



Directors' Report

Bismillahir Rahmanir Rahim

Dear Shareholders,

The Board of Directors of Southeast Bank PLC. takes this opportunity to welcome you all to the 29th Annual General Meeting of the Shareholders and has immense pleasure to lay before you the 29th Annual Report of the Bank together with the Auditors' Report for the year ended December, 2023.

1. World Economic Scenario in 2023 and outlook for 2024

The global economic growth in 2023 remains highly uncertain due to the impact of the COVID-19 pandemic over the past three years and the growing adverse effects of the ongoing Russia's war in Ukraine added with recent surge of Palestine-Israel conflict.

Global growth is set to slow down amid the lagged and ongoing effects of tight monetary policy, restrictive financial conditions, and reduced global trade and investment including escalation of the recent conflict in the Middle East and associated commodity market disruptions, financial stress amid elevated debt and high borrowing costs, persistent inflation, weaker-than-expected activity in China, trade fragmentation, and climate-related disasters. Investment in emerging market and developing economies (EMDEs) is likely to remain subdued. At the global level, cooperation needs to be strengthened to provide debt relief, facilitate trade integration, tackle climate change, and alleviate food insecurity.

According to World Bank global growth is expected to slow down to 2.40% in 2024 the third consecutive year of deceleration reflecting the lagged and ongoing effects of tight monetary policies to lead in decades-high inflation, restrictive credit conditions, and anemic global trade and investment. The recent conflict in the Middle East, added with the Russia-Ukraine war, has heightened geopolitical risks. Conflict escalation could lead to surging energy prices, with broader implications for global activity and inflation. Other risks include financial stress related to elevated real interest rates, persistent inflation, weaker-than-expected growth in China, further trade fragmentation, and climate change-related disasters.

Against this backdrop, policy makers will face enormous challenges and difficult trade-offs. Elevated public debt and borrowing costs pose significant challenges to EMDEs, particularly those with weak credit ratings seeking to improve fiscal sustainability while meeting investment needs. Commodity exporters face the additional challenge of coping with commodity price fluctuations, underscoring the need for strong policy frameworks.

Global headline consumer price inflation declined substantially in 2023 but remains above target in most inflation-targeting advanced economies and about half of inflation-targeting EMDEs. In major advanced economies, a notable fall in goods inflation was offset by persistent services inflation.

Global headline inflation is projected to moderate further over 2024-25, with core inflation slowing and commodity prices declining, but to remain above its pre-pandemic average beyond 2024. In 2024-25, global inflation is expected to decline further, underpinned by the projected weakness in global demand growth and slightly lower commodity prices. Global headline inflation, on a year-on-year basis, is forecasted by the world Bank to recede to 3.7% in 2024 and 3.4% in 2025.

Global goods trade contracted in 2023, marking the first annual decline outside of global recessions in the past 20 years. Services trade growth slowed in the second half of last year, following an initial rebound from the pandemic. After stagnating in 2023, global trade in goods and services is projected to grow by 2.3% in 2024. The recovery in global trade in 2021-24 is projected to be the weakest following a global recession in the past half century.

Commodity prices: Despite the recent conflict in the Middle East, most commodity prices declined in 2023 due to moderating demand, but they remain above pre-pandemic levels. Currently, OPEC+ spare capacity stands at just over 5 mb/d. However, oil prices were highly volatile in the second half of 2023 amid OPEC+ production cuts and the Middle East conflict. Historical precedent suggests that an escalation of the conflict could pose a major upside risk to oil prices.

Consumer food price inflation has eased but remains elevated. The average prices of most commodities,



in U.S. dollar terms, fell in 2023 amid moderating demand. However, they remain more than 40% above pre-pandemic levels.

Crude oil prices were volatile last year, including in the wake of the conflict in the Middle East; they averaged \$83/bbl, down from \$100/bbl in 2022. Production cuts by OPEC+, which were deepened and extended in November 2023, have mostly been offset by robust output elsewhere, including in the Islamic Republic of Iran and the United States. Currently, OPEC+ spare capacity stands at just over 5 mb/d.

Oil prices are expected to edge down to \$81/bbl in 2024 as global activity slows and China's economy continues to decelerate. An escalation of the conflict in the Middle East is a major upside risk to oil prices. Indeed, since the 1970s, a series of significant geopolitical events, often marked by military conflict, have exerted a pronounced impact on oil supplies. Further extensions of production cuts by OPEC+ (to beyond an expected phase-out of cuts in the first quarter of 2024) and stronger-than-expected demand could also result in higher prices.

Natural gas and coal prices declined considerably in 2023 as countries in Europe reduced energy demand and maintained gas inventories above 90% of their storage capacity. Natural gas prices are expected to fall further in 2024 and 2025 as production increases, and as liquefied natural gas exports rise. Key upside risks to gas prices include supply disruptions from the Middle East linked to the conflict and a colder-than-usual winter in Europe.

Metal prices fell by 10% in 2023 on account of sluggish demand from major economies notably China, which accounts for 60% of global metal consumption, in the midst of protracted weakness in the country's property sector. Metal prices are expected to fall further in 2024, before picking up in 2025 as China's property sector stabilizes and demand for metals used in the green transition (such as copper and nickel) increases. A greater-than-expected downturn in China's real estate sector is a key downside risk to prices.

Food prices the biggest component of the agriculture price index fell by 9% in 2023, reflecting ample supplies of major crops, particularly grains. Rice was the exception its price rose 27% in the year amid

restrictions on exports of non-basmati rice from India, the world's top rice exporter. Food prices are expected to decline nearly 1% in 2024 and 4% in 2025. Key upside risks to food prices include increases in energy costs, adverse weather events (possibly as a result of an intensification of the ongoing El Nino), further trade restrictions, and geopolitical uncertainty in the Black Sea region. Longer-term risks include the effects of climate change and the expansion of biofuel mandates. Food insecurity remains a key challenge amid high, albeit declining, consumer food price inflation. The number of people who are severely food insecure globally is estimated to have risen from 624 million in 2017 to 900 million in 2022 (FAO et al. 2023). The recent surge in rice prices is likely to exacerbate food insecurity as rice is a staple food for over half the world's population, providing more than 20% of the calories consumed worldwide.

2. State of the Bangladesh Economy in 2023 and Economic Trends

The year 2023 was one of the most challenging ones in the recent history of Bangladesh economy, as it exhibited its difficulties on various fronts. Supply disruptions and the spike in the prices of fuels and other commodities in the global market caused by global events pushed up costs worldwide, leading to high inflationary pressure. Additionally, the country is now faced with multiple challenges such as a fragile banking sector, financial account deficit, volatility in the exchange rate, and depleting foreign exchange reserves. Due to these challenges, the macroeconomic stability that Bangladesh enjoyed for a long time due to high growth, relatively low inflation rate and strong external sector has been weakened.

Bangladesh's economic growth in the pre-COVID-19 fiscal year (FY 2018-19) was 7.88%. During the COVID-19 period, this growth rate declined to 3.45% in FY 2019-20, which increased to 6.94% in FY 2020-21 and 7.10% in FY 2021-22. According to the provisional estimates of Bangladesh Bureau of Statistics (BBS), the GDP growth stood at 6.03% in FY 2022-23. According to World Bank, Bangladesh's economic growth is forecasted to slow to 5.6% in the current financial year of 2023-24. Inflation is likely to remain elevated, weighing on private consumption. As foreign exchange reserves are likely to stay low, import restrictions are expected to continue and impede private investment.





The economic growth is expected to rise in the next financial year as inflationary pressure recedes.

GDP & Per Capita Income: As per provisional estimate of BBS, per capita GDP and per capita national income stood at US\$ 2,657 and US\$ 2,765 respectively in FY 2022-23 compared to US\$ 2,687 and US\$ 2,793 respectively in the previous fiscal year. The per capita national income in dollar has declined slightly in FY 2022-23 due to the appreciation of US dollar. However, the per capita national income in terms of Taka increased by about 30 thousand and stood at BDT. 2,70,414. The Medium-Term Macroeconomic Framework (MTMF) forecasted the GDP growth to pick up to 8.0% in FY 2025-26. The IMF projected that our GDP growth would be 6.0%, while the World Bank estimated it would be 5.6% in FY24.

Inflation: While economic recovery efforts have been strong in response to the impact of COVID-19, there has been a mismatch between global demand and supply due to supply chain issues. As a result, an increase in the prices of all types of products, including energy have been observed in the world market and it has accelerated due to the ongoing Russia-Ukraine war. As a result, like other countries of the world, the upward trend of the price level is being observed in Bangladesh. The average inflation rate in FY 2021-22 stood at 6.15%, which is 0.59% higher than in FY 2020-21. Of this, food inflation is 6.05% and non-food inflation is 6.31%. As per BB Monthly economic trends for December 2023, the rate of inflation measured by consumer price index (12-month average) risen up to 9.42% in Nov'23 while it was 7.48% in Nov'22. Furthermore, the rate of inflation (point-to-point basis) setting up 2021-22 ascended to 9.49% in Nov'23 from 8.85% in Nov'22. The monthly average inflation was 9.02% as of June 2023. In October 2023, there were significant increases in both food and non-food inflation rates at 12.56% and 8.3%, respectively and the overall inflation stood at 9.93% . The consistent rise of inflation rates has substantially increased the cost of living, resulting in a reduction of consumer purchasing power.

Monetary Policy: The FY 2022-23 monetary policy has been formulated in order to discourage unproductive financial flows to tame the demand-side pressures without circumventing the required flow of funds to the productive sectors easing supply-side conditions and supporting the country's long-term growth aspirations. Thus, the formulation of a contractionary cautious monetary and credit program for FY 2022-23 is expected to support the economic recovery process in the coming days as well as mitigate inflationary and

exchange rate pressures. As per the policy stance, the broad money growth is set at 11.50% and domestic credit growth at 18.5% at the end of FY 2022-23.

Interest Rate: The recent trends in weighted average lending and deposit rates show upward movement. It increased consistently and stood at 7.27% at the end of February 2023. At the same time, the weighted average deposit rate reached 4.31%. To maintain overall progress of the economy along with industry and business and to cope with the skyrocketing inflation, Bangladesh Bank introduced a market base interest rate policy called "SMART" (Six-Month Moving Average Rate of Treasury Bills) in July 2023. The monthly reference lending rate, termed SMART is being determined on the basis of the six-month moving average rate of treasury bills, with a margin of up to 3% for banks and 5% for non-banking financial institutions. The SMART rate stood at 7.10% in July but increased by 10 basis points in the following two months. In December 2023, The Bangladesh Bank has decided to increase the margin of the lending rate for banks by 50 basis points, raising it from 3% to 3.50%. This adjustment resulted in higher lending rates for banks. Under the new directive, banks can now add 3.50%, while non-bank financial institutions (NBFIs) can add 5.50% to the reference lending rate, also known as the SMART rate, which currently stands at 7.20%. This adjustment translates to a bank loan interest rate of 10.7% and an NBFi rate of 12.7%. The central bank's decision to raise interest rates follows its increase in the policy rate, raising it by 75 basis points from 6.50% to 7.25%.

Call Money Market Rates: Due to the ongoing liquidity crunch, call money market rates (weighted average for Borrowing and Lending) increased by 68 basis point to 8.03% in Nov'23 from Oct'23. Furthermore, the current rates increased by 223 basis point from 5.80% at the same period of the last year.

Export: Exports increased by 8.07% to US\$ 41,721.62 million during July-March FY 2022-23 compared to the same period of previous fiscal years. As per BB Monthly economic trends for December 2023, in Nov'23 lower export receipts are recorded compared to that of Nov'22. Export receipts in Nov'23 amounted to US\$ 4784.81 million which is lower than the amount in Nov'22 by US\$ 307.75 million (6.04%). However, during Jul'23-Nov'23 export receipts increased by US\$ 286.21 million (1.30%) compared to the same period of the last year.

Imports: Import payments in Oct'23 amounted to US\$ 5,344.7 million which is lower than the amount



in Oct'22 by US\$ 1067.4 million (16.65%). Moreover, during Jul'23-Oct'23 import payments decreased by US\$ 6526.7 million (23.85%) compared to the same period of the last year). The negative growth of import might be the outcome of a number of initiatives taken by the government as well as the central bank. The deficit of trade balance narrowed and stood at US\$ 13,828 million in FY 2022-23 (July-February) which was US\$ 22,431 million in FY 2021-22 (July-February). During the time, current account balance deficit decreased to US\$ 4,387 million.

Foreign Exchange Reserves: As per BB Monthly economic trends for December 2023 foreign exchange reserves (represent as total international reserves) held by the Bangladesh Bank stands at US\$ 24,894.6 million at the end of Nov'23 while it was US\$ 31,203.0 million at the end of Jun'23. Thus foreign exchange reserves decreased by US\$ 6,308.4 million (20.22%) at the end of Nov'23 compared to the reserves hold at the end of Jun'23. Compared with the reserves hold at the same period of last year, the current reserves decreased by US\$ 8,891.7 million (26.32%) at the end of Nov'23 .

Foreign Direct Investment (FDI) Inflows: Foreign Direct Investment (FDI) inflows during Apr-Jun'23 increased by US\$ 138.23 million (22.06%) from US\$ 626.47 million during Jan-Mar'23. During Apr-Jun'23 FDI inflows stood at US\$ 764.70 million. Foreign Direct Investment (FDI) inflows during FY 2022-23 decreased by US\$ 244.47 million (7.11%) from US\$ 3439.63 million during FY 2021-22. The FDI inflows during FY 2022-23 was US\$ 3195.16 million.

Workers' Remittances: As per BB Monthly economic trends for December 2023, workers' remittances received from the Bangladeshi nationals working abroad decreased by US\$ 41.39 million (2.10%) in Nov'23 from US\$ 1,971.43 million in Oct'23. Workers' remittance in Nov'23 is recorded US\$ 1,930.04 million. During Jul'23-Nov'23 workers' remittances increased by US\$ 14.86 million (0.17%) compared to that of the same period of the last year. Besides, total receipts of remittances increased by 2.37% to US\$ 17,718.55 million during July-April of FY 2022-23 against the decrease of 16.24% during July-April of FY 2021-22.

Electronic Fund Transfer: Due to development of financial literacy and financial inclusions, Electronic Fund Transfer (EFT) increased by BDT. 16,331.4 crore (29.37%) to BDT. 71,929.5 crore in Oct'23 as compared to Sep'23. During Jul'23-Oct'23 EFT amount increased by BDT. 52,326.0 crore (26.42%) compared to the same period of the last year as per BB Monthly economic trends for December 2023.

Credit Card Transactions: Credit Card transactions increased by BDT 302.4 crore (11.80%) to BDT 2865.7 crore in Oct'23 as compared to Sep'23. During Jul'23-Oct'23 Credit Card transactions increased by BDT 1074.6 crore (11.17%) compared to the same period of the last year. In Oct'23 Credit Card transactions through ATM/CRM, POS and E-Commerce increased by 11.16%, 12.19% and 11.19% respectively compared to Sep'23.

Debit Card Transactions: Debit Card transactions increased by BDT 2,816.2 crore (7.66%) to BDT 39,575.7 crore in Oct'23 as compared to Sep'23. During Jul'23-Oct'23 Debit Card transactions increased by BDT 9,560.8 crore (6.88%) compared to the same period of the last year. In Oct'23 Debit Card transactions through ATM/CRM, POS and E-Commerce increased by 7.62%, 8.31% and 9.10% respectively compared to Sep'23.

Internet Banking Transactions: Internet Banking transactions increased by BDT 30,146.7 crore (61.88%) to BDT 78,863.1 crore in Oct'23 as compared to Sep'23. During Jul'23-Oct'23 Internet Banking transactions increased by BDT 12,4259.4 crore (122.23%) compared to the same period of the last year.

Mobile Financial Services Transactions: Mobile Financial Services (MFS) transactions increased by BDT 12,218.2 crore (11.27%) to BDT 120596.5 crore in Oct'23 as compared to Sep'23. During Jul'23-Oct'23 MFS transactions increased by BDT 79,572.5 crore (22.27%) compared to the same period of the last year.

Agent Banking Transactions: Agent Banking transactions increased by BDT 11,147.0 crore (18.79%) to BDT 70,459.9 crore in Oct'23 as compared to Sep'23. During Jul'23-Oct'23 Agent Banking transactions increased by BDT 36,496.8 crore (15.91%) compared to the same period of the last year.

Human Development Index (HDI): In the recently published Human Development Report, 2022/2023 by UNDP, Bangladesh ranked 129th out of 191 countries. In the previous HDI report of 2020, Bangladesh ranked 133rd out of 189 countries. Bangladesh moved four notches up in the 2022/2023. In FY 2022-23, about 23.88% of the total budget has been allocated for the sectors related to human resource development such as education and technology, health and family welfare, women and children, social welfare, youth and sports development, culture, labour and employment. It is worth mentioning that according to Household Income and Expenditure Survey (HIES) 2016, poverty rate declined to 24.3% in 2016, which was 40.0% in 2005. The recently publish HIES-2023,





showed a decline in the poverty rate to 18.7% in 2022. The extreme poverty rate decreased from 12.9% in 2016 to 5.6% in 2022.

Looking into 2024, our policymakers will have to work towards addressing the immediate issues such as controlling inflation, increasing revenue collection, stabilizing exchange rate and improving forex reserves. Establishment of economic good governance is also critical. In addition, to meet the challenges of the Fourth Industrial Revolution, technical education to be given utmost importance with a view to develop skilled manpower.

3. Industry Outlook

Banking sector plays a crucial role in the economy, mobilizing and channeling savings from surplus economic unit to deficit economic unit for productive investment. The better it does so, the better the economy will perform in the long run through more productive economic activities and diminished financial risk. The role is even more pronounced in developing countries like Bangladesh, where a mature capital market is missing, and banks are the main source of long-term finance.

A proper banking system guarantees appropriate use and proper allocation of resources. Easier access to capital by individuals and firms is required for undertaking various social and infrastructural projects, generating jobs, and accelerating productivity. The progress of the banking sector is a precondition for economic enhancement because of its important task of raising capital, savings and investments, as well as development in agriculture, industry and trade, and services.

During 2023, the economy of Bangladesh faced two major external challenges, one of which is the financial account balance deficit and depletion of foreign exchange reserves. Among others post-pandemic challenges of high inflation, foreign exchange volatility and higher debt burden were the major concerns.

In 2023, Inflation was one of the major concerns for Bangladesh economy. Inflation accelerated during 2023 as price pressures increased due to the upward adjustment of domestic-administered prices for fuel oil, gas, and electricity, and higher global commodity prices. To curb inflation by containing consumer demand and ensuring adequate flow of fund in productive sectors. Bangladesh Bank (BB) raised policy rates and resorted to transition from a monetary targeting approach to an interest rate targeting

framework by introducing SMART (Six-Month Moving Average Rate of Treasury bill) lending rate. These measures are expected to enhance banking sector competitiveness and create a congenial environment for the businesses.

The capital market showed a bearish trend during the year 2023. The main indices of Dhaka Stock Exchange PLC (DSE) and Chittagong Stock Exchange PLC (CSE) exhibited a marginal increase compared to those of end-December 2022. Capital Market of Bangladesh is still highly speculative and lacks transparency due to poor regulatory framework.

Significant amount of non-performing loans (NPL) in the banking sector is the predominant frailty of the Bangladesh economy. High levels of non-performing loans have weakened the financial health of banks. Though it is argued that NPLs have increased due to global economic challenges, sluggish business environment, political unrest, high inflation, and post-pandemic circumstances, etc. that made difficult for the borrowers to pay back loans. But the problem is deep rooted. Lack of good governance and accountability have encouraged willful defaulters. Recovery from the NPLs and reducing non-performing loans will be the biggest challenge in the upcoming years for the industry.

However, the global economic turbulence is strongly felt in the banking and financial industry. Economic activities across the world remained mostly sluggish amid tightening financial conditions. Most of the advanced economies continued to experience slowdown in their economic activities while the major emerging market and developing economies saw their economic activities rebounded considerably. Global production remained constrained largely due to weakening economic activities and lowering demand for industrial goods across the world. Policy rates of the advanced and many developing economies recorded increase and are expected to remain high. Such monetary tightening by most economies appeared to have contributed to the decline in global inflation. Energy prices declined sharply for consecutive months. Moreover, agricultural, and non-energy prices eased down moderately.

Bangladesh Bank unveiled contractionary monetary policy for FY-2024. The objective of the monetary policy is to contain inflation with a stated strategy to reduce the aggregate demand in the economy. To achieve its monetary policy objectives Bangladesh Bank brings changes in four areas: Establish policy interest rate corridor; introduce reference rate



for lending; unification of exchange rates and adopted a revised approach for calculating the gross international reserves aligning with the guidelines outlined in the International Monetary Fund's BPM6 manual.

During 2023, Bangladesh Bank taken several initiatives and policy measures to ensure the stability of domestic financial system. Among them, important measures were the introduction of SMART lending rate, initiation of rupee-based trade with India, amendment of Bank Company Act, issuing of digital banking guidelines and awarding license of digital banks, issuing of Prompt Corrective Actions (PCA) framework, Bancassurance guidelines for banks, etc.

Growth and sustainability of any economy depends on the financial as well as banking sector's stability. A well-supervised risk management system, strong corporate governance, enhanced accountability and transparency, diverse and healthy portfolios, and a strong capital and liquidity base, etc. are vitally important for Banking sector's stability. Comprehensive and holistic reforms in the banking sector, including an NPL (non-performing loan) resolution mechanism, along with stronger policies, strengthening governance and regulatory oversights are the need of the hour.

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 45,940.17 million as of December 31, 2023. 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 29 years of banking operations, registering significant growth in performance indicators. In 2023, the bank earned an after-tax profit of BDT 2,133.83 million. The deposit of the bank stood at BDT 386,402.44 million, and loans and advances grew by 1.90 percent to BDT 354,353.23 million compared to those of 2022. 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 2023, the 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 to achieve success.

Customers are our first priority. We are trying hard to provide a system of one-stop solutions for customers by offering a spectrum 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 12,859.58 million as of December 31, 2023. The Capital and Reserves (Tier-1 Capital and Tier-II Capital) stood at BDT 45,799.02 Million as compared to BDT 41,075.36 million in last year showing a growth of 11.50 percent.

Capital and Reserve of the Bank as of December 31, 2023 were as follows:

BDT in Million

Regulatory Capital	Consolidated	Solo
TIER-1 CAPITAL		
1) Common Equity Tier-1 Capital (CET-1)		
Fully Paid-up capital	12,859.58	12,859.58
Non- repayable share premium account		
Statutory reserve	12,859.58	12,859.58
General reserve	247.65	247.65
Retained earnings	1,668.61	1,560.58
Dividend equalization Reserve		
Minority interest in subsidiaries	10.24	
Regulatory Adjustments		
Goodwill and all other Intangible assets	254.42	254.42
Reciprocal Crossholdings in the CET-1 Capital of Banking, Financial and Insurance Entities	522.19	522.19
2) Additional Tier-1 Capital (AT-1)	2,800.00	2,800.00
3) Total Tier-1 capital (1+2)	29,669.04	29,550.78
TIER-2 CAPITAL		
General provision (Unclassified loans, SMA, Off balance sheet)	8,686.55	8,686.55
Subordinated debt	9,000.00	9,000.00
All other preference shares		
Total Tier-2 capital	17,686.55	17,686.55
Maximum Limit of Tier-2 Capital [considering para 3.2 (v) including foot note no. 9 of RBCA Guidelines]	16,271.13	16,248.24
Excess Amount over Maximum Limit of T-2	1,415.42	1,438.31
4) Total Admissible Tier-2 Capital	16,271.13	16,248.24
Total eligible capital (3+4)	45,940.17	45,799.02



Capital to Risk Weighted Assets Ratio (CRAR)

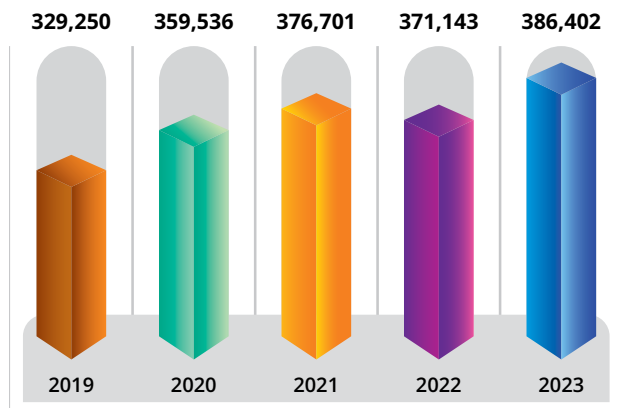
Southeast Bank has maintained Capital to Risk-weighted Asset Ratio (CRAR) of 13.52 percent as on December 31, 2023 as against the requirement of 12.50 percent as set by Bangladesh Bank under Basel-III reporting through BRPD Circular No. 18 dated December 21, 2014 of Bangladesh Bank.

Deposit Mix

Total Deposit of the Bank stands as on December 2023 is amount of BDT 386,402.44 million with an improving of overall deposit mix. The existing deposit mix is keeping other major liquidity indicators stable and above the regulatory requirement. SEBPLC. has diversified its deposit base with numerous products with the 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 43.18 percent in 2023 and 47 percent in 2022.

Total Deposit at the end of the year

BDT in Million



The amount of total deposit of the Bank as on December 31, 2023 stood at BDT 386,402.44 million as compared to BDT 371,143.44 million as on December 31, 2022.

Lending and Investment

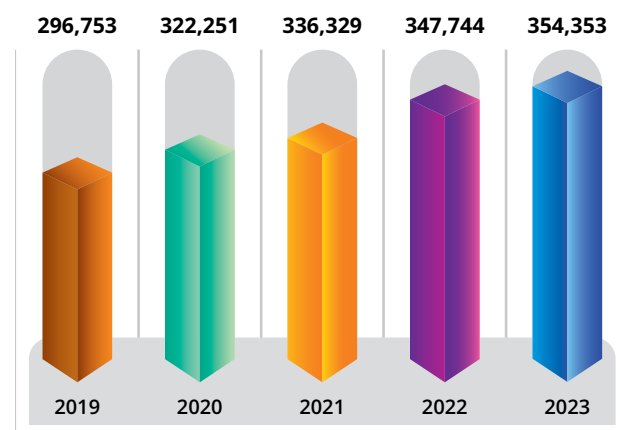
Due to price hike, war between Russia and Ukrain and post pandemic situation whole Banking industry as well as SEBPLC faced with various challenges in the year 2023, despite this the bank's loan portfolio stood at BDT 354,353.23 million as on December 31, 2023 with a growth of 1.90 Percent and good pre 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
2023	354,353.23	1.90%
2022	347,743.59	3.39%
2021	336,329.37	4.37%
2020	322,251.46	8.59%
2019	296,752.96	10.86%

Outstanding at the end of the year

BDT in Million



Guarantee Business

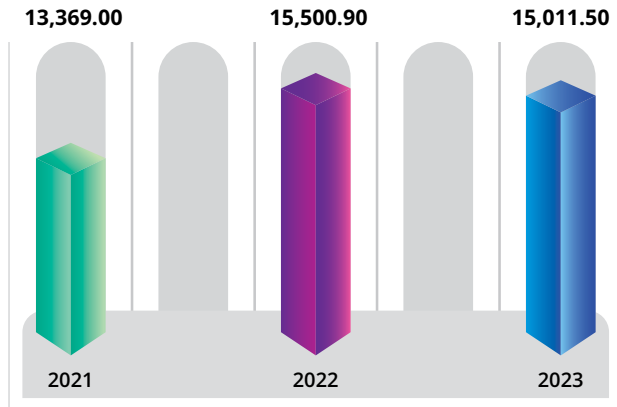
Guarantee Business (Open Ended/Close Ended) including diverse segments like Performance Guarantee, Bid Bond, Advance Payment Guarantee, Retention Bond and Security Bond helps SEBPLC comprise a strong base for Non-Funded Business. In 2023 total Guarantee Business of the Bank amounted to BDT 15,011.50 million against the amount of BDT 15,500.90 million in 2022.





Guarantee Business Including ILC

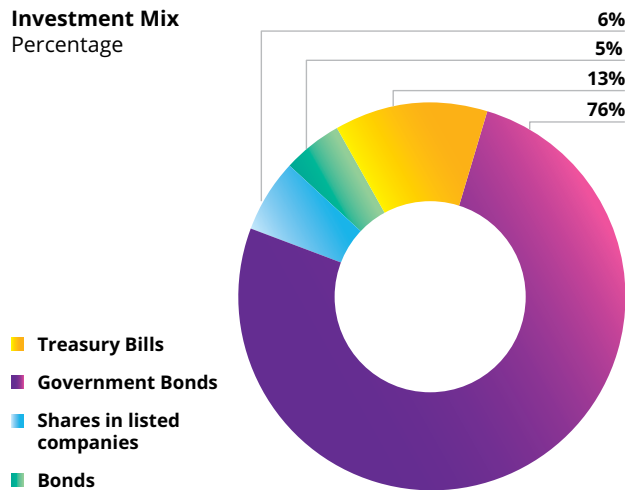
BDT in Million



Investment Mix

The investment portfolio of SEBPLC was BDT 113,140.01 million against BDT 98,925.50 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 un-listed Companies. The investments were kept mostly to align with SLR norms, as stipulated by Bangladesh Bank guidelines.

Investment Mix Percentage



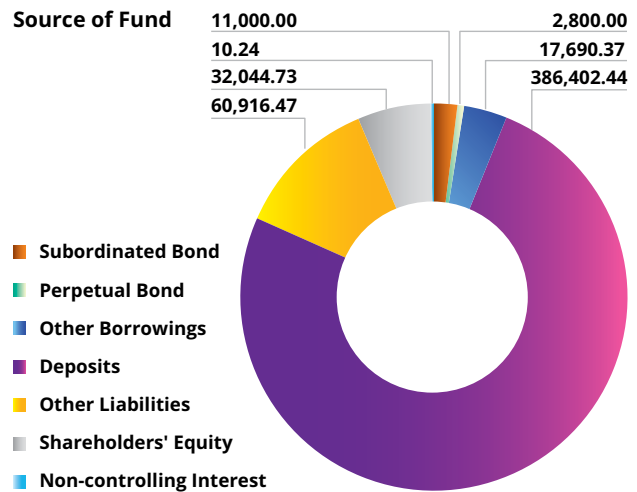
Key Operating and Financial Data

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. 211 and 212 with year to year comparisons.

Source and Utilization of Funds

Total equities and liabilities as on December 31, 2023 stood at BDT 510,864.24 million.

Particulars	BDT in Million
Subordinated Bond	11,000.00
Perpetual Bond	2,800.00
Other Borrowings	17,690.37
Deposits	386,402.44
Other Liabilities	60,916.47
Shareholders' Equity	32,044.73
Non-controlling Interest	10.24
Total	510,864.24

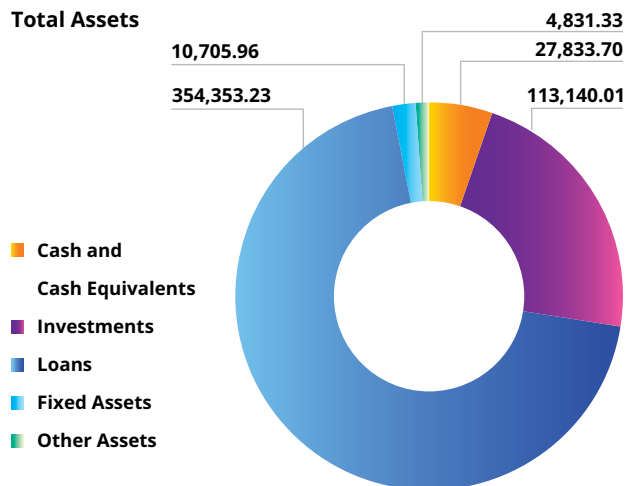


A lion's share of SEBPLC funds is derived from customer deposit accounts, bulk of which is utilized in loans and advances, as can be comprehended from the charts below. A slice of this fund is kept in the form of cash and cash equivalents to maintain CRR and SLR ratios, which currently stands at 4% and 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 510,864.24 million as on December 31, 2023.

The break-up of total assets is given below:

Particulars	BDT in Million
Cash and Cash Equivalents	27,833.70
Investments	113,140.01
Loans	354,353.23
Fixed Assets	10,705.96
Other Assets	4,831.33
Total	510,864.24



Statutory Reserve

The total amount of statutory reserve stood at BDT 12,859.58 million as on December 31, 2023 after 20% of the Profit Before Tax was transferred to statutory reserve for the year 2023.

6. Internal Control and Compliance

The Internal Control System of Southeast Bank PLC. is sound in design and has been effectively implemented and regularly monitored. Bank's robust system of Internal Control gives reasonable assurance of achieving the goals and objectives that the Bank targets for long-term sustainability and profitability.

The foundation of Internal Control and Compliance System of the Bank is rooted in organizational structure, policies, procedures, and instructions provided by its Board of Directors and Senior Management and as per prevailing laws, regulations, and best practices. The Board always inspires a strong control and compliance culture at all levels across the Bank. Internal Control and Compliance Policies of the Bank include but not limited to

a)	Effective and secured information system
b)	Timely supply of relevant, accurate, and reliable information in a consistent format
c)	Independent Audit Mechanism
d)	Monitoring and Compliance with relevant laws, regulations, internal policies and procedures.
e)	Effective Risk Management System, etc.

The Board has delegated the responsibility of overall supervision of the internal control system to its Audit Committee. The Audit Committee reviews the

various reports of external auditors, Bangladesh Bank's inspection team, and internal inspection teams and the compliance status of those reports. It also receives regular reports on emerging risks in each of its meetings from different divisions and conducts an annual review on the adequacy and effectiveness of the system of internal controls. The Committee places its report regularly to the Board of Directors of the Bank mentioning its review results and recommendations on internal control system, compliance of rules and regulations, and establishment of good governance within the organization.

The Bank management equally holds responsibility for putting in place an Internal Control System in the Bank and for periodical review of its effectiveness. A key feature in fulfillment of these responsibilities is to strengthen the Bank's operating procedure and associated internal control system to meet the purposes of completeness, accuracy, reliability of financial transactions, justification, and reasonableness.

The functions of Internal Control and Compliance Division (ICCD) of the Bank are independent from the operational activities and play a pivotal role in the Control System. ICCD acts as eyes and ears for both the Board of Directors and the Management of the Bank through regular inspections, off-site supervision/monitoring on all the functional as well as operational activities of the Bank.

The system of internal control of the Bank also ensures immediate reporting of all the identified significant weaknesses and control failures together with details of corrective actions being undertaken at appropriate levels of the management.

The Board is of the view that the internal control framework of the Bank is designed to manage various risks of the Bank within an acceptable level/risk profile rather than eliminate the risks and thus, can provide reasonable, not absolute, assurance in achieving the policies, goals and objectives of the Bank.

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 2023 is included in this Annual Report.

9. Minority Interest

Share capital structure of Southeast Bank PLC. as at December 31, 2023 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.

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 2023 total of 39 (thirty-nine) no. of Board Meetings, 02 (two) no. of Executive Committee Meeting, 06 (six) no. of Audit Committee Meeting and 04 (four) no. of 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. 114 as per earlier BRPD circular no. 11 dated October 27, 2013.

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 29th Annual General Meeting who are eligible for re-election as Director in the same AGM of the Bank.

i)	Mr. Alamgir Kabir, FCA
ii)	Mr. Nasir Uddin Ahmed
iii)	Mr. Md. Rafiqul Islam (Nominee of Asia Insurance Limited)

The brief profile of the above three Directors along with other required information about them is



available at Page no. 64 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 2023.

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 transaction, is presented on page no. 349 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 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 SEBPLC. 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 management 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 acknowledgment of risk and accordingly take 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 is developed to ensure comprehensive management of risks throughout the Bank, SEBPLC. employs a risk management framework that is applicable to all levels of the organization with strong Board oversight. The Bank has strong credit management practices that include regular Early Alert Committee meetings and rapid portfolio reviews to help ensure the strength and resilience of its credit portfolio.

Risk management systems continue to evolve to facilitate business growth whilst limiting the effect of any residual risks. Market and liquidity risk indicators are reviewed on a monthly basis by the Market & Liquidity Risk Committee and by Asset Liability Committee (ALCO). A comprehensive structure is in place to ensure that the Bank does not exceed its tolerance for market risk. Policies and procedures are in place to govern operational risk management practices in a systematic and consistent manner. Key tools such as Risk & Control Self Assessment & Key Risk Indicators are used to gauge the likelihood and severity of operational risk incidents. The Bank's operational risk profile and fraud risk assessment are regularly shared with senior management and Board if required. Other risks are also managed by SEBPLC. under various explicit frameworks available which





include but not limited to Anti-Money Laundering and Information Security risk.

The Bank has adopted the Standardized Approach for credit and market risk and the Basic Indicator Approach for operational risk in calculating Minimum Capital Requirement under Basel III accord. In addition, the Bank has adopted the simple approach for recognizing eligible collateral for credit risk mitigation. The Bank's goal is to develop resources internally to embed Basel related processes and methodologies in its risk practices. The Bank has various other internal tools / MIS used for risk assessment and management reporting.

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 SEBPLC. 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 Bank's strategy, business and regulatory environment and stakeholders' requirements.

Risk Communication and Treatment

SEBPLC. wants to ensure the balance between risk with return through ensuring effective risk management and establishing healthy organizational ethos. As part of risk communication, senior management actively communicates the different

policies, procedures, rules as well as the roles, responsibilities, accountabilities to the risk owners. This communication process ensures that employees dealing with risk are well informed about the risk associated with their activities and know their responsibilities regarding the risk management processes. Risk treatment options are not necessarily unique in all circumstances. It depends on scenario and Bank's strategy. Based on the scenario, Bank takes different risk treatment options, e.g. avoiding, accepting, reducing, and sharing.

Basel-III Implementation and Capital Management

As per Basel Accords and in accordance with the directives of Bangladesh Bank, the Bank maintains Capital to Risk Weighted Asset Ratio (CRAR) duly. The Bank rigorously monitors and takes initiatives to improve risk management practices in line with the Basel-III guideline. In this regard Risk Management Division of SEBPLC. has been established and delegated with the responsibility to ensure effectiveness of the Core Risks Management of the Bank. Apart from these, the Bank is also compliant with maintaining different ratios like Leverage Ratio, Liquidity Coverage Ratio (LCR), and Net Stable Funding Ratio (NSFR) as per Basel-III requirement.

Capital planning assists the Bank's Board of Directors and Senior Management to identify risks and improve understanding of the Bank's overall risks to set risk tolerance limits. Capital planning also helps assess strategic choices in longer-term planning as well as identifying vulnerabilities. Capital management in SEBPLC. focuses on implementing measures aimed at maintaining adequate capital, assessing internal capital adequacy of the Bank and calculating its capital adequacy ratio. As part of the Internal Capital Adequacy Assessment Process (ICAAP), management identifies the risks that the Bank is exposed to, and determines the means by which they will be mitigated. Capital is used to cover some of these risks, and the remainder of these risks is mitigated by means of collateral or other credit enhancements, contingency planning, additional reserves and other mechanisms.

Management Action Trigger

Management Action Trigger (MAT) is a proactive approach of managing risk before happening, instigating banks to set trigger level of various key risks parameters. SEBPLC. has developed MAT to 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.

Stress Testing

Stress testing is a risk management tool that the bank 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 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.).

Stress testing is an important tool of the risk management and is considered an integral part of the ICAAP under regulatory requirement. Stress testing is based on the concept of 'proportionality and complexity'. Relevant factors in this concept are size of the Bank, sophistication and diversification of its activities, materiality of different risk types and the Bank's vulnerability to them.

Southeast Bank PLC. believes in strong risk culture where every employee of the Bank will be fully aware of his or her roles and responsibility regarding risk management. Bank also endeavors to create an open and respectful environment for discussing risk issues, encouraging all employees to speak up and draw attention to all relevant risks for developing a coherent, relevant, and vibrant risk culture.

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 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 (Southeast Africa) Pty Ltd (Owned Subsidiary)

Southeast Bank's 100% owned subsidiary 'Southeast Exchange Company (South Africa) Pty Ltd' (SECL) has been operating in the Republic of South Africa as Category IV Money Transfer Operator (MTO) licensed by South African Reserve Bank (SARB) since Year-2014. Within this long journey, it has become a trusted name among the Bangladeshi expatriates. Currently the subsidiary is providing remittance services to the Bangladesh 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

Bangladeshi expatriates living in South Africa can easily send their hard earned money in real time from these 03 (three) branches and their beneficiaries can collect their remittances easily from any branch of Southeast Bank PLC. instantly in Bangladesh. Through API, Southeast Bank Head Office team ensure to credit remittances from South Africa using BEFTN-NIKASH channel within 24 hours. This overseas wing of

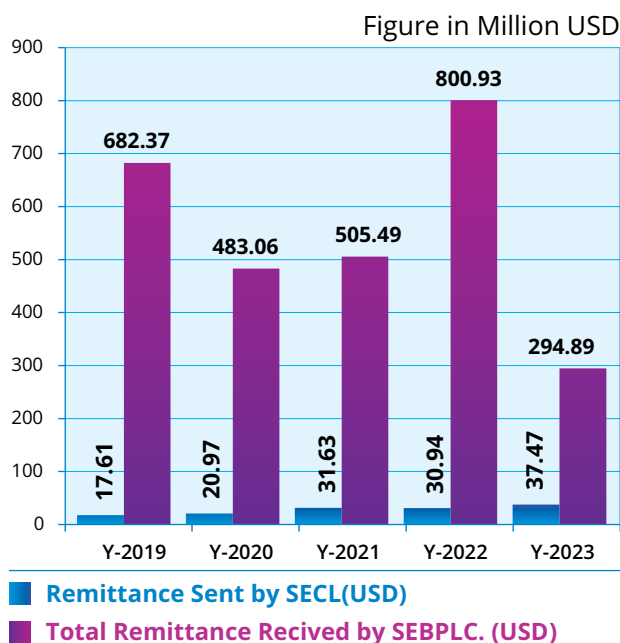




Southeast Bank is facilitating Account opening services like opening Savings Accounts, RFCDA Accounts, Wage-Earners Pension Saving Scheme (WEPSS), Wage Earner’s Development Bond (WEDB), US Dollar Premium Bond & US Dollar Investment Bond in a view to assist the Bank as well as to the Country for procuring more Foreign Currency.

Besides operating business from these 03 (three) branches, the subsidiary has further plan to onboard reputed agents, chain departmental stores which will help to establish its remittance services at the door-steps of the Bangladesh Expatriates living in every corner in the Republic of South Africa. To increase the business and upholding the flagship of the Bank in a foreign country, the Bank will deploy more skilled Manpower from Bangladesh on work visa shortly.

Year	Remittance Sent by SECL	Total Remittance received by SEB PLC.	Contribution (%)
Y-2019	\$ 17.61 Million USD	\$ 682.37 Million USD	3%
Y-2020	\$ 20.97 Million USD	\$ 483.06 Million USD	4%
Y-2021	\$ 31.63 Million USD	\$ 505.49 Million USD	6%
Y-2022	\$ 30.94 Million USD	\$ 800.93 Million USD	4%
Y-2023	\$ 37.47 Million USD	\$ 294.89 Million USD	13%



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 by 2020) by the Registrar of Joint Stock Companies and Firms. It operates as a public limited company, with an authorized capital of BDT 6,000.00 million and a paid-up capital of BDT 5,500.00 million. SEBCSL has been offering comprehensive merchant banking services to its clients since its inception. Its range of services includes Pre-IPO Placement, Issue Management, Underwriting, Portfolio Management, and Corporate Advisory among others. SEBCSL operates from its head office in Banglamotor, as well as three branches in Dilkusha, Mohammadpur and Mirpur.

SEBCSL has a strong presence in the primary and secondary capital markets, with a commendable track record in share investments. The company has made a significant contribution to the capital market and has established a valuable network in the industry, upholding strong core values of ethics and integrity. SEBCSL worked as issue manager in the issuance of perpetual bond of Southeast Bank PLC. this year. Since its inception, SEBCSL has been investing in its own portfolio, and the investment size has increased significantly over time.

However, the year 2023 faced significant instability due to economic factors on a global scale, primarily the Ukraine war, which had an unfavorable effect on international markets. Also, adverse economic conditions, currency problem and political issues of our country caused instability within the capital market domestically. These events led to significant market volatility, initially expected to be positive in the beginning of the year but subsequently witnessing a sustained downturn in the capital market throughout the year. As a result, the overall turnover in the capital market experienced a notable decrease in trading activities of securities. This decline in turnover affected capital market liquidity and had a negative impact on investors, businesses, and the overall economy of the country. However, amidst these challenges, SEBCSL’s dedicated team efforts enabled the company to achieve a gross operating profit of BDT 183.51 million and an after-tax net profit stood at BDT 62.82 million in 2023. Despite the market uncertainties, the company is expected to sustain its positive profitability trend in 2024.



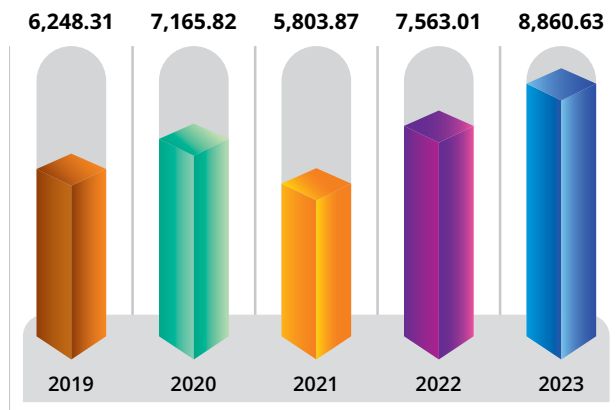
17. Contribution to National Exchequer

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 8,860.63 million to national exchequer in 2023. The contribution for 2022 was BDT 7,563.01 million.

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

Contribution to National Exchequer

BDT in Million



18. Declaration of Dividend

The Board of Directors in its 726th meeting held on Tuesday, April 30, 2024 recommended 10 percent dividend of which 06 percent Cash Dividend and 04 percent Stock Dividend for distribution amongst the shareholders for the year 2023 subject to the approval in the 29th 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.

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 2023 is included in this Annual Report at Page no. 198.

20. Management Discussion and Analysis

Accounting Policy and Estimations

Accounting Policy and Estimations are shown in note no. 02 of financial statements in the page no. 281 of this Annual Report.

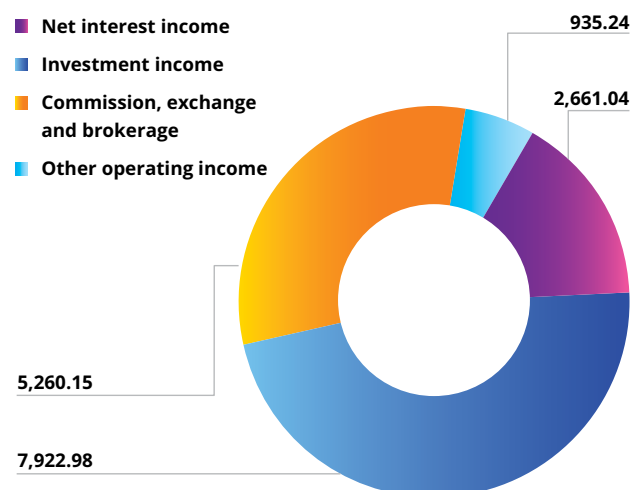
Financial Performance for the Last 5 Years

Last five (5) years information are given below:

BDT in Million

Year	Operating Income	Operating Profit	Net Profit	EPS	Return on Equity
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	1.44	5.98%
2020	13,770.56	8,264.56	2,149.10	1.81	7.14%
2019	14,390.72	8,982.98	2,508.56	2.11	8.56%

- The Bank has earned operating profit of BDT 8,857.63 million in 2023 which comprises of net interest income, income from investment, commission, exchange etc.
- The operating income of the Bank stood at BDT 16,779.40 million at the end of 2023 while it was BDT 17,587.33 million in 2022.
- Net Profit after tax and provision was BDT 2,133.83 million during the year 2023 which was BDT 1,752.38 million in the previous year
- Earnings per share was BDT 1.66 in the year 2023 which was BDT 1.42 in the previous year.
- Return on Equity (RoE) of the Bank was 6.80 percent in 2023 while it was 5.77 percent in the previous year.





Particulars	BDT in Million
Net interest income	2,661.04
Investment income	7,922.98
Commission, exchange and brokerage	5,260.15
Other operating income	935.24
Total Operating Income	16,779.40

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, SEBPLC. managed its portfolio efficiently in the year 2023. 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		Percentage Changes	Bank		Percentage Changes
	2023	2022		2023	2022	
Net Interest Income	266.10	314.43	-15%	256.48	301.23	-15%
Non-Interest Income	1,411.84	1,444.30	-2%	1,390.90	1,429.53	-3%
Total Operating Income	1,677.94	1758.73	-5%	1,647.37	1,730.76	-5%
Total Operating Expenses	792.18	715.75	11%	777.21	700.47	11%
Profit before provision & Tax	885.76	1042.99	-15%	870.16	1,030.29	-16%
General provision	(118.99)	78.85	-251%	(118.99)	78.85	-251%
Specific provision	628.59	463.45	36%	628.59	463.45	36%
Provision for investments	8.75	81.75	-89%	7.35	81.75	-91%
Other provisions	16.01	35.20	-55%	9.10	17.00	-46%
Total profit before taxation	351.40	383.73	-8%	344.11	389.24	-12%
Provision for taxation	138.02	208.49	-34%	135.00	200.00	-33%
Net profit after taxation	213.38	175.24	22%	209.11	189.24	11%
Earnings per share	1.66	1.42	17%	1.63	1.53	6%

- Net interest income (NII) contributed 15.86 percent of total operating income, whereas interest income was BDT 22,047.89 million and interest expenses was BDT 19,386.86 million in the year 2023.
- Non-interest income which contributed rest 84.14 percent decreased by 2.25 percent mainly due to decrease of income from Commission, exchange and brokerage by 21.90 percent in 2023 compared to 2022.
- In the year 2023, operating income was BDT 16,779.40 million and operating expense was BDT 7,921.77 million. As a consequence, operating profit of the Bank reached at BDT 8,857.63 million in 2023.
- Total tax provision decreased by 33.80 percent in 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 2023. 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 in 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.

Alamgir Kabir, FCA
Chairman

