বাংলার ব্যাংক

মার্কেন্টাইল ব্যাংক লিমিটেড
Mercantile Bank Limited
efficiency is our strength

# Un-audited Financial Statements
# Of
# Mercantile Bank Limited

**For the 3rd Quarter ended 30 September 2018**

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**Financial Administration Division, Head Office**
61, Dilkusha Commercial Area, Dhaka – 1000, Bangladesh

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AMARSTOCK

**Mercantile Bank Limited and its Subsidiaries**
**Un-audited Consolidated Balance Sheet**
**As at 30 September 2018**

| | Amount in BDT | |
|---|---|---|
| | Sep-18 | Dec-17 |
| **PROPERTY AND ASSETS** | | |
| **Cash** | 15,159,860,125 | 15,680,966,260 |
| Cash in hand (Including foreign currency | 2,572,213,558 | 2,008,127,286 |
| Balance with Bangladesh Bank & its agent bank(s) (including foreign currency) | 12,587,646,567 | 13,672,838,974 |
| **Balance with other banks and financial institutions** | 2,792,505,491 | 934,312,772 |
| In Bangladesh | 1,931,226,604 | 688,461,599 |
| Outside Bangladesh | 861,278,887 | 245,851,173 |
| **Money at call on short notice** | 145,000,000 | 100,000,000 |
| **Investments** | 41,742,863,033 | 35,602,149,655 |
| Government | 34,534,481,422 | 29,362,506,727 |
| Others | 7,208,381,611 | 6,239,642,928 |
| **Loans and Advances** | 220,114,909,996 | 202,940,413,744 |
| Loans, Cash Credit, Overdraft etc. | 200,905,112,557 | 183,544,215,779 |
| Bills purchased and discounted | 19,209,797,439 | 19,396,197,965 |
| **Fixed assets including premises, furniture and fixtures** | 3,333,111,892 | 3,082,427,810 |
| **Other assets** | 4,434,594,466 | 3,053,717,095 |
| **Non- banking assets** | - | - |
| **Total Assets** | 287,722,845,002 | 261,393,987,336 |
| **LIABILITIES AND CAPITAL** | | |
| **Liabilities** | | |
| **Borrowings from other banks, financial institutions and agents** | 27,648,293,159 | 7,056,119,495 |
| **Non-convertible Subordinated Bond** | 4,800,000,000 | 2,400,000,000 |
| **Deposits and other Accounts** | 218,805,882,023 | 209,074,458,843 |
| Current Accounts and other Accounts | 50,932,212,712 | 49,465,778,859 |
| Bills Payable | 2,611,477,087 | 2,594,349,058 |
| Savings Bank Deposits | 21,007,783,268 | 19,511,485,925 |
| Fixed Deposits | 92,568,388,251 | 77,056,698,640 |
| Bearer Certificated of Deposits | - | - |
| Deposits Under Schemes | 51,686,020,705 | 60,446,146,361 |
| **Other Liabilities** | 18,483,741,870 | 25,218,275,725 |
| **Total Liabilities** | 269,737,917,051 | 243,748,854,063 |
| **Capital/Shareholders' Equity** | 17,934,022,631 | 17,594,576,292 |
| Paid up Capital | 8,149,202,630 | 7,761,145,370 |
| Statutory Reserve | 6,950,365,083 | 6,312,796,441 |
| General Reserve | 500,000,000 | 500,000,000 |
| Other Reserve | 751,508,226 | 1,295,336,337 |
| Surplus in Profit & Loss Account | 1,582,946,692 | 1,725,298,143 |
| Non Controlling Interest | 50,905,320 | 50,556,981 |
| **Total Shareholders' Equity** | 17,984,927,951 | 17,645,133,273 |
| **Total Liabilities & Shareholders' Equity** | 287,722,845,002 | 261,393,987,336 |

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## Un-audited Consolidated Balance Sheet
## As at 30 September 2018

| | Amount in BDT | |
|---|---|---|
| | Sep-18 | Dec-17 |
| **OFF-BALANCE SHEET ITEMS** | | |
| **Contingent liabilities** | | |
| Acceptances and Endorsements | 50,027,256,027 | 47,500,722,770 |
| Letters of Guarantee | 12,595,581,453 | 13,500,172,474 |
| Irrevocable Letters of Credit | 41,830,246,149 | 43,748,154,363 |
| Bills for Collection | 5,941,026,984 | 7,629,978,904 |
| Other contingent liabilities | - | 2,378,023,272 |
| **Total** | **110,394,110,614** | **114,757,051,783** |
| **Other commitments** | | |
| Documentary credits and short term trade related transactions | - | - |
| Forward assets purchased and forward deposits placed | - | - |
| Undrawn note issuance and revolving underwriting facilities | - | - |
| Undrawn formal standby facilities, credit lines and other commitments | - | - |
| **Total** | **-** | **-** |
| **Total Off-Balance Sheet Items including contingent liabilities** | **110,394,110,614** | **114,757,051,783** |
| **Net Asset Value Per Share (NAVPS)** | **22.07** | **22.74** |

**Company Secretary** **Chief Financial Officer**

**Managing Director and CEO (CC)**

**Director** **Chairman**

Dated: Dhaka
25th October, 2018

**Mercantile Bank Limited and its Subsidiaries**
**Un-audited Consolidated Profit & Loss Account**
**For the 3rd Quarter ended 30 September 2018**

| | Amount in BDT | |
|---|---|---|
| | Sep-18 | Sep-17 |
| Interest income | 14,834,591,342 | 11,876,029,041 |
| Interest Paid on deposits, borrowings etc. | 12,179,566,000 | 9,405,055,779 |
| **Net interest income** | **2,655,025,342** | **2,470,973,262** |
| Investment income | 2,690,112,303 | 2,419,876,882 |
| Commission, exchange and brokerage | 1,814,934,367 | 1,944,012,038 |
| Other operating income | 1,318,114,029 | 1,764,697,257 |
| | **5,823,160,698** | **6,128,586,177** |
| **Total operating income** | **8,478,186,039** | **8,599,559,440** |
| Salaries and allowances | 1,918,847,955 | 1,885,571,758 |
| Rent, taxes, insurances, electricity etc. | 609,260,632 | 518,902,121 |
| Legal expenses | 20,389,901 | 13,327,629 |
| Postage, stamps, telecommunication etc. | 54,329,650 | 50,080,945 |
| Stationery, Printings, Advertisements etc. | 180,655,842 | 152,595,703 |
| Chief Executive's salary and fees | 13,848,710 | 12,748,710 |
| Directors' fees | 3,952,500 | 4,521,989 |
| Auditors' fees | 359,526 | 471,970 |
| Charges on loan losses | - | - |
| Depreciation and repair of bank's assets | 332,343,732 | 295,655,075 |
| Other expenses | 1,082,624,043 | 1,089,743,300 |
| **Total operating expenses** | **4,216,612,491** | **4,023,619,199** |
| **Profit/(Loss) before provision** | **4,261,573,548** | **4,575,940,241** |
| Provision for loans and advances including off Balance Sheet | 1,034,584,020 | 1,237,881,350 |
| Provision for diminution in value of investments in shares | - | - |
| Other provision | - | - |
| **Total provision** | **1,034,584,020** | **1,237,881,350** |
| **Total Profit/(Loss) before Taxes** | **3,226,989,528** | **3,338,058,891** |
| Provision for Current Tax | 1,024,666,027 | 1,076,557,906 |
| Provision for Deferred Tax | - | - |
| | **1,024,666,027** | **1,076,557,906** |
| **Net Profit after Taxation** | **2,202,323,501** | **2,261,500,986** |
| **Appropriations** | | |
| Statutory Reserve | 637,568,641 | 663,702,316 |
| General Reserve | - | 240,000,000 |
| Dividends etc. | - | - |
| | 637,568,641 | 903,702,316 |
| **Retained surplus** | **1,564,754,860** | **1,357,798,670** |
| **Net profit after Tax attributable to:** | | |
| Equity holders of Mercantile Bank Ltd. | 1,564,406,521 | 1,357,245,261 |
| Non Controlling Interest in Profit | 348,339 | 553,409 |
| | **1,564,754,860** | **1,357,798,670** |
| **Consolidated Earnings Per Share (EPS restated for Sep'17)** | **2.70** | **2.78** |

**Company Secretary** **Chief Financial Officer**

**Managing Director and CEO (CC)**

**Director** **Chairman**

Dated: Dhaka
25th October, 2018

**Mercantile Bank Limited and its Subsidiaries**
**Un-audited Consolidated Profit & Loss Account**
**For the 3rd Quarter ended 30 September 2018**

| | Amount in BDT | | | |
|---|---|---|---|---|
| | Jan-Sep'18 | Jan-Sep'17 | Jul-Sep'18 | Jul-Sep'17 |
| Interest Income | 14,834,591,342 | 11,876,029,041 | 4,918,784,458 | 4,250,158,578 |
| Interest Paid on Deposits, Borrowings etc. | 12,179,566,000 | 9,405,055,779 | 4,340,139,828 | 3,317,550,732 |
| **Net Interest Income** | **2,655,025,342** | **2,470,973,262** | **578,644,631** | **932,607,847** |
| Investment Income | 2,690,112,303 | 2,419,876,882 | 1,051,538,780 | 972,220,384 |
| Commission, Exchange and Brokerage | 1,814,934,367 | 1,944,012,038 | 649,705,567 | 739,143,982 |
| Other Operating Income | 1,318,114,029 | 1,764,697,257 | 272,642,677 | 202,517,818 |
| | 5,823,160,698 | 6,128,586,177 | 1,973,887,023 | 1,913,882,184 |
| **Total Operating Income** | **8,478,186,040** | **8,599,559,440** | **2,552,531,654** | **2,846,490,031** |
| Salaries and Allowances | 1,918,847,955 | 1,885,571,758 | 666,460,738 | 681,128,787 |
| Rent, Taxes, Insurances, Electricity etc. | 609,260,632 | 518,902,121 | 202,521,115 | 180,578,695 |
| Legal Expenses | 20,389,901 | 13,327,629 | 6,718,812 | 2,909,638 |
| Postage, Stamps, Telecommunication etc. | 54,329,650 | 50,080,945 | 11,974,140 | 16,123,031 |
| Stationery, Printings, Advertisements etc. | 180,655,842 | 152,595,703 | 43,686,025 | 35,123,136 |
| Chief Executive's Salary and Fees | 13,848,710 | 12,748,710 | 4,590,000 | 4,668,065 |
| Directors' Fees | 3,952,500 | 4,521,989 | 1,469,800 | 1,364,089 |
| Auditors' Fees | 359,526 | 471,970 | 97,271 | 95,188 |
| Charges on loan losses | - | - | - | - |
| Depreciation and Repair to bank's property | 332,343,732 | 295,655,075 | 107,212,412 | 99,638,886 |
| Other Expenses | 1,082,624,043 | 1,089,743,300 | 351,635,978 | 337,753,447 |
| **Total Operating Expenses** | **4,216,612,491** | **4,023,619,199** | **1,396,366,290** | **1,359,382,962** |
| **Profit/(loss) before provision** | **4,261,573,549** | **4,575,940,241** | **1,156,165,363** | **1,487,107,069** |
| Provision for loans and advances including off Balance Sheet items | 1,034,584,020 | 1,237,881,350 | 234,500,229 | 585,663,269 |
| Provision for diminution in value of investments in shares | - | - | - | - |
| Other Provision | - | - | (13,160,000) | - |
| **Total Provision** | **1,034,584,020** | **1,237,881,350** | **221,340,229** | **585,663,269** |
| **Total Profit before taxes** | **3,226,989,529** | **3,338,058,891** | **934,825,134** | **901,443,800** |
| Provision for Current Tax | 1,024,666,027 | 1,076,557,906 | 314,566,205 | 215,209,055 |
| Provision for Deferred Tax | - | - | - | - |
| | 1,024,666,027 | 1,076,557,906 | 314,566,205 | 215,209,055 |
| **Net Profit after Taxation** | **2,202,323,501** | **2,261,500,986** | **620,258,929** | **686,234,745** |
| **Appropriations** | | | | |
| Statutory Reserve | 637,568,641 | 663,702,316 | 182,486,475 | 179,922,350 |
| General Reserve | - | 240,000,000 | - | 240,000,000 |
| Dividends etc. | - | - | - | - |
| | 637,568,641 | 903,702,316 | 182,486,475 | 419,922,350 |
| **Retained surplus** | | | | |
| **Net profit after Tax attributable to:** | | | | |
| Equity holders of Mercantile Bank Ltd. | 1,564,406,521 | 1,357,245,261 | 437,528,029 | 266,344,358 |
| Non Controlling Interest in Profit | 348,339 | 553,409 | 244,425 | (31,963) |
| | 1,564,754,860 | 1,357,798,670 | 437,772,454 | 266,312,395 |
| **Consolidated Earnings Per Share (EPS restated for Sep'17)** | **2.70** | **2.76** | **0.76** | **0.84** |

**Company Secretary** **Chief Financial Officer**

**Managing Director and CEO (CC)**

**Director** **Chairman**

Dated: Dhaka
25th October, 2018

**Mercantile Bank Limited and its Subsidiaries**
**Un-audited Consolidated Cash Flow Statement**
**For the 3rd Quarter ended 30 September 2018**

| | Amount in BDT | |
|---|---|---|
| | Sep-18 | Sep-17 |
| **A) Cash flows from operating activities** | | |
| | **3,204,991,993** | **1,310,988,050** |
| Interest received in cash | 13,410,780,474 | 10,677,019,454 |
| Interest paymnets | (8,427,794,272) | (6,920,771,168) |
| Dividends receipts | 122,904,360 | 97,879,453 |
| Fee and commission receipts in cash | 1,814,934,367 | 843,709,557 |
| Recoveries on loans previously written off | 63,877,917 | 15,675,650 |
| Payment to the employees | (1,648,847,955) | (1,885,571,758) |
| Payment to suppliers | (180,655,842) | (196,523,156) |
| Income taxes paid | (1,950,207,056) | (1,320,429,982) |
| **Received from other operating activities** | **4,789,816,545** | **5,186,997,168** |
| Exchange gain | 906,517,009 | 1,100,302,481 |
| Other operating income | 3,883,299,536 | 4,086,694,686 |
| **Payment for other operating activities** | **(1,835,681,477)** | **(1,753,010,588)** |
| Rent, taxes, insurances and electricity | (511,650,147) | (518,902,121) |
| Legal expenses | (20,389,901) | (13,327,629) |
| Postage, stamps and telecommunication | (53,973,601) | (50,080,945) |
| Auditors' fees | (359,526) | (115,000) |
| Repair and maintenance | (64,045,761) | (63,570,894) |
| Chief Executive's salary and fees | (13,848,710) | (12,748,710) |
| Directors' fees | (3,952,500) | (4,521,989) |
| Other expenses | (1,167,461,331) | (1,089,743,300) |
| **Operating profit before changes in operating assets & liabilities** | **6,159,127,062** | **4,744,974,630** |
| **(Increase)/ decrease in operating assets and liabilities** | **(22,346,470,948)** | **(43,015,296,759)** |
| Trading securities | (5,171,974,695) | (2,383,845,686) |
| Loans and advances to other banks | - | - |
| Loans and advances to customer | (17,174,496,253) | (40,631,451,073) |
| **Other assets (Item-wise)** | **(1,380,877,370)** | **(1,961,608,428)** |
| Investment in shares of subsidiary companies | | |
| In Bangladesh (Mercantile Bank OBU Unit) | 3,506,527 | (727,258,241) |
| Mercantile Bank Securities Limited | (227,598,116) | (317,277,876) |
| (Mercantile Exchange House (UK) Limited) | 53,613 | (5,018,642) |
| Stationery, stamps,printing materials in stock etc | (4,743,141) | (6,819,718) |
| Advance rent and advertisement | 12,771,281 | 55,194,800 |
| Interest accued on investment but not collected,commission and | (291,558,474) | (548,935,291) |
| Security deposit (Advance deposits) | (246,135) | (788,650) |
| Prelimiary, formation and organization expenses, | (100,955,775) | |
| Branch adjustment (Mercantile Bank general account) | (1,016,256,291) | (2,688,831) |
| Suspense Account | 244,180,869 | (406,639,635) |
| Silver | - | - |
| Others (Premium on bond) | - | - |
| Others (Clearing adjustment account) | (31,727) | (1,376,344) |
| | **19,501,703,139** | **43,286,120,795** |
| Deposit from other banks | 20,592,173,664 | 19,566,262,870 |
| Deposit from customers | 9,731,423,180 | 25,770,706,595 |
| Other liabilities on account of customers | - | - |
| Other liabilities | (10,821,893,705) | (2,050,848,671) |
| **Net cash from operating activities** | **1,933,481,883** | **3,054,190,238** |

**Un-audited Consolidated Cash Flow Statement**
**For the 3rd Quarter ended 30 September 2018**

| | Amount in BDT | |
|---|---|---|
| | Sep-18 | Sep-17 |
| **B) Cash flows from investing activities** | | |
| Brokerage House customer account | - | - |
| (Purchase)/ sale of property, plant and equipment | (518,455,203) | (150,831,387) |
| (Purchase)/sale of shares | (2,530,904) | (8,919,602) |
| (Purchase)/sale of bond | 36,000,000 | (964,000,000) |
| Other investment | (1,002,207,780) | 847,879,443 |
| **Net cash from investing activities** | **(1,487,193,886)** | **(275,871,546)** |
| **C) Cash flows from financing activities** | | |
| Receipts from issue of loan capital and debt Securities | - | - |
| Payments for redemption of loan capital and debt securities | 2,400,000,000 | (600,000,000) |
| Paid for Interest on Subordinated bond | (144,000,000) | (252,000,000) |
| Received by issue of right share | | - |
| Dividend paid | (1,319,394,713) | (1,108,735,052) |
| **Net cash from financing activities** | **936,605,287** | **(1,960,735,052)** |
| **Net increase/(decrease) in cash & cash equivalent (A+B+C)** | **1,382,893,284** | **817,583,640** |
| Cash and cash equivalent at beginning of the year | **16,719,162,732** | **16,254,524,116** |
| **Cash and cash equivalent at the end of the period** | **18,102,056,016** | **17,072,107,756** |
| **Net Operating Cash Flow Per Share (NOCFPS)** | **2.37** | **3.94** |
| **Cash and cash equivalents at end of the period** | | |
| Cash in hand (Including foreign currencies) | 2,572,213,558 | 1,926,704,346 |
| Balance with Bangladesh Bank & its agent bank(s) (including foreign currencies) | 12,587,646,567 | 12,702,607,647 |
| Balance with other banks and financial institutions | 2,792,505,491 | 2,439,191,163 |
| Prize Bonds | 4,690,400 | 3,604,600 |
| Money at call on short notice | 145,000,000 | - |
| | **18,102,056,016** | **17,072,107,756** |

Company Secretary

Chief Financial Officer

Managing Director and CEO (CC)

Director

Chairman

Dated: Dhaka
25th October, 2018

**Mercantile Bank Limited and its Subsidiaries**
**Un-audited Consolidated Statement of Changes in Equity**
**For the 3rd Quarter ended 30 September 2018**

Amount in BDT

| Particulars | Paid-up Capital | Statutory Reserve | General reserve | Other Reserve | | | | Surplus | Total | Non Controlling Interest | Grand Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Dividend Equalization Fund | Adjustment for Approved Securities | Revaluation Surplus for Fixed Assets | Net Balance of Other Reserve | Profit/(loss) | | | |
| | A | B | C | D | E | F | G=(D+E+F) | H | I=(A+B+C+G+H) | J | K=(I+J) |
| **Balance as at 1 January 2018** | **7,761,145,370** | **6,312,796,441** | **500,000,000** | **45,680,250** | **606,044,132** | **643,611,955** | **1,295,336,337** | **1,725,298,143** | **17,594,576,291** | **50,556,981** | **17,645,133,273** |
| Changes in accounting policy | - | - | - | - | - | - | - | - | - | - | - |
| Statutory reserve | - | 637,568,641 | - | - | - | - | | (637,568,641) | - | - | - |
| General reserve | - | - | - | - | - | - | - | - | - | | - |
| Market adjustment of approved securities (HTM) | - | - | - | - | (543,828,111) | - | (543,828,111) | - | (543,828,111) | - | (543,828,111) |
| Surplus/deficit on account of revaluation of properties | - | - | - | | - | - | - | - | - | - | - |
| Surplus/deficit on account of revaluation of investments | - | - | - | - | - | - | - | - | - | - | - |
| Currency transaction difference | - | - | - | - | - | - | - | 345,662 | 345,662 | - | 345,662 |
| Net gains and losses not recognised in Income Statement | | | - | - | - | - | - | - | - | | - |
| Net profit for the period after taxation | - | | - | - | - | - | - | 2,202,323,501 | 2,202,323,501 | 348,339 | 2,202,671,840 |
| Transfer | - | | - | - | - | - | - | - | - | - | - |
| Issuance of bonus shares | 388,057,260 | - | - | - | - | - | - | (388,057,260) | - | - | - |
| Bonus share premium | - | | - | - | - | - | - | - | - | | - |
| Cash dividend | - | - | - | - | - | - | - | (1,319,394,713) | (1,319,394,713) | - | (1,319,394,713) |
| Dividend equalization fund | - | - | - | - | - | - | - | - | - | - | - |
| Non controlling share capital/profit | - | - | - | - | - | - | - | - | - | - | - |
| Issue of right share | - | - | - | - | - | - | - | - | - | - | - |
| **Balance as at 30 September 2018** | **8,149,202,630** | **6,950,365,083** | **500,000,000** | **45,680,250** | **62,216,021** | **643,611,955** | **751,508,226** | **1,582,946,692** | **17,934,022,630** | **50,905,320** | **17,984,927,951** |

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Balance as at 31 December 2017** | **7,761,145,370** | **6,312,796,441** | **500,000,000** | **45,680,250** | **606,044,132** | **643,611,955** | **1,295,336,337** | **1,725,298,143** | **17,594,576,292** | **50,556,981** | **17,645,133,273** |

**Company Secretary**

**Chief Financial Officer**

**Managing Director and CEO (CC)**

**Director**

**Chairman**

Dated: Dhaka
25th October, 2018

**Mercantile Bank Limited and its Subsidiaries**
**Un-audited Consolidated Liquidity Statement**
**Asset and Liability Maturity Analysis**
**As at 30 September 2018**

Amount in BDT

| Particulars | Up to 1 Month | 1-3 Months | 3-12 Months | 1-5 Years | More than 5 years | Total |
|---|---|---|---|---|---|---|
| **Assets:** | | | | | | |
| Cash in hand | 2,568,546,018 | 1,105,150,257 | 3,667,539 | - | 11,482,496,310 | 15,159,860,125 |
| Balance with other banks and financial institutions | 197,893,975 | 1,565,029,969 | 1,029,581,547 | - | - | 2,792,505,491 |
| Money at call and short notice | 145,000,000 | - | - | - | - | 145,000,000 |
| Investments | 4,690,400 | - | 6,378,381,611 | 7,624,534,685 | 27,735,256,337 | 41,742,863,033 |
| Loans and advances | 41,493,638,760 | 43,547,914,208 | 64,152,283,711 | 46,558,326,423 | 24,362,746,894 | 220,114,909,996 |
| Fixed assets including premises, furniture and fixtures | - | - | 469,399,191 | 531,538,816 | 2,332,173,885 | 3,333,111,892 |
| Other assets | 1,928,121,896 | 1,205,811,824 | 357,563,789 | 182,977,522 | 760,119,435 | 4,434,594,466 |
| Non-banking assets | - | - | - | - | - | - |
| **Total Assets** | **46,337,891,049** | **47,423,906,258** | **72,390,877,388** | **54,897,377,447** | **66,672,792,861** | **287,722,845,002** |
| **Liabilities:** | | | | | | |
| Borrowing from Bangladesh Bank, other banks, financial institutions and agents | 6,610,000,000 | - | 21,038,293,159 | - | - | 27,648,293,159 |
| Deposits | 33,125,452,988 | 46,444,852,456 | 31,385,625,800 | 45,340,499,715 | 59,897,973,976 | 216,194,404,936 |
| Other accounts | 2,611,477,087 | - | - | - | - | 2,611,477,087 |
| Non-convertible Subordinated Bond | - | - | - | - | 4,800,000,000 | 4,800,000,000 |
| Provision and other liabilities | - | 275,699,595 | 16,285,780,125 | 1,922,262,150 | - | 18,483,741,870 |
| **Total Liabilities** | **42,346,930,075** | **46,720,552,051** | **68,709,699,084** | **47,262,761,865** | **64,697,973,976** | **269,737,917,051** |
| **Net Liquidity Gap** | **3,990,960,974** | **703,354,207** | **3,681,178,304** | **7,634,615,582** | **1,974,818,885** | **17,984,927,951** |

AMARSTOCK

**Mercantile Bank Limited**
**Un-audited Balance Sheet**
**As at 30 September 2018**

| | Amount in BDT | |
|---|---|---|
| | Sep-18 | Dec-17 |
| **PROPERTY AND ASSETS** | | |
| **Cash** | **15,156,192,585** | **15,678,480,709** |
| Cash in hand (Including foreign currencies) | 2,568,546,018 | 2,005,641,735 |
| Balance with Bangladesh Bank & its agent bank(s) (including foreign currencies) | 12,587,646,567 | 13,672,838,974 |
| **Balance with other banks and financial institutions** | **2,726,395,197** | **821,345,385** |
| In Bangladesh | 1,865,116,310 | 575,494,212 |
| Outside Bangladesh | 861,278,887 | 245,851,173 |
| **Money at call on short notice** | **145,000,000** | **100,000,000** |
| **Investments** | **40,912,863,033** | **34,772,149,654** |
| Government | 34,534,481,422 | 29,362,506,727 |
| Others | 6,378,381,611 | 5,409,642,927 |
| **Loans and Advances** | **216,871,184,076** | **199,660,721,031** |
| Loans, Cash Credit, Overdraft etc. | 197,661,386,637 | 180,264,523,067 |
| Bills purchased and discounted | 19,209,797,439 | 19,396,197,964 |
| **Fixed assets including premises, furniture and fixtures** | **3,310,433,969** | **3,057,496,972** |
| **Other assets** | **7,232,964,870** | **6,079,732,473** |
| **Non- banking assets** | - | - |
| **Total Assets** | **286,355,033,731** | **260,169,926,224** |
| **LIABILITIES AND CAPITAL** | | |
| **Liabilities** | | |
| **Borrowings from other banks, financial institutions and agents** | **27,524,171,016** | **7,056,119,495** |
| **Non-convertible Subordinated Bond** | **4,800,000,000** | **2,400,000,000** |
| **Deposits and other Accounts** | **218,939,889,093** | **209,122,954,051** |
| Current Accounts and other Accounts | 51,066,219,783 | 49,514,274,067 |
| Bills Payable | 2,611,477,086 | 2,594,349,058 |
| Savings Bank Deposits | 21,007,783,268 | 19,511,485,925 |
| Fixed Deposits | 92,568,388,251 | 77,056,698,640 |
| Bearer Certificated of Deposits | - | - |
| Deposit Under Schemes | 51,686,020,705 | 60,446,146,361 |
| **Other Liabilities** | **17,191,638,976** | **24,006,832,417** |
| **Total Liabilities** | **268,455,699,085** | **242,585,905,963** |
| **Capital/Shareholders' Equity** | | |
| Paid up capital | 8,149,202,630 | 7,761,145,370 |
| Statutory reserve | 6,950,365,083 | 6,312,796,441 |
| General reserve | 500,000,000 | 500,000,000 |
| Other reserve | 751,508,226 | 1,295,336,337 |
| Surplus in Profit & Loss Account | 1,548,258,707 | 1,714,742,113 |
| **Total shareholders' Equity** | **17,899,334,645** | **17,584,020,261** |
| **Total Liabilities & Shareholders' Equity** | **286,355,033,731** | **260,169,926,224** |

AMARSTOCK

## Un-audited Balance Sheet
## As at 30 September 2018

| | Amount in BDT | |
|---|---|---|
| | Sep-18 | Dec-17 |
| **OFF-BALANCE SHEET ITEMS** | | |
| **Contingent liabilities** | | |
| Acceptances and Endorsements | 50,027,256,027 | 47,500,722,770 |
| Letters of Guarantee | 12,595,581,453 | 13,500,172,474 |
| Irrevocable Letters of Credit | 41,830,246,149 | 43,748,154,363 |
| Bills for Collection | 5,941,026,984 | 7,629,978,904 |
| Other contingent liabilities | - | 2,378,023,272 |
| **Total** | **110,394,110,614** | **114,757,051,783** |
| **Other commitments** | | |
| Documentary credits and short term trade related transactions | - | - |
| Forward assets purchased and forward deposits placed | - | - |
| Undrawn note issuance and revolving underwriting facilities | - | - |
| Undrawn formal standby facilities, credit lines and other commitments | - | - |
| commitments | - | - |
| **Total** | - | - |
| **Total Off-Balance Sheet items including contingent liabilities** | **110,394,110,614** | **114,757,051,783** |
| **Net Asset Value Per Share (NAVPS)** | **21.96** | **22.66** |

Company Secretary

Chief Financial Officer

Managing Director and CEO (CC)

Director

Chairman

Dated: Dhaka
25th October, 2018

**Mercantile Bank Limited**
**Un-audited Profit and Loss Account**
**For the 3rd Quarter ended 30 September 2018**

| | Amount in BDT | |
|---|---|---|
| | **Sep-18** | **Sep-17** |
| Interest income | 14,780,904,578 | 11,833,640,529 |
| Interest paid on deposits, borrowings etc. | 12,179,566,000 | 9,405,055,779 |
| **Net interest income** | **2,601,338,579** | **2,428,584,751** |
| Investment income | 2,660,697,098 | 2,419,876,882 |
| Commission, exchange and brokerage | 1,748,722,747 | 1,832,183,147 |
| Other operating income | 1,299,990,355 | 1,749,800,417 |
| | **5,709,410,201** | **6,001,860,446** |
| **Total operating income** | **8,310,748,779** | **8,430,445,197** |
| Salaries and allowances | 1,890,571,073 | 1,860,728,748 |
| Rent, taxes, insurances, electricity etc. | 597,290,763 | 509,014,865 |
| Legal expenses | 19,755,796 | 12,426,580 |
| Postage, stamps, telecommunication etc. | 52,735,403 | 48,431,345 |
| Stationery, Printings, Advertisements etc. | 179,734,359 | 151,444,178 |
| Chief Executive's salary and fees | 13,848,710 | 12,748,710 |
| Directors' fees | 2,990,000 | 3,498,489 |
| Auditors' fees | 57,500 | 195,500 |
| Charges on loan losses | - | - |
| Depreciation and repair of bank's assets | 328,697,778 | 292,207,904 |
| Other expenses | 1,059,840,171 | 1,028,355,950 |
| **Total operating expenses** | **4,145,521,552** | **3,919,052,268** |
| **Profit/(Loss) before provision** | **4,165,227,227** | **4,511,392,929** |
| Provision for loans and advances including off Balance Sheet items | 977,384,020 | 1,192,881,350 |
| Provision for diminution in value of investments in shares | - | - |
| Other provision | - | - |
| **Total provision** | **977,384,020** | **1,192,881,350** |
| **Total profit/(Loss) before taxes** | **3,187,843,207** | **3,318,511,579** |
| Provision for Current Tax | 1,010,000,000 | 1,060,000,000 |
| Provision for Deferred Tax | - | - |
| | **1,010,000,000** | **1,060,000,000** |
| **Net profit after taxation** | **2,177,843,207** | **2,258,511,579** |
| **Appropriations** | | |
| Statutory reserve | 637,568,641 | 663,702,316 |
| General reserve | - | 240,000,000 |
| Dividends etc. | - | - |
| | **637,568,641** | **903,702,316** |
| Retained surplus | **1,540,274,566** | **1,354,809,263** |
| **Earnings per share (EPS restated for Sep'17)** | 2.67 | 2.77 |

Company Secretary | Chief Financial Officer

Managing Director and CEO (CC)

Director | Chairman

Dated: Dhaka
25th October, 2018

**Mercantile Bank Limited**
**Un-audited Profit & Loss Account**
**For the 3rd Quarter ended 30 September 2018**

| | Amount in BDT | | | |
|---|---|---|---|---|
| | Jan-Sep'18 | Jan-Sep'17 | Jul-Sep'18 | Jul-Sep'17 |
| Interest Income | 14,780,904,578 | 11,833,640,529 | 4,901,087,966 | 4,237,011,660 |
| Interest Paid on Deposits, Borrowings etc. | 12,179,566,000 | 9,405,055,779 | 4,340,139,828 | 3,317,550,732 |
| **Net Interest Income** | **2,601,338,579** | **2,428,584,751** | **560,948,139** | **919,460,929** |
| Investment Income | 2,660,697,098 | 2,419,876,882 | 1,044,560,112 | 972,220,384 |
| Commission, Exchange and Brokerage | 1,748,722,747 | 1,832,183,147 | 619,813,870 | 699,188,691 |
| Other Operating Income | 1,299,990,355 | 1,749,800,417 | 262,010,699 | 199,359,964 |
| | **5,709,410,201** | **6,001,860,446** | **1,926,384,682** | **1,870,769,039** |
| **Total Operating Income** | **8,310,748,779** | **8,430,445,197** | **2,487,332,820** | **2,790,229,968** |
| Salaries and Allowances | 1,890,571,073 | 1,860,728,748 | 656,884,164 | 672,691,041 |
| Rent, Taxes, Insurances, Electricity etc. | 597,290,763 | 509,014,865 | 198,750,380 | 176,389,179 |
| Legal Expenses | 19,755,796 | 12,426,580 | 6,358,670 | 2,768,497 |
| Postage, Stamps, Telecommunication etc. | 52,735,403 | 48,431,345 | 11,440,677 | 15,554,707 |
| Stationery, Printings, Advertisements etc. | 179,734,359 | 151,444,178 | 43,019,910 | 34,686,632 |
| Chief Executive's Salary and Fees | 13,848,710 | 12,748,710 | 4,590,000 | 4,668,065 |
| Directors' Fees | 2,990,000 | 3,498,489 | 1,094,800 | 1,042,089 |
| Auditors' Fees | 57,500 | 195,500 | - | - |
| Charges on loan losses | - | - | - | - |
| Depreciation and Repair to bank's property | 328,697,778 | 292,207,904 | 105,924,111 | 98,540,658 |
| Other Expenses | 1,059,840,171 | 1,028,355,950 | 344,397,505 | 318,614,085 |
| **Total Operating Expenses** | **4,145,521,552** | **3,919,052,268** | **1,372,460,216** | **1,324,954,952** |
| **Profit/(loss) before provision** | **4,165,227,227** | **4,511,392,929** | **1,114,872,604** | **1,465,275,016** |
| Provision for loans and advances including off Balance Sheet items | 977,384,020 | 1,192,881,350 | 215,600,229 | 565,663,269 |
| Provision for diminution in value of investments in shares | - | - | - | - |
| Other Provision | - | - | (13,160,000) | - |
| **Total Provision** | **977,384,020** | **1,192,881,350** | **202,440,229** | **565,663,269** |
| **Total Profit before taxes** | **3,187,843,207** | **3,318,511,578** | **912,432,375** | **899,611,746** |
| Provision for Current Tax | 1,010,000,000 | 1,060,000,000 | 310,000,000 | 210,000,000 |
| Provision for Deferred Tax | - | - | - | - |
| | **1,010,000,000** | **1,060,000,000** | **310,000,000** | **210,000,000** |
| **Net Profit after Taxation** | **2,177,843,207** | **2,258,511,578** | **602,432,375** | **689,611,746** |
| **Profit available for appropriation** | **2,177,843,207** | **2,258,511,578** | **602,432,375** | **689,611,746** |
| **Appropriation** | | | | |
| Statutory Reserve | 637,568,641 | 663,702,316 | 182,486,475 | 179,922,350 |
| General reserve | - | 240,000,000 | - | 240,000,000 |
| Dividends etc. | - | - | - | - |
| | **637,568,641** | **903,702,316** | **182,486,475** | **419,922,350** |
| Retained Surplus | **1,540,274,566** | **1,354,809,262** | **419,945,900** | **269,689,396** |
| **Earnings Per Share (EPS restated for Sep'17)** | **2.67** | **2.77** | **0.74** | **0.85** |

**Company Secretary** **Chief Financial Officer**

**Managing Director and CEO (CC)**

**Director** **Chairman**

Dated: Dhaka
25th October, 2018

**Mercantile Bank Limited**
**Un-audited Cash Flow Statement**
**For the 3rd Quarter ended 30 September 2018**

| | Amount in BDT | |
|---|---|---|
| | **Sep-18** | **Sep-17** |
| **A) Cash flows from operating activities** | | |
| | **2,207,774,966** | **1,226,692,635** |
| Interest receipts in cash | 13,357,093,711 | 10,634,630,943 |
| Interest payments | (8,427,794,272) | (6,920,771,168) |
| Dividends receipts | 122,904,360 | 97,879,453 |
| Fee and commission receipts in cash | 842,205,738 | 731,880,666 |
| Recoveries on loans previously written off | 63,877,917 | 15,675,650 |
| Payment to the employees | (1,620,571,073) | (1,860,728,748) |
| Payment to suppliers | (179,734,359) | (151,444,178) |
| Income taxes paid | (1,950,207,056) | (1,320,429,982) |
| **Received from other operating activities** | **4,742,277,667** | **5,172,100,328** |
| Exchange gain | 906,517,009 | 1,100,302,481 |
| Other operating income | 3,835,760,658 | 4,071,797,847 |
| **Payment for other operating activities** | **(1,797,434,857)** | **(1,678,242,334)** |
| Rent, taxes, insurances and electricity | (499,680,278) | (509,014,865) |
| Legal expenses | (19,755,796) | (12,426,580) |
| Postage, stamps and telecommunication | (52,379,354) | (48,431,345) |
| Auditors' fees | (57,500) | (195,500) |
| Repair and maintenance | (64,045,761) | (63,570,894) |
| Chief Executive's salary and fees | (13,848,710) | (12,748,710) |
| Directors' fees | (2,990,000) | (3,498,489) |
| Other expenses | (1,144,677,459) | (1,028,355,950) |
| **Operating profit before changes in operating assets and liabilities** | **5,152,617,777** | **4,720,550,629** |
| **(Increase)/ decrease in operating assets and liabilities** | **(22,382,437,740)** | **(42,871,441,112)** |
| Trading securities | (5,171,974,695) | (2,383,845,686) |
| Loans and advances to other banks | - | - |
| Loans and advances to customers | (17,210,463,045) | (40,487,595,426) |
| **Other assets (Item-wise)** | **(1,153,232,397)** | **(1,643,400,437)** |
| Investment in shares of subsidiary companies | | |
| In Bangladesh (Mercantile Bank OBU Unit) | 3,506,527 | (727,258,241) |
| Mercantile Bank Securities Limited | - | - |
| Mercantile Exchange House (UK) Limited | 100,470 | (4,088,527) |
| Stationery, stamps,printing materials in stock etc | (4,743,141) | (6,819,718) |
| Advance rent and advertisement | 12,771,281 | 55,194,800 |
| Interest accued on investment but not collected,commission and brokerage receivable on shares and debenture and other income receivable (Adjusting account debit) | (291,558,474) | (548,935,291) |
| Security deposit (Advance deposits) | (246,135) | (788,650) |
| Prelimiary, formation and organization expenses, | (100,955,775) | - |
| Branch adjustment (Mercantile Bank general account) | (1,016,256,291) | (2,688,831) |
| Suspense Account | 244,180,869 | (406,639,635) |
| Silver | - | - |
| Others (Premium on bond) | - | - |
| Others (Clearing adjustment account) | (31,727) | (1,376,344) |
| | **20,361,338,961** | **42,958,825,960** |
| Deposit from other banks | 20,468,051,521 | 19,566,262,870 |
| Deposit from customers | 9,816,935,042 | 25,457,365,679 |
| Other liabilities on account of customers | - | - |
| Other liabilities | (9,923,647,603) | (2,064,802,590) |
| **Net cash from operating activities** | **1,978,286,600** | **3,164,535,040** |

## Un-audited Cash Flow Statement
## For the 3rd Quarter ended 30 September 2018

| | Amount in BDT | |
|---|---|---|
| | Sep-18 | Sep-17 |
| **B) Cash flows from investing activities** | | |
| Purchase/sale of property, plant and equipment | (517,584,815) | (151,302,000) |
| Purchase/sale of shares | (2,530,904) | (8,919,602) |
| Purchase/sale of bond | 36,000,000 | (964,000,000) |
| Other investment activities | (1,002,207,780) | 847,879,443 |
| **Net cash from investing activities** | **(1,486,323,499)** | **(276,342,158)** |
| **C) Cash flows from financing activities** | | |
| Receipts from Issue of loan capital and debt securities | - | - |
| Payments for redemption of loan capital and debt securities | 2,400,000,000 | (600,000,000) |
| Paid for Interest on Subordinated bond | (144,000,000) | (252,000,000) |
| Received by issue of right share | - | - |
| Dividend paid | (1,319,394,713) | (1,108,735,052) |
| **Net cash from financing activities** | **936,605,287** | **(1,960,735,052)** |
| **Net increase/(decrease)in cash & cash equivalent (A+B+C)** | **1,428,568,389** | **927,457,830** |
| Cash and cash equivalent at the beginning of the year | **16,603,709,794** | 16,036,835,080 |
| **Cash and cash equivalent at the end of the period** | **18,032,278,183** | **16,964,292,910** |
| **Net Operating Cash Flow Per Share (NOCFPS)** | **2.43** | **4.08** |
| **Cash and cash equivalents at end of the period** | | |
| Cash in hand (Including foreign currencies) | 2,568,546,018 | 1,924,002,654 |
| Balance with Bangladesh Bank & its agent bank(s) (including foreign currencies) | 12,587,646,567 | 12,702,607,647 |
| Balance with other banks and financial institutions | 2,726,395,197 | 2,334,078,009 |
| Prize Bonds | 4,690,400 | 3,604,600 |
| Money at call on short notice | 145,000,000 | - |
| | **18,032,278,183** | **16,964,292,910** |

Company Secretary

Chief Financial Officer

Managing Director and CEO (CC)

Director

Chairman

Dated: Dhaka
25th October, 2018

**Mercantile Bank Limited**
**Un-audited Statement of Changes in Equity**
**For the 3rd Quarter ended 30 September 2018**

Amount in BDT

| Particulars | Paid-up capital | Statutory reserve | General reserve | Other reserve | | | | Surplus profit/(loss) | Total |
|---|---|---|---|---|---|---|---|---|---|
| | | | | Dividend Equalization Fund | Adjustment for Approved Securities | Revaluation surplus for Fixed assets | Net balance of other reserve | | |
| | A | B | C | D | E | F | G=D+E+F | H | H=A+B+C+G+H |
| **Balance as at 1 January 2018** | 7,761,145,370 | 6,312,796,441 | 500,000,000 | 45,680,250 | 606,044,132 | 643,611,955 | 1,295,336,338 | 1,714,742,113 | 17,584,020,261 |
| Changes in accounting policy | - | - | - | - | | - | - | - | - |
| Transfer from income of OBU | | | - | | | | | - | - |
| Statutory reserve | - | 637,568,641 | - | - | - | - | - | (637,568,641) | - |
| General reserve | - | - | - | - | - | - | | - | - |
| Market adjustment of approved securities (HTM) | - | - | - | - | - | - | - | - | - |
| Surplus/deficit on account of revaluation of properties | - | - | - | - | - | - | - | - | - |
| Surplus/deficit on account of revaluation of investments | - | - | - | - | (543,828,111) | - | (543,828,111) | - | (543,828,111) |
| Currency transaction difference | - | - | - | - | - | - | - | | - |
| Net gains and losses not recognised | | | - | | - | - | - | - | - |
| in the income statement | - | - | - | - | | - | - | - | - |
| Net profit for the period after taxation | - | - | - | | - | - | - | 2,177,843,207 | 2,177,843,207 |
| Transfer | - | - | - | - | - | - | - | 694000 | 694,000 |
| Issuance of bonus share | 388,057,260 | - | - | - | - | - | - | (388,057,260) | - |
| Bonus share premium | - | - | - | - | - | - | - | - | - |
| Cash dividend | - | - | - | - | - | - | - | (1,319,394,713) | (1,319,394,713) |
| Dividend equalization fund | - | - | - | - | - | - | - | - | - |
| Issue of right share | - | - | - | - | - | - | - | - | - |
| **Balance as at 30 September 2018** | 8,149,202,630 | 6,950,365,083 | 500,000,000 | 45,680,250 | 62,216,021 | 643,611,955 | 751,508,226 | 1,548,258,707 | 17,899,334,645 |
| **Balance as at 31 December 2017** | 7,761,145,370 | 6,312,796,441 | 500,000,000 | 45,680,250 | 606,044,132 | 643,611,955 | 1,295,336,337 | 1,714,742,113 | 17,584,020,261 |

Company Secretary

Chief Financial Officer

Managing Director and CEO (CC)

Director

Chairman

Dated: Dhaka
25th October, 2018

**Mercantile Bank Limited**
**Un-audited Liquidity Statement**
**Asset and Liability Maturity Analysis**
**As at 30 September 2018**

Amount in BDT

| Particulars | Up to 1 Month | 1-3 Months | 3-12 Months | 1-5 Years | More than 5 years | Total |
|---|---|---|---|---|---|---|
| **Assets:** | | | | | | |
| Cash in hand | 2,568,546,018 | 1,105,150,257 | - | - | 11,482,496,310 | 15,156,192,585 |
| Balance with other banks and financial institutions | 197,893,975 | 1,565,029,969 | 963,471,253 | - | - | 2,726,395,197 |
| Money at call and short notice | 145,000,000 | - | - | - | - | 145,000,000 |
| Investments | 4,690,400 | - | 6,378,381,611 | 7,624,534,685 | 26,905,256,337 | 40,912,863,033 |
| Loans and advances | 41,493,638,760 | 43,547,914,208 | 64,152,283,711 | 46,558,326,423 | 21,119,020,974 | 216,871,184,076 |
| Fixed assets including premises, furniture and fixtures | - | | 469,399,191 | 531,538,816 | 2,309,495,962 | 3,310,433,969 |
| Other assets | 1,928,121,896 | 1,205,811,824 | 357,563,789 | 182,977,522 | 3,558,489,839 | 7,232,964,870 |
| Non-banking assets | - | - | - | - | - | - |
| **Total assets** | **46,337,891,049** | **47,423,906,258** | **72,321,099,555** | **54,897,377,447** | **65,374,759,422** | **286,355,033,731** |
| **Liabilities:** | | | | | | |
| Borrowing from Bangladesh Bank, other banks, financial institutions and ager | 6,610,000,000 | - | 20,914,171,016 | - | - | 27,524,171,016 |
| Deposits | 33,125,452,988 | 46,444,852,456 | 34,935,625,800 | 47,345,985,500 | 54,476,495,263 | 216,328,412,007 |
| Other accounts | 2,611,477,086 | - | - | - | - | 2,611,477,086 |
| Non-convertible Subordinated Bond | - | - | - | - | 4,800,000,000 | 4,800,000,000 |
| Provision and other liabilities | - | 275,699,595 | 16,285,780,125 | 630,159,256 | - | 17,191,638,976 |
| **Total liabilities** | **42,346,930,074** | **46,720,552,051** | **72,135,576,941** | **47,976,144,756** | **59,276,495,263** | **268,455,699,085** |
| **Net Liquidity Gap** | **3,990,960,975** | **703,354,207** | **185,522,614** | **6,921,232,691** | **6,098,264,159** | **17,899,334,645** |

**Selected Explanatory Notes to the Consolidated Financial Statements**
**As at and for the 3rd Quarter ended 30 September, 2018**

## 1.0 Legal Status & Nature of the Bank

Mercantile Bank Limited ("the Bank") is one of the third generation private commercial banks (PCBs) incorporated in Bangladesh as a Public Company, Limited by shares under the Companies Act 1994 on 20 May 1999 and subsequently obtained Banking operation license from Bangladesh Bank under the Bank Company Act 1991 as amended in 2013. The bank commenced its commercial operation on 2 June, 1999. Afterward, the Bank went for public issue of shares in the year 2003 and its shares are listed with Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE). The Bank has 129 Branches, 163 ATM booths, 20 CDMs (Cash Deposit Machines), 2 off-shore Banking Units (OBU) operating at Gulshan and Chittagong EPZ areas and 2 subsidiary companies namely Mercantile Bank Securities Ltd. (MBSL) & Mercantile Exchange House (UK) Limited as on 30 September, 2018.

The registered office of the bank is situated at 61, Dilkusha C/A, Dhaka-1000, Bangladesh.

### 1.1 Principal Activities

The principal activities of the Bank are to provide all kinds of commercial banking services including accepting deposits, retail banking, corporate banking, SME Financing, agriculture loan, foreign trade business services, NRB banking, treasury services, e-banking services, discounting bills, and performing other related services such as safe keeping, collections, issuing guarantees, acceptances and letters of credit, inter bank borrowing and lending, dealing in Government Securities, Equity shares etc. to the customers through branches all over in Bangladesh.

## 2.0 Basis of Preparation of Financial Statements & Other Significant Accounting Policies

The financial statements of the bank and its subsidiaries have been prepared for the quarter ended on September 30, 2018 under the historical cost convention except for certain investments (which are stated at fair/market value) and freehold land (which are measured at revalued amount )in accordance with the First Schedule (Sec-38) of the Bank Companies Act, 1991 (as amended up to 2013), BRPD Circular #14 dated 25 June 2003, other Bangladesh Bank circulars, International Accounting Standards (IAS) & International Financial Reporting Standards (IFRS) adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), The Companies Act, 1994, Securities and Exchange Rules 1987, any other directives, orders and circulars issued by Bangladesh Securities and Exchange Commission, Dhaka and Chittagong Stock Exchange Listing Regulations, 2015, The Income Tax Ordinance, 1984 and other laws and rules applicable in Bangladesh.

In case the requirements of provisions and Circulars issued by Bangladesh Bank differ with those of other regulatory authorities and Accounting Standards, the provisions and circulars issued by Bangladesh Bank will prevail.

### 2.1 Basis of Consolidation

The Consolidated Financial Statements include the financial statements of Mercantile Bank Limited, its Off-shore Banking Units and its subsidiaries, Mercantile Bank Securities Limited and Mercantile Bank Exchange House (UK) Limited, prepared at the end of the 3rd quarter as on 30 September, 2018. The Consolidated Financial Statements have been prepared in accordance with IAS 27 "Separate Financial Statements" and IFRS-10 "Consolidated Financial Statements".

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### 2.2 Functional & Presentational Currency

Items included in the financial statements of subsidiary are measured using the currency of the primary economic environment in which the entity operates i. e. functional currency. The Consolidated Financial Statements are presented in BDT which is the group's functional and presentation currency.

### 2.3 Statement of Cash Flows

The Statement of Cash Flows has been prepared in accordance with the guideline of BRPD Circular # 14, dated 25 June 2003 issued by the Banking Regulation & Policy Department of Bangladesh Bank which is a mixture of Direct and Indirect method of IAS 7 "Statement of Cash Flows".

### 3.00 Break-up of Shareholders Equity (Consolidated)

| Particulars | Sep'18 | Dec'17 |
|---|---|---|
| Paid up capital | 8,149,202,630 | 7,761,145,370 |
| Statutory reserve | 6,950,365,083 | 6,312,796,441 |
| General reserve | 500,000,000 | 500,000,000 |
| Other reserve | 751,508,226 | 1,295,336,337 |
| Surplus in Profit & Loss Account | 1,582,946,692 | 1,725,298,143 |
| Non Controlling Interest | 50,905,320 | 50,556,981 |
| **Total shareholders' Equity** | **17,984,927,951** | **17,645,133,273** |

### 3.00 (a) Break-up of Shareholders' Equity (Solo)

| Particulars | Sep'18 | Dec'17 |
|---|---|---|
| Paid up capital | 8,149,202,630 | 7,761,145,370 |
| Statutory reserve | 6,950,365,083 | 6,312,796,441 |
| General reserve | 500,000,000 | 500,000,000 |
| Other reserve | 751,508,226 | 1,295,336,337 |
| Surplus in Profit & Loss Account | 1,548,258,707 | 1,714,742,113 |
| **Total Shareholders' Equity** | **17,899,334,645** | **17,584,020,261** |

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### 3.10 Break-up of Paid-up Capital

| Accounting year | Declaration | No. of shares | Value in capital (BDT) | Cumulative (BDT) |
|---|---|---|---|---|
| 1999 | Initial | 24,500,000 | 245,000,000 | 245,000,000 |
| 2000 | Bonus | 3,185,000 | 31,850,000 | 276,850,000 |
| 2001 | Bonus | 2,768,500 | 27,685,000 | 304,535,000 |
| 2002 | Bonus | 1,523,000 | 15,230,000 | 319,765,000 |
| 2003 | IPO | 31,976,500 | 319,765,000 | 639,530,000 |
| 2003 | Bonus | 15,988,250 | 159,882,500 | 799,412,500 |
| 2004 | Bonus | 19,985,310 | 199,853,100 | 999,265,600 |
| 2005 | Bonus | 19,985,310 | 199,853,100 | 1,199,118,700 |
| 2006 | Bonus | 29,977,960 | 299,779,600 | 1,498,898,300 |
| 2007 | Bonus | 29,977,960 | 299,779,600 | 1,798,677,900 |
| 2008 | Bonus | 35,973,550 | 359,735,500 | 2,158,413,400 |
| 2009 | Bonus | 47,485,090 | 474,850,900 | 2,633,264,300 |
| 2010 | Right Share | 143,894,230 | 1,438,942,300 | 4,072,206,600 |
| 2010 | Bonus | 89,588,540 | 895,885,400 | 4,968,092,000 |
| 2011 | Bonus | 114,266,116 | 1,142,661,160 | 6,110,753,160 |
| 2012 | Bonus | 48,886,025 | 488,860,250 | 6,599,613,410 |
| 2013 | Bonus | 79,195,360 | 791,953,600 | 7,391,567,010 |
| 2014 | | - | - | 7,391,567,010 |
| 2015 | | - | - | 7,391,567,010 |
| 2016 | Bonus | 36,957,836 | 369,578,360 | 7,761,145,370 |
| 2017 | Bonus | 38,805,726 | 388,057,260 | 8,149,202,630 |
| **Total** | | **814,920,263** | *** 8,149,202,630** | - |

* Total 814,920,263 Shares @ BDT10 each

### 4.00 Calculation of Net Asset Value (NAV) per Share

| Particulars | Consolidated | | Solo | |
|---|---|---|---|---|
| | Sep'18 | Dec'17 | Sep'18 | Dec'17 |
| Net Asset Value | 17,984,927,951 | 17,645,133,273 | 17,899,334,645 | 17,584,020,261 |
| No. of Shares Outstanding | 814,920,263 | 776,114,537 | 814,920,263 | 776,114,537 |
| **Net Asset Value (NAV) per Share** | **22.07** | **22.74** | **21.96** | **22.66** |

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## 5.00 Earnings per Share (EPS)

Earnings per Share was calculated in accordance with IAS 33 "Earning per Share". The calculation of EPS is as under:

| Particulars | Consolidated | | Solo | |
|---|---|---|---|---|
| | Sep'18 | Sep'17 | Sep'18 | Sep'17 |
| Net Profit attributable to equity shareholders | 2,202,323,501 | 2,261,500,986 | 2,177,843,207 | 2,258,511,578 |
| Weighted Average number of ordinary shares outstanding during the period | 814,920,263 | 814,920,263 | 814,920,263 | 814,920,263 |
| **Earnings Per Share in BDT (Restated in Sep'17)** | **2.70** | **2.78** | **2.67** | **2.77** |

## 6.00 Calculation of Net Operating Cash Flows per Share (NOCFPS)

| Particulars | Consolidated | | Solo | |
|---|---|---|---|---|
| | Sep'18 | Sep'17 | Sep'18 | Sep'17 |
| Net cash flows from operating activities | 1,933,481,883 | 3,054,190,238 | 1,978,286,600 | 3,164,535,040 |
| Number of Shares outstanding | 814,920,263 | 776,114,537 | 814,920,263 | 776,114,537 |
| **Net Operating Cash Flows per Share (NOCFPS) in BDT** | **2.37** | **3.94** | **2.43** | **4.08** |

## 7.00 Ratings

Emerging Credit Rating Limited (ECRL) rated the Mercantile Bank Limited based on December 31, 2017 with "AA" (pronounced as Double A) in the long term and ST-2 for the short term. The date of rating was May 22, 2018. Summary of MBL's two years rating are given below:

| Year | Term | Rating | Indication |
|---|---|---|---|
| 2017 | Long-term | AA | ➢ Very strong capacity to meets its financial commitments<br>➢ A good track record and have no readily apparent weakness |
| | Short-term | ST-2 | ➢ A strong capacity to meets its financial commitments in a timely manner |
| 2016 | Long-term | AA | ➢ Very strong capacity to meets its financial commitments<br>➢ A good track record and have no readily apparent weakness |
| | Short-term | ST-2 | ➢ A strong capacity to meets its financial commitments in a timely manner |

ECRL also placed the Bank with "***Stable Outlook***".

In addition, Mercantile Bank Ltd for the first-time has been rated by Moody's; one of the oldest and leading global Credit Rating agencies. Moody's has assigned 'B1' rating to MBL with Stable Outlook. This rating is the recognition of MBL's good profitability, well matched Maturity Profile, modest Asset Quality and Solvency Profile.

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