Internship Report

On

"Financial Statement Analysis of Grameen Bank"

Supervised By:

Professor Dr. Mostafa Kamal

Department of Business Administration

Faculty of Business and Entrepreneurship

Daffodil International University

Prepared By:

Fahim Ahmed

ID: 213-11-1336

Program: BBA (Major in Finance)

Department of Business Administration

Faculty of Business and Entrepreneurship

Daffodil International University

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Letter of Submission

16th September, 2025

To

Professor Dr. Mostafa Kamal
Department of Business Administration
Faculty of Business and Entrepreneurship
Daffodil International University

Subject: Submission of Internship Report on **"Financial Statement Analysis of Grameen Bank"**

Dear Sir,

I'm happy to share my internship report, "Financial Statement Analysis of Grameen Bank." This report was written as a component of my internship at Grameen Bank, where I was able to watch and learn from real-world banking operations, particularly in customer service and microcredit operations. This report has provided me with important insights, combining both theoretical knowledge and field operations in the realm of financial management and microfinance. I am sure that the analysis and findings discussed here will reflect the internship objectives and the academic requirements.

I appreciate your thoughtful consideration and advice during this work.

Fahim

Yours faithfully
Fahim Ahmed
ID: 213-11-1336
Major: Finance
Department of Business Administration
Faculty of Business and Entrepreneurship
Daffodil International University

Certificate of Approval

This certifies that Fahim Ahmed, ID number 213-11-1336, has completed and turned in the internship report titled "Financial Statement Analysis of Grameen Bank" in partial fulfilment of the requirements for the Bachelor of Business Administration (BBA) degree under the Department of Business Administration at Daffodil International University.

The report has been prepared under my supervision during the internship program at Grameen Bank. To my best knowledge, the report is the original work of the student and reflects the internship learning achievement. I confirm that this report is an acceptable piece of academic work and permit it to be submitted.

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Professor Dr. Mostafa Kamal

Department of Business Administration

Faculty of Business and Entrepreneurship

Daffodil International University

Declaration

I, Fahim Ahmed, student of Department of Business Administration, Daffodil International University, hereby declare that the internship report "Financial Statement Analysis of Grameen Bank" has been prepared solely by me to fulfill the requirements of the internship program. The task was accomplished with the supervision and guidance of Professor Dr. Mostafa Kamal, Department of Business Administration.

This report is prepared solely for academic purposes. It contains analysis of Grameen Bank's financial performance, supported by the knowledge, observations, and experience I gained during my internship tenure. Recommendations and findings as presented are my own study and personal exposure.

I additionally attest that no other degree, diploma, or academic recognition has received this report, in whole or in part.

Fahim

Respectfully yours

Fahim Ahmed

ID: 213-11-1336

Program: BBA (Major in Finance)

Department of Business Administration

Faculty of Business and Entrepreneurship

Daffodil International University

Acknowledgement

Firstly, I thank Almighty Allah (SWT) for granting me the strength, patience, and ability to complete this internship report successfully.

I would like to thank my parents. Their limitless love, constant support, and endless sacrifices were always the strong pillars of my academic progress. Their endless prayers and encouragement gave me the strength to bear difficulties and complete this report.

I am deeply thankful to my valuable supervisor, Professor Dr. Mostafa Kamal, Department of Business Administration, Daffodil International University, for his deserving guidance, positive critiques, and continuous encouragement in preparing this report. His advices and instructions greatly added values to the quality of my work.

My sincere appreciation is also extended to Moniruzzaman Khan Bidyut of Grameen Bank for his generous assistance and pragmatic advice during the internship. His assistance enabled me to have actual comprehension of the bank's operation, which added to my learning experience.

Executive Summary

This internship study is based on the financial performance analysis of Grameen Bank, one of the most influential microfinance institutions in Bangladesh. The study combines both theoretical knowledge of financial ratios and the practical insights gained during my internship at the bank's Head Office in Mirpur-2. The general objective is to evaluate the bank's performance for liquidity, profitability, solvency, efficiency, and cost control and how the operations are enriching its long-term goal of poverty relief and empowerment.

During my internship, I observed how Grameen Bank manages deposits, disburses loans, and monitors repayments, especially among rural borrowers who depend heavily on microcredit. The financial analysis shows that the bank has been able to maintain a strong liquidity position, which allows it to meet short-term obligations comfortably. Debt dependency, while still significant, has been declining, indicating an effort to achieve greater financial stability. Profitability improved noticeably over most of the period studied, supported by better use of resources and cost control, though there were some challenges in the later year due to rising expenses. The bank also became more efficient in utilizing its assets to generate income, which reflects positively on its long-term sustainability. However, operational efficiency was not always consistent, as costs sometimes increased faster than income.

Overall, the findings suggest that Grameen Bank is in a stable position and has been successful in balancing financial sustainability with its social responsibility. The bank continues to empower disadvantaged communities, particularly women, by providing access to financial services that improve livelihoods and reduce poverty. At the same time, it is adapting to modern financial challenges by gradually improving its efficiency and financial strength. With higher diversified products and more control over operation costs, Grameen Bank can strengthen its long-term sustainability while still remaining an irreplaceable driving force behind Bangladesh's socio-economic development.

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Chapter- 1: Introduction

1.1 Introduction

Grameen Bank has been at the forefront of extending financial services to poor rural people in Bangladesh. In a country where most people live in villages with limited resources, access to credit is the window of opportunity for improving livelihood and poverty reduction. With its advent of microfinance, Grameen Bank opened doors for disadvantaged segments of society, especially women, to get involved in income-generating activities and socio-economic development.

This report discusses the financial performance of Grameen Bank, with close focus on key indicators of liquidity, profitability, solvency, and efficiency. It also highlights how the bank balances financial sustainability with its social mission of empowering the poor.

My internship at the Head Office of the bank in Mirpur-2 allowed me to see its operations up close and learn firsthand about the management of deposits, disbursement of loans, and monitoring of repayments. Blending these with academic inputs, this report tries to present a clear picture of the financial operations of Grameen Bank and how it has impacted sustainable development in Bangladesh.

1.2 Origin of the Report

As a part of the Bachelor of Business Administration (BBA) at Daffodil International University, the students have to go through an internship to gain practical experience in a business setup. To fulfill this requirement, I went through a three-month internship at the Head Office of Grameen Bank.

The internship during this time enabled me to gain experience of the day-to-day microfinance in action, observe the bank activities closely, and get an insider's perspective into its operations. The experience and learning gained during this internship have been outlined and assessed in this report, both academically and through practical experience in the topic of microfinance.

1.3 Objectives of the Study

Broad Objective: The main purpose of this study is to evaluate the financial performance of Grameen Bank and to prepare this internship report as a partial requirement for the

Bachelor of Business Administration (BBA) program at Daffodil International University.

Specific Objectives:

The specific aims of the study are:

- To connect the theoretical knowledge with the practical exposure gained at Grameen Bank.
- To evaluate the financial performance of Grameen Bank.
- To point out the challenges related to the bank's financial position.
- To suggest recommendations for improving financial stability, profitability, and operational efficiency of Grameen Bank.

1.4 Methodology of the Study

This study employed both primary and secondary sources of information for the aim of fulfilling its objective of analyzing the financial performance of Grameen Bank. The research utilized direct observation, formal discussions, and oral communications as key methods for data collection. Data analysis focused on financial performance metrics, including liquidity ratios, profitability ratios, and debt ratios.

i) Primary Sources:

- Practical experience.
- Activities of Grameen Bank.

ii) Secondary Sources:

- Information collected from the official website of Grameen Bank
- Analysis of Grameen Bank's published annual reports.
- Articles and research papers from online journals related to Grameen Bank.

1.5 Limitations of the Study

- The three-month internship was insufficient to thoroughly cover all of Grameen Bank's operational and financial facets.
- The study was restricted to analyzing Grameen Bank's financial performance using ratio analysis and financial statements from a few chosen years (2020–2024).

- The scope of this report did not include other more general topics like external macroeconomic influences, HR procedures, and customer satisfaction.
- Some staff were too busy, making it hard to gather the necessary information.
- Some data couldn't be accessed properly due to security restrictions.

Chapter-2: Company Overview

2.1 Historical Background

The idea of Grameen Bank began in the mid-1970s when Professor Dr. Muhammad Yunus, who was a faculty member of Chittagong University then, initiated a small pilot program to provide loans to poor rural people. He noticed that most villagers, especially women, were trapped in poverty because they had no access to formal credit and depended on moneylenders who were charging them exorbitant interest rates.

Professor Yunus, in 1976, started an experimental microcredit project in Jobra village near Chittagong by providing small amounts of money to poor people without requiring any collateral. Encouraged by the success of the initiative, he decided to scale up the program again. During the following years, the model became increasingly popular and finally got the support of the government.

In 1983, the project was formally established as Grameen Bank through a government ordinance. Ever since its establishment, the bank has remained dedicated to providing small loans to the poor and landless, which makes it easier for them to initiate income-generating activities and enhance their living standards in due course of time. In the decades, Grameen Bank has proliferated across the country and become a global model for microfinance, significantly contributing to poverty alleviation and rural development in Bangladesh.

In Bangladesh, Grameen Bank has 2,568 branches. The bank can reach nearly every part of the nation thanks to its vast network, particularly in underserved and rural areas where traditional banking services are scarce. Grameen Bank's extensive reach guarantees that millions of borrowers mostly women from low-income households have access to microcredit products that promote self-employment, income generation, and poverty alleviation.

2.2 Mission of Grameen Bank

The prime goal of Grameen Bank is to extend financial services to the historically excluded groups of people, such as the rural poor and landless households. By offering collateral-free microcredit, the bank aims to empower disadvantaged populations to set up small businesses, generate an income, and improve their living conditions.

At the root of this mission is the belief that access to credit is a basic human right. Grameen Bank wants to make the poor self-reliant, reduce their dependency on moneylenders, and gradually break the poverty cycle. The bank targets women in particular, as they have a greater probability of investing in family welfare, education, and long-term improvement.

Through its programs, Grameen Bank targets not only financial inclusion but also more broad goals of social and economic transformation encouraging entrepreneurship, improving community health, and fostering sustainable development in Bangladesh.

2.3 Vision of Grameen Bank

The mission of Grameen Bank is to bring about poverty alleviation through the provision of financial access, to build a poverty-free world where everyone is included in financial opportunities and lives with dignity. The aspiration of the bank is to create an inclusive financial system that reaches the very people who are usually not reached, and specifically rural women, and enables them to control their own economic future.

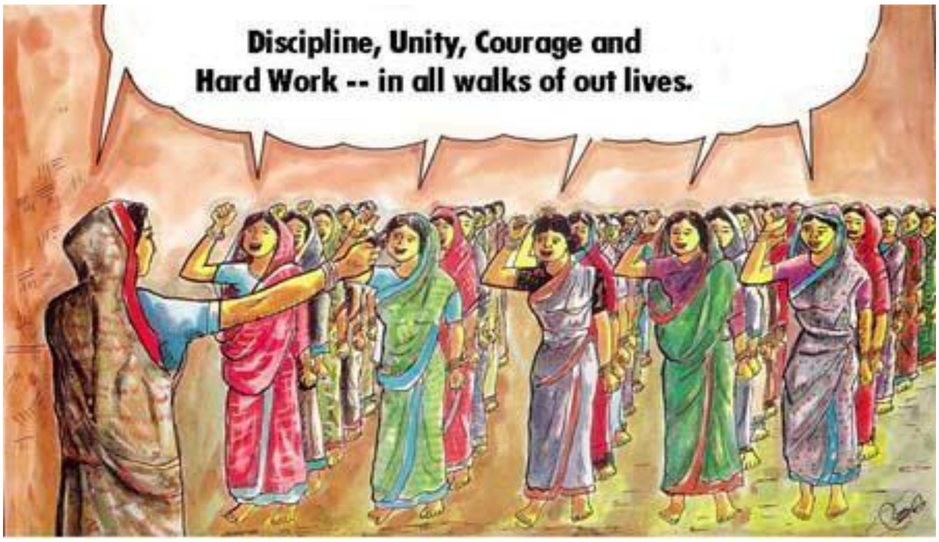
Grameen Bank envisions a world where people can satisfy their basic needs, educate their children, have good health, and improve their standard of living with dignity and sustainable income. By promoting microfinance, self-employment, and social mobility, the bank seeks to catalyze long-term change that reduces inequality and improves the overall economy of Bangladesh.

Essentially, the vision is a simple but powerful objective: to enfranchise the poor so that poverty is a thing of the past, and every household can contribute usefully to national advancement.

2.4 Core Principles of Grameen Bank

Grameen Bank is guided by four fundamental principles:

- Discipline
- Unity
- Courage
- Hard Work



2.5 Grameen Bank Achievements

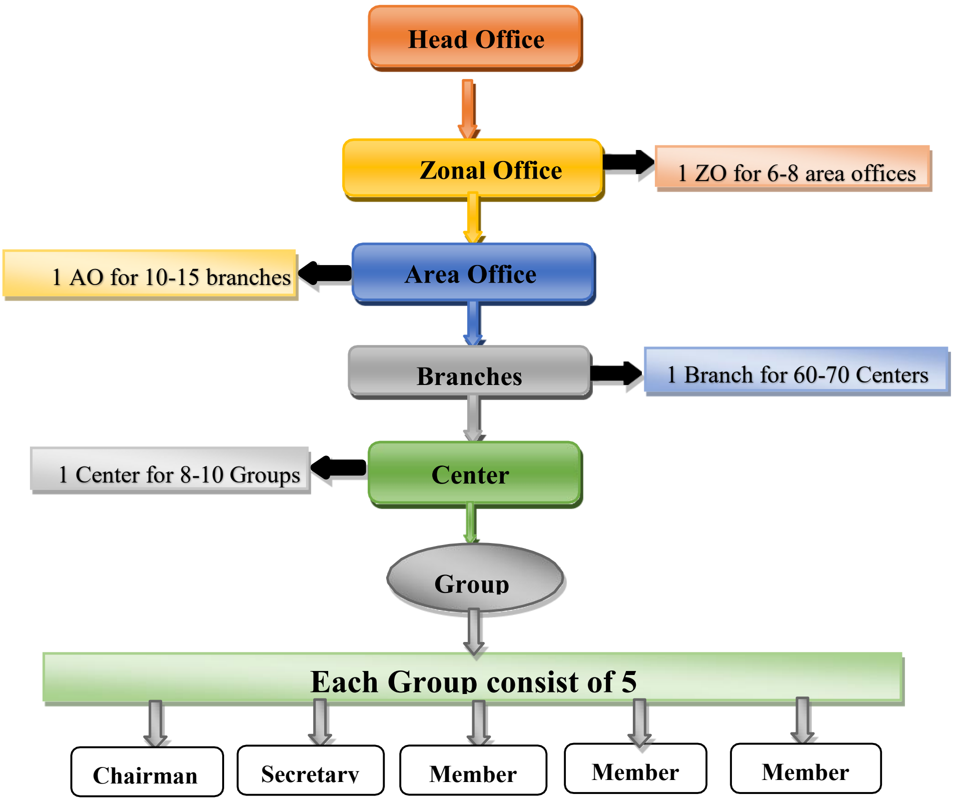
Grameen Bank has received numerous national and international awards for its contribution to poverty alleviation, social empowerment, and creative banking. The most revered ones are:

- **Norway (2006):** Joint Nobel Peace Prize for Grameen Bank and Professor Muhammad Yunus.
- **U.S.A. (2004):** Petersburg Prize.
- **India (2000):** Gandhi Peace Prize.
- **United Kingdom (1997):** World Habitat Award.
- **Malaysia (1994):** Tun Abdul Razak Award.
- **Bangladesh (1994):** Independence Day Award, a national honor of high prestige.
- **Belgium (1993):** King Baudouin International Development Prize.
- **Switzerland (1989):** Aga Khan Award for Architecture, for innovative housing loan schemes.
- **Bangladesh (2014):** ICMAB Best Corporate Award.
- **Bangladesh:** MCCI Award for outstanding contribution to economic and social progress.

আইসিএমএবি বিশেষ ক্যাটাগরিতে বিশিষ্ট ব্যাংক হিসেবে গ্রামীণ ব্যাংক-কে " ICMAB Best Corporate Award 2014" প্রদান করে।

BANGLADESH: "ICMAB awarded Grameen Bank "ICMAB Best Corporate Award-2014" for in its excellence special category.

2.6 Organogram of Grameen Bank



Chapter- 3: Internship Roles, Responsibilities, Key Learnings & Experiences

3.1 Internship Role and Responsibilities

While interning at the Grameen Bank, I came to know in depth about the internal working of a big microfinance institution, with particular emphasis on its financial transaction and client dealings. This taught me how important data is in making financial decisions. I also assisted with monthly and quarterly reporting, where I compiled information and identified patterns, such as changes in disbursements or repayment trends. Working closely with senior officers gave me the chance to understand financial ratios like the current ratio and return on assets more deeply.

Aside from numbers, I interacted with customers, especially rural women who were given microloans. Observing how the bank's services helped them gave me a sound grasp of the impact of microfinance on lives. I also had the opportunity to work with different groups, such as Risk Management and Loan Administration, and observing how the bank matches risk with opportunity. Shadowing senior officers showed me how carefully they evaluate financial data before making decisions that directly impact borrowers.

Another important part of my duty was making reports and presentations to the management. I learned how to present intricate financial data in a simple way, and I indeed made recommendations for improving some processes.

Overall, this internship experience completely transformed my life. It allowed me to connect theory and practice. I gained first-hand experience of working with data, dealing with clients, and working as a team. Most importantly, I observed how microfinance institutions like Grameen Bank have a severe social mission alongside financial goals. These learning and experiences will remain with me throughout my professional life.

3.2 Key Learnings

I thoroughly studied the financial performance of Grameen Bank by examining its financial statements while I was an intern at the bank's head office in Mirpur-2. Collaborating with the financial group, I learned to interpret key metrics such as liquidity, profitability, and debt ratios, bridging the gap between my academic studies and real-world analysis. I also gained insight into how these metrics influence business decisions, like managing loans and ensuring sustainability. Beyond technical skills, I improved my communication by writing formal emails and collaborating across departments. I developed time management skills, prioritized tasks, and met deadlines. Working in a diverse team taught me the value of collaboration, while problem-solving helped me tackle challenges with supervisor support. I also gained experience with MS Office, Excel, and databases, adapting to workplace norms and gaining knowledge about industry trends and customer behavior.

3.3 Key Experiences

Working with the Head Office's financial analysis team was one of the most eye-opening experiences I had. I witnessed how the bank uses financial data to determine loan disbursement, interest rates, and client eligibility. I also learnt how risk management decisions are informed by financial data and the processes for monitoring loan repayment. My comprehension of how financial performance directly supports Grameen Bank's mission to provide financial services to underserved communities has grown as a result of this hands-on exposure to financial metrics. Additionally, it improved my ability to think critically and helped me better grasp the challenges of managing a microfinance organization.

Chapter-4: Critique and Reflections

4.1 Critique of the Internship Experience

My internship at Grameen Bank was a highly educative experience, providing me with practical exposure to the field of finance. However, my study had some limitations. Due to the short internship duration and fewer opportunities to access private financial data, I was unable to perform a more in-depth analysis of the overall financial performance of the bank. Although I was able to see and analyze key financial indicators, the scope of my work was comparatively narrow.

4.2 Key Challenges

Among the greatest challenges I experienced while undertaking my internship was the time constraint. With only a few months at the bank, it was not simple to fully immerse myself in scrutinizing long-term financial data. Additionally, since I was inexperienced in the banking sector, there were instances when my lack of experience made it difficult to grasp certain bank operations instantly. I also experienced difficulty in obtaining confidential financial information, as well as the workload of the bank staff, which at times made it even harder to get the necessary data.

4.3 Learning from Challenges

These challenges, however, were valuable learning experiences. I was able to learn to work with limited resources and adapt myself easily to various environments. I also learned to be more resourceful, observing the data available and adopting an alternative position accordingly. The capacity to deal with expectations and be professional in spite of limitations helped me to grow personally and professionally.

4.4 Overall Reflection

Despite these limitations, this internship was an excellent learning experience. It enhanced my research skills, communication skills, and problem-solving abilities, in addition to exposing me further to the banking sector. Above all, it reinforced my appreciation for the impact that financial services can have on people's lives and economic development, especially in underprivileged communities. This experience has been shaping my knowledge of the importance of financial institutions like Grameen Bank.

Chapter-5: Theoretical Analysis of the Financial Ratios

5.1 Introduction to Financial Ratios

Financial ratios provide a standard language for explaining an institution's overall performance. Instead of simply looking at numbers in the financial statements, ratios enable one to interpret the numbers in a meaningful way. Ratios help to establish whether a bank is financially healthy, operationally efficient, profitable in operations, and capable of paying short-term as well as long-term obligations.

Ratio analysis of any financial organization is integral to decision-making. It gives stakeholders and managers a clearer idea of how resources are being used, costs are being controlled, and how effectively income is being generated. By placing the ratios in different categories such as liquidity, solvency, profitability, activity, and cost control, it becomes easy to study different aspects of performance.

For Grameen Bank, financial ratios are especially important because the organization has a twofold role to fulfill. On one hand, it must be financially self-sustaining, and on the other, it is committed to poverty alleviation and empowering disadvantaged groups. Ratio analysis therefore provides not only a gauge of financial well-being but also a window into how well the bank is succeeding in meshing its economic goals with its broader social mission.

5.2 Liquidity Ratios

The liquidity ratios measure the readiness of a bank to fulfill its short-term obligations as well as uphold depositor confidence.

i) Current Ratio: A bank's capacity to meet its short-term obligations using its current assets is gauged by its current ratio. It demonstrates the extent to which the bank may use easily accessible funds to meet its present obligations. The bank's liquidity position is stronger when the current ratio is higher, meaning that it can simply and trouble-free fulfil short-term financial obligations. The following is the formula:

Formula: Current Ratio = Current Assets / Current Liabilities

ii) Quick Ratio: Quick ratio refers to which gives a more conservative view by excluding less liquid assets like inventory. It excludes inventory from current assets because inventory is less liquid compared to cash or receivables. This ratio shows whether the bank can pay off its short-term liabilities without relying on less liquid assets.

Formula: Quick Ratio: (Current Assets – Inventory) / Current Liabilities

5.3 Solvency Ratios

Solvency ratios are focused on the long-term financial well-being of an institution. They identify whether the bank is able to service its burden of debt and remain viable in the long run. The bank's reliance on borrowed funds and its ability to maintain that debt load are demonstrated by ratios such as debt ratio, debt-to-equity, and interest coverage.

i) Debt Ratio: The debt ratio is a percentage measure of how much of a bank's assets are financed using borrowed funds rather than owners' capital. It measures the degree to which the bank is dependent on creditors to finance its operations. When the ratio is high, the assets are financed more through debt, which increases financial leverage but also raises the level of repayment pressure. Conversely, a lower ratio would imply that the bank depends less upon borrowed funds, meaning increased financial stability.

Formula: Debt Ratio= (Total liabilities / Total assets) ×100

ii) Debt-to-Equity Ratio: This ratio compares total liabilities with shareholders' equity. It highlights the balance between external borrowing and owners' funds. A high ratio shows dependency on creditors, while a lower ratio indicates stability and stronger capital support from equity.

Formula: Debt to Equity Ratio = Total Liabilities / Shareholders' Equity

iii) Interest Coverage Ratio: This ratio assesses how readily a bank may use its operational revenue to cover interest costs. A larger coverage indicates a bank's strength and reduced failure risk as it produces enough revenue to pay interest on interest payments several times.

Formula: Interest Coverage Ratio= Operating Income / Interest Expense

5.4 Activity Ratio

The activity ratios determine how well a bank uses its resources to generate income. The Total Asset Turnover Ratio, the activity ratio most frequently used in banking, shows how well a bank converts all of its assets into operational revenue. A higher ratio indicates greater asset utilization, whereas a lower ratio suggests inadequate resource management or underutilization.

i) Total Asset Turnover Ratio: The total asset turnover ratio measures how efficiently a bank uses its assets to generate revenue, with operating income often used as an alternative to sales in the case of financial institutions.

Formula: Total Asset Turnover = Operating income / Total Asset

5.5 Profitability Ratios

Profitability measures how well the bank turns its revenues into profits after meeting expenses. It reflects the success of operations and is directly linked to shareholder value. Profitability ratios (like Net Profit Margin, ROA, ROE) help to judge whether the bank is efficiently using resources to generate returns.

i) Net Profit Margin: The net profit margin shows the percentage of revenue remaining as profit after subtracting all expenses and taxes. It provides an idea about how efficiently a bank can turn its revenue into actual profit. The higher the margin, the better the financial performance and the tighter the cost management, and the worse with lower margins.

Formula: Net Profit Margin = (Net Profit after Tax / Operating Income) ×100

ii) ROA-Return on Asset: Return on Assets measures the effectiveness of a bank in generating earnings from its total assets. It indicates how well management is able to turn resources into profit. An increasing ROA indicates that the bank is efficiently utilizing its assets, whereas a decreasing ROA indicates underutilization or inefficient operations.

Formula: ROA= Net Profit after tax/Total Asset ×100

iii) Return on Equity (ROE): Return on Equity examines if a bank utilizes shareholders' capital effectively to produce returns. It is a measure of the company's power to create value for its owners. The greater the profitability and effective use of equity, the higher the ROE, while weaker performance is indicated with lower ROE. Sometimes the ratio may fall even if net income goes up, especially when the equity rises at a faster pace than profit.

Formula: ROE = Net Profit After Tax / Shareholders' Equity ×100

5.6 Cost Management Ratio

Cost management ratio emphasizes the efficiency with which a bank exercises control over its operational expenses against revenues. It presents a measure of how efficiently a bank cuts useless expenses while delivering seamless services.

i) Cost Income Ratio: The Cost-to-Income Ratio (CIR) is a widely used measure to determine how well a bank is able to control its operating expenses in relation to its income generated. It highlights the balance between earnings and the expenditure required to achieve the earnings. A lower ratio is better, which implies that the bank is spending less and earning more, reflecting greater efficiency and cost discipline.

Formula: Cost Income Ratio= (Total Operating Expenses / Total Operating Income) ×100

Chapter-6: Financial Performance Analysis

Financial Performance Analysis

The profitability of Grameen Bank is measured to determine how effectively it is able to utilize its assets to generate income and profits. This measurement provides a clear indication of the bank's operation in a specified period and determines its efficiency, profitability, and sustainability.

In order to better determine its place, Grameen Bank often compares its performance to other microfinance institutions such as ASA and BRAC. By comparing these, strengths and weaknesses can be identified as well as areas for improvement. Financial performance is analyzed through the use of ratios and trend analysis using data from income statements, balance sheets, and annual reports. The process not only reveals the present situation of the bank but also aids in strategic decision-making by top management in the future.

6.1 Analysis of Liquidity Ratios

Liquidity ratios show how well a company can use its resources to meet its short-term obligations. They offer a brief overview of financial adaptability and the capacity to fulfil urgent obligations. The most common ratios are Current Ratio and Quick Ratio.

6.1.1 Current Ratio: The bank's ability to meet its short-term obligations with its current assets is shown by the current ratio. A greater ratio indicates that the bank has a stronger liquidity position and can easily pay its debts.

Looking at the current ratio from 2020 to 2024, we can see both strengths and weaknesses in the bank’s liquidity:

Year	2020	2021	2022	2023	2024
Current Assets	81767	79753	81119	86777	95947
Current Liabilities	52415	54254	56333	61544	66170
Current Ratio	1.56	1.47	1.44	1.41	1.45

Table 6.1.1: Current Ratio of Grameen Bank (2020–2024)

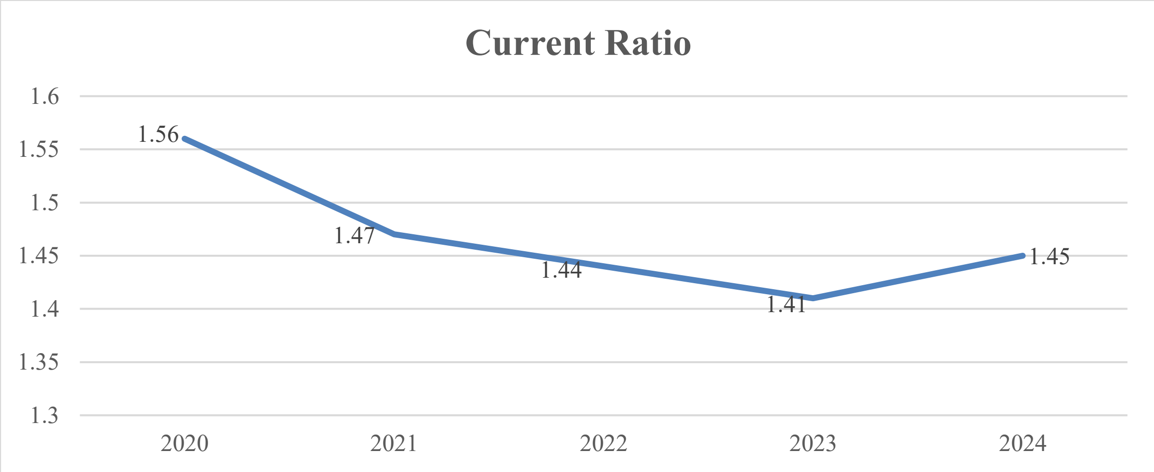


Figure 1: Current Ratio for the year 2020 to 2024

Interpretation: The current ratio of Grameen Bank has fluctuated during the last five years. The best performance was in 2020, when it began at 1.56. Despite this, the bank's current liabilities decreased in 2020, which led to a very high current ratio (1.56). This indicates less obligation pressure in that year, not necessarily improved liquidity strength. It fell little to 1.41 by 2023, the lowest during this time frame, but it was still higher than the typical 1:1 level. This indicates that the bank's liquidity is typically sound, although maintaining seamless operations requires monitoring short-term assets.

6.1.2 Quick Ratio: The quick ratio evaluates the bank’s ability to meet its short-term liabilities with its most liquid assets, excluding inventory. It is a stricter measure of liquidity compared to the current ratio.

Year	2020	2021	2022	2023	2024
Current Assets	81767	79753	81119	86777	95947
Inventory	4088	3988	4056	4339	4797
Current Liabilities	52415	54254	56333	61544	66170
Quick Ratio	1.48	1.4	1.37	1.34	1.38

Table 6.1.2: Quick Ratio of Grameen Bank (2020–2024)

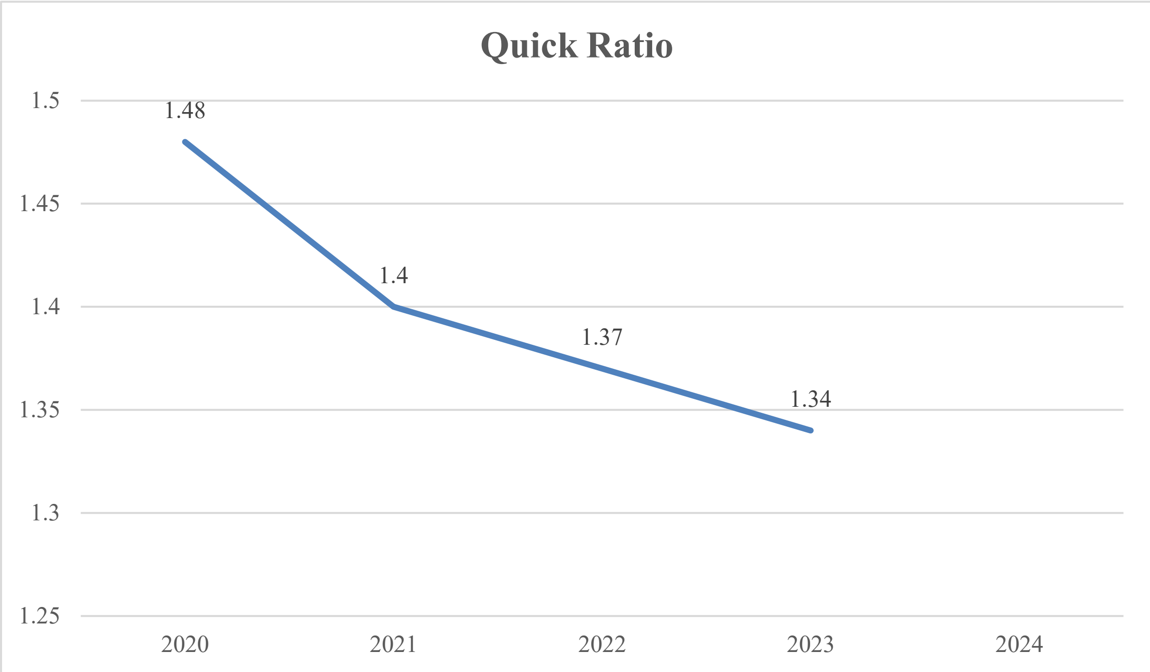


Figure 2: Quick Ratio for the year 2020 to 2024

Interpretation: In 2020, the ratio was 1.48, the highest during the five-year period, showing relatively strong liquidity as liabilities were comparatively lower. From 2021 to 2023, however, the ratio showed a gradual decline, reaching its lowest at 1.34 in 2023, which suggests that liabilities were growing at a faster pace than liquid assets. In 2024, the ratio slightly recovered to 1.38, reflecting some improvement in liquidity management.

6.2 Analysis of Solvency Ratios

6.2.1 Debt Ratio: The debt ratio shows the proportion of a bank's assets that are financed through borrowed funds (liabilities).

Year	2020	2021	2022	2023	2024
Total Liabilities	209658	217015	225330	246177	264681
Total Assets	220885	229360	229360	263553	286451
Debt Ratio (%)	94.92	94.62	94.04	93.4	92.4

Table 6.2.1: Debt Ratio of Grameen Bank (2020–2024)

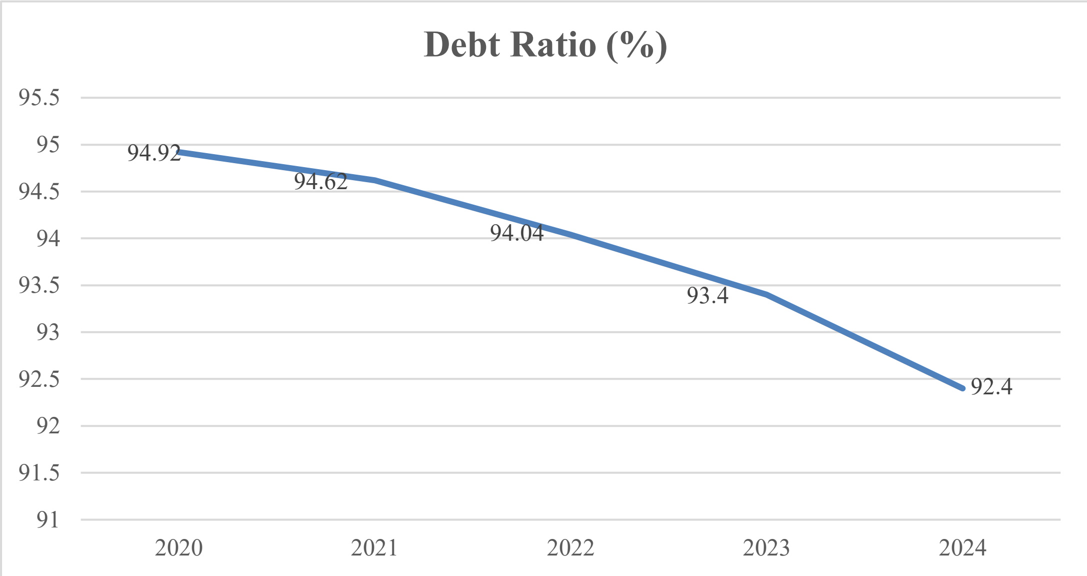


Figure 3: Debt Ratio for the year 2020 to 2024

Interpretation: The ratio peaked in 2020 at 94.92%, indicating that the bank was substantially dependent on borrowed money. It dropped to 92.40% by 2024, the lowest level within this time frame, indicating a reduction in financial risk. This diminishing trend indicates that Grameen Bank is retaining its effective operations and keeping its debt in check.

6.2.2 Debt to Equity Ratio: How much of the company's assets are financed by total debt and shareholders' equity is determined by the debt-to-equity ratio. A smaller percentage reflects more financial stability through equity financing, whereas a higher ratio indicates greater reliance on debt.

Looking at the debt-to-equity ratio from 2020 to 2024, we can see how the bank slowly decreased its use of borrowed money:

Year	2020	2021	2022	2023	2024
Total Liabilities	209658	217015	225330	246177	264681
Shareholders' Equity	11227	12345	14289	17376	21770
Debt to Equity Ratio	18.67	17.58	15.77	14.17	12.16

Table 6.2.2: Debt-to-Equity Ratio of Grameen Bank (2020–2024)

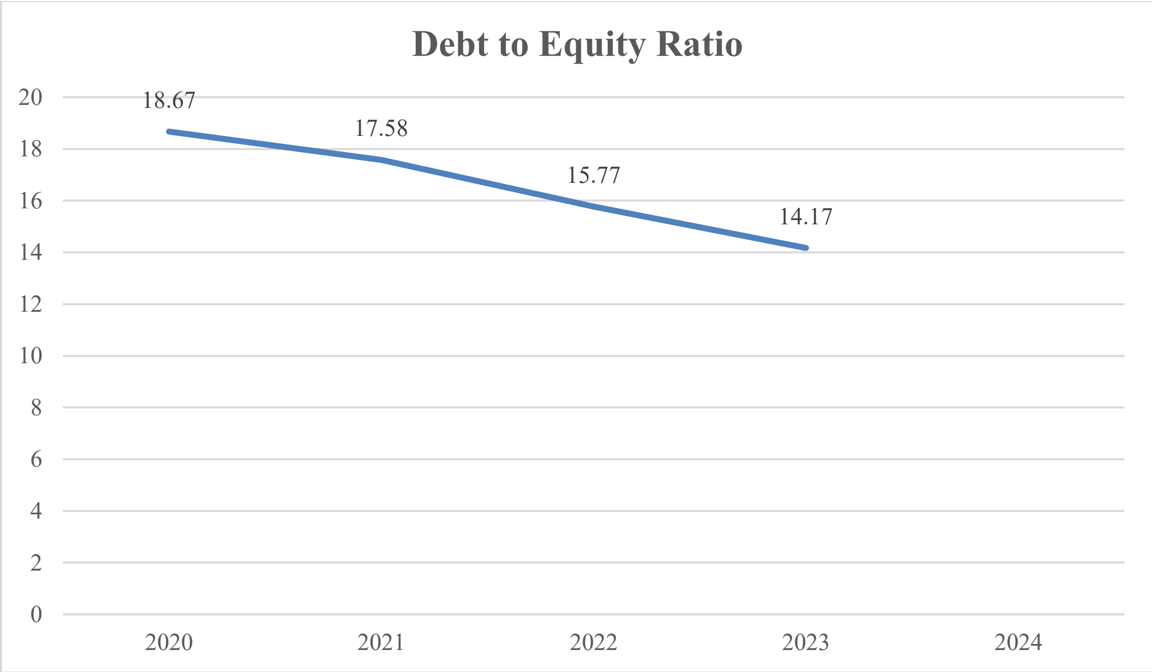


Figure 4: Debt to Equity Ratio for the year 2020 to 2024

Interpretation: It was at a high of 18.67 in 2020. That means the bank relied mostly on borrowed funds relative to the equity base. The ratio declined steadily from 2021 to 12.16 in 2024, the lowest in these five years.

This decline indicates that the bank has progressively established its equity base over debt, thus minimizing financial risk and creditor dependency. Although the ratio is still greater dependency upon debt than equity, the unrelenting decline is a favorable indication of improved financial stability and longer-term viability.

6.2.3 Interest Coverage Ratio: Interest coverage ratio is a solvency measure that determines how easily the bank can cover its interest charges using its operating earnings.

The bank's interest coverage ratio from 2020 to 2024 is displayed below:

Year	2020	2021	2022	2023	2024
Operating Income	15330	16935	19315	22294	24352
Interest Expense	1250	1310	1420	1650	1780
Interest Coverage Ratio	12.26	12.93	13.60	13.51	13.68

Table 6.2.3: Interest Coverage Ratio of Grameen Bank (2020–2024)

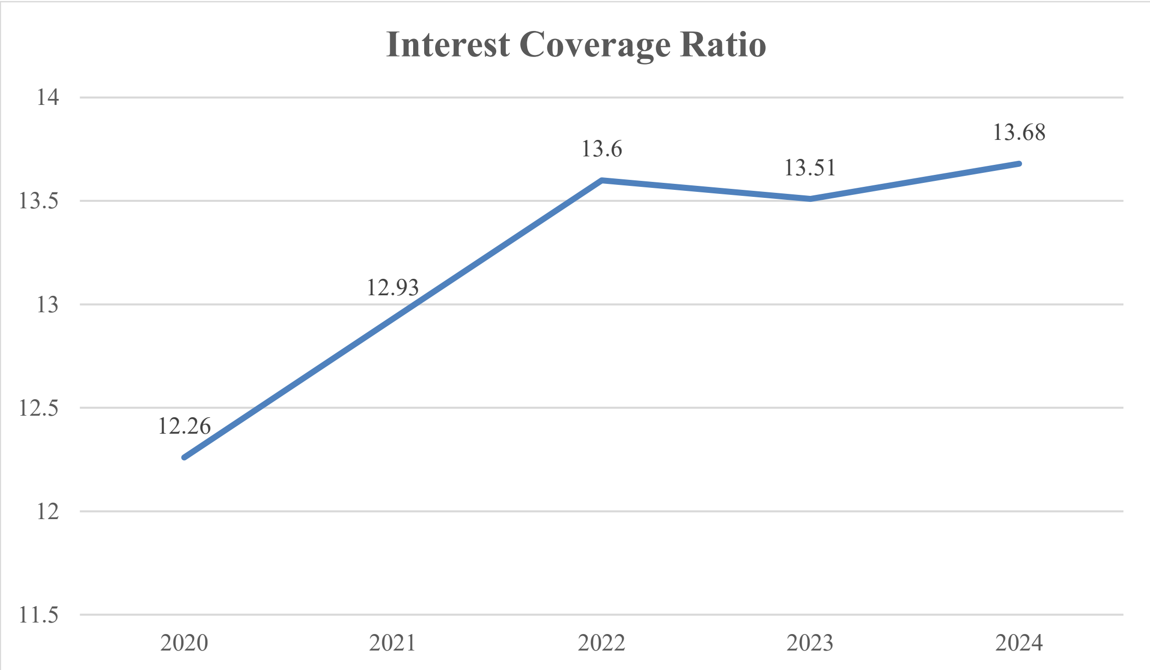


Figure 5: Interest Coverage Ratio for the year 2020 to 2024

Interpretation: Throughout the period, the interest coverage ratio was consistently above 12 times, revealing strong debt-servicing capability. The ratio stood at 12.26 in 2020, showing that the bank could cover the interest more than twelve times with operating income. It went up to 13.60 in 2022, the highest during the period, showing improved financial strength. Although it fell slightly in 2023, the ratio recovered again in 2024 (13.68).

6.3 Analysis of Activity Ratio (Total Asset Turnover Ratio)

6.3.1 Total Asset Turnover Ratio: This ratio shows how efficiently the bank uses its assets to generate income. It is determined by:

Year	2020	2021	2022	2023	2024
Total Operating Income	15330	16935	19315	22294	24352
Total Asset	220885	229360	239619	263553	286451
Total Asset Turnover	6.94	7.38	8.06	8.45	8.5

Table 6.3.1: Total Asset Turnover Ratio of Grameen Bank (2020–2024)

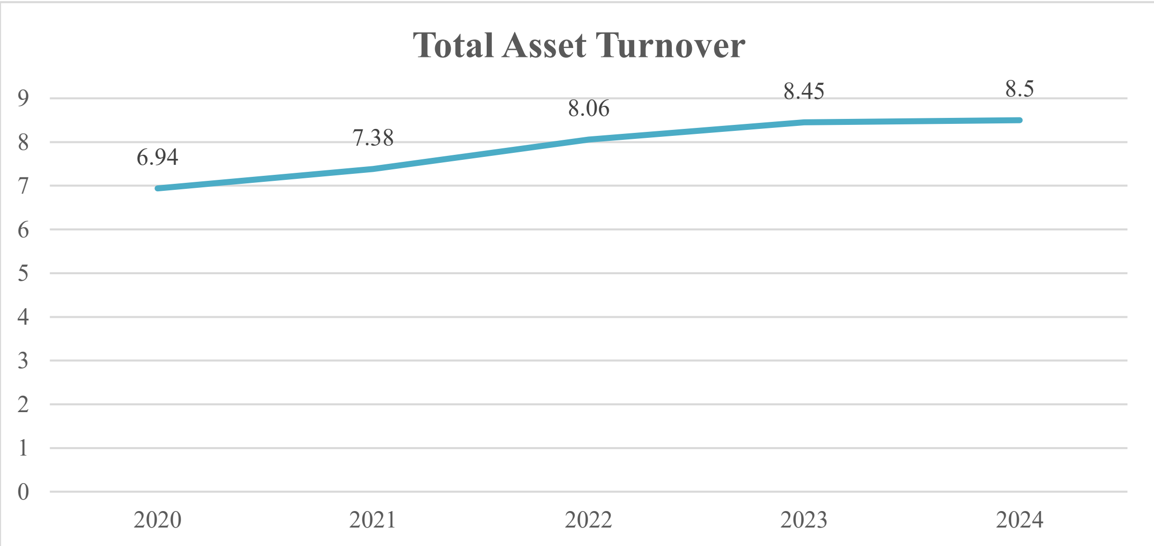


Figure 6: Total Asset Turnover Ratio for the year 2020 to 2024

Interpretation: Total asset turnover indicates how efficiently the bank converts its total assets into income. In 2020, the ratio was 6.94, the lowest point, showing that resources were underused. By 2024, it climbed to 8.50, the highest performance, reflecting improved efficiency in generating income from loans and deposits. This trend is a clear sign of better operational management and growing productivity.

6.4 Analysis of Profitability Ratio

6.4.1 Net Profit Margin: Net profit margin represents the proportion of net income generated from total revenue, after deducting all operating expenses, interest, and taxes.

Year	2020	2021	2022	2023	2024
Net Profit After Tax	1392	2275	3485	4723	3486
Operating Income	15330	16935	19315	22294	24352
Net Profit Margin (%)	9.08	13.43	18.05	21.19	14.32

Table 6.4.1: Net Profit Margin of Grameen Bank (2020–2024)

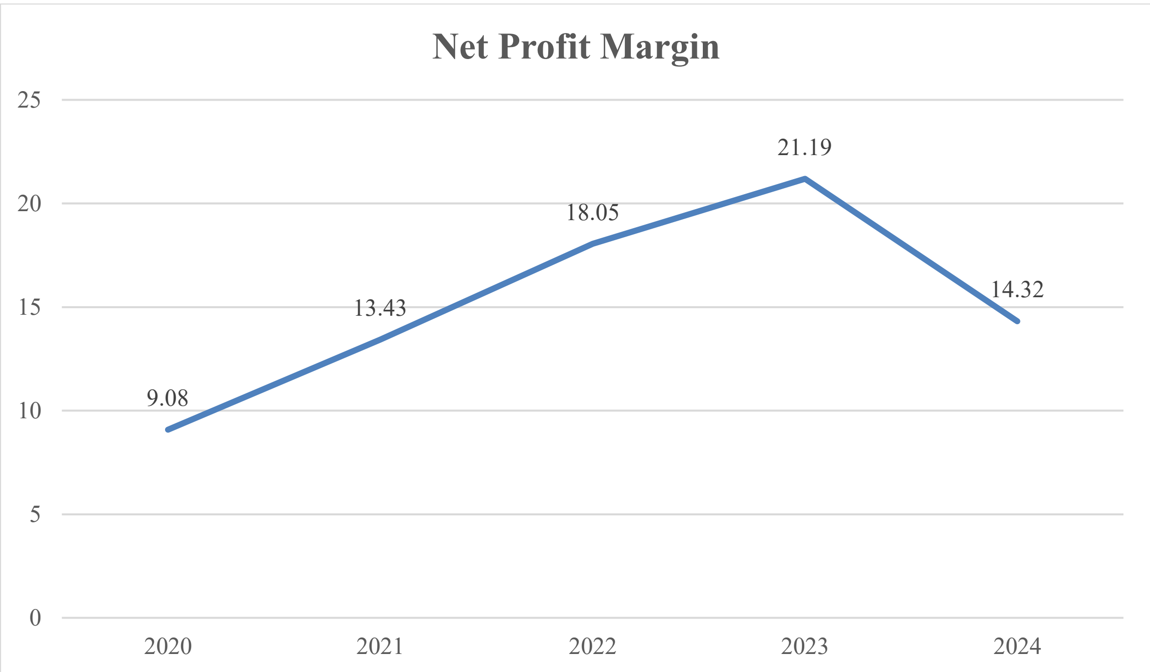


Figure 7: Net Profit Margin of the year 2020 to 2024

Interpretation: The line of net profit margin shows that the bank was getting more and more profitable in the years between, but at a later part of the period, the profitability declined. In 2020, the margin was 9.08%, and then it went up gradually to 21.19% in 2023. In 2024, it fell to 14.32% even though operating income increased. This decline occurred because expenses rose at a faster pace than revenues, which reduced the proportion of profit earned from income.

6.4.2 ROA-Return on Asset: Return on Assets (ROA) measures how efficiently a bank utilizes its total assets to generate net income.

Year	2020	2021	2022	2023	2024
Net Profit After Tax	1392	2275	3485	4723	3486
Total Asset	220885	229360	239619	263553	286451
ROA (%)	0.63	0.99	1.45	1.79	1.22

Table 6.4.2: Return on Assets (ROA) of Grameen Bank (2020–2024)

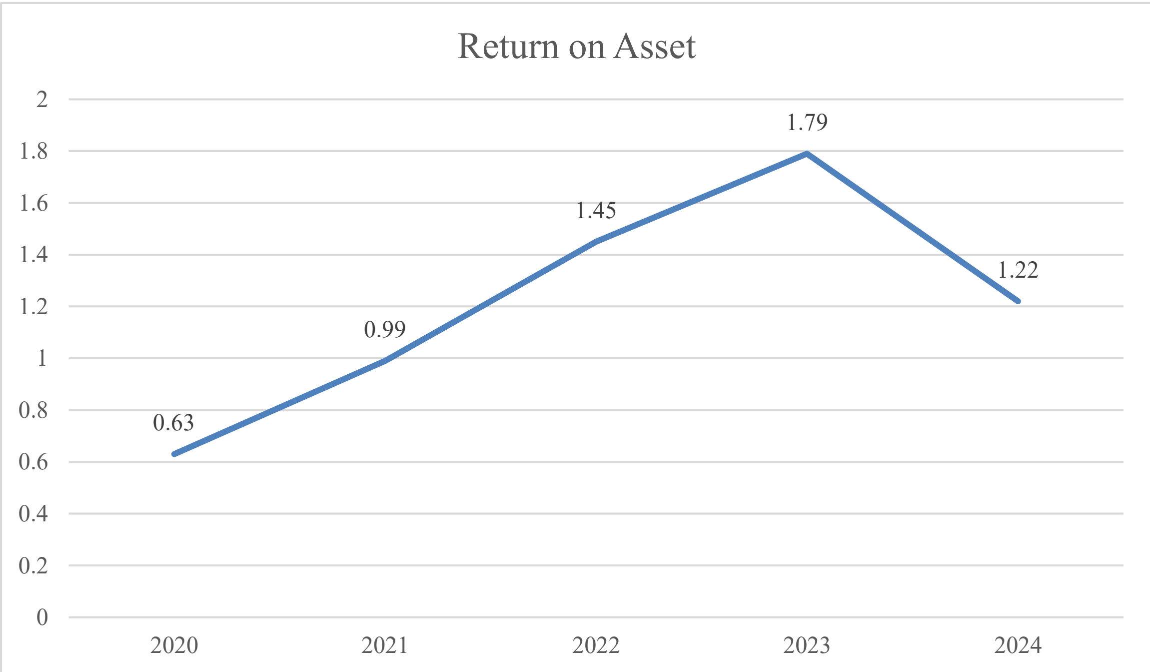


Figure 8: Return on Asset of the year 2020 to 2024

Interpretation: The chart illustrates how efficient the bank was in utilizing its assets towards generating profit. During the year 2020, the ratio was weak but got better over time and was best during 2023. During 2024, the ROA decreased slightly, indicating that the increase in total assets was larger than the increase in net profit.

Overall, ROA was low during the period as it ought to be for banks of such very large asset bases, but the overall drift upwards to 2023 is a reflection of growing efficiency.

6.4.3 Return on Equity (ROE): The Return on Equity (ROE) ratio is a crucial profitability metric that indicates the bank's net profit in relation to shareholders' equity. It evaluates how well the bank uses its equity foundation to generate money for its shareholders. High ROE suggests good performance and higher return for shareholders, while low ROE conveys inefficiency of equity deployment.

Year	2020	2021	2022	2023	2024
Net Profit After Tax	1392	2275	3485	4723	3486
Shareholders' Equity	11227	12345	14289	17376	21770
ROE (%)	12.39	18.43	24.39	27.17	16.01

Table 6.4.3: Return on Equity (ROE) of Grameen Bank (2020–2024)

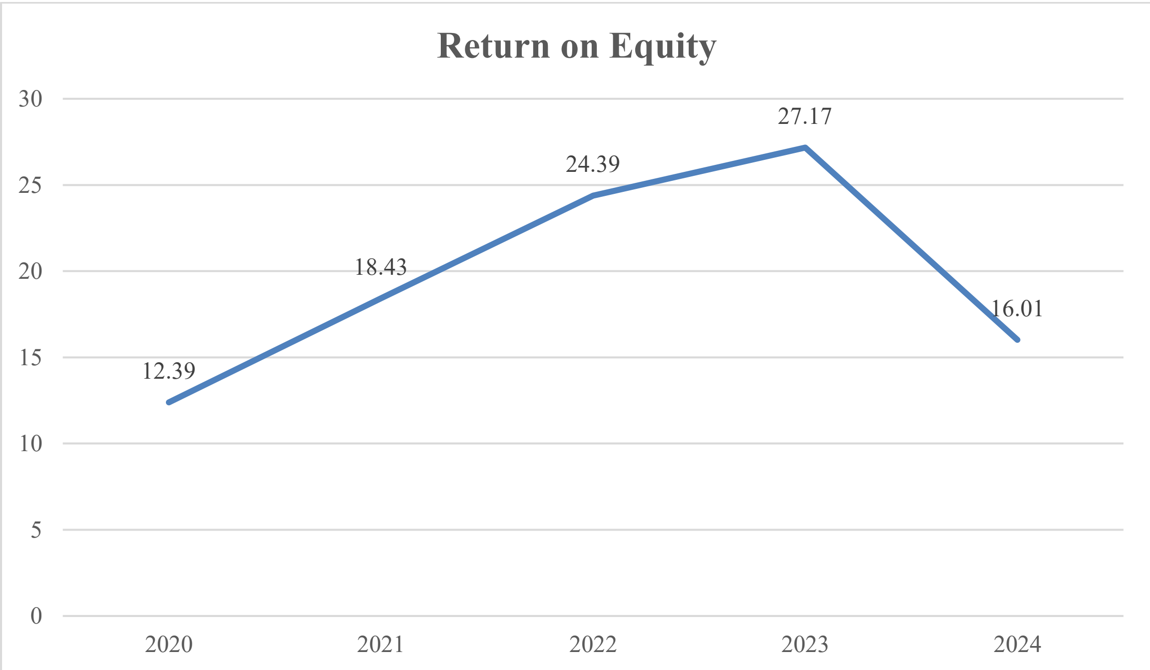


Figure 9: Return on Equity for the year 2020 to 2024

Interpretation: The ROE chart reflects bank weaknesses and strengths in bank profitability. The ratio stood at 12.39% in 2020, meaning low return on equity. It increased massively to 18.43% in 2021 and reached a high of 27.17% in 2023, meaning the bank optimized its effectiveness in obtaining earnings from the equity base. In 2024, although net profit was positive, ROE decreased to 16.01%. This downturn occurred because shareholders' equity increased significantly relative to profit growth. This "denominator effect" means that although the bank remained profitable, the return per unit of equity capital was lower compared to the previous year.

6.5 Analysis of Cost Management Ratio

Cost management ratio emphasizes the efficiency with which a bank exercises control over its operational expenses against revenues. It presents a measure of how efficiently a bank cuts useless expenses while delivering seamless services.

6.5.1 Cost Income Ratio: The Cost-to-Income Ratio (CIR) is a widely used measure to determine how well a bank is able to control its operating expenses in relation to its income generated.

Year	2020	2021	2022	2023	2024
Total Operating Expenses	10111	13552	14421	15216	16835
Total Operating Income	15330	16935	19315	22294	24352
Cost Income Ratio (%)	65.96	80.02	74.66	68.25	69.13

Table 6.5.1: Cost-to-Income Ratio of Grameen Bank (2020–2024)

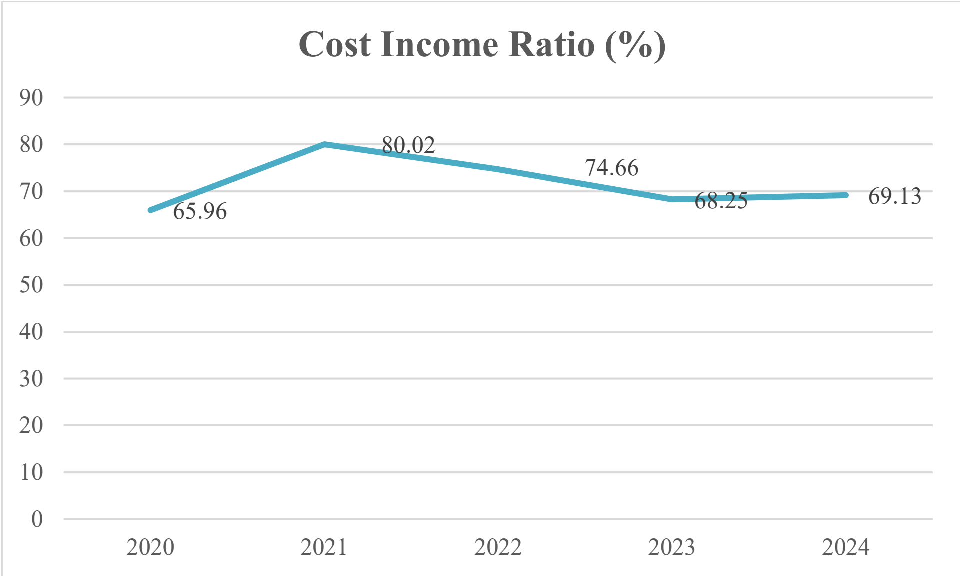


Figure 10: Cost-Income Ratio for the year 2020 to 2024

Interpretation: By comparing operational expenses to income, the cost-income ratio demonstrates how effectively the bank manages costs. With a ratio of 65.96%, 2020 was the best year, indicating that expenses were effectively controlled in relation to revenue. At 80.02%, 2021 was the worst year, indicating a time when expenses increased more quickly than income. The bank has maintained a respectable level of efficiency in spite of these swings, underscoring the significance of prudent cost control for long-term growth.

Chapter-7: Findings, Recommendations and Conclusion

7.1 Key Findings

1. **Current Ratio:** Grameen Bank's current ratio always stayed above the standard level of 1:1, meaning it could meet short-term obligations comfortably. However, the gradual fall till 2023 showed some pressure, though it improved slightly in 2024.
2. **Quick Ratio:** The quick ratio also remained above 1 so that the bank was able to service liabilities using liquid assets. The declining trend up to 2023 represented mounting liability pressure prior to the increase in 2024.
3. **Debt Ratio:** The debt ratio stood at 92.40% in 2024, down from 94.92% in 2020. This indicates a steady but ongoing reduction in reliance on external borrowing, which is encouraging for long-term stability.
4. **Debt-to-Equity Ratio:** The ratio also significantly increased from 18.67 in 2020 to 12.16 in 2024. This shows the bank slowly moved towards more sound equity financing, lowering dependence on creditors.
5. **Interest Coverage Ratio:** The ratio stayed consistently high, always above 12 times, meaning the bank earned enough income to easily cover its interest expenses. This reflects very low financial risk.
6. **Asset Turnover Ratio:** It improved steadily from 6.94 in 2020 to 8.50 in 2024. This means the bank became more efficient in using its total assets to generate income, showing better resource utilization.
7. **Net Profit Margin:** The margin grew steadily from 9.08% in 2020 to 21.19% in 2023, showing strong profitability. But in 2024, it dropped to 14.32% as costs increased faster than revenues.
8. **Return on Assets (ROA):** In 2023, ROA increased from 0.63% in 2020 to 1.79%, indicating improved asset profit. It marginally decreased in 2024 as a result of assets growing more quickly than earnings.
9. **Return on Equity (ROE):** ROE demonstrated strong returns to shareholders, rising from 12.39% in 2020 to 27.17% in 2023. However, because equity increased significantly relative to earnings in 2024, it dropped to 16.01%.
10. **Cost-to-Income Ratio:** The cost-to-income ratio was worst in 2021 at 80.02%, showing poor cost control. By 2024, it improved to 69.13%, but efficiency is still not fully consistent.

7.2 Recommendations

1. Current Ratio: Liquidity is generally good but showed some decline till 2023. The bank should carefully monitor short-term assets and keep extra reserves. This will help handle sudden cash needs smoothly.

2. Quick Ratio: Quick ratio weakened in 2023 as liabilities grew faster than liquid assets. The bank should focus on reducing short-term debts and increasing cash and receivables. Stronger liquid reserves will ensure better stability.

3. Debt Ratio: Though debt reliance has reduced, it is still very high. Grameen Bank should depend more on deposits and equity rather than borrowings. This will reduce financial risk in the long run.

4. Debt-to-Equity Ratio: The ratio shows improvement, but creditors are still heavily used. The bank should strengthen equity financing and reinvest profits. A stronger equity base will make the bank more secure.

5. Interest Coverage Ratio: The coverage ratio is strong, always above 12 times. Still, the bank should continue building stable income sources. Keeping debt levels manageable will protect this strength.

6. Asset Turnover Ratio: The bank is using assets more efficiently each year. To continue this growth, it should focus on productive lending and quick loan recovery. Better use of deposits will raise efficiency.

7. Net Profit Margin: Profit margins grew till 2023 but fell in 2024 as costs rose faster. The bank should control unnecessary expenses and find new income streams. This will keep profit levels steady.

8. Return on Assets (ROA): ROA improved but slightly fell in 2024 as assets expanded faster than profits. The bank should increase profit from existing assets. Smarter investment in technology and services can help.

9. Return on Equity (ROE): ROE grew till 2023 but dropped in 2024 due to higher equity. The bank should focus on increasing net profits along with equity growth. This will ensure shareholders get better returns.

10. Cost-to-Income Ratio: In 2021, cost control was at its worst; it subsequently improved but remained erratic. The bank ought to implement digital banking, automation, and stringent expense tracking. Long-term efficiency will increase with lower costs.

The analysis concludes that while Grameen Bank is headed in the right direction, there is still room for improvement. Stronger liquidity, less reliance on high debt, cost control, and service diversification are ways the bank can attain both financial stability and increased profitability. Most importantly, Grameen Bank will continue to empower underprivileged communities while maintaining its long-term viability and credibility by striking a balance between its financial objectives and its social mission.

7.3 Conclusion

The overall financial performance analysis of Grameen Bank for the review period shows progress and problems. Liquidity was strong, and the bank had no difficulty in meeting short-term obligations, while solvency indicators reported a steady decline in dependence on debt, a reflection of improved financial strength. Profitability ratios such as net profit margin, ROA, and ROE reflected satisfactory growth through 2023, although some strain was observed in 2024 due to higher expenses. The efficiency of asset utilization of the bank also improved, reflecting the bank's increasing capability to earn from its assets. The cost control, however, is uneven, pointing to a need for further improvement in cost management.

What makes Grameen Bank exceptional is its potential to sustain the liquidity base alongside a clear social agenda. Through the provision of collateral-free credit to millions of poor families-particularly women-it has been empowering communities, reducing poverty, and enhancing sustainable development. Findings in the report confirm that Grameen Bank is not only profitable but also socially revolutionary. With improved cost control, more diversification of services, and improved use of technology, the bank can further enhance its financial strength and remain true to its vision of creating a poverty-free world.

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