

Report On
CREDIT RISK MANAGEMENT OF SOUTHEAST BANK LIMITED

By
Md. Nazmul Alam
Student ID: 15204065

An internship report submitted to BRAC Business School in partial fulfillment of the
Requirements for the degree of
Bachelor of Business Administration

BRAC Business School
BRAC University
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DECLARATION

It is hereby declared that

1. The internship report submitted is my/our own original work while completing degree at BRAC University.
2. The report does not contain material previously published or written by a third party, except where this is appropriately cited through full and accurate referencing.
3. The report does not contain material which has been accepted, or submitted, for any other degree or diploma at a university or other institution.
4. I/We have acknowledged all main sources of help.

Student's Full Name & Signature:

Md. Nazmul Alam

Student ID: 15204065

Supervisor's Full Name & Signature:

Mr. Saif Hossain

Director BBA Program,

BRAC University

LETTER OF TRANSMITTAL

27.09.2020

Mr. Saif Hossain

Director BBA Program

BRAC Business School

BRAC University

Subject: Submission of Internship Report.

Dear Sir,

I am hereby submitting my Internship Report, which is a part of the BBA program Educational plan. It is great pleasure to work under your supervision.

This report based on, “Credit Risk Management Activities At Southeast Bank Limited” Branch Rokeya Sarani. I have got the opportunity to work in the Southeast Bank limited in Credit Risk Management Department for twelve weeks (09th August to 09th November), under the supervision of Mr. Syed Mahmud Hossain (Vice President & Head of Branch), Shibbir Al Hasan (Senior Assistant Vice President & Manager operation), Farzana Afroz (first Assistant Vice President) and Md. Ashraful Alom (Officer).

I have tried my best to present my ideas and findings as much as I could within the limited period and from the available resource. I hope that the ideas and findings presented in the report will provide properly understandable about the Credit Risk Management Activities of Southeast Bank Limited.

I shall be highly obliged if you are kind enough to receive the report and provide you valuable judgment. I have attempted my best to complete the report appropriately as much as possible.

Sincerely Yours

Md. Nazmul Alam

ID No: 15204065

BRAC Business School

BRAC University

ACKNOWLEDGEMENT

At first I would like to offer my thanks to Almighty Allah for providing me the opportunity to perform my responsibilities as an intern and to write a report in this regard.

Moreover, I would like to express my gratitude to my internship supervisor **Mr. Saif Hossain**, Director BBA Program of BRAC Business School at BRAC University for his guidance and advice that helped me a lot to complete the intern report in an appropriate manner.

Also, I would like to express my special gratitude to the **Southeast Bank Limited, Rokeya branch** for giving me an opportunity to complete my Internship program at their branch, for permitting me to assemble Information and helping me each conceivable path in setting up the entry level position report. I am thankful to my organization supervisor Shibbir Al Hasan (Senior Assistant Vice President & Manager operation) as well as Md. Ashraful alom (Officer), Farzana Afroz (first Assistant Vice President) for his powerful advice and guidance to understand all the activities of credit-risk management that's make my difficult internship journey easier. Without their support and supervision, it is quite challenging for me to perform my own duties and responsibility.

Furthermore, I would be thankful to the entire senior colleagues of **Southeast Bank Limited, Rokeya branch** to make my internship journey easier and learnable.

Finally, my deepest gratitude goes to **BARC University Authority** for organizing this internship program for students. It truly makes understudy fit for doing official errands before entering the corporate world.

EXECUTIVE SUMMARY

The internship report has been structured on “Credit Risk Management of Southeast Bank Ltd.” It is focused on primary data and secondary data. The details obtained from various sources such as annual report, credit manual of bank etc.

In this article, four private commercial banks are active in the areas of credit risk management. I evaluated CRG's credit risk assessment model for this study. The CRG model focuses on various types of risks such as financial risk, corporate risk, risk management and protection, etc. This CRG score provides details about which bank has a high or low credit risk. Awareness of south-east bank Credit Risk Management and credit risk classification systems is the main purpose of the report. This report aims to represent a clear idea of Southeast Bank Ltd. policies, activities and accomplishments with a specific reference to credit management. In conjunction with primary and secondary information obtained from a variety of sources, the Internship Report on Credit Risk Management of Southeast Bank Ltd was prepared. Banks and financial institutions nowadays are becoming very competitive and different kinds of financial institutions' services and products are rising with rapid growth. The information used in the study is derived from a variety of sources, e.g. the annual report, SEBL's credit manual, SEBL Rokeya Sarani branch's daily statement of business and banking papers. This report reflects the goods and services available, quality of service and customer service performance, terms and conditions etc. This report is prepared. Southeast Bank still tries to develop new products and services to the needs and desires of its customers. The management has been able to lower the credit risk all over its credit risk exposure. In Bangladesh there are more private banks and that is why competition has become very strong so that SEBL has the task of keeping its current customers. SEBL is mindful, indeed, of its consumer banking structure and still seeks to adapt over time to developments and wants to modernize its goods and services.

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CHAPTER- 1

INTRODUCTION



সাউথইস্ট ব্যাংক লিমিটেড
Southeast Bank Limited

1.1 BACKGROUND STUDY

Nowadays, bank and banking activities is important for everyone. Everyone needs to keep an idea regarding bank and banking exercises. Since bank produces not capital, but borrowing, leaning and related activities helps to create, transfer, trade and consume capital. This study is dealt with as “**Credit-Risk Management Activities At Southeast Bank Limited**”. So, my primary focus is on SEBL's Credit-Risk operations to add to the bank's overall benefit. If the bank is not present, corporations, markets and businesses cannot survive. It helps people to deposit money using a number of schemes, borrow investment loans, do business all internationally, pay various kinds of bills and make sure their valuables are safe. In order to save, the bank mobilizes people saving money. It is how individuals and countries make money and contribute economically. The commercial bank Southeast Bank Limited contributes to our country's economy.

As an undergraduate study at 'BRAC University' with a Bachelor of Business Administration (BBA), everyone needs to have introduction to any company to meet the twelve-week internship program's prerequisite. The fundamental aim of temporary work is to introduce the undergraduate activity and to give it the opportunity to conduct hypothetical learning, all considered, all circumstances. This report is made as a fractional requirement of the BBA Internship program. As a student of BBA, I took my internship in "**Credit-Risk Management**" at the Dhaka branch of Rokeya Sarani, Southeast Bank Ltd., with the partial compliance with my course requirement.

Moreover, the study focuses on the activities of "Credit Risk Management" of Southeast Bank Limited. One the other hand, I've acquired valuable understandings of the general banking practices, including opening accounts, transferring money, and cash as well as clearing activities in relation to general banking, etc. through this internship program.

1.2 ORIGIN OF THE REPORT

Post-graduate qualifications for students with a BBA are the BRAC University Internship Program. This study is a part of the BBA curriculum in the BRAC University internship program. The main purpose of the internship is to introduce the applicant to the workplace. The main challenge to be an intern was to convert theoretical concepts into reality.

The following reasons refer to the internship program and study:

- ❖ Get comprehensive information about the workload as well as job responsibility and arrange it.
- ❖ To know how the corporation really work.
- ❖ Compare the actual scenario with BRAC University's lessons.
- ❖ To meet the requirements of the BBA program.

This study follows a three-month internship in Southeast Bank Limited and is scheduled as a prerequisite to complete the BBA Program. Therefore, I need to apply this report on the basis of "Credit-Risk Management Department At Southeast Bank Limited".

1.3 PROBLEM STATEMENT

Southeast Bank Limited is a rapidly rising as modern bank with a distinctive enterprise Environment & work environment friendly. They deliver high-quality financial services using state-of-the-art aid. Mission Southeast Bank provides a fast and accurate client Service, corporate principles of high quality, competitively priced Creative banking. They offer Services of various types: opening of the account, clearing, borrowing, export & import etc.

Southeast Bank Limited offers time credit, term credit, consumer loan, demand credit, etc. Maximum customers attempt to take term loans. Clients take loans for various purposes. Clients take loans for business use, some clients take loans for the purchase of their cars, business purposes or any other reason. Most of the customers also borrow against their FDR. In any risky sector, the Southeast Bank shall not provide loans. If customers are unlikely to be able to repay the loan, they do not provide those customers with a loan. So, SEBL's credit unit is trying their best to manage the credit.

1.4 OBJECTIVE OF THE STUDY

Objective of the report have two forms:

- ❖ General Objective
- ❖ Specific Objective

General Objective:

- ❖ To meet the BBA program completion criteria.
- ❖ To observe & learn how to handle the Southeast Bank limited credit process & risk Management.

Specific Objective:

Internship program purpose is to make students acquainted with the actual company situation and to equate it with business theories.

Specific objectives are given below:

- ❖ To know how the credit department process loan following which method.
- ❖ To observe& learn the Credit process &Risk Management.
- ❖ To know how Commercial banks environment works.
- ❖ To know the overview of the private banking in our country.
- ❖ To gain practical knowledge and experience in real life in official environments.

1.5 METHODOLOGY OF THE STUDY

Method for carrying out to complete a task or performing a job are called methodology. The following approach has been adopted during the implementation of this report in data & information, report preparation etc. The preparation of this report was based on both qualitative and quantitative approaches. The data was analyzed and displayed by Microsoft excel and displays the percentage, graphical presentation and various charts. The numerical finding were evaluated best. In preparing the study, the main focus will be on numerical data. The theory of the report was also used as the report's request. The entire methodology procedure followed by the study is further explained

1.5.1 Sources of Data:

This report's source of data is divided into two categories.

Primary Sources:

- ❖ Twelve weeks practical participation in internship.
- ❖ By working practically in the bank as well as interviewing Officers and Staffs.
- ❖ Related file review by the appropriate officers.

Secondary Sources:

- ❖ Guidelines for the management of credit risk law of SEBL.
- ❖ Southeast Bank Limited Website.
- ❖ Branch files & records.
- ❖ Central Bank's Credit Risk Grading Manual.
- ❖ Research papers, newspapers and publications related to this issue.
- ❖ SEBL Rokeya Sarani's daily affairs.

1.6 SCOPE OF THE STUDY

The key focus of this study is "Credit Risk management." This analysis has many dimension and covers a broad scale. Study only covers the Rokeya Sarani branch of Southeast Bank. During the preparation of the report, I got a fair chance to know the entire banking procedure in real life. I also contacted the employees and clients to better understand the issue. The study helped me to understand the actual work of the business.

1.7 LIMITATION OF THE STUDY

Some responses and administration mistakes did occur while I performed my research at the time. I tried my best to prevent this mistake. Some limitations have been affected by this study. The limits are briefly listed below:

- ❖ **Time limitation:** I just have 12 weeks of our internship. The time allocated is not sufficient for us to collect information and to complete and effective the analysis. This was one of the key drawbacks affecting all facets of the analysis.
- ❖ **Accessibility:** Another significant obstacle to data confidentiality was encountered throughout the course of the research. The Southeast Bank Limited were not prepared for revealing their service and policy details. By operating in a single branch, all information about operational activities cannot be obtained.
- ❖ Because of our lack of practical experience, the paper could contain some weaknesses.

CHAPTER- 2

ORGANIZATION PART



সাউথইস্ট ব্যাংক লিমিটেড
Southeast Bank Limited

2.1 HISTORY AND ORGANIZATION PROFILE

Southeast Bank Limited is a private-sector scheduled commercial bank established by the Bank Company Act of 1991 and incorporated under the Company Act of 1994 as a Public Limited Company on 12 March 1995. On 25 May 1995, the Bank began commercial banking activities. The Bank manages to establish itself as a progressive and competitive financial institution across the country over this short period of time. The banking group, from small businesses to large traders and industrial conglomerates, including the top ranking business investors-looking forward to growth opportunities and creative financial solutions-has greatly applauded the Bank. Thus it was capable of creating an image and gaining a reputation as a Vision Bank in the national banking sector within this very short timeframe. Today in 34 districts of Bangladesh, there are a total of 133 Southeast Bank branches Limited.

In pursuance of a policy of liberalization for banking and financial services and facilities in Bangladesh, South-East Bank Limited has been approved as a Scheduled Commercial Bank for the private sector. With this in mind, the Bank achieved a phenomenal success within ten years of service and met the Bangladesh Bank's capital adequacy needs. In terms of growth and profitability it has risen steadily in the new generation banks in the private sector as seen in the financial results of the past ten years.

Southeast Bank Limited has become the new commercial bank, offering efficient banking services and contributing to the country's socio-economic growth. On 17 April 1995, Southeast Bank Limited (SEBL) with an Approved Capital of Tk. 1000 was created and paid up Capital of Tk. 100 Million (raised to Tk. 200 Million in 1997) by a group of successful entrepreneurs from different economic fields, including shipping, oil, banking, clothes, textiles and insurance, etc. It is a full licensed commercial bank developed for the private sector in compliance with the Government's policy of liberalizing banking and financial services.

Mr. Lutfar Rahman Sarkar was the Bank's first Managing Director, formerly the Bangladesh Bank's Government. The Bank has broad domestic and international banking experience and is operated by highly experienced people.

The Bank offers its clients and business customers a wide range of financial services. The Management Board is composed of leading figures from the trade and industry sector of the

country. The Bank has skilled and productive staff and is run by them. The honorable chairman's name is Md. Alamgir Kabir and the bank's vice chairman is, Mr Ragib Ali.

The Bank does not only rely on interests, but aims to produce fee-based revenues from bank non-fund operations. Such companies include capital-market activities such as underwriting, portfolio management, mutual fund management, investment account and commission-based enterprises such as domestic transfers and foreign remittance etc. The Bank's head office is 61, Dilkusha Commercial Area Dhaka-1000. These companies typically do not involve the Bank's fund but instead, they have an amazing options to extend bank services to the clients.

| | |
|------------------------------|--|
| Name | Southeast Bank Limited |
| Date of Incorporation | 12th March 1995 |
| Registered Office | Euros Trade Centre, 52-53, Dilkusha C/A (Level 2,3,4,6 & 16), Dhaka-1000, Bangladesh |
| Principal Activity | Commercial Banking |
| Chairman | Mr. Alamgir Kabir Chowdhury |
| Telephone No. | (8802) 9550081,9567271-2 |
| Number of Branches | 133 |
| Authorized Capital | Tk 15,000 million |
| Number of Employees | 2797 |
| website | www.southeastbank.com.bd |

Figure 1: Overview of Southeast Bank Limited

2.2 MISSION, VISION, GOAL AND COMMITMENT

Every business must plan its own mission, vision and goal. This goal and vision must be accomplished by each business. It has to work for a profitable business. To meet the promise of the consumer.

Vision:

To become the pioneer bank in Bangladesh and significantly provide a boost to the national economy.

Mission:

- ❖ Financial service of the highest standard, using advanced technology.
- ❖ High-level corporate ethics.
- ❖ The strategy for managing growth.
- ❖ Engagement for community and national economic development.
- ❖ Attract and retain human resources of quality.
- ❖ It is competitive innovative banking.

Goals:

- ❖ To become the bank that makes the most profit.
- ❖ To provides maximum customer satisfaction.
- ❖ To increase the value and maximize investment returns of shareholders.

Commitments:

- ❖ To provide high-professional service and use the latest innovative banking technologies.
- ❖ Build relationships for a lifetime based on mutual trust and respect.
- ❖ Respond rapidly and reliably to clients requirements.
- ❖ Providing competitively priced products and services.
- ❖ Ensure customer satisfaction in confidence security and protection.

2.3 CORE STRENGTH AND CORE VALUE OF SEBL

Core Strengths:

According to SEBL, core strength are the distinguishing ability or benefits that an organization may have to differentiate between it and competition. Their core strengths include the following:

- ❖ Strong Capital Base
- ❖ Strong Asset Base
- ❖ Satisfied Customers
- ❖ Management Functions
- ❖ Effective Internal Control
- ❖ Focus on Diversification
- ❖ Quality Customer Service
- ❖ Efficient Team of Performers
- ❖ Clean divergence Between Board
- ❖ Transparent and Quick Decision Making
- ❖ Professionally Strong Board of Directors

Core Values:

According to SEBL, its core principles are a compass and a definition of its dimensions. The following are the core values:

- ❖ Integrity
- ❖ Respect
- ❖ Team Spirit
- ❖ Commitment
- ❖ Service Excellence
- ❖ Enthusiasm for work & Business Ethics

2.4 STRATEGIC OBJECTIVE OF SEBL

Southeast Bank believes that only establishing corporate governance, including professionalism, as part of its activities and strict compliance with rules and regulations will sustain Southeast Bank's efforts to become a leading bank for private sector business. SEBL argues that purpose and aim can only be thoroughly and sustainably accomplished over time by upholding principles which are not necessarily found in rules and regulations. The bank is motivated by this ethical conviction to deal with and communicate with others. The following are the Strategic Objectives:

- ❖ To hold the portfolio of quality assets in order to generate high and sustainable.
- ❖ To innovative goods and services targeting our target consumers and business sectors.
- ❖ To practice effective corporate control and enforcement procedures
- ❖ To extend banking services to non-banked people to meet socio-economic requirements financial inclusion.
- ❖ To maintain the image of the Bank as a bank that supports its clients by efficient and rapidly serving customers and diversifying their product.
- ❖ To increase customer confidence and partnerships with a focus on the core values of the Bank.

2.5 ORGANIZATION STRUCTURE OF SEBL

The bank consists of fourteen levels. In three parts, I classified them. Management of the top level, Mid-level and management of the lower level. The organizational structure is given below:

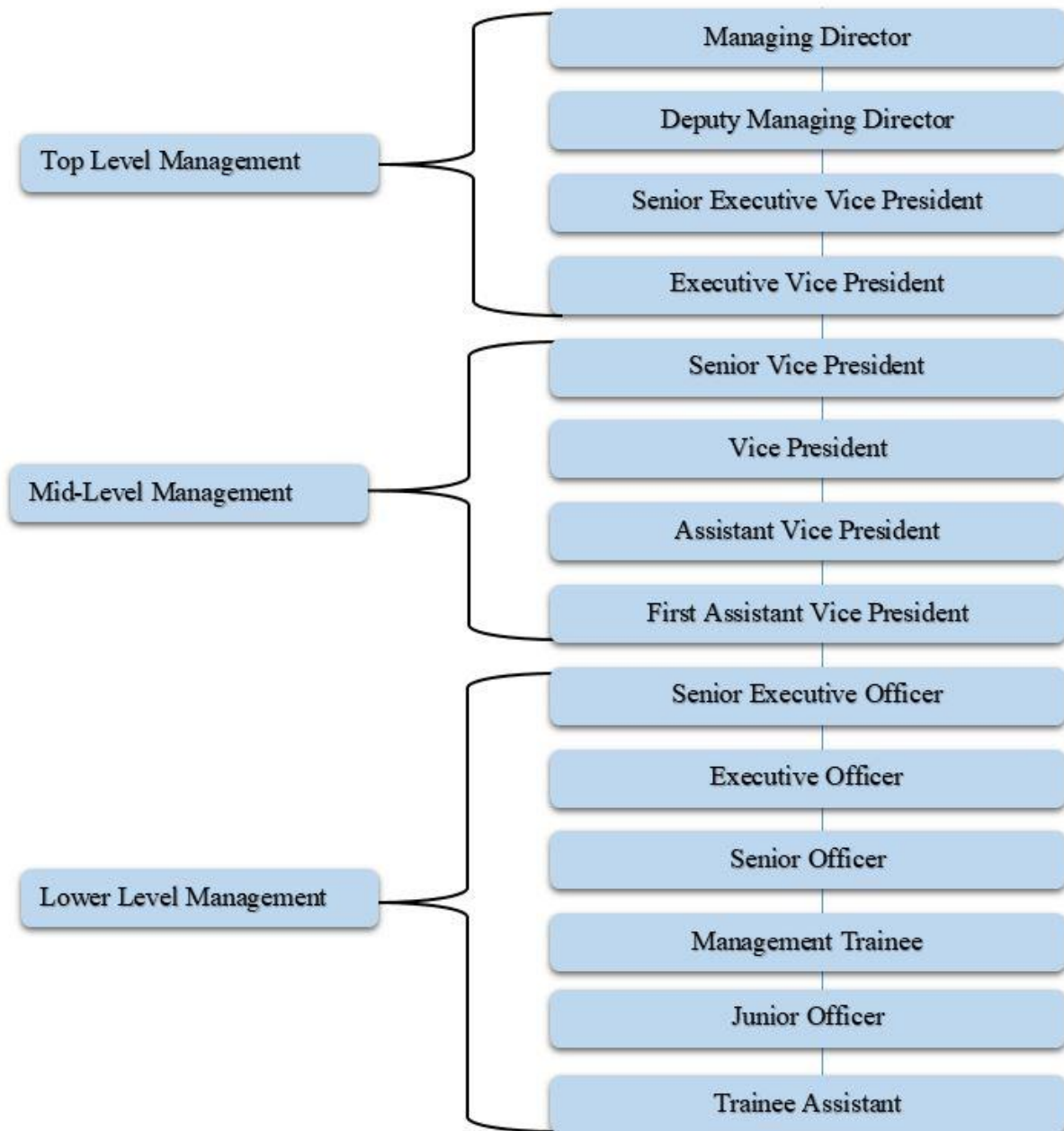


Figure 2: Organogram of Southeast Bank Ltd

2.6 HIERARCHY OF SEBL

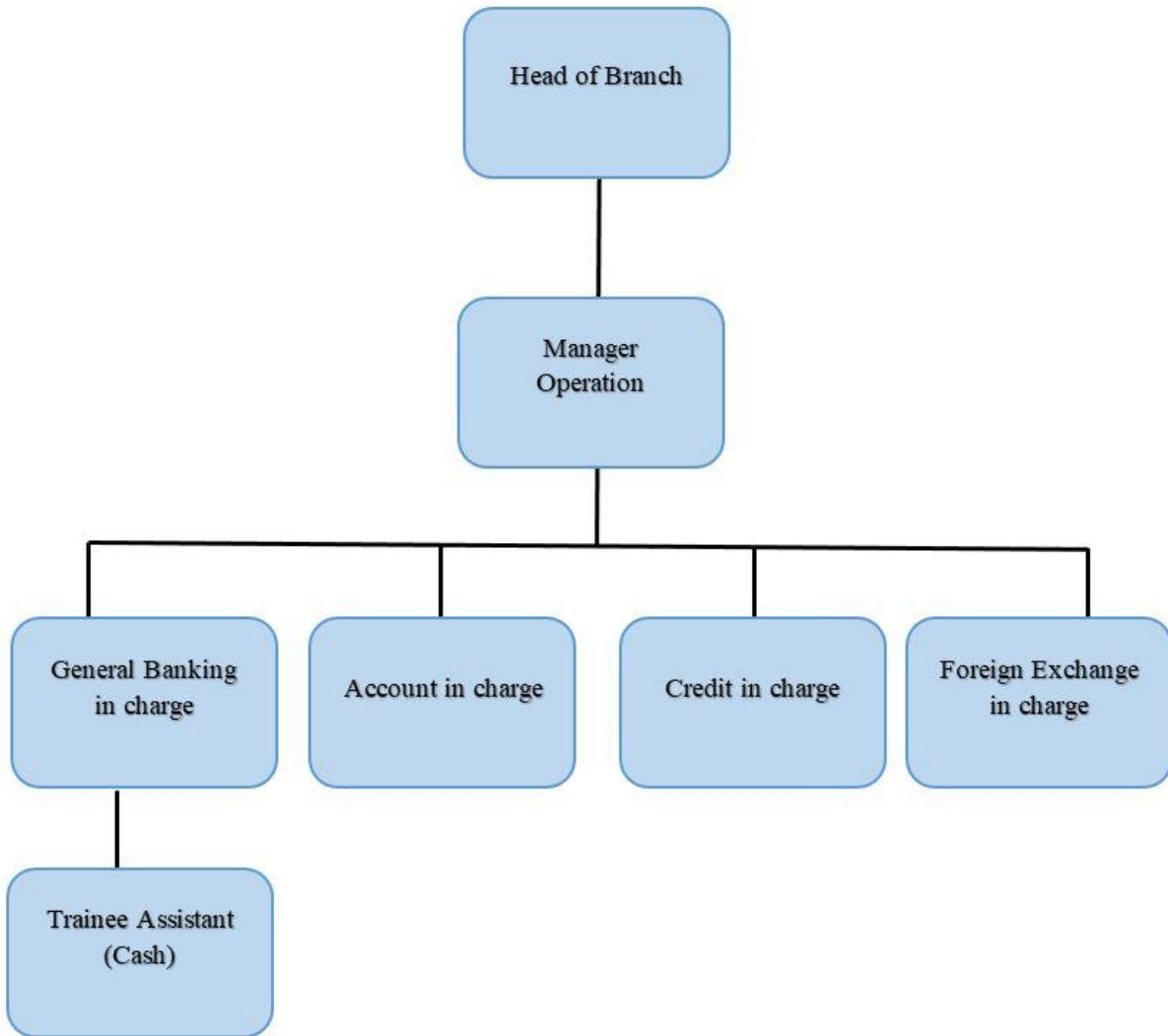


Figure 3: Organization in departmental activities.

2.7 FINANCIAL PERFORMANCE OF SEBL

SEBL has continued to operate well in the tough economic environment.

BDT in Million

| Particulars | 2019 | 2018 | 2017 | 2016 | 2015 |
|------------------------------------|------------|------------|------------|------------|------------|
| Authorized Capital | 15000.00 | 15000.00 | 15000.00 | 15000.00 | 15,000.00 |
| Paid up Capital | 11,599.42 | 10,544.93 | 9,169.50 | 9,169.50 | 9,169.50 |
| Reserve Fund/Others | 24,493.91 | 28,315.19 | 24,595.63 | 24,886.78 | 19,340.03 |
| Total Capital (Tier-I+Tier-II) | 36,093.33 | 38,860.11 | 33,765.13 | 34,056.28 | 28,509.53 |
| Deposit | 329,250.27 | 298,334.79 | 269,828.08 | 229,973.43 | 210,431.09 |
| Advance | 296,752.96 | 267,671.63 | 234,316.72 | 191,865.59 | 168,878.46 |
| Investment | 77,310.04 | 65,609.55 | 62,911.04 | 61,731.63 | 58,829.27 |
| Import Business | 248,901.33 | 242,294.80 | 215,379.77 | 171,531.73 | 151,812.58 |
| Export Business | 205,907.10 | 190,402.80 | 167,562.98 | 146,606.09 | 126,423.89 |
| Foreign Remittance | 138,272.00 | 116,803.00 | 95,405.43 | 64,665.84 | 60,708.50 |
| Guarantee Business including ILC | 16,470.30 | 22,420.12 | 16,407.09 | 16,369.36 | 15,245.19 |
| Total Income | 36,392.61 | 33,739.81 | 27,305.90 | 25,617.57 | 26,260.72 |
| Total Expenditure | 27,409.63 | 23,956.82 | 18,243.60 | 17,114.35 | 18,226.45 |
| Operating Profit | 8,982.98 | 9,783.00 | 9,062.30 | 8,503.22 | 8,034.27 |
| Net Profit after Tax and Provision | 2,508.56 | 2,473.21 | 1,168.63 | 2,435.07 | 3,069.42 |
| Fixed Assets | 9,333.66 | 9,337.30 | 9,321.80 | 8,947.16 | 7,885.23 |
| Total Assets | 422,312.71 | 381,575.68 | 339,288.05 | 291,798.01 | 260,718.03 |

Figure 4: Glance of 5 year Financial Performance

CHAPTER- 3

CREDIT RISK MANAGEMENT OF SEBL



সাউথইস্ট ব্যাংক লিমিটেড
Southeast Bank Limited

3.1 CREDIT RISK MANAGEMENT

The aim of credit risk management is to optimize the rate of return of a bank by keeping the exposure of the credit risk within appropriate parameters. The credit risk exposure of the whole portfolio and the risk of the individual credit or transactions must be handled by the Bank. The link between credit risk and other risk should be considered by bank. Efficient management of credit risk is a difficult element of a global risk management strategy and is key to a bank's long-term success. An institution must address some issues in assessing with credit risk and those are given below:

- ❖ Default Probability
- ❖ Credit Exposure
- ❖ Recovery Rate

In a continuous phase, SEBL has established its risk culture from the guidelines issued by the central bank, which are followed in cyclic order. It is a series of multiple steps that enable continuous improvement in decision-making when performed in sequence.

Steps of Bank risk management process:



3.2 CREDIT RISK

Credit risk is a risk because of the doubt regarding the willingness of creditors to fulfill their duties. There are different forms of responsibilities of creditors, from individuals to sovereign governments. Credit risk is a critical aspect to handle for banks. The risk to credit is the probability of a contractor creditor not meeting his obligations under the negotiated terms and conditions. Therefore, the credit risk comes from banks that deal with or lend to companies, private individuals and other banks or financial institutions.

3.3 POLICIES OF LENDING

SEBL has credit policies that include:

- ❖ Lending guidelines
- ❖ Approval of Authority
- ❖ Credit Assessment process

3.3.1 Lending Guidelines:

The loan guidance specifically should outline the higher management's view of the priorities of business expansion and the term requirement for acceptance of the loans. The guidelines for lending should provide the basis for expressing loan approval recommendations and should include the following:

- ❖ Focus division of industry & business
- ❖ Classifies of loan services
- ❖ Limit for individual borrower and group exhibition
- ❖ Parameter of credit provision such as, large scale, large tenor, large demand

The industry must gather information on the following issues to comply with the above-mentioned principles before reviewing when deciding on the borrower's credit lines and those are character, capacity, collateral, capacity and condition.

3.3.2 Approval of Authority:

The same duties are conducted by officers of substitute authority of reasonable care taking into account the bank's interests. The authority to authorize complies with the bank guidelines. The Bank of Bangladesh's guidance from time to time on credit limits, margins, credit length, and related reimbursements and others. The banking directors exercise their authority only if they hold similar positions or are reported at the central office in the same division. The approval authorities' unique features are: South-East Bank Ltd has its headquarters in place for all credit applications.

Credit Division:

The credit division maintains a strong asset quality and a positive lending culture across all loan operations, ensuring that the approval process meets consumer expectations without loss of lending and negligible recovery costs. Credit managers and their teams must have a third-party appraisal approval that is independent of the bank's commercial and financial risks. The main responsibilities of the credit division are given below:

- ❖ Formulate, develop and execute the bank's credit and loan policies.
- ❖ Provide input and coordination of composition of the loan portfolio of each Company, criteria of risk activities and concentration of sector with their respective corporate managers.
- ❖ If the credit requests proposed by the Relationship Manager are accepted or denied within the delegated authority.
- ❖ Issuing assemblies authorization and sending copies to the Corporate Division and to Credit Management Division.

3.3.3 Credit Assessment:

Before taking a loan authorization decision, Southeast Bank Ltd must conduct a credit and risk assessment. The following should be taken into account for credit evaluation:

- ❖ Proposed loan forms
- ❖ Pursue of loans
- ❖ Structure of the credit
- ❖ Security
- ❖ Analysis of the creditor
- ❖ Analysis of the supplier and customer
- ❖ Financial analysis
- ❖ Conduct of account

3.4 CREDIT APPROVAL PROCESS

Discussion of the process of credit agreement has given bellow:

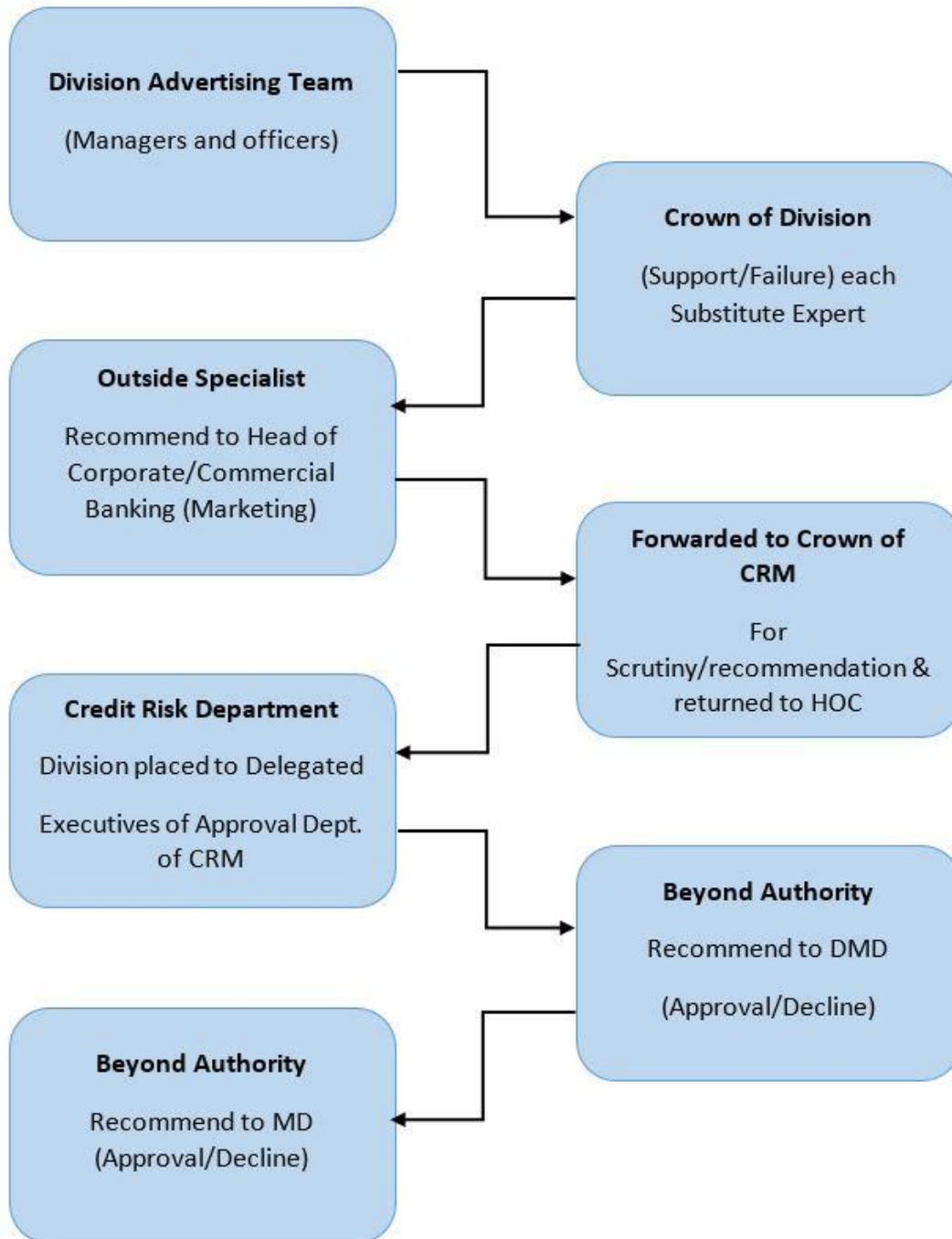


Figure 5: Process of Credit approval.

3.4.1 Processing of Credit Proposal:

The client must submit the application form containing the required documents and review the documents according to the Bank's guidelines. The branch reviews the documents to validate the following: After the loan request form is received:

- ❖ The relevant details and information were given in all columns of the document.
- ❖ All documents containing bank documents from the checklist of information.

Separated levels of management approval into following levels of authority:

- ❖ Credit Committee of Head Office
- ❖ Delegated Authority to the Managing Director
- ❖ Executive Committee of the Board

Head office agreements for the assessment of branch proposals and the following obligations:

- ❖ Evaluation and review of the proposal on the basis of qualities and accordance with the regular rules and processes and within the SEBL policy guidelines.
- ❖ Preparation of loan limit proposals to be submitted for approval and renewal by the credit committee.
- ❖ Monitor branch lending portfolios, including non-performing and classified accounts.
- ❖ Check Periodic assessments of the different statements progress.
- ❖ Documentation and review of any irregular credits.
- ❖ Follow up and implementation of SEBL's credit policies.

CHAPTER- 4

FINANCIAL ANALYSIS OF SEBL

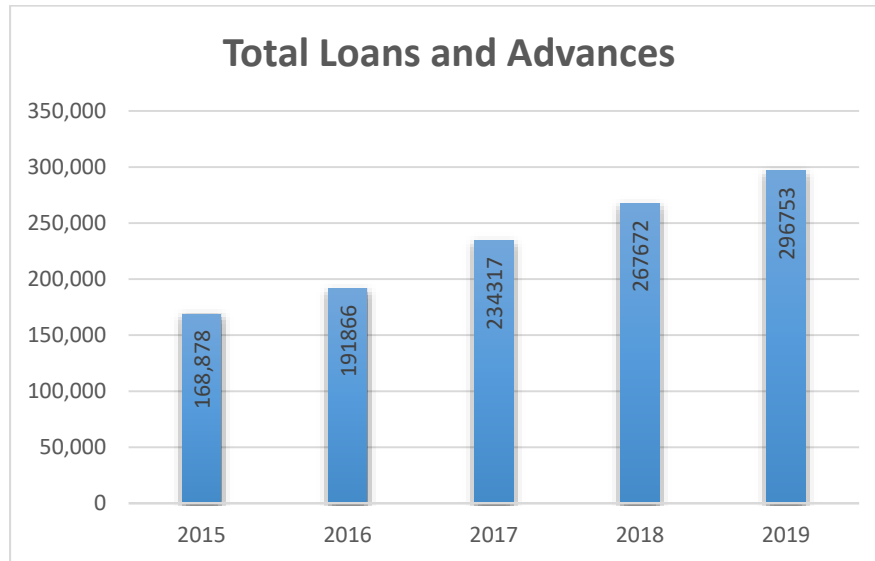


সাউথইস্ট ব্যাংক লিমিটেড
Southeast Bank Limited

4.1 LOANS & ADVANCES

Trend of Loans and Advances

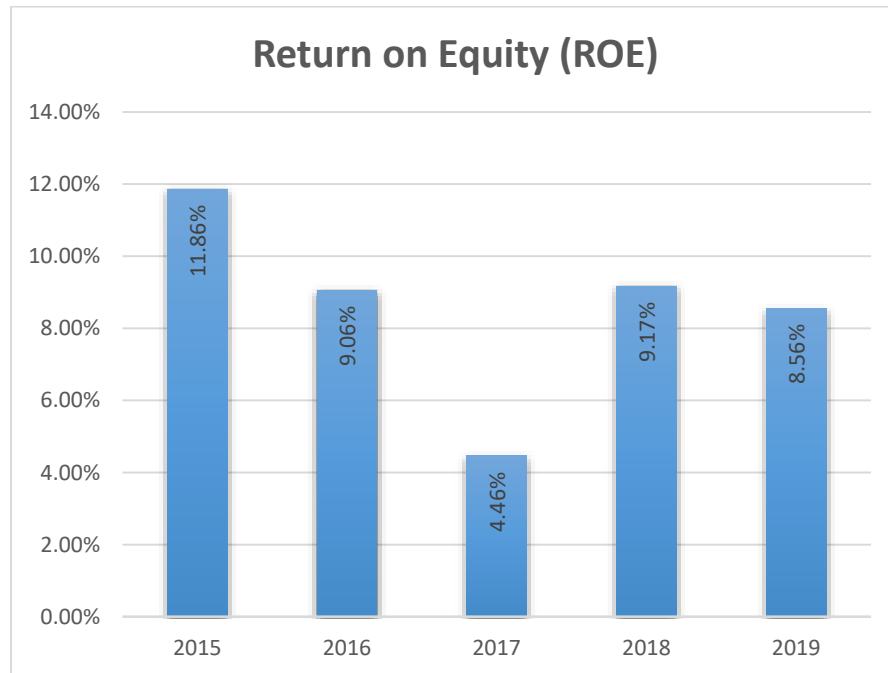
BDT in million



Interpretation: The bank is showing a rising trend in the number of loans & advances. For Southeast Bank Ltd. average loans & advances are high, but the std. deviation is large. So the bank growing, but not stable.

4.2 RETURN ON EQUITY

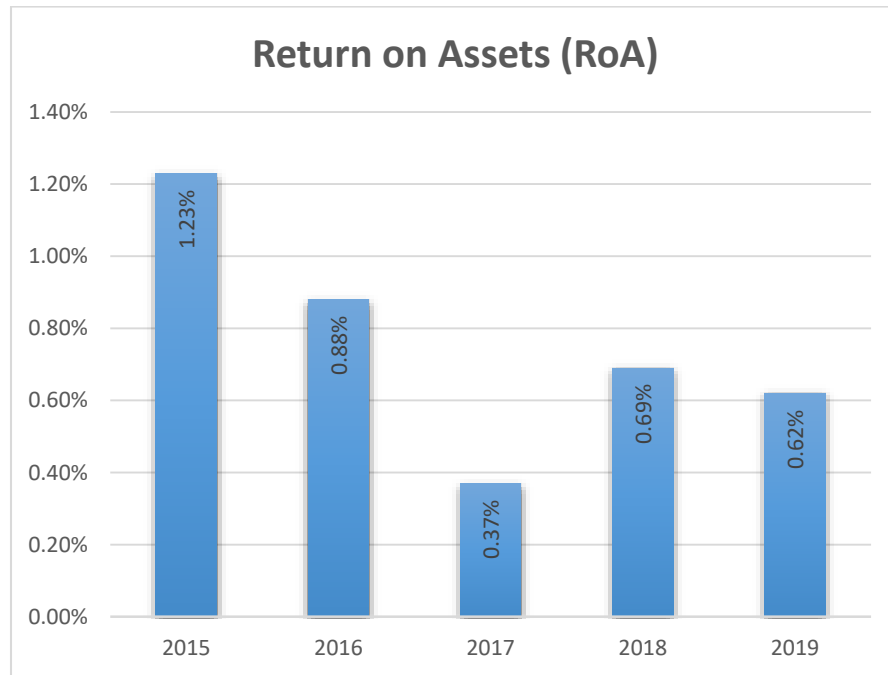
Return on Equity (ROE) was 8.56 percent during the year, compared with 9.17 percent in the previous year. The Return on Equity performance is shown below:



Interpretation: The bank is earning lower amount from the shareholder equity from previous year. The ROE is not stable, it's rising and decreasing. As for the recent year the company is doing okay.

4.3 RETURN ON ASSETS

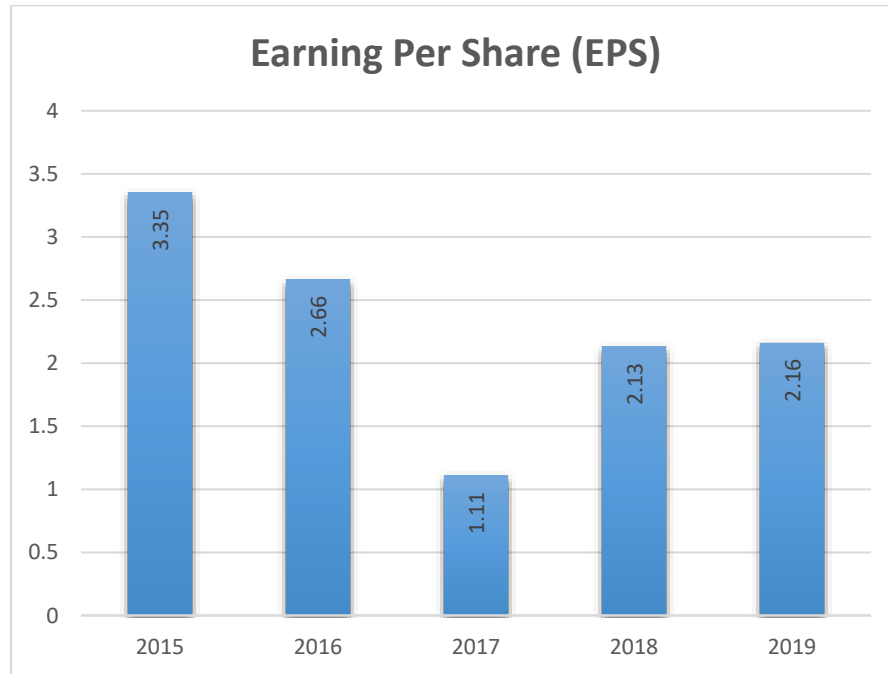
Return on Assets (ROA) was 0.62 percent during the year, compared with 0.69 percent in the last year. The Return on Assets performance is shown below:



Interpretation: The bank is generating lower amount from the investment on assets from previous year. The ROA is not stable, it's rising and decreasing. As for the recent year the company is doing okay.

4.4 EARNING PER SHARE

BDT



Interpretation: The bank is earning lower money from each share of its stock from previous year. The EPS is not stable, it's decreasing and increasing. The business is doing okay as for the last year.

4.5 ASSET PORTFOLIO

The bank's asset portfolio includes several different asset elements, including cash and cash equivalents, deposits, loans, fixed assets and other assets. At 31 December 2019, the total asset portfolio amounted to BDT 422,312.71 million. The dismantling of total assets is shown below:

| Particulars | BDT in Million |
|---------------------------|-----------------------|
| Cash and Cash Equivalents | 34,831.62 |
| Investments | 77,310.04 |
| Loans | 296,752.96 |
| Fixed Assets | 9,333.66 |
| Other Assets | 4,084.43 |
| Total | 422,312.71 |

4.6 ANALYSIS OF INCOME AND EXPENDITURE STATEMENT

Interest Income:

Compared to BDT 23,977.84 million in the previous year, the interest income of the bank for the year 2019 was BDT 26,258.88 million. The principal contributor remained the income generated from Loans & Advances.

Interest Expenses:

Compared to BDT 18,777.90 million in 2018, the total interest expense in 2019 was BDT 22,001.89 million, a rise of 17.17 percent.

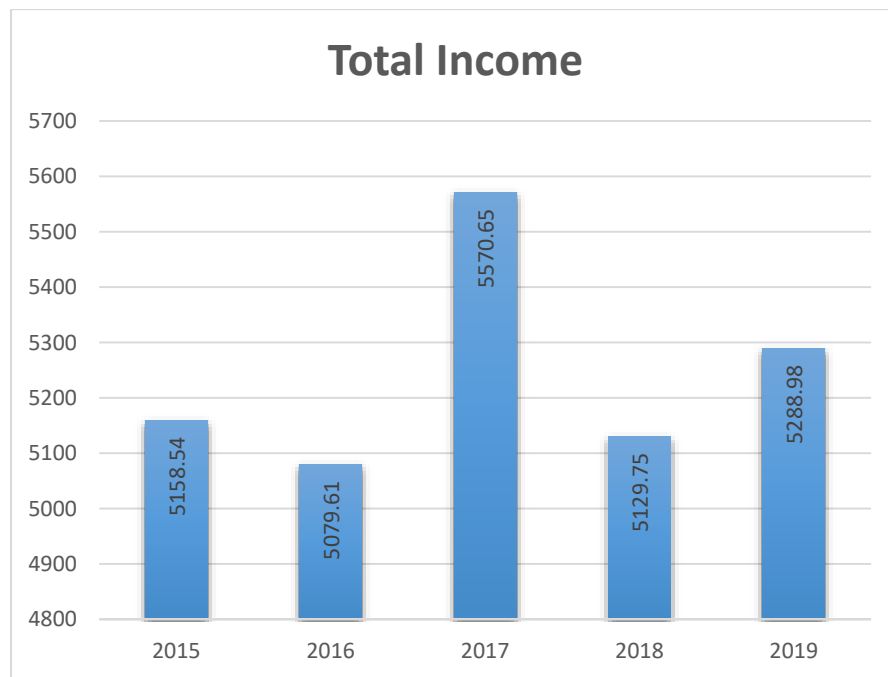
Net interest income:

The Bank's net interest income for 2019 stands at 4,256.99 million BDT compared with 5,199.94 million BDT in the previous year.

Investment Income:

Bank's investment income in 2019 increased to BDT 5,288.98 million compared with BDT 5,129.75 million in the previous year. Income from investment include of interest earned, capital gain, revaluation income, profit by selling securities as well as dividends obtained from investments on treasury bills and bonds.

BDT In Million



Operation Expense:

The Bank's operating expenses in 2018 compared to BDT 5,178.92 million, which in 2019 reached BDT 5,407.74 million.

CHAPTER- 5

FINDING, RECOMMENDATION, CONCLUSION AND REFERENCE



সাউথইস্ট ব্যাংক লিমিটেড
Southeast Bank Limited

5.1 FINDINGS

- ❖ Source of income: Showing the vital source of legal income. If the source of income for the account holder is illegal, then money laundering can occur. Verification of the fund's source is needed. Ensuring proper introduction before opening any account can be proved helpful to track out the customer for any kind of mishaps due to his conducts.
- ❖ Verification of client documents such as NID, Passport, Driving License, Trade License, Certificate of Incorporation, and Board Legislation to protect the client's fraudulent activities.
- ❖ SEBL has introduced central limit loading in order to minimize the documentation risk.
- ❖ Compliance with guidelines from the Bangladesh Bank will reduce money laundering. Appropriate know your customer (KYC) should be performed at the time of opening of the account.
- ❖ Risk areas are correlated with opening an account. But now the bank can verify national identification number (NID) through online checking service site.
- ❖ The majority of customers come to SEBL to borrow term loan.
- ❖ Most consumers have a good perception of SEBL.
- ❖ The majority of clients take out loans for their business needs and the SEBL finance those clients with working capital loans.

5.2 RECOMMENDATION

In the banking sector in Bangladesh, SEBL is one of the growing banks. A small branch is the Rokeya Sarani Branch of SEBL. Working at Southeast Bank Limited was a delightful experience. The bank's employees were very helpful and professional. Despite this, within the very short duration of the practical training program, it was not an easy task to find too many items. The suggestions given are just individual opinion to enhance the service of the customer in order to meet the satisfaction of the customers so that SEBL is operation can be become easier. Recommendations are given below:

- ❖ Promotion to build a good brand image should be emphasized, because there is no alternative to promoting the brand in today's world.
- ❖ Build more customized credit management parameters.

SEBL is a 2nd generation founded commercial bank, but in a short period of time it establishes a strong reputation. Bank Limited (SEBL) is responsible for raising the standard of living of a certain particular population and embracing the Market Finance Country and short term loan. SEBL's financial position is good. The standard of loans and deposits is higher than that of most private commercial banks in Bangladesh. The Credit Facility provided by Southeast Bank Limited (SEBL) attracted security and status-conscious businessmen and also security-conscious businessmen as well as higher SEBL service holders have a large nationwide network and offer quality services to all levels of Customers people Relationships built by International and Local Banks. Installing and using a highly advanced, BANK ULTIMUS helps SEBL to connect timely with all branches, eliminating unnecessary loss of time for Valued Consumer Transaction ATM Cards, Credit Cards and SEBL telephone banking provide customers with 24-hour banking facilities from their accounts.

5.3 CONCLUSION

The purpose of the report is to assess the SEBL's credit risk management. Credit risk awareness was an important matter for each bank. Unless banks are able to recover the money they have given, the financial inability will eventually result and their day-to-day operations will be stopped. In this context I have applied to all the commercial banks a specific CRG model that is the prescribed tool for measuring their credit risk aspects, which has been formulated by Bangladesh Bank. The model focuses on the creation of an overall risk score focused on five main areas of bank risk management. The following fields are the following: financial risk, corporate risks, management risks and the protection risk. The study also compares Southeast Bank's credit risk status to three other banks in the industry.

To measure the credit risk score sheet by the four private banks. Each bank has a specific number of risk scores calculated by the weighted average score of each of the risk components of the sub category and then the total risk finally created. A weighted average risk for each variable has been calculated for the total risk score. It demonstrates that in comparison with other banks operating in the same sector, the South-East Bank has the highest credit risk and that the management should be adequately handled in order to achieve better overall results.

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