



**Daffodil**  
*International*  
**University**

**Internship Report**  
**On:**

**Credit Risk Management of Southeast Bank Limited:**  
**A Study on Savar Branch**





# **Daffodil** *International* **University**

## **Internship Report**

**On:**

### **Credit Risk Management of Southeast Bank Limited: A Study on Savar Branch**

#### **Submitted To**

**Md. Arif Hassan**

Associate Head & Assistant Professor  
Department of Business Administration  
Faculty of Business and Entrepreneurship  
Daffodil International University

#### **Submitted By**

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**Date of Submission: 14 January, 2019**

## Letter of Transmittal

Date: 14/01/2019

To

Md. Arif Hassan

Associate Head & Assistant Professor

Department of Business Administration

Faculty of Business and Entrepreneurship

Daffodil International University

**Subject: Submission of Internship Report.**

Dear Sir,

This is my pleasure to show my temporary position report entitled “**Credit Risk Management of Southeast Bank Limited: A Study on Savar Branch**”. With your kind supervision I believed that the knowledge and experience gathered will provide me with hands on experience. On the off chance that you acknowledge the report, I will be thankful to you. I will be available for defense on this report any time at your convenience. Your kind approval is solicited.

Sincerely yours,

.....

**Shohana Islam**

ID No: 152-11-4733

Program: BBA, Major: Accounting

Department of Business Administration

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## Letter of Approval

This is to certify that, Shohana Islam, ID No.: 152-11-4733, major in accounting, is a regular student of Bachelor of Business Administration, Faculty of Business & Economics, Daffodil International University. She has successfully completed his internship program at Southeast Bank Limited. She has prepared this report under my supervision. His assigned internship topic is “Credit Risk Management of Southeast Bank Limited: A Study on Savar Branch”. The report is recommended for submission.

I wish her happiness, good health and every success in life.



.....  
**Md. Arif Hassan**

Associate Head & Assistant Professor  
Department of Business Administration  
Faculty of Business and Entrepreneurship  
Daffodil International University

## **Acknowledgement**

At first and foremost I would like to thank the almighty Allah who created and gave me the opportunity to be educated and to be the student of the Daffodil International University.

I am grateful to honorable Supervisor Md. Arif Hassan, Associate Head & Assistant Professor, Department of Business Administration, Faculty of Business and Entrepreneurship, Daffodil International University for permitting me to undertake this research. I am grateful to her for his most constructive suggestions and informative guidance through class lecture.

I also express special gratitude to Mr. Khandakar Mahbub Alam, General Manager, Southeast Bank Limited, Savar Branch his direct supervisor and guidance. Without their assistance, this report probably won't have been a complete one.

I would like to apologize for my forgetfulness and finally I would like to thank the Internet explorer where information is constant and available about Southeast Bank Limited.

I would like to thank to all of my honorable teachers, administrative personnel, office staff of the department and my fellows who always motivate, support, cooperation and guide me to effort harder for my studies.

## **Executive Summary**

Southeast Bank Limited is a planned business bank in Bangladesh. This is one of the main private business banks which is set up under the keeping money organizations Act 1991, the bank started its task on fourth July, 2001 with an essential goal of offering a wide range of business managing an account benefits generally accentuating on advancing little and medium business people everywhere throughout the nation. At present Southeast Bank Limited have 187 branches, over 300 ATM Booths, 405 SME Unit Offices, 1,800 remittance delivery points and 8,306 human resources.

The fundamental motivation behind the report is to have a general thought regarding capacity and procedure of credit chance administration, examining devices and methods used to assess credit proposition, dissecting steps taken to recuperate Bank's awful arrangement of Southeast Bank Limited. Lending is one of the main functions of a bank. The goal of Credit Risk the executives of Southeast Bank Limited is to limit the hazard and boost banks chance balanced rate of return by expecting and keeping up credit presentation inside the satisfactory parameters. The Credit Risk Management office is in charge of maintaining the respectability of the Bank's hazard/return profile. The report discusses the nature of credit, types of credit, credit risk, management system, policies, credit approval process, credit risk, management committee, credit risk monitoring and performance of Southeast Bank Ltd.

The study not only focuses on the activities of Southeast Bank Ltd but also highlights the credit risk management system of the bank. In the first chapter of this report contains some description about the banking sector and the perspective of the Southeast bank limited. The next chapter of this report is about the company. Their corporate mission and vision. How they exercise their key management profile. The third chapter contains the theoretical background of credit risk management. The fourth chapter is the analysis part of this report, which contains performance analysis of classified loan and advance, loan to deposit ratio, standard loan, sub-standard loan, doubtful loan and bad and loss loan of Southeast bank limited. Final chapter five includes some findings that made based on the analysis part and some recommendation for the improvement of credit performance.

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# **Chapter - 1**

## **Introduction**

## **1.1 Introduction**

Bangladesh is one of the creating nations on the planet. The economy of the nation has a ton left to be wanted and there are bunches of extensions for gigantic enhancement. In an economy like this, managing an account segment can assume an imperative job to enhance the general financial state of the nation. The banks by assuming the job of a middle person can prepare the abundance reserve of surplus divisions to give fundamental back to those parts which are expected to advance for the sound improvement of the economy. As the banks provide finance or lending to its counter parts, there arises a risk of credit risk, which is the possibility that a borrower or counter party will flop to meet its obligations in accordance with agreed terms. Indeed, even at present, this issue is frequenting numerous banks and represents a noteworthy danger towards their sound performing. So it's critical to have a compelling and sound credit hazard the board framework set up which will enable the bank to alleviate its hazard factors and do fruitful financing administration or loaning. With that issue in mind, the topic Credit Risk Management of Southeast Bank Limited: A Study on Savar Branch has been undertaken as topic for my internship report.

## **1.2 Statement of the Problem**

This report is one of the major parts of BBA Program offered by Daffodil International University. In this day and age, instruction isn't simply restricted to books and classrooms. Education now-a-days is understanding the real world and applying knowledge and education for the betterment of the society. So the Internship is such a way, to the point that applies the information and comprehension of the courses and to utilize them in a down to earth field. Southeast Bank Limited gives me this opportunity to be engaged there to gather practical experience about the real business world and to observe different practical aspects of education. Daffodil International University has goals to produce world-class post-graduates within the local environment, with knowledge and skills to provide leadership in enterprise, public service and welfare. A business report is characterized as an organized, target correspondence of data that fills some business need. Along these lines, so as to fill this business need a theme of the report must be unmistakably expressed. The topic that has been defined for studying in this report is in infinitive phase.

## **1.3 Objectives of the Study**

### **1.3.1 Broad Objective**

The broad objective of report is to evaluate the Credit Risk Management of Southeast Bank Limited.

### **1.3.2 Specific Objectives**

- To describe the credit risk of Southeast Bank Limited;
- To analyze the credit performance of Southeast Bank Limited;
- To identify the problems related to credit management of Southeast Bank Limited;
- To make some recommendations to solve those problems.

## **1.4 Methodology**

In this study, the data were collected from the primary sources by conducting field visit. However, besides primary data the secondary data were also compiled for the best result. To set up this report the required data gathered from both essential and auxiliary source. Both the essential and in addition the auxiliary type of information was utilized to set up the report. The details of these sources are highlighted below.

### **1.4.1 Primary Sources**

- Observation during the total internship period.
- Face-to-face conversation with the respective officers & clients of the Southeast Bank Limited.

### **1.4.2 Secondary Sources**

- Annual Report of Southeast Bank Limited.
- Corporate Product Brochure of Southeast Bank Limited.
- Internet utilized as a hypothetical wellspring of data.
- Website & Newsletters used as major sources.

## **1.5 Scope of the Study**

Entry level position encounter assumes a fundamental job for each understudy to execute their hypothetical learning and get pragmatic information from any association. An understudy can execute this entry level position involvement in his future work territory. Southeast Bank Limited gives me the opportunity for gathering practical experience and preparation of the report. Through this report emerging Banks and other Financial Institutes who want to develop an effective Credit Risk Management Department as well as business students who want to learn various functions of Credit Risk Management will be benefited.

## **1.6 Limitations of the Study**

The real constraints of this report are as per the following:

- There was a lack of proper secondary information for Southeast Bank Limited and its products. Annual reports, arrangement rules, site and other related archives don't cover full and adequate data.
- Within such a short period of time, it was not possible for me to study everything about Southeast Bank Limited.
- In order to guard the secrecy of the bank, the employees of Southeast Bank Limited is not interested to disclose some certain information required for this report.

# **Chapter - 2**

## **Overview of the Southeast Bank Limited**

## **2.1 Background**

Southeast Bank Limited 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. The incumbent Chairman of the Bank is Mr. Alamgir Kabir, FCA, and a professional Chartered Accountant. 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 members to benchmark themselves better against management expectations. A commitment to quality and excellence in service is the hallmark of their identity. Southeast Bank takes pride for bringing women into the banking profession in a significant number for gender equality.

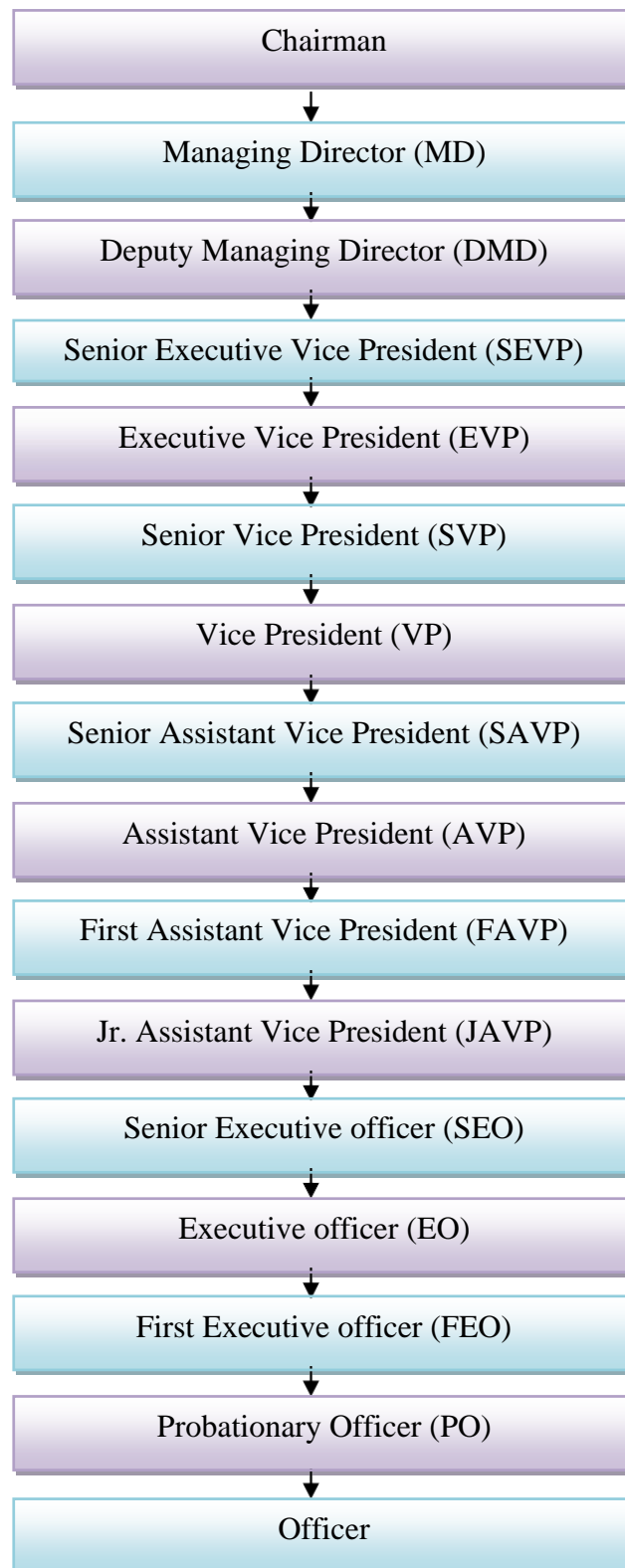
## **2.2 Vision**

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

## **2.3 Missions**

- 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

## 2.4 Organizational Structure of Southeast Bank Limited





## **2.5 Product of Southeast Bank Limited**

### **General Products**

- Savings Account
- Current Account
- Corporate Account
- Short Term Deposit

### **Deposit Scheme**

- Special Deposit Scheme
- Monthly Saving Scheme
- Education Scheme
- Double scheme

### **Loan Scheme**

- Loan General
- Terms Loan
- SOD
- Cash Credit
- Loan against Imported Merchandise
- Loan against Trust Receipt
- Loan against House Building S. Housing Loan Scheme
- House repairing / Renovation loan Scheme
- Consumers Finance Scheme
- Festival Personal loan Scheme
- Small Business loan Scheme
- Personal loan Scheme

## **2.6 SEBL Services**

- SME Banking
- Dual Currency VISA Credit Card
- Southeast VISA Platinum Card
- Southeast My Remit Card
- SEBL ATM / Debit Card
- Virtual Card
- Remittance Business
- Western Union
- SWIFT Services
- Locker Services
- ATM Services
- Internet Banking Services
- Bill Payment Services
- E-Statement Services

# **Chapter - 3**

## **Theoretical Framework**

### **3.1 Risks faced by banks**

Risk, in this context, may be defined as reductions in firm value due to changes in the business environment (David H. Pyle, 1997). Typically, the major sources of value loss are identified as:

- Market risk is the change in net asset value due to changes in underlying economic factors such as interest rates, exchange rates, and equity and commodity prices.
- Credit risk is the change in net asset value due to changes the perceived ability of counter-parties to meet their contractual obligations.
- Operational risk results from costs incurred through mistakes made in carrying out transactions such as settlement failures, failures to meet regulatory requirements, and untimely collections.
- Performance risk encompasses losses resulting from the failure to properly monitor employees or to use appropriate methods (David H. Pyle, 1997).
- Generally, commercial Banks face the following risks:

#### **3.1.1 Credit Risk**

Credit risk is most simply defined as the potential that a bank borrower or counterparty will fail to meet its obligations in accordance with agreed terms (<http://www.bis.org>, July 1999). It is the potential loss arising from the failure of a borrower to meet its obligations in accordance with agreed terms. Credit risk is one of the oldest and most vital forms of risk faced by banks as financial intermediaries (Broll, et al, 2002). Commercial banks are most likely to make a loss due to credit risk (Bo, et al., 2005). Generally, the greater the credit risk, the higher the credit premiums to be charged by banks, leading to an improvement in the net interest margin (Hanweck and Ryu, 2004).

#### **3.1.2 Market Risk**

The risk of loss from adverse movement in financial market rates (interest and exchange rate) and bond, equity or commodity prices. A bank's market risk exposure is determined by both the volatility of underlying risk factors and the sensitivity of the bank's portfolio to movements in those risk factors (Hendricks and Hirtle, 1997). The risk of changes in income of the bank as a result of movements in market interest rates. Interest rates risk is a major concern for banks due to the nominal nature of their assets and the asset-liability maturity mismatch (Hasan and Sarkar, 2002). Some researchers emphasized that higher

Interest rates had positive impact on banks (Hanweck and Ryu, 2004; Hyde, 2007). It arises from potential change in earnings resulted from exchange rate fluctuations, adverse exchange positioning or change in the market prices managed by the Treasury Division.

### **3.1.3 Equity Risk**

It is the risk of loss due to adverse change in market price of equities held by the bank. Equity risk is "the financial risk involved in holding equity in a particular investment." Equity risk often refers to equity in companies through the purchase of stocks, and does not commonly refer to the risk in paying into real estate or building equity in properties. The measure of risk used in the equity markets is typically the standard deviation of a security's price over a number of periods. The standard deviation will delineate the normal fluctuations one can expect in that particular security above and below the mean, or average. However, since most investors would not consider fluctuations above the average return as "risk", some economists prefer other means of measuring it (en.wikipedia.org).

### **3.1.4 Operational Risk**

The potential financial loss as a result of a breakdown in day-to-day operational processes. Operational risk does not mean only failures in the bank's operations, but also the causes of the failures, such as terrorist attacks, management failures, competitive actions and natural disasters (King, 1998). These caused are largely uncontrollable and unpredictable. Moreover, human or technological errors, lack of control to prevent unauthorized or inappropriate transactions being made, fraud and faulty reporting may lead to further losses caused by internal process, people and operating system (Medova, 2001).

### **3.1.5 Money Laundering Risk**

It arises from the practice of disguising the origins of illegally-obtained money (drug dealing, corruption, accounting fraud and other types of fraud, and tax evasion, etc.) through banking channel and the proceeds of crime are made to appear legitimate (Wikipedia).

### **3.1.6 Information Technology Risk**

It is related to IT, such as network failure, lack of skills, hacking, virus attack and poor integration of system.

### **3.1.7 Liquidity Risk**

It generates from the failure or inability to meet current and future financial obligations by bank due to shortfall of cash or cash equivalent assets. Banks are exposed to liquidity risk where the more liquidity is generated, the greater are the possibility and severity of losses associated with having to dispose of illiquid assets to meet the liquidity demands of depositor (Diamond 1999; Allen and Jagtiani, 1996). However, besides depositors, revealed that banks that make commitments to lend are exposed to the risk of unexpected liquidity demands from their borrowers (Gatev, 2006).

### **3.1.8 Marketing Risk**

This risk is related to the different aspects of the promotion and branding of the bank, including image management, product promotion and advertising.

### **3.1.9 Human Resource Risk**

This type of risk is generated within the bank from failure to recruit the right people in the right place, inappropriate means of recruitment, failure to provide feedback to the employees on performance, over-reliance on key personnel, inappropriate training and development etc.

## **3.2 Techniques of Risk Management**

### **3.2.1 GAP Analysis**

It is an interest rate risk management tool based on the balance sheet which focuses on the potential variability of net-interest income over specific time intervals. In this method a maturity/ re-pricing schedule that distributes interest- sensitive assets, liabilities, and off-balance sheet positions into time bands according to their maturity (if fixed rate) or time remaining to their next re- pricing (if floating rate), is prepared. These schedules are then used to generate indicators of interest-rate sensitivity of both earnings and economic value to changing interest rates. After choosing the time intervals, assets and liabilities are grouped into these time buckets according to maturity (for fixed rates) or first possible re-

Pricing time (for flexible rates). The assets and liabilities that can be re-priced are called rate sensitive assets (RSAs) and rate sensitive liabilities (RSLs) respectively. Interest sensitive gap (DGAP) reflects the differences between the volume of rate sensitive asset and the volume of rate sensitive liability and given by,

$$\mathbf{GAP = RSAs - RSLs}$$

The information on GAP gives the management an idea about the effects on net-income due to changes in the interest rate. Positive GAP indicates that an increase in future interest rate would increase the net interest income as the change in interest income is greater than the change in interest expenses and vice versa (Cumming and Beverly, 2001).

### **3.2.2 Duration-GAP Analysis**

It is another measure of interest rate risk and managing net interest income derived by taking into consideration all individual cash inflows and outflows. Duration is value and time weighted measure of maturity of all cash flows and represents the average time needed to recover the invested funds. Duration analysis can be viewed as the elasticity of the market value of an instrument with respect to interest rate. Duration gap (DGAP) reflects the differences in the timing of asset and liability cash flows and given by,

$$\mathbf{DGAP = DA - u DL}$$

Where DA is the average duration of the assets, DL is the average duration of liabilities, and u is the liabilities/assets ratio. When interest rate increases by comparable amounts, the market value of assets decrease more than that of liabilities resulting in the decrease in the market value of equities and expected net-interest income and vice versa (Cumming and Beverly, 2001).

### **3.2.3 Value at Risk (VaR)**

It is one of the newer risk management tools. The Value at Risk (VaR) indicates how much a firm can lose or make with a certain probability in a given time horizon. VaR summarizes financial risk inherent in portfolios into a simple number. Though VaR is used to measure market risk in general, it incorporates many other risks like foreign currency, commodities, and equities (Jorion, 2001).

### **3.2.4 Risk Adjusted Rate of Return on Capital (RAROC)**

It gives an economic basis to measure all the relevant risks consistently and gives managers tools to make the efficient decisions regarding risk/return tradeoff in different assets. As economic capital protects financial institutions against unexpected losses, it is vital to allocate capital for various risks that these institutions face. Risk Adjusted Rate of Return on Capital (RAROC) analysis shows how much economic capital different products and businesses need and determines the total return on capital of a firm. Though Risk Adjusted Rate of Return can be used to estimate the capital requirements for market, credit and operational risks, it is used as an integrated risk management tool (Crouhy and Robert, 2001)

### **3.2.5 Securitization**

It is a procedure studied under the systems of structured finance or credit linked notes. Securitization of a bank's assets and loans is a device for raising new funds and reducing bank's risk exposures. The bank pools a group of income-earning assets (like mortgages) and sells securities against these in the open market, thereby transforming illiquid assets into tradable asset backed securities. As the returns from these securities depend on the cash flows of the underlying assets, the burden of repayment is transferred from the originator to these pooled assets.

### **3.2.6 Sensitivity Analysis**

It is very useful when attempting to determine the impact, the actual outcome of a particular variable will have if it differs from what was previously assumed. By creating a given set of scenarios, the analyst can determine how changes in one variable(s) will impact the target variable.

### **3.2.7 Internal Rating System**

An internal rating system helps financial institutions manage and control credit risks they face through lending and other operations by grouping and managing the credit-worthiness of borrowers and the quality of credit transactions.



### **3.3 Credit Risk Management of Southeast Bank**

Credit risk is risk due to uncertainty in counterparty's ability to meet its obligations. Since there are numerous kinds of counterparties from people to sovereign governments and a wide range of sorts of commitments Institutions oversee it in various ways. In evaluating credit hazard from a solitary counterparty, an organization must think about three issues:

- **Default likelihood:** What is the probability that the counterparty will default on its commitment either over the life of the commitment or over some predetermined skyline, for example, a year? Determined for a one-year skyline, this might be known as the normal default recurrence.
- **Credit introduction:** in case of a default, how huge will the exceptional commitment be the point at which the default happens?
- **Recovery rate:** in case of a default, what part of the introduction might be recouped through chapter 11 procedures or some other type of settlement? When we talk about the credit nature of a commitment, this alludes by and large to the counterparty's capacity to perform on that commitment. This includes both the commitment's default likelihood and foreseen recuperation rate.

The objective of credit chance administration is to boost a bank's hazard balanced rate of return by keeping up credit chance presentation inside satisfactory parameters. Banks need to deal with the credit hazard natural in the whole portfolio and the hazard in individual credits or exchanges. Banks ought to likewise think about the connections between credit chance and different dangers. The powerful administration of credit chance is a basic segment of a far reaching way to deal with hazard the board and fundamental to the long haul accomplishment of any keeping money association. The vast majority of a bank's assets are utilized either to make advance or to buy obligation securities. For either utilization of assets, the bank is going about as a loan boss and is liable to credit (default) hazard, or the likelihood that credit given by the bank won't reimbursed. The type of loans provided and the securities purchased will determine the overall credit risk of the asset portfolio. The bank employ credit analyst who review the financial information of a corporation applying for loans and evaluate their creditworthiness. The evaluation should indicate the possibility of that a firm meet its loan payment so that the bank can decide whether to grant the loan.

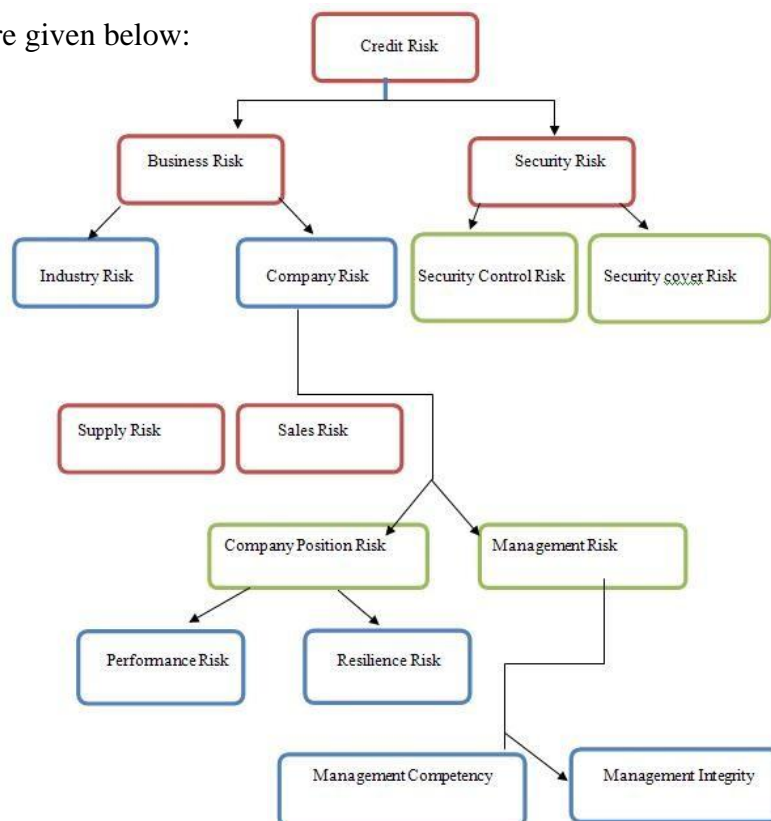
### 3.4 Principles of Credit risk management

- While money related foundations have confronted troubles throughout the years for a large number of reasons, the significant reason for genuine saving money issues keeps on being specifically identified with careless credit norms for borrowers and counterparties, poor portfolio hazard the board, or an absence of thoughtfulness regarding changes in monetary or different conditions that can prompt a weakening in the credit remaining of a bank's counterparties.
- Banks need to deal with the credit chance inborn in the whole portfolio and also the hazard in individual credits or exchanges. Banks ought to likewise think about the connections between credit hazard and different dangers.
- A judicious Banker ought to dependably cling to the accompanying general standards of loaning assets to his clients.
  - Background, Character and capacity of the borrowers
  - Purpose of the office,
  - Term of office,
  - Safety,
  - Security,
  - Profitability,
  - Source of reimbursement,
  - Diversity.
- Since presentation to credit chance keeps on being the main wellspring of issues in banks around the world, banks and their managers ought to have the capacity to draw valuable exercises from past encounters. Banks should now have a sharp attention to the need to distinguish, measure, screen and control acknowledge chance and in addition to confirm that they hold satisfactory capital against these dangers and that they are sufficiently adjusted for dangers acquired.
- While the correct methodology picked by individual directors will rely upon a large group of variables, including their on location and off-site supervisory strategies and how much outside reviewers are additionally utilized in the supervisory capacity. For littler or less refined banks, directors need to establish that the credit chance administration approach utilized is adequate for their exercises and those they have imparted adequate hazard return discipline in their credit chance administration forms.

- A further particular instance of credit risk relates to the process of settling financial transactions. If one side of a transaction is settled but the other fails, a loss may be incurred that is equal to the principal amount of the transaction. Regardless of whether one gathering is basically late in settling, at that point the other party may acquire a misfortune identifying with botched venture chances. Settlement hazard Along these lines incorporates components of liquidity, advertise, operational and reputational chance and additionally credit chance. The dimension of hazard is dictated by the specific courses of action for settlement. Factors in such plans that have an orientation on layaway hazard include: the planning of the trading of significant worth; installment/settlement conclusiveness; and the job of middle people and clearing houses.

### 3.5 Internal and external risk factors of credit risk

The landing risk is to be primarily calculated from two angles, namely, Business risk and security risk. The Business risk is again divided under two categories of risk, i.e., industrial risk and company risk, which again divided into six categories of risks, namely, supply, sales, performance, reliance, management competence and integrity risks, the security risk has been divided into security control and security cover risks. A form has been designed by the FSRP to help assessment of these risks. The form and a short description are given below:



### 3.5.1 Business Risk

- **Supplies Risk:** Supplies risk indicates the risk that the business suffers from external disruptions to the supply of inputs. The components of supplies risk are labor, power, machinery and equipment, factory premises, raw materials etc.
- **Sales Risk:** Sales risk refers to the risk that the business suffers from external disruption to sales. Sales may be disrupted by changes to market size, increase in competition, changes in regulations or due to the loss of a single large customer.
- **Company Risk:** Company risk is of two categories – Company Position Risk and Management Risk. Company Position Risk is of two kinds – Performance Risk and Resilience Risk. Management Risk may be Management Competence Risk and Management Integrity Risk.
- **Company Position Risk Performance:** Performance risk represents the risk that the company's financial position may be so weak that it will be unable to repay the loan, even under favorable external conditions.
- **Company Position Risk Resilience:** Resilience risk refers to the risk that the company fails due to lack of resilience to unexpected external conditions. The resilience of a company depends on its leverage, its liquidity and the strength of its connections.
- **Management Risk Management Competence:** It refers to the risk that the company fails because the management is incompetent. The competence of the management depends upon their ability to manage the company's business efficiently and effectively.
- **Management Risk Management Integrity:** Management integrity risk is the risk that the company fails to repay loan due to lack of management integrity.

### 3.5.2 Security Risk

Security risk is of two categories Security Control Risk and Security Cover Risk.

- **Security Control Risk:** Security Control Risk refers to the risk that the bank fails to realize the security. The danger of neglecting to understand the security relies upon the trouble with which the bank can both acquire a positive judgment and collect.
- **Security Risk Security Cover:** Security cover risk refers to the risk that the realized value of security is less than the exposure; security cover depends on speed of realization and liquidation value.

### 3.6 Credit Policy of Southeast Bank Limited

In order to minimize credit risk, Southeast Bank Limited has formulated a comprehensive credit policy according to Bangladesh Bank Core Risk Management guidelines. Credit approach of the Bank accommodated the division of the credit endorsement work from business, promoting and advance organization work. Credit policy of Southeast Bank Limited recommended through credit assessment and risk grading of all clients at the time of approval and portfolio review. Credit approach additionally gives the rules of required data for credit evaluation, advertising technique, endorsement process, advance observing, early alarm process, credit recuperation, NPL account checking, NPL provisioning and discount strategy, and so forth. The top managerial staff surveys the credit approach of the bank every year.

### 3.7 Credit Risk Management of Southeast Bank Limited

Considering the key components of Credit Risk the bank has isolated obligations of the officers/officials engaged with credit related exercises. Separate division for Corporate, SME, Retail and Credit Cards have been framed which are depended with the obligations of keeping up successful association with the clients, advertising of credit items, investigating new business openings and so on. For straightforwardness in the activities amid the whole credit year four groups have been set up. Those are:

- Credit Approval Team
- Asset Operations Department
- Recovery Unit
- Impaired Asset Management

### **3.8 Wings of Credit Risk Management Department of Southeast Bank Limited**

Credit Risk Management Department of Southeast Bank Limited directed their capacities by six wings. Those are:

- Wholesale Credit
- Retail Underwriting
- SME Underwriting
- Central Collection Unit
- Special Asset Management, SME and Retail Banking
- Special Asset Management and Credit Inspection, Wholesale Banking and Medium Business

Discount Credit, Retail Underwriting and SME endorsing these three wings of Credit Risk Management survey and support the advance for the individual clients. Focal Collection Unit gathers the credit. Uncommon Asset Management wings assist the keep money with recovering Bank's terrible portfolio.

### **3.9 Credit Approval of Southeast Bank Limited**

Discount Credit and Medium Business: Wholesale or corporate Credit implies an authoritative understanding in which a corporate customer gets something of significant worth now and consents to reimburse the moneylender the rule with enthusiasm at some later date. Discount credit (WC) group for the most part cares for two sorts of portfolio.

- Corporate Business: WC group evaluates and supports recommendations from expansive built up corporate and developing business
- Medium Business: WC group financing organizations which have crossed their initial years however has not yet turned into a vast corporate element

### **3.10 Approval Authorities of the Corporate Loans**

The endorsement expert of corporate credit may change time-to-time dependent on business volume and individual behind the work area yet it principally comprises of

- Head of Credit, Wholesale Banking and Medium Business
- Chief Credit Officer
- Managing Director and CEO
- Board Due to vast ticket size of advance office, the greater part of the recommendations gotten by Wholesale Credit group is affirmed by the Board of Directors.

### **3.11 Analyzing Tools and Techniques to Evaluate a Corporate Proposal**

To assess a corporate proposition, Wholesale Credit group apply the General 5C's which are- assess a corporate proposition, Wholesale Credit group apply the General 5C's which are-

- Character
- Capacity
- Capital
- Conditions
- Collateral

### **3.12 Retail Underwriting**

Retail Underwriting is a unit of Credit Risk Management which deals with Retail Loans of the Bank. Total retail underwriting is done from this wing. There is a prescribed Product Program Guide (PPG) for each product & on the basis of that PPG, retail loans are approved. Retail Underwriting is comprised with the following sub units:

- Retail Credit
- Cards Credit
- Authorization & Fraud Control
- Central Verification Unit (CVU)

### **3.13 Retail Credit**

As of now Bank is putting forth Retail Loans under Retail Credit in following three classes:

- Unsecured personal Loan: Unsecured individual credit is spotless advance item where no money security is taken against the advance. Currently Southeast Bank is offering two Types of Unsecured Personal Loans which are Quick Loan and Salary Loan.
- Secured Loan: There are two secured retail loans offered by Southeast Bank which are Auto Loan and House Building Loan.
- Cash Covered loan: The general terms "Money Secured Facilities" is utilized to show two explicit Retail Lending items. These are: Secured Overdraft (SOD) and Secured Loan (SL) which are the significant results of Retail Lending Portfolio of the bank.
- Cards Credit: The main objective of Cards Credit sub wing is to assess the applications and come to a decision whether to approve for issuing of credit card or not. In the event that everything gave archive is alright of a specific application; credit, settle a credit limit as per PPG of Credit Cards. Another imperative activity is finished via Cards Credit is copy checking. This is done to quit issuing more than one card for a specific candidate. To have the control existing Visa database is checked by a few criteria i.e. Name, DOB, Mother's Name, Contact no. and so forth.

### **3.14 Authorization & Fraud Control Unit**

Approval and Fraud Control Unit, Cards is working into three zones:

- Authorization: Authorization is a procedure of endorsement or refusal of an installment card exchange, limit issued in BDT, USD or in double money as per modified sum wanted by client on various time and area. The major activity of the unit is processing credit card cheque request from Southeast Bank Limited branches and ROC"s and providing manual Authorization against specific code.
- Transaction Monitoring: Transaction Monitoring and detection team usually make calls to all Southeast Bank Limited credit card customer (Issuing and acquiring) to verify (POS and non POS) transactions that fall under certain rules. As soon as a suspicious transaction is noticed through live monitoring or internal reports,



Designated officer from detection team contact the customer for authenticity of the transaction. In the event that the client questioned the exchange/s, the card is blocked promptly by setting explicit square code. The client is additionally asked for to send debated letter to Customer Service with respect to the exchange/s.

- **Detection and Investigation:** Detection and Investigation Unit performs to check charge card/credit applications after endorsement to anticipate extortion endeavors on test premise. In the meantime, goal of Investigation group is to examine extortion cases relating on circumstance premise to distinguish the established truths and construct control measures to keep the comparable misrepresentation endeavors in future. **Central Verification Unit (CVU):** As Southeast Bank has a huge customer base it felt the importance of verifying clients before disbursing any loan. The main purpose of this wing is to ensure contact point verification. CVU is submitted is conveying a contact point check (CPV) administrations and other appropriate errand in pertinence to advance, Visa application from forthcoming client's for administrations in purchaser credit division of the Bank.
- **SME Underwriting:** SME Credit team is a unit under Credit Risk Management Division of Southeast Bank Limited which manages the credit risk of Bank's SME credit portfolio. Credit Analysts of SME Credit group survey the proposition with due accentuation on Client's necessity and limit. Amid appraisal the investigators satisfy a Risk Evaluation Sheet (which covers most PPG criteria) to guarantee consistence with Policy and PPG. Distinguishing key dangers engaged with the proposition is a standout amongst the most basic and dubious errands for the credit experts; it requires involvement of taking care of such customers specifically to comprehend the business modalities and all the more imperatively social issues viz. notoriety, character and so on. In contrast to Corporate, Retail and Cards (where all advance proposition require endorsement from Head office) SME acknowledge bargains for endorsement of advance recommendations of certain zone at present.

### **3.15 Credit Collection of Southeast Bank Limited**

- **Credit Collection Unit:** The gathering procedure for SME and Retail begins when the client neglected to make at least one authoritative installment (portion). It subsequently turns into the obligation of the gathering unit to limit the remarkable reprobate receivable and credit misfortunes. Accumulation has a key influence in the credit procedure and in guaranteeing the productivity of benefit items and nature of the portfolio by gathering the reprobate receivables proficiently and viable. The primary target of accumulation is to guarantee that, wherever conceivable, a record that is financially past due is raised to date and the client's altruism is held.
- **Collection Processes:** Customers are furnished with an Offer Letter or Banking Arrangement letter amid Loan payment where the aggregate installment temperament and credit subtleties are portrayed. At the point when a client neglects to satisfy the concurred terms or misses the required installment, the record at that point enters accumulations. Gathering office is in charge of gathering the late sum from the reprobate clients. There are diverse stages engaged with gathering after a record enters misconduct till regularization of the record by recuperating the past due. Fundamentally gathering can be extensively isolated into four phases which are overhauling, finding, gathering and dropping and discount. The maturing of a record in accumulations is with reference to the days since missed installment.
- **Classification of Loan on Basis of Days Past Due:** The dimension of wrongdoings of credit is resolved dependent on the number days past of regularly scheduled payment from first installment date by the client, following are premise of container count as guided in the Days Past Due (DPD):
- **Classification of Loan on Basis of Days Past Due:** The dimension of wrongdoings of credit is resolved dependent on the number days past of regularly scheduled payment from first installment date by the client, following are premise of container count as guided in the Days Past Due (DPD):

<b>Table 3.1: Classification of Loan on Basis of Days Past Due</b>		
<b>Particulars</b>	<b>DPD</b>	<b>Reporting as</b>
Customary Customer	0 DPD	Regular
The aggregate past due is identical to multi month's installment	X DPD(0-29)	Delinquent
The aggregate past due is identical to multi month's installment	30 DPD(30-59)	Delinquent
The aggregate past due is identical to multi month's installment	60 DPD(60-89)	Delinquent
The aggregate past due is identical to multi month's installment. Enthusiasm to be Suspended now.	90 DPD(90-119)	Delinquent
The aggregate past due is identical to multi month's installment	120 DPD (120-149)	Delinquent
The aggregate past due is identical to half Year's installment half charge off now.	150 DPD (150-179)	Delinquent

### **3.16 Cards Collection Unit**

The gathering procedure of MasterCard begins when the cardholder neglected to meet at least one legally binding installment (i.e. least 5 % of the remarkable installment) or surpasses the assigned credit limit or both. It along these lines turns into the obligation of the Collection Unit to limit the extraordinary reprobate receivable and credit misfortunes.

### **3.17 Bad Portfolio Recovery of Southeast Bank Limited**

- **Special Asset Management- SME and Retail Banking:** Special Assets Management (SAM)-SME & Retail Banking is a special department under CRM. Its fundamental job is to recoup the Bank's awful portfolio. SAM manages Bank's non-performing advances through lawful influence/system and encourages outside and inward recuperation powers to keep up Bank's portfolio in danger (PAR) at a consistent position. In view of need, SAM is structured for the most part as SME unit and Retail unit and furthermore two separate units for Legal help and MIS and a Monitoring unit which goes about as inner review of the both portfolio. SAM office manages the legitimate activities with respect to alleviation of terrible portfolio under SME and Retail Banking Division
- **File Transfer:** Files exchange to SAM from SME when the advance scopes at DPD 180. SAM gets the record from Retail when the advance ranges at DPD 360.
- **Legal Notice:** Legal notice issued to SME at DPD 145 and for Retail at DPD 360, SAM-S&R would arrange to serve first legal notice for warning the default borrower to adjust the total outstanding and Second legal notice would be served after bouncing the cheque or before litigation. First lawful notice served midway the nation over and outsider recuperation organizations are working with retail defaulters. Fifteen days in first legitimate notice and thirty days in second lawful notice under NI Act given to the defaulter to change the aggregate remarkable. SAM will offer Auction to recuperate the late credit against sold properties previously documenting the case.
- **Write- off Management:** Southeast Bank has a specific Write-off policy developed based on Bangladesh Bank circulars. SAM steps up with regards to discount awful portfolios according to strategy if following criteria fulfilled, a) Classification status will be Bad/Loss (BL) b) 100% gave c) Litigated (under any sort of Law of the land).
- **Waiver process:** SAM with its country wide recovery structure takes initiative to settle bad loans amicably by giving delinquent customer waiver facility. The waiver sum will be settled on judgmental premise i.e. influenced by regular disasters, end, business shut and so forth be that as it may, in any cases; waiver of vital bit isn't granted.

- Case Withdraw: SAM pull back the situation when a contested defaulter changes extraordinary sum in full with refreshed intrigue, lawful expenses and different costs assuming any, and additionally upon genial settlement SAM pulls back the body of evidence against such defaulters on receipt of freedom testament from Operations.
- External outsider office Management: SAM hands over the documents to outsider recuperation office following multi month of issuance of first legitimate notice. Just the retail credit documents, which are reprobate (if least 30% of extraordinary isn't recouped inside 30 days after first lawful notice) are given over to redistribute. SAM takeover the records from outsider recuperation organization following 90 days.
- Special Asset Management & Credit Inspection - Wholesale Banking & Medium Business: Special Asset Management & Credit Inspection - Wholesale Banking & Medium Business department is split up from the Corporate CRM to maintain and ensure appropriate recovery strategies are implemented as per policy guideline. The department functions under three important areas which are as follows:
  - Credit Inspection through File and Field level area
  - Early Alert Account
  - Legal Procedure
- Credit Inspection: Credit Inspection through file and field level area deals with all matters relating to credit inspection, ensuring compliance of Southeast Bank Limited policy towards credit granting process, corporate portfolio review and physical inspection of client's premise and files, including security documents, for providing management information reports on a regular and ad hoc basis.
- Early Alert Account (EAA): Early Alert Process is an effective tool & technique that help Southeast Bank Limited in detecting any deterioration in corporate and medium enterprise clients account and trigger Banks problem accounts at an early stage so that proper attention can be given to avoid any losses. An Early Alert Report (EAR) is created by particular RM and sent to CRM inside 07 days for recognizable proof of shortcoming and other inconsistency. Based on market data/industry position or other abstract issues which has some solid ground, CRM may prescribe exchanging the status of an ordinary record to EAA status.

- Legal Procedure: SAM and CI manage overseeing disabled resources, Non-Performing Loan and the related lawful angles.
- Account Transfer Procedure: When an account is being downgraded to SS and below, a Request for Action (RFA) along with a checklist should be completed by RM with the help of CRM division and forwarded to Head of Special Asset Management & Credit Inspection” (HOSAM & CI) for acknowledgement
- Non-Performing Loans Account Monitoring: Nonperforming credits (NPLs) allude to those budgetary resources from which banks never again get premium or potentially portion installments as booked. As the record is given over to SAM and CI, WB and MB, the record is doled out to a record chief inside SAM, who will audit all documentation, meet the client with RM and set up a Classified Loan Review (CLR) report. The CLR must be endorsed by the Chief Credit Officer and duplicated to the Head of Corporate Banking. The underlying CLR should feature any documentation issues, advance organizing shortcoming, proposed exercise methodology and look for endorsement for any advance misfortune arrangements that are important (Please observe Appendix for subtleties of activities taken for NPLs).

# **Chapter 4**

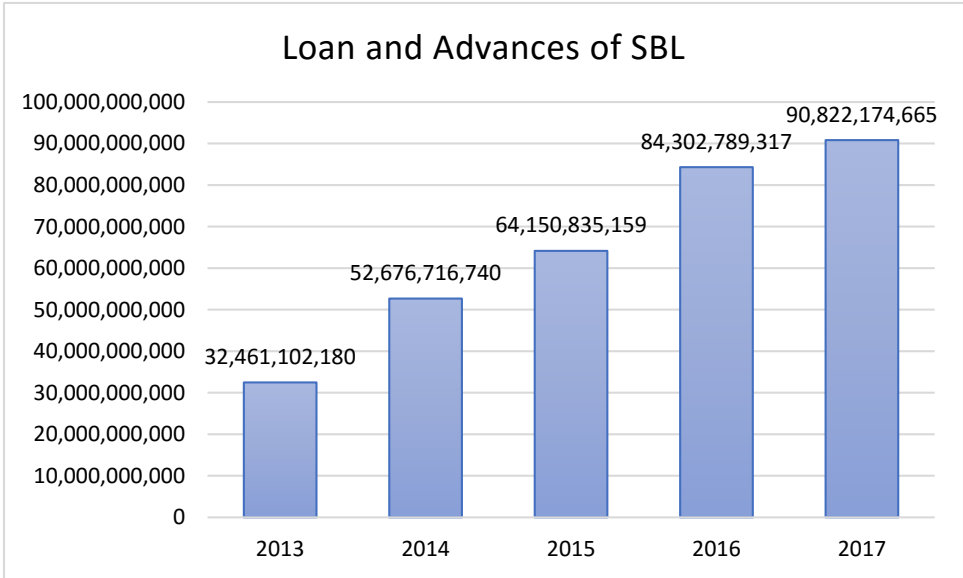
## **Performance Analysis**

### 4.1 Loan and Advance of SBL

The real strength of an organization is tested when it is able respond to the challenges the environment throws up and turns them into an advantage. Despite the declining trend of interest rate, demand for private sector credit has remained largely low even though we have succeeded to continue the positive pace.

Year	Loan & Advances	Growth rate
2013	32,461,102,180	
2014	52,676,716,740	62%
2015	64,150,835,159	22%
2016	84,302,789,317	31%
2017	90,822,174,665	8%

Table 4.1: Loan and Advance of Southeast Bank Limited



Year wise total loans and advances of SEBL are also increasing year by year. In 2013 the total loan was TK. 32,461,102,180. It was increased to tk. 52,676,716,740 in 2014. In 2016 it was Tk. 84,302,789,317 and that is increased Tk. 90,822,174,665 in 2017. From the graph it can be seen that total loan and advances of SEBL are increasing because of their attractive and flexible loan packages. SEBL maintains an effective portfolio which has been diversified to avoid risk of single industry concentration. At present, bank engages to give loan and advance in such vital economic sectors as trade finance, readymade garments, textile, steel, ship and travel services, paper and packaging, agro based industry, SME etc.



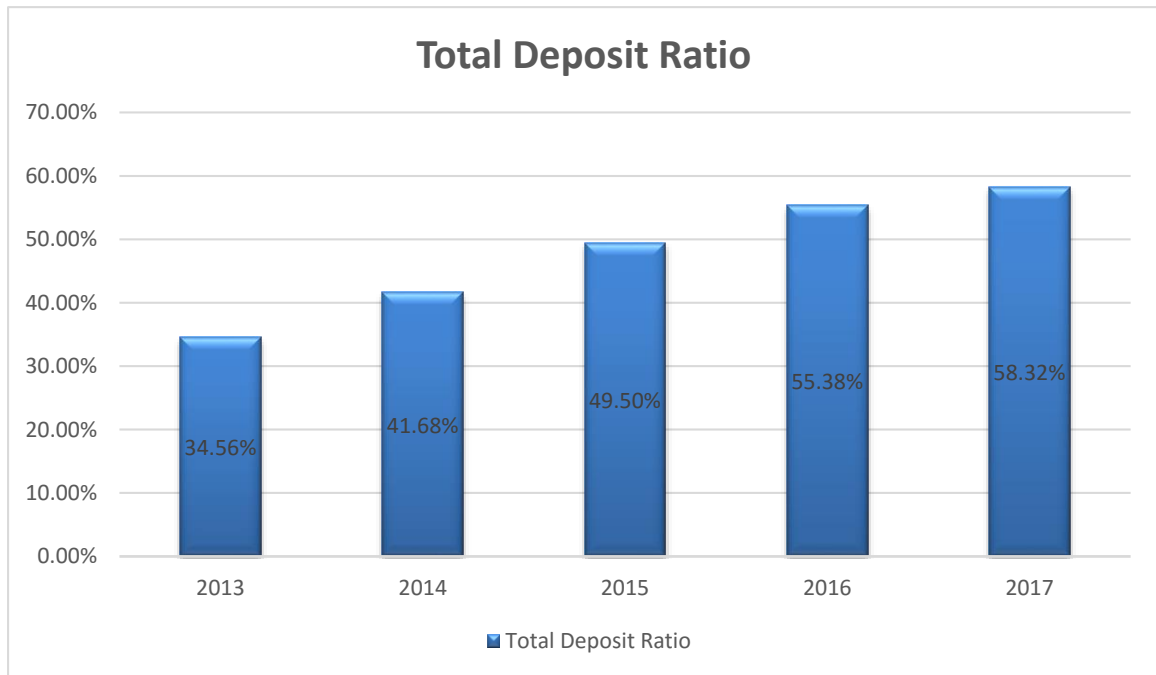
**4.2 Loan to Deposit Ratio:**

Loan to deposit ratio is a ratio between the banks total lends and total securities. The ratio is generally expressed in percentage terms .If the ratio is lower than one, the bank relied on its own deposits to make loans to its customers, without any outside borrowing. If on the other hand the ratio is greater than one, the bank borrowed money which it reloaded at higher rates, rather than relying completely on its own deposits. Banks may not be earning an optimal return if the ratio is too low. If the ratio is too high, the banks might not have enough liquidity to cover any unforeseen funding requirements or economic disasters. Banking analysts normally used metric for assessing a bank's liquidness.

**Loan to deposit ratio:**

(Amount in Million)

<b>Year</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Total Loan & Advances	32,461,102,180	52,676,716,740	64,150,835,159	84,302,789,317	90,822,174,665
Total Deposit	17751946143	18947254757	210431578	2299734345	24287505412
Loan to Deposit Ratio	34.56%	41.68%	49.50%	55.38%	58.32%



Year wise total loans to deposit of SEBL are also increasing year by year. In 2013 the total loan was TK. 32,461,102,180. It was increased to tk. 52,676,716,740 in 2014. In 2016 it was Tk. 84,302,789,317 and that is increased Tk. 90,822,174,665 in 2017. From the graph it can be seen that total loan to deposit of SEBL are increasing because of their attractive and flexible loan packages. SEBL’s deposit also increasing year by year.

### 4.3 Standard Loan:

Standard loan is an unclassified loan. These sorts of credit accounts are performing attractively in the terms of its portions and no past due is happened.

Standard Loan of Southeast Bank Limited				
Year	Total Loans and Advances (BDT)	Amount of Standard Loan (BDT)	Growth rate	Ratio of Standard
2013	32,461,102,180	30,001,002,686		92.42%
2014	52,676,716,740	49,102,865,704	64%	93.22%
2015	64,150,835,159	57,728,435,549	18%	89.99%
2016	84,302,789,317	77,162,088,870	34%	91.53%
2017	90,822,174,665	83,649,643,140	8%	92.10%

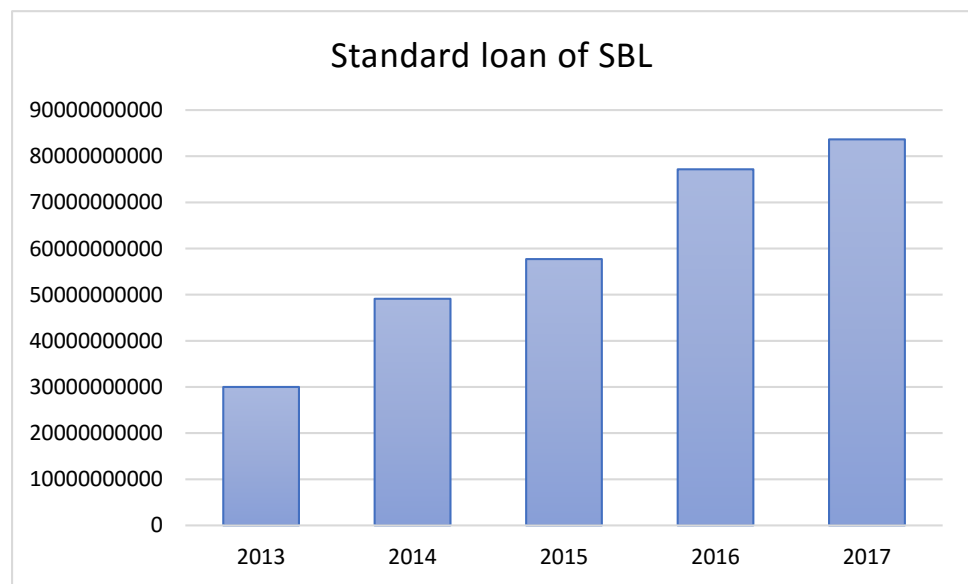


Figure 4.3: Standard Loan of Southeast Bank Limited

Above the bar charts showing that standard loan of standard bank limited between 2013 to 2017. In 2013 their standard loan amount are 30,001,002,686 which ratio of standard is 92.42% and the next years it is growing than the last years which was ratio rate is 93.22%. And the couple of three years its slightly increasing of 2016 to 2017 but in 2015 are falling than the other years.

#### 4.4 Special Mention Account

Special Mention Account is an unclassified type of loan. This characterization contains where inconsistencies have been happened yet such anomalies are briefly in nature. The past due time of this sort of advance is 91-180 days.

Special Mention Account of Southeast Bank Limited				
Year	Total Loans and Advances (BDT)	Amount of Special Mention Account (BDT)	Growth Rate	Ratio of SMA to
2013	32,461,102,180	1,015,321,964		3.13%
2014	52,676,716,740	1,100,839,246	8%	2.09%
2015	64,150,835,159	2,544,742,867	1.31%	3.97%
2016	84,302,789,317	2,211,142,271	-13%	2.62%
2017	90,822,174,665	2,217,648,340	0%	2.44%

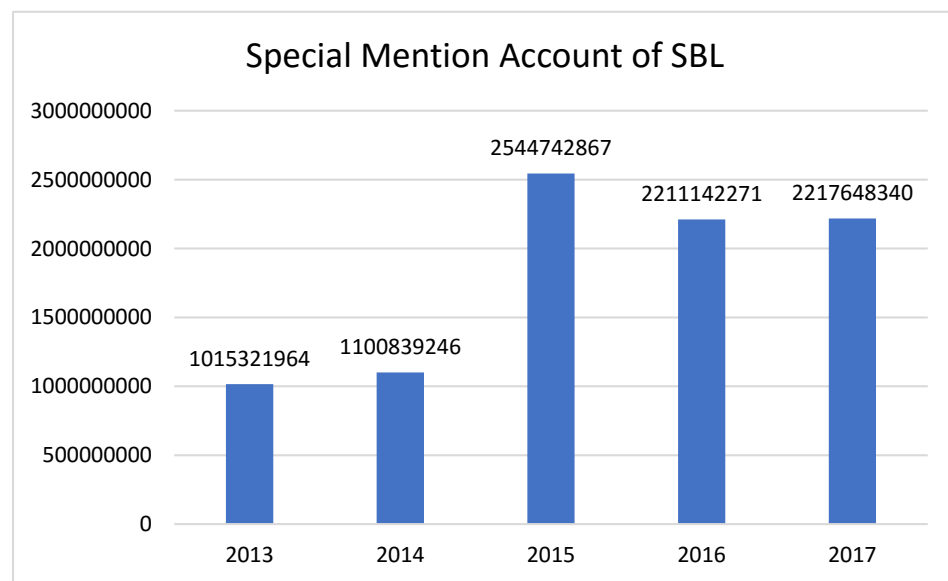


Figure 4.4: Special Mention Account of Southeast Bank Limited

From the above figure, it can easily be understanding that in year 2014 their special mention account loan 8% where the ratio to be 2.09% and the next year of 2015 the rate is 31% it is higher than last year's so the years of 2016 its going be to be decreases the rate is -13% and furthermore the final year in 2017 the growth rate is 0%.

## 4.5 Sub Standard Loan

Sub Standard is a classified loan. The past due time of this kind of advance is 181-270 days.

Sub Standard Loan of Southeast Bank Limited				
Year	Total Loans and Advances (BDT)	Amount of Sub standard Loan (BDT)	Growth Rate	Ratio of Sub standard
2013	32,461,102,180	646,601,996		1.99%
2014	52,676,716,740	1,004,430,866	55%	1.91%
2015	64,150,835,159	1,504,126,278	50%	2.35%
2016	84,302,789,317	1,142,795,194	-24%	1.36%
2017	90,822,174,665	1,487,012,988	30%	1.44%

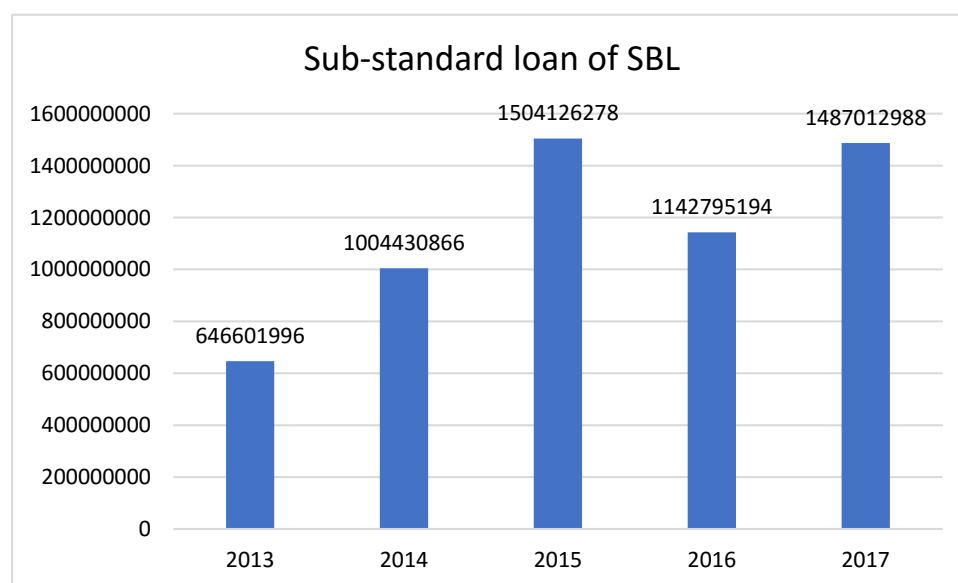


Figure 4.5: Sub Standard Loan of Southeast Bank Limited

From the above table it is identified that in 2014 their substandard loan growth rate is 55% which is higher than others year but unfortunately in 2016 their growth rate is gone to be decreases the rate is (-24%) which is very unlucky to the standard bank so the last years of 2017 are respectably growth rate is increases where the rate is 30%.

## 4.6 Doubtful Loan

This arrangement contains where question exists on the full recuperation of the credit and advance alongside a misfortune is foreseen however can't be quantifiable at this stage. The past due time of this sort of credit is 271-360 days. This sort of advance is a case of characterized advance.

Doubtful Loan of Southeast Bank Limited				
Year	Total Loans and Advances (BDT)	Amount of Doubtful Loan (BDT)	Growth Rate	Percentage of Doubtful Loan in Total Loans
2013	32,461,102,180	317,048,692		0.98%
2014	52,676,716,740	684,605,428	116%	1.3%
2015	64,150,835,159	990,855,828	45%	1.54%
2016	84,302,789,317	1,430,876,989	44%	1.7%
2017	90,822,174,665	1,289,101,344	-10%	1.42%

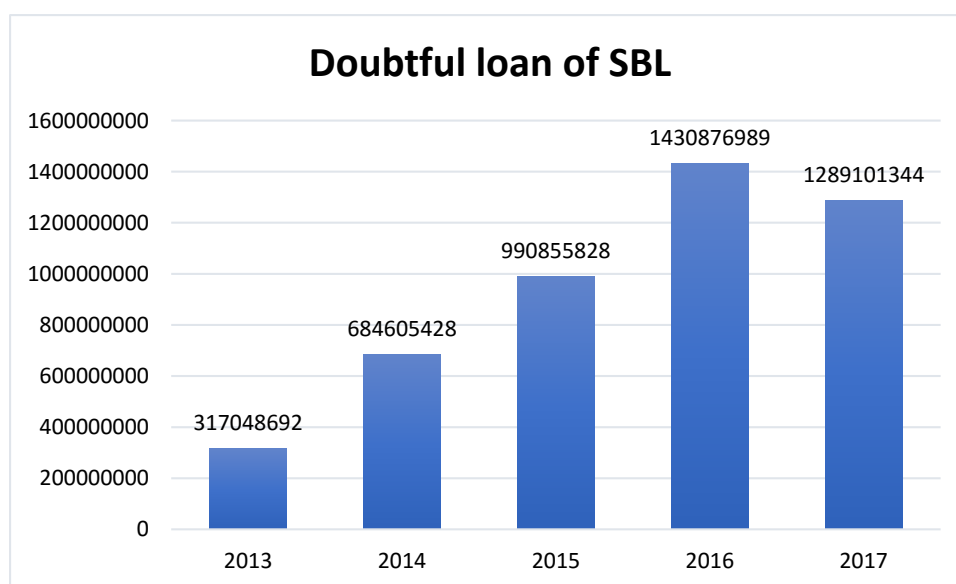


Figure 4.6: Doubtful Loan of Southeast Bank Limited

From the figure of 4.6 it shows the doubtful loan of SBL in 2014 their doubtful loan growth rate is 116% which is much higher than the other years and the next years of 2015 their growth rate is 45% and 2016 are respectably same as the early years but last and final years of 2017 their growth gone to decreases which is -10%.

## 4.7 Bad/Loss Loan

Bad/Loss Loan is a particular loan and advance fall in this class when it seems that this loan and advance is not collectable or worthless even after all the security has been exhausted. This kind of advance isn't recouped inside over 360 days. This sort of credit is another case of arranged advance.

Bad/Loss Loan of Southeast Bank Limited				
Year	Total Loans and Advances (BDT)	Amount of Bad/Loss Loan (BDT)	Growth Rate	Percentage of Bad/Loss Loan in Total Loans and Advances
2013	32,461,102,180	481,126,842		1.48%
2014	52,676,716,740	783,975,496	63%	1.49%
2015	64,150,835,159	1,382,674,637	76%	2.16%
2016	84,302,789,317	2,355,885,993	70%	2.80%
2017	90,822,174,665	2,361,372,301	0%	2.6%

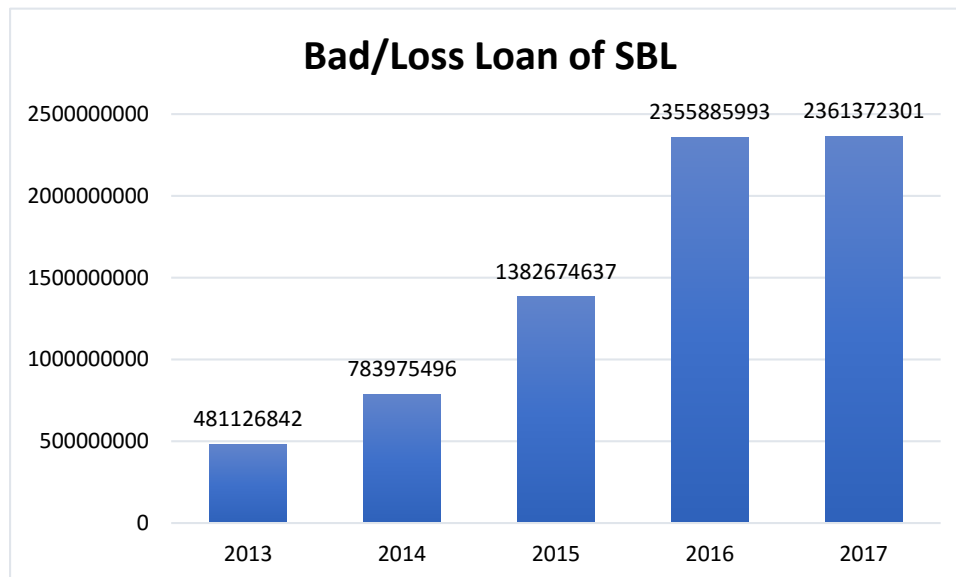


Figure 4.7: Bad/Loss Loan of Southeast Bank Limited

From the above graph it represents that the overall Bad/loss Loan and its growth rate was increasing. In 2013 it was 63% and in 2016 it was 70%. So, the average growth rate of bad/loss loan is not satisfactory. In 2017 the amount of Bad/loss loan is not much increased. So it was good for the bank.

## 4.8 Loan Recovery Performance of Southeast Bank Limited

The recovery performance of the bank was not so good during the period 2010-2014. In the year 2013, The Bank recovered that most percentage of recovery write off to total write off loans and advances which is 8.73%. But the rate declines in 2014. Loan recovery is a time consuming and there are lots of works to do for the recovery of loans.

Loan Recovery Performance of Southeast Bank Limited			
Year	Write off Loans and Advances (BDT)	Recovery of Write off Loans (BDT)	Ratio of Loan Recovery to Total Write off Loans and Advances
2013	103,825,117	5,104,282	4.92%
2014	160,400,517	6,573,347	4.10%
2015	1,156,448,923	55,497,494	4.80%
2016	2,123,858,831	185,483,529	8.73%
2017	2,932,247,750	224,876,871	7.67%

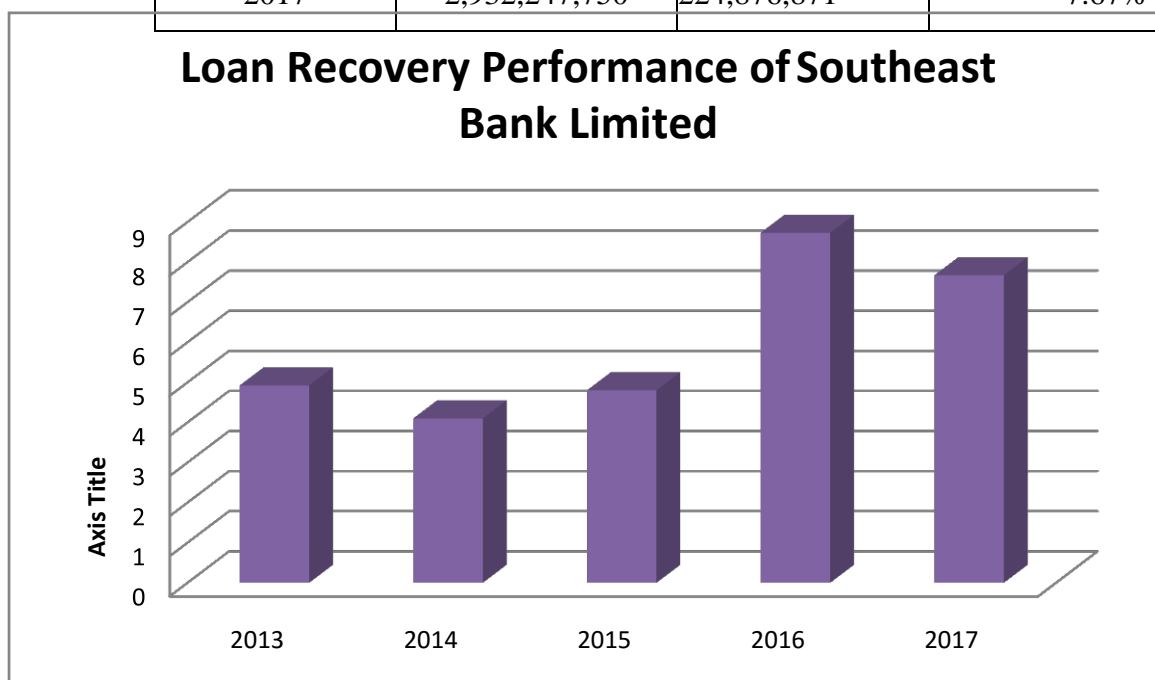


Figure 4.8: Loan Recovery Performance of Southeast Bank Limited

From the above figure it can be determine that the loan recovery ratio in 2013 was 4.92% and it decrease at 4.10% in 2014. Then it increased at 8.73% in 2016 as huge amount. But in 2017 it again decreased in 7.67%. So, the loan recovery performance



is fluctuating year by year.

#### 4.9 Sector wise Loans of Southeast Bank Limited

Particulars	2017	Ratio
Agriculture and Fishery	1187.47	4.85%
Jute and Jute Goods	980.00	4%
Transport, Storage & Communication	345.66	1.41%
Ship Breaking	119.35	.49%
Textile and Readymade Garments	2035.92	8.32%
Food and Allied Industry	280.00	1.14%
Construction and Engineering	106.91	.44%
Pharmaceuticals and Chemicals	151.79	.62%
Leather	383.87	1.57%
Power & Energy	904.68	3.70%
Profession and Service	160.51	.66%
House Service	335.82	1.37%
Wholesale/ Retail	2730.01	11.15%
Personal Loan	2908.47	11.89%
Others	11849.72	48.39%
Total	24480.18	100%

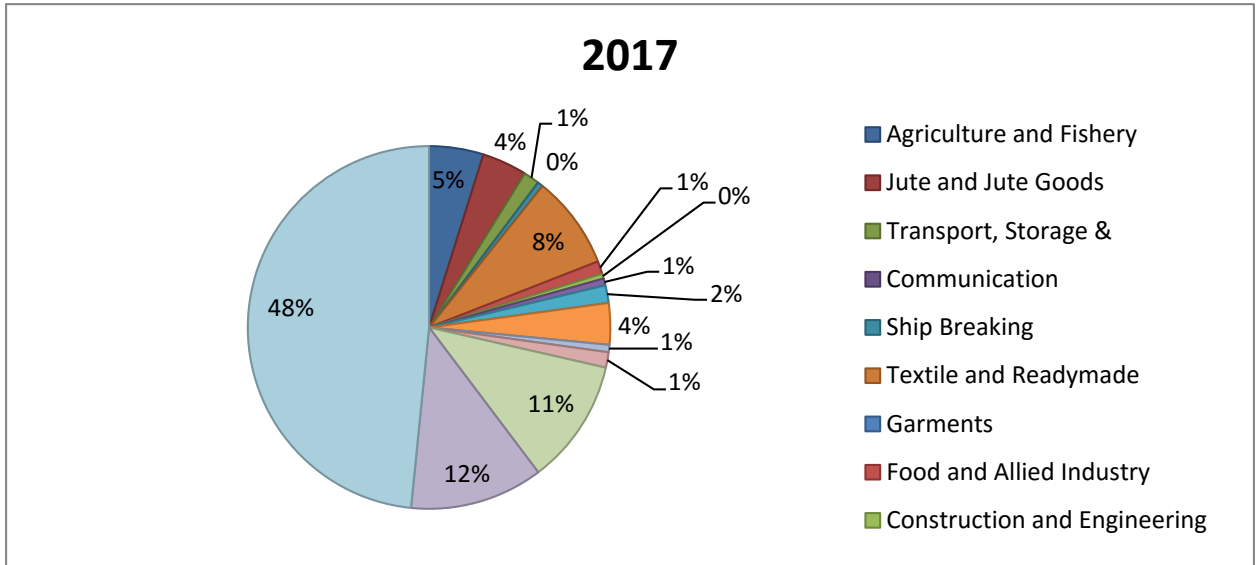


Figure 4.9: Sector wise Loan of Southeast Bank Limited

In the above figure and graph we have seen that, sector wise loan of Southeast Bank Limited year 2017. This was showing the Agriculture and Fishery 4.85%. Here Southeast bank limited in other sector in 48.39% and the lowest loan provide in Construction and Engineering .44%, leather and house services loan around 1.5%.

# **Chapter - 5**

## **Findings, Recommendations & Conclusion**

## 5.1 Findings of the Study

By analyzing the credit risk management practice of Southeast Bank and their performance in last five years the following:

1. The SEBL bank's loan and advance were increasing gradually which was 90822174665 in 2017 were much more than the previous four years. Last year loan was increased by 8% from the 2016 year.
2. Though the SEBL bank loan to deposit was also increasing year by year and the ratio was 34.56% in 2013 is the lowest in five years.
3. The standard loan was 92.42% in 2017. Where 2016 was 91.53% standard loan. It should be 70% -75%.
4. Here SMA credits of SEBL bank were fluctuating over the multi-year. In the time of 2015 it was 3.97% however in 2017 it was just 2.44%. Here, SBEL bank was decreasing its SMA advance.
5. The sub-standard loan also fluctuating. In 2013 to 2014 it was decreased 1.99% to 1.91%. But in 2015 it increased 1.91% to 2.35% after that it was again decreased.
6. The proportion of doubt full loan was increasing gradually. In 2013 it was lowest than other years but in 2016 it was the highest which was 1.7%.
7. The bad loan of SEBL also increasing year by year. In 2016 was much more than other four years.

## 5.2 Recommendations

To improve credit risk management further, Southeast Bank Limited should improve in some areas. Those are:

1. Need to expand the store of credit proportion. SBEL bank needs to make community who will unsurpassed screen the credit chance administration framework.
2. Need to elevate their movement to make mindfulness in individuals of the bank. It tends to energize the general population for taking advance.
3. Standard advance proportion SBEL bank ought to present and enhance data arrangement and should screen that the guidelines of credit the executives are entirely pursued
4. SBEL bank should focus on SMA credit area since it is diminishing. Generally, it was diminishing to an ever increasing extent.
5. For diminishing sub-standard advance SBEL bank can grow more redone parameters for credit endorsement process under the general rule of Bangladesh bank.
6. For enhancing the dicey credit's execution and stable business condition securities must be esteemed appropriately.
7. For lessen the terrible and misfortune credit, SBEL bank ought to make weight on to the customer for opportune reimbursement and make the essential legitimate move against obstinate advance defaulter. It ought to be by the legitimate way.

### **5.3 Conclusion**

As an organization the Southeast Bank Limited has earned the reputation of top banking operation in Bangladesh. The bank is significantly more organized contrasted with some other banks working nearby or outside in Bangladesh. It is unwavering in quest for business development and enhancement. It has notoriety for being an accomplice of customer development. With a bulk of qualified and experienced human resource, Southeast Bank Limited can exploit any opportunity in the banking sector. It is pioneer in presenting numerous new items and administrations in the managing an account segment of the nation. In addition, in the generally speaking keeping money area, it is unmatched with some other banks as a result of it's across the board branch organizing thought the nation.

This report tries to figure out most of the indicators of problems and strengths of Southeast Bank Limited as a valid pretender in the competitive banking sector of Bangladesh. A severe cut throat competition is going on currently in this sector and that's why Southeast Bank Limited has to work out with different dimensions like product diversification, market forecasting, proactive activities undertaken by Southeast Bank Limited and some suggestion to get rid of the predicaments that exist. Credit Risk Management is essential for any bank. As a third generation bank, Southeast Bank Limited has a great credit risk management practice which is one of the best in Bangladesh. To set up this temporary job report, I have endeavored to fuse the important and significant data in my report from my very own involvement and different sources. The study was conducted by using the data of Southeast Bank Limited from the year 2013 to 2017.

## References

- **Annual report of SBL from year 2013 to year 2017**
- **Website of SBL, <https://www.southeastbank.com.bd/www.google.com>**
- **<http://www.investorwords.com>**
- **Wikipedia**
- **Slide share**