



**An Analysis**  
**on**  
**Credit Risk Management System**  
**of South East Bank Limited**  
**A Study on Dhanmondi Branch**

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**LETTER OF TRANSMITTAL**

Mr. Mahbub Parvez  
Associate Professor  
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**Subject: Capitulation of Internship description.**

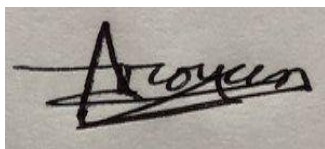
Dear Sir,

This is a immense enjoyment intended for me to present the Internship statement, for the unfinished obligation to achieve the level of Master of Business Administration (MBA). I contain my Internship titled Analysis of Credit Risk administration System of **Southeast Bank Limited**: The learning **lying on Dhanmondi Branch**.

This description gave me the chance to pertain the hypothetical & realistic comprehension in genuine existence circumstances, which would be a immense facilitate in favor of me in the expectations.

I value this prospect to prove my thoughtful appreciation to you for tightfisted your precious time, leadership, steady attempt as well as punctual concentration in addition to when essential intended for accomplishing the statement.

Sincerely Yours,



**Aroyun Jahan Jannat**

**ID: 181-14-2627**

**Department of Business Administration**

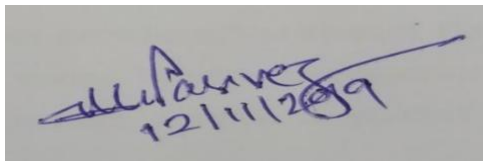
**Daffodil International University**

**CERTIFICATE OF APPROVAL**

I am delighted to certify that the Internship Report titled "An Analysis of Credit Risk Management System of Southeast Bank Limited: A Study on Dhanmondi Branch, conducted by Aroyun jahan Jannat ID: 181-14-2627 of the Department of Business Administration is approved for presentation and defense. Under my supervision, Aroyun Jahan Jannat worked with Southeast Bank Limited as an intern. I am satisfied to confirm that the information and conclusion accessible in the description seem to be genuine.

Aroyun Jahan Jannat contains a strapping ethical personality as well as a very pleasurable individuality. I desire her all achievement in existence.

**Best regards,**



Handwritten signature in blue ink, reading "Mahbub Parvez" and the date "12/11/2019".

-----  
**Associate Professor Mahbub Parvez**  
**Faculty of Business & Entrepreneurship**  
**Daffodil International University**

## ACKNOWLEDGEMENT

At first, I desire to state my appreciation to almighty Allah for charitable me potency, capability as well as opening to complete this report successfully. Next I would akin to to state my humanity to my favorite parents whose constant stimulation as well as blessing excites me to construct a accurate move in future. After that I would reminiscent of to show gratitude my administrator of the description Mr. Mahbub Parvez.

My heartfull thanks to Assistant Vice President & Manager Operation A.B. Md. Saifur Rahman Dhanmondi Branch of SoutheastBank Limited who gave the opportunity for me to prepare this report with my full independence and best co-operation from the Bank.

I would akin to to show gratitude all officers & personnel of SEBL Dhanmondi Branch intended for their collaboration, maintain & worship. I would akin to to express gratitude commencing the profound of my spirit to persons who are connected with creation of the description as well as formulate it triumph.

As a final point, I would akin to show appreciation DIU institution of higher education & its faculty of Business Administration Department intended for giving me an chance to absolute my MBA Degree and provide me a facility to get together realistic knowledge as well as improve the facts.

Aroyun Jahan Jannat

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## EXECUTIVE SUMMARY

The placement description has been organized on “**Credit Risk Administration System of Southeast Bank Ltd.**” Based on derivative figures as well as information. The statement used in details has composed as of a variety of sources for example available resources in the vein of yearly statement, the acknowledgment instruction booklet of bank. Every day declaration of interaction of Dhanmondi local office as well as articles interconnected to banking actions.

Commercial banks execute an extremely significant examination in all sectors of the financial system by given that competence for the pooling of investments and creation them accessible for cost-effectively in addition to socially desirable purposes. The banks present special types of services to unusual types of citizens of culture by getting deposit from the sufficient part of civilization and thereby investing it to scarcity part of the social order.

There has been a propagation of profitable banks in our country in the most recent fifteen years, which has formed an immense deal of opposition. Southeast Bank Ltd. Southeast bank is the oldest classified profitable bank that working in Bangladesh. It has over the time produced one of the major networks among every one of the other banks in Bangladesh. Even though an innovator in contribution an assortment of ranges of products in the marketplace, the creation that are offered by Southeast bank Ltd. are promptly imitated by all competitors. In this statement I tried to investigate the acknowledgment risk supervision procedure of Southeast bank Limited. Following the achievement of the bank they professionally evaluate the acclaim risk and the other peril and grip the risk in such a way which brings them the completion.

This learning for the most part tries to discover acclaim strategy, acknowledgment endorsement course of action also locate out credit expenditure, credit distribution and risk grading, risk recuperation procedure. This learning also finds that credit risk administration requirements to be a vigorous procedure that makes enable banks to proactively supervise credit portfolios with the intention of curtail losses and be paid a satisfactory stage of arrival for all shareholders.

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# PART-1

## INTRODUCTION

## **ORIGIN OF THE REPORT**

Master of Business Administration (MBA) Course requires a three months attachment with an organization followed by a report assigned by the supervisor in the organization and endorsed by the faculty advisor. I took the ability to do my internship in a good organization with kind environment. My organizational supervisor F.M Kamrul Hasan, Executive Officer and Assistant Vice President & Manager Operation Mahmud Shafeaul Alam Bhiiya, Dhanmondi Branch asked me to complete a study on credit risk management(CRM) of southeast Bank Ltd. My faculty of Business Administration supervisor Mr. **Md Mahbub Parvez** Daffodil International University, also permitted the topic and allowed me to get ready this report as part of the achievement of internship requirement.

### **1.1 BACKGROUND OF THE REPORT:**

This report is prepared to complete the fractional prerequisite of the MBA program. As I have been working in Southeast Bank Limited, Dhanmondi Branch in Dhaka as intern for three months, realistic information has been gathered on the **credit risk management** department and the report is intended to employment on the whole credit risk management of southeast Bank Limited.

Convenient work condition is dissimilar from what is learnt hypothetically. Though the business processes are based on theory, the function has to be dissimilar to get together the prerequisite of circumstances. The credit risk administration of the Southeast Bank Limited , Dhanmondi Branch, Dhaka, thus has been experimental virtually and presented in this description.

### **1.2 SCOPE OF THE REPORT:**

This statement has been equipped on the foundation of acquaintance gathered during the period of internship. This study discussed the meaning of credit procedure system and credit risk administration of Southeast Bank Limited. The majority of the data used in the report of the study are from lesser sources. All the data associated to the report requirements are not easily reached due to unrevealed stipulation perform for the assistance of the organization.

### 1.3 OBJECTIVES OF THE REPORT:

The wide intention of the description is to distinguish and calculate approximately the credit risk administration classification of Southeast Bank Ltd.

1. To present an overview of SEBL and the bank's loan products and deposit yield.
2. To ascertain out the types of credit risk and lending policies of SEBL.
3. To scrutinize the steps mixed up in credit dealing out and steps taken by SEBL to execute credit risk management guiding standard.
4. To present the most important findings and present some recommendations on the foundation of findings.

### 1.4 METHODOLOGY OF THE REPORT:

**Sources of data compilation:** The figures gathered from primary and secondary sources.

**Primary information:** Collecting records in a straight line from the realistic field that is known primary sources of information.

The progression that will be used to accumulate the primary data is given bellow:

- **Interview:** Face to face discussion with the respective officers and staffs of the branch that helped me to get together information.
- **Practical work experience:** Working in extraordinary desk of the branch helped me to build up some information that makes the statement more informative.
- **Group conversation:** Group conversation with other internee of the branch and my classmates is another approach to construct the statement more enlightening.

#### **Secondary information:**

- Annual description of the SEBL.
- Group business principal manual.
- Files & folders of the SEBL.
- An assortment of publications of the bank.
- Websites
- Correspondents

**Data dispensation:** The data gathered from both most important and secondary sources were arranged orderly to get hold of an obvious depiction of the Southeast Bank's credit supervision course of action regarding lending formula and monitoring.

### **1.5 LIMITATIONS OF THE REPORT:**

In spite of most excellent hard work there were boundaries that acted as barriers to execute the cram.

- The central part constraints of the lessons are in short supply of information, which was mandatory for the lessons. There are different information the bank officials do not have the funds for due to protection and other corporate obligations.
- Time restraints.
- Limited accurate of entrance to statistics.
- All the workers of the bank are very full of activity. So they do not have much time to segregate information.
- All clients are not cooperative or well-informed to carve up information.
- Being public limited company, the classified commercial banks like Southeast bank limited continue some information controlled like the real amount of off the record loans.
- Financial statements only expose the figures/numbers and their break down but do not illumine the clarification in most of the moment in time.
- Due to boundaries of time and to shield the secretarial confidentiality many aspects of the description are not in intensity.



## CHAPTER- 2

# Organizational Summary

## 2.1 THE ORGANIZATION

**Southeast Bank limited ( SEBL). “A Bank With Vision”**, emerged in the Commercial Banking industry in Bangladesh in 1995. It was included on March 12, 1995 as a public limited organization according to the companies Act 1994. The inauguration of its banking operations occurred on may 25, 1995 by the Principal Branch to be found at 1, Dilkusha Commercial Area, Dhaka.

Southeast Bank Limited was recognized with a hallucination and a visualization to expand into a lead the way banking association of the nation state and construct an imburement significantly to the extension of the countrywide economy. The bank was recognized by leading business personalities and prominent industrialists of the countryside with stakes in varied segments of the nationwide economy. The incumbent Chairman of the Bank is Mr. Alamgir Kabir, FCA, a specialized Chartered Accountant.

Southeast Bank is run by a squad of well-organized professionals. They spawn and formulate a surroundings of conviction and instruction that encourages and motivates each person in bank effort together for achieving the objectives of the bank. The civilization of maintaining good-natured work-environment in the bank has further enabled the personnel members to standard themselves superior against supervision observation. A guarantee to distinction and pre-eminence in inspection is the trademark of their uniqueness.

## 2.2 OBJECTIVES OF ORGANIZATION

- To construct the largest part of the wealth of the shareholders.
- To formulate obtainable typical financial services.
- To create agreeable rate of arrival on speculation by providing extensive assortment of banking service.

## 2.3 MISSION & VISION

### **Mission:**

- High superiority financial services with state of the art knowledge
- Fast customer services
- Sustainable growth approach
- Follow ethical standards in business
- Innovative banking at competitive price
- Attract and preserve eminence human resource
- Commitment to Corporate Social Responsibility

### **Vision:**

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

## 2.4 CORE STRATEGIES

The business strategy of the bank is to strengthen its traditional lending in small retail business, following a conservative lending approach in the areas of large and medium industrial ventures. The management approach of maintaining loan quality is another strategy. Realizing the significance of having a good network for its entry to low cost savings deposits, the Bank has taken a dynamic step for opening additional branches.

## 2.5 CORE VALUES

- Truthfulness
- Admiration
- Equality
- Agreement
- Team strength
- Good manners
- Obligation
- Services
- Brilliance

- Eagerness for effort
- Business principles

## **2.6 CORE STRENGTHS**

- Professionally well-built board of directors
- Transparent and swift pronouncement construction
- Well-organized panel of performers
- Contented customers
- Internal manage experienced threat administration
- Diversification
- Internal control and compliance
- Management functions
- Strapping asset base
- Exclusive corporate traditions

## **2.7 CORE COMPETENCIES**

- Acquaintance
- Experience and expertise
- Customer direction
- Intelligibility
- Fortitude
- Enthusiasm for enhancement
- Recreation of closely controlled development strategies
- Dependability

## **2.8 CORE COMMITMENTS:**

- Present service with elevated degree of professionalism and use of modern technology.
- Generate life-long relationship based on mutual faith and admiration.
- Response to customer needs with rapidity and correctness.



- Distribution their values and beliefs.
- Present products and services at competitive pricing.
- Make sure safety and security of customers valuables in crust with us.

**Corporate Slogan: “A BANK OF VISION”**

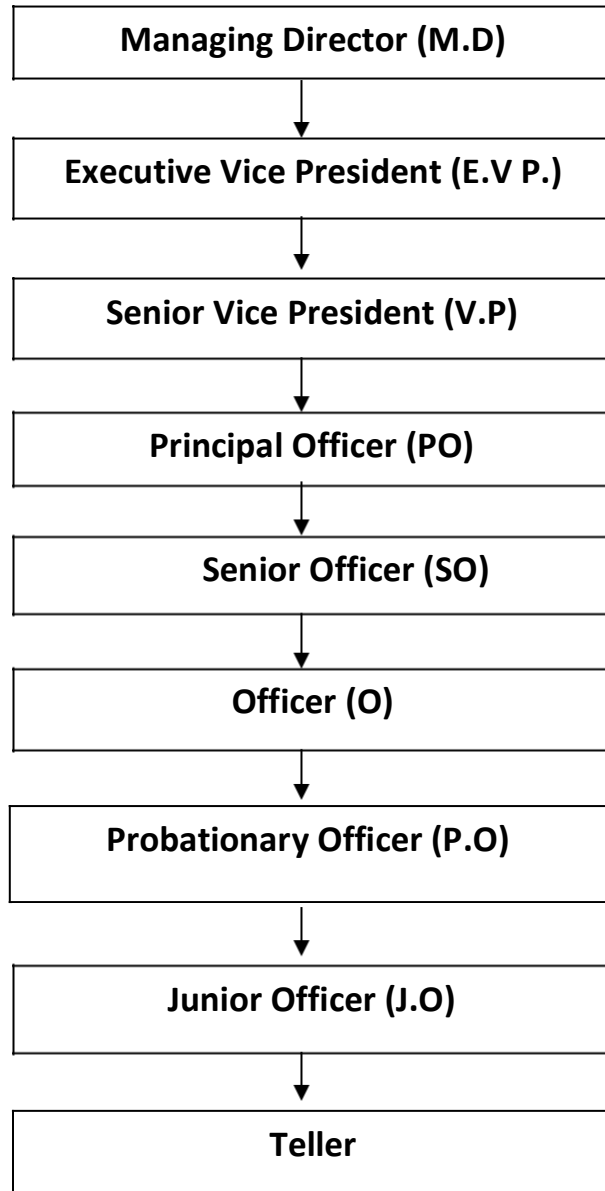
## **2.9 CORPORATE PROFILE:**

Name of Company	Southeast Bank Limited
Legal status	Public Limited Company
Date of Inception	March 12, 1995
Registered Office	Eunoos Trade Centre 52-53, dilkusha C/A(level 2,3 & 16) Dhaka-1000
Chairman	Alamgir kabir, FCA
Vice Chairman	Ragib Ali
Managing Director	Shahid Hossain
Company Secretary	Muhammad Shahjahan
Line of Business	Banking(Both Conventional & Islamic Banking
Authorized Capital	BDT 15,000 million
Paid up Capital	BDT 9.169.50 million
Date of opening of First Branch	May 25, 1995
Year of Initial Public Offer	1999
Stock Exchange listing	April 10, 2000 ( DSE ) & April 24, 2000 (CSE)
Company Auditors	Howladar Yunus & Co. And Syful Shamsul Alam & Co.

Tax Consultant	Akhter Zamil & Co.
Legal Advisors	The Legal Edge
Credit Rating	Credit Rating Information and Services limited ( CRISL)
Validity of the Credit Rating	Up to June 22, 2016
No. of Foreign Correspondents	811
Phone	9571115( Hunting)
Fax	955 0086, 9550093, 9563102 & 9567273
SWIFT	SEBDBDDHXXX
E-mail	<a href="mailto:info@southeastbank.com.bd">info@southeastbank.com.bd</a>
Website	<a href="http://www.southeastbank.bd.com">www.southeastbank.bd.com</a>
Name's of Bank's Subsidiaries	Southeast bank Capital Services Limited Southeast Financial services(UK) Limited Southeast Financial Services(Australia) Pty Limited Southeast exchange company (South Africa)

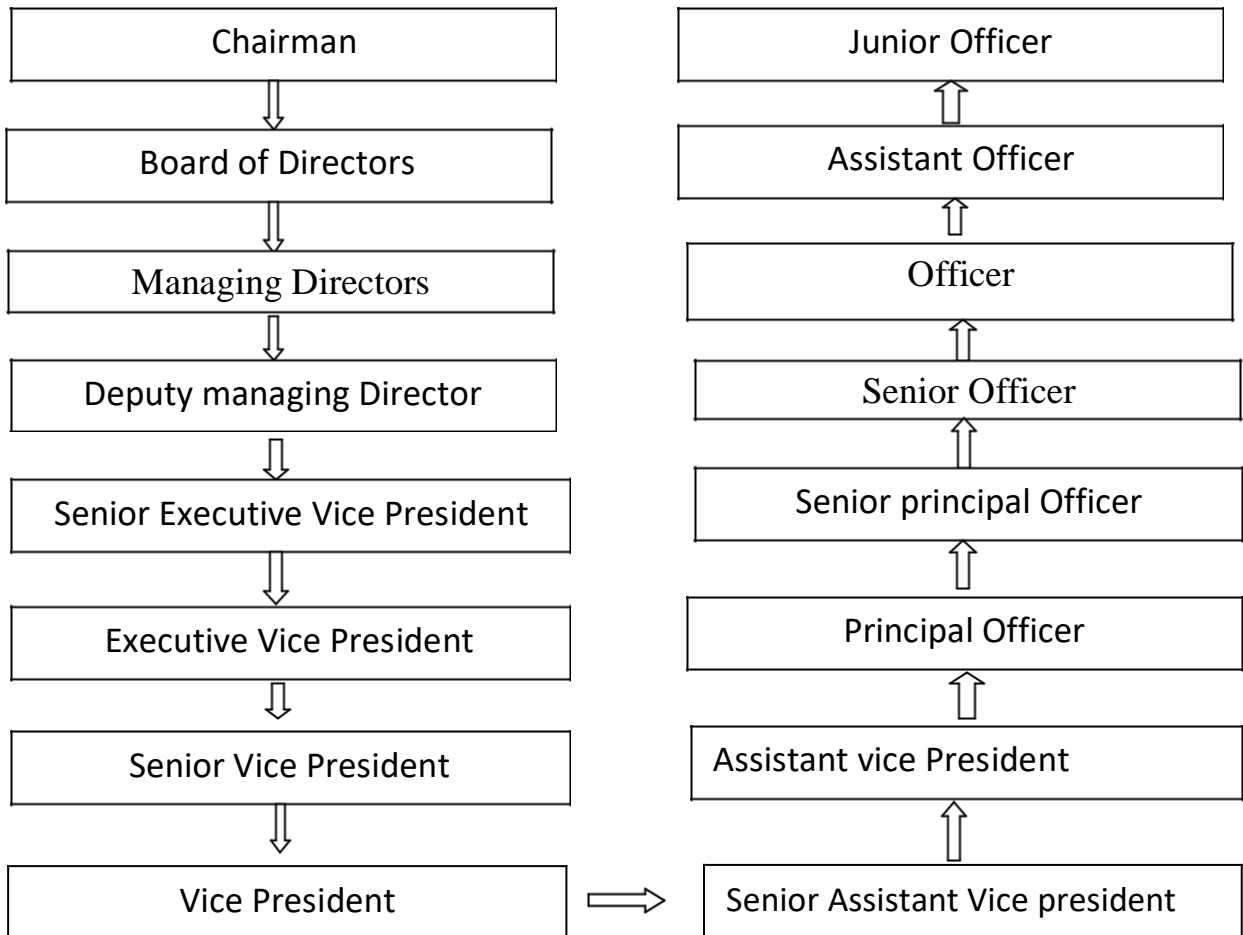


**2.10 ORGANIZATIONAL STRUCTURE IN SOUTHEAST BANK LIMITED:**





2.11 THE HIERARCHICAL STRUCTURE:



## **2.12 PRODUCTS & SERVICES OF SEBL:**

There are a number of products of Southeast Bank Limited under conventional banking system.

### **2.12.1 PRODUCTS**

#### **Deposit Product:**

##### Saving Account

- Current Account
- Special Notice Account
- Fixed Deposit Receipt
- Double Benefit Scheme
- Milliner Deposit Scheme
- Monthly Savings Scheme
- Monthly Income Scheme
- Pension Scheme

#### **Loans And move forward Products:**

- Overdraft
- Working Capital sponsorship
- Project investment
- Packing acknowledgment
- Syndicated mortgage
- Loan aligned with trust receipt
- Loan adjacent to export bill

#### **Islamic Banking Products:**

- Mudaraba Savings Account
- Al-Wadiah Current Account
- Mudaraba Special Notice Deposit (MSND) Account
- Mudaraba Double advantage Scheme (MDBS) Account
- Mudaraba Term Deposit Receipt
- Mudaraba hajj Sanchay Prokalpa

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- Mudaraba Millionaire Deposit Scheme

### **2.12.2 SERVICES:**

#### **Export Services:**

Southeast Bank Limited offers a extensive assortment of export services. Routing all export related transactions through Southeast Bank Limited could get rid of many of exporting hassles. With our expertise and familiarity, we can assemble and transform solutions for precise requirements.

#### **Import Services:**

Southeast Bank Limited offers comprehensive collection of import services. Southeast Bank Limited is highly respected in the world of international sponsorship and cross border connections. Through or potential and occurrence, they can constitution and adapt solutions suited to unambiguous business necessities.

#### **Remittance Business:**

Although Southeast Bank Limited has entered into remittance late compared to the other private banks, it has continuously strived to bring together its remittance business around rapidly services by creation it straightforward for remitters to remit money through a network agreements with supposed banks and remittance houses abroad and an widespread network in the country to distribute the cash to the beneficiaries as their entrance in quickest probable time and devoid of hassles.

#### **Small and Medium Enterprise(SME) Banking:**

Bank provides credit conveniences to the small and medium entrepreneurs to be more dynamic and steady. There are 3 programs for SME banking:

1. Southeast Shopan
2. Southeast Shikhor
3. Southeast Shuprova

**SWIFT Services:**

The Society for Worldwide Inter Bank Financial Telecommunication (SWIFT) operates a universal financial messaging set of connections. Communications are strongly and dependably exchanged between banks and other financial institution. Southeast Bank Limited has SWIFT services. The bank's SWIFT address is SEBDBDDHXXX.

**Locker Services:**

Southeast bank provides locker conveniences to its clients in a assortment of branches. It offers small, medium and large lockers at different service charge. A client must have a SB or CD or STD account in the respective branch where the client requirements to avail the locker examination.

**ATM Services:**

Southeast Bank Limited is provided that encompassing the regulator ATM Services corner to corner the country through its 175+ ATMs and 9000+ ATMs of member banks under National Payment Switch of Bangladesh (NPBS).

Conveniences provides by ATM: Fast Cash, Cash withdrawal, Balance investigation, PIN incriminate, Receipt turn out, Mini announcement, Fund relocate, Utility disbursement.

**Branch Expansion:**

Southeast Bank Limited has already approved 24 years of its business operations. Within this period it has already set-up 142 branches around country. These twigs have been broaden around major divisions within the country. SEBL is bearing in mind to open more branches at Dhaka city and other considerable cities in a few months.

**BACH and BEFTN:**

Southeast Bank Ltd. Is one of the triumphant bank which have implemented Bangladesh Automated Clearing House (BACH) and Bangladesh Electronic endowment Transfer Network

**Internet Banking:**

Southeast Bank Ltd. has newly implemented Internet Banking overhaul to its customer so that they can do- Account Balance Investigation, Account Statement Inspection and Download, Account information examination, Cheque leaf discontinue payment appeal and Cheque Book Issue concern for any inaccessible PC having internet correlation.

**Numbers of Employees:**

The bank has 2069 employees in banking and 547 employees in nonbanking. The bank campaign to join more employees in the current fiscal year to expand.

**2.13 CREDIT ACTIVITIES:**

Almost in every bank, there are 4 basic departments. They are:

1. General Banking (Including account opening, issuance of cheque book, FDR, Clearing, Cash, pay order etc.)
2. Credit
3. Foreign Exchange
4. Accounts and Logistics

**2.14 ACCOUNT OPENING SECTION:**

To institute a banker and customer relationship account opening is the first step. Opening of an account binds the banker and customer into contractual correlation. But selection of customer for opening an account is very vital for a bank. Indeed, fraud and forgery of all kinds start by opening account. So the bank takes tremendously cautious measure in its selection of customers.

The following works are done by this section-

1. Accepting of deposit
2. Opening of account
3. Check book issue
4. Closing of account



## 2.15 ACCEPTING OF DEPOSIT:

Accepting deposits is one of the major classic functions of banks. The relationship between a banker and customer begins with the opening of an account by the former in the name of the latter. Primarily all the accounts are opened with a deposit of money by the customer and hence these accounts are called deposits accounts. There are two officers performing various functions in this department. The deposits those are accepted by SEBL may be classified into:

- Demand deposit
- Time deposit

**Demand Deposit:** There are two types of demand deposit accounts, they are-

**I. Savings A/C:** To give confidence savings habit amongst the general public, bank allows depositors to open savings account. At the time indicates, these account are opened for the purpose of savings. Interest is awarded on the balance of the account.

- The smallest amount balance requires to be maintained at all times is TK. 1,000.00 and the bank reserves the right to change the minimum balance requirements and to close such accounts without prior notice if the balance falls below this amount.
- The highest interest bearing amount allowed on any saving bank account TK. 50,00,000.00 interest is payable on collected funds.
- The bank reserves to itself the right not to pay any cheque presented that contravenes the policy. In the event of the Cheque being returned for desire of funds a penalty charge of TK. 50.00 for each presentation will be completed.

Saving Deposit = 5.00% (No restriction on withdrawal)

**II. Current A/C:** Current account is an account where the account holder within the funds can build numerous transactions obtainable in its credits. No interest is paid on those deposits. Requirements to open an account are almost same to that of savings account except the initial deposit and the introducer must be the account holder. Requirements for different types of current account holder are given below:



**A. Limited Company:** A separate account opening form is used for limited company. The bank should be cautious about opening account for this type of customer. Requirements are-

- Articles of association
- Two copies of attested photograph
- Letter of commencement
- Letter of incorporation
- Memorandum of association
- List of directors, their number of share and status
- Registration which the company is registered and certificate relating to this issue, is obtained from the registration office of joint Stock Company.

**B. Partnership firm:** Same account opening form for partnership firm is used. Instruction of account is given in the form. Documents required to release this type of account are:

- Two copies attested photograph of those who will activate the account.
- Trade license
- Partnership deed
- Resolution of the firm regarding account opening should be given

**C. Personal Current A/C:** Similar account opening form for personal account is used. Instruction of account is given in the form. Documents required to open this type of account are:

- Two copies photograph of who will drive the account.
- One copy photograph of nominee.
- One copy of Southeast ID of both, account holder and nominee.
- The guarantor who is already maintaining an account introduces personal.

**D. Proprietorship A/C:** Requirements of opening this type of account are given below-

- The guarantor attests two copies photograph of who will activate the account.
- Photocopy of trade license.



**E. Co-operative Society:** Following documents have to be obtained in case of the account of co-operative society:

- Copy of Bye-Law certified by the Co-operative Officer.
- Resolution of the executive committee as regard of the account.
- Up to date list of office bearers.
- Certified copy of certificate of registration issued by the register, co-operative societies.

**F. Minor Account:** Following documents have to be obtained in case of the account of minor:

- Putting the word “MINOR” after the title of the account.
- Recording of the special instruction of operation of the account.

Banks are maintained a signature card and different types of register to open every types of accounts. An account number is given for each account and the description of the account entered in the computer.

### III. Monthly Schemes:

**A. Mudaraba Monthly Savings Scheme (MMSS):** duration-3 years & 5 years, amount of monthly installment- TK. 500 or multiple amount up to TK. 50,000

- A person of 18 years old and above having a sound mind can open the account.
- A person can release more than one MMSS account at any branch of the bank and in such case disconnect form should be filled.
- A passport size photograph is required to open the account.
- MMSS account can be opened at any working day of the month.
- Account opened within 1<sup>st</sup> 10<sup>th</sup> of any month will be treated as account of the particular month. If the account is opened for after 10<sup>th</sup> of any month in case 1<sup>st</sup> installment will be due and realized from the next month.
- MMSS account cannot be opened in the name of any minor, in joint names or in the name of institution.



- An account can be transferred one Islamic Branch to another Islamic Branch of the bank by a written application of the account holder. In such case a fee of TK. 500 is payable as banks service charge.
- Installments can be deposited in advance.

**B. Pensions Savings Scheme (PSS):**

- A person of 18 years old and above having a sound mind can open the account.
- A person can open more than one PSS account for different account at any branch of the bank and in such case divide form should be filled in.
- A passport size photograph of the account holder and each nominee are required to open the account.
- The account can be opened at any working day of the month.
- Account opened within 10<sup>th</sup> of any month will be treated as account opened on the particular month. If the account is opened after 10<sup>th</sup> of any month in that case 1<sup>st</sup> installment will be due from the following month and will be realized in the following month.
- PSS account can be opened in the name of minor in that case minor's legal guardian can control the account.
- Account cannot be opened in joint names or in the name of any institution.

**C. Double Benefit Scheme (DBS):** Double benefit scheme is a time specified deposit scheme for clients where the deposited money will be doubled on maturity.

- Amount to be deposited TK. 10,000 or its multiple without fees & charges.
- Deposited amount will be doubled in 7.5 years.
- The scheme is covered by insurance and insurance premium in borne by the bank.
- Account can be opened at any working day of the month.
- Premature closure facility.
- Allowed to open more than one DBS account at any branch of the bank.



- Eligibility.
- Only resident Bangladeshi Southeast is allowed to open personal DBS account.
- Loan facility against lien of DBS account.
- Age bar for opening of personal DBS account-18 years above.
- Minor account can be opened under the supervision of his/her/their guardian.
- DBS account can be opened for individual, joint account and corporate bodies.

**D. Millionaire Deposit Scheme ( MDS):** Millionaire Deposit Scheme is a time specified monthly deposit scheme for clients where the deposited money will become millions on maturity.



**Features and Benefits:**

- Tenor 4,5,6,7,8,9 and 10 years term.
- Deposit on monthly installment basis.
- Account can be opened at any working day of the month.
- Monthly installment can be deposited in advance.
- Attractive rate of interest.
- Monthly installment can be deposited through a standing debit instruction from the designed CD/SB account.
- An account can be transferred from one branch to another branch of the bank.
- Allowed to open more than one MDS account for different amount at any branch of the bank.
- Credit facility for maximum of 2 years can be availed at any time during the period of the scheme.



**Eligibility:**

- MDS account can be opened for individual, joint account and corporate bodies.



- Only resident Bangladeshi Southeast is allowed to open personal MDS account.
- Age bar for opening of personal MDS account-18 years or above. However, minor account can be opened under the supervision of his/her/their guardian.



**Fees and charges:**

- Account transfer fee is TK.500/-
- Account closure fee is TK.500/-
- Penalty of TK. 200/- for failure to pay monthly installment within the stipulated time.
- VAT applicable for all fees & charges @15%.

**E. Multimillionaire Gold Scheme (MGDS):** A person of 18 years of age and above can open the account. MDGS account can be opened in joint names and in the name of any institution. Monthly installment can be deposited by cash/cheque or can be deposited through a standing debit lessons from the designated SB or CD account of every month. Monthly installment can be deposited in advance. In that case no interest for the advanced installment will be paid.

**Time deposit:** There are mainly two types of time deposit.

- 1. Short Term deposit(STD):** In short term deposit, the deposit should be kept for at least 7 days to get interest. The interest offered for STD is less than that of savings deposit. In PBL, various large companies, organization, government departments keep money in STD account. Frequent withdrawal is discouraged and requires prior notice.
- 2. Fixed deposit receipt(FDR):** Fixed deposit receipt offers the customers the prospect to invest a fixed amount for a fixed period at a fixed rate of interest. The customer have the option to re-invest their funds both principal amount and interest amount on maturity or principal amount and the interest amount being paid into their SB or CD account.
  - Money can develop with attractive interest rate with flexible tenure.
  - Premature closure facility at savings rate.
  - Automatic renewal facility at maturity.



- Eligibility.
- Loan facility against FDR to get together urgent financial needs.
- FDR account can be opened for individual, joint account and corporate bodies.
- Only resident Bangladeshi southeast is allowed to open personal FDR account.
- Age bar for opening personal FDR account-18 years or above. However, minor account can be opened under the supervision of his/her/their guardian.

Term	Revised rate of interest
3 months	9.00%
6 months	8.75%
12 months	8.75%

**2.16 PROCEDURE FOR OPENING ACCOUNTS:**

Before opening of a current or savings account, the following formalities must be finished:

- Application on the prescribed form
- Furnishing photographs
- Introduction by an account holder
- Putting specimen signature in the signature card
- Permission if necessary
- Nominee

Doing the above formalities, customers present those form to the bank then bank usually opens an account against the account user & provides the customer a pay-in-slip book.

**2.17 CLOSING THE ACCOUNT:**

Bank can shut an account, if the account requests the bank to do so. Account holder has to write an application for closing the account. Then the following procedures will be followed by the banker-



- First the customer should be asked to illustrate the final cheque for the amount standing to the credit of his account less the amount of closing and other incidental charges and surrender the unused cheque leaves.
- The account should be debited for the account closing etc. and an authorized officer to the bank should destroy unused cheque leaves.
- In case of combined account the application for closing the account should be signed by all the joint holders.

However, a banker can also shut the account of his customer or stop the operation of the account under following considerable circumstances:

- Death of customer.
- Customer's insanity and insolvency.
- Order of the court.
- Specific charge for fraud and forgery.

## **2.18 ANALYSIS OF INCOME & EXPENDITURE STATEMENT:**

### **Interest Income:**

For the year 2018 interest income of the bank was BDT 16,972.32 million as against BDT 17,794.80 million of the previous year, thus a growth of 4.84 %.

The interest enlargement generated mainly from loans and advances which remained the major provider.

### **Interest Expenses:**

Total interest expenses in 2018 was BDT 14,765.11 million as against BDT 15,656.34 million of 2015, posting as increase of 12.90%.

### **Net Interest Income:**

The net interest income of the bank for the year 2018 stood at BDT 4207.21 million against BDT 3138.46 million of the previous year.

### **Investment Income:**

In 2018 bank's earnings from investment was BDT 5,079.60 million as compared to BDT 5,158.54 million in the previous year. Investment income consists of interest earned on treasury



bills and bonds, capital expand, revaluation gain, add from sales of shares and dividend received from shares.

**Other Income:**

In the year under review, commission, exchange and brokerage earnings increased to BDT 2,903.04 million from BDT 2,759.46 million of 2015. This was due to the enhanced trade related fee based actively.

**Operating Expenses:**

Operating expenses in the year 2017 was BDT 3,470.11 million which stood BDT 4,449.23 million in 2016 resulting an increase of 21.82%

**Growth in operating profit for the last 5 years:**

The bank has earned operating profit of BDT 8503.22 million in 2018 which comprises net interest income, income from investment, commission, exchange etc. Operating profit in 2017 was BDT 8044.27 million. The operating income for the last 5 years is given below:

**2.19 SWOT ANALYSIS OF SEBL:****Strengths:**

- Transparent and quick decision making
- Efficient team of performers
- Satisfied customers
- Internal control
- Skilled risk management
- Quality of services
- Banking network
- Reputation of bank

**Weaknesses:**

- SEBL have not enough brand images.
- People cannot recall their brand name very frequently.

- SEBL have no own ATM booths.
- SEBL is no more worry about the market research.
- The promotion approach of SEBL is not at all effective.
- Be deficient in of employee satisfaction.
- Lack of administrative manage over all level of the bank.
- Be short of resources when needed.

**Opportunities:**

- SEBL should effort to give more services by increasing the number of own ATM Booths.
- SEBL should launching money changer capacity. Because some time people desire to have this facilities to construct happy the customers as well as to augment the foreign remittances.
- Diversification reduces the risk of default of the organization. So SBL could diversify its leading sectors by launching new schemes and increasing the number of branch.
- Opportunity of customer service improvements.

**Threats:**

- Their competitor ever-increasing day by day.
- Some stuff doing dishonest task that create bad image.
- Every private bank tries to supply better services and surroundings.
- Political atmosphere.
- Rapid enlargement of industry competitors.



**CHAPTER 3**  
**CREDIT RISK MANAGEMENT SYSTEM**  
**OF**  
**SOUTHEAST BANK LTD.**

### **3.1 ABOUT DHANMONDI BRANCH, SEBL**

Southeast Bank started its passage in Dhanmondi area as Dhanmondi Branch in November, 2009 which is located at Navana Newberry Place, Holding No. 4/1, Mirpur Road, Sobhanbag, Dhanmondi. Bank choose this location as there are so many schools and colleges in this area. As a result of so many families live in this area and also their kids used to study in the school nearby. So many parents used pay their school or college fees in this branch and gradually become loyal customers and client of this branch. There are many IT companies, developer companies, entrepreneurs who daily having lots of transactions through Dhanmondi Branch. However this branch's main clients are individual clients mainly- housewives, retired senior citizens, school teacher and staffs of the companies or organization who regularly deals with Dhanmondi Branch.

### **3.2 CREDIT RISK:**

The word credit generates from the Latin word “Credo” meaning “I Believe”. Credit risk is the risk of defeat that may take place from the breakdown of any counter party to create required expenditure in agreement with any kind of circumstances. It refers to the danger that a borrower will non-payment on any type of liability by failing to construct expenditure which it is obliged to perform. The risks are first and foremost that of the lender and include lost most important and concentration, disturbance to cash flows and greater than before collection costs. Bank credit is a credit by which an individual who has given her required protection to a bank has independence to illustrate an exact degree agreed upon. It is an arrangement for deferred compensation of a loan or purchase.

### 3.3 CREDIT MANAGEMENT:

Banks are main financial organization, which harmonize between borrowers and lender. They mobilize funds from one group of people at low rate and less the same to others groups of people at the highest rate of return to make the most of profit. Credit management in banking is mainly liable to is concerned authority. At any cost they have to bind to keep its funds in security and returnable with highest turnover from the investment. So credit management involves an effective processing of the complete loan transactions, correct assessment of credit risk, precise documentation of the loan, security agreements and systematic monitoring of the process of the loan that that will assist to make the most of loan defaults. The goal of credit risk management is to capitalize on a bank's risk-adjusted rate of return by maintaining credit risk exposure within adequate parameters. Banks need to manage the credit risk inherent in the entire portfolio as well as the risk in individual credits or transactions. The focal points of the SEBL credit policy are:

- Organizational structure.
- Segregation of duties.
- Implementation of the concept of relationship banking.
- Credit principle.
- Credit facilities parameter.
- Review of mode-wise credit position.
- Review of large loan concentration.
- Credit budget with sectoral outlook.
- Credit risk grading system.
- Emphasize on secured lending.
- Disbursement process and documentation.
- Credit monitoring.
- Policy for delegation of lending authority.

### 3.4 OBJECTIVES OF CREDIT RISK:

- To present service in extraordinary sector
- To keep on preserve for contingencies
- To make certain turnover maximization of the bank
- To diminish loan defaults
- To present satisfactory liquidity and currency
- To have power over the loan and speculation portfolios in the most excellent probable approach so as to make confident effectiveness.

### 3.5 TYPES OF CREDIT RISK:

- **Credit non-payment Risk:** The risk of defeat from a debtor being unlikely to disburse its loan obligations in full or the debtor is more than 90 days past due on material credit requirement. Default risk may crash all credit-sensitive transactions, including loans, securities and derivatives.
- **Attentiveness Risk:** The risk allied with any single introduction or collection of exposure with the achievable to create large enough losses to threaten a bank's foundation operations. It may happen in the form of particular name attention or industry awareness.
- **Country Risk:** The hazard of loss arising from supreme ruler circumstances freezing foreign currency expenses or when it defaults on its obligations.

### 3.6 LENDING POLICIES PRACTICED IN SOUTHEAST BANK LTD.

#### LENDING PRINCIPLES:

As liquidity and profitability are conflicting considerations, SEBL as a bank while employing the funds pays due regard to both profitability and liquidity. In order to secure a balance between liquidity, profitability and security, SEBL follows the following principles of sound lending:



- **Profitability:** All credit facilities granted to the Bank's customers must produce profit, either directly or indirectly. Spreads are normally associated with the element of risk undertaken and the period and nature of the facilities.
- **Sources of Repayment:** After satisfying the profitability principle that is the transaction will be profitable, next attention is to be given to the cash flow situation of the borrower. Before granting a facility, it is supposed to be ensured that a reliable source of repayment exists and the advance will be paid within the agreed period.
- **Character and Ability of Borrower:** In branch manager is supposed to know his customer well and should be able to judge his intentions and ability to use credit facilities to his advantage. Advance should be granted only to those borrowers in whom the branch manager has full confidence.
- **Purpose of the Facility:** The purpose of advance should be studied with a view to understand whether it is within the policy of the bank.
- **Information Requirements:** To satisfy the majority, if not all, of the principles of lending detailed above, the branch should collect information on the following questions before considering whether credit facilities should be granted to borrower:
  - ❖ Character
  - ❖ Capacity
  - ❖ Capital
  - ❖ Collateral
  - ❖ Condition
- **Terms and Facility:** Credit facilities are broadly divided under the following categories:
  - ❖ Facilities needed for very short requirements.
  - ❖ Facilities needed for current assets requirements.
  - ❖ Facilities needed for long-term investments requirements.
- **Safety:** To safeguard bank's interest over the interest period of the advance, it will be wiser to have a comprehensive view of the capital of the borrower, capacity and integrity of the borrower, adequacy and nature of security in compliance with all legal formalities,



completion of all documentation and a constant watch on the account for all advances will be in favor of adequate security.

### 3.7 LENDING POLICIES FOLLOWED BY SEBL:

Lending policies are given below-

- ❖ **SINGLE OBLIGOR/BORROWER EXPOSURE:** Maximum exposure on a single borrower or a group for both direct funded and indirect or non funded is regulated as per Bangladesh Bank's instruction circular time to time or any other circular as issued by the bank.
- ❖ **GENERAL POLICY STATEMENT:** In normal course conducting its business, the bank prefers Trade Financing in the form of short-term, self-liquidating or cash flow supported well collateralized trade transactions.
- ❖ **OTHER POLICY STATEMENT:** The bank considers lending short term working capital finance to entities engaged in manufacturing, assembling, processing, re - packaging of goods and commodities for domestic consumption or export market. Unsecured loans for working capital without justification or purpose are not be considered.
  - The bank on a selective basis does lease financing. The bank also finance real estate, long term mortgage/house building provided it meets the criteria.
  - The bank does not generally issue open ended guarantees and or guarantees which may be extended at the sole option of the beneficiary.
  - Name ending or any loan based solely on the general standing and reputation of the borrower is not allowed.
  - Guarantees secured by 100% cash margin or cash equivalent held under lien.
  - The bank on a relationship basis considers specific project financing.
  - Shipping guarantees.
  - The bank does not entertain request to start a new relationship if an objective assessment indicates a risk rating/grading of marginal/special mention or below.





- Guarantees issued favoring Government bodies or organization, and for on behalf of prime relationships.
- Guarantees favoring courts of law.
- The bank on a case by case basis, arranges loan syndications or approves disclosed participations in syndications provided such transactions meet the parameters separately established.

### **3.8 CREDIT RISK MANAGEMENT SEBL MAINTAINS FOLLOWING VALUES:**

- The board of director has the responsibility for approving and periodically reviewing the credit risk strategy and significant credit risk policies of the bank. The strategy reflects bank's tolerance for risk and the level of profitability the bank expects to achieve for incurring various credit risk.
- Senior management has the responsibility for implementing the credit risk strategy approved by the board of directors and for developing standard policies and procedures for identifying, measuring, monitoring and controlling credit risk. Such policies and procedure address credit risk in all the bank's activities and at both the individual credit and portfolio levels.
- Banks identify and manage credit risk inherent in all products and activities. Banks ensure that the risk of products and activities new to them are subject to adequate procedures and control before being introduced or undertaken and approved in advance by the Board of Directors or its appropriate committee. In order to streamline risk control features in a more effective manner, SEBL has put in place in Standard Operating Procedure (SOP) in line which internationally accepted best practices.

**3.9 CREDIT FACILITIES OF SEBL:** The credit facilities of SEBL may be broadly classified into five categories. They are as follows:

1. Loans
2. Cash Credit
3. Overdraft
4. Bills purchased and discounted
5. Consumer Credit/ personal loan

### **3.10 STEPS INVOLVED IN CREDIT PROCESSING:**

#### **Application for loan:**

Applicant applies for the loan in the prescribed form of bank. The principle of this forms is to get rid of the superfluous borrowers at the first sight and select those who have the prospective to utilize the credit and pay it back in due time.

#### **Getting Credit information:**

Then the bank collects credit information about the borrower from the following sources:

1. Personal Investigation
2. Confidential report from other bank/ Head office/Branch/Chamber of commerce
3. CIB report from central bank

#### **Scrutinizing and Investigation:**

Bank then starts examination that whether the loan applied for is complying with its lending policy. If completed, then it examines the credentials submitted and the credit worthiness is examined. Credit worthiness analysis, ie. Analysis of financial conditions of the loan applicant are very important. Then bank goes for Lending Risk Analysis (LRA) and spreadsheet analysis, which are recently introduced by Bangladesh Bank. According to Bangladesh Bank rule, LRA and SA is must for the loan exceeding Dhaka core. If these two analyses reflect sympathetic circumstance and documents submitted for the loan appears to be satisfactory then, bank goes for further action.

### **3.11 EXISTING PROCESS OF SANCTIONING LOANS:**

The process of sanctioning loans is as follows:

#### **The C's of Good & Bad Loan:**

The Branch manager of JBL attempt to judge the probable client based on some criteria. These criteria are called the C's of good and bad loans. These C's are described below:

#### **Character:**

The conclusion of analyzing the character is to have overall proposal about the reliability, knowledge, and business sense of the borrower. Two variables; Interaction/interview, and Market Research are used to analyze the character of the borrower.

### **3.12 FACTORS NEED TO BE CONSIDERED IN ACCESSING CREDIT RISK:**

As a Credit risk assessment is a prior step before granting credit. A thorough credit risk assessment should be conducted prior to the granting of a competence, and at least annually thereafter for all conveniences. The results of this assessment should be presented in a Credit Application As per the Bangladesh Bank Credit Risk Management manual following this:

- Credit Application Should abridge the following things in detail
- Amount and type of amenities proposed
- Purpose of conveniences
- Facility configuration (Tenor, Covenants, Repayment Schedule, Interest)
- Security Arrangements
  - Government and Regulatory Policies
  - Borrower Analysis
  - Facility arrangement
- Industry Analysis
  - Credit Background
  - Economic hazard
  - Historical Financial analysis
  - Account Conduction History



### 3.13 FOLLOWING RISK AREAS ARE ADDRESSED & ASSESSED IN CREDIT SANCTIONING PROCESS:

- **Borrower investigation:** Reputation, philosophy, acquaintance, period and accomplishment record that is analyzed.
- **Industry examination:** To examine business SEBL regard as industry situation, estimate and force and hazard factors.
- **Historical financial psychotherapy:** An analysis of least amount 3 years chronological announcement of the borrower.
- **Projected financial presentation:** Where term conveniences are being projected, a projection of the borrower's expectations financial presentation is mandatory to make available loans.
- **Technical feasibilities:** Seasonality of demand, debt equity ratio, and account manners of the borrower, fortification and the other applicable factors are measured.

### 3.14 STEPS TAKEN BY SOUTHEAST BANK LTD. TO IMPLEMENT CREDIT RISK MANAGEMENT GUIDELINES:

- It has formulated be in possession of credit guiding principle principle in line with the foundation risk standard of Bangladesh bank.
- The guiding principle takes into account the sectaral concentration and specific industry disclosure cap is located in the course of action.
- Head office organizational constitution has been segregated in line with CRM guideline (credit promotion, credit endorsement, credit management actions have been alienated.)
- Borrower hazard grades are assigned and mentioned in the acclaim proposals.
- All expenditure is certified centrally in the computer system only after confirming accomplishment of certification.
- Credit sanction authority has been undoubtedly distinct in the guiding principle.



- Strong monitoring of finance portfolio is ensured by disconnect credit monitoring responsibility.

### 3.15 DOCUMENTATION OF THE LOAN:

Documentation is obtaining such agreement where all the stipulations and clause and securities are written and signed by the borrower. It specifies rights and liabilities of both the banker and the borrower. In documentation each type of advances requires a dissimilar set of documents. It also differs with the nature of securities. The documents should be stamped according to the stamp Act. There are no hard and fast regulations of documentation and it varies from bank to bank. The documents are taken in the case of a secured advance by SEBL:

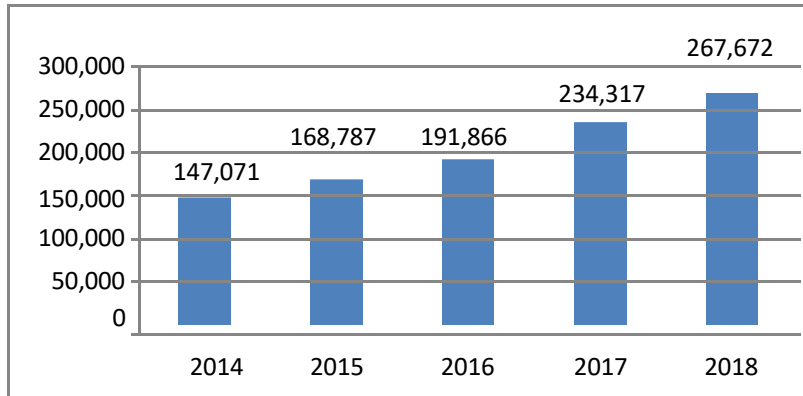
- Demand promissory note: Here the borrower promises to pay the loan as and when demanded by bank to reimburse the loan.
- Letter of arrangement.
- Letter of continuity.
- Letter of hypothecation of goods and capital machinery.
- Stock report: This report is used for OD and CC. In this report, information about the superiority and measurement of goods hypothecated is furnished.
- Memorandum of deposit of title deed of possessions duly signed by the owners of the property with declaration of Board of Directors of the company owning the landed.
- Personal guarantee of the owners of the assets.
- Guarantee of all the directors of the company.
- Resolution of the board of directors to have a loan of fund to execute documents and completes other official procedures.
- Form no. XVII/XIX for filling charges with the register of joint stock companies under relevant section.



**3.16 PERFORMANCE OF CREDIT DEPARTMENT:**

Performance of credit department of Southeast Bank Limited of 5 Years that are shown bellow:

**Total Loans & Advances**

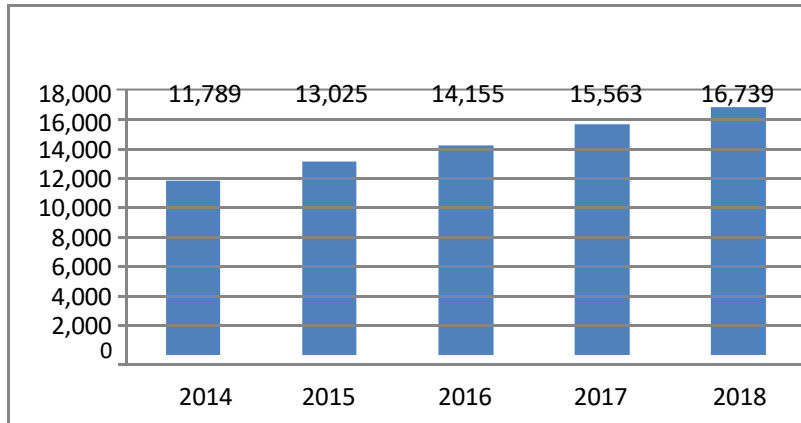


Loans and advances that was 147,071 in 2014. We can see in this chart that it is increasing year to year which is create more benefit for bank to get interest from customers by giving loans. And in 2018 the loans and advances is 267,672 which is more that previous year.

No. of Accounts	2017	2018	Increase
No. of deposit Accounts	441449	258601	60.26%
No. of Loan Accounts	96867	61526	57.44%
<b>Total</b>	<b>511316</b>	<b>320127</b>	<b>5972%</b>

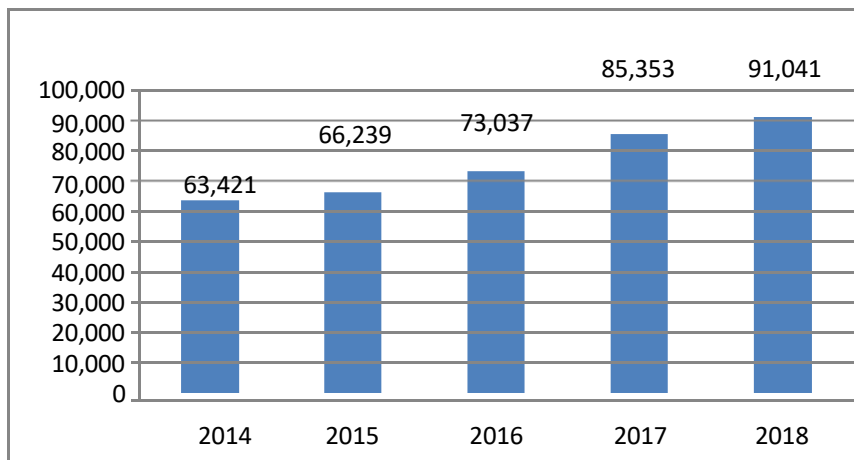
No of deposit accounts that increased 60.26% in 2018 at 25,8601 and no of loan accounts that increased 57.44% at 61,526 in 2017.

### Size of Loan Customers



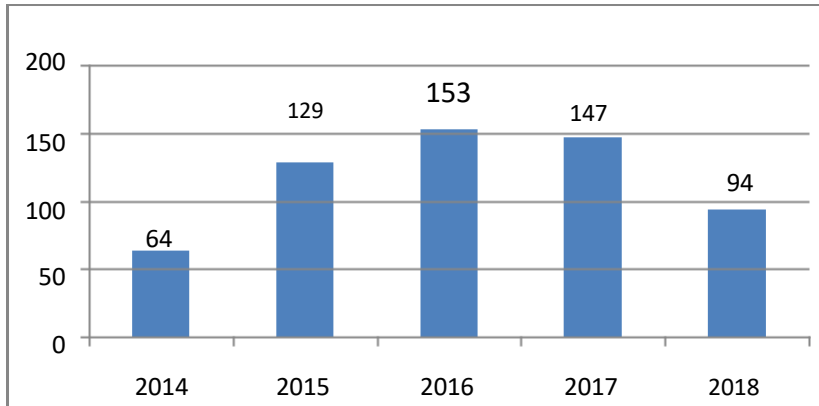
In 2014 the loan customers was 11,789 and it is increasing year to year in 2015 from 13,025 to in 2016 14,155. And lastly in 2018 the number of loan customers are 16,739 which is more than previous records. By increasing the number of loan customers the bank get the interest.

### Number of Loan Disbursed



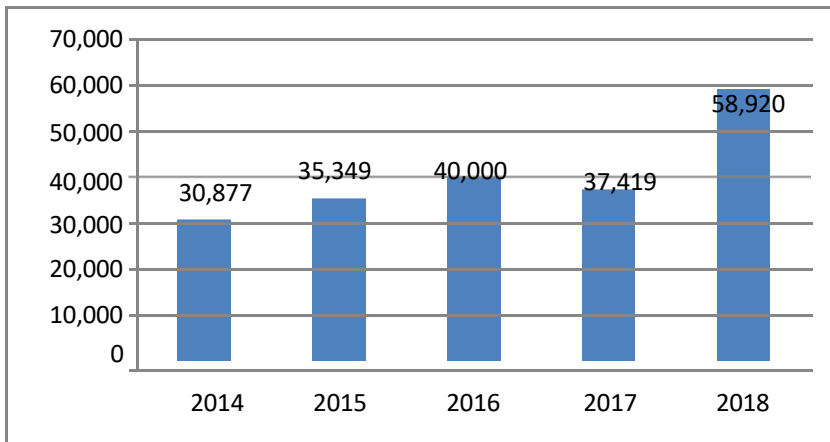
Number of loan disbursement that is 63,421 in 2014, 66,239 in 2015, 73,037 in 2016, 85,353 in 2017, 91,041 in 2018. From 2014 there is huge increment of loan disbursement.

### Number of Bad Debt Collected



Debt collection is the process of pursuing payments of [debts](#) owed by businesses. In 2018 number of bad debt collection is 94 that is less than from 2017 which is 147.

### SME Disbursement



SME loan disbursement is increasing in 2018 at 58,920 than the previous year which is 37,419. But in 2017 it was lower than 2016. It is good sign for a bank to increase the amount of SME loan disbursement.

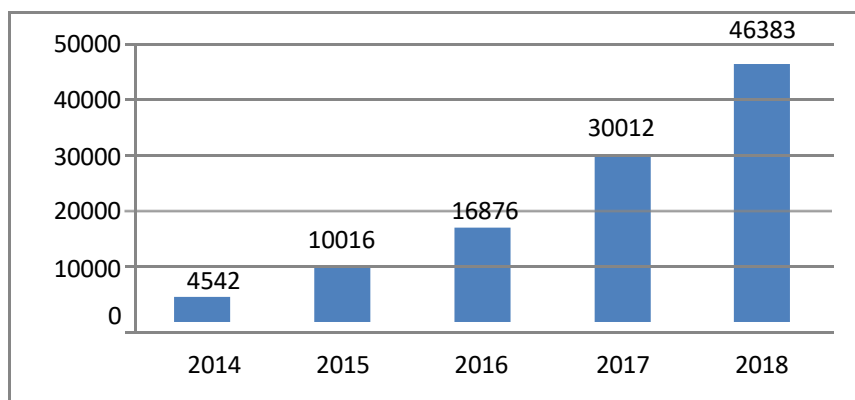


**Sector of Loan Disbursement:**

Sector of Disbursement	Loan Disbursement During 2018(BDT in million)	Disbursement at Percentage
Crops/Vegetables Cultivation	2,160.37	61.0
Fisheries	389.57	11.0
Irrigation Equipment	106.25	3.0
Crop Storage & Marketing	35.42	1.0
Solar	10.62	0.3
Poverty Alleviation	106.25	3.0
Livestock	733.11	20.7
<b>Total</b>	<b>3,541.59</b>	<b>100</b>

**TOTAL ASSETS:**

Total Assets of the Bank rose to Tk.46382.59 million in 2018 from Tk.30011.82 million in 2017 registering a growth of 54.55%. Significant increases in assets documented in loans and advances, investments, fixed assets and cash assets maintained by Bank.


**In Loan products they have:**

- 1) Doctors Loan
- 2) Salary Loan
- 3) Car Loan
- 4) Teachers loan
- 5) Study Loan
- 6) Travel Loan
- 7) Credit card loan

**8) Hi Flyer Loan****Loan products:****1. Doctors Loan:**

Southeast Bank introducing Doctor's Loan, an exclusive loan facility for the Doctor's fraternity. Now practicing Doctor's can avail this loan very easily to meet their professional needs.

**Eligibility**

- Having M.B.B.S. with 2 years of experience
- A salaried or a self employed Doctor's
- Aged between 25 to 55 years

**Maximum Amount**

- Taka 15 Lacs

**Features**

- Loan from BDT 2 Lac to BDT 15 Lac
- No Security Required
- Loan in 48 Hours

**2. Salary Loan:**

Keep an extra 15 month's salary in your pocket. We can get Southeast Bank Salary loan, Loan against salary. If we are a salaried individual working in Bangladesh.

**Eligibility**

- Employed as a regular salaried staff
- Have minimum age of 25 years
- If earn a gross monthly salary of Tk. 10,000

**Maximum Amount**

- From maximum of BDT 10 lac

**Features**

- Loan upto 15 times of your Salary
- No security required
- Loan processed just within 24 hours



- Flexible repayment Equal Monthly Installments (EMI) over a period of 12 months to 48 months.

**Documents required**

- Last 3 month's bank statement
- Last salary slip/Letter of introduction
- Proof of identity
- Proof of residence
- Proof of employment of minimum 2 years

**3. Car Loan:**

Southeast Bank are giving car loans. To get the loan customers need to be eligible for the following items.

**Eligibility**

- Both salaried executives and business persons
- Age between 21 at the time of application to 60 at the time of maturity
- Minimum monthly income BDT 25,000
- Length of service/Age of business: Minimum 2 years

**Maximum Amount**

- 100% of the vehicle price
- Maximum BDT 5 million

**Features**

- 100% Car value financing
- Loan approved in 48 hours
- Both Brand New/Reconditioned car finance
- Loan term: 12-60 months

<b>Monthly installment schedule for Tk. 1 lac loan</b>					
Months	12	24	36	48	60
Amount	9120.48	4944.23	3565.27	2885.50	2485.26



\* This figures are indicative and can change over time

#### 4. Teachers Loan:

It is a flexible loan for the teachers for any purpose

- Loan amount 10 times of monthly salary
- Maximum amount TK. 300,000
- Term 1 to 4
- Security Personal guarantee from spouse/parents
- Documentation Letter of introduction/ undertaking

#### 5. Study loan

To get higher education Southeast bank is giving study loan.

##### Eligibility

- Parent/ financial guarantor of the student pursuing higher education locally and abroad
- Earning TK 25,000 per month
- Aged between 30 to 60 years

##### Maximum Amount

- 15 times of gross monthly income

##### Features

- No security required
- Small Monthly Installments
- Repayment scheme up to maximum of 4 years
- Multipurpose facility to meet living expenses, airfare, personal expenses beside tuition as well.

#### 6. Travel Loan

'It's time to fly', SEBL Travel Loan opens the door for planning to take a trip abroad. The fast and easy loan processing will simply add excitement to the travel plan.

##### Eligibility

- An individual with minimum monthly income of TK 15,000
- A salaried or a self employed person
- Aged between 25 to 53 years

**Maximum Amount**

- 8 to 10 times of gross salary

**Features**

- No security
- Small Monthly Installments
- 50% off on Foreign Currency Endorsement Fees
- For Salaried and self-Employed individuals

**7. Credit card loan**

A credit card is all we need to get a loan from SEBL Bank. Loan can be used for any reason from buying consumer goods, automobile to vacation expenses.

**Eligibility**

- A one-year-old credit card with any institution
- A minimum of 12 months of satisfactory credit card relationship with any credit card issuer in Bangladesh

**Maximum Amount**

- 5 times of credit card limit with a maximum of TK 1,000,000

**Features**

- Any Purpose Loan
- No proof of the income or security required
- Loan in just 24 hours
- Flexible repayable plan in equal monthly installment

**8. High flyer loan**

Enjoy life to the fullest and take benefit of the varied opportunities it offers. SEBL Bank's High Flyer Loan is for airline, Travel Agency professionals is to makes long cherished desires an absolute reality.

**Eligibility**

- Maximum 20 times of your net monthly salary.
- Minimum loan size is BDT 50,000; loan is available
- Up to BDT 500,000.

**Maximum Amount**

- 15 times of your gross monthly

income Features

- No Security
- Fastest Processing Time
- Loan up to 5 years
- Attractive interest rate

**Secured Loan/ OD**

A special scheme that allows to avail cash at nominal interest rates. Security is kept untouched in the Bank's custody as the value grows.

**Eligibility**

- All SEBL Bank account holders aged from 21 to 65
- People from all income groups - salaried employees and self-employed business people with security in their possession.

**Maximum Amount**

- Maximum amount can go up to Tk 5 crores. We even allow loans up to even 100% of the value of your securities (conditions apply)

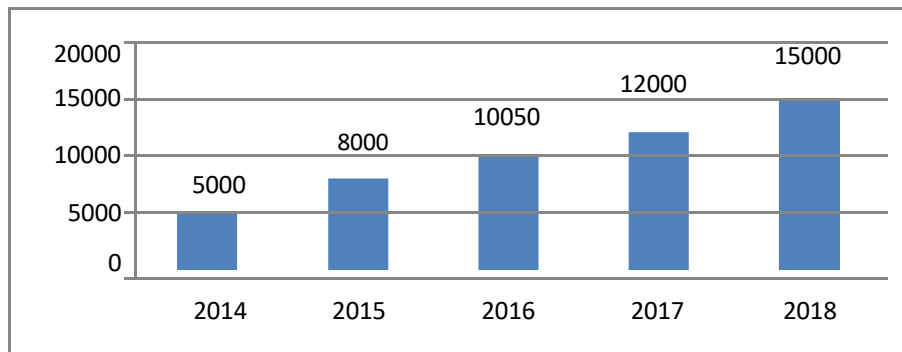
**Features**

- You repay only interest at quarterly intervals
- You are allowed to choose between the quarterly repayment option and the monthly installment option
- You can avail the facilities in single or in joint names
- Your interest will be calculated using reducing balance method
- Employer's Guarantee can be the security.

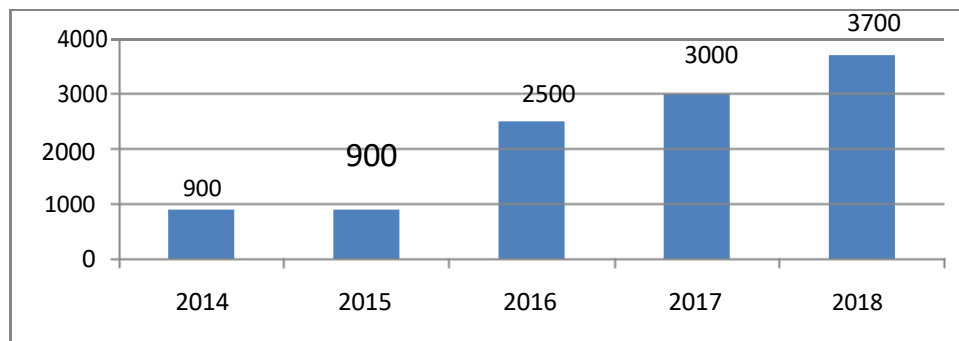
### 3.17 PERFORMANCE ANALYSIS OF THE CREDIT PORTFOLIO

Southeast Bank Limited offers a number of loans in a variety of forms to its customers like demand loans, time loans, term loans, consumer credit scheme etc. These loans are the major foundation of returns which enables SEBL to operate so efficiently and effectively.

**Demand Loan:** A demand loan is a rare form of loan that can be called for complete repayment without any prior warning to the borrower. In other words when the lender demands the money, the borrower must pay it. During the year 2014 and 2015, there was demand loan at 5000 & 8000 present in the loan portfolio of Southeast Bank Limited. However, in the year 2017, demand loan stood 12000, in 2018 it is 15000 which is more than the previous all years.



**Time Loan:** Time loan is one of the most significant parts of the credit portfolio of any Bank that contributes settle down a lot to the Bank. Southeast Bank Limited also has a pretty strong term loan situation. During the year 2014 and 2015, the position of this loan was pretty stable but from 2016, it is rising at a good rate. The average enlargement rate from the year 2000 was 2500 which is really high.



**Term Loan:** The term loan is the primary source of long-term debt raised by the companies to finance the acquisition of fixed assets and working capital margin. It is also called as a term finance which means the money raised through the term loans is generally repayable in regular payments. Term loan is the second most vital and maximum percentage of the whole loan portfolio of Southeast Bank Limited. It nearly holds 24.5% of the total credit portfolio of SEBL. It is rising every year in a constant approach and the growth rate of this loan is approximately 46%.



**Consumer Credit Scheme:** This type of loan is gradually growing in Bangladesh and more and more people are taking this loan for a variety of kinds of reason. Every Bank in Bangladesh is focused more and more in this type of loan as it is very much secured. SEBL like any other Banks is also nowadays focusing on this loan. During the year 2014, 2015 and 2016 the growth was pretty stable but after that it took a sharp rise. It is found out that SEBL is giving more and more Consumer Credit in the recent times and trying to create a center of attention customers by introducing new schemes. Although its involvement to the loan portfolio of SEBL is very nominal that is only about 25% but it is growing slowly and it is one of the most safe credit that is given to the public.

**Packing Loan:** SEBL doesn't give away this type of loan very much. During 2014 and 2015, this loan was given but that was very nominal.

**Loan against foreign bills:** This type of credit is also very much limited and it only consists of only around 0.07% of the total credit portfolio of SEBL.

### **SECTOR WISE PERFORMANCE OF LOAN:**

Although the types of loans are defined in this report, but the broad category of loan that is submitted to the Bangladesh Bank for review and report is given below:

**Large and medium scale industrial loan:** This loan consists of the total loan that comprises of the long-term project loan like infrastructure, building, factory etc. This is the type of loan that SEBL has not given in large amount because of the default nature of this type of loan and the difficulty of recovery. But even then the amount of money that has been given in this loan is quite large as each investment carries huge amount of investment..

**Working Capital Loan (WCL):** SEBL has been encouraging in giving Working Capital Loan in recent times as it is generally of short nature and the default nature is low in this case. It can be seen that the percentage of WCL of the total credit portfolio is increasing gradually. One cause for this must be also that the demand for WCL in recent times is very high and every bank is trying to provide WCL. The average percentage of WCL for the last few years is approximately 4.5% of the total credit given away by SEBL.

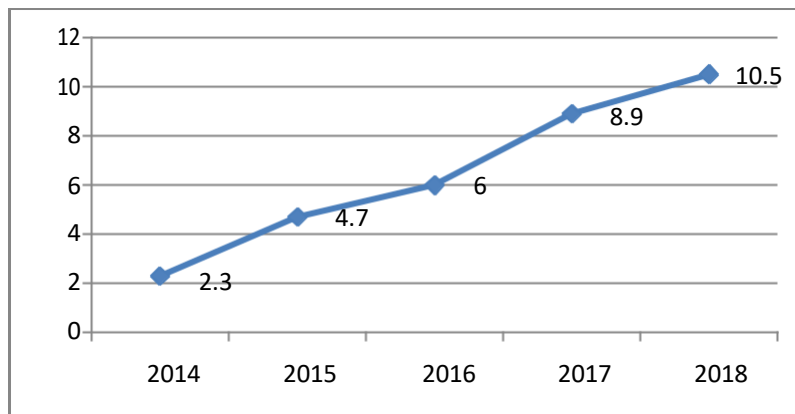
**Export Credit:** Export credit has always been the priority of some of the nationalized banks in Bangladesh along with some first generation banks. But recent trends show that export credit has been going down for some times and the reason may be that the world business environment is not very stable. SEBL has been offering export credit from the beginning and it didn't vary much during from the start of its business.

**Commercial Credit:** The credit that every bank provides the most and which brings the highest income is the commercial credit. This is the most because the demand for commercial credit is the highest among the entire loans. SEBL's highest percentage of loan amount all the credits is commercial loan which on an average is approximately 63% of the total loan. It comprises of more than half of the total portfolio. The industry also has approximately 50-65% of its loan concentrated towards different types of commercial loans.



## SECTOR WISE RECOVERY OF LOAN:

**Term Loan:** Although the recovery of term loan is very slow but it is gradually increasing due to good loan recovery management present in Southeast bank Limited. For the last four the recovery is taking place in a stable manner with uniform growth which is a good sign as recovery of term loan is not very easy and default is very much in this sector. But it is the characteristics of long-term loan that recovery will be a very slow process.



**Working Capital Loan:** According to the information, SEBL during the year 2014 and 2015 recovered WCL less. But from the year 2016, it began to recover the loan given in this sector which is increasing. This is a concern for the Management but as the amount of loan given in this sector is not very large.

**Export Loan:** The recovery of export loan in the year 2014 and 2015 was quiet stable and growing but from 2016 the recovery jumped sharply which is a good sign for SEBL. SEBL is predicting that its export loan growth will increase and as a result, the recovery of loan has to be very effective in order to survive in the industry.

**Others Loans:** The second most large loan portfolio that makes up the portfolio of SEBL is rest of the loans except the above and so its recovery is as much as important as the loan is. The recovery exactly represents the growth of loan of this sector. During 2014 the loan was not so huge but then from the next year it climbed sharply. The loan recovery of this sector is also behaving in the same manner as the loan growth. On an average, the recovery of this loan is close to Tk.26542 million.



## **CHAPTER- 4**

# **FINDINGS, RECOMMENDATIONS AND CONCLUSION**

#### **4.1 Findings of Report:**

While doing my internship at Dhanmondi Branch, Southeast Bank ltd. I was attached with the general banking division. Later on I got a chance to work with Credit Division of that branch. Whatever I have originated from that familiarity are listed below:

- Southeast Bank has followed Bangladesh Bank's Credit Guideline to expand their credit procedure and credit strategy. It is almost same as the Bangladesh Bank's Credit Policy.
- Southeast Bank has recognized everything in their credit policy in written format which will be used for appraisal of performance.
- Southeast Bank has a good credit risk assessment process which is enough to diminish the risk to Business Risk exposure of Bank. Like to mention it has clearly addressed question of whom to provide, how much to furnish, when to offer for how long to grant and how or on what basis to provide.
- By all means it is very detailed and well planned policy to recognize and minimizing Business Risk of SEBL but it is observed that it has been kept into the pen and paper only.
- KYC (know your customer) play an significant role to giving loan and knowing customer's information. It is filled up neither by the customer nor in the presence of the customer. So it may not replicate the actual circumstance of clients.
- Economic and Industry circumstance analysis are the two scenarios which is very uncommon to take into deliberation while giving loan.

## 4.2 Recommendations :

Southeast bank is one of the prospective banks in the banking sector in Bangladesh. It was wonderful experience working at the Southeast Bank Limited. The employees of the bank were very obliging and very nice to me. It was not effortless job to find many things during this little time. Now I would like to present my inspection and give my conclusion to get better the banking service and generate their customer more contented.

- ✚ Decision making power should be decentralized effectively so that business can promptly be improved.
- ✚ The authority of the bank should have an efficient procedure of monitoring system to scrutinize after the sanction.
- ✚ The bank should execute all the process and follow all the regulation communicate to credit declared by Bangladesh Bank.
- ✚ The bank should make a good working atmosphere for generating improved output.
- ✚ The authority of the bank should make some arrangement so that the clients will be confirmed about the different credit capability.
- ✚ Bank should not make sanction loan where the clients information is not presented.
- ✚ To solve the dilemma bank can go with syndicate loan procedure for providing the loan amount to the customers.

### 4.3 Conclusion:

The Banking arena in recent time is one of the most competitive business fields in Bangladesh. As Bangladesh is a developing country, a strong banking sector can change the socio economic configuration of the country. So we can say, the whole economy of the country is linked up with its banking system. I have observed the function of General Banking and Credit Department of SEBL, which will assist me a lot in my professional career.

As a commercial bank, SEBL is trying its best to extend their service to the public. SEBL Dhanmondi branch provides all kinds of commercial banking services to its customers. Foreign Exchange department is doing fine, rendering all the service related to local L/C and remittance. Though the advance of the Dhanmondi branch is a little high.

But it is a great opportunity for me to get used with the operational environment of commercial banking of SEBL. I have tried my best to incorporate the internship report with necessary related information. It can be said that Southeast Bank's future prospect in the financial sector is good. But it needs to transform their old policy, management should monitor all the work of branch level, take strong assessment and implement them.

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