

Project Paper

on

Financial Performance Analysis of South East Bank Limited

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Daffodil Institute of IT (DIIT)

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Financial Performance Analysis of Southeast Bank Limited.

Letter of Transmittal

Date: 20th November 2023

Controller of Examinations

National University

Gazipur -1704

Subject: Submission of Project Report on Financial Performance Analysis of SEBL

Dear Sir,

With due respect, I would like to inform you that, I have completed my project report on topic: **“Financial Performance Analysis of South East Bank Limited”** Dhaka, Bangladesh. I have collected information from all available sources in a realistic way. While preparing report, I have tried to follow your instruction based on systematic manner.

This report is an integral part of our academic courses in completion of the MBA program which has given me the opportunity to have an insight into the core part of topic. I hope this report reflects on the contemporary issues on the finance area that are being practiced by organizations in our country.

In completing the report, I tried my best to blend all my knowledge and imparted every available detail and also attempted to avoid unnecessary amplification of the report.

I humbly request you to accept this report for your kind evaluation.

Sincerely,

Muzahidul Islam

Registration No:19601000535

Session:2019-2020

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Declaration of Student

This is **Muzahidul Islam**, a student of Masters of Business Administration, Reg. No: 19601000535,(Session: 2019-2020) from Daffodil Institute of IT (DIIT) hereby declare that the presented Report of project entitled “Financial Performance Analysis of South East Bank Limited” has been submitted as the requirement for the degree of Master of Business Administration.

I also confirm that, this report is only prepared for my academic requirement and not for any other purposes. It might not be used with the interest of opposite party of the corporation

I further undertake to indemnify this Project report or any part of it has not been submitted elsewhere for the award.

Sincerely yours,

Muzahidul Islam

Roll: 2020424

Registration No: 19601000535

Program: MBA

Session: 2019-2020

Major in Finance & Banking

Daffodil Institute of IT(DIIT)

Supervisor's Certificate

This is to certify that MD Muzahidul Islam, Registration ID: 19601000535, MBA (Finance), is a regular student of Department of Business Administration, Daffodil Institute of IT (DIIT). He has successfully completed his internship program at Southeast Bank Limited and has prepared this project paper under my direct supervision. His assigned internship topic is “Financial Performance Analysis of South East Bank Limited”. I think that the report is worthy of fulfilling the partial requirements of MBA program. I also declare that the study has been prepared for academic purposes only and this paper may not be used in actual market scenario.

He has done his work according to my supervision and guidance. He has tried his level best to do this report successfully. I think this task will help him in future to create a better career.

I wish him all the best in his future endeavors.

Prof. Dr. Mostafa Kamal

Advisor

Daffodil Institute of IT(DIIT)

Acknowledgement

First of all, thanks to almighty Allah for enabling me to complete Project report with good and Sound health. I would like to express my sincere gratitude to the person who provides me with ideas, views and support to prepare this report.

I am grateful to all of officials and stuffs of Southeast Bank. Especially I am thankful to my respectable mentor Dr. Mostafa Kamal, Advisor of Daffodil Institute of IT (DIIT). I am blessed to have him as my Advisor for this report. He helped me to choose the topic. I am greatly thankful to the persons whose enrich books, journals and working papers on international financial management have provided a guideline to me in preparing this report. Furthermore, I am very obliged to all officials of Southeast Bank. Without the cooperation of all officials of SEBL, This report would not be so easy.

Finally, I would like to thank all others whose strong support makes me able to complete this report.

Abstract

South East Bank Limited is booked business bank enlisted by the Bangladesh Bank. The elements of the bank spread a wide scope of banking and utilitarian exercises to people, firms, corporate bodies, and other global organizations. In this report, I have talked about the budgetary Performance examination and general financial exercises of SEBL. Monetary Performance Analysis has offered that to realize the financial current circumstance. Monetary Performance examination of SEBL incorporates Ratio investigation (liquidity proportion, action proportion, credit chance proportion, and productivity proportion), Trend examination, Common size, and so forth. General Banking is a significant unit of South East Bank Limited under the discount banking division with the target of satisfying the requirement for banking results of clients. It is a noteworthy player in General banking, joining profound nearby learning ability to offer the full extent of inventive and tweaked answers for clients. They are focused on giving the client coordinated neighborhood administrations. Proficient exchange handling Reliable money related data Innovative Products World-class clearing administrations.

Here I discussed about the “Financial Performance Analysis of South East Bank Limited” To discuss this topic, the report also contained some information about the vision, mission, goal, objectives, core values and all related information of South East Bank Limited in chapter three. By doing this report a vast knowledge is gained by me how to calculate all financial ratios and evaluate the performance of a financial institution. Another chapter was discussed on a ratio, which is a way of comparing two or more quantities. Analyzing SEBL “s current ration, quick ratio, Debt-Equity ratio, Gross Margin percentage, Net Profit Margin, Operating Profit Margin, Expense to Operating expense ratio, return on Equity, return on Asset is Ration analysis. It is used to judge the financial success of an economic entity. One popular ratio is the current ratio which is current assets divided by current liabilities.

After analyzing the performance of South East Bank Limited, some important things are found regarding the bank in Last chapter and conclusion part of this report that includes Findings, recommendation and conclusion. Some suggestions are put here which will definitely help South East Bank Limited to improve their performance and there-by its contribution in the whole economy.

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Chapter: 01

Introduction

1.1 Introduction:

Southeast Bank Limited was built up in 1995 with a fantasy and a dream to turn into a pioneer banking establishment of the nation and contribute fundamentally to the development of the national economy. The bank offers administrations for all business banking needs of the clients, which incorporates store banking, credits, and advances, send out import financing, inland, and universal settlement office, and so forth. Any Bank is well known as a 'monetary institution'. Southeast Bank is a private bank and it plays vital role in the economic and business sector. Southeast Bank is a fast growing modern banking institution. It follows a unique corporate culture and friendly working environment. For this reason people unites towards achieving enormous result in every aspect of baking operations. Southeast bank is one of the leading financial institutions in our country. The vision of this bank is having a diverse array of carefully tailored customer friendly services in the bank which unites our people and results in continuous growth. 18.14% of SEBL's employees are women that will rise to 45% over next 5 years. Southeast bank give scholarship to the poor and meritorious student.

1.2 Background of the Study:

As a prerequisite for the Masters of Business Administration (MBA) degree from Daffodil Institute of IT (DIIT), it is required to complete a project paper from a reputed business organization & prepare a report. As a student of MBA, an urban banking sector plays essential role for financial solidity of a country. Just only the classroom discussion cannot give proper picture of real business situation. So, it is an opportunity for the students to know about real life experience through this program. The reason behind this report is M.B.A project report program has been designed in such a way which provides an opportunity for the student to minimize the gap between theoretical and practical knowledge. I was visited Donia, Jatrabari Branch. As a Finance student I chose Financial Performance Analysis as the topic of my Project paper. I have completed project report from South East Bank Limited, Dhaka and has prepared project report named "Financial Performance Analysis of South East Bank Limited" by using the real-life experience of internship at SEBL, Dhaka Division.

1.3 Scope of the Study:

The scope of the study covers general banking activities and financial performance analysis of SEBL.

Main focus of this report is to analyze:

- Performance analysis through Ratio Analysis
- Common Size Analysis

1.4 Objectives of the Study:

The objectives of this study are listed below-

General Objective:

- To analyze the financial statements of South East Bank Ltd. with the key focus of its overall financial performance.

Specific Objectives:

1. To know the current financial position of South East Bank Ltd.
2. To know the five year's financial performance of SEBL by calculating and analyzing different types of ratio.
3. To identify the problems related to financial performance of SEBL.
4. To suggest some possible recommendations to overcome the problems.

1.5 Methodology of the Study

The research is exploratory research in nature. The following methodologies have been used to accomplish this Project paper :-

Research design: The research has been conducted based on exploratory research method.

Data source: The data required for this study were collected from both the primary and secondary sources.

1.5.1 Data collection

The examination requires an orderly strategy from the choice of the subject to definite report introduction. In this examination, the graphic technique was attempted to pick up bits of knowledge and comprehension of the monetary exhibition of SEBL. To play out the investigation information sources were distinguished and gathered, they were ordered, broke down, deciphered and displayed in a foundational way and key focuses are discover. This general procedure of the technique is given in beneath that has been followed in the investigation.

Sources of data:

The data used to complete this report has been collected from the Primary sources & Secondary sources.

Primary Sources:

- Discussion with officials of SEBL.
- Face to face conversation with the respective officer of the branch

- Exposure on the different desk of the bank
- Face to face conversation with customers.

Secondary Sources:

- The web site of SEBL (<http://www.SEBLbd.com/>).
- SEBL Annual report 2016-2020.
- Product brochure of SEBL.
- Lanka Bd (<http://lankabd.com>)

Data Analysis:

- To analyze the data, MS Excel has been used.

1.6 Limitations of the Study:

There were some limitations in completing the report with rich resources. Some of the crucial limitations are-

- ❖ The time of multi-month is inadequate to find out pretty much all the financial exercises of any branch.
- ❖ A solitary workstation can't be a finished field to consider the financial framework.
- ❖ It is extremely hard to gather all the genuine data from different work force for their activity imperative
- ❖ As a portion of the financial fields are not secured by our courses, there was trouble to see a few exercises.
- ❖ Bank's arrangement of not revealing private information and data is a major deterrent in setting up the report.
- ❖ As a result of restricted data, at times presumptions embraced. Subsequently, there might be a few slip-ups in accepting.

Chapter: 02

Literature Review

2.1 History of SEBL

Southeast Bank Limited is one of the main business banks in the private division and it set up under the ambit of Bank Company Act, 1991 and consolidated as a Public Limited Company under Companies Act, 1994 on March 12, 1995. The Bank began its business banking activities on May 25, 1995. During this brief timeframe, the Bank is fruitful in situating itself as a dynamic and dynamic budgetary foundation in the nation. The bank had been generally enlivened by the business network, from little business person's business to enormous dealer's business and mechanical aggregates, including the top of the line corporate borrowers, are roused by their first exchange development of work and their exercises. Accordingly, inside a brief timeframe, it has had the option to take a picture in this industry with their exploratory vision and furthermore ready to make notoriety among the majority of the bank. SEBL has been authorized by the Legislature of Bangladesh as a Planned business bank in the private division in the compatibility of the strategy of the advancement of banking and money related administrations and offices in Bangladesh. Inside a brief time frame at most 20 years the Bank of its activity made surprising progress and got together capital amplexness necessity of Bangladesh Bank. It has been developing quick as one of the pioneers of the new age banks in the private segment in regard to business and benefit as it is apparent from the budget summaries throughout the previous 27 years.

Southeast Bank Constrained as of now has 133 branches all through Bangladesh and its point is to be the main bank in the nation's chief markets. The bank by focusing on client assistance and practice them on its locales to make extraordinary notoriety. The Bank is focused on giving consistent preparing to its staff to stay up with the latest with present-day rehearses in their particular fields of work and in this preparation they spurred them to keep their congruity to deal with various sorts of the client and move them to devotion toward their work. The Bank likewise attempts to satisfy its offer in-network duties. By such measures, the Bank expects to develop and build investors' procuring per share. Southeast Bank Restricted promises to expand consumer loyalty through administrations and fabricate a confiding in association with clients, which possesses stood the trial of energy throughout the previous twenty seven years.

3.2 Horizontal Analysis

Horizontal analysis is a financial statements of over the time. A financial report provide items over a period time, compares income statements or balance sheets for following years to description trends or example.

Horizontal Analysis Example (Basic)

Let us suppose that we are provided with the Income Statement data of company ABC

Details	2014 (In US \$)	2015 (In US \$)	Amount	Percentage
Sales	35,00,000	31,00,000	4,00,000	12.90%
(-) Cost of Goods Sold	(25,00,000)	(22,00,000)	300,000	13.64%
Gross Profit	10,00,000	900,000	100,000	11.11%
General Expenses	170,000	130,000	40,000	30.77%
Selling Expenses	230,000	250,000	(20,000)	(8%)
Total Operating Expenses	(400,000)	(380,000)	20,000	5.26%
Operating Income	600,000	520,000	80,000	9.62%
Interest Expenses	(80,000)	(80,000)	–	–
Profit Before Income Tax	520,000	440,000	80,000	18.18%
Income Tax	(175,000)	(150,000)	25,000	16.67%
Net Income	345,000	290,000	55,000	18.97%

So this is the easy example, where we have divided our approach into two parts. First we found the exact difference between the two years.

- For example, Changing in Sales = $(35,00,000 - 31,00,000) = 400,000$
- We found the percentage change = $400,000/31,00,000 * 100 = 12.9$

2.2 Vertical Analysis

Vertical is the relative that analysis of financial statement where have each line item. It is also useful for trend analysis. This method allows analysts to see the compositions of the different categories of financial statements.

Example:

An example of the vertical analysis of balance sheet and income statement is given below:

Comparative balance sheet with vertical analysis:

Comparative Balance Sheet

December 31 , 2019 & 2020

	2019 Amount (\$)	2019 Percent	2020 Amount (\$)	2020 Percent
Assets:	650,000	51.57%	633,000	47.86%
Current assets				
Long-term investments	100,000	7.93%	167,500	12.67%
Plant assets	455,500	36.13%	467,000	35.3%
Intangible assets	55,000	4.4%	55,000	4.2%
Total assets	12,60,500	100.0%	13,22,500	100.0%
Liabilities:	220,000	17.45%	253,000	19.13%
Current liabilities				
Long-term liabilities	120,000	9.52%	210,000	15.88%
Total liabilities	340,000	26.97%	463,000	35.0%
Stockholders' equity:	155,000	12.3%	155,000	11.7%
Preferred stock 6%				
Common stock	520,000	41.3%	520,000	39.3%
Retained earnings	180,500	14.32%	175,500	13.3%
Total stock	832,500	66.1%	795,500	60.2%

holder's equity				
Total liabilities and stockholder's equity	12,60,500	100.0%	13,22,500	100.0%

Current assets:

2009: $(650,000 / 12,60,500) \times 100 = 51.57\%$

2008: $(633,000 / 13,22,500) \times 100 = 47.86\%$

Comparative income statement with vertical analysis:

Comparative Income Statement

For the year ended December 31, 2019 and 2020

	2019		2020	
	Amount(\$)	Percent	Amount (\$)	Percent
Sales	1,598,000	100.0%	1,220,000	100.0%
Cost of goods sold	1,053,000	65.9%	828,000	67.9%
Gross profit on sales	465,000	29.1%	385,000	31.6%
Selling expenses	195,000	12.2%	157,000	12.87%
General expenses	114,000	7.13%	107,400	8.80%
Total operating expenses	309,000	19.34%	264,400	21.67%
Operating income	165,000	10.33%	145,600	11.93%
Other income	9,500	0.6%	12,000	0.9%
	174,500	10.9%	157,600	12.9%
Other expenses	7,000	0.4%	15,000	1.2%
Income before tax	167,500	10.5%	142,600	11.7%
Income tax	75,500	4.7%	68,100	5.58%
Net income	92,000	5.75%	74,500	6.10%

2.3 Financial Ratio Analysis

Financial ratio analysis are the most common tools used to analyze a business sector . These ratios are easy to understand and simple to calculate .It also be used to different companies and industries. It helps to relationship between financial statement accounts, investors, internal company, creditors how understand well a business areas need to improvement.

2.4 Solvency Ratio

Solvency ratios are very essential measuring to judging financial sector of a business, its ability to debt apart from regular obligations. Solvency ratio used the company's cash flow in sufficient to meet short term and long term liabilities.

solvency ratios are:

- a. Debt fraction
- b. Fixed charge coverage ratio
- c. Equity multiplier

Chapter: 03

Organizational Overview

3.1 Profile of SEBL

Southeast Bank Limited is a fast-growing second generation bank. SEBL has been achieving a continuous growth rate in different spheres of banking operations since its establishment in the year 1995. The philosophy of the bank is “A Bank with Vision” that indicates its sincerity, integrity as well as the strength of mind to cope with the global competitiveness and advancement.

Overview of Southeast Bank Limited

Name	Southeast Bank Limited
Head Office	Eunoos Trade Center, 52-53 Dilkusha C/A
Date of Incorporation	12th March 1995
Principal Activity	Commercial Banking
Number of Branches	133
Chairman	Mr. Alamgir Kabir Chowdhury (FCA)
Telephone No.	(8802) 9550081, 9567271-2
Website	<u>www.southeastbank.com.bd</u>

3.3.1 Vision of SEBL

It is especially important for managers and executives in any organization to agree upon the basic vision of that firm to achieve its long-term goal. A clear vision also provides a better foundation for developing a comprehensive Mission statement. So, establishment of a vision statement is very much necessary for every firm that should fast and state forward. Southeast Bank also established its vision statement to achieve its long-term objectives and goal. Their vision is to stand out as a pioneer banking institution in Bangladesh and contribute significantly to the national economy.

3.3.2 Mission of SEBL

A business mission will help us the vision into the real world and is the establishment for needs, methodologies, plans and work task. Southeast Bank is especially worried about its central goal since it must be uncovered by the supervisor and settled through the statement of purpose. The mission of the bank is expressed beneath:

- 3.3.2.1 Establish astounding strategies to give great monetary administration.
 - 3.3.2.2 Fast and precise client care.
 - 3.3.2.3 Balanced their development technique.
 - 3.3.2.4 Maintain an exclusive expectation of business morals and keep up a decent situation in their working field.
 - 3.3.2.5 Maintain the investor's arrival and value.
 - 3.3.2.6 The creative financial framework at an aggressive cost.
 - 3.3.2.7 Deep promise to society and the development of the national economy.
- Have an appealing and quality human asset.

3.4 Organizational Structure of SEBL

Around 14 ranks in the panel. I confidential them hooked on 3 slices. Best supervision, Mid level managing and Junior flat managing. The organizational building is set under:

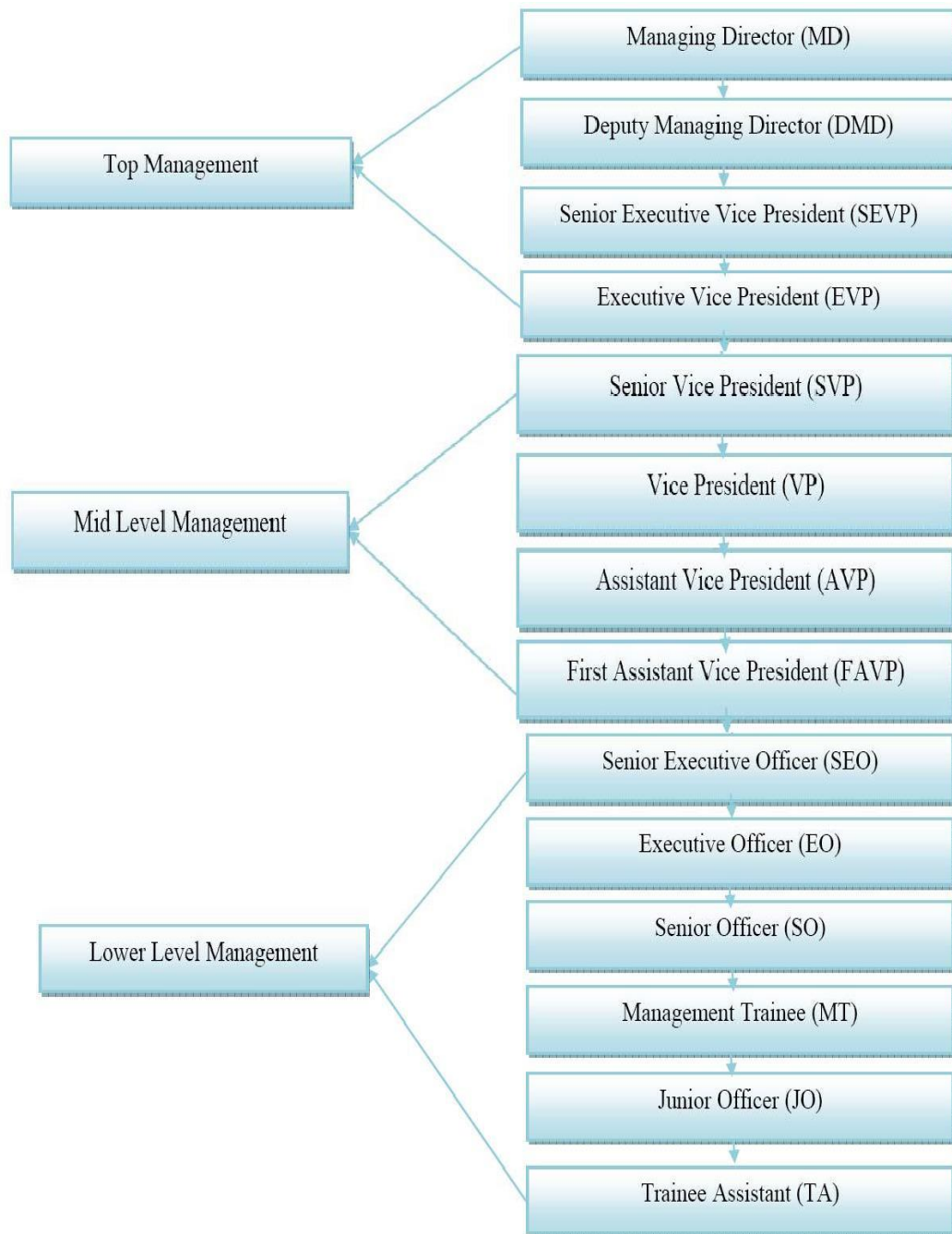
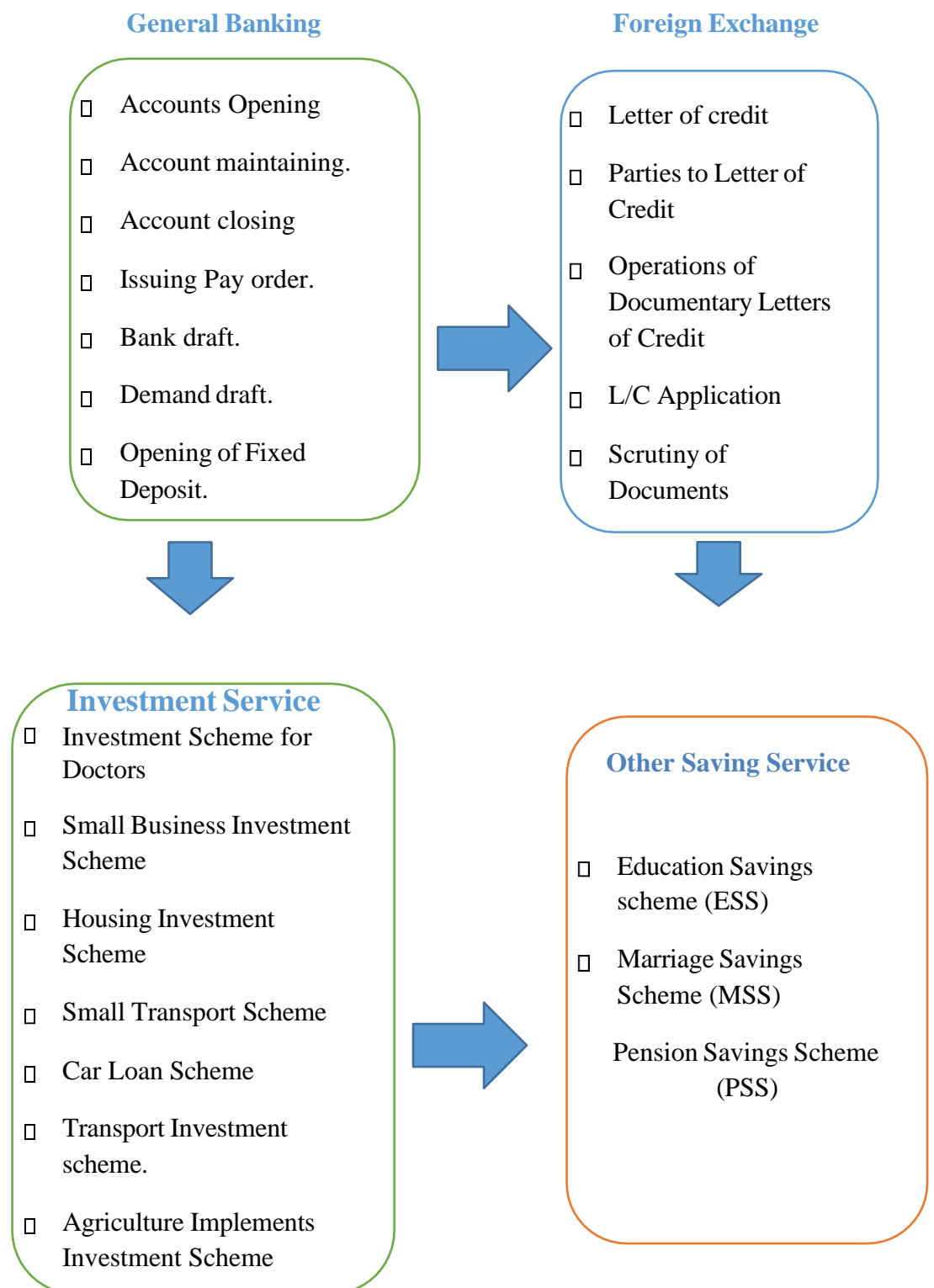


Fig: Organizational Network Organogram

2.5 Products & Services of SEBL



Chapter: 04

Theoretical Aspects Area

4.1 Ratio Analysis

Proportion investigation is an investigation of the connections between money related factors. It is utilized to assess different parts of an organization's working and monetary execution, for example, its productivity, liquidity, benefit, and dissolvability. The pattern of these proportions after some time is concentrated to check whether they are improving or breaking down. Proportions can be communicated as a percent, rate or extent. The proportion examination is a fundamental strategy for budget summaries investigation. Various clients, for example, speculators, the board, investors and loan bosses utilize the proportion to break down the money related circumstance of an organization for their basic leadership reason. Here, this report contains the most widely recognized proportions and examination to assess the working and budgetary execution of South East Bank Restricted (SEBL) throughout the years 2018, 2019, 2020, 2021 and 2022.

Proportions are among the more generally utilized apparatuses of fiscal summary investigation since they give pieces of information to and side effects of fundamental conditions. A proportion can enable us to reveal conditions and patterns hard to identify by examining singular segments making up the proportion. Proportions, as different investigation instruments, are typically future-situated. They are frequently balanced for their likely future pattern and size, and their convenience relies upon the able elucidation. A proportion communicates a scientific connection between two amounts. It tends to be communicated as a percent, rate, or extent. Calculation of proportion is a straightforward number-crunching activity, yet its elucidation isn't. To be significant, a proportion must allude to a monetarily significant connection.

In this area, a significant arrangement of monetary proportions and its applications are depicted. The chose proportions are composed into the four structure squares of budget summary examination. These are as per the following:

- (i) Liquidity Ratio
- (ii) Activity Ratio
- (iii) Efficiency Ratio
- (iv) Leverage Position
- (v) Profitability Ratio
- (vi) Credit Risk Ratio

4.1.1 Liquidity Ratio

Liquidity alludes to the accessibility of assets of an organization to meet momentary money prerequisites. It is influenced by the planning of money inflows and surges alongside prospects for future execution. Examination of liquidity is gone for an organization's financing necessities.

In the event that an organization neglects to meet its present commitments, its proceeded with presence is farfetched. From this perspective, every single other proportion of investigation is in optional significance. In spite of the fact that bookkeeping estimations expect the organization's proceeded with presence, our investigation should consistently survey the legitimacy of this suspicion utilizing liquidity measures.

This section describes the key ratios relevant to assessing liquidity ratio:

- 4.1.1.1 Cash Ratio
- 4.1.1.2 Cash to Assets
- 4.1.1.3 Cash to Deposits
- 4.1.1.4 Loan to Total Deposits
- 4.1.1.5 Loan to Total Assets

4.1.2 Activity Ratio

An action proportion is a metric which decides the capacity of an organization to change over its monetary record accounts into income. Action proportions measure the overall proficiency of a firm dependent on its utilization of its benefits, influence, or other comparative asset report things and are significant in deciding if an organization's administration is doing an adequate activity of producing incomes and money from its assets. Movement proportions measure an association's operational proficiency and benefit. These proportions are most valuable when contrasted with a contender or industry to build up whether a substance's procedures are great or ominous. Movement proportions can frame a premise of correlation over various reporting periods to decide changes after some time.

This section describes the key ratios relevant to assessing activity ratio:

- 4.1.2.1 Total Assets Turnover
- 4.1.2.2 Equity Turnover

4.1.3 Efficiency Ratio

Effectiveness alludes to how gainful an organization in utilizing its benefits. Productivity is typically estimated with respect to how much income is created from a specific degree of benefits. Besides, wasteful utilization of advantages can cause liquidity issues. Absence of liquidity regularly goes before lower benefit and fewer chances. An organization's clients and providers are likewise influenced by transient liquidity issues, and it is quicker when it is a financial organization.

This section describes the key ratios relevant to assessing efficiency ratio:

- 4.1.3.1 Interest Income to Expense
- 4.1.3.2 Operating Expenses to Assets
- 4.1.3.3 Operating Income to Assets
- 4.1.3.4 Operating Expense to Revenue

4.1.4 Profitability Ratio

Effectiveness alludes to how gainful an organization in utilizing its benefits. Productivity is typically estimated with respect to how much income is created from a specific degree of benefits. Besides, wasteful utilization of advantages can cause liquidity issues. Absence of liquidity regularly goes before lower benefit and fewer chances. An organization's clients and providers are likewise influenced by transient liquidity issues, and it is quicker when it is a financial organization.

This section describes the key ratios relevant to profitability activity ratio:

- 4.1.4.1 Operating Profit Margin
- 4.1.4.2 Net Profit Margin
- 4.1.4.3 Return on Assets
- 4.1.4.4 Return on Equity

4.1.5 Credit Risk Ratio

Credit risk is the risk of non-installment of an advance by the borrower. At the end of the day, we can characterize it as the risk that the borrower may not reimburse the chief sum or the intrigue installments related with it (or both) halfway or completely. This outcome is the misfortune for the loan specialist as interruption of money streams and expanded accumulation cost.

It very well may be a consequence of any of the accompanying reasons – poor money streams of the borrower making it hard to pay the premium and the chief sum, rising financing costs if there should be an occurrence of skimming loan cost advances, change in economic situations, business disappointment, reluctance to reimburse, and so forth.

This section describes the key ratios relevant to credit risk activity ratio:

4.1.5.1 Equity to Assets

4.1.5.2 Equity to Net Loans

3.2 Common Size Analysis

Common size assessment is an instrument to evaluate individual financial rundown things or a social event of things on the term of the species based whole. We, by and large, portray a key all out figure as the base, which for a bank's compensation explanation is hard and fast pay or pay and for a money related record is ordinarily full-scale assets. Common size examination is required common-size clarifications. Along these lines, for the common-size examination of SEBL's financial reports, I have orchestrated its common-size compensation clarifications and common-size fiscal records for quite a while.

I use common-size clarifications of SEBL to reveal the modifications in the general importance of each spending rundown things. Each individual aggregate in common-size clarifications is renamed in regards to common-size rates. The common-size money related records and pay declarations are shown about from 2018 to 2022.

3.2.1 Common Size of Balance Sheet

A common size monetary record is an asset report that showcases both the numeric worth and relative rate for absolute resources, complete liabilities, and value accounts.

A common size monetary record considers the general degree of every benefit, risk and value record to be immediately examined. Any single resource detail is contrasted with the estimation of all-out resources. Similarly, any single obligation is contrasted with the estimation of complete liabilities and any value record is contrasted with the estimation of all-out value. Hence, each significant order of record will rise to 100%, as every single littler segment will signify the real account characterization.

3.2.2 Common Size of Income Statement

A common size salary articulation is a pay proclamation where each record is communicated as a level of the estimation of offers. It is utilized for vertical investigation, in which each detail in a fiscal summary is recorded as a level of a base figure inside the announcement, to make examinations simpler.

A common size salary explanation examination makes it simpler to perceive what is driving an organization's benefits, and contrast that exhibition with its companions. By taking a gander at how that exhibition has been changing after some time, common size fiscal reports help speculator's spot inclines that a crude budget summary may not reveal. Huge changes in the level of income utilized by various cost classes over a given timeframe could be an indication that the plan of action is changing, or that assembling expenses are evolving.

3.3 Trend Analysis

A common size salary articulation is a pay proclamation wherein each record is communicated as a level of the estimation of offers. It is utilized for vertical examination, in which each detail in a budget summary is recorded as a level of a base figure inside the announcement, to make correlations simpler.

A common size pay explanation examination makes it simpler to perceive what is driving an organization's benefits, and contrast that exhibition with its friends. By taking a gander at how that presentation has been changing after some time, common size fiscal summaries help speculator's spot drifts that a crude budget report may not reveal. Enormous changes in the level of income utilized by various cost classes over a given timeframe could be an indication that the plan of action is changing, or that assembling expenses are evolving.

3.3.1 Trend Analysis of Balance Sheet

The monetary record is a depiction of an organization's money related situation at one point in time. The records recorded assistance decide whether the organization is confronting any kind of budgetary pressure. At the point when pattern investigation is played out, an organization can check whether its budgetary position is improving or declining dependent on the rate change in a critical position sheet account. To decide the change, an organization will take a gander at the dollar measure of monetary record accounts for more than at least 2 years.

3.3.2 Trend Analysis of Income Sheet

Flat investigation (otherwise called pattern examination) is a budget report examination strategy that shows changes in the measures of comparing fiscal summary things over some stretch of time. It is a valuable instrument to assess pattern circumstances.

The announcements for at least two periods are utilized in even examination. The most punctual period is typically utilized as the base time frame and the things on the announcements for every single later period are contrasted and things on the announcements of the base time frame. The progressions are for the most part demonstrated both in dollars and rate.

SWOT Analysis of Southeast Bank Ltd

Strengths:

- Corporate based banking system
- Decision Making ability of the management
- Loyal customer base
- Efficient team of employees
- Skilled risk management
- Strong internal control
- High market share
- Profitability

Weakness:

- Concentration on high cost deposits
- Lack of effective marketing strategies

- Following the conventional way of Banking
- Employee dissatisfaction due to low salary structure
- Concentration on large scale loans
- Lack of adaptability to innovation & technology
- Low concentration on rural banking

Opportunities:

- Increasing trend in rural banking
- Increasing support of regulatory authority
- Introducing new products & services
- Increasing trend in international business

Threats:

- Strong competition in banking industry
- Risk of increasing bad debt
- Adaptability of new innovation among competitors & customers
- Unstable Political Situation
- Pandemic

Chapter: 05

Financial Performance Analysis & Evaluation of SEBL

5.1 Ratio Analysis & Graphical Presentation

In the report I analyzed the performance of South East Bank Ltd. in terms of –

- Liquidity Ratio
- Activity Ratio
- Efficiency
- Profitability
- Leverage Position

1. **Liquidity Ratio:**

- Cash Ratio
- Cash to Assets
- Cash to Deposits
- Loan to Total Deposits
- Loan to Total Assets

2. **Activity Ratio:**

- Total Assets Turnover
- Equity Turnover

3. **Efficiency:**

- Interest Income to Expense
- Operating Expenses to Assets
- Operating Expenses to Assets
- Operating Income to Assets
- Operating Expense to Revenue

4. **Profitability:**

- Net Profit Margin
- Net Operating Margin
- Return on Equity (ROE)
- Return on Asset (ROA)
- Return on Deposit (ROD)

5. Credit Risk Ratio:

- Equity to Assets
- Equity to Net Loans

6. Leverage Position:

- Total Liability
- Total Equity
- Debt Equity Ratio

7. Return on Equity:

- Return on Equity

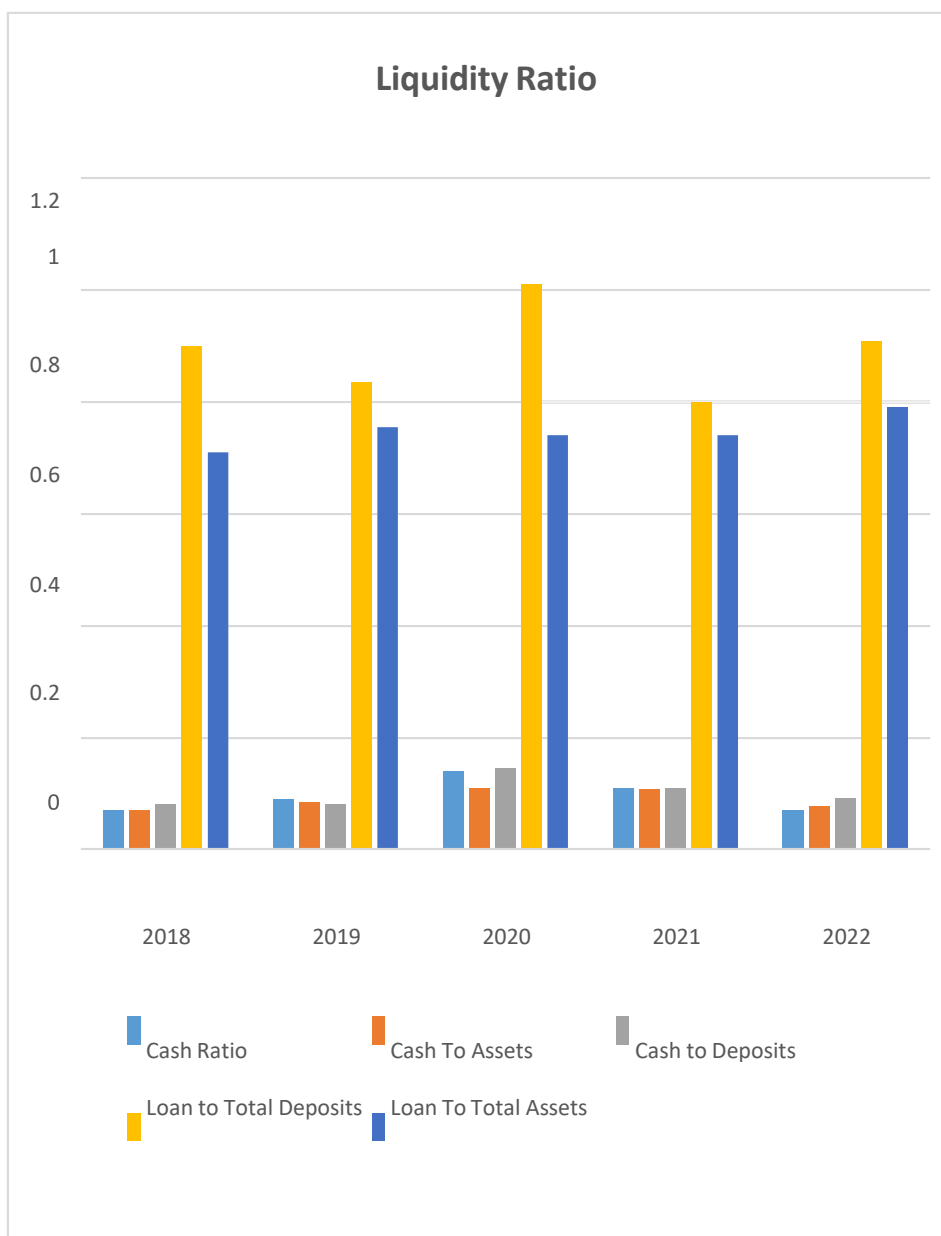
8. Return on Asset:

- Return on Asset

5.1.1 Liquidity Ratio:

Liquidity Ratio					
Particular	2018	2019	2020	2021	2022
Cash Ratio	0.140	0.110	0.070	0.95	0.115
Cash To Assets	0.110	0.108	0.077	0.85	0.96
Cash to Deposits	0.144	0.110	0.090	0.115	0.105
Loan To Total Deposits	1.010	0.800	0.908	0.107	0.120
Loan To Total Assets	0.740	0.740	0.790	0.796	0.815

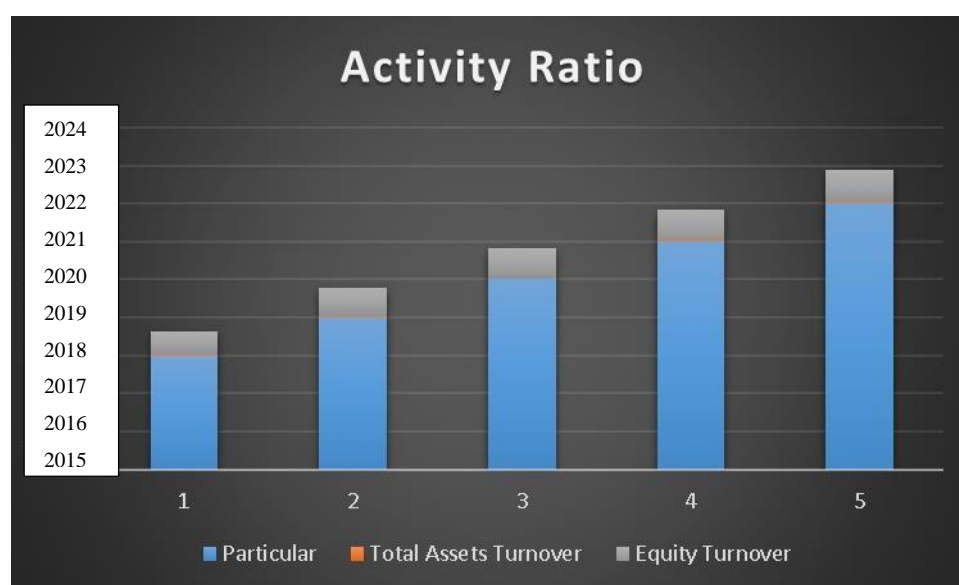
(Source: Own Analysis based on SEBL Annual Report: 2018-2022)



Interpretation: In bookkeeping, the term liquidity is characterized as the capacity of an organization to meet its money related out of this world due. The money proportion or money inclusion proportion is a liquidity proportion that estimates a company's capacity to satisfy its present liabilities with just money and money reciprocals. Money Proportion of SEBL 2022 is 0.115 and 2021 and 2020 it was 0.70 and 0.95 so its enlarging money proportion, it's bad for the SEBL. The money resource proportion is the present estimation of attractive protections and money, separated by the organization's present liabilities. Money to Resources Proportion of SEBL is 2019 was 0.108 and it is diminishing in 2020 to 0.077. The money store proportion of planned SEBL (money close by and offsets with the SEBL as a level of stores) is seen to be high at 0.144 starting at 2018. The money to store proportion increments bit by bit from 2018-2019 however in 2022 it was enlarging. it is anything but a decent side for the bank. The advance to-store proportion (LTD) is a commonly utilized measurement for evaluating a bank's liquidity by isolating the bank's complete credits by its all-out stores. Credits to Stores Proportion is expanding step by step each year in 2022 it was 0.115. A budgetary proportion that estimates the degree of an organization's or purchaser's influence. The obligation proportion is characterized as the proportion of aggregate – long haul and present moment – obligation to add up to resources, communicated as a decimal or rate. Banks Advances to Add up to Resources proportion additionally Expanded so it's likewise a decent side for the Bank.

5.1.2 Activity Ratio:

Activity Ratio					
Particular	2018	2019	2020	2021	2022
Total Assets Turnover	2.45%	2.55%	2.78%	2.95%	2.88%
Equity Turnover	60.04%	74.63%	79.32%	82.63%	86.32%



(Source: Own Analysis based on SEBL Annual Report: 2018-2022)

Interpretation: The benefit turnover proportion is determined by isolating all out-intrigue salary by normal absolute resources. Intrigue salary, found on the pay explanation, is utilized to compute this proportion returns and discounts must be retreated from all-out deals to quantify the really measure the association's advantages' capacity to produce deals. Banks Complete Resources resource turnover in 2020 was .037. In consistently TAT characterize

that it has expanded step by step. The value turnover likewise measures that it is expanded each year. In 2022 it was .8632 and in 2018 it was .604 that is a decent sign for the bank.

5.1.3 Efficiency Ratio:

Efficiency Ratio					
Particular	2018	2019	2020	2021	2022
Interest Income to Expense	1.288	1.382	1.420	1.482	1.510
Operating Expenses to Assets	0.010	0.010	0.010	0.011	0.010
Operating Income to Assets	0.022	0.024	0.027	0.029	0.037
Operating Expense to Revenue	0.520	0.448	0.420	0.458	0.490

(Source: Own Analysis based on SEBL Annual Report: 2018-2022)



Interpretation: Intrigue cost will be on the higher side during times of widespread expansion since most organizations will have brought about the obligation that conveys a higher loan cost. The Banks Premium Salary to Cost in 2018 was 1.288 and the following four years its step by step expanding. Working Cost to Resources is 2018 to 2022 it's practically same consistently. Working Pay to Resources 2022 is most elevated was 0.037 and 2018 to 2020 it's steadily diminished. The working cost proportion (OER) is a proportion of what it expenses to work a bit of property contrasted with the pay that the property acquires the higher the BEP proportion. Working Cost to Income its best side of the bank and its time of 2019 was 0.448 and it's most elevated in the year 2021.

5.1.4 Profitability Ratio:

Profitability Ratio					
Particular	2018	2019	2020	2021	2022
Operating Profit Margin	24.75%	28.78%	33.00%	35.78%	37.00%
Net Profit Margin	2.57%	4.54%	3.85%	3.54%	4.85%
Return on Assets	0.30%	0.43%	0.38%	0.46%	0.49%
Return on Equity	6.80%	11.11%	10.81%	11.95%	12.81%

(Source: Own Analysis based on SEBL Annual Report: 2018-2022)



Interpretation: Gainfulness proportions are a class of money related measurements that are utilized to evaluate a business' capacity to produce income contrasted with its costs and other significant

expenses caused during a particular timeframe. Profit for resources (ROA) is a monetary proportion that demonstrates the level of benefit an organization procures in connection to its general assets. It is commonly characterized as overall gain isolated by absolute resources. The arrival on value proportion or ROE is a benefit proportion that estimates the capacity of a firm to create benefits from its investor's interests in the organization. Profit for Value 2019 was 0.43% and the year 2020 was .038% that is diminished from 2019. Net revenue in 2018, was 2.57% and in 2020, was 3.85% and it's expanded from the Principal Year. Working edge is an estimation of what extent of an organization's income is left over in the wake of paying for variable expenses of creation, for example, compensation, crude materials.

5.1.5 Credit Risk Ratio:

5.1.5

Credit Risk Ratio					
Particular	2018	2019	2020	2021	2022
Equity to Assets	0.035	0.036	0.034	0.037	0.039
Equity to Net Loans	0.052	0.048	0.043	0.046	0.049

(Source: Own Analysis based on SEBL Annual Report: 2018-2022)



Interpretation: Credit risk is calculated on the basis of the overall ability of the buyerto repay the loan. The Equity Ratio is a good indicator of the level of leverage used bya company. The Equity Ratio measures the proportion of the total assets that are financed by stockholders, as opposed to creditors. Equity to Assets of the SEBL the year of 2018 was 0.035 and it's gradually increased and 2022 is 0.039. Equity to Net Loans 2018 is 0.052 and the last Four Years it's gradually decreased.

5.1.6 Leverage Position:

1. Debt to Equity Capital Ratio

Debt to Equity Capital Ratio = Total Debt / Total Equity

Table:1.1 Debt to Equity Capital Ratio 2018 – 2022 (Tk. In Million)

Particulars	2022	2021	2020	2019	2018
Total Liability	281951	251926	218761	183510	157707
Total Equity	17949	16507	14789	13318	12857
Debt Equity Ratio	15.70	15.26	14.79	13.77	12.26

(Source: Own Analysis based on SEBL Annual Report: 2018-2022)

There is an unstable trend in the debt-to-equity capital ratio of South East Bank Limited from 2018 to 2022. The debt-to-equity capital ratio of South East Bank Limited has decreased from 12.26 in 2018 to 15.70 in 2022 over 5 years' period of time. It means that their liability is increasing at a higher rate than their equity capital from 2018 to 2022. But it increases form year 2021 to 2022. This higher outcome over years not only increases the risk but also increases the profit. Overall, this implies that their leverage and overall risk is decreasing. Additionally, it also means that their expected earnings might increase due to escalating leverage.

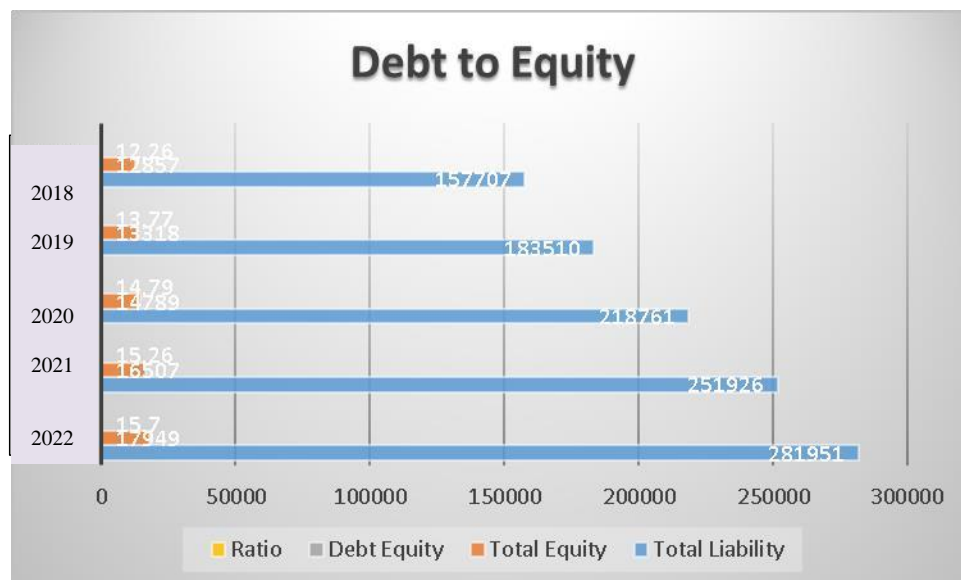


Fig: Debt to Equity Capital Ratio 2018 – 2022.

1. Debt to Total Assets Ratio:

Total debt to Total Asset ratio = Total Debt / Total Assets

Table: 2.2 Total debt to Total Asset ratio 2018-2022 (Tk. In Million)

Particulars	2022	2021	2020	2019	2018
Total Liability	281951	251926	218761	183510	157707
Total Assets	293518	265963	243660	207886	167,245
Debt Assets Ratio	0.96	0.94	0.89	0.88	0.94

(Source: Own Analysis based on SEBL Annual Report: 2018-2022)

Though there are slight fluctuations, South East Bank Limited has been able to maintain an average debt ratio of 0.94 from 2018 to 2022. Their total asset and their liabilities are increasing mostly in same range. But it has slightly increased from 0.94 to 0.96 in 2022. This is not good from a risk perspective, because lower leverage means lower earnings.

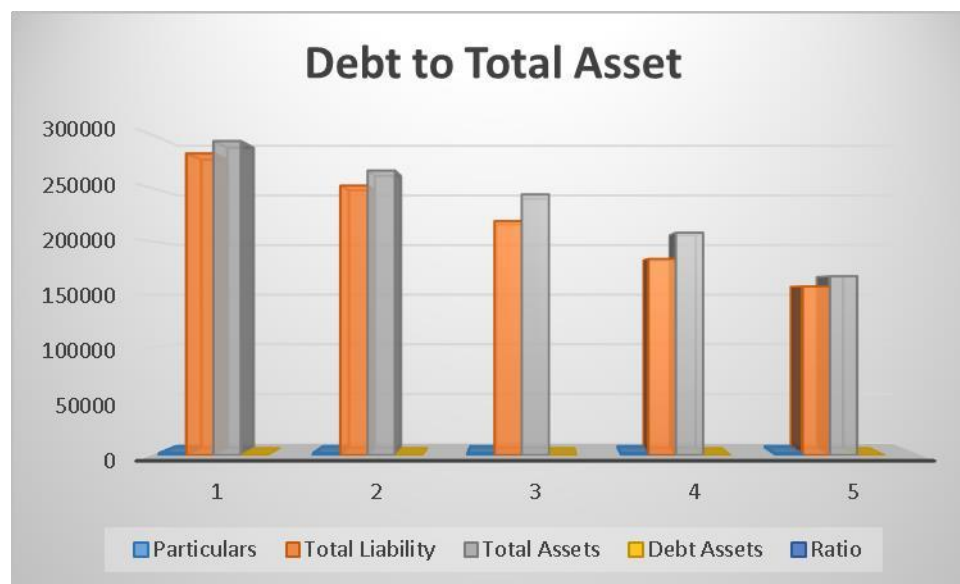


Fig: Debt to Assets Ratio 2018 – 2022

5.1.7 Return on Equity (ROE):

Return on Equity (ROE) = Net Income After Tax / Total Equity Capital

Table: 3.3 Return on Equity

(Figure in Million)

Particulars	2022	2021	2020	2019	2018
Return on Equity	11.08%	10.98%	10.47%	9.14%	12.40%

(Source: SEBL Annual Report: 2018-2022)

ROE is very popular ratio toward the shareholders of any bank. The higher the percentage is the better for the bank as well as for shareholders. But the ROE of South East Bank Limited shows that the shareholders are receiving decreasing rate of returns throughout the first three years from 2018 to 2022. Though in 2022 their ROE was 11.08%, but after that it gradually increased from 2018 to 2022.

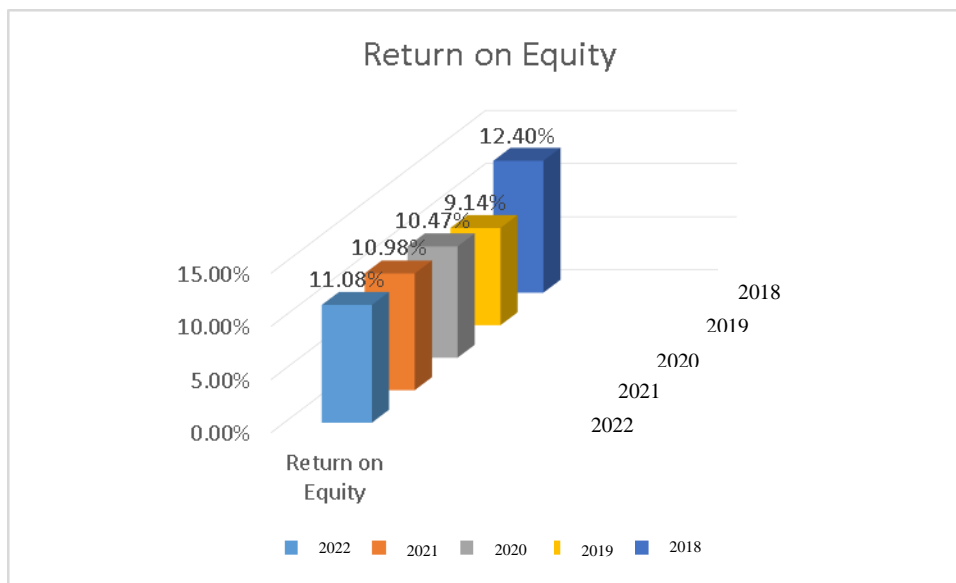


Fig: Return on Equity 2018 – 2022

5.1.8 Return on Asset (ROA):

Return on Asset = Net Income After Tax / Total asset

Table: 3.4 Return on Asset

(Figure in Million)

Particulars	2022	2021	2020	2019	2018
Return on Asset	0.68%	0.67%	0.65%	0.64%	1.02%

(Source: SEBL Annual Report: 2018-2022)

ROA is the most used profitability ratio. As SEBL was a part of banking industry and its most of the assets come from the debt which was the reasons for its low net profit as well as poor ROA. As a result, the SEBL had low ROA in the year of 2020 which were 0.65%. In the year 2022 the net profit of the bank had increased that much.



Fig: Return on Asset 2018-2022

Chapter: 06

Problems, Recommendations & Conclusion

6.1 Problems Identified:

The findings are as follows-

1. SEBL's cash ratio has been decreasing and subsequently increasing since 2018 and again in 2022. Considering the liquidity of the bank, it's critical and needs to be addressed.
2. The Banks total assets turnover is decreasing in every year. Since Asset Turnover ratio is often used as an indicator of the efficiency, the bank should take care of it.
3. The banks return on assets (ROA) is decreasing in 2018 to 2020 but last two years its doing better.
4. SEBL's equity to assets ratio is decreasing in middle of the report and increase following year from 2018 to 2022.
5. Net interest margin is decreasing per year from 2018 to 2022.
6. Cash to Assets also decreasing since 2021.
7. Return of Equity of the bank has been decreasing 2021.

6.2 Recommendations for SEBL:

It is really difficult to draw recommendation based on three months' work experience and it would be audacious of me to give suggestions to the people who have better understanding and expertise than me. However, there are few areas in which I think the organization can improve:

- 6.2.1 Since SEBL's cash ratio has been decreasing and bank facing liquidity problem. In this setting, the take proper steps to manage the liquidity of the bank.
- 6.2.2 The bank should concentrate on the use of its assets in the coming years with the goal that all assets turnover will be increased.
- 6.2.3 Return on assets is the pointer how bank utilize its assets to make returns. The bank needs to focus on increment of ROA.
- 6.2.4 SEBL's equity to assets proportion is diminishing in consistently from 2018 to 2022. The bank should concentrate on it.
- 6.2.5 The Bank's net interest margin need to enhance for sustainability. It's diminishing every year from 2018 to 2022. As net interest margin in one of the real indicators of a bank's performance.
- 6.2.6 The bank should concentrate on Cash to Assets with the goal that it will increment.
- 6.2.7 The bank's settlement issue is one of the principal reasons of diminishing money gathering. The bank's settlement framework is lacking contrasted and different banks. In this way, the bank should build cash trade framework.
- 6.2.8 As Return of Equity of the bank has been decreasing 2019. So, bank should focus on how to increase the return for its shareholders.

6.3 Conclusion

By separating the financial rundowns similarly as the extents, it might be said that southeast Bank Restricted has been doing commendably in a few fragments. If we see the close to the assessment of fiscal record things, it creates the impression that the present liabilities are higher than assets. By virtue of the close to paying verbalization, as a general rule, the net advantage was reduced underground creepy crawly it was fluctuating over the period. Regardless, when taking a gander at by and large hard and fast working compensation and the net advantage they were simply extended consistently. Because of the customary size comparative assessment of advantage report things, it gives that the endeavor was in the decreasing example and the liabilities were in the growing example. The most liquid asset cash was decreasing and fixed assets were extending over the periods. In the ordinary size pay clarification, the working expenses were unnecessarily high and they were extending consistently and the net advantage was reducing bit by bit. The liquidity extents of SEBL were extended most of the events which are valuable for the bank. If we see the advantage position of the bank, it can without quite a bit of a stretch be said the Net revenue, Profit for Resources and Profit for Value were not too extraordinary and its example was slipping. We can see the EPS extent of Likewise when we analyze the dissolvability extents, we can say that SEBL should do their best to keep up their impact extents as all of these extents show that they have very high impact and thusly, they also have a higher peril. Other than this, they need to grow the proportion of significant worthcapital as a great deal of impact may be identified with more danger and besides, it shows the bank's financial deficiency. Finally, it might be said that SEBL's general execution was satisfactory.

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