

AN INTERNSHIP REPORT

ON

“CASH FLOW MANAGEMENT OF SOUTHEAST BANK LIMITED”



[This report is submitted to the Faculty of Post Graduate Studies, Hajee Mohammad Danesh Science and Technology University, Dinajpur as partial fulfillment for the degree of Master of Business Administration (Evening)].

Supervised by

**Md. Kutub Uddin
Associate Professor
Department of Management
Faculty of Business Studies
HSTU, Dinajpur.**

Submitted by

**Md. Abu Jahid
Student ID: E130502081
MBA (Evening), Major in Finance
2nd Batch
Faculty of Post Graduate Studies
HSTU, Dinajpur.**

**HAJEE MOHAMMAD DANESH SCIENCE AND TECHNOLOGY
UNIVERSITY, DINAJPUR-5200**

May, 2016

Letter of Transmittal

May 09, 2016

To

Md. Kutub Uddin

Associate Professor

Department of Management

Faculty of Business Studies

HSTU, Dinajpur.

Subject: **Submission of Internship Report**

Dear Sir

With due respect and great pleasure I submit my internship report on “**Cash Flow Management of Southeast Bank Limited**” for your kind consideration. This job was assigned to me to fulfill the partial requirement of MBA (Evening) program.

I have got the opportunity to work for 45 days in Southeast Bank Limited, Dinajpur Branch. On the experience of my working and other available data I have prepared this report.

I shall be highly obliged if you kind enough to receive this report and provide your valuable judgment. It would be my immense pleasure if you find report useful and informative to have an apparent on the issue.

Sincerely yours,

Md. Abu Jahid

Student ID: E130502081

MBA (Evening), Major in Finance

2nd Batch

Faculty of Post Graduate Studies

HSTU, Dinajpur.



সাউথইস্ট ব্যাংক লিমিটেড
Southeast Bank Limited

Head Office :
Eunoos Trade Center
52-53, Dilkusha C/A, (Level # 2, 3, 4 & 16)
Dhaka-1000, Bangladesh
Tel : PABX 9571115, 7160866, 9555466, 7173793,
Fax : 88-02-9550093 (ID), 9550094 (HRD), 9571053 (FCAD)
SWIFT : SEBDBDDH
Website : www.southeastbank.com.bd

SBL/HO/HRD/2012/1489
June 7, 2012

Dr. Majibur Rahman
Registrar (In-charge)
Stamford University Bangladesh
44 (744 (Old), Satmosjid Road
Dhanmondi, Dhaka

Dear Sir,

Re : **INTERNSHIP**

Please refer to your letter # SUB-S-1203/04 1088 dated March 04, 2012 regarding the above.

We would like to inform you that the management of the Bank has agreed to accept **Mr. Md. Saiful Islam Shaon (ID # 038 12387)**, a BBA student of your University as Internee in our Bank for a period of 3 (three) months with effect from **May 02, 2012**. During the period of internship, Mr. Md. Saiful Islam Shaon will be attached with Human Resources Division, Head Office, Dhaka.

Please note that the concerned internee will get **Tk.2,500/-** (Taka two thousand five hundred) only as honorarium from the Bank during the period of his internship program at the Human Resources Division.

Yours faithfully,

Sd/-
SHAHID HOSSAIN
Deputy Managing Director

- Copy to. : 1. The Vice President, Southeast Bank Limited, Financial Control and Accounts Division, Head Office, Dhaka for information and necessary action.
2. Mr. Md. Saiful Islam Shaon, Internee, Southeast Bank Limited, Human Resources Division, Head Office, Dhaka for information.
3. Office copy.


Deputy Managing Director

Student's Declaration

The discussing report in the terminal formalities of the internship program for the degree of Master of Business Administration (Evening), Faculty of Post Graduate Studies at Hajee Mohammad Danesh Science and Technology University, Dinajpur. This is a compact professional program than specialized. This report has prepared as per academic requirement after the successfully completing of 45 days internship program under the supervision of my honorable supervisor **Md. Kutub Uddin**, Associate Professor, Department of Management. It is my pleasure and great privilege to submit my report titled “**Cash Flow Management of Southeast Bank Limited**” as the presenter of this report. I have tried my best get together as much information as possible to enrich the report. I believe that it was a fascinating experience and it has enriched both my knowledge and experience.

However, after all this, as a human being, I believe everyone is not beyond of limitation. There might have problems regarding lack and limitation in some aspects and also some minor mistake such as syntax error or typing mistake or lack of information. Please pardon me for that mistake and clarify these of my further information on those matters.

Md. Abu Jahid
ID No: E130502081
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2nd Batch
Faculty of Post Graduate Studies
HSTU, Dinajpur.

Supervisor's Declaration

I hereby declare that **Md. Abu Jahid**, Student ID: E130502081, MBA (Evening), Major in Finance, 2nd Batch, have submitted his internship report entitled “**Cash Flow Management of Southeast Bank Limited**” after completing his internship program under my supervision and guidance. I have gone through the report and certified that this is an original work. Therefore, the report has been submitted as partial fulfillment of the requirement for the degree of Master of Business Administration (Evening) at the Faculty of Post Graduate Studies of Hajee Mohammad Danesh Science and Technology University, Dinajpur.

I wish him every success in life.

Md. Kutub Uddin
Associate Professor
Department of Management
Faculty of Business Studies
HSTU, Dinajpur.

Co-Supervisor's Declaration

I hereby declare that **Md. Abu Jahid**, Student ID: E130502081, MBA (Evening), Major in Finance, 2nd Batch, have submitted his internship report entitled “**Cash Flow Management of Southeast Bank Limited**” after completing his internship program under my co-supervision and guidance. I have gone through the report and certified that this is an original work. Therefore, the report has been submitted as partial fulfillment of the requirement for the degree of Master of Business Administration (Evening) at the Faculty of Post Graduate Studies of Hajee Mohammad Danesh Science and Technology University, Dinajpur.

I wish him every success in life.

Dr. Shaikh Mostak Ahammad

Associate Professor
Department of Accounting
Faculty of Business Studies
HSTU, Dinajpur.

Acknowledgement

At the very beginning I would like to express my deepest gratitude to the almighty **GOD** for giving me the strength and the composure to finish the task within the scheduled time. Internship report is an essential part of MBA (Evening) program as one can gather practical knowledge within the period by observing and doing the daily works in the chosen organization. I have done internship in Southeast Bank Limited, Dinajpur Branch.

I would like to pay my gratitude to my supervising teacher **Md. Kutub Uddin**, Associate Professor, Department of Management, Faculty of Business Studies, HSTU, who has instructed me in the right way and given me proper guidelines for preparing this report.

I acknowledge my indebtedness to **Subrata Kumar Ghosh**, Senior Principal Officer & Head of Branch, and **Md. Kamaruzzaman**, Principal Officer & Manager Operation of **Southeast Bank Limited, Dinajpur Branch** for their continuous guidance and valuable suggestion from time to time.

I am also thankful to all of the officers and employees of **Southeast Bank Limited, Dinajpur Branch** and all officers and employees of Head Office who extended their wholehearted cooperation to me despite their huge workload during this period.

At last I must mention the wonderful working environment and group commitment of this bank that has enabled me a lot deal to do and observe the banking activities during my internship period.

Md. Abu Jahid
ID No: E130502081
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Executive Summary

Cash flow is a term broadly used to define any movement —past or projected —of cash in or out of a business. It is vital to the success of any enterprise. If we master the intricacies of cash flow management and financial planning, we can increase our chances of achieving, and even surpassing, our goals. Careful planning will empower. No longer will we find ourselves “hoping” everything will just balance itself out in the end.

Embrace cash flow management today. It will positively impact our business and help us to sleep better at night, too. To develop the skills needed to properly manage our cash flow, it is important to understand the basics. For example, what exactly is cash flow? Cash flow can be broken into two primary categories: Inflow vs. outflow. Simply put, inflow is getting paid or receivables. Outflow is spending money or payables.

Inflow covers all the ways of our business brings in cash or gets paid. For example, cash sales, collection of payments due and return on investment make up cash inflow. It is extremely rare that a small business is resting on substantial cash reserves; therefore, focusing on how to constantly bring more cash in the door should be a top priority for a bank. There are ways to help increase cash flow by leveraging financial services products so we paid more quickly and more frequently. We’ll dive more deeply into that in part two of the Informational Guides.

Outflow covers all the ways of our business spend cash. This includes everything from buying inventory and office equipment to paying employees and taxes. When we consider all the ways cash can leave from our business, it seems daunting to try to keep our costs down. But there are a number of ways we can moderate and space out the timing of our expenses, which will also be addressed in part two of the Informational Guides. The important thing to keep in mind is that, for our business to be successful, cash in must always exceed cash out. Negative cash flow is easily the biggest pitfall for any small business.

So, a bank can increase its sales (opening deposit account, providing loans & advances), increase margins, i.e. maximize the difference between costs and prices by cutting costs and/or raising selling price, increase their anticipated cash inflows from accounts receivable collections, decrease their anticipated cash outflows by cutting back on inventory purchases or cutting certain operating expenses, postpone a major purchase, rolling over a debt repayment, looking to outside sources of cash, such as a short-term loan, can ask their customers to pay sooner, may ask for extended credit terms for improving their profitability.

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List of Abbreviations

SEBL	Southeast Bank Limited
Ltd.	Limited
MBA	Master of Business Administration
A/C	Account
CD	Current Account
SB	Savings Account
STD	Short Term Deposit
MSS	Monthly Savings Scheme
PSS	Pension Savings Scheme
DBS	Double Benefit Scheme
FDR	Fixed Deposit Receipt
MMSS	Mudaraba Monthly Savings Scheme
MPSS	Mudaraba Pension Savings Scheme
MDBS	Mudaraba Double Benefit Scheme
MTDR	Mudaraba Term Deposit Receipt
SME	Small and Medium Enterprises
EPS	Earning Per Share
RoA	Return on Asset
RoE	Return on Equity
CRAR	Capital to Risk weighted Asset Ratio

1.1 Introduction

Cash flow is generally acknowledged as the single most pressing concern of the SME (small/medium sized enterprise). In its simplest form cash flow is the movement of money in and out of their business. Cash flow is the life-blood of all growing businesses and is the primary indicator of business health. The effect of cash flow is real, immediate and, if mismanaged, totally unforgiving. Cash needs to be monitored, protected, controlled and put to work.

A Cash Flow describes a real or virtual movement of money. A cash flow in its narrow sense is a payment (in a currency), especially from one central bank account to another; the term 'cash flow' is mostly used to describe payments that are expected to happen in the future, are thus uncertain and therefore need to be forecasted with cash flows. A cash flow is determined by its time t , nominal amount N , currency CCY and account A , symbolically $CF_i = CF(t, N, CCY, A)$. It is however popular to use cash flows in a less specified sense describing (symbolic) payments into or out of a business, project, or financial product. Cash flows are narrowly interconnected with the concepts of value, interest rate and liquidity. A cash flow that shall happen on a future day t_N can be transformed into a cash flow of the same value in t_0 .

There are four principles regarding cash flow management. First, cash is not given. It is not the passive, inevitable outcome of their business endeavors. It does not arrive in their bank account willingly. Rather it has to be tracked, chased and captured. We need to control the process and there is always scope for improvement. Second, cash management is as much an integral part of their business cycle as, for example, making and shipping widgets or preparing and providing detailed consultancy services. Third, we need information. For example, we need immediate access to information on: their customers' creditworthiness, their customers' current track record on payments, outstanding receipts, short-term cash demands, short-term surpluses, investment options, current debt capacity and longer-term projections. Fourth, be masterful.

Professional cash flow management in business is not, unfortunately, always the norm. Their Bank estimates that only one in two companies agree their payment terms in writing. We will find, therefore, that the cash management process has a double benefit: it can help us to avoid the debilitating downside of cash crises and, in addition, grant us a commercial edge in all their transactions.

1.2 Origin of the Report

MBA (Evening) Course requires a 45 days attachment with an organization followed by a report assigned by the faculty supervisor. I took the opportunity to do my internship in **SEBL**, Dinajpur Branch. The organization attachment started on March 01, 2016 and finished on April 15, 2016. Actually this is a feedback which department accepts from the students who join in an organization after the completion of theoretical part of the MBA (Evening) program. My faculty supervisor, Md. Kutub Uddin, Associate Professor Department of Management, Faculty of Business Studies, Hajee Mohammad Danesh Science and Technology University, Dinajpur asked me to prepare an internship report on “**Cash flow management of Southeast Bank Limited**” which was performed at Dinajpur Branch as part of the fulfillment of internship requirement.

1.3. Objectives of the report

1.3.1 Main objectives: To know about cash inflow and cash outflow items of the bank and its management. This report is prepared primarily to fulfill the Master of Business Administration (MBA) degree requirement in MBA (Evening) program of the faculty of Business Studies Hajee Mohammad Danesh Science and Technology University, Dinajpur

The specific objectives of this report are:

- i. To develop knowledge and a clear understanding on cash inflow and cash outflow of the bank.
- ii. To Identify and focuses the major cash inflow and cash outflow items of the bank.
- iii. To discuss the cash inflow and cash outflow items of the bank.
- iv. To identify the major strength and weaknesses of cash inflow and cash outflow of the bank.
- v. To know about the management style cash inflow and cash outflow of the bank.

1.4. Methodology of the report

Source of data:

This report is based mainly on observations that I have been experienced during the internship period. Data required for this report were collected from the annual report. Apart from these, helpful information was collected from online resources.

In order to prepare the theoretical framework of the study, existing published textbooks, related journals, various data and research will be consulted and data will be collected from primary and secondary sources.

- A. Primary data – Primary data has been collected through- Interview, Observation, Work with them and Banking software.
- B. Secondary data- Secondary information has been collected from-Banks papers, Prospectus, Web site, MIS Report, Magazine, Booklets, Hand note, Annual report and Other related research reports.

1.5. Scope of the Report

The study would focus on the cash inflow and outflow items of Southeast Bank Limited, Procedure for managing cash flow of Southeast Bank Limited.

1.6. Limitation of the Report

I did my best and there has no dearth of sincerity on my part to make the report. But, I had some limitations also.

- i. This report only considers cash inflow and outflow management of SEBL.
- ii. Time frame for the research was very limited.
- iii. In many cases, up to date information is not published.
- iv. Getting Relevant papers and documents were strictly prohibited.
- v. Due to lack of practical experience, some errors might be occurred during the study.

2.1. An Overview of Southeast Bank Limited (SEBL)

SEBL is one of the leading private banks in Bangladesh offering full range of Personal, Corporate, International Trade, Credit, Foreign Exchange, Lease Finance and Capital Market Services. Southeast Bank Limited is the preferred choice in banking for friendly and personalized services, cutting edge technology, tailored solutions for business needs, global reach in trade and commerce and high yield on investments, assuring excellence in Banking Services.

2.2. Status of SEBL

Southeast Bank Limited is a second generation bank that was established in 1995 with a dream and a vision to become a pioneer banking institution of the country and contribute significantly to the growth of the national economy. The Bank's journey began when it was incorporated as a public Limited Company on March 12, 1995. The registrar of Joint Stock Companies and Firms issued the Certificate of Commencement of Business of the Bank on the same date. The Southeast Bank received its Banking License from Bangladesh Bank on March 23, 1995. The Bank's 1st branch was opened by Late M. Saifur Rahman, the then Honorable Finance Minister of the Government of the People's Republic of Bangladesh as the Chief Guest at the commercial hub of the country at 1, Dilkusha Commercial Area, Dhaka on May 25, 1995.

In this arduous journey since, Southeast Bank has succeeded in realizing the dreams of those who established it. Today it is one of the country's leading banks in the private sector contributing significantly to the national economy. The Authorized Capital of the Bank today is BDT 15,000 million. Its Paid-Up Capital and Reserve reached BDT 28,481.63 million as on December 31, 2015. The Bank had 2376 Staff of whom 204 were Executives, 1685 were Officers and 487 were other Staff as on December 31, 2015.

A team of efficient professionals manages the Bank. They create and generate an environment of trust and discipline that encourages everybody in the Bank to work together for achieving the objectives of the Bank.

In the growth graph, the Bank has generated profit of BDT 3,069.42 million after provision and income tax in the year 2015. The curve keeps soaring upward everyday making it one of the leading and most successful banking institutions in Bangladesh with a total asset base of BDT 260,718.03 million as on December 31, 2015.

2.3. Hierarchy of SEBL

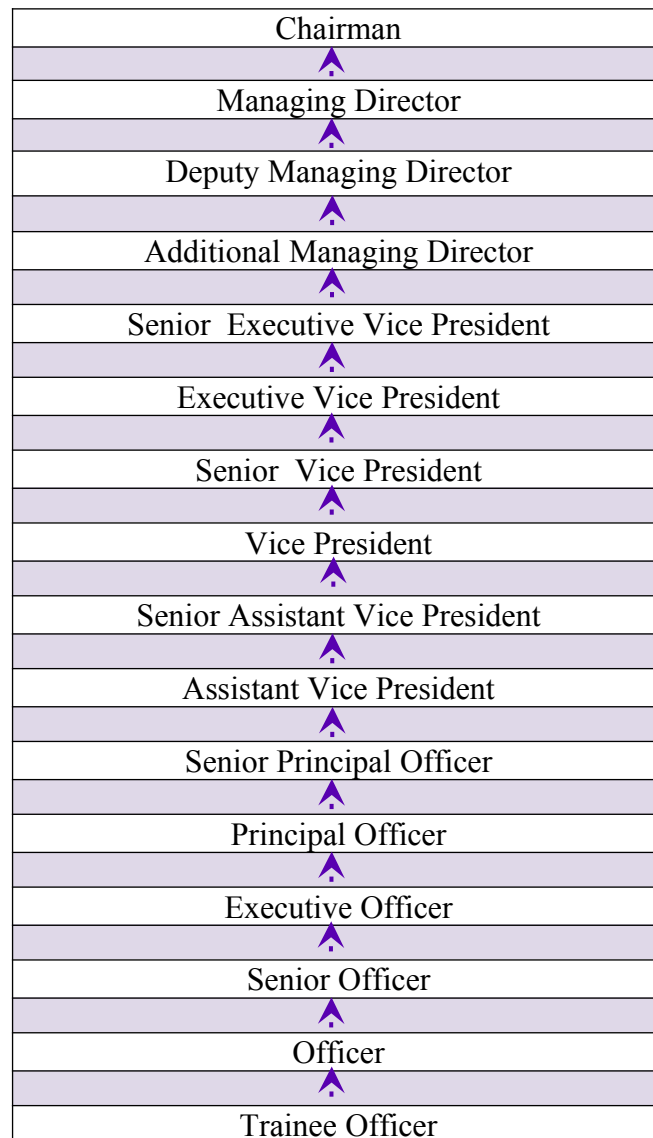
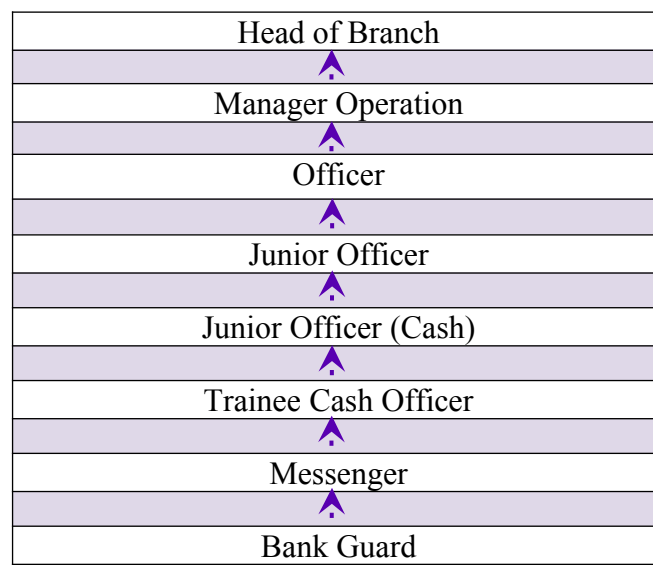


Figure 2.1: Hierarchy of SEBL

2.4. Hierarchy of SEBL, Dinajpur Branch



*Figure 2.2:
SEBL, Dinajpur*

*Hierarchy of
Branch*

2.5. Core Values, Core Strengths and Core Competencies of the SEBL

The Core Values, Core Strengths and Core Competencies of the SEBL are given below:

Table 2.1: Core Values, Core Strengths and Core Competencies of SEBL

<i>Core Values</i>	<i>Core Strengths</i>	<i>Core Competencies</i>
Integrity	Transparent and quick decision making	Knowledge
Respect	Efficient team of performers	Experience and Expertise
Fairness	Satisfied customers	Customer Orientation/ Focus
Harmony	Internal control	Transparency
Team spirit	Skilled risk management	Determination
Courtesy	Diversification	Zeal of Improvement
Commitment		Pursuit of Disciplined Growth Strategy
Service Excellence		Reliability

2.6. Slogan

The slogan of Southeast Bank Limited is “A Bank with Vision”

2.7. Foundation of SEBL’s Strength

2.7.1 SEBL’s Vision:

2.7.2 To be a premier banking institution in Bangladesh and contribute significantly to the **SEBL’S** National **Missions:** Economy.

- ▪ High quality financial services with state of the art technology
- Fast customer service
- Sustainable growth strategy
- ▪ Follow ethical standards in business

- ▪ Steady return on shareholders' equity
- Innovative banking at a competitive price
- Attract and retain quality human resource
- ▪ Commitment to Corporate Social Responsibility

2.7.3 SEBL'S Commitment to Clients:

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

2.8 Ethical Principles of SEBL

Southeast bank believes that its efforts to become a leading bank in the private sector can only be achieved and sustained by creating effective corporate governance, inculcating professionalism among its staff and strictly adhering to rules and regulations. We believe that their aims and objectives can only be realized fully and sustained over time by adherence to ethics that cannot always be built into sets of rules and regulations. This belief in ethics motivates the bank in its dealings with those with whom it interacts.

A. We adhere to the following principles in dealing with Customers

1. Strictly follow ethical banking practices.
2. Provide fair treatment to all customers, depositors, and borrowers, without any discrimination.
3. Provide speedy customer service at a very competitive cost.
4. Deal with customers in a transparent manner and without any hidden cost.
5. Maintain strict secrecy of customer account.
6. Provide free financial advice to clients.
7. Deal quickly with complaints received from the customers. We Endeavtheir continuously to build trust and understanding with customers.
8. We give very competitive return to the depositors on their investment.
9. We listen to their customers and work for improvement of customer service as per their suggestions.

10. We never desert their customers in adversity.

11. We always keep promises we make.

B. We follow the following principles in dealing with Shareholders

1. Adequate disclosure of corporate information and operational results to help them take suitable investment decisions / options.
2. Stable Dividend Policy and payment of good dividend.
3. Dialogue with them and implementations of their suggestions for improvement
4. Equal treatment to all shareholders irrespective of their individual size of shareholding.

C. We follow the following principles in dealing with their Regulators

1. We are transparent in operations and governance.
2. We have a culture of timely compliance of regulatory requirements.
3. We give their suggestions and directives great value that we implement for improvement of their corporate governance standard.

D. We follow the following principles for their Employees

1. We do not discriminate on grounds of religion, sex or race at any stage. We recruit the best on the basis of merit under a rigorous recruitment policy without any biasness or favoritism to anybody.
2. We pay competitive compensation package with career echelon for the really deserving candidates.
3. We care for their employees and respect them
4. We have clearly defined duties and responsibilities for every employee. No one is made a scapegoat for undefined responsibilities.
5. We have a zero tolerance for any act of dishonesty.
6. We provide a congenial work environment.
7. We encourage freedom to their employees to give opinion for both qualitative and quantitative improvement of the Bank.
8. We take care of their health and safety.

E. We follow the following principles in respect of Society

1. We believe that the Bank gets business sustenance from the community in which it operates and therefore must remain responsive to the community and the society in reciprocity.

2. We do not encourage projects which are not environment-friendly for financing by the Bank.
3. We provide material support for protection of environment.
4. We give aid to the poor, helpless and natural-calamity-hit people.
5. We support charitable ventures.
6. We give sponsorships to sports, culture, education, and health-care and community development ventures.
7. We support the women as a community and contribute to women empowerment.
8. We are keen to move fast for green banking to protect environment.

2.9 Products of SEBL

Conventional Banking:

Savings Bank (SB) Account, Current Deposit (CD) Account, Special Notice Deposit (SND) Account, Fixed Deposit Receipt (FDR) Account, Monthly Savings Scheme (MSS) Account, Pension Savings Scheme (PSS) Account, Double Benefit Scheme (DBS) Account.

Islamic Banking:

Mudaraba Savings Bank (SB) Account, Al - Wadiah Current Deposit (CD) Account, Mudaraba Special Notice Deposit (MSND) Account, Mudaraba Term Deposit Receipt (MTDR) Account, Mudaraba Double Benefit Scheme (MDBS) Account, Mudaraba Monthly Savings Scheme (MMSS) Account, Mudaraba Hajj Sanchay Prokalpa, Mudaraba Pension Savings Scheme (MPSS) Account.

Loans & Advances:

Working Capital Finance, Overdraft, Project Finance, Syndicated Loan, Packing Credit, Loan against Export Bill, Loan against Trust Receipt.

Foreign Trade: Export- Export LC Advising, Export Packing Credit, Export Bill Negotiation. Import- Import Letters of Credit, Import Collection Bill Services.

Remittance:

Global Partners: Western Union Money Transfer Services, Continental Exchange Solution (Ria Financial Services), Money Gram International, Xpress Money Services, Trans-Fast Remittance LLC, UK based Money Transfer Companies: K.F. Money Transfer, Khan Money Transfer UK, Bangladesh Money Transfer (UK) Limited, Aftab Currency Exchange, Eastern Union Money Transfer, UAE based Money Transfer Companies: Al Ahalia Money Exchange Bureau, Al Fardan Exchange, UAE Exchange Centre LLC, Wall Street Exchange Centre

LLC, Al Ansari Exchange, Habib Exchange Co.LLC, Lulu International Exchange, Malik Exchange, UAE, Sultanate of Oman based Money Transfer Companies: Oman & UAE Exchange Center & Co, Asia Express Exchange, USA based Money Transfer Companies: Wall Street Finance LLC, US Money Exchange, K.S.A (Kingdom of Saudi Arabia) based Banking Partners: National Commercial Bank, Al Rajhi Banking Corporation, Bank Al-Bilad Italy based Money Transfer Company: National Exchange SRL.

SEBL CARDS

Debit Card, Credit Card, Travel Card, Virtual Card

Subsidiary Companies of SEBL

Southeast Bank Capital Services Limited, Southeast Financial Services (UK) Limited, Southeast Financial Services (Australia) Pty Limited, Southeast Exchange Company (South Africa) Pty Limited

SEB Foundation: The Foundation supports meritorious students of poor and low income family by providing them scholarship in both higher secondary and Honors level.

Internet Banking Services: Banking at your home through internet.

Telecash: Banking at any where through your mobile.

2.10 Branches of SEBL

Southeast Bank limited has total 122 Branches as on December 31, 2015. Among them 100 conventional Banking Branches, 15 SME Banking Branches, 5 Islamic Banking Branches and 2 off-Shore Banking Branches. Among total of 122 Branches, 61 branches are located at Dhaka Division, 31 branches are located at Chittagong Division, 12 branches are located at Sylhet Division, 8 branches are located at Rajshahi Division, 7 branches are located at Khulna Division, 2 branches are located at Rangpur Division and 1 branch is located at Barishal Division. The registered office (Head Office) of Southeast Bank Limited is at Eunoos Center, 52-53, Dilkusha Commercial area, Dhaka-1000, Bangladesh.

2.11 SEBL at a glance

An overview of last ten years financial statements of SEBL

Table 2.2: 10 years at a glance of SEBL

Particulars	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Authorized Capital	15,000.00	15,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	3,500.00	3,500.00	2,500.00
Paid-up Capital	9,169.50	9,169.50	8,732.86	8,732.86	8,317.01	6,930.84	3,422.64	2,852.20	2,281.76	2,112.74
Reserve Fund	19,312.13	18,292.59	13,074.71	10,864.68	10,683.05	10,265.96	6,504.52	4,804.81	4,186.60	2,828.18
Equity Fund (Capital and Reserve)	28,481.63	27,462.09	21,807.57	19,597.54	19,000.06	17,196.80	9,927.16	7,657.01	6,468.36	4,940.92
Deposit	210,431.09	189,472.54	177,519.46	152,901.24	127,178.22	107,253.19	96,669.05	68,714.67	55,474.05	46,056.18
Advance	168,878.46	147,070.81	134,863.82	126,968.97	107,288.56	93,981.20	77,497.57	60,281.26	48,164.60	41,147.28
Investment	58,829.27	56,378.59	57,589.06	39,011.28	29,846.60	18,869.07	21,350.23	12,299.61	8,462.86	6,265.55
Import Business	151,812.58	155,691.00	131,644.82	111,537.50	99,509.01	103,726.70	69,582.92	58,019.77	38,470.34	35,125.12
Export Business	126,423.89	112,137.60	95,220.40	84,464.20	75,982.06	58,158.06	46,724.47	42,178.60	28,771.36	25,874.61
Foreign Remittance	60,708.50	48,740.50	39,299.10	41,455.40	49,544.10	28,082.25	23,779.20	15,221.87	11,040.17	13,479.83
Guarantee Business	15,245.19	13,603.30	17,226.41	21,506.65	25,673.90	22,781.19	11,916.74	15,078.99	9,008.32	8,656.80
Total Income	26,260.72	27,667.10	26,918.30	23,134.18	19,931.91	16,100.81	13,415.21	10,250.13	8,670.47	6,766.11
Total Expenditure	18,226.45	19,377.34	20,218.11	17,638.99	13,846.24	9,331.55	8,800.55	7,237.55	5,754.27	4,703.45
Operating Profit	8,034.27	8,289.76	6,700.20	5,495.19	6,085.66	6,769.26	4,614.66	3,012.58	2,916.20	2,062.66
Net Profit after-Tax and Provision	3,069.42	3,836.94	3,378.82	1,648.72	1,912.19	2,763.93	1,870.19	887.24	1,222.97	909.88
Fixed Assets	7,885.23	7,913.00	7,795.65	7,677.51	7,373.11	4,463.64	4,323.59	2,685.56	1,708.11	1,300.39
Total Assets	260,718.03	236,608.40	220,930.85	191,276.30	158,078.59	131,784.27	112,676.98	81,181.53	64,370.69	53,706.12
Earnings per Share (Taka)	3.35	4.18	3.68	1.89	2.33	3.77	3.24	3.11	4.28	5.97
Dividend Cash (%)	15%	15%	16%	15%	15%	10%	-	15%	15%	20%
Bonus Shares	-	-	5% (20:1)	-	5% (20:1)	20%	35% (20:7)	20% (5:1)	25% (4:1)	8% (12.5:1)
Current ratio	11.86%	16.51%	16.20%	8.42%	2.07	2.15	1.93	1.88	1.89	1.75
Quick ratio	1.23%	1.67%	1.64%	0.95%	1.95	1.82	1.80	1.75	1.69	1.63
Nonperforming Loans as % of Total Loans	4.25%	3.64%	3.94%	4.47%	3.51%	4.26%	3.73%	4.12%	3.77%	3.97%
Capital Adequacy Ratio	11.52%	12.41%	10.90%	10.87%	11.46%	11.25%	11.72%	11.12%	13.00%	11.50%
Number of Correspondent Banks	220	211	211	183	161	152	146	145	140	138

Number of Foreign Correspondents	811	791	778	691	654	645	589	587	598	536
Number of Shareholders	46,285	58,169	65,413	64,060	68,039	66,898	22,152	12,536	9,636	8,855
Number of Employees Banking	1889	1780	1704	1655	1,526	1,373	1,254	1,080	964	845
Number of Employees Non Banking	487	441	414	355	322	240	148	151	152	153
Number of Branches	122	113	103	94	84	76	56	46	38	31

Source: Annual Report-2015

3.1 Overview

Cash flow is simply the flow of cash through the organization over time. In the case of businesses that are run for profit, cash is paid out in return for the labor and materials that are used to provide goods and services that can be sold. The revenues received provide cash that can then be used to finance further production and sales as well as increasing the organization's economic value.

Cash flows are also essential for nonprofit organizations such as charities, schools, and hospitals that need to meet the various ongoing expenses associated with providing their services.

As a manager, we need to understand how cash flows are generated and what factors impact those flows. This knowledge is an integral part of making financial decisions that increase a firm's economic value or the capabilities of a nonprofit organization.

The management of cash flow is one part of a larger management responsibility known as the management of working capital, which refers to the operating liquidity available to an organization. An organization can have assets and profitability, but find itself short of liquidity if its assets cannot readily be converted into cash.

Working capital is required to ensure that the organization is able to continue its operations and that it has sufficient funds to satisfy operational expenses and any maturing short-term debt. The management of working capital involves managing the four following aspects of an organization's operations:

- i. Inventories (stock, work-in-progress and finished goods)
- ii. Accounts receivable (debts that are owed to the organization)
- iii. Accounts payable (money the organization owes to its suppliers)
- iv. Cash

Effective management of working capital will increase the profitability of the organization. It also enables managers to concentrate on their jobs without worrying too much about the potential for insolvency.

3.1.1 Cash inflows and cash outflows

Ideally, during the business cycle, we will have more money flowing in than flowing out. This will allow us to build up cash balances with which to plug cash flow gaps, seek expansion and reassure lenders and investors about the health of their business.

We should note that income and expenditure cash flows rarely occur together, with inflows often lagging behind. Their aim must be to speed up the inflows and slow down the outflows.

Cash inflows

- i. Payment for goods or services from their customers (service charge)
- ii. Receipt of a bank loan
- iii. Interest on savings and investments
- iv. Shareholder investments
- v. Increased bank overdrafts or loans

Cash outflows

- i. Purchase of stock, raw materials or tools
- ii. Wages, rents and daily operating expenses
- iii. Purchase of fixed assets - PCs, machinery, office furniture, etc
- iv. Loan repayments
- v. Dividend payment
- vi. Income tax, corporation tax, VAT and other taxes
- vii. Reduced overdraft facilities

Many of their regular cash outflows, such as salaries, loan repayments and tax, have to be made on fixed dates. We must always be in a position to meet these payments in order to avoid large fines or a disgruntled workforce.

3.1.2 Advantages of managing cash flow

The advantages are straightforward.

- i. We should know where their cash is tied up.
- ii. We can spot potential bottlenecks and act to reduce their impact.
- iii. We can plan ahead.
- iv. We can reduce their dependence on their bankers and save interest charges.
- v. We can identify surpluses which can be invested to earn interest.
- vi. We are in control of their business and can make informed decisions for future development and expansion.

3.1.3 Cash-flow management process practiced at Southeast Bank Limited

Cash-flow management is vital to the health of their business. Hopefully, each time through the cycle, a little more money is put back into the business than flows out. But not necessarily, and if we don't carefully monitor their cash flow, and take corrective action when necessary, their business may find itself sinking into trouble.

Cash outflows and inflows seldom seem to occur together. More often than not, cash inflows seem to lag behind their cash outflows, leaving their business short. This money shortage is their cash-flow gap. Managing their cash flow allows us to narrow or completely close their cash-flow gap and we do this by examining the different items that affect the cash flow of their business as listed above.

As liquidity and profitability are conflicting considerations, SEBL, as a bank, while employing the funds pays due regard to both profitability and liquidity. In order to secure a balance between liquidity, profitability and security, SEBL follows the following principles of sound cash flow management:

3.1.3.1 Maximize receivable and minimize payable

Minimizing receivable and maximizing payable done by calculating cash conversion period, measures the amount of time it takes to convert their product or service into cash inflows.

1. The receivables conversion period – the time taken to convert sales (loans) into cash inflows.
2. The payable deferrable period – the time between purchase/usage of inputs e.g. loan repayments, dividends, wages, expenses etc. to payment.

The net period of 1 – 2 gives the cash conversion period (or working capital cycle).

The trick is to maximize (1) and minimize (2), but it is essential to consider the overall needs of the business.

3.1.3.2 Customer purchase decision and ordering

Without a customer, there will be no cash inflow to manage. We are trying to make sure that their bank product (deposits, loans) is advertising effectively and making it easy for the customer to open an account or wish to have a loan. We use accessible, up-to-date catalogues, displays, price lists, proposals or quotations to keep their customer informed.

3.1.3.3 Credit decisions and policy: The Branch manager is supposed to know his customer well and should be able to judge his intentions and ability to use the credit facilities to his advantage. Advance should be granted only to those borrowers in whom the branch manager has full confidence.

The purpose of advance should be studied with a view to understanding whether it is within the policy of the Bank.

To satisfy the majority, if not all, of the principles of lending detailed above, the branch should collect information on the following questions before considering whether credit facilities should be granted to the borrower: Character, Capacity, Capital, Collateral, Condition.

Credit facilities are broadly divided under the following categories:

- i. Facilities needed for very short term requirements
- ii. Facilities needed for current assets requirements
- iii. Facilities needed for long-term /investment requirements.

To safeguard Bank's interest over the entire period of the advance, it will be wiser to have a comprehensive view of the capital of the borrower, capacity and integrity of the borrower, adequacy and nature of security in compliance with all legal formalities, completion of all documentation and finally a constant watch on the account for all advances will be in favor of adequate security.

Lending policies followed by the Southeast Bank Limited is given below:

Single obligor/borrower exposure:

Maximum exposure on a single borrower/obligor or a group for both direct or funded & indirect or non-funded is regulated as per Bangladesh Bank's instruction circular time to time or any other circular as issued by the bank.

General policy statement:

In normal course of conducting its business, the bank prefers Trade Financing in the form of short-term, self-liquidating or cash flow supported well collateralized trade transactions.

Other policy statement:

The bank considers lending short term working capital finance to entities engaged in manufacturing, assembling, processing, re-packaging of goods and commodities for domestic consumption or export market. Unsecured loans for working capital without justification or purpose are not to be considered. The bank, selectively, on a case by case basis, approves term loans but proposals are not to be considered unless they meet the separately established parameters for such loans.

The bank on a selective basis does lease financing. The bank also finances real estate, long term mortgages/house building loans provided it meets the criteria. The bank on a relationship basis considers specific project financing. The bank, on a case by case basis, arranges loan syndications or approves disclosed participations in syndications provided such transactions meet the parameters separately established. Name lending or any loan based solely on the general standing and reputation of the borrower is not allowed. The bank does not entertain requests to start a new relationship if an objective assessment indicates a risk rating/grading of Marginal/Special Mention. The bank does not generally issue open ended guarantees and or guarantees which may be extended at the sole option of the beneficiary.

Exceptions to this policy are: Guarantees secured by 100% cash margin or cash equivalent held under lien Shipping guarantees, Guarantees issued favoring Government Bodies or Organization, and for on behalf of prime relationships. The bank does not lend to sectors prohibited by Bangladesh bank credit policy guidelines. The bank sets up industry/business sector exposure limits, to be reviewed periodically and endeavors not to exceed 30% of its total exposure in one single industry/business sector to avoid concentration. Valuation of property taken as security should be performed prior to loans being granted. A recognized third party professional valuation firm should be appointed to conduct valuations. Tenure of loans varies depending on the nature of facilities. Short term working capital loan or trade finance transaction is specifically payable within a maximum tenure of one year. For project loan or other term loans, tenure is fixed depending on repayment ability and payback period of such transactions, provided however, maximum tenure is not exceeding fifteen years.

3.1.3.4 Customer creditworthiness

Credit checks for new customers and reviews for existing customers are important. The bank checks credit references, obtaining credit reports. Start their credit decision-making process when first meeting with new prospective customers or clients. If necessary, consider allowing small orders to get underway quickly with a small start limit for new accounts of, say, Tk.1,00,000. This may be a reasonable level of risk, and may ensure that new business is not

lost. With existing customers or clients, it is best to anticipate a request for an increase in their credit limit whenever possible. This can be accomplished by monitoring their customers' current credit limits and payment performance, and comparing them with their expected levels of future business.

3.1.3.5 Opening new accounts properly

This is the best chance to get payments properly arranged. The bank expects their customer to request credit and their customer should expect to be checked out.

Actions:

- i. Credit Application Form – obtain correct name, payment address, person for payments, phone, e-mail and fax numbers and acceptance of terms.
- ii. Get credit references or not, according to policy. Decide maximum credit amount.
- iii. Allocate account number and set up correct account details.
- iv. Send 'welcome letter' to make contact with payments person, stating how and where payment should be made.
- v. Now they are ready to sell to the customer on a credit basis.

3.1.3.6 Visiting customer premises

This is a useful way to roughly assess the general efficiency and morale of a customer. If the company seems well run and efficient, we may be justified in extending a good line of credit. If the situation feels bad, start at a level of credit we are comfortable with. The bank visits customer premises regularly for improving cash inflows.

3.1.3.7 Improving debt collection

The key to improving the ability to collect overdue accounts is to get organized.

Aged debtor analysis – The bank listed the accounts receivable due and past due for debt collection. It is also the best control document for senior management to monitor trends and control weaknesses. Listed accounts in order of size and due date – first ranking largest debt first and second ranking earliest date first. The bank's software does the task very well.

Use personal visits – There are four basic means of contacting the bank's customer – letters, e-mail, telephone calls and personal visits – letters are generally the least effective method, e-mails and telephone calls score better, while personal visits are the most effective.

Using serious letter – The bank use a serious letter for collecting bad debts from the borrower.

Learn the debtor's payment cycle – When dealing with large companies find out the last day for getting an invoice approved and included in the payment run. The bank calls a couple of days before that date to make sure the payments.

3.1.3.8 Decreasing cash outflows

The bank project their expenses and costs over a period of time and try to decrease cash out flows. The major cash out flow items are costs of goods sold, operating expenses, major purchases and debt payments. By projecting accounts payable ageing schedule, projecting operating expenses, projecting cost of goods sold, projecting major purchases and projecting for debt payments the bank easily decreases cash outflows and doing a good business in banking industry.

These are the principles that are followed by SEBL for managing cash flows.

4.1 Key Financials and Business Indicators of SEBL

The key financials and business indicators of SEBL as on December 31, 2015 are shown below:

In figure 4.1.1 we found highest EPS (4.18 Tk.) in year 2014 where Paid up Capital was 917.00 crore and lowest EPS (1.89 Tk.) was found in year 2012 where Paid up Capital was 873.00 crore. Due to managed cash flow an increasing trend of Tk.25,794 crore Total Assets was found in year 2015 where Return on Asset was 1.24% (Figure 4.1.2). Due to higher cash inflows of the bank higher (Tk. 2,633 crore) Total Shareholders' Equity was found in year 2015 where Return on Equity was 12.30% (Figure 4.1.3). Due to highest sell of bank's product (deposits, loans and others) the bank achieved (Tk. 875 crore) profit target (Tk. 800 crore) in year 2015, the increasing trend was found in figure 4.1.4. The bank achieved higher deposit (Tk. 21,044 crore) in year 2015 than (Tk.18,947 crore) in year 2014, the increasing trend was found in figure 4.1.5. The bank achieved an increasing trend of core, inter-bank and total deposit from month to month in year 2015 (Figure 4.1.6). Due to managed cash flows the bank achieved an increasing trend of deposit client and loan client in year 2015 (Figure 4.1.7) than in year 2014. In figure 4.1.8 we found different increasing and decreasing weighted avg. cost of deposit and weighted avg. lending rate at different spreads of deposit and lending rate, in lowest spread (4.13%) we found weighted avg. cost of deposit (7.26%) and weighted avg. lending rate (11.39%) in the month October of year 2015 and in highest spread (4.92%) we found weighted avg. cost of deposit (7.53%) and weighted avg. lending rate (12.45%) in the month January of year 2015. The bank maintained highest CRAR (12.41%) in year 2014 than in year 2015 (11.08%) where the requirement was 10.00% (Figure 4.1.9). The bank recovered an amount of Tk. 41.14 crore of classified loan where recover target was Tk.89.5 crore, the bank also recovered Tk. 296.52 crore of rescheduled loan where target was Tk.630.00 crore and the bank recovered Tk. 16.28 crore of written-off loan where target was Tk.45.00 crore (Figure 4.1.10). Due to rescheduling of loan the bank received a highest amount of loan repayment.

The figure of key financials and business indicators are given below:



Figure 4.1.1: Trend of Earning per Share (EPS) and Paid up Capital of last five years

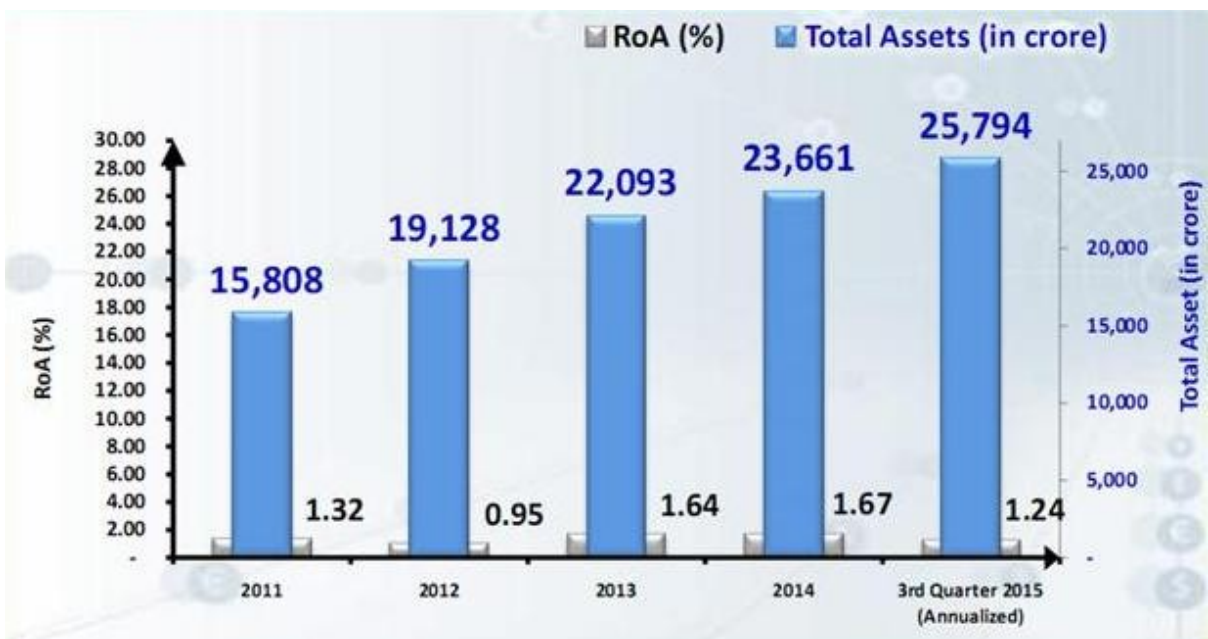


Figure 4.1.2: Trend of Return on Asset and Total Asset of last five years



Figure 4.1.3: Trend of Return on Equity and Total Shareholder’s Equity of last five years



Figure 4.1.4: Trend of Cumulative Profit relative to Target for the year 2015

Figure in Crore

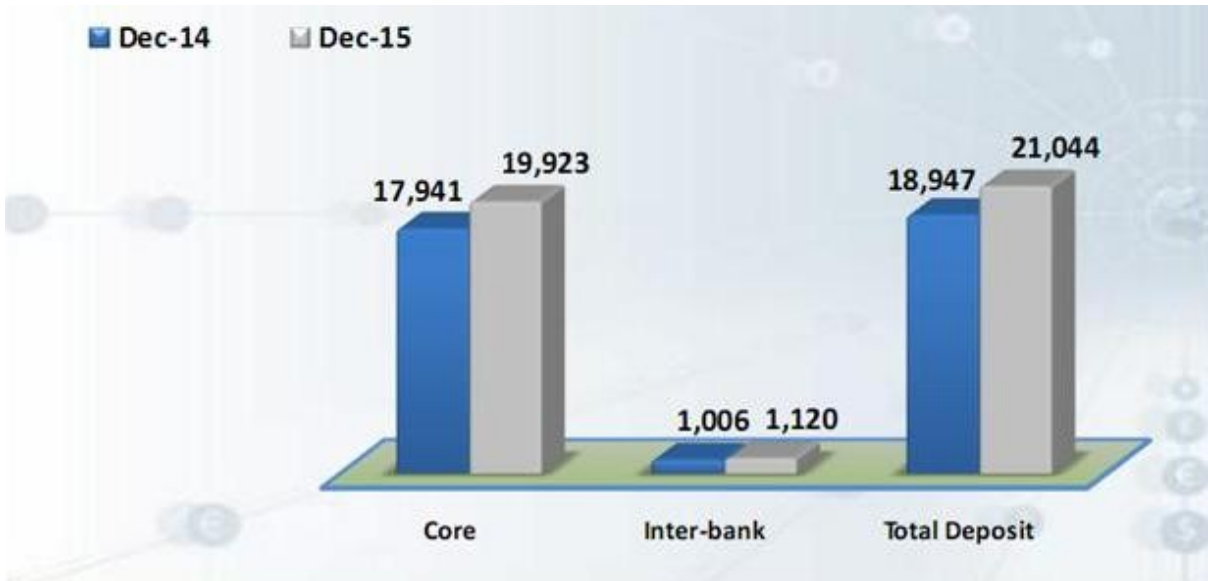


Figure 4.1.5: Trend of Point to Point Comparison of Deposits for last two years

Figure in Crore



Figure 4.1.6: Trend of core, inter-bank and total deposit from month to month for the year 2015

Figure in Crore



Figure 4.1.7: Monthly Trend of Deposit and Loan client for the year 2015

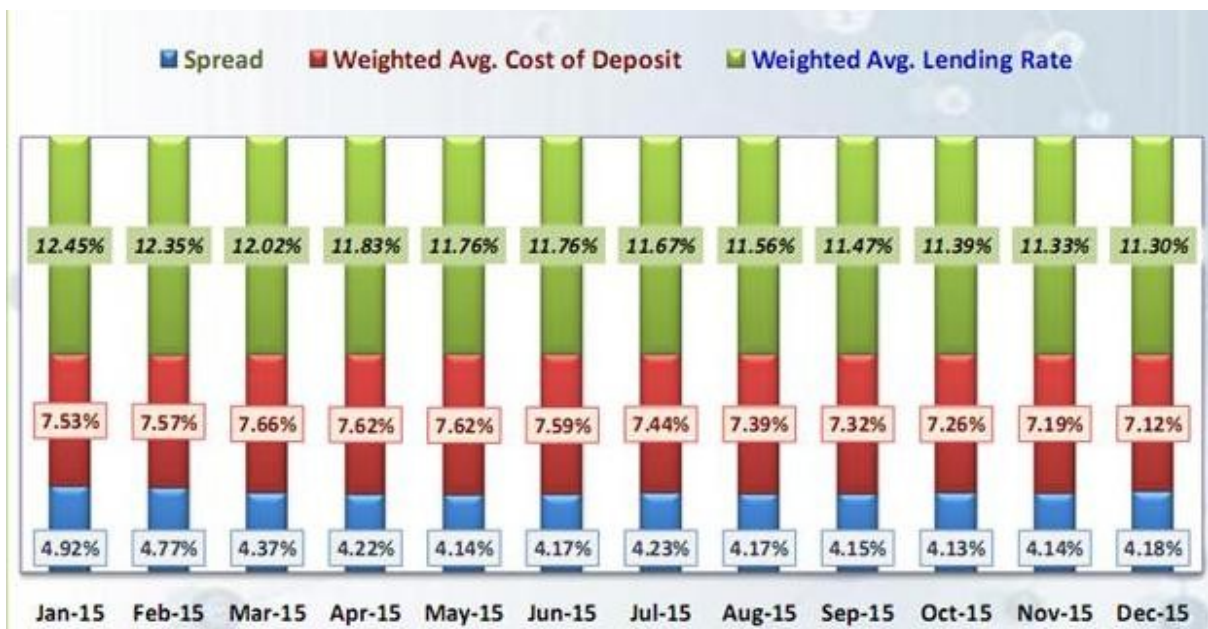


Figure 4.1.8: Monthly Trend of Interest Rate Spread for the year 2015



Figure 4.1.9: Quarterly Trend of CRAR for the year 2014-2015



Figure 4.1.10: Trend of Recovery of Loan in Comparison to Target for the year 2015

5.1 Findings:

The two main functions of a Bank are borrowing money from the public by accepting deposits and lending to the customers for development of trade, commerce, industry and agriculture. The profitability of a bank always depends on the proficient manner and the avenues in which its resources are employed to yield the maximum income. Cash flow management also responsible for the profitability of the bank.

Southeast Bank Limited is one of the leading private banks in the country. The findings of the report are-

Risk areas in cash inflow-

- i. Possibility of delay payment of loans
- ii. Possibility of Bad debts
- iii. Possibility of higher savings rate and lower lending rate
- iv. Lower investment possibility of shareholders
- v. Possibility of lower loan portfolio etc.

Risk areas in cash outflow-

- i. Higher operating expenses
- ii. Destruction of fixed assets (PCs, machinery, electrical appliance, furniture etc.)
- iii. Increasing wages, benefits/incentives
- iv. Higher rate of dividend
- v. Higher Income Tax, VAT and others taxes.

5.2 Recommendations

Southeast bank is one of the potential banks in the banking sector in Bangladesh. The dinajpur branch is a small branch. It was wonderful experience working at the Southeast Bank Limited. The employees of the branch were very helpful and very nice to me. In spite, it was not an easy work to find so many things during this short time. Now I would like to present my observation to increase the cash inflows and decrease the outflows of the bank for better profitability.

- i. The bank can plan to place money on short-term deposit to earn interest, or fund capital investment for longer-term expansion and development.
- ii. The bank can increase its sales (opening deposit accounts, providing new loans).
- iii. The bank can maximize the difference between costs and prices by cutting costs and/or raising selling price.
- iv. The bank can increase their anticipated cash inflows from accounts receivable collections, decreasing their anticipated cash outflows by cutting back on inventory purchases or cutting certain operating expenses, postponing a major purchase.
- v. The bank can roll over a debt repayment, looking to outside sources of cash, such as a short-term loan.
- vi. The bank may ask their customers to pay sooner.
- vii. The bank may ask for extended credit terms and improve profitability.

5.3 Conclusion

As outlined at the outset, cash flow is the life-blood of all growing businesses. Cash flow has to be managed. Cash flow management is as much an integral part of the business cycle as any other part of the process. The effect of cash is real, immediate and, if mismanaged or not managed, it is very unforgiving. It can be their ruination, but with care will be their servant and reward. This report has looked at cash flow management. Hopefully, we have helped illuminate where cash comes from and where it goes in the cash flow cycle and provided us with insight into the basics of cash flow management. It cannot be exhaustive but, hopefully, it has touched on all the areas of immediate importance for the survival and future development of the banking business.

Thanks go to the standard and stringent cash flow management process practices of the bank. But all things around us are changing at an accelerating rate. Today is not like yesterday and tomorrow will be different from today. Given the fast changing, dynamic global economy and the increasing pressure of globalization, liberalization, consolidation and disintermediation, it is essential that the bank has a robust cash flow management policies and procedures that are sensitive to these changes. To improve the risk management culture further, banks should adopt some of the industry's best practices that are not practiced currently.

References

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APPENDICES

Appendix I: Consolidated statement of cash flows of Southeast Bank Limited and its subsidiaries

Southeast Bank Limited and its subsidiaries

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

			2015	2014
A.	Cash flows from operating activities :	Note	Taka	Taka
	Interest receipts in cash		22,649,008,849	23,967,599,516
	Interest payments		(15,065,727,470)	(16,424,672,935)
	Dividend receipts		169,586,070	132,287,774
	Fees and commission receipts in cash		2,759,457,588	2,666,728,340
	Recoveries on Loans previously written-off		174,604,278	17,031,792
	Cash payments to employees		(1,433,131,923)	(1,370,925,988)
	Cash payments to suppliers		(410,177,003)	(268,707,201)
	Income taxes paid		(2,544,706,496)	(4,808,653,324)
	Receipts from other operating activities	62	547,079,920	492,203,311
	Payments for other operating activities	64	(1,847,880,920)	(1,571,802,139)
	Operating profit before changes in operating assets and liabilities (i)		4,998,112,892	2,831,089,146
	Increase / (decrease) in operating assets and liabilities			
	Sale of trading securities		705,788,371	2,414,814,607
	Purchase of trading securities		(420,588,600)	(1,598,775,211)
	Loans & advances to customers		(21,807,652,336)	(12,206,982,285)
	Other Assets		(1,779,218,427)	252,350,998
	Deposits from other banks		(258,998,658)	(105,516,490)
	Deposits from customers		21,367,938,895	12,327,845,327
	Other Liabilities		729,018,180	1,665,194,161
	Cash received/ (paid) from operating assets and liabilities (ii)		(1,463,712,575)	2,748,931,106
	Net cash flows from operating activities (A=i+ii)		3,534,400,317	5,580,020,253
B.	Cash Flow from Investing Activities :			
	Proceeds from sale of securities		51,230,852,388	57,900,737,563
	Payments for purchase of securities		(57,543,612,089)	(69,765,485,691)
	Purchase of fixed assets		(245,198,107)	(372,984,587)
	Sale of fixed assets		2,516,411	887,534
	Net cash flows from investing activities (B)		(6,555,441,397)	(12,236,845,180)
C.	Cash flows from financing activities :			
	Dividends paid		(1,375,425,264)	(1,397,257,411)
	Receipts from issue of loan capital & debt security		-	-
	Payments for redemption of loan capital & debt security		-	-
	Payment against lease obligation		(15,486,885)	(13,344,910)
	Receipts from issue of ordinary shares		-	-
	Net cash used in financing activities (C)		(1,390,912,149)	(1,410,602,321)
D.	Net increase / decrease in cash & cash equivalent (A+B+C)		(4,411,953,229)	(8,067,427,249)
E.	Effects of exchange rate changes on cash and cash equivalents		979,724	485,982
F.	Cash and cash equivalents at beginning period		25,417,724,038	33,484,665,305
G.	Cash and cash equivalents at end of period (D+E+F)		21,006,750,533	25,417,724,038
	Cash and cash equivalents at end of the periods represents			
	Cash in hand (including foreign currencies)		1,903,292,780	1,598,090,832
	Balance with Bangladesh Bank and its agent banks (including foreign currencies)		14,093,697,688	13,859,383,546
	Balance with other banks and financial institutions		3,391,323,065	5,766,255,893
	Money at call and on short notice		923,451,500	548,300,000
	Treasury bills		689,598,000	3,637,814,967
	Bangladesh Bank bill		-	-
	Prize bond		5,387,500	7,878,800
			21,006,750,533	25,417,724,038

Source: Annual Report-2015

Note: Cash Flow Statement is prepared in accordance with BAS 7 "Cash Flow Statement". The cash flow from the operating activities have been presented under Direct Method as prescribed by the Securities and Exchange Rules 1987 and considering the provisions of Paragraph18(b) of BAS-7 which provides that "Enterprises are encouraged to report Cash Flow from Operating Activities using the Direct Method".

Appendix II: Consolidated statement of cash flows of Southeast Bank Limited

Southeast Bank Limited
Statement of Cash Flows
For the year ended 31 December 2015

			2015	2014
A.	Cash flows from operating activities :	Note	Taka	Taka
	Interest receipts in cash		22,772,509,113	23,936,717,458
	Interest payments		(15,062,113,805)	(16,421,652,777)
	Dividend receipts		131,633,489	113,691,907
	Fees and commission receipts in cash		2,724,003,399	2,648,454,039
	Recoveries on Loans previously written-off		174,604,278	17,031,792
	Cash payments to employees		(1,408,833,806)	(1,348,341,380)
	Cash payments to suppliers		(408,742,152)	(267,960,485)
	Income taxes paid		(2,535,875,626)	(4,800,434,151)
	Receipts from other operating activities	63	517,712,843	452,603,509
	Payments for other operating activities	65	(1,820,501,267)	(1,538,075,249)
	Operating profit before changes in operating assets and liabilities (i)		5,084,396,466	2,792,034,663
	Increase / (decrease) in operating assets and liabilities			
	Sale of trading securities		265,378,290	2,144,550,152
	Purchase of trading securities		(322,445,392)	(1,149,267,999)
	Loans & advances to customers		(21,422,307,226)	(12,266,461,644)
	Other Assets		(1,798,912,240)	146,164,583
	Deposits from other banks		(231,521,530)	(170,133,046)
	Deposits from customers		21,372,903,220	12,339,043,832
	Other Liabilities		580,771,990	1,682,649,057
	Cash received/ (paid) from operating assets and liabilities (ii)		(1,556,132,888)	2,726,544,935
	Net cash flows from operating activities (A=i+ii)		3,528,263,578	5,518,579,598
B.	Cash Flow from Investing Activities :			
	Proceeds from sale of securities		51,230,852,388	57,900,737,563
	Payments for purchase of securities		(57,543,612,089)	(69,765,485,691)
	Purchase of fixed assets		(246,747,420)	(357,401,367)
	Sale of fixed assets		2,516,411	630,052
	Net cash flows from investing activities (B)		(6,556,990,710)	(12,221,519,443)
C.	Cash flows from financing activities :			
	Dividends paid		(1,375,425,264)	(1,397,257,411)
	Receipts from issue of loan capital & debt security		-	-
	Payments for redemption of loan capital & debt security		-	-
	Payment against lease obligation		(15,486,885)	(13,344,910)
	Receipts from issue of ordinary shares		-	-
	Net cash used in financing activities (C)		(1,390,912,149)	(1,410,602,321)
D.	Net increase / decrease in cash & cash equivalent (A+B+C)		(4,419,639,281)	(8,113,542,166)
E.	Effects of exchange rate changes on cash and cash equivalents		945,864	242,960
F.	Cash and cash equivalents at beginning period		25,371,114,994	33,484,414,200
G.	Cash and cash equivalents at end of period (D+E+F)		20,952,421,578	25,371,114,994
	Cash and cash equivalents at end of the periods represents			
	Cash in hand (including foreign currencies)		1,903,292,780	1,598,090,832
	Balance with Bangladesh Bank and its agent banks (including foreign currencies)		14,093,697,688	13,859,383,546
	Balance with other banks and financial institutions		3,336,994,111	5,719,646,850
	Money at call and on short notice		923,451,500	548,300,000
	Treasury bills		689,598,000	3,637,814,967
	Bangladesh Bank bill		-	-
	Prize bond		5,387,500	7,878,800
			20,952,421,578	25,371,114,994

Source: Annual Report-2015

Note: Cash Flow Statement is prepared in accordance with BAS 7 “Cash Flow Statement”. The cash flow from the operating activities have been presented under Direct Method as prescribed by the Securities and Exchange Rules 1987 and considering the provisions of Paragraph 18(b) of BAS-7 which provides that “Enterprises are encouraged to report Cash Flow from Operating Activities using the Direct Method”.