



Grameen Bank



Daffodil
International
University

Internship Report

On

Financial Performance Analysis of Grameen Bank

Submitted to

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Letter of Transmittal

Rozina Akter
Assistant Professor
Department of Business Administration
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Subject: Submission of Internship Report on “Financial Performance Analysis of Grameen Bank.

Dear Sir,

I respectfully asked to submit my internship report on “Financial Performance Analysis of Grameen Bank”. This is a requirement for complete my BBA program. I gave every effort to work sincerely and make this report informative. I started my internship program from 5th December 2020 to 5th May 2021 under the international program department at Grameen Bank.

The report I have done has enhanced my practical and general knowledge about Grameen Bank with microcredit financial activities. And also create my job or corporate level knowledge that may help me in the future. I hope that the report will be able to fulfill your expectations too.

I have worked sincerely to make this report informative and as precise as possible. I thank you for the unique opportunity to work on this report.

Sincerely yours,

Md. Nasim Ali
ID: 171-11-5435
Batch: 46
Daffodil International University



Latter of Approval

This is to confirm that MD. Nasim Ali, ID: 171-11-5435, a student of the Department of Business Administration of Daffodil International University completed the internship report titled “Financial Performance Analysis of Grameen Bank” under my supervision. I am satisfied to express that he has worked hard to complete this report. The information and discoveries introduced in the report appear legitimate.

I wish him every success in life.



.....
Rozina Akter

Assistant Professor

Department of Business Administration

Faculty of Business and Entrepreneurship

Daffodil International University



Acknowledgment

An internship report can't be finished without critical assistance from others. Right off the bat, I would be thankful to God, for giving me the persistence, information, and fearlessness to finish this report.

- I might want to thank the accompanying individuals for their commitment to this report

I offer my thanks to my respectable scholarly manager,

- Rozina Akter, Assistant Professor and supervisor who has checked and guided me for this report.
- Md. Humayun Kabir, Senior Principal Officer, International Program Department, Grameen Bank.



Executive Summary

The report is based on GRAMEEN BANK's financial results analysis. The conclusions in this report are based on an analysis of the ratio, activity rate, leverage or debt, profitability ratio, and so forth. The analysis of this report is based on fundamental analysis. I examined GRAMEEN BANK Limited's financial performance from 2015 to 2019 in this report. Two segments, which are called deposit and loans, are the main functions of a bank. The Bank's main objective is to collect the deposit from the excess part and to provide the deficit part to the accumulated fund. In the case of the collection of deposits, I have found that the whole private and governmental bank in Bangladesh did a great job compared to the existing one. In 2019, they collected 230,596 million takas, which is growing daily. However, the deposit collection is sadly just one financial success variable. They may also execute other factors, using the amount of deposit they receive and the loan they give to the client to produce revenue for each company which is its ultimate purpose or output. To produce profits and optimize shareholder value, they must give the loan, and from it, they must make a significant sum of money. Moreover, in some fields I listed previously and addressed in depth in this article, their output was good and, in some fields, they were bad, which was also said in this report. Finally, I hope that the next year will be good.

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CHAPTER – 01

Introduction



1.1 Introduction:

This report deals with GRAMEEN BANK's financial performance analysis. Most of the people live in a rural country, which is called a village. The maximum number of Bangladeshi people is landless and less good. Rural development depends on the economic situation in Bangladesh. GRAMEEN BANK is dedicated to high-quality customer service and thus helps the country's overall GDP growth in terms of boosting trade and trade, reducing poverty, raising limited-income livelihoods, and sustainable socio-economic development overall in the country. To complete a BBA, an internship is required. We can build trust in practical work in this program. I have continued an internship in the Mirpur-2 International Program Department, GRAMEEN BANK, for 3 months. I have been a member of my BBA Programmed. My practical and theoretical knowledge of the Grameen Bank's performance analysis was completed by this report.

1.2 Origin of the Report:

To complete the BBA program, a practical and professional environment is necessary. It is obligatory to complete my BBA program after completing all my BBA courses under the DIU.

To complete the BBA program, I began my three-month internship program in the International Program Department of Head Office, Grameen Bank. I learned different things about the microfinance industry while I was at Grameen Bank. The report helped me develop my microfinance skills and experience. I've gathered more of my internship's knowledge and experience.

1.3 Objectives of the study:

Objectives of the study are as follows-

- To understand the theoretical background of Grameen Bank's financial performance analysis.
- To analyze the financial performance of Grameen Bank in 2015-2019.
- To find out the problems related to the financial position of the bank.
- To provide some recommendations about the problems of the bank.



1.4 Scope of the study:

This report might be a reliable investigation into Grameen Bank's financial performance. The report mainly asserted Grameen Bank's financial property. I even have the perfect chance to collect information and research financial instruments. Bank reflecting tax property.

1.5 Methodology Of the study:

Direct discernment, formal trade, and oral trade are important to me to meet the objective of the evaluation. A fluctuated system was applied to assemble all the information. There has been used here of all essential and auxiliary sources. By using those sources, I collect information that I may want.

1.5.1 Primary Sources:

- Practical knowledge or information
- Activities of Grameen Bank
- Face-to-face interview with Supervisor Md. Humayun Kabir
- Face-to-face conversation with other employees of Grameen Bank.

1.5.2 Secondary Sources:

- From Grameen Bank Website
- From Previous reports of online
- From Annual reports of Grameen Bank
- Online journals about Grameen Bank

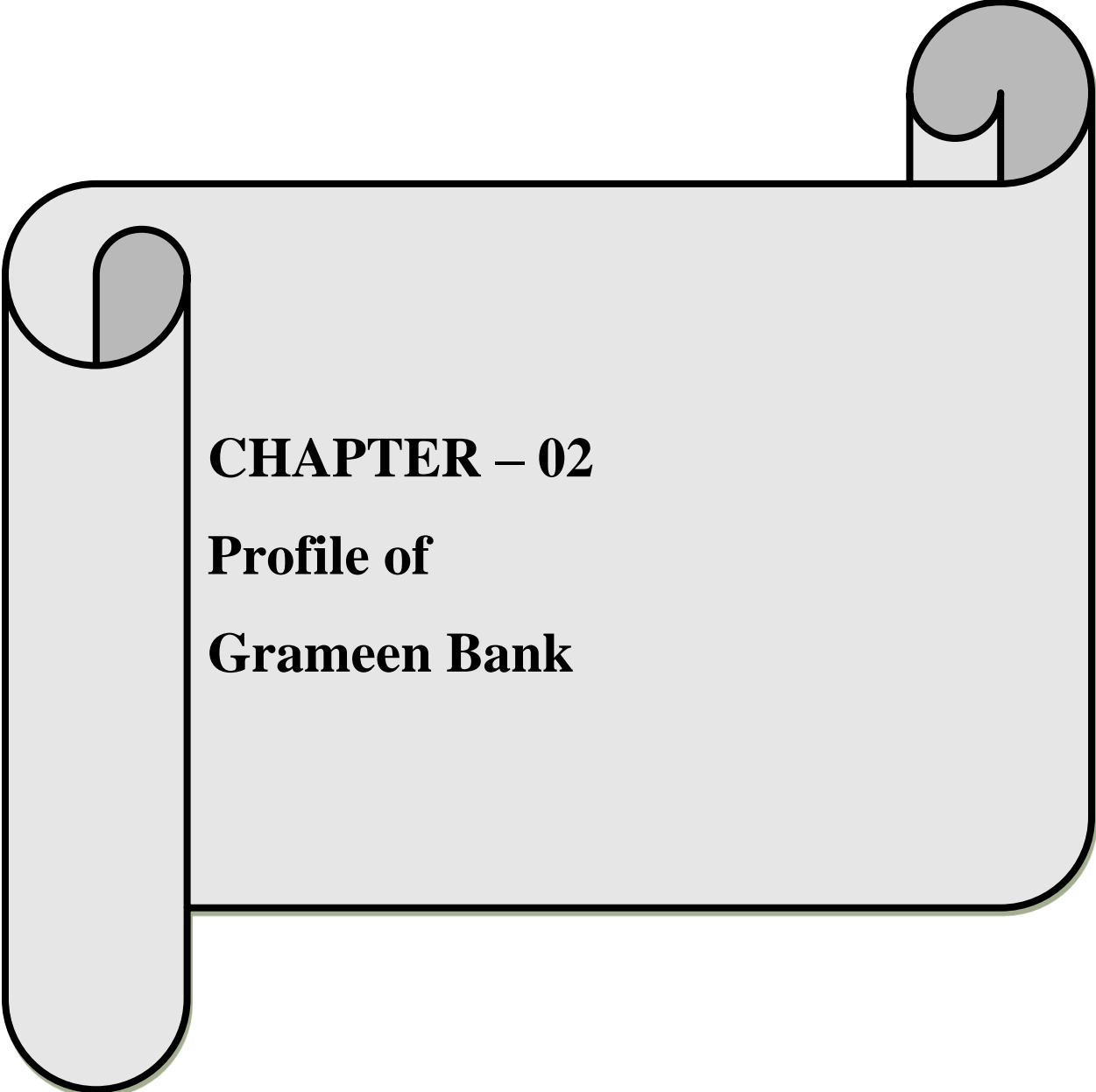
I collected my data from my coordinator and other Grameen Bank staff that is primary sources.

I collected some data from secondary data by company websites, previous reports, and online journals and so on.



1.6 Limitations of the Study:

- The time limit for understanding the bank
- The reluctance of busy people, collecting sensitive information hard.
- Not all information is collected
- If some data is not collected properly due to security issues.
- Some records are not available.

A large, light gray decorative scroll graphic is centered on the page. It has a black outline and rounded corners. The scroll is unrolled in the middle, with the top and bottom edges curling inward. The text is centered within the unrolled portion.

CHAPTER – 02
Profile of
Grameen Bank

2.1 Historical Background

Grameen Bank originated in 1976 when Professor Muhammad Yunus, director of the University of Chittagong's Rural Economic Program, considered the possibility of designing a credit distribution system to provide banking services to the poor in rural areas. to start. When I launched an action research project. The Grameen Bank project has been put into operation for the following purposes:

- Expanding banking facilities for poor men and women
- Eliminate the exploitation of the poor by money lenders
- Creating self-employment opportunities for countless unemployed people in rural Bangladesh

Bring the disadvantaged, especially women from poor families, into an organizational format that they can understand and control on their own; and transformed a vicious circle of years of "low income, low savings, and low investment", into a good circle "of low income, debt, investment, more money, more savings, more investment, more income".

40Years of Establishment
40Years of Establishment
40Years of Establishment



These phenomenal achievements are our national pride



Research showed its power between 1976-1979 in JOBRA (a village adjoining the University of Chittagong) and some neighboring villages. The project was extended to the district of TANGAIL in 1979 with the sponsorship of the country's central bank and support to the nationalized commercial banks. The project has been extended to several other districts in the country with its success in TANGAIL. The GRAMEEN BANK Project became an independent banking government law in October 1983. The GRAMEEN BANK today belongs to the rural poor who are in it. Bank borrowers own 75% of their shares, and the rest 25% own the government.

2.2 Objectives of Grameen Bank

Grameen Bank believes that the best way for participants to learn about how it works is through direct contact and observations at the field level. its impact on the poorest of the poor. The goals of GB's training programs are:

- In particular, women who are seriously neglected and ignored, empower the rural poor.
- To provide the poorest rural section, excluded from the formal loan institutions, with financial services exclusively.
- To save the poor from informal lenders of money.
- Developing rural human capital by providing education, health, nutrition, disaster management programs, etc.
- Mobilizing savings in the future for the poor.
- Removing rural unemployment and dependency by offering opportunities for self-employment.



2.3 Mission of Grameen Bank

GRAMEEN Foundation's mission is to enable the poor, especially the poorest, to create a world without poverty.

- To make our families prosper,
- Fix it up houses as soon as possible and build new homes,
- To grow vegetables all year round. We shall eat plenty of them and sell the surplus,
- To plan for a maximum number of seeds,
- To keep the family tiny. We will reduce our expenses to a minimum. We're taking care of our health, to educate and earn enough for our children to be educated,
- To clean up the environment and our children,
- Set up self-employment opportunities for the vast numbers of rural unemployed in Bangladesh,
- Bring disadvantaged people, mostly the women of the poorest households, in a format that they can grasp and manage by themselves,

2.4 Vision of Grameen Bank

The vision of the GRAMEEN Foundation is to empower the poor, the most disadvantaged, to build a world with our needs.

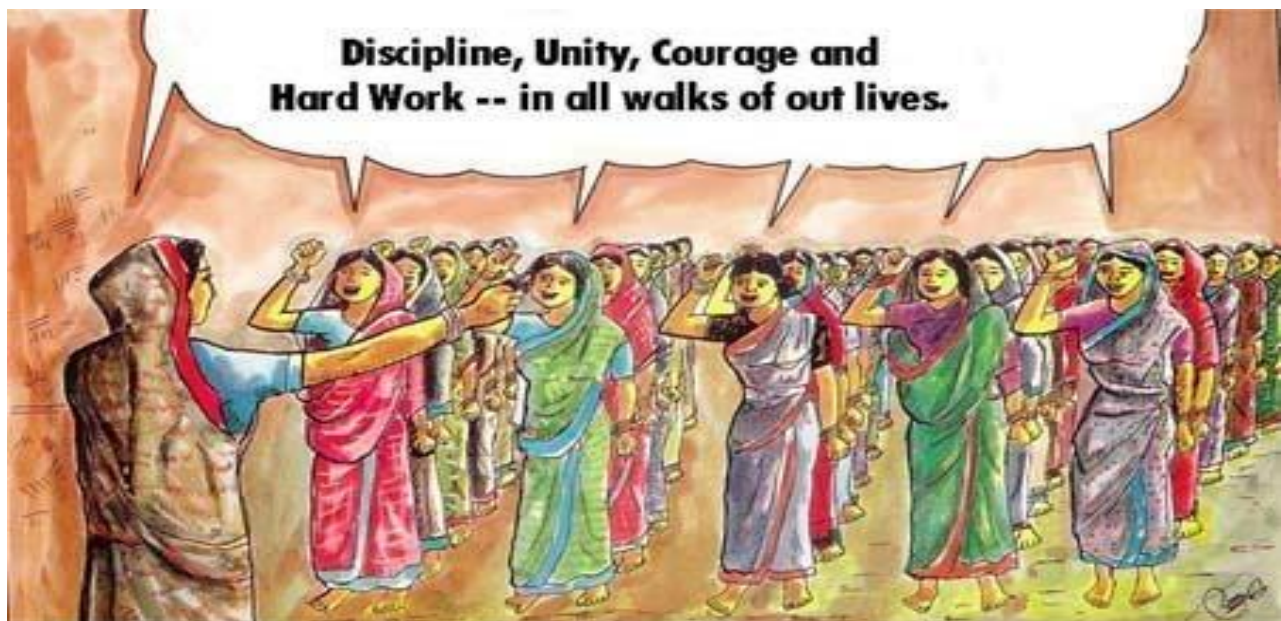
- A strong foundation for microfinance ready to take on the difficulties and impediments of everybody who is largely involved in improving their livelihood.

- Poor people banking

2.5 Grameen Bank Principles:

There are four Principles of Grameen bank are-

- Discipline
- Unity
- Courage
- Hard Work



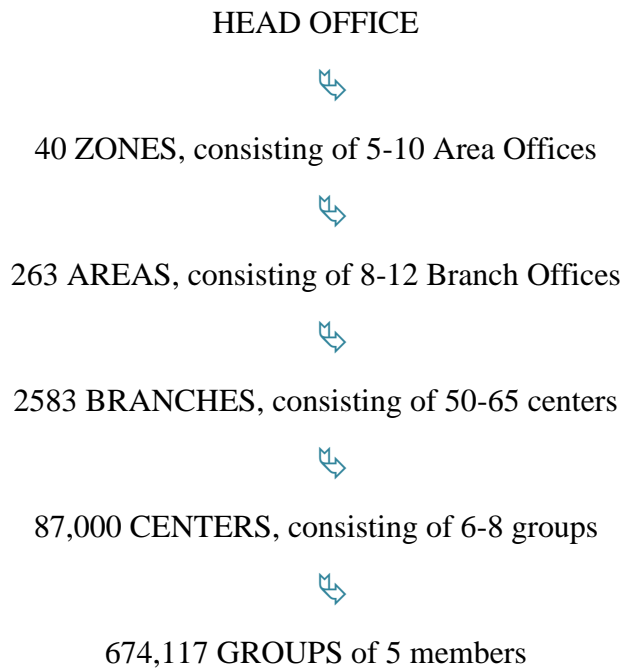
2.6 Grameen Bank Achievements:

- ICMAB Awards 2015
- MCCI Award
- Norway: Nobel Peace Prize: 2006
- U.S.A.: Petersburg Prize: 2004
- INDIA: Gandhi Peace Prize: 2000
- UNITED KINGDOM: World Habitat Award: 1997
- MALAYSIA: Tun Abdul Razak Award: 1994
- BANGLADESH: Independence Day Award: 1994
- BELGIUM: King Baudouin International Development Prize: 1993
- SWITZERLAND: Aga Khan Award for Architecture: 1989





2.7 Structure of Organization:



2.8 SWOT Analysis of Grameen Bank

Strengths:	Weakness:
<ul style="list-style-type: none"> ▪ Winner of the Nobel Award ▪ High repayment rates ▪ Exclusive market share. ▪ Ultimately, loans for solidarity ▪ Empowerment of women ▪ The development of the Community 	<ul style="list-style-type: none"> ▪ Negative thinking of rural areas ▪ System of Loan Restoration ▪ Discomfort in the job ▪ Farm family clashes rural ▪ Traditional society opposition ▪ Shortage of money



Opportunities:	Threats:
<ul style="list-style-type: none">▪ Services for poor Banking Consulting▪ Other services exploration.▪ Like health, training, and so on.▪ Lack of awareness▪ Rural population untapped and unbanked	<ul style="list-style-type: none">▪ Lenders to local money (high-interest rate charging)▪ Newmarket entry.▪ Greater conflict in orthodox families, power imbalances▪ Higher violence against Grameen loan recipients



CHAPTER – 03
Analysis and Findings



3.1 FINANCIAL PERFORMANCE ANALYSIS

Grameen Bank's financial performance analysis measures mainly its business assets and generates revenues. They measure the use of their assets and the profitability of their bank. Furthermore, the financial analysis measures Grameen Bank for a certain period, overall financial activities. Like Asa Bank and other microcredit banks, Grameen Bank also compares with their competitors. Grameen Bank's financial analysis assesses the bank's financial sustainability, sustainability, and profitability. Grameen Bank's Financial Analysis was carried out by professionals using ratios used in their financial and other reporting data. Reports prepared to enable top-level managers to make future business choices on financial results review. This review also tests or virtualizes the description of the whole enterprise. A financial review includes the understanding of Grameen Bank's balance sheet and revenue statement. Here are the balance sheet and income statement's ratio and pattern analysis.

3.2 Analysis of Liquidity Ratio

Liquidity ratios aim to calculate the capacity of a firm to pay off its debt commitments in a limited amount of time. This is achieved by adding the most liquid assets and short-term liabilities of a company (or those that can be quickly turned into cash).

3.2.1 Liquidity Ratio/ Current Ratio

It displays that the bank's existing obligations can be covered by its current assets. The higher the current ratio, the greater the company's liquidity. It is mentioned as:

$$\text{Current Ratio} = \frac{\text{Total Current Assets}}{\text{Total Current Liabilities}}$$

Year	2015	2016	2017	2018	2019
Current Ratio	1.56	1.47	1.44	1.41	1.45

Source: Annual report of GRAMEEN BANK (2015-2019)

Graphical Presentation

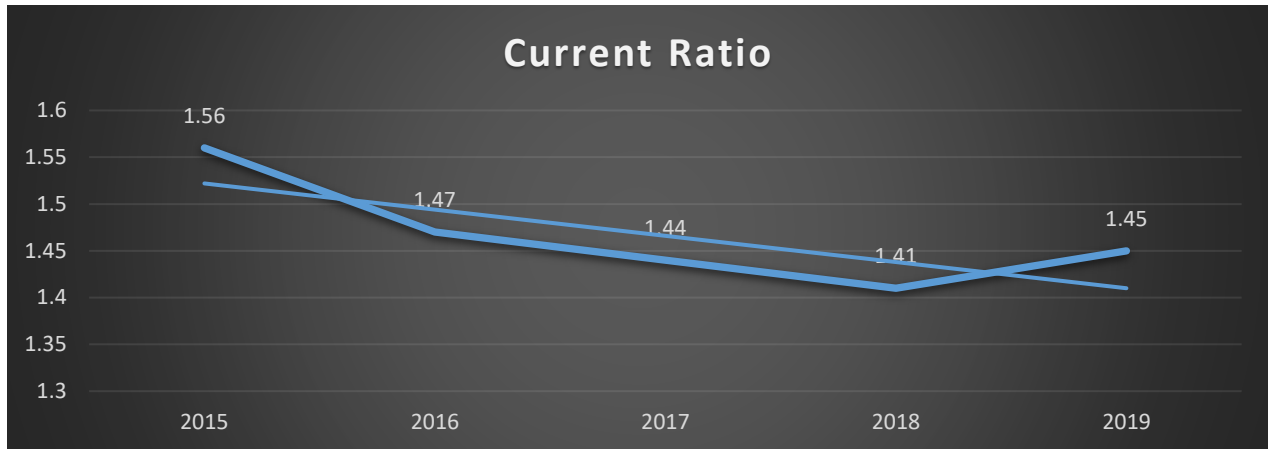


Figure 1: Current Ratio for the year 2015 to 2019

Over the years, the Current Ratio has fluctuated. The ratio was 1.56 percent to 1.41 percent over these five years. The best performance was achieved in 2015 and in 2018 the worst results were shown out of these five years. The main reason for this decrease in 2015 is that companies do not use their assets so effectively. Normally organization maintains a current ratio of 1:1. It indicates that Grameen Bank's liquidity position good.

3.3 Debt Ratio Analysis:

The debt position shows how much money other people use to produce a profit. The more Grameen Bank uses debt in terms of its overall assets in general, the more financial leverage it utilizes.

The ratio of debt measures the share of total assets financed by the creditors of the company. When the ratio is higher, more money is used to make profits from other people. The ratio is determined by,

$$\text{Debt Ratio} = (\text{Total liabilities} / \text{Total assets}) \times 100$$

Year	2015	2016	2017	2018	2019
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

Source: Annual Report of GRAMEEN BANK (2015-2019) Taka in Million

Graphical Presentation

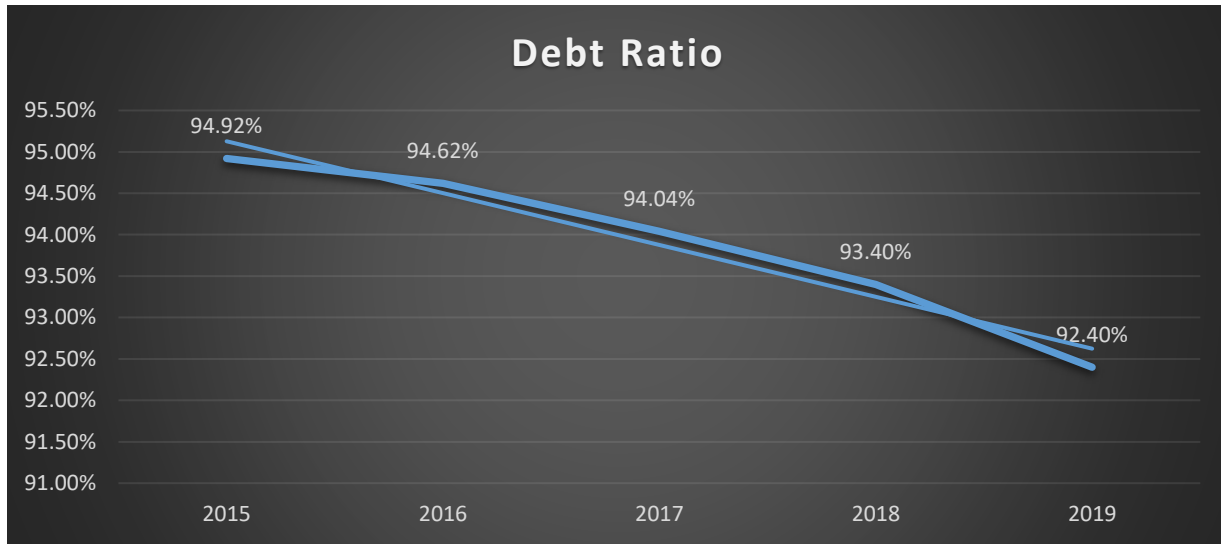


Figure 2: Debt Ratio for the year 2015 to 2019

Over the years, the debt ratio has been fluctuating. The value of this ratio ranged between 92.40% and 94.92% over these five years. The best performance is in 2019 and 2015 & 2016 showed their worst performance over these five years.

3.4 Analysis of Activity Ratio:

The activity ratio measures the Bank's use of assets effectively. In other words, it measures the speed of converting different accounts in sales or cash.

3.4.1 Total Asset Turnover Ratio:

The total asset sales ratio refers to the efficiencies of Grameen Bank, which the company can generate sales with its assets. But I took an alternative revenue to sales for the bank. It is determined by

Total Asset Turnover = Operating income/Total asset

Year	2015	2016	2017	2018	2019
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

Source: Annual Report of GRAMEEN BANK (2015-2019) Taka in Million

Graphical Presentation

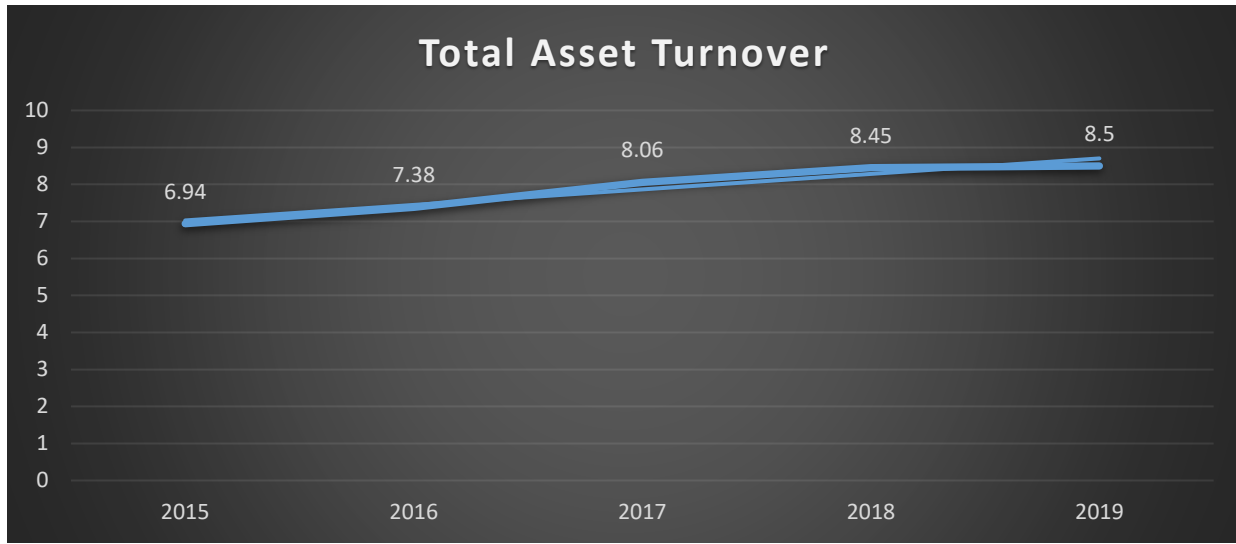


Figure 3: Total Asset Turnover Ratio for the year 2015 to 2019

Over the years, the total asset sales have fluctuated. The ratio was 6.94 percent to 8.5 percent over these five years. The best performance was achieved in 2019 and in 2015 the worst results were shown out of these five years. The main reason for this decrease in 2015 is that companies do not use their assets so effectively.

3.5 Analysis of Profitability Ratio

These measures assess the bank's income in terms of a given sales level, a certain asset level, and the investment and share value of the owner.

3.5.1 Net Profit Margin:

Since deducting all costs and insurance, the net profit margin calculates the number of profits left. The higher the margin of profits, the greater the corporation is.

Net Profit Margin= (Net Profit after Tax/Net Sales or Operating Income) x 100

Year	2015	2016	2017	2018	2019
Net Profit After Tax	24	1392	2275	3485	4723
Operating Income	15330	16935	19315	22294	24352
Net Profit Margin (%)	0.16	8.22	11.78	15.63	19.39

Source: Annual Report of GRAMEEN BANK (2015-2019) Taka in Million

Graphical Presentation

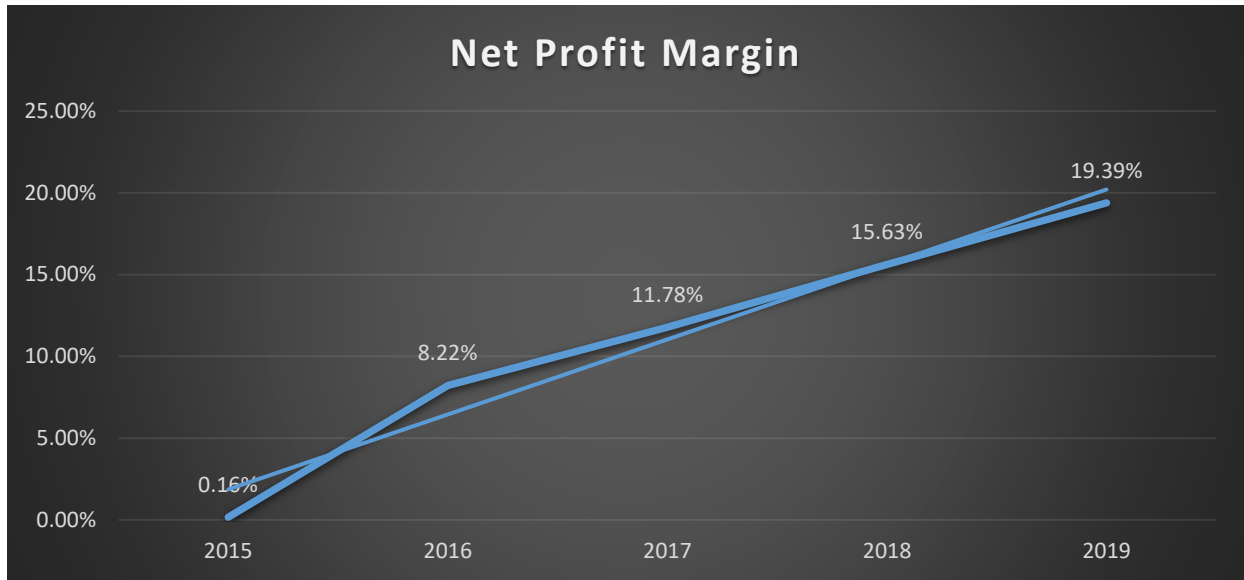


Figure 4: Net Profit Margin of the year 2015 to 2019

Over the years, net profit margins have fluctuated. The ratio value ranged from 0.16 percent to 19.39 during these five years. The best performance was achieved in 2019 and in 2015 the worst results were shown out of these five years. The main cause for this ratio to decrease in 2015 is the decrease in net income.

3.5.2 ROA-Return on Asset:

The return on asset the Grameen Bank offers an idea of the quality with which the Bank earns benefit using its assets. Return on asset measured by the total assets divides the bank's annual earning.

$$\text{ROA} = \frac{\text{Net Profit after tax}}{\text{Total Asset}} \times 100$$

Year	2015	2016	2017	2018	2019
Net Profit After Tax	24	1392	2275	3485	4723
Total Asset	220885	229360	239619	263553	286451
Return on Asset (%)	0.01	0.61	0.95	1.32	1.64

Source: Annual Report of GRAMEEN BANK (2015-2019)

Graphical Presentation

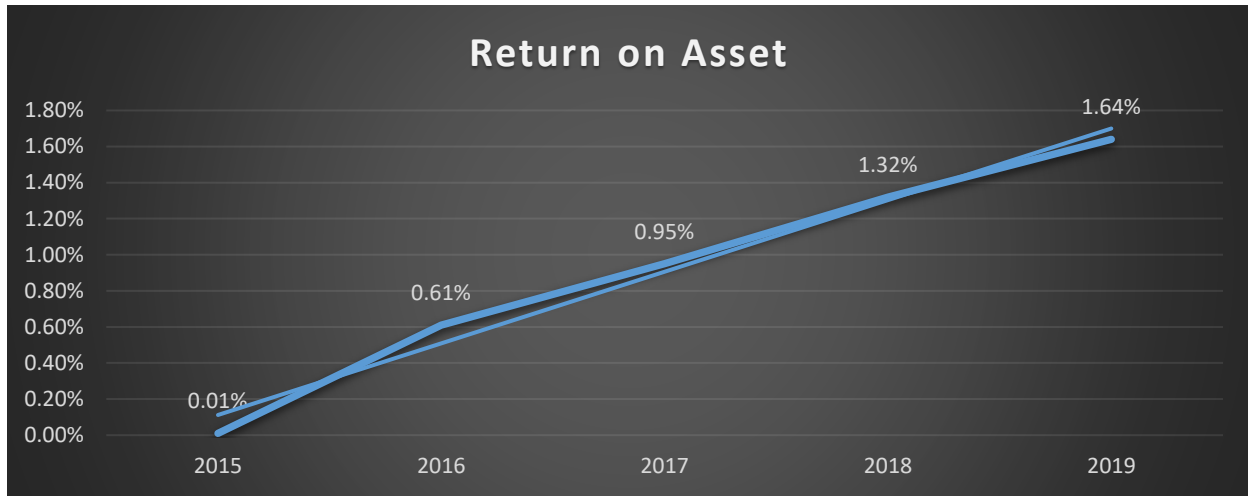


Figure 5: Return on Asset of the year 2015 to 2019

Over the years, the ROA shows fluctuating results. The ratio value was between 0.01 and 1.64 over these five years. The best performance was achieved in 2019 and in 2015 the worst results were shown out of these five years. The main reason why this ratio decreased in 2015 is the decrease in net income.

3.5.3 ROE-Return on Equity:

Equity returns measurements by the profitability of the company, how much profit they generate. And the shareholders invested just how much money. It was determined by

$$\text{Return on Assets (ROE)} = \text{Net Profit after Tax/Shareholders Equity} \times 100$$

Year	2015	2016	2017	2018	2019
Net Profit After Tax	24	1392	2275	3485	4723
Shareholder's Equity	11227	12345	14288	17436	21769
ROE (%)	0.21	11.28	15.92	19.98	21.69

Source: Annual Report of GRAMEEN BANK (2015-2019)

Graphical Presentation

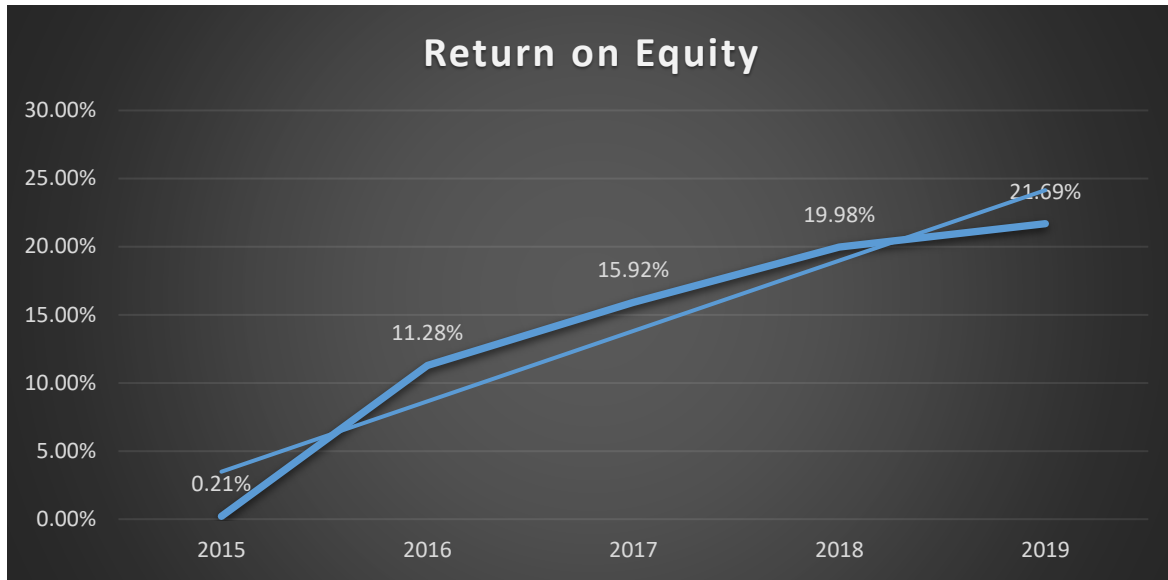


Figure 6: Return on Equity of the year 2015 to 2019

Over the years, the ROE shows varying results. The value of this ratio has been between 0,21 and 21,69 percent over these five years. The best performance was achieved in 2019 and in 2015 the worst results were shown out of these five years.

3.5.4 Cost Income Ratio:

The Cost Income Ratio (CIR) or Cost-to-Income Ratio shows the relationship between income and the cost of acquiring that income. The lower the bank’s CIR ratio, the more efficient the bank is. It was calculated by-

$$\text{Cost Income Ratio} = (\text{Total Operating Expenses} / \text{Total Operating Income}) \times 100$$

Year	2015	2016	2017	2018	2019
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

Source: Annual Report of GRAMEEN BANK (2015-2019)

Graphical Presentation

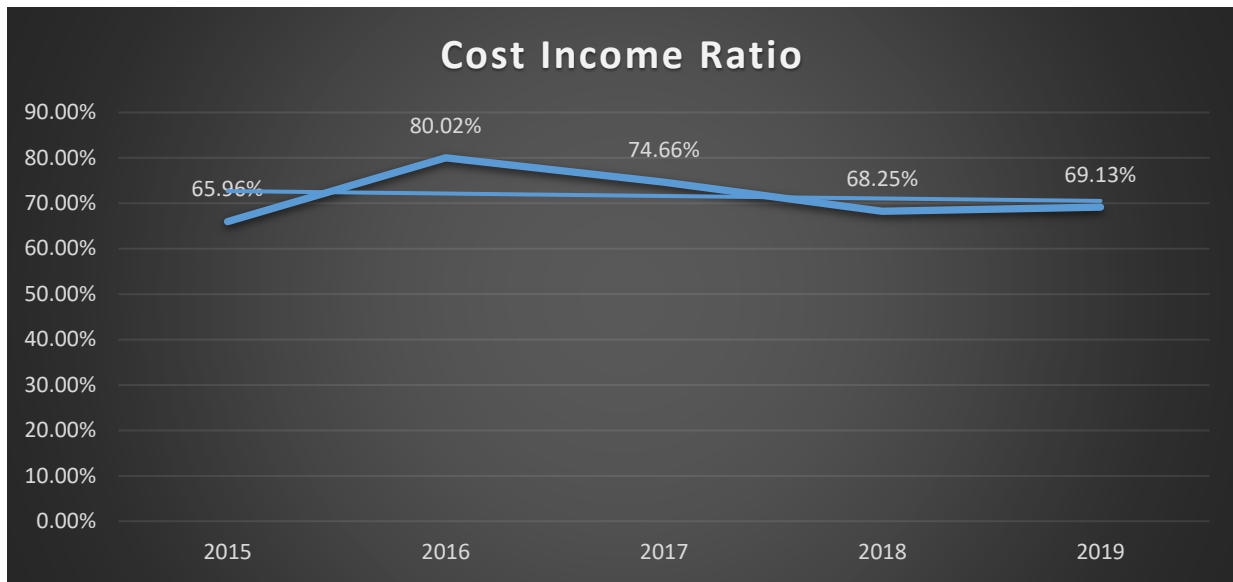


Figure7: Cost Income Ratio of the year 2015 to 2019

The cost revenue ratio has fluctuated over the years. The value of the ratio ranged from 65.96% to 80.02% over these five years. Of the five years, the best results were in 2016 and the worst performance in 2015.



CHAPTER – 04
**Conclusion &
Recommendations**



4.1 Findings of the Report

The findings of the report are as follows-

- Over the years, Grameen Bank's present ratio has fluctuated. But in 2015 the company's current ratio was 1.56 and in 2019 1.45.
- By decreasing its debt ratio from 94.92% in 2015 to 94.40% in 2019, Grameen BANK has decreased its leveraging position.
- In 2015 the overall asset turnover increased to 6.94% in 2017 from 8.5%.
- Net Profit Margin was 19.39% in 2019 which is higher than other years but 0.16% in 2015 net profit margin is low.
- Over the years of the study, returns on assets and returns on equity were fluctuating.
- Return on Equity 21.69% in 2019 was higher than another year.
- Grameen Bank's cost-income ratio rose 65.96% in 2015 to 80.02% & 74.66% in 2016 & 2017.



4.2 Recommendations

The following recommendations can be made to improve the financial performance of GRAMEEN BANK.

- The current ratio's decreased trend will increase the bank's liquidity risk.
- Therefore, because of the high liquidity aspect on the income the bank can increase its current assets to expand its current ratio.
- The bank should cut fund costs to increase profitability trends.
- Operating expenses should be reduced by the GRAMEEN BANK in a minimal cost-income ratio.



4.3 Conclusion

GRAMEEN BANK The world was amazed by the bank for the poor without collateral. It has become a history of microcredit. There has been no access by any other bank to the poor. It is the BANK GRAMEEN and only the BANK GRAMEEN that has made it a reality. It has no problem with liquidity. It has more existing assets than existing liabilities. Thus, insolvency is not a possibility. It has no financial risk whatsoever. The study shows that the bank uses its assets sufficiently well to generate profit. In recent years, its asset turnover ratio has grown. Cost administration is an important part of the bank. The bank did not make sufficient efforts in the case of cost management. The cost-to-income ratio indicates that over the years, banks' income costs have increased. Management in this part could have done better. The studies show that the Bank had a lower profit margin of 0.16 percent for 2015 concerning revenue. It sprang up the next two years. In 2018 it stood at 15.63%, and in 2019 at 19.39%. It shows that the bank has performed well over the last two years. In addition to the profit margin, return on assets and return on equities are the same trend. The lowest were both in 2017, and in 2018 and 2019 they jumped up. It's because they all have to do with net income after tax. The ROA and ROE have increased as net profit after tax increased in 2018 and 2019. It shows that in the past two years, the bank was very efficient.



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