

THE TONE AT THE TOP (LEADERSHIP STATEMENTS)

Letter from the Board of Directors Presented by the Company Secretary



Mohammad Rezaul Karim
Company Secretary



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Dear Valued Shareholders,

It is our pleasure to present the Corporate Governance Report of Mercantile Bank PLC. on behalf of the Board of Directors for the year ended December 31, 2025.

Stance on Corporate Governance

At Mercantile Bank PLC., our commitment to corporate governance is a journey of continuous improvement towards achieving the highest standards of governance. We take into account developments in the regulatory, business, and internal workplace environments to ensure that the organization carries out its business in a responsible manner, leading to the long-term sustainability of the Bank. Our approach to governance goes beyond a mere ticking of boxes, and this report showcases this stance.

Outline of the Corporate Governance Report

The report details how the MBPLC Board discharged their governance duties effectively with meticulous compliance with the applicable regulatory framework during the year under review. The key Corporate Governance rules applying to MBPLC are the Corporate Governance Code Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June, 2018 issued by the Bangladesh Securities and Exchange Commission (BSEC) in exercise of the power conferred by section 2CC of the Securities and Exchange Ordinance, 1969 (XVII of 1969), as well as BRPD Circulars issued by Bangladesh Bank, Bangladesh Secretarial Standards (BSS) issued by the Institute of Chartered Secretaries of Bangladesh (ICSB) and global best practices applicable to banks. The said compliances are also independently reviewed and certified by Suraiya Parveen & Associates, Chartered Secretaries and are opined through a Certificate of Compliance to the Shareholders, as per the requirements of the BSEC guidelines. The compliance status, along with the Corporate Governance Report, is enclosed with our Annual Report 2025.

In addition, the report demonstrates the overall responsibilities of the Board, which include setting MBPLC's strategies, overseeing and supporting management in their day-to-day running of the business, performance monitoring, and safeguarding the interests of shareholders.

Adopting best industry practices

Our commitment extends to continuously refining our corporate governance policies, benchmarking against leading national and international standards. This proactive approach aims to elevate our governance practices to a global level, thereby contributing significantly to the development of Bangladesh's economy.

We welcome engagement with our stakeholders and look forward to your valuable feedback to continue our commitment to further improve on our corporate governance philosophy on a continuing basis.

On behalf of the Board

Sincerely,

Mohammad Rezaul Karim
Company Secretary

Chairman's Statement on Corporate Governance



Mr. Md. Anwarul Haque
Chairman



**A STEADFAST
COMMITMENT TO SOUND
CORPORATE GOVERNANCE
HAS BEEN NOT JUST A
REGULATORY NECESSITY
BUT A STRATEGIC
ENABLER.**

Dear Respected Shareholders and Stakeholders,

Our governance structure is fundamentally designed for resilience and adaptability. The year 2025 unfolded against a highly dynamic macroeconomic backdrop, characterized by systemic liquidity tightening and an industry-wide imperative for structural reform. Amid these complexities, our steadfast commitment to sound corporate governance has served as the cornerstone of our ability to respond decisively, manage emerging risks effectively, and uphold the uncompromising values of integrity, transparency, and fairness.

NAVIGATING 2025: GOVERNANCE AS A STRATEGIC ENABLER

At Mercantile Bank PLC (MBPLC), we firmly believe that governance is not a static exercise in regulatory compliance; rather, it is a critical strategic enabler. During the year, the Board of Directors, comprised of members with diverse industry knowledge and strategic acumen, maintained rigorous and proactive oversight.

To navigate the year's challenges, the Board governed the execution of a clear, three-priority strategic roadmap for 2025:

- 1. Aggressive NPL Resolution:** Serving as our most urgent priority, the Board heavily directed the Recovery Division to accelerate cash recoveries and enforce strict legal actions against chronic defaulters.
- 2. Capital & Profitability Restoration:** We responsibly navigated regulatory forbearance regarding provision shortfalls by prioritizing capital preservation and cost optimization over short-term distributions.
- 3. Prudent Digital Transformation:** We maintained focused investments in our digital architecture, including the MBL Rainbow app, to ensure secure, future-ready banking for our customers.

THE TRUSTEESHIP MODEL AND ETHICAL LEADERSHIP

The Board of Directors embraces a "Trusteeship Model" of governance, taking full responsibility for the management, direction, and performance of the Bank while strictly mitigating conflicts of interest. Our governance philosophy mandates that every strategic decision reflects the best long-term interests of our depositors, minority shareholders, and the broader community we serve. We continue to refine our practices to reflect evolving global standards and the stringent guidelines set forth by the regulatory authorities.

ACKNOWLEDGEMENTS

As we conclude 2025, I wish to express my heartfelt gratitude to the Bangladesh Bank for its visionary regulatory leadership and constructive oversight, which enabled us to navigate sector-wide reforms responsibly. I also extend our deep appreciation to the Bangladesh Securities and Exchange Commission (BSEC) and the Financial Reporting Council (FRC) for their continuous efforts to elevate the standards of financial reporting and market integrity.

Finally, my deepest thanks go to my fellow Board members for their unwavering insight, to our management team and employees for their resilient execution, and to you—our valued shareholders—for your enduring trust and long-term belief in the Mercantile Bank.

Together, we will continue to build a stronger, more resilient Bank.

Sincerely,

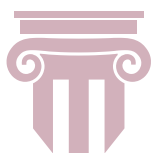
Md. Anwarul Haque
Chairman

Directors' Responsibility Statement

Effective governance of the Bank's operations is paramount, necessitating a clearly defined structure of roles and responsibilities, underpinned by transparency, accountability, and strict regulatory adherence. The Board of Directors of Mercantile Bank PLC (MBPLC) acknowledges its ultimate responsibility for the preparation, integrity, and fair presentation of the Bank's financial statements and corporate disclosures.

DIRECTORS' RESPONSIBILITY DASHBOARD

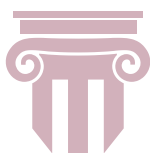
Pillar 1



Accounting Integrity

Strict compliance with IFRS, IAS, and the Bank Company Act, 1991.

Pillar 2



Internal Control

A system sound in design, effectively implemented, and rigorously monitored by the Audit Committee.

Pillar 3



Going Concern

Validated through rigorous internal stress testing and capital adequacy analysis.

Effective governance of the Bank's operations is paramount, necessitating a clearly defined structure of roles and responsibilities, underpinned by transparency, accountability, and strict regulatory adherence. The Board of Directors of Mercantile Bank PLC (MBPLC) acknowledges its ultimate responsibility for the preparation, integrity, and fair presentation of the Bank's financial statements and corporate disclosures.

ACCOUNTING STANDARDS AND STATUTORY COMPLIANCE

The Board ensures that the Bank's financial statements are prepared in full compliance with International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), the Companies Act, 1994 (as amended), the Bank Company Act, 1991 (as amended), Bangladesh Bank regulations, Bangladesh Securities and Exchange Commission (BSEC) directives, relevant stock exchange Listing Regulations, and all other applicable laws and guidelines. The Directors confirm that appropriate accounting policies have been consistently applied, and accounting estimates are based on reasonable and prudent judgment.

ADEQUACY OF THE INTERNAL CONTROL SYSTEM

The Board of Directors acknowledges its ultimate responsibility for establishing and maintaining a sound and effective system of internal control, as mandated by the Bank Company Act. This system is meticulously designed to manage the risk of failure to achieve business objectives, safeguarding the Bank's assets and protecting shareholders' investments. The Board has delegated day-to-day supervisory duties for the internal control system to the Audit Committee, which actively monitors its effectiveness and reports its findings to the full Board. The Directors explicitly confirm that the internal control system is sound in design and has been effectively implemented and monitored throughout 2025.

GOING CONCERN VALIDATION

The financial statements for the year ended 31 December 2025 have been prepared on a going concern basis. Following rigorous internal stress testing and comprehensive analysis of capital and liquidity

adequacy, the Board confirms that the Bank remains well-capitalized and stable under all reviewed scenarios. Consequently, the Directors state that there are no significant doubts regarding MBPLC's ability to continue as a going concern.

SPECIFIC BSEC CORPORATE GOVERNANCE DECLARATIONS

In addition to the financial statements, the Directors confirm the inclusion of a comprehensive 'Directors' Report 2025', which formally declares all matters required by the BSEC Corporate Governance Code. This includes, but is not limited to:

- **Dividend Rationale:** A transparent explanation regarding the Board's decision to recommend "No Dividend" for the 2025 financial year in compliance with Bangladesh Bank's regulatory directive regarding the unadjusted provision shortfall.
- **Historical Performance:** A summarized presentation of the key operating and financial data for the preceding 5 (five) years.
- **Operational Integrity:** The disclosure of segment-wise performance, related party transactions, and the explicit confirmation that minority shareholders have been protected from any abusive actions.

The Directors confirm that the Annual Report, Directors' Report, and Consolidated Financial Statements comply with all applicable laws, rules, and regulatory guidelines for the fiscal year ended December 31, 2025.

On behalf of the Board of Directors,


Md. Anwarul Haque
 Chairman

CORPORATE GOVERNANCE FRAMEWORK & BOARD DYNAMICS

Governance Philosophy and Regulatory Framework

OUR GOVERNANCE PHILOSOPHY

The corporate governance philosophy of Mercantile Bank PLC (MBPLC) is founded on the firm conviction that strong governance is essential for long-term investment, financial stability, and business integrity. It serves as the cornerstone for building an environment of trust, transparency, and accountability, thereby supporting sustainable growth and value creation for all stakeholders. Our framework is designed to go beyond mere regulatory compliance, embedding a resilient culture of integrity across all spheres of the organization.

THE CORE PILLARS OF GOVERNANCE

Our philosophy is operationalized through a set of core principles modeled after local and international best practices, including the G20/OECD Principles of Corporate Governance. These principles serve as the pillars of our day-to-day operations:

- **Value Creation for Stakeholders:** Creating sustainable, long-term value for shareholders, customers, employees, and the community without compromising on ethical principles.
- **Fairness and Equity:** Protecting shareholder rights, including minority shareholders, and ensuring equitable treatment for all.
- **Transparency and Disclosure:** Maintaining a policy of full disclosure and timely, accurate communication regarding the Bank's financial situation, performance, and ownership structure.
- **Accountability:** Establishing clear, transparent lines of responsibility from the Board of Directors and its sub-committees down to senior management and all employees.
- **The Trusteeship Model:** Operating under a fiduciary duty where the Board and Management act strictly as trustees of the shareholders' capital, managing resources prudently and in the best interests of the owners.

QUALITATIVE: MAPPING OF REGULATORY FRAMEWORKS

To ensure unwavering organizational stewardship and the protection of stakeholder interests, MBPLC operates within a highly structured and comprehensive regulatory ecosystem. The Bank meticulously aligns its internal policies, procedures, and daily operations with the following mandatory regulatory frameworks:

BANGLADESH BANK (BB) GUIDELINES & DIRECTIVES

As the primary regulator of the financial sector, Bangladesh Bank sets the foundational risk and operational parameters for MBPLC. Our governance structure is heavily guided by the Bank Company

Act, 1991 (amended up to 2023) and pivotal circulars such as BRPD Circular No. 02 of 2024, which dictate the strict formation, roles, and responsibilities of the Board of Directors and its sub-committees.

BANGLADESH SECURITIES AND EXCHANGE COMMISSION (BSEC)

As a publicly listed entity, MBPLC strictly adheres to the BSEC Corporate Governance Code, 2018 (Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018), issued under section 2CC of the Securities and Exchange Ordinance, 1969. This framework mandates critical governance disclosures, independent director ratios, and statutory audit compliance.

THE COMPANIES ACT, 1994

The Bank's Memorandum and Articles of Association, as well as its core corporate affairs, are governed by the Companies Act, 1994 (amended up to 2020). This framework guides the Bank in matters related to the Annual General Meeting (AGM), director appointments, reserve maintenance, dividend distribution, and the overarching duties of the Board.

BANGLADESH SECRETARIAL STANDARDS (BSS)

To streamline and standardize board and management proceedings, MBPLC fully complies with the Bangladesh Secretarial Standards (BSS) issued by the Institute of Chartered Secretaries of Bangladesh (ICSB). The Bank formally conducts its corporate affairs in strict alignment with:

- **BSS-1:** Secretarial Standard on Meetings of the Board of Directors
- **BSS-2:** Secretarial Standard on General Meetings
- **BSS-3:** Secretarial Standard on Minutes
- **BSS-4:** Secretarial Standard on Dividend
- **BSS-5:** Secretarial Standard on Digital Meeting

5. DSE & CSE LISTING REGULATIONS

To safeguard investor wealth and ensure market transparency, MBPLC complies with the Listing Regulations of the Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE). This ensures the timely dissemination of Price Sensitive Information (PSI), regular financial reporting, and the continuous protection of capital market integrity.

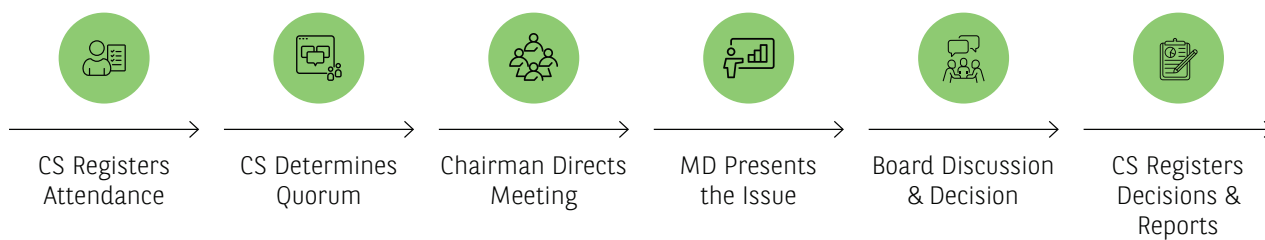
Board of Directors: Composition & Diversity

QUALITATIVE DISCLOSURES

- **(a) Expertise and Brief Resumes**
The MBPLC Board is structured to ensure a diverse blend of banking, corporate, and technological expertise. The brief resumes of all Directors, detailing their functional areas of expertise, are explicitly provided in the 'Profile of Directors' section of this Annual Report.
- **(b) External Directorships**
To maintain absolute transparency regarding potential conflicts of interest, the names of all external companies where our Directors hold directorships or committee memberships have been disclosed alongside their profiles.

QUANTITATIVE DISCLOSURES

- **(a) Board Size:**
The Board of MBPLC currently consists of 10 (ten) members, which strictly complies with BSEC Condition 1.1 (mandating a minimum of 5 and a maximum of 20 directors) and the regulations of the Bank Company Act, 1991.
- **(b) Independent Directors**
To ensure unbiased oversight, the Board includes 2 (two) Independent Directors, which fulfills the regulatory mandate requiring at least one-fifth (1/5th) of the total Board to be independent.



Roles and Separation of Powers

(A) QUALITATIVE DISCLOSURE: SEPARATION OF CHAIRMAN AND CEO ROLES

To guarantee absolute independence in the Bank's governance architecture, MBPLC strictly maintains a clear demarcation of roles between the Board and the Management. The positions of the Chairman of the Board and the Managing Director (MD) are held by separate individuals.

- **Role of the Chairman:** The Chairman is a Non-Executive Director who is elected by the Board. The Chairman's primary role is to lead the Board, ensure effective corporate governance, manage Board meetings, and safeguard the interests of the shareholders. The Chairman does not participate in the day-to-day executive operations of the Bank.
- **Role of the MD:** The MD is the executive head of the Bank, appointed by the Board with the prior approval of Bangladesh Bank. The MD is strictly responsible for the day-to-day management of the Bank, executing the strategic objectives set by the Board, and leading the Senior Management Team (SMT).

Board Meetings, Attendance, and Remuneration

The effectiveness of the Board of Directors is heavily dependent on the active participation, rigorous debate, and strategic oversight exercised during Board meetings. At Mercantile Bank PLC (MBPLC), Board meetings are structured to ensure that Directors have ample time to review critical business proposals, assess risk parameters, and challenge management assumptions. The Bank strictly adheres to the meeting protocols mandated by the regulatory authorities, ensuring every decision is meticulously recorded and legally binding.

QUALITATIVE DISCLOSURES: MEETING PROCEDURES & STANDARDS

- **(a) Meeting Frequency and Preparation:** In strict compliance with Bangladesh Bank's BRPD Circular No. 02 (2024), the Board of Directors convenes at least once a month. To ensure active and informed participation, detailed memorandums and working papers are distributed to all Board members at least 2 (two) days prior to the meeting date.
- **(b) Compliance with Secretarial Standards:** The Bank conducts its meetings in full compliance with the Bangladesh Secretarial

Standards (BSS-1) adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB). All proceedings are duly recorded, and Directors who could not attend specific meetings were officially granted leaves of absence by the present members of the Board.

- **(c) Director Remuneration Policy:** Members of the Board of Directors are entitled to a fixed honorarium for attending Board meetings. In strict adherence to BRPD regulations, the maximum honorarium paid to a Director per meeting is capped at BDT 10,000 (subject to applicable tax deductions).

QUANTITATIVE DISCLOSURES: 2025 ATTENDANCE METRICS

- (a) Total Board Meetings: During the financial year ended December 31, 2025, the Board of Directors successfully held a total of 21 (twenty-one) scheduled meetings.
- (b) Name-wise Attendance and Remuneration [BSEC 1.5.xxii & 1.5.x]: The detailed record of attendance and the corresponding remuneration paid to each Director during the 2025 operational year are explicitly disclosed below:

Sl No.	Name of the Director	Designation	Meetings Applicable	Meetings Attended	Absent	Remuneration (BDT)
1	Mr. Md. Anwarul Haque	Chairman	20	19	1	190,000
2	Al-Haj Akram Hossain (Humayun)	Vice Chairman	21	13	8	130,000
3	Mr. Md. Abdul Hannan, MP	Vice Chairman	21	15	6	150,000
4	Mr. M. A. Khan Belal	Chairman, Executive Committee	21	21	0	210,000
5	Mr. Mohammad Abdul Awal	Chairman, Risk Management Committee	21	21	0	210,000
6	Prof. Dr. Md. Rezaul Kabir	Independent Director & Chairman, Audit Committee	21	18	3	180,000
7	Mr. A.S.M. Feroz Alam	Director	21	17	4	170,000
8	Mr. M. Amanullah	Director	21	1	20	10,000
9	Mr. Morshed Alam *	Director	11	2	9	20,000
10	Alhaj Mosharref Hossain	Director	20	19	1	190,000
11	Prof. Mohammad Thoufiqul Islam, PhD **	Independent Director	14	10	4	100,000
12	Dr. Gazi Mohammad Hasan Jamil ***	Independent Director	1	0	1	-

(Statutory Notes on Board Reconstitution during 2025): * Mr. Morshed Alam continued as a Director up to 20.07.2025. ** Prof. Mohammad Thoufiqul Islam, PhD was appointed as an Independent Director on 25.05.2025. *** Dr. Gazi Mohammad Hasan Jamil continued as an Independent Director up to 12.02.2025. (Note: Directors who could not attend meetings were granted leaves of absence by the present members of the Board).

Key Activities of the Board in 2025

In 2025, the Board of Directors of Mercantile Bank PLC (MBPLC) operated in a highly dynamic and challenging macroeconomic environment, marked by systemic liquidity tightening and heightened regulatory scrutiny on asset quality. Consequently, the Board's agenda shifted from routine oversight to intensive strategic recalibration. The primary focus was placed on Non-Performing Loan (NPL) resolution, navigating Bangladesh Bank's regulatory forbearance regarding provision shortfalls, driving digital transformation, and ensuring strict compliance with evolving capital market directives.

(A) QUALITATIVE DISCLOSURES: QUARTERLY BREAKDOWN OF BOARD APPROVALS

To ensure continuous and structured oversight, the Board's activities in 2025 were systematically distributed across the four quarters, aligning with statutory reporting deadlines and strategic business cycles:

Quarter 1 (January – March 2025): Statutory Foundations & Budgeting

- Strategic Planning: Approved the Bank's comprehensive Business Budget, Capital Plan, and the formal "Risk Appetite Statement" for 2025.
- The Board reviewed Risk Management Policies and effectiveness of Risk Management Functions of the Bank.
- Reviewed the Half yearly report (July to December 2024) on steps taken by the Bank to prevent money laundering and terrorist financing, implementation progress and made recommendations in this regard.

Quarter 2 (April – June 2025): Shareholder Engagement & Compliance

- Financial Reporting & Dividend: Reviewed and approved the Audited Financial Statements for the year ended December 31, 2024. In strict adherence to Bangladesh Bank directives regarding capital adequacy and provision shortfalls, the Board prudently recommended a "No Dividend" declaration.
- AGM Preparation: Authorized the convening of the 26th Annual General Meeting (AGM) and approved the Directors' Report and Corporate Governance disclosures.

- Quarterly Financials: Adopted the First Quarter (Q1) Un-audited Financial Statements of the Bank.
- Provision Remediation: Reviewed and approved a highly structured, time-bound remediation plan to address the unadjusted provision shortfall, as mandated by Bangladesh Bank's regulatory forbearance directive (Ref: BSD-2/2203/2026-384).

Quarter 3 (July – September 2025): Business Expansion & Synergies

- Shareholder Relations: Successfully conducted the 26th virtual Annual General Meeting (AGM), ensuring seamless digital voting and transparent shareholder communication.
- Half-Yearly Financials: Reviewed and adopted the Second Quarter (Q2) / Half-Yearly Financial Statements.
- Network Expansion: Authorized the physical network expansion, including the inauguration of new Sub-Branches (Uposhakhas) at Malkhanagar, Alipur, and Fultola, further extending the Bank's grassroots footprint.

Quarter 4 (October – December 2025): Risk Oversight & 2026 Roadmap

- Third Quarter Financials: Adopted the Third Quarter (Q3) Un-audited Financial Statements.
- Risk & Asset Quality: Conducted an exhaustive review of the Comprehensive Risk Management Report (CRMR). The Board heavily directed Management to accelerate cash recoveries from classified loans and initiate legal proceedings (Artha Rin Adalat Ain) against chronic defaulters.
- ESG & Corporate Social Responsibility: Approved the allocation of CSR funds, including significant contributions to the Prime Minister's Relief & Welfare Fund and disaster management initiatives, reinforcing the Bank's commitment to social equity.
- Subsidiary & Digital Strategy: Approved the 2026 strategic roadmap for MBPLC's subsidiaries, specifically authorizing the capital allocation for Mercantile Bank Securities Limited (MBSL) to deploy a proprietary Order Management System (OMS).

BOARD SUB-COMMITTEES

Statutory Limitation on Sub-Committees: In strict adherence to Bangladesh Bank's BRPD Circular No. 02 (dated 11 February 2024), Mercantile Bank PLC (MBPLC) operates only 3 (three) sub-committees of the Board: The Executive Committee (EC), the Audit Committee (BAC), and the Risk Management Committee (RMC). No other permanent or temporary sub-committees are permitted by the central bank.

NRC Compliance: To simultaneously comply with BSEC Condition 6 (which mandates a Nomination and Remuneration Committee) and the restrictive Bangladesh Bank directives, the central bank has formally vested all NRC-related duties and responsibilities entirely upon the Board Audit Committee.

Report of the Board Audit Committee

The Audit Committee of Mercantile Bank PLC., has been formed and its roles and responsibilities have been defined in line with the notification on Corporate Governance issued by BSEC and Bangladesh Bank Circular. The Audit Committee of the Board (ACB) serves to ensure good governance in the Bank.

COMPOSITION AND QUALIFICATIONS:

The Audit Committee of the Board of Directors of Mercantile Bank PLC., was reconstituted in the 453rd Board meeting held on 11 December 2024. In accordance with applicable rules, the Committee includes 02 non-executive Directors and 02 Independent Directors with strong credentials in banking, finance, and governance.

Audit Committee

Name	Status	Position	Educational Qualification	Meeting Attendance
Prof. Dr. Md. Rezaul Kabir	Independent Director	Chairman	M.Sc. (UK), Ph.D. (UK)	9/9
Al-Haj Akram Hossain (Humayun)	Director	Member	Graduate	7/9
Mr. Md. Abdul Hannan, MP	Director	Member	Engineer	7/9
Dr. Gazi Mohammad Hasan Jamil*	Independent Director	Member	BBA & MBA (DU), MS in Finance (USA), CMA, Ph.D. (Canada)	0/1
Prof. Mohammad Thoufiqul Islam, PhD.**	Independent Director	Member	BBA & MBA (DU), M.A. (Korea), Ph.D. (Japan)	5/5

Members of Audit Committee are not members of Executive Committee.

*Dr. Gazi Mohammad Hasan Jamil Continued as Independent Director up to 12.02.2025,

**Prof. Mohammad Thoufiqul Islam, PhD was appointed as Member of Audit Committee on 29.05.2025.

CHARTER OF THE COMMITTEE:

MBPLC Audit Committee assists the Board in the discharge of its responsibilities by exercising structured, systematic oversight over the Bank's financial reporting, internal audit, internal controls and external audit practices. The Audit Committee Charter clearly defines the Terms of Reference (TOR) of the Committee and regulates the composition, role and responsibilities of the Committee approved by the Board.

SECRETARY TO THE COMMITTEE & QUORUM

The Company Secretary of the Bank is the Secretary of the Board Audit Committee. The quorum of the Audit Committee meeting do not constitute without at least one independent director.

ROLES AND RESPONSIBILITIES OF THE AUDIT COMMITTEE:

- Monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and

Compliance Plan and review of the Internal Audit and Compliance Report;

- Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;
- Review alongwith the management, the quarterly and half yearly financial statements before submission to the Board for approval;

REPORTING OF THE AUDIT COMMITTEE:

All activities of Audit Committee were reported to the Board and the Board closely reviewed and ratified those. The Audit Committee reports to the Board on the following findings, if any -

- Meeting minutes duly reported;
- Report on conflicts of interests;
- Suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements;

- Suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations; and
- Any other matter which the Audit Committee deems necessary, to discuss to the Board immediately;

MEETINGS OF THE AUDIT COMMITTEE:

Bangladesh Bank and Bangladesh Securities and Exchange Commission (BSEC) have suggested Banks to hold at least 04 (four) meetings in a year. The Audit Committee of MBPLC. held 09 (nine) meetings in 2025 and had detailed discussions and review sessions with the Head of Audit, Head of Internal Control & Compliance, External Auditors regarding their findings and remedial suggestions on various issues that need improvement. The Audit Committee instructed management to follow those remedial suggestions accordingly. Meeting dates are as follows:

Sl No.	Meeting	Date of Meeting
1	236th Audit Committee Meeting	30 January 2025
2	237th Audit Committee Meeting	26 February 2025
3	238th Audit Committee Meeting	24 March 2025
4	239th Audit Committee Meeting	29 May 2025
5	240th Audit Committee Meeting	24 June 2025
6	241st Audit Committee Meeting	17 July 2025
7	242nd Audit Committee Meeting	04 September 2025
8	243rd Audit Committee Meeting	28 October 2025
9	244th Audit Committee Meeting	09 November 2025

FEW SUGGESTIONS MADE BY THE AUDIT COMMITTEE IN 2025 ARE SUMMARIZED BELOW:

- The Audit Committee advised the Bank management to ensure Investment in the secondary market by Mercantile Bank Securities Limited in accordance with the decisions of the company's Investment Committee. In this regard the committee also advised to formulate an Investment Policy.
- The committee advised to maintain the back-office operations of Mercantile Bank Securities Limited in accordance with the directives of the regulatory authorities. To ensure proper maintenance of operations the committee also advised to purchase suitable and up-to-date back-office software.
- The Audit committee advised to ensure proper receive and verify the documentations of all loan accounts of the branch by the incoming Head of Branch from the outgoing Head of Branch during the handover-takeover period. It also advised Head Office to monitor that the handover/takeover process is done in accordance with Head office instructions.
- The Audit committee advised to cancel enlistment of surveyors and panel lawyers of the bank who are negligent in performing their duties. The committee also advised to file criminal cases against them considering the severity of the matter, if necessary.
- The Audit committee advised to arrange training/workshops for the members of the Board of Directors/ management, both within the country and abroad to remain update on the latest Acts/ Regulations/ Guidelines/Circulars necessary for bank operations.
- The Audit committee advised to strengthen early alert system/ post-disbursement monitoring system after the disbursement of loans and advances to customers.

- The Audit committee has seen weaknesses in Credit Risk Management Division (CRMD), Internal Control and Compliance Division (ICCD), and Central Law Division and advised to conduct an audit by the external auditor on CRMD, ICCD, and Central Law Division to identify the causes of weaknesses of those departments and also advised to submit a comprehensive report to overcome the weaknesses to the Board.
- The Audit Committee advised to complete classifications of loans and advances of the Bank by following objective criteria (with system generated data) as per Bangladesh Bank (BB) guidelines.
- The Audit committee advised to strengthen monitoring system to ensure the complete and final settlement of classified loans within the shortest possible time to decrease Non Performing Loan (NPL) volume. In this regard, the committee advised the Recovery Division of the bank to set separate recovery targets for each branch in coordination with them.
- The Audit committee advised the Bank management to issue cautionary circular describing the nature of criminal activity committed by any executive/official/employee of the bank. The committee also advised to bring those executives/officials/ employees under disciplinary action based on specific allegations in accordance with the HR policy who are found to be involved in criminal activities.
- The Audit Committee advised the Information Technology Division to take appropriate measures to ensure obtaining accurate and credible MIS reports so that the management can make proper decision on various matters with the help of credible information.
- The Audit Committee advised the Bank management to act effectively as per time bound action plan to reduce the shortfall of provision determined by Bangladesh Bank and also advised to submit updated performance information on monthly basis.
- The Audit Committee advised the senior management team to submit their updated performance information against loan recovery target on monthly basis.
- The Audit Committee advised the Central Law Division to present monthly basis update report on the status of the bank's pending litigations.

ACKNOWLEDGEMENT:

The Audit Committee extends its sincere appreciation to the Board of Directors, management, and auditors for their steadfast support and collaboration. The Committee also expresses its deep gratitude to regulatory bodies, particularly Bangladesh Bank and the Bangladesh Securities and Exchange Commission (BSEC), for their guidance and oversight which have been instrumental in fulfilling its responsibilities effectively.

On behalf of the Audit Committee,



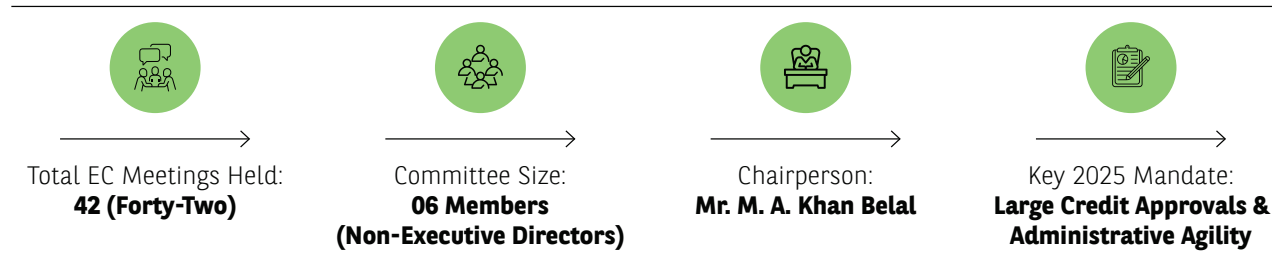
Prof. Dr. Md. Rezaul Kabir

Chairman

Audit Committee of the Board

Report of the Executive Committee (EC)

The Executive Committee (EC) of the Board acts as the agile operational proxy for the full Board of Directors. In a highly dynamic financial sector where delayed decisions can result in lost business opportunities or increased credit exposure, the EC is empowered to handle urgent, daily, and routine banking operations between scheduled Board meetings. The primary mandate of the EC is to ensure the uninterrupted flow of the Bank's business—specifically by reviewing and approving large credit proposals, routine administrative expenditures, and strategic investments that fall beyond the delegated authority of the Managing Director.



QUALITATIVE DISCLOSURES: DELEGATED AUTHORITY & OPERATIONAL PROTOCOLS

- (a) Delegation of Authority & Credit Approvals: In strict adherence to the Bank Company Act, 1991, the Board of Directors has formally delegated specific financial and administrative authorities to the Executive Committee. Throughout 2025, the EC meticulously evaluated and approved large-scale corporate loan syndications, renewed existing credit limits, and approved interest rate amendments and collateral security modifications that exceeded the Management's approval thresholds.
- (b) Meeting Protocols & Advance Preparation: To ensure active participation and informed decision-making, a detailed memorandum along with comprehensive working papers for every credit proposal is distributed to all EC members at least 2 (two) days prior to each meeting. The Company Secretary of the Bank officially acts as the Secretary to the Executive Committee.

- (c) Mandatory Board Ratification: Maintaining absolute transparency and Board supremacy, the EC does not operate in isolation. Every single decision taken, credit approved, or expenditure authorized by the Executive Committee in 2025 was subsequently presented and formally ratified at the immediate next meeting of the full Board of Directors.

Quantitative Disclosures: Meetings & Composition

- (a) Number of Meetings Held: Reflecting the high velocity of MBPLC's corporate banking operations, the Executive Committee convened frequently, successfully holding an impressive 42 (forty-two) formal meetings during the 2025 operational year.
- (b) Committee Size & Limitations: Complying strictly with BRPD Circular No. 02/2024, which dictates that the EC must consist of a maximum of 07 (seven) members, MBPLC's EC operated with 06 (six) nominated Non-Executive Directors.
- (c) Member Attendance Record (2025):

Name of the Member	Status in Bank	Position in Committee	Applicable Meetings
Mr. M. A. Khan Belal	Director	Chairman	42
Mr. A.S.M. Feroz Alam	Director	Member	42
Mr. M. Amanullah	Director	Member	42
Mr. Morshed Alam *	Director	Member	21
Alhaj Mosharref Hossain	Director	Member	35
Mr. Mohammad Abdul Awal	Director	Member	42

(Statutory Notes on Committee Reconstitution during 2025): * Mr. Morshed Alam served as a member of the Executive Committee until his retirement from the Board on 20.07.2025 (applicable for 21 meetings prior to departure). (Note: The Managing Director, along with the Head of Credit Risk Management (CRM), regularly attended EC meetings upon invitation to present credit proposals and provide operational clarifications, though they hold no voting rights within the committee).

Report of the Risk Management Committee (RMC)

The Risk Management Committee (RMC) serves as the dedicated Board-level body responsible for overseeing Mercantile Bank PLC's overall risk management architecture. The Committee ensures that all operational, financial, and strategic risk-taking activities remain strictly aligned with the Board-approved Risk Appetite Statement.

For a comprehensive review of the Committee's governance and oversight activities during the 2025 operational year, please refer to the dedicated "Risk Management" chapter of this Annual Report.

The full Report on Risk Management Committee of the Board of Directors—located within that chapter—extensively details the RMC's statutory composition, the proceedings of the 10 (ten) formal meetings held throughout the year, member attendance records, and the Committee's critical strategic directives pertaining to Basel III compliance, the Internal Capital Adequacy Assessment Process (ICAAP), and rigorous stress testing frameworks.

Nomination and Remuneration (NRC) Compliance

One of the most complex governance challenges for listed commercial banks in Bangladesh is navigating the conflicting statutory mandates between the capital market regulator (BSEC) and the central bank (Bangladesh Bank) regarding the formation of a Nomination and Remuneration Committee (NRC). Mercantile Bank PLC (MBPLC) has established a seamless “Dual Compliance Bridge,” fully satisfying the rigorous requirements of the BSEC Corporate Governance Code while strictly adhering to the structural limitations imposed by Bangladesh Bank.

- **The BSEC Mandate:** Condition 6 requires all listed companies to form a dedicated Nomination and Remuneration Committee (NRC).
- **The BB Restriction:** BRPD Circular No. 02 (11 February 2024) strictly limits banks to only three sub-committees (EC, BAC, RMC), explicitly prohibiting the formation of a separate NRC.
- **The MBPLC Solution:** Under the directives of Bangladesh Bank, the full spectrum of NRC duties—including policy formulation, nomination criteria, and remuneration review—has been officially vested in the Audit Committee of the Board (BAC).

QUALITATIVE DISCLOSURES: STRUCTURAL COMPLIANCE & ROLE DELEGATION

- (a) **Explanation of BB Directive Compliance:** The Bank confirms that it does not maintain a separately designated Nomination and Remuneration Committee. To ensure absolute compliance with Bangladesh Bank’s BRPD Circular No. 02/2024, which restricts the Board to three sub-committees, the Board of Directors has formally delegated all NRC-related roles and responsibilities to the Board Audit Committee (BAC). Consequently, the BAC independently oversees the nomination criteria for top-level executives, devises policies on Board diversity, and reviews the human resources and remuneration frameworks.
- (b) **Policy Formulation & Remuneration Principles:** The Audit Committee (acting as the NRC) ensures that the Bank’s remuneration policies are firmly aligned with its long-term strategic goals. The remuneration structure is designed to be fair, competitive, and sufficient to attract and retain top-tier talent. The Committee strictly ensures that remuneration for top-level executives involves a prudent balance between fixed pay and performance-based incentives, reflecting both short-term operational targets and long-term institutional value creation without encouraging excessive risk-taking.

QUALITATIVE DISCLOSURES: EVALUATION CRITERIA

- (a) **Criteria for Evaluating Independent Directors and Board Performance:** The Audit Committee (acting as the NRC) has established strict criteria for evaluating the performance of the Board and its Independent Directors. The evaluation parameters include:
 - **Independence & Objectivity:** The ability to exercise unbiased, independent judgment, free from any pecuniary relationship with the Bank’s sponsors or management.
 - **Engagement & Attendance:** Active participation in scheduled Board and Sub-Committee meetings, including the thorough review of pre-meeting memorandums.
 - **Regulatory Vigilance:** Ensuring the protection of minority shareholders and depositors while monitoring compliance with BSEC, Bangladesh Bank, and other statutory regulations.
 - **Strategic Contribution:** Value addition in specialized functional areas (e.g., risk management, financial reporting, corporate governance) and active intervention during crisis management.

Quantitative Disclosures: Remuneration Paid to Directors

- (a) **Statement of Total Remuneration Paid:** In strict compliance with BRPD Circular No. 02/2024, the Non-Executive Directors of MBPLC do not receive any monthly salary, performance bonus, or profit-sharing incentives. They are only entitled to a fixed honorarium for attending Board and Sub-Committee meetings.
 - o **Meeting Honorarium:** The maximum honorarium paid per Director is strictly capped at BDT 10,000 per meeting attended (subject to applicable tax deductions).
 - o **Independent Director Remuneration:** Pursuant to BRPD Circular No. 03 (dated 14 February 2024), Independent Directors receive a fixed monthly remuneration of BDT 50,000, in addition to the standard meeting honorariums.
 - o **Cross-Reference for Name-Wise Disclosure:** The explicit, name-wise breakdown of the exact remuneration paid to each Director, including Independent Directors, during the 2025 operational year has been quantitatively detailed in the “Board Attendance & Remuneration Dashboard” located in this Corporate Governance Report, as well as in Note 33 of the Audited Financial Statements.

SHAREHOLDING, DIVIDEND & AGM DISCLOSURES

Pattern of Shareholding

At Mercantile Bank PLC (MBPLC), we believe that a highly transparent ownership structure is fundamental to maintaining investor trust and institutional credibility. As of 31 December 2025, the Bank's total outstanding paid-up capital consists of 1,106,575,435 ordinary shares. The shareholding matrix is firmly anchored by our Sponsors and Directors who hold 33.62% of the total equity, comfortably exceeding the regulatory requirement of maintaining a minimum 30% joint holding. The remaining free-float shares are diversely distributed among the General Public (40.01%), Financial Institutions (25.73%), and Foreign Investors (0.64%), reflecting broad-based market confidence in the Bank's fundamental stability.

- Sponsors / Directors: 371,995,890 Shares (33.62%)
- General Public: 442,719,088 Shares (40.01%)
- Financial Institutions: 284,743,571 Shares (25.73%)
- Foreign Investors: 7,116,886 Shares (0.64%)
- Total Outstanding Shares: 1,106,575,435 Shares (100.00%)

QUANTITATIVE DISCLOSURES: NAME-WISE SHAREHOLDING DETAILS

In explicit compliance with the BSEC Corporate Governance Code, the precise, name-wise shareholding pattern of the Bank's affiliated entities, leadership, and top executives as of 31 December 2025 is declared below:

(a) Parent, Subsidiary, Associated Companies and other related parties:

MBPLC is the parent entity and holds controlling stakes in the following subsidiary companies. However, these subsidiaries do not hold any reciprocal shares in MBPLC.

1. Mercantile Bank Securities Limited (Shareholding in MBPLC: Nil)
2. Mercantile Exchange House (UK) Limited (Shareholding in MBPLC: Nil)
3. MBL Asset Management Limited (MBL AML) (Shareholding in MBPLC: Nil)

(b) Directors, Managing Director, Company Secretary, Chief Financial Officer, Head of Internal Audit & Compliance and their spouses and minor children (name-wise details):

SL	Name of the Directors, their spouse & minor children	As on 31 December 2025		As on 31 December 2024	
		Shares held	%	Shares held	%
i.	Directors				
1	Md. Anwarul Haque	24,943,792	2.25%	24,943,792	2.25%
	Spouse: Nargis Anwar	3,296,254	0.30%	3,296,254	0.30%
	Minor Children :	Nil	Nil	Nil	Nil
2	Al-haj Akram Hossain (Humayun)	24,017,249	2.17%	24,017,249	2.17%
	Spouse: Ferdousi Begum	2,768,452	0.25%	2,768,452	0.25%
	Minor Children :	Nil	Nil	Nil	Nil
3	Md. Abdul Hannan, MP	25,298,854	2.29%	25,298,854	2.29%
	Spouse: Israt Jahan	3,542,845	0.32%	3,542,845	0.32%
	Minor Children :	Nil	Nil	Nil	Nil
4	M.A. Khan Belal	22,217,211	2.01%	22,217,211	2.01%
	Spouse: Morzina Khan Monzu	485,903	0.04%	485,903	0.04%
	Minor Children :	Nil	Nil	Nil	Nil
5	Mohammad Abdul Awal	22,592,370	2.04%	22,592,370	2.04%
	Spouse: Yesmin Ferdous	299,320	0.03%	299,320	0.03%
	Minor Children :	Nil	Nil	Nil	Nil
6	Prof. Dr. Md. Rezaul Kabir	Nil	Nil	Nil	Nil
	Spouse: Dr. Ismat Rahman	Nil	Nil	Nil	Nil
	Minor Children :	Nil	Nil	Nil	Nil
7	A.S.M. Feroz Alam	34,854,232	3.15%	34,854,232	3.15%
	Spouse: Yoko Inamori	Nil	Nil	Nil	Nil
	Minor Children :	Nil	Nil	Nil	Nil
8	M. Amanullah	25,000,000	2.26%	25,000,000	2.26%
	Spouse: Tazneen Aman	Nil	Nil	3,281,302	0.30%
	Minor Children :	Nil	Nil	Nil	Nil

9	Al-haj Mosharref Hossain	26,486,392	2.39%	26,486,392	2.39%
	Spouse: Feroza Begum	3,506,712	0.32%	3,506,712	0.32%
	Minor Children :	Nil	Nil	Nil	Nil
10	Prof. Mohammad Thoufiqul Islam, PhD	Nil	Nil	Nil	Nil
	Spouse: Ishrat Mahmud	Nil	Nil	Nil	Nil
	Minor Children :	Nil	Nil	Nil	Nil
Designation					
ii.	Mati Ul Hasan, Managing Director	Nil	Nil	Nil	Nil
	Spouse / Minor Children of MD	Nil	Nil	Nil	Nil
iii.	Mohammad Rezaul Karim, Company Secretary	Nil	Nil	Nil	Nil
	Spouse / Minor Children of CS	Nil	Nil	Nil	Nil
iv.	Tapash Chandra Paul, PhD, DMD & CFO	Nil	Nil	Nil	Nil
	Spouse / Minor Children of CFO	Nil	Nil	Nil	Nil
v.	Ashim Kumar Saha, DMD & HIAC	Nil	Nil	Nil	Nil
	Spouse / Minor Children of DMD & HIAC	Nil	Nil	Nil	Nil

(c) Executives [top 5 (five) salaried employees of the company, other than the Directors, Managing Director, Company Secretary, Chief Financial Officer and Head of Internal Audit and Compliance]

SL	Designation	As on 31 December 2025		As on 31 December 2024	
		Shares held	%	Shares held	%
1	Md. Zakir Hossain, Deputy Managing Director	Nil	Nil	Nil	Nil
2	Shamim Ahmed, Deputy Managing Director	Nil	Nil	Nil	Nil
3	Dr. Md. Zahid Hossain, Deputy Managing Director	Nil	Nil	Nil	Nil
4	Shah Md. Sohel Khurshid, Deputy Managing Director	Nil	Nil	Nil	Nil
5	Mohammad Iqbal Rezwana, Senior Executive Vice President	Nil	Nil	Nil	Nil

(d) Shareholders holding ten percent (10%) or more voting interest in the Company

The Bank confirms that, as of 31 December 2025, there are no shareholders (individual, corporate, or institutional) holding 10% (ten percent) or more voting interest in Mercantile Bank PLC.

Dividend Distribution Policy & Compliance

The fundamental objective of Mercantile Bank PLC's (MBPLC) Dividend Distribution Policy is to strike a prudent balance between rewarding shareholders and retaining sufficient capital to ensure robust institutional growth. The Board of Directors strictly evaluates the Bank's Capital to Risk-Weighted Assets Ratio (CRAR), asset quality, and regulatory mandates before recommending any dividend. For the financial year 2025, operating within a highly restrictive macroeconomic environment and prioritizing absolute regulatory compliance, the Board made the responsible decision to prioritize capital preservation over immediate distribution, setting a clear roadmap for long-term balance sheet fortification.

- 2025 Dividend Declaration: "No Dividend" (0% Cash, 0% Stock).
- Strategic Rationale: Regulatory compliance with Bangladesh Bank directives regarding provision shortfalls and deliberate capital preservation.
- Governing Policy: BSEC Directive No. BSEC/CMRRCD/2021-386/03 dated 14 January 2021.

QUALITATIVE DISCLOSURES: POLICY GUIDELINES & STATUTORY EXPLANATIONS

- (a) Summary of the Dividend Distribution Policy: The Bank's Dividend Distribution Policy is meticulously formulated in accordance with BSEC Directive No. BSEC/CMRRCD/2021-386/03. The policy

explicitly dictates that dividend distributions must be channeled through the Bangladesh Electronic Funds Transfer Network (BEFTN) within 30 (thirty) days of AGM approval. Furthermore, the policy outlines strict protocols for handling unclaimed dividends, ensuring they are maintained in a dedicated 'Dividend Suspense Account' and are not forfeited until barred by law, subsequently transferring eligible funds to the Capital Market Stabilization Fund (CMSF) as per BSEC guidelines.

- (b) Explanation for Not Declaring Dividend: In explicit compliance with BSEC Condition 1.5.xx, the Board of Directors hereby explains the rationale for recommending "No Dividend" for the year ended 31 December 2025. Following a rigorous assessment by Bangladesh Bank, the Bank identified a significant unadjusted provision shortfall. Pursuant to Bangladesh Bank's regulatory forbearance directive (Ref: BSD-2/2203/2026-384, dated April 29, 2026), the central bank granted a no-objection to finalize the 2025 financial statements without full adjustment of this shortfall. This forbearance was granted on the strict conditions of non-declaration of dividends, enhanced market disclosures, and the formulation of a Board-approved, time-bound plan to address the provision and capital gaps. The Board considers the "No Dividend" declaration a highly responsible and necessary measure to comply with the central bank's directive and absorb this shortfall, and remains fully committed to restoring dividend payments as the Bank executes its aggressive asset recovery roadmap.

- (c) Declaration on Interim Dividend: The Board of Directors issues an unequivocal statement confirming that no bonus share or stock dividend has been declared or distributed as an interim dividend during the 2025 operational year.

QUANTITATIVE DISCLOSURES: PAYOUT TRENDS & UNCLAIMED DIVIDEND MANAGEMENT

- 4.2.2.1 (a) Historical Dividend Trend Analysis: To provide transparent visibility to our investors, the dividend payout ratio and net profit alignment for the recent operational cycles are summarized below:

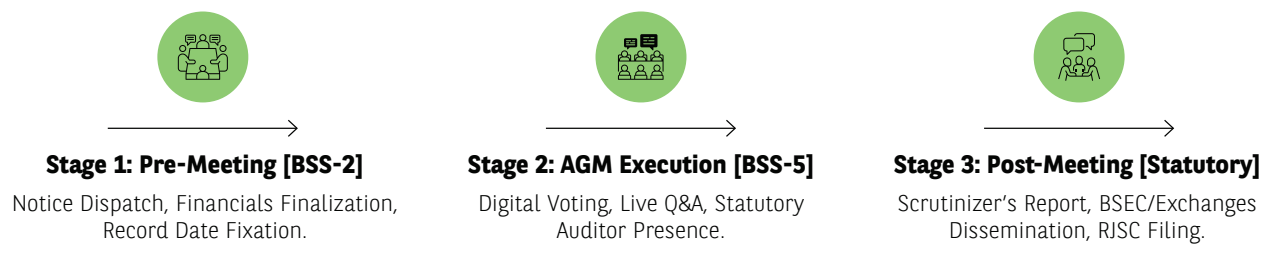
Financial Year	Net Profit After Tax (BDT)	Cash Dividend	Stock Dividend	Total Dividend	Payout Ratio
2025	Explicitly detailed in FS	Nil	Nil	Nil	0.00%
2024	649,567,131	Nil	Nil	Nil	0.00%
2023	2,058,220,622	10.00%	Nil	10.00%	53.76%

- (b) Management of Unpaid/Unclaimed Dividend: In strict compliance with BSEC guidelines, the Bank actively monitors and manages unpaid or unclaimed cash and stock dividends. As per the Bank's policy, unclaimed cash dividends are held in a separate bank account, while uncredited stock dividends (due to inactive BO accounts) are securely preserved in the 'Dividend Suspense Account'. The Bank continually dispatches SMS and email reminders to shareholders to update their BO account details to facilitate seamless distribution.

Governance Disclosure on Holding the AGM

Mercantile Bank PLC (MBPLC) views the Annual General Meeting (AGM) not merely as a statutory compliance exercise, but as the pinnacle of shareholder engagement and corporate transparency. To guarantee the equitable treatment of all shareholders—including minority investors—and to facilitate seamless nationwide and international participation, the Bank successfully hosted its 26th AGM

on Sunday, 20 July 2025, utilizing a highly secure, interactive digital platform. The entire process from convening the meeting to the final statutory reporting was executed in flawless compliance with the Bangladesh Secretarial Standards on General Meetings (BSS-2) and Meetings through Electronic Modes (BSS-5).



QUALITATIVE DISCLOSURES: PRE-MEETING COMPLIANCES [BSS-2]

- (a) Record Date & Notice Period: Following Board authorization, the Bank fixed the "Record Date" as 29 June 2025. In strict adherence to the Companies Act 1994 and BSS-2, the official Notice of the 26th AGM was published in widely circulated national dailies and dispatched to the shareholders precisely 21 (twenty-one) days prior to the meeting date.
- (b) Digital Distribution of Annual Report: To promote sustainable, paperless banking and comply with BSEC Notification No. BSEC/CMRRCD/2006-158/Admin/81, the Bank distributed the full Annual Report 2024, along with the Attendance Slip and Proxy Form, directly to the e-mail addresses of the members available in their Beneficiary Owner (BO) accounts maintained with the Depository Participants (CDBL).
- (c) Independent Scrutinizer Appointment: To guarantee absolute transparency in the digital voting process, the Board appointed an independent professional (a practicing Chartered Secretary) to act as the official Scrutinizer for the 26th AGM.

QUALITATIVE DISCLOSURES: VIRTUAL AGM EXECUTION [BSS-5]

- (a) **Dedicated Digital Platform & e-Voting:** The AGM was hosted on a dedicated, secure platform (<https://mbplc.bdvirtualagm.com>). Shareholders accessed the portal using their 16-digit BO ID or Folio Number. The online real-time voting (e-voting) option was officially opened 24 (twenty-four) hours prior to the start of the meeting and remained open until the formal closure of the AGM.
- (b) **Quorum and Statutory Presence:** The Company Secretary ensured that the requisite quorum was maintained continuously throughout the virtual meeting. The Chairman of the Board, the Managing Director, the Chairman of the Audit Committee, and the representatives of the Statutory External Auditors were all present in the virtual meeting to answer queries from the shareholders directly.
- (c) **Interactive Q&A Session:** The platform was designed to allow shareholders to submit their questions and comments electronically both prior to the meeting and live during the session. The Chairman and the MD actively addressed these queries, fulfilling the Board's commitment to continuous, open dialogue.

QUALITATIVE DISCLOSURES: POST-MEETING STATUTORY FILINGS

(a) Outcome Dissemination: Immediately following the conclusion of the 26th AGM, the exact, agenda-wise digital voting outcomes were formally declared. The consolidated voting results and the official Scrutinizer's Report were promptly submitted to the BSEC, the Dhaka Stock Exchange (DSE), and the Chittagong Stock Exchange (CSE).

(b) Record Preservation & Filings: The full audio-visual recording of the virtual AGM was secured and submitted to the regulatory commissions. Furthermore, the approved minutes, the Annual Return, and Form XII were duly filed with the Registrar of Joint Stock Companies & Firms (RISC) within the mandated regulatory timeline.

QUANTITATIVE DISCLOSURES: PROCEDURAL METRICS

(a) Proxy Protocols: Shareholders entitled to attend and vote were permitted to appoint a proxy. The Bank ensured that all "Proxy Forms" were properly filled, signed, and stamped with a BDT 100.00 revenue stamp, and submitted to the Bank's share department no later than 48 hours before the commencement of the AGM.

(b) Shareholder Engagement Window: Shareholders were granted a dedicated window to submit written queries regarding the Directors' Report and the Audited Financial Statements up to 5 (five) working days before the date of the AGM, ensuring the Management had ample time to prepare comprehensive, data-driven responses.

MANAGEMENT, ETHICS & SHARI'AH FRAMEWORK

Management-Level Committees

While the Board of Directors establishes the overarching risk appetite and strategic vision of Mercantile Bank PLC (MBPLC), it is the Executive Management that translates these directives into daily operational reality. To ensure decentralized yet highly coordinated decision-making, the Bank operates a robust network of Management-Level Committees. These committees act as the critical "Second Line of Defense," providing specialized oversight over liquidity, enterprise risk, sustainable finance, and regulatory compliance, ensuring that no single individual holds unchecked executive authority.

QUALITATIVE DISCLOSURES: CORE EXECUTIVE & RISK COMMITTEES

- (a) **Senior Management Team (SMT):** Serving as the highest executive decision-making body, SMT is chaired by the Managing Director and comprises all Deputy Managing Directors (DMDs) and key divisional heads (including the Chief Financial Officer, Chief Risk Officer, and Chief Operating Officer). SMT evaluates monthly business performance, deposit mobilization, and operational bottlenecks, ensuring that the Board's strategic mandates are executed seamlessly across the branch network.
- (b) **Asset Liability Committee (ALCO):** In a year marked by systemic liquidity constraints, the ALCO played a vital role in 2025. The committee meets regularly to monitor the Bank's balance sheet structure, manage interest rate gaps, and ensure optimal liquidity thresholds are maintained in strict compliance with Bangladesh Bank's Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) mandates.
- (c) **Executive Risk Management Committee (ERMC):** Operating just below the Board's Risk Management Committee (RMC), the ERMC is responsible for the day-to-day identification, measurement, and mitigation of credit, market, and operational risks. Demonstrating relentless vigilance in 2025, the ERMC successfully convened its 183rd meeting during the year. The

summary of this meeting, along with the Bank's broader risk mitigation tactics, was formally escalated to the Board's RMC for final supervisory review.

QUALITATIVE DISCLOSURES: SPECIALIZED & SUSTAINABILITY COMMITTEES

To proactively address evolving global standards and regulatory pressures regarding climate change and sustainable business practices, MBPLC has deployed highly specialized operational committees:

- (a) **Sustainable Finance Committee (SFC):** Tasked with integrating ESG factors into the Bank's core lending practices, the SFC oversees the Sustainable Finance Unit (SFU). In 2025, the committee ensured strict adherence to Bangladesh Bank's SFD Circulars, officially reporting its green finance and sustainable disbursement metrics directly to the Deputy Managing Director & Chief Risk Officer (CRO).
- (b) **Climate Risk Disclosure Working Committee (CRDWC):** Recognizing the critical shift toward standardized carbon accounting, MBPLC established the CRDWC. Chaired by the DMD & Chief Financial Officer (CFO), this committee acts as the bridge between raw portfolio data and standardized reporting, ensuring absolute compliance with SFD Circular 01/2025 and technical consistency with PCAF (Partnership for Carbon Accounting Financials) Global Standards.
- (c) **Auxiliary Operational Committees:** To ensure transparent and specialized oversight in routine banking functions, Management relies on several other dedicated committees, most notably the Credit Assessment Committee, the Share Investment Committee (managing capital market exposures), the Basel III Implementation Unit, and the Purchase Committee (ensuring transparency in vendor selection and procurement).

Code of Conduct and Business Ethics

CODE OF CONDUCT AND BUSINESS ETHICS

At Mercantile Bank PLC (MBPLC), corporate governance extends far beyond regulatory checklists; it is deeply embedded in our organizational culture. The Bank operates on the foundational principle of "Uncompromising Integrity," which serves as the opening mandate of our comprehensive Employee Code of Ethics and Business Conduct. We believe that the reputation and continued success of the Bank depend entirely on a shared commitment to ethical behavior. The Board of Directors strictly enforces this culture, ensuring that every strategic decision, client interaction, and internal process reflects the highest standards of transparency, fairness, and accountability.

1. **Integrity & Fair Treatment:** Zero-tolerance for discrimination, favoritism, or abuse of position.
2. **Conflict of Interest:** Strict avoidance of outside employment and personal business conflicts.
3. **Information Security:** Absolute confidentiality of customer data and insider information.
4. **AML & Fraud Prevention:** Rigorous Anti-Money Laundering protocols and Whistle-Blower protections.

QUALITATIVE DISCLOSURES: ETHICAL PRINCIPLES & IMPLEMENTATION

- (a) **Core Ethical Objectives:** The Bank's Code of Conduct is designed to safeguard five critical constituencies:
1. **Customers:** Treating them fairly and protecting their financial interests.
 2. **Shareholders:** Providing equitable treatment and absolute protection of their invested assets.
 3. **Employees:** Ensuring fair treatment, equal opportunity, and demanding reciprocal integrity.
 4. **Communities:** Focusing on bringing the best possible outcomes to the societies we serve.
 5. **People:** Proactively contributing to social well-being and national development.
- (b) **Annual Acknowledgment & Enforcement:** To ensure that ethical guidelines do not remain static documents, it is compulsory for all MBPLC employees to read and formally sign the Code of Conduct every year as a binding recurrence to the values enshrined within it. Leaders and managers are explicitly tasked with setting the "tone at the top," diligently enforcing these standards, and taking immediate action if violations occur.

QUALITATIVE DISCLOSURES: CONFLICT OF INTEREST, FRAUD & AML

- (a) **Conflict of Interest Management:** The Board continuously oversees policies to identify and mitigate potential conflicts of interest. Employees and Directors are strictly prohibited from utilizing their positions, or the Bank's confidential information, for personal gain. Furthermore, loan facilities to Directors are highly restricted, and any related-party transactions are executed strictly on an arm's-length basis, reviewed by the Audit Committee, and fully disclosed in the Annual Report.

- (b) **Misappropriation & Bribery:** The Code dictates a zero-tolerance policy for the misappropriation of assets. No employee may convert funds for personal use or assist others in such exploitation. Furthermore, employees are strictly prohibited from accepting gifts, benefits, or preferential facilities from clients or vendors that could influence objective business decisions.
- (c) **Anti-Money Laundering (AML) / CFT Protocols:** MBPLC operates a rigorous AML framework. The Bank strictly adheres to the guidelines issued by the Bangladesh Financial Intelligence Unit (BFIU) and global regulatory bodies to prevent trade-based money laundering and terrorist financing, deploying designated AML Compliance Officers across the network to continuously monitor and report suspicious transactions.

QUALITATIVE DISCLOSURES: WHISTLE-BLOWER PROTECTION & GRIEVANCE MECHANISM

- (a) **Whistle-Blower Protection Policy:** To proactively uncover irregularities, MBPLC maintains an effective Whistle-Blower Policy. Employees are provided with secure, diversified, and accessible channels—including a dedicated reporting hotline—to report suspected fraud, unethical conduct, or regulatory breaches. The Bank absolutely guarantees the protection of the whistleblower's identity and ensures strict protection against any form of retaliation, harassment, or dismissal.
- (b) **Grievance & Harassment-Free Workplace:** Recognizing our employees as our most critical human capital, the Bank operates a dedicated Grievance Resolution Policy and a Women Anti-Harassment Policy to maintain a healthy, gender-responsive work environment. The Human Resources Division actively monitors these channels, and any issues brought to the Bank's attention are treated with the highest level of confidentiality and rapid remediation.

Shari'ah Governance (Taqwa Islamic Banking)

Operating under the brand name "Taqwa," Mercantile Bank PLC's (MBPLC) Islamic Banking division transitioned from a specialized service wing to a foundational pillar of the Bank's corporate identity in 2025. Our governance architecture is anchored in the absolute principle of "Shari'ah First," bridging the gap between classical Islamic jurisprudence and modern financial regulation. A defining milestone of our 2025 Shari'ah governance was the strategic alignment of ethical finance with national development—exemplified by our landmark agreement with the Bangladesh House Building Finance Corporation (BHBFC) to channel Shari'ah-compliant housing finance to rural and peri-urban communities.

- **Regulatory Alignment:** AAOIFI Governance Standard (GS)-1 (Revised 2024) & IFSB-31.
- **Audit Footprint:** 45 Islamic Banking Windows (IBWs) and 02 Dedicated Islamic Banking Branches (IBBs) across Dhaka and Chattogram.
- **Training Mandate:** 24 Hours of mandatory Shari'ah training completed by every Taqwa employee.
- **SSC Chairman:** Maolana Shah Mohammad Waliullah, CSAA.

QUALITATIVE DISCLOSURES: SHARI'AH SUPERVISORY COMMITTEE (SSC) & FRAMEWORK

- (a) **SSC Composition and Independence:** To guarantee the absolute integrity of our Islamic finance offerings, the Bank maintains an

independent Shari'ah Supervisory Committee (SSC) comprised of distinguished Faqih (jurists) specializing in Fiqh-ul-Muamalat (Islamic Commercial Jurisprudence). The Committee is chaired by Maolana Shah Mohammad Waliullah, CSAA, supported by Dr. Muhammad Zakaria (Member Secretary), and esteemed members including Dr. Muhammad Shahjahan Madani, Prof. Dr. Md. Abdul Kadir, Prof. Dr. Md. Shamsul Alam, and Dr. A.Y.M. Nesar Uddin. The Board ensures the SSC operates completely free from managerial influence.

- (b) **Regulatory Alignment & Product Vetting:** The governance framework strictly aligns with the AAOIFI Governance Standard (GS)-1 (Revised 2024) and IFSB-31. In 2025, the SSC actively vetted and approved revised product manuals, notably transitioning toward Shari'ah-compliant benchmark rates based on macro-economic indicators rather than conventional interest-based benchmarks.
- (c) **Deliberation & Fatwa Protocols:** The SSC held regular quarterly review sessions and emergency meetings in 2025 to address market volatility. All decisions (Fatwas) issued by the SSC are strictly binding upon the Bank. Furthermore, a real-time advisory helpdesk was established for branch managers to receive instant Shari'ah clearance for complex corporate investment proposals.

QUALITATIVE DISCLOSURES: OPERATIONAL SEGREGATION & PROFIT DISTRIBUTION

(a) Absolute Fund Segregation: The Bank strictly enforces a “firewall” of Shari’ah integrity. Utilizing advanced sub-ledger modules within the core banking system (T24), Taqwa ensures that Islamic deposits are meticulously segregated from conventional funds. Investments and placements are executed exclusively from Islamic banking deposits, ensuring zero mixing with interest-bearing activities.

(b) Profit Distribution (Mudaraba) Transparency: The profit distribution between the Bank (as Mudarib) and the depositors (Rab-ul-Mal) is executed based on a pre-agreed Profit Sharing Ratio (PSR). Product-wise weightages—determined by factors like tenor, risk level, and payment frequency—were transparently published prior to the beginning of the year, ensuring absolute fairness to our Mudaraba partners.

5.3.3 QUANTITATIVE & QUALITATIVE DISCLOSURES: AUDIT, TATHIR (PURIFICATION), AND TRAINING

(a) Shari’ah Audit & Risk-Based Inspections: In 2025, the Bank executed comprehensive Shari’ah Audits across 02 divisions,

achieving maximum audit coverage across all 45 Islamic Banking Windows and 02 Islamic Banking Branches. Adopting a risk-based approach, high-volume investment branches were subjected to unannounced spot-checks. Identified procedural gaps were mandated a strict 30-day rectification window monitored by the ICCD.

(b) Income Purification (Tathir) & Charity Mechanism: MBPLC maintains a zero-tolerance policy for non-compliance. Any incidental or doubtful income generated from late payment penalties or technical errors in contract execution was immediately identified, segregated, and transferred to the MBPLC Foundation. These purified funds were systematically disbursed to Shari’ah-permitted sectors, including educational supplies for orphaned children and small-scale interest-free Qard-e-Hasana for distressed micro-entrepreneurs.

(c) Human Capital & Digital Innovation: Recognizing that human capital is the frontline of compliance, the Bank mandated a minimum of 24 hours of specialized Shari’ah training for every employee operating under the Taqwa wing in 2025. To empower our clients digitally, the dedicated ‘Taqwa’ module within the MBL Rainbow App was upgraded to feature an automated Zakat Calculator, real-time prayer alerts, and a pioneering “Purification Tracker” providing clients with absolute transparency.

STATUTORY COMPLIANCE CHECKLISTS & CERTIFICATIONS



Suraiya Parveen & Associates (Chartered Secretaries, Financial & Management Consultants)

[Certificate as per condition No.1 (5) (XXVII)]

Report to the Shareholders of Mercantile Bank PLC on compliance on the Corporate Governance Code

We have examined the compliance status to the Corporate Governance Code by Mercantile Bank PLC for the year ended on 31st December 2025. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June, 2018 of the Bangladesh Securities and Exchange Commission.

Such compliance with the Corporate Governance Code is the responsibility of the Bank. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

This is a scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

We state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion:

- (a) The Bank has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission;
- (b) The Bank has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;
- (c) Proper books and records have been kept by the company as required under the Companies Act, 1994, the securities laws and other relevant laws; and
- (d) The Governance of the company is satisfactory.

Dhaka, Dated
May 06, 2026



For Suraiya Parveen & Associates
Chartered Secretaries

Suraiya Parveen, FCS
Chief Executive Officer

Office Address: Razzak Plaza (9th Floor) Suite-10G, 383 Tangi Diversion Road (old), 2 Shahid Tajuddin Ahmed Sarani (New), Moghbazar, Dhaka-1217, Mobile: 01911-421998, 01713-110408, E-mail: suraiyaparveenfcs@gmail.com, musfiquefcs@gmail.com

Compliance with BSEC Corporate Governance Code 2018 (Annexure-C)

This section transitions from our qualitative narrative into the strict, statutory declarations required by the capital market regulators. The following matrix represents Mercantile Bank PLC's (MBPLC) absolute compliance with the Corporate Governance Code issued by the Bangladesh Securities and Exchange Commission (BSEC) via Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018, and its subsequent amendments.

To guarantee absolute transparency to our shareholders, this compliance status has been independently scrutinized, verified, and certified by Suraiya Parveen & Associates, Chartered Secretaries, whose official Certificate of Compliance (Annexure-B) precedes this checklist.

Status of compliance with the conditions imposed by the Commission's Notification No. SEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969 and subsequent amended Notification No. BSEC/CMRRCD/2009-193/66/PRD/148 dated 16 October 2023 and BSEC/CMRRCD/2009-193/76/PRD/151 dated 04 April 2024 as per condition No. 1(5)(xxvii):

(Report under Condition No. 9)

Condition No.	Title	Compliance Status (√ has been put in the appropriate column)		Remarks
		Complied	Not complied	
1.	Board of Directors:			
1(1)	Size of the Board of Directors : The total number of members of a company's Board of Directors shall not be less than 5 (five) and more than 20 (twenty).	√		There are 10 (ten) members in the Board of the Bank as on 31 December 2025.
1(2)	Independent Directors All companies shall have effective representation of independent directors on their Boards, so that the Board, as a group, includes core competencies considered relevant in the context of each company; for this purpose, the companies shall comply with the following:-			
1(2)(a)	At least 2(two) directors or one-fifth (1/5) of the total number of directors in the company's Board, whichever is higher, shall be independent directors; any fraction shall be considered to the next integer or whole number for calculating number of independent director(s);	√		Duly followed
1(2)(a)(i)	Provided that the Board shall appoint at least 1(one) female independent director in the Board of Directors of the company;	√		
1(2)(b)	Without contravention of any provision of any other laws, for the purpose of this clause an "Independent director" means a Director			
1(2)(b)(i)	who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company;	√		Independent directors have submitted declarations about their compliances.
1(2)(b)(ii)	who is not a sponsor of the company or is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company: Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family members;	√		
1(2)(b)(iii)	who has not been an executive of the company in immediately preceding 2 (two) financial years;	√		
1(2)(b)(iv)	who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies;	√		
1(2)(b)(v)	who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange;	√		
1(2)(b)(vi)	who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market;	√		

Condition No.	Title	Compliance Status (√ has been put in the appropriate column)		Remarks
		Complied	Not complied	
1(2)(b)(vii)	who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code;	√		Independent directors have submitted declarations about their compliances.
1(2)(b)(viii)	who is not independent director in more than 5 (five) listed companies;	√		
1(2)(b)(ix)	who has not been reported as a defaulter in the latest Credit Information Bureau (CIB) report of Bangladesh Bank for non-payment of any loan or advance or obligation to a bank or a financial institution; and	√		
1(2)(b)(x)	who has not been convicted for a criminal offence involving moral turpitude;	√		
1(2)(c)	The independent director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM):	√		The appointments of independent directors are duly approved in the 26th AGM held on 20.07.2025.
1(2)(c)(i)	Provided that the Board shall appoint independent director, subject to prior consent of the Commission, after due consideration of recommendation of the Nomination and Remuneration Committee (NRC) of the company;			Complied as a Banking Company in accordance with the Bank Companies Act and Directives of Bangladesh Bank.
1(2)(d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days; and	√		No such situation arisen in the reporting year.
1(2)(e)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only: Provided that a former independent director may be considered for reappointment for another tenure after a time gap of one tenure, i.e., three years from his or her completion of consecutive two tenures [i.e. six years]: Provided further that the independent director shall not be subject to retirement by rotation as per the Condition no. 18 of Companies Act, 1994. Explanation: For the purpose of counting tenure or term of independent director, any partial term of tenure shall be deemed to be a full tenure.	√		Prof. Dr. Md. Rezaul Kabir Independent director and Chairman of the Audit Committee in his 2nd tenure. Prof. Mohammad Thoufiqul Islam, PhD Independent director and member of the Audit Committee in his 1st tenure.
1(3)	Qualification of Independent Director :			
1(3)(a)	Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to the business;	√		The qualification and background of Independent Directors justify their capabilities to ensure mentioned compliances.
1(3)(b)	Independent director shall have following qualifications:			
1(3)(b)(i)	Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk.100.00 million or any listed company or a member of any national or international chamber of commerce or registered business association; or			Not applicable.
1(3)(b)(ii)	Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid-up capital of Tk.100.00 million or of a listed company; or Explanation: Top level executive includes Managing Director (MD) or Chief Executive Officer (CEO), Additional or Deputy Managing Director (AMD or DMD), Chief Operating Officer (COO), Chief Financial Officer (CFO), Company Secretary (CS), Head of Internal Audit and Compliance (HIAC), Head of Administration and Human Resources or equivalent positions and same level or ranked or salaried officials of the company.			Not applicable.
1(3)(b)(iii)	Former or existing official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or Law: Provided that in case of appointment of existing official as independent director, it requires clearance from the organization where he or she is in service; or			Not applicable.

Condition No.	Title	Compliance Status (√ has been put in the appropriate column)		Remarks
		Complied	Not complied	
1(3)(b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or	√		One of the Independent Directors, Prof. Dr. Md. Rezaul Kabir is a Professor of Institute of Business Administration (IBA), University of Dhaka. The other Independent Director, Prof. Mohammad Thoufiqul Islam, PhD is Professor and Chairman of the Department of Management in the Faculty of Business Studies at the University of Dhaka.
1(3)(b)(v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;			Not applicable.
1(3)(c)	The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b);	√		Both the Independent Directors have more than 10 years of working experiences in their respective fields.
1(3)(d)	In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission.			Not applicable.
1(4)	Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer.			
1(4)(a)	The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals;	√		The Chairman of the Board and the MD of the Bank are different individuals.
1(4)(b)	The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company;	√		The MD of the Bank is not holding any such position in another listed company.
1(4)(c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company;	√		All 10 (ten) members of the Board including the Chairperson are non-executive directors.
(4)(d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer;	√		The Board have clearly defined respective roles and responsibilities of the Chairman and the MD of the Bank.
1(4)(e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	√		Duly recorded in the minutes.
1(5)	The Directors' Report to Shareholders			
	The Board of the company shall include the following additional statements or disclosures in the Directors' Report prepared under section 184 of the Companies Act, 1994 (Act No. XVIII of 1994):			
1(5)(i)	An industry outlook and possible future developments in the industry	√		Disclosed in the Directors' Report part of this Annual Report.
1(5)(ii)	The segment-wise or product-wise performance;	√		
1(5)(iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any;	√		
1(5)(iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable;	√		Being a bank, Interest Income, Interest Expenses and Profit Margins were discussed.
1(5)(v)	A discussion on continuity of any extraordinary activities and their implications (gain or loss);			No such situation arisen in the reporting year.
1(5)(vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions;	√		Disclosed in the Directors' Report part of this Annual Report.
1(5)(vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments;			No such situation arisen in the reporting year.
1(5)(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing, etc.;			
1(5)(ix)	An explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements;			

Condition No.	Title	Compliance Status (√ has been put in the appropriate column)		Remarks
		Complied	Not complied	
1(5)(x)	A statement of remuneration paid to the directors including independent directors;	√		Disclosed in the Directors' Report part of this Annual Report.
1(5)(xi)	A statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	√		
1(5)(xii)	A statement that proper books of account of the issuer company have been maintained;	√		
1(5)(xiii)	A statement that appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;	√		
1(5)(xiv)	A statement that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;	√		
1(5)(xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored;	√		
1(5)(xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;	√		
1(5)(xvii)	A statement that there is no significant doubt upon the issuer company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed;	√		
1(5)(xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained;			No such situation arisen in the reporting year.
1(5)(xix)	A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized	√		Disclosed in the Directors' Report part of this Annual Report.
1(5)(xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year;	√		Disclosed in this Annual Report.
1(5)(xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;			No such situation arisen in the reporting year.
1(5)(xxii)	The total number of Board meetings held during the year and attendance by each director;	√		Disclosed in this Annual Report.
1(5)(xxiii)	A report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by:-	√		
1(5)(xxiii)(a)	Parent or Subsidiary or Associated Companies and other related parties (name-wise details);	√		
1(5)(xxiii)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name-wise details);	√		
1(5)(xxiii)(c)	Executives; and Explanation: For the purpose of this clause, the expression "executive" means top 5 (five) salaried employees of the company, other than the Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer and Head of Internal Audit and Compliance.	√		
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details);	√		
1(5)(xxiv)	In case of the appointment or reappointment of a director, a disclosure on the following information to the shareholders:			Disclosed in this Annual Report.
1(5)(xxiv)(a)	a brief resume of the director;	√		
1(5)(xxiv)(b)	nature of his or her expertise in specific functional areas; and	√		
1(5)(xxiv)(c)	names of companies in which the person also holds the directorship and the membership of committees of the Board;	√		
1(5)(xxv)	A Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on:			

Condition No.	Title	Compliance Status (√ has been put in the appropriate column)		Remarks
		Complied	Not complied	
1(5)(xxv)(a)	accounting policies and estimation for preparation of financial statements;	√		Disclosed in the Annual Report.
1(5)(xxv)(b)	changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;	√		
1(5)(xxv)(c)	comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof;	√		
1(5)(xxv)(d)	compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;	√		
1(5)(xxv)(e)	briefly explain the financial and economic scenario of the country and the globe;	√		
1(5)(xxv)(f)	risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; and	√		
1(5)(xxv)(g)	future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM;	√		
1(5)(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A;	√		
1(5)(xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C;	√		
1(5)(xxviii)	The Directors' report to the shareholders does not require to include the business strategy or technical specification related to products or services, which have business confidentiality.	√		
1(6)	Meetings of the Board of Directors The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code.	√		Board Meetings are conducted regularly and all minutes, required books and records are well maintained and preserved.
1(7)	Code of Conduct for the Chairperson, other Board members and Chief Executive Officer			
1(7)(a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the Chairperson of the Board, other board members and Chief Executive Officer of the company;			Bangladesh Bank (BB), the primary regulator of Banks, advised all the schedule Banks to follow the Bank Company Act, 1991 and relevant directives of BB. They have also provided the Banks with the code of conduct of Board.
1(7)(b)	The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency.			
2	Governance of Board of Directors of Subsidiary Company			
2(a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company;	√		Duly followed.
2(b)	At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company;	√		
2(c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company;	√		
2(d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also;	√		
2(e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	√		
3	Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS)			
3(1)	Appointment			
3(1)(a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC);	√		The positions of MD, CS, CFO, HIAC are appointed by the Board.
3(1)(b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals;	√		The positions of MD, CS, CFO, HIAC are filled by different individuals.

Condition No.	Title	Compliance Status (√ has been put in the appropriate column)		Remarks
		Complied	Not complied	
3(1)(c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time:	√		MD, CS, CFO, HIAC of the Bank are not holding any such position in any other company at the same time.
3(1)(c)(i)	Provided that CFO or CS of any listed company may be appointed for the same position in any other listed or non-listed company under the same group for reduction of cost or for technical expertise, with prior approval of the Commission: Provided further that the remuneration and perquisites of the said CFO or CS shall be shared by appointing companies proportionately;	√		The positions of CFO & CS are filled by different individuals.
3(1)(d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	√		Roles, responsibilities and duties of CFO, the HIAC and the CS are clearly defined by the Board.
3(1)(e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).	√		No such situation arisen in the reporting year.
3(2)	Requirement to attend Board of Directors' Meetings The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board. Provided that the CS, CFO and/or the HIAC shall not attend such part of a meeting of the Board which involves consideration of an agenda item relating to their personal matters.	√		They do not involve in considering of an agenda item relating to their personal matters.
3(3)	Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)			
3(3)(a)	The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief:	√		Disclosed in this Annual Report.
3(3)(a)(i)	these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and	√		
3(3)(a)(ii)	these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws;	√		
3(3)(b)	The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members;	√		
3(3)(c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	√		
4	Board of Directors' Committee : For ensuring good governance in the company, the Board shall have at least following sub-committees			
4(i)	Audit Committee; and	√		Audit Committee of the Board of the Directors has been formed as per guidelines of Bangladesh Bank and BSEC.
4(ii)	Nomination and Remuneration Committee.			Bangladesh Bank (BB), the primary regulator of Banks, advised all the schedule Banks to follow the Bank Company Act, 1991 and relevant directives of BB. As per BB guidelines, MBPLC., can only form three sub-committees of the Board: Audit Committee (AC), Executive Committee (EC) and Risk Management Committee (RMC). No other Sub-Committee of the Board is permitted by BB.
5	Audit Committee			
5(1)	Responsibility to the Board of Directors			
5(1)(a)	The company shall have an Audit Committee as a subcommittee of the Board;	√		Audit Committee is established as per BSEC and BB guidelines.
5(1)(b)	The Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business;	√		The Audit Committee discharges their responsibility as per given guidelines.

Condition No.	Title	Compliance Status (√ has been put in the appropriate column)		Remarks
		Complied	Not complied	
5(1)(c)	The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing.	√		The duties of the Audit Committee are clearly defined in the Guidelines for Audit Committee as per BSEC and BB guidelines.
5(2)	Constitution of the Audit Committee			
5(2)(a)	The Audit Committee shall be composed of at least 3 (three) members;	√		Audit Committee comprises of 04 (Four) members.
5(2)(b)	The Board shall appoint members of the Audit Committee who shall be non-executive directors of the company excepting Chairperson of the Board and shall include at least 1 (one) independent director;	√		All the Directors of the Bank except MD are non-executive directors. There are 02 (two) Independent Directors in the Audit Committee and one of them, Prof. Dr. Md. Rezaul Kabir, was the Chairman of the Audit Committee.
5(2)(c)	All members of the audit committee should be “financially literate” and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience; Explanation: The term “financially literate” means the ability to read and understand the financial statements like statement of financial position, statement of comprehensive income, statement of changes in equity and cash flows statement and a person will be considered to have accounting or related financial management expertise if he or she possesses professional qualification or Accounting or Finance graduate with at least 10 (ten) years of corporate management or professional experiences.	√		The profiles of the members demonstrate their capabilities as such.
5(2)(d)	When the term of service of any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 60 (sixty) days from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee;	√		No such situation arisen in the reporting year.
5(2)(e)	The company secretary shall act as the secretary of the Committee;	√		The CS in practice act as the secretary of the Audit Committee.
5(2)(f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	√		The quorum of all the meetings of the Audit Committee were duly filled up.
5(3)	Chairperson of the Audit Committee			
5(3)(a)	The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director;	√		Prof. Dr. Md. Rezaul Kabir, is a Professor of Institute of Business Administration (IBA), University of Dhaka an Independent Director, is the Chairman of Audit Committee.
5(3)(b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes.			No such situation arisen in the reporting year.
5(3)(c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM): Provided that in absence of Chairperson of the Audit Committee, any other member from the Audit Committee shall be selected to be present in the annual general meeting (AGM) and reason for absence of the Chairperson of the Audit Committee shall be recorded in the minutes of the AGM.	√		Duly recorded.
5(4)	Meeting of the Audit Committee			
5(4)(a)	The Audit Committee shall conduct at least its four meetings in a financial year: Provided that any emergency meeting in addition to regular meeting may be convened at the request of any one of the members of the Committee;	√		Total 9 (nine) meetings of Audit Committee held in the Year 2025.
5(4)(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two-third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	√		The quorum of all the meetings of the Audit Committee was duly filled up.

Condition No.	Title	Compliance Status (√ has been put in the appropriate column)		Remarks
		Complied	Not complied	
5(5)	Role of Audit Committee The Audit Committee shall:			
5(5)(a)	Oversee the financial reporting process;	√		The Audit Committee performs as per BSEC and BB guidelines.
5(5)(b)	Monitor choice of accounting policies and principles;	√		
5(5)(c)	Monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report;	√		
5(5)(d)	Oversee hiring and performance of external auditors;	√		
5(5)(e)	Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	√		
5(5)(f)	Review along with the management, the annual financial statements before submission to the Board for approval;	√		
5(5)(g)	Review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval;	√		
5(5)(h)	Review the adequacy of internal audit function;	√		
5(5)(i)	Review the Management's Discussion and Analysis before disclosing in the Annual Report;	√		
5(5)(j)	Review statement of all related party transactions submitted by the management;	√		
5(5)(k)	Review Management Letters or Letter of Internal Control weakness issued by statutory auditors;	√		
5(5)(l)	Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors; and	√		
5(5)(m)	Oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission: Provided that the management shall disclose to the Audit Committee about the uses or applications of the proceeds by major category (capital expenditure, sales and marketing expenses, working capital, etc.), on a quarterly basis, as a part of their quarterly declaration of financial results: Provided further that on an annual basis, the company shall prepare a statement of the proceeds utilized for the purposes other than those stated in the offer document or prospectus for publication in the Annual Report along with the comments of the Audit Committee.	√		
5(6)	Reporting of the Audit Committee			
5(6)(a)	Reporting to the Board of Directors	√		
5(6)(a)(i)	The Audit Committee shall report on its activities to the Board.	√		The Audit Committee performs as per BSEC and BB guidelines.
5(6)(a)(ii)	The Audit Committee shall immediately report to the Board on the following findings, if any:	√		The Audit Committee performs as per BSEC and BB guidelines.
5(6)(a)(ii)(a)	report on conflicts of interests			No such situation arisen in the reporting year.
5(6)(a)(ii)(b)	suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements;			
5(6)(a)(ii)(c)	suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations; and			
5(6)(a)(ii)(d)	any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;			
5(6)(b)	Reporting to the Authorities			
	If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier.			No such situation arisen in the reporting year.
5(7)	Reporting to the Shareholders and General Investors			
	Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.	√		Disclosed in this Annual Report.

Condition No.	Title	Compliance Status (√ has been put in the appropriate column)		Remarks
		Complied	Not complied	
6	Nomination and Remuneration Committee (NRC).			
6(1)	Responsibility to the Board of Directors			
6(1)(a)	The company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board			Bangladesh Bank (BB), the primary regulator of Banks, instructed all the schedule Banks to follow the Bank Company Act, 1991 and relevant directives of BB. As per BB guidelines, MBPLC., can only form three sub-committees of the Board: Audit Committee (AC), Executive Committee (EC) and Risk Management Committee (RMC). No other Sub-Committee of the Board is permitted by BB. However, BB vide their circular vested the activities related to NRC on the Audit Committee of the Board of Directors.
6(1)(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive;			
6(1)(c)	The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b).			
6(2)	Constitution of the NRC			
6(2)(a)	The Committee shall comprise of at least three members including an independent director;			Bangladesh Bank (BB), the primary regulator of Banks, instructed all the schedule Banks to follow the Bank Company Act, 1991 and relevant directives of BB. As per BB guidelines, MBPLC., can only form three sub-committees of the Board: Audit Committee (AC), Executive Committee (EC) and Risk Management Committee (RMC). No other Sub-Committee of the Board is permitted by BB. However, BB vide their circular vested the activities related to NRC on the Audit Committee of the Board of Directors.
6(2)(b)	At least 02 (two) members of the Committee shall be non-executive directors;			
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board;			
6(2)(d)	The Board shall have authority to remove and appoint any member of the Committee;			
6(2)(e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;			
6(2)(f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee;			
6(2)(g)	The company secretary shall act as the secretary of the Committee;			
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;			
6(2)(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company.			
6(3)	Chairperson of the NRC			
6(3)(a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;			Bangladesh Bank (BB), the primary regulator of Banks, instructed all the schedule Banks to follow the Bank Company Act, 1991 and relevant directives of BB. As per BB guidelines, MBPLC., can only form three sub-committees of the Board: Audit Committee (AC), Executive Committee (EC) and Risk Management Committee (RMC). No other Sub-Committee of the Board is permitted by BB. However, BB vide their circular vested the activities related to NRC on the Audit Committee of the Board of Directors.
6(3)(b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;			
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders: Provided that in absence of Chairperson of the NRC, any other member from the NRC shall be selected to be present in the annual general meeting (AGM) for answering the shareholder's queries and reason for absence of the Chairperson of the NRC shall be recorded in the minutes of the AGM.			
6(4)	Meeting of the NRC			

Condition No.	Title	Compliance Status (√ has been put in the appropriate column)		Remarks
		Complied	Not complied	
6(4)(a)	The NRC shall conduct at least one meeting in a financial year;			Bangladesh Bank (BB), the primary regulator of Banks, instructed all the schedule Banks to follow the Bank Company Act, 1991 and relevant directives of BB. As per BB guidelines, MBPLC., can only form three sub-committees of the Board: Audit Committee (AC), Executive Committee (EC) and Risk Management Committee (RMC). No other Sub-Committee of the Board is permitted by BB. However, BB vide their circular vested the activities related to NRC on the Audit Committee of the Board of Directors.
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;			
6(4)(c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h);			
6(4)(d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.			
6(5)	Role of the NRC			Bangladesh Bank (BB), the primary regulator of Banks, instructed all the schedule Banks to follow the Bank Company Act, 1991 and relevant directives of BB. As per BB guidelines, MBPLC., can only form three sub-committees of the Board: Audit Committee (AC), Executive Committee (EC) and Risk Management Committee (RMC). No other Sub-Committee of the Board is permitted by BB. However, BB vide their circular vested the activities related to NRC on the Audit Committee of the Board of Directors.
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;			
6(5)(b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board:			
6(5)(b)(i)	formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:			
6(5)(b)(i)(a)	the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;			
6(5)(b)(i)(b)	the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and			
6(5)(b)(i)(c)	remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;			
6(5)(b)(ii)	devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;			
6(5)(b)(iii)	identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;			
6(5)(b)(iv)	formulating the criteria for evaluation of performance of independent directors and the Board;			
6(5)(b)(v)	identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and			
6(5)(b)(vi)	developing, recommending and reviewing annually the company's human resources and training policies;			
6(5)(c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.			
7	External or Statutory Auditors			
7(1)	The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely:-			

Condition No.	Title	Compliance Status (√ has been put in the appropriate column)		Remarks
		Complied	Not complied	
7(1)(i)	Appraisal or valuation services or fairness opinions;	√		Declaration has been provided by External/Statutory auditors.
7(1)(ii)	Financial information systems design and implementation;	√		
7(1)(iii)	Book-keeping or other services related to the accounting records or financial statements;	√		
7(1)(iv)	Broker-dealer services;	√		
7(1)(v)	Actuarial services;	√		
7(1)(vi)	Internal audit services or special audit services;	√		
7(1)(vii)	Any service that the Audit Committee determines;	√		
7(1)(viii)	Audit or certification services on compliance of corporate governance as required under condition No. 9(1); and	√		
7(1)(ix)	Any other service that creates conflict of interest.	√		
7(2)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company: Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family members.	√		
7(3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders.	√		Representative of external or statutory auditors were present in the 26th AGM held in 2025.
8	Maintaining a website by the Company			
8(1)	The company shall have an official website linked with the website of the stock exchange	√		The address of official website of the Bank is www.mblbd.com and it's already linked with websites of DSE and CSE.
8(2)	The company shall keep the website functional from the date of listing.	√		The website is functional since inception of the Bank.
8(3)	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s).	√		Detailed disclosures required as per listing regulations are available on the "Investors' Relation" part of the website.
9	Reporting and Compliance of Corporate Governance			
9(1)	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report. Explanation: "Chartered Accountant" means Chartered Accountant as defined in the Bangladesh Chartered Accountants Order, 1973 (President's Order No. 2 of 1973); "Cost and Management Accountant" means Cost and Management Accountant as defined in the Cost and Management Accountants Ordinance, 1977 (Ordinance No. LIII of 1977); "Chartered Secretary" means Chartered Secretary as defined in the Chartered Secretaries Act, 2010	√		Disclosed in this Annual Report.
9(2)	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting.	√		Approval for Appointment of Corporate Governance compliance Auditor has been taken in the 26th AGM held in 2025.
9(3)	The directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the company has complied with these conditions or not.	√		Disclosed in this Annual Report.

Compliance with Bangladesh Bank Guidelines

While the BSEC governs capital market compliance, Bangladesh Bank (BB) remains the ultimate prudential regulator for Mercantile Bank PLC (MBPLC). To ensure ironclad institutional governance, Bangladesh Bank has issued a series of comprehensive directives. MBPLC meticulously adheres to these mandates, ensuring our Board dynamics, executive appointments, and risk management architectures reflect the highest standards of the central bank.

The following matrix represents MBPLC's compliance status with the core Corporate Governance guidelines issued by Bangladesh Bank, specifically encompassing BRPD Circular No. 02 (dated 11 February 2024) regarding the formation and responsibilities of the Board, and BRPD Circular No. 05 (dated 27 February 2024) regarding the appointment of the Managing Director & CEO.

PART-I: Formation & Responsibilities of Board of Directors of a Bank Company (BRPD Circular No. 02 Dated 11 February 2024)

Reference	Provision	Compliance Status	Remarks
3	Formation of Board of Directors:		
3(a)	The Board of Directors of a bank-company shall consist of shareholder directors, nominated directors on behalf of shareholder institutions, and independent directors. Where it is applicable, alternate directors may also be members of the Board.	√	Complied.
3(b)	The maximum number of directors on the Board shall be 20 (twenty). Out of these 20, the number of independent directors shall not be less than 03 (three) and in case of number of directors on the Board less than 20 (twenty), the minimum number of independent directors shall be 02 (two).	√	Complied. MBPLC has 10 Directors including 02 Independent Directors.
3(c)	Not more than 03 (three) members of the same family can hold the position of director in any bank-company at the same time.	√	Complied.
3(h)	All directors will retire at the first annual general meeting of a bank-company. Subsequently, one-third of the directors, based on seniority, will retire at each annual general meeting. In this case, the provisions described in Article 80 of schedule 1 of the Companies Act, 1994, must be followed...	√	Complied.
4	Qualifications and Eligibility of a Director:		
4(a)	The relevant individual must have at least 10 (ten) years of management or business or professional experience; The experience of an individual; gained before the age of 18 (eighteen), shall not be taken into consideration;	√	Complied.
4(b)	The minimum age of the relevant individual shall be 30 (thirty) years;	√	Complied.
4(g)	He/she is not a loan defaulter for any loan taken from any bank/financial institutions in his/her name or in the name of any entities related to him/her;	√	Complied. Confirmed by CIB reports.
4(i)	He/she does not hold the position of external auditor, legal advisor, advisor, consultant, or in any other beneficial position of the same bank-company;	√	Complied.
11	Board Committees:		
11	Each bank company's board of directors can form 1 (one) executive committee, 1 (one) audit committee and 1 (one) risk management committee with its members. Apart from these three committees, no permanent or temporary committee or sub-committee can be formed by the board.	√	Complied. MBPLC operates exactly three (3) sub-committees.
11(a)	Executive committee: Executive committee should be formed with the members of the board for the purpose of continuing the urgent and daily/routine works in between the intervals of board meetings.	√	Complied. The EC held 42 meetings in 2025.
11(b)	Audit Committee: The board will approve the objectives, strategies and overall business plans of the bank and the audit committee will assist the board in fulfilling its oversight responsibilities...	√	Complied. The BAC independently oversees financials and internal controls.
11(c)	Risk Management Committee: A risk management committee will be formed to play an effective role in mitigating impending risks arising out from strategies and work plans formulated by the Board...	√	Complied. The RMC actively oversees Basel III and stress testing parameters.
12	Conduct of Meetings of Board and Sub-Committees:		
12.1(a)	The Board of Directors of the bank shall convene meeting once in each month or more than once if necessary;	√	Complied.
12.1(c)	For active participation and contribution of members in the Board meeting, delivery of the detailed memorandum (to be presented in the meeting) to each member at least 02 (two) days prior to the meeting must be ensured.	√	Complied.

PART-II: Appointment and Responsibilities of Managing Director/Chief Executive Officer (BRPD Circular No. 05 Dated 27 February 2024)

Reference	Provision	Compliance Status	Remarks
02	Eligibility Criteria for Appointment/ Re-appointment of MD/CEO:		
2(a)	The individual is not convicted by any criminal court, neither involved in any fraud, financial crime and other illegal activities at present nor in the past;	√	Complied.
2(b)	He/she is not a defaulter for loans taken from any bank/financial institution.	√	Complied.
2(c)	For the appointment as chief executive officer, the concerned person must have 20 (twenty) years of experience in the banking profession as an active officer, including at least 02 (two) years of experience in a post immediately below that of the chief executive officer of a bank.	√	Complied.

Compliance with Bangladesh Secretarial Standards (BSS)

The integrity of a Bank's governance is ultimately proven by the meticulous documentation and legal execution of its board and shareholder meetings. Mercantile Bank PLC (MBPLC) has fully adopted the Bangladesh Secretarial Standards (BSS) formulated by the Institute of Chartered Secretaries of Bangladesh (ICSB) to standardize its diverse secretarial practices.

As independently verified and officially certified by Suraiya Parveen & Associates, Chartered Secretaries, the Bank's Company Secretariat Division flawlessly executed all requirements under BSS-1 through BSS-6 during the 2025 operational year.

BSS-1: Secretarial Standard on Meetings of the Board of Directors

Clause	Particulars	Compliance Status
1	Convening of a Meeting	Complied
2	Frequency of Meetings	Complied
3	Quorum	Complied
4	Attendance at Meetings	Complied
5	Chairman	Complied
6	Passing of Resolution by Circulation	Not Required in 2025
7	Minutes	Complied
8	Attendance in Meetings and their Recording in the Minutes	Complied
9	Preservation of Minutes and Supporting Papers	Complied
10	Disclosure	Complied

BSS-2: Secretarial Standard on General Meetings (AGM/EGM)

Clause	Particulars	Compliance Status
1	Convening of a Meeting	Complied
2	Frequency of Meetings	Complied
3	Quorum	Complied
4	Presence of Directors and Auditors	Complied
5	Chairman	Complied
6	Voting	Complied
7	Proxies	Complied
8	Conduct of Poll	Not Required in 2025
9	Withdrawal of Resolutions	Not Required in 2025
10	Rescinding of Resolutions	Not Required in 2025
11	Modifications to Resolutions	Not Required in 2025

BSS-3: Secretarial Standard on Minutes

Clause	Particulars	Compliance Status
1	Maintenance	Complied
2	Contents	Complied
3	Recording	Complied

BSS-4: Secretarial Standard on Dividend

Clause	Particulars	Compliance Status
1	Declaration of Dividend (Note: "No Dividend" declared for 2025)	Complied
2	Entitlement to Dividend	Complied
3	Payment of Dividend	Complied
4	Unpaid / Unclaimed Dividend Management	Complied

BSS-5: Secretarial Standard on Meetings through Electronic Modes (Virtual Meetings)

Clause	Particulars	Compliance Status
1	Convening Meeting (Applied to 26th Virtual AGM)	Complied
2	Special Cares To Be Taken For Conducting Meeting	Complied

BSS-6: Secretarial Standard on Resolution by Circulation

Clause	Particulars	Compliance Status
1	Authority	Not Required in 2025
2	Procedure	Not Required in 2025
3	Approval	Not Required in 2025
4	Recording	Not Required in 2025
5	Validity	Not Required in 2025

Statutory Auditor Disclosures

The absolute credibility of Mercantile Bank PLC's (MBPLC) financial statements rests entirely upon the uncompromising independence of our external statutory auditors. To eliminate any potential conflict of interest and to guarantee profound professional skepticism, the Board of Directors strictly enforces an "Independence Firewall." This framework ensures that our joint statutory auditors for the 2025 financial year, Basu Banerjee Nath & Co. and Anil Salam Idris & Co., are exclusively focused on statutory audit functions and are legally barred from undertaking any secondary, non-audit, or consultancy services for the Bank.



QUALITATIVE DISCLOSURES: RESTRICTED SERVICES & SHAREHOLDING PARAMETERS

- Prohibition of Non-Audit Services: The Board of Directors explicitly declares that the external statutory auditors (Basu Banerjee Nath & Co. and Anil Salam Idris & Co.) were NOT engaged to perform any appraisal or fairness opinions, financial information systems design, book-keeping, broker-dealer services, actuarial services, internal audit services, or any other service determined by the Audit Committee that creates a conflict of interest. Furthermore, to maintain a strict segregation of regulatory duties, the statutory auditors were explicitly prohibited from providing the Corporate Governance Compliance Certification.
- Shareholding Restrictions: To prevent any pecuniary alignment with the Bank's performance, MBPLC ensures that no partner, executive, or employee of the external audit firms—including their spouses, children, parents, or immediate family members—possesses any shares in MBPLC during the entire tenure of their audit assignment.

QUALITATIVE DISCLOSURES: SHAREHOLDER ACCOUNTABILITY & CORPORATE GOVERNANCE AUDITOR

- Statutory Presence at the AGM: Ensuring direct accountability to our investors, official representatives of the joint statutory external auditors were mandatorily present at the 26th virtual Annual General Meeting (AGM) held in 2025. They remained available throughout the session to answer queries from the shareholders regarding the audit methodology and the financial statements.
- Independent Corporate Governance Certification: Because the statutory financial auditors are barred from certifying corporate governance under Condition 7.1(viii), the shareholders appointed a completely separate, independent professional firm—Suraiya Parveen & Associates, Chartered Secretaries—at the 26th AGM to execute the Corporate Governance compliance audit.