

Internship Report on Financial & Risk Management of NCC Bank Limited



Submitted To

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Letter of Transmittal

Date: 18th September 2021

Dr. Md. Abdur Rouf
Associate Professor & Director MBA Program
Department of Business Administration

Subject: Submission of internship report on “**Financial & Risk Management of NCC Bank Limited**”

Dear Sir,

This is to inform you that I have completed my report on “**Financial & Risk Management of NCC Bank Limited**”. Here I tried my best to give an overview of Financial & Risk management a study on NCC Bank Limited”. And I also tried to best to make this analysis and report a successful one.

This report gave me the opportunity to apply my theoretical skills and ideas in analyzing the topic mentioned and thus provide me with the real research experience, which refined my opinions, ideas and ability to do further research.

I have done my best to put meticulous effort into preparing this report. Any shortcomings or defects can arise as my unintentional mistakes. I will wholeheartedly welcome any clarifications and suggestions on any point of view and conception disseminated through the report.

Sincerely Yours,

Saikat *18.09.2021*

Saikat Sarkar

ID: 172-11-489

Program: BBA

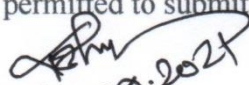
Major in Finance

Department of Business Administration

Certificate of Approval

This is to certify that the intern report on “**Financial & Risk Management of NCC Bank Limited**” is done by Saikat Sarkar bearing ID: 172-11-489, as a partial fulfilment of the requirement of Bachelor of Business Administration degree major in Finance from Daffodil International University under my supervisor.

He is permitted to submit the report :


.....
18.09.2021

Dr. Md. Abdur Rouf
Associate Professor & Director MBA Program
Department of Business Administration
Faculty of Business & Entrepreneurship

Student Declaration

I am Saikat Sarkar, Bachelor of Business Administration student, ID: 172-11-489. I like to declare that I have submitted my Internship Report under the program of BBA and entitled “Financial & Risk Management of NCC Bank Limited”.

My technical experience was secured by the goal of the study and it allowed me to relate the theoretical dimensions to the practical ways to complete the tasks.

Saikat *18.09.2021*

Saikat Sarkar

ID: 172-11-489

Program: BBA

Major in Finance

Department of Business Administration

Acknowledgement

I am grateful to Allah Almighty for allowing me to accomplish this task, with joy and effort. I am grateful for the people who cooperated with me and provided good advice and also helped I prepare my job resume.

I would like to thank my leader, Dr. Md. Abdur Rouf, Associate Professor and Director of the MBA Program, Department of Business Administration, Daffodil International University. His guidance and constant advice from him played an important role in the success of this relationship. He always gives me important tips to build a relationship with anyone actually.

I also take this opportunity to express my gratitude to some employees of NCCBL, the subsidiary, who have responded to my relationship needs and have made me feel that I am not taking this good job. Among them, I would like to mention Dr. Shohel Rana (Senior Principal Officer and Deputy Manager), of NCC Bank Ltd. Savar Branch, Dhaka, for the planning of work activities in the respective organizations. I am also proud of Mr. Amranul Hoq (Executive) of NCC Bank Ltd. Savar Branch, who supports me in all respects.

And finally, I would like to thank all the officers and staff of NCCBL, Savar Branch for their help and guidance in my work. Their support got me to complete the recipe.

Executive Summary

In order to give students the opportunity and opportunity to transform theoretical knowledge into real-life experience, internships are a must. The equation is better on theory as well the practice can be obtained from this work.

Bangladesh's economy fell into three stages of development: foreign exchange, private sector, and financial exchange. The Finance and Industry Company has been the largest investor since 1993, with new hopes and commitments to serve the people of the country.

This notification is usually divided into three sections. The first phase refers to my previous work experience in NCC Bank Ltd., the Savar branch and my analysis on the management, management and cooperation model of NCC Bank Ltd.

The announcement is the culmination of a three-month internship with NCC Bank. I acknowledge many of the work that financial and financial companies do on my way to accomplish my job. In this sentence I have explained everything I can say about my experience in real life from many different temples.

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CHAPTER- 01

INTRODUCTION



1.1 Background of the Study

The Bachelor of Business Administration (BBA) course is required for 3 months in conjunction with the organization, followed by a statement from the organization's superintendent and approved by the organization teacher counsellor. I took the time to do my internship at National Credit and Commerce Bank Ltd (NCCBL). My definition of internship is authorized by the headquarters of NCC Bank Ltd. My faculty principal, Dr. Md. Abdur Rouf, Associate Professor and Director of the MBA Program, DIU, also shared the information and authorized me to prepare this report as part of completing the internship.

I have worked in various departments of NCC Bank Ltd, Savar Branch. In this report, I will try to make an overall analysis on all the activities of NCC Bank Ltd in particular on Financial & Risk Management.

1.2 Scope of the Study

The scope of the study is confined within the financial & risk management of NCC Bank limited. For that reason deposit, FDR, Loans & advances, Foreign exchange and remittance have been analyzed to measure the performance.

1.3 Objectives of the Study

The overall objectives of the study are to present the financial & risk management at National Credit and Commerce bank Limited.

- To know about the overall banking practice of NCC Bank Ltd.
- To evaluate the financing & Risk Management of NCC Bank Ltd.
- To make some recommendations based on finding

1.4 Methodology of the Study

Primary Sources:

- ✓ Direct & Practical desk task
- ✓ Direct conversation with respective officers and staffs
- ✓ Confrontation clients in interview

Secondary Sources:

- ✓ Data from annual report NCCBL
- ✓ Data from the monthly transaction record of this bank
- ✓ Ratio data collected from the Banks financial statement
- ✓ Data from the official Website of NCCBL

1.5 Limitation of the Study

Working in NCCBL is a great opportunity but for some internal policy I couldn't collect all the necessary information for the report. The limitations I faced are-

- ✓ The study was limited only to the NCCBL
- ✓ Lack of in depth knowledge and analytical ability for writing such report
- ✓ Internal control and compliance risk management
- ✓ Money laundering risk management
- ✓ Data and information used in this study are mostly from secondary sources
- ✓ NCCBL officials maintain a very busy schedule. So they couldn't always give enough time to enlighten the college students every time, even if they intended to

CHAPTER -02

OVERVIEW OF THE ORGANIZATION

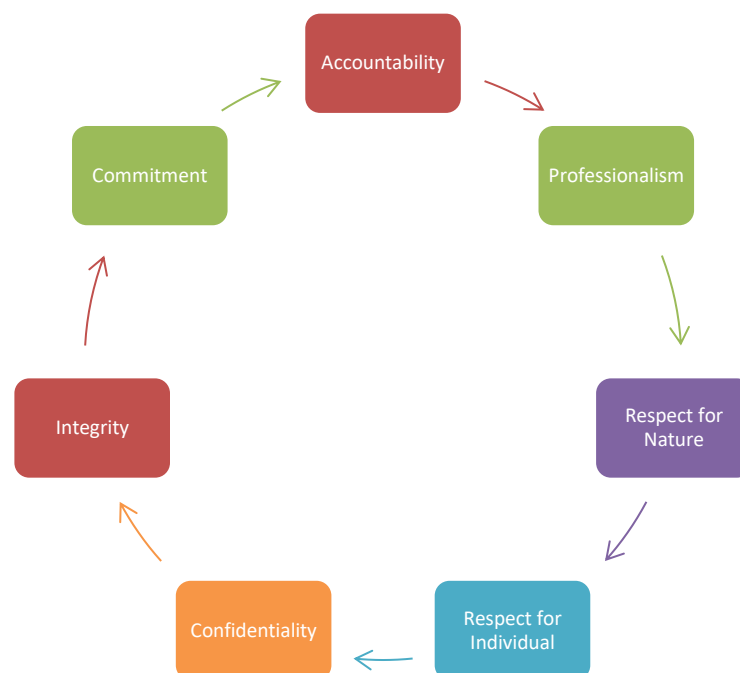


2.1 Historical Background of NCCBL

National Credit and Commerce Bank Limited has a special history. The company launched National Financial Services in early 1985 as an investment company. The organization's goal is to develop and invest internal capital to develop the national economy and trade and play a destructive role. The capital is responsible for building the business. His involvement in the sector has helped many organizations in this regard. The company operated with 116 bases until 1999 and then with the approval of the Central Company became a wholly owned subsidiary in 1993. The money raised from the capital is 39.00 million services for the country in general. From the beginning, NCC Bank Limited has earned a well-known reputation for providing honest information technology services to its customers.

The bank has set a new standard for financial services, investments and foreign exchange. Many deposits and loans have also attracted investors, both companies and individuals who feel comfortable doing business with the bank.

2.2 Core Values



2.3 Vision

Become one of the loveliest commercial banks serving the nation as a progressive and socially responsible financial institution, bringing together credit and commerce for greater shareholder value and sustainable growth.

2.4 Mission

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

2.5 Goal of NCCBL

- **General goal:** Distribute a significant portion of the banking sector using available manpower and state-of-the-art technology to maximize shareholder wealth.
- **Long term goal:** To maximize the wealth shareholders.
- **Short term goal:** Earn a satisfactory rate of return on investment by providing extensive services range of banking services.

2.6 Objectives of NCCBL

- ✓ To help the society and save the country that's why recently NCCBL started Green Banking.
- ✓ To maintain excellent customer relationship with their banking customers.
- ✓ To respect the customers and try understanding customer needs.
- ✓ To fight for good profit and try their best to earn maximum profit.
- ✓ To contribute their profit and capital of national capital
- ✓ To accomplish their goal in customer banking sector
- ✓ To be the most efficient bank in terms of technology application
- ✓ To maintain the high standard of corporate ethics

- ✓ To perform in order that customers choose them first
- ✓ To deliver the quality services to the customers.

2.7 Products and Services

Loan & Advance products

- ✓ Working Capital Financing
- ✓ Commercial & trade financing
- ✓ Loan term capital financing
- ✓ House building financing
- ✓ Retail & consumer financing
- ✓ Agriculture financing
- ✓ Import & Export financing

Retail/Consumer Loan Products

- ✓ Car Loan
- ✓ Personal Loan
- ✓ Education Loan
- ✓ Home Improvement Loan
- ✓ House repairing & renovation Loan
- ✓ Consumer finance scheme

Deposit Products

- ✓ Special Deposit Scheme
- ✓ Money triple program
- ✓ Money Double program
- ✓ Special saving scheme
- ✓ Instant earnings term deposit
- ✓ Premium term Deposit A/C
- ✓ Term Deposit A/C
- ✓ Special notice deposit A/C
- ✓ Saving Bank Deposit A/C
- ✓ Current A/C

Services

- ✓ Schedule of charges
- ✓ Off shore banking unit
- ✓ Locker Service
- ✓ Remittance Service
- ✓ Treasury Service
- ✓ NCCBL Securities & Financial Service

Cards

- ✓ Debit Card
- ✓ Credit Card

Remittance

- ✓ Overseas Employment Loan Scheme
- ✓ Wage Earners Deposit pension Scheme

2.8 SWOT Analysis



Strengths:

- ✓ Strong financial position
- ✓ Young enthusiastic workforce
- ✓ Membership with SWIFT
- ✓ Experienced manpower in the foreign exchange department.
- ✓ Existence of a strict and standard foreign exchange department

Weakness:

- ✓ Limited number of rural branches for the distribution of remittances
- ✓ Lack of trained and highly educated officers
- ✓ Lack of modern equipment for banking needs.
- ✓ Lack of adequate media presence.
- ✓ Lack of publicity of the foreign currency banking system
- ✓ Some officials have attitude problems in the work area.
- ✓ Political instability

Opportunities:

- ✓ Growing trend in sending remittances.
- ✓ It can take the lead in introducing the Islamic banking system.
- ✓ Can recruit recent graduates and train them to form a team of talented officers.
- ✓ More Experienced and Managerial Know-How

Threats:

- ✓ Limitation of the regulation
- ✓ Foreign banks have used highly modern technology
- ✓ Exchange rate fluctuations.
- ✓ Effects of the world's economic slumps.
- ✓ Moderate levels of customer satisfaction.
- ✓ Government policies are not in favour of private banks.

CHAPTER- 03

FINANCIAL & RISK MANAGEMENT

OF NCC BANK LIMITED



3.1 Risk Management

Risk is the risk of loss resulting from funds, unauthorized activities, errors, omissions, inefficiencies, system failures from the external event. It means that when bankruptcy can arise due to reluctance, the bank has to manage those risks designed to address all those risks and achieve the goal.

From the point of view of financial institution management, risk arises from changes in the price of securities due to changes in the financial system. Like the movement of interest, change moves and cost sharing. As banks seek new services to deal with the securities industry, they have become more risky.

3.2 Risk Factor in case of Export

The 3 types of risk, they are-

✓ **Non Performance Risk**

The company enters into a contract with the bank when sending certain items. In such case full responsibility for sending the goods to the bank and can act as the agent of the exporter. It means that the entire sender's responsibility in the bank and banking information is paid for all the payment on behalf of the exporter. If the sender is unable to produce more export products than the bank enters and the bank may suffer a financial loss because the bank has been approved by the sender's representative body and all the liabilities of the contract can protect the bank. So this way the banks can be easier fell into risk.

✓ **Non Repatriation Risk**

In this case the shipper can enter into a contract and agree with the bank that the bank can send the goods on behalf of the exporter and against the bank can pay the shipping cost the market value of the goods to the exporter. But when the bank exports the goods if the market value of the goods falls, the bank may face a loss. Just like when the bank submitted the information goods on behalf of the supplier and at that time if the market value of the goods increases, the bank still faces losses because the bank enters into a contract with the supplier or the customer delivery of the current market value of the product. What will happen in the future they do not see before?

✓ **Document Discrepancies**

The forwarder or forwarder does L / C with the bank when shipping or shipping the goods. When they do L / C they need to send more documents and more information about their business and their shipping or shipment. This type of risk can occur when the sender or sender does not submit all documents or does not provide all the correct information or does not complete the correct information at that time Bangladesh Bank cannot accept the letter and reject the contract and agreement. Until then the bank can still face many trips and losses.

3.3 Participants in a Project Finance Transaction

Purchase Agreement: approval of the key user of the development plan and the company plan.

Supply Agreement: Approval of the supplier of the key concepts and of the business project.

Inter creditor Agreement: approval of the lender or the lending office it describes rights and responsibilities when not completed.

Shareholders Agreement: maintain business relationships of honest participants

Operations and Maintenance Agreement: between the Director of Operations and the Company Project, shall be the Director to oversee and oversee the work.

Engineering procurement and Construction Contract: between project and engineering companies.

Affected Communities: these are direct or indirect stakeholders Affected by work (e.g. communities that need to be relocated due to power generation projects, telephone lines, lakes, mine, etc.)

Environmental Impact Assessment Consultant: this is an expert who examines whether the work meets international and international minimum standards regarding legalization and approval.

Operator: usually it is engineering which includes construction management and operations / project management.

Nonrecourse Debt funders: These are long term loan providers for exchanges. They typically contribute 60 to 70 percent of the exchange's total investment. (Usually these are financial institutions, financial institutions, multilateral, bilateral and exporters Loan agencies.

Equity Funders: these are the owners of the planning company and contribute to the risk of the entire investment plan. Their contribution is usually around 40-50 percent, in comparison to the total investment.

Government: This participant is responsible for creating an environment conducive to financial performance through its legal process and other legal implications.

3.4 Credit Risk

The lending policy includes principles governing the authorization, regulation, supervision and repayment of loans in accordance with the applicable laws of Bangladesh Bank and other government regulators.

3.5 Financing in project

Planned investment involves the creation of independent legal entities that receive money with no return on investment for the sole purpose of investing.

Financial services recognize our important decision first, there are investment decisions that involve the product. Here, the term patrimony is expected to be included in the production plan and diversification of the product and water flow. Under similar strategies, companies use resources such as oil or copper, sell goods and use revenues to meet debts and to establish a fair return until capital disappears. In comparison, water

projects - telephones, pipelines, telecommunications and power plants - rely on capital resources to generate profitability for suppliers. The main theme is the decision of the organization to establish the legal freedom to become a member. Thus, the financial position may represent an insufficient balance sheet, which means that the resources and liabilities of the position do not appear in the sponsor's account balance. However, the adjustment of the legal number is the responsibility of the electoral bodies and the revenues of sponsors and regulators. In many cases, the contractor's resources and responsibilities appear in the sponsor's balance sheet. Finally, there are financial decisions that involve the management of non-performing expenses. Because a company's operations have no legitimacy, debts can be created without the support of subsidies. Legal independence also ensures that investors have a clear right to capital and cash, without having to worry about the sponsor financial status or prior application of its capital.

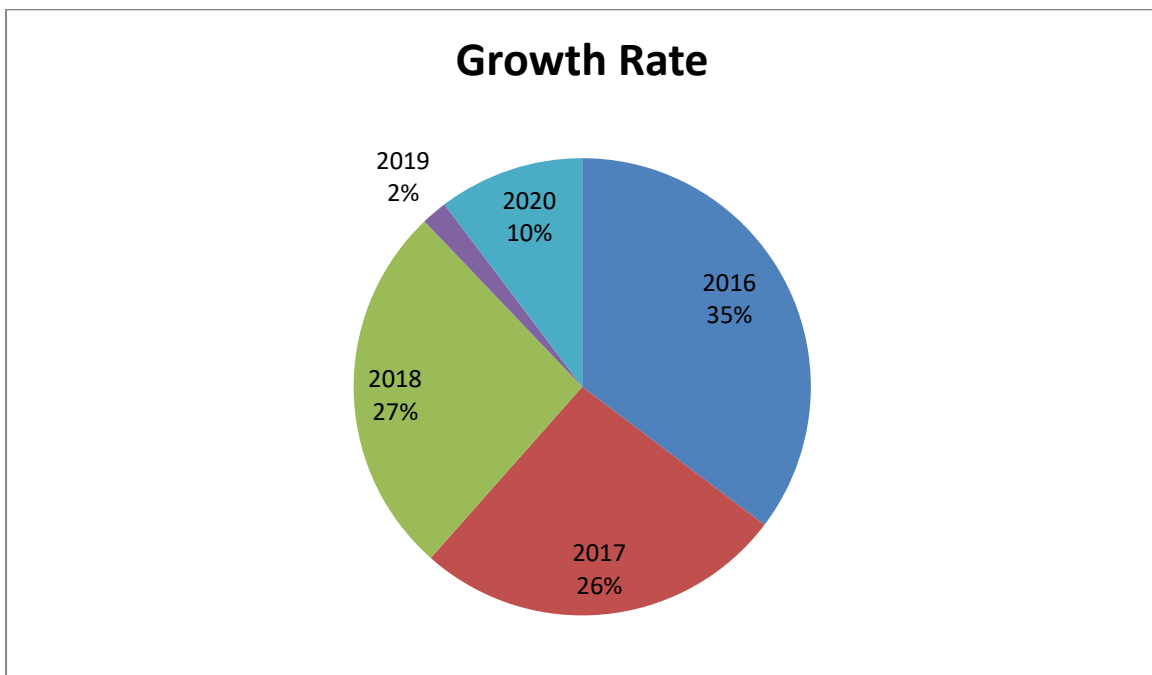
3.6 Credit Monitoring

In order to minimize the down payment, there must be procedures and procedures in place to report in advance of the borrower's financial disadvantage. At least it should be to announce the following exemptions to relevant leaders of the CRM and RM teams:

- ✓ Overdue principal or interest payments, overdue trade bills, account surpluses and breach of loan covenants.
- ✓ The terms and conditions of the loan are monitored, the financial statements are received on a regular basis and any branches or covenant exceptions are referred to CRG and the RM team for a timely follow-up
- ✓ Prompt corrective action is taken to address the identification of internal, external, or regulator inspections / audits.
- ✓ All borrower's loan ratios / facilities are reviewed and approved by submitting a credit proposal at least once a year.

3.7 Deposit growth Rate

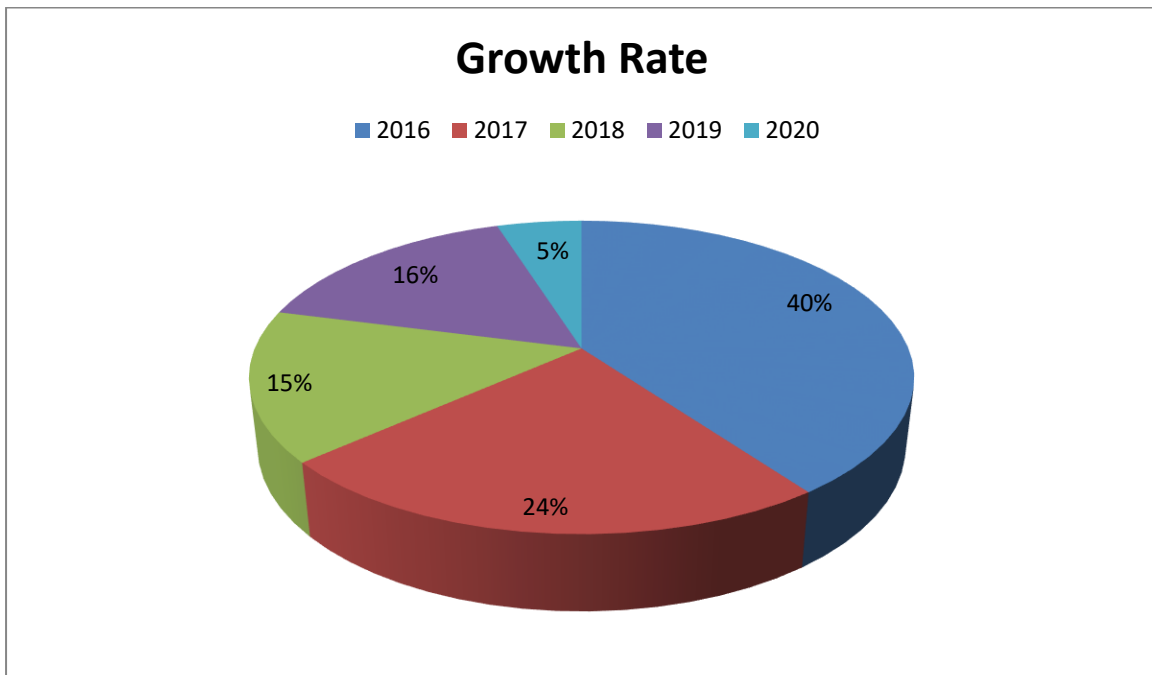
Total Deposit					
Year	2020	2019	2018	2017	2016
Loan & Advance	105703	98229	96918	81127	67961
Growth Rate	7.61%	1.35%	19.46%	19.37%	26.09%



Interpretation: Year wise Investments have increased year on year by NCC Bank Limited. In 2016 the investment was of tk. 572,743 million but in 2020 it was Tk. 90921 million. The second graph shows that the annual investment growth rate has been fluctuating over the years.

3.8 Credit and Growth Rate

Total Credit					
Year	2020	2019	2018	2017	2016
TK. In millions	90921	88147	79948	72734	63230
Growth Rate	3.14%	10.25%	9.91%	15.02%	25.49%

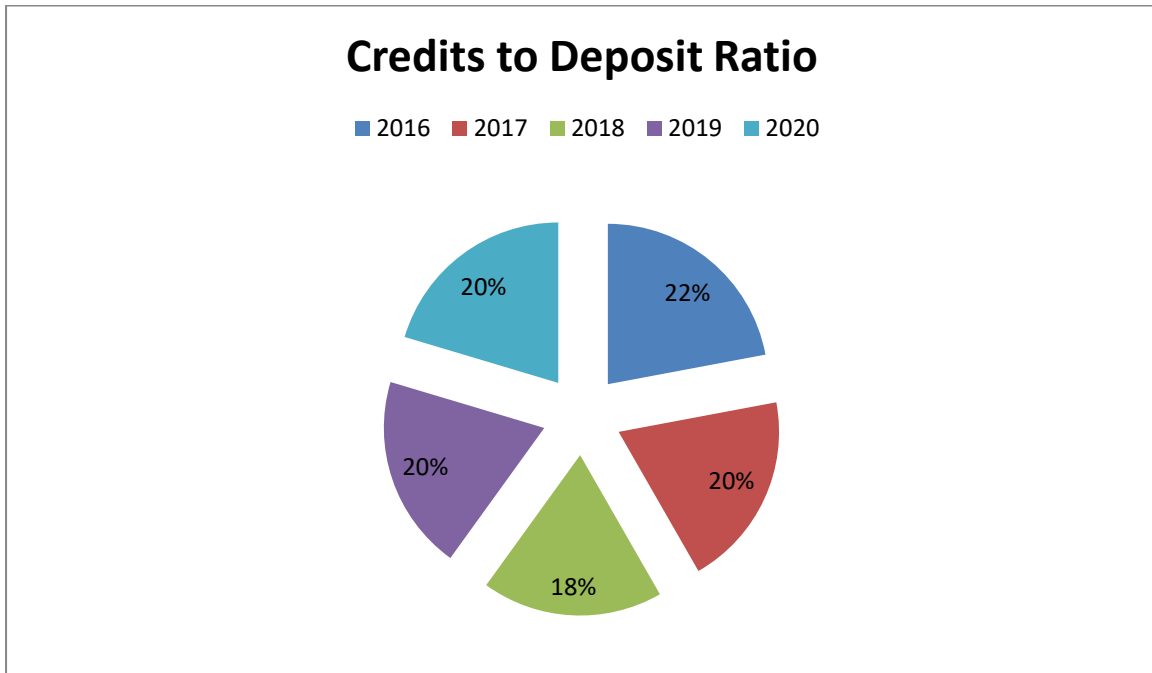


Interpretation: Year wise Investments have increased year on year by NCC Bank Limited. In 2016 the investment was of tk. 572,743 million but in 2020 it was Tk. 90921 million. The second graph shows that the annual investment growth rate has been fluctuating over the years.

3.9 Credits to Deposit Ratio

$$\text{Credit to Deposit Ratio} = (\text{Total Credit} / \text{Total Deposit}) * 100$$

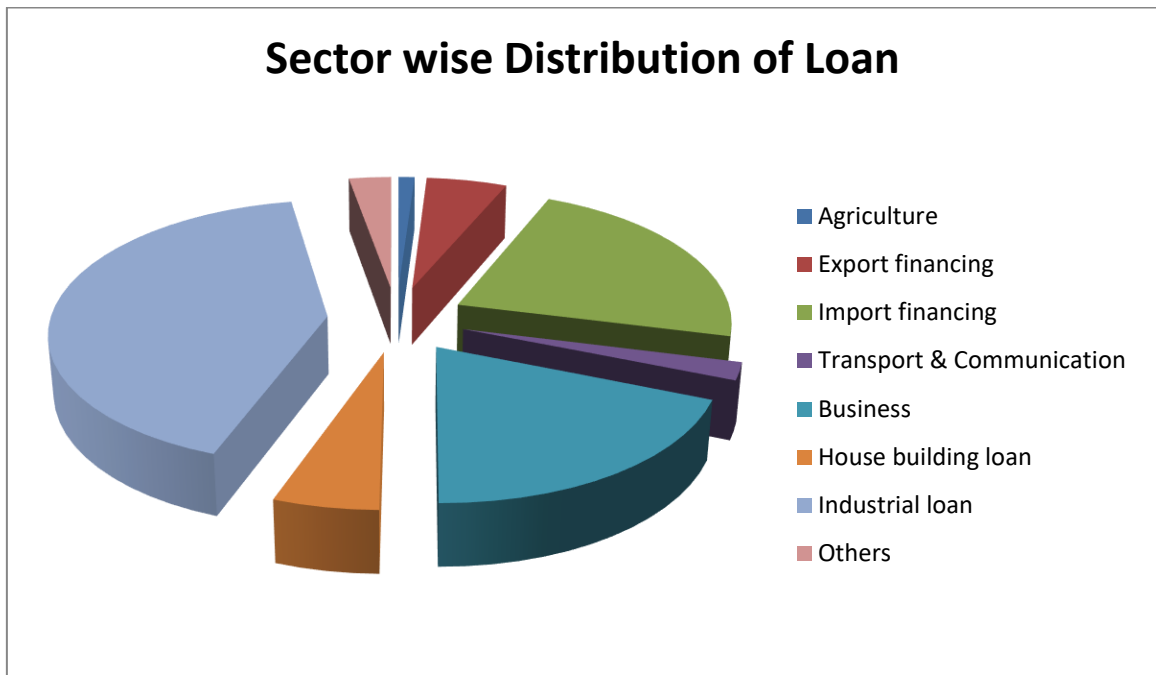
Year	2020	2019	2018	2017	2016
Percentage	86%	83%	77%	83%	93.04%



Interpretation: The graph shows that the credit-to-deposit ratio is decreasing year on year except in 2018. It decreased from 2016 to 2017 but in 2017 to 2020 it increased from 77% to 86%.

3.10 Sector wise Distribution of Loan

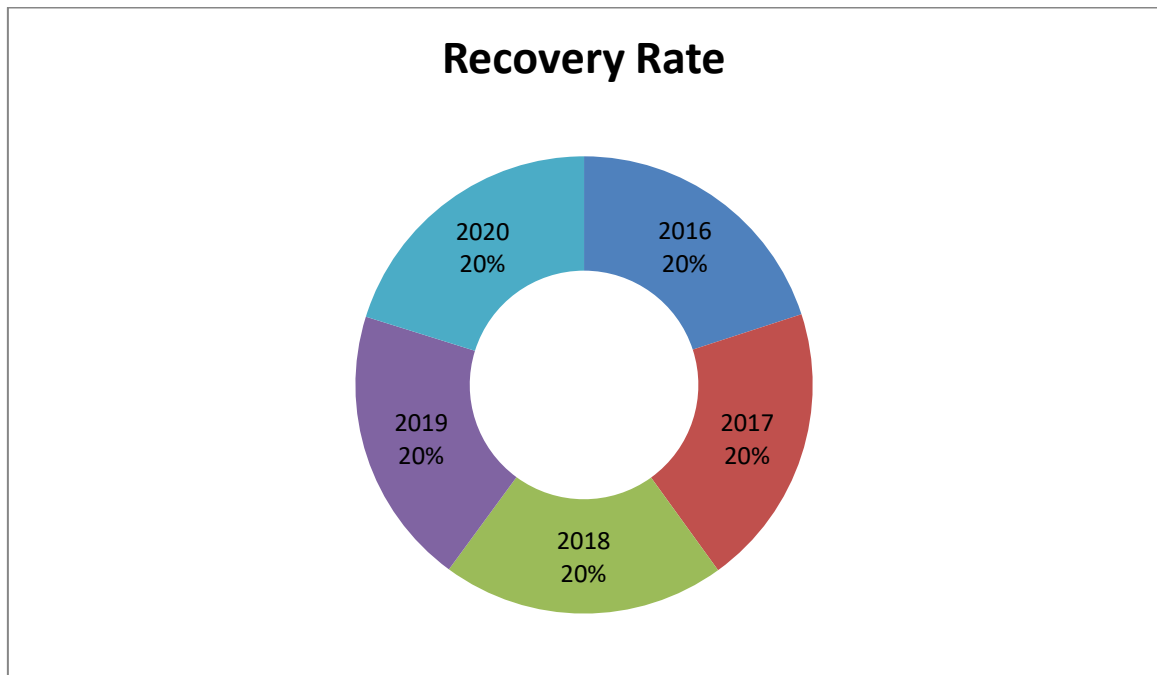
Sector Name	Percentage
Agriculture	01%
Export financing	05%
Import financing	21%
Transport & Communication	02%
Business	17.89%
House building loan	05%
Industrial loan	39%
Others	2.62%



Interpretation: NCC Bank Limited provides 38.82% of total credit in industry, 21.21% in import financing and 16.36% in commercial loan. NCC Bank Limited essentially distributes its credit in the Industry & Business sector because it is more profitable than other sectors.

3.11 Recovery Rate

Year	2020	2019	2018	2017	2016
Percentage	98.40%	96.38%	97.72%	97.72%	97.53%

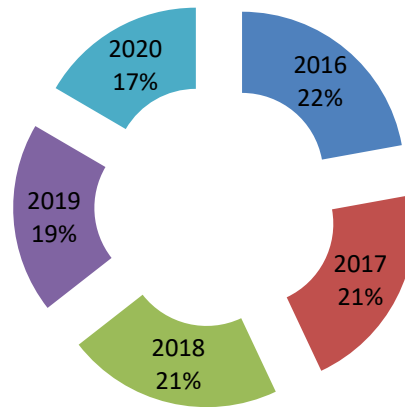


Interpretation: The graph shows that in 2016 the recovery was 97.53%. It became 97.72% in 2017, 97.85% in 2016 and 96.38.00% in 2019. In 2015 the bank improved its recovery rate which is 98.40%.

3.12 Deposit of NCCBL as a percentage of National Deposit

Year	2020	2019	2018	2017	2016
National Deposit (billions)	6330.33	5230.03	4484.40	3858.90	3037.80
Deposit of NCCBL(million)	105703.61	98229	96918	81127	67971
Deposit NCCBL as % of total National Deposit	1.67%	1.91%	2.16%	2.10%	2.23%

Deposit of NCCBL as a percentage of National Deposit

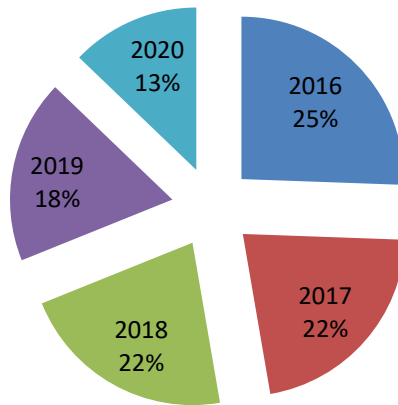


Interpretation: The graph shows the NCCBL deposit as a percentage of the national deposit has fluctuated over the years. However, the deposit as a percentage of the total national deposit decreased over the course of year from 2.16% in 2018 to 1.67% in 2020. This indicates that the comparative performance of NCCBL deposits has decreased over the years.

3.13 Credit of NCCBL as a percentage of National Credit

Year	2020	2019	2018	2017	2016
National Credit (billions)	6819.75	4743.80	3642.60	3297.50	2439.80
NCCBL(million)	90920.77	88147	79948	72734	63230
Credit NCCBL as % of total National Deposit	1.30%	1.85%	2.19%	2.20%	2.59%

Credit of NCCBL as a percentage of National Credit



Interpretation: The chart shows NCCBL credit as a percentage of national credit has decreased over the years. However, the deposit as a percentage of total national credit has decreased over the years from 2.59% in 2016 to 1.30% in 2020. This indicates that NCCBL's comparative credit performance has declined over the years.

CHAPTER-04
FINDINGS, RECOMMENDATION &
CONCLUSION



Findings:

- ❖ NCC BL disburses 38.82% of total credit to industry, 3.50% to construction, 16.36% to businesses, 1.43% to agriculture and 11.47% to other sectors.
- ❖ NCC Bank Ltd. annual credit distribution was increasing although its growth rate fluctuated throughout the year.
- ❖ There has been an upward trend in the total mobilization of NCC Bank Ltd. deposits from 20106 to 2020, but the growth rate of deposits has fluctuated over the years.
- ❖ The general banking process of NCC Bank Ltd is not completely systematic and the monitoring process is not maintained on a regular basis
- ❖ The low salary package of middle to lower level employees threatens employee motivation. As a result, good quality employees leave the organization and its effects on the organization as a whole.

Recommendation:

- ❖ Although the recovery rate trend is increasing except in 2020. Thereafter it should try to maximize the recovery rate and minimize the default rate
- ❖ NCC Bank Limited provides multiple lines of credit in Dhaka Division and Chittagong Division. Hence, the bank should diversify its credit into other divisions.
- ❖ NCC BL's total investment and growth has increased over the previous five years. Hence, the bank should seek to maintain and improve this performance.
- ❖ The mobilization of NCC BL deposits has increased, but the growth rate has fluctuated over the years. The bank should increase deposit mobilization by creating a new deposit scheme so that growth has been positively increased.
- ❖ The general banking process of NCC Bank Ltd should be completely systematic and the monitoring process should be maintained on a regular basis.

Conclusion:

NCC Bank Limited sets a new standard in the financial industry in times of financial crisis. NCC Bank Limited is a state-owned company based in Bangladesh and is meet the needs of large customers. NCC Bank Ltd helps to capitalize on key business ventures. The bank must be involved in the development of the country's economy by operating a profitable business in the financial system, providing loans to valuable people, get good value and at a competitive price, while protecting depositor's money and ensuring a satisfactory return on investment.

The bank now acts as an average. By examining its performance, it has been shown that growth potential can be accelerated by the positive influence of competitive goals. It has a better advantage over new banks designed in the form of a variety of assets. However, the implications for the strategy need to be addressed as early as possible for better results. It can prevent a business from malfunctioning in certain industries due to its extensive expansion. Capitalizing on investments has become a great opportunity for a bank to increase its profits.

The bank has managed to create a large loan portfolio. However, the starting price has risen due to lack of supervision. The bank is trying to maximize profits by speeding up its return policy. The bank can focus on mortgage lending, the risk of recession and its capital gains. The lending process has become more inclusive, using strategies to manage fixed loans.

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