



Daffodil International University

Internship Report on Loan Disbursement and Recovery Performance of National Credit and Commerce Bank Limited (NCCBL)

Submitted to the Department of Business Administration, Daffodil International University in Partial Fulfillment of the Requirements for the Award of MBA degree, Major in Finance

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Letter of Transmittal

8th October, 2018

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Subject: Submission of Internship Report **Loan Disbursement and Recovery Performance of National Credit and Commerce Bank Limited (NCCBL)**

Dear Sir,

I have prepared my internship report on the topic of **Loan Disbursement and Recovery Performance of National Credit and Commerce Bank Limited (NCCBL)** under your kind supervision as a requirement of completing the degree of MBA program. I have tried my best to prepare the report in consistence with the optimal standard under your valuable direction.

I made every effort to reveal greater insight in this report. I hope that this will meet the standard of your judgment.

Thanking you for your kind supervision.

Sincerely yours

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Certificate of Supervisor

This is to certify that the work entitled “Loan Disbursement and Recovery Performance of National Credit and Commerce Bank Limited (NCCBL)” is an original work by Md. Mahfuzur Rahman, ID #123-14-924, Major Finance , Department of Business Administration, Daffodil International University, Dhanmondi Campus, completed her internship report under my supervision and submitted for the partial fulfillment of the requirement for award of Masters of Business Administration (MBA) from Daffodil International University (Dhanmondi Campus).

(Professor Dr. Mostofa Kamal)

Department of Business Administration

Faculty of Business and Economics

Daffodil International University

Student Declaration

I do hereby solemnly declare that the work presented in this Internship Report has been carried out by me and has not been previously submitted to any other University/ College/ Organization for an academic certificate/degree.

I, Md. Mafuzur Rahman, ID: MBA 123-14-924, declare that the presented internship report on **“Loan Disbursement and Recovery Performance of National Credit and Commerce Bank Limited (NCCBL)”** submitted as a course requirement for the award of the degree of Bachelor of Business Administration at Daffodil International University was prepared by me.

The work I have presented does not breach any existing copyright and no portion of this report is copied from any work done earlier for a degree or otherwise.

I further undertake to indemnify the damage arising from breach of the foregoing obligations.

(Md. Mahfuzur Rahman)

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Major in Finance

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Acknowledgement

First, I would like to express my gratitude to almighty ALLAH to give me the strength to complete the study within the stipulated time.

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I also wish to thank and give the due respect to my family and friends for their cordial support and help they offered throughout the process of performing the whole report.

Finally, my heartfelt gratitude goes to Mr. Mahabub Ali Khan (Branch Manager and AVP), Mr. Md. Abu Naim (SPO and Operation Manager), Mr. Md. Ishtiaque Uddin (Probationary Officer), Mr. Iftekher Ahmed (Investment Officer), Mr. Imran Ahmed (Senior Cash Officer), Mr. Rajib Biswas (Assistant Officer) Mr. Shahanawaz (Senior Officer) and all the co-workers of National Credit and Commerce Bank Limited, Mogbazar Branch, for their keenness in giving me training and valuable information, which was very helpful to complete my internship report.

Abstract

Theoretical discussion have sometimes differs with practical world, so everybody needs to have a practical working experience for an understanding of the real from a close distance. One of the most tried and proven methods of combating the shortcoming in experience are the internship program. This type of curriculum is perhaps the best system yet devised to integrate education and experience.

In the practical field MBA program is targeted to produce skillful “Business Manager/Executive” having an absolute professional out look. So the post-graduates of this discipline should be programmatic and should have an extra-ordinary view of the real life business environment. The prime objective of the internship program is to produce learners with practical organizational environment, so that they can tune up them selves for the jobs in future and can get an opportunity to reconcile the theoretical knowledge with real life situation thus internship consider as an indispensable part of the MBA program.

After completion of theoretical part of MBA program, I was placed in Moghbazar Branch of National Credit and Commerce Bank Limited (NCCBL) Bangladesh for my internship program where I worked with a team of Loan & Advances Department as well as other relative department like Foreign Exchange but here I tried my best to focus on my specific department where I assigned to work as an intern.

This report basically describes about what was the working procedure of departments and from my works what I have learned. This report also guides everyone with a clear concept on an outbound department about its working procedure and its activities, because not only but NCC Bank Ltd is the organization that provides service information and its consumer course of action after avail its services.

Executive Summary

Bank's plays a vital role for a nation's economic development. Over the last few years the Banking world has been undergoing a lot of change due to deregulation, technological innovations, globalization etc. These changes also made revolutionary changes of a country's economy.

It is committed to provide high quality financial services/products to contribute to the GDP of the country through stimulating trade and commerce, accelerating the pace of industrialization, boosting up export, creating employment opportunity for the educated youth, poverty alleviation, raising standard of living of limited income group and over all sustainable socio-economic development of the country.

The report titled "Loan Disbursement & Recovery Performance of NCC Bank Ltd." has been prepared based on my practical working knowledge gathered from my 03 months Internship program at Moghbazar Branch, Dhaka. I earnestly requesting to everybody to consider the shortcomings or mistakes in act of respective kindness.

National Credit and Commerce Bank Limited (NCCBL) is a new generation Bank, commences its functions in the financial sector of the country as an investment company as named "National Credit Limited (NCL)" in 1985. For the greater impingement in financial market it coverts as National Credit & Commerce Bank Ltd. in 1993 under "Company Act, 1994" guided by the "Bangladesh Bank Ordinance 1972" as well as "Bank Company Act, 1991" (and its subsequent amendment).

Bank activities can be divided into three categories. These are general banking activities, credit or loan advance activities and foreign exchange activities. General banking plays a vital role for deposit mobilization while Foreign exchange activities is one of the important and major source of income of the bank, has been given proper care to serve the importers and exporters of various goods with officers having expertise in the field but Credit Division is the heart of the banking system.

NCCBL extends its investment facilities to different sectors to diversity its Investment portfolio in compliance with credit policies of Bangladesh Bank while follows a clearly defined procedure for sanctioning a loan. This procedure just comprises obtaining Party's application, Filling form-A, Collecting CIB report from Bangladesh Bank, Processing loan proposal, Project appraisal, Head office approval, Sanction letter, Documentation and lastly Disbursement.

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CHAPTER-I : INTRODUCTION

1.1	Origin/Background of the Report
1.2	Objectives of the Study
1.3	Methodology of the Study
1.4	Scope of the Study
1.5	Limitations of the Study

1.1 BACKGROUND OF THE REPORT

For any business school student only curriculum activity is not enough for handling the real business situation, therefore it is an opportunity for the students to know about the field of business through the internship program. As internship program is a perfect blend of the theoretical and practical knowledge. This report is prepared as partial requirement of the three-month internship program for the MBA. National Credit and Commerce Bank Limited (NCCBL) has given me the opportunity to complete 03 (Three) months internship program at its Moghbazar Branch, Dhaka. In the report I have mainly given concentration on “**Loan Disbursement and Recovery Performance of NCCBL**”. On the basis of working experience in this period I have prepared this report and I have tried my level best to relate the theoretical knowledge with the practical work situation while report highlights information have been taken from bank’s Website, Annual Reports and different banking oriented books for evaluation and assessment of NCCBL.

1.2 OBJECTIVES OF THE STUDY

Primary Objective : The primary objective of this report is to fulfill the requirement of MBA program contains three month internship while use the theoretical concepts gained in the classroom to analyze real life scenarios.

Secondary Objectives: Beside the primary objective there are some other objectives, which are equally important:

- ✓ To be acquainted with day-to-day operation of service oriented business.
- ✓ To assess the credit structure of the bank in practice.
- ✓ To identify the recovery performance of the bank.

1.3 METHODOLOGY OF THE STUDY

The report is Descriptive in nature. Regarding the organizational part, information required was collected within the organization from the different departments National Credit and Commerce Bank Ltd.

1.4.1 Research Design

Exploratory research has been conducted for gathering better information that will give a better understanding on various credit schemes. Data used in this report have been collected from both primary and secondary sources. Primary data has been collected mainly through my observation of the approval process and monitoring techniques, informal interviews of executives, officers and employees of NCC Bank Limited.

1.4.2 Sources of Data Collection

To make the Report more meaningful and presentable, two sources: primary and secondary data and information have been used widely to generate the report.

The primary sources are as follows:

- ✓ Face to face conversation with the respective officer of the branch.
- ✓ Exposure on different desk of the bank.
- ✓ Relevant file study as provided by the officers concerned.
- ✓ Informal conversation with the clients.

The Secondary sources of data and information are:

- ✓ Annual Reports of NCCBL.
- ✓ Periodicals published by Bangladesh Bank.
- ✓ Different Books, articles, compilations etc. regarding general banking functions, foreign exchange operations and credit policies.
- ✓ Website

1.4 SCOPE OF THE STUDY

National Credit and Commerce Bank Limited is one of the leading banks in Bangladesh which is operating widely with 73 branches all over the Bangladesh. The scope of the study is limited to the Branch level & strictly confined NCCBL's operation in Dhaka, as such; the report based on the observation and studies during my internship period at Dhanmondi Branch, Dhaka. According to the study I will focus on the company's background, management style, present status etc then products & different functional areas such as general banking, accounts, foreign exchange and card division while special emphasize on Loan & Advances area considering my topics.

1.5 LIMITATIONS OF THE STUDY

Objective of the practical orientation program is to have practical exposure for the students. Our tenure was for three (03) months only, which was somehow not sufficient. After working whole day in the office it was very much difficult to study again the theoretical aspects of banking, as such; complete fruitful one.

- ✓ For the lack of our practical knowledge, shortcoming may be available in the paper.
- ✓ Confidentiality of data was another important barrier that was faced during the conduct of this study. Every organization has their own secrecy that is not revealed to others. While collecting data on NCCBL, personnel did not disclose enough information for the sake of confidentiality of the organization.
- ✓ Since the bank personnel were very busy, they could not provide me little time.
- ✓ Rush hours and business was another reason that acts as an obstacle while gathering data.

CHAPTER-II : AN OVERVIEW OF NCC BANK LTD.

2.1	Background of NCC Bank Limited (NCCBL)
2.2	Mission of the NCCBL
2.3	Vision of the NCCBL
2.4	Objectives of the NCCBL
2.5	Brief Profile of NCCBL
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	2.8.7 Others Services
2.9	Overview of NCCBL, Moghbazar Branch

2.1 BACKGROUND OF NCC BANK LIMITED (NCCBL)

The banking system plays a critical role in underpinning economic development. Against the background of Financial Sector Reform Policies in Bangladesh, National Credit and Commerce Bank Ltd. has resulted in great success in all areas of operation. NCC Bank Limited emerged as bank in the country on 17th May 1993 out of a great turbulent situation encountered by erstwhile National Credit Limited. However, the institution survived the ordeals and came out as full-fledged commercial bank. The company raised its authorized capitals to Tk. 750 millions as per guidelines set out by the Bangladesh Bank

At present the Bank has real-time centralized Online banking branches (Urban & Rural) throughout the Country having smart IT-Backbone. Besides these traditional delivery points, the bank has ATM of its own, sharing with other partner banks & Consortium throughout the Country. The operation hour of the Bank is 10:00 A.M. To 6:00 P.M. from Sunday to Thursday with transaction hour from 10:00 A.M. to 4:00 P.M. The Bank remains closed on Friday including government holidays.

2.2 MISSION OF THE NCCBL

“To mobilize resources from within to contribute to development and growth of the country and also to play a catalyst a role in the formation of capital market”.

The purpose of the bank is to become the bank of choice. The bank attain this by offering their clients the financial service.

2.3 VISION OF THE NCCBL

To be in the forefront of national development by providing all the customers inspirational strength, dependable support and the most comprehensive range of business solutions.

NCCBL will be vanguard of national economic development by:

- ✓ Anticipating business Anticipating business liquefaction needed by the NCCBL’s Client.
- ✓ Setting world Class standard in delivering customer value.

4 OBJECTIVES OF NCC BANK LTD.

The objective of the organizational structure and corporate governance of NCCBL is to establish a strong, customer- oriented and transparent management. They constantly focus on understanding and anticipating customer needs. As the banking scenario undergoes changes so is the bank and it repositions itself in the changed market condition. The main objectives of NCCBL are as follows:

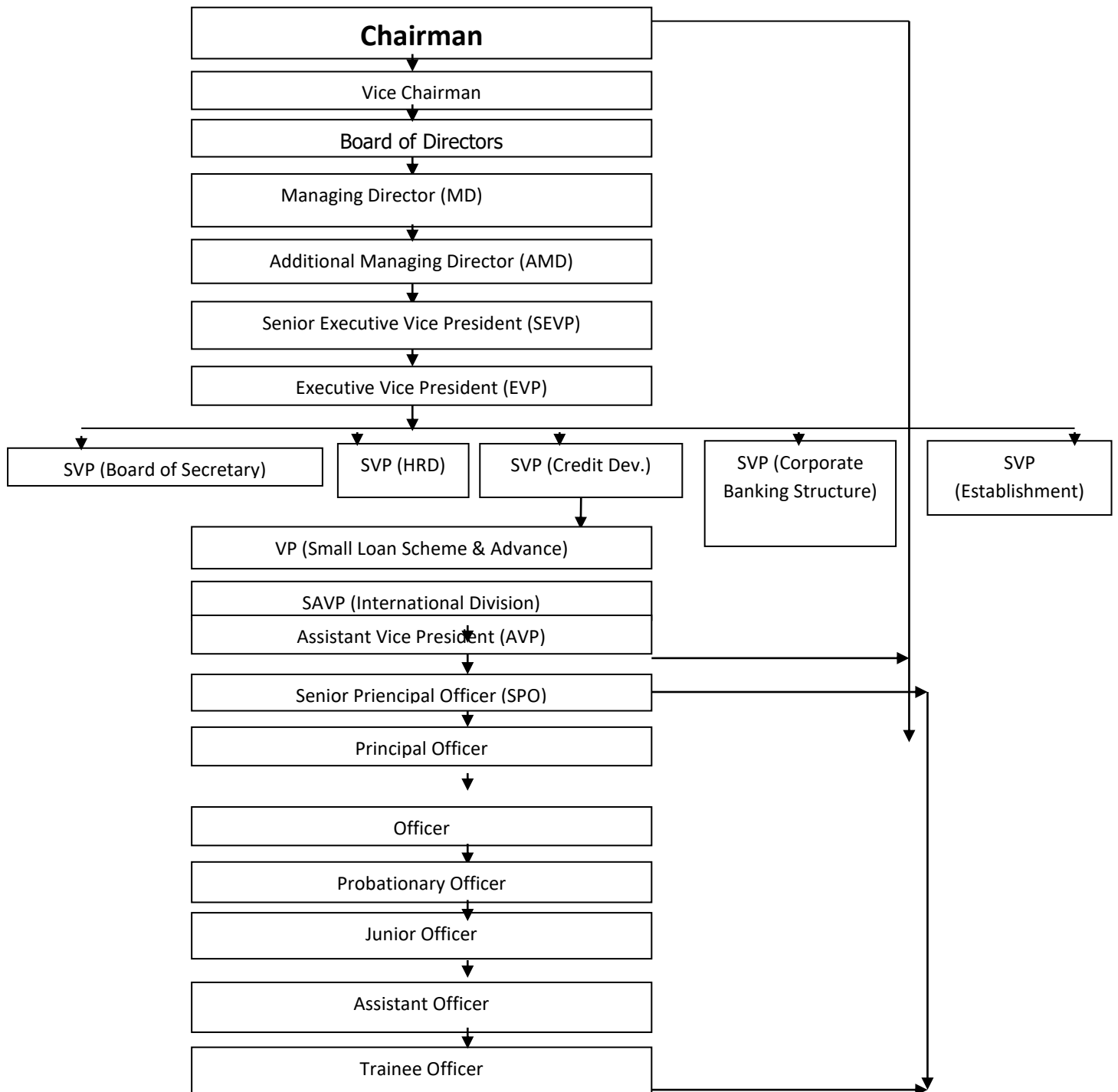
- ✓ To conduct banking business.

- ✓ To establish a good and cordial relationship between the bank and the customers.
- ✓ To invest in various profitable sector to assist the boosting up the industrial sectors.
- ✓ To rise the living standard of the people providing various schemes.
- ✓ To develop the human resources it acts consciously.

2.5 BRIEF PROFILE OF NCCBL

- ✓ Name of the Bank: National Credit and Commerce Bank Limited.
- ✓ Date of Start of business as commercial bank: May 17 1993
- ✓ Images of NCCBL : Efficiency, prompt and best service, secrecy in money matters.
- ✓ History: This bank is a conversion of erstwhile National Credit Ltd (NCL), an investment company largest of its kind in the established on 25 Nov 1985.
- ✓ Authorized Capital : The authorized capital of bank is Tk. 5000 million.
- ✓ Paid up Capital : The bank raised its paid up capital upto Tk. 2284.90 million from time to time.
- ✓ Reserve Fund and other reserve: The reserve fund of the bank increased of TK 4371.62 million in the year 2009 as against Tk. 2863.63 million of previous year.
- ✓ Number of Branches: 76
- ✓ Total number of Employee: 1230
- ✓ The bank also engaging in syndication with other banks for allowing large loans converging Bangladesh bank's rules and regulation.

2.6 MANAGEMENT STRUCTURE OF NCCBL



2.7 BRANCHES OF NCCBL

Babubazar Branch	Reaz Medicine Market, 57, Mitford Road, Babubazar
Banani Branch	House - 1, Road-11, Block- F, Banani, Dhaka
Bangshal Branch	216, Bangshal Road, Dhaka
Bijoy Nagar Branch	Saiham Sky View Tower (1st floor), 45, Bijoy Nagar, Dhaka
Dhanmondi Branch	Quality Center, 744, Shat Masjid Road, Dhanmondi, Dhaka
Dilkusha Branch	Hossain Chamber, 43, Dilkusha C/A, Dhaka
Elephant Road Branch	SEL Siddique Plaza, 173, Elephant Road, Dhaka
Foreign Exchange Branch	29/A, Toyenbee Circular Road, Motijheel C/A, Dhaka
Gulshan Branch	85 Gulshan Avenue, gulshan, Dhaka
Islampur Branch	Latif Tower, 2/3, Ahsanullah Road (2nd Floor). Islampur, Dhaka
Jatrabari Branch	123/1-A, South Jatrabari, Dhaka-1204
Joydebpur Branch	Rahman Tower, Chandana Chowrasta, Joydebpur, Gazipur
Kawran Bazar Branch	Hasney Tower, 3/A, Kawran Bazar C/A, Dhaka
Madaripur Branch	Madaripur New Market (1st Floor), 488, Main Road, Puran Bazar, Madaripur
Madhabdi Branch	School Super Market Complex Madhabdi Bazar, Narshingdi
Malibagh Branch	B-61, Malibagh Chowdhury Para, DIT Road, Dhaka
Mirpur Branch	Fahad Complex, Plot-1/1, Main Road-1, Section - 10, Senpara Parbata, Mirpur, Dhaka
Mitford Branch	Paradise Bhaban, 34 Mitford Road (1st Floor), Dhaka
Modhupur Branch	Tangail Mymensingh Road, P.S- Modhupur, Tangail
Moghbar Branch	382, Moghbazar, Tongi Divrsion Road, Dhaka
Motijheel Main Branch	6. Motijheel C/A, Dhaka
Mymensing Branch	Friends Tower (1st floor), 21, Durgabari road, Mymensingh
Nababgonj Branch	P.S. Nababgonj, Dhaka

Narayangonj Branch	Tara Miah Mansion, 187, Bangabandhu Road, Narayangonj
Narsingdi Branch	2, C & B Road (Adjacent to Narsingdi Pourashava), Narsingdi
Nawabpur Road Branch	140-141, Nawabpur Road (1st Floor), Dhaka
Pragoti Sarani Branch	Badda Tower, Cha 72/1, North Badda, Pragoti Sarani, Dhaka
Rampur SME/AGRI. Branch	Bhasani Market, Rampur Bazar, Kalihati, Tangail
Savar Branch	Savar New Market (1st Floor) 3, Savar Pourashava, Savar, Dhaka
Shamoli Branch	BBTOA Building, 9 Kallyanpur, Mirpur Road, Dhaka
Tangail Branch	Masjid Road, Pachani Bazar, P.S- Tangail, Dist.- Tangail
Tongi Branch	Shere Bangla Ceramic Market, Holding No. 44, Ward No. 3, Tongi Pouroshova, Tongi, Gazipur
Uttara Branch	House - 1, Road - 12, Sector-6, Uttara Model Town, Uttara, Dhaka

Agrabad Branch	34, Agrabad C/A (Ground Floor), Agrabad, Chittagong
Aman Bazar Branch	Chikondondi, Hathazari, Chittagong.
Anderkilla Branch	A.N Tower, 23, Andarkillah, Chittagong
Baraiyarhat Branch	Baraiyarhat, P.S. Mirsarai, Chittagong
Brahmanbaria SME/Agri Branch	Sumsung Plaza, T.A. Road, Brahmanbaria
CEPZ Branch	Ali Plaza (1st Floor), CEPZ Gate, Chittagong.

Chakaria Branch	57, Chringa Bus Station, Chakaria, Cox's Bazar
Chittagong Area Office	Noor Chamber, 34 Agrabad C/A, Agrabad, Chittagong
Chowmuhuni Branch	227, DB Road, Chaumuhani, Noakhali
Comilla	Samabaya Bank Bhaban (1st Floor),

	Kandirpar, Comilla
Cox's Bazar Branch	Main Road, Bazar Ghata, Cox's Bazar
Faridgonj SME/Agri Branch	Faridgonj, Chandpur
Feni Branch	Hazi Ibrahim Hossain Market, 10 Trank Road, Feni
Gouripur Branch	Gouripur Bazar, P.S - Daudkandi, Comilla
Hajjigonj Branch	Ahmed Plaza (1st Floor), 79/64 Hajjigonj, Chandpur
Halishahar Branch	Port Connecting Road, Halishahar, Chittagong
Jubilee Road Branch	5 Jubilee Road, Chittagong
Kadamtali Branch	1151, Dhaka Trank Road, Kadamtali, Chittagong
Kamal Bazar Branch	Kamal Bazar, PO: Mohora, Kalurghat, PS: Chandgaon
Karanirhat	Plot No. 9712, Satkania, Chittagong
Khatungonj Branch	601, Ramjoy Mahajan Lane, Khatungonj, Chittagong
Kochua SME/Agri Branch	Kochua, Chandpur
Laxmipur Branch	Chowdhury Super Market, College Road, Laxmipur
Madambibirhat Branch	Bhatiary, Sitakunda, Chittagong.
Madunaghat Branch	Hathazari, Chittagong
Maijdee SME/AGRI.Branch	Main Road, Maijdee, Noakhali
Majhirghat Branch	15, Strand Road, Chittagong
Nazirhat Branch	Hossain Plaza, Jhonker Moor P.S -

	Fatickchori, Dist: - Chittagong
O.R. Nizam Road Branch	659 O.R. Nizam Road, Central Plaza, Chittagong
Raipur Branch	Haji Wahab Market(1st Floor), Laxmipur
Ramgonj SME/Agri Branch	By Pass, Ramgonj, Laxmipur.

Baralekha Branch	Dhakhhinbazar, Main Road, Baralekha, Moulvibazar
Chowhatta Branch	Sayed Complex, Airport Road, Ambarkhana, Sylhet
Jagannathpur Branch	Ranigonj Road, Jagannathpur, Sunamgonj
Laldighirpar Branch	Idrish Bhaban, Mohajan Pattay Laldighirpar, Sylhet
Moulvibazar Branch	Yakub Mansion, Sylhet Road, Moulvibazar
Nabigonj Branch	Natunbazar, Nabigonj Pouroshova, Dist- Habigonj

Baneswar SME/Agri Branch	Baneswar, Puthia, Rajshahi
Bogra Branch	Bashiran Market (1st Floor), Zhawtola, Bogra
Naogaon Branch	Zahir Plaza(1st floor), 246, Main Road
Patgram Branch	Alam Mansion, Station Road, Patgram, Lalmonirhat
Rajshahi Branch	Alu Patti Moor, Ghoramara, Bolia, Rajshahi
Rangpur Branch	Rainbow Plaza, 9, G.L. Roy Road, Rangpur
Syedpur Branch	Zikrul Haque Road, Syedpur, Nilphamari

2.8 PRODUCTS & SERVICES OF NCCBL

2.8.1 Deposits

Deposit are the establishment on which Deposits are the foundation on which banks prosper and grow. They are a unique item in a bank's balance sheet that they are a unique item in a bank's balance sheet that differentiate it from other business. Deposit give most of the raw materials for bank loans. It represent the ultimate influence bank profits and growth.

✓ Savings Bank (SB) Accounts

The bank gives savings account services for both personal and corporate customer. The current rate on the deposit amount is 3.5% to 9% and the minimum balance needed is Tk.500. The bank requires service charge for this account is Tk.250 per annum.

✓ Current Deposit (CD) Accounts

✓ NCCBL opens current accounts for its customer to facilitate their day to day activities. These bank opens current accounts for its clients to facilitate their day-to-day activities. The amount of deposited in the current account can be withdraw at any time. No interest given on the current account. In some cases. Interest is available at an agreed rate. Where withdrawals are subject to written notice for a specific period. The minimum balance needed for this account is TK 1000 to TK 250.

✓ Fixed Term Deposit (FDR)

Fixed Deposit is very important for it's performance to the bank's deposit creation method, because the highest amount of Bank fund from it's direct clients comes in the form of Fixed Deposit. NCCBL also offers its valuable clients some important rates for different amounts while 5.50% for 1 month, 7% to 7.5% for 6 months & 7.5% to 8% for 1 and 7.5% for 2 or 3 years.

✓ Short Term Deposit (STD)

Short term deposit is similar to current deposit except interest. Though it is CD account but bearing interest currently 2% to 6%.

✓ NCCBL Special saving Scheme (SSS)

Two types of account can be opened under this scheme. The duration of the scheme is 5 or 10 years. Rules are also same for both accounts. Monthly installment of deposit shall be TK 500 and up to TK 10000 only to be deposited very month. Account may be opened for any installment later on the same is changeable.

- ✓ NCCBL Special Term Deposit
- ✓ Minimum TK 50000 or multiple amount is acceptable under this scheme. The duration of the scheme will be 5 years. After which deposit can be take back the principal amount, if not newish. The duration of the time between deposit and payment of first profit must be minimum one month. Monthly interest will be provided to the depositors against the deposit amount according to the schedule. No profit and interest shall be due for payment.

2.8.2 Loan & Advances

The word “CREDIT” is derived from Latin word “credo” that means ‘I trust’. Lending of money to different types of debtor is one of the most significant works of commercial bank. It is the most lucrative business of the commercial bank and the major source of earning but lending is a risky business. The behavior of their activities, the position of business, financial stability, income and repayment capacity, securities all differ and their degree of risk also differ.

In general credit means the granting of a period of time by a creditor to a debtor.

- ✓ General Sector Loan:
 - Secured Over Draft (SOD) : SOD (FO), SOD(G)
 - Cash Credit (CC) : CC (Hypo), CC(Pledge)
- ✓ Bank Guarantee/Bid Bond
- ✓ Import Loan: PAD, LIM, LTR
- ✓ Export Loan: Back to Back Credit, Packing Credit, Post shipment Finance, Negotiation of documents under L/C (FDBP), ECC
- ✓ Special Scheme: Project Loan, Consumer Financing, Real Estate and Civil Construction, Small Business Loan.

2.8.3 Credit Card

NCCBL has launched Credit card of VISA brand in august 2014, with access in local market. Type of Credit card:

- ✓ Gold International
- ✓ Gold Silver
- ✓ Classic Local

Facilities available with the Credit Card:

- ✓ Making payments to merchant(s) against purchase of all goods and services by the VISA credit card.
- ✓ Availing cash advances
- ✓ From any of NCCBL branches or a happy valentine day from y member of VISA card or any merchant authorized to make cash advances as may be agreed upon by NCCBL.

- ✓ Using the card on any ATM with a VISA logo, subject to these terms and conditions and in compliance with such requirements, limitation and procedures as may be imposed by NCCBL

2.8.4 SME Banking

- ✓ Agri-business Loan
- ✓ Entrepreneurship Development Loan
- ✓ Loan for light engineering
- ✓ Loan for Poultry farm

2.8.5 International Trade/Foreign Exchange

Foreign Exchange is a process of system of transformation of one nation currency to another and of transforming money from one to another country.

Foreign Exchange Business is -1) Import Business 2) Export Business 3) Foreign Remittance. Whereas:

- International Finance ▪ Private Foreign Currency A/c ▪ Non-residential Foreign Currency deposits ▪
- Import-Export Transaction ▪ Foreign Exchange dealing ▪ Purchase of foreign currency drafts cheques ▪
- Travelers cheques, ▪ Remittance of foreign currency (MoneyGram, UAE Exchange, RIA, Arab national bank, western union, Habib Qatar)

2.8.6 Remittance Services

NCCBL with its wide ranging branch network and skilled personnel prompt like issuing:

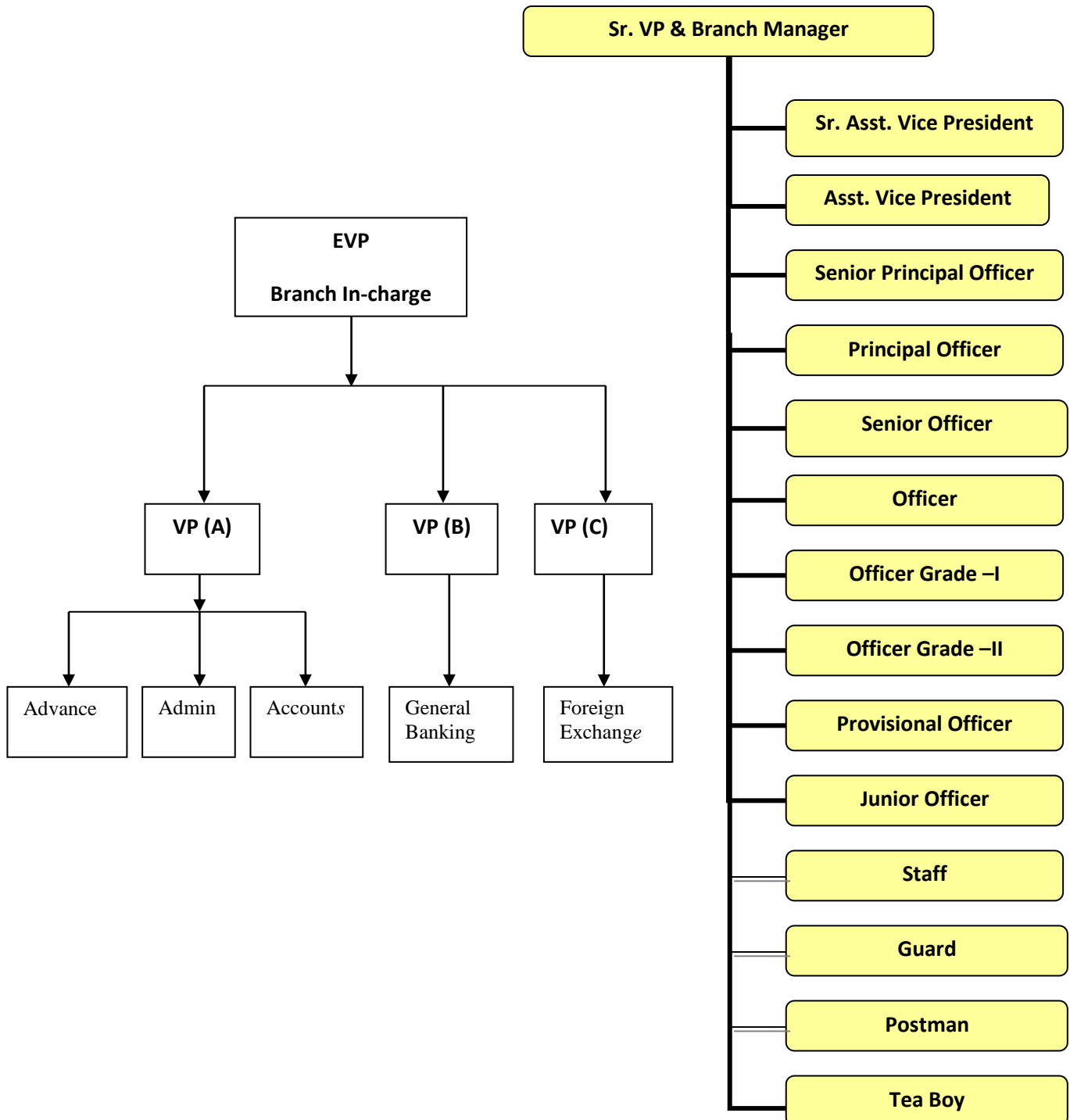
- Demand Draft (DD) ▪ Pay Order (PO)
- Mail Transfer
- Nominal transfer ▪ Electronic transfer etc

2.8.7 Others Services

- Internet Banking ▪ Debit Card ▪ Locker Service
- Flora banking ▪ SMS Banking etc.

2.9 OVERVIEW OF NCCBL, MOGHBAZAR BRANCH (INCLUDING DIVISION & HIERARCHY)

NCC Bank Limited, Moghbazar Branch located at 382 Tongi Diversion Road, Moghbazar, Dhaka has started its activities since 29 Dec, 1986. It has 37 employees leading by a Senior Vice President (SVP) who is the in-charge of the branch.



As one of the AD (Authorized Dealer) branch it provides full pledge banking services by its different division like 1) General Banking Division : Cash & Accounts Division, 2) Loan and Advance Division and 3) Investment and Foreign Exchange Division.

CHAPTER-III : THEORETICAL CONCEPTS OF CRDIT

3.1	Introduction to Credit
3.2	Credit Policy
3.3	Objectives of Credit Policy
3.4	<i>Policy Guidelines</i>
3.5	<i>Management structure and responsibilities</i>
3.6	<i>Program Guidelines</i>
3.7	Credit Principles
3.8	Types of Loans
	3.8.1 <i>Commercial and industrial loans</i>
	3.8.2 Real Estate Loan
	3.8.3 Individual (consumer) Loans
	3.8.4 Other Loans

3.1 INTRODUCTION TO CREDIT

The word “CREDIT” is derived from Latin word “credo” that means ‘I Trust’. Credit is an arrangement whereby bank acting at the request and on the pointing of a client. Here, most important task of any commercial bank is to provide credit facility to its clients as per requirement defend the interest of its depositors. In general credit means the granting of a period of time by a creditor to a debtor.

Bank can lend up to 82% of its total deposit. The rest 18% is kept as Statutory Liquidity Reserve (SLR) with Bangladesh Bank out of which Cash Reserve Requirement (CRR) is 5% of the total deposit at any point of time. Bangladesh Bank has put the ceiling to get off credit intentness and diversify the risk of lending.

3.2 CREDIT POLICY

Policy means projected course of action. A sound credit policy covers among other things safety of the fund invested. Encouraging maximum number of small loans is better than specific types of advance, which ensures liquidity with least incidence of bad debts.

3.3 OBJECTIVES OF Credit Policy

There are some objectives behind a credit policy of NCCBL as follows:

To provide a guideline for giving loan.

- ✓ Prompt response to the client need.
- ✓ Reduce the volume of work from the top level management.

3.4 POLICY Guidelines:

- ✓ Lending guidelines: the lending guidelines includes:

- Industry and business segment
- Types of loan facilities
- Lending Caps

As a minimum, the followings are discouraged:

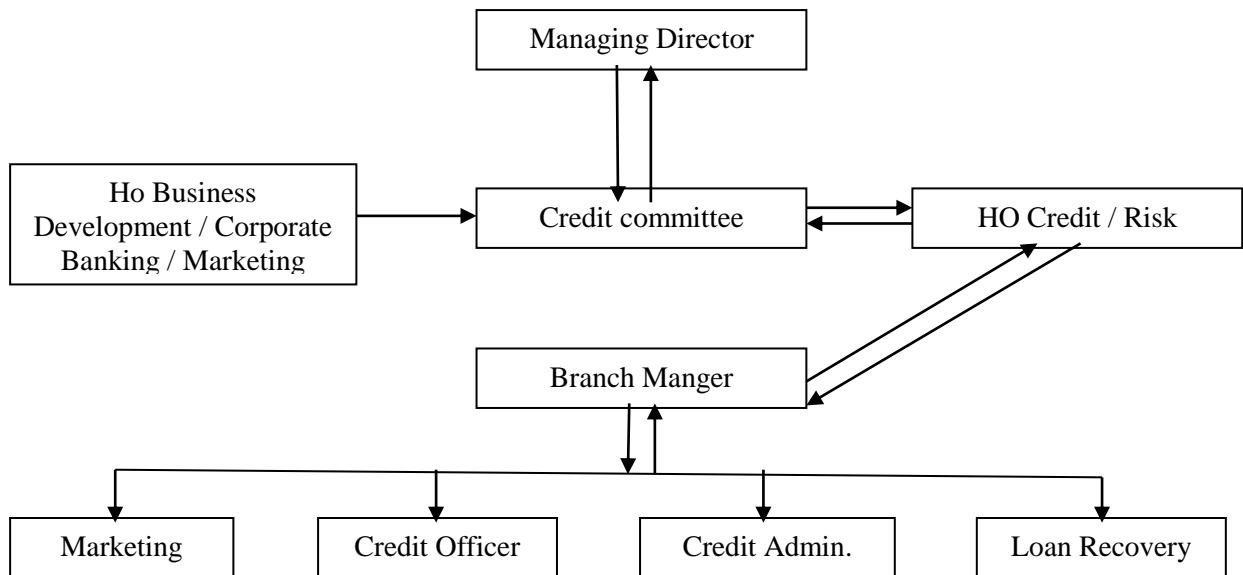
- Highly leveraged transactions
- Finance of speculative investments
- Lending to companies listed on CIB Black list on known

- ✓ Credit assessment and risk grading: Credit and risk assessment would be conducted prior to the granting of loans and at least annually thereafter for all facilities. Credit applications should summaries the results of risk assessment and include as a minimum:

- Environment or social risk inputs
- Amount and types of loans
- Purpose of loans
- Loan Structure

.5 MANAGEMENT STRUCTURE AND RESPONSIBILITIES

The following chart presents an example of Credit Management structure:



3.7 CREDIT PRINCIPLES

- The Bank shall provide suitable credit services and products for the market.
- Loans and advances shall normally be financed from client deposit.
- Credit facilities shall be allowed in a manner so that credit spared goes on ensuring quality.
- All credit extension must comply with the requirements of Bank's Memorandum and Articles of Association, Bank companies Act.

- Credit facilities will be extended to those companies or persons, which can make best use of the efficiency.
- Remunerative: If Credit facilities are granted on a transaction or one-off basis, the yield from the facility should be coordinate with the risk.

3.8 TYPES OF LOANS

Although most financial institution make loans, the types of loans made and the characteristics of those loans differ considerably. Some types of loans that normally financial institutions extend are discussed below-

3.8.1 Commercial and industrial loans

Traditionally short term commercial loans are used to finance firms working capital needs and other short term funding essentials. Long term commercial loans are used to finance credit needs that extend beyond one year.

Syndicated loan: Loan provided by a group of FI as opposed to a single lender.

Secured loan: A loan that is backed by a first claim on certain assets of the borrower if default occurs.

Unsecured loan: A loan that only has a general claim to the asset of the borrower if default occurs.

Spot loan: The borrower withdraws the loan amount immediately.

Loan commitment: A credit facility with a maximum size and a maximum period of time over which the borrower can withdraw fund.

Commercial paper: unsecured short-term debt security issued by the corporation.

Revolving loan: A credit line on which a borrower can both draw and repay many times over the life of the loan.

Usury Ceiling: State imposed ceilings on maximum rate financial institute can charge on consumer and mortgage debt.

3.8.2 Real Estate Loan:

Real estate loans are primarily mortgage loans and some revolving home equity loans.

Adjustable rate mortgage loan: A mortgage whose interest rate adjusts with stroll in an underlying market index interest rate. The ratio of the fixed rate to adjustable rate mortgage in financial institution portfolios varies with the interest rate cycle.

CHAPTER-IV : LOAN RECOVERY PERFORMANCE OF NCCBL

- 4.1 Credit Policy of NCCBL**
- 4.2 Loan Proposal and Creditworthiness**
- 4.3 Lending Products of NCCBL**
- 4.4 General Procedure of Loan Disbursement**
 - 4.4.1 Getting Credit Information
 - 4.4.2 Information Collection
 - 4.4.3 Analyzing these information
 - 4.4.4 Lending Risk Analysis Lending (LRA)
 - 4.4.5 Proposal Analysis
 - 4.4.6 Collateral Evaluation
 - 4.4.7 Final Decision about the Project
 - 4.4.8 Proper Supervision of the Project
 - 4.4.9 Documentation of the Loan
 - 4.4.10 Creation of charges for securing loan
 - 4.4.11 Processing of Credit Proposal
 - 4.4.12 Credit Disbursement
- 4.5 Recovery Systems of Loan**
- 4.6 Loan & Related Performance of NCCBL**
- 4.7 CRAB Ratings**

4.1 CREDIT POLICY OF NCCBL

Loans are the right to receive payment or an obligation to make payment on demand or at some future time on account of the immediate transfer of goods (securities). Loans are the biggest asset item, which normally account for half to almost three quarters of the total value of all banks assets. NCCBL follow some policy or guideline to determine-

Eligibility to get loan:

It is easy to find out a depositor than finding out a good borrower. Public money, in the hands of bad borrower, is never saved and secured. So have to lend to an entrepreneur, the person who, for attaining his own pecuniary interest as well as mental satisfaction together with offering additional services and well being to the society at large, under takes efforts to collect together various types of necessary goods, labor materials, other wealth etc.

Amount of loan:

Over financing and under financing are vary common phenomenon in credit portfolio; neither of which is desirable as a sound principle of advance. For a going concern, widely accepted principle of calculating working capital need is already and established factor of sound credit policy deviation from which may lead to catastrophic result and so, it is better to reject proposal instead of under financing while over financing will create opportunity to divert fund. The highest priority of consideration is that bank credit must not be extended for speculative purpose.

Purpose of lending:

Here production is to be construed as creation of additional utility for the society. The recommending as well as providing authority must ascertained and satisfy himself that all advances are for productive purpose, genuine business and tread-need based and neither for speculative nor for unproductive purpose. If advance is canalized for productive purpose, it will broaden economic activity.

Where to finance:

Before financing have to analyze some aspects like risk analysis & different ratio analysis with CAMEL RATINGS & 6C to have the answer of some broad question about financial and business position of a concern like liquidity, profitability, activity, solvency and stability etc.

Since lending involves risk, first concern of branch manager or sanctioning authority must be to assess the risks of loan and advance so as to minimize possibility of loan losses by identifying the weak and risky areas of a proposal loan. It also point out the areas of strength and profitably.

4.2 LOAN PROPOSAL AND CREDITWORTHINESS

✓ Getting proposal-

- Information collect- At First overall right information collects of the agent. because right information can be achieve a loan

- Evaluating agent- bank can justify of the agent. If any query ageist the agent than don't provide the loan.
 - Ability – if has lot of income or any housing or have any deposits than to give the loan from bank.
- ✓ Loan handling process-under 3 'CS
- Capability-
 - Credit- and
 - Cash

Credit Proposal and Approval Form



NATIONAL CREDIT AND COMMERCE BANK LIMITED CREDIT PROPOSAL AND APPROVAL FORM

Branch.....Ref.....Date.....

Factory :

06. Constitution/Legal status : [For new proposal copy of Memorandum of Association / Articles of Association to be enclosed in case of Private Ltd. & Public Ltd. co]

07. Date of incorporation:

08. Date of Start of Business:

09. TIN No : [Copy to be enclosed]

10. Name of the Proprietor/Partners/Directors:

Name	Father's/ Mother's/ Husband's name	Address		Age (Yrs)	Status & % of share	Net Worth [Calculation & break up of schedule of property to be attached]
		Permanent address with phone No	Present Residential with phone No.			

Credit Risk Grading [CRG]	
Aggregate Score	
Risk Grading	

01. Customer's Name :

02. Account No. :
 CD A/c:
 CC(H) :

03. Date of A/C opened :
 CD A/c:
 CC(H) :

04. Date of first sanction : [With Nature & amount of facilities]

05. Address with phone number: [Trade License with up to date renewal to be enclosed]

Regd/Business/Showroom/Shop

- 11 (a) Capital Structure :
 (For Limited Company)
 Authorised Capital :
 Paid-up Capital :
 Total Capital Funds (Paid up Capital
 + retained earning + reserves + others) :

- (b) Investment in business
 (For individuals and firms)

12. (a) Nature and details of Business/Products :

(b) Market/Place of business/Area of operation:

(c) Business networth(Detailed calculation & schedule of property to be enclosed)

13. (a) Present Proposal (Fresh/Renewal/Enhancement):

Date of Application by the Customer

(Amount in Taka)

Nature of Facility	Existing			Proposed		
	Limit	Expiry	Outstanding	Limit	Expiry	Pricing/interest
Funded						
Non-funded						
Total						

- (b) Credit facilities granted to subsidiary/affiliate/associate/sister companies with extent of interest of the applicant/borrower [Proposed client & its allied concerns]. [With detailed break up]

Borrowers Name	Facilities	Limit	Validity	Outstanding	Extent of interest of the Applicant	Security
Funded						
Non funded						
Total						

[For Term Loan/Lease liability, Branch should mention date of disbursement, installment size & date of starting, total dues till to date & over dues with comments how the same will be adjusted]

[In case of LC, PAD, LTR & LIM Branch should mention amount of facility with respective Nos, date of creation, present outstanding, shipment validity/ maturity, overdue etc. with comments how the same will be adjusted.]

[For LIM/CC(P) : Stock held by Branch with present market value & expected date of final disposal be mentioned].

14. Particulars of the proposed limit:

A. Cash Credit (Hypo/Pledge)

- i. Nature of Advance
- ii. Purpose
- iii. Amount of limit
- iv. Margin
- v. Rate of Interest
- vi. Mode of Repayment/Adjustment
- vii. Validity
- viii. Assessment of working capital [Details to be enclosed & to be complied based on up to date financial information]
- ix. Other related information

B. SOD (General/FO)

- i. Nature of Advance
- ii. Purpose
- iii. Limit
- iv. Rate of Interest
- v. Mode of Repayment/Adjustment
- vi. Validity
- vii. Particulars of work order:

15. Details of Assets with valuation:

- i. Up to date stock report [To be attached detailed description with branch verification]
- ii. Fixed Assets with valuation.

For Limited Company search be made with Registrar of Joint Stock Companies to ascertain any encumbrances

Description	Year acquired	Value in Taka	Encumbrance if any
		Written down/Market	

16. If there is any Guarantor:

- (i) Name with Father's, Mother's & Husband's (if applicable) Name:
- (ii) Address with phone No.[land & cell]
 - (a) Permanent:
 - (b) Present (Residential)

- (iii) Guarantor's back ground
- (iv) Relationship of the guarantor with the applicant
- (v) Net worth of the guarantor with detailed calculation & schedule of property.
- (vi) Liabilities with our banks

17. (a) Account performance during last three years:[As per calendar year]

(i) Turnover:[CC(H) a/c / CD a/c/STD a/c]

Year	Dr. Summation	Cr. Summation	Balance		Turnover (in times)	Present Balance
			Maximum	Minimum		

(ii) Other performance:[For last 03 years as per calendar year]

Nature of business	Year	No.	Amount
Letter of Credit			
Letter of Guarantee			
Foreign Bills Purchased			
Local Bills Purchased			

18. History of relationship with the customer:

(How and when the relationship started, sequence of availed facilities with starting if repayment and adjustment have been regular)

19. Bank/Trade Checking/CIB Reports (Brief Synopsis):

[Applicable for prime & all allied concerns]

[Branch should mention position of the liability & latest CIB report to be enclosed not older than 02 months]

If the liability shown in the CIB report as SMA, SS, DF, BL & BLW then BM's specific comments on the same and if the Bangladesh Bank raised objection to provide CIB report then next steps of branches to be mentioned.

20. Opinion on Customer's Management: (Education, Training background and past experience of key management personnel to be mentioned)

21. INDUSTRY INFORMATION:

(a) Cost of the project:

Item	Description	Value [Tk.]

Landkatha	
Factory Buildingsft.	
Factory Shedsft	
Other structuresft	
Machineries	List to be enclosed	
Others		

(b) Details of Machineries

Item	Numbers	Year of manufacture	Value[Tk.]	Country of origin

22. (a) Competitive position of the Client:

(Pricing/Marketing/Special Advantage etc)

(b) How others in the same business are doing – Name of 2/3 leading companies.

23. Any adverse comments from last Inspection/Audit Report :(Our Bank and B. Bank)

Authority	Audit Report Date	Objections	BM's comments/compliance

Copy of Audit Report to be enclosed

24. (a) Financial Statement of the Customer for the last 3 years & projected for next year:

(State whether audited/unaudited and the name of the audit firm)

SALES & PROFITABILITY

	Y-1.....	Y-2.....	Y-3.....
Sales	:		
Cost of goods sold	:		
GROSS PROFIT	:		
Selling General, Admin, Financial expense & Depreciation	:		
OPERATING PROFIT/LOSS			
Add Other Incomes	:		
Less Other Income Tax	:		
NET PRIFIT/LOSS			
Before Income Tax	:		
Net			

4.3 LENDING PRODUCTS OF NCCBL:

4.3.1: Continuous Loan

These are those advances which do not have any set time for drawing/disbursement but normally have a terminal date of full adjustment or repayment. Like: Cash Credit (CC)

4.3.1.1 Cash credit (CC)

A Cash Credit (CC) is a permanent provision and client need not draw the sanctioned amount at once, but draw the amount as and when required up to a limit. It can also put back surplus any amount. Cash credit is an active and current account, which deposit or with draws may be affected repeatedly.

4.3.1.2: Overdraft:

Overdraft (OD) is an arrangement between a banker and its client against security. By which the latter is allowed to withdraw over his credit balance in running account up to agreed limit. The borrower is approved to draw and repay any number of times.

Two types of OD: a) Secured Overdraft b) Unsecured Overdraft

- a) Secured OD:** Secured OD are loans which have collateral attached to them in form of a line. Its monetary claim against an asset to be full filled before repeat ownership can take place. It divided into two forms. i. Secured overdraft Financial Obligation (SOD_FO) ii. Secured overdraft General (SOD General).

4.3.2: Demand loan:

The loan which become payable after serving demand notice by the bank concerned are termed as demand loan. Like: LIM, LTR, PAD, Loan against packing credit, Loan against investment.

Demand loan of NCCBL for the year 2013-2017 is:

2013	2014	2015	2016	2017
3021	3300	5005	3290	3644

Table-

Annual Report: 2013-2017

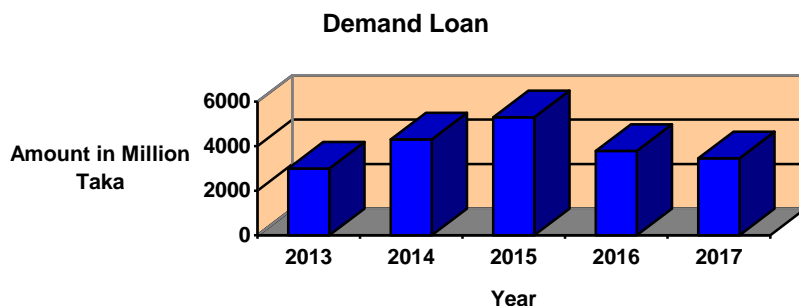


Figure-: Demand Loan

4.3.2.1: Loan against Imported Merchandise (LIM):

Whether the importer fails to retire the documents or request for clearance of goods, the outstanding under PAD or BE is transferred to “Loan against Imported Merchandise (LIM)” account and the overdue interest from the date of accompanying Bills of Exchange or negotiating date of the date of transfer to LIM account is charge.

Loan against Imported Merchandise (LIM) of NCCBL for last 4 years (2013-2017) is-

2013	2014	2015	2016	2017
925	1142	1425	891	1025

Table-

Annual Report: 2013-2017

Normally any sort of loan & advance increased, but here in LIM is not increase. These figures indicate NCCBL is not encouraging the import financing.

Loan against Imported Merchandise (LIM)

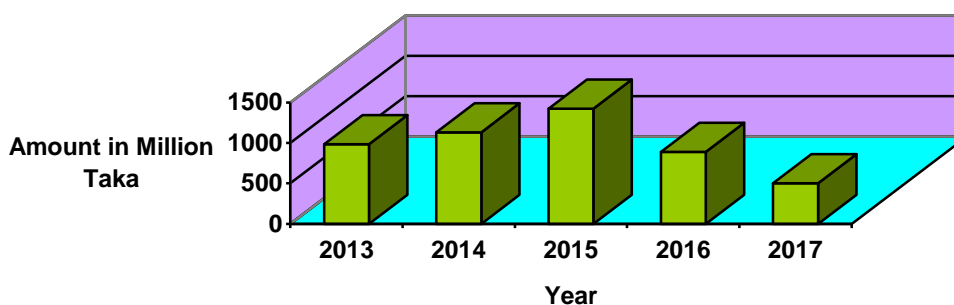


Figure: Loan against Imported Merchandise (LIM)

4.3.2.2 Loan against Trust Receipt (LTR):

Under this arrangement, credit is allowed to the importer to retire documents and release the consignment from the client’s authority against trust. The rate of interest of NCCBL on LTR @ 13.5%.

Loan against Trust Receipt (LTR) of NCCBL for the year 2013-2017 is:

2013	2014	2015	2016	2017
1054	1115	1853	1906	2015

Table-

Annual Report: 2013-2017

The NCCBL should concentrate on this part of advance. The rate of interest on LIM @ 13.5%. NCCBL's LTR increased year to year. In the year 2000 it was 729 million but in the year 2013 it was 1888 million. We spend a large amount of money in import financing. So, NCCBL should be taken necessary step to continue this growth of LTR.

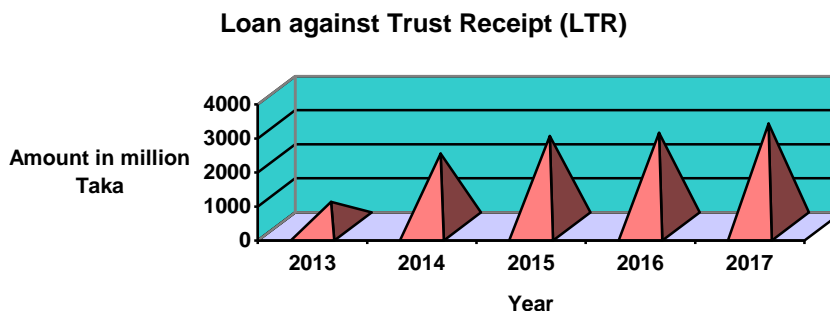


Figure-: Loan against Trust Receipt (LTR)

4.3.2.3: Payment against Documents (PAD):

The bank that opens the letter of credit is bound to honor its promise to pay for import bills when these are presented for payment. If drawn strictly in terms letter of credit.

The opening bank will lodge the shipping documents to their book and will respond to the debit advice originated by the foreign correspondent to the debit of "Payment against Documents (PAD)" account or "Bills of Exchange (B/E)" accounts and present the bill to the importer for payment. The rate of interest of NCCBL on PAD @ 13.5%.

4.3.2.4: Loan against Packing Credit:

Packing credit is a short term advance granted by bank to an exporter for assisting him to buy, process, packs and ships the products. The credit is gradually increased for payment of freight, handling charges, insurance and export duties. A packing credit advance does not normally extend beyond 180 days and has to be liquidated by negotiation/purchase of the bills of exchange. The rate of interest of NCCBL on this packing credit @ 7%.

Loan against Packing Credit of NCCBL for 2013-2017 is:

2013	2014	2015	2016	2017
120	175	186	195	208

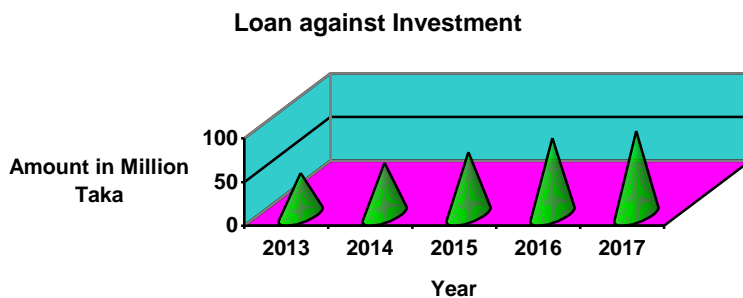
Table-

Annual Report: 2013-2017

Figure-: Loan against Packing Credit

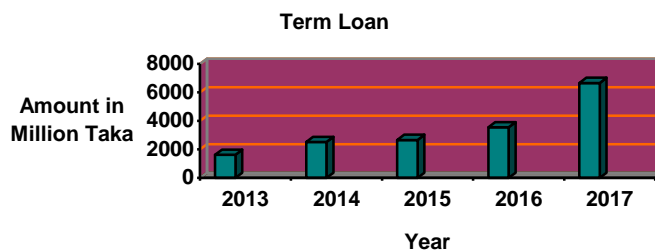
4.3.2.5: Loan against Investment:

In order to contribute to the development of the Capital Market of the country NCCBL extends credit facilities against pledge of Share, debentures, Prize Bonds, Bangladesh Bank Treasury Bills etc. to the individuals as well as to the Member of DSE & CSE.



4.3.3: Term Loan:

These are loans which have a specific term for repayment as specified in the loan agreement. Like: Loan (General), Transport Loan, project loan, Lease financing, small business loan, personal loan house building loan etc.



4.3.3.1: Loan General:

The banker advance a lump sum for a certain period at an agreed rate of interest. The entire amount is paid on an occasion in cash or by credit in his or her current account. He/she it can draw at any time. The interest is charged for the full amount provided.

Loan General of NCCBL 2013-2017 is :

2013	2014	2015	2016	2017
1204	1628	1632	2697	3564

Table-

Annual Report: 2013-2017

4.3.3.2: Housing Loan:

A large amount of money needed to construct a house or purchase an apartment. It is not possible to of all people to construct a house by only own income sources. Especially this problem largely faces by mid-level and fixed income people. To solve this problem NCCBL offer housing loan with easy repayment condition and less interest rate.

Target group	People of all sections of the society who are desirous of purchasing Flats/ House/Constructing building or flats
Objectives	To help service holders, self-employed person, businessman, professionals etc. To contribute the reduction of housing problem.
Limit	Up toTK. 50 lac (Maximum)
Eligibility	All who have the capability to repay loan.
Refund mode	Monthly installments including interest within the period 5 -15 years
Rate of interest	13% p.a. (charged annually) subject to change with market situation.
Security	Registered mortgage of land & building/flat(s) with proportionate land. Employment certificate/contract paper

House Building Loan of NCCBL for 2013-2017 is:

<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>
279	325	345	400	496

Table-

Annual Report: 2013-2017

4.3.3.3: Project Loan:

The special characteristic is- this type of loan innovates only for a specific project. Few years ago it was not popular. But now a day it is playing in an important role, who wants set up those projects which will be able to serve the society side by side to the nation. Interest rate of project loan of NCC Bank is @ 16%.

Project Loan of NCCBL for 2013-2017 is-

<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>
157	143	314	118	179

Table-

Annual Report: 2013-2017

Figure-: Project Loan

4.3.3.4. Transport Loan:

NCC bank ltd was an investment company before the conversion in a bank. Transport loan is fallen under lease financing. Though it is called transport loan but it is normally under leasing term and condition. NCC does not have any car loan scheme for individual clients. They had this scheme but the scheme is completely stopped for the time being.

After getting all necessary papers and field inspection branch makes a proposition for the loan and sends it to the head office. Head Officers then again checks the necessary papers and do the field inspection. After inspection if Head Office thinks that for sanction of the loan they need more papers and securities, borrower has to provide those papers.

Transport Loan of NCCBL for 2013-2017 is:

2013	2014	2015	2016	2017
88	105	145	185	193

Table-

Annual Report: 2013-2017

Figure-20: Transport Loan

4.3.3.5: Small Business Loan Scheme

In the absence of enough capital more of the business man cannot manage their business properly. They have not sufficient asset to make a security against loan, as a result they are failure to take a loan from bank or other financial assistance institution. To meet up this purpose, NCCBL start such loan scheme.

Target group	Small businessmen who are unable to avail of loan as per existing norms of banks.
Objectives	Dispersal of loan to the committed small business community.
Limit	Up to tk.5 lac (Maximum)
Eligibility	Honest, sincere & high performing having more than 5 years experience.
Refund mode	Monthly repayment within 3 to 5 years.
Rate of interest	15% with quarterly rests with application fee tk.500

4.3.3.6: Personal Loan scheme

Fixed income employee's of various firm or company need urgently financial assistance for the purpose of – Marriage, Education, Advance Against Salary, Traveling etc

Especially meet up this financing by own income source is impossible for middle class people. To solving these problems NCCBL introduce this Loan Scheme for Salaried person.

Target group	Salaried people of the listed organizations
Objectives	To meet up certain unwanted emergency expenses.
Limit	Up to tk.1 lac (Maximum)
Eligibility	50% of their home takes salary and employee of listed companies.
Refund mode	Monthly repayment within 6 months to 36 months.
Rate of interest	15% with quarterly rests.10% service charge with application fee tk.500

4.3.3.7: House Repairing/Renovation Loan Scheme

The owner's faces difficult financial problems to invest their fund in these sectors. NCCBL trying to solve these difficult problems by introducing "House Renovation Loan Scheme"

Target group	Owners who are unable to meet up repairing/renovation expenses at a time from their own sources.
Objectives	Renovation/repair of dilapidated houses.
Limit	Up to tk.5 lac (Maximum)
Eligibility	Actual owner of the house having 20 years of construction.
Refund mode	Repayment by 60 monthly installments.
Rate of interest	15% with quarterly rests.1% service charge with application fee tk.500

4.3.4: Other Special Scheme

4.3.4.1: Consumer scheme:

The scheme aims at improving the standard of living of the fixed income group. Where the clients may secure loan facilities at easy installment to procure household amenities.

Target group	People of fixed income group.
Objectives	To procure household commodities for improving standard of living.
Limit	Up to tk.3 lac (Maximum)
Eligibility	Acquiring business items.
Refund mode	Monthly repayment within 6 months to 36 months.
Rate of interest	15% with quarterly rests.10% service charge+1% risk fund with application fee tk.500

4.3.4.2: Lease Finance

The lease finance has become very popular in all the countries in the earth. An obvious favor of the lease is to use an asset without having to buy it. The lessee is obligated to make lease payments until the expiration of the lease agreement which corresponds to the useful life of the assets.

Lease Financing of NCCBL for 2013-2017 is:

2013	2014	2015	2016	2017
100	124	111	178	155

4.3.4.3: Micro Credit Financing

NCC Bank Ltd. has introduced a small and medium credit scheme for its customers. The objectives of the scheme is:

- a) To encourage and develop medium and small entrepreneurs.
- b) To provide credit with minimum complexity and

Under the scheme, NCC Bank Ltd. is providing loan:

- a) To meet working capital
- b) To purchase capital machinery and for expansion of business and

4.3.5: Non Performing loan:

Loans are designated as non performing when they are placed on nonaccrual status or when the terms are substantially altered in a restructuring. Nonaccrual means that banks deduct all interest on the loans that was recorded but not actually collected. Banks have traditionally stopped acquiring interest when debt payments were more than 90 days past due end of the reporting period, thus overstating NIM, ROA and ROE.

In a rural area the following loans are considered as non-performing:

- Secured Over Draft Against Financial Obligation [SOD (FO)]
- Secured Over Draft Against Work Order/Real Estate [SOD (G)]
- Cash Credit (Hypothecation)
- Cash Credit (Pledge)
- Export Cash Credit (ECC)
- Payment Against Documents (PAD)
- Loan Against Imported Merchandise (LIM)
- Loan Against Trust Receipt (LTR)
- Forced Loan
- Packing Credit
- Secured Over Draft Against Cash Incentive
- Foreign Documentary Bills Purchased (FDBP)
- Local Documentary Bills Purchased (LDBP/IDBP)
- Festival Business Loan
- Project loan

And in case of urban area the following loans are considered as non-performing:

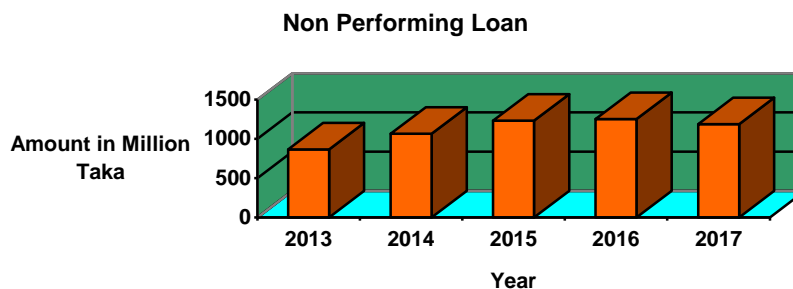
- Rural finance scheme of NCC Bank
- Micro credit financing

Volume of non performing loan of NCCBL for the year 2013-2017 as bellow:

2013	2014	2015	2016	2017
947.54	1065	1334.14	1153.87	15178.41

Table

Annual Report: 2013-2017



Above figure shows that NCCBL none performing loan amount increased as follows

4.3.6: Rate of different loan and advance:

SL. No	Particular	Rate
A.	Continuous loan	
01.	<u>Cash credit</u> A. CC (Pledge) B. CC (Hypothecation)	13%
02.	<u>Overdraft (OD)</u> A. SOD (FO) i. SOD (FO) against FDR SOD (FO) against NCCBL FDR ii. SOD (FO) against SDS iii. SOD (FO) against SSS B. SOD (G)	FDR rate +3% do do do 16%
B	Term loan	13%
01	<u>Small loan</u> a. small business loan b. personal loan c. house renovation loan	17%
02.	Consumer Finance Scheme	17%
03.	Loan (G) against (P.F)	6%
04.	House Building Loan	13%
05.	Transport Loan	13%
06.	Project Loan	13%

4.4. GENERAL PROCEDURE OF LOAN DISBURSEMENT

4.4.1 Getting Credit Information

NCCBL collects credit information about the applicant to determine the credit worthiness of the borrower.

The bank collect the information from the following sources:

Personal investigation

- Confidential report from other bank HO/Branch/ chamber of commerce.
- CIB report from Central Bank

4.4.2 Information Collection

The loan and advance department gets a form filled by customer seeking a lot of information. The information is listed below:

- Name and address of the borrower
- Constitution or status of the borrower
- Proposed debt equity ratio
- Other relevant information

4.4.3 Analyzing these information

NCCBL then starts investigation whether the loan applied for, is complying with its lending policy. If comply then it investigate the documents submitted and credit worthiness. Credit worthiness analysis i.e analysis financial conditions of the loan applicant is very important. If loan amount is more than 5000000 then bank goes for LRA and Spreadsheet analysis.

4.4.4 Lending Risk Analysis- LRA

LRA is very significant analysis and vital for deciding whether the loan proposal is potential or not. Many types of scientific, mathematical and managerial tools and devices are required to perform this analysis. NCCBL maintain a prescribed format for LRA, which includes a spreadsheet to analyze a lot of things. It is not possible to discuss the entire LRA in the report.

- a. Industry Risk:
 - i. Supply risk- what is the risk of failure of disruption in the supply of input?
 - ii. Sales risk- what is the risk of failure due to disruption sales?
- b. Company risk:
 - i. Performance risk - what is the risk if the position is so weak, cannot perform well enough to repay the loan, given expected external condition?
 - ii. Resilience risk - what is the risk of failure due to lack of resilience to unexpected external condition?
- c. Security risk:
 - i. Security control risk- what is the risk that the bank fail to realize the security?
 - ii. Security cover risk- what is the risk that realized security value is less that the exposure?

4.4.5 Proposal analysis

The project proposal is analyzed and decision about the project is taken. The loan and advance department is responsible for the analysis. After preliminary appraisal of the loan project the final approval is obtain from the manager. If the loan amount crosses, a certain manger sent the loan project to the principal officer for final approval.

- ✓ Safety
- ✓ Liquidity
- ✓ Profitability
- ✓ Security

The most important measure of appraising loan safety is measured by the security officer by the borrower. Repaying capacity of the borrower while attitude is also significant consideration. The profit is the blood of any commercial institution. Before grant of any loan project the bank authority has to ensure that the proposed project will be profitable venture. Profitability is assessed from the projected profit and loss statement.

4.4.6 Collateral Evaluation

NCCBL is very cautious about the appraisal of the collateral. The bank officials evaluate the collateral of the party offered by the private firm. The valuation of the collateral increases the accuracy of its value estimated.

Three types of collateral:

- ✓ Current market price
- ✓ Distressed price
- ✓ Price after five years

4.4.7 Final decision about the project:

If the loan decision with the branch level, that branch sanctions the loan and if the approving authority is HO then the decision comes to the branch by telex or fax.

4.4.8 Proper supervision of the project

If such provision is kept in the sanction contracts, the NCCBL officials go to the project area to observe how the loan is utilized.

4.4.9 Documentation of the loan

These are the most frequently used and common documents of above mentioned charged and for other formalities for sanctioning the loan.

- ✓ Demand promissory note: Here the borrower promises to pay the loan as and when demanded by the bank to repay the loan.
- ✓ Letter of arrangement: Here the written amount of the loan sanctioned to the borrower is specified.
- ✓ Letter of continuity: Used to take continuous facilities as providing continuous security.

4.4.10 Creation of charges for securing loan

For the safety of loan, NCCBL needs security form the loner so that it can cover the loan by selling if borrower fails to repay. Creation of a charge means making it obtainable as a cover for an advance.

Protection of interest

- ✓ Ensuring the recovery of the money lent
- ✓ Provision against unexpected change
- ✓ Commitment of the borrower

4.4.11 Preparations/Processing of Credit Proposal

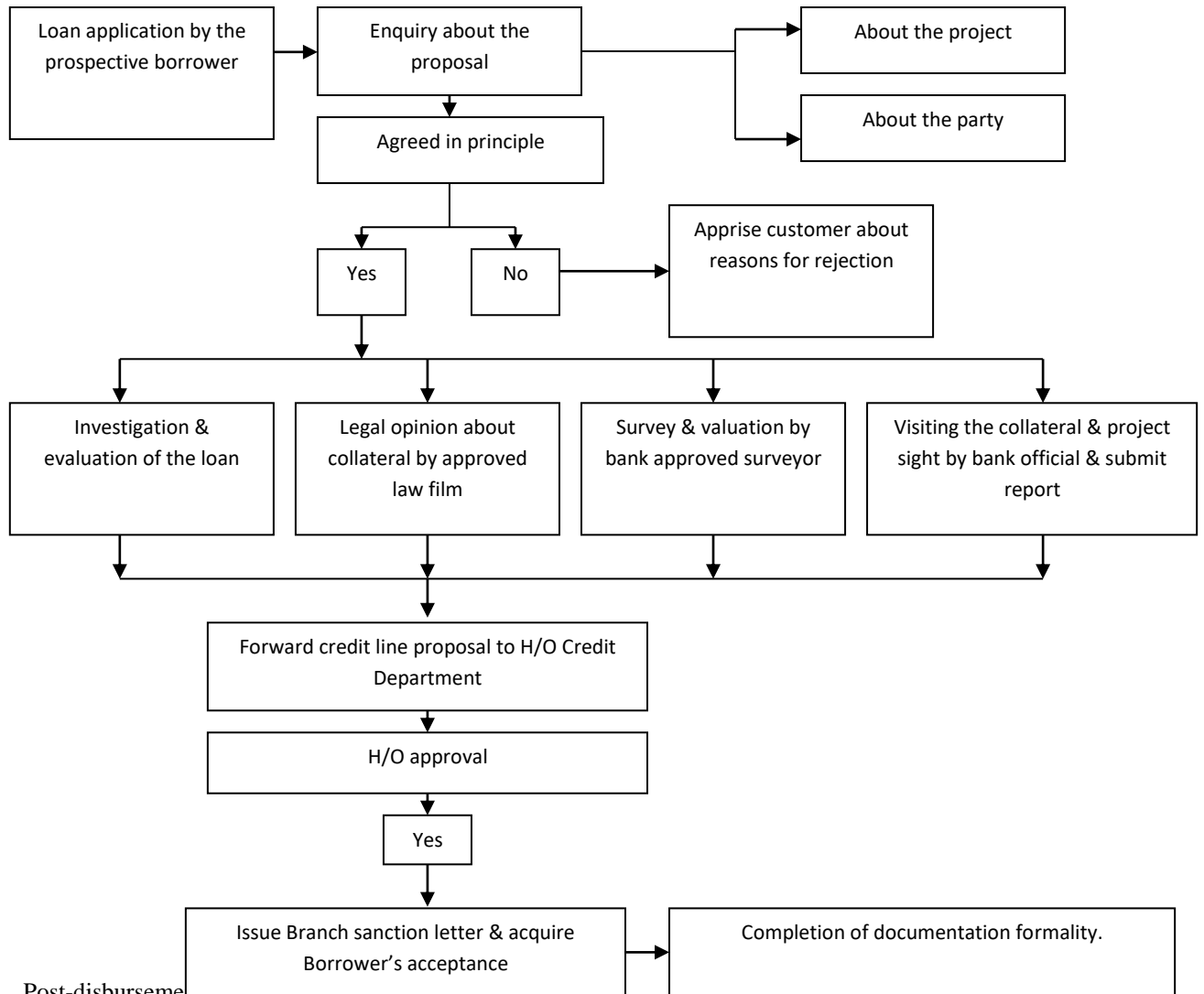
- ✓ Credit Proposals shall be prepared in the approved format of the Bank (Annexure - 1) enclosing/furnishing documents/papers/information:
- ✓ Pre-sanction Inspection Report containing KYC (Annexure - 2)
- ✓ Request for Credit limit of customers (Annexure - 3)
- ✓ Project Profile/Profile of Business
- ✓ Copy of Trade License duly attested
- ✓ Copy of TIN Certificate
- ✓ Certified copy of Memorandum and Articles of Association, Certificate of Incorporation, Certificate of Commencement of Business, Resolution of Board of Director, Partnership Deed (where applicable)
- ✓ Three (3) years balance sheet and profit and loss a/c
- ✓ CBI Enquiry form duly filled in
- ✓ Declaration of the customer of the name of sister/allied concern and liabilities with other bank.
- ✓ In case of L/C proposal, detailed performance of L/C during last year

4.4.12 Credit Disbursement

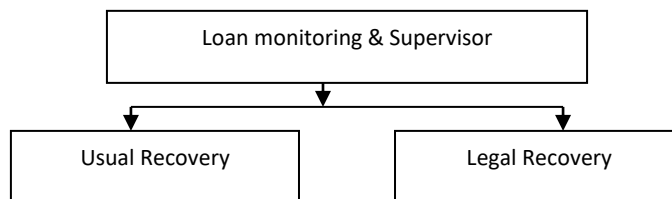
The credit officers of Retail Head Office check whether all the security components are collected properly. If all requirements are there, documentation and arrangements are prepared for credit sanction. A sanction advice for every particular retail credit is sent to the branches for final disbursement. This branch level disbursement is called “Decentralized Disbursement System”

Process of Handling Loan

Pre-disbursement of Loan:



Post-disbursement of Loan:



4.5-RECOVERY SYSTEMS OF LOAN

✓ **Pre-disbursement Securities:**

1. Mortgage- it is most significant for recover of the loan. Memorandum of deposit of Title Deed.

Deed of Mortgage (where applicable).

Irrevocable General Power of Attorney

2. Deposits- loan regain by his deposit's amount various percents if whenever he not give your loan at that time.

5. Savings -corporate savings account to its customer in every branch. The current rate on the deposit amount is 6% and the minimum balance requirement is Tk.5000. The bank loan recovered by the savings.

6. Credit- Different credit schemas are on the offer, which received quite well response from the customers and may help the bank to expand its customer base. The bank also engaging in syndication with other banks for allowing large loans converging Bangladesh bank's rules and regulation

7. Security-

- ✓ Registered mortgage of land income and building/flat(s) with proportionate land
- ✓ Personal guarantee of person(s) acceptable by the bank
- ✓ Deed of lease agreement
- ✓ CBI inquiry form 1,2, and 3.

✓ **RECOVERY PROCEDURE:**

NCCBL Credit Recovery & Legal department monitoring the credit & goes course of action when and where necessary using various tools like as follows for collection of the overdue Credit.

Reminder Notices:

These notices are mailed by the Bank to inform the customer that payment is past due. Follow-up notice and letters are usually preprinted and are mailed sequentially, with each subsequent correspondence noting the increasing seriousness of the delinquency and the growing financial consequences of failure to repay the debt.

Telephone Calls:

It is one of the useful tools for recovery. Continuous telephonic pressure is kept on the defaulters for settling their dues

Physical Visit:

Some defaulters do not have any telephone number. Then, the collector should immediately visit the borrowers and also convince him to pay. A Task Force may be built in this regard.

Social Pressures:

Social pressure is created on the client by persons referred while opening account in the bank or announce to other public by arranging seminar.

Legal Notice:

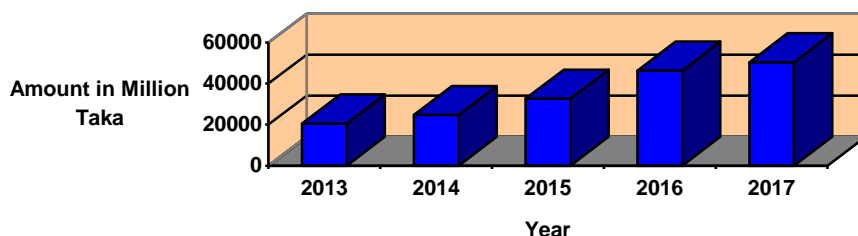
It should be given to the defaulters as and when all the attempts mentioned earlier have been exhausted. Some times the defaulters make their payment through a bank cheque. If the cheque is dishonored then we can serve a legal notice through Bank Lawyer to pay off the cheque amount considering severe delinquency under negotiable instruments Act 138

Legal Action:

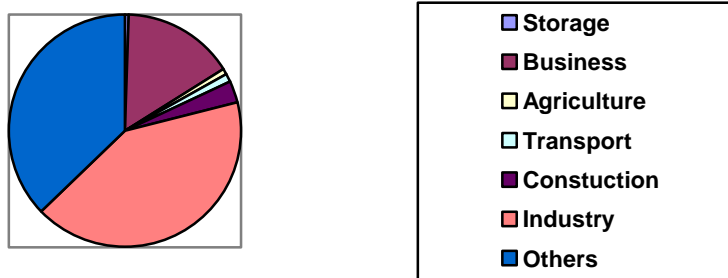
The last and final step of the recovery procedure is the help from the court. NCC Bank sincerely tries to avoid this kind of situation for its honorable clients but cannot help doing for its own sustainability. Strict legal criteria must be adhered to because a bank can incur substantial legal costs if the case goes to the court while “Artha Rin Adalat Ain-2003” plays an important role for collecting the loan.

4.6- LOANS & RELATED PERFORMANCE OF NCCBL (2013 - 2017)

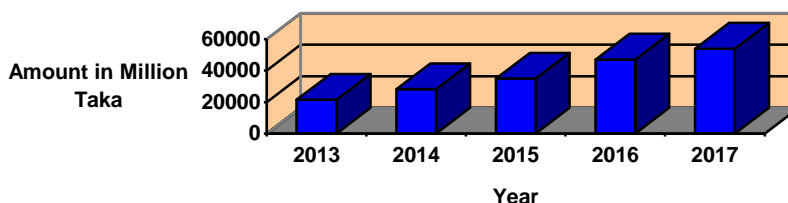
Loan & Advances(2013-2017)



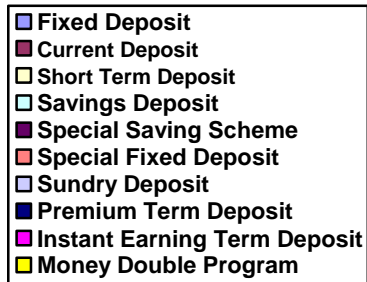
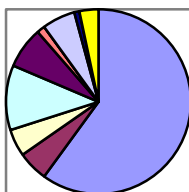
Sectoral Distribution of Advances 2017



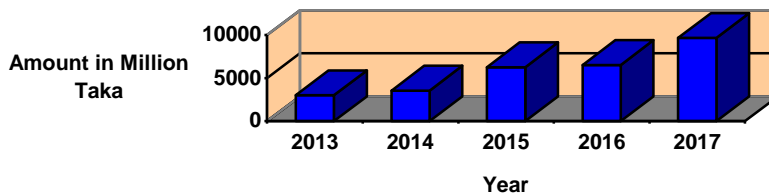
Deposits(2013-2017)



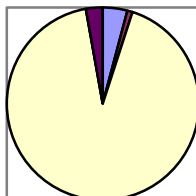
Sectoral Distribution of Deposit-2017



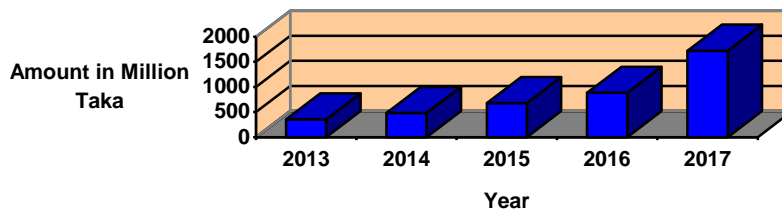
Investments(2013-2017))



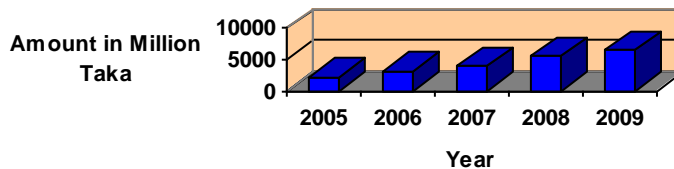
Distribution of Investment Portfolio_2017



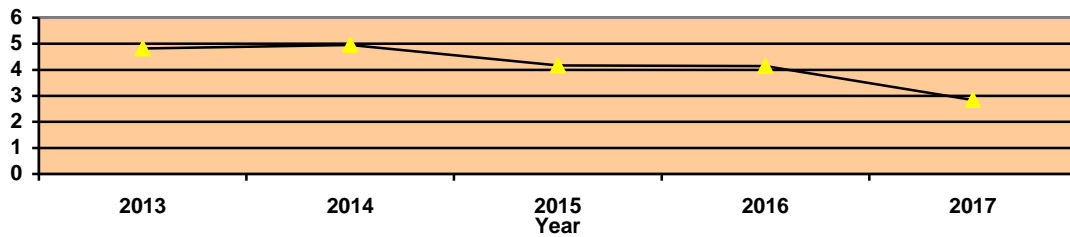
Profit After Tax(2013-2017)



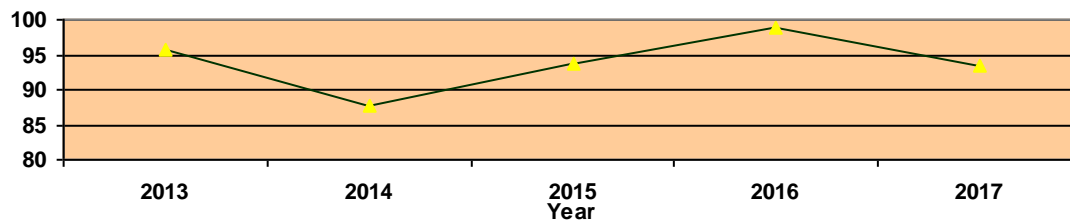
Interest Income (2005-2009)



NPL Ratio(2013-2017)



Advance/Deposit Ratio(2013-2017)



4.7 CRAB Ratings:

Credit Rating Agency of Bangladesh Limited (CRAB) has retained the Long Term rating at “A2” (pronounced **Single A Two**) and upgraded short term rating to “ST-2” of National Credit and Commerce Bank Limited (hereinafter referred to as NCCBL, or the Bank). The rating takes into account both qualitative and quantitative indicators. Such rating is supported by above average quality of portfolio in terms of asset performance and diversification, sound profitability level, satisfactory capital base as well as satisfactory liquidity position.

The rating analysis has concern over some areas of the Bank’s performance. Although, Bank’s deposits, loans & advances and. earning maintaining fantastic growth rate with low volatility, it’s non-performing assets also are in upward trend. Gross NPL reached to BDT 1,902.52 million in 2017 from BDT 1,353.31 million in 2016. NPL ratios of the Bank are also comparatively higher than its peer banks median. NCCBL’s fund generation is dependent on high cost fixed deposits, which is increasing year by year.

CHAPTER-V : DISCUSSION

- 5.1 Trade Analysis**
- 5.2 Monitoring Process**
- 5.3 SWOT Analysis**

5.1 TRADE ANALYSIS:

Trade analysis demand for following schemes are increasing:

- Housing loan
- House renovation loan
- Small business loan
- Lease finance

Following schemes are stable:

- Secured Over Draft Against Financial Obligation [SOD (FO)]
- Secured Over Draft Against Work Order/Real Estate [SOD (G)]
- Cash Credit (Hypothecation)
- Cash Credit (Pledge)
- Export Cash Credit (ECC)

Following schemes are decreasing or does not have demand:

- Loan Against Trust Receipt (LTR)
- Demand loan Against Ship Breaking

5.2 MONITORING PROCESS:

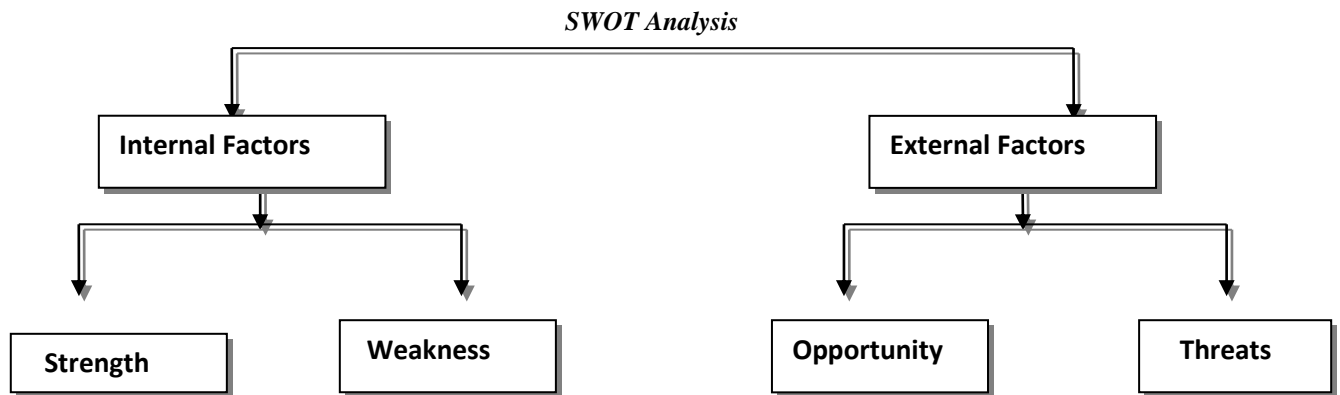
Loan monitoring implies that the checking of the model of use of the disbursed fund to ensure whether it is used for the right purpose or not. It includes a reporting system and communication arrangement between the borrower and the lending organization.

The following steps are followed by respective officer.

- a) Regular checking the balance of SB/CD/STD accounts of the borrower.
- b) Regular communication with the defaulter customers and guarantors physically over telephone.
- c) Issuance of letter to customers immediately after dishonor of cheque.
- d) Issuance of legal notice to the defaulter customers and guarantors prior to classification of the loans.
- e) Issuance of appreciation or greeting letter to the regular customers.

5.3 SWOT ANALYSIS:

SWOT analysis is based on product, price, place and promotion of a financial institution like private Bank. By doing the SWOT analysis it is possible to find out the strengths, Weaknesses, opportunities, and threats of the NCCBL. From the SWOT analysis we can figure out on going scenario of the Bank.



In SWOT analysis two factors act as prime movers

- ❖ Internal factors which are prevailing inside the concern Strength and Weakness.
- ❖ Another factor is external factors which act as opportunity and threat.

Strength:

- Competitive Salary: NCCBL provides satisfactory salary to their employees. This is the reason why the switching rate is very low among the employees of NCCBL.
- Wide network: NCCBL has more than 75 branches throughout the country.
- Proactive in nature: NCCBL experienced huge ups and downs in the banking arena so that they are confident enough to be proactive rather than reactive.
- Training institute: NCCBL has its own training institute through which their employees get trained and gather knowledge. This is to train their employees throughout the year.
- Strong Financial Position: It's so sound backed by the enormous resources
- Good banker-customer: NCCBL has good relation with their customers.

Weakness:

- Limited workforce: NCCBL human resources compared to its financial activities. There are not many people to perform most of the tasks.
- Reluctance to advertisement campaign: NCCBL is avoiding the marketing campaign for their new services. This is why the customers do not know about them fully what they are offering.
- Lack of modern technology: NCCBL is in the backward position because they are not adapting modern technology. They do not yet adapt online services towards their customers while most of the local banks are giving services through online. Since they have lacking of pc based services, officers have to make manual vouchers which take hours after hours.
- So many areas in the country are still out of their network.

Opportunities:

- Biggest business area: NCCBL has large scope of banking operation throughout the country and it is widening day by day. NCCBL is still to cover huge business area including SME sector.
- Evaluation of E-Banking: Emergence of E-banking will open more scope for NCCBL to reach the clients not only in Bangladesh but also in global banking arena. Introducing any branch banking through online is great opportunity to them.

Threats:

- Political unrest: the country faces lot of unrests and turmoil in the recent times, so the banking operation is in the trouble position.
- Emergence of competitors: Due to high customer demand, more and more financial institutions are being initiated in the country. The market for banking industries is now a buyer dominated market. Unless NCCBL can come up with attractive financial products in the market. It will have to face steep competition in the days to come.
- Poor telecommunication infrastructure: World is advancing e-technology very rapidly. Through NCCBL has taken effort to join the stream of information technology, it is not possible to complete the mission due to poor technology and infrastructure of our country.
- Merger and acquisition: The worldwide trend of merging & acquisition in financial institution is causing concentration.

**CHAPTER-VI : FINDINGS, RECOMMENDATION &
CONCLUSION**

6.1	Findings
6.2	Recommendation
6.3	Conclusion

6.1 FINDINGS:

- ✓ The main focus of NCC Bank is to explore new product line at the same time ensures quality.
- ✓ The credit department of the bank tries to cover every sector in which Credit facilities can be provided and gets a handsome rate of return.
- ✓ Loan pricing system of NCC is customer friendly.
- ✓ Loan department focuses on diversification according to their size, area, mode purpose to minimize the risk.
- ✓ NCC bank ltd has pragmatic credit policy guide lines to efficiently and professionally manage risk.
- ✓ The organizational structure of the credit operation is so organized that any kinds of activities is performed very smoothly.
- ✓ Credit policy of the bank and how it is implemented with a proper chain within the credit department.

6.2 RECOMMENDATIONS:

Though NCC Bank Limited tries to provide the best client support, after a complete analysis and implementation of the NCCBL performance appraisal found some lack and linkage compare to other bank.

- NCCBL have to more conscious about market study prior to lending credit and maintain industry related data as well.
- NCCBL should significant its internal accounting system as well as encourage business firms to keep financial records as per prevailing standard of accounting.
- New pricing methodology should be in the NCCBL strictly implemented after analyzing the overall risk category through credit manual that interest rate being charged reflects risk.
- Measures should be taken for the NCCBL to create awareness among the borrowers regarding the importance of credit facilities.
- Credit Department of the NCCBL and financial institutions should conduct real field more elaborately to analyze the credit risk before final decision.
- The NCCBL might take to go for on-line banking system more widely to its client all over Bangladesh.
- The NCCBL also need to encourage investment in agricultural sector to stay in competition with other private banks.
- Beside social work the bank have to be more serious to get better position in CAMEL retting.
- Legal and recovery dept should be more arranged or efficient as a result rate of recovery will increases
- 24 hours banking facilities like credit card or ATM Card should be made wider within short span of time.

6.3 CONCLUSION

NCC Bank is providing opportunity of gaining knowledge for the students like internship program. During the period of my internship program I tried to my best to understand the concern. However it is also concern that this period of time was not enough to understand everything of the concern. But I can't because of the limited period. Even though I tried my best level to make the informative.

From the practical implementation of customer dealing procedure during the whole period of any practical orientation in NCCBL I have reached a faint and concrete conclusion in a very confident way. I believe that my realization will be in harmony with most of the banking thinkers. It is quite evident that to build up an effective and efficient banking system to the highest desire level computerized transaction is must.

NCC Bank Limited plays a significant role in various fields in the economy such as industry, trade & commerce, transportation, deposit mobilization etc. Despite the decline in interest spread and fee earnings the bank have achieved significant progress in many areas of business. It is playing a crucial role in human resource development and in creating new employment opportunities. In 2009 distribution of Advances position is: Industry 41.84%, Business 15.54%, Construction 2.95%, Transport & Communication 1.23%, Agriculture 0.74% , others sector 37.14% respectively.

I believe that this three-month internship program at NCC Bank Ltd will definitely help me to realize my further carrier in the job market.

APPENDICES

Appendix-A: Bibliography

- Books :
 - Research Methodology, written by: C.R Kotheri
 - Corporate Finance & Investment, written by: Peak & Neale
- Annual Reports of NCC Bank Ltd.
- www.nccbankbd.com
- Loan and Advance Manuals
- A Hand Book of CIB(Credit Information Bureau)
- Bangladesh Bank Circulars & Bangladesh Bank Website
- Internal circular of the Bank.
- Various Journals, Newsletters, Booklets, Voucher published by NCCBL

Appendix-B : Acronyms

A

A/C	= Account.
ACU	= Asian clearing union. A trade association of seven Asian countries including Bangladesh.
AD	= Authorized Dealer.

B

BC	= Bill for Collection
BAFEDA	= Bangladesh foreign exchange Dealer Association.
B/L	= Bill of lading. This the title of the Goods.

C

CCL & E	= Chief Controller of Import & Export.
CC	= Cash Credit.
CIF	= Carried Forward.
CHIPS	= Clearing House Inter-Bank Payment System
CO	= Certificate of Origin.
Collateral	= a general term for property, offered by a Borrower.
Contra Band	= Band Item, which is prohibited to Import.
CRF	= Clean Report of Findings.
Cr	= Credit.
CRR	= Cash Reserve Ratio.
Credit Instrument	= It means TT, MT, Draft Cheque
Currency	= Hand to hand money in the form of paper money and coins.

E

EPB	= Export Promotion Bureau.
ECG	= Export Credit Guarantee.
EDF	= Export Development fund
ERC	= Export Registration Certificate.
EXF	= Export Form.

F

FBN	= Foreign Bill Negotiation.
FBP	= Foreign Bill Purchase.
FDR	= Fixed Deposit Receipt.
FDBC	= Foreign Documentary Bill for collection.
FDBP	= Foreign Documentary Bill Purchase.
FSRP	= Financial Sector Reform program.

H

H.S Code	= Harmonized System Code.
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I

IBIM	= International Association of Islamic Bank.
IBCA	= Inter Branch Credit Advice.
IBDA	= Inter Branch Debit Advice.
IBC	= Inward Bill for Collection.
IDBC	= Inward Documentary Bill for Collection.
IBP	= Inland Bill purchase.
IBW	= International banking Wings.