Report On
Credit Risk Management of NCC Bank PLC

By

Md Ibrahim Khalil
20204016

An internship report submitted to the Brac Business School in partial fulfillment of the requirements for the degree of
Bachelor of Business Administration

Brac Business School
Brac University
October, 2025

Declaration

It is hereby declared that

1. The internship report submitted is my own original work while completing my degree at Brac University.
2. The report does not contain material previously published or written by a third party, except where this is appropriately cited through full and accurate referencing.
3. The report does not contain material which has been accepted or submitted for any other degree or diploma at a university or other institution.
4. I have acknowledged all main sources of help.

Student's Full Name & Signature:

Md Ibrahim Khalil
20204016

Supervisor's Full Name & Signature:

Safarath Ahmed
Lecturer, Brac Business School
Brac University

Letter of Transmittal

Safarath Ahmed

Lecturer,

Brac Business School

BRAC University

66 Mohakhali, Dhaka-1212

Subject: Submission of Internship Report on "Credit Risk Management of NCC Bank"

Dear Sir,

With due respect, I have submitted my report on "Credit Risk Management of NCC Bank" as partially fulfill the requirement of the Bachelor of Business Administration degree at Brac University.

During my internship at NCC Bank, I worked in the Credit Department, and this provided me with an opportunity to gain real-world knowledge about how credit risk is managed in practice. This report reflects my observations and practical experiences as well as what I have learnt during the period of the internship. I have done my best to put the information in a simple and structured way that reflects what I have learned and the bank has implemented.

I am really thankful to you for your kind guidance and suggestions to help me in preparing this report. I hope you will find it useful and give me your valuable feedback.

Sincerely yours,

____

Md Ibrahim Khalil

20204016

BRAC Business School

BRAC University

Date: The 22th October, 2025

Non-Disclosure Agreement

This agreement is made between NCC Bank PLC and Md Ibrahim Khalil who is a student of Brac University for the purpose of preparing my internship report on "Credit Risk Management of NCC Bank PLC. The information and data that have been used in this report have been collected under the guidance and supervision of my organizational supervisor. I am thankful to NCC Bank PLC to let me use necessary information to complete this report. As an intern, I clearly received instructions not to use or release confidential or sensitive information of the organization. The report is prepared for academic purposes only, NCC Bank PLC will also receive a copy of the report. Any changes to this agreement can only be done with the written approval and signatures of both parties.

Organization: NCC Bank PLC

Supervisor Name: A.N.M Giash Uddin Bhuiyan

Designation: Senior Executive Officer

Name of Student: Md Ibrahim Khalil

Education Institute: Brac University

Address: KHA 224 Bir Uttam Rafiqul Islam Avenue, Merul Badda, Dhaka

Acknowledgement

I would like to express my sincere gratitude to Almighty Allah for his blessings and strength for the successful completion of my internship. My special thanks to my organization supervisor, A.N.M. Giash Uddin Bhuiyan, NCC Bank PLC, for his advice, feedback, and support that made my internship an enriching experience. His guidance and support were invaluable in helping me overcome challenges and gain a better understanding of the banking sector. I am also very grateful to the University Supervisor, Safarath Ahmed for his kind assistance and advice throughout this journey. His suggestions were a great guide in preparing this report and making it more meaningful. Lastly, I am extremely thankful to my family and friends for always inspiring and believing in me. They have helped me through this journey, and I am thankful to them for their unwavering support. I would also like to thank all the people who have directly or indirectly helped me in the internship, and for writing the report.

Executive Summary

This report is based on my internship I did in NCC Bank PLC and worked in the Credit Department and learned more about how NCC Bank manages credit risk. Credit risk is one of the biggest challenges for banks, as it occurs when borrowers are not able to repay their loans, which puts the bank's financial health at risk. During my internship, I was able to see how NCC Bank makes loans, tracks borrowers, loans, and steps taken to collect overdue money. The bank follows the guidelines of Bangladesh Bank and has its own policies to reduce risk. I also observed the role of my supervisors and other officers carefully analyzing loan applications and monitoring accounts. From my learning, it is clear that NCC Bank has a proper structure for the management of credit risk, but there are also problems and challenges, such as loan defaults and legal issues in the recovery. At the same time, I believe that the bank can also further improve by introducing more technology and improving the monitoring system. This report shows both my academic knowledge and what I have learned practically during the internship, however, it also contains some recommendations in order to make the management of credit risk in NCC Bank even better.

Table of Contents

List of Acronyms

NCC	National Credit and Commerce
PLC	Public Limited Company
SME	Small and Medium Enterprise
NPL	Non-Performing Loan
CL	Classified Loan
CCL	Cash Credit Loan
L/C	Letter of Credit
LG	Letter of Guarantee
KYC	Know Your Customer
CRM	Credit Risk Management
ROA	Return on Assets
ROE	Return on Equity
CIB	Credit Information Bureau

Chapter 1

Overview of Internship

1.1 Student Information

Name: Md Ibrahim Khalil

ID:20204016

Department: Bachelor of Business Administration (BBA)

Major: Finance and Minor: CIM

1.2 Internship Information

1.2.1 Company Information

Company Name: NCC Bank PLC

Department: Credit Administration Department (CAD)

Tenure: 10th August to 10th November

Address: Mirpur, Dhaka-1216

1.2.2 Internship Company Supervisor Information

Name: A.N.M. Giash Uddin Bhuiyan

Designation: Senior Executive Officer

Position: GB In-charge of NCC Bank PLC Mirpur Branch.

1.2.3 Job Scope – Job Description/Duties/Responsibilities:

I started my work at NCC Bank in the Mirpur branch on 10th August 2025 and finished my internship work at 10th November. My company assigned me to work in the credit department. Before starting work in the credit department, my deputy manager told me to first learn some skills in Account Opening in the GB sector and then work in the credit department. To work in the credit department, I need to learn some skills in the GB sector. During my internship at NCC Bank PLC, I worked in the Credit Department, where my main responsibility was to learn and support the day-to-day activities of the team. I assisted officers with loan-related documents, including organizing files and checking reports. I also saw how customer information is verified through KYC and CIB and how loans are approved, monitored and recovered. My role was mostly supportive, but it was an opportunity for me to understand the whole process of credit risk management of the bank. I also learned about the importance of secrecy, professionalism, and observing banking rules. This experience helped me relate my academic knowledge to real-life banking practices.

1.3 Internship Outcomes

1.3.1 Students' Contribution to the Company

My contribution to the company was practical and supportive. As an intern in NCC Bank, I have worked in the credit department. Before working in the credit department, I worked in the account opening sector, which is the GB sector. Firstly, I did some work in the account opening section, for example, how to create a savings account, a CD account, a joint venture account, youngster account. I also helped the officer by checking their documents and reports. I have also guided the customer through helping them account opening procedures, and what types of documents and compliance they need. To make banking easier, I organised account opening papers, KYC documentation, and transaction records. I assisted with automatic check processing and clearing and correcting errors in customer information, and confirmed that money transactions were accurate. Same things I did in the credit department but some things were different. In the Credit Department, I helped the officers in organizing, verifying documents, and filling them out during the loan process. I also made small drafts and checklists that helped me make the work faster. I compared the customer information with the CIB report and updated the loan status. I worked very carefully, and no mistakes were made.

1.3.2 Student advantages

I learned a lot of practical experience in my internship at NCC Bank PLC. I got a chance to see firsthand how the theories that we learn in class work in practice. I especially gained hands-on knowledge about loan approval, document verification, use of CIB reports, loan monitoring, and recovery processes. I learned a lot from the officers’ manner, patience, professionalism, and time management while working with them. It not only improved my knowledge of banking but also improved my communication skills and responsibility, and ability to work in a team. This internship has given me a boost of confidence and practical experience to take forward in a banking or finance career in the future.

1.3.3 Problems and Difficulties

I have gained a lot of things from this internship, but also faced some difficulties and problems. At first, it was complex for me to figure out the working style of the bank, as a lot of rules and procedures were complex. Since there was some important information and data that were confidential, I did not have access to them; therefore, it wasn't possible to use everything in detail in the report. Sometimes the officers were so busy that I couldn't ask them detailed questions. The work of the credit department takes place in many steps (document monitoring, CIB report, approval, classification, etc.). As a newbie, it took me time to understand these rules and regulations because the processing of this work was new and complex to me.

Chapter 2

Organization Part

2.1 Introduction

NCC Bank PLC is a private commercial bank in Bangladesh. Mr. M. Shamsul Arefin is the CEO and managing director of the bank. In 1985, NCL (National Credit Limited) established NCC Bank as an investment institution. It began with Tk. 390 million in paid-up capital, and was made a scheduled commercial bank in 1993 with the central bank's permission. Tofazzal Hossain joined NCC Bank as chairman in June 2008. In September 2015, an employee of the NCC Bank was arrested on suspicion of embezzling 89.8 million BDT of remittance. In August 2017, NCC Bank appointed Mosleh Uddin Ahmed as the CEO and managing director. Md Nurun Newaz Salim, Chairman of Electro Mart Limited and Central Insurance Company Limited, was selected as chairman of NCC Bank. An inquiry by the Bangladesh Financial Intelligence Unit in May 2019 revealed irregular bank deposits by NCC Bank managing director Mosleh Uddin Ahmed. The bank board called a meeting to discuss the situation and requested that Ahmed to explain the situation. In May, Dutch Bangla Bank Limited, NCC Bank Limited, and Prime Bank were hacked. Dutch Bangla Bank Limited lost three million USD to hackers, and the rest of the banks declined to lose anything. Md Nurun Newaz Salim was re-elected as the chairman of NCC Bank. On 30 December 2020, Mohammad Mamdudur Rashid was appointed NCC Bank managing director. Md Abul Bashar joined NCC Bank as chairman on 5 September 2021. In August 2022, the bank issued a five billion BDT bond to comply with Basel III Tier 2 capital requirements. Md Abul Bashar was reelected as chairman of the bank in September.

2.1.1 Company Profile

Name of the company	National Credit Commerce Bank
Registered Address	NCC Bank Bhaban, 13/1 & 13/2 Toyenbee Circular Road, Motijheel C/A, Dhaka-1000
Legal Status	Public Limited Company
Chairman	S.M. Abu Mohsin
Date of incorporation	18 .11. 1985
Authorized Capital	Tk 20,000 million
Paid-up Capital	Tk 11,104 million
Number of Employee	2478
Number of Branches	130
ATM	151
Software used	Flora Bank
Earnings Per share	2.09
Email	nccbl@bdmail.net

Figure-01

2.2 Overview of the company

2.2.1 Background of NCC Bank

National Credit and Commercial Bank PLC, also called NCC Bank PLC, is a commercial bank based in Dhaka, Bangladesh, and is a privately owned bank. It started in 1985 as National Credit Limited, an investment company that mobilized resources and assisted the industrial and trade sectors. It was transformed into a full commercial bank in 1993, receiving approval of the central bank, and was incorporated officially on 15 May 1993.

NCC Bank has, over the years, increased its branches, ATM booths, and services, serving both retail and corporate clients. It provides deposits, loans, foreign exchange, and Islamic banking according to the Shariah. The bank has recently been focusing on digital transformation, including platforms such as NCC Always and the Customer Self-Service Portal, as well as investing in green and sustainable finance, which has earned it recognition as one of the top sustainable banks in Bangladesh.

2.2.2 Vision

The vision of NCC Bank implies that NCC Bank desires to become the most preferred and trusted bank in Bangladesh. It seeks to make the country develop in a modern, responsible, and customer-friendly manner. The bank would like to relate credit (loans) and commerce (business activities) in a manner that not only benefits people but also the economy and also makes everyone profitable and successful in the long run.

2.2.3 Mission

The mission states that NCC Bank desires to provide the best financial services to individuals through the establishment of the strong and friendly relationships with customers. Their mission is to assist their clients and collaborators in achieving success by offering long-term solutions through modern technology, experience, and financial capacity. The bank also seeks to build a better and healthy working environment where employees and customers can develop and perform together.

2.2.4 Slogan

"With you. Always."

2.2.5 Motto

The motto implies that NCC Bank desires to balance and benefit three parties, including the bank, the customers, and society.

- In the case of the bank, the aim is to make a profit and to increase gradually.
- To the customers, it is to provide them with the highest level of service, benefits, and satisfaction.
- To society, the bank would like to make the lives of the people better and contribute to the social welfare.

2.2.6 Objectives

NCC Bank has been committed to providing the best customer service, which they do not compromise on. There are several objectives of the NCCBL.

- To promote and increase the investments.
- To make contributions to the capital market.
- To mobilize savings.
- In order to make a good profit and good growth.

2.2.7 Core Value

1. Self-determined and business-oriented

They make major decisions and work hard to grow the business. They create their own opportunities instead of waiting for them.

2. Empowering People and Creating Leaders

The bank wants its employees to feel confident and be taught to lead and make things better.

3. The ability to treat everyone with respect and dignity.

They are respectful, fair, and courteous to all of their customers and employees, treating them as human beings and not just as numbers.

4. Being accountable and trustworthy

The bank employees are honest and work hard to win consumers' trust.

5. Managing costs and risks effectively

They carefully consider all of the factors before making any decisions that may leave the bank safe and profitable.

6. Maintaining ethics and integrity

Even when there is no one to observe, they are always trying to do the right thing. They are looking for a school that is honest and trustworthy.

2.2.8 Product and Services

Name	Particular
Deposit Product	• Current Deposit • Savings Bank Deposit • Special Notice Deposit • Special saving Scheme • Special Fixed Deposit Scheme • Money Double Program • Youngster Account
Loan Product	• Unsecured Personal loan • Home loan • Abashan loan • Car loan • Small Business Loan Scheme • NRB Home Loan

Services	• Personal Banking (Retail Banking) • Treasury Service • Islamic Banking Service • Locker Service • Offshore Banking Unit • Business & Corporate Banking • Digital Banking Service

Figure-02

2.2.8.1 Deposit Products

Current Deposit: NCC Bank introduces NCC Current accounts with extra advantages to businesses and the economic growth of the country. The account will provide smooth banking facilities to the customers with unlimited transaction facilities, a cheque book, and SMS alert facilities. This account can be opened by any Bangladeshi citizen (preferably an income earner through business) above the age of 18. Foreign companies, foreign nationals, and institutions are allowed to be locally incorporated.

Savings Bank Deposit: The Savings Bank (SB) account offered by NCC BANK is defined as an outstanding deposit option, as it offers the latest banking services with a free app. This is a personal account with a minimum balance of Tk. 500 that may change. The interest on the account is computed depending on the monthly account balance and is paid on a semi-annual basis. But when more than two withdrawals are made in a week, the interest due that month will be lost.

Special notice deposit: It is a business-friendly special deposit account with easy transactions and good interest rates. This account can be opened by any Bangladeshi citizen (preferably an income earner through business) above the age of 18. Foreign companies, foreign national and institution are allowed locally incorporated. This is a SND account with a minimum balance of Tk. 1000 that may change.

Special Savings Scheme: A savings scheme in which a deposit is made monthly within a selected period. Installment: 500 to 50,000; 2, 3, 5, 8, 10, or 12 years. There are penalties in case you miss a couple of installments.

Special Fixed Deposit Scheme: It is a fixed deposit scheme where NCC Bank gives monthly interest payments to the customer. Except for those under 18, the highest and lowest deposit requirements are Tk. 100,000 to the high limit. Interest goes to the linked CASA account.

Money double program

The NCC Bank Money Double Program (MDP) is a term deposit with returns doubling at the deposit maturity, and a premature encashment option after 12 months. The minimum amount of principal is TK 100,000 (one lac) or multiplied by it. The lowest and the highest deposit requirements are 100,000 to the high limit except in the case of employees below the age of 18. The interest is charged on the associated CASA account.

Youngster Account

NCC Bank has the Youngster Account, which is targeted to Bangladeshi students aged below 18 years and the Youngster Maximus Account, a 3-year savings account of zero risk that requires a minimum deposit of BDT 5,000.

2.2.8.2 Loan Product

Unsecured Personal loan:

The loan is to meet personal financial requirements such as medical bills, education, or home decoration. The loan value is BDT 100,000 to 2,000,000, and the repayment period is 1-5 years. The minimum income level is fixed at BDT 30,000 among individuals on salaries and BDT 40,000 among the self-employed and other applicants.

Home loan

In order to buy or make residential properties, including flats, buildings, or houses, there are certain parameters: the properties cannot be older than 15 years at the moment of granting the permission; the existing balance of a home loan in another bank or NBFI can be transferred in the process of securing a new loan to fund the required project. The age limit is a minimum of

21 years and a maximum of 65 years. The loan limit is BDT100,000 to BDT 5,000,000 (for home improvement) and BDT 500,000 to BDT 20,000,000 (for home loan).

Abashan loan

Purpose of the Loan:

The borrower can take the loan for-

- Purchasing of a residential house (semi-pucca, single-storied, or multi-storied).
- Construction/construction of a new home. Refurbishing or fixing your old house.
- Transfer of your existing home loan (takeover) with another bank or financial institution to this bank.

Age limit: Minimum 21 Years and Maximum 65 Years

Loan tenure: For one-storied or multistoried 1 to 10 years, and for semi-pucca 1 to 8 years

Loan limit: BDT 200,000 to BDT 5,000,000

Minimum Income for salaried BDT 20,000, for self-employed professional BDT 40,000, and for businessman or landlord BDT 50,000.

Car Loan

If a borrower wants a car loan from NCC Bank to buy a noncommercial brand-new car for personal use or wants to buy a noncommercial reconditioned car for personal use, according to NCC Bank's income requirement, their minimum income should be BDT 50,000. For a businessman/professional / landlord, and landlord's income should be BDT 80,000. The loan limit is BDT 400,000 to BDT 6,000,000. Loan tenure is 1 to 5 years.

Small Business Loan Scheme

The main objective of this loan is to help small business owners to fulfill their working capital requirements or to grow their businesses. It is a term loan, which is an amount given to the borrower to pay in installments over a period of time. Loan Specifications: BDT 100,000 to BDT 800,000 and the repayment time is 36 months (3 years) maximum. To cover the daily business expenses or to expand the business.

NRB Home Loan

This home loan helps people to build or renovate their own houses and purchase ready or fairly new flats (not older than 10 years). It can also be used to take over an existing home loan from another bank and get some extra money for renovation. The loan is open to salaried persons, self-employed professionals, and business owners between 21 and 65 years of age (salaried persons up to 60 years of age or age at retirement). The loan limit is BDT 10 lakh to BDT 1.5 crore, and it also pays for 3 to 15 years. The bank will fund up to 70-75% of the value of your property depending on the type. To get this loan, a minimum monthly income of BDT 50,000 and a bank account having at least one year of remittance record are needed.

2.2.8.3 Services

Retail Banking (Personal Banking)

These banking services are offered to households and not to businesses. Examples: Opening savings or current accounts, borrowing personal or home loans, using debit/credit cards, etc.

Business & Corporate Banking

These business services are available to companies and business organizations to handle money and grow. This sector provides loans, project financing, and trade to companies and business organizations. Example: Lending under working capital, imports/exports, trade finance, and project finance.

Islamic Banking (Shariah-based Banking)

Financial system with Islamic law (Shariah) that does not allow interest (Riba). This sector is made for those customers who don't want any interest. Example: Profits are divided between the customer and the bank rather than being charged interest. These services are offered by the Taqwa Unit of NCC Bank.

Digital Banking

Banking: Conducting banking operations on the online and mobile platforms at any time and place. Examples: Moving money, bills, balance checks, or loan requests in NCC in the form of the “NCC Always app” or Internet Banking (ICON).

Locker Services

NCC Banks offer locker services to secure storage boxes where valuables, jewelry, and important documents are kept. To keep property papers or gold in a safe place, You lease a locker at the bank.

Offshore Banking

Banking services to non-resident Bangladeshi or foreign customers who transact in foreign currency. Example: Offshore accounts can be maintained by companies or individuals who earn USD, GBP, or EUR.

Treasury Services

This service helps to manage large transactions, investments, and foreign currency exchange of financial operations for both the businesses and the bank itself. Example: Assistance to companies in purchasing or selling foreign currency or cash flow.

CSR (Corporate Social Responsibility).

The bank does social activities that benefit society as a social responsibility. Example: NCC Bank donates in the form of education, health, disaster relief, and community development.

2.3 Management Practices

2.3.1 Department of NCC Bank PLC

The departments of NCC Bank PLC include the Operations, Finance, Engineering and Technical, Legal, Marketing, and Sales departments. Other divisions are the Risk Management, Retail Banking, International, Treasury, Human Resources, and Corporate Banking divisions, with certain departments such as Customer Service and the Complaint Management Cell also existing.

- Operations: An important operation, probably dealing with everyday transactions and customer service.
- Finance: Manages the financial operations of the bank and reports to the Chief Financial Officer (CFO).

- Risk Management: Evaluates and deals with financial risk and is a member of the Sustainable Finance Committee.
- Retail Banking: Retail banking is about products and services to individual customers, including loans to customers and accounts.
- Global: Transacts in international trade, foreign exchange, and international service.
- Marketing and Sales: Supervises the advertising of the products and services of the bank.
- Treasury: It offers a broad variety of products, such as foreign exchange and money market.
- Human Resources (HRD): It is in charge of the functions related to employees, and a Customer Service and Complaint Management Cell are also found.
- Legal: Deals with compliance issues and all legal concerns.
- Engineering & Technical: A unit that deals with technical and engineering requirements, especially for the infrastructure and systems of the bank.
- Corporate Banking: It deals with relationships and services of corporate clients.

2.3.2 Management of NCC Bank PLC

The Board of Directors of NCC Bank has the most power to make decisions regarding the operations of the bank. It has a board of 14 highly qualified and experienced members who have good academic backgrounds and vast business experience. S.M. Abu Mohsin is the present chairman of the board.

Regular board meetings are conducted to assess and provide direction to the general performance and direction of the bank. The board is assisted by a number of specialized committees that help in maintaining efficient management and running smooth operations. These include:

- Board of Directors Advisory Committee: the people who advise on critical strategic and operational issues.
- Policy Committee: which reviews and drafts all issues that pertain to the policy of the bank; they sit twice in a month.

- Executive Committee: a weekly meeting that discusses and makes decisions on key business and administrative matters.
- Credit Committee: which is in charge of loan approvals, credit policies, and risk management of lending activities.

2.3.3 Management Structure of NCC Bank PLC

Managing Director (MD)
V
Deputy Managing Director (DMD)
V
Senior Executive Vice President
V
Executive Vice President
V
Senior Vice President
V
First Vice President
V
Vice President (VP)
V
Senior Assistant vice President
V
Assistant vice President (AVP)
V
Senior Executive Officer (SEO)
V
Executive Officer (EO)
V
Senior Officer (SO)
V
Officer
V
Junior Officer

2.3.4 Recruitment Selection

NCC Bank PLC has a recruitment policy that is free and fair to attract competent and deserving candidates. Vacancies and job requirements are identified, and the process begins with advertising via websites, job portals, and media. The shortlisting includes the screening of applications and written tests, interviews, or assessments of shortlisted candidates. Recruitment is done on the basis of merit, skills, experience, and compatibility with the bank's values. The bank grants all applicants equal opportunity and carries out background checks before final hiring. Candidates are offered jobs and invited through the onboarding process once they are selected.

2.4 Marketing Practices

2.4.1 NCC Bank PLC Mark Marketing Strategy

The primary marketing objective of NCC Bank is to establish trust and good rapport that is long-term with the customers. They are aiming at providing better service, modern technology, and easy access to financial products to their customers. The bank has also increased its digital services and agent banking in the past few years to make its services reach more individuals in Bangladesh. They do not compete on the basis of reducing interest rates but rather are there to capture the customers with quick, friendly, and digital banking services.

2.4.2 Target Customers, Targeting, and Positioning.

There are various categories of customers who are served by NCC Bank. Their key customer bases are:

- Corporate clients: business organizations of a large size that require trade finance, loans, and treasury.
- SME and CMSME entrepreneurs: small business owners who require working capital or business loans.
- Retail clients: consumers of savings accounts, DPS, home mortgages, and cards.
- Unbanked and rural customers: Agent banking and mobile services.

2.4.3 Marketing Channels

NCC Bank targets the customers in physical and digital avenues.

Physical Channel:

There are more than 125 branches and sub-branches in Bangladesh. ATMs and agent banking stores to serve urban and rural clients. Direct service using relationship managers in corporate banking.

Digital Channels:

- NCC Smart App and NCC Always Internet Banking 24/7 online service.
- Paperless account management portal (website and customer self-service (CSS)).
- Facebook, LinkedIn, and YouTube to post updates, job advertisements, and promotions.

2.4.4 Product and New Product Development.

NCC Bank is always bringing in new and better products to satisfy the needs of the customers.

Their latest innovations have been

- NCC Smart App & Internet Banking (NCC Always)- full parking digital banking system, no paper.
- Special cards such as NCC Parama Visa Debit and credit cards are female-oriented.
- To promote financial inclusion, the rural regions are factored in through agent banking.

2.4.5 Branding Activities

- The brand of NCC Bank is associated with trust, reliability, and progress.
- They do not change the brand across all media, i.e., same logo, color, and slogan.
- The bank markets its image as education support, healthcare, and environmental projects are some of the CSR programs.
- The Foundation Day, National Banking Day, and Women's Day.

- Employee branding, in which the employees are trained to provide friendly, customer-oriented service.

2.4.6 Advertising and Promotion Strategy.

The NCC bank employs both conventional and online advertising to attract customers.

<u>Traditional promotion:</u>

They promote using newspapers, TV, banners, and sponsoring some social or cultural events.

<u>Digital promotion:</u>

NCC Bank is increasingly going to be active in social media. Their Facebook page and LinkedIn profile are updated with the new services, employment options, and CSR activities. The bank used online press releases and media partnerships to promote product launches such as the NCC Always app.

2.4.7 Critical Marketing Problems and Gaps.

- Poor social media interaction: The posts are quite informative, but not interactive. Increased interaction with customers or narrative information might be beneficial.
- Visual branding: The design and visuals are old, and modern visuals would appeal to younger customers.
- Gap between cross-selling: NCC would encourage product combinations such as providing a card facility to loan clients or digital banking to savings account holders.

2.5 Financial performance and accounting practices

Year	2022	2023	2024
Credit Deposit Ratio (%)	76.83%	85.57%	82.30%
Leverage Ratio (%)	7.52%	7.80%	7.49%
Liquidity Coverage Ratio (%)	115.23%	121.34%	114.78%
Net Stable Funding Ratio (%)	105.56%	104.78%	110.66%

Figure-03

This credit deposit ratio indicates the percentage of the bank deposit funds that are distributed as loans. In 2022 the NCC Bank loaned about 76.83% of the deposits. It increased to 85.57% in 2023, indicating that the bank was lending more actively. However, in 2024, it declined to 82.30% which indicates the bank was more cautious. The leverage ratio is the amount of own money (capital) that supports the total assets of the bank. Compared to the three years, the ratio remained nearly the same at approximately 7.5%, indicating that the capital strength of the bank is steady. That means the bank is not borrowing too much money and is having a good balance between the loaned money and bank capital. The liquidity coverage ratio is a measure of whether the bank has enough high-quality liquid assets to survive a short-term financial crisis, like a sudden withdrawal of deposits. The LCR remained above 100% in all years, which means NCC Bank always had more liquid assets than required by the central bank. This is a very positive sign. The bank is maintaining sufficient liquidity to meet any unexpected cash outflows or financial shocks. The net stable funding ratio demonstrates whether the bank has sufficient long-term and stable funds to fund the business. The ratio was better in 2024, that is, the source of funding of the bank got stronger and more reliable. Simply say that NCC Bank is operating long-term deposits and stable funds to keep the business running without liquidity pressure. Below, I have given a chart of the liquidity ratio.

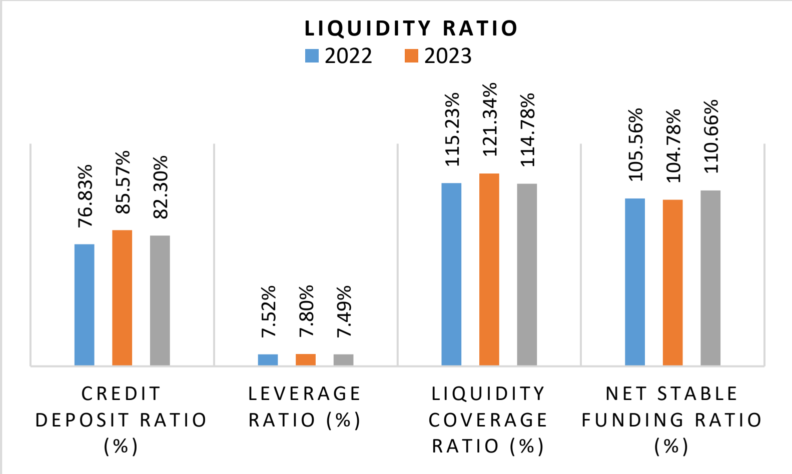


Figure-04

Now I am showing the interpretation of NCC Bank PLC's financial ratios last 3 years (2022-2024)

Year	2022	2023	2024
ROA	0.92%	0.74%	0.70%
ROE	11.68%	9.74%	9.52%
Cost Incone Ratio	43.56%	43.20%	36.88%
Gross Income Ratio	12.16%	8.73%	6.72%

Figure-05

The overall performance of NCC Bank in the past three years has recorded both good and challenging results. To begin with, the Return on Assets (ROA) decreased from 2022 (0.92%) to 2024 (0.70%). It indicates that the bank continues to make a profit on its assets, albeit less efficiently than previously. In simple terms, the bank is expanding its assets, but profits are not rising at the same rate. Secondly, the Return on Equity (ROE) was also slightly decreased, as well, it was dropped to 9.52% in comparison to 11.68%. It indicates that investors are receiving less on their investment as in the past years. This may occur in case the costs are rising or loan recoveries are difficult. On the positive aspect, the Cost-to-Income Ratio has been improved significantly; it used to be 43.56% and now it is 36.88%. This is a very good indicator since it shows that the bank is operating with much more efficiency. The bank has less to spend than previously, and more to profit, on every 100 takas. However, the Gross Income Ratio reduced from 12.16% to 6.72%. This implies that the overall bank's income relative to their total assets is decreased. In summary, income growth has slowed down, which may be due to the increasing competition, lower lending rates, or increased trouble during operations.

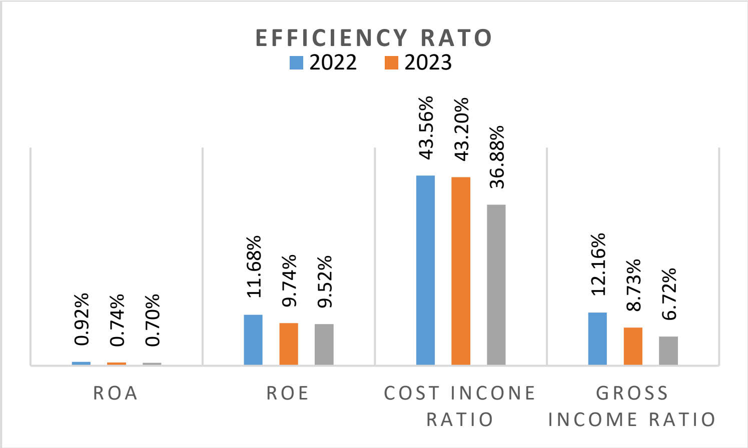


Figure-06

2.5.1 Accounting Practices

The accounting system of NCC Bank is well organized and transparent, making the bank's financial reports reliable, accurate, and of national and international standards. According to the last three years of financial information (from 2022 to 2024), the main accounting features can be summarized as follows:

Core Accounting Principles:

NCC Bank is committed to strictly following Bangladesh Financial Reporting Standards (BFRS) and International Financial Reporting Standards (IFRS). This means that the bank financial reports are prepared in a fair and honest way, representing the actual picture of the financial performance and position. The external auditors examine all the statements, which makes it even more credible and accurate.

Method of Accounting: -

The accrual accounting method is followed by NCC Bank PLC. That is, income and expenses are earned or incurred, not received in cash or paid in cash. The approach gives a more realistic picture of the financial performance of the bank.

Accounting Cycle:

The accounting cycle of the bank is well-organized, the daily records are prepared and made with accurate entries, trial balances are made, errors are corrected, ledgers are chosen and financial statements are made at the end of each accounting period.

Depreciation Method: -

The bank attaches the straight-line approach to the depreciation of the fixed assets of the bank, like buildings, equipment, and furniture. It means that all assets are depreciated the same amount per year throughout their useful life. This straightforward and consistent approach ensures that the values of assets are fairly adjusted over time.

Accounting Disclosures:

NCC Bank has very clear and explicit disclosures in the notes to its financial statements. These include significant accounting policies employed, related party transactions, contingent liabilities, and risk management practices. Any alterations in estimations or assumptions. This transparency will assist investors, regulators, and other stakeholders to fully appreciating the way the bank conducts its operations and how it uses its finances.

Overall Comment

Generally, NCC Bank has good and standard accounting practices. It prepares its reports with due care, accuracy, and honesty, in compliance with all relevant accounting rules and principles. This not only develops trust with the stakeholders but also helps in proper financial management and decision-making within the organization.

2.6 Operations Management and Information System Practices

NCC Bank PLC has made significant steps in recent years to modernize its operations and enhance information systems. In 2025, the bank collaborated with Flora Systems Limited to expand its Core Banking System (CBS) from version 18.4 to 22.4 (Digital Bangla Tech, 2025).

The purpose of this upgrade is to enhance the speed of transactions, data security, and efficiency in all branches. The Flora Bank CBS system incorporates all the customer accounts, deposits, loans, and digital transactions in a single safe platform.

The bank has also introduced the NCC Always Mobile App and Customer Self-Service (CSS) portal that enables customers to carry out fund transfers, bill payments, and account management at any time (The Business Standard, 2024). These platforms are in line with real-time digital services and meet the objective of the bank to offer smart paperless banking.

Regarding data security, NCC Bank is implementing Thales Luna Hardware Security Modules (HSMs) to have their system encrypted and securely process transactions in real-time payments, such as the Bangladesh Bank platform named Binimoy (Thales Group, 2024). It will provide data security for the customers and lower the chances of cyber threats.

In the case of specialized services, the bank launched the Islamic Banking Solutions software together with Millennium Information Solution Ltd., and these are additional digital applications that the bank uses to offer Shariah-compliant banking (The Business Standard, 2023). It also utilizes the structured databases, HR programs, and document management applications to manage the daily activities of the office effectively.

2.7 Industry and Competitive Analysis

2.7.1 Five Forces Analysis of NCC Bank PLC

Competition among the competitors (Very high): The banking industry of Bangladesh is highly competitive; there are numerous foreign banks and state-owned banks, as well as private banks. NCC Bank is competing with bigger private banks that have broader networks and better brand images. This challenging competition decreases profit margins and encourages NCC Bank to pay more attention to digital banking and improve customer service.

Customer bargaining power (High): Consumers now have numerous options. They find it easy to transfer to a different bank with superior loan rates or services. There are individual and corporate clients who bargain for the fees and rates, and this provides them with high bargaining power. Online banking also makes switching even easier due to its emergence.

Risk of new entrants (low to moderate). The process of opening a new bank is not simple due to the stringent regulations of the Bangladesh Bank and the cost of opening a new bank. But mobile banking applications and fintech firms are also entering into financial market, which provides part of the services, such as payments and small loans; this indirectly enhances competition.

Threat of substitutes (Moderate and Growing): Mobile wallets, fintech applications, and online payment systems are emerging as alternatives to traditional banking. They deal with such issues as payments, small loans, and remittances. Banks continue to control deposits and substantial loans, but these alternatives are forcing NCC to go more digital and innovative.

Supplier bargaining power (Moderate): In the banking sector, depositors (as a source of funding) and technology suppliers are suppliers. The bargaining power of the high depositor is also in a position to negotiate a better rate, thereby affecting the profitability of the bank. The other strategic technology partners like Flora Systems and Thales also help in to enable smooth operations, but they can be replaced as the need arises.

2.7.2 SWOT Analysis

Strengths:

- Large banking services: corporate, SME, and retail.
- Advanced digital banking like NCC Always and an improved core banking system (Flora Bank).

- Local IT partnerships (including the partnership with Thales) improve efficiency and security.

Weaknesses:

- Small in comparison to major privately owned banks.
- There are poor branding and social media.
- Rush in cash service: They do not give a token to the customer to queue, and for this reason, they break the sequence of customers and create problems for other customers.

Opportunities:

- Remittance Service: NCC Bank has added a premium to the foreign remittance services and following the Bangladesh Bank policy. As a super-agent, it has moved on to start remittance business with MoneyGram. At the same time, the Bank has opened remittance drawing bureaus in 32 MTOs throughout the world, including all the major web-based companies.
- When in Bangladesh digital banking and online service are increasing rapidly, this also creates opportunities for this bank to improve and expand their digital banking and online service.
- Remittance growth offers foreign exchange and cross-border banking opportunities.

Threats:

- Changing of Bangladesh bank rules and regulations, high inflation rate, and political instability can impact or threaten the banking sector.
- Cyber risk, Fintech competition is increasing rapidly. If they can't manage or improve technology and cybersecurity, they probably face a problem

- More competition in the banking sector is increasing rapidly, which is also challenging for new entrants.

2.8 Summary

By staying within the parameters of Bangladesh Bank regulations, keeping operational costs in check, and maintaining a good capital base, NCC Bank is showing signs of financial discipline and stability.

However, the bank is still faced with some challenges, such as stiff competition in the market, lack of brand visibility, and growing cyber risks. Despite these obstacles, NCC Bank has continued to be dedicated to customer satisfaction, innovation, and sustainable growth. With further modernization and effective risk management, the bank has very good potential to further strengthen its position in the financial sector of Bangladesh.

2.9 Recommendations/Implications

According to the results of this study, the following recommendations can help NCC Bank to improve its performance:

- Enhance digital marketing and branding—The bank should make its social media presence and online presence more interesting to attract the younger customers.
- Strengthen cyber security—As the bank goes more digital, it is important to invest in advanced security systems and employee training.
- Improve customer service—Faster response times and personalized services can help to build stronger customer loyalty.
- Focus on SME and rural banking— The expansion of agent banking and support of small businesses can lead to increased profitability and social impact.
- Encourage innovation and use of technology—introduction of AI-based monitoring and customer analytics can help in reducing risk and increasing efficiency.

- Continuous employee training—Training programs should be improved so that employees can adjust to digital transformation and new-age banking.

Chapter 03

3.1 Introduction

Credit is a very important thing in trade, commerce, and the growth of the whole economy. Without proper credit facilities, the economy will slow down or even stop. However, lending money always comes with certain risks and uncertainties. While it can be a profitable activity, there is also a risk of the bank losing money if the borrowers fail to repay their loans. Therefore, to manage these challenges, banks need to have strong credit risk management systems in place.

3.1.1 Background and Problem Statement

I have worked in various departments of NCC Bank PLC in Mirpur Branch. In this report, I will try to make and focus on the credit risk management of NCC Bank. This report is on the basis of the analysis of the credit risk management of NCC Bank Limited. The primary object of the research is to learn how the bank can reduce the risk of losses by keeping its capital sufficient and healthy. It also seeks to understand how NCC Bank tries to achieve a higher risk-adjusted return while maintaining appropriate levels of credit risks. In addition, the report offers a number of recommendations to enable the bank to enhance its investment strategies, enhance future initiatives, and overcome current weaknesses. Overall, the study highlights the effectiveness of credit risk management in improving the stability and profitability of the bank.

3.1.2 Objectives of the report

The main purpose of this report is to analyze and evaluate the policies of the NCC Bank PLC regarding Credit Risk Management with a special reference to how the bank recognizes, measures, monitors, and controls the credit risks in order to maintain financial stability and profitability.

- Understand how NCC Bank makes loans and the loan disbursement process
- Analyze the bank's management of non-performing assets
- Identify the tools and methods used to minimize the risk of loans.
- Assess the bank applies the credit risk management systems well.
- Show how assets are measured in terms of their performance by credit ratings.
- Explore a way to minimize default risk.

- Regression analysis between loans and advances and Interest income on loans and advances.

3.1.3 Significance of the study

The primary goal of this report is to know how NCC Bank manages credit risk in giving out loans. The credit department of NCC Bank has other important functions such as keeping track of the borrowers who take loans from the bank and how NCC Bank approves loans of borrowers. If a borrower fails to repay the loan in time what steps are taken by NCC bank. This report discusses how they mitigate the default risk by following Bangladesh Bank's rules and regulations and the internal guidelines.

3.1.4 Scope of the study

This report has been done out of observation and research during the internship. In this report, the interest of this research will be the general credit management process at the NCC Bank Limited. This report includes correct details regarding the merits and position of credit risk management and the overall process of receiving credit, the way of diminishing credit risk.

3.2 Literature review

Uddin et al. (2023) studied how credit risk management impacts the financial performance of selected listed commercial banks in Bangladesh. Their results showed that good credit risk management has a positive effect on the profitability and financial health of banks.

Islam and Rana (2022) studied the effect of the indicators of credit risk management on the performance of state-owned commercial banks in Bangladesh. Their research focused on the importance of credit risk management for improving bank performance and sustainable development objectives.

3.3 Methodology

Research Design

This study follows the qualitative case study design on the Credit Risk Management Practices of NCC Bank PLC. The case study design is suitable because it enables an in-depth understanding of the identification, measurement, monitoring, and control of credit risks undertaken by the bank in its operation. The analysis combines both qualitative information provided by employee experiences and quantitative information from NCC Bank's financial reports (2022-2024), which guarantees a full analysis of credit risk management efficiency.

Data Sources

Primary Data

- Observation: Practical observation was done during my internship in the Credit Department of NCC Bank. I observed the process of credit processing, loan sanctioning, monitoring, and recovery.
- Employee Interviews: Semi-structured interviews were held with two officials - one in the Credit Department and one with General Banking - to gain an understanding of the credit evaluation process, monitoring of loans, methods of recovery, and problems faced.
- Practical Work Experience: My practical work on loan file management, document verification, and data entry provided valuable insights into the day-to-day credit risk operations of the bank.

Secondary Data

- NCC Bank Annual Reports (2022-2024): Used to gather the information on the financial performance, non-performing loans (NPL), and credit risk indicators.
- Bangladesh Bank Reports (2022-2024): Gave information on sectoral trends of credit risk and regulatory requirements of risk-based capital (Basel III).
- Published Research and Articles: Related academic research, books and online sources were reviewed in order to understand theoretical concepts and best practices in credit risk management.

- Official NCC Bank Website: Provided updated policy information and product details relevant to the operation of credit.

Data Analysis

A mixed-method approach to analysis was employed:

Quantitative Analysis: Ratio and trend analysis was performed based on financial data of NCC Bank's annual reports. Key ratios like ROA, ROE, cost to income ratio, and capital adequacy ratio were also analyzed to check performance and quality of credit. Then regression analysis this analysis was used to study the relationship between loans & advances and interest income.

Qualitative Analysis: Thematic analysis was applied to analyze the responses of interviews and field observations. Common themes like credit policy, loan monitoring, risk mitigation and recovery practices were identified and made comparable with the secondary data for validity and reliability.

3.4 Findings and Analysis

3.4.1 Credit Policy on NCC Bank PLC

NCC Bank PLC formulates its credit policy to contribute to the country's overall economic growth through trade, commerce, and industry. The bank offers financial support to large and medium-sized enterprises as well as promoting small entrepreneurs through various credit programs. From the operational point of view, NCC Bank PLC follows some important policies:

- It focuses on the customer ("the person") as much as on the business potential, not just on the collateral or security.
- The bank ensures that it has a diversified credit portfolio to reduce risk.
- It maintains a balance of short-term, medium-term, and long-term finance.

- Interest rates are determined depending on the character of the proposal and credibility of the customer

3.4.2 Credit Approval

NCC Bank has a systematic credit process of borrowing in order to make good lending decisions. Significant credit exposures to individual borrowers, business groups or retail portfolios are thoroughly discussed and approved by the Risk Review Unit. The approval is delegated to senior executives by the Board of Directors under the basis of their experience, competence and business judgment. In order to ensure transparency and reduce conflicts of interest, credit origination (loan proposal) and approval functions are kept entirely separate.

3.4.3 Credit Monitoring

NCC Bank regularly reviews all the loans it has granted to ensure that the customers are paying in time and there are no major risks. Both the branch offices and the head office monitor loan performance and look for changes in the economy or business environment that might affect borrowers. If a customer begins to show signs of financial difficulties (for example, they are paying late or have lost business), the customer's account is tagged as Early Alert (EA) in order for the bank to take action quickly. The bank then assesses the situation and determines the course of action such as modification of payment terms or action to be taken for recovery of the loan. Additionally, in retail loans (such as personal or small business loans), the bank also keeps track of people's payment frequency and overall behavior before approving new loans in the future. If borrowers completely stop paying, the account is transferred to the collection team, who try to collect the money. Failure to recover the money means that the case is handled by the Legal and Recovery Division (LMRD) who take legal action to recover the money.

3.4.4 Overall procedures for sanctioning loan

i) Information Sheet:

The bank provides the first information sheet to the borrower for filling up all the required information. It contains the following details:

- Name of the company and the location of its plant.

- Name and telephone number of Officers.
- Names and education level of the main sponsors
- The corporate information of the sponsors with a past and upcoming record.

ii) Submission of Application for Investment

Once the bank has obtained the initial information of the borrower, it verifies all the information and also verifies the borrower account in the bank. When all information provided is acceptable, the bank will provide the prospective borrower with an application or an investment form.

iii) Collecting CIB Report from Bangladesh Bank

On receiving the advance application, the bank issues a letter to Bangladesh Bank asking for its report. The report is known as the CIB (Credit Information Bureau) report. For all types of investments, this report is required from the central office by NCC Bank. The purpose of the CIB report is to determine if the borrower has availed a loan from any other bank and, if yes, the extent to which the borrower is indebted to any bank.

iv) Preparation of Investment Proposal:

Following the report of the CIB (Credit Information Bureau), the respective branch drafts an investment proposal, which describes all terms and conditions of the investment. This proposal is then sent to the Head Office to approve. The following will be needed to send the investment proposal:

- Loan application form
- Borrower Declaration
- Photo of a borrower that has been attested
- Profile of the borrower
- Limit sanction
- Credit report
- Legal verification
- Business entities: Memorandum and Articles of Association.
- Trade license
- Copy of title deeds
- Tax clearance certificate

v) Credit line proposal:

When the officer believes the initiative is viable, he will post a proposal. NCC Bank prepares the proposal in a specific format termed as investment proposal. It has the following information:

- Date of Incorporation,
- Experienced main sponsor/director
- Details and location of capital
- Date of opening account, business nature, facts of previous penalties etc.
- Safety and security (actual and suggested),
- Specifications of the working of the account,
- Deposit data, other bank related obligations and liabilities.
- CIB report
- Rated capacity of the project (item-wise),
- At the period of purchase of production
- Earnings for the time period

vi) Head Office Approval:

After receiving the branch proposal of investment, the Head Office aging reviews the project. Once the investment appears to be viable, the head office forwards it to its Board of Directors where it is approved. The proposal is discussed by the Board of Directors and the decision on whether the investment will be passed or not will be made. The branch receives approval by the head office under conditions in case the committee approves the investment. These include:

- Any other terms and conditions such as per the policy and practice of the bank in making such advances to serve the interest of the bank shall apply to this sanction too.
- The bank may, at any time, revise, vary or cancel the terms and conditions of the sanction at any particular period, and the customer will be bound indefinitely.
- The sanctioned amount must not be more than the branch.
- Stamped charged documents should be taken.
- The drawings will be permitted once every requirement of the mortgage and other security arrangements are met.

vii) Sanction Letter:

When it receives the approval of the HO, the branch sends out a letter of sanctions to the borrower. A sanction letter is infected in some important information among others.

viii) Documentation:

The process of the documentation started when the borrower signed on the sanction letter. Documentation is a written statement of fact which demonstrates some transactions with legal consequences, and is signed by people with legal authority. The most common paper that the NCC Bank uses to sanction different kinds of investment.

ix) Loan Disbursement:

The bank will advance the loan to the borrower when it has confirmed all the paperwork. The borrower is also given a loan payback schedule that is prepared by the bank.

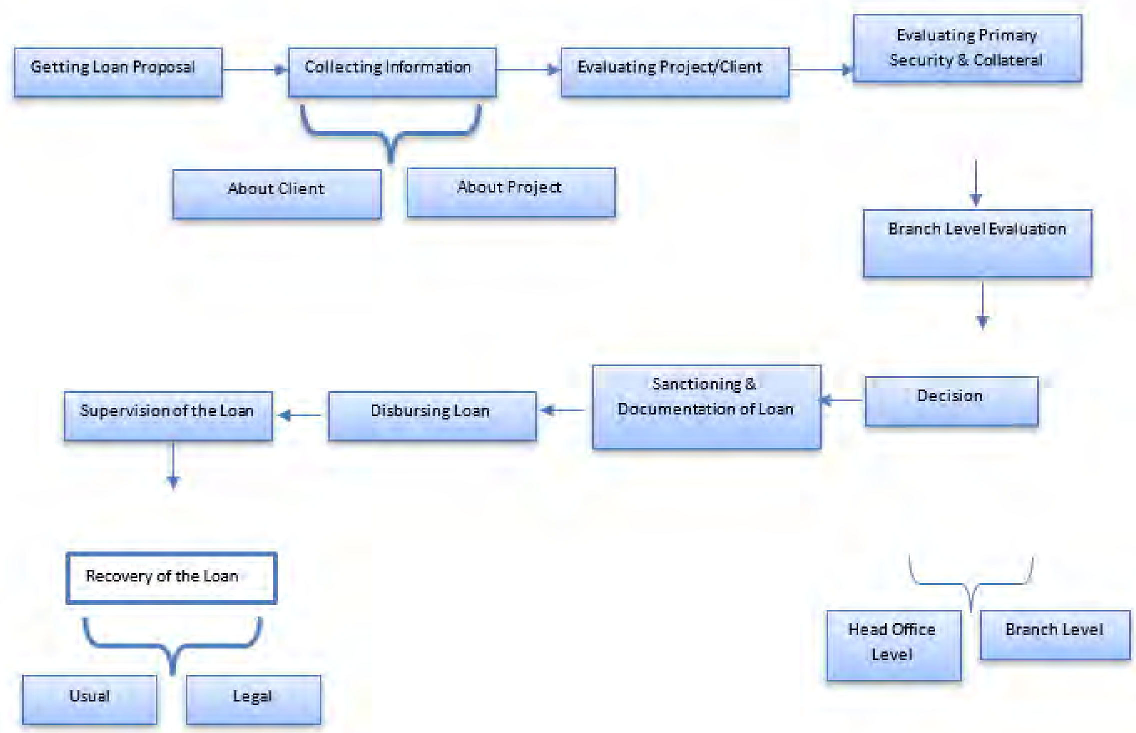


Figure-07

3.4.5 Principle of Sound Lending

Safety	Verifies credit history and repayment ability
Liquidity	Prefers short-term and SME loans
Profitability	Charges interest to guarantee good returns

Purpose	Loan only for productive and legal purposes
Security	Requires collateral or guarantees
Diversification	Corporate insurance provides a way to widely diversify risk
Character	Verifies borrower's reputation through CIB

3.4.6 The 5Cs of Credit Analysis of NCC Bank

Before making any loan, NCC Bank carefully analyzes the borrower on the basis of the 5Cs of Credit Analysis: Character, Capacity, Capital, Collateral, and Conditions. These factors help the bank to judge the reliability of the borrower and his ability to pay.

- Character:
  This refers to the borrower's credit reputation, as well as past behavior in dealing with debts. The bank checks the customer's past loan history to determine if he/she has had good credit discipline or defaulted in the past.
- Capacity:
  Capacity determines the borrower's capacity to repay the loan on time. The bank assesses the applicant's income, business performance, and cash flow to ensure that he or she can meet the obligations of the repayment without financial stress.
- Capital:
  Capital is the financial strength of the borrower or the amount of investment that he or she has made in his or her own business. NCC Bank checks whether the sector or the project in which the borrower is proposing to invest is a profitable and sustainable one.
- Collateral:
  Collateral is the security promised by the borrower to the lender. For example, if someone takes a loan of BDT 40,000, he/she must give assets of equal value as security. This insures the bank against possible losses in case the borrower cannot repay the money.
- Conditions:
  "Conditions" refers to the words and requirements given by the bank when granting a loan. These may be repayment schedules, interest rates or special business restrictions. Borrowers have to follow these conditions in order to have good standing with the bank.

After consideration of all 5 factors, NCC Bank makes a decision on whether to approve or reject the loan application. This systematic approach helps to ensure responsible lending practices and reduce the risk of credit.

3.4.7 Loan Classification and Past Due Definition (According To NCC Bank & Bangladesh Bank Guidelines)

NCC Bank Limited (NCCBL) as per Bangladesh Bank's guidelines classifies loan and advances to ensure proper credit discipline along with credit risk minimization. Loans are classified on the basis of quantitative (objective) and qualitative (judgmental) criteria into four major types:

- Continuous Loan
- Demand Loan Fixed
- Term Loan
- Agricultural/Micro Credit (Short Term)

Definition of Past Due/Overdue Loans:

- Continuous Loan: Defaults if not repaid or renewed before expiry date.
- Demand Loan: Said to be past due after the fixed repayment date or demand by the bank.
- Fixed Term Loan: Any payment that is not paid before the due date is considered past due.
- Short-term Agricultural & Micro Credit—1. Considered as past due after half a year of expiry date.

Loan Classification System: Loans have three stages according to overdue periods:

- Sub-standard
- Doubtful
- Bad & Loss

Length of overdue	Status of classification	Rate of provision
Less than 3 months	Unclassified loan	1%
3 to 6 months	Substandard Loan	20%
6 to12 months	Doubtful Loan	50%
12 months and above	Bad Loss Loan	100%

Figure-08

Early detection of non-performing loans through identification of overdue and impaired loans allows the bank to implement preventive actions to minimize non-performing assets and protect the overall credit health.

3.4.8 Credit Risk Identification and Measurement

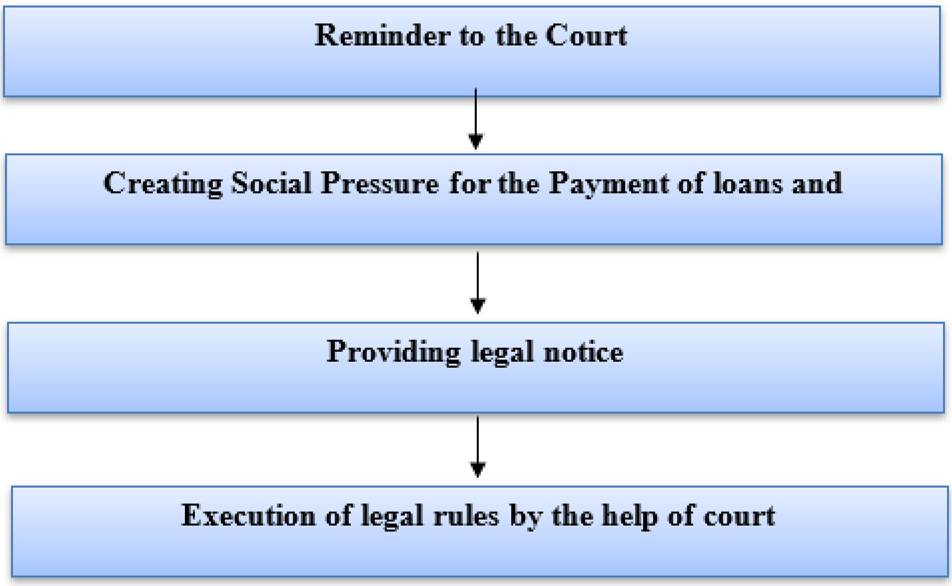
Based on the guidelines of Bangladesh Bank, NCC Bank employs the standardized approach of quantifying credit risk. It uses External Credit Assessment Institutions (ECAIs) to provide credit ratings of banks, non-banking financial institutions (NBFIs), corporate clients, and qualified SMEs. Another risk management technique used by the bank in dealing with the risks associated with financial securities and loan guarantees is known as the Credit Risk Mitigation (CRM). Credit risk identification assists the bank to identify potential risks prior to granting or handling loans. The system applied by NCC Bank is the Credit Risk Grading, which is a standardized approach to corporate and SME banking.

3.4.9 Credit Risk mitigation

NCC Bank uses various tools or methods to reduce credit risk. These tools are collateral, insurance, agreements and guarantees. They use these tools or methods to help protect against potential future credit risks. The bank ensures that these protections are legally valid, enforceable, and fairly valued before agreeing to these protections. It also makes sure that the guarantor or the collateral provider is financially viable. The collateral that NCC Bank accepts is cash or fixed deposits. Domestic, commercial or industrial property, Fixed assets—vehicles, machinery, etc., and tradeable securities (such as shares, bonds, and so forth). Commodities, bank guarantees, and letters of credit. The bank frequently revalues the collateral based on the frequency of market prices, i.e. property may be recalculated once in a year, whilst marketable securities may be examined more often. In case of impairment (non-performing) of a loan, the bank holds the collateral at a fair market value in order to record the loan correctly and develop a recovery plan.

3.4.10 Recovery Procedure of NCC Bank

When a borrower does not repay the loan within the scheduled time, NCC Bank declares the individual a defaulter and proceeds to claim the money. This can involve auctioning off the collateral of the borrower, freezing his bank account, or legal action. The recovery process of NCC Bank is a collaborative initiative between the bank, society, and legal authorities. It is about a systematic process and involves four key steps aimed at recovering the loan in a cost-effective manner with minimum time, cost, and effort.



3.4.11 Credit Risk Management of NCC Bank

NCC Bank has taken serious measures in handling the credit risk in all forms of banking, including corporate, commercial, personal, and treasury banking, through the formulation of stringent credit policies, credit processes, and controls. The major responsibilities are

- The Bank has been overseeing all the credit risks generated by the corporate/commercial banking of the institutions, retail banking, the treasury business, credit policies, processes, and controls of the bank.
- To handle all classified accounts and recover the maximum account and bank recovers in due time and in adequate amounts.
- Credit Approval: It involves giving or refusing credit applications within set limits. When the exposure of a borrower is beyond the limit, then there are recommendations to the MD/CEO.
- Advice and Counseling: Helping line management and relationship managers with credit issues.
- Training & Expertise: Making sure that loan officers are trained and skilled on how to deal with credit effectively.
- Security Documentation: It is a matter of ensuring that all loan documents are complete, enforceable, and in compliance with approval requirements.
- Insurance Coverage: Making sure that assets provided as security are well insured and assigned to the bank.
- Loan Disbursement: Release of loan money upon completion of all terms, conditions, and security documentation.
- Collateral Control: Strict control of all collateral and security papers to secure the interests of the bank.

3.4.12 Challenges faced by Credit Department

Though NCC Bank is getting better when it comes to managing loans, a percentage of the loans are still problematic at about 5%. Recovery is challenging for a number of reasons:

Economic Problems

- New management: New managers are recruited in a company who delays repayments.
- Failing businesses: A textile factory takes a loan to improve business but it fails to make a profit.
- Market Competition: A small steel business shut down because the imported steel is cheaper and therefore the loan turns into a bad loan.
- Rapid growth: Growing restaurant chain takes out money to expand but goes bankrupt in one year.

Government-Related Problems

- Pressure from powerful individuals: A local politician puts pressure on the bank to hold off on action on his loan.
- Weak laws: The defaulter does not pay because the existing legal system is slow or weak.
- Policy changes: The government alters policies related to loan recovery, making it confusing for the bank on how to recover.

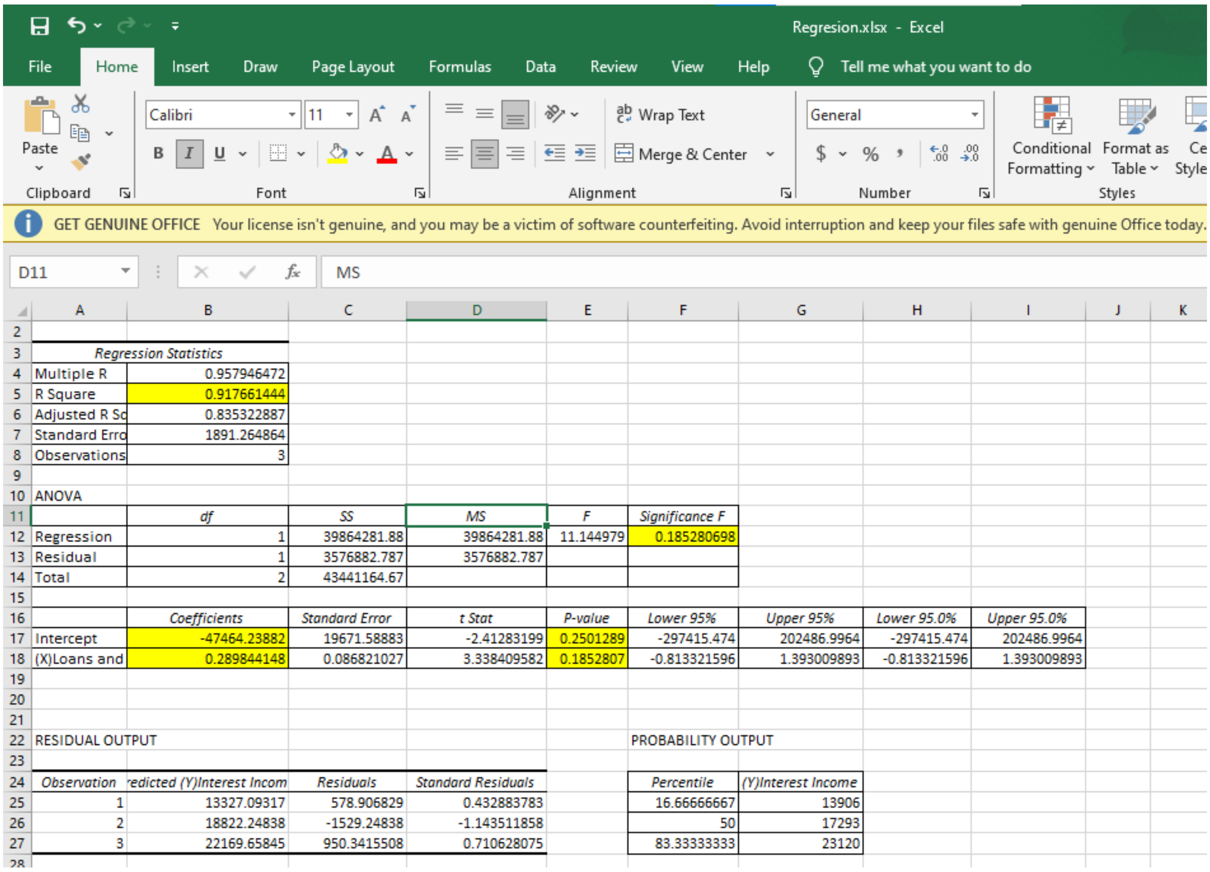
Political Problems

- A politician borrows money to build something, but he or she doesn't repay the money, so the bank has to write it off.

3.4.13 Credit Rating Report of NCC Bank

Year	Long-term	Short-term	Outlook
2022	AA	ST-1	Stable
2023	AA+	ST-1	Stable
2024	AA+	ST-1	Stable

3.4.14 Regression analysis between loans and advances and Interest income on loans and advances



Regression Statistics	
Multiple R	0.957946472
R Square	0.917661444
Adjusted R Sq	0.835322887
Standard Erro	1891.264864
Observations	3

ANOVA

	df	SS	MS	F	Significance F
Regression	1	39864281.88	39864281.88	11.144979	0.185280698
Residual	1	3576882.787	3576882.787		
Total	2	43441164.67			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	-47464.23882	19671.58883	-2.41283199	0.2501289	-297415.474	202486.9964	-297415.474	202486.9964
(X)Loans and	0.289844148	0.086821027	3.338409582	0.1852807	-0.813321596	1.393009893	-0.813321596	1.393009893

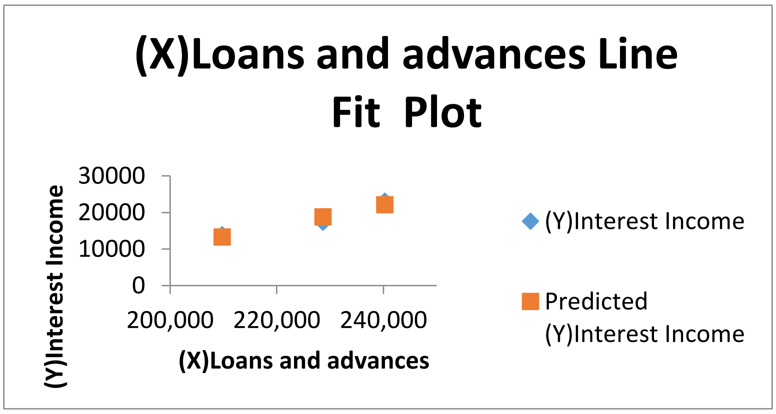
RESIDUAL OUTPUT

Observation	redicted (Y)Interest Incom	Residuals	Standard Residuals
1	13327.09317	578.906829	0.432883783
2	18822.24838	-1529.24838	-1.143511858
3	22169.65845	950.3415508	0.710628075

PROBABILITY OUTPUT

Percentile	(Y)Interest Income
16.66666667	13906
50	17293
83.33333333	23120

Figure-09



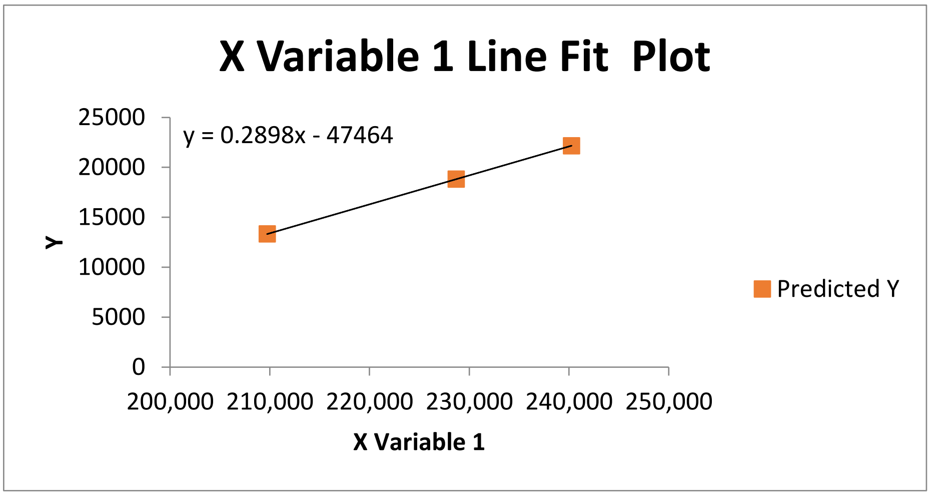


Figure-10

Here, loans and advances (X) independent variable, and Interest income on loans and advances dependent variable (Y). So that means if the loan increases, interest income will increase. Here we see that multiple R = 0.9579 that means there is a strong positive relationship between loans and advances and Interest income on loans and advances. Then I found out that R square=0.9176 means loans and advances changed strongly, affecting interest income on loans and advances. Then, I found out p = 0.2501, which is greater than 0.05. In that case, it is a null hypothesis, which means there is no relationship between loans and advances and Interest income on loans and advances, because this data sample size is low but it doesn't mean that there is no relationship between them, but also there is a strong relationship also with multiple R= 0.9579. We saw that from 2022 to 2024, when loans and advances increase, the interest income on loans and advances increases, which is +3,387 from year to 2022 to 2033 and from 2023 to 2024, interest income on loans and advances increases by +5,827. Then I find out (**Y=0.289*X -47464**) from regression analysis. Because interest income depends on loan. Here, we see Coefficient X (loans and advances) =0.289. This value is positive. That means if loans and advances increase the value of interest income on loans and advances will increase. For every one crore taka, there will be an increase in interest income on loans and advances of 29 lac taka.

3.5 Summary and Conclusion

NCC Bank in comparison to other banks takes a central role in social economic development of the country. The bank is already in good performance. Based on its performance analysis, there be an opportunity to drive growth with the valid policy implications. During the internship period I observed that the working environment of NCC Bank is extremely friendly. as compared with the just established banks, NCC Bank has a competitive edge, which takes the form of a wide range of activities. The bank has been capable of expanding its operations in mass banking as opposed to the focus on niches.

3.6 Recommendations

Based on analyzing the credit risk management of NCC Bank during my internship, I would like to suggest that certain issues should be addressed by NCC Bank. In order to enhance its credit risk management process, NCCBL will need the following recommendations:

NCCBL needs to diversify loans to other areas.

- It can attempt to lower interest rate of loan as per the statement of the Government to help reduce the risk of default.
- A good monitoring system can be established in order to prevent default of the loan.
- Deposit mobilization of NCC BL has grown over the years in terms of investment opportunity and new deposit scheme introductions.
- The growth rate is fluctuating. The bank needs to focus on the growth rate.
- KYC information and NID verification can enable them to give loan to proper customers.

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Appendix A

NCC Bank
with you always

ন্যাশনাল ক্রেডিট এন্ড কমার্স ব্যাংক পিএলসি
NATIONAL CREDIT AND COMMERCE BANK PLC.

HUMAN RESOURCES DIVISION

NCCB/HO/HRD/Mirpur/Intern-01/2025

August 03, 2025

Tahsina Rahman
Joint Director
Office of Career Services & Alumni Relations (OCSAR)
BRAC University
Level: 03, Bir Uttam Islam Avenue
Merul Badda
Dhaka-1212.

Subject : Acceptance favoring Mr. Md. Ibrahim Khalil, ID#:20204016, BBA Student as preparer of Intern-report.

Dear Sir/Madam,

Resting on the above, we would like to inform that Management of the Bank has accorded permission favoring the student named in the caption to prepare an intern-report in NCC Bank in compliance with following conditions & formalities to be complied.

About Intern Report :	**Preparer of the Intern-report must comply:-**
a) Title	a) **"Credit Risk Management of Banks : A look from NCC Bank PLC."**
b) Maxi. Time Allowed	b) **03** months from the date of joining for commencement of the program.
c) Submission to	c) The Head of HR, NCC Bank PLC., HRD, H.O, Dhaka.
d) Submission Mode / Form	d) **Email to hrd@nccbank.com.bd.**
e) Bank's Logo	e) **No permission** to use at anywhere in the intern-report.
f) Title Alteration	f) **Prior approval is required.**
Attachment in Bank:	**For acquiring both operational and academic knowledge on Bank**
a) Operational place	a) **Mirpur Branch, Dhaka.**
b) Academic place	b) Training Institute, Head Office.
c) Status	c) Preparer of intern-report on NCC Bank.
Activities in connection :	**For grooming in corporate culture.**
a) Attendance	a) Advised to maintain a note book & get signature on entry & exit as per schedule from the Incumbents of the places s/he is attached to.
b) Absence	b) Prior permission / Intimation is required for such absence from the Incumbent under whose disposal s/he remains during that period.
c) Dress & behavior	c) Comply with the Official Dress & Decorum.
d) Fidelity & Honesty	d) Must maintain fidelity & honesty.
e) Secrecy	e) Must not disclose any information in any form to any person not related to intern-report preparation.
f) Utilization of Service	f) For Product Marketing, Development & other purposes of the Bank as may suit.

You are requested to acknowledge receipt of this acceptance letter issued in favour of your approach in this regard.

Thanking you.

Yours sincerely,

Md. Forhad Hossain Patwary ACS
Head of HR Operations

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