Internship Report
on

"An Analytical Study on the Credit Performance of Southeast Bank PLC"

Prepared by:

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Submission Date: 27 October 2025

Letter of Transmittal

Date: October 20, 2025

To
Mr. Repon Miah Assistant Professor
Department of Business Administration
Daffodil International University
Daffodil Smart City, Ashulia, Dhaka-1341

Subject: Submission of Internship Report on *"An Analytical Study on the Credit Performance of Southeast Bank PLC"*

Dear Sir,

It is with great pleasure that I submit my internship report, in good faith, as **An Analytical Study on the Credit Performance of Southeast Bank PLC**. The report was written considering the course requirement of the completion of Bachelor of Business Administration (BBA) degree program at Daffodil international university. It is the result of my three months internship in **Southeast Bank PLC, Dhanmondi Branch, Dhaka** where I got a chance to be posted in the Credit Department.

The report is a reflection of the field knowledge, experiences, and observations I had on the credit operations and management procedures of the bank. The guidance, constant support, and compassionate supervision of my internship experience are what I am extremely thankful to have been provided with.

I do hope that this report meets your expectations and the academic level required in the university. Please take my humble submission and make your considered comments and review.

Sincerely Yours,
Md. Abir Rahman
Student ID: 221-11-1461
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Certificate of Supervisor

This is to confirm that Md. Abir Rahman, student number 221-11-1461, a student of the Bachelor of Business Administration (BBA) course under the department of Business Administration, Daffodil international university, has completed his internship in Southeast bank plc, Dhanmondi branch, Dhaka within the officially stipulated time.

This internship report is entitled; an analytical study of the credit performance of Southeast Bank PLC and was done under close guidance and supervision. The work is a reflection of his true commitments, diligence and clarity of the topic, formed due to the direct practical work and observation during the internship.

As far as I know, the report is completely original and has not been submitted to any other university or institution to earn any academic award. I wish him all the best in his future achievements not only in academics,But also in his career.

11/11/2025

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Mr. Repon Miah

Assistant Professor

Department of Business Administration

Faculty of Business and Entrepreneurship

Daffodil International University

Date: 11-11-2025

Student's Declaration

I **Md. Abir Rahman**, with **Student ID 221-11-1461**, declare that the internship report of this subject is written by myself, and is my original and authentic work, which was written during my internship term at the Department of Business Administration, Daffodil International University.

I also testify that this report was not filed, either in entirety or in parts, to any other university or institution to earn any academic degree or diploma. Any data source, material and other references employed to prepare this report have been cited and credited appropriately. I hold myself entirely accountable of the validity, genuineness, and soundness of information and analysis provided in this paper.

Md. Abir Rahman

ID:221-11-1461

Department Of Business Administration

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Daffodil International University

Date: 11-11-2025

Acknowledgement

To begin with I would like to say that I am extremely grateful to the **Almighty Allah** who has blessed me with good health, patience and endurance to complete my internship and this report successfully.

I would like to offer my deepest gratitude to my esteemed supervisor, **Mr. Repon Miah**, Assistant Professor, Department of Business Administration, **Daffodil International University**, in regards to his guidance, excellent advice, and support, which he showed me during the internship process as well as the time I prepared this report. The experience of being mentored by him has been a great learning and inspirational experience.

I also wish to say my utmost gratitude to **Mr. Mohammad Ujjal Hossin**, Senior Vice President, and all the officers and staffs of the **Southeast Bank, Dhanmondi Branch**; their cooperation, patience, and valuable help were very cordial and useful. Their experience in the operations of a bank and specifically in the credit department contributed a lot to my knowledge about the banking activities in the real world.

I also want to thank my dearest parents and well-wishers with the unconditional love, constant prayers, and support that have always been my strength and incentive in all the life phases.

Finally, I should also like to say that I would not be where I am today without the consistent academic support and collaboration of the esteemed faculty members and classmates at **Daffodil International University** whose support and company have helped me a lot in the process of my education.

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Executive Summary

This internship report has been written in the partial completion of the stipulations of Bachelor of Business Administration (BBA) program at Daffodil International University. The report is entitled "**an analytical study on the credit performance of Southeast Bank PLC**" and is based on my three months of internship at Dhaka, Bangladesh in the Dhanmondi branch of southeast bank PLC.

The main aim of this research is to have knowledge on how the Southeast Bank PLC undertakes its credit practices, the performance of their loans and how they retain the credit risk within the provisions of the Bangladesh Bank. As lending operations are the primary source of revenues and a possible threat to the commercial banks, the report focuses on the manner in which the Southeast Bank is able to record profitability and stability by using effective credit management and a well-developed system of loan monitoring.

Both **primary and secondary data** are used in the study. Primary data have been collected in the form of direct observation, informal interviews with the bank officials, and involvement in credit-related activities throughout the internship. The secondary data were obtained through published documents such as annual reports, research articles and other bank documents. The report gives a summary of the bank lending procedures, credit issuance systems, risk rating structure and recovery of loans. It will also have an analytical discussion of the credit performance of the bank based on major financial ratios and portfolio trends of the last five years.

The results indicate that Southeast Bank PLC has been able to sustain strong credit growth and slowly increase the risk management practices. However, other problems like rising non-performing loans (NPLs) and increased requirements in terms of provisioning remain a source of concern to profitability. Recommendations to better the monitoring of loans, accuracy of documentation and better adherence of credit regulations are also given in the conclusion of the report.

In general, the internship enabled me to have a fruitful exposure to how contemporary banking works, enhanced my knowledge on credit management, and acquired analytical as well as professional skills that will go into my future career in the banking and financial industry.

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CHAPTER -01
INTRODUCTION

An Analytical Study on the
Credit Performance of
Southeast Bank PLC

1.1 Introduction

The internship course of Bachelor of Business Administration (BBA) at Daffodil International University is meant to provide the students with a practical knowledge of the way organizations work. It helps bridge the gap between theory and practice in academic knowledge, which means that students can apply classroom theory to practice and see how managerial and financial theory can be applied in practice.

In order to meet this demand, I have gained my internship experience with Southeast Bank PLC, which is one of the leading private commercial banks in Bangladesh that provide corporate, retail, SME, and Islamic banking services. I was sent to the Credit Department, Dhaka branch, Dhanmondi where I was able to observe and assist in daily credit operations: loan appraisal, documentation, disbursement and recovery operations.

This field experience helped in taking clear picture on how Southeast Bank PLC manages its lending portfolio, how it considers credit suggestions and how it regulates the possible risks without going out of the regulations of Bangladesh bank. I can also say that it made me feel how I can connect the theory I studied in my courses of finance and banking to practical processes, which is why my skills of analysis and problem solving were reinforced.

The current report, which is titled, An Analytical Study on the Credit Performance of Southeast Bank PLC, is an overview of the credit performance of the bank in the recent years. It analyses the effectiveness with which the institution is striking a balance between profitability and risk by prudent lending and effective credit management. In a wider context, the paper demonstrates the importance of credit management in the current competitive banking sector and how Southeast Bank PLC is promoting the economic growth of Bangladesh by conducting responsible and effective credit business.

1.2 Background of the Study

The Bangladesh banking sector is at the centre of economic development by organizing financial resources and providing loans to other sectors of the economy. Credit operations are the most important of these numerous services offered by the banks since they directly determine the profitability, the creation of employment, and the general growth of industries.

Southeast Bank PLC (SEBL) is among the leading non-government commercial banks in the country that is steered by the vision to provide quality financial services and contribute to the national development. The bank has since its formation expanded its network in Bangladesh and has gained a good reputation in effective financial management and ethical business conducts.

The credit performance of a bank is a valuable indicator of financial health and performance of the bank. Effective credit management enables a bank to provide credit to trustworthy borrowers in a responsible way, manage the risk exposure and achieve maximum returns. On the other hand, low credit performance will lead to an increase in non-performing loans (NPLs) and thus leading to liquidity, profitability, and capital weakness.

The current competitive financial market conditions have made it crucial to ensure that the institutions such as the Southeast bank PLC maintain a sound credit portfolio that gives them profitability as well as effective risk management. This is why the analysis of the credit performance of the bank can provide the helpful information about its financial productivity, quality of loans, and the overall contribution that it makes to the national economy.

This paper, which is analytical study on credit performance of the Southeast Bank PLC aims at determining the efficiency of credit management practices of the bank, the challenges currently facing the bank, and the strategies that will help the bank to achieve sustainable and efficient lending activities.

1.3 Scope of the Study

The proposed study focuses on evaluating the credit performance of Southeast Bank PLC that particularly focuses on actions of the Credit Department in its Dhanmondi Branch in Dhaka. The report brings out the practical aspect of the way the bank undertakes its lending activities, creditworthiness evaluation, and credit risk monitoring and management as well as compliance regime with the set regulations of the Bangladesh Bank.

The areas that are addressed in the study include the following:

- Monitoring of procedures of loan processing, documentation and disbursement.
- Analysis of credit risk rating and recovery processes.
- The performance indicators of the bank in terms of credit growth and non-performing loans (NPLs).
- Review of credit approval chain and internal control procedures.
- Assessment of the quality of application of the head office credit policies in the daily activities of the branch.

But this study is limited to one branch and therefore it can not fully represent the performance of the entire Southeast Bank PLC. Nevertheless, the report gives a depiction of the real picture of the credit operations at the branch level of the bank and gives valuable information on how SEBL manages to maintain the quality of its loan portfolio and continue to profit and reduce the impact of credit risk.

1.4 Significant of the Study

This research on credit performance of Southeast Bank PLC has a significant weight because of a number of reasons. Good credit management in the banking sector is directly associated to profitability, liquidity and financial stability of a bank in the long run. Credit performance analysis helps in demonstrating the efficiency of a bank in the way it is using its financial resources as well as the quality of its loans and the possibility of defaulting.

To students and researchers, this report will provide them with a practical insight into how theoretical ideas on credit management and risk assessment are applied in a real banking setup. It helps to fill the gap between theoretical knowledge and the practice on the field, which reinforces analytical and professional skills.

To **Southeast Bank PLC**, the research can be seen as a useful instrument to analyze the current credit management model used by the company. The results will help the management of the bank to reveal weaknesses and strengths in the loan appraisal, credit risk grading and recovery processes and therefore help to streamline and improve its overall credit strategy.

To the general banking sector, this research contributes to the insight into how the commercial banks in Bangladesh, especially the privately-owned ones, direct their credit portfolios in a more competitive and highly competitive, regulated environment.

The study is overall important because it highlights the need to have efficient credit management in ensuring financial stability, improvement of asset quality and sustainable growth in the banking industry of the country.

1.5 Objectives of the Study

Broad Objective: To analyze the credit performance of the Southeast Bank PLC.

Specific Objectives:

1. To understand the process of credit appraisal, sanction, and disbursement at Southeast Bank PLC.
2. To analyze the credit risk assessment and grading methods followed by the bank.
3. To examine the loan monitoring, recovery, and NPLs of the Bank.
4. To provide recommendations for the credit Performance of the bank and ensure financial performance.

These were the goals set and which were developed in order to have an in-depth knowledge of what is happening in the credit operations of the bank and to relate theoretical knowledge with actual knowledge acquired in the process of the internship experience.

1.6 Methodology

This chapter presents the research procedure that was followed in order to prepare the report entitled, An Analytical Study on the Credit Performance of Southeast Bank PLC. It outlines the approach that has been taken in the collection, organization, and analysis of data so that the study objectives are achieved. The methodology was meant to make the findings accurate, reliable, and obtained in a systematic and structured way.

1.7 Research Design

The research design used in the study is a descriptive research design, which seeks to analyze and interpret the existing data involving credit performance of Southeast bank PLC. In this manner, the current situation of the bank in terms of credit operations and its effectiveness in managing the credit risk and recovering loans can be outlined.

The study plan is a combination of quantitative and qualitative research. Quantitative data were utilized to provide a performance overview in terms of financial ratios, figures, and trend analysis whereas qualitative analysis was implemented to acquire an insight into the real operations of the bank in its credit practice alongside internal policy and management practices. Through the integration of these two strategies, the research gives a balanced insight in the theoretical aspects and the practical realities on credit performance of the Southeast Bank PLC.

1.8 Sources of Data

In order to have a comprehensive and reliable analysis, both the primary and secondary sources of data have been used in this study. These sources provided the necessary data that is needed to analyze the credit performance of Southeast Bank PLC taking into consideration the practical experience as well as the theoretical views.

- **Primary Data:** Primary data were collected personally at the Dhanmondi Branch of Southeast Bank PLC in the period of internship. The data was obtained in the following ways:
  - The Branch Manager, Credit Officer, and Client.

- **Secondary Data:** A variety of published and official documentation were collected as secondary data to reinforce findings of the study and provide a wider view of the overall performance of the bank. The following were the secondary sources:
  - The annual reports of Southeast Bank PLC which were published in 2020 - 2024.
  - We have official circulars and credit policy guidelines of Bangladesh Bank.
  - Books, journals and previous research work's emphasizing on credit performance and risk management practices.
  - The bank internal documents which include credit propositions, recovery reports, and performance summaries.

Combinations of primary and secondary source enable the paper to get a balanced and holistic view of the credit management system, including the findings of both practical experience and official data on the performance of Southeast Bank PLC.

1.9 Data Collection Techniques

In a bid to have accurate and reliable data, the data collected to use in this study were done through a number of systematic methods. These approaches have helped the researcher to acquire both insights in practice and the facts about the credit performance of the Southeast Bank PLC.

The research used the following methods in the process of collecting and verifying data:

- **Observation Method:** The internship was conducted at the Dhanmondi Branch where direct observation was done to have a clear picture of the functioning of the Credit Department in practice and in specific areas where the loan appraisal, sanctioning and recovery activities are conducted.
- **Informal Discussion:** Branch officers and staff members were interviewed informally to get more insights on the bank credit policies, operations and the difficulties that the bank has to face when dealing with loans.
- **Document Review:** Secondary information was obtained by reviewing annual reports, credit policy manuals and circulars issued by Bangladesh bank; this was to authenticate the information obtained at the branch.
- **Online and Database Research:** Online Research and Database Research will be part of the study. The official site of the Southeast bank PLC online sources as well as publications of the Bangladesh bank and other financial journals were used to gather the latest data on credit trends and governing rules.

Data gathered was verified and cross-examined in various sources to ensure that the data were consistent and correct before the incorporated data underwent analysis.

1.10 Data Analysis Methods

Both qualitative and quantitative methods were employed to analyze the data gathered, in order to have a complete picture of the credit performance of the Southeast Bank PLC. This was also a mixed-method approach that helped the results to be factual, to be interpreted accurately, and in line with the overall objectives of the study.

1. Quantitative Analysis: For the quantitative analysis, the primary data were the numerical data gathered in annual reports, financial statement and internal documents.

- The growth trend in credit, loan recovery ratio, and non-performing loan (NPL) ratio were closely analyzed in order to determine the performance of the bank in lending.
- Tables, graphs, and charts were created, to compare and clearly depict the performance of several types of loans in different years.
- Comparative analysis was done in order to assess the annual changes in credit performance.

2. Qualitative Analysis: The qualitative analysis focused on learning about the credit policies of the bank, how the risk is managed, and how the bank was generally operated.

- The procedures of the loan appraisal, loan approval, and loan monitoring were also well examined.
- The research determined the management efficiency, credit control structure, and loan recovery in the bank.
- Findings obtained through interviews with the officers and field observations were used to interpret the findings that were not through the numerical data.

The combination of the two analytical methods of the study was that to be able to include in the report, not just the statistical performance of Southeast Bank PLC, but also the managerial and procedural components of the bank that determine its overall credit performance.

1.11 Limitations of the Methodology

As much as considerable measures were made to keep accuracy and reliability of this study, the research process had various limitations that were encountered in the process. The restrictions can have slightly affected the depth and breadth of the analysis.

- **A niche in access to information:**

  The bank considered some of the key financial information and internal records concerning credit performance as confidential, and thus could not be used on an academic basis.
- **Time Constraints:**

  The internship was a period of three months which was not enough time to see all the credit related functions especially long-term loan recovery and the processing of big corporate loans.
- **Branch-Specific Observation:**

  The research was mainly carried out at Dhanmondi Branch of Southeast Bank PLC, hence, the findings might be a good representation of the performance of other branches in other regions of the country.
- **Reliance on Secondary Data:**

  Some parts of the report were prepared based on the information found in annual reports, circulars, and previous research studies. In case some of these sources were having some slight inconsistencies, it could have slightly affected the entire analysis.
- **Limited Exposure to Clients:**

  There was a lack of direct communication with the borrowers and it made it hard to determine the full picture of the views of the clients in terms of the loan approval and payment procedure.

In spite of the limitations, the research approach was highly organized in a way that all observations and the data obtained maintained accuracy, relevancy, and consistency with the general goals of the research.

CHAPTER -02
ORGANIZATION OVERVIEW

An Analytical Study on the Credit Performance of Southeast Bank PLC

2.1 Overview of Southeast Bank PLC

Southeast Bank PLC is a commercial bank that provides banking services to its customers within the United Kingdom (UK). Southeast Bank PLC (SEBL) is one of the top best privately owned commercial banks in Bangladesh, which started with a vision to provide innovative financial solutions and help the nation to grow in terms of economic development. The bank was founded in 1995 and has become a contemporary customer- oriented financial institution offering a wide scope of banking services and products to their individual, business and corporate clients.

SEBL has a positive reputation of financial discipline, transparency and outstanding customer care within the country, which is founded on its operations under the Bank Companies Act of 1991 and under the watch of the Bangladesh Bank, the central bank of the country.

Currently, Southeast bank PLC has extensive branch network, sub-branches and ATM booths in Bangladesh backed by sophisticated online banking systems. The bank provides conventional and Islamic banking services in addition to being innovative, sustainable and responsible in its banking practices.

SEBL has a strong capital base, competent human resource, and product diversification that has made it a reliable financial institution. This has enabled it to record consistent growth and contribute substantially towards the overall economic growth of Bangladesh due to its continued effort to sustain credit quality, enhance risk management and customer satisfaction.

2.2 Southeast Bank PLC History and Background

Southeast Bank PLC was started in 1995 by a group of patriotic entrepreneurs and professionals who were eager to bring about the culture of modern, ethical, and sustainable banking in Bangladesh. The bank has excellent reputation of trust, efficiency and technological advancement since it was inaugurated as a public limited company.

It now has a branch network, SME centers and digital presence throughout the country, with its headquarters situated in Dhaka. The bank provides an extensive portfolio of services such as corporate, SME, retail, Islamic banking and remittance services.

Southeast Bank PLC has been able to establish itself as a progressive bank by continually enhancing its operations efficiency and adopting modern technology. Having a keen concentration on credit quality and customer satisfaction, the bank is still dedicated to sustainable growth and the development of the economy of Bangladesh.

2.3 Principles, Ethics and Corporate Social Responsibility

Vision: To be a leading banking institution in Bangladesh with a high standard of customer service, good financial results, constant innovation, and essential contribution to the overall economy of the country.

Mission:

- To deliver modernized and technology-oriented banking services to satisfy the varied needs of the customers.
- To attain sustainable growth due to adequate management of credit and good financial performance.
- To ensure the observance of ethical standards and keep banking activity transparent in all its aspects.
- To create and develop a team of trained individuals who believe in providing quality customer service.
- Ke 8 To assist in national development through funding productive industries as well as promoting entrepreneurship.

Core Values:

- **Integrity:** Doing business honestly, transparently and accountably.
- **Customer Focus:** To put customer satisfaction to the core of all banking practices.
- **Innovation:** Finding a constant way of upgrading goods and services using advanced technology and innovative solutions.
- **Teamwork:** The culture should be fostered with a culture of teamwork appreciating the efforts of all employees.
- **Excellence:** To achieve the utmost standards in service provision and efficiency in operations.
- **Social Responsibility:** CSRs should help to achieve such goals as community development, education, and environmental sustainability.

All these principles assist the southeast bank PLC in meeting its goals and maintaining its image as a reliable, consumer-oriented and socially responsible financial organization in the country of Bangladesh.

2.4 Organizational Structure

Southeast Bank PLC have well-designed organizational structure that promotes effective communication, accountability and efficient decision making within all the levels of its operation. The hierarchy is intended to maintain a certain hierarchy but provide a good coordination between the Head Office and the branch units.

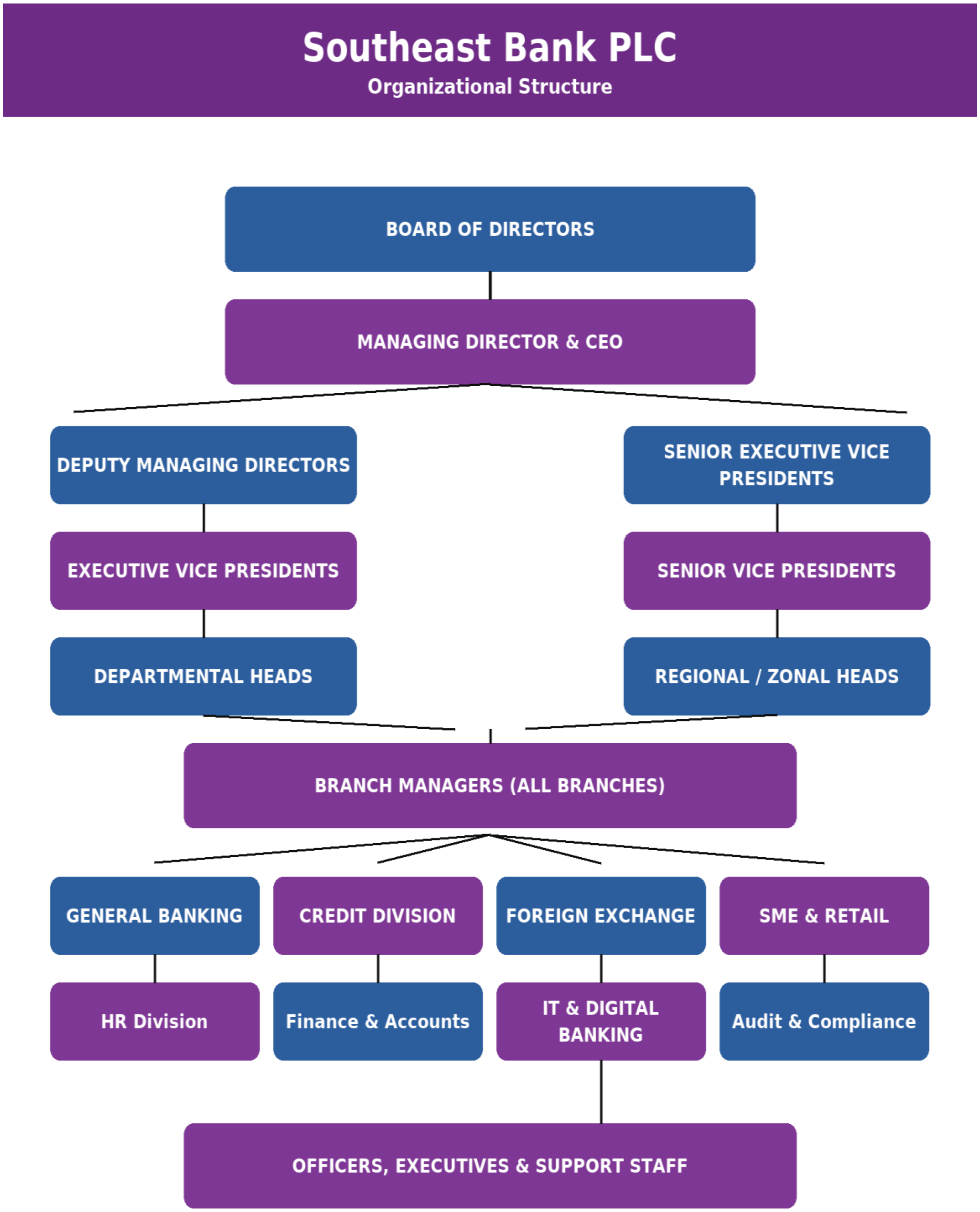
The Board of Directors is on the top and it develops policies, establishes the strategic direction and general governance of the bank. The Chief executive executive is the Managing Director (MD) and Chief Executive Officer (CEO) who have the mandate of executing the policies and running the day-to-day activities with the assistance of Deputy Managing Directors, Senior Executive Vice Presidents and the heads of departments.

All the branches have a Branch Manager in charge, who oversees all the main activities such as general banking, credit operations, foreign exchange, and customer service to ensure that the bank adheres to all its internal policies, as well as to the regulations of Bangladesh Bank. The branch level Credit Department is also involved in loan appraisal, loan documentation, loan disbursement and constant monitoring of credit facilities.

Southeast bank PLC has the following major functional divisions:

- **Credit Division:** Processes loans, appraises and manages risks.
- **General banking:** This department deals with deposits, remittances and customer services.
- **Foreign Exchange Division:** deals in trade finance, issuance of LC and international transactions.
- **SME and Retail Banking Division:** SME lending and consumer finance.
- **Human Resource Division:** The Human Resource Division is in charge of managing the recruitment, training and the performance management.
- **Finance and Accounts Division:** It has financial records, budgeting and internal audit functions.
- **IT and Digital Banking Division:** The division that will handle the operations of automation, digital banking platforms and cybersecurity.

This formalized yet team-oriented system enables the Southeast Bank PLC to be efficient, have good internal controls and provide quality services to its clients at the same time being professional and transparent in all its departments.



Organizational Structure of Southeast Bank PLC

2.5 Large Departments of Southeast Bank PLC

The departmental system of Southeast bank PLC is well structured, organized, and operational, resulting in a smooth operation of the bank, accountability, and efficient service delivery. All the departments work in unison with others in order to meet the overall goals of the bank and maintain its good image of offering quality financial services.

The key departments are listed below:

- **General Banking Department:** In charge of customer services, which include account opening, deposit, withdrawal, clearing of cheques and remittance facilities. The department is responsible of ensuring that all the daily banking transactions are done with accuracy, efficiency and satisfaction by customers.
- **Credit Department:** In charge of loan appraisal, disbursement and recovery operations. The department evaluates the eligibility of borrowers, makes sure that they are in full compliance with the Bangladesh Bank regulations, and reduces the non-performing loans (NPLs).
- **Foreign Exchange Department:** Deals with international trade and other foreign currency dealings such as export and import financing as well as issuing letters of credit (LCs) and the delivery of foreign remittance.
- **SME and Retail Banking Department:** Offers bank products including financial services to both small and medium enterprises and individual customers in the form of SME financing and other retail loan products including personal, home and car loans.
- **Accounts and Finance Department:** Keeps the books of accounts and financial records of the bank, prepares budgets and periodical reports, and oversaw the observation of the prescribed accounting and auditing standards.
- **Human Resource Department (HRD):** In charge of recruiting, training, performance assessment and motivation of employees to maintain productivity, professionalism and organizational discipline.
- **IT and Online Banking Team:** Directs the banking technology, digital platforms and data security. Digital banking services such as mobile and internet banking are also encouraged in the department in order to make the services convenient to clients.
- **Audit and Compliance Department:** Carries out internal audit, regulatory compliance and controls integrity and transparency of all operations activities in the organization.

2.6 Products and Services of Southeast Bank PLC

The second strength is that the company deals with products and services of Southeast Bank PLC. Southeast Bank PLC offers a wide assortment of financial products and services to serve the requirement of individual, corporate and institutional clients. The bank constantly develops its services to cope with the changing needs of modern banking and to guarantee the increased rates of customer satisfaction. The major products and services it offers are:

- **Deposit Services:** The bank has different deposit schemes that aim at promoting savings and also offer secure investment schemes. These involve current accounts in businesses that experience high volumes of transactions and savings accounts which provide medium interest and the fixed deposit repeat (FDRs) when investing in long term. Also, customers can increase their savings with desirable returns by using monthly savings plan and double or triple benefit schemes in a given period of time.
- **Credit and Loan Facilities**: Southeast Bank PLC offers a diverse variety of credit facilities to all business, industry and personal requirements. It lends to corporate and SMEs to finance working capital and business growth, and lends to individual clients to purchase a home, personal or car loans. Agriculture and international trade are also funded by the bank using special loan products and this is done in compliance with the guidelines of Bangladesh Bank in order to reduce the risk as well as to provide sustainable profitability.
- **Foreign Exchange and Trade Services:** Bank has a significant role to play in international trade by engaging in operations relating to foreign exchange. It offers import and export financing, issues letters of credit (LCs), collections bills and remittance services to regimes all over the world. It also offers foreign currency accounts and student remittance services to its clients taking education or travelling to other countries.
- **Islamic Banking Services:** Southeast Bank has Shariah-compliant branches of Islamic banking and offers interest-free financial services with the recommendation of Shariah Supervisory Committee. Some of the major services are Mudaraba savings schemes, Bai-Murabaha (cost-plus sale) financing and Ijara (leasing) facilities. These are services that serve the needs of customers who use principles of Islamic banking and at the same time observe transparency and ethics.
- **Digital Banking: Card Services:** In order to remain at par with the technological growth, the bank has launched digital banking services in the form of SEBL Touch mobile app and online banking. Funds can be easily transferred, bills can be paid and balances checked at any time by the customers. The bank has also introduced the use of VISA and Mastercard debit and credit cards, extensive network of ATMs, and real time fund transfer system like BEFTN and RTGS that remain fast and secure, and guarantee the depositors fast and secure transactions.
- **Other corporate responsibilities and services:** Besides the normal banking operations, the southeast bank PLC offers locker services, utility bill payments and participates in the Corporate Social Responsibility (CSR) programs which it conducts with regard to education, health, and environment conservation. Bangladesh also has the offshore banking units of the bank that offer the country the opportunity to grow its economy in a responsible and customer oriented way that helps in facilitating foreign investment and international trade.

2.7 SWOT Analysis of Southeast Bank PLC.

The SWOT analysis is applied to determine the internal strengths and weaknesses of Southeast Bank PLC (SEBL), the external opportunities and threats that impact its operations and general performance. Such an assessment will enable the establishment of the strategic position of the bank in the competitive financial industry of Bangladesh and help in the elaboration of effective strategies to attain sustainable, long-term growth.

■ **Strengths:**

- Good financial track record and good reputation with the Private commercial banks in Bangladesh.
- Extensive branch network that facilitates the easy access of customers both in rural and urban levels.
- Facilitated by experienced management team and skilled and dedicated workforce.
- Modern technology and advanced online banking platform to enhance the quality of the services.
- Different financial products and a good compliance culture that improves stability and customer confidence.

◆ **Weaknesses:**

- Reliance on the use of the traditional banking systems in certain branches lowers the efficiency of the overall services.
- Lack of marketing and promotion as compared to significant competitors.
- The strong dependence on interest-related revenue with little emphasis on revenue diversification.
- Lack of quick response to new customer groups and market changes.

✓ **Opportunities:**

- Only growing SME and retail banking segments bring robust prospects of growth in future.
- An increasing interest in the Islamic banking and Shariah-compliant financial products.
- Increasing adoption of digital and mobile banking services at a high rate in Bangladesh.
- Due to continuous economic development and industrialization, it creates new lending possibilities.
- Potential to expand the clientele in the rural and semi-urban markets.

✧ **Threats:**

- Extreme competition by local and foreign commercial banks.
- Increase of non-performing loans (NPLs) in the banking sector.
- Economic instability, inflation, and modifications on the overall profitability.
- Rising issues of cybersecurity and escalating expenses of regulatory compliance.
- Market volatility around investment returns and lending performance.

In short, Southeast Bank PLC is well positioned in the market, and is supported by the effective management and financial stability and customer trust. The bank would have to focus on digital transformation, intensified marketing activities, reduced dependence on single sources of income, and keeping control of credit risks and operational efficiencies to sustain its competitive edge. The balanced approach to using the weaknesses and strengths and adjusting them with controlling the current weaknesses and threats will help the bank to pursue sustainable growth and long-term profitability.

CHAPTER-03

INTERNSHIP ROLES & RESPONSIBILITIES

An Analytical Study on the Credit Performance of Southeast Bank PLC

❖ Plan of Internship Program:

Being a mandatory part of the BBA course at Daffodil International University, I have had to undergo a three months internship in Southeast Bank PLC, Dhanmondi Branch, Dhaka. The internship was meant to bring the theoretical knowledge into practice in the banking industry and in this case, credit performance and risk management processes.

The internship program was arranged in a series of stages that will expose the interns to a level of hands-on experience in the various operations of the bank:

Internship Phase	Period of time spent on it	Learning Area	Activities Performed
Phase 1: Orientation and Departmental Introduction	Week 1	Understanding Bank Structure & Operations	Observed overall branch activities, met with departmental heads, and reviewed the organizational hierarchy and credit process flow.
Phase 2: Credit Appraisal and documentation	Week 2–4	Loan File Preparation and client evaluation	Helped in gathering client documentation, prepared CIB documents, and went through credit proposal formatting and approval procedures.
Phase 3: Loan Disbursement and monitoring	Week 5–7	Credit Sanction and Fund Release	Became familiar with the process of loan sanctioning, disbursement and documentation verification.
Phase 4: Credit Risk Analysis Week	Week 8–9	Risk Assessment and Grade	Theories week worked through the evaluation of how the bank uses Credit Risk Grading (CRG) and measured performance indicators of loan performance.
Phase 5: Credit Recovery and Reporting	Week 10–12	Loan follow-up and Performance Evaluation	Assisted in making credit performance reports, attended loan monitoring meetings, and observed recovery efforts.

During this internship, I gained a clear and viable insight on the way Southeast Bank PLC handles its credit portfolio, including the entire process of client screening up to loan recovery. The program has significantly helped me to improve my credit management, financial analysis, and professional communication in a real banking setting.

3.1 Role and Responsibilities

My most important responsibilities and the learning experience at the internship at the Southeast Bank PLC:

- Helped the officers in normal duties of Credit Department.
- Collected and tabulated the loan files and reports of clients.
- Sponsored loan appraisal, documentation and disbursement procedures.
- Kept good records of approved loans.
- Had meetings to watch credit evaluation and credit approval.
- Had a sense of professionalism, accuracy and confidentiality in all the duties assigned.

3.2 Rationale of the Roles and Responsibilities:

This was done in order to acquire field experience in banking and build professional skills:

- Assisted in the application of theoretical knowledge to the actual banking activities.
- Exposure to credit risk management and documentation of loans.
- Better data handling and communication and teamwork abilities.
- Developed the knowledge of the credit department in the performance of the bank.
- Enhanced analytical and decision making skills.
- Promoting professional practice discipline and accountability.

3.3 Example of the Task

Particular instances of viable work undergone in the internship period:

- Monthly credit performance reports prepared in regard to the branch.
- The data was gathered and examined in the area of loan disbursement and recovery.
- Helped with the preparation of the Credit Information Bureau (CIB) reports.
- Drafted credit proposals and documentation with the assistance of officers.
- Helped in making the departmental presentations.
- Sumartized customer reviews to aid in the enhancement of the quality of loan service.

CHAPTER-04
CREDIT PERFORMANCE ANALYSIS

An Analytical Study on the Credit Performance of Southeast Bank PLC

4.1 Credit Performance Analysis

The credit performance analysis will be conducted to determine the specifics of credit performance concerning credit risk and interest rate risk.

Credit Performance Analysis will undertake the examination of credit performance details in regards to credit risk and interest rate risk.

Credit operations is one of the most important activities of a commercial bank because it directly influences profitability and financial well-being. A bank transfers its funds available to the productive sectors of the economy through its credit department by giving loans and advances to individuals, businesses, and institutions.

In the case of Southeast Bank PLC (SEBL), credit operations are the main activity of this company. A large part of the bank revenue is earned by lending and other credit related services. Hence, proper and efficient management of the credit is vital in the promotion of financial stability and reduction in the risk of loan defaults.

The key goals of credit operations of Southeast Bank PLC (SEBL) are the following:

- Use the funds in the deposits effectively by borrowing to the productive sectors.
- Ensure that the quality of its loan portfolio is maintained by way of borrower assessment.
- Make sure that there is profitability through a balance of credit growth and risk taking.
- Support the national economic development through trade, industrial and agricultural financing.

SEBL has a systematic approach which incorporates loan application, documentation, issuance and subsequent supervision to ensure that all credit operations are within the guidelines of the Bangladesh Bank and the bank internal credit policy.

Southeast Bank PLC has ensured consistent growth, a strong lending portfolio, and the establishment of sustainable customer relationships within its portfolio, which are based upon trust and consistent performance through effective credit operations.

4.2 Southeast Bank PLC credit policy and practices

The SEBL credit policy serves as a detailed guideline into the regulation of lending operations at the bank. It provides explicit policies concerning loan valuation, loan issuance, documentation and recovery to enhance good financial behaviors and observation of the Bangladesh bank policies. The main aim of this policy is to secure a good balance between profitability and risk by providing credit facilities to the true and creditworthy borrowers.
Southeast Bank PLC (SEBL) credit policy aims at achieving the following objectives:

- Ensure quality and security of overall loans of the bank.
- Ensure that there is diversification in distribution of credit to reduce the concentration of risk.
- Favour and encourage industries that are national economic boosters.
- Keeping all regulatory requirements and having a robust internal risk control.

The fundamental principles in credit practices in Southeast Bank PLC (SEBL) are:

- **Caution:** All lending decisions are financially analyzed and carefully evaluated in regards to their clients.
- **Profitability:** Loans are designed in a manner that would guarantee a sufficient yield without jeopardizing finances.
- **Safety:** Proper documentation, collateral and other required guarantees are obtained before loan disbursement.
- **Liquidity:** The bank has a consistent ratio between the loans and the deposits to avoid shortage of liquidities.
- **Obedience:** All credit activities are in full accordance with the instructions of Bangladesh bank and the bank credit policy guidelines.

The branches of Southeast Bank PLC have a common credit policy, which is developed by the Credit Division of Head Office to ensure that there is consistency. This policy is reviewed periodically and adjusted to meet the economic condition changes, risks in the market and regulatory requirements.

Practically, the credit policy of SEBL will focus on growth and security, i.e. promote the growth of business but ensure the assets of the bank are safeguarded by ensuring good internal controls, documentation and effective recovery processes.

4.3 Credit Risk Management System

Credit risk is a risk associated with a borrower or a counterparty defaulting their financial obligation as promised. In the case of Southeast Bank PLC (SEBL), credit risk management is critical towards financial stability, profitability, and long-term sustainability. In response to the above, the bank has developed an elaborate Credit Risk Management (CRM) framework, based on the Bangladesh Bank Core Risk Management Guidelines.

➢ The key missions of the credit risk management system of SEBL are to:

- Finding, quantifying, and managing credit risk exposures.
- Sustaining the quality of the loan portfolio by ensuring that it is appraised and monitored.
- Minimise non-performing loans (NPLs) through the use of effective recovery measures.
- Adhere to all regulation needs and maintain the internal risk management standards.

➢ Important Aspects of the Credit Risk Management System of SEBL:

- **Credit Appraisal:** The financial strength, repayment, business performance as well as collateral cover of a borrower are properly evaluated in each loan proposal.
- **Credit Risk Grading (CRG):** The bank has a uniform grading of risk whereby it grades borrowers according to their creditworthiness.
- **Loan Review and Monitoring:** Reviewing and follow-ups are done on a regular basis to ensure borrowers comply with repayment terms and conditions.
- **Provisioning and Capital Sufficiency:** SEBL has a suitable loan loss coverage and capital reserves that are adequate as mandated by Basel III.
- **Early Warning System (EWS):** Early warning system is adopted so as to identify potential problem accounts at an early stage before they degenerate into non-performing loans.

Along with this, there is the Credit Risk Management Department at the head office which constantly tracks the aggregate credit exposure, concentration risks and sector-by-sector loan distribution. Continued oversight allows the bank to take corrective measures in time, sustain quality of the portfolio and protect profitability.

Southeast Bank PLC, through its properly organized system of Credit Risk Management (CRM), has been able to reduce the default risk, improve the internal control systems and maintain a robust and stable credit portfolio in a more competitive banking environment.

4.4 Credit Approval and Disbursement Process

The application, approval, and disbursement of the credit in the Southeast Bank PLC (SEBL) is a systematized process that takes into account the proposal to all the loans and approves them to be disbursed according to the credit policy of the bank and as per the regulations of the Bangladesh Bank. The process will assist the bank in ensuring that the quality of its loan portfolio remains intact and the chances of default are minimized.

The approval process starts at the loan application stage where customers fill all the necessary forms and provide all the necessary information that includes the business profile, financial statements, and the purpose of the loan. The Credit Department then proceeds to make an in-depth check of the creditworthiness of the applicant through the evaluation of repayment capacity, reputation of the business, security of the collately and previous relationship with the bank.

After the pre-assessment process, the loan proposal is subjected to elaborate credit appraisal. At this level, the bank carries out financial and risk assessment in order to see the viability of the proposal. Once there is an appraisal, the application is sent to the relevant approval authority based on the amount of loan and the kind of facility as desired. The chain of command usually consists of:

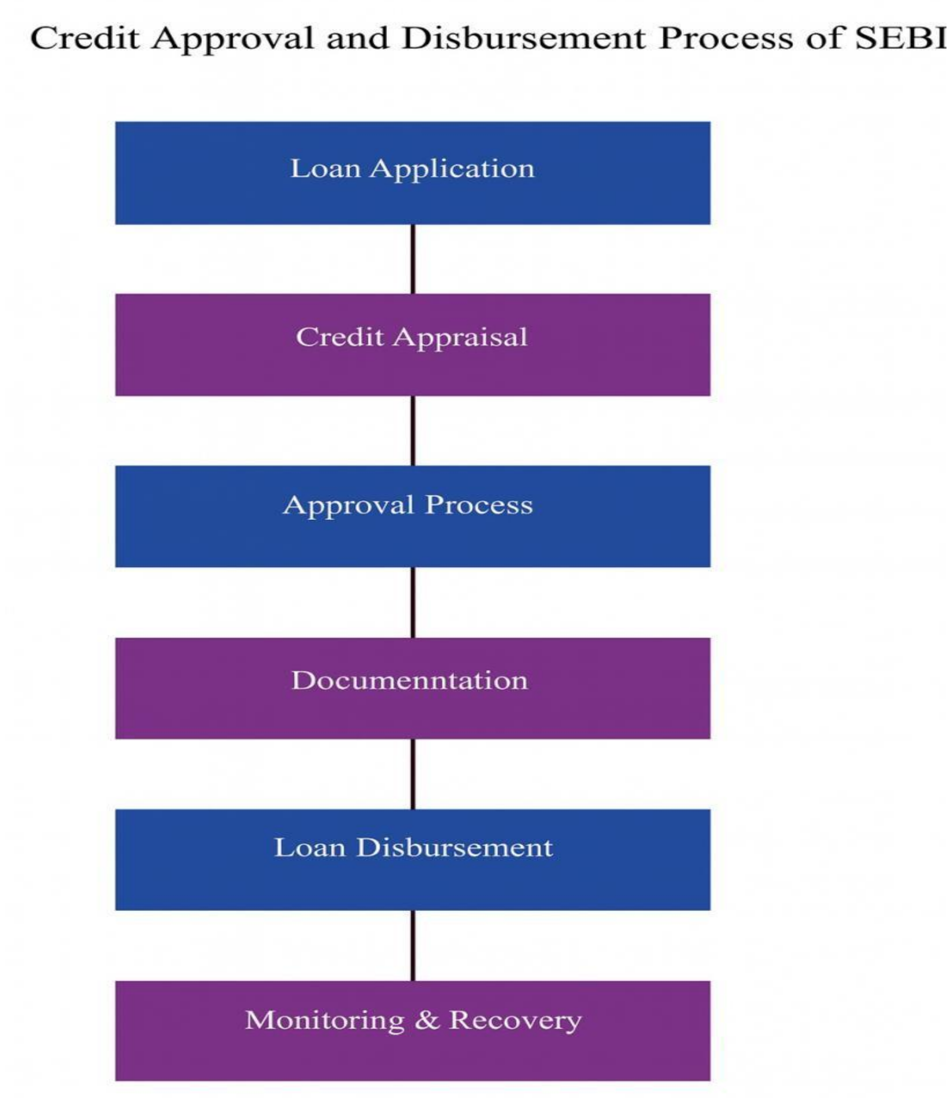
- Branch Manager →
- Head of Credit Division (Head Office) →
- Managing Director / Board of Directors (for large exposures).

Credit File Movement and Approval Stages

Step	Activity	Responsible Officer
1	Loan Application Submission	Client / Branch Officer
2	Preliminary Appraisal & Document Collection	Credit Officer
3	Credit Analysis and Proposal Preparation	Branch Manager
4	Review and Approval	Head of Credit Division / MD
5	Monitoring and Recovery	Branch & Credit Monttoring Unit

After approval is given, the disbursement and the loan documentation starts. The bank provides the bank to make sure that all the legal paperwork like sanction letters, mortgage deeds and personal guarantees and hypothecation agreements are duly signed. The amount of the loan is deposited in the account of the borrower after all the terms and conditions have been verified to be adhered to.

It is also important to monitor the post-disbursement. Both the branch and the head office keep a check on the repayment behavior and business performance of the borrower in order to verify that funds are being utilized as per their intended purpose.



This well-structured system helps the Southeast Bank PLC to have a good control of their lending business where all the loans are well analyzed, well documented, and well followed to reduce the financial risk involved and increase the efficiency of recovering it.

4.5 Credit Risk Grading (CRG) System

Credit Risk Grading (CRG) system is a formal and standardized process by banks to determine how much risk a proposed loan is. It offers a uniform method of evaluating the credit worthiness of the borrower and determining the chances of non-recovery. CRG has been compulsory to all commercial banks in Bangladesh Bank in order to establish credit risk management and financial discipline in the banking sector.

Southeast Bank PLC (SEBL) complies with the CRG guidelines to the latter to make sure that each loan account is properly evaluated prior to being approved. This system helps the bank to categorize the borrowers according to their financial status, performance in operations and repayment. Based on such evaluations, the bank uses the right loan provisions and uses adequate recovery actions.

The prime goals of the Credit Risk Grading system are to:

- Find out the credit risk of each borrower.
- Ensure a steady and standardized process of evaluation of any kind of credit facility.
- Intensify loan quality by controlling and monitoring risks.
- Ensure that there is sufficient provision of loans losses to the risk that has been assessed.

CRG system analyses a number of critical indicators including:

- Borrower financial strength and liquidity position.
- Management competence and general business experience.
- Bank history and bank relationship.
- Collateral value and security coverage.
- Competitive trends in the industry and the general economic conditions.

According to the guidelines that Bangladesh Bank released, loan accounts are classified under the following classifications:

Grade	Classification	Interpretation
1	Standard	Fully performing, regular repayment, no overdue.
2	Special Mention Account (SMA)	Early signs of potential weakness; close monitoring required.
3	Substandard	Irregular repayment, overdue for more than 3 months.
4	Doubtful	Unlikely to be repaid in full; high recovery risk.
5	Bad / Loss	Considered uncollectible; full provisioning required.

With the assistance of CRG system, Southeast bank PLC will be able to assess the risk of every borrower more accurately and implement corrective actions in time. In this manner, the quality of loan portfolio is enhanced and non-performing loans (NPLs) are minimized. Transparency and accountability in credit approvals is also encouraged by the system and helps the bank to ensure that it is engaging in sustainable and safe lending.

4.6 Types of Loans and Advances

Southeast Bank PLC (SEBL) offers a wide variety of loans and advances to satisfy the banking requirements of individuals, business, and corporate clients. The diversified nature of its loans aids in reducing its risks and also provides a balanced growth in various sectors as per the Bangladesh bank lending guidelines.

Large Loan and Advance Group:

1. **Continuous Loan:**

   Continuous credit facilities between the bank and the borrower e.g. Cash Credit (CC) and Overdraft (OD) where the clients are allowed to withdraw and deposit funds within a prescribed limit.

2. **Demand Loan:**

   Demand loans, which are usually based on bills bought or discounted, and borrowed to meet business requirements in the short term.

3. **Term Loan:**

   Allotted a certain number of years and paid in instalment.

   - Short-term: Up to 1 year
   - Medium-term: 1–5 years
   - Long-term: Over 5 years

   The use of it is usually in the purchase of machines, expansion of business or establishing new industries.

4. **Consumer and Retail Loans:**

   Planned to satisfy individual or domestic requirements, such as personal, residential, automobile, and education loans.

5. **SME Loan:**

   Lent to small businesses and entrepreneurship to promote self employer and industrialization, and with light terms of repayment.

6. **Agricultural Loan:**
   Made available to farmers and agro-based businesses as cultivation, irrigation and rural development projects.

7. **Import and Export Financing:**

These loans are offered to finance the international trade activities. Facilities include:

- Letter of Credit (LC) Loans on importers.
- Export Bill Discounting and Packing Credit to the exporters.

Such facilities assist the businesses to finance their trading operations smoothly.

8. **Lease Financing:**

SEBL offers clients to use capital assets including machinery or vehicles on a fixed duration under lease finance in exchange of periodic payments. The bank retains the ownership until the lease period.

Through these various loan products, Southeast Bank PLC will be in control of well using the available funds and aids economic growth and a robust and diversified portfolio of loan to all major sectors of the economy.

4.7 Loan Classification and Provisioning.

Providing and classifying loans are essential in ensuring a healthy credit portfolio of any commercial bank. Southeast Bank PLC (SEBL) adheres to the Prudential Regulations of the Bangladesh Bank that are meant to provide transparency, compliance, and proper financial reporting. Effective classification enables the bank to identify the problem loans in good time, whereas the provisioning ensures that there are adequate reserves to counter the potential losses.

Loan Classification:

SEBL categorizes the loans and advances under repayment behavior of borrowers and the overdue days of repayment. This is one of the processes, which assists the bank in isolating the performing and non performing assets (NPAs).

Bangladesh bank guidelines divide loans into the following:

Type of Loan	Overdue Period	Classification Status
Unclassified	Regular repayments, no overdue	Standard
Special Mention Account (SMA)	Payment overdue for 1–2 months	Close monitoring required
Substandard	Payment overdue for 3 months or more	Weak recovery signs
Doubtful	Payment overdue for 6 months or more	High chance of default
Bad/Loss	Payment overdue for 9 months or more	Considered uncollectible

By using this classification system, the performance of Southeast Bank PLC (SEBL) in terms of the Repayment of borrowed money can be followed up in the nearest future and the corrective actions can be taken at the initial stage.

Loan Provisioning:

Provisioning can be defined as the reserve of certain sum of money to meet loan losses that are possible. SEBL keeps the proper loan loss reserves in recognizing the guidelines of Bangladesh Bank to provide the capital adequacy and minimize the effect of non-performing loans (NPLs).

The rates of provisioning are usually charged in the following way:

- Unclassified Loans: 1% -2% (in accordance with the type of loans)
- Special Mention Accounts (SMA): 5%.
- Substandard Loans: 20%
- Doubtful Loans: 50%
- Bad/Loss Loans: 100%

Southeast Bank PLC (SEBL) Credit Risk Management Department conducts frequent reviews on the loan portfolio to identify the right level of provisioning. Such process will help the bank to present reliable financial statements that represent the potential risks as well as to maintain the adequate capital level as per Basel III.

It is through continuous compliance with loan classification and provisioning rules that SEBL never results in late identification of credit risk, maintains good financial stability, and enhances confidence among stakeholders in its general credit practices.

4.8 Credit Recovery and Monitoring Process

A good credit recovery and monitoring system is crucial to the management of a healthy loan portfolio, as well as the minimization of default risk. Southeast Bank PLC (SEBL) lays a lot of emphasis on recovery of loans on time with constant checks and balances to ensure that the money given out is used well and repaid as anticipated. The bank adheres to preventive and remedial actions in order to keep credit discipline and manage non- performing loans (NPLs).

➢ **Credit Recovery Process**

At SEBL, the recovery process starts as soon as money is disbursed as loans. The bank maintains close proximity with the borrowers to facilitate on time repayment. Some of the key recovery operations involve:

- **Regular Follow-Up:** The credit officers keep contact with the borrowers by calling the telephone, sending letters, and paying a visit to remind them of the repayment schedules.
- **Demand Notices:** The notices are formalised to admonish borrowers about an outstanding payment owed, and the legal repercussions of not paying.
- **Rescheduled and Restructured:** In actual instances of temporary financial inability, SEBL can rescheduled or restructured the installments to make them repay.
- **Legal Actions:** In case all efforts at recovery are to no effect then the bank takes legal action under the Artha Rin Adalat Act (Money Loan Court Act) to recover defaulted loans.

➢ **Monitoring of Loans:**

SEBL is regularly checking all pending loans so that they can detect potential problem accounts on time. Monitoring is used to keep borrowers on track of loans and use money in accordance with the intentions. Such critical monitoring activities are:

- **Periodic Review:** Constant assessment of the financial performance and repayment histories of borrowers.
- **Site Visits:** Physical visits to the field to ascertain how the funds are being used and how the business is run.
- **Early Warning System (EWS):** Identifies accounts that are stressed or in danger, and take corrective action.
- **Centralized Supervision:** The Credit Risk Management Division head office monitors the activities of the branches in order to have a uniform monitoring practice.

➢ **Recovery Performance:**

Southeast Bank PLC has a high recovery rate by its active recovery programs and rigid oversight. Constant observation, interaction with customers, and legal action have contributed to the lowering of its NPL ratio and enhanced the overall quality of credit portfolio.

Through constant monitoring and good recovery mechanisms, SEBL has enhanced its financial stability, reduced any form of losses, and established long term customer relationships, founded on trust and transparency.

4.9. Trend Analysis of Credit Performance

The section gives a summary of the credit performance of Southeast Bank PLC (SEBL) within the last five years (202024). Some of the key areas that have been reviewed include; loan and advances, deposit growth, profitability, non- performing loans (NPLs) and credit classification. All information has been gathered using the published annual reports of SEBL and confirmed using the records that the company has in its individual branches to ascertain that the records are accurate.

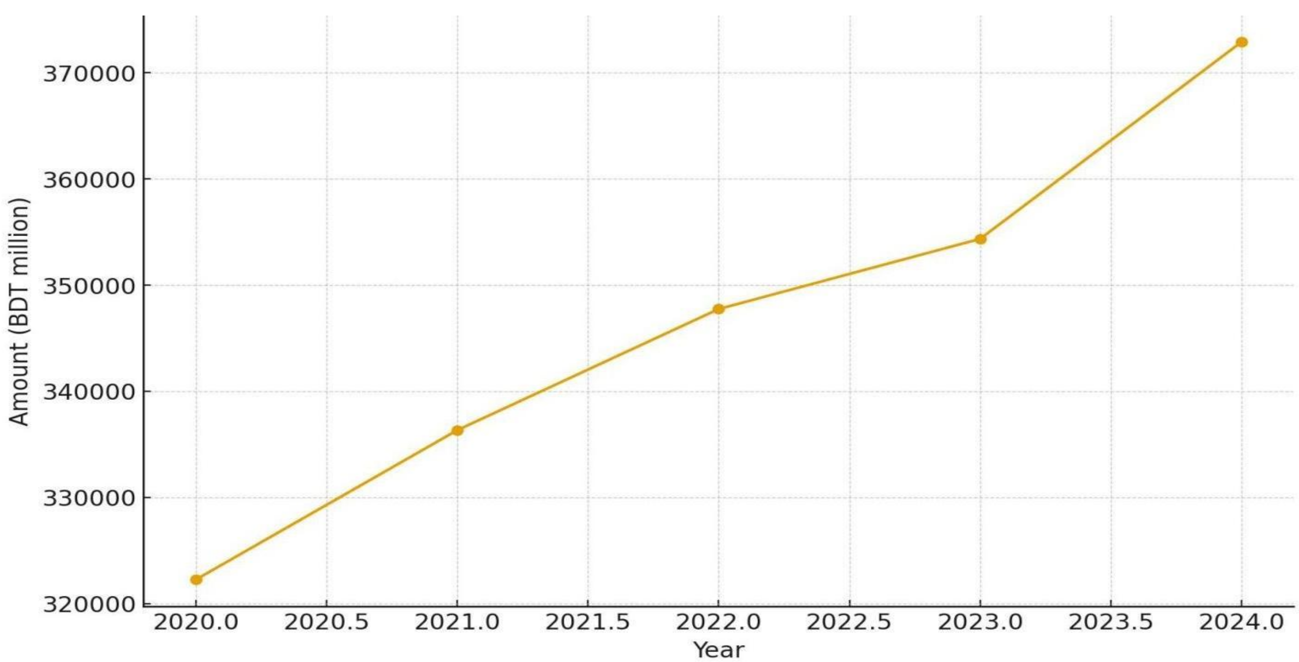
4.9.1 Loans and Advances Trend (2020–2024)

The major earning assets of Southeast Bank PLC are loans and advances. The consistent increase in lending during the last five years indicates a good financial status of the bank and its good utilization of the funds it has.

Table 4.2: Year-wise Loans and Advances of SEBL (BDT in million)

Year	Loans & Advances (BDT million)
2020	322,251.46
2021	336,329.37
2022	347,743.59
2023	354,353.23
2024	372,907.25

Figure 4.2: Loans & Advances Trend (2020–2024)



(Source: Southeast Bank PLC, Annual Reports 2020–2024)

Analysis:

The figures reveal that the loans and advances have been in consistent increment in 2020 to 2024, with the total increase of 15.7%. This trend provides an indication that Southeast Bank PLC has been recording increasing growth in its lending activities that are backed by customer trust, adequate credit policy and proper loan management skills.

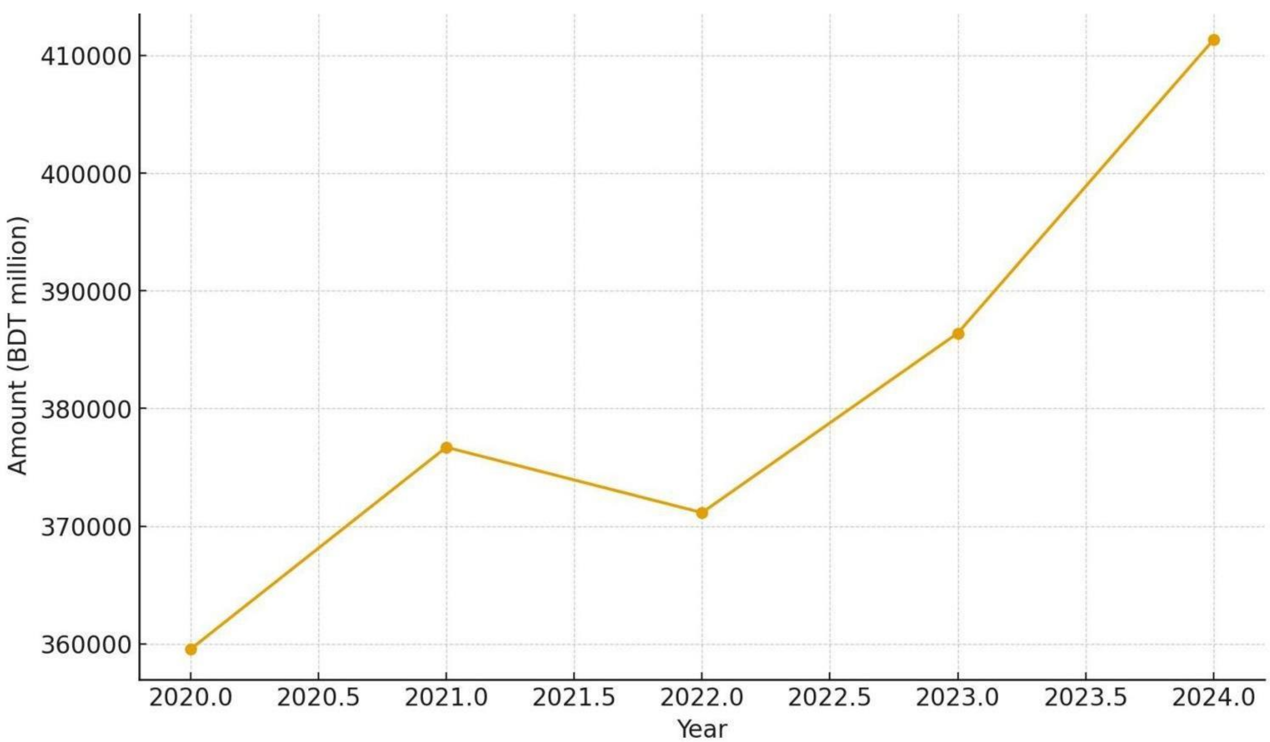
4.9.2 Deposits and Other Accounts Trend (2020-24)

The basis of the lending business of any bank is deposits. The stable increase in the volume of deposits of Southeast Bank PLC (SEBL) in the last 5 years is an indicator of the capacity of the bank in attracting and maintaining customer trust in its financial services with reliability and efficiency.

Table 4.3: Year-wise Deposits and Other Accounts (BDT in million)

Year	Deposits (BDT million)
2020	359,535.94
2021	376,700.77
2022	371,143.44
2023	386,402.44
2024	411,343.90

Figure 4.3: Deposits and Other Accounts Trend (2020–2024)



(Source: Southeast Bank PLC, Annual Reports 2020–2024)

Analysis:

Southeast Bank PLC (SEBL) grew its deposit foundation by more than 14 percent in the same timeframe (2020- 2024). Though some fluctuations were registered in 2022, the general trend reflects steady growth, high customer loyalty and successful deposit mobilization programs that still aid the credit expansion programs of the bank.

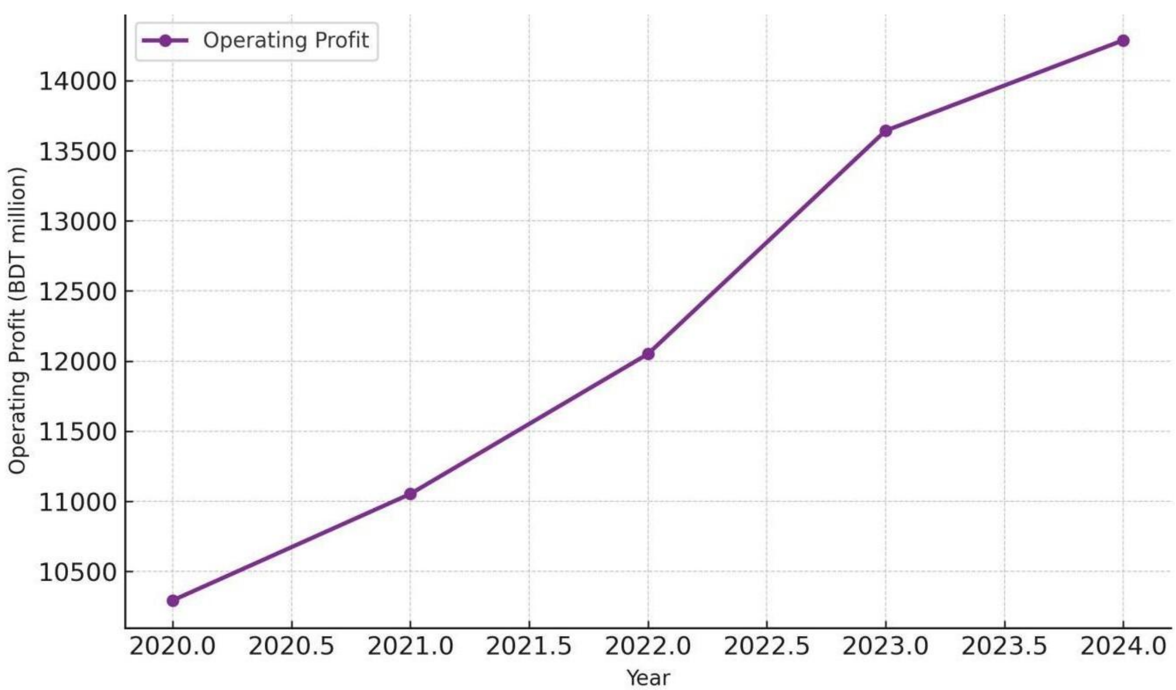
➢ 4.9.3 Operating Profit Trend (2020–2024)

Operating profit indicates the overall effectiveness and capability of a bank to earn income. In case of Southeast Bank PLC (SEBL), the operating profit has been growing steadily within the last five years, which implies good financial results and competent cost management.

Table 4.4: Operating Profit of SEBL (BDT in million)

Year	Operating Profit (BDT million)
2020	10,293.94
2021	11,053.27
2022	12,051.32
2023	13,643.00
2024	14,288.00

Figure 4.4: Operating Profit Trend (2020–2024)



(Source: Southeast Bank PLC, Annual Reports 2020–2024)

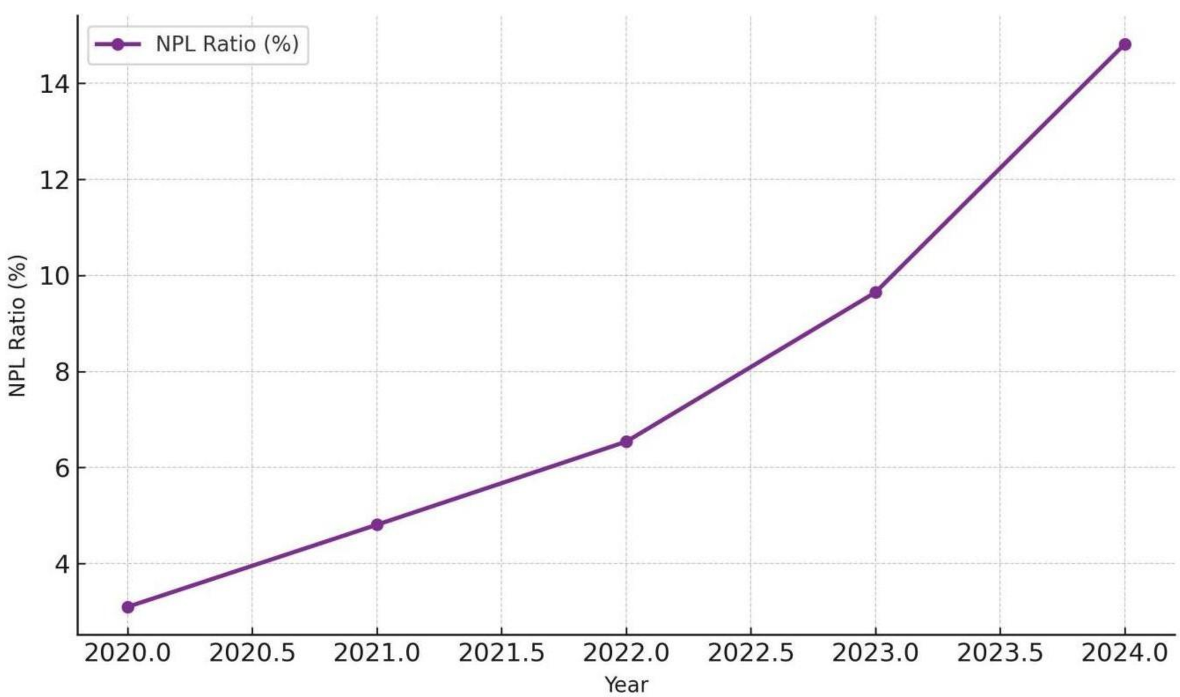
4.9.4 Non-Performing Loans (NPL) Ratio (2020–2024)

Non-Performing Loan (NPL) ratio is a ratio of loans that are not paid at the proper time. It has been used as a major measure of credit quality and the general level of risk in the lending portfolio of a bank. In the case of Southeast Bank PLC (SEBL), it is necessary to maintain control over the NPL ratio as a way of maintaining credit discipline and financial stability.

Year	NPL Ratio (%)
2020	3.10
2021	4.81
2022	6.54
2023	9.65
2024	14.82

Figure 4.5: Non-Performing Loans (NPL) Ratio Trend (2020–2024)

(Source: Southeast Bank PLC, Annual Reports 2020–2024)



Analysis:
The NPL ratio of Southeast Bank PLC (SEBL) increased considerably, that is, 3.10 percent in 2020 to 14.82 percent in 2024, which indicates more difficulties in recovering loans and managing credit risk. This trend shows that there is need to strengthen loan surveillance, better screening of the borrowers and more effective strategies to recover borrowers to maintain quality of credit.

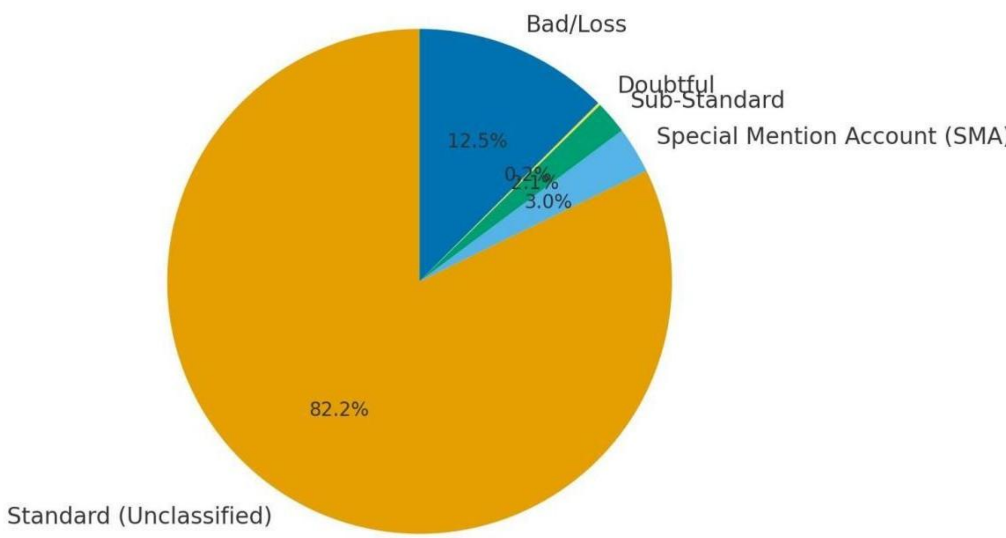
4.9.5 Loan Classification Structure (2024)

Loan classification gives a representation of the quality of the assets depending on the repayment performance of the borrowers. Southeast Bank PLC (SEBL) categorizes its loans based on the policy of Credit Risk Grading (CRG) developed by the Bangladesh Bank.

Table 4.6: Loan Classification of SEBL (2024)

Classification	Percentage of Total Loans
Standard (Unclassified)	82.22%
Special Mention Account (SMA)	2.98%
Substandard	2.13%
Doubtful	0.16%
Bad/Loss	12.52%

Figure 4.6: Loan Classification Share (2024)



(Source: SEBL Credit Risk Management Department) Analysis:

The portfolio is generally good with around 82%of loans being of standard or performing type. Nonetheless, the Bad/Loss category with the figure of 12.52 implies the increased risk of the credit risk and the necessity to increase monitoring and early warning tools, as well as focused recovery interventions.

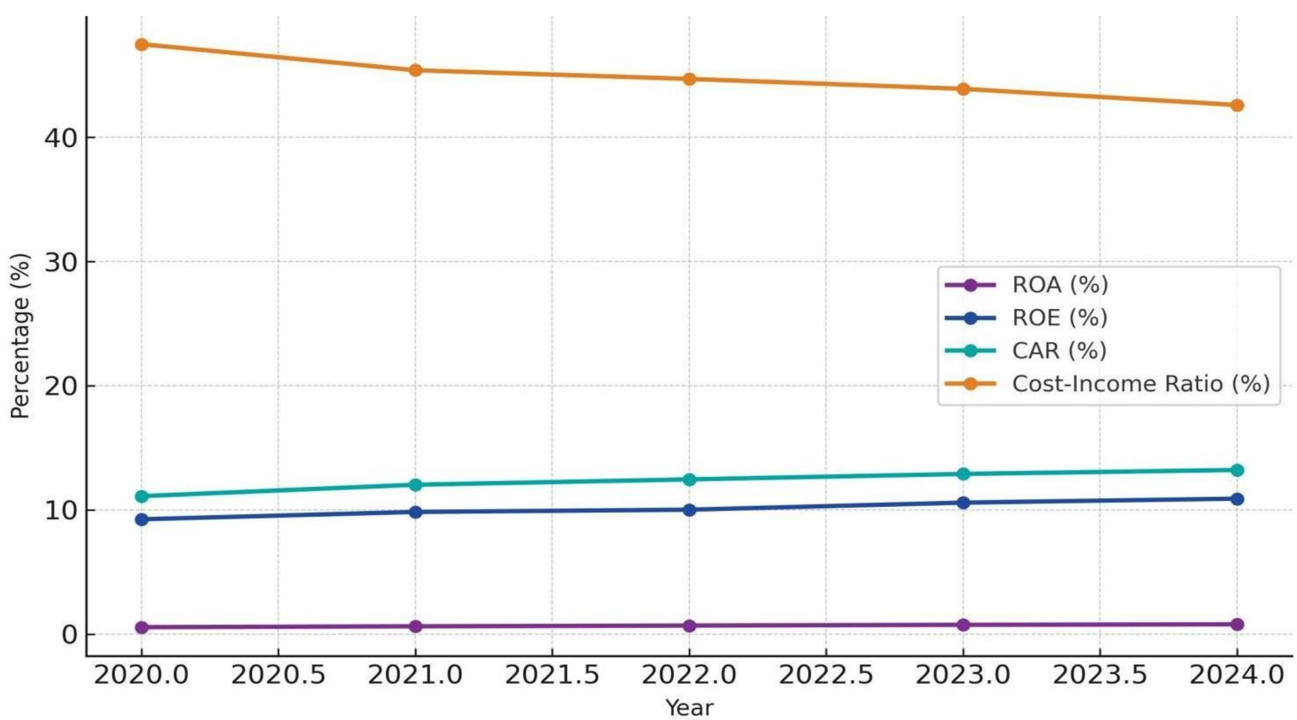
➢ 4.9.6 Financial Ratio Analysis (2020–2024)

Financial ratios would be a good measure of efficiency, profitability and capital strength of a bank. The last five years have seen Southeast Bank PLC (SEBL), show improved major financial ratios in a steady manner which indicated prudent management and overall consistent performance.

Table 5.7: Selected Financial Ratios of SEBL (2020–2024)

Year	ROA (%)	ROE (%)	CAR (%)	Cost-Income Ratio (%)
2020	0.55	9.24	11.10	47.50
2021	0.62	9.83	12.02	45.40
2022	0.68	10.01	12.45	44.70
2023	0.74	10.58	12.89	43.90
2024	0.78	10.90	13.21	42.60

Figure 5.7: Financial Ratios Trend (2020–2024)



(Source: SEBL Annual Reports 2020–2024)

Analysis: Both profitability and efficiency have improved slowly with analysis of the financial ratios. ROE and ROA have gone up consistently indicating improved asset utilization and escalated returns on equity. Cost-to- Income Ratio decreased by 47.5 to 42.6, which means that operating control has become stronger and more efficient. In general, Southeast Bank PLC (SEBL) was financially stable and experienced a steady financial growth during the period between 2020 and 2024.

➢ 4.9.7 Credit Performance Questionnaire (2020-24)

The last five years have depicted a positive trend in the performance of the Southeast Bank PLC (SEBL) in terms of credit performance due to growth in deposits, increased profitability, and strategic lending practices. The trend analysis of the 20202024 period shows an average growth of the loan portfolio as well as the number of customers even though it faces difficulties due to the increase of non-performing loans (NPLs).

Key Observations:

- Constant increase in loans and advances, which indicates high lending power and confidence of the customers.
- Constant growth in the deposit mobilization, such that the credit operations have a constant base of funds.
- Observable increase in operating profit, which means that it is more efficient and its earnings can be higher.
- NPL ratio increasing, which indicates that more recovery and monitoring systems should be tightened.
- Most loans (82 percent) are normal, which is a factor that validates the stability of the entire portfolio.
- Prolonged increase in ROA, ROE, and CAR with efficient utilization of assets and improved management of capital.
- Decreasing ratio of costs to the income, due to the greater efficiency of operations and cost management.

On the whole, the financial growth and credit management of SEBL indicates steady financial development and management of the business in the period of 2020-2024. Nevertheless, the bank should consolidate its recovery strategies and implement more sophisticated risk management practices in order to decrease the number of NPLs and achieve financial sustainability in the long run.

CHAPTER-05

FINDINGS & RECOMMENDATIONS

An Analytical Study on the Credit Performance of Southeast Bank PLC

5.1 Findings of the Study

According to the review of the credit performance of Southeast Bank PLC (SEBL) between the year 2020 and 2024, a number of key observations can be made about the efficiency of the bank in lending, its profitability, and the way it manages risk. The research displays the positive changes and spheres that require enhancement.

Key Findings:

- Total loans and advances have been growing consistently in the past five years for the reason that there has been great lending growth and proper utilization of funds.
- The deposits were continuously increasing and this guaranteed the liquidity and facilitated the continuation of credit.
- The operating profit was increasing every year, it was more efficient and controlled its income better.
- The loan portfolio is healthy with almost 82 percent of the loan portfolio in the standard category.
- Financial ratios like ROA, ROE and CAR have increased with time indicating profitability and adequate capital.
- The cost-to-income ratio decreased slowly, indicating a stricter control of expenses and efficiency of the operations.
- NPL ratio increased dramatically by 3.10 percent in 2020 to 14.82 percent in 2024, as the company demonstrates the lack of strength in loan recovery and borrower evaluation.
- Bad/loss loans were at 12.52, and tighter supervision was needed along with more efforts to recover the loans.
- Even though SEBL has a developed credit granting procedure, it can use more credit control mechanisms after the loan has been disbursed to minimize the possibility of defaults.

Overall Summary:

The bank has recorded a consistent credit growth, profitability, and improvement in operations over the period, Southeast Bank PLC. Non-performing loans, however, have seen an increased trend, which underlines an increased monitoring, assessment of risks, and recoveries in an attempt to maintain the long-term financial stability.

5.2 Recommendations

According to the results of this research, there are a number of recommendations to make in order to enable Southeast Bank PLC (SEBL) to make its credit management more effective, enhance the performance of loan recovery, and secure the sustainability of growth. These recommendations are realistic, evidence-based and in line with the regulatory environment of Bangladesh Bank.

- **Enhance Credit Risk Assessment:** SEBL needs to improve its borrower review procedure through application of more current financial analysis frameworks, credit rating frameworks, and market insights to recycle clients with high risks prior to loan approval.
- **Enhance Loan Recovery Systems:** Branch-level and head-office recovery unit should be set up to administer overdue and classified loans by following-up, restructuring, and settling them in time.
- **Reduce Non-Performing Loans (NPLs):** The bank should implement an Early Warning System (EWS), which will help it to identify possible defaults at an early stage. Frequent review of portfolio and visits to the borrowers can contribute to curbing the increasing trend of NPLs.
- **Enforce Post-Disbursement Screening:** They should often check loan utilization and cash flow of the borrowers to ensure that the money is being utilized according to the purpose it was given.
- **Customer Relationship Management (CRM):** Frequent contact with borrowers and providing them with a flexible repayment option will help to build and improve relationships with the customers and increase the rate of loan recoveries.

5.3 Conclusion

The credit performance analysis of Southeast Bank Limited indicates that the bank is doing well in terms of credit performance management. The nature of lending is good as the volume of the loan and the customers have been increasing over the years. The other policy followed by the bank is the right credit policies, in order to enable the bank to assess the borrowers and restrict the risks of loans.

The bank will provide growth between 2020-2024. The loans and advances stood at BDT 372,907.25 million, deposits stood at 411,343.90 million, and the operating profit stood at BDT 14,288.00 million; all are indicators of a healthy franchise and customer confidence.

The asset quality is the point of pressure. The NPL ratio climbed from 3.10% (2020) to 14.82% (2024). Under Standard, the amount of loans is 82.22, and Bad/Loss is 12.52 in 2024. This means that the recoveries are harder, and also the stress levels are higher. With that said, the core engine proved to be even better, because ROA increased by 0.55 to 0.78, ROE by 9.24 to 10.90, CAR by 11.10 to 13.21, and the cost-to-income ratio decreased by 47.5 to 42.6 - all pointing to better utilization of the assets, capital, and cost control.

Bangladesh Bank has credit governance regulations. The three methods used at the bank to measure 100 percent Bad/Losses are CRG grading, full loan classification, and risk-based provisions. It also follows up, needs notices, reorganizations, litigation, visits to the sites, and has an Early warning System as a CRM part. These tools will be started at an earlier time and will be operated in a regular manner.

Through the internship experience, I was given a chance to work with credit officers to have a glimpse of how they analyze the applications and follow up on the borrowers. And the most useful was the following: the healthy part of the loan book is constantly monitored and open, and timely communication.

On the whole, SEBL is a financially sound company that has been well managed. To succeed in the future, one should minimize the new NPLs and enhance cures and recoveries. This will be supported by a keen selection of borrowers, early warning signals, increased post-disbursement oversight, rapid restructuring, and increased use of electronic credit facilities.

CHAPTER-06

IMPLICATIONS

An Analytical Study on the Credit Performance of Southeast Bank PLC

6.1 Implication

The internship experience in Southeast Bank PLC, Dhanmondi Branch, was a valuable experience, which helped me to fill the gap between theory and practical banking activities. The experience with working in the Credit Department gave the firsthand experience of lending money in the form of loans, the way they are disbursed, the documents, and the process of recovering money. I have developed a lot of professional, analytical and interpersonal skills as a result of the experience.

■ Learning, Personal and Academic

- Practical knowledge in finance, accounting, and risk management in a banking setting.
- Learned: Acquired an unambiguous idea of the way theoretical frameworks like Credit Risk Grading (CRG) and financial ratios analysis come to play in the actual business.
- Increased analytical capabilities based on loan performance observation and credit file reviews.
- Skilled discipline, high level of responsibility and professional ethics required to work in the banking industry.

◆ Impact on the Organization and Relevance to the Industry

- Noted the balance between profitability and credit risk that Southeast Bank PLC practices.
- Understood the need to comply with the regulations of Bangladesh Bank at all stages of the lending process.
- Learned how teamwork and proper internal communication can help in having efficient credit operations.
- Learned the importance of good documentation and verification of loan portfolio to ensure that the loan portfolio is of high quality.

❖ Skills Development and Problems Experienced

- Noted the effective nature of Southeast Bank PLC which shows its capability to maintain balance between profitability and credit risk in its lending business.
- Realized the need of adhering to the regulations of the Bangladesh Bank strictly during all the stages of the credit process.
- Learned the great lesson of teamwork and internal communication as the keys to the smooth and efficient operations of the credit.
- Understood the importance of proper documentation and validation as one of the key factors in having a robust and quality portfolio of loans.

✧ Networking and Professional Growth

- Contact: Networking and Professional Growth.
- Established positive ties with the senior bank officials, and learnt some important lessons through their working experiences.
- Developed the faith of working in a corporate set up and within deadline by being disciplined under supervision.
- Knowledge of Customer Relationship Management (CRM) as a means of generating trust and long term success in the banking industry.

➢ Future Direction and Recommendations

- The internship program motivated me to want to work in the banking and financial analysis field especially credit management.
- I will also enhance my technical and analytical abilities by engaging in an advanced training and education.
- I feel that lifelong learning, ethical decision-making, and practice would be the key to my career development in the long-term.

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Appendix

Southeast Bank PLC

Balance Sheet

As at 31 December 2024

Particulars	Note	2024 Taka		2023 Taka	
PROPERTY AND ASSETS					
Cash	4.1				
In hand (including foreign currencies)		5,826,066,461		4,692,039,883	
Balance with Bangladesh Bank and its agent banks (including foreign currencies)		16,414,355,983		15,541,947,272	
			22,240,422,444		**20,233,987,155**
Balance with other banks and financial institutions	6				
In Bangladesh		1,925,068,788		3,810,695,001	
Outside Bangladesh		2,889,587,474		2,905,225,340	
			4,814,656,262		**6,715,920,341**
Money at call and on short notice	7		**5,124,300,000**		**721,300,000**
Investments	9				
Government		106,003,711,542		96,904,048,802	
Others		14,809,453,388		13,284,326,320	
			120,813,164,930		**110,188,375,122**
Loans and advances/investments	11				
Loans, cash credit, overdrafts etc./investments		364,267,281,352		345,677,309,833	
Bills purchased and discounted		5,719,958,600		5,729,508,763	
			369,987,239,952		**351,406,818,596**
Fixed assets including premises, furniture and fixtures	13		**9,987,036,402**		**10,272,077,403**
Other assets	15		**11,186,223,906**		**10,262,870,276**
Non - banking assets			-		-
Total assets			**544,153,043,896**		**509,801,348,893**
LIABILITIES AND CAPITAL					
Liabilities					
Borrowings from other banks, financial institutions and agents	17				
Subordinated bond		8,000,000,000		11,000,000,000	
Perpetual bond		5,000,000,000		2,800,000,000	
Other borrowings		21,873,117,697		17,565,559,804	
			34,873,117,697		**31,365,559,804**
Deposits and other accounts	19				
Current/Al-wadeeah current accounts and other accounts		79,012,866,036		82,539,432,483	
Bills payable		3,313,481,373		3,180,741,975	
Savings bank/Mudaraba savings bank deposits		44,213,977,761		46,135,720,331	
Fixed deposits/Mudaraba fixed deposits		285,061,563,263		254,490,109,458	
			411,601,888,433		**386,346,004,247**
Other liabilities	21		**66,170,855,103**		**60,150,582,529**
Total liabilities			**512,645,861,233**		**477,862,146,580**
Capital/shareholders' equity					
Paid up capital	22.2	13,373,963,880		12,859,580,660	
Statutory reserve	23	13,239,565,890		12,859,580,660	
Revaluation reserve	24	4,628,024,197		4,411,809,450	
Other reserve	25	247,650,000		247,650,000	
Retained earnings	28	17,978,696		1,560,581,543	
Total shareholders' equity			**31,507,182,663**		**31,939,202,313**
Total liabilities and shareholders' equity			**544,153,043,896**		**509,801,348,893**

Appendix: Supplementary Data and Documents

- Extracts from the **Annual Reports (2020–2024)** of **Southeast Bank PLC**.
- **Credit Policy Guidelines** issued by **Bangladesh Bank**.
- Sample **Loan Appraisal** and **Sanction Forms** collected from *SEBL Dhanmondi Branch*.
- Summarized **Internal Credit Monitoring Reports** prepared for academic purposes.
- **Graphs and calculations** used in the credit performance analysis.
- **Balance Sheet of Southeast Bank PLC** as of **31 December 2024**.

THE END

AN ANALYTICAL STUDY ON THE CREDIT PERFORMANCE OF SOUTHEAST BANK PLC

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