

Internship Report
on
“An analysis of the General Banking Activities of Mercantile Bank PLC”

Submitted by:

Maisha Islam Ava

ID: BBA2201025059

Program: Bachelor of Business Administration

Major: Finance

Department of Business Administration

Sonargaon University (SU)

Submitted to:

Department of Business Administration

Faculty of Business

Sonargaon University (SU)

Submitted for the partial fulfillment of the degree of
Bachelor of Business Administration



Sonargaon University (SU)
147/1 Green Road, Panthapath, Tejgaon, Dhaka

Date of Submission: January 3, 2026

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Maisha Islam Ava
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Submitted for the partial fulfillment of the degree of
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Sonargaon University (SU)
147/1 Green Road, Panthapath, Tejgaon, Dhaka

Date of Submission: January 03, 2026

Letter of Transmittal

3rd January, 2026

To,

Shafiqul Islam

Lecturer.

Department of Business Administration

Sonargaon University (SU)

Subject: Submission of internship report titled “**An Internship Report on “An analysis of the General Banking Activities of Mercantile Bank PLC”**”.

Dear Sir,

With due respect, I would like to submit my Internship Report on “An Analysis of the General Banking Activities of Mercantile Bank PLC Bangladesh Limited” as a part of my BBA program. The report covers almost all the activities of General Banking activities in this Bank. I tried my level best to make the report meaningful and informative. Without the proper guideline of yours, it is not possible for me to complete the report easily.

I hope you will accept my report by considering the limitations and mistakes of my study. I also believe that you will find something interesting and obviously informative in this report.

Sincerely Yours

Maisha Islam Ava

BBA2201025059

Program: Bachelor of Business Administration

Major: Finance

Department of Business Administration

Sonargaon University (SU)

Letter of Acceptance

This is to certify that **Maisha Islam Ava**, ID No: BBA2201025059, Department of Business Administration, has completed her internship report titled on “**An analysis of the General Banking Activities of Mercantile Bank PLC**” under my supervision as a part of partial requirement for obtaining Bachelor of Business Administration (BBA) degree in Finance Major. This report can be accepted for evaluation.

Shafiqul Islam

Lecturer

Department of Business Administration

Sonargaon University

Student's Declaration

I am Maisha Islam Ava, a student of BBA, Department of Business Administration, Sonargaon University, do hereby declare that the internship report titled “**An analysis of the General Banking Activities of Mercantile Bank PLC**” is the outcome of three months’ practical work on this topic mentioned above under the supervision of **Shafiqul Islam**, Lecturer, Department of Business Administration, Sonargaon University, Bangladesh.

I also declare that this report is an original work and no part of this report has been copied from elsewhere. In addition, I would also like to mention that this report has not been published or submitted for being published or submitted for awarding any degree, diploma or recognition.

Sincerely Yours,

Maisha Islam Ava

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Program: Bachelor of Business Administration

Major: Finance

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Sonargaon University (SU)

Acknowledgment

First of all, I want to give my thanks to almighty Allah for giving me the chance to do my internship at a top level organization in our country. Without the help of almighty it is not possible for me to submit the report on time.

I am also very much thankful to my varsity supervisor **Shafiqul Islam** sir. He helped me a lot to complete this report properly.

I am also grateful to Md. Showkat Hossain Sir, B a n k Manager at Mercantile Bank PLC Limited, Rampura branch, Dhaka. They helped me a lot and answered my all question related to

the MBL. Without their helpful behavior it is not possible for me to know many things about MBL.

I wish to heartily thank all other employees of MBL those were friendly, dynamic and helped me seriously and given me their valuable time. They were always very polite to answer my questions and gave their time in busy hour too. At last, my sincere apology goes to the reader's for any kind of unwanted mistakes.

Maisha Islam Ava

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Executive Summary

Banking sector is the one of the stable financial institution of a country. Mercantile Bank PLC Limited has upgrading their position and services and gaining a better position today and they are trying to be the most leading private commercial bank in Bangladesh and most leading financial institution in the banking sector. The date of this bank incorporated was MAY 20th, 1999. It started its operation on JUNE 2nd, 1999.

In this report I made some a small brief about the condition of “**General Banking Activities of Mercantile Bank PLC Ltd. (Rampura Branch)**”. Commercial banks are the primary contributors to the economy of a country and so I can say that commercial bank is a profit-making institution that holds the deposits of individuals & business checking & savings accounts and then uses these funds to make loans and for that reason people and the government is very much dependable on these banks as financial intermediary. As the banks are profit-earnings concern, they collect deposit at the lowest possible cost and provide loans and advances at highest cost. The differences between two are the profit for the bank.

The general banking department does the most important and basic works of the bank. All other departments are linked with this department. It also pays a vital role in deposit mobilization of the branch. MBL provides different types of accounts, locker service and special types of saving scheme under general banking.

At the end I have tried to show some suggestion for the promotion and betterment of the bank.

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List of Acronyms

Acronym	Full Form
ATM	Automated Teller Machine
BBA	Bachelor of Business Administration
BB	Bangladesh Bank
BO	Branch Office
CAD	Credit Administration Department
CIB	Credit Information Bureau
CRR	Cash Reserve Ratio
DRR	Deposit Reserve Ratio
EFT	Electronic Fund Transfer
FDR	Fixed Deposit Receipt
GB	General Banking
HRD	Human Resource Department
IB	Investment Banking
IT	Information Technology
KYC	Know Your Customer
L/C	Letter of Credit
MBL	Mercantile Bank PLC Limited
MICR	Magnetic Ink Character Recognition
NPL	Non-Performing Loan
PO	Pay Order
RTGS	Real Time Gross Settlement
SMS	Short Message Service
VAT	Value Added Tax
ATM	Automated Teller Machine
BBA	Bachelor of Business Administration
BB	Bangladesh Bank

Chapter-One

INTRODUCTION

1.1 Introduction

The internship program is a compulsory requirement of the Bachelor of Business Administration (BBA) degree, aimed at bridging the gap between theoretical knowledge and practical application. Through this program, students are provided with the opportunity to gain real-life experience in a professional working environment. As a part of this academic requirement, the internship was conducted at Mercantile Bank PLC Limited (MBL), a well-established private commercial bank in Bangladesh, with a focus on general banking operations.

Mercantile Bank PLC Limited plays a significant role in the country's banking sector by offering a wide range of financial products and services to individual and corporate customers. The general banking department serves as the foundation of the bank, as it deals directly with customers and handles day-to-day banking activities. This department includes services such as account opening, deposit collection, cash receiving and payment, cheque clearing, remittance, and customer service management. Understanding these activities is essential for comprehending the overall functioning of a commercial bank.

During the internship period, practical exposure was gained by working closely with bank officials in the general banking department. The internship provided opportunities to observe operational procedures, interact with customers, and assist in routine banking tasks under proper supervision. This hands-on experience helped in developing professional skills such as communication, teamwork, time management, and customer handling. Moreover, it enhanced understanding of internal control systems, banking regulations, and service quality management practiced by Mercantile Bank PLC Limited.

The experience gained from the internship contributed significantly to the understanding of how theoretical concepts of banking, finance, and management are applied in real-world situations. This report is prepared based on practical experience, observation, and information collected from relevant sources to present a comprehensive view of general banking activities of Mercantile Bank PLC Limited and to analyze their effectiveness.

1.2 Objectives

Primary

The main objective of this study is to acquire practical knowledge and hands-on experience regarding the general banking operations of Mercantile Bank PLC Limited as a part of the BBA internship program. The study seeks to develop an understanding of how a commercial bank operates in a real business environment and how theoretical concepts related to banking and finance are applied in practice.

Secondary

- To gain an overall understanding of the general banking functions of Mercantile Bank PLC Limited
- To examine the procedures involved in opening and maintaining different types of bank accounts
- To analyze various deposit products and services offered by the bank, such as savings accounts, current accounts, and fixed deposit schemes
- To observe cash management activities including cash receiving, cash payment, and vault management
- To understand the cheque clearing and remittance processes of the bank
- To assess the efficiency and effectiveness of customer service provided by the general banking department
- To identify operational problems and challenges faced by the general banking section
- To develop practical skills related to communication, customer handling, and professional behavior
- To recommend possible measures for improving general banking services and customer satisfaction

1.3 Scope of the Study

The scope of this study is confined to the general banking activities of Mercantile Bank PLC Limited. The study mainly focuses on the practical aspects of general banking operations observed during the internship period. These activities include account opening procedures, deposit collection, cash transactions, cheque clearing, remittance services, and customer service functions. The study is based on practical experience gained from working in a single branch of Mercantile Bank PLC Limited. Information was collected through direct observation, discussion with bank officials, and internal documents provided during the internship. Therefore, the scope of the study is limited to understanding the operational practices of general banking rather than evaluating the overall performance of the bank at a national level.

1.4 Methodology of the Study

The methodology of this study describes the procedures followed to collect and analyze information related to general banking operations of Mercantile Bank PLC Limited. Both primary and secondary data sources were used to prepare this report.

Primary data were collected through:

- Direct observation of daily general banking activities
- Practical involvement in routine banking tasks under supervision
- Informal discussions with bank officers and employees

Secondary data were collected from:

- Annual reports of Mercantile Bank PLC Limited
- Bank brochures, manuals, and circulars
- Official website of Mercantile Bank PLC Limited
- Relevant textbooks, journals, and previous internship reports

The collected data were analyzed qualitatively to present a clear picture of general banking practices and to identify problems and possible improvements.

1.5 Limitations of the Study

- **Secondary Data Only:** Exclusive reliance on publicly published, audited Annual Reports; no access to raw, internal accounting data or working papers.
- **Historical Data Lag:** The financial assessment is based on retrospective data, which may not capture the full impact of current market or regulatory changes.
- **Benchmarking Difficulty:** Challenges in finding perfectly comparable peer banks for accurate cross-sectional industry analysis.
- **Random changing system:** As the bank is constantly improving its system, which is also changing time to time, it will be hard to discover the true performance of the bank each time.

- **Extreme workload:** A few officers sometimes felt disturbed, as they were busy with their job. Sometimes they didn't want to oversee me out of their official work. Sometimes it was difficult to collect data; important files are kept in a vault for safety.
- **Limited Exposure Time:** The three-month internship duration constrained the ability to observe full cycles of complex or long-term banking processes (e.g., full credit default resolution).
- **Ratio Analysis Assumption:** The analysis assumes the consistency and accuracy of reported financial statements, which may not reveal underlying financial statement manipulation.
- **Focus on Financial Metrics:** The report prioritizes financial indicators, excluding a deep analysis of non-financial metrics such as Corporate Social Responsibility (CSR) impact and comprehensive employee satisfaction data.
- **Other limitation:** There was a non-availability of some preceding and latest data. As I am a newcomer, there is a lack of previous experience in this regard. And many practical matters have been written from my own observation that may vary from person to person.

Chapter-Two

ORGANIZATION OVERVIEW

2.1 History of Banking

Mercantile Bank PLC Limited (now Mercantile Bank PLC) is one of the third-generation private commercial banks in Bangladesh, established to contribute to the development of the nation's financial sector. The bank was incorporated as a public limited company on 20 May 1999 under the Companies Act 1994 and subsequently obtained its banking license from Bangladesh Bank. It officially commenced commercial operations on 2 June 1999, marking the beginning of its service in the banking industry of Bangladesh.

The founding of Mercantile Bank PLC was driven by a group of 27 prominent businessmen from various sectors of the economy, who envisioned a bank that could offer efficient financial services and support economic growth. The bank's head office is located in Dilkusha Commercial Area, Dhaka, which has been its central hub for strategic management and operations.

In its early years, Mercantile Bank PLC focused on building a strong foundation in core banking services such as deposit mobilization, lending, trade finance, and customer services. It introduced several innovative banking products, including fixed deposits, savings schemes, and loan products that catered to diverse segments of customers. The bank placed emphasis on financing productive sectors including agriculture, corporate business, manufacturing, and small-medium enterprises (SMEs), which helped broaden its customer base and contribute to economic development.

A major milestone in the bank's history was the public issue of shares in 2003, after which its shares were listed on both the Dhaka Stock Exchange (DSE) and the Chittagong Stock Exchange (CSE). Listing on the stock exchanges not only strengthened the bank's capital base but also enhanced its public profile and market credibility.

Over the years, Mercantile Bank PLC expanded its branch and service network across Bangladesh. It introduced modern banking services such as online banking, mobile banking, automated teller machines (ATMs), and agent banking outlets to meet the growing demands of its customers in an increasingly digital environment. The bank also diversified its offerings to include Islamic banking services, treasury products, and off-shore banking units.

In recognition of its performance and governance, Mercantile Bank PLC has received several national awards for excellence in reporting and corporate governance. The bank also adapted its name from Mercantile Bank PLC Limited to Mercantile Bank PLC in 2023 to align with the amended Companies Act, reflecting its status as a public limited company.

Today, Mercantile Bank PLC is recognized as a reliable and innovative banking institution with a strong presence in the banking industry of Bangladesh. Its continued focus on customer-centric services, technological advancement, and sustainable growth has helped it maintain reputation and resilience even during challenging economic conditions.

2.2 Banks and Financial Institution (FIs) in Bangladesh

The financial system of Bangladesh consists of a wide range of institutions that support the country's economic activities by providing credit, savings, investment, and payment services. These institutions are divided into three broad sectors: the formal sector, semi-formal sector, and informal sector. The formal sector includes regulated institutions such as scheduled banks, non-bank financial institutions (FIs), insurance companies, and capital market intermediaries, which are supervised by the central bank – Bangladesh Bank.

Within the formal sector, banks and financial institutions play a central role in mobilizing savings and allocating financial resources efficiently. Scheduled banks are categorized into several types, including state-owned commercial banks (SOCBs), private commercial banks (PCBs), Islamic Shariah-based banks, foreign commercial banks, and specialized banks. As of the 2023²⁴ period, Bangladesh had 61 scheduled banks and 5 non-scheduled banks operating under the regulation of Bangladesh Bank, as well as 35 non-bank financial institutions (FIs).

Mercantile Bank PLC (formerly Mercantile Bank PLC Limited) is one of the major private commercial banks in Bangladesh. Established in 1999 and headquartered in Dhaka, Mercantile Bank PLC has grown into a significant player in the banking industry, offering a diversified range of financial services including retail banking, corporate finance, Islamic banking solutions, asset management, and trade finance. As a private commercial bank, Mercantile Bank PLC operates within the competitive environment of Bangladesh's banking sector, which includes other local and foreign institutions. Private commercial banks like Mercantile Bank PLC are crucial for financial inclusion, as they provide services such as savings and current deposit accounts, loans to individuals and businesses, remittance services, and digital banking solutions to a broad customer base. These banks contribute to economic development by financing productive sectors and supporting small and medium enterprises (SMEs). In contrast, non-bank financial institutions (FIs) perform financial intermediation but are not classified as banks. FIs also operate under the supervision of Bangladesh Bank and offer services such as leasing, investment financing, consumer credit, and savings products. While both banks and FIs contribute to the

overall financial system, banks generally hold a larger role in deposit mobilization and payment systems, whereas FIs often focus on specialized financing activities and niche segments.

In summary, Mercantile Bank PLC represents a key segment of Bangladesh's formal financial system, contributing to economic growth and financial inclusion. Its operations, alongside other banks and FIs, form an integrated network of institutions essential for sustaining the country's financial stability and supporting the needs of individuals, businesses, and government entities.

2.3 Current Structure of Banks in Bangladesh

The banking sector in Bangladesh is a key component of the country's financial system, providing essential financial services to individuals, businesses, and the government. The Bangladesh Bank acts as the central regulatory authority and supervises the operations of all banks under the Bangladesh Bank Order, 1972 and the Bank Company Act, 1991 (Amended up to 2013). Scheduled banks form the core of the banking industry and are licensed to conduct full commercial banking activities, including deposit mobilization, lending, clearing, and foreign exchange operations.

2.4 Overview of Mercantile Bank PLC Limited

Mercantile Bank PLC Limited (now officially Mercantile Bank PLC) is a third-generation private commercial bank in Bangladesh that plays a significant role in the country's financial sector. It was incorporated on 20 May 1999 and commenced operations on 2 June 1999, established by a group of prominent business leaders with the aim of contributing to Bangladesh's economic growth and development. The bank's registered head office is located in Dilkusha Commercial Area, Dhaka City

Mission & Business Focus

Mercantile Bank's mission emphasizes being a caring, customer-focused institution that supports equitable growth through diversified financial services, while remaining financially healthy and profitable. The bank's strategy centers on delivering excellent customer service, promoting innovation, and maintaining strong governance and ethical practices.

Network and Presence

Over more than two decades, Mercantile Bank PLC has expanded its footprint across the country, building a broad network of service outlets and technology channels:

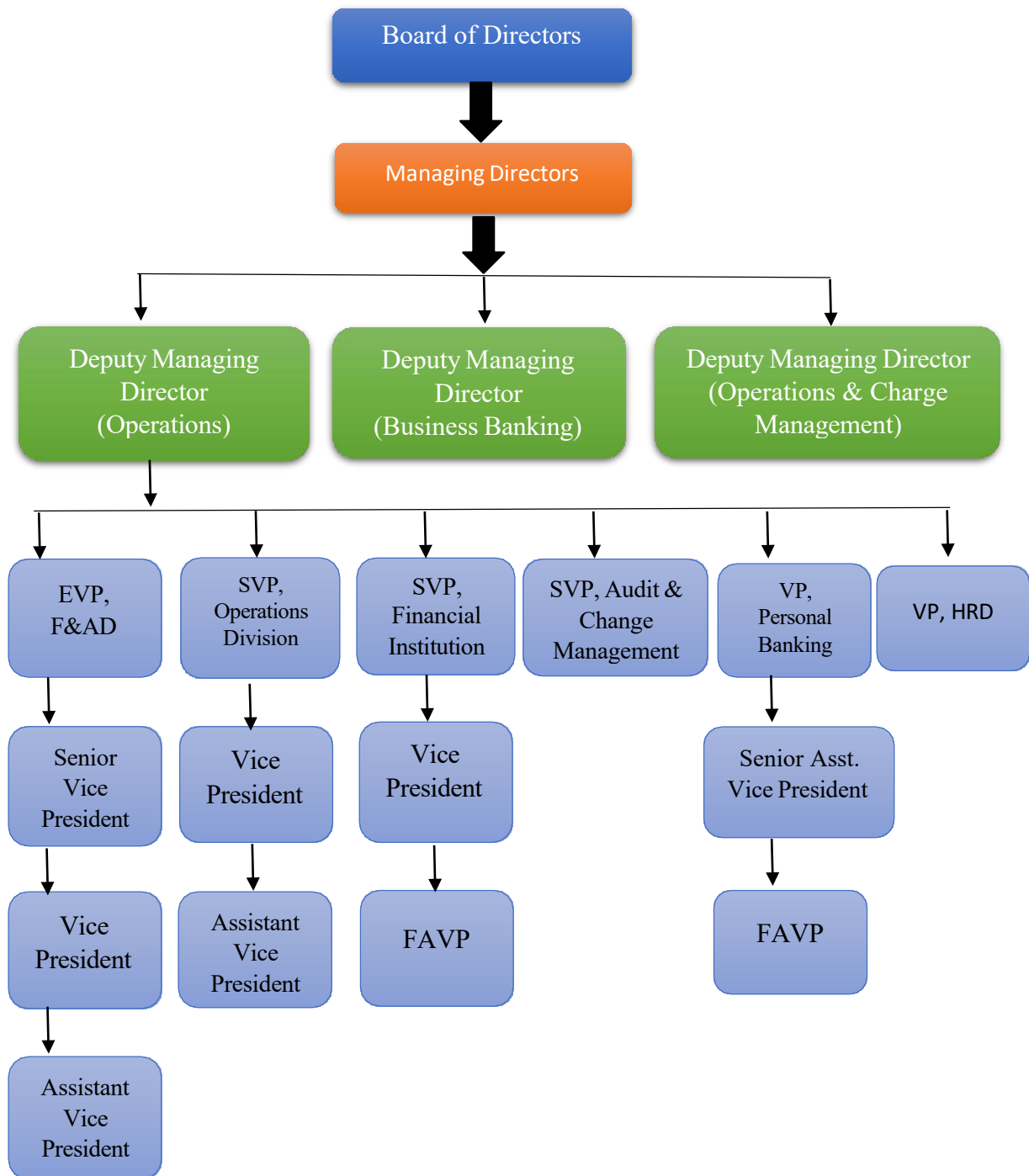
2.5 Vision of the Mercantile Bank PLC Limited

To have a poverty-free Bangladesh in a generation in the new millennium, reflecting the national dream.”

2.6 Mission of the Mercantile Bank PLC Limited

- **Support National Economic Development:** Play a role in the socio-economic advancement of Bangladesh by funding productive sectors like agriculture, small and medium enterprises (SMEs), and green industries.
- **Encourage Innovation and Digital Transformation:** Leverage cutting-edge technology to provide smooth digital and agent banking experiences, particularly for unbanked rural populations.
- **Maintain Strong Corporate Governance:** Ensure transparency, accountability, and adherence to all regulatory standards to build trust among stakeholders.
- **Champion Social Responsibility:** Act with a sense of obligation to society by backing education, healthcare, women’s empowerment, and environmental conservation.

2.7 Diagram of Operational Network Organogram



Chapter-Three

JOB RESPONSIBILITY

3.1 The Things I have Learned from Mercantile Bank PLC Limited

My internship at Mercantile Bank PLC Limited started on October 1st, 2025 and it ended on December 30th 2025. During these 3 months I was assigned at the Rampura Branch. I had a lot of experience from here and most importantly I finally understood working by actually being there. This practical experience is necessary for the development and preparation of a person in the job sector. The things that I have learned from Mercantile Bank PLC Limited are given below:

- ✓ Meaning of responsibility.
- ✓ Necessity of commitment.
- ✓ Punctuality and regularity which is very important.
- ✓ Being able to cope with the different corporate people in the workplace.
- ✓ Dealing with different sorts of customer.
- ✓ Maintain and respect the organizational culture of Mercantile Bank PLC Limited.
- ✓ To be committed to the profession.

Mercantile Bank PLC has a prepared internship program for internees. Although it is rarely followed, it served as a guide for me. I was rotated across 3 different departments in the past 3 months.

3.2 The Nature of the jobs and Responsibilities

In my first week I was appointed to work in GB (General Banking). I have spent only 2 weeks there. I spent very short time there and learnt some basic work of general banking. Some responsibilities of mine are shared below:

- Get the cheque books when its ready for the clients, verifying them, receiving them.
- Printing pay order regularly.
- Match the Debit/Credit of the voucher entry of GB and cross checking the voucher regularly.
- Opening savings accounts for new clients of the bank through EASY APP by Mercantile Bank Limited and aiding them in the process.
- Write down and make entry of the cheque book name and account number, date.
- Call customers to collect the cheque books from the branch.

After that I was in the Credit Department for the 8 weeks. Although much work was not assigned to me. I did assist this department in whatever way possible. I was under

Showkat Hossain (Manager), who was very intellectually intriguing. Some responsibilities of mine are shared below:

- I had to rearrange all the customer file.
- Checking and filling up CIB forms.
- Printing, typing, scanning and photocopying documents.
- Typing different type of CIB in Ms. Excel.
- Typing different type of information and data entries in the computer.
- Finding any type of error of loans from.
- Helping my supervisor about balance of Debit and Credit.

The last 2 weeks I was posted in the Foreign Trade Department. I did not have to deal with the customers that much but there were a lot of responsibilities that I had. Some responsibilities of mine are shared below:

- Learnt about Processing a new LC (Letter of Credit).
- Putting seals and scanning files.
- Taking signatures.
- Numbering the LCs.
- Doing the similar things for BTB (Back-to-Back) LCs and Local LCs.
- Putting the LC an IMP into their following registers.
- Learning to put different types of seals.
- Learning about different type of forms.
- Printing Cover Letters, Letters etc.
- Picking up calls, calling up customers for missing information's.
- Typing BTB LCs and listing in Ms. Excel.
- Learning how they work via internal DBL email and sending file via IPMGs.

3.3 Observation

I have worked 3 months at Rampura Branch of Mercantile Bank PLC Limited. From this little time, I have learned many things from them. The things I have noticed and observed some of are given below:

- Work is never left pending for the next day unless it is absolutely necessary.
- The working environment is very satisfying and all other employees are so positive.
- From banking rules, the time of the banking hours is 10.00am to 5.30pm but they don't leave the office before 7.00pm to 8.00pm.
- They all are very active and attentive to their work.
- They all are very punctual also, normally bank open at 10.00am but all employees are present at office before 10.00am.
- There is always a rush of customers so there is no standard on what the employees do throughout the day. The work activities of an employee are set, but what to do when varies along the day.
- The work activities are always set and divided for each of the employees. This is the way it should be. Each and every employee has a certain set of responsibilities. He/she carries out those responsibilities throughout the day. Even though, I often saw other staff members are helping each other out when they needed any help.
- A good job performance is rarely praised, hence lacking motivation of the employees.

3.4 Recommendation

As already I have said I work there as an intern for 3 months so I would like to give some recommendations for Mercantile Bank PLC Limited (Rampura Branch). They are given below:

- First of all, they must involve with more promotional activities to boost their appearance to the banking market and to the potential clients.
- As I have understood that, the media coverage of Mercantile Bank PLC Limited isn't adequate enough to draw client's attention so they should choose mass media coverage to gain new clients attention.
- As I said already the Mercantile banks loans are bigger segment so, if the performance of those big sectors falls then the bank will not be gain any profit so that the bank should provide more loans of small scale in several small sectors. Although the profit could be less but it will be safe in future.

Chapter-Four

Financial Performance Analysis

4.1 Credit Department of Mercantile Bank PLC Limited

The Credit Department of Mercantile Bank PLC Limited plays a vital role in generating the bank's income and supporting economic development. Credit operations involve providing funds to individuals, businesses, and corporate clients in the form of loans and advances, subject to proper risk assessment and regulatory compliance.

This department is responsible for credit appraisal, sanctioning, monitoring, recovery, and risk management of all credit facilities. Since loans and advances constitute the largest portion of a bank's assets, efficient credit management is crucial to ensure profitability and minimize default risk.

The Credit Department strictly follows:

- Bangladesh Bank guidelines
- Internal Credit Risk Management (CRM) policies
- Lending Risk Analysis (LRA) frameworks

4.2 Activities of the Credit Department of Mercantile Bank PLC Limited

The major activities of the Credit Department include:

1. Loan Application Processing
 - Receiving credit proposals from customers
 - Preliminary scrutiny of documents and customer eligibility
2. Credit Appraisal and Risk Analysis
 - Financial analysis of borrower
 - Assessment of business risk, management risk, and industry risk
3. Sanctioning of Loans
 - Preparing credit proposal and forwarding it to the appropriate authority
4. Documentation and Disbursement
 - Completion of legal documentation
 - Proper charge creation and disbursement of funds
5. Monitoring and Supervision
 - Regular monitoring of loan utilization
 - Ensuring timely repayment
6. Loan Recovery and Classification
 - Follow-up for overdue loans
 - Loan rescheduling and recovery actions

These activities ensure proper credit control and asset quality.

4.3 Credit Rating Report of Mercantile Bank PLC Limited

A Credit Rating Report evaluates the overall financial strength, asset quality, management efficiency, profitability, liquidity, and risk profile of Mercantile Bank PLC Limited.

Mercantile Bank PLC is rated annually by Bangladesh Bank–approved credit rating agencies such as:

- Credit Rating Agency of Bangladesh (CRAB)
- Emerging Credit Rating Limited (ECRL)

A good credit rating helps the bank:

- Gain customer and investor confidence
- Reduce borrowing costs
- Strengthen market reputation

4.4 Functions of the Credit Department of Mercantile Bank PLC

The main functions of the Credit Department are:

- Identifying potential borrowers
- Evaluating creditworthiness of clients
- Ensuring proper use of loan funds
- Maintaining credit discipline
- Minimizing non-performing loans (NPLs)
- Ensuring compliance with banking laws and regulations
- Supporting economic development through financing

The department balances profitability and risk management, which is essential for sustainable banking operations.

4.5 Different Types of Credit Facilities of Mercantile Bank PLC Limited

Mercantile Bank PLC Limited provides various credit facilities based on customer needs:

Funded Facilities

- Term Loan
- Continuous Loan (Cash Credit)
- Demand Loan
- SME Loan

Non-Funded Facilities

- Letter of Credit (LC)
- Bank Guarantee
- Bid Bond / Performance Guarantee

These facilities support trade, industry, and business growth.

4.6 Types of Loans and Advances

A. Continuous Loan

- Cash Credit (Hypothecation)
- Cash Credit (Pledge)
Used for working capital purposes.

B. Demand Loan

- Loan against FDR
- Forced Loan
- PAD (Payment Against Document)

C. Term Loan

- Short-term Loan
- Mid-term Loan
- Long-term Loan

D. SME and Retail Loans

- Small Business Loan
- Personal Loan
- Home Loan
- Car Loan

These loans cater to different customer segments.

4.7 Credit Approval Procedure of Mercantile Bank PLC Limited

The Credit Approval Procedure follows a structured process to ensure sound lending decisions: Step 1: Credit Application

- Customer submits loan application with required documents

Step 2: Credit Appraisal

- Financial statement analysis
- CIB report from Bangladesh Bank
- Risk grading

Step 3: Credit Proposal Preparation

- Branch prepares credit proposal with recommendations

Step 4: Credit Approval

- Approval by Branch Manager / Head Office / Board depending on loan size

Step 5: Documentation

- Execution of loan agreements
- Mortgage and charge creation

Step 6: Disbursement

- Loan disbursed after fulfilling all conditions

Step 7: Monitoring & Recovery

- Regular follow-up and recovery process

This systematic procedure reduces credit risk and ensures transparency.

4.8 Ratio analysis

I mention some of the financial ratio which will focus more about the financial status of the Mercantile Bank PLC Limited.

1. Cost to Income Ratio
2. Net Profit Margin
3. ROE
4. ROA
5. Net Interest Margin
6. Net Operating Profit Margin

Some financial information of Mercantile Bank PLC Limited from 2020-2024

(In million)

Year	2020	2021	2022	2023	2024
Ratios					
ROA	1.86%	1.7%	1.03%	1.33%	.76%
ROE	24.83%	20.59%	13.42%	16.84%	9.11%
Net interest margin (NIM)	3.59%	2.93%	2.99%	3.58%	3.82%
Total income	9951.81	14124.38	16667.55	19090.7	19381.41
Total cost	1942676849	39150222	51877460	42515408	43074398
Net profit	1425.34	1734.17	1381.45	1978.70	1188.51
Operating profit	2847.12	3501.68	3350.78	4255.70	4410.57
Cost income ratio	40.38%	42.62%	45.17%	41.66%	44.84%
Operating income	4775.81	6102.55	6110.76	7294.96	7996.02

1. Cost to income ratio

It measures the operating efficiency and the percent of total operating income and the total cost that they spends in their activities.

Mercantile Bank PLC Limited					IFIC Bank Limited
2020	2021	2022	2023	2024	2024
40.38%	42.62%	45.17%	41.66%	44.84%	39.87%

Interpretation:

In 2020 to 2022 the cost income ratio of Mercantile Bank PLC Limited is increasing and then it becomes stable and it means their cost is minimizing.

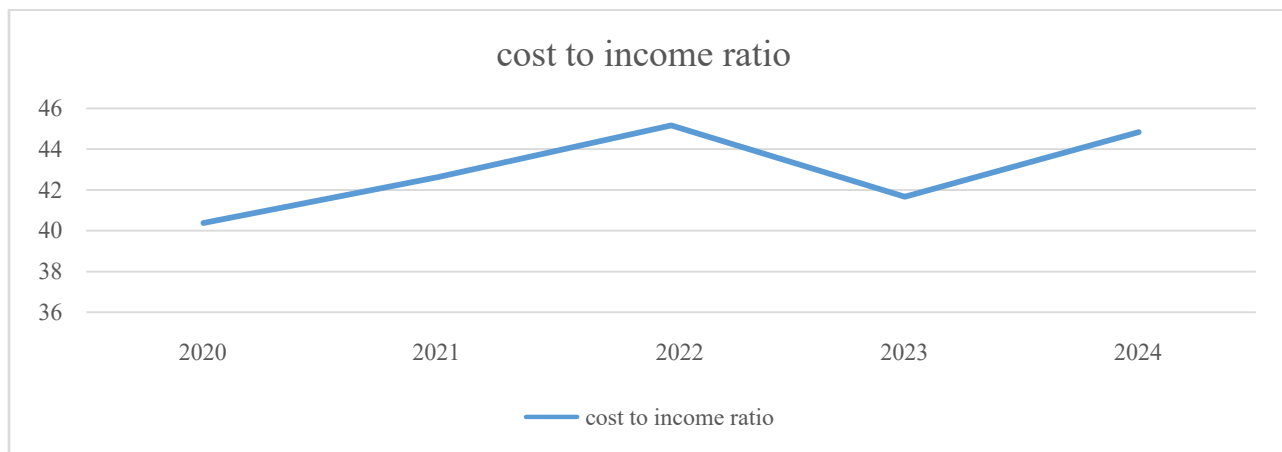


Figure: cost to income ratio

Comparison:

Mercantile Bank PLC Limited	IFIC Bank Limited
2024	2024
44.84%	39.87%

Here, I made a comparison on the cost to income ratio between Mercantile Bank PLC Ltd. and IFIC Bank Ltd. Mercantile Bank PLC Ltd. ratio in 2024 is 44.84% on the other hand, IFIC Bank Limited ratio is 39.87% which is lower than Mercantile Bank PLC Limited.

Bar-chart:

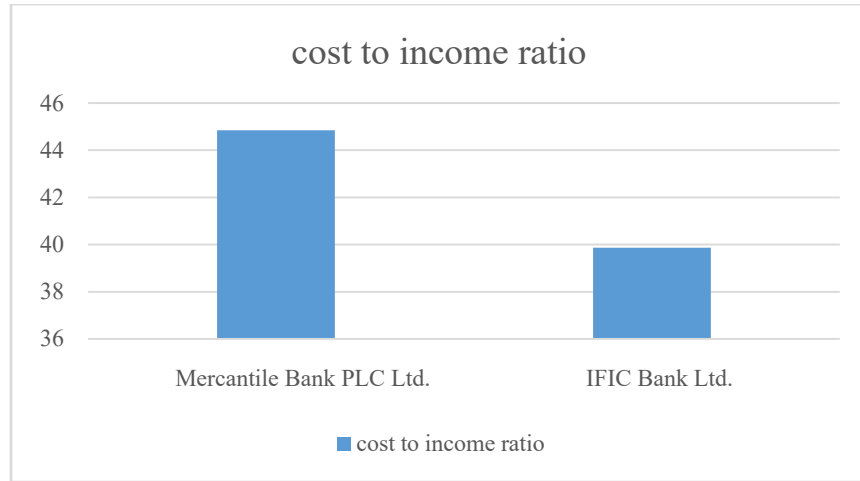


Figure: cost to income ratio

2. ROA

The Return on Asset (ROA) which indicates the firm’s effectiveness of management in generating profit with its available total asset.

Mercantile Bank PLC Limited					IFIC Bank Limited
2020	2021	2022	2023	2024	2024
1.86%	1.7%	1.03%	1.33%	.76%	1.07%

Interpretation

The range is becoming lower day by day so it means that the bank earning capacity is decreasing day by day.

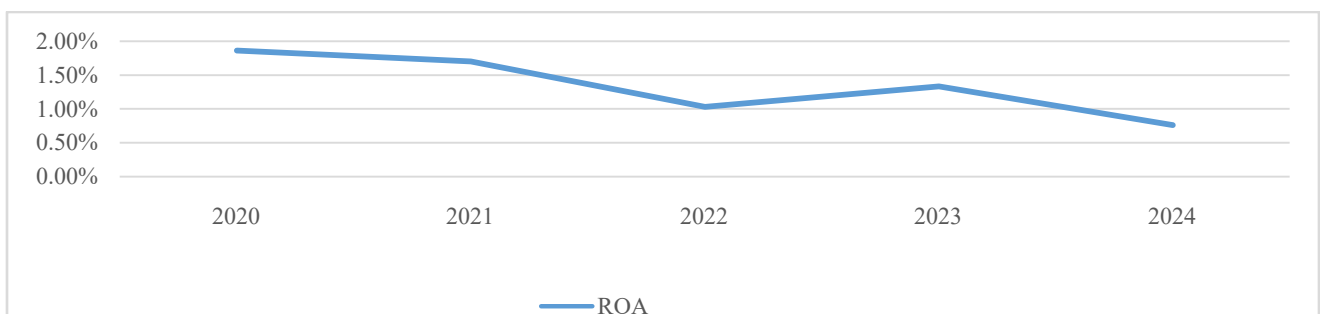


Figure: Return on Asset (ROA)

Comparison:

Mercantile Bank PLC Limited	IFIC Bank Limited
2024	2024
.76%	1.07%

Here, it shows that the rate of earning capacity of IFIC Bank Ltd. is better than Mercantile Bank PLC Ltd.

Bar-chart:

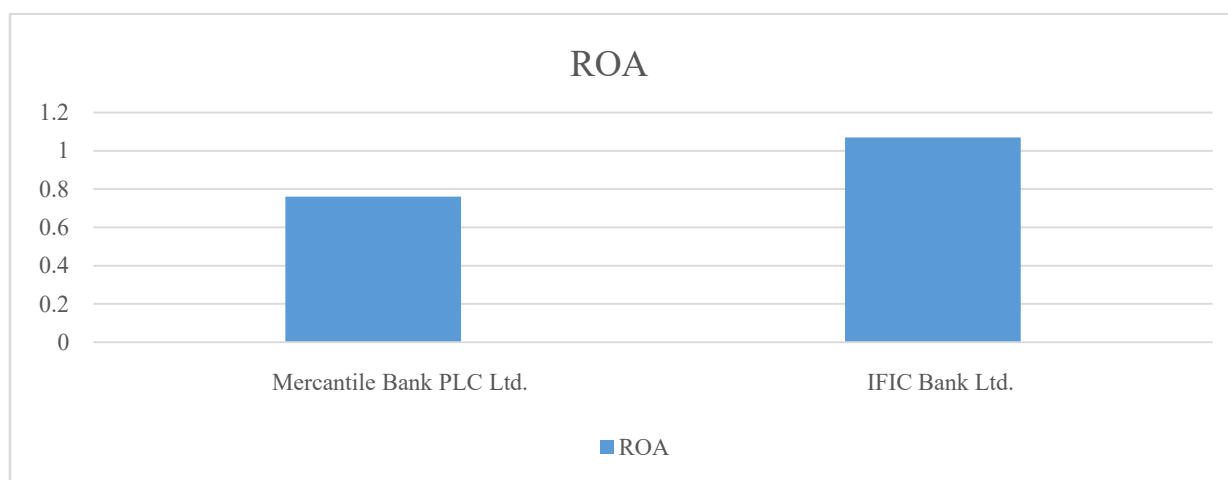


Figure: Return on Asset (ROA)

3. ROE

The Return on Equity (ROE) means the bank's returned earned on shareholder investment.

Mercantile Bank PLC Limited					IFIC Bank Limited
2020	2021	2022	2023	2024	2024
40.38%	42.62%	45.17%	41.66%	44.84%	48.19%

Interpretation

The ROE of this bank from 2020 to 2024 is decreasing and it shows that the earnings from the equity is decreasing and it's a bad impacts for the bank.

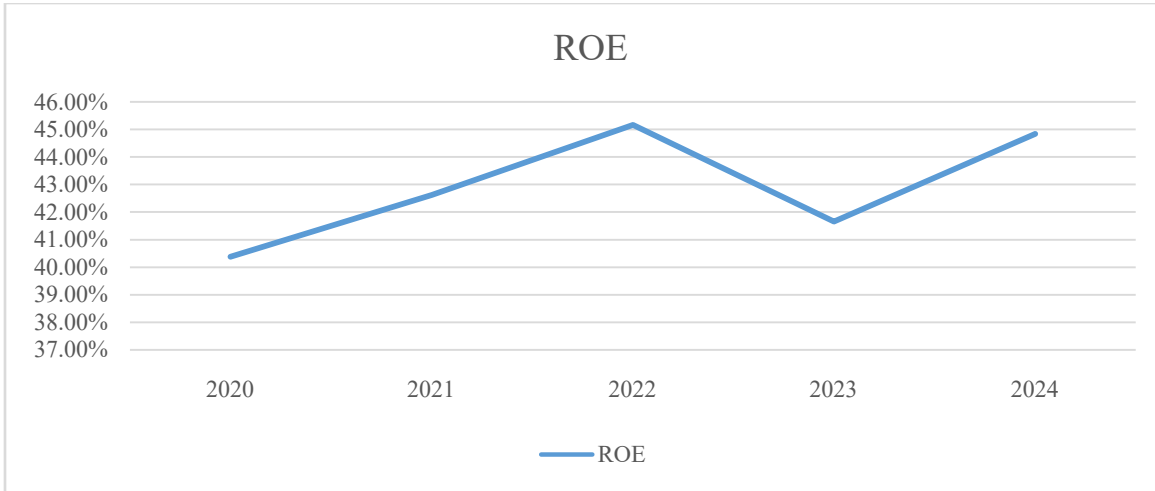


Figure: Return on Equity (ROE)

Comparison:

Mercantile Bank PLC Limited	IFIC Bank Limited
2024	2024
44.84%	48.19%

Here, it shows that the rate of earning From Shareholder’s Equity of IFIC Bank Ltd. is better than Mercantile Bank PLC Ltd.

Bar-chart:

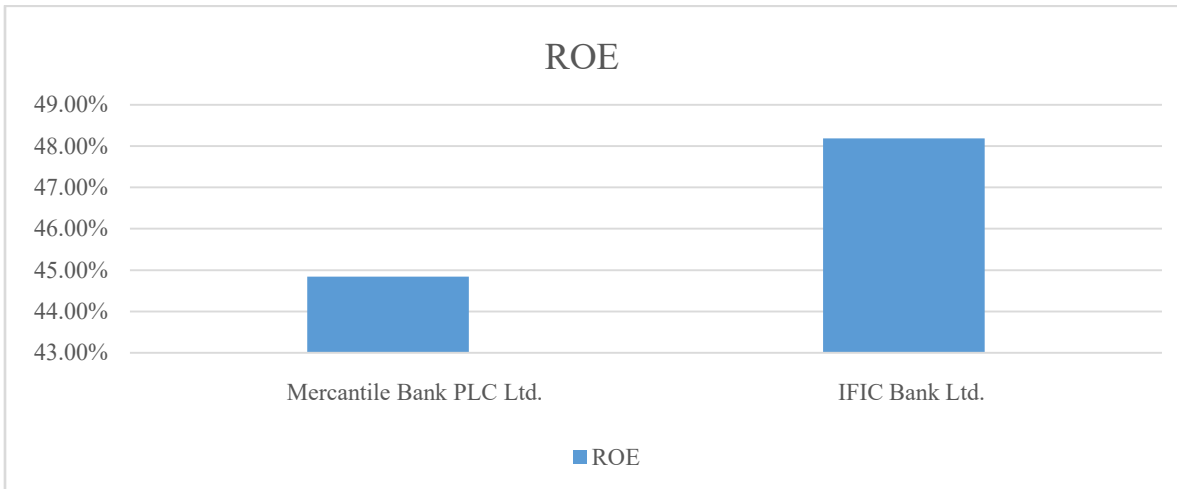


Figure: Return on Equity (ROE)

4. NET INTEREST MARGIN

The net interest margin (NIM) which indicates the ratio average earning asset and between the differences of investment returns and interest expense.

Mercantile Bank PLC Limited					IFIC Bank Limited
2020	2021	2022	2023	2024	2024
3.59%	2.93%	2.99%	3.58%	3.82%	3.62%

Interpretation:

The margin of net interest is decreasing in 2021 but after that it increasing and it means the company's earnings on interest is increasing which is good for the company.

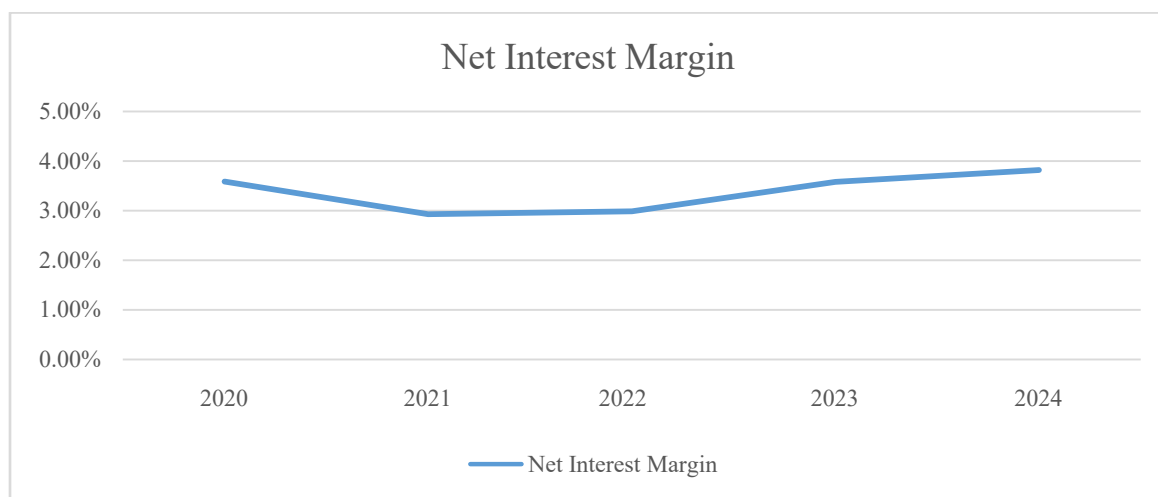


Figure: Net Interest Margin

Comparison:

Mercantile Bank PLC Limited	IFIC Bank Limited
2024	2012
3.82%	3.62%

Here, it shows that the rate of earning from interest is little bit higher of IFIC Bank Ltd. is than Mercantile Bank PLC Ltd.

Bar-chart:

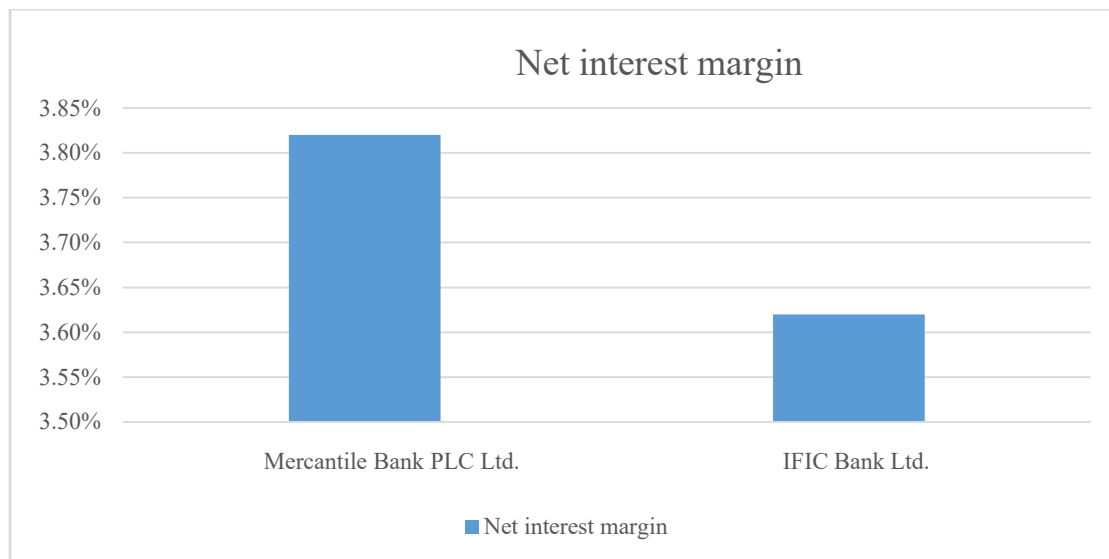


Figure: Net Interest Margin

5. NET PROFIT MARGIN

It shows the ratio between net profit after tax and the total operating income which indicates the profit function of the company's in that year.

Mercantile Bank PLC Limited					IFIC Bank Limited
2020	2021	2022	2023	2024	2024
.29	.28	.22	.27	.14	.26

Interpretation:

The net profit of Mercantile Bank PLC Limited is in up-down situation and it means they can't make the rate of their profit stable.

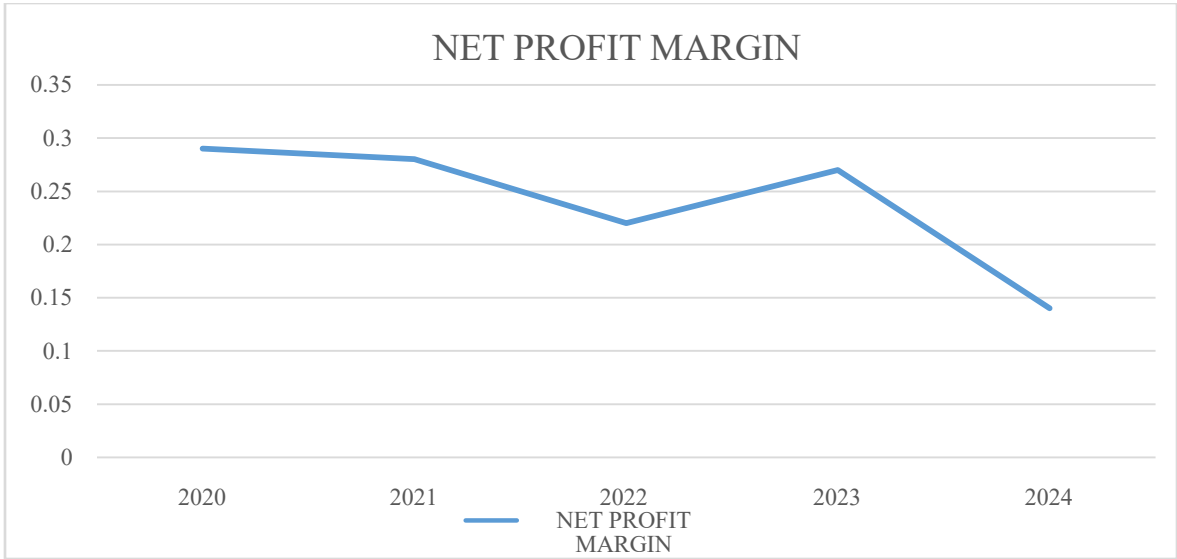


Figure: Net Profit Margin

Comparison:

Mercantile Bank PLC Limited	IFIC Bank Limited
2024	2024
.14	.26

Here, it shows that the ratio of profit margin of IFIC Bank Ltd. is better than Mercantile Bank PLC Ltd. which means Mercantile Bank PLC Ltd. is not focusing on their profit functions and they don't compare with other company's profit margin ratio.

Bar-chart:

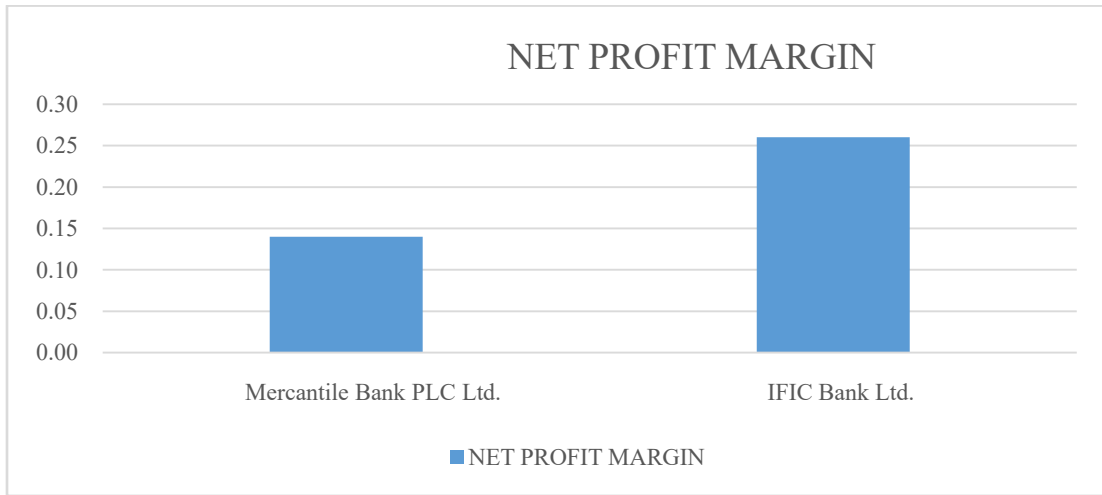


Figure: Net Profit Margin

6. NET OPERATING MARGIN

It shows the ratio between operating profit and the total operating income which indicates the profit function of the company's in that year.

Mercantile Bank PLC Limited					IFIC Bank Limited
2020	2021	2022	2023	2024	2024
.59	.57	.54	.58	.55	.41

Interpretation:

The operating profit of Mercantile Bank PLC Limited is in up-down situation and it means they can't make the rate of their operating profit stable.

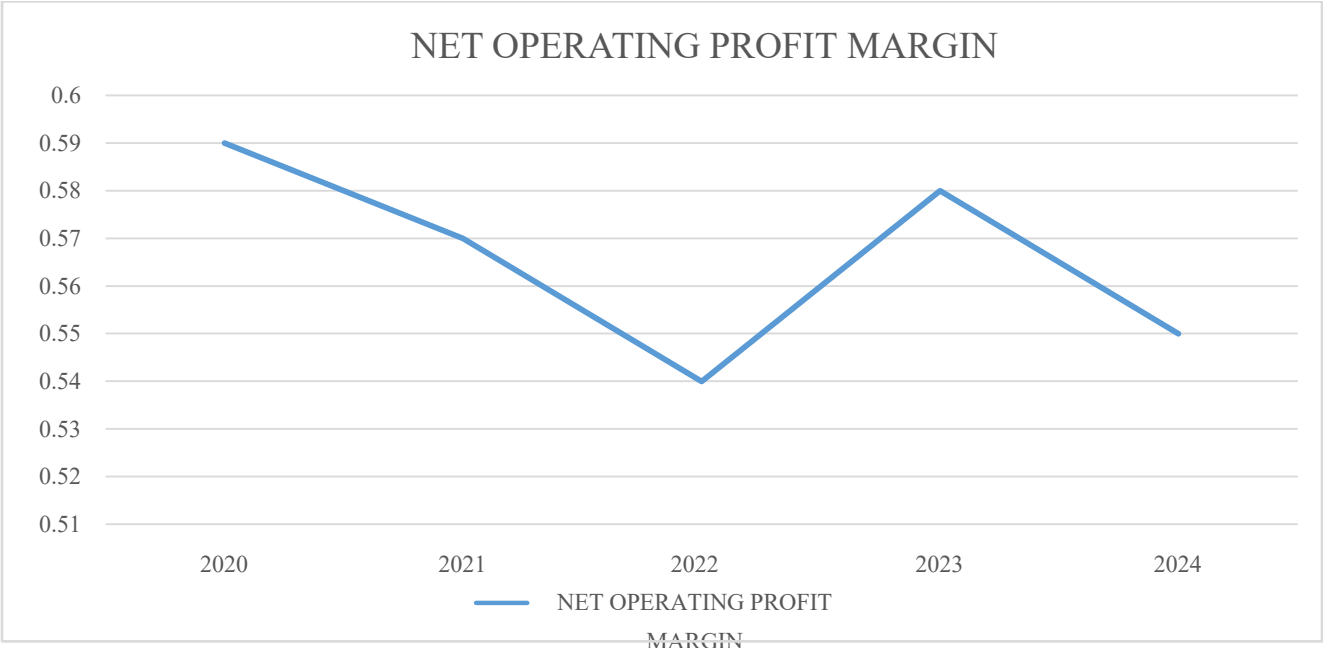


Figure: Net Operating Profit Margin

4.9 SWOT Analysis of Mercantile Bank PLC Limited

SWOT analysis is a strategic planning tool used to identify the Strengths, Weaknesses, Opportunities, and Threats of an organization. The SWOT analysis of Mercantile Bank PLC Limited helps to understand its internal capabilities and external environment in the competitive banking industry of Bangladesh.

Strengths

- 1. Strong Corporate Governance**
Mercantile Bank Limited maintains sound corporate governance practices, ensuring transparency, accountability, and compliance with Bangladesh Bank regulations.
- 2. Wide Branch Network**
The bank has an extensive branch and sub - branch network across Bangladesh, enabling it to serve customers from both urban and semi-urban areas.
- 3. Diversified Banking Products and Services**
Mercantile Bank offers a wide range of products including retail banking , SME banking, corporate banking, Islamic banking windows, trade finance, and digital banking services.
- 4. Experienced Management Team**
The bank is managed by experienced professionals with strong expertise in banking and financial management.
- 5. Strong Focus on Customer Service**
Customer satisfaction and relationship banking are key strengths, especially in general banking and personal banking services.
- 6. Compliance with Regulatory Guidelines**
Strict adherence to Bangladesh Bank’s Credit Risk Management (CRM) and internal control guidelines strengthens operational discipline.

Weaknesses

- 1. Lengthy Credit Approval Process**
The credit sanction and disbursement process can be time-consuming due to multiple approval layers and extensive documentation.
- 2. Limited Advanced Digital Services Compared to Leading Banks**
Although improving, the bank still lags behind some competitors in advanced digital and fintech-based banking solutions.
- 3. Higher Dependency on Interest Income**
A significant portion of income comes from interest on loans , with relatively less contribution from non-interest income.
- 4. Manpower Constraints at Branch Level**
Some branches experience staff shortages, increasing workload and reducing service speed .
- 5. Non-Performing Loan (NPL) Pressure**
Like many banks in Bangladesh, Mercantile Bank PLC faces challenges related to loan recovery and NPL management.

Opportunities

1. Expansion of SME and Retail Banking
Growing demand for SME and consumer loans in Bangladesh provides significant growth opportunities.
2. Growth of Digital Banking
Increasing use of mobile and internet banking creates opportunities to enhance digital platforms and customer convenience.
3. Financial Inclusion Initiatives
Government and Bangladesh Bank initiatives for financial inclusion open new markets, especially in rural areas.
4. Islamic Banking Growth
Expansion of Islamic banking windows can attract Shariah-compliant customers.
5. Remittance Market Expansion
Increasing foreign remittance inflow provides opportunities to grow remittance and foreign exchange services.

Threats

1. Intense Competition in the Banking Sector
Strong competition from other private commercial banks, foreign banks, and fintech companies may affect market share.
2. Economic and Political Instability
Economic slowdown, inflation, or political uncertainty can negatively impact loan recovery and profitability.
3. Regulatory Changes
Frequent changes in banking regulations and compliance requirements may increase operational costs.

Interpretation

Overall, the SWOT analysis indicates that Mercantile Bank PLC Limited is a stable and potential banking institution with strong internal capabilities. However, to ensure sustainable growth, the bank must focus on minimizing its weaknesses and effectively managing external threats. By utilizing its strengths and capitalizing on emerging opportunities, Mercantile Bank PLC Limited can enhance its competitiveness and achieve long-term success in the banking sector.

Chapter- Five

Finding, Recommendations & Conclusion

5.1 Findings from the Study

Based on the observation, practical involvement, and analysis during the internship period at Mercantile Bank PLC Limited, the following key findings were identified:

- **Well-Organized Banking Operations**
Mercantile Bank Limited follows a structured operational system with clearly defined rules, procedures, and responsibilities. General banking, credit processing, and foreign exchange operations are conducted in compliance with internal policies and Bangladesh Bank guidelines.
- **Strong Emphasis on Credit Risk Management**
The bank places significant importance on credit appraisal, risk grading, and monitoring before approving loans and advances. Proper documentation, CIB checking, and financial analysis are mandatory for all credit proposals.
- **Lengthy Credit Approval Process**
One of the major findings is that the credit approval and disbursement process is time-consuming due to multiple layers of authorization and extensive documentation requirements, which may sometimes delay customer satisfaction.
- **Customer-Centered General Banking Services**
General banking activities such as account opening, cash transactions, clearing, and customer inquiries are handled professionally. However, customer waiting time increases during peak hours due to high service demand.
- **Dependence on Manual and Semi-Automated Processes**
Although the bank uses modern core banking software, some procedures still rely on manual documentation, which increases workload and chances of operational delays.
- **Training and Skill Development Needs**
While senior officers are experienced, junior officers and interns require more practical training on credit analysis, risk management, and banking software to enhance efficiency.
- **Non-Performing Loan (NPL) Pressure**
Like most commercial banks in Bangladesh, Mercantile Bank PLC faces challenges in loan recovery and controlling classified loans, especially in certain sectors.
- **Good Compliance Culture**
The bank strictly follows regulatory compliance, audit requirements, and internal control systems, reducing operational risk and ensuring transparency.

5.2 Recommendations

Based on my practical experience and observations during the internship at Mercantile Bank PLC Limited, particularly in the General Banking and Credit-related activities, the following recommendations are suggested to improve operational efficiency, customer satisfaction, and overall banking performance:

- **Enhancement of Credit Processing Speed**
The credit approval and disbursement process is sometimes time-consuming due to extensive documentation and approval layers. Simplifying procedures and increasing automation can help reduce processing time and improve customer satisfaction.
- **More Training for Junior Officers and Interns**
Regular training programs on credit appraisal, risk management, and modern banking software should be arranged to improve employees' technical and analytical skills. Proper guidance for interns can also enhance their learning experience.
- **Strengthening Risk Management Practices**
Although the bank follows Bangladesh Bank guidelines, more emphasis should be given to early detection of problem loans through frequent monitoring and stress testing to reduce Non Performing Loans (NPLs).
- **Expansion of SME and Retail Credit Facilities**
Mercantile Bank should further expand SME and retail lending to support small entrepreneurs and individuals, which will also diversify credit risk and increase profitability.
- **Improvement of Customer Service Quality**
Reducing customer waiting time, improving staff behavior, and enhancing complaint-handling mechanisms can strengthen customer trust and loyalty.
- **Adoption of Advanced Digital Banking Solutions**
More investment in digital platforms such as online loan applications, mobile banking services, and automated customer service systems will improve efficiency and competitiveness.
- **Regular Review of Credit Policies**
Credit policies should be reviewed and updated periodically to adapt to changing economic conditions, regulatory requirements, and market competition.

5.3 Conclusion

The internship program at Mercantile Bank PLC Limited provided an excellent opportunity to gain practical exposure to real-life banking operations and understand the functions of a modern commercial bank in Bangladesh. During the internship period, I observed various activities of general banking and credit operations, which enhanced my theoretical knowledge gained from academic courses.

Mercantile Bank PLC Limited is a well-established private commercial bank with a strong focus on customer service, ethical banking practices, and sustainable growth. Its structured organizational framework, diversified credit facilities, and adherence to regulatory guidelines contribute significantly to its stability and performance.

The Credit Department plays a crucial role in the bank's profitability and economic contribution by ensuring proper allocation of funds while minimizing risks. Effective credit appraisal, monitoring, and recovery processes are essential for maintaining asset quality, and Mercantile Bank PLC shows continuous improvement in this area.

Overall, the internship experience was highly beneficial and insightful. It helped develop professional skills, banking knowledge, communication abilities, and workplace discipline. The experience has prepared me for future challenges in the banking and financial sector and enhanced my career readiness.

In conclusion, Mercantile Bank PLC Limited has strong potential for future growth. By addressing the recommended areas, the bank can further strengthen its position as a customer-oriented, ethical, and efficient financial institution in Bangladesh.

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