

Internship Report on
Credit risk management of Southeast Bank Limited.



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Date of Submission: 11/02/2020

Letter of Transmittal

Date: 11/02/2020

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Subject: Submission of Internship Report

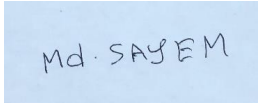
Dear Madam,

Upon successful completion of my internship report I am gladly submitting it for your consideration.

I have tried my best to enrich the report with the best information and relevant issues. During the preparation I followed all the suggestions you gave me in my internship report. I have tried my best to make this report informative and understandable to the reader. The analysis of the report is based on the data and information available during my internship period. There are some limitations due to lack of time and other reasons but I have tried my best to make it as accurate as possible. I sincerely believe that it will meet the level of satisfaction you need.

Therefore, I expect your kind consideration for accepting my internship report and being compelled by it.

Yours Sincerely



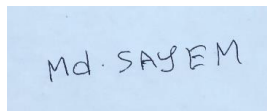
Md. SAYEM

Md. SayemAlam
ID: 161-11-5016

Declaration

I am Md SayemAlam, Id: 161-11-5016, Daffodil International University, hereby declared that the internship report on ‘**Credit Risk Management of Southeast bank Limited** has been prepared by my own research works under the supervision of ShahanaKabir, Assistant Professor, Daffodil International University.

I further declare that this report was made solely for my academic purposes and I further assert that the report is original and that I have not submitted it to any other institution / college / university for any purpose.



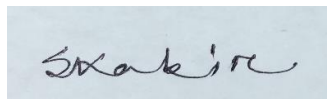
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Certificate of Supervisor

This is to certify that Md SayemAlam, ID: 161-11-5016, BBA, 43rd Batch, Department of Business Administration ,Daffodil International University has done the internship report on **“Credit Risk Management of Southeast Bank Limited, at Savar Branch”** as a partial requirement of BBA Program. During the preparation of this report he followed all of my guidelines.

I have gone through the whole report and I found it well and understandable. He has completed this report by his own effort. I wish his all success.



.....
ShahanaKabir
Assistant Professor
Department of Business Administration.
Faculty of Business & Entrepreneurship.
Daffodil International University

Acknowledgement

In the name of Allah, the Beneficent the Merciful, I would like to express my gratitude to those who have given me the opportunity to complete this report. I am grateful to all those who assisted me in creating the report. Without their help I would not have been able to finish the report on time.

Then I would like to thank my supervisor ShahanaKabir, assistant professor, business and entrepreneurship department. Her help, guidance, encouragement, suggestions and suggestions helped me coordinate my project, especially in writing this report.

I would also like to extend my sincere gratitude to all the senior officers who created the opportunity to gain practical knowledge. Also through this internship program, I, as a team, realized the importance of working together and encouraged me to work in a new place, which challenges me every minute.

Many thanks to the branch manager of Southeast Bank at Savar.

And last I would like to thank my juniors, seniors and classmates who helped me by providing valuable information.

EXECUTIVE SUMMARY

It is based on primary data and secondary data. Information from various sources such as annual reports, bank credit manuals etc.

In this report, I present the aspects of "**Credit Risk Management**" involving four private commercial banks. For this report I analyzed the CRG score model to measure credit risk. The CRG model focuses on a variety of risks, such as financial risk, business risk, management risk and security risk, etc. This CRG score provides information on whether or not a bank's credit risk is high or low. The main objective of the study is to gain knowledge about Southeast Bank Credit Risk Management and Credit Risk Grading System.

First I develop a credit grading score for each of the major risk factors and finally determine the total risk grading score for the bank based on the five major risk factors. Each bank carries a single number of risk grade scores determined by the weighted average score of each of the sub-division risk factors and eventually develops the total risk. The total risk score was determined by the weighted average risk of each individual component.

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Chapter – One

Introduction

1.1 Introduction of the Report:

Today, people are becoming more aware of managing their resources. As banks do their business by lending money to depositors, they are more responsible for managing their credit portfolio easily. The bank is committed to providing high quality financial services / products to contribute to the growth of trade and commerce of the country. The importance of a bank's credit activities is of great importance because it generates the largest portion of the bank's gross income, the highest risk lies in it, and even the existence of the bank depends on the discreet management of its credit portfolio. The reputation of the bank is the most important factor for its success and so the multinational banks must adhere to proper guidelines, policies and strict rules regarding the promotion and recovery of guidelines. The use of banking services for any kind of financial activity is increasing day by day. People are borrowing for startup business as well as other purposes. Therefore, it is very important to know the internal credit procedures of banks.

1.2 Origin of the Report:

The internship program is a compulsory requirement for a graduate student under the BBA program from the Daffodil International University, Faculty of Business and Entrepreneurship. The Internship Report is prepared at an organization that helps to understand both theoretical and practical knowledge. So the knowledge and experience I have gained from working with selected companies has helped me to work on SEBL's "Credit Risk Management" topic.

1.3 Objective of the Report:

The objectives of the report are

- To identify different loans and advance products of Southeast Bank Limited
- To determine the process of Credit Administration of the Bank.
- To recognize the causes how and why a loan defaults.
- To study the risk related with the credit administration of SEBL
- To find out the different limitation of Credit risk management and suggest some recommendation to overcome those problem.

1.4 Methodology of the Report:

Sources of data collection:

Primary documents:

Preliminary data and information were collected by interviewing the individuals involved in the SEBL.

✚ Below I am discussing about the primary information:

- **Conference:** Discussion through senior officers facing and managing departmental administration helped me to collect material.
- **Group Conversation:** Additional Branch Officials and group conversations with my intern members who helped me create this report.

Secondary Documents

The Secondary documents are:

- Annual report of SEBL
- Periodicals published by the Bangladesh bank
- Website data
- Newspapers

1.5 Limitations of the report

- The main limitations of preparing the report are the lack of material that was mandatory for education. These are multiple elements that bank officers cannot provide for their protection.
- Time constraints
- Lacking's of contact to documents
- Most employees are busy because they cannot share their important materials
- Customers do not agree to share their personal bank information.
- As a private banks like, Southeast Bank Ltd to preserve specific evidence that is limited such as the categorized credits.

Chapter - Two

Overview of Southeast Bank Limited

2.1 Background of Southeast Bank Limited

Southeast Bank Limited was established in 1997 with a vision and vision of becoming a leading banking institution in the country and making a significant contribution to the growth of the national economy. The bank was founded by leading businessmen and prominent industrialists in various segments of the country's economy. The current Chairman of the Bank is Mr.

AlamgirKabir, FCA, and Professional Chartered Accountant.

A group of skilled professionals operate the Southeast Bank. They create an environment of confidence and discipline that encourages and inspires everyone in the bank to work together to achieve the bank's goals. The culture of maintaining innate work - the environment of the bank has made itself better against the expectation of managing staff members. The commitment of the product is the identity of the bank in its commitment to quality of service and service to the customer.

Southeast Bank is proud to bring a significant number of women into the banking profession for gender equality.

2.2 Vision, Mission, Objective:

Southeast Bank Limited conducts business with the aim of increasing the value of shareholder investment and providing quality services in every area of banking, with the intention of giving the maximum benefit to its customers.

Vision: Southeast Bank Limited's vision is to contribute to the economy of the country along with some of Bangladesh's leading banking institutions and customers.

Mission: Following are the mission of Southeast Bank Limited:

- To provide high quality financial services using modern technology.
- Provide fast service to the customer.
- Maintains sustainable growth strategies.
- Practicing ethics while conducting business
- Focusing on shareholder benefit by providing steady returns.

- Provide quality services at competitive price.
- Ensuring the benefit of customers and employees.
- Ensuring commitment to corporate responsibility.

Objectives: Following are the objectives of Southeast Bank Limited:

- Providing services to the customer using high quality professionalism and modern technology
- Maintaining a long-term relationship based on mutual trust between customer and bank.
- Respond to customers' needs and demands.
- Providing speedy and accurate services to the customers.
- Providing products and services at competitively low prices.
- Achieving corporate goals.
- Maintain the safety and security of customers and employees.

2.3 Product and Services:

There are some elements of SEBL under the below discuss:

2.3.1 Products

- Deposit of clients
- Account savings
- CA
- Secure deposit
- Dual Profit system
- Credit system
- Scheduled funds system
- Pension System
- Working capital finance
- Overdraft
- Project finance

2.3.2 Services

Export Services

Southeast Bank Limited offers a wide range of export services. Managing all export businesses through Southeast Bank Limited can solve many export problems. Thanks to our involvement and experience, we are able to organize and refine solutions for specific needs.

Import Services

Southeast Bank Limited offers various types of imports. SEBL is highly acclaimed in the world of international finance and cross-border trade. Although our knowledge and experience, they can modify and change the solutions to suit the specific needs of the industry.

SME Banking Purpose:

- Working capital.
- Fixed assets.
- Delivery vans / transport for business purposes.
- Renovation of the / shop / office / business quarters.

Mode of Finance:

- Overdraft Time Loan.
- Hire Purchase.
- Term Loan.

Period of Loan:

- Continuous Loan: 01 (one) year.
- Term Loan: Maximum 05 (five) year.

ATM Services

SEBL is also providing ATM services. The National Payment Switch of Bangladesh (NPSB) has 175+ ATM's across the country and 9000+ ATM's from member banks across the country.

Internet Banking

Southeast Bank Limited recently implemented an Internet banking service for their clients so that they can: Check account balance, view and download account details, view account information, request payment, and request a check from any remote PC. Internet connection.

2. 4 Functional Division of SEBL

Financial control and accounts division

The main tasks of this section are: budgeting, payment of salaries, and control of transactions between branches, financial analysis, and supply of invoices, preparation of financial reports and annual reports, negotiations.

International Division

The major functions of this section are listed below: Bank correspondence, compilation and circular distribution of currency at branches, Nostrum account negotiations, daily preparation of foreign remittances, remittance abroad and integration of global exchange activities at branch offices.

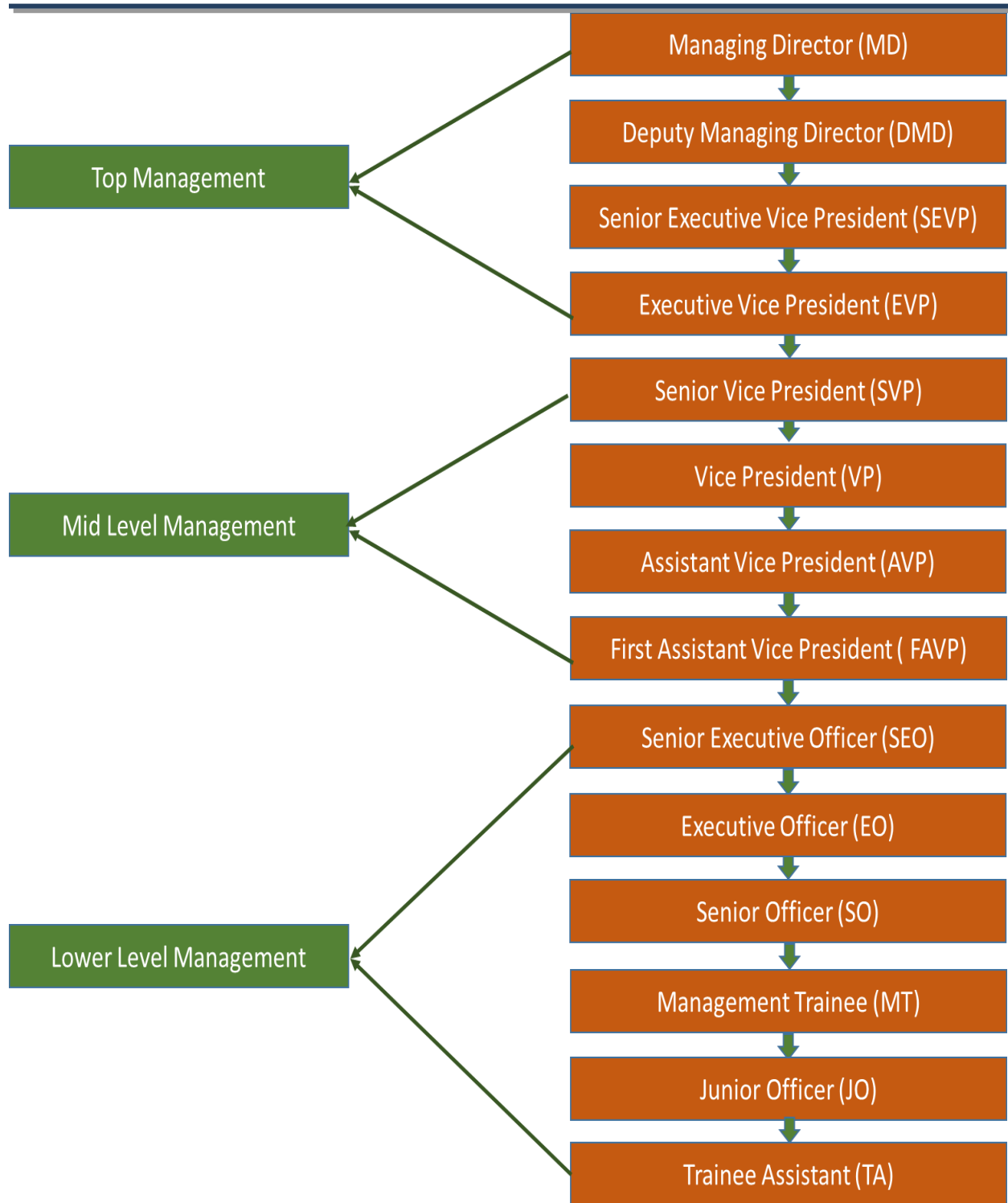
Human Resources Division

Some of the various offices of the department are: Recruitment, Training and Development Compensation and Facilities for Employees, Employee Recruitment, Formulation of related reports, and Report of the Executive Committee on related matters, promotional campaigns and press releases.

2.5 Balance Score Card of SEBL

Financial Highlights	2018 In Million	2017 In Million	2016 In Million
Revenue	33,739.81	27,305.90	25,617.57
Provision of Credit Losses	9,961.90	6,628.68	3,728.28
Operating Expenses	5,178.92	4,870.74	4,349.23
Net Income	2,473.21	1,168.63	2,435.07
Financial Results (%)			
Adjusted Efficiency ratio	34.61%	34.96%	33.84%
Return on Equity (ROE)	9.17%	4.46%	9.06%
Net Interest Margin (NIM)	3.18%	3.42%	3.77%
EPS	2.35	1.11	2.66
Common Share Performance			
Market Capitalization	16450.1	20,356.29	17,146.97
Dividends (%)			
Dividend yield	0.06	0.07	0.11
Adjusted dividend payout ratio	0.43	1.18	0.75

2.6 Organizational Structure of SEBL:



Chapter - Three

Credit Risk Management

3.1 Credit

Credit generally refers to the terms of borrowing and lending money. The most basic form is borrower loan, which can be a customer or a company. Credit can also take the form of a financial instrument that takes the form of a fixed payment and has to be paid within a certain period of time.

3.2 Credit Risk

Credit lending refers to the possibility of loss of credit due to the lender's failure to repay the loan or to meet its obligations. Additionally, credit risk implies that the lender may not be able to receive the interest-bearing principal as a bear, which interrupts the flow of cash and thus increases the cost of collection.

While it is not possible to predict who will default, managing the risk of proper valuation and crediting can reduce losses. Providing interest on borrowing from the borrower, the creditor's award for taking credit risk.

3.3 Credit Risk Management

The definition of risk management is further expanded due to the increasing number of risks that banks need to manage and the importance of risk management policies. However, reducing the loss associated with failure to repay loans to businesses and people is a primary responsibility. Credit risk management can be termed as how a bank manages, operates and monitors its operations to achieve a desired return on its capital. Credit risk managers are tasked with making decisions that affect the combination and performance of debt.

3.4 Types of Credit Risk

There are three types of credit risk. They are

1. Credit default risk
2. Concentration Risk
3. Country Risk

1. Credit default risk: Credit default risk is due to failure to pay the full amount of the loan or when the debtor fails to pay the credit within 90 days of the due date.

2. Concentration Risk: Concentration risk is the type of risk that shows a large loss or threat to a bank's activity by a single entity or group.

3. Country Risk: Domestic Risk is the type of credit risk that arises from the failure of a foreign country to deposit overnight payments for foreign exchange or its obligation. This is due to the political and economic instability of a country.

3.5 Mitigation of Credit Risk

There are various ways to mitigate the credit risk which are described in below:

- **Risk-Based Pricing:** Credit lenders generally charge a high rate of interest on borrowing, usually in terms of credit rates and debt-to-value ratios, while practicing debt-to-credit payments and this practice is known as risk-based pricing.
- **Credit insurance and credit derivatives:** lenders can reduce the risk of buying credit derivatives or insurance. Credit derivatives allow creditors to transfer the risk of default fraud to a third party as opposed to paying a certain amount.
- **Covenant:** This is a loan agreement written by the lender before distributing the funds to the borrower. These can be financial, operational, technical or business level contracts. Any breach of these agreements will inform the Lender that default may occur in the near future and appropriate action must be taken.
- **Diversification:** Lenders or lenders can diversify into pools and thereby reduce risk.

3.6 Lending Policies of SEBL

SEBL have established credit policies containing:

- Lending guidelines
- Credit Assessment process
- Approval Authority

3.6.1 Lending Guidelines

The direction and condition of the Expansion Loan should be clearly outlined by the upper management in view of the expansion of the business and the conditions should be followed for the approval of the term. Guidelines and recommendations for approval include the following:

- Focus on industry and business departments
- Loan services department
- Individual or recipient and group display limits
- Loan Provision Parameters such as, big size, big tenor, and big requirement.

✚ Information Requirement

In order to meet the above mentioned loan policies, the branch must collect data on the following questions before considering the loan approval of the branch borrower:

- Character
- Capacity
- Capital
- Collateral
- Condition

3.6.2 Credit Assessment

Before deciding to approve the approval of the Heats borrower, Southeast Bank Limited must take appropriate steps through credit and risk assessment. For credit rating, the following should be considered:

- Types of loan proposed
- Pursue of loans
- Loan structure
- Security
- Borrower analysis
- Supplier and buyer analysis
- Financial analysis
- For the assessment the risk grading manual of BB should be followed.

3.6.3 Credit Approval Authorities

Credit approval authority follows bank guidelines. The authorities of the alternative authority perform the same tasks with reasonable care, taking into account the interests of the bank. Bangladesh Bank directives from time to time regarding credit restrictions, margin restrictions, credit period and related payments and other government. Instructions banking officers exercise their authority only when they are in similar positions or are published in the concerned department at the central office.

3.7 Credit Division:

The credit department guarantees a high quality asset and a conservative credit culture in all lending activities, ensuring that the credit approval process meets client demand without credit loss and trivial collection costs. The credit manager and his team must arrange for approval by the third party, which is separate from the commercial and credit risk of the bank. The main responsibilities of the Credit Department are:

- Formulate, establish and enforce credit and credit lending policies of SEBL Bank.
- Provide and integrate input with the respective business managers regarding individual group loan portfolio, risk activity parameters and sector concentration.
- Corporate control the bank's policies, arrangements and credit checks regarding corporate banking transactions, all credit risk received from private banking.
- The Relationships are approved or rejected by the Authority, as requested by the Relationship Manager for credit.

3.8 Types of Loans:

Loan types are different because each loan has a specific intended use. These may vary from time to time, depending on their interest rate, the due date of payment, and the number of other variables.

Debt Consolidation Loan: Consolidation loan is used to facilitate people's finances. It pays all outstanding debts, especially credit card debt. This refers to lower monthly payments and lower interest rates. Consolidation loan is used to simplify human's finances. It pays off all several of outstanding debts, especially credit card debt. It implies fewer monthly payments and lower interest rates.

Student Loans: This College is offered to help college students and their families spend on higher education. There are two main types:

- i. Federal students loans
- ii. Private student loans.

Mortgages: Mortgage loans are distributed to the customer to buy homes that they cannot pay for in advance, the mortgage loan is tied to the home, which means the customer can predict the risk if they fall behind on the payment.

Auto loan: Auto loan is also tied to the property. They can help the customer carry the vehicle but if the payment cannot be made then the customer will have to lose the car.

Personal Answering: Personal expenses are paid to the customers for personal expenses and have no specific purpose. It offers an attractive alternative for people with outstanding debt, such as credit loans, who want to reduce the interest rate by transferring the balance.

Veterans Loans: Veterans and their families are facilitated by the Veterans Loan provided by the Department of Veterans Affairs (VA).

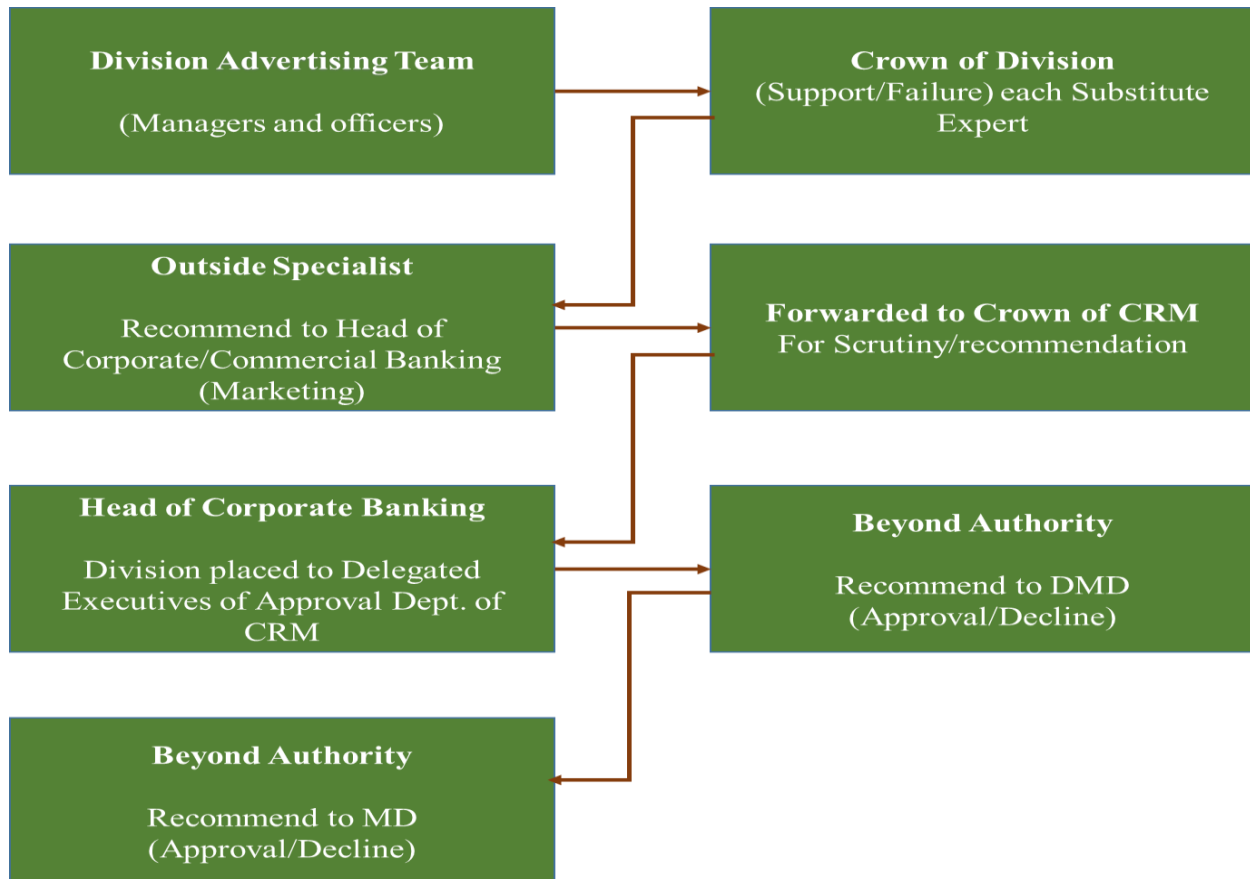
Small Business Answers: Small business loans are provided to help traders start or expand their businesses. Entrepreneurs are given different options depending on the needs of each business.

From Retirement and Life Insurance: Borrowing: People with retirement funds or life insurance plans may be eligible to receive a loan from their account. This option gives the benefit that people have taken out of their account, making payments easier and less stressful.

From friends and family: Borrowing: Borrowing from friends and family is an informal loan though it is not always a good option. So it is a good idea to sign a basic commitment note to protect both parties, where the terms and conditions of both parties are written.

3.9 Credit Approval Process

Under discuss about the Credit agreement process:



3.10 Processing of Credit Proposal

The client must present the documents application form along with the required documents and then verify the documents based on the bank's checklist. On receipt of the request form, the branch documents will confirm the following for evaluation:

- All application data columns are filled with the appropriate information and the corresponding information.
- All documents that contain information checklist bank documents.

Management approval levels separations into following authority levels:

- Head Office Credit Committee
- Delegated authority to the Managing Director

The Head Office has the contract and the following responsibilities in connection with the evaluation of proposals received from the branches:

- The proposal, based on qualities, evaluates and analyzes and respects the general rules and procedures and the SEBL policy.
- Preparing to submit credit limit proposal approval and submission for review by the Credit Committee for renewal
- Monitor portfolio, including nonperforming and classified accounts.
- Possible Documentation and checking of possible irregularly possible debts.
- Follow and execute SEBL's credit policy.

3.11 Practices and Techniques used in credit risk management

1. Knowing the customer

Knowing the customer first and foremost is a base as it is a successful step in the credit risk management process. To be successful, the financial advisor must collect all the relevant and accurate information of the customer. Otherwise poorly planned and performed the loan process leads to loss.

2. Analyzing the non financial risks

Financial advisers need to understand customer business by analyzing non-financial risk. Although collecting customer information is important in this step, it will add a value to the financial institution's lending group. Risk management can allow single loan / micro or macro.

Financial consultants must evaluate the following categories of risk of a company.

- Industry
- Business
- Management

These three issues are related to the credit underwriting process because the financial statements of a company are a reflection of a company's decision to operate, which is linked to the outside world. These three factors are the non-financial risks that describe the outside world.

3. Understanding the deal

There are many risks and benefits to establishing a customer banking relationship. The lender must know the following information:

- How to use the requested funds and how the borrower will refund them.
- Strategies for identifying, classifying, and prioritizing all risks associated with a known customer during the analysis.

When understanding the numbers, financial advisers must focus on the financial viability of the company, the accuracy of the information they provide, the sustainability of the business, and previous loan transactions.

4. Structuring the deal

The first step here is to understand the business. Before analyzing the company, financial advisers must identify the characteristics that influence the success of the company. Those:

- The nature of the business
- The nature of the industry
- Economic conditions
- Business strategy
- Skills in management

5. Price the deal

Setting the right pricing is one of the most important tasks of credit risk management. This is because it ensures adequate compensation for the business risk of the financial institution.

6. Presenting the deal

This section represents the Search and Recommendations section for the proposal to be approved. Because credit decisions are made not only in financial statement analysis, but also in qualitative issues such as management skills, business environment and business-related economic issues.

There are five key sectors that are an integral part of recommendation report.

- Overview and recommendations
- Economic and competitive environment
- Assess management
- Financial analysis and estimation
- Is the source of payment

7. Closing the deal

When the analysis, structure and pricing are over, the deal closes. The success of the Loan Closure depends

- Preparation of detailed loan closing documentation checklist
- Documents Provide sufficient time for the applicant and other parties involved in the proposal to collect documents.
- Providing instructions to complete the standard documents and ensure the submission of the form for reviewing.
- A Drafting consultation documents and distributing to the consultant for review of the form by their own consultants.

8. Monitoring the relationship

The last step is to observe the relationship. This implies monitoring clients' risk profiles as well as pursuing opportunities to develop and expand relationships

Chapter Four

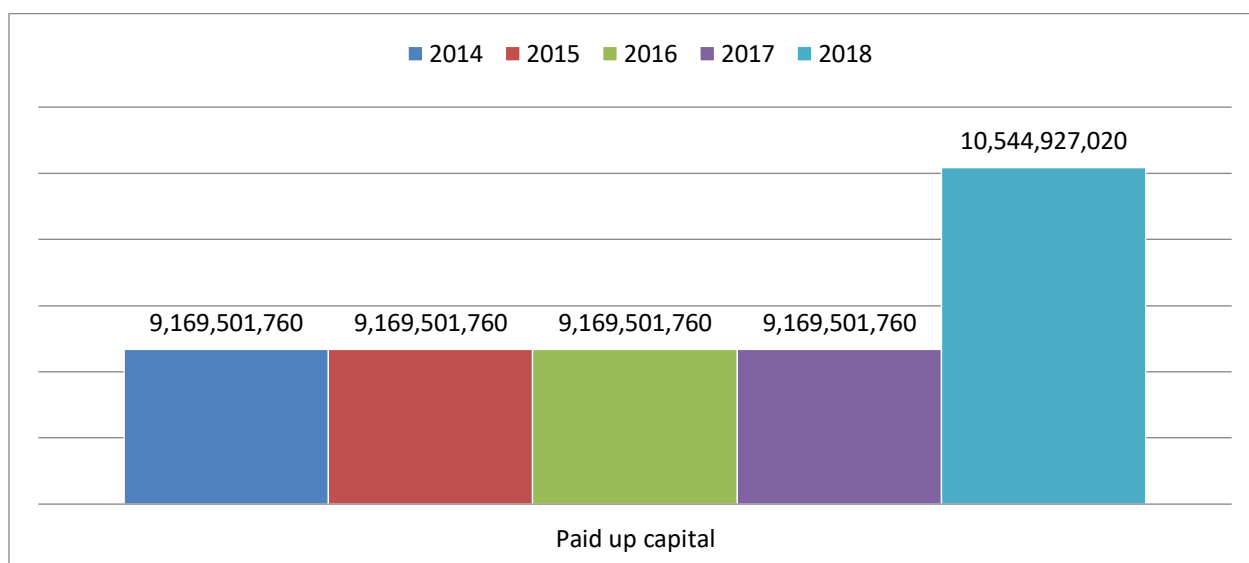
Financial Analysis

4.1 Financial Analysis:

Particulars	2014	2015	2016	2017	2018
Paid up Capital	9,169.50	9,169.50	9,169.50	9,169.50	10,544.93
Deposit	189,472.54	210,431.09	229,973.43	269,828.08	298,334.79
Advance	147,070.81	168,878.46	191,865.59	234,316.72	267,671.63
Investment	56,378.59	58,829.27	61,731.63	62,911.04	65,609.55
Import Business	155,691.00	151,812.58	171,531.73	215,379.77	242,294.82
Export Business	112,137.60	126,423.89	146,606.09	167,562.98	190,402.80
Earnings per Share (Tk.)	4.17	3.35	2.66	1.11	2.35
Return on Equity (ROE)	15%	11.86%	9.06%	4.46%	9.17%
Return on Asset (ROA)	1.67%	1.23%	0.88%	0.37%	0.68%
Non-Performing Loan	3.64%	4.25%	4.89%	5.99%	5.87%

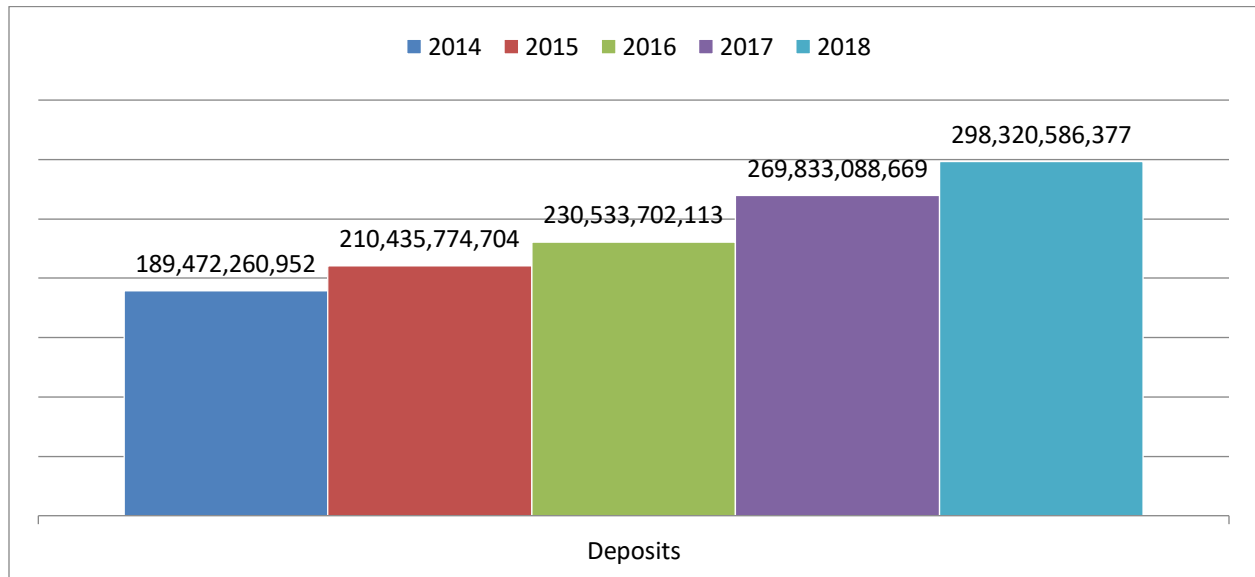
4.2 Graphical Representation:

i. Paid up Capital



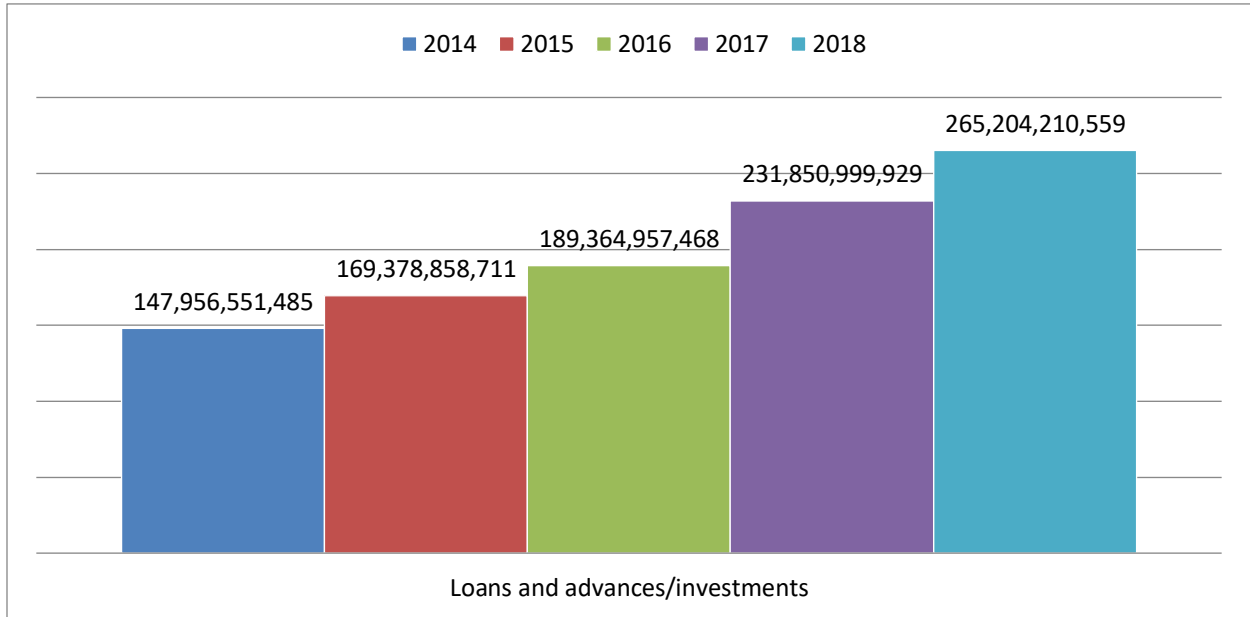
The paid up capital is the amount of money a company receives from shareholders in exchange for a share. Payable capital is created when a company sells its shares directly to investors in the primary market.

ii. Deposit



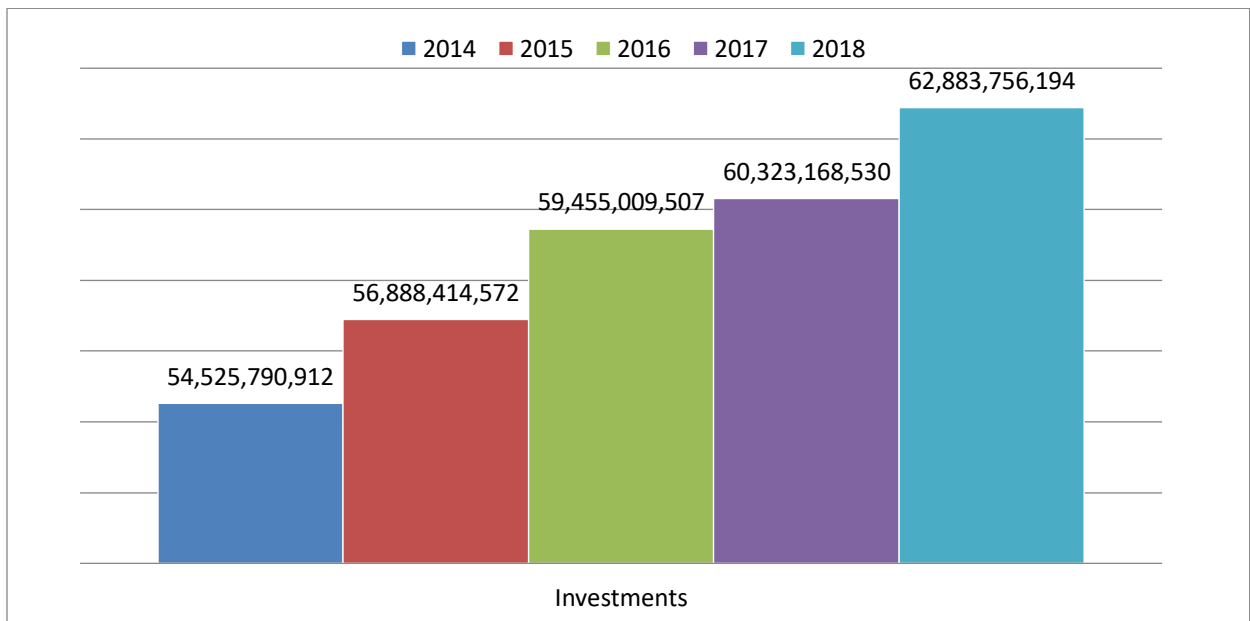
When banks and credit unions refer to deposits, they are only talking about money in your bank. This can be money that you put in your bank account or bank security deposit box in jewelry. "Deposit" is the result of the action a person takes to make a deposit.

iii. Advance



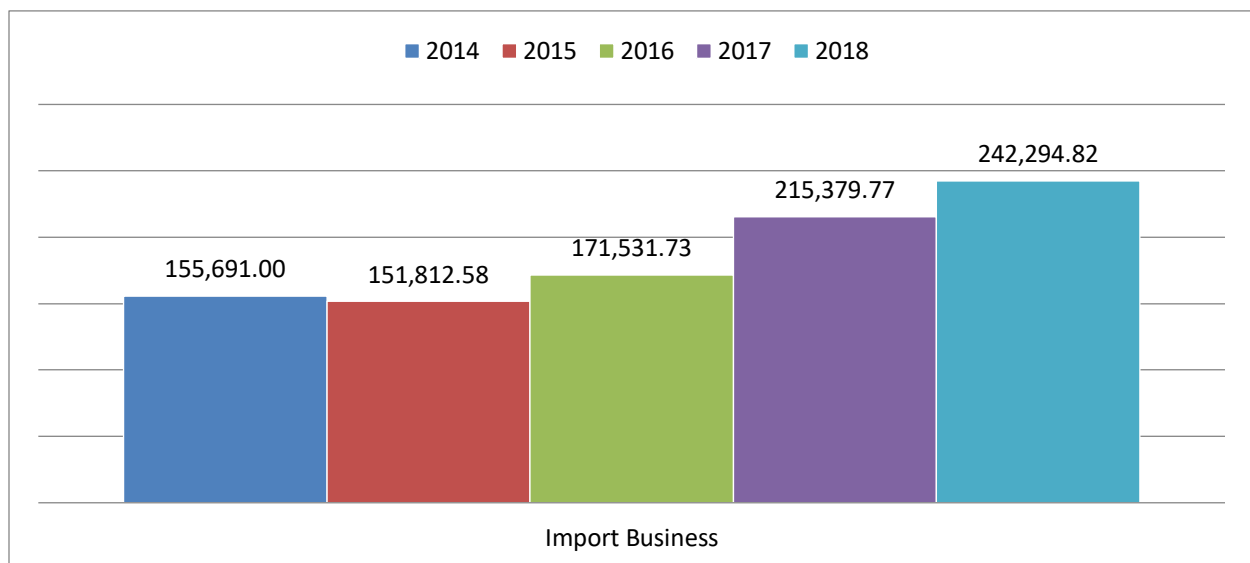
Moving forward means moving forward, often to attack someone. Advance is money that is given to someone or is usually given before someone receives it.

iv. Investment



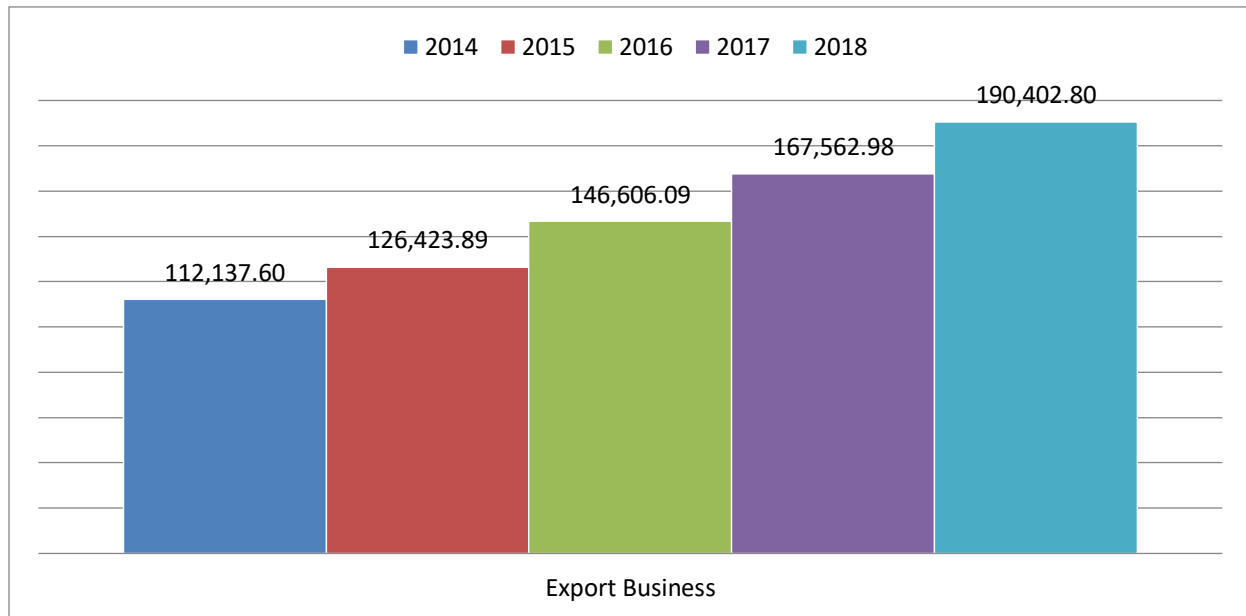
Investment means any asset is purchased, or the money is kept with a bank to receive future interest from it. The total amount of money invested by a shareholder to buy shares of a company. Investing in economic management science means long-term savings.

Import Business



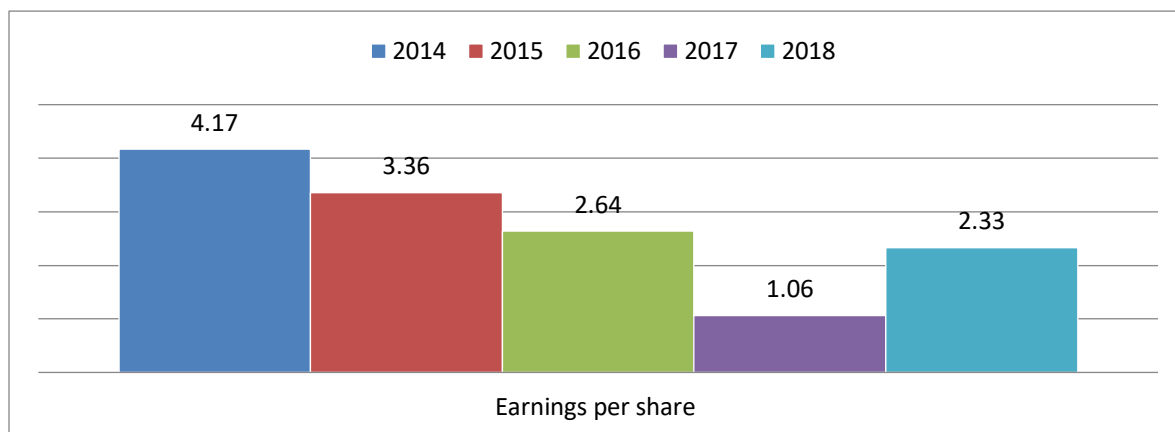
An import is a product brought into jurisdiction, especially across a national border, from external sources. The party that brings the best of them is called the importer. Imports into the receiving country are exports from the sending country. Import and export jurisdictions may impose tariffs on goods.

v. Export Business



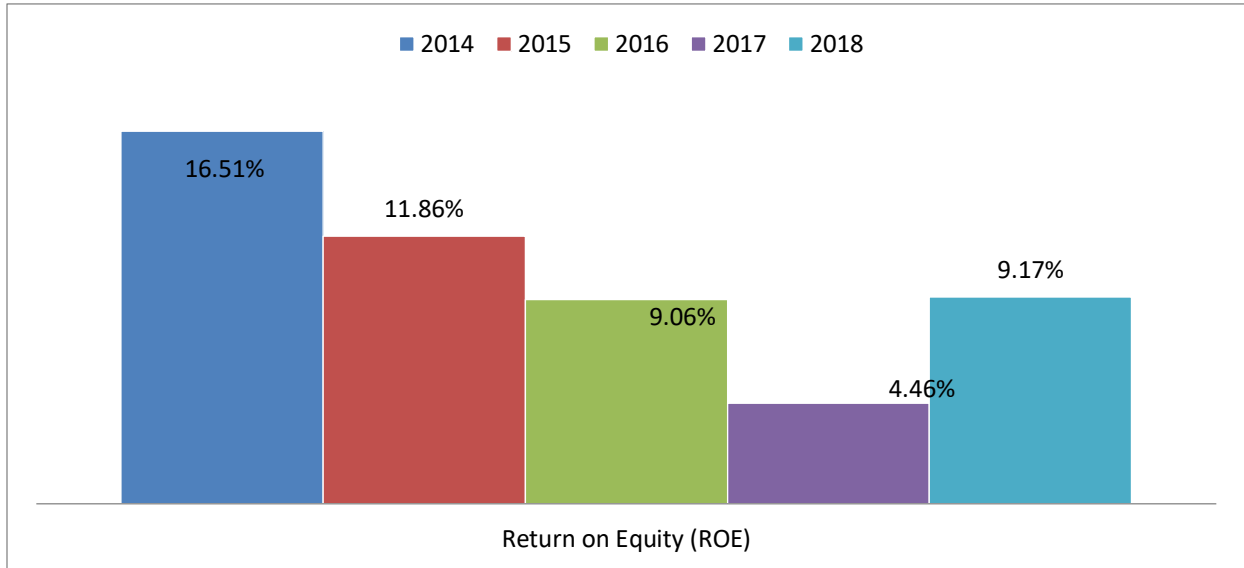
Businesses that export their products and services to customers in other countries - they produce them in one country and ship to another. Export is one way businesses can expand their potential market faster.

vii. Earnings per Share (Tk.)



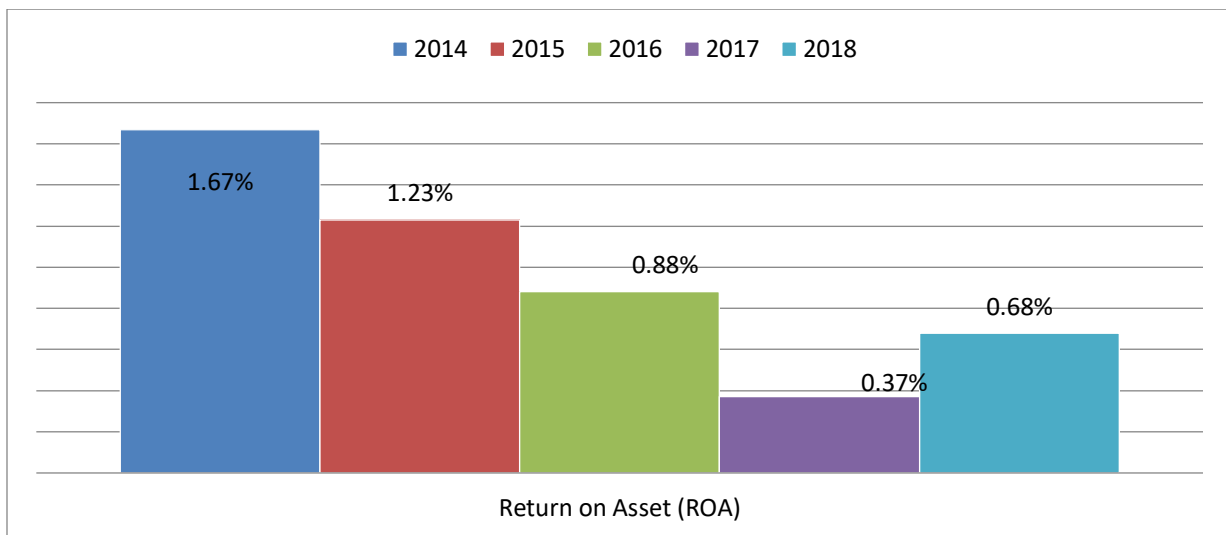
Earnings per share is a measure of how much profit a company has made. Companies typically report earnings per share on a quarterly or annual basis. Calculate earnings per share. Income per share is the share of a company's profits that is allocated to each outstanding share of its ordinary shares.

viii. Return on Equity (ROE)



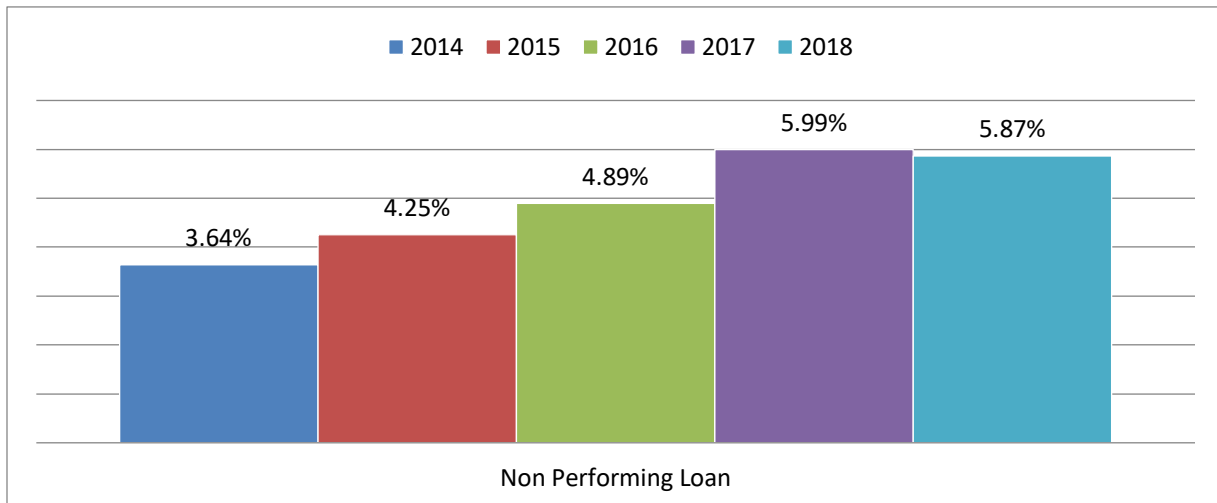
Return on equity ratio or ROI is the profitability ratio that measures a company's ability to profit from its shareholders' investment. In other words, the return on equity ratio shows how much profit the common shareholders have for each dollar of equity.

ix. Return on Asset (ROA)



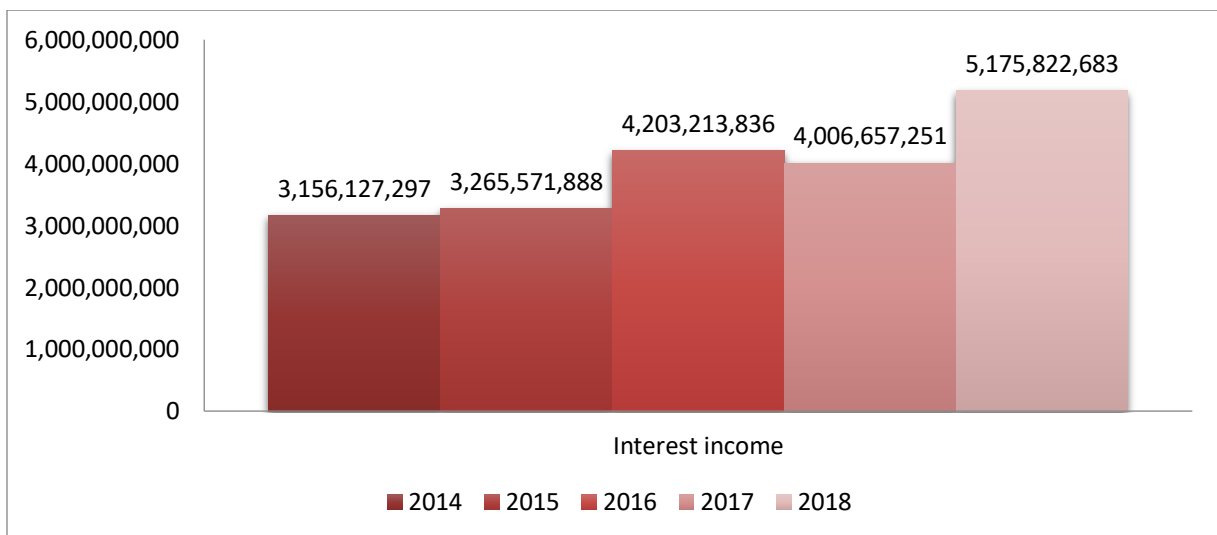
The Return on Assets (ROA) is an index of how profitable a company's total assets are. ROA gives a director, investor, or analyst an idea of how efficient a company's management is to use its assets to earn its revenue. Returns on the asset are displayed as a percentage

x. Non-Performing Loan



Banks that do not perform (their money will not bring any return) are called non performing assets (NPAs) or bad loans. The assets of the bank are the loans and advances made by the customers. If customers do not pay interest or principal or both, the loan becomes a bad loan.

xi. Interest Income:



Interest income is the amount of interest that was accrued during the specified period. This amount can be compared to the investment cost that a business that raises the interest income on an investment is usually income taxable; the general income tax rate applies to this form of income.

Chapter – Five

Findings Recommendation &

Conclusions

5.1 Findings:

- Checking loan documents is not done regularly at the branch.
- Credit sanction and loan disbursement procedure is quite lengthy.
- Growing Competitors and high rate of interest
- It is difficult to collect accurate and formal documents and financial statements from clients.
- Lack of systematic, timely monitoring and appropriate documentation checkup.

5.2 Recommendation:

To improve credit risk management further SEBL should improve in some areas.

Those are:

- Verification of the documents should be done honestly.
- SEBL should provide more attractive product and service to the client and keep rate of interest competitive with other banks to satisfy their clients.
- Bank need to introduce new products and services at relatively low cost for customer.
- SEBL should have to provide more attractive product and service to the client. And keep high rate of interest competing with other banks to satisfy their client.
- Employees/ officers have to properly maintain their important documents such as file, papers related with credit.

5.3 Conclusion

Risk is an integral part of any business and one of the challenging tasks of risk management policy is to find the balance between risk and return. On October 25, Bangladesh Bank introduced Core Risk Management, which also included credit risk management at each bank. Therefore, SEBL has also taken necessary measures to implement and move forward consistently. All credit categories are strictly monitored and followed. SEBL has taken a unique process of verifying clients' documents and other relevant information to ensure secure documentation. To cope with modern technologies and provide fast and secure services, SEBL has installed high-tech state-of-the-art banking software that improves services and enhances the ability of banks to monitor Thana's portfolio. Although the investment in banks has increased, they should be more careful in selecting their investment area so that the profit line increases. Clients' documents should be carefully examined so that loss reduction can occur. Basically commercial banks failed due to bad loans that resulted from inefficient management of loans and advance portfolio.

Until now, SEBL has been able to manage its portfolio portfolio carefully and keep non-performing loans at a very low rate. However, banks may introduce new practices to improve the culture of risk management that are not currently practiced.

5.4 References

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- <https://www.banksbd.org/sebl/kazi-nazrul-islam-avenue-branch-3228.html>
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