

Strictly Private & Confidential

Information Memorandum

MERCANTILE BANK PERPETUAL BOND



Issuer: Mercantile Bank Limited

Address: Head Office, 61 Dilkusha Commercial Area, Dhaka-1000

Trustee: UCB Investment Limited

Type of Security: Unsecured, Contingent-Convertible, BASEL III compliant, Perpetual Debt

Total Face Value for Private Offer: BDT 4,500,000,000

Total Face Value for Public Offer: BDT 500,000,000

Face Value of Each Bond: BDT 5,000

Issue Price of Each lot of Bond for Private Offer: BDT 10,000,000

Issue Price of Each lot of Bond for Public Offer: BDT 5,000

Number of lots for Private Offer: 450

Number of lots for Public Offer: 100,000

Total Issue Price of the Bond for Private Offer: BDT 4,500,000,000

Total Issue Price of the Bond for Public Offer: BDT 500,000,000

Coupon rate: The Coupon Rate (Floating) will be determined as the aggregate of:

Base Rate: 20-year Treasury-Bond rate. (Latest available rate of 20-year Treasury-Bond rate as published by Debt Management Department of Bangladesh Bank on the quotation day); plus; **Margin:** 2.00 % p.a. ; whereas the Coupon Floor Rate is 6.00% p.a. and Coupon Ceiling Rate is 10.00% p.a.

Number of Securities: 1,000,000

Total Issue Amount though Private Offer: BDT 4,500,000,000

Total Issue Amount though Public Offer: BDT 500,000,000

Issue Date of IM: May 31, 2022

Credit Rating status of the Issuer: AA

Credit Rating status of the Issue: AA-

"If you have any query about this document, you may consult the Issuer or Originator, Issue Manager and the Trustee"

Mandated Lead Arranger & Advisor

IDLC Finance Limited



financing happiness

Issue Manager


IDLC Investments Limited



financing happiness


Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited


Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka


Md. Moniruzzaman
Managing Director
IDLC Investments Limited


CONTACT LIST


IDLC FINANCE LIMITED	
Tanveer Kamal Senior Manager Structured Finance Bay's Galleria (1 st Floor), 57, Gulshan Avenue, Dhaka 1212 Tel: 8834990 Ext # 132 Fax: 8835887 e-mail: tanveer@idlc.com Mobile: +88 01777797099	Asif Hossain Manager Structured Finance Bay's Galleria (1 st Floor), 57, Gulshan Avenue, Dhaka 1212 Tel: 8834990 Fax: 8835887 e-mail: hasif@idlc.com Mobile: +88 01708457013
Israt Jahan Anny Manager Structured Finance Bay's Galleria (1 st Floor), 57, Gulshan Avenue, Dhaka 1212 Tel: 8834990 Fax: 8835887 e-mail: ijahan@idlc.com Mobile: +88 01700701388	

IDLC INVESTMENTS LIMITED
Md. Moniruzzaman, CFA Managing Director IDLC Investments Limited D R Tower (4th Floor) 65/2/2 Bir Protik Gazi Golam Dostogir Road, Purana Paltan Dhaka 1000 Tel: 16409, +880-9609994352 Fax: +880-2-9571171 E-mail: mzaman@idlc.com Website: www.idlc.com

MERCANTILE BANK LIMITED	
Ashim Kumar Saha Senior Executive Vice President & Head of Treasury Treasury Division, Head Office Eunoos Center (Level-14), 52-53, Dilkusha C/A Dhaka-1000 Tel: 9571312, PABX: 9559333 Ext # 226 Fax: 9560657 e-mail: ashim.saha@mblbd.com Mobile: +88 01787681255	Mohammad Tarek Parvez Khan Assistant Vice President Treasury Division (Front Office), Head Office Eunoos Center (Level-14), 52-53, Dilkusha C/A Dhaka-1000 Tel: 9571312, PABX: 9559333 Ext # 331 Fax: 9560657 e-mail: tarekmb@gmail.com Mobile: +88 01755590887


Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited


Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka


Md. Moniruzzaman
Managing Director
IDLC Investments Limited

LETTER OF AUTHORITY

Date: December 20, 2021

To,
The CEO and Managing Director
IDLC Finance Limited

The Managing Director
IDLC Investments Limited

LETTER OF AUTHORITY

Dear Sir:

We refer to the Coupon-bearing Perpetual Bond (the "Facility") which, you (the Arranger) are arranging at our request To raise Perpetual debt as part of the Tier-I Regulatory Capital following "Guideline of Risk Based Capital Adequacy" of Bangladesh Bank, the principal terms and conditions of which are set forth in the attached Information Memorandum (the "Information Memorandum").

Mercantile Bank Limited (the Issuer), the undersigned, confirms that:

- Except as otherwise provided in the Information Memorandum, all the information contained therein relating to the company and its business has been provided to you by us;
- We confirm that we are fully responsible for all material statements, facts and opinions in the Information Memorandum.
- To the best of our knowledge the Information Memorandum does not omit any fact in the context of the proposed facility although the Information Memorandum does not purport to be all the information which lender may require in order to evaluate the debt.
- The information contained in the Information Memorandum were made after due and careful consideration on our part based on the best information available to us and we consider them fair and reasonable on the circumstances now prevailing; and
- The information in the Information Memorandum fairly represents the basis on which the issuer and its shareholders are proceeding with the Bond.

The issuer does not however make any express of implied representation of warranty as to the fairness, accuracy; or completeness of the information (including statements of opinion) or forecasts, nor does it provide any guarantee or accept any liability should a third party act in reliance of the same. Appropriate warranties or other undertakings in relation to the information and forecasts will be given on the bond documentation and no representations or warranties other than those specially set forth on the bond documentation shall be deemed to be given to any party.

We hereby request and authorize you to distribute this Information Memorandum to prospective investors in the Facility. We understand that as per local practice, no confidentiality agreement will be signed between the Arranger and the prospective investors to whom the Information Memorandum shall be placed. We irrevocably confirm that we shall not hold the Arranger accountable for any consequences arising out of distribution and transmission of the "Information Memorandum" to prospective lenders distributed in this manner.

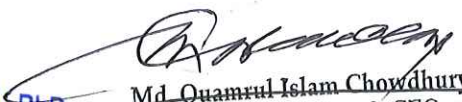
Yours sincerely,

SD/-

Managing Director and CEO
Mercantile Bank Limited


Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka



Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited


Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka

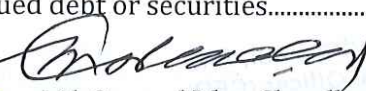

Md. Moniruzzaman
Managing Director
IDLC Investments Limited

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Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


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Chief Financial Officer (CFO)
Mercantile Bank Limited


Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka


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Managing Director
IDLC Investments Limited

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Asgfar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka

Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited

Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka

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IDLC Investments Limited


3. REPORT TO THE ELIGIBLE INVESTORS

Issuer has obtained information regarding Bangladesh economy from various Government publications and other sources. In the consideration of belief that its sources are reliable, it should be kept in mind that it has not independently verified information it has obtained from industry and Government sources and information from its internal surveys has not been verified by any independent sources. In addition, the information provided about the Trustee i.e. Mercantile Bank Limited is received from the Trustee and The Arranger does not accept any responsibility for the information contained in the section entitled "The Trustee". Further, the Arranger does not accept any responsibility for the information contained in the section entitled "Credit Rating". The Arranger also does not make any representation concerning the accuracy or completeness of the information contained in the section "The Trustee" or in the section "Credit Rating".

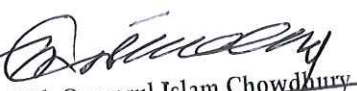
The distribution of this Information Memorandum and the offering is restricted only in Bangladesh. It is not intended or make to offer or sale of the Bonds in any other jurisdiction. The offerings will not be offered to the public at large in Bangladesh, or outside Bangladesh.

The Arranger may withdraw this offering at any time, and also reserves the right to reject any offer to purchase the Bonds in whole or in part and to sell to any prospective investor less than the full amount of the Bonds sought by such investor.

The Issuer has obtained approval of the Bangladesh Securities and Exchange Commission (BSEC), Bangladesh for issue of Perpetual Bonds and the distribution of this Information Memorandum. Bangladesh Securities and Exchange Commission has given their consent to issue the Bonds through its letter No. BSEC/CI/DS-145/2021/823 dated May 24, 2022 and the Bangladesh Bank has given its approval through letter No. BRPD(BFIS)661/14B(P)/2021-11665 dated December 14, 2021.


Abu Asghar G. Haruni
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Head Office, Dhaka


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4. RISK FACTORS AND MANAGEMENT'S PERCEPTION ABOUT THE RISKS

Overall Risk Management Strategies of Mercantile Bank Limited

Mercantile Bank Limited adopted strong and integrated Risk Management strategies for ensuring long-term sustainable growth of the Bank. Board of Directors has the overall responsibility of ensuring that organizational structure, policies, standards, guidelines and procedures are in place for risk management and that are properly implemented. Board approves risk management policies and also sets prescribed internal risk level/appetite, to identify and manage risks in effective manner. Availability of required skills is also ensured in the risk management process to protect the institutional interest. Adopted Risk management process of Mercantile Bank Limited is as follows:

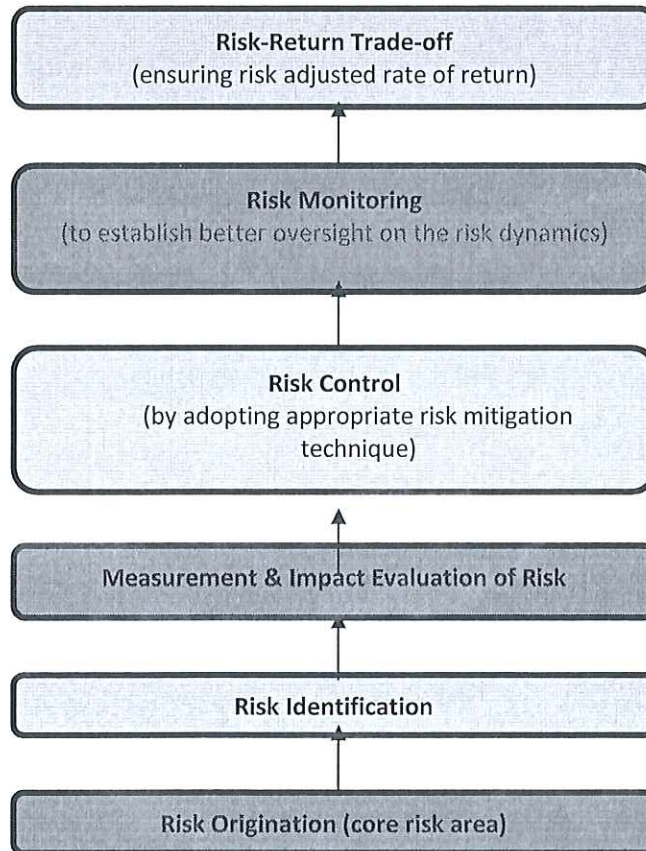



Fig: Risk Management Process of Mercantile Bank Limited

a. Interest Rate Risk:

The banking book consists of assets and liabilities contracted basically on account of relationship or for steady income and statutory obligations and are generally held till maturity/payment by counter party. The earnings or changes in the economic value are the main focus in banking book. Interest rate risk is the risk that a bank will experience deterioration in its financial position as interest rates move over time. Interest rate risk in the banking book arises from a bank's core banking activities


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Management's Perception

Mercantile Bank Limited addresses its Interest Rate Risk in an efficient and effective manner. Interest rate risk management strategies of the Bank include Market Trend Analysis, Interest Rate Sensitivity Analysis and Gap Analysis. Asset Liability Committee (ALCO) in its regular monthly meeting analyzes interest rate sensitivity by computing GAP i.e. the difference between Rate Sensitive Assets and Rate Sensitive Liabilities and take decision for necessary adjustment with the market dynamics and taking into consideration of predictable events that may impinge on the money market scenario.

b. Foreign Exchange Rate Risk:

Exchange rate risk is defined as the potential change in earnings due to change in foreign exchange rates. Exchange rate fluctuation may reduce the profitability of the bank because its trade commitments from various sources of foreign exchange like export proceeds and remittances.

Management's Perception

Mercantile Bank Limited has adopted a prudent policy guideline with a view to reducing the foreign exchange risk. We have segregated treasury operations by materializing the back office and front office concept to separate the responsibilities towards reinforcement of the process in line with the prudential guidelines prescribed by the Bangladesh Bank. Front office is responsible for currency transactions and preparation of deals in accordance with the market trend. Back Office verifies the deals, monitors the limits and settles the transactions independently. All foreign exchange transactions are revalued at Mark-to-Market basis in conformity with Bangladesh Bank Guidelines. All Nostro accounts are reconciled on monthly intervals and in the process it is ensured through the oversight of senior management that no entries remain un-responded beyond the specific time threshold.

c. Non-repayment Risk


It arises mainly from lending, trade finance, settlement and other financial transactions. This can be described as potential loss arising from the failure of a counter party to perform as per contractual agreement with the Bank. The failure may result from unwillingness of the counterparty or decline in his/her financial condition.

Management's Perception

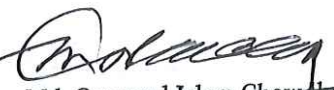
The management of the Bank appreciating the magnitude and impact of non-repayment risk has put in place proper system and process to measure and monitor risk emphasizing on early alertness to arrest any deterioration of the quality of assets. At the same time, the management stay focused on reinforcing drive for recovery of non-performing loans (NPL)/impaired assets. Apart from the above, the management attaches utmost importance for exercising due diligence in the selection/appraisal process of the borrowers for strict avoidance of booking any non-creditworthy/unviable propositions in the business portfolio. In credit risk management, MBL always prioritizes to ensure compliance with all prescribed prudential guidelines on the credit risk management as part of imparting inclusive risk management culture for the Bank.

d. Prepayment, Call or Refunding Risks

Prepayment, call or refunding risks are the risks associated with the principal amount of a bond.


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Mercantile Bank Limited
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Management's Perception

The bond is perpetual in nature and there will be no prepayment within 10 years. Call option can only be exercised by the bank after 10 years subject to the approval of Bangladesh Bank.

e. Security Risks

Security is the specific revenue sources or assets pledged by an issuer to the bondholder to secure repayment of the bond. Therefore, security risk is all about the process of recovering the investment by the bond holder by utilizing the charge against the collateral securities in case of Issuer's inability to repay the face value of the bond(s).

Management's Perception

As part of risk mitigation the management attaches importance on strengthening supervisory control and oversight over the functionaries of the Bank to avert the risk of any breakdown in the process. Besides, realizing the added importance of securing the data/information due measures have been initiated to keep the servers well protected by restraining the access other than the unauthorized person. We have already shifted the 'Disaster Recovery Center' to the place a distance by 20 kilometer in compliance with the prudential directives to the effect.

f. Liquidity Risk

Liquidity risk is the risk to the bank's earnings and capital arising from its inability to timely meet obligations. Liquidity risk primarily arises due to the maturity mismatch associated with assets and liabilities of the bank. Although liquidity risk dynamics vary according to a bank's funding market, balance sheet, and inter-corporate structure, the most common signs of possible liquidity problems include rising funding costs, a rating downgrade, decreases in credit lines, or reductions in the availability of long-term funding.

Management's Perception

Liquidity Risk pertains from the Balance Sheet itself and the management focuses on alignment and realignment of the Assets and Liabilities in a prudent manner as part of mitigation of liquidity crunch. The management also focuses on ensuring compliance of the regulations and guidelines with respect to loan-able fund criteria and at the same time stresses on building up proper and sustainable deposits base by lessening reliance on cooperate deposits. Moreover, management has formulated a 'liquidity contingency plan' approved by the Board of Directors in order to avert any unwarranted risk.

g. Management Risk


Management risk refers to the chance that bank managers' inefficiency or under performance which will finally affect the shareholders. The bondholders may suffer financial losses in such an event.

Management's Perception

Mercantile Bank Limited has well established management structure with diverse knowledge, skills, experience and expertise in core area of banking operation in its bid to attain optimal utilization of available resources. We also constantly endeavor to streamline the corporate governance as it is a value laden concept which requires infusion of coherence among the stake holders by removing the conflict of interest. Our Board is very much alive to the element of 'Good Governance' and accordingly they provide strategic policy direction for smooth operation of the Bank by activating the professional team under the active leadership of the Managing Director & CEO.


Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


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Chief Financial Officer (CFO)
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Md. Quamrul Islam Chowdhury
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IDLC Investments Limited

h. Operational Risk

Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk may also arise from error and fraud due to lack of internal control and compliance across the bank.

Management's Perception

Board of Directors and Senior Management of Mercantile Bank Limited have established an organizational culture that places a high priority on effective operational risk management and adherence to sound operating controls. Senior management transforms the strategic direction given by the Board through operational risk management policy. In addition, the management has focused on reinforcement of segregation of responsibilities and establishing accountability as well as transparency in its different spheres of business activities.

i. Business Risk

Business risk is the possibility that a company will have lower than anticipated profits, or that it will experience a loss rather than a profit. Business risk is influenced by numerous factors, including business environment, economic situation and government regulations.

Management's Perception

Management always prioritizes to diversifying its business portfolio. MBL makes the periodical review of its business portfolio for identification of limitation and takes the strategic decisions to diversify/making alignment and realignment of its different segment of business across the group/sectors with a view to building up business portfolio-wise resilience/beefing up the shock absorbing capacity to mitigate/allay the impact of any likely risk factors.

j. Industry Risk

Industry risk is the possibility that a specific industry will not perform up to the level or at par. When problems plague one industry, they affect the individual organization of that particular industry. They may also cross over into other industries. The issuer is operating in a highly competitive market as modern banking industry has brought greater business diversification. Some banks in the industrialized world are entering into investments, underwriting of securities and portfolio management. The entry of new competitors may also deteriorate the competitive environment and result in lower profitability of the bank.

Management's Perception

Being a third generation private commercial bank, MBL has already curved a commendable position in the banking industry of Bangladesh. Since inception, MBL stressed upon sustainable and consistent growth by addressing unsystematic risk in its banking operation. The Bank has succeeded in diversifying its business portfolio across the thrust sector of the economy and always take special care for superior value addition in its services to clientele. MBL over the years has contributed meaningfully in harnessing deposits by launching different attractive schemes befitting the requirement of different segments of customers. As a result, MBL has a broad based sustainable liquidity/deposit base supporting the expansion of its lending activities.

k. Market and Technological Related Risks

Market Risk is defined as the possibility of loss to a Bank caused by changes or movements in the market variables such as interest rates, foreign currency exchange rates, equity prices and

commodity prices. Bank's exposure to market risk arises from investments (interest related instruments and equities) in trading book and the Foreign Exchange positions. The objective of the market risk management is to minimize the impact of losses on earnings and equity.

Risk that customers may suffer service disruptions, or that customers or the group may incur losses arising from system defect such as failures, faults, or incompleteness in computer operations, or illegal or unauthorized use of computer system. As the banking industry is becoming more and more technology dependent the risks deriving from technological use is increasing day by day. The bank might be exposed to risks such as cyber-attack, system collapse, system hacking, unauthorized electronic fund transfers, etc.

Management's Perception

Mercantile Bank Limited handle its equity position risk with a various effective measures, including forming an investment policy emphasizing on Portfolio diversification, Mark-to-Market valuations procedures and where margin loan is allowed, security of investment, liquidity of securities, reliability of earnings and risk factors are managed professionally.

IT risk of the Bank is addressed very efficiently. For this, the Bank has adopted so many initiatives including forming a clear policies and procedures by defining roles and responsibilities of all relevant officials; dedicated IT audit team as per the central bank's guidelines to conduct audit at branch and divisional levels; Segregated job descriptions and responsibilities to minimize IT Risk; Need based trainings are being conducted time to time to handle the IT Risk in an efficient manner. MBL protects and secures its data in various ways. Data is kept in secured place prescribed by the Bank's policy. Furthermore, MBL has adopted "TEMENOS T24", a highly sophisticated real time banking software with a view to ensuring superior customers services and at the same time controlling software related risks.

1. Risk related to potential or existing Government Regulations

The company operates under, the Bank Companies Act-1991, Companies Act-1994, Income Tax Ordinance, 1984, Income Tax rules, 1984, Value Added Tax (VAT) Act, 1991, Value Added Tax (VAT) Rules, 1991, Customs Act, 1969, Bangladesh Securities and Exchange Rules, 1987 and other related regulations. The company also obtained license from Bangladesh Bank as a Bank under Bank Companies Act-1991. Any major changes in regulatory regime may cause the Bank to be a noncompliant one having adverse impact in the reputation of the Bank.

Management's Perception

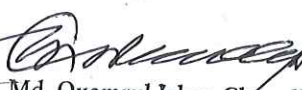
Unless any policy is changed that may negatively and materially affect the industry as a whole, the business of the Bank is expected not to be affected significantly. Financial sector in Bangladesh is a sector with considerable local demand for differentiated product lines. Therefore, it is highly unlikely that the Government/Central Bank will initiate any fiscal measure having adverse effect on the growth of the industry.

m. Risk related to potential changes in global or national policies

Changes in existing global or national policies can have either positive or negative impacts for the Bank. The performance of the Bank will be hindered due to unavoidable circumstances both in Bangladesh and worldwide like political turmoil.


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Management's Perception


The management of Mercantile Bank Limited is always concerned about the prevailing and upcoming future changes in the global or national policy and shall respond appropriately and timely to safeguard its interest. Due to maintaining a diversified portfolio in major sectors in line with the country's growth scenario as well as industrial policy, the Bank will always endeavor to withstand the unexpected changes or any such potential threats. Nevertheless, political stability and a congenial business environment is definitely the best situation in which the Bank will achieve its maximum potential. Political turmoil and the disturbance are not good for the economy as a whole and neither is good for the company.


n. Asset Quality Risk

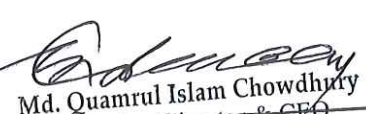
Asset Quality for the Bank mainly refers to loan quality. If loan default, it has adverse impact on Bank's profitability and balance sheet.


Management's Perception

The Bank faces big challenges in managing balance sheet through core banking business due to major changes in regulation of loan classification and provisioning policy. The policy changes as well as deteriorated economic condition may cause non-performing loan and trend of non-performing issues force to make a huge loan loss provision. To reduce non-performing loan, enormous actions have been taken through aggressive recovery drives combined with improved risk management practices.


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Managing Director
IDLC Investments Limited

5. DETAILED DESCRIPTION AND INFORMATION

1.	Particulars of Issuer		
a)	Name of the Issuer	:	Mercantile Bank Limited
b)	Legal Status of the Issuer	:	Public Limited Bank Company Listed with DSE and CSE
c)	Details of contact information	:	Head Office, 61 Dilkusha Commercial Area, Dhaka-1000 Ashim Kumar Saha Senior Executive Vice President & Head of Treasury Treasury Division, Head Office Eunoos Center (Level-14), 52-53, Dilkusha C/A Dhaka-1000 Tel: 9571312, PABX: 9559333 Ext # 226 Fax: 9560657 e-mail: ashim.saha@mblbd.com Mobile: +88 01787681255
d)	Date of Incorporation	:	May 20, 1999
e)	Date of Commencement of Business	:	June 2, 1999
f)	Authorized capital	:	BDT 12,000,000,000
g)	Paid-up capital	:	BDT 10,332,170,270
h)	Total equity	:	BDT 24,705,988,049
i)	Total Liabilities	:	BDT 336,602,548,342
j)	Total Financial Obligation	:	BDT 336,602,548,342
k)	Total Assets	:	BDT 361,308,536,392
l)	Total Tangible Assets	:	BDT 3,829,901,606
m)	Net Worth	:	BDT 24,705,988,049
2.	Particulars of Issue Manager		
a)	Name of the Issue Manager	:	IDLC Investments Limited
b)	Legal Status of the Issue Manager	:	Private Limited Company
c)	Details of Contact Information	:	Head Office: DR Tower (4th Floor), Bir Protik Gazi Golam Dastagir Road, Purana Paltan, Dhaka 1000 Md. Moniruzzaman, CFA IDLC Investments Limited Telephone: 16409, +8809609994352 Fax: +880 (2) 957 1171 Email: mzaman@IDLC.com Mobile: 01730328813
d)	Name of the Issue	:	Mercantile Bank Perpetual Bond
3.	Particulars of the Issue		
a)	Name of the Issue	:	Mercantile Bank Perpetual Bond
b)	Type of Debt Instrument to be	:	Coupon Bearing Conditional Convertible

Abul Asghar G. Haruni
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Chief Financial Officer (CFO)
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Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka

Md. Moniruzzaman
Managing Director
IDLC Investments Limited

	issued		Perpetual Debt
c)	Purpose of the Issue	:	To raise Additional Tier-1 Capital through issuance of Mercantile Bank Perpetual Bond in order to strengthen its capital base in accordance with Bangladesh Bank's Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework in line with Basel III). The Bank shall utilize the proceeds of the Issue for its regular higher yielding business activities.
d)	Number of Securities and Total Size of the Issue to be Offered	:	Number of Securities/Bond Private offer: 900,000 Public offer: 100,000 Total Issue Size Private offer: BDT 450 Crore Public offer: BDT 50 Crore
e)	Face value and issue price of securities mentioning discount or premium thereof:	:	Face value of each bond: BDT 5,000
f)	Coupon rate or rate of profit or discount rate and yield to maturity(YTM):	:	The Coupon Rate (Floating) will be determined as the aggregate of: <ul style="list-style-type: none"> • Base Rate: 20-year Treasury-Bond rate. (Latest available rate of 20-year Treasury-Bond rate as published by Debt Management Department of Bangladesh Bank on the quotation day); plus • Margin: 2.00 % p.a. • Coupon Floor Rate: 6.00% p.a. • Coupon Ceiling Rate: 10.00% p.a.
g)	Tenor or maturity	:	Nil, the bond will be perpetual
h)	Details of conversion/exchange option features	:	Conversion feature: Conditional Convertible
	Loss Absorption:	:	The instrument has principal loss absorption through conversion to common shares at an objective pre-specified trigger point.
	Trigger Point for Loss Absorption:	:	If the bank's consolidated CET-1 falls below Bangladesh Bank requirement of 4.50% and stays below for 03 (Three) successive quarters it would be the Trigger Point Condition and the 3rd quarter-end date of consecutive below-minimum CET-1 Ratio would be the Trigger Point Condition Date. Once the Trigger Point Condition has been met and Loss Absorption feature has been exercised, the cycle will start again.)

Abu Asghar G. Harun
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	When conversion option will be exercised:	:	The Issuer will only exercise conversion option when the Bank has reached the trigger point i.e. If the bank's consolidated CET-1 falls below Bangladesh Bank requirement (Currently of 4.50%) and stays below for 03 (Three) successive quarters. The end of the 3 rd quarter will be Trigger Point Date. The conversion will be exercised after taking approval from BSEC and other competent authorities as per requirement. The period between the Trigger Point Date and the date on which the Issuer converts the Bonds will be known as Conversion Period. If a fractional share issuance arises upon conversion, the issuer will round the number of shares issuable, up to the next whole number. Fractional lot size will also be rounded to the next whole number
	Conversion Feature:	:	The bonds will be converted at a pre-determined Conversion Strike Price into the common shares of Mercantile Bank. Conversion at this point is mandatory.
	The Conversion Strike Price:	:	Average of daily market price of the immediate previous 6 (six) months average market price of Mercantile Bank's shares in the Dhaka Stock Exchange from the trigger point date or Face Value of the Share whichever is higher.
	The Conversion Mechanism:	:	The issuer shall apply to BSEC for their consent before the conversion of the bonds into common shares. The conversion method to be finalized at the time of the conversion as per Bangladesh Bank's instruction.
i)	Mode of redemption or conversion/exchange	:	Redemption: Nil Conversion: Conditional Convertible
j)	Mode of option (call or put), if any, in case of redemption or conversion/exchange and discount or premium thereof	:	Put Option: Nil Call Option: The Issuer may, by giving not less than 30 nor more than 60 days' notice to the Trustee of the Call Exercise Date, which notice shall be irrevocable, elect to redeem all, but not some only, of the Bonds at their principal amount together with any outstanding coupon payments which are accrued but unpaid and not been subject to exercise of Issuer's Coupon Discretion. The Call Option can be exercised only after ten years of issuance, with prior approval from the Bangladesh Bank.
k)	Rate of return	:	The Coupon Rate (Floating) will be determined as the aggregate of:

Abu Asghar G. Haruni
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Mercantile Bank Limited
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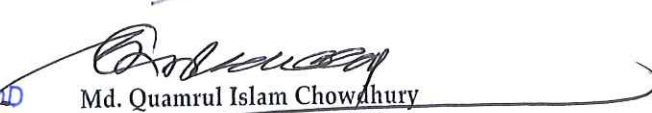
Md. Moniruzzaman
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			<ul style="list-style-type: none"> •Reference Rate: 20-year Treasury-Bond rate. (Latest available rate of 20-year Treasury-Bond rate as published by Debt Management Department of Bangladesh Bank on the quotation day); plus •Margin: 2.00% •Coupon Ceiling: 10% •Coupon Floor: 6% subject to having available distributable profit.
l)	Applicable tax rate	:	As per law of the land
m)	Default protection mechanism (details of credit enhancement arrangement/agreement, redemption reserve, sinking fund etc.), if any	:	Nil
n)	Type of collateral securities being offered, if any	:	Nil
o)	Status of securities holders in case of priority of payment	:	<p>Claims of the investors on the bond are:</p> <ol style="list-style-type: none"> 1. Superior to the claims of investors in equity shares and perpetual non-cumulative preference shares, if any, of the bank whether currently outstanding or issued at any time in the future. 2. Subordinated to the claims of depositors, general creditors and Perpetual debt of the Bank other than any Perpetual debt qualifying as Additional Tier 1 Capital (as defined in the Basel III Guidelines) of the Bank; 3. Is neither secured nor covered by a guarantee of the issuer nor related entity or other arrangement that legally or economically enhances the seniority of the claim vis-à-vis bank creditors
p)	Period within which securities to be issued	:	2022
q)	Nature of tradability or listing in the stock exchange(s) (Main Board / ATB /any other platform, mentioning the name of the stock exchange)	:	To be traded in the Main Board
4.	Particulars of the Trustee		

a)	Name of the trustee	:	UCB Investment Limited
b)	Paid-up capital of the trustee	:	BDT 1,000,000,000
c)	Net worth of the trustee	:	BDT 1,132,493,978
d)	Name of the issue(s) where performing as trustee	:	Mercantile Bank Perpetual Bond
5. Particulars of the credit rating company			
a)	Name of credit rating company	:	CRISL
b)	Credit rating status of the issuer or originator	:	Long Term: AA Short Term: ST-2
c)	Credit rating status of the issue	:	Long Term: AA-
d)	Date and validity of rating along with surveillance rating for the issuer or originator and for the issue	:	Issuer Date of Rating: May 19, 2022 Validity of Rating: May 18, 2023 Issue: Date of Rating: December 27, 2021 Validity of Rating: June 26, 2022
e)	Latest default rate of the credit rating company	:	N/A
f)	Average time to default of the rated category	:	N/A
g)	Rating trigger, if any	:	N/A


Abu Asghar G. Haruni
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Mercantile Bank Limited
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6. DETAILS OF THE UTILIZATION OF PROCEEDS

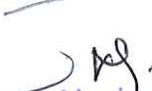
Mercantile Bank Limited (MBL) has decided to raise Additional Tier-1 Capital through issuance of MBL Perpetual Bond in order to strengthen its capital base in accordance with Bangladesh Bank's Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework in line with Basel III). The proposed bond issue will allow the bank to enhance its capital strength and continue to grow its balance sheet in the future years.

The proposed bond will qualify as part of MBL's Additional Tier-1 capital and will help maintain healthy capital adequacy ratios in the coming years. Besides, the BDT 5 billion fund will be used for undertaking general business activities of the bank including strengthening of the loan portfolio and other securities.


Abu Asghar G. Harun
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


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Chief Financial Officer (CFO)
Mercantile Bank Limited


Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka


Md. Moniruzzaman
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IDLC Investments Limited

7. FEATURES OF THE DEBT SECURITY TO BE ISSUED

Table 1: Features of the Debt Securities

Issuer	Mercantile Bank Limited (MBL)
The Issue	Mercantile Bank Perpetual Bond
Mandated Lead Arranger	IDLC Finance Limited is referred to as the "Mandated Lead Arranger" or the "MLA".
Issue Manager	IDLC Investments Limited
Underwriter	To be finalized
Arrangement Basis	Best Efforts / Strictly Non Underwritten
Issue Size	BDT 500,000,000 Public Issue and BDT 4,500,000,000 Private Placement
a. Basic Feature of the Bond:	
Purpose	To raise Additional Tier-1 Capital through issuance of Mercantile Bank Perpetual Bond in order to strengthen its capital base in accordance with Bangladesh Bank's Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework in line with Basel III).
Investors	<p>Private Offer: The following class of investors are eligible to participate in the offer:</p> <ul style="list-style-type: none"> • Public Financial Institutions which are duly authorized to invest in Bonds as per Bangladesh Bank Regulations • Mutual Funds, Insurance Companies, Scheduled Commercial Banks, • Co-operative Banks, Regional Rural Banks authorized to invest in bonds/ debentures, • Societies authorized to invest in bonds/debentures, • Trusts authorized to invest in bonds/ debentures, • Statutory Corporations/ Undertakings established by Central/ State legislature authorized to invest in bonds/ debentures, • Any other not mentioned in the list but is eligible to subscribe as per regulations by Bangladesh Bank. <p>This being a private placement Issue, the eligible investors who have been addressed through this communication directly, are only eligible to apply.</p> <p>Prior to making any investment in these Bonds, each investor should satisfy and assure himself/herself/itself that he/she/it is authorized and eligible to invest in these Bonds.</p>

Abu Aaghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka

Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited
Head Office, Dhaka

Md. Quamrul Islam Chowdhury
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Issuer	Mercantile Bank Limited (MBL)
	<p>The Bank shall be under no obligation to verify the eligibility/authority of the investor to invest in these Bonds. Further, mere receipt of this Disclosure Document by a person shall not be construed as any representation by the Bank that such person is authorized to invest in these Bonds or eligible to subscribe to these Bonds. If after applying for subscription to these Bonds and/or allotment of Bonds to any person, is found to have been ineligible to invest in/hold these Bonds, the Bank shall not be responsible in any manner.</p> <p>Public Offer: Eligible Institutional Investors and General Investors /Public who have valid BO account including Resident of Bangladesh and NRB</p>
Currency	Bangladeshi Taka (BDT)
Face Value/Bond	BDT 5,000
No. of Bonds in Each Lot	Private offer: 2000 Public offer: 1
Denomination:	Denomination of each Bond is indicated at BDT 5,000 Face Value
Total no. of Lots	Private offer: 450 Public offer: 100,000
Minimum Subscription Amount	Private offer: BDT 10,000,000 Public offer: BDT 5,000
Mode of Placement:	Private Placement: BDT 4,500,000,000 Public Placement: BDT 500,000,000
Maturity:	Not Applicable. The Bonds shall be perpetual i.e. there is no maturity date and there are no step-ups or other incentives to redeem
Governing Law:	The laws of The People's Republic of Bangladesh
Security:	Unsecured
Form:	Registered
Listing:	The bonds may be listed as per BSEC's approval
b. Coupon Rate:	<p>The Coupon Rate (Floating) will be determined as the aggregate of:</p> <ul style="list-style-type: none"> • <u>Base Rate</u>: 20-year Treasury-Bond rate. (Latest available rate of 20-year Treasury-Bond rate as published by Debt Management Department of Bangladesh Bank on the quotation day); plus • <u>Margin</u>: 2.00 % p.a. • Coupon Floor Rate: 6.00% p.a. • Coupon Ceiling Rate: 10.00% p.a.

Issuer	Mercantile Bank Limited (MBL)
Coupon Payment:	Coupon will be payable half yearly on the Coupon Payment Dates at the end of each Coupon Period.
Put Option:	Not applicable
Call Option:	The Issuer may, by giving not less than 30 nor more than 60 days' notice to the Trustee of the Call Exercise Date, which notice shall be irrevocable, elect to redeem all, but not some only, of the Bonds at their principal amount together with any outstanding coupon payments which are accrued but unpaid and not been subject to exercise of Issuer's Coupon Discretion. The Call Option can be exercised only after ten years of issuance, with prior approval from the Bangladesh Bank.
Call Option Eligibility:	1. Replace this instrument with capital of the same or better quality that are sustainable for the income capacity of the Bank, or, 2. Capital position is above the minimum requirements after the call option is exercised
Trustee, Paying Agent, Registrar, Transfer Agent	UCB Investment Limited
Transferability /Liquidity	Freely transferable in accordance with the provisions of the Deed of Trust
d. Prepayment, Call, Refunding, Conversion features	Prepayment, Call, Refunding: can be exercised after 10 years subject to approval of Bangladesh Bank Conversion: conditional convertible
e. Late Redemption	Not Applicable. Since the instrument is perpetual in nature i.e. there is no maturity date; late redemption is not applicable unless and until it is eligible for call option criteria.
f. Tax Features	As per applicable law


Abu Asghar G. Haruni
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Mercantile Bank Limited
Head Office, Dhaka


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Issuer	Mercantile Bank Limited (MBL)
Claim Settlement in the event of Liquidation or Wind-up:	<p>Claims of the investors on the bond are:</p> <ol style="list-style-type: none"> 1. Superior to the claims of investors in equity shares and perpetual non-cumulative preference shares, if any, of the bank whether currently outstanding or issued at any time in the future. 2. Subordinated to the claims of depositors, general creditors and Perpetual debt of the Bank other than any Perpetual debt qualifying as Additional Tier 1 Capital (as defined in the Basel III Guidelines) of the Bank; 3. Is neither secured nor covered by a guarantee of the issuer nor related entity or other arrangement that legally or economically enhances the seniority of the claim vis-à-vis bank creditors <p>Notwithstanding anything to the contrary stipulated herein, the claims of the Bondholders shall be subject to the provisions of Loss Absorption in this terms and features.</p>
Loss Absorption:	The instrument has principal loss absorption through conversion to common shares at an objective pre-specified trigger point.
Trigger Point for Loss Absorption:	If the bank's consolidated CET-1 falls below Bangladesh Bank requirement of 4.50% and stays below for 03 (Three) successive quarters it would be the Trigger Point Condition and the 3rd quarter-end date of consecutive below-minimum CET-1 Ratio would be the Trigger Point Condition Date. Once the Trigger Point Condition has been met and Loss Absorption feature has been exercised, the cycle will start again.
When conversion option will be exercised:	The Issuer will only exercise conversion option when the Bank has reached the trigger point i.e. If the bank's consolidated CET-1 falls below Bangladesh Bank requirement (Currently of 4.50%) and stays below for 03 (Three) successive quarters. The end of the 3rd quarter will be Trigger Point Date. The conversion will be exercised after taking approval from BSEC and other competent authorities as per requirement. The period between the Trigger Point Date and the date on which the Issuer converts the Bonds will be known as Conversion Period. If a fractional share issuance arises upon conversion, the issuer will round the number of shares issuable, up to the next whole number. Fractional lot size will also be rounded to the next whole number.
Conversion Feature:	The bonds will be converted at a pre-determined Conversion Strike Price into the common shares of Mercantile Bank. Conversion at this point is mandatory.
The Conversion Strike Price:	Average of daily market price of the immediate previous 6 (six) months average market price of Mercantile Bank shares in the Dhaka Stock Exchange from the trigger point date or Face Value of the Share whichever is higher.

Issuer	Mercantile Bank Limited (MBL)
The Conversion Mechanism:	The issuer shall apply to BSEC for their consent before the conversion of the bonds into common shares. The conversion method to be finalized at the time of the conversion as per Bangladesh Bank's instruction.
Conversion Notice	<p>Within 2 (two) Business Days of the approval date of the Audited Financials for the Conditional Conversion, Issuer shall notify the Trustee once at the end of the 2nd Quarter when CET-1 Ratio remains below 4.50% and also at the time of exercise of Loss Absorption feature, the Conversion Strike Price, number of Bonds to be converted, expected end date of the Conversion Period ("Conversion Notice"); and the Trustee shall within 2 (two) Business Days of the receipt of the Conversion Notice, notify the Bondholders about the receipt of the Conversion Notice. All notices are validly given if:</p> <ul style="list-style-type: none"> • Mailed to bondholders at their respective address in the register, • Published for three consecutive days in one English newspaper and one Bengali newspaper; each having wide circulation in Bangladesh, • Emailed to bondholders at their respective addresses set out in the Issuer Register provided that such notices will only be considered as validly given unless followed up with hard copies of the notices being mailed to the bondholders or published for three consecutive days in a leading newspaper as aforesaid. <p>Any such notice shall be deemed to have been given on the seventh day after being so mailed or on the later of the date of such publications</p>
Dividend Discretion:	<ol style="list-style-type: none"> i. The bank has full discretion at all times to cancel distributions/payments; ii. Cancellation of discretionary payments must not be an event of default; iii. Banks have full access to cancelled payments to meet obligations as they fall due; iv. Cancellation of distributions/payments must not impose restrictions on the bank except in relation to distributions to common stakeholders; and v. Dividends to be paid out of distributable items; vi. The dividend shall not be cumulative. i.e., dividend missed in a year will not be paid in future years, even if adequate profit is available and the level of CRAR conforms to the regulatory minimum. When dividend is paid at a rate lesser than the prescribed rate, the unpaid amount will not be paid in future years, even if adequate profit is available and the level of CRAR conforms to the regulatory minimum.


Abulhasan G. Haruni
 Company Secretary
 Mercantile Bank Limited
 Head Office, Dhaka

Tapash Chandra Paul, PhD
 Chief Financial Officer (CFO)
 Mercantile Bank Limited

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Issuer	Mercantile Bank Limited (MBL)
	<p>vii. In general, it may be in order for banks to have dividend stopper arrangement that stop dividend payments on common shares in the event the holders of Additional Tier 1 instruments are not paid dividend/coupon. However, dividend stoppers must not impede the full discretion that bank must not have at all times to cancel distributions/payments on the Additional Tier 1 instrument, nor must they act in a way that could hinder the re-capitalization of the bank. For example, it would not be permitted for a stopper on an Additional Tier 1 instrument to:</p> <ul style="list-style-type: none"> • attempt to stop payment on another instrument where the payments on this other instrument were not also fully discretionary; • prevent distributions to shareholders for a period that extends beyond the point in time that dividends/coupons on the Additional Tier 1 instrument are resumed; • impede the normal operation of the bank or any restructuring activity (including acquisitions/disposals). • A stopper may act to prohibit actions that are equivalent to the payment of a dividend, such as the bank undertaking discretionary share buybacks, if otherwise permitted
<p>Payment Suspension Methodology:</p>	<p>In case of conversion on Trigger Point, the portion that will be required to be converted, Coupon Payment will never resume back for that portion. The portion that shall not be converted, payment will resume from next coupon date for that non-converted portion, but subject to CET-1 Ratio remaining reaching 4.50% or above.</p> <p>No penal/additional/delay fee shall be charged on the Issuer for the period when coupon(s) payments are suspended.</p>
<p>Events of Default:</p>	<p>(a) Breach of Common Equity Holders' Dividend Stopper Clause;</p> <p>(b) Subject to exercise of Issuer's Coupon Discretion, Trigger Point Consideration being met, and/or exercise of Loss Absorption feature, the Issuer defaults in the payment of any money owing in respect of the Perpetual Bonds when the same shall become due and payable in accordance with these presents and such default continues for at least seven (7) Business Days</p> <p>(c) Breach of any covenant, warranty or other provision of the Trust Deed otherwise as provided in the preceding paragraphs of this Clause and such default continues for at</p>


Abu Asghar G. Haruni
 Company Secretary
 Mercantile Bank Limited
 Head Office, Dhaka


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 Mercantile Bank Limited


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 Managing Director
 IDLC Investments Limited

Issuer	Mercantile Bank Limited (MBL)
	<p>least thirty (30) Business Days</p> <p>It is further clarified that the Bondholders shall have no rights to accelerate the repayment of future scheduled payments except in bankruptcy and liquidation.</p>
Common Equity Holders' Dividend Stopper Clause:	<p>Dividend Stopper Clause will be applicable to these Bonds and it will stop common equity holders' dividend payments on common shares in the event the holders of the Bonds are not paid coupon. In the event the holders of the Bonds are not paid coupon, they shall not impede the full discretion that Issuer has at all times to cancel distributions/payments on the Bonds, nor will they impede / hinder:</p> <p>(i) The Re-Capitalization of the Issuer. (ii) The Issuer's right to make payments on other instruments, where the payments on this other instrument were not also fully discretionary</p> <p>The Issuer's right to making distributions to shareholders for a period that extends beyond the point in time that coupon on the Bonds are resumed. The normal operation of the Issuer or any restructuring activity (including acquisitions/disposals).</p>
Documentation:	<p>Will include but not limited to the followings:</p> <ul style="list-style-type: none"> • Facility Arranger's Agreement / Term Sheet • Bond Subscription Agreement • Trust Deed • Any other agreements/instruments relating to such transaction
Conditions precedent:	<p>In form and substance satisfactory to the MLA including without limitation: (i) due diligence having been conducted and completed, (ii) documentation for the Financing and appropriate business description disclosure in the offering circular, (iii) receipt by the MLA of appropriate legal opinions from external counsel, (iv) the Issuer having obtained all relevant approvals for the Bond.</p>
g. Cost related to the issue	<p>Total of Arrangement fee, Trustee, Paying Agent, Registrar, Transfer Agent fee, Bond Rating fee & Legal Counsel Fee, listing and IPO related fees/cost: Total BDT 35.17 Million (approx.)</p>
h. Repayment Schedule	<p>Not applicable</p>
i. Call or put option, and premium or discount thereof, if any	<p>Put Option: Nil</p> <p>Call Option: The Issuer may, by giving not less than 30 nor more than 60 days' notice to the Trustee of the Call Exercise Date, which notice shall be irrevocable, elect to redeem all, but not some only, of the Bonds at their principal amount together with any outstanding coupon payments which are accrued but unpaid and not been subject to exercise of</p>

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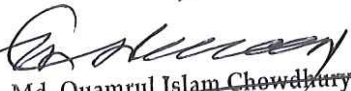
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Issuer	Mercantile Bank Limited (MBL)
	Issuer's Coupon Discretion. The Call Option can be exercised only after ten years of issuance, with prior approval from the Bangladesh Bank.
j. Credit enhancement or guarantee	Nil
k. Enforcement of Charges over securities	The Trustee shall enforce all payment obligations under the Perpetual Bonds only by way of petitioning for the winding up or dissolution of the Issuer and/or by proving for the amount due and payable under the perpetual Bonds in the liquidation or administration of the Issuer.


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8. DESCRIPTION OF COLLATERAL SECURITY AND TYPE OF CHARGES TO BE CREATED AGAINST ISSUE

The issue is unsecured corporate bond hence no charge against the issue.

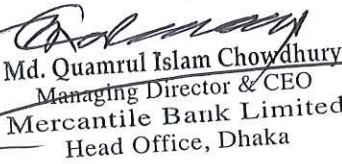
However MBL Perpetual Bond will be Superior to the claims of investors in equity shares and perpetual non-cumulative preference shares and subordinated to the claims of depositors, general creditors and subordinated debt of the Bank. Hence, it is neither secured nor covered by a guarantee of the issuer nor related entity or other arrangement that legally or economically enhances the seniority of the claim vis-à-vis bank creditors.



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9. RIGHTS & OBLIGATIONS OF THE ISSUER

General Covenants by the Issuer: The Bonds shall be issued in registered and unlisted form and Issuer shall comply with the provisions of the Trust Deed and shall be bound by it.


Compliance with BB Rules & Guidelines: Issuer shall comply with Bangladesh Bank Rules and Guidelines, Trust Deed, conditions, Schedules and Agency Agreement. The Issuer is obliged to obtain due approval from the Bangladesh Bank and the Bangladesh Securities and Exchange Commission for issuance of the Bonds.

As long as any of the Bonds remains outstanding or any amount is outstanding to the Trustee or any Bondholder under any Bond Document, the Issuer undertakes to each of the Trustee and the Bondholders that it shall comply with the following conditions namely:

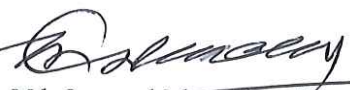
- To refrain from substantially changing its general nature of the business;
- To refrain from entering into any transaction, agreement or arrangement with any of its Affiliates other than on arm's length basis;
- To promptly obtain any Authorisation required under any law or regulation of its jurisdiction of incorporation to enable it to perform its obligations under the Bond Documents and comply with them fully as and when required by the Trustee;
- To comply with all applicable laws and regulations;
- To shall maintain insurances on and in relation to its business and assets with reputable underwriters or insurance companies;
- To be duly incorporated and validly existing under the laws of its jurisdiction;
- The Issuer shall duly and punctually follow the prevailing rules and regulations of taxation.
- To maintain books and records (with respect to itself and its business) in the manner described in the Trust Deed;
- To promptly do all such acts or execute all such documents as the Trustee may reasonably specify for the exercise of any rights powers and remedies of the Trustee provided by or pursuant to the Bond Documents or by law on a best efforts basis and to the extent permitted by applicable laws;
- To refrain from being a creditor in respect of any Financial Indebtedness except in ordinary course of business;
- To refrain from incurring or allowing to remain outstanding any guarantee or otherwise voluntarily assume any liability except for any guarantee under any Bond Document or any guarantee in the ordinary course of business consistent with its current practice;
- To comply with Bangladesh Bank Authorisations, Rules and Guidelines;
- To provide such information and within such period of time as specified in the Trust Deed;

Corporate Covenant: The Issuer shall all times carry on and conduct its affairs in a proper and efficient manner in compliance with any requirement of law from time to time in force in Bangladesh and in compliance with its and in compliance with its Memorandum and Articles of Association save where failure to do so would not constitute a Materials Adverse Effect.

Consents: The Issuer shall obtain and comply with the terms of all authorisations, approvals, licences and consents necessary under any Law in connection with its business.


Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited


Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka


Md. Moniruzzaman
Managing Director
IDLC Investments Limited

Authorised Signatories: The Issuer shall deliver to the Trustee upon execution of this Deed and thereafter upon any change of the same, a list of Authorised Signatories of the Issuer together with a specimen signature of each Authorised Signatory.

Financial Statements: The Issuer shall prepare in respect of each financial years, financial statements and provide the same to the Trustee in such form and manner as described in the Trust Deed.

General Negative Covenants: The Issuer shall not until after the final settlement, save to the extent permitted by or contemplated by Applicable Law or with the prior written consent of the Trustee:

- sell, convey, transfer, lease, assign or otherwise dispose of or agree or attempt or purport to sell, convey, transfer, lease or otherwise dispose of or use, invest or otherwise deal with any of its properties, assets or undertaking or grant any option or right to acquire the same which shall reasonably be expected to have a Material Adverse Effect.
- grant, create or permit to exist any encumbrance over (including the grant of security or trust over or the occurrence of execution or diligence in respect of) its assets which shall reasonably be expected to have a Material Adverse Effect.
- consolidate or merge with any other person;
- permit the validity or effectiveness of the transaction documents to be impaired or to be amended, hypothecated, subordinated, terminated or discharged.

Dealing with Trustee: The Issuer shall upon reasonable notice, during normal business hours allow the Trustee and any persons appointed by the Trustee access to such books of account and other business records as relate to the assigned rights or the benefit of the assigned rights as the Trustee or any such persons may reasonably require.

Information to Trustee: So far as permitted by applicable law and subject to any binding confidentiality restrictions, the Issuer shall give to the Trustee such information, opinions, certificates and other evidence as the trustee and any persons appointed by the Trustee shall reasonably require for the purposes of the discharge of the duties, trusts, powers, authorities and discretions vested in the Trustee by or pursuant to the Trust Deed or any other Transaction Document.


Execution of Further Documents: The Issuer shall, so far as permitted by applicable law and regulatory requirements, execute all such further documents and do all such further acted and things as the Trustee (acting reasonably) may consider to be necessary at the time to give effect to the terms of the relevant Transaction Documents.

Notification of Event Default: The Issuer shall deliver notice to the Trustee forthwith upon becoming aware of any Event of Default without waiting for the Trustee to take any further action.

No Variation and Termination of Transaction Documents: The Issuer shall not until the final settlement, save to the extent permitted by the Transaction Documents or with the prior written consent of the Trustee (a) terminate any Transaction Documents, (b) vary any provision of any Transaction Document (c) permit any person who has obligations under the Transaction Document to be released from such obligations other than in accordance with the


Abu Asghar G. Haquni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited


Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka


Md. Moniruzzaman
Managing Director
IDLC Investments Limited
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terms of the applicable Transaction Document and any applicable requirement of law or regulatory direction.

Filings: The Issuer shall effect all required filings in respect of the Issuer and file, record or enrol each Transaction Document required to be filed, recorded or enrolled with any court or other authority in Bangladesh and ensure that such required filings, recordings or enrolments are maintained in accordance with any applicable requirement of law or regulatory direction at all times.

Payments: The Issuer shall pay moneys payable by it to the Trustee under this Trust Deed without set off, counterclaim, deduction or withholding, unless otherwise compelled by law.

Notices to Bondholders: The Issuer shall send or procure to be sent (not less than three days prior to the date of publication) to the Trustee, for the Trustee's approval, one copy of each notice to be given to the Bondholders in accordance with the Trust Deed and not publish such notice without such approval and, upon publication, send to the Trustee two copies of such notice.

Notification of Non-Payments: The Issuer shall use reasonable endeavours to notify the Trustee forthwith in the event of non-payment of the full amount within due date.

Notification of Late Payment: The Issuer shall forthwith give notice to the Bondholders through the Trustee of payments of any sum due in respect of the Bonds, made after their due date to the Trustee.

Notification of Tax Deduction: The Issuer shall promptly give notice to the Trustee

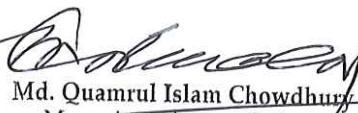
(a) if it is required by law to effect a deduction or withholding of Tax in respect of any payment due in respect of any Bonds.

(b) and in such cases take such action as may be required by the Trustee acting reasonable in respect thereof.

Consolidation, Amalgamation or Merger: The Issuer will not consolidate with, merge or amalgamate into or transfer its assets substantially as an entirety to any company or convey or transfer its properties and assets substantially as an entirety to any person (the consummation of any such event, a "Merger").


Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited


Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka


Md. Moniruzzaman
Managing Director
IDLC Investments Limited

10. RIGHTS & OBLIGATIONS OF THE TRUSTEE

Duties and Powers of the Trustee: The Trustee has the following duties and powers in connection with the Trust:

- to hold the benefit of the covenants made by the Issuer and the conditions on trust for the Bondholders;
- to open such accounts necessary for discharging the functions of Trustee;
- to keep the money and assets representing the Trust Property (including enforcement proceeds) and to deposit and withdraw such moneys and assets as may be required from time to time;
- to undertake all such actions for the recoveries of any overdue in accordance with the provisions of the Trust Deed and to execute all such documents, deeds and papers and to do all acts in relation thereto;
- to issue, manage and administer the Bonds in accordance with the terms of the Trust Deed and execute, acknowledge, confirm or endorse any agreements, documents, deeds, instruments and papers in connection therewith;
- to call any meetings of the Bondholders in accordance with the provisions of the Trust Deed and the Bonds and to facilitate the proceedings of such meeting as it deems appropriate in accordance with the terms of the Trust Deed;
- to implement, give effect to and facilitate the terms and conditions of the Bonds and such other documents, deeds and agreements in contemplation thereof;
- upon instruction by the Bondholders upon occurrence of an Event of Default in accordance with this Trust Deed, to sell or otherwise dispose of the Trust Property and close any bank accounts that may have been opened in pursuance of this Trust Deed after distribution of amounts standing to their credit;
- to take such action as may be appropriate for the protection of the interest of the Bondholders in accordance with the Trust Act, 1882 and the provisions of the Trust Deed;
- The Trustee shall have power to initiate negotiations with the respective parties for inclusion of any additional terms and conditions for the performance of the obligations under this Trust Deed for the protection of the interest of the Bondholders, and necessary amendments can then be made by way of mutual agreement;; and
- to do all such other acts, deeds and things as may be necessary and incidental to the above objects unless such acts require the prior consent of the Beneficiaries in accordance with the Trust Deed.

Reliance on information: The Trustee may in relation to the Trust Deed act on the opinion or advice of or a certificate or any information obtained from any lawyer or other experts and shall not be responsible for any Liability occasioned by so acting;

Certificate of directors or Authorised Signatories: The Trustee may call for a certificate signed by two Authorised Signatories of the Issuer or other person duly authorised as to any fact or matter *prima facie* within the knowledge of the Issuer as sufficient evidence thereof. The Trustee shall not be bound in any such case to call for further evidence or be responsible for any Liability that may be occasioned by its failing so to do;

Resolution or direction of Bondholders: If there was some defect in the constitution of the meeting or if the resolution or direction made by the meeting of the bondholders is not valid or binding for some defect, the Trustee will not be held responsible provided it has acted in good faith.


Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
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Managing Director & CEO
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Bondholders as a class: In connection with the exercise by it of any of its trusts, powers, authorities and discretions, the Trustee shall have regard to the general interests of the Bondholders as a class.

No obligation to monitor or investigate: The Trustee is under no obligation to monitor or supervise the functions of any other person under the Bonds or any other agreement or document relating to the transactions herein. In the absence of actual knowledge of a breach of obligation the Trustee may assume that each such person is properly performing and complying with its obligations. Similarly the Trustee is under no obligation to investigate Bonds or other agreement or documents to that effect.

Bonds held by the Issuer: In the absence of actual knowledge or express notice to the contrary, the Trustee may assume without enquiry (other than requesting a certificate of the Issuer), that no Bonds are for the time being held by or for the benefit of the Issuer or any of its Affiliates;

Events of Default: The Trustee shall not be bound to give notice to any person of the execution of the Trust Deed or to take any steps to ascertain whether any Default or Event of Default has happened and, until it shall have actual knowledge or express notice to the contrary.

Right to deduct or withhold for taxes: Deduction or withholding of tax will be as per prevailing law of the land.

Error of judgment: Trustee has no liability for error of judgment made in good faith.

No responsibility for loss: The Trustee shall not be responsible for any loss incurred by bondholders subject to any applicable laws or regulations except for its Trustee's own gross negligence, wilful default or fraud.


Force Majeure: The Trustee shall not be liable for Force Majeure.

Immunities: The Trustee's immunities and protections from liability and its right to indemnification extend to its officers, directors and employees and it's successors upon resignation and replacement. The Issuer will not be entitled to claim for itself or any of its assets immunity from suit, execution, attachment or other legal process.

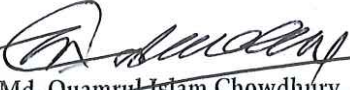
Trustee's determination: The Trustee may determine whether or not a default in the performance by the Issuer of any obligation under the provisions is capable of remedy and/or materially prejudicial to the interests of the Bondholders. If the Trustee certifies that any such default is not capable of remedy and/or materially prejudicial to the interests of the Bondholders, such certificate shall be conclusive and binding upon the Issuer and the Bondholders subject to conditions as specified in the Trust Deed.

Application of proceeds: the Trustee shall not be responsible for the receipt or application by the Issuer of the proceeds of the issue of the Bonds or the delivery of any Bond Certificate to the persons entitled to it;

Delegation: The Trustee may, with the prior consent in writing of the Issuer, whether by power of attorney or otherwise, delegate to any person or persons or fluctuating body of persons all or any of the trusts, powers, authorities and discretions vested in it by the Trust Deed and any such delegation may be made upon such terms and conditions and subject to such regulations (including power to sub-delegate with the consent of the Trustee) as the Trustee may think fit in the interests of the Bondholder. The Trustee is required to exercise reasonable care in the selection of any such Appointee.


Abul Asghar G. Harun
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited


Md. Quamrul Islam Chowdhury
Managing Director & CEO
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Head Office, Dhaka


Md. Moniruzzaman
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Agents: Subject to the provisions of the Trust Act 1882, the Trustee may, with the prior consent in writing of the Issuer, employ agents to conduct its duties in accordance with Trust Deed on its behalf.

Confidential information: the Trustee shall not (unless required by law or ordered so to do by a court of competent jurisdiction) be required to disclose to any Bondholder any confidential information (financial or otherwise) made available to the Trustee by the Issuer or any other person in connection with the Trust Deed.

Expenditure by the Trustee: The Trustee is not obliged to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties if it has grounds for believing the repayment (if approved by the issuer) of such funds or adequate indemnity against, or security for, such risk or liability is not assured to it.

Restriction on financial transactions with the Issuer: The Trustee and its directors and officers shall be precluded from making any contracts or entering into any transactions ("Other Business) with the Issuer which would place its fiduciary duties towards the Bondholders in conflict with its rights and obligations in such Other Business.

Trustee liable for gross negligence: Trustee shall be liable for gross negligence in the performance of its duties under the Trust Deed.

Exercise of Discretion: Unless provided to the contrary in the Trust Deed, the Trustee shall not be obliged to exercise or consider exercising any discretion or consider making or make any determination or to consider taking or take any action whatsoever in connection with or under or pursuant to the Bonds unless directed to do so by the holders of not less than 66²/₃ percent in principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution and the Trustee will not be responsible for any loss, expense, damage, claim, cost, charge or liability which may be suffered as a result thereof.


Trustee's Obligation for Requesting Compliance Certificates: The Trustee shall have no responsibility for requesting Compliance Certificates unless the Issuer has failed to deliver such certificates in accordance with (*Terms of Appointment*) or the Trustee is requested to do so by any Bondholder.

Modification and Waiver: The Trustee may agree, without the consent of the Bondholders, to (i) any modification (except as mentioned in Amendment Provisions of Trust Deed) to, or the waiver or authorisation of any breach or proposed breach of, any terms of the Trust Deed which is not materially prejudicial to the interests of the Bondholders or (ii) any modification to the Bonds or the Trust Deed which is of a formal, minor or technical nature or to correct a manifest error or to comply with mandatory provisions of law. Any such modification, waiver or authorisation will be binding on the Bondholders and, unless the Trustee agrees otherwise, any such modifications will be notified by the Trustee to the Bondholders as soon as practicable thereafter.

Interests of Bondholders: The Trustee shall have regard to the interests of the Bondholders as a class and not individuals in the exercise of its duties under this Deed.


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Chief Financial Officer (CFO)
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Managing Director
IDLC Investments Limited


11. RIGHTS & OBLIGATIONS OF THE ISSUE MANAGER, UNDERWRITER, OR ANY OTHER CONTRACTUAL PARTIES

Issue manager:

- a) The Issue Manager is responsible to comply with all the requirements as per Debt Securities Rules and Consent Letter including preparation and disclosures made in the Information Memorandum.
- b) The Issue Manager shall be entitled to get fees and be responsible for the issue, including preparation of Information Memorandum and disclosures made in the Information Memorandum.
- c) The Issue Manager shall provide a compliance report to BSEC about the use of the proceeds raised through public issue by the Issuer on half-yearly basis up to full utilization of the proceeds.
- d) BSEC may require the Issue Manager to submit additional disclosure, information, documents, certification and clarification, as the case may be, to produce or to disclose, in the Information Memorandum for sale of securities, within such time as may be stipulated, and in such case the Issue Manager shall fulfil such requirements within such time.
- e) Receive the report on utilization of proceeds as well as implementation status.

Underwriter:

- a) Pay for the unsubscribed portion of Bonds up to the Firm Commitment Amount.
- b) In the case of failure by the Underwriter to pay for the unsubscribed portion of Bonds up to the Firm Commitment Amount under the terms mentioned above, the Underwriter will not be eligible to underwrite any other issue, until such time as it fulfils its underwriting commitment under the Underwriting Agreement and shall also be subjected to other penalties as may be determined by BSEC. Further, in the case of such failure the Issuer will be under no obligation to pay any underwriting commission.


Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited


Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka


Md. Moniruzzaman
Managing Director
IDLC Investments Limited

12. RIGHTS & OBLIGATIONS OF ELIGIBLE INVESTORS

Binding Obligation: Investors/bondholders are required to enter into a Subscription Agreement with the Issuer and be bound by the terms and conditions of that agreement.

Severability of Bondholder's Obligations: The failure to perform obligations of the Bondholders under the Subscription Agreement and other agreements with identical terms shall not affect the obligations of the Issuer towards any other Bondholder(s) under other identical agreements.

Individual Right: Each Bondholder will be entitled to protect and enforce its individual rights independently without the need for other Bondholder(s) to be joined as additional party in such proceedings for such purpose.

Powers: The Bondholders shall be able to hold meetings with such power and scope as provided for in the Trust Deed.

Issue Bond Certificates: Issuer shall duly execute and deliver bond certificates to the bondholders with conditions attached.

Subscription: The Investors will subscribe and pay the aggregate purchase price on the Closing Date for the allocation, in Bangladesh Taka for same day value to such account as the Issuer designates, subject to the provisions of the Subscription Agreement.

Compliance: The Bondholder(s) are obligated to comply with all applicable laws and regulations of Bangladesh.

Indemnity: The Issuer shall fully indemnify the Bondholder(s) from and against any expense, loss, damage or liability which any of them may incur as per provisions of this trust deed in connection with the enforcement, protection or preservation of any right or claim of the Bondholders under the Transaction Documents.


Payment: The Bondholders will execute and deliver a letter addressed to the Issuer in the form attached as (*Form of Investor Representation Letter*) of the Subscription Agreement on the date specified. They are further obligated to pay the purchase price of Bonds to the Issuer in Bangladesh Taka in the manner provided for on each closing date.

Termination: The Bondholders can give a termination notice to the Issuer at any time on or prior to the Closing Date if the Issuer fails to perform any of its obligations under the Subscription Agreement, if any of the conditions precedent is not satisfied or waived by the Bondholders on the Closing Date, or in the case of force majeure. Upon service of such notice Issuer will be discharged from its obligations except for its liability in relation to expenses related to the Bonds and except for any liability arising before or in relation to such termination and Bondholder would also be discharged from performance of their respective obligations under the subscription agreement.

Protection of Interest: The Bondholders are entitled to have their interests protected/preserved by the Trustee


Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited


Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka


Md. Moniruzzaman
Managing Director
IDLC Investments Limited

13. DESCRIPTION OF THE ISSUER MERCANTILE BANK LIMITED

Authorized capital : BDT 12,000.00 million (as on 31st December 2021)

Paid-up capital : BDT 10,332.17 million (as on 31st December 2021)

a. Capital Structure

Table 2: Capital Structure

Sl. No.	Name of Sponsors and Directors	Total number of Shares	% of total share
1	Morshed Alam, MP	25,731,949	2.49%
2	Bilkis Nahar	351,354	0.03%
3	A.S.M. Feroz Alam	32,347,557	3.13%
4	Md. Abdul Hannan	23,621,716	2.29%
5	Israt Jahan	3,307,981	0.32%
6	Al-Haj Akram Hossain (Humayun)	22,425,070	2.17%
7	Ferdousi Begum	2,584,923	0.25%
8	Md. Anwarul Haque	23,290,190	2.25%
9	Nargis Anwar	2,144,029	0.21%
10	M. Amanullah	25,453,222	2.46%
11	Md. Nasiruddin Choudhury	20,720,812	2.01%
12	Khaleda Shahzadi	517,594	0.05%
13	Al-Haj Mosharref Hossain	24,730,525	2.39%
14	Feroza Begum	3,274,241	0.32%
15	M.A. Khan Belal	20,744,363	2.01%
16	Morzina Khan Monzu	453,692	0.04%
17	Mr. Md. Abdul Awal	21,094,651	2.04%
18	Mrs. Yesmin Ferdous	708,049	0.07%
19	Yoko Inamori	-	-
20	Dr. Gazi Mohammad Hasan Jamil	-	-
21	Mrs. Shumana Bhuiya	-	-
22	Tazneen Aman	-	-
23	Dr. Md. Rezaul Kabir	-	-
24	Dr. Ismat Rahman	-	-
25	Md. Quamrul Islam Chowdhury, MD & CEO	-	-
	Sponsor / Director	377,685,224	36.55%
	Institution	231,637,917	22.42%
	General Public	381,944,939	36.97%
	Foreign	41,948,947	4.06%
	Total	1,033,217,027	100.00%

Abu Asghar G. Haruni
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Mercantile Bank Limited
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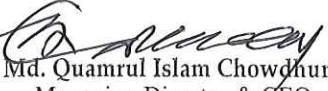
Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka

Md. Mohiruzzaman
Managing Director
IDLC Investments Limited

Particulars	2021 (Amount in Million BDT)
Total Risk Weighted Assets (RWA)	252,571.34
Tier-1 Capital	23,697.10
Tier-2 Capital	11,887.33
Total Capital/Regulatory Capital	35,584.43
Capital Surplus/ (Deficit)	4,013.02
Tier-1 Capital to RWA	9.38%
Tier-2 Capital to RWA	4.71%
Capital to Risk Weighted Assets Ratio (CRAR)	14.09%


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 Mercantile Bank Limited
 Head Office, Dhaka


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 Chief Financial Officer (CFO)
 Mercantile Bank Limited


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 Managing Director & CEO
 Mercantile Bank Limited
 Head Office, Dhaka


 Md. Moniruzzaman
 Managing Director
 IDLC Investments Limited

b. Business of Mercantile Bank Limited

Business Profile:

Mercantile Bank Limited offers various types of services to its customers and developed several deposit based and Loan based schemes and products. A brief overview of its products and services are given below:

Deposit Schemes:

Masik Sanchaya Prokolpo

The prime objective of this scheme is to encourage the people to develop their habit of saving. Under this scheme, monthly installments are in various sizes and one can adopt the schemes for a period of 03 years, 05 years, 08 years or 10 years. Scheme holder gets a handsome (principal plus interest) amount at the maturity of the scheme. The Effective rate of interest of the product is 6.17% p.a.

Aporajita Masik Munafa Prokolpo

This product has developed only to emphasis the women entrepreneurs. Under this scheme, one can deposit a certain amount of money for 3 (three) and 5 (five) years and in return she will receive benefits on monthly basis. Benefit start right from the first month of opening an account under the scheme and continue up to 03 or 05 years. On maturity the principal amount will be paid back. The interest rate of the product is 6.00% p.a

Poribar Surokkha Amanat Prokolpo

Under this scheme, one can deposit a certain amount of money for 2 (two) and 4 (four) years and in return he/she will receive benefits on monthly basis. Benefit start right from the first month of opening an account under the scheme and continue up to either 02 or 04 years. On maturity the principal amount will be paid back. The interest rate of the product is 6.00% p.a.

Masik Munafa Amanat Prokolpo

Under this scheme, one can deposit a certain amount of money for 3 (three) and 5 (five) years and in return he/she will receive benefits on monthly basis. Benefit start right from the first month of opening an account under the scheme and continue up to either 03 or 05 years. On maturity the principal amount will be paid back. The interest rate of the product is 6.00% p.a.

Digun Briddhi Amanat Prokolpo

Under this scheme, deposited amount will be double in tenure of 12 (twelve) years. Minimum deposited amount is BDT 10,000 or its multiples. The interest rates is 5.80% p.a.

Super Munafa Amanat Prokolpo

Under this scheme, one can earn BDT 1,000 on monthly basis by depositing BDT 222,000 for one year provided that he/she has up-to-date TIN certificates. Benefit start right from the first month of opening an account under the scheme and continue up to one year. On maturity the principal amount will be paid back. The interest rate of the product is 6.01% p.a.


Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


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Troi-Masik Munafa Amanat Prokolpo

Under the Troi-Masik Munafa Amanat Prokolpo, one can deposit for a period of three years and in return depositor will receive benefits on quarterly basis. Benefit starts right from the first quarter of opening an account under the scheme and continues up to three years. On maturity the principal amount will be paid back. The interest rate of the product is 6.00% p.a.

Loan Products:

Corporate Loans

Mercantile Bank Limited always provides suitable product (loans and advances) for its customers. The bank also designs new products and reengineering the existing products to keep the same competitive in the market. While designing new products and/or reengineering existing ones, the bank always emphasize on costumers' demand, national interest socio-environmental aspect etc. Mercantile Bank Limited has the following products to meet the customer's demand/ requirements

Consumer Credit Scheme

Consumers' Credit Scheme is one of the popular areas of collateral-free finance of the Bank. People with limited income can avail the credit facility to buy household goods including computer and other consumer durables.

Home Loan

Residing at own home/flat is a long cherished dream to everyone. Mercantile Bank Limited has provided home loan facility to professionals, salaried and businessmen.

Cottage Loan

Facility can be availed Maximum Tk.30.00 lac., 10 years with 1-6 months grace period with attractive interest rates.

Car Loan

Mercantile Bank Limited has provided car loan facility to professionals, salaried and businessmen.

Personal Loan


Personal Loan is an unsecured and terminating credit facility (EMI based) for any legitimate purpose offered to an individual salaried person

Lease Finance

This scheme has been designed to assist and encourage the genuine and capable entrepreneurs and professionals for acquiring capital machineries, medical equipments, computers, vehicle and other items. Flexibility and easier terms and conditions of this scheme have attracted the potential entrepreneurs to acquire equipments of production and services and repay gradually from earnings on the basis of 'Pay as you earn'.


Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited


Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka


Md. Moniruzzaman
Managing Director
IDLC Investments Limited

Doctors' Credit Scheme

Doctors' Credit Scheme is designed to facilitate financing to fresh medical graduates and established physicians to acquire medical equipments and set up clinics and hospitals.

SME Loan Facility

Small and Medium Enterprises (SME) is considered as thrust sector of the economy. SME is the Engine of Growth as this sector churns out 20%-25% of the country's GDP growth. In order to promote the SMEs, MBL has following arrays of products befitting the requirements of the diversified segments and sectors of the economy

CHAKA (Term Loan)

- To make business expansion and procure capital machinery and other fixed assets of the business.
- Loan Limit Tk 0.50 lac to Tk 7500.00 lac.
- Collateral free up to Tk 8.00 lac with the applicable conditions.
- Repayment period- 12 months to 60 months.
- Age limit- 21 years to 60 years.
- Minimum 2 years experience in the respective field of business.
- The project must be financially, economically and commercially viable.
- Usual rate of interest 9.00 % p.a

SAMRIDDHI (Continuous Loan)

- To meet up any acceptable working capital requirement of the business.
- To meet up any acceptable working capital requirement of the business.
- Loan Limit Tk 0.50 lac to Tk 7500.00 lac.
- Repayment period- 12 months, which is renewable.
- Age limit- 21 years to 65 years.
- Minimum 2 years experience in the respective field of business.
- The project must be financially, economically and commercially viable.
- Usual rate of interest 9.00 % p.a.

MOUSUMI (Short Term Seasonal Loan)

- To meet up short term seasonal need of the business.
- Loan Limit Tk 0.50 lac to Tk 7500.00 lac.
- Repayment period- Maximum 9 (nine) months.
- Age limit- 21 years to 65 years.
- Minimum 2 years experience in the respective field of business.
- The project must be financially, economically and commercially viable.
- Usual rate of interest 9.00 % p.a

ANANNYA (Women Entrepreneur's Loan)

- To meet up working capital requirement, procurement of capital machinery and other fixed assets for the Women Entrepreneurs.
- Loan Limit Tk 0.50 lac to Tk 50.00 lac
- Rate of interest @ 5.00 % p.a.
- If Refinance is not available from BB then rate of interest to be 13.00 % p.a.
- Collateral free up to Tk 8.00 lac in case of Term Loan with the applicable conditions.

- Repayment period- 12 months to 60 months for Term Loan and 12 months for Continuous Loan, which is renewable.
- Age limit- 21 years to 60 years.
- Minimum 2 years experience in the respective field of business.
- The project must be financially, economically and commercially viable.

SANCHALAK (A mix of Term, Time & Continuous Credit)

Designed to ensure performance based borrower's evaluation and facilitation to promote and foster sustainable growth of the business with competitive edge where performance of the borrowing concern will get preference over any other considerations.

- To provide value added performance based credit services.
- To meet optimum level of Working Capital requirement.
- Financing acquisition of fixed assets related to promotion of the business interest / horizontal & vertical expansion.

UNMESH (Foreign Trade Finance)

Designed for foreign trade financing facility (ies) of the entrepreneurs in diversified sectors towards optimum utilization of their inherent entrepreneurship capacity.

Facility Matrix::

- L/C (One off/Revolving) to import permissible goods,
- Term Loan/Hire Purchase/LTR for retirement of shipping documents under L/C
- Time Loan (One off/Revolving) to make payment of customers duty, VAT, Tax etc.
- Loan Limit Tk 0.50 lac to Tk 500.00 lac
- Age limit- 21 years to 65 years.

Factoring Of Receivables

Designed for receivable financing against goods or services sold/delivered on credit basis. Financing to be made on recourse basis, i.e., in case of failure on the part of the client's customer, we may revert back to the client for settlement of the liability created on account of his or her customer against credit sales made by the client

Agriculture Credit

NABANNO (Krishi / Polli Loan)

SHAKTI (ETP / Bio-Gas / Solar Energy Loan)

Offshore Banking Division:

Mercantile Bank Limited commenced the operations of Offshore Banking business on July 04, 2010 in compliance with the Rules and Guidelines of Bangladesh Bank under their permission through opening two (02) Offshore Banking Units naming Gulshan OBU and CEPZ OBU in Dhaka and Chattogram. Thereafter, as per directives of Bangladesh Bank, a separate division was formed, renamed and relocated the OBUs as –

- Offshore Banking Division, Head Office
- Principal Offshore Banking Unit, Head Office
- Agrabad Offshore Banking Unit, Agrabad

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Offshore Banking Division prepares financial statements at the end of each financial period. According to the financial reports as on December 31, 2021, total exposure of OBUs is USD187.57 million equivalent to BDT 16,093.33 million and net profit is USD 3.72 million equivalent to BDT 316.47 million.

Despite the outbreak of COVID 19 pandemic during the year 2021, taking the supporting policy for valued customers of different branches, OBD could increased its business exposure and contributed on maximizing the fee based ancillary income of different branches of Mercantile Bank Limited as well as profit of Offshore Banking Unit. During the year 2022, OBD's focus would be to achieve a significant growth in OBU exposure by maintaining quality Asset Portfolio that will ultimately yield to maximize the profit for the bank.

- **Mobile Banking**

Mercantile Bank Limited has started its Mobile Banking operation in 2012 with the vision to be one of the leading Service Providers of the country. Later on, the Bank has re-branded it's Mobile financial Service as 'MYCash'. Being one of the Pioneers in the industry, MYCash has transaction connectivity with every telecom operator of the country. At present, MYCash has more than 33,000 customers.

- **Agent Banking:**


Mercantile Bank Limited introduced its Agent Banking Service with an aim to bring unbanked people under the same umbrella. The Bank has obtained permission from Bangladesh Bank on 5th August 2019 to start Agent Banking operation across the country. Initially we received the permission to start Agent Banking operation with 5 (five) Agent Outlets and presently the Bank is running 173 agent banking outlets all over the country.


Agent Banking refers to provide limited scale banking services (or financial transactions) to the underserved population through engaged agents, rather than an Officer/Cashier. In this case, an 'Agent' is the owner of an outlet who conducts banking services or financial transactions on behalf of the Bank.

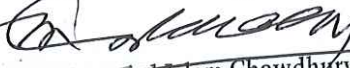
Mercantile Bank wants to reach every corner of the country through its Agent Banking network. For smooth operation of 'Agent Banking function' a separate Division in the name and style 'Agent Banking Division' has been established. Agent Banking team is working with MBL family to expand MBL's network over the country.

- **MBL MYCASH LIMITED**

The mobile banking service of Mercantile Bank Limited is branded as "MyCash" and it aims to connect with the country's unbanked population. Being one of the early movers of the industry, My-Cash has network connectivity with every telecom operator of the country. Utilizing the country wide mobile phone connectivity, MyCash intends to reach every single door of the country with its wide range of services. In compliance with the new Mobile Financial Services guidelines issued by the Bangladesh Bank on 30 July, 2018; Mercantile Bank obtained NOC from Bangladesh Bank on 13 January, 2019 for formation of a subsidiary company with an aim to provide its Mobile Financial Services to the large population of the country in more convenient manner. Mercantile Bank Limited formed 100% owned subsidiary company in the name of MBL MyCash Limited as a private company limited by shares incorporated on July 03, 2019 with the Registrar of Joint Stock Companies and Firms, Bangladesh. Currently, the Bank is in the process to obtain PSP license from Bangladesh Bank for rendering the MyCash services through newly formed subsidiary company.


Abu Asghar G. Haruni
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Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka


Md. Moniruzzaman
Managing Director
IDLC Investments Limited

- **Online Banking**

Online Banking has been facilitated in all Branches of the Bank since January 01, 2006. Mercantile Bank Limited has recently launched **MBL Rainbow** a digital banking platform. Now, customers can enjoy a number online Banking services in CD, SB, SND, Loan accounts and Monthly Savings Scheme (MSS) accounts. We are currently offering the following Online Banking Services:

- ✓ Cash deposit and withdrawals
- ✓ Transfer between accounts by Cheque
- ✓ Online clearing transactions

- **Islamic Banking**

Mercantile Bank has started its 'Islamic Banking Operations' '**Taqwa**' with the aim to serve the customers who prefer Islamic Shariah Based Banking and committed to Islamic lifestyles with the formal permission from Bangladesh Bank for Islamic banking window operations. Keeping the ever increasing interest of the largest community in mind, the Board of Directors of MBL has decided to go for Islamic Banking operations. In Mercantile Bank, Islamic Banking is window operation at the branches parallel with the Conventional Banking. The brand name of Mercantile Bank Islamic Banking is '**Taqwa**'. To purify its' Islamic Banking Operations, an independent Shari'ah Supervisory Committee has been constructed with prominent Islamic Scholars and dedicated world class Islamic Banking software has been arranged.

Mercantile Bank has started its Islamic Banking operations formally in 29th June of 2020 with 10 (ten) nos of Islamic Banking Windows in first phase and in 2nd phase, more 15 (fifteen) Islamic Banking windows have opened on 28th December, 2020 by establishing countrywide islamic Banking network. MBL is now operating 45 (forty five) Islamic Banking Windows – 11 in Dhaka, 5 in Chittagong, 4 in Feni, 6 in Noakhali, 2 in Cumilla, 3 in Chandpur, 1 in Khulna, 1 in Sylhet, 1 in Barishal, 1 in Narayanganj, 1 in Shariyatpur, 2 in Patuakhali, 1 in Bhola, 1 in Bramanbaria, 1 in Chapainawabganj, 1 in Naogaon, 1 in Narsingdi, 1 in Pabna, 1 in Satkhira.

- **Subsidiaries of Mercantile Bank Limited:**

Considering the market demand and commitment to serve the customers, Mercantile Bank Limited launched three subsidiaries.

1. Mercantile Bank Securities Limited


Mercantile Bank Securities Limited has been developed to ensure development of sound capital market and to provide higher, better and diversified services to a wide range of customers. MBSL is offering high quality products and services at a competitive rate. Emerged as a public limited company June 27, 2010 and started business in its own name of MBSL September 14, 2011.

Mercantile Bank Securities Limited offers full-fledged international standard brokerage service with margin loan facility. We are also a full service Depository Participant (DP) of Central Depository Bangladesh Ltd. (CDBL). The brokerage service is designed to provide customers with necessary support profitably in the stock market.

MBSL is dedicated to provide high level of professional and personalized services to its domestic and international clients at a reasonable cost. MBSL's services are comprehensive in nature, including brokerage, margin loan, CDBL facilities, and research and custodian needs of customers.


Abu Asghar G. Haruni
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2. MBL Asset Management Limited

MBL Asset Management Limited, a subsidiary of Mercantile Bank Limited, started its operation under Bangladesh Securities and Exchange Commission (Mutual Fund) Rules, 2001. The core objectives of the company are to carry on the business of management of mutual fund, asset management, portfolio management, capital market operation, issue manager, financial intermediary services and other related services in Bangladesh and overseas. Emerged as a Private Limited Company through Certificate of Incorporation # C-148633/2018 on November 29, 2018, awarded Asset Management Company Registration Certificate from BSEC # বিএসইসি/সম্পদ ব্যবস্থাপক/২০২০/৪৫ and Started business in its own name of MBL Asset Management Limited January 30, 2020.

3. Mercantile Exchange House (UK) Limited

With permission from Bangladesh Bank and registration of Financial Services Authority, UK, MBL stretched its business in UK through its fully owned subsidiary named 'Mercantile Exchange House (UK) Limited' to facilitate fast and reliable medium to remit the hard earned money of expatriates to home. Mercantile Exchange House (UK) Ltd. has been carrying out remittance business since 2011 in UK. Besides, they are also engaged in promoting different products and services of Mercantile Bank Ltd. in UK market


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Head Office, Dhaka


Md. Moniruzzaman
Managing Director
IDLC Investments Limited

c. Management of Mercantile Bank Limited

Md. Quamrul Islam Chowdhury

Managing Director and CEO

Mr. Md. Quamrul Islam Chowdhury is the Managing Director and CEO of Mercantile Bank Limited. He was the Additional Managing Director of the same bank. He joined Mercantile Bank Limited in February 2001 and posted as Branch Incumbent of Khatungonj Branch, Chattogram. He served as Head of Agrabad Branch, Chattogram, Zonal Head of Chattogram Region and Head of Main Branch, Dhaka.

He started his banking career in National Bank Limited in 1983 as Probationary Officer. Mr. Chowdhury later joined in NCCBL holding position of Senior Asstt. Vice President and Branch In-Charge of Jubilee Road Branch, Chattogram.

Mr. Chowdhury obtained Master's degree in Marketing from Dhaka University. He is highly committed and successful banker especially in exploring business opportunities and providing creative solutions for the difficulties in banking operations. He has a wide range of experience in International Trade, Card & Retail Banking and Mobile Financial Services. He converged training program, seminar & workshop in both home and abroad viz: USA, Japan, India, Hong Kong, Malaysia, Singapore, etc.

Mati Ul Hasan

Additional Managing Director & CRO


Mr. Mati ul Hasan, Additional Managing Director & CRO of Mercantile Bank Limited, was born in 1st June, 1962. He joined IFIC Bank in 1st April, 1984 as Probationary Officer, 9 years in oversees operation in Pakistan and 2 years in Nepal Bangladesh Bank, Nepal. Switch to Mercantile Bank Limited in 2014. He has total 33 years of banking experience and and 3 years with Mercantile Bank Limited. He was head of overseas branch in Pakistan and Nepal, Head of Branch Local Office of IFIC Bank- Dhaka. He did his B.S.S. (Hons) in Economics from Dhaka University. He is a member of Diplomaed Associate of Institute of Bankers, Bangladesh (DAIBB) and Associate Member of Institute of Bankers- Pakistan

Adil Raihan

Deputy Managing Director & CSBO

Mr. Adil Raihan, Deputy Managing Director & CSBO of Mercantile Bank Limited, was born in 12th November, 1970. Mr. Adil Raihan has 22 years of banking experience and 8 months with Mercantile Bank Limited. He Started banking career in 1995 with ANZ Grindlays Bank. as Management Trainee. Then he joined Standard Chartered Bank Ltd. in March 2000 and worked as a Customer Service Manager till June 2001. Then Joined HSBC in July 2001 as a Manager, Customer Service till March 2004. He Joined GPS Finance company (BD) Ltd. as a Assistant General Manager & Head of Credit & Marketing and served till July 2005. After that he joined Prime Bank Ltd. as a Senior Vice President & Head of Retail Banking & Card till April 2009. From Prime Bank, he joined The Premier Bank Ltd. as a Executive Vice President & Head of Retail Banking & Cards till July 2010. He joined One Bank Ltd. as a Executive Vice President & Head of Mobile Financial Service, Agent Banking, Cards, Alternative Banking Channels & Project Management till September 2015. Eventually, he joined Bank Asia Ltd. as a Senior Executive Vice President & Head of Channel Banking till January 2017. Finally he joined Mercantile Bank Ltd. in February 2017.

His specific expertise is in Customer Service Manager, Head of Retail Banking & Cards, Head of Mobile Financial Service, Agent Banking, Cards, Alternative Banking Channels & Project Management, Head of Channel Banking. He completed his MBA from Aligarh Muslim University, India.


Abu Asghar G. Faruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


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Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka


Md. Moinuruzzaman
Managing Director
IDLC Investments Limited

Shamim Ahmed

Deputy Managing Director & CAMLCO

He was born in 30th October, 1965. He has 26 years of Banking Experience and 19 years with Mercantile Bank Limited. He joined United Commercial Bank Ltd. as an Officer Gr.III in November 18, 1992. Then joined in Prime Bank Ltd. as Senior Officer in June 06, 1995 and promoted to the rank of Principal Officer in 1998 and move to Mercantile Bank Limited as Senior Principal Officer on June, 1999.

His specific expertise is in Foreign Trade, Treasury & Head of Branch. He did his B.Sc. (Hons), M.Sc. in Statistics from University of Dhaka and MBA (Executive) from Eastern University.

Mr. Shamim Ahmed was selected as a Trainer for outreach training program on "Foreign Exchange Risk Management" designed for the "Training of Trainers" arranged by Bangladesh Bank Training Institute and South Asia Enterprise Development Facility (SEDF). Participated in a good number of training program at home and abroad in International Trade and Foreign Exchange.

Hasne Alam

Deputy Managing Director & Chief Business Officer

Mercantile Bank Limited has appointed Hasne Alam as the new Deputy Managing Director of the bank recently. Earlier he was the Deputy Managing Director of Islami Bank Bangladesh Limited.

Hasne Alam is a career banker with years of multi-functional experience. He started his banking career with Rupali Bank Limited as Probationary Officer in 1986. He has over 34 years experience with Rupali Bank Limited and Islami Bank Bangladesh Ltd. He worked in various management capacities in bank being in the role of Branch Manager, Zonal Head, Divisional Head, Head of International Division, Treasury Division, Engineering Division, Human Resources Division and Industrial Credit Division. He was also the CAMLCO of Rupali Bank Limited. He was member of technical committee, Bangladesh Foreign Exchange Dealers Association (BAFEDA).





Mr. Alam obtained Honors and Masters Degree from Chattogram University in Management. He is a Diplomaed Associate of the Institute of Bankers Bangladesh (DAIBB). He participated many training Courses, Seminars, Conferences, workshops at home & abroad and traveled many countries around the globe including India, Indonesia, Thailand, Austria, France, Hungary, KSA, Bahrain and UAE.

Md. Mahmood Alam Chowdhury

Deputy Managing Director & Chief Operating Officer

Mr. Md. Mahmood Alam Chowdhur born in 30 November 1962. He has total 28 years of banking experience and 17 years with Mercantile Bank Limited. He worked at Different Capacity in Credit Department as head of the Department, Lease Financing Department, Law & Recovery Department as head of the Department, Corporate Affairs, Branches and Marketing Department as head of the Departments, Human Resources Division as head of the Division, Head of the Branch:- a) Banani Branch b) Engineers' Institution Branch c) Kawran Bazar Branch, and d) Main Branch, Dhaka.

His special expertise is in Credit assessment, legal aspects for setting up of terms and conditions and documentation, innovative ideas, and leadership. He completed his BA (Hons.), MA in History from Dhaka University. He also attended professional training program on Banking, Credit and Foreign Trade. He was a professional hockey player in Dhaka First Division Hockey League and travelled to India, Thailand, Malaysia etc.

 Abu Asghar G. Harun, Company Secretary, Mercantile Bank Limited, Head Office, Dhaka

 Tapash Chandra Paul, PhD, Chief Financial Officer (CFO), Mercantile Bank Limited

 Md. Quamrul Islam Chowdhury, Managing Director & CEO, Mercantile Bank Limited, Head Office, Dhaka

 Md. Moniruzzaman, Managing Director, IDLC Investments Limited

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Ashim Kumar Saha

Senior Executive Vice President & Head of Treasury

He was born in 10 February 1964. He has 27 years of banking experience and 1 year+ with Mercantile Bank Limited. He started his banking career in 1990 with Uttara Bank Limited (a Private Commercial Bank of Bangladesh) as Probationary Officer. He then worked at NCC Bank Ltd for 20 years and as Head of Treasury at NCC Bank Ltd for 10 years. His special expertise is in Government Securities, Local & Foreign Currency Management and Analysis, ALM Analysis, Risk Management. He completed his Post-Graduate in Accounting from University of Dhaka, Bangladesh.

He is a Convener, Technical committee of PDBL, and a Member of Technical committee of BAFEDA. Mr. Ashim passed his Banking Diploma Examination Part-I and is a Registered Income Tax Practitioner.

Shah Md. Sohel Khurshid

Senior Executive Vice President & Head of Corporate Banking Division

He was born in 24th March, 1966. He has a total of 29 years of banking experience and 21 years with Mercantile Bank Limited. He joined United Commercial Bank Limited as Probationary Officer; duration: September 16, 1991 to April 26, 1997. There, he worked in operation departments (General Banking, Accounts & Clearing) and Foreign Trade Department in the Local Office. After that, he joined Dhaka Bank Limited; duration: April, 1997 to December, 1999. He served in Foreign Trade Department in the Local Office and was as In-Charge of International Trade & Foreign Exchange Department in the Foreign Exchange Branch, Dhaka.

He joined Mercantile Bank Limited in December, 1999. He serves as Manager in Operation, Banani Branch & Motijheel Branch, As Head of Branch, Bijoy Nagar Branch, Gulshan Branch & Mohakhali and as Head of Division of the Corporate Banking Division. He has about 29 years of sound banking experience and expertise in the area of General Banking, Import, Export, Corporate & Retail Credit and SME financing of Branch & Head Office level. For professional training, he attended a good number of Training & Workshop programs on almost all windows of banking at home and abroad. He visited India, Malaysia, Germany, France, Nederland, Switzerland, Thailand, Singapore and Vietnam


Mohammad Iqbal Rezwana

Senior Executive Vice President & Head of Human Resources Division


Mr. Mohammad Iqbal Rezwana has 24 years of professional exposure in banking industry in various capacities. He started his banking career in Arab Bangladesh Bank as Probationary Officer in 1994. He also served in different banks like HSBC, Premier Bank, Trust Bank holding important positions in different branches and Head Office.

Mr. Rezwana has been serving Mercantile Bank Limited as Head of HR Division since 13th December, 2015. He joined MBL as Senior Vice President. During his journey with MBL, he was posted as Head of different Divisions and Branches and gained extensive banking experience and developed wide range of expertise in almost every areas of commercial banking.

Mr. Rezwana did his Honors and Masters in Economics from Chittagong University. Later on, completed Masters in Bank Management (MBM) from University of Science and Technology, Chittagong. Besides, Mr. Mohammad Iqbal Rezwana is an alumnus of the Economics Department of the University of Chittagong. He is an active member of Lions Club of Chittagong Karnaphuli. He attended numerous seminars, workshops and training programs at home and abroad.


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Tapash Chandra Paul, PhD
Chief Financial Officer

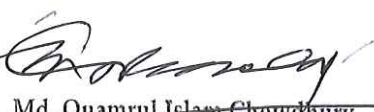
Mr. Tapash Chandra Paul, PhD has around 20 years of diversified experience in Banking Sector. Mr. Paul has recently been appointed as 'Chief Financial Officer' of the Bank. Prior to his appointment, he served at different divisions of the Bank at different capacities including Head of Division.

Mr. Paul has sound academic track record. Having completed his B.Com (Hon's) & M. Com from University of Dhaka and obtained MBA from reputed university, Mr. Paul was also awarded PhD for his contribution in Research work on Strategic Management of Commercial Banks in Bangladesh.

He has attended a good number of training courses, workshops & seminars/webinars at home & abroad. He's a regular trainer at the Mercantile Bank Training Institute and the training institutes of other Banks/FIs. He's lecturing both nationally & internationally as a keynote speaker in the field of Finance, Banking, Economics & Risk Management. He writes insightful and informative articles regularly on Banking and Economics in the widely circulated National dailies.


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Md. Moniruzzaman
Managing Director
IDLC Investments Limited


d. Description of encumbered and unencumbered assets with value thereof

All assets were unencumbered as on December 31, 2021.

Assets	Amount in BDT		Encumbered/ Unencumbered
Consolidated Fixed assets including premises, furniture and fixtures			
<u>Mercantile Bank Limited</u>			Unencumbered
Land & land development	1,341,807,978		Unencumbered
Building	1,109,832,875		Unencumbered
Furniture & fixtures	450,607,645		Unencumbered
Office equipment	882,692,163		Unencumbered
Vehicles	30,686,099		Unencumbered
Books	5,136		Unencumbered
<u>Total of Mercantile Bank Limited</u>		3,815,631,895	Unencumbered
Mercantile Bank Securities Limited		8,521,131	Unencumbered
MBL Asset Management Limited		517,040	Unencumbered
Mercantile Exchange House (UK) Limited		5,231,539	Unencumbered
Total Consolidated Fixed assets including premises, furniture and fixtures		3,829,901,606	Unencumbered


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 Managing Director & CEO
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 Md. Moniruzzaman
 Managing Director
 IDLC Investments Limited

e. Brief Profile of the Board of Directors

Morshed Alam, MP

Chairman

Mr. Morshed Alam is one of the most eminent business icons of present time in the country. With perception and technical expertise, he has become a leading entrepreneur of Bangladesh. He has been the member of parliament of 10th & 11th National Parliament representing the constituency of 269, Noakhali-2 (Senbagh-Sonaimuri). He was declared CIP for the Fiscal Year of 1996-1997, 1999- 2000, 2008-2009 & 2010-2011 (Export) by the Ministry of Commerce, Government of the People's Republic of Bangladesh for his remarkable contribution in the business arena. He is also recipient of Prime Minister's National Export Trophy - Gold during the FY 2013-2014, 2012-2013, 2011-2012, 2006-2007, 2000-2001. Recipient of Prime Minister's National Export Trophy – Silver during the FY 2013-2014, 2012-2013, 2010-2011, 2009-2010. Recipient of Prime Minister's National Export Trophy - Bronze during the FY 2010-2011. Recipient of "Best Enterprise Award 2007" (Awarded by DHL / The Daily Star).

He is the founder of Bengal Group of Industries which consists of as following; 01. Bengal Windsor Thermoplastics Limited – Chairman 02. Bengal Media Corporation Limited (Rtv) – Chairman 03. Bengal Plastics Limited – Chairman 04. Bengal Poly Paper Sack Limited – Chairman 05. Bengal Flexipak Limited – Chairman 06. Bengal Adhesive & Chemical Products Limited – Chairman 07. Bengal Polymer Wares Limited – Chairman 08. Bengal Plastic Pipes Limited – Chairman 09. Romania Food & Beverage Limited – Chairman 10. Power Utility Bangladesh Limited – Chairman 11. Hamilton Metal Corporation Limited – Chairman 12. Bengal Feed & Fisheries Limited – Chairman 13. Designer Fashion Limited – Chairman 14. Bengal Retails Limited - Chairman 15. Bengal Renewable Energy Limited – Chairman 16. Bengal Hotel and Resort Limited – Chairman 17. Bengal Cement Limited – Chairman

Besides, he is the member of trustee board of The People's University of Bangladesh and Director of Mercantile Bank Securities Limited. He was the Chairman of Board of Directors of Mercantile Bank Limited during the year 2013-2014. Being a philanthropist, he founded Morshed Alam High School at Nateswar Noakhali and is a life donor member of Kazi Nagar Madrasa and Bazra High School at Noakhali and Motijheel Ideal High School, Dhaka.

A. S. M. Feroz Alam

Vice Chairman

Mr. A. S. M. Feroz Alam was born on December 01, 1960 in a respectable Muslim family of Patuakhali. He is a renowned businessman of the country. He has traveled about 65 countries for business purpose. He is the Chairman of Bengal Trading Limited (Japan). He is the Sponsor Shareholder of Premier Leasing & Finance Limited and Chairman of Premier Leasing Securities Limited. He was the Director of renowned Television channel "RTV". He is also Founder of Saheda Gafur Ibrahim General Hospital, Kalaiya, Patuakhali.

Md. Abdul Hannan

Vice Chairman

Mr. Md. Abdul Hannan was born on 27th July, 1962 in a respectable Muslim family at Faridgonj, Chandpur. He is one of the leading businessmen of the country, especially in export of readymade garments. He is the Chairman & Managing Director of Dabster & Associates Limited, Reu Fashion Limited, ZHAS Garments Limited, M.H. Trading and Murad Apparels Limited. He is Director of Eastern University of Bangladesh and Pan Pacific Hospital Limited. He is also the Chairman of the Trustee Board of Sholla A. Ali School & College, Faridgonj, Chandpur. His contributions towards the society are quite remarkable.


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Tapash Chandra Paul, PhD
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Mercantile Bank Limited


Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka


Md. Moniruzzaman
Managing Director
IDLC Investments Limited

Al-Haj Akram Hossain (Humayun)


Director


Al-Haj Akram Hossain (Humayun) was born on July 1, 1952 in a respectable Muslim family of Dagonbhuiyan, Feni. He is a commerce graduate and one of the known Freedom Fighters of Bangladesh Liberation War. He has established himself as an icon in the business sector of the country with global reputation of being reliable in various business sectors. He is the Chairman and Managing Director of FARS group and Vice Chairman of Mercantile Bank Limited. He was the Chairman of Mercantile Bank Limited for the period of 2015-2016. He is the founder of Rajapur High School & College, Al-Haj Shamsul Hoque Miah Adarsha Academy, Khaja Ahmed Bidda Niketon. He was also the Founder President of Bangladesh Paper Importers Association, Former General Secretary of Bangladesh Paper Merchants Association and Founder President of Greater Noakhali Paper Merchants Samobay Somittee. He is also the Chairman of Managing Committee of Rajapur High School and College, Al Haj Shamsul Hoque Miah Adarsha Academy and Sindurpur Rowshan Ulum Wadudia Madrasha. He is the founder member and Vice President of Board of Trustee of Feni University and Life Member of Feni Heart Foundation, Feni Diabetic Somittee, Officers Club, Feni, Feni Somittee, Dhaka, and Founder Member of All Community Club, Dhaka. Apart from the aforementioned affiliations, he is also General Body Member of FBCCI, Bangladesh

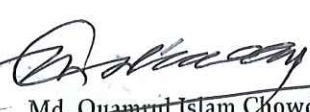
M. Amanullah

Director

Mr. M. Amanullah, the founder of the conglomerate, Aman Group of Companies, is a very respected and distinguished industrialist in Bangladesh. His business acumen has led to the successful launch of many, diversified businesses, under the umbrella of Aman Group of Companies and he holds the position of Chairman of the group. Born and brought up in a business family, Mr. M. Amanullah started pursuing his own business endeavors since 1968. He introduced Arena Industries Limited, engaged in industrial contract-packaging and Mousumi Enterprises Limited and Arena Consumer Products Limited, for distribution and manufacturing of consumer products. He introduced the India-Bangladesh joint venture, HRI BD, in the field of cosmetic industry and holds the position of Chairman of the leading manufacturer of Hair Care products in Bangladesh. He also introduced Arena Securities Limited in the financial sector and is the current chairman of Dayton Securities, which are members of Dhaka Stock Exchange and registered as corporate houses for operation in the capital market of the country. In the textile sector Mr. Amanullah set up a manufacturing unit in the name of Aman Spinning Mills Limited, which manufactures 100% export oriented carded yarn & leading the sector as one of the top value added yarn suppliers. He is one of the Directors of "Amader Shomoy", a top circulating daily print media in Bangladesh. He is one of the founders, Ex Chairman & present Advisor of the publicly listed company Global Insurance Limited, and serves as an advisor of Dosh General Insurance Company Limited. He is the past Chairman of Mercantile Bank Limited and contributed heavily towards the efficiency optimization of Mercantile Bank during his tenure. He is currently holding the position of Chairman of Mercantile Bank Foundation. Mr. M. Amanullah is also recognized for his contribution to the community and to the nation in the field of education. He is the past Chairman of the Board of Trustees of Presidency University, Dhaka. He is also the founder president of Gulshan North Club. For his contribution to the society, as a philanthropist, Mr. Amanullah established "Aman Group Foundation" as his initiative towards social responsibilities. For this act, he was honored several times by the Govt. and other organizations. He was awarded the 'Sarojini Naidu Gold Medal Award' in 2000, C.R. Das Gold Medal Award in 2002 and the Atish Dipankar Scholar Congress Award in 2004 for his extraordinary contribution in various sectors of Bangladesh. He has been declared CIP, Commercially Important Person, for many years for his significant contribution to the country's export trade sector.


Abu Asghar G. Haruni
Company Secretary
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Md. Anwarul Haque

Director

Mr. Md. Anwarul Haque was born on January 03, 1951 in a respected Muslim family in Dhaka. He is a renowned businessman of the country. He obtained the B.Sc. Eng (Civil) Degree and engaged himself in business since last 44 years in different sectors like Construction, Real Estate, Export & Import and Trading. His business affiliation is versatile and diversified. He is the Managing Director of Living Plus Limited. He is a Director of Holiday Travels Limited, Premier Leasing Securities Limited and Mercantile Bank Securities Limited. He is also Director of Securities Broking & Management Limited. He is a Shareholder & Ex-Chairman of Global Insurance Limited and Sponsor Shareholder of Premier Leasing & Finance Limited. His association with the above mentioned wellreputed organization makes him a forward looking and progressive-businessman who has already reached an enviable height. Furthermore, he has deep affinity and also attachment with various socio-cultural activities like Gulshan Club Limited, Dhanmondi Club Limited and Uttara Model Club Limited.

Alhaj Mosharref Hossain

Director

Alhaj Mosharref Hossain was born on January 07, 1940 in a respectable Muslim family at Chhagalnaya, Feni. He had his schooling in the local educational institutions. Alhaj Mosharref Hossain is one of the leading businessmen of the country, especially in trading. He is the Proprietor of M.H. Traders, a renowned business house engaged in paper trading. Apart from being a businessman of repute he is also a prominent personality in Bangladesh. He is also a Director of Toka Ink (BD) Limited. He is the Founder and Director of Hossainya Hefje Quaran Madrasa & Atimkhana, Chhagalnaya, Feni.

M.A. Khan Belal

Director

Mr. M.A. Khan Belal was born on of 2nd November, 1958 in a respectable Muslim family of Begumgonj, Noakhali. Mr. Belal obtained M.Sc (Chemistry) from Dhaka University. Mr. Belal has a high academic background and commendable experience in the field of Trade, Industry, Shipping, Banking and other businesses in Bangladesh. Shamrat Group of Companies Limited is one of the leading Group of Companies in Bangladesh and he is the Chairman of the Group. Mr. Belal always remain engaged himself with various social, cultural, educational and religious organizations. He is the founder of Gopal Pur Foundation, Al-Haj Aman Ullah Khan Ideal Kindergarten and Al-Haj Aman Ullah Khan Hafezee Madrasa. He is also the Chairman of Podi Para Fazil Madrasa, Kachihata Dakhil Madrasa and K.M Bohumukhi Mohila Alim Madrasa. Mr. Belal was the Chairman of Gopal Pur Ali Haider High School and Exexecutive Member of the Siddheswari University College. He is also the Vice President of Noakhali Zilla Samity, Executive Member of the Mohammedan Sporting Club, Dhaka, Member of the Dhaka Club Limited and also the Member of the Noakhali Club. He assumed the office of Region Chairman of the Lions Club of Dhaka Premier Dist 315-B1, Chairman Mannikka Nagar Dhakil Mohila Madrasa. Mr. Belal is also Advisor, Begumgonj Jubo Kallyan Samity, Advisor, Tulachara Manob Kallyan Club and President, Gopal Pur Ali Haider High School Ex- Student Kalyan Parishad. Mr. Belal donated in various sectors like orphanages, School, Mosque, Madrasa, Sports etc.

Mohammad Abdul Awal

Director

Mr. Mohammad Abdul Awal is a renowned businessman of the country. He was born in a respected Muslim family in Shariatpur District.

Mr. Mohammad Abdul Awal is a Bachelor of Business Administration. He started his business career soon after completing his education and from then he devoted himself fully to business. In 2005, he started his share trading business house Synthia Securities Limited having a membership of Dhaka Stock Exchange and he is the Managing Director of the company.

Mr. Mohammad Abdul Awal is a Sponsor Shareholder and was the Chairman of Express Insurance Limited. Within short period of time he become a successful businessman by dint of his hard labor, sincerity, honesty and amiable dealings.

He has also made notable contribution in socio economic and cultural activities. He is the member secretary of 'Abdur Razzaq & Mohammad Selim Foundation', a non-profit organization engaged in social welfare activities with a view for helping the under privileged people of the society with their education & health care.

Dr. Gazi Mohammad Hasan Jamil
Independent Director

Dr. Jamil completed his BBA in Finance from University of Dhaka, in 2001, followed by an MBA in the year 2002. He further pursued MS in Finance and MBA in Accounting from Texas A & M University, Texas, USA in 2010. He joined Beximco Textiles Limited, Bangladesh as a Financial Analyst in 2003 and worked there for two years. From then, he had been greatly involved in his teaching career. Currently besides being the independent director of Mercantile Bank Limited, he is the Associate Professor of Department of Finance in University of Dhaka.

He has several publications and teaching experiences on subjects surrounding Financial Management, Corporate Finance, Financial Derivatives, Investment Banking and Lease Financing, International Finance, Investment Analysis and Portfolio Management, Financial Derivatives, Financial Statement Analysis and Control, Financial Accounting, Cost and Managerial Accounting, Financial Accounting, Introduction to Microeconomics, Managerial Economics, Research Methodology, Business Statistics, and Applied Micro econometrics. Dr. Jami Passed CFA Level I and completed training on International Purchasing and Supply Chain Management (IPSCM) funded by World Trade Organization (WTO) during 20 May 2004 to September 2004.

He has PhD Entrance Fellowships, Department of Economics from Concordia University, Canada and Graduate Assistant Fellowship, Department of Economics and Finance from Texas A&M University, USA.


Dr. Md. Rezaul Kabir
Independent Director

Dr. Md. Rezaul Kabir was appointed as an Independent Director of Mercantile Bank Limited in October 2020. He is an Associate Professor of Finance and Coordinator of the MBA Program at the Institute of Business Administration (IBA), University of Dhaka. Before that he was the Coordinator of IBA's Executive MBA Program. He was awarded both his MSc and PhD degrees by Aston University, United Kingdom. He completed his doctoral degree under the prestigious 'Commonwealth Scholarship and Fellowship Plan'. He has successfully undertaken consultancy assignments on a wide range of management issues. A few of his clients include Skills for Employment Investment Program (SEIP), Ministry of Finance; Access to Information (a2i) Program, Prime Minister's Office; Police Reform Program (PRP), Ministry of Home Affairs.

He worked as a sessional lecturer at Aston University, United Kingdom for almost two years. He was also a Visiting Scholar at Queen's University Belfast, United Kingdom. He has been relentless in his pursuit to remain up-to-date with the latest knowledge and research in his field and has participated in many training programs, workshops and conferences in different countries around the world.


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Md. Quamrul Islam Chowdhury
Managing Director and CEO

Mr. Md. Quamrul Islam Chowdhury is the Managing Director and CEO of Mercantile Bank Limited. He was the Additional Managing Director of the same bank. He joined Mercantile Bank Limited in February 2001 and posted as Branch Incumbent of Khatungonj Branch, Chattogram. He served as Head of Agrabad Branch, Chattogram, Zonal Head of Chattogram Region and Head of Main Branch, Dhaka.

He started his banking career in National Bank Limited in 1983 as Probationary Officer. Mr. Chowdhury later joined in NCCBL holding position of Senior Asstt. Vice President and Branch In-Charge of Jubilee Road Branch, Chattogram. Mr. Chowdhury obtained Master's degree in Marketing from Dhaka University. He is highly committed and successful banker especially in exploring business opportunities and providing creative solutions for the difficulties in banking operations. He has a wide range of experience in International Trade, Card & Retail Banking and Mobile Financial Services. He converged training program, seminar & workshop in both home and abroad viz: USA, Japan, India, Hong Kong, Malaysia, Singapore, etc.


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f. Description of Assets and Liabilities (December 31, 2021):

A. Assets

i. Loans and advances/Investments

Table 3: Loans and Advances/Investments

Particulars	Amount in BDT (2021)
Loans, Cash Credit and Overdraft, etc.(Excluding bill purchased & discount)	
I) Within Bangladesh:	
Term Loan	95,183,835,687
Time Loan	13,363,108,308
Packing Credit	2,529,034,038
Loan Against Trust Receipt (LTR)	6,194,403,849
Lease Finance	1,261,997,207
EDF Loan	22,013,621,935
Loan General	165,927,379
House Building Loan	5,420,450,666
Hire Purchase	12,696,067,463
Payment Against Documents (PAD)	249,506,022
Cash Credit (Hypo)	9,832,607,235
Overdraft	30,605,114,431
Home Loan Scheme Refinance	711,455
Personal Loan	352,160,322
Consumers Credit Schemes	2,832,252
Consumers Finance	2,738,406,659
Staff Loan	841,651,030
Credit Card	547,639,118
Small and Medium Enterprise(SME) Loan	33,891,443,487
Agricultural Credit	6,785,018,299
Working Capital Under Stim Package Cor	1,896,791,929
Other Credit Schemes	3,241,115
	246,575,569,886
Islamic Banking	
Quard	11,476,417
Bai-Muajjal	3,182,081,582
Murabaha-TR (PIF)	241,729,004
HPSM- Others- Corp	557,246,368
	3,992,533,371
	250,568,103,257
Loan against Non-banking assets	3,284,924
	250,571,388,181
II) Outside Bangladesh	-
Total A (I+II)	250,571,388,181


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Loans and Advances: Significant Concentration	
Advances to allied concerns of directors	-
Advances to Managing Director & Chief Executive and other Senior	-
Advances to customers' group	70,452,363,615
Industry-wise	177,677,419,027
Staff loan	864,603,234
Subsidiaries Loans/Investment	3,669,948,723
Total (Including bill purchased & discount)	270,188,263,592

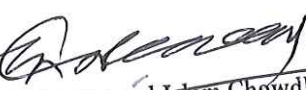
ii. Fixed Assets including Premises, Furniture and Fixtures

Table 4: Fixed Assets

Particulars	Amount in BDT
Fixed assets including premises, Furniture and Fixtures-at cost less Accumulated Depreciation	
Freehold properties	
Land & land development	1,341,807,978
Building	1,109,832,875
Furniture & fixtures	450,607,645
Office equipment	882,692,163
Vehicles	30,686,099
Books	5,136
Total	3,815,631,895
Consolidated Fixed assets including premises, furniture and fixtures	
Mercantile Bank Limited	3,815,631,895
Mercantile Bank Securities Limited	8,521,131
MBL Asset Management Limited	517,040
Mercantile Exchange House (UK) Limited	5,231,539
Total	3,829,901,605


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B. Liabilities

i. Borrowings from other banks, financial institutions and agents

Table 5: Borrowings from other banks, financial institutions and agents (In Bangladesh)

Particulars	Amount in BDT (2021)
Borrowings from other banks, financial institutions and agents	
In Bangladesh	35,473,191,348
Outside Bangladesh	-
	35,473,191,348
Consolidated borrowings from other banks, financial institutions	
In Bangladesh	
Mercantile Bank Limited	35,473,191,348
Mercantile Bank Securities Limited	1,052,473,470
Mercantile Exchange House (UK) Limited	-
	36,525,664,818
Outside Bangladesh	
Mercantile Bank Limited	-
Mercantile Bank Securities Limited	-
Mercantile Exchange House (UK) Limited	-
	-
	36,525,664,818
Intercompany transaction	(979,769,529)
Total- Consolidated borrowings from other banks, financial institutions	35,545,895,289

ii. Deposits and Other Accounts

Table 6: Deposits and Other Accounts Particulars

Deposits and other accounts:	Amount in BDT (2021)
Current accounts/Al-wadeeah current accounts & other accounts	79,137,804,069
Bills payable	3,597,853,578
Savings Bank deposits	33,300,117,336
Fixed deposits	95,502,118,865
Deposits under schemes	58,844,610,829
	270,382,504,677

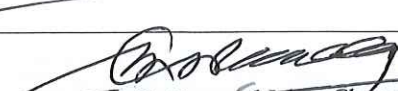
iii. Other Liabilities

Table 7: Other Liabilities

Particulars	Amount in BDT
Other liabilities	
Mercantile Bank Limited	26,576,842,032
Mercantile Bank Securities Limited	1,655,995,605
MBL Asset Management Limited	10,018,883
Mercantile Exchange House (UK) Limited	31,291,857
Total	28,274,148,377


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g. Description of previously issued debt or securities

Table 8: Description of previously issued debt securities

Issue Size	:	BDT 300.00 Crore
Issued Date	:	28/06/2014
Nature of the Bond	:	Coupon bearing Non-Convertible unsecured debt
Tenure of Bond	:	07 Years
Listing	:	Non Listed
Interest Rate	:	Floor-12.00% and Ceiling-15.00%
Redemption	:	BDT 300 Crore
Outstanding	:	Nil

Issue Size	:	BDT 300.00 Crore
Issued Date	:	25/07/2018
Nature of the Bond	:	Coupon bearing Non-Convertible unsecured debt
Tenure of Bond	:	07 Years
Listing	:	Non Listed
Interest Rate	:	Floor-7.00% and Ceiling-10.50%
Redemption	:	Redemption will start at the end of 3 rd years (20% of face value will be redeemed each of the last five years)
Outstanding	:	BDT 240.00 Crore

Description of Equity securities:

Particulars of Allotment	Year of Allotment	Number of Shares Issued			Amount of Shares Capital (BDT)
		Cash	Bonus	Other than Cash	
Initial Subscription	1999	-	-		245,000,000.00
No Dividend Declared	2000	-	-		245,000,000.00
Dividend Distribution	2001	15%	13%		276,850,000.00
Dividend Distribution	2002	30%	10%		304,535,000.00
Dividend Distribution	2003	35%	5%		319,765,000.00
Pre-IPO Allotment	2003	-	-		426,340,000.00
IPO Allotment	2003	-	5%		639,530,000.00
Dividend Distribution	2004	0%	25%		799,412,500.00
Dividend Distribution	2005	0%	25%		999,265,600.00
Dividend Distribution	2006	5%	20%		1,199,118,700.00
Dividend Distribution	2007	-	25%		1,498,898,300.00
Dividend Distribution	2008	-	20%		1,798,677,900.00
Dividend Distribution	2009	-	20%		2,158,413,400.00
Dividend Distribution	2010	-	22%		2,633,264,300.00
Right Share (2:3)	2010	-	-		4,072,206,600.00
Dividend Distribution	2011	-	22%		4,968,092,000.00
Denomination of share price Tk.100/- to Tk.10/	2011	-	-		4,968,092,000.00
Dividend Distribution	2012	0%	23%		6,110,753,160.00
Dividend Distribution	2013	7%	8%		6,599,613,410.00
Dividend Distribution	2014	8%	12%		7,391,567,010.00
Dividend Distribution	2015	10%	0%		7,391,567,010.00

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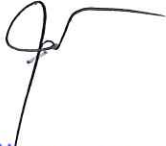
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Particulars of Allotment	Year of Allotment	Number of Shares Issued			Amount of Shares Capital (BDT)
		Cash	Bonus	Other than Cash	
Dividend Distribution	2016	12%	0%		7,391,567,010.00
Dividend Distribution	2017	15%	5%		7,761,145,370.00
Dividend Distribution	2018	17%	5%		8,149,202,630.00
Dividend Distribution	2019	-	15%		9,371,583,020.00
Dividend Distribution	2020	11%	5%		9,840,162,170.00
Dividend Distribution	2021	12.50%	5%		10,332,170,270.00



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Managing Director
IDLC Investments Limited

**14. AUDITORS REPORT (as on December 31, 2021) ALONG WITH
AUDITED FINANCIAL STATEMENTS OF THE ISSUER, MERCANTILE
BANK LIMITED**

Provided in section 30 of the IM


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15. BRIEF OVERVIEW AND COMPARATIVE FINANCIAL STATEMENTS

Table 9: Brief Overview and Comparative Financial Statements of Mercantile Bank Limited
(Consolidated)

Consolidated Balance Sheet		(Amount in BDT million)			
Particulars	2021	2020	2019	2018	
PROPERTY AND ASSETS					
Cash	14,621	15,505	16,789	15,603	
Cash in hand (Including foreign currency)	2,532	2,359	2,543	2,321	
Balance with Bangladesh Bank & its agent bank(s) (including foreign currency)	12,089	13,146	14,246	13,283	
Balance with other banks and financial institutions	3,006	4,609	1,289	2,523	
In Bangladesh	2,021	819	1,049	719	
Outside Bangladesh	985	3,789	240	1,804	
Money at call on short notice	548	248	365	145	
Investments	64,171	50,212	50,807	39,645	
Government	54,919	43,568	44,378	33,227	
Others	9,251	6,644	6,429	6,418	
Loans and Advances	270,188	252,664	240,469	227,544	
Loans, Cash Credit, Overdraft etc.	253,993	241,891	228,275	211,203	
Bills purchased and discounted	16,195	10,774	12,194	16,341	
Fixed assets including premises, furniture and fixtures	3,830	3,109	3,161	3,311	
Other assets	4,909	6,090	4,820	3,973	
Non-banking assets	36	25	24		
Total Assets	361,309	332,463	317,724	292,744	
LIABILITIES AND CAPITAL					
Liabilities					
Borrowings from other banks, financial institutions and agents	35,546	38,200	20,623	20,185	
Non-convertible Subordinated Bond	2,400	3,600	4,200	4,800	
Deposits and other Accounts	270,383	245,220	247,606	229,878	
Current Accounts and other Accounts	79,138	59,567	48,632	48,130	
Bills Payable	3,598	4,071	3,046	2,939	
Savings Bank Deposits	33,300	27,577	23,894	21,453	
Fixed Deposits	95,502	93,259	116,339	105,589	
Deposits Under Schemes	58,845	60,746	55,695	51,767	
Other Liabilities	28,274	23,194	24,355	19,214	

Abu Asghar G. Halimi
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Particulars	2021	2020	2019	2018
Total Liabilities	336,603	310,215	96,784	274,078
Capital/Shareholders' Equity	24,605	22,151	20,890	18,617
Paid up Capital	10,332	9,840	9,372	8,149
Statutory Reserve	9,265	8,421	7,879	7,183
General Reserve	2,250	1,550	1,400	1,400
Other Reserve	738	810	747	713
Foreign Currency translation gain/loss	2	0	0	0
Surplus in Profit & Loss Account	2,018	1,530	1,492	1,172
Non-Controlling Interest	101	97	50	49
Total Shareholders' Equity	24,706	22,249	20,940	18,667
Total Liabilities & Shareholders' Equity	361,309	332,463	317,724	292,744

Consolidated Profit and Loss Statement

(Amount in BDT million)

Particulars	2021	2020	2019	2018
Interest income	18,344	19,471	23,155	20,452
Interest Paid on deposits, borrowings etc.	13,572	16,737	18,120	16,277
Net interest income	4,773	2,734	5,035	4,174
Investment income	4,908	4,164	3,856	3,593
Commission, exchange and brokerage	2,865	2,312	3,037	2,470
Other operating income	1,337	1,573	1,460	1,826
	9,109	8,048	8,353	7,889
Total operating income	13,882	10,782	13,388	12,063
Salaries and allowances	4,127	3,070	2,455	2,482
Rent, taxes, insurances, electricity etc.	592	402	391	813
Legal expenses	26	22	33	25
Postage, stamps, telecommunication etc.	76	66	69	73
Stationery, Printings, Advertisements etc.	299	256	267	298
Chief Executive's salary and fees	14	13	13	18
Directors' fees	5	6	6	5
Auditors' fees	2	2	1	2
Depreciation and repair of bank's assets	704	899	900	448
Other expenses	1,556	1,961	1,789	1,554
Total operating expenses	7,401	6,697	5,925	5,718
Profit/(Loss) before provision	6,480	4,085	7,463	6,345
Provision for loans and advances including off Balance Sheet items	1,327	577	3,608	2,039
Other provision	722	699	306	21
Total provision	2,049	1,276	3,913	2,061
Total Profit/(Loss) before Taxes	4,431	2,808	3,550	4,284
Provision for Current Tax	861	595	1,368	1,414
Provision for Deferred Tax	(9)	(18)	(41)	(53)
	852	577	1,327	1,361
Net Profit after Taxation	3,579	2,231	2,223	2,923
Appropriations				
Statutory Reserve	844	542	696	870

Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka

Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited

Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka

Md. Moniruzzaman
Managing Director
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Particulars	2021	2020	2019	2018
Startup Fund	56			
General Reserve	700	150		900
	1,600	692	696	1,770
Retained surplus	1,980	1,539	1,526	1,153
Net profit after Tax attributable to:				
Equity holders of Mercantile Bank Ltd.	1,974	1,536	1,526	1,154
Non-Controlling Interest	5	3	0.5	1
	1,980	1,539	1,526	1,153
Consolidated Earnings Per Share (EPS)	3.46	2.16	2.37	3.59

Consolidated Cash Flow Statement

(Amount in BDT million)

Particulars	2021	2020	2019	2018
A) Cash flows from operating activities	3,841	(167)	7,287	4,768
Interest received	16,295	16,205	22,903	19,029
Interest paid	(9,466)	(13,254)	12,984	12,655
Dividends receipts	108	176	190	170
Fees and commission received	1,741	1,173	1,385	2,470
Recoveries on loans previously written off	2	17	5	136
Payment to the employees	(3,677)	(3,070)	(2,455)	(1,882)
Payment to suppliers	(299)	(256)	(267)	(298)
Income taxes paid	(865)	(1,158)	(1,490)	(2,203)
Received from other operating activities	719	6,697	6,776	6,443
Exchange gain	1,124	1,138	1,652	1,202
Other operating income	6,062	5,559	5,124	5,240
Payment for other operating activities	(1,833)	(2,394)	(2,466)	(2,579)
Rent, taxes, insurances and electricity	(529)	(376)	(369)	(793)
Legal expenses	(26)	(22)	(33)	(25)
Postage, stamps and telecommunication	(76)	(66)	(68)	(72)
Auditors' fees	0	(2)	(1)	(1)
Repair and maintenance	(109)	(83)	(96)	(87)
Chief Executive's salary and fees	(14)	(13)	(13)	(18)
Directors' fees	(5)	(6)	(6)	(5)
Other expenses	(1,074)	(1,826)	(1,880)	(1,578)
Operating profit before changes in operating assets & liabilities	9,193	4,137	11,597	8,632
(Increase)/ decrease in operating assets and liabilities	(28,875)	(11,386)	24,075	28,468
Trading securities	(11,351)	809	11,151	(3,864)
Loans and advances to other banks	-			
Loans and advances to customer	(17,524)	(12,196)	12,925	24,603
	-			
Other assets	1,303	(1,267)	(1,557)	(919)
Income generating:	-			
Investment in shares of subsidiary companies	-			
Investment in Shares of subsidiary company (In Bangladesh) Mercantile Bank Securities Limited	(47)	(18)	(15)	(336)
Investment in Shares of subsidiary company (In Bangladesh) MBL Asset Management Limited	(92)		(56)	
Investment in Shares of subsidiary company (outside Bangladesh) Mercantile Exchange	(20)	56	34	(1)

Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka

Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited

Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka

Md. Moniruzzaman
Managing Director
IDLC Investments Limited
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Particulars	2021	2020	2019	2018
House (UK) Limited				
In Bangladesh (Mercantile Bank OBU Unit)	-			
Islamic -Conv. Adjustment Account	-	-	-	-
Non-Income generating:				
Stationery, stamps, printing materials in stock etc	2	(3)	2	(6)
Advance rent and advertisement	(291)		276	32
Interest accrued on investment but not collected, commission and brokerage receivable on shares and debenture and other income receivable	1,145	(1,927)	87	(304)
Security deposit	(1)	0.07	(1)	0
Preliminary, formation and organization expenses, renovation/development expenses and prepaid expenses	488	(407)	(63)	(70)
Branch adjustment	(60)	518	(225)	(468)
Suspense Account	209	212	(361)	234
Rights of Use (ROU) as per IFRS-16	(123)	301	(1,235)	
Clearing adjustment account	-	1	(1)	
	21,658	12,612	16,115	22,416
Deposit from other banks	(2,654)	17,577	438	4,000
Deposit from customers	25,162	(2,386)	17,728	20,804
Other liabilities	(851)	(2,578)	(2,051)	(2,387)
Other liabilities on account of customers	-		0	0
Net cash flows from operating activities	3,279	4,095	2,080	1,661
	-			
B) Cash flows from investing activities	-			
Brokerage House customer account	-			
(Purchase)/ sale of property, plant and equipment	(1,047)	(252)	(243)	(588)
(Purchase)/sale of shares	(218)	(19)	11	(13)
(Purchase)/sale of bond	(1,870)	20	406	673
Other investment	(5)	(8)	(1,130)	(1,002)
Net cash flows from investing activities	(3,139)	(259)	(956)	(929)
C) Cash flows from financing activities	-			
Receipts from issue of loan capital and debt Securities	-			
Payments for redemption of loan capital and debt securities	(1,200)	(600)	(600)	2,400
Paid for Interest on Subordinated bond	(160)	(292)	(373)	(257)
Received by issue of right share	-			
Dividend paid	(984)	(1,031)		(1,319)
Net cash flows from financing activities	(2,344)	(1,922)	(973)	824
	-			
Net increase/(decrease) in cash & cash equivalent (A+B+C)	(2,204)	1,914	151	1,556
Effects of Exchange rate changes on cash and cash equivalents	18	4	21	0
Cash and cash equivalent at beginning of the year	20,365	18,447	18,275	16,719

Particulars	2021	2020	2019	2018
Cash and cash equivalent at the end of the year	18,179	20,365	18,447	18,275
	-			
Net Operating Cash Flow Per Share (NOCFPS)	3.17	4.16	2.22	2.04
	-			
Cash and cash equivalents at the end of the year	-			
Cash in hand (Including foreign currencies)	2,532	2,359	2,543	2,321
Balance with Bangladesh Bank & its agent bank(s) (including foreign currencies)	12,089	13,146	14,246	13,283
Balance with other banks and financial institutions	3,006	4,609	1,289	2,523
Prize Bonds	4	4	4	4
Money at call on short notice	55	248	365	145
	18,179	20,365	18,447	18,275

Solo Balance Sheet

(Amount in BDT million)

Particulars	2021	2020	2019	2018
PROPERTY AND ASSETS				
Cash	14,619	15,504	16,782	15,601
Cash in hand (Including foreign currency)	2,530	2,358	2,536	2,319
Balance with Bangladesh Bank & its agent bank(s) (including foreign currency)	12,089	13,146	14,246	13,283
Balance with other banks and financial institutions	2,932	4,422	1,165	2,482
In Bangladesh	1,947	633	925	678
Outside Bangladesh	985	3,789	240	1,804
	-			
Money at call on short notice	548	248	365	145
	-			
Investments	62,398	48,954	49,756	38,978
Government	54,919	43,568	44,378	33,227
Others	7,478	5,386	5,378	5,751
	-			
Loans and Advances	266,767	248,994	236,890	224,231
Loans, Cash Credit, Overdraft etc.	250,571	238,221	224,697	207,889
Bills purchased and discounted	16,195	10,774	12,194	16,341
	-			
Fixed assets including premises, furniture and fixtures	3,816	3,093	3,142	3,288
Other assets	8,296	9,545	8,238	6,660
Non-banking assets	36	25	24	
Total Assets	359,411	330,786	316,363	291,386
	-			
LIABILITIES AND CAPITAL				
Liabilities				
Borrowings from other banks, financial institutions and agents	35,473	38,072	20,623	20,081
	-			
Non-convertible Subordinated Bond	240	3,600	4,200	4,800
	-			
Deposits and other Accounts	270,557	245,266	247,624	229,907

Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka

Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited

Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka

Md. Moniruzzaman
Managing Director
IDLC Investments Limited
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Particulars	2021	2020	2019	2018
Current Accounts and other Accounts	79,313	59,613	48,650	48,159
Bills Payable	3,598	4,071	3,046	2,939
Savings Bank Deposits	33,300	27,577	23,894	21,453
Fixed Deposits	95,502	93,259	116,339	105,589
Deposits Under Schemes	58,845	60,746	55,695	51,767
	-			
Other Liabilities	26,577	21,746	23,008	17,914
Total Liabilities	335,007	308,684	295,455	272,702
	-			
Capital/Shareholders' Equity	-			
Paid up Capital	10,332	9,840	9,372	8,149
Statutory Reserve	9,265	8,421	7,879	7,183
General Reserve	2,250	1,550	1,400	1,400
Other Reserve	731	810	747	713
Foreign Currency translation gain/loss	2			
Surplus in Profit & Loss Account	1,824	1,480	1,511	1,239
Total Shareholders' Equity	24,404	22,102	20,908	18,684
Total Liabilities & Shareholders' Equity	359,411	330,786	316,363	291,386

Solo Profit And Loss Statement

(Amount in BDT million)

Particulars	2021	2020	2019	2018
Interest income	18,193	19,388	23,082	20,381
Interest Paid on deposits, borrowings etc	13,516	16,732	18,116	16,277
Net interest income	4,677	2,656	4,966	4,104
Investment income	4,794	4,139	3,829	3,559
Commission, exchange and brokerage	2,586	2,206	2,951	2,384
Other operating income	1,319	1,542	1,431	1,793
	8,700	7,888	8,210	7,736
Total operating income	13,378	10,544	13,176	11,841
Salaries and allowances	4,073	3,031	2,416	2,440
Rent, taxes, insurances, electricity etc.	575	387	365	796
Legal expenses	24	21	32	24
Postage, stamps, telecommunication etc.	74	65	66	71
Stationery, Printings, Advertisements etc.	297	255	266	297
Chief Executive's salary and fees	13	13	13	18
Directors' fees	4	5	5	4
Auditors' fees	1	1	1	1
Depreciation and repair of bank's assets	700	894	895	443
Other expenses	1,500	1,924	1,761	1,401
Total operating expenses	7,266	6,596	5,820	5,495
Profit/(Loss) before provision	6,112	3,948	7,356	6,346
Provision for loans and advances including off Balance Sheet items	1,176	537	3,588	1,982
Other provision	717	699	287	13
Total provision	1,893	1,236	3,875	1,995
Total Profit/(Loss) before Taxes	4,218	2,711	3,480	4,351
Provision for Current Tax	807	568	1,347	1,404

Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka

Tapash Chandra Paul, PhD
Chief Financial Officer (CEO)
Mercantile Bank Limited

Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka

Md. Moniruzzaman
Managing Director
IDLC Investments Limited

Particulars	2021	2020	2019	2018
Provision for Deferred Tax	(7)	(18)	(42)	(54)
	800	550	1,305	1,350
Net Profit after Taxation	3,418	2,161	2,175	3,001
Appropriations				
Statutory Reserve	843	542	696	870
Startup Fund	55			
General Reserve	700	150		900
	1,599	692	696	1,770
Retained surplus	1,819	1,469	1,479	1,231
Earnings Per Share (EPS)	3.31	2.20	2.21	3.68

Solo Cash Flow Statement

(Amount in BDT million)

Particulars	2021	2020	2019	2018
A) Cash flows from operating activities				
	3,494	(323)	7,139	3,443
Interest received	16,145	16,122	22,830	18,959
Interest paid	(9,411)	(13,249)	(12,981)	(12,655)
Dividends receipts	108	176	190	170
Fees and commission received	1,435	1,054	1,267	1,172
Recoveries on loans previously written off	2	17	5	136
Payment to the employees	(3,624)	(3,031)	(2,416)	(1,840)
Payment to suppliers	(298)	(255)	(266)	(297)
Income taxes paid	(865)	(1,158)	(1,490)	(2,203)
Received from other operating activities	7,069	6,644	6,736	6,376
Exchange gain	1,138	1,140	1,668	1,202
Other operating income	5,932	5,504	5,068	5,173
Payment for other operating activities	(1,751)	(2,337)	(2,407)	(2,404)
Rent, taxes, insurances and electricity	(511)	(360)	(343)	(776)
Legal expenses	(24)	(21)	(32)	(24)
Postage, stamps and telecommunication	(74)	(64)	(66)	(70)
Auditors' fees	-	(0)	(1)	-
Repair and maintenance	(109)	(83)	(96)	(87)
Chief Executive's salary and fees	(14)	(13)	(13)	(18)
Directors' fees	(4)	(5)	(5)	(4)
Other expenses	(1,014)	(1,791)	(1,852)	(1,424)
Operating profit before changes in operating assets & liabilities	8,813	3,983	11,468	7,415
(Increase)/ decrease in operating assets and liabilities	(29,123)	(11,295)	(23,810)	(28,434)
Trading securities	(11,351)	809	(11,151)	(3,864)
Loans and advances to other banks	-			
Loans and advances to customer	(17,772)	(12,104)	(12,660)	(24,570)
	-			
Other assets	1,370	(1,306)	(1,578)	(581)
Income generating:	-			
Investment in shares of subsidiary companies	-			

Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka

Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited

Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka

Md. Moniruzzaman
Managing Director
IDLC Investments Limited
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Particulars	2021	2020	2019	2018
Investment in Shares of subsidiary company (In Bangladesh) Mercantile Bank Securities Limited	-			
Investment in Shares of subsidiary company (In Bangladesh) MBL Asset Management Limited	-		(56)	
Investment in Shares of subsidiary company (outside Bangladesh) Mercantile Exchange House (UK) Limited	(0.3)	(1)	(2)	
In Bangladesh (Mercantile Bank OBU Unit)	-			
Islamic-Conv. Adjustment Account				
Non-Income generating:	-			
Stationery, stamps, printing materials in stock etc	2	(3)	2	(6)
Advance rent and advertisement	(291)	(1,927)	276	32
Interest accrued on investment but not collected, commission and brokerage receivable on shares and debenture and other income receivable	1,145	(1927)	87	(304)
Security deposit	(1)	0.07	(1)	-
Preliminary, formation and organization expenses, renovation/development expenses and prepaid expenses	488	(407)	(63)	(70)
Branch adjustment	(60)	518	(225)	(468)
Suspense Account	209	212	(361)	234
Rights of Use	(123)	301	(1,235)	-
Clearing adjustment account	-	1	(1)	-
	22,345	12,657	15,933	234
Deposit from other banks	(2,598)	17,449	542	3,896
Deposit from customers	25,292	(2,359)	17,717	20,784
Other liabilities	(348)	(2,432)	(2,326)	(1,348)
Other liabilities on account of customers	-			
Net cash flows from operating activities	3,405	4,040	2,013	1,732
B) Cash flows from investing activities	-			
Brokerage House customer account	-			
(Purchase)/ sale of property, plant and equipment	(1,047)	(251)	(247)	(586)
(Purchase)/sale of shares	(218)	(19)	11	(13)
(Purchase)/sale of bond	(1,870)	20	406	673
Other investment	(5)	(8)	(1,130)	(1,002)
Net cash flows from investing activities	(3,140)	(258)	(961)	(928)
C) Cash flows from financing activities	-			
Receipts from issue of loan capital and debt Securities	-		(600)	-
Payments for redemption of loan capital and debt securities	(1,200)	(600)	(373)	2,400
Paid for Interest on Subordinated bond	(160)	(292)	(373)	(257)
Received by issue of right share	-	(1,031)		
Dividend paid	(984)			(1,319)
Net cash flows from financing activities	(2,344)	(1,922)	(973)	824

Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka

Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited

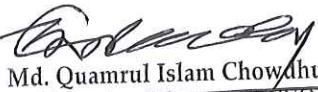
Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka

Md. Moniruzzaman
Managing Director
IDLC Investments Limited

Particulars	2021	2020	2019	2018
	-			
Net increase/(decrease) in cash& cash equivalent (A+B+C)	(2,079)	1,860	79	1,628
	-			
Effects of Exchange rate changes on cash and cash equivalents	5	2	5	-
Cash and cash equivalent at beginning of the year	20,178	18,316	18,232	16,604
Cash and cash equivalent at the end of the year	18,103	20,178	18,316	18,232
Net Operating Cash Flow Per Share (NOCFPS)	3	4	2	2
Cash and cash equivalents at the end of the year				
Cash in hand (Including foreign currencies)	2,530	2,358	2,536	2,319
Balance with Bangladesh Bank & its agent bank(s) (including foreign currencies)	12,089	13,146	14,246	13,283
Balance with other banks and financial institutions	2,932	4,422	1,165	2,482
Prize Bonds	4	4	4	4
Money at call on short notice	548	248	365	145
	18,103	20,178	18,316	18,232


Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


Tapash Chandja Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited


Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka


Md. Moniruzzaman
Managing Director
IDLC Investments Limited

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16. RATIOS FOR THE LAST THREE ACCOUNTING YEARS

Table 10: Ratios for the last four accounting years

Particulars	2021	2020	2019
Current Ratio (Times)	1.13	1.09	1.07
Quick ratio	1.13	1.09	1.07
Times interest earned ratio	N/A	N/A	N/A
Break-even point	N/A	N/A	N/A
Debt to equity ratio	13.73	13.94	14.17
Debt to total asset ratio	0.93	0.93	0.93
Accounts receivable ratio	N/A	N/A	N/A
Inventory Turnover Ratio	N/A	N/A	N/A
Asset Turnover Ratio	7.79%	8.43%	10.30%
Debt Service Coverage Ratio	N/A	N/A	N/A
Gross Profit (Net Interest Income) Margin Ratio	17.37%	9.74%	15.87%
Operating Income Ratio	49.74%	38.66%	42.11%
Net Income Ratio	12.71%	7.92%	6.95%
Return on Assets (%)	1.07%	0.73%	0.78%
Return on Equity (%)	14.70%	10.05%	10.99%
Earnings-Per-Share (EPS)	3.31	2.26	2.37
Net Asset Value (NAV) per share	23.62	22.61	22.34
Non-performing Loan Ratio	4.54%	4.72%	4.86%
Capital Adequacy Ratio	14.09%	13.61%	13.92%
CET1 as a % of Risk Weighted Asset	9.38%	8.67%	8.50%
Cost-income ratio	54.31%	62.56%	44.17%
Cost of fund	4.40%	5.66%	6.35%
Yield on advance	7.37%	8.29%	10.22%
Spread	2.61%	2.17%	3.30%
Return On Investment	8.61%	8.39%	8.63%
Net Operating Cash Flow to Net Income	N/A	N/A	N/A
Total Debt to Tangible Assets Ratio	N/A	N/A	N/A


Abu Asghar G. Haruni
 Company Secretary
 Mercantile Bank Limited
 Head Office, Dhaka


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 Chief Financial Officer (CFO)
 Mercantile Bank Limited


Md. Quamrul Islam Chowdhury
 Managing Director & CEO
 Mercantile Bank Limited
 Head Office, Dhaka


Md. Moniruzzaman
 Managing Director
 IDLC Investments Limited

17. CREDIT RATING REPORT OF THE ISSUE:

Credit Rating of the Bank (Mercantile Bank Limited):

Table 11: Bank Credit Rating

Date of Rating	Validity Date	Long Term Rating	Short Term Rating	Outlook	Rated By
May 19, 2022	May 18, 2023	AA	ST-2	Stable	CRISL

Credit Rating of the Bond (Mercantile Bank Perpetual Bond):

Table 12: Bond Credit Rating

Date of Rating	Validity Date	Long Term Rating	Rated By
December 27, 2021	June 26, 2022	AA-	CRISL

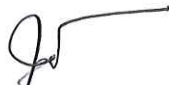
Rating Rationale:

CRISL has assigned the long term rating AA- (Indicative) (pronounced as “double A minus indicative”) of Mercantile Bank Perpetual Bond of BDT 5,000 Million of Mercantile Bank Limited. The above rating has been assigned on the basis of the fundamentals of the issue as well as the issuer that include attractive coupon rate, sound credit profile of the issuer, issuer’s profitability indicators support regular coupon payment, etc. However, the above factors are constrained, to some extent, by the feature of the bond which includes nature of the bond being unsecured and conditional convertible debt instrument, subordination to depositors and other bank liabilities, exposed to uncertain dividend payment, etc.

Securities rated in this category are adjudged to be of high credit quality and offer higher safety. This level of rating indicates a security with sound credit profile and without significant problems. Protection factors are strong. Risk is modest but may vary slightly from time to time because of economic conditions.



Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka



Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited



Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka



Md. Moniruzzaman
Managing Director
IDLC Investments Limited

18. LATEST DEFAULT MATRIX AND TRANSITION STATISTICS OF CRC (LATEST)

The global slogan, after the default of a good number of global giants having high investment grade from rating agencies raised was "Who Rates the Raters?"- a million dollar question in front of both the regulators and the investment community. The simple answer to the above lies in the review of the performance of a rating agency over the years in terms of its Default history at its various rating grades in the rating scale.

More specifically, for example, what is the percentage of default in its rating scale of Double A (AA) and at what time interval? The above statistics over a period of time indicates the efficiency of a rating agency, which works as the indicator of rating agency's performance and seriousness in its work. These default statistics represent the benchmark of rating accuracy and in most of the cases are considered by the regulators in taking various decisions to control and measure the risk being undertaken by the banks and issuers, thereby directing the rating agencies to take various actions in the rating process.

Default Rate and Transition Rate

Default rate is the percentage of default to total rated entities in a particular time period in a specific scale. It is calculated for each rating scale for a multiple time periods. On the other hand, Transition rate is the percentage of rating changes to total rated entities for a particular time period. The transition of ratings may be upwards or downwards in the scale. For example an A rated Bond, over a period of time, might be downgraded to next lower scale BBB or upgraded to AA in view of change in forecasted fundamentals and other prevailing market factors. Both default rate and transition rate are helpful for managing credit risks, structuring and pricing of debt. These rates also indicate the accuracy (or inaccuracy) of rating agencies in forecasting the probability of default

CRISL Cumulative Default Rate (CDR)

CDR is the measure of movement of a rating category into 'Default Rating Category' in a time horizon. This rating is applicable for those counterparties who are in default. The Default is considered to have occurred with regard to a particular obligor when either or both of the two following events have taken place.

- The bank considers that the obligor is unlikely to pay its credit obligations to the banking company or syndicate banking group, without recourse by the bank to actions such as realizing security (if held)
- The obligor is past due for more than 90 days or more as defined by BB

Regulator evaluates the consistency of an ECAI's rating category (Notch/Notation) through analysis of Cumulative Default Rate (CDR).

While recognizing rating agencies as External Credit Assessment Institute (ECAI) the Bangladesh Bank has approved separate rating scales for SMEs side by side with the rating scales for Corporate and other category of ratings. Based on the above CRISL has developed CDR against both Corporate and SME scales

CRISL CDR on SME rating

CRISL three years CDR for SME under investment grade (Se/Me-1 to Se/Me-4) stood at 3.09% with no default at Se/Me- 1 and Se/Me-2 rating notch. The CDR at Se/Me-3 notch stood at 1.22% which signifies that CRISL investment grade default is quite low against the backdrop of about 9.3% overall reported classified loan in the industry.


Abu Asghar G. Harun
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited


Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka


Md. Mohiruzzaman
Managing Director
IDLC Investments Limited

CRISL, being the first internationally recognized domestic rating agency in the country and also as a sponsor member of Association of Credit Rating Agencies in Asia (ACRAA) complies the regulation of calculating CDR in line with local regulatory requirement as well as compliance requirement of Basel Committee on Banking Supervision.

Calculation of Weighted Average MDR (wMDR) for 2015, 2016, 2017			
	wMDR for year 1	wMDR for Year 2	wMDR for Year 3
Se/ Me1	0.00%	0.00%	0.00%
Se/ Me2	0.00%	0.00%	0.00%
Se/ Me3	1.22%	0.00%	0.00%
Se/ Me4	3.39%	0.14%	0.18%
Investment Grade (Se/ME1-Se/Me4)	2.85%	0.11%	0.14%
Se/Me-5	59.49%	2.39%	2.48%
Se/Me-6	76.92%	0.00%	0.00%
Se/Me-7	100.00%	0.00%	0.00%
Se/Me-8	0.00%	0.00%	0.00%
Se/Me 9	0.00%	0.00%	0.00%

Calculation of 3-years Cumulative Default Rate (CDR3) for 2015, 2016, 2017	
	CDR3
Se/ Me1	0.00%
Se/ Me2	0.00%
Se/ Me3	1.22%
Se/ Me4	3.71%
Investment Grade (Se/ME1-Se/Me4)	3.090%
Se/Me-5	61.44%
Se/Me-6	76.92%
Se/Me-7	100.00%
Se/Me-8	0.00%
Se/Me 9	0.00%

CRISL CDR on Corporate Rating

CRISL three years CDR for corporate under investment grade (AAA to BBB) stood at 2.28% with no default at AAA and AA rating notch.

The CDR at single A and BBB notch stood at 1.53% and 3.39% respectively which signifies that CRISL investment grade default is quite low against the backdrop of increasing default loan in the industry.

Calculation of Weighted Average MDR (wMDR) for 2011, 2012, 2013			
	wMDR for year 1	wMDR for Year 2	wMDR for Year 3
AAA	0.00%	0.00%	0.00%
AA	0.00%	0.00%	0.00%

A	0.30%	0.77%	0.47%
BBB	0.91%	1.58%	0.94%
Investment Grade (AAA-BBB)	0.57%	1.08%	0.65%
BB	0.00%	0.00%	5.71%
B	0.00%	10.00%	0.00%
CCC	0.00%	0.00%	0.00%
CC	0.00%	0.00%	0.00%
C	50.00%	50.00%	0.00%

Calculation of 3-years Cumulative Default Rate (CDR3) for 2011, 2012, 2013	
	CDR3
AAA	0.00%
AA	0.00%
A	1.53%
BBB	3.39%
Investment Grade (AAA-BBB)	2.283%
BB	5.71%
B	10.00%
CCC	0.00%
CC	0.00%
C	75.00%

Transition Matrix

Transition Metric shows the percentage of rating changes to total rated entities for a particular time period. The transition of ratings may be upwards or downwards in the scale. For example an A rated Bond, over a period of time, might be downgraded to next lower scale BBB or upgraded to AA in view of change in forecasted fundamentals and other prevailing market factors. Transition Metrics are helpful for managing credit risks, structuring and pricing of debt. These rates also indicate the accuracy (or inaccuracy) of rating agencies in forecasting the probability of default.

CRISL SME Rating Transition Matrix (2016-2019)

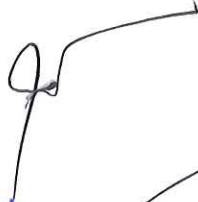
	SME-1	SME-2	SME-3	SME-4	SME-5	SME-6	SME-7	SME-8	SME-9	SME-10
SME-1	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
SME-2	0.00%	75.00%	25.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
SME-3	0.00%	1.48%	96.84%	1.48%	0.10%	0.10%	0.00%	0.00%	0.00%	0.00%
SME-4	0.00%	0.57%	25.01%	74.16%	0.16%	0.00%	0.00%	0.00%	0.00%	0.10%
SME-5	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%
SME-6	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
SME-7	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%
SME-8	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
SME-9	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
SME-10	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

CRISL Corporate Rating Transition Matrix (2014-2019)

	AAA	AA	A	BBB	BB	B	CCC	CC	C	D
AAA	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
AA	7.58%	84.85%	7.57%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
A	0.00%	14.77%	81.82%	2.65%	0.38%	0.00%	0.38%	0.00%	0.00%	0.00%
BBB	0.00%	0.33%	18.33%	76.67%	4.34%	0.33%	0.00%	0.00%	0.00%	0.00%
BB	0.00%	0.00%	0.00%	9.09%	81.82%	9.09%	0.00%	0.00%	0.00%	0.00%
B	0.00%	0.00%	0.00%	0.00%	0.00%	50.00%	50.00%	0.00%	0.00%	0.00%
CCC	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CC	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
C	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%
D	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%



Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka



Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited



Md. Quamrul Islam Chowdhury
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Mercantile Bank Limited
Head Office, Dhaka



Md. Moniruzzaman
Managing Director
IDLC Investments Limited

19. DESCRIPTION OF THE TRUSTEE-UCB INVESTMENT LIMITED

UCB Investment Limited at a glance:

UCB Investment limited (UCBIL) is a fully owned subsidiary of United Commercial Bank Limited – one of the leading private commercial bank in Bangladesh. It was incorporated in Bangladesh with the Registrar of Joint Stock Companies & Firms (RJSCF), vide registration number: C-94654/11 dated 3rd August, 2011 as a private limited company under the Companies Act (Act XVIII) of 1994. It obtained full-fledged Merchant Banker & Portfolio Management license (Reg No: MB- 97/2020) from Bangladesh Security and Exchange Commission on 5th October, 2020.

The company has been inaugurated on 29th November, 2020 and under the firm guidance of the founding CEO, Mr. Tanzim Alamgir, the company aims to play a vital role in bridging the gap in professional financial management services in the country and the gap between investors and investment opportunities. The registered address of the company is Bulus Center, Road: 34, Plot: CWS- (A)-1, Gulshan avenue, Dhaka-1212.

The key strength of UCBIL comes from its people, who are highly talented investment managers with vast and versatile experience in the investment landscape, both locally and globally. Utilizing this knowledge and expertise, UCBIL intends to provide and promote unique financial solutions for some of the nation's most successful institutions and corporations. Keeping innovation and sustainable growth at the core of its operations, UCBIL intends to lead its clients and the country to a brighter and wealthier future.

- **Authorized capital as of 31 Dec 2021:** 1,000,000,000/- (BDT One Thousand Million Only)
- **Paid-up capital as of 31 Dec 2021:** 1,000,000,000/- (BDT One Thousand Million Only).
- **Net worth as of 31 Dec 2021:** 1,132,493,978/- (BDT One Thousand One Hundred Thirty-Two Million, Four Hundred Ninety Three Thousand, Nine Hundred and Seventy Eight only.)
- **Shareholding Details:**

Share Holding Position		
Shareholders	% of Share Holdings	No. of Shares
United Commercial Bank Limited	99.999999%	99,999,999
Mohammed Habibur Rahman	0.000001%	1
Total	100%	100,000,000


Business Activities of UCBIL:

With its group of versatile financial consultants, UCBIL aims at delivering top-class, customized investment solutions to its clients to cater to their specific needs and be their long-term growth partner.

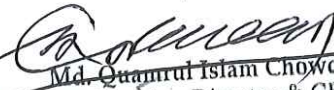
The services UCBIL aims to provide are:

Investment Banking Services:

- ✓ Bond Issuance
- ✓ Corporate Advisory
- ✓ Mergers and Acquisitions


Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


Tapash Chandra Paul, PhD
Chief Financial Officer (CEO)
Mercantile Bank Limited


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Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka


Md. Moniruzzaman
Managing Director
IDLC Investments Limited

Primary Market Services:

- ✓ Issue Management Services
- ✓ Underwriting
- ✓ Capital Raising and Private Placement

Secondary Market Services:

- ✓ Portfolio Management

The status of the bonds where UCB Investment Limited is working as a trustee is provided in the below table:

SL	Name of the Issue	Maturity Period	IM Issue Date	Date of Completion of subscription	Value of debt (BDT Million)	Repayment Amount (BDT Million)	Outstanding as of Apr 10, 2022 (BDT Million)	Default (If Any)
1	NRBC Bank Subordinated Bond-1	07 years	November 23, 2021	December 26, 2021	3,000	-	3,000	Nil
2	Bank Asia Perpetual Bond	Perpetual	March 02, 2022	N/A	5,000	-	5,000	Nil
3	Mercantile Bank Perpetual Bond	Perpetual	-	N/A	5,000	-	5,000	Nil
4	Mir Akhter Zero Coupon Bond	04 Years	April 04, 2022	N/A	2,499	-	2,499	Nil
4	Envoy Textiles Zero Coupon Bond	05 Years	May 24, 2022	N/A	2,000	-	2,000	Nil

SL	Name of the Issue	Maturity Period	IM Issue Date	Date of Completion of subscription	Value of debt (BDT Million)	Repayment Amount (BDT Million)	Outstanding as of Apr 10, 2022 (BDT Million)	Default (If Any)	Remarks
1	NRBC Bank Subordinated Bond-1	07 years	November 23, 2021	December 26, 2021	3,000	-	3,000	Nil	-
2	Bank Asia Perpetual Bond	Perpetual	March 02, 2022	N/A	5,000	-	5,000	Nil	-
3	Mercantile Bank Perpetual Bond	Perpetual	-	N/A	5,000	-	5,000	Nil	-
4	Mir Akhter Zero Coupon Bond	04 Years	April 04, 2022	N/A	2,499	-	2,499	Nil	-
4	Envoy Textiles Zero Coupon Bond	05 Years	May 24, 2022	N/A	2,000	-	2,000	Nil	-

Abu Asghar G. Haruni
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 Mercantile Bank Limited
 Head Office, Dhaka

Tapash Chandra Paul, PhD
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 Mercantile Bank Limited

Md. Quamrul Islam Chowdhury
 Md. Quamrul Islam Chowdhury
 Managing Director & CEO
 Mercantile Bank Limited
 Head Office, Dhaka

Md. Morjuzaman
 Md. Morjuzaman
 Managing Director
 IDLC Investments Limited
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Board of Trustee

Name	Designation
Mr. Mohammed Habibur Rahman	Chairman
Mr. Touhid Shipar Rafiquzzaman	Independent Director
Mr. Md. Shah Alam Bhuiyan	Director, representative of UCB
Mr. Nurul Mustafa Tarek	Director, representative of UCB
Mr. Md. Abdullah Al Mamoon	Director, representative of UCB
Mr. Tanzim Alamgir	Managing Director & CEO


Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited



Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka


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IDLC Investments Limited


20. MODUS OPERANDI OF THE ISSUE

Application, Allotment, Refund, Transfer, Trading:

- a) Upon receiving the Consent Letter, the information Memorandum shall be published by the Issuer and Issue Manager in their respective own official websites, within the time specified in the consent letter issued by the BSEC; provided that the Information Memorandum shall, however, be posted on the websites of the exchange(s) within 03 (three) working days of date of Consent Letter, if the Issuer intends to list its securities at main board or alternative trading board or any other platform of the exchange(s); provided further that a notice regarding the publication of Information Memorandum in the websites mentioning web-addresses shall be circulated in the national daily newspaper at least one in Bangla and another in English. Furthermore, approved Information Memorandum shall be made available in the websites of the Issuer or the Issue Manager or the exchange(s), as applicable, till the Closure of Subscription.
- b) After publication of Information Memorandum as per requirements of BSEC and subject to fulfilment of the Condition Precedents referred to in the Trust Deed (*Condition Precedents to Issue*), from or after the Issue Opening Date until Closure of Subscription, each intending Eligible Investor shall deposit the relevant Purchase Price for same day value through Banker to the Issue.
- c) The Issuer, shall send notice to the Underwriter within 3 (three) working days of Closure of Subscription calling upon them to subscribe the Bonds upto at least Firm Commitment Amount and pay for this in cash in full within 7 (seven) working days of the date of said notice and the said amount shall be credited Banker to the Issue within the said period. In the case of failure by the Issuer to call upon the Underwriter for the aforementioned purpose within the stipulated time, the Issuer and its directors shall individually and collectively be held responsible for the consequences and/or penalties as determined by BSEC.
- d) At least 30(thirty) percent of the public offer of subscribing the Bonds as per Consent Letter shall be subscribed by the general public. In case of under-subscription above 50 (fifty) percent of the public offering after subscription of Firm Commitment Amount by the Underwriter or its failure thereto, the Issue shall be cancelled.
- e) Statement of subscription received against issuance of securities under these rules along with bank statement(s) shall be submitted to the Commission within 10 (ten) days of the closing of subscription list.
- f) Statement of subscription received from the Underwriter against undersubscribed Bonds along with bank statement shall be submitted to the Commission within 07 (seven) days of the expiry of subscription period allowed to the underwriter(s) under sub-clause 14 (iii) above.
- g) If the Issue is cancelled or none of the stock exchange(s), if for any reason, grants listing of the Bonds within 75 (Seventy Five) days from the Closure of Subscription or where applicable from the date of payment by the Underwriter, any Issuance in terms of this Trust Deed shall be void and the company shall refund to each Eligible Investor who had paid their respective subscription money within 15 (Fifteen) days from the date of refusal for listing by the stock exchanges, or from the date of expiry of the said 75 (Seventy Five) days, as the case may be. In case of non-refund of the subscription money within the aforesaid 15 (Fifteen) days, the Issuer and its directors shall be jointly and severally liable to pay interest at Default Rate, to the Eligible Investors concerned along with the subscription money until payment in full. The Issue Manager, in addition to the Issuer, shall ensure due compliance of this conditions and shall submit compliance report thereon to BSEC within 07 (Seven) days


Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited


Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka


Md. Moniruzzaman
Managing Director
IDLC Investments Limited

of expiry of the aforesaid 15 (Fifteen) days' time period allowed for refund of the subscription money.

- h) The proceeds raised through the Issue shall be placed in a designated bank account maintained with the Banker to the Issue, and utilization of such proceeds shall also be made from the said bank account.
- i) The report on utilization of proceeds as well as implementation status shall be submitted to the Commission, the Trustee, the Issue Manager and to the stock exchange(s) in which its securities are listed, on half-yearly basis within 10 (ten) days of close of the half year, till full utilization of proceeds.

Repayment and coupon payment

There will be no repayment as the bond is perpetual in nature. Only call option can be exercised by the issuer fulfilling certain conditions upon receiving approval from Bangladesh Bank.

Coupon payment to be made as per the provision of the trust deed.

Redemption or conversion or exchange

Redemption

Redemption is not applicable. Since the instrument is perpetual in nature i.e. there is no maturity date; late redemption is not applicable unless and until it is eligible for call option criteria.

Conversion

The Issuer will only exercise conversion option when the Bank has reached the trigger point i.e. If the bank's consolidated CET-1 falls below Bangladesh Bank requirement (Currently of 4.50%) and stays below for 03 (Three) successive quarters. The end of the 3rd quarter will be Trigger Point Date. The conversion will be exercised after taking approval from BSEC and other competent authorities as per requirement. The period between the Trigger Point Date and the date on which the Issuer converts the Bonds will be known as Conversion Period. If a fractional share issuance arises upon conversion, the issuer will round the number of shares issuable, up to the next whole number. Fractional lot size will also be rounded to the next whole number.

Details of conversion or exchange option exercise procedures, if applicable

Conversion Feature

The bonds will be converted at a pre-determined Conversion Strike Price into the common shares of Mercantile Bank Limited. Conversion at this point is mandatory.

Conversion Strike Price

Average of daily market price of the immediate previous 6 (six) months average market price of Mercantile Bank's shares in the Dhaka Stock Exchange from the trigger point date or Face Value of the Share whichever is higher.


Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited


Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka


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IDLC Investments Limited

Conversion Mechanism


The issuer shall apply to BSEC for their consent before the conversion of the bonds into common shares. The conversion method to be finalized at the time of the conversion as per Bangladesh Bank's instruction.


Conversion Notice


Within 2 (two) Business Days of the approval date of the Audited Financials for the Conditional Conversion, Issuer shall notify the Trustee once at the end of the 2nd Quarter when CET-1 Ratio remains below 4.50% and also at the time of exercise of Loss Absorption feature, the Conversion Strike Price, number of Bonds to be converted, expected end date of the Conversion Period ("Conversion Notice"); and the Trustee shall within 2 (two) Business Days of the receipt of the Conversion Notice, notify the Bondholders about the receipt of the Conversion Notice. All notices are validly given if:

- Mailed to bondholders at their respective address in the register,
- Published for three consecutive days in one English newspaper and one Bengali newspaper; each having wide circulation in Bangladesh,
- Emailed to bondholders at their respective addresses set out in the Issuer Register provided that such notices will only be considered as validly given unless followed up with hard copies of the notices being mailed to the bondholders or published for three consecutive days in a leading newspaper as aforesaid.

Any such notice shall be deemed to have been given on the seventh day after being so mailed or on the later of the date of such publications


Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


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Chief Financial Officer (CFO)
Mercantile Bank Limited


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Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka


Md. Moniruzzaman
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21. DETAILS OF FEE STRUCTURE AND EXPENSES

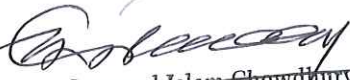
Breakdown of all expenses

Particulars	Basis	Amount (BDT)
Arranger Fee		
Arrangement fee for the total Issue Size	0.50%	22,500,000
Issue Management Fees		
Manager to the issue fee	Maximum 0.50% of the public issue size	2,500,000
VAT on Issue Management Fee	15% of Issue Management Fee	375,000
BSEC Fees		
Application Fee	BSEC (Debt Securities) Rules, 2021	10,000
BSEC Consent fee	0.10% on the total face value of the securities issued	5,000,000
Trustee Related Expense		
Annual Trustee Fee	Maximum 0.30% of the outstanding amount of the securities	200,000
VAT on Trustee Fee	15% of Annual Trustee Fee	30,000
Listing Related Expenses*		
Draft prospectus scrutiny fee for Stock Exchanges	BDT 50,000 for each exchange	100,000
Listing fee for stock exchanges	i.Up to BDT 100 million of size of the issue @0.25% ii. Above BDT 100 million of the size of the issue @0.15%; minimum Tk. 50,000 and maximum Tk. 10 million for each exchanges	1,700,000
Annual fee for stock exchanges	i. Up to BDT 1,000 million of size of the issue @0.05% ii. Above BDT 1,000 million of the size of the issue @0.02%: minimum Tk. 50,000 and Maximum Tk. 6 lacs for each exchanges	500,000
Data Transmission fee for Stock Exchanges	Maximum BDT 200,000 for each Exchanges	400,000
IPO Commission		
Underwriting Commission	0.10% on the underwritten amount	120,000
VAT on Underwriting Commission	15% of Issue Management Fee	15,000
Credit Rating Fees	At actual	100,000
CDBL Fees and Expenses		
Security Deposit	Fixed	500,000
Dematerialization Fee	0.0075% of the face value of the shares	37,500
Documentation Fee	Fixed	2,500
Annual Fee	BDT 20,000 above face value of BDT 200 million	20,000
Connection Fee	BDT 500 per month	6,000
IPO Fees	0.015% of Issue Size	75,000

Post-Consent Expenses**		
Publication of availability of information memorandum in websites in 2 National Dailies.	To be paid at actual	
Trustee Deed Registration		
Registration Fee	0.1%, maximum BDT 10 lakh	1,000,000
Legal Fees		
Fee of Legal Advisor	At actual	
Total		35,191,000
*Listing related expense is calculated based on current listing regulation rule. If DSE changes fee for listing of perpetual bond, then it will change accordingly.		
** The post-consent activities will be conducted as per the consent letter of BSEC. Change in process/fee structure may change of fees		


Abu Asghar G. Haruni
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Mercantile Bank Limited
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Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka


Md. Moniruzzaman
Managing Director
IDLC Investments Limited

22. ADDITIONAL DISCLOSURES FOR IM UNDER PUBLIC ISSUE

As per conditions in the consent letter


Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited


Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka



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IDLC Investments Limited

23. CONDITIONS IMPOSED BY THE COMMISSION IN THE CONSENT LETTER

As per conditions in the consent letter


Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited


Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka


Md. Moniruzzaman
Managing Director
IDLC Investments Limited

24. DECLARATION AND DUE DILIGENCE CERTIFICATES AS PER ANNEXURE(S)- I, II, III AND IV

Annexure – I: Declaration of the directors, including the CEO of the Issuer



মার্কেটাইন ব্যাংক লিমিটেড
Mercantile Bank Limited

Annexure-I

Declaration about the responsibility of the directors, including the CEO of the issuer or originator in respect of the information memorandum

This information memorandum has been prepared, seen and approved by us, and we, individually and collectively, accept full responsibility for the authenticity, accuracy and adequacy of the statements made, information given in the prospectus, documents, financial statements, exhibits, annexes, papers submitted to the Commission in support thereof, and confirm, after making all reasonable inquiries that all conditions concerning this public issue and prospectus have been met and that there are no other information or documents, the omission of which make any information or statements therein misleading for which the Commission may take any civil, criminal or administrative actions against any or all of us as it may deem fit.

We also confirm that full and fair disclosures have been made in this information memorandum to enable the investors to make a well-informed decision for investment.

Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited

Date: December 23, 2021

Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka

Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited

Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka

Md. Moniruzzaman
Managing Director
IDLC Investments Limited

DECLARATION AND DUE DILIGENCE CERTIFICATES AS PER ANNEXURE(S)- I, II, III AND IV

Annexure – II: Due Diligence Certificate of the Trustee



Due diligence certificate of the Trustee

UCB Investment Limited

To

The Bangladesh Securities and Exchange Commission

Sub: Issuance Unsecured, Contingent-Convertible, BASEL III compliant, Perpetual Debt of BDT 5,000,000,000 (Five Billion taka) of Mercantile Bank Limited.

We, the under-noted trustee to the above-mentioned forthcoming issue, state as follows:

1. We, while act as trustee to the above-mentioned issue on behalf of the investors, have examined the draft information Memorandum, legal and other documents and materials as relevant to our decision; and
2. On the basis of such examination and the discussions with the Issuer, its directors and officers, and other agencies; independent verification of the statements concerning objects of the issue and the contents of the documents and other materials furnished by the Issuer.

WE CONFIRM THAT:

- (a) all information and documents as are relevant to the issue have been received and examined by us and the draft IM, draft deed of trust and draft subscription agreement forwarded to the Commission has been approved by us;
- (b) we have also examined all documents of the assets to be charged with the trust and are satisfied that the assets bear the value, title and charge status as disclosed in the IM;
- (c) while examining the above documents, we find that all the requirements of the Bangladesh Securities and Exchange Commission (Debt Securities) Rules, 2021 have been complied with;
- (d) we shall act as trustee to the issue as mentioned above as per provisions of the deed of trust to be executed with the Issuer or the originator, as applicable and shall assume the duties and responsibilities as described in the deed of trust and in the IM;
- (e) we shall also abide by the Bangladesh Securities and Exchange Commission (Debt Securities) Rules, 2021 and conditions imposed by the Commission as regards of the issue; and
- (f) the above declarations are unequivocal and irrevocable.

For Trustee

Tareem Alamgir
Managing Director & CEO
UCB Investment Limited

ঠাকুরবাড়ী (১১) ফ্লাইং, পি.ও. বক্স- ১৭। উদ্ভাস টাওয়ার, ডাবল ডেকার, উদ্ভাস-১১০।
E-mail: support@ucb-investment.com, Web: www.ucb-investment.com

Abul Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka

Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited

Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka

Md. Moniruzzaman
Managing Director
IDLC Investments Limited

DECLARATION AND DUE DILIGENCE CERTIFICATES AS PER ANNEXURE(S)- I, II, III AND IV

Annexure – III: Due Diligence Certificate of the Issue Manager



www.idlc.com

Due diligence certificate to be furnished by issue manager(s) in the information memorandum

To
The Bangladesh Securities and Exchange Commission

Subj: Issuance of 100,000 debt securities of Tk. 5,000 (face value) each of Mercantile Bank Limited.

Dear Sir,

We, the issue manager(s) to the above-mentioned forthcoming issue, state and confirm as follows:

- (1) We have examined all the documents submitted with the application for the above-mentioned issue, visited the premises of the issuer or originator and interviewed the chairperson, directors and key management personnel of the issuer or originator in connection with the finalization of the information memorandum pertaining to the said issue;
- (2) On the basis of such examination and the discussions with the directors, officers and auditors of the issuer or originator, other agencies, independent verification of the statements concerning objects of the issue and the contents of the documents and other materials furnished by the issuer or originator;

WE CONFIRM THAT:

- (a) The information memorandum filed with the Commission is in conformity with the documents, materials and papers relevant to the issue;
- (b) All the legal requirements relating to the issue as also in the rules, notification, guidelines, instructions, etc. framed/issued by the Commission, other competent authorities in this behalf and the government have been duly complied with;
- (c) The disclosures made in information memorandum are true, fair and adequate to enable the investors to make a well informed decision for investment in the proposed issue and such disclosures are in accordance with the requirements of the Companies Act, 1994, the Trust Act, 1982, the Bangladesh Securities and Exchange Commission (Debt Securities) Rules, 2021 and other applicable laws;
- (d) Besides ourselves, all the intermediaries named in the information memorandum are registered with the Commission and till date such registrations are valid;
- (e) We have satisfied ourselves about the capability of the underwriters to fulfil their underwriting commitments;
- (f) The proposed activities of the issuer for which the funds are being raised in the present issue fall within the 'main objects' stated in the object clause of the Memorandum of Association or other

Page 1 of 2

IDLC Investments Limited
IDLC House, 5th Floor, 55/57/59, Park Road, Dhaka-1000, Bangladesh. Phone: 9130 2451171, 9130 2451172
Fax: 9130 2451173
E-mail: info@idlc.com.bd, idlc@idlc.com.bd

Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka

Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited

Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka

Md. Moniruzzaman
Managing Director
IDLC Investments Limited

DECLARATION AND DUE DILIGENCE CERTIFICATES AS PER ANNEXURE(S)- I, II, III AND IV

Annexure – III: Due Diligence Certificate of the Issue Manager




www.idlc.com

charter of the issuer or originator and that the activities which have been carried out till now are valid in terms of the object clause of its Memorandum of Association;

- (g) Necessary arrangements have been made to ensure that the moneys to be received pursuant to the issue shall be kept in a separate bank account and shall be used for the purposes disclosed in the use of proceeds section of the information memorandum;
- (h) All the applicable disclosures mandated in the Bangladesh Securities and Exchange Commission (Debt Securities) Rules, 2021 have been made in addition to other disclosures which, in our view, are fair and adequate to enable the investor to make a well-informed decision;
- (i) We enclose a note explaining how the process of due diligence has been exercised by us in view of the nature of current business background of the issuer or originator, situation of which the proposed business stands, the risk factors, sponsors experiences etc. We also confirm that the due diligence related process, documents and approval memos shall be kept in record by us for the next 5 (five) years after the issue of securities for any further inspection by the Commission;
- (j) We enclose a checklist confirming rule-wise compliance with the applicable provisions of the Bangladesh Securities and Exchange Commission (Debt Securities) Rules, 2021 containing details such as the rule number, its text, the status of compliance, page numbers of the information memorandum where the rules has been complied with and our comments, if any;
- (k) We also declare that we have managed the issue of securities of the following issuers including originators in the last 05 (five) years:


Serial No.	Name of the Issue Month/Year	Issue Price	Dividend or Repayment History	Category, if listed
1.	Royal Axiata Limited, December 2020	10	3% Interim Cash (2021)	N
2.	Mir Akhter Hossain Limited, January 2021	54	-	N
3.	Runner Automobiles Limited, May 2019	75	10% Cash (2020)	A


Place: Dhaka
Date: December 22, 2021

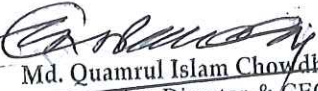

Md. Moniruzzaman, CFA
Managing Director
IDLC Investments Limited

Page 2 of 2

IDLC Investments Limited
3, E Block (JP Plaza), City Centre, Park Street, Dhaka-1000, Bangladesh
Tel: 16242, +880210000000, Fax: +88021000000
Email: info@idlc.com, Website: www.idlc.com


Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited


Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka


Md. Moniruzzaman
Managing Director
IDLC Investments Limited

DECLARATION AND DUE DILIGENCE CERTIFICATES AS PER ANNEXURE(S)- I, II, III AND IV

Annexure – IV: Due Diligence Certificate of EC Securities Limited



DUE DILIGENCE CERTIFICATE BY THE UNDERWRITER (Rule 6 (1))

To –
The Bangladesh Securities and Exchange Commission

Sub: Issuance of 100,000 debt securities of Tk. 5,000 (face value) each of Mercantile Bank Limited

Dear Sir,

We, the under-noted underwriter(s) to the above-mentioned forthcoming issue, state individually and collectively as follows:

- (1) We, while underwriting the above-mentioned issue on a firm commitment basis, have examined the draft information memorandum, other documents and materials as relevant to our underwriting decision; and
- (2) On the basis of such examination and the discussions with the issuer or originator, its directors and officers, and other agencies, independent verification of the statements concerning objects of the issue and the contents of the documents and other materials furnished by the issuer or originator.

WE CONFIRM THAT:

(a) We are registered with the Bangladesh Securities and Exchange Commission as a merchant banker and eligible to carry out the underwriting activities. Our present paid-up capital stands at Tk.251,100,000 (Taka two hundred fifty one million and hundred thousand) only and we have the capacity to underwrite a total amount of Tk. 1,250,500,000 (Taka one billion two hundred fifty five million and five hundred thousand) only as per relevant legal requirements. We have committed to underwrite for up to Tk.10,000,000.00 (Taka Ten Million Only) for the upcoming issue.

(b) At present, the following underwriting obligations are pending for us:

Sr.	Name of the Issue	Amount Underwritten in (Tk.)
1.	Star Ceramics Limited	Tk. 17,000,000.00
2.	Hajj Finance Company Limited	Tk. 15,750,000.00
3.	Rights Issue of First Security Islami Bank Limited	Tk. 60,991,050.00
4.	Krishibid Seed Limited	Tk. 29,000,000.00
Total Taka		Tk. 142,741,050.00

(c) All information as are relevant to our underwriting decision have been received by us and the draft IM forwarded to the Commission has been approved by us;

(d) We shall subscribe and take up the un-subscribed securities against the above-mentioned issue within 15 (fifteen) days of calling up thereof by the issuer or originator; and

(e) This underwriting commitment is unequivocal and irrevocable.

For the Underwriter:

Md. Khurshid Alam
Chief Executive Officer
EC Securities Limited
December 20, 2021

Kazi Tower (5th Floor), 86, Inner Circular (VIP) Road, Naya Paltan, Dhaka-1000, Bangladesh
Phone: 88 02 9333 634, Fax: 88 02 9333 636, E-mail: info@ecsltd.com, Web: www.ecsltd.com

Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka

Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited

Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka

Md. Moniruzzaman
Managing Director
IDLC Investments Limited

DECLARATION AND DUE DILIGENCE CERTIFICATES AS PER ANNEXURE(S)- I, II, III AND IV

Annexure – IV: Due Diligence Certificate of Green Delta Capital Limited



DUE DILIGENCE CERTIFICATE BY THE UNDERWRITER

To
The Bangladesh Securities and Exchange Commission

Sub: Issuance of 100,000 debt securities of Tk. 5,000 (face value) each of Mercantile Bank Limited

Dear Sir,

We, the under-noted underwriter(s) to the above-mentioned forthcoming issue, state individually and collectively as follows:

- (1) We, while underwriting the above-mentioned issue on a firm commitment basis, have examined the draft information memorandum, other documents and materials as relevant to our underwriting decision; and
- (2) On the basis of such examination and the discussions with the issuer or originator, its directors and officers, and other agencies, independent verification of the statements concerning objects of the issue and the contents of the documents and other materials furnished by the issuer or originator.

WE CONFIRM THAT:

- (a) We are registered with the Bangladesh Securities and Exchange Commission as a merchant banker and eligible to carry out the underwriting activities. Our present paid-up capital stands at Tk. 250,000,000 (Tk. Two Hundred and Sixty Million) and we have the capacity to underwrite a total amount of Tk. 1,300,000,000 (Tk. One Billion and Three Hundred Million), as per relevant legal requirements. We have committed to underwrite for up to Tk. 15,000,000 (Tk. Fifteen Million), for the upcoming issue.

- (b) At present, the following underwriting obligations are pending for us:

Sl. No	Name of the Company	Amount Underwritten (Tk.)
1.	AB Bank Ltd	150,000,000
2.	First Security Islami Bank Limited	500,000,000

- (c) All information as are relevant to our underwriting decision have been received by us and the draft IM forwarded to the Commission has been approved by us;
- (d) We shall subscribe and take up the un-subscribed securities against the above-mentioned issue within 15 (fifteen) days of calling up thereof by the issuer or originator; and
- (e) This underwriting commitment is unequivocal and irrevocable.

For the Underwriter:

Md. Raouf Islam
Managing Director & CEO
Green Delta Capital Limited

Date: 20.12.2021

GREEN DELTA CAPITAL LIMITED
Green Delta Atlas Tower (Old Place)
31-32, Motshahar Ch, Dhaka-1312, Bangladesh
Phone: +88 02 22154123, +88 02 22152002, Fax: +88 02 22154022
Email: info@greendeltacapital.com
www.greendeltacapital.com

Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited

Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka

Md. Moniruzzaman
Managing Director
IDLC Investments Limited

Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka

DECLARATION AND DUE DILIGENCE CERTIFICATES AS PER ANNEXURE(S)- I, II, III AND IV

Annexure – IV: Due Diligence Certificate of LankaBangla Investments Limited



LankaBangla Investments Limited
Assurance Risk Transfer Ltd (B)
608, Karnal Avenue, Avenue
Banura, Dhaka-1212, Bangladesh.
Phone: +88-02-55018551-5
Fax: +88-02-55018550
www.lbml.com

DUE DILIGENCE CERTIFICATE BY THE UNDERWRITER [Rule 4 (2)(a)]

To

The Bangladesh Securities and Exchange Commission

Sub: ISSUANCE OF 100,000 DEBT SECURITIES OF TK. 5,000 (FACE VALUE) EACH OF
MERCANTILE BANK LIMITED

Dear Sir,

We, the under-noted underwriter(s) to the above-mentioned forthcoming issue, state individually and collectively as follows:

- (1) We, while underwriting the above-mentioned issue on a firm commitment basis, have examined the draft information memorandum, other documents and materials as relevant to our underwriting decision; and
- (2) On the basis of such examination and the discussions with the issuer or originator, its directors and officers, and other agencies, independent verification of the statements concerning objects of the issue and the contents of the documents and other materials furnished by the issuer or originator.

WE CONFIRM THAT:


- a) We are registered with the Bangladesh Securities and Exchange Commission as a merchant banker and eligible to carry out the underwriting activities. Our present paid-up capital stands at Tk. 2,405,000,000.00 (Taka Two Hundred Forty Crore Fifty Lacs only) and we have the capacity to underwrite a total amount of Tk. 12,005,000,000.00 (Taka One Thousand Two Hundred Two Crore Fifty Lacs only) as per relevant legal requirements. We have committed to underwrite for up to Tk. 10,000,000.00 (Taka One Crore only) for the upcoming issue.

gdy.

7/11


Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited


Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka


Md. Moniruzzaman
Managing Director
IDLC Investments Limited

DECLARATION AND DUE DILIGENCE CERTIFICATES AS PER ANNEXURE(S)- I, II, III AND IV

Annexure – IV: Due Diligence Certificate of LankaBangla Investments Limited



b) At present, the following underwriting obligations are pending for us:

Sl. No.	Name of Issuer	Type of Issue	Amount Underwritten (in BDT)
1.	Omera Petroleum Limited	IPO	148,041,141.00
2.	Agrani Insurance Company Limited	Rights Offer	2,000,000.00
3.	First Security Islami Bank Limited	Rights Offer	50,000,000.00
4.	Global Islami Bank Limited	IPO	150,000,000.00
Total			348,041,141.00

- c) All information as are relevant to our underwriting decision have been received by us and the draft IM forwarded to the Commission has been approved by us;
- d) We shall subscribe and take up the un-subscribed securities against the above-mentioned issue within 15 (fifteen) days of calling up thereof by the issuer or originator; and
- e) This underwriting commitment is unequivocal and irrevocable.


For the Underwriter:


Iftekhar Alam
Chief Executive Officer
LankaBangla Investments Limited

Date: December 20, 2021


Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


Tapash Chandra Paul, PhD
Chief Financial Officer (CEO)
Mercantile Bank Limited


Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka


Md. Moniruzzaman
Managing Director
IDLC Investments Limited

DECLARATION AND DUE DILIGENCE CERTIFICATES AS PER ANNEXURE(S)- I, II, III AND IV

Annexure – IV: Due Diligence Certificate of NBL Capital and Equity Management Ltd



NBL Capital and Equity Management Ltd.
A Full-fledged Merchant Bank
(A Public Company Registered with the Registrar of Companies)

Corporate Office:
P.O. Box 200, 21st Floor, 5, Taka House, Dhaka 1000
Bangladesh Phone: 02-47118217, 47118218,
47118219, 47118222 Fax: 47118213
Email: corporate@nbl.com Website: www.nbl.com

DUE DILIGENCE CERTIFICATE BY THE UNDERWRITER

To
The Bangladesh Securities and Exchange Commission

Sub: Issuance of 100,000 debt securities of Tk. 5,000 (face value) each of Mercantile Bank Limited

Dear Sir,

We, the under-noted underwriter(s) to the above-mentioned forthcoming issue, state individually and collectively as follows:

- (1) We, while underwriting the above-mentioned issue on a firm commitment basis, have examined the draft information memorandum, other documents and materials as relevant to our underwriting decision; and
- (2) On the basis of such examination and the discussions with the issuer or originator, its directors and officers, and other agencies, independent verification of the statements concerning subjects of the issue and the contents of the documents and other materials furnished by the issuer or originator.

WE CONFIRM THAT:

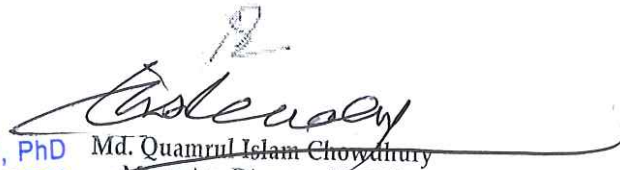
- (a) We are registered with the Bangladesh Securities and Exchange Commission as a merchant banker and eligible to carry out the underwriting activities. Our present paid-up capital stands at Tk. 250,000,000/- (Twenty Five Crore) and we have the capacity to underwrite a total amount of Tk. 1,250,000,000/- (Taka One Hundred Twenty Five Crore) as per relevant legal requirements. We have committed to underwrite for up to Tk. 10,000,000/- for the upcoming issue.
- (b) At present, the following underwriting obligations are pending for us:

Sl.	Name of the Company	Amount of Underwritten (in Taka)
i.	Omara Petroleum Limited	41,726,036/-
ii.	First Security Islami Bank Limited (Bond)	100,000,000/-
Total		141,726,036/-

Page 1 of 2


Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited


Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka


Md. Moniruzzaman
Managing Director
IDLC Investments Limited

DECLARATION AND DUE DILIGENCE CERTIFICATES AS PER ANNEXURE(S)- I, II, III AND IV

Annexure – IV: Due Diligence Certificate of NBL Capital and Equity Management Ltd



NBL Capital and Equity Management Ltd.
A Full-fledged Merchant Bank
(A Fully Licensed Subsidiary of National Bank Limited)

Corporate Office:
Fisher Building (8th Floor) 5 Park Avenue, Dhaka-1000
Bangladesh Phone: +88-02-47118877, 47118816,
47118853, 47116712 Fax: +88-02-47118825
Email: mail@nbcl.com Website: www.nbcl.com

- (c) All information as are relevant to our underwriting decision have been received by us and the draft IM forwarded to the Commission has been approved by us;
- (d) We shall subscribe and take up the un-subscribed securities against the above-mentioned issue within 15 (fifteen) days of calling up thereof by the issuer or originator; and
- (e) This underwriting commitment is unequivocal and irrevocable.


For the Underwriter:



Kamrun Naher
Chief Executive Officer
NBL Capital and Equity Management Ltd.



Date: December 20, 2021


Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited

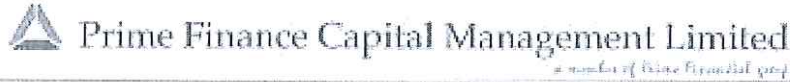

Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka

Page 1 of 2

Md. Moniruzzaman
Managing Director
IDLC Investments Limited

DECLARATION AND DUE DILIGENCE CERTIFICATES AS PER ANNEXURE(S)- I, II, III AND IV

Annexure – IV: Due Diligence Certificate of Prime Finance Capital Management Limited



DUE DILIGENCE CERTIFICATE BY THE UNDERWRITER

To –

The Bangladesh Securities and Exchange Commission

Subt Issuance of 100,000 debt securities of Tk. 3,000 (face value) each of Mercantile Bank Limited

Dear Sir,

We, the underwriter(s) to the above-mentioned forthcoming issue, state individually and collectively as follows:

- (1) We, while underwriting the above-mentioned issue on a firm commitment basis, have examined the draft information memorandum, other documents and materials as relevant to our underwriting decision; and
- (2) On the basis of such examination and the discussions with the issuer or originator, its directors and officers, and other agencies, independent verification of the statements concerning objects of the issue and the contents of the documents and other materials furnished by the issuer or originator.

WE CONFIRM THAT:

- (a) We are registered with the Bangladesh Securities and Exchange Commission as a merchant banker and eligible to carry out the underwriting activities. Our present paid-up capital stands at BDT 2,032,020,000 (two billion thirty two million eight hundred thousand) only and we have the capacity to underwrite a total amount of Tk. 10,000,000,000 (Ten billion) only as per relevant legal requirements. We have committed to underwrite for up to Tk. 10,000,000 (Ten million only) for the upcoming issue.
- (b) At present, the following underwriting obligations are pending for us:

Sr.	Name of the Company	Underwriting Amount (Taka)
1	Astani Tea Limited	40,000,000
2	Ramapur Steel Re-Rolling Mills Limited	18,000,000
3	Omara Petroleum Limited	41,725,000
5	First Security Islami Bank Limited	30,000,000
4	Nareena Pharmaceuticals Limited	20,000,000
6	Total	149,725,000

- (a) All information as are relevant to our underwriting decision have been received by us and the draft has forwarded to the Commission has been approved by us;
- (b) We shall subscribe and take up the un-subscribed securities against the above-mentioned issue within 15 (fifteen) days of calling up thereof by the issuer or originator; and
- (c) This underwriting commitment is irrevocable and non-transferable.

For the Underwriter:

Md. Rezaul Haque
Managing Director (CC)
Prime Finance Capital Management Ltd.



Date: 30 December 2021

Page 1 of 1

Corporate Office: 11F Tower (9th Floor), 26-27 Dhanra C/A, Dhaka-1000; Phone: +88 02 9584834, 9584836-7; Fax: +88 02 9584822
Registered Office: 63 Dhanra C/A (7th Floor), Dhaka-1000; Email: info@primefcap.com Website: www.primfcap.com

Abu Asghar G. Harun
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka

Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited

Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka

Md. Moniruzzaman
Managing Director
IDLC Investments Limited

DECLARATION AND DUE DILIGENCE CERTIFICATES AS PER ANNEXURE(S)- I, II, III AND IV

Annexure – IV: Due Diligence Certificate of GSP Investments Limited



GSP INVESTMENTS LIMITED
(A subsidiary of GSP Finance Company (Bangladesh) Limited)



DUE DILIGENCE CERTIFICATE BY THE UNDERWRITER

To –
The Bangladesh Securities and Exchange Commission

Sub: Issuance of 140,000 debt securities of Tk. 5,000 (face value) each of Mercantile Bank Limited

Dear Sir,

We, the under-noted underwriter(s) to the above-mentioned forthcoming issue, state individually and collectively as follows:

- (1) We, while underwriting the above-mentioned issue on a firm commitment basis, have examined the draft information memorandum, other documents and materials as relevant to our underwriting decision; and
- (2) On the basis of such examination and the discussions with the issuer or originator, its directors and officers, and other agencies, independent verification of the statements concerning objects of the issue and the contents of the documents and other materials furnished by the issuer or originator.

WE CONFIRM THAT:

- (a) We are registered with the Bangladesh Securities and Exchange Commission as a merchant banker and eligible to carry out the underwriting activities. Our present paid-up capital stands at Tk 25,00,00,000.00 (Taka twenty five crore) and we have the capacity to underwrite a total amount of Tk 125,00,00,000.00 (Taka one hundred twenty five crore) as per relevant legal requirements. We have committed to underwrite for up to Tk 1,00,00,000 (Taka one crore) for the upcoming issue.
- (b) At present, the following underwriting obligations are pending for us:
(Name of issue and amount underwritten)

Sl. No.	Name of the Company	Amount underwritten (BDT)
1.	Cutting Edge Industries Limited	2,50,00,000.00
2.	Electro Balfary Company Limited	3,93,75,000.00
3.	AB Bank Limited	14,00,00,000.00
	Total	10,43,75,000.00

G. INVESTMENTS LIMITED HEAD OFFICE: DHAKA 100, BANGLADESH. GPO BOX - 408, DHAKA
PHONE: 980-0-973396 FAX: 980-0-973191 E-MAIL: gsp@spicib.com
<http://www.gspinvestments.com>

Ar

Abu Asghar G. Haruni
Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka

Tapash Chandra Paul, PhD
Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited

Md. Quamrul Islam Chowdhury
Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka

Md. Moniruzzaman
Md. Moniruzzaman
Managing Director
IDLC Investments Limited

DECLARATION AND DUE DILIGENCE CERTIFICATES AS PER ANNEXURE(S)- I, II, III AND IV

Annexure – IV: Due Diligence Certificate of GSP Investments Limited



GSP INVESTMENTS LIMITED
(A subsidiary of GSP Finance Company (Bangladesh) Limited)



- (c) All information as are relevant to our underwriting decision have been received by us and the draft IM forwarded to the Commission has been approved by us;
- (d) We shall subscribe and take up the un-subscribed securities against the above-mentioned issue within 15 (fifteen) days of calling up thereof by the issuer or originator; and
- (e) This underwriting commitment is unequivocal and irrevocable.

For GSP Investments Limited

Asif Rahman
Chief Executive Officer (C.O.)
GSP Investments Limited
Unit: UJEBB 03, 2021



1. DAKSHIN, NORDENSGATAN 10, UNGER, 111 22, SWEDEN
FAX: 0046 8 762 11 00 FAX: 0046 8 762 11 00 E-mail: contact@gsp-investments.com
http://www.gsp-investments.com

Abu Asghar G. Haruripash
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka

Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited
Head Office, Dhaka

Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka

Md. Moniruzzaman
Managing Director
IDLC Investments Limited

DECLARATION AND DUE DILIGENCE CERTIFICATES AS PER ANNEXURE(S)- I, II, III AND IV

Annexure – IV: Due Diligence Certificate of EBL Investments Limited



HEAD OFFICE
Bangladesh Shipping Corporation (BSC) Tower
2-3, RAJUK Avenue (4th Floor), Motijheel C/A
Dhaka-1000, Bangladesh.

**DUE DILIGENCE CERTIFICATE BY THE UNDERWRITER
(EBL INVESTMENTS LIMITED)
[See rule 4 (1) (d)]**

To
Bangladesh Securities and Exchange Commission
SUB: Issuance of 100,000 debt securities of Tk. 5,000 (face value) each of Mercantile Bank Limited

Dear Sir

We, the under-noted Underwriter(s) to the above-mentioned forthcoming issue, state individually and collectively as follows:

1. We, while underwriting the above-mentioned issue on a firm commitment basis, have examined the draft information memorandum, other documents and materials as relevant to our underwriting decision; and
2. On the basis of such examination and the discussions with the issuer or originator, its directors and officers, and other agencies; independent verification of the statements concerning objects of the issue and the contents of the documents and other materials furnished by the issuer or originator.

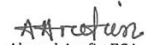
WE CONFIRM THAT:

- a) We are registered with the Bangladesh Securities Exchange Commission as a merchant banker and eligible to carry out the underwriting activities. Our present paid-up capital stands at TK. 300,000,000 (Thirty Crore) and we have the capacity to underwrite a total amount of TK. 1,500,000,000 (One Hundred Fifty Crore) as per relevant legal requirements. We have committed to underwrite for up to Tk. 20,000,000/- (Taka Two Crore) only for the upcoming issue.
- b) At present, the following underwriting obligations are pending for us:

Sl. No.	Name of the Issue	Amount Underwritten (BDT)
1	AFC Health Limited - IPO	20,000,000
2	Navana Pharmaceuticals Limited - IPO	30,000,000
3	Bank Asia 1 st Perpetual Bond	10,000,000
Total		60,000,000

- c) All information as are relevant to our underwriting decision have been received by us and the draft IM forwarded to the Commission has been approved by us;
- d) We shall subscribe and take up the un-scribed securities against the above-mentioned public issue within 15 (fifteen) days of calling up thereof by the issuer or originator; and
- e) This underwriting commitment is unequivocal and irrevocable.

For the Underwriter:



Ahmed Arefin FCA
Managing Director
EBL Investments Limited



Phone (PABX) : +880-2-47111096, 47111867, 47112709, E-mail : info@eblinvestments.com, Web : www.eblinvestments.com


Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited


Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka


Md. Moniruzzaman
Managing Director
IDLC Investments Limited

25. CREDIT RATING REPORT OF THE ISSUE AND ISSUER OR ORIGINATOR

Credit Rating report of the Issue and the Issuer included in the annex – 1 of the IM



Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka



Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited



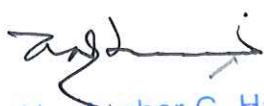
Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka




Md. Moniruzzaman
Managing Director
IDLC Investments Limited

26. PARTICULARS OF UNDERWRITERS AND AMOUNT UNDERWRITTEN, IF ANY

Sl. No.	Name of Underwriter	Amount Underwritten
1	EC Securities Limited	10,000,000
2	Green Delta Capital Limited	15,000,000
3	GSP Investments Limited	10,000,000
4	LankaBangla Investments Limited	10,000,000
5	NBL Capital & Equity Management Limited	10,000,000
6	Prime Finance Capital Management Limited	10,000,000
7	IDLC Investments Limited	35,000,000
8	EBL Investments Limited	20,000,000
	Total	120,000,000


Abu Asghar G. Haruni
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 Mercantile Bank Limited
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 Chief Financial Officer (CFO)
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Md. Quamrul Islam Chowdhury
 Managing Director & CEO
 Mercantile Bank Limited
 Head Office, Dhaka


Md. Moniruzzaman
 Managing Director
 IDLC Investments Limited

27. PUBLIC ISSUE APPLICATION PROCEDURE

1. An offer of Mercantile Bank Perpetual Bond of BDT 50 (fifty) crore will be made through Public Offer;
2. The subscription shall be conducted through Electronic Subscription System [ESS] of the exchange(s) and subsequently made it available in the websites of the Issuer and the Exchange(s), as applicable, till the closure of the subscription;
3. The applicants shall apply for a minimum 1 unit of Taka 5,000/- (Taka five thousand only) each or its multiples;
4. The Exchange(s) as applicable shall complete the listing procedure and start of trading of securities within 15 (fifteen) working from the closure of subscription period;
5. In case of over-subscription, the Exchange(s) as applicable shall refund excess amount to the applicants and send final allotment list through e-mail to the Allottees, Issuer and Issue Manager within 3 (three) working days from the closure of subscription period;
6. The Issuer shall issue allotment letters in the names of all Allottees in electronic form with digital signatures and credit the allotted securities to the respective BO accounts on the basis of allotment data (BOID and number of securities) via their CDBL VeDAS Terminal within 5 (five) working days of receipt of the final allotment list from the Exchange(s);
7. The Exchange(s) shall transfer the issue proceeds to the designated bank account of the Issuer before starting trading of the securities;
8. As per provision of the Depository Act, 1999 & Regulations made thereunder, the securities will only be issued in dematerialized condition. All transfer/ transmission/ splitting will take place in the depository system of Central Depository Bangladesh Limited (CDBL);
9. The Issuer shall submit statement of subscription received against issuance of securities along with bank statement(s) of the Bank's designated account to the commission within 10 (ten) days of the closing of subscription list;
10. The Issuer shall submit the statement of subscription received from the Underwriter(s) against undersubscribed securities along with bank statement to the commission within 07 (seven) days of the expiry of subscription period;
11. The concerned Exchanges are authorized to settle any complaints and take necessary actions against any violation of any provision of the public offer application process within intimation to the Commission;
12. The Issuer and the issue Manager shall ensure due compliance of all the above conditions and the listing regulations of the Exchange(s). Moreover, the Commission may impose further conditions/restrictions etc. from time to time as and when considered necessary which shall also be binding upon the Bank;

Application Procedure:

Step-1 (Applicant):

1. An applicant for public issue of "Mercantile Bank Perpetual Bond of BDT 50 (fifty) crore of Mercantile Bank Limited", shall submit application/buy instruction to the cut-off date (i.e., the subscription closing date); Stock Broker/ Merchant Banker where the applicant maintains customer account;
2. The application/buy instruction may be submitted in prescribed form or electronic form, which shall contain the customer ID, Name, BO Account Number, Total Amount and Category of the Applicant;
3. Eligible Investors shall submit an application through the Electronic Subscription System [ESS] of the exchange(s) and deposit the full amount intended to subscribe by the method as determined by exchange(s);


Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


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Chief Financial Officer (CFO)
Mercantile Bank Limited


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Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka


Md. Moniruzzaman
Managing Director
IDLC Investments Limited

4. The General Public and Non-Resident Bangladeshi [NRB) shall submit the application through the Stockbroker/ Merchant Banker where the applicant maintains customer account.

Step-2 (Intermediary):

5. The registered Stock Broker/Merchant Banker in the ESS shall:
 - a. Post the amount separately in the customer account equivalent to the application money;
 - b. Accumulate all the applications (Subscription Forms)/buy instructions received up to the cut-off date and transfer the amount to their respective Consolidated Customer Account
6. The registered Stockbroker/Merchant Banker in the ESS shall prepare category wise lists of the applicants containing Customer ID, Name, BO Account Number and within 3 (three) working days from the cut-off date, upload to the ESS, the lists of applicants in electronic (text format with tilde '~' separator) format, deposit the full amount received from the applicants including Foreign investors by the method as determined by exchange(s).
7. The application (subscription Form)/buy instructions shall be preserved by the Stock-Broker/Merchant Bankers up to 6 (Six) months from the listing of the securities with the exchange;
8. The Exchanges shall prepare a consolidated list of the applications and send the applicants' BO IDs in electronic (text) format to CDBL for verification on the next working day. CDBL shall verify the BO IDs as to whether the BO accounts of the applicants are active or not, verify more than two applications by an individual and verify more than two applications using same bank account;
9. On the next working day, CDBL shall provide the Exchanges with an updated database of the applicants containing BO Account Number, Name, Addresses, Parents' Name and Joint Account information along with the verification report;
10. After receiving verification report and information from CDBL, the Exchanges shall scrutinize the applications, prepare lists of valid and invalid applications within 2 (two) working days;
11. On the next working day, the Exchanges shall provide the Commission, Issuer and Issue Manager with the soft copy of subscription result;

Step-3 (Issuer or Originator):


12. The Issuer and issue manager shall post the final status of subscription on their websites within 6 (six) hours and on the websites of the Commission and Exchanges within 12 (twelve) hours of receiving information by the Commission and the Exchanges;
13. Within 2 (two) working days of receipt of the subscription result, the Issuer and Exchanges shall:
 - a. Process pro-rata allotment of securities to the applicants under Public Offer.
 - b. Issuer shall issue allotment letters in the names of the Allottees in electronic format.
 - c. Issuer shall credit the allotted securities to the respective BO accounts on the basis of allotment data (BOID and number of securities) via their CDBL VeDAS Terminal.
 - d. Any fraction shall be considered to the nearest integer and accumulated fractional securities shall be allotted on a random basis.

Step-4 (Intermediary):

14. On the next working day, Exchanges shall:
 - a. Remit the amount of allotted applicants to the Issuer's Bank Account opened for subscription purpose;


Abu Asghar G. Haruni
Company Secretary
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Head Office, Dhaka


Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited



Md. Qamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka


Md. Moniruzzaman
Managing Director
IDLC Investments Limited

- b. Distribute the information and allotment letters to the stock broker/Merchant Bankers concerned in electronic format with a request to refund the balance application money;
15. On the next working day of receiving the documents from the Exchanges, the Stockbrokers/Merchant Banker shall refund the excess application money in the customer accounts and inform the applicants about allotment of securities.


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Mercantile Bank Limited




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Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka


Md. Moniruzzaman
Managing Director
IDLC Investments Limited

28. RIGHT OPTION/ISSUE APPLICATION PROCEDURE

As per conditions in the consent letter


Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited

Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka



Md. Moniruzzaman
Managing Director
IDLC Investments Limited

29. PRIVATE OFFER APPLICATION PROCEDURE

1. The Issuer shall make offer of Mercantile Bank perpetual Bond of BDT 450 (four hundred fifty) crore through Private Placement;
2. The applicants shall apply for a minimum 2,000 units (each unit of Taka 5,000/-) which totaling of BDT 1,00,00,000 (Taka one crore) or its multiples;
3. The subscription shall be received through the designated bank account of the Issuer during subscription period not less than 30 (thirty) days and not more than 180 (one hundred eighty) days for private offer;
4. Application process for private offer shall be prescribed by the issuer and made it available on Issuer's website;


Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited


Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka



Md. Moniruzzaman
Managing Director
IDLC Investments Limited

30. AUDIT REPORT AND AUDITED FINANCIAL STATEMENT

Full audit report and audited financial statement included in the annex-2 of the IM


Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited


Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka


Md. Moniruzzaman
Managing Director
IDLC Investments Limited

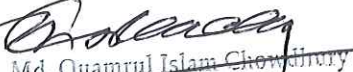
ANNEX-1



Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka



Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited



Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka



Md. Moniruzzaman
Managing Director
IDLC Investments Limited

Setting global standard at national level

May 19, 2022

CRISL/Com/2680/22

Managing Director
Mercantile Bank Limited
61, Dilkusha Commercial Area
Dhaka-1000
Fax: +88-02-9561213

Sub: Announcement of Credit Rating for Public Listed Companies

Sir,

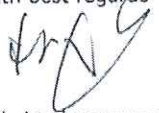
Pursuant to the Credit Rating Companies Rules, 1996, this is to inform you that the Rating Committee of Credit Rating Information and Services Limited (CRISL) has assigned the following rating to "**Mercantile Bank Limited**" on 19.05.2022 in consideration of its audited financials up to 31st December, 2021 also unaudited financials up to 31st March, 2022 and other relevant quantitative as well as qualitative information up to the date of rating declaration:

Long Term Rating = "AA" (Double A Indicating Higher Safety and High Credit Quality)
Short Term Rating = "ST-2" (Indicating High Certainty of Timely Repayment)
Outlook = "Stable"

The above is reported as price sensitive information as per guidance in clause 7 A (b) of chapter III of Credit Rating Companies Rules 1996 as amended on 17.11.2009 by BSEC.

Thanking you,

With best regards


Md. Asaduzzaman Khan
Executive Director


Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited

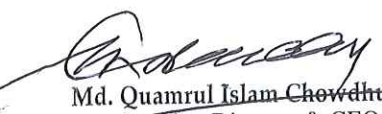

Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka


Md. Moniruzzaman
Managing Director
IDLC Investments Limited

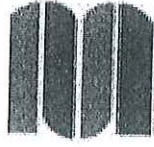
ANNEX-2


Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited


Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka


Md. Moniruzzaman
Managing Director
IDLC Investments Limited



বাণিজ্যিক ব্যাংক

মার্কেন্টাইল ব্যাংক লিমিটেড
Mercantile Bank Limited

efficiency is our strength

Audited Financial Statements Of Mercantile Bank Limited

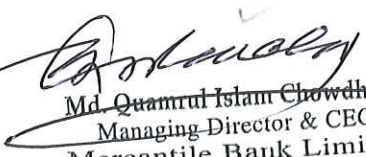
For the year ended 31 December 2021

Office of the CFO, Head Office

61, Dilkusha Commercial Area, Dhaka – 1000, Bangladesh


Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited


Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka


Md. Moniruzzaman
Managing Director
IDLC Investments Limited

Independent Auditor's Report
To the Shareholders of Mercantile Bank Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated financial statements of Mercantile Bank Limited and its subsidiaries (the "Group") as well as the separate financial statements of Mercantile Bank Limited (the "Bank"), which comprise the consolidated and separate balance sheets as at 31 December 2021 and the consolidated and separate profit and loss accounts, consolidated and separate cash flow statements, and consolidated and separate statements of changes in equity for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and separate financial statements of the Bank give a true and fair view of the consolidated balance sheet of the Group and the separate balance sheet of the Bank as at 31 December 2021, and of its consolidated and separate profit and loss accounts, its consolidated and separate cash flow statements, and its consolidated and separate statements of changes in equity for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note # 2.0.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group and the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), guidelines issued by Bangladesh Bank and rules and regulations issued by Bangladesh Securities and Exchange Commission (BSEC), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited

Page 1 of 9


Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka


Md. Moniruzzaman
Managing Director
IDLC Investments Limited

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements for the year 2021. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below our description of how our audit addressed the matters provided in that context.

1. Measurement of Provision for Loans and Advances	
Risk	Our response to the risk
<p>The process for estimating the provision for loans and advances portfolio associated with credit risk is significant and complex. For the individual analysis, these provisions consider the estimates of future business performance and the market value of collateral provided for credit transactions. For the collective analysis, these provisions are manually processed that deals with voluminous databases, assumptions and calculations for the provision estimates of complex design and implementation.</p> <p>At year end the Group and the Bank reported total gross loans and advances of BDT 270,188.26 million (2020: BDT 252,664.33 million) and 266,766.60 million (2020: BDT 248,994.39 million) and provision for loans and advances of BDT 12,682.20 million (2020: BDT 11,770.00 million) and 12,530.00 million (2020: BDT 11,730.00 million) respectively.</p>	<p>We tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> Tested the credit appraisal, loan disbursement procedures, monitoring and provisioning process; Identification of loss events, including early warning and default warning indicators; Reviewed quarterly classification of loans (CL); <p>Our substantive procedures in relation to the provision for loans and advances portfolio comprised the following:</p> <ul style="list-style-type: none"> Reviewed the adequacy of the companies general and specific provisions; Assessed the methodologies on which the provision amounts based, recalculated the provisions and tested the completeness and accuracy of the underlying information; Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.
<p>See note # 2.2.3, 7, 13, 13.5 and 13.5.1 (a & b) to the financial statements.</p>	

2. Measurement of Deferred Tax Assets	
Risk	Our response to the risk
<p>The Bank reports net deferred tax assets (DTA) amounting to BDT 150.83 million (2020: BDT 143.30 million).</p> <p>Significant judgment is required in relation to deferred tax assets as their recoverability is dependent on forecasts of future profitability over a number of years.</p>	<p>We obtained an understanding, evaluated the design and tested the operational effectiveness of the Group's key controls over the recognition and measurement of DTAs and the assumptions used in estimating the Group's future taxable income.</p> <p>We also assessed the completeness and accuracy of the data used for the estimations of future taxable income.</p> <p>We involved tax specialists to assess key assumptions, controls, recognition and measurement of DTA's.</p> <p>Finally assessed the appropriateness and presentation of disclosures against IAS 12 Income Tax.</p>
See note # 2.6.2.2, 13, 13.4.2 and 13.4.2 (a) to the financial statements.	

3. Recognition and subsequent measurement of IFRS-16 Leases	
Risk	Our response to the risk
<p>IFRS 16 Leases became effective for annual reporting beginning on or after 01 January 2019 which replaced the existing standard IAS 17 Leases. The application of the lease standard resulted in the recognition and subsequent measurement, a right-of-use (ROU) asset at BDT 1056.54 million (net present value) (2020: BDT 933.99 million) and lease liabilities at BDT 1,098.09 million (2020: BDT 743.38 million).</p> <p>We measured the implementation and subsequent measurement of IFRS 16 Leases as a key audit matter, as the balances recorded are material, management had to apply several judgments and estimates such as lease period, incremental borrowing rate, measurement basis among others and consider a significant data analysis to summarize the lease information used in their lease calculation model.</p>	<p>We assessed the design and implementation of key controls pertaining to the determination of the IFRS 16 Leases impact on the financial statements of the bank;</p> <p>Assessed the appropriateness of the incremental borrowing rate;</p> <p>Assessed the correctness of the underlying lease data by agreeing to original contract and checked the accurateness of the IFRS 16 calculations through recalculation of the expected IFRS 16 adjustment and;</p> <p>Assessed the disclosures given in the financial statements.</p>
See note # 2.2.10, 9, 13, 21 and 33 to the financial statements	

Abu Asghar G. Haruni
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Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka

Md. Moniruzzaman
Managing Director
IDI Investments Limited

4. Valuation of Treasury Bill, Treasury Bond	
Risk	Our response to the risk
<p>The classification and measurement of T-Bill and T-Bond require judgment and complex estimates. In the absence of a quoted price in an active market, the fair value of T-Bills and T-Bonds is determined using complex valuation techniques which may take into consideration direct or indirect unobservable market data and complex pricing models which require an elevated level of judgment.</p>	<p>We assessed the processes and controls put in place by the Group to identify and confirm the existence of financial investments.</p> <p>We obtained an understanding, evaluated the design and tested the operating effectiveness of the key controls over the financial investment valuation processes, including controls over market data inputs into valuation models, model governance, and valuation adjustments.</p> <p>We tested a sample of the valuation models and the inputs used in those models, using a variety of techniques, including comparing inputs to available market data.</p> <p>Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.</p>
See note # 2.2.2, 6, and 16 (B&C) to the financial statements	

5. Carrying Value of Investments in Subsidiaries by the Bank	
Risk	Our response to the risk
<p>The Bank has invested in equity shares of its subsidiary namely Mercantile Bank Securities Limited, MBL Asset Management Limited and Mercantile Exchange House UK Limited. As at 31 December 2021 the total carrying value of this investment is BDT 3,645.60 million (2020: BDT 3,645.31 million).</p> <p>The Bank is required to conduct impairment test of investment in subsidiaries when indication exists. The impairment testing is considered to be a key audit matter due to complexity and judgments required in determining assumptions used to estimate recoverable amount which is higher of fair value less cost of sales and value in use. Management has conducted impairment assessment of its subsidiaries namely Mercantile Bank Securities Limited, MBL Asset Management Limited and Mercantile Exchange House UK Limited in accordance with IAS 36 as there is no impairment indication for investment in subsidiaries.</p>	<p>We have reviewed Management's analysis of impairment assessment and recoverable value calculation of subsidiaries in accordance with IAS 36.</p> <p>In particular, our discussions with the Management were focused on the continued appropriateness of the value in use model, the key assumptions used in the model, the reasonably possible alternative assumptions, particularly where they had the most impact on the value in use calculation.</p>
See note # 2.2.2 and 9 to the financial statements.	

6. Legal and Regulatory Matters	
Risk	Our response to the risk
<p>We focused on this area because the Bank and its subsidiaries (the "Group") operate in a legal and regulatory environment that is exposed to significant litigation and similar risks arising from disputes and regulatory proceedings. Such matters are subject to many uncertainties and the outcome may be difficult to predict.</p> <p>These uncertainties inherently affect the amount and timing of potential outflows with respect to the provisions which have been established and other contingent liabilities.</p> <p>Overall, the legal provision represents the Group's best estimate for existing legal matters that have a probable and estimable impact on the Group's financial position.</p>	<p>We obtained an understanding, evaluated the design and tested the operational effectiveness of the Group's key controls over the legal provision and contingencies process.</p> <p>We enquired to those charged with governance to obtain their view on the status of all significant litigation and regulatory matters.</p> <p>We enquired of the Group's internal legal counsel for all significant litigation and regulatory matters and inspected internal notes and reports. We also received formal confirmations from external counsel.</p> <p>We assessed the methodologies on which the provision amounts are based, recalculated the provisions, and tested the completeness and accuracy of the underlying information.</p> <p>We also assessed the Group's provisions and contingent liabilities disclosure.</p>

7. IT Systems and Controls	
Risk	Our response to the risk
<p>Our audit procedures have a focus on IT systems and controls due to the pervasive nature and complexity of the IT environment, the large volume of transactions processed in numerous locations daily and the reliance on automated and IT dependent manual controls.</p> <p>Our areas of audit focus included user access management, developer access to the production environment and changes to the IT environment. These are key to ensuring IT dependent and application based controls are operating effectively.</p>	<p>We tested the design and operating effectiveness of the Group's IT access controls over the information systems that are critical to financial reporting. We tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing that requests for access to systems were appropriately reviewed and authorized. We tested the Group's periodic review of access rights. We inspected requests of changes to systems for appropriate approval and authorization.</p> <p>We considered the control environment relating to various interfaces, configuration and other application layer controls identified as key to our audit. Where deficiencies were identified, we tested compensating controls or performed alternate procedures.</p> <p>In addition, we understood where relevant, changes were made to the IT landscape during the audit period and tested those changes that had a significant impact on financial reporting.</p>

See note # 2.13.8 to the financial statements.

Other Matter

The financial statements of the Bank as at and for the year ended 31 December 2020 was audited by MABS & J Partners auditor who expressed an unmodified opinion on those statements on 11 March 2021.

Other Information

Management is responsible for the other information. The other information comprises all of the information included in the Annual Report other than the consolidated and separate financial statements and our auditors' report thereon. The Annual Report is expected to be made available tous after the date of this auditor's report.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, on the other information obtained prior to the date of this audit report, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements and Internal Controls

Management is responsible for the preparation and fair presentation of the consolidated financial statements of the Group and also separate financial statements of the Bank in accordance with IFRSs as explained in note 2.1.1, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error. The Bank Company Act, 1991 (as amended up to date), and the Bangladesh Bank regulations require the management to ensure effective internal audit, internal control and risk management functions of the Group and the Bank. The Management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.


As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.




Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited


Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka


Md. Moniruzzaman
Managing Director
IDLC Investments Limited



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994, the Securities and Exchange Rules, 1987, the Banking Companies Act, 1991 and the rules and regulations issued by Bangladesh Bank, we also report that:

- (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) To the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section in forming the above opinion on the consolidated financial statements of the Group and the separate financial statements of the Bank and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the financial statements and internal control:
 - (a) Internal audit, internal control and risk management arrangements of the Group and the Bank as disclosed in the financial statements appeared to be materially adequate;
 - (b) Nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Group and its related entities other than matters disclosed in note 2.13.7 to the financial statements;
- (iii) Financial statements of the Bank's subsidiaries namely, Mercantile Bank Securities Limited have been audited by K. M. Hasan & Co., Chartered Accountants, MBL Asset Management Limited have been audited by Howlader Maria & Co., Chartered Accountants, and Mercantile Exchange House (UK) Limited have been audited by NFA (UK) Ltd. T/A Muhit & Co., Chartered Certified Accountants (UK) have been properly reflected in the consolidated financial statements;

- (iv) In our opinion, proper books of account as required by law have been kept by the Group and Bank so far as it appeared from our examination of those books;
- (v) The records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- (vi) The consolidated balance sheet and consolidated profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- (vii) The expenditures incurred were for the purpose of the Bank's business for the year;
- (viii) The consolidated financial statements of the Group and the separate financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as related guidance issued by Bangladesh Bank;
- (ix) Adequate provisions have been made for loans and advances, other assets and off-balance sheet items which are in our opinion, doubtful of recovery;
- (x) The information and explanations required by us have been received and found satisfactory;
- (xi) We have reviewed over 80% of the risk weighted assets of the Bank and spent over 3,900 person hours; and
- (xii) Capital to Risk-weighted Asset Ratio (CRAR) as required by Bangladesh Bank has been maintained adequately during the year.

Signed for & on behalf of
MABS & J Partners
Chartered Accountants


C R Mazumder, FCA
Managing Partner
ICAB Enrollment No: 178

DVC No.: 2203150178AS556357

Signed for & on behalf of
Khan Wahab Shafique Rahman & Co.
Chartered Accountants


Md. Abu Sina, FCA
Senior Partner
ICAB Enrollment No: 619

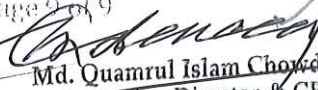
DVC No.: 2203150619AS458462

Dhaka, Bangladesh
Date: March 15, 2022


Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited

Page 9 of 9


Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka

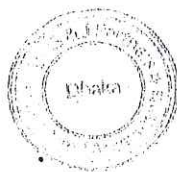

Md. Moniruzzaman
Managing Director
IDLC Investments Limited

Mercantile Bank Limited and its Subsidiaries

Consolidated Balance Sheet

As at 31 December 2021

	Notes	Amount in BDT	
		Dec-21	Dec-20
PROPERTY AND ASSETS			
Cash	3(a)	14,621,076,645	15,504,631,849
Cash in hand (Including foreign currency)		2,532,438,668	2,358,522,405
Balance with Bangladesh Bank & its agent bank(s) (Including foreign currency)		12,088,637,977	13,146,109,444
Balance with other banks and financial institutions	4(a)	3,005,576,672	4,608,619,568
In Bangladesh		2,020,928,219	819,204,984
Outside Bangladesh		984,648,454	3,789,414,584
Money at call on short notice	5(a)	548,400,000	248,100,000
Investments	6(a)	64,170,706,475	50,212,438,830
Government		54,919,467,638	43,568,206,447
Others		9,251,238,837	6,644,232,383
Loans and Advances/Investments	7(a)	270,188,263,592	252,664,334,599
Loans, Cash Credit, Overdraft etc/investments		253,993,052,150	241,890,767,377
Bills purchased and discounted		16,195,211,442	10,773,567,222
Fixed assets including premises, furniture and fixtures	8(a)	3,829,901,606	3,109,472,273
Other assets	9(a)	4,908,585,035	6,090,377,750
Non- banking assets-Land	10(a)	36,026,366	25,304,394
Total Assets		361,308,536,392	332,463,279,263
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	11(a)	35,545,895,289	38,200,004,834
Non-convertible Subordinated Bond	11.6a	2,400,000,000	3,600,000,000
Deposits and other Accounts		270,382,504,678	245,220,244,053
Current/ Al-wadeeah current accounts and other accounts	12.1(a)	79,137,804,069	59,567,054,150
Bills Payable	12.2(a)	3,597,853,578	4,071,078,095
Savings Bank/Mudaraba savings bank deposits	12.3(a)	33,300,117,336	27,577,416,714
Fixed deposits/Mudaraba fixed deposits	12.4(a)	95,502,118,865	93,258,753,354
Deposit under schemes/Mudaraba deposit schemes	12.5(a)	58,844,610,829	60,745,941,739
Other Liabilities	13(a)	28,274,148,376	23,194,498,983
Total Liabilities		336,602,548,342	310,214,747,869
Capital/Shareholders' Equity		24,605,378,023	22,151,389,824
Paid up Capital	14.1	10,332,170,270	9,840,162,170
Statutory Reserve	15(a)	9,265,072,605	8,421,348,098
General Reserve	15.1	2,250,000,000	1,550,000,000
Other Reserve	16(a)	738,002,012	809,785,853
Foreign currency translation gain/(loss)	16.1	2,466,747	
Surplus in Profit & Loss Account	17(a)	2,017,666,390	1,530,093,703
Non Controlling Interest	17(b)	100,610,026	97,141,570
Total Shareholders' Equity		24,705,988,049	22,248,531,394
Total Liabilities & Shareholders' Equity		361,308,536,392	332,463,279,263



Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka

Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited
Head Office, Dhaka

Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka



Md. Moniruzzaman
Managing Director
IDLC Investments Limited

Consolidated Balance Sheet
As at 31 December 2021

	Notes	Amount in BDT	
		Dec-21	Dec-20
OFF-BALANCE SHEET ITEMS			
Contingent liabilities			
Acceptances and Endorsements	18.1	61,450,928,713	47,860,347,450
Letters of Guarantee	18.2	19,617,367,571	16,343,993,142
Irrevocable Letters of Credit	18.3	88,743,411,853	38,149,959,661
Bills for Collection	18.4	5,248,571,550	5,757,995,305
Other Contingent Liabilities	18.5	-	-
Total		175,060,279,686	108,112,295,558
Other commitments			
Documentary credits and short term trade related transactions		-	-
Forward assets purchased and forward deposits placed	18.6	7,036,500	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total		7,036,500	-
Total Off-Balance Sheet Items including contingent liabilities		175,067,316,186	108,112,295,558

Net Asset Value Per Share (NAVPS) 36(a) 23.91 22.61


The annexed notes form an integral part of these consolidated financial statements.


 Managing Director and CEO
 Director
 Director
 Chairman

This is the Consolidated Balance Sheet referred to in our separate report of even date.

Signed for & on behalf of
MABS & J Partners
Chartered Accountants

Signed for & on behalf of
Khan Wahab Shafique Rahman & Co.
Chartered Accountants



 C R Mazumder, FCA
 Managing Partner
 ICAB Enrollment No.: 178
 DVC No.: 2.203150178A5556357


 Md. Abu Sina, FCA
 Senior Partner
 ICAB Enrollment No.: 619
 DVC No.: 2.203150619A5458462

Dhaka,
Date: March 15, 2022


 Abu Asghar G. Waruni
 Company Secretary
 Mercantile Bank Limited
 Head Office, Dhaka


 Tapash Chandra Paul, PhD
 Chief Financial Officer (CFO)
 Mercantile Bank Limited


 Md. Quamrul Islam Chowdhury
 Managing Director & CEO
 Mercantile Bank Limited
 Head Office, Dhaka


 Md. Moniruzzaman
 Managing Director
 IDLC Investments Limited

Mercantile Bank Limited and its Subsidiaries
Consolidated Profit & Loss Account
For the year ended 31 December 2021

	Notes	Amount in BDT	
		Dec-21	Dec-20
Interest income/Profit on investment	20(a)	18,344,442,857	19,470,821,039
Interest/Profit Paid on deposits, borrowings etc.	21(a)	13,571,795,626	16,736,879,584
Net interest income		4,772,647,231	2,733,941,455
Investment income	22(a)	4,907,644,196	4,392,418,837
Commission, exchange and brokerage	23(a)	2,864,722,581	2,311,566,216
Other operating income	24(a)	1,336,739,646	1,265,048,763
		9,109,106,423	7,969,033,816
Total operating income		13,881,753,654	10,702,975,272
Salaries and allowances	25(a)	4,126,819,801	3,549,278,751
Rent, taxes, insurances, electricity etc.	26(a)	592,464,168	402,389,563
Legal expenses	27(a)	26,435,927	22,321,950
Postage, stamps, telecommunication etc.	28(a)	76,189,698	66,432,549
Stationery, Printings, Advertisements etc.	29(a)	298,525,018	255,793,497
Chief Executive's salary and fees	30(a)	13,994,383	13,087,517
Directors' fees	31(a)	5,357,900	5,706,100
Auditors' fees	32(a)	1,711,485	1,903,928
Depreciation and repair of bank's assets	33(a)	704,325,707	898,546,442
Other expenses	34(a)	1,555,606,977	1,402,627,555
Total operating expenses		7,401,431,064	6,618,087,851
Profit/(Loss) before provision		6,480,322,590	4,084,887,420
Provision for loans and advances/investments including Off Balance Sheet items	13.5(a)	1,327,261,056	577,413,227
Other provision	13.3.1(a)	722,155,918	699,000,000
Total provision		2,049,416,974	1,276,413,227
Total Profit/(Loss) before Taxes		4,430,905,616	2,808,474,193
Provision for Current Tax	13.4.1(a)	861,075,379	594,737,133
Provision for Deferred Tax	13.4.2(a)	(9,420,260)	(17,594,591)
		851,655,119	577,142,542
Net Profit after Taxation		3,579,250,497	2,231,331,651
Appropriations	15	843,724,507	542,264,723
Statutory Reserve	13.2.2	55,799,461	-
Startup Fund	15.1	700,000,000	150,000,000
General Reserve		1,599,523,968	692,264,723
		1,979,726,529	1,539,066,928
Retained surplus			
Net profit after Tax attributable to:			
Equity holders of Mercantile Bank Ltd.	17(b).1	1,974,498,073	1,535,995,233
Non Controlling Interest		5,228,457	3,071,695
		1,979,726,529	1,539,066,928
Consolidated Earnings Per Share (EPS)	35(a)	3.46	2.16

The annexed notes form an integral part of these consolidated financial statements.

Managing Director and CEO

Director

Director

Chairman

This is the Consolidated Profit and Loss Account referred to in our separate report of even date.

Signed for & on behalf of

MABS & J Partners
Chartered Accountants

C R Mazumder, FCA

Managing Partner

ICAB Enrollment No.: 178

DVC No.: 2203150178AS556357

Dhaka,

Date: March 15, 2022

Signed for & on behalf of
Khan Wahab Shafique Rahman & Co.
Chartered Accountants

Md. Abu Sina, FCA

Senior Partner

ICAB Enrollment No.: 619

DVC No.: 2203150619AS458462

bu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka

Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited

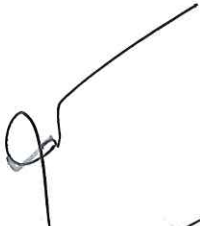
Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka


Md. Moniruzzaman
Managing Director
IDLIC Investments Limited

Mercantile Bank Limited and Its Subsidiaries
Consolidated Cash Flow Statement
For the year ended 31 December 2021

	Amount in BDT	
	Dec-21	Dec-20
A) Cash flows from operating activities	3,840,830,009	(166,778,710)
Interest received	16,295,481,200	16,204,610,269
Interest paid	(9,465,993,101)	(13,253,615,805)
Dividends receipts	108,492,704	176,256,492
Fees and commission received	1,740,668,472	1,173,142,859
Recoveries on loans previously written off	2,292,056	16,668,695
Payment to the employees	(3,676,819,801)	(3,070,462,045)
Payment to suppliers	(298,525,018)	(255,793,497)
Income taxes paid	(864,766,503)	(1,157,585,678)
Received from other operating activities	7,185,638,653	6,697,384,899
Exchange gain	1,124,054,109	1,138,423,358
Other operating Income	6,061,584,544	5,558,961,541
Payment for other operating activities	(1,833,271,691)	(2,393,735,204)
Rent, taxes, insurances and electricity	(528,563,888)	(375,757,760)
Legal expenses	(26,435,927)	(22,321,950)
Postage, stamps and telecommunication	(75,854,083)	(66,030,920)
Auditors' fees	13,515	(1,903,928)
Repair and maintenance	(108,934,586)	(82,921,303)
Chief Executive's salary and fees	(13,994,383)	(13,087,517)
Directors' fees	(5,357,900)	(5,706,100)
Other expenses	(1,074,144,440)	(1,826,005,726)
Operating profit before changes in operating assets & liabilities	9,193,186,971	4,136,870,985
(Increase)/ decrease in operating assets and liabilities	(28,875,190,184)	(11,386,308,585)
Trading securities	(11,351,261,191)	809,419,621
Loans and advances to other banks	-	-
Loans and advances to customer	(17,523,928,993)	(12,195,728,205)
Other assets (Item-wise)	1,303,413,700	(1,287,430,310)
Income generating other assets:		
Investment in shares of subsidiary companies	(46,583,642)	(18,419,076)
Investment in Shares of subsidiary company (In Bangladesh) Mercantile Bank Securities Limited	(92,688)	-
Investment in Shares of subsidiary company (In Bangladesh) MBL Asset Management Limited	(20,337,912)	56,006,966
Investment in Shares of subsidiary company (outside Bangladesh) Mercantile Exchange House (UK) Limited	-	-
In Bangladesh (Mercantile Bank OBU Unit)	-	-
Islamic-Conv. Adjustment Account	-	-
Non-income generating other assets:		
Stationery, stamps, printing materials in stock etc	2,124,410	(2,804,895)
Advance rent and advertisement	(291,386,453)	-
Interest accrued on investment but not collected, commission and brokerage receivable on shares and debenture and other income receivable	1,145,382,209	(1,926,809,167)
Security deposit	(945,812)	73,435
Preliminary, formation and organization expenses, renovation/development expenses and prepaid expenses	488,208,177	(406,861,508)
Branch adjustment	(59,646,000)	517,983,346
Suspense Account	209,240,834	211,738,691
Right Of Use (ROU) Assets as per IFRS-16	(122,549,422)	300,661,898
Clearing adjustment account	-	1,000,000
Deposit from other banks	21,857,579,049	12,612,286,693
Deposit from customers	(2,654,109,545)	17,576,959,514
Other liabilities	25,162,260,625	(2,386,196,390)
	(850,572,030)	(2,578,476,431)
Net cash flows from operating activities	3,278,998,536	4,095,418,784


Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited
Head Office, Dhaka


Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka


Khan Wahab Shafique Rahman and Co.
Chartered Accountants


Md. Moniruzzaman
Managing Director
IDLC Investments Limited

**Consolidated Cash Flow Statement
For the year ended 31 December 2021**

Notes	Amount in BDT	
	Dec-21	Dec-20
B) Cash flows from Investing activities		
Brokerage House customer account	-	-
(Purchase)/ sale of property, plant and equipment	(1,046,567,293)	(251,570,382)
(Purchase)/sale of shares	(217,834,263)	(19,266,442)
(Purchase)/sale of bond	(1,870,000,000)	20,000,000
Other Investment	(5,083,930)	(7,883,522)
Net cash flows from Investing activities	(3,139,485,485)	(258,720,346)
C) Cash flows from financing activities		
Receipts from issue of loan capital and debt Securities	(1,200,000,000)	(600,000,000)
Payments for redemption of loan capital and debt securities	(159,825,894)	(291,531,411)
Paid for interest on Subordinated bond	-	-
Received by issue of right share	(984,016,217)	(1,030,874,132)
Dividend paid	(2,343,842,111)	(1,922,405,543)
Net cash flows from financing activities	(2,204,328,060)	1,914,292,895
Net increase/(decrease) in cash & cash equivalent (A+B+C)	(2,204,328,060)	1,914,292,895
Effects of Exchange rate changes on cash and cash equivalents	18,311,361	3,927,408
Cash and cash equivalent at beginning of the year	20,364,975,017	18,446,754,714
Cash and cash equivalent at the end of the year	18,178,958,318	20,364,975,017
Net Operating Cash Flow Per Share (NOCFPS)	37(a) 3.17	4.16
Cash and cash equivalents at the end of the year	3(a) 2,532,438,668	2,358,522,405
Cash in hand (Including foreign currencies)	3(a) 12,088,637,977	13,146,109,444
Balance with Bangladesh Bank & its agent bank(s) (Including foreign currencies)	4(a) 3,005,576,672	4,608,619,568
Balance with other banks and financial Institutions	6.2 (b) 3,905,000	3,623,600
Prize Bonds	5(a) 548,400,000	248,100,000
Money at call on short notice	18,178,958,318	20,364,975,017

The annexed notes form an integral part of these consolidated financial statements.

 Managing Director and CEO
 Director
 Director
 Chairman

This is the consolidated Cash Flow Statement referred to our separate report of even date.

Signed for & on behalf of
MABS & J Partners
Chartered Accountants



C R Mazumder, FCA
Managing Partner
ICAB Enrollment No.: 178
DVC No.: 2203150178AS556357

Signed for & on behalf of
Khan Wahab Shafique Rahman & Co.
Chartered Accountants


Md. Abu Sina, FCA
Senior Partner

ICAB Enrollment No.: 619
DVC No.: 2203150619AS458462

Dhaka,
Date: March 15, 2022


Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited


Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka


Md. Moniruzzaman
Managing Director
IDLC Investments Limited

Mercantile Bank Limited and its Subsidiaries
Consolidated Statement of Changes in Equity
For the year ended 31 December 2021

Particulars	Amount in BDT											
	A	B	C	D	E	F	G	Surplus		K	L=(J+K)	
	Paid-up Capital	Statutory Reserve	General Reserve	Foreign currency translation gain/(loss)	Dividend Equalization Fund	Adjustment for Approved Securities	Revaluation Surplus for Fixed Assets/Other	Net Balance of Other Reserve	Profit/(loss)	Total	Non Controlling Interest	Grand Total
								H=(E+F+G)	I	J=(A+B+C+D+H+I)		
Balance as at 1 January 2021	9,840,162,170	8,421,348,098	1,550,000,000	-	45,680,250	95,189,254	668,916,349	809,785,853	1,530,093,703	22,151,389,823	97,141,570	22,248,531,394
Changes in accounting policy	-	-	-	-	-	-	(25,304,394)	(25,304,394)	-	(25,304,394)	-	(25,304,394)
Statutory reserve	-	843,724,507	-	-	-	-	-	-	(843,724,507)	(843,724,507)	-	(843,724,507)
Sterling Fund	-	-	-	-	-	-	-	-	(55,799,461)	(55,799,461)	-	(55,799,461)
General reserve	-	-	700,000,000	-	-	-	-	-	(700,000,000)	-	-	-
Market adjustment of approved securities (HTM)	-	-	-	-	-	(53,841,574)	7,362,127	(46,479,447)	-	(46,479,447)	-	(46,479,447)
Surplus/deficit on account of revaluation of investments	-	-	-	-	-	-	-	-	-	-	-	-
Currency translation difference	-	-	-	2,466,747	-	-	-	-	(16,129,525)	(13,662,778)	-	(13,662,778)
Net gains and losses not recognised in Income Statement	-	-	-	-	-	-	-	-	3,579,250,497	3,579,250,497	3,468,457	3,582,718,954
Net profit for the year after taxation	-	-	-	-	-	-	-	-	(492,008,100)	-	-	-
Transfer	492,008,100	-	-	-	-	-	-	-	(492,008,100)	-	-	-
Issuance of bonus shares	-	-	-	-	-	-	-	-	(984,016,217)	(984,016,217)	-	(984,016,217)
Bonus share premium	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividend	-	-	-	-	-	-	-	-	-	-	-	-
Dividend equalization fund	-	-	-	-	-	-	-	-	-	-	-	-
Non controlling share capital/profit	-	-	-	-	-	-	-	-	-	-	-	-
Issue of right share	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 December 2021	10,332,170,270	9,265,072,605	2,250,000,000	2,466,747	45,680,250	41,347,680	650,974,082	738,002,012	2,017,666,390	24,605,378,023	100,610,026	24,705,988,049
Balance as at 31 December 2020	9,840,162,170	8,421,348,099	1,550,000,000	-	45,680,250	95,189,254	668,916,349	809,785,853	1,530,093,703	22,151,389,825	97,141,570	22,248,531,394

The annexed notes form an integral part of these consolidated financial statements.

Managing Director ajm CEO

Director

Director

Chairman

This is the Consolidated Statement of Changes in Equity referred to in our separate report of even date.

Signed for & on behalf of

MABS & J Partners

Chartered Accountants

C R Mazumder, FCA

Managing Partner

ICAB Enrollment No.: 178

DVC No.: 2203150178ASS556357

Dhaka.

Date: March 15, 2022

Signed for & on behalf of

Khan Wahab Shafique Rahman & Co.

Chartered Accountants

Md. Abu Sima, FCA

Senior Partner

ICAB Enrollment No.: 619

DVC No.: 2203150619AS458462

Dhaka.

Date: March 15, 2022

Mercantile Bank Limited and its Subsidiaries
Consolidated Liquidity Statement
Asset and Liability Maturity Analysis
As at 31 December 2021

Particulars	Amount in BDT					
	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	More than 5 years	Total
Assets:						
Cash in hand	2,530,333,096	1,443,743,977	2,105,572	-	10,644,894,000	14,621,076,645
Balance with other banks and financial institutions	69,404,022	1,406,122,143	1,530,050,508	-	-	3,005,576,672
Money at call on short notice	548,400,000	-	-	-	-	548,400,000
Investments	2,494,216,159	1,962,237,222	11,831,006,210	6,185,431,971	41,697,814,913	64,170,706,475
Loans and advances/investments	43,812,408,712	39,837,786,632	71,711,816,055	45,849,692,313	68,976,559,880	270,188,263,592
Fixed assets including premises, furniture and fixtures	-	-	450,612,781	3,379,288,825	-	3,829,901,606
Other assets	2,444,049,827	528,663,857	430,066,529	181,500,000	1,324,304,823	4,908,585,035
Non-banking assets Land	-	-	-	-	36,026,366	36,026,366
Total Assets	51,898,811,816	45,178,553,830	85,955,657,555	55,595,913,109	122,679,599,981	361,308,536,392
Liabilities:						
Borrowing from Bangladesh Bank, other banks, financial institutions and agents	858,000,000	-	34,687,895,289	-	-	35,545,895,289
Deposits (Conventional and Islamic banking)	44,458,780,125	41,525,045,010	27,650,458,120	43,578,785,650	109,571,582,195	266,784,651,100
Other accounts	3,597,853,578	-	-	-	-	3,597,853,578
Non-convertible Subordinated Bond	-	-	-	-	2,400,000,000	2,400,000,000
Provision and other liabilities	-	469,450,286	16,450,125,000	11,354,573,090	-	28,274,148,376
Total Liabilities	48,914,633,703	41,994,495,296	78,788,478,409	54,933,358,740	111,971,582,195	336,602,548,342
Net Liquidity Gap	2,984,178,113	3,184,058,534	7,167,179,246	662,554,370	10,708,017,787	24,705,988,049




Md. Moniruzzaman
 Managing Director
 IDLC Investments


Md. Quamrul Islam Chowdhury
 Chief Financial Officer & CFO
 Mercantile Bank Limited
 Head Office, Dhaka


Tapash Chandra Ray
 Company Secretary
 Mercantile Bank Limited
 Head Office, Dhaka



Mercantile Bank Limited
Profit and Loss Account
For the year ended 31 December 2021

	Notes	Amount in BDT	
		Dec-21	Dec-20
Interest income/Profit on investment	20	18,193,962,397	19,388,194,360
Interest/Profit Paid on deposits, borrowings etc.	21	13,516,412,605	16,732,221,730
Net Interest income		4,677,549,792	2,655,972,630
Investment income	22	4,794,615,380	4,352,575,663
Commission, exchange and brokerage	23	2,586,204,251	2,206,344,726
Other operating income	24	1,319,837,900	1,249,608,760
		8,700,657,531	7,808,529,149
Total operating income		13,378,207,323	10,464,501,779
Salaries and allowances	25	4,073,580,134	3,501,807,793
Rent, taxes, insurances, electricity etc.	26	575,349,835	386,933,811
Legal expenses	27	24,472,117	21,443,663
Postage, stamps, telecommunication etc.	28	74,215,394	64,596,037
Stationery, Printings, Advertisements etc.	29	297,549,653	254,787,054
Chief Executive's Salary and fees	30	13,994,383	13,087,517
Directors' fees	31	4,426,400	4,597,600
Auditors' fees	32	1,265,000	1,207,500
Depreciation and repair of bank's assets	33	700,288,640	894,112,670
Other expenses	34	1,500,946,512	1,374,191,295
Total operating expenses		7,266,088,068	6,516,764,939
Profit/(Loss) before provision		6,112,119,255	3,947,736,841
Provision for loans and advances/investments including Off Balance Sheet items	13.5	1,176,146,721	537,413,227
Other provision	13.2.1(VII)	717,350,000	699,000,000
Total provision		1,893,496,721	1,236,413,227
Total profit/(Loss) before taxes		4,218,622,534	2,711,323,613
Provision for Current Tax	13.4.1	807,522,831	568,340,435
Provision for Deferred Tax	13.4.2	(7,522,831)	(18,340,435)
		800,000,000	550,000,000
Net profit after taxation		3,418,622,534	2,161,323,613
Appropriations			
Statutory reserve	15	843,724,507	542,264,723
Startup Fund	13.2.2	55,799,461	-
General reserve	15.1	700,000,000	150,000,000
		1,599,523,968	692,264,723
Retained surplus		1,819,098,566	1,469,058,890
Earnings per share (EPS)	35	3.31	2.09

The annexed notes form an integral part of these financial statements.


Managing Director and CEO

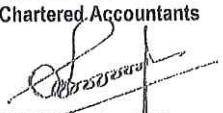

Director


Director


Chairman

This is the Profit and Loss Account referred to in our separate report of even date.

Signed for & on behalf of
MABS & J Partners
Chartered Accountants



C R Mazumder, FCA
Managing Partner
ICAB Enrollment No.: 178
DVC No.: 22031578A5556357
Dhaka,
Date: March 15, 2022

Signed for & on behalf of
Khan Wahab Shafique Rahman & Co.
Chartered Accountants


Md. Abu Sina, FCA
Senior Partner

ICAB Enrollment No.: 619
DVC No.: 2203150619A5458462


Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka



Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited
Head Office, Dhaka

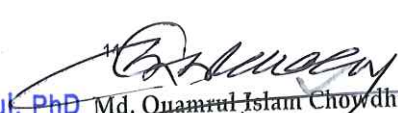

Md. Moniruzzaman
Managing Director
IDLC Investments Limited

Mercantile Bank Limited
Cash Flow Statement
For the year ended 31 December 2021

	Amount in BDT	
	Dec-21	Dec-20
A) Cash flows from operating activities	3,494,117,912	(323,266,582)
Interest received	16,145,000,740	16,121,983,590
Interest paid	(9,410,610,080)	(13,248,957,951)
Dividends receipts	108,492,704	176,256,492
Fees and commission received	1,434,838,781	1,053,993,961
Recoveries on loans previously written off	2,292,056	16,660,695
Payment to the employees	(3,623,580,134)	(3,030,838,637)
Payment to suppliers	(297,549,653)	(254,787,054)
Income taxes paid	(864,766,503)	(1,157,585,678)
Received from other operating activities	7,069,370,869	6,643,830,430
Exchange gain	1,137,716,887	1,140,152,066
Other operating income	5,931,653,982	5,503,678,364
Payment for other operating activities	(1,750,944,295)	(2,337,475,914)
Rent, taxes, insurances and electricity	(511,449,556)	(360,302,008)
Legal expenses	(24,472,117)	(21,443,663)
Postage, stamps and telecommunication	(73,879,779)	(64,194,408)
Auditors' fees	460,000	(57,500)
Repair and maintenance	(108,934,586)	(82,921,303)
Chief Executive's Salary and fees	(13,994,383)	(13,087,517)
Directors' fees	(4,426,400)	(4,597,600)
Other expenses	(1,014,247,474)	(1,790,871,916)
Operating profit before changes in operating assets and liabilities	8,812,544,486	3,983,087,933
(Increase)/ decrease in operating assets and liabilities	(29,123,474,938)	(11,294,517,923)
Trading securities	(11,351,261,191)	809,419,621
Loans and advances to other banks	-	-
Loans and advances to customers	(17,772,213,747)	(12,103,937,544)
Other assets (Item-wise)	1,370,144,450	(1,306,158,934)
Income generating other assets:		
Investment in shares of subsidiary companies		
Investment in Shares of subsidiary company (In Bangladesh) Mercantile Bank Securities Ltd.	-	-
Investment in Shares of subsidiary company (In Bangladesh) MBL Asset Management Ltd.	-	-
Investment in Shares of subsidiary company (outside Bangladesh) Mercantile Exchange House (UK) Ltd.	(283,492)	(1,140,734)
In Bangladesh (Mercantile Bank OBU Unit)	-	-
Islamic-Conv. Adjustment Account	-	-
Non-Income generating other assets:		
Stationery, stamps, printing materials in stock etc	2,124,410	(2,804,895)
Advance rent and advertisement	(291,386,453)	-
Interest accrued on investment but not collected, commission and brokerage receivable on shares and debenture and other income receivable	1,145,382,209	(1,926,809,167)
Security deposit	(945,812)	73,435
Preliminary, formation and organization expenses, renovation/development expenses and prepaid expenses	488,200,177	(406,861,508)
Branch adjustment	(59,646,000)	517,983,346
Suspense Account	209,240,834	211,738,691
Right Of Use (ROU) Assets as per IFRS-16	(122,549,422)	300,661,898
Clearing adjustment account	-	1,000,000
	22,345,393,253	12,657,405,068
Deposit from other banks	(2,598,495,351)	17,448,641,379
Deposit from customers	25,291,716,368	(2,358,763,361)
Other liabilities	(347,827,765)	(2,432,472,950)
Net Cash flows from operating activities	3,404,607,251	4,039,816,143


Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited
Head Office, Dhaka


Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka



Md. Masud Ruzzaman
Managing Director
MDC Investments Limited

Mercantile Bank Limited
Cash Flow Statement
For the year ended 31 December 2021

	Amount in BDT	
	Dec-21	Dec-20
A) Cash flows from operating activities	3,494,117,912	(323,266,582)
Interest received	16,145,000,740	16,121,983,590
Interest paid	(9,410,610,080)	(13,248,957,951)
Dividends receipts	108,492,704	176,256,492
Fees and commission received	1,434,838,781	1,053,993,961
Recoveries on loans previously written off	2,292,056	16,668,695
Payment to the employees	(3,623,580,134)	(3,030,838,637)
Payment to suppliers	(297,549,653)	(254,787,054)
Income taxes paid	(864,766,503)	(1,157,585,678)
Received from other operating activities	7,069,370,869	6,643,830,430
Exchange gain	1,137,716,887	1,140,152,066
Other operating income	5,931,653,982	5,503,678,364
Payment for other operating activities	(1,750,944,295)	(2,337,475,914)
Rent, taxes, insurances and electricity	(511,449,556)	(360,302,008)
Legal expenses	(24,472,117)	(21,443,663)
Postage, stamps and telecommunication	(73,879,779)	(64,194,408)
Auditors' fees	460,000	(57,500)
Repair and maintenance	(108,934,586)	(82,921,303)
Chief Executive's Salary and fees	(13,994,383)	(13,087,517)
Directors' fees	(4,426,400)	(4,597,600)
Other expenses	(1,014,247,474)	(1,790,871,916)
Operating profit before changes in operating assets and liabilities	8,812,544,486	3,983,087,933
(Increase)/ decrease in operating assets and liabilities	(29,123,474,938)	(11,294,517,923)
Trading securities	(11,351,261,191)	809,419,621
Loans and advances to other banks	-	-
Loans and advances to customers	(17,772,213,747)	(12,103,937,544)
Other assets (Item-wise)	1,370,144,450	(1,306,158,934)
Income generating other assets:		
Investment in shares of subsidiary companies		
Investment in Shares of subsidiary company (In Bangladesh) Mercantile Bank Securities Ltd.	-	-
Investment in Shares of subsidiary company (In Bangladesh) MBL Asset Management Ltd.	-	-
Investment in Shares of subsidiary company (outside Bangladesh) Mercantile Exchange House (UK) Ltd.	(283,492)	(1,140,734)
In Bangladesh (Mercantile Bank OBU Unit)	-	-
Islamic-Conv. Adjustment Account	-	-
Non-Income generating other assets:		
Stationery, stamps, printing materials in stock etc	2,124,410	(2,804,895)
Advance rent and advertisement	(291,386,453)	-
Interest accrued on investment but not collected, commission and brokerage receivable on shares and debenture and other income receivable	1,145,382,209	(1,926,809,167)
Security deposit	(945,812)	73,435
Preliminary, formation and organization expenses, renovation/development expenses and prepaid expenses	488,208,177	(406,861,508)
Branch adjustment	(59,646,000)	517,983,346
Suspense Account	209,240,834	211,738,691
Right Of Use (ROU) Assets as per IFRS-16	(122,549,422)	300,661,898
Clearing adjustment account	-	1,000,000
	22,345,393,253	12,657,405,068
Deposit from other banks	(2,598,495,351)	17,448,641,379
Deposit from customers	25,291,716,368	(2,358,763,361)
Other liabilities	(347,827,765)	(2,432,472,950)
Net Cash flows from operating activities	3,404,607,251	4,039,816,143


Abu Asghar G. Hafur
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited


Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka


Md. Md. Muzammam
Managing Director
MDC Investments Limited

Mercantile Bank Limited
Balance Sheet
As at 31 December 2021

	Notes	Amount in BDT	
		Dec-21	Dec-20
PROPERTY AND ASSETS			
Cash	3	14,618,971,073	15,503,985,230
Cash in hand (Including foreign currencies)	3.1	2,530,333,096	2,357,875,786
Balance with Bangladesh Bank & its agent bank(s) (including foreign currencies)	3.2	12,088,637,977	13,146,109,444
Balance with other banks and financial institutions	4	2,931,785,205	4,422,150,627
In Bangladesh	4.1	1,947,136,751	633,208,207
Outside Bangladesh	4.2	984,648,454	3,788,942,420
Money at call on short notice	5	548,400,000	248,100,000
Investments	6	62,397,892,177	48,953,712,794
Government	6.4	54,919,467,638	43,568,206,447
Others	6.5	7,478,424,540	5,385,506,347
Loans and Advances/Investments	7	266,766,599,623	248,994,385,876
Loans, Cash Credit, Overdraft etc/investments	7.A	250,571,388,181	238,220,818,654
Bills purchased and discounted	7.B	16,195,211,442	10,773,567,222
Fixed assets including premises, furniture and fixtures	8	3,815,631,895	3,093,340,880
Other assets	9	8,296,057,474	9,544,580,938
Non- banking assets Land	10	36,026,366	25,304,394
Total Assets		359,411,363,814	330,785,560,739
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	11	35,473,191,348	38,071,686,698
Non-convertible Subordinated Bond	11.6	2,400,000,000	3,600,000,000
Deposits and other Accounts	12	270,557,425,722	245,265,709,354
Current/ Al-wadeeah current accounts and other accounts	12.1	79,312,725,114	59,612,519,452
Bills Payable	12.2	3,597,853,578	4,071,078,095
Savings Bank/Mudaraba savings bank deposits	12.3	33,300,117,336	27,577,416,714
Fixed deposits/Mudaraba fixed deposits	12.4	95,502,118,865	93,258,753,354
Deposit under schemes/Mudaraba deposit schemes	12.5	58,844,610,829	60,745,941,739
Other Liabilities	13	26,576,842,031	21,746,387,607
Total Liabilities		335,007,459,101	308,683,783,660
Capital/Shareholders' Equity			
Paid up capital	14.1	10,332,170,270	9,840,162,170
Statutory reserve	15	9,265,072,605	8,421,348,098
General reserve	15.1	2,250,000,000	1,550,000,000
Other reserve	16	730,639,885	809,785,853
Foreign currency translation gain/(loss)	16.1	2,466,747	-
Surplus in Profit & Loss Account	17	1,823,555,207	1,480,480,958
Total shareholders' Equity		24,403,904,713	22,101,777,079
Total Liabilities & Shareholders' Equity		359,411,363,814	330,785,560,739



Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka

Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited

Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka

Md. Moniruzzaman
Managing Director
IDLC Investments Limited

Balance Sheet
As at 31 December 2021

	Notes	Amount in BDT	
		Dec-21	Dec-20
OFF-BALANCE SHEET ITEMS			
Contingent liabilities			
Acceptances and Endorsements	18.1	61,450,928,713	47,860,347,450
Letters of Guarantee	18.2	19,617,367,571	16,343,993,142
Irrevocable Letters of Credit	18.3	88,743,411,853	38,149,959,661
Bills for Collection	18.4	5,248,571,550	5,757,995,305
Other Contingent Liabilities	18.5	-	-
Total		175,060,279,686	108,112,295,558
Other commitments			
Documentary credits and short term trade related transactions	18.6	-	-
Forward assets purchased and forward deposits placed		7,036,500	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total		7,036,500	-
Total Off-Balance Sheet items including contingent liabilities		175,067,316,186	108,112,295,558

Net Asset Value Per Share (NAVPS)

36 23.62 22.46

The annexed notes form an integral part of these financial statements.


Managing Director and CEO


Director


Director


Chairman

This is the Profit and Loss Account referred to in our separate report of even date.

Signed for & on behalf of
MABS & J Partners
Chartered Accountants


C R Mazumder, FCA
Managing Partner

ICAB Enrollment No.: 178

DVC No.: 2203150178AS556357

Signed for & on behalf of
Khan Wahab Shafique Rahman & Co.
Chartered Accountants


Md. Abu Sina, FCA
Senior Partner

ICAB Enrollment No.: 619

DVC No.: 2203150619AS458462

Dhaka

Date: March 15, 2022


Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited



Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka



Md. Moniruzzaman
Managing Director
IDLC Investments Limited


Mercantile Bank Limited
Profit and Loss Account
For the year ended 31 December 2021


	Notes	Amount in BDT	
		Dec-21	Dec-20
Interest income/Profit on investment	20	18,193,962,397	19,388,194,360
Interest/Profit Paid on deposits, borrowings etc.	21	13,516,412,605	16,732,221,730
Net interest income		4,677,549,792	2,655,972,630
Investment income	22	4,794,615,380	4,352,575,663
Commission, exchange and brokerage	23	2,586,204,251	2,206,344,726
Other operating income	24	1,319,837,900	1,249,608,760
		8,700,657,531	7,808,529,149
Total operating income		13,378,207,323	10,464,501,779
Salaries and allowances	25	4,073,580,134	3,501,807,793
Rent, taxes, insurances, electricity etc.	26	575,349,835	386,933,811
Legal expenses	27	24,472,117	21,443,663
Postage, stamps, telecommunication etc.	28	74,215,394	64,596,037
Stationery, Printings, Advertisements etc.	29	297,549,653	254,787,054
Chief Executive's Salary and fees	30	13,994,383	13,087,517
Directors' fees	31	4,426,400	4,597,600
Auditors' fees	32	1,265,000	1,207,500
Depreciation and repair of bank's assets	33	700,288,640	894,112,670
Other expenses	34	1,500,946,512	1,374,191,295
		7,266,088,068	6,516,764,939
Total operating expenses		6,112,119,255	3,947,736,841
Profit/(Loss) before provision			
Provision for loans and advances/investments including Off Balance Sheet items	13.5	1,176,146,721	537,413,227
Other provision	13.2.1(VII)	717,350,000	699,000,000
		1,893,496,721	1,236,413,227
Total provision		4,218,622,534	2,711,323,613
Total profit/(Loss) before taxes			
Provision for Current Tax	13.4.1	807,522,831	568,340,435
Provision for Deferred Tax	13.4.2	(7,522,831)	(18,340,435)
		800,000,000	550,000,000
Net profit after taxation		3,418,622,534	2,161,323,613
Appropriations			
Statutory reserve	15	843,724,507	542,264,723
Startup Fund	13.2.2	55,799,461	-
General reserve	15.1	700,000,000	150,000,000
		1,599,523,968	692,264,723
Retained surplus		1,819,098,566	1,469,058,890
Earnings per share (EPS)	35	3.31	2.09

The annexed notes form an integral part of these financial statements.


Managing Director and CEO

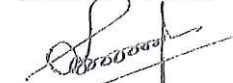

Director


Director



Chairman

This is the Profit and Loss Account referred to in our separate report of even date.

Signed for & on behalf of
MABS & J Partners
Chartered Accountants



C R Mazumder, FCA
Managing Partner
ICAB Enrollment No.: 178
DVC No.: 22031578 A5556357
Dhaka,
Date: March 15, 2022

Signed for & on behalf of
Khan Wahab Shafique Rahman & Co.
Chartered Accountants


Md. Abu Sina, FCA
Senior Partner
ICAB Enrollment No.: 619
DVC No.: 22031506 19 A5458462


Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited



Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka


Md. Moniruzzaman
Managing Director
IDLC Investments Limited

Mercantile Bank Limited
Cash Flow Statement
For the year ended 31 December 2021

	Amount in BDT	
	Dec-21	Dec-20
A) Cash flows from operating activities	3,494,117,912	(323,266,582)
Interest received	16,145,000,740	16,121,983,590
Interest paid	(9,410,610,080)	(13,248,957,951)
Dividends receipts	108,492,704	176,256,492
Fees and commission received	1,434,838,781	1,053,993,961
Recoveries on loans previously written off	2,292,056	16,668,695
Payment to the employees	(3,623,580,134)	(3,030,838,637)
Payment to suppliers	(297,549,653)	(254,787,054)
Income taxes paid	(864,766,503)	(1,157,585,678)
Received from other operating activities	7,069,370,869	6,643,830,430
Exchange gain	1,137,716,887	1,140,152,066
Other operating income	5,931,653,982	5,503,678,364
Payment for other operating activities	(1,750,944,295)	(2,337,475,914)
Rent, taxes, insurances and electricity	(511,449,556)	(360,302,008)
Legal expenses	(24,472,117)	(21,443,663)
Postage, stamps and telecommunication	(73,879,779)	(64,194,408)
Auditors' fees	460,000	(57,500)
Repair and maintenance	(108,934,586)	(82,921,303)
Chief Executive's Salary and fees	(13,994,383)	(13,087,517)
Directors' fees	(4,426,400)	(4,597,600)
Other expenses	(1,014,247,474)	(1,790,871,916)
Operating profit before changes in operating assets and liabilities	8,812,544,486	3,983,087,933
(Increase)/ decrease in operating assets and liabilities	(29,123,474,938)	(11,294,517,923)
Trading securities	(11,351,261,191)	809,419,621
Loans and advances to other banks	-	-
Loans and advances to customers	(17,772,213,747)	(12,103,937,544)
Other assets (Item-wise)	1,370,144,450	(1,306,158,934)
Income generating other assets:		
Investment in shares of subsidiary companies		
Investment in Shares of subsidiary company (In Bangladesh) Mercantile Bank Securities Ltd.	-	-
Investment in Shares of subsidiary company (In Bangladesh) MBL Asset Management Ltd.	-	-
Investment in Shares of subsidiary company (outside Bangladesh) Mercantile Exchange House (UK) Ltd.	(283,492)	(1,140,734)
In Bangladesh (Mercantile Bank OBU Unit)	-	-
Islamic-Conv. Adjustment Account	-	-
Non-income generating other assets:		
Stationery, stamps, printing materials in stock etc	2,124,410	(2,804,895)
Advance rent and advertisement	(291,386,453)	-
Interest accrued on investment but not collected, commission and brokerage receivable on shares and debenture and other income receivable	1,145,382,209	(1,926,809,167)
Security deposit	(945,812)	73,435
Preliminary, formation and organization expenses, renovation/development expenses and prepaid expenses	488,208,177	(406,861,508)
Branch adjustment	(59,646,000)	517,983,346
Suspense Account	209,240,834	211,738,691
Right Of Use (ROU) Assets as per IFRS-16	(122,549,422)	300,661,898
Clearing adjustment account	-	1,000,000
Deposit from other banks	22,345,393,253	12,657,405,068
Deposit from customers	(2,598,495,351)	17,448,641,379
Other liabilities	25,291,716,368	(2,358,763,361)
	(347,827,765)	(2,432,472,950)
Net Cash flows from operating activities	3,404,607,251	4,039,816,143


Abu Asghar G. Hossain
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


Tapash Chandra Paul, PhD
Chief Financial Officer (CEO)
Mercantile Bank Limited
Head Office, Dhaka

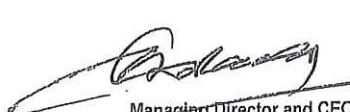

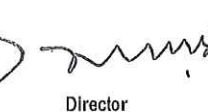


Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka


Chartered Accountants
Md. Mozammel Hossain
Managing Director
DLG Investments Limited

Cash Flow Statement
For the year ended 31 December 2021

	Notes	Amount in BDT	
		Dec-21	Dec-20
B) Cash flows from investing activities			
(Purchase)/sale of property, plant and equipment		(1,047,293,709)	(250,635,042)
(Purchase)/sale of shares		(217,834,263)	(19,266,442)
Purchase/sale of bond		(1,870,000,000)	20,000,000
Other investment activities		(5,083,930)	(7,883,522)
Net cash flows from investing activities		(3,140,211,902)	(257,785,006)
C) Cash flows from financing activities			
Receipts from Issue of loan capital and debt securities		-	-
Payments for redemption of loan capital and debt securities		(1,200,000,000)	(600,000,000)
Paid for Interest on Subordinated bond		(159,825,894)	(291,531,411)
Received by issue of right share		-	-
Dividend paid		(984,016,217)	(1,030,874,132)
Net cash flows from financing activities		(2,343,842,111)	(1,922,405,543)
Net increase/(decrease)in cash & cash equivalent (A+B+C)		(2,079,446,762)	1,859,625,594
Effects of Exchange rate changes on cash and cash equivalents		4,648,583	2,198,699
Cash and cash equivalent at the beginning of the year		20,177,859,457	18,316,035,164
Cash and cash equivalent at the end of the year		18,103,061,278	20,177,859,457
Net Operating Cash Flow Per Share (NOCFPS)	37	3.30	4.11
Cash and cash equivalents at end of the year			
Cash in hand (Including foreign currencies)	3.1	2,530,333,096	2,357,875,786
Balance with Bangladesh Bank & its agent bank(s) (including foreign currencies)	3.2	12,088,637,977	13,146,109,444
Balance with other banks and financial institutions	4	2,931,785,205	4,422,150,627
Prize Bonds	6.2 (b)	3,905,000	3,623,600
Money at call on short notice	5	548,400,000	248,100,000
		18,103,061,278	20,177,859,457

The annexed notes form an integral part of these financial statements.

 Managing Director and CEO
 Director
 Director
 Chairman

This is the Cash Flow Statement referred to our separate report of even date.

Signed for & on behalf of
MABS & J Partners
Chartered Accountants



C.R. Mazumder, FCA
Managing Partner
ICAB Enrollment No.: 178

DVC No.: 2203150178A5556357


Dhaka,
Date: March 15, 2022


Signed for & on behalf of
Khan Wahab Shafique Rahman & Co.
Chartered Accountants


Md. Abu Sina, FCA
Senior Partner

ICAB Enrollment No.: 619

DVC No.: 2203150619AS458462


Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited
Head Office, Dhaka


Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka


Md. Moniruzzaman
Managing Director
IDLC Investments Limited

Mercantile Bank Limited
Statement of Changes in Equity
For the year ended 31 December 2021

Particulars	Amount in BDT									
	A	B	C	D	E	F	G	H=E+F+G	I	J=A+B+C+D+H+I
Balance as at 1 January 2021	9,840,162,170	8,421,348,098	1,550,000,000	-	45,680,250	95,189,253	668,916,349	809,785,853	1,480,480,958	22,101,777,079
Changes in accounting policy	-	-	-	-	-	-	(25,304,394)	(25,304,394)	-	(25,304,394)
Transfer from income of OBU	-	-	-	-	-	-	-	-	-	-
Statutory reserve	-	843,724,507	-	-	-	-	-	-	(843,724,507)	(843,724,507)
Startup Fund	-	-	-	-	-	-	-	-	(55,799,461)	(55,799,461)
General reserve	-	-	700,000,000	-	-	-	-	-	(700,000,000)	(700,000,000)
Market adjustment of approved securities (HTM)	-	-	-	-	-	-	-	-	-	-
Surplus/deficit on account of revaluation/Reserve of properties	-	-	-	-	-	-	-	-	-	-
Surplus/deficit on account of revaluation of investments	-	-	-	-	-	(53,841,573)	-	(53,841,573)	-	(53,841,573)
Currency translation difference	-	-	-	2,466,747	-	-	-	-	-	2,466,747
Net gains and losses not recognised in the income statement	-	-	-	-	-	-	-	-	-	-
Net profit for the year after taxation	-	-	-	-	-	-	-	-	3,418,622,534	3,418,622,534
Transfer	-	-	-	-	-	-	-	-	-	-
Issuance of bonus share	492,008,100	-	-	-	-	-	-	-	(492,008,100)	-
Bonus share premium	-	-	-	-	-	-	-	-	-	-
Cash dividend	-	-	-	-	-	-	-	-	-	-
Dividend equalization fund	-	-	-	-	-	-	-	-	(984,016,217)	(984,016,217)
Issue of right share	-	-	-	-	-	-	-	-	-	-
Balance as at 31 December 2021	10,332,170,270	9,265,072,604	2,250,000,000	2,466,747	45,680,250	41,347,680	643,611,955	730,639,885	1,823,555,207	24,403,904,713
Balance as at 31 December 2020	9,840,162,170	8,421,348,099	1,550,000,000	-	45,680,250	95,189,253	668,916,349	809,785,853	1,480,480,958	22,101,777,079

The annexed notes form an integral part of these financial statements.


Managing Director and CEO


Director


Director


Chairman

This is the Statement of Changes in Equity referred to in our separate report of even date.

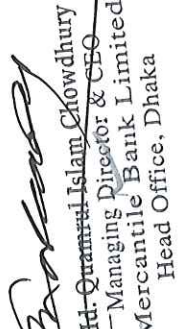
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MABS & J Partners
Chartered Accountants

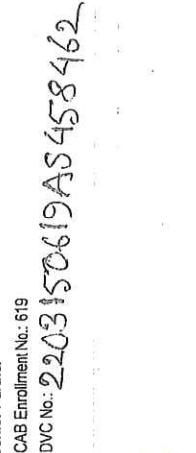
Signed for & on behalf of
Khan Wahab Shafique Rahmaan & Co.
Chartered Accountants


C.R. Mazumder, FCA
Managing Partner
ICAB Enrollment No.: 178


Md. Abu Sina, FCA
Senior Partner
ICAB Enrollment No.: 619

Abbaschar G. Hossain
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka
DVC No: 2203150178AS 556357
Date: March 15, 2022


Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka


Md. Moniruzzaman
Managing Director
IDLC Investments Limited
DVC No: 2203150619AS 458462

Mercantile Bank Limited
Liquidity Statement
Asset and Liability Maturity Analysis
As at 31 December 2021

Particulars	Amount in BDT					Total
	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	More than 5 years	
Assets:						
Cash in hand	2,530,333,096	1,443,743,977	-	-	10,644,894,000	14,618,971,073
Balance with other banks and financial institutions	69,404,022	1,406,122,143	1,456,259,040	-	-	2,931,785,205
Money at call on short notice	548,400,000	-	-	-	-	548,400,000
Investments	2,494,216,159	1,962,237,222	10,058,191,913	6,185,431,971	41,697,814,913	62,397,892,177
Loans and advances/investments	43,812,408,712	39,837,786,632	68,290,152,086	45,849,692,313	68,976,569,880	266,766,599,623
Fixed assets including premises, furniture and fixtures	-	-	450,612,781	3,365,019,114	-	3,815,631,895
Other assets	2,444,049,827	528,663,857	430,066,529	181,500,000	4,711,777,262	8,296,057,474
Non-banking assets Land	-	-	-	-	36,026,366	36,026,366
Total assets	51,898,811,816	45,178,553,830	80,685,282,350	55,581,643,398	126,067,072,420	359,411,363,814
Liabilities:						
Borrowing from Bangladesh Bank, other banks, financial institutions and agents	858,000,000	-	34,615,191,348	-	-	35,473,191,348
Deposits	44,458,780,125	41,525,045,010	27,650,458,120	43,578,785,650	109,746,503,239	266,959,572,144
Other accounts	3,597,853,578	-	-	-	-	3,597,853,578
Non-convertible Subordinated Bond	-	-	-	-	2,400,000,000	2,400,000,000
Provision and other liabilities	-	469,450,286	16,450,125,000	9,857,266,745	-	26,576,842,031
Total liabilities	48,914,633,703	41,994,495,296	78,715,174,468	53,236,052,395	112,146,503,239	335,007,459,101
Net Liquidity Gap	2,984,178,113	3,184,058,534	1,969,507,882	2,345,591,004	13,920,569,181	24,403,904,713

Abu Asghar G. Barani
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka

Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited
Head Office, Dhaka

Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka

Md. Mominuzzaman
Managing Director
IDLC Investments Limited

Mercantile Bank Limited

Notes to the Financial Statements

As at and for the year ended 31 December, 2021

1.0 Legal Status of the Bank

Mercantile Bank Limited ("the Bank") is one of the third generation Private Commercial Banks (PCBs) incorporated in Bangladesh as a Public Company, Limited by shares under the Companies Act 1994 on 20 May, 1999 and subsequently obtained Banking operation license from Bangladesh Bank under the Bank Company Act, 1991 as amended in 2018. The bank commenced its commercial operation on 2 June, 1999. Afterward, the Bank went for public issue of shares in the year 2003 and its shares are listed with Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE). At present, the Bank has 150 Branches, 19 Sub-branches, 162 agent banking outlets, 187 own Automated Teller Machines (ATMs), 20 Cash Deposit Machines (CDMs), 2 Off-shore Banking Units (OBU) and 45 Islamic Banking Windows and 2,628 employees all over Bangladesh. The Bank has 3 subsidiary companies namely Mercantile Bank Securities Ltd. (MBSL), MBL Asset Management Limited and Mercantile Exchange House (UK) Limited as on 31 December, 2021. Apart, the establishment of another one subsidiary-namely MBL MyCash Limited is in the process of finalization. The registered office of the bank is situated at 61, Dilkusha C/A, Dhaka-1000, and Bangladesh.

1.1 Nature of Business Activities

MBL has been able to establish itself as a leading third generation private commercial bank by dint of its prudent policy guidelines coupled with proper execution, wider range of banking products and admirable customer services. The core activities of the Bank are to provide all kinds of commercial banking services including Deposits Mobilization, Corporate Banking, SME and Consumer Businesses, Discounting bills, Foreign Exchange Business, Off Shore Banking, Treasury function, Card business, Mobile Banking (MyCash), Internet Banking, Locker Service agent banking and Islamic Banking etc. MBL caters card services to its customers by VISA dual prepaid card, Credit Card, Debit card, VISA Medical Card, VISA International Student Card, VISA Dual Hajj Card and International/Dual cards with various up-to-date facilities. Mercantile Bank has started centralized 'MBL Contact Center' to provide banking services to customers' doorstep on 24/7 basis through 16225.

1.2 Offshore Banking Division


The Offshore Banking is a separate business division commenced its commercial operation on 20th March 2011 after obtaining permission from Bangladesh Bank vide letter no. BRPD (P-3)744(114)/2010-1743, dated May 04, 2010. The Bank has also got approval as per BRPD circular # 2, dated 25 February 2019. At present, the bank has 2 (two) units in operation in Bangladesh under supervision of Offshore Banking Division at Head Office. The Offshore Banking Division are governed by the rules and guidelines of Bangladesh Bank. The principal activities of the Division are to provide all kinds of commercial banking services to its customers in foreign currencies as per guideline and instructions set out by the Bangladesh Bank. Separate Financial Statements of Offshore Banking Division has been drawn up in **Annexure-G**.

1.3 Mobile Banking Division

The Bank obtained the permission for conducting Mobile Banking Operation under reference letter # DCMP/PSD/37(D)/2011-753, dated 2 November, 2011 of Bangladesh Bank. The main activities of the mobile banking services are to deliver a wide range of financial products and services through mobile phone in the brand of **MYCash** within the applicable rules & regulations and guidelines of Bangladesh Bank. **MYCash** is a customer centric mobile financial service with a combination of convenient and secured services to 'Make Life Easy'.


Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited


Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka


Md. Moniruzzaman
Managing Director
IDLC Investments Limited

It could be noted that the process of transforming Bank's Mobile Banking Division to a separate subsidiary company for rendering better Mobile Financial Services (MFS) to a wide range of customers in the name of 'MBL MyCash Limited'.

1.4 Islami Banking Division

Mercantile Bank Ltd. started its Islamic banking operations through 'Window' mechanism as per Bangladesh Bank approval. Mercantile Bank Islamic Banking, the brand name of the operation is "Taqwa" in operation through 45 (Forty Five) Islamic banking windows.

Core issue of Islamic Banking is avoidance of interest and compliance of Sharia in its business process & practice. In addition to the Sharia guidelines, Mercantile Bank Islamic banking operations are strictly complied with the Bangladesh Bank instructions regarding Islamic banking operations and adheres to the followings:

- Completely Separate Fund management.
- Separate book-keeping, Profit & Loss Account by Islamic banking Software of Bank's CBS (T24).
- Investments are made from the Islamic banking deposits only.
- Profit distributions are executed as per approved weightage table.

A separate Balance-sheet and Profits & Loss account are shown in the **Annexures-H**, of this report. The figures appears in the Annexure have been incorporated in the related heads of financial statement as per accounting standards.

1.5 Agent Banking Division


Mercantile Bank Limited obtained permission from Bangladesh Bank on 05 August 2019 vide reference no. BRPD(P-3)745(44)/2019-6168 to commence Agent Banking services and subsequently started agent banking operation in 2019 with a view to reaching unbanked population particularly in the geographically dispersed area and offer banking services to potential customers who are currently out of traditional banking periphery. MBL has launched agent banking service with 1 outlet in 2019, which is now 126 across the country with all new customers. This service includes offering all types of deposit accounts and other banking transactions including bill payments, inward foreign remittance payment, and fund transfer etc.

1.6 Subsidiaries of the Bank

The Bank has 3 (three) subsidiaries as follows:

Name of the Subsidiaries	Principal activities	Country of incorporation	Controlling interest of Mercantile Bank Ltd.
Mercantile Bank Securities Limited	Trading securities	Bangladesh	98.61%
MBL Asset Management Limited	Assets Management , Capital Market Operation,	Bangladesh	56.00%
Mercantile Exchange House (UK) Limited	Financial services	UK	100%

Detail as presented in note no. 1.4.1 to 1.4.3


Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka
Tapan Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited


Md. Quamrul Islam Chowdhury
16 Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka


Md. Moniruzzaman
Managing Director
IDLC Investments Limited

1.6.1 Mercantile Bank Securities Limited

Mercantile Bank Securities Limited (MBSL) was founded in 2010 and started its commercial operation on 14 September, 2011. MBSL has been licensed from Bangladesh Securities and Exchange Commission (BSEC) with a view to carrying out Stock Broker & Dealer business in the capital market and other diversified services to a wide range of customers. MBSL has high quality products and services at a competitive rate. Having seats in both Dhaka Stock Exchange Limited (TREC no. 224) and Chittagong Stock Exchange Limited (TREC no. 140), MBSL has become a trusted name to most of the Institutional investors & retail investors in Bangladesh.

MBSL offers full-fledged international standard brokerage service with margin loan facility. It is also a full service Depository Participant (DP) of Central Depository Bangladesh Ltd. (CDBL). MBSL is dedicated to provide high level of professional and personalized services to its clients at a reasonable cost. MBSL's services are comprehensive in nature, including brokerage, margin loan, CDBL facilities, and research and custodian needs of customers. The Head Office of MBSL is situated at Shawdesh Tower, 41/6 Purana Palton, Dhaka-1000. The Financial Statements of the Company are shown in **Annexure-I**.

1.6.2 Mercantile Exchange House (UK) Limited

Mercantile Exchange House (UK) Limited was incorporated as private limited company with Companies of England and Wales under registration no. 07456837 on 1 December 2010. The company is a wholly owned subsidiary company of Mercantile Bank Limited incorporated in Bangladesh, which is also the ultimate holding company. Earlier on 17 September 2010, Mercantile Bank Limited got the permission from Bangladesh Bank for opening a fully owned subsidiary in UK. Mercantile Exchange House (UK) Limited obtained Anti-Money Laundering registration on 21 February 2011 which was issued by HM Customs and Excise of the Government of UK.

The company got registration from Financial Services Authority (FSA) on 7 October 2010 as Small Payment Institution to carry out business under Payment Services Regulations 2009. The company started its commercial operation in London, UK on 20 September 2012. The Head Office of Mercantile Exchange House (UK) Limited is situated at 108 Whitechapel Road, London E1 1JD, UK. The Financial Statements of the company are shown in **Annexure-K**.

1.6.3 MBL Asset Management Limited

MBL Asset Management Limited was incorporated on 29, November 2018 to carry out asset management business, capital market operation, equity investment etc. It has been registered vide code: BSEC/Assets Manager/2020/45 dated 30, January 2020 to run full-fledged business operations. Registered office is located at 61, Dilkusha Commercial Area, Motijheel, Dhaka. The Financial Statements of the company are shown in **Annexure-J**.

2.0 Significant Accounting Policies


The accounting policies set out below have been applied consistently to all the year presented in these financial statements and have been applied consistently by the Bank.

2.1 Basis of Preparation of the Financial Statements

The financial statements of the Bank and its subsidiaries have been prepared for the year ended on 31 December, 2021 on a going concern basis in accordance with the First Schedule (Sec-38) of the Bank Companies Act, 1991 (as amended up to 2018), BRPD Circular #14 dated 25 June 2003, other Bangladesh Bank circulars, International Accounting Standards (IASs) & International Financial Reporting Standards (IFRSs) adopted by Financial Reporting Council (FRC) etc.


Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited


Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka


Md. Moniruzzaman
Managing Director
IDLC Investments Limited

The Bank has complied with the requirements of following laws and regulations from various Government bodies:

- I. The Bank Company Act, 1991(amendment till 2018).
- II. The Companies Act, 1994 and amendment thereon.
- III. Circulars, Regulations and Guidelines issued by Bangladesh Bank time to time.
- IV. Securities and Exchange Ordinance 1969, Bangladesh Securities and Exchange Rules 1987, Bangladesh Securities and Exchange Commission Act 1993, Bangladesh Securities and Exchange Commission IPO Rules 2006, Gazette Notification (No. BSEC/CMRRCD/2006-158/208/Admin/81 Dated: 20 June 2018) on Financial Reporting and Disclosure, Any other directives, Orders and Circulars issued by Bangladesh Securities and Exchange Commission (BSEC).
- V. Dhaka Stock Exchange (DSE) Listing Regulations, 2015, Chittagong Stock Exchange (CSE) (Listing) Regulations, 2015 and Central depository Bangladesh Limited (CDBL) rules & regulations.
- VI. The Income Tax Ordinance, 1984 and Finance Act 2021.
- VII. Statutory Regulatory Orders (SROs), General Orders, Notifications issued by NBR time to time
- VIII. The VAT and Supplementary Duty Act, 2012 and amendment thereon; The VAT and Supplementary Duty Rules 2016.
- IX. The Financial Reporting Act, 2015.

The consolidated financial statements of the Bank as at and for the year ended 31 December, 2021 have been prepared under the historical cost convention except investments and in accordance with the "first schedule" (section 38) of the Bank Companies Act 1991 as amended by Bangladesh Bank (the Central Bank of Bangladesh) through BRPD Circular No. 14 dated 25 June 2003, other Bangladesh Bank Circulars, International Accounting Standards, International Financial Reporting Standards (IFRSs), the Companies Act 1994, the Securities and exchange Rules 1987, Dhaka and Chittagong Stock Exchange's listing regulations. In case, any requirement of provisions and circulars issued by Bangladesh Bank differ with those of other regulatory authorities, the provisions and circulars issued by Bangladesh Bank shall prevail.

As such the Bank has departed from those which are the requirements of IFRSs and IASs in order to comply with the rules and regulations of Bangladesh Bank are disclosed below:

2.2 Departures from IAS/IFRS

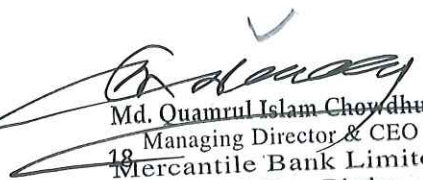
I) Presentation of Financial Statements

IAS: As per IAS 1 Presentation of Financial Statements, a complete set of financial statements comprises a statement of financial position, a statement of profit or loss and other comprehensive income, a statement of changes in equity, a statement of cash flows, notes comprising a summary of significant accounting policies and other explanatory information and comparative information. IAS 1 has also stated the entity to disclose assets and liabilities under current and non-current classification separately in its statement of financial position.

Bangladesh Bank: A format of financial statements (i.e., balance sheet, profit and loss account, cash flow statement, statement of changes in equity, liquidity statement) is prescribed in the "First Schedule" of Section 38 of the Banking Companies Act, 1991 (amended up to 2018) and BRPD circular no. 14 dated 25 June 2003 of Bangladesh Bank. Assets and liabilities are not classified under current and non-current heading in the prescribed format of financial statements.


Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited


Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka


Md. Moniruzzaman
Managing Director
IDLC Investments Limited

II) Name of the Financial Statements

IAS: As per IAS 1, complete set of financial statements consists statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and notes comprising a summary of significant accounting policies and other explanatory information.

Bangladesh Bank: The forms of financial statements and directives for preparation thereof of the banking companies in Bangladesh are guided by BRPD circular no. 14 dated 25 June 2003 states the statement of financial position as balance sheet and statement of profit or loss and other comprehensive income as profit and loss account.

III) Investments in Shares and Securities

IFRS: As per requirements of IFRS 9: Financial Instruments, classification and measurement of investments in shares and securities will depend on how these are managed (the entity's business model) and their contractual cash flow characteristics. Based on these factors it would generally fall either under "at fair value through profit or loss account" or under "at fair value through other comprehensive income" where any change in the fair value (as measured in accordance with IFRS 13) at the year- end is taken to profit and loss account or other comprehensive income respectively.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003, investments in quoted and unquoted shares are revalued on the bases of year end market price and net assets value (NAV) of last audited balance sheet respectively. As per another instruction issued by Department of Off-site Supervision of Bangladesh Bank (DOS) circular letter no. 3 dated 12 March 2015, investment in mutual fund (closed-end) is revalued 'at lower of cost and (higher of market value and 85% of NAV)'. As such, provision is made for any loss arising from diminution in value of investments (portfolio basis); otherwise investments are recognized at costs.

IV) Revaluation Gains/(Losses) on Government Securities


IFRS: As per requirement of IFRS 9 where securities will fall under the category of fair value through profit or loss account, any change in the fair value of assets is recognised through the profit and loss account. Where securities are measured 'at fair value through other comprehensive income' then gains or losses shall be recognised in other comprehensive income (OCI), except for impairment gains or losses and foreign exchange gains and losses. The loss allowance arise from impairment shall be recognised in OCI and shall not reduce the carrying amount of financial assets in the Financial Position. Securities designated as amortised cost are measured at effective interest rate method and interest income is recognised through the profit and loss account.


Bangladesh Bank: According to DOS circular no. 5 dated 26 May 2008 and subsequent clarification issue through DOS circular no. 5 dated 28 January 2009, amortisation loss is charged to profit and loss account, mark-to-market loss on revaluation of government securities (T-bills/T -bonds) categorised as held for trading (HFT) is charged to profit and loss account, but any unrealised gain on such revaluation is recognised to revaluation reserve account. T - bills/T - bonds designated as held to maturity (HTM) are measured at amortised cost but interest income/gain is recognised through equity.

V) Provision on Loans/Investments and Off-balance Sheet Items

IFRS : As per IFRS 9, an entity shall recognise an impairment allowance on loans/investments based on expected credit losses. At each reporting date, an entity shall measure the impairment allowance for loans /investments at an amount equal to the lifetime expected credit losses if the credit risk on these loan/investments has increased significantly since initial recognition whether assessed on an individual or collective basis considering all reasonable information, including that which is forward- looking. For those loan/ investments for which the credit risk has not increased significantly since initial recognition, at each reporting date, an entity shall


Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited


Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka


Md. Moniruzzaman
Managing Director
IDLC Investments Limited

measure the impairment allowance at an amount equal to 12 months' expected credit losses that may result from default events on loan/ investments that are possible within 12 months after reporting date.

Bangladesh Bank: As per BRPD circular no. 14 dated 23 September 2012, BRPD circular no. 19 dated 27 December 2012, BRPD circular no. 16 dated 18 November 2014 and BRPD circular no. 8 dated 2 August 2015, a general provision @ 0.25% to 5% under different categories of unclassified loans (standard/SMA loans) should be maintained regardless of objective evidence of impairment. And specific provision for sub-standard/doubtful/bad-loss loans should be made at 20%, 50% and 100% respectively on loans net off eligible securities (if any). Also, a general provision @ 0.5% - 1% should be provided for certain off-balance sheet exposures. Such provision policies are not specifically in line with those prescribed by IFRS 9.

VI) Recognition of Loans/Investments (interest/Income) in Suspense

IFRS: As per IFRS 9 Loans/Investments to customers are generally classified at amortised cost and interest income is recognised by using the effective interest rate method to the gross carrying amount over the term of the loans/ investments. Once a loans/ investments subsequently become credit-impaired, the entity shall apply the effective interest rate to the amortised cost of the loan/investment.

Bangladesh Bank: As per BRPD circular no. 14 dated 23 September 2012, once an Loans/ investment is classified, investment income on such investment is not allowed to be recognised as income, rather the corresponding amount needs to be credited to an interest income in suspense account, which is presented as liability in the balance sheet.

VII) Other comprehensive income

IAS: As per 'IAS 1- Presentation of Financial Statements' Other Comprehensive Income (OCI) is a component of financial statements or the elements of OCI are to be included in a single Other Comprehensive Income statement.


Bangladesh Bank: Bangladesh Bank has issued templates for financial statements which would strictly be followed by all banks. The templates of financial statements issued by Bangladesh Bank neither include Other Comprehensive Income nor are the elements of Other Comprehensive Income allowed to be included in a single Other Comprehensive Income (OCI) Statement. As such the Bank does not prepare the other comprehensive income statement. However, elements of OCI, if any, are shown in the statements of changes in equity.


VIII) Financial Instruments – Presentation and Disclosure

In several cases, Bangladesh Bank guidelines categorise, recognise, measure and present financial instruments differently from those prescribed in IFRS 9. As such full disclosure and presentation requirements of IFRS 7 cannot be made in the financial statements.

IX) Financial guarantees

IFRS: IFRS 9, financial guarantees are contracts that require an entity to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of the instrument. Financial guarantee liabilities are recognised initially at their fair value and is amortised over the life of the instrument. Any such liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment when a payment under the guarantee has become probable. Financial guarantees are prescribed to be included within other liabilities


Abu Asghar G. Harun
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


Rashid Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited
Head Office, Dhaka


20 Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka


Md. Moniruzzaman
Managing Director
IDLC Investments Limited

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003, financial guarantees such as LC & LG should be treated as off balance sheet items. No liability is recognised for such guarantee except the cash margin. However, a general provision @ 0.5% -1% is provided against such guarantees.

X) Repo & Reserve Repo transaction

When an entity sells a financial asset and simultaneously enters into an agreement to repurchase asset (or a similar asset) at a fixed price on a future date (repo or stock lending), the arrangement is treated as a loan and the underlying asset continues to be recognized in the entry's financial statements. The difference between selling price and repurchase price is treated as interest expense. Same rule applies to the opposite side of the transaction (reverse repo).

Bangladesh Bank:

As per DOS Circular letter No. 6 dated 15 July 2010 and subsequent clarification in Dos circular no. 2 dated 23 January 2013, when a bank sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or similar asset) at a fixed price on a future date (repo or stock lending), the arrangement is accounted for as a normal sales transactions and the financial assets are derecognized in the seller's book and recognized in the buyer's book.

However, as per DMD circular letter No. 7 dated 29 July 2012, non primary dealer banks are eligible to participate in the Assured Liquidity Support (ALS) programme, whereby such banks may enter collateralized repo arrangements with Bangladesh Bank. Here the selling bank accounts for the arrangement as a loan, thereby continuing to recognize the asset.

XI) Cash and cash equivalents

IAS: as per 'IAS 7- Statement of Cash Flows'. Cash and cash equivalent items should be reported as cash items.

Bangladesh Bank: Some cash and cash equivalent items such as money at call and on short notice, treasury bills, Bangladesh Bank bills and prize bond are not shown as cash and cash equivalents. Money at call and on short notice presented on the face of the balance sheet, and treasury bills, prize bonds are shown in investments.

XII) Non banking assets

IAS: No indication of Non-banking asset is found in any IFRS.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003, there must exist a face item named Non-banking asset. As per BRPD Circular-22 dated September 20, 2021 a guide line issued for Non Banking Assets accordingly we account for NBA in Balance sheet.


XIII) Cash flow statement


IFRS: As per 'IAS 7- Statement of Cash Flows' The Cash flow statement can be prepared using either the direct method or the indirect method. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003, cash flow is the mixture of direct and indirect methods.

XIV) Balance with Bangladesh Bank

IFRS: Balance with Bangladesh Bank should be treated as other asset as it is not available for use in day to day operations as per 'IAS 7- Statement of Cash Flows'.


Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited


Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka


Md. Moniruzzaman
Managing Director
IDLC Investments Limited

Bangladesh Bank: Balance with Bangladesh Bank is treated as cash and cash equivalents.

XV) Presentation of intangible asset

IFRS: An intangible asset must be identified and recognized. And the disclosure must be given as per 'IAS 38-Intangible Assets'.

Bangladesh Bank: There is no regulation for intangible assets in BRPD circular no.14 dated 25 June 2003.

XVI) Off balance sheet items

IFRS: There is no concept of off-balance sheet items in any IFRS; hence there is no requirement for disclosure of off-balance sheet items on the face of the balance sheet.

Bangladesh Bank: As per BRPD circular no.14 dated 25 June 2003, off balance sheet items (e.g. Letter of credit, Letter of guarantee etc.) must be disclosed separately on the face of the balance sheet.

XVII) Disclosure of Appropriation of Profit

IFRS: There is no requirement to show appropriation of profit in the face of statement of comprehensive income.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003 an appropriation of profit should be disclosed in the face of profit and loss account.

XVIII) Loans and advances net of provision

IFRS: Loans and advances should be presented net of provisions.

Bangladesh Bank: As per BRPD circular no.14 dated 25 June 2003, provision on loans and advances are presented separately as liability and cannot be netted off against loans and advances.

[Also refer to Note-2.17 Compliance of International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs)]

XIX) Recovery of Written off Loans/Investments

IAS: As per IAS 1, an entity shall not offset assets and liabilities or income and expenses, unless required or permitted by any IFRSs. Again, recovery of written off loans investments should be charged to profit and loss account as per IFRS 15: Revenue from Contracts with Customers.

Bangladesh Bank: As per BRPD circular no.14 dated 25 June 2003, recoveries of amount previously written off should be adjusted with the specific provision for investments/loans and advances.

2.1.2 Presentation of financial statements

The presentation of the financial statements has been made as per the requirements of BRPD Circular No 14, dated 25 June, 2003 issued by Bangladesh Bank.

2.1.3 Basis of measurement

The financial statements have been prepared on a historical cost convention, except for the following material items;

Items	Basis of Measurement	Application of Accounting Standards	Referred Note No:
Financial Investments	Fair Value,	IAS-32, IFRS-7, IFRS-9, IFRS-13	2.2.2

Freehold Land	Stated at Revalued Amount	IAS 16, IFRS-13	16.00 (C)
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No adjustment has been made for inflationary factors affecting the financial statements. The accounting policies referred in IAS 8 unless it contradicts with local laws and regulations have been consistently followed by the bank, as appropriate.

2.1.4 Basis of Consolidation

The Consolidated Financial Statements include the financial statements of Mercantile Bank Limited, Off-shore Banking Units and its subsidiaries- Mercantile Bank Securities Limited, MBL Asset Management Limited and Mercantile Bank Exchange House (UK) Limited, prepared as at and for the year ended 31 December, 2021. The Consolidated Financial Statements have been prepared in accordance with IAS 27 "Separate Financial Statements" and IFRS-10 "Consolidated Financial Statements".

Subsidiaries

Subsidiaries are all entities over which the bank has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. A parent of a subsidiary should present consolidated financial statements according to IAS 27 "Separate financial statements" and IFRS 10 "Consolidated Financial Statements". The financial statements of subsidiary are included in the consolidated financial statements from the date that control effectively commences until the date that the control effectively ceases. The conversion policy of subsidiary companies is given below:

Particulars	Price	OBU	Mercantile Bank Exchange House (UK) Ltd...
For Assets & Liabilities	Closing Price	USD 1=85.8000	£1 =115.2423 BDT
For Income & Expenses	Average Price	USD 1=85.1364	£1= 119.8612 BDT

Transactions Eliminated on Consolidation

All intra-group transactions, balances, income and expenses are eliminated on consolidation. Profit and Loss resulting from transaction between groups are also eliminated on consolidation.

Preparation of Consolidated Financial Statements

Consolidated Financial Statements have been prepared by using uniform accounting policies for like transactions and other events in similar circumstances.


All intra-group transactions, balances, income and expenses are eliminated on consolidation. Profit and loss resulting from transactions between groups is also eliminated on consolidation.

2.1.5 Use of Estimates & Judgments

The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. It also requires disclosures of contingent assets and liabilities at the date of the financial statements. Provisions and accrued expenses are recognized in the financial statement in line with the IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" when-

- the Bank has a legal or constructive obligation as a result of past event.
- It is probable that an outflow of economic benefit will be required to settle the obligation.
- a reliable estimate can be made of the amount of the obligation.


Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


Tapash Chandra Paul, PhD
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Head Office, Dhaka


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Managing Director
IDLC Investments Limited

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Significant areas are where management requiring the use of estimate and judgment

- Useful life of depreciable assets.
- Provision for leases, loans, advances and investments for future impairment.
- Provision for Gratuity Fund.
- Right of Use of Assets
- Lease Liabilities
- Revaluation of Land

However, the estimates and underlying assumptions are reviewed on an ongoing basis and the revision is recognized in the year in which the estimates are revised.

Changes in accounting estimates

Changes are reflected in the assumptions when they occur in accordance with IAS 8, Accounting Policies, and Changes in Accounting Estimates & Errors. During the year, the bank has not adopted any change of accounting estimates and consistency applies same accounting estimates of the previous period.

2.1.6 Foreign Currency Transactions and Translations

i) Functional and Presentation Currency

The Bank has determined Bangladesh Taka (BDT) as functional currency. Moreover, functional currency for Off-shore banking unit is US Dollar (USD) and Mercantile Exchange House (UK) Limited is Pound Sterling (GBP).

The financial statements of Bank and its subsidiaries are presented in Bangladesh Taka (BDT) except as indicated above; financial information has been rounded off to the nearest Taka.

ii) Foreign Currency translation

Transactions in foreign currencies are converted into equivalent BDT applying the ruling rates on the dates of transaction as per IAS-21, "The Effects of Changes in Foreign Exchange Rates". Foreign currencies balances held in US dollar are converted into BDT at weighted average rate of interbank market as determined by Bangladesh Bank on the closing date of every month. Balance held in foreign currency other than US dollar are converted into equivalent US dollar at buying rates of New York closing of the previous day and converted into BDT equivalent.

Foreign currencies are translated into BDT at the following rates as on 31 December, 2021:

Currency	BDT
USD 1=	85.8000
GBP 1=	115.2423
EURO 1=	97.0098
JYEN 1=	0.7471

Other foreign currency related transactions have been converted by using the rate of exchange prevailing on the dates of such transactions.


Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited

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Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka


Md. Moniruzzaman
Managing Director
IDLC Investments Limited

iii) Commitments

Commitments for outstanding forwarded foreign exchange contracts disclosed in these financial statements are translated at contracted rates. Contingent commitments for letter of credits and letter of guarantees denominated in foreign currencies are expressed in BDT terms at the rates of exchange prevailing on the balance sheet date.

iv) Translation gains or losses

The resulting exchange transactions gains or losses are included in the profit or loss account, except those arising on the translation of net investment in foreign subsidiary.

v) Foreign operation

The results and financial position of the Bank's operation whose functional currency is not Bangladeshi Taka are translated into Bangladeshi Taka as follows:

- Assets and liabilities are translated at the exchange rate prevailing at the balance sheet date;
- Income and expenses in the income statement are translated at an average rate approximating the exchange rates at the year end;
- Resulting exchange differences are recognized as a separate component of equity;
- As per IAS 21, "Foreign Currency Transactions", foreign currency denominated non-monetary items of OBUs are translated at historical rate, as the OBUs are considered as an integral part of the Bank's operation not a foreign operation due to specific regulations governing the OBU and unique nature.

2.1.7 Going concern

Going concern is one of the fundamental assumptions in accounting on the basis of which all the financial statements are prepared. The financial statements of the Bank have been prepared assuming that a business entity will continue to operate in the foreseeable future without the need or intention on the part of management to liquidate the entity or to significantly restrain its operational activities. Therefore, it is assumed that the entity will realize its assets and settle its obligations in the normal course of the business. It is the responsibility of the management of the bank to determine whether the going concern assumption is appropriate in the preparation of financial statements.

Going Concern Due to COVID-19: Going Concern has become a concern for extensive financial impact over the organizations due to worldwide COVID -19 pandemic. It is visible that many of the financial and non-financial organizations have closed down their operation from different part of the world. But in our country Government has taken some effective initiatives immediately like declaration different stimulus package for different sector. Hence, our overall economy has stood in a steady position. Moreover, the Management of the Bank has cautiously formulated business strategies in consideration with COVID-19 induced challenges and implemented the same for building the Bank more resilient. Therefore any material uncertainty has not been posed due to the impacts of the COVID – 19 that may cast significant doubt on Bank's ability to continue as a going concern.

2.1.8 Materiality and aggregation

Each material item as considered by management significant has been presented separately in financial statements. No amount has been set off unless the bank has a legal right to set off the amounts and intends to settle on net basis. Income and expenditures are presented on a net basis only when permitted by the relevant accounting standards.

2.1.9 Consistency

In accordance with the IFRS framework for the presentation of financial statements together with IAS 1 and IAS 8, the bank applies the accounting disclosure principles consistently from one year to the next. In case of selecting and applying new accounting policies, changes in accounting policies applied and correction of errors, the amounts involved are accounted for and disclosed retrospectively in accordance with the requirement of IAS 8.

2.1.10 Comparative figures

Comparative information has been disclosed in respect of the year ended 31 December, 2021 for all numerical data in the financial statements and also the narrative and descriptive information when it is relevant for better understanding of the current period's financial statements. Previous periods have been rearranged whenever considered necessary to ensure comparability with the current period.

2.1.11 Statement of Cash Flows

The statement of cash flows has been prepared in accordance with the guideline of BRPD Circular # 14, dated 25 June 2003 issued by the Banking Regulation and Policy Department of Bangladesh Bank which is a combination of direct and indirect methods. In addition to BRPD Circular 14, dated 25 June 2003 as stated, MBL also follows IAS-7 for areas not covered in the above circular.

2.1.12 Branch accounting

The bank has 150 branches as on 31 December, 2021. Accounts of the branches are maintained at the Branch level, and consolidated through the "Temenos T24" Core Banking Software (CBS) automatically in head office from which these accounts are drawn up.

2.1.13 Liquidity Statement

The liquidity statement of assets and liabilities has been prepared in accordance with the residual maturity grouping as on 31 December 2021 under the presented format of BRPD Circular # 14 dated 25 June 2003. MBL has prepared its liquidity statement on following basis:

Items	On the basis of
a. Balance with other Banks and financial institutions, money at call and short notice, etc.	maturity term
b. Investments	respective maturity
c. Loans and advances/ investments	repayment schedules
d. Fixed assets	useful lives
e. Other assets	realizations/ amortizations
f. Non- banking assets Land	useful lives
g. Borrowing from other banks, financial institutions and agents etc.	maturities/ repayment terms
h. Deposits and other accounts	Maturity term and past trend of withdrawal by the depositors.
i. Other long term liability	Maturity term
j. Provisions and other liabilities	payments/ adjustments schedule


Asghar G. Karim
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


Tanush Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited
Head Office, Dhaka


26 Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka


Md. Moniruzzaman
Managing Director
IDLC Investments Limited

2.1.14 Reporting Period

These financial statements cover from 1 January, 2021 to 31 December, 2021.

2.1.15 Events after the reporting period (IAS 10)

Events after the reporting period refer those events, which could be favorable or unfavorable, that occur between the end of the reporting period and the date that the financial statements are authorized for issue.

2.2 Assets & Basis of their Valuation

2.2.1 Cash & Cash Equivalents

Cash and cash equivalents include notes and coins in hand, unrestricted balances held with Bangladesh Bank and highly liquid financial assets which are subject to insignificant risk of changes in their fair value and are used by the Bank for its short term commitments.

2.2.2 Investments

All investment securities are initially recognized at cost, being fair value of the consideration given, including acquisition charges associated with the investment. Premiums are amortized and discounts accreted, using the effective yield method is taken to discount income as per IAS 32 "Financial Instruments: Presentations" and IFRS 9 "Financial Instruments". Details of investment in shares/securities are given in. The valuation methods of investments include: Please see **Annexure-C**.

Investments in Bond

Investment in Subordinated Bond

Investment in Subordinated Bond is recognized at cost price.

Bangladesh Government Investment Sukuk

Investment in Bangladesh Government Investment Sukuk is recognized at cost price.

Islamic Investment Bond

Investment in Bangladesh Government Islamic Investment Bond (BGIIIB) is reported at cost price.

Held To Maturity (HTM)

HTM consist the Government approved securities in the mode of Treasury bond & Bills which are classified as per Bangladesh Bank DOS Circular # 5, dated 26 May 2008 and DOS Circular # 5, dated 28 January 2009. These securities bear fixed coupon payments and are revalued annually on amortized cost method as directed by Bangladesh Bank. The change in revaluation of the securities is reflected in the Changes in Equity Statement. Please see **Annexure-D**.

Held For Trading (HFT)

Investments classified in this category are acquired principally for the purpose of selling or repurchasing in short-trading or if designated as such by the management. After initial recognition, investments are measured at fair value and any change in the fair value is recognized in the statement of income for the period in which it arises. These investments are subsequently measured at present value as per the Bangladesh Bank Guideline.

Investments in securities have been revalued as mark-to-market as at 31 December, 2021 and have been shown in the equity. Please see **Annexure- D**.

Investment in Listed Securities


These securities are bought and held primarily for the purpose of selling them in future or held for dividend income. These are valued and reported at market price as per Bangladesh Bank's guidelines. Booking of provision for Investment in securities (gain /loss net off basis) are made as per DOS Circular No. 4 dated 24 November 2011.


Investment in Unlisted Securities

Investment in unlisted securities is reported at cost under cost method or NAV if audited financial statements are available. The required Adjustments are given for any shortage of book value over cost in determining the carrying amount of investment in unlisted securities.

Investment - Initial Recognition and Subsequent Measurement

Investment Class	Initial Recognition	Measurement after initial recognition	Recording of changes
Govt. T-bills/bonds- Held to Maturity (HTM)	Cost	Amortized cost at each period end	Increase or decrease in value to equity and profit & Loss account respectively.
Govt. T-bills/bonds- Held for Trading (HFT)	Cost	Fair Value (Weekly revalued at Fair Market value through MTM valuation process)	Loss to profit & loss account, Gain to Revaluation Reserve through Profit & Loss Account.
Shares (Quoted)	Cost	Lower of Cost or Market Value (overall portfolio)	Loss (gain net off) to Profit & Loss account but no unrealized gain booking.
Share (Unquoted)	Cost	Lower of Cost or Net Asset value (NAV)	Loss to profit & Loss account but no unrealized gain booking.
Mutual Fund (Open-end)	Cost	If average cost price (CP) > NAVCMP * 0.95, then required provision per unit will be (RP)= $\frac{CP - NAVCMP}{0.85}$	Loss (net) to profit and loss account but no unrealised gain booking
Mutual Fund (Closed-end)	Cost	If CP > Market Value (MV) or CP > NAVCMP * 0.85, then required provision (RP) per unit will be: in case of $MV \geq NAVCMP * 0.85$, then RP = CP - MV or in case of $MV < NAVCMP * 0.85$, then RP = CP - NAVCMP * 0.85	Loss (net) to profit and loss account but no unrealised gain booking
Prize Bond	Cost	Cost	N/A


Md. Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited


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Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
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IDLC Investments Limited

Investments in Subsidiaries

The Bank recognizes investment in subsidiaries under cost method in the group financial statements in accordance with IAS 27, "Consolidated and Separate Financial Statements", IFRS 3 "Business Combination", IAS 36 "Impairment of Assets", IFRS 10, "Consolidated Financial Statements" and IFRS 12, "Disclosure of Interests in Other Entities". Accordingly, investments in subsidiaries are stated in the Bank's balance sheet at cost, less impairment losses (if any).

REPO and reverse REPO

The Bank has been recording transactions of REPO and reverse REPO following DOS circular no. 6 dated 15 July 2010 of BB. In case of REPO of both coupon and non-coupon bearing (Treasury Bill) securities, the Bank adjusts the revaluation reserve account for HFT securities and stops the weekly revaluation (if the revaluation date falls within the REPO period) of the same security. For interest bearing security, the Bank does not accrue interest during REPO period.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously as per IFRS 7 "Financial Instruments: Disclosures".

2.2.3 Loans & Advances/ investments

- a. Loans and Advances/investments are stated in the balance sheet on gross basis.
- b. Interest/profit is calculated on a daily product basis but charged and accounted for quarterly on accrual basis. Interest/profit on classified loans and advances is kept in suspense account as per Bangladesh Bank instructions and such interest/profit is not accounted for as income until realized from borrowers. Interest/ profit is not charged on bad and loss loans/investment as per guidelines of Bangladesh Bank. Records of such interest/profit amounts are kept in separate accounts.
- c. Commission and discounts on bills purchased and discounted are recognized at the time of realization.
- d. Provision for loans and advances/investment is made on the basis of period-end review by the management following instructions contained in Bangladesh Bank BRPD Circular no. 7 dated 6 December 2005, BRPD Circular no. 14 dated 23 September 2012, BRPD Circular no. 19 dated 27 December 2012, BRPD Circular no. 5 dated 29 May 2013, BRPD Circular no. 16 dated 18 November 2014, BRPD Circular no. 8 dated 2 August 2015, BRPD Circular no. 13 dated 15 Jun 2020, BRPD Circular no. 16 dated 21 July 2020, BRPD Circular no. 17 dated 28 September 2020, BRPD Circular Letter No. 52 dated 20 October 2020, BRPD Circular Letter No. 56 dated 10 December, 2020, BRPD Circular Letter No. 53 dated 30 December 2021, BRPD, BRPD Circular Letter No. 63 dated 31 December, 2020 and BRPD Circular Letter No. 13 dated 27 June, 2021 and. Provisions and interest suspense are separately shown under other liabilities as per First Schedule of Bank Company Act 1991 (amended up to 2018).The rates of provision for loans and advances are given below:

Rate of Provision for Unclassified Loans and Advances/Investments

Particulars	2021	2020
Unclassified loans under Small and Medium Enterprise Financing (SMEF)	0.25%	0.25%
Unclassified loans under Housing Finance (HF)	1%	1%
Unclassified loans under Loans for Professionals (LP) to set up business under Consumer Financing	2%	2%
Unclassified loans under Consumer Financing (CF) other than Housing Finance and loans for professionals	2%	5%
Unclassified loans under Credit Cards	2%	2%
Unclassified loans to Brokerage House, Merchant Banking, Stock dealers' etc.	2%	2%
All unclassified loans other than loans under Small and Medium Enterprise Financing (SMEF), Housing Finance (HF), Loans for Professionals (LP) Consumer Financing (CF), Loan to Brokerage House, Merchant Banking, Stock Dealers' etc. and short-term agricultural and micro-credit scheme	1%	1%
Unclassified loans under short-term agricultural and micro-credit scheme	1%	1%
Special General Provision under COVID-19	2%	1%

Off-balance Sheet exposures:

Particulars	2021	2020
Acceptances and endorsements	1%	1%
Letters of Guarantee		
Counter Guarantee rating-1	-	-
Counter Guarantee rating-2	0.50%	0.50%
Counter Guarantee rating-3 or 4	0.75%	0.75%
Counter Guarantee rating- other	1%	1%
Irrevocable Letters of Credit	1%	1%
Bills for Collection	-	-
Forward Contracts	1%	1%
Undrawn formal standby facilities, credit lines and other commitments	1%	1%

In accordance with BRPD Circular no. 05 dated 29 May, 2013, the rate of provision on the outstanding amount of loans kept in the 'Special Mention Account' will be the same as the rates stated above depending on the types of loans and advances.

Rate of provision for Classified Loans and Advances/Investments

Particulars	2021	2020
Specific Provision on Sub-standard loans and advances (SS)	20%	20%
Specific Provision on Doubtful loans and advances (DF)	50%	50%
Specific Provision on Bad/Loss loans and advances (BL)	100%	100%


Md. Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


Kash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited


Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka


Md. Moniruzzaman
Managing Director
IDLC Investments Limited

Rate of provision for cottage, micro, small and medium enterprise (CMSME)

Particulars	2021	2020
Specific Provision on Sub-standard loans and advances (SS) under CMSME	5%	20%
Specific Provision on Doubtful loans and advances (DF) under CMSME	20%	50%
Specific Provision on Bad/Loss loans and advances (BL) under CMSME	100%	100%

Rate for provision for Short-term Agricultural and Micro-credits

Particulars	2021	2020
Specific Provision on Substandard (SS)	5%	5%
Specific Provision on Doubtful (DF)	5%	5%
Specific Provision on Bad/Loss (BL)	100%	100%

- e. Loans and advances/investment are written off to the extent that (i) there is no realistic prospect of recovery, (ii) and against which legal cases are pending as per guidelines of Bangladesh Bank. These write off; however, will not undermine/affect the claim amount against the borrower. Detailed memorandum records for all such write off accounts are meticulously maintained and followed up.
- f. Amounts receivable on **Credit Cards** are included in advances to customers at the amounts expected to be recovered.
- g. General Provision against all unclassified **Credit Card** Loans under Consumer Financing: BRPD Circular No-12 dated 20 August, 2017 and BRPD Circular No-47 dated 28 September 2020.
- h. Provision for **Short-term Agricultural and Micro-Credits**: BRPD Circular No-15 dated 27 September, 2017.

2.2.4 Fixed Assets including premises, furniture and fixtures (Property, Plant & Equipment)

a. Recognition and Measurement

All fixed assets are stated at cost less accumulated depreciation as per IAS 16 "Property Plant and Equipment" except Land. Land is initially measured at cost and then recognized at revalued amount.

The cost of an item of property, plant and equipment is recognizes as an asset if- it is probable that future economic benefits associated with the item will flow to the entity; and the cost of the item can be measured reliably.

The cost of the items of property, plant and equipment comprises:

- i) its purchase price, including import duties and non refundable purchase tax, after deducting trade discount and rebates.
- ii) Any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- iii) The initial estimate of the cost of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as consequence of having used the item during a particular year of purpose other than to produce during that year.

Subsequent costs

Subsequent costs of enhancement of existing assets are recognized as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the bank and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit and loss account during the financial year in which they are incurred.

b. Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Land is not depreciated.

The rates at which property, plant and equipment are depreciated for current and comparative year are as follows:

Category of Assets	Estimated useful lives (Years)	Rate
Land and Land Development	Nil	Nil
Building	40	2.5%
Furniture and Fixtures	10	10%
Office Equipment	5	20%
Vehicles	5	20%
Books	5	20%

For addition to property, plant and equipment; depreciation is charged from the month of capitalization and no depreciation is charged in the month of disposal.

c. Disposal of Fixed Assets

The cost and accumulated depreciation of disposed assets are eliminated from the fixed assets schedule and gains or losses on disposal of an item of property, plant and equipment are to be determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment disposed off. Profit or (loss) if any is accounted for in "Other Operating Income" head.

d. Revaluation

The fair value of land and building usually refers its market value. This value is determined by appraisal, normally undertaken by professionally qualified experts. The fair value of items of plant and equipment is usually their market value, determined by appraisal. The frequency of revaluation depends upon the movements in the fair value of the items of property, plant and equipment being revalued.

Increases in the carrying amount as a result of revaluation are credited to shareholders equity under the heading of revaluation surplus. Decreases in the carrying amount as a result of revaluation are recognized as an expense. However, a revaluation decrease is charged directly against any related revaluation surplus to the extent that the decrease does not exceed the amount held in the revaluation surplus in respect of same assets.


Tabash Chandra Paul, MD
Chief Financial Officer (CFO)
Mercantile Bank Limited
Head Office, Dhaka


32 Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka


Md. Moniruzzaman
Managing Director
IDLC Investments Limited

e. Capital work in progress (CWIP)

Costs incurred but if the related asset is yet not ready or available to use are recognized as capital work in progress and disclosed as a part of fixed assets. Once the underlying asset is ready and available to use then it has been transferred to fixed assets stated at cost. These are expenses of a capital nature directly incurred in the construction of building, system development, awaiting capitalization. However, no depreciation is calculated on CWIP.

f. Borrowing costs

As per IAS 23, Borrowing Costs that are directly attributable to the acquisition, construction or production of qualifying assets have been capitalized as part of the cost of the assets.

2.2.5 Intangible Assets

a. Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. Acquisitions of minority interest (non-controlling interest) are accounted as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognised as a result of such transactions. Subsequently goodwill is measured at cost less accumulated impairment losses.

b. Software

Software acquired by the Bank is stated at cost less accumulated amortisation and accumulated impairment losses.

c. License

Value of license is recognised at cost and since it has an indefinite useful life it is not amortised. The value of the license is not measured at fair value.

2.2.6 Assets Revaluation Reserve

The Bank has revalued assets in 2011 by an independent valuation firm as per IAS 16 "Property, Plant & Equipment".

2.2.7 Impairment of Financial Assets

An asset is impaired when its carrying value exceeds its recoverable amount as per IAS 36: Impairment of Assets. At each balance sheet date, Mercantile Bank Limited assesses whether there is objective evidence that a financial asset or a group of financial assets, i.e., general investments, off-balance sheet items and investments in shares and securities are impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if-

- There is objective evidence of impairment as a result of a loss event that occurred after the initial recognition of the asset up to the balance sheet date;
- The loss event had an impact on the estimated future cash flows of the financial asset or the group of financial assets; and
- A reliable estimate of the loss amount can be made.

In the event of impairment loss, the Bank reviews whether a further allowance for impairment should be provided in the profit and loss statement in addition to the provision made based on Bangladesh Bank guidelines or other regulatory requirements.

2.2.8 Other Assets

Other assets of the Bank include all balance sheet items which are not covered specifically in other areas of the supervisory activity and such items may be insignificant in terms of overall financial condition of the Bank. Provisions for other assets (if any) are guided by the BRPD Circular No. 14 dated 25 June, 2001.

2.2.9 Inventories

Inventories are measured at the lower of cost and net realizable value.

2.2.10 Lease

Mercantile Bank Limited applied IFRS 16: Leases using modified retrospective approach where the Bank measured the lease liability at the present value of the remaining lease payments and recognised a right-of-use asset at the date of the initial application on a lease by lease basis.

According to IFRS 16, a contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Control is conveyed where the customer has both the right to direct the identified asset's use and to obtain substantially all the economic benefits from that use.

An asset is typically identified by being explicitly specified in a contract, but an asset can also be identified by being implicitly specified at the time it is made available for use by the customer.

Upon lease commencement, the Bank recognizes a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the lease liability plus any initial direct costs incurred by the Bank. Adjustments may also be required for lease incentives, payments at or prior to commencement and restoration obligations or similar. After lease commencement, the Bank measures the right-of-use asset using a cost model. Under the cost model, a right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment.

The lease liability is initially measured at present value of the future lease payments discounted using the discount rate implicit in the lease. Subsequently, the lease liability is adjusted for interest and lease payments as well as the impact of lease modifications, amongst others.

The Bank has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit and loss account on a straight-line basis over the lease term.

On the balance sheet, right-of-use assets have been included in fixed assets including premises, furniture and fixtures and lease liabilities have been included in other liabilities.

Impairment of Fixed Assets

At each balance sheet date, the Bank assesses whether there is any indication that the carrying amount of an asset exceeds its recoverable amount. An asset is carried at more than its recoverable amount if its carrying amount exceeds the amount to be recovered through use or sale of the asset. If this is the case, the asset is described as impaired and an impairment loss is recognised as an expense in the profit and loss account unless the asset is carried at revalued amount in accordance with IAS 16 in which case any impairment loss of a revalued asset should be treated as a revaluation decrease under that accounting standard. No impairment loss was recognised up to the reporting year as there were no such indications existed as at balance sheet date.

Investment Properties

Investment property is held to earn rentals or for capital appreciation or both and the future economic benefits that are associated with the investment property but not held for sale in the ordinary course of business.

Investment property is accounted for under cost model in the financial statements. Accordingly, after recognition as an asset, the property is carried at its cost less accumulated depreciation and accumulated impairment loss.

2.2.11 Receivables

The Bank recognizes receivables when there is a contractual right to receive cash or in form of another financial asset from another entity.

2.2.12 Non- Banking Assets

Non-banking assets were acquired due to failure of borrowers to repay the loan in time taken against mortgaged property. The Bank was awarded absolute ownership on few mortgaged properties (mostly land) through the verdict of the honourable court under section 33(7) of the Artharin Adalat Act 2003. The value of the properties has been recognized in the financial statements on the basis of third party valuation and reported as non income generating assets and account for in the financial statement as per BRPD Circular no. 22, dated on 20 September 2021. Party wise details (including possession date) of the properties are separately presented in **note-10 and Annexure -D1**.

2.2.13 Reconciliation of Inter- bank & Inter- branch Account

Accounts with regard to inter-bank (in Bangladesh and outside Bangladesh) are reconciled regularly and there are no material differences, which may affect the financial statements significantly. Un-reconciled entries/ balances in inter-branch transactions as on the reporting date are not material.

Liabilities & Provisions

Placement from other Banks and Financial Institutions include profit bearing placements and Bangladesh Bank refinance. These items are brought to the financial statements at the gross value of the outstanding balance.

2.3 Borrowings from Other Banks, Financial Institutions & Agents

Borrowings include call deposits, Bangladesh Bank refinance, other banks borrowings, off-shore banking unit. The amounts are recognized at the repayable amount. Interest expenses on these amounts are charge to the profit or loss account.

2.4 Non-Convertible Subordinated Bond

The Bank has issued 7 (Seven) years term subordinated bond during the year 2014 for BDT 3,000,000,000 to raise subordinated debt as part of the Tier-II Regulatory Capital following "Guideline on Risk Based Capital Adequacy" through Bangladesh Bank approval letter # BRPD (BIC) 661/14B (P)/ 2014, dated 15 April 2014. The Bank has further issued 7 (Seven) years term 2nd subordinated bond during the year 2018 for BDT 3,000,000,000 to raise subordinated debt as part of the Tier-II Regulatory Capital following "Guideline on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for banks in line with BASEL III)" vide BRPD Circular No- 18 dated December 21, 2014 through Bangladesh Bank approval letter # BRPD (BFIS) 661/14B(P)/2018-3835 dated June 07,2018 and Bangladesh Securities and Exchange Commission approval letter # BSEC/CI/CPLC/DS-210/2018/347 dated May 21,2018.


2.5 Deposits & Other Accounts

Deposits and other accounts include non-interest bearing current deposits redeemable at call, interest bearing short-term deposits, savings deposits and fixed deposits which are initially measured at the consideration received. These items are subsequently measured and accounted for the gross value of the outstanding balance in accordance with the contractual agreements with the counterparties.


Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited

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Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka


Md. Moniruzzaman
Managing Director
IDLC Investments Limited

2.6.1 Benefits to Employees

The retirement benefits accrued for the employees of the Bank as on reporting date have been accounted for in accordance with the provisions of IAS 19 "Employee Benefit". Bases of enumerating the retirement benefit schemes operated by the Bank are outlined below:

Provident Fund (Defined Contribution Plan)

Provident fund benefits are given to the permanent employees' of the Bank in accordance with Bank's service rules. Accordingly, a trust deed and provident fund rules were prepared. The Commissioner of Income Tax, Taxes Zone -3, Dhaka has approved the Provident Fund as a recognized provident fund within the meaning of section 2(52), read with the provisions of part - B of the First Schedule of Income Tax Ordinance 1984.

The recognition took effect from 2 June 1999. The Fund is operated by a Board of Trustees consisting of six members (3 members from the management side and other 3 members from the Board of Directors including Managing Director) of the Bank. All confirmed employees of the Bank are continuing their contribution @10% of their basic salary as subscription to the Fund. The Bank also similarly contributes equal amount of the employees' contribution. Interest earned from the investments is credited to the members' account on period basis.

Gratuity Fund (Defined Benefit Plan)

The Bank has started providing Gratuity fund, which was approved by the National Board of Revenue on 5 October 2006. The Fund is operated by a Board of Trustees consisting of 7 (seven) members of whom 3 members are from the Board of Directors including Managing Director of the Bank.

Employees of the bank are entitled to gratuity benefit at the following amount:

Duration of continuous and confirmed service	Entitlement
Up to 10 years	01 (One) month 'basic' pay for each completed year of service.
From 11 year and above	For the first 10 years, 01 (one) month's basic for each completed year.
	From 11 th year to 25 th year, 02 (two) months 'basic' pay for each completed year of service.
	Total entitlement maximum of 40 (forty) months 'basic' pay.


The actuarial valuation has not yet been made to assess the adequacy of the liabilities provided for the scheme.

Welfare Fund

Mercantile Bank Limited Employees' Welfare Fund is subscribed by monthly contribution of the employees. The Bank also contributes to the Fund from time to time. The Fund has been established to provide coverage in the event of accidental death or permanent disabilities, a portion of retirement benefit & stipend to the employees' children. Disbursement from the fund is done as per prescribed rules of employees' Welfare Fund.


Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited


Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka


Md. Moniruzzaman
Managing Director
IDLC Investments Limited

Incentive Bonus

Mercantile Bank Limited has good practice to motivate employees through offering "Incentive Bonus" depending on performance of Banks Profit.

Other Liabilities

Other liabilities comprise items such as provision for general investments, provision for investments in shares and securities, provision for taxation, profit payable, interest suspense, accrued expenses, obligation under finance lease, etc. Other liabilities are recognised in the balance sheet according to the guidelines of Bangladesh Bank, income tax laws and internal policy of the Bank.

As per IAS 37: Provisions, Contingent Liabilities and Contingent Assets, the Bank recognises provisions only when it has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made

Startup Fund

In compliance with Bangladesh Bank SMESPD Circular no.-04, dated 29 March, 2021; Mercantile Bank Limited has formed startup fund in order to facilitate innovations for marketing new products, services and technologies, and such enterprises would create employment and assets in the country.

2.6.2 Taxation

Current Tax

Provision for current income tax has been made as prescribed in the Finance Act, 2021 on the accounting profit made by the Bank after considering some of the add backs to income and disallowances of expenditure and provisions as per Income Tax Ordinance, 1984 in compliance with IAS 12: Income Taxes.

Deferred Tax

Principle of Recognition

Deferred tax is recognized as income or an expense amount within the tax charge, and included in the net profit and loss account for the year.

Recognition of Taxable Temporary Difference

A deferred tax liability is recognized for all taxable differences, except to the extent that the deferred tax liability arises from the initial recognition of goodwill; or the initial recognition of an asset or liability in a transaction which is not a business combination; and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Recognition of Deductible Temporary Difference

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination; and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Measurement

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting year.

2.6.3 Off- Balance Sheet Items & Provisions

Off-balance sheet items have been disclosed under contingent liabilities and other commitments as per Bangladesh Bank guidelines, BRPD Circular No. 13 dated 18 October 2018, BRPD Circular # 10, dated 18 September 2007, BRPD Circular # 14, dated 23 September 2012, and BRPD Circular No-07 21 June 2018 Banks are required to maintain provision @1% against off-balance sheet exposures (L/C and Guarantee) effective from December 2008. However, in reference to the BRPD circular No.07, dated 21 June 2018, it was instructed that banks will not to maintain any provision relating to the Bills for collection. Further, it was also instructed that Banks will not have to maintain any provision against counter guarantee of government/Multilateral Development Bank (MDB)/International Bank provided that the counter guarantee issuing Multilateral Development Bank (MDB)/International Bank has to have Bangladesh Bank rating grade-1 equivalent outlined in the Guidelines on Risk based Capital adequacy (Revised Regulatory Capital framework for banks in line with Basel III).

2.6.4 Provisions for Nostro Accounts

As per instruction contained in the Circular letter No. FEPD (FEMO)/ 01/ 2005-677, dated 13 September 2005 issued by Foreign Exchange Policy Department of Bangladesh Bank, Bank is required to make provision regarding the un-reconciled debit balance of Nostro account as on the reporting date in these financials.

2.7 Share Capital

Ordinary shares are classified as capital/ shareholders' equity which has no contractual obligation to transfer cash or other financial assets.

2.7.1 Authorized capital

Authorized capital is the maximum amount of share capital that the Bank is authorized by its Memorandum and Articles of Association. Details of which are shown in Note 14.

2.7.2 Paid up capital

Paid up capital represents total amount of shareholder capital that has been paid in full by the ordinary shareholders. Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at shareholders' meetings. In the event of a winding-up of the Bank, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any residual proceeds of liquidation. Details of which are shown in Note 14.3


Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited


Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka


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Managing Director
IDLC Investments Limited

2.8 Statutory Reserve

As per the provision of section 24 of the Bank Company Act 1991 (as amended up to 2018), the Bank requires to transfer 20% of its current year profit before tax to reserve until such reserve equals to its paid up capital. Accordingly, Bank has transferred requisite portion of current year profit to the statutory reserve account.

2.9 Non-Controlling Interest

Non-Controlling Interests are measured at their proportionate share of the acquires identifiable net assets at the date of acquisition as per Para 19 of IFRS 3 "Business Combinations". The company presents the non-controlling interests in the consolidated balance sheet within equity, separately from the equity of the owners of parent as per Para 22 of IFRS 10 "Consolidated Financial Statements". Changes in Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transaction as per Para 23 of IFRS 10 "Consolidated Financial Statements". The company attributes the profit and loss to the owners of the parent and to the non-controlling interests even if the results in the non-controlling interest having a deficit balance as per provision of Para B94 of IFRS 10 "Consolidated Financial Statements". When the proportion of the equity held by the non-controlling interests changes, the company adjusted the carrying amounts of the controlling and non-controlling interests to reflect the changes in their relative interests in the subsidiary and recognized directly in equity for any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received, and attribute it to the owners of the parent by as per provision of Para B96 of IFRS 10 "Consolidated Financial Statements".

Further details about non-controlling interest are given in **Note -17** of Financial Statements.

2.10 Revenue Recognition as per IFRS 15: Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing recognition guidance, IAS 18 "Revenue".

Based on preliminary assessment the Mercantile Bank has determined that IFRS 15 has no material impact on its financial statements. The impact of IFRS 15 will vary depending on a bank's existing accounting policies and the nature and mix of its products. Areas most affected could include, but are not limited to, credit cards and loyalty schemes, commissions, advisory contracts and bundled products. There might not be significant changes in how banks account for revenue, but all banks will need to review their contracts to ascertain how the new standard applies to their particular circumstances. Hence, Mercantile Bank herein should also consider how they will comply with the new disclosures required by IFRS 15.


This standard IFRS 15 contains principles that a bank will apply to determine the amount and timing of revenue. The underlying principle is for a bank to recognize revenue as it renders services to customers at an amount that the entity expects to be entitled to in exchange for those services. The bank will apply a five-step approach:

- Step 1: Identify the contract(s) with the customer.
- Step 2: Identify the separate performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to separate performance obligations.
- Step 5: Recognize revenue when (or as) each performance obligation is satisfied.

Bank's revenue has been significantly affected as a result of implementation of single digit interest rate and the reduced economic activity following the steps taken to control the COVID-19. Hence, management has considered the both effects in case of revenue estimates for ongoing and future contracts with customers falling within the scope of "IFRS 15 - Revenue from Contracts with Customers".


Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited


Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka


Md. Moniruzzaman
Managing Director
IDLC Investments Limited

2.10.1 Interest Income

Interest on loans and advances is calculated on daily product basis, but charged and accounted for on quarterly basis. Interest on loans and advances ceases to be taken into income when such advances fall under classification. It is then kept in interest suspense account. Interest on classified loans and advances is accounted for on a cash receipt basis.

Profit on investment

Mark-up on investment is taken into income account proportionately from Unearned Income account. Income/compensation on classified investments is transferred to compensation/suspense account instead of income account

2.10.2 Interest /Profit Paid & Other Expenses

Interest paid on borrowing and other deposits (conventional banking)

Interest paid and other expenses are recognized on accrual basis.

Profit paid on deposits (Islamic Banking)

Profit paid to mudaraba deposits is recognized on accrual basis according to Investment Income Sharing Ratio (ISR) applied through commensurating appropriate weightage.

Other operating expenses

All other operating expenses are provided for in the books of the account on accrual basis according to the IAS 1 "Presentation of Financial Statements".

2.10.3 Investment Income

Interest income on investments is recognized on accrual basis using effective interest rate. Capital gains on investments in shares are recognized as income and credited to investment income in the profit and loss statement. Capital Gains are recognized when these are realized.

2.10.4 Fees & Commission Income

Fees and Commission income arising on services provided by the Bank are recognized when those are realized. Commission charged to customers on letters of credit and letters of guarantee is credited to income as per terms and conditions of Letter of Credit or Letter of Guarantee in the books of accounts.


2.10.5 Dividend Income on Shares

Dividend income from investments in shares is recognised when the Bank's right to receive dividend is established. It is recognised when-

- It is probable that the economic benefits associated with the transaction will flow to the entity; and
- The amount of the revenue can be measured reliably.


Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited


Md. Quamrul Islam Chowdhury
Managing Director & CEO
40 Mercantile Bank Limited
Head Office, Dhaka


Md. Moniruzzaman
Managing Director
IDLC Investments Limited

2.10.6 Rebate to good borrower

As per BRPD Circular No 6 dated 19 March, 2015 and BRPD Circular No 3 dated 16 February, 2016 Banks are required to provide 10% interest rebate to the good borrower subject to some qualifying criteria. The bank has a policy to provide the rebate to the customer accordingly.

2.10.7 Dividend Distribution Policy

The Bank formulates its Dividend Distribution Policy in accordance with the directives of Bangladesh Securities and Exchange Commission (BSEC) as per reference no. BSEC/CMRRCD/2021-386/03 dated. 14 January 2021.

As the major strategic objectives of the Bank is to increase shareholders' value by pursuing ethical practices in the conduct of its business and maintaining high standard of disclosure and transparency; the Board, management and other functionaries have distinctly demarcated roles in achieving the corporate goals. The dividend for each year is recommended by the Board at its discretion for declaration by the shareholders in Annual General Meeting as per the Policy guidelines, after taking into account of Bangladesh Bank instruction regarding dividend distribution, financial performance of the Bank, its future plans, internal and external factors, Dividend payout trends, Tax implications, Cost of raising funds from alternate sources of capital, Corporate actions including expansion plans and investment in subsidiaries/associates of the Bank, Shareholder expectations and statutory restrictions, etc. The Bank also utilizes the retained earnings in a manner which is beneficial to the interest of the Bank and its stakeholders, including, but not limited to ensuring maintenance of a healthy level of capital adequacy ratios, meeting the Bank's future business growth / expansion and strategic plans or such other purpose the Board may deem fit from time to time in the interest of the Bank and its stakeholders. Moreover, Mercantile Bank Limited ensures timely adaption of any directives and circulars prescribed by Bangladesh Securities and Exchange Commission (BSEC), Dhaka Stock Exchange Limited, Chittagong Stock Exchange Limited regarding dividend distribution and management from time to time.

Dividend Payments

Final Dividend of the Bank and its subsidiaries is recognized only when the shareholders' right to receive payment is established and when it is approved by the shareholders in the AGM

2.11 MBL Foundation

Mercantile Bank Limited performs its Corporate Social Responsibilities and other voluntary and charitable activities as per the guidelines of Bangladesh Bank and other regulatory frameworks for the welfare of society through Mercantile Bank Limited Foundation since 2000.

2.12 Operating Segments

Segmental information is presented in respect of Mercantile Bank Limited and its subsidiary. Business segments report consists of products and services whose risks and returns are different from those of other business segments. These segments comprise main operations of Commercial Banking including Off-shore Banking Units, Mercantile Bank Securities Limited; MBL Assts Managements Limited and Mercantile Exchange House (UK) Ltd. Geographical segments report consists of products and services within a particular economic environment where risks and returns are different from those of other economic environments. Inter-segment transactions are generally based on inter-branch fund transfer measures as determined by the management. Income, expenses, assets and liabilities are specifically identified with individual segments.

The Bank's Compliance with Related Pronouncement of Bangladesh Bank

2.13 Risk Management

The risk of Mercantile Bank Limited is defined as the possibility of losses, financial or otherwise. The risk management of the Bank covers core risk areas of banking viz. credit risk, liquidity risk, market risk that includes foreign exchange risk, interest rate risk, equity risk, operational risk and reputation risk arising from money laundering incidences. The prime objective of the risk management is that the Bank evaluates and takes well calculative business risks and thereby safeguarding the Bank's capital, its financial resources and profitability from various business risks through its own measures and through implementing Risk Management Guidelines issued by Bangladesh Bank through DOS Circular No. 4 dated 08 October, 2018 and following some of the best practices as under:

Core Risk Management

BRPD Circulars No.17 dated 7 October 2003 and BRPD Circular No. 4 dated 5 March 2007 require banks to put in place an effective risk management system. The risk management system of the bank covers the following risk area:

2.13.1 Credit Risk

Credit risk arises mainly from lending, trade finance, and leasing and treasury businesses. This can be described as potential loss arising from the failure of a counter party to perform as per contractual agreement with the Bank. The failure may result from unwillingness of the counter party or decline in his/ her financial condition. Therefore, the Bank's credit risk management activities have been designed to address all these issues.

The Bank has segregated duties of the officers/ executives involved in credit related activities. A separate Corporate Division has been formed at Head Office, which is entrusted with the duties of maintaining effective relationship with the customers, marketing of credit products, exploring new business opportunities, etc. Moreover, credit approval; administration, monitoring and recovery functions have been segregated.

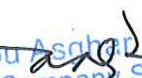
For this purpose, three separate units have been formed within the Credit Division. These are (a) Credit Risk Management Unit (b) Credit Administration Unit and (c) Credit Monitoring and Recovery Unit. Credit Risk Management Unit is entrusted with the duties of maintaining asset quality, assessing risk in lending to a particular customer, sanctioning credit, formulating policy/ strategy for lending operation, etc. Adequate provision has been made on classified loans.

A thorough assessment is done before sanction of any credit facility at Credit Risk Management Unit. The risk assessment includes borrower risk analysis, financial analysis, industry analysis, historical performance of the customer, security of the proposed credit facility, etc. The assessment process starts at Corporate Division by the Relationship Manager / Officer and ends at Credit Risk Management Unit when it is approved/ declined by the competent authority. Credit approval authority has been delegated to the individual executives. Proposals beyond their delegation are approved/ declined by the Executive Committee and/ or the Management of the Bank.

In determining Single borrower / large loan limit, the instructions of Bangladesh Bank are strictly followed. Internal audit is conducted at periodical intervals to ensure compliance of Bank's and Regulatory policies. Loans are classified as per Bangladesh Bank's guidelines.

2.13.2 Liquidity Risk/ Assets Liability Management

The objective of liquidity risk management is to ensure that all foreseeable funding commitments and deposit withdrawals can be met when due. To this end, the Bank is maintaining a diversified and stable funding base


Md. Asghar G. Haque
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


Md. Rashidul Haque
Financial Officer (CFO)
Mercantile Bank Limited


Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka


Md. Moniruzzaman
Managing Director
IDLC Investments Limited

comprising of core retail and corporate deposits and institutional balance. Management of liquidity and funding is carried out by Treasury Department under approved policy guidelines which is formulated in line with "Managing Core Risks in Banking: Asset-Liability Management" policy issued by Bangladesh Bank. Treasury front office is supported by a very structured Mid Office and Back Office. Asset Liability Committee (ALCO) monitors the Liquidity Management on a regular basis. A written contingency plan is in place to manage crisis situation.

2.13.3 Market Risk

Market risk is the possibility of loss arising from changes in the value of a financial instrument as a result of changes in market variables such as interest rates, exchange rates and commodity prices.

Foreign Exchange Risk

Foreign exchange risk is defined as the potential change in earnings due to change in market prices. The foreign exchange risk of the Bank is minimal as all the transactions are carried out on behalf of the customers against underlying L/C commitments and other remittance requirements. No foreign exchange dealing on Bank's account was conducted during the year.

Treasury Department independently conducts the transactions and the back office of treasury is responsible for verification of the deals and passing of their entries in the books of account. All foreign exchange transactions are revalued at Mark-to-Market rate as determined by Bangladesh Bank at the month-end. All Nostro accounts are reconciled on a monthly basis and the management for its settlement reviews outstanding entry beyond 30 days. The position maintained by the bank at the end of day was within the stipulated limit prescribed by the Bangladesh Bank.

Interest Rate Risk

Interest rate risk may arise either from trading portfolio and non-trading portfolio. The trading portfolio of the Bank consists of Government Treasury Bills and Treasury Bonds with maturity varied from 1 to 20 years. The short-term movement in interest rate is negligible or nil. Interest rate risk of non-trading business arises from mismatches between the future yield of an asset and its funding cost. Asset Liability Committee (ALCO) monitors the interest rate movement on a regular basis.

2.13.4 Operational Risk

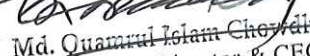
Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risks in the Bank are managed through a comprehensive and well-articulated internal control framework. Material losses are regularly analyzed by cause and actions are taken to improve system and controls to prevent recurrence in the future.

Bank has restructured Internal Control and Compliance Division (ICCD) headed by a senior level executive in light of Core Risk guidelines of Bangladesh Bank. As a tool of Internal Control, the Audit and inspection teams undertake periodic and special audit and inspection on the branches and departments/ divisions of Head Office in order to sort out the weaknesses and defects in the control process and report to the management for taking corrective measures to protect the interests of the Bank.

The Compliance & Monitoring Units ensure timely and proper compliance of all regulatory instructions and internal policies and procedures in the day-to-day operation of the Bank by way of using various control tools. They assess the operational risk and take appropriate measures to mitigate the same for smooth operation of the Bank. ICC Division reports serious non-compliances detected by internal and external auditors with up-to-date compliance


Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited


Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka


Md. Moniruzzaman
Managing Director
IDLC Investments Limited

position i.e. large financial risk exposures, control weaknesses etc. to the Audit Committee of the Board for review and taking appropriate measures.

The ICC division also ensures the clear definition of organizational structure, appropriate assignment, accountability and delegation of authorities to functional management to create control and compliance culture within organization with the active guidance and supervision of senior management and Board of Directors.

2.13.5 Reputation Risk Arising from Money Laundering Incidences

Money laundering risk is defined as the loss of reputation and expenses incurred as penalty for being negligent in prevention of money laundering. For mitigating the risks, the Bank has a designated Chief Compliance Officer at Head Office and Compliance Officers at branches, who independently review the transactions of the accounts to verify suspicious transactions. Manuals for prevention of money laundering have been established and transaction profile has been introduced. Training is continuously given to all the category of Officers and Executives for developing awareness and skill for identifying suspicious activities/ transactions.

2.13.6 Internal Control & Compliance Risk

To ensure the integrity of liquidity risk management process, Bank has adequate internal controls. These are an integral part of the Bank's overall system of internal control. An effective system of internal control for liquidity risk includes:

- a strong control environment;
- an adequate process for identifying and evaluating liquidity risk;
- the establishment of control activities such as policies and procedures;
- adequate information systems; and
- Continual review of adherence to established policies and procedures.

Our all aspects of the internal control system are effective, including those aspects that are not directly part of the risk management process. The system is evaluated and reviewed regularly by the Management.

Internal Audit

The Bank's compliance risk management system is subject to implementation by the senior management and a qualified compliance officer/ staff and reviewed by an effective and comprehensive internal audit function.

Compliance risk included in the risk assessment methodology of the internal audit function and an audit program that covers the adequacy and effectiveness of the Bank's compliance function established, including testing of controls commensurate with the perceived level of risk.

This principle implies that the compliance function and the internal audit function separate to ensure that the activities of the compliance function are subject to independent review. However, the audit function keep the head of compliance informed of any audit findings related to compliance.

2.13.7 Fraud and Forgeries

Fraud Detection and Management Process: Internal Audit (IA) team conducts surprise audit on all branches and departments/ divisions of the Head Office at least once in a year. While auditing branches and offices, the IA team thoroughly checks the operational activities of the branches/ offices including transactions in various accounts and search for any irregularities occurred in those accounts. IA team also monitors the staff accounts and if necessary investigate the suspicious transactions and report the same to the management. IA team also conducts


Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited


Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka


Md. Moniruzzaman
Managing Director
IDLC Investments Limited

investigation into specific allegations and submits report to the management for action. Senior management of the bank also conduct regular visit to branches and advise the branch officials to comply with all the regulatory instructions, policies and procedures of the Bank. Proper financial impact has been given in the books of accounts of the Bank as well as appropriate action has been taken for any financial irregularities due to fraud or forgery.

2.13.8 Information Technology Risk

Information and Communication Technology (ICT) is the major resource for fueling business ideas and innovations. At the same time, Information & Communication Technology Security Risk is being considered as one of the major/core risks for financial industry. Hence, Information and related technology inevitably needs to be suitably protected through ensuring acceptable level of Information Security to ensure business continuity, minimize business risk, and maximize return on investments and to help the business to gain a competitive edge/advantage and opportunities.

- ICT Security Policy of MBL is prepared in line with the latest ICT Security Guideline of Bangladesh Bank.
- Vulnerability Assessment and Penetration Testing (VAPT) has been conducted regularly.
- Unauthorized application/software is strictly prohibited to use in MBL.
- Unique username and password are assigned to each user to all systems.
- Accesses to specific services or modules are limited based on user rights and defined user roles.
- "Committed to Build Human Firewall" is being set as objective of ICT Security Unit.
- Interactive and progressive activities like simulated phishing attack, Cyber Awareness Session and Quizzes are conducted regularly to minimize internal threats and protect data privacy & breach.
- Administrative Privileges are defined based on mandatory need basis only.
- Public facing services like Internet Banking, Digital app, Mobile Banking, Card Systems have additional layer of security like multi-factor authentication, SMS, E-mail alerts, etc.
- MBL has standard BCP and DRP and cyber incident management team.

2.14 Earnings per Share

Earnings per Share (EPS) is calculated in accordance with IAS 33 "Earnings per Share" which shown on the face of the Profit and Loss account and the computation of EPS is elaborated in **Note-35**.

Basic Earnings per Share

Basic earnings per share have been calculated in accordance with IAS 33 "Earnings per Share" which has been shown on the face of the profit and loss account. This has been calculated by dividing the basic earnings by the weighted average number of ordinary shares outstanding during the period.

Diluted Earnings per Share

Diluted earnings per share are calculated as dilution has been occurred during the period.

2.15 Directors' responsibility on financial statements

The Board of Directors' responsibility is the preparation & presentation of financial statements.

2.16 Memorandum items

Memorandum items are maintained to have control over all items of importance and for such transactions where the Bank has only a business responsibility and no legal commitment. Stock of travelers' cheque, savings certificates, wage earners bonds and other are fallen under the memorandum items.

2.17 Compliance report on International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs)

The Financial Reporting Council of Bangladesh (FRC) is the sole authority for adoption of International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs). While preparing the financial statements, Mercantile Bank Limited applied most of IASs and IFRSs as adopted by the FRC. Details are given below:

Name of the IAS	IAS No	Status
Presentation of Financial Statements	1	Applied*
Inventories	2	N/A
Statement of Cash Flows	7	Applied*
Accounting Policies, Changes in Accounting Estimates & Errors	8	Applied
Events after the Reporting Period	10	Applied
Construction Contracts	11	N/A
Income Taxes	12	Applied
Property, Plant & Equipment	16	Applied
Employee Benefits	19	Applied
Accounting for Government Grants & Disclosure of Government Assistance	20	N/A
The Effects of Changes in Foreign Exchange Rates	21	Applied
Borrowing Costs	23	Applied
Related Party Disclosures	24	Applied
Accounting & Reporting by Retirement Benefit Plans	26	Applied
Consolidated & Separate Financial Statements	27	Applied
Investments in Associates	28	N/A
Interests in Joint Ventures	31	N/A
Financial Instruments: Presentation	32	Applied*
Earnings per Share	33	Applied
Interim Financial Reporting	34	Applied
Impairment of Assets	36	Applied
Provisions, Contingent Liabilities & Contingent Assets	37	Applied
Intangible Assets	38	Applied
Investment Property	40	Applied
Agriculture	41	N/A

Name of the IFRS	IFRS No	Status
First- time Adoption	1	N/A
Share- based Payment	2	N/A
Business Combinations	3	N/A
Insurance Contracts	4	N/A
Non- current Assets Held for Sale & Discontinued Operations	5	N/A
Exploration for & Evaluation of Mineral Resources	6	N/A
Financial Instruments: Disclosures	7	Applied*
Operating Segments	8	Applied
Financial Instruments	9	Applied*
Consolidated Financial Statements	10	Applied
Joint Arrangement	11	N/A
Disclosure of Interest in Other Entities	12	Applied*
Fair Value Measurement	13	Applied

Abulhasan G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka

Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited

Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka

Md. Monjuruzzaman
Managing Director
IDLC Investments Limited

Regulatory Deferral Accounts	14	N/A
Revenue from contracts with customers	15	Applied
Leases	16	Applied*

*In order to comply with certain specific rules and recognitions of the local Central Bank (Bangladesh Bank) which are different to IAS/IFRS, local laws and regulation will be prevailed.

2.18 Disclosure of FRC Policy on Use of Audited Financial Statements in Processing Loans

Audited Financial Statements are mandatory documents for any existing company applying for new loan facility for the first from bank. The bank uses the Audited Financial Statements while assessing any new credit / Loan facilities to any new customers. In compliance with BRPD Circular Letter No. 04, dated January 04, 2021, the bank obtained audited financial statements while approving any new loan. It is also mandatory to the client of the bank to submit annual audited financial statements of the company to the bank on an annual basis. Audited Financial Statements are preserved with the loan file by the bank. However, in some special circumstances where latest Audited Financial Statements may not be available, the bank uses interim Management Accounts for the Borrower Risk Rating (BRR) or ICRR for the purpose of renewal of any loan facilities. Such BRR or ICRR is approved by the Management only for Interim use with an instruction to update the same with the Audited Financial Statements. Regarding the BRPD Circular Letter 35 dated July 06, 2021, and FRC Letter No. 178/FRC/APR/2021/27(28) dated December 8, 2021, From September 2021 the Bank verifying the Financial Statements using the Document Verification System (DVS).

2.19 Approval of financial statements

The Board of Directors' approved the financial statements for year ended 31 December, 2021 on 15.03.2022.

2.20 Component of Financial Statements

As per IAS 1 "Presentation of Financial Statements" and as recommended in the BRPD Circular # 14, dated 25 June 2003 issued by the Banking Regulation and Policy Department of Bangladesh Bank the Financial Statement includes;

- Balance Sheet (Statement of Financial Position);
- Profit & Loss account (Statement of Profit or Loss & Other Comprehensive Income);
- Statement of Changes in Equity;
- Statement of Cash Flows;
- Liquidity Statement;
- Significant Accounting Policies & Explanatory and
- Notes to the Financial Statements.

2.21 Implementation of BASEL-III

Basel III refers to the latest capital and liquidity standards prescribed by the Bank for International Settlements (BIS). Bangladesh has entered into the Basel III regime from January 1, 2015. Bangladesh Bank (BB) has amended its capital standard based on Basel II and circulated new regulatory capital and liquidity guidelines in line with Basel III of BIS. The Basel III reform measures aim to improve the banking sector's ability to absorb shocks arising from financial and economic stress thus reducing the risk of spillover from the financial sector to the real economy, improve risk management and strengthen banks' transparency and disclosures. The new capital and liquidity standards have great implications for banks.

With a view to facilitating the way of implementation of BASEL-III, the bank has formed "Basel Implementation Unit". A supervisory committee includes top management of the bank overseeing the unit. The bank has also formed a Supervisory Review Process (SRP team) to participate the dialogue with the Supervisory Review Evaluation Process (SREP) team of Bangladesh Bank for measuring the adequate capital requirement.

2.22 Rating

Credit Rating Information and Services Limited (CRISL), on the basis of Financial Statements has rated Mercantile Bank Limited. CRISL rated the Mercantile Bank Limited to "AA" (Pronounced as Double A) in the long term. The above gradation has been done in consideration with its financial viability and consequent improvement in asset quality, capital adequacy, stable source of fund, diversified product lines etc. Financial institutions rated in this category are adjudged the financial institution that is subservient to have high safety to timely repayment of financial obligations. It means Bank rated in the category is adjudged to be of high quality, offer higher safety and have high credit quality. This level of rating indicate a corporate entity a sound credit profile and without significant problems. Risks are modest and may vary slightly from time to time because of economic conditions. CRISL rated the Mercantile Bank Limited to ST-2 in the short term. This rate shows High Grade of the Bank it indicates high certainty of timely payment. Liquidity factors are strong and supported by good fundamental protection factors. Risk factors are very small. Both long-term and short-term rating is valid for one year i.e. from 20 May, 2021 to 19 May, 2022.

Auditor of the Subsidiaries Company

Name of the Subsidiary	Relationship	Name of the Auditor
Mercantile Bank Securities Limited	Subsidiary	K. M. Hasan & Co., Chartered Accountants
Mercantile Exchange House (UK) Limited	Subsidiary	NFA (UK) Limited T/A Muhit & Co, Chartered Certified Accountants
MBL Asset Management Limited	Subsidiary	Howlader Maria & Co., Chartered Accountants

Summary of Credit Rating:

Term	Rating	Indication
Long-term	AA	Higher Safety and High Credit Quality
Short-term	ST-2	High Certainty of Timely Repayment

In addition to above, Mercantile Bank Ltd has been assigned B2 by Moody's.

2.23 General

- Figures appearing in the Financial Statements have been rounded off to the nearest Taka.
- Figures of previous year have been rearranged wherever necessary to conform to current year's presentation.


Abu Asghar G. Azhari
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited


48 Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka


Md. Moniruzzaman
Managing Director
IDLC Investments Limited

		Amount in BDT	
		Dec-21	Dec-20
3.4	Held for Statutory Liquidity Ratio		
a-i).	Conventional banking		
	Cash In hand	2,509,618,997	2,343,213,086
	Surplus of CRIR	310,943,150	1,394,177,130
	Balance with Sonali Bank as an agent of BB	452,405,642	317,616,005
	Held for Trading (HFT)	7,612,997,894	3,529,087,919
	Held to Maturity (HTM)	46,646,006,700	39,860,486,890
	Other Securities	314,514,997	3,623,600
		57,846,487,380	47,448,204,630
a-ii).	Islamic banking		
	Cash In hand	20,714,099	14,662,700
	Surplus of CRIR	100,126,000	49,023,000
	Balance with Sonali Bank as an agent of BB	-	-
	Held for Trading (HFT)	20,000,000	30,000,000
	Held to Maturity (HTM)	-	-
	Other Securities	194,140,001	13,200,000
		334,980,100	106,885,700
3.5	Maturity grouping of cash		
	Maturity-wise groupings (Inside and outside Bangladesh)		
	Payable on demand	14,618,971,073	15,503,985,230
	Up to 1 (one) month	-	-
	Over 1 (one) month but not more than 3 (three) months	-	-
	Over 3 (three) months but not more than 1 (one) year	-	-
	Over 1 (one) year but not more than 5 (five) years	-	-
	Over 5 (five) years	-	-
		14,618,971,073	15,503,985,230
3(a)	Consolidated Cash		
	Cash in hand (Including foreign currencies)		
	Mercantile Bank Limited	2,530,333,096	2,357,875,786
	Mercantile Bank Securities Limited	303,279	117,242
	MBL Asset Management Limited	23,528	467
	Mercantile Exchange House (UK) Limited	1,778,765	528,910
		2,532,438,668	2,358,522,405
	Balance with Bangladesh Bank and its agent bank. (Including foreign currencies)		
	Mercantile Bank Limited	12,088,637,977	13,146,109,444
	Mercantile Bank Securities Limited	-	-
	MBL Asset Management Limited	-	-
	Mercantile Exchange House (UK) Limited	-	-
		12,088,637,977	13,146,109,444
		14,621,076,645	15,504,631,849
4.	Balance with other banks and financial institutions		
4.1	In Bangladesh		
A	Current accounts		
	Conventional banking		
	Sonali Bank Limited	829,909	829,909
	Agrani Bank Limited	68,959	469,649
	Janata Bank Limited	39,646,476	49,362,268
	United Commercial Bank Limited	2,028,414	307,851
	Standard Bank Limited	2,000,000	2,000,000
	Bangladesh Commerce Bank Limited	1,000,000	1,000,000
	NRB Commercial Bank Limited	17,267,953	9,341,074
	NRB Bank Limited	3,651,753	4,750,019
	Al Arafah Islami Bank Limited	2,500,000	2,500,000
	Modhumoti Bank Limited	8,463	-
	South Bangla Agriculture Bank Limited	399,310	-
	National Bank Limited	2,784	1,804
	Total Current Deposit	69,404,022	70,562,575

Abu Asghar G. Haruni


Company Secretary Tapash Chandra Paul, PhD
Mercantile Bank Limited Chief Financial Officer (CFO)
Head Office, Dhaka Mercantile Bank Limited

Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka

Md. Moniruzzaman
Managing Director
IDLC Investments Limited

		Amount in BDT		
		Dec-21	Dec-20	
B	Short-Notice Deposits accounts			
I.	Conventional banking			
	Standard Chartered (VISA settlement)	11,858,954	11,195,059	
	Trust Bank Limited (Q-CASH settlement)	14,263,194	(134,296,513)	
	National Bank Limited	26,114,520	1,113,915	
	Arab Bangladesh Bank Limited	-	1,821	
	Agrani Bank Limited	38,061,943	36,422,237	
	South East Bank Limited	41,585	4,237,658	
	Community Bank Bangladesh Limited	-	150,000,000	
	Islami Bank Limited	5,541,642	2,008,413	
		95,881,838	70,682,589	
II.	Islamic banking			
	Islami Bank Bangladesh Limited	100,198	100,000	
	EXIM Bank Limited	300,000,000	-	
	Shahjalal Islami Bangladesh Limited	99,362	100,000	
		300,199,560	200,000	
III.	Off-shore Banking Division			
	Total Short-Notice Deposits accounts B (I+II+III)	1,010,040,745	306,717,091	
	Total Current accounts & Short-Notice Deposit (A+B)	1,408,122,143	377,599,681	
		1,475,526,165	448,162,255	
C	Fixed deposit accounts			
I.	Conventional banking			
	South Bangla Agriculture Bank Limited	171,600,000	-	
	Bengal Commercial Bank Limited	200,000,000	-	
		371,600,000	-	
II.	Islamic banking			
		-	-	
		-	-	
		-	-	
	Total Fixed deposit accounts C(I+II)	371,600,000	-	
D	Financial Institutions			
	Conventional banking			
	PFI Securities Limited	1,503	1,503	
	IIDFC Finance Limited	-	20,000,000	
	Bay Leasing and Investment Limited	60,000,000	100,000,000	
	Meridian Finance & Investment Limited	40,000,000	65,000,000	
	Mercantile Bank Securities Limited	9,083	44,449	
	Total Financial Institutions	100,010,587	185,045,952	
	Total (A+B+C+D)	1,847,136,751	633,208,207	
4.2	Outside Bangladesh (Nostro accounts)			
	Conventional banking			
	Standard Chartered Bank, New York	USD / 85.8000	17,377,139	122,643,646
	Mashreq Bank, New York	USD / 85.8000	6,118,536	1,988,709,475
	Wells Fargo Bank, New York	USD / 85.8000	2,614,985	974,952,019
	Commerzbank, Frankfurt	USD / 85.8000	2,270,509	36,202,762
	Citi Bank NA, New York	USD / 85.8000	15,380,053	-
	Standard Chartered Bank, London	GBP / 115.2423	19,751,457	5,534,995
	Standard Chartered Bank, Tokyo	Japanese Yen/0.7471	1,202,321	1,719,737
	Arab Bangladesh Bank Limited., Mumbai	ACU/USD- 85.8000	231,923,877	61,309,443
	Commerzbank, Frankfurt	EURO / 97.0098	15,473,693	7,800,145
	Standard Chartered Bank, Frankfurt	EURO / 97.0098	510,713	20,496,817
	Hatlon National Bank, Colombo	ACU/USD- 85.8000	1,751,083	1,601,134
	Bank of Bhutan, Phuentsholing	ACU/USD- 85.8000	483,405	698,168
	United Bank of India, Kolkata	ACU/USD- 85.8000	1,171,091	15,572,935
	Sonali Bank, Kolkata	ACU/USD- 85.8000	70,726	37,254
	Nepal BD Bank Limited., Kathmandu	ACU/USD- 85.8000	336,282	100,181
	Standard Chartered Bank, Mumbai	ACU/USD- 85.8000	234,409,567	33,950,819
	Meezan Bank Ltd. Karachi, (Former HSBC, Karachi)	ACU/USD- 85.8000	75,074,317	27,464,744
	ICICI, Mumbai	ACU/USD- 85.8000	117,285,357	11,779,293
	Habib Bank AG Zurich	Swiss Franc / 93.5303	1,491,404	1,396,791
	Mashreq Bank, Mumbai	ACU/USD- 85.8000	119,892,760	11,588,169
	Habib American Bank	USD / 85.8000	1,655,709	263,436,459
	JP Morgan Chase Bank NY	USD / 85.8000	14,310,443	61,335,317
	Habib Metropolitan Bank	ACU/USD- 85.8000	32,472,101	50,396,148
	AXIS Bank Limited	ACU/USD- 85.8000	39,681,381	24,419,261
	Mashreq Bank Dubai	Dirham/AED-23.3593	31,939,545	65,796,810
	Total Outside Bangladesh (Nostro accounts)		984,648,454	3,788,942,420
	Grand Total (Note 4.1 & Note 4.2)		2,931,785,205	4,422,150,627



Abu Asghar G. Haruni
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Head Office, Dhaka


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Mercantile Bank Limited

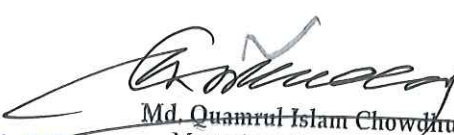

Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka


Md. Moniruzzaman
Managing Director
IDLC Investments Limited

	Amount in BDT	
	Dec-21	Dec-20
4.3 Remaining maturity grouping of balance with other banks and financial institutions (inside and outside Bangladesh)		
Payable on demand	1,475,526,165	448,162,255
Up to 1 (one) month	-	-
Over 1 (one) month but not more than 3 (three) months	1,356,248,454	3,788,942,420
Over 3 (three) months but not more than 1 (one) year	100,010,587	185,045,952
Over 1 (one) year but not more than 5 (five) years	-	-
Over 5 (five) years	-	-
	2,931,785,205	4,422,150,627
4(a) Consolidated Balance with Other Banks and Financial Institutions In Bangladesh		
Mercantile Bank Limited	1,947,136,751	633,208,207
Mercantile Bank Securities Limited	457,542,027	371,357,195
MBL Asset Management Limited	24,407,949	18,762,329
Mercantile Exchange House (UK) Limited	-	-
	2,429,086,727	1,023,327,732
Intra Company Transaction	(408,158,509)	(204,122,749)
	2,020,928,219	819,204,984
Outside Bangladesh (Nostro Accounts)		
Mercantile Bank Limited	984,648,454	3,788,942,420
Mercantile Bank Securities Limited	-	-
MDL Asset Management Limited	-	-
Mercantile Exchange House (UK) Limited	-	472,164
	984,648,454	3,789,414,584
	3,005,576,672	4,608,619,568
5. Money at call on short notice		
Bank:		
NCC Bank Limited	300,300,000	-
	-	-
	300,300,000	-
Financial Institution:		
FAS Finance & Investment Limited	145,000,000	145,000,000
International Leasing & Financial Services Limited	103,100,000	103,100,000
	248,100,000	248,100,000
	548,400,000	248,100,000
5(a) Consolidated money at call on short notice		
Mercantile Bank Limited	548,400,000	248,100,000
Mercantile Bank Securities Limited	-	-
MDL Asset Management Limited	-	-
Mercantile Exchange House (UK) Limited	-	-
	548,400,000	248,100,000
6. Investments		
Conventional and Islamic banking		
Government Securities (Note- 6.1)	54,919,467,638	43,568,206,447
Other investments (Note- 6.5)	7,478,424,540	5,385,606,347
	62,397,892,177	48,953,712,794
6.1 Government Securities: Classified as per Bangladesh Bank circular		
Conventional banking		
Held for trading (HFT)	7,612,997,894	3,529,087,919
Held to maturity (HTM)	46,646,006,700	39,860,486,884
Other securities	446,323,044	135,431,644
	54,705,327,638	43,525,006,447
Islamic banking		
Islamic Banking (BGIB-6 Months, SUKUK-5 Years) Bond	214,140,000	43,200,000
	214,140,000	43,200,000
	54,919,467,638	43,568,206,447


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Md. Moniruzzaman
Managing Director
IDLC Investments Limited

	Amount in BDT	
	Dec-21	Dec-20
6.2 Government Securities: Classified as per nature		
Conventional banking		
a) Government securities:		
14 days Treasury Bill	-	-
91 days BB Bills	1,494,242,214	1,142,787,076
182 days BB Bills	3,921,346,619	600,982,930
364 days BB Bills	254,119,721	1,349,262,551
	5,669,708,554	3,093,032,557
b) Government bonds:		
2 Years Treasury Bond	40,525,467	2,333,056,450
5 Years Treasury Bond	3,653,843,717	3,113,778,578
10 Years Treasury Bond	15,092,074,752	7,178,117,541
15 Years Treasury Bond	8,999,229,568	8,905,030,080
20 Years Treasury Bond	21,246,040,581	18,898,367,641
Prize Bonds	3,905,000	3,623,600
	49,035,619,084	40,431,973,880
Total (a+b)	54,705,327,638	43,525,006,447
Islamic banking		
a) Islamic Banking Bond:		
Islamic Banking BGIB Bond for 6 Months	20,000,000	30,000,000
Islamic Banking SUKUK Bond for 5 Years	194,140,000	13,200,000
	214,140,000	43,200,000
Total	54,919,467,638	43,568,206,447

Note:- Value of securities as on 31 December 2021 are also adjusted with the values determined by mark-to-market method.

6.3 Government Securities: Maturity grouping wise		
Conventional and Islamic banking		
Payable on demand	3,905,000	3,623,600
Up to 1 (one) month	2,490,311,159	1,342,787,076
Over 1 (one) month but not more than 3 (three) months	1,962,237,222	3,174,305,414
Over 3 (three) months but not more than 1 (one) year	2,579,767,373	3,521,019,832
Over 1 (one) year but not more than 5 (five) years	6,185,431,971	5,424,538,159
Over 5 (five) years	41,697,614,913	30,101,932,367
	54,919,467,638	43,568,206,447

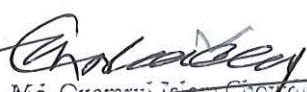
6.4 Government securities: Aging as per Bangladesh Bank Circular

Conventional banking		
A. Held for Trading (HFT) securities		
14 days Treasury Bills	1,494,242,214	1,142,787,076
91 days Treasury Bills	3,921,346,619	600,982,930
182 days Treasury Bills	254,119,721	1,349,262,551
2 Years Treasury Bond	40,525,467	41,717,135
5 Years Treasury Bond	1,172,348,277	112,256,804
10 Years Treasury Bond	636,074,553	48,179,221
15 Years Treasury Bond	-	20,598,682
20 Years Treasury Bond	94,341,043	213,303,520
	7,612,997,894	3,529,087,919
B. Held to Maturity (HTM) securities		
2 Years Treasury Bond	-	2,291,339,315
5 Years Treasury Bond	2,481,495,440	3,001,521,775
10 Years Treasury Bond	14,456,000,198	7,129,938,319
15 Years Treasury Bond	8,999,229,569	8,884,431,399
20 Years Treasury Bond	20,709,281,493	18,553,256,076
	46,646,006,700	39,860,486,884
C. Other Securities		
* Encumbered Treasury Bond (20 years)-lien with Bangladesh Bank	131,808,044	131,808,044
Sukook Bond	310,610,000	-
Prize Bonds	3,905,000	3,623,600
	446,323,044	135,431,644
Total (A+B+C)	54,705,327,638	43,525,006,447
Islamic banking		
A. Islamic Banking (BGIB-6 Months, SUKUK-5 Years) Bond	214,140,000	43,200,000
	214,140,000	43,200,000
Total	54,919,467,638	43,568,206,447

* Encumbered Treasury Bond (20 years) : Tk. 131,808,044, ISIN No.BD0929201202, which are lien with Bangladesh Bank for TT discounting purpose till 23.12.2029


Abu Asghar G. Haruni
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Mercantile Bank Limited
Head Office, Dhaka



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Head Office, Dhaka


Md. Moniruzzaman
Managing Director
IDLC Investments Limited

		Amount in BDT	
		Dec-21	Dec-20
6.5	Others Investments		
	Conventional banking		
A.	Investment in shares:		
	a) Quoted:		
	IDLC Finance Limited	146,359,099	233,135,524
	ACI Limited	80,011,400	-
	MBL 1st Mutual Fund	168,993,100	200,000,000
	Bangladesh Export Import Company Limited (BEXIMCO)	90,127,986	30,947,879
	Lanka Bangla Finance Limited	-	25,177,922
	RAK Ceramics (Bangladesh) Limited	12,980,620	12,980,620
	ITCL (IT consultants Limited)	10,000,000	10,000,000
	Prime Finance & Investment Limited	8,517,764	8,517,764
	GPH Ispal Limited	20,401,615	-
	National Bank Limited	5,729,116	5,729,116
	Titas Gas Transmission & Dist. Co. Limited	4,706,629	5,082,290
	Navana CNG Limited	3,488,726	3,488,726
	Utara Bank Limited	1,792,193	1,792,193
	Ring Shine Textile Limited	12,242	12,242
	Esquire Knit Limited	-	245,025
	Runner Automobile Limited	-	282,927
	Sil Caph Limited	-	33,169
	Square Pharmaceuticals Limited	11,904,918	8,522,080
	Crystal Insurance Limited	-	108,790
	Robi Axiata Limited	-	1,311,880
	Mobil Jamuna Limited	14,242,387	397,082
	Ashugonj Power Station Company Limited	10,000,000	10,000,000
	Grameen Phone	7,067,753	-
	Bangladesh Sub Marine Cable	13,062,059	-
	Confidence Cement Ltd	8,173,780	-
	Deren Power	2,535,455	-
	Power Grid	14,435,211	-
	Eastern Bank Ltd	11,367,611	-
	Singer BD. Limited	17,945,543	-
	United Power Generation & Distribution Limited	58,892,664	-
	Delta Brac Housing Finance Corporation Limited (DBH)	27,809,451	-
	BSRM Steel	8,432,910	-
	Line BD. Limited	7,306,855	-
	Apex Spinning	2,062,653	-
	Roneta Limited	5,240,031	-
		775,599,491	557,765,229
	b) Unquoted:		
	Bangladesh Fixed Income Special Purpose Vehicle (BFISPV)	1,000,000,000	1,000,000,000
	Central Counter Party Bangladesh Limited (CCBL)	37,500,000	37,500,000
	SWIFT	8,102,228	8,102,228
	Central Depository Bangladesh Limited (CDBL)	5,138,890	5,138,890
	Union Insurance Company Ltd	46,430	-
	Union Bank Ltd	21,400,000	-
	BD Thal Food & Beverage	637,500	-
	Lubra Bangladesh Limited	-	10,000,000
	Market Stabilization Fund Asset Management Company Limited	-	2,000,000
	Energypac	-	5,000,000
		1,072,825,048	1,067,741,118
	Total-A: (a+b)	1,848,424,540	1,625,506,347
	Market price of quoted shares (Annexure-C)	1,443,418,795	1,586,224,109
	Gain/(Loss) arises (Annexure-C)	667,810,303	1,028,458,881


Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
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Managing Director
IDLC Investments Limited

	Amount in BDT	
	Dec-21	Dec-20
B. Investment In Subordinated Bond		
Southeast Bank Subordinated Bond	-	50,000,000
Eastern Bank Subordinated Bond	50,000,000	100,000,000
Exim Bank Subordinated Bond	50,000,000	100,000,000
Prime Bank Subordinated Bond	50,000,000	100,000,000
Bank Asia Subordinated Bond	100,000,000	200,000,000
United Commercial Bank Subordinated Bond	100,000,000	200,000,000
Al-Arafa Islami Bank Subordinated Bond	50,000,000	100,000,000
Trust Bank Subordinated Bond	40,000,000	60,000,000
SIBL 2nd Mudaraba Subordinated Bond	100,000,000	150,000,000
The City Bank 2nd Mudaraba Subordinated Bond	340,000,000	400,000,000
IFIC Bank 2nd Subordinated Bond	500,000,000	-
First Security Islami 2nd Mudaraba	120,000,000	160,000,000
United Commercial Bank 3rd Subordinated Bond	120,000,000	160,000,000
Standard Bank Ltd Subordinated Bond	210,000,000	280,000,000
Prime Bank Ltd 3rd Subordinated Bond	400,000,000	500,000,000
FSIBL Mudaraba 3rd Subordinated Bond	250,000,000	250,000,000
Standard Bank Ltd 3rd Subordinated Bond	200,000,000	200,000,000
Southeast Bank 4th Subordinated Bond	750,000,000	750,000,000
Total (B)	3,430,000,000	3,760,000,000
C. Investment In Perpetual Bond		
Jamuna Bank Perpetual Bond	400,000,000	-
Trust Bank Perpetual Bond	400,000,000	-
NCC Bank Perpetual Bond	500,000,000	-
Shahjalal Islami Bank Perpetual Bond	500,000,000	-
Mutual Trust Bank Perpetual Bond	400,000,000	-
Total (C)	2,200,000,000	-
Grand Total (A+B+C)	7,478,424,540	5,385,608,347

6.6 REPO & Reverse REPO Transactions during the year ended on 31 December 2021
As per Bangladesh Bank DOS Circular No.-06 Dated: 15 July 2010 regarding of REPO and reverse REPO.

(a) (i) Disclosures regarding outstanding REPO as on 31 December 2021

SL No.	Counterparty name	Agreement date	Reversal date	Amount (1st leg cash consideration)
1	IFIC Bank Ltd	30-Dec-21	02-Jan-22	1,498,839,000
2	Prime Bank Ltd	30-Dec-21	02-Jan-22	1,998,452,000.00
	Total			3,497,291,000

(a) (ii) Disclosures regarding outstanding Reverse REPO as on 31 December 2021:


Counterparty name	Agreement date	Reversal date	Amount (1st leg cash consideration)
NIL			

(b) Disclosure regarding overall transaction of REPO and Reverse REPO

Counterparty name	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year
Security sold under Repo			
i) with Bangladesh Bank	-	-	-
ii) with other Banks & FIs	304,588,471	3,497,291,000	306,962,433
Security repurchased under Reverse Repo			
i) From Bangladesh Bank	-	-	-
ii) From other Banks & FIs	411,488,844	1,484,411,000	9,317,621


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Managing Director
IDLC Investments Limited

		Amount in BDT	
		Dec-21	Dec-20
6(a)	Consolidated Investment		
	Investment - Government Securities		
	Mercantile Bank Limited	54,919,467,638	43,568,206,447
	Mercantile Bank Securities Limited	-	-
	MBL Asset Management Limited	-	-
	Mercantile Exchange House (UK) Limited	-	-
		<u>54,919,467,638</u>	<u>43,568,206,447</u>
	Other Investments		
	Mercantile Bank Limited	7,478,424,540	5,385,506,347
	Mercantile Bank Securities Limited	1,752,355,337	1,173,148,701
	MBL Asset Management Limited	90,428,960	85,577,335
	Mercantile Exchange House (UK) Limited	-	-
		<u>9,321,208,837</u>	<u>6,644,232,383</u>
	Inter company transaction	(69,970,000)	-
		<u>9,251,238,837</u>	<u>6,644,232,383</u>
		<u>64,170,706,475</u>	<u>50,212,438,830</u>
7.	Loans and Advances/Investments		
	Conventional and Islamic banking		
7.A	Loans, Cash Credit and Overdraft etc/Investments (Note-7.2)	250,571,388,181	238,220,818,654
7.B	Bills Purchased and Discounted (Note-7.B(i))	16,195,211,442	10,773,567,222
		<u>266,766,599,623</u>	<u>248,994,385,876</u>
7.1	Maturity grouping of loans and advances/Investments		
	Repayable on demand	43,812,408,712	44,925,055,321
	Not more than 3 (three) months	39,837,786,632	36,994,088,807
	More than 3 (three) months but not more than 1 (one) year	68,290,152,086	66,399,183,592
	More than 1 (one) year but not more than 5 (five) years	45,849,692,313	53,478,950,953
	More than 5 (five) years	68,976,559,080	47,197,107,203
		<u>266,766,599,623</u>	<u>248,994,385,876</u>
7.2	Loans, Cash Credit, Overdraft etc/Investments		
	I.a.) Within Bangladesh:		
	Conventional banking		
	Term Loan	95,183,835,687	85,254,173,121
	Time Loan	13,363,108,308	18,879,619,727
	Packing Credit	2,529,034,038	2,270,789,998
	Loan Against Trust Receipt (L/TR)	6,194,403,849	6,784,802,089
	Lease Finance	1,261,997,207	1,390,083,373
	EDF Loan	22,013,621,935	17,151,020,439
	Loan General	165,927,379	179,322,856
	House Building Loan	5,420,450,666	5,613,178,605
	Hire Purchase	12,696,067,463	13,345,961,003
	Payment Against Documents (PAD)	249,506,022	164,492,510
	Cash Credit (Hypo)	9,832,607,235	10,760,751,252
	Overdraft	30,605,114,431	29,389,196,808
	Home Loan Scheme Refinance	711,455	882,543
	Personal Loan	352,160,322	340,596,424
	Consumers Credit Schemes	2,832,252	5,171,062
	Consumers Finance	2,738,406,659	2,355,613,758
	Staff Loan	841,651,030	864,603,234
	Credit Card	547,639,118	465,480,937
	Small and Medium Enterprise(SME) Loan	33,891,443,487	32,330,592,370
	Agricultural Credit	6,785,018,299	4,772,508,432
	Working Capital Under Stim Package Cor	1,896,791,929	5,899,009,018
	Other Credit Schemes	3,241,115	2,768,947
		<u>246,575,569,886</u>	<u>238,220,818,504</u>
	I.b.) Islamic Banking		
	Quard	11,476,417	200,150
	Bal-Muajjal	3,182,081,582	-
	Murabaha-TR (PIF)	241,729,004	-
	HPSP- Others- Corp	557,246,368	-
		<u>3,992,533,371</u>	<u>200,150</u>
		<u>250,568,103,257</u>	<u>238,220,818,654</u>
		<u>3,284,924</u>	<u>-</u>
		<u>3,284,924</u>	<u>-</u>
I.c.)	Loan against Non-banking assets		
	II) Outside Bangladesh:		
	Total A (I+II)	<u>250,571,388,181</u>	<u>238,220,818,654</u>

Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka

Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited

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Mercantile Bank Limited
Head Office, Dhaka

Md. Moniruzzaman
Managing Director
IDLC Investments Limited

7.3 Loans and Advances/Investments: Significant Concentration
Advances to allied concerns of directors
Advances to Managing Director & Chief Executive and other Senior executives
Advances to customers' group
Industry-wise
Staff loan

Amount in BDT	
Dec-21	Dec-20
-	-
80,087,611,725	70,452,363,615
185,837,336,868	177,677,419,027
841,651,030	664,603,234
266,766,599,623	248,994,385,876

7.4 Loans and Advances/Investments: Sector wise
Education (School/College, University, Research Institute)
Health
Agriculture
Commodities (Sugar/ Edible Oil/ Wheat/ Rice/ Dal/ Peas/ Maize etc), Food & Beverage
Trade Finance
Transport
Shipping
Textile (Excluding IDBP)
Textile (IDBP)
Readymade Garments (RMG) [excluding IDBP]
Readymade Garments (RMG) [IDBP]
Tele communication
IT & Computer/Trade
Power & Fuel
Real Estate
Cement
Chemicals
Leather & Leather products
Plastic & Plastic products
Electrical & Electronic goods
Paper & Packaging
Jute & Jute products
Glass & Glass products
Ceramics (Table ware, Sanitary ware, Tiles etc.)
Iron & Steel
Engineering & Construction
Contractor Finance
Capital Market Intermediaries
Backward Linkage
Consumer & Retail Products
Non Bank Financial Institution (NBFi)
Service (Hotel, Restaurant, Travelling, Tickets, etc.)
Others


Figures in Lac	
Dec-21	Dec-20
3,712	3,320
3,292	2,119
67,850	47,725
195,621	195,001
325,513	353,021
14,799	13,516
1,045	1,441
166,962	158,072
10,252	8,322
543,211	497,619
4,287	674
8,454	9,239
3,379	3,343
60,000	72,580
77,292	77,364
9,011	12,968
60,690	44,059
51,271	47,093
8,527	9,194
41,810	37,240
55,257	48,700
39,238	34,846
0.09	0.09
11,669	11,823
226,247	219,362
79,208	75,720
51,331	48,391
13,818	8,101
49,787	41,897
79,386	76,437
96,312	89,250
26,295	16,525
282,142	224,182
2,667,666	2,489,944

7.5 Loans and Advances/Investments: Geographical location-wise
Urban:
Dhaka Division
Chattogram Division
Rajshahi Division
Sylhet Division
Khulna Division
Rangpur Division
Barisal Division
Mymensingh Division
Sub-total Urban

Amount in BDT	
Dec-21	Dec-20
196,287,633,948	180,930,625,402
36,380,524,748	35,577,641,438
13,655,665,979	12,672,938,789
972,228,887	1,001,925,569
2,351,535,376	2,194,543,320
3,892,158,059	3,611,826,669
2,509,348,178	2,510,399,904
454,235,952	435,815,826
256,503,331,126	238,935,716,936


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Mercantile Bank Limited
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Loans and Advances/Investments: Geographical location-wise	Amount in BDT	
	Dec-21	Dec-20
Rural:		
Dhaka Division	4,101,395,550	3,981,051,317
Chattogram Division	4,512,789,153	4,468,756,131
Rajshahi Division	1,224,946,408	1,142,126,262
Sylhet Division	138,281,982	138,834,543
Rangpur Division	170,930,365	172,881,357
Barisal Division	114,925,037	155,019,331
Sub-total Rural	10,263,268,497	10,058,668,940
Total	266,766,599,623	248,994,385,876

7.6 Loans & advances/Investments classified as per Bangladesh Bank circular

Unclassified	254,654,094,515	237,243,222,240
Sub-standard	946,757,858	1,229,062,875
Doubtful	899,857,756	1,825,911,198
Bad Loss	10,265,889,490	8,696,189,563
	266,766,599,619	248,994,385,876

Details of Loans and advances/Investments as follows:

(Figure in thousand)

Status of Loans and advances/Investments	Dec-21		Dec-20	
	Mix %	Outstanding	Mix %	Outstanding
Unclassified Loans and advances/Investments :				
Unclassified (including staff loan)	94.39%	251,813,037	94.17%	234,469,934
Special Mention Account	1.06%	2,841,058	1.11%	2,773,289
Total Unclassified loans and advances/Investments :	95.46%	254,654,095	95.28%	237,243,222
Classified Loans and advances/Investments :				
Sub-standard	0.35%	946,758	0.49%	1,229,063
Doubtful	0.34%	899,858	0.73%	1,825,911
Bad/loss	3.85%	10,265,889	3.49%	8,696,190
Total classified Loans and advances/Investments :	4.54%	12,112,505	4.72%	11,751,164
Total Loans and advances/Investments :	100%	266,766,600	100%	248,994,386


7.7 Base for provision

SMA
Base for provision
Sub-standard
Doubtful
Bad Loss

	Amount in BDT	
	Dec-21	Dec-20
	2,841,057,576	2,773,288,636
	427,976,926	577,530,360
	252,496,154	987,088,557
	4,920,246,674	4,348,564,147
	5,000,719,755	5,913,183,063


Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited


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	Amount in BDT	
	Dec-21	Dec-20
7.8 Required provision for Loans and advances/investments		
General provision (including SMA)	7,237,246,903	6,712,018,512
OBU	160,933,283	135,400,000
Sub-Total	7,398,180,187	6,847,418,512
Specific provision (classified loans and advances/investments)		
Sub-standard	85,214,672	104,304,978
Doubtful	126,137,221	429,708,912
Bad/ Loss	4,920,246,674	4,348,564,147
Sub-Total	5,131,598,567	4,882,578,037
Grand Total	12,529,778,754	11,729,996,549
Provision Required as on December 2021	12,529,778,754	11,729,996,549
Provision maintained (Note-13.5.1)	12,529,778,754	11,729,996,549
Excess/(short) provision	(0)	0

Provision for loans and advances/investments:

(Figure In thousand)

Status of loans and advances/investments	Outstanding Amount (BDT)	Base for Provision	Provision % Amount (BDT)	Provision
Unclassified loans and advances/investments :				
Unclassified (SMEF)	30,579,442	30,579,442	0.25%	167,653
Unclassified (other credit)	1,088,620	1,088,620	1%	142,141
Unclassified (OBU)	16,093,328	16,093,328	1%	160,933
Unclassified (HF, LP & BH/MBS/SDS against share)	3,470,911	3,470,911	1%-2%	24,912
Unclassified (other than HF, LP & short term agri. Loan)	199,671,681	199,671,681	2%-5%	6,346,714
Agri Loan/Short term Agri & Micro Credit	67,403	67,403	1%	674
Unclassified (staff loan)	841,651	-	-	-
Special Mention Account	2,841,058	2,841,058	0.25% -100%	555,154
Total unclassified Loans and advances/investments :	254,654,094	253,812,443		7,398,181
Classified Loans and advances/investments :				
Sub - standard:				
a) Short Term Agri. Credit	3,557	2,538	5%	127
b) Others	943,201	425,439	5%-20%	85,088
Total Sub - standard	946,758	427,977		85,215
Doubtful:				
a) Short Term Agri. Credit	645	385	5%	19
b) Others	899,213	252,111	20%-50%	126,118
Total Doubtful	899,858	252,496		126,137
Bad/ loss	10,265,889	4,920,247	100%	4,920,247
Total Classified loans and advances/investments :	12,112,505	5,600,720		5,131,599
Total Loans and advances/investments :	266,766,599	259,413,163		12,629,779

Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka

Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited

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Head Office, Dhaka

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IDLC Investments Limited

7.9 Provision for off-balance sheet exposures


Particulars of off-balance sheet exposures	Amount	Base for provision	Rate 1%	Provision
			Amount (BDT)	Amount (BDT)
Acceptances and endorsements less margin	61,450,928,713	61,450,928,713	614,509,287	
Letter of guarantee less margin	19,617,367,571	19,617,367,571	196,173,676	
Letter of credit less margin	88,743,411,853	52,939,847,955	529,398,480	
Bills for collection	5,248,571,550	-	-	
Other contingent liabilities	-	-	-	
Forward assets purchased and forward deposits placed	7,036,500	7,036,500	70,365	
Required provision on Off-balance exposures	175,067,316,187	134,015,180,739	1,340,151,807	1,340,151,807
Total Provision maintained (Note-13.3)				1,340,151,807
Excess/(short) provision				(0)

7.10 Particulars of loans and advances/investments

	Amount in BDT	
	Dec-21	Dec-20
i) Loans considered good in respect of which the banking company is fully secured;	253,812,443,489	236,378,619,005
ii) Loans considered good against which the banking company holds no security other than the debtor's personal guarantee;	-	-
iii) Loans considered good secured by the personal undertakings of one or more parties in addition to the personal guarantee of the debtor;	25,153,608,949	26,908,141,985
iv) Loans adversely classified; provision not maintained thereagainst;	278,986,052,438	263,286,780,990
v) Loans due by directors or officers of the banking company or any of these either separately or jointly with any other persons; (Staff Loan)	841,651,030	864,603,234
vi) Loans due from companies or firms in which the directors of the banking company have interests as directors, partners or managing agents or in case of private companies as members;	-	-
vii) Maximum total amount of advance including temporary advance made at any time during the year to directors or managers or officers of the banking companies or any of them either separately or jointly with any other person; (Staff Loan)	841,651,030	864,603,234
viii) Maximum total amount of advances, including temporary advances granted during the year to the companies or firms in which the directors of the banking company have interests as directors, partners or managing agents or in the case of private companies as members;	-	-
ix) Due from banking companies;	-	-
x) Amount of classified loan on which interest has not been charged, should be mentioned as follows:	12,112,505,104	11,751,163,637
a. Decrease/increase in provision, amount of loan written off and amount realised against loan previously written off;		
Movement of classified loans and advances	11,751,163,637	11,502,613,647
Opening balance	361,341,467	248,549,990
Increase/(decrease) during the year	12,112,505,104	11,751,163,637
b. Amount of provision kept against loan classified as 'badfoss' on the date of preparing the balance sheet;	4,920,246,674	4,348,564,147
c. Interest creditable to the Interest Suspense a/c;	7,325,353,734	5,946,882,827


Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited


Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka


Md. Moniruzzaman
Managing Director
IDLC Investments Limited

	Amount in BDT	
	Dec-21	Dec-20
x1) Cumulative amount of the written off loan and the amount written off during the Current year:		
Opening Balance	6,464,295,367	5,445,695,560
Amount written off during the year	30,439,078	1,035,254,916
Amount Recovered / Adjustment	(2,056,448)	(16,655,109)
Cumulative Balance	6,492,677,897	6,464,295,367

7.11 Suits filed by the Bank Branch:

As of the responding date, the Bank filed lawsuit against recovery of its defaulted loans and advances as under:

Name of the Branch:

Name of the Branch:	Dec-21	Dec-20
Main Branch	4,037,326,085	4,037,326,085
Dhanmondi Branch	1,655,221,362	1,655,221,362
Motijheel Branch	174,849,786	174,849,786
Nayabazar Branch	524,748,870	483,176,711
Kawran Bazar	755,534,451	755,534,451
Rajshahi Branch	48,594,536	48,594,536
Noagaon Branch	1,247,062,750	1,060,431,000
Agrabad Branch	6,581,575,840	6,581,575,840
Sylhet Branch	95,648,639	95,648,639
Cumilla Branch	38,438,670	38,438,670
Khatlunonj Branch	1,541,013,000	1,541,013,000
Sapahar Branch	5,186,081	5,186,081
Jubilee Road Branch	584,754	584,754
Banani Branch	1,601,975,204	1,601,975,204
Uttara Branch	7,746,464	7,746,464
O R Nizam Road Branch	8,305,632	8,305,632
Madam Bibi Hat Branch	1,813,790,602	1,813,790,602
Mogh Bazar Branch	317,623,976	171,650,401
Feridgonj Branch	10,329,263	10,329,263
Rangpur Branch	55,565,735	55,565,735
Sk. Mujib Road Branch	379,579,267	318,852,000
Elephant Road Branch	35,836,164	35,836,164
Darus Salam Road Branch	18,593,327	18,593,327
Biljoynagar Branch	89,480,537	66,469,628
Joypara Branch	29,233,045	29,233,045
Aqanar Branch	762,226	762,226
Patiya Branch	2,100,000	2,100,000
Salmasjid Road Branch	326,793,000	326,793,000
Dinajpur Branch	119,082,049	28,888,762
Ashulia Branch	11,834,753	11,834,753
International Airport Road Branch	52,803,168	52,803,168
Chowmuhani Branch	117,938,632	117,938,632
A.K. Khan Moor Branch	1,424,368	1,424,368
Kushia Branch	8,678,298	8,678,298
Moulvibazar Branch	15,608,717	15,608,717
Sunamgonj Branch	22,699,394	22,699,394
Beanibazar Branch	30,002,628	30,002,628
Gulshan Branch	6,230,949	6,230,949
Dhotakhal Branch	127,609,784	54,366,504
Nilphamari Branch	9,503,656	9,503,656
Nabigonj Branch	7,286,774	7,286,774
Hemayetpur Branch	1,746,190	1,746,190
Bogura Branch	378,806,439	200,476,677
Chattoagam EPZ Branch	30,187,299	30,187,299
Madanpur Branch	1,163,618	1,163,618
Chapainawabgonj Branch	31,937,771	24,981,000
Amishapara Branch	5,889,140	3,539,320
Engineer Institution Branch	2,058,416	2,058,416
Narayanganj Branch	507,158,104	501,181,071
Chandpur Branch	17,993,000	17,993,000
Patharhat Branch	10,781,704	10,781,704
Chuadanga Branch	19,491,000	19,491,000
Sudibbazar Branch	1,089,000	1,089,000
Mymensing Branch	91,000	91,000
Jhilogja Branch	197,760,747	197,760,747
Access Road Branch	91,346,700	91,346,700
Shishahat Branch	9,661,394	9,661,394
Rajnagar Krishi Branch	5,536,823	5,536,823
Maljee Court Branch	11,647,788	11,647,788
Bhulla Branch	66,920,138	66,920,138
Mirpur Branch	711,825,889	711,825,889
Ring Road Branch	14,663,901	10,918,477
Rampura Branch	27,845,400	27,845,400
Jashore Branch	31,216,277	18,419,133
Barishal Branch	1,482,856	1,482,856
Baraiyarhat Branch	6,001,947	6,001,947
Kishoreganj Branch	2,385,489	-
	24,120,772,468	23,294,976,789

7.12 Listing of assets pledged as security/ collaterals

Nature of the secured assets:

Fixed assets

Cash & quasi-cash

Others

208,675,000,000	187,242,692,957
33,737,231,218	28,940,970,888
41,246,937,239	39,616,058,990
283,659,168,457	255,799,722,035

Abu Asghar G. Haruni
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	Amount in BDT	
	Dec-21	Dec-20
7.13 Nature wise loans & advances/investments		
Continuous	65,181,820,547	60,855,773,809
Demand Loan	70,548,284,382	69,531,663,191
Term Loans up to 5 (five) years	65,549,245,544	71,609,841,672
Term Loans above 5 (five) years	65,049,622,964	46,806,952,584
Term Loans above 5 (five) years - Staff Loan	437,626,186	390,154,620
	266,766,599,623	248,894,385,876

7.14 Loan and advances/investments allowed to each customer exceeding 10% of Bank's total capital

As per BRPD Circular 02, dated 16 January 2014 issued by Bangladesh Bank, disclosure on large loan i.e. loan sanctioned to any individual or enterprise or any organization of a group amounting to 10% or more of the Bank's total capital and classified amount therein and measures taken for recovery of such loan have been furnished as under:

Total Capital	35,584,434,903	33,419,503,836
Total Loans and Advances/investments (Funded)	74,239,160,515	66,259,759,605
No. of customers	34	30
Classified amount thereon	Nil	Nil
Measures taken for recovery of classified loans/investments	N/A	N/A

7.15 Details of large loans and advances/investments

Single Borrower Exposure Limit has been calculated on the basis of total eligible capital as on 31 December 2021 according to BRPD Circular 02, dated 16 January 2014. Number of clients with outstanding amount exceeding 10% of total capital of the Bank is 34. Total capital of the Bank was BDT 3,558.44 crore as at 31 December 2021.

SL #	Name of Clients	Outstanding (BDT)		Total (BDT)	Branch
		Funded	Non-Funded		
1	Labib Group	5,202,710,000	7,614,400,000	12,817,110,000	Mohakhali
2	Jamuna Group	5,162,300,000	4,908,600,000	10,070,900,000	Main
3	Pran RFL Group	1,313,000,000	3,429,900,000	4,742,900,000	Motijheel
4	Orion Group (Power Sector)	5,184,200,000	3,730,900,000	8,915,100,000	Main
5	Interstoff Group	3,270,393,000	1,855,205,000	5,125,598,000	Dhanmondi/Main
6	ACI Group	4,522,337,778	1,192,429,681	5,714,767,459	Banani
7	Abul Khair Group	6,400,000	7,810,500,000	7,816,900,000	Agrabad
8	SQ Group	4,629,877,000	2,678,300,000	7,308,177,000	Gulshan
9	Rising Group	1,647,059,797	3,282,882,603	4,929,942,399	Banani
10	Energypac Group	2,038,300,000	3,178,400,000	5,216,700,000	International Airport Rd.
11	Meghna Group	-	3,455,200,000	3,455,200,000	Main
12	Square Group	12,900,000	2,270,900,000	2,283,800,000	Mohakhali
13	GPH Group	1,327,800,000	4,768,600,000	6,096,400,000	Khatungonj
14	BSRM Group	384,900,000	4,075,400,000	4,460,300,000	Jubilee Road
15	Mostafa Hakim Group	-	4,456,100,000	4,456,100,000	Chattoogram EPZ
16	City Group	-	2,948,500,000	2,948,500,000	Main
17	Power Grid Company of Bangladesh Ltd. (Power Sector)*	-	5,302,900,000	5,302,900,000	Engineers Institution /Rampura/Aftabnagar
18	Deshbandhu Group	5,780,200,000	109,966,000	5,890,166,000	Motijheel
19	Nital Niloy Group	2,805,800,000	190,900,000	2,796,700,000	Mohakhali
20	Ulah Group	1,034,357,041	1,939,201,734	2,973,558,775	Main
21	Badsha Group	-	3,435,000,000	3,435,000,000	Gulshan


Asghar G. Haruni
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SL #	Name of Clients	Outstanding (BDT)		Total (BDT)	Branch
		Funded	Non-Funded		
22	KDS Group	796,300,000	2,551,200,000	3,347,500,000	Khatungonj
23	Jamuna Industrial Agro Group	3,454,400,000	1,392,800,000	4,847,200,000	Rajshahi
24	S. Alam Group	2,610,900,000	1,511,000,000	4,121,900,000	Khatungonj
25	Sajeeb Group	3,120,800,000	32,800,000	3,153,600,000	Green Road
26	Rahimafrooz Group	3,859,600,000	300,000,000	4,159,600,000	Molijhoel/Moghbarar/ Mohakhall/gulshan
27	Silver Line Group	3,216,300,000	546,100,000	3,762,400,000	Gulshan
28	Natural Group	1,087,196,125	2,415,489,100	3,502,685,225	Main
29	Azmat Group	1,087,196,125	2,415,489,100	3,502,685,225	Main
30	International Leasing & Financial Services Ltd.	4,877,429,525	-	4,877,429,525	Banani/Elephant Road
31	MNR Group	1,232,000,000	1,012,278,000	2,244,278,000	Gulshan
32	Comprehensive and Metro, Montaha, Al-aksa Steel / Venetto Ceramics	1,623,100,000	558,800,000	2,181,900,000	Dhanmondi /Green Road
33	Max Group	509,800,000	1,956,800,000	2,466,600,000	Main/Mohakhall
34	Robintex Group	2,641,604,126	437,879,000	3,079,483,126	Gulshan
	Total	74,239,160,515	87,764,620,218	162,003,980,733	

	Amount in BDT	
	Dec-21	Dec-20
7.16 Net loans, advances and leases/ investment		
Gross performing loans, advances and leases/ investment (Note-7)	266,766,599,624	248,994,385,876
Non-performing loans, advances and leases/ investment (Note-7.10(X))	(12,112,605,104)	(11,751,163,637)
Provision for loans, advances and leases/ investment (Note-13.5.1)	(12,529,778,754)	(11,729,996,549)
	(24,642,283,858)	(23,481,160,185)
	242,124,315,766	225,513,225,891
7.17 Loans and advances/investments: Broad categories		
Loans and advances/investments (7.17.1)	182,849,126,674	172,232,383,334
Cash credits (7.17.2)	29,964,248,091	29,842,175,863
Overdraft (7.17.3)	36,120,566,991	34,568,144,112
Bill Purchased and discounted (7.17.4)	16,444,717,533	10,955,398,267
Leases/investments (7.17.5)	1,384,655,409	1,396,284,300
Loan against Non-banking Assets (7.17.6)	3,284,924	-
In Bangladesh	266,766,599,623	248,994,385,877
Outside Bangladesh		
Total Loans and advances/investments	266,766,599,623	248,994,385,877
7.17.1 Loans and advances/investments: Residual maturity grouping		
Repayable on demand	20,172,166,790	21,758,141,372
Not more than 3 (three) months	18,297,078,467	16,066,400,296
More than 3 (three) months but not more than 1 (one) year	31,816,517,243	35,334,990,735
More than 1 (one) year but not more than 5 (five) years	44,785,874,979	51,878,371,227
More than 5 (five) years	67,777,489,195	47,194,479,704
	182,849,126,674	172,232,383,334

Abu Asghar G. Haruni
Company Secretary
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Md. Moniruzzaman
Managing Director
ILDC Investments Limited

		Amount in BDT	
		Dec-21	Dec-20
7.17.2	Cash credit : Residual maturity grouping		
	Repayable on demand	10,420,203,596	10,309,938,771
	Not more than 3 (three) months	4,019,883,560	5,273,502,808
	More than 3 (three) months but not more than 1 (one) year	14,762,864,985	14,013,743,105
	More than 1 (one) year but not more than 5 (five) years	761,295,949	244,991,179
	More than 5 (five) years	-	-
		29,984,248,091	29,842,175,863
7.17.3	Overdraft: Residual maturity grouping		
	Repayable on demand	9,944,040,023	11,693,329,622
	Not more than 3 (three) months	4,716,864,460	6,141,138,496
	More than 3 (three) months but not more than 1 (one) year	21,304,984,145	16,677,160,358
	More than 1 (one) year but not more than 5 (five) years	154,678,354	56,515,646
	More than 5 (five) years	-	-
		36,120,566,991	34,568,144,112
7.17.4	Bills discounted and purchased: Remaining maturity grouping		
	Payable within 1 (one) month	3,256,004,288	2,266,965,594
	Over 1 (one) month but less than 3 (three) months	12,800,807,511	8,370,613,399
	Over 3 (three) months but less than 6 (six) months	387,905,734	317,819,274
	6 months or more	-	-
		16,444,717,533	10,955,398,267
7.17.5	Leases / Investments: Residual maturity grouping		
	Lease rental receivable within 1 year	53,260,868	94,583,900
	Above 1 year but within 5 years	600,514,721	1,299,072,900
	Above 5 years	530,879,820	2,627,500
	Total lease rental receivable	1,384,655,409	1,396,284,300
	Unearned interest receivable	-	-
		1,384,655,409	1,396,284,300
7.17.6	Loan against Non-banking Assets : Residual maturity grouping		
	Payable within 1 (one) month	-	-
	Above 1 year but within 5 years	3,284,924	-
	Above 5 years	-	-
		3,284,924	-

7.18 Loan and advances/investments related with large loan restructuring
The bank has participated syndication loan of Jamuna Builders Limited with lead arranger of Janata Bank Limited. In addition, these loans have been restructured as large loan restructuring complied with BRPD circular # 4 dated January 29, 2015. Details are given below :

Nature of facility	Amount	Validity	Outstanding as on 31.12.2021	BDT In Lac	
				Total Provision kept	CL Status
Syndication Term Loan (Restructured)	4,271.28	30-Jun-30	5,156.64	103.13	SMA

		Amount in BDT	
		Dec-21	Dec-20
7.B	Bills Purchased and Discounted:		
7.B.(i)	Bill discounted and purchased exclude Government Treasury bills:		
	Conventional and Islamic banking		
	Payable in Bangladesh	3,493,578,054	2,652,368,054
	Payable outside Bangladesh	12,701,633,389	8,121,199,168
		16,195,211,442	10,773,567,222
7.B.(ii)	Remaining maturity grouping of Bills discounted and purchased		
	Payable within 1 (one) month	10,409,753,626	6,588,282,044
	Over 1 (one) month but less than 3 (three) months	5,041,702,232	3,563,518,109
	Over 3 (three) months but less than 6 (six) months	743,755,584	621,767,069
	6 months or more	-	-
		16,195,211,442	10,773,567,222


Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


Tapash Chandra Paul, PhD
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Mercantile Bank Limited


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Mercantile Bank Limited
Head Office, Dhaka


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Managing Director
IDLC Investments Limited

		Amount in BDT	
		Dec-21	Dec-20
7(a)	Consolidated Loans and advances/Investments		
	Loans and advances/Investments		
	Mercantile Bank Limited	250,571,388,181	238,220,818,654
	Mercantile Bank Securities Limited	4,401,433,498	4,173,598,296
	MBL Asset Management Limited	-	-
	Mercantile Exchange House (UK) Limited	-	-
		254,972,821,679	242,394,416,950
	Inter company transactions	(979,769,529)	(503,649,573)
		253,993,052,150	241,890,767,377
	Bills Purchased and discounted		
	Mercantile Bank Limited	16,195,211,442	10,773,567,222
	Mercantile Bank Securities Limited	-	-
	MBL Asset Management Limited	-	-
	Mercantile Exchange House (UK) Limited	-	-
		16,195,211,442	10,773,567,222
	Inter company transaction	-	-
		16,195,211,442	10,773,567,222
	Total	270,188,263,592	252,664,334,599
8.	Fixed assets including premises, Furniture and Fixtures-at cost less Accumulated Depreciation (Annexure-A)		
	Conventional and Islamic banking		
	Freehold properties		
	Land & land development	1,341,807,978	1,341,807,978
	Building	1,109,832,875	905,083,679
	Furniture & fixtures	450,607,645	419,293,254
	Office equipment	882,692,163	379,366,863
	Vehicles	30,686,099	47,776,378
	Books	5,136	12,727
	Total	3,815,631,895	3,093,340,880
8(a).	Consolidated Fixed assets including premises, furniture and fixtures		
	Mercantile Bank Limited	3,815,631,895	3,093,340,880
	Mercantile Bank Securities Limited	8,521,131	9,356,190
	MBL Asset Management Limited	517,040	400,247
	Mercantile Exchange House (UK) Limited	5,231,539	6,374,956
		3,829,901,606	3,109,472,273
9	Other Assets: Annexure-E		
	Conventional and Islamic banking		
	Other assets should be classified under the following categories:		
	Income generating other assets:		
	Investment in Shares of subsidiary company (In Bangladesh) Mercantile Bank Securities Ltd.	3,550,000,000	3,550,000,000
	Investment in Shares of subsidiary company (In Bangladesh) MBL Asset Management Ltd.	56,000,000	56,000,000
	Investment in Shares of subsidiary company (outside Bangladesh) Mercantile Exchange House (UK) Ltd.	39,594,762	39,311,270
	MBL Offshore Banking Division	7,980,499,178	4,864,732,746
	Islamic-Conv. Adjustment Account	(0)	0
	No-Income generating other assets:		
	Stationery, stamps, printing materials in stock etc.	26,388,462	28,512,872
	Advance rent and advertisement	291,386,453	-
	Interest accrued on investment but not collected, commission and brokerage receivable on shares and debenture and other income receivable (Note 9.1);	2,132,482,751	3,277,864,960
	Security deposit	9,644,976	8,699,164
	Preliminary, formation and organization expenses, renovation/development expenses and prepaid expenses (Note-9.2)	146,772,126	634,980,302
	Branch adjustment	234,530,670	174,884,670
	Inter Branch Settlement Account	194,277,707	72,656,720
	Suspense Account (Note 9.3)	558,442,044	767,682,877
	Right Of Use (ROU) Assets as per IFRS-16	1,056,537,524	933,968,102
	Silver	-	-
	Clearing adjustment account	-	-
		16,276,556,652	14,409,313,684
	Inter company transaction(OBD)	(7,980,499,178)	(4,864,732,746)
		8,296,057,474	9,544,580,938

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Mercantile Bank Limited
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	Amount in BDT	
	Dec-21	Dec-20
9.1 Interest accrued on Investment but not collected, commission and brokerage receivable on shares and debenture and other income receivable:		
Accrued Interest (Note-9.1.1)	2,048,961,657	3,266,210,770
Other accruals (Note - 9.1.2)	83,521,094	11,654,190
	2,132,482,751	3,277,864,960
9.1.1 Accrued Interest		
Interest Receivable on Investment	1,252,399,520	1,157,263,849
Interest Receivable on Loan & Advances	551,971,635	1,887,194,115
Coupon Int. Expenditure A/C	-	-
Interest Receivable on OBD	244,590,502	221,752,806
	2,048,961,657	3,266,210,770
9.1.2 Other accruals		
Fees receivable	9,214,500	10,339,202
Dividend receivable on share	-	1,314,988
Discount receivable	-	-
Protested bills	8,330,000	-
Other receivables	65,976,594	-
	83,521,094	11,654,190
9.2 Preliminary, formation and organization expenses, renovation/development expenses and prepaid expenses:		
MBL Center (Development Expenses on Head Office Building)	118,717,022	601,922,183
Prepaid Insurance premium	7,160,232	11,961,932
Others Prepaid expenditure	20,894,872	21,096,187
	146,772,126	634,980,302
9.3 Suspense Account		
Advance against TADA	479,574	-
Encashment of PSP/BSP/WEDB	161,342,018	420,196,998
Others	396,620,452	347,485,879
	558,442,044	767,682,877

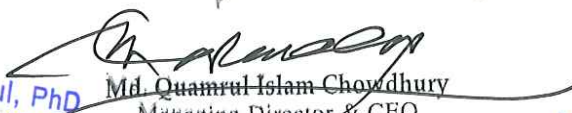
9.4 Un-reconciled Branch Adjustments- Mercantile Bank General Account Amount in BDT
This Note represents outstanding inter-branch and Head Office transactions (Net) originated but yet to be responded. However, the un-reconciled entries of 31 December 2021 (upto-date position 05.01.2022) are narrated below:

Particulars	No of entries	Amount		No of entries	Amount	
		Debit			Credit	
Up to 3 months	-	-	-	-	-	-
Over 3 months but within 6 months	-	-	-	-	-	-
Over 6 months but within 1 year	-	-	-	-	-	-
Over 1 year but within 5 years	4	234,517,287	-	-	-	-
	4	234,517,287				

	Amount in BDT	
	Dec-21	Dec-20
9(a) Consolidated other assets		
Mercantile Bank Limited.	8,296,057,474	9,544,580,938
Mercantile Bank Securities Limited.	226,715,174	180,131,532
MBL Asset Management Limited	2,472,531	2,379,843
Mercantile Exchange House (UK) Limited	28,522,239	8,184,326
	8,553,767,417	9,735,276,640
Inter company transaction	(3,645,182,382)	(3,644,898,890)
	4,908,585,035	6,090,377,750


Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
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10. Non-banking assets

The Bank was awarded absolute ownership on few mortgaged properties through the verdict of honorable court under section 33(7) of the Artharin Adalat Act 2003. These were recorded as non banking assets. Following are the details:

SL	Name of Parties	Asset details	Entitlement Date	Amount in BDT	
				Dec-21	Dec-20
1	Global Business Associates	a) 44 decimal land at Mouza- Gosal Gobindapur, P.S: Ballakendi, Dist: Rajbari; b) 6.66 decimal land at Mouza- Gosal Gobindapur, P.S: Ballakendi, Dist: Rajbari. Previously owned by A.T.M Shamim Ul Alam and A.T.M Shafiqul Alam at present Mercantile Bank Limited.	30-Apr-15	500,000	500,000
2	SS Trading Corporation Shamimul Islam Siraj.	a) RM of 17.50 decimal land along with Sempacoa building under Mouza Loar Shohara, PS. Dhaka Cantonment, Dist. Dhaka. Previously owned by Md. Ali Azam Khan, Solaiman Khan, Khorshed Alam Khan, Mrs. Kohonor Akhtor, Rasheda Begum, Sheuli Akhtor and Fatema Begum at present Mercantile Bank Limited. b) RM of 170.50 decimal land at Dist. Madaripur, PS. - Shibchar, Mouza Shamail. Previously owned by Shamimul Islam Siraj and shariar Farid at present Mercantile Bank Limited. c) RM of 375.00 decimal land at Dist. Madaripur, PS Shibchar, Mouza-Cholo Chowdhurir Bill and Shamail. Previously owned by Sheba Fish Feeds Limited represented by Arwanul Haq, Md. Ashraful Islam Taluqdar, Shaharfar Farid and Shamimul Islam Siraj at present Mercantile Bank Limited.	05-Aug-13	4,262,500	4,262,500
3	Dohar Seed Company, Prop.: Md. Advocate Abdus Sobhan	RM (3rd party) of land 16.26 Decimal at Bhatara, Gulshan, Dhaka. Previously owned by Mr. Md. Syed Hossain Imam and Mr. Mozaffar Ali at present Mercantile Bank Limited.	25-Nov-08	3,939,394	3,939,394
4	Shahnnoor Enterprise, Prop: Mr. Md. Mojibur Rahman	a). 2.56 Katha Land with semi pucca building at Badda; b). 10 Katha Land at Badda.	20-Jul-06	3,400,800	3,400,800
5	Dr. Akhter Hossain	RM of 10.50 Decimal land at Mouza-Choto Bolimeher, Savar, Dhaka and Building thereon.	16-Nov-14	10,721,972	
6	Sarker Traders Sushant Sarker	a) 21.86 decimal land at , Naogaon.	22-Jun-10	983,700	983,700
7	Taj Enterprise	RM of decimal 43.73 decimal land (10.75 decimal land at Mouza-Mohanonda Khali, PS-Poba, Dist-Rajshahi and 33.00 decimal land at Mouza-Sundolpur, PS-Poba, Dist-Rajshahi) Previously owned by 1) Md. Abu Sayed, 2) Md. Tajul Islam, 3) Md. Akram Ali and 4) Mr. Firoz Ali at present Mercantile Bank Limited.	07-Jul-15	1,976,000	1,976,000
8	M/S Sayed Traders	RM of 281.75 decimal land (258.5 decimal land at Mouza-Bagdhani, PS-Poba, Dist-Rajshahi and 5.25 decimal land at Mouza-Nowhata, PS-Poba, Dist-Rajshahi. Previously owned by Md. Esaruddin at present Mercantile Bank Limited.	24-May-15	10,242,000	10,242,000
Total				36,026,366	25,304,394

10(a). Non-banking assets

Mercantile Bank Limited
Mercantile Bank Securities Limited
MBL Asset Management Limited
Mercantile Exchange House (UK) Limited

Amount in BDT	
Dec-21	Dec-20
36,026,366	25,304,394
-	-
-	-
-	-
36,026,366	25,304,394

11 Borrowings from other banks, financial institutions and agents

In Bangladesh (Note 11.1)
Outside Bangladesh

35,473,191,348	38,071,686,698
-	-
35,473,191,348	38,071,686,698

Abu Asghar G. Haruni
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Mercantile Bank Limited
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	Amount in BDT	
	Dec-21	Dec-20
11.1 In Bangladesh - Interest bearing		
A. Money at Call (11.1a):	-	-
B. Other Borrowings:		
Bangladesh Bank Refinance (11.1b)	25,361,537,388	25,596,244,935
Bangladesh Bank Pre-finance against RMG	26,190,000	-
Borrowing from Bangladesh Bank	-	-
Other Bank Borrowings (11.1c)	858,000,000	4,250,000,000
Off-shore Banking Division	17,207,963,138	13,090,174,509
	43,453,690,526	42,936,419,444
Intra company transaction	(7,980,499,178)	(4,864,732,746)
Other Borrowings	35,473,191,348	38,071,686,698
Total- In Bangladesh	35,473,191,348	38,071,686,698
11.1a Money at Call	-	-
11.1b Bangladesh Bank Refinance		
Refinance for Women Ent. SME	385,425,334	392,973,750
Refinance for Home Loan	6,531,661	8,313,044
Refinance for SME	163,827	163,827
Refinance against SMEDP-2	320,660,500	104,432,000
Refinance against Stimulus Fund	4,534,288,878	6,667,608,982
Refinance for ETP	10,968,977	22,567,127
Refinance against EDF from BB	10,229,039,301	16,853,963,691
Refinance Against Brick Kil	59,892,850	70,142,864
Refinance Against Fin. Incl SC(FIS)	237,777,579	84,254,703
Refinance for Agro Processing Ind	554,395,160	441,352,625
FC Account Against BB Refinance	841,393,313	970,472,322
Pre-Shipment Credit Ref Scheme Corp	181,000,000	-
	25,361,537,388	25,596,244,935
11.1c Other Bank Borrowings		
Term Borrowing:		
Uttara Bank Limited	-	2,500,000,000
Mitral Trust Bank Limited	-	600,000,000
Purbali Bank Limited	-	1,150,000,000
Shahjalal Islami Bank Limited	858,000,000	4,250,000,000
	858,000,000	4,250,000,000
11.2 Outside Bangladesh		
Total Borrowings from other banks, financial Institutions and agents (N-11.1+11.2)	35,473,191,348	38,071,686,698
11.3 Borrowings from other banks, financial Institutions and agents: Security wise grouping		
Secured borrowings	26,245,727,388	29,846,244,935
Unsecured borrowings	9,227,463,960	8,225,441,763
	35,473,191,348	38,071,686,698
11.4 Borrowings from other banks, financial Institutions and agents: Nature of repayment		
Repayable on demand	9,227,463,960	8,225,441,763
Others	26,245,727,388	29,846,244,935
	35,473,191,348	38,071,686,698


Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


Tapash Chandra Paul, PhD
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Mercantile Bank Limited
Head Office, Dhaka


Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka


Md. Moniruzzaman
Managing Director
IDLC Investments Limited

		Amount in BDT	
		Dec-21	Dec-20
11.5	Borrowings from other banks, financial Institutions and agents: Maturity grouping		
	Repayable on demand	9,227,463,960	8,225,441,763
	Repayable within 1 month	-	-
	Over 1 months but within 6 months	-	-
	Over 6 months but within 1 year	-	-
	Over 1 year but within 5 years	26,245,727,388	29,846,244,935
	Over 5 year but within 10 years	-	-
	Over 10 (ten) years	-	-
		35,473,191,348	38,071,686,698
11(a)	Consolidated borrowings from other banks, financial Institutions		
	Inside Bangladesh		
	Mercantile Bank Limited	35,473,191,348	38,071,686,698
	Mercantile Bank Securities Limited	1,052,473,470	631,967,708
	MBL Asset Management Limited	-	-
	Mercantile Exchange House (UK) Limited	-	-
		36,525,664,818	38,703,654,407
	Consolidated borrowings from other banks, financial Institutions		
	Outside Bangladesh		
	Mercantile Bank Limited	-	-
	Mercantile Bank Securities Limited	-	-
	MBL Asset Management Limited	-	-
	Mercantile Exchange House (UK) Limited	-	-
		-	-
		36,525,664,818	38,703,654,407
	Inter company transaction	(979,769,529)	(503,649,573)
	Total- Consolidated borrowings from other banks, financial Institutions	35,545,895,289	38,200,004,834
11.6	Non-convertible Subordinated Bond		
		Coupon Rate(Avg.)	
	BRAC Bank Limited	12.00%	200,000,000
	ONE Bank Limited	12.00%	100,000,000
	NRBC Bank Limited	12.00%	90,000,000
	Dhaka Bank Limited	12.00%	60,000,000
	NRB Bank Limited	12.00%	40,000,000
	Puball Bank Limited	12.00%	20,000,000
	IDLC Finance Limited	12.00%	60,000,000
	United Finance Limited	12.00%	20,000,000
	National Life Insurance Company Limited	12.00%	10,000,000
	Janata Bank Limited	7.07%	800,000,000
	Agrani Bank Limited	7.07%	800,000,000
	Sonali Bank Limited	7.07%	800,000,000
			2,400,000,000
11.6a	Consolidated Non-convertible Subordinated Bond		
	Mercantile Bank Limited	2,400,000,000	3,600,000,000
	Mercantile Bank Securities Limited	-	-
	MBL Asset Management Limited	-	-
	Mercantile Exchange House (UK) Limited	-	-
		2,400,000,000	3,600,000,000
12.	Deposits and other accounts:		
	Conventional and Islamic banking		
A.	Deposits received from Banks :	6,803,381,660	5,614,118,619
	Payable on demand (Note- A-1)	6,801,040	17,110,842
	Time Deposits (Note - A-2)	6,796,580,619	5,597,007,777
B.	Other than Bank:	263,754,044,063	239,651,580,735
	Payable on demand (Note- B-1)	38,907,951,671	32,619,724,273
	Time Deposits (Note - B-2)	224,846,092,392	207,031,856,462
	Total Payable on Demand Deposits (Note- A-1 & B-1)	38,914,752,712	32,636,835,115
	Total Time Deposits (Note -A-2 & B-2)	231,642,673,011	212,628,674,239
		270,557,425,722	245,265,709,354
A.	Deposits received from Banks:		
	Term deposit	6,099,960,000	1,200,000,000
	Current deposit	6,801,040	17,110,842
	Special Notice deposits	696,620,619	4,397,007,777
	Saving deposits	-	-
		6,803,381,660	5,614,118,619


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	Amount in BDT	
	Dec-21	Dec-20
A-1 Payable on demand		
Current deposits	6,801,040	17,110,842
Saving deposits (9%) - (A)	-	-
	<u>6,801,040</u>	<u>17,110,842</u>
A-2 Time deposits		
Saving deposits (91%) - (A)	-	-
Term deposit	6,099,960,000	1,200,000,000
Special Notice deposits	696,620,619	4,397,007,777
	<u>6,796,580,619</u>	<u>5,597,007,777</u>
Maturity Analysis (Deposits received from Banks):		
Repayable on demand	6,801,040	17,110,842
Repayable within 1 month	696,620,619	4,397,007,777
Over 1 months but within 6 months	6,099,960,000	1,200,000,000
Over 6 months but within 1 year	-	-
Over 1 year but within 5 years	-	-
Over 5 year but within 10 years	-	-
Unclaimed deposits 10 (ten) years and above	-	-
	<u>6,803,381,660</u>	<u>5,614,118,619</u>
B. Other than Bank:		
B-1 Payable on demand:		
Current deposits	12,944,464,836	11,996,781,540
Saving deposits (9%) - (Note 12.3)	2,997,010,560	2,481,967,504
Foreign currency deposits (non interest bearing)	1,972,719,143	1,667,435,765
Bills payable (Note-12.2)	3,597,853,578	4,071,078,095
Sundry deposits (Note - 12.1.1)	7,495,030,957	5,896,526,096
Foreign currency held against Back to Back L/C	9,900,872,597	6,505,935,272
	<u>38,907,951,671</u>	<u>32,619,724,273</u>


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Md. Mohiruzzaman
Managing Director
IDLC Investments Limited

B-2 Time deposits:

Saving deposits (91%) - (Note-12.3)
Fixed deposits (Note-12.4)
Special Notice deposits
Deposits under schemes (Note-12.5)
Non-resident taka deposit
Deposit under Q-cash
Deposit under Agent Banking

Amount in BDT	
Dec-21	Dec-20
30,303,106,776	25,095,449,209
89,402,158,865	92,058,753,354
45,610,030,708	28,952,321,366
58,844,610,829	60,745,941,739
441,437,300	89,098,355
7,584,333	11,563,986
237,163,581	78,738,453
224,846,092,392	207,031,886,462

Maturity Analysis (Deposits received from other than Banks):

Repayable on demand
Repayable within 1 month
Over 1 months but within 6 months
Over 6 months but within 1 year
Over 1 year but within 5 years
Over 5 year but within 10 years
Unclaimed deposits 10 (ten) years and above

40,458,780,000	38,456,782,131
45,120,452,458	42,650,252,500
35,120,360,125	32,600,125,325
39,582,452,001	36,800,785,458
47,850,650,350	45,850,783,600
55,521,349,128	43,292,861,720
-	-
263,754,044,083	239,651,590,735

12.1 Current/AI-wadeeah current accounts and other accounts

Current deposits
Special Notice deposits
Foreign currency deposits
Deposit under Q-cash & My cash
Deposit under Agent Banking
Non-resident taka deposits
Sundry deposit (Notes 12.1.1)
Unclaimed Dividend (Note-12.6)
Foreign currency held against Back to Back L/C

12,941,935,751	12,004,341,974
46,294,978,994	33,339,030,867
1,972,719,143	1,667,435,765
7,584,333	11,563,986
237,163,581	78,738,453
441,437,300	89,098,355
7,495,030,957	5,896,526,096
21,002,458	19,848,684
9,900,872,597	6,505,935,272
79,312,725,114	59,612,519,452

12.1.1 Details of sundry deposit

Sundry Creditors
Withholding Tax - IT
Withholding Tax - Excise Duty
Withholding Tax - VAT
Margin on Letter of Guarantee
Margin on L/C
Margin on FDBP/IDBP
Margin on Inward bill collection
Other Margin Account
Sale proceeds of PSP/BSP
Advance deposit against lease rent
Security deposit
Export bill agency commission
Export bill reserve margin
Other sundry deposit

286,700,762	391,561,872
333,632,254	335,737,745
305,694,285	220,811,512
52,450,380	50,769,315
849,467,088	758,790,483
2,854,486,392	1,809,822,589
97,525	93,029
371,574	13,644,885
13,993,697	16,651,844
3,200,000	3,200,000
3,814,300	6,116,300
18,816,024	31,923,326
10,156,536	10,282,065
217,159,709	220,581,017
2,544,990,433	2,026,540,115
7,495,030,957	5,896,526,096

12.2 Bills payable

Demand Draft
Security deposit receipt
Pay Order
Pay Slip

3,012,659	3,014,740
2,706,950	2,776,950
3,590,966,328	4,054,829,742
11,167,642	10,456,663
3,597,853,578	4,071,078,095

Maturity wise Grouping Bills Payable

Repayable on demand
Repayable within 1 month
Over 1 months but within 6 months
Over 6 months but within 1 year
Over 1 year but within 5 years
Over 5 year but within 10 years

-	-
3,595,146,628	4,068,301,145
2,706,950	2,776,950
-	-
-	-
-	-
3,597,853,578	4,071,078,095

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		Amount in BDT	
		Dec-21	Dec-20
12.3	Savings Bank/Mudaraba savings bank deposits		
	As per BRPD Circular No. 03 of 07 July 1997, total saving bank deposits amount is distributed into:		
	9% of total Savings Bank deposits (Demand deposits)	2,997,010,560	2,481,967,504
	91% of total Savings Bank deposits (Time deposits)	30,303,106,776	25,095,449,209
		<u>33,300,117,336</u>	<u>27,577,416,714</u>
12.4	Fixed deposits/Mudaraba fixed deposits		
	Customer deposits (Note 12 B-2)	89,402,158,865	92,058,753,354
	Deposits received from Banks-Term deposit (Note-12 A-2)	6,099,960,000	1,200,000,000
		<u>95,502,118,865</u>	<u>93,258,753,354</u>
12.4.1	Fixed deposits/Mudaraba fixed deposits - maturity wise Grouping		
	Repayable on demand	-	-
	Repayable within 1 month	-	-
	Over 1 months but within 6 months	7,575,299,306	1,003,619,906
	Over 6 months but within 1 year	31,588,351,551	27,459,082,041
	Over 1 year but within 5 years	56,205,078,132	64,716,050,649
	Over 5 year but within 10 years	133,389,876	80,000,758
	Unclaimed deposits 10 (ten) years and above	-	-
		<u>95,502,118,865</u>	<u>93,258,753,354</u>
12.5	Deposit under schemes/Mudaraba deposit schemes		
	Monthly Savings Scheme	36,909,134,613	38,339,686,147
	Double Benefit Deposit Scheme	13,104,138,530	14,142,985,031
	Family Maintenance Deposit Scheme	1,777,001,200	1,535,800,000
	Special Savings Scheme	406,666,352	395,100,991
	Pension and Family Support Scheme	475,415,462	382,001,093
	Quarterly Benefit Deposit Scheme	85,450,000	83,800,000
	One & Half Time Benefit Scheme	42,578,693	49,607,303
	Super Benefit Scheme	6,031,016,478	5,805,971,942
	Education Planning Deposit Scheme	13,209,502	10,989,232
		<u>58,844,610,820</u>	<u>60,745,941,739</u>
12.6	Unclaimed Dividend		
	Dividend remained unclaimed which were declared for the year:		
	2018	16,622	17,963
	2019	11,655,711	10,280,313
	2020	9,330,125	9,550,408
		<u>21,002,458</u>	<u>19,848,684</u>
12(a)	Consolidated deposits and other accounts		
12.1(a)	Current/Al-wadeeah current accounts and other accounts		
	Deposits Received from Banks		
	Mercantile Bank Limited	6,803,381,660	5,614,118,619
	Mercantile Bank Securities Limited	-	-
	MBL Asset Management Limited	-	-
	Mercantile Exchange House (UK) Limited	-	-
		<u>6,803,381,660</u>	<u>5,614,118,619</u>
	Other than Bank		
	Mercantile Bank Limited	72,509,343,454	53,998,400,833
	Mercantile Bank Securities Limited	303,207,464	158,657,447
	MBL Asset Management Limited	-	-
	Mercantile Exchange House (UK) Limited	-	-
		<u>72,812,550,918</u>	<u>54,157,058,279</u>
	Inter Company Transaction	(478,128,509)	(204,122,749)
		<u>72,334,422,409</u>	<u>53,952,935,531</u>
		<u>79,137,804,069</u>	<u>59,567,054,150</u>
12.2(a)	Bills Payable		
	Mercantile Bank Limited	3,597,853,578	4,071,078,095
	Mercantile Bank Securities Limited	-	-
	MBL Asset Management Limited	-	-
	Mercantile Exchange House (UK) Limited	-	-
		<u>3,597,853,578</u>	<u>4,071,078,095</u>

abu Asghar G. Haruni
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Md. Moniruzzaman
Managing Director
IDLC Investments Limited

	Amount in BDT	
	Dec-21	Dec-20
Maturity wise Grouping Bills Payable		
Repayable on demand	-	-
Repayable within 1 month	3,595,146,628	4,068,301,145
Over 1 months but within 6 months	2,706,950	2,776,950
Over 6 months but within 1 year	-	-
Over 1 year but within 5 years	-	-
Over 5 year but within 10 years	-	-
Unclaimed deposits 10 (ten) years and above	-	-
	<u>3,597,853,578</u>	<u>4,071,078,095</u>
12.3(a) Savings Bank/Mudaraba savings bank deposits		
Mercantile Bank Limited	33,300,117,336	27,577,416,714
Mercantile Bank Securities Limited	-	-
MBL Asset Management Limited	-	-
Mercantile Exchange House (UK) Limited	-	-
	<u>33,300,117,336</u>	<u>27,577,416,714</u>
12.4(a) Fixed deposits/Mudaraba fixed deposits		
Mercantile Bank Limited	95,502,118,865	93,258,753,354
Mercantile Bank Securities Limited	-	-
MBL Asset Management Limited	-	-
Mercantile Exchange House (UK) Limited	-	-
	<u>95,502,118,865</u>	<u>93,258,753,354</u>
12.4.1(a) Fixed deposits/Mudaraba fixed deposits - Maturity wise Grouping		
Repayable on demand	-	-
Repayable within 1 month	31,588,351,551	27,459,082,041
Over 1 months but within 6 months	56,205,078,132	64,716,050,649
Over 6 months but within 1 year	7,708,689,183	1,083,620,664
Over 1 year but within 5 years	-	-
Over 5 year but within 10 years	-	-
Unclaimed deposits 10 (ten) years and above	-	-
	<u>95,502,118,865</u>	<u>93,258,753,354</u>
12.5(a) Deposit under schemes/Mudaraba deposit schemes		
Mercantile Bank Limited	58,844,610,829	60,745,941,739
Mercantile Bank Securities Limited	-	-
MBL Asset Management Limited	-	-
Mercantile Exchange House (UK) Limited	-	-
	<u>58,844,610,829</u>	<u>60,745,941,739</u>


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Mercantile Bank Limited


Md. Quamrul Jalal Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka


Md. Moniruzzaman
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IDLC Investments Limited

		Amount in BDT	
		Dec-21	Dec-20
13.	Other liabilities		
	Conventional and Islamic banking		
	Provision for Gratuity Fund (Note-13.1)	-	-
	Provision for MBL Foundation 13.1A	-	-
	Provision for Fixed Assets (Note-13.2)	85,000,000	85,000,000
	Other Provision (Note-13.2.1)	1,616,291,000	898,941,000
	Provision for Off Balance Sheet Items (Note-13.3)	1,340,151,807	988,595,393
	Provision for Incentive Bonus	467,725,286	26,933,786
	Provision for Current Tax less advance Tax (Note-13.4.1)	(1,973,754,478)	(1,916,510,806)
	Provision for Deferred Tax (Note-13.4.2)	(150,827,364)	(143,304,533)
	Provision for Loans and Advances/Investments (Note-13.5.1)	12,529,778,754	11,729,996,549
	Leasehold Liabilities IFRS-16	1,098,085,485	743,375,517
	Provision against Non-banking assets	19,868,972	-
	Startup Fund (Note-13.2.2)	55,799,461	-
	Adjusting Account Credit (Note-13.6)	4,161,644,374	3,385,327,874
	Interest Suspense Account (Note-13.7)	7,325,353,734	5,946,882,827
	Provision for Audit fees	1,725,000	1,150,000
		28,576,842,032	21,746,387,607
13.1	Provision for Gratuity Fund		
	Beginning of the year	-	-
	Add. During the year	250,000,000	240,000,000
		250,000,000	240,000,000
	Transferred to Savings Account (Gratuity Fund)	-	-
13.1A	Provision for MBL Foundation:		
	Beginning of the year	-	-
	Add. During the year	100,000,000	30,000,000
	Less. Adjustment during the year	-	-
		100,000,000	30,000,000
	Transferred to Savings Account (MBL Foundation)	-	-
13.2	Provision for Fixed Assets		
	Provision held at the beginning of the year	85,000,000	85,000,000
	Provision made during the year	-	-
		85,000,000	85,000,000
	A Land is included under freehold properties- land (Note-8), located at Gulshan, Plot# 3, Block# CWN (C), Gulshan Avenue, Gulshan, Dhaka-1212, Municipality Holding# 105, Gulshan Avenue, Gulshan. Area of land is 1 bigha 2 chhatlaks purchased in the year 2005 for Bank's own use as per decision of the Board of Directors in its 73rd meeting held on 23 August 2005. The land is under litigation and possession of the land is yet to be taken. In this connection a provision has been made as per Bangladesh Bank's instruction.		
	Provision was made for land as per instruction of Bangladesh Bank vide letter no. DBI-1(vigilance) / 5050 (15)/ 2006-400, 20 March 2006.		
13.2.1	Other Provision		
i.	Provision for Protested Bill (under other asset) :		
	Provision held at the beginning of the year agt. Protested Bill	-	-
	Add. During the year	8,950,000	-
	Less. Transfer to Retained Earning	-	-
		8,950,000	-
ii.	Provision for Other Asset		
	Provision held at the beginning of the year	185,441,000	285,441,000
	Add. Provision made during the year against Other Asset	-	(100,000,000)
	Less: Adjusted during the year	-	-
		185,441,000	185,441,000
	Total Provision for Other Asset (i+ii)	194,391,000	185,441,000
iii.	Provision for Climate risk fund		
	Provision held at the beginning of the year	3,500,000	3,500,000
	Provision made during the year	-	-
		3,500,000	3,500,000
iv.	Provision for Good Borrower rebate		
	Provision held at the beginning of the year	11,000,000	11,000,000
	Provision made during the year	-	-
		11,000,000	11,000,000
v.	Special General Provision COVID-19		
	Provision held at the beginning of the year	699,000,000	-
	Provision made during the year	650,000,000	699,000,000
	In 2020 MBL Kept Tk 69.90 @ 1% as per BRPD Circular Letter No.55, dated on 10.12.2020, amount which Tk. 18.42 has been adjusted in 2021 & in 2021 MBL Kept Tk 83.42 @ 2% as per BRPD Circular Letter No.53, dated on 30.12.2021	1,349,000,000	699,000,000
vi.	Provision against Unclaimed Dividend		
	Provision held at the beginning of the year	-	-
	Provision made during the year	58,400,000	-
		58,400,000	-
	Total (i+ii+iii+iv+v+vi)	1,616,291,000	898,941,000
vii.	Other Provision made during the year		
	Other Asset	-	-
	Climate risk fund	-	-
	Good Borrower rebate	-	-
	Provision against Unclaimed Dividend	58,400,000	-
	Provision for Protested Bill (under other asset)	8,950,000	-
	Special General Provision COVID-19	650,000,000	699,000,000
		717,350,000	699,000,000
13.2.2	Startup Fund		
	Beginning of the year	-	-
	During the year	55,799,461	-
	As per SME & SPD Circular Letter No.04, dated on 29.03.2021	55,799,461	-
13.2 (a)	Consolidated current year provision for Other Provision		
	Mercantile Bank Limited	717,350,000	699,000,000
	Mercantile Bank Securities Limited	4,805,918	-
	MBL Asset Management Limited	-	-
	Mercantile Exchange House (UK) Limited	-	-
		722,155,918	699,000,000
13.3	Provision for Off Balance Sheet Items		
	Provision held at the beginning of the year	988,595,393	986,633,130
	Provision made during the year	351,956,414	1,962,263
		1,340,551,807	988,595,393

		Amount in BDT	
		Dec-21	Dec-20
13.5.1	Provision for loans and advances/investments		
a.	Provision against Classified Loans/Investments & NBA (Specific Provision)	5,131,598,567	4,882,578,037
b.	Provision against Unclassified Loans/Investments (General Provision)	7,398,180,187	6,847,418,512
		12,529,778,754	11,729,996,549
a(i)	Movement of Provision against Classified Loans and Advances/investments (Specific Provision)		
	Provision held at the beginning of the year	4,882,578,037	4,519,981,000
	Fully Provided Dobts written off	(27,100,158)	-
	Recoveries of amounts previously written off	2,292,056	16,668,695
	Specific Provision for the year	-	-
	Recoveries and Provisions no longer required	-	-
	Net Charge in Profit and Loss Account	270,871,823	345,928,342
	Provision held at the end of the year	5,128,641,758	4,882,578,037
a(ii)	Specific Provision against NBA (Non Banking Assots)		
	Provision held at the end of the year	2,956,809	-
		5,131,598,567	4,882,578,037
b.	Provision against Unclassified Loans/investments (General Provision)		
	Provision held at the beginning of the year	6,847,418,512	7,614,302,000
	Fully Provided Dobts written off	-	(956,406,111)
	Adjustment during the year	-	-
	Additon during the year	550,761,675	189,522,623
		7,398,180,187	6,847,418,512
	Provision at the end of the year (a+b)	12,529,778,754	11,729,996,549
13.5.1(a)	Consolidated Provision for Loans and Advances/investments		
	Mercantile Bank Limited	12,529,778,754	11,729,996,549
	Mercantile Bank Securities Limited	151,114,335	40,000,000
	MBL Asset Management Limited	1,298,939	-
	Mercantile Exchange House (UK) Limited	-	-
		12,682,192,028	11,769,996,549
13.6	Adjusting Account Credit		
	Conventional and Islamic banking		
	Interest Payable	3,875,401,287	3,084,609,073
	Other payable	286,243,087	300,718,801
		4,161,644,374	3,385,327,874
13.7	Interest Suspense Account		
a.	Loans and Advances/investments		
	Opening balance	5,946,882,827	4,992,975,024
	Amount transferred during the year	1,881,696,590	2,085,574,803
		7,828,579,417	7,078,549,827
	Amount recovered and waive during the year	518,052,407	1,052,818,195
	Amount written off during the year	4,615,593	78,048,805
		(522,688,000)	(1,131,667,000)
b.	Interest Suspense Account for Non-banking assots	19,442,318	-
		19,442,318	
	Balance at the end of the year	7,325,353,734	5,946,882,827
13(a)	Consolidated Other Liabilities		
	Mercantile Bank Limited	26,576,842,032	21,746,387,607
	Mercantile Bank Securities Limited	1,655,995,605	1,438,431,831
	MBL Asset Management Limited	10,018,883	2,463,000
	Mercantile Exchange House (UK) Limited	31,291,857	7,216,545
		28,274,148,377	23,194,498,983
14.	Capital		
	Authorized capital		
	1200,000,000 Ordinary shares of BDT 10 each	12,000,000,000	12,000,000,000


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	Amount in BDT	
	Dec-21	Dec-20
14.1 Issued, Subscribed and Fully Paid-up Capital		
Total 1,033,217,027 Ordinary shares of BDT 10 each were issued, subscribed and fully paid up as at 31 December 2021.		
Opening balance	9,840,162,170	9,371,583,020
Issued for cash	-	-
Right shares	-	-
Issued for other than cash (Bonus shares)	492,008,100	468,579,150
Closing balance	10,332,170,270	9,840,162,170
Issued for cash	245,000,000	245,000,000
IPO	319,765,000	319,765,000
Right shares	1,438,942,300	1,438,942,300
Bonus shares	8,328,462,970	7,836,454,870
	10,332,170,270	9,840,162,170

14.2 History of Paid-up capital

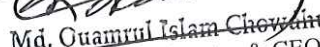
Accounting year	Declaration	No. of shares	Value in capital (BDT)	Cumulative (BDT)
1999	Initial	24,500,000	245,000,000	245,000,000
2000	No Dividend Declared	-	-	245,000,000
2001	Bonus	3,185,000	31,850,000	276,850,000
2002	Bonus	2,768,500	27,685,000	304,535,000
2003	Bonus	1,523,000	15,230,000	319,765,000
2003	IPO	31,976,500	319,765,000	639,530,000
2004	Bonus	15,988,250	159,882,500	799,412,500
2005	Bonus	19,985,310	199,853,100	999,265,600
2006	Bonus	19,985,310	199,853,100	1,199,118,700
2007	Bonus	29,977,960	299,779,600	1,498,898,300
2008	Bonus	29,977,960	299,779,600	1,798,677,900
2009	Bonus	35,973,550	359,735,500	2,158,413,400
2010	Bonus	47,485,090	474,850,900	2,633,264,300
2010	Right Share	143,894,230	1,438,942,300	4,072,206,600
2011	Bonus	89,588,540	895,885,400	4,968,092,000
2012	Bonus	114,266,116	1,142,661,160	6,110,753,160
2013	Bonus	48,886,025	488,860,250	6,599,613,410
2014	Bonus	79,195,360	791,953,600	7,391,567,010
2015		-	-	7,391,567,010
2016		-	-	7,391,567,010
2017	Bonus	36,957,836	369,578,360	7,761,145,370
2018	Bonus	38,805,726	388,057,260	8,149,202,630
2019	Bonus	122,238,039	1,222,380,390	9,371,583,020
2020	Bonus	46,857,915	468,579,150	9,840,162,170
2021	Bonus	49,200,810	492,008,100	10,332,170,270
	Total	1,033,217,027	10,332,170,270	-

14.3 Particulars of Fully Paid-up Share Capital

	Dec-21	Dec-20	Dec-21	Dec-20
	No. of Shares		%	
Sponsor	377,685,224	351,036,061	36.55%	35.67%
Financial Institutions	231,637,917	211,577,414	22.42%	21.50%
General Public	381,944,939	377,841,464	36.97%	38.40%
Foreign	41,948,947	43,561,278	4.06%	4.43%
	1,033,217,027	984,016,217	100.00%	100.00%


Abu Asghar G. Haruni
Company Secretary
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Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka


Md. Moniruzzaman
Managing Director
IDLC Investments Limited

14.4 Classification of Shareholders by Holding as on 31 December 2021

1 to 499 Shares
500 to 5,000 Shares
5,001 to 10,000 Shares
10,001 to 20,000 Shares
20,001 to 30,000 Shares
30,001 to 40,000 Shares
40,001 to 50,000 Shares
50,001 to 100,000 Shares
100,001 to 1,000,000 Shares
1,000,001 to 999999999 Shares

No. of Shareholder	No. of Shares held	(%) of Holdings
6,197	1,107,006	0.11%
14,425	27,439,620	2.66%
3,029	22,575,315	2.18%
1,871	27,264,805	2.64%
747	18,863,435	1.83%
348	12,200,464	1.18%
281	13,241,450	1.28%
561	41,512,367	4.02%
528	146,036,390	14.13%
115	722,976,225	69.97%
28,102	1,033,217,027	100.00%

14.5 Capital to Risk Weighted Asset Ratio (CRAR)-under BASEL-III

Tier - I Capital (Going Concern Capital)

a) Common Equity Tier I (CET-I)

Paid up Capital
Statutory Reserve
Retained Earnings
General Reserve
Dividend Equalization Fund

Regulatory Adjustment from CET-I

b) Additional Tier-I (AT-I)

Tier-I Capital (a+b)

Tier-II Capital (Going Concern Capital)

General Provision
Exchange Equalization Account
Revaluation Reserve for Fixed Assets
Revaluation Reserve for Equity Investment
Non-convertible Subordinated Bond
Revaluation Reserve for Securities

Regulatory Adjustments from Tier-II Capital

Tier-II Capital

A. Total Capital
B. Total Risk Weighted Assets (RWA)
C. Minimum Capital Requirement (MCR)
D. Surplus/ (Deficiency) (A-C)
Capital to Risk Weighted Asset Ratio (CRAR)

Capital Requirement

Tier - I Capital (Going-Concern Capital)
Capital Conservation Buffer
Tier -II Capital (Going-Concern Capital)

Total

Amount in BDT

Dec-21 Dec-20

10,332,170,270	9,840,162,170
9,265,072,605	8,421,348,098
1,823,555,207	1,480,480,958
2,250,000,000	1,550,000,000
45,680,250	45,680,250

23,716,478,331 21,337,671,476

(19,375,422) (53,181,545)

23,697,102,910 21,284,489,932

23,697,102,910 21,284,489,932

10,087,331,993	8,535,013,904
-	-
-	-
1,800,000,000	3,600,000,000
-	-

11,887,331,993 12,135,013,904

11,887,331,993 12,135,013,904

35,584,434,903 33,419,503,837

252,571,344,697 245,486,434,312

31,571,418,087 30,685,804,289

4,013,016,816 2,733,699,547

14.09% 13.61%

Dec-21		Dec-20	
% Required	% Held	% Required	% Held
	6.88%		6.17%
	2.50%		2.50%
	4.71%		4.94%
Total	12.50%	12.50%	13.61%

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Managing Director & CEO
Mercantile Bank Limited
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	Amount in BDT	
	Dec-21	Dec-20
14.6 Capital to Risk Weighted Asset Ratio (CRAR)-under BASEL-III		
There remains a surplus of BDT 4,013,016,816 on capital and reserve fund of the Bank as per requirement of section 13A of Bank Companies Act, 1991 and BRPD circular # 9, dated 31 December 2021 respectively details of which are placed below :		
(a) Minimum Capital Requirement (MCR)	31,571,418,087	30,685,804,289
(b) Actual Capital:	35,584,434,903	33,419,503,837
i) Tier I Capital (Going-Concern Capital)	23,697,102,910	21,284,489,932
ii) Tier-II Capital (Gone -Concern Capital)	11,887,331,993	12,135,013,904
General provision	10,087,331,993	8,535,013,904
Exchange Equalization Account	-	-
Revaluation Reserve for Fixed Assets	-	-
Revaluation Reserve for equity Investment	-	-
Non-convertible Subordinated Bond	1,800,000,000	3,600,000,000
Revaluation Reserve for securities	-	-
Regulatory Adjustments from Tier-II Capital	-	-
Surplus/ (Deficiency) (b-a)	4,013,016,816	2,733,699,548
15. Statutory Reserve		
Opening balance	8,421,348,098	7,879,083,376
Addition during the year	843,724,507	542,264,723
Closing balance	9,265,072,605	8,421,348,098
This has been made according to Sec. 24 of Bank Company Act, 1991 and shall be maintained until it equals to Paid-up Capital.		
15(a) Consolidated Statutory Reserve		
Mercantile Bank Limited.	9,265,072,605	8,421,348,098
Mercantile Bank Securities Limited	-	-
MBL Asset Management Limited	-	-
Mercantile Exchange House (UK) Limited	-	-
	9,265,072,605	8,421,348,098
15.1 General reserve		
Opening balance	1,550,000,000	1,400,000,000
Transferred during the year	700,000,000	150,000,000
Closing balance	2,250,000,000	1,550,000,000
16. Other reserves		
A. Dividend Equalization Fund		
Opening balance	45,680,250	45,680,250
Addition during the year	-	-
Closing balance	45,680,250	45,680,250
B. Adjustment for Approved Securities HTM		
Opening balance	23,055,166	8,687,652
Last years adjustment	(20,715,164)	14,367,513
Adjustment during the year	-	-
Closing balance	2,340,002	23,055,166


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Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


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Mercantile Bank Limited


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		Amount in BDT	
		Dec-21	Dec-20
C.	Reserve from revaluation		
	HFT securities	39,007,678	72,134,088
**	Revaluation Reserve for Fixed Assets	643,611,955	643,611,955
		682,619,633	715,746,043
** Fixed assets of the Bank specially held & land development was revalued by a professional valuation firm M/s Jang O Panastation. The Gain was arisen from such revaluation was duly accounted for in the year 2011 as per IAS 16			
D.	Reserve against non-banking assets		
	Opening balance	-	23,905,709
*	Addition during the year	-	3,400,800
	Disposal during the year	-	(2,002,115)
	Closing balance	-	25,304,394
* The Bank was awarded absolute ownership on low mortgage priced properties through the verdict of honorable court under section 33(7) of the Arbitration Act 2003. These were recorded as non banking assets. (Shown as Annexure-D1)			
	Total Other reserves (A+B+C+D)	730,639,885	809,785,853
16(a)	Consolidated other reserves		
	Mercantile Bank Limited	730,639,885	809,785,853
	Mercantile Bank Securities Limited	7,362,127	-
	MBL Asset Management Limited	-	-
	Mercantile Exchange House (UK) Limited	-	-
		738,002,012	809,785,853
16.1	Foreign currency translation gain/(loss)		
Assets and Liabilities of Mercantile Bank Limited Offshore Banking Operation (OBO) & Mercantile Exchange House (UK) Limited (on consolidation) have been presented into Taka (which is functional currency of the Bank) using year-end standard mid rate of exchange of the Bank @ USD 1= BDT 85.6000 & GBP-1= BDT 115.2423. Income and expenses are translated using monthly average exchange rate. (USD 1= BDT 85.1354 & GBP 1= BDT 119.6512). The net cumulative result of the exchange difference has been presented separately as equity component as per IAS 21 (para 39)			
17.	Retained earnings (Surplus In Profit & Loss Account):		
	Conventional and Islamic banking		
	Opening balance	1,480,480,958	1,510,875,350
	Less: Cash dividend	984,016,217	1,030,874,132
	Less: Stock dividend	492,008,100	469,579,150
	Transfer to Suspense	-	-
	Transfer from Provision for Incentive Bonus	-	-
	Transfer from Other Provision	-	-
	Retained earnings (opening balance adjusted)	4,456,641	11,422,068
	Profit before income tax	4,218,622,534	2,711,323,613
		4,223,079,175	2,722,746,681
	Startup Fund	55,799,461	-
	General reserve	700,000,000	150,000,000
	Statutory reserve	843,724,507	542,264,773
		2,623,555,207	2,030,480,958
	Provision for income current tax	807,522,831	568,340,435
		1,816,032,376	1,462,140,523
	Provision for deferred tax	(7,522,831)	(18,340,435)
	Closing balance	1,823,555,207	1,480,480,958
17(A)	Retained surplus		
	Opening Retained Earning	4,456,641	11,422,068
	Add: Addition during the year	1,819,098,566	1,469,058,890
	Closing balance	1,823,555,207	1,480,480,958
17.1	Consolidated retained earnings last year		
	Mercantile Bank Limited	4,456,641	11,422,068
	Mercantile Bank Securities Limited	78,652,171	5,030,900
	MBL Asset Management Limited	4,657,221	-
	Mercantile Exchange House (UK) Limited	(30,555,078)	(23,627,610)
		57,210,955	(7,174,642)
17(a).1	Consolidated retained earnings Current year		
	Mercantile Bank Limited	1,819,098,566	1,469,058,890
	Mercantile Bank Securities Limited	149,179,610	73,621,271
	MBL Asset Management Limited	3,173,903	4,657,221
	Mercantile Exchange House (UK) Limited	(4,386,618)	(6,927,468)
		1,967,085,461	1,540,409,915
17(a)	Consolidated Surplus In Profit and Loss Account		
	Mercantile Bank Limited	1,823,555,207	1,480,480,958
	Mercantile Bank Securities Limited	227,831,781	78,652,171
	MBL Asset Management Limited	7,831,125	4,657,221
	Mercantile Exchange House (UK) Limited	(34,941,696)	(30,555,078)
		2,024,276,416	1,533,235,272
	Share of profit (17(b).1)	(6,610,026)	(3,141,570)
		2,017,666,390	1,530,093,703
17(a).1A	Controlling Interest		
a)	Mercantile Bank Securities Limited		
	Opening balance for MBSL	77,559,778	4,961,029
	Addition during the year for MBSL	147,107,671	77,598,750
		224,667,449	77,559,778
b)	MBL Asset Management Limited		
	Opening balance for MBL Asset Management Limited	2,608,044	-
	Less: Cash Dividend	(2,240,000)	-
	Addition during the year for MBL Asset Management Limited	4,017,366	2,608,044
		4,385,430	2,608,044
	Closing balance	229,052,879	80,167,822
17(b)	Non Controlling Interest		
a)	Mercantile Bank Securities Limited		
	Non controlling share capital for MBSL	50,000,000	50,000,000
	Share of profit for MBSL (17(b).1)	3,164,331	1,092,392
		53,164,331	51,092,392
b)	MBL Asset Management Limited		
	Non controlling share capital for MBL Asset Management Limited	44,000,000	44,000,000
	Share of profit for MBL Asset Management Limited (17(b).1)	3,445,695	2,049,177
		47,445,695	46,049,177
	Closing balance	100,610,026	97,141,570


Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


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Md. Moniruzzaman
Managing Director
IDLC Investments Limited

	Amount in BDT	
	Dec-21	Dec-20
17(b).1 Non Controlling Interest		
a) Mercantile Bank Securities Limited		
Opening balance for MBSL	1,092,392	69,875
Non controlling share capital for MBSL	2,071,939	1,022,518
	<u>3,164,331</u>	<u>1,092,392</u>
b) MBL Asset Management Limited		
Opening balance for MBL Asset Management Limited	2,049,177	-
Less. Cash Dividend	(1,760,000)	-
Non controlling share capital for MBL Asset Management Limited	3,156,517	2,049,177
	<u>3,445,685</u>	<u>2,049,177</u>
Closing balance	<u>6,610,026</u>	<u>3,141,570</u>
18.A(1) Cash and cash equivalent		
Cash	14,618,971,073	15,503,985,230
Balance with other Banks and Financial Institutions	2,931,785,205	4,422,150,627
Prize Bonds	3,905,000	3,623,600
Money at call on short notice	548,400,000	248,100,000
	<u>18,103,081,278</u>	<u>20,177,859,457</u>
18.A(2) Consolidated cash and cash equivalent		
Cash	14,621,076,645	15,504,631,849
Balance with other Banks and Financial Institutions	3,005,576,672	4,608,619,568
Prize Bonds	3,905,000	3,623,600
Money at call on short notice	548,400,000	248,100,000
	<u>18,178,958,318</u>	<u>20,364,975,017</u>
18 OFF-BALANCE SHEET ITEMS		
Contingent liabilities		
18.1 Acceptance and endorsements		
Back to Back Bills	13,952,242,017	9,564,467,316
Banker's Liabilities PAD (EDF)	47,498,686,696	38,295,880,134
	<u>61,450,928,713</u>	<u>47,860,347,450</u>
18.2 Letter of guarantees		
Money for which the Bank is contingently liable in respect of guarantees are given favoring:		
Directors	69,478,361	71,878,362
Government	600,000,000	372,880,734
Bank and other Financial Institutions	18,947,889,209	15,699,234,047
Others (Note-18.2.1)	19,617,367,571	16,343,993,142
	<u>19,617,367,571</u>	<u>16,343,993,142</u>
18.2.1 Letter of guarantees others		
Local	13,161,012,075	13,276,265,834
Foreign	5,786,877,134	2,622,968,213
	<u>18,947,889,209</u>	<u>15,899,234,047</u>
18.3 Letter of credit		
Inland	2,792,931,784	1,581,929,445
General	68,760,328,271	25,876,948,282
Back to Back L/C	19,190,151,797	10,691,081,934
	<u>88,743,411,853</u>	<u>38,149,959,661</u>
18.4 Bills for collection		
Outward Bills for Collection	3,631,644,835	2,637,582,327
Outward Foreign Bills for Collection	1,616,926,714	3,120,412,977
Outward Foreign Bills Lodge	-	-
	<u>5,248,571,550</u>	<u>5,757,995,305</u>
18.5 Other Contingent Liabilities		
	-	-
Total Contingent liabilities	<u>175,060,279,686</u>	<u>108,112,295,558</u>
18.6 Other commitments		
Forward assets purchased and forward deposits placed	7,036,500	-
Forex FWD Buy and Sell	7,036,500	-
	<u>14,073,000</u>	<u>-</u>
Total OFF-BALANCE SHEET ITEMS	<u>175,067,316,186</u>	<u>108,112,295,558</u>


Abu Asghar G. Haruni
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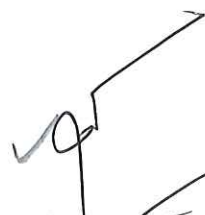

Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited



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		Amount in BDT	
		Jan-21 to Dec-21	Jan-20 to Dec-20
19	Income Statement		
	Conventional and Islamic banking		
	Income/Profit:		
	Interest, discount and similar income	22,411,639,589	23,562,020,298
	Dividend Income	108,492,704	177,571,480
	Fees, commission and brokerage	1,443,838,781	1,063,993,961
	Gain less losses arising from dealing securities	-	-
	Gain less losses arising from investment securities	468,445,484	1,178,246
	Gain less losses arising from dealing in foreign currencies	1,142,365,470	1,142,350,765
	Income from non-banking assets	-	-
	Other operating income	1,319,837,900	1,249,608,760
	Sub. Total	26,894,619,928	27,196,723,510
	Expenses:		
	Interest/profit, fees and commission	13,516,412,605	16,732,221,730
	Losses on loans and advances/investments	-	-
	Administrative expenses	4,092,000,917	3,519,492,910
	Other operating expenses	2,582,733,097	2,186,080,663
	Depreciation on banking assets	591,354,054	811,191,366
	Sub. Total	20,782,500,673	23,248,986,669
	Operating profit before provision	6,112,119,255	3,947,736,841
20	Interest Income/Profit on Investment		
	Interest from Banks & other Financial Institutions (Note-20.1)	96,583,108	97,429,791
	Interest from F.C. Clearing Account	70,603,162	93,295,996
	Interest/profit from Loans and Advances/investments (Note-20.2)	18,026,776,127	19,197,468,573
		18,193,962,397	19,388,194,360
20.1	Interest received from Banks & other Financial Institutions		
	Interest from money at call and short notice	46,899,014	63,378,718
	Interest from other Banks	43,583,505	33,677,624
	Interest from Reverse HEPO	100,589	373,449
		96,583,108	97,429,791
20.2	Interest/profit from loans and advances/investments		
	Loan General	7,654,190	5,472,569
	Term Loan	5,374,325,734	6,044,231,652
	Time Loan	1,608,113,452	1,730,641,005
	Loan Against Trust Receipt	579,123,898	758,220,709
	Packing Credit	186,980,555	212,244,357
	Lease Finance	113,304,963	135,707,900
	Hire Purchase	1,168,978,528	1,275,848,310
	Payment Against Documents	19,979,855	34,808,473
	Cash Credit (Hypo)	1,419,621,448	958,495,735
	Overdraft	2,575,241,655	2,877,734,420
	Consumers Credit	223,825,515	230,172,168
	House Building Loan	495,827,378	540,278,272
	Staff Loan	46,242,199	54,310,115
	EDF Loan	231,871,417	225,703,353
	Bill Purchase and Discounted	813,594,978	932,932,668
	SME	2,730,090,784	2,793,557,396
	Agricultural Credit	402,303,468	355,947,034
	Personal Loan	31,496,567	30,833,896
	Other Credit Schemes	199,543	328,542
		18,026,776,127	19,197,468,573


Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


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		Amount in BDT	
		Jan-21 to Dec-21	Jan-20 to Dec-20
20(a)	Consolidated Interest Income/Profit on Investment		
	Mercantile Bank Limited	18,193,962,397	19,388,194,360
	Mercantile Bank Securities Limited	146,466,432	77,066,610
	MBL Asset Management Limited	4,014,028	5,560,069
	Mercantile Exchange House (UK) Limited	-	-
	Inter Company Transaction	18,344,442,857	19,470,821,039
		18,344,442,857	19,470,821,039
21	Interest/Profit Paid on deposits, borrowings etc.		
	Conventional and Islamic banking		
	Interest/Profit on Deposits	12,481,242,632	15,457,150,927
	* Interest paid on lease	60,764,127	83,316,164
	Interest on Refinance BB	236,967,222	80,428,040
	Interest on Secondary Treasury Bill Purchased	176,940,382	122,469,192
	Interest on Subordinated Bonds	230,401,239	398,654,706
	Interest on Borrowings	330,097,004	590,202,702
		13,516,412,605	16,732,221,730
	* Interest paid on lease has been calculated for the year December 2021 as per IFRS-16		
21(a)	Consolidated Interest/Profit Paid on deposits, borrowings etc.		
	Mercantile Bank Limited	13,516,412,605	16,732,221,730
	Mercantile Bank Securities Limited	55,383,021	4,657,853
	MBL Asset Management Limited	-	-
	Mercantile Exchange House (UK) Limited	-	-
	Inter Company Transaction	13,571,795,826	16,736,879,584
		13,571,795,826	16,736,879,584
22	Investment Income		
	Interest on Investments (Note-A)	4,217,877,192	4,173,825,937
	Income on Investment in Shares (Note-B)	576,938,188	178,749,726
		4,794,815,380	4,352,575,663
A	Interest on Investments		
	Interest on Treasury Bills	47,591,505	504,052,443
	Interest on Treasury Bonds	3,591,199,977	3,121,477,588
	Loss on market adjustment (Securities)	(621,584,920)	(79,065,420)
	Interest on Sukook Bonds	19,346,586	-
	Gain on sale of Govt. approved security	504,659,440	16,435,083
	Gain on REPO	312,316,599	276,197,981
	Interest on Subordinated Bond	281,779,926	332,400,857
	Interest on Perpetual Bond	82,154,835	-
	Interest on SWAP	213,245	2,327,405
		4,217,877,192	4,173,825,937
B	Income on Investment in Shares		
	Gain on sale of shares	468,445,484	1,178,246
	Dividend on shares	108,492,704	177,571,480
		576,938,188	178,749,726
22(a)	Consolidated Investment Income		
	Mercantile Bank Limited	4,794,815,380	4,352,575,663
	Mercantile Bank Securities Limited	98,145,923	39,676,424
	MBL Asset Management Limited	14,882,893	166,750
	Mercantile Exchange House (UK) Limited	-	-
		4,907,844,196	4,392,418,837
23	Commission, exchange & brokerage		
	Commission	1,443,838,781	1,063,993,961
	Exchange (Note-23.1)	1,142,385,470	1,142,350,765
		2,586,224,251	2,206,344,726

Commission income arises on services provided by the Bank and recognized on a cash receipt basis. Commission charged to customers on letter of credits and letter of guarantees are credited to Income at the time of effecting the transactions.


Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka

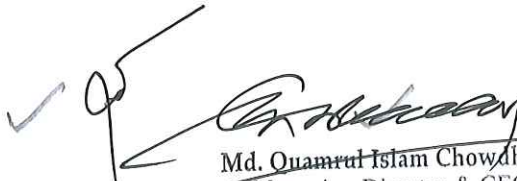

Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited


Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka


Md. Moniruzzaman
Managing Director
IDLC Investments Limited

		Amount in BDT	
		Jan-21 to Dec-21	Jan-20 to Dec-20
23.1	Exchange		
	Gains arising from dealing securities	-	-
	Losses on dealing securities	-	-
	Gains arising from Investment securities	-	-
	Losses on investing in securities	-	-
	Gains arising from foreign trade business	1,142,365,470	1,142,350,765
	Losses on foreign trading	-	-
		1,142,365,470	1,142,350,765
23(a)	Consolidated Commission, Exchange & Brokerage		
	Mercantile Bank Limited	2,586,204,251	2,206,344,726
	Mercantile Bank Securities Limited	266,388,856	93,605,202
	MBL Asset Management Limited	-	-
	Mercantile Exchange House (UK) Limited	12,129,474	11,616,288
		2,864,722,581	2,311,566,216
24	Other Operating Income		
	Conventional and Islamic banking		
	Charges on L/C	446,527,979	405,828,419
	Services & Other Charges	225,654,533	225,072,822
	Income from rent of locker/property	9,547,942	8,285,703
	On Line client fees	100,662,001	99,471,822
	ATM card	66,399,885	53,286,238
	VISA card	97,731,976	103,698,965
	Co-brand services	13,603,083	8,175,847
	Gain on sale and revaluation of securities	-	-
	Gain on sale of other securities	-	217,772
	Gain on sale on assets	3,374,561	1,855,502
	Miscellaneous earnings (Note-24.1)	356,335,941	343,615,669
		1,319,837,900	1,249,608,760
24.1	Miscellaneous earnings		
	Postage cost recovery	5,492,580	5,638,566
	SWIFT cost recovery	98,239,947	88,026,164
	Rebate from Foreign correspondence Bank	135,122,510	129,032,800
	Others	117,460,903	120,918,140
		356,335,941	343,615,669
24(a)	Consolidated Other Operating Income		
	Mercantile Bank Limited	1,319,837,900	1,249,608,760
	Mercantile Bank Securities Limited	11,376,744	10,216,292
	MBL Asset Management Limited	-	-
	Mercantile Exchange House (UK) Limited	5,525,002	5,223,711
		1,336,739,646	1,285,048,763
25	Salaries and Allowances		
	Conventional and Islamic banking		
	Basic salary	1,496,135,758	1,454,971,555
	Bonus (Festival and Incentive)	1,071,115,004	593,193,553
	Bank's contribution to employees provident fund	147,554,838	139,274,858
	Other salaries and allowances	1,358,774,534	1,314,367,828
		4,073,580,134	3,501,807,793


Asghar G. Haruni
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Managing Director
IDLC Investments Limited

		Amount in BDT	
		Jan-21 to Dec-21	Jan-20 to Dec-20
25(a)	Consolidated Salaries and Allowances		
	Mercantile Bank Limited	4,073,580,134	3,501,807,793
	Mercantile Bank Securities Limited	40,490,579	37,313,332
	MBL Asset Management Limited	2,462,600	152,661
	Mercantile Exchange House (UK) Limited	10,286,488	10,004,965
		<u>4,126,819,801</u>	<u>3,549,278,751</u>
26	Rent, Taxes, Insurance, Lightings etc		
	Conventional and Islamic banking		
	Office rent	16,303,793	-
	Rates, taxes & excise duty and VAT on rent	88,086,887	74,452,211
	Insurance	211,186,746	217,915,909
	Electricity, Gas & Water	113,036,410	94,565,691
		<u>575,349,835</u>	<u>386,933,811</u>
	* Right Of Use (ROU) Assets as per under IFRS-16 has been calculated for the year December 2021 considering monthly rental expenses.		
26(a)	Consolidated Rent, Taxes, Insurance, Lightings etc		
	Mercantile Bank Limited	575,349,835	386,933,811
	Mercantile Bank Securities Limited	8,095,741	8,259,099
	MBL Asset Management Limited	3,418,916	-
	Mercantile Exchange House (UK) Limited	5,599,676	7,196,654
		<u>592,464,168</u>	<u>402,389,563</u>
27	Legal Expenses		
	Conventional and Islamic banking		
	Legal fees & charges	13,864,539	12,075,638
	Stamps, notary public expenses, registration fees & other fees etc.	10,607,578	9,368,024
		<u>24,472,117</u>	<u>21,443,663</u>
27(a)	Consolidated Legal Expenses		
	Mercantile Bank Limited	24,472,117	21,443,663
	Mercantile Bank Securities Limited	478,398	3,779
	MBL Asset Management Limited	276,012	243,368
	Mercantile Exchange House (UK) Limited	1,209,400	631,140
		<u>26,435,927</u>	<u>22,321,950</u>
28	Postage, stamps, telecommunication etc.		
	Conventional and Islamic banking		
	Postal Charges	134,842	291,405
	Courier Charges	5,272,226	5,867,460
	Stamp & Cartridge Paper Cost	379,988	199,398
	Telephone Bill	7,065,965	10,705,846
	Mobile Phone Bill	223,120	234,209
	Telex Charge	112,011	130,277
	Network link, internet & online connection cost	58,022,372	45,027,446
	BACH Charge	3,004,871	2,139,996
		<u>74,215,394</u>	<u>64,596,037</u>
28(a)	Consolidated Postage, stamps, telecommunication etc.		
	Mercantile Bank Limited	74,215,394	64,596,037
	Mercantile Bank Securities Limited	1,875,059	1,691,897
	MBL Asset Management Limited	-	-
	Mercantile Exchange House (UK) Limited	99,245	144,615
		<u>76,189,698</u>	<u>66,432,549</u>
29	Stationary, Printing and Advertisements		
	Conventional and Islamic banking		
	Printing & stationery	120,332,486	104,883,751
	Advertisement	57,801,868	68,311,755
	Computer expenses	119,415,299	81,591,549
		<u>297,549,653</u>	<u>254,787,054</u>


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Md. Moniruzzaman
Managing Director
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		Amount in BDT	
		Jan-21 to Dec-21	Jan-20 to Dec-20
29(a)	Consolidated Stationary, Printing and Advertisements		
	Mercantile Bank Limited	297,549,653	254,767,054
	Mercantile Bank Securities Limited	845,216	557,887
	MBL Asset Management Limited	79,808	68,619
	Mercantile Exchange House (UK) Limited	50,342	379,937
		<u>298,525,018</u>	<u>255,793,497</u>
30	Chief Executive's salary and fees		
	Basic Salary	7,875,803	7,161,379
	Allowances	3,000,000	3,000,000
	Bonus (Festival and Incentive)	2,331,000	2,210,000
	Bank's contribution to Provident fund	787,580	716,138
		<u>13,994,383</u>	<u>13,087,517</u>
30(a)	Consolidated Chief Executive's salary and fees		
	Mercantile Bank Limited	13,994,383	13,087,517
	Mercantile Bank Securities Limited	-	-
	MBL Asset Management Limited	-	-
	Mercantile Exchange House (UK) Limited	-	-
		<u>13,994,383</u>	<u>13,087,517</u>
31	Directors' Fees		
	Conventional banking		
	Director fees	3,912,000	4,192,000
	VAT on Director fees	391,200	405,600
		<u>4,303,200</u>	<u>4,597,600</u>
	Islamic banking		
	Shariah Supervisory Committee's Fees	112,000	-
	VAT on Shariah Supervisory Committee's Fees	11,200	-
		<u>123,200</u>	<u>-</u>
		<u>4,426,400</u>	<u>4,597,600</u>
	Fees of the Directors is Taka 8,000 per meeting as per BRPD Circular Letter no.11 Dated 04 October 2015.No other financial benefits are extended to Board of Directors [as per section 18(1) of the Banking Company Act (Amendment) 2018] excluding above fees.		
31(a)	Consolidated Directors' Fees		
	Mercantile Bank Limited	4,426,400	4,597,600
	Mercantile Bank Securities Limited	796,500	1,012,500
	MBL Asset Management Limited	135,000	96,000
	Mercantile Exchange House (UK) Limited	-	-
		<u>5,357,900</u>	<u>5,706,100</u>
32	Auditors' fees		
	External Audit fee/CGC fees	1,265,000	1,207,500
		<u>1,265,000</u>	<u>1,207,500</u>
32(a)	Consolidated Auditors' Fees		
	Mercantile Bank Limited	1,265,000	1,207,500
	Mercantile Bank Securities Limited	57,500	115,000
	MBL Asset Management Limited	65,000	25,000
	Mercantile Exchange House (UK) Limited	323,985	556,428
		<u>1,711,485</u>	<u>1,903,928</u>


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Md. Moniruzzaman
Managing Director
IDLC Investments Limited

		Amount in BDT	
		Jan-21 to Dec-21	Jan-20 to Dec-20
33	Depreciation and Repair of Fixed Assets		
	Conventional and Islamic banking		
	Depreciation on fixed assets (Note-33.1)	321,916,855	299,641,366
	* Depreciation of ROU (Right Of Use) assets as per under IFRS-16	269,437,199	511,550,000
	Repairs & Maintenance (Note-33.2)	108,934,586	82,921,303
		<u>700,288,640</u>	<u>894,112,670</u>
	* Depreciation of ROU (Right Of Use) assets has been calculated for the year December 2021 as per IFRS-16 (Annexure -A)		
33.1	Depreciation on fixed assets (Annexure -A)		
	Free hold property	321,916,855	299,641,366
		<u>321,916,855</u>	<u>299,641,366</u>
33.2	Repair of Fixed Assets		
	Repairs & Maintenance	108,934,586	82,921,303
		<u>108,934,586</u>	<u>82,921,303</u>
33 (a)	Consolidated Depreciation and Repair of Fixed Assets		
	Mercantile Bank Limited	700,288,640	894,112,670
	Mercantile Bank Securities Limited	2,705,921	3,461,496
	MBL Asset Management Limited	70,207	18,463
	Mercantile Exchange House (UK) Limited	1,260,940	953,812
		<u>704,325,707</u>	<u>898,546,442</u>
34	Other Expenses		
	Conventional and Islamic banking		
	Bank charges	7,301,135	10,797,683
	Donation	216,232,998	283,412,057
	Car expenses	182,724,826	181,909,972
	Training expenses	1,841,152	1,414,419
	Supporting Staff salaries	438,338,536	400,439,246
	Exgratia (Supporting Staff bonus)	38,798,340	100,100,879
	Subscription	11,394,601	8,529,887
	Entertainment expenses	43,860,463	48,132,706
	Travelling expenses	16,293,184	13,341,777
	Conveyance, carriage & freight	14,259,593	8,123,908
	Business development	30,502,661	29,506,656
	Liveries & uniforms	5,419,516	5,340,318
	Medical expenses	1,301,147	2,236,911
	Newspapers and magazines	640,007	952,083
	House Attendance Allowance	600,000	602,525
	Professional service fees	6,763,163	2,572,027
	Q-cash/ATM cards/MISA cards	29,762,966	43,077,241
	House furnishing	6,851,078	7,526,392
	Gratuity	250,000,000	140,000,000
	Loss on sale of assets	1,117,603	559
	Loss on sale of securities	44,469,275	1,746,277.30
	Mobile banking salaries and allowances	17,922,910	24,002,869
	Credit Rating Fees	3,711,241	3,401,612
	Miscellaneous expenses (Note-34.1)	130,840,116	57,023,291
		<u>1,500,946,512</u>	<u>1,374,191,295</u>
34.1	Miscellaneous expenses		
	Laundry & cleaning	4,542,893	6,770,692
	Photograph & Photocopy	764,646	638,229
	Cash carrying charge	17,528,621	14,908,053
	Nursery & Plantation	945,855	1,264,423
	Cash incentive for Loan Recovery	2,792,169	1,987,184
	Sundry expenses	104,265,932	31,454,711
		<u>130,840,116</u>	<u>57,023,291</u>
34 (a)	Consolidated Other Expenses		
	Mercantile Bank Limited	1,500,946,512	1,374,191,295
	Mercantile Bank Securities Limited	51,164,128	24,323,619
	MBL Asset Management Limited	285,318	212,725
	Mercantile Exchange House (UK) Limited	3,211,019	3,899,916
		<u>1,555,608,977</u>	<u>1,402,627,555</u>
35	Earnings per Share (EPS)		
	Net profit after tax (Earnings Attributable to ordinary shareholders)	3,416,622,534	2,161,323,613
	Number of Ordinary Shares outstanding in the year	1,033,217,027	1,033,217,027
	Average no. of share outstanding	1,033,217,027	1,033,217,027
	Earnings per Share (EPS)	3.31	2.08


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Md. Moniruzzaman
Managing Director
IDLC Investments Limited

		Amount in BDT	
		Dec-21	Dec-20
35 (a)	Consolidated Earnings Per Share (EPS)		
	Consolidated net profit after tax	3,579,250,497	2,231,331,651
	Loss: Non Controlling Interest	5,228,457	3,071,695
	Profit attributable to ordinary equity holders of the parent entity	3,574,022,041	2,228,259,956
	Number of share outstanding	1,033,217,027	1,033,217,027
	Consolidated Earnings per Share (EPS)	3.46	2.16
* Discloser as per Bangladesh Securities and Exchange Commission notification reference no. BSEC/CMRRCD/2005-158/208/Admin/81, dated on 20 June 2018.			
36	Calculation of Net Asset Value Per Share (NAVPS)		
	Total shareholders' Equity	24,403,904,713	22,101,777,079
	Number of Share outstanding	1,033,217,027	984,016,217
	Net Asset Value (NAV) per share	23.62	22.46
36 (a)	Calculation of Consolidated Net Asset Value Per Share (NAVPS)		
	Total shareholders' Equity	24,705,988,049	22,248,531,394
	Number of Share outstanding	1,033,217,027	984,016,217
	Net Asset Value (NAV) per share	23.91	22.61
37	Calculation of Net Operating Cash Flow Per Share (NOCFPS)		
	Net cash flows from operating activities	3,404,607,251	4,039,816,143
	Number of Share outstanding	1,033,217,027	984,016,217
	Net Operating Cash Flow Per Share (NOCFPS)	3.30	4.11
37 (a)	Calculation of Consolidated Net Operating Cash Flow Per Share (NOCFPS)		
	Net cash flows from operating activities	3,278,999,536	4,095,418,784
	Number of Share outstanding	1,033,217,027	984,016,217
	Net Operating Cash Flow Per Share (NOCFPS)	3.17	4.16
37.1	Reconciliation of Net Profit after tax with Cash flows from Operating Activities (Solo)		
	Net profit after taxation	3,418,622,534	2,161,323,613
	Adjustment to reconcile net income to net cash provided by operating activities		
	Interest Income	(2,048,961,657)	(3,266,219,770)
	Interest Expense	4,105,802,526	3,483,263,779
	Dividends receipts	108,492,704	176,256,492
	Fees and commission Income	(9,000,000)	(10,000,000)
	Payment to the employees	450,000,000	470,969,158
	Income taxes paid	(64,766,503)	(607,585,678)
	Other Operating Income	(185,165,825)	(34,036,063)
	Other Operating Expenses	1,144,013,986	422,694,177
	Provision for Loans & Advances/Investments/Other Assets	1,893,496,721	1,236,413,227
	Operating Profit before changes in Operating Assets and Liabilities	5,393,921,952	1,821,764,320
	Increase/(Decrease) in operating assets & liabilities		
	Net Investment in trading securities	(11,351,261,191)	809,419,621
	Loan & Advance to Customers	(17,772,213,747)	(12,103,937,544)
	Other Assets	1,370,144,450	(1,306,159,834)
	Deposits from other Bank	(2,598,495,351)	17,448,641,379
	Deposits from customers	25,291,716,368	(2,358,763,361)
	Other Liabilities	(347,827,765)	(2,432,472,950)
		(5,407,937,235)	56,728,211
	Net Cash Flows from Operating activities	3,404,607,251	4,039,816,144

37.02 As per BSEC Directive No. BSEC/CMRRCD/2021-386/03, dated 14 June, 2021, the tables shown in Annexure-D2 & D3 illustrate the year wise summary of Unclaimed Cash Dividend & Unclaimed Stock Dividend

38 Number of Employees

The number of employees engaged for the entire year who received a total remuneration of BDT 36,000 or above were 2828.

Break-up of No. of employees as per salary range wise

Range of Salary	No of employees
Tk. 0.00 to Tk. 20,000	12
Tk 20,001 to Tk. 50,000	721
Tk. 50,001 to Tk. 1,00,000	929
Tk. 100,001 to Tk. 2,00,000	844
Tk. 2,00,001 and above	122
Total	2828

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- 39 Related Party Disclosure
39.1 Name of Directors and their Interest in the Bank and different entities shown in Annexure - B.
39.2 Significant contracts where Bank is a party and herein Directors have interest:

Nature of contract	Name of Director & related by	Remarks
Lease agreement with Mr. Md. Shahidul Ahsan, Sponsor and Ex-Director of the Bank to take rent 12th, 13th, 14th & 15th floor (13600sqft) of Swadesh Tower for Head Office use only.	Mr. Md. Shahidul Ahsan, Sponsor and Ex-Director of the Bank.	The Lease Agreement was approved by the Bangladesh Bank vide letter no BRPD(P-3)745(44)/2006-3776 dated: 22.11.2006 and upon expiry on 03.04.2020 the Lease Agreement was renewed on 09.08.2020 and subsequently informed to Bangladesh Bank vide letter ref: MBLGSD/2020/843, dated: 17.08.2020.
Lease agreement with Arena Industries Ltd. represented by Mr. Tahsin Aman, Director of the said company, for 02 suits no. 9/A & 9/B on 9th floor of Eunoo's Trade Centre for Head Office use only.	Mr. M. Amanullah, Director of the Bank, father of Mr. Tahsin Aman, Director of Arena Industries Ltd.	The lease agreement was approved by the Bangladesh Bank vide its letter no. BRPD (P-3)745(44)/2019-3668 dated 14.05.2019.
Lease agreement with Mr. Md. Shahabuddin Alam, Sponsor and Ex-Director of the Bank to take rent of our CEPZ Branch, Chattogram.	Mr. Md. Shahabuddin Alam, Sponsor and Ex-Director of the Bank.	The lease agreement was approved by the Bangladesh Bank vide its letter no BRPD (P-3)745(44)/2009-2706 dated 29.07.2009, vide letter no. BRPD(P-3)745(44)/2019-8030 dated 09.10.2019.
Lease agreement with "MA. Hannan Education & Human Resource Development Trust" to take rent of our Faridgonj Branch, Chandpur.	Mr. Md. Abdul Hannan, Director & Vice Chairman of the Bank, Chairman of "MA. Hannan Education & Human Resource Development Trust".	Initially the agreement was executed by Mr. Md. Abdul Hannan (former landowner) after getting approval from Bangladesh Bank vide its letter no. BRPD(P-3)745(44)/2009-4169 dated 10.11.2009. But, later on Mr. Md. Abdul Hannan transferred ownership of the property in favor of "MA. Hannan Education & Human Resource Development Trust" with approval of Bangladesh Bank vide its letter no. BRPD(p-3)745(44)/2017-2543 dt. 24.04.2017.
Lease agreement with Mr. Md. Shahidul Ahsan, Sponsor and Ex-Director of the Bank for 2nd, 8th, 9th & 10th floor (13600sqft) of Swadesh Tower for Head Office use only.	Mr. Md. Shahidul Ahsan, Ex-Director of the Bank.	The lease agreement was approved by the Bangladesh Bank vide its letter no. BRPD (P-3)745(44)/2010-313 dated 31.01.2010.
Lease agreement with (1) Mr. A. K. M. Shaheed Reza (Sponsor and Ex-Director of the Bank), (2) Mr. Shawket Reza, (3) Ms. Tahamina Afroz to take rent of our Rajnagar Branch, Feni.	Mr. A. K. M. Shaheed Reza, Sponsor and Ex-Director of the Bank, Mr. Shawket Reza (brother of Mr. A.K.M Shaheed Reza) and Ms. Tahamina Afroz (sister of Mr. A.K.M Shaheed Reza).	The lease agreement was approved by the Bangladesh Bank vide its letter no. BRPD (P-3)745(44)/2010-1202, dated 31.03.2010 and later renewed vide letter no. BRPD(P-3)745(44)/2016-7735 dated 22.11.2016.
Lease agreement with Mr. Md. Baharul Ahsan to take rent of our Bangla Bazar Branch, Noakhali.	Mr. Md. Shahidul Ahsan, Sponsor and Ex-Director of the Bank (Brother of Mr. Md. Baharul Ahsan).	The lease agreement was approved by the Bangladesh Bank vide its letter no. BRPD(P-3)745(44)/2010-1814 dated 06.05.2010 and later renewed vide letter no. BRPD(P-3)745(44)/2016-7735 dated 22.11.2016.
Lease agreement with Mr. Mohd. Selim, Director (Deceased), Sponsor, Ex-Director & Vice Chairman of the Board of Director of the Bank to take rent of our Damudya Branch, Shariatpur.	Mr. Mohd. Selim (Deceased) Sponsor, Ex-Director & Vice Chairman of the Bank.	The lease agreement was approved by the Bangladesh Bank vide its letter no. BRPD(P-3)745(44)/2011-3456 dated 25.09.2011 and later renewed vide letter no. BRPD(P-3)745(44)/2017-6532 dated 05.10.2017.
Lease agreement with Mr. Alhaj Akram Hossain (Humayun), Director of the Bank for ATM Booth at Bijoynagar Branch, Dhaka.	Mr. Alhaj Akram Hossain (Humayun), Director of the Bank.	The lease agreement was approved by the Bangladesh Bank vide its letter no. BRPD(P-3)745(44)/2011-3455 dated 25.09.2011.
Lease agreement with Mr. Md. Shahidul Ahsan, Sponsor and Ex-Director of the Bank for ATM Booth at Swadesh Tower, Dhaka	Mr. Md. Shahidul Ahsan, Sponsor and Ex-Director of the Bank.	The lease agreement was approved by the Bangladesh Bank vide its letter no. BRPD(P-3)745(44)/2011-3888 dated 20.10.2011.
Lease agreement with Mr. Md. Abdul Hannan, Director & Vice Chairman of the Bank for ATM Booth at Faridgonj branch, Chandpur.	Mr. Md. Abdul Hannan, Director & Vice Chairman of the Bank.	The lease agreement was approved by the Bangladesh Bank vide its letter no. BRPD(P-3)745(44)/2011-4574 dated 01.12.2011.


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Nature of contract	Name of Director & related by	Remarks
Lease agreement with Mr. Shawket Reza for ATM Booth Reza Fashion Ltd at Gorat, Ashulia, Savar, Dhaka.	Mr. A. K. M. Shaheed Reza, Sponsor and Ex-Director of the Bank & brother of Mr. Shawket Reza.	The lease agreement was approved by the Bangladesh Bank vide its letter no. BRPD(P-3)/745(44)/2012-2215 dated 28.05.2012.
Lease agreement with Mr. Md. Abdul Hannan, Director & Vice Chairman of the Bank for ATM Booth at Murad Apparels, South Gouripur, Ashulia, Savar, Dhaka.	Mr. Md. Abdul Hannan, Director & Vice Chairman of the Bank.	The lease agreement was executed with approval of the Board in 265th meeting dated 21.03.2015 as per Bangladesh Bank guideline vide BRPD circular letter no.# 02 dated 13.01.2015.
Lease agreement with Mr. M. Amanullah, Director of the Bank for ATM Booth at Zirabo Ashulia, Savar, Dhaka.	Mr. M. Amanullah, Director of the Bank.	The lease agreement was approved by the Bangladesh Bank vide its letter no. BRPD(P-3)/745(44)/2012-3497 dated 27.08.2012.
Lease agreement with Mr. Md. Shahabuddin Alam, Sponsor and Ex-Director of the Bank for Central Godown for Chattogram City.	Mr. Md. Shahabuddin Alam, Sponsor and Ex-Director of the Bank.	The lease agreement was approved by the Bangladesh Bank vide its letter no. BRPD (P-3)/745(44)/2013-1121 dated 24.10.2013 and later renewed vide letter no. BRPD (P-3)/745(44)/2020-2640 dated 04.03.2020.
Lease agreement with 'M.A. Hannan Education & Human Resource Development Trust' to take rent of our Chandpur Branch.	Mr. Md. Abdul Hannan, Director & Vice Chairman of the Bank & Chairman of 'M.A. Hannan Education & Human Resource Development Trust'.	Initially the agreement was executed by Mr. Md. Abdul Hannan (former landowner) after getting approval from the Bangladesh Bank vide its letter no. BRPD(P-3)/745(44)/2014-5723 dated 03.09.2014. But, later on Mr. Md. Abdul Hannan transferred ownership of the property in favor of 'M.A. Hannan Education & Human Resource Development Trust' with approval of Bangladesh Bank vide its letter no. BRPD(P-3)/745(44)/2017-3157 dt. 25.05.2017. Later the Lease Agreement renewed as per Bangladesh Bank approval vide its letter no. BRPD(P-3)/745(44)/2020-9835 dated 18.11.2020.
Lease agreement with Mr. A.S.M. Feroz Alam, Sponsor and Director & Vice Chairman of the Bank to take rent of our Kalaiya Branch, Paluakhali.	Mr. A.S.M. Feroz Alam, Sponsor and Director & Vice Chairman of the Bank.	The lease agreement was approved by the Bangladesh Bank vide its letter no. BRPD (P-3)/745(44)/2014-7845 dated 10.12.2014. Later the Lease Agreement renewed as per Bangladesh Bank approval vide its letter no. BRPD(P-3)/745(44)/2020-10968 dated 15.12.2020.
Lease agreement with Mr. M. Amanullah, Director of the Bank to take rent of our Donia Branch.	Mr. M. Amanullah, Director of the Bank.	The lease agreement was approved by the Bangladesh Bank vide its letter no. BRPD(P-3)/745(44)/2014-3575 dated 11.06.2014 and later renewed vide letter no. BRPD(P-3)/745(44)/2021-3535 dated 21.04.2021.
Lease agreement with Mr. Morshed Alam M.P., Director & Chairman of the Board of Directors of the Bank to take rent of our Chowmuhoni Branch, Noakhali.	Mr. Morshed Alam M.P., Director & Chairman of the Board of Directors of the Bank.	The lease agreement was approved by the Bangladesh Bank vide its letter no. BRPD(P-3)/745(44)/2015-17268 dated 22.11.2015.
Lease agreement with Mr. Md. Abdul Hannan, Director & Vice Chairman of the Bank to take rent of our Arambagh Branch, Dhaka.	Mr. Md. Abdul Hannan, Director & Vice Chairman of the Bank.	The lease agreement was approved by the Bangladesh Bank vide its letter no. BRPD (P-3)/745(44)/2019-1979 dated 07.03.2019.
Lease agreement with Mr. Md. Abdul Hannan, Director & Vice Chairman of the Bank for ATM Booth at Arambagh Branch, Moulbheet, Dhaka.	Mr. Md. Abdul Hannan, Director & Vice Chairman of the Bank.	The lease agreement was executed with approval of the Board in 345th meeting dated 04.07.2019 as per Bangladesh Bank guideline vide BRPD circular letter no.02,dated 13.01.2015.
Lease agreement with (1) Mr. A.K.M Shaheed Reza (Sponsor and Ex-Director of the Bank), (2) Mr. Shawket Reza, (3) Mrs. Zobeda Begum & (4) Mrs. Nahid Reza to take rent of our Cumilla Noakhali Regional Office, Feni.	Mr. A.K.M Shaheed Reza (Sponsor and Ex-Director of the Bank), Mr. Shawket Reza (brother of Mr. A.K.M Shaheed Reza), Mrs. Zobeda Begum (wife of Mr. A.K.M Shaheed Reza), & Mrs. Nahid Reza (wife of Mr. Shawket Reza)	The lease agreement was approved by Bangladesh Bank vide its letter no. BRPD(P-3)/745(44)/2018-1685 dated 05.03.2018
Lease agreement with Mr. M. Amanullah, Director of the Bank to take rent of our Dakpara Uposhakha under MBL, Aganagar Branch, Keraniganj, Dhaka.	Mr. M. Amanullah, Director of the Bank.	The lease agreement was approved by the Bangladesh Bank vide its letter no. BRPD (P-3)/745(44)/2020-9834 dated 18.11.2020.
Lease agreement with Mr. M A Khan Belal, Director of the Bank to take rent of our Gopalpur Bazar Uposhakha under MBL, Amishapara SME/Krishi Branch, Sonaimuri, Noakhali.	Mr. M A Khan Belal, Director of the Bank.	The lease agreement was approved by the Bangladesh Bank vide its letter no. BRPD(P-3)/745(44)/2020-11087 dated 17.12.2020.
Lease agreement with Mr. Shawket Reza for ATM Booth at Fashion Plus Ltd., Gorat, Ashulia, Savar, Dhaka.	Mr. A.K.M. Shaheed Reza, Sponsor and Ex-Director of the Bank & brother of Mr. Shawket Reza.	The lease agreement was executed with approval of the Executive Committee of the Board in 833rd meeting dated 21.04.2021 as per Bangladesh Bank guideline vide BRPD circular letter no. # 02 dated 13.01.2015


Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited


Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka


Md. Moniruzzaman
Managing Director
IDLC Investments Limited

39.3 Shares issued to Directors & Executives without consideration or exercisable at discount: Nil

39.4 Related Party Transaction:

Transaction with related Party	Nature of transaction	Amount as on 31.12.2021
Mercantile Bank Securities Limited	Loan (SOD)	979,769,529

39.5 Compensation of Key management personnel: Refer to note 30

39.6 Lending Policies to related Parties:
Lending to related parties is effected as requirements of Section 27 (1) of Bank Companies Act 1991

39.7 Loan and Advances to Directors and their related concern : Nil

39.8 Business other than Banking business with any related concern of the Directors as per Section 18 (2) of Bank Companies Act 1991 : Nil

39.9 Investments in the Securities of Directors and their related concern : Nil

40 Reconciliation of Inter-Bank/Books of Accounts

Books of Accounts with regards to inter-bank (in Bangladesh and outside Bangladesh) are reconciled and there are no material differences, which may affect the financial statements significantly.

41 LAND UNDER LITIGATION

A Land is included under free hold properties - land (Note-8), located at Gulshan, Plot # 3, Block # CWN (C), Gulshan Avenue, Gulshan, Dhaka-1212, Municipality Holding # 105, Gulshan Avenue, Gulshan. Area of land is 1 bigha 2 chaltaks purchased in the year 2005 for Bank's own use as per decision of the Board of Directors in its 73rd meeting held on August 23, 2005. The land is under litigation and possession of the land is yet to be taken. In this connection a provision has been made as per Bangladesh Bank's instruction (Note-13.2).

42 STATEMENT OF LIQUIDITY

The Liquidity Statement has been prepared in accordance with the remaining maturity grouping of the value of the assets and liabilities as on 31 December 2021 and under the guidelines of Bangladesh Bank BRPD Circular No.14 dated June 25, 2003.

43 RESTATEMENTS

Wherever considered necessary, Previous year's figures have been rearranged for the purpose of comparison with current year's presentation without any impact on the profit and value of assets and liabilities as reported in the Financial Statements.

44 Events after the reporting Period




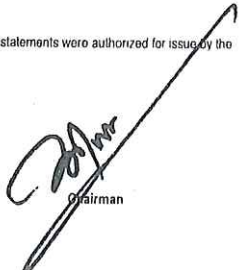
As per IAS 10 "Events after the Reporting Period" are those events favorable and unfavorable, that occurs between the end of the reporting period and the date when financial statements are authorized for issue.

Those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after balance sheet date); and

Those are indicative of conditions that arose after the reporting period (Non-adjusting events after balance sheet date).

(a) The Board of Directors of the company in its meeting held on March 15, 2022 approved the financial statements of the company for the year ended 31 December 2021 and authorized the same for the issue. The Board of Directors also recommended 12.5% Cash and 5% Stock dividend for shareholders only for the year ended 31 December 2021 subject to approval in the next Annual General Meeting.


(b) There is no other significant event that has occurred between the Balance sheet date and the date when the financial statements were authorized for issue by the Board of Directors.


 Managing Director and CEO

 Director

 Director

 Chairman
 Dhaka,
 Date: March 15, 2022




 Abu Asghar G. Haruni
 Company Secretary
 Mercantile Bank Limited
 Head Office, Dhaka


 Tapash Chandra Paul, PhD
 Chief Financial Officer (CFO)
 Mercantile Bank Limited


 Md. Quamrul Islam Chowdhury
 Managing Director & CEO
 Mercantile Bank Limited
 Head Office, Dhaka


 Md. Moniruzzaman
 Managing Director
 IDLC Investments Limited



Fixed Assets schedule as at 31 December 2021

Annexure-A (Solo)

A. Freehold Property:

Particulars	Cost				Rate (%)	Accumulated Depreciation			Written down value at 31 Dec 2021
	Balance as on 1 January 2021	Additions/Revaluation during the period	Sales during the period	Balance as at 31 Dec 2021		Balance as on 1 January 2021	Charge for the period	Adjustment on during the period	
Land	1,341,807,978	-	-	1,341,807,978	Nil	-	-	-	1,341,807,978
Building	1,118,516,344	236,015,220	-	1,354,531,564	2.5%	31,266,024	-	244,698,669	1,109,832,875
Furniture & Fixtures	1,074,613,367	117,122,681	7,214,699	1,184,521,349	10%	84,294,522	5,700,931	733,913,704	450,607,645
Office Equipment & Computer Equipment	1,403,398,391	608,607,024	84,266,109	1,927,739,305	20%	143,741,408	84,236,960	1,213,120,740	714,618,566
Vehicles	184,186,178	3,480,000	1,495,001	186,171,177	20%	20,570,277	1,494,999	155,485,078	30,686,099
Books	833,527	-	-	833,527	20%	7,591	-	828,390	5,137
Sub-total	5,123,355,785	965,224,925	92,975,810	5,995,604,900		279,879,823	91,432,890	2,348,046,602	3,647,558,299

B. Intangible asset:

Particulars	Cost				Rate (%)	Accumulated Amortization			Written down value at 31 Dec 2021
	Balance as on 1 January 2021	Additions/Revaluation during the period	Adjustment on during the period	Balance as at 31 Dec 2021		Balance as on 1 January 2021	Charge for the period	Adjustment on during the period	
Software	613,211,013	80,525,865	-	693,736,878	20%	483,626,249	42,037,032	525,663,281	168,073,597
Sub-total	613,211,013	80,525,865	-	693,736,878		483,626,249	42,037,032	525,663,281	168,073,597
Balance as at 31 Dec-21: Total (A+B)	5,736,566,798	1,045,750,790	92,975,810	6,689,341,778		2,643,225,918	321,916,855	2,873,709,883	3,815,631,895
Balance as at 31 Dec 2020	5,499,106,982	250,585,709	13,125,893	5,736,566,798		2,356,661,112	299,641,366	2,643,225,918	3,093,340,880

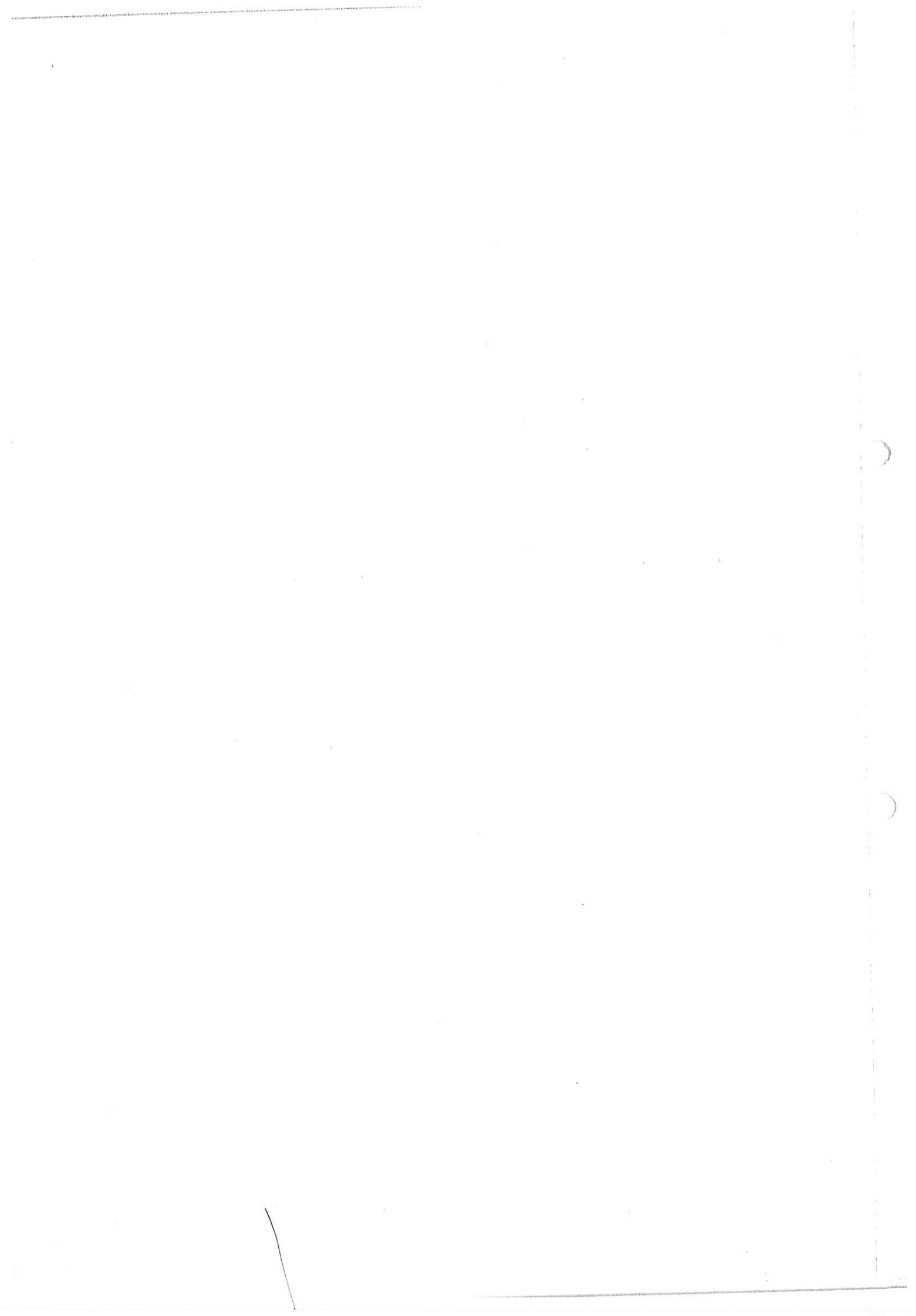
Right Of Use (ROU) Assets as per IFRS-16

Particulars	Cost				Rate (%)	Accumulated Amortization			Written down value at 31 Dec 2021
	Balance as on 1 January 2021	Additions/Revaluation during the period	Adjustment on during the period	Balance as at 31 Dec 2021		Balance as on 1 January 2021	Charge for the period	Adjustment on during the period	
Right Of Use (ROU) Assets as per IFRS-16	1,857,088,102	391,986,621	-	2,249,074,723	25%	923,100,000	269,437,199	1,192,537,199	1,056,537,524
Balance as at 30 Dec-21	1,857,088,102	391,986,621	-	2,249,074,723		923,100,000	269,437,199	1,192,537,199	1,056,537,524
Balance as at 30 Dec-20	1,646,200,000	210,888,102	-	1,857,088,102		411,550,000	511,550,000	923,100,000	933,988,102

[Signature]
Abu Asghar G. Hafuni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka

[Signature]
Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka

[Signature]
Md. Moniruzzaman
Managing Director
IDLC Investments Limited



Name of the Directors and their Interest in the Bank and other different entities

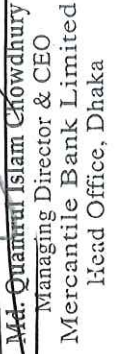
Sl. No.	Name and address	Designation	No. of Shares held in Bank		Name of Firms/Companies in which interested as proprietor, partner, director, managing agent, guarantor, employee etc.	Position (as proprietor, partner, director, managing agent, guarantor, employee etc.)	Nature and Value of interest in the firm/ companies in which interested
			31.12.2021	31.12.2020			
1	2	3	4	5	6	7	
01.	MR. MORSHED ALAM, MP House no. 12/A, Road no. 63, Gulshan-2, Dhaka-1213.	Chairman	25,731,949	24,506,619	1. Bengal Windsor Thermoplastics Limited 2. Bengal Media Corporation Limited 3. Bengal Plastics Limited 4. Bengal Poly and Paper Sack Limited 5. Bengal Adhesive & Chemical Products Limited 6. Bengal Flexipak Limited 7. Bengal Polymer Wares Limited 8. Bengal Plastic Pipes Limited 9. Romania Food and Beverage Limited 10. Power Utility Bangladesh Limited 11. Hamilton Metal Corporation Limited 12. Bengal Feed & Fisheries Limited 13. Designer Fashion Limited 14. Bengal Retails Limited 15. Bengal Renewable Energy Limited 16. Linnex Technologies Limited 17. Euphoria Apparels Limited 18. Bengal Cement Limited 19. Bengal Structure Development Limited 20. Bengal Hotels and Resorts Limited 21. Mercantile Bank Securities Limited	Chairman Sponsor Director	11.17% 18.00% 37.50% 8.19% 25.00% 30.00% 26.00% 20.00% 18.00% 37.00% 42.00% 39.97% 20.53% 15.00% 15.00% 25.00% 20.00% 12.00% 50.00% 60.10% 0.056%



Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka



Tapash Chandya Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited

Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka



Name of the Directors and their Interest in the Bank and other different entities

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			31.12.2021	31.12.2020			
1	2	3	4	5	6	7	
02.	MR. A. S. M. FERROZ ALAM Flat no. 08, House no. 211 Road no. 7, Bashundhara R/A Dhaka	Sponsor Director	32,347,557	30,807,198	1. Premier Leasing & Finance Limited 2. Premier Leasing Securities Limited 3. Bengal Trading Limited (Tokyo) 4. Mercantile Bank Securities Limited 5. Saheda Gafur Ibrahim General Hospital	Sponsor Shareholder Chairman Chairman Sponsor Director Founder Chairman	6.09% 0.001% 100.00% 0.056% ---



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Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka

[Handwritten signature]
Md. Quamrul Hossain Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka

[Handwritten signature]
Md. Moniruzzaman
Managing Director
IDLC Investments Limited

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Name of the Directors and their Interest in the Bank and other different entities

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			31.12.2021	31.12.2020			
1	2	3	4	5	6	7	
03.	MR. MD. ABDUL HANNAN 190 Arambag, Inner Circular Road, Dhaka.	Sponsor Director	23,621,716	22,496,873	1. Debster & Associates Limited 2. Reu Fashion Limited 3. M.H. Trading 4. Murad Apparels Limited 5. Unnayan Engineers & Associates 6. Unnayan Housing Limited 7. Global Insurance Limited 8. Pan Pacific Hospital Limited 9. Eastern University	Chairman Chairman Proprietor Chairman Proprietor Managing Director Shareholder Director Director	90.00% 50.00% 100.00% 70.00% 100.00% 50.00% 0.01% 5.00% ---



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Abu Asghar G. Haruni
Company Secretary
Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited
Head Office, Dhaka
Mercantile Bank Limited

[Handwritten signature]
Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka

[Handwritten signature]
Md. Moriruzzaman
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[Handwritten signature]



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			31.12.2021	31.12.2020			
1	2	3	4	5	6	7	
04.	AL-HAJ AKRAM HOSSAIN (HUMAYUN) 2/C, Purana Paltan, Dhaka.	Sponsor Director	22,425,070	21,357,210	1. Akram Traders 2. FARS Holding & Associates Limited 3. FARS Hotels & Resorts Limited 4. Mercantile Bank Securities Limited	Proprietor Managing Director Managing Director Sponsor Director	100.00% 25.00% 25.00% 0.056%



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Abu Asghar G. Haruni
 Company Secretary
 Mercantile Bank Limited
 Head Office, Dhaka

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Md. Quamrul Islam Chowdhury
 Managing Director & CEO
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 Head Office, Dhaka

[Handwritten signature]
Md. Moniruzzaman
 Managing Director
 IDLC Investments Limited

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Name of the Directors and their Interest in the Bank and other different entities

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			31.12.2021	31.12.2020			
1	2	3	4	5	6	7	
05.	MR. MD. ANWARUL HAQUE Apartment-4-A, House-45, Road-15/A, Dhanmondi R/A, Dhaka.	Sponsor Director	23,290,190	22,181,134	1. Living Plus Limited 2. Holiday Travels Limited 3. Premier Leasing & Finance Limited 4. Premier Leasing Securities Limited 5. Premier Leasing Securities Broking Limited 6. Mercantile Bank Securities Limited 7. Global Insurance Limited	Managing Director Director Sponsor Shareholder Director Director Sponsor Director Shareholder	32.00% 35.00% 0.02% 0.001% --- 0.056% 0.01%



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Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka

[Handwritten signature]
Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited
Head Office, Dhaka

[Handwritten signature]
Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka

[Handwritten signature]
Md. Moniruzzaman
Managing Director
IDLC Investments Limited

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Name of the Directors and their Interest in the Bank and other different entities

Sl. No.	Name and address	Designation	No. of Shares held in Bank		Name of Firms/ Companies in which interested as proprietor, partner, director, managing agent, guarantor, employee etc.	Position (as proprietor, partner, director, managing agent, guarantor, employee etc.)	Nature and Value of interest in the firm/ companies in which interested
			31.12.2021	31.12.2020			
1	2	3	4	5	6	7	
06.	Dr. Gazi Mohammad Hasan Jamil Professor Department of Finance Faculty of Business Studies, University of Dhaka Dhaka-1000.	Independent Director	---	---	---	---	---



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[Handwritten signature]
 Tapash Chandra Paul, PhD
 Chief Financial Officer (CFO)
 Mercantile Bank Limited

[Handwritten signature]
 Abu Asghar G. Haruni
 Company Secretary
 Mercantile Bank Limited
 Head Office, Dhaka

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 Md. Quamrul Islam Chowdhury
 Managing Director & CEO
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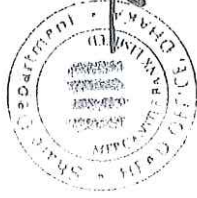
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 Md. Moniruzzaman
 Managing Director
 IDLC Investments Limited

[Handwritten signature]



Name of the Directors and their Interest in the Bank and other different entities

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			31.12.2021	31.12.2020			
1	2	3	4	5	6	7	
07.	MR. M. AMANULLAH House No.06, Road No. 80, Gulshan-2, Dhaka.	Sponsor Director	25,453,222	24,241,164	1. Aman Spinning Mills Limited 2. Mousumi Enterprises Limited 3. Arena Securities Limited 4. Arena Consumer Products Limited 5. Mercantile Bank Securities Limited 6. Dayton Holdings Limited	Chairman Chairman & MD Chairman Chairman Sponsor Director Chairman	20.00% 50.00% 10.00% 25.00% 0.056% 90.00%



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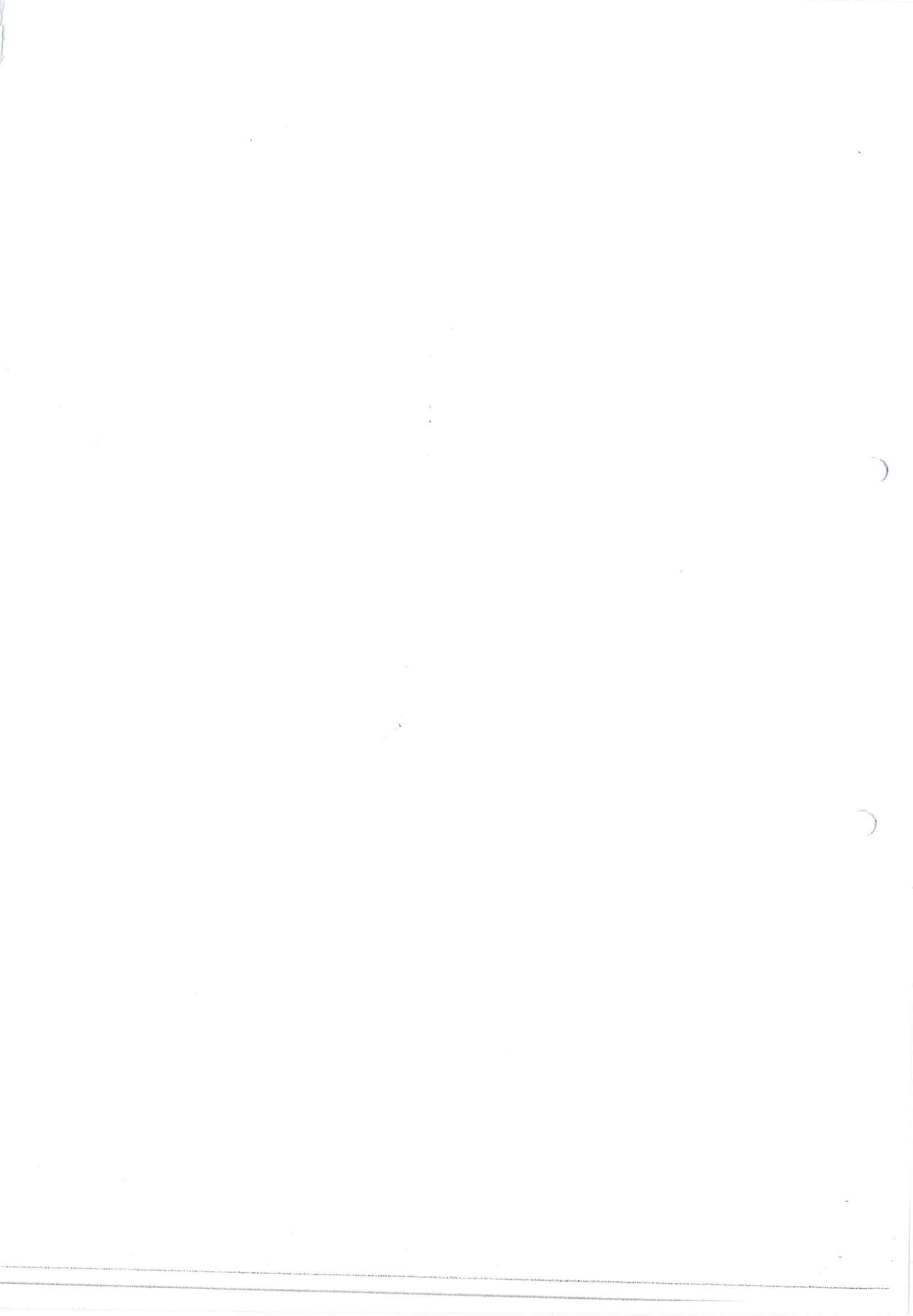
[Handwritten signature]
 Tapash Chandra Paul, PhD
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 Head Office, Dhaka

[Handwritten signature]
 Md. Quamrul Islam Chowdhury
 Managing Director & CEO
 Mercantile Bank Limited
 Head Office, Dhaka

[Handwritten signature]
 Md. Moniruzzaman
 Managing Director
 IDLC Investments Limited

[Handwritten signature]
 Abu Asghar G. Haruni
 Company Secretary
 Mercantile Bank Limited
 Head Office, Dhaka

[Handwritten mark]



Name of the Directors and their Interest in the Bank and other different entities

Sl. No.	Name and address	Designation	No. of Shares held in Bank		Name of Firms/Companies in which interested as proprietor, partner, director, managing agent, guarantor, employee etc.	Position (as proprietor, partner, director, managing agent, guarantor, employee etc.)	Nature and Value of interest in the firm/ companies in which interested
			31.12.2021	31.12.2020			
1	2	3	4	5	6	7	
08.	MR. MD. NASIRUDDIN CHODHURY "Kalpaneer" (Apartment no. 3A), House no. 35, Road no. 10/A, Dharamondi R/A, Dhaka-1209.	Sponsor Director	20,720,812	19,734,107	1. Technocon Limited 2. Techno-Con 3. Holiday Travels Limited 4. Delta Hospital Limited 5. Premier Leasing & Finance Limited 6. Mercantile Bank Securities Broking Limited 7. Mercantile Bank Securities Limited 8. Premier Leasing Securities Limited	Managing Director Partner Chairman Shareholder Sponsor shareholder Chairman Director Director	80.00% 50.00% 35.00% 2.15% 2.05% --- 0.056% 0.106%



[Signature]
Abu Asghar G. Haruni
 Company Secretary
 Mercantile Bank Limited
 Head Office, Dhaka

[Signature]
Tapash Chandra Paul, PhD
 Chief Financial Officer (CFO)
 Mercantile Bank Limited

[Signature]
Md. Quamrul Islam Chowdhury
 Managing Director & CEO
 Mercantile Bank Limited
 Head Office, Dhaka

[Signature]
Md. Moniruzzaman
 Managing Director
 IDLC Investments Limited

100



Name of the Directors and their Interest in the Bank and other different entities

Sl. No.	Name and address	Designation	No. of Shares held in Bank		Name of Firms/Companies in which interested as proprietor, partner, director, managing agent, guarantor, employee etc.	Position (as proprietor, partner, director, managing agent, guarantor, employee etc.)	Nature and Value of interest in the firm/ companies in which interested
			31.12.2021	31.12.2020			
09.	ALHAJ MOSHARREF HOSSAIN 1/1 Folder Street, Wari, Dhaka.	Director	24,730,525	23,552,881	<ol style="list-style-type: none"> M/s. M.H. Traders Toka Ink (BD) Limited Eastern Paper House Hossain Traders Mercantile Bank Securities Limited 	<ul style="list-style-type: none"> Proprietor Director Partner Proprietor Sponsor 	<ul style="list-style-type: none"> 100.00% 5.00% 50.00% 100.00% 0.056%



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Abu Asghar G. Haruni
 Company Secretary
 Mercantile Bank Limited
 Head Office, Dhaka

[Handwritten signature]
Tapash Chandra Paul, PhD
 Chief Financial Officer (CFO)
 Mercantile Bank Limited

[Handwritten signature]
Md. Quamrul Islam Chowdhury
 Managing Director & CEO
 Mercantile Bank Limited
 Head Office, Dhaka

[Handwritten signature]
Md. Moniruzzaman
 Managing Director
 IDLC Investments Limited

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Name of the Directors and their Interest in the Bank and other different entities

Sl. No.	Name and address	Designation	No. of Shares held in Bank		Name of Firms/Companies in which interested as proprietor, partner, director, managing agent, guarantor, employee etc.	Position (as proprietor, partner, director, managing agent, guarantor, employee etc.)	Nature and Value of interest in the firm/ companies in which interested
			31.12.2021	31.12.2020			
10.	MIR. M. A. KHAN BELAL 26/B, Topkhana Road, 4/B Eastern Housing Apartment, Shahbag, Dhaka-1000.	Director	20,744,363	19,756,537	<ol style="list-style-type: none"> 1. Shamrat Prince Spinning Mills Limited 2. Shamrat Cold Storage Limited 3. Shamrat Ice & Fish Processing Plant 4. Shamrat Commercial Company Limited 5. Shandhya Hotel (Residential) 6. Shamrat Shipping Lines 7. Shamrat Commercial Enterprise 8. B.M.S Travels 9. Prince Trade International 10. Shamrat-Agro Limited 11. Shamrat Feed Limited 12. B.S.P. Corporation 13. Zamzam LP Gas Limited 14. Mercantile Bank Securities Limited 	<p>Chairman</p> <p>Managing Director</p> <p>Proprietor</p> <p>Managing Director</p> <p>Proprietor</p> <p>Proprietor</p> <p>Proprietor</p> <p>Proprietor</p> <p>Chairman</p> <p>Chairman</p> <p>Proprietor</p> <p>Managing Director</p> <p>Chairman</p>	<p>50%</p> <p>50%</p> <p>100%</p> <p>50%</p> <p>100%</p> <p>100%</p> <p>100%</p> <p>100%</p> <p>100%</p> <p>35%</p> <p>35%</p> <p>100%</p> <p>40%</p> <p>0.056%</p>



(Handwritten signatures and initials)

(Handwritten signature)
Abu Asghar G. Haruni
 Company Secretary
 Mercantile Bank Limited
 Head Office, Dhaka

(Handwritten signature)
Md. Quraatul Islam Chowdhury
 Managing Director & CEO
 Mercantile Bank Limited
 Head Office, Dhaka

(Handwritten signature)
Md. Moniruzzaman
 Managing Director
 IDLC Investments Limited

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Name of the Directors and their Interest in the Bank and other different entities

Sl. No.	Name and address	Designation	No. of Shares held in Bank		Name of Firms/Companies in which interested as proprietor, partner, director, managing agent, guarantor, employee etc.	Position (as proprietor, partner, director, managing agent, guarantor, employee etc.)	Nature and Value of interest in the firm/ companies in which interested
			31.12.2021	31.12.2020			
1	2	3	4	5	6	7	
11.	Mr. Mohammad Abdul Awal Flat # D 6/12, Priyo Prangon, 2 Paribag, Shahbagh, Dhaka-1000	Director	21,094,651	20,090,144	1. Synthia Securities Limited 2. Express Insurance Limited	Managing Director Sponsor Shareholder	18% ---



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Tapash Chandra Paul, PhD
 Chief Financial Officer (CFO)
 Mercantile Bank Limited

[Handwritten signature]
Abu Asghat G. Haruni
 Company Secretary
 Mercantile Bank Limited
 Head Office, Dhaka

[Handwritten signature]
Md. Quamrul Islam Choudhury
 Managing Director & CEO
 Mercantile Bank Limited
 Head Office, Dhaka

[Handwritten signature]
Md. Moniruzzaman
 Managing Director
 IDLC Investments Limited

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Name of the Directors and their Interest in the Bank and other different entities

Sl. No.	Name and address	Designation	No. of Shares held in Bank		Name of Firms/Companies in which interested as proprietor, partner, director, managing agent, guarantor, employee etc.	Position (as proprietor, partner, director, managing agent, guarantor, employee etc.)	Nature and Value of interest in the firm/ companies in which interested
			31.12.2021	31.12.2020			
1	2	3	4	5	6	7	
12.	DR. MD. REZAUL KABIR Associate Professor Coordinator, MBA Program Institute of Business Administration (IBA) University of Dhaka Dhaka-1000.	Independent Director					



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Abu Asghar G. Haruni
 Company Secretary
 Mercantile Bank Limited
 Head Office, Dhaka

Handwritten signature
Md. Quamrul Islam Chowdhury
 Managing Director & CEO
 Mercantile Bank Limited
 Head Office, Dhaka

Handwritten signature
Md. Moniruzzaman
 Managing Director
 IDLC Investments Limited

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Annexure-C

Investment in Shares/Securities
As at 31 December 2021

A. Quoted Company

SL	Name of the Company	Type of Shares	Face Value	No of Shares	Avg. cost	Total cost	Closing price 31.12.21	Total market value as on 31.12.21	Unrealize Gain/(Loss)
1	Apex Spinning Mills Limited	Quoted	10.00	16,400	125.77	2,062,663	123.50	2,025,400	(37,263)
2	Ashugonj Power Station Co.Ltd (Bond)	Quoted	5,000.00	2,000	5,000.00	10,000,000	5,325.50	10,651,000	651,000
3	IDLC Finance Ltd.	Quoted	10.00	13,856,614	10.71	148,359,099	60.30	835,553,824	687,194,725
4	IT Consultants Ltd.	Quoted	10.00	1,478,076	6.77	10,000,000	33.20	49,072,123	39,072,123
5	Navana CNG Ltd.	Quoted	10.00	33,037	105.60	3,488,726	29.50	974,592	(2,514,134)
6	National Bank Ltd.	Quoted	10.00	343,889	16.66	5,729,116	7.50	2,579,168	(3,149,948)
7	Prime Finance & Investment Ltd.	Quoted	10.00	65,956	129.14	8,517,764	15.80	1,042,105	(7,475,659)
8	RAK Ceramics (Bangladesh) Ltd.	Quoted	10.00	127,717	101.64	12,980,620	44.40	5,670,635	(7,309,986)
9	Ring Shine Textiles Ltd.	Quoted	10.00	1,306	9.37	12,242	9.60	12,538	295
10	Tiles Gas Transmission & Distribution Ltd	Quoted	10.00	58,500	80.46	4,706,629	36.30	2,123,550	(2,583,079)
11	Uttara Bank Limited	Quoted	10.00	49,097	36.50	1,792,193	25.50	1,251,974	(540,220)
Total of Shares (a)						207,849,053		910,956,907	703,307,854
12	MBL 1st Mutual Fund	Quoted	10.00	16,899,310	10.00	168,993,100	7.90	133,504,549	(35,488,551)
Total of Mutual Fund (b)						168,993,100		133,504,549	(35,488,551)
Sub Total (a+b)						376,842,153		1,044,461,456	667,819,303
Quoted Company Investment under SFCM									
1	ACI Limited	Quoted	10.00	270,000	296.34	80,011,400	296.34	80,011,400	-
2	BATBC	Quoted	10.00	141,000	639.21	90,127,986	639.21	90,127,986	-
3	Bangladesh Submarine Cable Company Limited	Quoted	10.00	70,000	186.60	13,062,059	186.60	13,062,059	-
4	BSRM Steel Limited	Quoted	10.00	120,000	70.27	8,432,910	70.27	8,432,910	-
5	Confident Cement Limited	Quoted	10.00	70,000	116.77	8,173,790	116.77	8,173,790	-
6	Delta Brac Housing Finance & Investment Limited (DBH)	Quoted	10.00	340,000	81.79	27,809,451	81.79	27,809,451	-
7	Doroon Power Generation & System Limited	Quoted	10.00	37,012	68.50	2,535,455	68.50	2,535,455	-
8	Eastern Bank Limited	Quoted	10.00	300,000	37.89	11,367,611	37.89	11,367,611	-
9	Grameen Phone	Quoted	10.00	20,000	353.39	7,067,753	353.39	7,067,753	-
10	GPH Ispat Limited	Quoted	10.00	370,000	55.14	20,401,615	55.14	20,401,615	-
11	Lindo Bangladesh Limited	Quoted	10.00	5,071	1,440.85	7,306,555	1,440.85	7,306,555	-
12	MJI, Bangladesh Limited	Quoted	10.00	160,000	89.01	14,242,387	89.01	14,242,387	-
13	Power Grid Company BD Limited	Quoted	10.00	250,000	57.74	14,435,211	57.74	14,435,211	-
14	Renate Limited	Quoted	10.00	4,000	1,310.01	5,240,031	1,310.01	5,240,031	-
15	Singer Bangladesh Limited	Quoted	10.00	100,000	179.46	17,945,543	179.46	17,945,543	-
16	Square Pharmaceuticals Limited	Quoted	10.00	55,000	216.45	11,904,918	216.45	11,904,918	-
17	United Power Generation & Distribution Limited	Quoted	10.00	220,000	267.69	58,892,664	267.69	58,892,664	-
Total Quoted Company Investment under SFCM (c)						398,957,338		398,957,338	-
Sub Total (a+b+c)						775,799,491		1,443,418,795	667,819,303

B. Un-Quoted Company

SL	Name of the Company	Type of Shares	Face Value	No of Shares	Avg. cost	Total cost
1	SWIFT	Un-Quoted	-	26	311,624.17	8,102,228
2	Central Depository Bangladesh Limited (CDBL)	Un-Quoted	10.00	1,142,362	4.50	5,138,890
3	Central Counterparty BD Limited	Un-Quoted	10.00	3,750,000	10.00	37,500,000
4	Bangladesh Fixed Income Special Purpose Vehicle	Un-Quoted	-	-	-	1,000,000,000
5	BD THAI FOOD	Un-Quoted	10	63750	10	637,500
6	UNION BANK LTD	Un-Quoted	10	2140000	10	21,400,000
7	UNION INSURANCE CO.LTD	Un-Quoted	10	4643	10	46,430
Sub Total (B)						1,072,825,048
Grand Total (A+B)						1,848,624,540

Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka

Tapash Chandra Paul, PhD
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Managing Director & CEO
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Head Office, Dhaka

Md. Moniruzzaman
Managing Director
IDLC Investments Limited

Adjustment for Approved Securities HTM: Annexure-D
As at 31 December 2021

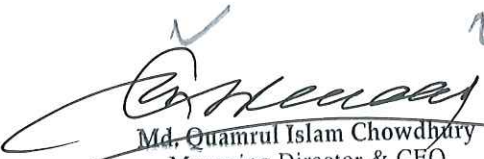
As per Bangladesh Bank's DOS Circular Letter # 5 dated May 26, 2008 all Government Securities holding by scheduled banks with effect from July 1, 2008 must be segregated into HTM (Held to Maturity) and HFT (Held for Trading). HTM securities are to be amortized at the end of each year and any increase/decrease due such amortization is to be adjusted in the changes in equity system. HFT securities are to be revalued weekly as per Mark to Market method. Any increase/decrease due to such valuation (Mark to Market) can not be taken into Profit & Loss account until sale or maturity rather the same is to be transferred to Reserve for Revaluation Accounts.

(Amount in BDT)	
Market Adjustment on Approved Securities HTM	
Balance as on January 1, 2021	23,055,166
Less: Adjustment due to sale & Repo Treasury Bond	21,847,629
Less : Adjustment due to Bond Maturity	-
Add. Adjustment of Amortization of HTM securities	1,132,466
Balance as on 31 December 2021	2,340,002
Reserve for Revaluation (for HFT securities)	
Balance as on January 1, 2021	72,134,088
Add adjustment during the year in Mark to market Method on Treasury Bond	56,126,079
Add adjustment during the year in Mark to market Method on Treasury Bill	81,501,050
Less adjustment due to Maturity,sale & Repo Treasury Bond	75,518,178
Less adjustment due to Maturity,MTM, sale & Repo Treasury Bill	95,235,361
Balance as on 31 December 2021	39,007,678

(Market adjustment on Treasury Bond is reported as per DOS circular no.220 Dated. 8 December 2010.)


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Company Secretary
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Head Office, Dhaka


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Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka


Md. Moniruzzaman
Managing Director
IDLC Investments Limited

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Mercantile Bank Limited
Certificate obtained by Mercantile Bank Ltd. under section 33(7) of Artha Rin Adalat Ain, 2003.
Non-banking assets: As at 31 December 2021

Amount in BDT.

SL.	Branch	Name of Borrower	Asset Details	Entitlement Date	Low of Market/valuation Value	Legal Status
1	Banani Branch	Global Business Associates A.T.M. Shamim-Ul Alam (Proprietor)	a) 44 decimal land at Mouza- Gosai Gobindapur, P.S: Baliakandi, Dist: Rajbari; b) 6.66 decimal land at Mouza- Gosai Gobindapur, P.S: Baliakandi, Dist: Rajbari.	30-Apr-15	500,000	Physical possession of the property in under Bank's control
2	Banani Branch	SS Trading Corporation Shamimul Islam Siraj.	a) RM of 17.50 decimal land along with Semipacca building under Mouza Loar Shahara, PS. Dhaka Cantonment, Dist. Dhaka. b) RM of 170.50 decimal land at Dist. Madaripur, PS. - Shibchar, Mouza Shamail. c) RM of 375.00 decimal land at Dist. Madaripur, PS Shibchar, Mouza- Choto Chowdhur Bill and Shamail.	05-Aug-13	4,262,500	Physical possession of the property in under Bank's control
3	Kawran Bazar Branch	Dohar Seed Company, Prop.: Md. Advocate Abdus Sobhan	RM (3rd party) of land 16.25 Decimal at Bhatara, Gulshan, Dhaka.	25-Nov-08	3,939,394	Physical possession of the property in under Bank's control
4	Main Branch	Shahinoor Enterprise, Prop: Mr. Md. Mojibur Rahman	a). 2.56 Katha Land with semi pucca building at Badde; b). 10 Katha Land at Badda.	20-Jul-06	3,400,800	Physical possession of the property in under Bank's control
5	Mogh Bazar Branch	Dr. Akhtar Hossain	RM of 10.50 Decimal land at Mouza-Choto Bollimeher, Savar, Dhaka and Building thereon.	16-Nov-14	10,721,972	Physical possession of the property in under Bank's control
6	Naogaon Branch	Sarker Traders Sushant Sarker	a) 21.86 decimal land at , Naogaon.	22-Jun-10	983,700	Physical possession of the property in under Bank's control
7	Rajshahi Branch	Taj Enterprise	RM of decimal 43.73 decimal land (10.75 decimal land at Mouza-Mohanonda Khali, PS-Poba, Dist-Rajshahi and 33.00 decimal land at Mouza-Sundolpur, PS-Poba, Dist.-Rajshahi)	07-Jul-15	1,976,000	Physical possession of the property in under Bank's control
8	Rajshahi Branch	M/S Sayed Traders	RM of 261.75 decimal land (256.5 decimal land at Mouza-Bagdhani, PS-Poba, Dist.-Rajshahi and 5.25 decimal land at Mouza-Nowhata, PS-Poba, Dist.-Rajshahi)	24-May-15	10,242,000	Physical possession of the property in under Bank's control
Total					36,026,366	

Abu Asghar G. Hossain
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka

Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited

Md. Moniruzzaman
Managing Director
IDLC Investments Limited

Head Office, Dhaka

Mercantile Bank Limited


Annexure-D2

Year wise summary of Unclaimed Cash Dividend

Sl. No.	Year	Unclaimed Cash Dividend (Tk.)
1	2018	16,622.34
2	2019	11,655,710.71
3	2020	9,330,124.90
	Total amount	21,002,457.95


G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited


Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka


Md. Moniruzzaman
Managing Director
IDLC Investments Limited

Mercantile Bank Limited

Year wise summary of Unclaimed Stock Dividend

Sl. No.	Year	Unclaimed Stock Dividend	Remarks
1	2003	29,000	
2	2004	30,610	
3	2005	33,790	
4	2006	33,190	
5	2007	30,860	
6	2008	48,790	
7	2009	67,000	
8	2010	19,412	Rights share issued
9	2010	66,820	
10	2011	89,739	
11	2012	38,421	
12	2013	62,888	
13	2014	-	Only cash dividend declared
14	2015	-	Only cash dividend declared
15	2016	30,558	
16	2017	32,015	
17	2018	101,246	
18	2019	38,656	
19	2020	41,226	
Total		794,221	


Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka


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Mercantile Bank Limited


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Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka


Md. Moniruzzaman
Managing Director
IDLC Investments Limited

**Maturity Analysis of Other Assets
As at 31 December 2021**

Particulars	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	More than 5 years	Annexure - E Amount in Taka	
						Total	Total
1	2	3	4	5	6	7	7
Other assets should be classified under the following categories:							
Income generating other asset:							
Investment in shares of subsidiary companies (In Bangladesh) Mercantile Bank Securities Limited	-	-	-	-	3,550,000,000	3,550,000,000	
Investment in shares of subsidiary companies (outside Bangladesh) Mercantile Exchange House (UK) Limited	-	-	-	-	39,594,762	39,594,762	
Mercantile Bank OBU Unit	7,980,499,178	-	-	-	-	7,980,499,178	
MBL Asset Management Limited	-	-	-	-	56,000,000	56,000,000	
No-income generating other asset:							
Stationery, stamps, printing materials in stock etc	1,791,450	13,007,500	11,589,512	-	-	-	
Advance rent and advertisement	-	-	291,386,453	-	-	291,386,453	
Interest accrued on investment but not collected, commission and brokerage receivable on shares and debenture and other income receivable	2,013,450,000	114,482,751	4,550,000	-	-	2,132,482,751	
Security deposit	-	-	-	-	9,644,976	9,644,976	
Preliminary, formation and organization expenses, renovation/development expenses and prepaid expenses	-	28,055,104	118,717,022	-	-	146,772,126	
Branch adjustment	234,530,670	-	-	-	-	234,530,670	
Inter Branch Settlement Account	194,277,707	-	-	-	-	194,277,707	
Suspense Account	-	-	-	-	-	-	
Right Of Use (ROU) Assets as per IFRS-16	-	373,118,502	3,823,542	181,500,000	-	558,442,044	
Silver	-	-	-	-	1,056,537,524	1,056,537,524	
Clearing adjustment account	-	-	-	-	-	-	
Intra company transaction (OBU)	(7,980,499,178)	-	-	-	-	(7,980,499,178)	
Total amount in taka	2,444,049,827	528,663,857	430,066,529	181,500,000	4,711,777,262	8,296,057,474	

Abu Asghar G. Halrani
Abu Asghar G. Halrani
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka

Md. Qasimul Islam Chowdhury
Md. Qasimul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka

Md. Moniruzzaman
Md. Moniruzzaman
Managing Director
IDLC Investments Limited

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Annexure-F


Highlights of Mercantile Bank Limited

(BDT in crore)

SL #	Particulars	31.12.2021	31.12.2020	31.12.2019	31.12.2018	31.12.2017
1	Paid-up Capital	1,033.22	984.02	937.16	814.92	776.11
2	Total Capital Fund	3,558.44	3,341.95	3,289.98	2,948.63	2,458.14
3	Capital Surplus / deficit	401.30	273.37	334.83	312.82	139.74
4	Total Assets	35,941.14	33,078.56	31,636.35	29,138.56	26,016.99
5	Total Deposits	27,055.74	24,526.57	24,762.45	22,990.73	22,051.66
6	Total Loans and Advances	26,676.66	24,899.44	23,689.04	22,423.06	19,966.07
7	Total Contingent Liabilities and Commitments	17,506.03	10,811.23	10,199.37	10,456.95	11,475.71
8	Credit Deposit Ratio (in %)	85.98%	84.30%	84.10%	86.30%	84.25%
9	Percentage of Classified Loans against Total Loans and Advances (in %)	4.54%	4.72%	4.86%	4.82%	3.79%
10	Profit after Tax and Provision	341.86	216.13	217.55	300.09	301.77
11	Amount of Classified Loans during the year	1,211.25	1,175.12	1,150.26	1,080.24	756.47
12	Provision kept against classified Loans	513.16	488.26	452.00	476.39	396.75
13	Provision Surplus	(0.00)	-	(0.00)	(0.00)	-
14	Cost of Fund (in %)	4.40%	5.66%	6.35%	6.06%	5.38%
15	Interest Earning Assets	33,414.41	30,216.45	29,119.53	26,735.89	22,969.87
16	Non-interest Earning Assets	2,526.73	2,862.10	2,516.82	2,402.68	3,047.12
17	Return on Equity (ROE) (in %)	14.70%	10.05%	10.99%	16.55%	17.55%
18	Return on Assets (ROA) (in %)	0.99%	0.67%	0.72%	1.09%	1.30%
19	Income from Investment	479.46	413.90	382.89	355.89	345.11
20	Earning Per Share (Tk.)	3.31	2.20	2.32	3.68	3.89
22	Net Income Per Share (Tk)	3.31	2.20	2.32	3.68	3.89
23	Return on investment (ROI)	8.61%	8.39%	8.63%	9.65%	9.01%
24	Net assets value per share (NAVPS)	23.62	22.46	22.31	22.93	22.66
25	Cost of deposit (%)	4.76%	6.12%	6.92%	6.47%	5.85%
26	Price Earning Ratio (approximate)	5.17 Times	5.78 Times	5.69 Times	4.89 Times	6.79 Times


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Managing Director
IDLC Investments Limited



Mercantile Bank Limited
Offshore Banking Division

Profit and Loss Account
For the Year Ended on December 31, 2021

Particulars	Notes	December-2021		December-2020	
		USD	Taka (85.1364)	USD	Taka (84.8004)
Interest Income	13	6,456,996.97	549,725,477	7,078,750.88	600,280,906
Less: Interest paid on Deposits, Borrowings etc.	14	3,388,068.52	288,447,957	3,656,667.28	310,086,848
Net Interest Income		3,068,928.45	261,277,520	3,422,083.60	290,194,058
Investment Income					
Commission, Exchange and Brokerage	15	710,232.43	60,466,632	962,788.86	81,644,880
Other Operating Income		-	-	36,760.00	3,117,263
Miscellaneous Earnings		71,605.00	6,096,192	1,831.48	155,310
Adjustment for Exchange Rate Fluctuation		-	-	-	-
Total Operating Income		3,850,765.88	327,840,344	4,423,463.94	375,111,51
Salary and Allowances	16	130,177.74	11,082,864	179,912.54	15,256,655
Rent, Taxes, Insurances, Electricity etc.		-	-	-	-
Postage, Stamps, Telecommunication etc.		91.98	7,831	85.06	7,213
Depreciation and repair of Fixed Assets	17	620.00	52,785	993.86	84,280
Other Expenses-Fees For Nostro Account		2,656.40	226,156	1,717.88	145,677
Adjustment for Exchange Rate Fluctuation		-	-	-	-
Profit Before Provision		3,717,219.76	316,470,708	4,240,754.60	359,617,686
Provision against Classified Loans					
Provision against Unclassified Loans					
Other Provision					
Total Provision					
Total Profit before Taxes		3,717,219.76	316,470,708	4,240,754.60	359,617,686
Provision for Taxation					
Net Profit after Taxation		3,717,219.76	316,470,708	4,240,754.60	359,617,686

** Provisions would be calculated with central operation

*** Taxes would be calculated with central operation


Jihad Hossain

[Signature]
bu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka

[Signature]
Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited

[Signature]
Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka

[Signature]
Md. Mohiruzzaman
Managing Director
IDLC Investments Limited

Mercantile Bank Limited
Offshore Banking Division
Head Office

Notes to the Financial Statements
For The Year Ended on December 31, 2021

1 Mercantile Bank Limited is operating two Off-Shore Banking units as a separate business unit under the Rules and Guidelines of Bangladesh bank as per the permission vide letter no. BRPD(P-3)744(114)/2010-1743 dated May 04, 2010. The Bank commenced operation of these units from July 04, 2010. The permission has already been revalided by Bangladesh Bank vide their letter BRPD(P-3)744(114)/2020-1654 dated February 12, 2020. Name and location of existing OBUs has been changed based on approval from Bangladesh Bank vide their letter BRPD(P-3)745(44)/2020-1655 dated February 12, 2020 and renamed the OBUs as Principal Offshore Banking Unit (Principal OBU) at Head Office, Dhaka and Agrabad Offshore Banking Unit (Agrabad OBU), Chattogram.

2 **Significant Accounting Policy**

Basis of Accounting:

The Unit maintains its accounting records in USD form which accounts are prepared according to the Bank Companies Act 1991, Bangladesh Financial Reporting Standards (BFRS), Bangladesh Accounting Standards (BAS) and other applicable directives issued by Bangladesh Bank.

3 **Common Expenses:**

- Establishment expenses have not been separately accounted for in the Financial Statements.
- Provision for taxation, loans & advances and Off-Balance Sheet items have not been separately accounted for in the Financial Statements
- These are accounted for consolidation in the central accounts of Mercantile Bank Limited

4 **Balance with other Banks and Financial Institutions**

In Bangladesh:

With Own Bank (Mercantile Bank Ltd.)

With Other Bank in BD (Shahjalal Islami Bank Limited-OBU)
Outside Bangladesh (With JP Morgan Chase Bank, NY)

	<u>December-2021</u>		<u>December-2020</u>	
	<u>USD</u>	<u>BDT (85.8000)</u>	<u>USD</u>	<u>BDT (84.8004)</u>
	5,460,506.45	468,511,453	7,857,684.36	666,334,777
[Profit of OBU accumulated in Balance with ID. The above figure includes profit for 2021. After transfer of profit (USD 3,717,219.76) to Parent Bank, Balance with other bank is 1,743,286.69 (Principal OBU 1,703,727.67 and Agrabad OBU 39,559.02)]				
	10,000,000.00	858,000,000	-	-
	21,559.90	1,849,839	3370.85	285849
	15,482,066.35	1,328,361,292	7,861,055.21	666,620,626
	2,315,672.78	198,684,725	2,315,672.78	196,369,978
	5,482,583.46	470,405,661	5,482,583.46	464,925,270
	49,775,392.71	4,270,728,695	57,034,781.02	4,836,572,244
	8,668,480.00	743,755,584	7,332,124.25	621,767,069
	121,325,799.84	10,409,753,626	77,691,638.76	6,588,282,044
	187,567,928.79	16,093,328,291	149,856,800.27	12,707,916,605
	495.53	42,515	831.53	70,514
	846.09	72,595	1,130.09	95,832.00
	-	-	-	-
	-	-	-	-
	1,341.62	115,110	1,961.62	166,346

6 **Fixed Assets including Premises, Furniture and Fixtures**

Software

Computer, Printer & Peripherals

Air Conditioner

Furniture & Fixture

Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka

Tapash Chandra Paul
Chief Financial Officer (CFO)
Mercantile Bank Limited



Md. Moniruzzaman
Managing Director
MPLC Investments Limited

Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka

Mercantile Bank Limited
Offshore Banking Division
Head Office

	<u>December-2021</u>		<u>December-2020</u>		
	<u>USD</u>	<u>BDT (85.8000)</u>	<u>USD</u>	<u>BDT (84.8004)</u>	
7 Other Assets					
Interest Receivable	2,850,705.15	244,590,502	2,614,997.17	221,752,806	
Prepaid Expense (House Furnishing Allowance)	85.86	7,367	165.86	14,065.00	
Prepaid Expense (Mobile Set Purchase)	-	-	-	-	
Fees Receivable (Rebate of Nostro Account)	2,500.00	214,500.00	4,000.00	339,202.00	
	2,853,291.01	244,812,369	2,619,163.03	222,106,073	
8 Borrowing from other Banks, Financial Institutions and Agents					
In Bangladesh					
Mercantile Bank Limited (Own Borrowing)	93,012,810.93	7,980,499,178	57,366,860.84	4,864,732,746	
Other Banks in Bangladesh	13,000,000.00	1,115,400,000	-	-	
Outside Bangladesh (Foreign Bank)	94,546,200.00	8,112,063,960	96,997,676.46	8,225,441,763	
	200,559,010.93	17,207,963,138	154,364,537.30	13,090,174,509	
8.1 Borrowing from Local Banks in Bangladesh					
State Bank of India, Chattogram OBU	5,000,000.00	429,000,000	-	-	
SEBL, OBU	5,000,000.00	429,000,000	-	-	
Woori Bank Ltd. OBU	3,000,000.00	257,400,000	-	-	
	13,000,000.00	1,115,400,000	-	-	
8.2 Ageing of Borrowing from Local Banks in Bangladesh as on 31.12.2021					
	Ageing	0-1 Month	>01-03 Month	>03-06 Month	Total
	USD	13,000,000	-	-	13,000,000
	BDT(85.8000)	1,115,400,000	-	-	1,115,400,000
9 Deposit and Other Accounts:					
Current Deposit					
Fixed Deposit					
Foreign Currency Deposit FCAD (Gen)					
10 Other Liabilities					
Accrued Interest					
Payable to Head Office					
Intt. Payable on Borrowing/Adjusting A/C Cr.	1,150,224.36	98,689,250	1,255,515.51	106,468,217	
Intt. Suspense A/C	478,172.72	41,027,219	478,172.72	405,492,38	
	1,628,397.08	139,716,469	1,733,688.23	147,017,455	

11 Foreign Currency Translation Difference:

The foreign currency translation difference is a net result of exchange difference of year end standard mid rate of WAR and monthly average of standard mid rate arising from translation currency to presentation currency. Assets and Liabilities of Offshore Banking Operation (OBO) have been presented into Taka (which is functional currency of the Bank) using year end standard mid rate of exchange (WAR) of the Bank i.e USD 1 = BDT 85.8000 and incomes and expenses are translated using monthly average of standard mid rate of exchange (WAR) i.e USD 1 = 85.1364. The net cumulative result of the exchange difference has been presented separately as equity component as per IAS 21 (para 39).

12 Off-Balance Sheet Items

Corporate Import Commitment favoring BHF Bank, Germany on behalf of GPH Ispat Ltd. under Export Credit Agency (ECA) through Syndication under lead arrangement of UCBL.

19,314,745.75	1,657,205,185	19,314,745.75	1,637,898,165
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Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka

Tapash Chandra Paul, FRCGS
Chief Financial Officer (CFO)
Mercantile Bank Limited



Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka

Md. Moniruzzaman
Managing Director
IDLC Investments Limited

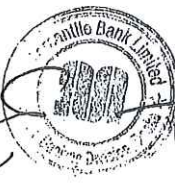
Mercantile Bank Limited
Offshore Banking Division
Head Office

	<u>December-2021</u>		<u>December-2020</u>	
	<u>USD</u>	<u>BDT (85.1364)</u>	<u>USD</u>	<u>BDT (84.0004)</u>
13 Interest Income				
Interest on Advances	6,456,996.97	549,725,477	7,078,750.88	600,280,906
Interest on Money at Call and Short Notice				
Interest on fund placement with Head Office				
Interest on foreign Currency Balances				
	6,456,996.97	549,725,477	7,078,750.88	600,280,906
14 Interest paid on Deposit, Borrowings etc.				
Interest on Deposit	748,774.58	63,747,972	604,888.68	51,294,802
Interest paid on Borrowings from own Bank	2,639,293.94	224,699,985	3,051,778.60	258,792,046
Interest paid on Borrowings from Other Banks				
Interest on REPO				
	3,388,068.52	288,447,957	3,656,667.28	310,086,848
15 Other Operating Income				
Investment Income			962788.86	81644880
Commission, Exchange Gain & Brokerage (Arrangement Fee)	710,232.43	60,466,632	36,760.00	3,117,263
Other Operating Income/Foreign Correspon. Charge	-	-	-	-
Miscellaneous Earnings (Rebate of Nostro Account)	71,605.00	6,096,192	1,831.48	155,310
	781,837.43	66,562,824	1,001,380.34	84,917,453
16 Salary and Allowances, Rent, Taxes, Electricity etc.	<u>USD</u>	<u>BDT (85.1364)</u>	<u>USD</u>	<u>BDT (84.0004)</u>
Basic Salary	59,499.65	5,065,586	78,429.46	6,650,850
House Rent	21,468.69	1,827,767	28,105.62	2,383,368
Medical Allowances	6,500.33	553,415	8,722.80	739,697
Conveyance Allowance	2,409.81	205,163	2,650.82	224,791
House Maintenance Allowances	-	-	-	-
Utility Services	-	-	-	-
Provident Fund	5,949.96	506,558	7,843.00	665,090
Car Allowances	707.54	60,237	8,483.06	719,367
Leave Fare Assistance	23,207.03	1,975,763	30,219.19	2,562,599
Bonus	10,354.73	881,564	14,287.14	1,211,555
Other Allowance (Allowance for Leave Days & Nobobarso)	-	-	678.72	57,556
Telephone Bill	-	-	400.01	33,921
Newspaper Bill	-	-	12.72	1,079
House Furnishing Allowances	80.00	6,811	80.00	6,784
	130,177.74	11,082,864	179,912.54	15,256,655
17 Depreciation on fixed Assets				
Software	-	-	-	-
Computer, Printer & Peripherals	620.00	52,785	993.86	84,280
Furniture & Fixture	-	-	-	-
	620.00	52,785	993.86	84,280

* Provision will be calculated with the central accounts

* Taxes are computed with the central operation

* Depreciation has been charged @ 20% on Office Equipments & Machineries and @10% p.a. on Fixtures and furniture.


Signature
Managing Director

Signature
Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka

Signature
Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited

Signature
Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka

Signature
Md. Moniruzzaman
Managing Director
IDLC Investments Limited

Mercantile Bank Limited
Islamic Banking
Balance Sheet
As at 31 December 2021

	Notes	31.12.2021 Taka	31.12.2020 Taka
PROPERTY AND ASSETS			
Cash			
Cash in hand (including foreign currencies)	1.1	20,714,099	14,662,696
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	1.2	229,672,269	67,200,000
		250,386,368	81,862,696
Balance with other banks and financial institutions			
In Bangladesh	2.1	300,199,560	200,000
Outside Bangladesh		-	-
		-	-
Placement with banks and other financial institution			
Investments in Shares and Securities			
Government	3.1	214,140,000	43,200,000
Others		-	-
		-	-
Investments			
General Investments etc.	4	3,992,533,371	200,150
Bills purchased and discounted	5	12,234,251	-
		4,004,767,622	-
Fixed assets including premises	6	15,750,192	9,505,524
Other assets	7	199,982,507	479,393,347
Non-banking assets			
Total Assets:		4,985,226,249	614,361,716
LIABILITIES AND CAPITAL			
Liabilities:			
Placement from banks and other financial institutions			
Deposits and other accounts:			
Al-wadeeah Current Accounts and Other Deposit Accounts		76,655,372	8,963,260
Mudaraba Savings Deposits		163,249,464	22,604,871
Mudaraba Term Deposits		3,938,864,129	556,264,869
Other Mudaraba Deposits		508,033,553	37,911,038
Bills Payable		2,736	-
		4,686,805,254	625,744,039
Other liabilities	8	286,043,741	5,470,560
Total Liabilities:		4,972,848,995	631,214,599
Capital/Shareholders' Equity			
Paid up Capital			
Foreign Currency Translation Difference			
Statutory Reserve			
Other Reserve			
Retained Earnings		12,377,254	(16,852,883)
Total Shareholders' Equity		12,377,254	(16,852,883)
Total Liabilities and Shareholders' Equity		4,985,226,249	614,361,716

Off Balance Sheet Items

Letter of Guarantee

12,873,681

Asghar G. Harun, Company Secretary
 Apash Chandra Paul, MD, Chief Financial Officer (CFO)
 Mercantile Bank Limited
 Head Office, Dhaka



Md. Quamrul Alam Chowdhury
 Managing Director & CEO
 Mercantile Bank Limited
 Head Office, Dhaka

Md. Moniruzzaman
 Managing Director
 IDLC Investments Limited

Mercantile Bank Limited
Islamic Banking

Profit and Loss Account

For the period ended as on 31 December 2021

	Notes	31.12.2021 Taka	31.12.2020 Taka
Investment Income		153,233,993	-
Profit paid on deposits		(142,066,349)	10,320,603
Net Investment Income		11,167,644	(10,320,603)
Income from investments in Shares/Securities	9.0	4,659,243	-
Commission, exchange and brokerage		9,793,598	-
Other operating income	10	957,100	41,116
		15,409,941	41,116
Total operating income		26,577,585	(10,279,487)
Salaries and allowances	11	8,219,072	4,744,045
Rent, taxes, insurance, electricity, etc.		120,000	12,000
Legal expenses			93,550
Postage, stamps, telecommunications, etc.		12,344	4,502
Stationery, printing, advertisement etc.		690,993	270,434
Chief Executive's Salary & Fees		-	-
Directors' Fees and Expenses		-	-
Shariah Supervisory Committee's Fees and Expenses	12	123,200	136,000
Auditors' Fees		-	-
Charges in Investment Losses		-	-
Depreciation and repair to bank's assets	13	3,296,802	482,694
Other expenses	14	1,737,921	830,170
Total operating expenses		14,200,332	6,573,395
Profit/(Loss) before provision		12,377,253	(16,852,882)
Provision for loans & advances / Investments		-	-
Provision for Diminution in value of Investment		-	-
Other provision		-	-
Total Profit/(Loss) before Taxes		12,377,253	(16,852,882)

Note: Provision against investment is included in consolidated accounts of Mercantile Bank Limited.



Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka

Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited

Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka

Md. Moniruzzaman
Managing Director
IDLC Investments Limited

Mercantile Bank Limited
Islamic Banking
Notes to the Financial Statements
For the period ended as on December 31, 2021

	Note	31.12.2021	31.12.2020
1 Cash		Taka	Taka
Cash in hand (including foreign currencies)	1.1	20,714,099	14,662,696
Balance with Bangladesh Bank & its agent bank(s) (including foreign currency)	1.2	229,672,269	67,200,000
		<u>250,386,368</u>	<u>81,862,696</u>
1.1 Cash in hand (including foreign currencies):		Taka	Taka
In local currency		20,714,099	14,662,696
In foreign currency		-	-
		<u>20,714,099</u>	<u>14,662,696</u>
1.2 Balance with Bangladesh Bank & its agent bank(s) (including foreign currency)		Taka	Taka
In local currency		229,672,269	67,200,000
In foreign currency		-	-
		<u>229,672,269</u>	<u>67,200,000</u>
2 Balance with other banks and financial institutions		Taka	Taka
In Bangladesh	2.1	300,199,560	200,000
Outside Bangladesh		-	-
		<u>300,199,560</u>	<u>200,000</u>
2.1 In Bangladesh		Taka	Taka
with Islami Bank Bangladesh Ltd		100,198	100,000
with Shahjalal Islami Bangladesh Ltd		99,362	100,000
with Exim Bank Ltd		300,000,000	-
		<u>300,199,560</u>	<u>200,000</u>
3 Placement with banks and other financial institution, Investments in Shares and Securities		Taka	Taka
Government	3.1	214,140,000	43,200,000
Others		-	-
		<u>214,140,000</u>	<u>43,200,000</u>
3.1 Government		Taka	Taka
BGIB (for 6 Months)		20,000,000	30,000,000
SUKUK (for 5 Year)		194,140,000	13,200,000
		<u>214,140,000</u>	<u>43,200,000</u>
4 General Investment		Taka	Taka
Bai-Muajjal		3,182,081,582	-
Murabaha-TR (PIF)		241,729,004	-
HPSM		557,246,368	-
Quard		11,476,417	200,150
		<u>3,992,533,371</u>	<u>200,150</u>
5 Bills purchased and discounted		Taka	Taka
MDBP		12,234,251	-
		<u>12,234,251</u>	<u>-</u>



Asghar G. Haruni
Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
Head Office, Dhaka

Tapash Chandra Paul
Tapash Chandra Paul, PhD
Chief Financial Officer (CFO)
Mercantile Bank Limited

Md. Quamrul Islam Chowdhury
Md. Quamrul Islam Chowdhury
Managing Director & CEO
Mercantile Bank Limited
Head Office, Dhaka

Md. Moniruzzaman
Md. Moniruzzaman
Managing Director
IDLC Investments Limited

Note	31.12.2021 Taka	31.12.2020 Taka
6 Fixed assets including premises, Furniture and Fixtures-at cost less Accumulated Depreciation (Annexure-A):		
Furniture & Fixture	693,461	751,701
Office equipment	15,056,730	8,753,823
	15,750,191	9,505,524
7 Other Asset		
Printing Stationery	793,451	299,175
Security Papers	566,190	570,650
Advance Income Tax	566,083	-
Profit Receivable Balanc With OtherBank	2,200,000	-
Profit Receivable Inv in Appvd Securities	334,099	-
Profit Receivable on Islamic Investment	4,563,700	-
Isl Conv Adjustment	-	478,523,521
Restricted Mudaraba Investment	190,958,984	-
	199,982,507	479,393,346
8 Other Liabilities		
Total Other Liability	8.1 286,043,741	5,470,560
8.1 Other Liablity		
Total Markup Pft on Islamic -Inv	205,742,009	-
Profit payable on Mudaraba Savings A/C	-	114,288
Profit payable on Mudaraba MSND A/C	-	-
Profit payable on Mudaraba Term Deposit A/C	75,687,366	4,845,649
Profit payable on Mudaraba Scheme Deposit A/C	4,136,660	510,623
Compensation on Islamic -Investment	477,706	-
	286,043,741	5,470,560



Abu Asghar G. Haruni
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Head Office, Dhaka

Md. Moniruzzaman
Managing Director
IDLC Investments Limited

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Notes	31.12.2021	31.12.2020
	Taka	Taka

	Taka	Taka
9 Income from Investments in Shares/Securities		
Profit on Ijara Sukuk	4,590,852	
Profit on BGIB	68,391	
	4,659,243	

	Taka	Taka
10 Other Operating Income		
Service Charge & Fee	957,100	41,116
	957,100	41,116

Note	31.12.2021	31.12.2020
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	Taka	Taka
11 Salaries and allowances:		
Basic Salary	4,015,032	2,180,355
Bonus	686,500	369,000
Bank Contribution to Prov Fund	401,503	218,035
House Rent	1,362,542	699,497
Conveyance Allowance	90,000	45,000
Medical Allowance	423,781	222,778
Car Allowance	1,239,464	705,323
Special Allowance		300,757
Holiday Allowance	250	3,300
	8,219,072	4,744,045

	Taka	Taka
12 Shariah Supervisory Committee's Fees and Expenses		
Shariah Supervisory Committee's Fees and Expenses	112,000	136,000
VAT on Shariah Supervisory Committee Fee & Exp.	112,000	
	123,200	136,000

	Taka	Taka
13 Depreciation and repair to bank's assets		
Depreciation on Fixed asset (Annexure-A)	2,627,882	339,694
Total of Repair Assets	668,920	137,600
	3,296,802	482,694

	Taka	Taka
14 Other Expense		
Refreshment	67,028	40,552
Local Conveyance	5,690	2,610
Newspaper Magazine	1,145	
Laundry & Cleaning	2,490	250
Leave Fare Assistance	1,544,258	786,758
Other Professional Charge	115,000	
Bank Charges	2,310	
	1,737,921	830,170




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 Md. Moniruzzaman
 Managing Director
 IDLC Investments Limited

Mercantile Bank Limited
Islamic Banking Division
Schedule of Property, Plant and Equipment
As at 31 December 2021

Annexure-A
Amount in Taka

Particulars	Cost			Rate %	Depreciation			Written Down Value as on 30.06.2021
	Opening Balance	Addition During the period	Adjustment/Disposal during the period		Closing Balance	Charged during the period	Adjustment/Disposal during the period	
Furniture & Fixture	751,638.00	44,480.00	-	10%	24,417.34	78,239.13	-	102,656.47
Office Equipment	9,069,100.00	8,852,550.00	-	20%	315,276.72	2,549,642.66	-	2,864,919.38
Sub total	9,820,738.00	8,897,030.00	-		339,694.06	2,627,881.79	-	2,967,575.85
								693,461.53
								15,056,730.62
								15,750,192.15



Abu Asghar G. Haruni
Abu Asghar G. Haruni
Company Secretary
Mercantile Bank Limited
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Tapash Chandra Paul, PhD
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Chief Financial Officer (CFO)
Mercantile Bank Limited

Md. Moniruzzaman
Md. Moniruzzaman
Managing Director
IDLC Investments Limited

