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INTERNSHIP REPORT

ON

Risk Management System of Investment Corporation of Bangladesh (ICB)

Submitted To:

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Letter of Transmittal

Date: 12 February 2022

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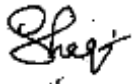
Subject: **Submission of Internship Report**

Dear sir,

With great pleasure and hope I wish to state that it's been an honorable opportunity for me to complete my internship program from ICB under your precious supervision. The report completed by me contains a through experience and knowledge obtained during my internship program about topic on "Risk Management System of Investment Corporation of Bangladesh (ICB)"

I did my best to include all of the material obtained over the internship's in my report. It is to inform you that without the supervision of AGM (Head of HR) MR. Jahangir Hossain, my internship program would not be successful. Completing this report has been a genuine challenge and it was a great learning experience for me by practically.

Yours Sincerely,



Shajidul Haq Shahi

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Certificate of Approval

This is certified that Shajidul Haq Shahi, ID: 173-11-5661 has successfully completed his internship report “Risk Management System of Investment Corporation of Bangladesh (ICB)” under my direct supervision.

He is permitted for further defense/viva voice to complete his program.



Mahbub Parvez

Associate Professor

Department of Business Administration

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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 am Shajidul Haq Shahi, ID No: 173-11-5661 declares that the presented internship report on “Risk Management System of Investment Corporation of Bangladesh (ICB)”. BBA program at Daffodil International University submitted as a course requirement for 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.



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Acknowledgment

Most Gracious, Most Merciful, in the name of God. Without the advice and support of many people who have contributed in some manner to their essential cooperation, the preparation and completion of this research paper would not have been achievable.

I am grateful to all of the Investment Corporation of Bangladesh (ICB) and mostly Mr. Mohammad Jahangir Hossain AGM, department of human resource management of ICB for providing me with the opportunity to acquire practical experience. Also, this internship program makes me realize the value of working together as a team and as a new experience in the work environment, which challenges us every minute. Then I would like to thank all the staff members, senior officers and especially the AGMs of the company to provide us with valuable information about the corporation. Some honorable mentions should be given in this regard. Rubayet Hosen senior officer of HR department assisted us with various information and provided us with mentoring support.

No work can be completed without the assistance of others; thus, I'd like to express my gratitude to everyone who engaged on this paper "Risk Management System of Investment Corporation of Bangladesh (ICB)" both inside and outside the Investment Corporation of Bangladesh.

Abstract

On October 1, the Government of the People's Republic of Bangladesh established the Investment Corporation of Bangladesh (ICB), which is a statutory corporation, the Investment Corporation of Bangladesh was created under Bangladesh Ordinance No. 16, section 40. It is a Bangladesh investment bank that is increasing the country's established industrialization and developing a securities market. The ICB is one of Bangladesh's largest stock market investors. The main activities of ICB are investing in the stock market, providing loans and advances, working as a manager/trustee/custodian of a mutual fund. It is the most successful state-owned corporation in Bangladesh in terms of profitability. Holders Classification of shareholders as of 30 June 2020 shows that the Government of the People's Republic of Bangladesh owns 27% of ICB and is listed on the Dhaka, Dhaka, and Chittagong Stock Exchanges.

In the introduction of the report, I have described the background of the study and the organization, then the core objectives, methodologies, scope of the study and the limitation.

In Overview of the Organization, I have discussed the organization background, objective and goal, vision, mission, function, values, Business Policy, organization structure, subsidiaries and EEF.

In the chapter 3 I have discussed Overview of Risk Management process of ICB. In chapter 4 I have discussed about the SWOT analysis of ICB. .

Abbreviation

ICB = Investment Corporation of Bangladesh

ADB = Asian Development Bank

AMCL= Asset Management Company Limited

BSB = Bureau of Statistic of Bangladesh

CML= Capital Management Limited

CSE = Chittagong Stock Exchange

DGM = Deputy General Manager

DSEGN = Dhaka Stock Exchange General Index

DSE = Dhaka Stock Exchange

GM = General Manager

GDP = Gross Domestic Product

IMF = International Monetary Fund

MF = Mutual Fund

MIS = Management Information System

STCL = Security Trading Company Limited

SEC = Security Exchange Commission

UF = Unit Fund

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Chapter 01

Introduction

1.1 Introduction

Industrialization is one of the prime pre-requisites for development. Industrialization needs Investment. Because the fund is the life blood of business. ICB broadens the base and scope of investments by mobilizing savings.

ICB is the country's only investment bank that manages Investment Schemes. The corporation has completed about two decades of operation in fulfillment of its objective. During its long period of operations, the corporation has a success story on the one hand and also some failure stories on the other hand. The investors' scheme (IS) provides institutional support to a small investor for purchases and sales of securities by rendering necessary services and advice so that small investors are in a position to make their investment decision on a sound premise. As I am doing my internship program in the investment banking institution so it is a greater opportunity for me to find out the overall Risk Management process of ICB.

1.2 The Background of Study

As it is a mandatory for the Bachelor of Business Administration (BBA) degree at Daffodil International University (DIU) to complete an internship at a reputable company or organization and prepare a report as a pre-requisite. As a BBA student, I did 45 working days of internships at Investment Corporation of Bangladesh (ICB) and prepared an internship report "Risk Management System of Investment Corporation of Bangladesh (ICB)" based on my practical life.

1.3 The objectives of the study

The objectives of the study are as follows:

1. To analyze the ICB's overall performance.
2. To gather knowledge on investment banking companies' operations in practical field.
3. To find out the Risk Management System of ICB.
4. To recommended some suggestion to overcome the problems related to Risk Management System of Investment Corporation of Bangladesh (ICB).

1.4 Methodology of the study

The process of gathering information and data in order to make business decisions is referred to as research methodology. The methodology may include publication research, inter-views, surveys, and other research techniques, and could include both present and historical information.

Sources of information:

The data used to complete this report has been collected from the Primary sources & Secondary sources.

Primary Sources:

1. Discussion with officials of ICB.
2. Exposure on different desk of the Office.
3. Conversation with Various Department Heads.
4. Collected data from work experience, observation, and face-to-face discussions.

Secondary Sources:

1. The website of ICB (www.icb.gov.bd)
2. ICB Annual report (2019-2020)
3. From Previous report and also from colleague who's are also doing internship.

Data Analysis and Report Writing

All these data are collected from Annual Report and also Discussion with officials of ICB. Also, from previous report. By Collected all data from work experience, observation, and face-to-face discussions.

1.6 Scope of the Study

The report's scope is the operations and practices of the Investment Corporation of Bangladesh, with a focus on the ICB's overall risk management process. The study was confined only to the Head Office and gave more concentration on it. The data comparison was based on published information in the annual report.

1.7 Limitation

I had a big challenge conducting this study because the pandemic was in its second phase and the country was on lockdown. As a result, the internship program was severely affected, and my study took a long time to complete. Thought trying to record as much information as I could, there may still be some errors.

Due to the shutdown, I had to depend heavily on the material accessible on the ICB website and the annual report 2019-2020.

Chapter 02

Overview of the Organization

2.1 Introduction

The ICB, like other government organizations, was established with the purpose of promoting the expansion of Bangladesh's investment sector and strengthening the capital market.

Investment Corporation of Bangladesh (ICB) is a statutory company. Its primary function is that of an investment bank. An investment bank is a financial institution that raises funds from surplus economic units via various mutual funds and securities sales, as well as raises funds for deficit economic units via securities purchases and underwriting.

The organization has 7 branches across the country and around 600 employees, along with 262 people in 3 subsidiary companies. Currently, the organization has approximately 12-13 thousand core taka worth of capital market share.

2.2 The Company's Historical Background

The Investment Corporation of Bangladesh, or ICB, was established on October 1, 1976, under the "Investment Corporation of Bangladesh Ordinance, 1976" (No. XL of 1976) to enhance Bangladesh's economic condition. The establishment of the ICB was a critical step in accelerating industrialization and establishing a well-functioning capital market to reduce the gap. Their main objective was to establish economic balance by injecting the capital that huge companies wanted. Reforms in operational strategies and business policies have been implemented through the enactment of the Investment Corporation of Bangladesh (Amendment) Act, 2000 (No. 24 of 2000) by establishing and operating subsidiary companies under ICB. At present the Corporation is being operated under the "Investment Corporation of Bangladesh Act, 2014. ICB always try to provide the support to the financial market to maintain the stability. When they trade in a particular market, they always maintain a certain level by giving the chance of other investors. They maintain a huge number of departments to control the total things in a well-mannered way. Further discussion will make the thing clearer.

2.3 Company objectives and goals:

Every organization has some objectives in order to reach its overarching goal. The Investment Corporation of Bangladesh is no exception. ICB's key goals are as follows:

1. To strengthen the investment base.
2. To develop enterprises.
3. To Encourage and broaden the investment base.
4. To increase the amount of money saved.
5. To developed the capital market.
6. To promote an establish subsidiaries for business development.

2.4 Vision

ICB will aspire to be a leading, responsible, and innovative financial institution that contributes to and shares the advantages of our growing economy.

2.5 Mission

The mission of the ICB is to transform their corporation into a responsible body, financial architect and transformation decision-maker and result-giving leader.

2.6 Functions of the company

ICB's major functions are as follows:

- 1.To underwrite the IPO
- 2.To assist with placement offering for the new startups
- 3.Help the startup with bridge financing
4. To monitor the share price of the capital market.
5. To promote any government project economically.
6. Direct purchases of debentures, bonds, and equity participations.
7. Participating in mutual and unit fund placements.

8. Taking part in the purchasing and selling of securities and managing investment accounts, unit funds, and portfolios.

2.7 Values of ICB

- 1.Consumer attention
- 2.Pension to create good conditions
- 3.Innovation for humanity
- 4.Human opportunity
- 5.Compliance Society
- 6.Continuous Improvement
7. High moral and ethical standards.

2.8 Business policy of ICB

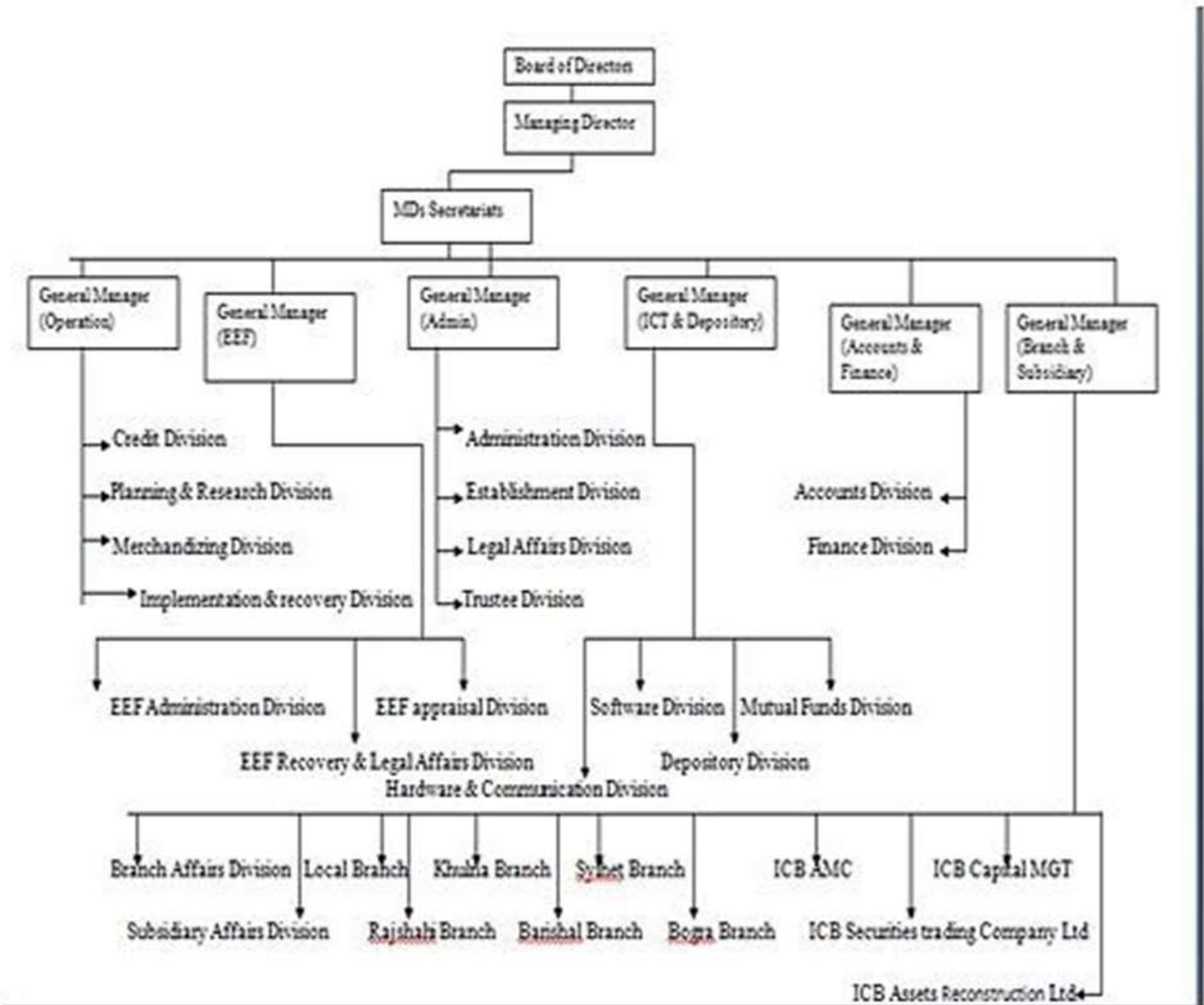
- 1.To develop the capital market and encourage the entrepreneurs
2. To diversify the investment
3. To provide financial assistance to projects, new startups and mergers.
4. To encourage the investment on IT sector
5. To assist in the public offerings and help in placement
6. To provide assistance by bridge financing.
7. To keep the share price in a balanced rate by purchasing and selling share in the capital market.

2.9 Organizational Structure

The ICB, like any other organization, has a board of directors, which is composed of 10 members. The banker's selection committee selects all of them. Mr. Mohammad Abul Hossain, the managing director, is one of them. The chairman of the board of directors is Professor Dr. Mohammed Kismatul Ahsan, and the managing director is Md. Rafique Ullah.

ICB has 51 departments and 4 subsidiaries, all of which are supervised by 6 general managers. Every department head is referred to as AGM (assistant general manager). The division is built by

2 or 3 departments, as well as the divisional head is known as the DGM (Deputy General Manager). ICB has 7 branches and they are managed by branches and helpful GMs. Below is a list of the organization's hierarchy. (Appendix)



Source: <https://www.assignmentpoint.com/business/banking/study-on-the-contribution-of-icb-mutual-funds.html>

2.10 Subsidiaries of ICB

ICB has 3 subsidiary companies. They are:

1. ICB Securities and Trading Company Limited
2. ICB Asset Management Company Limited.
3. ICB Capital Management Company Limited

ICB Securities and Trading Company Limited:

ICB Securities and Trading Company Limited (ISTCL) is an ICB subsidiary that started operation as a public sector stock brokerage in 2000, under the supervision of the Asian Development Bank and the Bangladesh government. The main transaction department of stock became ISTCL after the implementation of automated stock trading, implementing an electronic trading system and utilizing advance technologies in the delivery of services (<https://istcl.com.bd/>, n.d.). The company started its brokerage activities in DSE and CSE after getting a trade license from BSEC on August 13, 2002, and February 7, 2004, respectively.

Objective of the company

The core activity of the company is to trade the stocks in the market and gaining commission from the trade. The company acts as a broker house of ICB.

ICB Asset Management Company Limited

Asset management was initially introduced in 2002. A subsidiary of ICB is the ICB Asset Management Company., and its major goal is to manage the company's mutual funds. There are 9 open-ended mutual funds and 15 close-ended mutual funds provided by the company. The stock exchange currently offers 37 open-ended mutual funds.

Objective of the company

The company's main goal is to contribute to the growth of the mutual fund industry as the country's most popular investment. ICB AMCL mainly serves as a mutual fund asset manager.

ICB Capital Management Company Limited

A subsidiary of ICB is ICB Capital Management Company Limited. The company was founded in 1994 under the Companies Act. ICB capital management acts as the Merchant bank of the system. It is the sponsor of the mutual funds and also does underwriting and issue management of ICBs funds.

Objective of the company

To carry out the Merchant bank's underwriting and issue management activities. The goal is to introduce high-quality companies to the capital market. To mobilize savings and to infuse professional efficiency.

2.11 EEF wing of ICB

The EEF, or equity entrepreneur fund, is a joint fund between Bangladesh Bank and ICB. Initially, the fund was established by the Bangladesh government, who intended that the fund be monitored and managed directly by the Bangladesh bank.

Under a government order in 2009, the responsibility was shared by ICB and Bangladesh Bank. The fund was only 2025 crore when it was started. The fund was handled by ICB, now the fund is managed by Bangladesh Bank.

The fund was recently reorganized to comply with newer orders and regulations. EEF is currently known as ESF (Entrepreneur Support Fund), which is a 2% interest loan.

Employees in EEF are hired through the ICB headquarters.

2.12 ICB SWOT Analysis

As a governmental entity, ICB has some authority in making decisions, but it must always work under the supervision of the Finance Ministry.

Strength

The following are ICB's internal strengths are:

1. Financially strong support.
2. A better reputation
3. Expert management team
4. Numerous financial product
5. A large network.

Weakness:

1. Lack of discipline.
2. Lack of computerization system.
3. Lack of bureaucratic practice.
4. Some of employees are inactive.

Opportunities:

1. The government is working to expand the capital market.
2. As corporate taxes are decreased; more investors will be encouraged to start new venture.
3. The security market is gaining confidence among investors.
4. The economy is recovering from its difficulties.
5. Investors are staying positive in the securities market.

Threats:

1. A large number of private enterprises contribute to the market
2. People have a limited understanding of the stock market
3. In the security market, there are certain unethical behaviors.
4. Some Companies have announced a low dividend rate.

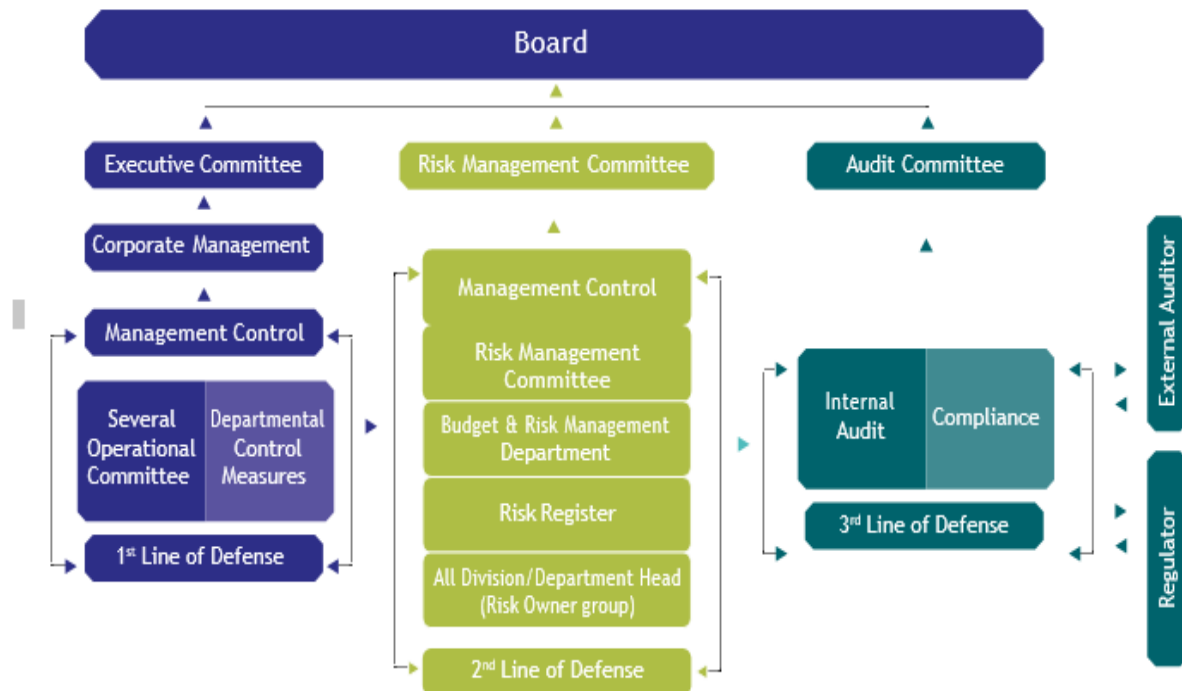
Chapter 3: Overview of Risk Management System

3.1 Risk Management

As an essential Capital Market and Money Market service provider and a leading Investment Bank in a lower-middle-income country, ICB has faced a variety of operational, financial, legal, and strategic risks. The major goal of ICB risk management is to achieve long-term growth in line with organizational goals by increasing risk awareness, improving risk management ability, embedding risk control, improving the risk enduring structure, and dealing with ever-changing conditions.

3.2 Risk Management Framework

ICB has designed a risk management strategy that involves both financial and non-financial concerns. This method assigns responsibilities and develops a risk management framework in which threat are recognized and analyzed in order to plan and implement an acceptable response. The corporation's risk management structure is based on institutional working domain and surveillance operations. The ICB's strategy is based on the three-stage defense model described below.



3.3 Structure of Risk Governance

As a statutory body, ICB builds its business strategy in a way that balances national interests, regulatory requirements and stakeholder needs. The key to a corporation's risk management is to ensure business ethics. The corporation's risk management governance structure begins with the assistance of the board's risk management committee in determining the board's perspectives and risk trends. The following responsibilities have been allocated to the Board Risk Management Committee, which consists of 05 (five) members of the Board:

1. Developing a Strategy for Identifying and Controlling Risks.
2. Focusing on implementing a risk management system.
3. Observing how risk management policies are implemented.
4. Planning to conduct the risk management policy review; and
5. Working on plans for archiving and reporting on information.

The Board Risk Management Committee receives memos/reports from the Budget and Risk Management Department regarding the effectiveness of the risk governance structure and risk management framework. In addition, the Budget and Risk Management Department coordinates risk management activities through appropriate policies and methods for detecting, evaluating, monitoring, reporting, and mitigating risks. This department has implemented a comprehensive risk register structure throughout the organization to identify and document the corporation's problems. As risk owners, the heads of each department, division, unit and branch, along with the risk management group of their subordinates, record the risks identified in the appropriate risk register. The Risk Management Committee receives guidance from the Budget and Risk Management Department as it indicates its risk profile. The Corporation's Risk Management Group is led by the Corporation's Deputy Managing Director, consists of 11 (eleven) high-ranking professionals. Committee Member Secretary of the Department of Budget and Risk Management. The Risk Management Committee's major functions are:

1. Determine, monitor, and assess the risk profile;
2. To give management guidance on how the risk management, compliance, and internal control functions work and how effective they are.;
3. Reviewing strategic plans for decreasing the company's material risks:
4. To develop a culture of risk awareness.

The Risk Management Committee, which has the assistance of many operational committees, is in control of risk management, analyzes the risk at the executive level such as Portfolio Management Committees, Project Appraisal Committees, Asset Liability Management Committees, Budget Management Committees, Quality Control Committees, Cost Control & Cost Reduction Committees, and Management Coordination Committees are examples of these committees.

3.4 Framework for Risk Appetite

Risk management is crucial to the performance of a financial institution and is acknowledged as a vital deliverable in the organization's overall strategic management strategy. The technique for identifying the Risk Appetite Framework and implementing Risk Mitigation Framework in order based on the corporation's strategic goals is as follows:

1. Establishes strategic objectives and goals.
2. Develops a strategy.
3. Establishes an operational, compliance, and reporting objective.
4. Makes decisions about how to reduce the risks that come with achieving goals.

The following principles are as follows the ICB risk strategy:

1. Earnings variety, quality, and consistency;
2. Earnings Growth That Is Sustainable;
3. Focus on the key companies through strategic investments that are rigorous and selected.;

4. Strong capital adequacy;
5. Keeping the best external credit ratings possible;
6. Strong leadership for strategic success;
7. Clear accountability, strong corporate governance, and risk culture.

3.5 Risk Register

A risk register is a statistical tool that keeps track of a company's risk profile. It provides a list of all high-level hazards, existing measures to control, and additional controls/actions that must be implemented. It establishes a framework for collecting data on risk control, management, and monitoring in order to improve decision-making. The Risk Register provides management with a high-level snapshot of the organization's risk situation from time to time. As a function, it's become a dynamic tool for monitoring risk reduction efforts.

The Procedure for Risk Registering: Some Key Points:

1. For wider assessments, For each Department/Branch/Unit, a risk registry has been established.
2. Each risk's outcome and potential are analyzed during risk registration.
3. The purpose of risk management is to develop a prioritized list of potential threats that may be analyzed further.
4. Departmental (Risk Owner) groups use the risk assessment form to create their own Risk Register, which they then send to Department of Risk Management. The Risk Management Department then analyzes and evaluates the risk profile that has been identified.
5. Risks are prioritized once they've been analyzed and evaluated and reports are submitted to the Risk Management Committee for consideration (quarterly),
6. The committee's written report includes: I) the identified risks; ii) the steps taken to control these risks; and iii) any occurrences. After that, the report is sent to the Managing Director.

3.6 Culture of Risk Awareness

The Corporation's Board of Directors strives to build in the organization a significant risk culture. All types of risks associated with the corporation's business activities are selected carefully. As a result, the following concepts have been firmly implemented in the corporation's risk awareness culture:

1. Taking risks within the limitations of a risk appetite.
2. Within the risk management framework, every risk is taken must be approved.
3. Continually managing risks and reviewing activities.
4. Risk tolerance level.

3.7 Risk Awareness Related Training:

ICB reviews their training on a regular basis to optimize existing risk components as part of efforts to improve risk management culture. In order to achieve this goal, the ICB training center organized 29 training Employee programs for the 2019-20 fiscal year. Those are the schedules. Corporate Governance Code, Portfolio Management, and Security Analysis, ESET Antivirus software, Treasury Management, Loan Classification, Provisioning, and Credit Recovery Strategies, Corporate Governance Code, Portfolio Management, and Security Analysis, Corruption Causes and Solutions, Cisco Firewall, Licensing, Console, Configuration Maintenance and Troubleshooting, as well as the E-Filing Process and Its Consequences Implementations are all remarkable. Besides that, to gain global knowledge in risk management, two ICB officials at the designated level of Deputy General Manager and Assistant General Manager successfully completed the 'Certified Expert in Risk Management' Certification Course organized by the Frankfurt School of Finance and Management (Germany) and the Bangladesh Institute of Bank Management (BIBM).

3.8 Risk Management Committee Meetings

After reviewing the risk profile prepared by the Budget and Risk Management Department and its mitigation plan, the Risk Management Committee recommends the management for approval. The

committee also reviews memos presented to the board and the risk management committee. At its 2019-20 quarterly meeting, The Risk Management Committee looked at the situation and recommended ICT Security Policy-2019, Manual of Internal Control and Compliance and the Corporation's Risk Template.

Disclosure of Risk Weighted Asset Calculation

(Amount in Taka)

Name of Asset	As on 30 June 2020			As on 30 June 2019		
	Net Amount of Assets	Weight (%)	Risk Weighted Assets	Net Amount of Assets	Weight (%)	Risk Weighted Assets
Cash in hand	188,448	-	-	46,924	-	-
Cash at Bank	8,952,356,572	20	1,790,471,314	6,200,624,420	20	3,240,124,884
Govt. Securities	442,300,000	-	-	-	-	-
Investments	137,665,947,941	100	137,665,947,941	128,442,935,366	100	28,442,935,366
Margin Loans-Secured	1,945,180,542	100	1,945,180,542	2,252,191,979	100	2,252,191,979
Unit Advance Account	426,848,852	100	426,848,852	393,471,515	100	393,471,515
Consumer Credit Scheme	-	100	-	-	100	-
Lease Receivables	552,937,901	100	552,937,901	624,006,785	100	624,006,785
Advance against Equity	1	100	1	1	100	1
Purchase of Debenture	3,542,061,794	100	3,542,061,794	3,033,535,131	100	3,033,535,131
Bond Purchase	12,843,221,279	100	12,843,221,279	12,403,635,806	100	12,403,635,806
Other Loans & Advances	6,376,280,192	100	6,376,280,192	6,040,244,194	100	6,040,244,194
Premises & Equipment	156,848,252	50	78,424,126	132,210,685	50	66,105,343
Other Assets	7,189,932,898	100	7,189,932,898	7,087,302,169	100	7,087,302,169
Total	180,094,104,672		172,411,306,841	176,610,204,976		163,583,553,173

3.9 Inventory of Risks

ICB faces different types of risks such as credit risk, market risk, operational risk, etc. Significant and their mitigation plans are described below:

1. Credit Risk

Credit risk arises as a result of the borrower's or the opponent's financial institution's failure to meet financial or contractual obligations. ICB's credit risk arises from margin loans, fixed deposits in various financial and non-financial institutions, project financing, leasing, and guarantees. The ICB has already formed Financial Assistance or Risk Management Guidelines for the Corporation's credit risk management for measuring the Corporation's credit risk, it has already used the Credit Risk Grading Method. All credit risks are graded accurately and promptly to reflect a determination of the borrowers' creditworthiness. Their credit risk exposures are managed by the credit division accurately and informedly within the integrated risk management framework. The ICB has a Project Appraisal Committee (PAC) made up of senior officials that assesses the qualitative value and credit risk of project loans in order to reduce risk. ICB takes every effort to prevent loans from going bad through its pre- and post-sanction monitoring procedures.

2. Market Risk

Interest rate risk, liquidity risk, and equity price risk are ICB's key market risk exposures. The following is a brief description of the assessment of each market risk type:

A. Interest Rate Risk

Because of the Corporation's borrowing, financing, and investments activities, interest rate risk arises. Interest rate risk emerges from a company's lending, funding, and investment activities. For business gain, ICB gathers the necessary funds as short and long-term deposits, with the majority of the funds invested in the stock market as well as credit portfolios.

B. Liquidity Risk

Liquidity risk is the primary concerns identified by the ICB. The company received short- and long-term deposits to fund long-term capital market investments and also short-term money market

investment. To keep a balance between borrowing costs and investment income, the corporation invests in good basic assets that pay out substantial dividends on a regular basis. The Asset Liability Management Committee (ALCO), which is directed by the Managing Director and includes of major corporate management members, is in charge of managing liquidity according to the risk criteria authorized by the Board. ALCO monitors assets and liabilities to minimize liquidity risk by managing the balance sheet gap, interest rate gap, and identified profiles. Credit policy, deposits pricing policy, and the balance sheet's economic and political effect are all assessed on a monthly basis by this committee in light of the regulatory authority's regulations.

C. Equity Price Risk

Changes in the price of securities generate equity price risk, which have a detrimental effect on the financial situation of the corporation. As part of its trading activities, the Corporation maintains an equity portfolio, which is managed according to its established portfolio management criteria. The market value of stock exchange-listed securities is assessed Daily evaluations are conducted and reported to the Portfolio Management Committee for further action. Meanwhile, the choice has been made to calculate VaR for equity price risk management.

D. Operational Risk

Operational risks are those that are related with day-to-day actions that may hinder institutional goals. The operational risk is defined by the Banking Supervision (2006) as the risk of loss due from insufficient or failed internal processes, people, and systems, and also external events. Following its creation, the Corporation's The Department of Budget and Risk Management is responsible for the mitigation of operational and other risks. Every year, the Risk Management Committee receives the risk register from sources that generate risk and delivers it to the Budget and Risk Management Department. After executing the necessary investigation, the Risk Management Committee creates a Risk Profile Template with a future action plan and alerts the concerned departmental head with the authority's prior approval. Currently, all ICB departments use the Departmental Control Function Checklist as a departmental accountability tool (DCFCL). Every month, the Inspection & Compliance Department receives DCFCL from all departments. An effective pre-audit and post-audit system is in place to minimize operational risk associated with ICB's overall operating. The Inspection and Compliance Department works hard to fix

internal and external audit objections in this area. According to regulatory obligations, the Corporation has initiated a risk-based audit. Furthermore, A risk manual is being written in a structured format for risk management, based on the recommendation of the ICB management. Employee discipline problems are handled by the Discipline, Grievance, and Appeal Department, which is regulated by service regulations. According to government directives. The GRS (Grievance Redress System) Focal Point has been assigned as the Assistant General Manager of the Discipline, Grievance, and Appeal Department. Recreation break is an important step in reducing operational risk from employee tiredness and monotony. As a result, major operational risk occurrences at ICB are rare.

E. Information risk

The Corporation's overall risk management framework includes the establishment of information risk mitigation strategies and processes, as well as ensuring that they are implemented properly. The ICB is dedicated to protecting people's right to information while maintaining the necessary commercial secrecy. It has already given System Manager the title of Chief Information Officer (CIO) in order to achieve this goal (Software Division). The ICB recognizes the need for secure integrated management information systems for the corporation as well as its stockholders to benefit from the advancement of ICT. The General Manager (ICT & Depository) supervises the ICT wing, whose involvement effectively addresses the Information technology strategic requirements. The ICB Board of Directors has approved it 5 years information and communication technology (ICT) plan. There is managerial guidance and support in place for the establishment of an information security policy that is compliant with regulatory standards and appropriate for the organization.

F. Compliance risk

The implementation process of the regulatory authorities and the Board's decisions is constantly monitored to maintain corporate governance. If any deviation is discovered after analyzing the steps taken to achieve the ICB's goals and objectives, remedial measures are implemented by contacting high authorities and the relevant authority. In order to improve internal control even more, the development of an internal audit manual as well as an internal control and compliance policy is going to be completed.





G. Green financing risk





ICB has begun green finance is used to help the environment by decreasing carbon emissions as a potential entity. The corporation limits the use of paper by electronically correcting and transferring data, memos, minutes, and notes via e-mail; it also limits the use of electricity by minimizing wasteful usage of electric fans, lights, air conditioning, computers, printers, and other electronic devices. Forestry and green funding efforts are examples of CSR activities. The company has built an e-recruitment and e-tendering system to comply with regulatory requirements. In addition, projects are financed after receiving environmental certification, if applicable, according to Bangladesh Bank requirements.

H. Risk of money laundering

As a governmental entity, the Corporation follows the Government's, Bangladesh Bank's, and BSEC's money laundering circulars, notices, and guidelines. The ICB's Anti-Money Laundering and Counter-Terrorism Financing Compliance Unit (AML/ CFT Compliance Unit) has already taken the necessary actions in this regard. Employee training programs for the prevention of money laundering and terrorist funding activities are held on a regular basis.

Table 43: ICB Risk profile of FY 2019-20 as formulated by the Risk Management Committee subject to intensive action during the period:

 Risk Name	 Business Strategy	 Consequences	 Mitigation Plan
Liquidity Risk	To manage the asset and liability of the Corporation in such a way that the organizational objective can be achieved along with maintaining Positive liquidity position of the Corporation.	<ol style="list-style-type: none"> 1. Short term liquidity crisis 2. Exposure to higher interest rate. 3. Decreasing net profit. 	<ol style="list-style-type: none"> 1. To address the liquidity problem, by developing appropriate indicators/ parameters/tools and techniques for liquidity management which will give early signal to the management for the actual condition of asset-liability management of the corporation. 2. Local/International Bond can be issued. 3. All closed activities of ICB and ICB Unit Fund can be reopened.
Portfolio Management Risk	The objective of the management of Portfolio Management Risk is to minimize the impact of change in equity price on the net income of the corporation through the support of sufficient research based information regarding securities and securitets market.	<ol style="list-style-type: none"> 1. Increases number of challenges for the management of equity portfolio. 2. Increases the probability of being affected by the change in equity prices. 	<ol style="list-style-type: none"> 1. Further strengthening dedicated 'Research Team' by staffing adequate number of willing and capable officers for fundamental and technical analysis. 2. Purchasing of old issues of 'DSE Review.' 3. Purchasing of widely used 'AmiBroker' Technical Analysis Software for securities and market analysis.
Credit Risk	The objective of credit risk management is to minimize the loss incurred by the failure of fulfilling the counterparty commitment.	<ol style="list-style-type: none"> 1. Increase in the amount of classified loan and provisioning 2. Negative impact on the net profit. 	<ol style="list-style-type: none"> 1. To continue communication with the investors to recover the loan. 2. Proper monitoring system should be developed for recovery from the due/overdue of project loan. 3. Inspection and Compliance Department can conduct inspection to observe the compliance status of the 'Financial Assistance/Credit Risk Management Guideline' approved by the Board.

 Risk Name	 Business Strategy	 Consequences	 Mitigation Plan
Interest Rate Risk	The objective of interest rate risk management is to ensure reasonable return from the lending operations.	<ol style="list-style-type: none"> 1. Increase in the interest rate of the borrowing activities decreases the net income of the Corporation. 2. It intensifies the Liquidity Problem. 	<ol style="list-style-type: none"> 1. To Rationalize the Lending rate for ensuring profit margin from lending activities. 2. Proper synchronization of maturity of the assets and liabilities. 3. Chief Financial Officer (CFO) can be appointed.
Information Risk	The objective of the management of Information Risk is to ensure accurate and complete data for decision making and analysis through appropriate management information system.	<ol style="list-style-type: none"> 1. Challenges to the access to accurate data & information in due time. 2. Smooth decision making procedure is ignored. 3. Failure to comply with the external & internal compliance requirement. 4. Duplication of data. 	<ol style="list-style-type: none"> 1. Ensure complete integration of all the functions of the corporation under unique software system. 2. Data entry should be ensured in daily basis according to proper data source.
Systemic Risk	To minimize the impact of COVID-19 Pandemic, a systemic risk, on the performance of the Corporation.	<ol style="list-style-type: none"> 1. Decrease in the revenue, cash inflow and net-income of the Corporation. 2. Possible financial distress for the Corporation. 	<ol style="list-style-type: none"> 1. Measures can be taken to decrease the interest rate for the Term Deposit Receipt (TDR). 2. A number of Term Deposit Receipt (TDR) can be adjusted with the receipt of the Government fund. 3. ICB Can be waived from paying income tax for the next five years.

3.10 Budgetary Control

Budgetary Control ensures cost control, efficient asset utilization, long-term investment, and desired profitability for the corporation. Effective budgetary control is a procedure that is critical to the Corporation's business planning and achievement of its stated goals. Every financial year,

the Budget and Risk Management Department drafts a revised current-year budget and an estimated budget for the following year, taking into account the Corporation's productivity and potential, based on information provided by the concerned business units, the Annual Performance Agreement (APA), the Sustainable Development Goal (SDG), and the market outlook. Following that, the Board of Directors approves the budget on the advice of the Budget Management Committee and the Audit Committee. Furthermore, the government of Bangladesh's ministry of finance must get the requisite authorization. Budgetary Control is efficiently managed by the Budget Management Committee, which is made up of 13 high-level executives and chaired by the Corporation's Deputy Managing Director. The task of preparing a "Budget Preparation and Control Manual" is going to be completed in order to improve the efficiency of budget preparation and control. The Budget and Risk Management Department analyzes the variances between actual achievements and standard, which play a vital role in managerial decision making, and submits the report to management on a quarterly basis with the advice of the Budget Management Committee.

Chapter 4: Findings, Recommendations and Conclusions.

4.1 Findings

1. In Liquidity Risk the consequences are the short-term liquidity crisis, exposure to higher interest rate and decreasing net profit.
2. Increasing the amount of classified loan and provisioning provides negative impact on the net profit.
3. Increases the interest rate decreases the net income of the corporation.
4. Access to accurate data and information in due time, Smooth decision-making procedure, Failure to comply with the external and internal compliance requirement and also duplicate of data would be considered as information risk.
5. Decrease in the revenue, cash inflow and net-income of the corporation, and possible financial distress for the corporation would be related as systemic risk.

4.2 Recommendation

- 1.** To address the liquidity problem, by developing appropriate indicators/ parameters /tools and techniques and also the corporation may reopen all closed activities of ICB and ICB Unit Fund.
- 2.** A ‘Research Team’ may work for the corporation for fundamental and technical analysis, purchasing of old issues of DSE Review and lastly purchase of the popular ‘Ami Broker’ Technical Software for stock and market analysis.
- 3.** Proper monitory and investigation is required to observe the compliance status of the ‘Financial Assistance/Credit Risk Management Guideline.
- 4.** Data entry should be ensured on a daily basis for proper data sources.
- 6.** Measures can be taken to decrease the interest rate for the term Deposit Receipt (TDR). A number of term deposit receipt (TDR) can be adjusted with the receipt of the Government Fund. And also, ICB can be waived from paying income tax for the next five year.

4.3 Conclusion

Investment Corporation of Bangladesh (ICB) has been doing key role in the capital market and industrialization of Bangladesh since its foundation. It is a one-of-a-kind name in our country as an investment bank with a solid reputation and extensive expertise, as well as a capable management team capable of achieving ICB's goals and objectives. ICB contributes to our country's industrial development by channeling small funds from investors into the capital market. Throughout the Internship program, I gained practical experience in the investment sector. ICB is an investment banker as a financial institution. However, the functions of the ICB are different from other commercial banks. All ICB branches operate under the direct supervision and instruction of the head office. The central office creates all policies and regulations, which are then enforced by all of the company's branches, including this one.

Furthermore, with such a short time at the company, it is difficult to make too many recommendations. However, in for making this report, I had to interview a variety of people from various departments and companies. So far, they haven't let us down. They gave us as much information as they could. So far, I'm satisfied with the internship program. By generating knowledge from them also right now I am involved in capital market.

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