

Report on
**The Methods and Practices in Grants Regarding Loans and
Advances Recovery in Private Commercial Bank: Southeast
Bank Limited**



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Letter of Transmittal

06th February, 2017

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Subject – Submission of “Internship Report”

Dear Mam,

This is my pleasure to present my internship report on **“The Methods and Practices in Grants Regarding Loans and Advances Recovery in Private Commercial Bank: Southeast Bank Limited”**. This report is an outcome of the internship program that I have involved for Three months (Thirteen weeks) in **Southeast Bank Ltd., Principal Branch**. I have tried my best to prepare this report with providing all of my effort and to cover all aspects regarding the matter.

Consequently, I am transmitting this report to your very concern. Hopefully, you will notice the report informative approach as a hallmark of my hard work. In case of any future clarification or elaboration regarding this report I would welcome the opportunity to consult with you to explore how my findings could best meet your needs.

Sincerely yours,

Mir Sohanuzzaman Arefin

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BRAC University

Acknowledgement

All praise to Allah, the most gracious and the most merciful. Without His blessing and endorsement this Internship Report would not have been accomplished. Then, I specially want to acknowledge to all employees from Accounts, Credit and General Banking Department for their tremendous support, guidance and patience. Without their kind supervision, preparing this report would be very difficult. I am also thankful to them for providing me all the relevant and available information to have a clear concept on the subject. They provide me the guidance and counseling during my entire internship program. Their continuous and well-thought feedback enabled me to make this report a comprehensive one.

I would like to express my sincere gratitude to my academic supervisor *Tanjina Shahjahan*, Lecturer, BRAC Business School, BRAC University for his constant guidance, supervision and feedbacks which enabled me to prepare a well-executed report.

And last but not the least we like to add few more words saying that, this report is prepared by novice and naturally, there could be unwilling errors and omission which are extremely belonging to us.



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Executive Summary

This report is on The Methods and Practices in Grants Regarding Loans and Advances Recovery in Private Commercial Bank: Southeast Bank Limited. I completed my internship in the Southeast Bank Limited, Principal Branch. While working in SEBL in Credit department, it becomes possible for me to have practical knowledge and experience about the procedures of loans and advances. The main purpose of the study is to know the overall Credit Management of the Southeast Bank Ltd.

To make this report, I collected some reports on this respective field. For the internship report I collected data from the primary and secondary source. Primary data has been collected through direct observation, face to face interview with the senior officers. Secondary data consist of all published or reported material.

I tried to cover the history, mission and vision of SEBL in chapter one. I also included the organogram and the major products of SEBL.

In chapter two, I described the total process and procedures of loan and advances, various types of loan facilities that SEBL gives to their customers.

In chapter three, I gave an overall summary of my study for the report, my limitations, objectives, methodology of the study.

And in chapter four is the analysis part of the report where I mentioned SWOT analysis of SEBL and also tried to give some recommendations according to the findings of the report.

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Chapter One

Introduction

As a partial fulfillment of the requirement of BBA program the internship report is prepared. This report focuses three experiences in southeast bank ltd. (principal branch), Dhaka. In my report I have tried to focus on the credit management procedure of SEBL.

1.1 Historical Background of Southeast Bank Ltd.



Southeast bank Ltd. is a second generation bank which was established in 1995 with a dream and a vision to become a pioneer banking institution of the country and contribute significantly to the growth of the national economy. The bank was established by leading business personalities and eminent industrialists of the country with stakes in various segments of the national economy. It was incorporated on March 12, 1995 as a Public Limited Company. Certificate of Commencement of Business of the bank issued by the registrar of Joint Stock Company and firms was also dated March 12, 1995. The banking license for the bank was issued by Bangladesh Bank on the same day. The bank and its first branch at the busiest commercial hub of the country at 1, Dilkusha C/A, Dhaka was opened on May 25, 1995 by Mr. N. Saifur Rahman, the honorable finance Minister, Govt. of the People's Republic of Bangladesh as the chief guest. The authorized capital of the bank is Taka 3,500 Million. Its capital and reserve reached Taka 6,468.36 Million as on December 31, 2007. The bank has 1116 staff of home 91 are executive, 873 are officers and 152 are other staff as on December 31, 2013.

Southeast Bank is run by a team of efficient professionals. They create and generate an environment of trust and discipline that encourages and motivates everyone in the bank to work together for achieving the objectives of the bank. The culture of maintaining congenial work environment in the bank has further enabled the staff to benchmark themselves better against management expectations. A commitment to quality and excellence in service is the hallmark of their identity.

To be one of the leading banks, Southeast Bank Ltd. developed a range of customer friendly products for deposit mobilization. Saving, current, SND, RFCD accounts, scheme deposits such as Monthly savings scheme, pension savings scheme, MDS, DBS, Super double benefit scheme, fixed deposit accounts of different terms etc.

The bank is presently opening with 122 branches including 5 Islamic banking branches and plans to expand more new branches in the near future in important business hubs including rural growth-centers with solution-driven high quality banking and financial services to contribute towards expansion of trade and commerce/ industry and agriculture for balanced growth and economic prosperity of the country.

1.2 Vision & Mission

1.2.1 Vision:

- To be a premier banking institution in Bangladesh
- To contribute significantly to the national economy.

1.2.2 Mission:

- High quality financial services with state of the art technology
- Fast customer service
- Sustainable growth strategy
- Follow ethical standards in business
- Steady return on shareholders' equity
- Innovative banking at a competitive price
- Attract and retain quality human resource
- Commitment to Corporate Social Responsibility

1.3 Organogram of Southeast Bank Ltd.

The organizational chart of the Southeast Bank is given below-

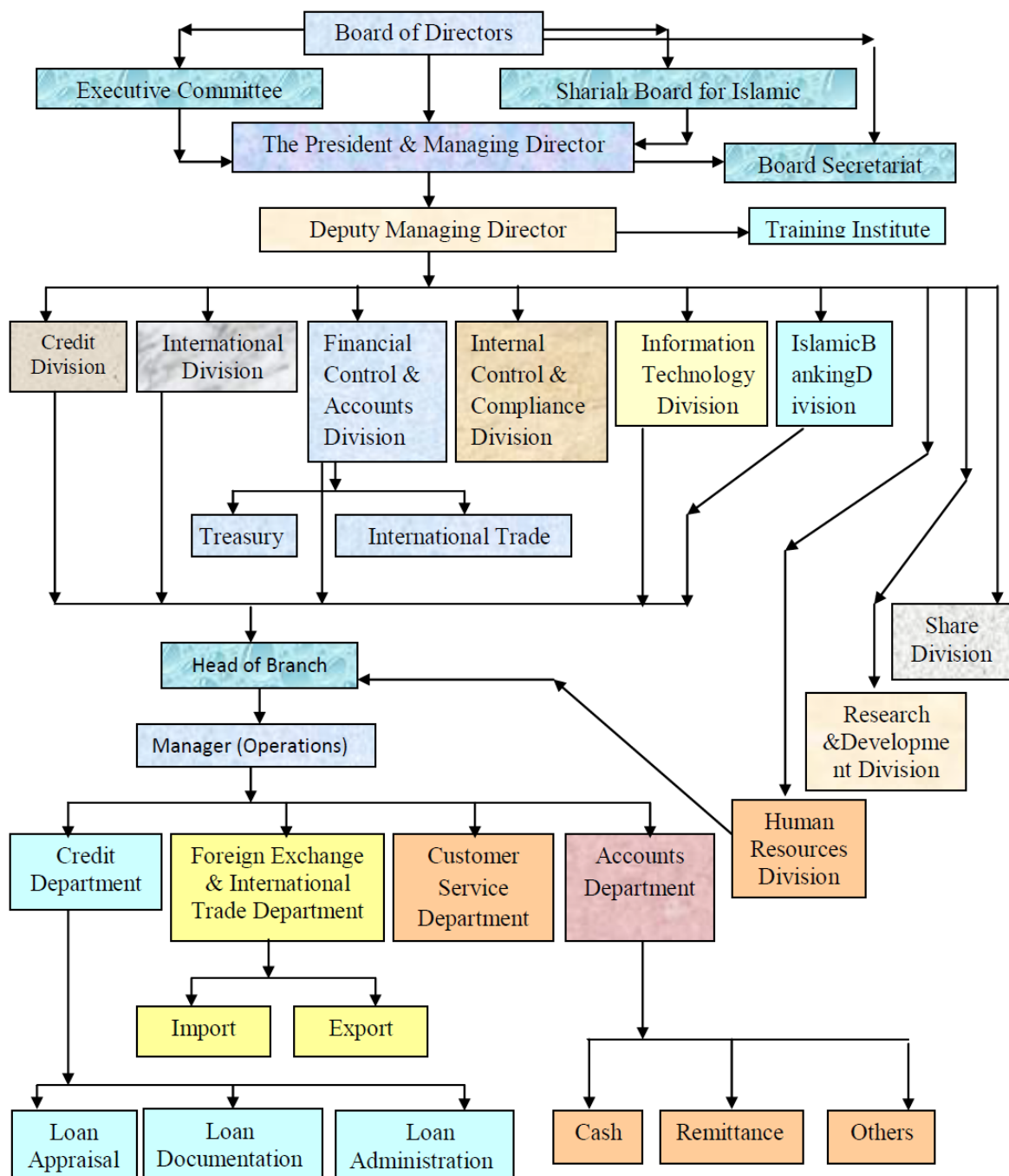


Figure 01: Organogram of Southeast Bank Ltd.

1.4 Major Products & Services of Southeast Bank Ltd.

SEBL has the following working department by which the bank provides various banking services-

Conventional Banking: <ul style="list-style-type: none"> • Savings (SB) Account • Current (CD) Account • Special Notice Deposit (SND) • Fixed Deposit Receipt (FDR) • Double Benefit Scheme (DBS) • Monthly Savings Scheme (MSS) • Millionaire Deposit Scheme (MDS) 	Islamic Banking: <ul style="list-style-type: none"> • Mudaraba Savings (SB) Account • Al-Wadiah Current (CD) Account • Mudaraba Short Notice Deposit (MSND) • Mudaraba Term Deposit Receipt (MTDR) • Mudaraba Double Benefit Scheme • Mudaraba Monthly Savings Scheme(MMSS) • Mudaraba Millionaire Deposit Scheme • Mudaraba Hajj Sanchay Prakalpa
Loans & Advances: <ul style="list-style-type: none"> • Working Capital Finance • Overdraft (OD) • Project Finance) 	Cards: <ul style="list-style-type: none"> • Southeast Bank ATM/Debit Card • Duel Currency VISA Credit Card • Southeast Bank Virtual Card • Southeast Bank Remit Card
Syndicated Loan Packing Credit Loan Against Export Bill Loan Against Trust Receipt	
ATM Services	E-Statement Service
Locker Service	Export-Import
Remittance Service	Online Banking
SME Banking	

Chapter Two

Activities of Loans and Advances Department

2.1 Loans and Advances: Conceptual Framework

Loans and advances are the one of the core functions of a bank. The major portion of a bank's funds come from this function which is the most profitable employment of its funds too. The major part of the bank's income is earned from interest and discount on the funds so lent. It is the major source of income to cover the depositors' interest, operating expenses and also to earn profit. A bank takes money from its depositors and gives that money to its borrower as loans or advances.

2.1.1 Loan:

Loan is a long term credit facility. It is an arrangement in which a lender gives money or property to a borrower and the borrower agrees to return the property or repay the money along with interest at some future points in time. There is a predetermined time for repaying a loan and the lender has to bear the risk that the borrower may repay a loan. Banks collect money from the surplus party and give money to those who are in deficit of money as loan. For example: Personal Loan, House Building Loan, Car Loan etc.

2.1.2 Advances:

Advances are a short term credit facility. It the funds provided by the banks which needs to be payable within one year. Banks provide advances as working capital to an entity for a specific purpose to be repayable after a short duration.

I have worked in the loan and advances department in the middle of my internship at SEBL, Principal Branch. The first thing I have noted that this section is the smallest in terms of space or manpower. The main customers of this department are the corporate customers who are doing actually import-export business.

2.2 Types of Credit Facilities

The credit section of SEBL Corporate Branch provides two kinds of credit facilities

- Funded Credit Facilities
- Non-Funded Credit Facilities

Funded Credit Facilities: These are facilities that associated with direct fund involvement

These include:

1. Secured Overdraft (SOD)
2. Cash Credit (hypothecation)
3. Advance against work order
4. Personal Loan
5. Advance against FDR
6. Car Loan
7. House Building loan
8. Time loan
9. Term Loan
10. Small Loan Scheme

Non-Funded Credit Facilities: There is no direct monetary involvement. These include:

- Bank Guarantee
- Letter of Credit

Credit section processes only bank guarantee, L/C is processed by Foreign Exchange section.

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2.2.1 Funded Facilities:

1. Secured Overdraft (SOD): Overdraft is an arrangement where a borrower is allowed to withdraw over and above his credit balance in his current account up to an agreed limit. In SOD loan normally overdraft facility is allowed only once. Since his account is overdrawn, he can credit any number of times he wants. In SOD, there exists a first class security most commonly FDR, Work order, Savings scheme balance etc. Each overdraft facility requires separate approval.

2. Cash Credit (Hypothecation): It's a kind of short term continuous loan which is used for financing working capital of a firm. Overdraft facility is sanctioned against the primary security of hypothecation of raw materials and/or finished goods. The borrower by signing a letter of hypothecation, duly stamped, creates a charge for an amount of debt but neither the possession nor the ownership is passed on the bank. The borrower binds him to give possession of the goods to the bank when called upon to do so. Practically the bank has no security in this case except the charge documents. Hence the bank insists on the borrower on furnishing some collateral securities. The borrower is permitted to draw and repay any number of times, provided the total amount overdrawn does not exceed the agreed limit.

3. Advance against work order: Advance is granted to a client against the work order of GOVERNMENT Department, Corporation, Autonomous bodies and reputed multinational/private organization. The client's managerial capability, equity strength, nature of the scheduled work is judged to arrive at a logical decision. Disbursement is made after completion if documentation formalities. Besides usual charge documents a notarized irrevocable power of attorney to collect the bills from the concerned authority and a letter from the concerned authority confirming direct payment to the bank is also obtained. The work is strictly monitored to review the progress at each interval.

4. Personal Loan: The objectives of this loan are to provide essential household durable to the fixed income group (Service Holders) and other eligible borrowers. Car loan, loan for house renovation, vacation loan, marriage loan and loan for household equipment as well as entertainment products are governed by personal loan program. Depending on the size and purpose of the loan, the number of installment varies from 12 to 60 months. In SEBL, the minimum amount one can borrow under this facility is BDT 50,000 and the maximum amount is BDT 500,000. Personal loan is given under personal guarantee of the borrower and another third person known to the borrower. There is also a processing fee of 1% taken at the time of disbursement of the loan.

Here are the details of Personal Loan at a glance:

People who can apply	Salaried Individuals
	Professionals
Age Limit	Minimum age of the applicant: 21 years
	Maximum age of the applicant: 55 years
Loan Size	Minimum: BDT 50,000.00
	Maximum: BDT 5,00,000.00
Interest Rate	18% per annum
Other Terms & Conditions	Minimum Gross Family Income: BDT 15,000.00

5. Advance against FDR: Advance is granted to a client against the security of Fixed Deposit Receipt. Advance is granted to the person to whom the instrument belongs. The instrument is to be discharged duly by the holder (or all of them if they are more than one) on appropriate revenue. The signature must tally with that on the bank's recover. The discharged instrument is surrendered to the bank along with a letter signed by holder/holders authorizing the bank to appropriate the proceeds of the instrument on due date towards the repayment of the advance. The bank's lien is prominently noted on the face of the instrument under the signature of an authorized bank official.

6. Car Loan: SEBL Car Loan is a loan facility for the purpose of financing purchases of brand new or a reconditioned unregistered vehicle, for personal use only, under an Equated Monthly Installment (EMI) based repayment plan.

At a glance of the details of Car Loan:

People who can apply	Salaried Individuals
	Professionals
Age Limit	Minimum age of the applicant: 21 years
	Maximum age of the applicant: 55 years
Loan Size	Minimum: BDT 3,00,000.00
	Maximum: BDT 20,00,000.00
Interest Rate	18% per annum
Other Terms & Conditions	Minimum Gross Family Income: BDT 30,000.00
	Loan facility for brand new re-conditioned vehicle, not older than 4 years
	Vehicle should be for personal use only.

7. House Building loan: Home Loan is a term loan facility to purchase desired home/flat.

At a Glance of the details of House Building loan:

People who can apply	Loans are available to Bangladeshi nations only
	Salaried Individuals
	Professionals
	Business Persons
Age Limit	Minimum age of the applicant: 21 years
	Maximum age of the applicant: 55 years
Loan Size	Minimum: BDT 2,00,000.00
	Maximum: BDT 75,00,000.00
Tenure	Maximum 15 years depending on the size and credibility
Interest Rate	18% per annum
Security	Registered mortgage of the House/Apartment
Government Charges	As per Government Specification
Other Terms & Conditions	Minimum Gross Family Income: BDT 30,000.00

8. Time loan: This loan matures within one year.

9. Term Loan: These are loans with maturity period of 1 year or above. These loans are repayable in installments. If the loan is in between 1-5 years, it is called medium term loan and above 5 years loan is called long term loan.

10. Small Loan Scheme: The purpose of small loan scheme is to provide working capital for small businessmen. The documents required are: Trade license, vat certificates, rent deed of the shop, tax receipt and bank statement of operation of their account for the last three months. This loan is provided for two years. The usual charged documents are DP note, Letter of arrangement, Letter of hypothecation, personal guarantees of loanee and the guarantor.

2.2.2 Non-Funded Facilities:

Letter of Guarantee:

According to the Section 126 of Contract Act, 1872, guarantee can be defined as a contract to perform the promise or discharge of liability of a third person in case of his default. The person who gives the guarantee is called the 'surety', the person in respect of whose default the guarantee is given is called 'the principal debtor' and the person to whom the guarantee is given is called the 'creditor'. It is an irrevocable undertaking to pay in case of a certain eventuality.

As service to their customers, bankers sometimes issue guarantees of various types on customer's behalf to their parties. By issuing guarantee bank undertakes to pay the beneficiary the sum stated in the bank guarantee upon the beneficiary's first written demand without argument.

SEBL also extends its credit facilities through Islamic mode. In this mode, Islamic Banking Branches provide lending facilities following credit facilities are served by the Islamic mode.

2.2.3 Funded Facilities under Islamic Banking System:

- Bai-Al- Murabaha (Cost plus profit sale)
- Bai-Muajjal (Deferred payment sale)
- Al-Ijara (Leasing)
- Al-Musharaka (Joint-Venture Profit Sharing)
- Bai-Salm (Advance Sale and Purchase)
- Hire-Purchase
- Direct Investments
- Mudaraba Post Import Financial Against Trust Receipt (MPI-TR)
- Purchase and Negotiation of Export Bills
- Mudaraba Inland Bills Purchase/Bill Discounting
- Murabaha Import Bills (BLC)
- Bai-Muajjal Import Bills (BLC)
- Pre Shipment Finance (Packing Credit)
- Al-Quarf-ul-Hasan (Benevolent Loan)
- Hire Purchase under Sherkatul Melk (HPSM)
- Export Cash Credit (ECC)
- Export Development Fund (EDF) facilities
- Forced Investment

2.2.4 Non Funded Facilities under Islamic Banking System:

- Letter of Credit (L/C) including acceptance of different types (tenor)
- Back to Back Letter of Credit (BTB L/C) including acceptance
- Bank Guarantee of different types (local/foreign)
- Others

2.2.5 Types of Guarantee:

Different types of guarantee offered by SEBL are as follows:

Tender or bid bond guarantee: The tender guarantee assures the authority that bidder shall uphold the conditions of his tender during the period of the offer as binding and that he/she will also sign the contract in the event of the order being granted.

Performance guarantee: A performance guarantee expires on completion of the delivery or performance. Beneficiary finds that as a guarantee, the contract will be fulfilled in every respect and can retain the guarantee as per provision for long time. This can be counteracted by including a clause stating that the supplier can claim under the guarantee, by presenting an acceptance certificate signed by the buyer.

Advanced payment guarantee: This type of guarantee is given against work order in order to ensure that the contractor who gets the work order will perform his job after getting advance payment from the work provider.

The customer applies to the bank to issue a guarantee along with the following information:

- Name of the borrower with address
- Nature of Facility
- Extent of Facility
- Purpose
- Security
- Margin
- Commission
- Validity
- Beneficiary

After that, the bank official scrutinizes the application and takes the guarantee margin, commission, postage charge from the customer.

Then Bank issues Bank Guarantee on Judicial Stamp. The conditions for issuing Bank Guarantee are-

- The customer must maintain a Current Deposit (CD) account
- The must keep certain percentage of guaranteed money (usually 10 to 20%) as margin.
- Bank charges 0.50% commission on the guaranteed money per quarter (i.e., 3 months)

2.2.6 Loans of Facilitate Import:

SEBL offers some services to the importers. Through its expertise and experience, it can structure and customize solutions suited to specific business requirements.

- **Import Letters of Credit (L/C):** SEBL issues import L/C on behalf of its customers. For protecting customers' interests, its experts advise in drafting the L/C terms and conditions.

Besides, SEBL supplies advance payments towards imports. It provides shipping guarantee & bank guarantee also. For immediate liquidity, SEBL provides post shipment finance such as LIM, LTR etc. it also issues back to back L/C facility against export L/C.

- **LIM:** LIM is the short for Loan against Imported Merchandise. SEBL provides this short-Term loan to the importer, if he fails to retire the bill within the stipulated time. In LIM, after releasing the goods from the Customs authority, the possession of the goods remains with the bank such as under bank's lock & key.
- **LTR:** SEBL provides this post shipment import trade finance. In LTR, the possession of the released goods remains with the importer. But he is holding the goods as an agent of the bank.

2.2.7 Loans of Facilitate Export:

The Bank extends different types of credit facilities to the Export oriented Industries/ Exporters from the very inception of the Bank. Recently, the bank has reviewed the position and revised its policy to increase the volume of export business by extending finance to well reputed export oriented industries/ corporate clients having a good track record. The Bank has a plan to increase the export business at least 25% of its total portfolio. This will contribute a

substantial profit as well as foreign currency for the Bank to meet the obligation against import.

The Bank extends facilities in both pre-shipment stage and post-shipment stage for working capital like procurement & procuring of Raw materials, Packing & Transporting of goods, insurance precious, freight charges, inspection fees etc. Pre-shipment finance will be allowed either against Irrevocable Letter of Credit of a reputed foreign Bank or against finance contract from reputed foreign buyers acceptable to the Bank.

The Bank should not grant only Packing Credit against (i) Retracted L/C and (ii) Revocable L/C Before negotiation, the dealing officer must check and scrutinize the documents thoroughly to ensure that they have been drawn in exact conformity with the terms and conditions mentioned in the Letter of Credit. The detailed list has been provided in the Bank's Credit Operation Manual- July 1996.

2.3 Various Steps and Procedures of Granting Loans and Advances

2.3.1 Introducing Borrower with Different Types of Credit:

Working as an intern I didn't involve so much with the credit process followed by Southeast Bank Ltd. But my department in charge introduced me with their different types of credit in details. It helped me a lot to deal with the clients who required information about credit because sometimes it becomes difficult for the departments officers to deal with all the clients with every facilities they available under credit dep. So, as an intern my specific duty was to introduce or describe about different types of credit which is required by the clients. I became to know that through my in charge, Southeast Bank Ltd., is following three types of credit, which are given bellow with short description

1. **Continuous Credit:** This type of credit has not any particular repayment schedule but there is fixed expiry date & credit limit. Example: Overdraft (OD) and Secured Overdraft (SOD).
2. **Demand Loan:** A loan that becomes payable as soon as the bank asks to repay it is a Demand Loan. Any Loan forcefully created is a demand loan. Example: Payment against Documents (PAD) and Loan against Trust Receipt (LTR).
3. **Term Loan:** All those loans which are repayable following fixed repayment schedule.

2.3.2 Selection of the Borrower:

In lending, the most important step is the selection of the borrower. Due to the asymmetric information and moral hazard, banks have to suffer a lot due to the classified loans and advances, which weakens the financial soundness of the bank. If the selection of borrower is correct, that is the borrower is of good character, capital and capacity or of reliability, resourceful and responsible; the bank can easily get the return from the lending. Consequently monitoring is made much easier for the banker. From this point of view, SEBL follows the following procedures-

Studying past track record: After getting an application for a loan, an SEBL Official studies the past track record of the applicant. Generally the study includes:

- Account balances and the past transactions.
- Credit report from other banks.
- Information of the Industry by studying market feasibility.
- Financial statements (balance sheet, cash flow statement, and income statement). If the borrower is a sole-proprietor, then the single entry accounting treatment is converted to double entry system.
- Report from credit information Bureau of Bangladesh Bank if the amount is more than TK. 10.00 lac.
- **Borrower analysis:** Borrower analysis is done from the angle of 3-C (character, capital, capacity) or 3-R (reliability, resourcefulness, responsibility). It follows that the bank forms a rational judgment about the integrity of the borrower, which should be undoubted. The human skill, conceptual skill, operational skill is qualitatively analyzed.
- **Business analysis:** Business analysis is done from two angles-terms and conditions and collateral securities.

2.3.3 Credit Approval Process:

In approval process the Bank segregates its relationship Management/ Marketing from the approving authority. The existing approval authorities are Head of Branch (wherever applicable), executive of CRM Division, Deputy Managing Directors, Additional Managing Directors Managing Directors, Executive Committee of the Board of Directors and Board of Directors as per their discretionary powers.

The Branch Marketing Team comprising of Executives and Officers will market the clients and then prepare credit appraisal memo as per the prescribed format and within the purview of the set rule/policy guideline of the Bank of regulatory authority. In case it is within the delegation power of the Head of Branch, the concerned Executive/ Officer will place it to the Branch Credit Review Committee (BCRC) for decision. If the committee found the proposal viable then they will recommend the proposal for approval to the individual approval authority (Generally Head of Branch with delegated business power) as per delegation of business power otherwise they may decline the proposal.

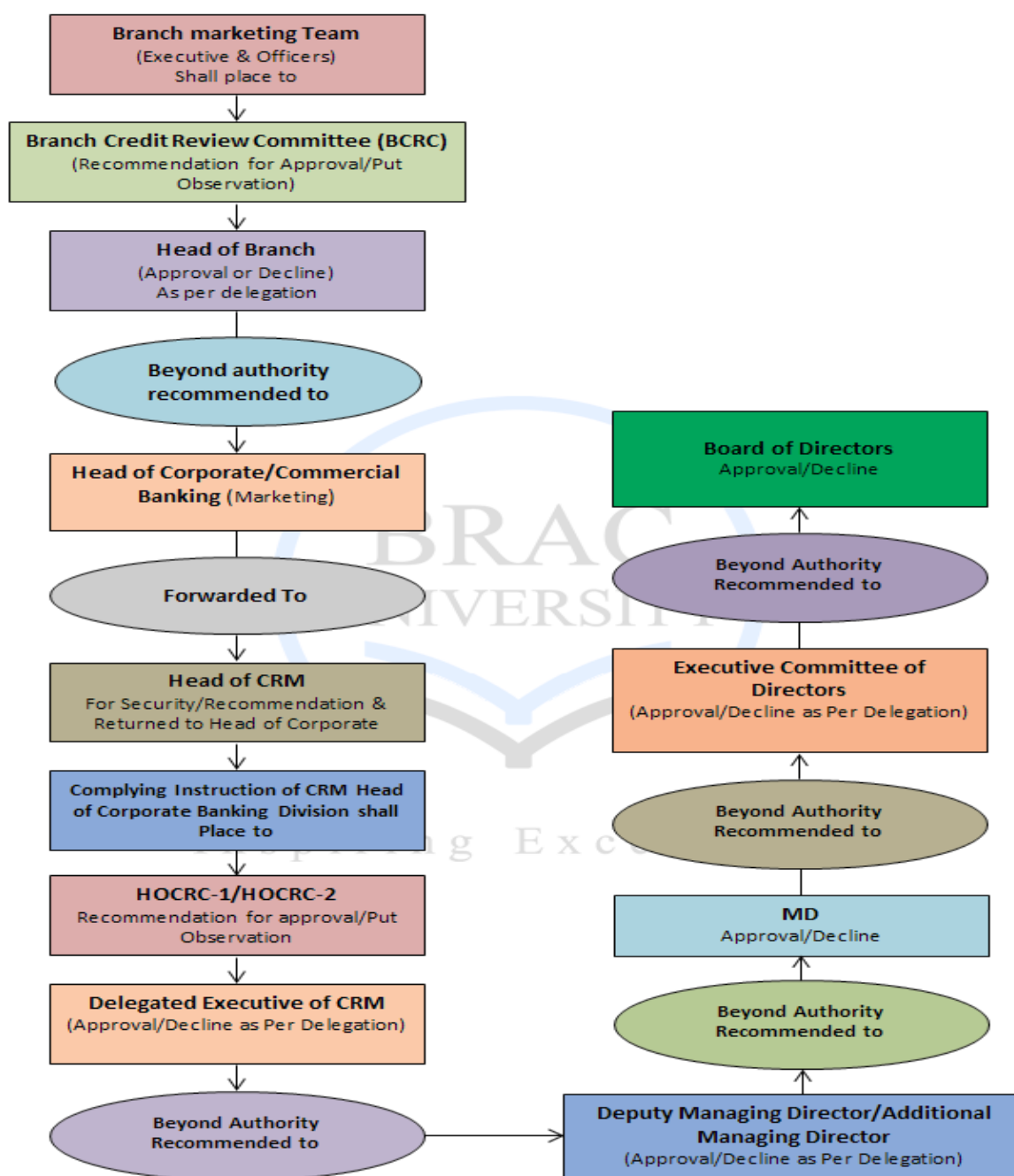


Figure 02: Flowchart of Loan Approval Process

2.3.4 Credit Documentation Checking:

As an intern when I was working under credit department, I have seen that the authorities followed two different steps for checking various documents. First step is the primary checking process and second step is in-details checking process. As an intern I did the primary checking process on behalf of my in-charge of credit department. What were the tasks I did under this checking process are given bellow-

In the initial documentation, the following documents are scrutinized & collected:

- Bank's loan application form duly filled in, required for Public Limited Company only
- Certificate of commencement of business for Public Limited Company only
- Certificate of Incorporation
- Certified copy of memorandum and articles of association, both for Public & Private Limited Company
- Certified copy of Form XII of Joint Stock Company, if there is any change in the directors
- Up to date Trade License- for Importers & Exporters
- TIN certificate
- Bank's loan application duly filled in
- Board resolution of the company to create loan

Besides charge documents as required by the different types of advances are mentioned bellow:

- D.P NOTE signed on revenue stamp
- Letter of arrangement.
- Letter of disbursement.
- Letter of partnership (partnership firm) or Board of resolution (limited companies).
- Letter of pledge.
- Letter of hypothecation.
- Letter of lien and ownership/ share transfer for (in case of advance against share).
- Letter of lien for packing credit.
- Letter of lien (in case of advance against FDR)
- Letter of lien and transfer authority.

- Legal documents for mortgage of property (As draft by legal adviser)
- Copy of sanction letter mentioning details of terms and condition duly acknowledge by the borrower
- Trust receipt

2.3.5 Creating the Loan Account:

First of all when create a loan account I give a form to the client. Then client fill up the form give his all required information. He also gives me the all necessary documents to create an account. The necessary documents are:

- Client's 2 copy passport size photograph.
- Nominee's 1 copy passport size photograph
- client and nominee's national ID card or passport
- Client's TIN certificate
- If it is an institution then its trade license
- Certificate of commencement of business for Public Limited Company only
- Certificate of Incorporation
- Certified copy of memorandum and articles of association, both for Public & Private Limited Company

Then I provided all the documents to the officers who created an ID for the client. An ID is unique for a client. Bank can identify to see the ID number. An ID has all the information of the client such as father name, mother name, occupation, contact number, present & permanent address, nationality, NID no, date of birth etc. After creating an ID then a loan account for this client is opened.

2.3.6 Creating the Proposal of the Loan:

The proposal format of personal and institutional is different. To prepare a loan proposal first of all I need the all information and the necessary documents. I also need to know for which purpose he wants to take a loan. If it is a personal loan then I need the following documents:

- Mortgage or grantee paper such as FDR leaf,
- Paper of the property's
- Declaration letter
- Loan application form
- CIB Undertaking
- Demand Promissory Note etc.

In a proposal we must give all the information of the borrower and the loan such as interest rate, purpose of the loan, Loan limit, what types of loan etc. If the loan is for institutional then the proposal format is different, in this time we need some other documents such as,

- Background of Organization/borrower
- Applicant's Name
- Address (Office/Factory)
- Name of Business
- Constitution (formation)
- Date of Establishment
- Capital Structure (Authorized Capital, Paid Up Capital, Retained Earning)
- Bank Checking (CIB report result)
- Particulars of Directors
- Financial report for last 3 years,
- Credit rating report
- Proposed security's documents,
- Liability with us or other bank,
- Transaction limit.
- Organization Chart
- Name of address of the of warehouse owner and up to date rent receipt, for rented warehouse
- Name & address of five large customers and their purchasing percentage
- Last audited balance sheet of two similar companies

After completing the proposal I take the signature of the borrower. Then I take the signature of cash in charge, sub manager and the branch manager. After take the signature sent the proposal in the corporate office of Southeast Bank Ltd.

2.3.7 Preparing the CIB Report:

Bangladesh Bank has established within itself a Credit Information Bureau (CIB), which collects credit information from the banks. Banks are required to furnish such information in respect of credit limit of Tk. 50000 and over. They mention the Name of facility, classification status security and charge along with outstanding balance. After consolidating such information in respect of each customer, the central bank supplies the total limits sanctioned to and the number of banks dealing with a party. Thus the banks can find out if any of their customers is a loan defaulter or having excessive borrowings from the banking system at any particular time. I developed a CIB report with an officer. Then I took the signature of the credit in charge, sub manager of the bank and the branch manager. After taking the signature I sent the report in the corporate office Southeast Bank Ltd. Corporate office sent the CIB in the Bangladesh bank. Bangladesh Bank verifies the CIB and sent the CIB result to the bank. If the CIB report is positive then bank give him the loan. If it's negative then the bank does not give him the loan. A bank needs to update the CIB after every two months.

2.3.8 Credit Disbursement:

Having completely and accurately prepare the necessary loan documents, the loan officer ready to disburse the loan to the borrower's loan account. After disbursement, the loan needs to be monitored to ensure whether the terms and conditions of the loan fulfilled by both bank and client or not.

2.3.9 Supervision:

Supervision is very important in the aspect of Loan Sanctioning and Disbursing process. Because, there exist 100% risk of classifying this advance if the bank fails to identify the real borrower on the time. As a result, Bank will incur the total loss. This bank visits the client business where bank give the loan with the credit in charge and credit officers. Reason for the visit is that client how to use the loan money.

Officer checks the following points:

- The borrower's behavior of turnover
- The information regarding the profitability, liquidity, cash-flow situation and trend in sales in maintaining various ratios.

The bank continuously monitors the usage of the loan in the disbursement phase. But that does not suffice the responsibility of the bank. Continuous monitoring is needed for the safety, security & repayment of the loan provided to the client. For that purpose the bank makes time to time monitoring in formal and even informal visits to ensure the proper utilization of the loan.

2.3.10 Securities:

To make the loan secured, charging sufficient security on the credit facilities is very important. The banker cannot afford to take the risk of non-recovery of the money lent. ABBL charges the following two types of security,-

- **Primary security:** These are the security taken by the ownership of the items for which bank provides the facility.
- **Collateral security:** Collateral securities refer to the securities deposited by the third party to secure the advance for the borrower in narrow sense. In wider sense, it denotes any type of security on which the bank has a personal right of action on the debtor in respect of the advance.

2.3.11 Loan Classification:

Classification Scale:

i. Unclassified	Repayment is regular
ii. Special mention account	Overdue 90 days or more
iii. Substandard	Repayment is irregular or stopped but has reasonable prospect of improvement.
iv. Bad/ Loss	Very little chance of recovery.

Classification Procedure:

Classification procedure for all types of bank loans including industrial loans is governed by the guidelines of Bangladesh Bank. According to this revised guidelines the loans are classified on the basis of following objective and subjective criteria:

Classification Criteria:

Overdue: Term loans become overdue wherever an installment is not received within 3 months of the normal date of repayment for private sector loans and 6 months in case of public sector loans. Continuous type of loans, if not renewed, becomes overdue on the date of expiration of the loan. Classification status of a loan account is determined on the basis of the length of overdue period as under:

For continuous & demand loan:

Length of Overdue	Classification Status
i. 3 months or more	Special mention account
ii. 6 months to less than 9 months	Substandard
iii. 9 month or more but less than 12 month	Doubtful
iv. 12 month and above	Bad & Loss

Table 01: Classification for continuous & demand loan

For term loan up to five years:

Length of Overdue	Classification Status
i. Less than 3 month	Unclassified
ii. Less than 6 months	Substandard
iii. 6 months or more but less than 12 months	Doubtful
iv. 18 months and above	Bad & Loss

Table 02: Classification for time loan

For term loan up to five years:

Length of Overdue	Classification Status
i. Less than 6 month	Unclassified
ii. 6 month or more but less than 12 months	Substandard
iii. 12 month or more but less than 18 months	Doubtful
iv. 24 months and above	Bad & Loss

Table 03: Classification for term loan

In addition to the above mentioned objective criteria loans can also be classified on the basis of qualitative judgment taking into consideration the factors such as borrowers performance, available securities etc.

2.3.12 Recovery:

In order to facilitate follow up and recovery of Classified loans and Written-off loans the Branch as well as Head Office should review at the close of each month all the Classified and Written-off loans incorporating their comments regarding the prospects and measures taken for recovery.

In Head Office there is a recovery Department under Legal Affairs and Recovery Division and a recovery unit in Branch under the supervision of Head of Branch (HoB). The Recovery Department (RD) directly manages accounts with sustained deterioration (a Risk Rating of Substandard (F) to Bad/Loss on recommendation of Credit Administration Department. Whenever an account is handed over from Credit Officer/Relationship Management to RU, a Handover/Downgrade Checklist should be completed.

The Recovery Department's primary functions are:

- Determine Account Action Plan/Recovery Strategy
- Pursue all options to maximize recovery, including placing customers into receivership or liquidation as appropriate.
- Ensure adequate and timely loan loss provisions are made based on actual and expected losses.
- Regular review of grade F or worse accounts.
- Filing of suits if all avenues of recovery are exhausted and failed.

2.3.13 General Procedures of Loans and Advance:

The total process of proposal and sanction of loan is a continuous process. In a particular stage the described loan is sanctioned or rejected by the authority. The total process is given below.

Step 01: The client applies for accretion amount of loan in prescribed form, which is available in the branch office.

Step 02: Scrutiny by an officer of loan proposal whether party has submitted the documents as per circular.

Documents required with loan application form:

1. Trade license,
2. Trade Mark Registration
3. Income tax certificate
4. Certificate of Lease Financing Company
5. Life description of M.D and Directors
6. Memorandum of meeting of Board of Directors about taking loan from the branch
7. Utility cost certificate approved by the M.D
8. Building lay-out plan
9. Forecasted productions sales and profit limit
10. 3 years projected balance sheet,
11. Cash flow at the end of the year

Step 03: Communicate with the party if there is any shortage of documents and collect the required papers

Step 04: The branch manager or an officer then takes the responsibility to visit and evaluate the concern

Step 05: A Credit report is prepared on the borrower

Step 06: The concerning officer than wants'' non-incumbent certificate'' from the bank Lawyer

Step 07: Sends letters to different banks and financial institution for recommendation.

Step 08: Forwards the documents to Head Office with proper recommendations.

Step 09: The proposal is placed in Board of Directors after getting CIB report. If the board sanctions the loan, a sanction letter is issued to the branch office.

Step 10: The branch then informs the party by letter.

Step 11: If the party accepts the terms and conditions of the loan, then they are requested to complete documentation as per sanction letter.

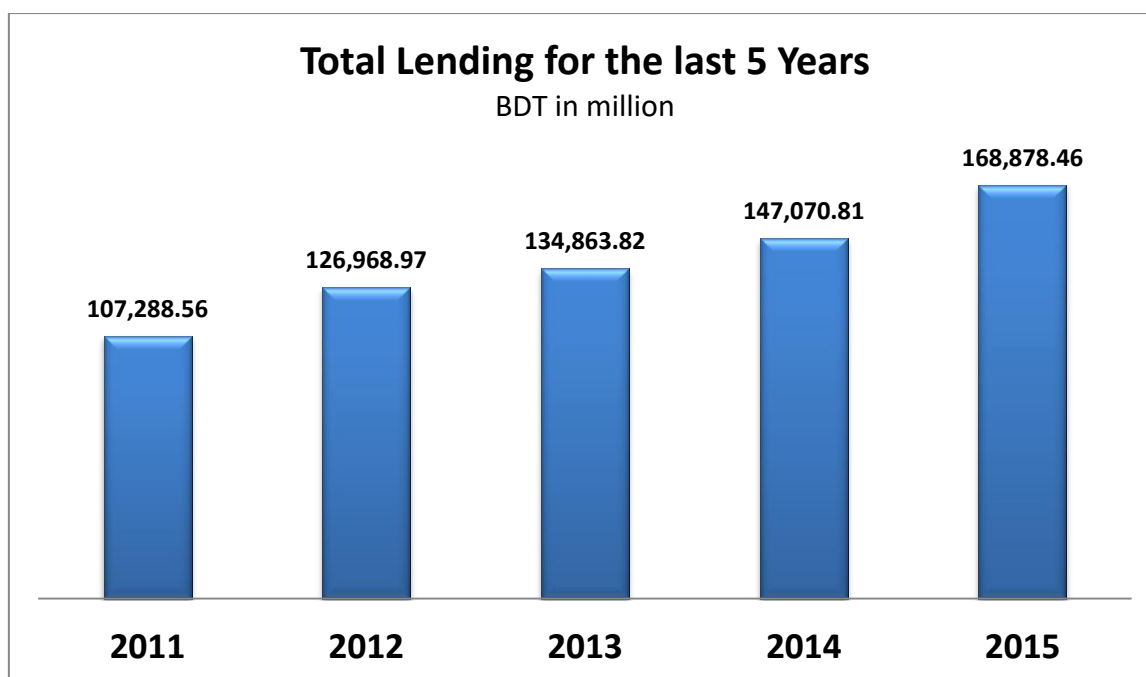
Step 12: After completion of documentation, the Bank disburses the loan amount.

2.3.14 Credit Operation of Southeast Bank Ltd.:

Southeast Bank Limited is consistently contributing to the economic development of the country by ensuring smooth flow and sustainable growth of credits in different sectors with balanced diversification. Credit portfolio of the Bank has been diversified by extending substantial amount of loan in SMEs, Garments Textile & Spinning, Steel & Engineering, Paper & Paper Products, Food & Food Processing, Wholesale & Retail Trading sectors etc. During last couple of years, the Bank gave emphasis on lending to SMEs, agro credit and export oriented industries. As a result total lending of the bank stood at BDT 168,878.46 million as on 31st December, 2015 registering 14.83 percent growths over the previous year. Bank's total lending (consolidated) and its growth rate for the last five years are shown below:

Year	Loan (BDT in million)	Growth
2015	168,878.46	14.83%
2014	147,070.81	9.05%
2013	134,863.82	6.21%
2012	126,968.97	18.34%
2011	107,288.56	14.165

Figure 03: Total lending and growth rate



The growth pattern of total loans and advances of Southeast Bank reflects that almost every year's loans and advances have increased from the previous year. The average growth of loans and advances of the Bank during last five year was more than 12.50 percent.

Throughout the year, bank concentrated on flourishing its portfolio size through investing in new and diversified areas, especially in SME and Agriculture sector, by taking calculated risk but ensuring the maximization of wealth. This attempt has established the bank's aim of sustainable growth on a strong platform and dominant position in the industry.

Inspiring Excellence

Chapter 3

Summary of the Project

3.1 Statement of the Research Problem

The report is based on methods followed in granting, disbursement and recovery of grants and advances of Southeast Bank Ltd as per Bangladesh Bank guidance. As a developing country, Bangladesh needs to strengthen the economy by involving in business. So commercial bank offers some loans and advances to the people as they can launch and conduct their businesses. They (banks) have to follow some rules and procedures advised by the central bank to maintain this loans and advances section. Sometimes they face some problems and get complaints from their customers. In this report, I have tried to knowledge on practice and procedure of loans and advances department of SEBL and find its problems.

3.2 Rational the Study

As a developing country Bangladesh is trying to develop the economy. The literacy level in the country is very low; consequently the skill of labor force is also low. So, entrepreneurship is essential for Bangladesh and also essential for productive investment, which in turn contributes to capital formation.

The Government of Bangladesh and Bangladesh bank have undertaken various credit programs for the development of industries to develop the economy, encouraging entrepreneurs to expand business and others to be an entrepreneur. Southeast Bank Ltd. gives loans to the people who are desperately in need of credit. The present study has been undertaking with a view to the procedure of loan and advances of Southeast Bank Ltd.

3.3 Scope of the Study

The scope of the study includes the background and objective, functional, departmental and business performance of Southeast Bank Ltd. (SCBL) as a whole and the main part covers loan and advances of SEBL

3.4 Objective of the Study

The main objective of this report is to know about the loans and advances management section of Southeast Bank Ltd. and understand company's loans and advances management related operations. Besides, the primary objective of this report is to achieve practical knowledge about how to operate Credit Management.

- To gather comprehensive knowledge on overall Credit Management activities of the Southeast Bank Ltd.
- To know about the policy of Credit Management.

Other discussions are to get an idea regarding various types of loans and advances of southeast bank and identify the loan sanction procedure in different sectors. Some specific objectives are-

- To know the role and functions of Credit Management.
- To learn about whole Credit Management procedure.
- To know the necessity of Credit Department.
- To find out the past trend of business of the bank in the area of Credit.
- To find out how bank makes import and export through A/C opening and closing.
- To find out the strength, weakness opportunities and threats of the bank.

3.5 Methodology of the Study

For completing this report, I have used descriptive method. To perform the study, data sources were collected, identified, analyzed and presented in a systematic manner. By using the data I have found some findings and presented some recommendations.

3.5.1 Selection of the Topic:

I have chosen the topic for the study which was approved by my honorable supervisor mam name, BRAC Business School, BRAC University.

3.5.2 Source of Data:

In order to make the study more meaningful and presentable two sources of data have been used such as-

Primary Data Sources:

- Officers of the Bank
- Clients of the Bank

Secondary Data Sources:

- Annual report of Southeast Bank Ltd.
- Website of Southeast Bank Ltd.
- Different circular sent by the officers of Southeast Bank Ltd.
- Bangladesh Bank report.

3.5.3 Methods of Data Collection:

- Interview with the respective officers and staffs of the branch.
- Practical work experience in the different desks of the department of the branch.
- Observing the activities of different departments of Southeast Bank Ltd.
- Interview with the clients of the bank.

3.6 Limitations of the Study:

I will try my best to prepare a comprehensive and well-organized report, but there is still some limitations present here-

- One major limitation is confidentiality of the bank. Some essential data could not be gathered+ because of confidentiality concerns. The raw data were available in the organization's database management system which was also not properly organized.
- Another limitation is that the data could not be verified for accuracy.
- Lack of in-depth knowledge and analytical ability for writing such report.
- Getting relevant papers and documents were strictly prohibited
- The research is based on the situation of Principal Branch of Southeast Bank Ltd.
- Time limitation.

Chapter 4

Findings & Analysis

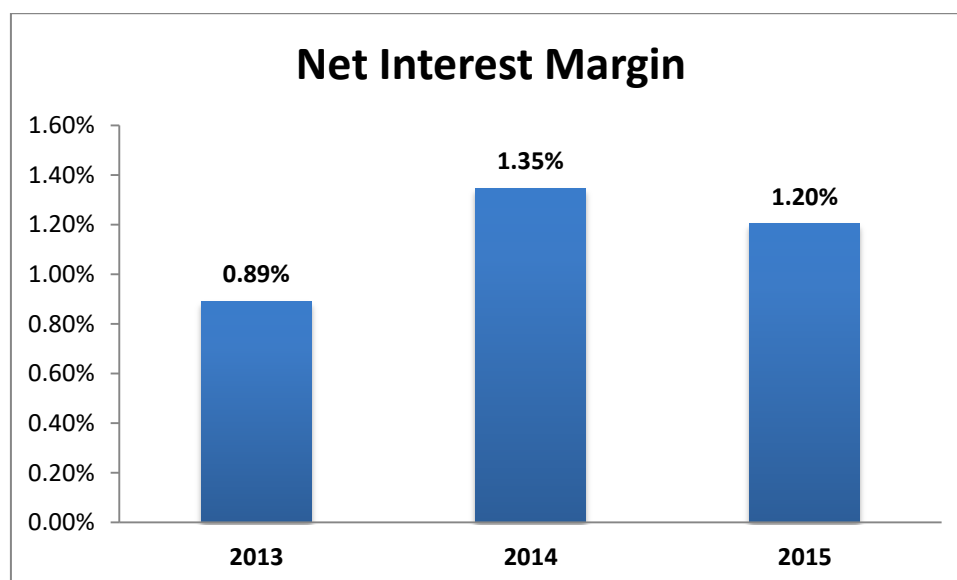
4.1 Ratio Analysis

Ratios are one of the major indicators of a bank's credit performance. To analyze the credit performance of the bank, the year 2013, 2014 and 2015 are considered. The ratios are given below:

4.1.1 Net Interest Margin Ratio:

Net interest margin is the indicators of a bank's total interest income relative to banks total interest earning assets. It denotes the profitability of a bank as interest is one of the main source of income for banks. Formula of net interest margin is:

$$\text{Net Interest Margin} = \frac{\text{Interest Received} - \text{Interest Paid}}{\text{Total Assets}}$$



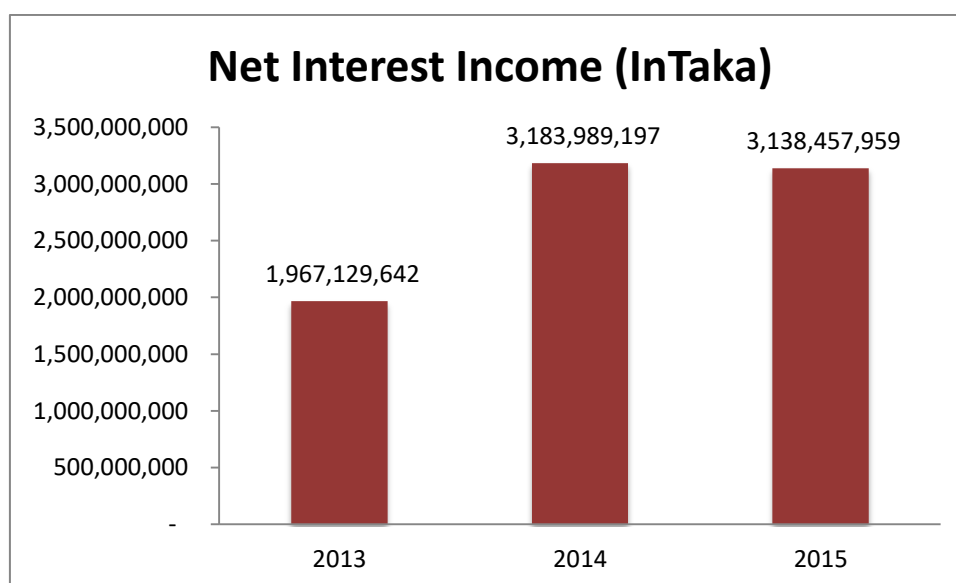
SEBL's net interest margin fall from 1.35% in 2014 to 1.20% in 2015. It means the bank failed to invest their funds efficiently in 2015.

4.1.2 Net Interest Income:

When a bank's assets and liabilities don't re-price at an equivalent time the result's an amendment in web interest financial gain and therefore to change in interest rates the net interest income of banks is it is more sensitive than others. It is better to have a higher ratio.

Formula:

$$\text{Net Interest income} = \text{Interest Received} - \text{Interest Paid}$$

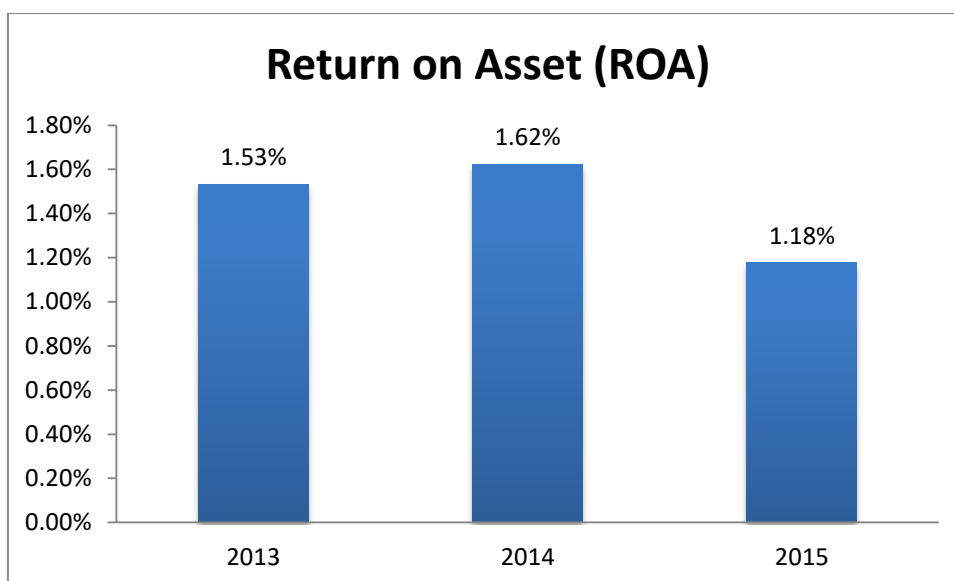


SEBL's net interest income wan an increase ing trend from 2013 to 2014 of its net interest income. Higher ratio shows a high amount of net interest income which is based on SEBL's smooth operation on the focused investments and service.

4.1.3 Return on Assets Ratio (ROA):

ROA is one of the most important ratio by which bank can understand profit earning possibilities for each taka invested in asset. The main asset for bank is the loan and advanced that it extends to its borrowers. So, ROA of a bank shows how efficient the bank is in managing its loans and advances for earning profit.

$$\text{Return on assets} = \frac{\text{Net Income}}{\text{Total Asset}}$$

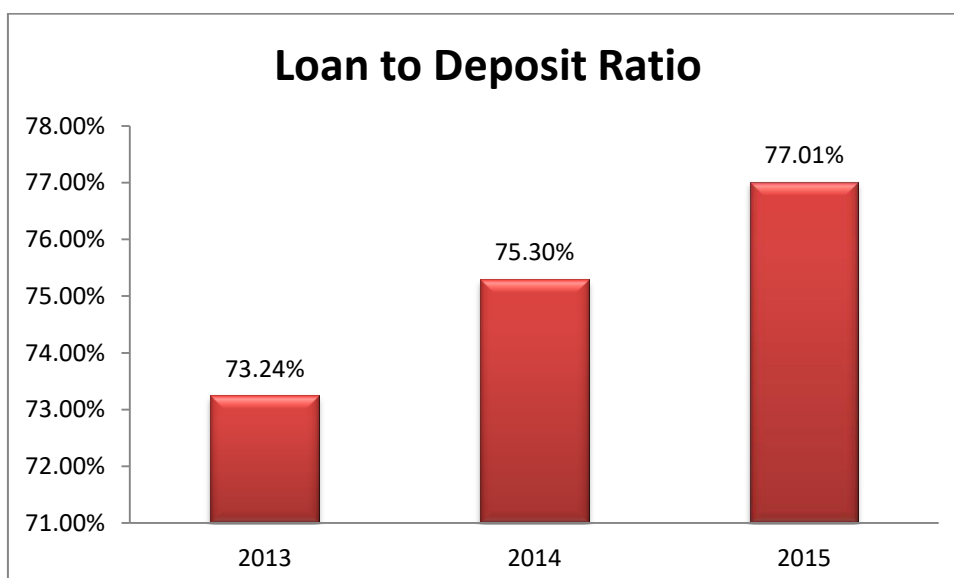


The above chart is showing that from 2013 to 2014 the ROA increased but in 2015 the ROA of SEBL was 1.18% which indicates that bank was unable to use its assets properly to greater profit form the last 2 years.

4.1.4 Loan to Deposit Ratio:

This ratio shows a relationship between loans and advances to total deposits. A higher value of loan to deposit ratio strikes that either the bank was too proficient in managing their fund or the bank took a very hazardous position in loan disbursement.

$$\text{Loan to Deposit Ratio} = \frac{\text{Total Loans}}{\text{Total Deposits}}$$

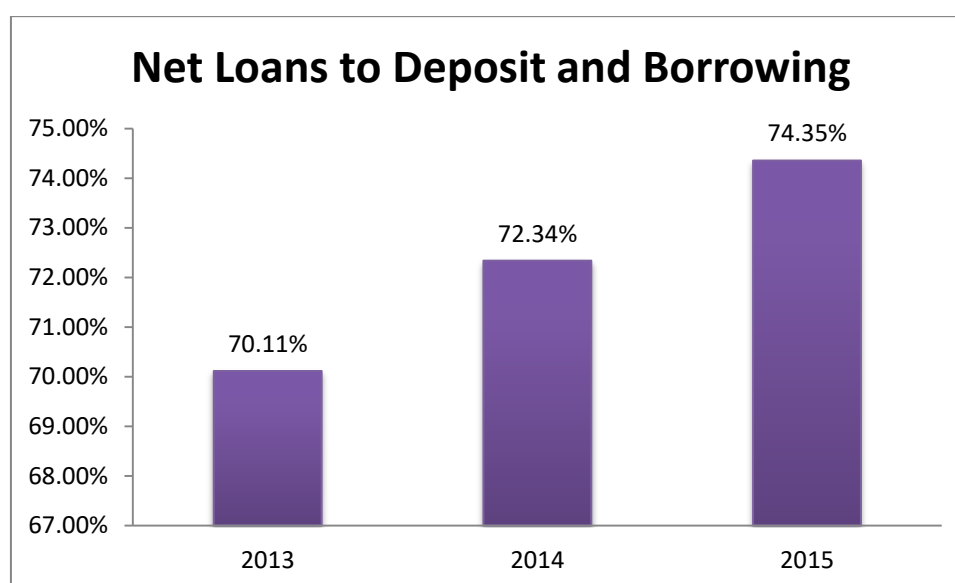


Above chart shows a rapid increase of ratio which indicates that SEBL is using the deposited money in a productive way.

4.1.5 Net Loans to Deposit and Borrowing Ratio:

Net Loans to Deposit and Borrowings ratio indicates the percentage of the non-liquid assets locked by total deposits. A higher ratio indicates lower liquidity.

$$\text{Net Loans to Deposit and Borrowings Ratio} = \frac{\text{Net Loan}}{\text{Total Deposit} + \text{Total Borrowings}}$$

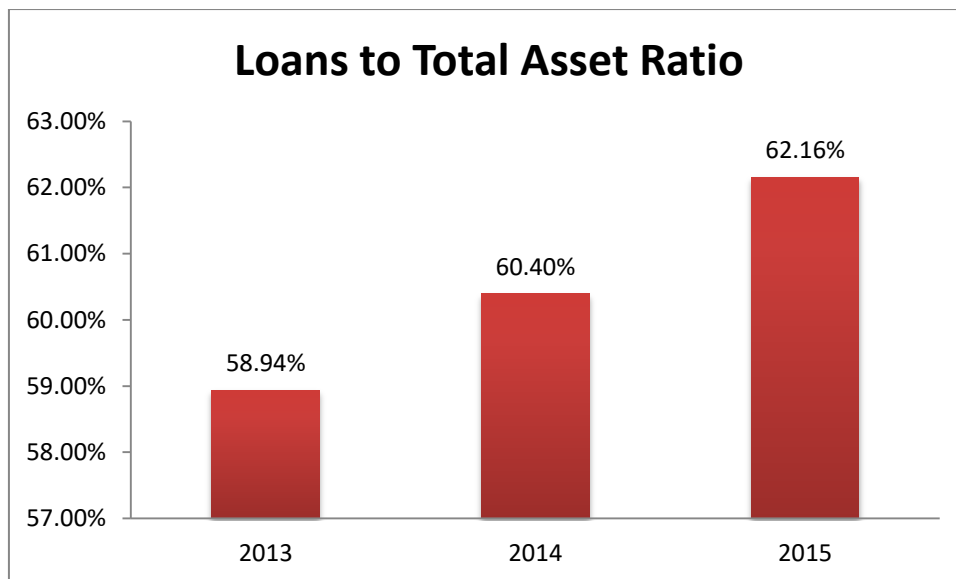


Here we can see that in 2015 the ratio is 74.35% and in 2013 it was 70.11%. It indicates lower liquidity of the bank due to the deposits was locked by non-liquid assets and was less liquid.

4.1.6 Loans to Total Asset Ratio:

Loans to total assets ratio measures the percentage of assets that is tied up in loans. The higher the ratio, the less liquid the bank and at the same times the more risk the bank has. As bank's main business is interest earning so the larger percentages of this ratio brings more revenue to the bank.

$$\text{Loan to Asset Ratio} = \frac{\text{Total Loans}}{\text{Total Asset}}$$

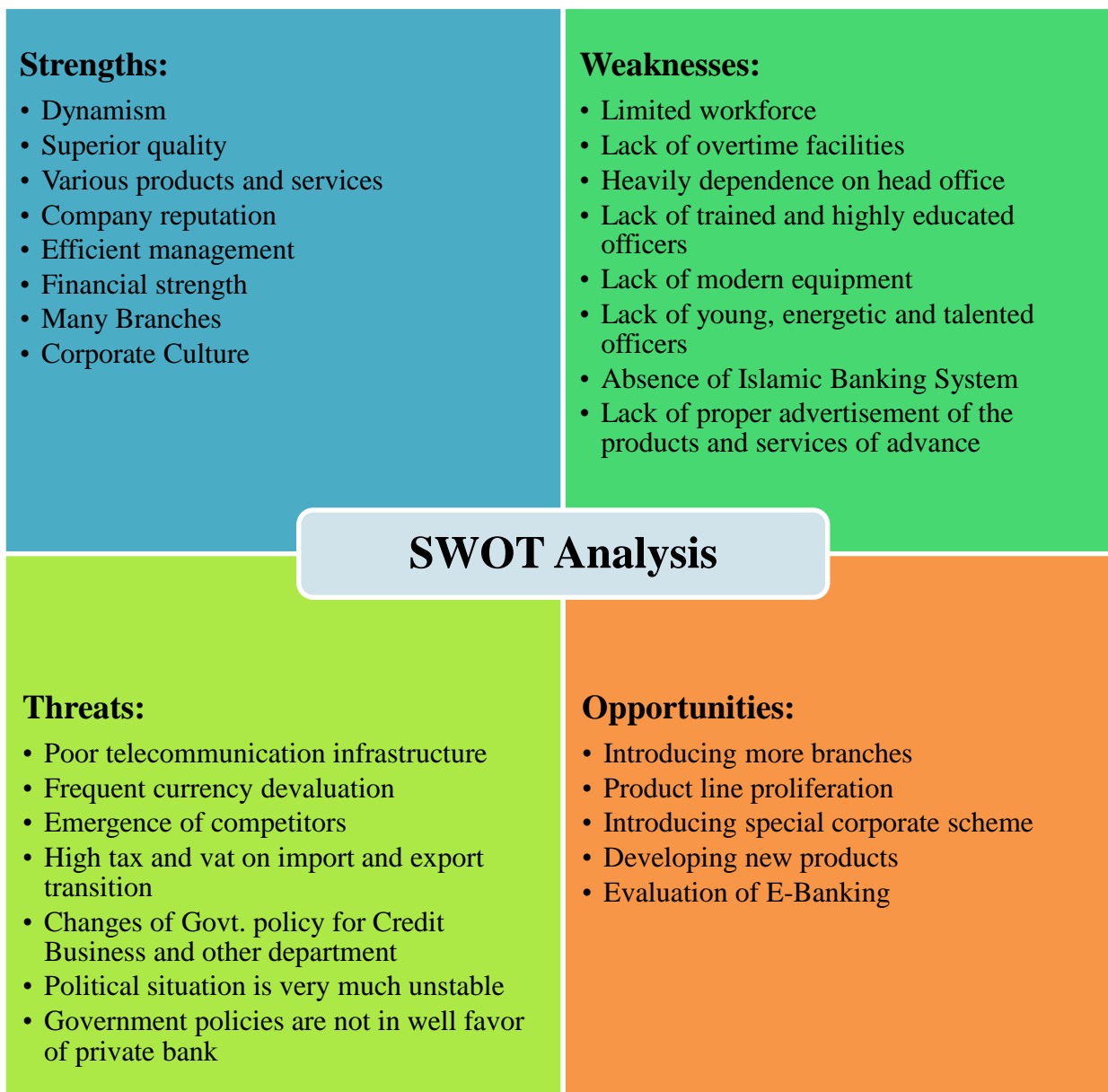


In year 2014 and 2015 SEBL's loan to total asset ratio was 60.40% and 62.16%. It was 58.94% in 2013. It indicates that SEBL creates more revenue in 2015 but that is considered as risky behavior. So in 2013 the bank risk was reduced.



4.2 SWOT Analysis

SWOT analysis is considered as an essential instrument for rolling out improvements in the vital administration of an association. An association can concentrate its present positions through SWOT investigation. Here I attempted to discover SEBL's Strength, weakness, opportunities and threats.



4.2.1 Strengths:

- **Dynamism:** SEBL is discreetly adjusted to world class standard as far as saving money administrations. SEBL has likewise best in class innovation to associate with the world for better correspondence to incorporate offices.
- **Superior quality:** SEBL gives magnificent nature of administration to its clients. It gives the principal need to consumer loyalty.
- **Various items and administrations:** SEBL offers different sorts of items and administrations to their customers. So those, clients can pick the correct items that will satisfy their requirements.
- **Company notoriety:** SEBL is one of the biggest private segment business bank in Bangladesh. The bank has as of now demonstrated a gigantic development in the benefits and stores divisions.
- **Efficient administration:** Every one of the levels of the administration of the bank are exclusively coordinated to keep up the better nature of the administration and advancement of a corporate brand picture in the market through association wide group approach and open correspondence framework.
- **Financial quality:** SEBL is monetarily solid organization sponsored by the colossal assets based of the mother concern Rangs Group. Accordingly clients feel good in managing the organization.
- **Many Branches:** In Bangladesh, the bank has 122 branches to give administrations to the general population. All these branches are situated in such places where clients feel good and safe to make their exchanges. This makes a constructive picture in the brains of the potential clients and many individuals get pulled in to the bank.
- **Corporate Culture:** SEBL has an intuitive corporate culture. There are no concealed hindrances or limits while correspondence between the director and the representatives. It acts as an incredible inspiration consider among the representatives of the bank.

4.2.2 Weakness:

- **Limited workforce:** SEBL has constrained HR contrasted with its money related exercises. There are not adequate workers to perform the vast majority of the actions.

- **Lack of additional time offices:** SEBL's representatives need to do additional work with no extra time offices. This may bring about high representative turnover that will end up being too expensive to keep away from it.
- **Heavily reliance on head office:** Heavily reliance on set out office toward any basic leadership is one of the mentionable shortcomings of Southeast Bank which is monotonous.
- **Lack of prepared and profoundly instructed officers:**
- **Lack of cutting edge gear**
- **Lack of youthful, vigorous and capable officers**
- **Absence of Islamic Banking System**
- **Lack of appropriate notice of the items and administrations of progress**

4.2.3 Opportunities:

- **Introducing more branches:** Although SEBL as of now has 122 branch to give administrations to its clients, however there are a few spots where clients are energetically sitting tight to do managing an account exchange. It should likewise open more branches in those spots where individuals require saving money offices.
- **Product line multiplication:** SEBL must extend its product offering to upgrade its practical upper hand.
- **Introducing uncommon corporate plan:** SEBL can present unique corporate plans for the corporate clients or officers. In the meantime, they can present plans or advances for different administration holders.
- **Developing new items:** The bank ought to offer new items and administrations to its clients.
- **Evaluation of E-Banking:** E-Banking an account will open more extension for Southeast Bank to achieve the customers in Bangladesh as well as in the worldwide keeping money region.

4.2.4 Threats:

- **Poor media transmission foundation:** Though Southeast Bank has required push to join the flood of data innovation, it is impractical to finish mission because of poor innovation and framework of our nation.
- **Frequent coin downgrading:** Frequently degrading of taka, conversion standard variance and especially South-East Asian right now emergency antagonistically influences the business all inclusive.
- **Emergence of contenders:** Due to high client request, increasingly budgetary establishments are being presented in the nation. There are as of now 52 sorts' banks existing and numerous different banks are entering the market with new and lucrative items. So this keeping money rivalry is another risk to SEBL.
- **High assessment and vat on import and fare move**
- **Changes of Govt. arrangement for Credit Business and other division**
- **Political circumstance is especially precarious**
- **Government arrangements are not in well support of private bank**

4.3 Findings:

SEBL takes after a Credit Risk Management rehearse that agrees to the principles and control set by Bangladesh Bank. It has set broad methods both at the pre-authorize stage and post-endorse phase of credit proposition appraisal. The techniques are straightforward, responsible and decentralized in such way that they guarantee greatest viability in hazard appraisal of credit proposition. While working at Southeast Bank, Principal Branch, I have accomplished the more up to date sort of encounters. Subsequent to gathering and dissecting information I have a few discoveries.

Those discoveries are totally from my own perspective. Those are:

- **Efficient Employee:** SEBL has some effective representatives who are useful, amicable and devoted to their work. Their managing the customers is benevolent which makes positive recognition about the bank in the customer mind.
- **Capital Adequacy:** SEBL is one of the best promoted banks in Bangladesh. It was made most astounding benefit last some year.

- **Care to the Customer:** The client administration of SEBL is particularly great than other money related establishment.
- **Maintain Discipline:** SEBL takes after the Bangladesh Bank rule with respect to business of their own.
- **Organization Stricture:** SEBL's Organization structure and designation of duty is in accordance with the structure proposed by Bangladesh Bank. It finishes its chips away at the structure premise.
- **Loans and Deposits:** The credits and stores of this bank are ascending at a noteworthy rate.
- **Valuable customers:** SEBL has some profitable customers like P.H.E. Global, bKash Limited. ACS materials Bangladesh Ltd, Zemtex Limited and so forth and other high profiled people who are the investors and borrowers of the bank.
- **Online Service:** The bank gave internet keeping money in all branches. The operations of the Bank are PC situated to guarantee fast and proficient administrations to the clients.
- Credit administration is the most vital capacity [of any bank. Be that as it may, the customer administration exercises experience the ill effects of a few sorts of issues that are learnt from exchange with officers, customers furthermore issues recognized from the employment perception,. The issues are as per the following:
- **Lack of Deposit for Credit Extensions:** Discussion with officers of the Head Office that if the Bank gathers more stores, it is ready to propel credit to more suitable activities.
- **Mentality of not to reimburse the advance:** A culture has been produced among the average folks that Bank advances require not to be paid.
- **Defective Legal System:** Existing awful lawful framework is another most prominent blow and revile to the credit administration framework a disturbing element recuperating advance shape defaulter.
- **Delay in advance Sanction:** Lengthy procedure of advance authorizes or deferral is a typical issue of credit administration.
- **Highest Rate of Interest for Credit:** Clients by and large gripe that interests of different sort of credit are very high. Much of the time efficiency from credit is insufficient that borrower get to be distinctly unfit in reimbursement advance.

- **Changes in Policies:** Due to changes in the fare, import, remote trade approach and money related and monetary long haul financing endure a considerable measure.
- **Irregularly in Providing Loan:** Usually Banks are mindful to give advance to the individuals who are qualified for the advance. Yet, in all actuality, little financial specialists don't get the credit effortlessly. They need to satisfy a greater number of terms and conditions than the individuals who have more prominent impact in the business group.

Chapter 5

Recommendation & Conclusion

5.1 Recommendations

SEBL is a standout amongst the most thriving business banks of Bangladesh. It has wide development openings in the business. In the wake of finishing temporary position in SEBL and watching the discussion between the clients and the officers, I have discovered some profitable bits of knowledge as to where upgrades are important to enhance the nature of administration. In this area, a rundown of proposal for SEBL is displayed in view of the discoveries.

- **Reliable and Efficient Personnel:** There ought to be dependable and productive work force in each branch keeping in mind the end goal to take any autonomous and successful choices and make incite benefit conveyance.
- **Complaint Management:** SEBL ought to effectively oversee whines of different clients and urge clients to give input about the administrations. The administration ought to gather report protestations, utilize that data to recognize disappointed clients, adjust singular issues where conceivable and distinguish normal administration disappointment focuses. It might enhance the general consumer loyalty.
- **Sanction Time:** The method of advance endorsing ought to be computerized and authorize time ought to be diminished.
- **Diversify the Loans:** the bank ought to differentiate its advance more to back little business visionaries for better development of the nation.

- **Focus on Relationship Strategies:** The bank ought to concentrate more on existing clients keeping in mind the end goal to fabricate solid and steadfast association with them as most fulfilled clients prescribes the bank to their companions and relatives.
- **Individual Attention and Care:** Individual consideration ought to be given to clients keeping in mind the end goal to better comprehend their necessities and better fulfill them.
- **Reconsider Interest Rates:** Majority of the clients recommend that the financing cost on investment funds and advance ought to lessen. They are not content with the present rate. SEBL ought to rebuild the financing cost of its reserve funds and advance item to pull in more profitable clients.
- **Defensive Strategy of Service Quality:** SEBL ought to concentrate on cost of operation, expanding volume of business with existing steadfast clients, division of the excellent clients; encourage a positive expression of correspondence in its current clients and so on.

5.2 Conclusion

SEBL is a moment era bank in the developing segment of Bangladesh. It has a guarantee to satisfy each believable client's needs and serve the general public with high productivity and fulfillment. As a private business bank it needs to confront extreme rivalry as banks as of now completing then operations in Bangladesh. Its aggressive quality lies in setting exclusive expectation of honesty and in giving aggregate fulfillment to its clients. Its group of devoted experts is resolved to give unparalleled administrations by utilizing the most recent advances.

I was offered chance to watch the exercises of various work areas. There I had the chance to contrast the hypothetical learning and the current practices in the business banks. The time is exceptionally restricted to see every one of the divisions work legitimately. In any case, I attempted my best to cover all occupations in the bank.

SEBL's Principal Branch offers all the customary administrations and particular administrations to its clients. Every one of the offices makes a significant benefit for the bank. The branch dependably keeps up an elevated requirement of client administration. Consistently the branch gathers data in regards to change and change of client administrations in this area. The SEBL Principal Branch spends a considerable sum costs to keep up and

enhance its consumer loyalty. Be that as it may, there is an immense crevice between its aggregate store and aggregate advances and advances.

The Branch has organized configuration to handle the credit recommendations. This is an extremely dynamic and quick process. Yet, infrequently the handling is postponed because of data lacking. Credit data through various organizations in some cases takes quite a while. This postpones the handling of the venture proposition. Also, however SME is their first need of the bank, now and again they don't assess legitimately.

It is truly an amazing privilege for me to have a chance to act as an assistant in the SEBL amid my introduction program. I wound up as a piece of its board of trustees workforce and I put the most extreme push to bring the applicable statistical data points. I think this will help me to enhance my insight and in addition my profession.

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Appendix 1: Calculations of Ratio Analysis

Return on Asset Ratio (ROA)			
	2013	2014	2015
Net Income	3,378,822,023	3,836,941,540	3,069,415,542
Total Asset	220,578,175,264	236,216,145,171	260,718,030,453
	1.53%	1.62%	1.18%

Net Interest Income (in tk)			
	2013	2014	2015
Interest Received	19,200,636,238	19,233,896,014	17,794,795,961
Interest Paid	17,233,506,596	16,049,906,817	14,656,338,002
	1,967,129,642	3,183,989,197	3,138,457,959

Net Interest Margin			
	2013	2014	2015
Net Interest Income	1967129642	3183989197	3138457959
Total Assets	220,578,175,264	236,216,145,171	260,718,030,453
	0.89%	1.35%	1.20%

Loan to Total Asset Ratio			
	2013	2014	2015
Net Loans	130,010,888,059	142,663,958,484	162,056,722,487
Total Asset	220,578,175,264	236,216,145,171	260,718,030,453
	58.94%	60.40%	62.16%

Net Loans to Deposit and Borrowing Ratio

	2013	2014	2015
Net Loans	130,010,888,059	142,663,958,484	162,056,722,487
Total Deposit	177,507,983,239	189,472,260,952	210,435,774,704
Total Borrowings	7,921,435,000	7,751,301,954	7,519,780,424
	70.11%	72.34%	74.35%

Loan To Deposit Ratio

	2013	2014	2015
Total Loan	130,010,888,059	142,663,958,484	162,056,722,487
Total Deposit	177,507,983,239	189,472,260,952	210,435,774,704
	73.24%	75.30%	77.01%



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