Directors' Report

BISMILLAHIR RAHMANIR RAHIM

Dear Shareholders,

The Board of Directors of Southeast Bank PLC. takes this opportunity to welcome you all to the 31st Annual General Meeting of the Shareholders and has immense pleasure in laying before you the 31st Annual Report of the Bank together with the Auditors' Report for the year ended December 2025.

1. World Economic Scenario in 2025 and outlook for 2026

The global economy in 2025 is navigating a period of transition marked by shifting growth dynamics, policy recalibrations and heightened uncertainty. While resilience has been demonstrated in the face of trade tensions, geopolitical shocks, and post-pandemic adjustments, growth momentum is moderating across major regions. Advanced economies are balancing price stability against growth concerns, emerging markets face elevated debt and fiscal constraints, and global trade is adjusting to protectionist measures and evolving supply chains.

However, global growth continues to face headwinds. The tariff costs are increasingly being passed on to consumers, weighing on major economies and global demand. With moderating energy prices, global headline inflation is projected to move closer to central bank targets, although significant cross-country differences remain. Global growth is projected to slow from 3.3 percent in 2024 to around 3.2 percent in 2025, easing further to 3.1 percent in 2026.

Global inflation continues to move closer to central bank targets, though differences persist across countries. Global inflation is expected to decline gradually to 4.2 percent in 2025 and 3.7 percent in 2026. Central banks are therefore navigating a delicate balance between maintaining price stability and avoiding excessive tightening that could amplify the slowdown. Headline inflation edged up to an estimated 3.2 percent last year, while core inflation gradually eased amid slowing wage growth.

Goods inflation rose in advanced economies, particularly in the United States, reflecting tariff pass-through, whereas it declined in many emerging markets due to weaker tradable demand. Services inflation remained higher than goods inflation but has moderated alongside weaker labor markets and productivity gains from AI adoption. In the United States, tariff-related inflation is expected to peak in early 2026. Inflation in other advanced economies and EMDEs is forecast to ease further amid slower growth and cooling labor markets.

Advanced economies remained resilient in 2025 despite escalating trade tensions. Growth in advanced economies is forecast to average 1.6 percent in 2026 and remain stable in 2027.

In the United States, growth slowed to an estimated 2.1 percent in 2025. Investment surged due to technology spending and machinery imports. Growth is projected at 2.2 percent in 2026, supported by fiscal measures, before easing to 1.9 percent in 2027.

Euro-zone growth rose to 1.4 percent in 2025 but is expected to slow to 0.9 percent in 2026 as trade headwinds intensify. A recovery to 1.2 percent is forecasted in 2027, supported by exports, defense spending, and infrastructure investment. Fiscal constraints may limit expansion in some member states.

Japan's growth strengthened to 1.3 percent in 2025 but is projected to moderate to 0.8 percent in 2026–27 as external demand softens.

China's growth eased slightly to 4.9 percent in 2025 but exceeded earlier expectations due to fiscal stimulus and resilient exports. Growth is projected to slow to 4.4 percent in 2026 due to subdued confidence, property sector weakness, and softer labor markets. In 2027, growth is expected to moderate further to 4.2 percent, reflecting elevated debt, and demographic pressures.

Government debt in Emerging Market and Developing Economies (EMDEs) has reached its highest level in over five decades. In response, fiscal rules have gained prominence as tools for promoting discipline.

While advanced economies have largely surpassed pre-pandemic per capita income levels, more than one-quarter of EMDEs, particularly low-income and fragile states remain below 2019 income levels. Growth prospects across regions remain uneven.

The outlook for 2026 depends critically on restoring policy credibility, reducing uncertainty, and accelerating reforms. In a world characterized by fragmentation and shifting alignments, sustained growth will require not only macroeconomic stabilization but also deeper structural transformation and renewed multilateral cooperation.

Global goods and services trade growth is projected to decline from 3.4 percent in 2025 to 2.2 percent in 2026 as the effects of stockpiling fade. Growth is expected to recover modestly to 2.7 percent in 2027, broadly in line with global output. Nevertheless, the outlook remains subject to downside risks, including renewed trade tensions, potential export redirection, protectionist responses, and heightened geopolitical conflicts.

Subdued global activity, particularly slower growth in China, and the fading of commodity front-loading are expected to weaken demand for energy and industrial commodities in 2026. Commodity prices are projected to decline by 7 percent in 2026, following a similar decline in 2025, though they will remain about 20 percent above the 2015–19 average. A modest rebound of 4 percent is anticipated in 2027 due to oil market supply rebalancing.

Brent crude averaged $69 per barrel in 2025 and is projected to fall to $60 in 2026 as supply growth outpaces demand. Global oil consumption is expected to grow modestly, about half the pre-pandemic average pace. Oil markets may experience excess supply in 2026 due to increased OPEC+ production. Risks to oil prices are tilted downward, although geopolitical disruptions could push prices higher.

Natural gas prices are projected to diverge between the United States and Europe. U.S. prices are expected to rise due to increased LNG exports, while European prices are likely to decline as LNG availability improves and reliance on Russian pipeline gas decreases. Metal prices are forecast to remain broadly stable as green energy demand offsets weak industrial activity. Gold prices surged in 2025 due to safe-haven demand and central bank purchases and are expected to remain elevated. Agricultural prices are projected to ease modestly in 2026–27, although food prices are expected to remain broadly stable.

Looking ahead, the global economic outlook for 2026 and beyond will depend critically on restoring policy credibility, reducing uncertainty, and accelerating structural reforms. While headline inflation is gradually easing and commodity markets are adjusting, growth prospects remain uneven across regions, and downside risks from trade tensions, geopolitical conflicts, and protectionist measures persist. Achieving sustained and inclusive growth will require not only macroeconomic stabilization but also deeper structural transformation, strategic fiscal management, and renewed multilateral cooperation. In this evolving landscape, the ability of countries to navigate external shocks including geopolitical turmoil, adaptation to natural disaster, strengthen institutional frameworks, and implement targeted policy measures will be central to shaping a resilient global economy.

2. State of the Bangladesh Economy in 2025 and Economic Trends

The macroeconomic landscape of Bangladesh in 2025 and the early part of FY2026 has been shaped by evolving global trade dynamics, persistent geopolitical tensions, the impact of US tariff measures, enhanced regulatory oversight and domestic political developments.

Real growth of Gross Domestic Product (GDP) registered only 4.90 percent in FY2025 (IMF World Economic Outlook). While this represents a partial rebound from the disruptions caused by political unrest, it remains significantly below the country's historical average. Industrial production trends suggest that the recovery is underway. However, the Asian Development Bank projected a rebound to 5.1 percent growth in FY2026 as political stability improves.

Inflation remains one of the most persistent macroeconomic challenges. However, headline inflation eased to 8.49 percent in December 2025 (Bangladesh Bank Data) from last year, largely driven by a deceleration in food prices rather than a comprehensive easing of price pressures across the economy. Although food inflation fell to 7.71 percent during this period offering some relief to households, it is still not at comfort levels as wage growth has failed to keep pace with rising living costs. Besides, food inflation as well as headline inflation is showing a rising trend in the year 2026, which is a red flag for the overall inflationary outlook.

Weak private investment is another defining feature of the current macroeconomic landscape. Private sector credit growth fell to 6.10 percent in December 2025, the lowest in at least four years, following 6.23 percent in October and 6.52 percent in July 2025, reflecting subdued credit demand due to political uncertainty and tighter lending conditions in the banking system and high non-performing loans. The central bank previously tightened monetary policy to curb inflation, but the continued slowdown now threatens to impact industrial output and employment.

By contrast, public sector credit growth increased to 24.11 percent over the same period, indicating a growing reliance by the Government on domestic borrowing to finance its operations. While such borrowing may be necessary in the short term to maintain fiscal stability, it risks crowding out private investment and exacerbating pressures on the banking system if not carefully managed.

In 2025, Bangladesh's banking sector experienced an unprecedented hike in non-performing loans (NPLs), with defaulted loans around 34 percent by November 2025, marking the highest level in 25 years. The crisis has been largely driven by large corporate borrowers, with more than half of loans turning non-performing partly due to the domestic political situation, while NBFIs also faced severe stress with NPLs above 37 percent. The alarming rise has constrained banks' lending capacity, slowed investment, and prompted stricter regulatory scrutiny, underscoring the need for deep structural reforms to restore financial stability.

Growth in public expenditure, particularly development expenditure, declined sharply throughout FY2025, raising concerns about the sustainability of infrastructure investment, human capital formation, and long-term growth potential. The combination of weak revenue mobilization, political instability and constrained development expenditure poses a serious challenge to fiscal sustainability.

In 2025, Bangladesh faced a widening trade deficit as recovering domestic demand accelerated imports faster than export growth. Although exports rose by about 8.6 percent in FY25 to reach $48.28 billion, driven largely by ready-made garments, which continued to dominate and showed periodic surges such as strong growth in July overall performance remained volatile month-to-month. Imports rebounded in mid-2025, reflecting higher industrial activity, particularly in mineral fuels, cotton, machinery, and plastics, pushing the trade balance further into deficit (around BDT 219.48 billion in October). The U.S., Germany, and the U.K. remained key export destinations, while weak global demand, rising production costs, and geopolitical uncertainties continued to weigh on trade performance.

In 2025, Bangladesh witnessed a historic surge in foreign remittance, with inflows surpassing a record $32.82 billion for the calendar year, marking an approximate 22 percent increase over the previous year. This unprecedented growth, driven by increased use of formal banking channels and reduced Hundi activity, significantly boosted foreign exchange reserves and stabilized the external economy.

As of December 2025, Bangladesh's foreign exchange reserve stood at USD 33.19 billion, reflecting a relatively stabilized position after the pressures experienced in recent years due to elevated import payments, global commodity price volatility, exchange rate adjustments, and rising external debt servicing obligations. The reserve level has been supported by steady export earnings, stronger remittance inflows through formal channels and prudent import management. The adoption of flexible exchange rate arrangements has further encouraged workers' remittance inflow, which resulted in growth in forex reserves.

Looking ahead, the outlook for FY2026 indicates a modest recovery, although some risks remain. The Medium-Term Macroeconomic Policy Statement of June 2025 by the Ministry of Finance projected GDP growth to be 5.50 percent and inflation 6.50 percent in FY2026. On the other hand, the Bangladesh Bank forecasts real GDP growth to be 5.38 percent and average inflation to come down to 7.26 percent in FY2026, supported by improved political stability, a gradual recovery in domestic demand, and strengthening macroeconomic management. The anticipated stabilization of the political environment is expected to restore business confidence, stimulate private investment, and enhance trade and industrial activities.

3. Industry Outlook

In 2025, the banking industry in Bangladesh has been navigating a period of recalibration shaped by global trade realignments, geopolitical tensions, US tariff measures, domestic political developments, and strengthened regulatory oversight. While macroeconomic stabilization efforts are gradually restoring confidence, the industry is transitioning toward a more compliance-driven, risk-sensitive, and technology-enabled framework.

Impact of US Tariffs and Global Trade Policies & Domestic Political Developments

US tariff measures and evolving protectionist trade policies have direct implications for Bangladesh's export-oriented sectors, particularly the Readymade Garments (RMG) industry. Higher trade barriers and compliance requirements may compress export margins and lengthen working capital cycles.

For banks, this increases credit risk in export-heavy portfolios and heightens exposure to foreign exchange volatility. Trade finance monitoring, country risk assessment, and hedging solutions have become more critical.

Ongoing geopolitical conflicts, commodity price volatility, shipping disruptions, and shifts in global interest rate cycles continue to influence inflation, foreign exchange reserves, and capital flows. Domestic political dynamics influence investor confidence, business sentiment, and private sector investment decisions. Political transitions and policy adjustments would temporarily slow down project implementation or affect repayment capacity in certain sectors.

Maintaining governance discipline, transparency, and depositor confidence is therefore critical. Stability in domestic policy direction will remain an important determinant of financial sector resilience.

Strengthening of Regulatory Framework and Supervisory Oversight

A defining feature of 2025 is the significant strengthening of regulatory architecture in Bangladesh's banking sector. The central bank's shift toward Risk-Based Supervision (RBS) has intensified focus on capital adequacy, governance quality, internal controls, and risk concentration. Supervisory engagement is increasingly data-driven and forward-looking.

Implementation of Expected Credit Loss (ECL) provisioning frameworks will enhance transparency in loan loss recognition by incorporating forward-looking macroeconomic assumptions. This has improved risk sensitivity but also increased provisioning requirements.

The conduct of Asset Quality Reviews (AQR) has further reinforced loan classification accuracy and provisioning discipline. By identifying asset misclassification and under-provisioning, AQR exercises are restoring credibility and improving risk disclosure standards.

The implementation of Prompt Corrective Action (PCA) frameworks ensures early regulatory intervention when banks breach capital, asset quality, or liquidity thresholds. This promotes proactive corrective measures rather than reactive crisis management.

The introduction of a structured Banking Resolution Act framework strengthens mechanisms for early intervention, restructuring, or orderly resolution of distressed banks. This reduces systemic risk and protects depositor confidence.

Additionally, the introduction of Digital Banking will mark a transformative step in financial sector modernization. While increasing competition and fostering innovation, digital banks also necessitate enhanced cybersecurity oversight, data governance, and technology risk management standards across the industry.

Collectively, these regulatory reforms will fundamentally strengthen systemic stability and governance standards.

Asset Quality and Credit Risk Management

Inflationary pressures, exchange rate adjustments, trade disruptions, and political uncertainties have affected borrower repayment capacity, particularly in SME, trading, and import-dependent sectors. With stricter supervisory scrutiny, banks are intensifying recovery drives, strengthening early warning systems, applying risk-based pricing and supervision models, and enhancing sectoral exposure monitoring.

Liquidity and Capital Management

Competition for deposits, elevated funding costs, and regulatory capital requirements are compressing margins. Strengthened supervisory standards under RBS and PCA frameworks require banks to maintain adequate capital buffers and liquidity coverage ratios. Effective ALM strategies, diversified funding sources, and disciplined capital planning are therefore central to maintaining stability and supporting sustainable growth.

Digital Transformation and Financial Inclusion

Digital transformation remains a strategic growth pillar. Automation, artificial intelligence, advanced analytics, and cloud-based systems improve operational efficiency and customer engagement. Mobile financial services, agent banking, and newly licensed digital banks will expanding financial inclusion, especially in rural and underserved segments. However, increasing digital penetration demands stronger cybersecurity frameworks and operational risk management.

Sustainability and ESG Integration

Environmental, Social, and Governance (ESG) considerations are increasingly embedded in credit appraisal and investment strategies. Global buyers and investors are demanding stronger sustainability compliance, particularly in export sectors. Banks are expanding green financing portfolios in renewable energy, sustainable manufacturing, and environmentally compliant infrastructure, aligning risk management with long-term responsible growth.

Future Outlook

The future trajectory of Bangladesh's banking industry will depend on macroeconomic stabilization, geopolitical certainty, disciplined risk governance, and effective implementation of regulatory reforms.

While global and local risk and challenges are ongoing, strengthened supervisory frameworks, such as Risk-Based Supervision, ECL provisioning, AQR exercises, PCA mechanisms, the Banking Resolution framework, and digital banking reforms are enhancing systemic resilience.

The banking industry is transitioning toward a more transparent, capital-disciplined, and technology-driven model. With prudent governance, proactive risk management, and strategic diversification, Bangladesh's banking industry remains well-positioned to support sustainable and inclusive economic growth in a more regulated and globally interconnected environment.

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 15,000.00 million and its total paid capital reached BDT 13,373.96 million as of December 31, 2025. 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 31 years of banking operations, registering significant growth in performance indicators. In 2025, the bank earned an after-tax profit of BDT 3,350.33 million. The deposit of the bank stood at BDT 439,234.90 million, and loans and advances grew by 1.17 percent to BDT 377,258.69 million compared to those of 2024. Operational excellence coupled with qualitative improvements continued to be of paramount importance to the Bank.

At present, the bank has 137 branches and 2 Off-Shore Banking Units across the country. In 2025, 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 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 on December 31, 2025. The Capital and Reserves (Tier-1 Capital and Tier-II Capital) stood at BDT 51,096.18 million as compared to BDT 41,582.09 million in last year show an increase by 22.80 percent.

Capital and Reserve of the Bank as of December 31, 2025 were as follows:

BDT in Million

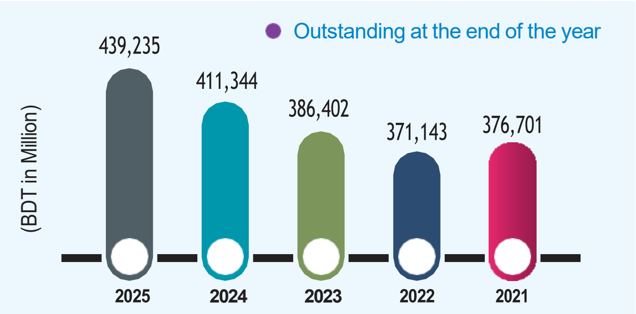
Regulatory Capital	Consolidated	Solo
TIER-1 CAPITAL		
1) Common Equity Tier-1 Capital (CET-1)	**29,276.48**	**29,173.43**
Fully Paid-up capital	13,373.96	13,373.96
Non- repayable share premium account	-	-
Statutory reserve	13,373.96	13,373.96
General reserve	247.65	247.65
Retained earnings	2,709.64	2,664.38
Dividend equalization Reserve	-	-
Minority interest in subsidiaries	57.79	-
Regulatory Adjustments		
Goodwill and all other Intangible assets	(275.44)	(275.44)
Reciprocal Crossholdings in the CET-1 Capital of Banking, Financial and Insurance Entities	(211.08)	(211.08)
2) Additional Tier-1 Capital (AT-1)	**5,000.00**	**5,000.00**
3) Total Tier-1 capital (1+2)	**34,276.48**	**34,173.43**
TIER-2 CAPITAL		
General provision (Unclassified loans, SMA, Off balance sheet)	12,819.70	12,819.70
Subordinated debt	4,000.00	4,000.00
All other preference shares	-	-
Total Tier-2 capital	**16,819.70**	**16,819.70**
Maximum Limit of Tier-2 Capital [considering para 3.2 (v) including foot note no. 9 of RBCA Guidelines]	17,682.07	17,664.36
Excess Amount over Maximum Limit of T-2	-	-
4) Total Admissible Tier-2 Capital	**16,819.70**	**16,819.70**
Total eligible capital (3+4)	**51,096.18**	**50,993.13**

Capital to Risk Weighted Assets Ratio (CRAR)

Southeast Bank has maintained Capital to Risk weighted Asset Ratio (CRAR) of 13.61% percent as on December 31, 2025 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

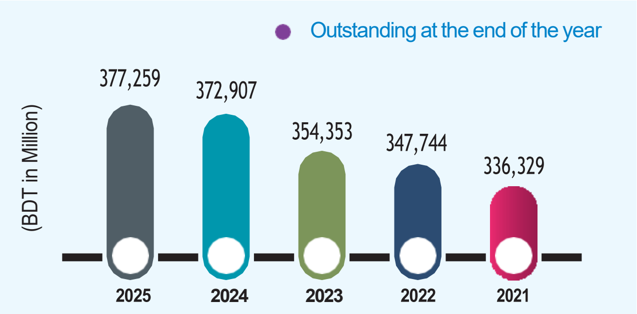
Total Deposit of the Bank stands as on December 2025 is amount of Tk. 439,234.90 million with an improvement of overall deposit mix. The existing deposit mix keeps other major liquidity indicators stable and above the regulatory requirement. SEBPLC has diversified its deposit base with numerous products 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 edge in interest spread. Low-cost deposit was 40.13 percent in 2025 and 43.18 percent in 2024.



Year	Outstanding at the end of the year (BDT in Million)	Growth Rate
2025	439,235	6.78%
2024	411,344	6.45%
2023	386,402	4.11%
2022	371,143	-1.48%
2021	376,701	4.77%

Lending and Investment

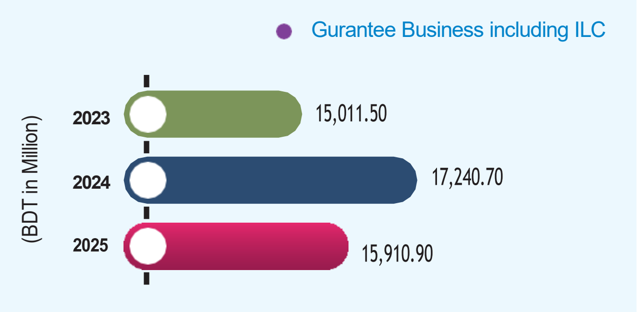
Due to price hike, war between Russia and Ukrain and post pandemic situation whole Banking industry as well as SEBPLC faced with various challenges in the year 2025, despite this the bank's loan portfolio stood at Tk. 377,258.69 as on December 31, 2025 with a growth of 1.17 Percent and good pre and post 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
2025	377,259	1.17%
2024	372,907	5.24%
2023	354,353	1.90%
2022	347,744	3.39%
2021	336,329	4.37%

Guarantee Business

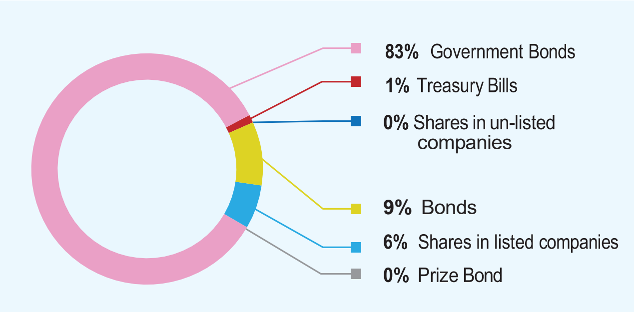
Guarantee Business (Open Ended/Close Ended) includes diverse segments like Performance Guarantee, Bid Bond, Advance Payment Guarantee, Retention Bond and Security Bond helps SEBPLC comprise a strong base for Non-Funded Business. In 2025 total Guarantee Business of the Bank amounted to BDT 15,910.90 million against the amount of BDT 17,240.70 million in 2024.



Year	Balance During the year (BDT in Million)
2023	15,011.50
2024	17,240.70
2025	15,910.90

Investment Mix

The investment portfolio of SEBPLC was BDT 123,899.38 million against BDT 123,734.42 million in the previous year. Total investment portfolio of SEBPLC consists of 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 unlisted Companies. The investments were kept mostly to align with SLR norms, as stipulated by Bangladesh Bank guidelines.



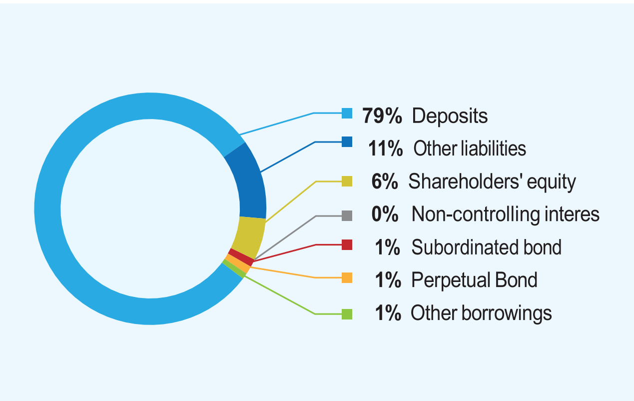
Key Operating and Financial Data

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.199 and 200 with year-to-year comparisons.

Source and Utilization of Funds

Total equities and liabilities as on December 31, 2025 stood at BDT 554,424.56 million.

Particulars	Percentage	BDT in Million
Subordinated Bond	1%	5,000.00
Perpetual Bond	1%	5,000.00
Other Borrowings	1%	7,485.41
Deposits	79%	439,234.90
Other Liabilities	11%	63,227.64
Shareholders' Equity	6%	34,418.82
Non-Controlling Interest	0%	57.79
Total	**100%**	**554,424.56**

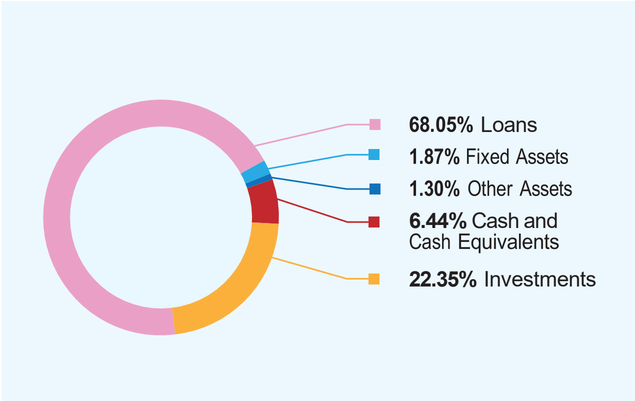


A lion's share of SEBPLC funds is derived from customer deposit accounts, bulk of which is utilized in loans and advances, as can be comprehended from the charts below. A slice of this fund is kept in the form of cash and cash equivalents to maintain CRR and SLR ratios, which currently stands at 4% and 13% for conventional banking and 4% and 5.5% 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 554,424.56 million as on December 31, 2025.

The break-up of total assets is given below:

Particulars	Percentage	BDT in Million
Cash and Cash Equivalents	6.44%	35,698.80
Investments	22.35%	123,899.38
Loans	68.05%	377,258.69
Fixed Assets	1.87%	10,377.23
Other Assets	1.30%	7,190.45
Total	**100%**	**554,424.56**



Statutory Reserve

The total amount of statutory reserve stood at BDT 13,373.96 million as on December 31, 2025 after 20% of the Profit Before Tax was transferred to statutory reserve for the year 2025.

6. Internal Control and Compliance

Southeast Bank PLC. maintains a comprehensive and integrated system of internal control and compliance designed to support sound governance, prudent risk management, and sustainable business growth. The internal control framework of the Bank comprises Board-approved policies, structured governance arrangements, risk management practices, operational procedures, and independent monitoring mechanisms. The framework is designed to safeguard assets, ensure the reliability of both financial and operational reporting, enhance operational efficiency, and mitigate risks arising from business/operational activities.

The Board of Directors of the bank places highest priority to fostering a strong control culture of integrity, accountability, transparency, and compliance with applicable laws, regulations, supervisory requirements, and best practices.

The effectiveness of internal controls, policies, procedures, and practices of the bank is overseen by the Board through its Audit Committee, which regularly reviews reports of internal inspections, compliance monitoring, Bangladesh Bank's inspections, external audit observations, and regulatory inspection findings. The Internal Control and Compliance Division acts independently of business units and plays a crucial role in risk-based inspection, compliance monitoring, and control assessment across the Bank.

SEBPLC. operates a structured control environment integrating preventive and detective controls across all operational and technological processes; these controls include:

- Segregation of duties and defined authority limits
- Comprehensive policy and procedure framework
- Risk-based internal inspections and monitoring
- Information and communication technology security controls
- Continuous review of operational and financial reporting processes
- Ongoing compliance monitoring and reporting

The Board apprehends that the Bank's internal control and compliance framework provides reasonable assurance regarding the achievement of strategic and operational objectives covering the nature, scale, and complexity of the Bank's operations.

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 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 Annual Business Policy Meeting as well as in quarterly meetings held with all the branches. Reports on status of implementation of 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 2025 is included in this Annual Report.

Minority Interest

Share capital structure of Southeast Bank PLC. as at December 31, 2025 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 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.

9. Board Meeting, Remuneration and Shareholding Pattern

Directors are not entitled to any remuneration other than the attendance fee for participating in the meetings of the Board and its Committees. As per BRPD Circular No. 02 dated February 11, 2024, Directors are eligible to receive an attendance fee of BDT 10,000 for each meeting attended, subject to the maximum number of remunerable meetings as prescribed in the said circular. During the year 2025, a total of 30 (Thirty) Board Meetings, 11 (Eleven) Executive Committee Meetings, 11 (Eleven) Audit Committee Meetings, and 04 (Four) Risk Management Committee Meetings were held. The statements of attendance and the remuneration paid to the Directors for these meetings are disclosed at Page No. 90, in compliance with BRPD Circular No. 02 dated February 11, 2024.

10. 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 (03) Directors will retire in the 31st Annual General Meeting who are eligible for re-election as Director in the same AGM of the Bank.

a) Mr. Nasir Uddin Ahmed
b) Ms. Nur Nahar Tarin
c) Mr. Md. Rafiqul Islam (Nominee of Asia Insurance PLC.)

The brief profile of the above three Directors along with other required information about them is available at Page No. 47 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.

11. Loans to Directors

No loan except Credit Card limit was allowed to any Director of the Bank in the year 2025.

12. 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. Disclosures of all related party transactions, including the basis for such a transaction, is presented on Page No. 339 of the audited financial statement of the Bank.

13. Risk Management

Risk is intrinsic to banking operations. As a financial intermediary, Southeast Bank PLC. is exposed to a broad spectrum of financial and non-financial risks arising from its business activities, evolving regulatory expectations, macroeconomic conditions, and technological advancements. In an increasingly complex operating environment characterized by diversified products, digital delivery channels, and heightened supervisory scrutiny, the role of effective risk management has become more critical than ever.

Southeast Bank PLC. adopts an institution-wide, forward-looking risk management approach, underpinned by a strong risk culture, robust governance, and in alignment with Bangladesh Bank's Risk-Based Supervision (RBS) framework. Risk management is embedded into strategic planning, capital allocation, and day-to-day decision-making to ensure sustainable growth while safeguarding depositors' and stakeholders' interests.

Risk Governance and Oversight

Overall accountability for risk management rests with the Board of Directors. The Board is supported by the Audit Committee of the Board and Board Risk Management Committee (BRMC), which provides oversight on risk governance, internal control, capital adequacy, Risk Appetite, and key risk policies and tolerance limits

These reviews are conducted in light of the Bank's strategic objectives, regulatory requirements, capital and liquidity position, and prevailing macroeconomic conditions. The Board ensures that material risks remain within approved appetite and that emerging risks are identified in a timely manner.

Risk Management Framework

The Bank has reconstructed its risk management framework across all levels of the organization with regulatory expectations under Bangladesh Bank's Expected Credit Loss (ECL) to align with the Risk Based Supervision (RBS) methodology. Transparency, early risk recognition, and timely corrective action are now the cornerstone of the Bank's risk philosophy.

Credit risk management is supported by structured processes, including HOCRC meetings, portfolio quality reviews, sectoral concentration monitoring, large loan monitoring, PIF monitoring, stressed asset monitoring, etc. These mechanisms strengthen portfolio resilience and enable early identification of credit deterioration.

Market and liquidity risks are monitored through defined risk indicators and reviewed regularly by the Asset Liability Committee (ALCO). Limits, stress indicators, and escalation thresholds are in place to ensure exposures remain within approved tolerance levels.

Operational risk: The Bank's operational and fraud risk profiles are periodically reviewed by senior management and reported to the Board, as required. Other material risks—including AML/CFT, information security, and reputational risk—are governed under dedicated frameworks and policies.

Basel III and Capital Adequacy

The Bank follows the Standardized Approach for credit and market risk and the Basic Indicator Approach for operational risk in computing Minimum Capital Requirements under Basel III, in line with Bangladesh Bank guidelines. Eligible collateral is recognized under the prescribed simple approach for credit risk mitigation.

Capital planning and management are integral to the Bank's risk governance process. The Bank maintains regulatory ratios, including CRAR, Leverage Ratio, Liquidity Coverage Ratio (LCR), and Net Stable Funding Ratio (NSFR), and continuously monitors capital buffers against internal and regulatory thresholds.

ERMC and CRO

Responsibility for implementing the risk framework is delegated to the Executive Risk Management Committee (ERMC). The Risk Management Division (RMD) acts as the central coordinating function, serving as a bridge between Board-level oversight and management-level execution, and facilitating informed risk-based decision-making.

The Chief Risk Officer (CRO) is responsible for designing, maintaining, and enhancing the Bank's risk management framework. Working closely with business units and support functions, the CRO oversees the identification, measurement, monitoring, and reporting of risk exposures, including the adequacy of mitigating controls. Business heads remain accountable for managing risks within approved limits, reinforcing the principle of ownership across the organization.

Risk Appetite and Tolerance

Risk Appetite defines the nature and level of risk the Bank is willing to accept in pursuit of its strategic objectives. The Bank formulates its Risk Appetite Statement annually and reviews semi-annually/ quarterly, considering business strategy, capital strength, liquidity position, risk management capability, macroeconomic outlook, and regulatory constraints.

Risk tolerance represents the maximum level of risk the Bank can assume without breaching regulatory or internal capacity limits. The Risk Appetite framework is integrated into business planning, budgeting, and performance management, ensuring alignment between risk, return, and capital.

Compliance with risk appetite is tested under both normal and stressed scenarios, reinforcing a top-down discipline for risk-taking across business units. The Board reviews and approves the Risk Appetite and Tolerance annually.

ECL Alignment

The Bank is at per regulatory roadmap for implementing Expected Credit Loss (ECL) model for loan loss provisioning in accordance with IFRS-9 by 2027. The Bank has already established IFRS-9 implementation team which is working effectively for the full implementation of the model. A working committee under the supervision of IFRS-9 implementation team has been formed which has already worked effectively to build comprehensive borrower database and pre-assessment report on transition plans by the Bank. The Bank has also taken effective measures to ensure capacity building and internal readiness for full implementation of ECL from 2027.

Risk Based Supervision (RBS): Implementation and Readiness

In line with the supervisory expectations of Bangladesh Bank, Southeast Bank PLC. has progressively aligned its risk management architecture, governance processes, and internal controls with the Risk-Based Supervision (RBS) framework. The Bank recognizes RBS as a cornerstone of modern prudential regulation, emphasizing forward-looking risk identification, proportional supervisory focus, and the assessment of both inherent risks and the effectiveness of mitigating controls.

The Risk Management Committee of the Board (BRMC) and Executive Risk Management Committee (ERMC) review key risk indicators, risk dashboards, stress testing outcomes, and early warning signals consistent with RBS supervisory focus.

Overall, the Bank considers itself to be operationally and institutionally prepared for Risk-Based Supervision, with ongoing initiatives focused on deepening risk analytics, strengthening data quality, and further integrating RBS principles into business strategy and performance evaluation. Continuous engagement with regulatory guidance and supervisory feedback remains a priority to ensure sustained compliance and resilience in an evolving regulatory landscape.

Management Action Triggers (MAT)

The Bank has implemented a Management Action Trigger (MAT) framework as a proactive risk management tool. MAT establishes predefined thresholds for key risk indicators, enabling early warning of potential stress and timely management intervention. Breaches of MAT thresholds trigger defined escalation and corrective actions, strengthening preventive risk control.

Stress Testing and ICAAP

Stress testing is an integral component of the Bank's risk management and Internal Capital Adequacy Assessment Process (ICAAP). In line with Bangladesh Bank guidelines, the Bank conducts quarterly stress testing exercises covering credit, market, liquidity, and concentration risks.

Sensitivity analyses assess the impact of adverse scenarios—such as deterioration in asset quality, default of large borrowers, interest rate shocks, foreign exchange volatility, and equity market movements- on capital adequacy and financial resilience. Stress testing outcomes inform capital planning, risk appetite calibration, and contingency strategies.

Risk Communication and Treatment

Southeast Bank PLC. believes that effective risk communication is fundamental to maintaining a sound risk culture. Senior management actively disseminates risk policies, procedures, and accountability structures across the organization, ensuring that employees understand the risks associated with their activities and their responsibilities in managing them.

Risk treatment decisions are scenario-driven and may include risk avoidance, acceptance, mitigation, or transfer, depending on strategic objectives and prevailing conditions.

The Bank is committed to fostering a strong and sustainable risk culture, where every employee understands and discharges their risk management responsibilities. An open and transparent environment is encouraged, enabling timely escalation of risk concerns and constructive dialogue across the organization. This culture underpins the Bank's ability to operate prudently, comply with regulatory expectations, and achieve long-term stability.

14. 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.

15. Subsidiaries of the Bank

Southeast Exchange Company (South Africa) Pty. Limited

Southeast Bank PLC. established a wholly owned subsidiary, Southeast Exchange Company (South Africa) Pty Ltd, in the Republic of South Africa in 2014. Since its establishment, SECL has been operating successfully despite the challenging and unconventional business environment in South Africa. The country is the 15th largest source of remittance inflow for Bangladesh, and SECL contributes significantly by holding more than 10 percent share of the total remittance sent from South Africa.

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

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 also neighbors countries.

In this year, Southeast Exchange Company Limited reached a record collection of $ 55.76 million, which was 9.39 percent contribution of the total remittance collection of Southeast Bank PLC. Our Southeast Exchange Company Limited has seen a significant contribution of around 10 percent of the total remittance collections.

Year	Remittance Sent by SECL	Total remittance received by SEB PLC	Contribution (%)
Y-2021	$ 31.63 Million	$ 505.49 Million	6%
Y-2022	$ 30.94 Million	$ 800.93 Million	4%
Y-2023	$ 37.47 Million	$ 294.89 Million	13%
Y-2024	$ 55.43 Million	$ 538.547 Million	10.30%
Y-2025	$ 55.76 Million	$ 620 Million	9.39%

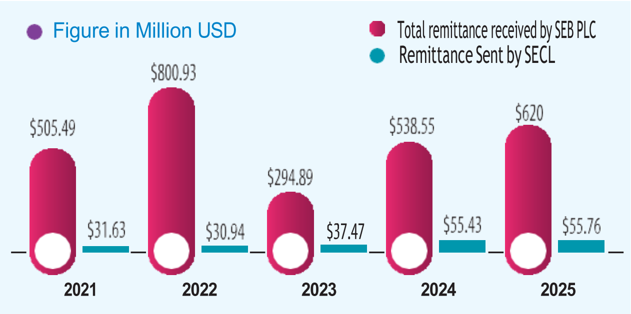


Figure: Comparison between SEB PLC and SECL remittance procurement

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 instant. The bank's overseas subsidiary is facilitating various account opening services, including savings accounts, RFCD accounts, Wage Earners' Pension Savings Scheme (WEPSS), Wage Earners' Development Bond (WEDB), US Dollar Premium Bond, and US Dollar Investment Bond. 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

In a rapidly evolving financial landscape- where businesses increasingly seek long-term capital and investors prioritize disciplined, performance-driven opportunities, the need for a specialized institution capable of bridging capital demand with strategic investment solutions has become more significant than ever. Guided by this vision, Southeast Bank Capital Services Limited (SEBCSL) was established back in 2010 to extend capital market services beyond traditional banking practices, providing a structured platform for clients to raise funds, manage financial risks, and build sustainable wealth. The Company was formed to act as a catalyst for capital formation, offering professional advisory and investment management services aligned with the dynamic requirements of Bangladesh's growing economy.

From inception, SEBCSL has remained committed to fostering trust, delivering prudent financial guidance, and supporting sustainable economic progress through responsible capital mobilization. Over time, its service offerings expanded to include portfolio management, issue management, corporate advisory, and fund arrangement services- each designed to strengthen corporate growth while enhancing investor confidence.

Built on consistent growth, robust governance, and a client-centric philosophy, SEBCSL continues to play a pivotal role in connecting capital with opportunity. By enabling businesses to access the financial resources they need and providing investors with structured, reliable avenues for wealth creation, the Company remains dedicated to generating long-term value for all its stakeholders.

Services:

At present, SEBCSL is extending following services to its clients:

1. Portfolio Management Services
2. Issue Management Services
3. Corporate Advisory Services
4. Fund Arrangements Services

Brief description of the major services is given in the following parts.

Portfolio Management:

SEBCSL provides customized portfolio solutions for both individual and institutional investors.

- **Non-Discretionary Portfolio:** SEBCSL offers both margin and non-margin trading accounts. Margin accounts allow enhanced purchasing power, while non-margin accounts offer a simple cash-based approach. Investors should choose based on their goals, risk appetite, and associated fees.
- **Discretionary Portfolio:** SEBCSL manages investment portfolios for high-net-worth and institutional clients by designing tailored strategies and making investment decisions on their behalf. Clients receive regular updates and expert guidance to support long-term financial goals.

Issue Management Services:

SEBCSL specializes in helping companies raise capital efficiently.

- **Initial Public Offerings (IPOs):** End-to-end management including prospectus preparation, valuation, regulatory filings, investor roadshows, and post-listing support.
- **Repeat Public Offerings (RPOs):** Support for listed companies issuing additional shares to raise more capital.
- **Public Offer of Bonds:** Arrangement of public debt issuance with fixed or variable returns.
- **Qualified Investor Offers (QIOs):** Assistance for SMEs to raise funds through SME platforms of local exchanges.
- **Rights Offerings:** Advisory on raising additional equity through rights issues structured for business expansion.
- **Direct Listing:** Facilitating listing of eligible companies without raising fresh capital.
- **Registrar to the Issue:** Complete management of applications, allotments, refunds, and investor records during public offerings.
- **Listing in the ATB:** Support for listing non-listed securities like debt instruments, preference shares, and SME securities on the Alternative Trading Board.
- **Underwriting Services:** Full-fledged underwriting, including offer evaluation, documentation, and risk mitigation by subscribing to undersubscribed issues. SEBCSL has underwritten IPOs and Rights issues worth BDT 915 million.

Corporate Advisory:

- **Mergers & Acquisitions (M&A):** Advisory on mergers, acquisitions, divestments, valuations, and capital restructuring.
- **Demerger & Reverse Merger:**
    - **Demerger:** Separation of a business unit into a new or existing entity.
    - **Reverse Merger:** Private companies merging into listed entities to gain listing status.
- **Substantial Share Acquisition:** Advisory and compliance support for acquiring significant stakes in listed companies.

Fund Arrangement Services:

- **Bond Issuance:** Structuring, documentation, approval, and placement of corporate bonds, including Zero Coupon, Coupon Bearing, Green, Perpetual, and Convertible Bonds.
- **Sukuk / Islamic Securities:** Arrangement of Shariah-compliant asset-backed or asset-based financing instruments.
- **Preference Share Issuance:** Advisory and execution for raising funds through public or private issuance of preference shares.
- **Divestment Advisory:** Assistance in strategic divestments of subsidiaries, units, or investments to enhance shareholder value or meet strategic objectives.
- **Private Equity:** Investment support for unlisted companies for growth, restructuring, or expansion.
- **Venture Capital:** Early-stage financing for startups and high-growth ventures in exchange for equity.
- **Project Loan Syndication:** End-to-end services for arranging large-scale project financing by coordinating syndicates of banks and financial institutions, including structuring, negotiation, regulatory compliance, and disbursement coordination.

Financial Highlights

[in Million BDT]

Particulars	2025	2024	2023
Total Assets	6,577.37	6,531.50	6,569.56
Total Liabilities	2,158.41	1,948.93	979.10
Shareholders' Equity	4,418.95	4,582.56	5,590.46
Margin Loan Disbursed	2,834.56	2,920.01	2,946.42
Revenue	117.29	174.35	266.89
Gross Profit	59.54	98.84	183.51
Operating Income	22.18	37.64	113.56

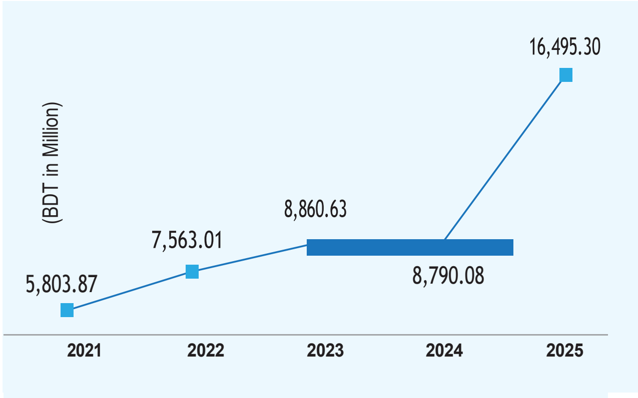
TeleCash Limited

TeleCash maintained a consistent profitability trajectory over the past five consecutive years (2020–2024), demonstrating prudent business strategy and strong operational resilience. However, in 2025 the company experienced a temporary moderation in profit performance due to ongoing strategic transformation initiatives and market dynamics. Continuous exploration of niche market segments, coupled with a focused expansion of its existing service portfolio, has been instrumental in sustaining this growth momentum. At present, TeleCash is undergoing a strategic transformation to operate as a subsidiary of Southeast Bank PLC. under the name TeleCash Limited. This transition is aimed not only at ensuring sustainable competitiveness in an increasingly dynamic and competitive Mobile Financial Services landscape, but also at enabling deeper and more structured market penetration through a well-calibrated growth strategy.

Southeast Bank PLC. is committed to strengthening TeleCash as a vibrant and technology-driven digital financial platform that can make meaningful contributions to the national financial inclusion agenda and support the vision of building a Smart Bangladesh. In line with this objective, the Bank has undertaken a comprehensive technological overhaul of TeleCash's infrastructure by deploying state-of-the-art systems to ensure secure, reliable, and uninterrupted mobile financial services. Going forward, TeleCash remains focused on introducing innovative and customer-centric digital solutions at regular intervals to address evolving market needs while enhancing overall customer satisfaction.

16. 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 16,495.30 million to national exchequer in 2025. The contribution for 2024 was BDT 8,790.08 million.



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

Sl. No.	Year	Amount in BDT
1	2021	5,803.87
2	2022	7,563.01
3	2023	8,860.63
4	2024	8,790.08
5	2025	16,495.30

17. Declaration of Dividend

The Board of Directors in its 789th meeting held on April 29, 2026 recommended 10 percent dividend of which 3 percent Cash Dividend and 7 percent Stock Dividend for distribution amongst the shareholders for the year 2025 subject to the approval of the Shareholders in the 31st Annual General Meeting. In order to maintain consistency in dividend payout ratio Southeast Bank PLC. declared dividend in combination of Cash and Stock considering the liquidity and capital adequacy of the Bank for sustainable growth

18. 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 2025 is included in this Annual Report at Page No. 188.

19. Management Discussion and Analysis

Accounting Policy and Estimations

Accounting Policy and Estimations are shown in the Note No. 02 of Financial Statements in Page No. 271 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
2025	19,818.02	11,978.43	3,350.33	2.51	10.16%
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%

- The Bank has earned operating profit of BDT 11,978.43 million in 2025 which comprises of net interest income, income from investment, commission, exchange etc.
- The operating income of the Bank stood at BDT 19,818.02 million at the end of 2025 while it was BDT 19,163.30 million in 2024.
- Net Profit after tax and provision was BDT 3,350.33 million during the year 2025 which was BDT 432.64 million in the previous year.
- Earnings per share was BDT 2.51 in the year 2025 which was BDT 0.32 in the previous year.
- Return on Equity (RoE) of the Bank was 10.16 percent in 2025 while it was 1.36 percent in the previous year.

20. Comparative Financial Performance Highlights of SEBPLC.

Financial Performance Review – 2025

Southeast Bank PLC. demonstrated resilience and prudent financial management amid a challenging macroeconomic environment in 2025. Despite persistent inflationary pressure, foreign exchange volatility, global geopolitical tensions including the war between Russia and Ukraine, and post-pandemic economic adjustments, the Bank maintained steady operational performance and strengthened its financial fundamentals.

Profitability

During the year under review, the Bank recorded stable growth in operating income supported by disciplined asset-liability management and a diversified revenue base. Net interest income improved through effective pricing strategies and optimized deployment of funds, while non-interest income contributed positively through trade finance, remittance services, and commission-based activities.

Profit before tax and profit after tax reflected the Bank's continued focus on sustainable earnings, prudent provisioning, and cost rationalization measures. Earnings per share (EPS) remained satisfactory, reinforcing shareholder value.

Asset Quality

Improvement in asset quality remained a strategic priority in 2025. The Bank intensified its recovery initiatives and strengthened credit monitoring mechanisms. As a result:

- The ratio of classified loans to total loans showed improvement.
- Recovery of non-performing loans (NPLs), including written-off loans, increased during the year.
- Adequate provisions were maintained in compliance with regulatory guidelines.

These measures contributed to enhancing the overall health and sustainability of the loan portfolio.

Deposit and Liquidity Position

The Bank achieved steady growth in deposits through focused mobilization strategies, enhanced customer engagement, and expansion of digital banking services. Emphasis was placed on increasing low-cost and stable deposits to strengthen the funding base.

Liquidity indicators remained within regulatory requirements, ensuring the Bank's strong ability to meet its short-term obligations. The Advance-to-Deposit Ratio (ADR) was maintained at a prudent level in line with Bangladesh Bank guidelines.

Capital Adequacy

The Bank maintained a strong capital position throughout the year. The Capital Adequacy Ratio (CAR) remained above the minimum regulatory requirement, reflecting a sound risk management framework and adequate capital buffer to absorb potential shocks.

Cost Efficiency

Operational efficiency continued to improve through process automation, digitization initiatives, and cost control measures. The Cost-to-Income Ratio was managed prudently, reflecting the Bank's ongoing commitment to rationalizing expenses while maintaining service excellence.

Return Indicators

Return on Assets (ROA) and Return on Equity (ROE) remained stable despite macroeconomic challenges, demonstrating effective utilization of resources and sustained value creation for shareholders.

Outlook

Looking ahead, Southeast Bank PLC. remains committed to strengthening asset quality, expanding digital capabilities, enhancing customer-centric services, and maintaining sustainable profitability. With prudent risk management and strategic focus, the Bank is well-positioned to navigate future economic uncertainties and deliver long-term value to its stakeholders.

BDT in Crore

Particulars	Group		% Changes	Bank		% Chang-es
	2025	2024		2025	2024	
Net Interest Income	211.55	402.12	-47%	208.89	398.68	-48%
Non-Interest Income	1,770.25	1,514.21	17%	1,743.14	1,494.79	17%
Total Operating Income	1,981.80	1916.33	3%	1,952.02	1,893.48	3%
Total Operating Expenses	783.96	744.20	5%	779.65	826.79	-6%
Profit before Provision & Tax	**1,197.84**	**1172.13**	**2%**	**1,172.37**	**1,066.69**	**10%**
General Provision	717.82	380.51	89%	717.82	380.51	89%
Specific Provision	-	295.72	-100%	-	295.72	-100%
Provision for Investments	23.72	257.86	-91%	13.37	152.80	-91%
Other Provisions	6.83	50.66	-87%	(3.23)	47.66	-107%
Total Profit before Taxation	**449.47**	**187.37**	**140%**	**444.42**	**189.99**	**134%**
Provision for Taxation	114.44	144.11	-21%	110.00	140.00	-21%
Net Profit after Taxation	**335.03**	**43.26**	**674%**	**334.42**	**49.99**	**569%**
Earnings Per Share	**2.51**	**0.32**	**684%**	**2.50**	**0.37**	**576%**

- Net interest income (NII) contributed 10.67% of total operating income, whereas interest income was BDT 33,295.91 million and interest expenses was BDT 31,180.36 million in the year 2025.
- Non-interest income which contributed to the remaining 89.33 percentage increased by 16.19% percentage mainly due to increase of income from other operating income by 30.28 percentage in 2025 compared to 2024.
- In the year 2025, operating income was BDT 19,818.02 million and operating expense was BDT 7,839.60 million. As a consequence, operating profit of the Bank reached BDT 11,978.43 million in 2025.
- Total tax provision decreased by 20.59% in 2025 mainly due to decrease of tax-deductible expense for having lower amount of write-off loans in 2025 compared to 2024.

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.

21. Acknowledgement

The Board expresses gratitude to the Almighty Allah for the success of the Bank in 2025. The Board extends thanks to the valued customers, patrons and well-wishers for their continuous support and cooperation with 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. Shafiq Basak & 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
Board of Directors