

INTERNSHIP REPORT

***Financial Performance Evaluation of
"Southeast Bank Limited"***

COURSE

Title: Internship

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SUBMITTED TO

Professor Dr. Tanbir Ahmed Chowdhury

Dean and Chairperson

Department of Business Administration

East West University

SUBMITTED BY

Nishat Tasnim

ID no: 2010-2-10-057

Department Of Business Administration

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Professor Dr. Tanbir Ahmed Chowdhury
Dean and Chairperson
Department of Business Administration
East West University
Aftabnagar, Dhaka.

Subject: Submission of Internship Report on "Performance Evaluation of Southeast Bank Limited (SEBL)"

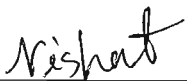
Dear Sir,

It's a great pleasure for me that I have been able to submit the report on 'Performance Evaluation of Southeast Bank Limited' in time. This report is result of internship program that I have done in Southeast Bank Ltd, Banasree Branch. All the works presented here are done with utmost sincerely and honesty and the sincere guidance and corporation of my honorable Professor Dr. Tanbir Ahmed Chowdhury, Dean and Chairperson of Department of Business Administration, East West University.

I tried my level best with my knowledge to make a full pledged report by analyzing all the available information. All of my efforts will be successful if the report can serve its purpose. I am always available for any further quarries regarding this report.

I would be delighted if you kindly accept the report and oblige me thereby.

Sincerely yours,



Nishat Tasnim
ID: 2010-2-10-057
Dept: BBA
Major: Finance
East West University

Acknowledgement

At first I would like to thank almighty Allah who has given me the strength and opportunity to complete this report.

Next, I would like to thank the management of Southeast Bank Ltd who has given me the opportunity to do internship at their bank and thanks to Mr. Saiful Islam (Senior Principle Officer), Manager of Banasree Branch who accepted me as an internee at his branch.

I am grateful to all employees of SEBL, Banasree Branch for their cooperation, and directions during my internship period.

My special thanks to Professor Dr. Tanbir Ahmed Chowdhury, Dean and Chairperson of Department of Business Administration of East West University for all sorts of guidance to me in preparing this report. His proper guidance, directions, advice make it easy for me to prepare this report.

Finally, I extend my thanks to all of my well wishers for their help during this work.

Executive Summary

In order to provide a student with job exposure and an opportunity of the transition of theoretical knowledge into real life experience, an internship is must. A better balance between theory and practice can be gained through this program.

Banking is a business, which is run on the confidence and trust of people. This confidence enjoyed by banks and enables the bank to mobilize funds from various sources. The profitability of a bank always depends on the efficient management of fund and exploring the genuine avenues in which its resources are invested to produce the maximum income.

But everything is finally evaluated by the performance of the bank. This is why performance evaluation of a bank is very crucial in the process of finance. Being a student of finance, my focus was more on performance appraisal of the bank based on the financial indicators.

In this report, different indicators of performance evaluation are been described on the basis of which the position of Southeast bank Ltd can easily be determined. This report contains six chapters. First chapter deals with introduction, origin of the report, objective, scope, methodology and limitation of the study. Second chapter emphasis on the organizational profile of Southeast Bank Ltd. Third Chapter holds the products and services of Southeast Bank Ltd. Chapter Four analyze the financial performance of the bank. Chapter Five contains problems and Last chapter contains recommendation, conclusion and bibliography of the bank.

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Chapter-1

Introduction

1. Introduction

A **bank** is a financial intermediary that accepts deposits and channels those deposits into lending activities, either directly by loaning or indirectly through capital markets. A bank links together customers that have capital deficits and customers with capital surpluses. It plays an important role in the business sector and promoting industrialization & economic development of the country. Banks provide necessary funds for the execution of various programs underway in the process of economic development. As the industry produces goods & commodities, bank creates and controls money market and promotes formation of capital.

Bank is a powerful medium to bring socio-economic changes in a developing country like Bangladesh. The three important sectors in Bangladesh like Agriculture, Commerce and Industry provide the bulk of the country's wealth. So, the nourishment of these sectors is only possible through satisfactory banking facility.

Basically, Bank collects deposit from the customers at a lower rate of interest and lends it to the borrowers at a higher rate of interest considering the cost of fund. The spread amount indicates the operating profit of a bank. Banks provide different services and credits to the customers. The customer comes from all walks of life, from a small business to a multi-national corporation having its business activities all around the world. The bank has to satisfy the requirement of different customers belonging to various social groups. The banking business have therefore become complex and requires specialized skills. It functions as an agent for bringing about economic, industrial growth and prosperity of the economy. As a result, different types of bank with various services have come in to existence to suit specific requirements.

1.1 Origin of the Report

The internship program of BBA is a partial requirement to take a taste of real life challenges conducted by the intern. It is an important part of the BBA program and duration of the internship is 3 months. During this period I have worked closely with the employees of the Southeast bank Ltd in Banasree branch. This report presents the outcomes of the study during the internship; I was assigned a topic on performance evaluation of Southeast Bank Ltd.

This is individual assignment which is prepared on the basis of my practical experience on the bank. This report title on "**Performance Evaluation of Southeast Bank Limited**" is under the supervision and guidance of **Professor Dr. Tanbir Ahmed Chowdhury**, Dean and Chairperson, Department of Business Administration of East West University.

1.2 Background of the study

Bank is a service providing financial institution. All over the world, the dimension of banking has been changing rapidly due to the technical innovation, in terms of services, globalization, world economy, rules and regulations and other things. In our country, there are number of banks under this industry. Now banks are competing with each other which include local and foreign banks. Success of a bank is depending on appropriate financial position and the high quality service or professionalism. If the financial position of a bank is in good position, people get confidence to that bank. For this reason, banks have to maintain a good financial combination in case of all key financial indicators. Another thing is high quality service because of it is a service providing institution where service is provided by the bankers. To introduced skilled banker only theoretical knowledge in the field of banking studies is not sufficient. Academic knowledge has a great value when it has practical application in the real field. Such an application is made through internship by which a student can learn different aspects of banking after completing of programs required courses.

I have worked in General Banking Division & Accounts Division of Southeast Bank Limited (SEBL); Banasree Branch, Dhaka. In this report, I will try to make an overall analysis of the performance of SEBL and then find out the problems and suggest recommendations for this organization.

1.3 Objectives of the Report

The objective of this internship report means the purpose of the internship program and the learning & finding through this period. This report has put emphasized to evaluate the performance of the bank through comparison of various financial indicators. The prime objectives behind this report are pointed below:

- I. To present an overview of Southeast Bank Ltd.
- II. To present the principal activities of Southeast Bank Ltd.
- III. To appraise the financial performance of Southeast Bank Ltd.
- IV. To identify the problems of Southeast Bank Ltd.
- V. To suggest remedial measures for the development of Southeast Bank Ltd.

1.4 Scope and Methodology

The internship report has been written on the basis of information collected from primary as well as secondary sources within my three months internship period. The primary information has been collected from personnel, in this case I have used physical attendance to get positive, negative both sides of the company. In this report, I do not use any analytical techniques.

1.4.1 Primary Data Collection

The main source of the primary data collection of my report was my discussion with senior officers and their opinions and comments. It helped me to collect the essential and vital information to make my internship report. The people of Southeast Bank Ltd and their face to face information are my primary data.

1.4.2 Secondary Data collection

Data has been from secondary sources as well. Necessary data and information has been collected by the following sources:

- Last five years Annual Reports of Southeast Bank Ltd
- Newspapers and journals
- Websites
- Related books

1.4.3 Method of Data collection

- ✚ Face to face conversation with the bank officers.
- ✚ Direct conversation with the clients.
- ✚ Study of different files of different sections of the bank.
- ✚ Practical desk work.
- ✚ Personal communication.
- ✚ Annual reports, books and websites.

1.5 Limitations of the study

- ❖ **Time Limitation:** Time Limitation is one of the most important and vital constraint to make the report perfect and up to date. 12 weeks is too short to make a report which will be full of information and required data. during my internship period, I did not have that much time to visit other branches to collect more data and take interview to the officers & executives of the bank because they are very much busy with their day to day activities. In short, Time duration of my internship period is not sufficient enough to prepare my report the best one but where I tried my best to make it the effective report.
- ❖ **Experience:** in some serious collecting information was needed more experienced personnel to make an effective report.

- ❖ **Confidential:** Many more information could not gather for the resources of maintaining confidentially. Again the Bank's policy is not to disclose some data & information to obvious reason, which could be much more useful.

- ❖ **Unavailability of information:** Sufficient records and publications as well as up to date information are not readily available.

Chapter-2
An Overview of
Southeast Bank Limited

2.1 Company Profile

Southeast Bank Limited (SEBL) was established in 1995 with a dream and a vision to become a pioneer banking institution of the country and contribute significantly to the growth of the national economy. The Southeast Bank was established by leading business personalities and eminent industrialists of the country with stakes in various segments of the national economy. The Bank's first branch was opened by Late M. Saifur Rahman, the then Honourable Finance Minister of the Government of the People's Republic of Bangladesh as the Chief Guest at the commercial hub of the country at 1, Dilkusha Commercial Area, Dhaka on May 25, 1995. The incumbent Chairman of the Bank is Mr. Alamgir Kabir, FCA, a professional Chartered Accountant. The Bank's Managing Director is Mr. Shahid Hossain, a young and eminent banker of the country with 30 years experience in banking to his credit.

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

Southeast Bank takes pride for bringing women into the banking profession in a significant number for gender equality. At present, 32% of SEBL's employees are women that will rise to 45% over the next five years.

2.2 Company Philosophy

The motto or philosophy of the bank is "A Bank with Vision". Southeast Bank feels that, if they can meet maximum clientele requirements in less time with efficiently, then they will be able to accomplish a successful business in the world of banking. Their main objective is - they want to provide every single customer service available in today's banking procedure for their clientele. Thus they can guarantee the excellence in banking of their valuable customers.

2.3 Vision of the Bank

To be a Premier Banking Institution in Bangladesh and contribute significantly to the National Economy.

2.4 Mission of the Bank

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

2.5 Core Values of the Bank

- ✓ Integrity
- ✓ Respect
- ✓ Fairness
- ✓ Harmony
- ✓ Team Spirit
- ✓ Courtesy

- ✓ Commitment
- ✓ Service Excellence
- ✓ Insight and Spirit
- ✓ Enthusiasm for Work
- ✓ Business Ethics

2.6 Commitments to Clients

Southeast bank Limited is a customer focused modern banking institution in Bangladesh. They deliver unparalleled financial services to Retail, Small and Medium Scale Enterprises (SMEs), Corporate, Institutional, Governmental and individual clients through branch outlets across the country. Their business initiatives center on the emerging demands of the market. Their commitments to the clients are the following:

- Provide service with high degree of professionalism and use of modern technology.
- Create long-term relationship based on mutual trust.
- Respond to customer needs with speed and accuracy.
- Share their values and beliefs.
- Grow as our customers grow.
- Provide products and service at competitive pricing.
- Ensure safety and security of customers' valuables in trust with us.

2.7 Corporate Culture of SEBL

Southeast Bank is one of the most disciplined Banks with a distinctive corporate culture. The people of bank can see and understand events, activities, objects and situation in a distinctive way They mould their manners and etiquette, character individually to suit the purpose of the Bank and the needs of the customers who are of paramount importance to them The people in the Bank see themselves as a tight knit team/family that believes in working together for growth. The corporate culture they belong has not been imposed; it has rather been achieved through their corporate culture.

2.8 Business Objectives of SEBL

- + Make sound investments.
- + Meet capital adequacy requirement at all the time.
- + Ensure a satisfied work force.
- + Ensure 100% recovery of all advances.
- + Focus on fee-based income. Adopt an appropriate management technology.

2.9 Corporate Slogan of SEBL

.....A bank with vision

2.10 Organizational Structure of SEBL

Managing Director
Deputy Managing Director
Senior Executive Vice President
Executive Vice President
Senior Vice President
Vice President
First Vice President
Senior Assistant Vice President
Assistant Vice President
Senior Principal Officer
Principal Officer
Executive Officer
Senior Officer
Probationary Officer / Management Trainee (PO/MT)
Officer
Junior Officer
Trainee Officer


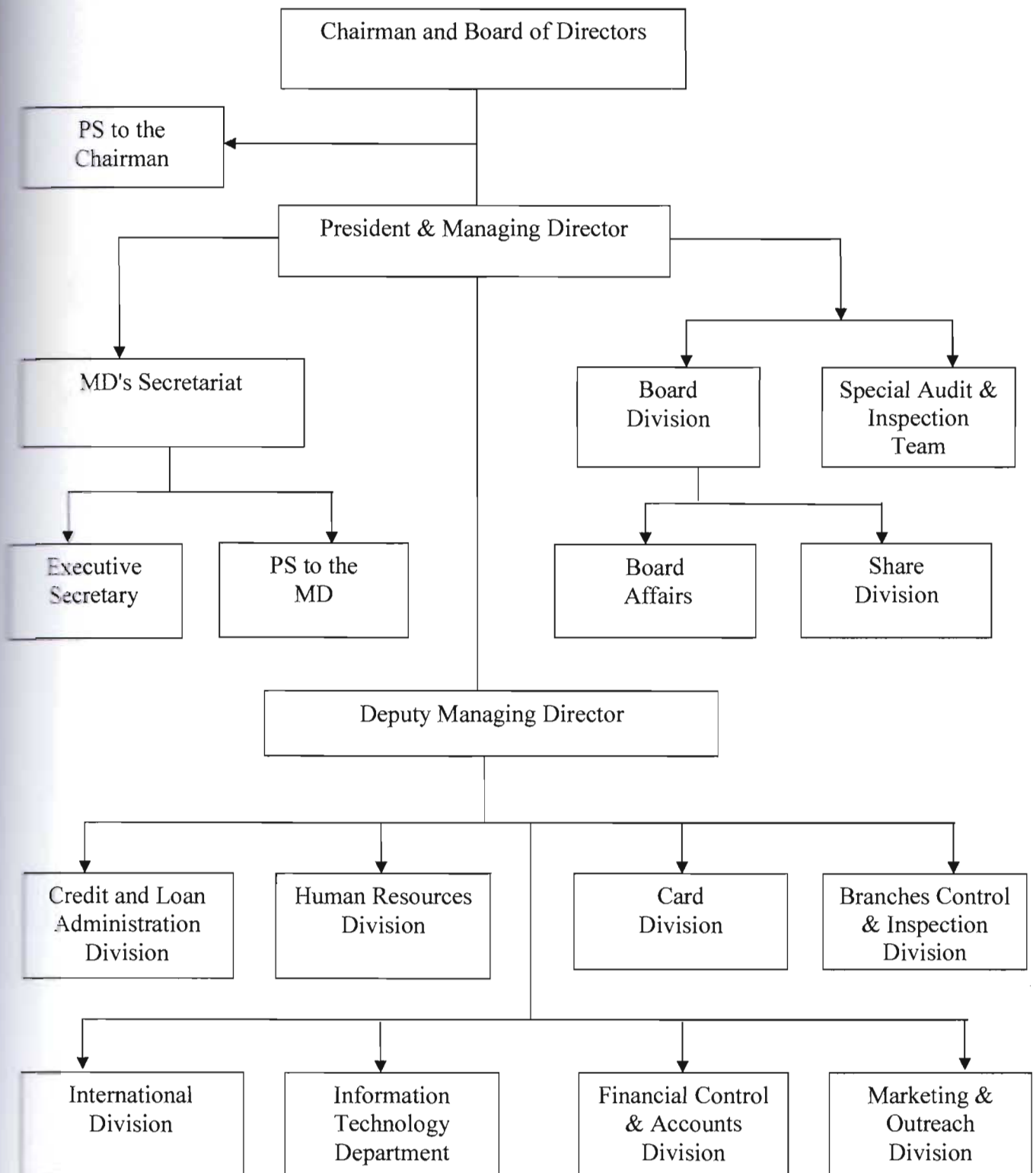


Figure: Management Hierarchy of Southeast Bank Limited

2.11 Management of Southeast Bank Limited

Management is the most valuable and important resources of any kind of organization and a well-organized management help a organization to reach its ultimate goal. Management means planning, organizing, staffing, leading and controlling of all financial and non-financial resources of an organization.



2.12 Major Divisions of SEBL in Corporate Headquarter

The Corporate headquarter of SEBL has several major divisions and each comprising of various departments. The major divisions in the headquarters are as follows-

- + Credit service Division
- + Financial Control and Electronic Data Processing
- + Marketing Division
- + General Service Division
- + Human Resource Department
- + International Division
- + Board and Company Secretary Division

2.13 Manpower

Employment opportunities provided by Southeast Bank Ltd are also encouraging. Up to 2010, number of employees of SEBL was 1373.

Table-2.1: No of Employees

<u>Year</u>	<u>No. of Employees</u>
2009	1254
2010	1373
2011	1526
2012	1655
2013	1704

2.14 Subsidiaries of Southeast Bank Ltd

- + Southeast Bank Capital Services Limited
- + Southeast Financial Services (UK) Limited
- + Southeast Financial Services (Australia) Limited
- + Southeast exchange Company (South Africa) Pty limited

2.15 Corporate Social Responsibility (CSR)

Southeast Bank operates under a double bottom line agenda where Bank's sustained growth objectives and social responsibility go hand in hand as it strives towards a poverty free, prosperous Bangladesh. The Bank considers CSR activities not as a voluntary service but incorporates this with core Banking operation as long term sustainable ongoing process with a view to increase Bank's brand image. In other words, the Bank strives to establish corporate social responsibility as a key strategy for corporate excellence in banking to maximize stakeholders benefit. Whether it is a donation to a hospital, providing fund for sporting events or a contribution during natural calamities, SEBL and its CSR activities reach the elements of the society for helping the people.

The Bank with a view to institutionalize corporate social responsibility, established Southeast Bank Foundation in 2002 to participate in social work. However, up to the year 2008 CSR activities of Southeast Bank Limited had been confined in the form of grants and donations.

In 2009, the Board Directors has identified education sector as the area of activities for sustainable development of human resources. To begin with the secondary education sector has been selected as the area of concentration. So far the Foundation has awarded scholarships to a number of 828 students through its long term and renewable scholarship program.

2.16 Branches of Southeast Bank Limited

There are total 106 branches of Southeast Bank Limited till now.

Table 2.2: No of Branches

Division	Dhaka	Chittagong	Rajshahi	Sylhet	Khulna	Barisal	Rangpur
No of Branches	52	29	6	12	4	1	2

2.17 Performance of Southeast Bank Ltd at a glance

Particulars	2013	2012	2011*	2010	2009
Authorized Capital	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Paid up Capital	8,732.86	8,732.86	8,317.01	6,930.84	3,422.64
Reserve Fund / Others	13,074.71	10,864.68	10,683.05	10,165.06	6,504.62
Deposit	177,519.46	152,901.24	127,178.22	107,729.58	96,669.05
Advance	134,863.82	126,968.97	107,288.56	92,452.62	77,497.57
Investment	57,589.06	37,656.56	29,846.60	18,327.65	21,350.23
Import Business	131,644.82	111,537.50	99,509.01	103,726.70	69,582.92
Export Business	95,220.40	84,464.20	75,982.06	58,158.06	46,724.47
Guarantee Business	17,226.41	21,506.65	25,673.90	22,781.19	11,916.74
Remittance Business	39,299.10	41,455.40	49,544.10	28,082.25	23,800.00
Total Income	26,918.30	23,134.18	19,931.91	16,071.33	13,702.25
Total Expenditure	20,218.11	17,638.99	13,846.24	9,316.39	9,087.79
Operating Profit	6,700.20	5,495.19	6,085.66	6,754.94	4,614.66
Net Profit after Tax and Provision	3,378.82	1,648.72	1,912.19	2,763.13	1,870.19
Fixed Assets	7,795.65	7,677.51	7,373.11	4,463.08	4,338.35
Total Assets	220,930.85	189,921.58	158,078.59	131,943.48	112,676.98
Earning per Share (Tk.)	3.87	1.89	2.19	3.77	3.24
Dividend Cash (%)	16%	15%	15%	10%	-
Dividend Bonus Shares	5%(20:1)	-	5%(20:1)	20%(5:1)	35%(20:7)
Return on Equity (ROE)	16.20%	8.42%	10.47%	19.41%	16.51%
Return on Asset (ROA)	1.64%	0.95%	1.32%	2.26%	1.66%
Non Performing Loan	3.94%	4.47%	3.51%	4.26%	3.73%
Capital Adequacy Ratio	10.90%	10.87%	11.46%	11.25%	3.73%
Number of Correspondent Banks	211	183	161	152	146
Number of Foreign Correspondents	778	691	654	645	589
Number of Shareholders	65,413	64,000	68,039	66,898	22,152
Number of Employees - Banking	1704	1655	1526	1373	1254
Number of Employees - Non Banking	414	355	322	240	148
Number of Branches	103	94	84	76	56

Source: Annual Report 2013 of Southeast Bank Ltd

Chapter-3
***Products & Services of
Southeast Bank Limited***

3.1: Products of Southeast Bank Limited

Southeast Bank Ltd offers the following Products-

3.1.1: Under Conventional Banking

- Savings (SB) Account
- Current (CD) Account
- Fixed Deposit Receipt (FDR)
- Short Notice Deposit (SND)
- Double Benefit Scheme (DBS)
- Monthly Savings Scheme (MSS)
- Pension Savings Scheme (PSS)
- Millionaire Deposit Scheme (MDS)

3.1.1.1: Savings Bank (SB) Account

Saving Accounts are especially for the middle-income groups who are generating limited income and have the tendency to save to meet their future need and intend to earn an income from their savings. It aims at encouraging savings of non-trading person (s), institution (s), society, clubs etc. by depositing small amount of money in the bank. Both elements of time and demand deposit are present in this account.

3.1.1.2: Current Deposit (CD) Account

A Current Account can be opened by individuals and business concerns including non-profit organizations. A Current Account can be opened with a minimum balance of Tk.5000. Frequent transactions (both deposits and withdrawals) are allowed in this account. Client will get Cheque book having a minimum balance of Tk.5000 in the account. A Current Account holder can draw cheques on their accounts for any amount and any number of times in a subject to the availability of balance. Client will not get any interest on Current Accounts.

3.1.1.3: Fixed Deposits Receipt (FDR) Account

Fixed Deposit Receipt (FDR) Account offers the customers the opportunity to invest a fixed amount for a fixed period at a fixed rate of interest. The customers 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 accounts.

Table 3.1: Interest Rates of FDR, SB & CD

<u>Deposit Schemes</u>	<u>Revised Interest Rate on Deposit</u>
Fixed Deposit Receipt (1 Month)	7.50%
Fixed Deposit Receipt (3 Month)	10.00%
Fixed Deposit Receipt (6 Month)	9.75%
Fixed Deposit Receipt (1 Year)	9.75%
Savings Account (SB)	5.00%
Current Account (CD)	0.00%

3.1.1.4: Short Notice Deposit (SND) Account

Minimum balance is required in this account is Tk.5,00,000 and interest is given to the depositors at the rate of 4% It is also a time deposit account. The formalities for opening of this account are same to those required for current account. The only difference is that 07 (seven) days notice is inquired for withdrawal of any sum and interest is paid.

3.1.1.5: Double Benefit Scheme (DBS)

Double Benefit Scheme (DBS) Account is a time specified deposit scheme for clients where the deposited money will be doubled on maturity. It's a great option to double your unused money after a specific time. Amount to be deposited TK.10,000 or its multiple; Deposited amount will be doubled in 6 years; DBS accounts can be opened both for Individual and Corporate bodies.

3.1.1.6: Monthly Savings Scheme (MSS)

Dreams may turn into reality through Southeast bank's Monthly Savings Scheme (MSS). It's a hassle Free Deposit. Loan of Maximum 80% against the lien of the MSS amount deposited can be availed. It can close the account before maturity.

Table 3.2: Monthly Savings Scheme (MSS)

<u>Monthly Installment</u> (Tk.500 and it's Multiple)	<u>Mature</u>		
	<u>2 Years</u>	<u>3 Years</u>	<u>5 Years</u>
500/-	13,305/-	21,013/-	38,975/-
1000/-	26,610/-	42,026/-	77,950/-
5000/-	1,33,050/-	2,10,130/-	3,89,750/-
10000/-	2,66,100/-	4,20,260/-	7,79,500/-
25000/-	6,65,250/-	10,50,650/-	15,48,750/-

3.1.1.7: Pension Savings Scheme (PSS)

It offers clients to save their hard earned money every month for a secured future. Loan of Maximum 80% against the lien of the PSS amount deposited can be availed. Client has to pay the Installment amount by 15th day of a Month. Advance Installment can be provided. Installment amount can be given from any branch of our Bank.

Table 3.3: Pension Saving Scheme (PSS)

<u>Monthly Installment</u> (Tk.500 and it's Multiple)	<u>Mature</u>			
	<u>4 Years</u>	<u>6 Years</u>	<u>8 Years</u>	<u>10 Years</u>
500/-	29,475	49,215	73,320	1,02,900
1000/-	58,950	98,430	1,46,640	2,05,800
5000/-	2,94,750	4,92,150	7,33,200	10,29,000
10000/-	5,89,500	9,84,300	14,66,400	20,58,000
25000/-	14,73,750	24,60,750	36,66,000	51,45,000

3.1.1.8: Millionaire Deposit Scheme (MDS)

Millionaire Deposit Scheme (MDS) Account is a time specified monthly deposit scheme for clients where the deposited money will become millions on maturity. With this great offer, you can become a millionaire after a specified term. Tenor is 4, 5, 6,7,8,9 and 10 years term; Credit facility for maximum of 2 years can be availed at any time during the period of the scheme. MDS Account can be opened both for Individual and Corporate bodies.

Table 3.4: Millionaire Deposit Scheme (MDS)

<u>Tenor</u>	<u>Monthly Installment</u>	<u>Matured Amount</u>
4 year	16865.00/-	10 Lac
5 year	12450.00/-	10 Lac
6 year	9850.00/-	10 Lac
7 year	7870.00/-	10 Lac
8 year	6470.00/-	10 Lac
9 year	5400.00/-	10 Lac
10 year	4550.00/-	10 Lac

3.1.2: Loans & Advances

- Working Capital Finance
- Overdraft (OD)
- Project Finance
- Syndicated Loan
- Packing Credit
- Loan Against Export Bill
- Loan Against Trust Receipt

3.1.2.1: Working Capital Finance

This is a loan facility designed to meet day to day operation of business concerns and manufacturing companies.

Features and Benefits

- ✚ Easy Documentation
- ✚ Fast Processing.
- ✚ Any branch banking facilities.
- ✚ Individual & Global limit facility for the customer.
- ✚ Eligibility
- ✚ A viable business case for financing.
- ✚ Feasibility report
- ✚ Loan Application
- ✚ Sets of documents based on financing requirements.

Fees and charges

- 13% p.a. at quarterly rests subject to change(s) that may be made by the Bank from time to time
- Standard processing fee

3.1.2.2: Overdraft

This is a demand credit facility to meet day to day operational requirements.

Features and Benefits

- + OD against hypothecation of stock of goods in trade / raw materials
- + OD limit against assignment of bills receivables / work orders
- + OD against cash collateral
- + OD under earnest money scheme
- + Tenure of OD is one year
- + Easy Documentation
- + Lower Cost & Fast Processing
- + Easy to use and easy to pay facility
- + Freedom to use limit through Cheque Book, ATM, Online Transfer etc
- + Any branch banking facilities.
- + Global limit exposure for the client
- + Interest payable on the account utilized.

Requirements

- A viable business case for OD facility
- Collateral securities

Fees & Charges

- 13% p.a. at monthly / quarterly rests subject to change(s) that may be made by the Bank from time to time.
- Standard processing fee.

3.1.2.3: Project Finance

This is a term loan facility provided by the Bank for acquisition of fixed assets and machinery for any Project.

Features and Benefits

- ✦ Term finance.
- ✦ Financing for turnkey projects

Requirements

- A viable business case.
- Project feasibility report.
- Loan Application.
- Sets of documents based on type of project and nature of financing.

3.1.2.4: Syndicated Loan

Large projects are financed through raising funds through participation of more than one bank by joint financing against a set of common terms and conditions laid down in a loan agreement.

Features and Benefits

- ✦ Borrowers can access from a diverse group of financial institutions for funding.
- ✦ Funds can be raised at competitive price.
- ✦ Flexibility in structuring & pricing
- ✦ Save the time and efforts of approaching / negotiating with individual banks for sanction
- ✦ We work as lead Bank / Arranger / Participant / Syndicate Agent.

Requirements

- A viable business case
- Project feasibility report
- Loan Application
- Sets of documents based on type of project and nature of financing requirements.

3.1.2.5: Packing Credit

We provide pre - shipment finance in the form of Export Packing Credit (PC) to assist cash flows for manufacturing or packing goods for export from Bangladesh.

Features and Benefits

- + Easy Documentation.
- + Fast Processing.
- + It is a revolving limit for one year but renewable.
- + Allow the Exporter to purchase of raw materials, cost of processing the same to finished goods, packing and dispatching of goods.
- + PC disbursement made case to case basis with an expiry date up to 90 - 180 days.
- + Global Loan Limit exposure for the client.
- + Case to case PC limit determines against each export LC on the basis of export LC / Accepted BTB bills
- + Increase the present cash flow of the exporter to improve the financial condition and strengthen the financial ability.
- + Online banking facilities for repayment.

Requirements

- Application received from the customer for disbursement of PC.
- Photograph of signatory to be attested by Chairman of the company
- Copy of valid trade license
- Official seal with designation
- Tax Certificate
- KYC Form
- Transaction Profile

Fees and charges

- Application Form for request for loan facility – Taka 250/- .2% on approved loan amount.
- We are realizing only interest (i.e. 7% p.a. at quarterly rest or as fixed by Head Office from time to time) from PC account.

- Half yearly Service Charge: Taka 1,000/- on each account for urban clients
Taka 500/- on each account for rural clients

3.1.2.6: Loan against Export Bill

This is a demand loan facility for the exporters in the form of negotiation or acceptance of export bills by the Bank.

Features and Benefits

- + Easy Documentation.
- + Fast Processing.
- + Local or Foreign Bill negotiation or acceptance.
- + Increase the present cash flow of the exporter to improve the financial condition and strengthen the financial ability
- + Simplify the financial procedure.
- + Global loan limit exposure for the client.
- + Any branch banking facilities for repayment.

Requirements

- Export LC / Contract submission by the Exporter at the time of negotiation collection of documents.
- Photograph of signatory to be attested by Chairman of the company
- Copy of valid trade license.
- Official seal with designation
- Tax Certificate.
- KYC Form.
- Transaction Profile.

Fees and charges

- Application Form for request for loan facility – Taka 250/-.
- 2% on approved loan amount.
- 7% or 13% p.a. at quarterly rest or as fixed by Head Office from time to time.
- Document negotiation charge @ minimum TK. 1000 per documents.

- Postage charges at actual.

3.1.2.7: Loan against Trust Receipt

We provide post shipment finance i.e. LTR to manage immediate liquidity of importers.

Features and Benefits

- + Easy Documentation.
- + Fast Processing.
- + Allow an importer to take possession of the goods for resale.
- + Increase the present cash flow of the exporter to improve the financial condition and strengthen the financial ability.
- + Global loan limit exposure for the client.
- + Online banking facilities for repayment

Requirements

- Application received from the customer for LTR facility
- Photograph of signatory to be attested by Chairman of the company.
- Copy of valid trade license
- Official seal with designation
- Tax Certificate
- KYC Form
- Transaction Profile

Fees and charges

- Application Form for request for loan facility – Taka 250/-.
- 2% on approved loan amount.
- 13% p.a. at quarterly rests subject to change(s) that may be made by the Bank from time to time.
- Half yearly Service Charge-Taka 1,000/- on each account for urban clients
Taka 500/- on each account for rural clients

3.2: Services of Southeast Bank Ltd

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

3.2.1: Small & Medium Enterprise (SME) Banking

Period of Load

- Continuous Loan: 01 (one) year. Period of Load
- Term Loan: Maximum 05 (five) years

Loan Ceiling

- For small enterprise: Taka 2.00 lac to Taka 30.00 lac. Loan Ceiling
- For medium enterprise: Taka 2.00 lac to Taka 50.00 lac

3.2.2: Dual Currency VISA Credit Card

Feature and Benefits

- ✚ Single Card-Dual Use (Local & International)
- ✚ 20 - 50 Days Interest Free Credit Facility
- ✚ 50% Cash Drawing Facility at ATMs and any Southeast Bank Branch

- + 100% Cash Drawing Facility at purchase mode through Card Cheque
- + Easy Repayment
- + Auto Payment facility
- + Payment of International Roaming Bill of Mobile Phone
- + Free Supplementary Cards
- + SMS Push - Pull Service

3.2.3: SEBL ATM / Debit Card

Features

- + 24/7 accessibility across the country;
- + Accessibility through DBBL ATM Network
- + It's free for the first year
- + Renewal fee is Taka 500 (Five Hundred) only

Product pricing

- SEBL My Card” issuance charge is free for the first year
- SEBL My Card” renewal fee is Taka 500 (Five Hundred) only.
- SEBL My Card” Card and PIN reassurance is Taka 200 (Two Hundred) only.

3.2.4: Virtual Card

Product Features

- + Virtual Card will only be used for online payment on internet against the fees as under
 - Membership Fees of Foreign Professional and Scientific Institutions
 - Fees for Application, Registration, Admission, Examination (TOEFL, SAT etc.) in connection with admission into foreign educational institutions.

Product Pricing

- Card Fee : USD 10.00 as Card Fee + USD 1.50 Vat on Card Fee
- Loading Fee : 1% of the remittance amount

Application Procedure

- Student or professional will apply to any Southeast Bank Branch for a Virtual Card in prescribed form along with demand notice/letter from the concerned foreign institution showing the amount to be remitted
- Applicant will receive Virtual Card from the Branch within 24 hours of application.
- Regular International Credit Cardholders can do such transactions using their individual card. They need not pay visit to branches for such transactions

3.2.5: Remittance Business

Our ten million expatriates are a source of pride for Bangladesh. They represent us abroad by building our image. They also spread the richness of our cultures across the globe. In that sense, they are the ambassadors of goodwill for Bangladesh. The foreign exchange they send home is the second largest source of much needed foreign exchange for our economic development. In fact, if we adjust import costs against export earnings of the garments sector which brings highest amount of foreign exchange to the national economy, remittance will figure as the single largest source of foreign exchange for Bangladesh

Southeast Bank Limited is continuously striving to build its remittance business by rendering quality services through a network of reputed banks and exchange houses around the globe along with an extensive network in the country to deliver money to the beneficiaries in the safest form and quickest possible time.

Features

- + No service charge from beneficiaries in Bangladesh
- + Instant Cash Withdrawal facility from any branches of Southeast Bank;
- + Confidentiality of transactions
- + Instant credit to beneficiaries accounts with Southeast Bank;
- + Same day cash withdrawal facility from the branches of One Bank, Mutual Trust Bank, Jamuna Bank, Al-Arafah Islami Bank, BRAC Bank, Bank Asia, Shahjalal Islami Bank, Mercantile Bank and First Security Islami Bank
- + Same day cash payment facility from 600 outlets of reputed NGOs (RDRS, Society for Social Services - SSS and Jagorani Chakra Foundation - JCF);
- + Direct communication with both Sender and Receiver for solving queries relating to cash payment/account deposit (if any)
- + Disbursement of foreign remittance through ATM booths using **My Remit Card**
- + Provide Anti-Money Laundering (AML) and Combating Terrorist Financing (CTF) advice

Global Partners

- Western Union Money Transfer Services
- Continental Exchange Solution (Ria Financial Services)
- Money Gram International
- Xpress Money Services
- Trans-Fast Remittance LLC etc.

3.2.6: Western Union Money Transfer Services

Western Union, a global leader in money transfer service, helps to send money to loved ones quickly and reliably with convenience and control through more than 245,000 Western Union Agent locations in over 200 countries and territories. Western Union money transfer service is ideal for transferring money virtually at any time, anywhere, providing a high level of security, flexibility and reach with the fastest, easiest money transfer solutions. With the signing of the Representation Agreement between Western Union Financial Services, Inc., U.S.A. and Southeast Bank Ltd., Bangladeshi Wage Earners abroad can now send their hard - earned money through Western Union and their families and friends can receive the money in minutes by visiting any of 76 branches and 10 SME locations of Southeast Bank all over Bangladesh. The beneficiary does not have to pay any fee to receive the money transfer.

With Western Union and Southeast Bank Ltd money transfer has never been so easy; it is a 3 step process:

- The sender will receive money receipt with Money Transfer Control Number (MTCN) from any of the Western Union agent location outside Bangladesh after depositing money.
- The sender will inform the money transfer detail (amount of money sent, sender's name, receiver's name, destination country and MTCN) to the receiver.
- The receiver will receive the money from any of the 93 branches of Southeast Bank Ltd by showing a valid identification and filling a form.

Money transfers can be received from 9.00 A.M. to 3.00 PM on Sunday through Thursday and from 9.00 A.M. to 12.00 PM on Saturday in 17 Authorized Dealer branches.

3.2.7: SWIFT Services

The Society of Worldwide Inter Bank Financial Telecommunication (SWIFT) operates a worldwide financial managing network. Messages are securely and reliably exchanged between banks and other financial institutions. Southeast Bank Ltd has SWIFT services. The Bank's SWIFT address is SEBDBDDH XXX.

3.2.8: Locker Services

A client must have a CD or SND or SB or any type of account in the respective branch where they want to avail the locker service.

Table 3.5: Fees & Charges

<u>Locker Service</u>	<u>Yearly Charge</u>	<u>Security Deposit</u>
Small	Tk.1,500/=	Tk.2,500/=(Refundable) for all types of lockers
Medium	Tk.2,500/=	
Large	Tk.4,000/=	

3.2.9: ATM Services

Southeast Bank Ltd is a member of the E-cash shared ATM Network. E-cash has a network of 81 ATMs located in strategically important locations on several important cities/towns of the country namely: Dhaka, Chittagong, Rajshahi, Khulna, Barisal, Sylhet and Rangpur.

Eligibility

- + Issue ATM card against SB, CD & SND Accounts

Fees & Charges

- + Tk.500 for annual/renewal fee

3.2.10: Bill Collection Service

SEBL Provides Following Bill Collection Services-

- + Dhaka WASA Bill
- + DPDC Bill
- + DESCO Bill
- + GP Post Paid Mobile Bill Payment
- + BL Post Paid Mobile Bill Payment

3.2.11: E-Statement Service

SEBL Provides Following E-Statement Services-

- + By this service clients can receive daily/monthly/quarterly/yearly account statement
- + No Amount will be charged for this service

Chapter-4

Financial Performance Evaluation of Southeast Bank Limited

Financial performance is a subjective measure of how well a firm can use assets from its primary mode of business and generate revenues. This term is also used as a general measure of a firm's overall financial health over a given period of time, and can be used to compare similar firms across the same industry or to compare industries or sectors in aggregation. In this chapter, I tried to cover all key points needed to judge the financial performance of an organization. Since this report is based on a financial organization, I collected data regarding Capital Structure, Deposit, Loans & Advances and Investment. I also calculate some ratios regarding the subject matter like Return on Asset, Return on Equity, Net Income, Earning Per share and some others. I tried to present the scenario of last five years by calculating the growth and showing them in graph. In this report, not only the calculation is given but also the explanation is included.

Performance Evaluation of the Southeast Bank Limited

4.1 Deposits

Bank's one of the most core activities is collecting fund as deposits from their customers. Deposits are liabilities for the banks. They provide a certain percentage as interest to their customers for keeping the money in their account. Later the bank lends the money with a higher interest to the borrowers as loans and advances. The differences between interest rate in called spread and this is the income of a bank.

Table 4.1: Deposit of SEBL

<u>Year</u>	<u>Deposit (TK in Million)</u>	<u>Growth</u>
2009	96,669	-
2010	107,253	10.95%
2011	127,178	18.58%
2012	152,901	20.23%
2013	177,519	16.10%

Source: Annual Report 2013 of Southeast Bank Ltd

Graph

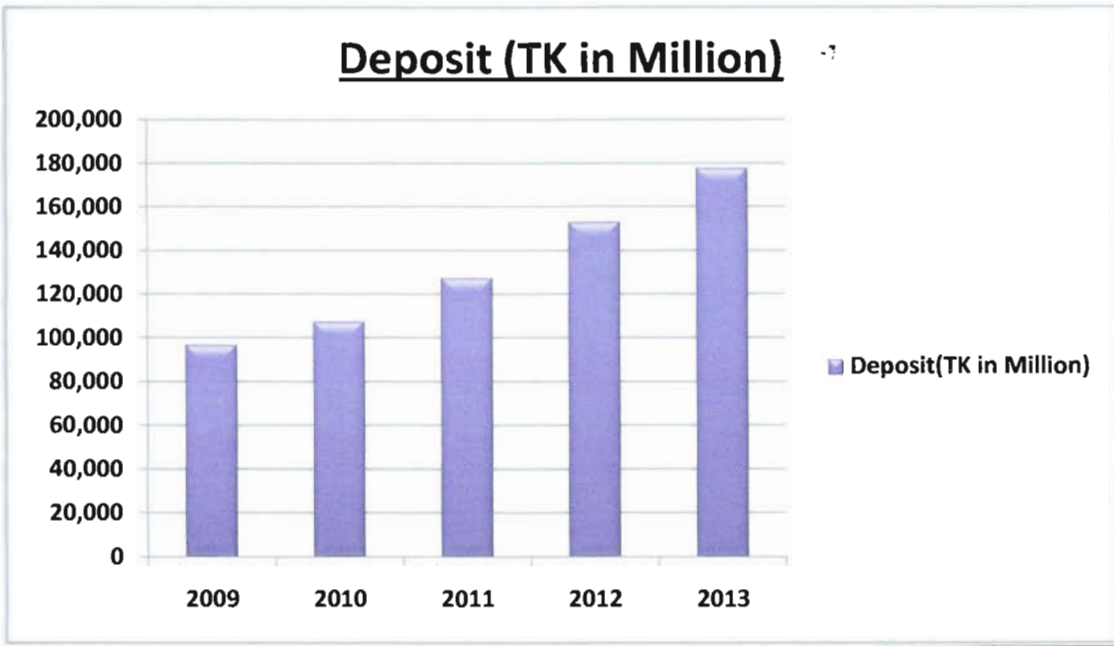


Figure 4.1.1: Amount of Deposits (TK in Million)

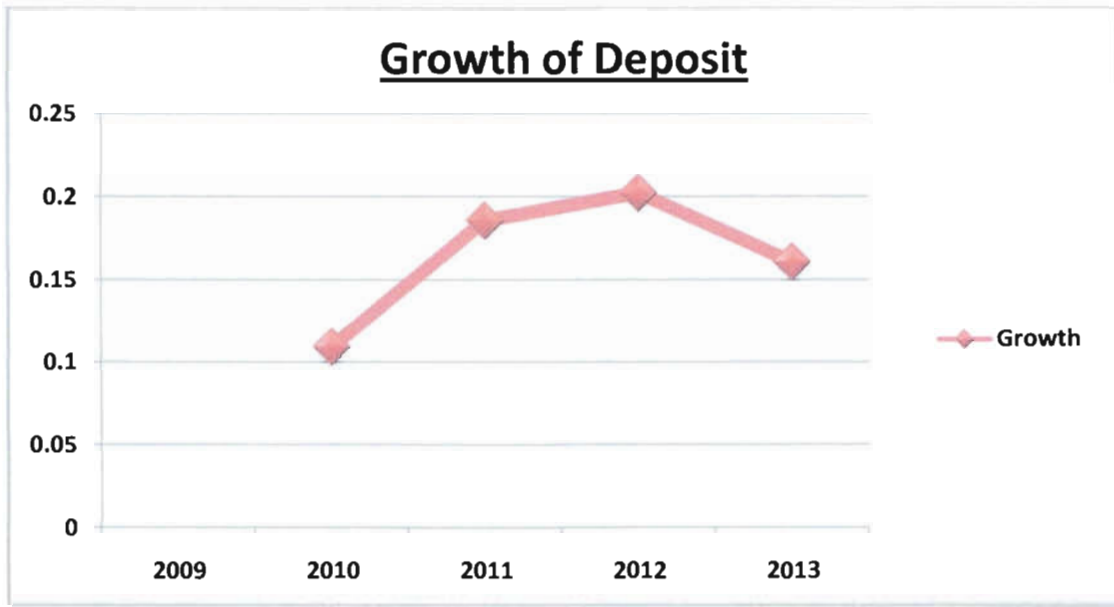


Figure 4.1.2: Growth of Deposits

From the graph, we can see that, though the amount of deposit increases in every year, the growth rate fluctuates. From 2009 to 2012, the rate is increased and the highest rate is 20.23%, but in 2013, it is decreased and the rate becomes 16.10%.

4.2: Loans and Advances

Bank's major two activities are collecting fund from customers; as deposits and lend those money as loans and advances. They charge certain percentage of interest for providing loan to their customers. For general business, in case of high sales; bad debt expense is high. But for banking business, bad debt expense is low because after proper risk analysis; banks usually make investment.

Table 4.2 Loans & Advances

<u>Year</u>	<u>Loans & Advances (TK in Million)</u>	<u>Growth</u>
2009	77,498	-
2010	93,981	21.27%
2011	107,289	14.16%
2012	126,969	18.34%
2013	134,864	6.22%

Source: Annual Report 2013 of Southeast Bank Ltd

Graph

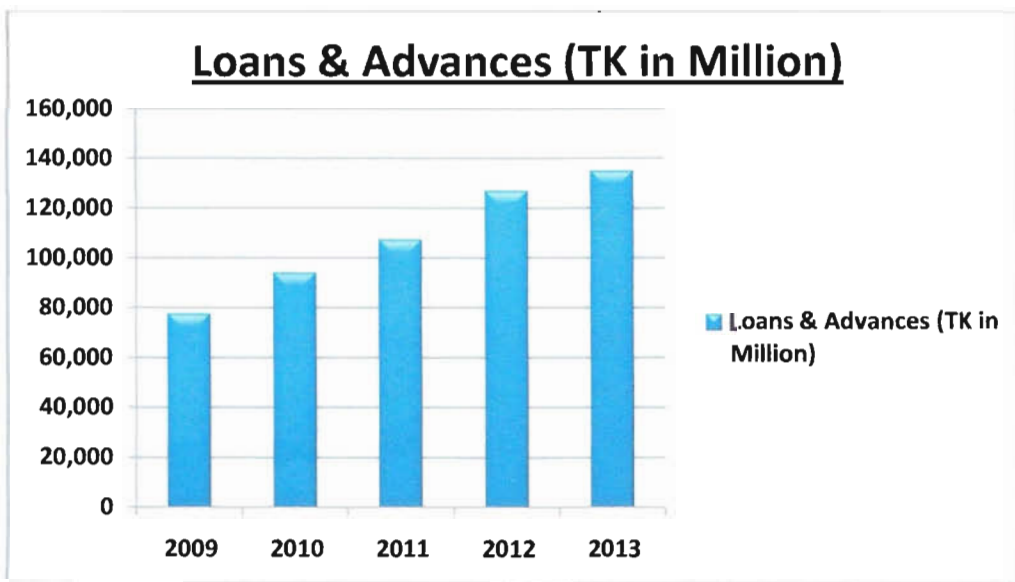


Figure 4.2.1: Amount of Loans & Advances (TK in Million)

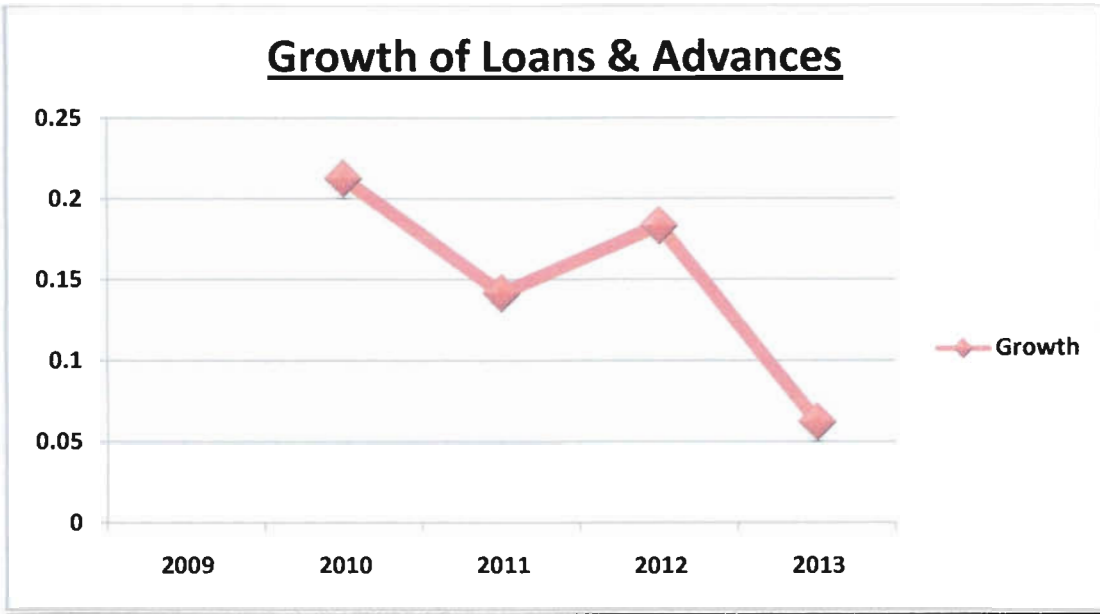


Figure 4.2.2: Growth of Loans & Advances

According to the graph, we can see that, in 2010 and 2012; the growth rate of loans and advances are increased by 21.27% and 18.34%. But in 2011 and 2013, the rates are slowed down to 14.16% and 6.22% though the total amount of loans and advances is increasing each year.

4.3: Loan-Deposit Ratio

A commonly used statistic for assessing a bank's liquidity is dividing the banks total loans by its total deposits. This number, also known as the LTD ratio is expressed as a percentage. If the ratio is too high, it means that banks might not have enough liquidity to cover any unforeseen fund requirement. If the ratio is too low, it means banks may not be earning as much as they could be.

Table 4.3: Loan-Deposit Ratio

<u>Year</u>	<u>Loan-Deposit Ratio</u>
2009	80.17%
2010	87.63%
2011	84.36%
2012	83.04%
2013	75.97%

Source: Annual Report 2013 of Southeast Bank Ltd

Graph

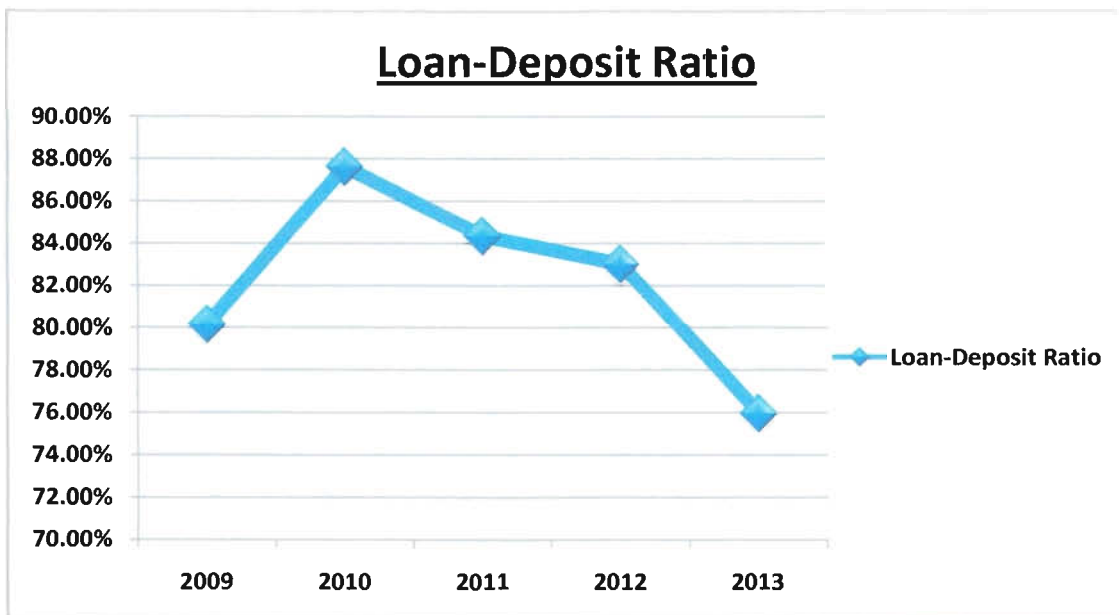


Figure 4.3: Growth of Loans-Deposit Ratio

From the graph; we can see that, the ratio for SEBL is too high which means that; the bank might not have enough liquidity to cover any unforeseen fund requirements. From 2009 to 2013, the highest ratio is 87.63% in 2010 and the lowest ratio is 75.97% in 2013.

4.4: Classified Loans

Any bank loan that is in danger of default is known as classified loan. Classified Loans have unpaid interest and principal outstanding, and it is unclear whether the bank will be able to recoup the loan proceeds from the borrower. Banks usually categorize such loans as adversely classified on their books.

Table 4.4: Classified Loans

<u>Year</u>	<u>Classified Loans</u>
2009	3.73%
2010	4.26%
2011	3.51%
2012	4.47%
2013	3.94%

Source: Annual Report 2013 of Southeast Bank Ltd

Graph

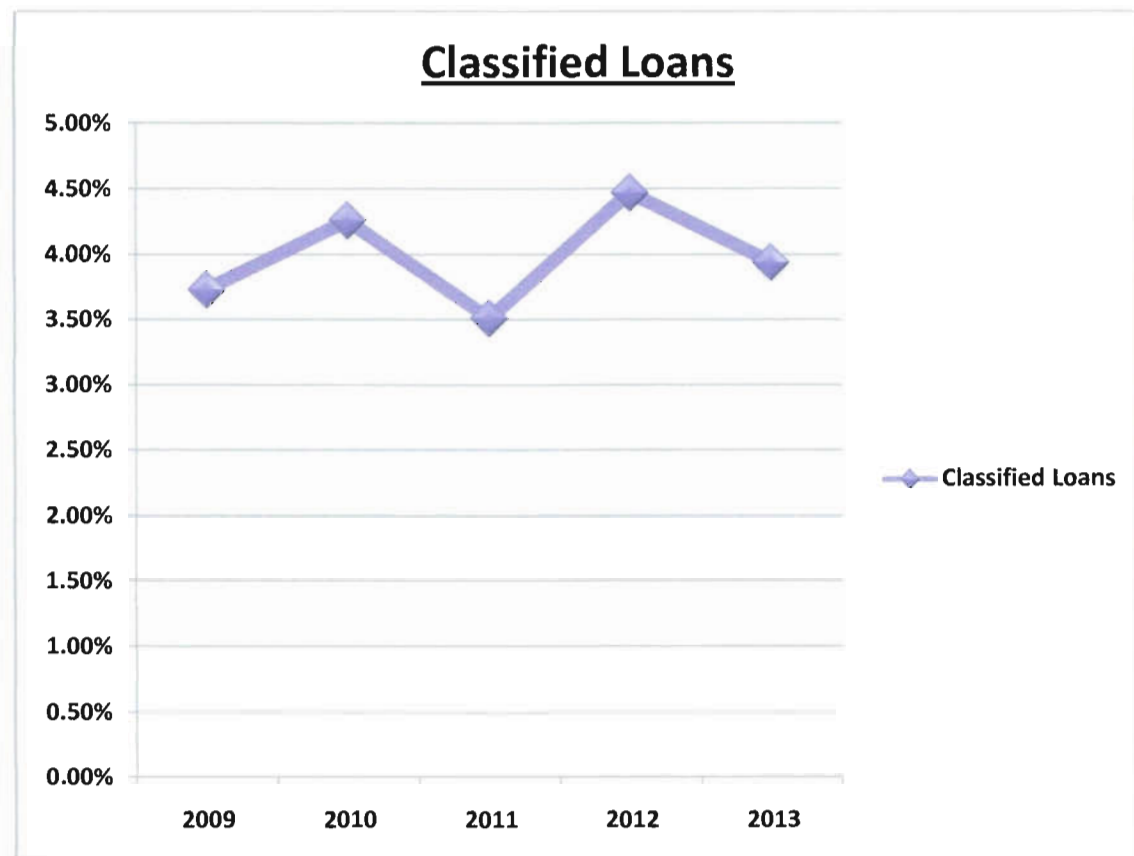


Figure 4.4: Growth of Classified Loans

From the graph; we can see that, the rate fluctuates every year. In 2009 & 2010, the rate is 3.73% & 4.26%. The lowest rate of classified loan is 3.51% in 2011 and the highest rate is 4.47% in 2012 according to the above data.

4.5: Total Capital

Capital is the differences between the value of a bank's assets and its liabilities. The total of the capital accounts of the bank is sometimes included by loan loss reserve and subordinated debt for regulatory purpose. Banking regulations are ties to the amount of the bank's capital or bank has to maintain a minimum capital that defines by the Bangladesh Bank. Capital is more important to carry the business and for the safety of the shareholders. A higher amount of capital helps to invest in different projects, which indicate more earnings to the shareholders.

Table 4.5: Capital (TK in Million) of Southeast Bank Ltd

Year	Authorized Capital	Paid up Capital	Reserve Fund/Others	Total Capital	Growth
2009	10,000	3,423	6,505	9,928	-
2010	10,000	6,931	10,266	17,197	73.22%
2011	10,000	8,317	10,683	19,000	10.48%
2012	10,000	8,733	10,865	19,598	3.15%
2013	10,000	8,733	13,075	21,808	11.23%

Source: Annual Report 2013 of Southeast Bank Ltd

Graph

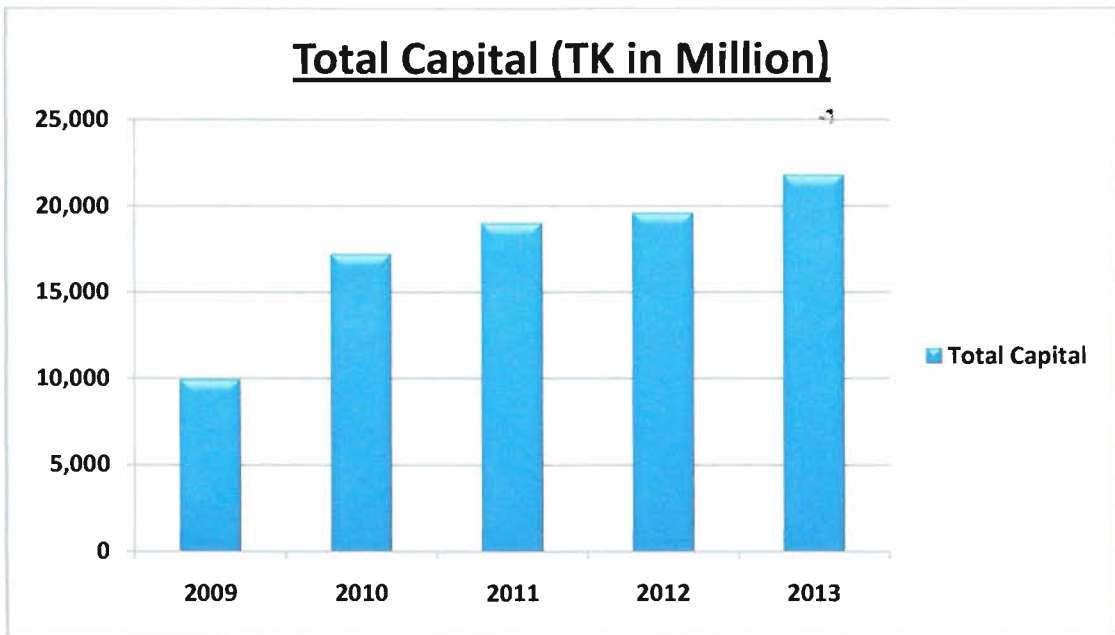


Figure 4.5.1: Amount of Total Capital (TK in Million)

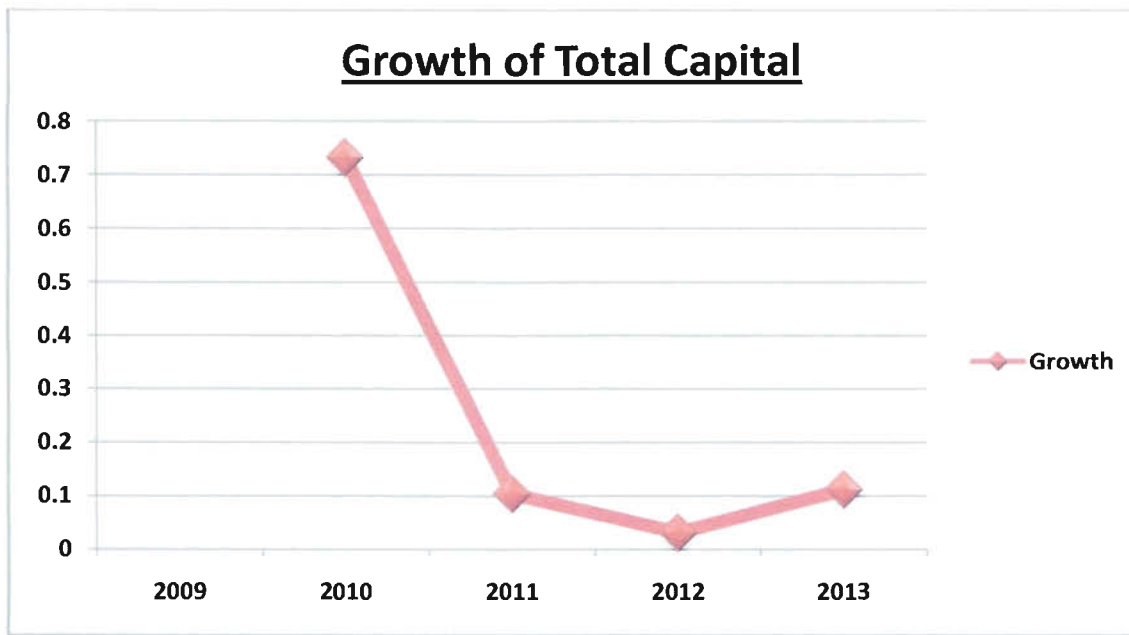


Figure 4.5.2: Growth of Total Capital

According to the graph; we can see that, the amount of total capital increases slowly in every year but the growth rate fluctuates. In 2010, the rate is 73.22% and then it rapidly goes down to 10.48% and 3.15% in the next two years and in 2013, the rate becomes 11.23%.

4.6: Total Assets

In financial accounting, assets are economic resources. Anything tangible or intangible that is capable of being owned or controlled to produce value and that is held to have positive economic value is considered as an asset. Simply stated, assets represent ownership of value that can be converted into cash (although cash itself is also considered an asset). The balance sheet of a firm records the monetary value of the assets owned by the firm.

Table 4.6: Total Assets

Year	Total Assets (TK in Million)	Growth
2009	112,677	-
2010	131,784	16.96%
2011	158,079	19.95%
2012	191,276	21.00%
2013	220,931	15.50%

Source: Annual Report 2013 of Southeast Bank Ltd

Graph

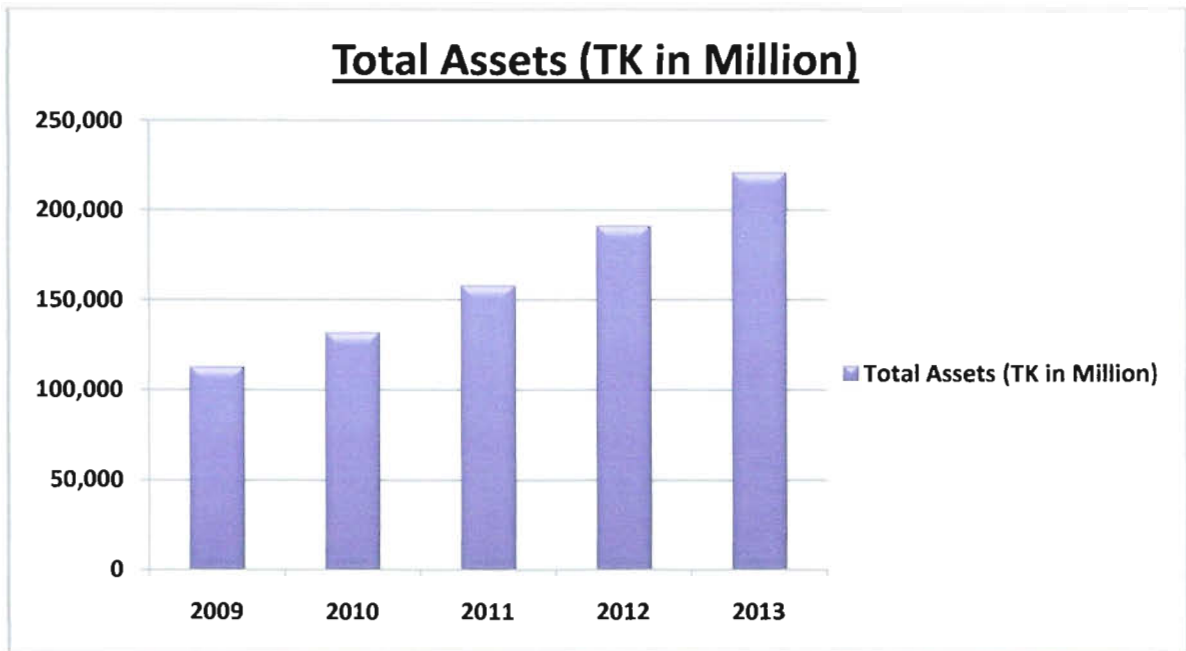


Figure 4.6.1: Amount of Total Assets (TK in Million)

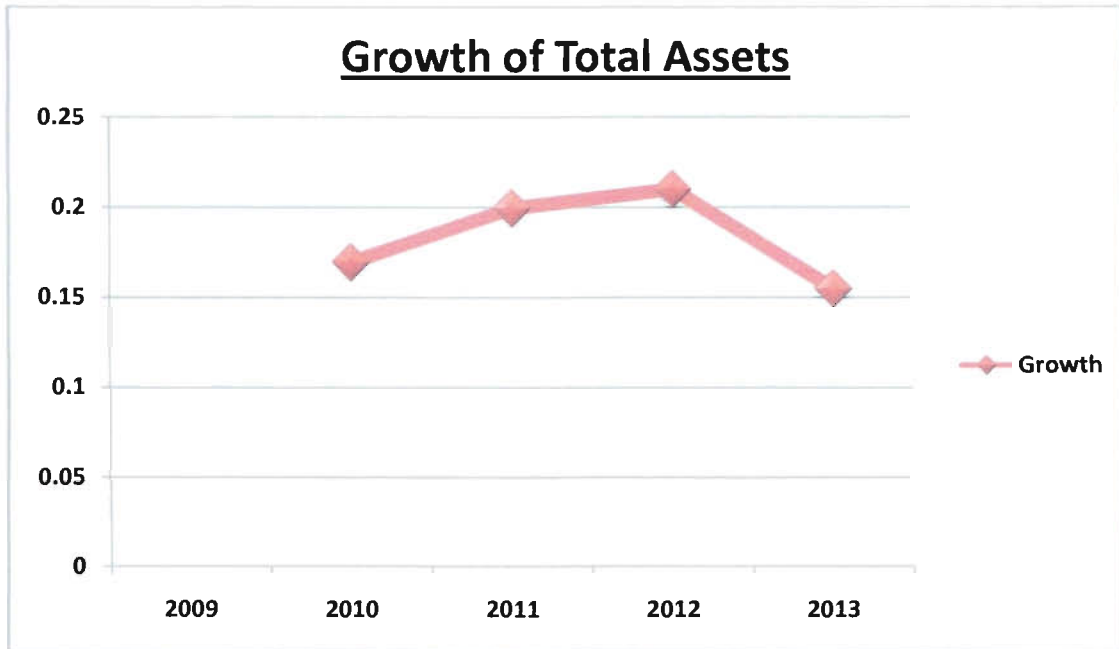


Figure 4.6.2: Growth of Total Assets

From the graph; we can see that, the amount of total asset is increasing every year though the growth has been slowed down. In 2012, the growth rate is 21% where as in 2013 it has come down into 15.50% even though the total amount in 2013 is much more higher than 2012.

4.7: Total Liabilities

A claim against the assets, or legal obligations of a person or organization, arising out of past or current transactions or actions. Liabilities require mandatory transfer of assets, or provision of services, at specified dates or in determinable future or other yielding of economic benefits in the future. The balance sheet of a firm records the liabilities owned by the firm.

Table 4.7: Total Liabilities

Year	Total Liabilities (TK in Million)	Growth
2009	101,348	-
2010	114,538	13.01%
2011	138,695	21.09%
2012	171,484	23.64%
2013	198,991	16.04%

Source: Annual Report 2013 of Southeast Bank Ltd

Graph

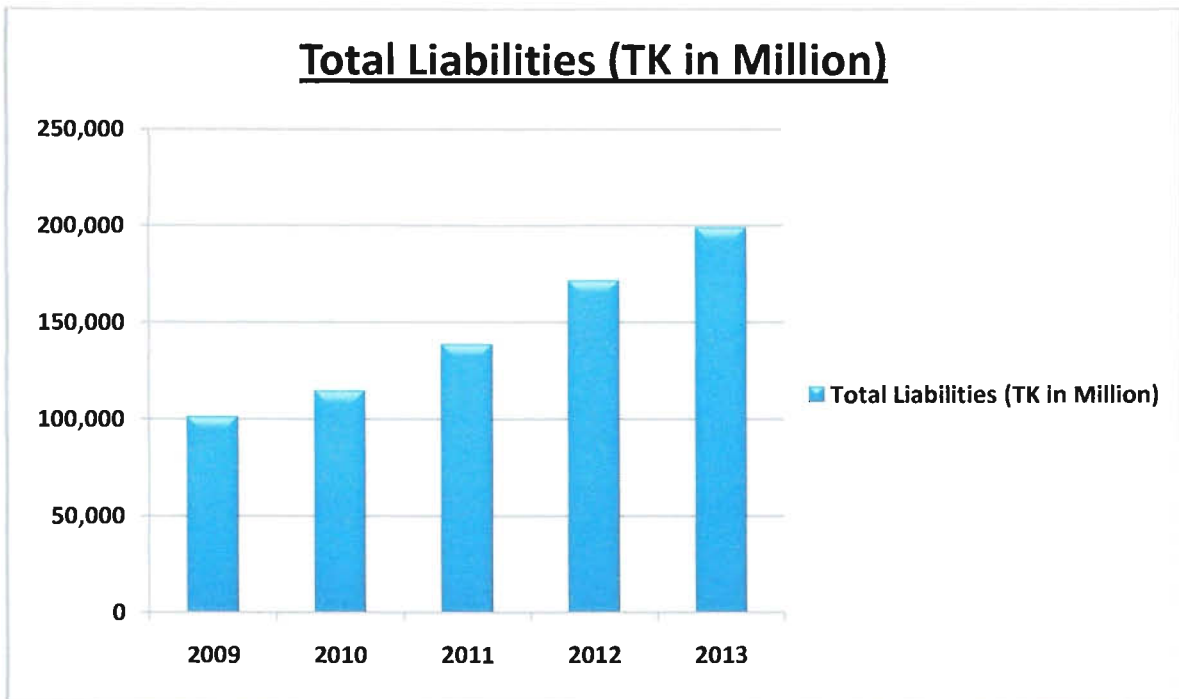


Figure 4.7.1: Amount of Total Liabilities (TK in Million)

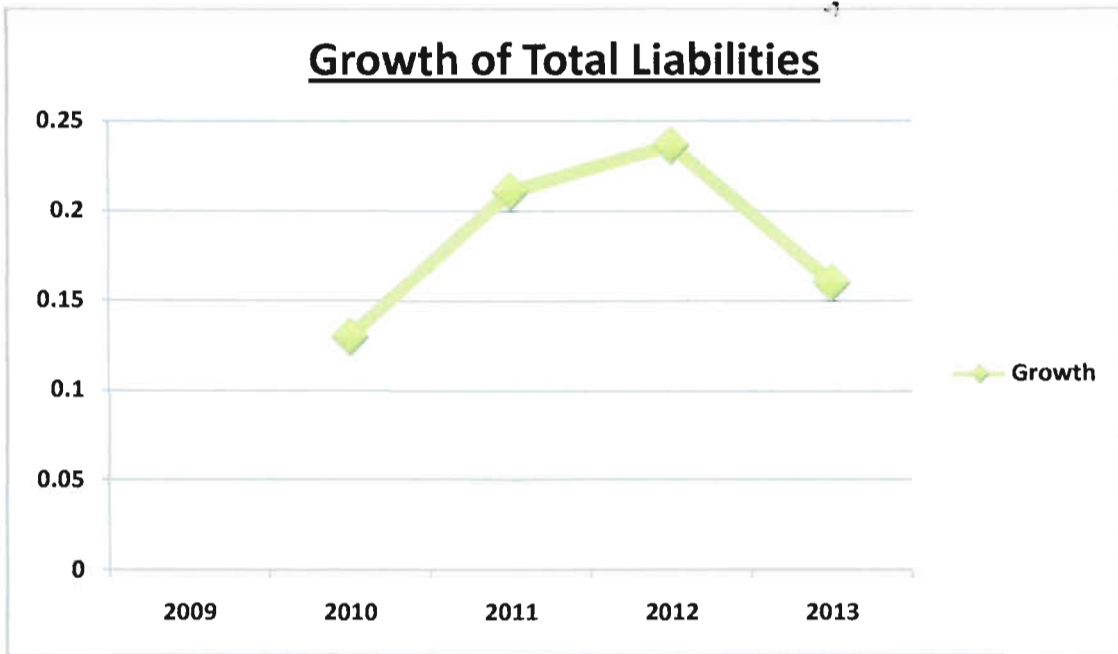


Figure 4.7.2: Growth of Total Liabilities

From the graph; we can see that, although the amount of total liabilities is increasing year by year, the growth rate of total liabilities decreases. From 2010 to 2012, the rate follows upward trend and the rates are 13.01%, 21.09% & 23.64%. And in 2013, the rate is decreased by 16.04%.

4.8: Investment

In finance, investment is putting money into something with the expectation of gain that upon through analysis which has a high degree of security of principle, as well as security of return, within an expected period of time. To avoid speculation, an investment must be either directly backed by the pledge of sufficient collateral or insured by sufficient assets pledged by third party.

Table 4.8: Investments

Year	Investment (TK in Million)	Growth
2009	21,350	-
2010	18,869	-11.62%
2011	29,847	58.18%
2012	39,011	30.70%
2013	57,589	47.62%

Source: Annual Report 2013 of Southeast Bank Ltd

Graph

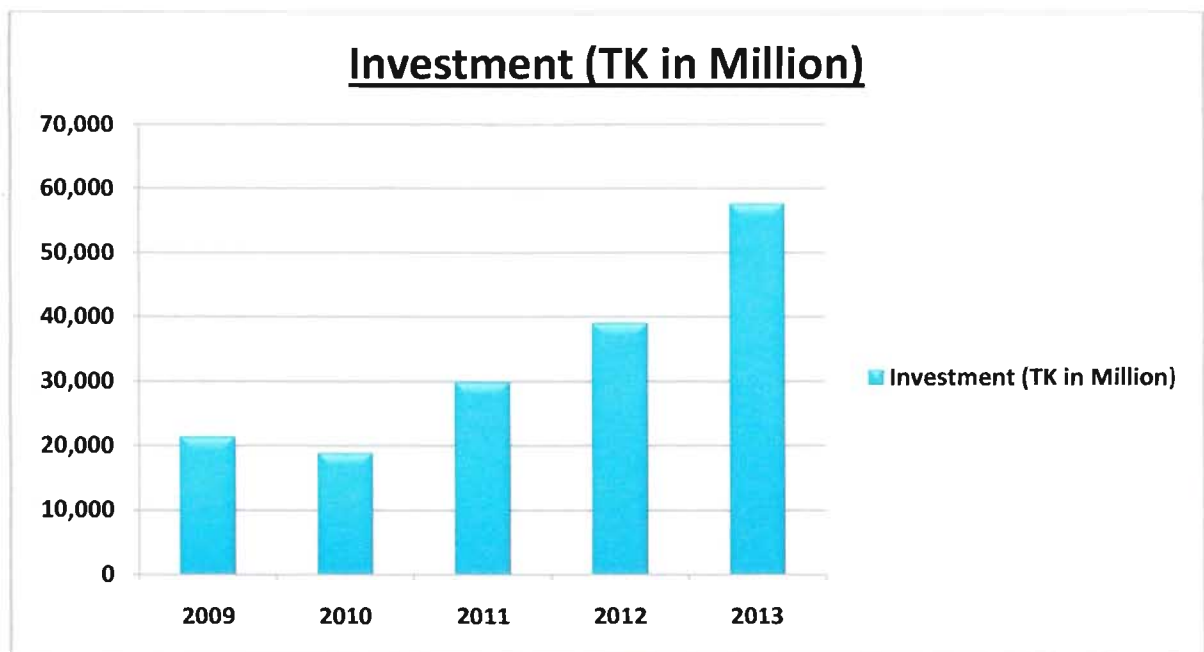


Figure 4.8.1: Amount of Investment (TK in Million)

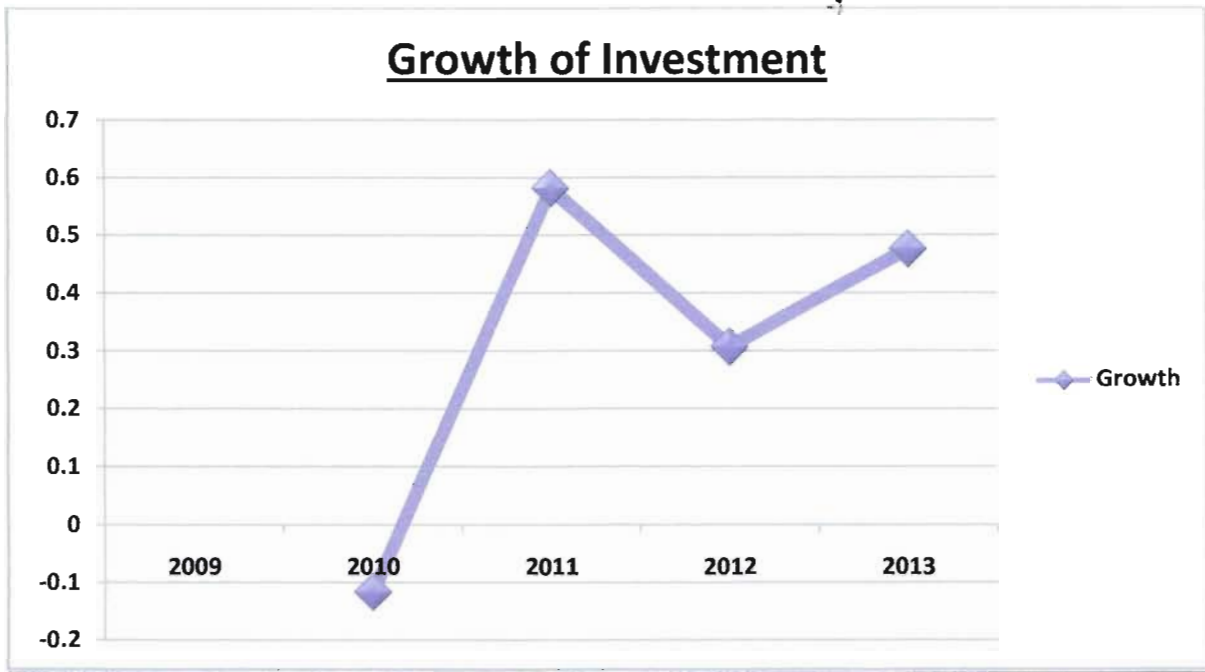


Figure 4.8.2: Growth of Investment

According to the graph; we can see that, Investment is increasing in each year but the growth rate is not steady except 2010. For example, in 2012 the growth rate is too low than that of 2011. In 2011, the rate is 58.18% and in 2012, the rate is 30.70%. In 2010, SEBL has a negative growth in investment but in the next year they overcome it.

4.9: Trend of Import and Export financing

Actually bank does not involve in export and import of commodities. Bank helps its clients in this business. Bank earn by taking commission, service charge for investing money in export and import finance which is mainly done through L/C issuing. L/C means Letter on Credit. L/C issue is done because in export and import, business is done through banks because of guarantee. Higher import than export always gives a good sign of development.

Table 4.9.1: Import & Export Financing

Year	Import (TK in Million)	Export (TK in Million)
2009	69,583	46,724
2010	103,727	58,158
2011	99,509	75,982
2012	111,538	84,464
2013	131,645	95,220

Source: Annual Report 2013 of Southeast Bank Ltd

Graph

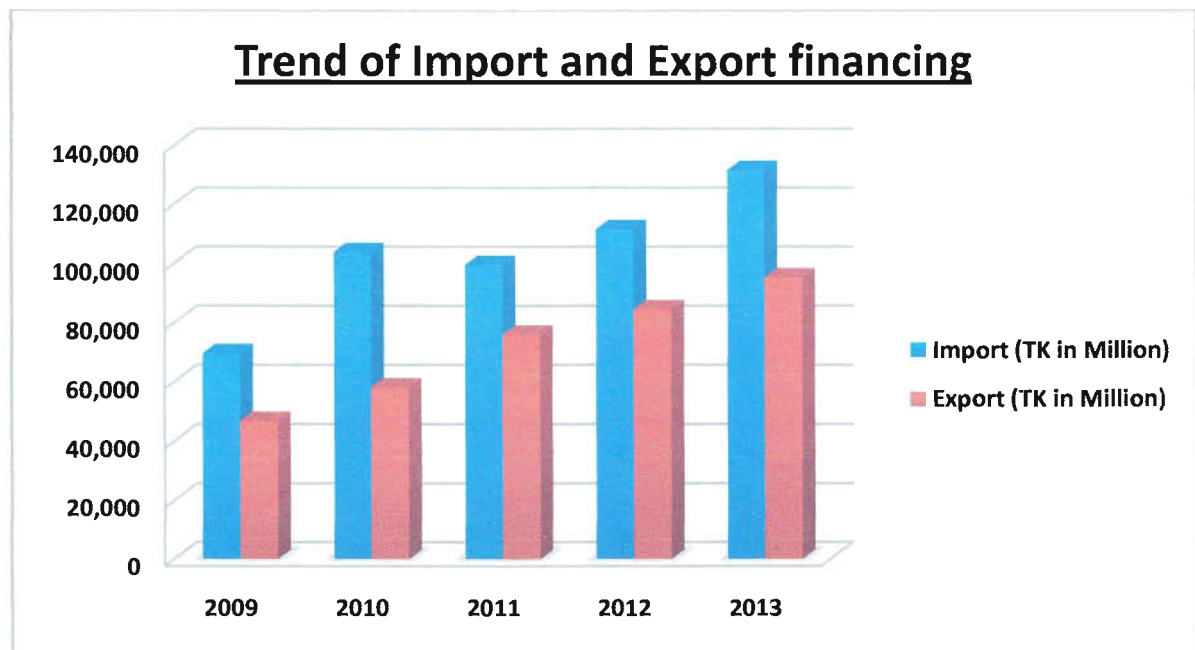


Figure 4.9.1: Trend of Import and Export financing (TK in Million)

From the graph; we can see that, in 2009 to 2013, Import financing has in a good trend except 2011. At the year 2011, the amount of import financing is TK 99,590 million which is lower than the other years import financing.

In Export financing, we can see that, the amount of export financing from 2009 to 2013 are in a very satisfactory level and it can be said that in near future, the amount will definitely increase.

Table 4.9.2: Growth of Import & Export

Year	Growth rate of Import	Growth rate of Export
2009	-	-
2010	49.07%	24.47%
2011	-4.07%	30.65%
2012	12.09%	11.16%
2013	18.03%	12.73%

Source: Annual Report 2013 of Southeast Bank Ltd

Graph

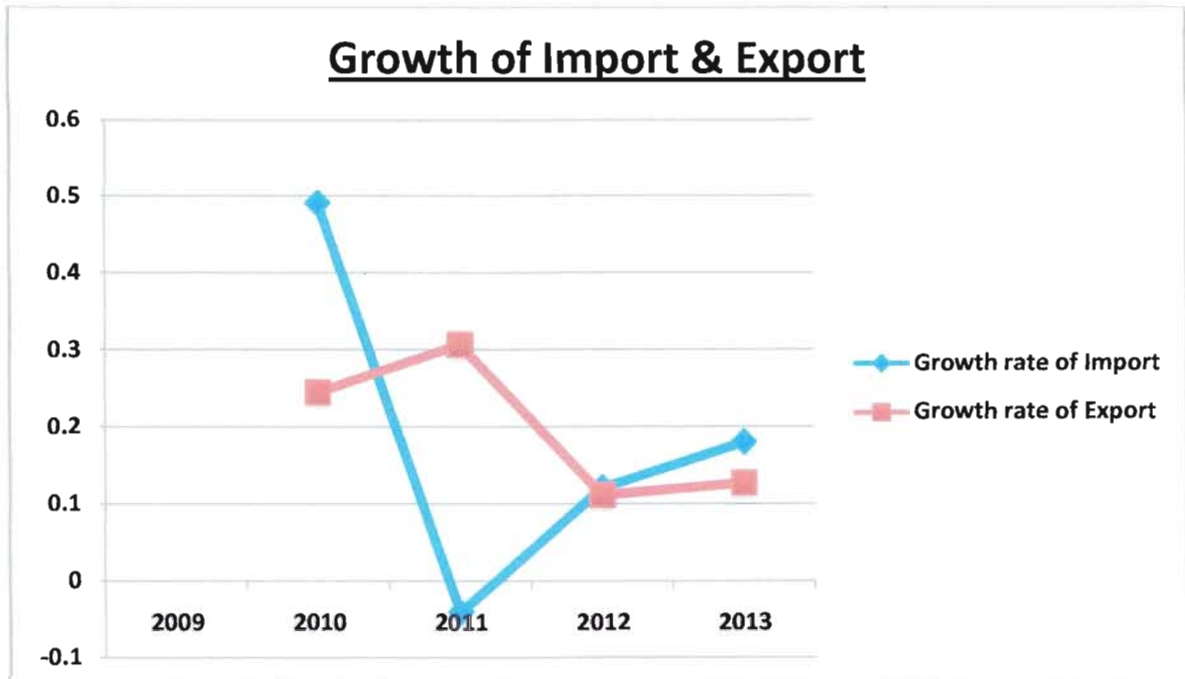


Figure 4.9.2: Growth of Import & Exports Financing

From the graph; we can see that, in 2011 there is a negative growth (-4.07%) in Import financing. But in the next year, this situation is changed and the rate increases gradually.

From the graph; we can see that, SEBL is having a fluctuating growth rate in Export financing as it is not following any fixed trend. The highest growth rate is 30.65% in 2011 and the lowest rate is 11.16% in 2012 in export financing.

4.10: Operating Income

The profit earned from a firm's core business operations is called operating profit or operating income. This value does not include any profit earned from the firm's investments and effects of interest and taxes. It is also known as "Earning before interest and tax" (EBIT). The more is the operating income, the more the chances of net income.

Table 4.10: Operating Income

Year	Operating Income (TK in Million)	Growth
2009	4,615	-
2010	6,769	46.67%
2011	6,086	-10.09%
2012	5,495	-9.71%
2013	6,700	21.93%

Source: Annual Report 2013 of Southeast Bank Ltd

Graph

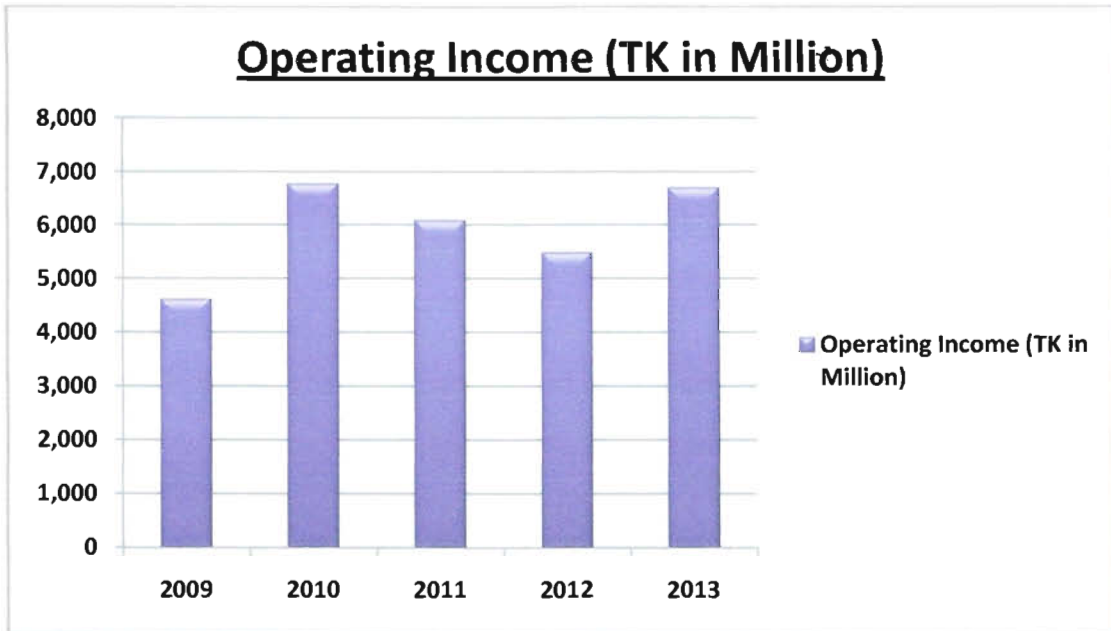


Figure 4.10.1: Amount of Operating Income (TK in Million)

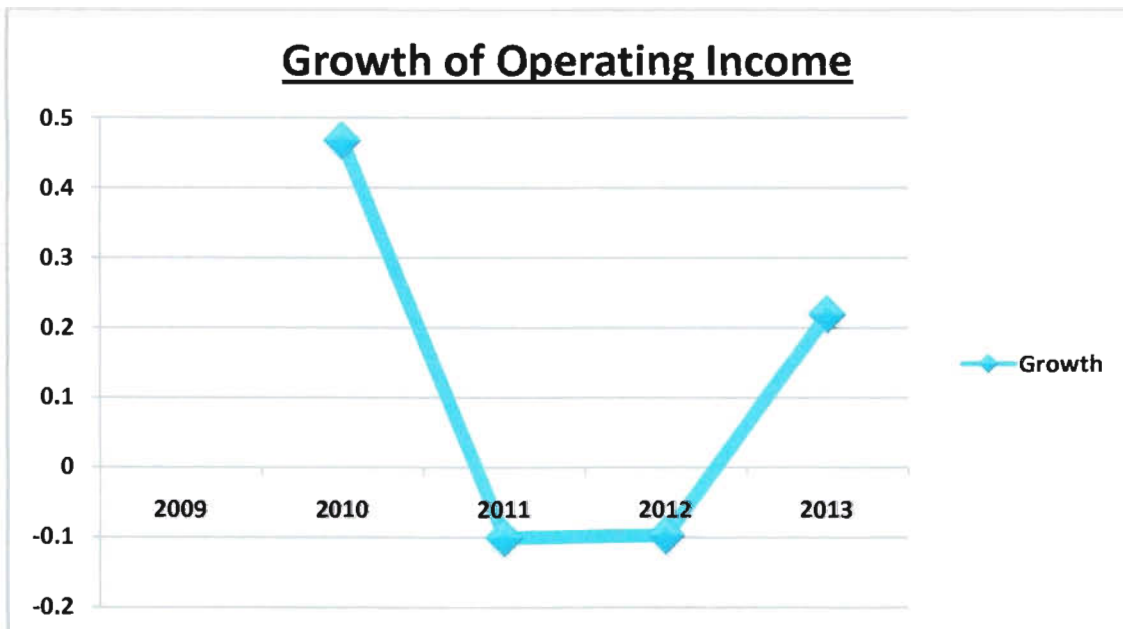


Figure 4.10.2: Growth of Operating Income

From the graph; we can see that, in 2010, the growth rate of operating income is around 47% which is very good. But in 2011 & 2012, the rate decreases though operating income is in sound position and in 2013; the rate increases around 22%. If this increasing trend remains in future, then it can be said that the future of SEBL is bright.

4.11: Net Income

Net income is the residual income of a firm after adding total revenue & gains and subtracting all expenses & losses for the reporting period. Net income can be distributed among shareholders of common stock as a dividend or held by the firm as an addition to retained earnings.

Calculated as:

Net Income = Earning before interest and tax - Interest Expense - Tax Expense

Table 4.11: Net Income

Year	Net Income (TK in Million)	Growth
2009	1,870	-
2010	2,764	47.81%
2011	1,912	-30.82%
2012	1,649	-13.76%
2013	3,379	104.91%

Source: Annual Report 2013 of Southeast Bank Ltd

Graph

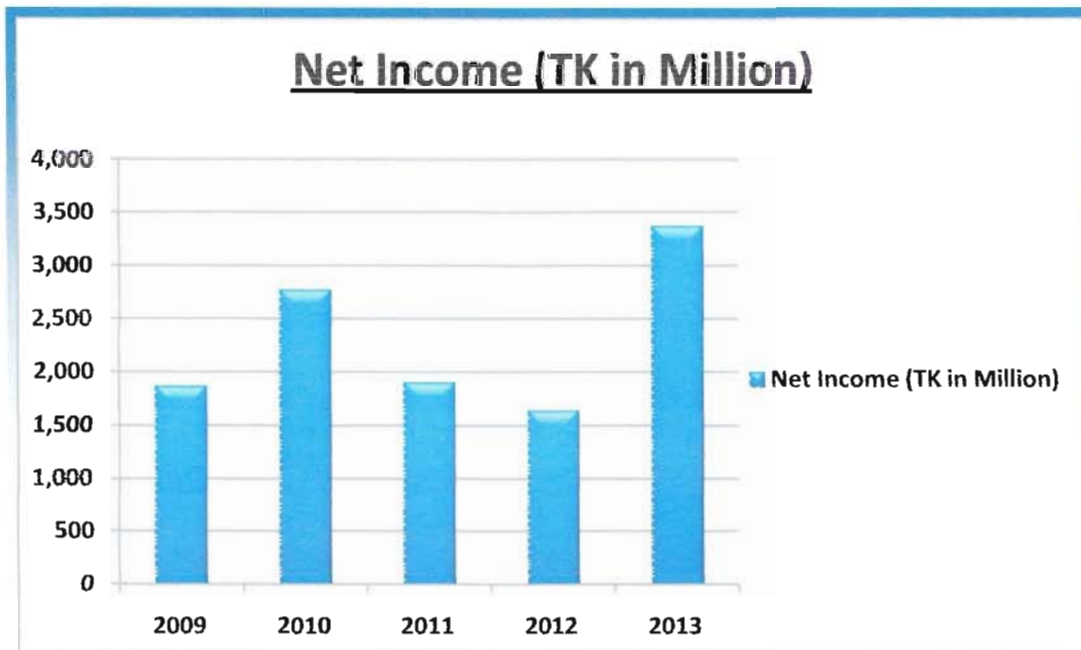


Figure 4.11.1: Amount of Net Income (TK in Million)

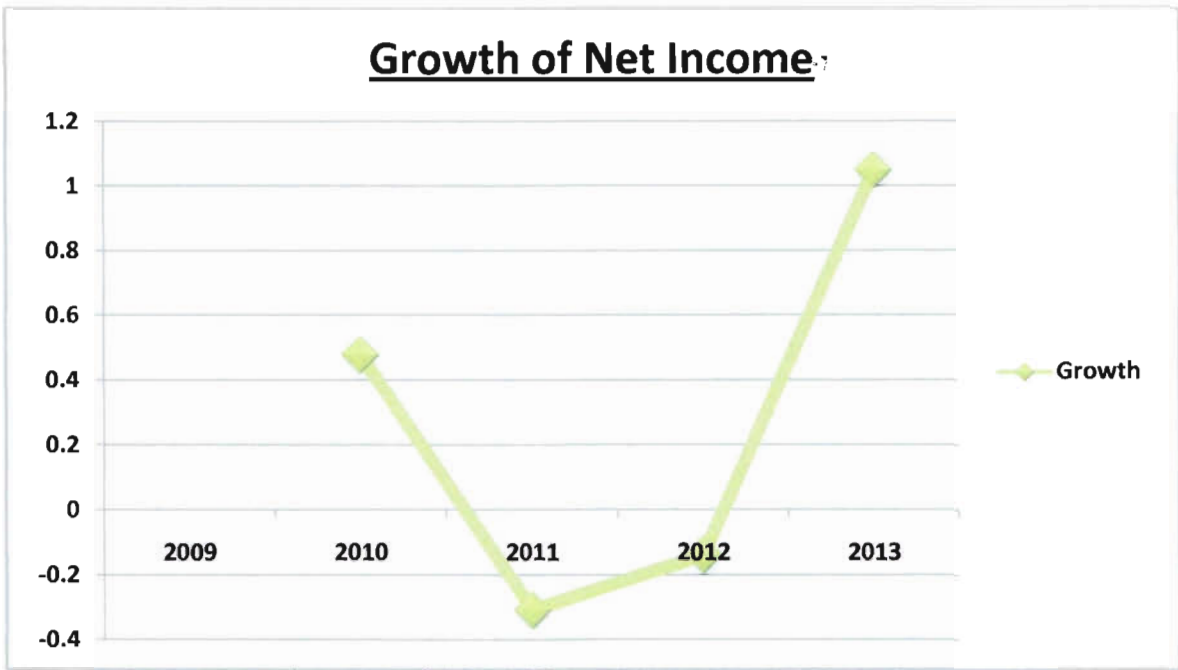


Figure 4.11.2: Growth of Net Income

From the graph; we can see that, in 2010, the net income of SEBL is TK 1,870 million and in 2011 & 2012, the rate decreases close to 48% & 31%. But the matter of fact is that, the falling trend is stopped there and in 2013, the bank increases its income dramatically more than 2010 and the growth rate increases around 105%. And it can be said that, in near future Southeast Bank Ltd will able to exhilarate the income.

4.12: Earning Per Share (EPS)

Earning per Share is the net earning of the stock holder that earn from per share. It is one of the most important indicators of performance of a firm. If the EPS of a firm is high, performance of that firm is good.

Calculated as:

$$\text{EPS} = (\text{Net Income} - \text{Dividends on Preferred Stock}) / \text{Average Outstanding Shares}$$

Table 4.12: Earning per Share (EPS)

<u>Year</u>	<u>EPS (in TK)</u>
2009	3.24
2010	3.77
2011	2.19
2012	1.89
2013	3.87

Source: Annual Report 2013 of Southeast Bank Ltd

Graph

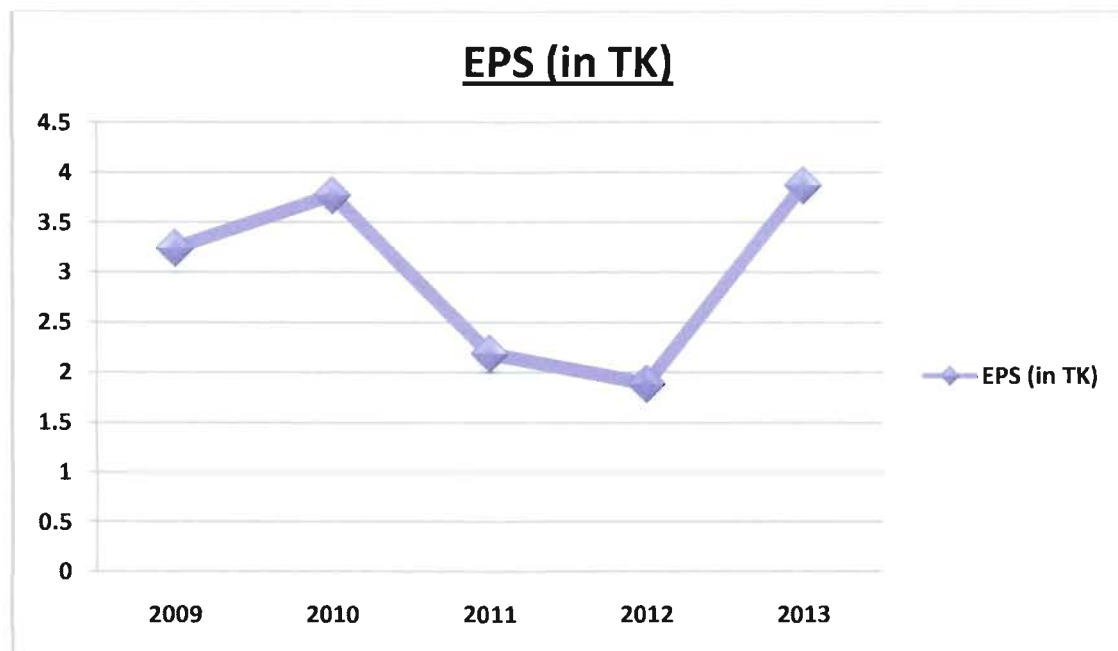


Figure 4.12: Trend of EPS (in TK)

From the graph, it can be seen that, SEBL is having a fluctuating EPS as it is not following any fixed trend. In one year, it is getting upward where as, in the next year it is showing a downward trend. The highest EPS is TK 3.87 in 2013 and the lowest EPS is TK 1.89 in 2012.

4.13: Dividend

Dividends are payments made by a corporation to its shareholder members. It is the portion of corporate profits paid out to stockholders. When a corporation earns a profit or surplus, the money can be put to two uses: it can either be re-invested in the business (called retained earnings), or can be paid to the shareholders as a dividend. Many corporations retain a portion of their earnings and pay the remainder as a dividend.

Table 4.13: Dividend

<u>Year</u>	<u>Dividend</u>
2009	35%
2010	30%
2011	20%
2012	15%
2013	21%

Source: Annual Report 2013 of Southeast Bank Ltd

Graph

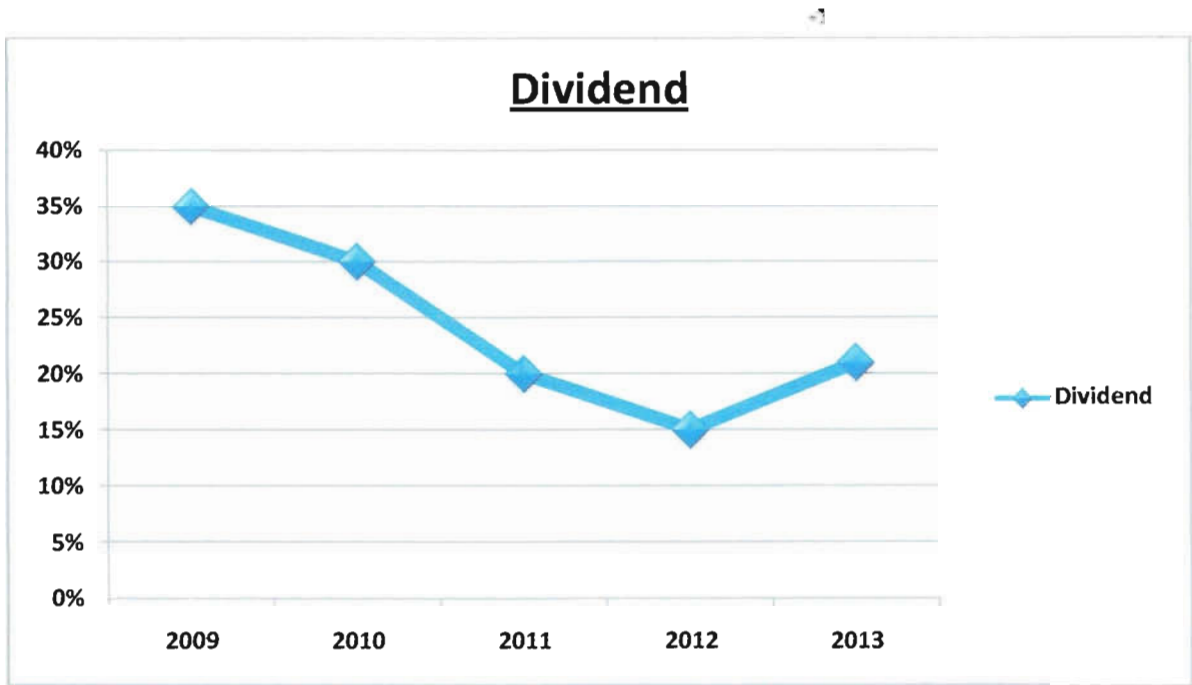


Figure 4.13: Trend of Dividend

According to the graph; we can see that, from the year 2009 to 2012, dividend payment follows a decreasing trend and the lowest rate is 15% in 2012. But in 2013, it is increased by 21% that means, SEBL has declared 21% dividend for its shareholders.

4.14: Market Price per Share

Market price per share of common stock is a useful analytical tool when determining if an investment in a company is worthwhile. Market price is not equivalent to the book value because the balance sheet is presented on a historical cost basis.

Table 4.14: Market Price per Share

<u>Year</u>	<u>Market Price per Share (in TK)</u>
2009	16.00
2010	34.90
2011	29.70
2012	19.88
2013	18.11

Source: Annual Report 2013 of Southeast Bank Ltd

Graph

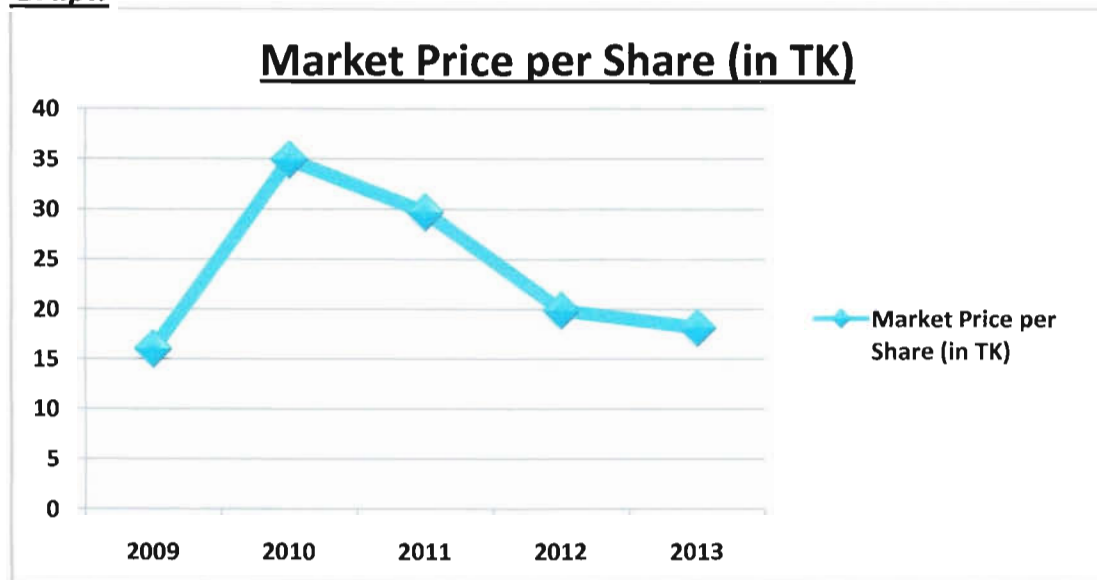


Figure 4.14: Trend of Market price per share (in TK)

From the graph; we can see that, in 2010, the market price per share is increased and the price was around 35 taka. But then, from 2011 to 2013, the market price of share is decreased by TK 29.70, TK 19.88 and TK 18.11.

4.15: Price Earning Ratio (P/E Ratio)

Price Earning Ratio measures the relationship between market price per share of a company and its earning per share. It indicates for earning one taka from one share how much of its price or how much an investor needs to invest.

Calculated as:

$$\text{P/E Ratio} = \text{Market Price per Share} / \text{Earning per Share}$$

Table 4.15: Price Earning Ratio (P/E Ratio)

<u>Year</u>	<u>P/E Ratio (In Times)</u>
2009	4.94
2010	9.26
2011	12.75
2012	10.52
2013	4.68

Source: Annual Report 2013 of Southeast Bank Ltd

Graph

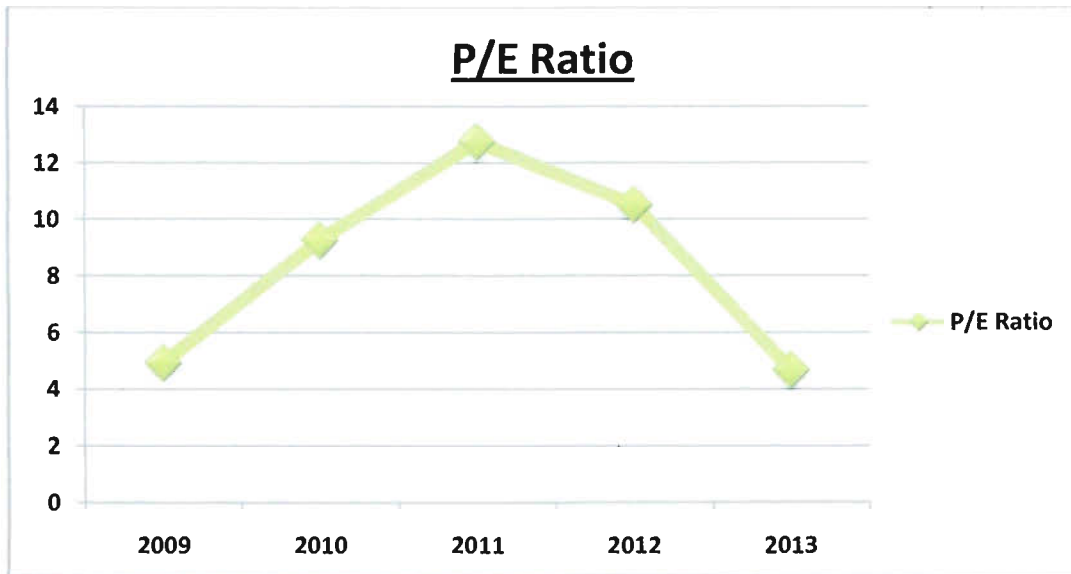


Figure 4.15: Trend of Price Earning Ratio (in Times)

From the graph; we can see that, Price earning ratio of SEBL follows an upward trend during the year 2009 to 2011 and the rates are 4.94, 9.26 & 12.75. But afterwards in 2012 & 2013, it maintains a downward trend and the rate are 10.52 & 4.68.

4.16: Return on Assets (ROA)

Return on Assets, often described as the primary ratio, relates the income earned by the bank to the resources employed by it. ROA is primarily an indication of managerial efficiency; it indicates how capably the management of the bank has been converting the institution assets into net earnings by using assets. ROA over 5% are generally considered good. ROA is displayed as a percentage.

Calculated as:

Return on Assets = (Net Income / Total Assets) * 100

Table 4.16: Return on Assets (ROA)

<u>Year</u>	<u>ROA</u>
2009	1.66%
2010	2.26%
2011	1.32%
2012	0.95%
2013	1.64%

Source: Annual Report 2013 of Southeast Bank Ltd

Graph

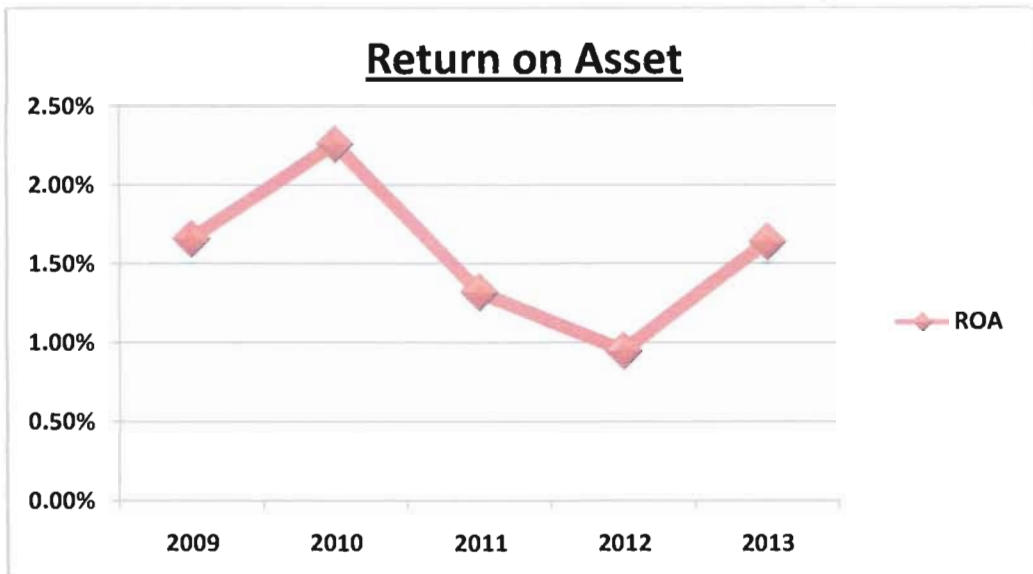


Figure 4.16: Trend of Return on Assets (ROA)

According to the graph; we can see that, in 2009, SEBL earn 1.66 taka by using per 100 taka of total assets. Actually, throughout the year 2009 to 2013, we can see a fluctuation in ROA. The highest ROA is 2.26% in 2010 and the lowest ROA is 0.95 in 2012. On the other hand, these ratios are not showing satisfactory result.

4.17: Return on Equity (ROE)

Return on equity measures the rate of return on the shareholders' equity of the common stock owners. It measures a firm's efficiency at generating profits from every unit of shareholders. ROE shows how well a company uses investment funds to generate earnings growth. ROE is generally considered good between 15% and 20%.

Calculated as:

$$\text{Return on Equity} = (\text{Net Income} / \text{Total Equity}) * 100$$

Table 4.17: Return on Equity (ROE)

<u>Year</u>	<u>ROE</u>
2009	16.51%
2010	19.41%
2011	10.47%
2012	8.42%
2013	16.20%

Source: Annual Report 2013 of Southeast Bank Ltd

Graph

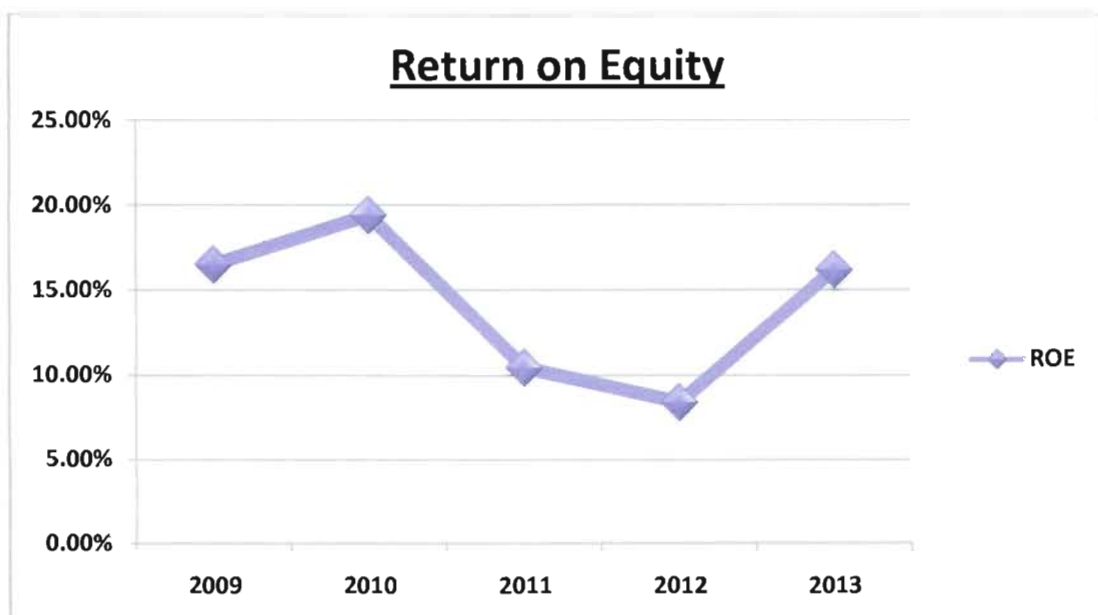


Figure 4.16: Trend of Return on Equity (ROE)

According to the graph; we can see that, in the year 2009 & 2010, SEBL is generating 16.51% & 19.41% profit with shareholder's investment. But gradually this percentage decreases in the year 2011 & 2012 and the rates become 10.47% & 8.42% and in the year 2013, it has become 16.20%.

4.18: Net Interest Margin (NIM)

Net Interest Margin measures the efficiency of how well management of the bank have been able to keep the growth of the revenue. It is the spread between the interest income and interest expense. It helps a company determine whether or not it has made wise investment decisions. A negative net interest margin indicates that interest expenses exceed investment returns and that the company therefore has a negative return. A positive net interest margin indicates the opposite.

Calculated as:

Net Interest Margin = (Interest Income-Interest Expense) / Total Assets

Table 4.18: Net Interest Margin

<u>Year</u>	<u>Net Interest Margin</u>
2009	2.74%
2010	2.56%
2011	3.24%
2012	1.09%
2013	0.89%

Source: Annual Report 2013 of Southeast Bank Ltd

Graph

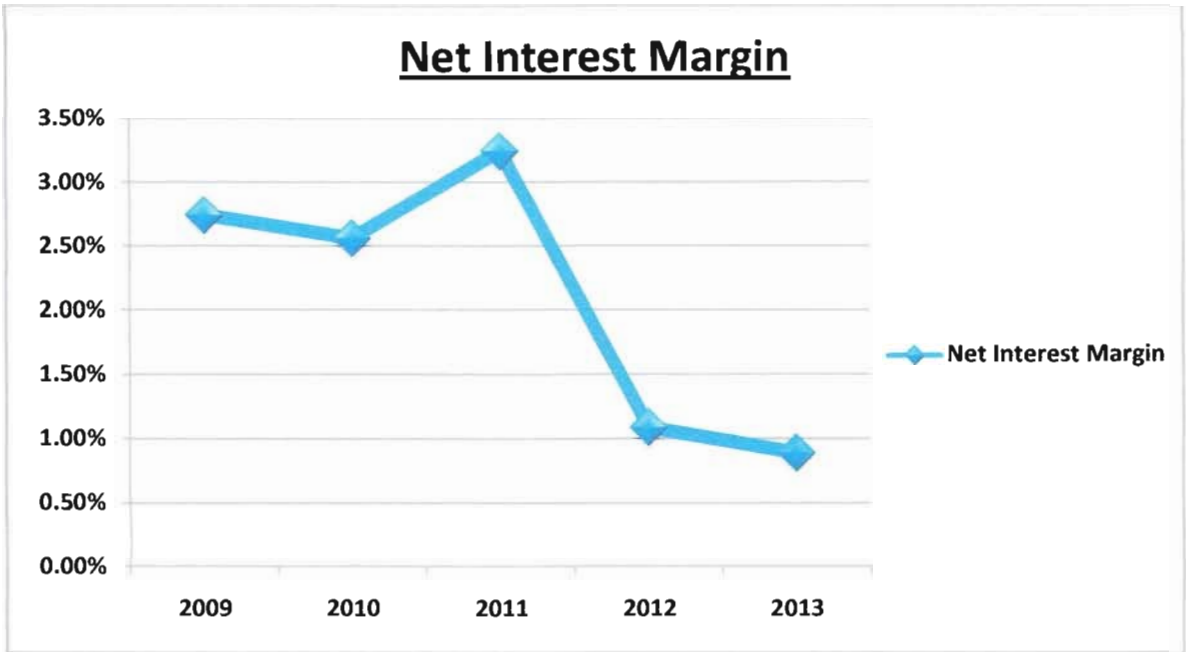


Figure 4.17: Trend of Net Interest Margin (NIM)

From the graph; we can see that, in 2009, the net interest margin is 2.74% which indicates the bank earn 2.74 taka by giving 100 taka loan. From 2009 to 2013, the NIM does not follow any upward or downward trend rather than it always fluctuates. The highest NIM is 3.24% in 2011 and the lowest NIM is 0.89% in 2013.

4.19: Net Non-Interest Margin

Non-Interest Margin measures the non interest revenue that earn from service charge and other fees. Streaming from deposit service charge and other service fees, the bank has been able to collect relatively to the amount of non interest cost.

Calculated as:

$$\text{Net Non-Interest Margin} = \text{Operating Income} / \text{Total Assets}$$

Table 4.19: Net Non-Interest Margin

Year	Net Non-Interest Margin
2009	4.10%
2010	5.14%
2011	3.85%
2012	2.87%
2013	3.03%

Source: Annual Report 2013 of Southeast Bank Ltd

Graph

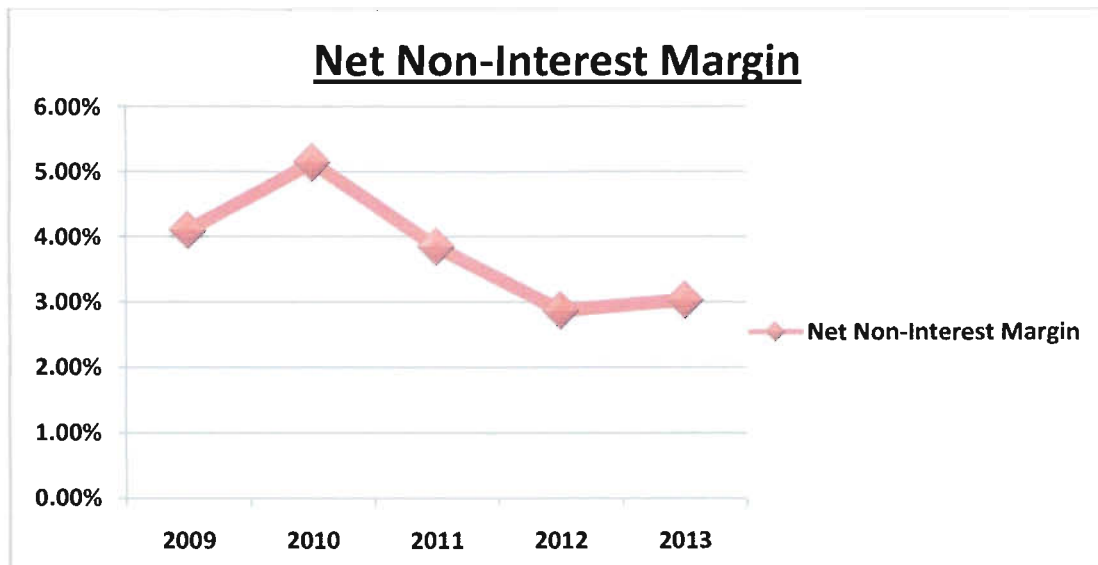


Figure 4.18: Trend of Net Non-Interest Margin

According to the graph; we can see that, from 2009 to 2013, the net non-interest margin fluctuates all the time in SEBL. In 2009, the margin is 4.10%. The highest margin is 5.14% in 2010 and the lowest margin is 2.87% in 2012. In 2013, the net non- interest margin is 3.30%.

Chapter-5

Problems

5.1: Problems of Southeast Bank Limited

From the performance evaluation part, it could be said that SEBL is a faster growing-low risk taker bank. SEBL is one of the leading banks among the private banking sector of Bangladesh. After the analysis, I have got some Negative findings which mean problems. These problems are completely from my personal point of view. Those are given below:

❖ Pattern of Earning per Share (EPS)

SEBL has a decreasing pattern of Earning per Share (EPS). Decreasing pattern of EPS also affects the Price-Earning Ratio and the level of confidence of the shareholders.

❖ Lower Import Financing

For any bank, higher import financing than export always gives a good sign of development. But import financing of SEBL is not as good enough for its development.

❖ Pattern of Return on Assets (ROA)

ROA of SEBL is not in a satisfactory level. On average the rate is 1.60% which is not up to the mark.

❖ Lack of Manpower

SEBL has less human resources for each department results more work load on the employees. It takes more time to perform a single task and ultimately decision making process been delayed.

❖ Few ATM Booths

SEBL are providing ATM card service but their service is limited by very few ATM booths.

❖ **Centralization**

The Bank is too much centralized. For each and every move, branch office has to go for permission from the Head Office. The Head Office tightly controls each and every branch office. This sort of dependency on Head Office slows down the activities of branch office.

❖ **Lack of Computer Knowledge**

All the organizations including banks are now mostly depends on computer but employees do not have much knowledge on computer.

❖ **Advertising and Promotion**

Advertising and promotion is one of the weak points of Southeast Bank Limited. SEBL do not have any effective promotional activities through advertisement, but other banks have better promotional strategy.

❖ **Late Initiator**

Another basic problem for SEBL is they are the late initiator. They first observe, then judge and then they take the initiative. Meanwhile lots of customers are switched to other bank's new products.

Chapter-6
Recommendation
And
Conclusion

6.1: Recommendation

To solve the problems which are find out in the problems part, some possible recommendations are given in the below. By implementing these recommendations, SEBL can improve its position.

- To gain the confidence of shareholders, SEBL have to increase its Earning per Share (EPS).
- SEBL should increase import financing for its own development.
- SEBL have to increase its net income against asset to increase the ROA.
- To speed up the work, SEBL should hire more employees so that pressure reduces from the existing employees.
- By more market research, SEBL have to establish more ATM Booths in important location to make their services available to the customers.
- Should remove centralization.
- SEBL should increase management efficiency.
- SEBL should pursue advertisement campaign in order to build a strong image among the people. They should carry out aggressive marketing campaign to attract clients. They can give advertisements in newspaper and magazine, television.
- Also sponsoring games, education and other social activities, SEBL can make its place in the heart of Bangladeshi people.
- SEBL is one of the leading Commercial bank. In order to hold the position for long time, they should have the creativeness and they should be the initiator of newer products, technologies and services.
- Each and every department should have equal distribution of information to carry a particular task smoothly. There must have a communication among all the divisions.

6.2: Conclusion

The present world of banking is very challenging. The success of a bank is now totally depend on the factors such as decision making, efficient, quick and cordial services, maximum use of resources and introduction of new financial products. Within a short period of time, Southeast Bank Ltd has shown a great improvement. As a rule of internship, I have to observe the different department of the bank but for my report, I have past most of the time in the General Banking area. However, I try to give my highest effort to achieve the objectives of internship program. In my learning period, I have to face problems and I tried to give my best suggestion to solve that kind of problem.

Finally, I want to say Southeast Bank Ltd is always trying to provide their best service for their customers. Thus by providing various services, Southeast Bank Ltd is playing an important role in the banking system of Bangladesh. With the current performance of the Bank and with little improvement here and there; Southeast Bank Ltd will certainly make itself the best Private Bank in Bangladesh in the near future.

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