

INTERNSHIP REPORT

ON

Credit Risk Management: A Study on Mercantile Bank Limited



Sonargaon University (SU)

Date of Submission: 12th May, 2022

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Credit Risk Management:
A Study on Mercantile Bank Limited

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Letter of Transmittal

To

Md. Shahbub Alam

Lecturer

Department of Business Administration

Sonargaon University (SU).

Subject: Submission of Thesis paper on “Credit Risk Management: A Study on Mercantile Bank Limited”

Dear Sir

It is my pleasure to submit the Thesis paper on “Credit Risk Management: A Study on Mercantile Bank Limited” I think that this Thesis paper is really essential for the fulfillment of my BBA degree. The Thesis Paper was a valuable experience for me. I found my work challenging and interesting.

I have tried my level best to follow the guidelines of yours. The whole experience of this report enables me to get an insight into the real-life solution of “Credit Risk Management: A Study on Mercantile Bank Limited”

Yours Sincerely

Mohammed Shoaib

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Student Declaration

I hereby solemnly declare that the work presented in this research Monograph entitle **“Credit Risk Management: A Study on Mercantile Bank Limited”** has been carried out by me under supervision of **Md. Shahbub Alam**, Lecturer, Department of Business Administration, Sonargaon University. I also declare that it has not been previously submitted as a whole for any other degrees at Sonargaon University or at any other institution.

Mohammed Shoaib

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Letter of Endorsement

I, Mr. Md. Shahbub Alam, Lecturer, Faculty of Business Administration, Sonargaon University (SU) hereby certify that the Thesis work entitled as “**Credit Risk Management: A Study on Mercantile Bank Limited**” has been prepared by Mohammed Shoaib, ID: BBA-1803015004, Faculty of Business Administration (FBS), Sonargaon University (SU) and submitted as a requirement for the partial fulfillment for the degree of The Regular Masters of Business Administration (BBA) with major in Supply Chain Management. To the best of my knowledge, the above-mentioned work has been conducted by the student himself. Any option and/or suggestion made in this study are entirely that of the author of this Thesis paper. The report is an original work and prepared as a partial requirement of the degree the Bachelor of Business Administration (BBA).

Md. Shahbub Alam

Lecturer

Department of Business Administration

Sonargaon University (SU).

Letter of Authorization

Certified that this project report titled “**Credit Risk Management: A Study on Mercantile Bank Limited**” is the bona fide work of Mohammed Shoaib, who carried out the research under my supervision. Certified further that to the best of my knowledge the work reported herein does not form part other project report or Thesis on the basis of which a degree or award was conference on the earlier occasion on this or any other candidate.

Md. Shahbub Alam

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Acknowledgement

This internship report is an accumulation of many people's endeavour. But at the beginning I would like to convey my sincere appreciation to the almighty Allah for giving me the strength and the ability to finish the task within the planned time. Then I would like to express my sincere gratitude to everyone who contributed towards preparing and making this study successfully. To prepare this internship report considerable thinking and information input from various sources were involved.

First of all I would like to express my sincere and immense gratitude to my internship supervisor Md. Shahbub Alam, Lecturer, Department of Business Administration, Sonargaon University (SU).

I am deeply indebted to his whole hearted supervision to me during the internship period. His valuable suggestion and guideline helped me a lot to prepare the report in a well-organized manner.

I am also grateful to my friends who helped me while preparing the study by giving their suggestions, assistance and supply of information, which were valuable to me. Their helping hand supported me to complete my report successfully.

Executive Summary

Banks are exposed to five core risks through their operation, which are-credit risk, asset/Liability risk, foreign exchange risk, internal control & Compliance risk, and money laundering risk. Among these risks management of credit risk gets most attention. Credit risk arises due to the possibility that the borrower may fail to repay the loan. Following the recent global financial crisis, which originated from poor management of credit risk, is the most discussed topic in banking industry. Mercantile bank limited is the emerging commercial bank in Bangladesh. Within a short period of time Mercantile has managed to establish itself as a strong performer in the financial market. This report is categorized in four chapters.

In the First chapter: I have given the Introduction, Origin of the Study, Objective of the Study, Scope of the Study, Methodology of the study that I have used to gather information and finally the limitations that I have faced while working on my report.

In the Second Chapter: I have tried to discuss a brief discussion of the Historical Background of Mercantile Bank Limited. The main objective of the Mercantile Bank Limited is excellence in banking sector, Mercantile Bank Limited has the objectives to conduct transparent and high quality business operation based on market mechanism within the legal and social framework spelt in their mission and reflected in their vision. The slogan of the Mercantile Bank Limited is A Different Banking. I have shown the organizational structure & the product/ service offers of Mercantile Bank.

In the Third Chapter: This chapter of the report is the starting point of my topic Credit and Risk Management. Here I include the information's that carries out the Credit Activities of the Mirpur-1 branch. the activities of the Credit and Risk Management are facilitated by the use of various function like Account opening cash division, remittance division etc. In credit division I find various types of loan and its interest rate. I also show some analysis of Mercantile Bank.

In the Fourth chapter: I show some findings, recommendations and conclusion of the Mercantile bank limited.

Every bank has its own trade Operation. Despite many limitations, I hope it will be a gateway to have a clear view on Centralization Trade Operations of Mercantile Bank Limited.

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