

Internship Report
On
Credit Management of Mercantile Bank Limited



Submitted To

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Letter of Transmittal

9th Sep, 2018

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Subject: Submission of Internship Report

Dear Sir,

In accordance to your advice, I have prepared my internship report on “Credit Management In Mercantile Bank Limited”. In my report, I have tried to focus on the relevant information that will cover reporting purposes. But no doubt, my best effort and contribution will be best evaluated on your sharp scale of acceptance and remarks.

I have tried my best to showcase my skills, which were achieved by this report in three (3) months of effective practical experience. .Finally, I would like to assure that I will remain standby for any clarification, explanation as and when required.

Thank you in advance for your kind assistance.

Sincerely Yours

Jubayet Hosain Rahat

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Acknowledgement

Almighty Allah enabled me to successfully complete the internship report on “Credit Management of Mercantile Bank Ltd” Elephant Road Branch Dhaka. A large number of personals have helped me directly or indirectly to ready this report. I am thankful to them. Internship program is an integral part of MBA (Masters of Business Administration) course of BRAC University. Every MBA student was assigned to conduct an internship program in the practical field directed by studied subject to learn something within the pre stipulated time by observing the organizations daily practices about the business factors.

I would like to Thank Md.Shamim Ahmed, Lecturer in BBS, BRAC University, for giving me lots of support to do this internship report.

My special gratitude goes to Mr.Humayon Kabir(VP&Head of Branch, Mercantile Bank Ltd, Elephant road branch)and Mrs.Mekhala Parveen (FVP &Manager operation).I am also undoubtedly grateful to All Employees of Credit Department for their kind co-operation specially Mr.Hafizul Rahman(FAVP), Mr.Rahmat Ullah Ripon(Executive officer), Mr.Ikramul Aziz (MTO)and all other employees of other departments for supporting me in my internship report work.

To complete the report I met some hardship, but managed to complete the case within time constraints, which would not have been possible without the guidance and assistance of certain people

Executive Summery

This report is based on "Credit Management of Mercantile Bank Limited" which is prepared from my experience working at Mercantile Bank Limited's Credit Department. The most important tasks of the bank are to collect deposits from the clients and lend to the client. Through this process the banks are earning their revenue. Mercantile Bank Limited employees are very serious about their work. They maintain a protocol with existing clients and establish a good relationship with new clients to collect large amounts of deposits from MBL clients per month for their better service. It is very important to manage the deposit money for a bank. MBL believes that 80% to 90% of the deposit is required to be invested in the debt section. This report focuses on various debt benefits given by Marketing Bank Limited and the overall process of debt

Mercantile Bank Limited emerged as a new commercial bank and started operations in June 1999 with a clear mission for effective banking services and socio-economic development in the country. There are 129 branches in the bank by 2018. The branches are always ready to prepare better service for their clients. I am in interne at MBL-75, Osman Plaza, Elephant Road Branch, and Dhaka-1205

Last 3 month I worked in the Credit department. I got a chance at the site Visit. I got a clear idea about the loan process.

The main function of a bank is to manage its assets and liabilities effectively and in the competitive environment of the credit service. And Mercantile Bank Limited effectively manages the resources and liabilities and achieves continual success and prosperity. With the focus on driving productivity with a sustainable improvement in business performance, it is managed in a disciplined and intelligent way.

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বাংলা ব্যাংক



মার্কেটাইল ব্যাংক লিমিটেড
Mercantile Bank Limited

দক্ষতাই আমাদের শক্তি

দক্ষতাই আমাদের শক্তি

Chapter One

INTRODUCTION

A)Rational for Internship

Do not make the student perfect for academic education in today's world Competitive internship, with the outside world is a great opportunity to gain ideas, knowledge and experience with the application of academic knowledge. Through the internship program, a student gets the opportunity to face the real business world. It helps to build self-reliance, and interpersonal skills that are important for entering the job market as a young one. It is beneficial for both students and institutions to emerge a relationship between them for more opportunities. This program covers 12 weeks of organizational experience.

As a compulsory part of my graduation, I took the opportunity to manage my internship with one of the prominent private commercial banks in my country, Mercantile Bank Limited., With the help of Hafizur Rahman (First Assistant Vice President) and Md. Ikramul Aziz (Management Trainee Officer),Credit Department. I submitted my Internship Report on "Credit Management of Mercantile Bank Limited". My academic supervisor Md. Shamim Ahmed, Lecturer, BRAC Business School approved this and gave me appropriate guidance for preparing reports as a supplementary part of the internship requirement.

I got the privilege of working on MBL from June 10, 2018 to september 10 2018 . In the recent banking sector, MBL has already created a strong positive image of the customers by giving the best banking services. This bank has introduced some modern banking schemes which have received high market demand. As banks are maintaining pace with the competitive business world, its activities, culture, philosophy and style will be in the best field of work

B) Background Of the topic

A credit management of a bank is a dynamic sector that requires funding and reducing risks and the longest-range plan for redistribution of investment funds. The purpose of credit management is to ensure the best and best points of credit and advance and to ensure their efficient management, as well as minimize the maximum and the obsolete properties of the entire property. Mercantile Bank Limited's credit policy is a combination of some recognized, time-tested values and other dynamic factors that are determined by the reality in the changed circumstances of different markets. MBL is one of the major banks to provide quality foreign exchange, transparency and quality of credit to banking sector. MBL wants to increase their profits by meeting their customers' needs and providing optimum credit facilities. I tried to analyze the credit activities of Mercantile Bank Limited

C) Objectives of the report

The objective of the report is to divide into two categories. There are: general and specific objectives

C.1) General objectives

The general objective of the study is to know about the credit management system at Mercantile Bank Limited as well as to view the current status of overall debt condition of MBL.

C.2) Specific Objectives

The specific focuses of the study are:

- To find out the overall activities of credit management system.
- To represent the procedures that bank follows for lending to the customers.
- To describe the detailed operational procedure of the different credit facilities.
- How they recover the bad debts and get back the uncollected advances.

D) Scope

In this report I shared my real life experience, what am I doing in credit department? My report is based on credit management of MBL, so I will covers the background and functions mostly on credit management system of The Mercantile Bank Limited.

E) Methodology

I am working with different books, articles, reports and newspapers which have been reviewed to prepare this report. The overall processes of methodology are given below:

I used both primary and secondary data to complete my report-

E.1) Primary Data

- Direct Observance
- Discussion with MBL employees
- Discussion with MBL regular customer

E.2) Secondary Data

- Information regarding from bank website
- Annual Report
- Bank related important circular and published notice

F) Limitation of study

An obstacle in the collection to know the practical activities of the Bank, I have faced some constraints are as follow:

- The time which providing for us from university is not sufficient for gathering data and achieving idea about the institution.
- Relevant paper and document were not given by authority because of security purposes
- For the lake of our practical knowledge, some shortcomings may be available in the internship report

Chapter-Two

OVERVIEW OF THE ORGANIZATION

1) History

Mr. Md. Abdul Jalil, MP was the founder and chairman of Mercantile Bank Limited. At present, A.K.M Shahed Reza, Chairman of the Chief. Mercantile Bank Limited started a commercial operation in Bangladesh as a public limited company on May 20, 1999 with limited liability under Bank Company Act, 1991 and Undertaken commercial operation on 2 June 1999. It was listed in Dhaka Stock Exchange and Chittagong Stock Exchange in February. 16, 2004 and February 26, 2004 respectively. 129 branches of the bank spread across the country. MBL is a capitalized new generation bank which is an authorized capital and paid-up capital of 12,000 million and 6,599.61 million Taka respectively. Total assets have 145,102,377,756 and more than 1,814 employees; bank's retail banking, corporate banking and international trade divisions have diversified activities.

There are 28 sponsors involved in the creation of Marketing Bank Limited; the sponsors of the bank have a long tradition of trade, commerce and industry. They are highly regarded for their entrepreneur's eligibility. Sponsors may be members of various professional groups, including famous banks, there are a wide range of banking knowledge professionals. There are also other financial institutions involved in insurance companies, leasing companies, etc.

MBL has been able to establish itself as a third-generation private commercial bank, promoted by its intelligent policy guidelines with a broad and excellent customer service, with a broad and efficient banking service. The main activities of the bank are all types of deposit banking deposits, loans, bill exchange, foreign exchange business, off-bank banking, treasury functions, card business and mobile banking. MBL Visa offers double prepaid cards, Visa Double Hajj card, credit card and debit card and various services to the customers through international / dual card.

MBLs are constantly expanding on its ATM network and make cards more attractive and convenient to connect with other banks. In addition to this, MBL is providing other services through its (02) two Sister concern

There are two (two) support organizations in the name of MBL's Mercantile Bank Securities Limited (MBSL) and Mercantile Exchange House (UK) Limited. For dealing with stock dealing and broking, the MBSL was formed on 27th June 2010. MBSL started commercial

activities on September 14, 2011, with the issuance of a stock dealer and broker license from the concerned authorities.

Mercantile Exchange House (UK) Limited, another subsidiary of MBL Included in the private limited company on 01 December 2010. This business started in Birmingham, UK on December 06, 2011. Currently it is working with two branches; One in Birmingham and another in London to provide quick and easy remittance services to the Bangladeshi expatriates in the UK.

2) Core values of Mercantile Bank Ltd

Palace customer interest and satisfaction as first priority and provide customized banking products and services.

- Inclusion of stockholders by attaining maturity in banking operations.
- Maintain high moral standards and transparency in transactions.
- Creates and maximizes values for our shareholders
- Be a compliant institution by complying with all regulatory requirements.
- Make a significant contribution to the development of society.
- Spurring innovation for reinforcement of our business.

3) Vision and mission of Mercantile Bank Ltd.

Mercantile Bank Ltd has vision which are stated below

” Would make finest corporate citizen”

Mission of Mercantile Bank Ltd

“Will become most caring, focused for equitable growth based on diversified development of resources, and nevertheless would remain healthy and gainfully profitable bank”

4) Strategic objectives

- ❖ To increase shareholders value
- ❖ To achieve economic value addition
- ❖ To be market leader in product innovation
- ❖ To be one of the top three financial institutions in Bangladesh in terms of efficiency

5) Corporate Governance

Board of Directors

The Board of directors consists of 14 member elected from the sponsor's. The Board Directors-11 supreme of the bank.

Executive Committee

All routine beyond the delegated powers of management are decided upon by or routed through 'Executive Committee' subject to ratification by the board of Directors.

Audit committee

In line with the guidelines of Bangladesh Bank, a four-members audit committee of the board of directors been formed to assist the board in matters related to audit and internal control system of the Bank.

Chairman

A.K.M Shahed Reza

Vice-chairman

Md.Abdul Hannan

A.S.M Feroz Alam

Directors

Md.Anwarul Haque

Dr.Mamoon Osman Imam

M.Amanullah

Shahidul Ahsan

Al-Haj Akram Hossain

Mohd.Selim

Morshed Alam(MP)

Md.Sahbuddin Alam

Al-Haj Moshareff Hossain

Dr.Md Rahmat Ullah

Kazi Moshiur Rahman

Managing director&CEO

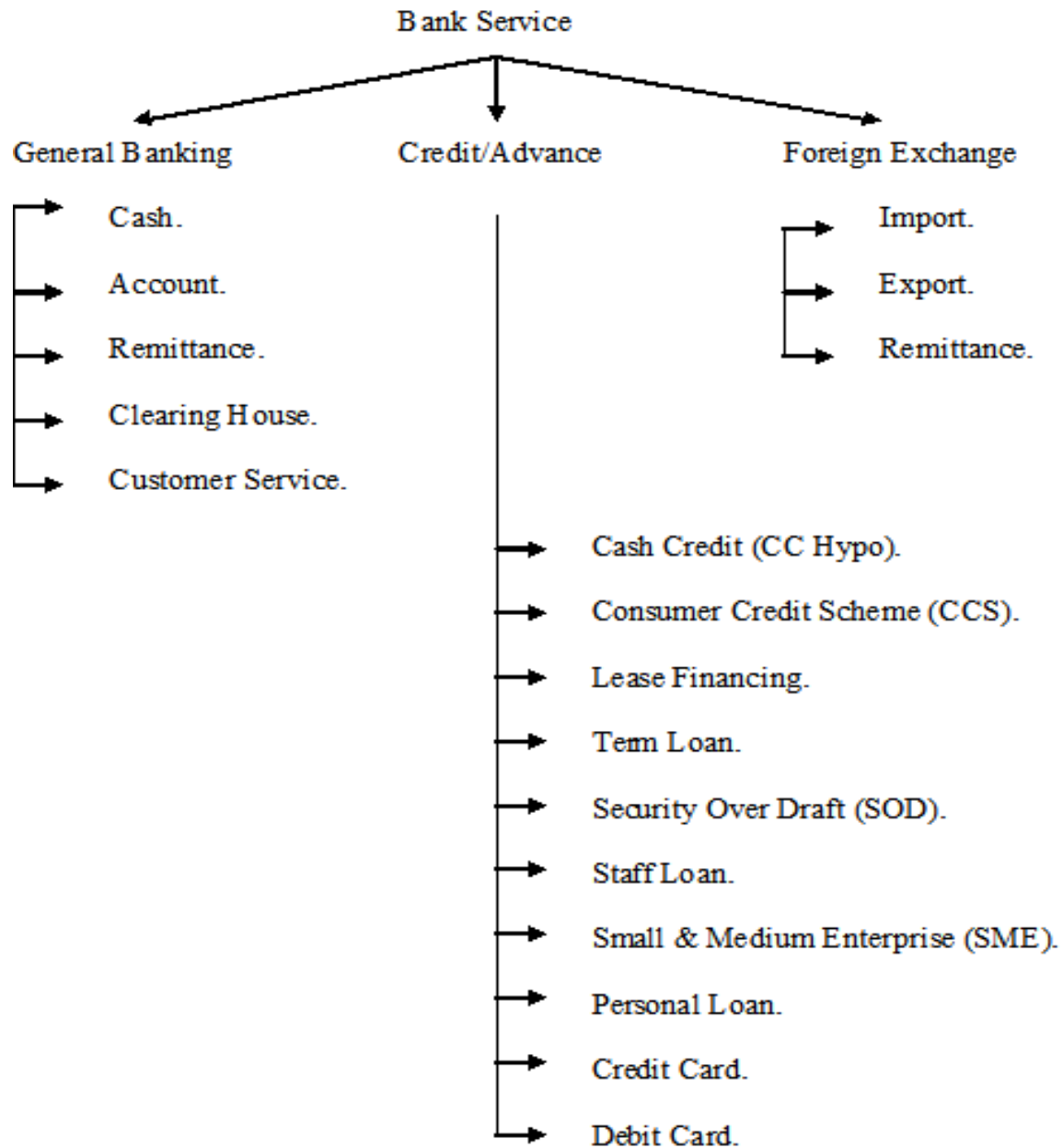
6) Glance at Mercantile Bank Ltd-Elephant Road Branch

6.1) Introduction

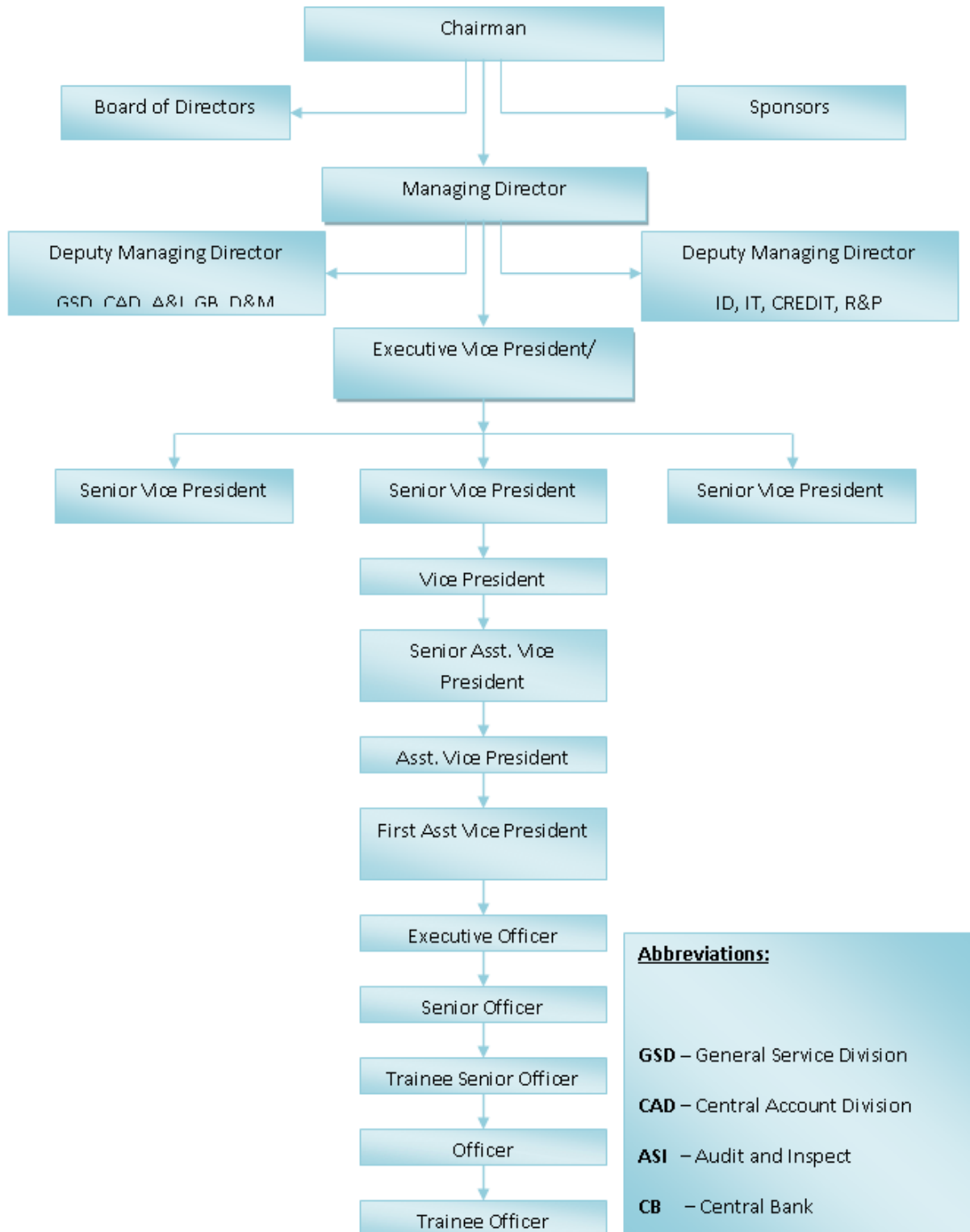
Elephant Road Branch is the 123th Branch of Bangladesh Mercantile Bank Ltd. It was established in 2012 .Manpower of this Branch are 29.

6.2) Service of Mercantile Bank Ltd

There are mainly three departments in Mercantile Bank Ltd for providing service to the clients-



6.3) Hierarchy of the Mercantile Bank Ltd



7) Products service, Schemes and Special feature

Deposit product	Scheme deposit	Special feature
Current Deposit Accounts(CD)	Monthly Saving Scheme(MSS)	School Banking
Savings Bank Deposit (SB)Account	Double Benefit Deposit Scheme	
Fixed Deposit Receipt(FDR)	Family Maintenance deposit scheme	
	Quarterly benefit deposit scheme	
	Special saving scheme	
	Super benefit Deposit scheme	

8) MBL, Elephant Road Branch organ gram

9) SWOT Analysis OF MBL:

STRENGTHS	WEAKNESS
<ul style="list-style-type: none"> Experienced management team Internal communication is good Various product lines Low human resources deficit Interactive corporate culture Employee salary is higher than the other The bank 	<ul style="list-style-type: none"> Less promotional activities The service quality of this bank is good But not as high as customers; Expectation The online network is not so beautiful
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> Invest in second market In Retail Banking Opportunity particular corporate role Project for corporate customers Diversify Into Leasing and Insurance Sector 	<ul style="list-style-type: none"> Raise market competition Fewer number of ATM booth Raise cost of fund

10) MBL interest rate on Loan & Advances

The board of Director of the bank in its 320th meeting held on 24.05.2018 and they little bit change the interest rate. The revised rate on lending will be effective from 01.06.2018 and will remain in force until further instructions

Agricultural Loans	Interest rate
Term Loan(Both short & long term)	As per Bangladesh Bank's directives

Term Loan	Interest rate
Industrial /Manufacturing project	12.00%

Other term loan	12.00%
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Working capital financing	Interest rate
Industrial project/Manufacturing project	12.00%
Supply order	13.00%
Export Loan	7.00%
Trade financing/Business loan	12.00%
Import financing of rice ,wheat ,edible Oil ,pulse ,peas, onion ,dates ,sugar	12.00%

Financing to small and Medium enterprise	Interest rate
Lease finance	12.50%
Loans against FDR	FDR Rate + 3.00%*
Loans against scheme deposit of the bank	Scheme Deposit Rate + 4.00%*

Special credit scheme	Interest rate
Doctors credit scheme <ul style="list-style-type: none"> Interest rate Loan processing fee 	18.50% 1%
Any purpose loan (personal loan) <ul style="list-style-type: none"> Interest rate Loan processing loan 	13.50% Up to 1% on loan amount Nil

Risk fund	
Car Loan <ul style="list-style-type: none"> • Interest rate • Loan processing fee 	13.00% Up to 1% on loan amount
Home Loan <ul style="list-style-type: none"> • Interest rate • Loan processing fee 	11.50% Up to 1% on loan amount
Women entrepreneurs development scheme	14.50%
Rural development scheme	14.00%
Overseas employment scheme	14.00%

Chapter –Three
INTERNSHIP EXPERIENCE

PROLOGUE

After the end of the academic study, all our professionals must enter into the world. Before dealing with the real world, the best opportunity to practice corporate culture and use of academic education is to work as an organization's intermediary. I received the privilege of working at Mercantile Bank Limited for 12 weeks.

I have experienced that every desk is employed in specific jobs and taking special jobs as well as carrying out jobs while cooperating with the people I have worked with, I appear to learning a lot that would help me not only in my professional life but also my personal life.

I worked at Elephant Road branch from 10 June, 2018 to 10 September 2018, and the three months of my internship with Mercantile Bank Limited was very pleasant. I enjoyed my work and everything, all stuffs; officers of the bank are very friendly and helpful.

As I worked as an intern there, I was assigned at only desk of the Credit divisions of bank.

Credit Department

I worked 12 weeks in this department. My job was to create file for applicants with the corresponding papers (applicant's information, company invoices, TIN, VAT certificate, credit report etc.) and help them to fill up it. I adjoined stamp in some of the papers like as Demand Promissory Note and then gave some seals like as Signature Verifying seal. I fill up some SME (Small Midterm Enterprise) forms. This form is different from savings account form. I also fill up some personal loan forms. I also write CIB (Credit Information Bureau) form. One day I went to site visit with my sir (Md.Ikramul Aziz, Management trainee Officer).I was visit 3 customers business area. I saw their business and visited their property which they want to give mortgage.

Chapter-four

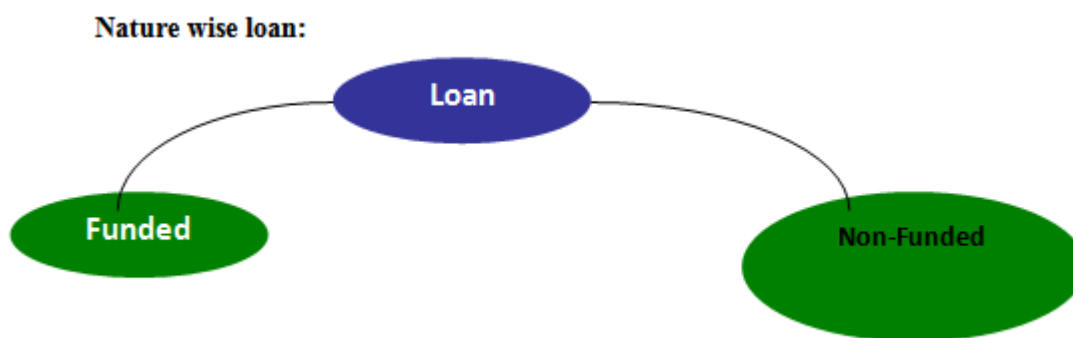
CREDIT MANGAMENT OF MERCANTILE BANK LIMITED

Credit Division:

Mercantile Bank Limited is a new generation bank. It is committed to give high quality financial services / products to increase the GDP of the country by prosperous industrial development, improve of the industry, increased export, and employment opportunities for educated youth, poverty reduction, and quality improvement .The livelihood of limited income groups and the overall sustainable socio-economic development of the country.

The bank's credit performance is the most important reason to achieve the bank's top goal, the highest percentage of the total revenue of the bank is made, based on the maximum risk and even the existence of the bank depends on the intelligent system, the failure of a commercial bank of its credit portfolio, usually with the problem of credit portfolio. Are related to It is less likely to shrink the value of other property. For example, the loan portfolio does not only affect the structure of the bank's property, it is critically important for the success of the bank.

Nature wise loan:



Fundamentals of Credit:

The word "credit" comes from the Latin word "credo", which means "I believe". The word loan can be big or narrowly defined. It is widely said that the loan (borrowers, buyers, corporate or non-corporate organizations) means (lenders, dealers, or shareholders / owners), others which are generally used for loan credit loans. Credit debt is the opposite. In the future, a debt lending obligation is a debt lender to both debt repayment loans and the same law-making loan.

Principal of Advance:

Advance payment is one of the most important tasks of the bank and the bank's strength depends on its progress and total amount, which depends on the total deposits. Although the exchange, commission and bank charges are the minimum profit or commercial bank's contribution to profit, their earnings are mainly from interest charged on loans and discounts. A knowledgeable and intelligent policy about a progress is considered to be an important factor in the confidence of the bank's depositors and buyers. Traditionally banks are following three main capital debts: Security, liquidity, and profitability can be made both of debt and advance borrowers, and subsequently called Safe Progress. Based on the unprotected progress of the borrower depends on confidence.

Different Type of Loans and Advances:

BC Circular No 33: 16/11/89 Bank has been given various types of loans, which were made by the Bangladesh Bank, split on 11 September 01/01/90, which was later BCD notice number. 03 dated 09/10/93 and again 10 major areas of BC measurement number: 8 dated 25/04/94 to determine interest rates on various banks' funds, conventional marketing conditions and country's financial policies. Loans and advances have primarily been divided into two major groups:

Retail loan:

- 1. Consumer credit scheme:** Consumer's credit scheme is one of the popular areas of Collateral free finance of the bank. People with limited income can get credit facilities to buy computer and other durable family products. The maximum loan limit is Tk 1 lakh.
- 2. Lease finance:** This scheme is designed to help and encourage genuine and capable entrepreneurs and professionals to acquire capital equipment, medicines, computers, vehicles and other items.
- 3. Car loan:** Car loan for people in the middle class has been launched to buy cars. MBL maintains certain conditions of car loan. For example, a car worth 20 million. Here the bank

will pay 10 lac, because the car loan bank will give 50% loan to the vehicle. Most car loan limit is 2 million

4. Home loan: To symposium the growing demand for housing for medium and lower medium income people, the MBL Home Loan Scheme has been launched. Such loans can be purchased or available Construction of new apartments for self-resident. Banks will keep mortgages against home loans

5. Any purpose loan (personal loan scheme): Personal loan scheme has been launched to provide credit facilities to the needs of low and middle income groups for a purpose. The maximum loan limit is Tk 15 lac. The bank will not take any mortgage against this loan.

6. Overseas employment loan scheme: This scheme is planned for simplify the Bangladeshi youths seeking employment aboard but who are unable to meet the expenses to reach the workplace from their own sources. By availing loan under this scheme, the active youths of middle and lower class can get overseas employment by avoiding borrowing from the mohajon at high cost or selling their ancestral properties.

7. Cottage loan: The development plan of women entrepreneurs has been introduced in the business. Under this scheme, small and cottage industrial projects funded by banks women are financed by women.

8. Rural development scheme This project makes financing and self-reliant by financing various income generating projects for the rural population of the country. This scheme is managed on the basis of the group.

Corporate Credits:

This advance has no fixed payment schedule, but it has a validity time, which is renewable activity renewable. Depending on the different nature of financing, the main of all lending activities has been brought under the following.

Cash Credit (CC) Hypothecation:

A cash loan is a provision that allows the customer to borrow money up to a specific limit. This is a permanent arrangement and the customer will not have to draw an authorized

amount simultaneously, but draw the required amount and time as much as needed. He can return to the excess amount, which he can find with her. So cash credit is an active and running A / C deposit and withdrawal that can often be affected Interest is charged only for the amount withdrawn and not for the whole amount charged. Cash credit systems are generally composed of good commitment or hypothecation adjustment.

OD:

Overdraft is an arrangement between a bank and its customer, which will later be uploaded to a consent limit on its credit balance. This is temporary accommodation provided through securities only. The borrower is allowed to draw and pay at any time, but the amount of excess amounts does not exceed the limit. For the amount of interest charged for the amount approved. A cash credit is doing regular business for long-term traders, when overdrafts are sometimes made for a short time

SOD (Other):

Approval against the order of work for the contractual work is below this head. Advance is usually approved for a specific purpose. This is not a continuous loan.

OD (General)

Advances allowed to the individual / organizations against financial liabilities, such as the EDR line Or Defense Savings Certificate, ICB unit certificate etc.

SOD:

This is a continuous advance advantage. Through this agreement, bankers allow their customers to overdraft out their current A/C from their credit limit. Interest is charged on the amount, which does not take part in it, not in sectional quantity. MBL SOD against various security departments. Based on a variety of security, we can share the following advantages.

IBP :

In order to meet the urgent need of the customer, there is such credit facility by paying internal bill / cheques purchase. This applies to purchase bills / cheques for temporary advance collection. It falls under the category of 'commercial loans

P.C :

In case of specific processing / packing, it is allowed to move forward against the customer against specific L / C Farm Contract. This is classified as underground and 'packing credit'. Increasing relevant export processing should be done within 180 days. It is under 'Export Credit'.

F.D.B.P:

Under the department, the money given to the customer through the purchase / deviation of a foreign document bill. Regular from this temporary advance shipping / export documents premium. It comes under the 'Export Credit' category.

F.D.B.P. (Local):

Payment is made against documents representing sell of goods to local export oriented industries which is considered as a fixed currency in the local currency / foreign currency of this division. This liability is adjustable form proceeds of the bill.

F.B.P:

Purchases or payments made to a customer through foreign currency, cheques / drafts fall under this head. This temporary progress is fixed / dated to the premium of the draft.

Export Cash Credit:

For export of goods, the customer falls under this head of the approved financial shelter and is categorized as "Export Credit". Advance advancement should be out of export within 180 days

L.T.R.:

Shipping documents are released and this product is released by L / C at the bottom of the head. Under the transfer of the product, the importer under the trust will transfer the sale quantity for a progress settlement within a period which is transferred. This is the post import finance by MBL.

P.A.D:

Amount paid by the bank against the claims of tax on the products exported by L / C by the bank. This is in exchange for an interim advance and exchange in exchange for the money paid by the party at the end of the document to free the imported goods from customs authorities. It falls under the category of commercial credit

Credit approval procedure:

After receiving the application from the client, MBL official prepares a credit line proposal (CLP) (Annexure-1, 2, 3) and forwards the same to the Head Office to place before Head Office Credit.

Committee (HOCC) or approval. It includes:

- ❖ Request for credit limit for customer.
- ❖ Project profile / profile of business.
- ❖ Copy of trade license dully attested.
- ❖ Copy of TIN certificate.

- ❖ Certificate copy of Memorandum and Article of Association, certificate of incorporation, certificate of commencement of business, Resolution of the Board, Partnership deed. (Where Applicable).
- ❖ 03 (Three) years Balance Sheet and Profit and Loss account.
- ❖ Personal net worth statement of the owner / directors / partners etc.
- ❖ Valuation certificate of the collateral security in banks from with photographs of the security.
- ❖ CIB inquiry from dully filled in (for proposal of above ten lac).
- ❖ Credit report from another banks.
- ❖ Stock report dully verified (Where Applicable).
- ❖ Indent / Performa invoice / Quotation.
- ❖ Price verification report.
- ❖ Statement of accounts.
- ❖ Declaration of the name of the sister concern and their liability
- ❖ In case of L / C detailed performance of L / C during last year.
- ❖ Schedule of mortgage able properties and relevant papers.
- ❖ Market reputation.
- ❖ Lending risk analysis, LRA (Applicable only for Loan more than Tk. 50 lac).
- ❖ Financial spreadsheet analysis.
- ❖ Credit scoring.
- ❖ Credit report.

Therefore, the steps in lending can be sum up as follows:

- ❖ Entertainment of application for loan proposal.
- ❖ Preliminary screening of credit proposal.
- ❖ Feasibility study and Appraisal of loan proposal or credit investigation.
- ❖ Sanction of loans or advances.
- ❖ Documentation.
- ❖ Disbursement of loans or advances.
- ❖ Supervision and follow up of loans and advances.

Sanction:

When a branch manager writes a letter acknowledging the terms and conditions of the loan, he is called loan approval. Terms, which include loan approval, are given below: -

- ❖ Limit of the loan amount.
- ❖ Primary securities.
- ❖ Collateral securities.
- ❖ Rate of interest of the loan.
- ❖ Expire date.
- ❖ Documentation and,
- ❖ Other conditions

Securities:

To protect the loan, the security of the churches, credit facilities, is very important. The banker cannot take the risk of not returning the money. The following two types of security charges MBL.

Primary security: These are security by the ownership of things that the bank offers.

Collateral security: Collateral Securities are securities submitted by third parties, which can save for a borrower in a narrow sense. In broad terms, it indicates some kind of security that has the personal right to bank action in advance.

Pledge: As a promise of safety, products from the title, such as a promise of a product with secured stock and shares, as well as railway receipts, bill of landings, dock warrants etc., are appropriately approved by the bank.

Hypothecation: In case of forced ownership, ownership rights and ownership are both borrower. To the bankers, a bona fide charge is made on the security of the borrower .The lender lends a loan known as a hypothecation agreement to the bank and execute a document

Lien: Lien is the right of the banker to retain, the goods of the borrower until the loan is repaid. The banker's lien is general lien. A banker can retain all the securities in his possession till and claims against the concern are satisfied.

Mortgage:

According to property law transfer (58), 1882 may be "the transfer of certain fixed assets, permanent property, current or future debt or employment-related work of credit, which can lead to financial liability. In this case the Mortgage doesn't transfer ownership of the specific immovable property to the mortgage, only transfers some of his rights as an owner. The banker exercises the equitable mortgage.

Loan:

- ❖ D.P. notes signed by revenue stamp.
- ❖ Letter of agreement
- ❖ Letter of disbursement
- ❖ Letter of partnership (partnership firm) or Board of resolution (limited companies)
- ❖ Letter of lien and ownership / share transfer from (in case of advance against share)
- ❖ Letter of hypothecation
- ❖ Letter of lien for packing credit
- ❖ Letter of lien (in case of advance against FDR)
- ❖ Letter of lien and transfer authority (in case of advance against PSP, BSP)
- ❖ Legal documents for mortgage of property (as draft by legal adviser)
- ❖ Copy of sanction letter mentioning details of terms and conditions duly acknowledged by the borrower
- ❖ Trust receipt
- ❖ DP Note
- ❖ Letter of partnership
- ❖ Letter of arrangement
- ❖ Letter of continuity
- ❖ Letter of lien
- ❖ Letter of lien and ownership / share transfer from (in case of advance against share)
- ❖ Letter of lien and transfer authority
- ❖ Legal documents for mortgage of property

- ❖ Letter of hypothecation of bill
- ❖ DP Note
- ❖ Letter of partnership (partnership firm) or Board of resolution (limited companies)
- ❖ Letter of continuity
- ❖ Letter of arrangement
- ❖ Letter of hypothecation [in case of cash credit (Hypothecation)]
- ❖ DP Note
- ❖ Letter of partnership (partnership firm) or Board of resolution (limited companies)
- ❖ Letter of arrangement
- ❖ Letter of acceptance, where it calls for acceptance by the drawee
- ❖ Letter of hypothecation of bill
- ❖ DP Note
- ❖ Letter of arrangement
- ❖ Letter of authority
- ❖ Letter of installment
- ❖ Letter of disbursement
- ❖ Letter of guarantee
- ❖ Letter of hypothecation
- ❖ Legal documents for mortgage of property

Overdrafts

Cash Credit

Bill purchased

Lease Finance

- ❖ C.C.S:
- ❖ DP Note
- ❖ Letter of arrangement
- ❖ Letter of authority
- ❖ Letter of installment
- ❖ Letter of disbursement
- ❖ Letter of guarantee

- ❖ Letter of hypothecation
- ❖ Legal documents for mortgage of property
- ❖ DP Note
- ❖ Letter of arrangement
- ❖ Letter of authority
- ❖ Letter of installment
- ❖ Letter of disbursement
- ❖ Letter of guarantee
- ❖ Letter of hypothecation
- ❖ Legal documents for mortgage of property
- ❖ DP Note
- ❖ Letter of continuity
- ❖ Letter of authority
- ❖ S.S.S

Letter of Guarantee:

Disbursement:

The loan distribution documentation was made after approval of the terms and conditions. The project implementation can be effectively supervised at every stage of disbursement of loan for monitoring by the bank officials and can hold the borrower firmly in order to complete the project in a timely manner. There are three main reasons for the disbursement of loans, such as: -

- ❖ Finishing the documentation
- ❖ Stock verification
- ❖ All important documentation

Credit Monitoring, Follow-Up and Supervision:

Credit monitoring implies that it is free to check whether it is free or not, to ensure that the distribution of distributed funds is tested. It includes a reporting system and communication system between the borrower and the lending institution within the division, in the evaluation, distribution, recovery, follow-up, etc.

Recovery:

Experienced commercial bankers are creating problems for the recovery of progress in our country. As a result, they should think that Shakespeare's Hamlet's Pala wise has been advised of his son Laureates, "Both the borrower and the lender do not have the debt; debt often damages themselves and the friend". But most of them are logical, trade and commerce, where debt and loan business refuse to fully ban the application for a part of the business, it is a national or international level. While considering the capital of banks linked to their total assets, the banks are generally highly leveraged companies. In advance, such as overdraft, loan cash credit and bill, there are a large number of such assets. And the adequacy or inadequacy of capital depends on the quality of the bank's management as an example of intelligent lending decisions; Regular control and advance restoration.

Loan Classification:

Loan classification is a process by which the probability of risk or loss associated with the loan of a bank is identified at a particular date and the quantum of measurement of the accuracy of the bank is determined by the bank for possible losses / who are at risk risk

1. Unclassified : Repayment is regular
2. Substandard: Repayment is topped or irregular but has reasonable prospect

Of improvement.

3. Doubtful debt: Unlikely to be repaid but special collection efforts may

Result in partial recovery

4. Bad / Loss : Very little chance of recovery

Chapter -Five

FINDINGS

During crafting this report I have gone through different aspects of Credit policies and procedures of Mercantile Bank Limited. By analyzing, I have identified the following Findings as importantly:

- ❖ The transaction delay and the customer across the counter have found that there are long queues in the counter due to the lack of concern for the concerns officers, due to such lines of line.
- ❖ The lack of teamwork in the general category is a big problem. This is one of the most important criteria for customer service development in this branch.
- ❖ In the Advanced Division they face various problems for the recovery of the loan installment. The loan installment does not realize at the right time that this branch can be appointed as a problem bank.
- ❖ Sometimes the valuation of property is not counted properly due to that the customer is damaged. It does not offer different loan projects than other banks.
- ❖ The decision is centralized.
- ❖ The loan and advance division takes a long time to process the loan because the approval loan process itself is taken.
- ❖ The banker has many problems to meet the loan related documents of the bank, loan application, stock report, net price inflation etc.
- ❖ The CIB inquiry form does not provide information about the new client of the bank.
- ❖ CIB report is not easily available from the Bangladesh Bank.
- ❖ The political problems of Bangladesh are political issues. Due to political interference, in most cases banks are mandatory to provide loans, which are rarely restored. Every year, this bank has to face almost the convenience.

Chapter-SIX

RECOMMENDATION

Mercantile Bank Limited has been successful in all its operations since its inception. It has virtually outs performed all its colleagues and rivals and peer banks in all areas of all activities. There is still a chance for the bank to improve and any or all of the following can implement Mercantile Bank Limited to do better:

- ❖ An outside company should be recruited to recover the bank's debt because it takes a lot of time for bank employees to recover the fraudulent debt.
- ❖ The bank can increase its retail credit loan by approving credit to more customers. This could be possible by discounting the credit policy like a third party guarantee waiver
- ❖ Banks can increase the quality of their assets by discounting interest rates and therefore customers can return back on time. It will only be offered to regular customers.
- ❖ Extra, more services should be included with current services. It is highly needed to Provide customer service Market competition
- ❖ In the advance section for the recovery loan and delay issue, special monitoring should be in the field of cell field.
- ❖ The loan approval process should be easy so that borrowing from the client bank can be comfortable.
- ❖ Property Assets should be calculated by surveyors.
- ❖ Regular performance evaluation and promotion / reassurance, which will prevent the switching of employees.
- ❖ Internal conflicts between employees should be reduced.
- ❖ Banks should make credit cards arrangements because it shows that all payment credit cards in the near future will be in plastic money.
- ❖ Customer loan will continuing.

CONCLUSION

Banking is becoming more important for economic development of Bangladesh by acquiring capital and other resources. The third generation bank, Mercantile Bank, contributed to the progress of the socio-economic conditions of the country.

My main goal of this internship was on banking system and how it actually works. MBL has given an insight into the operation of the bank on the basis of the Credit Management Department experience day. Despite some criticism, MBL's overall performance is above the average of current banking industry. With a culture of strict discipline and risk management, a bank's growth will increase the level of high levels. Following the superiority, the bank system changes its reality with the reality, policy, process and reviews its products and services. In this way, MBL wants to create a new era in banking.

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Appendices

MBL-Mercantile Bank Limited

P.C -- Packing Credit.

CIB-- credit Information Beureau

.OD—Overdraft.

SOD--Savings Overdraft.

L.T.R. --Loan against Trust Receipts.

IBP --Inland Bill Purchase.

F.D.B.P. -- Foreign Documentary Bill Purchase.

L.T.R. -- Loan against Trust Receipts.

P.A.D.--Payment against Documents.

F.B.P. --Foreign Bill Purchase.

