

# FINANCIAL STATEMENTS

Mercantile Bank PLC. is committed to transparency, presenting financial statements that accurately reflect our financial position and activities. These statements provide stakeholders with a clear view of our financial health and adherence to compliance, enabling informed decision-making and evaluation of our performance and future potential.





# DECLARATION BY MANAGING DIRECTOR & CFO ON FINANCIAL STATEMENTS

16 April 2024

The Board of Directors  
Mercantile Bank PLC.  
61, Dilkusha C/A  
Dhaka-1000.

Subject: **Declaration on Financial Statements for the year ended on 31 December 2023.**

Dear Sirs,

Pursuant to the condition No. 1(5) (xxvi) imposed vide the Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 Dated 03 June, 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

- (1) The Financial Statements of Mercantile Bank Limited for the year ended on 31 December, 2023 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
- (2) The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view; (3) The form and substance of transactions and the Bank's state of affairs have been reasonably and fairly presented in its
- (3) financial statements;
- (4) To ensure above, the Bank has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
- (5) Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Bank were consistently followed; and
- (6) The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern.

In this regard, we also certify that:

- i. We have reviewed the financial statements for the year ended on 31 December, 2023 and that to the best of our knowledge and belief:
  - a. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - b. these statements collectively present true and fair view of the Bank's affairs and are in compliance with existing accounting standards and applicable laws.
- ii. There are, to the best of knowledge and belief, no transactions entered into by the Bank during the year which are fraudulent, illegal or in violation of the code of conduct for the Bank's Board of Directors or its members.

Sincerely yours,



**Md. Quamrul Islam Chowdhury**  
Managing Director



**Tapash Chandra Paul, PhD**  
Chief Financial Officer

**Khan Wahab Shafique Rahman & Co.**

Chartered Accountants  
Rupali Bima Bhaban (5th & 6th Floor), 7, Rajuk Avenue,  
Motijheel, Dhaka-1000  
Phone: +880-47122785, 223385136  
E-mail: info@kwsrbd.com, Web: www.kwsrbd.com

**Basu Banerjee Nath & Co.**

Chartered Accountants,  
Dhaka Trade Centre (11th floor), 99 Kazi Nazrul  
Islam Avenue, Kawran bazar, Dhaka-1215  
Phone: +88 02 55012551-2  
E-mail: info@bbnco.net, Web: www.bbnco.net

# INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF MERCANTILE BANK PLC. REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

## Opinion

We have audited the consolidated financial statements of Mercantile Bank PLC. and its subsidiaries (the "Group") as well as the separate financial statements of Mercantile Bank PLC. (the "Bank"), which comprise the consolidated and separate balance sheets as at 31 December 2023 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 2023, 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.

## 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 2023. 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/Investment

| Risk                                                                                                                                                                                                                                                                                                                                                   | Our response to the risk                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| The process for estimating the provision for loans and advances portfolio associated with credit risk is significant and complex.                                                                                                                                                                                                                      | We tested the design and operating effectiveness of key controls focusing on the following:                                                                                                                                                                                                                                                                                                                                                                 |
| For the individual analysis, these provisions consider the estimates of future business performance and the market value of collateral provided for credit transactions.                                                                                                                                                                               | <ul style="list-style-type: none"> <li>Tested the credit appraisal, loan disbursement procedures, monitoring and provisioning process;</li> <li>Identification of loss events, including early warning and default warning indicators;</li> <li>Reviewed quarterly classification of loans(CL);</li> </ul>                                                                                                                                                  |
| 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.                                                                                                                                              | Our substantive procedures in relation to the provision for loans and advances portfolio comprised the following:                                                                                                                                                                                                                                                                                                                                           |
| At year end the Group and the Bank reported total gross loans and advances of BDT 288,593.41 million (2022: BDT 284,470.21 million) and 284,830.98 million (2022: BDT 280,890.53million) and provision for loans and advances of BDT 17,570.44 million (2022: BDT 16,257.91 million) and 17,510.44 million (2022: BDT 16,218.00 million) respectively. | <ul style="list-style-type: none"> <li>Reviewed the adequacy of the companies general and specific provisions;</li> <li>Assessed the methodologies on which the provision amounts based, recalculated the provisions and tested the completeness and accuracy of the underlying information;</li> <li>Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.</li> </ul> |

See note # 2.2.3, 7, 13, 13.5 and 13.5.1 (a & b) to the financial statements.

## 2. Measurement of Deferred Tax Assets

| Risk                                                                                                                                                                                                                                                                                           | Our response to the risk                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>The Bank reports net deferred tax assets (DTA) amounting to BDT 208.89 million (2022: BDT 159.73 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 DTAs.</p> <p>Finally assessed the appropriateness and</p> <p>Presentation of disclosures against IAS 12 Income Tax.</p> |
| See note # 2.6.2, 13, 13.4.2 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 585.29 million (net present value) (2022: BDT 805.61 million) and lease liabilities at BDT 646.26 million (2022: BDT 864.80 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

## 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 2023 the total carrying value of this investment is BDT 3,654.32 million (2022: BDT 3,648.67 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 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 auditor’s report thereon. The Annual Report is expected to be made available to us 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, 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; and

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.

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 as per Bangladesh Bank's letter no DBL-4/110/2024-472, Dated 04.04.2024 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 82% of the risk weighted assets of the Bank and spent over 4,500 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  
**Khan Wahab Shafique Rahman & Co.**  
Chartered Accountants



**Md. Abu Sina, FCA**  
Senior Partner  
ICAB Enrollment No.: 619  
DVC : 2404160619AS165383

Place: Dhaka, Bangladesh  
Date: 16 April 2024

Signed for & on behalf of  
**Basu Banarjee Nath & Co.**  
Chartered Accountants



**Dipok Kumar Roy FCA**  
Partner  
ICAB Enrollment No: 1334  
DVC: 2404161334AS706825

## Mercantile Bank PLC. and its Subsidiaries

**CONSOLIDATED BALANCE SHEET**

As at 31 December 2023

| Particulars                                                                   | Notes   | Amount in BDT   |                 |
|-------------------------------------------------------------------------------|---------|-----------------|-----------------|
|                                                                               |         | Dec-23          | Dec-22          |
| PROPERTY AND ASSETS                                                           |         |                 |                 |
| Cash                                                                          | 3(a)    | 17,805,904,761  | 16,574,344,053  |
| Cash in hand (Including foreign currency)                                     |         | 3,579,135,234   | 3,102,890,318   |
| Balance with Bangladesh Bank & its agent bank(s) (including foreign currency) |         | 14,226,769,527  | 13,471,453,735  |
| Balance with other banks and financial institutions                           | 4(a)    | 5,592,856,927   | 4,175,557,538   |
| In Bangladesh                                                                 |         | 827,781,875     | 838,896,526     |
| Outside Bangladesh                                                            |         | 4,765,075,052   | 3,336,661,011   |
| Money at call on short notice                                                 | 5(a)    | 743,100,000     | 948,100,000     |
| Investments                                                                   | 6(a)    | 81,358,803,832  | 62,451,951,771  |
| Government                                                                    |         | 70,408,991,198  | 52,632,759,204  |
| Others                                                                        |         | 10,949,812,634  | 9,819,192,567   |
| Loans and Advances/investments                                                | 7(a)    | 288,593,418,998 | 284,470,214,813 |
| Loans, Cash Credit, Overdraft etc/investments                                 |         | 280,960,116,855 | 271,138,202,153 |
| Bills purchased and discounted                                                |         | 7,633,302,143   | 13,332,012,660  |
| Fixed assets including premises, furniture and fixtures                       | 8(a)    | 3,592,292,283   | 3,772,485,402   |
| Other assets                                                                  | 9(a)    | 7,120,614,851   | 12,048,959,935  |
| Non- banking assets                                                           | 10(a)   | 45,081,332      | 36,772,332      |
| Total Assets                                                                  |         | 404,852,072,983 | 384,478,385,845 |
| LIABILITIES AND CAPITAL                                                       |         |                 |                 |
| Liabilities                                                                   |         |                 |                 |
| Borrowings from other banks, financial institutions and agents                | 11(a)   | 20,881,244,791  | 34,020,511,378  |
| Non-convertible Subordinated Bond                                             | 11.6a   | 1,200,000,000   | 1,800,000,000   |
| Mercantile Bank Perpetual Bond                                                | 11.7a   | 3,630,000,000   | 3,130,000,000   |
| Deposits and other Accounts                                                   |         | 306,879,162,044 | 281,737,790,921 |
| Current/ Al-wadeeah current accounts and other accounts                       | 12.1(a) | 107,233,424,214 | 87,863,224,690  |
| Bills Payable                                                                 | 12.2(a) | 3,573,240,118   | 2,620,728,107   |
| Savings Bank/Mudaraba savings bank deposits                                   | 12.3(a) | 35,361,551,520  | 33,314,186,636  |
| Fixed deposits/Mudaraba fixed deposits                                        | 12.4(a) | 117,453,408,919 | 108,426,373,475 |
| Deposit under schemes/Mudaraba deposit schemes                                | 12.5(a) | 43,257,537,272  | 49,513,278,013  |
| Other Liabilities                                                             | 13(a)   | 45,805,076,395  | 38,068,427,653  |
| Total Liabilities                                                             |         | 378,395,483,230 | 358,756,729,952 |
| Capital/Shareholders' Equity                                                  |         | 26,352,067,690  | 25,620,779,443  |
| Paid up Capital                                                               | 14.1    | 11,065,754,350  | 10,848,778,780  |
| Statutory Reserve                                                             | 15(a)   | 10,411,310,449  | 9,865,589,282   |
| General Reserve                                                               | 15.1    | 2,480,000,000   | 2,450,000,000   |
| Other Reserve                                                                 | 16(a)   | 931,770,350     | 782,999,315     |
| Foreign currency translation gain/(loss)                                      | 16.1    | 4,469,253       | 37,535,635      |
| Surplus in Profit & Loss Account                                              | 17(a)   | 1,458,763,288   | 1,635,876,430   |
| Non Controlling Interest                                                      | 17(b)   | 104,522,063     | 100,876,450     |
| Total Shareholders' Equity                                                    |         | 26,456,589,753  | 25,721,655,893  |
| Total Liabilities & Shareholders' Equity                                      |         | 404,852,072,983 | 384,478,385,845 |

Mercantile Bank PLC. and its Subsidiaries

**CONSOLIDATED BALANCE SHEET (CONTINUED)**

As at 31 December 2023

| Particulars                                                           | Notes | Amount in BDT   |                 |
|-----------------------------------------------------------------------|-------|-----------------|-----------------|
|                                                                       |       | Dec-23          | Dec-22          |
| OFF-BALANCE SHEET ITEMS                                               |       |                 |                 |
| Contingent liabilities                                                |       |                 |                 |
| Acceptances and Endorsements                                          | 18.1  | 56,157,942,608  | 73,405,007,388  |
| Letters of Guarantee                                                  | 18.2  | 20,590,285,972  | 20,505,768,350  |
| Irrevocable Letters of Credit                                         | 18.3  | 74,388,419,485  | 64,497,529,207  |
| Bills for Collection                                                  | 18.4  | 7,407,884,455   | 9,863,892,274   |
| Other Contingent Liabilities                                          | 18.5  | -               | -               |
| Total                                                                 |       | 158,544,532,519 | 168,272,197,219 |
| Other commitments                                                     |       |                 |                 |
| Documentary credits and short term trade related transactions         | 18.6  | -               | -               |
| Forward assets purchased and forward deposits placed                  |       | 80,329          | -               |
| Undrawn note issuance and revolving underwriting facilities           |       | -               | -               |
| Undrawn formal standby facilities, credit lines and other commitments |       | -               | -               |
| Total                                                                 |       | 80,329          | -               |
| Total Off-Balance Sheet Items including contingent liabilities        |       | 158,544,612,848 | 168,272,197,219 |
| Net Asset Value Per Share (NAVPS)                                     | 36(a) | 23.91           | 23.71           |

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


**Managing Director**

**Director**

**Director**

**Chairman**

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

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


**Md. Abu Sina, FCA**

Senior Partner

ICAB Enrollment No.: 619

DVC : 2404160619AS165383

Signed for & on behalf of  
**Basu Banarjee Nath & Co.**  
Chartered Accountants


**Dipok Kumar Roy FCA**

Partner

ICAB Enrollment No: 1334

DVC: 2404161334AS706825

Place: Dhaka, Bangladesh

Date: 16 April 2024

## Mercantile Bank PLC. and its Subsidiaries

**CONSOLIDATED PROFIT & LOSS ACCOUNT**

For the year ended 31 December 2023

| Particulars                                                                    | Notes     | Amount in BDT         |                       |
|--------------------------------------------------------------------------------|-----------|-----------------------|-----------------------|
|                                                                                |           | Jan-23 to Dec-23      | Jan-22 to Dec-22      |
| Interest income/Profit on investment                                           | 20(a)     | 20,416,063,027        | 19,131,863,771        |
| Interest/Profit Paid on deposits, borrowings etc.                              | 21(a)     | 17,482,802,969        | 14,264,812,872        |
| <b>Net interest income</b>                                                     |           | <b>2,933,260,059</b>  | <b>4,867,050,898</b>  |
| Investment income                                                              | 22(a)     | 4,789,349,350         | 4,170,857,545         |
| Commission, exchange and brokerage                                             | 23(a)     | 4,820,006,400         | 5,215,762,582         |
| Other operating income                                                         | 24(a)     | 1,563,570,134         | 1,507,529,803         |
|                                                                                |           | <b>11,172,925,885</b> | <b>10,894,149,930</b> |
| <b>Total operating income</b>                                                  |           | <b>14,106,185,943</b> | <b>15,761,200,828</b> |
| Salaries and allowances                                                        | 25(a)     | 4,226,785,049         | 4,277,854,326         |
| Rent, taxes, insurances, electricity etc.                                      | 26(a)     | 684,473,453           | 702,123,512           |
| Legal expenses                                                                 | 27(a)     | 40,650,323            | 40,715,627            |
| Postage, stamps, telecommunication etc.                                        | 28(a)     | 77,978,915            | 77,849,182            |
| Stationery, Printings, Advertisements etc.                                     | 29(a)     | 361,231,622           | 387,317,814           |
| Chief Executive's salary and fees                                              | 30(a)     | 16,015,715            | 14,806,113            |
| Directors' fees                                                                | 31(a)     | 4,932,000             | 4,630,000             |
| Auditors' fees                                                                 | 32(a)     | 1,920,622             | 1,836,362             |
| Depreciation and repair of bank's assets                                       | 33(a)     | 794,387,791           | 807,508,809           |
| Other expenses                                                                 | 34(a)     | 2,313,359,497         | 2,034,912,697         |
| <b>Total operating expenses</b>                                                |           | <b>8,521,734,987</b>  | <b>8,349,554,442</b>  |
| <b>Profit/(Loss) before provision</b>                                          |           | <b>5,584,450,956</b>  | <b>7,411,646,386</b>  |
| Provision for loans and advances/investments including Off Balance Sheet items | 13.5(a)   | 2,548,239,493         | 3,668,510,758         |
| Provision for diminution in value of investments in shares                     | 13.3.1(a) | 57,457,654            | -                     |
| Other provision                                                                | 13.3.1(a) | 181,064,571           | 555,182,921           |
| <b>Total provision</b>                                                         |           | <b>2,786,761,718</b>  | <b>4,223,693,679</b>  |
| <b>Total Profit/(Loss) before Taxes</b>                                        |           | <b>2,797,689,238</b>  | <b>3,187,952,707</b>  |
| Provision for Current Tax                                                      | 13.4.1(a) | 788,866,404           | 843,272,039           |
| Provision for Deferred Tax                                                     | 13.4.2(a) | (49,397,787)          | (9,069,468)           |
|                                                                                |           | <b>739,468,617</b>    | <b>834,202,571</b>    |
| <b>Net Profit after Taxation</b>                                               |           | <b>2,058,220,622</b>  | <b>2,353,750,136</b>  |
| <b>Appropriations</b>                                                          |           |                       |                       |
| Statutory Reserve                                                              | 15        | 545,721,167           | 600,516,678           |
| Startup Fund                                                                   | 13.2.2    | 20,286,058            | 22,025,834            |
| General Reserve                                                                | 15.1      | 30,000,000            | 200,000,000           |
| Other Reserve                                                                  |           | 15,055,257            | -                     |
| Coupan Interest on MBPLC Perpetual Bond                                        |           | 314,772,222           | 82,200,000            |
|                                                                                |           | <b>925,834,704</b>    | <b>904,742,512</b>    |
| <b>Retained surplus</b>                                                        |           | <b>1,132,385,917</b>  | <b>1,449,007,624</b>  |
| <b>Net profit after Tax attributable to:</b>                                   |           |                       |                       |
| Equity holders of Mercantile Bank PLC.                                         |           | 1,128,740,304         | 1,445,661,200         |
| Non Controlling Interest                                                       | 17(b).1   | 3,645,613             | 3,346,424             |
|                                                                                |           | <b>1,132,385,917</b>  | <b>1,449,007,624</b>  |
| <b>Earnings Per Share (EPS)</b>                                                | 35(a)     | <b>1.86</b>           | <b>2.12</b>           |

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


**Managing Director**

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

Signed for &amp; on behalf of

**Khan Wahab Shafique Rahman & Co.**

Chartered Accountants


**Director**

**Director**

**Chairman**Signed for & on behalf of  
**Basu Banarjee Nath & Co.**  
Chartered Accountants

**Md. Abu Sina, FCA**

Senior Partner

ICAB Enrollment No.: 619

DVC : 2404160619AS165383

Place: Dhaka, Bangladesh

Date: 16 April 2024


**Dipok Kumar Roy FCA**

Partner

ICAB Enrollment No: 1334

DVC: 2404161334AS706825

## Mercantile Bank PLC. and its Subsidiaries

**CONSOLIDATED CASH FLOW STATEMENT**

For the year ended 31 December 2023

| Particulars                                                                                                                               | Notes | Amount in BDT           |                         |
|-------------------------------------------------------------------------------------------------------------------------------------------|-------|-------------------------|-------------------------|
|                                                                                                                                           |       | Jan-23 to Dec-23        | Jan-22 to Dec-22        |
| <b>A) Cash flows from operating activities</b>                                                                                            |       | <b>6,932,704,217</b>    | <b>7,895,257,097</b>    |
| Interest received                                                                                                                         |       | 18,331,729,364          | 17,314,529,668          |
| Interest paid                                                                                                                             |       | (7,070,189,523)         | (6,639,686,228)         |
| Dividends receipts                                                                                                                        |       | 36,546,409              | 151,814,276             |
| Fees and commission received                                                                                                              |       | 1,794,009,458           | 3,002,665,166           |
| Recoveries on loans previously written off                                                                                                |       | 47,129,734              | 53,715,086              |
| Payment to the employees                                                                                                                  |       | (4,226,785,049)         | (4,277,854,326)         |
| Payment to suppliers                                                                                                                      |       | (361,231,622)           | (387,317,814)           |
| Income taxes paid                                                                                                                         |       | (1,618,504,554)         | (1,322,608,731)         |
| <b>Received from other operating activities</b>                                                                                           |       | <b>9,240,907,640</b>    | <b>7,645,620,088</b>    |
| Exchange gain                                                                                                                             |       | 3,025,996,943           | 2,213,097,416           |
| Other operating income                                                                                                                    |       | 6,214,910,697           | 5,432,522,672           |
| <b>Payment for other operating activities</b>                                                                                             |       | <b>(3,047,996,777)</b>  | <b>(2,803,397,775)</b>  |
| Rent, taxes, insurances and electricity                                                                                                   |       | (607,747,130)           | (662,821,272)           |
| Legal expenses                                                                                                                            |       | (40,650,323)            | (40,715,627)            |
| Postage, stamps and telecommunication                                                                                                     |       | (77,399,802)            | (77,508,660)            |
| Auditors' fees                                                                                                                            |       | (195,622)               | 494,500                 |
| Repair and maintenance                                                                                                                    |       | (142,461,729)           | (117,827,362)           |
| Chief Executive's salary and fees                                                                                                         |       | (16,015,715)            | (14,806,113)            |
| Directors' fees                                                                                                                           |       | (4,932,000)             | (4,630,000)             |
| Other expenses                                                                                                                            |       | (2,158,594,457)         | (1,885,583,241)         |
| <b>Operating profit before changes in operating assets &amp; liabilities</b>                                                              |       | <b>13,125,615,079</b>   | <b>12,737,479,410</b>   |
| <b>(Increase)/ decrease in operating assets and liabilities</b>                                                                           |       | <b>(21,899,436,178)</b> | <b>(11,995,242,787)</b> |
| Trading securities                                                                                                                        |       | (17,776,231,994)        | 2,286,708,434           |
| Loans and advances to other banks                                                                                                         |       | -                       | -                       |
| Loans and advances to customer                                                                                                            |       | (4,123,204,185)         | (14,281,951,221)        |
| <b>Other assets (Item-wise)</b>                                                                                                           |       | <b>4,928,345,083</b>    | <b>(7,140,374,902)</b>  |
| <b>Income generating other assets:</b>                                                                                                    |       |                         |                         |
| <b>Investment in shares of subsidiary companies</b>                                                                                       |       |                         |                         |
| Investment in Shares of subsidiary company (In Bangladesh) Mercantile Bank Securities Limited                                             |       | (35,740,582)            | (32,303,925)            |
| Investment in Shares of subsidiary company (In Bangladesh) MBL Asset Management Limited                                                   |       | (877,200)               | (2,188,975)             |
| Investment in Shares of subsidiary company (outside Bangladesh) Mercantile Exchange House (UK) Limited                                    |       | (3,268,739)             | 20,398,664              |
| Mercantile Bank OBU Unit                                                                                                                  |       | -                       | -                       |
| Islamic-Conv. Adjustment Account                                                                                                          |       | -                       | -                       |
| <b>Non-income generating other assets:</b>                                                                                                |       |                         |                         |
| Stationery, stamps, printing materials in stock etc                                                                                       |       | (3,619,431)             | (9,788,640)             |
| Advance rent and advertisement                                                                                                            |       | 9,829,524               | 9,828,631               |
| Interest accrued on investment but not collected, commission and brokerage receivable on shares and debenture and other income receivable |       | (274,411,538)           | 221,098,248             |
| Security deposit                                                                                                                          |       | (737,055)               | 54,205                  |
| Preliminary, formation and organization expenses, renovation/development expenses and prepaid expenses                                    |       | 40,376,906              | 60,520,922              |
| Branch adjustment                                                                                                                         |       | -                       | 210,369,383             |
| Inter Branch Settlement Account                                                                                                           |       | 5,358,687,436           | (7,833,419,495)         |
| Suspense Account                                                                                                                          |       | (382,214,757)           | (35,866,636)            |
| Right Of Use (ROU) Assets as per IFRS-16                                                                                                  |       | 220,320,521             | 250,922,718             |
|                                                                                                                                           |       | <b>9,152,461,123</b>    | <b>11,524,994,907</b>   |
| Deposit from other banks                                                                                                                  |       | (13,139,266,587)        | (1,525,383,911)         |
| Deposit from customers                                                                                                                    |       | 25,141,371,123          | 11,355,286,243          |
| Other liabilities                                                                                                                         |       | (2,849,643,413)         | 1,695,092,575           |
| <b>Net cash flows from operating activities</b>                                                                                           |       | <b>5,306,985,107</b>    | <b>5,126,856,627</b>    |

## Mercantile Bank PLC. and its Subsidiaries

**CONSOLIDATED CASH FLOW STATEMENT**

For the year ended 31 December 2023

| Particulars                                                                     | Notes   | Amount in BDT          |                        |
|---------------------------------------------------------------------------------|---------|------------------------|------------------------|
|                                                                                 |         | Jan-23 to Dec-23       | Jan-22 to Dec-22       |
| <b>B) Cash flows from investing activities</b>                                  |         |                        |                        |
| Brokerage House customer account                                                |         | -                      | -                      |
| (Purchase)/ sale of property, plant and equipment                               |         | (251,216,819)          | (374,057,905)          |
| (Purchase)/sale of shares                                                       |         | (297,014,331)          | (242,151,661)          |
| (Purchase)/sale of bond                                                         |         | (600,000,000)          | (150,000,000)          |
| Other investment                                                                |         | (680,000)              | (57,666,070)           |
| <b>Net cash flows from investing activities</b>                                 |         | <b>(1,148,911,150)</b> | <b>(823,875,636)</b>   |
| <b>C) Cash flows from financing activities</b>                                  |         |                        |                        |
| Receipts from issue of loan capital and debt Securities                         |         | -                      | -                      |
| Payments for redemption of loan capital and debt securities                     |         | (600,000,000)          | (600,000,000)          |
| Paid for Interest on Subordinated bond                                          |         | (88,814,136)           | (106,481,558)          |
| Received by issue of right share                                                |         | -                      | -                      |
| Dividend paid                                                                   |         | (1,084,877,878)        | (1,291,521,284)        |
| <b>Net cash flows from financing activities</b>                                 |         | <b>(1,773,692,014)</b> | <b>(1,998,002,842)</b> |
| <b>Net increase/(decrease) in cash &amp; cash equivalent (A+B+C)</b>            |         | <b>2,384,381,943</b>   | <b>2,304,978,149</b>   |
| Effects of Exchange rate changes on cash and cash equivalents                   |         | 60,148,654             | 1,218,256,824          |
| Cash and cash equivalent at beginning of the year                               |         | 21,702,193,291         | 18,178,958,318         |
| <b>Cash and cash equivalent at the end of the year</b>                          |         | <b>24,146,723,888</b>  | <b>21,702,193,291</b>  |
| <b>Net Operating Cash Flow Per Share (NOCFPS)</b>                               | 37(a)   | <b>4.80</b>            | <b>4.73</b>            |
| <b>Cash and cash equivalents at the end of the year</b>                         |         |                        |                        |
| Cash in hand (Including foreign currencies)                                     | 3(a)    | 3,579,135,234          | 3,102,890,318          |
| Balance with Bangladesh Bank & its agent bank(s) (including foreign currencies) | 3(a)    | 14,226,769,527         | 13,471,453,735         |
| Balance with other banks and financial institutions                             | 4(a)    | 5,592,856,927          | 4,175,557,538          |
| Prize Bonds                                                                     | 6.2 (b) | 4,862,200              | 4,191,700              |
| Money at call on short notice                                                   | 5(a)    | 743,100,000            | 948,100,000            |
|                                                                                 |         | <b>24,146,723,888</b>  | <b>21,702,193,291</b>  |

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



Managing Director



Director



Director



Chairman

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

Place: Dhaka, Bangladesh

Date: 16 April 2024

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

| Amount in BDT                                                          |                 |                   |                 |                                          |                            |                                    |                                             |              |                 |                          |             |                              |
|------------------------------------------------------------------------|-----------------|-------------------|-----------------|------------------------------------------|----------------------------|------------------------------------|---------------------------------------------|--------------|-----------------|--------------------------|-------------|------------------------------|
| Particulars                                                            | Paid-up Capital | Statutory Reserve | General reserve | Foreign currency translation gain/(loss) | Other Reserve              |                                    |                                             | Surplus      | Total           | Non Controlling Interest | Grand Total |                              |
|                                                                        |                 |                   |                 |                                          | Dividend Equalization Fund | Adjustment for Approved Securities | Revaluation Surplus for Fixed Assets/ Other |              |                 |                          |             | Net Balance of Other Reserve |
|                                                                        | A               | B                 | C               | D                                        | E                          | F                                  | G                                           | H=(E+F+G)    | I               | J=(A+B+C+D+H+I)          | K           | L=(J+K)                      |
| Balance as at 1 January 2023                                           | 10,848,778,780  | 9,865,589,282     | 2,450,000,000   | 37,535,635                               | 45,680,250                 | 70,690,809                         | 666,628,256                                 | 782,999,315  | 1,635,876,431   | 25,620,779,443           | 100,876,450 | 25,721,655,893               |
| Changes in accounting policy                                           | -               | -                 | -               | -                                        | -                          | -                                  | -                                           | -            | -               | -                        | -           | -                            |
| Statutory reserve                                                      | -               | 545,721,167       | -               | -                                        | -                          | -                                  | -                                           | -            | (545,721,167)   | -                        | -           | -                            |
| Coupon Interest on MBPLC                                               | -               | -                 | -               | -                                        | -                          | -                                  | -                                           | -            | (314,772,222)   | (314,772,222)            | -           | (314,772,222)                |
| Perpetual Bond                                                         | -               | -                 | -               | -                                        | -                          | -                                  | -                                           | -            | (20,286,058)    | (20,286,058)             | -           | (20,286,058)                 |
| Startup Fund                                                           | -               | -                 | -               | -                                        | -                          | -                                  | -                                           | -            | (30,000,000)    | -                        | -           | -                            |
| General reserve                                                        | -               | -                 | 30,000,000      | -                                        | -                          | -                                  | -                                           | -            | -               | -                        | -           | -                            |
| Market adjustment of approved securities (HTM)                         | -               | -                 | -               | -                                        | -                          | 133,715,777                        | 38,071,558                                  | 171,787,335  | -               | 171,787,335              | -           | 171,787,335                  |
| Surplus/deficit on account of revaluation/Reserve of properties/others | -               | -                 | -               | -                                        | -                          | -                                  | (23,016,301)                                | (23,016,301) | -               | (23,016,301)             | -           | (23,016,301)                 |
| Surplus/deficit on account of revaluation of investments               | -               | -                 | -               | -                                        | -                          | -                                  | -                                           | -            | -               | -                        | -           | -                            |
| Currency translation difference                                        | -               | -                 | -               | (33,066,382)                             | -                          | -                                  | -                                           | -            | (22,700,867)    | (55,767,249)             | -           | (55,767,249)                 |
| Net gains and losses not recognised in Income Statement                | -               | -                 | -               | -                                        | -                          | -                                  | -                                           | -            | -               | -                        | -           | -                            |
| Net profit for the period after taxation                               | -               | -                 | -               | -                                        | -                          | -                                  | -                                           | -            | 2,058,220,622   | 2,058,220,622            | 3,645,613   | 2,061,866,235                |
| Transfer                                                               | -               | -                 | -               | -                                        | -                          | -                                  | -                                           | -            | -               | -                        | -           | -                            |
| Issuance of bonus shares                                               | 216,975,570     | -                 | -               | -                                        | -                          | -                                  | -                                           | -            | (216,975,570)   | -                        | -           | -                            |
| Bonus share premium                                                    | -               | -                 | -               | -                                        | -                          | -                                  | -                                           | -            | -               | -                        | -           | -                            |
| Cash dividend                                                          | -               | -                 | -               | -                                        | -                          | -                                  | -                                           | -            | (1,084,877,878) | (1,084,877,878)          | -           | (1,084,877,878)              |
| Dividend equalization fund                                             | -               | -                 | -               | -                                        | -                          | -                                  | -                                           | -            | -               | -                        | -           | -                            |
| Non controlling share capital/profit                                   | -               | -                 | -               | -                                        | -                          | -                                  | -                                           | -            | -               | -                        | -           | -                            |
| Issue of right share                                                   | -               | -                 | -               | -                                        | -                          | -                                  | -                                           | -            | -               | -                        | -           | -                            |
| Balance as at 31.12.2023                                               | 11,065,754,350  | 10,411,310,449    | 2,480,000,000   | 4,469,253                                | 45,680,250                 | 204,406,587                        | 681,683,513                                 | 931,770,350  | 1,458,763,288   | 26,352,067,690           | 104,522,063 | 26,456,589,753               |
| Balance as at 31.12.2022                                               | 10,848,778,780  | 9,865,589,282     | 2,450,000,000   | 37,535,635                               | 45,680,250                 | 70,690,809                         | 666,628,256                                 | 782,999,315  | 1,635,876,431   | 25,620,779,443           | 100,876,450 | 25,721,655,893               |

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



**Managing Director**



**Director**



**Director**



**Chairman**

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

Place: Dhaka, Bangladesh

Date: 16 April 2024

Mercantile Bank PLC. and its Subsidiaries

## CONSOLIDATED LIQUIDITY STATEMENT ASSET AND LIABILITY MATURITY ANALYSIS

As at 31 December 2023

|                                                                                |                       | Amount in BDT         |                       |                        |                        |                        |
|--------------------------------------------------------------------------------|-----------------------|-----------------------|-----------------------|------------------------|------------------------|------------------------|
| Particulars                                                                    | Up to 1 Month         | 1-3 Months            | 3-12 Months           | 1-5 Years              | More than 5 years      | Total                  |
| <b>Assets:</b>                                                                 |                       |                       |                       |                        |                        |                        |
| Cash in hand                                                                   | 3,578,436,239         | 2,138,474,527         | 698,995               | -                      | 12,088,295,000         | 17,805,904,761         |
| Balance with other banks and financial institutions                            | 32,673,258            | 735,748,777           | 4,824,434,893         | -                      | -                      | 5,592,856,927          |
| Money at call on short notice                                                  | 743,100,000           | -                     | -                     | -                      | -                      | 743,100,000            |
| Investments                                                                    | 847,022,960           | 2,667,171,397         | 16,987,622,876        | 21,397,601,674         | 39,459,384,925         | 81,358,803,832         |
| Loans and advances/investments                                                 | 54,119,482,630        | 25,288,502,028        | 71,075,995,979        | 79,540,747,573         | 58,568,690,788         | 288,593,418,998        |
| Fixed assets including premises, furniture and fixtures                        | -                     | -                     | 440,003,881           | 3,152,288,402          | -                      | 3,592,292,283          |
| Other assets                                                                   | 3,177,808,817         | 1,562,315,190         | 1,263,539,366         | 209,226,287            | 907,725,192            | 7,120,614,851          |
| Non-banking assets Land                                                        | -                     | -                     | -                     | -                      | 45,081,332             | 45,081,332             |
| <b>Total Assets</b>                                                            | <b>62,498,523,904</b> | <b>32,392,211,918</b> | <b>94,592,295,990</b> | <b>104,299,863,936</b> | <b>111,069,177,236</b> | <b>404,852,072,983</b> |
| <b>Liabilities:</b>                                                            |                       |                       |                       |                        |                        |                        |
| Borrowing from Bangladesh Bank, other banks, financial institutions and agents | 500,000,000           | -                     | 20,381,244,791        | -                      | -                      | 20,881,244,791         |
| Deposits (Conventional and Islamic banking)                                    | 54,350,250,120        | 25,335,013,234        | 50,062,415,156        | 72,993,371,808         | 100,564,871,608        | 303,305,921,926        |
| Other accounts                                                                 | 3,573,240,118         | -                     | -                     | -                      | -                      | 3,573,240,118          |
| Non-convertible Subordinated Bond                                              | -                     | -                     | -                     | -                      | 1,200,000,000          | 1,200,000,000          |
| Mercantile Bank Perpetual Bond                                                 | -                     | -                     | -                     | -                      | 3,630,000,000          | 3,630,000,000          |
| Provision and other liabilities                                                | -                     | 367,914,694           | 18,596,735,261        | 26,840,426,440         | -                      | 45,805,076,395         |
| <b>Total Liabilities</b>                                                       | <b>58,423,490,238</b> | <b>25,702,927,928</b> | <b>89,040,395,208</b> | <b>99,833,798,248</b>  | <b>105,394,871,608</b> | <b>378,395,483,230</b> |
| <b>Net Liquidity Gap</b>                                                       | <b>4,075,033,665</b>  | <b>6,689,283,990</b>  | <b>5,551,900,782</b>  | <b>4,466,065,688</b>   | <b>5,674,305,628</b>   | <b>26,456,589,753</b>  |

Mercantile Bank PLC.

**BALANCE SHEET**

As at 31 December 2023

| Particulars                                                                        | Notes | Amount in BDT   |                 |
|------------------------------------------------------------------------------------|-------|-----------------|-----------------|
|                                                                                    |       | Dec-23          | Dec-22          |
| PROPERTY AND ASSETS                                                                |       |                 |                 |
| Cash                                                                               | 3     | 17,805,205,766  | 16,570,148,270  |
| Cash in hand (Including foreign currencies)                                        | 3.1   | 3,578,436,239   | 3,098,694,535   |
| Balance with Bangladesh Bank & its agent bank(s)<br>(including foreign currencies) | 3.2   | 14,226,769,527  | 13,471,453,735  |
| Balance with other banks and financial institutions                                | 4     | 5,562,753,516   | 4,136,152,371   |
| In Bangladesh                                                                      | 4.1   | 800,909,938     | 799,491,360     |
| Outside Bangladesh                                                                 | 4.2   | 4,761,843,578   | 3,336,661,011   |
| Money at call on short notice                                                      | 5     | 743,100,000     | 948,100,000     |
| Investments                                                                        | 6     | 79,234,927,799  | 60,561,001,474  |
| Government                                                                         | 6.4   | 70,408,991,198  | 52,632,759,204  |
| Others                                                                             | 6.5   | 8,825,936,601   | 7,928,242,270   |
| Loans and Advances/investments                                                     | 7     | 284,830,983,477 | 280,890,533,500 |
| Loans, Cash Credit, Overdraft etc/investments                                      | 7.A   | 277,197,681,334 | 267,558,520,840 |
| Bills purchased and discounted                                                     | 7.B   | 7,633,302,143   | 13,332,012,660  |
| Fixed assets including premises, furniture and fixtures                            | 8     | 3,488,149,759   | 3,760,342,927   |
| Other assets                                                                       | 9     | 10,462,835,420  | 15,425,416,838  |
| Non- banking assets                                                                | 10    | 45,081,332      | 36,772,332      |
| Total Assets                                                                       |       | 402,173,037,068 | 382,328,467,712 |
| LIABILITIES AND CAPITAL                                                            |       |                 |                 |
| Liabilities                                                                        |       |                 |                 |
| Borrowings from other banks, financial institutions and agents                     | 11    | 20,431,229,575  | 34,020,511,378  |
| Non-convertible Subordinated Bond                                                  | 11.6  | 1,200,000,000   | 1,800,000,000   |
| Mercantile Bank Perpetual Bond                                                     | 11.7  | 3,630,000,000   | 3,130,000,000   |
| Deposits and other Accounts                                                        | 12    | 306,947,953,267 | 281,792,054,757 |
| Current/ Al-wadeeah current accounts and other accounts                            | 12.1  | 107,302,215,437 | 87,917,488,526  |
| Bills Payable                                                                      | 12.2  | 3,573,240,118   | 2,620,728,107   |
| Savings Bank/Mudaraba savings bank deposits                                        | 12.3  | 35,361,551,520  | 33,314,186,636  |
| Fixed deposits/Mudaraba fixed deposits                                             | 12.4  | 117,453,408,919 | 108,426,373,475 |
| Deposit under schemes/Mudaraba deposit schemes                                     | 12.5  | 43,257,537,272  | 49,513,278,013  |
| Other Liabilities                                                                  | 13    | 43,979,382,154  | 36,310,748,577  |
| Total Liabilities                                                                  |       | 376,188,564,996 | 357,053,314,710 |
| Capital/Shareholders' Equity                                                       |       |                 |                 |
| Paid up capital                                                                    | 14.1  | 11,065,754,350  | 10,848,778,780  |
| Statutory reserve                                                                  | 15    | 10,411,310,449  | 9,865,589,282   |
| General reserve                                                                    | 15.1  | 2,480,000,000   | 2,450,000,000   |
| Other reserve                                                                      | 16    | 893,698,792     | 759,983,014     |
| Foreign currency translation gain/(loss)                                           | 16.1  | 4,469,253       | 37,535,635      |
| Surplus in Profit & Loss Account                                                   | 17    | 1,129,239,228   | 1,313,266,289   |
| Total shareholders' Equity                                                         |       | 25,984,472,072  | 25,275,153,000  |
| Total Liabilities & Shareholders' Equity                                           |       | 402,173,037,068 | 382,328,467,712 |

Mercantile Bank PLC.

**BALANCE SHEET (CONTINUED)**

As at 31 December 2023

| Particulars                                                           | Notes | Amount in BDT   |                 |
|-----------------------------------------------------------------------|-------|-----------------|-----------------|
|                                                                       |       | Dec-23          | Dec-22          |
| OFF-BALANCE SHEET ITEMS                                               |       |                 |                 |
| Contingent liabilities                                                |       |                 |                 |
| Acceptances and Endorsements                                          | 18.1  | 56,157,942,608  | 73,405,007,388  |
| Letters of Guarantee                                                  | 18.2  | 20,590,285,972  | 20,505,768,350  |
| Irrevocable Letters of Credit                                         | 18.3  | 74,388,419,485  | 64,497,529,207  |
| Bills for Collection                                                  | 18.4  | 7,407,884,455   | 9,863,892,274   |
| Other Contingent Liabilities                                          | 18.5  | -               | -               |
| Total                                                                 |       | 158,544,532,519 | 168,272,197,219 |
| Other commitments                                                     |       |                 |                 |
| Documentary credits and short term trade related transactions         | 18.6  | -               | -               |
| Forward assets purchased and forward deposits placed                  |       | 80,329          | -               |
| Undrawn note issuance and revolving underwriting facilities           |       | -               | -               |
| Undrawn formal standby facilities, credit lines and other commitments |       | -               | -               |
| Total                                                                 |       | 80,329          | -               |
| Total Off-Balance Sheet items including contingent liabilities        |       | 158,544,612,848 | 168,272,197,219 |
| Net Asset Value Per Share (NAVPS)                                     | 36    | 23.48           | 23.30           |

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


**Managing Director**

**Director**

**Director**

**Chairman**

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

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



**Md. Abu Sina, FCA**  
Senior Partner  
ICAB Enrollment No.: 619  
DVC : 2404160619AS165383

Signed for & on behalf of  
**Basu Banarjee Nath & Co.**  
Chartered Accountants



**Dipok Kumar Roy FCA**  
Partner  
ICAB Enrollment No: 1334  
DVC: 2404161334AS706825

Place: Dhaka, Bangladesh  
Date: 16 April 2024

Mercantile Bank PLC.

**PROFIT AND LOSS ACCOUNT**

For the year ended 31 December 2023

| Particulars                                                                    | Notes     | Amount in BDT         |                       |
|--------------------------------------------------------------------------------|-----------|-----------------------|-----------------------|
|                                                                                |           | Jan-23 to Dec-23      | Jan-22 to Dec-22      |
| Interest income/Profit on investment                                           | 20        | 20,123,905,677        | 18,915,858,556        |
| Interest/Profit Paid on deposits, borrowings etc.                              | 21        | 17,395,113,255        | 14,197,831,629        |
| <b>Net interest income</b>                                                     |           | <b>2,728,792,422</b>  | <b>4,718,026,927</b>  |
| Investment income                                                              | 22        | 4,741,246,773         | 4,098,541,114         |
| Commission, exchange and brokerage                                             | 23        | 4,718,114,365         | 5,038,255,645         |
| Other operating income                                                         | 24        | 1,561,135,945         | 1,502,817,974         |
| <b>Total operating income</b>                                                  |           | <b>11,020,497,083</b> | <b>10,639,614,733</b> |
|                                                                                |           | <b>13,749,289,506</b> | <b>15,357,641,660</b> |
| Salaries and allowances                                                        | 25        | 4,171,209,394         | 4,224,806,687         |
| Rent, taxes, insurances, electricity etc.                                      | 26        | 662,507,872           | 681,614,639           |
| Legal expenses                                                                 | 27        | 37,783,694            | 38,160,777            |
| Postage, stamps, telecommunication etc.                                        | 28        | 76,021,564            | 75,865,073            |
| Stationery, Printings, Advertisements etc.                                     | 29        | 359,680,467           | 385,919,123           |
| Chief Executive's Salary and fees                                              | 30        | 16,015,715            | 14,806,113            |
| Directors' fees                                                                | 31        | 4,708,000             | 4,488,000             |
| Auditors' fees                                                                 | 32        | 1,230,500             | 1,230,500             |
| Depreciation and repair of bank's assets                                       | 33        | 791,095,863           | 804,003,638           |
| Other expenses                                                                 | 34        | 2,218,632,843         | 1,987,852,966         |
| <b>Total operating expenses</b>                                                |           | <b>8,338,885,913</b>  | <b>8,218,747,514</b>  |
| <b>Profit/(Loss) before provision</b>                                          |           | <b>5,410,403,593</b>  | <b>7,138,894,146</b>  |
| Provision for loans and advances/investments including Off Balance Sheet items | 13.5      | 2,488,239,493         | 3,628,510,758         |
| Provision for diminution in value of investments in shares                     | 13.2.1(X) | 57,457,654            | -                     |
| Other provision                                                                | 13.2.1(X) | 136,100,612           | 507,800,000           |
| <b>Total provision</b>                                                         |           | <b>2,681,797,759</b>  | <b>4,136,310,758</b>  |
| <b>Total profit/(Loss) before taxes</b>                                        |           | <b>2,728,605,835</b>  | <b>3,002,583,388</b>  |
| Provision for Current Tax                                                      | 13.4.1    | 749,165,673           | 808,902,938           |
| Provision for Deferred Tax                                                     | 13.4.2    | (49,165,673)          | (8,902,938)           |
|                                                                                |           | <b>700,000,000</b>    | <b>800,000,000</b>    |
| <b>Net profit after taxation</b>                                               |           | <b>2,028,605,835</b>  | <b>2,202,583,388</b>  |
| <b>Appropriations</b>                                                          |           |                       |                       |
| Statutory reserve                                                              | 15        | 545,721,167           | 600,516,678           |
| Startup Fund                                                                   | 13.2.2    | 20,286,058            | 22,025,834            |
| General reserve                                                                | 15.1      | 30,000,000            | 200,000,000           |
| Coupon Interest on MBPLC Perpetual Bond                                        |           | 314,772,222           | 82,200,000            |
|                                                                                |           | <b>910,779,447</b>    | <b>904,742,512</b>    |
| <b>Retained surplus</b>                                                        |           | <b>1,117,826,387</b>  | <b>1,297,840,876</b>  |
| <b>Earnings per share (EPS)</b>                                                | 35        | <b>1.83</b>           | <b>1.99</b>           |

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


**Managing Director**

**Director**

**Director**

**Chairman**

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

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



**Md. Abu Sina, FCA**  
Senior Partner  
ICAB Enrollment No.: 619  
DVC : 2404160619AS165383

Place: Dhaka, Bangladesh  
Date: 16 April 2024

Signed for & on behalf of  
**Basu Banarjee Nath & Co.**  
Chartered Accountants



**Dipok Kumar Roy FCA**  
Partner  
ICAB Enrollment No: 1334  
DVC: 2404161334AS706825

Mercantile Bank PLC.

**CASH FLOW STATEMENT**

For the year ended 31 December 2023

| Particulars                                                                                                                              | Notes | Amount in BDT           |                         |
|------------------------------------------------------------------------------------------------------------------------------------------|-------|-------------------------|-------------------------|
|                                                                                                                                          |       | Jan-23 to Dec-23        | Jan-22 to Dec-22        |
| <b>A) Cash flows from operating activities</b>                                                                                           |       | <b>6,623,322,701</b>    | <b>6,404,915,694</b>    |
| Interest received                                                                                                                        |       | 18,039,572,014          | 17,098,524,453          |
| Interest paid                                                                                                                            |       | (6,982,499,809)         | (6,572,704,985)         |
| Dividends receipts                                                                                                                       |       | 36,546,409              | 151,814,276             |
| Fees and commission received                                                                                                             |       | 1,631,968,768           | 1,606,901,405           |
| Recoveries on loans previously written off                                                                                               |       | 47,129,734              | 53,715,086              |
| Payment to the employees                                                                                                                 |       | (4,171,209,394)         | (4,224,806,687)         |
| Payment to suppliers                                                                                                                     |       | (359,680,467)           | (385,919,123)           |
| Income taxes paid                                                                                                                        |       | (1,618,504,554)         | (1,322,608,731)         |
| <b>Received from other operating activities</b>                                                                                          |       | <b>9,246,138,122</b>    | <b>7,556,190,728</b>    |
| Exchange gain                                                                                                                            |       | 3,081,764,191           | 2,200,696,316           |
| Other operating income                                                                                                                   |       | 6,164,373,931           | 5,355,494,413           |
| <b>Payment for other operating activities</b>                                                                                            |       | <b>(2,925,566,441)</b>  | <b>(2,732,873,211)</b>  |
| Rent, taxes, insurances and electricity                                                                                                  |       | (585,781,549)           | (642,312,399)           |
| Legal expenses                                                                                                                           |       | (37,783,694)            | (38,160,777)            |
| Postage, stamps and telecommunication                                                                                                    |       | (75,442,451)            | (75,524,551)            |
| Auditors' fees                                                                                                                           |       | 494,500                 | 494,500                 |
| Repair and maintenance                                                                                                                   |       | (142,461,729)           | (117,827,362)           |
| Chief Executive's Salary and fees                                                                                                        |       | (16,015,715)            | (14,806,113)            |
| Directors' fees                                                                                                                          |       | (4,708,000)             | (4,488,000)             |
| Other expenses                                                                                                                           |       | (2,063,867,802)         | (1,840,248,509)         |
| <b>Operating profit before changes in operating assets and liabilities</b>                                                               |       | <b>12,943,894,382</b>   | <b>11,228,233,212</b>   |
| <b>(Increase)/ decrease in operating assets and liabilities</b>                                                                          |       | <b>(21,716,681,970)</b> | <b>(11,837,225,443)</b> |
| Trading securities                                                                                                                       |       | (17,776,231,994)        | 2,286,708,434           |
| Loans and advances to other banks                                                                                                        |       | -                       | -                       |
| Loans and advances to customers                                                                                                          |       | (3,940,449,977)         | (14,123,933,877)        |
| <b>Other assets (Item-wise)</b>                                                                                                          |       | <b>4,962,581,417</b>    | <b>(7,129,359,364)</b>  |
| <b>Income generating other assets:</b>                                                                                                   |       |                         |                         |
| <b>Investment in shares of subsidiary companies</b>                                                                                      |       |                         |                         |
| 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.                                      |       | (5,650,188)             | (3,078,700)             |
| Mercantile Bank OBU Unit                                                                                                                 |       | -                       | -                       |
| Islamic-Conv. Adjustment Account                                                                                                         |       | -                       | -                       |
| <b>Non-income generating other assets:</b>                                                                                               |       |                         |                         |
| Stationery, stamps,printing materials in stock etc                                                                                       |       | (3,619,431)             | (9,788,640)             |
| Advance rent and advertisement                                                                                                           |       | 9,829,524               | 9,828,631               |
| Interest accrued on investment but not collected,commission and brokerage receivable on shares and debenture and other income receivable |       | (274,411,538)           | 221,098,248             |
| Security deposit                                                                                                                         |       | (737,055)               | 54,205                  |
| Preliminary, formation and organization expenses, renovation/development expenses and prepaid expenses                                   |       | 40,376,906              | 60,520,922              |
| Branch adjustment                                                                                                                        |       | -                       | 210,369,383             |
| Inter Branch Settlement Account                                                                                                          |       | 5,358,687,436           | (7,833,419,495)         |
| Suspense Account                                                                                                                         |       | (382,214,757)           | (35,866,636)            |
| Right Of Use (ROU) Assets as per IFRS-16                                                                                                 |       | 220,320,521             | 250,922,718             |
|                                                                                                                                          |       | <b>9,093,004,608</b>    | <b>12,889,335,916</b>   |

Mercantile Bank PLC.

**CASH FLOW STATEMENT (CONTINUED)**

For the year ended 31 December 2023

| Particulars                                                                     | Notes   | Amount in BDT          |                        |
|---------------------------------------------------------------------------------|---------|------------------------|------------------------|
|                                                                                 |         | Jan-23 to Dec-23       | Jan-22 to Dec-22       |
| Deposit from other banks                                                        |         | (13,589,281,803)       | (1,452,679,970)        |
| Deposit from customers                                                          |         | 25,155,898,510         | 11,234,629,034         |
| Other liabilities                                                               |         | (2,473,612,100)        | 3,107,386,852          |
| <b>Net Cash flows from operating activities</b>                                 |         | <b>5,282,798,437</b>   | <b>5,150,984,320</b>   |
| <b>B) Cash flows from investing activities</b>                                  |         |                        |                        |
| (Purchase)/sale of property, plant and equipment                                |         | (158,464,357)          | (378,290,608)          |
| (Purchase)/sale of shares                                                       |         | (297,014,331)          | (242,151,661)          |
| Purchase/sale of bond                                                           |         | (600,000,000)          | (150,000,000)          |
| Other investment activities                                                     |         | (680,000)              | (57,666,070)           |
| <b>Net cash flows from investing activities</b>                                 |         | <b>(1,056,158,688)</b> | <b>(828,108,339)</b>   |
| <b>C) Cash flows from financing activities</b>                                  |         |                        |                        |
| Receipts from Issue of loan capital and debt securities                         |         | -                      | -                      |
| Payments for redemption of loan capital and debt securities                     |         | (600,000,000)          | (600,000,000)          |
| Paid for Interest on Subordinated bond                                          |         | (88,814,136)           | (106,481,558)          |
| Received by issue of right share                                                |         | -                      | -                      |
| Dividend paid                                                                   |         | (1,084,877,878)        | (1,291,521,284)        |
| <b>Net cash flows from financing activities</b>                                 |         | <b>(1,773,692,014)</b> | <b>(1,998,002,842)</b> |
| <b>Net increase/(decrease)in cash &amp; cash equivalent (A+B+C)</b>             |         | <b>2,452,947,735</b>   | <b>2,324,873,139</b>   |
| Effects of Exchange rate changes on cash and cash equivalents                   |         | 4,381,406              | 1,230,657,924          |
| Cash and cash equivalent at the beginning of the year                           |         | 21,658,592,341         | 18,103,061,278         |
| <b>Cash and cash equivalent at the end of the year</b>                          |         | <b>24,115,921,482</b>  | <b>21,658,592,341</b>  |
| <b>Net Operating Cash Flow Per Share (NOCFPS)</b>                               | 37      | <b>4.77</b>            | <b>4.75</b>            |
| <b>Cash and cash equivalents at end of the year</b>                             |         |                        |                        |
| Cash in hand (Including foreign currencies)                                     | 3.1     | 3,578,436,239          | 3,098,694,535          |
| Balance with Bangladesh Bank & its agent bank(s) (including foreign currencies) | 3.2     | 14,226,769,527         | 13,471,453,735         |
| Balance with other banks and financial institutions                             | 4       | 5,562,753,516          | 4,136,152,371          |
| Prize Bonds                                                                     | 6.2 (b) | 4,862,200              | 4,191,700              |
| Money at call on short notice                                                   | 5       | 743,100,000            | 948,100,000            |
|                                                                                 |         | <b>24,115,921,482</b>  | <b>21,658,592,341</b>  |

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



Managing Director



Director



Director



Chairman

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

Place: Dhaka, Bangladesh

Date: 16 April 2024

**Mercantile Bank PLC.**  
**STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2023

Amount in BDT

| Particulars                                                 | Paid-up capital<br>A  | Statutory reserve<br>B | General reserve<br>C | Foreign currency translation gain/(loss)<br>D | Other reserve                   |                                         |                                                 |                                         | Surplus profit/(loss)<br>I | Total<br>J=A+B+C+D+H+I |
|-------------------------------------------------------------|-----------------------|------------------------|----------------------|-----------------------------------------------|---------------------------------|-----------------------------------------|-------------------------------------------------|-----------------------------------------|----------------------------|------------------------|
|                                                             |                       |                        |                      |                                               | Dividend Equalization Fund<br>E | Adjustment for Approved Securities<br>F | Revaluation surplus for Fixed assets/Other<br>G | Net balance of other reserve<br>H=E+F+G |                            |                        |
| <b>Balance as at 1 January 2023</b>                         | <b>10,848,778,780</b> | <b>9,865,589,282</b>   | <b>2,450,000,000</b> | <b>37,535,635</b>                             | <b>45,680,250</b>               | <b>70,690,809</b>                       | <b>643,611,955</b>                              | <b>759,983,014</b>                      | <b>1,313,266,289</b>       | <b>25,275,153,000</b>  |
| Changes in accounting policy                                | -                     | -                      | -                    | -                                             | -                               | -                                       | -                                               | -                                       | -                          | -                      |
| Transfer from income of OBU                                 | -                     | -                      | -                    | -                                             | -                               | -                                       | -                                               | -                                       | -                          | -                      |
| Statutory reserve                                           | -                     | 545,721,167            | -                    | -                                             | -                               | -                                       | -                                               | -                                       | (545,721,167)              | -                      |
| Coupon interest on MBPLC Perpetual Bond                     | -                     | -                      | -                    | -                                             | -                               | -                                       | -                                               | -                                       | (314,772,222)              | (314,772,222)          |
| Startup Fund                                                | -                     | -                      | -                    | -                                             | -                               | -                                       | -                                               | -                                       | (20,286,058)               | (20,286,058)           |
| General reserve                                             | -                     | -                      | 30,000,000           | -                                             | -                               | -                                       | -                                               | -                                       | (30,000,000)               | -                      |
| Market adjustment of approved securities (HTM)              | -                     | -                      | -                    | -                                             | -                               | -                                       | -                                               | -                                       | -                          | -                      |
| Surplus/deficit on account of revaluation/                  | -                     | -                      | -                    | -                                             | -                               | -                                       | -                                               | -                                       | -                          | -                      |
| Reserve of properties                                       | -                     | -                      | -                    | -                                             | -                               | -                                       | -                                               | -                                       | -                          | -                      |
| Surplus/deficit on account of revaluation of investments    | -                     | -                      | -                    | -                                             | -                               | 133,715,777                             | -                                               | 133,715,777                             | -                          | 133,715,777            |
| Currency translation difference                             | -                     | -                      | -                    | (33,066,382)                                  | -                               | -                                       | -                                               | -                                       | -                          | (33,066,382)           |
| Net gains and losses not recognised in the income statement | -                     | -                      | -                    | -                                             | -                               | -                                       | -                                               | -                                       | -                          | -                      |
| Net profit for the period after taxation                    | -                     | -                      | -                    | -                                             | -                               | -                                       | -                                               | -                                       | 2,028,605,835              | 2,028,605,835          |
| Transfer                                                    | 216,975,570           | -                      | -                    | -                                             | -                               | -                                       | -                                               | -                                       | (216,975,570)              | -                      |
| Issuance of bonus share                                     | -                     | -                      | -                    | -                                             | -                               | -                                       | -                                               | -                                       | -                          | -                      |
| Bonus share premium                                         | -                     | -                      | -                    | -                                             | -                               | -                                       | -                                               | -                                       | -                          | -                      |
| Cash dividend                                               | -                     | -                      | -                    | -                                             | -                               | -                                       | -                                               | -                                       | (1,084,877,878)            | (1,084,877,878)        |
| Dividend equalization fund                                  | -                     | -                      | -                    | -                                             | -                               | -                                       | -                                               | -                                       | -                          | -                      |
| Issue of right share                                        | -                     | -                      | -                    | -                                             | -                               | -                                       | -                                               | -                                       | -                          | -                      |
| <b>Balance as at 31.12.2023</b>                             | <b>11,065,754,350</b> | <b>10,411,310,448</b>  | <b>2,480,000,000</b> | <b>4,469,253</b>                              | <b>45,680,250</b>               | <b>204,406,587</b>                      | <b>643,611,955</b>                              | <b>893,698,792</b>                      | <b>1,129,239,228</b>       | <b>25,984,472,072</b>  |
| <b>Balance as at 31.12.2022</b>                             | <b>10,848,778,780</b> | <b>9,865,589,282</b>   | <b>2,450,000,000</b> | <b>37,535,635</b>                             | <b>45,680,250</b>               | <b>70,690,809</b>                       | <b>643,611,955</b>                              | <b>759,983,014</b>                      | <b>1,313,266,289</b>       | <b>25,275,153,000</b>  |

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



**Managing Director**

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

Place: Dhaka, Bangladesh  
Date: 16 April 2024



**Director**



**Chairman**

## LIQUIDITY STATEMENT ASSET AND LIABILITY MATURITY ANALYSIS

As at 31 December 2023

| Particulars                                                                    | Amount in BDT         |                       |                       |                        |                        |
|--------------------------------------------------------------------------------|-----------------------|-----------------------|-----------------------|------------------------|------------------------|
|                                                                                | Up to 1<br>Month      | 1-3<br>Months         | 3-12<br>Months        | 1-5<br>Years           | More than<br>5 years   |
| <b>Assets:</b>                                                                 |                       |                       |                       |                        | <b>Total</b>           |
| Cash in hand                                                                   | 3,578,436,239         | 2,138,474,527         | -                     | -                      | 17,805,205,766         |
| Balance with other banks and financial institutions                            | 32,673,258            | 735,748,777           | 4,794,331,481         | -                      | 5,562,753,516          |
| Money at call on short notice                                                  | 743,100,000           | -                     | -                     | -                      | 743,100,000            |
| Investments                                                                    | 847,022,960           | 2,667,171,397         | 14,863,746,843        | 21,397,601,674         | 79,234,927,799         |
| Loans and advances/investments                                                 | 54,119,482,630        | 25,288,502,028        | 67,313,560,458        | 79,540,747,573         | 284,830,983,477        |
| Fixed assets including premises, furniture and fixtures                        | -                     | -                     | 440,003,881           | 3,048,145,878          | 3,488,149,759          |
| Other assets                                                                   | 3,177,808,817         | 1,562,315,190         | 1,263,539,366         | 209,226,287            | 10,462,835,420         |
| Non-banking assets Land                                                        | -                     | -                     | -                     | -                      | 45,081,332             |
| <b>Total assets</b>                                                            | <b>62,498,523,904</b> | <b>32,392,211,918</b> | <b>88,675,182,029</b> | <b>104,195,721,412</b> | <b>402,173,037,068</b> |
| <b>Liabilities:</b>                                                            |                       |                       |                       |                        |                        |
| Borrowing from Bangladesh Bank, other banks, financial institutions and agents | 500,000,000           | -                     | 19,931,229,575        | -                      | 20,431,229,575         |
| Deposits                                                                       | 54,350,250,120        | 25,335,013,234        | 45,762,415,156        | 76,013,371,808         | 303,374,713,149        |
| Other accounts                                                                 | 3,573,240,118         | -                     | -                     | -                      | 3,573,240,118          |
| Non-convertible Subordinated Bond                                              | -                     | -                     | -                     | -                      | 1,200,000,000          |
| Mercantile Bank Perpetual Bond                                                 | -                     | -                     | -                     | -                      | 3,630,000,000          |
| Provision and other liabilities                                                | -                     | 367,914,694           | 18,596,735,261        | 25,014,732,199         | 43,979,382,154         |
| <b>Total liabilities</b>                                                       | <b>58,423,490,238</b> | <b>25,702,927,928</b> | <b>84,290,379,992</b> | <b>101,028,104,007</b> | <b>376,188,564,996</b> |
| <b>Net Liquidity Gap</b>                                                       | <b>4,075,033,665</b>  | <b>6,689,283,990</b>  | <b>4,384,802,037</b>  | <b>3,167,617,405</b>   | <b>25,984,472,072</b>  |

## Mercantile Bank PLC.

**NOTES TO THE FINANCIAL STATEMENTS**

As at and for the year ended 31 December, 2023

**1.0 Legal Status of the Bank**

Mercantile Bank PLC. ("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 2023. 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). As per BRPB Circular letter # 34 dated: 27 August 2023 Mercantile Bank PLC. change its Name as Mercantile Bank PLC. At present, the Bank has 152 Branches including 1 Islamic Banking Branch, 42 Sub-branches, 187 agent banking outlets, 196 own Automated Teller Machines (ATMs), 2 Off-shore Banking Units (OBU), 45 Islamic Banking Windows and 2,695 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, 2023. It is to be mentioned here that MBPLC (Having 10% share holding) has obtained Letter of Intent (LOI) to start a Digital Banking Operation under consortium method in the name "Digi10 Bank PLC.". Apart, the establishment of another one subsidiary- namely MBPLC 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**

MBPLC 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. MBPLC 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 PLC. has started centralized 'MBPLC 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 # DCMPS/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'.

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 'MBPLC MyCash Limited'.

**1.4 Islami Banking Division**

Mercantile Bank PLC. started its Islamic banking operations through 'Window' mechanism as per Bangladesh Bank approval. Mercantile Bank Islamic Banking, the brand name of the operation is "Taqwā" in operation through 45 (Forty Five) Islamic banking windows and 01 (One) full-fledged Islamic Banking dedicated Branch. A part from this Islami Banking operation provided to customers through Islamic banking window to all non-window branches.

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 PLC. 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. MBPLC has launched agent banking service with 1 outlet in 2019, which is now 187 cross 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 PLC. |
|----------------------------------------|-----------------------------------------------|--------------------------|----------------------------------------------|
| 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

### 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 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.

### 1.6.3 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 PLC., which is also the ultimate holding company. Earlier on 17 September 2010, Mercantile Bank PLC. 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.

## 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, 2023 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.

- The Bank has complied with the requirements of following laws and regulations from various Government bodies:
- The Bank Company Act, 1991(amendment till 2023).
- The Companies Act, 1994 and amendment thereon.

- iv. Circulars, Regulations and Guidelines issued by Bangladesh Bank time to time.
- v. 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 Act 2023.
- 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, 2023 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 2023) 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.

### 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 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, 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, a general provision @ 0.25% to 2% 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 except CMSME, agricultural and micro-credits (if any) (details in Notes 2.2.3). 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

**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 recognized for such guarantee except the cash margin. However, a general provision @ 0.5% -1% is provided against such guarantees.

#### **x. Repo & Reverse 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 entity'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'.

**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)         |

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 PLC., 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, 2023. 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         | OBD            | Mercantile Bank Exchange House (UK) Ltd. |
|--------------------------|---------------|----------------|------------------------------------------|
| For Assets & Liabilities | Closing Price | USD 1=110.0000 | £1 =140.9155 BDT                         |
| For Income & Expenses    | Average Price | USD 1=107.8084 | £1= 138.7230 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.

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 period 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 year.

## 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, 2023:

| Currency | BDT      |
|----------|----------|
| USD 1=   | 110.0000 |
| GBP 1=   | 140.9155 |
| EURO 1=  | 122.2870 |
| JYEN 1=  | 0.7787   |

Other foreign currency related transactions have been converted by using the rate of exchange prevailing on the dates of such transactions.

### 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 OBDs are translated at historical rate, as the OBDs are considered as an integral part of the Bank's operation not a foreign operation due to specific regulations governing the OBD 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.

### 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, 2023 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 year financial statements. Previous year have been rearranged whenever considered necessary to ensure comparability with the current year.

### 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, MBPLC also follows IAS-7 for areas not covered in the above circular.

### 2.1.12 Branch accounting

The bank has 152 branches and 42 Sub-branches as on 31 December, 2023. Accounts of the branches and sub-branches are maintained at the Branch/Sub-branches 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, 2023 under the presented format of BRPD Circular # 14 dated 25 June 2003. MBPLC has prepared its liquidity statement on following basis:

| Items                                                                                     | On the basis of                                               |
|-------------------------------------------------------------------------------------------|---------------------------------------------------------------|
| Balance with other Banks and financial institutions, money at call and short notice, etc. | maturity term                                                 |
| Investments                                                                               | respective maturity                                           |
| Loans and advances/ investments                                                           | repayment schedules                                           |
| Fixed assets                                                                              | useful lives                                                  |
| Other assets                                                                              | realizations/ amortizations                                   |
| Non- banking assets Land                                                                  | useful lives                                                  |
| Borrowing from other banks, financial institutions and agents etc.                        | maturities/ repayment terms                                   |
| Deposits and other accounts                                                               | Maturity term and past trend of withdrawal by the depositors. |
| Other long term liability                                                                 | Maturity term                                                 |
| Provisions and other liabilities                                                          | payments/ adjustments schedule                                |

### 2.1.14 Reporting Period

These financial statements cover from 1 January, 2023 to 31 December, 2023.

### 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 year 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, 2023 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 year 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)= 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:<br>in case of $MV \geq NAVCMP * 0.85$ , then $RP = CP - MV$ or<br>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                                                                                       |

## 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

- Loans and Advances/investments are stated in the balance sheet on gross basis.
- 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.
- Commission and discounts on bills purchased and discounted are recognized at the time of realization.
- Provision for loans and advances/investment is made on the basis of year 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) and Instruction Circular Letter No. 2969 dated 22 December, 2022. The rates of provision for loans and advances are given below:

### Rate of Provision for Unclassified Loans and Advances/Investments

| Particulars                                                                                                                                                                                                                                                                                | 31.12.23 | 31.12.22 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|----------|
| 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                                                           | 31.12.23 | 31.12.22 |
|-----------------------------------------------------------------------|----------|----------|
| 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                                                | 31.12.23 | 31.12.22 |
|------------------------------------------------------------|----------|----------|
| 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%     |

**Rate of provision for cottage, micro, small and medium enterprise (CMSME)**

| Particulars                                                            | 31.12.23 | 31.12.22 |
|------------------------------------------------------------------------|----------|----------|
| 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                            | 31.12.23 | 31.12.22 |
|----------------------------------------|----------|----------|
| 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 recognized 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:

- its purchase price, including import duties and non refundable purchase tax, after deducting trade discount and rebates.
- 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.
- 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 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.

#### **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 PLC. 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. 04 dated 12 April, 2022.

## 2.2.9 Inventories

Inventories are measured at the lower of cost and net realizable value.

### 2.2.10 Lease

Mercantile Bank PLC. 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 year 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.

In addition, incremental borrowing rate has considered at the rate of 5%.

### 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 as well as Bank internal valuation committee 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.

#### 2.4.1 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.

#### 2.4.2 Mercantile Bank Perpetual Bond

In consideration of Bank proposal for issuance of Perpetual Bond to have capital support under Tier-I core capital following "Guideline on Risk based capital Adequacy" (revised regulatory capital framework for banks in line with Basel-III), Bangladesh Securities and Exchange Commission has given consent vide their letter # BSEC/CI/DS-145/2021/823 dated May 24, 2022 for issuance of Perpetual Bond for BDT 500.00 crore (through Private Placement (90%) of BDT 450.00 crore and Public Placement (10%) of BDT 50.00 crore). Earlier Bangladesh Bank has also approved of the above issue vide their letter # BRPD (BFIS) 661/14B(P)/2021-11665 dated December 14, 2021. Bank has subscribed Perpetual Bond amounting for BDT 363 crore from private & Public placement as on 31 December, 2023.

### 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.

#### 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 11th year to 25th year, 02 (two) months 'basic' pay for each completed year of service. |
|                                              | Total entitlement maximum of 40 (forty) months 'basic' pay.                                  |

##### Welfare Fund

Mercantile Bank PLC. 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.

### **Incentive Bonus**

Mercantile Bank PLC. 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 PLC. 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 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 Act 2023 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

### 2.8 Statutory Reserve

As per the provision of section 24 of the Bank Company Act 1991 (as amended up to 2023), the Bank requires to transfer 20% of its current period profit before tax to reserve until such reserve equals to its paid up capital. Accordingly, Bank has transferred requisite portion of current period 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.

#### 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.

**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 PLC. 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 MBPLC Foundation**

Mercantile Bank PLC. 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 PLC. Foundation since 2000.

**2.12 Operating Segments**

Segmental information is presented in respect of Mercantile Bank PLC. 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 PLC. 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 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 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.

##### **Operating Environment:**

The Bank's operating environment during the year ended 31 December 2023 were impacted by a number of major global events such as continuation of COVID 19 related disruptions, ongoing Russia-Ukraine conflict, increase in fuel and commodity prices, strengthening of US Dollars, etc. Most of these events also had significant impact on the local economic environment affecting the Bank's operation. From time to time, The Government of Bangladesh and the central Bank has issued various directives to manage impacts from these events which the bank has followed. Top Management on regular basis review and monitor the global and country specific macro-economic situation and consider these issues into the decision making process

#### 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/sub-branches and departments/divisions of the Head Office at least once in a year. While auditing branches/sub-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 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 MBPLC 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 MBPLC
- 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.
- MBPLC 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 year.

#### Diluted Earnings per Share

Diluted earnings per share are calculated as dilution has been occurred during the year.

### 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 PLC. 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  |
| Regulatory Deferral Accounts                                | 14      | N/A      |
| Revenue from contracts with customers                       | 15      | Applied  |
| Leases                                                      | 16      | Applied* |
| Insurance Contracts                                         | 17      | N/A      |

\*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.

\*\* As the regulatory requirements differ with the standards, relevant disclosures have been made in accordance with Bangladesh Bank's requirements (please see note 2.2 & Annexure F-1).

#### Standard issued but not yet effective

The following new standards and amendments to standards are effective beginnings after 1st January 2023 and earlier application is permitted, but MBPLC has not early adopted. However, none of these new and amended standards are expected to have a significant impact on the Bank's financial statements.

- IFRS 17 Insurance contracts and amendments to IFRS 17 insurance contracts.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practices Statement 2).
- Definition of Accounting Estimates (Amendments to IAS 8).
- Deferred Tax related to Assets and Liabilities arising from a single Transaction (Amendments to IAS 12)
- Lease liability in a sale and Leaseback (Amendments to IFRS 16)
- Classification of Liabilities as current or Non-Current (Amendments to IAS-1)

## 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 at the time of applying for new loan facility 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 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 the year ended on 31 December, 2023 on April 16, 2024

## 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 PLC. CRISL rated the Mercantile Bank PLC. 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 PLC. 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 28 May, 2023 to 28 May, 2024.

### 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 PLC. 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 years presentation.

[illegible]

|                                                                                                                                                                                                   |  | Amount in BDT         |                       |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|-----------------------|-----------------------|
|                                                                                                                                                                                                   |  | Dec-23                | Dec-22                |
| <b>b-ii) Statutory Liquidity Ratio (SLR): 5.5% of average demand and time liabilities:</b>                                                                                                        |  |                       |                       |
| <b>Islamic Banking</b>                                                                                                                                                                            |  |                       |                       |
| Required reserve                                                                                                                                                                                  |  | 572,351,000           | 345,125,000           |
| Actual reserve held with Bangladesh Bank                                                                                                                                                          |  | 624,436,690           | 384,802,670           |
| <b>Surplus on SLR</b>                                                                                                                                                                             |  | <b>52,085,690</b>     | <b>39,677,670</b>     |
| <b>3.4 Held for Statutory Liquidity Ratio</b>                                                                                                                                                     |  |                       |                       |
| <b>a-i). Conventional banking</b>                                                                                                                                                                 |  |                       |                       |
| Cash in hand                                                                                                                                                                                      |  | 3,550,577,552         | 3,066,243,865         |
| Surplus of CRR                                                                                                                                                                                    |  | 254,833,750           | 2,115,247,190         |
| Balance with Sonali Bank as an agent of BB                                                                                                                                                        |  | 254,612,740           | 357,603,273           |
| Held for Trading (HFT)                                                                                                                                                                            |  | 10,726,543,290        | 5,132,179,227         |
| Held to Maturity (HTM)                                                                                                                                                                            |  | 54,357,123,438        | 46,759,830,233        |
| Other Securities                                                                                                                                                                                  |  | 315,472,200           | 314,801,693           |
|                                                                                                                                                                                                   |  | <b>69,459,162,970</b> | <b>57,745,905,480</b> |
| <b>a-ii). Islamic banking</b>                                                                                                                                                                     |  |                       |                       |
| Cash in hand                                                                                                                                                                                      |  | 27,858,687            | 32,450,670            |
| Surplus of CRR                                                                                                                                                                                    |  | 302,438,000           | 58,212,000            |
| Balance with Sonali Bank as an agent of BB                                                                                                                                                        |  | -                     | -                     |
| Held for Trading (HFT)                                                                                                                                                                            |  | -                     | -                     |
| Held to Maturity (HTM)                                                                                                                                                                            |  | -                     | -                     |
| Other Securities                                                                                                                                                                                  |  | 294,140,003           | 294,140,000           |
|                                                                                                                                                                                                   |  | <b>624,436,690</b>    | <b>384,802,670</b>    |
| * We have maintained the average amount of last fortnightly balance as per MPD Circular # 3 dated 09 April 2020 in actual reserve held with Bangladesh Bank in section 3.3 (a-i) as on 31.12.2023 |  |                       |                       |
| <b>3.5 Maturity grouping of cash</b>                                                                                                                                                              |  |                       |                       |
| <b>Maturity-wise groupings (inside and outside Bangladesh)</b>                                                                                                                                    |  |                       |                       |
| Payable on demand                                                                                                                                                                                 |  | 17,805,205,766        | 16,570,148,270        |
| 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                                                                                                                                                                               |  | -                     | -                     |
|                                                                                                                                                                                                   |  | <b>17,805,205,766</b> | <b>16,570,148,270</b> |
| <b>3(a) Consolidated Cash</b>                                                                                                                                                                     |  |                       |                       |
| <b>Cash in hand (Including foreign currencies)</b>                                                                                                                                                |  |                       |                       |
| Mercantile Bank PLC.                                                                                                                                                                              |  | 3,578,436,239         | 3,098,694,535         |
| Mercantile Bank Securities Limited                                                                                                                                                                |  | 520,206               | 419,591               |
| MBL Asset Management Limited                                                                                                                                                                      |  | 5,040                 | 165                   |
| Mercantile Exchange House (UK) Limited                                                                                                                                                            |  | 173,749               | 3,776,028             |
|                                                                                                                                                                                                   |  | <b>3,579,135,234</b>  | <b>3,102,890,318</b>  |
| <b>Balance with Bangladesh Bank and its agent bank. (Including foreign currencies)</b>                                                                                                            |  |                       |                       |
| Mercantile Bank PLC.                                                                                                                                                                              |  | 14,226,769,527        | 13,471,453,735        |
| Mercantile Bank Securities Limited                                                                                                                                                                |  | -                     | -                     |
| MBL Asset Management Limited                                                                                                                                                                      |  | -                     | -                     |
| Mercantile Exchange House (UK) Limited                                                                                                                                                            |  | -                     | -                     |
|                                                                                                                                                                                                   |  | <b>14,226,769,527</b> | <b>13,471,453,735</b> |
|                                                                                                                                                                                                   |  | <b>17,805,904,761</b> | <b>16,574,344,053</b> |

|             |                                                                | Amount in BDT      |                    |
|-------------|----------------------------------------------------------------|--------------------|--------------------|
|             |                                                                | Dec-23             | Dec-22             |
| <b>4.</b>   | <b>Balance with other banks and financial institutions</b>     |                    |                    |
| <b>4.1</b>  | <b>In Bangladesh</b>                                           |                    |                    |
| <b>A</b>    | <b>Current accounts</b>                                        |                    |                    |
|             | <b>Conventional banking</b>                                    |                    |                    |
|             | Sonali Bank PLC                                                | 50,909             | 50,909             |
|             | Agrani Bank PLC.                                               | 12,878,767         | 7,088,688          |
|             | Janata Bank PLC.                                               | 9,329,946          | 34,730,310         |
|             | United Commercial Bank PLC.                                    | 1,442              | 2,000,919          |
|             | Standard Bank Limited                                          | 2,000,000          | 2,000,000          |
|             | Bangladesh Commerce Bank Limited                               | 1,000,000          | 1,000,000          |
|             | Al Arafah Islami Bank Limited                                  | 2,500,000          | 2,500,000          |
|             | National Bank Limited                                          | 4,912,194          | 6,501,864          |
|             | <b>Total Current Deposit</b>                                   | <b>32,673,258</b>  | <b>55,872,690</b>  |
| <b>B</b>    | <b>Short-Notice Deposits accounts</b>                          |                    |                    |
| <b>I.</b>   | <b>Conventional banking</b>                                    |                    |                    |
|             | Standard Chartered (VISA settlement)                           | 33,911,848         | 16,235,138         |
|             | Trust Bank Limited (Q-CASH settlement )                        | 19,991,680         | 19,932,117         |
|             | National Bank Limited                                          | 1,459,094          | 31,115,568         |
|             | Agrani Bank PLC.                                               | 22,428,120         | 42,667,948         |
|             | South East Bank Limited                                        | 33,258             | 38,213             |
|             | Islami Bank Limited                                            | 8,519,576          | 2,040,678          |
|             |                                                                | <b>86,343,577</b>  | <b>112,029,663</b> |
| <b>II.</b>  | <b>Islamic banking</b>                                         |                    |                    |
|             | Islami Bank Bangladesh Limited                                 | 102,109            | 100,910            |
|             | EXIM Bank Limited                                              | 300,000,000        | -                  |
|             | Shahjalal Islami Bangladesh Limited                            | 99,086             | 99,289             |
|             |                                                                | <b>300,201,195</b> | <b>200,199</b>     |
| <b>III.</b> | <b>Off-shore Banking Division</b>                              | 349,204,005        | 523,105,299        |
|             | <b>Total Short-Notice Deposits accounts B (I+II+III)</b>       | <b>735,748,777</b> | <b>635,335,161</b> |
|             | <b>Total Current accounts &amp; Short-Notice Deposit (A+B)</b> | <b>768,422,034</b> | <b>691,207,851</b> |
| <b>C</b>    | <b>Fixed deposit accounts</b>                                  |                    |                    |
| <b>I.</b>   | <b>Conventional banking</b>                                    |                    |                    |
|             | Bengal Commercial Bank Limited                                 | -                  | 50,000,000         |
|             |                                                                | -                  | 50,000,000         |
| <b>II.</b>  | <b>Islamic banking</b>                                         |                    |                    |
|             |                                                                | -                  | -                  |
|             |                                                                | -                  | -                  |
|             | <b>Total Fixed deposit accounts C(I+II)</b>                    | <b>-</b>           | <b>50,000,000</b>  |
| <b>D</b>    | <b>Financial institutions</b>                                  |                    |                    |
|             | <b>Conventional banking</b>                                    |                    |                    |
|             | PFI Securities Limited                                         | 1,503              | 1,503              |
|             | Bay Leasing and Investment Limited                             | 20,000,000         | 30,000,000         |
|             | Meridian Finance & Investment Limited                          | 12,000,000         | 28,000,000         |
|             | Mercantile Bank PLC. (Code-100)                                | 350,478            | 120,544            |
|             | Mercantile Bank PLC. (Code-468)                                | 14,692             | 15,142             |
|             | Mercantile Bank PLC.-SFCM (Code-4814)                          | 121,231            | 146,320            |
|             | <b>Total Financial Institutions</b>                            | <b>32,487,903</b>  | <b>58,283,509</b>  |
|             | <b>Total (A+B+C+D)</b>                                         | <b>800,909,938</b> | <b>799,491,360</b> |

|      |                                                                                                                    | Amount in BDT         |               |               |
|------|--------------------------------------------------------------------------------------------------------------------|-----------------------|---------------|---------------|
|      |                                                                                                                    | Dec-23                | Dec-22        |               |
| 4.2  | Outside Bangladesh (Nostro accounts)                                                                               |                       |               |               |
|      | Conventional banking                                                                                               |                       |               |               |
|      | Currency / Rate(Dec'23)                                                                                            |                       |               |               |
|      | Standard Chartered Bank, New York                                                                                  | USD / 110.0000        | 1,535,757,055 | 1,077,144,293 |
|      | Mashreq Bank, New York                                                                                             | USD / 110.0000        | 989,521,245   | 1,333,599,239 |
|      | Wells Fargo Bank, New York                                                                                         | USD / 110.0000        | 405,665,043   | 108,429,242   |
|      | Commerzbank, Frankfurt                                                                                             | USD / 110.0000        | 11,513,132    | 2,023,438     |
|      | Citi Bank NA, New York                                                                                             | USD / 110.0000        | 76,907,850    | 5,662,842     |
|      | Zhejiang Chouzhou Comm. Bank- USD                                                                                  | USD / 110.0000        | 3,665,795     | 737,382       |
|      | Standard Chartered Bank ,London                                                                                    | GBP /140.9155         | 76,777,654    | 176,362,099   |
|      | Standard Chartered Bank, Tokyo                                                                                     | Japanees Yen/0.7787   | 1,779,192     | 462,360       |
|      | Arab Bangladesh Bank Limited., Mumbai                                                                              | ACU/USD 110.0000      | 167,281,506   | 27,757,433    |
|      | Commerzbank, Frankfurt                                                                                             | EURO / 122.2870       | 12,301,642    | 385,889,896   |
|      | Standard Chartered Bank, Frankfurt                                                                                 | EURO / 122.2870       | 1,457,239     | 1,529,787     |
|      | Hatton National Bank, Colombo                                                                                      | ACU/USD 110.0000      | 7,630         | 7,165         |
|      | Bank of Bhutan, Phuentsholing                                                                                      | ACU/USD 110.0000      | 309,770       | 1,119,198     |
|      | Sonali Bank, Kolkata                                                                                               | ACU/USD 110.0000      | 9,070,170     | 178,525       |
|      | Punjab National Bank - ACU (Former United Bank Of India)                                                           | ACU/USD 110.0000      | 13,424,743    | 723,494       |
|      | Hdfc Bank Limited Mumbai - ACU                                                                                     | ACU/USD 110.0000      | 44,996,456    | 12,987,469    |
|      | Nepal BD Bank Limited., Kathmandu                                                                                  | ACU/USD 110.0000      | 867,281       | 786,542       |
|      | Standard Chartered Bank, Mumbai                                                                                    | ACU/USD 110.0000      | 60,406,590    | 68,621,678    |
|      | Meezan Bank Ltd.Karachi,(Former HSBC,Karachi )                                                                     | ACU/USD 110.0000      | 40,453,622    | 4,031,257     |
|      | ICICI, Mumbai                                                                                                      | ACU/USD 110.0000      | 26,381,607    | 4,852,957     |
|      | Habib Bank AG Zurich                                                                                               | Swiss Franc /130.9602 | 1,544,575     | 6,582,884     |
|      | Mashreq Bank, Mumbai                                                                                               | ACU/USD 110.0000      | 106,948,307   | 3,341,420     |
|      | Habib American Bank, New York                                                                                      | USD / 110.0000        | 16,796,369    | 931,862       |
|      | JP Morgan Chase Bank NY                                                                                            | USD / 110.0000        | 1,048,059,926 | 74,169,051    |
|      | Habib Metropolitan Bank                                                                                            | ACU/USD 110.0000      | 12,484,055    | 1,669,559     |
|      | AXIS Bank Limited                                                                                                  | ACU/USD 110.0000      | 34,792,700    | 8,857,074     |
|      | Bank of Huzhou Company Limited                                                                                     | CNY/ 15.4520          | 155,199       | 148,411       |
|      | EMIRATES NBD BANK (P.J.S.C) - ACU                                                                                  | ACU/USD 110.0000      | 3,410,059     | -             |
|      | Zhejiang Chouzhou Comm. Bank                                                                                       | CNY/ 15.4520          | 52,424,642    | 1,477,140     |
|      | Mashreq Bank Dubai                                                                                                 | Dirham/AED 29.9499    | 6,682,526     | 26,577,314    |
|      | Total Outside Bangladesh (Nostro accounts)                                                                         |                       | 4,761,843,578 | 3,336,661,011 |
|      | Grand Total (Note 4.1 & Note 4.2)                                                                                  |                       | 5,562,753,516 | 4,136,152,371 |
| 4.3  | Remaining maturity grouping of balance with other banks and financial Institutions (inside and outside Bangladesh) |                       |               |               |
|      | Payable on demand                                                                                                  |                       | 768,422,034   | 691,207,851   |
|      | Up to 1 (one) month                                                                                                |                       | -             | -             |
|      | Over 1 (one) month but not more than 3 (three) months                                                              |                       | 4,761,843,578 | 3,386,661,011 |
|      | Over 3 (three) months but not more than 1 (one) year                                                               |                       | 32,487,903    | 58,283,509    |
|      | Over 1 (one) year but not more than 5 (five) years                                                                 |                       | -             | -             |
|      | Over 5 (five) years                                                                                                |                       | -             | -             |
|      |                                                                                                                    |                       | 5,562,753,516 | 4,136,152,371 |
| 4(a) | Consolidated Balance with Other Banks and Financial Institutions In Bangladesh                                     |                       |               |               |
|      | Mercantile Bank PLC.                                                                                               |                       | 800,909,938   | 799,491,360   |
|      | Mercantile Bank Securities Limited                                                                                 |                       | 253,455,052   | 178,260,660   |
|      | MBL Asset Management Limited                                                                                       |                       | 5,965,551     | 10,997,348    |
|      | Mercantile Exchange House (UK) Limited                                                                             |                       | -             | -             |
|      |                                                                                                                    |                       | 1,060,330,541 | 988,749,368   |
|      | Inter Company Transaction                                                                                          |                       | (232,548,666) | (149,852,842) |
|      |                                                                                                                    |                       | 827,781,875   | 838,896,526   |

|                                                                              |  | Amount in BDT         |                       |
|------------------------------------------------------------------------------|--|-----------------------|-----------------------|
|                                                                              |  | Dec-23                | Dec-22                |
| <b>Outside Bangladesh (Nostro Accounts)</b>                                  |  |                       |                       |
| Mercantile Bank PLC.                                                         |  | 4,761,843,578         | 3,336,661,011         |
| Mercantile Bank Securities Limited                                           |  | -                     | -                     |
| MBL Asset Management Limited                                                 |  | -                     | -                     |
| Mercantile Exchange House (UK) Limited                                       |  | 3,231,474             | -                     |
|                                                                              |  | <b>4,765,075,052</b>  | <b>3,336,661,011</b>  |
|                                                                              |  | <b>5,592,856,927</b>  | <b>4,175,557,538</b>  |
| <b>5. Money at call on short notice</b>                                      |  |                       |                       |
| <b>Bank:</b>                                                                 |  |                       |                       |
| Southeast Bank Limited                                                       |  | -                     | -                     |
| NCC Bank PLC.                                                                |  | 495,000,000           | -                     |
| Janata Bank PLC.                                                             |  | -                     | 500,000,000           |
| Community Bank Limited                                                       |  | -                     | 200,000,000           |
|                                                                              |  | <b>495,000,000</b>    | <b>700,000,000</b>    |
| <b>Financial Institution:</b>                                                |  |                       |                       |
| FAS Finance & Investment Limited                                             |  | 145,000,000           | 145,000,000           |
| International Leasing & Financial Services Limited                           |  | 103,100,000           | 103,100,000           |
|                                                                              |  | <b>248,100,000</b>    | <b>248,100,000</b>    |
|                                                                              |  | <b>743,100,000</b>    | <b>948,100,000</b>    |
| <b>5(a) Consolidated money at call on short notice</b>                       |  |                       |                       |
| Mercantile Bank PLC.                                                         |  | 743,100,000           | 948,100,000           |
| Mercantile Bank Securities Limited                                           |  | -                     | -                     |
| MBL Asset Management Limited                                                 |  | -                     | -                     |
| Mercantile Exchange House (UK) Limited                                       |  | -                     | -                     |
|                                                                              |  | <b>743,100,000</b>    | <b>948,100,000</b>    |
| <b>6. Investments</b>                                                        |  |                       |                       |
| <b>Conventional and Islamic banking</b>                                      |  |                       |                       |
| Government Securities (Note- 6.1)                                            |  | 70,408,991,198        | 52,632,759,204        |
| Other investments (Note- 6.5)                                                |  | 8,825,936,601         | 7,928,242,270         |
|                                                                              |  | <b>79,234,927,799</b> | <b>60,561,001,474</b> |
| <b>6.1 Government Securities: Classified as per Bangladesh Bank circular</b> |  |                       |                       |
| <b>Conventional banking</b>                                                  |  |                       |                       |
| Held for trading (HFT)                                                       |  | 10,726,543,290        | 5,132,179,227         |
| Held to maturity (HTM)                                                       |  | 54,357,123,438        | 46,759,830,233        |
| Other securities                                                             |  | 5,031,184,470         | 446,609,744           |
|                                                                              |  | <b>70,114,851,198</b> | <b>52,338,619,204</b> |
| <b>Islamic banking</b>                                                       |  |                       |                       |
| Islamic Banking (BGIB-6 Months, SUKUK-5 Years) Bond                          |  | 294,140,000           | 294,140,000           |
|                                                                              |  | <b>294,140,000</b>    | <b>294,140,000</b>    |
|                                                                              |  | <b>70,408,991,198</b> | <b>52,632,759,204</b> |
| <b>6.2 Government Securities: Classified as per nature</b>                   |  |                       |                       |
| <b>Conventional banking</b>                                                  |  |                       |                       |
| a) Government securities:                                                    |  |                       |                       |
| 14 days Treasury Bill                                                        |  | -                     | -                     |
| 91 days BB Bills                                                             |  | 3,401,787,951         | 2,192,979,191         |
| 182 days BB Bills                                                            |  | 579,097,132           | 759,968,869           |
| 364 days BB Bills                                                            |  | 3,565,088,496         | -                     |
|                                                                              |  | <b>7,545,973,579</b>  | <b>2,952,948,060</b>  |
| <b>b) Government bonds:</b>                                                  |  |                       |                       |
| 2 Years Treasury Bond                                                        |  | 12,433,397,613        | 1,486,133,856         |
| 5 Years Treasury Bond                                                        |  | 5,409,840,318         | 2,915,136,535         |
| 10 Years Treasury Bond                                                       |  | 14,819,808,761        | 14,973,475,068        |
| 15 Years Treasury Bond                                                       |  | 8,867,210,881         | 8,919,278,186         |
| 20 Years Treasury Bond                                                       |  | 21,033,757,847        | 21,087,455,799        |
| Prize Bonds                                                                  |  | 4,862,200             | 4,191,700             |
|                                                                              |  | <b>62,568,877,619</b> | <b>49,385,671,144</b> |
| <b>Total (a+b)</b>                                                           |  | <b>70,114,851,198</b> | <b>52,338,619,204</b> |
| <b>Islamic banking</b>                                                       |  |                       |                       |

|                                                                                                                    |                                                                     | Amount in BDT         |                       |
|--------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|-----------------------|-----------------------|
|                                                                                                                    |                                                                     | Dec-23                | Dec-22                |
| <b>a) Islamic Banking Bond:</b>                                                                                    |                                                                     |                       |                       |
| Islamic Banking BGIB Bond for 6 Months                                                                             |                                                                     | -                     | -                     |
| Islamic Banking SUKUK Bond for 5 Years                                                                             |                                                                     | 294,140,000           | 294,140,000           |
|                                                                                                                    |                                                                     | <b>294,140,000</b>    | <b>294,140,000</b>    |
| <b>Total</b>                                                                                                       |                                                                     | <b>70,408,991,198</b> | <b>52,632,759,204</b> |
| Note:- Value of securities as on 31.12.2023 are also adjusted with the values determined by mark-to-market method. |                                                                     |                       |                       |
| <b>6.3</b>                                                                                                         | <b>Government Securities: Maturity grouping wise</b>                |                       |                       |
|                                                                                                                    | <b>Conventional and Islamic banking</b>                             |                       |                       |
|                                                                                                                    | Payable on demand                                                   | 4,862,200             | 4,191,700             |
|                                                                                                                    | Up to 1 (one) month                                                 | 842,160,760           | 750,201,144           |
|                                                                                                                    | Over 1 (one) month but not more than 3 (three) months               | 2,667,171,397         | 1,777,017,659         |
|                                                                                                                    | Over 3 (three) months but not more than 1 (one) year                | 6,037,810,242         | 759,710,452           |
|                                                                                                                    | Over 1 (one) year but not more than 5 (five) years                  | 21,397,601,674        | 9,656,473,035         |
|                                                                                                                    | Over 5 (five) years                                                 | 39,459,384,925        | 39,685,165,214        |
|                                                                                                                    |                                                                     | <b>70,408,991,198</b> | <b>52,632,759,204</b> |
| <b>6.4</b>                                                                                                         | <b>Government securities: Aging as per Bangladesh Bank Circular</b> |                       |                       |
|                                                                                                                    | Conventional banking                                                |                       |                       |
| <b>A.</b>                                                                                                          | <b>Held for Trading (HFT) securities</b>                            |                       |                       |
|                                                                                                                    | 14 days Treasury Bills                                              | -                     | -                     |
|                                                                                                                    | 91 days Treasury Bills                                              | -                     | 2,192,979,191         |
|                                                                                                                    | 182 days Treasury Bills                                             | 9,945,950             | 759,968,869           |
|                                                                                                                    | 364 days Treasury Bills                                             | 2,952,123,403         | -                     |
|                                                                                                                    | 2 Years Treasury Bond                                               | 7,480,360,811         | 1,486,133,856         |
|                                                                                                                    | 5 Years Treasury Bond                                               | 114,147,055           | 497,461,767           |
|                                                                                                                    | 10 Years Treasury Bond                                              | 106,886,074           | 120,617,044           |
|                                                                                                                    | 15 Years Treasury Bond                                              | 1,596,312             | 1,788,788             |
|                                                                                                                    | 20 Years Treasury Bond                                              | 61,483,685            | 73,229,712            |
|                                                                                                                    |                                                                     | <b>10,726,543,290</b> | <b>5,132,179,227</b>  |
| <b>B.</b>                                                                                                          | <b>Held to Maturity (HTM) securities</b>                            |                       |                       |
|                                                                                                                    | 2 Years Treasury Bond                                               | 4,953,036,802         | -                     |
|                                                                                                                    | 5 Years Treasury Bond                                               | 5,295,693,263         | 2,417,674,768         |
|                                                                                                                    | 10 Years Treasury Bond                                              | 14,712,922,687        | 14,852,858,023        |
|                                                                                                                    | 15 Years Treasury Bond                                              | 8,865,614,568         | 8,917,489,399         |
|                                                                                                                    | 20 Years Treasury Bond                                              | 20,529,856,118        | 20,571,808,043        |
|                                                                                                                    |                                                                     | <b>54,357,123,438</b> | <b>46,759,830,233</b> |
| <b>C.</b>                                                                                                          | <b>Other Securities</b>                                             |                       |                       |
|                                                                                                                    | * Encumbered Treasury Bond (20 years)-lien with Bangladesh Bank     | 131,808,044           | 131,808,044           |
|                                                                                                                    | Encumbered Treasury Bill (Assured Liquidity Support)                | 4,583,904,226         | -                     |
|                                                                                                                    | Sukook Bond                                                         | 310,610,000           | 310,610,000           |
|                                                                                                                    | Prize Bonds                                                         | 4,862,200             | 4,191,700             |
|                                                                                                                    |                                                                     | <b>5,031,184,470</b>  | <b>446,609,744</b>    |
|                                                                                                                    | Total (A+B+C))                                                      | <b>70,114,851,198</b> | <b>52,338,619,204</b> |
|                                                                                                                    | <b>Islamic banking</b>                                              |                       |                       |
| <b>A.</b>                                                                                                          | <b>Islamic Banking (BGIB-6 Months, SUKUK-5 Years) Bond</b>          | <b>294,140,000</b>    | <b>294,140,000</b>    |
|                                                                                                                    |                                                                     | <b>294,140,000</b>    | <b>294,140,000</b>    |
|                                                                                                                    | <b>Total</b>                                                        | <b>70,408,991,198</b> | <b>52,632,759,204</b> |

\* 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

|            |                                                            | Amount in BDT        |                      |
|------------|------------------------------------------------------------|----------------------|----------------------|
|            |                                                            | Dec-23               | Dec-22               |
| <b>6.5</b> | <b>Others Investments</b>                                  |                      |                      |
| <b>A.</b>  | <b>Conventional banking</b>                                |                      |                      |
|            | <b>Investment in shares:</b>                               |                      |                      |
|            | <b>a) Quoted:</b>                                          |                      |                      |
|            | IDLC                                                       | 148,359,099          | 148,359,099          |
|            | ITCL                                                       | 10,000,000           | 10,000,000           |
|            | ACI                                                        | 31,857,404           | 27,928,035           |
|            | Al-Madina Pharmaceuticals Limited                          | -                    | -                    |
|            | Navana CNG                                                 | 3,488,726            | 3,488,726            |
|            | National Bank PLC.                                         | 5,729,116            | 5,729,116            |
|            | Prime Finance                                              | 8,517,764            | 8,517,764            |
|            | RAK Ceramic                                                | 12,980,620           | 12,980,620           |
|            | Square Pharma                                              | 129,481,732          | 43,191,814           |
|            | Titas Gas                                                  | 14,014,011           | 4,706,629            |
|            | Uttara Bank PLC.                                           | 2,260,057            | 1,792,193            |
|            | Berger PBL                                                 | 2,024,284            | -                    |
|            | IFIC Bank PLC.                                             | 10,311,085           | 10,311,085           |
|            | BATBC                                                      | 106,253,363          | 82,167,403           |
|            | Ring Shine Textile                                         | -                    | 12,242               |
|            | Reneta                                                     | 13,550,476           | 5,525,906            |
|            | GP                                                         | 13,132,320           | -                    |
|            | GPH Ispat                                                  | 16,616,433           | 16,616,433           |
|            | Jamuna Bank PLC.                                           | 1,069,260            | -                    |
|            | Jamuna Oil Company Limited                                 | 14,400,965           | -                    |
|            | Linde BD                                                   | 17,938,438           | 6,749,109            |
|            | Marico BD Limited                                          | 21,368,492           | -                    |
|            | Agro Organica                                              | 36,950               | -                    |
|            | MPETROLEUM                                                 | 15,824,040           | -                    |
|            | MK Footwear PLC                                            | -                    | -                    |
|            | Meghna Petroleum Limited                                   | -                    | -                    |
|            | Pioneer Insurance                                          | 1,729,502            | 312,344              |
|            | Power Grid                                                 | 8,394,882            | 8,394,882            |
|            | Saif Power                                                 | 1,881,496            | 1,881,496            |
|            | United Power                                               | 10,454,703           | 10,454,703           |
|            | Summit Power                                               | 9,837,207            | 9,837,207            |
|            | Bangladesh Submarine Cable Company Limited (BSCCL)         | 83,728,533           | 430,123              |
|            | BSRM Steels                                                | 2,696,627            | 2,696,627            |
|            | Achia Sea Foods Limited                                    | 50,000               | 50,000               |
|            | Meghna Ind Co Limited                                      | -                    | 40,030               |
|            | BD Paints Limited                                          | 100,000              | 100,000              |
|            | Mobil Jamuna                                               | 630,159              | 630,159              |
|            | Islami Commercial                                          | -                    | 87,980               |
|            | Global Islami Bank Limited                                 | 13,173,670           | 13,173,670           |
|            | <b>Total Investment Quoted Shares (I)</b>                  | <b>731,891,414</b>   | <b>436,165,397</b>   |
|            | MBL 1st Mutual Fund                                        | 168,993,100          | 168,993,100          |
|            | <b>Total Investment Mutual Fund (Quoted) (II)</b>          | <b>168,993,100</b>   | <b>168,993,100</b>   |
|            | Apex Footwear Limited                                      | 1,288,313            | -                    |
|            | GPH Ispat                                                  | 23,062,648           | 23,062,648           |
|            | GP                                                         | 1,456,804            | 1,456,804            |
|            | Square Pharma                                              | 10,412,650           | 10,412,650           |
|            | Singer BD                                                  | 17,945,543           | 17,945,543           |
|            | United Power                                               | 86,952,576           | 86,952,576           |
|            | Mobil Jamuna                                               | 9,049,272            | 9,049,272            |
|            | Power Grid                                                 | 11,246,410           | 11,246,410           |
|            | DBH                                                        | 27,809,451           | 27,809,451           |
|            | BSRM Steel                                                 | 3,426,007            | 3,426,007            |
|            | ACI                                                        | 61,372,563           | 61,372,563           |
|            | British American Tobacco                                   | 88,441,251           | 88,441,251           |
|            | Eastern Bank PLC.                                          | 2,331,535            | 2,331,535            |
|            | Reneta                                                     | 6,278,694            | 6,278,694            |
|            | BSCCL                                                      | 11,347,799           | 11,347,799           |
|            | Pioneer Insurance                                          | 16,774,576           | 16,774,576           |
|            | Titas Gas                                                  | 6,300,913            | 6,300,913            |
|            | Summit Power                                               | 3,542,075            | 3,542,075            |
|            | Saif Power                                                 | 8,092,402            | 8,092,402            |
|            | Linde BD                                                   | 6,749,486            | 6,749,486            |
|            | <b>Total Investment Under Special Fund (Quoted) (III)</b>  | <b>403,880,968</b>   | <b>402,592,655</b>   |
|            | Ashugonj Power Station Company Ltd bond                    | 10,000,000           | 10,000,000           |
|            | <b>Total Investment Under corporate Bond (Quoted) (IV)</b> | <b>10,000,000</b>    | <b>10,000,000</b>    |
|            | <b>Total Quoted Shares (I+II+III+IV)</b>                   | <b>1,314,765,483</b> | <b>1,017,751,152</b> |

|                                                          |                                              | Amount in BDT        |                      |
|----------------------------------------------------------|----------------------------------------------|----------------------|----------------------|
|                                                          |                                              | Dec-23               | Dec-22               |
| <b>b) Unquoted:</b>                                      |                                              |                      |                      |
| 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            |
| Asiatic Laboratories Limited                             |                                              | 4,750,000            | 4,750,000            |
| Sikder Insurance                                         |                                              | 680,000              | -                    |
| Mercantile Bank Unit Fund                                |                                              | 75,000,000           | 75,000,000           |
|                                                          |                                              | <b>1,131,171,118</b> | <b>1,130,491,118</b> |
| <b>Total-A: (a+b)</b>                                    |                                              | <b>2,445,936,601</b> | <b>2,148,242,270</b> |
| <b>Market price of quoted shares (Annexure-C)</b>        |                                              | <b>1,803,596,861</b> | <b>1,483,893,823</b> |
| <b>Gain/(Loss) arises (Annexure-C)</b>                   |                                              | <b>488,831,378</b>   | <b>466,142,671</b>   |
| <b>B.</b>                                                | <b>Investment in Subordinated Bond</b>       |                      |                      |
|                                                          | Trust Bank Subordinated Bond                 | -                    | 20,000,000           |
|                                                          | SIBL 2nd Mudaraba Subordinated Bond          | -                    | 50,000,000           |
|                                                          | The City Bank 2nd Mudaraba Subordinated Bond | 70,000,000           | 210,000,000          |
|                                                          | IFIC Bank 2nd Subordinated Bond              | 500,000,000          | 500,000,000          |
|                                                          | First Security Islami 2nd Mudaraba           | 40,000,000           | 80,000,000           |
|                                                          | United Commercial Bank 3rd Subordinated Bond | 40,000,000           | 80,000,000           |
|                                                          | Standard Bank 2nd Subordinated Bond          | 70,000,000           | 140,000,000          |
|                                                          | Prime Bank 3rd Subordinated Bond             | 200,000,000          | 300,000,000          |
|                                                          | FSIBL Mudaraba 3rd Subordinated Bond         | 150,000,000          | 200,000,000          |
|                                                          | Standard Bank Ltd 3rd Subordinated Bond      | 160,000,000          | 200,000,000          |
|                                                          | The City Bank 4th Subordinated Bond          | 650,000,000          | 750,000,000          |
|                                                          | Southeast Bank 4th Subordinated Bond         | 600,000,000          | 650,000,000          |
|                                                          | <b>Total (B)</b>                             | <b>2,480,000,000</b> | <b>3,180,000,000</b> |
| <b>C.</b>                                                | <b>Investment in Perpetual Bond</b>          |                      |                      |
|                                                          | Jamuna Bank Perpetual Bond                   | 400,000,000          | 400,000,000          |
|                                                          | Trust Bank Perpetual Bond                    | 400,000,000          | 400,000,000          |
|                                                          | NCC Bank Perpetual Bond                      | 500,000,000          | 500,000,000          |
|                                                          | Shahjalal Islami Bank Perpetual Bond         | 500,000,000          | 500,000,000          |
|                                                          | Mutual Trust Bank Perpetual Bond             | 400,000,000          | 400,000,000          |
|                                                          | Dhaka Bank Perpetual Bond                    | 780,000,000          | 400,000,000          |
|                                                          | Southeast Bank Perpetual Bond                | 920,000,000          | -                    |
|                                                          | <b>Total (C)</b>                             | <b>3,900,000,000</b> | <b>2,600,000,000</b> |
|                                                          | <b>Grand Total (A+B+C)</b>                   | <b>8,825,936,601</b> | <b>7,928,242,270</b> |

**6.6 REPO & Reverse REPO Transactions during the year ended on 31.12.2023**  
**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 31.12.2023**

| SL No.       | Counterparty name | Agreement date | Reversal date | Amount<br>(1st leg cash consideration) |
|--------------|-------------------|----------------|---------------|----------------------------------------|
| 1            | Bangladesh Bank   | 24-Dec-23      | 01-Jan-24     | 1,661,866,591                          |
| 2            | Bangladesh Bank   | 26-Dec-23      | 02-Jan-24     | 931,696,000                            |
| 3            | Bangladesh Bank   | 27-Dec-23      | 03-Jan-24     | 2,189,078,780                          |
| 1            | Bangladesh Bank   | 28-Dec-23      | 04-Jan-24     | 5,680,225,450                          |
| <b>Total</b> |                   |                |               | <b>10,462,866,821</b>                  |

**(a) (ii) Disclosures regarding outstanding Reverse REPO as on 31.12.2023**

| Counterparty name | Agreement date | Reversal date | Amount<br>(1st leg cash consideration) |
|-------------------|----------------|---------------|----------------------------------------|
|                   |                |               |                                        |
|                   |                |               |                                        |
|                   |                |               |                                        |
|                   |                |               |                                        |
|                   |                |               |                                        |
| <b>Total</b>      |                |               | <b>-</b>                               |

|                                                                              |                                     | Amount in BDT                       |                                           |
|------------------------------------------------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------------|
|                                                                              |                                     | Dec-23                              | Dec-22                                    |
| <b>(b) Disclosure regarding overall transaction of REPO and Reverse REPO</b> |                                     |                                     |                                           |
| Counterparty name                                                            | Minimum outstanding during the year | Maximum outstanding during the year | Daily average outstanding during the year |
| <b>Security sold under Repo</b>                                              |                                     |                                     |                                           |
| i) with Bangladesh Bank                                                      | 850,000,000                         | 14,040,334,432                      | 2,224,146,507                             |
| ii) with other Banks & FIs                                                   | -                                   | -                                   | -                                         |
| <b>Security repurchased under Reverse Repo</b>                               |                                     |                                     |                                           |
| i) From Bangladesh Bank                                                      | -                                   | -                                   | -                                         |
| ii) From other Banks & FIs                                                   | 989,664,000                         | 6,119,096,919                       | 526,447,382                               |

|                                                                 |                        |                        |  |
|-----------------------------------------------------------------|------------------------|------------------------|--|
| <b>6(a) Consolidated Investment</b>                             |                        |                        |  |
| <b>Investment - Government Securities</b>                       |                        |                        |  |
| Mercantile Bank PLC.                                            | 70,408,991,198         | 52,632,759,204         |  |
| Mercantile Bank Securities Limited                              | -                      | -                      |  |
| MBL Asset Management Limited                                    | -                      | -                      |  |
| Mercantile Exchange House (UK) Limited                          | -                      | -                      |  |
|                                                                 | <b>70,408,991,198</b>  | <b>52,632,759,204</b>  |  |
| <b>Other Investments</b>                                        |                        |                        |  |
| Mercantile Bank PLC.                                            | 8,825,936,601          | 7,928,242,270          |  |
| Mercantile Bank Securities Limited                              | 2,057,681,184          | 1,838,234,825          |  |
| MBL Asset Management Limited                                    | 106,614,849            | 104,770,773            |  |
| Mercantile Exchange House (UK) Limited                          | -                      | -                      |  |
|                                                                 | <b>10,990,232,634</b>  | <b>9,871,247,868</b>   |  |
| Inter company transaction                                       | (40,420,000)           | (52,055,302)           |  |
|                                                                 | <b>10,949,812,634</b>  | <b>9,819,192,567</b>   |  |
|                                                                 | <b>81,358,803,832</b>  | <b>62,451,951,771</b>  |  |
| <b>7. Loans and Advances/investments</b>                        |                        |                        |  |
| <b>Conventional and Islamic banking</b>                         |                        |                        |  |
| 7.A Loans, Cash Credit and Overdraft etc/investments (Note-7.2) | 277,197,681,334        | 267,558,520,840        |  |
| 7.B Bills Purchased and Discounted (Note-7.B(ii))               | 7,633,302,143          | 13,332,012,660         |  |
|                                                                 | <b>284,830,983,477</b> | <b>280,890,533,500</b> |  |
| <b>7.1 Maturity grouping of loans and advances/investments</b>  |                        |                        |  |
| Repayable on demand                                             | 54,119,482,630         | 58,480,329,045         |  |
| Not more than 3 (three) months                                  | 25,288,502,028         | 38,652,815,049         |  |
| More than 3 (three) months but not more than 1 (one) year       | 67,313,560,458         | 62,912,061,847         |  |
| More than 1 (one) year but not more than 5 (five) years         | 79,540,747,573         | 59,353,965,723         |  |
| More than 5 (five) years                                        | 58,568,690,788         | 61,491,361,836         |  |
|                                                                 | <b>284,830,983,477</b> | <b>280,890,533,500</b> |  |
| <b>7.2 Loans, Cash Credit, Overdraft etc/investments</b>        |                        |                        |  |
| <b>I.a.) Within Bangladesh:</b>                                 |                        |                        |  |
| <b>Conventional banking</b>                                     |                        |                        |  |
| Term Loan                                                       | 117,276,846,235        | 102,641,693,231        |  |
| Time Loan                                                       | 27,339,884,435         | 17,667,260,179         |  |
| Packing Credit                                                  | 2,656,055,975          | 2,526,584,722          |  |
| Loan Against Trust Receipt (LTR)                                | 3,562,956,156          | 6,382,927,066          |  |
| Lease Finance                                                   | 1,140,836,903          | 989,160,294            |  |
| EDF Loan                                                        | 9,304,102,289          | 23,914,805,281         |  |
| Loan General                                                    | 119,394,434            | 127,921,257            |  |
| House Building Loan                                             | 4,276,818,923          | 4,291,036,563          |  |
| Hire Purchase                                                   | 10,278,835,647         | 10,962,091,052         |  |
| Payment Against Documents (PAD)                                 | 120,154,460            | 176,747,618            |  |
| Cash Credit (Hypo)                                              | 9,847,063,100          | 9,783,020,208          |  |
| Overdraft                                                       | 35,253,412,284         | 33,726,477,024         |  |
| Home Loan Scheme Refinance                                      | 317,844                | 524,449                |  |
| Personal Loan                                                   | 266,592,304            | 321,962,246            |  |
| Consumers Credit Schemes                                        | 1,815,194              | 2,702,773              |  |
| Consumers Finance                                               | 3,046,192,614          | 3,030,523,527          |  |
| Staff Loan                                                      | 1,416,910,512          | 1,098,270,919          |  |
| Credit Card                                                     | 764,021,788.26         | 702,486,002            |  |

|                                                                                     |  | Amount in BDT          |                        |
|-------------------------------------------------------------------------------------|--|------------------------|------------------------|
|                                                                                     |  | Dec-23                 | Dec-22                 |
| Small and Medium Enterprise(SME) Loan                                               |  | 36,545,075,205         | 36,405,594,394         |
| Agricultural Credit                                                                 |  | 5,283,645,160          | 6,552,358,643          |
| Working Capital Under Stim Package Cor                                              |  | 168,120,574            | 866,943,602            |
| Other Credit Schemes                                                                |  | 2,740,310              | 2,391,733              |
|                                                                                     |  | <b>268,671,792,346</b> | <b>262,173,482,782</b> |
| <b>I.b). Islamic Banking</b>                                                        |  |                        |                        |
| Quard                                                                               |  | 100,433,902            | 19,067,373             |
| Bai-Muajjal                                                                         |  | 7,478,010,373          | 4,537,999,505          |
| Murabaha-TR (PIF)                                                                   |  | 69,327,038             | 50,165,886             |
| HPSM- Others- Corp                                                                  |  | 875,195,692            | 774,915,033            |
|                                                                                     |  | <b>8,522,967,005</b>   | <b>5,382,147,797</b>   |
| Total Loan without Non-banking assets                                               |  | 277,194,759,351        | 267,555,630,579        |
| <b>I.c). Loan against Non-banking assets</b>                                        |  | <b>2,921,983</b>       | <b>2,890,261</b>       |
|                                                                                     |  | <b>2,921,983</b>       | <b>2,890,261</b>       |
| <b>II) Outside Bangladesh:</b>                                                      |  | -                      | -                      |
| <b>Total A (I+II)</b>                                                               |  | <b>277,197,681,334</b> | <b>267,558,520,840</b> |
| <b>7.3 Loans and Advances/investments: Significant Concentration</b>                |  |                        |                        |
| Advances to allied concerns of directors                                            |  | 360,585                | -                      |
| Advances to Managing Director & Chief Executive and other Senior executives         |  | -                      | -                      |
| Advances to customers' group                                                        |  | 74,115,889,646         | 78,540,321,416         |
| Industry-wise                                                                       |  | 209,294,900,751        | 201,249,050,904        |
| Staff loan                                                                          |  | 1,416,910,512          | 1,098,270,919          |
|                                                                                     |  | <b>284,828,061,494</b> | <b>280,887,643,240</b> |
|                                                                                     |  | <b>2,921,983</b>       | <b>2,890,261</b>       |
| Loan against Non-banking assets                                                     |  | <b>284,830,983,477</b> | <b>280,890,533,500</b> |
| <b>7.4 Loans and Advances/investments: Sector wise</b>                              |  |                        |                        |
| Education (School/College, University, Research institute)                          |  | 4,491                  | 4,411                  |
| Health                                                                              |  | 6,106                  | 4,315                  |
| Agriculture                                                                         |  | 53,011                 | 65,474                 |
| Commodities (Sugar/ Edible Oil/ Wheat/ Rice/ Dal/ Peas/ Maize etc), Food & Beverage |  | 282,671                | 233,605                |
| Trade Finance                                                                       |  | 381,960                | 381,689                |
| Transport                                                                           |  | 13,524                 | 13,302                 |
| Shipping                                                                            |  | 145                    | 584                    |
| Textile (Excluding IDBP)                                                            |  | 110,976                | 157,547                |
| Textile (IDBP)                                                                      |  | 8,242                  | 10,169                 |
| Readymade Garments (RMG) [excluding IDBP]                                           |  | 325,688                | 381,363                |
| Readymade Garments (RMG) [IDBP]                                                     |  | 2,820                  | 5,980                  |
| Tele communication                                                                  |  | 11,390                 | 11,677                 |
| IT & Computer/Trade                                                                 |  | 3,156                  | 2,812                  |
| Power & Fuel                                                                        |  | 89,653                 | 46,582                 |
| Real Estate                                                                         |  | 76,451                 | 57,962                 |
| Cement                                                                              |  | 14,884                 | 11,911                 |
| Chemicals                                                                           |  | 90,159                 | 68,437                 |
| Leather & Leather products                                                          |  | 54,963                 | 51,449                 |
| Plastic & Plastic products                                                          |  | 6,454                  | 4,552                  |
| Electrical & Electronic goods                                                       |  | 45,523                 | 43,657                 |
| Paper & Packaging                                                                   |  | 63,775                 | 65,165                 |
| Jute & Jute products                                                                |  | 44,346                 | 40,758                 |
| Ceramics (Table ware, Sanitary ware, Tiles etc.)                                    |  | 12,654                 | 11,450                 |
| Iron & Steel                                                                        |  | 282,100                | 255,238                |
| Engineering & Construction                                                          |  | 99,035                 | 85,128                 |
| Contractor Finance                                                                  |  | 52,520                 | 45,793                 |
| Capital Market Intermediaries                                                       |  | 18,000                 | 15,651                 |
| Backward Linkage                                                                    |  | 39,467                 | 51,433                 |
| Consumer & Retail Products                                                          |  | 98,762                 | 84,190                 |
| Non Bank Financial Institution (NBFI)                                               |  | 109,561                | 110,269                |
| Service (Hotel, Restaurant, Travelling, Tickets, etc.)                              |  | 40,642                 | 29,696                 |
| Others                                                                              |  | 405,150                | 456,629                |
|                                                                                     |  | <b>2,848,280</b>       | <b>2,808,876</b>       |
| Loan against Non-banking assets                                                     |  | <b>29</b>              | <b>29</b>              |
|                                                                                     |  | <b>2,848,310</b>       | <b>2,808,905</b>       |

|            |                                                                   | Amount in BDT          |                        |
|------------|-------------------------------------------------------------------|------------------------|------------------------|
|            |                                                                   | Dec-23                 | Dec-22                 |
| <b>7.5</b> | <b>Loans and Advances/investments: Geographical location-wise</b> |                        |                        |
|            | <b>Urban:</b>                                                     |                        |                        |
|            | Dhaka Division                                                    | 201,999,366,524        | 205,510,457,598        |
|            | Chattogram Division                                               | 44,306,084,268         | 39,817,457,684         |
|            | Rajshahi Division                                                 | 16,706,641,255         | 14,130,159,780         |
|            | Sylhet Division                                                   | 1,036,204,971          | 939,639,681            |
|            | Khulna Division                                                   | 2,766,664,838          | 2,522,967,567          |
|            | Rangpur Division                                                  | 4,279,128,533          | 4,104,142,804          |
|            | Barisal Division                                                  | 2,632,085,874          | 2,581,866,153          |
|            | Mymensingh Division                                               | 418,425,123            | 411,877,078            |
|            | <b>Sub-total Urban</b>                                            | <b>274,144,601,387</b> | <b>270,018,568,345</b> |

**Loans and Advances/investments: Geographical location-wise**

**Rural:**

|                        |                        |                        |
|------------------------|------------------------|------------------------|
| Dhaka Division         | 4,355,583,421          | 4,218,136,134          |
| Chattogram Division    | 4,736,500,314          | 4,924,078,398          |
| Rajshahi Division      | 1,197,593,946          | 1,266,651,786          |
| Sylhet Division        | 21,600,874             | 147,769,862            |
| Rangpur Division       | 217,182,857            | 167,465,587            |
| Barisal Division       | 157,920,678            | 147,863,388            |
| <b>Sub-total Rural</b> | <b>10,686,382,090</b>  | <b>10,871,965,155</b>  |
| <b>Total</b>           | <b>284,830,983,477</b> | <b>280,890,533,500</b> |

**7.6 Loans & advances/investments classified as per Bangladesh Bank circular**

|                                 |                        |                        |
|---------------------------------|------------------------|------------------------|
| Unclassified                    | 267,514,714,573        | 260,961,903,684        |
| Sub-standard                    | 683,927,971            | 634,607,779            |
| Doubtful                        | 566,953,258            | 1,524,370,798          |
| Bad Loss                        | 16,062,467,692         | 17,769,650,767         |
| Loan against Non-banking assets | 2,921,983              | -                      |
|                                 | <b>284,830,985,477</b> | <b>280,890,533,028</b> |

**Details of Loans and advances/investments as follows:**

(Figure in thousand)

| Status of Loans and advances/investments                   | Dec-23        |                    | Dec-22        |                    |
|------------------------------------------------------------|---------------|--------------------|---------------|--------------------|
|                                                            | Mix %         | Outstanding        | Mix %         | Outstanding        |
| <b>Unclassified Loans and advances/investments :</b>       |               |                    |               |                    |
| Unclassified (including staff loan)                        | 93.08%        | 265,114,149        | 92.06%        | 258,575,682        |
| Special Mention Account                                    | 0.84%         | 2,400,566          | 0.85%         | 2,386,221          |
| <b>Total Unclassified loans and advances/investments :</b> | <b>93.92%</b> | <b>267,514,715</b> | <b>92.91%</b> | <b>260,961,904</b> |
| <b>Classified Loans and advances/investments :</b>         |               |                    |               |                    |
| Sub-standard                                               | 0.24%         | 683,928            | 0.23%         | 634,608            |
| Doubtful                                                   | 0.20%         | 566,953            | 0.54%         | 1,524,371          |
| Bad/Loss                                                   | 5.64%         | 16,062,466         | 6.33%         | 17,769,651         |
| <b>Total classified Loans and advances/investments :</b>   | <b>6.08%</b>  | <b>17,313,347</b>  | <b>7.09%</b>  | <b>19,928,630</b>  |
| <b>Total Loans and advances/investments :</b>              | <b>100%</b>   | <b>284,828,063</b> | <b>100%</b>   | <b>280,890,533</b> |
| <b>Loan against Non-banking assets</b>                     |               | <b>2,922</b>       |               |                    |
| <b>Total Loans and advances/investments :</b>              |               | <b>284,830,985</b> |               |                    |

**7.7 Base for provision**

|                           |                      |                      |
|---------------------------|----------------------|----------------------|
| SMA                       | 2,400,567,030        | 2,386,221,438        |
| <b>Base for provision</b> |                      |                      |
| Sub-standard              | 259,052,593          | 392,051,029          |
| Doubtful                  | 115,533,462          | 442,300,076          |
| Bad Loss                  | 6,692,075,581        | 7,802,300,000        |
|                           | <b>7,066,661,635</b> | <b>8,636,651,105</b> |

|                                                                       |  | Amount in BDT         |                       |
|-----------------------------------------------------------------------|--|-----------------------|-----------------------|
|                                                                       |  | Dec-23                | Dec-22                |
| <b>7.8 Required provision for Loans and advances/investments</b>      |  |                       |                       |
| General provision (including SMA)                                     |  | 11,021,188,629        | 7,863,966,192         |
| OBU                                                                   |  | 59,818,163            | 96,452,029            |
| <b>Sub-Total</b>                                                      |  | <b>11,081,007,793</b> | <b>7,960,418,220</b>  |
| <b>Specific provision (classified loans and advances/investments)</b> |  |                       |                       |
| Sub-standard                                                          |  | 38,058,179            | 73,090,860            |
| Doubtful                                                              |  | 34,707,131            | 187,400,573           |
| Bad/ Loss                                                             |  | 6,325,359,078         | 7,802,300,000         |
| <b>Sub-Total</b>                                                      |  | <b>6,398,124,387</b>  | <b>8,062,791,433</b>  |
| <b>Grand Total</b>                                                    |  | <b>17,479,131,180</b> | <b>16,023,209,653</b> |
| <b>Provision Required as on 31.12.2023</b>                            |  | <b>17,479,131,180</b> | <b>16,023,209,653</b> |
| <b>Provision maintained (Note-13.5.1)</b>                             |  | <b>17,510,447,762</b> | <b>16,217,905,030</b> |
| <b>Excess/(short) provision</b>                                       |  | <b>31,315,582</b>     | <b>194,695,378</b>    |

## Provision for loans and advances/investments:

(Figure in thousand)

| Status of loans and advances/investments                   | Outstanding Amount | Base for Provision | Provision % Amount (BDT) | Provision         |
|------------------------------------------------------------|--------------------|--------------------|--------------------------|-------------------|
| <b>Unclassified loans and advances/investments :</b>       |                    |                    |                          |                   |
| Unclassified ( SMEF)                                       | 34,643,419         | 34,643,419         | 0.25%                    | 735,462           |
| Unclassified (other credit)                                | 218,159,170        | 218,159,170        | 1.00%                    | 9,698,307         |
| Unclassified (OBU)                                         | 5,981,816          | 5,981,816          | 1.00%                    | 59,818            |
| Unclassified ( HF, LP & BH/MBS/SDS against share)          | 3,608,207          | 3,608,207          | 1%-2%                    | 38,519            |
| Unclassified (other than HF, LP & short term agri. Loan)   | 1,207,506          | 1,207,506          | 2%-5%                    | 40,934            |
| Agri Loan/Short term Agri & Micro Credit                   | 97,120             | 97,120             | 1%                       | 971               |
| Unclassified ( staff loan)                                 | 1,416,911          | 1,416,911          | -                        | -                 |
| Special Mention Account                                    | 2,400,567          | 2,400,567          | 0.25% -100%              | 506,996           |
| <b>Total unclassified Loans and advances/investments :</b> | <b>267,514,715</b> | <b>267,514,715</b> |                          | <b>11,081,007</b> |
| <b>Classified Loans and advances/investments :</b>         |                    |                    |                          |                   |
| Sub - standard:                                            |                    |                    |                          |                   |
| a) Short Term Agri. Credit                                 | 2,818              | 1,868              | 5%                       | 93                |
| b) Others                                                  | 681,110            | 257,185            | 5%-20%                   | 37,965            |
| <b>Total Sub - standard</b>                                | <b>683,928</b>     | <b>259,053</b>     |                          | <b>38,058</b>     |
| Doubtful:                                                  |                    |                    |                          |                   |
| a) Short Term Agri. Credit                                 | 640                | 307                | 5%                       | 15                |
| b) Others                                                  | 566,313            | 115,226            | 20%-50%                  | 34,692            |
| <b>Total Doubtful</b>                                      | <b>566,953</b>     | <b>115,533</b>     |                          | <b>34,707</b>     |
| <b>Bad/ loss</b>                                           | <b>16,062,466</b>  | <b>6,692,076</b>   | <b>100%</b>              | <b>6,325,359</b>  |
| <b>Total Classified loans and advances/investments :</b>   | <b>17,313,347</b>  | <b>7,066,662</b>   |                          | <b>6,398,124</b>  |
| <b>Total Loans and advances/investments :</b>              | <b>284,828,061</b> | <b>274,581,376</b> |                          | <b>17,479,131</b> |
| <b>Loan against Non-banking assets</b>                     | <b>2,922</b>       |                    |                          |                   |
| <b>Total Loans and advances/investments :</b>              | <b>284,830,983</b> |                    |                          |                   |

## 7.9 Provision for off-balance sheet exposures

| Particulars of off-balance sheet exposures           | Amount                 | Base for provision     | Rate 1%-5% Amount (BDT) | Provision Amount (BDT) |
|------------------------------------------------------|------------------------|------------------------|-------------------------|------------------------|
| Acceptances and endorsements less margin             | 56,157,942,608         | 56,157,942,608         | 562,030,060             |                        |
| Letter of guarantee less margin                      | 20,590,285,971         | 20,590,285,971         | 234,791,019             |                        |
| Letter of credit less margin                         | 74,388,419,485         | 43,597,450,027         | 437,213,410             |                        |
| Bills for collection                                 | 7,407,884,455          | -                      | -                       |                        |
| Other contingent liabilities                         | -                      | -                      | -                       |                        |
| Forward assets purchased and forward deposits placed | 80,329                 | 80,329                 | 803                     |                        |
| <b>Required provision on Off-balance exposures</b>   | <b>158,544,612,848</b> | <b>120,345,758,935</b> | <b>1,234,035,293</b>    | <b>1,234,035,293</b>   |
| <b>Total Provision maintained (Note-13.3)</b>        |                        |                        |                         | <b>1,234,035,293</b>   |
| <b>Excess/(short) provision</b>                      |                        |                        |                         | <b>-</b>               |

|             |                                                                                                                                                                                                                                                                         | Amount in BDT          |                        |
|-------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|
|             |                                                                                                                                                                                                                                                                         | Dec-23                 | Dec-22                 |
| <b>7.10</b> | <b>Particulars of loans and advances/investments</b>                                                                                                                                                                                                                    |                        |                        |
| i)          | Loans considered good in respect of which the banking company is fully secured;                                                                                                                                                                                         | 266,097,802,061        | 259,863,633,025        |
| 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;                                                                                                                                  | 32,654,804,798         | 26,673,729,468         |
| iv)         | Loans adversely classified; provision not maintained thereagainst;                                                                                                                                                                                                      | -                      | -                      |
|             |                                                                                                                                                                                                                                                                         | <b>298,752,606,859</b> | <b>286,537,362,493</b> |
| 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)                                                                                                                             | <b>1,416,910,512</b>   | <b>1,098,270,919</b>   |
| 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)                              | <b>1,416,910,512</b>   | <b>1,098,270,219</b>   |
| 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; | <b>360,585</b>         | -                      |
| ix)         | Due from banking companies;                                                                                                                                                                                                                                             | -                      | -                      |
| x)          | Amount of classified loan on which interest has not been charged, should be mentioned as follows:                                                                                                                                                                       | <b>17,313,348,921</b>  | <b>19,928,629,556</b>  |
| <b>a.</b>   | <b>Decrease/increase in provision</b>                                                                                                                                                                                                                                   |                        |                        |
|             | Movement of classified loans and advances                                                                                                                                                                                                                               |                        |                        |
|             | Opening balance                                                                                                                                                                                                                                                         | 19,928,629,556         | 12,112,505,104         |
|             | Increase/(decrease) during the year                                                                                                                                                                                                                                     | (2,615,280,635)        | 7,816,124,452          |
|             |                                                                                                                                                                                                                                                                         | <b>17,313,348,921</b>  | <b>19,928,629,556</b>  |
| b.          | Amount of provision kept against loan classified as 'bad/loss' on the date of preparing the balance sheet;                                                                                                                                                              | <b>6,325,359,078</b>   | <b>7,802,300,000</b>   |
| c.          | Interest creditable to the Interest Suspense a/c;                                                                                                                                                                                                                       | <b>14,606,901,406</b>  | <b>9,949,303,336</b>   |
| <b>xi)</b>  | <b>Cumulative amount of the written off loan and the amount written off during the Current period:</b>                                                                                                                                                                  |                        |                        |
|             | Opening Balance                                                                                                                                                                                                                                                         | 6,442,791,373          | 6,492,677,997          |
|             | Amount written off during the year                                                                                                                                                                                                                                      | 1,536,303,949          | 1,600,034              |
|             | Amount Recovered / Adjustment                                                                                                                                                                                                                                           | (57,111,371)           | (51,486,658)           |
|             | Cumulative Balance                                                                                                                                                                                                                                                      | <b>7,921,983,951</b>   | <b>6,442,791,373</b>   |
| <b>7.11</b> | <b>Suits filed by the Bank Branch:</b>                                                                                                                                                                                                                                  |                        |                        |
|             | <b>As of the responding date, the Bank filed lawsuit against recovery of its defaulted loans and advances as under:</b>                                                                                                                                                 |                        |                        |
|             | <b>Name of the Branch:</b>                                                                                                                                                                                                                                              |                        |                        |
|             | Main Branch                                                                                                                                                                                                                                                             | 5,164,585,750          | 4,470,021,710          |
|             | Dhanmondi Branch                                                                                                                                                                                                                                                        | 983,970,437            | 1,644,342,473          |
|             | Motijheel Branch                                                                                                                                                                                                                                                        | 175,562,089            | 174,850,458            |
|             | Nayabazar Branch                                                                                                                                                                                                                                                        | 356,164,225            | 525,114,083            |
|             | Kawran Bazar                                                                                                                                                                                                                                                            | 781,288,580            | 857,006,242            |
|             | Rajshahi Branch                                                                                                                                                                                                                                                         | 33,727,872             | 60,394,210             |
|             | Noagaon Branch                                                                                                                                                                                                                                                          | 1,404,930,389          | 1,326,249,454          |
|             | Agrabad Branch                                                                                                                                                                                                                                                          | 8,444,205,713          | 7,987,975,204          |
|             | Sylhet Branch                                                                                                                                                                                                                                                           | 95,609,129             | 95,609,129             |
|             | Cumilla Branch                                                                                                                                                                                                                                                          | 163,349,282            | 163,349,282            |
|             | Khatungonj Branch                                                                                                                                                                                                                                                       | 2,690,961,898          | 2,305,258,039          |
|             | Sapahar Branch                                                                                                                                                                                                                                                          | 5,323,602              | 5,323,602              |
|             | Jubilee Road Branch                                                                                                                                                                                                                                                     | 3,640,824,426          | 564,754                |
|             | Banani Branch                                                                                                                                                                                                                                                           | 565,239,004            | 1,559,527,973          |
|             | Uttara Branch                                                                                                                                                                                                                                                           | 209,675,407            | 146,871,011            |
|             | O R Nizam Road Branch                                                                                                                                                                                                                                                   | 5,762,117              | 12,952,506             |

| Name of the Branch:               | Amount in BDT         |                       |
|-----------------------------------|-----------------------|-----------------------|
|                                   | Dec-23                | Dec-22                |
| Madam Bibi Hat Branch             | 2,649,727,526         | 1,794,154,993         |
| Mogh Bazar Branch                 | 331,111,288           | 303,220,258           |
| Faridgonj Branch                  | 18,502,973            | 10,329,451            |
| Rangpur Branch                    | 23,479,472            | 60,809,126            |
| Sk.Mujib Road Branch              | 379,580,127           | 379,580,127           |
| Elephant Road Branch              | 274,056,251           | 40,180,731            |
| Darus Salam Road Branch           | 34,087,538            | 13,941,358            |
| Bijoy nagar Branch                | 308,627,279           | 326,309,949           |
| Joypara Branch                    | 40,709,149            | 38,058,709            |
| Aganar Branch                     | 762,226               | 762,226               |
| Patiya Branch                     | 5,729,495             | 5,729,495             |
| Satmasjid Road Branch             | 332,146,845           | 384,515,671           |
| Dinajpur Branch                   | 117,799,379           | 118,395,295           |
| Ashulia Branch                    | 42,984,161            | 22,999,953            |
| International Airport Road Branch | 66,397,388            | 70,642,266            |
| Chowmuhani Branch                 | 138,282,714           | 132,673,809           |
| A.K. Khan Moor Branch             | 188,738,635           | 1,424,368             |
| Kushtia Branch                    | 149,856,838           | 8,678,298             |
| Moulvibazar Branch                | 15,525,932            | 15,896,183            |
| Sunamgonj Branch                  | 20,904,005            | 22,534,004            |
| Beanibazar Branch                 | -                     | 35,648,620            |
| Gulshan Branch                    | 6,230,949             | 6,230,949             |
| Dholaikhal Branch                 | 110,345,955           | 111,164,412           |
| Nilphamari Branch                 | 73,582,000            | 83,085,656            |
| Nabigonj Branch                   | 9,746,356             | 9,746,356             |
| Hemayetpur Branch                 | 3,365,190             | 1,746,190             |
| Bogura Branch                     | 505,030,369           | 392,079,330           |
| Madanpur Branch                   | 17,660,780            | 17,660,780            |
| Chapainawabgonj Branch            | 44,485,017            | 31,937,771            |
| Amishapara Branch                 | 5,889,139             | 5,889,139             |
| Engineer Institution Branch       | 40,600,700            | 21,987,510            |
| Narayanganj Branch                | 683,328,119           | 566,977,031           |
| Chandpur Branch                   | 38,774,860            | 38,774,860            |
| Patherhat Branch                  | 13,565,563            | 11,301,206            |
| Chudadanga Branch                 | 14,991,094            | 14,991,094            |
| Sudibbazar Branch                 | 11,311,214            | 11,600,974            |
| Mymensing Branch                  | -                     | 91,679                |
| Jhilongia Branch                  | 6,923,168             | 197,760,747           |
| Accss Road Branch                 | 123,548,772           | 91,346,700            |
| Shishahat Branch                  | 5,881,375             | 13,643,082            |
| Rajnagar Krishi Branch            | 8,003,964             | 8,003,964             |
| Majidee Court Branch              | 29,233,863            | 28,459,869            |
| Bhulta Branch                     | 162,087,443           | 148,520,095           |
| Mirpur Branch                     | 797,579,336           | 711,825,889           |
| Ring Road Branch                  | 371,030,945           | 43,567,870            |
| Rampura Branch                    | 116,596,658           | 33,402,297            |
| Jashore Branch                    | 87,203,546            | 87,910,451            |
| Barishal Branch                   | 1,482,856             | 1,482,856             |
| Baraiyarhat Branch                | 6,001,947             | 6,001,947             |
| Green Road Branch                 | 55,903,953            | 67,213,508            |
| Banglabazar Branch                | 90,422,397            | 49,284,835            |
| Kuraish Munshi Branch             | 53,750,800            | 53,750,800            |
| Pabna Branch                      | 63,229,288            | 62,866,417            |
| Kishoreganj Branch                | -                     | 2,385,489             |
| Mohakhali                         | 163,825,916           | -                     |
| Gareeb-e-Newaz                    | 29,714,501            | -                     |
| Sadar Ghat Branch                 | 92,671,667            | -                     |
|                                   | <b>33,704,188,842</b> | <b>28,054,586,774</b> |

|             |                                                                                                                                                                                                                                                                                                                                                      | Amount in BDT          |                        |
|-------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|
|             |                                                                                                                                                                                                                                                                                                                                                      | Dec-23                 | Dec-22                 |
| <b>7.12</b> | <b>Listing of assets pledged as security/ collaterals</b>                                                                                                                                                                                                                                                                                            |                        |                        |
|             | <b>Nature of the secured assets:</b>                                                                                                                                                                                                                                                                                                                 |                        |                        |
|             | Fixed assets                                                                                                                                                                                                                                                                                                                                         | 154,803,462,738        | 203,652,066,025        |
|             | Cash & quasi-cash                                                                                                                                                                                                                                                                                                                                    | 16,578,431,631         | 31,842,697,985         |
|             | Others                                                                                                                                                                                                                                                                                                                                               | 38,636,621,148         | 36,318,932,323         |
|             |                                                                                                                                                                                                                                                                                                                                                      | <b>210,018,515,516</b> | <b>271,813,696,333</b> |
| <b>7.13</b> | <b>Nature wise loans &amp; advances/investments</b>                                                                                                                                                                                                                                                                                                  |                        |                        |
|             | Continuous                                                                                                                                                                                                                                                                                                                                           | 73,808,078,732         | 70,284,464,095         |
|             | Demand Loan                                                                                                                                                                                                                                                                                                                                          | 59,689,470,497         | 72,849,258,050         |
|             | Term Loans up to 5 ( five) years                                                                                                                                                                                                                                                                                                                     | 92,765,811,635         | 76,268,339,780         |
|             | Term Loans above 5 (five) years                                                                                                                                                                                                                                                                                                                      | 57,840,376,431         | 60,856,680,977         |
|             | Term Loans above 5 (five) years - Staff Loan                                                                                                                                                                                                                                                                                                         | 724,324,199            | 631,790,599            |
|             |                                                                                                                                                                                                                                                                                                                                                      | <b>284,828,061,494</b> | <b>280,890,533,500</b> |
| <b>7.14</b> | <b>Loan and advances/investments allowed to each customer exceeding 10% of Bank's total capital</b>                                                                                                                                                                                                                                                  |                        |                        |
|             | 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                                                                                                                                                                                                                                                                                                                                        | 43,266,984,276         | 39,878,718,599         |
|             | Total Loans and Advances/investments (Funded)                                                                                                                                                                                                                                                                                                        | 85,249,595,769         | 76,432,583,847         |
|             | No. of customers                                                                                                                                                                                                                                                                                                                                     | 30                     | 32                     |
|             | Classified amount thereon                                                                                                                                                                                                                                                                                                                            | Nil                    | Nil                    |
|             | Measures taken for recovery of classified loans/investments                                                                                                                                                                                                                                                                                          | N/A                    | N/A                    |
| <b>7.15</b> | <b>Details of large loans and advances/investments</b>                                                                                                                                                                                                                                                                                               |                        |                        |

Single Borrower Exposure Limit has been calculated on the basis of total eligible capital as on 31.12.2023 according to BRPD Circular 02, dated 16 January 2014. Number of clients with outstanding amount exceeding 10% of total capital of the Bank is 30. Total capital of the Bank was BDT. 4,326 crore as at 31.12.2023

| SL # | Name of Clients                                      | Outstanding (BDT)     |                       | Total (BDT)            | Branch Name                          |
|------|------------------------------------------------------|-----------------------|-----------------------|------------------------|--------------------------------------|
|      |                                                      | Funded                | Non-Funded            |                        |                                      |
| 1    | Labib Group                                          | 5,625,900,000         | 2,509,100,000         | 8,135,000,000          | Mohakhali                            |
| 2    | Jamuna Group                                         | 5,034,200,000         | 5,202,500,000         | 10,236,700,000         | Main                                 |
| 3    | Abul Khair Group                                     | 2,019,500,000         | 8,266,800,000         | 10,286,300,000         | Agrabad                              |
| 4    | City Group                                           | 3,137,500,000         | 4,004,600,000         | 7,142,100,000          | Main                                 |
| 5    | Pran RFL Group                                       | 1,286,700,000         | 3,291,000,000         | 4,577,700,000          | Motijheel                            |
| 6    | Badsha Group                                         | 1,144,700,000         | 4,293,500,000         | 5,438,200,000          | Gulshan                              |
| 7    | ACI Group                                            | 5,666,200,000         | 2,374,800,000         | 8,041,000,000          | Motijheel                            |
| 8    | KDS Group                                            | 805,600,000           | 3,323,900,000         | 4,129,500,000          | Khatungonj                           |
| 9    | Power Grid Company of Bangladesh Ltd. (Power Sector) | -                     | 8,051,700,000         | 8,051,700,000          | EIB /Rampura/ Aftabnagar             |
| 10   | SQ Group                                             | 2,901,434,140         | 1,738,253,000         | 4,639,687,140          | Gulshan                              |
| 11   | Interstoff Group                                     | 2,988,700,000         | 1,193,000,000         | 4,181,700,000          | Dhanmondi/Main                       |
| 12   | BSRM Group                                           | 377,600,000           | 5,702,700,000         | 6,080,300,000          | Jubilee Road                         |
| 13   | TK Group                                             | 3,361,200,000         | 2,845,000,000         | 6,206,200,000          | Agrabad                              |
| 14   | Deshbandhu Group                                     | 6,706,500,000         | 109,966,000           | 6,816,466,000          | Motijheel                            |
| 15   | Meghna Group                                         | 65,700,000            | 2,704,000,000         | 2,769,700,000          | Main                                 |
| 16   | Rising Group                                         | 1,678,000,000         | 2,886,000,000         | 4,564,000,000          | Banani                               |
| 17   | GPH Group                                            | 2,627,500,000         | 2,849,700,000         | 5,477,200,000          | Khatungonj                           |
| 18   | Orion Group (Power Sector)                           | 5,915,400,000         | 272,000,000           | 6,187,400,000          | Main                                 |
| 19   | Jamuna Industrial Agro Group                         | 5,988,500,000         | -                     | 5,988,500,000          | Rajshahi                             |
| 20   | Utah Group                                           | 1,722,500,000         | 1,592,000,000         | 3,314,500,000          | Main                                 |
| 21   | International Leasing & Financial Services Ltd.      | 5,886,800,000         | -                     | 5,886,800,000          | Banani/Elephant Road                 |
| 22   | Natural Group                                        | 388,900,000           | 1,430,300,000         | 1,819,200,000          | Main                                 |
| 23   | Square Group                                         | -                     | 1,326,500,000         | 1,326,500,000          | Mohakhali                            |
| 24   | Silver Line Group                                    | 2,908,496,216         | 667,000,000           | 3,575,496,216          | Gulshan                              |
| 25   | Robintex Group                                       | 2,707,765,413         | 598,188,000           | 3,305,953,413          | Gulshan                              |
| 26   | MNR Group                                            | 1,401,900,000         | 2,075,000,000         | 3,476,900,000          | Gulshan                              |
| 27   | Energypac Group                                      | 4,168,500,000         | 568,100,000           | 4,736,600,000          | Int'l Airport Road                   |
| 28   | S. Alam Group                                        | 2,665,900,000         | 2,012,600,000         | 4,678,500,000          | Khatungonj                           |
| 29   | Rahimafrooz Group                                    | 4,281,600,000         | 260,000,000           | 4,541,600,000          | Motijheel/Moghbar/ Mohakhali/Gulshan |
| 30   | Comprehensive Group                                  | 1,786,400,000         | 795,700,000           | 2,582,100,000          | Dhanmondi                            |
|      | <b>Total</b>                                         | <b>85,249,595,769</b> | <b>72,943,907,000</b> | <b>158,193,502,769</b> |                                      |

|               |                                                                      | Amount in BDT           |                         |
|---------------|----------------------------------------------------------------------|-------------------------|-------------------------|
|               |                                                                      | Dec-23                  | Dec-22                  |
| <b>7.16</b>   | <b>Net loans, advances and leases/ investment</b>                    |                         |                         |
|               | Gross performing loans, advances and leases/ investment (Note-7)     | <b>284,830,983,477</b>  | <b>280,890,533,500</b>  |
|               | Non-performing loans, advances and leases/ investment (Note-7.10(X)) | (17,313,348,921)        | (19,928,629,556)        |
|               | Provision for loans, advances and leases/ investment (Note-13.5.1)   | (17,510,447,762)        | (16,217,905,030)        |
|               |                                                                      | <b>(34,823,796,683)</b> | <b>(36,146,534,586)</b> |
|               |                                                                      | <b>250,007,186,794</b>  | <b>244,743,998,915</b>  |
| <b>7.17</b>   | <b>Loans and advances/investments: Broad categories</b>              |                         |                         |
|               | Loans and advances/investments (7.17.1)                              | 201,279,583,886         | 195,150,770,988         |
|               | Cash credits (7.17.2)                                                | 31,057,993,147          | 30,673,773,246          |
|               | Overdraft (7.17.3)                                                   | 43,518,024,682          | 40,465,992,484          |
|               | Bill Purchased and discounted (7.17.4)                               | 7,753,456,603           | 13,508,760,279          |
|               | Leases/investments (7.17.5)                                          | 1,219,003,177           | 1,088,346,242           |
|               | Loan against Non-banking Assets (7.17.6)                             | 2,921,983               | 2,890,261               |
|               | <b>In Bangladesh</b>                                                 | <b>284,830,983,479</b>  | <b>280,890,533,500</b>  |
|               | <b>Outside Bangladesh</b>                                            | -                       | -                       |
|               | <b>Total Loans and advances /investments</b>                         | <b>284,830,983,479</b>  | <b>280,890,533,500</b>  |
| <b>7.17.1</b> | <b>Loans and advances/investments: Residual maturity grouping</b>    |                         |                         |
|               | Repayable on demand                                                  | 27,620,788,534          | 32,045,635,358          |
|               | Not more than 3 (three) months                                       | 12,251,772,191          | 17,208,207,968          |
|               | More than 3 (three) months but not more than 1 (one) year            | 27,691,048,770          | 26,168,173,868          |
|               | More than 1 (one) year but not more than 5 (five) years              | 75,151,273,761          | 58,240,282,218          |
|               | More than 5 (five) years                                             | 58,564,700,630          | 61,488,471,576          |
|               |                                                                      | <b>201,279,583,886</b>  | <b>195,150,770,988</b>  |
| <b>7.17.2</b> | <b>Cash credit : Residual maturity grouping</b>                      |                         |                         |
|               | Repayable on demand                                                  | 11,700,720,422          | 10,580,237,981          |
|               | Not more than 3 (three) months                                       | 2,719,190,355           | 3,924,977,991           |
|               | More than 3 (three) months but not more than 1 (one) year            | 16,233,360,666          | 16,126,495,366          |
|               | More than 1 (one) year but not more than 5 (five) years              | 404,721,704             | 42,061,908              |
|               | More than 5 (five) years                                             | -                       | -                       |
|               |                                                                      | <b>31,057,993,147</b>   | <b>30,673,773,246</b>   |
| <b>7.17.3</b> | <b>Overdraft: Residual maturity grouping</b>                         |                         |                         |
|               | Repayable on demand                                                  | 12,274,660,659          | 12,076,856,433          |
|               | Not more than 3 (three) months                                       | 5,209,245,338           | 8,182,973,809           |
|               | More than 3 (three) months but not more than 1 (one) year            | 23,176,569,150          | 20,148,831,528          |
|               | More than 1 (one) year but not more than 5 (five) years              | 2,856,481,360           | 57,330,714              |
|               | More than 5 (five) years                                             | 1,068,175               | -                       |
|               |                                                                      | <b>43,518,024,682</b>   | <b>40,465,992,484</b>   |
| <b>7.17.4</b> | <b>Bills discounted and purchased: Remaining maturity grouping</b>   |                         |                         |
|               | Payable within 1 (one) month                                         | 2,506,952,444           | 3,752,245,743           |
|               | Over 1 (one) month but less than 3 (three) months                    | 5,100,865,779           | 9,334,441,645           |
|               | Over 3 (three) months but less than 6 (six) months                   | 145,638,380             | 422,072,891             |
|               | 6 months or more                                                     | -                       | -                       |
|               |                                                                      | <b>7,753,456,603</b>    | <b>13,508,760,279</b>   |
| <b>7.17.5</b> | <b>Leases / investments: Residual maturity grouping</b>              |                         |                         |
|               | Lease rental receivable within 1 year                                | 90,732,430              | 74,055,360              |
|               | Above 1 year but within 5 years                                      | 1,128,270,747           | 1,014,290,882           |
|               | Above 5 years                                                        | -                       | -                       |
|               | Total lease rental receivable                                        | <b>1,219,003,177</b>    | <b>1,088,346,242</b>    |
|               | Unearned interest receivable                                         | -                       | -                       |
|               |                                                                      | <b>1,219,003,177</b>    | <b>1,088,346,242</b>    |

|               |                                                                     | Amount in BDT    |                  |
|---------------|---------------------------------------------------------------------|------------------|------------------|
|               |                                                                     | Dec-23           | Dec-22           |
| <b>7.17.6</b> | <b>Loan against Non-banking Assets : Residual maturity grouping</b> |                  |                  |
|               | Payable within 1 (one) month                                        | -                | -                |
|               | Above 1 year but within 5 years                                     | -                | -                |
|               | Above 5 years                                                       | 2,921,983        | 2,890,261        |
|               |                                                                     | <b>2,921,983</b> | <b>2,890,261</b> |

**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 :

| BDT in Lac                           |          |           |                            |                      |           |
|--------------------------------------|----------|-----------|----------------------------|----------------------|-----------|
| Nature of facility                   | Amount   | Validity  | Outstanding as on 31.12.23 | Total Provision kept | CL Status |
| Syndication Term Loan (Restructured) | 4,271.28 | 30-Mar-32 | 4,900.43                   | 98.01                | SMA       |

**7.B Bills Purchased and Discounted:**

**7.B.(i) Bill discounted and purchased exclude Government Treasury bills: Conventional and Islamic banking**

|                            |                      |                       |
|----------------------------|----------------------|-----------------------|
| Payable in Bangladesh      | 2,764,758,928        | 4,129,948,937         |
| Payable outside Bangladesh | 4,868,543,215        | 9,202,063,723         |
|                            | <b>7,633,302,143</b> | <b>13,332,012,660</b> |

**7.B.(ii) Remaining maturity grouping of Bills discounted and purchased**

|                                                    |                      |                       |
|----------------------------------------------------|----------------------|-----------------------|
| Payable within 1 (one) month                       | 3,412,192,874        | 6,840,463,948         |
| Over 1 (one) month but less than 3 (three) months  | 3,573,799,243        | 5,655,409,596         |
| Over 3 (three) months but less than 6 (six) months | 647,310,026          | 836,139,116           |
| 6 months or more                                   | -                    | -                     |
|                                                    | <b>7,633,302,143</b> | <b>13,332,012,660</b> |

**7(a) Consolidated Loans and advances/investments**

**Loans and advances/investments**

|                                        |                        |                        |
|----------------------------------------|------------------------|------------------------|
| Mercantile Bank PLC.                   | 277,197,681,334        | 267,558,520,840        |
| Mercantile Bank Securities Limited     | 4,569,728,949          | 4,649,288,645          |
| MBL Asset Management Limited           | -                      | -                      |
| Mercantile Exchange House (UK) Limited | -                      | -                      |
|                                        | <b>281,767,410,283</b> | <b>272,207,809,485</b> |
| Inter company transactions             | (807,293,428)          | (1,069,607,332)        |
|                                        | <b>280,960,116,855</b> | <b>271,138,202,153</b> |

**Bills Purchased and discounted**

|                                        |                        |                        |
|----------------------------------------|------------------------|------------------------|
| Mercantile Bank PLC.                   | 7,633,302,143          | 13,332,012,660         |
| Mercantile Bank Securities Limited     | -                      | -                      |
| MBL Asset Management Limited           | -                      | -                      |
| Mercantile Exchange House (UK) Limited | -                      | -                      |
|                                        | <b>7,633,302,143</b>   | <b>13,332,012,660</b>  |
| Inter company transaction              | -                      | -                      |
|                                        | <b>7,633,302,143</b>   | <b>13,332,012,660</b>  |
| <b>Total</b>                           | <b>288,593,418,998</b> | <b>284,470,214,813</b> |

**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                | 1,041,795,895        | 1,075,499,161        |
| Furniture & fixtures    | 440,003,819          | 478,042,591          |
| Office equipment        | 639,117,418          | 835,657,302          |
| Vehicles                | 25,424,587           | 29,335,134           |
| Books                   | 62                   | 761                  |
| <b>Total</b>            | <b>3,488,149,759</b> | <b>3,760,342,927</b> |

|              |                                                                                                                                                      | Amount in BDT         |                       |
|--------------|------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|-----------------------|
|              |                                                                                                                                                      | Dec-23                | Dec-22                |
| <b>8(a).</b> | <b>Consolidated Fixed assets including premises, furniture and fixtures</b>                                                                          |                       |                       |
|              | Mercantile Bank PLC.                                                                                                                                 | 3,488,149,759         | 3,760,342,927         |
|              | Mercantile Bank Securities Limited                                                                                                                   | 99,370,343            | 7,053,597             |
|              | MBL Asset Management Limited                                                                                                                         | 426,065               | 424,250               |
|              | Mercantile Exchange House (UK) Limited                                                                                                               | 4,346,116             | 4,664,629             |
|              |                                                                                                                                                      | <b>3,592,292,283</b>  | <b>3,772,485,402</b>  |
| <b>9</b>     | <b>Other Assets: Annexure-E</b>                                                                                                                      |                       |                       |
|              | <b>Convventional and Islamic banking</b>                                                                                                             |                       |                       |
|              | <b>Other assets should be classified under the following categories:</b>                                                                             |                       |                       |
|              | 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.                                                  | 48,323,650            | 42,673,462            |
|              | MBPLC Offshore Banking Division                                                                                                                      | 3,964,450,783         | 3,555,818,762         |
|              | Islamic-Conv. Adjustment Account                                                                                                                     | -                     | -                     |
|              | <b>No-Income generating other assets:</b>                                                                                                            |                       |                       |
|              | Stationery, stamps,printing materials in stock etc.                                                                                                  | 39,796,532            | 36,177,102            |
|              | Advance rent and advertisement                                                                                                                       | 271,728,299           | 281,557,822           |
|              | Interest accrued on investment but not collected,commission and brokerage receivable on shares and debenture and other income receivable (Note 9.1); | 2,185,796,041         | 1,911,384,503         |
|              | Security deposit                                                                                                                                     | 10,327,826            | 9,590,771             |
|              | Preliminary, formation and organization expenses, renovation/development expenses and prepaid expenses (Note-9.2)                                    | 45,874,298            | 86,251,204            |
|              | Branch adjustment                                                                                                                                    | 24,161,287            | 24,161,287            |
|              | Inter Branch Settlement Account                                                                                                                      | 2,669,009,766         | 8,027,697,202         |
|              | Suspense Account (Note 9.3)                                                                                                                          | 976,523,437           | 594,308,680           |
|              | Right Of Use (ROU) Assets as per IFRS-16                                                                                                             | 585,294,285           | 805,614,806           |
|              |                                                                                                                                                      | <b>14,427,286,203</b> | <b>18,981,235,601</b> |
|              | Inter company transaction(OBD)                                                                                                                       | (3,964,450,783)       | (3,555,818,763)       |
|              |                                                                                                                                                      | <b>10,462,835,420</b> | <b>15,425,416,838</b> |
| <b>9.1</b>   | <b>Interest accrued on investment but not collected, commission and brokerage receivable on shares and debenture and other income receivable:</b>    |                       |                       |
|              | Accrued interest (Note-9.1.1)                                                                                                                        | 2,084,333,663         | 1,817,334,103         |
|              | Other accruals (Note - 9.1.2)                                                                                                                        | 101,462,378           | 94,050,400            |
|              |                                                                                                                                                      | <b>2,185,796,041</b>  | <b>1,911,384,503</b>  |
| <b>9.1.1</b> | <b>Accrued interest</b>                                                                                                                              |                       |                       |
|              | Interest Receivable on Investment                                                                                                                    | 1,521,889,003         | 1,124,816,031         |
|              | Interest Receivable on Loan & Advances except OBD                                                                                                    | 369,451,684           | 375,668,043           |
|              | Coupon Int. Expenditure A/C                                                                                                                          | -                     | -                     |
|              | Interest Receivable on OBD (Loan & Advances)                                                                                                         | 192,992,976           | 316,850,029           |
|              |                                                                                                                                                      | <b>2,084,333,663</b>  | <b>1,817,334,103</b>  |
| <b>9.1.2</b> | <b>Other accruals</b>                                                                                                                                |                       |                       |
|              | Fees receivable                                                                                                                                      | -                     | -                     |
|              | Dividend receivable on share                                                                                                                         | 17,314,754            | 19,695,906            |
|              | Discount receivable                                                                                                                                  | -                     | -                     |
|              | Protested bills                                                                                                                                      | 18,171,030            | 8,330,000             |
|              | Other receivables                                                                                                                                    | 65,976,594            | 66,024,494            |
|              |                                                                                                                                                      | <b>101,462,378</b>    | <b>94,050,400</b>     |
| <b>9.2</b>   | <b>Preliminary, formation and organization expenses, renovation/development expenses and prepaid expenses:</b>                                       |                       |                       |
|              | MBPLC Center (Development Expenses on Head Office Building)                                                                                          | -                     | -                     |
|              | Advance against new Br/HO/ZO/SO                                                                                                                      | 20,900,000            | 52,920,000            |
|              | Prepaid insurance premium                                                                                                                            | 6,515,280             | 8,882,931             |
|              | Others Prepaid expenditure                                                                                                                           | 18,459,018            | 24,448,273            |
|              |                                                                                                                                                      | <b>45,874,298</b>     | <b>86,251,204</b>     |

|            |                            | Amount in BDT      |                    |
|------------|----------------------------|--------------------|--------------------|
|            |                            | Dec-23             | Dec-22             |
| <b>9.3</b> | <b>Suspense Account</b>    |                    |                    |
|            | Advance against TA/DA      | -                  | -                  |
|            | Encashment of PSP/BSP/WEDB | 98,909,798         | 67,508,364         |
|            | Cash Remitted              | 63,937,976         | 49,830,275         |
|            | Others                     | 813,675,663        | 476,970,041        |
|            |                            | <b>976,523,437</b> | <b>594,308,680</b> |

**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 31.12.2023 (upto-date position 09.01.2024 )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   | 4             | 24,161,287        | -             | -        |
| Over 1 year but within 5 years    | -             | -                 | -             | -        |
|                                   | <b>4</b>      | <b>24,161,287</b> | <b>-</b>      | <b>-</b> |

**9(a) Consolidated other assets**

|                                        |                       |                       |
|----------------------------------------|-----------------------|-----------------------|
| Mercantile Bank PLC.                   | 10,462,835,420        | 15,425,416,838        |
| Mercantile Bank Securities Limited.    | 294,759,682           | 259,019,099           |
| MBL Asset Management Limited           | 5,538,705             | 4,661,505             |
| Mercantile Exchange House (UK) Limited | 11,392,314            | 8,123,574             |
|                                        | <b>10,774,526,121</b> | <b>15,697,221,018</b> |
| Inter company transaction              | (3,653,911,270)       | (3,648,261,082)       |
|                                        | <b>7,120,614,851</b>  | <b>12,048,959,936</b> |

|                                                                                                                                                                                                                                       |                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                  | Amount in BDT                         |                                       |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|---------------------------------------|---------------------------------------|
|                                                                                                                                                                                                                                       |                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                  | Dec-23                                | Dec-22                                |
| 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 | Lower of Market Value/Valuation Value | Lower of Market Value/Valuation Value |
| 1                                                                                                                                                                                                                                     | Global Business Associates                           | a) 44 decimal land at Mouza- Gosai Gobindapur, P.S: Baliakandi, Dist: Rajbari;<br><br>b) 6.66 decimal land at Mouza- Gosai Gobindapur, P.S: Baliakandi, Dist: Rajbari. Previously owned by A.T.M Shamim UL Alam and A.T.M Shafiqul Alam at present Mercantile Bank PLC.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 30-Apr-15        | 500,000                               | 500,000                               |
| 2                                                                                                                                                                                                                                     | 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. Previously owned by Md. Ali Azam Khan, Solaiman Khan, Khorshed Alam Khan, Mrs. Kohonoor Akhter, Rasheda Begum, Sheuli Akhter and Fatema Begum at present Mercantile Bank PLC.<br><br>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 PLC.<br><br>c) RM of 375.00 decimal land at Dist. Madaripur, PS Shibchar, Mouza- Choto Chowdhurir Bill and Shamail. Previously owned by Sheba Fish Feeds Limited represented by Anwarul Haq, Md. Ashraful Islam Taluqder, Shahariar Farid and Shamimul Islam Siraj at present Mercantile Bank PLC. | 05-Aug-13        | 4,262,500                             | 4,262,500                             |
| 3                                                                                                                                                                                                                                     | Dohar Seed Company, Prop.: Md. Advocate Abdus Sobhan | RM (3rd party) of land 16.25 Decimal at Bhatara, Gulshan, Dhaka. Previously owned by Mr. Md. Syed Hossain Imam and Mr. Mozaffar Ali at present Mercantile Bank PLC.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 25-Nov-08        | 3,939,394                             | 3,939,394                             |
| 4                                                                                                                                                                                                                                     | Shahinoor Enterprise, Prop: Mr. Md. Mojibur Rahman   | a). 2.56 Katha Land with semi pucca building at Badda;<br><br>b). 10 Katha Land at Badda.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 20-Jul-06        | 3,400,800                             | 3,400,800                             |
| 5                                                                                                                                                                                                                                     | Dr. Akhtar Hossain                                   | 6.66 out of 7.00 decimal land with 04 Nos. floor spaces (Ground floor, 1st floor, 4th floor & 5th floor) out of 10.50 decimal land with 06 storied building at Mouza-Chotto Balimeher, Savar, Dhaka                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 16-Nov-14        | 10,833,638                            | 10,833,638                            |
| 6                                                                                                                                                                                                                                     | 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)<br><br>Previously owned by 1) Md. Abu Sayed, 2) Md. Taijul Islam, 3) Md. Akram Ali and 4) Mr. Emran Ali at present Mercantile Bank PLC.                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 07-Jul-15        | -                                     | 1,976,000                             |

|              |                                  |                                                                                                                                                                                                                             |           | Amount in BDT     |                   |
|--------------|----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-------------------|-------------------|
|              |                                  |                                                                                                                                                                                                                             |           | Dec-23            | Dec-22            |
| 7            | 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. Previously owned by Md. Esaruddin at present Mercantile Bank PLC. | 24-May-15 | 11,860,000        | 11,860,000        |
| 8            | M/S. Rabeya Chaul Kol            | 94.09 decimal vacant land at JL# 73, Khatian# CS: 101, 272, SA: 98, 328, RS: 195, Mutation- 937, Plot# CS & SA- 1006,1041, 1031, RS- 1415, 1429, Mouza- Khordo Rasulpur, Upazilla- Sadullahpur, District-Gaibandha.         | 06-Apr-23 | 7,725,000         | -                 |
| 9            | Khawaja Garib e Newaj Enterprise | 1) 5.00 decimal land at P.S. Patiya, then Bandar, at present Karnafully, Mouza-Isanagar, Chattogram.<br>2) 3.00 decimal land at P.S. Patiya, Then Bandar, at present Karnafully, Mouza-Charlakhia, Chattogram.              | 21-Nov-22 | 2,560,000         | -                 |
| <b>Total</b> |                                  |                                                                                                                                                                                                                             |           | <b>45,081,332</b> | <b>36,772,332</b> |

**10(a). Non- banking assets**

Mercantile Bank PLC.

Mercantile Bank Securities Limited

MBL Asset Management Limited

Mercantile Exchange House (UK) Limited

|                   |                   |
|-------------------|-------------------|
| 45,081,332        | 36,772,332        |
| -                 | -                 |
| -                 | -                 |
| -                 | -                 |
| <b>45,081,332</b> | <b>36,772,332</b> |

**11 Borrowings from other banks, financial institutions and agents**

In Bangladesh (Note 11.1)

Outside Bangladesh

|                       |                       |
|-----------------------|-----------------------|
| 20,431,229,575        | 34,020,511,378        |
| -                     | -                     |
| <b>20,431,229,575</b> | <b>34,020,511,378</b> |

**11.1 In Bangladesh - Interest bearing****A. Money at Call & short notice (11.1a):**

|                    |                    |
|--------------------|--------------------|
| 500,000,000        | 619,782,000        |
| <b>500,000,000</b> | <b>619,782,000</b> |

**B. Other Borrowings:**

Bangladesh Bank Refinance (11.1b)

Bangladesh Bank Pre-finance against RMG

Borrowing from Bangladesh Bank

Other Bank Borrowings (11.1c)

Off-shore Banking Division

|                       |                       |
|-----------------------|-----------------------|
| 13,681,143,235        | 27,041,072,512        |
| 76,086,340            | 16,642,500            |
| 4,029,000,000         | -                     |
| -                     | -                     |
| 6,109,450,783         | 9,898,833,129         |
| <b>23,895,680,358</b> | <b>36,956,548,141</b> |
| (3,964,450,783)       | (3,555,818,763)       |
| <b>19,931,229,575</b> | <b>33,400,729,378</b> |

Inter company transaction

Other Borrowings

|                       |                       |
|-----------------------|-----------------------|
| <b>20,431,229,575</b> | <b>34,020,511,378</b> |
|-----------------------|-----------------------|

**Total****11.1a Money at Call & short notice****i) Money at Call:**

|   |   |
|---|---|
| - | - |
|---|---|

**ii) Short Notice:**

Southeast Bank PLC

Premier Bank PLC

Commercial Bank of Ceylon (CBC) PLC

NCC Bank Limited

|                    |                    |
|--------------------|--------------------|
| 100,000,000        | -                  |
| 400,000,000        | -                  |
| -                  | 309,891,000        |
| -                  | 309,891,000        |
| <b>500,000,000</b> | <b>619,782,000</b> |
| <b>500,000,000</b> | <b>619,782,000</b> |

|              |                                                                                            | Amount in BDT         |                       |
|--------------|--------------------------------------------------------------------------------------------|-----------------------|-----------------------|
|              |                                                                                            | Dec-23                | Dec-22                |
| <b>11.1b</b> | <b>Bangladesh Bank Refinance</b>                                                           |                       |                       |
|              | Refin on Estb of Certfd Green Build                                                        | 192,857,143           | 200,000,000           |
|              | Refinance for Women Ent. SME                                                               | 462,703,333           | 338,897,250           |
|              | Refinance for SME Foundation                                                               | 21,623,300            | -                     |
|              | Refinance for Home Loan                                                                    | 3,404,044             | 4,806,973             |
|              | Refinance for SME                                                                          | 1,870,935,911         | 8,763,827             |
|              | Ref agnst WC under AIB Fund- CMSME                                                         | 639,875,000           | 682,635,000           |
|              | Refinance against SMEDP-2                                                                  | 56,980,688            | 162,420,990           |
|              | Refinance against StimulusFund                                                             | 606,127,434           | 1,757,687,985         |
|              | Refinance for ETP                                                                          | -                     | 1,758,949             |
|              | Refinance for Term Loan-Ghore Fera                                                         | 12,300,000            | 7,100,000             |
|              | Refinance against EDF from BB                                                              | 6,569,220,045         | 21,151,574,087        |
|              | Refinance Against Brick Kil                                                                | 41,464,290            | 50,678,574            |
|              | Refinance Against Fin. Incl SC(FIS)                                                        | 283,890,953           | 315,833,478           |
|              | Refinance for Agro Processing Ind                                                          | 462,933,715           | 501,609,618           |
|              | FC Account Against BB Refinance                                                            | 852,919,379           | 997,716,779           |
|              | Pre-Shipment Credit Ref Scheme Corp                                                        | 1,512,560,000         | 859,589,000           |
|              | Re-finance agnt Corporate Loan                                                             | 91,348,000            | -                     |
|              |                                                                                            | <b>13,681,143,235</b> | <b>27,041,072,512</b> |
| <b>11.1c</b> | <b>Other Bank Borrowings</b>                                                               |                       |                       |
|              | <b>Term Borrowing:</b>                                                                     |                       |                       |
|              | Shahjalal Islami Bank Limited                                                              | -                     | -                     |
|              |                                                                                            | -                     | -                     |
| <b>11.2</b>  | <b>Outside Bangladesh</b>                                                                  | -                     | -                     |
|              | <b>Total Borrowings from other banks, financial institutions and agents (N-11.1+11.2)</b>  | <b>20,431,229,575</b> | <b>34,020,511,378</b> |
|              | Secured borrowings                                                                         | 17,786,229,575        | 27,057,715,012        |
|              | Unsecured borrowings                                                                       | 2,645,000,000         | 6,962,796,366         |
|              |                                                                                            | <b>20,431,229,575</b> | <b>34,020,511,378</b> |
| <b>11.4</b>  | <b>Borrowings from other banks, financial institutions and agents: Nature of repayment</b> |                       |                       |
|              | Repayable on demand                                                                        | 2,645,000,000         | 6,962,796,366         |
|              | Others                                                                                     | 17,786,229,575        | 27,057,715,012        |
|              |                                                                                            | <b>20,431,229,575</b> | <b>34,020,511,378</b> |
| <b>11.5</b>  | <b>Borrowings from other banks, financial institutions and agents: Maturity grouping</b>   |                       |                       |
|              | Repayable on demand                                                                        | 2,645,000,000         | 6,962,796,366         |
|              | 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                                                             | 17,786,229,575        | 27,057,715,012        |
|              | Over 5 year but within 10 years                                                            | -                     | -                     |
|              | Over 10 (ten) years                                                                        | -                     | -                     |
|              |                                                                                            | <b>20,431,229,575</b> | <b>34,020,511,378</b> |
| <b>11(a)</b> | <b>Consolidated borrowings from other banks, financial institutions</b>                    |                       |                       |
|              | <b>Inside Bangladesh</b>                                                                   |                       |                       |
|              | Mercantile Bank PLC.                                                                       | 20,431,229,575        | 34,020,511,378        |
|              | Mercantile Bank Securities Limited                                                         | 1,257,308,644         | 1,069,607,332         |
|              | MBL Asset Management Limited                                                               | -                     | -                     |
|              | Mercantile Exchange House (UK) Limited                                                     | -                     | -                     |
|              |                                                                                            | <b>21,688,538,219</b> | <b>35,090,118,710</b> |
|              | <b>Consolidated borrowings from other banks, financial institutions</b>                    |                       |                       |
|              | <b>Outside Bangladesh</b>                                                                  |                       |                       |
|              | Mercantile Bank PLC.                                                                       | -                     | -                     |
|              | Mercantile Bank Securities Limited                                                         | -                     | -                     |
|              | MBL Asset Management Limited                                                               | -                     | -                     |
|              | Mercantile Exchange House (UK) Limited                                                     | -                     | -                     |
|              |                                                                                            | -                     | -                     |
|              |                                                                                            | <b>21,688,538,219</b> | <b>35,090,118,710</b> |
|              | Inter company transaction                                                                  | (807,293,428)         | (1,069,607,332)       |
|              | <b>Total- Consolidated borrowings from other banks, financial institutions</b>             | <b>20,881,244,791</b> | <b>34,020,511,378</b> |

|              |                                                               |                    |  | Amount in BDT          |                        |
|--------------|---------------------------------------------------------------|--------------------|--|------------------------|------------------------|
|              |                                                               |                    |  | Dec-23                 | Dec-22                 |
| <b>11.6</b>  | <b>Non-convertible Subordinated Bond</b>                      | <b>Coupon Rate</b> |  |                        |                        |
|              | Janata Bank PLC.                                              | 7.07%              |  | 400,000,000            | 600,000,000            |
|              | Agrani Bank PLC.                                              | 7.07%              |  | 400,000,000            | 600,000,000            |
|              | Sonali Bank PLC                                               | 7.07%              |  | 400,000,000            | 600,000,000            |
|              |                                                               |                    |  | <b>1,200,000,000</b>   | <b>1,800,000,000</b>   |
| <b>11.6a</b> | <b>Consolidated Non-convertible Subordinated Bond</b>         |                    |  |                        |                        |
|              | Mercantile Bank PLC.                                          |                    |  | 1,200,000,000          | 1,800,000,000          |
|              | Mercantile Bank Securities Limited                            |                    |  | -                      | -                      |
|              | MBL Asset Management Limited                                  |                    |  | -                      | -                      |
|              | Mercantile Exchange House (UK) Limited                        |                    |  | -                      | -                      |
|              |                                                               |                    |  | <b>1,200,000,000</b>   | <b>1,800,000,000</b>   |
| <b>11.7</b>  | <b>Mercantile Bank Perpetual Bond</b>                         | <b>Coupon Rate</b> |  |                        |                        |
| <b>I.</b>    | <b>Private Placement:</b>                                     |                    |  |                        |                        |
|              | Pubali Bank Limited                                           | 10.00%             |  | 1,000,000,000          | 1,000,000,000          |
|              | Bengal Commercial Bank Limited                                | 10.00%             |  | 100,000,000            | 100,000,000            |
|              | Bank Asia Limited                                             | 10.00%             |  | 1,030,000,000          | 1,030,000,000          |
|              | United Commercial Bank Limited                                | 10.00%             |  | 1,000,000,000          | 1,000,000,000          |
|              |                                                               |                    |  | <b>3,130,000,000</b>   | <b>3,130,000,000</b>   |
| <b>II.</b>   | <b>Public Offer:</b>                                          |                    |  |                        |                        |
|              |                                                               |                    |  | 500,000,000            | -                      |
|              |                                                               |                    |  | -                      | -                      |
|              |                                                               |                    |  | <b>500,000,000</b>     | <b>-</b>               |
|              |                                                               |                    |  | <b>3,630,000,000</b>   | <b>3,130,000,000</b>   |
| <b>11.7a</b> | <b>Consolidated Mercantile Bank Perpetual Bond</b>            |                    |  |                        |                        |
|              | Mercantile Bank PLC.                                          |                    |  | 3,630,000,000          | 3,130,000,000          |
|              | Mercantile Bank Securities Limited                            |                    |  | -                      | -                      |
|              | MBL Asset Management Limited                                  |                    |  | -                      | -                      |
|              | Mercantile Exchange House (UK) Limited                        |                    |  | -                      | -                      |
|              |                                                               |                    |  | <b>3,630,000,000</b>   | <b>3,130,000,000</b>   |
| <b>12.</b>   | <b>Deposits and other accounts:</b>                           |                    |  |                        |                        |
|              | Conventional and Islamic banking                              |                    |  |                        |                        |
| <b>A.</b>    | <b>Deposits received from Banks :</b>                         |                    |  | <b>5,625,841,997</b>   | <b>7,127,126,469</b>   |
|              | Payable on demand (Note- A-1)                                 |                    |  | 2,019,369              | 19,300,735             |
|              | Time Deposits (Note - A-2 )                                   |                    |  | 5,623,822,628          | 7,107,825,734          |
| <b>B.</b>    | <b>Other than Bank:</b>                                       |                    |  | <b>301,322,111,270</b> | <b>274,664,928,289</b> |
|              | Payable on demand (Note- B-1)                                 |                    |  | 57,275,776,464         | 46,662,629,764         |
|              | Time Deposits (Note - B-2 )                                   |                    |  | 244,046,334,806        | 228,002,298,526        |
|              | <b>Total Payable on Demand Deposits (Note- A-1 &amp; B-1)</b> |                    |  | 57,277,795,833         | 46,681,930,499         |
|              | <b>Total Time Deposits (Note -A-2 &amp; B-2 )</b>             |                    |  | 249,670,157,434        | 235,110,124,259        |
|              |                                                               |                    |  | <b>306,947,953,267</b> | <b>281,792,054,757</b> |
| <b>A.</b>    | <b>Deposits received from Banks:</b>                          |                    |  |                        |                        |
|              | Term deposit                                                  |                    |  | 4,150,000,000          | 6,066,485,000          |
|              | Current deposit                                               |                    |  | 2,019,369              | 19,300,735             |
|              | Special Notice deposits                                       |                    |  | 1,473,822,628          | 1,041,340,734          |
|              | Saving deposits                                               |                    |  | -                      | -                      |
|              |                                                               |                    |  | <b>5,625,841,997</b>   | <b>7,127,126,469</b>   |
| <b>A-1</b>   | <b>Payable on demand</b>                                      |                    |  |                        |                        |
|              | Current deposits                                              |                    |  | 2,019,369              | 19,300,735             |
|              | Saving deposits (9%) - (A)                                    |                    |  | -                      | -                      |
|              |                                                               |                    |  | <b>2,019,369</b>       | <b>19,300,735</b>      |

|             |                                                                     | Amount in BDT          |                        |
|-------------|---------------------------------------------------------------------|------------------------|------------------------|
|             |                                                                     | Dec-23                 | Dec-22                 |
| <b>A-2</b>  | <b>Time deposits</b>                                                |                        |                        |
|             | Saving deposits (91%) - (A)                                         | -                      | -                      |
|             | Term deposit                                                        | 4,150,000,000          | 6,066,485,000          |
|             | Special Notice deposits                                             | 1,473,822,628          | 1,041,340,734          |
|             |                                                                     | <b>5,623,822,628</b>   | <b>7,107,825,734</b>   |
|             | <b>Maturity Analysis (Deposits received from Banks):</b>            |                        |                        |
|             | Repayable on demand                                                 | 2,019,369              | 19,300,735             |
|             | Repayable within 1 month                                            | 1,473,822,628          | 1,041,340,734          |
|             | Over 1 months but within 6 months                                   | 4,150,000,000          | 6,066,485,000          |
|             | 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                         | -                      | -                      |
|             |                                                                     | <b>5,625,841,997</b>   | <b>7,127,126,469</b>   |
| <b>B.</b>   | <b>Other than Bank:</b>                                             |                        |                        |
| <b>B-1</b>  | <b>Payable on demand:</b>                                           |                        |                        |
|             | Current deposits                                                    | 14,114,358,905         | 15,051,257,079         |
|             | Saving deposits (9%) - (Note 12.3)                                  | 3,182,539,637          | 2,998,276,797          |
|             | Foreign currency deposits (non interest bearing)                    | 3,052,733,300          | 2,688,538,971          |
|             | Bills payable (Note-12.2)                                           | 3,573,240,118          | 2,620,728,107          |
|             | Sundry deposits (Note - 12.1.1)                                     | 21,802,836,703         | 13,045,253,946         |
|             | Foreign currency held against Back to Back L/C                      | 11,550,067,802         | 10,258,574,863         |
|             |                                                                     | <b>57,275,776,464</b>  | <b>46,662,629,764</b>  |
| <b>B-2</b>  | <b>Time deposits:</b>                                               |                        |                        |
|             | Saving deposits (91%) - (Note-12.3)                                 | 32,179,011,883         | 30,315,909,839         |
|             | Foreign currency deposits (non interest bearing)                    | 1,879,517,298          | 596,565,373            |
|             | Fixed deposits (Note-12.4)                                          | 113,303,408,919        | 102,359,888,475        |
|             | Special Notice deposits                                             | 52,752,927,287         | 44,530,464,442         |
|             | Deposits under schemes (Note-12.5)                                  | 43,257,537,272         | 49,513,278,013         |
|             | Non-resident taka deposit                                           | 87,858,166             | 285,226,130            |
|             | Deposit under Q-cash                                                | 47,653,943             | 34,355,686             |
|             | Deposit under Agent Banking                                         | 538,420,038            | 366,610,567            |
|             |                                                                     | <b>244,046,334,806</b> | <b>228,002,298,526</b> |
|             | <b>Maturity Analysis (Deposits received from other than Banks):</b> |                        |                        |
|             | Repayable on demand                                                 | 45,889,972,660         | 42,780,458,000         |
|             | Repayable within 1 month                                            | 48,702,562,100         | 47,650,125,980         |
|             | Over 1 months but within 6 months                                   | 41,110,637,640         | 37,680,780,320         |
|             | Over 6 months but within 1 year                                     | 45,085,237,145         | 40,782,650,780         |
|             | Over 1 year but within 5 years                                      | 54,451,664,830         | 48,780,650,978         |
|             | Over 5 year but within 10 years                                     | 66,082,036,895         | 56,990,262,230         |
|             | Unclaimed deposits 10 (ten) years and above                         | -                      | -                      |
|             |                                                                     | <b>301,322,111,270</b> | <b>274,664,928,288</b> |
| <b>12.1</b> | <b>Current/Al-wadeeah current accounts and other accounts</b>       |                        |                        |
|             | Current deposits                                                    | 14,090,211,518         | 15,030,032,494         |
|             | Special Notice deposits                                             | 54,226,749,915         | 45,560,368,095         |
|             | Foreign currency deposits                                           | 4,932,250,598          | 3,285,104,344          |
|             | Deposit under Q-cash & My cash                                      | 47,653,943             | 34,355,686             |
|             | Deposit under Agent Banking                                         | 538,420,038            | 366,610,567            |
|             | Non-resident taka deposits                                          | 87,858,166             | 285,226,130            |
|             | Sundry deposit (Notes 12.1.1)                                       | 21,802,836,703         | 13,045,253,946         |
|             | Unclaimed Dividend (Note-12.6)                                      | 26,166,755             | 51,962,400             |
|             | Foreign currency held against Back to Back L/C                      | 11,550,067,802         | 10,258,574,863         |
|             |                                                                     | <b>107,302,215,437</b> | <b>87,917,488,526</b>  |

|               |                                                                                                            | Amount in BDT          |                        |
|---------------|------------------------------------------------------------------------------------------------------------|------------------------|------------------------|
|               |                                                                                                            | Dec-23                 | Dec-22                 |
| <b>12.1.1</b> | <b>Details of sundry deposit</b>                                                                           |                        |                        |
|               | Sundry Creditors                                                                                           | 312,544,037            | 574,062,915            |
|               | Withholding Tax - IT                                                                                       | 692,801,890            | 568,626,182            |
|               | Withholding Tax - Excise Duty                                                                              | 263,031,896            | 276,259,568            |
|               | Withholding Tax - VAT                                                                                      | 55,254,021             | 53,860,873             |
|               | Margin on Letter of Guarantee                                                                              | 953,335,124            | 923,606,508            |
|               | Margin on L/C                                                                                              | 16,473,472,723         | 7,386,933,606          |
|               | Margin on FDBP/IDBP                                                                                        | 97,525                 | 97,525                 |
|               | Margin on Inward bill collection                                                                           | 395,929                | 395,929                |
|               | Other Margin Account                                                                                       | 15,272,376             | 11,612,393             |
|               | Sale proceeds of PSP/BSP                                                                                   | 3,200,000              | 3,200,000              |
|               | Advance deposit against lease rent                                                                         | 964,200                | 1,252,200              |
|               | Security deposit                                                                                           | 13,908,034             | 14,904,429             |
|               | Export bill agency commission                                                                              | 10,156,536             | 10,156,536             |
|               | Export bill reserve margin                                                                                 | 219,109,963            | 212,583,188            |
|               | Other sundry deposit                                                                                       | 2,789,292,449          | 3,007,702,095          |
|               |                                                                                                            | <b>21,802,836,703</b>  | <b>13,045,253,946</b>  |
| <b>12.2</b>   | <b>Bills payable</b>                                                                                       |                        |                        |
|               | Demand Draft                                                                                               | 2,936,459              | 2,936,459              |
|               | Security deposit receipt                                                                                   | 931,950                | 931,950                |
|               | Pay Order                                                                                                  | 3,555,374,615          | 2,603,917,113          |
|               | Pay Slip                                                                                                   | 13,997,095             | 12,942,585             |
|               |                                                                                                            | <b>3,573,240,118</b>   | <b>2,620,728,107</b>   |
|               | <b>Maturity wise Grouping Bills Payable</b>                                                                |                        |                        |
|               | Repayable on demand                                                                                        | -                      | -                      |
|               | Repayable within 1 month                                                                                   | 3,572,308,168          | 2,619,796,157          |
|               | Over 1 months but within 6 months                                                                          | 931,950                | 931,950                |
|               | Over 6 months but within 1 year                                                                            | -                      | -                      |
|               | Over 1 year but within 5 years                                                                             | -                      | -                      |
|               | Over 5 year but within 10 years                                                                            | -                      | -                      |
|               |                                                                                                            | <b>3,573,240,118</b>   | <b>2,620,728,107</b>   |
| <b>12.3</b>   | <b>Savings Bank/Mudaraba savings bank deposits</b>                                                         |                        |                        |
|               | <b>As per BRPD Circular No. 03 of 07 July 1997, total saving bank deposits amount is distributed into:</b> |                        |                        |
|               | 9% of total Savings Bank deposits (Demand deposits)                                                        | 3,182,539,637          | 2,998,276,797          |
|               | 91% of total Savings Bank deposits (Time deposits)                                                         | 32,179,011,883         | 30,315,909,839         |
|               |                                                                                                            | <b>35,361,551,520</b>  | <b>33,314,186,636</b>  |
| <b>12.4</b>   | <b>Fixed deposits/Mudaraba fixed deposits</b>                                                              |                        |                        |
|               | Customer deposits (Note 12 B-2)                                                                            | 113,303,408,919        | 102,359,888,475        |
|               | Deposits received from Banks-Term deposit (Note-12 A-2)                                                    | 4,150,000,000          | 6,066,485,000          |
|               |                                                                                                            | <b>117,453,408,919</b> | <b>108,426,373,475</b> |
| <b>12.4.1</b> | <b>Fixed deposits/Mudaraba fixed deposits - maturity wise Grouping</b>                                     |                        |                        |
|               | Repayable on demand                                                                                        | -                      | -                      |
|               | Repayable within 1 month                                                                                   | -                      | -                      |
|               | Over 1 months but within 6 months                                                                          | 18,269,181,504         | 16,789,550,064         |
|               | Over 6 months but within 1 year                                                                            | 44,921,693,591         | 34,919,801,117         |
|               | Over 1 year but within 5 years                                                                             | 54,114,090,647         | 56,580,401,815         |
|               | Over 5 year but within 10 years                                                                            | 148,443,178            | 136,620,479            |
|               | Unclaimed deposits 10 (ten) years and above                                                                | -                      | -                      |
|               |                                                                                                            | <b>117,453,408,919</b> | <b>108,426,373,475</b> |

|                |                                                                      | Amount in BDT          |                       |
|----------------|----------------------------------------------------------------------|------------------------|-----------------------|
|                |                                                                      | Dec-23                 | Dec-22                |
| <b>12.5</b>    | <b>Deposit under schemes/Mudaraba deposit schemes</b>                |                        |                       |
|                | Monthly Savings Scheme                                               | 27,707,369,818         | 32,404,363,733        |
|                | Double Benefit Deposit Scheme                                        | 10,495,837,882         | 10,920,991,245        |
|                | Family Maintenance Deposit Scheme                                    | 1,196,444,500          | 1,343,900,000         |
|                | MBPLC Nari Sanchaya Prokolpo(MNSP)                                   | 73,729,044             | -                     |
|                | Special Savings Scheme                                               | 296,295,301            | 305,564,238           |
|                | Pension and Family Support Scheme                                    | 390,462,135            | 430,910,101           |
|                | Quarterly Benefit Deposit Scheme                                     | 14,519,050             | 66,200,000            |
|                | One & Half Time Benefit Scheme                                       | 5,224,970              | 26,748,975            |
|                | Super Benefit Scheme                                                 | 3,068,896,711          | 4,003,868,889         |
|                | Education Planning Deposit Scheme                                    | 8,757,861              | 10,730,832            |
|                |                                                                      | <b>43,257,537,272</b>  | <b>49,513,278,013</b> |
| <b>12.6</b>    | <b>Unclaimed Dividend</b>                                            |                        |                       |
|                | <b>Dividend remained unclaimed which were declared for the year:</b> |                        |                       |
|                | Special Notice deposits 2018                                         | -                      | 14,299                |
|                | Special Notice deposits 2019                                         | -                      | 11,422,782            |
|                | <b>Total Special Notice deposits</b>                                 | <b>-</b>               | <b>11,437,081</b>     |
|                | Current deposits 2020                                                | 7,844,756              | 8,977,073             |
|                | Current deposits 2021                                                | 10,454,685             | 31,548,247            |
|                | Current deposits 2022                                                | 7,867,314              | -                     |
|                | <b>Total Current deposits</b>                                        | <b>26,166,755</b>      | <b>40,525,319</b>     |
|                |                                                                      | <b>26,166,755</b>      | <b>51,962,400</b>     |
| <b>12(a)</b>   | <b>Consolidated deposits and other accounts</b>                      |                        |                       |
| <b>12.1(a)</b> | <b>Current/Al-wadeeah current accounts and other accounts</b>        |                        |                       |
|                | <b>Deposits Received from Banks</b>                                  |                        |                       |
|                | Mercantile Bank PLC.                                                 | 5,625,841,997          | 7,127,126,469         |
|                | Mercantile Bank Securities Limited                                   | -                      | -                     |
|                | MBL Asset Management Limited                                         | -                      | -                     |
|                | Mercantile Exchange House (UK) Limited                               | -                      | -                     |
|                |                                                                      | <b>5,625,841,997</b>   | <b>7,127,126,469</b>  |
|                | <b>Other than Bank</b>                                               |                        |                       |
|                | Mercantile Bank PLC.                                                 | 101,676,373,440        | 80,790,362,057        |
|                | Mercantile Bank Securities Limited                                   | 204,177,443            | 147,644,308           |
|                | MBL Asset Management Limited                                         | -                      | -                     |
|                | Mercantile Exchange House (UK) Limited                               | -                      | -                     |
|                |                                                                      | <b>101,880,550,883</b> | <b>80,938,006,365</b> |
|                | Inter Company Transaction                                            | (272,968,666)          | (201,908,143)         |
|                |                                                                      | <b>101,607,582,218</b> | <b>80,736,098,222</b> |
|                |                                                                      | <b>107,233,424,214</b> | <b>87,863,224,690</b> |
| <b>12.2(a)</b> | <b>Bills Payable</b>                                                 |                        |                       |
|                | Mercantile Bank PLC.                                                 | 3,573,240,118          | 2,620,728,107         |
|                | Mercantile Bank Securities Limited                                   | -                      | -                     |
|                | MBL Asset Management Limited                                         | -                      | -                     |
|                | Mercantile Exchange House (UK) Limited                               | -                      | -                     |
|                |                                                                      | <b>3,573,240,118</b>   | <b>2,620,728,107</b>  |
|                | <b>Maturity wise Grouping Bills Payable</b>                          |                        |                       |
|                | Repayable on demand                                                  | -                      | -                     |
|                | Repayable within 1 month                                             | 3,572,308,168          | 2,619,796,157         |
|                | Over 1 months but within 6 months                                    | 931,950                | 931,950               |
|                | 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                          | -                      | -                     |
|                |                                                                      | <b>3,573,240,118</b>   | <b>2,620,728,107</b>  |

|           |                                                                        | Amount in BDT          |                        |
|-----------|------------------------------------------------------------------------|------------------------|------------------------|
|           |                                                                        | Dec-23                 | Dec-22                 |
| 12.3(a)   | <b>Savings Bank/Mudaraba savings bank deposits</b>                     |                        |                        |
|           | Mercantile Bank PLC.                                                   | 35,361,551,520         | 33,314,186,636         |
|           | Mercantile Bank Securities Limited                                     | -                      | -                      |
|           | MBL Asset Management Limited                                           | -                      | -                      |
|           | Mercantile Exchange House (UK) Limited                                 | -                      | -                      |
|           |                                                                        | <b>35,361,551,520</b>  | <b>33,314,186,636</b>  |
| 12.4(a)   | <b>Fixed deposits/Mudaraba fixed deposits</b>                          |                        |                        |
|           | Mercantile Bank PLC.                                                   | 117,453,408,919        | 108,426,373,475        |
|           | Mercantile Bank Securities Limited                                     | -                      | -                      |
|           | MBL Asset Management Limited                                           | -                      | -                      |
|           | Mercantile Exchange House (UK) Limited                                 | -                      | -                      |
|           |                                                                        | <b>117,453,408,919</b> | <b>108,426,373,475</b> |
| 12.4.1(a) | <b>Fixed deposits/Mudaraba fixed deposits - Maturity wise Grouping</b> |                        |                        |
|           | Repayable on demand                                                    | -                      | -                      |
|           | Repayable within 1 month                                               | 44,921,693,591         | 34,919,801,117         |
|           | Over 1 months but within 6 months                                      | 54,114,090,647         | 56,580,401,815         |
|           | Over 6 months but within 1 year                                        | 18,417,624,682         | 16,926,170,543         |
|           | Over 1 year but within 5 years                                         | -                      | -                      |
|           | Over 5 year but within 10 years                                        | -                      | -                      |
|           | Unclaimed deposits 10 (ten) years and above                            | -                      | -                      |
|           |                                                                        | <b>117,453,408,919</b> | <b>108,426,373,475</b> |
| 12.5(a)   | <b>Deposit under schemes/Mudaraba deposit schemes</b>                  |                        |                        |
|           | Mercantile Bank PLC.                                                   | 43,257,537,272         | 49,513,278,013         |
|           | Mercantile Bank Securities Limited                                     | -                      | -                      |
|           | MBL Asset Management Limited                                           | -                      | -                      |
|           | Mercantile Exchange House (UK) Limited                                 | -                      | -                      |
|           |                                                                        | <b>43,257,537,272</b>  | <b>49,513,278,013</b>  |
| 13.       | <b>Other liabilities</b>                                               |                        |                        |
|           | <b>Conventional and Islamic banking</b>                                |                        |                        |
|           | Provision for Gratuity Fund (Note-13.1)                                | -                      | -                      |
|           | Provision for MBPLC Foundation 13.1A                                   | -                      | -                      |
|           | Provision for Fixed Assets (Note-13.2)                                 | 85,000,000             | 85,000,000             |
|           | Other Provision (Note-13.2.1)                                          | 2,305,019,266          | 2,124,091,000          |
|           | Provision for Off Balance Sheet Items (Note-13.3)                      | 1,234,035,293          | 1,334,251,374          |
|           | Provision for Incentive Bonus                                          | 366,189,694            | 516,931,379            |
|           | Provision for Current Tax less advance Tax (Note-13.4.1)               | (3,356,799,151)        | (2,487,460,270)        |
|           | Provision for Deferred Tax (Note-13.4.2)                               | (208,895,975)          | (159,730,302)          |
|           | Provision for Loans and Advances/investments (Note-13.5.1)             | 17,510,447,762         | 16,217,905,030         |
|           | Leasehold Liabilities IFRS-16                                          | 646,260,986            | 864,799,835            |
|           | Provision against Non-banking assets                                   | 18,996,938             | 18,996,938             |
|           | Startup Fund (Note-13.2.2)                                             | 98,111,353             | 77,825,295             |
|           | Adjusting Account Credit (Note-13.6)                                   | 10,672,389,581         | 7,767,109,962          |
|           | Interest Suspense Account (Note-13.7)                                  | 14,606,901,406         | 9,949,303,336          |
|           | Provision for Audit fees                                               | 1,725,000              | 1,725,000              |
|           |                                                                        | <b>43,979,382,154</b>  | <b>36,310,748,577</b>  |
| 13.1      | <b>Provision for Gratuity Fund</b>                                     |                        |                        |
|           | Beginning of the year                                                  | -                      | -                      |
|           | Add. During the year                                                   | 200,000,000            | 400,000,000            |
|           |                                                                        | <b>200,000,000</b>     | <b>400,000,000</b>     |
|           | Transferred to Savings Account (Gratuity Fund)                         | 200,000,000            | 400,000,000            |
|           |                                                                        | -                      | -                      |

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                              | Amount in BDT        |                      |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                              | Dec-23               | Dec-22               |
| <b>13.1A</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>Provision for MBPLC Foundation:</b>                                                                                                                                                                                                                                                                                                       |                      |                      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Beginning of the year                                                                                                                                                                                                                                                                                                                        | -                    | -                    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Add. During the year                                                                                                                                                                                                                                                                                                                         | 100,000,000          | 100,000,000          |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Less. Adjustment during the year                                                                                                                                                                                                                                                                                                             | -                    | -                    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                              | <b>100,000,000</b>   | <b>100,000,000</b>   |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Transferred to Savings Account ( MBPLC Foundation)                                                                                                                                                                                                                                                                                           | 100,000,000          | 100,000,000          |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                              | -                    | -                    |
| <b>13.2</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <b>Provision for Fixed Assets</b>                                                                                                                                                                                                                                                                                                            |                      |                      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Provision held at the beginning of the year                                                                                                                                                                                                                                                                                                  | 85,000,000           | 85,000,000           |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Provision made during the year                                                                                                                                                                                                                                                                                                               | -                    | -                    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                              | <b>85,000,000</b>    | <b>85,000,000</b>    |
| <p>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 chattaks 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.</p> <p>Provision was made for land as per instruction of Bangladesh Bank vide letter no. DBI-1(vigilance) / 5050 (15)/ 2006-400, 20 March 2006.</p> |                                                                                                                                                                                                                                                                                                                                              |                      |                      |
| <b>13.2.1</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <b>Other Provision</b>                                                                                                                                                                                                                                                                                                                       |                      |                      |
| <b>I.</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <b>Provision for Protested Bill (under other asset) :</b>                                                                                                                                                                                                                                                                                    |                      |                      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Provision held at the beginning of the year                                                                                                                                                                                                                                                                                                  | 8,950,000            | 8,950,000            |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Add. During the year                                                                                                                                                                                                                                                                                                                         | 9,221,030            | -                    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Less. Transfer to Retained Earning                                                                                                                                                                                                                                                                                                           | -                    | -                    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                              | <b>18,171,030</b>    | <b>8,950,000</b>     |
| <b>II.A</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <b>Provision for Other Asset</b>                                                                                                                                                                                                                                                                                                             |                      |                      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Provision held at the beginning of the year                                                                                                                                                                                                                                                                                                  | 194,341,000          | 185,441,000          |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Add. Provision made during the year                                                                                                                                                                                                                                                                                                          | 65,977,094           | 8,900,000            |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Less: Adjusted during the year                                                                                                                                                                                                                                                                                                               | -                    | -                    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                              | <b>260,318,094</b>   | <b>194,341,000</b>   |
| <b>II.B</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <b>Provision for MBPLC Un-reconciled Branch Adjustments (under other asset)</b>                                                                                                                                                                                                                                                              |                      |                      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Provision held at the beginning of the year                                                                                                                                                                                                                                                                                                  | 24,200,000           | -                    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Add. During the year                                                                                                                                                                                                                                                                                                                         | -                    | 24,200,000           |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Less: Adjusted during the year                                                                                                                                                                                                                                                                                                               | -                    | -                    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                              | <b>24,200,000</b>    | <b>24,200,000</b>    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <b>Total Provision for Other Asset (I+II)</b>                                                                                                                                                                                                                                                                                                | <b>302,689,124</b>   | <b>227,491,000</b>   |
| <b>III.</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <b>Provision for Climate risk fund</b>                                                                                                                                                                                                                                                                                                       |                      |                      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Provision held at the beginning of the year                                                                                                                                                                                                                                                                                                  | 3,500,000            | 3,500,000            |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Provision made during the year                                                                                                                                                                                                                                                                                                               | -                    | -                    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                              | <b>3,500,000</b>     | <b>3,500,000</b>     |
| <b>IV.</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <b>Provision for Good Borrower rebate</b>                                                                                                                                                                                                                                                                                                    |                      |                      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Provision held at the beginning of the year                                                                                                                                                                                                                                                                                                  | 11,000,000           | 11,000,000           |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Provision made during the year                                                                                                                                                                                                                                                                                                               | -                    | -                    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                              | <b>11,000,000</b>    | <b>11,000,000</b>    |
| <b>V.</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <b>Special General Provision COVID-19</b>                                                                                                                                                                                                                                                                                                    |                      |                      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Provision held at the beginning of the year                                                                                                                                                                                                                                                                                                  | 1,598,000,000        | 1,349,000,000        |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Provision made during the year                                                                                                                                                                                                                                                                                                               | -                    | 249,000,000          |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | In 2020 MBPLC Kept Tk 69.90 crore @ 1% as per BRPD Circular Letter No.56, dated on 10.12.2020, amount which Tk. 19.08 crore has been adjusted in 2021 & In 2021 MBPLC Kept Tk 83.42 crore @ 2% as per BRPD Circular Letter No.53, dated on 30.12.2021 & for 2022 kept Tk. 24.90 crore as per BRPD Circular Letter No.53, dated on 22.12.2022 | <b>1,598,000,000</b> | <b>1,598,000,000</b> |
| <b>VI.</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <b>Provision against Unclaimed Dividend</b>                                                                                                                                                                                                                                                                                                  |                      |                      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Provision held at the beginning of the year                                                                                                                                                                                                                                                                                                  | 58,400,000           | 58,400,000           |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Provision made during the year                                                                                                                                                                                                                                                                                                               | -                    | -                    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                              | <b>58,400,000</b>    | <b>58,400,000</b>    |

|                  |                                                                                                     | Amount in BDT        |                      |
|------------------|-----------------------------------------------------------------------------------------------------|----------------------|----------------------|
|                  |                                                                                                     | Dec-23               | Dec-22               |
| <b>VII.</b>      | <b>Provision against Special CSR Fund (Exchange Gain)</b>                                           |                      |                      |
|                  | Provision held at the beginning of the year                                                         | 225,700,000          | -                    |
|                  | Add. Provision made during the year                                                                 | -                    | 225,700,000          |
|                  | Less. Adjustment during the year (Agri instrument Tk.8,640,000+Tk.3,990,000)                        | 12,630,000           | -                    |
|                  | Provision kept as per BB Letter No. BRPD(CMS)651/9(39)KHA/2022-9886 dated 27.09.2022                | <b>213,070,000</b>   | <b>225,700,000</b>   |
| <b>VIII.</b>     | <b>Provision for diminution in value of investments in shares</b>                                   |                      |                      |
|                  | Provision held at the beginning of the year                                                         | -                    | -                    |
|                  | Provision made during the year                                                                      | 57,457,654           | -                    |
|                  |                                                                                                     | <b>57,457,654</b>    | <b>-</b>             |
| <b>IX.</b>       | <b>Provision for Investment in Shares of subsidiary company Mercantile Exchange House (UK) Ltd.</b> |                      |                      |
|                  | Provision held at the beginning of the year                                                         | -                    | -                    |
|                  | Provision made during the year                                                                      | 60,902,488           | -                    |
|                  |                                                                                                     | <b>60,902,488</b>    | <b>-</b>             |
|                  | <b>Total (I+II+III+IV+V+VI+VII+VIII+IX)</b>                                                         | <b>2,305,019,266</b> | <b>2,124,091,000</b> |
| <b>X.</b>        | <b>Other Provision made during the year</b>                                                         |                      |                      |
|                  | Other Asset                                                                                         | 65,977,094           | 33,100,000           |
|                  | Climate risk fund                                                                                   | -                    | -                    |
|                  | Good Borrower rebate                                                                                | -                    | -                    |
|                  | Provision against Other Expenses                                                                    | -                    | -                    |
|                  | Provision against Unclaimed Dividend                                                                | -                    | -                    |
|                  | Provision against Special CSR Fund                                                                  | -                    | 225,700,000          |
|                  | Provision for Protested Bill (under other asset)                                                    | 9,221,030            | -                    |
|                  | Provision for diminution in value of investments in shares                                          | 57,457,654           | -                    |
|                  | Provision for Investment in Shares of subsidiary company Mercantile Exchange House (UK) Ltd.        | 60,902,488           | -                    |
|                  | Special General Provision COVID-19                                                                  | -                    | 249,000,000          |
|                  |                                                                                                     | <b>193,558,266</b>   | <b>507,800,000</b>   |
| <b>13.2.2</b>    | <b>Startup Fund</b>                                                                                 |                      |                      |
|                  | Beginning of the year                                                                               | 77,825,295           | 55,799,461           |
|                  | During the year                                                                                     | 20,286,058           | 22,025,834           |
|                  | <b>As per SME &amp; SPD Circular Letter No.04 , dated on 29.03.2021</b>                             | <b>98,111,353</b>    | <b>77,825,295</b>    |
| <b>13.2 (a)</b>  | <b>Consolidated current year provision for Other Provision</b>                                      |                      |                      |
|                  | Mercantile Bank PLC.                                                                                | 193,558,266          | 507,800,000          |
|                  | Mercantile Bank Securities Limited                                                                  | 40,000,000           | 43,498,123           |
|                  | MBL Asset Management Limited                                                                        | -                    | -                    |
|                  | Mercantile Exchange House (UK) Limited                                                              | -                    | -                    |
|                  |                                                                                                     | <b>233,558,266</b>   | <b>551,298,123</b>   |
| <b>13.3</b>      | <b>Provision for Off Balance Sheet Items</b>                                                        |                      |                      |
|                  | Provision held at the beginning of the year                                                         | 1,334,251,374        | 1,340,151,807        |
|                  | Provision made during the year                                                                      | (100,216,081)        | (5,900,433)          |
|                  |                                                                                                     | <b>1,234,035,293</b> | <b>1,334,251,374</b> |
| <b>13.3 (a)</b>  | <b>Consolidated current year provision for off-balance sheet</b>                                    |                      |                      |
|                  | Mercantile Bank PLC.                                                                                | (100,216,081)        | (5,900,433)          |
|                  | Mercantile Bank Securities Limited                                                                  | -                    | -                    |
|                  | MBL Asset Management Limited                                                                        | -                    | -                    |
|                  | Mercantile Exchange House (UK) Limited                                                              | -                    | -                    |
|                  |                                                                                                     | <b>(100,216,081)</b> | <b>(5,900,433)</b>   |
| <b>13.3.1(a)</b> | <b>Consolidated current year other provision</b>                                                    |                      |                      |
|                  | Mercantile Bank PLC.                                                                                | 193,558,266          | 507,800,000          |
|                  | Mercantile Bank Securities Limited                                                                  | 40,000,000           | 43,498,123           |
|                  | MBL Asset Management Limited                                                                        | 4,963,959            | 3,884,798            |
|                  | Mercantile Exchange House (UK) Limited                                                              | -                    | -                    |
|                  |                                                                                                     | <b>238,522,225</b>   | <b>555,182,921</b>   |

2023 Annual Report

|                  |                                                                                                     | Amount in BDT          |                       |
|------------------|-----------------------------------------------------------------------------------------------------|------------------------|-----------------------|
|                  |                                                                                                     | Dec-23                 | Dec-22                |
| <b>13.5(a)</b>   | <b>Provision made for loans &amp; advances/investments including off-balance sheet items</b>        |                        |                       |
|                  | Mercantile Bank PLC.                                                                                | 2,488,239,493          | 3,628,510,758         |
|                  | Mercantile Bank Securities Limited                                                                  | 60,000,000             | 40,000,000            |
|                  | MBL Asset Management Limited                                                                        | -                      | -                     |
|                  | Mercantile Exchange House (UK) Limited                                                              | -                      | -                     |
|                  |                                                                                                     | <b>2,548,239,493</b>   | <b>3,668,510,758</b>  |
| <b>13.5.1</b>    | <b>Provision for loans and advances/investments</b>                                                 |                        |                       |
| a.               | Provision against Classified Loans/investments & NBA (Specific Provision)                           | 6,398,124,388          | 8,062,705,031         |
| b.               | Provision against Unclassified Loans/investments (General Provision)                                | 11,112,323,375         | 8,155,200,000         |
|                  |                                                                                                     | <b>17,510,447,762</b>  | <b>16,217,905,030</b> |
| <b>a(i)</b>      | <b>Movement of Provision against Classified Loans and Advances/investments (Specific Provision)</b> |                        |                       |
|                  | Provision held at the beginning of the year                                                         | 8,059,845,145          | 5,131,598,567         |
|                  | Fully Provided Debts written off                                                                    | (1,342,913,556)        | -                     |
|                  | Recoveries of amounts previously written off                                                        | 47,129,734             | 53,715,086            |
|                  | Specific Provision for the year                                                                     | -                      | -                     |
|                  | Recoveries and Provisions no longer required                                                        | -                      | -                     |
|                  | Net Charge to Profit and Loss Account                                                               | (368,667,801)          | 2,874,531,492         |
|                  | Provision held at the end of the year                                                               | <b>6,395,393,522</b>   | <b>8,059,845,145</b>  |
| <b>a(ii)</b>     | <b>Specific Provision against NBA (Non Banking Assets)</b>                                          |                        |                       |
|                  | Provision held at the end of the year                                                               | 2,859,885              | 2,956,809             |
|                  | Addition during the year                                                                            | 1,079,182              | -                     |
|                  | Less. Adjustment during the year                                                                    | (1,208,201)            | (96,924)              |
|                  |                                                                                                     | <b>2,730,866</b>       | <b>2,859,885</b>      |
|                  | <b>Total a(i)+a(ii)</b>                                                                             | <b>6,398,124,388</b>   | <b>8,062,705,031</b>  |
| <b>b.</b>        | <b>Provision against Unclassified Loans/investments (General Provision)</b>                         |                        |                       |
|                  | Provision held at the beginning of the year                                                         | 8,155,200,000          | 7,398,180,187         |
|                  | Fully Provided Debts written off                                                                    | -                      | -                     |
|                  | Adjustment during the year                                                                          | -                      | -                     |
|                  | Addition during the year                                                                            | 2,957,123,375          | 757,019,813           |
|                  | <b>Total (b)</b>                                                                                    | <b>11,112,323,375</b>  | <b>8,155,200,000</b>  |
|                  | <b>Provision at the end of the year (a+b)</b>                                                       | <b>17,510,447,762</b>  | <b>16,217,905,030</b> |
| <b>13.5.1(a)</b> | <b>Consolidated Provision for Loans and Advances/investments</b>                                    |                        |                       |
|                  | Mercantile Bank PLC.                                                                                | 17,510,447,762         | 16,217,905,030        |
|                  | Mercantile Bank Securities Limited                                                                  | 60,000,000             | 40,000,000            |
|                  | MBL Asset Management Limited                                                                        | -                      | -                     |
|                  | Mercantile Exchange House (UK) Limited                                                              | -                      | -                     |
|                  |                                                                                                     | <b>17,570,447,762</b>  | <b>16,257,905,030</b> |
| <b>13.6</b>      | <b>Adjusting Account Credit</b>                                                                     |                        |                       |
|                  | <b>Conventional and Islamic banking</b>                                                             |                        |                       |
|                  | Interest Payable                                                                                    | 10,279,135,199         | 7,459,286,182         |
|                  | Other payable                                                                                       | 393,254,382            | 307,823,780           |
|                  |                                                                                                     | <b>10,672,389,581</b>  | <b>7,767,109,962</b>  |
| <b>13.7</b>      | <b>Interest Suspense Account</b>                                                                    |                        |                       |
| <b>a.</b>        | <b>Loans and Advances/investments</b>                                                               |                        |                       |
|                  | Opening balance                                                                                     | 9,928,637,681          | 7,325,353,734         |
|                  | Amount transferred during the year                                                                  | 11,834,695,051         | 3,558,396,609         |
|                  |                                                                                                     | <b>21,763,332,732</b>  | <b>10,883,750,343</b> |
|                  | Amount recovered and waive during the year                                                          | 7,185,566,723          | 955,112,662           |
|                  | Amount written off during the year                                                                  | -                      | -                     |
|                  |                                                                                                     | <b>(7,185,566,723)</b> | <b>(955,112,662)</b>  |
|                  |                                                                                                     | <b>14,577,766,009</b>  | <b>9,928,637,681</b>  |
| <b>b.</b>        | <b>Interest Suspense Account for Non-banking assets</b>                                             |                        |                       |
|                  | Opening balance                                                                                     | 20,665,655             | 19,442,318            |
|                  | Addition during the year                                                                            | 8,469,742              | 1,223,337             |
|                  | Less. Adjustment during the year                                                                    | -                      | -                     |
|                  |                                                                                                     | <b>29,135,397</b>      | <b>20,665,655</b>     |
|                  | <b>Balance at the end of the period (a+b)</b>                                                       | <b>14,606,901,406</b>  | <b>9,949,303,336</b>  |

|              |                                             | Amount in BDT         |                       |
|--------------|---------------------------------------------|-----------------------|-----------------------|
|              |                                             | Dec-23                | Dec-22                |
| <b>13(a)</b> | <b>Consolidated Other Liabilities</b>       |                       |                       |
|              | Mercantile Bank PLC.                        | 43,979,382,154        | 36,310,748,577        |
|              | Mercantile Bank Securities Limited          | 1,782,503,805         | 1,729,278,298         |
|              | MBL Asset Management Limited                | 11,056,065            | 16,675,565            |
|              | Mercantile Exchange House (UK) Limited      | 32,134,371            | 11,725,213            |
|              |                                             | <b>45,805,076,395</b> | <b>38,068,427,653</b> |
| <b>14.</b>   | <b>Capital</b>                              |                       |                       |
|              | <b>Authorized capital</b>                   |                       |                       |
|              | 1200,000,000 Ordinary shares of BDT 10 each | <b>12,000,000,000</b> | <b>12,000,000,000</b> |

#### 14.1 Issued, Subscribed and Fully Paid-up Capital

**Total 1,106,575,435 Ordinary shares of BDT 10 each were issued, subscribed and fully paid up as at 31.12.2023.**

|                                            |                       |                       |
|--------------------------------------------|-----------------------|-----------------------|
| Opening balance                            | 10,848,778,780        | 10,332,170,270        |
| Issued for cash                            | -                     | -                     |
| Right shares                               | -                     | -                     |
| Issued for other than cash ( Bonus shares) | 216,975,570           | 516,608,510           |
| <b>Closing balance</b>                     | <b>11,065,754,350</b> | <b>10,848,778,780</b> |
| 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                               | 9,062,047,050         | 8,845,071,480         |
|                                            | <b>11,065,754,350</b> | <b>10,848,778,780</b> |

#### 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   |
| 2022            | Bonus                | 51,660,851           | 516,608,510            | 10,848,778,780   |
| 2023            | Bonus                | 21,697,557           | 216,975,570            | 11,065,754,350   |
| <b>Total</b>    |                      | <b>1,106,575,435</b> | <b>11,065,754,350</b>  | <b>-</b>         |

| 14.3 | Particulars of Fully Paid-up Share Capital | Dec-23               | Dec-22               | Dec-23         | Dec-22      |
|------|--------------------------------------------|----------------------|----------------------|----------------|-------------|
|      |                                            | No. of Shares        |                      | ( % )          |             |
|      | Sponsor                                    | 379,645,289          | 372,769,463          | 34.31%         | 34.36%      |
|      | Financial Institutions                     | 284,040,515          | 262,689,117          | 25.67%         | 24.22%      |
|      | General Public                             | 398,696,922          | 405,781,396          | 36.03%         | 37.40%      |
|      | Foreign                                    | 44,192,709           | 43,637,902           | 3.99%          | 4.02%       |
|      |                                            | <b>1,106,575,435</b> | <b>1,084,877,878</b> | <b>100.00%</b> | <b>100%</b> |

**14.4 Classification of Shareholders by Holding as on 31.12.2023**

|                              | No. of Shareholder | No. of Shares held   | ( % ) of Holdings |
|------------------------------|--------------------|----------------------|-------------------|
| 1 to 499 Shares              | 5,781              | 1,000,638            | 0.09%             |
| 500 to 5,000 Shares          | 12,791             | 24,346,765           | 2.20%             |
| 5,001 to 10,000 Shares       | 2,699              | 17,965,915           | 1.62%             |
| 10,001 to 20,000 Shares      | 1,927              | 25,462,078           | 2.30%             |
| 20,001 to 30,000 Shares      | 814                | 19,388,773           | 1.75%             |
| 30,001 to 40,000 Shares      | 366                | 12,498,256           | 1.13%             |
| 40,001 to 50,000 Shares      | 225                | 9,877,192            | 0.89%             |
| 50,001 to 100,000 Shares     | 548                | 37,124,946           | 3.35%             |
| 100,001 to 1,000,000 Shares  | 616                | 160,102,835          | 14.47%            |
| 1,000,001 to 99999999 Shares | 122                | 798,808,037          | 72.19%            |
|                              | <b>25,889</b>      | <b>1,106,575,435</b> | <b>100.00%</b>    |

**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            | 11,065,754,350        | 10,848,778,780        |
| Statutory Reserve          | 10,411,310,449        | 9,865,589,282         |
| Retained Earnings          | 1,129,239,228         | 1,313,266,289         |
| General Reserve            | 2,480,000,000         | 2,450,000,000         |
| Dividend Equalization Fund | 45,680,250            | 45,680,250            |
|                            | <b>25,131,984,278</b> | <b>24,523,314,600</b> |

**Regulatory Adjustment from CET-I**

|                       |                       |
|-----------------------|-----------------------|
| <b>(39,358,669)</b>   | <b>(62,047,376)</b>   |
| <b>25,092,625,609</b> | <b>24,461,267,224</b> |

**b) Additional Tier-I (AT-I)-Mercantile Bank Perpetual Bond**

**Tier-I Capital (a+b)**

|                       |                       |
|-----------------------|-----------------------|
| <b>3,630,000,000</b>  | 3,130,000,000         |
| <b>28,722,625,609</b> | <b>27,591,267,224</b> |

**Tier-II Capital (Gone Concern Capital)**

|                                           |                       |                       |
|-------------------------------------------|-----------------------|-----------------------|
| General Provision                         | 13,944,358,668        | 11,087,451,374        |
| Exchange Equalization Account             | -                     | -                     |
| Revaluation Reserve for Fixed Assets      | -                     | -                     |
| Revaluation Reserve for Equity Investment | -                     | -                     |
| Non-convertible Subordinated Bond         | 600,000,000           | 1,200,000,000         |
| Revaluation Reserve for Securities        | -                     | -                     |
|                                           | <b>14,544,358,668</b> | <b>12,287,451,374</b> |

Regulatory Adjustments from Tier-II Capital

|                       |                       |
|-----------------------|-----------------------|
| -                     | -                     |
| <b>14,544,358,668</b> | <b>12,287,451,374</b> |

**Tire-II Capital**

**A. Total Capital**

|                       |                       |
|-----------------------|-----------------------|
| <b>43,266,984,276</b> | <b>39,878,718,598</b> |
|-----------------------|-----------------------|

**B. Total Risk Weighted Assets (RWA)**

|                        |                        |
|------------------------|------------------------|
| <b>292,490,933,385</b> | <b>277,997,118,158</b> |
|------------------------|------------------------|

**C. Minimum Capital Requirement (MCR)**

|                       |                       |
|-----------------------|-----------------------|
| <b>36,561,366,673</b> | <b>34,749,639,770</b> |
|-----------------------|-----------------------|

**D. Surplus/ (Deficiency) (A-C)**

|                      |                      |
|----------------------|----------------------|
| <b>6,705,617,603</b> | <b>5,129,078,828</b> |
|----------------------|----------------------|

**Capital to Risk Weighted Asset Ratio (CRAR)**

|               |               |
|---------------|---------------|
| <b>14.79%</b> | <b>14.35%</b> |
|---------------|---------------|

|                                                                                                                                                                                                                                                |               | Amount in BDT         |                       |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|-----------------------|-----------------------|
|                                                                                                                                                                                                                                                |               | Dec-23                | Dec-22                |
| Capital Requirement                                                                                                                                                                                                                            | Dec-23        |                       | Dec-22                |
|                                                                                                                                                                                                                                                | % Required    | % Held                | % Required            |
|                                                                                                                                                                                                                                                |               |                       | % Held                |
|                                                                                                                                                                                                                                                |               | 7.32%                 | 7.43%                 |
|                                                                                                                                                                                                                                                |               | 2.50%                 | 2.50%                 |
| Tier -I Capital (Going-Concern Capital)                                                                                                                                                                                                        |               |                       |                       |
| Capital Conservation Buffer                                                                                                                                                                                                                    |               |                       |                       |
| Tier -II Capital (Gone-Concern Capital)                                                                                                                                                                                                        |               | 4.97%                 | 4.42%                 |
| <b>Total</b>                                                                                                                                                                                                                                   | <b>12.50%</b> | <b>14.79%</b>         | <b>12.50%</b>         |
|                                                                                                                                                                                                                                                |               |                       | <b>14.35%</b>         |
|                                                                                                                                                                                                                                                |               | Amount in BDT         |                       |
|                                                                                                                                                                                                                                                |               | Dec-23                | Dec-22                |
| <b>14.6 Capital to Risk Weighted Asset Ratio (CRAR)-under BASEL-III</b>                                                                                                                                                                        |               |                       |                       |
| There remains a surplus of BDT.6,705,617,603 on capital and reserve fund of the Bank as per requirement of section 13A of Bank Companies Act, 1991 and BRPD circular # 9, dated on 31.12.2023 respectively details of which are placed below : |               |                       |                       |
| <b>(a) Minimum Capital Requirement (MCR)</b>                                                                                                                                                                                                   |               | <b>36,561,366,673</b> | <b>34,749,639,770</b> |
| <b>(b) Actual Capital:</b>                                                                                                                                                                                                                     |               | <b>43,266,984,276</b> | <b>39,878,718,598</b> |
| i) Tier I Capital (Going-Concern Capital)                                                                                                                                                                                                      |               | 25,092,625,609        | 24,461,267,224        |
| ii) Tier-II Capital (Gone -Concern Capital)                                                                                                                                                                                                    |               | 14,544,358,668        | 12,287,451,374        |
| General provision                                                                                                                                                                                                                              |               | 13,944,358,668        | 11,087,451,374        |
| Exchange Equalization Account                                                                                                                                                                                                                  |               | -                     | -                     |
| Revaluation Reserve for Fixed Assets                                                                                                                                                                                                           |               | -                     | -                     |
| Revaluation Reserve for equity Investment                                                                                                                                                                                                      |               | -                     | -                     |
| Non-convertible Subordinated Bond                                                                                                                                                                                                              |               | 600,000,000           | 1,200,000,000         |
| Revaluation Reserve for securities                                                                                                                                                                                                             |               | -                     | -                     |
| Regulatory Adjustments from Tier-II Capital                                                                                                                                                                                                    |               | -                     | -                     |
| <b>Surplus/ (Deficiency) (b-a)</b>                                                                                                                                                                                                             |               | <b>6,705,617,603</b>  | <b>5,129,078,828</b>  |
| <b>15. Statutory Reserve</b>                                                                                                                                                                                                                   |               |                       |                       |
| Opening balance                                                                                                                                                                                                                                |               | 9,865,589,282         | 9,265,072,605         |
| Addition during the year                                                                                                                                                                                                                       |               | 545,721,167           | 600,516,678           |
| <b>Closing balance</b>                                                                                                                                                                                                                         |               | <b>10,411,310,449</b> | <b>9,865,589,282</b>  |
| This has been made according to Sec. 24 of Bank Company Act, 1991 and shall be maintained until it equals to Paid-up Capital.                                                                                                                  |               |                       |                       |
| <b>15(a) Consolidated Statutory Reserve</b>                                                                                                                                                                                                    |               |                       |                       |
| Mercantile Bank PLC.                                                                                                                                                                                                                           |               | 10,411,310,449        | 9,865,589,282         |
| Mercantile Bank Securities Limited                                                                                                                                                                                                             |               | -                     | -                     |
| MBL Asset Management Limited                                                                                                                                                                                                                   |               | -                     | -                     |
| Mercantile Exchange House (UK) Limited                                                                                                                                                                                                         |               | -                     | -                     |
|                                                                                                                                                                                                                                                |               | <b>10,411,310,449</b> | <b>9,865,589,282</b>  |
| <b>15.1 General reserve</b>                                                                                                                                                                                                                    |               |                       |                       |
| Opening balance                                                                                                                                                                                                                                |               | 2,450,000,000         | 2,250,000,000         |
| Transferred during the year                                                                                                                                                                                                                    |               | 30,000,000            | 200,000,000           |
| <b>Closing balance</b>                                                                                                                                                                                                                         |               | <b>2,480,000,000</b>  | <b>2,450,000,000</b>  |
| <b>16. Other reserves</b>                                                                                                                                                                                                                      |               |                       |                       |
| <b>A. Dividend Equalization Fund</b>                                                                                                                                                                                                           |               |                       |                       |
| Opening balance                                                                                                                                                                                                                                |               | 45,680,250            | 45,680,250            |
| Addition during the year                                                                                                                                                                                                                       |               | -                     | -                     |
| <b>Closing balance</b>                                                                                                                                                                                                                         |               | <b>45,680,250</b>     | <b>45,680,250</b>     |
| <b>B. Adjustment for Approved Securities HTM</b>                                                                                                                                                                                               |               |                       |                       |
| Opening balance                                                                                                                                                                                                                                |               | 20,505,294            | 2,340,002             |
| Addition during the year                                                                                                                                                                                                                       |               | 28,983,964            | 18,165,292            |
| <b>Closing balance</b>                                                                                                                                                                                                                         |               | <b>49,489,258</b>     | <b>20,505,294</b>     |
| <b>C. Reserve from revaluation</b>                                                                                                                                                                                                             |               |                       |                       |
| HFT securities                                                                                                                                                                                                                                 |               | 154,917,329           | 50,185,515            |
| ** Revaluation Reserve for Fixed Assets                                                                                                                                                                                                        |               | 643,611,955           | 643,611,955           |
|                                                                                                                                                                                                                                                |               | <b>798,529,284</b>    | <b>693,797,470</b>    |

|          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Amount in BDT        |                      |
|----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|
|          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Dec-23               | Dec-22               |
| **       | Fixed assets of the Bank specially land & land development was revalued by a professional valuation firm M/s Jarip O Paridarshan. The Gain was arisen from such revaluation was duly accounted for in the year 2011 as per IAS 16.                                                                                                                                                                                                                                                                                                                                            |                      |                      |
| D.       | <b>Reserve against non-banking assets</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                      |                      |
|          | Opening balance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | -                    | -                    |
| *        | Addition during the year                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | -                    | -                    |
|          | Disposal during the year                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | -                    | -                    |
|          | <b>Closing balance</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | -                    | -                    |
| *        | 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. (Shown as Annexure- D1)                                                                                                                                                                                                                                                                                                                                            |                      |                      |
|          | <b>Total Other reserves (A+B+C+D)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <b>893,698,792</b>   | <b>759,983,014</b>   |
| 16(a)    | <b>Consolidated other reserves</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                      |                      |
|          | Mercantile Bank PLC.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 893,698,792          | 759,983,014          |
|          | Mercantile Bank Securities Limited                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 38,071,558           | 23,016,301           |
|          | MBL Asset Management Limited                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | -                    | -                    |
|          | Mercantile Exchange House (UK) Limited                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | -                    | -                    |
|          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <b>931,770,350</b>   | <b>782,999,315</b>   |
| 16.1     | <b>Foreign currency translation gain/(loss)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                      |                      |
|          | Assets and Liabilities of Mercantile Bank PLC. 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 110.0000 & GBP1=BDT 138.7230 Incomes and expenses are translated using monthly average exchange rate (USD 1 = BDT 107.8084 & GBP 1= BDT 140.9155) The net cumulative result of the exchange difference has been presented separately as equity component as per IAS 21 (para 39). |                      |                      |
|          | <b>Foreign currency translation gain/(loss)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                      |                      |
|          | MBPLC Offshore Banking Operation (OBO)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 4,469,253            | 37,535,635           |
|          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <b>4,469,253</b>     | <b>37,535,635</b>    |
| 16.1 (a) | <b>Consolidated Foreign currency translation gain/(loss)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                      |                      |
|          | MBPLC Offshore Banking Operation (OBO)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 4,469,253            | 37,535,635           |
|          | Mercantile Exchange House (UK) Limited                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | -                    | -                    |
|          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <b>4,469,253</b>     | <b>37,535,635</b>    |
| 17.      | <b>Retained earnings (Surplus in Profit &amp; Loss Account):</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                      |                      |
|          | <b>Conventional and Islamic banking</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                      |                      |
|          | Opening balance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 1,313,266,289        | 1,823,555,207        |
|          | Less. Cash dividend                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 1,084,877,878        | 1,291,521,284        |
|          | Less. Stock dividend                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 216,975,570          | 516,608,510          |
|          | <b>Retained earnings (opening balance)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>11,412,841</b>    | <b>15,425,413</b>    |
|          | Profit before income tax                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 2,728,605,835        | 3,002,583,388        |
|          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <b>2,740,018,675</b> | <b>3,018,008,801</b> |
|          | Coupan Interest on MBPLC Perpetual Bond                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | 314,772,222          | 82,200,000           |
|          | Startup Fund                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 20,286,058           | 22,025,834           |
|          | General reserve                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 30,000,000           | 200,000,000          |
|          | Statutory reserve                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 545,721,167          | 600,516,678          |
|          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <b>1,829,239,228</b> | <b>2,113,266,289</b> |
|          | Provision for income current tax                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 749,165,673          | 808,902,938          |
|          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <b>1,080,073,555</b> | <b>1,304,363,351</b> |
|          | Provision for deferred tax                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | (49,165,673)         | (8,902,938)          |
|          | <b>Closing balance</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <b>1,129,239,228</b> | <b>1,313,266,289</b> |
| 17.(A)   | <b>Retained surplus</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                      |                      |
|          | Opening Retained Earning                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 11,412,841           | 15,425,413           |
|          | Add. Addition during the year                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 1,117,826,387        | 1,297,840,876        |
|          | <b>Closing balance</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <b>1,129,239,228</b> | <b>1,313,266,289</b> |
| 17.1     | <b>Consolidated retained earnings last year</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                      |                      |
|          | Mercantile Bank PLC.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 11,412,841           | 15,425,413           |
|          | Mercantile Bank Securities Limited                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 362,730,179          | 227,831,781          |
|          | MBL Asset Management Limited                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 4,178,477            | 7,831,125            |
|          | Mercantile Exchange House (UK) Limited                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | (37,422,064)         | (34,941,696)         |
|          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <b>340,899,433</b>   | <b>216,146,623</b>   |

|                                                                |  | Amount in BDT        |                      |
|----------------------------------------------------------------|--|----------------------|----------------------|
|                                                                |  | Dec-23               | Dec-22               |
| <b>17(a).1 Consolidated retained earnings Current year</b>     |  |                      |                      |
| Mercantile Bank PLC.                                           |  | 1,117,826,387        | 1,297,840,875        |
| Mercantile Bank Securities Limited                             |  | 30,723,787           | 134,898,398          |
| MBL Asset Management Limited                                   |  | 3,315,668            | (3,652,648)          |
| Mercantile Exchange House (UK) Limited                         |  | (23,479,924)         | (2,480,368)          |
|                                                                |  | <b>1,128,385,918</b> | <b>1,426,606,259</b> |
| <b>17(a) Consolidated Surplus in Profit and Loss Account</b>   |  |                      |                      |
| Mercantile Bank PLC.                                           |  | 1,129,239,228        | 1,313,266,289        |
| Mercantile Bank Securities Limited                             |  | 393,453,966          | 362,730,179          |
| MBL Asset Management Limited                                   |  | 7,494,145            | 4,178,477            |
| Mercantile Exchange House (UK) Limited                         |  | (60,901,988)         | (37,422,064)         |
|                                                                |  | <b>1,469,285,351</b> | <b>1,642,752,881</b> |
| Share of profit (17(b).1)                                      |  | (10,522,063)         | (6,876,450)          |
|                                                                |  | <b>1,458,763,288</b> | <b>1,635,876,431</b> |
| <b>17(a).1A Controlling Interest</b>                           |  |                      |                      |
| <b>a) Mercantile Bank Securities Limited</b>                   |  |                      |                      |
| Opening balance for MBSL                                       |  | 357,692,259          | 224,667,449          |
| Addition during the year for MBSL                              |  | 30,297,068           | 133,024,810          |
|                                                                |  | <b>387,989,326</b>   | <b>357,692,259</b>   |
| <b>b) MBL Asset Management Limited</b>                         |  |                      |                      |
| Opening balance for MBL Asset Management Limited               |  | 2,339,947            | 4,385,430            |
| Less: Cash Dividend                                            |  | (4,000,000)          | (3,920,000)          |
| Addition during the year for MBL Asset Management Limited      |  | 4,096,774            | 1,874,517            |
|                                                                |  | <b>2,436,721</b>     | <b>2,339,947</b>     |
| <b>Closing balance</b>                                         |  | <b>390,426,048</b>   | <b>360,032,206</b>   |
| <b>17(b) Non Controlling Interest</b>                          |  |                      |                      |
| <b>a) Mercantile Bank Securities Limited</b>                   |  |                      |                      |
| Non controlling share capital for MBSL                         |  | 50,000,000           | 50,000,000           |
| Share of profit for MBSL (17(b).1)                             |  | 5,464,640            | 5,037,920            |
|                                                                |  | <b>55,464,640</b>    | <b>55,037,920</b>    |
| <b>b) MBL Asset Management Limited</b>                         |  |                      |                      |
| 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)     |  | 5,057,424            | 1,838,530            |
|                                                                |  | <b>49,057,424</b>    | <b>45,838,530</b>    |
| <b>Closing balance</b>                                         |  | <b>104,522,063</b>   | <b>100,876,450</b>   |
| <b>17(b).1 Non Controlling Interest</b>                        |  |                      |                      |
| <b>a) Mercantile Bank Securities Limited</b>                   |  |                      |                      |
| Opening balance for MBSL                                       |  | 5,037,920            | 3,164,331            |
| Non controlling share capital for MBSL                         |  | 426,719              | 1,873,589            |
|                                                                |  | <b>5,464,640</b>     | <b>5,037,920</b>     |
| <b>b) MBL Asset Management Limited</b>                         |  |                      |                      |
| Opening balance for MBL Asset Management Limited               |  | 1,838,530            | 3,445,695            |
| Less: Cash Dividend                                            |  | -                    | (3,080,000)          |
| Non controlling share capital for MBL Asset Management Limited |  | 3,218,894            | 1,472,835            |
|                                                                |  | <b>5,057,424</b>     | <b>1,838,530</b>     |
| <b>Closing balance</b>                                         |  | <b>10,522,063</b>    | <b>6,876,450</b>     |

|                |                                                                                                     | Amount in BDT          |                        |
|----------------|-----------------------------------------------------------------------------------------------------|------------------------|------------------------|
|                |                                                                                                     | Dec-23                 | Dec-22                 |
| <b>18.A(1)</b> | <b>Cash and cash equivalent</b>                                                                     |                        |                        |
|                | Cash                                                                                                | 17,805,205,766         | 16,570,148,270         |
|                | Balance with other Banks and Financial Institutions                                                 | 5,562,753,516          | 4,136,152,371          |
|                | Prize Bonds                                                                                         | 4,862,200              | 4,191,700              |
|                | Money at call on short notice                                                                       | 743,100,000            | 948,100,000            |
|                |                                                                                                     | <b>24,115,921,482</b>  | <b>21,658,592,341</b>  |
| <b>18.A(2)</b> | <b>Consolidated cash and cash equivalent</b>                                                        |                        |                        |
|                | Cash                                                                                                | 17,805,904,761         | 16,574,344,053         |
|                | Balance with other Banks and Financial Institutions                                                 | 5,592,856,927          | 4,175,557,538          |
|                | Prize Bonds                                                                                         | 4,862,200              | 4,191,700              |
|                | Money at call on short notice                                                                       | 743,100,000            | 948,100,000            |
|                |                                                                                                     | <b>24,146,723,888</b>  | <b>21,702,193,291</b>  |
| <b>18</b>      | <b>OFF-BALANCE SHEET ITEMS</b>                                                                      |                        |                        |
|                | <b>Contingent liabilities</b>                                                                       |                        |                        |
| <b>18.1</b>    | <b>Acceptance and endorsements</b>                                                                  |                        |                        |
|                | Back to Back Bills                                                                                  | 17,334,788,122         | 17,289,851,367         |
|                | Banker's Liabilities PAD (EDF)                                                                      | 38,823,154,486         | 56,115,156,021         |
|                |                                                                                                     | <b>56,157,942,608</b>  | <b>73,405,007,388</b>  |
| <b>18.2</b>    | <b>Letter of guarantees</b>                                                                         |                        |                        |
|                | <b>Money for which the Bank is contingently liable in respect of guarantees are given favoring:</b> |                        |                        |
|                | Directors                                                                                           | -                      | -                      |
|                | Government                                                                                          | 69,484,247             | 72,999,361             |
|                | Bank and other Financial Institutions                                                               | 388,822,758            | 300,000,000            |
|                | Others ( Note-18.2.1)                                                                               | 20,131,978,967         | 20,132,768,989         |
|                |                                                                                                     | <b>20,590,285,972</b>  | <b>20,505,768,350</b>  |
| <b>18.2.1</b>  | <b>Letter of guarantees others</b>                                                                  |                        |                        |
|                | Local                                                                                               | 14,052,638,339         | 13,852,185,611         |
|                | Foreign                                                                                             | 6,079,340,627          | 6,280,583,379          |
|                |                                                                                                     | <b>20,131,978,967</b>  | <b>20,132,768,989</b>  |
| <b>18.3</b>    | <b>Letter of credit</b>                                                                             |                        |                        |
|                | Inland                                                                                              | 4,541,644,827          | 5,226,758,534          |
|                | General (Foreign)                                                                                   | 56,904,868,145         | 45,700,272,395         |
|                | Back to Back L/C                                                                                    | 12,941,906,514         | 13,570,498,278         |
|                |                                                                                                     | <b>74,388,419,485</b>  | <b>64,497,529,207</b>  |
| <b>18.4</b>    | <b>Bills for collection</b>                                                                         |                        |                        |
|                | Outward Bills for Collection                                                                        | 4,879,288,408          | 5,997,404,686          |
|                | Outward Foreign Bills for Collection                                                                | 2,528,596,046          | 3,866,487,588          |
|                | Outward Foreign Bills Lodge                                                                         | -                      | -                      |
|                |                                                                                                     | <b>7,407,884,455</b>   | <b>9,863,892,274</b>   |
| <b>18.5</b>    | <b>Other Contingent Liabilities</b>                                                                 |                        |                        |
|                |                                                                                                     | -                      | -                      |
|                |                                                                                                     | -                      | -                      |
|                | <b>Total Contingent liabilities</b>                                                                 | <b>158,544,532,519</b> | <b>168,272,197,219</b> |
| <b>18.6</b>    | <b>Other commitments</b>                                                                            |                        |                        |
|                | Forward assets purchased and forward deposits placed                                                |                        |                        |
|                | Forex FWD Buy & Sell                                                                                | 80,329                 | -                      |
|                |                                                                                                     | <b>80,329</b>          | -                      |
|                | <b>Total OFF-BALANCE SHEET ITEMS</b>                                                                | <b>158,544,612,848</b> | <b>168,272,197,219</b> |

|                                                                 |                                                                        | Amount in BDT         |                       |
|-----------------------------------------------------------------|------------------------------------------------------------------------|-----------------------|-----------------------|
|                                                                 |                                                                        | Jan-23 to Dec-23      | Jan-22 to Dec-22      |
| <b>19</b>                                                       | <b>Income Statement</b>                                                |                       |                       |
| Conventional and Islamic banking                                |                                                                        |                       |                       |
| <b>Income/Profit:</b>                                           |                                                                        |                       |                       |
| Interest, discount and similar income                           |                                                                        | 24,808,356,039        | 22,826,368,662        |
| Dividend income                                                 |                                                                        | 53,861,164            | 171,510,182           |
| Fees, commission and brokerage                                  |                                                                        | 1,631,968,768         | 1,606,901,405         |
| Gain less losses arising from dealing securities                |                                                                        | -                     | -                     |
| Gain less losses arising from investment securities             |                                                                        | 2,935,247             | 16,520,827            |
| Gain less losses arising from dealing in foreign currencies     |                                                                        | 3,086,145,597         | 3,431,354,240         |
| Income from non-banking assets                                  |                                                                        | -                     | -                     |
| Other operating income                                          |                                                                        | 1,561,135,945         | 1,502,817,974         |
| <b>Sub. Total</b>                                               |                                                                        | <b>31,144,402,760</b> | <b>29,555,473,289</b> |
| <b>Expenses:</b>                                                |                                                                        |                       |                       |
| Interest/profit, fees and commission                            |                                                                        | 17,395,113,255        | 14,197,831,629        |
| Losses on loans and advances/investments                        |                                                                        | -                     | -                     |
| Administrative expenses                                         |                                                                        | 4,191,933,109         | 4,244,100,800         |
| Other operating expenses                                        |                                                                        | 3,498,318,669         | 3,288,470,439         |
| Depreciation on banking assets                                  |                                                                        | 648,634,134           | 686,176,275           |
| <b>Sub. Total</b>                                               |                                                                        | <b>25,733,999,167</b> | <b>22,416,579,144</b> |
| <b>Operating profit before provision</b>                        |                                                                        | <b>5,410,403,593</b>  | <b>7,138,894,146</b>  |
| <b>20</b>                                                       | <b>Interest income/Profit on investment</b>                            |                       |                       |
| Interest from Banks & other Financial Institutions (Note-20.1)  |                                                                        | 392,810,475           | 177,316,484           |
| Interest from F.C. Clearing Account                             |                                                                        | 258,339,137           | 94,150,700            |
| Interest/profit from Loans and Advances/investments (Note-20.2) |                                                                        | 19,472,756,065        | 18,644,391,371        |
|                                                                 |                                                                        | <b>20,123,905,677</b> | <b>18,915,858,556</b> |
| <b>20.1</b>                                                     | <b>Interest received from Banks &amp; other Financial Institutions</b> |                       |                       |
| Interest from money at call and short notice                    |                                                                        | 201,955,750           | 86,565,916            |
| Interest from other Banks                                       |                                                                        | 4,492,006             | 8,638,544             |
| Interest from Reverse REPO                                      |                                                                        | 186,362,719           | 82,112,024            |
|                                                                 |                                                                        | <b>392,810,475</b>    | <b>177,316,484</b>    |
| <b>20.2</b>                                                     | <b>Interest/profit from loans and advances/investments</b>             |                       |                       |
| Loan General                                                    |                                                                        | 20,128,441            | 3,894,373             |
| Term Loan                                                       |                                                                        | 6,144,917,313         | 5,988,214,068         |
| Time Loan                                                       |                                                                        | 2,401,372,896         | 1,329,074,401         |
| Loan Against Trust Receipt                                      |                                                                        | 402,717,336           | 606,735,836           |
| Packing Credit                                                  |                                                                        | 193,913,778           | 197,545,592           |
| Lease Finance                                                   |                                                                        | 105,376,469           | 103,464,408           |
| Hire Purchase                                                   |                                                                        | 952,570,794           | 1,169,970,462         |
| Payment Against Documents                                       |                                                                        | 4,646,259             | 18,995,603            |
| Cash Credit (Hypo)                                              |                                                                        | 967,409,134           | 990,350,521           |
| Overdraft                                                       |                                                                        | 2,801,352,639         | 2,584,997,458         |
| Consumers Credit                                                |                                                                        | 287,767,658           | 261,692,083           |
| House Building Loan                                             |                                                                        | 383,045,058           | 418,154,124           |
| Staff Loan                                                      |                                                                        | 55,562,427            | 43,253,052            |
| EDF Loan                                                        |                                                                        | 489,839,921           | 430,703,499           |
| Bill Purchase and Discounted                                    |                                                                        | 809,092,020           | 1,049,556,614         |
| S M E                                                           |                                                                        | 2,896,494,832         | 2,905,923,800         |
| Agricultural Credit                                             |                                                                        | 529,075,633           | 512,184,546           |
| Personal Loan                                                   |                                                                        | 27,320,591            | 29,368,383            |
| Other Credit Schemes                                            |                                                                        | 152,866               | 312,549               |
|                                                                 |                                                                        | <b>19,472,756,065</b> | <b>18,644,391,371</b> |

|              |                                                                                            | Amount in BDT         |                       |
|--------------|--------------------------------------------------------------------------------------------|-----------------------|-----------------------|
|              |                                                                                            | Jan-23 to Dec-23      | Jan-22 to Dec-22      |
| <b>20(a)</b> | <b>Consolidated 'Interest income/Profit on investment</b>                                  |                       |                       |
|              | Mercantile Bank PLC.                                                                       | 20,123,905,677        | 18,915,858,556        |
|              | Mercantile Bank Securities Limited                                                         | 288,460,403           | 212,961,412           |
|              | MBL Asset Management Limited                                                               | 3,696,947             | 3,043,803             |
|              | Mercantile Exchange House (UK) Limited                                                     | -                     | -                     |
|              |                                                                                            | <b>20,416,063,027</b> | <b>19,131,863,771</b> |
|              | Inter Company Transaction                                                                  | -                     | -                     |
|              |                                                                                            | <b>20,416,063,027</b> | <b>19,131,863,771</b> |
| <b>21</b>    | <b>Interest/Profit Paid on deposits, borrowings etc.</b>                                   |                       |                       |
|              | <b>Conventional and Islamic banking</b>                                                    |                       |                       |
|              | Interest/profit on Deposits                                                                | 15,944,465,981        | 13,138,734,243        |
| *            | Interest paid on lease                                                                     | 38,074,951            | 49,881,467            |
|              | Interest on Refinance BB                                                                   | 167,454,706           | 177,144,892           |
|              | Interest on Secondary Treasury Bill Purchased                                              | 214,472,147           | 64,229,242            |
|              | Interest on Subordinated Bonds                                                             | 133,478,246           | 165,840,462           |
|              | Interest on Borrowings                                                                     | 897,167,224           | 602,001,323           |
|              |                                                                                            | <b>17,395,113,255</b> | <b>14,197,831,629</b> |
| *            | Interest paid on lease has been calculated for the year ended December 2023 as per IFRS-16 |                       |                       |
| <b>21(a)</b> | <b>Consolidated Interest/Profit Paid on deposits, borrowings etc.</b>                      |                       |                       |
|              | Mercantile Bank PLC.                                                                       | 17,395,113,255        | 14,197,831,629        |
|              | Mercantile Bank Securities Limited                                                         | 87,689,714            | 66,981,243            |
|              | MBL Asset Management Limited                                                               | -                     | -                     |
|              | Mercantile Exchange House (UK) Limited                                                     | -                     | -                     |
|              |                                                                                            | <b>17,482,802,969</b> | <b>14,264,812,872</b> |
|              | Inter Company Transaction                                                                  | -                     | -                     |
|              |                                                                                            | <b>17,482,802,969</b> | <b>14,264,812,872</b> |
| <b>22</b>    | <b>Investment income</b>                                                                   |                       |                       |
|              | Interest on Investments (Note-A)                                                           | 4,684,450,362         | 3,910,510,106         |
|              | Income on Investment in Shares (Note-B)                                                    | 56,796,411            | 188,031,008           |
|              |                                                                                            | <b>4,741,246,773</b>  | <b>4,098,541,114</b>  |
| <b>A</b>     | <b>Interest on Investments</b>                                                             |                       |                       |
|              | Interest on Treasury Bills                                                                 | 828,631,209           | 166,115,098           |
|              | Interest on Treasury Bonds                                                                 | 4,524,506,038         | 3,693,873,409         |
|              | Loss on market adjustment (Securities)                                                     | (1,485,495,489)       | (590,186,575)         |
|              | Interest on Sukook Bonds                                                                   | 28,469,854            | 27,216,212            |
|              | Gain on sale of Govt. approved security                                                    | 151,455,862           | 90,476,784            |
|              | Gain on REPO                                                                               | 120,120,981           | 65,358,611            |
|              | Interest on Subordinated Bond                                                              | 242,704,297           | 254,708,223           |
|              | Interest on Perpetual Bond                                                                 | 273,520,411           | 201,998,342           |
|              | Interest on Corporate Bond                                                                 | 525,000               | 950,000               |
|              | Interest on SWAP                                                                           | 12,200                | -                     |
|              |                                                                                            | <b>4,684,450,362</b>  | <b>3,910,510,106</b>  |
| <b>B</b>     | <b>Income on Investment in Shares</b>                                                      |                       |                       |
|              | Gain on sale of shares                                                                     | 2,935,247             | 16,520,827            |
|              | Dividend on shares                                                                         | 53,861,164            | 171,510,182           |
|              |                                                                                            | <b>56,796,411</b>     | <b>188,031,008</b>    |
| <b>22(a)</b> | <b>Consolidated Investment Income</b>                                                      |                       |                       |
|              | Mercantile Bank PLC.                                                                       | 4,741,246,773         | 4,098,541,114         |
|              | Mercantile Bank Securities Limited                                                         | 39,498,300            | 62,818,223            |
|              | MBL Asset Management Limited                                                               | 8,604,277             | 9,498,208             |
|              | Mercantile Exchange House (UK) Limited                                                     | -                     | -                     |
|              |                                                                                            | <b>4,789,349,350</b>  | <b>4,170,857,545</b>  |
| <b>23</b>    | <b>Commission, exchange &amp; brokerage</b>                                                |                       |                       |
|              | Commission                                                                                 | 1,631,968,768         | 1,606,901,405         |
|              | Exchange (Note-23.1)                                                                       | 3,086,145,597         | 3,431,354,240         |
|              |                                                                                            | <b>4,718,114,365</b>  | <b>5,038,255,645</b>  |

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.

|              |                                                          | Amount in BDT        |                      |
|--------------|----------------------------------------------------------|----------------------|----------------------|
|              |                                                          | Jan-23 to Dec-23     | Jan-22 to Dec-22     |
| <b>23.1</b>  | <b>Exchange</b>                                          |                      |                      |
|              | 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                | 3,086,145,597        | 3,431,354,240        |
|              | Losses on foreign trading                                | -                    | -                    |
|              |                                                          | <b>3,086,145,597</b> | <b>3,431,354,240</b> |
| <b>23(a)</b> | <b>Consolidated Commission, Exchange &amp; Brokerage</b> |                      |                      |
|              | Mercantile Bank PLC.                                     | 4,718,114,365        | 5,038,255,645        |
|              | Mercantile Bank Securities Limited                       | 82,496,142           | 150,290,502          |
|              | MBL Asset Management Limited                             | 6,558,691            | 3,736,820            |
|              | Mercantile Exchange House (UK) Limited                   | 12,837,202           | 23,479,615           |
|              |                                                          | <b>4,820,006,400</b> | <b>5,215,762,582</b> |
| <b>24</b>    | <b>Other Operating Income</b>                            |                      |                      |
|              | <b>Conventional and Islamic banking</b>                  |                      |                      |
|              | Charges on L/C                                           | 430,277,998          | 554,729,020          |
|              | Services & Other Charges                                 | 430,974,704          | 269,424,388          |
|              | Income from rent of locker/property                      | 10,902,685           | 11,217,651           |
|              | On Line client fees                                      | 100,870,867          | 105,596,457          |
|              | ATM card                                                 | 93,251,639           | 68,972,155           |
|              | VISA card                                                | 174,428,865          | 137,719,539          |
|              | Co-brand services                                        | 8,531,905            | 5,278,151            |
|              | Gain on sale of other securities                         | 298                  | -                    |
|              | Gain on sale on assets                                   | 1,747,501            | 6,739,527            |
|              | Miscellaneous earnings (Note-24.1)                       | 310,149,485          | 343,141,087          |
|              |                                                          | <b>1,561,135,945</b> | <b>1,502,817,974</b> |
| <b>24.1</b>  | <b>Miscellaneous earnings</b>                            |                      |                      |
|              | Postage cost recovery                                    | 6,807,739            | 7,066,084            |
|              | SWIFT cost recovery                                      | 83,802,790           | 104,729,197          |
|              | Rebate from Foreign correspondence Bank                  | 131,591,362          | 139,490,317          |
|              | Others                                                   | 87,947,594           | 91,855,489           |
|              |                                                          | <b>310,149,485</b>   | <b>343,141,087</b>   |
| <b>24(a)</b> | <b>Consolidated Other Operating Income</b>               |                      |                      |
|              | Mercantile Bank PLC.                                     | 1,561,135,945        | 1,502,817,974        |
|              | Mercantile Bank Securities Limited                       | 2,434,189            | 3,075,049            |
|              | MBL Asset Management Limited                             | -                    | -                    |
|              | Mercantile Exchange House (UK) Limited                   | -                    | 1,636,779            |
|              |                                                          | <b>1,563,570,134</b> | <b>1,507,529,803</b> |
| <b>25</b>    | <b>Salaries and Allowances</b>                           |                      |                      |
|              | <b>Conventional and Islamic banking</b>                  |                      |                      |
|              | Basic salary                                             | 1,809,843,899        | 1,757,545,008        |
|              | Bonus (Festival and incentive)                           | 612,969,860          | 799,632,456          |
|              | Bank's contribution to employees provident fund          | 175,443,068          | 164,247,804          |
|              | Other salaries and allowances                            | 1,572,952,567        | 1,503,381,419        |
|              |                                                          | <b>4,171,209,394</b> | <b>4,224,806,687</b> |
| <b>25(a)</b> | <b>Consolidated Salaries and Allowances</b>              |                      |                      |
|              | Mercantile Bank PLC.                                     | 4,171,209,394        | 4,224,806,687        |
|              | Mercantile Bank Securities Limited                       | 39,579,175           | 42,364,161           |
|              | MBL Asset Management Limited                             | 3,001,464            | 2,521,858            |
|              | Mercantile Exchange House (UK) Limited                   | 12,995,016           | 8,161,620            |
|              |                                                          | <b>4,226,785,049</b> | <b>4,277,854,326</b> |

|              |                                                                                                                                   | Amount in BDT      |                    |
|--------------|-----------------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------|
|              |                                                                                                                                   | Jan-23 to Dec-23   | Jan-22 to Dec-22   |
| <b>26</b>    | <b>Rent, Taxes, Insurance, Lightings etc</b>                                                                                      |                    |                    |
|              | <b>Conventional and Islamic banking</b>                                                                                           |                    |                    |
|              | * Office rent                                                                                                                     | 206,265,977        | 185,529,895        |
|              | Rates, taxes & excise duty and VAT on rent                                                                                        | 76,224,309         | 83,098,751         |
|              | Insurance                                                                                                                         | 248,864,952        | 293,319,474        |
|              | Electricity, Gas & Water                                                                                                          | 131,152,634        | 119,666,519        |
|              |                                                                                                                                   | <b>662,507,872</b> | <b>681,614,639</b> |
|              | * Right Of Use (ROU) Assets as per under IFRS-16 has been calculated for the year 31.12.2023 considering monthly rental expenses. |                    |                    |
| <b>26(a)</b> | <b>Consolidated Rent, Taxes, Insurance, Lightings etc</b>                                                                         |                    |                    |
|              | Mercantile Bank PLC.                                                                                                              | 662,507,872        | 681,614,639        |
|              | Mercantile Bank Securities Limited                                                                                                | 8,366,087          | 8,280,513          |
|              | MBL Asset Management Limited                                                                                                      | 279,450            | 3,418,916          |
|              | Mercantile Exchange House (UK) Limited                                                                                            | 13,320,044         | 8,809,444          |
|              |                                                                                                                                   | <b>684,473,453</b> | <b>702,123,512</b> |
| <b>27</b>    | <b>Legal Expenses</b>                                                                                                             |                    |                    |
|              | <b>Conventional and Islamic banking</b>                                                                                           |                    |                    |
|              | Legal fees & charges                                                                                                              | 21,705,373         | 22,409,325         |
|              | Stamps, notary public expenses, registration fees & other fees etc.                                                               | 16,078,321         | 15,751,452         |
|              |                                                                                                                                   | <b>37,783,694</b>  | <b>38,160,777</b>  |
| <b>27(a)</b> | <b>Consolidated Legal Expenses</b>                                                                                                |                    |                    |
|              | Mercantile Bank PLC.                                                                                                              | 37,783,694         | 38,160,777         |
|              | Mercantile Bank Securities Limited                                                                                                | 126,139            | 314,914            |
|              | MBL Asset Management Limited                                                                                                      | 183,270            | 254,440            |
|              | Mercantile Exchange House (UK) Limited                                                                                            | 2,557,220          | 1,985,497          |
|              |                                                                                                                                   | <b>40,650,323</b>  | <b>40,715,627</b>  |
| <b>28</b>    | <b>Postage, stamps, telecommunication etc.</b>                                                                                    |                    |                    |
|              | <b>Conventional and Islamic banking</b>                                                                                           |                    |                    |
|              | Postal Charges                                                                                                                    | 204,852            | 124,080            |
|              | Courier Charges                                                                                                                   | 6,878,215          | 7,553,162          |
|              | Stamp & Cartridge Paper Cost                                                                                                      | 2,786,921          | 547,851            |
|              | Telephone Bill                                                                                                                    | 5,522,570          | 6,404,774          |
|              | Mobile Phone Bill                                                                                                                 | 354,515            | 268,468            |
|              | Telex Charge                                                                                                                      | 1,973              | 4,245              |
|              | Network link,internet & online connection cost                                                                                    | 56,912,147         | 57,279,060         |
|              | BACH Charge                                                                                                                       | 3,360,372          | 3,683,433          |
|              |                                                                                                                                   | <b>76,021,564</b>  | <b>75,865,073</b>  |
| <b>28(a)</b> | <b>Consolidated Postage, stamps, telecommunication etc.</b>                                                                       |                    |                    |
|              | Mercantile Bank PLC.                                                                                                              | 76,021,564         | 75,865,073         |
|              | Mercantile Bank Securities Limited                                                                                                | 1,819,183          | 1,864,178          |
|              | MBL Asset Management Limited                                                                                                      | -                  | -                  |
|              | Mercantile Exchange House (UK) Limited                                                                                            | 138,168            | 119,932            |
|              |                                                                                                                                   | <b>77,978,915</b>  | <b>77,849,182</b>  |
| <b>29</b>    | <b>Stationary, Printing and Advertisements</b>                                                                                    |                    |                    |
|              | <b>Conventional and Islamic banking</b>                                                                                           |                    |                    |
|              | Printing & stationery                                                                                                             | 192,929,307        | 139,586,212        |
|              | Advertisement                                                                                                                     | 58,215,875         | 56,211,985         |
|              | Computer expenses                                                                                                                 | 108,535,286        | 190,120,927        |
|              |                                                                                                                                   | <b>359,680,467</b> | <b>385,919,123</b> |
| <b>29(a)</b> | <b>Consolidated Stationary, Printing and Advertisements</b>                                                                       |                    |                    |
|              | Mercantile Bank PLC.                                                                                                              | 359,680,467        | 385,919,123        |
|              | Mercantile Bank Securities Limited                                                                                                | 896,351            | 608,942            |
|              | MBL Asset Management Limited                                                                                                      | 87,843             | 149,390            |
|              | Mercantile Exchange House (UK) Limited                                                                                            | 566,961            | 640,358            |
|              |                                                                                                                                   | <b>361,231,622</b> | <b>387,317,814</b> |

|                                                                                                                                                                                                                                                                 |                                                                                                                      | Amount in BDT      |                    |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|--------------------|--------------------|
|                                                                                                                                                                                                                                                                 |                                                                                                                      | Jan-23 to Dec-23   | Jan-22 to Dec-22   |
| <b>30</b>                                                                                                                                                                                                                                                       | <b>Chief Executive's salary and fees</b>                                                                             |                    |                    |
|                                                                                                                                                                                                                                                                 | Basic Salary                                                                                                         | 10,414,286         | 9,294,518          |
|                                                                                                                                                                                                                                                                 | Allowances                                                                                                           | 1,800,000          | 1,982,143          |
|                                                                                                                                                                                                                                                                 | Bonus (Festival and Incentive)                                                                                       | 2,760,000          | 2,600,000          |
|                                                                                                                                                                                                                                                                 | Bank's contribution to Provident fund                                                                                | 1,041,429          | 929,452            |
|                                                                                                                                                                                                                                                                 |                                                                                                                      | <b>16,015,715</b>  | <b>14,806,113</b>  |
| <b>30(a)</b>                                                                                                                                                                                                                                                    | <b>Consolidated Chief Executive's salary and fees</b>                                                                |                    |                    |
|                                                                                                                                                                                                                                                                 | Mercantile Bank PLC.                                                                                                 | 16,015,715         | 14,806,113         |
|                                                                                                                                                                                                                                                                 | Mercantile Bank Securities Limited                                                                                   | -                  | -                  |
|                                                                                                                                                                                                                                                                 | MBL Asset Management Limited                                                                                         | -                  | -                  |
|                                                                                                                                                                                                                                                                 | Mercantile Exchange House (UK) Limited                                                                               | -                  | -                  |
|                                                                                                                                                                                                                                                                 |                                                                                                                      | <b>16,015,715</b>  | <b>14,806,113</b>  |
| <b>31</b>                                                                                                                                                                                                                                                       | <b>Directors' Fees</b>                                                                                               |                    |                    |
|                                                                                                                                                                                                                                                                 | <b>Conventional banking</b>                                                                                          |                    |                    |
|                                                                                                                                                                                                                                                                 | Director fees                                                                                                        | 4,120,000          | 3,928,000          |
|                                                                                                                                                                                                                                                                 | VAT on Director fees                                                                                                 | 412,000            | 392,800            |
|                                                                                                                                                                                                                                                                 |                                                                                                                      | <b>4,532,000</b>   | <b>4,320,800</b>   |
|                                                                                                                                                                                                                                                                 | <b>Islamic banking</b>                                                                                               |                    |                    |
|                                                                                                                                                                                                                                                                 | Shariah Supervisory Committee's Fees                                                                                 | 160,000            | 152,000            |
|                                                                                                                                                                                                                                                                 | VAT on Shariah Supervisory Committee's Fees                                                                          | 16,000             | 15,200             |
|                                                                                                                                                                                                                                                                 |                                                                                                                      | <b>176,000</b>     | <b>167,200</b>     |
|                                                                                                                                                                                                                                                                 |                                                                                                                      | <b>4,708,000</b>   | <b>4,488,000</b>   |
| 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. |                                                                                                                      |                    |                    |
| <b>31(a)</b>                                                                                                                                                                                                                                                    | <b>Consolidated Directors' Fees</b>                                                                                  |                    |                    |
|                                                                                                                                                                                                                                                                 | Mercantile Bank PLC.                                                                                                 | 4,708,000          | 4,488,000          |
|                                                                                                                                                                                                                                                                 | Mercantile Bank Securities Limited                                                                                   | -                  | -                  |
|                                                                                                                                                                                                                                                                 | MBL Asset Management Limited                                                                                         | 224,000            | 142,000            |
|                                                                                                                                                                                                                                                                 | Mercantile Exchange House (UK) Limited                                                                               | -                  | -                  |
|                                                                                                                                                                                                                                                                 |                                                                                                                      | <b>4,932,000</b>   | <b>4,630,000</b>   |
| <b>32</b>                                                                                                                                                                                                                                                       | <b>Auditors' fees</b>                                                                                                |                    |                    |
|                                                                                                                                                                                                                                                                 | External Audit fee/CGC fees                                                                                          | 1,230,500          | 1,230,500          |
|                                                                                                                                                                                                                                                                 |                                                                                                                      | <b>1,230,500</b>   | <b>1,230,500</b>   |
| <b>32(a)</b>                                                                                                                                                                                                                                                    | <b>Consolidated Auditors' Fees</b>                                                                                   |                    |                    |
|                                                                                                                                                                                                                                                                 | Mercantile Bank PLC.                                                                                                 | 1,230,500          | 1,230,500          |
|                                                                                                                                                                                                                                                                 | Mercantile Bank Securities Limited                                                                                   | 86,250             | 86,250             |
|                                                                                                                                                                                                                                                                 | MBL Asset Management Limited                                                                                         | 8,750              | 50,000             |
|                                                                                                                                                                                                                                                                 | Mercantile Exchange House (UK) Limited                                                                               | 595,122            | 469,612            |
|                                                                                                                                                                                                                                                                 |                                                                                                                      | <b>1,920,622</b>   | <b>1,836,362</b>   |
| <b>33</b>                                                                                                                                                                                                                                                       | <b>Depreciation and Repair of Fixed Assets</b>                                                                       |                    |                    |
|                                                                                                                                                                                                                                                                 | <b>Conventional and Islamic banking</b>                                                                              |                    |                    |
|                                                                                                                                                                                                                                                                 | Depreciation on fixed assets (Note-33.1)                                                                             | 428,313,613        | 428,109,736        |
|                                                                                                                                                                                                                                                                 | * Depreciation of ROU (Right Of Use) assets as per under IFRS-16                                                     | 220,320,521        | 258,066,539        |
|                                                                                                                                                                                                                                                                 | Repairs & Maintenance (Note-33.2)                                                                                    | 142,461,729        | 117,827,362        |
|                                                                                                                                                                                                                                                                 |                                                                                                                      | <b>791,095,863</b> | <b>804,003,638</b> |
|                                                                                                                                                                                                                                                                 | * Depreciation of ROU (Right Of Use) assets has been calculated for the year 31.12.2023 as per IFRS-16 (Annexure -A) |                    |                    |
| <b>33.1</b>                                                                                                                                                                                                                                                     | <b>Depreciation on fixed assets (Annexure -A)</b>                                                                    |                    |                    |
|                                                                                                                                                                                                                                                                 | Free hold property                                                                                                   | 428,313,613        | 428,109,736        |
|                                                                                                                                                                                                                                                                 |                                                                                                                      | <b>428,313,613</b> | <b>428,109,736</b> |

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                             | Amount in BDT        |                      |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|----------------------|----------------------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                             | Jan-23 to Dec-23     | Jan-22 to Dec-22     |
| <b>33.2</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <b>Repair of Fixed Assets</b>                               |                      |                      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Repairs & Maintenance                                       | 142,461,729          | 117,827,362          |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                             | <b>142,461,729</b>   | <b>117,827,362</b>   |
| <b>33 (a)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>Consolidated Depreciation and Repair of Fixed Assets</b> |                      |                      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Mercantile Bank PLC.                                        | 791,095,863          | 804,003,638          |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Mercantile Bank Securities Limited                          | 2,267,475            | 2,402,474            |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | MBL Asset Management Limited                                | 92,790               | 92,790               |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Mercantile Exchange House (UK) Limited                      | 931,664              | 1,009,907            |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                             | <b>794,387,791</b>   | <b>807,508,809</b>   |
| <b>34</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <b>Other Expenses</b>                                       |                      |                      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <b>Conventional and Islamic banking</b>                     |                      |                      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Bank charges                                                | 13,885,695           | 9,822,231            |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Donation                                                    | 512,024,030          | 269,697,930          |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Car expenses                                                | 208,447,554          | 195,513,770          |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Training expenses                                           | 4,979,916            | 6,934,398            |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Supporting Staff salaries                                   | 587,292,408          | 540,583,970          |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Exgratia (Supporting Staff bonus)                           | 51,974,320           | 48,033,650           |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Subscription                                                | 9,974,524            | 12,958,262           |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Entertainment expenses                                      | 63,231,565           | 54,271,374           |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Travelling expenses                                         | 14,100,090           | 16,792,322           |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Conveyance, carriage & freight                              | 14,560,892           | 14,015,071           |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Business development                                        | 137,137,877          | 43,897,176           |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Liveries & uniforms                                         | 11,451,627           | 10,760,452           |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Medical expenses                                            | 517,360              | 2,400,657            |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Newspapers and magazines                                    | 1,037,904            | 821,311              |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | House Attendance Allowance                                  | 600,000              | 600,000              |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Professional service fees                                   | 19,502,630           | 25,446,001           |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Q-cash/ATM cards/VISA cards                                 | 87,076,700           | 73,338,320           |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | House furnishing                                            | 6,410,773            | 6,449,711            |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Gratuity                                                    | 200,000,000          | 400,000,000          |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Loss on sale of assets                                      | 784,987              | 767,335              |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Loss on sale of securities                                  | 109,682,731          | 95,120,755           |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Mobile banking salaries and allowances                      | 16,730,948           | 16,173,315           |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Credit Rating Fees                                          | 4,097,653            | 4,132,538            |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Discount & commission paid                                  | 32,000               | -                    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Miscellaneous expenses (Note-34.1)                          | 143,098,659          | 139,322,419          |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                             | <b>2,218,632,843</b> | <b>1,987,852,966</b> |
| <b>34.1</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <b>Miscellaneous expenses</b>                               |                      |                      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Laundry & cleaning                                          | 5,868,120            | 5,357,398            |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Photograph & Photocopy                                      | 1,111,836            | 761,911              |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Cash carrying charge                                        | 18,406,369           | 18,418,144           |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Nursery & Plantation                                        | 1,239,970            | 1,074,671            |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Cash incentive for Loan Recovery                            | 3,299,600            | 4,262,535            |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Sundry expenses                                             | 113,172,766          | 109,447,760          |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                             | <b>143,098,659</b>   | <b>139,322,419</b>   |
| As per BRPD Circular Letter No. 28 dated 26 July 2022 and BRPD Circular Letter No. 30 dated 27 July 2022, Management of the Bank has taken austerity measures in all respect to ensure cost curtailing on account of fuel, electricity, entertainment, travelling, computer & accessories, electric equipment, furniture and other stationeries. All branches and divisions have been instructed citing necessary steps which are to be followed meticulously in order to reduce expenses. On the other hand, all vehicle purchase was suspended as well as expenditures on different account heads are being monitored closely in order to ensure cost savings during the period. Although such initiatives resulted in reduction in usage/ consumption, however due to increase in unit cost and expansion in customer reach; the actual impact of the austerity measures has not fully reflected in monetary terms. |                                                             |                      |                      |
| <b>34 (a)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>Consolidated Other Expenses</b>                          |                      |                      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Mercantile Bank PLC.                                        | 2,218,632,843        | 1,987,852,966        |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Mercantile Bank Securities Limited                          | 88,765,444           | 39,986,576           |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | MBL Asset Management Limited                                | 748,277              | 419,954              |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Mercantile Exchange House (UK) Limited                      | 5,212,933            | 6,653,202            |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                             | <b>2,313,359,497</b> | <b>2,034,912,697</b> |

|               |                                                                                                                                                       | Amount in BDT          |                        |
|---------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|
|               |                                                                                                                                                       | Dec-23                 | Dec-22                 |
| <b>35</b>     | <b>Earnings per Share (EPS)</b>                                                                                                                       |                        |                        |
|               | Net profit after tax (Earnings Attributable to ordinary shareholders)                                                                                 | 2,028,605,835          | 2,202,583,388          |
|               | Number of Ordinary Shares outstanding in the year                                                                                                     | 1,106,575,435          | 1,106,575,435          |
|               | Average no. of share outstanding                                                                                                                      | 1,106,575,435          | 1,106,575,435          |
|               | <b>Earnings per Share (EPS)</b>                                                                                                                       | <b>1.83</b>            | <b>1.99</b>            |
| <b>35 (a)</b> | <b>Consolidated Earnings Per Share (EPS)</b>                                                                                                          |                        |                        |
|               | Consolidated net profit after tax                                                                                                                     | 2,058,220,622          | 2,353,750,136          |
|               | Less: Non Controlling Interest                                                                                                                        | 3,645,613              | 3,346,424              |
|               | Profit attributable to ordinary equity holders of the parent entity                                                                                   | <b>2,054,575,008</b>   | <b>2,350,403,712</b>   |
|               | Number of share outstanding                                                                                                                           | 1,106,575,435          | 1,106,575,435          |
|               | <b>Consolidated Earnings per Share (EPS)</b>                                                                                                          | <b>1.86</b>            | <b>2.12</b>            |
|               | * Discloser as per Bangladesh Securities and Exchange Commission notification reference no. BSEC/CMRRCD/2006-158/208/Admin/81, dated on 20 June 2018. |                        |                        |
| <b>36</b>     | <b>Calculation of Net Asset Value Per Share (NAVPS)</b>                                                                                               |                        |                        |
|               | Total shareholders' Equity                                                                                                                            | 25,984,472,072         | 25,275,153,000         |
|               | Number of Share outstanding                                                                                                                           | 1,106,575,435          | 1,084,877,878          |
|               | <b>Net Asset Value (NAV) per share</b>                                                                                                                | <b>23.48</b>           | <b>23.30</b>           |
| <b>36 (a)</b> | <b>Calculation of Consolidated Net Asset Value Per Share (NAVPS)</b>                                                                                  |                        |                        |
|               | Total shareholders' Equity                                                                                                                            | 26,456,589,753         | 25,721,655,893         |
|               | Number of Share outstanding                                                                                                                           | 1,106,575,435          | 1,084,877,878          |
|               | <b>Net Asset Value (NAV) per share</b>                                                                                                                | <b>23.91</b>           | <b>23.71</b>           |
| <b>37</b>     | <b>Calculation of Net Operating Cash Flow Per Share (NOCFPS)</b>                                                                                      |                        |                        |
|               | Net cash flows from operating activities                                                                                                              | 5,282,798,437          | 5,150,984,320          |
|               | Number of Share outstanding                                                                                                                           | 1,106,575,435          | 1,084,877,878          |
|               | <b>Net Operating Cash Flow Per Share (NOCFPS)</b>                                                                                                     | <b>4.77</b>            | <b>4.75</b>            |
| <b>37 (a)</b> | <b>Calculation of Consolidated Net Operating Cash Flow Per Share (NOCFPS)</b>                                                                         |                        |                        |
|               | Net cash flows from operating activities                                                                                                              | 5,306,985,107          | 5,126,856,627          |
|               | Number of Share outstanding                                                                                                                           | 1,106,575,435          | 1,084,877,878          |
|               | <b>Net Operating Cash Flow Per Share (NOCFPS)</b>                                                                                                     | <b>4.80</b>            | <b>4.73</b>            |
| <b>37.1</b>   | <b>Reconciliation of Net Profit after tax with Cash flows from Operating Activities (Solo)</b>                                                        |                        |                        |
|               | <b>Net profit after taxation</b>                                                                                                                      | <b>2,028,605,835</b>   | <b>2,202,583,388</b>   |
|               | <b>Adjustment to reconcile net income to net cash provided by operating activities</b>                                                                |                        |                        |
|               | Interest Income                                                                                                                                       | (2,084,333,663)        | (1,817,334,103)        |
|               | Interest Expense                                                                                                                                      | 10,412,613,445         | 7,625,126,644          |
|               | Dividends receipts                                                                                                                                    | 36,546,409             | 151,814,276            |
|               | Fees and commission income                                                                                                                            | -                      | -                      |
|               | Payment to the employees                                                                                                                              | -                      | -                      |
|               | Income taxes paid                                                                                                                                     | (918,504,554)          | (522,608,731)          |
|               | Other Operating Income                                                                                                                                | (95,260,459)           | (1,422,807,514)        |
|               | Other Operating Expenses                                                                                                                              | 882,429,610            | 875,148,494            |
|               | Provision for Loans & Advances/Investments/Other Assets                                                                                               | 2,681,797,759          | 4,136,310,758          |
|               | <b>Operating Profit before changes in Operating Assets and Liabilities</b>                                                                            | <b>10,915,288,547</b>  | <b>9,025,649,823</b>   |
|               | <b>Increase/(Decrease) in operating assets &amp; liabilities</b>                                                                                      |                        |                        |
|               | Net Investment in trading securities                                                                                                                  | (17,776,231,994)       | 2,286,708,434          |
|               | Loan & Advance to Customers                                                                                                                           | (3,940,449,977)        | (14,123,933,877)       |
|               | Other Assets                                                                                                                                          | 4,962,581,418          | (7,129,359,364)        |
|               | Deposits from other Bank                                                                                                                              | (13,589,281,803)       | (1,452,679,970)        |
|               | Deposits from customers                                                                                                                               | 25,155,898,510         | 11,234,629,034         |
|               | Other Liabilities                                                                                                                                     | (2,473,612,100)        | 3,107,386,852          |
|               |                                                                                                                                                       | <b>(7,661,095,945)</b> | <b>(6,077,248,892)</b> |
|               | <b>Net Cash Flows from Operating activities</b>                                                                                                       | <b>5,282,798,437</b>   | <b>5,150,984,320</b>   |

**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 2695.

**Break-up of No. of employees as per salary range wise**

| Range of Salary             | No of employees |
|-----------------------------|-----------------|
| Tk. 0.00 to Tk. 20,000      | 5               |
| Tk 20,001 to Tk. 50,000     | 551             |
| Tk. 50,001 to Tk. 1,00,000  | 919             |
| Tk. 100,001 to Tk. 2,00,000 | 1058            |
| Tk. 2,00,001 and above      | 162             |
| <b>Total</b>                | <b>2695</b>     |

**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(13600sft) 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 for 06 (six) years on 09.08.2020 and subsequently informed to Bangladesh Bank vide letter ref: MBL/GSD/2020/943, 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 Eunoos 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 "M.A. 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 "M.A. 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)/2009-4159 dated 10.11.2009. 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)/2017-2543 dt. 24.04.2017.                                            |
| Lease agreement with Mr. Md. Shahidul Ahsan, Sponsor and Ex-Director of the Bank for 2nd, 8th, 9th & 10th floor (13600sft) 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 letter no BRPD(P-3)745(44)/2010-313 dated: 31.01.2010 and upon expiry on 31.01.2022 the Lease Agreement was renewed for 01 (one) year and subsequently informed to Bangladesh Bank vide letter ref: MBL/GSD/2022/402 dated: 28.02.2022. Further, upon expiry on 31.01.2023 the Lease Agreement was renewed for another 03 (three) years and informed to Bangladesh Bank vide letter ref: MBL/GSD/04/2023 dated: 02.01.2023. |
| 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 the Lease Agreement renewed as per Bangladesh Bank approval vide it letter no. BRPD(LS-2)745(44)/2022-8127 dated 11.08.2022.                                                                                                                                                                                                                            |

| Nature of contract                                                                                                                                                                   | Name of Director & related by                                                                                                        | Remarks                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 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 Bijoy Nagar 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| 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 21.09.2015 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, Patuakhali.                                         | 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. Later renewed vide letter no. BRPD(LS-2)/745(44)/2022-4590 dated 10.05.2022.                                                                                                                                                                                                                                                                                                                                                                                 |
| 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, Motijheel, 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.                                                                                                                                                                                                                                                                                                                                                                                                        |

| Nature of contract                                                                                                                                                                                                   | Name of Director & related by                                                                                                                                                                                        | Remarks                                                                                                                                                                                                       |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 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 |

**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 31.12.23 |
|------------------------------------|-----------------------|-----------------------|
| Mercantile Bank Securities Limited | Loan (SOD)            | 807,293,428           |

**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 : **Refer to note 7.3**

**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 chattaks 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 31.12.2023 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. Two types of events can be identified:

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 April 16, 2024 approved the financial statements of the company for the year ended 31 December 2023 and authorized the same for the issue. The Board of Directors also recommended 10% Cash dividend for shareholders only for the year ended 31 December 2023 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**



**Director**



**Director**



**Chairman**

Place: Dhaka, Bangladesh

Date: 16 April 2024

# FIXED ASSETS SCHEDULE AS AT 31 DECEMBER 2023

## Annexure-A (Solo)

### A. Freehold Property:

| Particulars                           | Cost                     |                                       |                       | Rate (%) | Accumulated Depreciation |                     |                               | Written down value at 31.12.23 |
|---------------------------------------|--------------------------|---------------------------------------|-----------------------|----------|--------------------------|---------------------|-------------------------------|--------------------------------|
|                                       | Balance as on 01.01.2023 | Additions/Revaluation during the year | Sales during the year |          | Balance as on 01.01.2023 | Charge for the year | Adjustment on during the year |                                |
| Land                                  | 1,341,807,978            | -                                     | -                     | Nil      | -                        | -                   | -                             | 1,341,807,978                  |
| Building                              | 1,353,681,564            | -                                     | -                     | 2.5%     | 278,182,403              | 33,703,266          | -                             | 1,041,795,895                  |
| Furniture & Fixtures                  | 1,305,241,679            | 69,787,561                            | 7,398,571             | 10%      | 827,199,089              | 106,740,587         | 6,312,824                     | 440,003,819                    |
| Office Equipment & Computer Equipment | 2,030,905,776            | 78,265,273                            | 29,859,300            | 20%      | 1,319,734,925            | 225,171,155         | 29,773,090                    | 564,178,759                    |
| Vehicles                              | 190,411,176              | 8,744,717                             | -                     | 20%      | 161,076,043              | 12,655,264          | -                             | 25,424,587                     |
| Books                                 | 833,527                  | -                                     | -                     | 20%      | 832,765                  | 699                 | -                             | 833,464                        |
| <b>Sub-total</b>                      | <b>6,222,881,701</b>     | <b>156,797,551</b>                    | <b>37,257,870</b>     |          | <b>2,587,025,225</b>     | <b>378,270,971</b>  | <b>36,085,914</b>             | <b>3,413,211,100</b>           |

### B. Intangible asset:

| Particulars                                  | Cost                     |                                       |                               | Rate (%) | Accumulated Amortization |                     |                               | Written down value at 31.12.23 |
|----------------------------------------------|--------------------------|---------------------------------------|-------------------------------|----------|--------------------------|---------------------|-------------------------------|--------------------------------|
|                                              | Balance as on 01.01.2023 | Additions/Revaluation during the year | Adjustment on during the year |          | Balance as on 01.01.2023 | Charge for the year | Adjustment on during the year |                                |
| Software                                     | 699,675,887              | 494,850                               | -                             | 20%      | 575,189,436              | 50,042,643          | -                             | 74,938,658                     |
| <b>Sub-total</b>                             | <b>699,675,887</b>       | <b>494,850</b>                        | <b>-</b>                      |          | <b>575,189,436</b>       | <b>50,042,643</b>   | <b>-</b>                      | <b>74,938,658</b>              |
| <b>Balance as at 31.12.2023: Total (A+B)</b> | <b>6,922,557,588</b>     | <b>157,292,401</b>                    | <b>37,257,870</b>             |          | <b>3,162,214,661</b>     | <b>428,313,613</b>  | <b>36,085,914</b>             | <b>3,488,149,759</b>           |
| <b>Balance as at 31.12.2022</b>              | <b>6,689,341,778</b>     | <b>375,555,688</b>                    | <b>142,339,879</b>            |          | <b>2,873,709,883</b>     | <b>428,109,736</b>  | <b>139,604,958</b>            | <b>3,760,342,927</b>           |

### Right Of Use (ROU) Assets as per IFRS-16

| Particulars                              | Cost                     |                                       |                               | Rate (%) | Accumulated Amortization |                     |                               | Written down value at 31.12.23 |
|------------------------------------------|--------------------------|---------------------------------------|-------------------------------|----------|--------------------------|---------------------|-------------------------------|--------------------------------|
|                                          | Balance as on 01.01.2023 | Additions/Revaluation during the year | Adjustment on during the year |          | Balance as on 01.01.2023 | Charge for the year | Adjustment on during the year |                                |
| Right Of Use (ROU) Assets as per IFRS-16 | 2,256,218,544            | -                                     | -                             | 25%      | 1,450,603,738            | 220,320,521         | -                             | 585,294,285                    |
| <b>Balance as at 31.12.2023</b>          | <b>2,256,218,544</b>     | <b>-</b>                              | <b>-</b>                      |          | <b>1,450,603,738</b>     | <b>220,320,521</b>  | <b>-</b>                      | <b>585,294,285</b>             |
| <b>Balance as at 31.12.2022</b>          | <b>2,249,074,723</b>     | <b>7,143,821</b>                      | <b>-</b>                      |          | <b>1,192,537,199</b>     | <b>258,066,539</b>  | <b>-</b>                      | <b>805,614,806</b>             |

## NAME OF THE DIRECTORS AND THEIR INTEREST IN THE BANK AND OTHER DIFFERENT ENTITIES

Annexure-B

| 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                                                                                                         |
|--------|---------------------------------------------------------------------------------------------------------------|---------------------|----------------------------|------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|        |                                                                                                               |                     | 31.12.2023                 | 31.12.2022 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                         |                                                                                                                                                                                 |
| 1      | 2                                                                                                             | 3                   | 4                          |            | 5                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 6                                                                                                                                                                                                       | 7                                                                                                                                                                               |
| 1      | <b>MR. MORSHED ALAM, MP</b><br>House no. 12/A, Road no. 63, Gulshan-2, Dhaka-1213.                            | Chairman            | 27,558,916                 | 27,018,546 | 1. Bengal Windsor Thermoplastics Limited<br>2. Bengal Media Corporation Limited<br>3. Bengal Plastics Limited<br>4. Bengal Poly and Paper Sack Limited<br>5. Bengal Adhesive & Chemical Products Limited<br>6. Bengal Flexipak Limited<br>7. Bengal Polymer Wares Limited<br>8. Power Utility Bangladesh Limited<br>9. Hamilton Metal Corporation Limited<br>10. Designer Fashion Limited<br>11. Bengal Retails Limited<br>12. Bengal Renewable Energy Limited<br>13. Linnex Electronics (Bangladesh) Limited<br>14. Euphoria Apparels Limited<br>15. Bengal Cement Limited<br>16. Bengal Structure Development Limited<br>17. Bengal Hotels and Resorts Limited<br>18. Mercantile Bank Securities Limited | Chairman<br>Chairman<br>Chairman<br>Chairman<br>Chairman<br>Chairman<br>Chairman<br>Chairman<br>Chairman<br>Chairman<br>Chairman<br>Chairman<br>Chairman<br>Chairman<br>Chairman<br>Chairman<br>Sponsor | 11.17%<br>21.95%<br>37.50%<br>8.19%<br>25.00%<br>30.00%<br>26.00%<br>37.00%<br>42.00%<br>20.53%<br>15.00%<br>15.00%<br>25.00%<br>20.00%<br>12.00%<br>50.00%<br>64.30%<br>0.056% |
| 2      | <b>MR. A. S. M. FERDZ ALAM</b><br>Flat no. 401, House no. 248<br>Road no. 6/B, Block-B, Bashundhara R/A Dhaka | Sponsor<br>Director | 34,854,232                 | 33,964,934 | 1. Premier Leasing & Finance Limited<br>2. Premier Leasing Securities Limited<br>3. Mercantile Bank Securities Limited<br>4. Saheda Gafur Ibrahim General Hospital                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Sponsor Shareholder<br>Chairman<br>Sponsor Director<br>Founder Chairman                                                                                                                                 | 6.09%<br>0.001%<br>0.056%<br>---                                                                                                                                                |
| 3      | <b>MR. MD. ANWARUL HAQUE</b><br>Apartment-4-A, House-45,<br>Road-15/A, Dhanmondi R/A,<br>Dhaka.               | Sponsor<br>Director | 24,943,792                 | 24,454,699 | 1. Living Plus Limited<br>2. Holiday Travels Limited<br>3. Premier Leasing & Finance Limited<br>4. Premier Leasing Securities Limited<br>5. Mercantile Bank Securities Limited                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Managing Director<br>Director<br>Sponsor Shareholder<br>Director<br>Sponsor                                                                                                                             | 32.00%<br>35.00%<br>0.02%<br>0.001%<br>0.056%                                                                                                                                   |
| 4      | <b>AL-HAJ AKRAM HOSSAIN (HUMAYUN)</b><br>2/C, Purana Paltan,<br>Dhaka.                                        | Sponsor<br>Director | 24,017,249                 | 23,546,323 | 1. Akram Traders<br>2. FARS Holding & Associates Limited<br>3. FARS Hotels & Resorts Limited<br>4. Mercantile Bank Securities Limited                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Proprietor<br>Managing Director<br>Managing Director<br>Sponsor                                                                                                                                         | 100.00%<br>25.00%<br>25.00%<br>0.056%                                                                                                                                           |

## NAME OF THE DIRECTORS AND THEIR INTEREST IN THE BANK AND OTHER DIFFERENT ENTITIES (CONTINUED)

### Annexure-B (Cont.)

| 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                          |
|----------|--------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|----------------------------|------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|
|          |                                                                                                                                                  |                         | 31.12.2023                 | 31.12.2022 |                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                 |                                                                                                  |
| <b>1</b> | <b>2</b>                                                                                                                                         | <b>3</b>                | <b>4</b>                   |            | <b>5</b>                                                                                                                                                                                                                                                                                                                                                                                                                             | <b>6</b>                                                                                                                                                                                        | <b>7</b>                                                                                         |
| 5        | <b>DR. GAZI MOHAMMAD HASAN JAMIL</b><br>Professor<br>Department of Finance<br>Faculty of Business Studies,<br>University of Dhaka<br>Dhaka-1000. | Independent<br>Director | ---                        | ---        | ---                                                                                                                                                                                                                                                                                                                                                                                                                                  | ---                                                                                                                                                                                             | ---                                                                                              |
| 6        | <b>MR. M. AMANULLAH</b><br>House No.06, Road No. 80,<br>Gulshan-2,<br>Dhaka.                                                                     | Sponsor<br>Director     | 27,260,399                 | 26,725,882 | 1. Aman Spinning Mills Limited<br>2. Mousumi Network Limited<br>3. Dayton Holdings Limited<br>4. Mercantile Bank Securities Limited                                                                                                                                                                                                                                                                                                  | Chairman<br>Chairman<br>Chairman<br>Sponsor Director                                                                                                                                            | 20.00%<br>25.00%<br>90.00%<br>0.056%                                                             |
| 7        | <b>MR. MD. ABDUL HANNAN</b><br>190 Arambag, Inner Circular Road,<br>Dhaka.                                                                       | Sponsor<br>Director     | 25,298,854                 | 24,802,799 | 1. Dabster & Associates Limited<br>2. Reu Fashion Limited<br>3. M.H. Trading<br>4. Murad Apparels Limited<br>5. Unnayan Engineers & Associates<br>6. Unnayan Housing Limited<br>7. Global Insurance Limited<br>8. Pan Pacific Hospital Limited<br>9. Eastern University                                                                                                                                                              | Chairman<br>Chairman<br>Proprietor<br>Chairman<br>Proprietor<br>Managing Director<br>Shareholder<br>Director<br>Director                                                                        | 90.00%<br>50.00%<br>100.00%<br>70.00%<br>100.00%<br>50.00%<br>0.01%<br>5.00%<br>---              |
| 8        | <b>ALHAJ MOSHARREF HOSSAIN</b><br>1/1 Folder Street, Wari,<br>Dhaka.                                                                             | Director                | 26,486,392                 | 25,967,051 | 1. M/s. M.H. Traders<br>2. Toka Ink (BD) Limited<br>3. Eastern Paper House<br>4. Hossain Traders                                                                                                                                                                                                                                                                                                                                     | Proprietor<br>Director<br>Partner<br>Proprietor                                                                                                                                                 | 100.00%<br>5.00%<br>50.00%<br>100.00%                                                            |
| 9        | <b>MR. M. A. KHAN BELAL</b><br>26/B, Topkhana Road, 4/B Eastern Housing<br>Apartment, Shahbag,<br>Dhaka-1000.                                    | Director                | 22,217,211                 | 21,781,581 | 1. Shamrat Prince Spinning Mills Limited<br>2. Shamrat Cold Storage Limited<br>3. Shamrat Commercial Company Limited<br>4. Shandhya Hotel (Residential)<br>5. Shamrat Shipping Lines<br>6. Shamrat Commercial Enterprise<br>7. B.M.S Travels<br>8. Prince Trade International<br>9. Shamrat Agro Limited<br>10. Shamrat Feed Limited<br>11. B.S.P Corporation<br>12. Zamzam LP Gas Limited<br>13. Mercantile Bank Securities Limited | Chairman<br>Managing Director<br>Managing Director<br>Proprietor<br>Proprietor<br>Proprietor<br>Proprietor<br>Proprietor<br>Chairman<br>Chairman<br>Proprietor<br>Managing Director<br>Chairman | 50%<br>50%<br>50%<br>100%<br>100%<br>100%<br>100%<br>100%<br>35%<br>35%<br>100%<br>40%<br>0.056% |

## NAME OF THE DIRECTORS AND THEIR INTEREST IN THE BANK AND OTHER DIFFERENT ENTITIES (CONTINUED)

### Annexure-B (Cont.)

| 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 |
|----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|----------------------------|------------|------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|-------------------------------------------------------------------------|
|          |                                                                                                                                                                 |                         | 31.12.2023                 | 31.12.2022 |                                                                                                                        |                                                                                       |                                                                         |
| <b>1</b> | <b>2</b>                                                                                                                                                        | <b>3</b>                | <b>4</b>                   |            | <b>5</b>                                                                                                               | <b>6</b>                                                                              | <b>7</b>                                                                |
| 10       | <b>MR. MOHAMMAD ABDUL AWAL</b><br>Flat # D 6/12, Priyo Prangon,<br>2 Paribag, Shahbagh,<br>Dhaka-1000                                                           | Director                | 22,592,370                 | 22,149,383 | 1. Synthia Securities Limited<br>2. Express Insurance Limited                                                          | Managing Director<br>Sponsor Shareholder                                              | 18%<br>---                                                              |
| 11       | <b>PROF. DR. MD. REZAUL KABIR</b><br>Professor<br>Coordinator, BBA Program<br>Institute of Business Administration (IBA),<br>University of Dhaka<br>Dhaka-1000. | Independent<br>Director | ---                        | ---        | 1. Mercantile Bank Securities Limited                                                                                  | Independent Director                                                                  | ---                                                                     |

# INVESTMENT IN SHARE/SECURITIE

As at 31 December 2023

## A.(i) Quoted Company (shares)

Amount in BDT.

| SL                     | Name of the Company                            | Type of Shares | Face Value | No of Shares | Avg. cost | Total cost  | Closing price<br>31.12.23 | Total market value<br>as on 31.12.23 | Unrealize Gain/<br>(Loss) |
|------------------------|------------------------------------------------|----------------|------------|--------------|-----------|-------------|---------------------------|--------------------------------------|---------------------------|
| 1                      | ACI LTD.                                       | Quoted         | 10.00      | 118,174      | 269.58    | 31,857,404  | 260.20                    | 30,748,875                           | (1,108,530)               |
| 2                      | ACHIA SEA FOODS LTD.                           | Quoted         | 10.00      | 5,000        | 10.00     | 50,000      | 26.40                     | 132,000                              | 82,000                    |
| 3                      | AGRO ORGANICA PLC                              | Quoted         | 10.00      | 3,695        | 10.00     | 36,950      | 17.60                     | 65,032                               | 28,082                    |
| 4                      | BATBC                                          | Quoted         | 10.00      | 190,805      | 556.87    | 106,253,363 | 518.70                    | 98,970,554                           | (7,282,809)               |
| 5                      | BERGER PAINTS BD LTD.                          | Quoted         | 10.00      | 1,173        | 1,725.73  | 2,024,284   | 1,774.00                  | 2,080,902                            | 56,618                    |
| 6                      | BD PAINTS LTD.                                 | Quoted         | 10.00      | 10,000       | 10.00     | 100,000     | 26.10                     | 261,000                              | 161,000                   |
| 7                      | BANGLADESH SUBMARINE CABLE CO.LTD.             | Quoted         | 10.00      | 416,934      | 200.82    | 83,728,533  | 218.90                    | 91,266,853                           | 7,538,319                 |
| 8                      | BSRM STEEL LTD.                                | Quoted         | 10.00      | 38,691       | 69.70     | 2,696,627   | 63.90                     | 2,472,355                            | (224,272)                 |
| 9                      | GLOBAL ISAMI BANK LTD.                         | Quoted         | 10.00      | 1,383,235    | 9.52      | 13,173,670  | 8.60                      | 11,895,821                           | (1,277,849)               |
| 10                     | GRAMEEN PHONE LTD.                             | Quoted         | 10.00      | 50,000       | 262.65    | 13,132,320  | 286.60                    | 14,330,000                           | 1,197,680                 |
| 11                     | GPH ISPAT LTD.                                 | Quoted         | 10.00      | 337,599      | 49.22     | 16,616,433  | 42.70                     | 14,415,477                           | (2,200,956)               |
| 12                     | IDLC FINANCE LTD                               | Quoted         | 10.00      | 14,549,444   | 10.20     | 148,359,099 | 46.50                     | 676,549,146                          | 528,190,047               |
| 13                     | IFIC BANK LTD.                                 | Quoted         | 10.00      | 645,750      | 15.97     | 10,311,085  | 11.20                     | 7,232,400                            | (3,078,685)               |
| 14                     | IT CONSULTANTS LTD.                            | Quoted         | 10.00      | 1,478,076    | 6.77      | 10,000,000  | 37.00                     | 54,688,812                           | 44,688,812                |
| 15                     | JAMUNA BANK LTD.                               | Quoted         | 10.00      | 54,250       | 19.71     | 1,069,260   | 20.90                     | 1,133,825                            | 64,565                    |
| 16                     | JAMUNA OIL COMPANY LTD                         | Quoted         | 10.00      | 80,591       | 178.69    | 14,400,965  | 168.50                    | 13,579,584                           | (821,381)                 |
| 17                     | LINDE BD LTD.                                  | Quoted         | 10.00      | 13,278       | 1,350.99  | 17,938,438  | 1,397.70                  | 18,558,661                           | 620,223                   |
| 18                     | MARICO BD LTD.                                 | Quoted         | 10.00      | 9,188        | 2,325.70  | 21,368,492  | 2,460.70                  | 22,608,912                           | 1,240,419                 |
| 19                     | MIL BANGLADESH LTD.                            | Quoted         | 10.00      | 7,120        | 88.51     | 630,159     | 86.70                     | 617,304                              | (12,855)                  |
| 20                     | MEGHNA PETROLEUM LTD                           | Quoted         | 10.00      | 78,775       | 200.88    | 15,824,040  | 198.60                    | 15,644,715                           | (179,325)                 |
| 21                     | NAVANA CNG LTD.                                | Quoted         | 10.00      | 34,688       | 100.57    | 3,488,726   | 24.50                     | 849,856                              | (2,638,870)               |
| 22                     | NATIONAL BANK LTD.                             | Quoted         | 10.00      | 343,889      | 16.66     | 5,729,116   | 8.30                      | 2,854,279                            | (2,874,837)               |
| 23                     | PIONEER INSURANCE CO.LTD.                      | Quoted         | 10.00      | 24,997       | 69.19     | 1,729,502   | 68.10                     | 1,702,296                            | (27,206)                  |
| 24                     | POWER GRID BD LTD.                             | Quoted         | 10.00      | 136,940      | 61.30     | 8,394,882   | 52.40                     | 7,175,656                            | (1,219,226)               |
| 25                     | PRIME FIN & INVESTMENT LTD.                    | Quoted         | 10.00      | 65,956       | 129.14    | 8,517,764   | 11.50                     | 758,494                              | (7,759,270)               |
| 26                     | RAK CERAMICS (BD) LTD.                         | Quoted         | 10.00      | 127,717      | 101.64    | 12,980,620  | 42.90                     | 5,479,059                            | (7,501,561)               |
| 27                     | RENATA LTD.                                    | Quoted         | 10.00      | 11,434       | 1,185.10  | 13,550,476  | 1,217.90                  | 13,925,469                           | 374,993                   |
| 28                     | SAIF POWERTEC LTD.                             | Quoted         | 10.00      | 50,000       | 37.63     | 1,881,496   | 29.70                     | 1,485,000                            | (396,496)                 |
| 29                     | SQUARE PHARMACEUTICALS LTD.                    | Quoted         | 10.00      | 623,576      | 207.64    | 129,481,732 | 210.30                    | 131,138,033                          | 1,656,301                 |
| 30                     | SUMMIT POWER LTD.                              | Quoted         | 10.00      | 254,721      | 38.62     | 9,837,207   | 34.00                     | 8,660,514                            | (1,176,693)               |
| 31                     | TITAS GAS TRANSMISSION & DISTRIBUTION CO.LTD   | Quoted         | 10.00      | 309,500      | 45.28     | 14,014,011  | 40.90                     | 12,658,550                           | (1,355,461)               |
| 32                     | UTTARA BANK LTD                                | Quoted         | 10.00      | 86,605       | 26.10     | 2,260,057   | 22.30                     | 1,931,292                            | (328,766)                 |
| 33                     | UNITED POWER GENERATION & DISTRIBUTION CO.LTD. | Quoted         | 10.00      | 41,163       | 253.98    | 10,454,703  | 233.70                    | 9,619,793                            | (834,910)                 |
| Total of Shares a (i): |                                                |                |            |              |           | 731,891,414 |                           | 1,275,490,516                        | 543,599,101               |

## A(ii): BOND (QUOTED)

|                      |                                |        |       |       |          |            |          |            |           |
|----------------------|--------------------------------|--------|-------|-------|----------|------------|----------|------------|-----------|
| 1                    | ASHUGONJ POWER STATION CO.LTD. | Quoted | 5,000 | 2,000 | 5,000.00 | 10,000,000 | 5,500.00 | 11,000,000 | 1,000,000 |
| A(ii): BOND (QUOTED) |                                |        |       |       |          | 10,000,000 |          | 11,000,000 | 1,000,000 |

## A.(iii) MUTUAL FUND:

|                              |                    |        |    |            |       |             |      |               |              |
|------------------------------|--------------------|--------|----|------------|-------|-------------|------|---------------|--------------|
| 1                            | MBL1ST MUTUAL FUND | Quoted | 10 | 16,899,310 | 10.00 | 168,993,100 | 6.70 | 113,225,377   | (55,767,723) |
| Total of Mutual Fund A (iii) |                    |        |    |            |       | 168,993,100 |      | 113,225,377   | (55,767,723) |
| Sub Total A(i+ii+iii)        |                    |        |    |            |       | 910,884,514 |      | 1,399,715,893 | 488,831,378  |

## INVESTMENT IN SHARE/SECURITIE (CONTINUED)

### A(iv): Quoted Company Investment under SFCM

Amount in BDT.

| SL                                                        | Name of the Company                           | Type of Shares | Face Value | No of Shares | Avg. cost | Total cost | Closing price 31.12.23 | Total market value as on 31.12.23 | Unrealize Gain/(Loss) |
|-----------------------------------------------------------|-----------------------------------------------|----------------|------------|--------------|-----------|------------|------------------------|-----------------------------------|-----------------------|
| 1                                                         | ACI LTD.                                      | Quoted         | 10.00      | 218,097      | 281.40    | 61,372,563 | 281.40                 | 61,372,563                        | -                     |
| 2                                                         | APEX FOOTWEAR LTD                             | Quoted         | 10.00      | 4,544        | 283.52    | 1,288,313  | 283.52                 | 1,288,313                         | -                     |
| 3                                                         | BATBC                                         | Quoted         | 10.00      | 150,000      | 589.61    | 88,441,251 | 589.61                 | 88,441,251                        | -                     |
| 4                                                         | BANGLADESH SUBMARINE CABLE CO.LTD.            | Quoted         | 10.00      | 51,639       | 219.75    | 11,347,799 | 219.75                 | 11,347,799                        | -                     |
| 5                                                         | BSRM STEEL LTD.                               | Quoted         | 10.00      | 46,037       | 74.42     | 3,426,007  | 74.42                  | 3,426,007                         | -                     |
| 6                                                         | EASTERN BANK PLC.                             | Quoted         | 10.00      | 77,874       | 29.94     | 2,331,535  | 29.94                  | 2,331,535                         | -                     |
| 7                                                         | DELTA BRAC HOUSING FIN LTD.                   | Quoted         | 10.00      | 381,480      | 72.90     | 27,809,451 | 72.90                  | 27,809,451                        | -                     |
| 8                                                         | GPH ISPAT LTD.                                | Quoted         | 10.00      | 454,177      | 50.78     | 23,062,648 | 50.78                  | 23,062,648                        | -                     |
| 9                                                         | GRAMEEN PHONE LTD.                            | Quoted         | 10.00      | 5,000        | 291.36    | 1,456,804  | 291.36                 | 1,456,804                         | -                     |
| 10                                                        | LINDE BD LTD.                                 | Quoted         | 10.00      | 4,178        | 1,615.48  | 6,749,486  | 1,615.48               | 6,749,486                         | -                     |
| 11                                                        | MIL BANGLADESH LTD.                           | Quoted         | 10.00      | 100,737      | 89.83     | 9,049,272  | 89.83                  | 9,049,272                         | -                     |
| 12                                                        | PIONEER INSURANCE CO.LTD.                     | Quoted         | 10.00      | 178,675      | 93.88     | 16,774,576 | 93.88                  | 16,774,576                        | -                     |
| 13                                                        | POWER GRID CO.BD LTD.                         | Quoted         | 10.00      | 170,000      | 66.16     | 11,246,410 | 66.16                  | 11,246,410                        | -                     |
| 14                                                        | RENATA LTD.                                   | Quoted         | 10.00      | 5,125        | 1,225.11  | 6,278,694  | 1,225.11               | 6,278,694                         | -                     |
| 15                                                        | SAIF POWERTEC LTD.                            | Quoted         | 10.00      | 200,000      | 40.46     | 8,092,402  | 40.46                  | 8,092,402                         | -                     |
| 16                                                        | SINGER BD LTD.                                | Quoted         | 10.00      | 100,000      | 179.46    | 17,945,543 | 179.46                 | 17,945,543                        | -                     |
| 17                                                        | SQUARE PHARMACEUTICALS LTD.                   | Quoted         | 10.00      | 46,855       | 222.23    | 10,412,650 | 222.23                 | 10,412,650                        | -                     |
| 18                                                        | SUMMIT POWER LTD.                             | Quoted         | 10.00      | 90,404       | 39.18     | 3,542,075  | 39.18                  | 3,542,075                         | -                     |
| 19                                                        | TITAS GAS TRANSMISSION & DISTRIBUTION CO.LTD  | Quoted         | 10.00      | 149,450      | 42.16     | 6,300,913  | 42.16                  | 6,300,913                         | -                     |
| 20                                                        | UNITED POWER GENERATION AND DISTRIBUTION LTD. | Quoted         | 10.00      | 330,209      | 263.33    | 86,952,576 | 263.33                 | 86,952,576                        | -                     |
| <b>Total Quoted Company Investment under SFCM c-A(iv)</b> |                                               |                |            |              |           |            | <b>403,880,968</b>     | <b>403,880,968</b>                | <b>-</b>              |
| <b>Sub Total A(i+ii+iii+iv)</b>                           |                                               |                |            |              |           |            | <b>1,314,765,483</b>   | <b>1,803,596,861</b>              | <b>488,831,378</b>    |

### 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    | 8,102,228     |
| 2                 | CENTRAL DEPOSITORY BANGLADESH LTD. (CDBL)       | Un-Quoted      | 10         | 1,142,362    | 5          | 5,138,890     |
| 3                 | CENTRAL COUNTERPARTY BD LTD. (CCBL)             | Un-Quoted      | 10         | 3,750,000    | 10         | 37,500,000    |
| 4                 | BANGLADESH FIXED INCOME SPECIAL PURPOSE VEHICLE | Un-Quoted      | 10,000,000 | 100          | 10,000,000 | 1,000,000,000 |
| 5                 | MERCANTILE BANK UNIT FUND                       | Un-Quoted      | 10         | 7,500,000    | 10         | 75,000,000    |
| 6                 | ASIATIC LABORATORIES LTD                        | Un-Quoted      | 10         | 95,000       | 50         | 4,750,000     |
| 6                 | SIKDER INSURANCE CO.LTD                         | Un-Quoted      | 10         | 68,000       | 10         | 680,000       |
| Sub Total (B)     |                                                 |                |            |              |            | 1,130,491,118 |
| Grand Total (A+B) |                                                 |                |            |              |            | 2,445,256,601 |

## ADJUSTMENT FOR APPROVED SECURITIES HTM:

## Annexure-D

As at 31 December 2023

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)    |
|--------------------------------------------------------------------------|--------------------|
| <b>Market Adjustment on Approved Securities HTM</b>                      |                    |
| Balance as on January 1, 2023                                            | 20,505,294         |
| Less: Adjustment due to sale & Repo Treasury Bond                        | -                  |
| Less : Adjustment due to Bond Maturity                                   | -                  |
| Add. Adjustment of Amortization of HTM securities                        | 28,983,964         |
| <b>Balance as on 31.12.2023</b>                                          | <b>49,489,258</b>  |
| <b>Reserve for Revaluation (for HFT securities)</b>                      |                    |
| Balance as on January 1, 2023                                            | 50,185,515         |
| Add adjustment during the year in Mark to market Method on Treasury Bond | 298,662,771        |
| Add adjustment during the year in Mark to market Method on Treasury Bill | 185,862,059        |
| Less adjustment due to Maturity,sale & Repo Treasury Bond                | 199,309,590        |
| Less adjustment due to Maturity,MTM, sale & Repo Treasury Bill           | 180,483,426        |
| <b>Balance as on 31.12.2023</b>                                          | <b>154,917,329</b> |

(Market adjustment on Treasury Bond is reported as per DOS circular no.220 Dated. 8 December ,2010.)

## CERTIFICATE OBTAINED BY MERCANTILE BANK PLC. UNDER SECTION 33(7) OF ARTHA RIN ADALAT AIN, 2003.

Non-banking assets: As at 31.12.2023

Amount in BDT.

| SL.          | Branch              | Name of Borrower                                                      | Asset Details                                                                                                                                                                                                                                                                                                       | Entitlement Date | Lower of Market/ valuation Value | Legal Status                                             |
|--------------|---------------------|-----------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|----------------------------------|----------------------------------------------------------|
| 1            | Banani Branch       | Global Business Associates<br>A.T.M. Shamim - Ul Alam<br>(Proprietor) | a) 44 decimal land at Mouza- Gosai Gobindapur, PS: Baliakandi, Dist: Rajbari;<br>b) 6.66 decimal land at Mouza - Gosai Gobindapur, PS: Baliakandi, Dist: Rajbari.                                                                                                                                                   | 30-Apr-15        | 500,000                          | Physical possession of the property under Bank's control |
| 2            | Banani Branch       | SS Trading Corporation<br>Shamimul Islam Siraj.                       | a) RM of 17.50 decimal land along with Semipacca building under Mouza Loar Shahara, PS: Dhaka Cantonment, Dist. Dhaka.<br>b) RM of 170.50 decimal land at Dist. Madaripur, PS. - Shibchar, Mouza Shamil.<br>c) RM of 375.00 decimal land at Dist. Madaripur, PS Shibchar, Mouza - Choto Chowdhurir Bill and Shamil. | 05-Aug-13        | 4,262,500                        | Physical possession of the property 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 under Bank's control |
| 4            | Main Branch         | Shahinoor Enterprise, Prop: Mr. Md. Mojibur Rahman                    | a). 2.56 Katha Land with semi pucca building at Badda;<br>b). 10 Katha Land at Badda.                                                                                                                                                                                                                               | 20-Jul-06        | 3,400,800                        | Physical possession of the property under Bank's control |
| 5            | MoghBazar Branch    | Dr. Akhtar Hossain                                                    | 6.66 out of 7.00 decimal land with 04 Nos. floor spaces (Ground floor, 1st floor, 4th floor & 5th floor) out of 10.50 decimal land with 06 storied building at Mouza-Chotto Balimeher, Savar, Dhaka                                                                                                                 | 16-Nov-14        | 10,833,638                       | Physical possession of the property under Bank's control |
| 6            | 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        | 11,860,000                       | Physical possession of the property under Bank's control |
| 7            | Rangpur Branch      | M/S. Rabeya Chaul Kol                                                 | 94.09 decimal vacant land at JL# 73, Khatian# CS: 101, 272, SA: 98, 328, RS: 195, Mutation - 937, Plot# CS & SA - 1006,1041, 1031, RS- 1415, 1429, Mouza- Khordo Rasulpur, Upazilla - Sadullahpur, District- Gaibandha.                                                                                             | 06-Apr-23        | 7,725,000                        | Physical possession of the property under Bank's control |
| 8            | Agrabad Branch      | Khawaja Garib e Newaj Enterprise                                      | 1) 5.00 decimal land at P.S. Patiya, then Bandar, at present Karnajfully, Mouza-Isanagar, Chattogram.<br>2) 3.00 decimal land at P.S. Patiya, Then Bandar, at present Karnajfully, Mouza-Charlakhia, Chattogram.                                                                                                    | 21-Nov-22        | 2,560,000                        | Physical possession of the property under Bank's control |
| <b>Total</b> |                     |                                                                       |                                                                                                                                                                                                                                                                                                                     |                  | <b>45,081,332</b>                |                                                          |

## MATURITY ANALYSIS OF OTHER ASSETS

As at 31.12.2023

### Annexure - E

Amount in Taka

| Particulars                                                                                                                              | Up to 1<br>Month     | 1-3<br>Months        | 3-12<br>Months       | 1-5<br>Years       | More than<br>5 years | Total                 |
|------------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|----------------------|--------------------|----------------------|-----------------------|
| <b>1</b>                                                                                                                                 | <b>2</b>             | <b>3</b>             | <b>4</b>             | <b>5</b>           | <b>6</b>             | <b>7</b>              |
| <b>Other assets should be classified under the following categories:</b>                                                                 |                      |                      |                      |                    |                      |                       |
| <b>Income generating other asset:</b>                                                                                                    |                      |                      |                      |                    |                      |                       |
| 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                                   | -                    | -                    | -                    | -                  | 48,323,650           | 48,323,650            |
| Mercantile Bank OBU Unit                                                                                                                 | 3,964,450,783        | -                    | -                    | -                  | -                    | 3,964,450,783         |
| MBL Asset Management Limited                                                                                                             | -                    | -                    | -                    | -                  | 56,000,000           | 56,000,000            |
| <b>No-Income generating other asset:</b>                                                                                                 |                      |                      |                      |                    |                      |                       |
| Stationery, stamps,printing materials in stock etc                                                                                       | 8,307,946            | 19,093,250           | 12,395,336           | -                  | -                    | 39,796,532            |
| Advance rent and advertisement                                                                                                           | -                    | -                    | 271,728,299          | -                  | -                    | 271,728,299           |
| Interest accrued on investment but not collected,commission and brokerage receivable on shares and debenture and other income receivable | 500,491,105          | 776,868,700          | 908,436,236          | -                  | -                    | 2,185,796,041         |
| Security deposit                                                                                                                         | -                    | -                    | -                    | -                  | 10,327,826           | 10,327,826            |
| Preliminary, formation and organization expenses, renovation/development expenses and prepaid expenses                                   | -                    | 45,874,298           | -                    | -                  | -                    | 45,874,298            |
| Branch adjustment                                                                                                                        | -                    | -                    | -                    | 24,161,287         | -                    | 24,161,287            |
| Inter Branch Settlement Account                                                                                                          | 2,669,009,766        | -                    | -                    | -                  | -                    | 2,669,009,766         |
| Suspense Account                                                                                                                         | -                    | 720,478,942          | 70,979,495           | 185,065,000        | -                    | 976,523,437           |
| Right Of Use (ROU) Assets as per IFRS-16                                                                                                 | -                    | -                    | -                    | -                  | 585,294,285          | 585,294,285           |
| Silver                                                                                                                                   | -                    | -                    | -                    | -                  | -                    | -                     |
| D.D.Paid Without Advice                                                                                                                  | -                    | -                    | -                    | -                  | -                    | -                     |
| Clearing adjustment account                                                                                                              | -                    | -                    | -                    | -                  | -                    | -                     |
| Intra company transaction (OBU)                                                                                                          | (3,964,450,783)      | -                    | -                    | -                  | -                    | (3,964,450,783)       |
| <b>Total amount in taka</b>                                                                                                              | <b>3,177,808,817</b> | <b>1,562,315,190</b> | <b>1,263,539,366</b> | <b>209,226,287</b> | <b>4,249,945,761</b> | <b>10,462,835,420</b> |

## HIGHLIGHTS OF MERCANTILE BANK PLC.

As at 31.12.2023

## Annexure - F

(BDT in crore)

| Sl # | Particulars                                                            | 31.12.2023 | 31.12.2022 | 31.12.2021 | 31.12.2020 | 31.12.2019 |
|------|------------------------------------------------------------------------|------------|------------|------------|------------|------------|
| 1    | Paid-up Capital                                                        | 1,106.58   | 1,084.88   | 1,033.22   | 984.02     | 937.16     |
| 2    | Total Capital Fund                                                     | 4,326.70   | 3,987.87   | 3,558.44   | 3,341.95   | 3,289.98   |
| 3    | Capital Surplus / deficit                                              | 670.56     | 512.91     | 401.30     | 273.37     | 334.83     |
| 4    | Total Assets                                                           | 40,217.30  | 38,232.85  | 35,941.14  | 33,078.56  | 31,636.35  |
| 5    | Total Deposits                                                         | 30,694.80  | 28,179.21  | 27,055.74  | 24,526.57  | 24,762.45  |
| 6    | Total Loans and Advances                                               | 28,483.10  | 28,089.05  | 26,676.66  | 24,899.44  | 23,689.04  |
| 7    | Total Contingent Liabilities and Commitments                           | 15,854.45  | 16,827.22  | 17,506.03  | 10,811.23  | 10,199.37  |
| 8    | Credit Deposit Ratio (in %)                                            | 85.57%     | 86.82%     | 85.98%     | 84.30%     | 84.10%     |
| 9    | Percentage of Classified Loans against Total Loans and Advances (in %) | 6.08%      | 7.09%      | 4.54%      | 4.72%      | 4.86%      |
| 10   | Profit after Tax and Provision                                         | 202.86     | 220.26     | 341.86     | 216.13     | 217.55     |
| 11   | Amount of Classified Loans during the year                             | 1,731.33   | 1,992.86   | 1,211.25   | 1,175.12   | 1,150.26   |
| 12   | Provision kept against classified Loans                                | 639.81     | 806.27     | 513.16     | 488.26     | 452.00     |
| 13   | Provision Surplus                                                      | 3.13       | 19.47      | -          | -          | -          |
| 14   | Cost of Fund (in %)                                                    | 4.89%      | 4.25%      | 4.40%      | 5.66%      | 6.35%      |
| 15   | Interest Earning Assets                                                | 36,899.23  | 34,655.15  | 33,414.41  | 30,216.45  | 29,119.53  |
| 16   | Non-interest Earning Assets                                            | 3,318.07   | 3,577.69   | 2,526.73   | 2,862.10   | 2,516.82   |
| 17   | Return on Equity (ROE) (in %)                                          | 7.92%      | 8.87%      | 14.70%     | 10.05%     | 10.99%     |
| 18   | Return on Assets (ROA) (in %)                                          | 0.52%      | 0.59%      | 0.99%      | 0.67%      | 0.72%      |
| 19   | Income from Investment                                                 | 474.12     | 409.85     | 479.46     | 413.90     | 382.89     |
| 20   | Earning Per Share (Tk.)                                                | 1.83       | 2.03       | 3.31       | 2.20       | 2.32       |
| 21   | Net Income Per Share (Tk)                                              | 1.83       | 2.03       | 3.31       | 2.20       | 2.32       |
| 22   | Return on investment (ROI)                                             | 6.78%      | 6.67%      | 8.61%      | 8.39%      | 8.63%      |
| 23   | Net assets value per share (NAVPS)                                     | 23.48      | 23.30      | 23.62      | 22.46      | 22.31      |
| 24   | Cost of deposit (%)                                                    | 5.18%      | 4.68%      | 4.76%      | 6.12%      | 6.92%      |
| 25   | Price Earning Ratio (approximate)                                      | 7.25 Times | 6.83 Times | 5.17 Times | 5.78 Times | 5.69 Times |

## AS THE REGULATORY REQUIREMENTS DIFFER WITH THE STANDARDS, RELEVANT DISCLOSURES HAVE BEEN MADE IN ACCORDANCE WITH BANGLADESH BANK'S REQUIREMENTS

As at 31.12.2023

### Annexure - F.1

| SL. | Nature of Departure                                                                                   | Title of IAS/ IFRS             | Treatment of IAS/IFRS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Treatment Adopted as per Bangladesh Bank                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Financial or Presentation Effect of the Departure                                                                                                                                                                                                                                                                                                                                    |
|-----|-------------------------------------------------------------------------------------------------------|--------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1   | Measurement of provision for leases, loans and advances (financial assets measured at amortized cost) | IFRS 9 "Financial Instruments" | As per IFRS 9, an entity shall recognize 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 forward- is looking. For those loan/ investments for which the credit risk has not increased significantly since initial recognition, at each reporting date, an entity shall 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. | 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, 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, a general provision @ 0.25% to 2% 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 except CMSME, agricultural and micro-credits (if any) (details in Notes 2.2.3). 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 | <p>In separate Financial Statements, an amount of BDT 2,488.23 million has been charged as incremental provision for loans and advances/ Investment, All so as at 31 December 2023, accumulated provision for leases, loans and advances stands at BDT 18,744.48 million.</p> <p>In consolidated Financial Statements, the incremental provision amount is BDT 2,548.24 million.</p> |
| 2   | Valuation of Investments in quoted and unquoted shares                                                | IFRS 9 "Financial Instruments" | 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                                                                                                                                                                                                                                                                                              | 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                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <p>During this year, total market value of all shares investment of MBPLC is less than the cost price.</p> <p>As on December 31, 2023 there was BDT 57.46 million unrealized loss has been account for in profit and loss account.</p>                                                                                                                                               |

## AS THE REGULATORY REQUIREMENTS DIFFER WITH THE STANDARDS, RELEVANT DISCLOSURES HAVE BEEN MADE IN ACCORDANCE WITH BANGLADESH BANK'S REQUIREMENTS (CONTINUED)

As at 31.12.2023

| SL. | Nature of Departure                                              | Title of IAS/IFRS                            | Treatment of IAS/IFRS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Treatment Adopted as per Bangladesh Bank                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Financial or Presentation Effect of the Departure                                                                                                                                                                                                                  |
|-----|------------------------------------------------------------------|----------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 3   | Presentation of "Statement of Cash Flows"                        | IAS 7 "Statement of Cash Flows"              | 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | As per BRPD circular no. 14 dated 25 June 2003, cash flow is the mixture of direct and indirect methods.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Financial Statements for 2023 and corresponding year of 2022 have been prepared as per guidelines as per BRPD circular no. 14 dated 25 June 2003, cash flow is the mixture of direct and indirect methods.                                                         |
| 4   | Presentation of "Revaluation gain/ loss on government securities | IFRS 9 " Financial Instruments "             | 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 | 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. | During this year, total market adjustment on Approved Securities HTM is BDT 28.98 Million has been account for in Balance Sheet.                                                                                                                                   |
| 5   | Other Comprehensive income                                       | IAS 1" Presentation of Financial Statements" | As per IAS 1: Presentation of Financial Statements" other comprehensive income is a component of financial statements or the elements of OCI are to be included in a single OCI statement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Bangladesh Bank has issued templates for financial statements which will strictly be followed by Bank. The templates of financial statements issued by Bangladesh Bank do not include other Comprehensive Income (OCI) nor are the elements of OCI allowed to be included in a single OCI statement.<br><br>As such the financial institution does not prepare the other comprehensive income statement. However elements of OCI, if any, are shown in the statements of changes in equity                                                                                                          | Financial statements for 2023 and corresponding year of 2022 have been prepared as per guideline (As per BRPD circular no. 14 dated 25 June 2003) of Bangladesh Bank.<br><br>There is no financial impact for this departure in the financial statements. Circular |

## Mercantile Bank PLC. SEGMENT REPORTING

The Bank reports its operations under the following business segments as per Bangladesh Financial Reporting Standards (BFRS) 8 "Operating Segment"  
As on 31.12.2023

Amount in Taka

| Particulars                                                                     | Mercantile Bank PLC. |                 |                        |                 |                 | Mercantile Bank PLC. and its Subsidiaries |                           |            |                    | Consolidated (Before Inter company) | Inter company transaction | Total Consolidated |
|---------------------------------------------------------------------------------|----------------------|-----------------|------------------------|-----------------|-----------------|-------------------------------------------|---------------------------|------------|--------------------|-------------------------------------|---------------------------|--------------------|
|                                                                                 | Inside Bangladesh    |                 |                        |                 |                 | Inside Bangladesh                         |                           |            | Outside Bangladesh |                                     |                           |                    |
|                                                                                 | Conventional Banking | Islamic Banking | Off Banking Unit (OBU) | Inter company   | Total           | MBSL                                      | MBL Asset Management Ltd. | UK         |                    |                                     |                           |                    |
|                                                                                 |                      |                 |                        |                 |                 |                                           |                           |            |                    |                                     |                           |                    |
| Property and Assets                                                             |                      |                 |                        |                 |                 |                                           |                           |            |                    |                                     |                           |                    |
| Cash in hand                                                                    | 17,058,653,549       | 746,552,217     | -                      | -               | 17,805,205,766  | 520,206                                   | 5,040                     | 173,749    | 17,805,904,761     | -                                   | 17,805,904,761            |                    |
| Cash in hand (Including foreign currencies)                                     | 3,550,577,552        | 27,858,687      | -                      | -               | 3,578,436,239   | 520,206                                   | 5,040                     | 173,749    | 3,579,135,234      | -                                   | 3,579,135,234             |                    |
| Balance with Bangladesh Bank & its agent bank(s) (including foreign currencies) | 13,508,075,997       | 718,693,530     | -                      | -               | 14,226,769,527  | -                                         | -                         | -          | 14,226,769,527     | -                                   | 14,226,769,527            |                    |
| Balance with other banks and financial institutions                             |                      |                 |                        |                 |                 |                                           |                           |            |                    |                                     |                           |                    |
| In Bangladesh                                                                   | 4,912,401,430        | 300,201,195     | 350,150,891            | -               | 5,562,753,516   | 253,455,052                               | 5,965,551                 | 3,231,474  | 5,825,405,593      | (232,548,666)                       | 5,592,856,927             |                    |
| Outside Bangladesh                                                              | 151,504,738          | 300,201,195     | 349,204,005            | -               | 800,909,938     | 253,455,052                               | 5,965,551                 | -          | 1,060,330,541      | (232,548,666)                       | 827,781,875               |                    |
|                                                                                 | 4,760,896,692        |                 | 946,886                | -               | 4,761,843,578   | -                                         | -                         | 3,231,474  | 4,765,075,052      |                                     | 4,765,075,052             |                    |
| Money at call and short notice                                                  |                      |                 |                        |                 |                 |                                           |                           |            |                    |                                     |                           |                    |
| Investments                                                                     | 743,100,000          | -               | -                      | -               | 743,100,000     | -                                         | -                         | -          | 743,100,000        | -                                   | 743,100,000               |                    |
| Government                                                                      | 78,940,787,799       | 294,140,000     | -                      | -               | 79,234,927,799  | 2,057,681,184                             | 106,614,849               | -          | 81,399,223,832     | (40,420,000)                        | 81,358,803,832            |                    |
| Others                                                                          | 70,114,851,198       | 294,140,000     | -                      | -               | 70,408,991,198  | -                                         | -                         | -          | 70,408,991,198     | -                                   | 70,408,991,198            |                    |
|                                                                                 | 8,825,936,601        | -               | -                      | -               | 8,825,936,601   | 2,057,681,184                             | 106,614,849               | -          | 10,990,232,634     | (40,420,000)                        | 10,949,812,634            |                    |
| Loans and Advances/investments                                                  |                      |                 |                        |                 |                 |                                           |                           |            |                    |                                     |                           |                    |
| Loans, Cash Credit, Overdraft, etc/investments                                  | 270,307,092,045      | 8,542,075,082   | 5,981,816,350          | -               | 284,830,983,477 | 4,569,728,949                             | -                         | -          | 289,400,712,426    | (807,293,428)                       | 288,593,418,998           |                    |
| Bills Purchased and Discounted                                                  | 266,752,400,879      | 8,522,967,005   | 1,922,313,450          | -               | 277,197,681,334 | 4,569,728,949                             | -                         | -          | 281,767,410,283    | (807,293,428)                       | 280,960,116,855           |                    |
|                                                                                 | 3,554,691,166        | 19,108,077      | 4,059,502,900          | -               | 7,633,302,143   | -                                         | -                         | -          | 7,633,302,143      | -                                   | 7,633,302,143             |                    |
| Fixed assets including premises, furniture and fixtures                         |                      |                 |                        |                 |                 |                                           |                           |            |                    |                                     |                           |                    |
| Other assets                                                                    | 3,466,571,324        | 21,578,435      | -                      | -               | 3,488,149,759   | 99,370,343                                | 426,065                   | 4,346,116  | 3,592,292,283      | -                                   | 3,592,292,283             |                    |
| Non- banking assets                                                             | 12,274,331,337       | 1,959,961,890   | 192,992,976            | (3,964,450,783) | 10,462,835,420  | 294,759,682                               | 5,538,705                 | 11,392,314 | 10,774,526,121     | (3,653,911,270)                     | 7,120,614,851             |                    |
|                                                                                 | 45,081,332           | -               | -                      | -               | 45,081,332      | -                                         | -                         | -          | 45,081,332         | -                                   | 45,081,332                |                    |
| Total Property and Assets                                                       |                      |                 |                        |                 |                 |                                           |                           |            |                    |                                     |                           |                    |
|                                                                                 | 387,748,018,815      | 11,864,508,819  | 6,524,960,217          | (3,964,450,783) | 402,173,037,068 | 7,275,515,415                             | 118,550,211               | 19,143,653 | 409,586,246,347    | (4,794,173,364)                     | 404,852,072,983           |                    |

## SEGMENT REPORTING (CONTINUED)

Amount in BDT.

| Particulars                                                    | Mercantile Bank PLC. |                 |                        |                 |                 | Mercantile Bank PLC. and its Subsidiaries |                           |                    | Consolidated (Before Inter company) | Inter company transaction | Total Consolidated |
|----------------------------------------------------------------|----------------------|-----------------|------------------------|-----------------|-----------------|-------------------------------------------|---------------------------|--------------------|-------------------------------------|---------------------------|--------------------|
|                                                                | Inside Bangladesh    |                 |                        |                 |                 | Inside Bangladesh                         |                           | Outside Bangladesh |                                     |                           |                    |
|                                                                | Conventional Banking | Islamic Banking | Off Banking Unit (OBU) | Inter company   | Total           | MBSL                                      | MBL Asset Management Ltd. |                    |                                     |                           |                    |
|                                                                |                      |                 |                        |                 |                 |                                           |                           | UK                 |                                     |                           |                    |
| Liabilities and Capital                                        |                      |                 |                        |                 |                 |                                           |                           |                    |                                     |                           |                    |
| Liabilities                                                    |                      |                 |                        |                 |                 |                                           |                           |                    |                                     |                           |                    |
| Borrowings from other banks, financial institutions and agents | 18,286,229,575       | -               | (3,964,450,783)        | 20,431,229,575  | 1,257,308,644   | -                                         | -                         | -                  | 21,688,538,219                      | (807,293,428)             | 20,881,244,791     |
|                                                                |                      |                 |                        | 6,109,450,783   |                 |                                           |                           |                    |                                     |                           |                    |
| Subordinated bond                                              | 1,200,000,000        | -               | -                      | 1,200,000,000   | -               | -                                         | -                         | -                  | 1,200,000,000                       | -                         | 1,200,000,000      |
| Mercantile Bank Perpetual Bond                                 | 3,630,000,000        | -               | -                      | 3,630,000,000   | -               | -                                         | -                         | -                  | 3,630,000,000                       | -                         | 3,630,000,000      |
| Deposits and other accounts                                    | 295,842,794,654      | 11,047,408,613  | 57,750,000             | -               | 306,947,953,267 | 204,177,443                               | -                         | -                  | 307,152,130,710                     | (272,968,666)             | 306,879,162,044    |
| Current/ Al-wadeeah current accounts and other accounts        | 106,667,663,876      | 576,801,561     | 57,750,000             | -               | 107,302,215,437 | 204,177,443                               | -                         | -                  | 107,506,392,880                     | (272,968,666)             | 107,233,424,215    |
| Bills payable                                                  | 3,569,213,584        | 4,026,534       | -                      | -               | 3,573,240,118   | -                                         | -                         | -                  | 3,573,240,118                       | -                         | 3,573,240,118      |
| Savings Bank/Mudaraba savings bank deposits                    | 34,891,458,943       | 470,092,577     | -                      | -               | 35,361,551,520  | -                                         | -                         | -                  | 35,361,551,520                      | -                         | 35,361,551,520     |
| Fixed deposits/Mudaraba fixed deposits                         | 107,456,920,978      | 9,996,487,941   | -                      | -               | 117,453,408,919 | -                                         | -                         | -                  | 117,453,408,919                     | -                         | 117,453,408,919    |
| Deposit under schemes/Mudaraba deposit schemes                 | 43,257,537,272       | -               | -                      | -               | 43,257,537,272  | -                                         | -                         | -                  | 43,257,537,272                      | -                         | 43,257,537,272     |
| Other Liabilities                                              | 43,184,505,949       | 661,435,880     | 133,440,325            | 43,979,382,154  | 1,782,503,805   | 11,056,065                                | 32,134,371                | 45,805,076,395     | -                                   | -                         | 45,805,076,395     |
| Total Liabilities                                              | 362,143,530,178      | 11,708,844,493  | 6,300,641,108          | (3,964,450,783) | 376,188,564,996 | 3,243,989,892                             | 11,056,065                | 32,134,371         | 379,475,745,324                     | (1,080,262,094)           | 378,395,483,230    |
| Capital/shareholders' equity                                   | 25,604,488,637       | 155,664,326     | 224,319,109            | -               | 25,984,472,072  | 3,981,525,524                             | 63,494,145                | (12,990,718)       | 30,016,501,023                      | (3,664,433,333)           | 26,352,067,690     |
| Paid-up capital                                                | 11,065,754,350       | -               | -                      | 11,065,754,350  | 3,550,000,000   | 56,000,000                                | 47,911,270                | 14,719,665,620     | (3,653,911,270)                     | -                         | 11,065,754,350     |
| Statutory reserve                                              | 10,411,310,449       | -               | -                      | 10,411,310,449  | -               | -                                         | -                         | 10,411,310,449     | -                                   | -                         | 10,411,310,449     |
| General Reserve                                                | 2,480,000,000        | -               | -                      | 2,480,000,000   | -               | -                                         | -                         | 2,480,000,000      | -                                   | -                         | 2,480,000,000      |
| Other reserve                                                  | 893,698,792          | -               | -                      | 893,698,792     | 38,071,558      | -                                         | -                         | 931,770,350        | -                                   | -                         | 931,770,350        |
| Foreign Currency Translation Gain                              | -                    | -               | 4,469,253              | 4,469,253       | -               | -                                         | -                         | 4,469,253          | -                                   | -                         | 4,469,253          |
| Surplus in profit & loss account                               | 753,725,046          | 155,664,326     | 219,849,856            | 1,129,239,228   | 393,453,966     | 7,494,145                                 | (60,901,988)              | 1,469,285,351      | (10,522,063)                        | -                         | 1,458,763,288      |
| Non Controlling Interest                                       |                      |                 |                        | 50,000,000      | 44,000,000      | -                                         | -                         | 94,000,000         | 10,522,063                          | -                         | 104,522,063        |
| Total shareholders' equity                                     | 25,604,488,637       | 155,664,326     | 224,319,109            | -               | 25,984,472,072  | 4,031,525,524                             | 107,494,145               | (12,990,718)       | 30,110,501,023                      | (3,653,911,270)           | 26,456,589,753     |
| Total Liabilities & Shareholders' Equity                       | 387,748,018,815      | 11,864,508,819  | 6,524,960,217          | (3,964,450,783) | 402,173,037,068 | 7,275,515,415                             | 118,550,210               | 19,143,653         | 409,586,246,347                     | (4,734,173,364)           | 404,852,072,984    |

**Mercantile Bank PLC.**  
**SEGMENT REPORTING (CONTINUED)**

| Particulars                                                        | Mercantile Bank PLC. |                 |                        |               |                | Mercantile Bank PLC. and its Subsidiaries |                           |                    |                | Consolidated (Before Inter company) | Inter company transaction | Total Consolidated |
|--------------------------------------------------------------------|----------------------|-----------------|------------------------|---------------|----------------|-------------------------------------------|---------------------------|--------------------|----------------|-------------------------------------|---------------------------|--------------------|
|                                                                    | Inside Bangladesh    |                 |                        |               |                | Inside Bangladesh                         |                           | Outside Bangladesh |                |                                     |                           |                    |
|                                                                    | Conventional Banking | Islamic Banking | Off Banking Unit (OBU) | Inter company | Total          | MBSL                                      | MBL Asset Management Ltd. | UK                 |                |                                     |                           |                    |
|                                                                    |                      |                 |                        |               |                |                                           |                           |                    |                |                                     |                           |                    |
| Interest income                                                    | 18,843,280,012       | 777,515,627     | 503,110,038            |               | 20,123,905,677 | 288,460,403                               | 3,696,947                 | -                  | 20,416,063,027 | -                                   | 20,416,063,027            |                    |
| Less: Interest paid on deposits, borrowings etc.                   | 16,478,156,623       | 617,906,420     | 299,050,212            |               | 17,395,113,255 | 87,689,714                                | -                         | -                  | 17,482,802,969 | -                                   | 17,482,802,969            |                    |
| Net interest income                                                | 2,365,123,389        | 159,609,207     | 204,059,827            | -             | 2,728,792,422  | 200,770,689                               | 3,696,947                 | -                  | 2,933,260,059  | -                                   | 2,933,260,059             |                    |
| Investment income                                                  | 4,727,344,528        | 13,902,245      | -                      |               | 4,741,246,773  | 39,498,300                                | 8,604,277                 | -                  | 4,789,349,350  | -                                   | 4,789,349,350             |                    |
| Commission, exchange and brokerage                                 | 4,654,798,896        | 33,859,244      | 29,456,225             |               | 4,718,114,365  | 82,496,142                                | 6,558,691                 |                    | 4,820,006,400  | -                                   | 4,820,006,400             |                    |
| Other operating income                                             | 1,554,507,493        | 4,926,790       | 1,701,662              |               | 1,561,135,945  | 2,434,189                                 | -                         |                    | 1,563,570,134  | -                                   | 1,563,570,134             |                    |
| Total operating income                                             | 10,936,650,917       | 52,688,279      | 31,157,887             | -             | 11,020,497,083 | 124,428,631                               | 15,162,968                | 12,837,202         | 11,172,925,885 | -                                   | 11,172,925,885            |                    |
|                                                                    | 13,301,774,307       | 212,297,486     | 235,217,714            | -             | 13,749,289,506 | 325,199,320                               | 18,859,915                | 12,837,202         | 14,106,185,943 | -                                   | 14,106,185,943            |                    |
| Salaries and allowances                                            | 4,125,835,851        | 34,194,490      | 11,179,053             |               | 4,171,209,394  | 39,579,175                                | 3,001,464                 | 12,995,016         | 4,226,785,049  | -                                   | 4,226,785,049             |                    |
| Rent, taxes, insurances, electricity etc.                          | 660,159,972          | 2,347,900       | -                      |               | 662,507,872    | 8,366,087                                 | 279,450                   | 13,320,044         | 684,473,453    | -                                   | 684,473,453               |                    |
| Legal expenses                                                     | 37,765,414           | 18,280          | -                      |               | 37,783,694     | 126,139                                   | 183,270                   | 2,557,220          | 40,650,323     | -                                   | 40,650,323                |                    |
| Postage, stamps, telecommunication etc.                            | 75,912,395           | 109,169         | -                      |               | 76,021,564     | 1,819,183                                 | -                         | 138,168            | 77,978,915     | -                                   | 77,978,915                |                    |
| Stationery, printings, advertisements etc.                         | 355,856,832          | 3,823,635       | -                      |               | 359,680,467    | 896,351                                   | 87,843                    | 586,961            | 361,231,622    | -                                   | 361,231,622               |                    |
| Chief Executive's salary and fees                                  | 16,015,715           | -               | -                      |               | 16,015,715     | -                                         | -                         | -                  | 16,015,715     | -                                   | 16,015,715                |                    |
| Directors' fees                                                    | 4,532,000            | 176,000         | -                      |               | 4,708,000      | -                                         | 224,000                   | -                  | 4,932,000      | -                                   | 4,932,000                 |                    |
| Auditors' fees                                                     | 1,230,500            | -               | -                      |               | 1,230,500      | 86,250                                    | 8,750                     | 595,122            | 1,920,622      | -                                   | 1,920,622                 |                    |
| Depreciation and repair to Bank's assets                           | 785,672,650          | 5,423,213       | -                      |               | 791,095,863    | 2,267,475                                 | 92,790                    | 931,664            | 794,387,791    | -                                   | 794,387,791               |                    |
| Other expenses                                                     | 2,203,903,565        | 10,540,473      | 4,188,805              |               | 2,218,632,843  | 88,765,444                                | 748,277                   | 5,212,933          | 2,313,359,497  | -                                   | 2,313,359,497             |                    |
| Total operating expenses                                           | 8,266,884,895        | 56,633,160      | 15,367,858             | -             | 8,338,885,913  | 141,906,104                               | 4,625,844                 | 36,317,127         | 8,521,734,987  | -                                   | 8,521,734,987             |                    |
| Profit/(loss) before provision                                     | 5,034,889,412        | 155,664,326     | 219,849,856            | -             | 5,410,403,593  | 183,293,216                               | 14,234,071                | (23,479,924)       | 5,584,450,956  | -                                   | 5,584,450,956             |                    |
| Provision for loans and advances including off Balance Sheet Items | 2,488,239,493        |                 |                        |               | 2,488,239,493  | 60,000,000                                | -                         | -                  | 2,548,239,493  | -                                   | 2,548,239,493             |                    |
| Other provision                                                    | 193,558,266          |                 |                        |               | 193,558,266    | 40,000,000                                | 4,963,959                 | -                  | 238,522,225    | -                                   | 238,522,225               |                    |
| Total provision                                                    | 2,681,797,759        | -               | -                      | -             | 2,681,797,759  | 100,000,000                               | 4,963,959                 | -                  | 2,786,761,718  | -                                   | 2,786,761,718             |                    |
| Total profit/(loss) before taxes                                   | 2,353,091,653        | 155,664,326     | 219,849,856            | -             | 2,728,605,835  | 83,293,216                                | 9,270,112                 | (23,479,924)       | 2,797,689,238  | -                                   | 2,797,689,238             |                    |
| Provision for Current tax                                          | 749,165,673          |                 |                        |               | 749,165,673    | 37,746,286                                | 1,954,445                 | -                  | 788,866,404    | -                                   | 788,866,404               |                    |
| Provision for Deferred Tax                                         | (49,165,673)         |                 |                        |               | (49,165,673)   | (232,114)                                 | -                         | -                  | (49,397,787)   | -                                   | (49,397,787)              |                    |
|                                                                    | 700,000,000          | -               | -                      | -             | 700,000,000    | 37,514,172                                | 1,954,445                 | -                  | 739,468,617    | -                                   | 739,468,617               |                    |
| Net profit after taxation                                          | 1,653,091,653        | 155,664,326     | 219,849,856            | -             | 2,028,605,835  | 45,779,044                                | 7,315,667                 | (23,479,924)       | 2,058,220,622  | -                                   | 2,058,220,622             |                    |

Interest income  
Less: Interest paid on deposits, borrowings etc.

**Net interest income**

Investment income  
Commission, exchange and brokerage  
Other operating income

**Total operating income**

Salaries and allowances  
Rent, taxes, insurances, electricity etc.  
Legal expenses  
Postage, stamps, telecommunication etc.  
Stationery, printings, advertisements etc.  
Chief Executive's salary and fees  
Directors' fees  
Auditors' fees  
Depreciation and repair to Bank's assets  
Other expenses

**Total operating expenses**

**Profit/(loss) before provision**

Provision for loans and advances including off balance Sheet items  
Other provision

**Total provision**

**Total profit/(loss) before taxes**

Provision for Current tax  
Provision for Deferred Tax

**Net profit after taxation**

Mercantile Bank PLC.

# OFFSHORE BANKING DIVISION BALANCE SHEET

As on December 31, 2023

Annexure - G

| Particulars                                                    | Notes | December-2023        |                      | December-2022         |                       |
|----------------------------------------------------------------|-------|----------------------|----------------------|-----------------------|-----------------------|
|                                                                |       | USD                  | Taka (110.0000)      | USD                   | Taka (103.2970)       |
| <b>Property and Assets:</b>                                    |       |                      |                      |                       |                       |
| <b>Cash:</b>                                                   |       | -                    | -                    | -                     | -                     |
| Cash in Hand                                                   |       | -                    | -                    | -                     | -                     |
| Balance with Bangladesh Bank                                   |       |                      |                      |                       |                       |
| <b>Balance with other Banks and Financial Institutions</b>     |       |                      |                      |                       |                       |
| In Bangladesh                                                  | 4     | 3,174,581.86         | 349,204,005          | 5,064,089.94          | 523,105,299           |
| Outside Bangladesh                                             |       | 8,608.05             | 946,886              | 10,555.40             | 1,090,341             |
| Money at Call and Short Notice:<br>Investments                 |       |                      |                      |                       |                       |
| <b>Loans and Advances:</b>                                     |       |                      |                      |                       |                       |
| Loans, Cash Credit, Overdraft etc.                             | 5     | 2,315,672.78         | 254,724,006          | 2,315,672.78          | 239,202,051           |
| Time Loans                                                     |       | 5,482,583.46         | 603,084,181          | 5,482,583.46          | 566,334,424           |
| Term Loans                                                     |       | 9,677,320.57         | 1,064,505,263        | 11,259,410.40         | 1,163,063,316         |
| Bills Purchased & Discounted                                   |       | 36,904,571.82        | 4,059,502,900        | 74,315,837.48         | 7,676,603,064         |
| <b>Fixed Assets including premises, furniture and fixtures</b> | 6     | -                    | -                    | -                     | -                     |
| <b>Other Assets</b>                                            | 7     | 1,754,481.60         | 192,992,976          | 3,067,369.13          | 316,850,029           |
| Non-Banking Assets                                             |       |                      |                      |                       |                       |
| <b>Total Assets:</b>                                           |       | <b>59,317,820.14</b> | <b>6,524,960,217</b> | <b>101,515,518.59</b> | <b>10,486,248,524</b> |
| <b>Liabilities and Capital :</b>                               |       |                      |                      |                       |                       |
| <b>Liabilities:</b>                                            |       |                      |                      |                       |                       |
| Borrowings from Banks, Financial institutions and Agents       | 8     | 55,540,461.66        | 6,109,450,783        | 95,828,853.97         | 9,898,833,129         |
|                                                                |       | -                    | -                    | -                     | -                     |
| <b>Deposit and Other Accounts:</b>                             |       | -                    | -                    | -                     | -                     |
| Current Deposits and Other Accounts                            |       | -                    | -                    | -                     | -                     |
| Fixed Deposits                                                 | 9     | 525,000.00           | 57,750,000           | 500,000.00            | 51,648,500.00         |
| FCAD (Gen)                                                     |       | -                    | -                    | -                     | -                     |
| Other Liabilities                                              | 10    | 1,213,093.86         | 133,440,325          | 1,194,021.62          | 123,338,851           |
| <b>Total Liabilities</b>                                       |       | <b>57,278,555.52</b> | <b>6,300,641,108</b> | <b>97,522,875.59</b>  | <b>10,073,820,480</b> |
| <b>Capital/Shareholders' Equity:</b>                           |       |                      |                      |                       |                       |
| Share Capital-Paid up Capital                                  |       | -                    | -                    | -                     | -                     |
| Foreign Currency Translation Difference                        | 11    | -                    | 4,469,253            | -                     | 37,535,635            |
| <b>Profit &amp; Loss Account-retained earnings</b>             |       | <b>2,039,264.62</b>  | <b>219,849,856</b>   | <b>3,992,643.00</b>   | <b>374,892,409</b>    |
| <b>Total Liabilities and Shareholders' Equity:</b>             |       | <b>59,317,820.14</b> | <b>6,524,960,217</b> | <b>101,515,518.59</b> | <b>10,486,248,524</b> |
| <b>Off-Balance Sheet Items</b>                                 |       |                      |                      |                       |                       |
| <b>Other Commitments:</b>                                      |       |                      |                      |                       |                       |
| Corporate Import Commitment under Contract                     | 12    | 13,763,340.33        | 1,513,967,436        | 16,265,765.85         | 1,680,204,815         |

## Mercantile Bank PLC

# OFFSHORE BANKING DIVISION

## PROFIT AND LOSS ACCOUNT

For the Year Ended on December 31, 2023

| Particulars                                      | Notes | December-2023       |                    | December-2022       |                    |
|--------------------------------------------------|-------|---------------------|--------------------|---------------------|--------------------|
|                                                  |       | USD                 | Taka (107.8084)    | USD                 | Taka (93.8958)     |
| <b>Interest Income</b>                           | 13    | 4,666,705.36        | 503,110,038        | 7,184,656.59        | 674,609,078        |
| Less: Interest paid on Deposits, Borrowings etc. | 14    | 2,773,904.55        | 299,050,211        | 3,795,161.62        | 356,349,736        |
| <b>Net Interest Income</b>                       |       | <b>1,892,800.81</b> | <b>204,059,827</b> | <b>3,389,494.97</b> | <b>318,259,342</b> |
| Investment Income                                |       | -                   | -                  | -                   | -                  |
| Commission, Exchange and Brokerage               | 15    | 273,227.55          | 29,456,225         | 706,946.79          | 66,379,334         |
| Other Operating Income                           |       | 15,670.00           | 1,689,358          | 47,486.63           | 4,458,795          |
| Miscellaneous Earnings                           |       | 114.13              | 12,304             | -                   | -                  |
| Adjustment for Exchange Rate Fluctuation         |       | -                   | -                  | -                   | -                  |
| <b>Total Non-interest/Other Operating Income</b> |       | <b>289,011.68</b>   | <b>31,157,887</b>  | <b>754,433.42</b>   | <b>70,838,129</b>  |
| <b>Total Operating Income</b>                    |       | <b>2,181,812.49</b> | <b>235,217,714</b> | <b>4,143,928.39</b> | <b>389,097,471</b> |
| <b>Salary and Allowances</b>                     | 16    | 140,980.39          | 15,198,870         | 147,899.01          | 13,887,096         |
| Rent, Taxes, Insurances, Electricity etc.        |       | -                   | -                  | -                   | -                  |
| Postage, Stamps, Telecommunication etc.          |       | -                   | -                  | -                   | -                  |
| Depreciation and repair of Fixed Assets          | 17    | -                   | -                  | 1,341.62            | 125,972            |
| Other Expenses-Fees For Nostro Account           |       | 1,567.48            | 168,988            | 2,044.76            | 191,994            |
| Adjustment for Exchange Rate Fluctuation         |       | -                   | -                  | -                   | -                  |
| <b>Total Operating Expenses</b>                  |       | <b>142,547.87</b>   | <b>15,367,858</b>  | <b>151,285.39</b>   | <b>14,205,062</b>  |
| <b>Profit Before Provision</b>                   |       | <b>2,039,264.62</b> | <b>219,849,856</b> | <b>3,992,643.00</b> | <b>374,892,409</b> |
| Provision against Classified Loans               |       |                     |                    |                     |                    |
| Provision against Unclassified Loans             |       |                     |                    |                     |                    |
| Other Provision                                  |       |                     |                    |                     |                    |
| Total Provision                                  |       |                     |                    |                     |                    |
| Total Profit before Taxes                        |       | <b>2,039,264.62</b> | <b>219,849,856</b> | <b>3,992,643.00</b> | <b>374,892,409</b> |
| Provision for Taxation                           |       | -                   | -                  |                     |                    |
| <b>Net Profit after Taxation</b>                 |       | <b>2,039,264.62</b> | <b>219,849,856</b> | <b>3,992,643.00</b> | <b>374,892,409</b> |

\*\* Provisions would be calculated with central operation

\*\*\* Taxes would be calculated with central operation

## Mercantile Bank PLC.

# OFFSHORE BANKING DIVISION

## NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended on December 31, 2023

- 1** Mercantile Bank PLC. is operating two Offshore 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 revalidated 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:**

a. Establishment expenses have not been separately accounted for in the Financial Statements.

b. Provision for taxation, loans & advances and Off-Balance Sheet items have not been separately accounted for in the Financial Statements

c. These are accounted for consolidation in the central accounts of Mercantile Bank PLC.

**4 Balance with other Banks and Financial Institutions**

**In Bangladesh:**

\*With Own Bank (Mercantile Bank PLC.)

With Other Bank in Bangladesh

Outside Bangladesh (With JP Morgan Chase Bank, NY)

| December-2023       |                    | December-2022       |                    |
|---------------------|--------------------|---------------------|--------------------|
| USD                 | BDT (110.0000)     | USD                 | BDT (103.2970)     |
| 3,174,581.86        | 349,204,005        | 5,064,089.94        | 523,105,299        |
| -                   | -                  | -                   | -                  |
| 8,608.05            | 946,886            | 10,555.40           | 1,090,341          |
| <b>3,183,189.91</b> | <b>350,150,891</b> | <b>5,074,645.34</b> | <b>524,195,640</b> |

\*For December-2023: Profit of OBU accumulated in Balance with Treasury. The above USD figure includes profit for 2023. After transfer of profit (USD 2,039,264.62) to Parent Bank, Balance with other bank is USD1,135,317.24 (Principal OBU USD619,277.34 and Agrabad OBU USD516,039.90).

\*For December-2022: Profit of OBU accumulated in Balance with Treasury. The above USD figure includes profit for 2022. After transfer of profit (USD 3,992,643.00) to Parent Bank, Balance with other bank is USD1,071,446.94 (Principal OBU USD865,163.83 and Agrabad OBU USD206,283.11).

**5 Loans & Advances**

Loans, Cash credit etc.

Overdrafts

Time Loans

Term Loans

Bill Purchased and Discounted (Export)

Bill Purchased and Discounted (Import)

| USD                  | BDT (110.0000)       | USD                  | BDT (103.2970)       |
|----------------------|----------------------|----------------------|----------------------|
| 2,315,672.78         | 254,724,006          | 2,315,672.78         | 239,202,051          |
| 5,482,583.46         | 603,084,181          | 5,482,583.46         | 566,334,424          |
| 9,677,320.57         | 1,064,505,263        | 11,259,410.40        | 1,163,063,316        |
| 5,884,636.60         | 647,310,026          | 8,094,515.00         | 836,139,116          |
| 31,019,935.22        | 3,412,192,874        | 66,221,322.48        | 6,840,463,948        |
| <b>54,380,148.63</b> | <b>5,981,816,350</b> | <b>93,373,504.12</b> | <b>9,645,202,855</b> |

**6 Fixed Assets including Premises, Furniture and Fixtures**

Software

Computer, Printer & Peripherals

Air Conditioner

Furniture & Fixture

|   |   |   |   |
|---|---|---|---|
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |

|                                                                                | December-2023        |                      | December-2022        |                      |
|--------------------------------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|
|                                                                                | USD                  | BDT (110.0000)       | USD                  | BDT (103.2970)       |
| <b>7 Other Assets</b>                                                          |                      |                      |                      |                      |
| Interest Receivable on Overdraft                                               | 13,556.65            | 1,491,232            | 23,067.44            | 2,382,797            |
| Interest Receivable on Time Loan                                               | 656,157.86           | 72,177,365.00        | 656,157.86           | 67,779,138           |
| Interest Receivable on Term Loan                                               | 3,097.67             | 340,744.00           | -                    | -                    |
| Interest Receivable on Export Bill Discounting                                 | 54,963.47            | 6,045,981.00         | 121,310.81           | 12,531,044           |
| Interest Receivable on Import Bill Discounting                                 | 1,026,705.95         | 112,937,654.00       | 2,266,833.02         | 234,157,050          |
|                                                                                | <b>1,754,481.60</b>  | <b>192,992,976</b>   | <b>3,067,369.13</b>  | <b>316,850,029</b>   |
| <b>8 Borrowing from other Banks, Financial Institutions and Agents</b>         |                      |                      |                      |                      |
| In Bangladesh                                                                  |                      |                      |                      |                      |
| Mercantile Bank PLC. (Own Borrowing)                                           | 36,040,461.66        | 3,964,450,783        | 34,423,252.97        | 3,555,818,763        |
| Other Banks in Bangladesh                                                      | -                    | -                    | 6,000,000.00         | 619,782,000          |
| Outside Bangladesh (Foreign Bank)                                              | 19,500,000.00        | 2,145,000,000        | 55,405,601.00        | 5,723,232,366        |
|                                                                                | <b>55,540,461.66</b> | <b>6,109,450,783</b> | <b>95,828,853.97</b> | <b>9,898,833,129</b> |
| <b>8.1</b> Borrowing from Local Banks in Bangladesh                            |                      |                      |                      |                      |
| Basic Bank Limited                                                             | -                    | -                    | 6,000,000.00         | 619,782,000          |
|                                                                                | <b>-</b>             | <b>-</b>             | <b>6,000,000.00</b>  | <b>619,782,000</b>   |
| <b>8.2</b> Ageing of Borrowing from Local Banks in Bangladesh as on 31.12.2023 |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |
|                                                                                |                      |                      |                      |                      |

|                                                                 | December-2023       |                    | December-2022       |                    |
|-----------------------------------------------------------------|---------------------|--------------------|---------------------|--------------------|
|                                                                 | USD                 | BDT (107.8084)     | USD                 | BDT (93.8958)      |
| <b>13 Interest Income</b>                                       |                     |                    |                     |                    |
| Interest on Advances                                            | 4,666,705.36        | 503,110,038        | 7,184,656.59        | 674,609,078        |
| Interest on Money at Call and Short Notice                      |                     |                    |                     |                    |
| Interest on fund placement with Head Office                     |                     |                    |                     |                    |
| Interest on foreign Currency Balances                           |                     |                    |                     |                    |
|                                                                 | <b>4,666,705.36</b> | <b>503,110,038</b> | <b>7,184,656.59</b> | <b>674,609,078</b> |
| <b>14 Interest paid on Deposit, Borrowings etc.</b>             |                     |                    |                     |                    |
| Interest on Deposit                                             |                     |                    |                     |                    |
| Interest paid on Borrowings from own Bank                       | 375,854.55          | 40,520,278         | 788,183.77          | 74,007,146         |
| Interest paid on Borrowings from Other Banks                    | 2,370,220.00        | 255,529,625        | 2,997,047.85        | 281,410,206        |
| Interest Paid on FDR                                            | 27,830.00           | 3,000,308          | 9,930.00            | 932,385            |
|                                                                 | <b>2,773,904.55</b> | <b>299,050,211</b> | <b>3,795,161.62</b> | <b>356,349,737</b> |
| <b>15 Other Operating Income</b>                                |                     |                    |                     |                    |
| Investment Income                                               |                     |                    |                     |                    |
| Commission, Exchange & Brokerage (Processing & Arrangement Fee) | 273,227.55          | 29,456,225         | 706,946.79          | 66,379,334         |
| Other Operating Income/Foreign Cor. Crg (Rebate of Nostro A/c)  | 15,670.00           | 1,689,358          | 47,486.63           | 4,458,795          |
| Miscellaneous Earnings (Interest on Balance of Nostro Account)  | 114.13              | 12,304             | -                   | -                  |
|                                                                 | <b>289,011.68</b>   | <b>31,157,887</b>  | <b>754,433.42</b>   | <b>70,838,129</b>  |
| <b>16 Salary and Allowances, Rent, Taxes, Electricity etc.</b>  |                     |                    |                     |                    |
| Basic Salary                                                    | 57,927.26           | 6,245,045          | 62,306.25           | 5,850,295          |
| House Rent                                                      | 19,116.56           | 2,060,925          | 20,901.31           | 1,962,545          |
| Medical Allowances                                              | 9,264.07            | 998,745            | 9,877.89            | 927,492            |
| Conveyance Allowance                                            | 1,640.53            | 176,863            | 2,633.61            | 247,285            |
| Provident Fund                                                  | 5,792.73            | 624,505            | 6,230.62            | 585,029            |
| Car Allowances                                                  | 16,629.87           | 1,792,840          | 11,522.08           | 1,081,875          |
| Leave Fare Assistance                                           | 20,656.81           | 2,226,977          | 22,672.33           | 2,128,837          |
| Bonus                                                           | 9,952.56            | 1,072,970          | 11,669.06           | 1,095,676          |
| House Furnishing Allowances                                     | -                   | -                  | 85.86               | 8,062              |
|                                                                 | <b>140,980.39</b>   | <b>15,198,870</b>  | <b>147,899.01</b>   | <b>13,887,096</b>  |
| <b>17 Depreciation on fixed Assets</b>                          |                     |                    |                     |                    |
| Software                                                        | -                   | -                  | -                   | -                  |
| Computer, Printer & Peripherals                                 | -                   | -                  | 1,341.62            | 125,972            |
| Furniture & Fixture                                             | -                   | -                  | -                   | -                  |
|                                                                 | <b>-</b>            | <b>-</b>           | <b>1,341.62</b>     | <b>125,972</b>     |

\* 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.

Mercantile Bank PLC.

# ISLAMIC BANKING OPERATIONS BALANCE SHEET

As on 31 December 2023

Annexure - H

|                                                                                   | Notes | 31.12.2023<br>Taka    | 31.12.2022<br>Taka   |
|-----------------------------------------------------------------------------------|-------|-----------------------|----------------------|
| <b>PROPERTY AND ASSETS</b>                                                        |       |                       |                      |
| <b>Cash</b>                                                                       | 1     |                       |                      |
| Cash in hand (including foreign currencies)                                       | 1.1   | 27,858,687            | 32,450,670           |
| Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies) | 1.2   | 718,693,530           | 305,448,398          |
|                                                                                   |       | <b>746,552,217</b>    | <b>337,899,068</b>   |
| <b>Balance with other banks and financial institutions</b>                        | 2     |                       |                      |
| In Bangladesh                                                                     | 2.1   | 300,201,195           | 200,199              |
| Outside Bangladesh                                                                |       | -                     | -                    |
|                                                                                   |       | -                     | -                    |
| <b>Placement with banks and other financial institution</b>                       |       | -                     | -                    |
| <b>Investments in Shares and Securities</b>                                       | 3     |                       |                      |
| Government                                                                        | 3.1   | 294,140,000           | 294,140,000          |
| Others                                                                            |       | -                     | -                    |
|                                                                                   |       | -                     | -                    |
| <b>Investments</b>                                                                |       |                       |                      |
| General Investments etc.                                                          | 4     | 8,522,967,005         | 5,382,147,797        |
| Bills purchased and discounted                                                    | 5     | 19,108,077            | 4,636,337            |
|                                                                                   |       | 8,542,075,082         | 5,386,784,134        |
| <b>Fixed assets including premises</b>                                            | 6     | 21,578,435            | 17,594,933           |
| <b>Other assets</b>                                                               | 7     | 1,959,961,890         | 2,093,281,248        |
| <b>Non-banking assets</b>                                                         |       |                       |                      |
| <b>Total Assets:</b>                                                              |       | <b>11,864,508,819</b> | <b>8,129,899,582</b> |
| <b>LIABILITIES AND CAPITAL</b>                                                    |       |                       |                      |
| <b>Liabilities:</b>                                                               |       |                       |                      |
| Placement from banks and other financial institutions                             |       | -                     | -                    |
| <b>Deposits and other accounts:</b>                                               |       |                       |                      |
| Al-wadeeah Current Accounts and Other Deposit Accounts                            |       | 576,801,561           | 150,359,635          |
| Mudaraba Savings Deposits                                                         |       | 470,092,577           | 398,571,992          |
| Mudaraba Term Deposits                                                            |       | 9,431,219,048         | 5,735,645,317        |
| Other Mudaraba Deposits                                                           |       | 565,268,893           | 1,297,915,332        |
| Bills Payable                                                                     |       | 4,026,534             | 1,828,805            |
|                                                                                   |       | 11,047,408,613        | 7,584,321,081        |
| <b>Other liabilities</b>                                                          | 8     | 661,435,880           | 427,945,832          |
| <b>Total Liabilities:</b>                                                         |       | <b>11,708,844,493</b> | <b>8,012,266,913</b> |
| <b>Capital/Shareholders' Equity</b>                                               |       |                       |                      |
| Paid up Capital                                                                   |       |                       |                      |
| Foreign Currency Translation Difference                                           |       |                       |                      |
| Statutory Reserve                                                                 |       | -                     | -                    |
| Other Reserve                                                                     |       |                       |                      |
| Retained Earnings                                                                 |       | 155,664,326           | 117,632,669          |
| <b>Total Shareholders' Equity</b>                                                 |       | <b>155,664,326</b>    | <b>117,632,669</b>   |
| <b>Total Liabilities and Shareholders' Equity</b>                                 |       | <b>11,864,508,819</b> | <b>8,129,899,582</b> |
| <b>Off Balance Sheet Items</b>                                                    |       |                       |                      |
| Letter of Guarantee                                                               |       | 69,633,080            | 23,713,521           |

Mercantile Bank PLC.

# ISLAMIC BANKING OPERATIONS PROFIT AND LOSS ACCOUNT

For the year ended as on 31 December 2023

|                                                   | Notes | 31.12.2023<br>Taka | 31.12.2022<br>Taka |
|---------------------------------------------------|-------|--------------------|--------------------|
| Investment Income                                 | 9.0   | 777,515,627        | 443,760,873        |
| Profit paid on deposits                           | 10.0  | (617,906,420)      | (322,399,781)      |
| <b>Net Investment Income</b>                      |       | <b>159,609,207</b> | <b>121,361,092</b> |
| Income from investments in Shares/Securities      | 11.0  | 13,902,245         | 12,628,647         |
| Commission, exchange and brokerage                |       | 33,859,244         | 18,589,026         |
| Other operating income                            | 12    | 4,926,790          | 2,227,966          |
|                                                   |       | 52,688,279         | 33,445,639         |
| <b>Total operating income</b>                     |       | <b>212,297,486</b> | <b>154,806,731</b> |
| Salaries and allowances                           | 13    | 34,194,490         | 18,832,515         |
| Rent, taxes, insurance, electricity, etc.         |       | 2,347,900          | 998,228            |
| Legal expenses                                    |       | 18,280             | 15,280             |
| Postage, stamps, telecommunications, etc.         |       | 109,169            | 25,000             |
| Stationery, printing, advertisement etc.          |       | 3,823,635          | 1,404,429          |
| Chief Executive's Salary & Fees                   |       | -                  | -                  |
| Directors' Fees and Expenses                      |       | -                  | -                  |
| Shariah Supervisory Committee's Fees and Expenses | 14    | 176,000            | 167,200            |
| Auditors' Fees                                    |       | -                  | -                  |
| Charges in Investment Losses                      |       | -                  | -                  |
| Depreciation and repair to bank's assets          | 15    | 5,423,213          | 3,953,157          |
| Other expenses                                    | 16    | 10,540,473         | 11,778,253         |
| <b>Total operating expenses</b>                   |       | <b>56,633,160</b>  | <b>37,174,062</b>  |
| <b>Profit/(Loss) before provision</b>             |       | <b>155,664,326</b> | <b>117,632,669</b> |
| Provision for loans & advances / Investments      |       | -                  | -                  |
| Provision for Diminution in value of Investment   |       | -                  | -                  |
| Other provision                                   |       | -                  | -                  |
| <b>Total Profit/(Loss) before Taxes</b>           |       | <b>155,664,326</b> | <b>117,632,669</b> |

Note: Provision against investment is included in consolidated accounts of Mercantile Bank PLC.

## Mercantile Bank PLC.

# ISLAMIC BANKING OPERATIONS

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended as on December 31, 2023

|                                                                                                                      | Notes | 31.12.2023<br>Taka   | 31.12.2022<br>Taka   |
|----------------------------------------------------------------------------------------------------------------------|-------|----------------------|----------------------|
| <b>1 Cash</b>                                                                                                        |       |                      |                      |
| Cash in hand (including foreign currencies)                                                                          | 1.1   | 27,858,687           | 32,450,670           |
| Balance with Bangladesh Bank & its agent bank(s) (including foreign currency)                                        | 1.2   | 718,693,530          | 305,448,398          |
|                                                                                                                      |       | <b>746,552,217</b>   | <b>337,899,068</b>   |
| <b>1.1 Cash in hand (including foreign currencies):</b>                                                              |       |                      |                      |
| In local currency                                                                                                    |       | 27,858,687           | 32,450,670           |
| In foreign currency                                                                                                  |       | -                    | -                    |
|                                                                                                                      |       | <b>27,858,687</b>    | <b>32,450,670</b>    |
| <b>1.2 Balance with Bangladesh Bank &amp; its agent bank(s) (including foreign currency)</b>                         |       |                      |                      |
| In local currency                                                                                                    |       | 718,693,530          | 305,448,398          |
| In foreign currency                                                                                                  |       | -                    | -                    |
|                                                                                                                      |       | <b>718,693,530</b>   | <b>305,448,398</b>   |
| <b>2 Balance with other banks and financial institutions</b>                                                         |       |                      |                      |
| In Bangladesh                                                                                                        | 2.1   | 300,201,195          | 200,199              |
| Outside Bangladesh                                                                                                   |       | -                    | -                    |
|                                                                                                                      |       | <b>300,201,195</b>   | <b>200,199</b>       |
| <b>2.1 In Bangladesh</b>                                                                                             |       |                      |                      |
| with Islami Bank Bangladesh Ltd                                                                                      |       | 102,109              | 100,910              |
| with Shahjalal Islami Bangladesh Ltd                                                                                 |       | 99,086               | 99,289               |
| with Exim Bank Ltd                                                                                                   |       | 300,000,000          | -                    |
|                                                                                                                      |       | <b>300,201,195</b>   | <b>200,199</b>       |
| <b>3 Placement with banks and other financial institution, Investments in Shares and Securities</b>                  |       |                      |                      |
| Government                                                                                                           | 3.1   | 294,140,000          | 294,140,000          |
| Others                                                                                                               |       | -                    | -                    |
|                                                                                                                      |       | <b>294,140,000</b>   | <b>294,140,000</b>   |
| <b>3.1 Government</b>                                                                                                |       |                      |                      |
| BGIIB (for 6 Months)                                                                                                 |       | -                    | -                    |
| SUKUK (for 5 Year)                                                                                                   |       | 294,140,000          | 294,140,000          |
|                                                                                                                      |       | <b>294,140,000</b>   | <b>294,140,000</b>   |
| <b>4 General Investment</b>                                                                                          |       |                      |                      |
| Bai-Muajjal                                                                                                          |       | 7,478,010,373        | 4,537,999,505        |
| Murabaha-TR (PIF)                                                                                                    |       | 69,327,038           | 50,165,886           |
| HPSM                                                                                                                 |       | 875,195,692          | 774,915,033          |
| Quard                                                                                                                |       | 100,433,902          | 19,067,373           |
|                                                                                                                      |       | <b>8,522,967,005</b> | <b>5,382,147,797</b> |
| <b>5 Bills purchased and discounted</b>                                                                              |       |                      |                      |
| MDBP                                                                                                                 |       | 19,108,077           | 4,636,337            |
|                                                                                                                      |       | <b>19,108,077</b>    | <b>4,636,337</b>     |
| <b>6 Fixed assets including premises, Furniture and Fixtures-at cost less Accumulated Depreciation (Annexure-A):</b> |       |                      |                      |
| Furniture & Fixture                                                                                                  |       | 7,875,023            | 1,664,021            |
| Office equipment                                                                                                     |       | 13,703,412           | 15,930,912           |
|                                                                                                                      |       | <b>21,578,435</b>    | <b>17,594,933</b>    |

|                                                            | Notes | 31.12.2023<br>Taka   | 31.12.2022<br>Taka   |
|------------------------------------------------------------|-------|----------------------|----------------------|
| <b>7 Other Asset</b>                                       |       |                      |                      |
| Printing Stationery                                        |       | 1,138,674            | 879,158              |
| Security Papers                                            |       | 1,059,249            | 1,028,670            |
| Profit Receivable Balanc Wth OtherBank                     |       | 2,000,000            |                      |
| Profit Receivable Inv in Appvd Securities                  |       | 5,287,254            | 5,327,453            |
| Profit Receivable on Islamic Investment                    |       | 85,820,427           | 40,112,142           |
| Suspense Others (Mobile Banking)                           |       | 100,000              | 102,000              |
| Prepaid Exp. House Furnishing Allowances                   |       | 133,314              | 65,650               |
| Prepaid Exp. Insurance Premium                             |       | 37,373               |                      |
| Stamp In hand                                              |       | 81,860               | 48,510               |
| Restricted Mudaraba Investment                             |       | 1,864,303,739        | 2,045,717,665        |
|                                                            |       | <b>1,959,961,890</b> | <b>2,093,281,248</b> |
| <b>8 Other Liabilities</b>                                 |       |                      |                      |
| Total Other Liability                                      | 8.1   | <b>661,435,880</b>   | <b>427,945,831</b>   |
| <b>8.1 Other Liability</b>                                 |       |                      |                      |
| Total Markup Pft on Islamic-Inv                            |       | 466,040,730          | 297,404,304          |
| Profit payable on Mudaraba Savings A/C                     |       | 2,959,521            |                      |
| Profit payable on Mudaraba Short Notice Deposit A/C        |       | -                    |                      |
| Profit payable on Mudaraba Term Deposit A/C                |       | 163,693,953          | 118,371,852          |
| Profit payable on Mudaraba Scheme Deposit A/C              |       | 22,927,129           | 11,483,223           |
| Compensation on Islamic -Investment                        |       | 5,814,547            | 686,454              |
|                                                            |       | <b>661,435,880</b>   | <b>427,945,832</b>   |
|                                                            |       | 31.12.2023           | 31.12.2022           |
| <b>9 Investments Income</b>                                |       |                      |                      |
| General Investment Income                                  |       | 572,976,739          | 360,961,499          |
| Profit on Restricted Mudaraba                              |       | 202,321,896          | 47,430,081           |
| Profit from Balance with Other Bank                        |       | 2,216,992            | 35,369,293           |
|                                                            |       | <b>777,515,627</b>   | <b>443,760,873</b>   |
| <b>10 Profit paid on deposits</b>                          |       |                      |                      |
| Profit Paid on Mudaraba Savings Account (MSA)              |       | 13,135,097           | 4,722,577            |
| Profit Paid on Mudaraba SND                                |       | 53,116,702           | 37,124,992           |
| Profit Paid on Mudaraba Term Deposit                       |       | 518,497,135          | 262,272,043          |
| Profit Paid on Mudaraba Scheme Deposit                     |       | 33,157,486           | 18,280,169           |
|                                                            |       | <b>617,906,420</b>   | <b>322,399,781</b>   |
| <b>11 Income from investments in Shares/Securities</b>     |       |                      |                      |
| Profit on Ijara Sukuk                                      |       | 13,902,245           | 12,628,647           |
| Profit on BGIIIB                                           |       |                      |                      |
|                                                            |       | <b>13,902,245</b>    | <b>12,628,647</b>    |
| <b>12 Other Operating Income</b>                           |       |                      |                      |
| Total Charges on trade Finance                             |       | 713,185              | 540,167              |
| Service Charge & Fee                                       |       | 4,213,605            | 1,687,799            |
|                                                            |       | <b>4,926,790</b>     | <b>2,227,966</b>     |
| <b>13 Salaries and allowances:</b>                         |       |                      |                      |
| Basic Salary                                               |       | 17,615,801           | 9,722,000            |
| Bonus                                                      |       | 2,926,000            | 1,122,000            |
| Bank Contribution to Prov Fund                             |       | 1,762,173            | 958,400              |
| House Rent                                                 |       | 5,655,806            | 3,172,334            |
| Conveyance Allowance                                       |       | 746,581              | 382,000              |
| Medical Allowance                                          |       | 2,710,129            | 1,529,667            |
| Car Allowance                                              |       | 2,556,000            | 1,869,678            |
| Risk Allowances (Cash)                                     |       | 84,000               | 76,436               |
| Charge Allowances                                          |       | 138,000              |                      |
|                                                            |       | <b>34,194,490</b>    | <b>18,832,515</b>    |
| <b>14 Shariah Supervisory Committee's Fees ad Expenses</b> |       |                      |                      |
| Shariah Supervisory Committee's Fees ad Expenses           |       | 160,000              | 152,000              |
| VAT on Shari'ah Supervisory Committee Fee & Exp.           |       | 16,000               | 15,200               |
|                                                            |       | <b>176,000</b>       | <b>167,200</b>       |
| <b>15 Depreciation and repair to bank's assets</b>         |       |                      |                      |
| Depreciation on Fixed asset (Annexure-A)                   |       | 4,764,213            | 3,875,813            |
| Total of Repair Assets                                     |       | 659,000              | 77,344               |
|                                                            |       | <b>5,423,213</b>     | <b>3,953,157</b>     |

|                                                        | Notes | 31.12.2023<br>Taka | 31.12.2022<br>Taka |
|--------------------------------------------------------|-------|--------------------|--------------------|
| <b>16 Other Expense</b>                                |       |                    |                    |
| Refreshment                                            |       | 457,903            | 470,990            |
| Local Conveyance                                       |       | 54,680             | 33,388             |
| Newspaper Magazine                                     |       | 10,134             | 2,850              |
| Laundry & Cleaning                                     |       | 70,230             | 20,125             |
| Leave Fare Assistance                                  |       | 5,997,096          | 3,382,167          |
| Other Professional Charge                              |       |                    | 25,300             |
| Exgratia                                               |       | 128,250            | -                  |
| Bank Charges                                           |       | 2,945              | 2,600              |
| Other Computer Expense                                 |       | 470                | 7,170,344          |
| Inland Traveling Exp.                                  |       | 21,400             |                    |
| Subscription to Institutions (Membership Fee of CSIBB) |       | 700,000            |                    |
| Sundry Expense                                         |       | 200                | -                  |
| Supporting Staff Salary                                |       | 1,962,359          | 495,166            |
| Business Development Exp.                              |       | 1,082,047          | 137,307            |
| House Furnishing Allowances                            |       | 32,336             | 4,000              |
| Cash Carrying & Remittance Charge                      |       | 20,423             | 34,016             |
|                                                        |       | <b>10,540,473</b>  | <b>11,778,253</b>  |

# ISLAMIC BANKING OPERATIONS SCHEDULE OF PROPERTY, PLANT AND EQUIPMENT

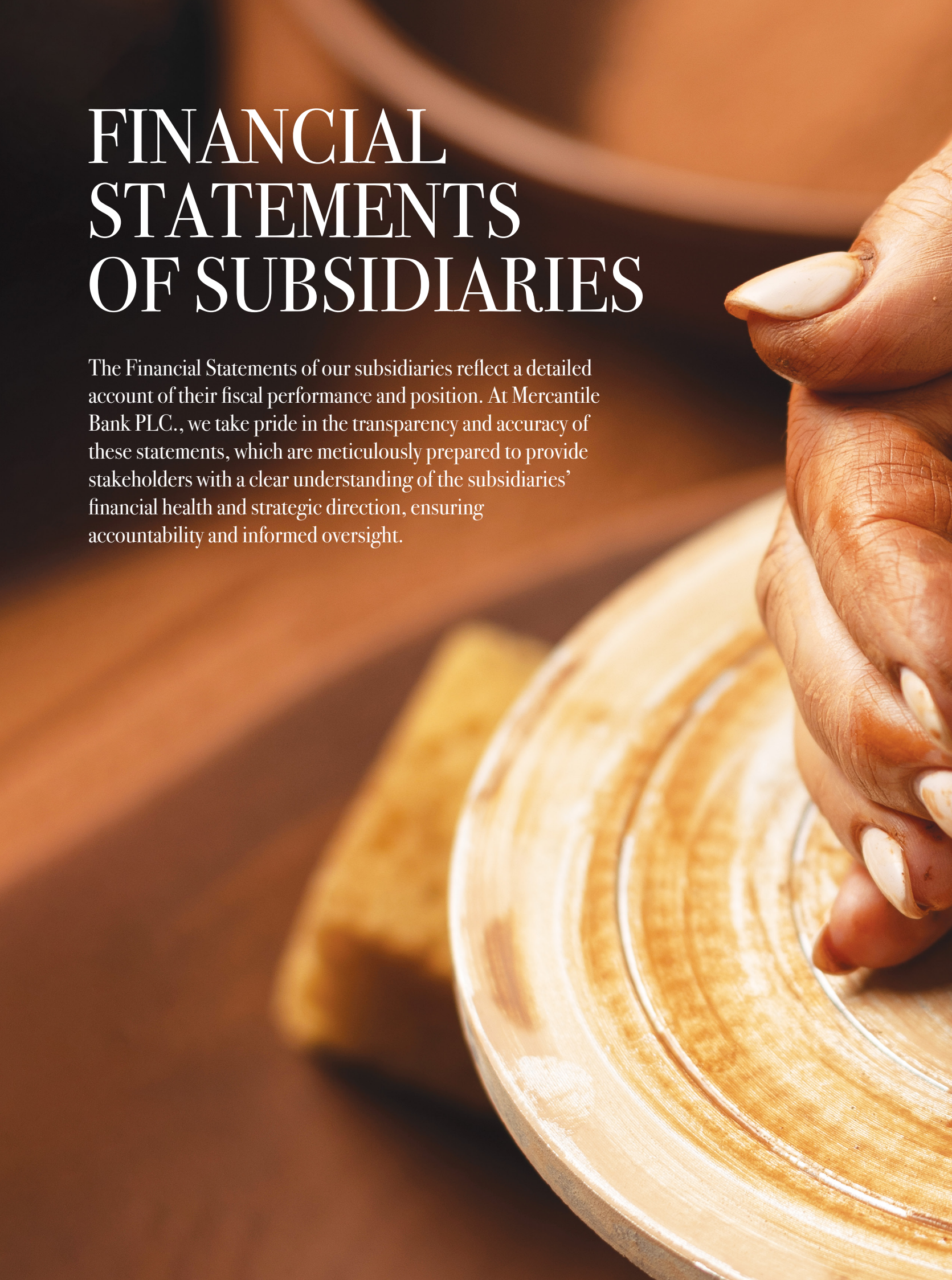
As at 31 December 2023

Annexure-A  
Amount in Taka

| Particulars         | Cost              |                                |                                            | Rate % | Depreciation      |                            |                                               | Written Down<br>Value as on<br>31.12.2023 |
|---------------------|-------------------|--------------------------------|--------------------------------------------|--------|-------------------|----------------------------|-----------------------------------------------|-------------------------------------------|
|                     | Opening Balance   | Addition<br>During the<br>year | Adjustment/<br>Disposal during<br>the year |        | Closing Balance   | Charged during the<br>year | Adjustment/<br>Disposal<br>during the<br>year |                                           |
| Furniture & Fixture | 1,950,196         | 6,622,535                      | -                                          | 10%    | 8,572,731         | 411,533                    | -                                             | 7,875,023                                 |
| Office Equipment    | 22,488,508        | 2,125,180                      | -                                          | 20%    | 24,613,688        | 4,352,680                  | -                                             | 13,703,413                                |
| Sub total           | <b>24,438,704</b> | <b>8,747,715</b>               | <b>-</b>                                   |        | <b>33,186,419</b> | <b>4,764,214</b>           | <b>-</b>                                      | <b>21,578,436</b>                         |

# FINANCIAL STATEMENTS OF SUBSIDIARIES

The Financial Statements of our subsidiaries reflect a detailed account of their fiscal performance and position. At Mercantile Bank PLC., we take pride in the transparency and accuracy of these statements, which are meticulously prepared to provide stakeholders with a clear understanding of the subsidiaries' financial health and strategic direction, ensuring accountability and informed oversight.







কে. এম. হাসান এন্ড কোং  
**K. M. HASAN & CO.**  
Chartered Accountants

Hometown Apartments (8<sup>th</sup> & 9<sup>th</sup> Floor)  
87, New Eskaton Road, Dhaka-1000  
Phone: 222221564, 222221457, 58311559  
Fax: 88-02-222225792  
E-mail: info@kmhasan.com.bd  
website: www.kmhasan.com.bd



**McMillan Woods**  
**International**  
Professionalism at the forefront

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF **MERCANTILE BANK SECURITIES LIMITED**

**Annexure - I**

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of MERCANTILE BANK SECURITIES LIMITED, which comprise the statement of financial position as at 31 December, 2023, and statements of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December, 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Companies Act, 1994, the Securities and Exchange Rules 2020, BSEC's Risk Based Capital Adequacy Rules, 2019 and other applicable laws and regulations.

#### 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 Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities

in accordance with these ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, the Companies Act 1994, the Securities and Exchange Rules 2020 BSEC's Risk Based Capital Adequacy Rules, 2019 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's 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 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 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 Company's



কে. এম. হাসান এন্ড কোং  
**K. M. HASAN & CO.**  
**Chartered Accountants**

Hometown Apartments (8<sup>th</sup> & 9<sup>th</sup> Floor)  
87, New Eskaton Road, Dhaka-1000  
Phone: 222221564, 222221457, 58311559  
Fax: 88-02-222225792  
E-mail: info@kmhasan.com.bd  
website: www.kmhasan.com.bd



**McMillan Woods**  
**International**  
*Professionalism at the forefront*

ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the Company's financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

#### **Report on other Legal and Regulatory Requirements**

In accordance with the Companies Act 1994, the Securities and Exchange Rules 2020 and the BSEC's Risk Based Capital Adequacy Rules, 2019 we also report the following:

a) we have obtained all the information and explanations which to the best

of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;

- b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of these books;
- c) the statements of financial position and statements of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account and returns;
- d) Capital to total risk requirement ratio as required by BSEC has been maintained by the company adequately; and
- e) the expenditure incurred was for the purposes of the Company's business.

**Place : Dhaka, Bangladesh**

Dated : 14 March 2024

**Hedayet Ullah FCA**  
Senior Partner (Enrollment No.-0281)

**K. M. HASAN & CO.**  
Chartered Accountants  
DVC: 2403270281AS688494

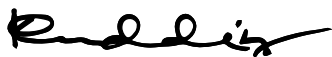
## MERCANTILE BANK SECURITIES LTD.

## STATEMENT OF FINANCIAL POSITION

As at 31 December, 2023

|                                                        | Notes | 2023<br>Taka         | 2022<br>Taka         |
|--------------------------------------------------------|-------|----------------------|----------------------|
| <b>ASSETS</b>                                          |       |                      |                      |
| <b>Current assets</b>                                  |       |                      |                      |
| Cash and bank balances                                 | 03    | 253,975,258          | 178,680,251          |
| Accounts Receivables from securities trading           | 04    | 20,369,719           | 11,363,572           |
| Receivable from others                                 | 05    | -                    | 106,944              |
| Accounts Receivable from margin clients                | 06    | 4,569,728,949        | 4,649,288,645        |
| Proprietary position in securities & other investments | 07    | 1,369,811,510        | 1,159,264,354        |
| Other advances                                         | 08    | 293,714,459          | 258,205,991          |
|                                                        |       | <b>6,507,599,895</b> | <b>6,256,909,757</b> |
| <b>Non-current assets</b>                              |       |                      |                      |
| Fixed assets                                           | 09    | 99,291,156           | 7,018,685            |
| Intangible assets                                      | 10    | 79,187               | 34,912               |
| Investment in exchanges                                | 11    | 667,499,955          | 667,499,955          |
| Other long term assets                                 | 12    | 1,045,222            | 813,108              |
|                                                        |       | 767,915,520          | 675,366,660          |
| <b>Total assets</b>                                    |       | <b>7,275,515,415</b> | <b>6,932,276,417</b> |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>            |       |                      |                      |
| <b>Liabilities</b>                                     |       |                      |                      |
| Payable to clients                                     | 13    | 204,177,443          | 147,644,308          |
| Short term business liabilities                        | 14    | 1,257,308,644        | 1,069,607,332        |
| Payable to exchanges                                   | 15    | 607,241              | 171,002              |
| Other liabilities and provisions                       | 16    | 1,781,896,564        | 1,729,107,296        |
|                                                        |       | <b>3,243,989,892</b> | <b>2,946,529,938</b> |
| <b>Shareholders' equity</b>                            |       |                      |                      |
| Share capital                                          | 17    | 3,600,000,000        | 3,600,000,000        |
| Capital Reserve                                        | 18    | 38,071,558           | 23,016,301           |
| Retained earnings                                      | 19    | 393,453,965          | 362,730,178          |
|                                                        |       | 4,031,525,523        | 3,985,746,479        |
| <b>Total liabilities and Shareholders' Equity</b>      |       | <b>7,275,515,415</b> | <b>6,932,276,417</b> |
| <b>Net asset value per share of Tk. 10 each</b>        | 20    | <b>11.20</b>         | <b>11.07</b>         |

The annexed notes 01 to 31 form an integral part of these financial statements.



Chief Executive Officer

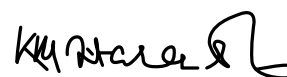


Director



Director

Signed in terms of our separate report of even date annexed.



Place : Dhaka, Bangladesh

Dated : 14 March 2024

Hedayet Ullah FCA

Senior Partner (Enrollment No.-0281)

K. M. HASAN &amp; CO.

Chartered Accountants

DVC: 2403270281AS688494

MERCANTILE BANK SECURITIES LTD.

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

For the year ended on 31 December 2023

|                                                            | Notes | 2023<br>Taka       | 2022<br>Taka       |
|------------------------------------------------------------|-------|--------------------|--------------------|
| Brokerage commission                                       | 21    | 82,483,697         | 150,239,763        |
| Interest Income from margin Loan                           |       | 288,460,403        | 212,961,412        |
| Income from investment in securities                       | 22    | 39,498,300         | 62,818,223         |
| Other operating income                                     | 23    | 1,014,389          | 1,406,806          |
| <b>Total operating income</b>                              |       | <b>411,456,789</b> | <b>427,426,204</b> |
| Operating expenses                                         | 24    | 70,265,548         | 21,451,720         |
| <b>Income from operation</b>                               |       | <b>341,191,241</b> | <b>405,974,484</b> |
| Other income                                               | 25    | 1,432,245          | 1,718,982          |
| Administrative and general expenses                        | 26    | 71,640,556         | 74,456,288         |
| Financial expenses                                         | 27    | 87,689,714         | 66,981,243         |
| <b>Net profit before Provision and income tax</b>          |       | <b>183,293,216</b> | <b>266,255,935</b> |
| Provision for diminution in value of investment            |       | 40,000,000         | 18,000,000         |
| Provision for margin loan                                  |       | 60,000,000         | 40,000,000         |
| General provision                                          |       | -                  | 2,478,551          |
| Other provision                                            |       | -                  | 23,019,572         |
|                                                            |       | <b>100,000,000</b> | <b>83,498,123</b>  |
| <b>Net profit before income tax</b>                        |       | <b>83,293,216</b>  | <b>182,757,812</b> |
| <b>Provision for taxation</b>                              |       |                    |                    |
| Current tax                                                |       | 37,746,286         | 32,371,769         |
| Deferred tax                                               |       | (232,114)          | (166,529)          |
|                                                            |       | 37,514,172         | 32,205,240         |
| <b>Net profit after income tax</b>                         |       | <b>45,779,044</b>  | <b>150,552,572</b> |
| Other comprehensive income                                 |       | -                  | -                  |
| <b>Total comprehensive income</b>                          |       | <b>45,779,044</b>  | <b>150,552,572</b> |
| <b>Appropriations</b>                                      |       |                    |                    |
| Capital reserve @ 10% of Last year profit after income tax |       | 15,055,257         | 15,654,174         |
|                                                            |       | <b>15,055,257</b>  | <b>15,654,174</b>  |
| <b>Retained surplus</b>                                    |       | <b>30,723,787</b>  | <b>134,898,398</b> |
| <b>Earnings Per Share (EPS)</b>                            | 28    | <b>0.13</b>        | <b>0.42</b>        |

The annexed notes 01 to 31 form an integral part of these financial statements.



Chief Executive Officer



Director



Director

Signed in terms of our separate report of even date annexed.


Hedayet Ullah FCA  
Senior Partner (Enrollment No.-0281)Place : Dhaka, Bangladesh  
Dated : 14 March 2024K. M. HASAN & CO.  
Chartered Accountants  
DVC: 2403270281AS688494

## MERCANTILE BANK SECURITIES LIMITED

## STATEMENT OF CHANGES IN EQUITY

For the year ended on 31 December 2023

Amount in Taka

| Particulars                           | Share capital        | Capital Reserve   | Retained earnings  | Total                |
|---------------------------------------|----------------------|-------------------|--------------------|----------------------|
| <b>Balance as at 01 January 2023</b>  | 3,600,000,000        | 23,016,301        | 362,730,178        | 3,985,746,479        |
| Net profit/(Loss) for the year        | -                    | -                 | 45,779,044         | 45,779,044           |
| Capital reserve for the year          | -                    | 15,055,257        | (15,055,257)       | -                    |
| <b>Balance as at 31 December 2023</b> | <b>3,600,000,000</b> | <b>38,071,558</b> | <b>393,453,965</b> | <b>4,031,525,523</b> |

For the year ended on 31 December 2022

| Particulars                           | Share capital        | Capital Reserve   | Retained earnings  | Total                |
|---------------------------------------|----------------------|-------------------|--------------------|----------------------|
| <b>Balance as at 01 January 2022</b>  | 3,600,000,000        | 7,362,127         | 227,831,780        | 3,835,193,907        |
| Net profit/(Loss) for the year        | -                    | -                 | 150,552,572        | 150,552,572          |
| Capital reserve for the year          | -                    | 15,654,174        | (15,654,174)       | -                    |
| <b>Balance as at 31 December 2022</b> | <b>3,600,000,000</b> | <b>23,016,301</b> | <b>362,730,178</b> | <b>3,985,746,479</b> |



Chief Executive Officer



Director



Director

Signed in terms of our separate report of even date annexed.

Place : Dhaka, Bangladesh

Dated : 14 March 2024



Hedayet Ullah FCA

Senior Partner (Enrollment No.-0281)

K. M. HASAN &amp; CO.

Chartered Accountants

DVC: 2403270281AS688494

## MERCANTILE BANK SECURITIES LIMITED

## STATEMENT OF CASH FLOWS

For the year ended on 31 December 2023

|                                                                  | 2023<br>Taka        | 2022<br>Taka         |
|------------------------------------------------------------------|---------------------|----------------------|
| <b>A. Cash Flow from Operating Activities</b>                    |                     |                      |
| Cash received from commission and others                         | 403,989,831         | 418,642,677          |
| Payment for operating expenses & others                          | (299,500,308)       | (614,895,484)        |
| Finance expenses paid                                            | (87,689,714)        | (66,981,243)         |
| Income tax paid                                                  | (34,813,334)        | (32,372,785)         |
| <b>Net Cash flow from operating activities</b>                   | <b>(18,013,525)</b> | <b>(295,606,835)</b> |
| <b>B. Cash Flow from Investing Activities</b>                    |                     |                      |
| Cash receipt on sale of Assets                                   | -                   | 8                    |
| Purchase of fixed assets                                         | (94,392,780)        | (692,090)            |
| <b>Net Cash flow from investing activities</b>                   | <b>(94,392,780)</b> | <b>(692,082)</b>     |
| <b>C. Cash Flows from Financing Activities</b>                   |                     |                      |
| Short term business liabilities                                  | 187,701,312         | 17,133,862           |
| Dividend paid                                                    | -                   | -                    |
| <b>Net cash flow from financing activities</b>                   | <b>187,701,312</b>  | <b>17,133,862</b>    |
| <b>Net surplus in cash and bank balance for the year (A+B+C)</b> | <b>75,295,007</b>   | <b>(279,165,055)</b> |
| Cash & Bank Balance at the beginning of the year                 | 178,680,251         | 457,845,306          |
| <b>Cash &amp; Bank Balance</b>                                   | <b>253,975,258</b>  | <b>178,680,251</b>   |
| <b>Cash &amp; Bank Balance :</b>                                 |                     |                      |
| Cash in Hand                                                     | 520,206             | 419,591              |
| Cash at Bank                                                     | 229,969,912         | 144,146,681          |
| Investment in FDR                                                | 23,019,572          | 34,019,572           |
| Cash at Trading Accounts (Stock Dealer A/C)                      | 465,568             | 94,407               |
|                                                                  | <b>253,975,258</b>  | <b>178,680,251</b>   |

For and on behalf of Board of Directors of Mercantile Bank Securities Limited.



Chief Executive Officer



Director



Director

Place : Dhaka, Bangladesh

Dated : 14 March 2024

## Mercantile Bank Securities Limited

# NOTES, COMPRISING A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES

For the year ended on 31 December 2023

## 1.00 The Company and its Activities

### 1.01 Legal status of the company

Mercantile Bank Securities Limited was incorporated vide Reg. # C-85413/10 dated as 27 June 2010 as a public limited company under the Companies Act 1994. The registered office of the company is at Dilkusha Center (1st Floor), 28 Dilkusha C/A, Dhaka-1000, Bangladesh. It has corporate TREC Holder of Dhaka Stock Exchange Limited (DSE) and Chittagong Stock Exchange Limited (CSE). Presently the company is operating its business through Head Office with 02 (Two) extension office and 06 (Six) branches all over Bangladesh. Its to facilitate development of sound capital market and to provide higher, better and diversified services to a wide range of customer. MBSL is offering high quality products and services at a competitive rate.

### 1.02 Nature of business activities

The principal objectives of the company are to carry on the business of stock brokers/stock dealers and other related business in connection with the dealings of listed securities. Other objectives of the company are to buy, sell, hold shares, stocks and fixed income securities or otherwise acquire or invest the capital of the company in the same and other services as mentioned in the Memorandum and Articles of Association of the Company.

## 2.00 Significant Accounting Policies:

### 2.01 Basis of Presentation of Financial Statements

The financial statements have been prepared on a going concern basis applying accrual basis of accounting except for statement of cash flows in accordance with and in compliance with International Financial Reporting Standards (IFRS), the Companies Act 1994, Securities and Exchange Rules 2020, BSEC Notification dated 29 May 2019 on Risk Based Capital Adequacy Rules, 2019. and other applicable laws and regulations.

### 2.02 Basis of Measurement

The financial statements have been prepared based on historical cost convention basis. The accounting policies, unless otherwise stated, have been consistently applied by the Company and are consistent with those of the previous year.

### 2.03 Use of Estimates and Judgments

The preparation of financial statements requires management to make 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 statements in line with the International Accounting Standard (IAS) 37 "Provisions, Contingent Liabilities and Contingent Assets" when - The Company has a legal or constructive obligation as a result of past event.

- i) it is probable that an outflow of economic benefit will be required to settle the obligation.
- ii) a reliable estimate can be made for the amount of the obligation.

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.

However, the estimates and underlying assumptions are reviewed on an ongoing basis and the revision is recognized in the period in which the estimates are revised.

### 2.04 Components of Financial Statements

The financial statements referred to here comprises:

- a) Statement of Financial Position as at 31 December 2023.
- b) Statement of Profit or Loss and Other Comprehensive Income for the year ended on 31 December 2023.
- c) Statement of changes in Equity for the year ended on 31 December 2023.
- d) Statement of Cash Flows for the year ended on 31 December 2023 and
- e) Notes, comprising a summary of significant accounting policies and other explanatory notes as at and for the year ended on 31 December 2023.

## 2.05 Statement of Cash Flows

Statement of Cash Flows is prepared in accordance with International Accounting Standard (IAS) 7: "Statement of Cash Flows" and the cash flows from operating activities are presented under the direct method as prescribed by the Securities and Exchange Rules, 2020.

## 2.06 Going Concern

The Company has adequate resources to continue in operation for foreseeable future. For this reasons the directors continue to adopt going concern basis in preparing the financial statements. The current credit facilities and adequate resources of the Company provide sufficient funds to meet the present requirements of its existing businesses and operations.

## 2.07 Recognition and measurement of financial assets

A financial asset or financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term.

## 2.08 Revenue Recognition

Revenue is recognized only when it is probable that the economic benefits associated with the transaction will flow to the enterprise and in accordance with the International Financial Reporting Standard (IFRS) 15 "Revenue from Contracts with Customers":

Revenue recognition policy on specific item is described as under:

- (i) Brokerage commission is recognized as income when selling or buying order is executed.
- (ii) Interest income from margin loan is recognized on accrual basis .Such income is calculated on daily margin loan balance of the respective client. Income is recognized on quarterly basis.
- (iii) Interest income from Bank Account is recognized on cash basis.
- (iv) Dividend income against investment in securities is recognized when cash dividend receive is established.
- (v) Capital gains on sale of marketable securities are recognized when these are realized.

## 2.09 Cash and Bank Balances

Cash and Bank Balances include cash in hand and cash at bank which are held and are available for use by the Company without any restriction. There is an insignificant risk of change in the value of the above items.

## 2.10 Fixed Assets

Fixed assets are recorded at cost and have limited useful lives (except land). All expenses incurred for the purpose of acquiring, installing and bringing the fixed assets into its present location for intended use have to be capitalized and included in the cost of the fixed assets.

Depreciation is calculated on the cost of fixed assets in order to write off such amounts over the estimated useful lives of such assets. The rates of depreciation used on a straight-line method are as follows:

| Name Of Assets                   | Rate of Depreciation |
|----------------------------------|----------------------|
| Land and Land Development        | -                    |
| Building                         | 2.5%                 |
| Vehicles                         | 20%                  |
| Computer Equipment & Machineries | 20%                  |
| Furniture & Fixtures             | 10%                  |

## 2.11 Investment in Shares

Investment in quoted shares (or shares held for sale) and unquoted shares are initially recognized at cost plus transaction costs that are directly attributable to the acquisition of the shares. After initial recognition, investment in quoted shares has been revalued at cost at reporting date. Net of unrealized gain and loss has not been recognized in the Statement of Profit or Loss and Other Comprehensive Income.

## 2.12 Deferred Tax

Deferred Tax is calculated as per International Accounting Standard (IAS) 12: "Income Taxes". Deferred Tax is recognized on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using the balance sheet liability method. Deferred Tax liabilities are recognized for all taxable temporary differences. Deferred Tax assets are generally recognized for all deductible temporary differences.

Deferred Tax is measured at the tax rate that is expected to be applied to the temporary differences when they reverse based on the laws that have been enacted or substantively enacted by the reporting date.

**2.13 Intangible Assets**

Intangible assets represent computer software which has been amortized @ 20% following straight line method.

**2.14 Advance, deposits and prepayments**

Advances are initially measured at cost. After initial recognition, advances are carried at cost less deductions, adjustments or charges to other account heads such as property, plant and equipment, inventory, etc.

**2.15 Advance Income Tax**

The amount of advance income tax is mainly deduction at sources by DSE & CSE on daily transactions of broker & dealer operation. Tax deduction on interest income and dividend income are also included here.

**2.16 Provision for current Tax**

Provision for current tax is made in accordance with the provision of Income Tax Ordinance, 1984 and subsequent amendments made thereto from time to time.

**2.17 Provision for expenses**

Provision for expenses is recognized when the Company 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 obligations and reliable estimate of the amount can be made.

**2.18 Management' responsibility on financial statements**

The management of the company is responsible for the preparation and presentation of these financial statements.

**2.19 GENERAL**

- i) These notes form an integral part of the annexed financial statements and accordingly are to be read in conjunction therewith.
- ii) Previous year's figures have been re-arranged/re-grouped where necessary to conform to the current year's financial presentation.
- iii) Figures in these notes and annexed financial statements have been rounded off to the nearest taka.

|               |                                                            | 2023<br>Taka       | 2022<br>Taka       |
|---------------|------------------------------------------------------------|--------------------|--------------------|
| <b>3.00</b>   | <b>Cash and bank balances</b>                              |                    |                    |
|               | Cash in Hand                                               | 520,206            | 419,591            |
|               | Cash at bank in company's accounts (note:3.01)             | 7,158,243          | 855,211            |
|               | Cash at bank in consolidated customer accounts (note:3.02) | 222,811,669        | 143,291,470        |
|               | Cash at bank in trading accounts (dealer) (note:3.03)      | 465,568            | 94,407             |
|               | Investment in FDR (note:3.04)                              | 23,019,572         | 34,019,572         |
|               |                                                            | <b>253,975,258</b> | <b>178,680,251</b> |
| <b>3.01</b>   | <b>Cash at bank in company's accounts</b>                  | <b>Account No.</b> |                    |
|               | MBSL Income Expenditure A/C (MBL)                          | 0002230            | 6,117,237          |
|               | Mercantile Bank Securities Ltd.(MBL)                       | 9818578            | 31,680             |
|               | MBSL Investment Account (MBL)                              | 1131-23095         | -                  |
|               | MBSL Strategic Account (MBL)                               | 1131-43952         | -                  |
|               | MBSL Sft 2021( MBL)                                        | 1131-44448         | -                  |
|               | Mercantile Bank Securities Ltd.(MBL)                       | 1131-56111         | 855,850            |
|               | Mercantile Bank Securities Ltd.(NBRC)                      | 010136-208         | 153,476            |
|               |                                                            | <b>7,158,243</b>   | <b>855,211</b>     |
| <b>3.02</b>   | <b>Cash at bank in consolidated customer accounts</b>      | <b>Account No.</b> |                    |
|               | MBSL Consolidated Customers A/C (MBL)                      | 1131-03295         | 219,167,599        |
|               | Mercantile Bank Securities Ltd. (G-Sec)                    | 1131-57002         | 3                  |
|               | Mercantile Bank Securities Ltd. (OBL)                      | 0013-0616          | 3,644,067          |
|               |                                                            | <b>222,811,669</b> | <b>143,291,470</b> |
| <b>3.03</b>   | <b>Cash at bank in trading accounts (dealer)</b>           |                    |                    |
|               | Mercantile Bank Securities Ltd. (OBL)                      | 0013-663           | 41,219             |
|               | Mercantile Bank Securities Ltd. (MBPLC)                    | 1131-27302         | 424,349            |
|               |                                                            | <b>465,568</b>     | <b>94,407</b>      |
| <b>3.04</b>   | <b>Investment in FDR</b>                                   |                    |                    |
|               | Meridian Finance & Investment Ltd.                         | 89902              | -                  |
|               | People's Leasing & Financial Services Ltd.                 | 21000001663        | 23,019,572         |
|               |                                                            | <b>23,019,572</b>  | <b>34,019,572</b>  |
| <b>4.00</b>   | <b>Accounts Receivables from securities trading</b>        |                    |                    |
|               | Receivable from DSE (Note:4.01)                            | 20,369,683         | 11,363,572         |
|               | Receivable from CSE (Note:4.02)                            | 36                 | -                  |
|               |                                                            | <b>20,369,719</b>  | <b>11,363,572</b>  |
| <b>4.01</b>   | <b>Receivable from DSE</b>                                 |                    |                    |
|               | Receivable from DSE Broker Activities (note: 4.1.1)        | 20,369,683         | 11,363,572         |
|               | Receivable from DSE Dealer Activities                      | -                  | -                  |
|               |                                                            | <b>20,369,683</b>  | <b>11,363,572</b>  |
| <b>4.01.1</b> | <b>Receivable from DSE Broker Activities</b>               |                    |                    |
|               | Receivable against A,B,G and N category                    | 20,146,403         | 11,348,281         |
|               | Receivable against Z category                              | 27,650             | 15,291             |
|               | Receivable against spot trading                            | 195,630            | -                  |
|               |                                                            | <b>20,369,683</b>  | <b>11,363,572</b>  |
| <b>4.02</b>   | <b>Receivable from CSE</b>                                 |                    |                    |
|               | Receivable from CSE Broker Activities (note: 4.02.1)       | 36                 | -                  |
|               |                                                            | <b>36</b>          | <b>-</b>           |
| <b>4.02.1</b> | <b>Receivable from CSE Broker Activities</b>               |                    |                    |
|               | Receivable against A,B,G and N category                    | 36                 | -                  |
|               |                                                            | <b>36</b>          | <b>-</b>           |

|             |                                                                                           | 2023<br>Taka         | 2022<br>Taka         |
|-------------|-------------------------------------------------------------------------------------------|----------------------|----------------------|
| <b>5.00</b> | <b>Receivable from others</b>                                                             |                      |                      |
|             | Receivable from others                                                                    | -                    | 106,944              |
|             |                                                                                           | <b>-</b>             | <b>106,944</b>       |
| <b>6.00</b> | <b>Accounts Receivable from clients</b>                                                   |                      |                      |
|             | Margin Loan (Note:6.1)                                                                    | 4,569,268,976        | 4,648,234,400        |
|             | Due to CDBL Charge/ BO renewal fees                                                       | 459,973              | 1,054,245            |
|             |                                                                                           | <b>4,569,728,949</b> | <b>4,649,288,645</b> |
| <b>6.01</b> | <b>Margin loan</b>                                                                        |                      |                      |
|             | Receivable to clients having negative equity                                              | 2,867,568,053        | 2,991,700,392        |
|             | Receivable to clients fall under force sale condition(e.g. Equity is >DB but <125% of DB) | 270,877,084          | 1,010,751,100        |
|             | Receivable to clients fall under margin call(e.g. Equity is >125% of DB but <150% of DB)  | 376,685,323          | 89,600,623           |
|             | Receivable to regular margin clients (e.g. Equity is >150% of DB)                         | 1,054,138,516        | 556,182,285          |
|             |                                                                                           | <b>4,569,268,976</b> | <b>4,648,234,400</b> |
| <b>7.00</b> | <b>Proprietary position in securities &amp; other investment</b>                          |                      |                      |
|             | Dealer Investment position (Note:7.1)                                                     | 1,028,706,221        | 1,071,131,200        |
|             | Strategic Investments Position(4747) (Note:7.2)                                           | 70,196,460           | 88,133,154           |
|             | Strategic Investments Position (6100)(Note:7.3)                                           | 270,908,829          | -                    |
|             |                                                                                           | <b>1,369,811,510</b> | <b>1,159,264,354</b> |
| <b>7.01</b> | <b>Dealer Investment Position</b>                                                         |                      |                      |
|             | Value of "A" category instruments                                                         | 939,941,652          | 1,003,082,908        |
|             | Value of "B,G,N,S" category instruments                                                   | 83,334,569           | 63,298,292           |
|             | Value of "Z" category instruments                                                         | -                    | -                    |
|             |                                                                                           | <b>1,023,276,221</b> | <b>1,066,381,200</b> |
|             | Deposit for application of right shares/IPO                                               | 5,430,000            | 4,750,000            |
|             |                                                                                           | <b>1,028,706,221</b> | <b>1,071,131,200</b> |
|             | Investment in securities at cost                                                          | 1,023,276,221        | 1,066,381,200        |
|             | Investment in securities at market value                                                  | 773,966,602          | 834,756,144          |
|             | <b>Unrealized Gain/(Loss)</b>                                                             | <b>(249,309,619)</b> | <b>(231,625,056)</b> |
|             | <b>Details of investment in marketable securities are shown in "Annexure- D.1".</b>       |                      |                      |
| <b>7.02</b> | <b>Strategic Investments Position</b>                                                     |                      |                      |
|             | Investment in securities                                                                  | 70,196,460           | 88,133,154           |
|             |                                                                                           | <b>70,196,460</b>    | <b>88,133,154</b>    |
|             | Investment in securities at cost                                                          | 70,195,928           | 88,132,833           |
|             | Investment in securities at market value                                                  | 55,123,654           | 71,816,812           |
|             | <b>Unrealized Gain/(Loss)</b>                                                             | <b>(15,072,274)</b>  | <b>(16,316,021)</b>  |
|             | Value of "A" category instruments                                                         | 63,225,741           | 75,522,113           |
|             | Value of "B,G,N,S" category instruments                                                   | 6,970,187            | 12,610,720           |
|             | Value of "Z" category instruments                                                         | -                    | -                    |
|             |                                                                                           | <b>70,195,928</b>    | <b>88,132,833</b>    |
|             | <b>Details of investment in marketable securities are shown in "Annexure- D.2 ".</b>      |                      |                      |
| <b>7.03</b> | <b>Strategic Investments Position</b>                                                     |                      |                      |
|             | Investment in securities                                                                  | 270,908,829          | -                    |
|             |                                                                                           | <b>270,908,829</b>   | <b>-</b>             |
|             | Investment in securities at cost                                                          | 239,348,037          | -                    |
|             | Investment in securities at market value                                                  | 185,100,162          | -                    |
|             | <b>Unrealized Gain/(Loss)</b>                                                             | <b>(54,247,876)</b>  | <b>-</b>             |
|             | Value of "A" category instruments                                                         | 195,129,311          | -                    |
|             | Value of "B,G,N,S" category instruments                                                   | 44,218,727           | -                    |
|             | Value of "Z" category instruments                                                         | -                    | -                    |
|             |                                                                                           | <b>239,348,037</b>   | <b>-</b>             |
|             | <b>Details of investment in marketable securities are shown in "Annexure- D.3 ".</b>      |                      |                      |

|                                                                 | 2023<br>Taka       | 2022<br>Taka       |
|-----------------------------------------------------------------|--------------------|--------------------|
| <b>8.00 Other Advances</b>                                      |                    |                    |
| Advance income tax (Note: 8.1)                                  | 291,672,234        | 256,858,900        |
| Advance office rent                                             | 957,000            | 1,017,000          |
| Advance LFA                                                     | 9,000              | 9,000              |
| Advance deposit                                                 | 922,550            | 321,091            |
| Advance commission for bank guarantee                           | 153,675            | -                  |
|                                                                 | <b>293,714,459</b> | <b>258,205,991</b> |
| <b>8.01 Advance income tax</b>                                  |                    |                    |
| Opening balance                                                 | 256,858,900        | 224,486,115        |
| Add: Paid during the year (Note:8.1.1)                          | 34,813,334         | 32,372,785         |
| Closing balance                                                 | <b>291,672,234</b> | <b>256,858,900</b> |
| <b>8.01.1 Advance tax paid during the year</b>                  |                    |                    |
| Tax on transaction (DSE)                                        | 13,194,876         | 25,243,121         |
| Tax on transaction (CSE)                                        | 454,620            | 109,660            |
| Advance tax on FDR                                              | 59,375             | 122,466            |
| Advance income tax - U/S 154 of ITA-2023                        | 15,603,079         | 761,091            |
| Advance tax (Cash dividend, Bank interest & other)              | 5,501,384          | 6,136,447          |
|                                                                 | <b>34,813,334</b>  | <b>32,372,785</b>  |
| <b>Year wise payment for advance income tax are as follows:</b> |                    |                    |
| Up to year 2012                                                 | 10,357,784         | 10,357,784         |
| Year 2013                                                       | 9,234,668          | 9,234,668          |
| Year 2014                                                       | 34,905,897         | 34,905,897         |
| Year 2015                                                       | 11,204,313         | 11,204,313         |
| Year 2016                                                       | 19,366,410         | 19,366,410         |
| Year 2017                                                       | 30,873,174         | 30,873,174         |
| Year 2018                                                       | 17,965,410         | 17,965,410         |
| Year 2019                                                       | 15,618,456         | 15,618,456         |
| Year 2020                                                       | 25,947,970         | 25,947,970         |
| Year 2021                                                       | 49,012,033         | 49,012,033         |
| Year 2022                                                       | 32,372,785         | 32,372,785         |
| Year 2023                                                       | 34,813,334         | -                  |
|                                                                 | <b>291,672,234</b> | <b>256,858,900</b> |
| <b>9.00 Fixed assets net off depreciation</b>                   |                    |                    |
| Land and Land Development                                       | 82,177,850         | -                  |
| Building                                                        | 12,048,750         | -                  |
| Vehicle                                                         | 1                  | 1                  |
| Furniture and fixtures                                          | 4,407,595          | 6,011,913          |
| Office equipment                                                | 656,960            | 1,006,771          |
|                                                                 | <b>99,291,156</b>  | <b>7,018,685</b>   |
| <b>Details are shown in "Annexure-C"</b>                        |                    |                    |
| <b>10.00 Intangible assets</b>                                  |                    |                    |
| Software                                                        | <b>79,187</b>      | <b>34,912</b>      |
| <b>Details are shown in "Annexure-C"</b>                        |                    |                    |
| <b>11.00 Value of Investment in exchanges</b>                   |                    |                    |
| Dhaka Stock Exchange Ltd. (Note:11.1)                           | 487,499,955        | 487,499,955        |
| Chittagong Stock Exchange Ltd.                                  | 180,000,000        | 180,000,000        |
|                                                                 | <b>667,499,955</b> | <b>667,499,955</b> |

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 2023<br>Taka         | 2022<br>Taka         |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|
| <b>11.01 Dhaka Stock Exchange Ltd.</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                      |                      |
| Opening balance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 487,499,955          | 487,499,955          |
| Less: Cost of 25% shares sold by DSE as per demutualization scheme                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | -                    | -                    |
| <b>Closing balance</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <b>487,499,955</b>   | <b>487,499,955</b>   |
| <p>As per the provision of the Exchange Demutualization Act, 2013 and in accordance with the Bangladesh Securities and Exchange Commission (BSEC) approved Demutualization Scheme, Dhaka Stock Exchange allotted 7,215,106 no. of ordinary Shares of Taka 10 each and Trading Right Entitlement Certificate (TREC) in favor of the Company against the membership of DSE. Out of the total 7,215,106 no. of Shares DSE transferred and credited 2,886,042 no. of shares directly to Company's Beneficiary Owners' (BO) Account and rest 25,25,287 no. of shares were credited to the "Demutualization Blocked Account" maintained by the DSE and sold 1,803,777 no. of shares to Shenzhen Stock Exchange and Shanghai Stock Exchange in 2018.</p> <p>As per the provision of the Exchange Demutualization Act, 2013 and in accordance with the Bangladesh Securities and Exchange Commission (BSEC) approved Demutualization Scheme, Chittagong Stock Exchange allotted 4,287,330 no. of ordinary Shares of Taka 10 each and Trading Right Entitlement Certificate (TREC) in favor of the company against the membership of CSE. Out of the total 4,287,330 no. of Shares CSE transferred and credited 1,714,932 no. of shares directly to Company's Beneficiary Owners' (BO) Account and rest 2,572,398 no. of shares were credited to the "Demutualization Blocked Account" maintained by the CSE.</p> |                      |                      |
| <b>12.00 Other long term assets</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                      |                      |
| Deferred Tax Asset                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | 1,045,222            | 813,108              |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>1,045,222</b>     | <b>813,108</b>       |
| <b>Deferred tax on tangible assets</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                      |                      |
| Deferred tax assets have been recognized and measured in accordance with the provisions of 'IAS 12: Income Taxes'. Related deferred tax expense/(income) & (assets)/liabilities has been provided during the year as shown below:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                      |                      |
| <b>Fixed Assets</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                      |                      |
| Accounting base written down value                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | 99,370,343           | 7,053,597            |
| Tax base written down value                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 103,171,149          | 10,010,356           |
| <b>Deductible temporary difference on written down value</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <b>(3,800,806)</b>   | <b>(2,956,759)</b>   |
| Applicable tax rate                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 27.50%               | 27.50%               |
| Closing deferred tax (assets)/liabilities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | (1,045,222)          | (813,108)            |
| Opening deferred tax (assets)/liabilities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | (813,108)            | (646,579)            |
| <b>Deferred tax (income)/expenses</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>(232,114)</b>     | <b>(166,529)</b>     |
| <b>13.00 Payable to clients</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                      |                      |
| Payable to clients (IPO)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 5,680,000            | -                    |
| Payable to clients (Trading)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 198,497,443          | 147,644,308          |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>204,177,443</b>   | <b>147,644,308</b>   |
| <b>14.00 Short term business liabilities</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                      |                      |
| Mercantile Bank PLC. (Note: 14.1)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 807,293,428          | 1,069,607,332        |
| NRBC Bank Limited (Note: 14.2)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 177,645,216          | -                    |
| Investment Corporation of BD.(Note: 14.3)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 272,370,000          | -                    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>1,257,308,644</b> | <b>1,069,607,332</b> |
| <b>14.01 Mercantile Bank PLC. SOD Loan</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                      |                      |
| Principal business liabilities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 807,293,428          | 1,069,607,332        |
| Interest payable on business liabilities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | -                    | -                    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>807,293,428</b>   | <b>1,069,607,332</b> |

The terms and conditions of the loan taken from Mercantile Bank PLC. are as follows:

|                       |                                                                                           |
|-----------------------|-------------------------------------------------------------------------------------------|
| Nature of facility    | : SOD General (Renewal)                                                                   |
| Purpose               | : To provide liquidity of MBSL & to meet day to day operational expenses in the business. |
| Facility Amount       | : Tk. 86 Core                                                                             |
| Rate of Interest      | : 9.00%                                                                                   |
| Tenor of the facility | : 31.12.2024                                                                              |
| Security              | : Usual charge documents of the bank and undated chequed covering the credit limit        |

|                |                                                                                   | 2023<br>Taka                                                                              | 2022<br>Taka         |
|----------------|-----------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|----------------------|
| <b>14.02</b>   | <b>NRBC Bank Limited SOD Loan</b>                                                 |                                                                                           |                      |
|                | Principal business liabilities                                                    | 177,645,216                                                                               | -                    |
|                | Interest payable on business liabilities                                          | -                                                                                         | -                    |
|                |                                                                                   | <b>177,645,216</b>                                                                        | <b>-</b>             |
|                | The terms and conditions of the loan taken from NRBC Bank Limited are as follows: |                                                                                           |                      |
|                | Nature of facility                                                                | : SOD General (Renewal)                                                                   |                      |
|                | Purpose                                                                           | :To provide liquidity of MBSL & to meet day to day operational expenses in the business . |                      |
|                | Facility Amount                                                                   | : Tk. 30,00,00,000                                                                        |                      |
|                | Rate of Interest                                                                  | : 10.14%                                                                                  |                      |
|                | Tenor of the facility                                                             | : 12.02.2024                                                                              |                      |
|                | Security                                                                          | :Usual charge documents of the bank and undated chequed covering the credit limit         |                      |
| <b>14.03</b>   | <b>Investment Corporation of Bangladesh</b>                                       |                                                                                           |                      |
|                | Principal business liabilities                                                    | 270,000,000                                                                               | -                    |
|                | Interest payable on business liabilities                                          | 2,370,000                                                                                 | -                    |
|                |                                                                                   | <b>272,370,000</b>                                                                        | <b>-</b>             |
|                | The terms and conditions of the loan taken from ICB are as follows:               |                                                                                           |                      |
|                | Nature of facility                                                                | : Fixed                                                                                   |                      |
|                | Purpose                                                                           | :To provide liquidity of MBSL & to meet affected small investors in the capital market.   |                      |
|                | Facility Amount                                                                   | : Tk. 27,00,00,000                                                                        |                      |
|                | Rate of Interest                                                                  | : 4%                                                                                      |                      |
|                | Tenor of the facility                                                             | : 25.06.2023 to 11.10.2026                                                                |                      |
|                | Security                                                                          | :Usual charge documents of the bank and undated chequed covering the credit limit         |                      |
| <b>15.00</b>   | <b>Payable to Exchange/Depository/etc.</b>                                        |                                                                                           |                      |
|                | Payable to exchanges(note: 15.1)                                                  | 109,427                                                                                   | 21,085               |
|                | Payable to Depository                                                             | 497,814                                                                                   | 149,917              |
|                |                                                                                   | <b>607,241</b>                                                                            | <b>171,002</b>       |
| <b>15.01</b>   | <b>Payable to exchanges</b>                                                       |                                                                                           |                      |
|                | Payable to DSE (note:15.1.1)                                                      | 104,353                                                                                   | 21,085               |
|                | Payable to CSE                                                                    | 5,074                                                                                     | -                    |
|                |                                                                                   | <b>109,427</b>                                                                            | <b>21,085</b>        |
| <b>15.01.1</b> | <b>Payable to DSE</b>                                                             |                                                                                           |                      |
|                | Payable to DSE for Broker activities                                              | 104,353                                                                                   | 21,085               |
|                | Payable to DSE for Dealer activities                                              | -                                                                                         | -                    |
|                |                                                                                   | <b>104,353</b>                                                                            | <b>21,085</b>        |
| <b>16.00</b>   | <b>Other liabilities and provisions</b>                                           |                                                                                           |                      |
|                | Provision for income tax (Note: 16.1)                                             | 272,081,768                                                                               | 234,335,482          |
|                | Provision for investment in marketable securities (Note: 16.2)                    | 90,000,000                                                                                | 50,000,000           |
|                | Provision for margin investment (Note: 16.3)                                      | 430,795,597                                                                               | 370,000,000          |
|                | General Provision (Note: 16.4)                                                    | 45,697,289                                                                                | 46,492,886           |
|                | Other Provision (Note: 16.5)                                                      | 23,019,572                                                                                | 23,019,572           |
|                | Other liabilities (Note: 16.6)                                                    | 920,302,338                                                                               | 1,005,259,356        |
|                |                                                                                   | <b>1,781,896,564</b>                                                                      | <b>1,729,107,296</b> |
| <b>16.01</b>   | <b>Provision for income tax</b>                                                   |                                                                                           |                      |
|                | Opening balance                                                                   | 234,335,482                                                                               | 201,963,713          |
|                | Add: Provision made during the year                                               | 37,746,286                                                                                | 32,371,769           |
|                | Closing balance                                                                   | <b>272,081,768</b>                                                                        | <b>234,335,482</b>   |

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 2023<br>Taka       | 2022<br>Taka       |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------|
| <b>Year wise provision for income tax:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                    |                    |
| Up to year 2012                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 16,546,197         | 16,546,197         |
| Year 2013                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 6,641,207          | 6,641,207          |
| Year 2014                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 10,089,521         | 10,089,521         |
| Year 2015                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 8,612,580          | 8,612,580          |
| Year 2016                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 27,387,302         | 27,387,302         |
| Year 2017                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 26,113,458         | 26,113,458         |
| Year 2018                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 10,107,037         | 10,107,037         |
| Year 2019                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 21,744,127         | 21,744,127         |
| Year 2020                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 24,800,954         | 24,800,954         |
| Year 2021                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 49,921,330         | 49,921,330         |
| Year 2022                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 32,371,769         | 32,371,769         |
| Year 2023                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 37,746,286         | -                  |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <b>272,081,768</b> | <b>234,335,482</b> |
| <b>16.02 Provision for unrealized Loss</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                    |                    |
| Opening balance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 50,000,000         | 32,000,000         |
| Add: Provision made during the year                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 40,000,000         | 18,000,000         |
| Closing balance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <b>90,000,000</b>  | <b>50,000,000</b>  |
| As Per Bangladesh Securities and Exchange Commission's Directive No. BSEC/CMRRCD/2009-193/196 dated 28-12-2016 & Directive No. BSEC/SRI/NE/2020/605 dated 28-12-2022, the company may keep 20% provision for unrealized loss against company's own investment portfolio account. Total unrealized loss in company's own investment portfolio account stood at Tk. 318,629,768.71 as on December 31, 2023. The company has already maintained 28.25% provision of Tk. 9,00,00,000 as on December 31, 2023 against required provision. As per latest BSEC circular, MBSL will have to keep rest 71.75% provision against unrealized loss within December 31, 2025. |                    |                    |
| <b>16.03 Provision for margin loan</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                    |                    |
| Opening balance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 370,000,000        | 330,000,000        |
| Add: During the period                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 60,000,000         | 40,000,000         |
| Transferred from General provision                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 795,597            | -                  |
| Closing balance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <b>430,795,597</b> | <b>370,000,000</b> |
| <b>16.03.1 Specific Provision</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                    |                    |
| The market value of shares of the client account having negative equity stood at Tk. 1,028,490,016.30 as on December 31, 2023 against margin loan receivable of Tk. 2,867,568,052.63 leaving a shortfall of Tk.1,839,078,036.50. If the market price of the shares against margin investment go up in future this equity erosion will be reduced. The Company has maintained provision for margin investment Tk. 430,795,597.00 as mentioned above and Interest suspense on margin investment stood at Tk.888,655,528.00 (note-16.6) as on December 31, 2023.                                                                                                    |                    |                    |
| <b>16.04 General Provision</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                    |                    |
| Opening balance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 46,492,886         | 44,014,335         |
| Add: Provision made during the year                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | -                  | 2,478,551          |
| Less: Transferred to Provision for Margin loan                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 795,597            | -                  |
| Closing balance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <b>45,697,289</b>  | <b>46,492,886</b>  |
| As on December 31, 2023, 1% of outstanding margin exposures have been made as general provision as prescribed by part B of schedule C rule 5(2) of BSEC notification no. BSEC/CMRRCD/2017-357/221/admin/89 dated May 29, 2019.                                                                                                                                                                                                                                                                                                                                                                                                                                   |                    |                    |
| <b>16.05 Other Provision</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                    |                    |
| Opening balance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 23,019,572         | -                  |
| Add: Provision made during the year                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | -                  | 23,019,572         |
| Closing balance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <b>23,019,572</b>  | <b>23,019,572</b>  |
| The above provision has been made for Investment in Fixed Deposit Receipt (FDR) Tk. 23,019,572.00 kept in Peoples Leasing and Financial Service Limited which remained uncollectable due to liquidity crisis and the company under the jurisdiction of Honorable High Court, Bangladesh Bank, DUDOK and different govt. regulatory agencies.                                                                                                                                                                                                                                                                                                                     |                    |                    |

|              |                                                                       | 2023<br>Taka         | 2022<br>Taka         |
|--------------|-----------------------------------------------------------------------|----------------------|----------------------|
| <b>16.06</b> | <b>Other liabilities</b>                                              |                      |                      |
|              | Accrued expenses                                                      | 107,500              | 336,855              |
|              | Provision for audit fee                                               | 86,250               | 86,250               |
|              | Provident fund payable                                                | 19,487,558           | 18,103,530           |
|              | Employees welfare fund                                                | 571,441              | 330,431              |
|              | Provision for Gratuity                                                | 4,645,000            | 4,645,000            |
|              | Provision for incentive Bonus                                         | 4,000,000            | 4,827,457            |
|              | Interest suspense account                                             | 888,655,528          | 970,660,405          |
|              | Sundry deposit                                                        | 73,278               | 669,855              |
|              | Cash Dividend on margin account                                       | 264,958              | 244,763              |
|              | CCBA Interest Payable                                                 | 2,410,825            | 5,354,810            |
|              |                                                                       | <b>920,302,338</b>   | <b>1,005,259,356</b> |
| <b>17.00</b> | <b>Share capital</b>                                                  |                      |                      |
|              | <b>Authorized:</b>                                                    |                      |                      |
|              | 500,000,000 ordinary shares of Tk. 10 each                            | <b>5,000,000,000</b> | <b>5,000,000,000</b> |
|              | <b>Issued, Subscribed and Paid up:</b>                                |                      |                      |
|              | 360,000,000 ordinary shares of Tk. 10 each                            | <b>3,600,000,000</b> | <b>3,600,000,000</b> |
|              | <b>Shareholding Position:</b>                                         |                      |                      |
|              | <b>Sl. No. Name of Shareholders No. of Shares</b>                     |                      |                      |
|              | 1 Mercantile Bank PLC. 355,000,000                                    | 3,550,000,000        | 3,550,000,000        |
|              | 2 Subrota Narayan Roy 200,000                                         | 2,000,000            | 2,000,000            |
|              | 3 Ms. Bilkis Begum 200,000                                            | 2,000,000            | 2,000,000            |
|              | 4 A. S. M. Feroz Alam 200,000                                         | 2,000,000            | 2,000,000            |
|              | 5 Mohd. Selim 200,000                                                 | 2,000,000            | 2,000,000            |
|              | 6 M. A. Khan Belal 200,000                                            | 2,000,000            | 2,000,000            |
|              | 7 Md. Abdul Jalil 200,000                                             | 2,000,000            | 2,000,000            |
|              | 8 Md. Anwarul Haque 200,000                                           | 2,000,000            | 2,000,000            |
|              | 9 Dr. Toufique Rahman Chowdhury 200,000                               | 2,000,000            | 2,000,000            |
|              | 10 Golam Faruk Ahmed 200,000                                          | 2,000,000            | 2,000,000            |
|              | 11 Engr. Mohd. Monsuruzzaman 200,000                                  | 2,000,000            | 2,000,000            |
|              | 12 Md. Mizanur Rahman Chowdhury 200,000                               | 2,000,000            | 2,000,000            |
|              | 13 M.S. Ahsan 200,000                                                 | 2,000,000            | 2,000,000            |
|              | 14 Alhaj. Akram Hussain 200,000                                       | 2,000,000            | 2,000,000            |
|              | 15 Md. Tabibul Huq 200,000                                            | 2,000,000            | 2,000,000            |
|              | 16 M. Amanullah 200,000                                               | 2,000,000            | 2,000,000            |
|              | 17 S. M. Shafiqul Islam 200,000                                       | 2,000,000            | 2,000,000            |
|              | 18 A. K. M. Shaheed Reza 200,000                                      | 2,000,000            | 2,000,000            |
|              | 19 Md. Nasiruddin Choudhury 200,000                                   | 2,000,000            | 2,000,000            |
|              | 20 A. F. M. Bahauddin 200,000                                         | 2,000,000            | 2,000,000            |
|              | 21 Morshed Alam, MP 200,000                                           | 2,000,000            | 2,000,000            |
|              | 22 Md. Shahabuddin Alam 200,000                                       | 2,000,000            | 2,000,000            |
|              | 23 Syed Muhammed Abbdul Mannan 200,000                                | 2,000,000            | 2,000,000            |
|              | 24 Israt Jahan 200,000                                                | 2,000,000            | 2,000,000            |
|              | 25 Sakina Khatun 200,000                                              | 2,000,000            | 2,000,000            |
|              | 26 Anwar Hossain 200,000                                              | 2,000,000            | 2,000,000            |
|              |                                                                       | <b>360,000,000</b>   | <b>3,600,000,000</b> |
| <b>17.01</b> | <b>Capital to regulatory capital requirement</b>                      |                      |                      |
|              | <b>A. Total Eligible capital (Annexure-A)</b>                         | <b>4,460,055,930</b> | <b>4,340,356,445</b> |
|              | <b>B. Total risk requirement (Annexure-A)</b>                         | <b>521,085,599</b>   | <b>504,330,662</b>   |
|              | <b>C. Required capital (120% of total risk requirement)</b>           | <b>625,302,718</b>   | <b>605,196,795</b>   |
|              | <b>D. Capital surplus (A-C)</b>                                       | <b>3,834,753,211</b> | <b>3,735,159,650</b> |
|              | <b>E. Capital adequacy ratio</b>                                      | <b>856%</b>          | <b>861%</b>          |
|              | Core capital to total risk requirement                                | 774%                 | 790%                 |
|              | Supplementary to total risk requirement                               | 82%                  | 70%                  |
|              | <b>F. Core Capital (Annexure-A)</b>                                   | <b>4,031,525,523</b> | <b>3,985,746,479</b> |
|              | <b>G. Operational Risk Requirement (Annexure-A)</b>                   | <b>19,534,794</b>    | <b>15,417,987</b>    |
|              | <b>H. Core capital to operational risk requirement (minimum 100%)</b> | <b>206.38 times</b>  | <b>258.51 times</b>  |

|              |                                                                                                                                                                                                                                                                                        | 2023<br>Taka         | 2022<br>Taka         |
|--------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|
| <b>17.02</b> | <b>Statutory Liquid Capital Requirement (Annexure-B)</b>                                                                                                                                                                                                                               |                      |                      |
|              | <b>A. Total Liabilities</b>                                                                                                                                                                                                                                                            | <b>7,275,515,415</b> | <b>6,932,276,417</b> |
|              | <b>B. Liquid Capital</b>                                                                                                                                                                                                                                                               | <b>3,380,566,062</b> | <b>3,293,252,015</b> |
|              | <b>C. Regulatory LCB (8% of Total Liabilities)</b>                                                                                                                                                                                                                                     | <b>582,041,233</b>   | <b>554,582,113</b>   |
|              | <b>D. Excess/(Deficit) in Liquid Capital (B-C)</b>                                                                                                                                                                                                                                     | <b>2,798,524,828</b> | <b>2,738,669,902</b> |
| <b>17.03</b> | <b>Net Capital to Aggregate Liabilities Ratio</b>                                                                                                                                                                                                                                      |                      |                      |
|              | <b>A. Liquid Assets:</b>                                                                                                                                                                                                                                                               |                      |                      |
|              | Cash in hand or in Bank                                                                                                                                                                                                                                                                | 230,490,118          | 144,566,272          |
|              | Cash Surrender Value of life insurance policy                                                                                                                                                                                                                                          | -                    | -                    |
|              | Customer's Debit Balances receivable (within 3 days)                                                                                                                                                                                                                                   | 4,569,728,949        | 4,649,288,645        |
|              | Interest, dividend or commission receivable (within 30 days)                                                                                                                                                                                                                           | -                    | -                    |
|              | Clearing House Deposits (DSE)                                                                                                                                                                                                                                                          | 200,000,000          | 200,000,000          |
|              | Amounts Receivable in the ordinary course of business, but excluding amounts which are due to be settled against delivery of security and remain outstanding for more than five banking days.                                                                                          | 20,369,719           | 11,363,572           |
|              | Treasury bills issued by the Government of Bangladesh                                                                                                                                                                                                                                  | -                    | -                    |
|              | Value of Investment in Government Bonds or Certificates                                                                                                                                                                                                                                | -                    | -                    |
|              | Market Value of Investment in Securities traded in a stock exchange.                                                                                                                                                                                                                   | 1,014,190,417        | 906,572,956          |
|              | Market value of Investment in Mutual fund                                                                                                                                                                                                                                              | -                    | -                    |
|              | Value of Investment in collective investment scheme with haircut of 15%                                                                                                                                                                                                                | -                    | -                    |
|              | Value of Investment in Securities no traded in Exchange with haircut of 30% of its face value.                                                                                                                                                                                         | 67,890,613           | 67,890,613           |
|              | <b>Total Liquid Assets (A)</b>                                                                                                                                                                                                                                                         | <b>6,102,669,816</b> | <b>5,979,682,058</b> |
|              | <b>B. Designated Liabilities:</b>                                                                                                                                                                                                                                                      |                      |                      |
|              | Amount Payable in the ordinary course of dealing in securities                                                                                                                                                                                                                         | 109,427              | 21,085               |
|              | Overdraft & Loan from banks                                                                                                                                                                                                                                                            | 1,257,308,644        | 1,069,607,332        |
|              | Accrued Expenses                                                                                                                                                                                                                                                                       | 193,750              | 423,105              |
|              | Net Tax Payable                                                                                                                                                                                                                                                                        | (19,590,466)         | (22,523,418)         |
|              | All other liabilities that are regarded as liabilities under generally accepted accounting principles in Bangladesh which are payable (within 30 days)                                                                                                                                 | 204,177,443          | 147,644,308          |
|              | <b>Total Designated Liabilities (B)</b>                                                                                                                                                                                                                                                | <b>1,442,198,798</b> | <b>1,195,172,412</b> |
|              | <b>C. Net Capital Balance (A - B)</b>                                                                                                                                                                                                                                                  | <b>4,660,471,018</b> | <b>4,784,509,646</b> |
|              | <b>D. Net Capital to Aggregate Liabilities Ratio</b>                                                                                                                                                                                                                                   | 1 : 1.44             | 1 : 1.62             |
|              | <b>E. Maximum Permissible Ratio</b>                                                                                                                                                                                                                                                    | 1 : 20               | 1 : 20               |
| <b>18.00</b> | <b>Capital Reserve</b>                                                                                                                                                                                                                                                                 |                      |                      |
|              | Opening Balance                                                                                                                                                                                                                                                                        | 23,016,301           | 7,362,127            |
|              | Add: Addition during the year                                                                                                                                                                                                                                                          | 15,055,257           | 15,654,174           |
|              | <b>Closing Balance</b>                                                                                                                                                                                                                                                                 | <b>38,071,558</b>    | <b>23,016,301</b>    |
|              | The above General Reserve has been created as prescribed by Part 'B' of Schedule 'C' of BSEC's Risk Based Capital Adequacy Rules, 2019.                                                                                                                                                |                      |                      |
| <b>19.00</b> | <b>Retained Earnings</b>                                                                                                                                                                                                                                                               |                      |                      |
|              | Opening Balance                                                                                                                                                                                                                                                                        | 362,730,178          | 227,831,780          |
|              | Add: Net Profit after tax during the Year                                                                                                                                                                                                                                              | 45,779,044           | 150,552,572          |
|              | Less: Amount Transferred to Capital Reserve                                                                                                                                                                                                                                            | 15,055,257           | 15,654,174           |
|              | <b>Closing Balance</b>                                                                                                                                                                                                                                                                 | <b>393,453,965</b>   | <b>362,730,178</b>   |
|              | An amount of Tk. 15,055,257.00 has been transferred to Capital Reserve Account being 10% of Profit after Tax for the year 31 December 2022, which is proportion to the year ended as required by Part 'B' of Schedule 'C' rule 5(2) of BSEC's Risk Based Capital Adequacy Rules, 2019. |                      |                      |
| <b>20.00</b> | <b>Net asset value per share of Tk. 10 each</b>                                                                                                                                                                                                                                        |                      |                      |
|              | Net asset                                                                                                                                                                                                                                                                              | 4,031,525,523        | 3,985,746,479        |
|              | Number of ordinary shares outstanding                                                                                                                                                                                                                                                  | 360,000,000          | 360,000,000          |
|              |                                                                                                                                                                                                                                                                                        | <b>11.20</b>         | <b>11.07</b>         |

|                                                       | 2023<br>Taka      | 2022<br>Taka       |
|-------------------------------------------------------|-------------------|--------------------|
| <b>21.00 Brokerage commission</b>                     |                   |                    |
| Brokerage Commission DSE                              | 79,770,103        | 149,670,702        |
| Brokerage Commission CSE                              | 2,713,594         | 569,061            |
|                                                       | <b>82,483,697</b> | <b>150,239,763</b> |
| <b>22.00 Income from investment in shares</b>         |                   |                    |
| Capital gain on sale of shares Note: 22.1)            | 6,634,550         | 30,086,882         |
| Dividend income (Note: 22.2)                          | 32,863,750        | 32,731,341         |
|                                                       | <b>39,498,300</b> | <b>62,818,223</b>  |
| <b>22.01 Capital gain on sale of shares</b>           |                   |                    |
| Capital Gain from dealer                              | 582,559           | 16,971,754         |
| Gain from Strategic Investment(4747)                  | 5,647,102         | 13,115,128         |
| Gain from Strategic Investment(6100)                  | 404,889           | -                  |
|                                                       | <b>6,634,550</b>  | <b>30,086,882</b>  |
| <b>22.02 Dividend income</b>                          |                   |                    |
| Cash dividend from DSE & CSE                          | 5,390,462         | 3,879,464          |
| Cash Dividend Income from dealer                      | 25,175,498        | 25,639,967         |
| Cash Dividend Income from Strategic Investment(4747)  | 1,667,790         | 3,211,910          |
| Cash Dividend Income from Strategic Investment(6100)  | 630,000           | -                  |
|                                                       | <b>32,863,750</b> | <b>32,731,341</b>  |
| <b>23.00 Other operating income</b>                   |                   |                    |
| Margin documentation fee                              | 39,000            | 46,000             |
| BO account opening fee                                | 34,450            | 43,300             |
| Income For Share Transfer/Transmission etc.           | 123,090           | 80,019             |
| BO account maintenance charge                         | 693,200           | 1,093,500          |
| BO account closing fee                                | 73,534            | 69,248             |
| IPO Commission                                        | 12,445            | 50,739             |
| Cheque dishonor fee                                   | 38,670            | 24,000             |
|                                                       | <b>1,014,389</b>  | <b>1,406,806</b>   |
| <b>24.00 Operating expenses</b>                       |                   |                    |
| Howla charge                                          | 950               | 10,150             |
| Laga charge                                           | 6,880,760         | 12,738,089         |
| CDBL Charges                                          | 3,674,421         | 6,283,114          |
| Loss for written-off margin loan                      | 57,008,783        | 215,969            |
| Loss on Margin Interest Reverse                       | 1,831,803         | 1,288,663          |
| Service charge                                        | 868,831           | 915,735            |
|                                                       | <b>70,265,548</b> | <b>21,451,720</b>  |
| <b>25.00 Other income</b>                             |                   |                    |
| Interest on special notice deposit                    | 599,081           | 365,455            |
| Interest income from FDR                              | 189,931           | 977,426            |
| Miscellaneous income                                  | 643,233           | 376,101            |
|                                                       | <b>1,432,245</b>  | <b>1,718,982</b>   |
| <b>26.00 Administrative and general expenses</b>      |                   |                    |
| Rent, taxes, insurance, electricity etc. (Note: 26.1) | 8,366,087         | 8,280,513          |
| Salaries and allowances (Note: 26.2)                  | 43,802,619        | 44,141,486         |
| Legal and professional expenses                       | 126,139           | 314,914            |
| Postage, stamp, telecommunication etc. (Note: 26.3)   | 1,819,183         | 1,864,178          |
| Stationery, printing & advertisement (Note: 26.4)     | 896,351           | 608,942            |
| Depreciation, repairs & maintenance (Note: 26.5)      | 2,267,475         | 2,402,474          |
| Other expenses (Note: 26.6)                           | 14,362,702        | 16,843,781         |
|                                                       | <b>71,640,556</b> | <b>74,456,288</b>  |

|                                                            | 2023<br>Taka      | 2022<br>Taka      |
|------------------------------------------------------------|-------------------|-------------------|
| <b>26.01 Rent, taxes, VAT, insurance, electricity etc.</b> |                   |                   |
| Office rent                                                | 6,763,543         | 6,669,900         |
| Electricity and generator                                  | 1,125,847         | 1,021,541         |
| VAT                                                        | 21,357            | 151,344           |
| Fuel                                                       | 455,340           | 437,728           |
|                                                            | <b>8,366,087</b>  | <b>8,280,513</b>  |
| <b>26.02 Salaries and allowances</b>                       |                   |                   |
| Basic Salary                                               | 18,336,746        | 18,504,815        |
| Consolidated Salary                                        | 86,516            | 216,000           |
| Bonus                                                      | 3,334,500         | 3,365,250         |
| House Rent                                                 | 5,963,387         | 6,028,942         |
| Conveyance Allowances                                      | 1,317,370         | 1,350,920         |
| Medical Allowances                                         | 1,493,370         | 1,548,055         |
| PF Contribution                                            | 1,723,225         | 1,725,165         |
| Leave Fare Assistance                                      | 5,982,168         | 6,125,014         |
| Support Staff's Salary                                     | 5,055,433         | 4,851,525         |
| Other Allowance                                            | 509,904           | 425,800           |
|                                                            | <b>43,802,619</b> | <b>44,141,486</b> |
| <b>26.03 Postage, stamp, telecommunication etc.</b>        |                   |                   |
| Stamp & Cartridge                                          | 23,528            | 49,844            |
| Telephone & mobile                                         | 479,021           | 467,433           |
| Internet & Data Connectivity                               | 1,290,474         | 1,307,375         |
| Postage and courier                                        | 26,160            | 39,526            |
|                                                            | <b>1,819,183</b>  | <b>1,864,178</b>  |
| <b>26.04 Stationery, printing &amp; advertisement</b>      |                   |                   |
| Office stationery                                          | 640,982           | 508,995           |
| News Paper expenses                                        | 29,936            | 24,526            |
| Advertisement                                              | 156,705           | -                 |
| Computer accessories                                       | 68,728            | 75,421            |
|                                                            | <b>896,351</b>    | <b>608,942</b>    |
| <b>26.05 Depreciation, repairs &amp; maintenance</b>       |                   |                   |
| Depreciation                                               | 2,076,034         | 2,159,616         |
| Repair & maintenance                                       | 191,441           | 242,858           |
|                                                            | <b>2,267,475</b>  | <b>2,402,474</b>  |
| <b>26.06 Other expenses</b>                                |                   |                   |
| Commission expenses                                        | 768,350           | 1,100,814         |
| Conveyance                                                 | 138,035           | 166,955           |
| Uniform                                                    | 128,475           | 193,230           |
| Wasa bill                                                  | 33,766            | 44,100            |
| Renewal fee                                                | 11,200            | 19,225            |
| DSE-CSE Fees & Others                                      | 485,118           | 951,547           |
| Bank charge                                                | 187,290           | 27,538            |
| Excise duty                                                | 213,150           | 110,000           |
| Refreshment                                                | 1,587,110         | 1,560,707         |
| Investor Awareness Program                                 | 6,547,687         | 5,581,937         |
| Incentive Bonus                                            | 1,046,893         | 3,500,000         |
| Trade Incentive                                            | 295,000           | 890,000           |
| Audit fee                                                  | 86,250            | 86,250            |
| Directors fee                                              | 682,000           | 704,000           |
| Software expenses                                          | 164,850           | 182,700           |
| Business Development expenses                              | 1,605,299         | 1,511,896         |
| Miscellaneous expenses                                     | 382,229           | 212,882           |
|                                                            | <b>14,362,702</b> | <b>16,843,781</b> |

|                                                                    | 2023<br>Taka        | 2022<br>Taka         |
|--------------------------------------------------------------------|---------------------|----------------------|
| <b>27.00 Financial expenses</b>                                    |                     |                      |
| Bank Interest paid to MBL for SOD                                  | 59,624,111          | 64,841,687           |
| Interest paid to ICB for Special Fund                              | 2,370,000           | 2,139,556            |
| Bank Interest paid to NRBC for SOD                                 | 25,695,603          | -                    |
|                                                                    | <b>87,689,714</b>   | <b>66,981,243</b>    |
| <b>28.00 Earnings per share</b>                                    |                     |                      |
| Net profit attributable to ordinary shareholders                   | 45,779,044          | 150,552,572          |
| Number of ordinary shares outstanding                              | 360,000,000         | 360,000,000          |
|                                                                    | <b>0.13</b>         | <b>0.42</b>          |
| <b>29.00 Cash flow from operating activities (indirect method)</b> |                     |                      |
| Net Profit Before Income Tax                                       | 83,293,216          | 182,757,812          |
| Add: Depreciation                                                  | 2,076,034           | 2,159,616            |
|                                                                    | <b>85,369,250</b>   | <b>184,917,428</b>   |
| <b>Adjustment for changes in working capital:</b>                  |                     |                      |
| Decrease in accounts receivables                                   | (8,899,203)         | (10,502,509)         |
| (Increase) in advance deposits and prepayments                     | (695,134)           | 695,134              |
| Increase in provision for investment in marketable securities      | 40,000,000          | 18,000,000           |
| Increase in General provision for all outstanding margin           | (795,597)           | 2,478,551            |
| (Increase)/Decrease in margin investment                           | 79,559,696          | (247,855,147)        |
| (Increase)/Decrease in investment in marketable securities         | (210,547,156)       | (75,404,789)         |
| (Decrease) in provision for margin investment                      | 60,795,597          | 40,000,000           |
| (Decrease) in trade and other payables                             | (27,987,644)        | (175,562,718)        |
|                                                                    | <b>(68,569,441)</b> | <b>(448,151,478)</b> |
| Less: Income tax paid                                              | 16,799,809          | (263,234,050)        |
| <b>Net Cash flow from operating activities</b>                     | <b>(18,013,525)</b> | <b>(295,606,835)</b> |

### 30.00 Transactions with related parties ( IAS-24 )

The Company has carried out following transactions with related parties in the normal course of business.

| Name of related parties | Relationship   | Nature of Transaction | Balance as on 01.01.2023 | Transaction during the year |             | Balance as on 31.12.2023 |
|-------------------------|----------------|-----------------------|--------------------------|-----------------------------|-------------|--------------------------|
|                         |                |                       |                          | Dr.                         | Cr.         |                          |
| Mercantile Bank PLC.    | Parent company | Bank Overdraft        | 1,069,607,332            | 235,000,000                 | 209,139,493 | 807,293,428              |

### 31.00 Event after the reporting period

- (a) The Board of Directors in its meeting held on 14 March 2024 approved the financial statements of the company for the year ended 31 December 2023 and authorized the same for issue.
- (b) There is no other significant event that has occurred between the financial statements date and the date when the financial statements were authorized for issue by the Board of Directors.



Chief Executive Officer



Director



Director

Place : Dhaka, Bangladesh

Dated : 14 March 2024

## MERCANTILE BANK SECURITIES LTD.

## STATEMENT SHOWING COMPUTATION OF CAPITAL ADEQUACY

As at 31 December, 2023

Annexure-A

## A. Total Capital Computation

| Components                          | Amount        | Haircut % | Haircut Amount | 2023                 | 2022                 |
|-------------------------------------|---------------|-----------|----------------|----------------------|----------------------|
|                                     |               |           |                | Eligible Amount      | Eligible Amount      |
| Paid-up-capital                     | 3,600,000,000 | 0         |                | 3,600,000,000        | 3,600,000,000        |
| Capital Reserve                     | 38,071,558    | 0         |                | 38,071,558           | 23,016,301           |
| Retained Earnings                   | 393,453,965   | 0         |                | 393,453,965          | 362,730,178          |
| <b>Sum of core capital</b>          |               |           |                | <b>4,031,525,523</b> | <b>3,985,746,479</b> |
| General Provision                   | 45,697,289    | 20%       | 9,139,458      | 36,557,831           | 37,194,309           |
| Other Provision                     | 23,019,572    | 20%       | 4,603,914      | 18,415,658           | 18,415,658           |
| <b>Specific Provision:</b>          |               |           |                |                      |                      |
| Margin loan                         | 430,795,597   | 30%       | 129,238,679    | 301,556,918          | 259,000,000          |
| Investment in marketable securities | 90,000,000    | 20%       | 18,000,000     | 72,000,000           | 40,000,000           |
| <b>Sum of supplementary capital</b> |               |           |                | <b>428,530,407</b>   | <b>354,609,966</b>   |
| <b>Total Capital</b>                |               |           |                | <b>4,460,055,930</b> | <b>4,340,356,445</b> |

## B. Total risk requirement Computation

| Particulars                                                                       | Risk Factor | Applicable Amount  | Applicable Amount  |
|-----------------------------------------------------------------------------------|-------------|--------------------|--------------------|
| <b>Operation Risk Requirement (ORR):</b>                                          |             |                    |                    |
| Based on Average Annual Gross Income (see clause (b) of sub-rule (7.1) of rule 7) | <b>5%</b>   | 19,534,794         | 15,417,987         |
| <b>Position Risk Requirement (PRR):</b>                                           |             |                    |                    |
| <b>i. Proprietary positions in Equity securities:</b>                             |             | -                  | -                  |
| Value of "A" category securities                                                  | <b>10%</b>  | 93,994,165         | 100,308,291        |
| Value of "B/G/N/S/." category securities                                          | <b>12%</b>  | 10,000,148         | 7,595,795          |
| Value of "Z" category instruments                                                 | <b>15%</b>  | -                  | -                  |
| <b>ii. Proprietary positions in strategic investment:</b>                         |             |                    |                    |
| Value of "A" category securities                                                  | <b>10%</b>  | 6,322,574          | 7,552,211          |
| Value of "B/G/N/S/." category securities                                          | <b>12%</b>  | 836,422            | 1,513,286          |
| Value of "Z" category instruments                                                 | <b>15%</b>  | -                  | -                  |
| <b>iii. Proprietary positions in strategic investment:</b>                        |             |                    |                    |
| Value of "A" category securities                                                  | <b>10%</b>  | 19,512,931         | -                  |
| Value of "B/G/N/S/." category securities                                          | <b>12%</b>  | 5,306,247          | -                  |
| Value of "Z" category instruments                                                 | <b>15%</b>  | -                  | -                  |
| <b>iv. Proprietary positions in MFs &amp; CISs:</b>                               |             | -                  | -                  |
| Value of listed funds                                                             | <b>10%</b>  | -                  | -                  |
| <b>Counterparty Risk Requirement (CPRR):</b>                                      |             |                    |                    |
| i. Exposure of credit facilities to Clients                                       | <b>8%</b>   | 365,578,316        | 371,943,092        |
| <b>Total risk requirement</b>                                                     |             | <b>521,085,599</b> | <b>504,330,663</b> |

## C. Capital Adequacy Ratio (CAR)=

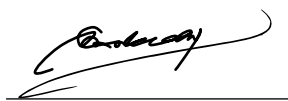
$$\frac{\text{Total Capital (TC)}}{\text{Total Risk Requirement (TRR)}} \times 100$$

=856% i.e. 8.56 times

=861% i.e. 8.61 times



Chief Executive Officer



Director



Director

Signed in terms of our separate report of even date annexed.

## MERCANTILE BANK SECURITIES LIMITED

## STATEMENT OF STATUTORY LIQUID CAPITAL REQUIREMENT

Area of Operation: Stock- Broker and Stock-Dealer

As at 31 December, 2023

## Annexure-B

| Particulars                                                                                                     | Note ref. | Amount as in Balance sheet | Proposed Haircut in % | Amount after Haircut |
|-----------------------------------------------------------------------------------------------------------------|-----------|----------------------------|-----------------------|----------------------|
| <b>Assets :</b>                                                                                                 |           |                            |                       |                      |
| <b>01. Cash and Bank Balances</b>                                                                               | 3         | <b>253,975,258</b>         |                       | <b>253,975,258</b>   |
| Cash in Hand                                                                                                    |           | 520,206                    | 0.0                   | 520,206              |
| Cash at Bank in Company's account                                                                               |           | 7,158,243                  | 0.0                   | 7,158,243            |
| Cash at Bank in trading accounts (Stock Dealer A/C)                                                             |           | 465,568                    | 0.0                   | 465,568              |
| Cash at Bank accounts for clients (net claim in consolidated customer account)                                  |           | 222,811,669                | 0.0                   | 222,811,669          |
| Cash at Bank at IPO Account                                                                                     |           | -                          | 0.0                   | -                    |
| Investments in FDR (those to be matured within six months)                                                      |           | 23,019,572                 | 0.0                   | 23,019,572           |
| <b>02. Net Receivable from Securities Trading</b>                                                               | 4         | <b>20,369,719</b>          |                       | <b>20,368,337</b>    |
| <b>Receivable from DSE (categorize as A, B, G, N, Z and DVP)</b>                                                |           | <b>20,369,683</b>          |                       | <b>20,368,301</b>    |
| Receivable against A,B,G and N category                                                                         |           | 20,342,033                 | 0.0                   | 20,342,033           |
| Receivable against Z category                                                                                   |           | 27,650                     | 5.0                   | 26,268               |
|                                                                                                                 |           | -                          | 5.0                   | -                    |
| <b>Receivable from CSE (categorize as A, B, G, N, Z and DVP):</b>                                               |           | <b>36</b>                  |                       | <b>36</b>            |
| Receivable against A,B,G and N category                                                                         |           | 36                         | 0.0                   | 36                   |
| Receivable against Z category                                                                                   |           | -                          | 5.0                   | -                    |
|                                                                                                                 |           | -                          | 5.0                   | -                    |
| <b>03. Net Receivable from other Clients-</b>                                                                   | 6         | <b>459,973</b>             |                       | <b>436,974</b>       |
| Receivable after securities trading                                                                             |           |                            | 15.0                  | -                    |
| Receivable arises from fee, commission & charges                                                                |           | 459,973                    | 5.0                   | 436,974              |
| <b>04. Net receivable from margin clients -</b>                                                                 | 6         | <b>4,569,268,976</b>       |                       | <b>3,635,988,877</b> |
| Receivable to Clients having no margin or full erosion of clients' equity (e.g.no equity against debit balance) |           | 2,867,568,053              | 30.0                  | 2,007,297,637        |
| Receivable to Clients fall under force sale condition (e.g. equity is between 100% and 125% of DB)              |           | 270,877,084                | 20.0                  | 216,701,667          |
| Receivable to Clients fall under margin call (e.g. equity is >125% of DB but <150% of DB)                       |           | 376,685,323                | 5.0                   | 357,851,057          |
| Receivable to regular Margin Clients (e.g. equity is >150% of debit balance)                                    |           | 1,054,138,516              | 0.0                   | 1,054,138,516        |
| <b>05. Proprietary positions in securities and specified investments</b>                                        |           | <b>1,369,811,510</b>       |                       | <b>1,233,296,022</b> |
| Proprietary positions in Equity securities                                                                      | 8.1       | <b>1,023,276,221</b>       |                       | <b>919,281,907</b>   |
| Receivable against "A" category                                                                                 |           | 939,941,652                | 10.0                  | 845,947,487          |
| Receivable against "B/G/ N" category                                                                            |           | 83,334,569                 | 12.0                  | 73,334,420           |
| Receivable against "Z" category                                                                                 |           | -                          | 15.0                  | -                    |
| Proprietary Position in strategic investments                                                                   | 8.2       | <b>341,105,289</b>         |                       | <b>309,127,115</b>   |
| Receivable against "A" category                                                                                 |           | 258,355,051                | 10.0                  | 232,519,546          |
| Receivable against "B/G/ N" category                                                                            |           | 51,188,914                 | 12.0                  | 45,046,244           |
| Receivable against "Z" category                                                                                 |           | -                          | 15.0                  | -                    |
| Own subscription in IPOs but not yet allotted                                                                   | 8.1       | 5,430,000                  | 10.0                  | 4,887,000            |
| Value of Investment in Securities no traded in Exchange                                                         |           | -                          | 30.0                  | -                    |

| Particulars          |                                                                                           | Note ref. | Amount as in Balance sheet | Proposed Haircut in % | Amount after Haircut |
|----------------------|-------------------------------------------------------------------------------------------|-----------|----------------------------|-----------------------|----------------------|
| <b>06.</b>           | <b>Other assets arising from:</b>                                                         |           | -                          |                       | -                    |
|                      | Interest Receivable                                                                       | 5         | -                          | 0.0                   | -                    |
|                      | Prepaid expenses                                                                          |           | -                          | 100.0                 | -                    |
|                      | Security deposits                                                                         |           | -                          | 100.0                 | -                    |
| <b>07.</b>           | <b>Total liquid assets</b>                                                                |           | <b>6,213,885,436</b>       |                       | <b>5,144,065,468</b> |
| <b>08.</b>           | <b>Advance /Investments in Associated undertakings (long term):</b>                       | 8         | <b>293,714,459</b>         |                       | -                    |
|                      | Advance to Subsidiaries                                                                   |           | -                          | 100.0                 | -                    |
|                      | Advance to Associated Companies                                                           |           | -                          | 100.0                 | -                    |
|                      | Advance to Directors & Staffs                                                             |           | -                          | 100.0                 | -                    |
|                      | Other Advances                                                                            |           | 293,714,459                | 100.0                 | -                    |
| <b>09.</b>           | <b>Fixed assets (net off Depreciation &amp; amortization):</b>                            | 9         | <b>99,291,156</b>          |                       | -                    |
|                      | Land and Land Development                                                                 |           | 82,177,850                 |                       |                      |
|                      | Building                                                                                  |           | 12,048,750                 |                       |                      |
|                      | Vehicle                                                                                   |           | 1                          | 100.0                 | -                    |
|                      | Furniture and fixtures                                                                    |           | 4,407,595                  | 100.0                 | -                    |
|                      | Office equipment                                                                          |           | 656,960                    | 100.0                 | -                    |
| <b>10.</b>           | <b>Intangible Assets:</b>                                                                 | 10        | <b>79,187</b>              |                       | -                    |
|                      | Software                                                                                  |           | 79,187                     | 100.0                 | -                    |
| <b>11.</b>           | <b>Value of investment in Exchange (against Membership value)</b>                         | 11        | <b>667,499,955</b>         | 100.0                 | -                    |
| <b>12.</b>           | <b>Other Long Term Assets:</b>                                                            | 12        | <b>1,045,222</b>           |                       | -                    |
|                      | Deferred Tax Assets                                                                       |           | 1,045,222                  | 100.0                 | -                    |
| <b>13.</b>           | <b>Total assets (aggregate of amount in items 9 to 13)</b>                                |           | <b>7,275,515,415</b>       |                       | <b>5,144,065,468</b> |
| <b>Liabilities :</b> |                                                                                           |           |                            |                       |                      |
| <b>14.</b>           | <b>Short positions in securities held for own account</b>                                 |           | -                          | 0.0                   | -                    |
| <b>15.</b>           | <b>Payable to Clients</b>                                                                 | 13        | <b>204,177,443</b>         | 0.0                   | <b>204,177,443</b>   |
| <b>16.</b>           | <b>Short Term Business Liabilities:</b>                                                   | 14        | <b>1,257,308,644</b>       |                       | <b>1,257,308,644</b> |
|                      | Payable to Banks, if not for trading & investment (current due of long term liabilities ) |           | -                          | 0.0                   | -                    |
|                      | Payable to Fis, if not for trading & Investment (current due of long term liabilities)    |           | -                          | 0.0                   | -                    |
|                      | Payable to Banks & Fis for loan against Margin Financing & Investment (full amount)       |           | 1,257,308,644              | 0.0                   | 1,257,308,644.0      |
|                      | Payment obligation against sub-debt, preference shares (current due)                      |           | -                          | 0.0                   | -                    |
|                      | Payable to associate companies or persons                                                 |           | -                          | 0.0                   | -                    |
| <b>17.</b>           | <b>Amounts payable to clearing houses/Exchanges/Depository, etc.:</b>                     | 15        | <b>607,241</b>             |                       | <b>607,241</b>       |
|                      | Payable to Exchanges                                                                      |           | 109,427                    | 0.0                   | 109,427              |
|                      | Payable to Clearing House                                                                 |           | -                          | 0.0                   | -                    |
|                      | Payable to Depository                                                                     |           | 497,814                    | 0.0                   | <b>497,814.0</b>     |
|                      | Payable to Brokers                                                                        |           | -                          | 0.0                   | -                    |

| Particulars                                                                    | Note ref. | Amount as in Balance sheet | Proposed Haircut in % | Amount after Haircut |
|--------------------------------------------------------------------------------|-----------|----------------------------|-----------------------|----------------------|
| <b>18. Other Liabilities and Provisions:</b>                                   | 16        | <b>1,781,896,564</b>       |                       | <b>301,406,078</b>   |
| Accruals & Accounts payable                                                    | 16.5      | 107,500                    | 0.0                   | 107,500              |
| Deferred tax and other differed liabilities                                    |           | -                          | 0.0                   | -                    |
| Provision for Margin Loan                                                      | 16.3      | 430,795,597                | 100.0                 | -                    |
| Provision for Unrealized Loss                                                  | 16.2      | 90,000,000                 | 100.0                 | -                    |
| General Provision                                                              | 16.4      | 45,697,289                 | 100.0                 | -                    |
| Provision for Gratuity, PF & others                                            | 16.6      | 4,645,000                  | 50.0                  | 2,322,500.0          |
| Provision for Tax & VAT                                                        | 16.1      | 272,081,768                | 0.0                   | 272,081,768.0        |
| Interest Suspense against Margin Loan                                          | 16.6      | 888,655,528                | 100.0                 | -                    |
| Other Provision                                                                | 16.5      | 23,019,572                 | 100.0                 | -                    |
| Others (clearly specified in notes)                                            |           | 26,894,310.00              | 0.0                   | 26,894,310.0         |
| <b>19. Total Current Liabilities</b>                                           |           | <b>3,243,989,892</b>       |                       | <b>1,763,499,406</b> |
| <b>20. Shareholders' Equity:</b>                                               |           | <b>4,031,525,523</b>       |                       | -                    |
| Share Capital                                                                  | 17        | 3,600,000,000              | 100.0                 | -                    |
| Capital Reserve                                                                | 18        | 38,071,558                 | 100.0                 | -                    |
| Retained Earnings                                                              | 19        | 393,453,965                | 100.0                 | -                    |
| <b>21. Total liabilities &amp; Shareholders' Equity</b>                        |           | <b>7,275,515,415</b>       |                       | <b>1,763,499,406</b> |
| <b>22. Net Short term obligations after haircut</b>                            |           | 1,763,499,406              |                       |                      |
| <b>23. Total Liabilities</b>                                                   |           | 7,275,515,415              |                       |                      |
| <b>24. Liquid Capital (Amount in item 07 minus item 19 )</b>                   |           | <b>3,380,566,062</b>       |                       |                      |
| <b>25. Regulatory LCB : 4%/6%/8% of Total Liabilities (8 % of Item 23) (i)</b> |           | <b>582,041,233</b>         |                       |                      |
| <b>26. Excess/(Deficit) in Liquid Capital (Amount in item 24 less 25)</b>      |           | <b>2,798,524,828</b>       |                       |                      |



Chief Executive Officer



Director



Director

Signed in terms of our separate report of even date annexed.

MERCANTILE BANK SECURITIES LTD.

**SCHEDULE OF PROPERTY, PLANT AND EQUIPMENT**

As at 31 December, 2023

**Annexure-C**

Amount in taka

| Particulars                    | COST                           |                                |                                              | Rate<br>(%) | DEPRECIATION                   |                            |                                              | Written Down<br>value as at<br>31.12.2023 |
|--------------------------------|--------------------------------|--------------------------------|----------------------------------------------|-------------|--------------------------------|----------------------------|----------------------------------------------|-------------------------------------------|
|                                | Balance<br>as<br>at 01.01.2023 | Addition<br>during the<br>year | Adjustments /<br>disposal during<br>the year |             | Balance<br>as at<br>01.01.2023 | Charged during<br>the year | Adjustments /<br>disposal during<br>the year |                                           |
| <b>Tangible assets</b>         |                                |                                |                                              |             |                                |                            |                                              |                                           |
| Land and Land Development      | -                              | 82,177,850                     | -                                            | -           | -                              | -                          | -                                            | 82,177,850                                |
| Building                       | -                              | 12,150,000                     | -                                            | 2.50%       | -                              | 101,250                    | -                                            | 12,048,750                                |
| Vehicle                        | 100,000                        | -                              | -                                            | 20%         | 99,999                         | -                          | -                                            | 99,999                                    |
| Furniture and fixtures         | 18,370,525                     | -                              | -                                            | 10%         | 12,358,612                     | 1,604,318                  | -                                            | 4,407,595                                 |
| Office equipment               | 16,807,567                     | 12,430                         | -                                            | 20%         | 15,800,796                     | 362,241                    | -                                            | 656,960                                   |
| <b>Sub-Total</b>               | <b>35,278,092</b>              | <b>94,340,280</b>              | <b>-</b>                                     |             | <b>28,259,407</b>              | <b>2,067,809</b>           | <b>-</b>                                     | <b>99,291,156</b>                         |
| <b>Intangible assets</b>       |                                |                                |                                              |             |                                |                            |                                              |                                           |
| Software                       | 492,000                        | 52,500                         | -                                            | 20%         | 457,088                        | 8,225                      | -                                            | 79,187                                    |
| <b>As at December 31, 2023</b> | <b>35,770,092</b>              | <b>94,392,780</b>              | <b>-</b>                                     |             | <b>28,716,495</b>              | <b>2,076,034</b>           | <b>-</b>                                     | <b>99,370,343</b>                         |
| <b>As at December 31, 2022</b> | <b>35,826,002</b>              | <b>692,090</b>                 | <b>748,000</b>                               |             | <b>27,304,871</b>              | <b>2,159,616</b>           | <b>747,992</b>                               | <b>7,053,597</b>                          |

MERCANTILE BANK SECURITIES LTD.

## INVESTMENT IN MARKETABLE SECURITIES

As at 31 December, 2023

## Annexure-D.1

Amount in Taka

| SL. No.                                              | Name of the company | Category | No of shares | Cost value           | Market value       |
|------------------------------------------------------|---------------------|----------|--------------|----------------------|--------------------|
| 1                                                    | BATBC               | A        | 46,500       | 28,923,187           | 24,119,550         |
| 2                                                    | ARGONDENIM          | A        | 243,101      | 7,420,049            | 4,424,438          |
| 3                                                    | CITYBANK            | A        | 242,833      | 6,318,776            | 5,196,626          |
| 4                                                    | DELTALIFE           | A        | 592          | 80,928               | 80,808             |
| 5                                                    | BEXGSUKUK           | A        | 20,000       | 1,700,200            | 1,700,000          |
| 6                                                    | DHAKABANK           | A        | 265,000      | 3,828,258            | 3,312,500          |
| 7                                                    | DOREENPWR           | A        | 50,400       | 3,153,613            | 3,074,400          |
| 8                                                    | GIB                 | A        | 1,383,235    | 13,173,670           | 11,895,821         |
| 9                                                    | GP                  | A        | 80,000       | 31,055,468           | 22,928,000         |
| 10                                                   | LINDEBD             | A        | 4,000        | 6,203,820            | 5,590,800          |
| 11                                                   | GRAMEENS2           | A        | 1,000,000    | 18,734,126           | 15,200,000         |
| 12                                                   | IDLC                | A        | 10,811,131   | 668,007,911          | 502,717,592        |
| 13                                                   | JAMUNAOIL           | A        | 2,000        | 356,035              | 337,000            |
| 14                                                   | RINGSHINE           | A        | 1,306        | 12,241               | 12,799             |
| 15                                                   | MJLBD               | A        | 76,000       | 7,139,147            | 6,589,200          |
| 16                                                   | SAIFPOWER           | A        | 260,000      | 10,773,680           | 7,722,000          |
| 17                                                   | MPETROLEUM          | A        | 43,000       | 9,490,567            | 8,539,800          |
| 18                                                   | POWERGRID           | A        | 305,000      | 22,032,617           | 15,982,000         |
| 19                                                   | SPCL                | A        | 113,568      | 13,041,825           | 7,438,704          |
| 20                                                   | PTL                 | A        | 72,583       | 6,435,751            | 5,588,891          |
| 21                                                   | RAKCERAMIC          | A        | 42,353       | 1,881,844            | 1,816,944          |
| 22                                                   | WALTONHIL           | A        | 12,000       | 13,281,142           | 12,572,400         |
| 23                                                   | SEAPEARL            | A        | 185,000      | 41,820,149           | 18,444,500         |
| 24                                                   | SHASHADNIM          | A        | 121,275      | 6,700,930            | 3,274,425          |
| 25                                                   | SQUARETEXT          | A        | 110,000      | 7,507,214            | 7,425,000          |
| 26                                                   | SQURPHARMA          | A        | 49,500       | 10,868,503           | 10,409,850         |
| <b>Total Value of "A" category instruments</b>       |                     |          |              | <b>939,941,652</b>   | <b>706,394,047</b> |
| 1                                                    | BARKAPOWER*         | B        | 135,000      | 4,244,361            | 2,875,500          |
| 2                                                    | BENGALWTL           | B        | 250,000      | 9,790,553            | 6,150,000          |
| 3                                                    | ICB                 | B        | 82,555       | 10,167,772           | 7,058,453          |
| 4                                                    | NBL                 | B        | 300,000      | 2,611,958            | 2,490,000          |
| 5                                                    | IFIC                | B        | 164,000      | 2,442,330            | 1,836,800          |
| 6                                                    | OIMEX               | B        | 400,000      | 11,115,447           | 8,120,000          |
| 7                                                    | SIMTEX              | B        | 300,000      | 7,519,135            | 5,550,000          |
| 8                                                    | TITASGAS            | B        | 50,000       | 3,927,433            | 2,045,000          |
| 9                                                    | UNIONBANK           | B        | 155,257      | 1,478,640            | 1,381,787          |
| 10                                                   | MBL1STUF            | N        | 3,000,000    | 30,000,000           | 30,000,000         |
| 11                                                   | AOPLC               | S        | 3,694        | 36,940               | 65,014             |
| <b>Total Value of "B,G,N,S" category instruments</b> |                     |          |              | <b>83,334,569</b>    | <b>67,572,554</b>  |
| <b>Grand Total</b>                                   |                     |          |              | <b>1,023,276,221</b> | <b>773,966,602</b> |

## MERCANTILE BANK SECURITIES LTD.

## INVESTMENT IN MARKETABLE SECURITIES

As at 31 December, 2023

## Annexure-D.2

Amount in Taka

| SL. No.                                            | Name of the company | Category | No of shares | Cost value        | Market value      |
|----------------------------------------------------|---------------------|----------|--------------|-------------------|-------------------|
| 1                                                  | BATBC               | A        | 20,000       | 11,558,210        | 10,374,000        |
| 2                                                  | GPHISPAT            | A        | 380,511      | 19,907,165        | 16,247,820        |
| 3                                                  | BPML                | A        | 20,000       | 1,693,269         | 1,220,000         |
| 4                                                  | POWERGRID           | A        | 205,000      | 14,080,800        | 10,742,000        |
| 5                                                  | DBH                 | A        | 112,200      | 8,476,529         | 6,361,740         |
| 6                                                  | NATLIFEINS          | A        | 30,000       | 7,509,767         | 5,370,000         |
| <b>Total Value of "A" category instruments</b>     |                     |          |              | <b>63,225,741</b> | <b>50,315,560</b> |
| 1                                                  | ROBI                | B        | 100,000      | 4,591,926         | 3,000,000         |
| 2                                                  | IFIC                | B        | 161,437      | 2,378,262         | 1,808,094         |
| <b>Total Value of "B,G,N" category instruments</b> |                     |          |              | <b>6,970,187</b>  | <b>4,808,094</b>  |
| <b>Grand Total</b>                                 |                     |          |              | <b>70,195,928</b> | <b>55,123,654</b> |

## MERCANTILE BANK SECURITIES LTD.

## INVESTMENT IN MARKETABLE SECURITIES (6100)

As at 31 December, 2023

## Annexure-D.3

Amount in Taka

| SL. No.                                            | Name of the company | Category | No of shares | Cost value         | Market value       |
|----------------------------------------------------|---------------------|----------|--------------|--------------------|--------------------|
| 1                                                  | ACMELAB             | A        | 10,000       | 798,599            | 850,000            |
| 2                                                  | BDCOM               | A        | 41,000       | 1,488,062          | 1,414,500          |
| 3                                                  | DELTALIFE           | A        | 70,000       | 9,727,211          | 9,555,000          |
| 4                                                  | SINGERBD            | A        | 45,786       | 7,022,106          | 6,954,893          |
| 5                                                  | MARICO              | A        | 1,000        | 2,448,971          | 2,460,700          |
| 6                                                  | SINOBANGLA          | A        | 41,730       | 2,968,026          | 2,624,817          |
| 7                                                  | MEGHNALIFE          | A        | 36,000       | 2,672,332          | 2,952,000          |
| 8                                                  | PTL                 | A        | 800,000      | 66,930,160         | 61,600,000         |
| 9                                                  | SEAPEARL            | A        | 421,500      | 80,169,653         | 42,023,550         |
| 10                                                 | SQRPHARMA           | A        | 71,526       | 15,046,833         | 15,041,918         |
| 11                                                 | STANDARINS          | A        | 107,005      | 5,857,357          | 5,928,077          |
| <b>Total Value of "A" category instruments</b>     |                     |          |              | <b>195,129,311</b> | <b>151,405,455</b> |
| 1                                                  | EMERALDOIL          | B        | 229,073      | 25,591,846         | 16,768,144         |
| 2                                                  | ISNLTD              | B        | 256,571      | 14,555,109         | 13,777,863         |
| 3                                                  | SIMTEX              | B        | 170,200      | 4,071,772          | 3,148,700          |
| <b>Total Value of "B,G,N" category instruments</b> |                     |          |              | <b>44,218,727</b>  | <b>33,694,706</b>  |
| <b>Grand Total</b>                                 |                     |          |              | <b>239,348,037</b> | <b>185,100,162</b> |

## Independent Auditor's Report TO THE SHAREHOLDERS OF MBL ASSET MANAGEMENT LIMITED

### Report on Audit of Financial Statements

Annexure - J

#### Opinion

We have audited the financial statements of MBL Asset Management Limited (the company), which comprise the statement of financial position as at 31 December 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies.

In our opinion the accompanying financial statements give a true and fair view of the financial position of the company as at 31 December 2023 and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994 and other applicable laws and regulations.

#### Basis of Opinion

We conduct audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the company in accordance with the ethical requirement that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company'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 intend to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is high level of assurance but is not a guarantee that an audit conducted in accordance with IASs will always detect a material misstatement when it exists. Misstatement can arise from fraud or error and are considered material if, individually or in aggregate, they could

reasonably be expected to influence the economic decisions of users taken on the basis of these 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 risk of material misstatement of the 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 omission, misrepresentation, 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, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- 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 company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial

statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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.

#### **Report on Other Legal and Regulatory Requirements**

In accordance with the Company's Act 1994, we also report the followings:

- a) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b) In our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books; and
- c) The statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account.

**Dated: Dhaka**  
02 April 2024



**Howlader Maria & Co.**  
Chartered Accountants

**Maria Howlader FCA**  
Enrolment No: 1063  
DVC: 2404091063AS984620

MBL Asset Management Limited

**STATEMENT OF FINANCIAL POSITION**

As at 31 December 2023

| Particulars                                 | Notes | 31-Dec-2023<br>Amounts in BDT | 31-Dec-2022<br>Amounts in BDT |
|---------------------------------------------|-------|-------------------------------|-------------------------------|
| <b>Assets</b>                               |       |                               |                               |
| <b>Non-current assets</b>                   |       |                               |                               |
| Property, plant & equipment                 | 4.00  | 426,065                       | 424,250                       |
| <b>Total</b>                                |       | <b>426,065</b>                | <b>424,250</b>                |
| <b>Current assets</b>                       |       |                               |                               |
| Fixed deposit                               | 5.00  | 40,420,000                    | 52,055,302                    |
| Investment in listed stocks (At cost)       | 6.00  | -                             | 52,715,472                    |
| Investment in listed stocks (At fair value) | 6.01  | 66,194,849                    | -                             |
| Advance, deposit and prepayment             | 7.00  | 1,690,887                     | 1,757,854                     |
| Trade and other receivables                 | 8.00  | 3,847,819                     | 2,903,651                     |
| Cash and cash equivalents                   | 9.00  | 5,970,591                     | 10,997,513                    |
| <b>Total</b>                                |       | <b>118,124,146</b>            | <b>120,429,792</b>            |
| <b>Total Assets</b>                         |       | <b>118,550,211</b>            | <b>120,854,042</b>            |
| <b>Equity and liabilities</b>               |       |                               |                               |
| <b>Shareholders' equity</b>                 |       |                               |                               |
| Paid-up capital                             | 10.01 | 100,000,000                   | 100,000,000                   |
| Retained earnings                           | 10.02 | 7,494,145                     | 4,178,477                     |
| <b>Total</b>                                |       | <b>107,494,145</b>            | <b>104,178,477</b>            |
| <b>Liabilities</b>                          |       |                               |                               |
| <b>Non-current liabilities</b>              |       | -                             | -                             |
| <b>Current Liabilities</b>                  |       |                               |                               |
| Provision for expenses                      | 11.00 | 7,977,901                     | 12,819,687                    |
| Provision for income tax                    | 12.00 | 2,366,727                     | 3,331,225                     |
| Trade and other payables                    | 13.00 | 711,438                       | 524,652                       |
| <b>Total</b>                                |       | <b>11,056,066</b>             | <b>16,675,564</b>             |
| <b>Total equity and liabilities</b>         |       | <b>118,550,211</b>            | <b>120,854,042</b>            |
| <b>Net asset value per share (NAVPS)</b>    | 17.00 | <b>10.75</b>                  | <b>10.42</b>                  |



Director

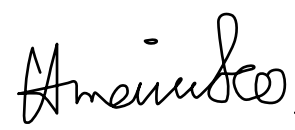


Director



CEO

Dated: Dhaka  
02 April 2024



**Howlader Maria & Co.**  
Chartered Accountants

MBL Asset Management Limited

**STATEMENT OF PROFIT OR LOSS**

For the year ended on 31 December 2023

| Particulars                                          | Notes | 31-Dec-2023<br>Amounts in BDT | 31-Dec-2022<br>Amounts in BDT |
|------------------------------------------------------|-------|-------------------------------|-------------------------------|
| Operating income                                     | 14.00 | 6,558,691                     | 3,736,820                     |
| Less: Operating expenses                             | 15.00 | (4,625,844)                   | (7,049,348)                   |
| <b>Operating profit</b>                              |       | <b>1,932,847</b>              | <b>(3,312,528)</b>            |
| Other income                                         | 16.00 | 12,301,224                    | 12,542,011                    |
| Profit/ (Loss) of fair value on investment in shares |       | (4,963,959)                   | -                             |
| Provision for diminution of value of investement     | 11.00 | -                             | (3,884,798)                   |
| <b>Profit/(Loss) before tax</b>                      |       | <b>9,270,112</b>              | <b>5,344,685</b>              |
| Income tax expense                                   | 20.00 | (1,954,445)                   | (1,997,332)                   |
| <b>Profit after income tax</b>                       |       | <b>7,315,668</b>              | <b>3,347,352</b>              |
| <b>Earnings Per Share (EPS)</b>                      | 18.00 | <b>0.73</b>                   | <b>0.33</b>                   |



Director



Director



CEO

**Dated: Dhaka**

02 April 2024


**Howlader Maria & Co.**  
Chartered Accountants

MBL Asset Management Limited

**STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2023

| Particulars                           | Share capital      | Retained earnings | Total<br>(Amounts in BDT) |
|---------------------------------------|--------------------|-------------------|---------------------------|
| Opening balance                       | 100,000,000        | 4,178,477         | 104,178,477               |
| Dividend paid                         | -                  | (4,000,000)       | (4,000,000)               |
| Net profit after taxes                | -                  | 7,315,668         | 7,315,668                 |
| <b>Balance as at 31 December 2023</b> | <b>100,000,000</b> | <b>7,494,145</b>  | <b>107,494,145</b>        |

For the year ended 31 December 2022

| Particulars                           | Share capital      | Retained earnings | Total<br>(Amounts in BDT) |
|---------------------------------------|--------------------|-------------------|---------------------------|
| Opening balance                       | 100,000,000        | 831,125           | 100,831,125               |
| Dividend paid                         | -                  | -                 | -                         |
| Net profit after taxes                | -                  | 3,347,352         | 3,347,352                 |
| <b>Balance as at 31 December 2022</b> | <b>100,000,000</b> | <b>4,178,477</b>  | <b>104,178,477</b>        |



Director



Director



CEO

**Dated: Dhaka**

02 April 2024


**Howlader Maria & Co.**  
Chartered Accountants

MBL Asset Management Limited

**STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2023

| Particular                                                         | 31-Dec-2023<br>Amounts in BDT | 31-Dec-2022<br>Amounts in BDT |
|--------------------------------------------------------------------|-------------------------------|-------------------------------|
| <b>Cash flows from operating activities</b>                        |                               |                               |
| Net profit/(loss) before tax                                       | 9,270,112                     | 5,344,685                     |
| <b>Adjustments for non-cash items</b>                              |                               |                               |
| Depreciation expense                                               | 92,790                        | 92,790                        |
| Profit/ (Loss) of fair value on investment in shares               | 4,963,959                     |                               |
| <b>(Increase)/ decrease in current assets</b>                      |                               |                               |
| (Increase)/ decrease in advance, deposit & Prepayments             | 66,967                        | (478,617)                     |
| (Increase)/ decrease in accounts receivables                       | (944,167)                     | (1,710,358)                   |
| <b>Increase/ (decrease) in current liabilities</b>                 |                               |                               |
| Increase/ (decrease) in provision for expense                      | (4,841,787)                   | 7,445,284                     |
| Increase/ (decrease) in accounts payables                          | 186,786                       | 253,952                       |
| Income tax paid during the year                                    | (2,918,942)                   | (3,039,887)                   |
| <b>A Net cash flows from operating activities</b>                  | <b>5,875,718</b>              | <b>7,907,849</b>              |
| <b>Cash flows from investing activities</b>                        |                               |                               |
| Acquisition of non-current assets                                  | (94,605)                      | -                             |
| Investment in listed securities at cost                            | (18,443,336)                  | (32,256,512)                  |
| Fixed deposit                                                      | 11,635,302                    | 17,914,698                    |
| <b>B Net cash used in investing activities</b>                     | <b>(6,902,639)</b>            | <b>(14,341,814)</b>           |
| <b>Cash flows from financing activities</b>                        |                               |                               |
| Dividend paid                                                      | (4,000,000)                   | (7,000,000)                   |
| <b>C Net cash used in financing activities</b>                     | <b>(4,000,000)</b>            | <b>(7,000,000)</b>            |
| <b>D Surplus/ (Deficit) in cash &amp; cash equivalents (A+B+C)</b> | <b>(5,026,921)</b>            | <b>(13,433,965)</b>           |
| Cash and cash equivalents at beginning of the year                 | 10,997,513                    | 24,431,477                    |
| <b>E Cash &amp; cash equivalents at end of the year (D+E)</b>      | <b>5,970,591</b>              | <b>10,997,513</b>             |
| <b>Net operating cash flow per share (NOCFPS) (Note:19)</b>        | <b>0.59</b>                   | <b>0.79</b>                   |



Director

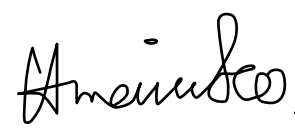


Director



CEO

Dated: Dhaka  
02 April 2024



Howlader Maria & Co.  
Chartered Accountants

# MBL ASSET MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2023

#### 1.0 Company and its activities

##### 1.01 Legal status of the company

MBL Asset Management Limited was incorporated with the Registration of Joint Stock Companies and Firms Bangladesh vide registration no: C-148633/2018 dated: November 29, 2018 as a private company, limited by shares under the Companies Act, 1994 (ACT XVIII of 1994). MBL Asset Management Limited obtained license from Bangladesh Securities Exchange Commission on January 30, 2020 vide registration code BSEC/Asset Management/ 2020/ 45 to operate as a full-fledged asset management company. The registered office of the company at 61, Dilkusha Commercial Area, Motijheel, Dhaka-1000.

##### 1.02 Principal activities of the company

MBL Asset Management Limited provides high standard of professional services to its individual and institutional clients. The company's principal activities include the business of management of mutual fund, asset management, portfolio management, capital market operation, issue manager, financial intermediary services, and other related services.

- i. To manage the assets of any trusts or fund of any type and/ or character and hold, acquire, sell or deal with such assets of any trust as relevant rules;
- ii. To render portfolio management services for institutional clients;
- iii. To render corporate advisory services, etc.

#### 2.00 Basis of preparation and significant accounting policies

##### 2.01 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), the Companies Act 1994 and other applicable laws and regulations.

##### 2.02 Other regulatory compliance

As required, MBL Asset Management Limited also complies with the applicable provisions of the following major laws/ statutes;

- Income Tax Act 2023;
- Negotiable Instrument Act, 1881;
- Securities and Exchange Rules, 1987;
- Securities and Exchange Commission Act, 1993;
- Securities and Exchange Commission (Mutual Fund) Rules, 2001; Bangladesh Securities and Exchange Commission (Risk Based Capital Adequacy) Rules, 2019;
- Value Added Tax and Supplementary Duty Act, 2012;
- Value Added Tax and Supplementary Duty Rules, 2012;
- Other applicable laws and regulations.

##### 2.03 Basis of measurement

These financial statements have been prepared on going concern basis under the historical cost convention in accordance with financial reporting committee recommended by International Financial Reporting Standards.

##### 2.04 Components of financial statements

IAS 1 Presentation of Financial Statements sets out the overall requirements for the presentation of financial statements, including guideline for the structure and content of the statements.

The following are the components of financial statements

- Statement of financial position
- Statement of profit or loss and other comprehensive income
- Statement of change in equity
- Statement of cash flows
- Notes to the financial statements

## 2.05 Functional and presentational currency

The financial statements are presented in Bangladesh Taka (BDT) which is the functional currency of the company. The amounts in these financial statements have been rounded off to the nearest integer.

## 2.06 Accounting year

Accounting year starting from 1 January 2023 to 31 December 2023.

## 2.07 Going concern basis

The company has adequate resources to continue in operation for the foreseeable future. For this reason, the directors continue to adopt going concern basis in preparing the financial statements.

## 3.00 Significant accounting policies

### 3.01 Basis of accounting

The financial statements have been prepared under the historical cost convention and after due compliance with the International Financial Reporting Standards (IFRS), the Companies Act, 1994 and other applicable laws and regulations.

### 3.2.1 Financial assets

Financial asset of the company includes cash and cash equivalents, fixed deposit, investment in marketable securities, accounts receivables and other receivables. The company initially recognizes receivable on the date they are originated. All others financial assets are recognizing initially on the date at which the company become a party to the contractual provision of the transactions. The company derecognizes a financial asset when, and only when the contractual right or possibilities of receiving the cash flows from the asset expires or it transfers the right to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risk and rewards of ownership of the financial asset are transferred.

#### 3.2.1.1 Trade and other payables

Accounts payable and other payables are recognized when its contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the group of resources embodying economic benefits.

### 3.2.2 Fixed deposit

Surplus funds invest as FDR for short time of period to insure best value of money.

### 3.2.3 Investment in marketable securities

Investment in marketable securities is initially measured at cost which are subsequently remeasured at fair value as per requirement IFRS 9 Financial Instruments. The gain/ (loss) is recognized through statement of profit or loss

### 3.2.4 Cash and cash equivalents

Cash and cash equivalents comprise cash balance and bank deposits.

## 3.03 Taxation

Income tax expense is made on the basis of company's computation based on the best estimate of taxable profit in accordance with the Income Tax Act 2023.

## 3.04 Provisions

A provision is recognized in the accounts when the Company has legal or constructive obligations as a result of the past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made.

## 3.05 Statement of cash flows

The cash flow statement is prepared in the indirect method followed by IAS 7 Statement of cash flows

## 3.06 Event after the reporting date

Event after the reporting date that provide additional information about the company's position at the reporting date are reflected in the financial statements. Events after the reporting date that are not adjusting event are disclosed in the notes.

## 3.07 Compliance of Bangladesh Securities and Exchange Commission

As per the Bangladesh Securities and Exchange Commission (Risk Based Capital Adequacy) Rules, 2019, MBL Asset Management is required to submit reports quarterly on specific requirements to Bangladesh Securities and Exchange Commission (BSEC). MBL Asset Management Limited as per Bangladesh Securities and Exchange Commission (Risk Based Capital Adequacy) Rules, 2019, rule 04: Financial resources requirements under capital adequacy framework is required to maintain minimum financial resources. As per rule 8 (1), the company has maintained required level of liquid capital (LC). As per rule 6 (3), the company is required to maintain the regulatory capital based on its scope of operation. The company does not have any mentioned scope of operation currently. The Company did not report as per Bangladesh Securities and Exchange Commission (Risk Based Capital Adequacy) Rules, 2019 rule 09 for the year ended December 31, 2021

| Notes        | Particulars                                                                                                                                       | 31-Dec-2023<br>Amounts in BDT | 31-Dec-2022<br>Amounts in BDT |
|--------------|---------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|-------------------------------|
| <b>4.00</b>  | <b>Property, plant &amp; equipment</b>                                                                                                            |                               |                               |
|              | Furniture and fixtures                                                                                                                            | 189,015                       | 217,368                       |
|              | Office equipment                                                                                                                                  | 237,050                       | 206,882                       |
|              | <b>Closing balance</b>                                                                                                                            | <b>426,065</b>                | <b>424,250</b>                |
|              | <b>Details have been shown in Annexure A</b>                                                                                                      |                               |                               |
| <b>5.00</b>  | <b>Fixed deposit</b>                                                                                                                              |                               |                               |
|              | FDR A/C (Annexure-C)                                                                                                                              | 40,420,000                    | 52,055,302                    |
|              | <b>Closing balance</b>                                                                                                                            | <b>40,420,000</b>             | <b>52,055,302</b>             |
| <b>6.00</b>  | <b>Investment in listed stocks (At cost)</b>                                                                                                      |                               |                               |
|              | Investment in listed stocks (At cost)                                                                                                             | -                             | 47,965,472                    |
|              | Investment in IPO securities                                                                                                                      | -                             | 4,750,000                     |
|              | <b>Total</b>                                                                                                                                      | <b>-</b>                      | <b>52,715,472</b>             |
| <b>6.01</b>  | <b>Investment in listed stocks (At fair value)</b>                                                                                                |                               |                               |
|              | Investment in listed stocks (At cost)                                                                                                             | 65,728,808                    | -                             |
|              | Gain/(Loss) on fair value of investment in listed stocks (Annexure-B)                                                                             | (4,963,959)                   | -                             |
|              | Investment in IPO securities                                                                                                                      | 5,430,000                     | -                             |
|              | <b>Total</b>                                                                                                                                      | <b>66,194,849</b>             | <b>-</b>                      |
|              | <b>As on 31 December 2023 unrealized loss on investment in secondary shares is tk. 4,963,959/-</b>                                                |                               |                               |
| <b>7.00</b>  | <b>Advance, deposit and prepayment</b>                                                                                                            |                               |                               |
|              | <b>AIT deducted on interest income:</b>                                                                                                           |                               |                               |
|              | <b>Opening balance</b>                                                                                                                            |                               |                               |
|              | AIT on FDR                                                                                                                                        | 1,757,854                     | 1,279,237                     |
|              | AIT on SND                                                                                                                                        | 879,627                       | 251,276                       |
|              | AIT on corporate advisory fee                                                                                                                     | 47,809                        | 32,551                        |
|              | AIT on dividend income                                                                                                                            | 180,000                       | -                             |
|              |                                                                                                                                                   | 356,620                       | 194,790                       |
|              | <b>Adjustment with prior year tax liability</b>                                                                                                   |                               |                               |
|              | Income assessment year 2023-24                                                                                                                    | (509,408.00)                  | -                             |
|              | Income assessment year 2022-23                                                                                                                    | (591,331.00)                  | -                             |
|              | Income assessment year 2021-22                                                                                                                    | (430,284.00)                  | -                             |
|              | <b>Total</b>                                                                                                                                      | <b>1,690,887</b>              | <b>1,757,854</b>              |
| <b>8.00</b>  | <b>Trade and other receivables</b>                                                                                                                |                               |                               |
|              | Interest income receivable FDR A/C                                                                                                                | 463,136                       | 1,126,254                     |
|              | Receivable from fund management fees                                                                                                              | 2,411,473                     | 1,560,820                     |
|              | Dividend receivable from investment in equity shares (Annexure-F)                                                                                 | 973,210                       | 216,577                       |
|              | <b>Closing balance</b>                                                                                                                            | <b>3,847,819</b>              | <b>2,903,651</b>              |
| <b>9.00</b>  | <b>Cash and cash equivalents</b>                                                                                                                  |                               |                               |
|              | Cash in hand                                                                                                                                      | 5,040                         | 165                           |
|              | Cash at bank                                                                                                                                      | 5,951,951                     | 10,941,674                    |
|              | Mercantile Bank Securities Limited                                                                                                                | 13,600                        | 55,674                        |
|              | <b>Closing balance</b>                                                                                                                            | <b>5,970,591</b>              | <b>10,997,513</b>             |
| <b>9.01</b>  | <b>Cash at bank:</b>                                                                                                                              |                               |                               |
|              | MBL SND A/C -8751                                                                                                                                 | 5,175,695                     | 10,697,061                    |
|              | MBL CD A/C -9535                                                                                                                                  | 776,256                       | 244,613                       |
|              | <b>Total</b>                                                                                                                                      | <b>5,951,951</b>              | <b>10,941,674</b>             |
| <b>10.00</b> | <b>Share capital</b>                                                                                                                              |                               |                               |
|              | <b>Authorized capital</b>                                                                                                                         |                               |                               |
|              | Authorized share capital is BDT 200,000,000 (Twenty crore) which is divided into 20,000,000 (Two crore) ordinary shares of BDT 10.00 each         | 200,000,000                   | 200,000,000                   |
| <b>10.01</b> | <b>Paid-up capital</b>                                                                                                                            |                               |                               |
|              | Paid-up share capital is BDT 100,000,000 (Ten crore) which is divided into 10,000,000 (One crore) ordinary shares of BDT 10.00 each paid in full. | 100,000,000                   | 100,000,000                   |

| Notes        | Particulars                                                                                                      | 31-Dec-2023<br>Amounts in BDT                          | 31-Dec-2022<br>Amounts in BDT                          |
|--------------|------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------|--------------------------------------------------------|
| <b>10.02</b> | <b>Retained earnings</b>                                                                                         |                                                        |                                                        |
|              | Opening balance                                                                                                  | 4,178,477                                              | 7,831,125                                              |
|              | Dividend paid                                                                                                    | (4,000,000)                                            | (7,000,000)                                            |
|              | Add: Addition during the year                                                                                    | 7,315,668                                              | 3,347,352                                              |
|              | <b>Closing balance</b>                                                                                           | <b>7,494,145</b>                                       | <b>4,178,477</b>                                       |
| <b>10.03</b> | Regulatory Capital under Bangladesh Securities and Exchange Commission (Risk Based Capital Adequacy) Rules, 2019 |                                                        |                                                        |
|              | <b>Core capital</b>                                                                                              |                                                        |                                                        |
|              | Paid up capital                                                                                                  | 100,000,000                                            | 100,000,000                                            |
|              | Retained earnings                                                                                                | 7,494,145                                              | 4,178,477                                              |
|              | <b>Total</b>                                                                                                     | <b>107,494,145</b>                                     | <b>104,178,477</b>                                     |
|              | <b>Name of the subscriber</b>                                                                                    | <b>No. of subscribed shares as at 31 December 2023</b> | <b>No. of subscribed shares as at 31 December 2022</b> |
|              | Rakim Reza Rousseau                                                                                              | 400,000                                                | 400,000                                                |
|              | Living Plus Limited                                                                                              | -                                                      | 400,000                                                |
|              | Shamsul Alam                                                                                                     | 400,000                                                | 400,000                                                |
|              | Arena Industries Limited                                                                                         | 400,000                                                | 400,000                                                |
|              | Nafisa Saima                                                                                                     | 400,000                                                | 400,000                                                |
|              | Shimon Inamori                                                                                                   | 400,000                                                | 400,000                                                |
|              | Ahmed Hossain                                                                                                    | 400,000                                                | 400,000                                                |
|              | Jahanara Irin                                                                                                    | 400,000                                                | 400,000                                                |
|              | Rushaed Ahsan                                                                                                    | 400,000                                                | 400,000                                                |
|              | Shahriar Arefin Alam                                                                                             | 400,000                                                | 400,000                                                |
|              | Md. Forhad Hossain                                                                                               | 400,000                                                | 400,000                                                |
|              | Mercantile Bank PLC.                                                                                             | 5,600,000                                              | 5,600,000                                              |
|              | Bakhtier Khan                                                                                                    | 400,000                                                | -                                                      |
|              | <b>Total</b>                                                                                                     | <b>10,000,000</b>                                      | <b>10,000,000</b>                                      |
| <b>11.00</b> | <b>Provision for expenses</b>                                                                                    |                                                        |                                                        |
|              | <b>Opening balance</b>                                                                                           | 12,819,687                                             | 5,374,404                                              |
|              | Provision for expenses                                                                                           | 341,950                                                | 3,560,485                                              |
|              | Provision for diminution of value of investment                                                                  | -                                                      | 3,884,798                                              |
|              | Adjustment to provision for diminution of value of investment                                                    | (5,183,737)                                            | -                                                      |
|              | <b>Closing balance</b>                                                                                           | <b>7,977,901</b>                                       | <b>12,819,687</b>                                      |
| <b>12.00</b> | <b>Provision for income tax</b>                                                                                  |                                                        |                                                        |
|              | <b>Current tax:</b>                                                                                              |                                                        |                                                        |
|              | <b>Opening balance</b>                                                                                           | 3,331,225                                              | 4,373,779                                              |
|              | Income tax paid during the year                                                                                  | (1,387,919)                                            | (3,039,887)                                            |
|              | Provision for income tax                                                                                         | 1,954,445                                              | 1,997,332                                              |
|              | <b>Adjustment with AIT</b>                                                                                       |                                                        |                                                        |
|              | Income assessment year 2023-24                                                                                   | (509,408.0)                                            | -                                                      |
|              | Income assessment year 2022-23                                                                                   | (591,331.0)                                            | -                                                      |
|              | Income assessment year 2021-22                                                                                   | (430,284.0)                                            | -                                                      |
|              | <b>Closing balance</b>                                                                                           | <b>2,366,727</b>                                       | <b>3,331,225</b>                                       |
| <b>13.00</b> | <b>Trade and other payables</b>                                                                                  |                                                        |                                                        |
|              | Salary and allowance payable                                                                                     | 711,438                                                | 470,902                                                |
|              | Audit fees                                                                                                       | -                                                      | 53,750                                                 |
|              | <b>Closing balance</b>                                                                                           | <b>711,438</b>                                         | <b>524,652</b>                                         |
| <b>14.00</b> | <b>Operating income</b>                                                                                          |                                                        |                                                        |
|              | Mercantile Bank Unit Fund Formation Fee                                                                          | -                                                      | 2,176,000                                              |
|              | Corporate advisory fees                                                                                          | 1,800,000                                              | -                                                      |
|              | Management fee from Mercantile Bank Unit Fund (Annexure-D)                                                       | 4,758,691                                              | 1,560,820                                              |
|              | <b>Total Income</b>                                                                                              | <b>6,558,691</b>                                       | <b>3,736,820</b>                                       |

| Notes        | Particulars                                                            | 31-Dec-2023<br>Amounts in BDT | 31-Dec-2022<br>Amounts in BDT |
|--------------|------------------------------------------------------------------------|-------------------------------|-------------------------------|
| <b>15.00</b> | <b>Operating expenses</b>                                              |                               |                               |
|              | General and administrative expenses                                    | 4,625,844                     | 7,049,348                     |
|              | <b>Total</b>                                                           | <b>4,625,844</b>              | <b>7,049,348</b>              |
| <b>15.01</b> | <b>General and administrative expenses</b>                             |                               |                               |
|              | Office rent                                                            | 279,450                       | 3,418,916                     |
|              | Service charge of office premises                                      | -                             | 141,570                       |
|              | Salary and allowances                                                  | 3,001,464                     | 2,521,858                     |
|              | Bank charge                                                            | 281,651                       | -                             |
|              | License and renewal fees                                               | 183,270                       | 254,440                       |
|              | Conveyance expense                                                     | 50,194                        | 35,060                        |
|              | Director honorarium                                                    | 224,000                       | 142,000                       |
|              | Office maintenance                                                     | 105,085                       | -                             |
|              | Depreciation expenses                                                  | 92,790                        | 92,790                        |
|              | Printing and stationary                                                | 87,843                        | 149,390                       |
|              | Refreshment                                                            | 203,448                       | 185,247                       |
|              | Audit fees                                                             | 8,750                         | 50,000                        |
|              | Website maintenance fee                                                | 74,899                        | 58,077                        |
|              | Training & development expense                                         | 33,000                        | -                             |
|              | <b>Total</b>                                                           | <b>4,625,844</b>              | <b>7,049,348</b>              |
| <b>16.00</b> | <b>Other income</b>                                                    |                               |                               |
|              | Gain/(loss) from investment in equity shares                           | 6,394,169                     | 8,515,902                     |
|              | Dividend income                                                        | 2,210,108                     | 982,306                       |
|              | Interest income                                                        | 3,696,947                     | 3,043,803                     |
|              | <b>Total</b>                                                           | <b>12,301,224</b>             | <b>12,542,011</b>             |
| <b>16.01</b> | <b>Interest income</b>                                                 |                               |                               |
|              | Interest income from BO                                                | 50,943                        | 11,167                        |
|              | Interest income from FDR A/C 7121                                      | 2,172,880                     | 2,478,921                     |
|              | Interest income from FDR A/C 4361                                      | 277,527                       | -                             |
|              | Interest income from FDR A/C 4389                                      | 555,053                       | -                             |
|              | Interest income from FDR A/C 2589                                      | 155,556                       | -                             |
|              | Interest income from FDR A/C 7219                                      | -                             | 297,178                       |
|              | Interest income from MBL SND A/C -8751                                 | 484,988                       | 256,537                       |
|              | <b>Total</b>                                                           | <b>3,696,947</b>              | <b>3,043,803</b>              |
| <b>17.00</b> | <b>Calculation of net asset value per share (NAVPS)</b>                |                               |                               |
|              | Total shareholders' equity                                             | 107,494,145                   | 104,178,477                   |
|              | Number of share outstanding                                            | 10,000,000                    | 10,000,000                    |
|              | <b>Net asset value per share (NAVPS)</b>                               | <b>10.75</b>                  | <b>10.42</b>                  |
| <b>18.00</b> | <b>Earnings per share (EPS)</b>                                        |                               |                               |
|              | Net profit after tax ( Earnings attributable to ordinary shareholders) | 7,315,668                     | 3,347,352                     |
|              | Number of ordinary shares outstanding in the year                      | 10,000,000                    | 10,000,000                    |
|              | Average no. of share outstanding                                       | 10,000,000                    | 10,000,000                    |
|              | <b>Earnings per share (EPS)</b>                                        | <b>0.73</b>                   | <b>0.33</b>                   |
| <b>19.00</b> | <b>Calculation of net operating cash flow per share (NOCFPS)</b>       |                               |                               |
|              | Net cash flow from operating activities                                | 5,875,718                     | 7,907,849                     |
|              | Number of share outstanding                                            | 10,000,000                    | 10,000,000                    |
|              | <b>Net operating cash flow per share (NOCFPS)</b>                      | <b>0.59</b>                   | <b>0.79</b>                   |
| <b>20.00</b> | <b>Calculation of income tax expense</b>                               |                               |                               |
|              | <b>Particular</b>                                                      | <b>BDT</b>                    | <b>Tax liability</b>          |
|              | Profit before tax                                                      | 9,270,112                     |                               |
|              | <b>Total taxable income</b>                                            | <b>9,270,112</b>              |                               |
|              | Management fee on mutual funds (15%)                                   | 4,758,691                     | 713,804                       |
|              | Rest of the taxable income (27.50%)                                    | 4,511,421                     | 1,240,641                     |
|              | <b>Total tax liability</b>                                             |                               | <b>1,954,445</b>              |

MBL Asset Management Limited

**STATEMENT OF TOTAL CAPITAL COMPUTATION**

As at 31 December 2023

**Annexure-B**

Amounts in BDT

| SL. | Components                                                              | Amount             | Haircut | Haircut amount   | Eligible Amount    |
|-----|-------------------------------------------------------------------------|--------------------|---------|------------------|--------------------|
| 1   | Paid up capital                                                         | 100,000,000        | 0%      | -                | 100,000,000        |
| 2   | Share premium                                                           | -                  | 0%      | -                | -                  |
| 3   | General reserve                                                         | -                  | 0%      | -                | -                  |
| 4   | Capital reserve                                                         | -                  | 0%      | -                | -                  |
| 5   | Retained earnings                                                       | 7,494,145          | 0%      | -                | 7,494,145          |
|     | <b>Sum of core capital</b>                                              | <b>107,494,145</b> |         |                  | <b>107,494,145</b> |
| 6   | General provision                                                       | 10,344,628         | 20%     | 2,068,926        | 8,275,702          |
| 7   | Specific provision                                                      | -                  | 30%     | -                | -                  |
| 8   | Revaluation surplus or unrealized gain on:                              | -                  |         | -                | -                  |
| i   | Fixed assets (Property, Plant & Equipment other than Intangible Assets) | -                  | 30%     | -                | -                  |
| ii  | Investment in listed securities (At cost)                               | -                  | 20%     | -                | -                  |
| iii | Investment in Non-listed securities (other than closed end mutual fund) | -                  | 35%     | -                | -                  |
| iv  | investment in strategic holding                                         | -                  | 25%     | -                | -                  |
| v   | preference share                                                        | -                  | 25%     | -                | -                  |
| vi  | Subordinated debt                                                       | -                  |         | -                | -                  |
|     | <b>Sum of supplementary capital</b>                                     | <b>10,344,628</b>  |         | <b>2,068,926</b> | <b>8,275,702</b>   |
|     | <b>Total capital</b>                                                    | <b>117,838,773</b> |         | <b>2,068,926</b> | <b>115,769,847</b> |

## SCHEDULE OF FIXED ASSETS

For the year ended 31 December 2023

Annexure-A

| Particulars            | Cost            |                          |                          | Rate of Dep. | Depreciation    |                        |                            | WDV            |
|------------------------|-----------------|--------------------------|--------------------------|--------------|-----------------|------------------------|----------------------------|----------------|
|                        | Opening balance | Addition during the year | Disposal during the year |              | Closing balance | Charge during the year | Adjustment during the year |                |
| 1. Furniture & Fixture | 283,524         | -                        | -                        | 10%          | 283,524         | 28,353                 | -                          | 189,015        |
| 2. Office Equipment    | 322,186         | 94,605                   | -                        | 20%          | 416,791         | 64,437                 | -                          | 237,050        |
| <b>Grand Total</b>     | <b>605,710</b>  | <b>94,605</b>            | <b>-</b>                 |              | <b>700,315</b>  | <b>92,790</b>          | <b>-</b>                   | <b>426,065</b> |

Amounts in BDT

## SCHEDULE OF FIXED ASSETS

For the year ended 31 December 2022

| Particulars            | Cost            |                          |                          | Rate of Dep. | Depreciation    |                        |                            | WDV            |
|------------------------|-----------------|--------------------------|--------------------------|--------------|-----------------|------------------------|----------------------------|----------------|
|                        | Opening Balance | Addition during the year | Disposal during the year |              | Closing balance | Charge during the year | Adjustment during the year |                |
| 1. Furniture & Fixture | 283,524         | -                        | -                        | 10%          | 283,524         | 28,353                 | -                          | 217,368        |
| 2. Office Equipment    | 322,186         | -                        | -                        | 20%          | 322,186         | 64,437                 | -                          | 206,882        |
| <b>Grand Total</b>     | <b>605,710</b>  | <b>-</b>                 | <b>-</b>                 |              | <b>605,710</b>  | <b>92,790</b>          | <b>-</b>                   | <b>424,250</b> |

Amounts in BDT

MBL Asset Management Limited

SCHEDULE OF INVESTMENT IN LISTED STOCKS

For the year ended 31 December 2023

Annexure-B

Amounts in BDT

| Sl | Instrument | Total Qty | Avg. Purchase Rate | Total Cost | Market Rate | Market Value | Diff MR-CP (Per Share) | Unrealized Gain/Loss |
|----|------------|-----------|--------------------|------------|-------------|--------------|------------------------|----------------------|
| 1  | BATBC      | 8,418     | 629.37             | 5,298,066  | 518.70      | 4,366,417    | (110.67)               | (931,649)            |
| 2  | BERGERPBL  | 5,988     | 1,800.96           | 10,784,121 | 1,774.00    | 10,622,712   | (26.96)                | (161,409)            |
| 3  | BRACBANK   | 35,014    | 42.00              | 1,470,419  | 35.80       | 1,253,501    | (6.20)                 | (216,918)            |
| 4  | GIB        | 1,383,236 | 9.52               | 13,173,680 | 8.60        | 11,895,830   | (0.92)                 | (1,277,850)          |
| 5  | GP         | 7,600     | 381.06             | 2,896,062  | 286.60      | 2,178,160    | (94.46)                | (717,902)            |
| 6  | GRAMEENS2  | 5,000     | 18.07              | 90,360     | 15.20       | 76,000       | (2.87)                 | (14,360)             |
| 7  | JAMUNABANK | 100,000   | 19.31              | 1,930,775  | 20.90       | 2,090,000    | 1.59                   | 159,225              |
| 8  | JAMUNAOIL  | 32,934    | 177.45             | 5,844,091  | 168.50      | 5,549,379    | (8.95)                 | (294,712)            |
| 9  | LHBL       | 7,137     | 69.78              | 497,984    | 69.30       | 494,594      | (0.48)                 | (3,390)              |
| 10 | MPETROLEUM | 26,686    | 202.78             | 5,413,823  | 198.60      | 5,299,840    | (4.18)                 | (113,984)            |
| 11 | NHFIL      | 50,000    | 42.56              | 2,127,865  | 41.80       | 2,090,000    | (0.76)                 | (37,865)             |
| 12 | PTL        | 20,000    | 70.81              | 1,416,236  | 77.00       | 1,540,000    | 6.19                   | 123,764              |
| 13 | SQURPHARMA | 18,700    | 240.23             | 4,492,308  | 210.30      | 3,932,610    | (29.93)                | (559,698)            |
| 14 | SUMITPOWER | 88,000    | 39.55              | 3,480,490  | 34.00       | 2,992,000    | (5.55)                 | (488,490)            |
| 15 | ACI        | 6,500     | 238.76             | 1,551,942  | 260.20      | 1,691,300    | 21.44                  | 139,358              |
| 16 | AOPLC      | 3,694     | 10.00              | 36,940     | 17.60       | 65,014       | 7.60                   | 28,074               |
| 17 | RENATA     | 2,419     | 1,236.36           | 2,990,745  | 1,217.90    | 2,946,100    | (18.46)                | (44,645)             |
| 18 | SINGERBD   | 10,000    | 203.84             | 2,038,423  | 151.90      | 1,519,000    | (51.94)                | (519,423)            |
| 19 | WALTONHIL  | 155       | 1,254.70           | 194,479    | 1,047.70    | 162,394      | (207.00)               | (32,085)             |
|    |            | Total     |                    | 65,728,808 |             | 60,764,850   |                        | (4,963,958)          |

MBL Asset Management Limited

## SCHEDULE OF FIXED DEPOSITS

For the year ended 31 December 2023

Annexure-C

Amounts in BDT

| Sino. | FDR no       | FDR AC no       | FDR Opening Date | Effective int. rate | FDR tenure | FDR initial Deposit | Opening Balance (FDR Balance) | Opening Balance (Accrued Interest) | Interest during the year | AIT            | Bank charges   | Other charges (Debit Arrangement) | Encashed FDR      | Closing Balance   | Accrued interest |
|-------|--------------|-----------------|------------------|---------------------|------------|---------------------|-------------------------------|------------------------------------|--------------------------|----------------|----------------|-----------------------------------|-------------------|-------------------|------------------|
| 1     | 0364139      | 110141230787121 | 9-Aug-21         | 6.50%               | 6 Months   | 50,000,000          | 52,055,302                    | 1,126,254                          | 2,172,881                | 329,913        | 140,000        | 444,713                           | 54,439,810        | -                 | -                |
| 2     | 0437231      | 1410001304361   | 10-Aug-23        | 7.00%               | 3 Months   | 10,000,000          | -                             | -                                  | 175,000                  | 35,000         | -              | -                                 | -                 | 10,140,000        | 102,527          |
| 3     | 0437232      | 1410001304389   | 10-Aug-23        | 7.00%               | 3 Months   | 20,000,000          | -                             | -                                  | 350,000                  | 70,000         | -              | -                                 | -                 | 20,280,000        | 205,053          |
| 4     | 0511021      | 1410001382589   | 22-Oct-23        | 8.00%               | 3 Months   | 10,000,000          | -                             | -                                  | -                        | -              | -              | -                                 | -                 | 10,000,000        | 155,556          |
|       | <b>Total</b> |                 |                  |                     |            |                     | <b>52,055,302</b>             |                                    | <b>2,697,881</b>         | <b>434,913</b> | <b>140,000</b> | <b>444,713</b>                    | <b>54,439,810</b> | <b>40,420,000</b> | <b>463,136</b>   |

## MBL Asset Management Limited

# MANAGEMENT FEE FROM MERCANTILE BANK UNIT FUND AND CORPORATE ADVISORY FEE FROM MBPLC

For the year ended 31 December, 2023

Annexure-D

**Management Fee from MBUF:** As per Bangladesh Securities and Exchange Commission (Mutual Fund) Rule 2001 the Fund shall pay a management fee to the Asset Management Company @ 2.50 percent per annum of the weekly average NAV up to Tk. 5.00 crore and @ 2.00 percent per annum for additional amount of the weekly average NAV up to 25.00 crore over Tk. 5.00 crore and @ 1.50 percent per annum for additional amount of the weekly average NAV up to Tk 50.00 crore over 25.00 crore and @ 1.00 percent per annum for additional amount of the weekly average NAV over Tk. 50.00 crore, accrued and payable semi-annually/quarterly.

**Corporate Advisory Services:** According to clause 33(10) of the Bangladesh Securities and Exchange Commission (Mutual Fund) Rules 2001, Asset Management companies are permitted to offer corporate Advisory Services. MBL Asset Management Company is currently providing Securities Custodian Services on behalf of Mercantile Bank PLC. at a monthly fee of Tk. 3,00,000.00 (Three lac) only for Nine month total Tk. 18,00,000.00 (Eighteen lac) only.

## Calculation of Management Fees:

| Date      | NAV         | Management Fee |
|-----------|-------------|----------------|
| 5-Jan-23  | 218,046,367 | 89,657         |
| 12-Jan-23 | 217,773,833 | 89,551         |
| 19-Jan-23 | 217,796,286 | 89,560         |
| 26-Jan-23 | 217,844,753 | 89,579         |
| 2-Feb-23  | 217,872,514 | 89,579         |
| 9-Feb-23  | 217,872,514 | 89,666         |
| 16-Feb-23 | 218,109,760 | 89,682         |
| 23-Feb-23 | 218,144,767 | 89,682         |
| 2-Mar-23  | 218,145,273 | 89,694         |
| 9-Mar-23  | 218,198,608 | 89,716         |
| 16-Mar-23 | 218,528,433 | 89,853         |
| 23-Mar-23 | 218,537,147 | 89,848         |
| 30-Mar-23 | 218,664,606 | 89,848         |
| 6-Apr-23  | 218,579,565 | 89,864         |
| 13-Apr-23 | 218,701,422 | 89,912         |
| 18-Apr-23 | 218,846,546 | 64,273         |
| 27-Apr-23 | 218,938,833 | 115,714        |
| 3-May-23  | 219,063,798 | 77,188         |
| 11-May-23 | 219,284,932 | 102,917        |

| Date         | NAV         | Management Fee   |
|--------------|-------------|------------------|
| 18-May-23    | 219,473,633 | 90,212           |
| 25-May-23    | 219,650,551 | 90,281           |
| 1-Jun-23     | 219,985,686 | 90,389           |
| 8-Jun-23     | 220,082,697 | 90,449           |
| 15-Jun-23    | 220,259,063 | 90,449           |
| 22-Jun-23    | 220,960,484 | 90,548           |
| 26-Jun-23    | 220,731,314 | 51,829           |
| 30-Jun-23    | 220,960,484 | 51,880           |
| 6-Jul-23     | 220,899,443 | 77,800           |
| 13-Jul-23    | 220,748,598 | 90,708           |
| 20-Jul-23    | 220,974,756 | 90,796           |
| 27-Jul-23    | 221,480,202 | 90,992           |
| 3-Aug-23     | 221,503,573 | 91,001           |
| 10-Aug-23    | 221,678,592 | 91,069           |
| 17-Aug-23    | 221,921,704 | 91,164           |
| 24-Aug-23    | 222,748,049 | 91,485           |
| 31-Aug-23    | 223,242,818 | 91,678           |
| 7-Sep-23     | 223,116,634 | 91,629           |
| 14-Sep-23    | 223,521,906 | 91,786           |
| 21-Sep-23    | 223,229,616 | 91,673           |
| 27-Sep-23    | 223,158,802 | 78,523           |
| 30-Sep-23    | 222,779,509 | 39,213           |
| 5-Oct-23     | 222,814,409 | 65,365           |
| 12-Oct-23    | 222,593,725 | 91,425           |
| 19-Oct-23    | 223,028,917 | 91,595           |
| 26-Oct-23    | 223,349,050 | 91,719           |
| 2-Nov-23     | 223,314,198 | 91,706           |
| 9-Nov-23     | 223,369,510 | 91,727           |
| 16-Nov-23    | 223,448,761 | 91,758           |
| 23-Nov-23    | 223,473,469 | 91,767           |
| 30-Nov-23    | 223,847,181 | 91,913           |
| 7-Dec-23     | 224,044,261 | 91,989           |
| 14-Dec-23    | 224,702,498 | 92,245           |
| 21-Dec-23    | 224,706,029 | 92,247           |
| 28-Dec-23    | 225,508,598 | 92,264           |
| 31-Dec-23    | 225,508,598 | 39,636           |
| <b>Total</b> |             | <b>4,758,691</b> |

MBL Asset Management Limited

**SHAREHOLDING POSITION**

For the year ended 31 December 2023

**Annexure-E**

Amounts in BDT

| Sl No.       | Name of the subscriber   | Share Group | No. of subscribed shares | Value per share | Total share value  | Payment status |
|--------------|--------------------------|-------------|--------------------------|-----------------|--------------------|----------------|
| 1.00         | Rakim Reza Rousseau      | B           | 400,000                  | 10              | 4,000,000          | Bank Deposit   |
| 2.00         | Shamsul Alam             | B           | 400,000                  | 10              | 4,000,000          | Bank Deposit   |
| 3.00         | Arena Industries Limited | B           | 400,000                  | 10              | 4,000,000          | Bank Deposit   |
| 4.00         | Nafisa Saima             | B           | 400,000                  | 10              | 4,000,000          | Bank Deposit   |
| 5.00         | Shimon Inamori           | B           | 400,000                  | 10              | 4,000,000          | Bank Deposit   |
| 6.00         | Ahmed Hossain            | B           | 400,000                  | 10              | 4,000,000          | Bank Deposit   |
| 7.00         | Jahanara Irin            | B           | 400,000                  | 10              | 4,000,000          | Bank Deposit   |
| 8.00         | Rushaed Ahsan            | B           | 400,000                  | 10              | 4,000,000          | Bank Deposit   |
| 9.00         | Shahriar Arefin Alam     | B           | 400,000                  | 10              | 4,000,000          | Bank Deposit   |
| 10.00        | Md. Forhad Hossain       | B           | 400,000                  | 10              | 4,000,000          | Bank Deposit   |
| 11.00        | Mercantile Bank PLC.     | A           | 5,600,000                | 10              | 56,000,000         | Bank Deposit   |
| 12.00        | Bakhtier Khan            | B           | 400,000                  | 10              | 4,000,000          | Bank Deposit   |
| <b>Total</b> |                          |             | <b>10,000,000</b>        |                 | <b>100,000,000</b> |                |

MBL Asset Management Limited

**DIVIDEND RECEIVABLE**

For the year ended 31 December 2023

**Annexure-F**

Amounts in BDT

| Sl No.       | Name of the subscriber      | Record date | AGM Date  | No of Share | Amount of Dividend |
|--------------|-----------------------------|-------------|-----------|-------------|--------------------|
| 1.00         | Renata PLC                  | 11-Dec-23   | 12-Sep-23 | 2,419       | 12,095             |
| 2.00         | ACI Limited                 | 16-Nov-23   | 28-Dec-23 | 6,500       | 20,800             |
| 3.00         | Square Pharmaceuticals PLC. | 16-Nov-23   | 14-Dec-23 | 18,700      | 157,080            |
| 4.00         | Paramount Textile PLC.      | 21-Nov-23   | 23-Dec-23 | 20,000      | 16,000             |
| 5.00         | Meghna Petroleum Limited    | 12-Nov-23   | 2-Oct-24  | 26,686      | 426,976            |
| 6.00         | Jamuna Oil Company Limited  | 14-Dec-23   | 27-Jan-24 | 32,934      | 340,259            |
| <b>Total</b> |                             |             |           |             | <b>973,210</b>     |

**MERCANTILE EXCHANGE HOUSE (UK) LIMITED**

Registered number: 07456837

**DIRECTORS' REPORT****Annexure - K**

The directors present their report and accounts for the year ended 31 December 2023.

**Principal activities**

The company's principal activity during the year continued to be providing money transfer services.

**Directors**

The following persons served as directors during the year:

Mohammad Amanullah  
Md Abdul Hannan  
Md Quamrul Islam Chowdhury  
Abul Kalam Azad

**Small company provisions**

This report has been prepared in accordance with the provisions in Part 15 of the Companies Act 2006 applicable to companies subject to the small companies regime.

This report was approved by the board on 6 January 2023 and signed on its behalf.



**Md Quamrul Islam Chowdhury**  
Director

**MERCANTILE EXCHANGE HOUSE (UK) LIMITED**  
**ACCOUNTANTS' REPORT****Accountants' report to the directors of****MERCANTILE EXCHANGE HOUSE (UK) LIMITED**

You consider that the company is exempt from an audit for the year ended 31 December 2023. You have acknowledged, on the balance sheet, your responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of accounts. These responsibilities include preparing accounts that give a true and fair view of the state of affairs of the company at the end of the financial year and of its profit or loss for the financial year.

In accordance with your instructions, we have prepared the accounts which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes from the accounting records of the company and on the basis of information and explanations you have given to us.

We have not carried out an audit or any other review, and consequently we do not express any opinion on these accounts.

**Muhit & Co**

Chartered Certified Accountants

80A Ashfield Street  
Unit-4  
London  
E1 2BJ

6 January 2024

## MERCANTILE EXCHANGE HOUSE (UK) LIMITED

**PROFIT AND LOSS ACCOUNT**

for the year ended 31 December 2023

|                                             | <b>2023</b><br><b>£</b> | <b>2022</b><br><b>£</b> |
|---------------------------------------------|-------------------------|-------------------------|
| <b>Turnover</b>                             | 130,677                 | 221,014                 |
| Cost of sales                               | (20,978)                | (47,520)                |
| <b>Gross profit</b>                         | 109,699                 | 173,494                 |
| Administrative expenses                     | (240,818)               | (183,763)               |
| Other operating income                      | -                       | 12,402                  |
| <b>Operating (loss)/profit</b>              | (131,119)               | 2,133                   |
| <b>(Loss)/profit before taxation</b>        | (131,119)               | 2,133                   |
| Tax on (loss)/profit                        | -                       | -                       |
| <b>(Loss)/profit for the financial year</b> | (131,119)               | 2,133                   |

**MERCANTILE EXCHANGE HOUSE (UK) LIMITED**

Registered number: 07456837

**BALANCE SHEET**

as at 31 December 2023

|                                                       | Notes | 2023<br>£ | 2022<br>£ |
|-------------------------------------------------------|-------|-----------|-----------|
| <b>Fixed assets</b>                                   |       |           |           |
| Tangible assets                                       | 3     | 30,842    | 37,528    |
| <b>Current assets</b>                                 |       |           |           |
| Debtors                                               | 4     | 80,845    | 88,440    |
| Cash at bank                                          |       | 22,932    | -         |
| Cash in hand                                          |       | 1,233     | 7,295     |
|                                                       |       | 105,010   | 95,735    |
| <b>Creditors: amounts falling due within one year</b> | 5     | (228,040) | (94,332)  |
| <b>Net current (liabilities)/assets</b>               |       | (123,030) | 1,403     |
| <b>Net (liabilities)/assets</b>                       |       | (92,188)  | 38,931    |
| <b>Capital and reserves</b>                           |       |           |           |
| Called up share capital                               |       | 340,000   | 340,000   |
| Profit and loss account                               |       | (432,188) | (301,069) |
| <b>Shareholders' funds</b>                            |       | (92,188)  | 38,931    |

The directors are satisfied that the company is entitled to exemption from the requirement to obtain an audit under section 477 of the Companies Act 2006.

The members have not required the company to obtain an audit in accordance with section 476 of the Act.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of accounts.

The accounts have been prepared and delivered in accordance with the special provisions applicable to companies subject to the small companies regime. The profit and loss account has not been delivered to the Registrar of Companies


**Md Quamrul Islam Chowdhury**

Director

Approved by the board on 6 January 2024

MERCANTILE EXCHANGE HOUSE (UK) LIMITED

**STATEMENT OF CHANGES IN EQUITY**

for the year ended 31 December 2023

|                               | Share<br>capital<br>£ | Share<br>premium<br>£ | Re- valuation<br>reserve<br>£ | Profit and loss<br>account<br>£ | Total<br>£ |
|-------------------------------|-----------------------|-----------------------|-------------------------------|---------------------------------|------------|
| <b>At 1 January 2022</b>      | 340,000               | -                     | -                             | (303,202)                       | 36,798     |
| Profit for the financial year |                       |                       |                               | 2,133                           | 2,133      |
| <b>At 31 December 2022</b>    | 340,000               | -                     | -                             | (301,069)                       | 38,931     |
| <b>1st 1 January 2023</b>     | 340,000               | -                     | -                             | (301,069)                       | 38,931     |
| Loss for the financial year   |                       |                       |                               | (131,119)                       | (131,119)  |
| <b>At 31 December 2023</b>    | 340,000               | -                     | -                             | (432,188)                       | (92,188)   |

## MERCANTILE EXCHANGE HOUSE (UK) LIMITED

**NOTES TO THE ACCOUNTS**

for the year ended 31 December 2023

**1 Accounting policies****Basis of preparation**

The accounts have been prepared under the historical cost convention and in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland (as applied to small entities by section 1A of the standard).

**Turnover**

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover includes revenue earned from the sale of goods and from the rendering of services. Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have transferred to the buyer. Turnover from the rendering of services is recognised by reference to the stage of completion of the contract. The stage of completion of a contract is measured by comparing the costs incurred for work performed to date to the total estimated contract costs.

**Intangible fixed assets**

Intangible fixed assets are measured at cost less accumulative amortisation and any accumulative impairment losses.

**Tangible fixed assets**

Tangible fixed assets are measured at cost less accumulative depreciation and any accumulative impairment losses. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

|                                         |              |
|-----------------------------------------|--------------|
| Plant and machinery                     | over 5 years |
| Fixtures, fittings, tools and equipment | over 5 years |

**Investments**

Investments in subsidiaries, associates and joint ventures are measured at cost less any accumulated impairment losses. Listed investments are measured at fair value. Unlisted investments are measured at fair value unless the value cannot be measured reliably, in which case they are measured at cost less any accumulated impairment losses. Changes in fair value are included in the profit and loss account.

**Debtors**

Short term debtors are measured at transaction price (which is usually the invoice price), less any impairment losses for bad and doubtful debts. Loans and other financial assets are initially recognised at transaction price including any transaction costs and subsequently measured at amortised cost determined using the effective interest method, less any impairment losses for bad and doubtful debts.

**Creditors**

Short term creditors are measured at transaction price (which is usually the invoice price). Loans and other financial liabilities are initially recognised at transaction price net of any transaction costs and subsequently measured at amortised cost determined using the effective interest method.

**Foreign currency translation**

Transactions in foreign currencies are initially recognised at the rate of exchange ruling at the date of the transaction. At the end of each reporting period foreign currency monetary items are translated at the closing rate of exchange. Non-monetary items that are measured at historical cost are translated at the rate ruling at the date of the transaction. All differences are charged to profit or loss.

**Pensions**

Contributions to defined contribution plans are expensed in the period to which they relate.

## MERCANTILE EXCHANGE HOUSE (UK) LIMITED

## NOTES TO THE ACCOUNTS

for the year ended 31 December 2023

|                                                                                                                                                                                  |                            | 2023<br>Number                         | 2022<br>Number |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|----------------------------------------|----------------|
| <b>2 Employees</b>                                                                                                                                                               |                            |                                        |                |
| Average number of persons employed by the company                                                                                                                                |                            | 5                                      | 4              |
| <b>3 Tangible fixed assets</b>                                                                                                                                                   |                            |                                        |                |
|                                                                                                                                                                                  | Land and<br>buildings<br>£ | Fixtures, fittings &<br>equipment<br>£ | Total<br>£     |
| <b>Cost</b>                                                                                                                                                                      |                            |                                        |                |
| At 1 January 2023                                                                                                                                                                | 4,098                      | 79,289                                 | 83,387         |
| At 31 December 2023                                                                                                                                                              | 4,098                      | 79,289                                 | 83,387         |
| <b>Depreciation</b>                                                                                                                                                              |                            |                                        |                |
| At 1 January 2023                                                                                                                                                                | -                          | 45,859                                 | 45,859         |
| Charge for the year                                                                                                                                                              | -                          | 6,686                                  | 6,686          |
| At 31 December 2023                                                                                                                                                              |                            | 52,545                                 | 52,545         |
| <b>Net book value</b>                                                                                                                                                            |                            |                                        |                |
| At 31 December 2023                                                                                                                                                              | 4,098                      | 26,744                                 | 30,842         |
| At 31 December 2022                                                                                                                                                              | 4,098                      | 33,430                                 | 37,528         |
| <b>4 Debtors</b>                                                                                                                                                                 |                            | 2023<br>£                              | 2022<br>£      |
| Trade debtors (Mercantile exchange UK)                                                                                                                                           |                            | 23,864                                 | 11,977         |
| Prepayments-Rent deposit                                                                                                                                                         |                            | 12,500                                 | 12,500         |
| Other debtors-USI Commission                                                                                                                                                     |                            | 9,675                                  | 6,073          |
| Sub-tenant rent due                                                                                                                                                              |                            | 34,806                                 | 34,806         |
| Small world holding fund waiting for transfer                                                                                                                                    |                            | -                                      | 23,084         |
|                                                                                                                                                                                  |                            | 80,845                                 | 88,440         |
| <b>5 Creditors: amounts falling due within one year</b>                                                                                                                          |                            | 2023<br>£                              | 2022<br>£      |
| Taxation and social security costs                                                                                                                                               |                            | 3,378                                  | 1,067          |
| Accruals-rent & accountancy fees                                                                                                                                                 |                            | 19,268                                 | 86,148         |
| Dhaka Mercantile bank balance                                                                                                                                                    |                            | 88,801                                 | -              |
| Mercantile bank Bangladesh waiting fund from USI                                                                                                                                 |                            | 114,686                                | -              |
| Net salaries due                                                                                                                                                                 |                            | -                                      | 5,210          |
| Sub-tenants security deposit                                                                                                                                                     |                            | 1,907                                  | 1,907          |
|                                                                                                                                                                                  |                            | 228,040                                | 94,332         |
| <b>6 Other information</b>                                                                                                                                                       |                            |                                        |                |
| MERCANTILE EXCHANGE HOUSE (UK) LIMITED is a private company limited by shares and incorporated in England. Its registered office is:<br>108 Whitechapel Road<br>London<br>E1 1JD |                            |                                        |                |

## MERCANTILE EXCHANGE HOUSE (UK) LIMITED

**DETAILED PROFIT AND LOSS ACCOUNT**

for the year ended 31 December 2023

This schedule does not form part of the statutory accounts

|                                 | 2023<br>£ | 2022<br>£ |
|---------------------------------|-----------|-----------|
| <b>Sales</b>                    | 130,677   | 221,014   |
| Cost of sales                   | (20,978)  | (47,520)  |
| <b>Gross profit</b>             | 109,699   | 173,494   |
| Administrative expenses         | (240,818) | (183,763) |
| Other operating income          | -         | 12,402    |
| <b>Operating (loss)/profit</b>  | (131,119) | 2,133     |
| <b>(Loss)/profit before tax</b> | (131,119) | 2,133     |

## MERCANTILE EXCHANGE HOUSE (UK) LIMITED

**DETAILED PROFIT AND LOSS ACCOUNT**

for the year ended 31 December 2023

This schedule does not form part of the statutory accounts

|                                                              | 2023<br>£      | 2022<br>£      |
|--------------------------------------------------------------|----------------|----------------|
| <b>Sales</b>                                                 |                |                |
| ATM Commission                                               | 308            | 1,191          |
| Exchange gains                                               | 41,304         | 74,102         |
| Remittance commission                                        | 89,065         | 145,721        |
|                                                              | <u>130,677</u> | <u>221,014</u> |
| <b>Cost of sales</b>                                         |                |                |
| <b>Commission payable-Small world commission</b>             | -              | 32,644         |
| Other direct costs-bank charges (provided by Mercantile Ex.) | -              | 14,876         |
| USI money proton fee                                         | 20,978         | -              |
|                                                              | <u>20,978</u>  | <u>47,520</u>  |
| <b>Administrative expenses</b>                               |                |                |
| Employee costs:                                              |                |                |
| Wages and salaries                                           | 89,928         | 66,100         |
| Pensions                                                     | 1,736          | 765            |
| Employer's NI                                                | 2,012          | 915            |
| Staff training and welfare                                   | 4,930          | 1,500          |
| Travel and subsistence                                       | 2,190          | 1,305          |
| Meeting expenses                                             | 380            | -              |
| Entertaining                                                 | -              | 100            |
| Premises costs:                                              | <u>101,176</u> | <u>70,685</u>  |
| Rent                                                         | 74,000         | 52,000         |
| Rates                                                        | 7,423          | 11,570         |
| Water bill                                                   | 982            | -              |
| Light and heat                                               | 11,612         | 7,869          |
| Cleaning                                                     | 1,180          | 681            |
| Office cleaning                                              | -              | 625            |
| General administrative expenses:                             | <u>95,197</u>  | <u>72,745</u>  |
| Telephone and internet                                       | 996            | 996            |
| Postage, stationery and printing                             | 1,648          | 1,118          |
| Fees & Subscription                                          | 924            | 669            |
| Fees (USI money clearing charge)                             | -              | 2,853          |
| LEI registration fees                                        | 195            | -              |
| Exchange differences & charges                               | 280            | -              |
| Insurance-Vault                                              | 2,002          | 1,721          |
| Security cost                                                | 1,704          | -              |
| Software                                                     | 517            | -              |
| Repairs and maintenance                                      | 30             | 30             |
| Depreciation                                                 | <u>6,686</u>   | <u>8,357</u>   |
| Legal and professional costs:                                | <u>14,982</u>  | <u>15,744</u>  |
| Accountancy fees                                             | 4,290          | 3,900          |
| Solicitors fees (Provided by Mercantile Ex.)                 | 7,904          | 15,699         |
| Council penalty                                              | 400            | -              |
| Consultancy fees-Go compliance                               | 6,030          | -              |
| HMRC supervision application fee                             | 300            | 750            |

## MERCANTILE EXCHANGE HOUSE (UK) LIMITED

**DETAILED PROFIT AND LOSS ACCOUNT**

for the year ended 31 December 2023

This schedule does not form part of the statutory accounts

|                               | 2023<br>£ | 2022<br>£ |
|-------------------------------|-----------|-----------|
| ICO fees                      |           | 40        |
| Marketing expenses            | 2,084     | 4,000     |
| Advertising (Website)         | 355       | 200       |
| Operating account application | 4,000     |           |
| Other legal and professional  | 4,100     | -         |
|                               | 29,463    | 24,589    |
|                               | 240,818   | 183,763   |
| <b>Other operating income</b> |           |           |
| Other operating income        | -         | 12,402    |