NCC Bank

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Internship Report On

"Financial Performance Analysis of NCC Bank PLC"

Submitted By:

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Date of Submission: 20 May, 2024

Letter of Transmittal

Date:

To

Mr. Anowar Ullah

Assistant Professor,

Department of Business Administration

Faculty of Business & Entrepreneurship

Daffodil International University

Subject: Submission of Internship report on "Financial Performance Analysis of NCC Bank PLC."

Dear Sir,

With all due respect and humility, allow me to submit to you this internship report, which is titled "Financial Performance Analysis of NCC Bank PLC." I did my best to adhere to the guidelines you provided me with when I prepared this report. The purpose of this report is to satisfy the Bachelors of Business Administration's requirement. It has been a really difficult, fascinating, and fulfilling process for me to write this internship report. My sincere appreciation for giving me this chance is conveyed to you.

If you could kindly accept this report, I would be really encouraged. I appreciate your cooperation and thoughtfulness.

Sincerely yours,

Md. Fahmid Arefin

ID: 221-11-1711

Bachelors of Business Administration

Department of Business Administration

Faculty of Business & Entrepreneurship

Daffodil International University

Student’s Declaration

By signing this document, I, Md. Fahmid Arefin, certify that the internship report entitled "**Financial Performance Analysis of NCC Bank PLC**": After finishing my ninety-day internship at **NCC Bank PLC**'s Mirpur Branch in Dhaka, I personally conducted a study on the bank and a thorough analysis of its financial performance. This report contains no material that is illegal in the nation and does not contain any duplication or use of extremely confidential information belonging to NCC Bank PLC.

Furthermore, I would want to state unequivocally that the report was written only with academic goals in mind.

Sincerely,

Md. Fahmid Arefin
ID: 221-11-1711
Program: Bachelors of Business Administration
Major: Accounting
Department of Business Administration
Faculty of Business & Entrepreneurship
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Letter of Approval

This certifies that, under my supervision, Md. Fahmid Arefin, ID: 221-11-1711, a BBA student at Daffodil International University, has finished the internship report titled **"Financial Performance Analysis of NCC Bank PLC".** He worked as an intern at the **"NCC Bank PLC, Mirpur Branch"** I am pleased to inform that he put a lot of effort into writing this report and was able to convey a positive picture of the relevant organization. The report's facts and conclusions appear to be reliable.

I hope he has the best possible life.

____

Mr. Anowar Ullah
Assistant Professor,
Department of Business Administration
Faculty of Business & Entrepreneurship
Daffodil International University

ACKNOWLEDGEMENT

It gives me great pleasure to thank everyone who contributed to the preparation of this report, either directly or indirectly, for their kind cooperation and encouragement.

First and foremost, I want to thank Almighty Allah for allowing me to complete my study.

In order to help me write this report, I would like to thank my honorable supervisor, Mr. Anowar Ullah, Assistant Professor, Department of Business Administration, Faculty of Business & Entrepreneurship, Daffodil International University, for his guidance and assistance.

I would like to offer my heartfelt gratitude to all of the managers and executives at NCC Bank PLC, Mirpur Branch, for their unflinching cooperation throughout the survey. They are the greatest anyone could ask for.

My work was also greatly aided by numerous informative interactions with various specialists at NCC Bank PLC. Finally, but equally essential, I would want to extend my gratitude to all of the other great colleagues of NCC Bank PLC.

We are especially grateful to our friends and classmates who provided one-on-one support and assistance.

I would like to thank everyone who has contributed, including those we were unaware of. However, I still hold responsibility for the instances that I ignored their advice.

Finally, I would like to say thank you to my parents. Their aid enabled me to complete both my Bachelors of Business Administration and the three-month internship.

Executive Summary

The completion of the internship report is a prerequisite for the Daffodiil International University BBA program. The topic of this study is "Financial Performance Analysis of NCC Bank PLC." The goal of this report is to help the reader gain a thorough grasp of a Bangladeshi bank's financial performance.

This internship report was created using NCC Bank PLC's financial performance from 2018 to 2022. Based on updated information on their business era from their annual report for the years 2018–2022, the study was conducted.

I thoroughly studied NCC Bank PLC's financial performance from 2018 to 2022 through this internship report, and I learned much about the dynamics of Bangladesh's banking industry. Through the examination of diverse financial instruments and approaches, I was able to discern patterns, advantages, and opportunities for enhancement in the bank's functioning. In the end, this experience gave me a thorough understanding of financial analysis methods and demonstrated how to put theory into practice when assessing actual business performance.

There are five chapters to this report. The first chapter of this paper focuses on the introduction. The study's introduction, background, genesis, objective, methodology, and limitations are all described in the first chapter. The second chapter provides an overview of NCC Bank PLC. This chapter discusses the company's background, mission, vision, values, products, services, and business. The third chapter covers theoretical knowledge, financial instruments, measurement methodologies, and the application of financial performance, such as trend analysis, common size income statements, common size balance sheets, and ratio analysis.

Finally, the report's fourth chapter, which includes a financial performance review, is quite essential. It comprises trend analysis, a common size income statement and balance sheet, and ratio analysis. The analysis of this report yielded a suitable outcome. Finally, in the final or fifth chapter, some results obtained during the analytical process are presented, along with recommendations for improving financial performance. This chapter also provides general findings.

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Chapter 1

Introduction

Introduction

Financial statements function similarly to a business's report card. They assist the business in disclosing its financial data to creditors and other interested parties. In order to improve future financial decision-making, financial statement analysis entails taking a close look at a company's financial report card. A corporation must prepare four primary forms of financial statements that address all aspects of its operations, including cash flows, net income, shareholder equity, and liabilities and assets.

Investors and creditors use the company's financial statements, which offer a wealth of information on the company's financial health. The fact that the company's executives can utilize these remarks to inform others of their achievements in running the business makes them crucial as well. Every financial statement highlights a distinct facet of the business's performance.

This brings us to the topic of NCC Bank PLC. Reputable in the banking industry, it's a private commercial bank in Bangladesh. Even though they are among the banks in Bangladesh with the most sophisticated technology infrastructure, they never stop striving to provide their clients with even greater services.

We are closely examining NCC Bank's financial situation in this study. We are employing specialized instruments and methods, such as trend analysis, ratio analysis, and common size income statement, to do this. To determine whether the bank is headed in the proper route and offering its clients first-rate services, it's similar to employing tools.

Background of the Study

In order to avoid theoretical information being useless without practical application in real-world situations, it is imperative that knowledge obtained from academic courses be put to use. Students must participate in practical applications, which are frequently made possible by internship programs, in order to reap the significant benefits of academic knowledge.

When it comes to giving students practical experience in real-world business operations, internship programs are quite important. Students can obtain valuable insights into an organization's operations by collaborating closely with its personnel. Their intimate relationship enables them to integrate real-world experience, which supports the growth of their critical thinking abilities and intellectual capacity.

Essentially, internships work as a link between classroom instruction and real-world application, making sure that students not only understand academic material but also develop the skills required to function well in and contribute to professional contexts.

Origin of the Report

My internship at NCC Bank PLC was required to be completed as part of the Bachelor of Business Administration degree. The internship supervisor, **Mr. Anowar Ullah**, an assistant professor in the Daffodil International University, Faculty of Business & Entrepreneurship, and **Minul Hoque Khondokar**, a Deputy Manager and First Assistant Vice President at NCC Bank PLC, selected the topic of this report: "Financial performance Analysis of NCC Bank PLC." By placing students in a practical setting, the internship program aimed to provide them with a chance to obtain some real-world experience.

Objective of the Report

The main objective of this report is to analyze the financial performance of NCC Bank PLC. Also, there are some specific objectives regarding performance analysis; these are:

- To analyze the financial performance of NCC Bank PLC.
- To identify the issues related to financial performance of NCC Bank PLC.
- To provide some suggestions based on findings.

Methodology

The report was prepared by the help of using secondary information. The details of these sources are highlighted below:

Secondary Sources:

- Annual Reports of NCC Bank PLC
- Relevant papers and different books.
- Official web site of NCC Bank PLC.
- Prior research reports.

And for calculating the ratio analysis for the report given toots were used:

i. Trend Analysis
ii. Common size income statement
iii. Common size balance sheet
iv. Ratio Analysis

Limitations of the Studies

Certain limitations were encountered during the preparation of the report. These are given below:

- The time frame for the research is limited. Due to time constraints, no large-scale examination was possible.
- Collecting relevant data and information was difficult due to organizational confidentiality.

Chapter 2

Organizational part

About NCC Bank PLC

National Credit and Commerce Bank PLC has its own distinct history. The corporation began its adventure in the country's financial industry in 1985 as an investment company. The company's goal was to mobilize resources from within and invest them in such a way that the country's industrial and trade sectors would grow while also acting as a catalyst in the establishment of the capital market. Its participation in the browse helped the company a lot in this regard. The company operated with 16 branches until 1992, when it was converted, with the Central Bank's consent, into a full-fledged private commercial bank with a paid-up capital of Tk. 39.00 crore to serve the nation from a broader platform. Since its foundation, NCC Bank PLC. has earned a commendable reputation for providing genuine personalized service to its customers in a technology-driven environment. The Bank has established a new standard for financing in the Industrial, Trade, and Foreign Exchange business. Its varied deposit and credit products have also attracted clients, both corporate and individual, who are comfortable doing business with the bank.

Background

National Credit and Commerce Bank Ltd. (NCC Bank) is a significant private-sector commercial bank in Bangladesh. It was established on May 17, 1985, and operates under the Bank Company Act of 1991. The bank was established as a public limited company under the Companies Act of 1913, and it began banking operations on May 25, 1985, with the primary goal of delivering efficient and dependable banking services to consumers.

NCC Bank has made important contributions to the banking industry since its foundation. It has positioned itself as a contemporary and innovative financial institution that contributes to Bangladesh's economic progress. The bank received its certificate of business beginning from the Registrar of Joint Stock Companies and Firms on May 17, 1985, allowing it to begin operations in the private sector.

Bangladesh Bank, Bangladesh's central bank, issued NCC Bank's banking license on May 17, 1985, allowing it to provide a comprehensive range of banking goods and services to its customers.

On the same day, the bank opened its first branch in Dhaka, Bangladesh's capital city, ushering in its banking journey.

NCC Bank has achieved tremendous success over the years and has constantly met Bangladesh Bank's regulatory standards, including capital adequacy ratios. The bank has grown its network across the country, now operating through various branches, sub-branches, and agent banking outlets, with the goal of promoting inclusive and sustainable economic growth nationally.

NCC Bank has achieved extraordinary performance throughout the years, constantly meeting Bangladesh Bank regulatory criteria, including capital adequacy ratios. The bank has grown its network across the country, now operating through a number of branches, sub-branches, and agent banking outlets, with the goal of promoting inclusive and sustainable economic growth across the board.

Mr. Md. Abul Bashar is currently the Chairman of NCC Bank and brings a wealth of experience and knowledge to the job. The bank's management team, led by its Managing Director, Mr. M. Shamsul Arefin, is made up of qualified individuals dedicated to attaining the bank's goals and maintaining its image as a trustworthy financial institution in Bangladesh.

Mission of NCC Bank PLC:

A company purpose will help employees realize their vision by laying the groundwork for objectives, strategies, goals, and job assignments. NCC Bank is particularly concerned about their mission, which can only be revealed and managed by the manager through the mission statement. The mission statements are as follow:

- ✓ Delivering excellent financial service to our communities based on strong customer relationship.
- ✓ Providing long lasting solutions that combining our cutting-edge technology, experience and financial strength to our clients and stakeholders.
- ✓ Creating a cohesive and friendly environment where customers and our people can excel.

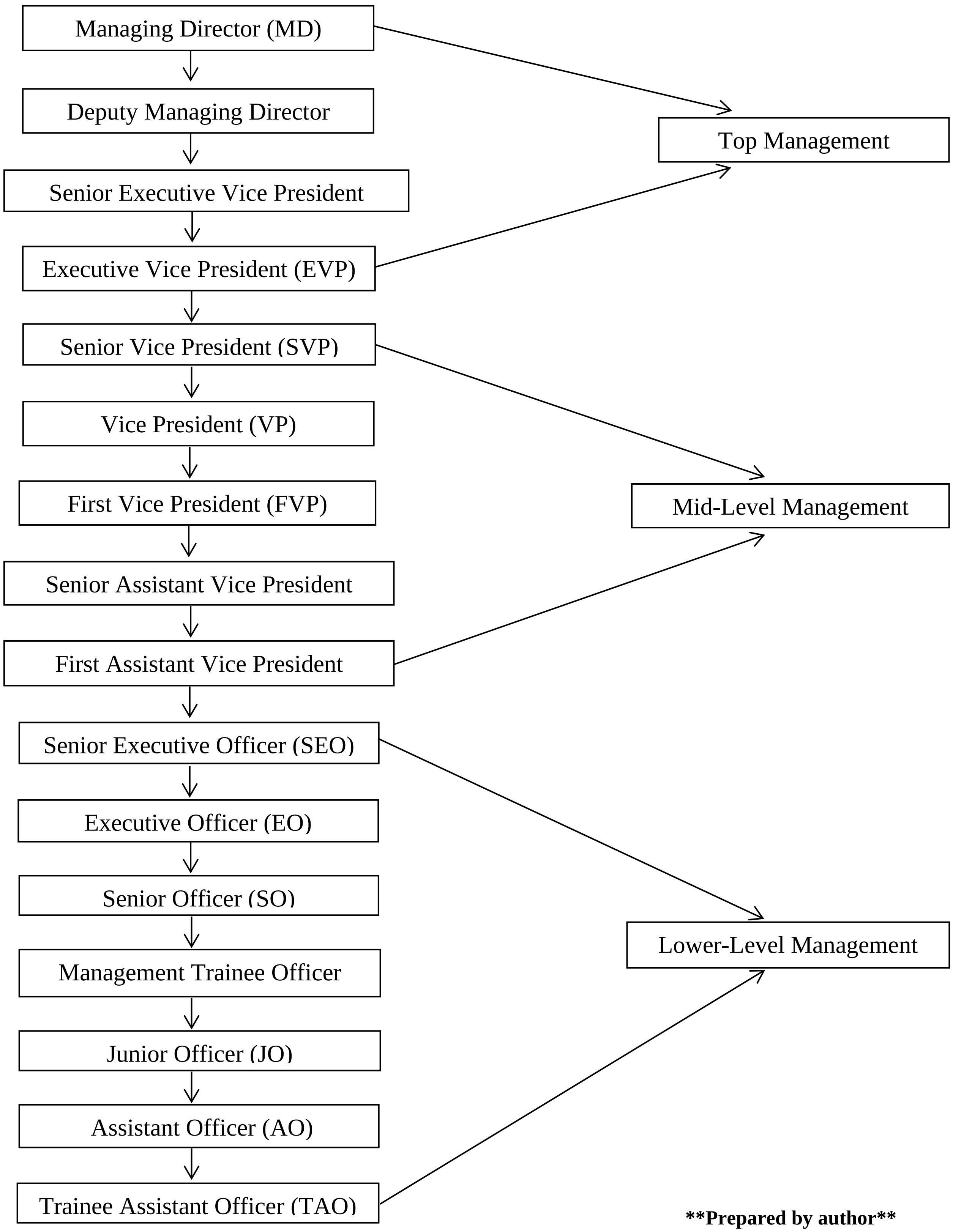
Vision of NCC Bank PLC

The vision of NCC Bank PLC is to become one of the most adorable commercial Bank in serving the nation as a progressive and socially responsible financial institution by bringing credit & commerce together for increased shareholders' value and sustainable growth.

Core Values

- ✓ Integrity
- ✓ Commitment
- ✓ Accountability
- ✓ Confidentiality
- ✓ Professionalism
- ✓ Respect for Individual
- ✓ Respect for Nature

Organizational Structure



Prepared by author

Product and Services of NCC Bank PLC

1. **CONVENTIONAL BANKING DEPOSIT PRODUCTS:**
   - ✓ Current Deposit Account
   - ✓ Savings Bank Deposit Account
   - ✓ Special Notice Deposit
   - ✓ Fixed Deposit Receipt (FDR)

2. **SAVINGS & DEPOSIT SCHEMES:**
   - ✓ Special Savings Scheme
   - ✓ Special Deposit Scheme
   - ✓ NCC Power Saver: A savings plan with competitive interest rates.
   - ✓ NCC Interest First: A scheme that prioritizes interest payments.
   - ✓ NCC Double Benefit Scheme: An investment plan that promises to double the initial deposit.
   - ✓ NCC Millionaire Scheme: A targeted savings plan to reach millionaire status.
   - ✓ NCC Koti Poti Scheme: A high-value savings plan for substantial wealth accumulation.

3. **CONVENTIONAL BANKING SERVICES:**
   - ✓ NCC Bank Net Banking: Online banking services for convenient financial transactions.
   - ✓ NCC Bank Smart Pay: A ‘Buy Now, Pay Later’ service.
   - ✓ Credit & Debit Cards: Offering a range of cards for cashless transactions and online purchases.

4. **LOAN PRODUCTS:**
   - ✓ Personal Loan: Loans tailored to meet personal financial needs.
   - ✓ Car Loan: Financing options for purchasing vehicles.
   - ✓ Home Improvement Loan: Loans for home renovation and decoration.
   - ✓ House Building Finance: Financial support for constructing homes.
   - ✓ Marriage Loan: Loans to cover marriage-related expenses.
   - ✓ Health Loan: Loans for medical expenses.

- ✓ Professional Loan: Loans to support business establishment or expansion.

5. **CORPORATE SERVICES:**
    - ✓ NRBC Bank: Specialized corporate banking services for small to large businesses, including working capital finance and project finance.

6. **CARD SERVICES:**
    - ➢ **Credit Cards:**
        - ✓ Classic Credit Card: Designed for medium earning customers, offering values on every expenditure1.
        - ✓ Gold Credit Card: Aimed at higher earning customers, enhancing lifestyle and providing rewards.
        - ✓ Platinum Credit Card: A premium card with superior features and outstanding benefits for upscale customers.
        - ✓ Signature Credit Card: Offers elite customers prestigious benefits and a host of privileges.

    - ➢ **Debit Cards:**
        - ✓ Multi-Currency VISA Debit Card: Linked with savings or current accounts, this card offers seamless local and international transactions at ATMs, POS, and online platforms. It includes a global limit usage facility, no hassle related to currency conversion between BDT and USD, free cash withdrawal from 13,000+ ATMs across Bangladesh, exclusive 1% cashback on every purchase, and a year-long wide range of discounts at more than 1,000 merchant outlets.

    - ➢ **Card Offers:**
        - ✓ 0% Smart pay Discount Merchants: A program that allows for installment payments with 0% interest at selected merchants3.
        - ✓ BOGO-BUY1 GET1 Offers: Special buy-one-get-one-free offers at participating outlets.

Chapter 3

Financial Performance Analysis

Financial Analysis

Financial analysis entails thoroughly reviewing financial data in order to make informed business decisions. This approach frequently results in the transfer of resources within a company or specialized internal functions. A company's financial statements serve as the primary source of data for financial analysis. Financial analysts use these records to create ratios, draw trend lines, and compare data from similar organizations. Financial analysis results can impact judgments like these:

1. Deciding whether to invest in a firm and determining the appropriate share price.
2. Determining whether to lend to a firm and determining loan terms.
3. Evaluating internal investment prospects in assets or working capital, and identifying financing options.

Tools for Analysis or Financial Ratios

Financial analysis is an important tool for business managers to evaluate their organization's performance. Managers frequently consult financial experts for information on profitability, cash flows, and other financial aspects of their company. In this study, I conducted a thorough examination of NCC Bank PLC's financial statements using three separate methods. The approaches are:

- Horizontal Analysis
- Common Size Income Statement,
- Common Size Balance Sheet
- Financial Ratio Analysis

Horizontal Analysis (Trend Analysis)

Horizontal Analysis, also known as Trend Analysis, is a useful tool for reviewing a company's financial statements over multiple accounting periods to gain insights into its performance and financial health. Trends in earnings, assets, and liabilities can be identified by comparing financial statements over multiple years. This analysis entails examining the variations in the amounts of each item on a financial statement from one period to the next. The horizontal analysis shown below shows the fluctuations in each single item from 2018 to 2022, emphasizing gains or declines in quantity.

Common Size Income Statements

The Common-Size Income Statement is a financial tool that shows each item as a proportion of total revenue, making it easy to compare and analyze companies in the same industry. The common-size income statement is widely used in financial statement analysis to compare companies operating in comparable or diverse industries, as well as different time periods within the same organization. The common-size income statement expresses each account as a percentage of total sales value. It is well-known for comparing financial accounts from different companies.

Common Size Balance sheet

The Common-Size Income Statement is a financial instrument that depicts each item as a percentage of total income, allowing for easy comparisons and analysis of companies in the same industry. The common-size income statement is commonly used in financial statement analysis to compare companies in similar or diverse industries, as well as to analyze different time periods within the same company. In essence, the common-size income statement expresses each account as a percentage of overall sales value. It is a well-known tool for comparing many organizations' financial accounts.

Financial Ratio Analysis

Financial ratio analysis is an effective tool for investigating and analyzing correlations between various types of financial data. Any corporation can use data from its income statement and balance sheet to calculate financial ratios. This quantitative study examines several areas of a company's operational and financial performance, such as efficiency, liquidity, profitability, and solvency. There are many different types of ratios, each with its own purpose. The ratios listed below are supplemented by explanations, providing a thorough view of the company's financial situation.

Financial ratios can be neatly classified into six primary categories:

- Liquidity,

- Activity,
- Debt,
- Profitability,
- Efficiency and
- Credit Risk.

Liquidity, Activity, and Debt ratios are largely concerned with risk assessment, whereas Profitability ratios reflect return on investment. Efficiency ratios indicate how successfully a corporation uses its assets and manages its liabilities to generate revenue and profit. Credit risk ratios analyze a company's default risk and creditworthiness. In order to conduct a successful financial analysis, the income statement and balance sheet must be provided as fundamental inputs. We will examine NCC Bank PLC's revenue statements and balance sheets from 2018 to 2022.

Liquidity Ratio

Liquidity, a key indicator of a company's financial health, assesses its capacity to satisfy short-term obligations on time. It represents the firm's overall liquidity and ability to settle invoices efficiently. Given that low or deteriorating liquidity frequently precedes financial trouble, several ratios are useful predictors of impending cash flow issues. Key indicators of a bank's liquidity are:

1. Current ratio
2. Net Working Capital Ratio
3. Cash Ratio
4. Cash to Assets ratio
5. Cash to Deposits ratio
6. Loan to Total Deposits ratio
7. Loan to Total Assets ratio.

1. **Current Ratio:** The current ratio is a financial measure that shows the connection between a company's current assets and current liabilities. This ratio serves as a significant measure of the company's liquidity. Essentially, having a large number of current assets in relation to a small amount of current liabilities gives confidence that future obligations will be paid. The ideal current ratio is commonly thought to be 2:1. This ratio is described as follows:

$$\textbf{Current Ratio} = \frac{\textbf{Current Assets}}{\textbf{Current Liabilities}}$$

2. **Net Working Capital Ratio:** The Net Working Capital (NWC) Ratio is a financial indicator used to evaluate a company's operational liquidity and short-term financial health by comparing current assets to current liabilities. It gives information on the company's capacity to meet short-term obligations and fund its day-to-day operations.

Working Capital = Current Assets - Current Liabilities

$$\textbf{Net Working Capital Ratio} = \frac{\textbf{Net working capital}}{\textbf{Net Assets}}$$

3. **Cash Ratio:** The cash ratio measures a company's liquidity by comparing its total assets and cash equivalents to its current obligations. This indicator measures the company's ability to pay its short-term debts using readily available cash or easily marketable securities. Investors frequently examine this information when determining the extent to which they are willing to lend money to a company.

$$\textbf{Cash Ratio} = \frac{\textbf{Cash}}{\textbf{Current Liabilities}}$$

4. **Cash to Assets ratio:** The Cash to Assets Ratio is the percentage of a company's assets made up of cash and short-term investments, as shown on the most recent available Balance Sheet. This statistic is primarily used to analyze funds and investment trusts. A higher proportion of assets in cash indicates that the fund management is not utilizing all available funds. While this technique may affect returns, it could also represent the manager's view on the direction of financial markets.

$$\textbf{Cash to Assets Ratio} = \frac{\textbf{Cash}}{\textbf{Total Asset}}$$

5. **Cash to Deposits ratio:** The Cash to Deposits ratio is a financial indicator that measures the proportion of a bank's total cash and cash equivalents to its total client deposits. It gives information about a bank's liquidity status and ability to meet short-term obligations, specifically the prospective demand for depositor withdrawals. A higher Cash to Deposits ratio typically indicates a larger liquidity buffer, implying that the bank has more readily available money to cover withdrawals and unexpected liquidity needs. This ratio is significant for measuring a bank's financial stability and ability to properly handle liquidity risk.

$$\textbf{Cash to Deposits Ratio} = \frac{\textbf{Cash}}{\textbf{Total Deposits}}$$

6. **Loan to Total Deposits ratio:** The loan-to-deposit ratio (LDR) is a percentage-based indicator of a bank's liquidity that compares total loans to total deposits over a certain time period. An increased ratio indicates a risk of insufficient liquidity in meeting unforeseen fund requirements. In contrast, a low ratio may indicate that the bank's earnings potential is inadequate.

$$\textbf{Loan to Total Deposits ratio} = \frac{\textbf{Total Loans}}{\textbf{Total Deposits}}$$

7. **Loan to Total Assets ratio:** The loans-to-assets ratio is an important indicator for determining a bank's asset composition since it quickly indicates the percentage of assets on its records that are allocated to loans. A higher ratio may indicate that the bank has less liquidity, making it more vulnerable to default risks.

$$\textbf{Loan to Total Asset ratio} = \frac{\textbf{Total Loans}}{\textbf{Total Assets}}$$

Activity Ratios

Activity ratios measure how effectively a business performs. They want to know how well the company converts its stocks into sales and ultimately into cash, as well as how efficiently it uses fixed assets and working capital. There are various ratios for measuring the activity of main current accounts. These ratios can be used to analyze how efficiently total assets are utilized. By evaluating these statistics, analysts and stakeholders can acquire a better picture of the company's overall operational performance and its capacity to transform resources into sales and cash flow.

1. <u>Total Asset Turnover Ratios:</u> The fixed assets turnover ratio assesses a company's efficiency in using its fixed assets to produce income. A higher ratio is preferred since it represents more efficient asset utilization. Increased turnover ratios indicate that the organization is better utilizing its assets. Lower ratios, on the other hand, reflect inefficiencies and may signal problems with management or production.

For example, a ratio of one suggests that a business's net sales match the average total assets for the year, implying that the company makes $1 of sales for every $1 invested in assets.

$$\textbf{Total Asset Turnover Ratios} = \frac{\textbf{Sales or Revenue}}{\textbf{Total Assets}}$$

2. <u>Equity Turnover Ratio:</u> Equity Turnover is a statistic that measures a company's efficiency in utilizing stockholder money by comparing net revenue to average shareholders' equity. Shareholders use this indicator to analyze how successfully a company is using the capital given by equity investors.

$$\textbf{Equity Turnover Ratios} = \frac{\textbf{Net Revenue}}{\textbf{Average shareholders' equity}}$$

Debt Ratio

The Debt Ratio, commonly known as the Debt-to-Assets Ratio, measures a company's debt as a percentage of total assets.

The Debt Ratio shows how much of total assets are funded by debt, which provides insight into the financial structure's sustainability. A high proportion indicates possible difficulties for the company in satisfying debt obligations and continuing operations. Essentially, the ratio assesses the amount to which the company relies on external funding to make profits.

The debt ratio is the percentage of total assets financed by the company's creditors. The higher this percentage, the more money from other people is used to make a profit. The ratio is computed as follows:

$$\textbf{Debt Ratio} = \frac{\textbf{Total liabilities}}{\textbf{Total Assets}} \times \mathbf{100}$$

Profitability Ratios

Profitability Ratios evaluate a company's overall success by calculating the total revenue generated by its operations. Simply put, these ratios measure a company's ability to make profits from its spending and other costs incurred during a given time period. Various types of profitability ratios include:

1. **Gross Profit Margin:** The gross margin ratio describes the relationship between a company's gross profit and revenue. This profitability ratio calculates the percentage of revenue that converts to gross profit, which is revenue minus cost of goods sold. A bigger gross profit margin is advantageous, reflecting lower relative costs for products sold. The gross profit margin is computed using the following formula:

$$\textbf{Gross Profit Margin} = \frac{\textbf{Gross Profits}}{\textbf{Sales or Revenue}}$$

2. **Operating Profit Margin:** The operating margin ratio, commonly known as the return on sales ratio, measures the relationship between a company's operating profitability and revenue.

This profitability ratio shows the percentage of operational income compared to revenue. The operating profit margin is determined as follows:

$$\textbf{Operating Profit Margin} = \frac{\textbf{Operating Profits}}{\textbf{Sales or Revenue}}$$

3. **Net Profit Margin:** The net profit margin is a measure of a company's earnings in relation to its revenue. It is a percentage that represents the profit a corporation retains after deducting all expenses, divided by the total revenue earned. Net profit margin is determined as follows:

$$\textbf{Net Profit Margin} = \frac{\textbf{Net Income After Tax}}{\textbf{Total operating revenues}}$$

4. **Return on Total Assets (ROA):** Return on assets is a profitability ratio that represents the link between a company's yearly net income and average total assets over a given fiscal year. This ratio measures the business's efficiency in using its assets to generate net income. A higher return on total assets indicates better performance. The formula for the return on total assets is as follows:

$$\textbf{Return on Total Assets (ROA)} = \frac{\textbf{Net Income After Tax}}{\textbf{Total Assets}}$$

5. **Return on Common Equity (ROE):** Return on equity (ROE) or return on capital is the ratio of a company's net income in a given year to its stockholders' equity in the same year. This indicator measures the profitability of stockholders' investments by expressing net income as a proportion of shareholder equity.

$$\textbf{Return on Equity} = \frac{\textbf{Net Income After Tax}}{\textbf{Stockholders Equity}}$$

Efficiency Ratio

The term "effectiveness" relates to how efficiently a corporation uses its assets. Productivity is often measured by the amount of revenue generated from a certain set of assets. In addition, inefficient asset utilization might cause liquidity concerns. A shortage of liquidity frequently leads to lesser profitability and fewer chances. Short-term liquidity concerns affect an organization's clients and suppliers, particularly when interacting with financial institutions. This section describes the essential ratios used to determine efficiency:

- ✓ Interest Income to Expense
- ✓ Operating Expenses to Assets
- ✓ Operating Income to Assets (Asset utilization)
- ✓ Operating Expense to Revenue

1. **Interest Income to Expense:** The Interest Expense Ratio is a measure of financial efficiency obtained from a company's or firm's financial statements, particularly those calculating gross firm income. Financial efficiency refers to the efficacy with which a business or firm generates revenue. Assessing the financial efficiency of a business or firm helps owners understand how different areas such as production, financing, marketing, and so on effect the overall gross income of the business.

$$\textbf{Interest Income to Expense} = \frac{\textbf{Interest Income}}{\textbf{Expenses}}$$

2. **Operating Expenses to Assets:** The Operating Expense to Assets Ratio is an efficiency indicator that compares a bank's operating expenses (non-interest expenses) to its size or asset base. Unlike certain ratios, it is unaffected by interest rate changes, providing a more accurate picture of the bank's spending management efficiency in relation to its assets. As a result, this ratio proves useful in measuring a bank or financial institution's efficiency, especially during periods highlighted by considerable volatility in interest rates or spreads.

$$\textbf{Operating Expenses to Assets} = \frac{\textbf{Operating Expenses}}{\textbf{Average Assets}}$$

3. **Operating Income to Assets (Asset utilization):** Operating Income on Assets, an efficiency ratio, is a variation on the traditional return on assets ratio. This metric, also known as the operational return on assets, depicts the company's operating income generated per unit of currency invested in assets used in its day-to-day operations. Similar to the return on assets ratio, it examines the profit level relative to the company's assets, but uses a more specific definition of those assets.

$$\textbf{Operating Income to Assets} = \frac{\textbf{Earnings before interest and taxes (EBIT)}}{\textbf{Average Assets}}$$

4. **Operating Expense to Revenue:** In the banking industry, the Operating Expense to Revenue ratio is especially important. For banks, it refers to the ratio of non-interest expenses to revenue. This measure provides information about how effectively the bank's managers manage their overhead expenses. This ratio, like the previously discussed efficiency ratios, allows analysts to analyze the performance of both commercial and investment banks.

$$\textbf{Operating Expense to Revenue} = \frac{\textbf{Operating Expenses}}{\textbf{Net Revenue}}$$

Credit Risk Ratio

Credit risk refers to the possibility of a borrower failing to meet loan commitments. In layman's words, it is the risk that the borrower will fail to return either the principal amount or the related interest payments (or both), either partially or completely. This consequence results in a loss for the lender due to disrupted cash flows and higher collection costs.

Several factors can contribute to credit risk, including poor cash flows that make it difficult for the borrower to make interest and principal payments, fluctuations in interest rates for variable interest rate loans, changes in economic conditions, business failure, borrower reluctance to repay, and more.

This section highlights significant ratios relevant to credit risk, particularly activity ratios:

- ✓ Equity to Assets
- ✓ Equity to Net Loans

1. **Equity to Asset Ratio:** The equity-to-asset ratio is a metric used to determine the percentage of a company's assets owned by investors without leverage. This ratio represents the percentage of assets that could fall under the control of debt holders in the case of bankruptcy. A higher equity-to-asset ratio indicates lesser leverage, indicating that the company and its investors hold a greater share of the assets.

$$\textbf{Equity to Asset ratio} = \frac{\textbf{Total shareholders' equity}}{\textbf{Total Asset}}$$

2. **Equity to Net Loans:** The Equity to Net Loans ratio, often known as the "risk ratio" or "gearing," is a leverage indicator that measures the proportion of total short-term and long-term loans relative to total shareholder equity. This ratio provides insight into the balance of a company's capital structure of loans and equity funding.

$$\textbf{Equity to Net Loans ratio} = \frac{\textbf{Total shareholders' equity}}{\textbf{Total Loans}}$$

Chapter 4

Analysis of NCC Bank PLC

Horizontal Analysis

The horizontal analyses (Trend Analysis) of NCC Bank Ltd. are given below as a table:

Revenue: NCC Bank PLC's 2018-2022 Revenue or Interest Income:

Particulars	2018	2019	2020	2021	2022
Interest income (BDT)	**23,977,837,117**	**26,258,882,407**	**22,250,494,593**	**18,922,151,770**	**20,187,071,960**
Increase or Decrease (BDT)		**2,281,045,290**	**-4,008,387,814**	**-3,328,342,823**	**1,264,920,190**

X-Axis=Year
Y-Axis=BDT of Interest Revenue

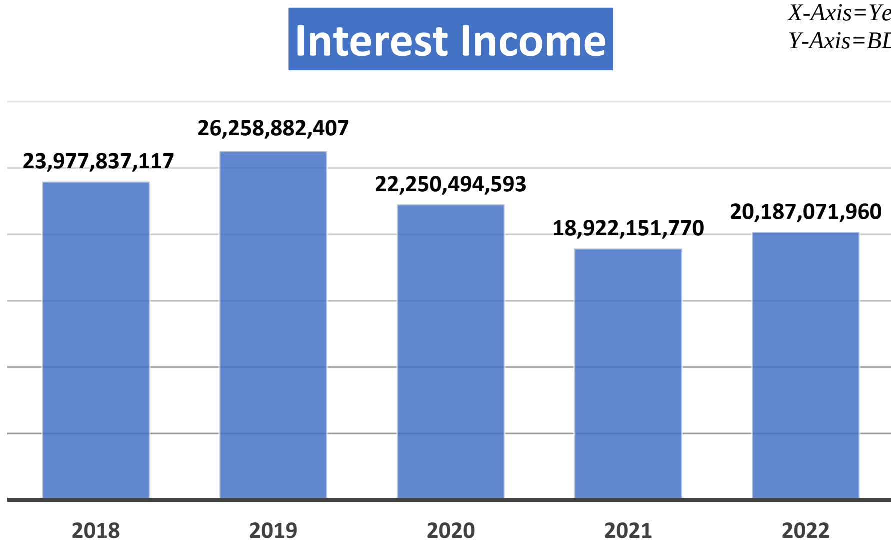


Figure 1: Interest revenue

Interpretation: During the five years (2018-2022) of the NCC Bank PLC study, the total revenue growth had several ups and downs. According to the table above, revenue has changed significantly year after year. As 2018 is the base year, the revenue changes from 2018 to 2019 have grown by 9.51%. However, the impact of the epidemic will cause a significant decline in 2020. Revenue declined by 15.26% in 2020 and 14.96% in 2021. Following the pandemic, it began to increase income, which increased by 6.68% in the year 2022, with a revenue of 20,187,071,960. So, the largest rise occurred in 2019, with BDT 26,258,882,407. Following the pandemic, revenue steadily increased.

Operating Profit:

NCC Bank PLC's 2018-2022 Operating Profit:

Particulars	2018	2019	2020	2021	2022
Operating Profit (BDT)	**9,782,995,132**	**8,982,979,319**	**8,264,555,999**	**8,671,121,894**	**10,429,860,153**
Increase or Decrease (BDT)		**-800,015,813**	**-718,423,320**	**406,565,895**	**1,758,738,259**

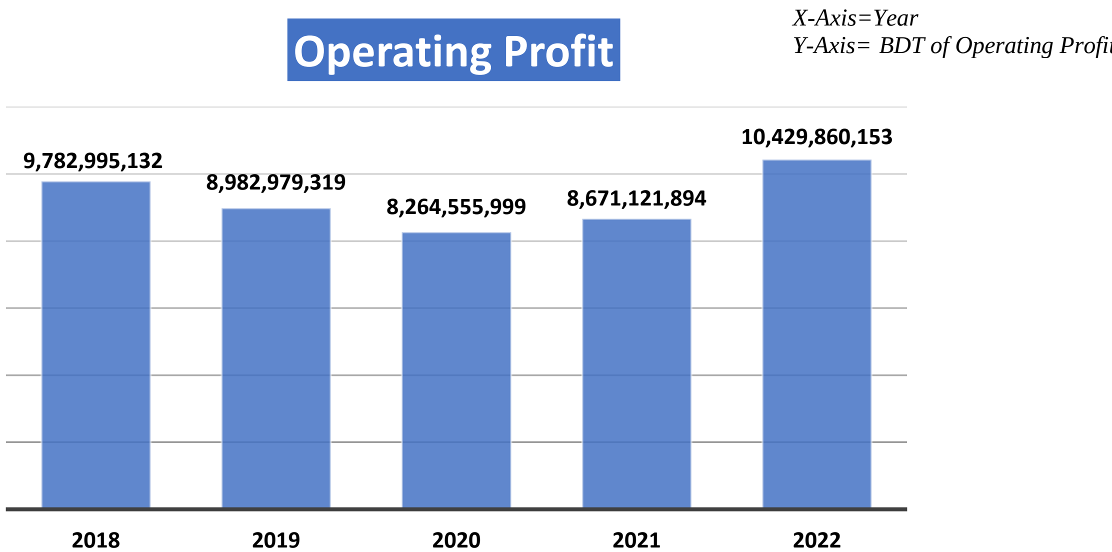


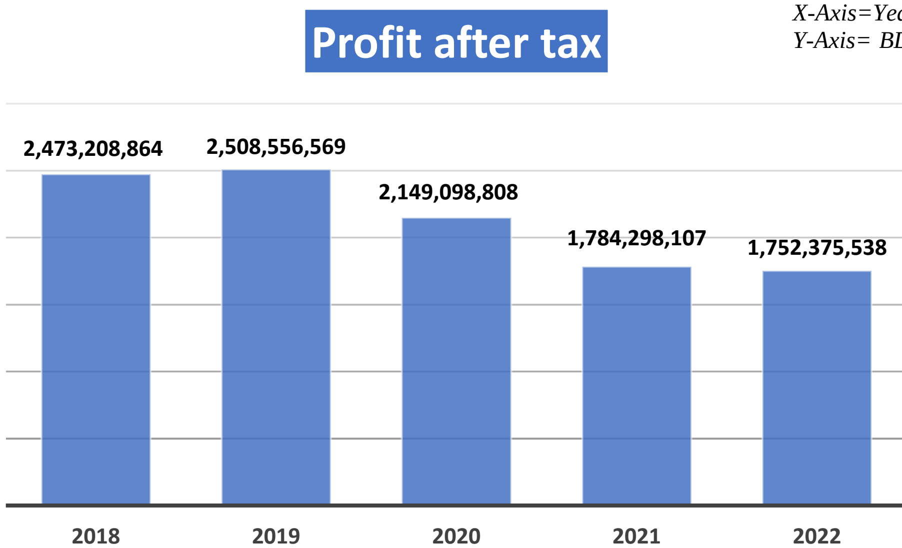
Figure 2: Operating Profit

Interpretation: The overall growth of operational profit during NCC Bank PLC's five-year study (2018-2022) is displayed here. According to the table above, operating profit has changed significantly from year to year. Because 2018 is the baseline year, changes in operational profit have begun to decline from 2019 to 2020. It falls by 8.18% and 8%, respectively. Then, in 2021, it began to climb marginally by 4.92%. And eventually, it has taken a rapid growth in operating profit, which will expand by 20.28% in 2022. The increase is 1,758,738,259 in 2022.

<u>Profit after Tax</u>:

NCC Bank PLC's 2018-2022 Profit After Tax:

Particulars	2018	2019	2020	2021	2022
Profit after tax (BDT)	**2,473,208,864**	**2,508,556,569**	**2,149,098,808**	**1,784,298,107**	**1,752,375,538**
Increase or Decrease (BDT)		**35,347,705**	**-359,457,761**	**-364,800,701**	**-31,922,569**



X-Axis=Year
Y-Axis= BDT of Profit after tax

Figure 3: Profit after tax

<u>Interpretation</u>: During NCC Bank PLC's five-year study (2018-2022), the overall increase in profit after tax decreased. Profit after tax has varied greatly from year to year. Profit after tax rose by only 1.43% in 2019, with 2018 serving as the baseline year. Following that, it began to decline during the COVID-19 epidemic. And it drops substantially by 14.33% (BDT 359,457,761) in 2020, 16.97% in 2021, and 1.79% in 2022, reaching BDT 1,752,375,538. It is not a good sign for an organization. If the company fails to make profits, it will be unable to pay dividends to its shareholders. The company should move fast to boost its after-tax profitability.

Total Assets:

NCC Bank PLC's 2018-2022 Total Assets:

Particulars	2018	2019	2020	2021	2022
Total Assets (BDT)	**381,575,678,890**	**422,312,715,003**	**465,293,408,607**	**495,841,959,575**	**493,092,837,767**
Increase or Decrease (BDT)		**40,737,036,113**	**42,980,693,604**	**30,548,550,968**	**-2,749,121,808**

X-Axis=Year
Y-Axis= BDT of BDT of Total Assets

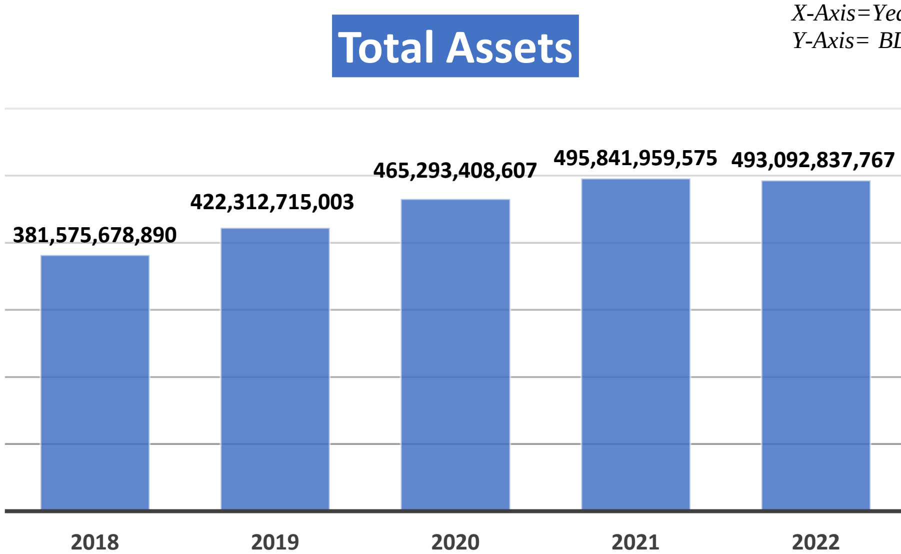


Figure 4: Total Assets

Interpretation:

During NCC Bank PLC's five-year study (2018-2022), total asset growth increased. Each year, there have been significant changes in overall assets. Because 2018 is the base year, the changes in total assets from 2018 to 2021 have been accelerated. In 2019, the largest increase in total assets was 10.68%, totaling BDT 422,312,715,003. However, in 2022, the changes in total assets dropped by 0.55%. Except for 2022, the changes in total assets have clearly indicated an upward trend. However, a decline in total assets is not a good indicator. Management should adopt a cautious approach in this matter.

Total Liabilities:

NCC Bank PLC's 2018-2022 Total Liabilities:

Particulars	2018	2019	2020	2021	2022
Total Liabilities (BDT)	**353,448,950,660**	**391,803,180,478**	**435,579,441,372**	**465,844,247,806**	**462,327,158,976**
Increase or Decrease (BDT)		**38,354,229,818**	**43,776,260,894**	**30,264,806,434**	**-3,517,088,830**

X-Axis=Year
Y-Axis= BDT of Total Liabilities

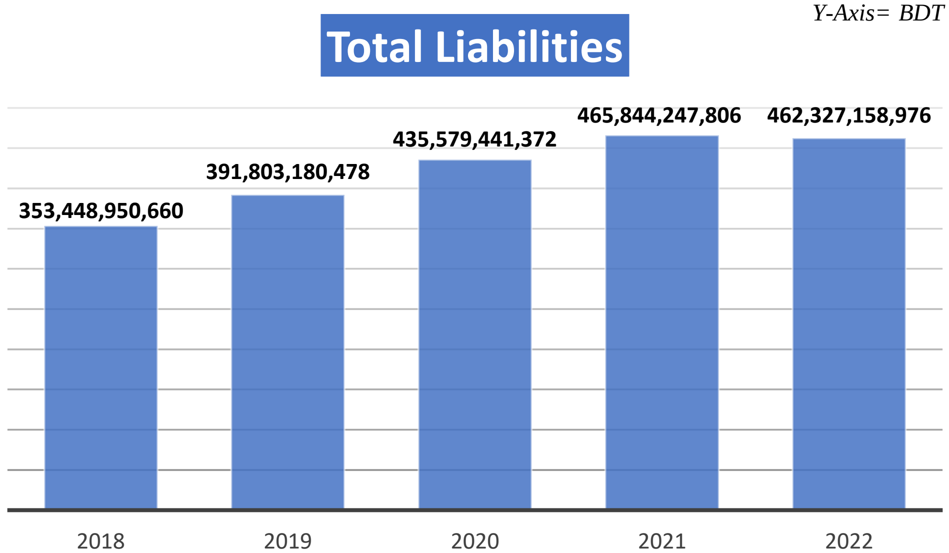


Figure 5: Total Liabilities

Interpretation: During the five-year research of NCC Bank PLC (2018-2022), the total growth of total liabilities fluctuated. Total liabilities have changed significantly from year to year. As 2018 is the base year, with BDT 353,448,950,650, the changes in total liabilities have gradually increased. It was 10.85% in 2019, and 11.17% in 2020. It was 6.95% in 2021, totaling BDT 465,844,247,796. Finally, by 2022, it has decreased to 0.75%. From 2018 to 2021, NCC Bank collected a large number of deposits from their customers, increasing the liabilities amount. However, after COVID-19, it has marginally decreased. Despite the fact that their liability has increased significantly, they have liability management in place to ensure that it does not exceed their assets.

Shareholder's Equity:

NCC Bank PLC's 2018-2022 Shareholder's Equity:

Particulars	2018	2019	2020	2021	2022
Shareholders' equity (BDT)	**28,116,657,728**	**30,499,461,918**	**29,703,765,734**	**29,987,333,215**	**30,755,558,182**
Increase or Decrease (BDT)		**2,382,804,190**	**-795,696,184**	**283,567,481**	**768,224,967**

X-Axis=Year
Y-Axis= BDT of Shareholder's Equity

Figure 6: Shareholder's Equity

Interpretation: During the five-year research of NCC Bank PLC (2018-2022), the overall growth of shareholder equity fluctuated significantly. Every year, there have been major changes in shareholder equity. As 2018 is the base year, the changes in total equity from 2018 to 2019 have been increased. And it rises by 8.47%. Following that, it declined by 2.61% in 2020 as a result of the pandemic. In 2021, it will rise by 0.95%. The corporation struggled to recover from the losses incurred during the pandemic. So, in the year 2022, shareholder equity will increase by 2.56%. The largest growth in shareholder equity occurred in 2019, totaling BDT 30,499,461,918. Following the epidemic, it has taken an upward trend. As a result, raising the company's total shareholder equity each year will ensure that its value remains appropriate.

Common Size Income Statements Analysis:

The common-size income statements of NCC Bank PLC are given below:

Particulars	2018	2019	2020	2021	2022
Revenue/Interest income/profit on investments	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**
(-) Interest paid/profit shared on deposits and borrowings etc./ Cost of sales	-78.31%	-83.79%	-88.85%	-84.56%	-84.42%
Gross Profit/Net interest income/net profit on investments	**21.69%**	**16.21%**	**11.15%**	**15.44%**	**15.58%**
(+) Operating income	40.71%	38.59%	50.74%	62.10%	71.55%
(-) Operating expenses	-21.60%	-20.59%	-24.75%	-31.72%	-35.46%
Operating profit	**40.80%**	**34.21%**	**37.14%**	**45.83%**	**51.67%**
(-) Total Provision	-21.33%	-17.44%	-22.96%	-28.61%	-32.66%
Total profit before taxation	**19.47%**	**16.77%**	**14.18%**	**17.22%**	**19.01%**
(-) Provision for taxation	-9.16%	-7.22%	-4.52%	-7.79%	-10.33%
Net profit after taxation	**10.31%**	**9.55%**	**9.66%**	**9.43%**	**8.68%**

Interpretation: The table illustrates that in NCC Bank PLC's common size income statement, the profit divided on deposits and borrowings climbed from 78.31% to 84.56% between 2018 and 2021. However, gross profit declined from 21.69% in 2018 to 16.21% in 2019. Gross profit will decrease again in 2020, falling to 11.15%. Then, in 2021 and 2022, it increased by 15.44% and 15.58%, respectively. Operating profit varied from 40.80% to 51.67% between 2018 and 2022. There are several reasons to enhance operating profit, including more revenue, other income, and lower cost of sales compared to the prior year. Between 2018 and 2020, overall profit before tax declined from 19.47% to 14.18%. Then it climbed by 17.22% in 2021 and 19.01% in 2022. Throughout the research period, the company's net profit after tax has been low. It fluctuated between 10.31% in 2018 and 8.68% in 2022, indicating a decrease. The overall picture shows the varying profitability of the organization evaluated during the research period.

Common Size Balance Sheet Analysis:

The common-size balance sheet of NCC Bank PLC is given below:

Particulars	2018	2019	2020	2021	2022
PROPERTY AND ASSETS:					
Cash	5.64%	5.36%	4.61%	3.31%	4.12%
Balance with other banks and financial institutions	1.69%	1.77%	1.00%	0.89%	1.23%
Money at call and on short notice	1.81%	1.12%	0.47%	1.72%	0.16%
Investments	17.19%	18.31%	20.86%	22.88%	20.06%
Loans and advances/investments	70.15%	70.27%	69.26%	67.83%	70.52%
Fixed assets including premises, furniture and fixtures	2.45%	2.21%	2.09%	2.04%	2.29%
Other assets	1.08%	0.97%	1.71%	1.33%	1.62%
Total assets	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**
LIABILITIES AND CAPITAL:					
Borrowings from other banks, financial institutions and agents	6.03%	5.66%	6.98%	7.65%	6.82%
Deposits and other accounts	78.18%	77.96%	77.27%	75.97%	75.27%
Other Liabilities	8.41%	9.15%	9.36%	10.33%	11.67%
Total Liabilities	**92.63%**	**92.78%**	**93.61%**	**93.95%**	**93.76%**
Total shareholders' equity	7.37%	7.22%	6.38%	6.05%	6.24%
Non-controlling interest	0.0026%	0.0024%	0.0022%	0.0021%	0.0021%
Total Liabilities and shareholders' equity	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

Interpretation: The common-size balance sheet of NCC Bank PLC shows the composition of its assets and liabilities as a proportion of total assets from 2018 to 2022. The bank's cash position has fluctuated, beginning at 5.64% in 2018, falling to 3.31% in 2021, and rebounding to 4.12% by 2022. Investments peaked at 22.88% in 2021, but fell slightly to 20.06% in 2022. Loans and advances continuously account for a sizable amount of the bank's assets, ranging from 67.83% to

70.52% across the period. Deposits and other accounts make up the majority of liabilities, which will steadily decrease from 78.18% in 2018 to 75.27% in 2022. Borrowings from other banks have decreased slightly, while the bank's other liabilities have increased from 8.41% in 2018 to 11.67% by 2022. Shareholder equity as a proportion of total assets has fluctuated between 6.05% and 7.37% over the period, showing a rather steady financial situation. The bank's strategic decisions, particularly those related to investment and liability management, have a significant impact on its financial health and risk profile.

Financial Ratio Analysis:

Liquidity Ratio

i) **Current Ratio:** The calculations of Current Ratio of NCC Bank PLC are given bellow:

NCC Bank PLC's 2018-2022 Current Ratio:

Particulars	2018	2019	2020	2021	2022
Current Assets (BDT)	362,758,135,001	408,894,626,166	447,624,783,137	479,123,654,510	473,830,556,555
Current Liabilities (BDT)	298,320,586,387	329,250,273,951	359,535,931,691	376,700,765,650	371,143,439,068
Current Ratio	**1.23**	**1.24**	**1.25**	**1.27**	**1.28**

X-Axis=Year
Y-Axis= Current Ratio

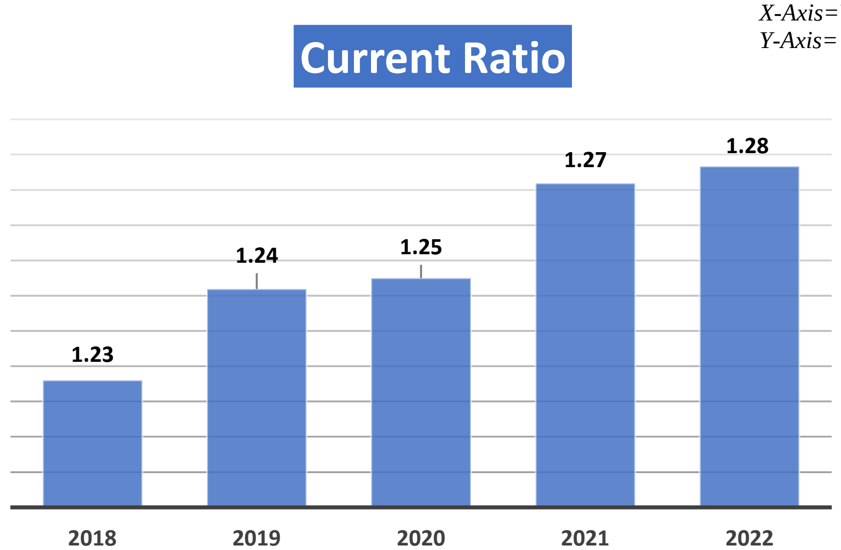


Figure 7: Current Ratio

Interpretation: According to the above Current Ratio of NCC Bank PLC, it appears that over the five years of study, it was greater than the industry average of 1.1498 (Source: Uddin et al., 2018). So NCC Bank Ltd.'s Current Ratio is quite good. The greatest current ratio was 1.28 in 2022. Where the ratio was higher than in previous years. And as can be seen, it has been increasing year after year and will continue to be close to the existing ratio level.

ii. **Net Working capital Ratio**: The Net working Capital ratio of NCC Bank Ltd. is calculated as follows:

NCC Bank PLC's 2018-2022 Net Working Capital:

Particulars	2018	2019	2020	2021	2022
Working Capital (BDT)	69,793,347,371	79,644,352,225	88,088,851,456	102,422,888,870	102,687,117,497
Net Assets (BDT)	28,126,728,240	30,509,534,535	29,713,967,245	29,997,711,779	30,765,678,801
Net Working capital Ratio	**2.48**	**2.61**	**2.96**	**3.41**	**3.34**

X-Axis=Year
Y-Axis= Net working Capital ratio

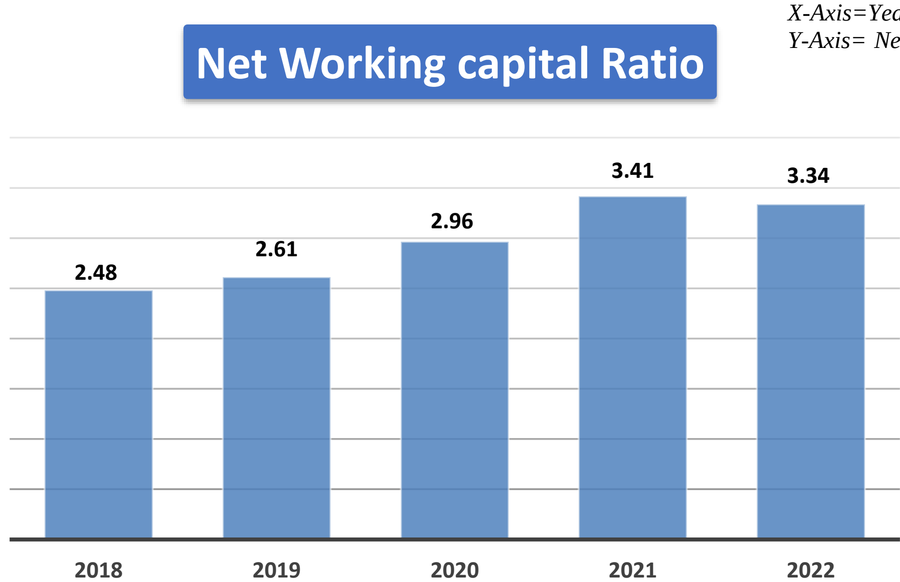


Figure 8: Net working Capital ratio

Interpretation: The above table shows that NCC Bank Ltd.'s Net Working Capital Ratio was very good, above standard 2 (source: MAVERICK, 2022). It signifies they have enough working capital to meet their consumers' demands in a short period of time. The ratio was 2.48 in 2018 and subsequently increased to 3.41 by 2021, which was quite high. They have enough working capital, so they can invest it in numerous ventures.

iii. **Cash Ratio:** The calculations of Cash Ratio of NCC Bank PLC are given bellow:

NCC Bank PLC's 2018-2022 Cash Ratio:

Particulars	2018	2019	2020	2021	2022
Cash (BDT)	21,515,427,681	22,619,791,387	21,431,265,152	16,418,537,016	20,302,824,546
Current Liabilities (BDT)	298,320,586,387	329,250,273,951	359,535,931,691	376,700,765,650	371,143,439,068
Cash Ratio	**0.072**	**0.069**	**0.060**	**0.044**	**0.055**

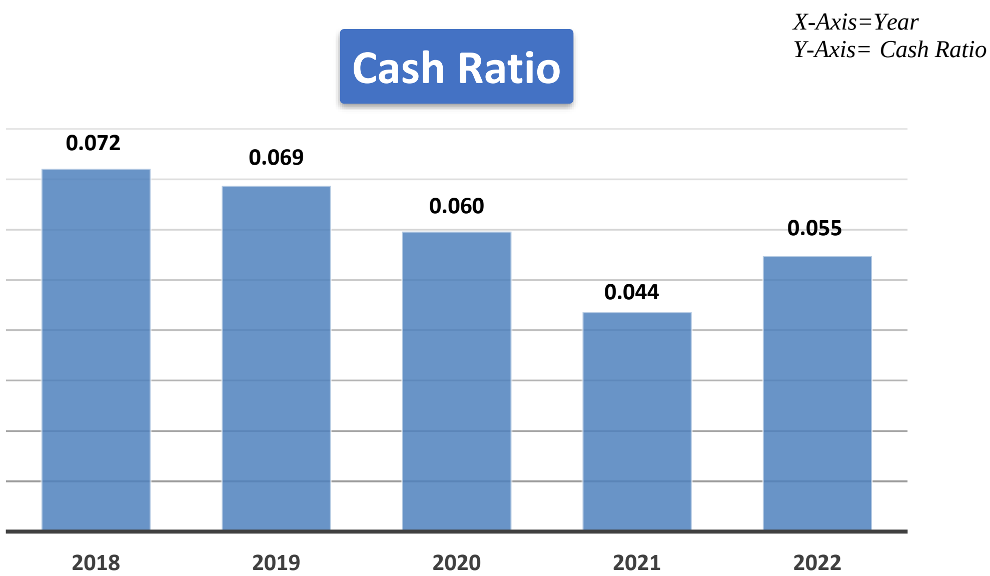


Figure 9: Cash Ratio

Interpretation: Based on the above Cash Ratio of NCC Bank PLC, it appears that there have been many ups and downs over the course of five years. The ratio was 0.072 in 2018, but it gradually decreased until 2021, when it was 0.044, reducing the bank's ability to service their customers' demands on time. It is not advantageous for a bank to reduce its cash reserves. At the same time, it is significantly lower than the industry benchmark of 0.5 (source: Corporate Finance Institute, 2023). As a result, they must enhance their processes in order to match customer demand with an acceptable quantity of money.

iv. **<u>Cash to Asset Ratio</u>:** The calculations of Cash to Asset Ratio of NCC Bank PLC are given bellow:

NCC Bank PLC's 2018-2022 Cash to Asset Ratio:

Particulars	2018	2019	2020	2021	2022
Cash (BDT)	21,515,427,691	22,619,791,397	21,431,265,162	16,418,537,026	20,302,824,556
Total Assets (BDT)	381,575,678,900	422,312,715,013	465,293,408,617	495,841,959,585	493,092,837,777
Cash to Asset Ratio	**0.056**	**0.054**	**0.046**	**0.033**	**0.041**

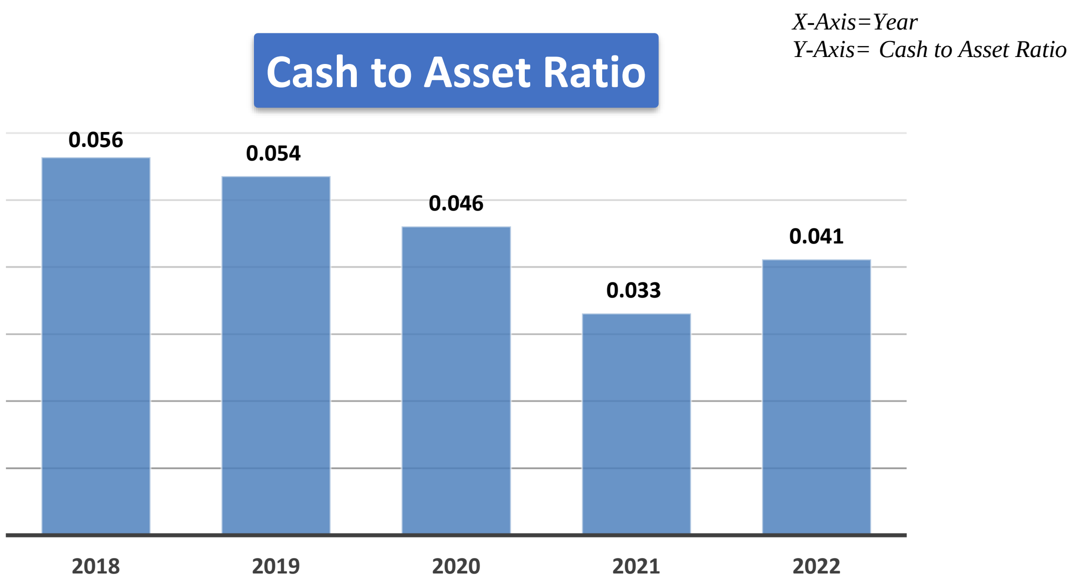


Figure 10: Cash to Asset Ratio

<u>Interpretation</u>: According to the above Cash to Asset Ratio of NCC Bank PLC, there have been several ups and downs throughout the course of five years of study. The ratio was 0.056 in 2018, but it began to fall until 2021, when it was 0.033, reducing the bank's ability to service their customers' demands on time. The bank's cash-to-asset ratio is lower than the industry benchmark of 1 (Source: KENTON, 2021), indicating that the ratio is not healthy for the firm. So, they must raise their money supply to suit client demand.

v. **<u>Cash to Deposit Ratio</u>:** The calculations of Cash to Deposit Ratio of NCC Bank PLC are given bellow:

NCC Bank PLC's 2018-2022 Cash to Deposit Ratio:

Particulars	2018	2019	2020	2021	2022
Cash (BDT)	21,515,427,681	22,619,791,387	21,431,265,152	16,418,537,016	20,302,824,546
Total Deposit (BDT)	298,334,794,597	329,250,273,951	359,535,931,691	376,700,765,650	371,143,439,068
Cash to Deposit Ratio	**0.072**	**0.069**	**0.060**	**0.044**	**0.055**

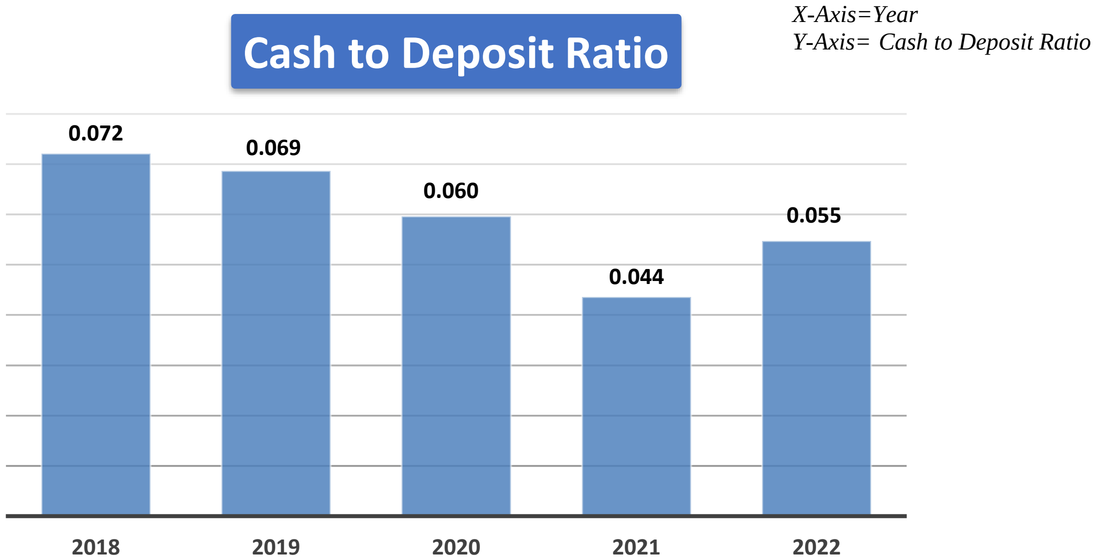


Figure 11: Cash to Deposit Ratio

<u>Interpretation</u>: Based on the above Cash to Deposit Ratio of NCC Bank PLC, it appears that there have been many ups and downs over the course of five years. The ratio was 0.072 in 2018, but it gradually decreased until 2021, when it was 0.044, reducing the bank's ability to service their customers' demands on time. In comparison to deposits, the bank has a relatively low ratio, which is not beneficial for an organization. So, the bank should have an appropriate cash supply to match their customers' demand.

vi. **<u>Loan to Deposit Ratio</u>:** The calculations of Loan to Deposit Ratio of NCC Bank PLC are given bellow:

NCC Bank PLC's 2018-2022 Loan to Deposit Ratio (Amount in BDT):

Particulars	2018	2019	2020	2021	2022
Total Loan (BDT)	267,671,627,815	296,752,963,285	322,251,462,190	336,329,374,049	347,743,587,217
Total Deposit (BDT)	298,334,794,597	329,250,273,951	359,535,931,691	376,700,765,650	371,143,439,068
Loan to Deposit Ratio	**89.72%**	**90.13%**	**89.63%**	**89.28%**	**93.70%**

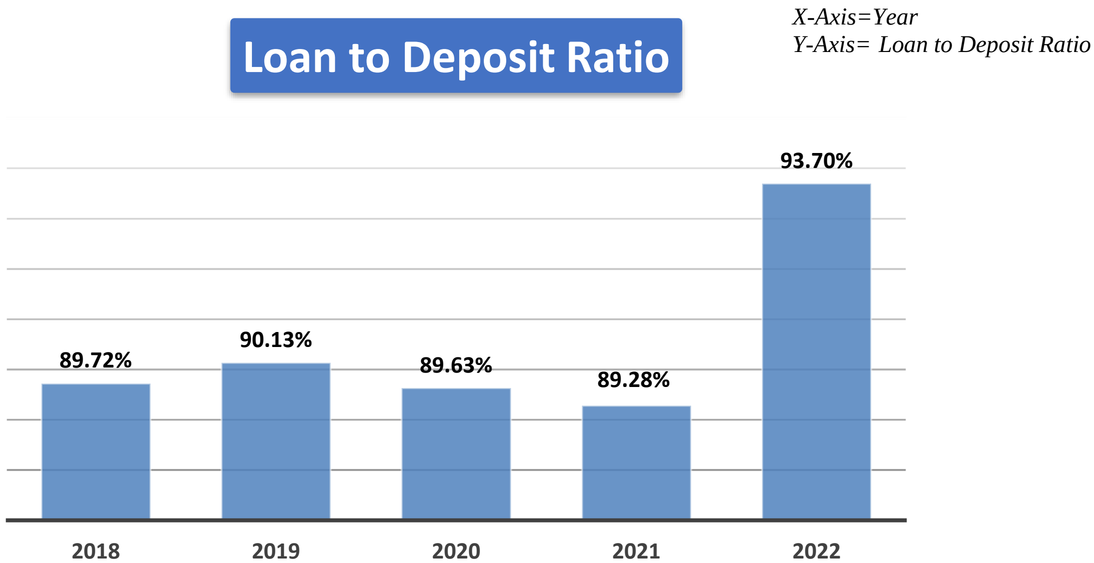


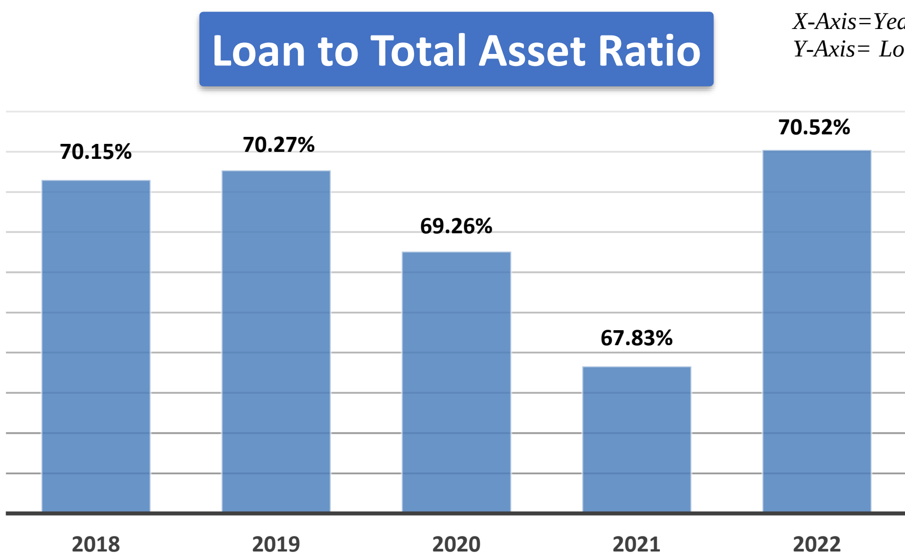
Figure 12: Loan to Deposit Ratio

<u>Interpretation</u>: The above Loan to Deposit Ratio of NCC Bank PLC appears to have been pretty close to each year's ratio over the five years of investigation. The ratio was 89.72% in 2018, and it increased slightly in 2019 to 90.13%. Then it decreases again in 2020 and 2021 due to the epidemic. Following the epidemic, consumers resumed taking loans, and the loan-to-deposit ratio increased to 93.70% by 2022. However, it has already reached the requirement of 80% to 90% (MURPHY, 2023). It suggests they have taken on more risk than usual, perhaps leading to a liquidity crisis.

vii. **Loan to Total Asset Ratio:** The calculations of Loan to Total Asset Ratio of NCC Bank PLC are given bellow:

NCC Bank PLC's 2018-2022 Loan to Total Asset Ratio (Amount in BDT):

Particulars	2018	2019	2020	2021	2022
Total Loan (BDT)	267,671,627,815	296,752,963,285	322,251,462,190	336,329,374,049	347,743,587,217
Total Asset (BDT)	381,575,678,890	422,312,715,003	465,293,408,607	495,841,959,575	493,092,837,767
Loan to Total Asset Ratio	**70.15%**	**70.27%**	**69.26%**	**67.83%**	**70.52%**



X-Axis=Year
Y-Axis= Loan to Total Asset Ratio

Figure 13: Loan to Total Asset Ratio

Interpretation: From the above Loan to Total Asset Ratio of NCC Bank PLC, it appears that in all 5 years of study it has ups and downs. In the year of 2018, the ratio was 70.15%, then it started to increases a little in the year of 2019 and the ratio was 70.27%. Then it again decreases in the year of 2020 and 2021 by the ratio of 69.26% and 67.83%. After 2021, people again started to take loans and the ratio of Loan to Total Asset increases to 70.52% in the year of 2022. But it has already surpassed the standard which is 30% to 60% (*Source: ROSS, 2022*). It means they have taken more risk of giving to much loan than usual which can lead to liquidity crisis.

Activity Ratios

i. Total Asset Turnover Ratios: The calculations of NCC Bank PLC's 2018-2022 Total Asset Turnover Ratios are given bellow:

NCC Bank PLC's 2018-2022 Total Asset Turnover Ratio:

Particulars	2018	2019	2020	2021	2022
Sales or Revenue (BDT)	23,977,837,117	26,258,882,407	22,250,494,593	18,922,151,770	20,187,071,960
Total Assets (BDT)	381,575,678,890	422,312,715,003	465,293,408,607	495,841,959,575	493,092,837,767
Total Assets Turnover Ratio	**6.28%**	**6.22%**	**4.78%**	**3.82%**	**4.09%**

X-Axis=Year
Y-Axis= Total Assets Turnover Ratio

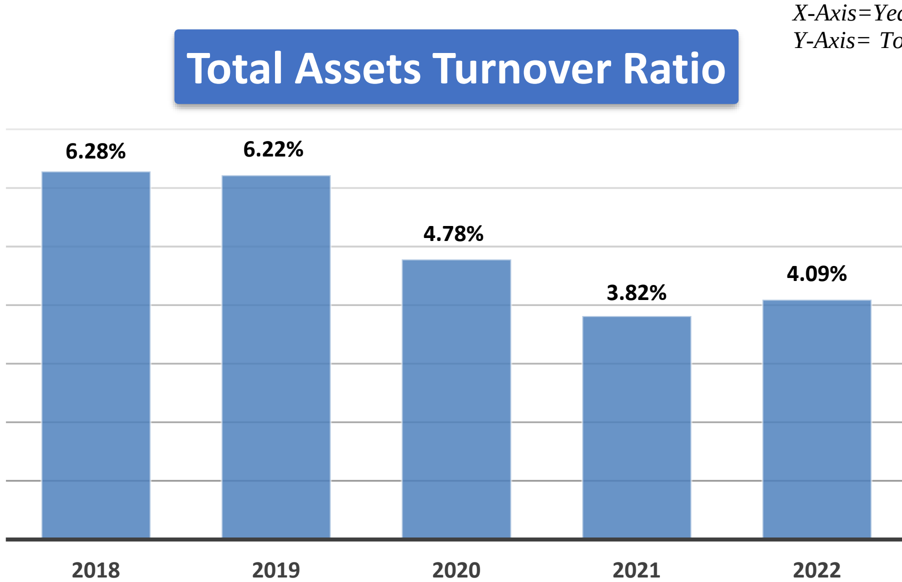


Figure 14: Total Assets Turnover Ratio

Interpretation: During the five-year (2018-2022) study of NCC Bank PLC, the overall growth of overall Assets Turnover Ratio changed significantly. In 2018, the Total Assets Turnover Ratio was 6.28%, then declined slightly to 6.22% in 2019. Then, in 2020, it fell by 4.78%. It signifies that the corporation isn't generating enough revenue from its entire assets. Eventually, due to the pandemic, the turnover fell to 3.82% in 2021 and 4.09% in 2022. Also, the ratio is significantly lower than the industry benchmark of 25% to 50% (Source: GoCardless, 2022). They need to write a lot to get their ratio up to the standard. As a result, NCC Bank PLC's Total Assets Turnover Ratio is below par.

ii. **<u>Equity Turnover Ratios</u>:** The calculations of NCC Bank PLC's 2018-2022 Equity Turnover Ratios are given bellow:

NCC Bank PLC's 2018-2022 Equity Turnover Ratio:

Particulars	2018	2019	2020	2021	2022
Sales or Revenue (BDT)	23,977,837,117	26,258,882,407	22,250,494,593	18,922,151,770	20,187,071,960
Average shareholder's equity (BDT)	26,970,152,250	29,308,059,823	30,101,613,826	29,845,549,475	30,371,445,699
Equity Turnover Ratios	**88.91%**	**89.60%**	**73.92%**	**63.40%**	**66.47%**

X-Axis=Year
Y-Axis= Equity Turnover Ratios

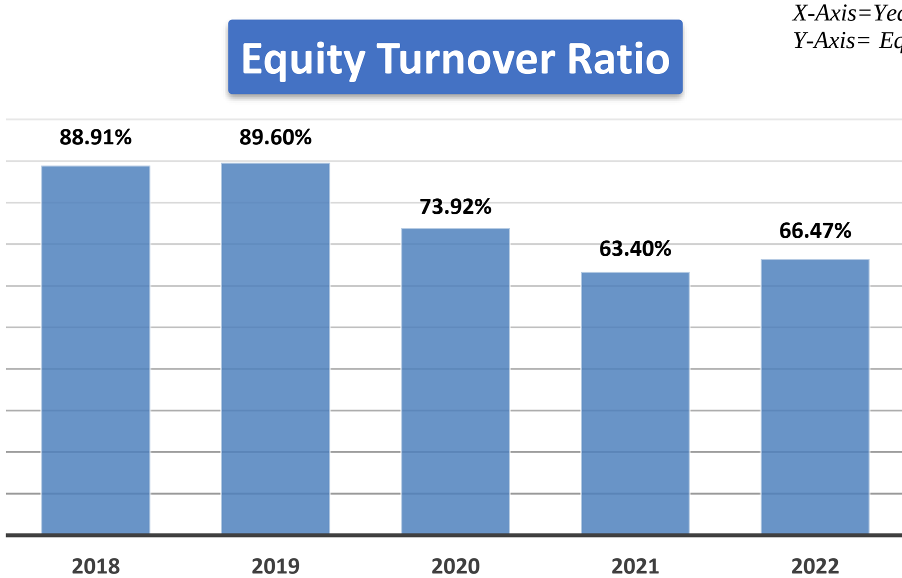


Figure 15: Equity Turnover Ratios

<u>Interpretation</u>: During the five-year research of NCC Bank PLC (2018-2022), the total growth of the Equity Turnover Ratio changed significantly. In 2018, the Equity Turnover Ratio was 88.91%, which was good. The percentage then increased slightly, reaching 89.60% in 2019. Then, due to the pandemic, it fell by 73.92% in 2020. Again, it diminishes, with the turnover falling to 63.40% in 2021. It then increases by 66.47% in 2022. The Equity Turnover Ratio of NCC Bank PLC was initially strong because it was more than the industry standard of 50% (Source: SEGAL, 2023). However, due to the pandemic, it decreased significantly, but it is still higher than the standard, which is a good indicator for a company.

Debt Ratios

i) **Debt Ratio:** The ratio is calculated as follows:

NCC Bank PLC's 2018-2022 Debt Ratio (Amount in BDT):

Particulars	2018	2019	2020	2021	2022
Total Liabilities (BDT)	353,448,950,660	391,803,180,478	435,579,441,362	465,844,247,796	462,327,158,966
Total Assets (BDT)	381,575,678,890	422,312,715,003	465,293,408,607	495,841,959,575	493,092,837,767
Debt Ratio	**92.63%**	**92.78%**	**93.61%**	**93.95%**	**93.76%**

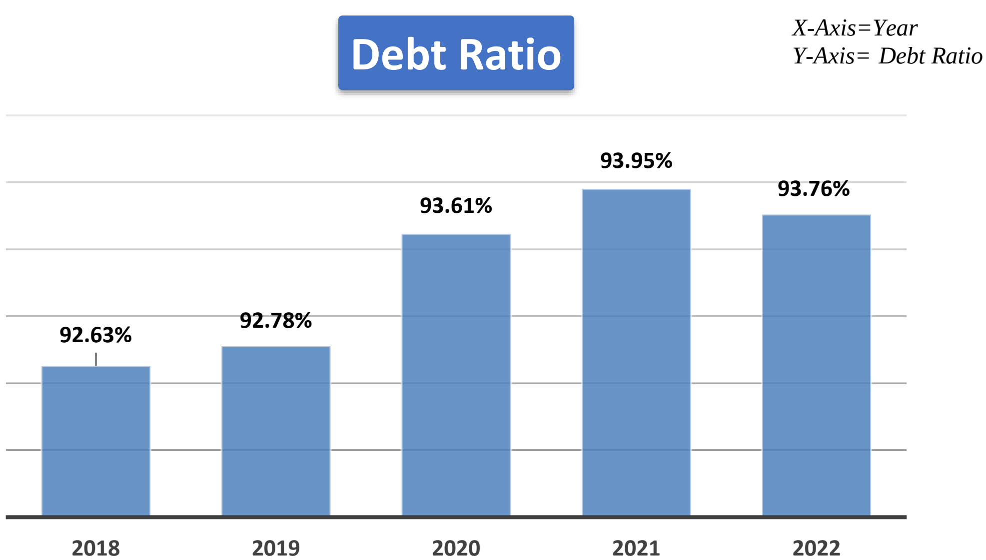


Figure 16: Debt Ratio

Interpretation: Like any other corporation, NCC Bank PLC's Debt Ratio covers both long-term and short-term debt. It also includes the company's tangible and intangible assets. Over the previous five years, NCC Bank PLC's debt ratio has steadily increased. And the debt ratio was 92.63% in the year of 2018, which was excessively high compared to the acceptable ratio of 60-70%. (Source: Indeed, Career Guide, 2023). Then it grows with time, reaching 93.95% in 2021, the highest of any year, and 93.76% in 2022. So, it may be claimed that they assumed a bigger financial risk, which is not beneficial for the business.

Profitability Ratios

i) **Gross Profit Margin:** The gross profit margin of NCC Bank Ltd. is calculated as follows:

NCC Bank PLC's 2018-2022 Gross Profit Margin (Amount in BDT):

Particulars	2018	2019	2020	2021	2022
Gross Profits (BDT)	5,199,939,810	4,256,996,795	2,481,418,695	2,921,563,704	3,144,318,212
Sales or Revenue (BDT)	23,977,837,117	26,258,882,407	22,250,494,593	18,922,151,770	20,187,071,960
Gross Profit Margin	**21.69%**	**16.21%**	**11.15%**	**15.44%**	**15.58%**

X-Axis=Year
Y-Axis= % of Gross Profit Margin

Figure 17: Gross Profit Margin

Interpretation: NCC Bank Ltd.'s gross profit margins were 21.69%, 16.21%, 11.15%, 15.44%, and 15.58% from 2018 to 2022, respectively. It declined significantly in 2019 and 2020 as a result of the COVID-19 epidemic. Following the epidemic, things improved; they were able to maximize revenue against expenses, and the ratio began to climb in the years 2021 and 2022. However, the ratio is significantly lower than the threshold of 50% to 90% (source: BDC, Bank for Canadian Entrepreneurs). Though the organization is improving internally, it is not performing well in comparison to industry standards.

ii) **Operating Profit Margin:** The operating profit margin is calculated as follows:

NCC Bank PLC's 2018-2022 Operating Profit Margin (Amount in BDT):

Particulars	2018	2019	2020	2021	2022
Operating Profits (BDT)	9,782,995,132	8,982,979,319	8,264,555,999	8,671,121,894	10,429,860,153
Sales or Revenue (BDT)	23,977,837,117	26,258,882,407	22,250,494,593	18,922,151,770	20,187,071,960
Operating Profit Margin	**40.80%**	**34.21%**	**37.14%**	**45.83%**	**51.67%**

X-Axis=Year
Y-Axis= % of Operating Profit Margin

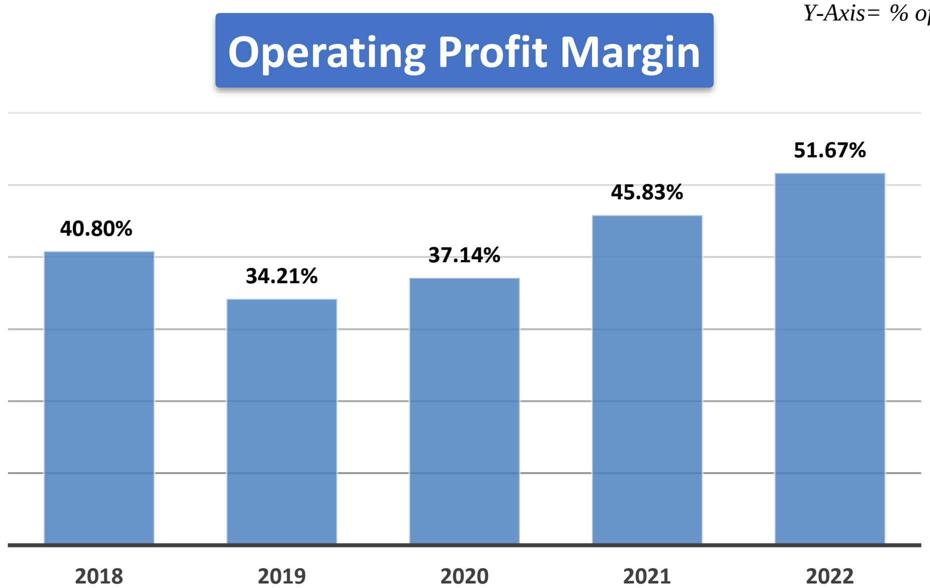


Figure 18: Operating Profit Margin

Interpretation: The above table shows that from 2018 to 2022, NCC Bank PLC's operating profit margin changed due to cost variations in different years. In 2018, it was 40.80%, while in 2019, the margin dipped slightly to 34.21%. After that, the operating profit margin increased from 2020 to 2021 and 2022, with ratios of 37.14%, 45.83%, and 51.67%, respectively. It signifies the company is doing well in terms of operating profit, which is near to the industry standard (50% or less) (Source: MAVERICK, 2022). It suggests they are producing greater operating profit.

iii) **Net Profit Margin:** The Net profit margin is calculated as follows:

NCC Bank PLC's 2018-2022 Net Profit Margin (Amount in BDT):

Particulars	2018	2019	2020	2021	2022
Net Income after tax (BDT)	2,473,208,854	2,508,556,559	2,149,098,798	1,784,298,097	1,752,375,528
Operating Profits (BDT)	9,782,995,132	8,982,979,319	8,264,555,999	8,671,121,894	10,429,860,153
Net profit margin	**25.28%**	**27.93%**	**26.00%**	**20.58%**	**16.80%**

X-Axis=Year
Y-Axis= % of Net profit margin

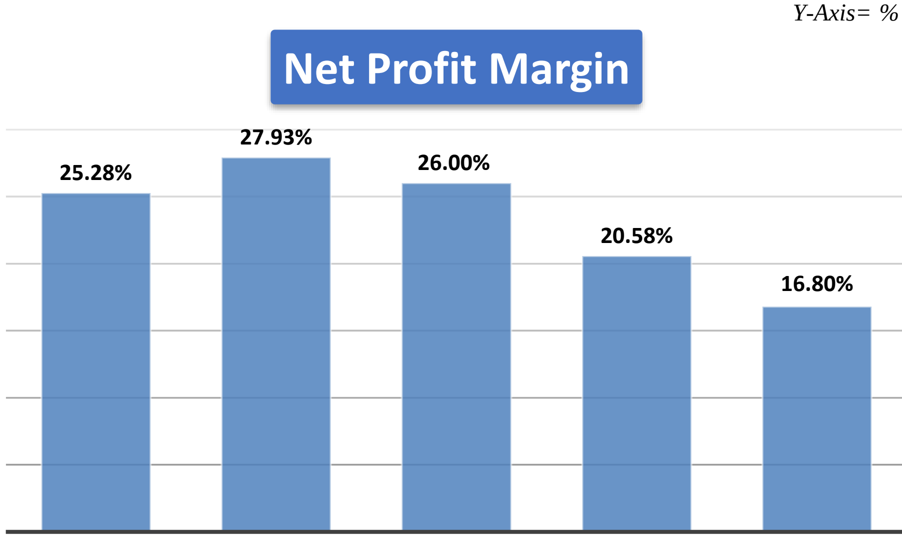


Figure 19: Net profit margin

Interpretation: The table above shows that NCC Bank PLC's net profit margin changed between 2018 and 2022. In 2018, it was 25.28%, and in 2019, the margin climbed slightly to 27.93%. Following that, the net profit margin began to decline from 2020 to 2021 and 2022, with ratios of

26.00%, 20.58%, and 16.80%, respectively. It indicates that the company is not doing well in terms of generating net profit. However, in comparison to the benchmark, it is performing well, as the ratios are near to the standard of 13.9% (Source: MAVERICK, 2022). It suggests they are making a suitable profit from their net profit margin.

iv) **Return on Total Assets (ROA):** The return on total asset of NCC Bank Ltd. is calculated as follows:

NCC Bank PLC's 2018-2022 Return on Total Assets (Amount in BDT):

Particulars	2018	2019	2020	2021	2022
Profit after tax (BDT)	2,473,208,854	2,508,556,559	2,149,098,798	1,784,298,097	1,752,375,528
Total Assets (BDT)	381,575,678,890	422,312,715,003	465,293,408,607	495,841,959,575	493,092,837,767
Return on Total Assets (ROA)	**0.6482%**	**0.5940%**	**0.4619%**	**0.3599%**	**0.3554%**

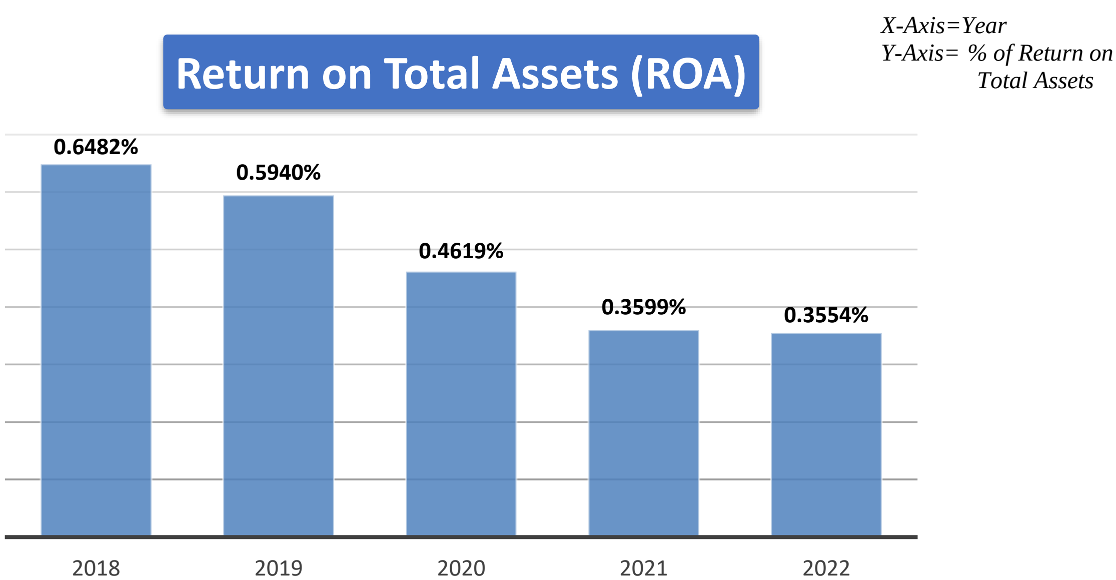


Figure 20: Return on Total Assets (ROA)

Interpretation: The table above shows that NCC Bank PLC's Return on Total Assets changed significantly between 2018 and 2022. The greatest ratio was recorded in 2018, at 0.6482%.

However, it gradually decreased year after year. From 2019 to 2022, the ratio declined from 0.5940% to 0.3554%. The ratios are significantly lower than the standard of 1% to 2% (Source: MAVERICK, 2023). It suggests stockholders are not receiving a good return on their investment. This is not a good sign for a corporation. They need to take the effort to boost their return on total assets.

v) **<u>Return on Common Equity (ROE)</u>:** The return on common stock equity of NCC Bank Ltd. is calculated as follows:

NCC Bank PLC's 2018-2022 Return on Common Stock Equity (Amount in BDT):

Particulars	2018	2019	2020	2021	2022
Profit after tax (BDT)	2,473,208,854	2,508,556,559	2,149,098,798	1,784,298,097	1,752,375,528
Common Stock Equity (BDT)	28,116,657,728	30,499,461,918	29,703,765,734	29,987,333,215	30,755,558,182
Return on Common Equity (ROE)	**8.80%**	**8.22%**	**7.24%**	**5.95%**	**5.70%**

X-Axis=Year
Y-Axis= % of Return on Common Equity

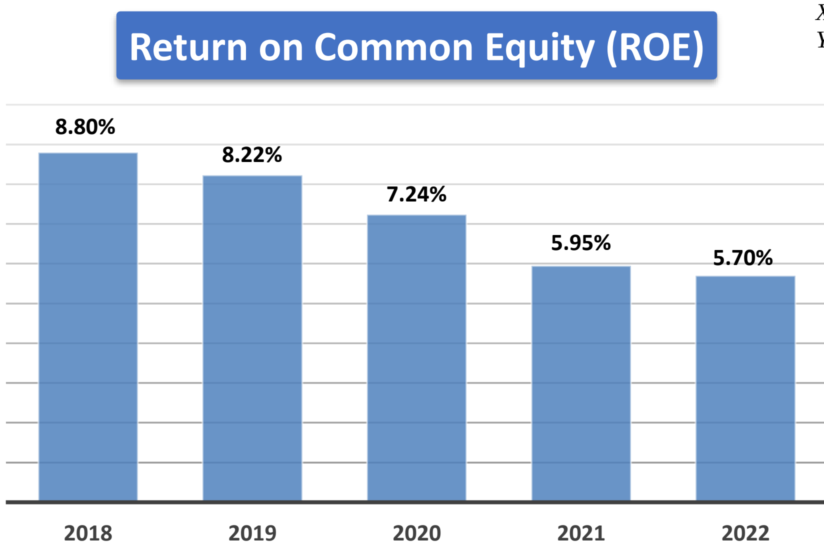


Figure 21: Return on Common Equity (ROE)

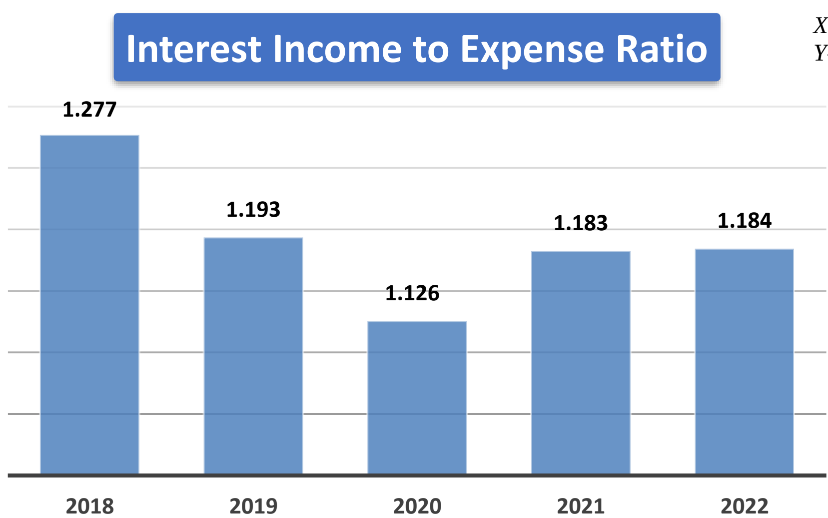
<u>Interpretation</u>: The above table shows that NCC Bank PLC's Return on Common Stock Equity (ROE) fell from 2018 to 2022. The highest ratio was recorded in 2018, at 8.80%. The percentage fell gradually from 8.22% to 5.70% between 2019 and 2022. Also, the ratios are significantly lower than the industry standard of 15% (source: BDC, Bank for Canadian Entrepreneurs). It signifies that the corporation is not making a sufficient return on their investment. It is unacceptable to witness the organization's unfavorable trends. So, the corporation should take positive actions to increase its Return on Common Stock Equity.

Efficiency Ratio

i. **Interest Income to Expense Ratio**: The **Interest Income to Expense Ratio** of NCC Bank Ltd. is calculated as follows:

NCC Bank PLC's 2018-2022 Interest Income to Expense Ratio (Amount in BDT):

Particulars	2018	2019	2020	2021	2022
Interest Income (BDT)	23,977,837,117	26,258,882,407	22,250,494,593	18,922,151,770	20,187,071,960
Expenses (BDT)	18,777,897,317	22,001,885,622	19,769,075,908	16,000,588,076	17,042,753,758
Interest Income to Expense Ratio	**1.277**	**1.193**	**1.126**	**1.183**	**1.184**



X-Axis=Year
Y-Axis= % of Interest Income To Expense Ratio

Figure 22: Interest Income to Expense Ratio

Interpretation: The table above shows that NCC Bank PLC's Interest Income to Expense Ratio has changed significantly. The greatest ratio was recorded in 2018, at 1.277. The ratio then began to diminish steadily between 2019 and 2020, dropping from 1.193 to 1.126. The ratio fell due to the pandemic. Following the epidemic, the ratio began to climb, reaching 1.183 in 2021 and 1.184 in 2022. Despite the fact that the ratios are greater than one, an internal trend analysis shows that the bank is not producing enough interest income due to expenses.

ii. **<u>Operating Expenses to Assets Ratio</u>:** The **Operating Expenses to Assets Ratio** of NCC Bank Ltd. is calculated as follows:

NCC Bank PLC's 2018-2022 Operating Expenses to Assets Ratio (Amount in BDT):

Particulars	2018	2019	2020	2021	2022
Operating Expenses (BDT)	5,178,921,420	5,407,741,583	5,506,006,361	6,001,663,634	7,157,468,502
Average Assets (BDT)	381,575,678,890	422,312,715,003	465,293,408,607	495,841,959,575	493,092,837,767
Operating Expenses to Assets Ratio	**0.0136**	**0.0128**	**0.0118**	**0.0121**	**0.0145**

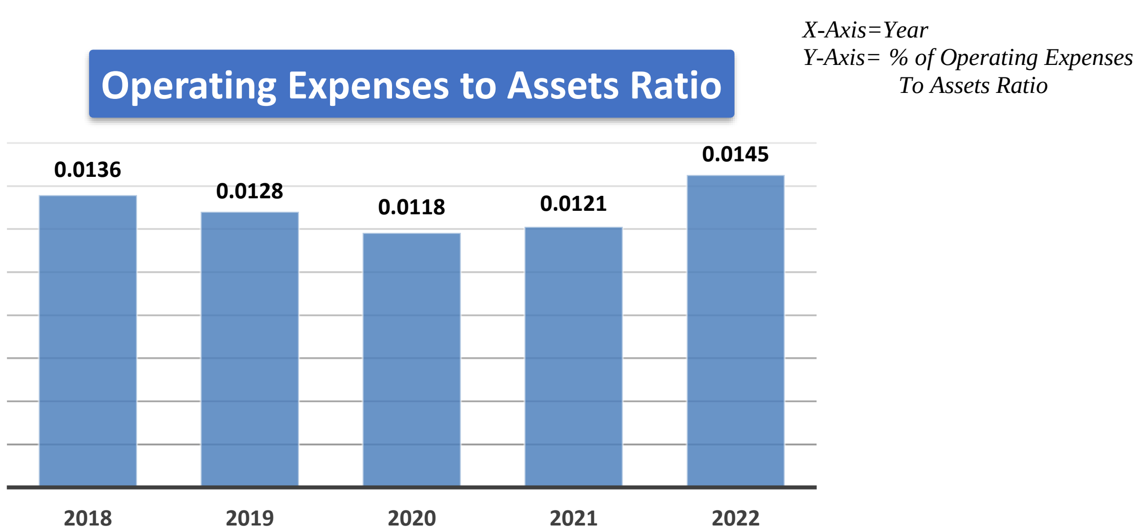


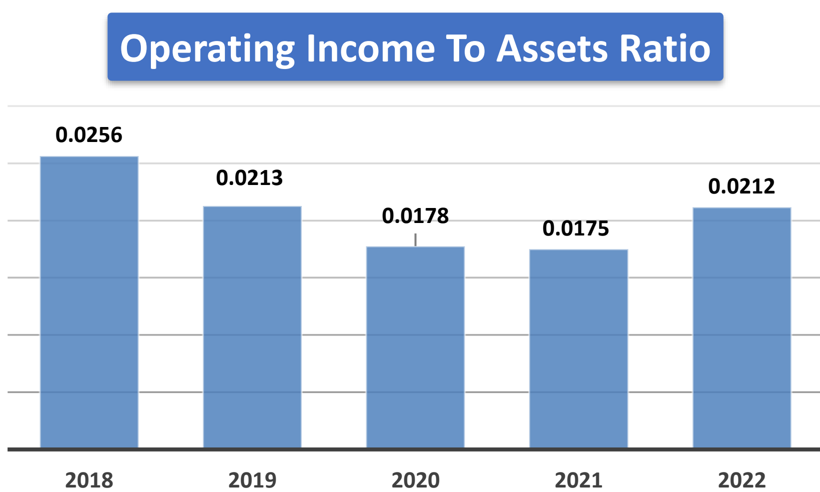
Figure 23: Operating Expenses to Assets Ratio

<u>Interpretation</u>: The table above shows that NCC Bank PLC's Operating Expenses to Assets Ratio has changed significantly. It was 0.0136 in 2018, however it has decreased from 2019 to 2020, with ratios of 0.0128 and 0.0118, indicating that operating expenses are reducing in comparison to total assets. However, in 2021, it rises slightly by 0.0121. Again, it grows by 0.0145 in 2022, indicating that operational expenses are increasing in comparison to total assets.

iii. **Operating Income to Assets Ratio:** The **Operating Income to Assets Ratio** of NCC Bank Ltd. is calculated as follows:

NCC Bank PLC's 2018-2022 Operating Income to Assets Ratio (Amount in BDT):

Particulars	2018	2019	2020	2021	2022
Earnings Before Interest and Taxes (BDT)	9,782,995,132	8,982,979,319	8,264,555,999	8,671,121,894	10,429,860,153
Average Assets (BDT)	381,575,678,890	422,312,715,003	465,293,408,607	495,841,959,575	493,092,837,767
Operating Income to Assets Ratio	**0.0256**	**0.0213**	**0.0178**	**0.0175**	**0.0212**



X-Axis=Year
Y-Axis= Operating Income To Assets Ratio

Figure 24: Operating Income to Assets Ratio

Interpretation: From the above table, it can be seen that the Operating Income To Assets Ratio of NCC Bank PLC has fluctuated a lot. In the year of 2018, it was 0.0256 then it fallen in the year of 2019, 2020 to 2021 the ratio was 0.0213, 0.0178 and 0.0175 respectively, which means the operating income has decreased in against of total asset. But in the year of 2022, it increases a little by 0.0212 which means the operating income in against of total asset are started to increasing.

iv. **<u>Operating Expense to Revenue Ratio</u>:** The **Operating Expense to Revenue Ratio** of NCC Bank Ltd. is calculated as follows:

NCC Bank PLC's 2018-2022 Operating Expense to Revenue Ratio (Amount in BDT):

Particulars	2018	2019	2020	2021	2022
Operating Expenses (BDT)	5,178,921,420	5,407,741,583	5,506,006,361	6,001,663,634	7,157,468,502
Net Sales (BDT)	23,977,837,117	26,258,882,407	22,250,494,593	18,922,151,770	20,187,071,960
Operating Expense to Revenue Ratio	**0.216**	**0.206**	**0.247**	**0.317**	**0.355**

X-Axis=Year
Y-Axis= Operating Expense To Revenue Ratio

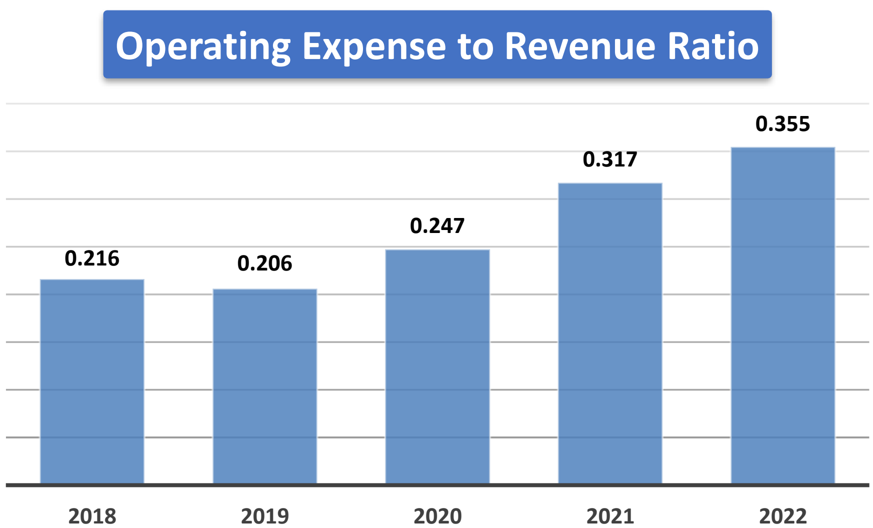


Figure 25: Operating Expense to Revenue Ratio

<u>Interpretation</u>: The above table shows that NCC Bank PLC's Operating Expense to Revenue Ratio changed across the study years. In 2018, it was 0.216, but it fell somewhat in 2019 to 0.206, indicating that operational expenses have dropped in comparison to net sales. The ratio increased in 2020, 2021, and 2022 to 0.247, 0.317, and 0.355, respectively. Although the ratios were below the standard, which is acceptable. However, internally, operating expenses have increased in relation to net sales, which is not a good indicator for the company.

Credit Risk Ratio

i. **Equity to Assets Ratio:** The **Equity to Assets Ratio** of NCC Bank Ltd. is calculated as follows:

NCC Bank PLC's 2018-2022 Equity to Assets Ratio (Amount in BDT):

Particulars	2018	2019	2020	2021	2022
Total shareholders' equity (BDT)	28,116,657,728	30,499,461,918	29,703,765,734	29,987,333,215	30,755,558,182
Total Asset (BDT)	381,575,678,890	422,312,715,003	465,293,408,607	495,841,959,575	493,092,837,767
Equity to Assets Ratio	**0.0737**	**0.0722**	**0.0638**	**0.0605**	**0.0624**

X-Axis=Year
Y-Axis= Equity to Assets Ratio

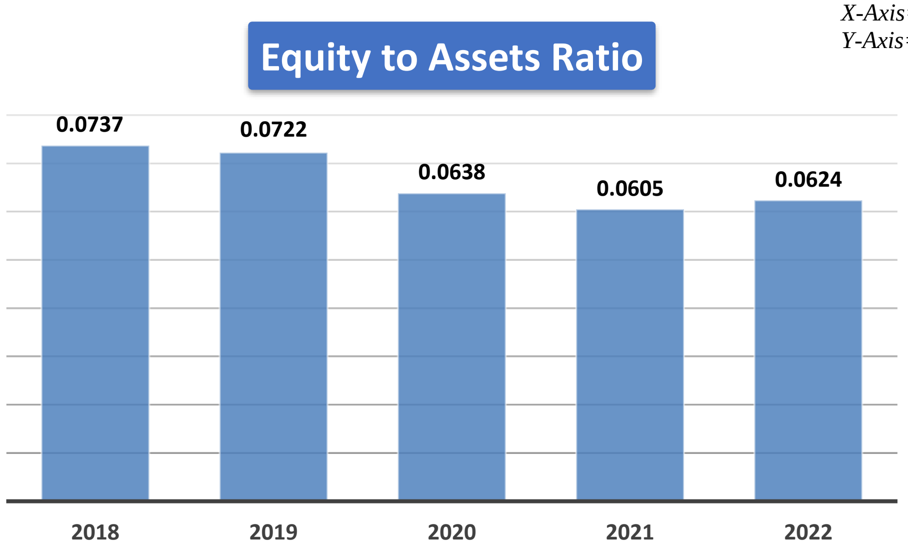


Figure 26: Equity to Assets Ratio

Interpretation: The equity to asset ratio is a strong indicator of a company's leverage. The Equity to Total Asset Ratio calculates the proportion of total assets financed by stockholders. The equity to total assets ratio of NCC Bank PLC has gradually dropped from 2018 to 2021, raising worries about the company's financial structure and risk profile. The ratio fell from 0.0737 to 0.0605, which is not good news for a corporation. In 2022, it increased a little by the ratio of 0.0624, indicating a move towards a more balanced capital structure.

ii. **<u>Equity to Net Loans Ratio</u>:** The **Equity to Net Loans Ratio** of NCC Bank Ltd. is calculated as follows:

NCC Bank PLC's 2018-2022 Equity to Net Loans Ratio (Amount in BDT):

Particulars	2018	2019	2020	2021	2022
Total shareholders' equity (BDT)	28,116,657,728	30,499,461,918	29,703,765,734	29,987,333,215	30,755,558,182
Total Loans (BDT)	267,671,627,815	296,752,963,285	322,251,462,190	336,329,374,049	347,743,587,217
Equity to Net Loans ratio	**0.105**	**0.103**	**0.092**	**0.089**	**0.088**

X-Axis=Year
Y-Axis= Equity to Net Loans ratio

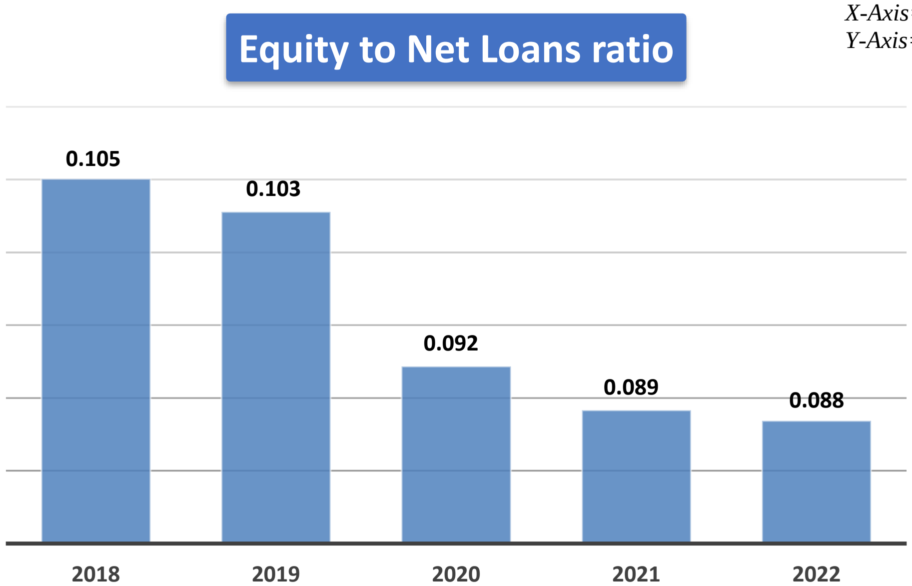


Figure 27: Equity to Net Loans ratio

<u>Interpretation</u>: Credit risk is assessed based on the buyer's overall capacity to repay the loan. The table above shows that NCC Bank PLC's Equity to Net Loans ratio has gradually declined between 2018 and 2022. It peaked in 2018 with a ratio of 0.105 and fell to 0.088 in 2022. It signifies that, in comparison to equity, the loan amount has decreased. The reduction in the Equity to Net Loans ratio shows that the bank's ability to collect loans from its clients may have decreased throughout the chosen time period. It raises concerns about the overall credit quality of the loan portfolio.

Chapter 5

Findings, Recommendations and Conclusion

Findings

The primary functions that determine a company's liquidity and profitability are total assets, total liabilities, shareowner equity, current ratio, quick ratio, debt to equity ratio, ROA, and ROE. However, other ratios are also significant because they assess a company's performance. The financial performance study revealed both positive and bad conclusions. Overall, the findings from the above ratio study of NCC Bank PLC are as follows:

Horizontal Analysis:

i. **Revenue (Interest Income):** The bank's revenue fluctuated over a five-year period. From 2018 to 2019, there was a notable gain of 9.51%, with revenue of BDT 26,258,882,407, followed by a severe fall in 2020 (15.26%). Positive recovery was reported in 2022, with a 6.68% gain over 2021.

ii. **Operating Profit:** Operating profit decreased from 2019 to 2020 by 8.18% and 8%, respectively. A slight comeback in 2021, with a 4.92% gain. Substantial rise in 2022, with a 20.28% increase to BDT 10, 429,860,153.

iii. **Profit After Tax:** Profit after tax increased somewhat by 1.43% in 2019, but fell significantly in subsequent years. The amount declined by 14.33% in 2020 to BDT 2,149,098,798, then decreased by 1.79% in 2022. So, the bank needs strategic steps to boost profitability.

iv. **Total Assets:** Total assets increased consistently from 2018 to 2021, peaking at 10.68% in 2019. In 2022, there was a slight reduction of 0.55%, reaching BDT 493,092,837,767. Management should carefully assess the drop in total assets in 2022 for potential risks or required adjustments.

v. **Total Liabilities:** Total liabilities fluctuated, with considerable rises from 2018 to 2020. It peaked in 2021 at BDT 465,844,247,806. A minor drop of 0.75% in 2022, reaching BDT 462,327,158,976, shows a possible adjustment in the bank's liabilities management.

vi. **Shareholder's Equity:** Shareholder equity fluctuated, with the largest gain of 8.47% in 2019 (BDT 30,499,461,908). A decline of 2.61% in 2020 was followed by a minor increase of 2.56% in 2022, reaching BDT 30,755,558,182. Following the pandemic, the bank exhibited steps to recover, as seen by the increased trend in shareholder equity.

Common-size Analysis:

i) Common-size income statement: The typical size income statement shows numerous notable changes throughout the five-year period 2018-2022. The ratio of interest paid or cost of sales compared to revenue has gradually increased, indicating a potential cost-management concern. Gross profit margins have been volatile, falling to 11.15% in 2020 before rising to 15.58% in 2022. The expansion of operating income, along with a slower rise in operating expenses, has resulted in an improving operating profit margin, which will reach 51.67% in 2022. Despite this good growth, provisions as a percentage of revenue are increasing, showing a proactive risk management strategy. The net profit after taxation has decreased slightly, from 10.31% in 2018 to 8.68% in 2022, probably due to increased provisions and taxes. Overall, the organization exhibits effective cost control, a focus on risk management, and a consistent commitment to increase profitability through diverse income streams.

ii) Common-size balance sheet: NCC Bank PLC's common-size balance sheet shows major trends between 2018 and 2022. The bank's cash position varied, reaching a low of 3.31% in 2021 before recovering to 4.12% in 2022. Investments peaked at 22.88% in 2021, then fell slightly to 20.06% in 2022. Loans and advances regularly accounted for a significant share of assets, ranging from 67.83% to 70.52%. On the liability side, deposits fell from 78.18% in 2018 to 75.27% in 2022. Borrowings fell little, while other liabilities climbed from 8.41% in 2018 to 11.67% in 2022. Shareholder equity remained very steady, ranging between 6.05% and 7.37%. These findings indicate that NCC Bank PLC has maintained a balanced approach to risk and financial stability in managing its investments and liabilities.

Financial Ratio Analysis:

1. Liquidity Ratios:

- **Current Ratio:** The current ratio has fluctuated but has maintained quite close to the norm 1.14:1. In 2022, it was 1.28, indicating that the bank may have sufficient coverage of its short-term obligations with current assets.

- **Net Working Capital Ratio:** The Net Working Capital Ratio is increasing, reaching a high of 3.41, but a tiny fall to 3.34 in 2022 signals it requires a closer examination.
- **Cash Ratio:** NCC Bank saw a worrying fall in its Cash Ratio from 0.072 in 2018 to 0.055 in 2022, indicating a diminished capacity to cover short-term commitments with available cash.
- **Cash to Asset Ratio:** The Cash to Asset Ratio displayed a downward trend over the five-year period, falling from 0.056 in 2018 to 0.041 in 2022, suggesting a declining capacity to satisfy obligations with existing cash resources.
- **Cash to Deposit Ratio:** NCC Bank's Cash to Deposit Ratio fell from 0.072 in 2018 to 0.055 in 2022, showing a decreased ability to fulfill consumer demand against deposits.
- **Loan to Deposit Ratio:** The Loan to Deposit Ratio saw some ups and downs, but in 2022, it substantially increased to 93.70%, showing a change in how the bank lends money, as well as a concern because the ratio is too high.
- **Loan to Total Asset Ratio:** NCC Bank's Loan to Total Asset Ratio changed, dipping down in 2020 and 2021 during the pandemic but bouncing back to 70.52% in 2022, indicating that the bank made adjustments in its loan offerings and is again placing renewed focus on loans compared to its overall assets after the pandemic.

2. Activity Ratios:

- **Total Asset Turnover Ratio:** The Total Asset Turnover Ratio has declined significantly throughout the years, reaching 4.09% in 2022. This demonstrates that the bank is not efficiently using its assets to produce money.
- **Equity Turnover Ratio:** The Equity Turnover Ratio also fluctuates, falling during the pandemic in 2020. It improved in 2022 by 66.47%, suggesting better utilization of equity for income generation.

3. Debt Ratios:

- **Debt Ratio:** The debt ratio has always remained high, reaching 93.76% in 2022. This implies a high amount of financial leverage, which may be problematic for the bank.

4. **Profitability Ratios:**

- **Gross Profit Margin:** The Gross Profit Margin fell in 2019 and 2020, but showed signs of recovery in 2021 and 2022. It was 15.58 percent in 2022. However, this section needs further investigation.

- **Operating Profit Margin:** The operating profit margin increased over time, reaching 51.67% in 2022, suggesting effective cost control.

- **Net Profit Margin:** Net profit margins fluctuated from 2018 and 2022, peaking at 27.93% in 2019 and declining in successive years to 16.80% in 2022. The falling trend implies difficulties in maintaining profitability, indicating probable financial troubles for the organization over this era.

- **Return on Total Assets (ROA):** NCC Bank PLC's Return on Total Assets decreased from 0.6482% in 2018 to 0.3554% in 2022, indicating lower profitability in utilizing its assets.

- **Return on Common Equity (ROE):** NCC Bank PLC's Return on Common Stock Equity (ROE) has decreased from 8.80% in 2018 to 5.70% in 2022, suggesting a declining ability to provide profits for common stockholders.

5. **Efficiency Ratio:**

- **Interest Income to Expense Ratio:** The Interest Income to Expense Ratio peaked in 2018 before decreasing in 2019 and 2020 due to the pandemic. The ratio recovered after the pandemic, demonstrating a positive trend in 2021 and 2022 by 1.184.

- **Operating Expenses to Assets Ratio:** The Operating Expenses to Assets Ratio fell from 2018 to 2020, suggesting that operating expenses decreased in relation to total assets. However, there was an increase trend, and it was 0.0145 by 2022.

- **Operating Income to Assets Ratio:** The Operating Income to Assets Ratio fell from 2018 to 2021, indicating a drop in operating income relative to total assets. In 2022, the ratio improved slightly to 0.0212.

- **Operating Expense to Revenue Ratio:** The Operating Expense to Revenue Ratio fluctuated during the research years, falling in 2019 but rising from 2020 to 2022, reaching 0.355 in 2022. These increases signify a surge and may damage the bank's overall profitability.

6. Credit Risk Ratio:

- **Equity to Assets Ratio:** The Equity to Assets Ratio fell between 2018 and 2021, showing that stockholders are financing fewer total assets. The minor increase in 2022 by 0.0624 shows a possible stabilization, but the overall trend raises concerns about the bank's reliance on equity.

- **Equity to Net Loans Ratio:** The Equity to Net Loans Ratio fell steadily from 2018 to 2022. And by 2022, it was 0.088. This implies a potential decrease in credit risk, but it also raises concerns about the bank's lending policies and the balance between equity and loans.

Recommendations

Based on a thorough examination of NCC Bank PLC's financial performance, numerous suggestions can be made to address areas of concern and improve overall efficiency:

1. NCC Bank PLC may take strategic efforts to increase profitability, particularly in the aftermath of the epidemic. Focus on diversifying income streams and finding new paths of revenue generating.
2. To better understand lending practices, examine how the Loan to Deposit Ratio and Loan to Total Asset Ratio change in 2022. Monitor credit risk and lending procedures to ensure a healthy balance of loans and equity.
3. NCC Bank may endeavor to reduce its debt ratio, which is relatively high. The bank should prioritize negotiating better terms with lenders and exploring alternative funding sources. They should lower risks and make the bank more financially secure in the long term.
4. NCC Bank PLC may employ cost-effective methods to increase efficiency. Continue to optimize operational expenses to maintain a good operational Expense to Revenue Ratio.
5. Implement strategies that consistently increase shareholder equity. Investigate prospects for long-term equity by pursuing sustainable growth. Regularly examine and manage credit risk by regularly monitoring the Equity to Net Loans Ratio to balance the potential loss from loans.

Conclusion

NCC Bank PLC's financial performance reflects both strengths and places for improvement. The company's resilience in the face of adversity, especially during the COVID-19 pandemic, is admirable. However, deteriorating trends in key financial ratios like Return on Total Assets and Return on Common Equity require close management attention. Strategic steps to increase profitability, diversify income streams, and seek new revenue opportunities are critical for the bank's long-term performance.

The limitations of the analysis, such as data accuracy, a lack of industry comparison, and a limited timeframe, highlight the necessity for a more thorough and substantial review. This involves a focus on long-term strategic planning, learning from the pandemic, and ongoing monitoring of market conditions. Implementing the recommended steps, such as external audits, industry benchmarking, and more extensive historical research, will lead to a better knowledge of the company's financial health.

Despite the hurdles, NCC Bank PLC's post-pandemic recovery and good trends in several areas indicate room for improvement. Addressing the identified restrictions and executing the proposed methods will help the organization enhance its financial position and handle future uncertainty more effectively.

Appendix

Last Five Years' Financial Data (Amount in BDT) for Analysis of NCC Bank PLC:

Particulars	2018	2019	2020	2021	2022
Interest Income	23,977,837,117	26,258,882,407	22,250,494,593	18,922,151,770	20,187,071,960
Gross Profit	5,199,939,810	4,256,996,795	2,481,418,695	2,921,563,704	3,144,318,212
Operating Expenses	5,178,921,420	5,407,741,583	5,506,006,361	6,001,663,634	7,157,468,502
Operating Profits	9,782,995,132	8,982,979,319	8,264,555,999	8,671,121,894	10,429,860,153
Profit before tax	4,668,658,224	4,404,225,592	3,155,875,149	3,258,026,649	3,837,308,859
Profit after tax	2,473,208,854	2,508,556,559	2,149,098,798	1,784,298,097	1,752,375,528
Current Assets	362,758,135,001	408,894,626,166	447,624,783,137	479,123,654,510	473,830,556,555
Loans	267,671,627,815	296,752,963,285	322,251,462,190	336,329,374,049	347,743,587,217
Current Liabilities	298,320,586,387	329,250,273,951	359,535,931,691	376,700,765,650	371,143,439,068
Total Deposit	298,334,794,597	329,250,273,951	359,535,931,691	376,700,765,650	371,143,439,068
Total Liabilities	353,448,950,660	391,803,180,478	435,579,441,372	465,844,247,806	462,327,158,976
Shareholders' equity	28,116,657,728	30,499,461,918	29,703,765,734	29,987,333,215	30,755,558,182

The table above shows that NCC Bank PLC's Gross Profit, Profit before and after tax, Shareholders' Equity, Current assets, Current liabilities, Total assets, and Total liabilities have all changed progressively during the last five years.

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