

# DAFFODIL INTERNATIONAL UNIVERSITY



## Internship Report On:

**Credit Management of Mercantile Bank Limited.**

### Submitted To:

Shahana Kabir.

Assistant professor

Department of Business Administration.

Faculty of Business & Entrepreneurship.

Daffodil International University.

### Submitted By:

Ryhan Hossain

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Major In Accounting.

**Date of Submission:** 20 January 2019.

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## Letter Of Transmittal

Date 20 January 2019.

**To**

Shahana Kabir

Assistant Professor

Department of Business Administration

Faculty of Business and Entrepreneurship

Daffodil International University

**Subject:** Submission of Internship Report.

**Dear Madam,**

It is a great pleasure to me to submit the Internship Report on "**Credit management of Mercantile Bank Limited**" as a condition of the BBA program of the Department of Business Administration for your attention. I have completed the report in due time and I tried my level best to accumulate relevant information. It is a big experience for me to work on this topic. This report is based on the knowledge and experience I have gained at my Internship period at the **Mercantile Bank Limited**. I have tried my best to bring out the initial scenario of the credit management with full of effectiveness & efficiency.

It has to be voiced further that without your advice and assistance it would not be possible for me to complete this report. I shall be accomplished to answer any sort of Objection you think necessary respecting this report.

**Yours Sincerely,**

Ryhan Hossain.

ID# 152-11-4757

Daffodil International University.

## Approval Certificate

This is confirm that Ryhan Hossain, ID# 152-11-4757, BBA(Accounting), is a student of Department of Business Administration, Faculty of Business and Entrepreneurship, Daffodil International University. He has completed his Internship Program at "Mercantile Bank Limited" and has arranged this Internship under my immediate supervision. I believe that the report is deserving of satisfying the halfway prerequisites of BBA program. I like pronounce that the investigation has been set up for scholastic purposes just and this paper may not be utilized in genuine market situation.

I have left through the report and start it an elegantly composed report. He has finished the report without anyone else's input. I wish him each achievement throughout everyday life.

*Shahana Kabir*  
20.1.19

.....  
Shahana Kabir

Assistant Professor

Department of Business Administration

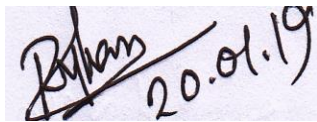
Faculty of Business & Entrepreneurship

Daffodil International University

## Student's Declaration:

I truly pronounce that the report entitled "Credit Management System of Mercantile Bank Limited", Dhanmondi Branch is submitted to complete the Degree of Bachelor of Business Administration at Daffodil International University.

It is my unique work and isn't submitted for the honor of some other Degree, Diploma, and Fellowship and that work has not been distributed in any diary or magazine.



Ryhan Hossain

ID# 152-11-4757

Department of Business Administration.

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## **Acknowledgement:**

The successful completion of this report work is the result of the contribution of a fraction of people, particularly those who have delivered a time and attempt to share their opinions and recommendations to develop the report. At the start, I would love to acknowledge my Almighty for granting me the strength to work hard under pressure. However, the space occupied does not permit us to mention everyone personally. It provides me infinite satisfaction to thank a great number of people for their gracious assistance and support who have contributed directly or indirectly in preparing the report.

This is a delight for me to be under the guidance of Madam Shahana Kabir, Assistant Professor, Department of Business Administration, Daffodil International University. I am very thankful to her for all kind of assistance and direction in developing this report. Her helpful recommendations & guidance encouraged me a lot to prepare this report in a well organized way.

At that point, I might want to convey extraordinary on account of my VP and administrator task, MR. shahadat Hossain khan for his nearby supervision and furthermore I pass on my gratefulness to all sort of Officers and credit in control for helping me in executing the rule of working all through my Internship season. Without their direction and help, this report would not have seen the light of day.

At last, I might want to recognize every one of those individuals who have imparted their insights about my calling, gave me imperative learning, condemned me, and praised me. This affirmation isn't sufficient to reveal to them how extraordinary the effect of their feeling is in this report, that I am so obligated to them. I speak to my heartiest thankfulness to every one of them.

## Executive Summary:

An Internship report on credit management in Mercantile Bank Limited at Dhanmondi Branch under my honorable supervisor Ms. Shahana Kabir Madam Assistant professor of Daffodil International University, Faculty of Business and Entrepreneurship. The purpose of the study is to analyze the credit management of Mercantile Bank Limited, find out the problems and improvement zones and give some vital suggestions to overcome the problems of Mercantile Bank Limited. This report made by using both primary and secondary data. This report is divided by seven chapters. **The 1<sup>st</sup> chapter** of this report involve with Introduction which described the objectives, Methodology, Limitations of the study, overview of MBL etc. **The 2<sup>nd</sup> chapter** involved organizational structure and Industry perspective, Background of MBL, Vision & Mission of MBL, core values etc. **The 3<sup>rd</sup> chapter** involved with credit management, features of MBL and also credit risk. **The 4<sup>th</sup> chapter** details with Terms and objectives of different loans and advances. **The 5<sup>th</sup> chapter** is related with Graphical presentation of Mercantile Bank Limited. **The 6<sup>th</sup> chapter** describes Finding of the study and also **chapter 7<sup>th</sup>** describes Recommendation, Conclusion and References.

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## Chapter 1 Introduction



## **Introduction**

Banking involves the accepting, for the idea of lending or investment of deposits of money from the people, repayable on call or otherwise, and withdraw able by cheque, draft, order or otherwise. Commercial bank and financial companies intermediate between lenders and borrowers. Those financial intermediaries collect the deposit and disburse it as loan and advance to the individual people, Business, Commercial, Industrial entity. Banks primary create money by lending money at rates higher than the value of the money they lend. More accurately, banks accumulate interest on loans and interest payments from the debt securities they own and give interest on deposits, CDS, and short term borrowings. It helps in making the profit and financial Improvement.

Mercantile Bank performs to the nation to get a lead in the banking division by not only its solid financial situation but also by modification of the goods and services. It further produces higher value for its valued consumers and shareholders. The bank has focused on conducting services at the door step of its customers.

Commercial Bank Ltd is focused on giving brilliant administrations to its constituent through various monetary items and productive use of reserve and adds to the development of GDP of the nation by Funding exchange and trade, remittance industrialization, advance fare, assemble business accommodation for the informed youth and cheerful small scale credit prompting shortfall lightening and building up the personal satisfaction of the general population and by that dedicate to the by and large financial headway of the nation.

## **Objectives of the Report:**

### **General Objectives of the Report:**

To evaluate the credit management system of Mercantile Bank Limited.

### **Specific Objectives of this Report:**

1. To achieve the real knowledge about loan/credit system of MBL.
2. To know the organization overall internal structure of the MBL.
3. To find out the reasons how and why a loan defaults.
4. To find out problems and explanation with some recommendations.

### **Selection of the Topic:**

Principle officer of credit department of MBL recommended me to pick the topic. He provided me assistance and relevant knowledge to make the report. Before specifying the topic I informed my educational administrator so that a well organized internship report can be developed. I mostly used primary data to complete my report. Crucial data authority from both primary and secondary are classify which are finished and worked out for the study.

## **Methodology of the report:**

### **Primary Data:**

This involves direct observation, talk with officials of MBL, conference with customer, and straight involvement in the credit management exercises in MBL.

### **Secondary Data:**

This includes the websites of Mercantile Bank Limited, Years end report of Mercantile Bank Limited, Duty circular and other written records and documents, credit rating report of MBL, Monthly published reports and documents and various types of statements about credit management of Mercantile Bank Limited.

### **Rational For Internship:**

During today world, only theoretical knowledge does not create a student perfect to grow competitive among the external world. The Internship is an excellent chance to obtain plans, Educations, and experience with using academic expertise. Through this Internship schedule, a student takes the chance to meet with the actual marketing system. It serves to create self confidence, & interpersonal skills which are necessary for progress as a fresher in the job market. It is further useful for both a scholar & organization to upsurge connection among them for additional possibilities. The plan covers duration of 12 weeks of organizational experience.

As a compulsory part of my graduation, I got the chance to manage my internship with one of the famous private commercial banks in our nation name Mercantile Bank Limited. Among the help of my supervisor and senior executive officer of credit department, I have done my internship report on “Credit management of Mercantile Bank Limited”. My educational supervisor Shahana Kabir Madam approved the topic & enabled me to make the report as part of

the achievement of internship requirement as well as she provided me appropriate guidelines. As an intern, I got the opportunity to serve at MBL from November 05, 2018 to February 05, 2019.

In the modern banking division, MBL has already produced a confident vision to the consumer memory by giving best banking service. This group has included some modern banking system that has become a high market interest. As the bank is keeping the pace with the aggressive business world, its actions, culture, philosophy, and technique would support an intern student to be the best at any field of operating life.

### **Background of the Topic(Credit Management):**

Mercantile Bank Ltd is a techno scientifically economic organization that offers most of the regular banking services and investment actions on the grounds, not just profit distribution but also the social partnership. The study tries to explain the credit management actions and performance of MBL. A private research was done on various banking movements of MBL for the production of this article. Its performance was evaluated and investigated by private records of the bank.

Credit management in a bank is a powerful area where a particular type of long range preparation is required to allocate the capital in the different range and to reduce the uncertainty and maximizing the return on the financed fund. The purpose of the credit management is to maximize the operating asset and the minimization of the non performing asset as well as securing the optimal point of loan and advance and their effective management. The credit system of Mercantile Bank Limited is a mixture of individuals accepted time tested measures and other influential factors managed by the realities of turning situations in different business areas. MBL trains to enhance one of the best banks in Bangladesh by care, talent and giving the characteristic of credit regulations in the banking sectors. MBL purposes to satisfy the requirements of their customers and improve their profitability by producing best credit facilities. I tried to make an overall review of credit exercises of Mercantile Bank Limited.

### **Limitations of the Report:**

During 12 weeks internship is not enough to make a standard report. Although I tried my best due to time limitations I have faced lots of limitations. Yet my hard approached I found some limitations those prevented me go to continue my study.

1. There was a limit range to operate at credit department in the bank for an intern student.
2. Deficiency of time was one of the major determinants.
3. MBL does not have a strong and affluent combination of numerous varieties of publications or journals compared to banking activities.
4. Confidentiality of data was another significant limitation that was covered throughout the execution of this investigation. Credit management is a private & confidential material at a bank. Alike all other banking organizations, MBL is also quite careful and strict in implementing commercial information.

### **Brief Introduction of the company/Overview of Mercantile Bank Ltd:**

Mercantile Bank Limited was organized in Bangladesh as a Public corporation with inadequate liability under the bank companies Act, 1991 on May 20, 1999, and initiated a commercial service on June 02, 1999. The bank operated for public issue of shares in 2003 and its shares are registered on Dhaka stock Exchange and Chittagong stock Exchange. The bank has 129 branches scattered all over the country. MBL is a highly capitalized new generation bank with an Authorized capital and paid up capital of taka 12,000.00 million and TK. 7,761.15 million respectively. With assets of TK. 260,169.93 million and more than 2,192 representatives the bank has expanded exercises in retail banking, corporate banking, and international trade and commerce in the country. MBL's help are additionally arranged for the business visionaries to set up new tests and assembling units. The bank gives specific accentuation on Export, Import, Trade Finance, SME Finance, and Retail Credit and back to ladies Entrepreneurs. To give customers benefits to pay tribute to global exchange it has introduced a wide journalist managing

an account relationship with neighborhood and remote banks including significant exchange and monetary focuses at home and outside.

### **Overview of Mercantile Bank Limited:**

1. Conventional Banking.
2. Loans and Advances.
3. MBL cards.
4. Foreign Remittance.
5. Foreign Trade.
6. SME banking.
7. SWIFT Service.
8. Locker Service.
9. ATM Service.
10. Bill payment service.
11. E-statement Service.
12. SMS Alert service.
13. Internet banking.
14. Mobile banking.
15. Mercantile Bank Securities Limited(MBSL).
16. Mercantile Exchange House(UK) Limited.



## Chapter Two

### Organizational Background and Industry perspective



### **Background of MBL:**

Mercantile Bank Limited was instituted on June 2, 1999, as a private bank and commenced its movement. Then Prime Minister Sheikh Hasina introduced the bank. The distinguished 30 industrialists organize this bank among everybody's approval. Mr. Abdul Jalil selected as the chairman. Mercantile Bank Limited is a separated commercial bank with Head Office at 61, Dilkusha C/A; Dhaka, Bangladesh originated performance on 2<sup>nd</sup> June 1999. The Bank has 129 branches scattered all over the nation and introducing some branches. With assets of taka 260,169.93 million, the bank has increased activities that include all the areas of corporate/commercial, retail/personal, SME banking business and international trade.

Mercantile Bank is performing an extraordinary role while giving loan for the small and medium enterprises. In the names of credit mercantile bank launched new schemes mostly for the business people in Bangladesh. Different classes of loan have been presented to the businessman. Whole loans and advances of the bank reached at BDT 199,660.72 million as on December 31, 2017. Its principle investing projects are industry, garments, micro credit, construction and others. As customer credit scheme Mercantile Bank has been implementing credit to average and low income peoples. This system has earned a distinguished reputation among customers.

MBL is running with the “efficiency is our strength” and their logo holds a remark ”Banglar Bank”.

Number of Employees	2,192.
Number of Branches	129.
Number of ATMs	163.
Number of Credit cards	10,230.
Number of Debit and Prepaid cards	187,268.
Total Assets(Core)	260,169.93 million.
Number of Subsidiaries	2

### **History of Mercantile Bank Limited:**

Currently, it is working with two branches; one in Birmingham and another in London with a view to providing quicker, easier and safer payment services to the Bangladeshi expatriate living and working in UK. MBL has broad network coverage beyond the country. It has 129 branches including Five SME/krisi branches as on December 31, 2014. The bank has two off shore Banking Units (OBU) operating at Gulshan and Chittagong EPZ areas. MBL has 163 ATM booths and 20 CDMs as on December 2014 covering important locations over the country. Mercantile Bank Securities Limited a subsidiary organization of MBL trading with stock and booking has seven branches over the country. Mercantile Exchange House (UK) Limited, another fully owned subsidiary association of MBL is helping inflow of remittance with two branches in Birmingham and London, UK.

MBL has great and solid credit rating over the last several of years. Credit Rating Data and Services Limited (CRISL) has reaffirmed the high term rating of MBL to 'AA-' and short term rating to 'ST-2' based on its financial and other qualitative and significant instruction up to the date of rating.

### **Vision of Mercantile Bank Limited:**

"Would make finest corporate citizen"

Mercantile Bank Limited assumes to become the "Bank of Choice" of the general public that covers both the customer and the corporate customers. It has organized a staff of young specialists in banking business which has supported to promote richness in the bank.

### **Strategic Objectives and Vision:**

1. To achieve positive Economic Value Added (EVA) each year.
2. To be market leader in product innovation.
3. To be one of the tops three financial institutions in Bangladesh in terms of cost efficiency.
4. To be one of the top five financial institutions in Bangladesh in terms of market share in all significant market segment they serve.

### **Financial Objective:**

To accomplish 20% recovery on Shareholders' equity or more, on average.

### **Core values:**

Mercantile Bank Limited abides by a set of core values that reflects high commitment to customer:

1. Responsive to customer's needs.
2. Flexible in approach.
3. Professional in manner.
4. Strive for service excellence.

### **Mission of Mercantile Bank Limited:**

#### **Mercantile Bank Mission is mainly focus on:**

"Will become better caring, focused for decent growth based on diversified distribution of resources, and still would remain healthy and gainfully profitable Bank".

Mercantile Bank Limited intends to become one of the best banks in Bangladesh by running, talent and giving nature of services in their banking quarter. The bank has some mission to accomplish the organizational purpose. Some of them occur as follows as,

1. MBL gives big quality commercial assistance to establish the well being and prosperity of people, industries, and business communities.
2. Its object is to secure their aggressive advantages by improving banking technology and knowledge system.
3. MBL means to perform more significant role in economic advancement of Bangladesh and its economic relationships with the rest of the world by explaining both fashionable and global operations.
4. It helps investors to raise up share market and further creates revenue for the shareholders.
5. Mercantile Bank Limited increase extraordinary quality of services, what attracts the consumers to pick them first.
6. The bank plans to satisfy the demands of their customers and improve their profitability by building corporate history.

### Corporate Information of MBL:

The bank bear the cost of a wide scope of money related help to its clients and corporate customers. The governing body comprises of prominent identities from the genuine of business and enterprises of the nation. The company's collected corporate information are given below,

Name of the company	Mercantile Bank Limited
Legal form	A public ltd. Company integrated in Bangladesh on May 20,1999 bottom the companies act 1994, the bank company Act 1991 and act 12 of 1997.
Date of Commencement	June 02, 1999.
Head Office	Mercantile Bank Limited, 61, Dilkusha, C/A, Dhaka-1000.
Telephone	+88-02-9559333, 9553892
E-mail	mbl@bol-online.com
Web page	www.mblbd.com
SWIFT CODE	MBLBBDDH
Auditor	Wahab shafique Rahman & CO, CA K>M Hasan & CO, CA
Tax Advisor	K.M. Hasan & CO,CA.
Full owned subsidiaries	Mercantile Bank Securities Ltd, Mercantile Exchange House(UK) Ltd.
Chairman	M. Amanullah
Managing Director & chief Executive Officer	M Ehsanul Haque
Authorized Capital	Tk. 12,000.00 million.
Paid up Capital	TK 7,761.15 million.

### **Organizational structure:**

The association structure and corporate of Mercantile Bank Limited unequivocally mirror its assurance to set up, maintain and gain a more grounded balance as an association which is client arranged and straightforward in its administration.

The bank keeps up their activities fundamentally. They additionally have many utilized staff and individual which are likewise organized in a way. This helps the hierarchical money related attempts to be performed well.

1. Managing Director & CEO.
2. Additional Managing Director.
3. Deputy Managing Director.
4. Deputy Managing Director & CEO.
5. Internal Control & Compliance Division.
6. Information technology Division.
7. General Service Division.
8. Credit Risk Management Division.
9. Board Division.
10. Board Audit Division.
11. Financial Administration Division.
12. Treasury Division (Front office).
13. Treasury Division (Back office)
14. Marketing and Branches Division.
15. Credit Admin, Monitoring, Recovery & Compliance Division.

16. General Banking & Anti Money Laundering Division.

17. Human Resources Division.

18. NRB Division.

19. Public Relation Division.

Some of the structured employees list has been collected through my internship observations and also from using website the structure of the bank personal and positions are given next page.

They are structured in a step by step process so that we can understand their level of operation one by one,

Managing Director & CEO
Additional Managing Director
Deputy Managing Director
Deputy Managing Director & CEO
Senior Executive Vice President (SEVP)
Executive Vice President(EVP)
Vice President(VP)
First Vice President(FVP)
First Assistant Vice President(FAVP)
Principal Officer
Senior Executive Officer
Executive Officer
Officer
Assistant Officer



### Products and Services of Mercantile Bank Limited:

MBL has driven a fraction of financial commodities and services since its beginning. Certain commodities and services are categorized into five divisions. Those are Retail Banking, Corporate Banking, SME Banking, and foreign trade Business & E-banking. A classification of those product and services are given below,

#### Retail Banking Service:

(a) deposits	(b) Loan	(c) Cards
Current Deposit Account.	Consumer credit Scheme	Dual card
Saving Deposit Account	Doctor credit scheme	Debit card
Fixed Deposit Account	Rural planning scheme	Prepaid card
Double Benefit Deposit	Lease Financing	Supplementary card
Mashik sanchay prakalpa	Any Purpose Loan	Visa card
Family maintain Deposit	Educational loan	
Quarterly Benefit Deposit	Car loan	
1.5 times benefit Deposit	Home loan	
Advance Benefit Deposit	House furnishing loan	
Special Savings	Cottage loan	
School Banking	Polli loan	
Educational Planning Deposit		
Super Benefit Deposit		

### **Corporate Banking Service:**

1. Short Term finance.
2. Long term finance.
3. Real Estate finance.
4. Import finance.
5. Work order finance.
6. Export finance.
7. Structured finance.
8. Loan syndication.

### **SME Banking Service:**

1. Chaka.
2. Annaynna.
3. Chalti Muldhan.
4. Single payment.

### **Foreign Trade Business:**

1. Foreign correspondents.
2. Nostro Accounts.

### **E-banking Service:**

1. Online Banking.
2. Mobile Banking.
3. SMS banking.
4. SWIFT.
5. Locker Facility.

### **Department's of MBL:**

In Branches level, MBL has three departments. These are,

1. General banking.
2. Credit Management.
3. Foreign Exchange Department.

#### **1. Principal function of general Banking,**

Account Opening.

Issuance of Demand Draft/Telegraphic Transfer/Pay order/Fixed Deposit Revenue.

Interbank Trade, Inter Branch Credit.

#### **2. Important Purpose of credit Department,**

Credit Proposal and credit Processing.

Documentation and Loan Payment.

Survey on all returns.

### **3. Main functions of Foreign Exchange Department,**

# Opening of L/C (Back to Back, local/Foreign)

# Acquisition of foreign bills.

# Negotiating of foreign bills.

# Payment against Import Bills.

# Export guarantees.

# Endorsement of Travelling.

**Chapter Three**  
**Credit Management of MBL.**



### **Credit management of MBL:**

I was appointed to the Dhanmondi Branch of Mercantile Bank Limited to develop my internship application. Throughout my three months in the business, I enjoyed the task at the bank though enough importantly i discovered how to operate under stress with high efficiencies. During this time I have received the possibility to operate with separate branch of Mercantile Bank Limited.

1. General Banking(GB)
2. Credit Department.
3. Accounts Department.

I was wheeled across all three various boards in the preceding 3 months. Nonetheless, my main concentration was credit department and thereby. I designated the greatest opportunity to work at credit department division. At credit division though most of the season in my intern days I have spent in accounts department but I have spent less time in the credit department. Firstly I was enrolled in credit department under the direct supervision and in that time I have completed activities:

1. Printing, typing and photocopying several documents linked to credit.
2. I had to create all the consumer records & direct them at a particular position independently.
3. Monitoring and filling up several loans forms.
4. Data insertions in the PC.
5. Assisting customers that where to put a signature on the application.

### **Definition of Credit:**

Credit is the activity of giving loan and controlling installments from clients. This is the action inside a bank or organization to power credit arrangements that will support incomes and lessen budgetary dangers. The term credit emerges from the Latin word "Philosophy" Suggesting" I accept. It is a moneylenders confidence in character's ability or potential quality and reason to return. In various words, credit is the ability to hold products or administrations of another as a byproduct of a pledge to return such merchandise or administrations at some assigned time later on.

Proceeds with supervision, Monitoring, and follow up are to a great degree required for guaranteeing the reasonable reimbursement and lessening the default. All things considered the credit portfolio isn't just constituted the banks resource structure yet in addition a critical factor in the banks advance.

### **Overview:**

Credit hazard is the potential hazard that a bank borrower or counterparty may neglects to meet its budgetary commitment as per concurred terms, bringing about money related misfortune to the bank. Commercial Bank Limited is a youthful age bank. It is resolved to give astounding dimension business Administrations to add to the enhancement in GDP of the country by stirring business and financial aspects, Animating the advancement of industrialization, creating up delivery, fabricating opening for work for the wise young men and young ladies, seeker mitigation, expanding example of living of inadequate salary gathering and in general practical financial headway of the nation.

### **Factors Related with Credit:**

1. Risk.
2. Time.
3. Interest Rate.
4. Security or Collateral.
5. Operating Expenses.
6. Legal Consideration.
7. Inflation.
8. Finance Charge.

### **Loans and Advances:**

Samples of the loan of what are allowed by Mercantile Bank Limited.

Depending on the different nature of the investment, all the lending movements have been conducted under the subsequent primary data.

### **Loan(General):**

Short term, medium term & long term loans provided to singular/firm/industries for a particular purpose but for a specific period and usually repayable by payments fall on this head. This kind of lending is essential provided to accommodate financing under the categories,



1. Large Medium scale industry and
2. Agriculture.
3. Small & cottage Industry.
4. Others are also included here.

#### **House Building Loan(General):**

Investments provided to person for the development of house fall under this type of advance. The significance is repayable by regular installment within a specified period.

#### **House Building Loan(Staff):**

Loans provided to our bank representative for acquisition of residence shall be known as staff loan.

#### **Other Loans to Staff:**

Loans granted to workers other than for house Building shall be grouped under head staff loan.

#### **Lease Financing:**

Lease financing is one of the most helpful source of obtaining capital machinery and equipment whereby a client is given the possibility to have an independent right to use an asset normally for a recognized period of time upon payment of rent.

#### **SOD(General):**

Credits allowed to individuals firms against financial obligation. This may or may not be a endless credit.

#### **SOD(others):**

The credit provided against the responsibility of job falls under this head. This approach is generally granted for a particular duration and object.

### **Different types of loan:**

Mercantile Bank Limited presents unconventional characters of a loan. These credit commodities are presented bellow.

#### **Retail Loans:**

1. Consumer credit scheme.
2. Car loan scheme.
3. Home loan scheme.
4. Doctor's credit scheme.
5. Any purpose Loan(personal loan scheme).
6. Overseas employment loan scheme.
7. Cottage loan.
8. Education Loan.
9. House furnishing loan.
10. Rural development scheme.

### **Corporate loans:**

1. Short Term finance.
2. Long term finance.
3. Real estate finance.
4. Import finance.
5. Construction Business.
6. Export finance.
7. Structured finance.
8. Loan syndication.

### **MBL Cards:**

1. Debit card.
2. Credit card.(Local Card, International Card, Dual currency card)
3. MBL prepaid card(student card, Hajj card, Travel card)

#### **E-Banking services:**

1. Online Banking.
2. Mobile financial services.
3. Locker services.

### SME Financing:

1. Chaka(term loan).
2. Samriddhi(continuous loan).
3. Mousumi(short term loan).
4. Anannya(women entrepreneur's loan)

### Total Loans & Advances:

Total loan and advances of the bank stood at BDT 199,660.63 million as on December 31, 2017 against that of BDT 150,912.52 million at the end of 2016. The bank recorded growth in loans and advances. Major district where the bank draw out credit add trade and commerce, garments industries, large and medium scale industries, construction, agriculture and related sectors, hospital and medical services, transport, pharmaceuticals etc. Besides, the Bank continued its support to small and medium Enterprises(SME) and expanded credit facilities to them through its SME division.

### Sector wise break up loans:

SL	Name	2017	2016
1	Education	2,140	3,211
2	Health	14,981	12,541
3	Agriculture	21,380	80,224
4	Commodities	80,327	83,202
5	Trade Finance	612,348	274,207
6	Transport	35,013	34,410
7	Shipping	92,218	65,015
8	Textile(Excluding IDBP)	52,105	64,340
9	Textile (IDBP)	17,342	6,751
10	Readymade Garments(Excluding IDBP)	343,266	203,080
11	Readymade Garments(Excluding	20,096	26,112

	IDBP)		
12	Tele communication	3,671	8,430
13	IT & computer	3,383	4,060
14	Power & Fuel	10,832	3,800
15	Real Estate	37,385	82,742
16	Cement	1,478	2,602
17	Chemicals	22,465	13,995
18	Leather & leather products	18,838	27,488
19	Plastic & plastic products	3,106	8,665
20	Electrical & Electronic goods	26,392	11,609
21	Paper & Packaging	36,785	38,180
22	Jute & Jute Products	24,025	23,499
23	Glass & Glass products	162	782
24	Ceramics	10,708	10,532
25	Iron & steel	73,395	96,657
26	Engineering & Construction	95,428	17,642
27	Contractor Finance	12,405	22,692
28	Capital Market Intermediaries	9,836	43,261
29	Backward linkage	22,799	18,908
30	Consumer & Retail Products	25,799	9,458
31	Non Bank Financial Institution	72,911	37,197
32	Service	68,836	7,445
33	Others	125,288	166,441
	Total	1,996,607	1,509,125

### Credit Risk Management:

Banks are presented to six center dangers through their activity, which is the credit hazard, resource/obligation chance, outside trade chance, interior control and consistence chance, tax evasion chance, IT chance. Among these dangers the board of credit chance gets the most consideration. Credit chance emerges because of the likelihood that the borrower may neglect to reimburse the advance. Following the ongoing worldwide money related emergency, which started from poor administration of credit chance, credit chance is the most examined subject in the keeping money industry. Mercantile Bank



Limited is the rising business bank in Bangladesh. Inside a brief timeframe MBL has figured out how to set up itself as a solid entertainer in the money related market.

**Chapter Four**  
**Terms and Objectives of Different Loan and Advances.**



## **Terms and Objectives of Different Loan and Advances:**

### **1. Doctor's credit scheme:**

#### **Objectives:**

1. Support unlike F.C.P.S or post graduate doctors for setting up chambers and buying medical equipment.
2. Help experienced doctors for refurbishing chambers and buying medical equipment.
3. Assist private clinics for acquiring modern medical equipment.

#### **Purpose:**

1. Doctors loan is a loan for professional doctor to support their small scale purchase of different. Medical equipment, tools and small machinery for installation of their chamber.

#### **Loan Limit:**

1. Minimum TK. 2.00 Lac only.

#### **2. Maximum:**

TK. 5.00 Lac for General Practitioners.

TK. 15.00 Lac for Specialized Doctors.

TK. 50.00 Lac for Owners of Clinic/Hospital or Diagnostic center.

### **2. Rural Development scheme:**

#### **Objectives:**

1. Increment the standard of living of agricultural people.
2. Initiative to break the vicious cycle poverty.
3. Enhance the purchasing power of rural people.



### **3. Consumers credit scheme:**

**Objectives:**

Support fixed income bodies for buying household durable.

For the price up to TK. 100000 the period is two years.

The interest rate will be imposed quarterly rest.

### **5. Any purpose Loan scheme:**

**Purpose:**

To meet immediate personal financial condition.

**Loan Limit:**

Tk. 0.50 Lac to Tk. 5.00 Lac only.

**Citizen:**

Bangladeshi.

**Age limit:**

From 21 years to 60 years and for the last installment of the loan has to be placed before the borrower enters the age of 60.

**Note:** Age bar may relaxed waived by the managing director CEO of the Bank on Acceptable grounds.

**Minimum salary:**

10,000 for Govt. Service holders.

15,000 for private service holders.

**Work Experience:**

For a salaried individual minimum total length of service must be 1 year as confirm employee.

Govt. employees must be confirmed on the job.

**Repayment method:**

Equated monthly installment.

Ownership of the loan: Maximum 48 months.

**Education loan:**

Mercantile Bank Limited education loan may be available by any student of Bangladesh national with excellent educational track record to provide assistance for further educational financial purposes like study abroad or within the country.

**Eligibility:**

Applicant must be enrolled as a student in public, private university of pursuing higher studies in home for undergraduate and post graduate program.

**Age limit:**

Age of the applicant should be in between 18 to 30 years at the time of disbursement of loan.

**Qualification:**

Holds excellent result in SSC/HSC/O level/A or equivalent from any recognized educational institution at home or abroad for pursuing undergraduate course in home.

Holds excellent result in SSC/HSC/O level/A or equivalent from any recognized educational institution at home or abroad for pursuing post-graduate courses in home or abroad as well.

Educational plan must commensurate with the career anticipation of the borrower.

**Loan Limit:**

For studies in Bangladesh maximum Tk. 5.00 Lac.

**For studies abroad:** Maximum Tk. 20.00 Lac.

**Businessman & others:**

**Loan Limit:**

Up to Tk. 15.00 Lac for Reconditioned cars.

Up to Tk. 20.00 Lac for Brand new cars.

**Period:**

5 years for reconditioned cars

6 years for Brand New cars.

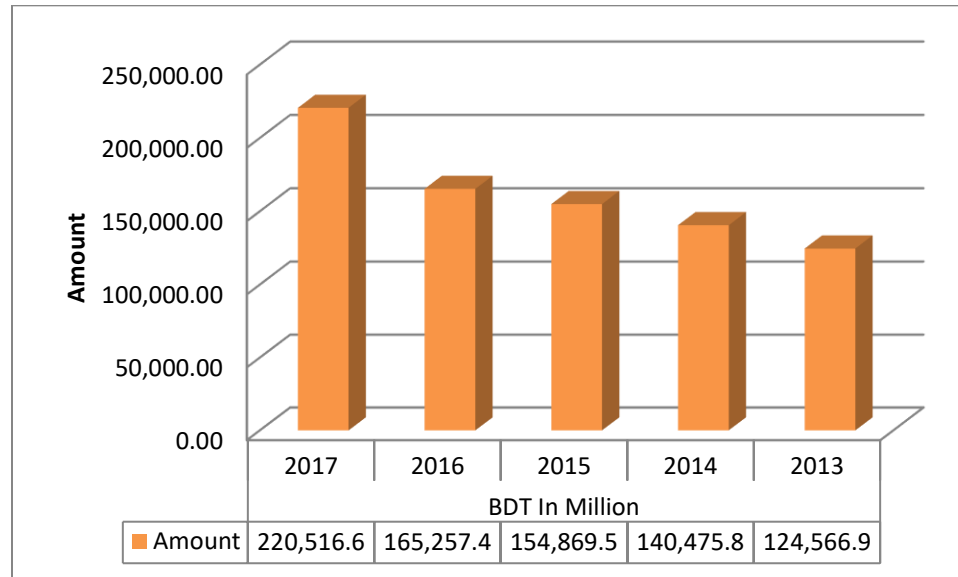
## Chapter Five

### **Graphical Presentation of Mercantile Bank Limited:**

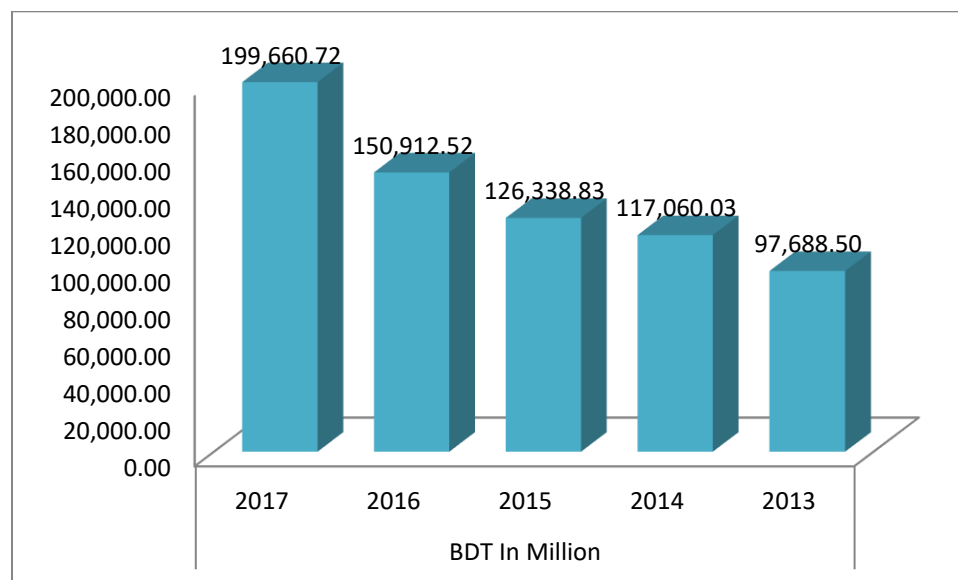


## Graphical Presentation Of MBL:

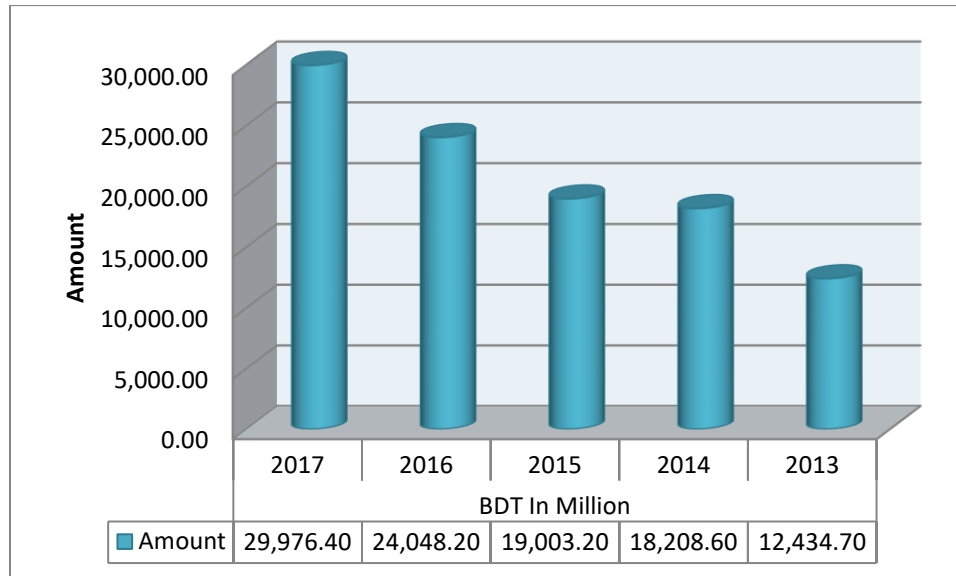
**Deposits:** Deposits of Mercantile Bank has been presented here graphically. Deposits situation from 2013 to 2017.



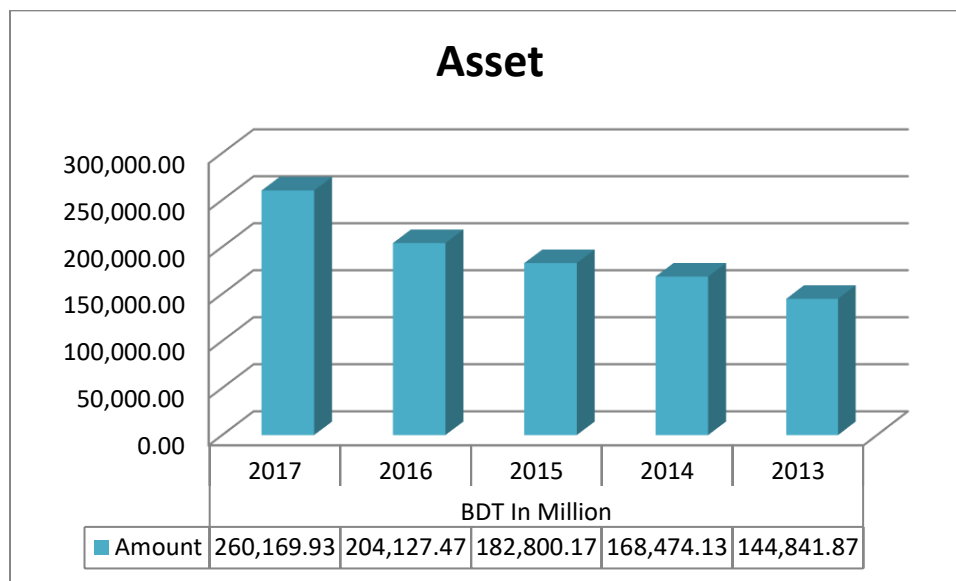
**Loans and Advances:** Mercantile Bank Limited loan and advances situation from five years at a glance.



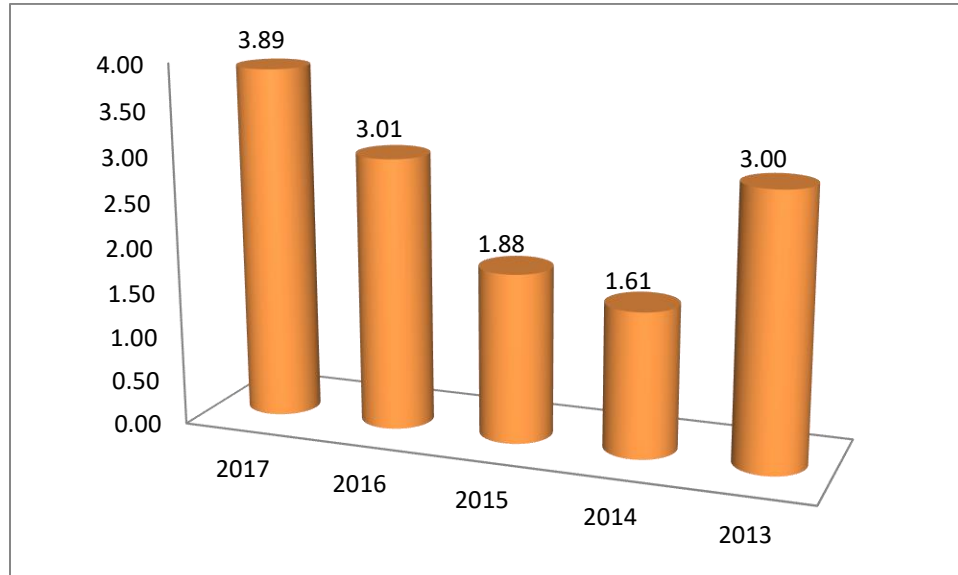
**Remittance:** Remittance business also contributed to our growth. We handled remittance of BDT Tk. 29,976.40 million in 2017.



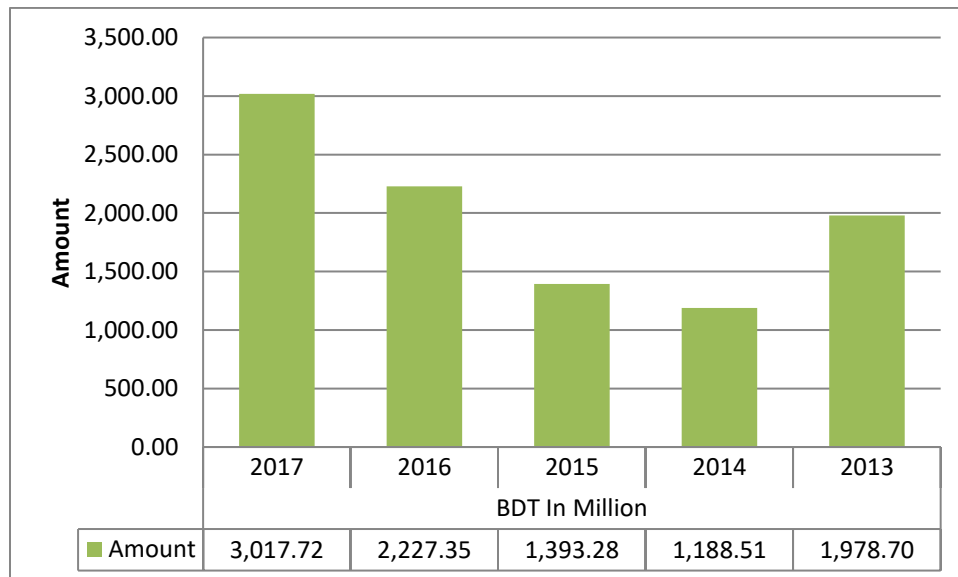
**Total assets:** Ours is an asset rich strong bank. We are working to make it stronger and healthier calculated in BDT Million and presented Asset situation from 2013 to 2017.



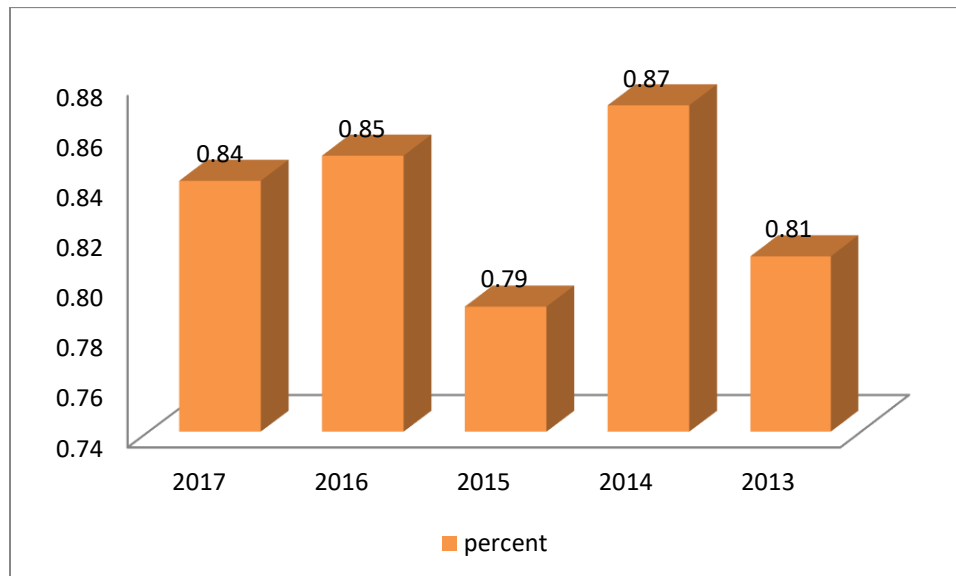
**Earning per share:** Earning per share of Mercantile Bank Limited from 2013 to 2017.



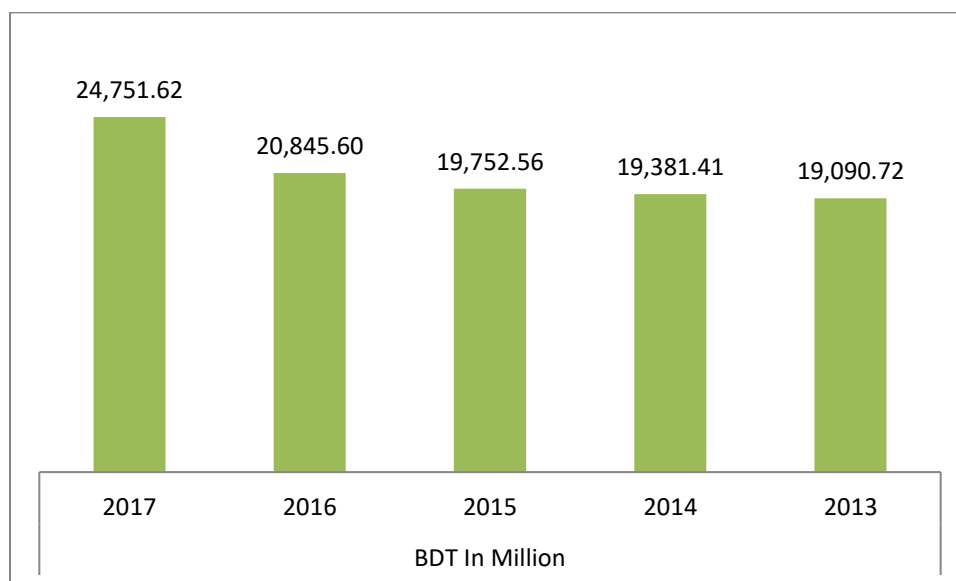
**Profit After tax:** Actual profit of Mercantile Bank Limited after deducting the Tax.



**Credit deposit ratio:** Total credit deposit of Mercantile Bank Limited presented a five years at a glance.



**Total Revenue:** The total Revenue of Mercantile Bank Limited has been presented here graphically. Revenue situation from 2013 to 2017.





**Chapter Six**  
**Finding of the study:**



### **Finding of the study:**

1. Mortgage property:
2. Lack of proper support from valuation Company:
3. Political and Social pressure:
4. Fund diversion by the borrower:
5. Risk area in Account Opening:

### **Mortgage Loan Facilities:**

#### **Positive:**

1. Mortgaged loan facilities are considered more secured and less risky than other loan facilities in the financial market.
2. Tendency of being classified or bad loans is proportionately lower as the borrowers have to be kept their property under mortgaged for getting and enjoying different loan facilities.
3. Mortgaged loan facilities help the financial institutions especially banks to keep minimum or less provision against loan and advances where as banks have to maintain high provision if they provide unsecured loans to the borrowers. Which reduces net profit?

#### **Negative:**

1. Taking loan facilities under mortgage is to be followed more formalities and procedures which is time consuming then the other loan facilities.
2. Accepting 3rd party mortgage is more risky as the owner of the property may not be fully aware of the terms and conditions regarding the loan facilities.
3. Without informing the owners of the property borrower may keep their property mortgaged to bank by making fraud and forgery.

### **Lack of proper support from valuation Company:**

Sometimes it has been determined that the collateral security that is retained by borrower appearances in greater value (biased-over) than its original value.

### **Political and Social pressure:**

Frequently the bank faces forces from various political, social individual to obtain consideration in giving loan to their approved person. Although the character who is asking for a loan may decline to satisfy requirements in some circumstance, for instance, the collateral security is not matched with required loan amount (under- valued).

### **Fund diversion by the borrower:**

The loan which is granted by the bank for the business object may be used for personal determinations by the customers. Here the bank faces the problem of receiving installment from the client at a specific moment.

### **Risk Area In Accounting Opening:**

1. Account Holders Identification: If account holders give duplicate national identification number or fake passport.
2. Wrong Address: sometimes clients can provide wrong address.
3. Source of Income: If account holders source of income not valid or legal then money laundering mandatory. Source of fund is need to verify where Mercantile Bank is not verifying.
4. Make sure proper introduction before starting any account which will help to identify the customer for any kind of calamity due to his conducts.

## Chapter Seven Recommendation & Conclusion & Reference



## **Recommendations:**

While operations at MBL, there were several items that appeared in front of my sights that I have discussed in finding, I believe MBL should think those guidelines for the expansion of credit management. Maybe MBL has its own opportunity and strategy to follow in these issues however I am not completely recognized about those. Here are some suggestions as per my Judgments.

### **The bank must investigate all data of mortgage property:**

As the title of mortgage properties has complexity, so a complete and accurate assessment of the property in all credit program of the bank is necessary and compulsory. No plan can be put in place except there has been discovered a whole, accurate evaluation of the property.

### **Valuation task should be assigned to confident party:**

Sometimes the bank becomes victimized by judgment party. So the bank must distribute property valuation responsibility to that kind of positive party who rigorously follows the terms and conditions in estimating the precise value of the quality, assets as well as supporting confidently. Enlisted several organization recommended by the bank should make the appraisal of property and accurately assess the quality and superiority of the proposed security. The bank should retain a pleasant connection with valuation party in order to obtain a proper valuation.

**Bank requires selecting the best lawyer to justify the mortgaged land:**

**The bank should be independent of pressured:**

Credit programs should not be affected by any political physique whether it is the interest between bank and client.

**The bank must retain close follow up after the disbursement:**

The loan should be appropriated for the designated purpose for which it has been approved. Moreover, the bank must be careful so that the disbursed funds for a selective purpose are not engaged outside without their awareness.

## **Conclusion:**

Mercantile Bank Limited is a commercial bank organized its performance in 1999, it has now developed goodwill among its consumers by allowing its execs assistance by various divisions. This advancement has risen up out of the devotion commitment and compelling administration between its organizations over the periods. The activity environment of the Mercantile Bank Limited is exceptionally recreating. All through the limited ability to focus the season of its activities, the bank has been effectively to the earth itself as a dynamic and viable money related association in the nation. Credit approach is an essential managing an account instrument for the business condition. The expense of this administration is huge. It has chosen such a space in the managing an account part that people created and further creating and further creating nations pretty much rely upon this help. In Bangladesh credit divisions or advances started to become exceptionally alluring as of late. Be that as it may, yet numerous improvements is administrations and offices must be worked in this division. Credit division of Mercantile Bank Limited has a truly sufficient and devoted crowd of officers and staffs who are continually trying to display the magnificent help to the clients. They always trying to display the great help to the clients. They continually watch the credit in independent parts and their area. Before allowing the advance research whether the advance will be gainful and whether the client is sufficiently expansive to restore the advance in the given space of time. The key forceful favorable position MBL is holding that it has web based managing an account where other nearby business bank can't in any case understand that advantage. In any case, all the business banks are by and by attempting to finish his. In this bank, the employers are greatly helpful with their clients, associates and just guests.

Commercial Bank Limited has built up acknowledge relationship for some notoriety worldwide organization, the semi government organization as its customer accumulation zone from people, gathering and independent companies including all parts, for example, horticulture, SME, human services and so forth. By displaying advance administrations as well as utilizing essential moves in create by contend earnestly in the mechanical progression.

## **References:**

The following website were accessed due to the creation of this report on december,2019:

1. Information and credit rates data were retrieved from,

**<http://www.mblbd.com>.**

2. Current situation of MBL were collected from<

**<http://www.bb.org.bd>.**

3. About MBL info retrieved from,

**[http://en.wikipedia.org/wiki/Mercantile\\_Bank\\_Limited,\\_Bangladesh](http://en.wikipedia.org/wiki/Mercantile_Bank_Limited,_Bangladesh).**

4. Bank overall information was retrieved from,

**[http://bankinfobd.com/banks/27/Mercantile\\_bank](http://bankinfobd.com/banks/27/Mercantile_bank).**

5. All the necessary data retrieved from Mercantile Bank **Annual Report 2017**.