

Hoda Vasi Chowdhury & CO
Chartered Accountants

GRAMEEN BANK
Balance Sheet
As at 31 December 2019

	Notes	Amount In Taka 31.12.2019	Amount In Taka 31.12.2018
PROPERTY AND ASSETS			
Cash:		**4,513,277**	**3,062,958**
Cash in Hand		1,44,595	9,993
Balance with Bangladesh Bank		4,368,682	3,052,965
Balance with other banks	4.00	105,612,215,262	105,612,215,262
Investments	5.00	260,500,000	260,500,000
Loans and Advances	6.00	168,669,317,850	168,669,317,850
Fixed assets including Premises, furniture & fixtures	7.00	1,461,124,851	1,461,124,851
Investment property	8.00	78,865,912	78,865,912
Other assets	9.00	10,365,203,498	10,365,203,498
Total Assets		**286,451,740,650**	**263,553,846,200**
LIABILITIES AND CAPITAL			
Liabilities:			
Borrowings from banks and other institutions	10.00	2,879,359,524	2,280,440,730
Deposits and other funds	11.00	**251,409,376,461**	**232,557,434,086**
Members deposit		170,884,260,240	157,303,744,219
Non-members deposit		72,945,772,786	69,262,730,298
Other funds		7,579,343,435	5,990,959,569
Other liabilities	12.00	10,393,139,291	11,279,687,566
Total liabilities		**264,681,875,276**	**246,117,562,382**
Capital/Shareholders' Equity	13.00		
Paid up capital		952,151,200	898,092,300
Capital and other reserves		18,174,029,337	14,385,078,991
Retained surplus		2,643,684,837	2,153,112,527
Total Shareholders' Equity		**21,769,865,374**	**17,436,283,818**
Total Liabilities and Shareholders' Equity		**286,451,740,650**	**263,553,846,200**

The annexed notes 1 to 32 form an integral part of these financial statement

29.9.2020

(Md. Masud Reza)
Deputy General Manager

Director

Director

(Abul Khair Md Monirul Hoque)
Managing Director

S F AHMED & CO.
Chartered Accountants

Hoda Vasi Chowdhury & Co
Chartered Accountants

Dated, Dhaka: 31 August 2020

GRAMEEN BANK

CASH FLOW STATEMENT

For the year ended 31 December 2018

	Notes	Amount in Taka	
		2018	2017
Cash flows from operating activities			
Interest received		36,230,896,147	33,268,275,978
Dividend income from investments		49,913,658	45,380,636
Interest paid		(17,232,734,810)	(15,821,892,557)
Cash payments to employees		(11,821,872,878)	(11,664,254,932)
Payments for other operating expenses		(3,335,113,541)	(2,697,931,843)
Receipts from other operating income		1,257,589,367	1,547,536,489
Recoveries from loans previously written off		957,381,306	1,151,944,026
Operating profit before changes in operating assets and liabilities		**6,106,059,249**	**5,829,057,797**
(Increase)/Decrease in operating assets:			
Loans and advances		(11,109,465,454)	(28,215,041,513)
Other assets	30.00	31,941,487	146,615,360
Increase/(decrease) in operating liabilities:			
Deposits and other funds		18,628,134,636	8,233,413,705
Other liabilities	31.00	(2,429,115,374)	(2,743,957,146)
Cash utilised in operating assets & liabilities (ii)		**5,121,495,295**	**(22,578,969,594)**
Net cash from operating activities		**11,227,554,544**	**(16,749,911,797)**
Cash flows from investing activities			
Purchase of tangible fixed assets		(86,767,838)	(79,247,022)
Disposal of tangible fixed assets		20,962,307	16,972,524
Fixed deposits with other Banks		(11,709,533,277)	17,179,024,143
Net cash from investing activities		**(11,775,338,808)**	**17,116,749,645**
Cash flows from financing activities			
Issue of share capital		35,935,200	8,341,700
Net decrease in borrowings from banks and other institutions		910,222,910	153,518,369
Payment of dividends		(258,647,130)	(256,144,620)
Payment of tax on dividends		(29,527,070)	(29,250,693)
Net cash used in financing activities		**657,983,910**	**(123,535,244)**
Net Increase/(decrease) in cash and cash equivalents		110,199,646	243,302,604
Cash and cash equivalents at beginning of the period		1,548,490,000	1,305,187,396
Cash and cash equivalents at end of the period	32.00	**1,658,689,646**	**1,548,490,000**

The annexed notes 1 to 32 form an integral part of these financial statements.

(Shah Md. Hasanuzzaman)
General Manager

Director

Director

(Babul Saha)
Managing Director

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GRAMEEN BANK

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2018

	Notes	Amount in Taka 2018	Amount in Taka 2017
OPERATING INCOME			
Interest income	16.00	37,260,220,487	32,389,033,979
Interest paid on deposits & borrowings etc.	17.00	(17,232,029,828)	(15,819,830,377)
Net interest income		**20,028,190,659**	**16,569,203,602**
Dividend income from investments	18.00	49,913,658	45,380,636
Other income	19.00	2,216,157,878	2,700,710,538
Total operating income		**22,294,262,195**	**19,315,294,776**
Salary and allowances	20.00	11,822,464,467	11,664,071,246
Rent, rates, taxes, insurance, utilities etc.	21.00	246,131,685	231,632,166
Legal, professional fees and others	22.00	402,858,859	405,162,388
Postage, stamp, telecommunication etc.	23.00	24,597,879	18,145,615
Stationery, printing, advertisement etc.	24.00	108,484,146	99,699,793
Directors' fees		426,000	342,000
Auditors' fees	25.00	1,569,750	1,569,750
Depreciation of fixed assets	26.00	58,782,166	58,817,242
Repairs and maintenance of bank's assets	27.00	53,698,792	51,907,513
Other expenses	28.00	2,497,772,430	1,889,814,618
Total operating expenses		**15,216,786,174**	**14,421,162,331**
Profit before provision		**7,077,476,021**	**4,894,132,445**
Provisions for loans and advances	29.00	3,592,187,597	2,618,837,361
NET PROFIT		**3,485,288,424**	**2,275,295,084**
APPROPRIATIONS			
Net profit transferred for appropriation		3,485,288,424	2,275,295,084
Retained surplus brought forward from prior year		1,861,759,657	1,597,904,277
Dividend paid for year 2017 @ 30% (2016: 30%)		(258,647,130)	(256,144,620)
Total retained surplus available for appropriation		**5,088,400,951**	**3,617,054,741**
Dividend equalization fund		250,000,000	200,000,000
General reserve		2,600,000,000	1,500,000,000
Employees welfare fund		85,288,424	55,295,084
		2,935,288,424	**1,755,295,084**
Remaining retained surplus		**2,153,112,527**	**1,861,759,657**

The annexed notes 1 to 32 form an integral part of these financial statements.

(Shah Md. Hasanuzzaman)
General Manager

Director

Director

(Babul Saha)
Managing Director

AHMAD & AKHTAR
Chartered Accounts

ACNABIN
Chartered Accounts

Dated, Dhaka: 17 June 2019

GRAMEEN BANK

BALANCE SHEET

As at 31 December 2018

	Notes	Amount in Taka 31. 12. 2018	Amount in Taka 31. 12. 2017
PROPERTY AND ASSETS			
Cash:		**3,062,958**	**1,595,700**
Cash in hand		9,993	161,573
Balance with Bangladesh Bank		3,052,965	1,434,127
Balance with other banks	4.00	88,984,008,160	77,165,742,495
Investments	5.00	260,500,000	260,500,000
Loans and advances	6.00	163,153,800,718	152,044,335,264
Fixed assets including premises, furniture & fixtures	7.00	1,428,332,021	1,417,866,726
Investment property	8.00	81,120,636	83,375,361
Other assets	9.00	9,643,021,707	8,645,638,854
Total Assets		**263,553,846,200**	**239,619,054,400**
LIABILITIES AND CAPITAL			
Liabilities:			
Borrowings from banks and other institutions	10.00	2,280,440,730	1,370,217,820
Deposits and other funds:	**11.00**	**232,557,434,086**	**213,844,011,026**
Members deposit		157,303,744,219	141,056,140,660
Non-members deposit		69,262,730,298	67,291,475,455
Other funds		5,990,959,569	5,496,394,911
Other liabilities	**12.00**	**11,279,687,566**	**10,116,302,736**
Total Liabilities		**246,117,562,382**	**225,330,531,582**
Capital/Shareholders' Equity			
Paid up capital	13.00	898,092,300	862,157,100
Capital and other reserves	14.00	14,385,078,991	11,564,606,061
Retained surplus	15.00	2,153,112,527	1,861,759,657
Total Shareholders' Equity		**17,436,283,818**	**14,288,522,818**
Total Liabilities and Shareholders' Equity		**263,553,846,200**	**239,619,054,400**

The annexed notes 1 to 32 form an integral part of these financial statements.

(Shah Md. Hasanuzzaman)
General Manager

Director

Director

(Babul Saha)
Managing Director

AHMAD & AKHTAR
Chartered Accounts

ACNABIN
Chartered Accounts

Dated, Dhaka: 17 June 2019