

# DIRECTORS' REPORT

**Bismillahir Rahmanir Rahim**

## Dear Shareholders,

The Board of Directors of Southeast Bank PLC. takes this opportunity to welcome you all to the 30<sup>th</sup> Annual General Meeting of the Shareholders and has immense pleasure in laying before you the 30<sup>th</sup> Annual Report of the Bank together with the Auditors' Report for the year ended December, 2024.

## 1. World Economic Scenario in 2024 and outlook for 2025

In the year 2024, the global economy has demonstrated remarkable resilience despite being subject to major shocks such as the pandemic and an energy crisis. Global growth was 3.1 percent for the year 2024 and is projected to reach 3.3 percent in 2025. While advanced economies and some developing countries have returned to pre pandemic productivity levels and inflation targets, many low-income nations are still struggling with lasting effects, including output shortfalls and ongoing inflation.

In 2024, the International Monetary Fund (IMF) reported a global GDP growth of 3.2 percent, reflecting a stable yet underwhelming expansion. Advanced economies faced downgrades, particularly in Europe, while emerging markets in Asia, notably China and India, experienced upgrades due to robust investments in artificial intelligence and electronics. Global inflation decreased to 5.8 percent in 2024, down from higher rates in previous years, indicating progress in the battle against inflation.

Global headline inflation [represented by the Consumer Price Index (CPI)] is projected to decrease in 2025 compared to 2024. In several advanced economies, disinflation has been driven by falling energy prices and a surprising recovery in labor supply. However, low-income countries have not seen similar improvements. Additionally global trade is expected to grow in line with GDP.

Financial markets in 2024 were marked by volatility, influenced by escalating trade tensions and policy shifts. The U.S. stock market experienced significant declines, with the S&P 500 down 17 percent from its peak, attributed to newly announced tariffs and fears of a potential recession. Investors faced growing

uncertainty about corporate earnings and economic stability, leading to increased market volatility.

In addition to risks from economic policy shifts, geopolitical tensions could intensify, leading to renewed spikes in commodity prices. The conflicts in the Middle East and Ukraine could worsen, directly affecting trade routes as well as food and energy prices. Commodity-importing countries may be particularly affected, with the stagflationary impact of higher commodity prices compounded by an appreciating dollar. Eruption of geopolitical conflicts, geoeconomic fragmentation, extreme weather events and aftermath of pandemic have disrupted supply chains, caused energy and food crises and prompted Governments to take unprecedented actions.

Despite rising geoeconomic fragmentation and increased trade restrictions, intra-bloc trade and trade with third countries have helped offset the impact. As a result, global trade linkage is changing. Developing countries are facing a high level of external debt and rising interest rates. Recent political changes in the USA mark a turning point for the global economy and geopolitics, with its tentative interventions in trade tariffs, immigration controls, and regulatory changes. Gold prices rise as US Dollar weakens and China's central bank increases gold reserves.

Aggregate commodity prices were softened in 2024, primarily reflected in improving supply conditions for energy and food commodities, despite heightened geopolitical tensions. Commodity prices are projected to ease further over the forecast horizon. A small decline in oil prices last year reflected ample potential oil supply amid decelerating global oil consumption. A significant further decrease in oil prices is expected in 2025-26 as production expands while global oil demand growth remains modest. Base metals prices are set to stabilize over the forecast horizon, mirroring steady global growth. Meanwhile, prices for staple food crops, having fallen notably in 2024, are expected to post a small further decline.

In 2024, the global benchmark oil price averaged around USD 80 per barrel. Analysts predict Brent (price benchmark) crude will average USD 74.33 per barrel in 2025 due to weak demand from China and rising global supplies. Agricultural commodity prices were close to unchanged in 2024, but volatile weather & increasing

trade restrictions or disruptions could nonetheless push prices higher in 2025. South Asian Region's growth trajectory is expected to pick up in second half of 2024-25, driven by domestic private consumption and sustained revival of rural demand.

The banking sector navigated a challenging environment characterized by monetary tightening and financial market repricing. Central banks in advanced economies adjusted policy rates in response to inflationary pressures and economic indicators. Most advanced economies have decreased the policy rate, but in case of Bangladesh, policy rate has been on increasing trend. Use of Cryptocurrency is on increasing trend. Russian companies have begun using bitcoin and cryptocurrencies in foreign trade after regulatory permission. Artificial Intelligence (AI) has the potential to boost productivity in the medium and long term. However, to fully take advantage of this potential, low and middle-income countries will need to have digital infrastructure, invest in human capital, and coordinate global rules.

The economic landscape of 2024 was shaped by a confluence of factors, including moderate GDP growth, easing inflation, volatile financial markets, and fluctuating commodity prices. As we move through 2025, vigilance and adaptive policy measures will be essential to navigate the evolving global economic environment and to foster resilience against potential challenges.

## **2. STATE OF THE BANGLADESH ECONOMY IN 2024 AND ECONOMIC TRENDS**

The year 2024 stands out as the most significant conjuncture and challenging periods in Bangladesh's economic history. The country's economy has experienced the most volatile episodes and demonstrated resilience in 2024 despite a series of challenges. Like many other countries in the world, Bangladesh has nearly overcome the adverse effects of COVID-19. However, geopolitical instability, such as the Russia-Ukraine war and the Middle East crisis, has created significant challenges for developing countries, including Bangladesh. The nation is currently grappled with an unprecedented banking crisis, soaring inflation, and several persistent macroeconomic challenges. These included low foreign exchange reserves, currency depreciation, diminished purchasing power, soaring external debt, high youth unemployment, restricted imports, and sluggish export growth.

Despite these internal and external challenges, Bangladesh achieved a growth of 5.78 percent in FY2022-23 and 5.82 percent in FY 2023-24 according to Bangladesh Economic Review 2024. The Asian Development Bank's (ADB) forecast for economic growth for the current fiscal year has been downgraded from 6.6 percent to 5.1 percent. Similarly, the World Bank (WB) has downgraded its projection for the Bangladesh economy from 5.7 percent to 4.1 percent. However, some declining trends have improved. For example, remittance flows have surged, foreign exchange reserves have improved, money laundering has been mostly halted, and exchange rates have stabilized.

**GDP & Per Capita Income:** As per provisional data released by the Bangladesh Bureau of Statistics (BBS), Bangladesh's GDP size stood at USD 450 billion and the country registered a 4.22 percent growth in Gross Domestic Product (GDP) in 2023-24, lower from 5.78 percent in 2022-23. BBS estimated GDP growth 3.97 percent in 2024-2025. Despite the appreciation of the USD against BDT, Bangladesh's per capita income is set to rise slightly to \$2,820, according to a provisional estimate by the Bangladesh Bureau of Statistics (BBS). The per capita income was \$2,738 in the 2023-24 fiscal year, down from \$2,749 in 2022-23. Additionally, the average annual income per capita has exceeded BDT 3.00 lac, currently standing at 339,211 BDT in 2024-2025 as per provisional data of BBS.

**Inflation:** For more than two years, Bangladesh has been experiencing high inflation. Inflation rose 11.38 percent in November. Inflation is projected to remain elevated in FY25. In October, food inflation soared 13.80 percent as per data released by the Bangladesh Bureau of Statistics (BBS). As per World Bank, the country's Inflation averaged 10.6 percent in the first 8 months of FY25 and continued to dampen consumer purchasing power. Inflation was driven by high food and energy prices and higher import prices as a result of a depreciating taka.

However, ADB forecasted Inflation to accelerate from 9.7 percent in FY2024 to 10.2 percent in FY2025 due to stifled competition in wholesale markets, inadequate market information, supply chain constraints, and the depreciation of the taka. The current account deficit is anticipated to shrink from 1.4 percent of GDP in FY2024 to 0.9 percent of GDP in FY2025 as the trade deficit narrows and remittances rise. The government and the Bangladesh Bank have been trying to control the inflation by introducing various measures, including hiking the policy rate.

During the period the central bank hiked the policy rate several times, effectively turning loans costlier to limit spending and thereby tackle the inflationary pressure. The government has set a target to reduce inflation to 7 percent by the end of next June and below 5 percent in the next fiscal year.

**Monetary Policy:** During the first half of FY24, Bangladesh Bank (BB) pursued a contractionary monetary policy stance and shifted towards a structural change within its monetary policy framework. The new monetary policy introduced four significant reforms:

- ▶ the implementation of a policy interest rate corridor
- ▶ the establishment of a reference interest rate for lending
- ▶ the unification of the exchange rate, and
- ▶ a revised methodology for calculating gross international reserves

During the second half of FY24, Bangladesh Bank (BB) implemented several initiatives to contain sustained high inflation. These initiatives included policy interest rate hikes, narrow down interest rate corridor, and the practice of devolvement of T-bills and T-bonds on BB was discontinued, considering the multiplier effect of high-powered money on inflation. The SMART-based interest rate capping was scrapped to allow the market to play its due role in determining interest rates. Furthermore, lending and deposit rates for various financial transactions notably increased in H2FY24, while the interbank call money rate was effectively contained within the Interest Rate Corridor (IRC).

**Interest Rate:** BB maintained a contractionary monetary policy in FY25. To contain high inflation, BB increased the policy rate by 50 basis points to 10 percent in October 2024 - the third consecutive hike in FY25 - bringing the cumulative increase to 150 basis points since July 2024. Controlling inflation has been made more challenging by that fact rising food prices are driven by supply-side factors. AS per world Bank the standing lending facility and the standing deposit facility will remain unchanged for the rest of FY25 at 11.50 percent and 8.50 percent, respectively.

**Export:** Country's total exports stood at USD 33.7 billion compared to USD 36.1 billion in the same period of FY23. The lion's share (88.1%) of total export was concentrated in the export of ready-made garments (RMG), which also declined by 6.7 percent during July-April of FY24. The Export Promotion Bureau said that

Bangladesh's exports grew 5 percent year-on-year to \$11.37 billion in the July-September quarter of fiscal year 2024-25, driven by increased apparel shipments. The recent global trade disruptions and policy uncertainty are expected to impact Bangladesh's exports and the economy in FY26. The recent global trade disruptions are expected to have a greater impact on Bangladesh's exports and the economy in FY26. In FY26, international trade disruptions, global economic slowdown, and rising inflation are expected to reduce Bangladesh's exports growth by 1.7 percent compared to previous projections. As a result, in FY26 exports are expected to grow at 4.2 percent.

**Imports:** Amid multi-faceted economic challenges, Bangladesh's imports dropped 18.19 percent year on year to \$33.68 billion in the first half of the 2023-24 fiscal year. According to latest statistics of the Bangladesh Bank (BB), the settlement of letters of credit (LCs), generally known as actual imports, stood at \$33,683.51 million in July-December compared to \$41,175.28 million in the same period a year earlier. In the July-December period, the BB data showed, Bangladesh's overall import orders also declined by 5.33 percent year-on-year.

**Foreign Exchange Reserves:** The country's foreign exchange reserves, as per the calculation method of International Monetary Fund, went past \$20 billion in November 2024, rising from \$19.87 billion a week ago, according to the central bank data. Bangladeshis living and working abroad sent a total of \$8.93 billion in remittance in the July-October period of fiscal year 2024-25, up 30 percent year-on-year, as per the BB. The BB data showed that gross reserves rose to \$25.72 billion from \$25.44 billion. The country's forex reserves as per the IMF's calculation method were at \$20.55 billion in early September this year.

**Foreign Direct Investment (FDI) Inflows:** As per central bank published data, net FDI inflow dropped from \$1.61 billion in FY23 to \$1.47 billion in FY24, a decline of \$142 million year-on-year. The country's net foreign direct investment (FDI) inflow fell by 8.8 percent in FY24 compared to the previous fiscal year due to difficulties in repatriating earnings, a volatile foreign exchange situation, and other economic uncertainties, according to the Bangladesh Bank. Moreover, outstanding FDI from the USA dropped by \$2.92 billion in the last six months.

**Workers' Remittances:** After hovering around the \$21-billion mark for the previous two fiscal years,

total remittances sent home by Bangladesh's migrant workers reached nearly \$24 billion in the just concluded fiscal year of 2023-24, providing some breathing space amid the forex crunch. As per the latest data from the Bangladesh Bank, remittance inflow stood at \$23.91 billion in FY24, rising by 10.66 percent compared to the year prior. As per BB Monthly Economic trends for October 2024, wage earner's remittance stood at 2395.08 million USD which was 2404.11 million USD in September 2024.

**Balance of Payments:** Country's trade deficit, year-on-year, narrowed by 18.08 percent to US\$22.43 billion from US\$27.38 billion as imports dropped by 10.61 percent in FY24. Recent measures by the government and the central bank to restrict imports amid a dollar crisis have contributed to the reduction in the trade deficit. The current account balance narrowed year-on-year by 44.02 percent to a deficit of US\$6.51 billion in FY24 from deficit US\$11.63 billion. The capital account - which is a tiny amount - was at US\$554 million in FY24 compared to US\$475 million in FY23. The financial account recorded US\$4.55 billion in FY24, down from US\$6.89 billion in the previous fiscal year (FY23). the overall balance narrowed to deficit US\$4.30 billion in FY24 from deficit US\$8.22 billion in FY23.

Despite inflation, global volatility, and climate risks, the economy showed steady growth, supported by strong remittances, exports, and domestic demand. Infrastructure development and policy support further boosted activity. However, rising debt, energy shortages, and inflation require careful management. For long-term stability, priorities include fiscal discipline, export diversification, tech adoption, and investment in renewables. In 2025, policymakers must focus on controlling inflation, boosting revenue, stabilizing the exchange rate, and improving forex reserves. Reducing bank borrowing, cutting operational costs, and ensuring economic good governance are essential. Emphasis on technical education is also vital to prepare a skilled workforce for the Fourth Industrial Revolution.

### 3. Industry Outlook

The banking industry in Bangladesh has undergone significant transformations over the past few years, driven by technological advancements, regulatory reforms, and evolving customer expectations. In 2024, the sector is heading towards a new phase of development amidst challenges such as global economic uncertainties, inflationary pressures, and

the growing need for financial inclusion. The economic environment in 2024 presents a mixed picture for the banking sector.

#### Key growth drivers include:

- ▶ **Export Growth:** The readymade garments (RMG) sector continues to contribute significantly to foreign exchange reserves. Enhanced trade partnerships and improved production capacity are strengthening this sector further.
- ▶ **Remittance Inflows:** Despite global challenges & local political uncertainty, remittances from expatriate workers remain a vital pillar for the economy. New initiatives to formalize remittance channels have contributed to sustained growth in this area.
- ▶ **Domestic Consumption:** Rising urbanization, expanding e-commerce, and middle-class growth are encouraging demand for retail banking products, driving innovation in credit and savings instruments.

However, challenges such as rising inflation, liquidity crunch, a depreciating currency and geopolitical tensions are exerting pressure on banking profitability and asset quality. These factors necessitate a proactive approach to risk management and strategic financial planning.

#### Key Trends Shaping the Industry:

- ▶ **Digital Transformation:** The adoption of digital banking services is accelerating, with banks' approaches towards artificial intelligence (AI), block chain, and cloud computing to enhance operational efficiency and customer experience. Mobile Financial Services (MFS) have expanded their reach, bridging the gap between formal banking and unbanked populations. The introduction of more intuitive apps and expanded agent networks is making these services more accessible. Cybersecurity is a growing priority, with increasing investments in protecting customer data and transaction integrity. Collaborations with global technology firms are aiding banks in building robust security frameworks.
- ▶ **Focus on Financial Inclusion:** Banks are actively working to include marginalized and rural communities in the financial ecosystem. This includes offering microcredit, agricultural loans,



and tailored financial products for women and small entrepreneurs. Regulatory initiatives like agent banking and digital wallets are facilitating greater access to banking services, particularly in rural and underserved regions. Efforts to enhance financial literacy are complementing these initiatives.

- ▶ **Green and Sustainable Banking:** Environmental, Social, and Governance (ESG) considerations are becoming integral to banking operations. Banks are aligning their business strategies with global sustainability frameworks such as the UN Sustainable Development Goals (SDGs). Investments in renewable energy projects, sustainable agriculture, and eco-friendly infrastructure are growing. Banks are also offering green financing products to support environmentally conscious customers. Banks are integrating sustainability metrics into their credit risk assessment frameworks. This ensures a balance between profitability and responsible banking practices.
- ▶ **Non-Performing Loans (NPLs):** High levels of NPLs remain a persistent challenge, affecting profitability and liquidity. However, targeted recovery drives and restructuring strategies are showing signs of improvement. Enhanced credit risk management practices and recovery strategies are being implemented to address this issue. Government and Central Bank's interventions are expected to provide relief and promote better loan discipline, ensuring long-term sector stability.

### Opportunities in the Banking Sector:

- ▶ **Retail Banking Expansion:** With a young and tech-savvy population, especially in the Gen-Z era, retail banking offers significant growth potential. Banks are investing in personalized digital experiences to attract and retain customers. Products such as personal loans, home loans, and credit cards are gaining popularity.
- ▶ **SME Financing:** Small and medium enterprises (SMEs) are the backbone of Bangladesh's economy, accounting for a substantial share of employment and GDP. Tailored credit products are creating new avenues for SME financing. Programs to support women-led SMEs and startups are gaining traction, further diversifying this segment.

- ▶ **Infrastructure Development:** Mega infrastructure projects like the Padma Bridge and metro rail are driving demand for syndicated loans and long-term financing. The resulting economic activities are expected to stimulate other sectors, creating ripple effects for banks. Opportunities in project finance and public-private partnerships (PPPs) are expanding, with banks playing a pivotal role in structuring and syndicating these deals.

### Challenges Facing the Industry:

- ▶ **Liquidity Pressure:** Some banks are struggling with liquidity constraints due to high inflation and a depreciating Taka. Enhanced interbank cooperation, access to global capital markets and scopes for secondary bond markets are being explored as solutions. Competition for deposits is intensifying, necessitating attractive interest rates and innovative deposit products.
- ▶ **Technology Integration:** While digital transformation offers opportunities, it also poses challenges in terms of implementation costs, staff training, and customer adoption. Banks need to balance innovation with affordability.
- ▶ **Regulatory Compliance:** Adhering to stringent regulations requires significant investments in compliance systems and human resources. Collaborative efforts between banks and regulators are essential to streamline compliance processes.
- ▶ **Global Economic Risks:** Fluctuations in commodity prices, trade disruptions, and geopolitical tensions could impact the banking sector's stability and growth. Diversifying revenue streams and enhancing risk management practices are critical to mitigating these risks.

### Future Outlook:

The banking industry in Bangladesh is at a crossroads, with immense potential for growth and innovation.

Key factors that will define its trajectory include:

- ▶ **Policy Support:** Continued regulatory reforms and incentives will be critical for fostering a stable and resilient banking environment. Collaborative policymaking will ensure alignment with global best practices.
- ▶ **Technological Advancement:** Investment in advanced technologies will enable banks to

stay competitive and meet evolving customer needs. Partnerships with fintech firms will drive innovation further.

- ▶ **Customer-Centric Approach:** Enhanced focus on personalized services and financial literacy will drive customer loyalty and market expansion. Banks are increasingly adopting data analytics to understand customer preferences better.
- ▶ **Sustainability Agenda:** Embracing green finance and sustainable practices will not only contribute to societal well-being but also open new business opportunities. Sustainability-linked loans and ESG reporting are expected to gain prominence.

Despite the challenges, the banking industry in Bangladesh remains a cornerstone of the country's economic progress. With strategic focus and collaborative efforts, banks can navigate complexities and capitalize on emerging opportunities, paving the way for a robust and inclusive financial ecosystem.

As Southeast Bank PLC. continues its journey, it stands committed to contributing to the industry's growth while delivering value to its stakeholders. By embracing innovation, sustainability, and customer-centricity, the industry is well-positioned to achieve sustainable growth and drive the nation's development forward.

#### 4 An overview of the Bank

Southeast Bank PLC., a second-generation private commercial bank, emerged in 1995 amid the liberalization of global economies. Currently, its Authorized Capital is BDT 15,000 million and its total capital and reserve reached BDT 41,582.09 million as of December 31, 2024. Its vision is to stand out as a premier banking institution in Bangladesh and contribute significantly to the national economy. The Bank, in the meantime, successfully completed 30 years of banking operations, registering significant growth in performance indicators. In 2024, the bank earned an after-tax profit of BDT 432.64 million. The deposit of the bank stood at BDT 411,343.90 million, and loans and advances grew by 5.24 percent to BDT 372,907.25 million compared to those of 2023. Operational excellence coupled with qualitative improvements continued to be of paramount importance to the Bank. At present, the bank has 135 branches and 2 Off-Shore Banking Units across the country. In 2024, the 22

number of sub-branches (Uposhakha) was raised. Our journey towards greater operational success continues with increased energy and enthusiasm. As we face the stiff challenges ahead on the way to further improving the profitability of the bank, we rely on our skilled and experienced manpower. Our strengths lie in our close and cordial partnership with customers, firmly anchored presence in the country's strategic places of commercial and business importance, and global reach through our correspondent banks for the expansion of foreign trade, foreign exchange, and remittance business.

Our product-basket encompasses Real Time Online Branch Banking, Islamic Banking, Merchant Banking, CMSME Banking, Corporate Banking, Agent Banking, Dual Currency World MasterCard Credit Card, Dual Currency Visa Platinum Credit Card, Dual Currency Visa Debit Card, International Visa Debit Card, Tijarah Islamic Dual Currency VISA Debit Card, Agent Banking Shagotom VISA Debit Card, Agent Banking Tijarah Islamic Dual Currency VISA Debit Card, MasterCard Insta Prepaid Card, Visa Travel Card, Virtual Card, Beton Card, Beton Plus Card, Hajj Card, Anupama Credit Card for Women, e-Commerce Payment Gateway, POS acquiring business, Mobile Financial Service (MFS), Internet Banking Facility, ATMs, Recycler ATMs, Online and Offline CDMs, Home Loan, Car Loan, Personal Loan, Express Cash, Doctor's Loan, Staff House Building Loan, Education Loan Scheme, Syndicate Loan, Double Benefit Scheme, Millionaire Deposit Scheme, Monthly Savings Scheme, Day basis Fixed Deposit Product for retail clients, Fixed Deposit, Monthly Income Scheme, Pension Saving Scheme, Multi-Millionaire Gold Deposit Scheme (kept in abeyance for the time being), Mohor Saving Scheme, Wage Earner Pension Scheme, Emerald: Savings Account, Garnet: Current Account, Esteem Monthly and Mudaraba, Monthly Deposit Premium Scheme, Esteem SND, Zakat Account, Cash Waqf Account, etc. in addition to our traditional credit and foreign trade related products and services. High-quality customer service through the integration of the latest and state-of-the-art banking technology is our tool for achieving success.

Customers are our priority. We are trying hard to provide a system of one-stop solutions for customers by offering a range of services. Our employees have mastered new technology, enhanced their product knowledge, and honed their skills to help customers meet their financial goals. We want to be the best at helping customers become financially better off

by providing necessary advice, innovative leading-edge financial solutions, choice, and convenience. Irrespective of customers' size and type, we aim at delivering the best customer service by meeting their unique and different needs in a professional, ethical, friendly, and knowledgeable manner. We are pledge-bound to turn Southeast Bank PLC. into a modern banking institution dynamic in actions, progressive in programs, honest in dealings, just in judgment, futuristic in attitude, fair in approaches, and devoted to high-quality service to customers. Our charted plans are aimed at boosting modern management, advanced technology, good profitability, sound financial strength, and a fair image of the Bank. We are firmly committed to transparent, responsible, and accountable corporate governance with the participation of our strong and most capable team of professionals and under the valuable directions and guidance of the Board of Directors of the Bank. Southeast Bank carries out its business activities keeping in mind its core values, norms of business,

commitment to clients, society, and the environment at large. In all its activities and operations, Southeast Bank tries to establish Green Banking practices and attain sustainable growth. The bank, in all its endeavors, wants to assure its shareholders a steady and competitive return on their investment in line with the best among peer institutions.

## 5 Operational Excellence

### Capital and Reserves

The Authorized Capital of the Bank was BDT 15,000.00 million and paid-up capital was BDT 13,373.96 million as of December 31, 2024. The Capital and reserves (Tier-I Capital and Tier-II) stood at BDT 41,592.09 million as compared to BDT 45,940.17 million in the last year showing a decreased by 9.49 percent.

**Capital and Reserve of the Bank as of December 31, 2024 were as follows:**

<b>Regulatory Capital:</b>	<b>Consolidated</b>	<b>Solo</b>
<b>Tier-1 Capital</b>		
<b>1) Common Equity Tier-1 Capital (CET-1)</b>		
Fully Paid-up Capital	13,373.96	13,373.96
Non- repayable Share Premium Account	0.00	0.00
Statutory Reserve	13,239.57	13,239.57
General Reserve	247.65	247.65
Retained Earnings	54.68	17.98
Dividend Equalization Reserve	0.00	0.00
Minority interest in Subsidiaries	9.27	0.00
<b>Regulatory Adjustments</b>		
Goodwill and all other Intangible Assets	237.44	237.44
Reciprocal Crossholdings in the CET-1 Capital of Banking, Financial and Insurance Entities	312.56	312.56
<b>2) Additional Tier-1 Capital (AT-1)</b>	<b>5,000.00</b>	<b>5,000.00</b>
<b>3) Total Tier-1 Capital (1+2)</b>	<b>31,375.14</b>	<b>31,329.16</b>
<b>Tier-2 Capital</b>		
General provision (unclassified loans, SMA, off balance sheet)	4,206.95	4,206.95
Subordinated Debt	6,000.00	6,000.00
All other Preference Shares	0.00	0.00
<b>Regulatory Adjustments</b>		
<b>4) Total Tier-2 Capital</b>	<b>10,206.95</b>	<b>10,206.95</b>
<b>Maximum Limit of Tier-2 Capital (Considering para 3.2 (v) including footnote no. 9 of RBCA Guideline)</b>	<b>15,507.71</b>	<b>15,522.19</b>
<b>Excess amount over Maximum Limit of T-2</b>	<b>0.00</b>	<b>0.00</b>
<b>5) Total Admissible Tier-2 Capital</b>	<b>10,206.95</b>	<b>10,206.95</b>
<b>Total eligible Capital (3+5)</b>	<b>41,582.09</b>	<b>41,536.12</b>

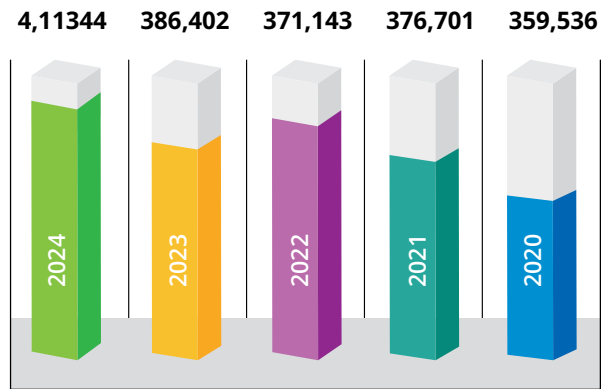
Capital to Risk Weighted Assets Ratio (CRAR)

Southeast Bank has maintained Capital to Risk weighted Asset Ratio (CRAR) of 11.64 percent as on December 31, 2024 as against the requirement of 12.50 percent as set by Bangladesh Bank under Basel-III reporting through BRPD Circular No. 18 dated December 21, 2014 of Bangladesh Bank

Deposit Mix

Total Deposit of the Bank stands as on December 2024 is amount of BDT 411,343.90 with an improvement of overall deposit mix. The existing deposit mix keeps other major liquidity indicators stable and above the regulatory requirement. SEBPLC has diversified its deposit base with numerous products with a mixture of high cost and low-cost deposit. As part of its strategic approach, SEBPLC has focused on low cost and no-cost deposit to gain an edge in interest spread. Low-cost deposit was 43.47 percent in 2024 and 43.18 percent in 2023.

Total Deposit at the end of the year (BDT in Million)



The amount of total deposit of the Bank as on December 31, 2024 stood at BDT 411,343.90 million as compared to BDT 386,402.44 million as on December 31, 2023.

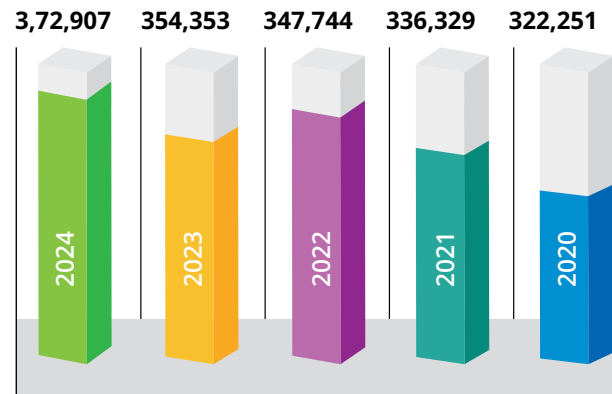
Lending and Investment

Due to price hike, war between Russia and Ukrain and post pandemic situation whole Banking industry as well as SEBPLC faced with various challenges in the year 2024, despite this the bank’s loan portfolio stood at BDT 372,907.25 as on December 31, 2024 with a growth of 5.24. Percent and good pre and post disbursement monitoring enabled the bank to expand its investment to the new business horizon. Consequently, the bank invested through various funded and non-funded loan products and services to facilitate corporate clients, Cottage, Micro, Small and Medium Enterprises

(CMSMEs), rural businesses and marginal farmers for healthy growth. Featured products and services of SEBPLC comprise of cash credit facilities, demand loan, term loan, agricultural credit, micro credit, project finance, export credit, structured/syndicated finance, letter of credit, guarantee, discounting of bills, documentary credits, credit card, consumer credit etc.

Year	Outstanding at the end of the year (BDT in Million)	Growth Rate
2024	372,907.25	5.24%
2023	354,353.23	1.90%
2022	347,743.59	3.39%
2021	336,329.37	4.37%
2020	322,251.46	8.59%

Outstanding at the end of the year (BDT in Million)



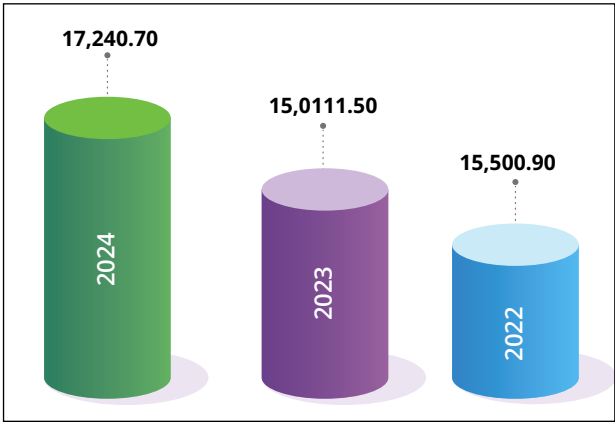
Guarantee Business

Guarantee Business (Open Ended/Close Ended) includes diverse segments like Performance Guarantee, Bid Bond, Advance Payment Guarantee, Retention Bond and Security Bond helps SEBPLC comprise a strong base for Non-Funded Business. In 2024 total Guarantee Business of the Bank amounted to BDT 17,240.70 million against the amount of BDT 15,011.50 million in 2023.



Guarantee Business Including ILC

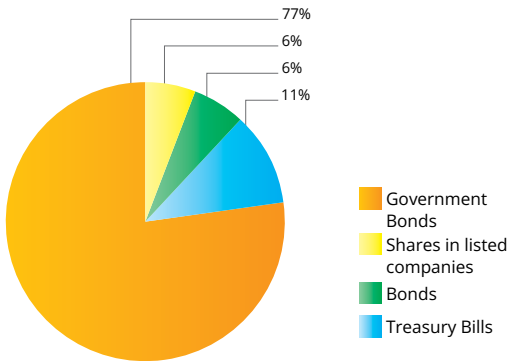
(BDT in Million)



Investment Mix

The investment portfolio of SEBPLC was BDT 123,734.42 million against BDT 113,140.01 million in the previous year. The total investment portfolio of SEBPLC consists of a diverse mix of several investment components including Treasury Bills, Treasury Bonds, Prize Bonds, Subordinated Bonds issued by banks, Corporate Bond and Shares of listed and un-listed Companies. The investments were kept mostly to align with SLR norms, as stipulated by Bangladesh Bank guidelines

Investment Mix Percent



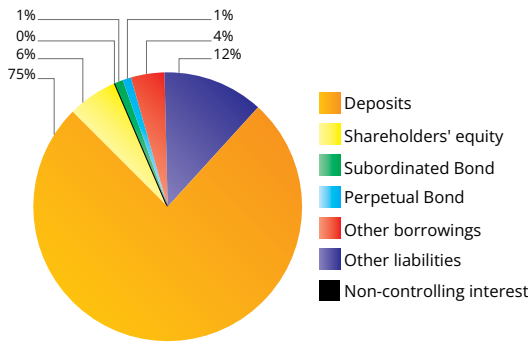
Key Operating and Financial Data

Key operating and financial data like Balance sheet matrix, Income statement matrix, Capital Matrix, Credit quality, foreign exchange business, various ratios, dividend and so on shown in page no. 241 and 242 with year-to-year comparisons.

Source and Utilization of Funds

Total equities and liabilities as on December 31, 2024 stood at BDT 545,858.60 million.

Particulars	BDT in Million
Subordinated Bond	8,000.00
Perpetual Bond	5,000.00
Other Borrowings	21,873.12
Deposits	411,343.90
Other Liabilities	66,293.04
Shareholders' Equity	33,339.27
Non-controlling Interest	9.27
Total	545,858.60

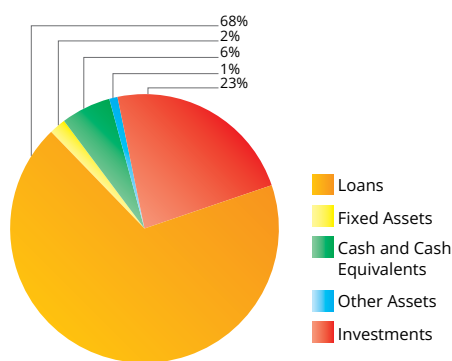


A lion's share of SEBPLC funds is derived from customer deposit accounts, bulk of which is utilized in loans and advances, as can be comprehended from the charts below. A slice of this fund is kept in the form of cash and cash equivalents to maintain CRR and SLR ratios, which currently stands at 4 percent and 13 percent for conventional banking and 4 percent and 5.5 percent for islamic banking of the total customers' demand and time/term liabilities of the bank, respectively.

Several diverse asset components including Cash and Cash Equivalents, Investments, Loans, Fixed Assets and other assets comprise the Asset Portfolio of the Bank. The total amount of Asset Portfolio amounted to BDT 545,858.60 million as on December 31, 2024.

The break-up of total assets is given below:

Particulars	BDT in Million
Cash and Cash Equivalents	32,206.61
Investments	123,734.42
Loans	372,907.25
Fixed Assets	10,388.99
Other Assets	6,621.33
Total	545,858.60



## Statutory Reserve

The total amount of statutory reserve stood at BDT 13,239.57 million as on December 31, 2024 after 20 percent of the Profit Before Tax was transferred to the statutory reserve for the year 2024.

## 6. Internal Control and Compliance

A robust system of internal controls and risk management is fundamental to good corporate governance. The Board of Directors (BOD) of Southeast Bank PLC. actively promotes a strong control and compliance culture, rooted in a thorough understanding of applicable laws, regulations, and best practices at all levels of the Bank.

SEBPLC's internal control and compliance system is built on a framework of organizational structure, policies, procedures, and directives approved by the Board and implemented by the Senior Management. This framework aligns with prevailing laws, regulations, guidelines issued by regulatory authorities, and international standards. The Board Audit Committee, the Internal Control and Compliance Division, and line management collectively play vital roles in ensuring the implementation and effectiveness of these controls.

SEBPLC has designed, developed, and implemented an integrated internal control and compliance framework across all divisions, departments, and branches. This framework is designed to identify potential problems and possible financial losses, enabling the prevention or mitigation of such risks. The Bank's internal control system comprises interconnected components, including compliance, monitoring, information security, internal audit, and risk management. These functions operate independently of line management to foster a strong compliance culture within the organization, under the active guidance and supervision of Senior Management and the Board.

The Audit Committee, acting on behalf of the Board, reviews different reports from Internal Auditors, External Auditors, Bangladesh Bank Inspection Teams and compliance reports thereto. The Committee also conducts an annual review of the adequacy and effectiveness of the Bank's internal control system. This system is developed to continually assess and identify material risks that could negatively affect the Bank's objectives.

SEBPLC gives significant emphasis on its risk governance structure, which encompasses corporate values, codes of conduct and ethics, policies, procedures, and risk assessments. Continuous monitoring is ongoing, and improvements are implemented as needed to enhance the effectiveness and efficiency of the Bank's control system.

## 7. Budget and Budgetary Control

Southeast Bank regularly upgrades its budgetary techniques and processes in line with industry practice, dynamic business environment and national economic goals. Annual Budget is formulated as part of a medium-term budgetary framework and is reviewed from time to time in the light of actual achievements of budgetary goals. In formulating a budget, the Bank carefully evaluates its strengths and weaknesses and also takes into account likely threats and opportunities for business operation that may arise in the near to medium term.

Bank's budgetary goals and processes are always consistent with the national economic development policies and priorities. While formulating lending volumes and priorities, the Bank duly takes into account the importance of diversified lending to industrial and services sectors, geographic areas, CMSME and agricultural sector. Annual Credit Policy of the Bank, an important guideline for allocation of projected volume of credit to different sectors specifies lending principles of the Bank. The Bank also carries out analysis of potentials of each and every Branch while determining their budgetary goals.

The budget incorporating mobilization of deposit from different customer segments, lending to different sectors both funded and non-funded, promotion of international trade and above all controlling costs of doing business are monitored at the Headquarter. The process of budget formulation and execution is reviewed with all the branches in the Annual Business

Policy Meeting as well as in quarterly meetings held with all the branches. Reports on the status of implementation of the budget are placed to the Board every month and guidelines and directions given by the Board are communicated to all concerned for compliance. An appropriate monitoring mechanism has been established centrally at Headquarter of the Bank to ensure budget implementation.

## 8. Corporate Governance

One of the basic policies of the Bank is to strengthen its Corporate Governance status by establishing a responsible management system and strengthening supervision. Efforts are also being geared up to improve the transparency and accountability of the management. While putting efforts to achieve corporate objectives, Southeast Bank gives top priority to establish appropriate corporate governance standards at all levels and in all units. A report on Corporate Governance of the Bank in 2024 is included in this Annual Report.

## 9. Minority Interest.

Share capital structure of Southeast Bank PLC. as of December 31, 2024 comprises of Minority Interest of institutional shareholders. The bank possesses a dignified culture of compliance regarding all regulatory obligations related to investors and shareholders. Any decision and actions having material impact on the interest of the shareholders, irrespective of the holding pattern, are disclosed and redressed, in due form, if required.

SEBPLC keeps full caution in terms of maintaining that the interest of minority shareholders is protected against any direct and indirect abusive effect arising from actions taken by the bank. The bank encourages participation of every shareholder in the AGMs so that they can raise any concern regarding reserving their rights.

## 10. Board Meeting, Remuneration and Shareholding Pattern

Directors are not eligible for any remuneration other than the attendance fee for the Board and its Committee meetings. Currently, as per BRPD Circular no. 02 dated February 11, 2024, Directors are eligible for remuneration of BDT 10,000 for attending each meeting. But the number of such meetings is also prescribed in the said circular determining the

numbers with or without remuneration. During the year 2024 total of 35 (Thirty Five) Board Meetings, 1 (One) Executive Committee Meeting, 08 (Eight) Audit Committee Meetings and 04 (Four) Risk Management Committee Meetings were held and statements of attendance, as well as the remuneration of the Directors at those meeting, are disclosed at Page No. 119 as per BRPD circular no. 02 dated February 11, 2024.

## 11. Appointment, Retirement and Re-election of Directors

In terms of Article 105 (i) of the Articles of Association of the Bank, one-third of the Directors for the time being or if their number is not three or multiples of three (3) then the number nearest to one third (1/3) shall retire in rotation from office. Accordingly, the following three (3) Directors will retire in the 30<sup>th</sup> Annual General Meeting who are eligible for reelection as Director in the same AGM of the Bank.

1. Mrs. Jusna Ara Kashem
2. Mrs. Duluma Ahmed
3. Mr. Md. Nurul Islam  
(Nominee of Single Click IT Solutions Pvt. Ltd.)

The brief profile of the above three Directors along with other required information about them is available at Page No. 62 under "Profile of the Board of Directors". A statement detailing the name of the companies in which the directors of the Bank have interest is available under "Corporate Governance Report" included in this Annual Report.

## 12. Loans to Directors

No loan except Credit Card limit was allowed to any Director of the Bank in the year 2024.

## 13. Related Party Transaction

Transactions with related parties are made on a commercial basis on the principle of arm's length and are done in the ordinary course of business. Disclosure of all related party transactions, including the basis for such a transaction, is presented on Page No. 409 of the audited financial statement of the Bank.

## 14. Risk Management

Risk is inherent in every business operation, as a financial intermediary Bank is exposed to multidimensional risk. In today's banking, the importance of risk and risk management is intensified due to the extending

of banking horizon, incorporation of diversified and sophisticated banking products, system automation and tech-based services, etc. Risk Management is an institution wide approach, effectiveness of which depends on strong risk culture.

Overall accountability for risk management lies with the SEB PLC. Board. The Audit & Risk Committee of the Board assists the Board of Directors in its oversight of risk management, financial and assurance matters. The Board annually reviews and approves the design of the risk management framework and sets the Risk Appetite. This process incorporates a review of key aspects of the strategy and assesses whether adjustments to the material risks, risk appetite and related tolerances (i.e., limits and capacity) need to be made as the Bank’s operating environment evolves. The Board delegates responsibility for implementing the risk management framework, and managing the material risks within the appetite set, to the Executive Risk Management Committee (ERMC). The Risk Management Division (RMD) serves a crucial role in arranging bridge for the Bank’s two most significant risk platforms at the Board and management levels: the Board Risk Management Committee (BRMC) and the Executive Risk Management Committee (ERMC).

The Chief Risk Officer is responsible for designing and updating the Bank’s risk framework. The Chief Risk Officer works with branches & divisions of Head Office to support the identification, assessment, monitoring and reporting of risk exposures and their associated mitigants. Management is held accountable for managing the material risks within the appetite, thus enabling the Bank to make risk conscious decisions and generate appropriate returns, in a controlled and deliberate manner.

**Risk Management Framework**

The risk management framework of SEBPLC. is based on strong Board oversight, multi-tier management supervision, efficient systems, documented risk appetite, and clearly articulated policies and procedures. The management believes in transparency and acknowledgement of risk and accordingly takes necessary action to ensure risk is mitigated or managed timely. The Board and Management foster a risk and compliance culture and follows the ‘three lines of defense’ which ensure the segregation between risk owner, risk oversight and assurance role. The Risk management framework of SEBPLC. is framed covered with the following key areas.

**Risk Governance**

Risk governance forms the backbone of an effective risk management framework by establishing clear oversight and accountability mechanisms. In SEBPLC’s, this begins with the Board of Directors, which sets the tone for risk culture and approves risk policies. The Risk Management Committee and the Chief Risk Officer (CRO) play crucial roles in executing these policies and aligning risk strategies with organizational goals. Governance ensures that decision-making is informed by a thorough understanding of risks and is aligned with the bank’s overall objectives. It also promotes a structured approach to risk oversight, ensuring that responsibilities are well-defined and carried out effectively. Strong governance creates transparency, fosters trust among stakeholders, and enhances the bank’s ability to navigate complex financial challenges.

SEB PLC.’s organizational structure follows the Three Lines of Defense “3LoD” model. Details are depicted below with a clear definition of roles and responsibilities for all risk types.



Lines of defense	Committees/Team/Division/ Unit	Key Responsibilities
<b>1<sup>st</sup> Line of defense-</b> The First Line of Management in a bank typically includes individuals and teams directly involved in day-to-day operations that generate and manage risks. Refers to those roles in the	<b>Frontline Business Units:</b> Relationship managers, loan officers, and credit analysts responsible for originating loans, managing customer accounts, and maintaining portfolios. Treasury and trading teams handling investments and market transactions. <b>Operational Teams:</b> Branch managers and operational staff overseeing transactional activities, cash handling, and customer interactions. Trade finance and back-office teams processing documentation and financial operations. <b>Product and Service Managers:</b> Teams who design and implement financial products and services, ensuring they meet regulatory and risk guidelines.	Accountable for identifying, managing, and mitigating risks in their operations. Implements internal controls and ensures compliance with policies and procedures.  Continuously monitors risk indicators and provides regular reports on risk status to the second line of defense for further oversight.
<b>2<sup>nd</sup> Line of Defense</b> This line of defense is responsible for designing and implementing the risk management framework and policies in the bank. They ensure operations adhere to regulatory standards and align with the organization's risk appetite.	Executive Risk Management Committee Supervisory Process Team Risk Associate Committee Risk Management Division Basel Implementation Unit	Develops and implements risk management frameworks, policies, and procedures, ensuring compliance with established risk standards.  Oversees and challenges the first-line risk-taking activities, ensuring they align with the organization's policies, procedures, risk appetite and regulatory requirements.  Conducts risk assessments, evaluates risk exposures, and reports findings to senior management and the board.  Provides training and guidance to the first line of defense, enhancing their ability to identify, assess, and manage risks.
<b>3<sup>rd</sup> Line of Defense</b> Internal and external audit are the third line of defense, which is accountable for providing independent and objective assurance on the adequacy of the design, operating effectiveness and efficiency of the risk management system and systems of internal control.	Internal Audit External Audit	Independent Review and Challenge: Conducts impartial evaluations of the risk management framework, serving as a challenge function to the first and second lines.  Board Assurance: Provides assurance to the Board on the effectiveness of risk controls, governance, and overall framework performance.  Promoting Risk Culture: Ensures senior management investigates audit findings to address gaps and foster a strong risk-aware culture.



## **Risk Identification**

Risk identification is the foundation of Southeast Bank PLC's risk management process, as it focuses on detecting all potential risks that could impact the bank's operations or its strategic objectives. These risks include credit risks from loans and advances, market risks due to fluctuations in interest or exchange rates, operational risks from internal processes, and compliance risks arising from regulatory changes, among others. SEB PLC. identifies risks at both transactions level as well as Portfolio level. In essence, risk identification consists of identifying various risks associated at the transaction level and examining its impact on the portfolio level. Here, the bank resorts to various tools and techniques to identify risk issues timely. To ensure all-encompassing involvement, the bank has developed a risk register, a unique platform to flag risks at the individual level.

## **Risk Assessment**

Southeast Bank PLC. conducts risk assessment by identifying potential risks across various areas, such as credit, market, operational, and compliance. Once risks are identified, they must be evaluated to determine their potential impact and likelihood. The bank evaluates the likelihood and impact of these risks using both qualitative and quantitative methods, including scenario analysis and stress testing. SEB PLC. prioritizes risks based on their severity and probability, focusing on the most critical threats to its financial stability. Finally, the bank implements various risk mitigation strategies to manage, and control identified risks considering the nature, severity and impact of the risks.

## **Risk Appetite & Tolerance**

Risk Appetite is the amount and type of risk that Bank is willing and able to assume in its business to achieve strategic objectives. At the beginning of each year SEB PLC. formulated Risk Appetite Statement (RAS) considering strategic priorities, capital and liquidity base, risk management and control capabilities, macroeconomic environment, and regulatory constraints. For effective implementation, the philosophy of the RAS are shared with downline. Risk tolerance is defined as the maximum level of risk Bank can assume given its capital and liquidity base, risk management and control capabilities, and its regulatory constraints.

Risk Appetite is an integral element in SEBPLC.'s business planning processes via its risk plan and

strategy, to promote the appropriate alignment of risk, capital and performance targets, while at the same time considering risk tolerance and appetite constraints from both financial and non-financial risks. Compliance of the plan with Bank's risk appetite and capacity is also tested under stressed market conditions. Top-down risk appetite serves as the limit for risk-taking for the bottom-up planning from the business functions.

The Board of Directors reviews and approves Bank's Risk Appetite and Tolerance on an annual basis with the aim of ensuring that they are consistent with our Bank's strategy, business and regulatory environment and stakeholders' requirements.

## **Risk Control and Mitigation**

Southeast Bank PLC has implemented a structured approach to risk control and mitigation based on core risk guidelines. Dedicated divisions such as the Credit Risk Management Division (CRMD), Credit Administration Department (CAD), Special Asset Management Division (SAMD), Internal Control and Compliance Division (ICCD), Anti-Money Laundering Department (ALMD) address specific risk areas. A Basel Implementation Unit oversees Basel III compliance, and high-powered committees like the Asset Liability Committee (ALCO), Executive Risk Management Committee (ERMC), and Central Compliance Committee (CCC) ensure robust risk oversight. Moreover, it has instituted several high-powered committees to monitor and facilitate smooth risk management activities, such as Senior Management Team (SMT), Asset Liability Committee (ALCO), Executive Risk Management Committee (ERMC), Supervisory Review Process (SRP) Team, Central Compliance Committee (CCC), and Credit Committee (CC), among others

As part of its proactive risk management framework, SoutheastBank PLC. establishes trigger levels for various key risk parameters to identify and address potential risks before they materialize. These Management Action Trigger (MAT) alert the Management about the potential and emerging risk event(s), and to take appropriate and timely preventive measures to manage risks, depending on a set of established risk tolerance levels. MAT also articulates the next course of action taken by the Management when these levels or limits are breached.

Additionally, SEBPLC., adopt various strategies that eliminate or reduce the uncertainties associated with

the risk elements, this is called “Risk Mitigation”. While it helps in reducing adverse impact on profits, it limits upside potential as well. To mitigate different types of risks, banks employ various specialized techniques. For credit risk, traditional methods such as collateralization are used, where offered collateral assets are mortgaged with Bank’s as security against loans to reduce potential loss in case of default. To manage interest rate risk, banks use instruments like interest rate swaps, forward rate agreements (FRAs), and financial futures to hedge against rate fluctuations. For foreign exchange (forex) risk, forex forward contracts, forex options, and futures are utilized to protect against currency value changes.

### Risk Monitoring

In Southeast Bank PLC., risk monitoring is an ongoing process designed to track and manage various risks to ensure they align with the bank’s risk appetite and regulatory requirements. For credit risk, SEBPLC. monitors loan performance, default rates, and Non-Performing Loan (NPL), write off, rescheduling and recovery ratios to track any deterioration in asset quality. Market risk is assessed through real-time dashboards, GAP and Duration Gap Analysis, Value-at-Risk (VaR) models, and stress testing to measure the

impact of market fluctuations, such as interest rate changes and currency fluctuations. SEB also monitors operational risk by tracking incident logs, conducting internal audits, and performing risk control self-assessments (RCSAs), Risk Registers and Departmental control Function Checklist (DCFCL) to identify any operational weaknesses or fraud. Liquidity risk is evaluated through liquidity ratios, Structural Liquidity Profile (SLP) and liquidity stress tests to ensure that SEBPLC can meet its short-term obligations under various stressed conditions. Finally, compliance risk is managed by regularly reviewing regulatory reports, performing compliance audits, in line with changing regulations and mitigate legal or reputational risks. By continuously monitoring these risks, SEBPLC ensures it maintains financial stability and regulatory compliance.

### Periodic Risk Reporting

Risk reporting is an overarching element of inclusive risk management framework as it helps to articulate the risk profile of a bank meticulously. As part of the Risk management activities, RMD prepared the following risk reports and submitted to the Bangladesh Bank (BB) and Board of Directors of the Bank on timely fashion:

Reports	Description
Monthly Risk Management Report	Provides a consolidated overview of the bank’s risk exposures, including credit, market, operational, and liquidity risks, submitted to the Bangladesh Bank and the Board.
Comprehensive Risk Management Report (CRMR)	CRMR Prepare Quarterly, provides a detailed evaluation of all risk categories, analyzes emerging trends, and outlines mitigation strategies, supporting informed decision-making and robust risk governance.
Stress Testing Report	Evaluates the bank’s resilience and capital adequacy based on some extreme but plausible scenarios, identifying vulnerabilities, and assessing the potential impact on financial stability.
Duration Gap Analysis Report	Assesses mismatches between assets and liabilities over time to understand interest rate sensitivity and analysis its impact on Net Interest Income (NII) and Market Value of Equity (MVE).
Minimum Capital Adequacy Report Under Pillar-I of Basel III	Calculate the minimum capital requirements is required for the bank considering Credit risk, market risk and operational risk under Basel III norms.
Internal Capital Adequacy Assessment Report (ICAAP) under Pillar II of Basel III	Assesses the bank’s internal capital adequacy and ability to manage material risks beyond regulatory capital requirements under Pillar I.
Disclosure on Risk Based Capital	

Reports	Description
Adequacy under Pillar III of Basel III	Publicly discloses the bank's capital adequacy, risk exposures, and governance, ensuring transparency and market discipline.
Risk Appetite Statement (RAS)	Defines the bank's risk-taking capacity, outlining acceptable risk levels across different categories to align with strategic objectives and regulatory requirements.
SEBPLC. Recovery Plan	A Recovery Plan is crucial for banks to manage financial distress, ensuring the restoration of stability and operations in case of crises such as liquidity shortfalls, capital inadequacy, or operational failures. The plan includes early warning indicators, actionable recovery measures, and clear governance structures, ensuring a swift response to emerging risks.
Interest Rate Risk in Banking Book (IRRBB), Combinedly	Evaluates the risk of changes in interest rates affecting the bank's net interest income and economic value, ensuring effective management of interest rate risks.

### Stress Testing and Scenario Analysis

Stress testing is a risk management tool that SEB PLC. use to assess the potential impact of adverse market conditions on its portfolio. The purpose of stress testing is to identify potential vulnerabilities in the Bank's portfolio and to determine the level of capital the bank needs to hold to withstand adverse market conditions. According to the instruction and guideline of Bangladesh Bank, RMD has performed Stress Testing on quarterly basis and presents before the Bangladesh Bank and Risk Management Committee of the Board. Under sensitivity analysis of Stress Testing Bank can determine the possible impact on the Bank's capital adequacy ratio due to a sudden change in business or market conditions (i.e., performing loans directly downgraded to BL, NPL increases due to the default of top large borrowers, interest rate risk, FX risk, equity shock, etc.).

Scenario analysis is a forward-looking risk management tool used by Southeast Bank PLC to evaluate the potential impact of specific adverse events or scenarios on the bank's financial health and operations. It involves simulating hypothetical situations, such as economic downturns, regulatory changes, or market volatility, to assess their effects on key risk factors like credit quality, liquidity, and capital adequacy. This approach helps the bank identify vulnerabilities, test resilience under different conditions, and develop contingency plans. Scenario analysis supports strategic decision-making and complements other risk management

tools like stress testing to ensure a robust and adaptive risk management framework.

### Regulatory Compliance

Regulatory compliance is a cornerstone of Southeast Bank PLC's operations, ensuring adherence to all applicable laws, regulations, and guidelines set by Bangladesh Bank and other regulatory bodies. The bank systematically monitors updates to regulatory frameworks, integrates compliance requirements into its policies, and conducts regular audits to ensure alignment. SEB PLC is deeply committed to being a top-compliant bank in the country, consistently prioritizing regulatory adherence in all areas, including reporting obligations, prudential regulations, Basel III requirements, AML & CFT frameworks, foreign exchange regulations, and Environmental and Social Risk Management (ESRM).

SEBPLC firmly believes that maintaining robust regulatory compliance fosters transparency, strengthens financial stability, and upholds the highest ethical standards, reinforcing trust among stakeholders and ensuring sustainable growth.

### Risk Culture

As Risk Culture is an institution-wide approach, in which every member of the institution is fully aware of the risks associated with his or her assigned organizational role and is also aware of their responsibility in the risk management process, that's why SEBPLC. considers this as the fundamental of its risk management framework.

Risk Culture ensures that risks are identified early, assessed thoroughly, and addressed appropriately. A strong risk culture minimizes losses, ensures regulatory compliance, and aligns risk-taking with the bank's strategic objectives. It fosters resilience by encouraging proactive responses to emerging risks and reinforces trust among stakeholders, contributing to the bank's long-term success.

### 15. Statement of the Compliance of BSEC Notification

The following disclosures are made in compliance with certain provisions contained in the BSEC Notification dated June 03, 2018, and June 20, 2018.

- a. The financial statements prepared by the management present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- b. All transactions have been recorded in the accounting records and are reflected in the financial statements (ISA 580 11b). Accounting books have been properly maintained in the Bank.
- c. Appropriate accounting policies have been consistently applied in the preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.
- d. International Accounting Standards (IAS)/ International Financial Reporting Standards (IFRS) as applicable in Bangladesh have been followed except as outlined in Note No 2.1 in the financial statements.
- e. The system of internal control in the Bank is sound in design and has been effectively implemented and monitored.
- f. There are no doubts about the Bank's ability to continue as a going concern.

### 16. Subsidiaries of the Bank

#### Southeast Exchange Company (South Africa) Pty Ltd (Owned Subsidiary)

Southeast Bank's 100% owned subsidiary "Southeast Exchange Company (South Africa) Pty Ltd" has been operating in the Republic of South Africa as a remittance service provider since Year-2014. As part of our commitment in remittance procurement, we established our subsidiary in challenging and unconventional location in South Africa, where no

Banks and Exchange houses dare to establish their business.

Currently the subsidiary is providing remittance services to the Bangladeshi expatriates from its 03 (three) branches located in three important provinces successfully. These are:

- 1. Johannesburg Main Branch, opened on December 14, 2014
- 2. Cape Town Branch, opened on November 17, 2019
- 3. Bloemfontein Branch, opened on November 25, 2022

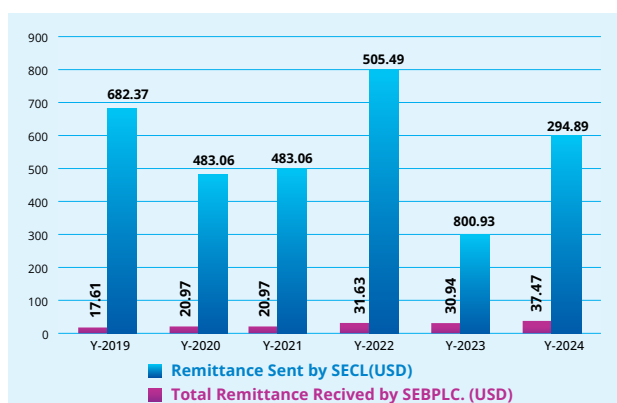
By leveraging more than 10 years of experience, the sage Board of our bank is considering expansion of SECL in other provinces of South Africa and neighbors' countries.

In this year, Southeast Exchange Company Limited reached a record collection of \$55.43 million USD, which was the 10.3 percent contribution of the total remittance collection of Southeast Bank PLC. Our Southeast Exchange Company Limited has seen a significant growth of 48 percent in remittance collections this year compared to the previous year.

Figure in Million USD

Year	Remittance Sent by SECL	Total remittance received by SEB PLC	Contribution (%)
2019	\$ 17.61	\$ 682.37	3%
2020	\$ 20.97	\$ 483.06	4%
2021	\$ 31.63	\$ 505.49	6%
2022	\$ 30.94	\$ 800.93	4%
2023	\$ 37.47	\$ 294.89	13%
2024	\$ 55.43	\$ 538.547	10.3%

The Southeast Bank head office team, through API, ensures the crediting of funds from South Africa via the BEFTN NIKASH channel within 24 hours; own bank account and cash can be withdrawn instantly. The bank's overseas subsidiary is facilitating various account opening services, including savings accounts, RFCD accounts, Wage Earners' Pension Savings Scheme (WE PSS). These services not only benefit the bank but also contribute to the country's efforts in acquiring more foreign currency.



### Southeast Bank Capital Services Limited

Southeast Bank Capital Services Limited (SEBCSL), a fully owned subsidiary of Southeast Bank PLC was established on September 23, 2010, under the Companies Act 1994 (amended in 2020) by the Registrar of Joint Stock Companies and Firms. As a public limited company, SEBCSL has an authorized capital of BDT 6,000 million and a paid-up capital of BDT 5,500 million. Since its inception, SEBCSL has been providing comprehensive merchant banking services, including Pre-IPO Placement, Issue Management, Underwriting, Portfolio Management and Corporate Advisory services. The company operates from its head office in Banglamotor, along with three branches located in Dilkusha, Mohammadpur, and Mirpur.

SEBCSL has established a strong presence in both primary and secondary capital markets, promoting a commendable track record in share investments. The company has made significant contributions to the capital market and has built a valuable network within the industry, upholding core values of ethics and integrity.

In 2024, SEBCSL faced many challenges including global economic instability, currency issues, and political challenges in Bangladesh. Despite this, the company continued to invest in its portfolio, which has grown over time. At the beginning of the year, the capital market looked promising, but it went through a downturn throughout the year 2024. The market index dropped significantly in the last six months, mainly due to serious political issues. This affected clients' investment opportunities and led to a big decrease in trading activities. Overall turnover of capital market impacted on the liquidity of investors, businesses and the wider financial economy.

Looking ahead to 2025, SEBCSL remains focused on overcoming these challenges. The hard work of the SEBCSL team aims to improve the company's performance and positively influence the capital market by ensuring us to serve our clients during these uncertain times.

### 17. Contribution to the National Exchequer

Southeast Bank PLC. being one of the leading financial institutions, contributes on time to the national exchequer in the form of taxes, VAT, excise duties etc. Southeast Bank PLC. contributed a sum of BDT 8,790.08 million to national exchequer in 2024. The contribution for 2023 was BDT 8,860.63 million.

The Bank's contributions to the National Exchequer for the last five (5) years are depicted here

Year	BDT in Million
2024	8,790.08
2023	8,860.83
2022	7,563.01
2021	5,803.87
2020	7,165.82

### 18. Declaration of Dividend

The Board of Directors has unanimously decided not to declare any dividend for the period, as the bank is prioritizing the strengthening of its capital base. This strategic decision aims to enhance the bank's long-term financial stability and support sustainable growth.

### 19. Corporate Social Responsibilities

Southeast Bank manages its business in a responsible way and contributes to the society and environment in which it operates. A report on Corporate Social Responsibility of the Bank in 2024 is included in this Annual Report at Page No. 228.

### 20. Management Discussion and Analysis

#### Accounting Policy and Estimations

Accounting Policy and Estimations are shown in the note no. 02 of financial statements in the page no.326 of this Annual Report.

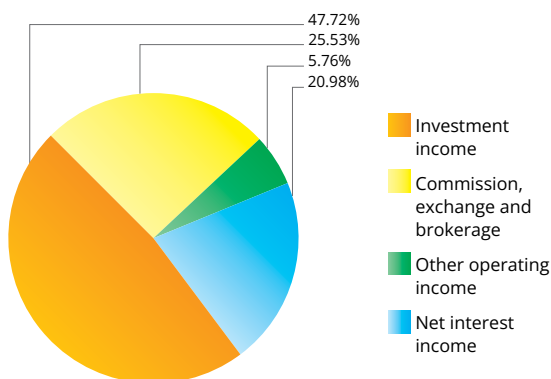


## Financial Performance for the Last 5 Years

Last five (5) years information are given below:

Year	Operating Income	Operating Profit	Net Profit	EPS	Return on Equity
2024	19,163.30	11,721.29	432.64	0.32	1.36%
2023	16,779.40	8,857.63	2,133.83	1.66	6.80%
2022	17,587.33	10,429.86	1,752.38	1.42	5.77%
2021	14,672.79	8,671.12	1,784.30	1.50	5.98%
2020	13,770.56	8,264.56	2,149.10	1.81	7.14%

- ▶ The Bank has earned operating profit of BDT 11,721.29 million in 2024 which comprises of net interest income, income from investment, commission, exchange etc.
- ▶ The operating income of the Bank stood at BDT 19,163.30 million at the end of 2024 while it was BDT 16,779.40 million in 2023.
- ▶ Net Profit after tax and provision was BDT 432.64 million during the year 2024 which was BDT 2,133.83 million in the previous year.
- ▶ Earnings per share was BDT 0.32 in the year 2024 which was BDT 1.66 in the previous year.
- ▶ Return on Equity (RoE) of the Bank was 1.36 percent in 2024 while it was 6.80 percent in the previous year.



Particulars	BDT in Million
Net interest income	4,021.21
Investment income	9,144.95
Commission, exchange and brokerage	4,892.67
Other operating income	1,104.47
<b>Total Operating Income</b>	<b>19,163.30</b>

## 21. Comparative Financial Performance Highlights of SEBPLC.

Southeast Bank PLC. renders financial services to customers and as a commercial bank sustainable profitability is one of its major goals. Banking industry passed a challenging year due to Foreign exchange rate inflation, war between Russia and Ukrain and post pandemic situation that affected the entire economy. Despite intensified challenges, SEB PLC. managed its portfolio efficiently in the year 2024. The prime focus during the year has been improving asset quality, recovering classified and written off loans, mobilization of deposits, process automation, upholding service excellence, and rationalizing costs. A brief review of financial performances are as follows:

BDT in Crore

Particulars	Group		% Changes	Bank		% Changes
	2024	2023		2024	2023	
Net Interest Income	402.12	266.10	51%	398.68	256.48	55%
Non-Interest Income	1,514.21	1,411.84	7%	1,494.79	1,390.90	7%
Total Operating Income	1,916.33	1,677.94	14%	1,893.48	1,647.37	15%
Total Operating Expenses	744.20	792.18	-6%	826.79	777.21	6%
Profit before provision & Tax	1,172.13	885.76	32%	1,066.69	870.16	23%
General provision	380.51	-118.99	-420%	380.51	(118.99)	-420%
Specific provision	295.72	628.59	-53%	295.72	628.59	-53%
Provision for investments	257.86	8.75	2846%	152.80	7.35	1979%
Other provisions	50.66	16.01	217%	47.66	9.10	424%
Total profit before taxation	187.37	351.40	-47%	189.99	344.11	-45%
Provision for taxation	144.11	138.02	4%	140.00	135.00	4%
Net profit after taxation	43.26	213.38	-80%	49.99	209.11	-76%
Earnings per share	0.32	1.60	-80%	0.37	1.56	-76%

- ▶ Net interest income (NII) contributed 20.98 percent of total operating income, whereas interest income was BDT 29,120.35 million and interest expenses was BDT 25,099.15 million in the year 2024.
- ▶ Non-interest income which contributed to the remaining 79.02 percent increased by 7.25 percentage mainly due to increase of income from

other operating income by 18.09 percent in 2024 compared to 2023.

- ▶ In the year 2023, operating income was BDT 19,163.30 million and operating expense was BDT 7,442.01 million. As a consequence, operating profit of the Bank reached at BDT 11,721.29 million in 2024.
- ▶ Total tax provision increased by 4.41 percent in 2024 mainly due to decrease of tax deductible expense for having lower amount of write-off loans in 2024 compare to 2023.

### **Risks and Concerns related to the Financial Statements**

SEBPLC implemented a comprehensive control mechanism to identify the risk related to financial statements and subsequent mitigations (if required) to ensure a true and fair view of the events and transactions during the period. The integrity of the Bank's public financial reporting is further supported by several processes and steps to provide assurance over the completeness and accuracy of the content including review and recommendation by the Audit Committee and review and approval by the Board.

### **Future Plan or Projection or Forecast for Bank's Operation, Performance and Financial Position**


Bangladesh has a strong track record of growth and development, even in times of elevated global uncertainty. The indicators of an exceptionally strong development record have inspired the country to aim even higher. Bangladesh economy shows an optimistic path of recovery in the future supported by continuous stimulus support by the government, implementation of mega projects & development of infrastructure, and expanding purchasing power of the middle class. Led by digital transformation, the Bank also expects to strengthen its operational & financial efficiency, scale up operations for the key business verticals, intensity business diversification & innovation for tapping the unexplored markets, and add new revenue streams for sustained growth in the future.

## **22. Acknowledgement**

The Board expresses gratitude to the Almighty Allah for the success of the Bank in 2024. The Board extends thanks to the valued customers, patrons and well-wishers for their continuous support and cooperation to the Bank. The Board also appreciates the dedicated services, commitment, devotion and hard work of the Management Team and all the employees at different levels of the Bank to achieve the Bank's goals. The Board conveys its earnest gratitude to the Government of the People's Republic of Bangladesh, Bangladesh Bank, the National Board of Revenue (NBR), the Bangladesh Securities and Exchange Commission, the Financial Reporting Council the Registrar of Joint Stock Companies and Firms, the Dhaka Stock Exchange PLC, The Chittagong Stock Exchange PLC and other concerned authorities for their continuous support and cooperation with the Bank. The Board also expresses its appreciation to M/S. Pinaki & Co., Chartered Accountants, the auditors of the Bank, for their efforts for timely completion of audit. The Board of Directors also thanks both print and electronic media personnel for providing media coverage of the Bank's various activities and events. Finally, the Board thanks the respected shareholders and assures them that it will continue to maximize the shareholder value through further strengthening and developing the Bank in which they have placed their trust and confidence.

Sincerely,

On behalf of the Board of Directors.



**M.A. Kashem**  
Chairman