



Inspiring Excellence

**INTERNSHIP REPORT**

**ON**

**“COMPARISONS OF SME LOAN PERFORMANCE BETWEEN  
BRAC BANK LIMITED AND SOUTHEAST BANK LIMITED”**

Prepared by  
Ishtiaque Sikder Emon  
ID: 11304061  
BRAC Business School  
BRAC University  
Spring'2016

Supervised by  
Saif Hossian  
Senior Lecturer  
BRAC Business School  
BRAC University

# Letter of Transmittal

April 26, 2016

Mr. Saif Hossain

Senior Lecturer

BRAC Business School

BRAC University

**Subject: A letter of transmittal for the submission of the Internship Report**

Dear Sir,

Here is the internship report that I was obliged to prepare as part of BBA program of BRAC Business School. The topic that I have found was interesting, beneficial and insightful. I have tried my level best to prepare an effective and creditable report. The report contains the analysis of two SME Loan program of both BRAC Bank Ltd. and Southeast Bank which has the comparison of their SME loan performance, ROI, ROA, Total and SME outstanding loans etc. To fulfill the requirement of the report, I have followed your instruction and guide lines in writing the internship report. All the data were collected with the guidance of my employer in order to avoid any breach of confidential information of the organization.

I would like to thank you for giving me the opportunity to prepare this report which will help to widen the knowledge on the SME Banking in Bangladesh and it's important role in the economic development of our country. However, I will be glad to clarify any discrepancy that may arise in this intern report.

Sincerely,

Ishtiaque Sikder Emon

ID: 11304061

BRAC Business School

BRAC University

# **Acknowledgement**

At the very outset, I would like to praise my gracious and beneficent Almighty due to providing me with enough strength, patience, courage and ability to work on for this internship report regarding on the SME Banking in our country.

After that I would like to take this opportunity to express my heartfelt gratitude to my honorable academic internship supervisor, Saif Hossain, Senior Lecturer of BRAC Business School, BRAC University for his constant supervision and guidance to sort out all the problems that I have faced in preparing the internship report. I am very thankful to him for his expert supervision, constant guidance and inspiration during the preparation of the internship report.

Lastly, I would thank my onsite supervisor Md. Abdul Wahed (Senior Manager of Asset Operations) of BRAC Bank Ltd. and M.A Hakim (Manager of Asset Operations) of BRAC Bank Ltd. in providing me with the information and guidance on the topic of my report which has helped me greatly in the completion of the internship report.

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# Executive Summary

Bangladesh is a country of growing economy in the world. The economy of this country is mainly based on agriculture, Service oriented business and some manufacturing industry. BRAC Bank Limited (BBL) is a commercial bank in Bangladesh starting its journey from July 4, 2001 which focuses on pursuing unexplored market niches in the Small and Medium Enterprise Business, which until now has remained largely untapped within the country. The bank has already established its network in different areas of the country with assistance of small and medium enterprise, agriculture and women welfare.

As a requirement of BBA program from **BRAC University**, I have prepared my internship report on the topic “**Comparison of SME Loan Performance between BRAC Bank Limited and Southeast Bank Limited**”. There were some limitations in preparing this report such as: confidentiality of data and the policies of the organization which was faced during my internship report.

I have compare SME Loan Performance of BRAC Bank Limited with Southeast Bank Limited, on its last five years SME loan performance 2010 to 2014 and based on this hope to fulfill my objectives for this report. This discusses the operation performed by BBL particularly in the area of SME. Through my analysis I hope that you will get a complete picture of last five years SME Banking and SME loan performance of two banks. The study portrays the current condition of the SME loans in Bangladesh and evaluation of the loan appraisal and process of SME loans of both the banks. It has the analysis of the interest rates and processing fees of the SME loans which shows the current interests rates on SME loan of both the banks along with the durations of the loan provided to the SME customers in the current market. The report has the evaluations of the entrepreneurs and enterprise selection criteria methods of the SME loans of the banks. The reports also shows the analysis of ROI, ROA, Growth Ratio, Ratio of Total and SME outstanding loans. In the overall findings I have found that in the SME sector performance of BBL was better than SEBL along with its ROA, who has the highest disbursement of SME loan in Bangladesh. But in other cases SEBL in better than BBL in terms of total loan disbursement, ROI, Growth ratio. At the last portion in the report it has the necessary recommendation and conclusion on the basis of the relevant findings maintaining the report objective.

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## *Part 1: Internship Experience*

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# Chapter 01: Organization Profile

## 1.1 Introduction:

Banks are very important to the economy as a whole because the expansion and condition of the bank loan affect the level of business activity through their effect on the Nation's money supply. The Private Banks help the people by continuing (SME loan) like small business loan. BRAC Bank Limited (BBL) is a Commercial Bank in Bangladesh. The Bank is mainly owned by the largest NGO in Bangladesh- BRAC .The Bank has positioned itself as a new generation Bank with a focus to meet various financial needs a growing and developing economy.

Since this sector had huge potential, BBL introduced SME Banking Division in 2001 to target this niche market (Masud, 2014). SME Banking Division is a business division of BBL that deals with small and medium sized Entrepreneurs involved in different types of business. SME banking division primarily provides loans to small and medium sized trading, manufacturing, service, agriculture, non-farm activities and agro-based industries located across the country.

## 1.2 An Overview of BRAC Bank Limited (BBL):

**BRAC** started as a development organization dedicated to alleviating poverty by empowering the rural poor of Bangladesh and to bring about change in their own lives. It was founded in 1972 and over the course of time, it has established itself as a pioneer in recognizing and tackling the many different realities of poverty of which BBL is one of the largest operational commercial venture with a vision. BRAC Bank Limited has established in Bangladesh under the Banking Companies Act, 1991 and mainly owned by the largest NGO in Bangladesh- **BRAC**. It started its journey from July 4, 2001 which focuses on pursuing unexplored market niches in the Small and Medium Enterprise Business, which until now has remained largely untapped within the country. The Chairman of the Bank is Sir Fazle Hasan Abed. Now the Managing Director & CEO of the bank is Mr. Selim R. F. Hussain. The Bank has positioned itself as a new generation Bank with a focus to meet diverse financial need a growing and developing economy. The bank consist of major divisions named 1) Corporate banking, 2) Retail banking, 3) Treasury, 4) Small & Medium Enterprise (SME) (Assignment Point, n.d.). BRAC Bank Ltd (BBL) is one of the largest

operational commercial ventures which are a pioneer in recognizing and tackling the many different realities of poverty.

At present the Bank is operating its business by 174 Branches. Within the 174 branches there are 105 of Retail Banking branches and 69 are SME Banking branches. There is over 450 plus ATM Booths, 450 plus SME Unit Offices, and 41 plus Cash Deposit Machine (CDM), total staff 8000 plus human in financial industry. In addition to small business lending, BRAC Bank has fast growing remittance, savings mobilization and consumer lending businesses. BRAC Bank's operation now cuts across all segments and services in financial industry. With more than 2.5 Million Customers, the bank has already proved to be the largest SME financier in just 14.5 years of its operation in Bangladesh and continues to broaden its horizon into Retail, Corporate, SME, Probashi and other arenas of banking. In the year: 2010, BBL has been recognized as Asia's most Sustainable Bank in Emerging Markets by the Financial Times and IFC. (Wikipedia, 2016).

The following section covers corporate vision, mission and value of BRAC Bank collected from the bank's website<sup>1</sup>:

### **1.2.1 Corporate Vision:**

*“Building profitable and socially responsible financial institution focused on Market and Business with Growth potential, thereby assisting BRAC and stakeholders to build a just, enlightened, healthy democratic and poverty free Bangladesh.”*

### **1.2.2 Corporate Mission:**

-  Sustained growth in Small & Medium Enterprise sector
-  Continuous low-cost deposit Growth with controlled growth in retail assets.
-  Achieve efficient synergies between the bank's branches, SME unit offices and BRAC field offices for delivery of remittance and Bank's other products and services
-  Manage various lines of business in a full controlled environment with no compromise on service quality

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<sup>1</sup> <http://www.bracbank.com/vision.php>

- 📌 Keep a diverse, far flung team fully motivated and driven towards materializing the bank's vision into reality

### **1.2.3 Corporate Value:**

BRAC Bank's Strength emanates from their owner - BRAC. This means, they will hold the following values and will be guided by BRAC as they do our work.

- 📌 Value the fact that one is a member of the BRAC family
- 📌 Creating an honest, open and enabling environment
- 📌 Have a strong customer focus and build relationships based on integrity, superior service and mutual benefit
- 📌 Work as team to serve the best interest of our owners
- 📌 Value and respect people and make decisions based on merit
- 📌 Responsible, trustworthy and law-abiding in all that we do.

### 1.3 Division of BRAC Bank Limited:

There are seventeen different business units generating business BRAC BANK Limited<sup>2</sup>:

- ☑ SME Banking
- ☑ Retail Banking
- ☑ Corporate Banking
- ☑ Probashi Banking
- ☑ Cash Management & Custodial Services
- ☑ Human Resources
- ☑ Finance
- ☑ Credit Risk Management
- ☑ Operations
- ☑ Company Secretariat
- ☑ Regulatory & Internal Control
- ☑ Operational Risk Management
- ☑ Treasury & Financial Institutions
- ☑ Information Technology
- ☑ Program Management
- ☑ Research & Development
- ☑ Corporate Affairs

### 1.4 Different Types of Products and Services Provided by BRAC Bank Limited:

The bank has wide range of product line to suit the need of the people of all stratum. In addition to convention product both asset and liability sides the Bank offers special credits for its customer. They are given below<sup>3</sup>-

- ☑ SME Banking
- ☑ Retail Banking
- ☑ Wholesale Banking
- ☑ Probashi Banking
- ☑ e-Banking

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<sup>2</sup> <http://www.bracbank.com/home.php>

<sup>3</sup> Information on different types of products and services provided by BRAC Bank Limited has been collected from: <http://www.bracbank.com/home.php>

### 1.4.1 SME Banking:

BBL has almost 69 SME banking outlets and 450 plus SME unit offices all over Bangladesh.<sup>4</sup> SME is an additional and specialized horizon of the bank which serves the bank's special focus in promoting broad based participation by catering to the small and medium entrepreneur. The network of SME has already been established throughout Bangladesh.

<b>Deposit Products</b>	<b>Loan Products</b>
Prapti Current Account	Anonno Rin
	Apurbo Rin
Prachujo Fixed Deposit	Prothoma Rin (only for woman)
	Shomriddhi Rin
Shonchoy SME Deposit	Shompod Rin
	Shokti Rin

Table: Services under SME Banking

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<sup>4</sup> The SME Banking of BRAC Bank Ltd. are taken from their official website which is [http://www.bracbank.com/sme\\_banking.php](http://www.bracbank.com/sme_banking.php)

## 1.4.2 Retail Banking:

BBL has almost 105 retail banking outlets and 450 plus ATMs all over Bangladesh. The bank also offers a wide range of financial solution to meet its client’s everyday needs. In retail banking operation the bank has a slogan that “Be it home loan, car loan or simply a quick loan-simply drop an application and we shall do the rest while you enjoy life”.

<b>Deposit Products</b>		<b>Loan Products</b>
<b>Savings Accounts:</b>	Resident Foreign Currency Deposit (RFCD) Account	Personal Loan
Triple Benefit Savings Accounts	Foreign Currency (FC) Account	Lifestyle Plus loan
Savings Classic Account	<b>Term Deposits:</b>	Auto Loan
Aporajita Account	DPS	Home Loan
Future Star Account	Fixed Deposit General	Nijer Bari
<b>Current Accounts:</b>	Flexi DPS	Motorcycle Loan
Current Classic Account	Interest First Fixed Deposit	Personal Loan for Landlord
Current Plus	Freedom Fixed Deposit (FFD)	Personal Loan for Doctors
Campus Account	Abiram Fixed Deposit	Secured Loan/Overdraft
Salary Account	Unit Fixed Deposit	Executive Study Loan

Table: Retail banking’s deposit and loan products<sup>5</sup>

<sup>5</sup> The Retail Banking of BRAC Bank Ltd. are taken from their official website which is [http://www.bracbank.com/retail\\_banking.php](http://www.bracbank.com/retail_banking.php)

### 1.4.3 Wholesale Banking:

BBL offers a full collection of Financial Services to Corporations and Institutions. Having access to the deepest end of the country, BRAC Bank is there to assist businesses in Bangladesh. With us on your side, you have the power of local knowledge with the capabilities of global standard.

<b>Corporate Banking</b>		<b>Cash Management</b>
<b>Corporate Loan Products:</b>	Term Loan	Cash & Trade Overview
Overdraft	Project Finance	Liability Products
Short Term Loan	Bill Purchase	Securities Services
Lease Finance	Bank Guarantees	
Loan against Trust Receipt	<b>Trade Finance:</b>	
Work Order Finance	Letter of Credit (LC)	<b>Custodial Service</b>
Emerging Business	Letter of Guarantee (LG)	Probashi Biniyog

Table: Breakdown of Services of Corporate Banking and Cash Management<sup>6</sup>

### 1.4.4 Probashi Banking<sup>7</sup>:

Every month, Probashi Banking executes around 200,000 transactions; this has made BRAC Bank one of the largest players among private commercial banks in channelizing inward remittance in the Bangladesh. With the help of ELDORADO, now anyone can withdraw money from any of the Eldorado member banks in addition to BRAC Bank outlets.

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<sup>6</sup> The Wholesale Banking of BRAC Bank Ltd. are taken from their official website which is <http://www.bracbank.com/wholesale-banking.php>

<sup>7</sup> The Probashi Banking of BRAC Bank Ltd. are taken from their official website which is [http://www.bracbank.com/probashi\\_banking.php](http://www.bracbank.com/probashi_banking.php)

<b>Accounts &amp; Deposits</b>	<b>Investments</b>	<b>Remittance Info</b>
Probashi Current Account	Wage Earner's Development Bond (WEDB)	Western Union Money Transfer
Probashi Savings Account	US Dollar Investment Bond	Money Gram
Probashi Fixed Deposit	US Dollar Premium Bond	Klinnk
Probashi Abiram	Process Flow	International Remittance Through bKash
Probashi DPS	Probashi Biniyog	Exchange Houses

#### 1.4.5 E-Banking<sup>8</sup>:

BRAC Bank Limited offers its clients a wide range of financial solutions with 174 outlets, over 450 plus ATMs in the market, to meet their everyday needs. Customers can transfer money easily with internet banking without going bank.

<b>E-Banking</b>		
BRAC Bank Smart Opener	Internet Banking	Mobile Top-up
BRAC BANK Mobile	24 Hour Call Center	iWallet Service Discontinued
E-Commerce	SMS Banking	Phishing Alert (Important Security Message)

Table: Facilities provided under E-Banking

<sup>8</sup> The E-Banking of BRAC Bank Ltd. are taken from their official website which is [http://www.bracbank.com/e\\_banking.php](http://www.bracbank.com/e_banking.php)

# Chapter 02: Interns Roles and Responsibilities

## 2.1 Nature of the Job:

BRAC Bank Limited (BBL), the leading private commercial bank has organized different projects on a regular basis and the project named “Regional Operation Center (ROC) file stamp affixing” is one of them. This is one of the sub units of Asset operation department of BBL. Usually they recruit intern from different universities to do the project work. The main purpose of this project is to manage the charges which are taken from the customers as their documentation fees, which is done by the government treasury. Also there were other roles beside the stamp affixing which is also a part of the project of ROC. I along with 5 interns was recruited for such project of ROC. The roles which I have done are given below:

**2.2 Stamp Affixing:** Here I have been affixing to all of the SME & Retail loan documents, authorizing by stamping to specific title which indicates to be legalized so that if the borrowers denies of not taking the loan amount. The bank can take any legal actions towards the borrower through the help of the court to avoid any defaulters. Also through the stamp affixing we are making the loan documents presentable to the government auditors as the amount of these charges are already taken from the borrower.

### **Features of Some Key Documents**

#### **Demand Promissory Note (DP Note):**

It is a written promise by a borrower to pay the whole amount of existing or future loans credit facilities on demand. It also gives the banks power to ask the borrower to repay the loan amount with interest without any prior notice.

#### **General Loan Agreement:**

A loan agreement is an agreement of contract stating the general terms for the extension of a loan or credit facilities. The General loan agreement sets out the general standard terms and conditions governing the existing or future extension of loan or credit facilities to the borrower.

 **Personal Letter of Guarantee:** This is a guarantee of a person or third party who is not the direct beneficiary of the loan/credit facility but is equally liable for the loan On behalf

of the borrower; guarantor will be liable to pay all outstanding liability of the borrower if borrower fails to pay the same to bank. Guarantee is one type of contingent security.

**2.3 Intern Training program:** I have attended a special training program which was organized by the HR Department of BBL's newly recruited interns. This was a three day long program where in the 1<sup>st</sup> day was the orientation program where we have been introduced with the current employees of BBL. In the orientation we have been given an overview of BBL about its past and current situations.

On the 2<sup>nd</sup> day I along a team of other 4 interns are sent to Moghbazar branch of BBL where we have been taught the real life banking activities. We meet with Md. Zahirul Haque Khan who was the branch manager. He taught us about the banking activities of a bank and spent 4 hours with us in teaching us the real life banking. There were 24 employees along with 3 CSM. We have learned about the different activities performed by the employees and the CSM during our visit.

On the final day we have been sent to the SME Unit Office in Santinogor branch. The visit was short because we had to spend half day for the SME Unit Office. During the visit we learned about CRO and CSM activities in how they performed their duties and given us a brief of how to process a loan. And on that day we have to set for an exam too, where we have been assessed our knowledge in the training program and we have been scored individually.

**2.4 Writing Sanction Letter:** Here I have been writing the sanction letter of both the SME & Retail loan departments where I have to note down all the valid information of the customer's such as: Customer's full name, business name and address. Then after this basic information are noted down than I have to write down the purpose of the loan taken, loan sanction and authorized date, loan agreed amount, interest rate percentage, tenor(month) period, Vat amount, CIB charges, Stamp charges, Fire and Life insurances amount, EMI payment amount and the Personal Guarantors' name. And after this information are noted I have to authorize these letters by my signature for which I have verified.

**2.5 Archive Activities:** Archive is a restricted area where only the authorized personal can access to such vault where all the loan files are kept and used for future purposes. Here I have also been given the opportunity to access to such place under the guidance of supervisor as it's a restricted area, where I have asked to search few specific loan files which need to be verified and assessed for further investigation. Also it was a process of preserving the old and new loan files for further and future use and references.

**2.6 Data Archiving:** Here I have made entries of the stamp affixed files in the excel sheet which acts as the digital archiving of all the loan documents. Mostly these files are of the Dhaka regional operation centre and are the files of the head office of BBL. The data archiving helps to keep track of all the loan files and also acts as a medium of keeping digital records of the files before sending them to the archive vault.

**2.7 Post Dated Cheque (PDC):** These are EMI loan clearance cheque given by the customers which are deposited in the BBL accounts. These PDC are for some specify loan categories such as: Salary loan, Secured Overdraft, Car loan. Here I have cleared these cheques by writing down the account number of the BBL. These PDC can be cleared from different Banks as many of the customers hold different bank accounts.

**2.8 Reconciliation of Legal Opinion:** Here the task is to file the customer's documents where I have to write the names of the customers on the file cover. Than all these files are digitally archived where these files get their unique identification number for their reference and these files are organized in sequences and are stored in a specific place for use.

**2.9 Other Activities:** I had been taught how the FINACAL software works which is designed for preparing loan documents. This software is not for only preparing the loan documents but also performs all banking activities of BBL. Here in physical work learning, I have been taught how to prepare loan documents in the software, without using it because it's only for authorized personal and during this learning period I gained a lot of knowledge of various banking activities and various documents. Also during the tour I have also done photocopying some of the loan document files, enveloping notice papers of fluctuation interest rate which are send to costumers to notify them about the interest rate changes, and also have attended the annual picnic of BBL which was a privilege, as it was my first corporate picnic.

# Chapter 03: Observations, Recommendations and Conclusion

## 3.1 Observations:

During the internship period the interaction with many employees helped me to learn about the whole banking culture where the employees shared their experiences and knowledge. During the corporate branch and SME unit office visits I got to learn about the behavior and responsibilities of the corporate branches and SME unit office manager's and their employees. During my intern period and the visits, I have observed some things which are inbound the office. These observations are given below:

- 📌 The CRO's have to wait for a long time to disburse a loan file and they cannot communicate with executive officers for further queries.
- 📌 The job satisfaction of the employees can be improved if all the contractual are turned to full time employees.
- 📌 There is scope for improvement in the logistic support.
- 📌 There is scope for improvements in supportive facilities for the interns.
- 📌 The cooperation in various departments can be increased.
- 📌 The file checking system can be improved if the whole process is automated and manual works needs to be minimized which would enable staffs to be more efficient in their core job areas.

## 3.2 Recommendations:

Considering all of my job part following recommendations are made, which will benefit both BBL and its staff.

- 📌 Just in time method could be adapted to minimize delay in logistics.
- 📌 Automation of file checking system needs to be implemented to minimize system float.
- 📌 CRO's needs to have direct access to be able to communicate with the executive officers instead of the existing approach.
- 📌 Need more vendors for the supply of stamps.

- 📌 Interns could be allowed a more flexible work time and not bound to the traditional working hours of BBL.
- 📌 Rather stocking the ROC files for months it's better to divide the work load among the other ROC department beside the head office so that these files can be cleared more efficiently.

### 3.3 Conclusion:

BRAC Bank Ltd. is growing very fast. In last few years this bank lost its reputation and market share a little bit. All the workers are now working hard to get back its position. During the internship period I have enjoyed my stay with BBL where I was introduced to the corporate world for the first time in the real life training session. During these few months I came across with new experience about the whole banking process and its departmental works, got to know their involvements and importance and also taught me the value of team work. I am very honored to work here as an intern. And I hope that BBL will reach to its goal and be a leading bank in our country.

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## *Part 2: Research Project*

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# Chapter 01: Research Design

## 1.1 Background of the Study:

BRAC Bank Limited (BBL) was established in 2001 with a focus on pursuing unexplored market niches in the Small and Medium Enterprise Business (Masud, 2014). The bank also focused on relationship based banking, as it believes that the pursuit of profit and developmental goals are mutually reinforcing. This focus makes the bank to emphasize more on to explore and access market opportunities as well as build asset base to its clients conforming significant contribution to the profitability of the Bank.

Through this report an individual can expect to have a good knowledge and understanding on the various methods of operation performed by BBL particularly in the area of SME in the Assets Operations Department. I have tried my level best to put more emphasis on the SME loan performance, its process and comparison on Southeast Bank since it is the topic of my internship report program. This report is to be used only for the academic purpose. After long hard work, it has become possible for me to make the report comprehensive and factual. The data is truly and strictly confidential and no one can use its components in full or partial. I would like to give thanks to everyone who has helped and encouraged me in the process of preparing this report.

## 1.2 Objective of the Report:

Everyone has a goal, to full fill that goal we need to setup objectives. The objectives can help a person to become successful in any work. This study also has some objectives for completing this research report. The Objectives are divided in two parts- Broad Objective & Specific Objective.

### 1.2.1 Broad Objective:

The broad objective of the report is the comparisons of Small and Medium Enterprise (SME) loan performance analysis last five years between BRAC Bank Limited & Southeast Bank Limited.

### 1.2.2 Specific Objective:

- 📌 To analyze the current condition of SME loans in Bangladesh.
- 📌 To evaluate the loan appraisal and process SME loan.
- 📌 To analyze the rate of interest and processing fees compare.
- 📌 To analyze the duration of loan and compare.
- 📌 To evaluate the entrepreneurs and enterprise selection criteria different types of SME loan.
- 📌 To analyze the ROI, ROA, Growth Ratio, Ratio of SME and Total outstanding loan.
- 📌 To make some recommendations on the basis of relevant findings.

### 1.3 Methodology of Data Collection:

The methodologies will provide the process which was used to complete this part of the report. For the most part of the report I have used the primary data which I experienced during my tenure at BRAC Bank Limited. Apart from that other sources of data collection which could be called secondary data was collected from various webpages, data from the official website of BBL.

To analyze the current conditions of SME loans in Bangladesh the primary data was collected from the interaction that I had with the working officers at BBL. I had the firsthand experience with the loan appraisal and SME loan appraisal process under the supervision of Md. Abdul Wahed, and also learned about the duration of loans currently managed by BBL. I was made aware of Enterprise selection criteria by my supervisor through working at BBL.

The financial ratios were collected from the annual reports and also from stockbangladesh.com and were used in the fundamental analysis which I have shown in the later part of the report.

### 1.4 Scope of the Report:

The report will provide some opportunities to learn various aspects of SME & Retail banking. This was the opportunity to learn the total concept of SME & Retail banking, its procedures and its impact in overall economy of Bangladesh. The area of concentration of this report is confined in making comparison among different types of SME's loan products and services of between BRAC Bank and Southeast Bank Limited. BRAC Bank provides various feature of SME loan as a complicated area of finance. It bestows me to study the present performance level of the BRAC

Bank and gets opportunity to entry of commercial banks into SME banking industry in Bangladesh. Small entrepreneurs of rural-urban field are enjoying the BRAC Bank loan facility without coming in the bank.

### 1.5 Limitation of the Study:

On the way of my study, I have faced the following problems, which may be termed as the limitations of the study. The major limitations of this study are given as follows:

- ❑ Limitation of this report is Bank's policy of not disclosing some data and information for obvious reason, which could be very much useful.
- ❑ Due to time constrains the bank's officers didn't had much time to spare in explaining some of the banks function.
- ❑ It was difficult to make and give any assumption for comments and suggestions based on only the annual report and the information collected from written documents.

## Chapter 02: Analysis and Findings

### 3.1 Introduction:

Bangladesh is a developing and emerging country in Southeast Asia. Small & Medium Enterprises (SMEs) are an important constituent of its economy and have become a thrust area for future growth. A strong SME sector is fundamental to building a resilient and dynamic corporate sector (Masud, 2014). Throughout the years, BBL and SEBL concentrated on enriching its portfolio basket through investing or financing in new and diversified fields like SME & Agricultural sector to maximize profits keeping the inherent risk at a minimum level. This attempt served the banks aim of maintaining sustainable growth & expansion in the industry. BRAC Bank could attract the growing customer of SME in compared to its close competitor SEBL, IBBL, PBL and DBBL etc.

### 3.2 Definition of Small and Medium Enterprise (SME):

The case for fostering SME growth in Bangladesh is irrefutable as these industries offer bright prospects for creating large-scale employment and income earning opportunities at relatively low cost for the unskilled and unemployed especially in the rural areas strengthening the efforts towards achieving high and sustained economic growth which are critically important prerequisites for triggering an exit from endemic poverty and socio-economic deprivation. The definitions of "small" and "medium" sized enterprises differ from one country to another. SMEs have been defined against various criteria such as the number of workers employed, the volume of output or sales, the value of assets employed, and the use of energy. Other definitions are based on whether the owner of the enterprise works alongside the workers, the degree of sophistication in management, and whether or not an enterprise lies in the "formal" sector (Masud, 2014).

### 3.3 SME Products Distribution for Both Banks:

Here are the product distribution of both the BRAC Bank and Southeast Bank SME's and both of these banks are competitive in the market. But among these two banks, BRAC Bank has the highest sales of the SME products and during November 2015 BRAC Bank has achieved the highest sales of its SME loan with a total disbursement amount worth taka 600 Corer. To concentrate more in SME banking in 2013 Southeast Bank adopted a medium term SME start.

### 3.4 Southeast Bank Limited SME Products:

Here are the product distributions of SME loan of SEBL. The following product are given blow-

**3.4.1 Southeast Shuprova:** "Southeast Shuprova" is a loan facility for small and medium sized trading, manufacturing, service, agriculture, non-farm activities, and agro-based industries etc. which are operated by women entrepreneur. The product offers terminating loan facilities for the purpose of working capital finance and/or fixed assets purchase.

**3.4.2 Southeast Shikor:** This is a small-scale loan designed to finance any SEBL client meeting definition criteria and target group criteria of southeast bank's SME credit policy. Usually this kind of loan is given to any justifiable business purpose such as small scale trading, manufacturing and service ventures, especially to aid the purchase of fixed assets, and to finance working capital.

**3.4.3 Southeast Shopan:** In order to help our SME borrowers for financing working capital or to purchase fixed assets, Southeast Bank offers Shopan. It caters to the need of entrepreneurs who are operating in trading, manufacturing, service, agriculture, non-farm activities, agro- based industries and other sectors of our economy.

**3.4.4 Southeast Shopnil:** Southeast Shopnil Account is an interest bearing account only for business Enterprise for SME and Retail Banking. This product has been set in a way to encourage small & medium entrepreneur to enter into the wide range of modern banking facilities of Southeast Bank Limited.

**3.4.5 Southeast Apurbo:** This is a loan designed to meet the needs of small and medium sized private educational institutions, such as kindergartens, schools and colleges etc.

### 3.5 BRAC Bank Limited SME Products:

Here are the product distributions of SME loan of BBL. The following product are given below-

**3.5.1 Annono Rin:** A business loan scheme for the purpose of working capital finance and/or fixed assets purchase to the small and medium sized trading, manufacturing, service, agriculture, non-farm activities, agro-based industries etc.

**3.5.2 Apurbo Rin:** In order to help our SME borrowers for financing working capital or to purchase fixed assets, BRAC Bank offers Apurbo. It caters to the need of entrepreneurs who are operating in trading, manufacturing, service, agriculture, non-farm activities, agro- based industries and other sectors of our economy all over Bangladesh through SME unit offices across the country.

**3.5.3 Prothoma Rin:** "Prothoma Rin" is a loan facility for small and medium sized trading, manufacturing, service, agriculture, non-farm activities, and agro-based industries etc. which are operated by women entrepreneur. The product offers terminating loan facilities for the purpose of working capital finance and/or fixed assets purchase. Maximum BDT 1 million is offered to meet business needs.

**3.5.4 Shomriddhi Rin:** To meet import-export related expenses, post import expenses, tax/duty payment, local bill purchase, and working capital, and fixed asset finance, Shomriddhi loan is offering BDT 1 Lac to BDT 50 million

**3.5.5 Shokti Rin:** Business loan under which you can avail BDT 1 million to BDT 10 million to meet your any kind of business needs.

### 3.6 Enterprise and Entrepreneurs Selection Criteria:

**Southeast Bank** selects the legal form of business in Bangladesh and the borrower is Sole Proprietorship/ Partnership/Private Limited Company. The success of SME will largely depend on the selection of a business and man behind it. In terms of the business, the following attributes should be sought:

-  The entrepreneur is skilled, experienced and so far successful for managing the business for at least 02 (two) years. In case of new entrepreneur, he/ she are experienced in working in similar line of business established.

- 📌 The business is legally valid and the business firm has got all required licenses, permissions, registration certificates which are up-to-date at the time of application of credit facility.
- 📌 The age of the proprietor/ partners/ key person of the business firm is within 20 years to 55 years.
- 📌 The entrepreneur is socially acceptable and his/ her reputation, integrity, trustworthiness, commitment is satisfactory.
- 📌 The borrower's principal place of business is in Bangladesh. The business is profitable and has a defined market with clear growth potentials.
- 📌 Proper utilization and timely repayment of previous loans will be considered as proven track record of the applicant for renewal & enhancement of credit facility.

**BRAC Bank Ltd.** selects the legal form of business in Bangladesh and the borrower is Sole Proprietorship/ Partnership/Private Limited Company. The success of SME will largely depend on the selection of a business and man behind it. In terms of the business, the following attributes should be sought:

- 📌 The business must be in operation for at least 03 (three) year.
- 📌 The business should be legally registered (valid trade license, income tax or VAT registration, wherever applicable).
- 📌 The entrepreneur should be physically able and in good health, preferably between the age of 25-50. If he/she is an elderly person closer to 50, it should be seen what the succession process will be and whether it is clearly defined or not.
- 📌 The entrepreneur must have and acceptable social standing in the community (People should speak highly of him), he should possess a high level of integrity (Does not cheat anyone, generally helps people), and morally sound (Participates in community building).
- 📌 The business must have a defined market with a clear potential growth.
- 📌 The business must be located ideally close to the market and the source of its raw materials/suppliers. It should have access to all the utilities, skilled manpower's that are required.

Any risk assessed by the management in turn will become a credit risk for both the bank. So effort should make to understand the risk faced by the business. The Enterprise Selection Criteria is good

enough, but the management must ensure that the criteria been fulfilled by the CROs when they forward any file.

### 3.7 Applications and Approval Process of SEBL:

Any credit proposal or pre-sanction Inspection report/ call report/ visit report is to be originated from the Branch/ SME Service Center. The client shall have to open account with the relevant SEBL Branches. The client shall fill up the Request for Credit Facility, Net worth Statement, and other pro forma correctly and completely. The client shall provide Credit Information Bureau (CIB) undertakings, Financial Statements, other information or papers or documents required by the concerned official of the SEBL Branch/ SME Service Center. The concerned official of the SEBL Branch/ SME Service Center shall evaluate client's proposal with due diligence, accomplish the relevant tasks carefully and prepare the Credit Appraisal Form as per the prescribed format. Any requirement for further information regarding a particular credit proposal shall have to be communicated to the client within 03 (three) working days from the date of submission of the application by the client. If a particular credit proposal is found suitable, the SEBL Branch/ SME Service Center shall assign a unique identification number to the borrower and submit the credit proposal along with the required documents, such as Visit Report, Stock Report, CPV Report, Valuation Report etc. to the Head Office for approval. At the Head Office, the assigned Credit Officers shall appraise the proposal in line with Bank's credit policies and guidelines of Central Bank & other regulatory authorities and place the proposal to the competent approval authority for decision.

### 3.8 Applications and Approval Process of BBL:

In BBL Customer Relationship Officers (CRO's) are the person who helps the bank to perform the loan documentation process and approval. The CRO prepares loan presentation based on the information collected and provided by the entrepreneur about their business, land property. Also the CROs collect confidential information about the client from various sources. When the CRO decided to provide loan to the client then he/she help the client to open a bank account, where BBL will disburse the loan through this account and the client can also repay by this account. The CRO also give a (CIB) form to the client and the client fill and sign in it. In some cases, if the client is illiterate then the CRO fill the form on behalf of the client. Then CRO send the filled and signed

form to the SME, Head Office. At the Head Office they check whether the required documents are in order or not. If the documents are in order they send the file to the Credit support & information (CSI). In CSI all the documents are checked very carefully. If the documents are found in order, CSI calculates Debt Burden Ratio through verification report. If the report in the verification is found in order then approval checklist is prepared by the CSI. Otherwise the loan application can be deferred or declined. After approval the application is send to Asset Operations Department (AOD) for disbursement of loan. Sometimes some condition may be included in approval checklist. AOD checks all the condition of approval and finally disburse the loan to customer account. They update customer information about the loan in company database.

In comparison of the approval and application process for both banks they have the same similarities, but overall SEBL's is much easier than BBL as in some points it has less formalities than BBL.

### 3.9 Rate of Interest Rate and Processing Fees of BBL:

During the internship period I also found that the rate of interest of BBL for the SME loan during 2015 it was 23.75% on all SME loans. But currently the interest rate on the SME loan has reduced to 19% for all the new customers and this new interest rate took place in the middle of March 2016. There other interest rates such as; for Agricultural loan the interest rate is 10%, for Prothoma loan the interest rate is 10%. There are some special offers in order to get some discount in the interest rate of BBL, for instant if the customer is a GP star subscriber than he or she will be waved with 2% on the interest rate. And if the loan is a top-up loan meaning if the customer has taken another loan against its previous one than he or she will be waved with 2% on its interest rate.

The processing fee of BBL is 1% on the total loan amount taken. If the customer is a GP star subscriber then the processing is 0.5%. There are some special offers too just like the interest rate such as: if the loan of the customer is been approved or disbursed in between the 1<sup>st</sup> day up to 20<sup>th</sup> day of the month than the customers will get 0.5% reduction on their processing fees, and also there are other offers like if the customer can get their loan in the middle of the month or even taking consecutive loans with good amounts can get some reductions in their processing fees.

### 3.10 Rate of Interest Rate and Processing Fees of SEBL:

During the internship period, the rate of interest of SEBL for SME loan was found to be 17.5% and this interest rate changes in every six months. These changes of interest rate take place in the form of rise by maximum of 1% to 2% or minimum of 1% to 2% depending on the fulfillment of the bank's loan or profit target. SEBL too have different sector SME loans such as: for an Agricultural loan the interest rate is 13% and for Term loan for medium industry is 15%. And there no processing fees for any SME loans. But there is a documentation charge which may vary from customer to customer according to their loan amounts. The SME loan interest rate is higher in BBL compared to SEBL, and also there is an extra charge which is charged to customer by BBL in the form of processing fees where SEBL don't charge it from the customers.

### 3.11 Duration of Loan between BBL and SEBL:

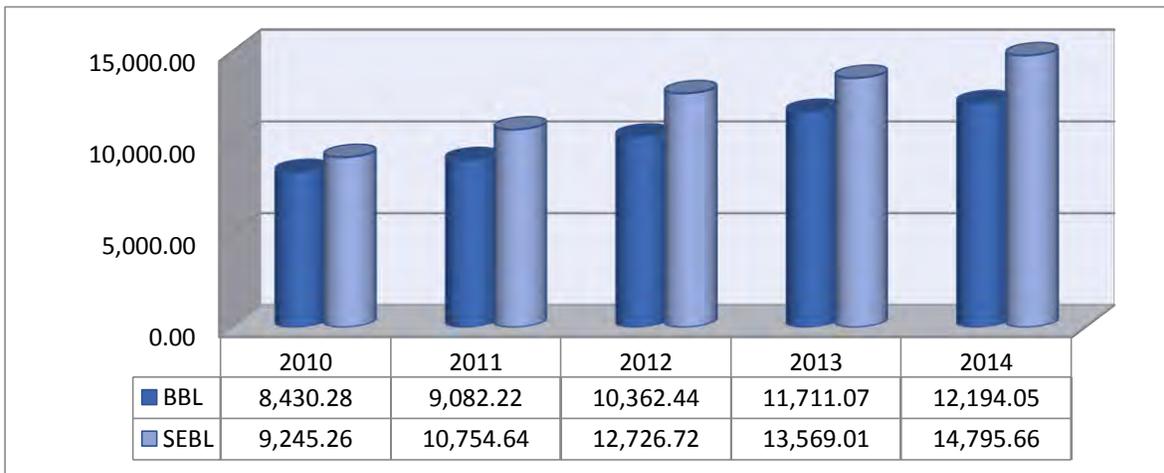
While working as an intern in BBL I found that in spite of analysis, most clients want more duration or time to repay the SME loan. More time means less amount of money to repay the loan whether the clients think beneficial of it. Very few clients demand short term or single payment loan to repay. In case of **BBL** the loan durations are from 1.5 years (which is the minimum period) to 5 years (which is the maximum period). Also if the customers want a top-up loan than the duration of the loan period get extended for the BBL SME loan. In case of **SEBL** the loan durations are from 2 years (which is the minimum period) to 5 years (which is the maximum period).

### 3.12 SME Loan Performance Data Analysis of last five years between BBL and SEBL:

In this analysis we will be seeing the performance and the loan amount disburse among the two banks and also compare their individual performance to see which bank has the high loan turn over during the last five years. Below are the data analyses of the two banks along with the graphs and interpretations.

#### 3.12.1 Total Outstanding Loan between BBL and SEBL:

Total outstanding loans for the last 5 years are given blow. As we can see the graph, the amount of total outstanding loan is increasing at a gradual pace in every year. In 2014 the total outstanding loan amount of SEBL is 14,795.66 corers and BBL is 12,194.06 corers, where SEBL has the higher total outstanding loan than BBL. In both the banks there is a gradual increase in every year but SEBL is better in the total outstanding loan than BBL.

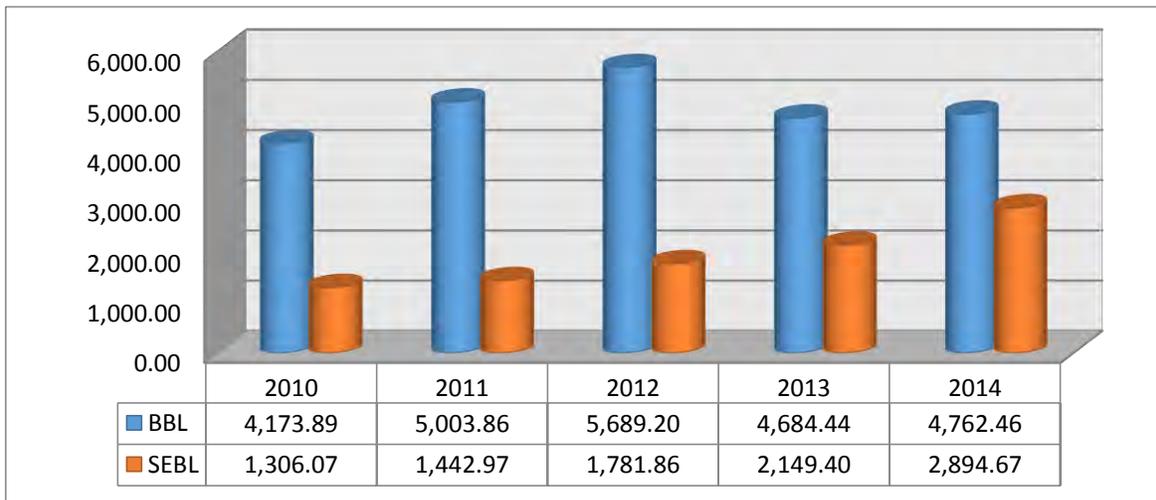


Graph 1: Total outstanding loan between two banks.

The reason SEBL is better than BBL is because SEBL has other loan sales which are better than BBL. So in the given graph below the changes and rises of total outstanding loans are shown of both banks from 2010 to 2014 with gradual increases. In order to compete with SEBL, BBL should try to increase their other loan sales beside SME loans.

### 3.12.2 SME Loan between BBL and SEBL:

The SME loans for the last 5 years are given blow. As we can see the graph, the amount of SME loan of the two banks, where BBL SME loan is increasing at a gradual and fluctuated pace in every year, but SEBL SME loan there is steady growth of its loans in every year. From 2010 to 2012 BBL had an outstanding increase of its loan which stood from 4,173.89 corers to 5,689.20 corers. But from 2012 the amount of SME loans fluctuated with a steady decline of amount. In the 2013 it declined to 4,684.44 corers and from 2014 SME loan amount raised but at a declining pace to 4,762.46 corers.

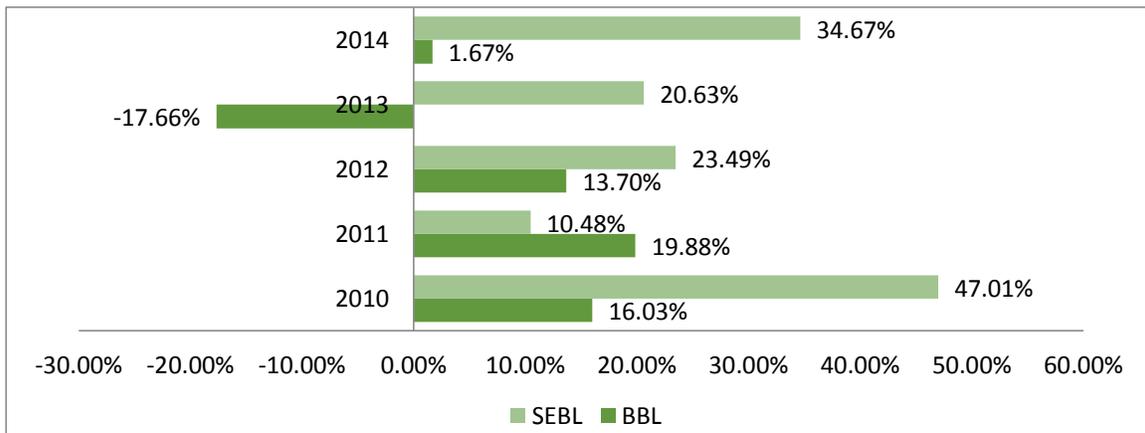


Graph 2: SME loan between two banks.

The reason for the fluctuations of BBL SME loan was due to political unrest during 2013 to 2014. In case of SEBL SME loans there is steady growth of its loan. From 2010 to 2014 the SME loan amount rose from 1,306.07 corers to 2,894.67 corers. In this case BBL has the highest SME loan sales than SEBL, and SEBL should try to sale more SME loans rather than other loans in the market so that they can be more competitive with BBL SME schemes.

### 3.12.3 SME Loan Growth Ratio between BBL and SEBL:

The SME loan growth ratios for the last 5 years are given below. As we can see the graph, the growth ratio of the two banks which varies significantly. Even though BBL has the highest SME loan turnover but the growth ratio is low compared to SEBL. BBL has a gradual rise in the growth ratio from 2010 to 2011, but there was a steady decline from 2011. From 2012 it started to decline significantly which resulted in a negative growth ratio in 2013, but have recovered the negative growth ratio in 2014 which wasn't a significant rise. The reason for such fluctuation in the growth ratio of BBL was due to political unrest from 2013 to 2014 but the decline for 2012 was because of slow growth of the SME loan. In case of SEBL the growth ratio is higher because of significant rise of SME loan from 2009 to 2010 which was 47.01%. But from 2010 the growth ratio had fluctuated and had a steady growth ratio till 2014.

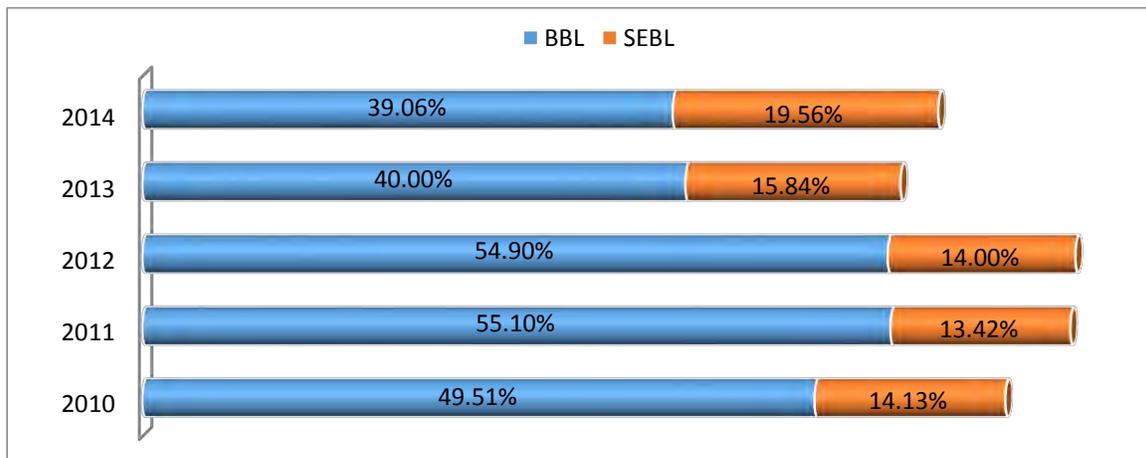


Graph 3: SME loan growth ratio between two banks

In 2011 the growth ratio was low because of slow turnover of SME loan, and from 2012 to 2014 there was a significant rise in the growth ratio but in a declining rate and in 2014 there was an upward rise. The difference in the growth ratio of BBL and SEBL even though BBL has the highest turnover in SME loan was because of the steady growth of SEBL which rose significantly than BBL. Moreover the SME loan of BBL has the highest performance despite of the growth ratio.

### 3.12.4 Ratio of SME Loan between BBL and SEBL:

The SME loan ratios for the last 5 years are given below. Here it shows the percentage of SME loan sold in the market which the percentage is calculated by dividing the SME loan by Total outstanding loan amount. These represent the highest SME loan turnover of both the banks but the percentage of BBL is high compared to SEBL.

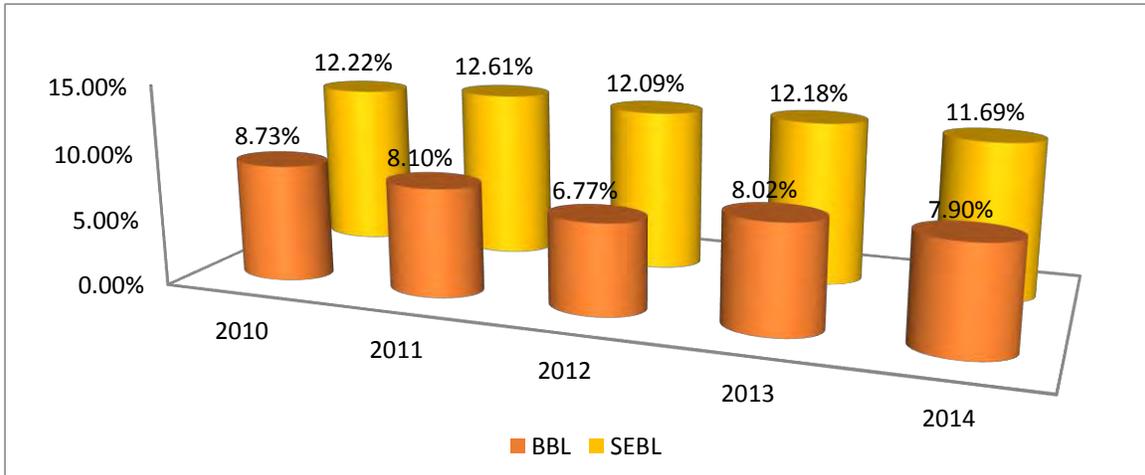


Graph 4: Ratio of SME loan between two banks

BBL had a gradual rise in the percentage from 2010 to 2011 which was 49.51% to 55.10%, but there was a steady decline after 2011. So from 2012 to 2014 the percentage steadily declined from 54.90% to 39.06%. In case of SEBL the percentage ratio there was a gradual increase from 2010 to 2014 which was 14.13% to 19.56%. The percentage of SEBL is high compared to its steady growth in SME loan but in comparison to BBL SME loan ratio, SEBL has the lowest ratio turnover.

### 3.12.5 Return on Investment (ROI) Ratio between BBL and SEBL:

The ROI for the last 5 years are given below. The ROI shows the profitability ratio of the bank from loan investments. These amounts are calculated from the total income recovered against its total assets. The ROI of BBL is low compared to SEBL because of defaulters in the loan repayments. As we can see from the graph below the ROI of BBL is at a fluctuating rate which had a gradual rise in the ROI but at a declining rate.

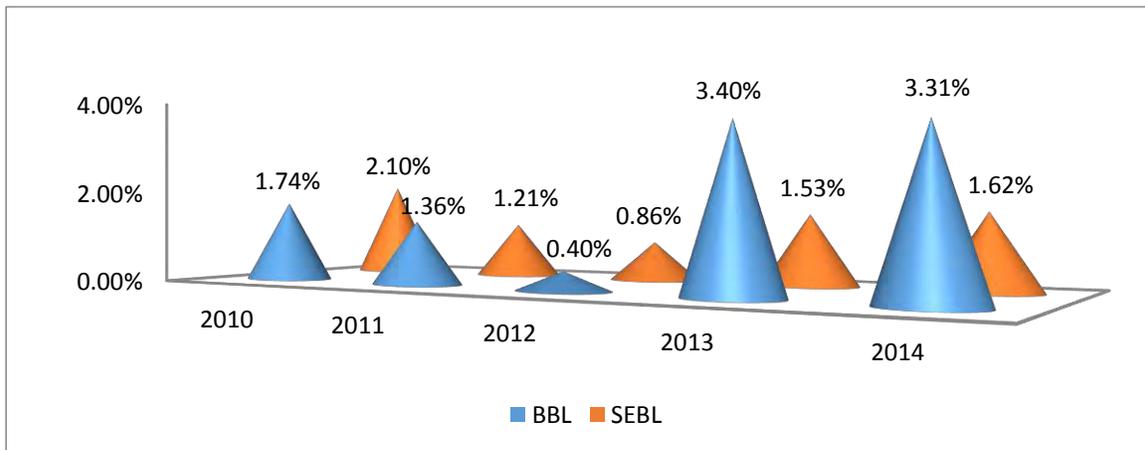


Graph 5: Return on Investment (ROI) Ratio between two banks

Then in 2013 there was an increase in ROI with 8.02% but again the percentage of ROI fallen in 2014 significantly at 7.90%. In case of SEBL the ROI has a steady growth percentage at insignificant declining rate from 2010 to 2013 with percentages of 12.22% to 12.18%, and in 2014 it declined to 11.69%. The ROI of SEBL is high compared to BBL, because of low defaulters in the repayment of loan.

### 3.12.6 Return on Assets (ROA) Ratio between BBL and SEBL:

The ROA for the last 5 years are given below. The ROA shows the amount of net income recovered against its total assets from the loan investments. The ROA of both the banks are tough to compare. In case of BBL the ROA is increasing at a declining rate as shown in the graph below. In 2010 it was 1.74% but in 2011 and 2012 started to decline from 1.36% to 0.40%. However from 2013 the ROA started to rise and also a small decline in 2014 with percentages of 3.40% and 3.31%. In case of SEBL the ROA has a steady growth percentage in 2010 with 2.10% but from 2011 to 2012 the ROA was at a declining rate with percentages of 1.21% to 0.86%.



Graph 6: Return on Assets (ROA) Ratio between two banks

However from 2013 to 2014 the ROA was increasing at a constant rate with percentages of 1.53% to 1.62%. So in comparison of ROA of BBL and SEBL, BBL has the high ROA against its SME loan investments.

## Chapter 03: Recommendations and Conclusion:

### 4.1 Recommendation:

Considering all the findings and analyzing all the data the following recommendations are suggested which will benefit both the bank and its customers:

- 📌 In order to minimize the SME loan disbursement risk the bank may focus on every sector where the loan has been disbursed and increases the number of unit office, branches to create balance economy in the country.
- 📌 The Bank may effectively monitor and supervise the out dated sectors and encourage the people who want to take loan without any hassle.
- 📌 To reduce the high cost and time of processing, the head office may take the following steps:
  1. Develop various delivery channels and thus decentralizing the delivery channels so that branches can process and deliver SME loans by themselves. Use multiple channels to collect necessary information of the client before the processing the loan.
  2. Develop SME centers to process and deliver SME loan facilities especially in the rural and semi-rural areas of the country.
  3. BBL can reduce their SME loan interest rates which are too high from the other banks like SEBL, SIBL, PBL, DBBL and DBL.
- 📌 BBL may focus more on other loan products besides SME loan as their Total outstanding loan amounts are lower compared to other banks like SEBL.
- 📌 The Bank can adopt a modern banking software which is used in the modern contemporary banks and which is able to represent statements required by Bangladesh Bank. Though it will take a huge cost, the management may go for it for the betterment in future and for uninterrupted and quick service to the stakeholders.
- 📌 The BBL management may impart more emphasis on the advertisement of the bank in different electronic and printing media. The Basic goal of the advertisement may be firstly to make people know and understand that the bank is universal one and permits any one's access.

- 📌 BBL need to improve its ROI by reducing their interest rate because maximum time the defaulters are those customers who are not able to pay off their interest amount to the bank rather than their principle amounts.
- 📌 BBL can organize more training program for their customer relationship officers (CROs) which can be more comprehensively and practically so that customers may not face any trouble while getting and repaying the loan.
- 📌 Borrower's assessment and monitoring system can be stricter. Current defaulter rate says that there are some weakness in loan approval and monitoring system. The bank should assign specific officers in the branches for monitoring and maintaining the SME finance.
- 📌 Setting proper planning for each and every work as well as for the whole department. Managerial supervision is also wanted to increase.

## 4.2 Conclusion:

BRAC Banks always contribute towards the economic development of Bangladesh. BRAC Bank is way ahead in terms of its business, vision, management and services. It works in the most advance way possible in all their activities, making it easy for them to achieve their desired goal more efficiently. BRAC Bank Limited promotes broad based participation in the economy through the provision of high quality and modern banking services. SME loan is one of such quality product through which they offer the small and medium entrepreneurs a quality banking services and earn the maximum profits as well. SME business of BRAC Bank is expanding dramatically which creates a large number of employments opportunity for our country.

**Note: The graphs and its calculations are shown in appendix.**

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# Appendix:

<b>TOTAL SME LOAN AMOUNTS FOR THE YEAR ENDED</b>					
Annual SME Amount BBL			Annual SME Amount SEBL		
Year	Amount BDT	Amount Corer	Year	Amount BDT	Amount Corer
2010	41,738,916,647	4,173.892	2010	13,060,676,000	1,306.068
2011	50,038,618,545	5,003.862	2011	14,429,713,000	1,442.971
2012	56,891,987,570	5,689.199	2012	17,818,600,000	1,781.860
2013	46,844,440,467	4,684.444	2013	21,494,000,000	2,149.400
2014	47,624,640,310	4,762.464	2014	28,946,700,000	2,894.670

**Note:** Total SME loan actual amounts are converted to corer for the last five years of both the banks.

<b>TOTAL LOAN AMOUNTS FOR THE YEAR ENDED</b>					
Annual Loan Amount BBL			Annual Loan Amount SEBL		
Year	Amount BDT	Amount Corer	Year	Amount BDT	Amount Corer
2010	84,302,789,317	8,430.279	2010	92,452,615,493	9,245.262
2011	90,822,174,665	9,082.217	2011	107,546,424,542	10,754.642
2012	103,624,437,957	10,362.444	2012	127,267,155,966	12,726.716
2013	117,110,645,783	11,711.065	2013	135,690,089,841	13,569.009
2014	121,940,553,133	12,194.055	2014	147,956,551,485	14,795.655

**Note:** Total loan amounts are converted to corer for the last five years of both the banks.

**SME LOAN GROWTH RATE FOR LAST FIVE YEAR**

Annual SME Loan Growth Rate BBL			Annual SME Loan Growth Rate SEBL		
Year	Amount Corer	Growth Rate	Year	Amount Corer	Growth Rate
2009	3597.21	0.00%	2009	888.43	0.00%
2010	4,173.89	16.03%	2010	1,306.07	47.01%
2011	5,003.86	19.88%	2011	1,442.97	10.48%
2012	5,689.20	13.70%	2012	1,781.86	23.49%
2013	4,684.44	-17.66%	2013	2,149.40	20.63%
2014	4,762.46	1.67%	2014	2,894.67	34.67%

**Note:** All the amounts are in corer and the Growth Rate is calculated by the given formula: (New loan-Old loan)/Old loan)\*100%. These calculations are done for the last five years for both the banks.

**SME Ratio Analysis BBL**

**SME Ratio Analysis SEBL**

Year	SME	Total	% of Ratio	Year	SME	Total	% of Ratio
2010	4,173.892	8,430.279	49.51%	2010	1,306.068	9,245.262	14.13%
2011	5,003.862	9,082.217	55.10%	2011	1,442.971	10,754.642	13.42%
2012	5,689.199	10,362.444	54.90%	2012	1,781.860	12,726.716	14.00%
2013	4,684.444	11,711.065	40.00%	2013	2,149.400	13,569.009	15.84%
2014	4,762.464	12,194.055	39.06%	2014	2,894.670	14,795.655	19.56%

**Note:** All the amounts are in corer and the ratio is calculated by dividing the SME loan amount with Total loan amount. These calculations are done for the last five years for both of the banks

<b>Return on Investment (ROI) Ratio Analysis BBL</b>				<b>Return on Investment (ROI) Ratio Analysis SEBL</b>			
Year	Total Income	Total Assets	% of Ratio	Year	Total Income	Total Assets	% of Ratio
2010	1,039.95	11,915.01	8.73%	2010	1,610.08	13,178.43	12.22%
2011	1,079.58	13,320.10	8.10%	2011	1,993.19	15,807.86	12.61%
2012	1,175.69	17,367.68	6.77%	2012	2,313.42	19,127.63	12.09%
2013	1,440.70	17,971.27	8.02%	2013	2,691.83	22,093.09	12.18%
2014	1,616.63	20,459.31	7.90%	2014	2,766.71	23,660.84	11.69%

**Note:** All the amounts are in corer and the ROI is calculated by dividing the Total income with Total Assets. These calculations are done for the last five years for both of the banks.

<b>Return on Assets (ROA) Ratio Analysis BBL</b>				<b>Return on Assets (ROA) Ratio Analysis SEBL</b>			
Year	Net Income	Total Assets	% of Ratio	Year	Net Income	Total Assets	% of Ratio
2010	207.31	11,915.01	1.74%	2010	276.39	13,178.43	2.10%
2011	181.24	13,320.10	1.36%	2011	191.22	15,807.86	1.21%
2012	69.98	17,367.68	0.40%	2012	164.87	19,127.63	0.86%
2013	610.68	17,971.27	3.40%	2013	337.88	22,093.09	1.53%
2014	677.45	20,459.31	3.31%	2014	383.69	23,660.84	1.62%

**Note:** All the amounts are in corer and the ROA is calculated by dividing the Net income with Total Assets. These calculations are done for the last five years for both of the banks.