annual report 2016

Partnering for
Sustainable Growth

বাংলার ব্যাংক

মার্কেন্টাইল ব্যাংক লিমিটেড
Mercantile Bank Limited
efficiency is our strength



We are empowering through aligning market, products/services and technology initiatives across the business using proven and consistent process. MBL prioritize to prepare for tomorrow by anticipating possibilities and positioning itself to more quickly and strategically in relation to outside events.

বাংলার ব্যাংক

মার্কেন্টাইল ব্যাংক লিমিটেড
Mercantile Bank Limited
efficiency is our strength

Letter of **Transmittal**

All Shareholders
Bangladesh Bank
Bangladesh Securities and Exchange Commission
Registrar of Joint Stock Companies & Firms
Dhaka Stock Exchange Limited
Chittagong Stock Exchange Limited

Subject: **Annual Report for the year ended on December 31, 2016**

Dear Sir(s),

We are delighted to enclose a copy of the Annual Report 2016 together with the Audited Financial Statements including Balance Sheet as at December 31, 2016 and Income Statement, Cash Flow Statement for the year ended December 31, 2016 alongwith notes thereon of Mercantile Bank Limited for kind information and record.

Yours sincerely,

Saiful Alam, FCS
Senior Vice President &
Company Secretary

AMAR STOCK

Notice of the
18th Annual General Meeting

Notice is hereby given to all members of Mercantile Bank Limited (the "Company") that the 18th Annual General Meeting (AGM) of the members i.e. shareholders of the Company will be held on March 30, 2017 (Thursday) at 11:00 am, FARS Hotel & Resorts, 212, Shahid Syed Nazrul Islam Sharani (Bijoynagar), Dhaka-1000 to transact the following businesses and to adopt necessary resolutions:

Agenda:

01. To receive, consider and adopt the Profit and Loss Account of the Company for the year ended December 31, 2016 and the Balance Sheet as at that date together with Reports of the Auditors and Directors thereon.

02. To declare Dividend for the year ended 31 December 2016 as recommended by the Board of Directors.

03. To elect/re-elect Directors.

04. To appoint Auditors of the Company for the term until conclusion of the next Annual General Meeting and to fix their remuneration.

05. To transact any other business with the permission of the Chair.

By order of the Board

Saiful Alam, FCS
Senior Vice President &
Company Secretary

Dated: March15, 2017
Dhaka, Bangladesh

Notes:

(a) The **"Record Date"** will be on Thursday, March 16, 2017.

(b) The Shareholders, whose name would appear in the register of members of the Company or in the Depository (CDBL) on the Record Date i.e. Thursday, March 16, 2017 will be eligible to attend the meeting and entitled to dividend.

(c) Any member of the Company eligible to attend and vote at the Annual General Meeting, may appoint a Proxy to attend and vote on his/her behalf. The Proxy Form, duly filled in and signed by the Member and stamped (BDT 20.00) must be submitted at the Registered Office of the Company at least 48 hours before the meeting.

(d) The Registration Counter shall be opened at 9.00 am and remain open up to 11.00 am.

(e) The Concerned Brokerage Houses are requested to provide with a statement having details of margin loan holders (i.e. Shareholders' name, BO ID Number, client-wise Shareholding position, gross dividend receivable, applicable Tax rate and net dividend receivable) as on the Record date along with contact person of Brokerage House to the Company's share office on or before Wednesday, March 22, 2017. The Brokerage houses are also requested to provide with their Bank Name, Account Number, Routing Number etc.

(f) As per Bangladesh Securities and Exchange Commission circular no. SEC/CMRRCD/2009-193/154 dated 24.10.2013, there will be no arrangement for gift or entertainment at the Annual General Meeting.

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BANGLADESH BANK
(Central Bank of Bangladesh)

Fasle Kabir
Governor

Ref: ACD (MD)/101(3)/2016-3089 Date: 28 July, 2016

Managing Director & C.E.O.
Mercantile Bank Ltd.
Head Office
Dhaka.

Letter of Appreciation

Bangladesh Bank is pleased to compliment you and your bank for achieving the disbursement target of Agricultural and Rural Credit for the FY 2014-15. It would be highly appreciated if you continue your wholehearted support and endeavor in facilitating Agricultural and Rural Credit programme of Bangladesh Bank in future.

(Fazle Kabir)

Motijheel Commercial Area, Dhaka-1000, Bangladesh, Phone : 880-2-9530420, Fax : 880-2-9530415
www.bb.org.bd, e-mail : governor@bb.org.bd

বাংলাদেশ ব্যাংক

Appreciation Letter



Kazi Masihur Rahman, MD & CEO, MBL receiving the "Appreciation Letter" from Mr. S K Sur Chowdhury Deputy Governor, BB for achieving the disbursement target of Agricultural and Rural Credit for FY 2014-15

Mercantile Bank Limited has achieved the 'ICAB National Award for Best Presented Annual Reports 2015'. Kazi Masihur Rahman, Managing Director & CEO of MBL received the award from Honorable Commerce Minister Mr. Tofail Ahmed at the 16th Institute of Chartered Accountants of Bangladesh (ICAB) National Award giving ceremony





The Institute of Chartered Accountants of Bangladesh

16TH ICAB NATIONAL AWARD FOR BEST PRESENTED ANNUAL REPORTS-2015

Private Bank Category

Certificate of Merit

Mercantile Bank Limited participated in the 16th ICAB National Award for Best Presented Annual Reports-2015 Competition organized by the Institute of Chartered Accountants of Bangladesh and awarded the **Certificate of Merit** in the **Private Bank Category** as a mark of excellence in corporate reporting.

Parveen Mahmud FCA
Chairman, Review Committee for Published Accounts and Reports

Kamrul Abedin FCA
President

Dhaka, November 29, 2016

THE INSTITUTE OF CHARTERED ACCOUNTANTS
সত্য নায় প্রণতি
OF BANGLADESH

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SAFA Standard **Disclosure Checklist**

The following disclosure checklist will help the reader to indentify the key section of annual report 2016

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Vision

would make finest corporate citizen

Mission

will become most caring, focused for equitable growth based on diversified deployment of resources and nevertheless would remain healthy and gainfully profitable bank

Strategic Objectives

- to increase shareholders' value
- to achieve economic value addition
- to be market leader in product innovation
- to be one of the top three financial institutions in Bangladesh in terms of efficiency
- to be one of the top five financial institutions in Bangladesh in terms of market share in all significant market segments we serve





Business **Ethics**

MBL believes that business ethics practices provides a foundation for the stability and sustainable growth of the bank, and supports the bank's efforts in achieving its stipulated goals. The bank therefore encourages all parties to conduct business and perform their duties in accordance with business ethics practices.

- The bank conducts its business in accordance with the law and regulations set by the central bank and other regulatory authorities. The bank does not finance in any project, detrimental to the community or country and thus prohibited by the credit policy of the bank.
- The bank complies with various standards which are generally acceptable for conducting the banking business and always refrain from doing aggressive business while extending credit facilities.
- In conducting business, the bank adheres to Bangladesh Bank's instructions while setting interest rates of deposits and loans. It also keeps our interest spread (difference between interest rate charged on loans and interest rate paid on deposits) at or below 5% as advised by Bangladesh Bank.
- The bank offers quality services to its customers with the principles of warm friendship and mutual support. The bank applies only those charges/fees that are disclosed by the schedule of charges of the bank.
- The bank keeps and safeguards the information of its customers in confidential and not discloses such confidential information to others unless with the consent of the customers or as required by the law.
- To continue and increase CSR activities.
- To remain compliant in the sprit of law and industry practice.

Code of **Conduct**

Salient principles of MBL employees' code of conduct:

- comply with the various rules, regulations and policies framed by the Bank and other Regulating Authorities.
- show courtesy and attention to the customers, fellow colleagues and serve the Bank honestly, sincerely, diligently and with utmost care.
- maintain strict secrecy of the affairs of the Bank and the Customers.
- not accept any outside employment, honorary or stipendiary, or undertake part-time work in any office of profit without prior written permission of the competent authority.
- not engage directly or indirectly in any commercial business, industry or other business pursuits or as agent of others.
- not absent from duty, nor leave the station without first obtaining the permission of the competent authority in writing.
- not make any personal representation to any director of the Board or any outside authority, to intervene on his/her behalf in any matter.
- not accept or permit any member of his/her family to accept any gift or subscriptions from a constituent of the Bank, any person likely to have dealings with the Bank, a subordinate employee or a candidate for employment in the Bank.
- not participate in gambling and betting or any such activities.
- not make or permit any member of his/her family to make, any investment likely to embarrass or influence him/her in discharging official duties.
- not invest money in the business of the Bank's clients.
- not do any activity which may undermine the prestige or image of the Bank or making/joining any organization which is not permitted.
- not take part directly in any political activity and in any election to parliament or any local authority in Bangladesh or elsewhere.

CORE VALUES

Customer delight

Customer satisfaction pervades all our activities. We appreciate that Customer's satisfaction is critical for our success

Socially Responsible

Constant endeavor to act and respond in a socially responsible manner keeping in mind society and our country.
To care for our environment

Innovation

Spurring innovation for reinforcement of our business. Origination and materialization of change management for attainment of perfection and we believe change is always constant

Shareholders Value

Creation and Maximization of values for our shareholders

Ethical Values

We continue to be responsible, ethical, sincere and transparent in our thoughts and actions

Commitment

We always keep high on the agenda our commitment towards valued depositors as their trustworthy custodian and to maintain the same spirit for all other stakeholders

Caring for Human Resources

Realization of latent potentialities of employees, respecting individual worth and dignity to ensure smooth career progression as well as welfare orientation in Human Resources Management policy and practices

AMISTOCK

Corporate **Priorities**

- Ensure customers satisfaction by meeting their demands with excellent customer services.
- Enlarge customers freedom by designing need based banking products and services.
- Manage credit risk by diversified loan portfolio with emphasis on SME and Agriculture financing.
- Mitigate different risks through efficient risk management techniques.
- Strengthen Internal Control and Compliance (ICC) system to establish a very systematic and effective compliant culture.
- Combination of skilled human resources and state-of-art technology in providing banking services.
- Focus on green banking by ensuring eco friendly financing.
- Corporate clients credit rating to remain compliant in terms of regulatory capital requirement.
- To be transparent, accountable and trustworthy in all aspects of our banking activities.

Corporate **Philosophy**

Our customers, employees and shareholders are equally important to us. We want to achieve strong corporate growth through FINANCIAL INCLUSION. We provide solutions at a minimum cost based on a high level of satisfaction of all segments of our customers, thus also contributing to the prosperity of our employees and shareholders.

With a firm commitment to provide solutions, we are constantly developing innovative and technologically advanced products and services that satisfy our customer needs. We offer cutting edge compensation package and good work environment to our employees. We never forget our shareholders to make them pleased with financial well-being and increase their shares value. This has given us a path to the growth and progress.

New **Technology**

adopting the state-of-the art technology in banking operations

Way **Forward**

We look forward to consolidate our position focusing on the followings:

- More emphasis on SME financing.
- Achievement of agriculture credit target.
- All out efforts to improve deposits mix by procuring low cost and no cost deposits.
- Innovation of need based deposits and loans products and services.
- Incorporate technology based advanced products and solutions.
- To hire and retain qualified human resources according to need of the Bank.

TAMAN STOCK



Corporate **Profile**

Registered Name	:	*Mercantile Bank Limited*
Legal Status	:	*Public Limited Company*
Date of Incorporation	:	*May 20, 1999*
Date of Commence of Business	:	*June 02, 1999*
Registered & Head Office	:	*61, Dilkusha Commercial Area* *Dhaka-1000, Bangladesh.* *Telephone : 88-02-9559333* *88-02-9553892* *Fax: 880-2-9561213* *Swift: MBLBBDDH* *e-mail: it@mblbd.com* *Web: www.mblbd.com*

Background

Mercantile Bank Limited incorporated as a public limited company on May 20, 1999. Subsequently, it commenced business on June 02, 1999 to carry out all kinds of banking businesses in and outside Bangladesh. MBL enlisted in Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) on February 16, 2004 and February 26, 2004 respectively. MBL is the output of some visionary entrepreneurs' dream of contributing directly to the economy by catering various banking needs to all segments of people living home and abroad.

Vision **:** *would make finest corporate citizen*

Mission: *will become most caring, focused for equitable growth based on diversified deployment of resources and nevertheless would remain healthy and gainfully profitable bank.*

Board Composition

MBL has a well-structured Board with a Chairman, two Vice Chairmen and two Independent Directors. In line with the Articles of Association, the Board consists of 14 members including independent directors and managing director. A crucial goal of the MBL Board is to ensure that the Board is trusted and achieves the highest ethical standards, so that we continue to best serve our customers, shareholders and the broader community. To ensure proper accountability and transparency through 'due diligence', MBL has three Board committees namely Executive Committee, Audit Committee and Risk Management Committee.

Principal Activities

MBL has been able to establish itself as a leading third generation private commercial bank by dint of its prudent policy guidelines coupled with proper execution, wider range of banking products and excellent customer services. The core activities of the Bank are to provide all kinds of commercial banking services including Deposits Mobilization, Corporate Banking, SME and Consumer Businesses, Discounting Bills, Foreign Exchange Business, Off Shore Banking, Treasury Function, Card Business, Mobile Banking (MyCash), Internet Banking, Locker Service etc. MBL caters card services to its customers by VISA Dual Prepaid Card, VISA Dual Hajj Card, Credit Card, Debit Card and International/Dual Cards with various up-to-date facilities. MBL is continuously expanding its ATM network and linking contact with the other banks with a view to making its card service more attractive and convenient to all. Except these, MBL is also providing other services through its 2 (two) subsidiary companies.

MBL Subsidiaries

MBL has 2 (Two) subsidiaries namely 'Mercantile Bank Securities Ltd (MBSL)' and 'Mercantile Exchange House (UK) Limited'. MBSL formed on 27 June 2010 to deal with stock dealing and broking. MBSL started its commercial operation on September 14, 2011 through obtaining stock dealer and broker license from concerned authorities. Currently, it is operating with 7 (seven) branches.

Mercantile Exchange House (UK) Limited, another subsidiary company of MBL incorporated as private limited company on December 01, 2010. It commenced its business operation on December 06, 2011. Currently, it is operating with 1 (one) branch in London with a view to providing faster, easier and safer remittance services to the Bangladeshi expatriate living and working in UK.

MBL Network

MBL has broad network coverage across the country. It has 119 branches including 5 SME/Krishi branches as on December 31, 2016. The Bank has 2 Off-shore Banking Units (OBU) operating at Gulshan and Chittagong EPZ areas. MBL has 149 ATM booths and 20 CDMs (Cash Deposits Machine) as on December 2016 covering important locations across the country. Mercantile Bank Securities Limited (MBSL), a subsidiary company of MBL dealing with stock and broking has 7 (seven) branches and Mercantile Exchange House (UK) Limited, another fully owned subsidiary company of MBL is facilitating inflow of remittance with 1 (one) branch in London.

Particulars	Number
Number of Branches	119
Number of AD Branches	21
Number of SME Branches	5
Number of Off-shore Banking Units (OBU)	2
Number of Subsidiaries	2
Number of Employees	2,043
Number of ATMs	149
Number of CDMs	20
Number of Credit Cards	7,454
Number of Debit & Prepaid Cards	142,285
Total Assets (BDT in Million)	204,127.47

Capital Base

MBL is maintaining strong Capital to Risk Weighted Assets Ratio (CRAR) as per new risk based capital adequacy framework i.e. Basel III. CRAR of the Bank remained above compared to minimum requirement as on December 31, 2016. The Bank has taken numerous initiatives including issuance of bonus shares, right share, retention of profit, corporate client's credit rating etc. in a bid to attain strong capital adequacy ratio. To further raise the capital fund and therefore Capital to Risk Weighted Assets Ratio (CRAR), MBL issued subordinated bond worth BDT 3,000.00 million by the year 2014.

December 2016	Capital to Risk-weighted Asset Ratio (CRAR)	Minimum Capital Requirement (MCR) with Capital Conservation Buffer
Solo	13.03%	10.625%
Consolidate	12.86%	10.625%

Shareholding Composition

Total 739,156,701 ordinary shares of the Bank were outstanding as on December 31, 2016. Share holding position as on same date is as under:

Composition	Ownership	
	Number of Shares	% of total shares
Sponsors/Directors	293,293,256	39.68%
Government	-	-
Institution	57,668,146	7.80%
Foreign	-	-
General Public	388,195,299	52.52%
Total	739,156,701	**100%**

Credit Rating

MBL has strong and stable credit rating over the last couple of years. Credit Rating Information and Services Limited (CRISL) has reaffirmed the long term rating of MBL to **'AA-'** and short term rating to **'ST-2'** based on its financial up to December 31, 2015 and other qualitative and quantitative information up to the date of rating. CRISL also placed the Bank with **"Stable Outlook"**.

Basis of Information	Date of Rating	Rating		Rating Company
		Long Term	Short Term	
2014	06 May, 2015	AA-	ST-2	CRISL
2015	22 May, 2016	AA-	ST-2	CRISL

*** Rating based on December, 2016 is under process**

Memberships

- Dhaka Stock Exchange Limited (DSE)
- Chittagong Stock Exchange Limited (CSE)
- Bangladesh Association of Banks (BAB)
- Association of Bankers, Bangladesh Limited (ABB)
- The Institute of Bankers Bangladesh (IBB)
- Bangladesh Institute of Bank Management (BIBM)
- Primary Dealers Bangladesh Limited (PDBL)
- Bangladesh Foreign Exchange Dealer Association (BAFEDA)
- Bangladesh Association of Publicly Listed Companies (BAPLC)

Corporate **Structure**

Board of Directors

- Shahidul Ahsan, Chairman
- Md. Anwarul Haque, Vice Chairman
- A.K.M. Shaheed Reza, Vice Chairman
- Mohd. Selim, Chairman, Executive Committee
- Dr. Mahmood Osman Imam, MBA, FCMA, Independent Director, Chairman, Audit Committee
- Md. Shahabuddin Alam, Chairman, Risk Management Committee
- Al-Haj Akram Hossain (Humayun)
- A. S. M. Feroz Alam
- M. Amanullah
- Md. Abdul Hannan
- Morshed Alam, MP
- Alhaj Mosharref Hossain
- Dr. Md. Rahmat Ullah, Independent Director
- Kazi Masihur Rahman, Managing Director & CEO

Executive Committee

- Mohd. Selim, Chairman
- Md. Anwarul Haque
- A.K.M. Shaheed Reza
- Al-Haj Akram Hossain (Humayun)
- A. S. M. Feroz Alam
- Md. Abdul Hannan
- Morshed Alam, MP

Audit Committee

- Dr. Mahmood Osman Imam, MBA, FCMA, Chairman
- Md. Shahabuddin Alam
- M. Amanullah
- Alhaj Mosharref Hossain
- Dr. Md. Rahmat Ullah

Risk Management Committee

- Md. Shahabuddin Alam, Chairman
- A.K.M. Shaheed Reza
- Al-Haj Akram Hossain (Humayun)
- A. S. M. Feroz Alam
- Md. Abdul Hannan

Managing Director & CEO

- Kazi Masihur Rahman

Chief Business Officer (CBO)

- Md. Quamrul Islam Chowdhury

Chief Risk Officer (CRO)

- Mati Ul Hasan

Chief Financial Officer (CFO)

- Dr. Md. Nurul Islam

Company Secretary

- Saiful Alam, FCS

Auditors

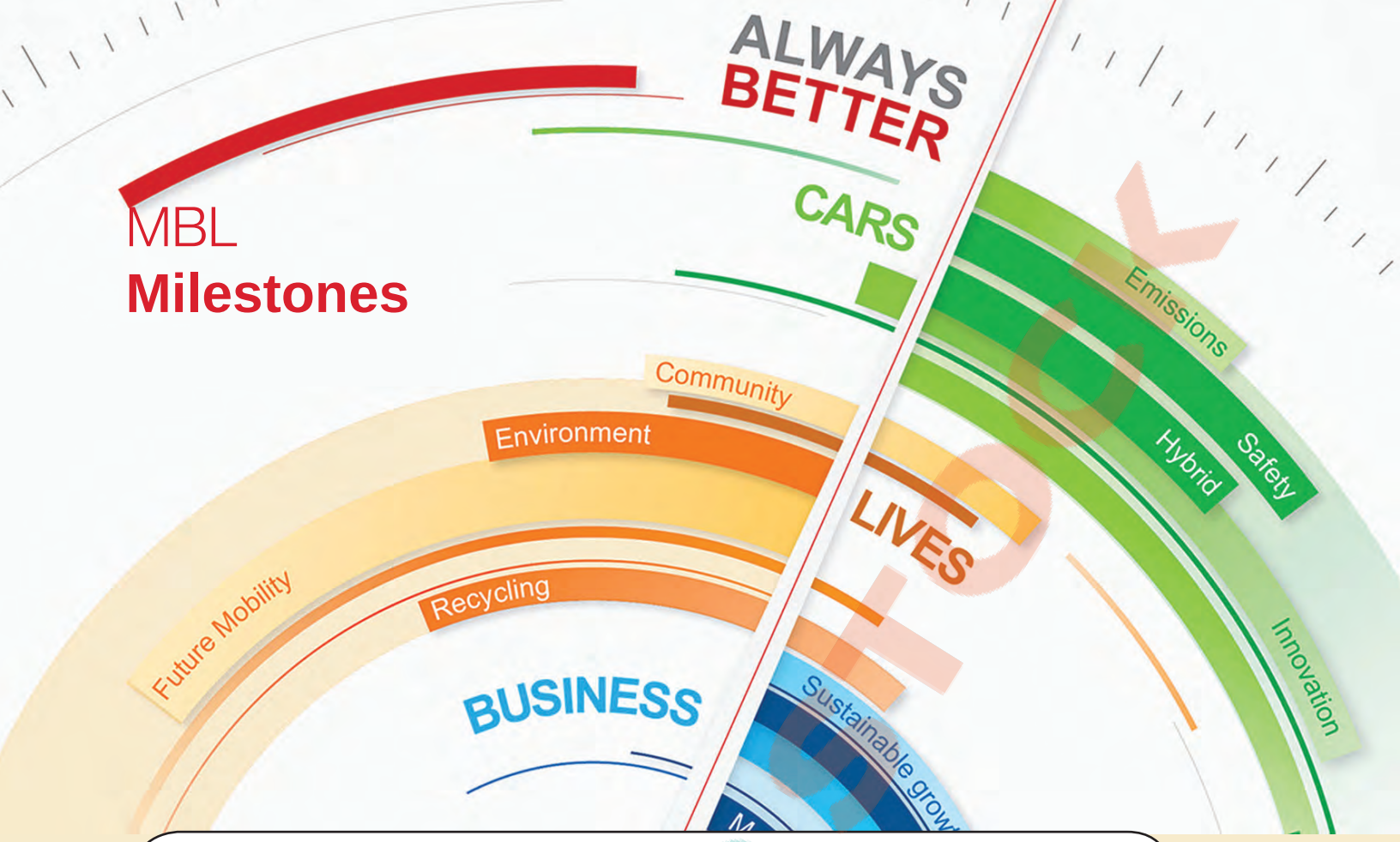
- A Qasem & Co.
  Chartered Accountants
- Aziz Halim Khair Chowdhury
  Chartered Accountants

Tax Advisor

- K. M. Hasan & Co.
  Chartered Accountants

AMAR STOCK

MBL
Milestones



- May 20, 1999
  Incorporation of the Bank
- June 02, 1999
  Commencement of Business
- October 29, 2000
  Opening of 10th Branch
- July 03, 2002
  Opening of 15th Branch
- June 30, 2003
  Publication of Prospectus for IPO
- October 21-22, 2003
  Subscription for Shares
- December 24, 2003
  Opening of 20th Branch
- February 16, 2004
  Listed in Dhaka Stock Exchange
- February 26, 2004
  Listed in Chittagong Stock Exchange
- December 29, 2004
  Opening of 25th Branch
- December 05, 2006
  Opening of 30th Branch
- December 17, 2007
  Opening of 40th Branch
- November 24, 2008
  Opening of 42th Branch
- June 06, 2009
  Mercantile Bank Brokerage House Operation
- December 30, 2009
  Opening of 50th Branch
- December 30, 2010
  Opening of 65th Branch
- March 20, 2011
  Commencement Operation of Off-shore Banking Unit
- September 14, 2011
  Separate Operation of Mercantile Bank Securities Limited (MBSL)
- December 06, 2011
  Opening of Mercantile Exchange House (UK) Limited
- December 29, 2011
  Opening of 75th Branch
- September 20, 2012
  Opening of Mercantile Exchange House (UK) Limited, London Branch
- December 27, 2012
  Opening of 86th Branch
- December 29, 2013
  Opening of 91th Branch
- December 29, 2014
  Opening of 100th Branch
- December 29, 2015
  Opening of 109th Branch
- December 22, 2016
  Opening of 119th Branch

Sponsors **of the Bank**

"whose dreams, aspirations and efforts came into reality"



Md. Abdul Jalil
Founder Chairman
(Deceased)



Shamsur Rahman
(Deceased)



Md. Anwarul Haque



Dr. Toufique Rahman Chowdhury



Golam Faruk Ahmed
(Deceased)



Alhaj S.M. Shakil Akhter



Engr. Mohd. Monsuruzzaman



Md. Mizanur Rahman Chowdhury



Alhaj Tara Meah Khan
(Deceased)



Subrota Narayan Roy



Shahidul Ahsan



Jamshed R Khan
(Deceased)



Bilkis Begum



Al-Haj Akram Hossain
(Humayun)



Md. Tabibul Huq
(Deceased)



A. S. M. Feroz Alam



M. Amanullah



Md. Abdul Hannan



Mohd. Selim



Feroza Begum



S. M. Shafiqul Islam
(Mamun)



A.K.M. Shaheed Reza



Nargis Anwar



Md. Nasiruddin
Choudhury



Jalaluddin Ahmed Yeamin



Morshed Alam, MP



Morzina Khan Monzu



Md. Shahabuddin Alam

Board of **Directors**

Chairman	Shahidul Ahsan
Vice Chairman	Md. Anwarul Haque A.K.M. Shaheed Reza
Director	Mohd. Selim Dr. Mahmood Osman Imam, MBA, FCMA Md. Shahabuddin Alam Al-Haj Akram Hossain (Humayun) A. S. M. Feroz Alam M. Amanullah Md. Abdul Hannan Morshed Alam, MP Alhaj Mosharref Hossain Dr. Md. Rahmat Ullah
Managing Director & CEO	Kazi Masihur Rahman

AMAR STOCK

Directors' **Profiles**



Shahidul Ahsan
Chairman

Mr. Shahidul Ahsan, the Chairman of Board of Directors is an entrepreneur and industrialist of the country. He has established himself as an icon in the business sector of the country with global reputation of being reliable in various business sectors and the honorable Chairman of Ahsan Group.

He is also the Chairman of AG Green Property Developments Limited, AG Property Development Limited, AG Agro Industries Limited, Regent Holdings Development Limited, AG Hi-Tech Limited, AG Ceramics Industries Limited, AG Fashion & Textile Limited, AG Plastic & Accessories Industries Ltd, AG GP Limited, AG Limited, AG Poly & Fiber Industries Ltd and AG Broilers Limited.

He is Proprietor of M/S. Friends Traders, AG Ship Breaking Industries, R.N.S. Corporation and Raima Fashion Limited.

He is the Sponsor Director of Mercantile Bank Limited, Mercantile Bank Securities Limited, National Credit Ratings Limited and Swadesh Life Insurance Company Ltd. He is the Sponsor Shareholder of Meghna Bank Limited. He is the Managing Director of a TV channel namely "Dhaka Bangla Media & Communication Ltd. (DBC)" and Director of "The Daily Observer", a renowned newspaper in Bangladesh and also the Chairman of Priyo.com and iPay System Limited.

In Different occasions he hold high level position in the Board of Directors of the Bank & NCR. He was the Vice Chairman and also the Chairman of Executive Committee of the Bank in several times. He is the Chairman of the Trustee Board of AG Foundation.

Mr. Shahidul Ahsan is also actively associated with many other Educational institutes such as Ahsan University and Social Institutions as a donor founder. Mr. Shahidul Ahsan's contribution towards helping the poor and other needy groups with economy and society and the country at large is remarkable. Several industry presences ensure mitigation of unemployment and positive contribution in GDP and also he pays a very high amount of income tax (LTU) to the government exchequer.

Recently he has been elected as Vice Chairman of Bangladesh Association of Banks (BAB).



Md. Anwarul Haque
Vice Chairman

Mr. Md. Anwarul Haque was born on January 03, 1951 in a respected Muslim family in Dhaka. He is a renowned businessman of the country. He obtained the B.Sc. Eng (Civil) Degree and engaged himself in business since last 40 years in different sectors like Construction, Real Estate, Export & Import and Trading. His business affiliation is versatile and diversified.

He is the Managing Director of Living Plus Ltd. He is a Sponsor Shareholder of Premier Leasing & Finance Ltd., Director of Holiday Travels Ltd., Premier Leasing Securities Ltd. and Mercantile Bank Securities Ltd. He is also Director of Securities Broking & Management Ltd. He is a Shareholder & Ex-Chairman of Global Insurance Ltd. His association with the above mentioned well-reputed organization makes him a forward looking and progressive businessman who has already reached an enviable height.

Furthermore, he has deep affinity and also attachment with various socio-cultural activities like Gulshan Club Ltd., Dhanmondi Club Ltd. and Uttara Model Club Ltd.

AMAR STOCK



A.K.M. Shaheed Reza
Vice Chairman

Mr. A.K.M. Shaheed Reza is an entrepreneur and renowned businessman of the country. By dint of perseverance and talent he established himself as a farsighted well known industrialist and business personality. Among his establishments Textile and Readymade Garments are the prime sectors. With new zeal for creation he has also spread his step into the arena of mass media. He has praiseworthy pioneer role in social service and benevolent works of the society. To extend financial support for the poor meritorious students and educational institutions is his vow.

Mr. Reza is the Chairman of Reza Group, Sponsor Director of Mercantile Bank Limited, Sole proprietor of Bangla Radio FM 95.2, Director of National Credit Rating and Director of reputed English Daily "The Daily Observer". He worked as elected Director of The Federation of Bangladesh Chamber of Commerce and Industry, the apex body of business community of Bangladesh. He worked as Chairman of Executive, Audit Committee of Mercantile Bank Limited and presently working as Vice Chairman. He is the current Chairman of Mercantile Bank Securities Limited and worked efficiently as the Chairman of Global Insurance Limited. He has been declared CIP by the Ministry of Commerce, Peoples Republic of Bangladesh.

Mr. Reza is associated with number of educational and social institutions. He has been working as Chairman of the Managing Committee of Dhalia High School, Bagerhat High School and Thakurhat Government Primary School of Feni district for a pretty long time. Apart from these, he has massive role for the overall development of infrastructural and educational environment of some other educational institutions. He is the founder of Progati Balika Bidda Neketan and Nurul-Rawnak Diabetics health care centre, Rajnagor, Feni. He is the life member of Feni Diabetic Association and Vice President of Heart Foundation, Feni. He is also the Trustee Member and Vice President of Feni University. Many meritorious poor students are availing opportunity for getting higher education regularly through his donation.

Around 25 years of experience in establishing export oriented industries put Mr. Reza on the peak of success and his excellency in corporate management is also exemplary. His experience in textile and readymade garments will be a guide line for future generation. Active role of Mr. Reza in enforcing compliance in fast growing Banking sector will encourage pushing the sector forward.

Mr. A.K.M. Shaheed Reza after completion of Post Graduation degree in Management, started his career as a Banker in 1986. But creative aptitude did not allow him to confine in the services. Ultimately he quitted the job in 1993 and started his journey as a business entrepreneur. During this short period he proved himself as a successful business conglomerate of the country.



Mohd. Selim
Chairman, Executive Committee

Mr. Mohd. Selim is a renowned businessman of the country. He was born in a respectable Muslim family in Shariatpur District. He has specialized himself in trading business. After graduation he devoted himself fully to business and he is the proprietor of 'Sumon Cloth Store', a large cloth store in Ramna Bhaban, Dhaka and also proprietor of Central Plaza at Eastern Plaza.

Mr. Selim is the Chairman of Synthia Securities Limited (Member of Dhaka Stock Exchange Limited). He is the Shareholder of Global Insurance Limited. He has also made notable contribution in socio-cultural activities. He is the Chairman of Abdur Razzaque & Mohd. Selim Trustee Foundation, Life Member of Shariatpur Zilla Kalyan Samity, Life Member of Greater Faridpur Kalyan Samity, Trustee Member, 'Shariatpur Shikhha Kalyan Trust' and Donor Member of Purba Madaripur College.

Mr. Mohd. Selim is a proud father of 3 sons & 1 daughter, while 3 sons are directors of 3 Insurance Companies and also director of Synthia Securities Limited. and his only daughter is a student of ACCA.



Dr. Mahmood Osman Imam, MBA, FCMA
Chairman, Audit Committee

Mr. Mahmood Osman Imam is the Professor of Finance and served as Chairman, Department of Finance, University of Dhaka. He is also the Executive Director, Center for Corporate Governance and Finance Studies, University of Dhaka and the Editor, Journal of Institute of Bankers, Bangladesh. He served also as the Director, Bureau of Business Research, Faculty of Business Studies, University of Dhaka and as Provost, Bangabandhu Sheikh Mujibur Rahman Hall.

He is an Independent Director and Chairman, Audit Committee, Mercantile Bank Ltd. He was also on the Board of Directors as Independent Director of LankaBangla Finance Limited. He was also the Independent Director and Chairman, Audit Committee, ICB AMCL and founder director, Bangladesh Institute of Capital Market.

Dr. Imam is a financial analyst and capital market specialist. He has over 27 years of working experiences in this field. He did MBA (major in Finance) and Ph.D in Applied Economics at K.U. Leuven, Belgium. He is a Fellow of Cost & Management Accountant too.

In his long tenure of career, he worked as national and international consultants with a number of both national and international organizations, viz., World Bank; ADB; UNDP; Bilance, Netherlands; Pohl Consulting Ltd, Germany; Dhaka Stock Exchange (DSE); Ontario Centre for Environmental Technology Advancement (OCETA); Dhaka Chamber of Commerce and Industry (DCCI) and CIPE, USA, ERRA PROJECT. He also worked as Professor of Finance, School of Business, Independent University Bangladesh.

He is a prolific researcher and has been awarded twice as best paper author by the Faculty of Business Studies, University of Dhaka. To his credit, there are also two published research monographs.



Md. Shahabuddin Alam
Chairman, Risk Management Committee

Mr. Md. Shahabuddin Alam was born in a respectable Muslim family of Chittagong. He completed his post graduation from Chittagong University with remarkable position. Then he started his business career in the year 1988. During the course of time, he established in different sectors such as edible oil refinery, mills/factories that are producing full cream milk powder etc. through Samannaz Dairy and Food Products Ltd., Laila Vanaspati Product Ltd., Sharija Oil Refinery Ltd., S.A. Oil Refinary Ltd., Samannaz Super Oil Ltd., Kamal Vegetables Oil Ltd.,with corporate head office at Finlay House, Agrabad, Chittagong.

He made business tours in different countries of the world. He is engaged with different social organizations and his contributions to the society are noteworthy.



Al-Haj Akram Hossain (Humayun)
Director

Al-Haj Akram Hossain (Humayun) was born on July 1, 1952 in a respectable Muslim family of Dagonbhuiyan, Feni. He is a commerce graduate and one of the known Freedom Fighters of Bangladesh Liberation War. He has established himself as an icon in the business sector of the country with global reputation of being reliable in various business sectors. He is the Chairman and Managing Director of FARS Group and Director of Mercantile Bank Securities Ltd.

He is the founder of Rajapur High School & College, Al Haj Shamsul Hoque Miah Adarsha Academy, Khaja Ahmed Bidda Niketon. He was also the Founder President of Bangladesh Paper Importers Association and Founder President of Greater Noakhali Paper Merchant Samobay Somittee. He is also the Chairman of Managing Committee of Rajapur High School and College, Al Haj Shamsul Hoque Miah Adarsha Academy and Sindurpur Rowshan Ulum Wadudia Madrasha. He is the founder member of Board of Trustee of Feni University and Life Member of Feni Heart Foundation, Feni Diabetic Somittee and Officers club, Feni. Apart from the aforementioned affiliations, he is also General Body Member of FBCCI, Bangladesh.



A.S.M. Feroz Alam
Director

Mr. A. S. M. Feroz Alam was born on December 01, 1960 in a respectable Muslim family of Patuakhali. He is a renowned businessman of the country.

He has traveled about 65 countries for business purpose. He is the Chairman of Bengal Trading Limited (Japan). He is the Sponsor Shareholder of Premier Leasing & Finance Ltd. He is the Director of renowned Television channel "RTV". He is also Founder of Saheda Gafur Ibrahim General Hospital, Kalaiya, Patuakhali.



M. Amanullah
Director

Mr. M. Amanullah, the founder of the conglomerate, Aman Group of Companies, is a very respected and distinguished industrialist in Bangladesh. His business acumen has lead to the successful launch of various, diversified businesses under the umbrella of Aman Group of Companies and he holds the position of Chairman of all the companies under the group.

Born and brought up in a business family, Mr. Amanullah started pursuing his own business endeavors since 1968. He introduced Arena Industries Ltd., engaged in industrial contract packaging and Mousumi Enterprises Ltd. and Arena Consumer Products Ltd., for distribution and manufacture of consumer products. He introduced Arena HRI Ltd., which is an India-Bangladesh joint venture in the field of cosmetic industry and is one of the leading manufacturers of Hair Care products in Bangladesh. He also introduced Arena Securities Ltd. in the financial sector which is a member of Dhaka Stock Exchange and registered as a corporate house for operation in the capital market of the country. In the textile sector, Mr. Aman set up a manufacturing unit in the name of Aman Spinning Mills Ltd., which manufactures 100% export oriented carded yarn from raw cotton. He is one of the Directors of "Amader Shomoy', one of the top circulating daily print media in Bangladesh. He is one of the founders, Ex Chairman & present Advisor of the publicly listed company Global Insurance Ltd., and advisor of Desh General Insurance Company Ltd. He is the past Chairman of Mercantile Bank Ltd. (2013-2014) and contributed heavily towards the efficiency and optimization of Mercantile Bank during his tenure.

Mr. Aman is also recognized for his contribution to the community and to the nation in the field of education. He is the Chairman of the Board of Trustee of Presidency University, Dhaka. For the contribution to the society, as a philanthropist, Mr. Amanullah established "Aman Group Foundation" as his initiative towards social responsibilities. For this act, he was honored several times by the Govt. and other organizations. He was awarded the 'Sarojini Naidu Gold Medal Award in 2000, C.R. Das Gold Medal Award in 2002 and the Atish Dipankar Scholar Congress Award in 2004 for his extraordinary contribution in various sectors of Bangladesh. He was declared CIP, Commercially Important Person, for many years for his significant contribution to the country's export trade sector.



Md. Abdul Hannan
Director

Mr. Md. Abdul Hannan was born on 27th July, 1962 in a respectable Muslim family at Faridgonj, Chandpur. He is one of the leading businessmen of the country, especially in export of Readymade Garments.

He is Chairman & Managing Director of Dabstar Associates Limited, Reu Fashion Limited, ZHAS Garments Limited, M.H. Trading and Murad Apparels Limited. He is also Director of Eastern University of Bangladesh and Pan Pacific Hospital Ltd. His contributions towards the society are quite remarkable.



Morshed Alam, MP
Director

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

He is the founder of Bengal Group of Industries which consists of as following;

01. Bengal Windsor Thermoplastics Limited – Chairman
02. Bengal Media Corporation Limited (Rtv) – Chairman
03. Bengal Plastics Limited – Chairman
04. Bengal Poly Paper Sack Limited – Chairman
05. Bengal Flexipak Limited – Chairman
06. Bengal Adhesive & Chemical Products Limited – Chairman
07. Bengal Polymer Wares Limited – Chairman
08. Bengal Plastic Pipes Limited – Chairman
09. Romania Food & Beverage Limited – Chairman
10. Power Utility Bangladesh Limited – Chairman
11. Bengal Concept and Holdings Limited - Chairman
12. Bengal Corrugated Carton Industries Limited - Chairman
13. Bengal Overseas Corporation Limited – Chairman
14. Hamilton Metal Corporation Limited – Chairman
15. Bengal Feed & Fisheries Limited – Chairman
16. Designer Jeans Limited – Chairman
17. Designer Fashion Limited – Chairman
18. Bengal Retails Limited - Chairman
19. Bengal Renewable Energy Limited – Chairman
20. Bengal Hotel and Resort Limited – Chairman
21. Romania Agrovet Limited – Chairman
22. National Life Insurance Company Limited – Chairman

Besides, he is the member of trustee board of The People's University of Bangladesh and Chairman, National Life Insurance Company Limited and Director of Mercantile Bank Limited. Being a philanthropist, he founded Morshed Alam High School at Nateswar Noakhali and life donor member of Kazi Nagar Madrasa and Bazra High School at Noakhali and Motijheel Ideal High School Dhaka.



Alhaj Mosharref Hossain
Director

Alhaj Mosharref Hossain was born on January 07, 1940 in a respectable Muslim family at Chhagalnaya, Feni. He had his schooling in the local educational institutions.

Alhaj Mosharref Hossain is one of the leading businessmen of the country, especially in trading. He is the Proprietor of M. H. Traders, a renowned business house engaged in paper trading. Apart from being a businessman of repute, he is also a prominent personality in Bangladesh. He is also a Director of Toka Ink (BD) Ltd. He is the Founder and Director of Hossainya Hefje Quaran Madrasa & Atimkhana, Chhagalnaya, Feni.



Dr. Md. Rahmat Ullah
Independent Director

Dr. Md. Rahmat Ullah is the Dean of the Faculty of Law and also a Professor in the Department of Law under the same Faculty and Provost of Kabi Jashim Uddin Hall, University of Dhaka. He is a Senate Member, University of Dhaka. He holds the position of General Secretary of the Dhaka University Teachers Association (DUTA). Other than these, he is a Syndicate Member of Begum Rokeya University, Rangpur and an Adviser to the Department of Law, City University, Dhaka; Governing body member, MH Somorita Medical College and Hospital, Dhaka; Governing body member, Alhaz Mockbul Hossain University College, Dhaka; and an Independent Director, Mercantile Bank Ltd.

He completed LL.M from Baku State University, Azerbaijan and Ph.D from Kiev State University, Ukraine. During his professional carrier, he was a syndicate member to the University of Dhaka and worked as adjunct faculty member to several private universities. He participated in professional workshops, seminars and trainings in India, Nepal, China, Belgium, Netherland, Switzerland and Iran. His field of interest is human rights and commercial law.

He is a prolific researcher in the field of human rights and legal issues. He worked as national and international consultant under different projects on human rights and legal issues with UNHCR, UNDP, HRDC, European Union, MJF and NHRC. He has published more than 22 research articles on legal issues and author of 1 book and co-author of 4 books. He is also Executive Editor of 5 Research Books. He is a committed human rights activist and desires to work for the poor for their better life.



Kazi Masihur Rahman
Managing Director & CEO

Kazi Masihur Rahman joined Mercantile Bank Limited as Managing Director & CEO in January 2016. He is a senior banker with thirty nine years hands on experience in the financial industry. Mr. Rahman served as CEO of Exim Bank and DMD of Prime Bank. Prior to joining Mercantile Bank, he was engaged as Consultant of BGB for establishing Shimanto Bank.

After completing Masters in Economics from Dhaka University, he made debut in the banking career with Sonali Bank as a Probationary Officer in 1977 and served there in various capacities at Head Office and branches in Bangladesh and UK. In 1988, Mr. Rahman joined BASIC Bank as Company Secretary and Head of Corporate Affairs.

Mr. Rahman moved to Mashreq Bank, Dubai in 1990, wherein he served as a core team member in the re-structuring projects of Mashreq Bank. After serving Mashreq Bank for about 4 years, he joined United Saudi Commercial Bank of Saudi Arabia in 1993 as Head of System and Procedures Department. In 1997, he joined Saudi Hollandi Bank, a joint venture of ABN AMRO Bank and served the Bank for more than 6 years as Country Head of Trade Finance.

With his wide experience of serving in multinational working environment, Mr. Rahman gathered expertise in the areas of banking technology, change management and process re-engineering. He was actively involved in core banking system implementation in two banks and was also associated with management of various innovative projects & financial planning at home and abroad.

Mr. Rahman in his chequered banking career, has had proven track record of corporate leadership, relationship management and institutional capacity building.

We Mourn

Our deepest condolence on the departure of our beloved one



Md. Abdul Jalil
Founder Chairman
January 21, 1941 - March 6, 2013



Md. Tabibul Huq
August 19, 1952 - June 23, 2014



Golam Faruk Ahmed
April 7, 1953 - January 26, 2013



Dr. Matiur Rahman
January 11, 1946 - September 13, 2012



Shamsur Rahman
January 25, 1933 - January 02, 2012



Alhaj Tara Meah Khan
August 30, 1931 - March 16, 2010



Jamshed R Khan
July 10, 1943 - August 29, 2008

Management **Team**



Kazi Masihur Rahman
Managing Director & CEO



Md. Quamrul Islam Chowdhury
Additional Managing Director & CBO



Mati Ul Hasan
Deputy Managing Director & CRO



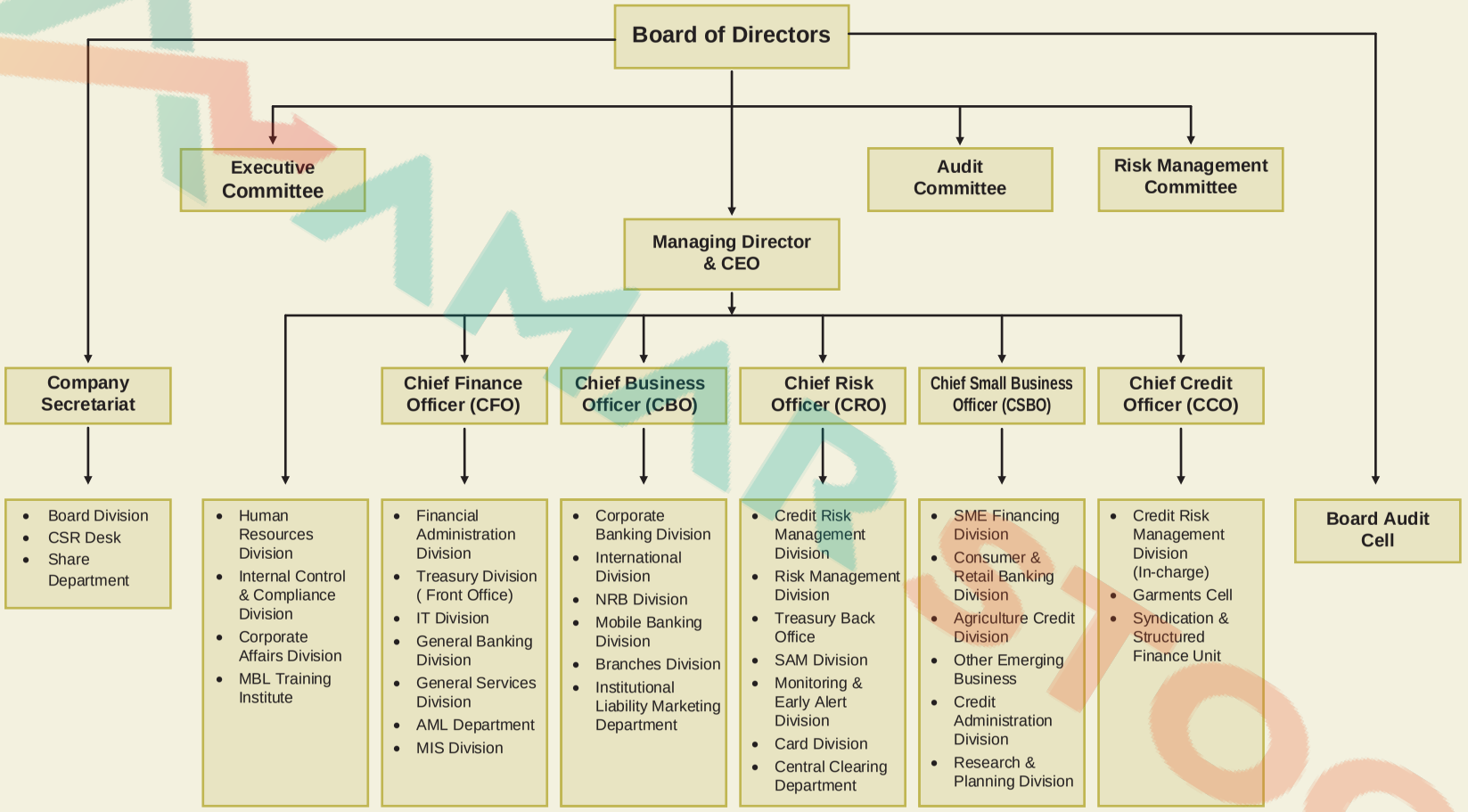
G.W.M. Mortaza
Deputy Managing Director



Adil Raihan
Deputy Managing Director

AMBER STOCK

MBL Organogram



Senior Management **Team (SMT)**



Kazi Masihur Rahman	Managing Director & CEO	Chairman
Md. Quamrul Islam Chowdhury	Additional Managing Director & CBO	Member
Mati Ul Hasan	Deputy Managing Director & CRO	Member
G.W.M. Mortaza	Deputy Managing Director	Member
Ahmedul Haque	SEVP & Head of CLD	Member
Md. Mahmood Alam Chowdhury	SEVP & Head of SAMD	Member
M. Zakir Hossain	SEVP & Head of CBD	Member
Shamim Ahmed	SEVP & Head of ID	Member
Dr. Md. Nurul Islam	SEVP & CFO	Member
Abdullah Md. Zaki Hasan	SEVP & Head of RMD	Member
Md. Rafiqul Hoque Bhuiyan	SEVP & Head of Mobile Banking Division	Member
A.K.M. Atiqur Rahman	SEVP & Head of IT Division	Member
Ashim Kumar Saha	SEVP & Head of Treasury Division	Member
Mohammad Iqbal Rezwan	EVP & Head of HRD	Member
Md. Enayet Ullah	SVP & Head of ICCD	Member
Tapash Chandra Paul, PhD	FVP & Head of FAD	Member
Liaquat Fazlur Rashid	VP & Head of Agriculture Credit Division	Member Secretary


মার্কেন্টাইল ব্যাংক লিঃ
Mercantile Bank Ltd

Head of **Divisions**



Head Office &
Branch Network

Head Office

61, Dilkusha Commercial Area
Dhaka-1000, Bangladesh
PABX : 9559333, 9553892
Fax : 88-02-9561213
Swift : MBLBBDDH
E-mail : it@mblbd.com
Website: www.mblbd.com

Zonal Office

Chittagong Zone
Mishkat Arcade (Level-1)
21/1, Agrabad C/A, Chittagong
Phone: 031-2529445, 716421
723181, 721772
Fax: 88-031-2529445

Md Abu Taher, Zonal Head

Training Institute

Swadesh Tower
41/6 Purana Paltan
Dhaka-1000
Phone: 7174016
Fax: 88-02-9571096

Javed Tariq, Principal

Divisions at Head Office

Central Law Division
Ahmedul Haque, SEVP

Special Asset Management Division
Md. Mahmood Alam Chowdhury, SEVP

Corporate Banking Division
M. Zakir Hossain, SEVP

International Division
Shamim Ahmed, SEVP

General Services Division
Dr. Md. Nurul Islam, SEVP (additional charge)

Risk Management Division
Abdullah Md. Zaki Hasan, SEVP

Mobile Banking Division
Md. Rafiqul Hoque Bhuiyan, SEVP

Information Technology Division
A.K.M. Atiqur Rahman, SEVP & CTO

Treasury Front Office
Ashim Kumar Saha, SEVP

Research & Planning Division
M. Golam Kibria, FCA, EVP

Human Resources Division
Mohammad Iqbal Rezwan, EVP

NRB Division
Md. Nurul Haque Gazi, SVP

General Banking Division
K. M. Abdur Razzaque, SVP

Board Division, Share Department & CSR Desk
Saiful Alam, FCS, SVP

Internal Control & Compliance Division
Md. Enayet Ullah, SVP

Credit Administration Division
Abu Asghar Golam Haruni, SVP

Agriculture Credit Division
Liaquat Fazlur Rashid, VP

Card Division
Md. Abu Sakin, VP

Consumer & Retail Banking Division
Md. Ashiqur Rahman, VP

MIS Division
S.M. Asifur Rahman, VP

Anti Money Laundering Department
Md. Nasim Alam, FVP

Financial Administration Division
Tapash Chandra Paul, PhD, FVP

Treasury Back Office
Muhammad Sharif-Ur-Rahman, FVP

Branches Division
Mohammad Hossain, FVP

Off-Shore Banking Unit (OBU)
Md. Shaheen Reza, FVP

Central Clearing Department
Md. Almasuddin Ahmed, FVP

Corporate Affairs Division
Muhammad Abdul Hamid Shohag, PRO

Credit Risk Management Division
Shamim Ahmed, VP

SME Financing Division
B.M. Saifuzzaman, AVP

Institutional Liability Marketing Division
Tapon James Rozario, FAVP

Board Audit Cell
Md. Bakir Hossain

FAIR STOCK

Branch Network & Head of Branches

Main Branch
61 Dilkusha C/A, Dhaka-1000
Phone : 02-9571618, 9559333
Mobile : 01755-501799
01755627036(HOB)
Fax : 88-02-9554410, 9551497


G.W.M. Mortaza
DMD & HOB

Dhanmondi Branch
Sima Blossom, House- 390 (Old)
03 (New), Road- 27 (Old), 16 (New)
Dhanmondi R/A, Dhaka -1209
Phone : 02-58153584, 9130500, 9142691
Mobile : 01711-409191,01713-039792 (HOB)
Fax : 88-02-8126768


Md. Abdul Awal
SVP & HOB

Kawran Bazar Branch
Dhaka Trade Centre
99 Kazi Nazrul Islam Avenue
Kawran Bazar, Dhaka- 1215
Phone : 02-8189613, 8153414, 8141910
Mobile : 01713-044832 (HOB)
Fax : 88-02-8126882


Md. Abul Bashar
EVP & HOB

Agrabad Branch
Mishkat Arcade (Level -1)
21/1, Agrabad C/A, Chittagong
Phone : 031-716459, 716421, 723181
Mobile : 01755-694172 (HOB)
Fax : 88-031-716459


Md. Mahibbul Karim
EVP & HOB

Joypara Branch
Samabay Super Market
Joypara Bazar, Dohar, Dhaka
Phone : 02-7768163
Mobile : 01713-049090 (HOB)
Fax : 88-02-7768193


Syed Ezazur Rahman
FVP & HOB

Banani Branch
Ahsanullah Tower
56 Kamal Ataturk Avenue
Banani, Dhaka-1213
Phone : 9821639-40
Mobile : 01711-643281, 01713-066493 (HOB)
Fax : 88-02-9821046


Ahsanul Haq Chowdhury
EVP & HOB

Rajshahi Branch
ZODIAC Plaza, Shaheb Bazar
(Zero Point), Rajshahi
Phone : 0721-771214, 0721-772261
Mobile : 01713-203586 (HOB)
Fax : 88-0721-771215


Md. Abdul Matin
VP & HOB

Naogaon Branch
J.R. Super Market, Old Bus Stand
Main Road, Chakdev, Naogaon
Phone : 0741-63331, 69181, 69182
Mobile : 01711-419057
Fax : 88-0741-63230


Md. Kamruzzaman
SVP & HOB

Sylhet Branch
Raisat Tower
Laldighirpar, Sylhet
Phone : 0821-723650, 723651
Mobile : 01713-386897
Fax : 88-0821-723722


Golam Moula
VP & HOB

Board Bazar Branch
Mansur Super Market
Board Bazar, Gazipur
Phone : 02-9291604
Mobile : 01713-044846 (HOB)
Fax : 88-02-9291660


Md. Abul Bashar Khan
VP & HOB

Nayabazar Branch
25/1 Zinda Bahar (1st Lane)
Nayabazar, Dhaka-1100
Phone : 02-57393827
Mobile : 01730-048079 (HOB)
Fax : 88-02-7393655


Shamir Mitra
FVP & HOB (acting)

Khatunganj Branch
599 Ramjoy Mohajan Lane
Khatunganj, Chittagong
Phone : 031-626101, 626102
Mobile : 01711-723051 (HOB)
Fax : 88-031-635514


Jashim Uddin
SVP & HOB

Branch Network & Head of Branches

Mohakhali Branch
Green Delta Aims Tower
51-52 Mohakhali C/ A, Dhaka-1212
Phone : 02-9863215, 9891520, 9888346
Mobile : 01711-535950 (HOB)
Fax : 88-02-9895797


Md. Abdul Halim
SVP & HOB

Mirpur Branch
Razia Mansion, 184 Senpara Parbata
Begum Rokeya Sarani
Mirpur - 10, Dhaka- 1216
Phone : 02-9014582, 9008852, 9015661
Mobile : 01714-000003 (HOB)
Fax : 88-02-8034577


Golam Mohammad Zaidi
VP & HOB

Ashulia Branch
Bhuiyan Commercial Complex
Jamgora Chowrasta, Ashulia
Savar, Dhaka
Phone : 02-7788758
Mobile : 01711-535948 (HOB)
Fax : 88-02-7790708


A.K.M. Hassanuzzaman
FVP & HOB

Uttara Branch
House- 10/A, Road- 7/D, Sector- 9
Uttara Model Town, Uttara, Dhaka -1230
Phone : 02-8931729, 48955879
48958177, 8931725
Mobile : 01787-681253 (HOB)
Fax : 88-02-48955881


Farid Ahmed
VP & HOB

Jubilee Road Branch
Kamal Chamber (2nd Floor)
61 Jubilee Road, Kotwali, Chittagong
Phone : 031-621018, 624819
Mobile : 01711-724874 (HOB)
Fax : 88-031-626072


Sardar Mohammad Zobayar
VP & HOB

Elephant Road Branch
Osman Plaza
75 Elephant Road, Dhaka-1205
Phone : 02-9614542, 9677364, 8618732
Mobile : 01713-083617 (HOB)
Fax : 88-02-9669458


Md. Fakhruzzaman Chowdhury
VP & HOB

Motijheel Branch
Malek Mansion
128 Motijheel C/A, Dhaka-1000
Phone : 02-9561178, 9586944-5
Mobile : 01730-320284 (HOB)
Fax : 88-02-9586946


A B M Eradul Islam
EVP & HOB

Madam Bibir Hat Branch
S.A. Tower, Madambibir Hat
Bhatiary, Shitakund, Chittagong
Phone : 031-2780465
Mobile : 01730-076127 (HOB)
Fax : 88-031- 2780686


Anwar Hossain
SVP & HOB

Khulna Branch
Rupsha Plaza
73 KDA Avenue C/A, Khulna
Phone : 041-813561-2
Mobile : 01713-453018, 01713-400641 (HOB)
Fax : 88-041-813563


Altamash Al-Masood Jamali
FVP & HOB

Rangpur Branch
Press Club Complex
Biponi Bitan
Station Road, Rangpur.
Phone : 0521- 51323, 51299
Mobile : 01713-201636, (HOB)
Fax : 88-0521-51110


Md. Hazrat Ali
AVP & HOB

Satmasjid Road Branch
House- 39/A
Road- 14/A, Satmasjid Road
Dhanmondi R/A, Dhaka-1209
Phone : 02-9129334
Mobile : 01713-067451HOB)
Fax : 88-02-9139183


Abu Yusuf Md. Abdullah Haroon
SVP & HOB

Jhilongja Branch
Hotel Sea Palace Ltd.
Kalatoli Road, Cox's Bazar
Phone : 0341-62234
Mobile : 01713-103662 (HOB)
Fax : 88-0341-63734


Paritosh Kumar Dhar
FVP & HOB

Branch Network & Head of Branches

OR Nizam Road Branch
191 CDA Avenue
Commercial View Complex
East Nasirabad, Chittagong
Phone : 031-657512, 2550876
Mobile : 01713-103663 (HOB)
Fax : 88-031-2550877


Debabrata Das
VP & HOB

Bogra Branch
Barogola, Bogra Sadar, Bogra
Phone : 051-69840
Mobile : 01713-044835 (HOB)
Fax : 88-051-69190


A S M Zakir Hossain
SVP & HOB

Chowmuhani Branch
Morshed Alam Complex
Karimpur Road,Chowmuhani
Begumganj, Noakhali
Phone : 0321-52960
Mobile : 01713-036991 (HOB)
Fax : 88-0321-52966


Md. Shahab Uddin Patwary
AVP & HOB

Konabari Branch
Motiur Rahman Plaza
Konabari Bazar
Konabari, Joydevpur, Gazipur
Phone : 02-9298484-5
Mobile : 01714-162045 (HOB)
Fax : 88-02-9298486


Md. Akram Hossain
FVP & HOB

Gulshan Branch
Hosna Center, (1st floor)
106, Gulshan Avenue, Dhaka-1212
Phone : 02-55068969, 55068965-6
Mobile : 01713-068127 (HOB)
Fax : 88-02-55068967


Shah Md. Sohel Khurshid
EVP & HOB

Hemayetpur Branch
Hatem Ali Complex, Singair Road
Hemayetpur, Savar, Dhaka-1340
Phone : 02-7741532, 7741533
Mobile : 01713-452995 (HOB)
Fax : 88-02-7741531


A T M Monjurul Karim
FVP & HOB

Feni Branch
105, S. S. Kaiser Road
Feni Sadar, Feni
Phone : 0331-63558, 63559
Mobile : 01713-452994 (HOB)
Fax : 88-0331-63557


Abu syed Md. Mohiuddin
SVP & HOB

Moulvibazar Branch
152/2 Court Road
Moulvibazar
Phone : 0861-62871, 62872
Mobile : 01713-068126
Fax : 88-0861-62873


Md. Rezaul Hoque Chowdhury
FVP & HOB

Bijoynagar Branch
Akram Centre , 3/3-C & 3/3-D
Purana Paltan (old)
212 S.S. Nazrul Islam Sarani (New)
Dhaka - 1000
Phone : 02-9586610
Mobile : 01713-063586 (HOB)
Fax : 88-02-47118680


Md. Jamal Hossain
SVP & HOB

Moghbazar Branch
217/A, Noor Bhandari,
Moghbazar, Ramna, Dhaka
Phone : 02-8333017, 8316279, 8333016
Mobile : 01713-068194 (HOB)
01755-533142 (HOB)
Fax : 88-02-8333018


Md. Rezaul Karim
VP & HOB

Sapahar Branch
Saha Complex, Main Road
Sapahar, Naogaon
Phone : 07432-74081
Mobile : 01713-068096 (HOB)
Fax : 88-07243-74080


Md. Ruhul Amin Siddiqui
AVP & HOB

Beanibazar Branch
Zaman Plaza
Beanibazar, Sylhet
Phone : 08223-56180
Mobile : 01713-384495
Fax : 88-08223-56181


Syed Moniruzzaman
PO & HOB

Branch Network & Head of Branches

Barisal Branch
141 Sadar Road
Barisal-8200
Phone : 0431-2176209
Mobile : 01713-384496
Fax : 88-0431-2176208


M.M. Rafikul Islam
AVP & HOB

Bhojeshwar Bazar Branch
Khan Tower
Bhojeswar Bazar,
Naria, Shariatpur
Mobile : 01714-101952
: 01713-384497 (HOB)


Mosleh Uddin
PO & HOB

Comilla Branch
1042/945 Jhawtola,
Comilla.
Phone : 081-65275
Mobile : 01711-562226 (HOB)
Fax : 88-081-65276


Md. Farid Uddin Ahmed Bhuiyan
VP & HOB

Green Road Branch
151/6 Green Road, Dhaka
Phone : 02-8157266, 9136809,
9136822
Mobile : 01730-013453 (HOB)
Fax : 88-02-9114108


Md. Moshaddeque Hossain
SVP & HOB

Sheikh Mujib Road Branch
304, Sheikh Mujib Road,
Chittagong
Phone : 031-2514236, 2524126-7
Mobile : 01713-491779 (HOB)
Fax : 88-031-2514235


Mesbah Uddin Ahamed
VP & HOB

Engineers' Institution Branch
IEB Bhaban,
8/A Ramna, Dhaka-1000
Phone : 02- 47110651, 47110684
Mobile : 01713-199801 (HOB)
Fax : 88-02-47110610


Mohammad Faruque Ahmmed
VP & HOB

Dagonbhuiyan Branch
Mizan Tower
273, Basurhat Road
Dagonbhuiyan, Feni
Phone : 03323-79105
Mobile : 01730-328684 (HOB)
Fax : 88-03323-79106


Mohammad Nuruddin Chowdhury
FAVP & HOB

Mazar Road Branch
Holding-2/A, Darus Salam Road
Mirpur-1, Dhaka-1216
Phone : 02-9035044
Mobile : 01730-328681 (HOB)
Fax : 88-02-8035529


Mohammad Salah Uddin
FVP & HOB

Dinajpur Branch
Dinajpur Plaza, Goneshtola
Sadar Upazilla, Dinajpur
Phone : 0531-61217
Mobile : 01730-328682
Fax : 88-0531-61218


Md. Mamunur Rashid
FVP & HOB

Jessore Branch
A. Ali Complex
45 R. N. Road, Jessore
Phone : 0421-62933
Mobile : 01714-031241
Fax : 88-0421-65392


Md.Arafat Mostofa
AVP & HOB

Pragati Sarani Branch
Green Orlando
42/4 Pragati Sarani
Baridhara, Dhaka-1212
Phone : 02-8411503, 8411501-2
Mobile : 01755-533149 (HOB)
Fax : 88-02-8411504


Md. Moniar Rahman
SVP & HOB

Chittagong EPZ Branch
S A Tower
Airport Road, Chittagong
Phone : 031-740682-3, 742217
Mobile : 01730-318185 (HOB)
Fax : 88-031-740684


Md. Jamal Uddin
SVP & HOB

Branch Network & Head of Branches

Faridganj Branch
Saima Abdullah Plaza
Faridganj Bazar, Chandpur
Phone : 08422-64378
Mobile : 01730-318187 (HOB)
Fax : 08422-64377


Kamrul Islam Zabed
AVP & HOB

Narayanganj Branch
H R Plaza
64 (Old), 90 (New)
Bangabandhu Road, Narayanganj
Phone : 02-7648241
Mobile : 01713-199875 (HOB)
Fax : 88-02-7648244


Md. Ata Rabbani Chowdhury
SVP & HOB

Patiya SME/Krishi Branch
Rahman Mansion
1284/1 Club Road
Gobindokhal, Patiya, Chittagong
Phone : 03035-56579
Mobile : 01730-320813 (HOB)
Fax : 88-03035-56579


A M Monsurul Hoque
AVP & HOB

Amishapara SME/Krishi Branch
Mosharaf Plaza (1st Floor)
Moddo Bazar,Amishapara
Shonaimuri, Noakhali
Mobile : 01730-320812 (HOB)


Md. Mizanur Rahman
AVP & HOB

Nabigonj SME/ Krishi Branch
Sky Light Tower
476, Sherpur Road, Shibpasha
Nabigonj, Habigonj
Phone : 08328-56307
Mobile : 01730-320814
Fax : 880-8328-56306


Hasan Quedrotul Ferdoush Chowdhury
FAVP & HOB

Patuakhali Branch
151-152, Ashrab Noor Mansion
Natun Bazar, Patuakhali Sadar
Patuakhali-8600
Phone : 0441-62979
Mobile : 01714-098303
Fax : 880-441-62971


Md. Nasir Uddin
FVP & HOB

Rajnagar SME/Krishi Branch
Balua Chowmuhani, Dholia,
Feni Sadar, Feni.
Phone : 0331-73782, 73783
Mobile : 01711-303711 (HOB)
Fax : 88-0331-73784


Md. Shahadat Hossain
AVP & HOB

Demra SME/Krishi Branch
Matuail New Market Bhaban,
Konapara, Demra, Dhaka-1362
Phone : 02-7559708, 02-7542911
Mobile : 01713-248730 (HOB)
Fax : 88-02-2752904


Md. Sazzadur Rahman
FVP & HOB

Mymensingh Branch
Momen Tower
65 Choto Bazar, Mymensingh
Phone : 091-63313, 63326
Mobile : 01787-660381 (HOB)
Fax : 88-091-63316


Shampad Kumar Chanda
FAVP & HOB

Aganagar Branch
Choto Masjid Road
(Ispahani), Aganagar
South Keranigonj, Dhaka
Phone : 02-7763658, 7763657
Mobile : 01730-340794 (HOB)
Fax : 88-02-7763659


Md. Showkat Hossain
AVP & HOB

Dholaikhal Branch
Chisti Bhaban
72, Lal Mohon Shaha Street
Dholaikhal, Dhaka-1100
Phone : 02-9560286, 9564529
Mobile : 01730-709985 (HOB)
Fax : 88-02-7117927


Lutful Haidar Chowdhury
SVP & HOB

Rangamati Branch
Hotel Green Castle
1 Pathor Ghata
Reserve Bazar, Rangamati-4500
Phone : 0351-61267-8
Mobile : 01730-709986 (HOB)
Fax : 88-0351-61275


Ranjit Bahadur Roy
FAVP & HOB

Branch Network & Head of Branches

Banglabazar Branch
Bangla Bazar
Begumganj, Noakhali
Phone : 0321-53305, 56631
Mobile : 01730-709987(HOB)
Fax : 88-0321-53164


Md. Mozammal Hussain
AVP & HOB

Chapainawabganj Branch
65-67 Jhilim Road
Boro Indara More
Sadar, Chapainawabgonj-6300
Phone : 0781-51719, 51720
Mobile : 01730-709982
Fax : 88-0781-51707


Md. Abdul Mannan
FVP & HOB

Kushtia Branch
A. Hamid Market, N. S. Road
Boro Bazar, Kushtia-7000
Phone : 071-72411, 72412
Mobile : 01730-709984
Fax : 88-071-72413


A. H. M. Kawsarul Islam
FVP & HOB

Maijdee Court Branch
Honey Dew Point,
10 Abdul Malek Ukil
Sarak, Maijdee Court, Noakhali
Phone : 0321-71710
Mobile : 01730-709983(HOB)
Fax : 88-0321-71712


Mohammed Masudul Hasan
FVP & HOB

Ring Road Branch
Choice A J Golden Tower,
2/1 Ring Road,
Shyamoli, Dhaka-1207
Phone : 02-9103329
Mobile : 01730-373896 (HOB)
Fax : 88-02-9103330


Mahmuda Akhter
VP & HOB

Damudya Branch
Synthia Plaza, 318
Main Road, Damudya Bazar,
Damudya, Shariatpur
Phone : 06023-56204
Mobile : 01755-533146 (HOB)
Fax : 88-06023-56201


Moniruzzaman Khan
PO & HOB

Thakurgaon Branch
Afsar Uddin Chowdhury Plaza
College Road, 111 Asrampara
Thakurgaon
Phone : 0561-61368
Mobile : 01755-533143
Fax : 88-0561-61367


Abu Ala Md. Mazharul Islam
FAVP & HOB

Shisha Hat Branch
Main Road, Porsa
Naogaon
Phone : 01932-710888
Mobile : 01755-533141


Md. Abdur Razzak
FAVP & HOB

Imamganj Branch
Mohammad Hossain Complex
3 Moulvibazar, Dhaka-1211
Phone : 02-57312970, 57312821, 7312861
Mobile : 01755-533142 (HOB)
Fax : 88-02-57312943


Md Shahidul Alam
FVP & HOB

Sunamganj Branch
Zaman Complex
Arpin Nagar,(Old Bus Stand)
52/01, Sunamgonj
Phone : 0871-61277
Mobile : 01755-533148 (HOB)
Fax : 880-871-61280


Md. Zahed Hossain
AVP & HOB

Ashuganj Branch
Aziz Plaza (1st & 2nd Floor),
West Bazar,Char Chartala,
Ashuganj, Brahamanbaria.
Phone : 08528-74592
Mobile : 01755-533145 (HOB)
Fax : 08528-74593


Md. Shamsul Alam Siddique
AVP & HOB

Rampura Branch
Circle Almas Height
375, West Rampura, DIT Road
Dhaka- 1219
Phone : 02-8333697
Mobile : 01713-199827 (HOB)
Fax : 88-02-8322797


Md. Humayun Kabir
VP & HOB

STOCK

Branch Network & Head of Branches

Nilphamari Branch
Bari Plaza, Boro Masjid
Road, Nilphamari
Phone : 0551-62007
Mobile : 01713-304849
Fax : 88-0551-62008


Md. Monjur Hossain
AVP & HOB

Debiganj Branch
Holding : 1892, Debiganj Bazar
Debiganj, Panchagarh
Phone : 05654-56151
Mobile : 01755-533147
Fax : 88-05654-56152


Md. Nazrul Islam
PO & HOB

A K Khan Moor Branch
Anjuman Tower, A K Khan Moor
Zakir Hossain Road, 827 Feroz
Shah Colony, Pahartali, Chittagong
Phone : 031-2773369, 2773367
Mobile : 01755-533140 (HOB)
Fax : 88-031-2773368


Anupam Kumar Paul
VP & HOB

Chuadanga Branch
Malik Tower, Holding # 438
107 Borobazar,Shahid Abul
Kashem Sarak, Chuadanga.
Phone : 0761-63641, 63871
Mobile : 01716-704544
Fax : 88-0761-63761


Md. Iqbal Hossain
FAVP & HOB

Bhola Branch
Karnaphuli Complex, Holding # 3373
Sadar Road, Bhola
Phone : 0491-62720-21
Mobile : 01755-637382 (HOB)
Fax : 0491-62720


Masum Iqbal
FAVP & HOB

Kishoreganj Branch
573, M M Shopping Complex
Gouranga Bazar, Kishoreganj
Phone : 0941-51016, 51018
Mobile : 01713-199822 (HOB)
Fax : 88-0941-51017


Md. Abul Kashem Khandaker
FVP & HOB

Subidbazar Branch
16,prantik,Subid bazar
Sylhet
Phone : 0821-728371, 728372
Mobile : 01713-386896 (HOB)
Fax : 88- 0821-728373


Debojyoti Majumdar
VP & HOB

Nazipur Branch
Noor Market, Harirampur
Nazipur, Patnitala, Naogaon
Phone : 07428-63293
Mobile : 01713-203585
Fax : 88-07428-63294


Md. A. Kuddus Kazi
FVP & HOB

Niamatpur Branch
Girls Plaza, 216 Balahore
Niamatpur Sadar, Naogaon
Phone : 07427-56257
Mobile : 01755-637385
Fax : 07427-56256


Md. Atiqur Rahman
FAVP & HOB

Patherhat Branch
S M Shopping Center, Pather Hat
Noapara, Raozan, Chittagong
Phone : 031- 2573351
Mobile : 01755-637384 (HOB)
Fax : 88-031- 2573352


Pritish Barua
AVP & HOB

Gobindaganj Branch
Anowara Super Market
Gobindaganj, Gaibanda
Phone : 05423-75083
Mobile : 01755-637387 (HOB)
Fax : 880-05423-75168


Shah Md. Mizanur Rahman
AVP & HOB

Bhulta Branch
Haji A. Aziz Super Market
Bhulta, Rupganj
Narayanganj
Phone : 01755-637389
Mobile : 01755-500797 (HOB)


Mohammad Jubair Islam
AVP & HOB

Branch Network & Head of Branches

Sakhipur Branch
Shipa Super Market
Sakhipur Bazar, Sakhipur, Tangail
Phone : 09232-56274
Mobile : 01755-590683 (HOB)
Fax : 88-09232-56273


Mohd. Zulfikar Haider
AVP & HOB

International Airport Road Branch
A R A Mansion, 77-78 Airport Road
Amtali, Mahakhali C/A, Dhaka-1212
Phone : 02-9857368
Mobile : 01715-028555 (HOB)
Fax : 88-02-9857435


Md.Mahfuzul Karim
VP & HOB

Atibazar Branch
Haji Edu Market
Ati Bazar Union, Shakta
Keraniganj, Dhaka.
Phone : 55103289
Mobile : 01755-632916 (HOB)


Mohammad Khabir Hossain
AVP & HOB

Nawabpur Road Branch
NBC Tower, 24-25, Nawabpur Road
Wari, Dhaka
Phone : 9592126
Mobile : 01755-632917 (HOB)
Fax : 880-2-9592127


Muhammad Fayazur Rahman Biswas
VP & HOB

Pabna Branch
Munshi Complex,
Hazi Abdul Gani Sarak,
Boro Bazar, Pabna
Phone : 0731-63356
Mobile : 01755-632918
Fax : 88-0731-63354


Md. Alauddin
AVP & HOB

Velanagar Branch
Khadiza Mansion , Nandipara
Chinishpur Narsingdi Sadar
Narsingdi.
Phone : 02-942497-8
Mobile : 01713-279558
Fax : 880-2-9452499


Partha Sarkar
AVP & HOB

Abdullahpur Branch
Tajumuddin Plaza
Abdullahpur Bus stand
South Keraniganj, Dhaka-1311
Mobile : 01730-445987(HOB)


Nasir Uddin Ahmed
AVP & HOB

Jhalokathi Branch
Al Marzan,
30, Kumarpatti Jhalokathi
Pouroshova, Jhalokathi
Mobile : 0181-9710722
Phone : 0498-62911, 62947
Fax : 0498-62948


Md. Al Mamunur Rashid
FAVP & HOB

Madanpur Branch
Ekata Shamabaya Super Market
Madanpur
Bandar, Narayanganj
Mobile : 01713-161483 (HOB)


Md. Abu Taher
AVP & HOB

Khulshi Branch
"Salam Heights"
Zakir Hossain Road, South Khulshi
Chittagong.
Phone : 031-612258, 031-612257
Mobile : 01713-048095 (HoB)
01787-681259
Fax : 031-612259


Suraya Nasrin
VP & HOB

Korais Munshi Bazar Branch
"Mamun Super Market"
Korais Munshi Bazar
02 Rajapur, Somaspur
Dagonbhuiyan, Feni
Mobile : 01787-681252 (HoB)
: 01787-681254, 01711-486615


Monowar Hossain
SEO & HOB

Laxmipur Branch
"R B Tower"
Thana Road, Laxmipur
Phone : 0381-62389 (HoB)
Mobile : 01713-369352 (HoB)
Fax : 0381-62391


Mahbub Jamil
AVP & HOB

FAIRSTOCK

Branch Network & Head of Branches

Chandpur Branch
"Techno Hannan Complex"
Haji Mohasin Road
Chandpur Sadar.Chandpur
Phone : 0841-66512 (HoB), 66511
Mobile : 01713-121579 (HoB)
Fax : 0841-66513


Asish Kumar Paul
FVP & HOB

Jhitka Bazar Branch
"City Plaza"
Jhitka, Gala union
Harirampur, Manikgonj
Mobile : 01730-797807 (HoB)
01713-369357 (Officer)


Md. Rezaul Karim
AVP & HOB

Kalaiya Branch
"Shimon Plaza"
Kalaiya, Bauphal,Patuakhali
Phone : 0442256221,
2256-166 (HoB)
Mobile : 01713-369359 (HoB)
Fax : 0442256-375


Moudud Ahmed
PO & HOB

Bazra Bazar Branch
"Babul Shopping Complex"
Bazra Bazar, Bazra
Sonaimuri, Noakhali
Mobile : 01725-599669
Phone : 0321-51375-6
FAX : 880-321-51374


Md. Zahid Hossain
SEO & HOB

Donia Branch
Holding # 661, Dhonia Road
Jatrabari, Dhaka
Phone : +88-02-7443306
Mobile : +88-017130-377232
Fax : +88-02-7443308


Abul Basar Muhammad Zakir Hossain
AVP & HOB

Gareeb-E-Newaz Branch
Gareeb-E-Newaz Avenue,
Sector # 13, Uttara, Dhaka.
Mobile : 01714-378144
Phone : 7914444 (Dir)
7911435 (PABX)
Fax : 7911434


Jannatul Mawa
FVP & HOB (Acting)

Gazipur Chowrasta Branch
Shah Jilani Tower, Holding # 34,
Block A, Outpara Gazipur Sadar
Gazipur City Corporation, Gazipur
Phone : 02-49261245, 49261243
Mobile : 01709-633758 (HOB)
Fax : 880-2-49261399


Mirza Yahia Uddin Ahmed
AVP & HOB

Samir Munshir Hat Branch
Patwary Market
Samir Munshir Hat, 6 No. Kabilpur
Senbug, Noakhali
Mobile : 01709 - 633759 (HOB)
01709 - 652415 (Branch)


Mohammad Zia Uddin
PO & HOB

Baipail Branch
Zahir Plaza, Baipail
North Gazirchat, Union: Shanirvar
Dhamsona, Ashulia, Savar, Dhaka
Phone : 7789322 (PABX)
Mobile : 01709-652410
Fax : 7789321


Md. Haronor Rashid
FAVP & HOB

Suaganj Bazar Branch
Noor Mansion
Puratan Road, Sadar Dakkhin
Suaganj Bazar, Comilla
Mobile : 01709-652411 (Official)


Mohammed Mamunur Rashid
FAVP & HOB

Madaripur Branch
Holding # 137 & 138/1, Ward # - 02
Monohar Patti Puraton Bazar
Sadar Thana, Madaripur
Phone : 0661 - 62885 (HOB)
0661 - 62898 (PABX)
01709 -652413 (Official)
Fax : 0661 - 62884


Pijus Kanti Bala
FVP & HOB

Baraiyarhat Branch
Feroza Saleha Center
Holding No.05, Asian Highway
Baraiyarhat Paurashava
P.S: Jorarganj, Mirsharai
Chittagong
Phone : 01709 - 652414 (HOB)
01709 - 652417 (Official)


Abu Ahsan
FAVP & HOB

Branch Network & Head of Branches

Subarnachar Branch
Char Jubili, Poschim Char Jubili
Subarnachar
Noakhali
Mobile : 01709 - 652412 (HOB)
01709 - 652418 (Official)


Mohammad Shamsul Haque
EO & HOB (Acting)

Asad Gate Branch
"Dream by Icon,Holding # 2/4, Block-A
Mohammadpur Housing Estate Mirpur Road
PS-Mohammadpur, Dhaka
North City Corporation, Dhaka
Mobile : 01708-454399


Md. Atiqur Rahman
FVP & HOB

Natore Branch
"Julekha Complex"
Holding No.81, Dhaka Road
Natore Sadar, Natore
Mobile : 01708-454398


Milon Kumar Sarker
FAVP & HOB

Shimrail Branch
"S. M. Tower"
Holding No: B-11/1
Narayangonj City Corporation
Siddirganj,Narayangonj
Mobile : 01708-454391 (HOB)
PABX : 7691562, 7691563


Asif Ahmed Porag
FAVP & HOB

Kankirhat Branch
"R. K. Chowdhury Shopping Complex"
Birkot, Matain
Domurua Union Council, Senbag
Noakhali
Mobile : 01708-454390
01708-494131


Nizam Uddin
SEO & HOB

Gorai Branch
"S. M. Mansion"
Gorai Moin Nagar
Gorai, Mirzapur, Tangail
Mobile : 01708-454393
PABX : 01708-494133


Mohammad Ashraful Alam Khan
PO & HOB

Lalmonirhat Branch
"Shahan Shopping Complex"
Holding No: 0369-00
Lalmonirhat, Lalmonirhat Sadar
Lalmonirhat
Mobile : 01708-454395
PABX : 59162189


Md. Toufiqul Islam
PO & HOB

Sadarghat Branch
"Humayun Heights" Holding no. 70
Sadarghat Road, Sadarghat
Chittagong City Corporation
Cittagong
Mobile : 01708-454397


Nizam Uddin Md. Mamun
PO & HOB

Goshairhat Branch
"Hazi Super Market"
Mitrasen potti
Edilpur Union Council
Goshairhat, Shariatpur
Mobile : 01708-454392
PABX : 6024-75216


Juboraj Rashid Hazra
SEO & HOB

Mandari Bazar Branch
Mandari , Ratanpur
Union-14 no. Mandari Union Porishad
Chandragonj, Laxmipur
Mobile : 01708-454396
PABX : 38162377


Md. Main Uddin
PO & HOB

Gouripur Branch
"Raju Plaza"
Gouripur,
Ashulia Uion Council, Ashulia, Dhaka
Mobile : 01708-454394
PABX : 01708-494132


Mohammed Samaun Mollah
FAVP & HOB

Mercantile Bank Securities Limited (MBSL)

Head Office

Shawdesh Tower, Level-4
41/6 Purana Paltan Lane
Dhaka-1000
Phone : 7122513, 7122515
Fax : 88-02-7119078



Abdullah Md. Zaki Hasan
CEO (CC), MBSL



Fahmida Haque
COO, MBSL

BRANCHES OF MBSL

Satmasjid Road Branch
House-39/A, Road-14/A,
Satmasjid Road
Dhanmondi, Dhaka-1209
Phone : 02-9126872
Fax : 88-02-9128541



Nazmul Ahsan
Branch In Charge

Agrabad Branch
Mishkat Arcade (1st Floor)
21/1, Agrabad C/A, Chittagong
Phone : 031-721865
Fax : 88-031-716459



Abdur Rahim Chowdhury
Branch In Charge

Mirpur Branch
Razia Plaza, Rokeya Sarani,
184, Senpara Parbota
Mirpur - 10, Dhaka- 1216
Phone : 02-9014640
Fax : 88-02-9014680



Md. Abdul Motin
Branch In Charge

Khulna Branch
Rupsha Plaza
73 KDA Avenue C/A
Sonadanga, Khulna-9100
Phone : 041-731396
Fax : 88-041-731397



A T M Salauddin
Branch In Charge

Uttara Branch
House-22, Sonargaon Janapath
Sector-9, Uttara Model Town, Dhaka-1230
Phone : 8959047, 8962945
Fax : 88-02-8961798



Md. Shakhawat Hossain
Branch In Charge

Sylhet Branch
Al-Hamra Shopping City
1052-00 Zinda Bazar,
Sylhet-3100
Phone : 0821-711565
Fax : 88-0821-711571



Mohammad Gulam Mustafa
Branch In Charge

Mercantile Exchange House (UK) Limited

London Branch
108 Whitechapel Road
London, E1 1JE, UK
Phone : +4420-3638-1919
Fax : +4420-3638-1919
Mobile : +44-07984475697
E-mail : mercantileexchangelondon@mblbd.com



Khoyruzzaman Khan
CEO

Other Executives of the Bank

Senior Vice President

Mrinal Paul
A.K. M. Minhajul Islam
Md. Azimuddin

Vice President

Mostaque Uddin Ahmed
Md. Rezwanul Karim
M A Malek Patwary
Md.Shahadat Hossain Khan
Zareen Ahmed
Md. Masum Ali
Md. Aliullah
Md. Nurul Alam
Mohammad Golam Kibria
Lopita Mannan
Sanjib Kumar Sarkar
Basudeb Paul
Md. Khurshid Anwar

First Vice President

Mir Fauzia Rahman
Zihan Al Fuad
K. M. Anowarul Islam
Md. Gias Uddin
Muhammad Khorshed Alam
Tashfeen Saleh
Fatema Saida Yasmin
Mohammad Mahtab Uddin
Pratap Kumar Deshmukhya
Abu Saleh Md. Ibrahim
Muhammad Saiful Karim
Md. Salahuddin Khan
Mohammad Rezaul Karim
Al Mansur
Md. Abul Kashem
Shahnewaz
Tarafder Sushil Kumar
Md. Zilluar Rahman
Md. Almasuddin Ahmed
Md. Shah Jamal
Md. Aminul Islam
Md. Abu Ruheen Chowdhury
Md. Delwar Hossain
Abul kashem Mohammad Fazlul Haque
Ashfa Khanam

Assistant Vice President

Shanaz Begum
Md. Ekhlasul Moula
Sayeda Sultana
Munshi Md. Asif Reza
Syed Saiful Islam
Khandoker Akram Hossain
Kazi Golam Rasul
S M Ruhul Amin
Dilip Chandra Das
Aminul Islam Akhand
Asif Karim
Md. Ibna Ala Habib Oliur Rahman
G. M. Abdus Sattar
Mohammad Shafruzzaman Khan
Mohammad Fayzul Islam
Md. Meharub Hossain Khan
Md. Israil Hossain
Amirul Islam
Md. Mukitul Kabir
Mousumi Debnath
Sadek Ali
Mahmudul Bashar
Mekhala Parveen
Mohammad Nazmul Hasan
Farhana Hosain
Md. Ikramul Islam Khan
K M Rafiqul Alam Akanda
Md. Jahidul Islam
Syed Tariqul Islam
Md. Sana Ullah
Sheikh Shahjahan
Md. Shahjahan
Md. Ashraf-Bin-Azher
Kazi Abdul Wadood
Mohammad Nuruzzaman Chowdhury
Mojibul Hoque
Md. Musfiqur Rahman
Muhammad Tanvir Hossain
Mohammad Nazrul Islam
Mohammed Jahir Uddin
Md. Sirajul Islam
Md. Faruk Hossain
Mohammad Zahidul Islam
Mohammad Shahed Shahriar Sohel
Md. Rasel Ikbal
Mohammad Mustahidur Reza Chowdury
Helal Uddin
Mohammad Shamim Hossain
Md. Akter Hossain
Bijoy Kumar Datta
Abul Kalam Azad
Md. Golam Sarwar
Mohd. Rafiqul Islam Khan
Md. Tanvir Shahid
Md. Shahidul Islam Baten
Md. Toriqul Islam
Md. Nurul Alam Bhuiyan
Mohammad Mahbub Alam
Md. Mokbul Hossain
Mohammad Mahbobur Rahman Khan
Asrar Mahmud Bin Saber
Faisal Rahman
Md. Lychur Rahman
Zahidul Alam Chowdhury
Md. Ziaul Hasan Chowdhury
Md. Monir Hossan Khan
Moohammad Mozadded Ahmed
Mohammad Mamunul Haque
Ferdousi Bente Latif
Md. Ashekur Rahman
Md. Babor Ali Molla
Irin Jahan
Mohammad Monir Hossain
Kali Pada Mohanta
Sohel Saleh
Lutfun Nahar
Nasrin Hossain
M. Nazrul Islam
Md. Shamim Rahman
Sultana Alam
Mohammad Mohsin Ali
Md. Mehedi Hasan
Moynul Qasem Chowdhury
Md. Mahbubur Rahman
Md. Haider ali
Mohammad Abdul Motaleb
Kamal Pada Sarker
Md. KamaL Hossain
Syed Abul Hossain
Mohammad Tareque Abdul Aziz
Mohammed Tariqul Islam
Mohammed Iqbal

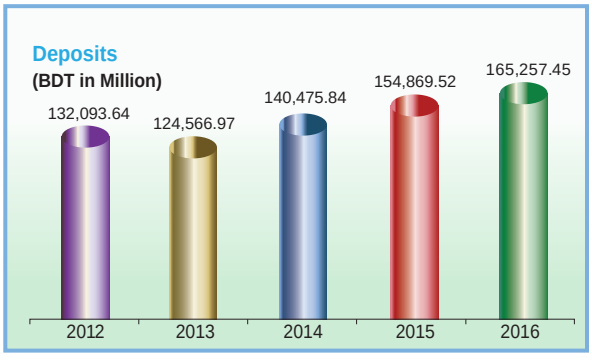
TALARSTOCK

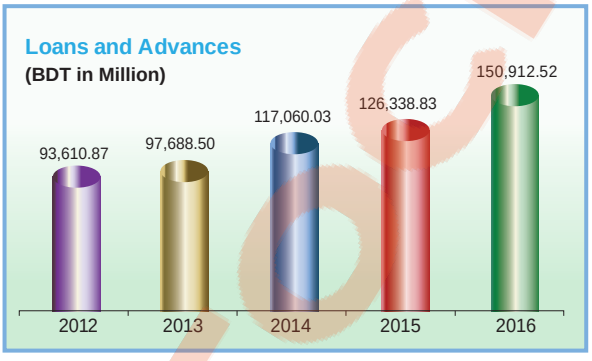
Financial **Highlights**

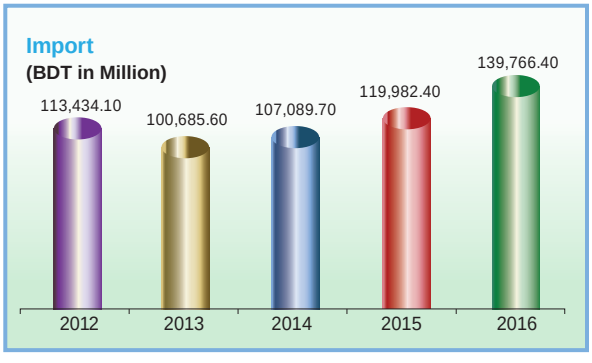
(BDT in Million)

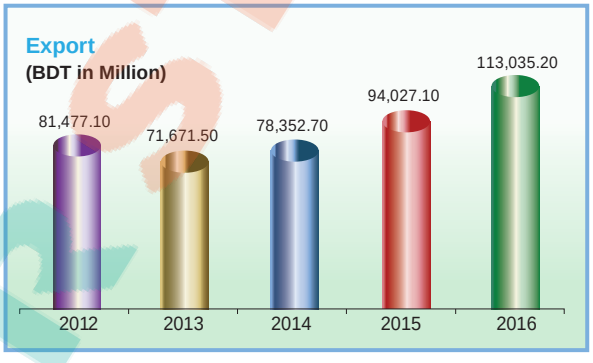
Particulars	2012	2013	2014	2015	2016
Income Statement					
Interest Income	14,207.72	16,590.37	16,758.21	16,967.11	16,533.37
Interest Expenses	10,556.79	11,795.76	11,385.39	11,808.55	10,518.54
Net Interest Income	3,650.93	4,794.61	5,372.82	5,158.56	6,014.83
Non-Interest Income	2,459.83	2,500.35	2,623.20	2,785.45	4,074.15
Non-Interest Expenses	2,759.98	3,039.26	3,585.45	4,008.26	5,652.54
Net Non-Interest Income	(300.15)	(538.91)	(962.25)	(1,222.81)	(1,578.39)
Profit before Provision and Tax	3,350.78	4,255.70	4,410.57	3,935.75	4,436.44
Provision for Loans and Assets	969.33	1,027.00	2,122.06	1,292.47	949.08
Profit after Provision before Tax	2,381.45	3,228.70	2,288.51	2,643.28	3,487.36
Porvision for tax including deferred tax	1,000.00	1,250.00	1,100.00	1,250.00	1,260.00
Profit after Tax	1,381.45	1,978.70	1,188.51	1,393.28	2,227.36
Balance Sheet					
Authorized Capital	8,000.00	12,000.00	12,000.00	12,000.00	12,000.00
Paid-up Capital	6,110.75	6,599.61	7,391.57	7,391.57	7,391.57
Shareholders' Equity	10,924.55	12,574.24	13,519.17	15,513.73	16,809.61
Deposits	132,093.64	124,566.97	140,475.84	154,869.52	165,257.45
Loans and Advances	93,610.87	97,688.50	117,060.03	126,338.83	150,912.52
Investments	41,314.19	30,090.60	32,184.09	33,829.46	32,920.69
Fixed Assets	2,898.60	3,097.60	3,198.11	3,325.79	3,175.03
Total Assets	152,658.47	144,841.87	168,474.13	182,800.17	204,127.47
Foreign Exchange Business					
Import	113,434.10	100,685.60	107,089.70	119,982.40	139,766.40
Export	81,477.10	71,671.50	78,352.70	94,027.10	113,035.20
Remittance	15,792.80	12,434.70	18,208.60	19,003.20	24,048.20
BIS Capital Measure (SOLO)					
Total Risk Weighted Assets under Basel III	111,524.70	119,995.10	147,484.30	151,438.72	171,704.24
Tier I Capital	10,216.87	11,767.60	12,427.74	12,908.59	14,330.00
Tier II Capital	1,861.99	1,942.10	6,676.21	5,063.39	8,037.17
Total Capital/Regulatory Capital	12,078.86	13,709.70	19,103.95	17,971.98	22,367.17
Tier I Capital to RWA	9.16%	9.81%	8.43%	8.53%	8.35%
Tier II Capital to RWA	1.67%	1.62%	4.52%	3.34%	4.68%
Capital to Risk-weighted Asset Ratio (CRAR) under Basel III	10.83%	11.43%	12.95%	11.87%	13.03%
Credit Quality					
Non-performing Loans (NPLs)	4,090.92	4,659.75	5,965.63	6,250.77	7,745.88
Provision for unclassified Loan	969.00	995.00	2,547.49	3,703.87	3,916.60
Provision for classified Loan	1,495.87	2,425.05	2,404.18	2,551.00	3,117.14
NPLs to total Loans and Advances	4.37%	4.77%	5.10%	4.95%	5.13%
Common Share Information					
Market price per share (BDT)	19.10	16.70	13.70	10.70	15.10
No. of Shares Outstanding (Million)	611.08	659.96	739.16	739.16	739.16
Earning per Share (BDT)	2.26	2.68	1.61	1.88	3.01
Dividend:	15%	20%	10%	12%	20.00%
Cash	7%	8%	10%	12%	15.00%
Stock	8%	12%	-	-	5.00%
Dividend Payout Ratio	66.37%	66.71%	62.19%	63.66%	66.37%
Market Capitalization	11,671.54	11,021.33	10,126.49	7,909.01	11,161.32
Book Value per Share	17.88	19.05	18.29	20.99	22.74
Market Value Book Value multiple	1.07	0.88	0.75	0.51	0.66
Price Earning Multiple (Times)	8.45	5.57	8.52	5.68	5.01
Operating Performance Ratio					
Net Interest Margin (NIM)	2.99%	3.58%	3.82%	3.27%	3.43%
Net Non-interest Margin	(0.25%)	(0.40%)	(0.68%)	(0.77%)	(0.90%)
Earning base in Assets (average)	90.61%	90.09%	89.78%	89.85%	90.61%
Cost Income Ratio	45.17%	41.66%	44.84%	50.46%	56.03%
Credit Deposit Ratio	79.26%	77.02%	83.33%	81.58%	91.32%
Cost of Deposit	10.02%	8.93%	8.26%	7.52%	6.25%
Yield on Loans and Advances	14.72%	14.28%	13.28%	11.68%	10.37%
Spread	4.70%	5.35%	5.02%	4.16%	4.12%
Return on Average Assets	1.03%	1.33%	0.76%	0.79%	1.15%
Return on Average Equity	13.42%	16.84%	9.11%	9.60%	13.78%
Equity Multiple (Times)	13.97	11.52	12.46	11.78	12.14
Other Information					
No. of Branches	86	91	100	109	119
No. of Employees	1,981	1,814	1,962	2,117	2,043
No. of Correspondence Relationship	627	644	638	641	652

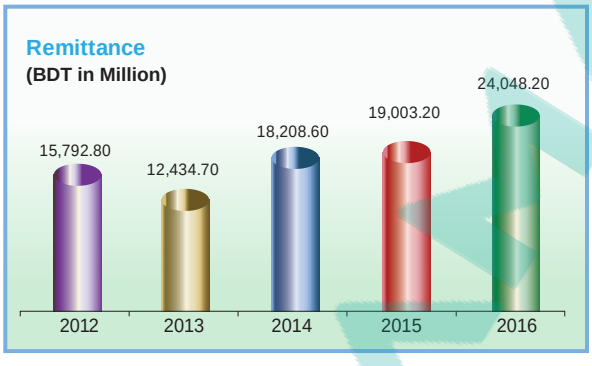
Graphical **Presentation**

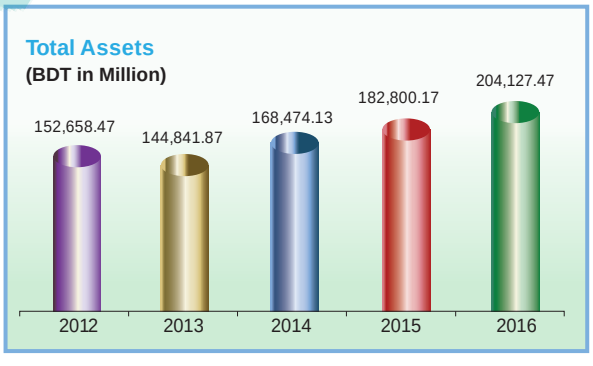


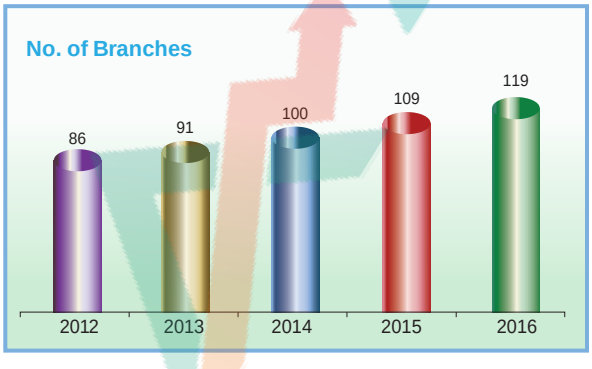






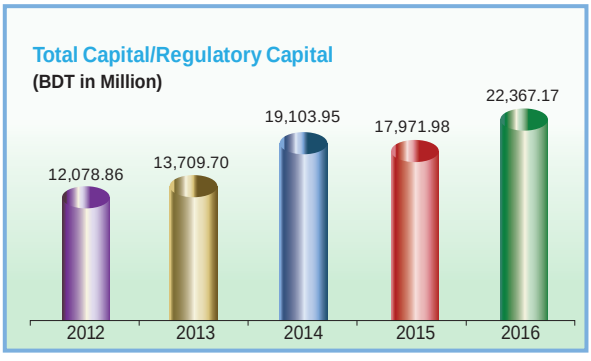


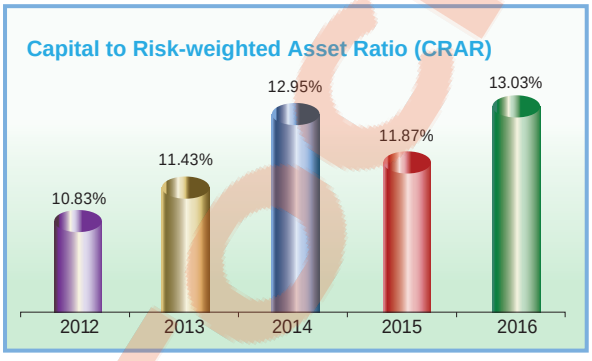


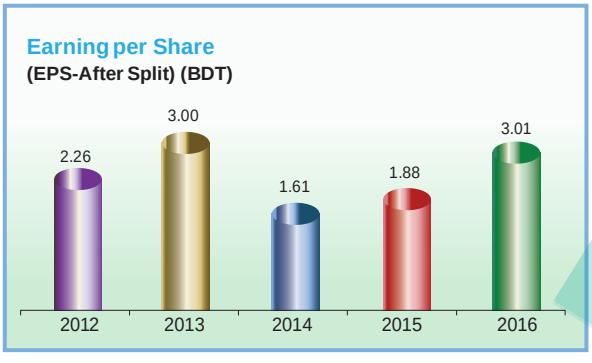


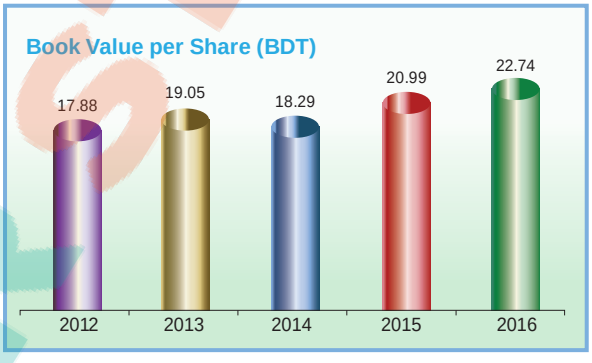


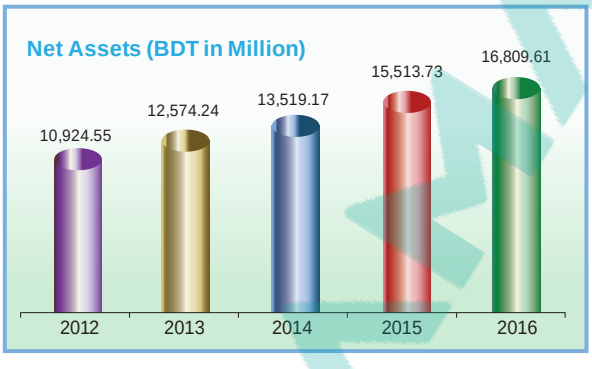
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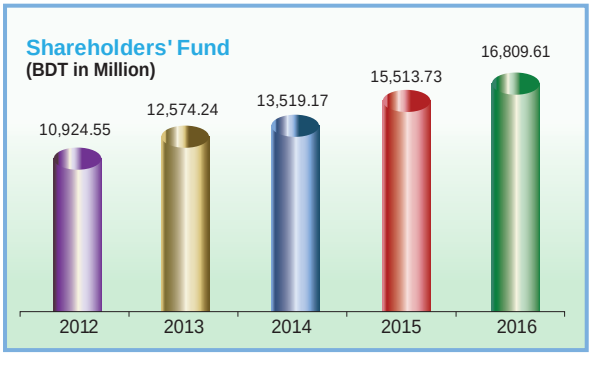

Total Capital/Regulatory Capital
(BDT in Million)
12,078.86
13,709.70
19,103.95
17,971.98
22,367.17
2012
2013
2014
2015
2016

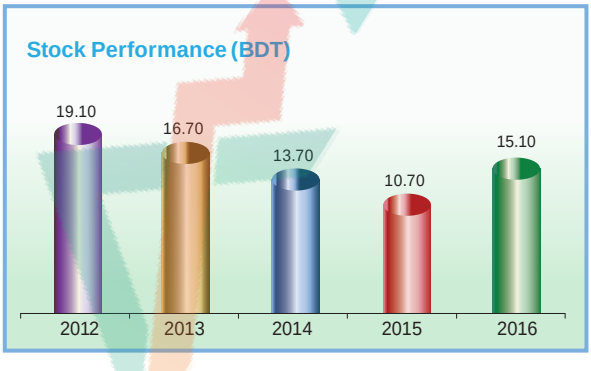

Capital to Risk-weighted Asset Ratio (CRAR)
10.83%
11.43%
12.95%
11.87%
13.03%
2012
2013
2014
2015
2016

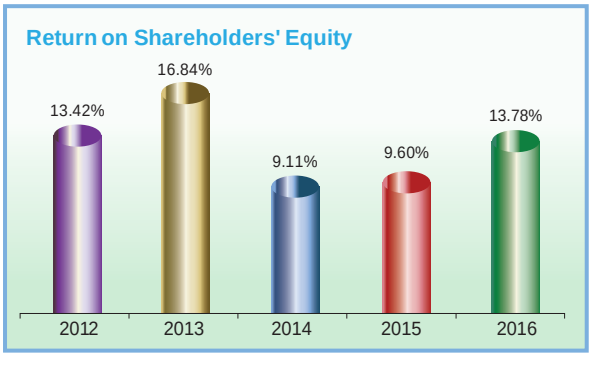

Earning per Share
(EPS-After Split) (BDT)
2.26
3.00
1.61
1.88
3.01
2012
2013
2014
2015
2016


Book Value per Share (BDT)
17.88
19.05
18.29
20.99
22.74
2012
2013
2014
2015
2016


Net Assets (BDT in Million)
10,924.55
12,574.24
13,519.17
15,513.73
16,809.61
2012
2013
2014
2015
2016

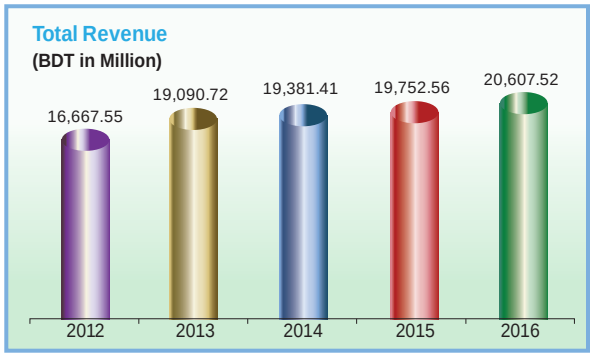

Shareholders' Fund
(BDT in Million)
10,924.55
12,574.24
13,519.17
15,513.73
16,809.61
2012
2013
2014
2015
2016

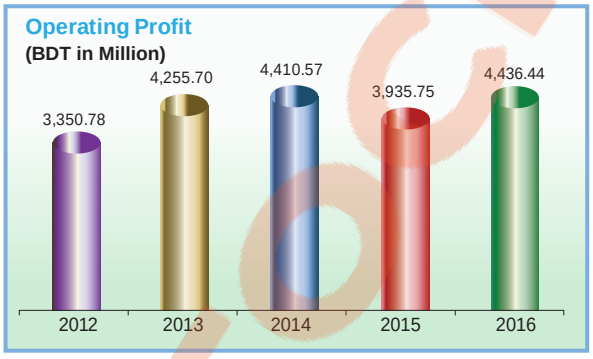

Stock Performance (BDT)
19.10
16.70
13.70
10.70
15.10
2012
2013
2014
2015
2016

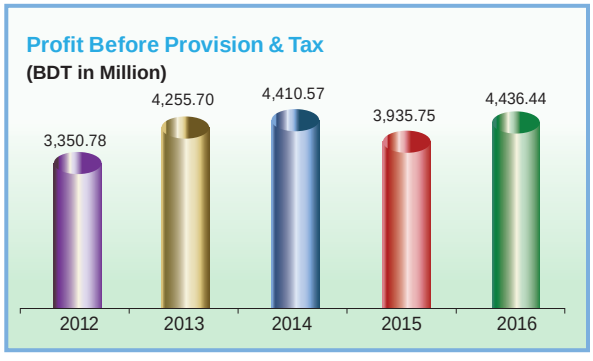

Return on Shareholders' Equity
13.42%
16.84%
9.11%
9.60%
13.78%
2012
2013
2014
2015
2016

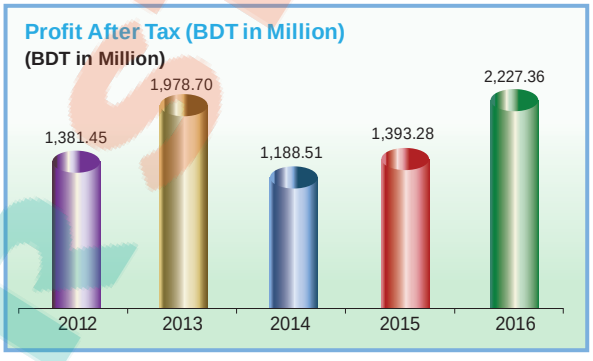
Horizontal / Vertical **Analysis**

Operating Performance (Income Statement)

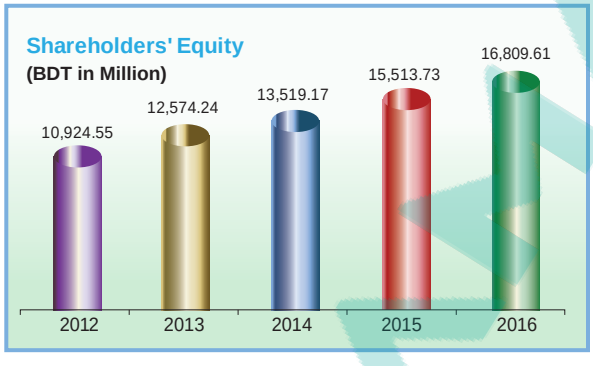


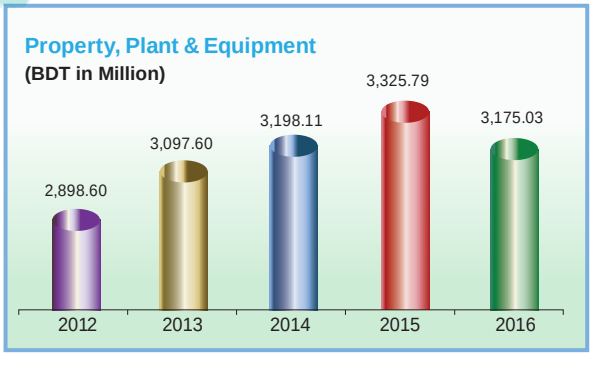




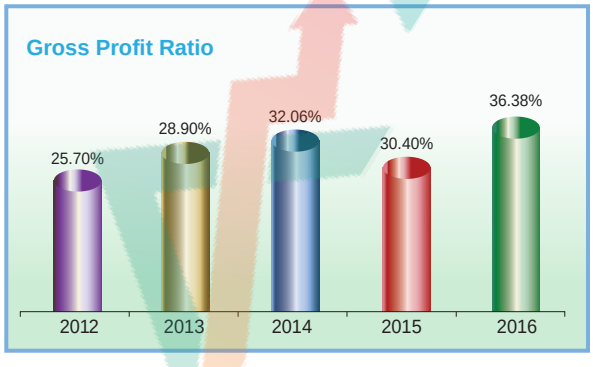


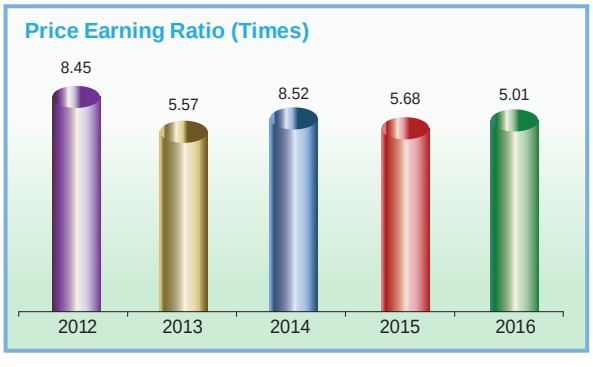
Statement of Financial Position (Balance Sheet)



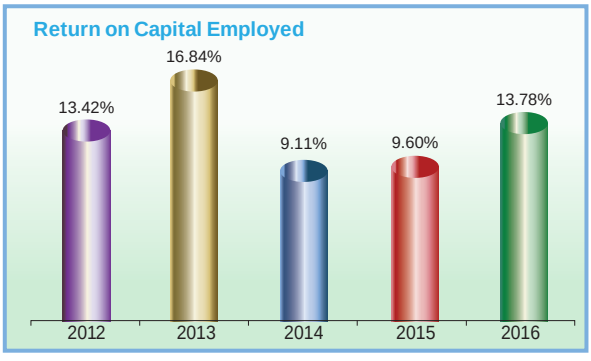


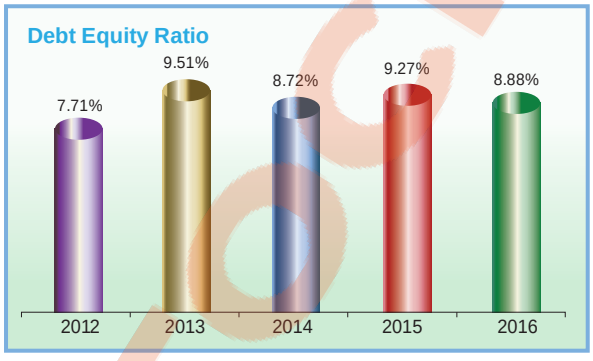
Profitability / Dividends / Performance & Liquidity Ratio



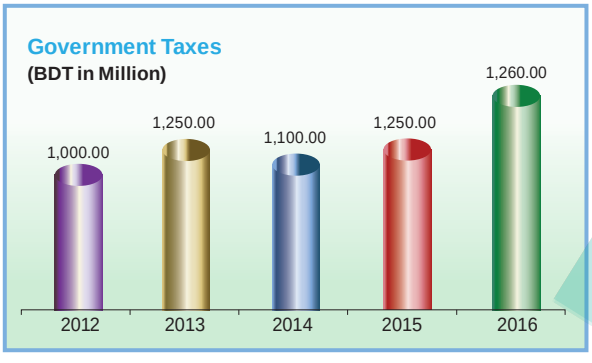


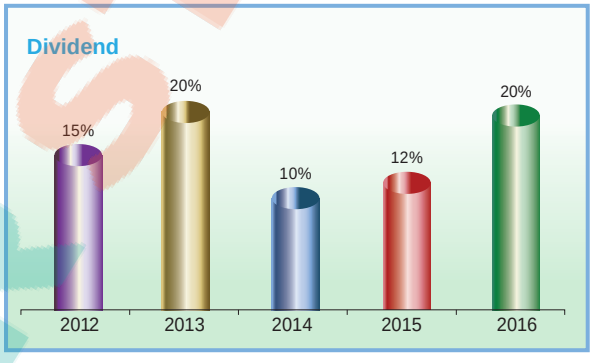
LATESTOCK

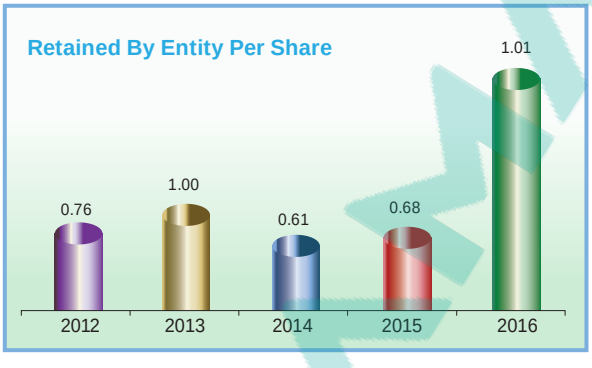


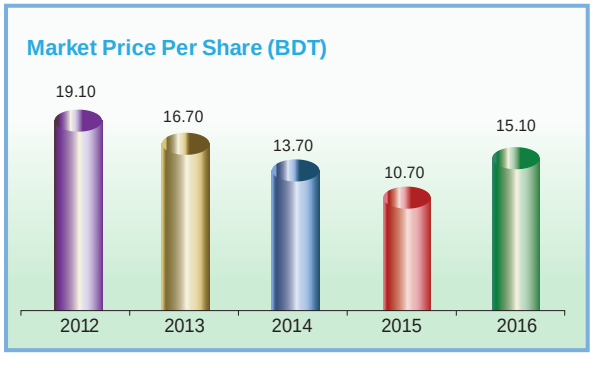


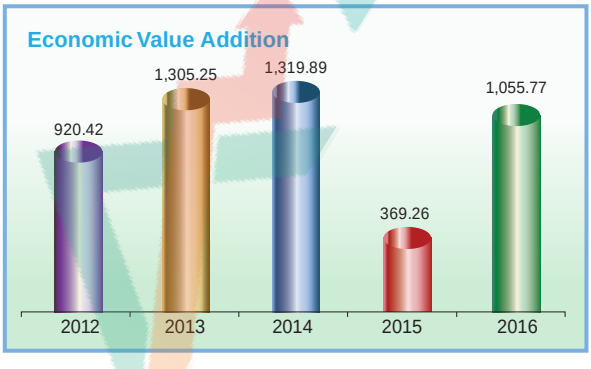
Statement of Value added and its Distribution

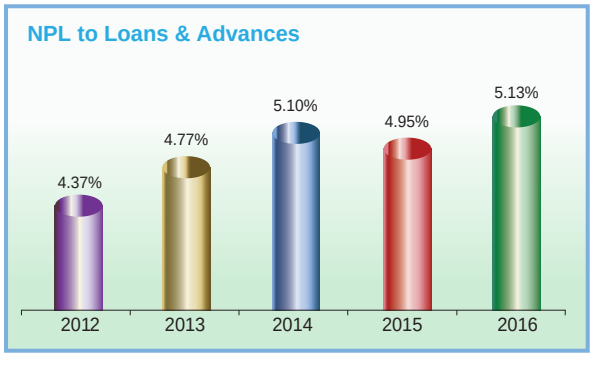












Vertical Analysis (Key Financial Data & Key Business Ratios of MBL)

(BDT in Million)

Particular	2016	2015	2014	2013	2012
Operating Performance (Income Statement)					
Interest Income	13,676.26	14,112.70	13,984.50	13,344.90	12,545.34
Interest Expenses	10,518.54	11,808.55	11,385.39	11,795.76	10,556.79
Net Interest Income	**3,157.72**	**2,304.15**	**2,599.11**	**1,549.14**	**1,988.55**
Investment Income	2,931.91	2,877.94	2,796.03	3,266.94	1,668.83
Commission, Exchange & Brokerage	1,871.88	1,673.09	1,552.57	1,457.89	1,370.18
Other Operating Income	2,127.47	1,088.84	1,048.31	1,020.98	1,083.21
Operating Income	**10,088.98**	**7,944.02**	**7,996.02**	**7,294.95**	**6,110.77**
Operating Expenses	5,652.54	4,008.26	3,585.45	3,039.26	2,759.98
Earning before Depreciation, Provision and Tax	4,737.01	4,167.25	4,631.97	4,447.74	3,495.35
Profit before Provision and Tax	**4,436.44**	**3,935.76**	**4,410.57**	**4,255.69**	**3,350.79**
Provision for Loans and Advances	949.08	1,292.47	2,122.06	1,027.00	969.33
Profit after Provision before Tax	**3,487.36**	**2,643.29**	**2,288.51**	**3,228.69**	**2,381.46**
Tax including Deferred Tax	1,260.00	1,250.00	1,100.00	1,250.00	1,000.00
Profit after Tax	**2,227.36**	**1,393.29**	**1,188.51**	**1,978.69**	**1,381.46**
Balance Sheet (Financial Position)					
Authorized Capital	12,000.00	12,000.00	12,000.00	12,000.00	8,000.00
Paid-up Capital	7,391.57	7,391.57	7,391.57	6,599.61	6,110.75
Shareholders' Equity	16,809.61	15,513.73	13,519.17	12,574.24	10,924.55
Deposits	165,257.45	154,869.52	140,475.84	124,566.97	132,093.64
Loans and Advances	150,912.52	126,338.83	117,060.03	97,688.50	93,610.87
Investments	32,920.69	33,829.46	32,184.09	30,090.60	41,314.19
Fixed assets including Premises, Furniture and Fixtures	3,175.03	3,325.79	3,198.11	3,097.60	2,898.60
Earning Assets	186,618.07	163,987.26	151,626.21	129,667.05	138,365.18
Total Assets	204,127.47	182,800.17	168,474.13	144,841.87	152,658.47
Total Liabilities	187,317.86	167,286.44	154,954.96	132,267.63	141,733.92
Other Business					
Import	139,766.40	119,982.40	107,089.70	100,685.60	113,434.10
Export	113,035.20	94,027.10	78,352.70	71,671.50	81,477.10
Remittance	24,048.20	19,003.20	18,208.60	12,434.70	15,792.80
Capital Measures					
Total Risk Weighted Assets under Basel III	**171,704.24**	**151,438.72**	**147,484.30**	**119,995.10**	**111,524.70**
Tier-1 Capital (going concern capital)	14,330.00	12,908.59	12,427.74	11,767.62	10,216.68
Tier-2 Capital (gone concern capital)	8,037.17	5,063.39	6,676.21	1,942.06	1,861.99
Total Capital	**22,367.17**	**17,971.98**	**19,103.95**	**13,709.68**	**12,078.67**
Capital Required	18,243.58	15,143.87	14,748.43	11,999.51	11,152.47
Capital Surplus	4,123.59	2,828.11	4,355.52	1,710.17	926.20
Tier-1 Capital to RWA	8.35%	8.52%	8.43%	9.81%	9.16%
Tier-2 Capital RWA	4.68%	3.34%	4.53%	1.62%	1.67%
Total Capital to Risk-weighted Asset Ratio (CRAR)	**13.03%**	**11.87%**	**12.95%**	**11.43%**	**10.83%**
Leverage Ratio (Basel-III)	6.16%	6.48%	N/A	N/A	N/A
Liquidity Coverage Ratio (LCR)	101.96%	166.57%	N/A	N/A	N/A
Net Stable Funding Ratio (NSFR)	102.27%	109.18%	N/A	N/A	N/A

Vertical Analysis (Key Financial Data & Key Business Ratios of MBL)

(BDT in Million)

Particular	2016	2015	2014	2013	2012
Credit Quality					
Non-performing Loans (NPLs)	7,745.88	6,250.77	4,831.63	4,659.75	4,090.92
NPLs to total Loans and Advances	5.13%	4.95%	4.13%	4.77%	4.37%
Provision for Unclassified Loans	3,916.60	3,703.87	2,547.49	995.00	969.00
Provision for Classified Loans	3,117.14	2,551.00	2,405.18	2,425.05	1,495.87
Share Information					
Market Price Per Share (Taka)	15.10	10.70	13.70	16.70	19.10
No. of Shares Outstanding (Million)	739.16	739.16	739.16	659.96	611.08
No. of Shareholders (actual)	28,210	34,127	44,462	44,117	40,283
Earnings Per Share (Taka)	3.01	1.88	1.61	3.00	2.26
Dividend:	20%	12%	10%	20%	15%
Cash	15.00%	12.00%	10.00%	8.00%	7.00%
Bonus	5.00%	0.00%	0.00%	12.00%	8.00%
Market Capitalization	11,161.32	7,909.01	10,126.49	11,021.33	11,671.54
Net Assets Value Per Share (Taka)	22.74	20.99	18.29	19.05	17.88
Price Earning Ratio (Times)	5.02	5.68	8.52	5.57	8.45
Operating Performance Ratio (%)					
Net Interest Margin (NIM)	3.43%	3.27%	3.82%	3.58%	2.99%
Gross Profit Ratio	36.38%	30.40%	32.06%	28.90%	25.70%
Profit Per Employee	2.17	1.86	2.25	2.35	1.69
Net Profit before Tax to Gross Income	16.92%	13.38%	11.81%	16.91%	14.29%
Net Profit after Tax to Gross Income	10.81%	7.05%	6.13%	10.36%	8.29%
Cost-Income Ratio	56.03%	50.46%	44.84%	41.66%	45.17%
Credit-Deposit Ratio	91.32%	81.58%	83.33%	78.42%	70.87%
Cost of Deposit	6.25%	7.52%	8.26%	8.93%	10.02%
Cost of Fund	5.72%	6.81%	7.30%	8.07%	9.28%
Yield on Average Advance	10.37%	11.68%	13.28%	14.28%	14.72%
Return on Average Assets (ROA)	1.15%	0.79%	0.76%	1.33%	1.03%
Return on Average Equity (ROE)	13.78%	9.60%	9.11%	16.84%	13.42%
Current Ratio	1.14	1.16	1.19	1.00	1.23
Quick Ratio	1.14	1.16	1.19	1.00	1.23
Other information					
No. of Branches	119	109	100	91	86
No. of SME Branches/Centers	5	5	5	5	5
Number of ATM	149	136	127	120	115
No. of Employees	2,043	2,117	1,962	1,814	1,981
No. of Foreign Correspondents	641	641	638	644	627
Rating : Long Term	AA-	AA-	AA-	AA-	AA-
Short Term	ST 2	ST 2	ST 2	ST 2	ST 2
Average Earning Assets	175,302.67	157,806.74	140,646.63	134,016.12	121,964.34
Average Total Assets	193,463.82	175,637.15	156,658.00	148,750.17	134,605.74
Average Deposits	160,063.49	147,672.68	132,521.41	128,330.31	117,177.83
Average Loans & Advances	138,625.68	121,699.43	107,374.27	95,649.69	86,805.34
Average Equity	16,161.67	14,516.45	13,046.71	11,749.40	10,291.94

5 Years Horizontal Analysis (Balance Sheet)

(BDT in Million)

Particulars	2016	16 Vs 15	2015	15 Vs 14	2014	14 Vs 13	2013	13 Vs 12	2012		2011
PROPERTY AND ASSETS											
Cash	**12,499.97**	**-5.49%**	**13,225.47**	**2.57%**	**12,894.27**	**23.95%**	**10,402.41**	**-13.42%**	**12,015.12**	**72.98%**	**6,946.10**
In hand (including foreign currencies)	1,722.63	23.26%	1,397.51	-2.30%	1,430.47	-7.82%	1,551.90	5.53%	1,470.56	80.98%	812.55
Balance with Bangladesh Bank and its Agent Bank (s) (including foreign currencies)	10,777.34	-8.88%	11,827.96	3.18%	11,463.80	29.53%	8,850.51	-16.07%	10,544.56	71.92%	6,133.55
Balance with other Banks and Financial Institutions	**3,536.86**	**-7.48%**	**3,822.76**	**414.94%**	**742.37**	**-19.12%**	**917.82**	**46.85%**	**625.02**	**-2.92%**	**643.85**
In Bangladesh	3,190.28	-10.17%	3,551.64	895.16%	356.89	-17.04%	430.20	-21.95%	551.21	10.27%	499.89
Outside Bangladesh	346.58	27.83%	271.12	-29.67%	385.48	-20.95%	487.62	560.64%	73.81	-48.73%	143.96
Money at Call and Short Notice	**-**	**-100.00%**	**800.00**	**0.00%**	**-**	**0.00%**	**-**	**0.00%**	**-**	**0.00%**	**-**
Investments	**32,920.69**	**-2.69%**	**33,829.46**	**5.11%**	**32,184.08**	**6.96%**	**30,090.61**	**-27.17%**	**41,314.19**	**67.63%**	**24,645.38**
Government	24,271.57	-15.77%	28,817.53	-3.04%	29,720.02	3.76%	28,642.77	-28.46%	40,034.75	71.46%	23,348.85
Others	8,649.12	72.57%	5,011.93	103.40%	2,464.06	70.19%	1,447.84	13.16%	1,279.44	-1.32%	1,296.53
Loans and Advances	**150,912.52**	**19.45%**	**126,338.83**	**7.93%**	**117,060.03**	**19.83%**	**97,688.50**	**4.36%**	**93,610.87**	**17.01%**	**79,999.80**
Loans, Cash Credits, Overdrafts etc.	137,869.68	17.16%	117,680.02	6.99%	109,991.94	20.62%	91,190.59	6.16%	85,901.92	16.39%	73,804.71
Bills Purchased and Discounted	13,042.84	50.63%	8,658.81	22.51%	7,068.09	8.77%	6,497.91	-15.71%	7,708.95	24.44%	6,195.09
Fixed Assets Including Premises, Furniture and Fixtures	**3,175.03**	**-4.53%**	**3,325.80**	**3.99%**	**3,198.11**	**3.24%**	**3,097.60**	**6.87%**	**2,898.60**	**6.91%**	**2,711.32**
Other Assets	**1,082.40**	**-25.75%**	**1,457.85**	**-39.14%**	**2,395.27**	**-9.44%**	**2,644.93**	**20.52%**	**2,194.67**	**36.61%**	**1,606.56**
Non - banking Assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Assets	**204,127.47**	**12.16%**	**182,000.17**	**8.03%**	**168,474.13**	**16.32%**	**144,841.87**	**-5.12%**	**152,658.47**	**30.98%**	**116,553.01**
LIABILITIES AND CAPITAL											
Liabilities											
Borrowings from other Banks, Financial Institutions and Agents	**8,804.04**	**1492.48%**	**552.85**	**-85.03%**	**3,692.37**	**167.81%**	**1,378.75**	**-91.34%**	**15,927.33**	**166.49%**	**5,976.76**
Deposits and other Accounts	**156,085.77**	**5.59%**	**147,816.28**	**9.50%**	**134,996.50**	**11.70%**	**120,858.00**	**2.33%**	**118,106.89**	**25.51%**	**94,102.84**
Current Accounts and other Accounts	35,030.27	14.63%	30,560.45	39.92%	21,840.97	16.18%	18,798.82	-5.66%	19,927.39	54.83%	12,870.71
Bills Payable	2,421.84	48.16%	1,634.65	17.84%	1,387.23	-0.11%	1,388.80	-19.51%	1,725.46	55.84%	1,107.18
Savings Bank Deposits	16,601.53	30.31%	12,739.77	20.94%	10,534.22	23.78%	8,510.14	23.88%	6,869.66	15.85%	5,929.74
Fixed Deposits	36,776.57	-12.50%	42,028.79	-8.75%	46,057.22	9.80%	41,945.69	-9.31%	46,250.92	18.97%	38,875.50
Deposits Under Schemes	65,255.56	7.24%	60,852.62	10.29%	55,176.86	9.88%	50,214.55	15.88%	43,333.46	22.69%	35,319.71
Subordinated Bond	**3,000.00**	**0.00%**	**3,000.00**	-	**3,000.00**	**0.00%**	**-**	0.00%	**-**	0.00%	**-**
Other Liabilities	**19,428.05**	**22.06%**	**15,917.31**	**19.98%**	**13,266.10**	**32.25%**	**10,030.99**	**30.27%**	**7,699.89**	**13.00%**	**6,814.08**
Total Liabilities	**187,317.86**	**11.97%**	**167,286.44**	**7.96%**	**154,954.97**	**17.15%**	**132,267.74**	**-6.68%**	**141,734.11**	**32.59%**	**106,893.68**
Capital/Shareholders' Equity											
Paid up Capital	7,391.57	0.00%	7,391.57	0.00%	7,391.57	12.00%	6,599.61	8.00%	6,110.75	23.00%	4,968.10
Statutory Reserve	5,449.25	14.68%	4,751.78	12.52%	4,223.12	12.16%	3,765.42	20.70%	3,119.68	18.02%	2,643.39
Other Reserve	2,430.11	-1.93%	2,477.87	117.91%	1,137.11	33.42%	852.29	13.13%	753.36	-13.41%	870.04
Surplus in Profit and Loss Account	1,538.68	72.40%	892.51	16.31%	767.37	-43.45%	1,356.91	44.26%	940.57	-20.14%	1,177.80
Total Shareholders' Equity	**16,809.61**	**7.26%**	**15,513.73**	**14.75%**	**13,519.17**	**7.51%**	**12,574.23**	**15.10%**	**10,924.36**	**13.10%**	**9,659.33**
Total Liabilities and Shareholders' Equity	**204,127.47**	**11.64%**	**182,800.17**	**8.50%**	**168,474.14**	**16.32%**	**144,841.97**	**-5.12%**	**152,658.47**	**30.98%**	**116,553.01**

5 Years Horizontal Analysis (Balance Sheet)

(BDT in Million)

Particulars	2016	%	2015	%	2014	%	2013	%	2012	%	2011
PROPERTY AND ASSETS											
Cash	**12,499.97**	**6.12%**	**13,225.47**	**7.23%**	**12,894.27**	**7.65%**	**10,402.41**	**7.18%**	**12,015.12**	**7.87%**	**6,946.10**
In hand (including foreign currencies)	1,722.63	0.84%	1,397.51	0.76%	1,430.47	0.85%	1,551.90	1.07%	1,470.56	0.96%	812.55
Balance with Bangladesh Bank and its agent bank (s) (including foreign currencies)	10,777.34	5.28%	11,827.96	6.47%	11,463.80	6.80%	8,850.51	6.11%	10,544.56	6.91%	6,133.55
Balance with other banks and financial institutions	**3,536.86**	**1.73%**	**3,822.76**	**2.09%**	**742.37**	**0.44%**	**917.82**	**0.63%**	**625.02**	**0.41%**	**643.85**
In Bangladesh	3,190.28	1.56%	3,551.64	1.94%	356.89	0.21%	430.20	0.30%	551.21	0.36%	499.89
Outside Bangladesh	346.58	0.17%	271.12	0.15%	385.48	0.23%	487.62	0.34%	73.81	0.05%	143.96
Money at call and short notice	**-**	-	**800.00**	**0.44%**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Investments	**32,920.69**	**16.13%**	**33,829.46**	**18.51%**	**32,184.08**	**19.10%**	**30,090.61**	**20.77%**	**41,314.19**	**27.06%**	**24,645.38**
Government	24,271.57	11.89%	28,817.53	15.76%	29,720.02	17.64%	28,642.77	19.78%	40,034.75	26.23%	23,348.85
Others	8,649.12	4.24%	5,011.93	2.74%	2,464.06	1.46%	1,447.84	1.00%	1,279.44	0.84%	1,296.53
Loans and advances	**150,912.52**	**73.93%**	**126,338.83**	**69.11%**	**117,060.03**	**69.48%**	**97,688.50**	**67.44%**	**93,610.87**	**61.32%**	**79,999.80**
Loans, cash credits, overdrafts, etc.	137,869.68	67.54%	117,680.02	64.38%	109,991.94	65.29%	91,190.59	62.96%	85,901.92	56.27%	73,804.71
Bills purchased and discounted	13,042.84	6.39%	8,658.81	4.74%	7,068.09	4.20%	6,497.91	4.49%	7,708.95	5.05%	6,195.09
Fixed assets including premises, furniture and fixtures	**3,175.03**	**1.56%**	**3,325.80**	**1.82%**	**3,198.11**	**1.90%**	**3,097.60**	**2.14%**	**2,898.60**	**1.90%**	**2,711.32**
Other assets	**1,082.40**	**0.53%**	**1,457.85**	**0.80%**	**2,395.27**	**1.42%**	**2,644.93**	**1.83%**	**2,194.67**	**1.44%**	**1,606.56**
Non - banking assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total assets	**204,127.47**	**100.00%**	**182,800.17**	**100.00%**	**168,474.13**	**100.00%**	**144,841.87**	**100.00%**	**152,658.47**	**100.00%**	**116,553.01**
LIABILITIES AND CAPITAL											
Liabilities											
Borrowings from other banks, financial institutions and agents	**8,804.04**	**4.31%**	**552.85**	**0.30%**	**3,692.37**	**2.19%**	**1,378.75**	**0.95%**	**15,927.33**	**10.43%**	**5,976.76**
Deposits and other accounts	**156,085.77**	**76.46%**	**147,816.28**	**80.86%**	**134,996.50**	**80.13%**	**120,858.00**	**83.44%**	**118,106.89**	**77.37%**	**94,102.84**
Current accounts and other accounts	35,030.27	17.16%	30,560.45	16.72%	21,840.97	12.96%	18,798.82	12.98%	19,927.39	13.05%	12,870.71
Bills payable	2,421.84	1.19%	1,634.65	0.89%	1,387.23	0.82%	1,388.80	0.96%	1,725.46	1.13%	1,107.18
Savings bank deposits	16,601.53	8.13%	12,739.77	6.97%	10,534.22	6.25%	8,510.14	5.88%	6,869.66	4.50%	5,929.74
Fixed deposits	36,776.57	18.02%	42,028.79	22.99%	46,057.22	27.34%	41,945.69	28.96%	46,250.92	30.30%	38,875.50
Deposits under schemes	65,255.56	31.97%	60,852.62	33.29%	55,176.86	32.75%	50,214.55	34.67%	43,333.46	28.39%	35,319.71
Subordinated Bond	**3,000.00**	**1.47%**	**3,000.00**	**1.64%**	**3,000.00**	**1.78%**	**-**	**-**	**-**	**-**	**-**
Other liabilities	**19,428.05**	**9.52%**	**15,917.31**	**8.71%**	**13,266.10**	**7.87%**	**10,030.99**	**6.93%**	**7,699.89**	**5.04%**	**6,814.08**
Total liabilities	**187,317.87**	**91.77%**	**167,286.44**	**91.51%**	**154,954.97**	**91.98%**	**132,267.74**	**91.32%**	**141,734.11**	**92.84%**	**106,893.68**
Capital/Shareholders' equity											
Paid up capital	7,391.57	3.62%	7,391.57	4.04%	7,391.57	4.39%	6,599.61	4.56%	6,110.75	4.00%	4,968.10
Statutory reserve	5,449.25	2.67%	4,751.78	2.60%	4,223.12	2.51%	3,765.42	2.60%	3,119.68	2.04%	2,643.39
Other reserve	2,430.11	1.19%	2,477.87	1.36%	1,137.11	0.67%	852.29	0.59%	753.36	0.49%	870.04
Surplus in profit and loss account	1,538.68	0.75%	892.51	0.49%	767.37	0.46%	1,356.91	0.94%	940.57	0.62%	1,177.80
Total Shareholders' equity	**16,809.61**	**8.23%**	**15,513.73**	**8.49%**	**13,519.17**	**8.02%**	**12,574.23**	**8.68%**	**10,924.36**	**7.16%**	**9,659.33**
Total liabilities and Shareholders' equity	**204,127.47**	**100.00%**	**182,800.17**	**100.00%**	**168,474.14**	**100.00%**	**144,841.97**	**100.00%**	**152,658.47**	**100.00%**	**116,553.01**

5 Years Horizontal Analysis (Profit and Loss Account)

(BDT in Million)

Particulars	2016	16 Vs 15	2015	15 Vs 14	2014	14 Vs 13	2013	13 Vs 12	2012	12 Vs 11	2011
Profit and Loss Account											
Interest income	13,676.26	-3.09%	14112.7	0.92%	13,984.50	4.79%	13,344.90	6.37%	12,545.34	28.90%	9,732.68
Interest / profit paid on deposits, borrowings etc.	10,518.54	-10.92%	11808.55	3.72%	11,385.39	-3.48%	11,795.76	11.74%	10,556.79	31.60%	8,022.13
Net interest	**3,157.72**	**37.04%**	**2304.15**	**-11.35%**	**2599.11**	**67.78%**	**1549.14**	**-22.10%**	**1988.55**	**16.25%**	**1710.55**
Investment income	2,931.91	1.88%	2877.94	2.93%	2,796.03	-14.41%	3,266.94	95.76%	1,668.83	-0.15%	1,671.29
Commission, exchange and brokerage	1,871.88	11.88%	1673.09	7.76%	1,552.57	6.49%	1,457.89	6.40%	1,370.18	-4.78%	1,439.02
Other operating income	2,127.47	95.39%	1088.84	3.87%	1,048.31	2.68%	1,020.98	-5.74%	1,083.21	-15.47%	1,281.39
Total operating income (A)	**10,088.98**	**27.00%**	**7,944.02**	**-0.65%**	**7,996.02**	**9.61%**	**7,294.95**	**19.38%**	**6,110.77**	**0.14%**	**6,102.25**
Salaries and allowances	2,463.05	36.71%	1,801.63	0.79%	1,787.53	25.15%	1,428.29	4.73%	1,363.76	5.55%	1,292.01
Chief Executive's Salary and Fees	11.38	-8.15%	12.39	5.99%	11.69	18.68%	9.85	82.41%	5.40	-14.29%	6.30
Directors' fees	4.87	40.35%	3.47	26.18%	2.75	-1.43%	2.79	-2.45%	2.86	-6.23%	3.05
Rent, Taxes, Insurance, Electricity, etc.	626.19	15.27%	543.22	13.33%	479.33	11.28%	430.76	26.65%	340.11	20.66%	281.87
Legal expenses	8.54	31.79%	6.48	-49.06%	12.72	1.44%	12.54	-5.71%	13.30	29.76%	10.25
Postage, Stamp, Telecommunication, etc.	63.21	-4.43%	66.14	26.25%	52.39	-2.33%	53.64	3.35%	51.90	-16.05%	61.82
Stationery, Printing, Advertisements, etc	179.05	-1.83%	182.38	-10.77%	204.39	37.27%	148.90	-6.26%	158.85	28.03%	124.07
Auditors' fees	0.92	33.33%	0.69	15.00%	0.60	-34.78%	0.92	58.62%	0.58	-18.31%	0.71
Depreciation and Repair of Fixed Assets	377.53	24.81%	302.49	12.90%	267.92	15.33%	232.30	23.37%	188.30	16.01%	162.32
Other expenses	1,917.80	76.05%	1,089.38	42.19%	766.13	6.52%	719.26	13.28%	634.92	-3.53%	658.17
Total operating expenses (B)	**5,652.54**	**41.02%**	**4,008.27**	**11.79%**	**3,585.45**	**17.97%**	**3,039.25**	**10.12%**	**2,759.98**	**6.13%**	**2,600.57**
Profit / (loss) before provision (C=A-B)	**4,436.44**	**12.72%**	**3,935.75**	**-10.77%**	**4,410.57**	**3.64%**	**4,255.70**	**27.01%**	**3,350.79**	**-4.31%**	**3,501.68**
Provision for loans and advances											
Provision against Classified Loans (Specific provision)	554.48	445.09%	102.64	-78.85%	485.33	-50.72%	984.80	20.39%	818.00	159.52%	315.20
Provision against Unclassified Loans (General provision)	212.73	81.60%	1,156.38	-25.51%	1,552.49	5871.12%	26	-66.23%	77.00	-46.15%	143.00
Provision for off-balance sheet sheet	176.70	428.41%	33.44	-60.31%	84.25	420.06%	16.20	-78.21%	74.33	89.13%	39.30
Other provisions	0.17		-		-		-		-		-
Total provision (D)	**949.08**	**-26.57%**	**1,292.46**	**-39.09%**	**2,122.07**	**106.63%**	**1,027.00**	**5.95%**	**969.33**	**94.84%**	**497.50**
Total profit / (loss) before taxes (C-D)	**3,487.36**	**31.93%**	**2,643.29**	**15.50%**	**2,288.50**	**-29.12%**	**3,228.70**	**35.58%**	**2,381.46**	**-20.73%**	**3,004.18**
Provision for taxation											
Current tax	1,264.86	0.77%	1,255.21	10.59%	1,135.03	-7.72%	1,230.00	23.00%	1,000.00	-20.00%	1,250.00
Deferred tax	(4.86)	-6.72%	(5.21)	-85.13%	(35.03)	-275.15%	20.00	-	-	-100.00%	20.00
	1,260.00	**0.80%**	**1,250.00**	**13.64%**	**1,100.00**	**-12.00%**	**1,250.00**	**25.00%**	**1,000.00**	**-21.26%**	**1,270.00**
Net profit after taxation	**2,227.36**	**59.86%**	**1,393.29**	**17.23%**	**1,188.50**	**-39.94%**	**1,978.70**	**43.23%**	**1,381.46**	**-20.34%**	**1,734.18**

5 Years Horizontal Analysis (Profit and Loss Account)

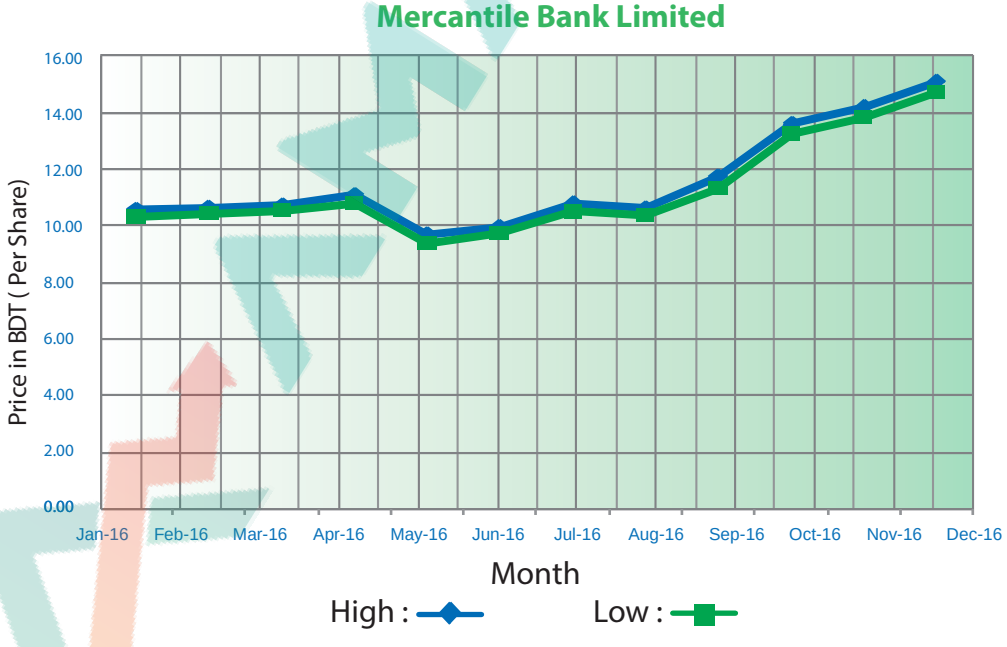
(BDT in Million)

Particulars	2016	%	2015	%	2014	%	2013	%	2012	%	2011
Profit and Loss Account											
Interest income	13,676.26	66.22%	14112.7	71.45%	13,984.50	72.15%	13,344.90	69.90%	12,545.34	75.27%	9,732.68
Interest on deposits, borrowings, etc.	10,518.54	50.93%	11808.55	59.78%	11,385.39	58.74%	11,795.76	61.79%	10,556.79	63.34%	8,022.13
Net interest	**3,157.72**	**15.29%**	**2304.15**	**11.67%**	**2599.11**	**13.41%**	**1549.14**	**8.11%**	**1988.55**	**11.93%**	**1710.55**
Investment income	2,931.91	14.20%	2877.94	14.57%	2,796.03	14.43%	3,266.94	17.11%	1,668.83	10.01%	1,671.29
Commission, exchange and brokerage	1,871.88	9.06%	1673.09	8.47%	1,552.57	8.01%	1,457.89	7.64%	1,370.18	8.22%	1,439.02
Other operating income	2,127.47	10.30%	1088.84	5.51%	1,048.31	5.41%	1,020.98	5.35%	1,083.21	6.50%	1,281.39
Total operating income (A)	**10,088.98**	**48.85%**	**7,944.02**	**40.22%**	**7,996.02**	**41.26%**	**7,294.95**	**38.21%**	**6,110.77**	**36.66%**	**6,102.25**
Salaries and allowances	2,463.05	11.93%	1,801.63	9.12%	1,787.53	9.22%	1,428.29	7.48%	1,363.76	8.18%	1,292.01
Chief Executive's Salary and Fees	11.38	0.06%	12.39	0.06%	11.69	0.06%	9.85	0.05%	5.40	0.03%	6.30
Directors' fees	4.87	0.02%	3.47	0.02%	2.75	0.01%	2.79	0.01%	2.86	0.02%	3.05
Rent, Taxes, Insurance, Electricity, etc.	626.19	3.03%	543.22	2.75%	479.33	2.47%	430.76	2.26%	340.11	2.04%	281.87
Legal expenses	8.54	0.04%	6.48	0.03%	12.72	0.07%	12.54	0.07%	13.30	0.08%	10.25
Postage, Stamp, Telecommunication, etc.	63.21	0.31%	66.14	0.33%	52.39	0.27%	53.64	0.28%	51.90	0.31%	61.82
Stationery, Printing, Advertisements, etc	179.45	0.87%	182.38	0.92%	204.39	1.05%	148.90	0.78%	158.85	0.95%	124.07
Auditors' fees	0.92	0.00%	0.69	0.00%	0.60	0.00%	0.92	0.00%	0.58	0.00%	0.71
Depreciation and Repair of Fixed Assets	377.53	1.83%	302.49	1.53%	267.92	1.38%	232.30	1.22%	188.30	1.13%	162.32
Other expenses	1,917.80	9.29%	1,089.38	5.52%	766.13	3.95%	719.26	3.77%	634.92	3.81%	658.17
Total operating expenses (B)	**5,652.54**	**27.37%**	**4,008.27**	**20.29%**	**3,585.45**	**18.50%**	**3,039.25**	**15.92%**	**2,759.98**	**16.56%**	**2,600.57**
Profit / (loss) before provision (C=A-B)	**4,436.44**	**21.48%**	**3,935.75**	**19.93%**	**4,410.57**	**22.76%**	**4,255.70**	**22.29%**	**3,350.79**	**20.10%**	**3,501.68**
Provision for loans and advances											
Provision against Classified Loans (Specific provision)	559.48	2.71%	102.64	0.52%	485.33	2.50%	984.80	5.16%	818.00	4.91%	315.20
Provision against Unclassified Loans (General provision)	212.73	1.03%	1,156.38	5.85%	1,552.49	8.01%	26	0.14%	77.00	0.46%	143.00
Provision for off-balance sheet sheet	176.70	0.86%	33.44	0.17%	84.25	0.43%	16.20	0.08%	74.33	0.45%	39.30
Other provisions	0.17	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Total provision (D)	**949.08**	**4.60%**	**1,292.46**	**6.54%**	**2,122.07**	**10.95%**	**1,027.00**	**5.38%**	**969.33**	**5.82%**	**497.50**
Total profit / (loss) before taxes (C-D)	**3,487.36**	**16.89%**	**2,643.29**	**13.38%**	**2,288.50**	**11.81%**	**3,228.70**	**16.91%**	**2,381.46**	**14.29%**	**3,004.18**
Provision for taxation											
Current tax	1,264.86	6.12%	1,255.21	6.35%	1,135.03	5.86%	1,230.00	6.44%	1,000.00	6.00%	1,250.00
Deferred tax	(4.86)	-0.02%	(5.21)	-0.03%	(35.03)	-0.18%	20.00	0.10%	-	0.00%	20.00
	1,260.00	**6.10%**	**1,250.00**	**6.33%**	**1,100.00**	**5.68%**	**1,250.00**	**6.55%**	**1,000.00**	**6.00%**	**1,270.00**
Net profit after taxation	**2,227.36**	**10.78%**	**1,393.29**	**7.05%**	**1,188.50**	**6.13%**	**1,978.70**	**10.36%**	**1,381.46**	**8.29%**	**1,734.18**

Market **Performance**

Month	Dhaka Stock Exchange (DSE)			Chittagong Stock Exchange (CSE)		
	High (Tk.)	Low (Tk.)	Volume (no. of Shares)	High (Tk.)	Low (Tk.)	Volume (no. of Shares)
January, 2016	10.50	10.22	478,770	10.45	10.22	54,103
February, 2016	10.54	10.36	341,878	10.60	10.37	53,707
March, 2016	10.68	10.46	637,221	10.55	10.39	32,332
April, 2016	11.02	10.73	662,112	10.90	10.63	41,484
May, 2016	9.59	9.30	285,436	9.47	9.26	22,557
June, 2016	9.86	9.69	313,307	9.76	9.61	21,690
July , 2016	10.69	10.42	399,246	10.61	10.34	20,595
August, 2016	10.57	10.31	993,866	10.51	10.33	31,846
September, 2016	11.63	11.22	1,507,422	11.54	11.22	71,524
October, 2016	13.52	13.13	1,941,403	13.57	13.17	79,327
November, 2016	14.08	13.75	1,669,015	14.03	13.73	72,267
December, 2016	14.96	14.62	1,992,646	14.96	14.60	219,244

DSE monthly average high & low price per share in 2016 (in BDT)



Financial **Calendar**

Quarterly Results

Particulars	Submission Date
Audited consolidated results for the 4th quarter ended 31 December 2016	25.02.2017
Unaudited consolidated results for the 1st quarter ended 31 March 2016	04.04.2016
Unaudited consolidated results for the 2nd quarter and half-year ended 30 June 2016	30.07.2016
Unaudited consolidated results for the 3rd quarter ended 30 September 2016	26.10.2016

Dividends

Particulars	Record Date	Allotment Date
Distribution of 15% Cash and 5% Stock dividend in respect of financial year ended on 31 December 2016	16.03.2017	30.03.2017

Annual General Meeting (AGM)

Particulars	Notice Date	Held On
17th AGM	11.04.2016	12.05.2016

Taxation on Dividend Income

Stock dividend is tax exempted. In case of cash dividend, following is the rate of tax deduction at source on dividend income as per current fiscal act:

- If the shareholder is a company, either resident or non-resident, at the rate applicable to the company i.e. 20%
- If the shareholder is a resident person, other than company, at the rate of 10% with e-TIN number failing of which is 15%
- If the shareholder is a non-resident (Other than Bangladesh) person, other than company, at the rate of 25%

Taxation on Capital Gain

Capital gain arising from transfer or sale of Government Securities is tax exempted. Capital gain arising from transfer or sale of Stocks and Shares of publicly listed companies listed with stock exchanges is taxable at the rate of 10%. For non-resident the tax exemption on capital gain shall be allowed if the similar exemption is allowed in the country of residence of the non-resident.

Other Information

Exchange controls and other limitations affecting equity security holders.

Non-residents can buy and sell MBL's share and transfer the dividends after complying with Guidelines for Foreign Exchange Transactions 1996 and SEC Rules.

Stock Details

Particulars	DSE	CSE
Stock Symbol	MERCANBANK	MERCANBANK
Company Code	11128	22023
Listing Year	2003	2003
Market Category	A	A
Electronic Share	Yes	Yes
Market Lot (Nos.)	1	1
Face Value (Taka)	10	10
Total Number of Shares (31.12.2016)	739,156,701	739,156,701

Accessibility of Annual Report 2016

Annual Report 2016 and other information about MBL may be accessed on MBL's website www.mblbd.com. MBL provides copies of Annual Reports to the Bangladesh Securities and Exchange Commission (BSEC), Bangladesh Bank, Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) for their reference. Respectable stakeholders may read them at their public reference room or library.

Shareholders' Inquiries

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Mercantile Bank Limited
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Dhaka-1000
Web: www.mblbd.com

Economic **Impact Report**

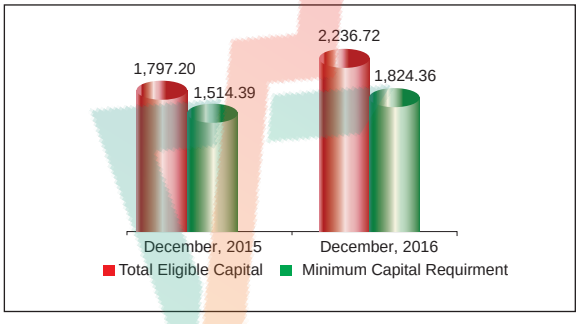
Economic Impact Report exploring and articulating banks broader impact on the communities in which they operate. The report illustrates that the banking sector plays a key role in the development and growth of national economies. Commercial banks, in particular, are significant for developing countries, because of their ability to mobilize capital and to finance trade and industrialization, both of which are critical to sustained growth. Since developing nation's lack of savings needed to fuel investment, and require access to international markets in order to grow, banks like Mercantile Bank Limited help to fill a major economic gap.

We continue change MBL; we believe we can become the bank of choice for all of our customer and clients. Our approach delivers broader economic benefit and more valuable services to our stake holder in a unique way we do Business.

Capital Adequacy

MBL is maintaining a strong capital base. Total eligible capital of the Bank stood at BDT 2,236.72 Crore as on December 2016 which is well above than minimum requirement of BDT 1,824.36 Crore as on the same date. Capital to Risk-weighted Asset Ratio (CRAR) was 13.03% as on December 2016 as compared to minimum requirement of 10.625% as per Basel III.

Particulars	(BDT In Crore)	
	Dec-15	Dec-16
Tier-1 Capital	1,290.86	1,433.00
Tier-2 Capital	506.34	803.72
Total Eligible Capital	**1,797.20**	**2,236.72**
Total Risk Weighted Assets (RWA)	1,5143.87	1,7170.42
CRAR (SOLO)	11.87%	13.03%
Core Capital to RWA	8.53%	8.35%
Supplementary Capital to RWA	3.34%	4.68%
Minimum Capital Requirement (MCR)	1,514.39	1,824.36



Value Added Statement for the year ended December 31, 2016

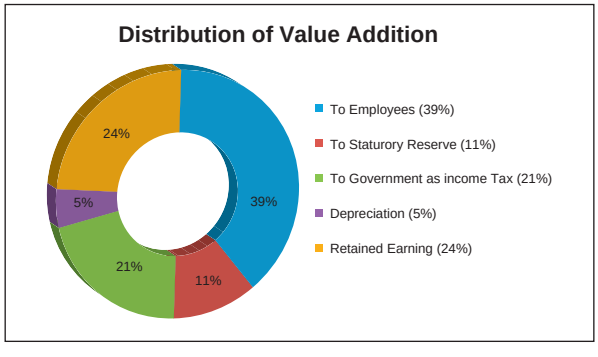
Value added statement shows how much value (wealth) has been added and distributed by MBL in 2016 for its employees, government and shareholders in the form of salaries & allowances, income tax, profit after tax respectively and also indicates depreciation value of fixed assets.

(BDT in million)

Particulars	2015	2016
Income from Banking Services	19,752.57	20,607.52
Less: Cost of services & Supplies	(13,649.14)	(13,285.39)
Value added by Banking Services	6,103.43	7,322.13
Provision for loans & Off –balance sheet items	(1,292.47)	(949.08)
Total Value Added	**4,810.96**	**6,373.05**

(BDT in million

Distribution of value addition	2015	2016
To Employees & Directors	1,817.49	2,479.30
To Statutory Reserve	528.66	697.47
To Government as Income Tax	1,284.89	1,310.32
To Provision for Deferred Tax	(5.21)	(4.86)
Depreciation	231.49	300.57
Retained Earning	864.63	1,529.89
To Community Investment	89.01	60.36
Total	**4,810.96**	**6,373.05**



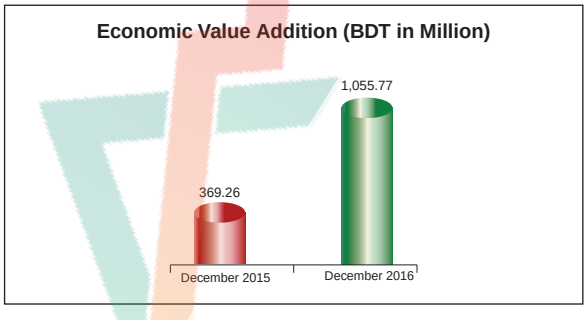
Economic Value Added Statement for the year ended December 31, 2016

Economic Value Added (EVA) attempts to capture the true economic profit of a company. EVA is calculated by deducting the cost of equity capital employed from the post-tax profit plus provision for loans and advances.

Companies which earn higher returns than cost of capital create value. Therefore, Shareholders/Equity providers are always conscious about their return on capital invested. As a commercial banking company, MBL is deeply concerned for delivering higher value to its Shareholders/Equity providers.

(BDT in million)

Particulars	2015	2016
Shareholders' equity	**15,513.73**	**16,809.61**
Add: Cumulative provision for loans and advances and off-balance sheet exposure	6,871.32	7,826.88
	22,385.05	24,636.49
Average Share-holders' Equity Earnings	**20,719.95**	**23,510.77**
Profit After Tax	1,393.28	2,227.36
Add: Provision for loans and advances and off-balance sheet exposure during the year	1,292.47	949.08
Total Earnings (a)	**2,685.75**	**3,176.44**
Average cost of equity (based on weighted average rate of 10 year's treasury bond issued by the Goverment of Bangladesh) plus 2% risk premium	11.18%	9.02%
Total cost of average equity (b)	2,316.49	2,120.67
Economic Value Addition (a-b)	**369.26**	**1,055.77**

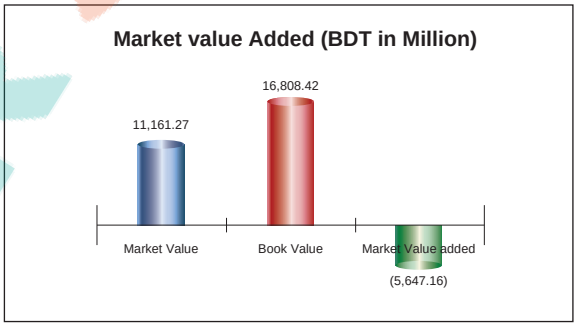


Market Value Added Statement for the year ended December 31, 2016

Market value added (MVA) shows the difference between the total market value and total book value of shares of a company. A high Market Value Added indicates that the company has created substantial wealth for the equity holders. The share market value of the Bank stood at BDT 11,161.27 million whereas the book value of the share stood at BDT 16,808.42 million, resulting a negative Market Value Added of BDT 5,647.16 million as on December 31, 2016.

Particulars	No of Shares Outstanding	Per Share	BDT in Million
Market value	739,156,701	15.10	11,161.27
Book value	739,156,701	22.74	16,808.42
Market value added			(5,647.16)

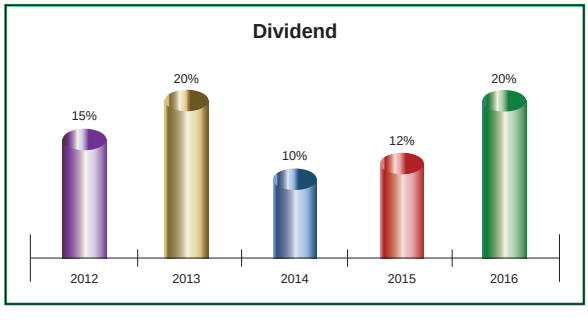
Though the financial performance of the Bank was sound during the year 2016, depressed capital market performance caused to negative Market Value Added.



Payment of Dividends

MBL has continued to pay substantial dividends to its shareholders while ploughing back sufficient profits to fund growth and capital adequacy requirements. This prudent divident policy has contributed in building the Bank's shareholders' funds to satisfactory levels and is considered as one of the major funding sources of the Bank's rapid expansion.

Considering the performance of the Bank over the past year, the Board of MBL has recommended 20% dividend (15% Cash and 5% Stock) for the year 2016.



Segment Reporting

MBL Operation

(BDT in Crore)

Particulars	Banking Operations		Subsidiaries	
	Core Banking	Off Shore Banking (OBU)	Mercantile Exchange House (UK) Limited	Mercantile Bannk Securities Limited
Operating Revenue	2,060.75	33.23	1.97	16.97
Operating Profit	443.64	21.07	0.003	6.29
Profit Before Tax	348.74	21.07	0.003	2.79
Assets Employed	20,412.75	884.19	1.99	656.15
Capital Employed	1,680.96	-	-	363.49

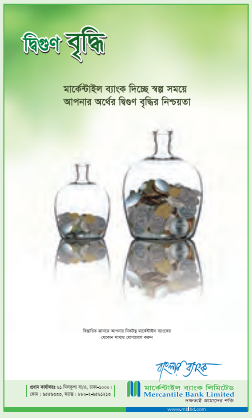
Banking Operation

(BDT in Crore)

Particulars	International Division Operation	Treasury Operation	Card Operation	Mobile Banking Operation
Operating Revenue	69.52	513.16	13.39	0.52
Operating Profit	-	168.21	2.81	(5.40)

MBL **Products & Services**









Deposit Products

- **Current Deposit (CD) Accounts**
- **Savings Bank Deposit (SB) Accounts**
- **Special Notice Deposit (SND)**
- **Fixed Deposit Receipt (FDR)**
- **Scheme Deposits**
  - Monthly Saving Scheme (MSS)
  - Double Benefit Deposit Scheme (DBDS)
  - Family Maintenance Deposit Scheme (FMDS)
  - Quarterly Benefit Deposit Scheme (QBDS)
  - 1.5 Times Benefit Deposit Scheme (1.5TBDS)
  - Advance Benefit Deposit Scheme (ABDS)
  - Education Planning Deposit Scheme (EPDS)
  - Super Benefit Deposit Scheme (SBDS)
- **School Banking**













Loans & Advances

- **Retail Loans**
  - Consumer Credit Scheme
  - Lease Finance
  - Car Loan Scheme
  - Home Loan Scheme
  - Doctors' Credit Scheme
  - Any Purpose Loan (Personal Loan Scheme)
  - House Furnishing Loan
  - Overseas Employment Loan Scheme
  - Cottage Loan
  - Education Loan
  - Rural Development Scheme
- **Corporate Loans**
  - Short Term Finance
  - Long Term Finance
  - Real Estate Finance
  - Import Finance/Trade Finance
  - Work Order Financing/Construction Business
  - Export Finance
  - Structured Finance
  - Loan Syndication

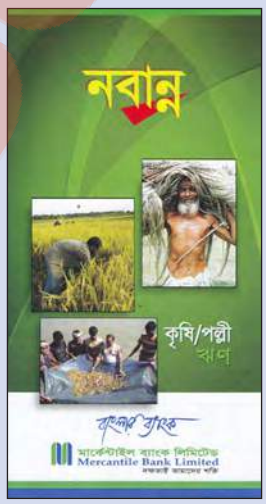








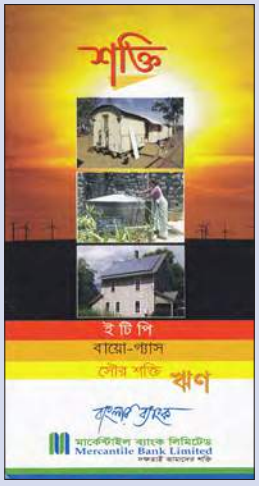




SME Financing

- CHAKA (Term Loan)
- SAMRIDDHI (Continuous Loan)
- MOUSUMI (Short Term Seasonal Loan)
- ANANNYA (Women Entrepreneur's Loan)
- SANCALOK
  (A mix of Term, Time & Continuous Loan)
- UNMESH (Trade Finance)
- UDAYAN
  (Start-up Financing for the young entrepreneurs)
- FACTORING OF RECEIVALBES

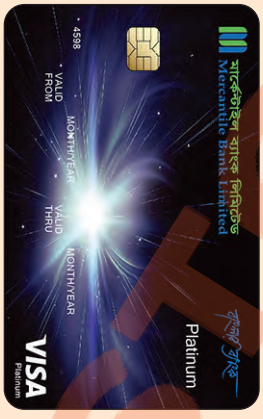


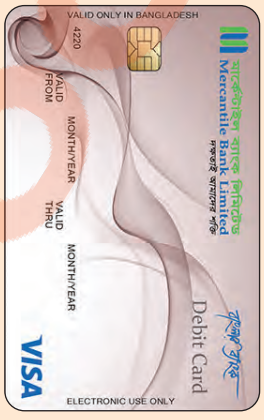


Agriculture Loan

- NABANNO (Krishi / Polli Loan)
- SAKTI (ETP / Bio-Gas / Solar Energy Loan)







MBL Card

- Debit Card
- **Credit Card** (Local Card, International Card, Dual Currency Card)
- **MBL Pre-Paid** Card (Student Card, Hajj Card, Travel card)





Other Services

- Online Banking
- Mobile Banking (MyCash)
- Internet Banking
- Off-Shore Banking
- NRB Banking
- SMS Banking
- Locker Service
- Utility Bills Pay Service
- ATM Booth Services
- Cash Deposit Machine (CDM) Service

MYCash

জীবনটাকে সহজ করুন



Chairman's **Message**

Bismillahir Rahmanir Rahim

Assalamualaikum

Dear Stakeholders

I am delighted in presenting Annual Report along with the Audited Financial Statements for the year ended on 31 December, 2016. I believe that the presentation of the Annual Report bears immense importance for all the stakeholders, regulators for evaluation of our performance of the last year. MBL had another good year, with excellent financial result that reinforces our confidence in the strategy. The core businesses of the Bank have taken favorable growth which is the result of dedicated efforts put by all the rank and file employees of the bank and the prudent action plan taken by the senior management.

Global & Regional Business Environment

For the last five years the global economy has been in a low-growth trap, with growth disappointingly low and stuck at around 3%. Persistent growth shortfalls have weighed on future output expectations and thereby reduced current spending and potential output growth. Global trade and investment have been weak, limiting the advances in labour productivity and wages that are required to support sustainable consumption growth. However, fiscal policies, both implemented and proposed, could, if effective, catalyse private economic activity and push the global economy to a modestly higher growth rate of around 3.5% by 2018.

Financial market sentiment toward emerging market economies has improved with expectations of lower interest rates in advanced economies, reduced concern about China's near-term prospects following policy support to growth, and some firming of commodity prices. But prospects differ sharply across countries and regions, with emerging Asia in general and India in particular showing robust growth and Sub-Saharan Africa experiencing a sharp slowdown. In advanced economies, a subdued outlook dominates the overall socio-economic dynamics and on the other hand anti globalization policy platforms are apparently gaining more attention.

In face of the global economic challenges, Bangladesh economy experienced positive changes on many fronts critically important for its accelerated growth over the past few years. Economic condition of Bangladesh is on stable position with a positive near-term macroeconomic outlook. Declining inflation, rising reserves, contained fiscal deficit and stable public debt are the positive signal for economic development. Thus the significance of the year 2015 is noteworthy. Because of supporting policy of Bangladesh Bank GDP increased from 6.51% in 2015 to 7.11% in 2016. Declining inflation rate from 6.19% in 2015 to 5.57%. Public and private consumption, investment and net foreign trade position have not shown positive indication. Revenue income has fallen and Remittance has slided in the first half of the current fiscal. However, it is expected that our domestic economy will perform better from the macroeconomic perspective and inflationary pressures will be kept under reasonable control having no effect on our growth.

Domestic Banking Industry

Bangladesh's financial sector is dominated by the banking sector. During the year 2016, the banking industry of Bangladesh experienced competition amongst the private and public banks. During Q1FY17, the banking sector indicators showed some concerns compared to that of the preceding quarter. The ratio of gross NPL to the total outstanding loans of the banking sector increased further from 10.06% at the end of June 2016 to 10.34% at the end of September 2016. However, the ratio of net NPL to the total outstanding loans of the banking sector decreased to 2.77% from 2.81% during the same period. The provision shortfall position of the banking sector slightly improved at the end of September and stood at BDT 43.8 billion from BDT 44.5 billion at the end of June 2016. The Capital to Risk-weighted Assets Ratio (CRAR) stands at 10.30% in September 2016, same as the level of June 2016. On the other hand, monthly interest rate spread for all banks, measured as the difference between the monthly weighted average interest rate on advances and deposits, continued to stay below 5% during Q1FY17. Monthly weighted average call money rate decreased marginally from 3.70% in June 2016 to 3.64% in September 2016.

MBL Performance 2016

In 2016 we continued significant progress amidst challenging operating environment. Banking sector saw moderation in profitability, rising Non-Performing Loans (NPLs) and a continuing trend in asset quality deterioration reflecting the challenges in the operating environment and the consequential effect of rapid credit growth. Credit expansion decelerated dramatically during the year due to lack of private investment. There was pressure on borrower credit profiles and cash flows; and there was pressure on banking spreads in the wake of a declining interest rate regime where asset portfolios in the industry were getting re-priced faster than the liability portfolios.

Despite such clouds hovering in the environment, Mercantile Bank Limited performed well in 2016 in term of operating profit and return on assets. Bank mobilized deposits of BDT 165.26 billion as on December 31, 2016 compared to BDT 154.87 billion in 2015. Total loans and advances stood at BDT 150.91 billion at the end of 2016, which was BDT 126.34 billion in 2015. Earnings per Share (EPS) stood at BDT 3.01. Non Performing Loan (NPL) ratio was 5.13% in 2016. Total Shareholders' Equity increased to BDT 16.81 billion in 2016. Return on Average Assets was 1.15% and Return on Average Equity was 13.78% as on December 31, 2016. Net Interest Margin (NIM) stood at 3.43% at the end of 2016.

Business Model

Our employees are truly dedicated to their work and serving the customers with extraordinary service. We have relationship driven and personalized service and will also remain the focus of our business model. We are committed to providing you with the best possible banking relationship and continue the relationship with Mercantile Bank Ltd. for investing in your future. It nicely complements the Bank's culture of service, where our employees' dedication and commitment to customers continue to be driving forces in our performance.

Information Technology

The bank's core banking software Temenos T24, which is an excellent technology platform fine-tuned to achieve efficiency in its operations. In order to provide prompt service to the valued customer's efforts were given on automation, developing procedure and reducing manual operations. Information technology of MBL enables sophisticated product development, better market infrastructure, implementation of reliable techniques for control of risks and helps the financial intermediaries to reach geographically distant and diversified markets. Technological development of the Bank tremendously increased its customer service as well as established trust worthiness among the stakeholder.

Corporate Governance Practice

The corporate governance involves a set of identifiable relationships among the stakeholders of the Bank i.e., Board, Management, Shareholders, Depositors, Business Clients, Regularity Authorities and in the process to achieve common goals. To meet institutional objectives, Management, Board of Directors are committed. For the sake of providing strategic support to the Board, different committees namely, Executive Committee, Audit Committee and Risk Management Committee are active within the respective terms of reference with ultimate objective to take this financial institution to the next trajectory of sustainable growth.

Good corporate governance, we believe is a predominant issue for banks to obtain depositors and customer confidence. We are always alert in upholding theiri nterest at any cost as we are largely indebted to them. As a measure of compliance with the prudential directives, the Board after dispassionate assessment of the background, competency and professional outlook has appointed two Independent Directors. These Independent Directors are making significant value addition in the overall process of governance. Their level

of competence and exposure in diversified and relevant fields, matches with the vision and inspiration of the Bank.

External Auditors are unanimously appointed by the shareholders in the AGM. In the present state of overall conditions we are increasingly focused in establishing better internal control through reinforcement of the mechanisms.

Corporate Social Responsibility

Mercantile Bank as a corporate citizen is very much active to the cause of society specially in meeting its obligations to the less privileged. Mercantile Bank Foundation was setup in 2000 with the prescribed policy to contribute one percent of the Bank's operating profit or BDT 4.00 million, whichever is higher to the foundation. The areas of our contribution under the banner of corporate social responsibility (CSR) are well diversified across different segments as well as geographical areas. Our contributions are in the sectors of Education, Healthcare, Disaster Management, Art and Culture, Sports etc. and our annual expenses was BDT 66.90 million in 2016.

Outlook & Challenges

The past year was characterized by uncertain and volatile global economy, fragile consumer and corporate confidence, stagnant investment growth and political uncertainty which was challenging for the Bank and its customers. This gloomy outlook is changing and we feel encouraged to see significant improvements in the macro environment in the coming year with the positive turn of some fundamental economic indicators.

The Bank will continue to function in a disciplined and prudent manner while focusing on consolidated and sustainable growth. The Bank's priority is to maintain a robust and stable financial and operating platform, which will facilitate us to support our customers and provide substantial return to shareholders. We intend to continue to fight like the strongest contender. We will maintain focus on organic growth, our capacity to respond to change, loyalty to our values, and maintaining our expertise in cost risk, and growth management. The Bank will continue to track untapped areas for maximization of economic benefit through our operational activities

We are optimistic that the overall economy of Bangladesh in 2017 will be better in comparison to 2016. We will be poised to deliver performance oriented results by not only focusing on profit but more on superior value additions in product and banking services. We intend to make our lending activities more cost effective by continuing our focus on interest payable factors as part of our strategic goal.

Acknowledgements

The Board members are committed to work relentlessly for protecting the interest of our valued shareholders and depositors and make distinctive value additions on their contributions to the cause of this Bank.

On behalf of the Board, I would like to thank our shareholders, customers and business partners for their constant support, trust and patronization. We also appreciate the contribution made by our Auditors, Legal Advisors, Consultants and Correspondents for their time befitting and prudent roles. My heartfelt appreciation goes to the management, all level of executives and officers for their dedicated services to forge ahead the interest of our beloved institution.

My gratitude to the Government of the People's Republic of Bangladesh, Officials of Bangladesh Bank, officials of Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange, Chittagong Stock Exchange. Last but not the least my thanks to my colleagues in the Board who have always been supportive and agile in our endeavor to navigate the institution in the right direction.

With warm regards,

Shahidul Ahsan



Managing Director and CEO's **Review**

Bismillahir Rahmanir Rahim

Assalamualaikum

Dear Shareholders

Our performance in the year 2016 bears the testimony that we have succeeded to address the strategically important core areas of banking operation as part of our long term strategy to take this institution to the next trajectory of sustainable growth. During the immediate past year, we focused on booking of quality assets and at the same time to consolidate our credit portfolio by taking measures of remediation. I believe that your prudent evaluation of our performance and valued guidance will pave us the way for sound and sustainable growth of Mercantile Bank. We are relentless in our endeavor to reposition ourselves in the banking industry as one of the strongest banking institutions of the country. We keep high on our agenda of priority to maximize the value of investments of our all category of dignified shareholders and at the same time to make value addition in the cycle of the economic growth of the country at large by expansion and diversification of our credit portfolio across the thrust sectors of the economy.

Global Economy

Global growth almost remains within the projected threshold and hovered around 3%, while the economic growth in the USA slides during first half of the year which may be considered as the corollary effect of Brexit but ultimately its long term impact proves to be insignificant. The world economy is expected to gain traction in the year 2017 weathering the emerging headwinds. In the year 2016, the growth trend of advanced economies had plunged to 1.6% while the growth paradigm of emerging and developing economies is expected to take up turn in the current year after experiencing 5 years of consecutive downhill trend. In advanced economies, a modest and uneven recovery is expected to continue, with a gradual narrowing of output gaps. The slowdown and rebalancing of the Chinese economy, lower commodity price, and strains in some large emerging market economies will continue to weigh on growth prospect in 2016-17. Indian growth rate is projected to be 7.6% during 2016. The projected pickup in growth in the

next two years-despite the ongoing slowdown in China-primarily reflects forecasts of gradual improvement of growth rates excepting the countries like Brazil, and some other countries in the Middle East which are in economically distressed situation because of overall instability.

Bangladesh Economy

Bangladesh has an impressive track record of growth and development, aspiring to be a middle-income country in coincidence with its golden jubilee celebration as an independent country. The country's goal to become an upper-middle-income country by 2021 will require even stronger annual growth of 7.5%-8%. Robust investment and solid consumption are required to catapult the economy to the next growth trajectory. Despite a decrease in remittances from Middle East countries due to the plunge in oil prices, low price pressures and rising wages have bolstered household purchasing power. Bangladesh has transformed its economic structure over the last 2 decades, reaping the benefits of investment in the ready-made garments (RMG) sector and overcoming challenges such as the global financial crisis and the removal of preferential markets with the expiry of the Multi-Fiber Agreement in 2005. Lack of energy infrastructure, uncertainties in property ownership and lack of self-discovery in non-RMG sectors are significant barriers for private investment. Some of the policies that allowed the country to grow and prosper in the last few years will become less effective, and the economy will need to "switch gears" to consolidate the growth momentum appreciating that the domestic economy become concentrated in a few sectors necessitating the diversification of the exportable as well as destinations.

MBL Performance Highlights

MBL in the year 2016 focused on consolidation of its balance sheet by taking remedial measures for streamlining non-performing loans in its portfolio. Even though the different factors of domestic economy were not favorable enough to eke out the desired level of profitability. In the year 2016 we had to make downward adjustment of the interest rate / loan pricing under the stiff competition in financial market as well as regulatory pressure to ensure compliance with the stringent terms & conditions. Our internal policy priority is to stay compliant under any circumstances. As a result of concerted efforts of all the members of MBL family under the prudent policy guidance of our board, we succeeded in attaining consistent profit growth by keeping down the growth of NPLs and ensuring efficiency in the process of intermediation of the available fund and by reining in the cost of deposit for creation of desired level of interest spread.

In the year 2016 banking industry as a whole was in the face of manifold challenges the notable ones are subdued credit demand, growing cost sensitivity among the corporate borrowers and their strong preference to avail of the foreign currency loan. To face externalities we have taken two pronged initiatives one is to consolidate our portfolio through streamlining of nonperforming asset and at the same time to expand our business portfolio and thereby striking balance between liquidity and profitability. Our concerted effort with respect to NPL management yielded 5.13%. During the year we also focused on liability management and prioritized to rationalize cost of deposit to generate satisfactory interest margin in the process of intermediation.

During the year 2016 our deposit base surged by 6.71% to BDT 165.26 billion in comparison to 2015 while position of loan and advance portfolio experienced growth by 19.45% to 150.91 billion in comparison to the immediate past year. Here it is notable that our endeavor to reining in the cost of deposit by mobilizing no cost / free float deposit yielded good result as the cost of deposit came down to 6.25% in 2016 from 7.52% in 2015. During the year our export performance increased by 20.22% to 113.04 billion while import registered growth by 16.49 % to 139.77 billion. Our bank's home bound remittance experienced consistent growth which figured at BDT 24.05 billion during the year.

Basel Accord

Basel III is a comprehensive set of reform measures developed by the Basel Committee on Banking Supervision to strengthen regulation and supervision and reduce risks of the banking sector globally. MBL is committed to implement Basel III in its true form and spirit. Therefore we continue to strengthen our capital, funding and liquidity position and we are well placed to meet future regulatory requirements under more stringent regulatory requirements. As at 31 December 2016, the Bank's Basel III Tier 1 Capital Ratio was 8.35% and Tier 2 Capital Ratio was 4.68%, compared to 8.52% and 3.34% at 31 December 2015 respectively.

Business Strategy

During the year under review, our focus and strategy was concentrated on sustainable long-term growth of business, better deposit mix, improving the quality of assets, rationalizing operating cost, improving operational efficiency and productivity of resources, better and faster customer service, expansion of branches, mobile banking services, offering a number of new products in retail banking, SME financing and card services and strengthening the overall risk management and corporate governance system.

Sophisticated Technology

Technological sophistication is the precondition for attaining comparative advantage in today's modern and highly competitive banking industry. We are continuously putting due emphasis on strengthening our IT platform and at the same time continuously providing more IT based solution for our customers and for improving our operations work-flow. From the beginning, MBL has adopted modern technologies to provide fast tracking customer-centric services to clients. We have introduced on-line real time banking, SMS and Internet banking services for our customers. We are providing 24 hours banking services to our clients through our ATM booths across the country. The bank's core banking software "TEMENOS T24", a world class proven technology

platform, which is an excellent technology platform fine-tuned to achieve efficiency in its operations. Our endeavors towards incremental improvement of tech savvy modules continue and will bring efficiency and quality to our operations for ensuring superior value services to our customers.

Human Resources

We believe that Human Resources are the most valuable asset for the Bank. Success in banking operations depends largely on the quality of human resources. It is our continuous endeavor to establish an open and enabling environment where our people can work with self respect, dignity and scope for smooth career progression. We believe that our investments in Human Resource Development are key to sustainable growth profit orientation. We have in our Bank, dedicated and highly professional pool of workforce voicing our corporate slogan, 'Efficiency is our Strength'. The Management is continuously trying to upgrade the knowledge and skill levels of its employees through arranging training both at home and abroad for broadening their world view in this knowledge based global economy.

Green Banking

As part of Green Banking, MBL is supporting loans to environment friendly proposals and declining projects which are non-compliant. We have established a separate Green Banking unit and various measures have been adopted. Our focus and encouragement are on financing ETP or water treatment plants for existing Textiles and Readymade Garments sectors. Additionally our Green Banking Division is providing loans for the Renewable Energy and Energy Efficiency sectors like Solar, Bio Gas, Energy Savings directives in line with Bangladesh Bank Green Banking Policies.

Corporate Social Responsibility

MBL believes that, true success does not consist in profit maximization, but in doing something good for the less privileged. This is our ultimate source of satisfaction as a responsible corporate citizen. With a view to performing CSR activities, MBL has established a Foundation namely Mercantile Bank Foundation in 2000. Each year a certain percentage of operating profit is contributed to the Foundation targeting to carry out various benevolent and charitable activities. Mercantile Bank "Abdul Jalil Education Scholarship" provides scholarships to poor and meritorious students. Foundation also awards few personalities of the society for their outstanding contribution in various fields. Financial assistance in health sectors, assisting the victims of natural disasters, development of sports and talents, sponsorship for the mentally and physically challenged are some of the CRS activities carried out each year by Mercantile Bank Foundation. During the year 2016, MBL donated BDT 66.90 million for their CSR activities.

Upcoming Challenges and Our Outlook

Banking industry is becoming increasingly competitive. Modern and hi-tech business is replacing conventional banking. Banks are handling similar financial products. Hence, quality services and efficient management will make the difference and help in achieving sustainable growth.

In order to be successful in the phase of this ever changing competitive arena, our strategy is to continue the business that we do well i.e., better management of our exposure in corporate/commercial business and diversification of portfolio; expansion of business in potential areas like SME, Agriculture and Retail; venturing of new and innovative ideas like project in Renewable Energy and Energy efficiency pro-friendly environment projects will assist sustainable growth; focus on IT development for efficient customer services and broadening of larger customer base; concerted efforts in mobilization of remittances with an ever increasing network of exchange houses both at home and abroad is also necessary. We will continuously focus on mobilization of no-cost and low-cost deposits; effective management of operating costs; maximization of fee based income; strengthening our Primary Dealer operations to optimize spin-off earnings.

We are relentlessly working to provide our customer with quality and prompt services. Tackling the uncertainty and challenges of the economy coupled with rising expectations of quality services and demand for lowering of lending rate will be major factors in determining and positioning of banks. We are hopeful of handling those challenges well.

Acknowledgement

On behalf of management of the Bank, I express my appreciation and thanks to the Government of the People's Republic of Bangladesh, Governor and other officials of Bangladesh Bank, Bangladesh Securities and Exchange Commission (BSEC), Dhaka Stock Exchange (DSE), Chittagong Stock Exchange (CSE) and Registrar of Joint Stock Companies and Firms for their continuous help and assistance, valuable guidelines and co-operation provided to the Bank from time to time.

We have a professional and dedicated team of management who are well poised to meet the challenges ahead in the stiff competitive banking industry. It is our continuous endeavor and we are also trying to be more competitive through implementation of different strategic measures both from short and long term perspectives. I am very much thankful to all my colleagues in the Bank for their profuse help and efforts to attain the corporate vision, mission and strategic objectives by upholding our ingrained institutional core values. I acknowledge my debt and gratitude to the respected members of the Board for their valuable and judicious policy support to navigate this institution in the right direction for taking it to a higher place of sustainable growth with competitive edge.



Kazi Masihur Rahman



Directors' **Report**

On behalf of the Board of Directors of Mercantile Bank Limited, we have the pleasure to present the 18th Annual Report of the Bank comprising of audited Balance Sheet, Profit and Loss Account, Cash Flow Statement, and Statement of Changes in Equity and Assets Liabilities Maturity Analysis as on December 31, 2016. On this auspicious gathering of our most valued shareholders, we are also placing a brief review of various business operations of the Bank during 2016 along with the current trend of World as well as Bangladesh Economy.

World Economy

Aid and trade together make the Bangladesh economy far more integrated with the world economy today than it ever was. Prosperity around the globe brings good tidings for our economy as well. But there are challenges emerging from the state of the global economy and outlook.

The rising fiscal burden in developed countries has sapped resources away from investment in productivity enhancing infrastructure, among others. The USA is strapped with a net debt-to-GDP burden of $18 trillion or 81% of its GDP, while the European Union averages 67%, compared to Bangladesh's public debt of only 40% of GDP. All these factors combine to stymie growth to the lowest levels experienced in decades.



Global Economic Outlook (October 2016)

	2014	2015	2016	2017(p)
World Output Growth	3.4	3.2	3.1	3.4
World Trade Growth	3.9	2.6	2.3	3.8

Source : IMF, World Economic Outlook, October 2016

Output Growth

In its latest World Economic Outlook (WEO, October 2016), IMF projects global growth to decline to 3.1% in 2016 before recovering to 3.4% in 2017. The forecast reflects a more subdued outlook for advanced economies following the June BREXIT (Britain's exit from EU) vote in U.K. and weaker-than-expected growth in the United States. These developments have put further downward pressure on global interest rates, as monetary policy is now expected to remain accommodative for longer particularly in the developed economies.

Trade Growth

According to WEO October 2016 the subdued performance of world trade flows persisted into 2015 and 2016, with the volume of world trade hovering at 2.6% and 2.3% the lowest growth rate since the global financial crisis. The weakening pace of trade liberalisation and the recent uptick in protectionism are holding back trade growth, even though their quantitative impact thus far has been limited. The decline in the growth of global value chains has also played an important part in the observed slowdown. Global trade growth is expected to pick up to a moderate pace of 3.8% in 2017, outpacing real world GDP growth, but still considerably below the rates witnessed during the pre-crisis period.

Bangladesh Economy

"Booming Bangladesh" and "Bangladesh's economy is on a roll", beamed the leading British magazine The Economist in its largely effusive assessment of the Bangladesh economy and its prospects, on the eve of the visit of Chinese President Xi Jinping in October last year. It did not miss the point that the Bangladesh economy was on track to clock another year of 7%+ GDP growth, after recording its first ever 7% growth performance in the previous fiscal year, FY 2016 all in tune with the targets of the country's 7th Five Year Plan (2016-2020). Besides, The World Bank and Asian Development Bank together seem ready to commit some $15 billion of concessional finance over the next 5 years. All of this commitment takes a big bite out of the resource constraint that Bangladesh faces in bridging the colossal resource gap to build its infrastructure of the future.

Bangladesh Growth Performance and Outlook

Despite weaknesses in the global economy, recent performance and near-term outlook for the Bangladesh economy remains positive primarily due to policy certainty created by a steady political environment, improved energy situation, sustained growth in exports and remittances, and favorable public investment pipeline. Current growth performance provides indications that Bangladesh could be moving out of the 6% growth trap.

FY2017 GDP Growth Projections (%)

World Bank 6.8

ADB 6.9

IMF 6.9

7FYP 7.2



In FY2015-16, Bangladesh Bureau of Statistics (BBS) estimates Gross Domestic Product (GDP) growth at 7.11% modestly above the 7th FYP target of 7%, aided by revived exports, sound industrial performance and sustained domestic consumption spending. In a departure from past pessimism about growth outlook, key development partners (e.g. WB, IMF, ADB) appear upbeat, all projecting close to 7% GDP growth for FY2017), against the 7th Plan target of 7.2%.



GDP Growth and sector performance (%)

	FY 15		FY 16		FY 17 (7th FYP)	
	Share	Growth	Share	Growth	Share	Growth
Agriculture	16.00	3.33	15.33	2.79	14.5	3.3
Industry	30.42	9.67	31.28	11.09	29.8	10.5
Of Which Manufacturing	20.16	10.31	20.77	10.30	19.1	11
Services	53.58	5.80	53.39	6.25	55.7	6.4
GDP Growth	6.55		7.11		7.20	

Source : BBS, 7th FYP

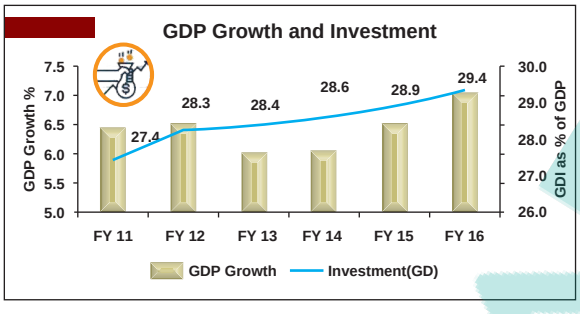
Savings-Investment Scenario

With growth on track the immediate challenge is to raise the level of investment to 30% of GDP in FY2017 which appears within reach given BBS estimate of 29.4% in FY2016. The main policy challenge will be to stimulate private investment, which has been pretty stagnant at around 22% of GDP for the past five years. Unless the rate of private investment gets a boost in the medium-term it would be a stretch to reach overall investment of 34.4% of GDP by FY2020, in order to attain the coveted 8% GDP growth at the end of the 7th Plan period.

Saving-Investment and Investment-growth nexus

(In percent of GDP)	FY14	FY15	FY16(p)
Gross Domestic Investment	28.58	28.89	29.38
Private	22.03	22.07	21.78
Public	6.55	6.82	7.60
Gross National Saving	29.23	29.02	30.31
Saving-Investment gap	0.65	0.13	0.93

Source: BBS

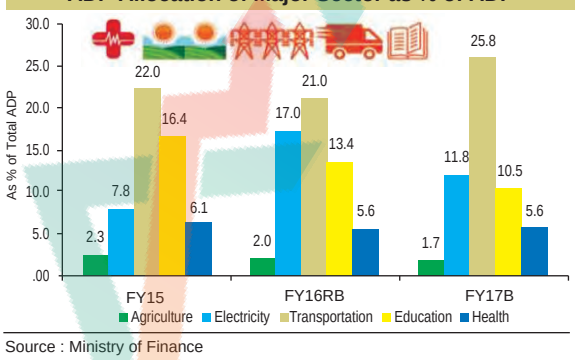


Fiscal Performance

NBR revenue collection experienced significant shortfall from target for four consecutive years, with FY2016 recording the highest shortfall. In FY2016, revenue growth was only 9.6%, compared to 13.3% in the previous year.

In the FY17 budget expenditure, greater emphasis has been given to communication infrastructure. Expenditure on all key social sectors like education, health, food and social security had stagnated in recent years relative to GDP and their share in total spending had declined.

ADP Allocation of Major Sector as % of ADP



Source : Ministry of Finance

Inflation and Monetary Management

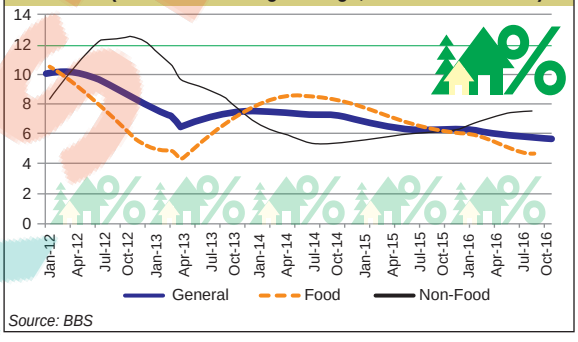
The downward trajectory of the general inflation rate in recent times can be attributed to falling food prices, due to favorable agricultural production and minimum supply disruptions on account of natural or man-made calamities. Following the decreasing trend in food inflation, the average general inflation settled at 5.66% in October 2016, consistent with the inflation target of 5.8% for FY17.

Rate of General Inflation (as measured by CPI, base 2005-06)

Inflation rate	October, 2016	October, 2015	Octber 2014	October 2013
Poing to Point	5.57%	6.19%	6.91%	7.03%
12 Month moving average	5.66%	6.21%	7.18%	7.47%

Source: BBS

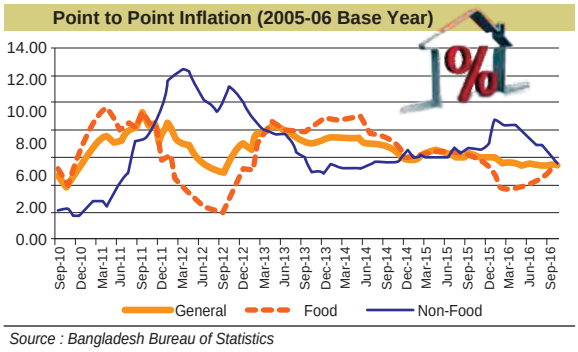
Inflation (12 Month Moving Average, 2005-06 Base Year)



Source: BBS

In January 2016, the point to point CPI non-food inflation spiked to a three year high of 8.74%, caused by a rise in house rent, educational material prices, and school admission fees. The rate has been easing down since then.

Point to Point Inflation (2005-06 Base Year)



Source : Bangladesh Bureau of Statistics

Credit Growth Scenario

In June 2016, public credit registered a positive growth of only 2.6% compared to BB projection of 18.7%. In contrast, private sector credit growth has been relatively stable over the last few years. An exception would be the drastic fall witnessed in FY13, when private credit growth reduced to 10.8% from a high of 20.3%.

Non-performing Loans

The amount of NPL is historically very high and has become an ever-increasing phenomenon in the banking industry of our country. For example, the non-performing loans (NPLs) of PCBs in mid-2016 was 5.4%, while it was 25.7% for state owned banks and 26.1% for public specialised development banks.

Gross NPL Ratio in the Banking system

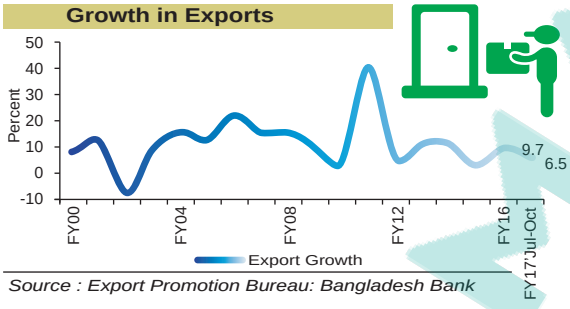
	2009	2010	2011	2012	2013	2014	End of June-2015	End of June-2016
Gross NPL ratios	9.2	7.3	6.1	10	8.9	9.7	9.7	10.06
State-owned commercial banks	21.4	15.7	11.3	23.9	19.8	22.2	21.9	25.74
Specialised development bank	25.9	24.2	24.6	26.8	26.8	32.8	25.5	26.14
Private commercial banks	3.9	3.2	2.9	4.6	4.5	5	5.7	5.44
Foreign commercial banks	2.3	3	2.9	3.5	5.5	7.3	8.3	8.33

Source : Banglsdesh Bank

The above figure shows that overall NPL scenario in 2016 seems quite similar to that of earlier years. The exception would be the period from mid-2012 until early 2014. The primary reason for the increase in reported NPL was the withdrawal of the one-time relaxation of the loan rescheduling procedure, which was given in 2013 (Financial Stability Report). The overall NPL ratio temporarily spiked in response to that event.

Export Prospects

With exports of $34 billion FY16 was not one of the best years for export growth though it ended on a positive note of 9.7% growth for the year. Exports remained sluggish during the first four months of FY17 growing at only 6.5%.



Source : Export Promotion Bureau: Bangladesh Bank

Import Scenario

FY16 merchandise imports at $39.7 billion remained sluggish in keeping with the moderate growth of exports, registering growth of 5.5% compared to 11% in FY15. In part the slower growth of imports is attributable to the fall in oil prices in the global market. Bangladesh is an oil importing country with oil and oil products being some of the top items in Bangladesh's imports basket.

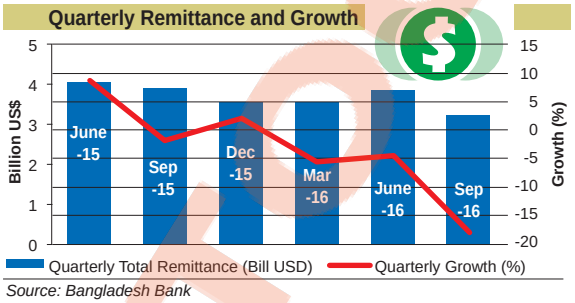
Growth and Shares of Broad Categories of Imports, FY16

Broad Categories of Imports	% Change in value, FY16 over FY15	% share of total imports in FY16
Food Grains	-29.1	2
Consumer Goods	17.8	8
Intermediate Goods	2.6	55
Capital Goods	6.4	23
Others	24.4	11
Total	5.5	100

Source: Bangladesh Bank

Remittance

Remittance takes center stage this year as remittance figures experienced a fall in FY16 ($14.7 billion), recording a decline of 2.5% after a satisfactory growth of 7.6% in FY15 ($15.2 billion). More recently, remittances steadily declined almost every month in FY16 and the declining trend is still continuing in the first quarter of FY17.

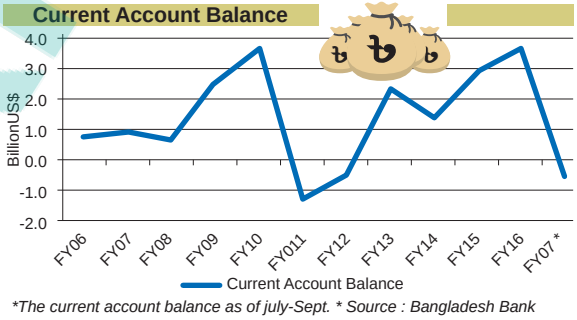


Source: Bangladesh Bank

Current Account Balance

Bangladesh's current account has been recording surpluses in all but one of the past ten years. In FY16 the current account balance stood at $3.7 billion, or about 1.5% of GDP.

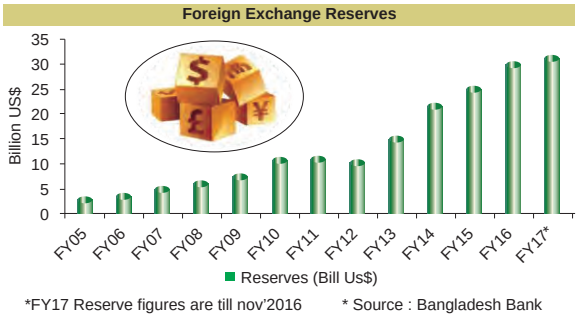
In the first three months of FY17, the current account displayed a deficit of $0.5 billion. This was due to the pickup in imports and one of the largest decline in growth of remittance earnings.



**The current account balance as of july-Sept. * Source : Bangladesh Bank*

Reserves in the Comfortable Zone

As of November 2016, reserves stood at $31.3 billion. At 8.5 months of imports in FY16, reserves appear comfortable and above the corresponding levels in many developed countries in 2015 like Singapore (5.9), South Korea (7.8), Hong Kong (5.6) and was close to that of India's (9.5), though lower than that of China's (17.6).



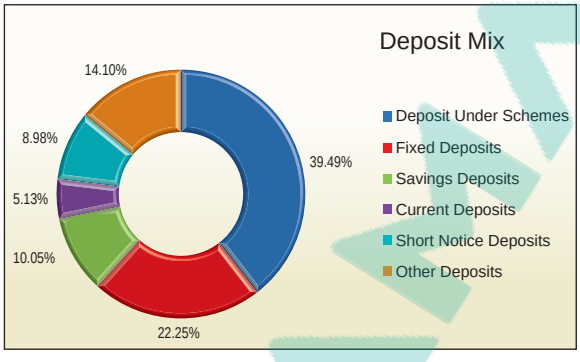
*FY17 Reserve figures are till nov'2016 * Source : Bangladesh Bank

Business Review

Deposits & Deposit Mix

In the year 2016, we have emphasized on restructuring of our deposit mix with a view to keeping downhill the cost of fund as well as to build up the sustainable deposit base by reducing our dependence on big chunk corporate deposits. As a result, at the end of 2016, total deposits of the Bank stood at BDT 165,257.45 million as compared to BDT 154,869.52 million of 2015. However, we are endeavoring to make our deposit products even more acceptable to the prospective clienteles by ensuring delivering superior and value adding customer services.

Deposit Mix		
	(BDT in million)	
Type	Volume	%
Deposit Under Schemes	65,255.56	39.49%
Fixed Deposits	36,776.57	22.25%
Savings Deposits	16,601.54	10.05%
Current Deposits	8,475.34	5.13%
Short Notice Deposits	14,844.17	8.98%
Other Deposits	23,304.27	14.10%
Total	**165,257.45**	**100.00%**



Loans and Advances

Total loans and advances of the Bank stood at BDT 150,912.52 million as on December 31, 2016 against that of BDT 126,338.83 million at the end of 2015. The Bank recorded a 19.45% growth in loans and advances. Major sectors where the Bank extended credit includes trade and commerce, garments industries, large and medium scale industries, construction, agriculture and related sectors, hospital and medical Services, transport, pharmaceuticals etc. Besides, the Bank continued its support to Small and Medium Enterprises (SME) and expanded credit facilities to them through its SME Division.

Sector Wise Loans & Advances Mix		
	(BDT in Lac)	
Particulars	Volume	%
Education (School/College, University, Research institute)	3,210.90	0.21%
Health	12,541.17	0.83%
Agriculture	80,224.08	5.32%
Commodities (Sugar/ Edible Oil/ Wheat/ Rice/ Dal/ Peas/ Maize etc), Food & Beverage	83,202.46	5.51%
Trade Finance	274,206.90	18.17%
Transport	34,409.75	2.28%
Shipping	65,014.52	4.31%
Textile (Excluding IDBP)	64,339.78	4.26%
Textile (IDBP)	6,751.37	0.45%
Readymade Garments (RMG) [excluding IDBP]	203,080.28	13.46%
Readymade Garments (RMG) [IDBP]	26,112.07	1.73%
Tele communication	8,429.90	0.56%
IT & Computer/Trade	4,059.79	0.27%
Power & Fuel	3,799.51	0.25%
Real Estate	82,741.73	5.48%
Cement	2,601.86	0.17%
Chemicals	13,995.03	0.93%
Leather & Leather products	27,487.88	1.82%
Plastic & Plastic products	8,664.78	0.57%
Electrical & Electronic goods	11,609.04	0.77%
Paper & Packaging	38,179.50	2.53%
Jute & Jute products	23,449.42	1.55%
Glass & Glass products	782.07	0.05%
Ceramics (Table ware, Sanitary ware, Tiles etc.)	10,531.51	0.70%
Iron & Steel	96,656.70	6.40%
Engineering & Construction	17,642.38	1.17%
Contractor Finance	22,691.56	1.50%
Capital Market Intermediaries	43,260.68	2.87%
Backward Linkage	18,908.24	1.25%
Consumer & Retail Products	9,457.68	0.63%
NBFI	37,196.72	2.46%
Service (Hotel, Restaurant, Travelling, Tickets, etc.)	7,444.55	0.49%
Others	166,441.41	11.03%
Total	**1,509,125.22**	**100.00%**

Import Trade

Like before, this year also MBL has exhibited quality financing while facilitating import trade. During the year, the Bank handled a total of BDT 139,766.40 million of Import business compared to BDT 119,982.40 million of the year 2015. The Bank is engaged in opening Letter of Credit in different sectors including machineries, garments & accessories, wheat, sugar, CDSO, vegetable oil, cement clinkers, hot roll steel, raw cotton, ships-breaking industries etc.

Export Trade

The Bank handled total of BDT 113,035.20 million of export business in 2016 as against BDT 94,027.10 million of the year 2015. The focal point of our export financing was garments industry, the lone driving force of the economy of Bangladesh and the single biggest source of foreign exchange and employment provider of the country. Other notable items were jute & jute goods, leather, handicrafts, tea, frozen food & fish products.

Foreign Remittance

During the year 2016, MBL has strengthened its position in mobilizing inward foreign remittance from Non-Resident Bangladeshis (NRB) living and working in different parts of the world. The Bank has strategic alliance with leading exchange companies and banks in USA, United Kingdom, UAE, Kuwait, Bahrain, Canada, Italy, France etc. Furthermore, for prompt & safe distribution of this hard earned money to their near and dear ones in every corner of the country, we have made an arrangement with Bangladesh Post Office and some other local banks and agencies. MBL participated in various fairs/ campaigns at home and abroad to create awareness and continued encourage and motivate both remitters and beneficiaries to use formal banking channel for money transfer from abroad. In 2016, the bank handled total inward foreign remittance of BDT 24,048.20 million compared to BDT 19,003.20 million in 2015. We have strengthened relationship with various global money transfer companies including Western Union, Money Gram, Xpress Money, Placid Express, Instant Cash Worldwide, Prabhu Money Transfer and Trans-Fast Remittance.

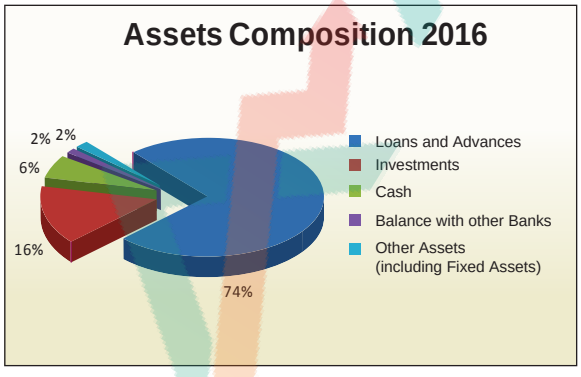
Asset Portfolio

The Bank's total assets as on December 31, 2016 amounted to 204,137.47 million as compared to BDT 182,800.16 million at the end of December 2015. Among the total assets outstanding in 2016, loans and advances constituted 73.93%, investments 16.13%, cash 6.12%, balances with other banks 1.73% and other assets 2.09%.

Asset Portfolio

(BDT in million)

	In 2016		In 2015	
Components	Amount	% of Total	Amount	% of Total
Loans and Advances	150,912.52	73.93%	126,338.83	69.11%
Investments	32,920.69	16.13%	33,829.46	18.51%
Cash	12,499.97	6.12%	13,225.47	7.23%
Balance with other Banks	3,536.86	1.73%	3,822.76	2.09%
Other Assets (including Fixed Assets)	4,267.43	2.09%	5,583.64	3.05%
Total	**204,127.47**	**100.00%**	**182,800.16**	**100.00%**



Capital

The Authorized Capital of the Bank stood at BDT 12,000.00 million of 1,200,000,000 Ordinary Shares of BDT 10 each as on December 31, 2016. Paid-up Capital of the Bank was BDT 7,391.57 million of 739,156,701 Ordinary Shares, face value of BDT 10 each and listed in both Dhaka and Chittagong Stock Exchanges.

Statutory Reserve

During the period under review the bank transferred BDT 528.66 million to Statutory Reserve as 20% of the profit after provisions before tax as per Section 24 of the Bank Companies Act, 1991. The total amount of Statutory Reserve stood at BDT 5,449.25 million at the end of 2016.

Capital Adequacy

As per new risk based capital adequacy framework, MBL has adopted Basel III in the Bank from 2015. As per Basel III principles, Capital to Risk-weighted Asset Ratio (CRAR) of the Bank stood at 13.03% (solo basis) as on December, 2016 against minimum requirement of 10.625%.

Capital Adequacy

	(BDT in million)
Tier 1 Capital (going-concern capital)	**14,330.00**
Paid-up Capital	7,391.57
Statutory Reserve	5,449.25
Retained Earnings	1,538.68
Dividend Equalization Account	45.68
Regulatory Adjustment from Tier 1 Capital	(95.18)
Tier 2 Capital (gone-concern capital)	**8,037.16**
General Provision	4,709.74
Revaluation Reserve for Fixed Assets (as on 31 Dec-15)	321.81
Revaluation Reserve for Equity Investment	0.00
Revaluation Reserve for Securities (as on 31 Dec-14)	223.91
Subordinate debt	3,000.00
Regulatory Adjustment from Tier 2 Capital	(218.29)
Total Capital	**22,367.17**
Total Risk-Weighted Assets (RWA)	**171,704.24**
Capital to Risk-weighted Asset Ratio (CRAR)	**13.03%**
Tier 1 Capital to RWA	8.35%
Tier 2 Capital to RWA	4.68%
Minimum Capital Requirement	18,243.58
Capital Surplus	4,123.59

It is noteworthy that within the purview of our capital plan, we have issued sub-ordinated debt bond to the extent of BDT 3,000.00 million during the year 2014.

Number of Shareholders

Since the issuance of IPO in 2003, the number of total shareholders is increasing day by day. At the end of the year 2016, total number of shareholders of the Bank stands at 28,210.

Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
No. of Shareholders	6,692	8,246	12,416	40,283	41,427	44,117	44,462	42,176	34,127	28,210

Contribution to National Exchequer and Economy

Being a responsible corporate citizen, MBL regularly pays corporate tax on time. We also deposit excise duty, withholding tax and VAT to govt. exchequer on time deducted from employees' salary as well as payments to customers and vendors in due process. In 2016, the Bank has made provision of BDT 1,260.00 million for corporate tax against that of BDT 1,250.00 million in 2015. The Bank has also contributed to the economy by generating employment opportunities. Number of employees on our regular payroll figured at 2,043 as on December 31, 2016. In the intermediation process, the Bank mobilized resources of BDT 165,257.45 million from the surplus economic unit and deployed BDT 150,912.52. million in 2016. The Bank has made significant contribution to the growth of Readymade Garments sectors by handling huge amount of export Letters of Credit.

Acquisition of IDLC Shares

In the year 2005 Mercantile Bank Ltd. acquired 150,000 sponsor shares of IDLC Finance Limited.

Dividend from IDLC Finance

Year	% Dividend	Dividend from IDLC Finance			
		Cash Dividend in BDT	Sale	Stock Dividend	Total Holding
Share Holding					1,500,000.00
2005	37.50%	5,625,000.00		-	1,500,000.00
2006	5.00%, 33.33% B	750,000.00		500,000.00	2,000,000.00
2007	15%, 25% B	2,250,000.00	500,000	375,000.00	1,875,000.00
2008	15%, 20% B	2,812,500.00		375,000.00	2,250,000.00
2009	10%, 100% B	2,250,000.00		2,250,000.00	4,500,000.00
2010	35%, 65% B	15,750,000.00		2,925,000.00	7,425,000.00
2011	25% B	-		1,856,250.00	9,281,250.00
2012	30% B	-		2,784,375.00	12,065,625.00
2013	5%, 25% B	6,032,812.50		3,016,406.00	15,082,031.00
2014	10%, 25% B	15,082,031.00		3,770,507.00	18,852,538.00
2015	25%	47,131,345.00			18,852,538.00
Total		97,683,688.50	500,000	17,852,538.00	

Note : Considering Face value of Share Tk. 10/-

Capital Gain

Mercantile Bank Limited received 50,000 shares as stock dividend of IDLC Finance Limited in the year 2006. In the year 2007 we realized capital gain of BDT 59,650,000.00 after completion of sale of 50,000 bonus share.

Total Receipt

From the financial year 2005 to 2016 we have received cash dividend of BDT 97,683,688.50 along with capital gain from sale of 50,000 shares BDT 59,650,000.00. Total receipt from IDLC investment stood at BDT 157,333,688.50.

Present Holding

At present Mercantile Bank Limited is 18,852,538 ordinary shares of IDLC FINANCE LIMITED, which is 7.50% of the total paid up capital of the said Non-Banking financial institution.

Branch Network

The Bank commenced its business on June 2, 1999. The first branch was opened at Dilkusha Commercial Area in Dhaka on the inauguration day of the Bank. At the end of 2016, the number of branches of the Bank stood at 119, including 5 SME/Krishi branches, of which 79 branches are located at major trade centers of the country while remaining 40 branches are at the rural areas of the country. Expansion of branches at rural areas has provided the lower income group an access to modern banking system and prompt receipt of remittances.

Board and Committee Meetings

24 (twenty four) meetings of the Board of Directors, 43 (twenty three) meetings of the Executive Committee, 12 (twelve) meetings of the Audit Committee and 06 (six) meetings of the Risk Management Committee of the Board were held during the year 2016.

Particulars	Year		
	2014	2015	2016
Board of Directors	17	22	24
Executive Committee	44	37	43
Audit Committee	11	13	12
Risk Management Committee	03	05	06

External Auditors

A. Qasem & Co., Chartered Accountants and Aziz Halim Khair Choudhury, Chartered Accountants are presently engaged as Auditors of the Bank. The Audit Firm: A. Qasem & Co., Chartered Accountants completed 3 (three) years as External Auditors and the other Auditor, Aziz Halim Khair Choudhury, Chartered Accountants completed 2 years successfully at the end of 2016. As per the guidelines of Bangladesh Bank and Bangladesh Securities and Exchange Commission, only Aziz Halim Khair Choudhury, Chartered Accountants is eligible for re-appointment for further term. The distinguished Shareholders will decide the appointment/ re-appointment of 2 (two) Audit Firms as External Auditors of the Bank in the AGM.

Correspondent Relationship

The Bank has established correspondent relationship across the world with a number of foreign banks. The number of correspondent banks stood at 652 as on December 31, 2016 across 63 countries. Through its correspondent relationship network, MBL continues to follow needs and business opportunities of its clients. The Bank maintains 27 Nostro accounts in major international currencies with reputed international banks in all the major financial centers around the world, for settlement of trade finance and all other cross border transactions. MBL also enjoys sufficient credit lines from correspondent banks for add confirmation to LC to facilitate international trade. We are continuously emphasizing and trying to develop and improve the relationship with correspondent banks.

Mercantile Exchange House (UK) Limited

With permission from Bangladesh Bank and registration of Financial Services Authority, UK, MBL stretched its business in UK through its fully owned subsidiary named 'Mercantile Exchange House (UK) Limited' to facilitate fast and reliable medium to remit the hard-earned money of expatriates to home. After commencement of business in December 2011, at present we have one branch in London. Within a very short span of time, the company has been able to create satisfactory customer base through efficient and professional service to Bangladeshi expatriates living in the UK.

Mercantile Bank Securities Limited

Mercantile Bank Securities Limited (MBSL) formed on 27 June 2010, to deal with stock dealing and broking. As a subsidiary it started its separate operation from 14 September, 2011. At present, MBSL has 7 branches.

Off-shore Banking

Off-shore banking acts as a unique solution for banks across the globe to carry out international banking business involving foreign currency denominated assets and liabilities taking the advantages of low or non-existent taxes/ levies and higher return on investment. MBL is offering off-shore banking facilities to cater the banking requirements of non-resident customers through its Gulshan and Chittagong Export Processing Zone (CEPZ) branches.

Mobile Banking

With the permission of Bangladesh Bank, MBL launched its own mobile banking service in name and style, **'MyCash"**. In Mobile Banking system, basic mobile handsets are being used as bank accounts and will serve as a wallet for the transaction of money. This is an innovative idea of economic inclusion of the low income un-banked people. This service has already gain popularity among a good number of people and the number is increasing day by day.

Internet Banking

Mercantial Bank has been introduced Internet Banking so that customers can reduce their dependency on branch and perform their banking activities anytime, which include transferring fund from one account to another account, generating account statement.

Information Technology

From inception, MBL has always been moving with the latest technology and time-to-time the bank has adopted different advantages of the technology to enrich its IT infrastructure and to cope with the ever changing customer needs. The role and importance of Information Technology in the banking industry cannot be over-emphasized. Technological innovation is adding value continuously. Banking operations of the branches have been computerized to minimize costs and risks and to optimize benefits and increase overall efficiency for improved services. After full implementation of our Core Banking Solution "TEMENOS T24", a world class proven technology platform, bank's MIS system are more robust, prompt and user friendly at present. Banks have started moving into "paperless banking" as part of "Green Banking" and MBL cherishes the idea by accelerating the pace of automation empowered by IT Division, which will not only reduce transaction and hardware costs significantly, but also a greater extent of scalability will be introduced and the resources exploitation will be maximized to save energy.

Financial Products

The Bank has launched a sound number of attractive financial products to accommodate the requirement of people of all classes' since inception. Among them Monthly Savings Scheme (MSS), Super Benefit Deposit Scheme (SBDS), Monthly Benefit Deposit Scheme (MBDS), Double Benefit Deposit Scheme (DBDS), 1.5 Time Benefit Deposit Scheme, Education Benefit Deposit Scheme (EBDS), Quarterly Benefit Deposit Scheme, Consumer Credit Scheme, Lease Finance Scheme, Overseas Employment Loan Scheme, Personal Loan Scheme, Car Loan Scheme, Home Loan Scheme, Agriculture Loan and SME Loan have received wide acceptance among the people.

Risks and Concerns

Banking business calculates risks and uncertainties not presently known or that is currently believed to be immaterial. Detail of risk factors and determining how to best handle such event is embroidered in Risk Management Report.

Ethics & Compliance
Report on Financial Statement

Presenting a fair, balanced and understandable assessment of the Bank's position and prospect is a part of good governance. It has been confirmed that

- The financial statements have been prepared present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account have been maintained.
- 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.
- International Accounting Standards (IAS)/ Bangladesh Accounting Standards (BAS)/ International Financial Reporting Standards (IFRS)/ Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts about the Bank's ability to continue as a going concern.
- There are no significant deviations from the last year's operating results of the Bank.
- Key operating and financial data of at least preceding 5 (five) years has been summarized.

Supportive Disclosure

It is hereby confirmed that proper disclosures have been made in Annual Report regarding:

- Basis for related party transactions.
- Remuneration to directors including independent directors.
- The number of Board meetings held during the year and attendance by each director.
- The pattern of shareholding by:
  - Parent/Subsidiary/Associated Companies and other related parties (name wise details).
  - Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details).
  - Disclosure on Executives (Top 5 salaried employees of the company, other than the Directors, CEO, Company Secretary, CFO and Head of Internal Audit).
  - Shareholders holding ten percent (10%) or more voting interest in the company (name wise details).
- Disclosure on the appointment/re-appointment of directors the Bank:
  - Brief resumes of the directors,
  - Nature of expertise in specific functional areas,
  - Names of companies in which the person also holds the directorship and the membership of committees of the board.

ToR/Code of Conduct

The Board of Directors of Mercantile Bank Limited has adopted all the policies, guidelines, circulars etc. (issued from time to time by Bangladesh Bank) as its Terms of Reference (ToR) and/or Code of Conduct and therefore separate documents like (i) Code of Conduct for Board Members, (ii) ToR for Audit Committee, (iii) ToR for Chairman and (iv) ToR for Managing Director & CEO have not been framed/laid down by the Board. The Directors have complied with such Code of Conduct/ToR.

A separate Report on Corporate Governance has also been furnished with this Annual Report.

Financial Review

Operating Profit

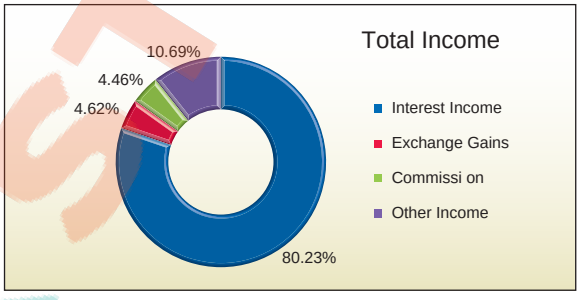
The operating profit of the Bank stood at BDT 4,346.44 million in 2016 as against BDT 3,935.75 million in 2015. Net Interest Income of the Bank stood at BDT 6,014.83 million in 2016 as against BDT 5,158.56 million in 2015.

Operating Profit (BDT in million)	
Total Interest Income	16,533.37
Less: Interest Expenses	10,518.54
Net Interest Income	**6,014.83**
Add: Non- Interest Income	4,074.15
Total Operating Income	**10,088.98**
Less: Non Interest Expenses	5,652.54
Operating profit	4,436.44

Total Income

Total income of the Bank stood at BDT 20,607.52 million in 2016 from BDT 19,752.47 million in 2015. Interest income accounted for 80.23%, exchange gains 4.62%, commission 4.46% and other income 10.69% to total income in 2015 as against 85.90%, 4.43%, 4.04% and 5.63% respectively in 2015.

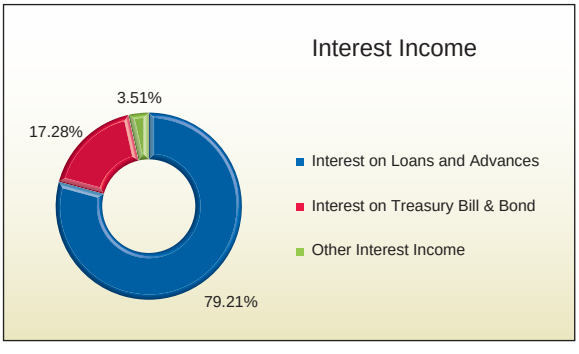
Total Income		
	Amount (in million)	% of Total
Interest Income	16,533.37	80.23%
Exchange Gains	952.66	4.62%
Commission	919.22	4.46%
Other Income	2,202.27	10.69%
Total	**20,607.52**	**100.00%**



Interest Income

Interest income of the Bank stood at BDT 16,533.37 million in 2016 from BDT 16,967.11 million in 2015. Interest on loans and advances accounted for 79.21%, interest on Treasury bill and Bond 17.28% and Other Interest Income 3.51% in 2016.

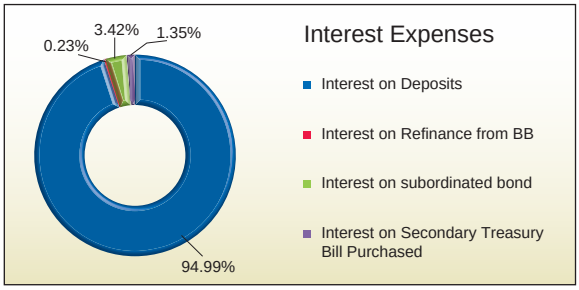
Interest Income		
Components	**Amount** (in million)	**% of Total**
Interest on Loans and Advances	13,095.64	79.21%
Interest on Treasury Bill & Bond	2,857.11	17.28%
Other Interest Income	580.62	3.51%
Total	**16,533.37**	**100.00%**



Interest Expenses

At the end of the year 2016 interest expenses of the Bank stood at BDT 10,518.54 million from BDT 11,808.55 million in 2015.

Interest Expenses		
		(BDT in million)
Components	**Amount**	**% of Total**
Interest on Deposits	9,992.04	94.99%
Interest on Refinance from BB	24.42	0.23%
Interest on subordinated bond	360.00	3.42%
Interest on Secondary Treasury Bill Purchased	142.08	1.35%
Total	**10,518.54**	**100.00%**



Net Interest Income

Net interest income increased from BDT 5,158.56 million in 2015 to BDT 6,014.83 million in 2016. Gross interest income of the Bank amounted to BDT 16,533.37 million and interest expenses amounted to BDT 10,518.54 million in 2016.

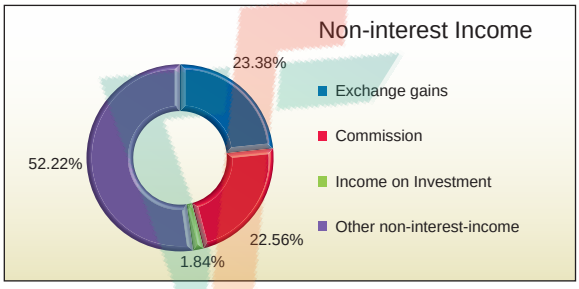
Net Interest Margin (NIM)

Bank's net interest margin, which is derived from net interest income divided by average earning assets, was 3.43% in 2016.

Non-Interest Income

Non-interest income stood at BDT 4,074.15 million in 2016 against BDT 2,785.45 million of 2015. Among the constituents of Not-Interest Income, Exchange Gains contributed 23.38%, Commission 22.56%, Income on Investment 1.84%, and other Non-interest Income 52.22% in 2016 as against 31.39%, 28.67%, 0.84%, and 39.09% respectively in 2015.

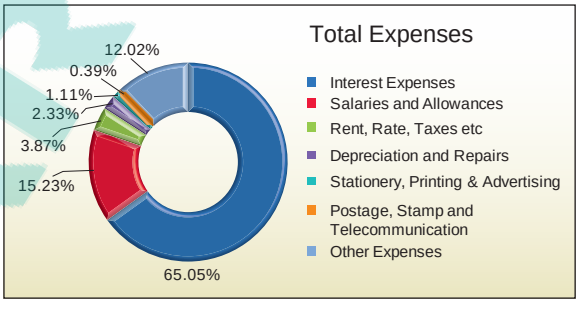
Non-interest Income		
		(BDT in million)
Components	**Amount**	**% of Total**
Exchange gains	952.66	23.38%
Commission	919.22	22.56%
Income on Investment	74.80	1.84%
Other non-interest income	2,127.47	52.22%
Total	**4,074.15**	**100.00%**



Total Expenses

The total expenses of the Bank stood at BDT 16,171.08 million during 2016 as compared to BDT 15,816.81 million during 2015. Interest expenses accounted for 65.05%, salaries and allowances 15.25%, rent, rates, taxes etc. 3.87%, depreciation and repairs 2.33%, stationary, printing and advertisements 1.11%, postage, stamp and telecommunication 0.39%, and other expenses 12.02% of total expenses in 2016 as against 74.66%, 11.39%, , 3.43%, 1.91%, 1.15%, 0.42%, and 7.03% respectively in 2015.

Total Expenses		
		(BDT in million)
Particulars	**Amount**	**% of Total**
Interest Expenses	10,518.55	65.05%
Salaries and Allowances	2,463.05	15.23%
Rent, Rate, Taxes etc	626.19	3.87%
Depreciation and Repairs	377.53	2.33%
Stationery, Printing & Advertising	179.04	1.11%
Postage, Stamp and Telecommunication	63.21	0.39%
Other Expenses	1,943.52	12.02%
Total Expenses	**16,171.08**	**100.00%**



Non-interest Expenses

Non-interest expenses moved up from BDT 4,008.26 million in 2015 to BDT 5,652.54 million in 2016. Salaries and allowances 43.57%, rent, rates, taxes etc. 11.08%, depreciation and repairs 6.68%, stationary, printing and advertisements 3.17%, postage, stamp and telecommunication 1.12%, and other expenses 34.38% of total expenses in 2016 as against 44.95%, 13.55%, 7.55%, 4.55%, 1.52%, and 27.75% respectively in 2015.

Non-interest Expenses		
		(BDT in million)
	Amount	**% of Total**
Salaries and Allowances	2,463.05	43.57%
Rent, Rate, Taxes etc	626.19	11.08%
Depreciation and Repairs	377.53	6.68%
Stationery, Printing & Advertising	179.04	3.17%
Postage, Stamp and Telecommunication	63.21	1.12%
Other Expenses	1,943.52	34.38%
Total Non-interest Expenses	**5,652.54**	**100.00%**

Net Profit before Tax

After transferring all provisions, net profit before tax stood at BDT 3,487.36 million in 2016 as against BDT 2,643.28 million in 2015.

Provision for Income Tax

Provision against current year tax is BDT 1,260.00 million in 2016 as against BDT 1,250.00 million in 2015.

Profit after Tax

Profit after tax earned by the Bank in 2016 is BDT 2,227.36 million as against that of BDT 1,393.28 million in 2015.

Profit after Tax		
		(BDT in million)
Interest Income	16,533.37	
Interest Expenses	10,518.54	
Net Interest Income		6,014.83
Non- Interest Income	4,074.15	
Non Interest Expenses	5,652.54	
Net Non interest Income		(1,578.39)
Profit Before Provision & Tax		4,436.44
Provisions		
Provision Un-classified Loans	212.73	
Provision Classified Loans	559.48	
Provision for Off-Balance Sheet Items	176.87	949.08
Profit before Tax		**3,487.36**
Provision for Tax		1,260.00
Profit after Tax		**2,227.36**

Dividend

The Board of Directors recommended 15% cash & 5% stock dividend for the year 2016. The Bank paid out 12% cash dividend to the shareholders in 2015.

Earnings per Share (EPS)

Since the inception and enlistment in Stock Exchange, the Bank has been making positive EPS. Earnings per share stood at BDT 3.01 as on December 31, 2016 against BDT 1.88 as on December 31, 2015.

Operating Efficiency Ratio

Operating Efficiency Ratio stood at 78.74% in 2016 as against 80.07% in 2015. This measures how much operating expenses are incurred to generate operating revenues.

Operating Efficiency Ratio		
	2016	**2015**
Total Expenses	16,171.08	15,816.81
Total Income	20,607.52	19,752.57
Operating Efficiency Ratio	**78.47%**	**80.07%**

Outlook 2017

Bangladesh Bank is pursuing the monetary policy with a view to containing inflation, reducing interest rate, expanding private sector credit growth, and limiting government borrowing from the banking system for healthy, inclusive and sustainable economic growth. During the year 2017, MBL will be more focused on strengthening/consolidation of position by expansion of its core business portfolios with specific importance to diversify the credit portfolio across the borrowers and business emphasizing on qualitative asset growth and thereby, attaining acceptable level of risk and return trade-off. With respect to sustainable growth and achievable business goal, we shall prioritize to the following strategic goals of business & roadmap for 2017:

- Be cautiously optimistic about business prospect in 2017
- Strengthening risk management to protect against any unusual risk arising from uncertainty in local market and international economic and financial crises.
- Expanding funded and non-funded business growth while limiting risk and ensuring quality of portfolio
- Containing cost of fund by opening new savings deposit accounts, introducing value added retail deposit product & services and increasing the amount and percentage of low cost deposits
- Rationalizing operating cost to optimize operational efficiency and effectiveness, enhancing productivity of resources.

We shall also continue our relentless efforts to upgrade the service quality by providing real time need based array of services to our clienteles and at the same time to ramp up the skill level of our employees so as to make them more proactive and responsive to the emerging challenges. In pursuit of sustainable business growth, the Bank will invariably stick to good corporate governance practices, sound risk management policies, compliance with the prudential guidelines with a view to ensuring sustainable growth and profitability.

Acknowledgements

MBL is ready to face the challenges of the coming years with confidence and professional zeal. We believe that our Bank has the ability to continue delivering superior value added services to the diversified segments of clienteles and thereby, to make our position even more competitive as the first ranking financial service solution provider of the country.

The Board of Directors take this opportunity to express its heart-felt appreciation and debt of gratitude to the Government of the People's Republic of Bangladesh, Ministry of Finance, Bangladesh Bank, Bangladesh Securities & Exchange Commission, Dhaka Stock Exchange Limited, Chittagong Stock Exchange Limited and Registrar of Joint Stock Companies and Firms for their cooperation, valuable guidance and advice provided to us from time to time.

The Board of Directors also expresses deep appreciation to the Management and all Executives, Officers and Staff for their relentless efforts to the cause of this institution and also to the clients, sponsors, shareholders, stakeholders, patrons and well-wishers, whose continued unflinching support and patronization have enabled us to take this institution to the present growth trajectory.

On behalf of the Board of Directors,

Shahidul Ahsan
Chairman

পরিচালকবৃন্দের প্রতিবেদন

প্রিয় শেয়ারহোল্ডারগণ

পরিচালনা পর্ষদের পক্ষ থেকে ব্যাংকের ১৮তম বার্ষিক প্রতিবেদন ও ৩১শে ডিসেম্বর ২০১৬ এর নিরীক্ষিত আর্থিক প্রতিবেদন উপস্থাপন করতে পেরে আমি আনন্দিত। এই আর্থিক প্রতিবেদনে রয়েছে স্থিতিপত্র, লাভ ক্ষতি হিসাব, তারল্য প্রবাহ বিবরণী, মূলধন পরিবর্তন বিবরণী এবং তারল্য সংক্রান্ত বিবরণী। ব্যাংকের সম্মানিত শেয়ারহোল্ডারদের মিলনমেলার এই মাহেন্দ্রক্ষণে আমি ২০১৬ সালে ব্যাংকের কার্যক্রমের সংক্ষিপ্ত পর্যালোচনা এবং বিশ্ব অর্থনৈতিক পরিস্থিতির প্রেক্ষিতে বাংলাদেশের অর্থনীতির সার্বিক অবস্থান তুলে ধরার প্রয়াস ব্যক্ত করছি।

বিশ্ব অর্থনীতি

অতীতের তুলনায় বর্তমানে সাহায্য ও বাণিজ্যের বদৌলতে বাংলাদেশের অর্থনীতি বিশ্ব অর্থনীতির সাথে অধিক পরিমাণে সংযুক্ত হয়েছে। বিশ্ব জুড়ে সমৃদ্ধি আমাদের অর্থনীতির জন্যও শুভ ধারা বয়ে এনেছে। কিন্তু বিশ্ব অর্থনীতির অবস্থা ও প্রেক্ষাপটে কিছু চ্যালেঞ্জ বিদ্যমান আছে।

উন্নত বিশ্বে রাজস্বের চাপ বৃদ্ধির কারনে উৎপাদনশীল খাত থেকে সম্পদ দূরে সরে যাচ্ছে। মার্কিন যুক্তরাষ্ট্রে নিট ডেট-জিডিপি হলো ১৮ ট্রিলিয়ন অথবা জিডিপির ৮১%। বাংলাদেশের সরকারী ঋন জিডিপির ৪০% মাত্র যেখানে ইউরোপীয় ইউনিয়নে গড় ৬৭%। দশক জুড়ে এই বিষয়গুলি সম্মিলিত বিশ্ব প্রবৃদ্ধিকে কমিয়ে রেখেছে।

বিশ্ব অর্থনৈতিক আউটলুক (অক্টোবর ২০১৬)

	২০১৪	২০১৫	২০১৬	২০১৭(পি)
বিশ্ব উৎপাদন প্রবৃদ্ধি	৩.৪	৩.২	৩.১	৩.৪
বিশ্ব বাণিজ্য প্রবৃদ্ধি	৩.৯	২.৬	২.৩	৩.৮

সূত্র: আইএমএফ, বিশ্ব অর্থনৈতিক আউটলুক, অক্টোবর ২০১৬

উৎপাদন প্রবৃদ্ধি

সর্বশেষ আইএমএফ আউটলুক (WTO, অক্টোবর ২০১৬) অনুসারে বিশ্ব অর্থনৈতিক প্রবৃদ্ধি ২০১৭ সালে ৩.৪% হওয়ার আগে ২০১৬ সালে প্রবৃদ্ধি হয়েছে ৩.১%। ২০১৬ সালের জুন মাসে ইউরোপীয় ইউনিয়ন থেকে ব্রিটেনের প্রস্থান এবং মার্কিন যুক্তরাষ্ট্রের প্রত্যাশিত প্রবৃদ্ধি না হওয়ায় উন্নত অর্থনৈতিক দেশগুলোর প্রবৃদ্ধি হ্রাস পাবে বলে ভবিষ্যত বাণী করা হয়। এই কারনগুলো বিশ্বের সুদের হারের উপর নিম্নমুখী প্রভাব ফেলবে যেহেতু মুদ্রাস্ফীতি উন্নত অর্থনীতির দেশগুলোর সাথে সম্পর্কযুক্ত ।

বাণিজ্য প্রবৃদ্ধি

WTO, অক্টোবর ২০১৬ অনুসারে, বিশ্ব বাণিজ্যের ধারা ২০১৫ এবং ২০১৬ সালে ছিলো নিম্নমুখী । এই সময় বিশ্ব বাণিজ্যের পরিমান ছিলো ২.৬%। বিশ্ব বাণিজ্যে উদারীকরনে সংকীর্ন মনোভাব এবং সংরক্ষন নীতির কারনে বিশ্ব বাণিজ্যের এই নিম্নমুখী ধারা। বাণিজ্যের নিম্নমুখী ধারাতে বিশ্ব অর্থনীতির নিম্নমুখী প্রবৃদ্ধির গুরুত্বপূর্ন ভূমিকা পালন করে। আশা করা যায় ২০১৭ সালে বিশ্ব বাণিজ্যের প্রবৃদ্ধি ৩.৮% এ উন্নিত হবে।

বাংলাদেশের অর্থনীতি

গত বছর চীনের প্রেসিডেন্ট শি জিং পিং এর আগমনকে কেন্দ্র করে শীর্ষস্থানীয় ব্রিটিশ ম্যাগাজিন "দ্যা ইকোনোমিস্ট" বাংলাদেশের অর্থনীতির প্রবৃদ্ধি এবং সমৃদ্ধির উপর "সমৃদ্ধ বাংলাদেশ" এবং "বাংলাদেশের অর্থনীতি ভূমিকায়" শিরোনামে একটি লেখা প্রকাশ করে। প্রতিবেদনে উল্লেখ করা হয় যে, ২০১৬ সালের মতো পরবর্তী অর্থবছরেও জিডিপির প্রবৃদ্ধি হবে ৭% এর অধিক। তাছাড়া বিশ্বব্যাংক এবং এশিয়ান ডেভেলপমেন্ট ব্যাংক আগামী পাঁচ বছরে ১৫ বিলিয়ন মার্কিন ডলার আর্থিক সহায়তা প্রদানে দৃঢ় প্রতিজ্ঞ। এই সহযোগীতা বাংলাদেশের জন্য এক বিরাট সুযোগ কারন ভবিষৎ অবকাঠামো উন্নয়নে বাংলাদেশের সম্পদের ঘাটতি রয়েছে।

বাংলাদেশের প্রবৃদ্ধি এবং আউটলুক

বিশ্ব অর্থনীতির শ্লথগতি থাকা সত্বেও সম্প্রতি বাংলাদেশের অর্থনীতির প্রবৃদ্ধি ধারা ধনাত্মক কারন রাজনৈতিক স্থিতিশীলতা এবং পরিবেশের উন্নয়ন, জ্বালানী খাতের উন্নয়ন, রপ্তানী এবং রেমিটেন্সের স্থিতিশীল প্রবৃদ্ধি এবং সরকারী বিনিয়োগের অনুকূল পরিবেশ। বর্তমান এই প্রবৃদ্ধি ঈঙ্গিত করে যে বাংলাদেশের প্রবৃদ্ধি ৬% এর ফাঁদ থেকে বেরিয়ে আসতে সক্ষম হয়েছে।

অর্থ বছর ২০১৭ জিডিপি প্রবৃদ্ধি প্রাক্কলন (%)

World Bank 6.8

ADB 6.9

IMF 6.9

7FYP 7.2

বাংলাদেশ পরিসংখ্যান ব্যুরোর তথ্য মতে, ২০১৫-১৬ অর্থবছরে মোট জাতীয় আয় (জিডিপি) এর প্রবৃদ্ধি ছিলো ৭.১১% যা সপ্তম পঞ্চ-বার্ষিকী পরিকল্পনার চেয়ে কিছু বেশি। বাংলাদেশের উন্নয়নের অংশীদার সংস্থাগুলোর মতে সপ্তম পঞ্চ-বার্ষিকী পরিকল্পনার টার্গেট ৭.২% এর বিপরীতে বাংলাদেশের জিডিপি প্রবৃদ্ধি হবে ৭%।

জিডিপি প্রবৃদ্ধি এবং খাতওয়ারী পারফরমেন্স (%)

	FY 15		FY 16		FY 17 (7th FYP)	
	শেয়ার	প্রবৃদ্ধি	শেয়ার	প্রবৃদ্ধি	শেয়ার	প্রবৃদ্ধি
কৃষি	১৬.০০	৩.৩৩	১৫.৩৩	২.৭৯	১৪.৫	৩.৩
শিল্প	৩০.৪২	৯.৬৭	৩১.২৮	১১.০৯	২৯.৮	১০.৫
উৎপাদনমুখী	২০.১৬	১০.৩১	২০.৭৭	১০.৩০	১৯.১	১১
সেবা	৫৩.৫৮	৫.৮০	৫৩.৩৯	৬.২৫	৫৫.৭	৬.৪
জিডিপি প্রবৃদ্ধি	৬.৫৫		৭.১১		৭.২০	

Source : BBS, 7th FYP

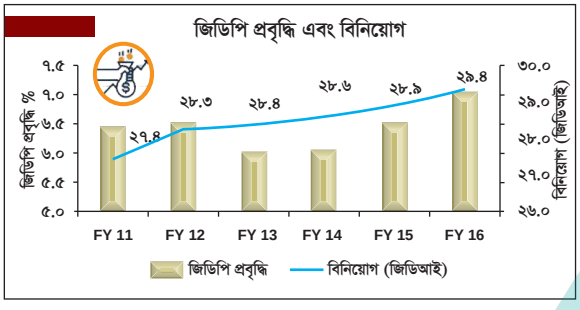
সঞ্চয়-বিনিয়োগের রূপরেখা

অর্থবছর ২০১৭ তে জিডিপি প্রবৃদ্ধি বৃদ্ধির সাথে সাথে বিনিয়োগ জিডিপির ৩০% এ উন্নীত করা বাংলাদেশের জন্য একটি বড় চ্যালেঞ্জ হয়ে দাড়িয়েছে। মূল চ্যালেঞ্জ হল ব্যাক্তিগত বিনিয়োগ বৃদ্ধি করা যা বিগত পাঁচ বছর জিডিপির ২২% এ স্থবির হয়ে আছে।

সঞ্চয়-বিনিয়োগের এবং সঞ্চয়-প্রবৃদ্ধি রূপরেখা

(জিডিপি %)	FY14	FY15	FY16(p)
মোট দেশজ বিনিয়োগ	২৮.৫৮	২৮.৮৯	২৯.৩৮
ব্যক্তিগত	২২.০৩	২২.০৭	২১.৭৮
সরকারী	৬.৫৫	৬.৮২	৭.৬০
মোট দেশজ সঞ্চয়	২৯.২৩	২৯.০২	৩০.৩১
সঞ্চয়-বিনিয়োগ পার্থক্য	০.৬৫	০.১৩	০.৯৩

Source: BBS

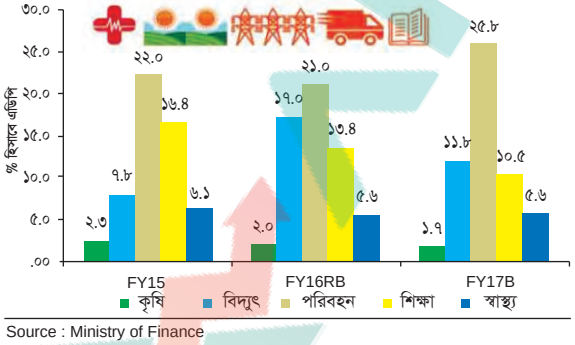


রাজস্ব খাত

লক্ষ্যের বিপরীতে এনবিআর এর রাজস্ব আদায় বিগত চার বছর ধরে কম হচ্ছে। ২০১৬ সালে টার্গেট এর বিপরীতে এনবিআর এর রাজস্ব আদায় সবচেয়ে কম ছিল। রাজস্ব প্রবৃদ্ধি হার ছিল ৯.৬% যা আগের অর্থবছরে ছিল ১৩.৩%।

২০১৭ অর্থবছরের ব্যয় বাজেটে যোগাযোগ অবকাঠামোর উপর সর্বোচ্চ গুরুত্ব দেওয়া হয়। সম্প্রতি বছরগুলোতে শিক্ষা, স্বাস্থ্য, খাদ্য এবং সামাজিক নিরাপত্তাজনিত ব্যয় স্থবির হয়ে আছে।

জিডিপির % হিসাবে এডিপি বন্টন



Source : Ministry of Finance

মুদ্রাস্ফীতি এবং আর্থিক ব্যবস্থাপনা

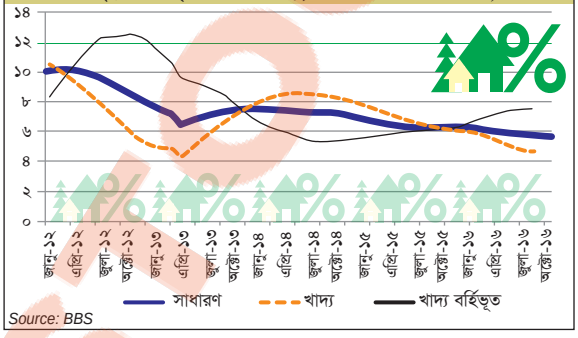
কৃষি উৎপাদন বৃদ্ধির বদৌলতে খাদ্য দ্রব্যের দাম হ্রাসের কারনে সম্প্রতি সময়ে মুদ্রাস্ফীতি নিম্নমুখী । খাদ্য মূল্যস্ফীতির নিম্নমুখীর কারনে অক্টোবর ২০১৬ গড় মূল্যস্ফীতি দাড়ায় ৫.৬৬% যেখানে অর্থবছর ২০১৭ তে মূল্যস্ফীতি টার্গেট হলো ৫.৮%।

সাধারণ মুদ্রাস্ফীতির হার (সিপিআই হিসাবে পরিমাপকৃত, ২০০৫-০৬ ভিত্তি বছর)

মুদ্রাস্ফীতির হার	অক্টোবর ২০১৬	অক্টোবর ২০১৫	অক্টোবর ২০১৪	অক্টোবর ২০১৩
পয়েন্ট টু পয়েন্ট	৫.৫৭%	৬.১৯%	৬.৯১%	৭.০৩%
১২ মাসের গড়	৫.৬৬%	৬.২১%	৭.১৮%	৭.৪৭%

Source: BBS

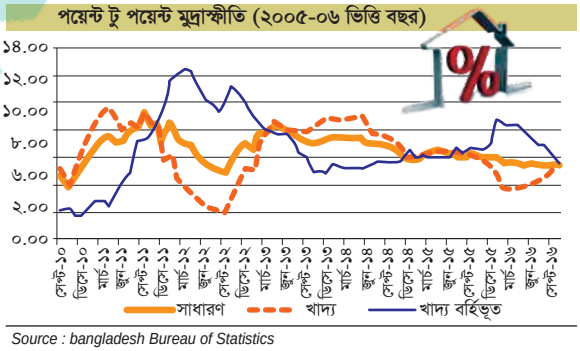
মুদ্রাস্ফীতি (১২ মাসের গড়, ২০০৫-০৬ ভিত্তি বছর)



Source: BBS

বাড়ী ভাড়া, শিক্ষার উপকরন এবং স্কুল ভর্তি ফি বৃদ্ধির কারনে জানুয়ারী ২০১৬ তে পয়েন্ট টু পয়েন্ট সিপিআই খাদ্য বর্হিভূত মূল্যস্ফীতি বৃদ্ধি পেয়ে দাড়ায় ৪.৭৪%। জানুয়ারীর পর থেকে মূল্যস্ফীতি হ্রাস পেতে থাকে।

পয়েন্ট টু পয়েন্ট মুদ্রাস্ফীতি (২০০৫-০৬ ভিত্তি বছর)



Source : bangladesh Bureau of Statistics

ঋণ প্রবৃদ্ধি

জুন ২০১৬, সরকারী ঋণ প্রবৃদ্ধি ছিলো ২.৬% যা বাংলাদেশ ব্যাংকের প্রক্ষেপন ছিলো ১৮.৭% অন্যদিকে ব্যাক্তিগত ঋণের প্রবৃদ্ধি বিগত কয়েক বছর যাবত স্থবির হয়ে আছে। ব্যক্তিগত ঋণের প্রবৃদ্ধি ২০১৩ সালে ২০.৩% থেকে হ্রাস পেয়ে দাড়ায় ১০.৪%। ব্যাক্তিগত বিনিয়োগ না বাড়লে ২০২০ সালের মধ্যে বিনিয়োগ জিডিপির ৩৪.৪% করা সম্ভব হবে না যা সপ্তম পঞ্চ-বর্ষিকী পরিকল্পনা অনুযায়ী জিডিপির ৮% উন্নতি করার জন্য সহায়ক।

নন পারফরমিং লোন

আমাদের দেশে ঐতিহাসিকভাবে ব্যাংকিং সেক্টরে এনপিএল অনেক বেশি এবং এটি দিন দিন বৃদ্ধি পাচ্ছে। উদাহরন স্বরূপ বলা যায় যে ২০১৬ সালের মাঝা মাঝি সময়ে বেসরকারী বাণিজ্যিক ব্যাংকের এনপিএল ছিলো ৫.৪%, রাষ্ট্রায়ত্ব ব্যাংকগুলোর ২৫.৭% এবং বিশেষায়িত সরকারী ব্যাংকগুলের এনপিএল ছিলো ২৬.১%।

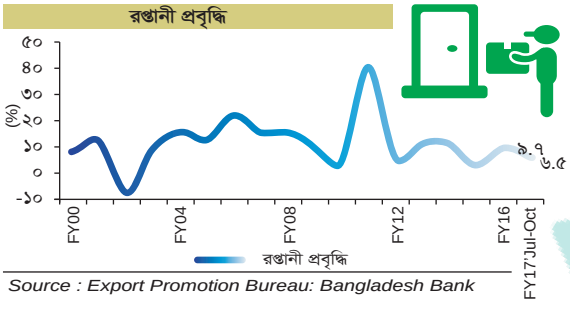
ব্যাংকিং খাতে মোট এনপিএল হার								
	২০০৯	২০১০	২০১১	২০১২	২০১৩	২০১৪	জুন-২০১৫	জুন-২০১৬
মোট এনপিএল হার	৯.২	৭.৩	৬.১	১০	৮.৯	৯.৭	৯.৭	১০.০৬
রাষ্ট্রিয় বাণিজ্যিক ব্যাংক	২১.৪	১৫.৭	১১.৩	২৩.৯	১৯.৮	২২.২	২১.৯	২৫.৭৪
বিশেষায়িত ব্যাংক	২৫.৯	২৪.২	২৪.৬	২৬.৮	২৬.৮	৩২.৮	২৫.৫	২৬.১৪
প্রাইভেট বাণিজ্যিক ব্যাংক	৩.৯	৩.২	২.৯	৪.৬	৪.৫	৫	৫.৭	৫.৪৪
বিদেশী বাণিজ্যিক ব্যাংক	২.৩	৩	২.৯	৩.৫	৫.৫	৭.৩	৮.৩	৮.৩৩

Source : Banglsdesh Bank

উপরিউক্ত চিত্র থেকে দেখা যায় যে, ২০১৬ সালে এনপিএল বিগত বছরগুলোর মতোই ছিলো। ২০১২ সালের মাঝামাঝি সময় থেকে ২০১৪ সাল পর্যন্ত সময়টা ছিলো ব্যতিক্রম। এই সময়ের মধ্যে এনপিএল বৃদ্ধির মূল কারণ হলো ২০১৩ সালে ঋণ পুণঃতফসিলি করার নিয়ম শিথিল করা হয়।

রপ্তানী

অর্থবছর ২০১৬ সালে মোট রপ্তানী ছিলো ৩৪ বিলিয়ন মার্কিন ডলার যা রপ্তানী প্রবৃদ্ধির জন্য আশানুরূপ ছিলো না। যদিও রপ্তানী প্রবৃদ্ধি এই বছর ছিলো ধনাত্বক ৯.৭%। অর্থবছর ২০১৭ এর প্রথম চার মাস রপ্তানী প্রবৃদ্ধি ৬.৫% যা ছিলো অনেকটাই শ্লথ।



Source : Export Promotion Bureau: Bangladesh Bank

আমদানি

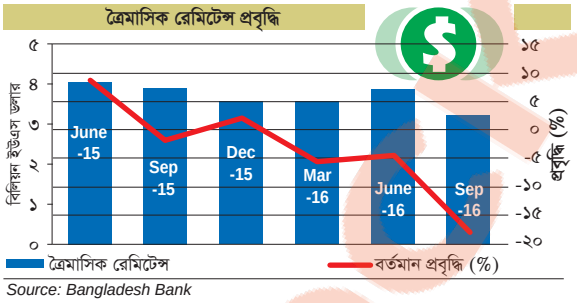
অর্থবছর ২০১৬ সালে পণ্যদ্রব্যের আমদানি হয় ৩৯.৭ বিলিয়ন মার্কিন ডলার যার প্রবৃদ্ধি ছিলো ৫.৫% এবং অর্থবছর ২০১৫ তে প্রবৃদ্ধি ছিলো ১১%। আমদানি প্রবৃদ্ধি হ্রাস পাওয়ার কারণ বিশ্ব বাজারে তেলের দর পতন। বাংলাদেশে আমদানিকৃত পণ্যের তথ্য দেওয়া হল-

আমদানি প্রবৃদ্ধি এবং শেয়ার		
খাতওয়ারী আমদানি	মানের শতকরা পরিবর্তন ২০১৫ থেকে ২০১৬	মোট আমদানির % অংশ FY16
খদ্য শস্য	-২৯.১	২
ভক্তা পণ্য	১৭.৮	৮
অর্ন্তবর্তী পণ্য	২.৬	৫৫
মেশিনারী পণ্য	৬.৪	২৩
অন্যান্য	২৪.৪	১১
মোট	৫.৫	১০০

Source: Bangladesh Bank

রেমিট্যান্স

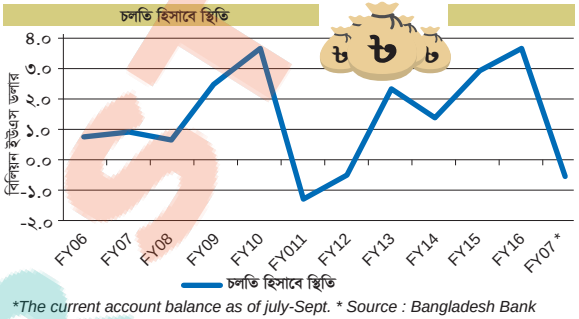
অর্থবছর ২০১৬ সালে রেমিট্যান্স প্রবাহ ২.৫% হ্রাস পেয়ে দাড়ায় ১৪.৭ বিলিয়ন মার্কিন ডলার যা ২০১৫ সালে ৭.৬% বৃদ্ধি পেয়ে দাড়ায় ১৫.২ বিলিয়ন মার্কিন ডলার। অর্থবছর ২০১৬ সালের প্রতিমাসেই রেমিট্যান্স প্রবাহ হ্রাস পেয়েছে যার ধারাবাহিকতা অর্থবছর ২০১৭ প্রথম কোয়ার্টারে বিদ্যমান আছে।



Source: Bangladesh Bank

চলতি হিসাবে স্থিতি

বিগত দশ বছরের মধ্যে এক বছর বাদে বাংলাদেশের চলতি হিসাব সবসময় উদ্বৃত্ত ছিলো। অর্থবছর ২০১৬ সালে চলতি হিসাবের স্থিতি ছিলো ৩.৭ বিলিয়ন মার্কিন ডলার অথবা জিডিপির ১.৫%।



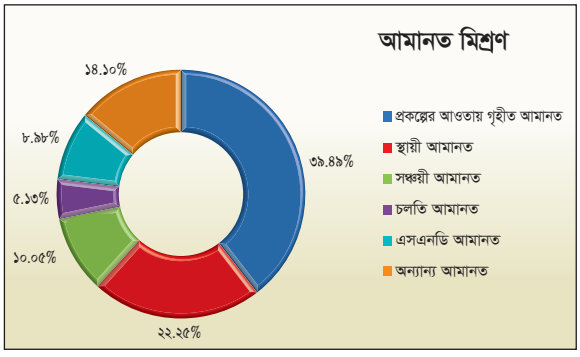
*The current account balance as of july-Sept. * Source : Bangladesh Bank

ব্যবসায়িক বিবরণী

আমানত

২০১৬ সালে মার্কেন্টাইল ব্যাংক তার তহবিল ব্যয় নিয়ন্ত্রণে রাখার পাশাপাশি আমানতের সুষম ভিত্তি নিশ্চিতের লক্ষ্যে আমানত মিশ্রণ পুর্নগঠনের দিকে বিশেষ গুরুত্বারোপ করেছে। যে কারণে আমরা বড় কর্পোরেট আমানতের উপর নির্ভরশীলতা হ্রাসের চেষ্টা করে যাচ্ছি। ২০১৬ সালের শেষে ব্যাংকের সংগৃহীত মোট আমানতের পরিমাণ দাড়িয়েছে ১৬৫,২৫৭.৪৫ মিলিয়ন টাকা, যা পূর্ববর্তী বছরে ছিল ১৫৪,৮৬৯.৫২ মিলিয়ন টাকা। একই সাথে আমরা, সম্ভাব্য আমানতকারীদের আকৃষ্ট করার লক্ষ্যে আমাদের সঞ্চয় প্রকল্পসমূহ আকর্ষণীয় করে তোলার পাশাপাশি গ্রাহক সেবার উৎকৃষ্টতা বৃদ্ধির জোর প্রচেষ্টা চালিয়ে যাচ্ছি।

আমানত মিশ্রণ		
		(মিলিয়ন টাকা)
বিবরণ	পরিমাণ	শতকরা (%)
প্রকল্পের আওতায় গৃহীত আমানত	৬৫,২৫৫.৫৬	৩৯.৪৯%
স্থায়ী আমানত	৩৬,৭৭৬.৫৭	২২.২৫%
সঞ্চয়ী আমানত	১৬,৬০১.৫৪	১০.০৫%
চলতি আমানত	৮,৪৭৫.৩৪	৫.১৩%
এসএনডি আমানত	১৪,৮৪৪.১৭	৮.৭৮%
অন্যান্য আমানত	২৩,২০৪.২৭	১৪.১০%
মোট	১৬৫,২৫৭.৪৫	১০০.০০%



ঋণ খাত অনুযায়ী ঋণ ও অগ্রীমের মিশ্রণ

খাত অনুযায়ী ঋণ ও অগ্রীমের মিশ্রণ

(লক্ষ টাকা)

খাত	পরিমাণ	শতকারা (%)
শিক্ষা (স্কুল/ কলেজ/বিশ্ববিদ্যালয়)	৩,২১০.৯০	০.২১%
স্বাস্থ্য	১২,৫৪১.১৭	০.৮৩%
কৃষি	৮০,২২৪.০৮	৫.৩২%
ভোগ্য পন্য	৮৩,২০২.৪৬	৫.৫১%
ব্যবসা	২,৭৪,২০৬.৯০	১৮.১৭%
যোগাযোগ	৩৪,৪০৯.৭৫	২.২৮%
শিপিং	৬৫,০১৪.৫২	৪.৩১%
টেক্সটাইল (আইডিপি বর্হিভূত)	৬৪,৩৪৯.৭৮	৪.২৬%
টেক্সটাইল (আইডিপি অর্ন্তভুক্ত)	৬,৭৫১.৩৭	০.৪৫%
তৈরি পোশাক শিল্প (আইডিপি বর্হিভূত)	২,০৩,০৮০.২৮	১৩.৪৬%
তৈরি পোশাক শিল্প (আইডিপি অর্ন্তভুক্ত)	২৬,১১২.০৭	১.৭৩%
টেলিকমিউনিকেশন	৮,৪২৯.৯০	০.৫৬%
আইটি খাত	৪,০৫৯.৭৯	০.২৭%
বিদ্যুৎ ও তেল	৩,৭৯৯.৫১	০.২৫%
আবাসন খাত	৮২,৭৪১.৭৩	৫.৪৮%
সিমেন্ট	২,৬০১.৮৬	০.১৭%
কেমিক্যাল	১৩,৯৯৫.০৩	০.৯৩%
চামড়া ও চামড়া জাত পন্য	২৭,৪৮৭.৮৮	১.৮২%
প্লাস্টিক ও প্লাস্টিক জাত পন্য	৮,৬৬৪.৭৮	০.৫৭%
ইলেকট্রনিক্স ও ইলেকট্রনিক্স পন্য	১১,৬০৯.০৪	০.৭৭%
পেপার ও পেপার জাত পন্য	৩৮,১৭৯.৫০	২.৫৩%
পাট ও পাট জাত পন্য	২৩,৪৪৯.৪২	১.৫৫%
কাঁচ ও কাঁচ জাত পন্য	৭৮২.০৭	০.০৫%
সিরামিক	১০,৫৩১.৫১	০.৭০%
আইরন ও স্টীল	৯৬,৬৫৬.৭০	৬.৪০%
ইনজিনিয়রিং ও নির্মান	১৭,৬৪২.৩৮	১.১৭%
কন্ট্র্যাকটর	২২,৬৯১.৫৬	১.৫০%
ক্যাপিটাল মর্কেট মধ্যস্তাকারী	৪৩,২৬০.৬৮	২.৮৭%
ব্যাক ওর্য়াড লিঙ্কেজ	১৮,৯০৮.২৪	১.২৫%
কনজিউমার ও খুচরা পন্য	৯,৪৫৭.৬৮	০.৬৩%
ব্যাংক বর্হিভূত আর্থিক প্রতিষ্ঠান	৩৭,১৯৬.৭২	২.৪৬%
সেবা	৭,৪৪৪.৫৫	০.৪৯%
অন্যান্য	১,৬৬,৪৪১.৪১	১১.০৩%
মোট	**১৫,০৯,১২৫.২২**	**১০০%**

ঋণ

৩১ শে ডিসেম্বর ২০১৬ পর্যন্ত ব্যাংকের মোট ঋণ ও অগ্রিমের পরিমাণ দাড়িয়েছে ১৫০,৯১২.৫২ মিলিয়ন টাকা যার পরিমাণ ২০১৫ সালের শেষে ছিল ১২৬,৩৩৮.৮৩ মিলিয়ন টাকা। ব্যাংক ঋণ ও অগ্রিমের ক্ষেত্রে ১৯.৪৫% প্রবৃদ্ধি অর্জন করেছে। ব্যাংকের অর্থায়নকৃত প্রধান খাত সমূহ হচ্ছে ব্যবসা ও বাণিজ্য, পোষাক শিল্প, মাঝারি ও বৃহৎ শিল্প, নির্মাণ শিল্প, কৃষি ও আনুষাঙ্গিক খাত, হাসপাতাল ও চিকিৎসা সেবা খাত, যোগাযোগ খাত, ঔষধ শিল্প ইত্যাদি। এছাড়াও, ব্যাংক এস.এম.ই ডিভিশন এর মাধ্যমে ছোট ও মাঝারি শিল্প খাতে ঋণ প্রদান অব্যাহত রেখেছে।

আমদানি বাণিজ্য

আমদানি বানিজ্যে ঋণ প্রদানের ক্ষেত্রে মার্কেন্টাইল ব্যাংক সর্বদাই ঋণের গুণগতমানের বিষয়ে গুরুত্বারোপ প্রদান করে আসছে। ২০১৬ সালে ব্যাংক আমদানি বাণিজ্যে ১৩৯,৭৬৬.৪০ মিলিয়ন টাকা ঋণ প্রদান করেছে, যা ২০১৫ সালে ছিল ১১৯,৯৮২.৪০ মিলিয়ন টাকা। ব্যাংক যে সমস্ত পণ্য সামগ্রীর আমদানি ঋণপত্র খুলেছে সেগুলো হলো মূলধনী যন্ত্রপাতি, গার্মেন্টস এক্সেসরিজ, গম, চিনি, সিডিএসও, উদ্ভিজ্জ তেল, সিমেন্ট ক্লিংকার্স, হট রোল স্টীল, কাঁচা তুলা, জাহাজ ভাঙ্গা শিল্প ইত্যাদি।

রপ্তানি বাণিজ্য

২০১৬ সালে ব্যাংক সর্বমোট ১১৩,০৩৫.২০ মিলিয়ন টাকার রপ্তানি বিল ক্রয় করেছে, যা ২০১৫ সালে ছিল ৯৪,০২৭.১০ মিলিয়ন টাকা। ব্যাংকের রপ্তানি বাণিজ্যের মূল ক্ষেত্র ছিল তৈরি পোষাক শিল্প, যা বাংলাদেশের বৈদেশিক মুদ্রা অর্জনের ও কর্মসংস্থানের বৃহত্তম উৎস। অন্যান্য রপ্তানি সামগ্রীর মধ্যে রয়েছে পাট ও পাটজাত সামগ্রী, চামড়া, হস্ত শিল্পজাত সামগ্রী, চা, হিমায়িত খাদ্য ও মৎস্য ইত্যাদি।

প্রবাসী আয়

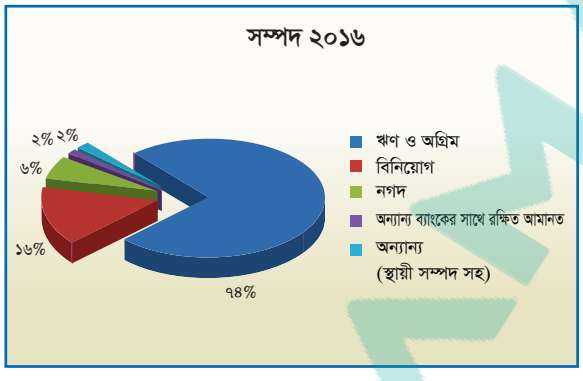
২০১৬ সালে ব্যাংক বিদেশে বসবাস এবং কর্মরত বাংলাদেশীদের নিকট হতে প্রবাসী আয় সংগ্রহে প্রচেষ্টা বেগবানের লক্ষ্যে নানা পদক্ষেপ গ্রহণ করেছে। যুক্তরাষ্ট্র, যুক্তরাজ্য, অস্ট্রেলিয়া, আরব-আমিরাত, কুয়েত, বাহারাইন, কানাডা, ইতালি এবং ফ্রান্স সহ যেসব দেশে বাংলাদেশী নাগরিকেরা কাজে নিয়োজিত, সে সব দেশে ব্যাংক নিয়মিত বিভিন্ন এক্সচেঞ্জ কোম্পানীর সাথে রেমিট্যান্স চুক্তি সম্পন্ন করে চলেছে। তাছাড়াও, দেশের প্রত্যন্ত অঞ্চলের মানুষের কাছে বিদেশে কর্মরত নাগরিকদের কষ্টার্জিত অর্থ দ্রুত ও নিরাপদে পৌছানোর লক্ষ্যে ব্যাংক বাংলাদেশ ডাক বিভাগ ও বেশ কিছু স্থানীয় ব্যাংক এবং অন্যান্য স্থানীয় এজেন্সির সাথে একযোগে কাজ করে চলেছে। প্রবাস থেকে সর্বদা ব্যাংকিং চ্যানেলে অর্থ প্রেরণে সচেতনতা বৃদ্ধি ও উৎসাহ প্রদানের লক্ষ্যে মার্কেন্টাইল ব্যাংক নিয়মিত দেশ-বিদেশে বিভিন্ন মেলা ও প্রচারিভযানে অংশগ্রহণ করেছে। ২০১৬ সালে ব্যাংক সর্বমোট ২৪,০৪৮.২০ মিলিয়ন টাকার রেমিট্যান্স ব্যবসা পরিচালনা করেছে, যা ২০১৫ সালে ছিল ১৯,০০৩.২০ মিলিয়ন টাকা। সর্বত্তোম সেবা প্রদানের লক্ষ্যে মার্কেন্টাইল ব্যাংক ওয়েস্টার্ন ইউনিয়ন, মানিগ্রাম, এক্সপ্রেস

মানি, প্লাসিড এক্সপ্রেস, ইন্সট্যান্ট ক্যাশ ওয়ার্ল্ড ওয়াইড, প্রভূ মানি ট্রান্সফার এবং ট্রান্স-ফাস্ট রেমিট্যান্স সহ বিশ্বব্যাপী সমাদৃত বিভিন্ন মানি ট্রান্সফার প্রতিষ্ঠানের সঙ্গে একযোগে কাজ করে চলেছে।

সম্পদ

৩১শে ডিসেম্বর ২০১৬ পর্যন্ত ব্যাংকের মোট সম্পদের পরিমাণ ছিল ২০৪,০৭৭.৪৭ মিলিয়ন টাকা, যা ২০১৫ সালের শেষে ছিল ১৮২,৮০০.১৬ মিলিয়ন টাকা। মোট সম্পদের ৭৩.৯৩% ঋণ ও অগ্রিম, ১৬.১৩% বিনিয়োগ, ৬.১২% নগদ, ১.৭৩% অন্যান্য ব্যাংকের সাথে রক্ষিত আমানত এবং অন্যান্য সম্পদ ২.০৯%।

সম্পদ				
				(মিলিয়ন টাকা)
	২০১৬		২০১৫	
বিবরণ	পরিমাণ	শতকরা (%)	পরিমাণ	শতকরা (%)
ঋণ ও অগ্রিম	১৫০,৯১২.৫২	৭৩.৯৫%	১২৬,৩৩৮.৮৩	৬৯.১১%
বিনিয়োগ	৩২,৯২০.৬৯	১৬.১৩%	৩৩,৮২৯.৪৬	১৮.৫১%
নগদ	১২,৪৯৯.৯৭	৬.১২%	১৩,২২৫.৪৭	৭.২৩%
অন্যান্য ব্যাংকের সাথে রক্ষিত আমানত	৩,৫৩৬.৮৬	১.৭৩%	৩,৮২২.৭৬	২.০৯%
অন্যান্য (স্থায়ী সম্পদ সহ)	৪,২৬৭.৪৩	২.০৯%	৫,৫৮৩.৬৪	৩.০৫%
মোট	**২০৪,১২৭.৪৭**	**১০০.০০%**	**১৮২,৮০০.১৬**	**১০০.০০%**



মূলধন

২০১৬ সালের ৩১শে ডিসেম্বর পর্যন্ত ব্যাংকের অনুমোদিত মূলধন হচ্ছে প্রতিটি ১০ টাকা হিসেবে ১,২০০,০০০,০০০ টি সাধারণ শেয়ারের বিপরীতে ১২,০০০.০০ মিলিয়ন টাকা। একই সময়ে ব্যাংকের পরিশোধিত মূলধন ছিল প্রতিটি ১০ টাকা মূল্যের ৭৩৯,১৫৬,৭০১ টি সাধারণ শেয়ারের বিপরীতে ৭,৩৯১.৫৭ মিলিয়ন টাকা, যা ঢাকা ও চট্টগ্রাম উভয় ষ্টক এক্সচেঞ্জেই তালিকাভুক্ত।

সংবিধিবদ্ধ রিজার্ভ

ব্যাংক কোম্পানী আইন ১৯৯১ এর ২৪ নং ধারানুযায়ী আমাদের ব্যাংক ২০১৬ সালে কর পূর্ব মুনাফার ২০% সংবিধিবদ্ধ রিজার্ভ রেখেছে যার পরিমাণ ৫২৮.৬৬ মিলিয়ন টাকা। ২০১৬ সালের রিজার্ভ রাখার পর ব্যাংকের মোট সংবিধিবদ্ধ রিজার্ভের পরিমাণ দাঁড়িয়েছে ৫,৪৪৯.২৫ মিলিয়ন টাকা।

মূলধন পর্যাপ্ততা

বাংলাদেশ ব্যাংকের নির্দেশনায় ব্যাংক ঝুঁকি-ভিত্তিক মূলধন পর্যাপ্ততা তথা ব্যাসেল-৩ পরিপালনে যথাযথ পদক্ষেপ গ্রহণ করেছে। ২০১৬ সালের শেষে ব্যাংকের মূলধন পর্যাপ্ততার অনুপাত (সলো ভিত্তিতে) ন্যূনতম ১০.৬২৫% এর বিপরীতে দাড়িয়েছে ১২.৮৭%।

মূলধন পর্যাপ্ততা	
	(মিলিয়ন টাকা)
বিবরণ	
টিয়ার -১ মূলধন	**১৪,৩৩০.০০**
পরিশোধিত মূলধন	৭,৩৯১.৫৭
সংবিধিবদ্ধ রিজার্ভ	৫,৪৪৯.২৫
রিটেইন্ড আর্নিংস	১,৫৩৮.৬৮
অন্যান্য সঞ্চিতি	৪৫.৬৮
রেগুলেটরী এডজাস্টমেন্ট, টিয়ার -১ মূলধন	(৯৫.১৮)
টিয়ার ২ মূলধন	**৮,০৩৭.১৬**
জেনারেল প্রভিশন	৪,৭০৯.৭৪
এক্সচেঞ্জ ইকুয়ালাইজেশন হিসাব	-
পুনর্মুল্যায়িত সম্পদের (স্থায়ী সম্পদ) বিপরীতে সংস্থান	৩২১.৮১
পুনর্মুল্যায়িত সম্পদের (ইকুইটি) বিপরীতে সংস্থান	০.০০
পুনর্মুল্যায়িত সম্পদের (সিকিউরিটি) বিপরীতে সংস্থান	২২৩.৯১
রেগুলেটরী এডজাস্টমেন্ট, টিয়ার -২ মূলধন	(২১৪.২৯)
মোট মূলধন	**২২,৩৬৭.১৭**
মোট ঝুঁকি ভারিত সম্পদ	**১৭১,৭০৪.২৪**
মূলধন পর্যাপ্ততা অনুপাত	**১৩.০৩%**
টিয়ার-১	৮.৩৫%
টিয়ার-২	৪.৬৮%
ন্যূনতম মূলধন প্রয়োজনীয়তা	১৮,২৪৩.৫৮
মূলধন উদ্বৃত্ত	**৪,১২৩.৫৯**

প্রসঙ্গত উল্লেখ্য যে, আমাদের মূলধন পরিকল্পনার অংশ হিসেবে, যাবতীয় আনুষ্ঠানিকতা পরিপালন করে ২০১৬ সালে আমরা ৩০০ কোটি টাকার সাব-অর্ডিনেটেড বন্ড ইস্যু করেছি। এর ফলে ব্যাংকের একক ঋণ প্রদান সক্ষমতা বৃদ্ধি পেয়েছে। আগামী দিনগুলোতে, আমরা আমাদের ঋণ প্রদানের এই বর্ধিত সক্ষমতা দক্ষতা এবং বিচক্ষণতার সাথে ব্যবহার করতে দৃঢ় প্রতিজ্ঞ।

শেয়ার হোল্ডারের সংখ্যা

২০০৩ সালে আইপিও ইস্যু করার পর থেকে মোট শেয়ার হোল্ডারের সংখ্যা বহু গুণ বৃদ্ধি পেয়েছে। ২০১৬ সালের শেষে মোট শেয়ার হোল্ডারের সংখ্যা দাড়িয়েছে ২৮,২১০।

	২০০৭	২০০৮	২০০৯	২০১০	২০১১	২০১২	২০১৩	২০১৪	২০১৫	২০১৬
শেয়ারধারীর সংখ্যা	৬,৬৯২	৮,২৪৬	১২,৪১৬	৪০,২৮৩	৪১,৪২৭	৪৪,১১৭	৪৪,৪৬২	৪২,১৭৬	৩৪,১২৭	২৮,২১০

জাতীয় কোষাগার ও অর্থনীতিতে অবদান

দায়িত্ববান কর্পোরেট সিটিজেন হিসেবে মার্কেন্টাইল ব্যাংক নিয়মিতভাবে সঠিক সময়ে কর্পোরেট ট্যাক্স প্রদান করে আসছে। এছাড়াও, ব্যাংক কর্মীদের বেতন, গ্রাহক ও ভেন্ডরদের পাওনা থেকে সঠিকভাবে আবগারি শুল্ক, উইথহোল্ড ট্যাক্স এবং ভ্যাট কর্তন করে সরকারি কোষাগারে জমা করে থাকে। ব্যাংক ২০১৬ সালে কর্পোরেট ট্যাক্স হিসাবে ১,২৬০.০০ মিলিয়ন টাকা সংস্থান রেখেছে, যা ২০১৫ সালে ছিল ১,২৫০.০০ মিলিয়ন টাকা। তাছাড়া ব্যাংক ২০১৬ সালের ডিসেম্বর পর্যন্ত মোট ২,০৪৩ জন পূর্ণকালীন কর্মকর্তা নিয়োগ করে কর্মসংস্থান সৃষ্টির মাধ্যমেও অর্থনীতিতে অবদান রেখেছে। অর্থনৈতিক মধ্যস্থতাকারী হিসাবে ব্যাংক সমাজের উদ্বৃত্ত অংশ থেকে ২০১৬ সাল পর্যন্ত ১৬৫,২৫৭.৪৫ মিলিয়ন টাকার আমানত সংগ্রহ করেছে এবং ১৫০,৯১২.৫২ মিলিয়ন টাকা বিনিয়োগ করেছে। তাছাড়া ব্যাংক রপ্তানি অর্থায়নের মাধ্যমে দেশের গার্মেন্টস খাতে গুরুত্বপূর্ণ অবদান রেখেছে।

আইডিএলসি এর শেয়ার ক্রয়

২০০৫ সালে মার্কেন্টাইল ব্যাংক আইডিএলসি ফাইন্যান্স লিমিটেড এর ১৫০,০০০টি স্পন্সর শেয়ার ক্রয় করেছিল।

মার্কেন্টাইল ব্যাংক কর্তৃক গৃহীত					
সাল	% লভ্যাংশ	নগদ লভ্যাংশ (টাকা)	বিক্রয়	স্টক (১০ টাকা অভিহিত মূল্যে)	মোট শেয়ার (১০ টাকা অভিহিত মূল্যে)
ধারণকৃত শেয়ার					১৫,০০,০০০
২০০৫	৩৭.৫০%	৫,৬২৫,০০০.০০			১৫,০০,০০০
২০০৬	৫.০০%, ৩৩.৩৩% বি	৭৫০,০০০.০০		৫,০০,০০০	২০,০০,০০০
২০০৭	১৫%, ২৫% বি	২,২৫০,০০০.০০	৫,০০,০০০	৩,৭৫,০০০	১৮,৭৫,০০০
২০০৮	১৫%, ২০% বি	২,৮১২,৫০০.০০		৩,৭৫,০০০	২২,৫০,০০০
২০০৯	১০%, ১০০% বি	২,২৫০,০০০.০০		২২,৫০,০০০	৪,৫০,০০০
২০১০	৩৫%, ৬৫% বি	১৫,৭৫০,০০০.০০		২৯,২৫,০০০	৭৪,২৫,০০০
২০১১	২৫%বি	-		১৮,৫৬,২৫০	৯২,৮১,২৫০
২০১২	৩০%বি	-		২৭,৮৪,৩৭৫	১,২০,৬৫,৬২৫
২০১৩	৫%, ২৫%বি	৬,০৩২,৮১২.৫০		৩০,১৬,৪০৬	১,৫০,৮২,০৩১
২০১৪	১০%, ২৫%বি	১৫,০৮২,০৩১.০০		৩৭,৭০,৫০৭	১,৮৮,৫২,৫৩৮
২০১৫	২৫%	৪৭,১৩১,৩৪৫.০০			১,৮৮,৫২,৫৩৮
মোট		৯৭,৬৮৩,৬৮৮.৫০	৫,০০,০০০	১,৭৮,৫২,৫৩৮	

ক্যাপিটাল গেইন:

মার্কেন্টাইল ব্যাংক ২০০৬ সালে আইডিএলসি ফাইন্যান্স হতে বোনাস লভ্যাংশ হিসেবে ৫০,০০০ শেয়ার লাভ করে। ২০০৭ সালে এগুলো বিক্রয় করে ব্যাংক ৫৯,৬৫০,০০০ (পাঁচ কোটি ছিয়ানব্বই লক্ষ পঞ্চাশ হাজার) টাকা মুনাফা অর্জন করে।

মোট গ্রহণ:

২০০৫ সাল হতে ২০১৬ সাল পর্যন্ত ব্যাংক নগদ লভ্যাংশ হিসেবে ৯৭,৬৮৩,৬৮৮.৫০ (নয় কোটি ছিয়াত্তর লক্ষ তিরাশী হাজার ছয় শত আটাশী টাকা পঞ্চাশ পয়সা) এবং ৫০,০০০ বোনাস শেয়ার বিক্রয় করে ৫৯,৬৫০,০০০.০০ (পাঁচ কোটি ছিয়ানব্বই লক্ষ পঞ্চাশ হাজার) টাকা মুনাফা অর্জন করে। আইডিএলসি ফ্যাইন্যান্স লিঃ এ বিনিয়োগ করে এখন পর্যন্ত ব্যাংকের আদায়কৃত মুনাফা ১৫৭,৩৩৩,৬৮৮.৫০ (পনেরো কোটি তিয়াত্তর লক্ষ তেত্রিশ হাজার ছয়শত আটাশী টাকা পঞ্চাশ পয়সা)।

বিনিয়োগের বর্তমান অবস্থা:

বর্তমানে মার্কেন্টাইল ব্যাংকের নিকট মোট ১৮,৮৫২,৫৩৮ টি শেয়ার রক্ষিত আছে, যা আইডিএলসি এর মোট পরিশোধিত মূলধনের ৭.৫০%।

শাখা

ব্যাংক ২রা জুন, ১৯৯৯ এ ব্যবসায়িক কার্যক্রম শুরু করে। ব্যাংকের উদ্বোধনী দিনে দিলকুশা বাণিজ্যিক এলাকায় প্রথম শাখা খোলা হয়। ২০১৬ সালের শেষে ৫টি এস.এম.ই/কৃষি শাখাসহ ব্যাংকের মোট শাখার সংখ্যা দাঁড়িয়েছে ১১৯ টি যার মধ্যে ৭৯ টি শাখা দেশের প্রধান প্রধান বাণিজ্যিক কেন্দ্রে অবস্থিত এবং অবশিষ্ট ৪০ টি শাখা পল্লী অঞ্চলে অবস্থিত। গ্রামীণ জনপদে শাখা সম্প্রসারণের মাধ্যমে ব্যাংক নিম্ন আয়ের জনগোষ্ঠীর মাঝে প্রবাসী আয় দ্রুত পৌছানোর পাশাপাশি আধুনিক ব্যাংকিং সেবা ছড়িয়ে দিচ্ছে ।

পরিচালনা পর্ষদ ও কমিটি সভা

২০১৬ সালে পরিচালনা পর্ষদের ২৪ (চব্বিশ) টি, নির্বাহী কমিটির ৪৩ (তেতাল্লিশ) টি, অডিট কমিটির ১২ (বারো) টি, এবং রিস্ক ম্যানেজমেন্ট কমিটির ০৬ (ছয়) টি সভা অনুষ্ঠিত হয়েছে।

বিবরণ	সাল		
	২০১৪	২০১৫	২০১৬
পরিচালনা পর্ষদ	১৭	২২	২৪
নির্বাহী কমিটি	৪৪	৩৭	৪৩
অডিট কমিটি	১১	১৩	১২
রিস্ক ম্যানেজমেন্ট কমিটি	০৩	০৫	০৬

বহিঃ নিরীক্ষক

আজিজ হালিম খায়ের চৌধুরি, চার্টার্ড একাউন্ট্যান্ট এবং এ. কাসেম এন্ড কোং, চার্টার্ড একাউন্ট্যান্ট বর্তমানে ব্যাংকের বহিঃ নিরীক্ষক হিসাবে নিয়োজিত আছে। নিরীক্ষা প্রতিষ্ঠান এ. কাসেম এন্ড কোং, চার্টার্ড একাউন্ট্যান্ট ৩ (তিন) বছর এবং আজিজ হালিম খায়ের চৌধুরি, চার্টার্ড একাউন্ট্যান্ট ০২ (দুই) বছর ধরে ব্যাংকের বহিঃ নিরীক্ষক হিসাবে নিয়োজিত রয়েছেন। এমতাবস্থায়, বাংলাদেশ ব্যাংক এবং সিকিউরিটিজ এন্ড এক্সচেঞ্জ কমিশনের নির্দেশনা অনুযায়ী শুধুমাত্র নিরীক্ষা প্রতিষ্ঠান আজিজ হালিম খায়ের চৌধুরি, চার্টার্ড একাউন্ট্যান্ট পুনঃনিয়োগ প্রাপ্ত হতে পারবেন। সম্মানিত শেয়ারহোল্ডারগণ ২টি নিরীক্ষক ফার্মকে নিয়োগ/ পুনঃনিয়োগের ব্যাপারে বার্ষিক সাধারণ সভায় সিদ্ধান্ত গ্রহণ করবেন।

করেসপন্ডেন্ট সম্পর্ক

ব্যাংক বেশ কিছু বিদেশী ব্যাংকের সাথে করেসপন্ডেন্ট ব্যাংকিং সম্পর্ক স্থাপন করেছে। ২০১৫ সালের ৩১শে ডিসেম্বর পর্যন্ত ব্যাংক ৬৩টি দেশে সর্বমোট ৬৫২টি ব্যাংকের সাথে করেসপন্ডেন্ট ব্যাংকিং সম্পর্ক স্থাপন করেছে। এসব ব্যাংকের মাধ্যমে মার্কেন্টাইল ব্যাংক তার গ্রাহকদের বিভিন্ন চাহিদা পূরণ এবং ব্যবসায়িক সুযোগ বৃদ্ধিতে ভূমিকা রাখছে। গ্রাহকদের সুবিধার্থে ব্যাংক ৫ টি প্রধান বৈদেশিক মুদ্রায় ২৭ টি নস্ট্রো হিসাব পরিচালনা করে থাকে। ব্যাংক বিভিন্ন বিদেশী ব্যাংকের সাথে করেসপন্ডেন্ট সম্পর্ক দ্বারা তার গ্রাহকদের ক্রমবর্ধমান বৈদেশিক বাণিজ্যে সহায়তা প্রদান করে থাকে। গ্রাহকদের উন্নত সেবা প্রদানে আমরা নিরলসভাবে কাজ করে যাচ্ছি।

মার্কেন্টাইল এক্সচেঞ্জ হাউজ (ইউকে) লিমিটেড

বাংলাদেশ ব্যাংক এবং যুক্তরাজ্যের সংশ্লিষ্ট কর্তৃপক্ষের প্রয়োজনীয় অনুমতি প্রাপ্তির পর, প্রবাসীদের কষ্টার্জিত আয় দ্রুত এবং নির্ভরতার সাথে প্রেরণের সুবিধার্থে মার্কেন্টাইল ব্যাংক ইতোমধ্যেই শত ভাগ সত্বাধিকারে যুক্তরাজ্যের বার্মিংহামে 'Mercantile Exchange House (UK) Limited' নামে একটি নিজস্ব Exchange House চালু করেছে। ০৬ ডিসেম্বর, ২০১১ হতে লন্ডন থেকে 'Mercantile Exchange House (UK) Limited' তার কার্যক্রম চালিয়ে যাচ্ছে। অতি অল্প সময়ের মাঝেই 'Mercantile Exchange House (UK) Limited' দক্ষ গ্রাহক সেবার মাধ্যমে যুক্তরাজ্যের প্রবাসী বাংলাদেশীদের মাঝে সাড়া ফেলতে সক্ষম হয়েছে।

মার্কেন্টাইল ব্যাংক সিকিরিউটিজ লিমিটেড

গ্রাহকদের উন্নত মানের ক্যাপিটাল মার্কেট সেবা প্রদানের লক্ষ্যে ২৭ জুন, ২০১০ সালে প্রতিষ্ঠার পর আলাদা সাবসিডিয়ারী কোম্পানি হিসেবে মার্কেন্টাইল ব্যাংক সিকিরিউটিজ লিমিটেড ১৪ সেপ্টেম্বর, ২০১১ হতে কার্যক্রম শুরু করে। বর্তমানে দেশব্যাপি ০৭ (সাত) টি শাখার মাধ্যমে মার্কেন্টাইল ব্যাংক সিকিরিউটিজ লিমিটেড তার কার্যক্রম চালিয়ে যাচ্ছে।

অফশোর ব্যাংকিং

সমগ্র বিশ্বব্যাপী বিভিন্ন বৈদেশিক মুদ্রায় আন্তর্জাতিক বাণিজ্য সম্পাদন এবং স্বল্প বা বিনা কর/লেভীর সুবিধা গ্রহণ করে বিনিয়োগের উপর উচ্চ মুনাফা অর্জনের এক অনন্য সমাধান অফ-শোর ব্যাংকিং। বর্তমানে মার্কেন্টাইল ব্যাংক তার গুলশান এবং চট্টগ্রাম ইপিজেড শাখার মাধ্যমে বাংলাদেশে বসবাসরত বিদেশী প্রতিষ্ঠানকে প্রয়োজনীয় ব্যাংকিং সেবা প্রদানের লক্ষ্যে অফশোর ব্যাংকিং কার্যক্রম পরিচালনা করে আসছে।

মোবাইল ব্যাংকিং

বাংলাদেশ ব্যাংক হতে প্রয়োজনীয় অনুমতি প্রাপ্তির পর, মার্কেন্টাইল ব্যাংক 'মাই ক্যাশ' নামে নিজস্ব মোবাইল ব্যাংকিং সেবা চালু করেছে। মোবাইল ব্যাংকিং সেবার ক্ষেত্রে গ্রাহকের মোবাইল ফোনটি ব্যাংক হিসাবের কাজ করবে এবং অর্থ লেনদেনের ক্ষেত্রে ওয়ালেটের ভূমিকা পালন করে থাকে। এটি ব্যাংকিং সেবা বঞ্চিত নিম্ন আয়ের জনসাধারণদের ব্যাংকিং সেবার পরিমন্ডলে নিয়ে আসার এক অনন্য উপায়। ইতোমধ্যেই মোবাইল ব্যাংকিং সেবা জনসাধারণের মাঝে ব্যাপক সাড়া ফেলতে সক্ষম হয়েছে।

তথ্য প্রযুক্তি

পরিবর্তিত বিশ্বের সাথে তাল মিলিয়ে ব্যাংকের গ্রাহকদের সর্বাধুনিক ব্যাংকিং সেবা প্রদানের লক্ষ্যে মার্কেন্টাইল ব্যাংক প্রতিষ্ঠালগ্ন থেকেই তথ্য প্রযুক্তি খাতে নিয়মিত বিনিয়োগ করে যাচ্ছে। ব্যাংকিং সেবার আধুনিকায়নে প্রযুক্তির ভূমিকা অনস্বীকার্য। প্রযুক্তিগত উদ্ভাবন ব্যাংকের সেবার মান বৃদ্ধিতে ভূমিকা রাখছে। ব্যয় ও ঝুঁকি কমাতে এবং উন্নত সেবা সহ সার্বিক দক্ষতা বৃদ্ধি এবং মুনাফা সর্বোচ্চকরনের জন্য শাখাসমূহের ব্যাংকিং কার্যক্রমকে কম্পিউটারাইজড করা হয়েছে। গ্রাহকদের প্রকৃত অনলাইন ব্যাংকিং সুবিধা প্রদানের জন্য ব্যাংকে কোর ব্যাংকিং সফটওয়্যার 'TEMENOS T24' সফলতার সাথে সকল শাখায় প্রতিস্থাপিত হয়েছে, যা ব্যাংকের সেবা প্রদান সক্ষমতা বৃদ্ধি ও দ্রুত করেছে। আমরা 'Green Banking' কর্মসূচীর অংশ হিসেবে 'Paperless Banking' কার্যক্রম শুরু করেছি, যা ব্যাংকের সম্পদের সুষ্ঠ ব্যবহার নিশ্চিত করার পাশাপাশি ব্যয় সংকোচনেও ভূমিকা রাখছে।

ব্যাংকের আর্থিক প্রকল্পসমূহ

ব্যাংক শুরু থেকেই সব শ্রেণী-পেশার লোকজনের সব ধরণের প্রয়োজন পূরণে বেশকিছু আকর্ষনীয় আর্থিক প্রকল্প চালু করেছে। তারমধ্যে মাসিক সঞ্চয় প্রকল্প, সুপার বেনিফিট সঞ্চয় প্রকল্প, মাসিক মুনাফা সঞ্চয় প্রকল্প, দ্বিগুণ বৃদ্ধি আমানত প্রকল্প, বিশেষ সঞ্চয় প্রকল্প, এডুকেশন বেনিফিট সঞ্চয় প্রকল্প, ত্রৈমাসিক মুনাফা আমানত প্রকল্প, দেড়গুন বৃদ্ধি আমানত প্রকল্প, অগ্রিম প্রবৃদ্ধি আমানত প্রকল্প, কনজুমার ক্রেডিট স্কীম, লীজ ফাইন্যান্স স্কীম,

ওভারসীজ এমপ্লয়মেন্ট লোন স্কীম, পারসোনাল লোন স্কীম, কার লোন স্কীম, হোম লোন স্কীম, কৃষি ঋণ প্রকল্প ও এসএমই লোন জনগণের মাঝে ব্যাপক সাড়া জাগিয়েছে।

পরিপালন অবস্থা

বাংলাদেশ সিকিউরিটিস এন্ড এক্সচেঞ্জ কমিশন, ঢাকা স্টক এক্সচেঞ্জ (ডিএসই) লিমিটেড, চিটাগাং স্টক এক্সচেঞ্জ (সিএসই) লিমিটেড কর্তৃক ব্যাংকের উপর আরোপিত সকল বিধিমালা কঠোরভাবে পরিপালন করা হয়েছে এবং পরিপালনকৃত বিষয় সমূহ এই বার্ষিক প্রতিবেদনের কর্পোরেট গভর্নেন্স রিপোর্টে উল্লেখ করা হয়েছে।

এই রিপোর্টে অর্ন্তভুক্ত করা হয়েছে পরিচালকগণের সংক্ষিপ্ত জীবনবৃত্তান্ত, সুনির্দিষ্ট কার্যক্ষেত্রে তাঁদের দক্ষতার প্রকৃতি, পরিচালক এবং বোর্ড সভার সদস্য হিসাবে সংশ্লিষ্ট বিভিন্ন প্রতিষ্ঠানের নাম সমূহ, ১০% বা তাঁর অধিক শেয়ার সম্পন্ন অংশীদারগণের নাম, পেরেন্ট/সাবসিডিয়ারী/এসোসিয়েটেড কোম্পানী এবং অন্যান্য সংশ্লিষ্ট পক্ষ সমূহ (নামসহ বিস্তারিত), পরিচালকগণ ও ইন্ডিপেনডেন্ট পরিচালকগণদের সম্মানী ভাতা।

প্রস্তুতকৃত আর্থিক বিবরণীতে আর্থিক অবস্থা, ব্যবসায়িক কার্যাবলীর ফলাফল, নগদ প্রবাহ ও মালিকানা সত্ত্বের পরিবর্তন নিরপেক্ষ ভাবে প্রতিফলিত হয়েছে। হিসাবের বই সমূহ যথাযথ ভাবে সংরক্ষণ করা হয়েছে। আর্থিক প্রতিবেদন তৈরীতে হিসাব বিজ্ঞানের উপযুক্ত নীতিগুলোর ধারাবাহিকতা বজায় রাখা হয়েছে। এই নীতিসমূহ ন্যায্যতা ও বিচক্ষণতার সাথে নির্ধারণ করা হয়েছে। আর্থিক প্রতিবেদন তৈরিতে ইন্টারন্যাশনাল অ্যাকাউন্টিং স্ট্যান্ডার্ড (আইএএস)/বাংলাদেশ অ্যাকাউন্টিং স্ট্যান্ডার্ড (বিএএস)/ ইন্টারন্যাশনাল ফিন্যান্সিয়াল রিপোর্টিং স্ট্যান্ডার্ড (আইএফআরএস)/বাংলাদেশ ফিন্যান্সিয়াল রিপোর্টিং স্ট্যান্ডার্ড (বিএফআরএস) এর যতটুকু বাংলাদেশে প্রযোজ্য তা অনুসরন করা হয়েছে এবং তার থেকে ব্যতিক্রম যথাযথ ভাবে প্রকাশ করা হয়েছে। অভ্যন্তরীণ নিয়ন্ত্রণ ব্যবস্থা সুপরিকল্পিত এবং প্রতিনিয়ত কার্যকরভাবে এর বাস্তবায়ন ও রক্ষণাবেক্ষণ করা হচ্ছে।

আর্থিক বিবরণী

পরিচালন মুনাফা

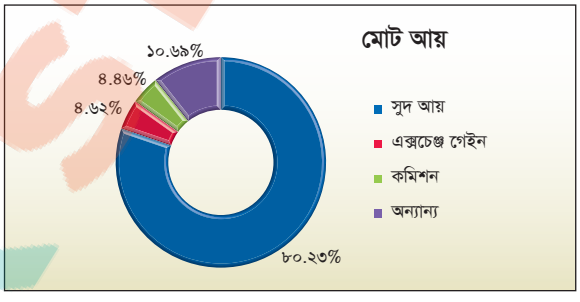
৩১শে ডিসেম্বর, ২০১৬ শেষে ব্যাংকের পরিচালন মুনাফার পরিমাণ দাঁড়িয়েছে ৪,৩৪৬.৪৪ মিলিয়ন টাকা, যা ২০১৫ সালে ছিল ৩,৯৩৫.৭৫ মিলিয়ন টাকা। ২০১৬ সালে ব্যাংকের নীট সুদ আয়ের পরিমান ছিল ৬,০১৪.৮৩ মিলিয়ন টাকা, যা ২০১৫ সালে ছিল ৫,১৫৮.৫৬ মিলিয়ন টাকা।

পরিচালন মুনাফা	
	(মিলিয়ন টাকা)
সুদ আয়	১৬,৫৩৩.৩৭
বাদঃ সুদ ব্যয়	১০,৫১৮.৫৪
নীট সুদ আয়	৬,০১৪.৮৩
যোগঃ সুদ বহির্ভুত আয়	৪,০৭৪.১৫
মোট পরিচালন আয়	১০,০৮৮.৯৮
বাদঃ সুদ বহির্ভুত ব্যয়	৫,৬৫২.৫৪
পরিচালন মুনাফা	**৪,৪৩৬.৪৪**

মোট আয়

২০১৬ সালে ব্যাংকের মোট আয় ছিল ২০,৬০৭.৫২ মিলিয়ন টাকা, যা ২০১৫ সালে ছিল ১৯,৭৫২.৪৭ মিলিয়ন টাকা। মোট আয়ের ৮০.২৭% সুদ, ৪.৬১% এক্সচেঞ্জ গেইন, ৪.৪৫% কমিশন এবং ১০.৬৬% অন্যান্য, যা ২০১৫ সালে ছিল যথাক্রমে ৮৫.৯০%, ৪.৪৩%, ৪.০৪%এবং ৫.৬৩%।

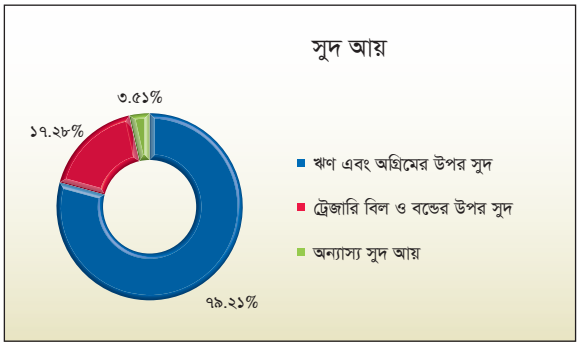
মোট আয়		
		(মিলিয়ন টাকা)
বিবরণ	**পরিমাণ**	**শতকরা**
সুদ আয়	১৬,৫৩৩.৩৭	৮০.২৩%
এক্সচেঞ্জ গেইন	৯৫২.৬৬	৪.৬২%
কমিশন	৯১৯.২২	৪.৪৬%
অন্যান্য	২,২০২.২৭	১০.৬৯%
মোট	**২০,৬০৭.৫২**	১০০.০০%



সুদ আয়

২০১৬ সালে ব্যাংক ১৬,৫৩৩.৩৭ মিলিয়ন টাকা সুদ আয় অর্জন করেছে, যা ২০১৫ সালে ছিল ১৬,৯৬৭.১১ মিলিয়ন টাকা। মোট সুদ আয়ের মধ্যে ঋণ এবং অগ্রিমের উপর সুদ ৭৯.২৬%, ট্রেজারী বিল এ্যান্ড বন্ডের উপর সুদ ১৭.২৩% এবং অন্যান্য সুদ আয় ৩.৫০%।

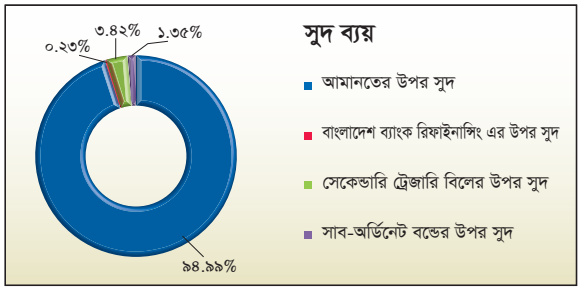
সুদ আয়		
		(মিলিয়ন টাকা)
বিবরণ	**পরিমাণ**	**শতকরা**
ঋণ এবং অগ্রিমের উপর সুদ	১৩,০৯৫.৬৪	৭৯.২১%
ট্রেজারি বিল ও বন্ডের উপর সুদ	২,৮৫৭.১১	১৭.২৮%
অন্যাস্য সুদ আয়	৫৮০.৬২	৩.৫১%
মোট	১৬,৫৩৩.৩৭	১০০.০০%



সুদ ব্যয়

২০১৬ সালের শেষে ব্যাংকের সুদ ব্যয় এর পরিমাণ দাড়িয়েছে ১০,৫১৮.৫৪ মিলিয়ন, যা ২০১৫ সালে ছিল ১১,৮০৮.৫৫ মিলিয়ন টাকা।

সুদ ব্যয়		
		(মিলিয়ন টাকা)
বিবরণ	পরিমাণ	শতকরা
আমানতের উপর সুদ	৯,৯৯২.০৪	৯৪.৯৯%
বাংলাদেশ ব্যাংক রিফাইনান্সিং এর উপর সুদ	২৪.৪২	০.২৩%
সেকেন্ডারি ট্রেজারি বিলের উপর সুদ	১৪২.০৮	১.৩৫%
সাব-অর্ডিনেট বন্ডের উপর সুদ	৩৬০.০০	৩.৪২%
মোট	১০,৫১৮.৫৪	১০০.০০%



নীট সুদ আয়

২০১৬ সালে ব্যাংকের নীট সুদ আয় ২০১৫ সালের ৫,১৫৮.৫৬ মিলিয়ন টাকা থেকে বৃদ্ধি পেয়ে ৬,০১৪.৮৩ মিলিয়ন টাকায় দাঁড়িয়েছে। ২০১৬ সালে সুদ থেকে ব্যাংকের মোট আয় হয়েছে ১৬,৫৩৩.৩৭ মিলিয়ন টাকা এবং সুদ বাবদ ব্যয় হয়েছে ১০,৫১৮.৫৪ মিলিয়ন টাকা।

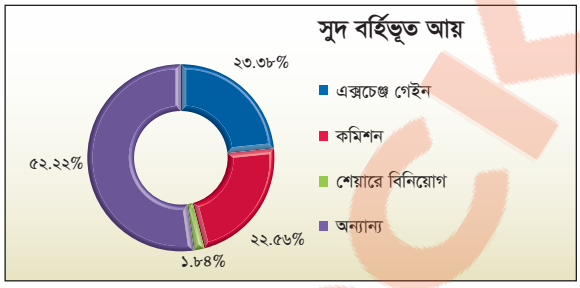
সুদের নীট মার্জিন

ব্যাংকের সুদের নীট মার্জিন যা নীট সুদ আয় এবং মোট উপার্জনক্ষম সম্পদের সর্ম্পক হতে নির্ণীত হয়, ২০১৬ সালে ছিল ৩.৪৩%।

সুদ বহির্ভূত আয়

২০১৬ সালে ব্যাংকের সুদ বহির্ভূত আয় দাড়িয়েছে ৪,০৭৪.১৫ মিলিয়ন টাকা, যা ২০১৫ সালে ছিল ২,৭৮৫.৪৫ মিলিয়ন টাকা। মোট সুদ বহির্ভূত আয়ের ২৩.৩৮% এক্সচেঞ্জ গেইন, ২২.৫৬% কমিশন, বিনিয়োগ থেকে ১.৮৪%, এবং অন্যান্য সুদ বর্হিভূত আয় ৫২.২২% যা, ২০১৫ সালে যথাক্রমে ৩১.৩৯%, ২৮.৬৭%, ০.৮৪% এবং ৩৯.০৯% ছিল।

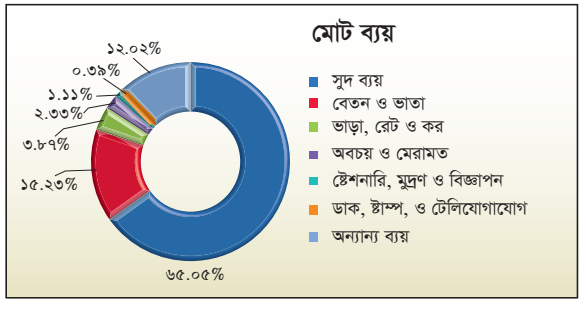
সুদ বর্হিভূত আয়		
		(মিলিয়ন টাকা)
বিবরণ	পরিমাণ	%
এক্সচেঞ্জ গেইন	৯৫২.৬৬	২৩.৩৮%
কমিশন	৯১৯.২২	২২.৫৬%
শেয়ারে বিনিয়োগ	৭৪.৮০	১.৮৪%
অন্যান্য	২,১২৭.৪৭	৫২.২২%
মোট	৪,০৭৪.১৫	১০০.০০%



মোট ব্যয়

২০১৬ সালে ব্যাংকের মোট ব্যয় দাঁড়িয়েছে ১৬,১৭১.০৮ মিলিয়ন টাকা, যা ২০১৫ সালে ছিল ১৫,৮১৬.৮১ মিলিয়ন টাকা। মোট ব্যয়ের মধ্যে ৬৫.০৫% সুদ, ১৫.২৩% বেতন ও ভাতা, ৩.৮৭% ভাড়া, রেট, কর ইত্যাদি, ২.৩৩% অবচয় ও মেরামত, ১.১১% স্টেশনারি, মুদ্রণ ও বিজ্ঞাপন, ০.৩৯% ডাক, ষ্ট্যাম্প ও টেলিযোগাযোগ এবং অন্যান্য ব্যয় ১২.০২% যা ২০১৫ সালে ছিল যথাক্রমে ৭৪.৬৬%, ১১.৩৯%, ৩.৪৩%, ১.৯১%, ১.১৫%, ০.৪২% ও ৭.০৩% ছিল।

মোট ব্যয়		
		(মিলিয়ন টাকা)
বিবরণ	পরিমাণ	%
সুদ ব্যয়	১০,৫১৮.৫৫	৬৪.৬৯%
বেতন ও ভাতা	২,৪৬৩.০৫	১৫.২৩%
ভাড়া, রেট ও কর	৬২৬.১৯	৩.৮৭%
অবচয় ও মেরামত	৩৭৭.৫৩	২.৩৩%
ষ্টেশনারি, মুদ্রণ ও বিজ্ঞাপন	১৭৯.০৪	১.১১%
ডাক,ষ্টাম্প, ও টেলিযোগাযোগ	৬৩.২১	০.৩৯%
অন্যান্য ব্যয়	১,৯৪৩.৫২	১২.০২%
মোট	১৬,২৬১.০৮	১০০.০০%



সুদ বহির্ভূত ব্যয়

২০১৬ সালে ব্যাংকের সুদ বহির্ভূত ব্যয় ২০১৫ সালের ৪,০০৮.২৬ মিলিয়ন টাকা হতে বৃদ্ধি পেয়ে ৫,৬৫২.৫৪ মিলিয়ন টাকায় দাঁড়িয়েছে। মোট সুদ বহির্ভূত ব্যয়ের ৪৩.৫৭% বেতন ও ভাতা সংক্রান্ত, ১০.৯০% ভাড়া, রেট, কর ইত্যাদি, ৬.৫৭% অবচয় ও মেরামত, ৩.১২% স্টেশণারী মুদ্রণ ও বিজ্ঞাপন, ১.১০% ডাক, ষ্ট্যাম্প ও টেলিযোগযোগ এবং অন্যান্য ৩৪.৩৮% যা ২০১৫ সালে ছিল যথাক্রমে ৪৪.৯৫%, ১৩.৫৫%, ৭.৫৫%, ৪.৫৫%, ১.৫২% এবং ২৭.৭৫% ছিল।

সুদ বহির্ভূত ব্যয়		
	(মিলিয়ন টাকা)	
বিবরণ	পরিমাণ	%
বেতন ও ভাতা	২,৪৬৩.০৫	৪৩.৫৭%
ভাড়া, রেট ও কর	৬২৬.১৯	১০.৯০%
অবচয় ও মেরামত	৩৭৭.৫৩	৬.৫৭%
স্টেশনারী, মুদ্রণ ও বিজ্ঞাপন	১৭৯.০৪	৩.১২%
ডাক, স্ট্যাম্প ও টেলিযোগাযোগ	৬৩.২১	১.১০%
অন্যান্য	১,৯৪৩.৫২	৩৪.৩৮%
মোট	৫,৬৫২.৫৪	১০০.০০%

কর পূর্ব নীট মুনাফা

সর্বপ্রকার সংস্থান রাখার পর ২০১৬ সালে কর পূর্ব নীট মুনাফার পরিমাণ দাঁড়ায় ৩,৪৮৭.৩৬ মিলিয়ন টাকা, যা ২০১৫ সালে ছিল ২,৬৪৩.২৮ মিলিয়ন টাকা।

করের জন্য প্রভিশন

২০১৬ সালে কর বাবদ সংস্থান রাখা হয় ১,২৬০.০০ মিলিয়ন টাকা, যা ২০১৫ সালে ছিল ১,২৫০.০০ মিলিয়ন টাকা।

কর পরবর্তী মুনাফা

২০১৬ সালে ব্যাংক ২,২২৭.৩৬ মিলিয়ন টাকা কর পরবর্তী মুনাফা অর্জন করেছে, যা ২০১৫ সালে ছিল ১,৩৯৩.২৮ মিলিয়ন টাকা।

কর পরবর্তী মুনাফা		
		(মিলিয়ন টাকা)
সুদ আয়	১৬,৫৩৩.৩৭	
সুদ ব্যয়	১০,৫১৮.৫৪	
নীট সুদ আয়		৬,০১৪.৮৩
সুদ বহির্ভূত আয়	৪,০৭৪.১৫	
সুদ বহির্ভূত ব্যয়	৫,৬৫২.৫৪	
নীট সুদ বহির্ভূত আয়		(১,৫৭৮.৩৭)
করপূর্ব মুনাফা		৪,৪৩৬.৪৪
সংস্থান		
অশ্রেণীবিন্যাসিত ঋণের বিপরীতে সংস্থান	২১২.৭৩	
শ্রেণী বিন্যাসিত ঋণের বিপরীতে সংস্থান	৫৫৯.৪৮	
উদ্বৃত্ত পত্র বহির্ভূত আইটেমের বিপরীতে সংস্থান	১৭৬.৮৭	৯৪৯.০৮
কর পূর্ব মুনাফা		৩,৪৮৭.৩৬
কর বাবদ সংস্থান		১,২৬০.০০
কর পরবর্তী মুনাফা		২,২২৭.৩৬

লভ্যাংশ

ব্যাংকের পরিচালনা পর্ষদ ২০১৬ সালের জন্য ১৫% নগদ এবং ৫% স্টক লভ্যাংশ সুপারিশ করেছে। ব্যাংক ২০১৫ সালে ১২% নগদ লভ্যাংশ প্রদান করেছিল।

শেয়ার প্রতি আয়

স্টক এক্সচেঞ্জ এ অন্তরর্ভুক্ত হওয়ার পর থেকে এখন পর্যন্ত ব্যাংক শেয়ার প্রতি ধনাত্মক আয় অর্জন করে আসছে। ২০১৬ সালের শেষে ব্যাংকের শেয়ার প্রতি আয় দাড়িয়েছে ৩.০১ টাকা, যা ২০১৫ সালে ছিল ১.৮৮ টাকা।

পরিচালনা দক্ষতা অনুপাত

২০১৬ সালে ব্যাংকের পরিচালনা দক্ষতা অনুপাত দাঁড়িয়েছে ৭৮.৭৪%, যা ২০১৫ সালে ছিল ৮০.০৭%। এই অনুপাত ব্যাংক কতটা দক্ষতার সাথে কাজ সম্পন্ন করেছে তা নির্দেশ করে।

পরিচালনা দক্ষতা অনুপাত		
	২০১৬	২০১৫
মোট ব্যয়	১৬,১৭১.০৪	১৫,৮১৬.৮১
মোট আয়	২০,৬০৭.৫২	১৯,৭৫২.৫৭
পরিচালনা দক্ষতা অনুপাত	৭৮.৪৭%	৮০.০৭ %

২০১৭ এর কার্যক্রম

টেকসই অর্থনীতির উন্নয়নের মূল লক্ষ্যে বাংলাদেশ ব্যাংক মুদ্রানীতি গ্রহন করে যার মূল উদ্দেশ্য হল মূল্যস্ফীতি হ্রাসকরন, সুদের হার কমানো, বেসরকারী খাতে ঋনের প্রবাহের বৃদ্ধি, ব্যাংকিং খাত থেকে সরকারের ঋণ গ্রহণ সীমিতকরণ। ২০১৭ সালে ব্যাংক তার ঋণ পোর্টফোলিও গ্রাহক এবং ব্যবসা ভেদে বহুমুখী করার মাধ্যমে, মানসম্পন্ন সম্পদের বৃদ্ধির মাধ্যমে ঝুঁকি এবং অর্জনের মাঝে সামঞ্জস্যতার মাধ্যমে সুদৃঢ় অবস্থান আরও সুসংহত করার প্রয়াস চালিয়ে যাবে। টেকসই প্রবৃদ্ধি এবং ব্যাবসায়িক উদ্দেশ্য অর্জন করার জন্য ব্যাংক নিম্নোক্ত কৌশলগত উদ্দেশ্য ও পরিকল্পনার উপর জোর প্রদান করবে।

- ২০১৭ সালে ব্যবসায়িক সম্ভাবনা সর্ম্পকে সর্তকতার সাথে পদক্ষেপ ।
- স্থানীয় এবং আর্ন্তজাতিক যে কোন অর্থনৈতিক মন্দা মোকবেলা করার জন্য ঝুঁকি ব্যবস্থাপনা জোড়দার করা।
- গুনগত মানের ফান্ডেড ও ননফান্ডেড ব্যবসা বৃদ্ধি করা।
- সঞ্চয় হিসাব ও কম ব্যয় হিসাব খোলার মাধ্যমে তহবিল ব্যয় কমানো।
- সম্পদের সুষ্ঠ ব্যবহার ও পরিচালনা দক্ষতা বৃদ্ধির মাধ্যমে পরিচালনা ব্যয় কমানো।

একইসাথে, আমাদের গ্রাহকদের আধুনিক এবং উন্নতমানের সর্বপ্রকার ব্যাংকিং সুবিধা প্রদানের লক্ষ্যে আমাদের প্রচেষ্টা অব্যাহত থাকবে এবং পাশাপাশি ভবিষ্যতের চ্যালেঞ্জ মোকাবেলায় আমাদের কর্মীবাহিনীর দক্ষতা বৃদ্ধির লক্ষ্যে কাজ করে যাবে। ব্যবসায়িক সাফল্য ধরে রাখতে ও ব্যাংক সংশ্লিষ্টদের কল্যাণার্থে ব্যাংক কর্পোরেট সু-শাসন প্রতিষ্ঠা, সঠিক ঝুঁকি ব্যবস্থাপনা নীতি, বিচক্ষণ ঋণ নীতি ও প্রয়োগ কৌশল গ্রহণ করেছে যেন ব্যাংক দীর্ঘমেয়াদি অগ্রগতি অর্জন ও লাভবান হতে পারে।

কৃতজ্ঞতা

মার্কেন্টাইল ব্যাংক আগামী দিনের চ্যালেঞ্জ দক্ষতার সাথে মোকাবেলার লক্ষ্যে আত্মবিশ্বাসী। আমরা বিশ্বাস করি, মার্কেন্টাইল ব্যাংক গ্রাহকবৃন্দকে শ্রেয়তর সেবা প্রদানের মাধ্যমে বাংলাদেশের প্রথম সারির আর্থিক সেবা প্রদানকারী সংস্থা হিসেবে নিজেদের অবস্থান সুদৃঢ় করতে সক্ষম।

ব্যাংকের পরিচালনা পর্ষদ সঠিক ও সময়োপযোগী নির্দেশনা, পরামর্শ এবং সহায়তার জন্যে আন্তরিক কৃতজ্ঞতা প্রকাশ করছে গণ-প্রজাতন্ত্রী বাংলাদেশ সরকার, অর্থ মন্ত্রণালয়, বাংলাদেশ ব্যাংক, বাংলাদেশ সিকিউরিটিজ এন্ড এক্সচেঞ্জ কমিশন, ঢাকা স্টক এক্সচেঞ্জ, চট্টগ্রাম স্টক এক্সচেঞ্জ ও রেজিস্ট্রার অব জয়েন্ট স্টক কোম্পানিজ এ্যান্ড ফার্মস এর প্রতি।

ব্যাংকের পরিচালনা পর্ষদ, ব্যাংকের সকল কর্মকর্তা-কর্মচারীদের ব্যাংকের উত্তোরত্তর সমৃদ্ধির লক্ষ্যে তাদের অক্লান্ত প্রচেষ্টার জন্য অভিনন্দন জানাচ্ছি। পাশাপাশি ধন্যবাদ এবং অভিনন্দন জানাচ্ছি ব্যাংকের সকল গ্রাহক, পৃষ্ঠপোষক, শেয়ার হোল্ডার ও শুভানুধ্যায়ীদের, যাদের অব্যাহত সমর্থন এবং সহযোগিতায় আমরা অব্যাহত ভাবে সাফল্য অর্জন করে চলেছি।

পরিচালনা পর্ষদের পক্ষে

শহিদুল আহ্সান
চেয়ারম্যান

AMAR STOCK

Management
Discussion and Analysis

The amount of NPL is historically very high and has become an ever-increasing phenomenon in the banking industry of our country. For example, the non-performing loans (NPLs) of PCBs in mid-2016 was 5.4 percent, while it was 25.7 percent for state owned banks and 26.1 percent for public specialised development banks. This is primarily due to questionable quality of loan portfolio, inefficient fund management, obligatory financing towards priority sectors and poor quality of the regulatory standards.

MACROECONOMIC SCENARIO OF BANGLADESH

Economic Growth

The Bangladesh economy performed well in FY2015-16. The GDP growth picked up around half percentage point to 7.11% from 6.55% of previous fiscal year. This is the first time that, growth has exceeded 7% mark after persistent growth of around 6%. Agriculture growth decelerated to 2.79% in FY2015-16 from 3.33% in the year before, caused by the decline in crop and horticulture growth from 1.83% in FY2014-15 to 0.88 % in FY2015-16. The growth in industry sector expended to 11.09% in FY2015-16, up by 1.42% points compared with the previous fiscal year. The share of service sector in GDP stood at 53.12% in FY2015-16. According to the final estimates of BBS, per capita national income reached at US$1,465 in FY2015-16, up by US$149, from US$1,316 of previous year. Likewise, per capita GDP reached at US$1,385 in FY 2015-16, from US$ 1,236 a year earlier.

Savings and Investment

During FY2015-16, domestic savings reached 24.98% of GDP, significantly up by 2.82% points from previous year. During the same period, national savings stood at 30.77% of GDP, also increased considerably by 1.75% points from previous fiscal year. Investment in FY2015-16 reached 29.65% of GDP, up by 0.76 % point in FY2014-15.

Inflation

Year-on-year inflation decreased to 5.92% in FY2015-16 relative to 6.41% in FY2014-15. The downward trend in inflation is largely driven by food-inflation. Food inflation declined in FY2015-16 to 4.90% from 6.68% in FY2014-15, while non-food inflation rose from 5.99 % to 7.43% during the same period.

Export

Exports recorded a growth of 9.77% in FY2015-16, significantly up from 3.39% in the previous fiscal year. Export earnings during the period exceeded the annual target (US$33,500 million) by 2.21% to US$34,257 million. Export of woven garments and knitwear products increased by 12.81% and 7.47% respectively in FY2015-16 compared to the same period of previous year.

Import

Import growth accelerated at 5.45% in FY2015-16, from 0.07% growth compared to the preceding year. The total value import (C&F) stood provisionally at US$42,290.80 million during FY2015-16, up from US$40,703.70 million (based on custom records) of the preceding year.

Foreign Exchange Reserve

Foreign exchange reserves exceeded the US$30 billion mark in June 2016. On 30 June 2015, foreign exchange reserves stood at US$25,020 million. Foreign exchange reserve continued to grow due to continued increase in the surpluses of overall balance of BOP. On 30 June 2016 reserve reached US$30,176 million, providing for 8 months of import coverage.

BANKING SECTOR OF BANGLADESH

The smooth movement of the wheels of an economy depends on some vital sectors that directly contribute to sustainable economic growth and development. The banking sector is considered as one of the most significant players in strengthening the soundness of an economy.

The banking sector in Bangladesh has been performing well in terms of employment generation, profitability and operations during the past few decades. The value of bank shares in the stock market is reasonably high. But this sector's performance has noticeably declined in investment sector in the recent years. Its investment in private sector industries has down-turned due to anti-investment environment prevailing in the country. The banking industry has been facing the challenges arising from political instability and uncertainties, in addition to inept management, frauds, corruption, inadequate capital base in state owned commercial bank, unprofessional personnel in the management, political interference in decision making and so on. The overall Banking sector structure of Bangladesh is as under-

Banking System Structure (BDT in Billion)

Bank types	2016 (June)					
	Number of Banks	Number of Branches	Total assete	Percent of industry assets	Deposits	Percent of deposits
SCBs	06	3700	3219.1	26.1	2447.4	29.0
DFIs	02	1407	302.2	2.5	247.4	2.9
PCBs	39	4271	8254.6	67.0	5382.3	63.8
FCBs	09	75	550.6	4.5	358.9	4.3
Total	**56**	**9453**	**12326.4**	**100.0**	**8436.0**	**100.0**

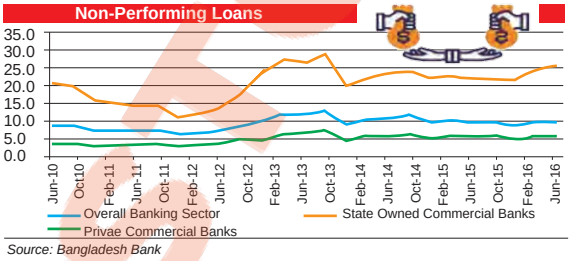
Source : Bangladesh Bank

The amount of NPL is historically very high and has become an ever-increasing phenomenon in the banking industry of our country. For example, the non-performing loans (NPLs) of PCBs in mid-2016 was 5.4 percent, while it was 25.7 percent for state owned banks and 26.1 percent for public specialised development banks. This is primarily due to questionable quality of loan portfolio, inefficient fund management, obligatory financing towards priority sectors and poor quality of the regulatory standards. Where NPL as percentage of total loans and advance in private commercial banks and foreign commercial banks remained between 5%-10%, state owned commercial banks held around 25% by end June 2016.

Gross NPL Ratio in the Banking system

	2009	2010	2011	2012	2013	2014	End of June-2015	End of June-2016
Gross NPL ratios	9.2	7.3	6.1	10	8.9	9.7	9.7	10.06
State-owned commercial banks	21.4	15.7	11.3	23.9	19.8	22.2	21.9	25.74
Specialised development bank	25.9	24.2	24.6	26.8	26.8	32.8	25.5	26.14
Private commercial banks	3.9	3.2	2.9	4.6	4.5	5	5.7	5.44
Foreign commercial banks	2.3	3	2.9	3.5	5.5	7.3	8.3	8.33

Source : Banglsdesh Bank



Source: Bangladesh Bank

The above figure shows that overall NPL scenario in 2016 seems quite similar to that of earlier years. The exception would be the period from mid-2012 until early 2014. The primary reason for the increase in reported NPL was the withdrawal of the one-time relaxation of the loan rescheduling procedure, which was given in 2013. The overall NPL ratio temporarily spiked in response to that event.

Currently, the scheduled commercial banks have to maintain a CRR (Cash Reserve Ratio) averaging 6.5 percent daily on a biweekly basis against Average Total Demand and Time Liabilities (ATDTL) of the second preceding month, with an obligation to maintain daily minimum 6% cash against the same ATDTL held by the bank. The current rate of SLR (Statutory Liquidity Reserve) for conventional banks is 13%

Improved IT sector can play a major role in the banking industry of the country by enabling banks to connect more customers and speed up banking operations. Now-a-days, people can do banking transactions sitting at offices or at home without visiting banks physically. Although this system of banking has started in Bangladesh, it is still very inadequate compared to the needs. The commercial banks must introduce electronic banking systems commonly known as "E-banking" on a massive scale that will definitely save valuable time, money and energy of millions of people.

The Monetary Policy Statement (MPS) of Bangladesh Bank, June 2016, highlights its BB's supervisory vigilance on lending efficiency and risk management in the financial sector will continue to be strengthened, with particular emphasis on transparent, accountable corporate governance, and substantial reduction in loan defaults.

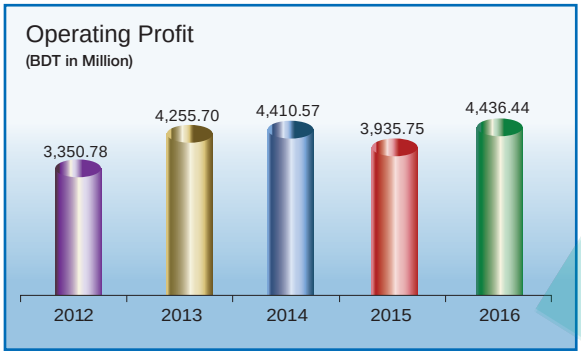
FINANCIAL REVIEW

Empirical review on our financial performance in the year 2016:

Operating Profit

Denotes the profit earnings of the Bank after charging all the expenses excluding the components of provisions and tax.

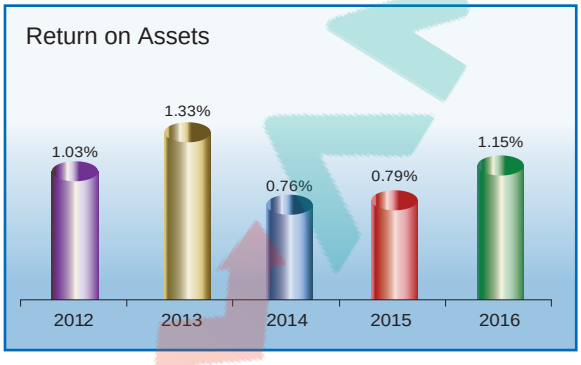
Attainment: In the year 2016 operating profit of the Bank was BDT 4,436.44 million. It is attributed to our success in maintaining and in some cases up-gradation of our performing risk assets portfolio as well as bringing down cost of deposits, creation of reasonably better spread and establishment of better control on the movement of operating expenses.



Return on Assets (ROA)

ROA measures the efficiency level of the Bank in utilization of its assets.

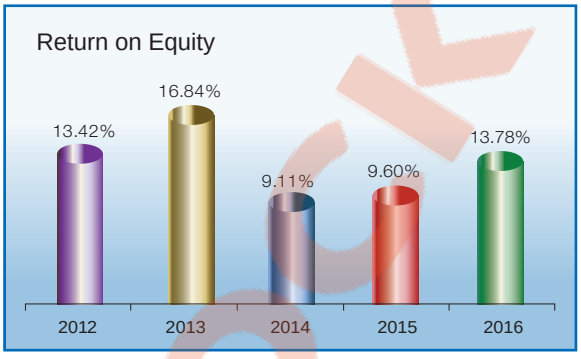
Attainment: During the year 2016 ROA stood at 1.15%.



Return on Equity (ROE)

ROE is meant for measuring the average earnings on the shareholders' funds/equity.

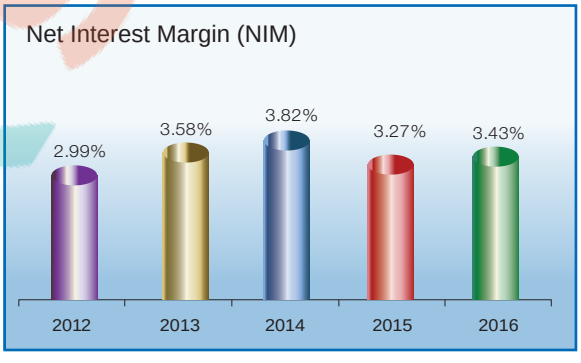
Attainment: During the year 2016 ROE stood at 13.78% against 9.60% in the year 2015.



Net Interest Margin (NIM)

NIM is one of the most important indicators and by definition it measures the extent of spread the Bank creates in course of intermediation of fund.

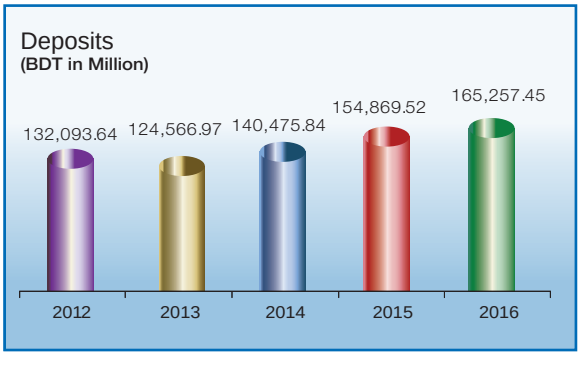
Attainment: NIM stood at 3.43% in 2016 against 3.27% in 2015. It is largely attributable to our success in the endeavor for keeping down the cost of fund of the Bank.



Deposits

It is the quantum of deposits placed by customers in the Bank through Current, Savings, SND, Scheme Deposits, Term Deposits i.e. FDR etc accounts.

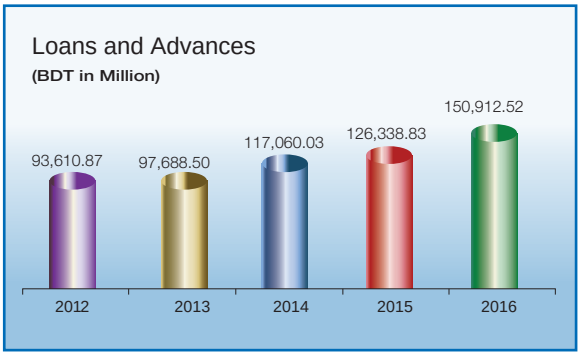
Attainment: Deposits growth of the Bank was 6.70% in 2016. Total deposits surged to BDT 165,257.45 million from BDT 154,869.52 million of 2015.



Loans and Advances

It is the quantum of loans disbursed as overdrafts, trade finance, term loans, bill discount facilities etc.

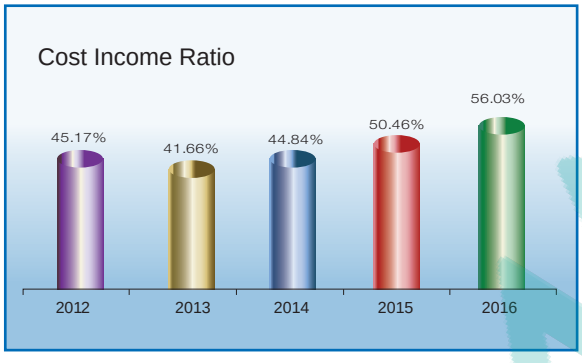
Attainment: The size of the credit portfolio of the Bank has increased by 19.45% to BDT 150,912.52 million in 2016 against BDT 126,338.83 million in 2015.



Cost Income Ratio

Measures operating cost as percentage to operating income.

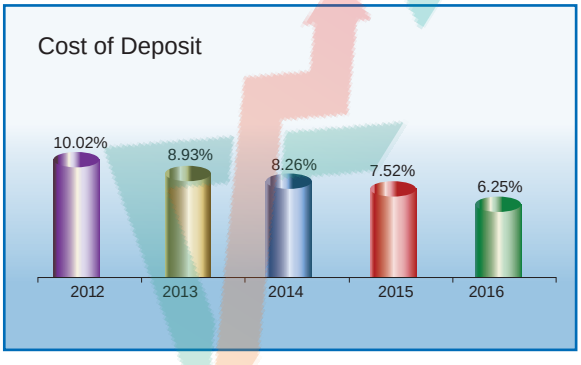
Attainment: Cost Income Ratio increased to 56.03% in 2016 from 50.46% of 2015. This due to the increase of non-interest expenses of the Bank.



Cost of Deposits

It measures the extent of interest expenses on the interest bearing deposits.

Attainment: Cost of Deposits during the year 2016 came down significantly to 6.25% from 7.52% in 2015 which is the result of our efforts to rationalize the interest expenses against our different deposit products without having adverse impact on the deposit/liquidity base.



REVIEW ON PROFIT & LOSS ACCOUNT

Income

Gross Income of the Bank surged to BDT 20,607.52 million registering 4.33% growth in the year 2016 in comparison to 2015. The increase in the income stream was largely attributable to maintaining the sound status of the credit portfolio though interest income decrease slightly. Besides, fees based income contributed significantly towards positive growth of profit. During the year 2016, we focused on sound portfolio management and keeping down cost of fund towards maximization of profitability within the bound of our earning assets.

(BDT in Million)

Particulars	2016	2015	Growth
Interest Income	16,533.37	16,967.11	-2.56%
Investment Income	74.80	23.53	217.89%
Commission, Exchange and Brokerage	1,871.88	1,673.08	11.88%
Other Operating Income	2,127.47	1,088.84	95.39%
Total Income	**20,607.52**	**19,752.56**	**4.33%**

Expenses

In 2016, Interest expenses decreased by -10.92%. As a result the overall expenses increased by 2.24% than 2015. Total expenses recorded for 2016 was BDT 16,171.08 million as against that of BDT 15,816.81 million in 2015.

(BDT in Million)

Particulars	2016	2015	Growth
Interest Expenses	10,518.54	11,808.55	-10.92%
Total Operating Expenses	5,652.54	4,008.26	41.02%
Total Expenses	**16,171.08**	**15,816.81**	**2.24%**

Operating Expenses increased to BDT 5,652.54 million in 2016 from BDT 4,008.26 million in 2015 registering 41.02% increase. This increase was largely due to expansion of branches and corresponding increase in the business volume of the Bank.

(BDT in Million)

Particulars	2016	2015	Growth
Salaries and Allowances	2,463.05	1801.63	36.71%
Chief Executives Salary and Fees	11.38	12.39	-8.15%
Director's Fees	4.87	3.47	40.35%
Rent, Taxes, Insurance Electricity etc	626.19	543.22	15.27%
Legal Expenses	8.54	6.48	31.79%
Postage, Stamps, Telecommunication etc.	63.21	66.15	-4.44%
Stationary, Printing, Advertisement etc.	179.04	182.38	-1.83%
Auditors' Fees	0.92	0.69	33.33%
Depreciation and Repair of Fixed Assets	377.53	302.49	24.81%
Other Expenses	1,917.81	1,089.37	76.05%
Total Operating Expenses	**5,652.54**	**4,008.26**	**41.02%**

Profitability

The Bank during the year 2016, attained another milestone with respect of operating profit, which surged by 11.58% to BDT 4,436.44 million as compare to BDT 3,935.75 million in 2015. In the year 2016 our NPL ratio is 5.13% and we kept provision of BDT 949.08 million against BDT 1,292.47 million of 2015. As a result, net profit of the Bank increased to BDT 2,227.36 million, registering growth of 59.86% in comparison to the year 2015.

(BDT in Million)

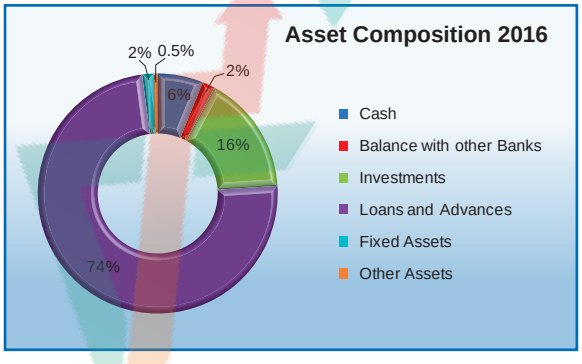
Particulars	2016	2015	Growth
Interest Income	16,533.37	16,967.11	-2.56%
Less Interest Paid on Deposits, Borrowing etc	10,518.54	11,808.55	-10.92%
Net Interest Income	**6,014.83**	**5,158.56**	**17.47%**
Plus Non Interest Income	4,074.15	2,785.45	46.27%
Total Operating Income	**10,088.98**	**7,944.01**	**27.00%**
Less Total Operating Expenses	5,652.54	4,008.26	41.02%
Operating Profit	**4,391.44**	**3,935.75**	**11.58%**
Total Provision	949.08	1,292.47	-26.57%
Total Profit Before Tax	**3,487.36**	**2,643.28**	**31.93%**
Less Provision for Tax	1,260.00	1,250.00	0.80%
Net Profit after Taxation	**2,227.36**	**1,393.28**	**59.86%**

Balance Sheet wise some Key Performance Indicators of the Bank are as under:

Particulars	2016	2015
Return on Assets (ROA)	1.15%	0.79%
Return on Equity (ROE)	13.78%	9.60%
Cost Income Ratio	56.03%	50.46%
Net Interest Margin (NIM)	3.43%	3.27%

BALANCE SHEET SUMMARY

The Bank posted healthy Balance sheet size with BDT 204,127.47 million assets base as on 31 December 2016. Loans and advances contribute major part i.e. 73.91 % of total assets. Investments stand the second largest part i.e. 16% of total assets.



The core earning assets of the Bank are Loans and Advances and Investment. The credit portfolio of the Bank experienced a hefty growth of 19.45% in 2016 over 2015. As one of the primary dealers (PD) we had large chunk of investment in government securities i.e. Treasury bill and Bonds and during the year 2016 quantum of government securities holding decreased by -2.69% over 2015.

(BDT in Million)

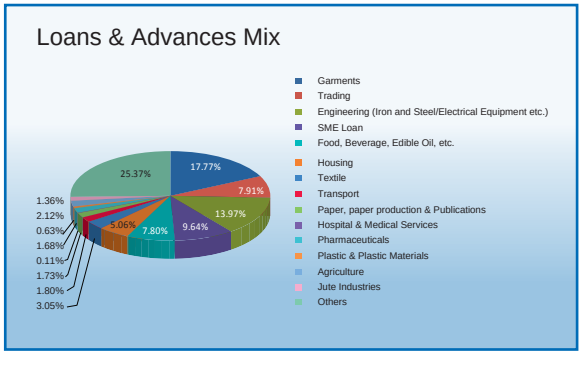
Particulars	2016	2015	Growth
Cash	12,499.97	13,225.47	-5.49%
Balance with other Bank and FI	3,536.86	3,822.76	-7.48%
Investments	32,920.69	33,829.46	-2.69%
Loans and Advances	150,912.52	126,338.83	19.45%
Fixed Assets Including Premises, Furniture and Fixtures	3,175.03	3,325.79	-4.53%
Other Assets	1,082.40	2,257.84	-52.06%

Funded Business of the Bank as on December 31, 2016 stood at BDT 150,912.52 million whereas non funded business stood at BDT 78,961.15 million for the same time period.

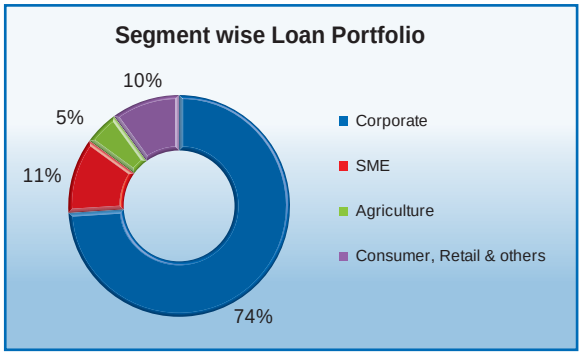
Loan Portfolio

Sector wise

MBL maintained a well diversified loan portfolio which resulted in stable profitability streams to the Bank. Garments, Trading and Engineering sector held the best three positions in the loan portfolio.



Segment wise



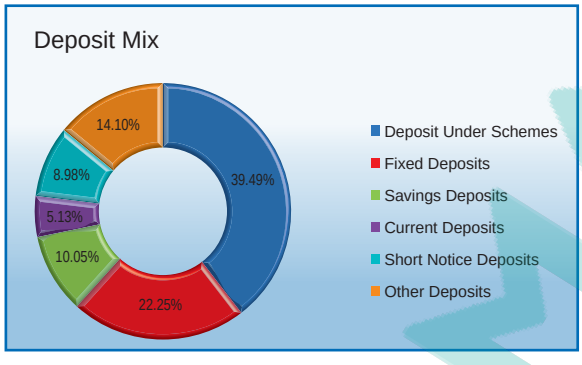
Liabilities

In 2016, MBL continued efforts to restructuring its deposits mix and thereby reducing cost of deposits in the backdrop of surplus liquidity hangover in the banking sector. We focused on procuring more no and low cost deposits. As a measure of rationalization of our intermediation cost of Deposits decreased to 6.25% as on December 2016 as compared to 7.52% of previous year. This spectacular deposits cost cut contributed to attain consistent growth in operating profit amidst the gloomy business environment over the year 2016.

(BDT in Million)

Particulars	2016	2015	Growth
Deposit Under Schemes	65,255.56	60,852.62	7.24%
Fixed Deposits	36,776.57	42,028.79	-12.50%
Savings Deposits	16,601.53	12,739.77	30.31%
Current Deposits	8,475.34	6,949.75	21.95%
Short Notice Deposits	14,844.17	14,703.96	0.95%
Other Deposits	23,304.27	17,594.63	32.45%
Total	**165,257.44**	**154,869.52**	**6.71%**

Among the deposits mix, deposits under scheme contributed 39% and Fixed Deposits contributed 22% in 2016.



Market Position

MBL has maintained a stable position in terms of market share during the year 2016 with regard to both deposit and loans and advances among Private Commercial Banks (PCBs). Banking Industry of Bangladesh had a deposit of BDT 8,402,682.00 million and loans and advances of BDT 7,131,130.00 million as on 31st December, 2016 shared by 56 banks. Total deposit base of MBL stood at BDT 165,257.45 million and BDT 154,869.52 million in the year 2016 and 2015 respectively. Total loans and advances stood at BDT 150,912.52 million and BDT 126,338.83 million respectively during the same period. Based on the above, MBL held 1.97% of total market share of deposit and 2.12% of total market share of loan and advances as on 31st December, 2016 against 2.05% and 2.03% of the previous year respectively.

BUSINESS LINE OVERVIEW

SME Division

Small and Medium Enterprises (SMEs) admittedly play the catalyst role towards ensuring incremental GDP growth. As the report has it that, about 95% private sector enterprises are SMEs and major portion of non-agricultural workforce is working in this sector. The SMEs contributed up to 25.00% of GDP including about 40.00% of gross manufacturing output and around 25.00% of the total labor force.

Appreciating the significant contribution of SME in the economic condition of cross section of populace, MBL has accorded added priority to this sector in its pursuit of expansion of lending portfolio. In this direction, a dedicated SME Financing Division has been working at Head Office and launched a good array of products befitting the requirements of different segments of the borrowers in the trade, manufacturing and service sectors, as under:

- ✓ **CHAKA "চাকা"** *(Term Loan)*
- ✓ **ANANNYA "অনন্যা"** *(Women Entrepreneur's Loan)*
- ✓ **SAMRIDDHI "সমৃদ্ধি"** *(Continuous Loan)*
- ✓ **MOUSUMI "মৌসুমি"** (*Short Term Single Payment Seasonal Loan)*
- ✓ **SANCHALAK "সঞ্চালক"** *(A mix of term, time & Continuous credit)*
- ✓ **UNMESH "উন্মেষ"** *(Trade Financing)*
- ✓ **UDAYAN "উদয়ন"** *(Start-up Financing for the young entrepreneurs)*
- ✓ **FACTORING OF RECEIVALBES**

MBL has recently launched two new products titled as "UDAYAN" and "FACTORING OF RECEIVABLES". "UDAYAN" is targeted for financing the start-up business of young educated entrepreneurs with a view to materialize their specific business plan. "FACTORING OF RECEIVABLES" is targeted for financing of receivables of the corporate clients and suppliers of raw materials.



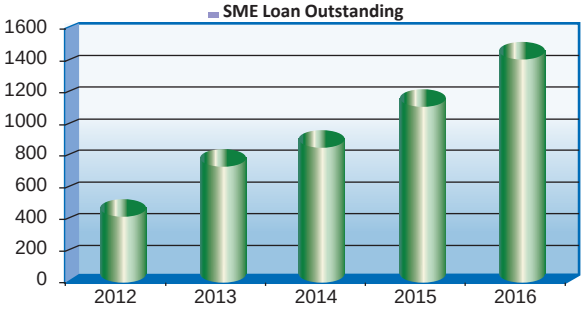
[The Managing Director & CEO and other Senior Executives of the Bank with the prospective new entrepreneurs of UDAYAN at the Board Room of the Bank on 17th November 2016.

Consequent upon the prudent initiatives of the Board and Management of the Bank, the outstanding portfolio of SME loan has increased over the years. For instance, the outstanding balance of SME loan has reached to Tk 1,454.00 crore as on December 2016 constituting 219% growth during last five years.

Growth pattern of SME loan portfolio is as follows

(BDT in Lac)

2012	2013	2014	2015	2016
455.30	789.21	906.87	1,165.00	1,454.00



MBL has high on its agenda to finance the women entrepreneurs at a lower rate of interest to facilitate business growth in this area. The outstanding portfolio of SME loan for the women entrepreneurs has reached at Tk 51.41 crore as on December 2016.

In compliance with Bangladesh Bank Guidelines, MBL has set up "SME Dedicated Desk" & "Women Entrepreneurs' Dedicated Desk" at all branches for the sake of hassle-free services to the clients.

MBL participates in various SME related fairs/ discussion meetings/ events as organized by Bangladesh Bank and other stakeholders. In the year 2016, MBL participated a fair titled as "Women Entrepreneurs' Conference and Product Exhibition-2016" organized by Bangladesh Bank held at Bangladesh Bank Training Academy (BBTA), Mirpur, Dhaka from 9th March to 12th March 2016. In that event, one of our women entrepreneurs was allotted a stall for displaying and selling her array of products.



[Ms. Masuda Yesmin Urmi, a woman entrepreneur of our Ring Road Branch displaying her array of leather products at the fair held at Bangladesh Bank Training Academy (BBTA), Mirpur, Dhaka from 9th March to 12th March 2016]

The Management of the Bank prioritizes more to expand the portfolio in the SME segment in the current year 2017 by focusing on diversification of loans across the borrowers, business and geographical dispersion, thereby to make distinctive value addition in this thrust sector of the economy.

Consumer & Retail Banking Division

MBL extends a wide range of consumer & retail asset/liability products to satisfy the diversified demand of the customers among the different segments of the society. MBL offers the following array of consumer and retail asset products:

- Home Loan
- Car Loan
- Doctors Credit Scheme
- Any purpose Loan/Personal Loan
- Education Loan
- House Furnishing Loan
- Cottage Loan

Number of accounts under retail loans at the end of year 2016 stands 3996 and outstanding balance stands BDT 193.00 crore against 3884 & BDT 142.00 crore respectively over the corresponding period of 2015. In the year 2016, MBL focused on quality loan disbursement. We are constantly inspiring our branches to gear up their efforts for making necessary alignment and realignment of their respective credit portfolio emphasizing on expansion of retail credit. We furnish below a comparison of product wise portfolio between the year 2015 & 2016

	Year	2015		2016	
Sl. No.	Nature of Loans	Total Nos. of A/Cs	Outstanding (Fig. in Crore)	Total Nos. of A/Cs	Outstanding (Fig. in Crore)
1.	Home Loan	374	80	434	103
2.	Car Loan	124	10	146	13
3.	Cottage Loan	63	3	68	3
4.	Any Purpose Loan	1909	28	1855	23
5.	House Furnishing Loan	290	3	307	3
6.	Education Loan				
7.	Staff Personal Loan	-	-	439	40
8.	Personal Loan	1097	17	724	8
9.	Others	27	1	23	0.1
Total		3884	142	3996	193

On other hand, in the year 2016 MBL recruited 166 Sales Executives under Consumer & Retail Banking Division for marketing of Current Account & Saving Account (CASA) and other liability products. Cross selling policy has also been introduced. In the year 2016, 47019 accounts were opened by the Sales Team, eventually which reduced bank's cost of fund to a great extent. Last 3 years achievements of the Sales Team are given below:

Performance of CASA Sales Team

Year	Cumulative Nos. of SB A/C (MBL)	Total SB A/C opened during the year	SB A/C opened by DSE	Cumulative Nos. of CD A/C (MBL)	Total CD A/C opened during the year	CD A/C opened by DSE	Total Nos. of CASA Opened by DSE	ATM Card Issued by DSE	MSS A/C opened by the DSE
2014	287508	42282	14498	68322	5294	172	16219	6488	3485
2015	359194	71686	25561	75194	6872	2329	27890	13845	7668
2016	458765	99571	44414	83468	8274	2605	47019	23368	14432
Total		213539	84473		20440	6655	91128	43701	25585

It is also mentionable that last year we organized a full day workshop at Fars Hotel and Resorts, Bijoynagar, Dhaka on 29.10.16. A total number of 226 out of 232 contractual employees were present in the program. There were 145 Sales Executive from Consumer & Retail Banking, 70 Territory Officer/ Manager from Mobile Banking and 11 Marketing Officer from Card Division. The workshop was conducted by the Managing Director & CEO of MBL and it was highly interactive. As an outcome of the workshop, Cross Selling Policy has been introduced for all the Sales Team members under Consumer & Retail Division, Mobile Banking Division & Card Division. Moment of the program captured are as follows:



Non-resident Business (NRB) Division

NRB Division of the bank is dedicatedly involved in securing foreign remittances ensuring quality services to the Bangladeshi Expatriates living and residing abroad as well as their target beneficiaries in Bangladesh. Since inception MBL has given utmost priority to pave the way for remitting hard earned foreign exchange by the expatriate Bangladeshi worker in a safe and speedy manner using banking channel.

Mercantile Bank Ltd. has remittance drawing arrangement with 33 Exchange Companies all over the world including reputed global web based companies that includes Western Union, MoneyGram, RIA Financials, NEC Italy, Xpress Money Services Ltd., Placid Express, Tarns-Fast Remittance, USA, Prabhu Money Transfer, Al Ansari Cash Express, Instant Cash Worldwide, IME (M) Sdn. Bhd & NEC Money Transfer etc. Currently we are securing inward foreign remittance from about 155 countries round the globe through our global partners. Recently we have commenced remittance services through NEC Money Transfer Ltd. from Europe, Oman & UAE Exchange Centre, Oman and Al Fardan Exchange Company, UAE to introduce wide range of diversity towards ensuring service excellence in remittance industry. It is noteworthy to mention here that we have already signed remittance drawing agreement with Al Mirqab Exchange, Qatar & Multinet Trust Exchange, UAE which will take place in operation soon.



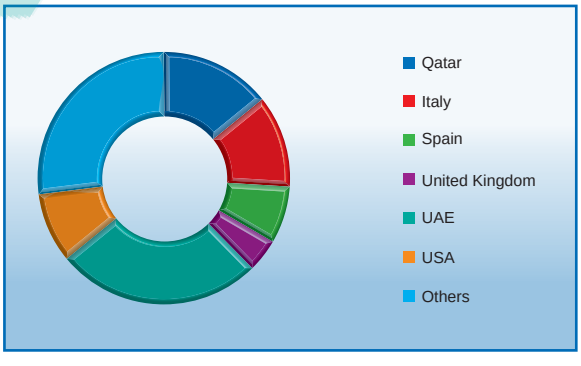
MBL signed Remittance Drawing Agreement with NEC Money Transfer Ltd. to cover European Market

In year 2016, Mercantile Bank Ltd. fetched inward Foreign Remittance for USD 323.63 Million equivalent to BDT2542.64 Crore by routing 388,176 numbers of transactions having a substantial growth for 33.15% in comparison to the last corresponding year. The summarized position of the division is given as follows:

Sl.	Particulars	Achievement		Growth (%)
		2016	2015	
1	Number of Exchange Houses	33	31	6.45%
2	Number of Sub - Agent Banks	08	08	-
3	Volume of Remittance in BDT (Crore)	2,542.70	1,902.66	33.64%
4	Volume of Remittance in USD (Million)	323.88	248.63	30.27%
5	Market Share in terms of volume	2.38%	1.62%	0.76%

Besides, we have our fully owned subsidiary named "Mercantile Exchange House (UK) Ltd. in London, United Kingdom. This subsidiary renders the best remittance services to the expatriates in UK and remits about one million of GBP in each and every month to Bangladesh. In the year 2016, we received GBP9.58 Million equivalent to BDT103.59 Crore through routing 18,754 transactions.

Mercantile Bank Ltd. is determined to ensure utmost customer satisfaction through providing wide range of remittance services throughout the world. Currently, we have drawing arrangement with different exchange companies that cover Asian Countries, Europe and America. Moreover, through the global exchange companies, we have extended our services to the maximum part of the world. The country wise remittance routed through Mercantile Bank Limited can be expressed through following pie-chart.



With the above chart, it is clearly expressed that we routed maximum remittances through our global partners. Besides, we are one of the most potential market leaders in UAE, Qatar and Italy remittance market.

MBL Performs as one of the most prominent principal agents of Western Union Money Transfer in Bangladesh having nine Sub Agent Banks including The City Bank Ltd., Al Arafah Islami Bank Ltd., Standard Bank Ltd., Bangladesh Commerce Bank Ltd., NRB Commercial Bank Ltd., Modhumati Bank Ltd., NRB Bank Ltd., South Bangla Agriculture & Commerce Bank Ltd. and Bangladesh Development Bank Ltd. With our concerted efforts and effective marketing & promotional activities, we conducted 108,273 numbers of Western Union Payments through our network in 2016.

International Division

Foreign Trade Business Performance in 2016: MBL, since inception has been offering all sorts of foreign trade transactions related support to its clients efficiently and effectively. For this, over the years MBL has established sturdy correspondent banking network with top-ranked and best-rated foreign banks across the globe, arranged sufficient amount of credit line (both funded and non funded) to meet the LC advising, adding confirmation and bill discounting need of its customers.

During the year 2016, MBL issued total 36,810 Import LC among which 19,133 was Local and remaining was Foreign LC. In terms of percentage, composition of Local and Foreign LC was 48% and 52% respectively during the year 2016. Total No. of Import LC issuance increased by10.69% in 2016 as compared to that in the year 2015.

Particulars	2015	2016	Growth
No. of Foreign LC Opened	16,294	17,677	8.48%
No. of Local LC Opened	16,960	19,133	12.82%
No. of Total LC Opened	33,254	36,810	10.69%

On the other hand, MBL achieved significant growth of its business in the arena of Import, Export and Remittance business. While comparing MBL's performance with national economy, MBL surpassed national economy in all the arena of Import, Export and Remittances. For Example, MBL's Import, Export and Remittance growth was 16%, 20% and 31% respectively in the year 2016 whereas this figure was 5.45%, 9.77% and -2.55% in national economy during FY 2015-16.

Particulars	Year-2015		Year-2016		Growth in 2016 over 2015
	BDT in Million	USD in Million	BDT in Million	USD in Million	
Import	119,980	**1,530**	139,770	**1,780**	16%
Export	94,020	**1,200**	113,040	**1,440**	20%
Remittance	19,000	**240**	24,960	**320**	31%

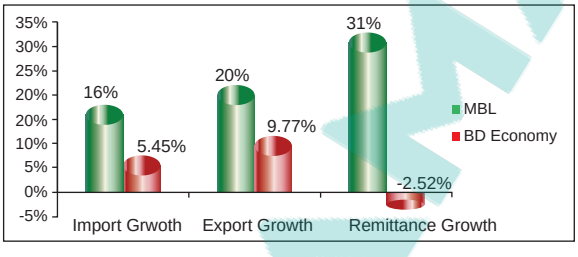


Fig: Ex-Im-Remittance Performance; MBL in 2016 and BD Economy FY 2015-16

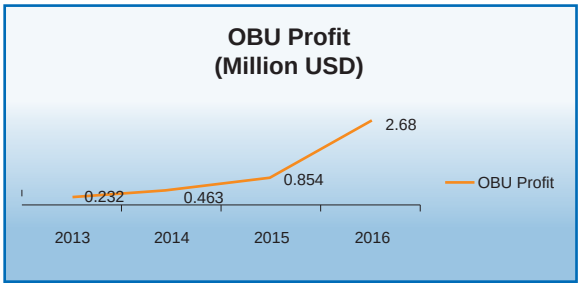
Foreign Correspondents: MBL has been maintaining widespread correspondent banking relationship around the globe. As on December 31, 2016 MBL has established Relationship Management Application (RMA) with 652 top ranked and best rated banks in 63 (Sixty Three) countries across the world. Furthermore, as part of continuous endeavor to expand the correspondent banking network, MBL has been continuously establishing RMA with best rated banks having sound fundamentals around the globe to facilitate its increasing foreign trade business. Foreign correspondents play a pivotal role in trade finance through advising, adding confirmation, discounting bills etc. Commerzbank AG, JP Morgan Chase Bank, Wells Fargo Bank NA, Standard Chartered Bank, Bank of Tokyo Mitshubishi Ltd, Mizuho Corporate Bank Ltd., HSBC, Mashreqbank Psc, Habib American Bank, Habib Bank AG Zurich, UBAF, Unicredito Italiano Spa, Swedbank AB, Nordea Bank AB, Banca UBAE S.P.A., Bank Muscat, Emirates NBD, United Bank Limited etc. are some of the major Foreign Correspondent Banks of MBL. Furthermore, we maintain 27 Nostro Accounts in major currencies of the world as on 31.12.2016. Country wise RMA list and currency wise Nostro Accounts is given below:

Name of the Country	No. of RMA	Name of the Country	No. of RMA	Name of the Country	No. of RMA
Algeria	1	India	55	Pakistan	11
Argentina	2	Indonesia	9	Philippines	4
Australia	12	Ireland	5	Poland	3
Austria	6	Italy	32	Qatar	3
Bangladesh	52	Japan	23	Russian Federation	5
Belgium	10	Kenya	1	Senagal	1
Bhutan	1	Korea	16	Singapore	25
Brazil	3	K S A	5	Slovakia	2
Bulgaria	1	Kuwait	1	South Africa	3
Canada	10	Latvia	1	Spain	7
China	82	Luxembourg	3	Sri Lanka	7
Combodia	1	Mauritius	1	Sweden	6
Czech Republic	2	Malaysia	6	Switzerland	10
Cyprus	1	Maldives	2	Taiwan	11
Denmark	3	Malta	1	Thailand	10
Egypt	1	Morocco	1	Turkey	5
Estonia	1	Nepal	1	UAE	23
Finland	2	Netherlands	5	U K	31
France	12	Newzealand	1	U.S.A	44
Germany	27	Norway	5	Uruguay	2
Hong Kong	27	OMAN	1	Vietnam	7

Currency wise Nostro Accounts

Currency	No. of Nostro Accounts
USD	7
EUR	4
GBP	3
AUC Dollar	11
JPY	1
CHF	1

Off-shore Banking: At present Mercantile Bank Limited is operating two Off-shore Banking Units, as a separate business unit in compliance with the Rules and Guidelines of Bangladesh Bank under their permission letter no. BRPD (P-3)744(114)/2010-1743 dated 04/05/2010. The Bank commenced operation at these units through its Gulshan Branch, Dhaka and Chittagong EPZ Branch, Chittagong on July 04, 2010. MBL's OBU unit exhibited good growth trend over the years. As on December 31, 2016 total loans and advances of OBUs reached to USD 109.17 million equivalents to BDT 8,591.73 million. During the year 2016, OBUs also made net profit of USD 2.68 million equivalent to BDT 210.72 million as against USD 0.85 million equivalent to BDT 66.82 million in 2015 registering growth of more than 200% in 2016 over 2015.



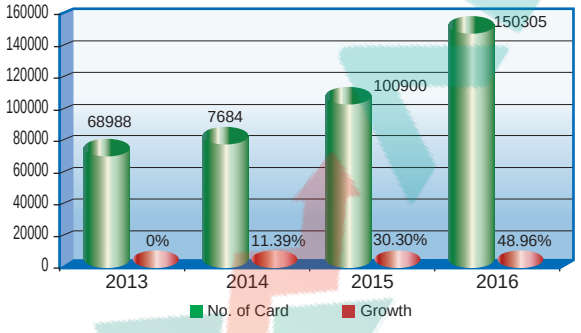
Centralized Trade Processing Center (CTPC): MBL formed Centralized Trade Processing Center (CTPC) on June 02, 2016 with a view to facilitating trade finance business need of customers of Non AD branches vide CTPC instead of through AD Branch as existing arrangement.

Card Business

MBL started Card and ATM operation in 2002 by participating in a Local network Q-Cash consortium aiming to extend modern banking facilities to its customers. In 2006 MBL becomes the principal member of VISA International and started issuing VISA cards. Since inception, the Bank launched different card products including Credit card, Debit Card and Prepaid Cards. Presently, MBL has three types of Credit Cards - Local, International and Dual in three categories- Platinum, Gold and Classic. MBL has prepaid Cards also of thee types-local, International and Dual. MBL launched three new pre-paid products - MBL VISA Medical Card for Bangladeshi nationals visiting abroad for treatment, MBL VISA International Student card for the students going different countries for higher education, MBL VISA Virtual card for individual who needs to use the number only for a specific E-commerce transaction.

It is to be mentionable here that Card division have reached the Mile stone of issuing 1.50 lac cards. As on 31, December 2016, total number of Cards is 1,50,305 where Debit and prepaid cards are 142285 and Credit Cards are 7454. Card base of Card division is increasing significantly. Year wise Card growth is shown as under:

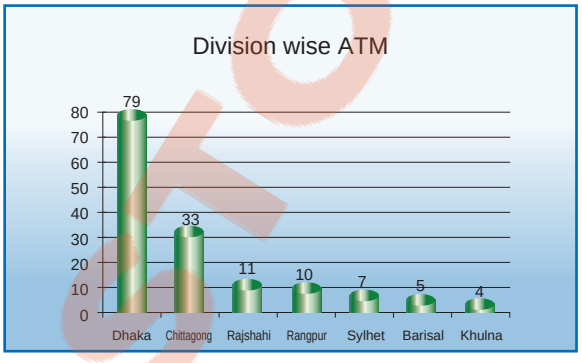
Year wise Card growth

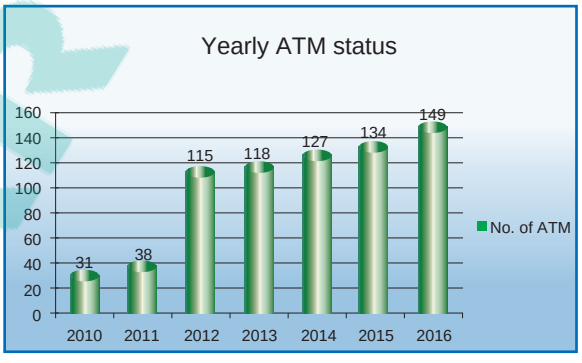


Card Division earns a significant profit in the year 2016. The profit of the Division from card business is increasing. Year wise profit shown as under:

Year	Profit (Tk. in lac)
As on 31.12.2015	15.14
As on 31.12.2016	280.97

MBL has been operating 149 ATMs attached with Branches and different important location all over the country along with 20 CDMs (Cash Deposit Machine). No fee is needed for withdrawal of cash from MBL ATM booth by MBL's cardholders and from any other Q-cash ATM by charging Tk.10 only. Moreover, our VISA cardholder can also withdraw cash from any Visa ATMs in home and abroad. Recently, MBL has been connected with National Payment Switch of Bangladesh (NPSB) network implemented by Bangladesh Bank by charging Tk.15.





International / Dual credit card is accepted all over the world at numerous outlets and ATMs covering various types of merchants like hotels, restaurants, airlines & travel agents, shopping malls and departmental stores, hospitals and diagnostic centers, jewelers, electronics & computer shops, leather goods and shoe stores, mobile phone and internet service providers, fuel station and what not having VISA logo.

MBL provides card cheque service for its credit cardholders through which cardholder can enjoy a full-fledged cheque book facility. A cardholder can make payment (account payee only) to any person or organization of his/her choice

MBL introduced free access facility to Balaka Executive lounge (Operated by Ruposhi Bangla Hotel) at Hazrat Shahjalal International Airport for MBL Gold and platinum International Credit Cardholders along with one accompanying guest. Under this facility MBL Gold and Platinum International Credit Cardholders can get free access to Balaka Executive lounge and can enjoy buffet snacks, hi-speed internet and bottomless tea-coffe at the lounge free of charge.

MBL also introduced free Priority Pass membership Card at free of cost for MBL VISA Platinum Credit Cardholders under which any platinum cardholder and his/her accompanying guest can enjoy free access to over 700 airport executive lounges all over the world regardless of which class or airline he/she flies, trips become a stress –free VIP experience with priority Pass membership. Members simply show the card upon entrance to the lounge. The lounge provides you excellent leisure and working facilities along with following facilities:

1. Drinks and snacks
2. Wi-Fi
3. Flight information monitor
4. Computer access
5. Conference room
6. Free internet browsing
7. Newspaper and magazines space comfort and quiet to catch up on work, prepare for your activities ahead or stay in touch with the office
8. Entertainment facilities
9. Showers, beds and more

To secure MBL Cardholders, MBL is going to migrate existing magstripe card to EMV (Europay, MasterCard, and Visa) Chip based Card. Hopefully; Card Division will be able to complete migration process by March 2017.

Credit card and Debit Card is a very popular unsecured retail loan product worldwide. Credit Card gained noticeable popularity among the peoples of Bangladesh. The product is also very profitable for Bank. To make the product profitable for the Bank and popular to the MBL customer, MBL has taken decision to increase Debit & Credit Card upto 2,00,000 this year along with taken decision for strengthen of marketing as well as monitoring. ATM network expansion is also going on.

Treasury Division

Treasury division of Mercantile Bank Limited is currently comprised of multi-functional activities with a healthy portfolio with diversified asset characteristics. With the rapid expansion pace of the Bank, Treasury Division is playing a vital and contributory role in its operations considering the upcoming challenges and risks involved in the day-to-day functions. Under the banner of Treasury Division, four important desks-investment & govt. securities desk, money market operation desk, foreign exchange operation desk and ALM desk are operating in full swing. Thence, wide variety of products with intricate nature are dealt and yet to be dealt in the upcoming days.

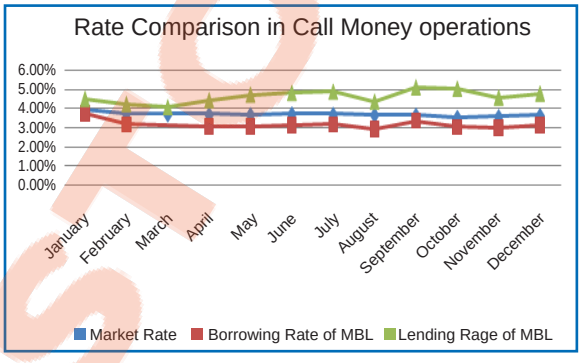
The Treasury Department is also regarded as a Profit Center, which generates income by trading instruments in the Financial Market. The Treasury is constituted with well set Front Office, Mid Office and Back Office.

Major Functions of Treasury Division

- Fund Management
- Management of Statutory Requirement
- Investment
- Trading of F Ex. & Money Market Instruments
- Asset Liability Management
- Risk Management

Money Market Desk

Money market dealers arrange short and medium term funds at most economical terms which are required by the bank aside from customer deposit mobilization efforts. Money market desk ensures that the bank remains sufficiently liquid, meeting all its financial commitments and obligations to its customers besides meeting the SLR & CRR requirement at minimum risk and cost to the bank. In stress liquidity condition the desk always manages sufficient fund to provide business needs.



Investment Desk

Investment desk in Treasury Front Office operates within the policy frame approved by the Board of Directors of the Bank. The philosophy is to manage and maximize income within certain parameters and limits. It also includes use of effective duration, rate shock analysis, as well as total return to analyze and manage the investment portfolio and to determine the effect of movements on the yield and value of the bank's portfolio. Investment desk operates within available investment opportunities in the country and abroad. The desk keeps an eye on the market movement to reap on every opportunity and to get the best of every penny invested and maximize profit as well as shareholders value.

Govt. Securities Desk & Primary Dealership Business

Banks need to maintain liquidity in form of CRR (Cash Reserve Ratio) & SLR (Statutory Liquidity Ratio) as per Banking Company Act. Investment in various Govt. securities like Treasury bills and Bonds in different tenors, debentures qualify for SLR. MBL actively participates in Govt. Securities auctions for investment in SLR maintenance and also generation of risk free fixed return on Securities Investment.

With a view to activating a secondary market in Treasury bills/Bonds and other Government securities, Bangladesh Bank nominated Mercantile Bank Limited as a primary dealer in the year 2009. From the very beginning we are actively trading Government securities in OTC market. We have a large number of clients including individuals and institutions.

Foreign Exchange Desk

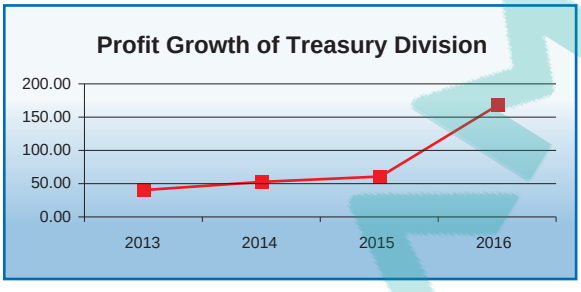
Forex Desk of Mercantile Bank is one of the leading market maker in spot, swaps, and forward transactions in inter-bank market. The Bank has good sources of Foreign Currency through its own export customers, Non-residence Remittances and local & multinational corporate houses remittances/exports. The Bank is also well equipped to price world major currency spot & forward prices. The Treasury is connected to the International Market through on-line Dealing Platforms of different international banks to quote very competitive prices on world major currency spot & forwards.

Asset Liability Management Desk

Asset Liability Management is one of the major functions of MERCANTILE Bank Treasury. MERCANTILE Bank has a highly efficient ALM Desk, which is an independent unit within the Treasury Department. Objective of the desk is to ensure efficient allocation of fund within an acceptable, measurable and defined risk structure. The desk monitor & analyzes various cash flows, cash positions, balance sheet gaps, daily P&L, economic trends, investment options, arbitrage opportunities, future business growth and place the facts & findings before the ALCO. Regular ALCO meeting is conducted once in month but in case of urgent situation special meeting is arranged. The desk proposes balance sheet strategy to the management.

Performance: 2016

Treasury Division is continuously working directly with branches and International Division, Financial Administration Division, NRB Division of Head office to ensure the maximum profitability of the bank. Profitability of Treasury Division is calculated separately and during 2016, Treasury Division observed an impressive profit growth of 174.63% over that of 2015.



Corporate Banking Division

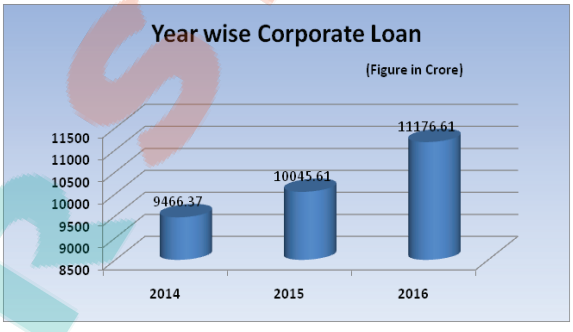
Corporate Banking Division (CBD) work as the front line office for business, particularly corporate business. In line with the core principal of credit management, this Division has been formed segregated from Credit Risk Management (CRM) with primary responsibility of marketing/procurement of business. People of this Division keep them vigilant in search of business opportunities. They keep in touch with the customers, formulate the business proposals summarize it and place it upward for approval from competent authority. Functions of Corporate Banking Division (CBD) can be expressed as under:

(i) CBD collect/procure business keeping off & on site contract with the business houses.
(ii) They act as the 'Gateway' for the business proposals. All the branches send their corporate business proposal to CBD.
(iii) CBD prepares a summery on the merit/feasibility of the proposal.
(iv) They place the proposal to the credit committee with their observation, opinion and comment.
(v) CBD cater customer's need, negotiate pricing of loan, security issues and other loan parameters.
(vi) CBD also play role in business policy issues in formulating risks appetite, strategic plan for business growth, credit policy etc.

Some highlights on CBD jobs during 2016:

a. Corporate loan in our total loan portfolio: Tk.11176.61 Crore in 2016

b. Year wise corporate loan Growth:



c. CBD processed 1,754 business proposals (excepting IDBP) during 2016.

d. CBD developed a Data Bank of valued customer of peer banks of our branches across the country.

e. CBD established a mechanism to update (quarterly) undisbursed loan continuously in view of taking it into disbursement.

f. CBD Visited 103 business premises (Prospective & Existing) across the country during 2016.

Credit Risk Management (CRM) Division

Banks are exposed to six core risks through their operation, which are credit risk, asset-liability risk, foreign exchange risk, internal control & compliance risk, money laundering risk and IT risk. Among these risks management of credit risk gets most attention. Risk is inherent in all types of business. However, for Banks and financial institutions credit risk is considered to upmost importance. Credit risk is most simply defined as the potential that a borrower or counter-party will fail to meet its obligations in accordance with the agreed terms and conditions. Credit risk management needs to be a develop process that enables Bank to pro-actively manage its loan portfolio in order to minimize losses and earns an acceptable level of return for stakeholders. Following the recent global financial crisis, which originated from poor management of credit risk, credit risk is the most discussed topic in banking industry.

Mercantile Bank Limited (MBL) is the emerging commercial bank in Bangladesh. Within a short period of time MBL has managed to establish itself as a strong performer in the financial market. It is rapidly expanding and enjoying a high growth rate. Its loan portfolio is increasing every year. For this reasons, efficient management of credit risk is crucial for continuous success of MBL. All commercial banks operating in Bangladesh are strictly regulated by Bangladesh Bank. Bangladesh Bank has provided a guideline for Credit Risk Management. All banks try to comply with that guideline. Mercantile Bank is not an exception of this practice. Mercantile Bank pays special attention to credit risk management. In this regard, the Bank has established a separate division responsible for Credit Risk Management. Since its formation, CRM Division of Mercantile Bank is working to maintain a sound credit portfolio.

In Mercantile Bank, CRM Division is playing among others the following major activities:

- Assessing risks inherent in the credit proposal with due diligence:
  - Identification of credit risk
  - Ways out of risk mitigation
  - Assessment of credit requirement
  - Evaluate facility pricing
- Monitoring of credit portfolio through review to ensure sound asset quality.
- Communicating the decision of the competent authority of the Bank regarding credit proposals and issuing Sanction Advice.
- Complying with internal & external regulatory authorities
- Identifying problematic borrowers through periodical review of different types of credits, maintain effective follow-up and supervision and take all possible measures in time to save from classification in light of: Structuring, Adequacy of security, Pricing and profitability, Financial analysis, Performance, Turnover, Repayment
- To update Bank's Credit Policy/Lending Guidelines
- To guide/assist Business wings both the business issues as well as the compliance issues
- Maintain Limit Sanction Register.

In 2016, CRM Division has emphasized on obtaining credit rating of its borrower by the External Credit Rating Institutions (ECAIs) to get relief in capital cushion as well as to ensure sound credit portfolio having scope to award less pricing benefit to the superior borrowers. Under persuasion about 60% of the exposure completed credit rating process.

In terms of ensuring compliance, CRM has satisfactory complied with the Bangladesh Banks audit findings and related guidelines in 2016 which will have direct impact on CAMELS rating.

CRM division is assisting the Management with generating ideas for new products. For example, jointly with Business Teams it has adopted 'Earnest Money Financing Scheme under e-Tendering" to meet financial requirement of valuable borrowers. However, in the last year, CRM has brought several modifications in 'Delegation of Business Power (DBP)' of the Bank to make the approval process smooth and business friendly. Finally, it is expected that as a part of continuous up gradation, CRM Division will actively and pro-actively act to up hold the position of the Bank complying with the rules and regulations.

Special Asset Management Division

Working area of the Division segregated into 3(three) departments for arresting /restricting the increasing of NPL and to regularize/reduce the NPL of the Bank through recovery and rescheduling of the loan accounts.

Activities of Special Asset Management Division are being supervised by the Deputy Managing Director & CRO of the bank.

The departments under Special Asset Management Division are:

- Monitoring & Early Alert Department (M&EAD)
- Recovery Department (RD)
- Central Collection Department (CCD)

Monitoring & Early Alert Department (M&EAD)

Monitoring and Early Alert Department (M&EAD) is working as a wing of Special Assets Management Division of the Bank from the month of August 2016 with an objective to restrict deterioration of overdue and special mention account towards non performing loan accounts.

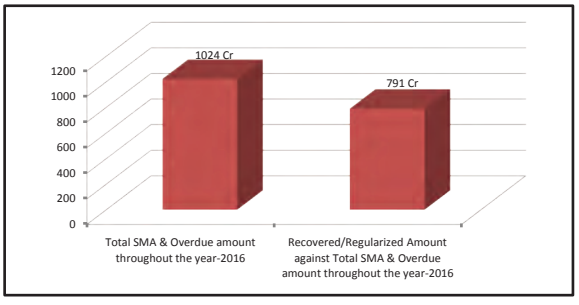
It is quite obvious that if the overdue and SMA accounts are not arrested at the earliest, the same turn to substandard status requiring the bank to keep more provision at the cost of income thus resulting in adverse impact on the profitability of the Bank.

In order to achieve the goal, the department worked on the following areas:

- To keep a loan limit regular, M&EAD sends a sweet reminder with a list of accounts going to be expired within next (02) months to alert the Branches for taking necessary steps to get renewal of the loan limit from the concerned sanctioning authority at Head Office as well as to renew the credit limits which fall within the Branch delegation.
- Determine the overdue and SMA accounts at the beginning of each month as Early Alert Accounts, try to understand the causes of overdue from the branch management through telephonic discussion and advise accordingly for recovery of the overdue. Thereafter till recovery/regularization of the overdue account, monitoring on the branches by the department continued.

- Apart from the above, the department also monitors the expired L/Cs and PAD accounts for adjustment of the same. The department also provides a list of expired Bank Guarantees to the Branches for reversal of the same before each quarter-ends to keep the off balance sheet portfolio clean.

It is pertinent to mention here that Monitoring and Early Alert Department through its tenacious monitoring/follow up throughout the year coupled with the efforts of Branches, recovered/regularized Tk.791.00 crore out of Tk.1024.00 crore of SMA and overdue accounts much of which would have been added to classified portfolio of the Bank. As on 31.12.2016 total number of SMA accounts of the bank reduced to 387 from 1000 as on 31.12.2015.



Thus, the year 2016 is over with many successes and in the year 2017, the Department will further strengthen its activities to make long strides to help achieve the lofty goal of the Bank.

Recovery Department (RD)

Recovery Department (RD) maintains all the files of the Branches which became classified and for recovery/regularization it takes all possible steps with the co-operation of the Branches.

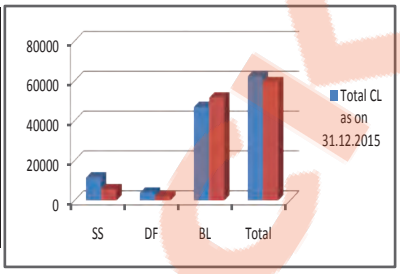
RD deals with the Classified Loans i.e. all SS/DF/BL/BLW Loans under Corporate, SME (above Taka One Million), NGO linked Agriculture Loans, Home Loans of retail business.

RD meets with the customer along with the Branch official to know the problems in repayment of the loans, find out a solution for recovery/regularization through Rescheduling/ Restructuring/ Full & Final Settlement with waiver facility (reasonable ground, if any) and takes approval of the action plan of recovery/regularization of the loan account from the competent authority of the bank and communicate the same to the concerned.

Recovery/Regularization/Rescheduling/Restructuring of SME Loans below Taka one Million, Consumer and Retail business other than Home Loan, All Agriculture Loans other than NGO linked and Loans of Cards are dealt with by the respective Divisions.

During the year by recovery and rescheduling of different SMA and Non Performing Loan accounts, the NPL position as on 31.12.2016 improved than the year ended on 31.12.2015. In the year 2016 NPL reduced at Tk. 59433.83 Lac from Tk. 62507.62 Lac of 2015. In percentage it is 4.92 than 2015.

Total Classified Loan (CL) (Lac taka)		
Year	2015	2016
SS	11569.44	5617.92
DF	3957.62	2115.69
BL	46980.56	51700.22
Total	**62507.62**	**59433.83**



Central Collection Department (CCD)

Central Collection Department (CCD) is working for recovery of some non-performing loans (SS/DF/BL/BLW) including SMA upto Tk.25.00 lac of SME, Retail and Agri segments through 3rd Party Debt Collection Agency under guideline of Head Office instruction circular No.1446 dated February 25, 2015.

Proposals for such accounts of SME, Retail (other than HB/Apartment loan account), Agri loans including Cards (Monitored by Card Division) sent by the branches to the SAM Division.

The Department appoints/engages the Recovery Agent and monitors their works to recover the classified loans within the justified/given time frame with the approval of the competent authority.

CCD contacts with the Branches after end of the each quarter for collection of fresh list of non-performing loans which appear to be not possible to recover by the branches. Those loans are handed over to the 3rd Party Debt Collection Agents. At present 11 (eleven) 3rd Party Debt Collection Agents are performing for recovery of non-performing loans.

Agricultural Credit Department

Our Bank started agriculture credit disbursement since 2010 by formation of a separate and complete department namely "Agriculture Credit Department". Later on January 10, 2016, the department was renamed as **"Agriculture Credit Division"** rearranging its operational activities.

From the beginning, Agriculture Credit Department is operating agricultural credit activities of the Bank as per Bangladesh Bank's Agricultural & Rural Credit Policy and Guidelines. As per BB's policy & Guidelines, our Bank disbursed agriculture/rural credit under the following ways:

- Directly Farmers (Individual/Group-wise)/ Concerns
- Through partnership with MFIs/NGOs (MRA Certified only)
- Through Contract Farming with reputed Companies

Disbursement Target of Agriculture Credit for the Banks is fixed by Bangladesh Bank for every Fiscal Year (July-June). At the beginning of each fiscal year, Bangladesh Bank fixed agriculture credit disbursement target for upcoming fiscal year for all public and private commercial banks based on 2% of the loan and advances position as on 31 March of the current fiscal year. As such, our Bank's agriculture credit disbursement target

for the last fiscal year 2015-2016 fixed by Bangladesh Bank was Tk.205.00 Crore. Our Bank achieved the target for the fiscal year 2015-2016 successfully by disbursing agriculture credit for Tk.226.84 lac.

It is noteworthy here that we achieved the disbursement target of Agriculture Credit for last 04 fiscal years (FY 2012-13, FY 2013-14, FY 2014-15 & FY 2015-16) successively and got letter of appreciation from Bangladesh Bank for our feat of performance in the attainment of the target.

Fiscal Year wise Achievement

(BDT in Crore)

Fiscal Year	Target fixed by BB	Disbursed Amount	Achievement	Remarks
2010-2011	47.00	12.66	26.93%	-
2011-2012	143.00	125.49	87.75%	-
2012-2013	175.51	175.72	100.12%	Letter of Apperception from BB for achieving the target.
2013-2014	165.00	167.16	100.31%	100% attainment of the disbursement target.
2014-2015	190.00	190.68	100.36%	Letter of Apperception from BB for achieving the target
2015-2016	205.00	226.84	110.65%	Hopeful to get Letter of Apperception from BB for achieving the target.
2016-2017 (Up to Jan'17)	220.00	198.68	90.31%	Hopeful to achieve the target within stipulated time.

IT Division

Today's business environment is very dynamic and undergoes rapid changes as a result of technological innovation, increased awareness and demands from customers. Business organizations, especially the banking industry of the 21st century operates in a complex and competitive environment characterized by these changing conditions and highly unpredictable economic climate. Information and Communication Technology (ICT) is at the center of this global change curve.

The application of IT concepts, techniques, policies and implementation strategies to banking services has become a subject of fundamental importance and concerns to all banks and indeed a prerequisite for local and global competitiveness. It has continued to change the way banks and their corporate relationships are organized worldwide and the variety of innovative devices available to enhance the speed and quality of service delivery.

Mercantile Bank Limited (MBL) nourishes continuous advancements in ICT that are intended to improve customer satisfaction, increase operational efficiency, and ensure security from internal or external threats. The IT Division, with a dedicated, dynamic and skilled team, is making continuous efforts to provide modern ICT facilities to end users.

CBS Temenos

MBL is using Temenos, a Core Banking Solution (CBS) regarded as the leading banking software in the world, in its all 119 branches and head office and provides uninterrupted online banking facilities among all branches. Temenos is integrated to other external software to provide added banking services, such as ATM and POS transactions 24/7, Internet Banking facilities and SMS alert to customers on transactions. Temenos is run on central server, which eases data extraction centrally thus, internal and external reporting has become easier than ever before.

IT Security

Security is crucial issue for any financial organizations, especially for banks. The internal environment should be protected by malicious threat, unwanted attack or viruses from various sources. In MBL, security is maintained from different layers like Physical Level, Network Level, Application Level and Endpoint Level for critical areas.

Physical level security is strictly maintained for Data Center (DC), Disaster Recovery (DR) Site and critical area of Branches by allowing only authorized person of the bank.

Network level security is maintained in DC, DR and all branches. In Network Level, Next Generation Firewall with Intrusion Prevention System, Advanced Malware Protection, Antivirus and Antispam have been implemented in different zone (Core Network, Internet Zone) in DC and DR to protect banking network from various types of internal and external attacks. Site to site VPN (Virtual Private Network), higher encryption, authentication mechanism has been implemented for maintaining security in Branch Level.

In Application Level, security is maintained through application software which itself uses encryption mechanism, data integrity and user restriction. Endpoint security is maintained centrally by Antivirus Software and Active Directory Services.

Business Continuity Plan

Business Continuity Plan refers to keep running the business operations in an abnormal or hazardous situation. As part of Business Continuity Plan, MBL has separate Disaster Recovery Site that stores all CBS data online and alternate networks for uninterrupted internet connection in all branches and transaction points.

Internet Banking

Internet Banking has been introduced so that customers can reduce their dependency on branch and perform their banking activities anytime, which include e.g., transferring fund from one account to another account, generating account statement.

RTGS

Real Time Gross Settlement (RTGS) is a newly introduced mechanism developed by Bangladesh Bank that is used to transfer fund, minimum BDT1,00,000.00, from one bank to other bank. All branches of MBL are offering full-fledged RTGS that facilitates customers to transfer to or receive from any branch offering RTGS of other bank.

Utility Bill

MBL collects utility bills such as, DESCO, DPDC, TITAS, BRTA, WASA and BTCL through bank's payment system that is connected with respective organization's billing system. Therefore, customer's bill is deposited instantly.

Anti Money Laundering Department

Money Laundering Risk

Money laundering risk is defined as the loss of reputation and expenses incurred as penalty for negligent in prevention of money laundering. Bangladesh Financial intelligence Unit, Bangladesh Bank through BFIU circular No. 10 dated December 28, 2014 advised the scheduled commercial banks operating in the country to put in place effective risk management system. The global community has taken various initiatives against Money Laundering & Terrorist Financing. In accordance with international initiatives, Bangladesh has also acted on many fronts.

Money Laundering (ML) & Terrorist Financing (TF) Risk Management Guidelines for MBL

According to instruction of Bangladesh Financial Intelligence Unit (BFIU), Bangladesh Bank, Mercantile Bank Limited has established ML & TF Risk Management Guidelines which was already approved by the Board of Directors. The following issues have been incorporated in the guidelines

- Appoint CAMLCO & D-CAMLCO at Head office and BAMLCO in every Branch;
- Establish Central Compliance Unit(CCU) at Head Office;
- Senior Management will ensure compliance of AML & CFT program;
- No account in anonymous or fictitious name or account only with numbers shall be opened;
- No banking relationship shall be established with a Shell Bank;
- Customer Due Diligence (CDD) must be applied while establishing a business relationship, carrying out an occasional transaction, suspecting money laundering & terrorist financing;
- Structuring over / under invoicing in another way to do money laundering. Branch should look into this matter cautiously;
- No account should be opened in name of listed person/entity under UNSCR and ATA-2009;
- Preservation of correct and full information for identification of its clients during operation of accounts;

Basel Implementation Unit

To strengthen global capital and liquidity rules with the goal of promoting a more resilient banking sector, the Basel Committee on Banking Supervision (BCBS) issued "*Basel III: A global regulatory framework for more resilient banks and banking systems"* in December 2010. Basel III reforms was to improve the banking sector's ability to absorb shocks arising from financial and economic stress, whatever the source, thus reducing the risk of spillover from the financial sector to the real economy.

MBL believes that Basel III is not merely a reporting system rather it is a new risk management technique for the Bank. Therefore, it has put extensive care and attention to implement Basel III inside the Bank. With a view to facilitating the way of implementation, the Bank has formed "**Basel Implementation Unit"**. A supervisory committee includes top management of the Bank overseen the unit. The committee forecast the future; follow up the overall implementation status and way out the probable solution to cope with the international best practices and to make the bank's capital more risk sensitive as well as more shock resilient. The Bank has also formed a Supervisory Review Process (SRP) team to participate the dialogue with the Supervisory Review Evaluation Process (SREP) team of BB for measuring the adequate capital requirement.

As per Basel III, total regulatory capital fund of the Bank stood at BDT 2210.22 crore and Capital to Risk-weighted Asset Ratio (CRAR) stood at 13.03% on SOLO basis as on December 2016.

Corporate Social Responsibilities

CSR is a process with the aim to embrace responsibility for the Bnak's actions and encourage a positive impact through its activities on the environment, customers, employees, communities, stakeholders and all other member of the public sphere. CSR is used as a framework for measuring an organization's performance against economic, social and environmental parameters. MBL believes that, true success does not consist in profit maximization only rather in doing something for the betterment of deprived part of the society. With this consideration, MBL has established a foundation in the name and style, "Mercantile Bank Foundation" in 2000. MBL contributes 1% of its Operating Profit to the Mercantile Bank Foundation every year but not less than BDT 4.00 million. The Bank has established a separate "CSR Desk" to support CSR activities. During the year 2016 MBL donated BDT 66.90 Million for conducting CSR activities.

DISTRIBUTION NETWORKS

MBL distributes its products and services through various access points ranging from branches to ATMs and mobile devices.

Branch Network

Since inception, MBL has expanded its branch network at a smooth rate. During the year 2016 MBL launched 10 new branches and therefore as on December 2016, MBL has 119 branches including 05 SME/Krishi branches across the country. In the year 2017 MBL is contemplating to open more than 10 new branches to reach our products and services to the door steps of mass people and thereby attaining inclusive growth of the country. Besides, MBL has established 149 ATM booths and 20 Cash Deposit Machines (CDM) at important locations across the country. Furthermore, MBL made contract with other banks for using their ATM network for providing its customers 24 hours money withdrawing facility.

Mobile Financial Services

The mobile banking service of Mercantile Bank Ltd is branded as "MYCash" and it aims to connect with the country's unbanked population. In Mobile Banking system, basic mobile handsets are being used as bank accounts and will serve as a wallet for the transaction of money. This service will enable to bring the low income un-banked people under the financial services of MBL. Additionally this service will cater the need the much needed domestic and international money transfer services through mobile phones for all categories of people.

MBL Subsidiaries

MBL has 2 (Two) subsidiaries namely Mercantile Bank Securities Ltd (MBSL) and Mercantile Exchange House (UK) Limited.

Mercantile Bank Securities Ltd: Mercantile Bank Securities Ltd (MBSL), formed on 27 June 2010 to deal with stock dealing and broking. The main operation of the subsidiary is to buy and sell off securities listed with Dhaka and Chittagong stock exchange or approved by BSEC for open market operation for its customer. MBSL with its 07 (seven) branches extends margin loan facility to the customers against their equity for investment in the listed companies. During 2016 MBSL made BDT 50.47 million as operating profit.

Mercantile Exchange House (UK) Limited: Mercantile Exchange House (UK) Limited, a fully owned subsidiary company of MBL commenced its business operation in London, UK on December 06, 2011. Bangladeshi expatriates' living and working in the UK are remitting their hard earned money through the banking channel by leveraging our service oriented facilities. Mercantile Exchange House is committed to provide faster, easier and safer remittance services to its clienteles.

MBL PRODUCTS & SERVICES

MBL offers various types of products and services to its customers and developed several deposit and loan based schemes and products. A brief overview of its products and services are as under:

Deposit Products

- Current Deposit (CD)
- Savings Bank (SB) Deposit
- Special Notice Deposit (SND)
- Fixed Deposit Receipt (FDR)
- Scheme Deposits
- School Banking

Scheme Deposit

Monthly Saving Scheme: Monthly Savings Scheme (MSS) is one of the popular deposits schemes of MBL. Under this scheme, monthly installments are in various sizes and one can adopt the schemes for a period of 03 years, 05 years, 08 years or 10 years.

Super Benefit Deposits Scheme: Under this scheme, one can earn BDT 1,000 on monthly basis by depositing BDT 2,05,000 for one year provided that he/she has up-to-date TIN certificates. Benefit start right from the first month of opening an account under the scheme and continue up to one year.

Double Benefit Deposit Scheme: Under this scheme, deposited amount will be double in tenure of ten years. Minimum deposited amount is BDT 10,000 or its multiples.

1.5 Time Benefit Deposit Scheme: Under the 1.5 Times Benefit Deposit Scheme, one can deposit a certain amount of money for 6 years 03 months. On maturity, the depositor will receive 1.5 time of the deposited amount.

Family Maintenance Deposit Scheme: Under this scheme, one can deposit a certain amount of money for five years and in return he/she will receive benefits on monthly basis. Benefit start right from the first month of opening an account under the scheme and continue up to five years. On maturity the principal amount will be paid back.

Quarterly Benefit Deposit Scheme: Under the Quarterly Benefit Deposit Scheme, one can deposit for a period of three years and in return depositor will receive benefits on quarterly basis. Benefit starts right from the first quarter of opening an account under the scheme and continues up to three years. On maturity the principal amount will be paid back.

Education Planning Deposits Scheme: This scheme aims to meet the education expenses of depositor's children. A person aging 40 years or less can open this scheme for 10 or 15 years for his/her children not more than 10 years old. The scheme holder will deposit monthly installment of BDT 1,000 or multiples for 10 or 15 years and at maturity he/she will be paid BDT 1.50 lac for 10 years and BDT 2.80 lac for 15 years. However, at customer's desire he/she can withdraw principal and interest amount at maturity of the scheme. This scheme is fully insured.

Loan Products

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

Small Loan Scheme: This scheme has been designed especially for the businessmen who need credit facility for their business and can't provide tangible securities.

Lease Finance: This scheme has been designed to assist and encourage the genuine and capable entrepreneurs and professionals for acquiring capital machineries, medical equipments, computers, vehicle and other items.

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

Rural Development Scheme: Rural Development Scheme is targeted for the rural people of the country to make them self-employed through financing various income-generating projects. This scheme is operated on group basis.

Woman Entrepreneurs Development Scheme: Women Entrepreneurs Development Scheme has been introduced to encourage women in doing business. Under this scheme, the Bank finances the small and cottage industry projects sponsored by women.

SME Loan Scheme: Small and Medium Enterprise (SME) Loan Scheme has been introduced to provide financial assistance to new or experienced entrepreneurs to invest in small and medium scale industries with a comparatively low rate of interest as the same is assisted by the Bangladesh Bank with refinancing facilities.

Personal Loan Scheme: Personal Loan Scheme has been introduced to extend credit facilities to cater the needs of low and middle-income group for any purpose.

Car Loan Scheme: Car Loan Scheme has been introduced to enable middle-income people to purchase Cars/SUVs/Jeeps. Government and semi-Government officials, employees of autonomous bodies, banks and other financial organizations, multinational companies, reputed private organizations, teachers of recognized public and private universities and businessmen are eligible to avail this loan.

Home Loan Scheme: To meet the growing need of housing for middle and lower-middle income people, MBL has introduced Home Loan Scheme. The Scheme boosts up the growth of housing sector. Such loan shall be available for purchase or construction of new apartments for self-residing purpose.

Overseas Employment Loan Scheme: Overseas Employment Loan Scheme is designed to facilitate the Bangladeshi youths seeking employment aboard but who are unable to meet the expenses to reach the workplace from their own sources. By availing loan under this scheme, the active youths of middle and lower middle class can get overseas employment by avoiding borrowing from the illustrious class or village 'MOHAJON' at a very high cost or selling their paternal properties.

MBL Services

- Online Banking
- Mobile Banking (Mycash)
- Internet Banking
- Off-Shore Banking
- NRB Banking
- SMS Banking
- Locker Service
- Utility Bills Pay Service
- ATM Booth Services
- Cash Deposit Machine (CDM) Services

Responsibilities towards the staff (including health and safety)

Human Resources are one of the most important resources of MBL. What we have achieved so far has been possible for the efficient and dedicated workforce of MBL. We, therefore ensure an open and enabling environment where our people can work with self respect, dignity and scope of showing creativity. We offer continuous and need based training for our employees to cope up with the ever changing banking industry. We offer attractive salary package to our employees and make upward revise to the salary structure with regular interval targeting to adjust the inflationary pressure in the pay structure.

In addition to monthly salary, the Bank also offers festival and incentive bonus, house furnishing allowance, annual increment, loan facilities at a privileged rate, retirement benefits, e.g., provident fund; gratuity fund, disability benefit and leave fare assistance. Each year we provide financial award to the children of our employees for doing better result in the educational institutions. Health and safety measures are in place to ensure that our people have an optimum work environment. MBL has appointed a Medical Consultant attached at head office to provide prompt medical service to its employees at office time.

Contribution to the National Exchequer

Being a responsible corporate body, MBL regularly pays corporate tax in time. We also deposit excise duty, withheld tax and VAT to govt. exchequer in time through deduction from employees' salary as well as payments to customers and vendors. In 2016, the Bank has made provision of BDT 1,260.00 million for corporate tax as against that of BDT 1,250.00 million in 2015.

Future Prospects

The year 2016 was full of precariousness on a national & global scale. The banking sector has gone through some tough circumstances throughout the year nationally & globally. Nevertheless we have managed to put a decent balance sheet in front of our stake holders for the year 2016. We are happy that we have managed to do so but we want to move forward from here. The year 2017 will be more challenging for us as the world index are not looking to be improving for the year 2017. Incessant plunging of oil price with impulsive political state around the globe is creating massive pressure on the world economy. Bangladesh Bank (BB) has projected steady GDP growth for 2016 driven mainly by substantial rise in export earning, vibrant domestic demands, enhanced digital technology & strong foreign exchange reserves supported by steady inflow of remittance. Thus if we perform adequately, there is no doubt we can surely achieve our goal through maximum value for our clients, shareholders & employees & contributing to the national economy with social commitments.

Disclosure on **Basel III**

MBL believes that Basel III is not merely a reporting system rather it is a new risk management technique for the Bank. Therefore, it has put extensive care and attention to implement Basel III inside the Bank. Bank has a formal disclosure framework approved by the BoD & CEO. In Qualitative disclosures, bank provides a general summary of a bank's risk management objectives and policies, reporting system and definitions.

Overview

Strong capital requirements are a necessary condition for banking sector stability but by themselves are not sufficient. A strong liquidity base reinforced through robust supervisory standards is of equal importance. The Basel Committee on Banking Supervision (BCBS) is introducing internationally harmonized global liquidity standards. As with the global capital standards, the liquidity standards will establish minimum requirements and will promote an international level playing field to help prevent a competitive race to the bottom. The Basel Committee raised the resilience of the banking sector by strengthening the regulatory capital framework, building on the three pillars of the Basel III framework. The reforms raise both the quality and quantity of the regulatory capital base and enhance the risk coverage of the capital framework.

BCBS issued ***"Basel III: A global regulatory framework for more resilient banks and banking systems"*** in December 2010 to strengthen global capital and liquidity rules with the goal of promoting a more resilient banking sector. Basel III reforms was to improve the banking sector's ability to absorb shocks arising from financial and economic stress, whatever the source, thus reducing the risk of spillover from the financial sector to the real economy. Through its reform package, BCBS also aims to improve risk management and governance as well as strengthen banks' transparency and disclosures.

Basel III reforms strengthen the bank-level i.e. micro prudential regulation, with the intention to raise the resilience of individual banking institutions in periods of stress. Besides, the reforms have a macro prudential focus also, addressing system wide risks, which can build up across the banking sector, as well as the procyclical amplification of these risks over time. These new global regulatory and supervisory standards mainly addressed the following areas:

- raise the quality and level of capital to ensure banks are better able to absorb losses on both a going concern and a gone concern basis
- increase the risk coverage of the capital framework
- introduce leverage ratio to serve as a backstop to the risk-based capital measure
- raise the standards for the supervisory review process (Pillar 2) and
- public disclosures (Pillar 3) etc.

Bangladesh Bank issued 'Guidelines on Risk Based Capital Adequacy (RBCA) for banks' (Revised Regulatory Capital Framework in line with Basel III) vide its BRPD Circular 18 dated December 21, 2014. To cope up with the international best practices and to make the bank's capital shock absorbent Basel III reporting came into force in

Bangladesh from January 2015. In line with the Basel framework, Bangladesh Bank issued transitional arrangements for Basel III implementation in Bangladesh and full implementation will start from January 2020. Instructions regarding Minimum Capital Requirement (MCR), Adequate Capital and Disclosure requirement as stated in the guidelines had to be followed by all scheduled banks for the purpose of statutory compliance.

MBL believes that Basel III is not merely a reporting system rather it is a new risk management technique for the Bank. Therefore, it has put extensive care and attention to implement Basel III inside the Bank. With a view to facilitating the way of implementation, the Bank has formed **"Basel Implementation Unit"**. A supervisory committee includes top management of the Bank overseen the unit. The committee forecast the future; follow up the overall implementation status and way out the probable solution to cope with the international best practices and to make the bank's capital more risk sensitive as well as more shock resilient. The Bank has also formed a Supervisory Review Process (SRP) team to participate the dialogue with the Supervisory Review Evaluation Process (SREP) team of BB for measuring the adequate capital requirement.

The Basel III principle stands on the following three pillars:

- **Pillar-I: Minimum Capital Requirement**

Banks must hold minimum regulatory capital against Credit, Market and Operational Risk inherent with Banking Business.

- **Pillar-II: Supervisory Review Process (SRP)**

The key principle of SRP is that banks have a process for assessing overall capital adequacy in relation to their risk profile and a strategy for maintaining their capital at an adequate level. The assessment of adequate capital would be the outcome of the dialogue between the bank's SRP and Bangladesh Bank's SREP team.

- **Pillar-III: Market Discipline**

The purpose of Market discipline in the Revised Capital adequacy Framework is to complement the minimum capital requirements and the supervisory review process. The aim of introducing Market discipline in the revised framework is to establish more transparent and more disciplined financial market so that stakeholders can assess the position of a bank regarding holding of assets and to identify the risks relating to the assets and capital adequacy to meet probable loss of assets. For the said purpose, banks will develop a set of disclosure containing the key pieces of information on the assets, risk exposures, risk assessment processes, and hence the capital adequacy to meet the risks.

Disclosure Framework

Bank has a formal disclosure framework approved by the Board of Directors/Chief Executive Officer. The following detailed qualitative and quantitative disclosures of the Bank is furnished to provide our stakeholders with consistent and understandable disclosure framework to assess the Bank's position regarding holding of assets and to identify the risks relating to the assets and capital adequacy to meet probable loss of assets as on December 31, 2016 in line with Bangladesh Bank's Risk Based Capital Adequacy (RBCA) guideline.

The public disclosure of prudential information is an important component of Basel Committee on Banking Supervision's framework of capital measurement and capital adequacy, known as Basel III. Bangladesh Bank has specified the standard of disclosure through Guidelines on Risk Based Capital Adequacy (December 2010) which revised in Basel III Guideline on December 2014 with effect from January 2015. The standard aims to enhance the transparency in Bangladeshi financial market by setting minimum requirement for the disclosure of information on the risk management practice and capital adequacy.

In Qualitative disclosures, bank provides a general summary of a bank's risk management objectives and policies, reporting system and definitions. For each separate risk area (e.g. credit, market, operational, banking book interest rate risk, equity) bank described their risk management objectives and policies.

In line with the Bangladesh Bank BRPD Circular no. 18 dated December 21, 2014 on 'Guidelines on Risk Based Capital Adequacy', following detailed qualitative and quantitative disclosures are provided in accordance with the central bank directions covering Scope of application, Capital structure, Capital adequacy, Credit Risk, Market Risk, Operational risk, Leverage Ratio, Liquidity Ratio, Remuneration of the Bank etc.

a) Scope of application

Qualitative Disclosures		
(a)	The name of the corporate entity in the group to which the guidelines applies.	**Mercantile Bank Limited (MBL)**
(b)	An outline of difference in the basis of consolidation for accounting and regulatory purposes, with a brief description of the entities within the group (a) that are fully consolidated; (b) that are given a deduction treatment; and (c) that are neither consolidated nor deducted (e.g. where the investment is risk-weighted).	MBL, the leading third generation private commercial bank incorporated as a public limited company in Bangladesh on May 20, 1999 and commenced its business on June 02, 1999. It was listed in DSE and CSE on February 16, 2004 and February 26, 2004 respectively. MBL has 119 (One Hundred Nineteen) branches including 5 (Five) SME/Krishi branches as on reporting date i.e. December 31, 2016. The Bank has 2 (Two) Off-shore Banking Units (OBU) operating at Gulshan and Chittagong EPZ areas. The cardinal activities of the Bank are to serve commercial banking services to its customers. The Bank has 2 (Two) subsidiaries namely "Mercantile Bank Securities Limited' and "Mercantile Exchange House (UK) Limited".

		Mercantile Bank Securities Limited Mercantile Bank Securities Limited (MBSL), a subsidiary company of MBL formed on 27 June 2010 to deal with stock dealing and broking. MBSL has started its commercial operation from 14 September 2011 through obtaining stock dealer and broker license from Bangladesh Securities and Exchange Commission (BSEC). The main operation of the subsidiary is to buy and sell off securities listed with Dhaka and Chittagong stock exchange or approved by BSEC for open market operation for its customer. Margin loan facility is also extended to its customers against their equity for investment in the listed companies. **Mercantile Exchange House (UK) Limited** Mercantile Exchange House (UK) Limited, a fully owned subsidiary company of MBL incorporated as private limited company with companies for England and Wales under registration no. 07456837 dated December 01, 2010. The company commenced its business operation on December 06, 2011. Mercantile Exchange House is committed to provide faster, easier and safer remittance services to the Bangladeshi expatriate living and working in UK.
(c)	Any restriction, or other major impediments, on transfer of funds or regulatory capital within the group.	Not applicable.
(d)	The aggregate amount of surplus capital of insurance subsidiaries (whether deducted or subjected to an alternative method) included in the capital of the consolidated group.	Not applicable.

b) Capital Structure

Qualitative Disclosures		
(a)	Summary information on the terms and conditions of the main features of all capital instruments, especially in the case of capital instruments eligible for inclusion in CET 1, Additional Tier 1 or Tier 2.	The regulatory capital under Basel-III is composed of; • Tier 1 (going-concern capital) and • Tier 2 (gone-concern capital) Tier 1 capital is composed of; (a) Common Equity Tier 1 (CET-1) and (b) Additional Tier 1 (AT-1) Conditions set by BB for maintaining Regulatory Capital are as below; • Common Equity Tier 1 of at least 4.50% of the total RWA. • Tier 1 capital will be at least 5.50% of the total RWA. • Minimum CRAR of 10.625% of the total RWA. • Additional Tier 1 capital can be admitted maximum up to 1.5% of the total RWA or 33.33% of CET1, whichever is higher. • Tier 2 Capital can be admitted maximum up to 4.0% of the total RWA or 88.89% of CET1, whichever is higher. • In addition to minimum CRAR, Capital Conservation Buffer (CCB) is being introduced which maintained in the form of CET1 from year 2016. • In order to arrive at the eligible regulatory capital for the purpose of calculating CRAR, banks are required to make some regulatory adjustments/ deductions from Tier 1 and Tier 2 Capital.

Qualitative Disclosures

(b) The amount of Regulatory capital, with separate disclosure of:

(BDT in Crore)

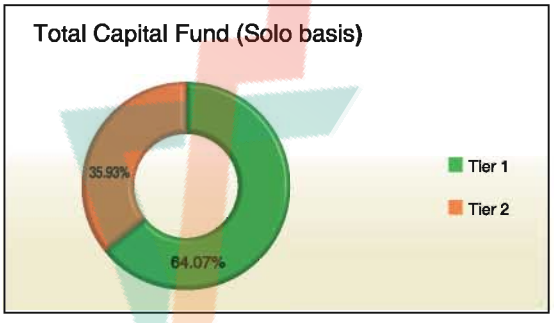
Particulars		Solo	Consolidated
Tier 1 Capital			
A	Common Equity Tier 1 Capital (CET-1)		
	Fully Paid Up Capital	739.16	739.16
	Non-repayable Share Premium account	-	-
	Statutory Reserve	544.93	544.93
	General Reserve	-	-
	Retained Earning	153.87	154.79
	Dividend Equalization Account	4.57	4.57
	Minority Interest in Subsidiaries	-	5.05
	Others (If any item approved by Bangladesh Bank)	-	-
	Sub-Total (A)	1,442.52	1,448.49
	Regulatory Adjustments/Deductions from CET-1	9.52	9.52
	Total Common Equity Tier 1 Capital (CET-1)	**1,433.00**	**1,438.97**
B	**Additional Tier-1 Capital (AT-1)**	**0.00**	**0.00**
Total Tier 1 Capital (A+B)		**1,433.00**	**1,438.97**
Tier 2 Capital			
	General Provision	470.97	470.97
	Subordinated Debt/Instruments	300.00	300.00
	Revaluation Reserves (as on 31 December, 2014)	54.57	54.57
	Sub-Total	825.55	825.55
	Regulatory Adjustments/Deductions from Tier 2 Capital	21.83	21.83
Total Tier-2 capital		**803.72**	**803.72**
		2,236.72	**2,242.69**

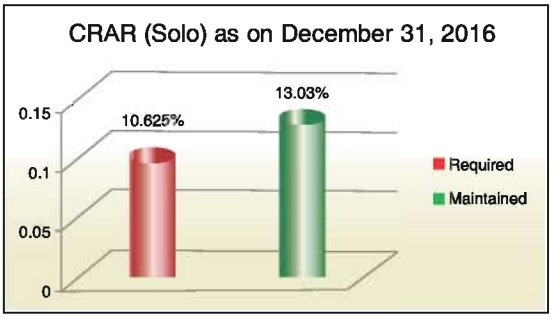
(c) Regulatory Adjustments/Deductions from Capital

Particulars	Solo	Consolidated
Regulatory Adjustments/Deductions from CET-1 Capital		
Shortfall in provisions required against investment in Share (Quoted Share excluding director Equity Shares)	9.52	9.52
Regulatory Adjustments/Deductions from Tier 2 Capital		
40% of Revaluation Reserves for Fixed assets, Securities & Equity (phase-in deductions as per Basel III guideline)	21.83	21.83

(d) Total Eligible Capital

Particulars	Solo	Consolidated
Total Tier 1 Capital (CET-1 Capital + AT-1 Capital)	1,433.00	1,438.97
Total Tier-2 capital	803.72	803.72
Total Eligible Capital (Tier 1 + Tier 2)	**2,236.72**	**2,242.69**





c) Capital Adequacy

Qualitative Disclosures		
(a)	A summary discussion of the Bank's approach to assessing the adequacy of its capital to support current and future activities.	MBL has adopted Standardized Approach for computation of Capital Charge for Credit Risk and Market Risk while Basic Indicator Approach for Operational Risk. Total Risk Weighted Assets (RWA) of the Bank is determined by multiplying the capital charge for market risk and operational risk by the reciprocal of the minimum capital adequacy ratio i.e. 10.625% as on December 2016 and adding the resulting figures to the sum of risk weighted assets for credit risk. Total RWA is then used as denominator while total Eligible Regulatory Capital as on numerator to derive Capital to Risk weighted assets Ratio (CRAR) i.e $CRAR = \frac{\text{Total Eligible Regulatory Capital} \times 100}{\text{Credit RWA} + \text{Market RWA} + \text{Operational RWA}}$ The Bank's CRAR on the basis of Consolidated and Solo are 12.86% and 13.03% respectively against minimum requirement of 10.625% as on December 31, 2016. MBL's policy is to manage and maintain its capital at an adequate level to raise its CRAR well above than minimum requirement in line with Basel III. Ultimate goal of the capital management process of MBL is to ensure that the Bank maintains its capital base at a level to absorb all the material risks. The Bank also ensures that the capital levels comply with all regulatory requirements.

Quantitative Disclosures (BDT in Crore)

	Particulars	Solo	Consolidated
(b)	Capital Requirement for Credit Risk	1,497.99	1,524.29
(c)	Capital Requirement for Market Risk	61.78	61.78
(d)	Capital Requirement for Operational Risk	157.27	158.18
(e)	Individual Capital Ratio		
	Capital to Risk Weighted Assets Ratio (CRAR)	13.03%	12.86%
	CET-1 Capital to RWA Ratio	8.35%	8.25%
	Total Tier-1 Capital to RWA Ratio	8.35%	8.25%
	Tier-2 Capital to RWA Ratio	4.68%	4.61%
(f)	Capital Conservation Buffer	-	-
(g)	Available Capital under Pillar 2 Requirement	803.72	803.72

d) Credit Risk

Qualitative Disclosures		
(a)	**The general qualitative disclosure requirement with respect to credit risk, including:**	
	i) Definition of past due and impaired (for accounting purposes);	As per guideline of Bangladesh Bank, All Loans and Advances are grouped into 4 (four) categories namely- Continuous Loan, Demand Loan, Fixed Term Loan and Short-Term Agricultural Credit & Micro Credit for the purpose of classification. **Any continuous Loan will be classified as:** **Sub-standard-** if it is past due/overdue for 03 (three) months or beyond but less than 06 (six) months. **Doubtful-** if it is past due/overdue for 06 (six) months or beyond but less than 09 (nine) months **Bad/Loss-** if it is past due/overdue for 09 (nine) months or beyond. **Any Demand Loan will be classified as:** **Sub-standard-** if it remains past due/overdue for 03 (three) months or beyond but not over 06 (six) months from the date of expiry or claim by the bank or from the date of creation of forced loan. **Doubtful-** if it remains past due/overdue for 06 (six) months or beyond but not over 09 (nine) months from the date of expiry or claim by the bank or from the date of creation of forced loan. **Bad/Loss-** if it remains past due/overdue for 09 (nine) months or beyond from the date of expiry or claim by the bank or from the date of creation of forced loan.

		Fixed Term Loan will be classified as: **A. If Fixed Term Loan amounting up to BDT 10 Lacs:** **Sub-standard-** If the amount of past due installment is equal to or more than the amount of installment(s) due within 06 (six) months, the entire loan will be classified as "Sub-Standard". **Doubtful-**If the amount of past due installment is equal to or more than the amount of installment(s) due within 09 (nine) months, the entire loan will be classified as "Doubtful". **Bad/Loss-** If the amount of 'past due installment is equal to or more than the amount of installment(s) due within 12 (twelve) months, the entire loan will be classified as "Bad/Loss". **B. If Fixed Term Loan amounting more than BDT 10 Lacs:** **Sub-standard-** If the amount of past due installment is equal to or more than the amount of installment(s) due within 03 (three) months, the entire loan will be classified as "Sub-Standard". **Doubtful-**If the amount of past due installment is equal to or more than the amount of installment(s) due within 06 (six) months, the entire loan will be classified as "Doubtful". **Bad/Loss-** If the amount of 'past due installment is equal to or more than the amount of installment(s) due within 09 (nine) months, the entire loan will be classified as "Bad/Loss". **Short-Term Agricultural Credit & Micro Credit:** **Sub-standard-** If the irregular status continues, after a period of 12 (twelve) months the credit will be classified as "Sub-standard". **Doubtful-** If the irregular status continues, after a period of 36 (thirty Six) months the credit will be classified as "Doubtful". **Bad/Loss-** If the irregular status continues, after a period of 60 (sixty) months the credit will be classified as "Bad/loss". A Continuous Loan, Demand Loan or a Term Loan which will remain overdue for a period of 02 (two) months or more, will be put into the Special Mention Account.
	ii) Description of approaches followed for specific and general allowances and statistical methods;	As per Bangladesh Bank's guideline, MBL maintains General and Specific provision in the following way:

Particulars	Rate (%)
General provision on all unclassified loans/SMA of Small and Medium Enterprise (SME)	0.25%
General provision against all unclassified loans/SMA (other than loans under Consumer Financing, Loans to Brokerage House, Merchant Banks, Stock Dealers etc., Special Mention Account as well as SME Financing.)	1%
General provision on the unclassified/SMA amount for Consumer Financing (other than Housing Finance and Loans for professionals to set up business)	5%
General provision on the unclassified/SMA amount for Housing Finance and Loans for professionals to set up business under consumer financing scheme	2%
General provision on the unclassified/SMA amount for Loans to Brokerage House, Merchant Banks, Stock Dealers, etc.	2%
General provision on the Off-Balance sheet exposures	1%
Specific Provision for classified Continuous, Demand and Fixed Term Loans:	
Substandard	20%
Doubtful	50%
Bad/Loss	100%

		Specific Provision for Short-Term Agricultural and Micro-Credits	
		All credits except 'Bad/Loss'	5%
		Bad/Loss	100%
	iii) Discussion of the Bank's credit risk management policy	**The Bank has adopted numerous strategies to manages its credit risk including:** • Creating credit risk awareness culture • Approved credit policy by the Board of Directors • Separate credit risk management division • Formation of law and recovery division • Formation of Recovery Team with Senior Executives • Independent internal audit and direct access to Board/Audit committee • Credit quality and portfolio diversification • Early warning system • Provision and suspension of interest • Scientific lending and credit approval process • Counterparty credit rating • Strong NPL management system	
Quantitative Disclosures			
(b)	Total gross credit risk exposures broken down by major types of credit exposure.	Total Gross Credit Risk exposures broken down by major types of credit exposure as on December, 2016 is as under:	
		Particulars	BDT in Crore
		Term Loan	4,376.17
		Time Loan	1,413.68
		Packing Credit	154.82
		Loan against Trust Receipt (LTR)	458.17
		Lease Finance	113.25
		EDF Loan	780.91
		Loan General	59.79
		House Building Loan	289.06
		Hire Purchase	532.68
		Payment Against Documents (PAD)	36.98
		Cash Credit (Hypo)	1,217.96
		Overdraft	2,301.52
		Home Loan Scheme Refinance	0.53
		Personal Loan	15.07
		Consumer Credit Scheme	1.08
		Consumer Finance	118.29
		Other Credit Scheme	0.18
		Staff Loan	114.25
		Credit Card	28.48
		Small and Medium Enterprise (SME) Loan	1,454.30
		Agricultural Credit	319.80
		Bill Purchased and Discounted-Inland	284.09
		Bill Purchased and Discounted-Foreign	1,020.20
		Total	**15,091.25**
(c)	Geographical distribution of exposure, broken down in significant areas by major types of credit exposure	Geographical Distribution of total exposure as on December, 2016 is as under:	
		Particulars	**BDT in Crore**
		Urban:	
		Dhaka	9,965.11
		Chittagong	2,694.43
		Rajshahi	963.57
		Sylhet	100.51
		Khulna	120.98
		Rangpur	114.66
		Barisal	119.77
		Sub-Total (A)	**14,079.03**

		Rural	
		Dhaka	441.61
		Chittagong	428.75
		Rajshahi	118.42
		Sylhet	7.75
		Rangpur	8.98
		Barisal	6.70
		Sub-Total (A)	**1,012.22**
		Grand Total (A+B)	**15,091.25**
(d)	Industry or counterparty type distribution of exposures, broken down by major types of credit exposure	Industry or counterparty type distribution of exposures, broken down by major types of credit exposure.	
		Particulars	**BDT in Crore**
		Garments	2,681.42
		Trading	1,193.80
		Engineering	2,107.51
		Contractor Finance	96.92
		Leasing Company	366.45
		Housing	763.26
		Food, Food product, Beverage, Edible oil etc	1,176.84
		Pharmaceuticals	254.11
		Tele-communication	51.11
		Transport	272.01
		Leather & Leather Product	192.91
		Jute Industries	205.89
		Textile	460.42
		Information Technology	37.51
		Hospital & Medical Service	16.29
		Paper, Paper Production & Publication	260.90
		Plastic & Plastic Materials	95.68
		Storage	45.25
		Glass & Glass Product	0.00
		Agriculture	319.80
		SME Loan	1,454.30
		Credit Card	28.44
		Consumer Loan	156.97
		Loans to Brokerage House	164.10
		Others	2,689.34
		Total	**15,091.25**
(e)	Residual contractual maturity breakdown of the whole portfolio, broken down by major types of credit exposure	Residual contractual maturity breakdown of total exposure as on December, 201 6 is as under:	BDT in Crore
		Up to 1 (one) month	2,749.49
		Over 1 (one) month but not more than 3 (three) months	2,489.49
		Over 3 (one) months but not more than 1 (one) year	5,113.15
		Over 1 (one) year but not more than 5 (five) years	3,122.32
		Over 5 (five) years	1,616.79
		Total	**15,091.25**
(f)	**By major industry and counter party type:**		
	i) Amount of impaired loans and if available, past due loans, provided separately	**Impaired Loan under 4 (four) broad catego ries as on December 31, 201 6 is as under**	
		Particulars	BDT in Crore
		Continuous Loan	246.59
		Demand Loan	115.83
		Term Loan	411.86
		Short Term Agro Credit and Micro Credit	0.31
		Total	**774.59**

	ii) Specific and general provisions; and	**According to Bangladesh Bank's guideline, Specific and general provisions made as on December 31, 2016 is as under**	
		Particulars	BDT in Crore
		General Provision (including SMA & OBU)	391.66
		Specific Provision (SS, DF, Bad/Loss)	311.71
		Provision for Off-balance Sheet Exposure	79.31
	iii) Charges for specific allowances and charge-offs during the periods	**During the year 2016 following provisions were made on un classified, classified and off-balance sheet exposure as per Bangladesh Bank's guideline**	
		Particulars	**BDT in Crore**
		Provision against Un Classified Loans	21.27
		Provision against Classified Loans	55.95
		Other Provision (Off Balance Sheet Items)	17.67
(g)	Gross non-performing assets (NPAs):	**Gross non-performing assets as on December 31, 2016 is as under**	
		Particulars	**BDT in Crore**
		Gross non-performing assets (NPAs):	
		Non-performing Assets (NPAs) to Outstanding Loans & Advances	5.13%
		Movement of Non Performing Assets	
		Opening balance	625.07
		Additions	361.97
		Reductions	212.45
		Closing Balance	774.59
		Movement of specific provisions for NPAs	
		Opening balance	255.09
		Recoveries of amount from pre-written off	0.74
		Provisions made during the period	55.95
		Write-off	0.08
		Write-back of excess provisions	-
		Closing Balance	311.71

e) Equities: Disclosure for Banking Book Positions

Qualitative Disclosures		
(a)	**The general qualitative disclosure requirement with respect to equity risk, including:**	
	Differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons.	MBL's total equity share holding comprises of two purposes i.e. capital gain and other strategic reason like equity participation and investment diversification. MBL is the director of IDLC finances Ltd. and sole purpose of such investment is not capital gain, rather maintain relationship as well as diversify its investment portfolio. Investment in equity securities are broadly fall under 2 categories: ➢ Quoted Securities (traded in the secondary market; trading book assets) ➢ Unquoted Securities (not traded in secondary market; banking book assets)

	Discussion of important policies covering the valuation and accounting of equity holdings in the banking book. This includes the accounting techniques and valuation methodologies used, including key assumptions and practices affecting valuation as well as significant changes in the practices.	Quoted shares are recorded at cost prices and after every quarter end if the total cost of entire portfolio is higher than the market value, provision is maintained to the extent of differential amount of cost and market value of the portfolio as per terms and condition of regulatory authority. On the other hand, unquoted share is valued at cost price or book value as per latest audited accounts.

Quantitative Disclosures (BDT in Crore)

	Particulars	Solo	Consolidate
(b)	of those investments; for quoted securities, a comparison to publicly quoted share values where the share price is materially different from fair value.		
	• Quoted shares	57.53	57.53
	• Un Quoted shares	807.38	807.38
(c)	The cumulative realized gain (losses) arising from sales and liquidations in the reporting periods.		
	• Realized gain (losses) from equity investments	0.23	0.23
(d)	Total unrealized gains (losses)	84.25	84.25
	Total latent revaluation gains (losses)	-	-
	Any amount of the above included in tier 2 Capital	-	-
(e)	Market value of investment in equities as on December 31, 2016	141.78	141.78
	Specific Risk- Capital Requirement is 10% of the said value	14.18	14.18
	Market value of investment in equities as on December 31, 2016	141.78	141.78
	General Risk- Capital Requirement is 10% of the said value	14.18	14.18

f) Interest rate risk in the banking book (IRRBB)

Qualitative Disclosures

(a)	The general qualitative disclosure requirement including the nature of IRRBB and key assumptions, including assumptions regarding loan prepayments and behavior of non-maturity deposits, and frequency of IRRBB measurement.	Interest rate risk in the banking book arises from mismatches between the future yield of an assets and their funding cost. Assets Liability Committee (ALCO) monitors the interest rate movement on a regular basis. MBL measure the Interest Rate Risk by calculating Duration Gap i.e. positive Duration Gap affects bank's profitability adversely with the increment of interest rate and negative Duration Gap increase the bank's profitability with the reduction of interest rate.

Quantitative Disclosures

(b)	The increase (decline) in earnings or economic value (or relevant measure used by management) for upward and downward rate shocks according to management's method for measuring IRRBB, broken down by currency (as relevant)	**Increase of Interest Rate will affect the Bank in the following ways:**			
		Particulars	Minor Shock	Moderate Shock	Major Shock
		Magnitude of Shock	1%	2%	3%
		Duration Gap (Years)	0.75	0.75	0.75
		Total Regulatory Capital (BDT in Cr)	2,236.72	2,236.72	2,236.72
		Risk Weighted Assets (BDT in Cr)	17,170.42	17,170.42	17,170.42
		CRAR	13.03%.	13.03%	13.03%
		Revised Capital (After Shock)	2,087.70	1,938.67	1,789.65
		Revised RWA	16,627.49	16,627.49	16,627.49
		Revised CRAR (%)	12.56%	11.66%	10.76%

g) Market Risk

Qualitative Disclosures

(a)	**Views of BOD on trading/investment activities**	Market Risk is the possibility of losing assets in balance sheet and off-balance sheet positions arising out of volatility in market variables i.e. interest rate, exchange rate and price. Total capital requirement for MBL against its market risk is the sum of the following

		i) Interest Rate risk ii) Equity position risk iii) Foreign Exchange risk iv) Commodity risk All the Market Risk related policies/guidelines are duly approved by BOD. The BOD sets limit, review and update the compliance on regular basis aiming to mitigate the Market risk.
	Methods used to measure Market risk	In order to calculate the market risk for trading book purposes the Bank uses Standardized (rule based) Approach where capital charge for interest rate risk, price and foreign exchange risk is determined separately. For instance, MBL's total market risk is calculated as below: i) Capital Charge for interest Rate Risk = Capital Charge for Specific Risk + Capital Charge for General Market Risk. ii) Capital Charge for Equity Position Risk = Capital Charge for Specific Risk + Capital Charge for General Market Risk. iii) Capital Charge for Foreign Exchange Risk = Capital Charge for General Market Risk. iv) Capital Charge for Commodity Position Risk = Capital Charge for General Market Risk.
	Market Risk Management system	Treasury Division and International Division manage the Market Risk with the help of Asset Liability Committee (ALCO) and Asset Liability Management (ALM) Desk.
	Policies and Processes for mitigating market risk	Policy for managing Market Risk has been set out by the Board of Directors of the Bank where clear instructions has been given on Loan Deposit Ratio, Whole Sale Borrowing Guidelines, Medium Term Funding, Maximum Cumulative Outflow, Liquidity Contingency Plan, Local Regulatory Compliance, Recommendation / Action Plan etc. Furthermore, special emphasis has been put on the following issues for mitigating market risk: • **Interest Rate Risk Management** Treasury Division reviews the risks of changes in income of the Bank as a result of movements in market interest rates. In the normal course of business, the Bank tries to minimize the mismatches between the duration of interest rate sensitive assets and liabilities. Effective Interest Rate Risk Management is done as under: • **Market Analysis** Market analysis over interest rate movements are reviewed by the Treasury Division of the Bank. The type and level of mismatch interest rate risk of the Bank is managed and monitored from two perspectives, being an economic value perspective and an earning perspective. • **Gap Analysis** ALCO has established guidelines in line with central Bank's policy for the management of assets and liabilities, monitoring and minimizing interest rate risks at an acceptable level. ALCO in its regular monthly meeting analyzes Interest Rate Sensitivity by computing GAP i.e. the difference between Rate Sensitive Assets and Rate Sensitive Liability and take decision of enhancing or reducing the GAP according to prevailing market situation aiming to mitigate interest rate risk. • **Foreign Exchange Risk Management** Risk arising from potential change in earnings resulted from exchange rate fluctuations, adverse exchange positioning or change in the market prices are considered as Foreign Exchange Risk. Treasury and International Division manage this risk in the following fashion:

❖ **Continuous Supervision**

Bank's Treasury Division manages and controls day-to-day trading activities under the supervision of ALCO that ensures continuous monitoring of the level of assumed risks. Treasury Division monitors the foreign exchange price changes and Back Office of the Treasury Division verifies the deals and passes the entries in the books of account.

❖ **Treasury Back Office separated from Treasury Front Office**

Treasury Back Office is conducting its operation in separate locations apart from the Treasury Front Office. Treasury Back Office is responsible for currency transactions, deal verification, limit monitoring and settlement of transactions independently. Treasury Back Office gathers the market rates from an independent source other than dealers of the same organization, which helps to avoid any conflict of interest.

❖ **Mark-to-Market Method for Approved Securities and Foreign Exchange Revaluation**

All foreign exchange reserves and balances along with approved securities are revalued at Mark-to-Market method according to Bangladesh Bank's guidelines. Such valuations are made after specific time interval as prescribed by Bangladesh bank.

❖ **Nostro Accounts**

Nostro accounts are maintained by the Bank with various currencies and countries. These Accounts are operated by the International Division of the Bank. All Nostro accounts are reconciled on monthly basis. The management reviews outstanding entry beyond 30 days for settlement purpose.

- **Equity Risk Management**

Equity Risk is the risk of loss due to adverse change in market price of equities held by the Bank. Equity Risk is managed by the following fashion:

❖ **Investment Portfolio Valuation**

Mark-to-Market valuations of the share investment portfolio is followed in measuring and identifying risk. Mark-to-Market valuation is done against a predetermined cut loss limit.

❖ **Diversified Investment to minimize Equity Risk**

MBL minimizes the Equity Risks by Portfolio diversification as per investment policy of the Bank.

❖ **Margin Accounts are monitored very closely**

Where Margin loan is allowed, security of investment, liquidity of securities, reliability of earnings and risk factors are considered and handled professionally.

Quantitative Disclosures

(BDT in Crore)

		Particulars	Solo	Consolidate
	Capital requirement for:	Interest Rate Risk	24.58	24.58
		Equity Position Risk	28.36	28.36
		Foreign Exchange Risk	8.84	8.84
		Commodity Risk	-	-
		Total Capital Requirement for Market Risk	**61.78**	**61.78**

h) Operational Risk

Qualitative Disclosures		
(a)	Views of BOD on system to reduce Operational Risk	All the policies/guidelines including Internal Control and Compliances and Board audit are duly approved by BOD. Audit Committee of the Board directly oversees the activities of internal control and compliances aiming to check all types of lapses and irregularities inherent with operational activities of the Bank and thereby may create a notable downfall risk for the Bank. Operational risk includes legal risk, but excludes strategic and reputation risk. Operational Risk includes: • Transaction processing • Operation control • Technology and systems • Risks of physical and logical security • Unique risk arises due to outsourcing
	Performance gap of executives and staffs	The BOD of the Bank is always keen to provide a competitive, attractive and handsome remuneration package for its employees. Besides, the recruitment policy of the Bank always emphasizes on sorting out fresh graduate from the reputed universities and nurture them until transformation to a 'Human Capital' of highest quality. Besides, the Bank's name and fame as top tier Bank of the country acts as moral boosting factor for the employees. An accommodating, welcoming, co-operative and congenial work atmosphere motivates its employees to act as a family towards achievement of goal. As such, there exists no performance gap in the Bank.
	Potential external events	No potential external events have been detected yet at the time of reporting of the capital accord.
	Policies and processe mitigating operational risk	Operational Risks results from inadequate or failed internal process, people and systems or from external events. Within the Bank, Operational Risk may arise from negligence and dishonesty of the employees, lack of management supervision, inadequate operational control, lack of physical security, poor technology, lack of automation, non- compliance of regulatory requirements, internal and external fraud etc. Operational Risk Management Framework has been designed to provide a sound and well-controlled operational environment and thereby mitigate the degree of operational risk.
	Approach for calculating capital charge for operational risk	Operational Risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and system or from external events. The Bank use Basic Indicator Approach for calculating capital charge against operational risk i.e. 15% of average positive annual gross income of the Bank over the last three years.

Quantitative Disclosure			
(b)	Particulars	Solo	Consolidate
		BDT in Crore	
	Capital requirements for Operational Risk	**157.27**	**158.18**

i) Liquidity Ratio

Qualitative Disclosures		
(a)	Views of BOD on system to reduce Liquidity Risk	Board of Directors of the Bank always has been giving utmost importance to minimize the liquidity risk of the bank. In order to reduce liquidity risk strict maintenance of Cash Reserve Ratio (CRR) and Statutory Liquidity Reserve (SLR) are also being emphasized on a regular basis.

		Apart from these as a part of Basel-III requirement Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) are also maintained under the guidance and sharp insight of our honorable Board of Directors.
	Methods used to measure Liquidity Risk	In order to measure liquidity risk various methods are being used which are as follows: • GAP analysis is being done regularly that deals with the mismatch of assets and liabilities in different time buckets like 0-30 days, 31-90 days, 91-180 days, 181-270 days, 271-365 days and beyond 1 year. In our monthly ALCO paper we show this GAP analysis based on which different strategic decisions are taken in order to reduce liquidity risk that may arise due to the mismatch between assets and liabilities. • Cash flow forecasting is another technique to measure liquidity risk that may arise due to future cash flow mismatch. In our monthly ALCO paper we show this cash flow forecasting.
	Liquidity Risk Management System	As a part of liquidity risk management system we have board approved liquidity contingency plan. In this liquidity contingency, plan we have incorporated all the strategic decision to tackle any sort of liquidity crisis. As per the Bangladesh Bank ALM guideline this liquidity contingency plan is reviewed annually which is approved by the Board of Directors.
	Policies and processes for mitigating Liquidity Risk	We have board approved policies for mitigating liquidity risk. This policy is reviewed annually and placed before the Board of Directors for their kind approval.

Quantitative Disclosure

(BDT in Crore)

Liquidity Coverage Ratio (LCR)	101.96%
Net Stable Funding Ratio (NSFR)	102.27%
Stock of High quality liquid assets	3,662.59
Total net cash outflows over the next 30 calendar days	3,592.18
Available amount of stable funding	17,081.57
Required amount of stable funding	16,701.82

j) Leverage Ratio

Qualitative Disclosures		
(a)	Views of BOD on system to reduce excessive leverage	Leverage is an inherent and essential part of modern banking business. In other words, banks are highly leveraged organizations which facilitate leverage for others. Leverage, in simple terms, it is the extent to which a bank funds its assets with borrowings rather than capital. More debt relative to capital means a higher level of leverage. Banks have a range of financial incentives to operate with high leverage. But it creates risk when it crosses a certain point. Therefore, the board views that sound prudential controls are needed to ensure that the organization maintains a balance between its debt and equity. The board also believes that the bank should maintain its leverage ratio on and above the regulatory requirements which will eventually increase the public confidence on the organization.

	Policies and processes for mitigating excessive on and off balance sheet leverage	The leverage ratio is a non risk based approach to the measurement of leverage. The ratio acts as a 'backstop' against the risk-based capital requirements and is also designed to constrain excess leverage. The leverage ratio is intended to achieve the following objectives: a) Constrain the build-up of leverage in the bank b) Reinforce the risk based requirements with an easy to understand and a non-risk based measure. Under Basel III, the Bank has to maintain a minimum Tier 1 Leverage ratio of 3% is being prescribed both at solo and consolidated level. To manage excessive leverage, the bank follows all regulatory requirements for capital, liquidity, commitment, Advance Deposit Ratio (ADR), Maximum Cumulative Outflow (MCO), large exposures as well as risk management which are eventually reinforcing standards set by Bangladesh Bank. The aim is to ensure that the high leverage inherent in banking business models is carefully and prudently managed.
	Approach for Calculating exposure	Leverage ratio refers to the ratio between Bank's Tier 1 capital (as numerator) and total exposure (as denominator). Total exposure includes both balance sheet exposures and off-balance sheet exposures after related deductions. $\text{Leverage Ratio} = \frac{\text{Tier 1 Capital (after related deductions)}}{\text{Total Exposure (after related deductions)}}$ The capital measure for the leverage ratio is based on the Tier 1 capital after related deductions. The exposure measure for the leverage ratio follows the accounting measure of exposure. In order to measure the exposure consistently with financial accounts, the followings are applied by the bank: • On balance sheet, non-derivative exposures will be net of specific provisions and valuation adjustments. • Physical or financial collateral, guarantee or credit risk mitigation purchased is not considered to reduce on-balance sheet exposure. • Netting of loans and deposits is not considered. • Off-balance sheet (OBS) items are calculated by applying a uniform 100% credit conversion factor (CCF). For any commitments that are unconditionally cancellable at any time by the bank without prior notice, a CCF of 10% is applied.

Quantitative Disclosure

(BDT in Crore)

Particulars	Solo	Consolidated
Leverage Ratio	6.23%	6.24%
On balance sheet exposure	20,101.03	20,191.83
Off balance sheet exposure	2,891.95	2,891.95
Total exposure (After deduction from On and Off balance sheet exposure)	22,983.46	23,074.25

k) Remuneration

Qualitative Disclosures

(a)	Information relating to the bodies that oversee remuneration.	The Human Resources Division comprises of 9 officials (2-executives and 7 officers) including Divisional Head. Human Resources Division (HRD), Head Office of the Bank oversees the remuneration and the Division is directly supervised by the Managing Direct or of the Bank. The Board/Executive Committee of the Bank approves remuneration policy time to time. The Bank does not take any external consultants in preparing remuneration policy. The remuneration policy shall apply to all regular employees of the Bank and ensures its Pay Scale equal grade benefit of the employees as per their respective grade. Remuneration Committee of the Bank also oversees its two subsidiaries i.e. MBL Exchange House (UK) Limited and MBSL. The senior management or employees who can take, or influence the taking of, material risk for Bank or for a material business unit are considered as material risk takers, such as;

Designation No of Employee	No. of Employee
Managing Director & CEO	1
Additional Managing Director	1
Deputy Managing Director	3
Senior Executive Vice President	9
Executive Vice President	7
Senior Vice President	21

(b)	Information relating to the design and structure of remuneration processes.	Mercantile Bank always considers employee benefits to make them comfortable and get their commitment. Our human resources management comply a fair process by using a performance based system. Our remuneration policy is the same in all branches and head office level. There is no incident of discrimination in terms of remuneration provided to male and female employees. We believe that competitive remuneration creates opportunity to maintain and retain the performing and brilliant officers and executives in the Bank. The overall objective of the Bank's remuneration policy is to establish a framework for attracting, retaining and motivating employees, and creating incentives for delivering long-term performance. During the past year, the Bank did not review its remuneration policy.
(c)	Description of the ways in which current and future risks are taken into account in the remuneration processes.	The following key risks have been taken into account when implementing remuneration measures; Keeping consideration of morality of the employees and posting better result, reduce turnover, retain the experienced and productive officials, free from biased etc.
(d)	Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration.	Now Banking industries becomes very competitive. In the Banking sector performance plays a very vital role on determining someone's remuneration. Performance appraisal is closely linked to other HR processes like helps to identify the training and development, promotions, incentives etc. The focus of the performance assessment is measuring and improving the actual performance of the employee and also the future potential of the employee. Its aim is to measure what an employee does. The Bank has one set of Performance Appraisal Form (PAF) to evaluate the all categories of officials of the Bank. The PAF has 3 (three) parts; **Part-A:** Basic information & Business development performance **Part-B:** Measurable Performance Rating & PAF Rating **Part-C:** Comments of Reporting Officer & Score sheet

		Yearly increment, promotions, incentives bonus all had now been linked up with individual performance. On the basis of grade of an individual of the Performance Appraisal Report, the Bank takes decision in allowing yearly benefits.
(e)	Description of the ways in which the bank seeks to adjust remuneration to take account of longer-term performance.	The Bank has various schemes in regards to deferred and vested variable remuneration which are as under; Provident Fund (PF) Provident Fund is created to provide long term benefit to the employees of the Bank as per Deed of Trust executed between the company and the trustees of the Provident Fund. Entitlement to employer's contribution happens on completion of 05 (three) years of regular service and the Bank contributes equal amount of contribution as contributed by the employee. Gratuity Entitlement to employer's contribution happens on completion of 5 (five) years of regular service in the Bank @ one basic pay for each completed year of service. This increases depending on years of service completed more than 10 years. Welfare Fund These rules called the Mercantile Bank Limited Employees' Welfare Fund Rules. This benefits are Provided to the employees of the Bank on their death, disability or retirement at any time or for any other cause that may be deemed fit as per approved policy.
(f)	Description of the different forms of variable remuneration that the bank utilizes and the rationale for using these different forms.	MBL's compensation and benefits strategy has been devised to foster high performance culture keeping market competitiveness in mind. Our management strategy is a multi-pronged one; that includes compelling employee value proposition with a competitive reward package. Our total rewards strategy has evolved with our business transformation and basic pay is benchmarked against the market to ensure competitiveness. The Bank offers satisfactory financial and nonfinancial benefits for the employees of the Bank to ensure a better life style. Such as- • Attractive compensation package • Festival and incentive bonus • Fair promotion • Annual increment • Provident fund • Gratuity fund • Disability benefit • Leave fare assistance • Career growth opportunities • Training and workshop (home and abroad) • Favorable work environment • Health care facilities • Loan facilities at a privileged rate etc. Besides the above, we have platforms which provide recognition for outstanding performance, we offer career development opportunities, and we are dedicated to our employees' well-being. To boost motivation, we recognize and reward top performers, long service employees, best managers, executives and officers. Bank is maintaining a welfare fund taking contribution from both employees and the bank to support the employees and their families on the ground of medical, maternity, retirement, disability and death claim. The Fund has been established to provide coverage in the event of accidental death or permanent disabilities,

		a portion of retirement benefit & stipend to the employees' children. The Bank also extended the maternity leave from 03 months to 06 months for its female employees. Variable pay, as the term denotes usually does not defer between the employees of the same rank. Depending on experience, job performance and other traits, new hire in the same rank are offered remuneration that varies from each other. While in the service on recommendation and according to performance extra increment or bonus may be awarded to the employees.
Quantitative Disclosures		
(g)	Number of meetings held by the main body overseeing remuneration during the financial year and remuneration paid to its member.	Meeting regarding overseeing the remuneration was held on need basis.
(h)	Number of employees having received a variable remuneration award during the financial year.	127 employees having received variable remuneration award during the financial year.
	Number and total amount of guaranteed bonuses awarded during the financial year.	2 incentive bonuses and 2 festival bonuses are awarded during the financial year.
	Number and total amount of sign-on awards made during the financial year.	Nil
	Number and total amount of severance payments made during the financial year.	Nil
(i)	Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	Nil
	Total amount of deferred remuneration paid out in the financial year.	Nil
(j)	Breakdown of amount of remuneration awards for the financial year to show: - fixed and variable. - deferred and non-deferred. - different forms used (cash, shares and share linked instruments, other forms).	Breakdown of amount of remuneration awards for the financial year 2016; (BDT in Crore) Basic salary: 92.70 Allowances: 85.26 Bonus: 59.82 Provision for Gratuity: 12.00 Provident fund contribution: 8.51 Nil All the remunerations are provided in the form of cash
(k)	Quantitative information about employees' exposure to implicit (eg fluctuations in the value of shares or performance units) and explicit adjustments (eg clawbacks or similar reversals or downward revaluations of awards) of deferred remuneration and retained remuneration:	
	Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments.	Nil
	Total amount of reductions during the financial year due to ex post explicit adjustments.	Nil
	Total amount of reductions during the financial year due to ex post implicit adjustments.	Nil



CBO's **Statement**

The bank has passed a challenging year under the backdrop of sluggish investment, excess liquidity pressure, rising non-performing loan and declining interest rate on advance, although political and economic condition of the country was almost stable throughout the period. Oppositely advancement of mobile financial services, agent banking, Electronic Fund Transfer (EFT) and Real Time Gross Settlement (RTGS) showed clear path that future of banking will be driven by information and communication technology. We managed through the financial crisis and its turbulent aftermath while never losing sight of the reason we are here: to serve our clients, our communities and countries and, of course, to earn a fair profit for our shareholders.

During the year 2016, we have travelled extensively throughout the country in search of business. We have made visit to more than 100 new & existing business premises of different sizes during this year. It is pertinent to note that not only collection of new business rather retention of our existing good customers was also the area of challenge for us. We had to walk through a very sharp edge of unprofessional & unhealthy competition. We had to face it professionally with courage.

Now, we have to maintain profitability by way of cost saving at fund sourcing than to earn higher margin investing the fund. Because, in one hand long term rescheduling and restructuring of large facilities are forcing banks to defer their current earnings. And on the other hand, stay order loans are directly depriving banks from recognition of any earning despite showing them as standard loan. Apart from this, some other determining factors influenced MBL's business strategies in the following way:

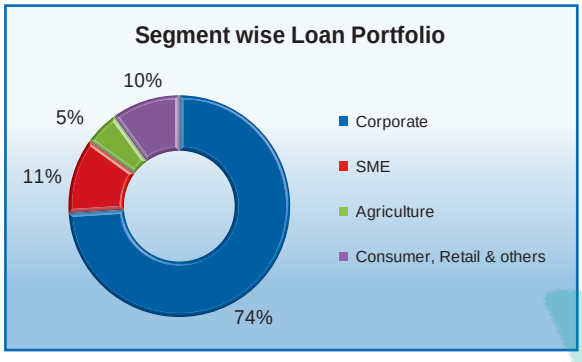
- Due to business nature any reduction in loan pricing instantly impacts earning but the same is not true for deposit as large portions are fixed and long term scheme deposits. Thus ALCO of MBL constantly stays vigilant to strike a proper balance between interest income and interest expense by adjusting the pricing of deposit and loan products to keep the spread at an acceptable level.

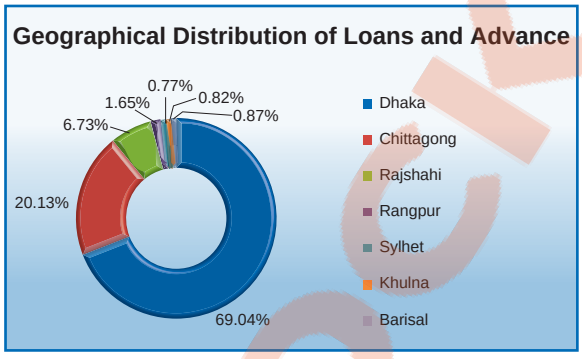
- The profitability is continuously hindered due to various risk factors such as default risk, interest rate risk, market risk etc. In order to minimize the risks we try to forecast the individual components of the income and expenditure taking into consideration of the expected business growth along with related risk elements. We take immediate steps to realign our business strategies with changing environment.

- We ensure efficient allocation of human resources, fixed and variable expenses with a view to optimize the total operating expenditure in such a way so that the purpose of facilitating business expansion and shareholder's wealth enhancement can be served together.

- Moreover, from time to time we evaluate the business performance of the individual profit centers compared to target and command area business potential, analyze the gaps and recommend strategies accordingly to keep up a healthy growth.

In 2016, MBL's credit concentration in Corporate & Commercial segment was 74.06%, SME 10.79%, Agriculture 5.32% and in Consumer & Retail segment it was 9.84%. Geographically in Chittagong Division Loans & Advances concentrated higher than earlier year by 0.44% while concentration decreased by 1.65% in Dhaka Division. The Bank did much better in restraining growth of classified loans (CL) and the year ended with 5.13% classified loan ratio which was 4.95% in the previous year.





With the brisk expansion of corporate banking base while promoting existing client pool and originating new clients through customized services rendered by one of the most versatile corporate banking teams in the industry, and to prioritize asset portfolio, it is preferable to focus on diversification of the portfolio with the bottom line objectives to ensure risk return trade off in all credit transactions thereby ramping up the possibility of revenue generation by controlling the risk factors. We are very optimistic about the Bank's future and its ability to continue to deliver superior returns to its stakeholders. We have the motivated workforce and devoted in ensuring Safe Secure Stable banking with MBL. We expect that the year 2017 will be better off in value creation and financial risk management.

Md. Quamrul Islam Chowdhury
Additional Managing Director & CBO



CRO's Report on **Risk Management**

Risk is the probability of unfavorable outcome of any action or any operational activities that may appear with varying magnitude, having adverse impact on the overall performance of the institution. As a financial intermediary, Risks and risk management are thus a substantial part of MBL's business activities, and it is required to identify and monitor the risk factors prudently to overcome the challenges on future journey.

MBL's Risk Management Strategies

Risk management is at the core of the operating structure of the Bank. We seek to limit adverse variations in earnings and capital by managing risk exposures within agreed levels of risk appetite. The Board of Directors has the overall responsibility of ensuring that organizational structure, policies, standards, guidelines and procedures are in place for efficient risk management and its implementation in the right perspective. The Board already approved risk management policies and also sets prescribed internal risk level/appetite, to identify and manage risks with efficacy. Our Bank's Risk management processes are as follows:

Risk Management Process of MBL



Credit Risk Management

Credit Risk / counter party risk is the potential risk that a Bank borrower or counterparty may fails to meet its financial and/or contractual obligations in accordance with agreed terms, resulting in financial loss to the Bank.

Credit risk is managed through a framework set by policies and procedures established by the Board in line with Bangladesh Bank guidelines. The Bank has segregated duties of the officers/ executives involved in credit related activities. Separate Corporate/SME/Retail divisions have been formed at Head Office which is entrusted with the duties of maintaining effective relationship with customers, marketing of credit products, exploring new business opportunities etc. Moreover, credit approval, administration; monitoring and recovery functions have been segregated towards reinforcement of credit risk management activities. For this purpose, four separate Divisions have been formed in respect to Credit Risk Management: (a) Credit Risk Management Division; (b) Credit Administration Division; (c) Credit Monitoring and Early Alert Division and (d) Special Asset Management Division. Credit Risk Management Division is entrusted with the responsibilities of formulating policies/strategy for lending operations, maintaining asset quality, assessing risk in lending, sanctioning credit, etc.

A thorough investment analysis is made before sanction of any credit facility at Credit Risk Management Division by the Risk review committee. The risk assessment includes borrower risk analysis, financial analysis, industry analysis, historical performance of the customer, security of the proposed credit facility, etc. The assessment process at Head Office starts at Corporate Division by the Relationship Manager/Officer and ends at Credit Risk Management Division where it is approved/declined by the competent authority. Credit approval authority has been delegated to the individual executives based on their capability, experience & business acumen. Proposals beyond their delegation are disposed to the Management of the Bank and /or the Executive Committee or Board of Directors for approval as per define delegated authority.

Credit Concentration Risk

Credit concentration risk is the risk of loss to the Bank as a result of excessive build-up of exposure, among others, a single counterparty or counterparty segment, an industry, a market, a product, a financial instrument or type of security, a country or geography, or a maturity. This concentration typically exists where a number of counterparties are engaged in similar activities and have similar characteristics, which could result in their ability to meet contractual obligations affected by changes in economic or other conditions. Concentration risks against individual counterparties are regulated by limits and rules for maximum customer exposure. Within the framework of the credit policy and business plan, further thresholds have been imposed in order to limit concentration risks at segment and portfolio level.

Market Risk Management

Market risk is defined as the risk of loses in on and off-balance sheet positions arising from adverse movements in market price. Major market risks include Interest rate risk, Foreign Exchange Risk and Equity Risk. The purpose of market risk management framework is to minimize the risk of loss and maximize profit in trading portfolio. MBL's strategies to address these risks are as under:-

A. Managing Interest Rate Risk

Interest Rate Risk is the risk which occurs due to adverse movement of interest rate either on the assets (credit portfolio and investment) or on the liabilities (deposits and borrowing) having impact on profitability of the Bank. Change in interest rate(s) may adversely affect bank's profitability which can largely be attributed for narrow spread or razor thin margin in financial intermediation.

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

B. Managing Foreign Exchange Risk

Foreign Exchange Rate Risk arises from the potential change in earnings resulted from exchange rate fluctuations, adverse exchange positioning/holding and market volatility.

At MBL, we have set apart treasury operations by materializing the back office, mid office and front office concept to separate the responsibilities towards reinforcement of the process in line with the prudential guidelines prescribed by the Bangladesh Bank. Front office is responsible for currency transactions and preparation of deals in accordance with the market trend. Back Office verifies the deals, monitors the limits and settles the transactions autonomously. All foreign exchange transactions are revalued at Mark-to-Market basis in conformity with Bangladesh Bank Guidelines. All Nostro accounts are reconciled on fortnightly and monthly intervals and in the process it is ensured that no entries remain unattended beyond the specific time threshold.

C. Equity Price Risk Management

Equity risk is defined as losses due to changes in market price of equity held by the bank. To measure and identify the risk, mark to market valuations of the share investment portfolios are made. To mitigate risk, our Investment Policy also emphasizes on Portfolio diversification.

Liquidity Risk Management

Liquidity risk arises when the Bank, despite being solvent, cannot maintain or generate sufficient cash resources to meet its payment obligations as they fall due, or can only do so at materially disadvantageous terms. It's triggered by the consequences of other financial risks such as credit risk, interest rate risk, foreign exchange risk, etc. The main objective of managing liquidity risk is to maintain sufficient liquid assets, optimization of the capacity to build up comfortable liquidity base for meeting short and long term financial obligation to face any contingency affecting liquidity base of the Bank.

MBL's Liquidity Risk Management Strategies

- Alignment and realignment of the Assets and Liabilities in a prudent manner to address liquidity risk.
- Diversified and sustainable deposits base by lessening reliance on corporate deposits
- Exact Cash Flow Projections
- Various ratios to maintain liquidity and to create limits for liquidity management.
- Ratios are used in conjunction with more qualitative information about borrowing capacity
- Board approved 'liquidity contingency plan' in order to avert any unwarranted risk.

Managing Operational Risk

Operational risks refer to risk of loss arising from unclear or incomplete instructions and internal processes, unreliable information, human error, deficient systems or external events. It is a broad concept which focuses on the risks arising from the people, systems and processes through which a company operates.

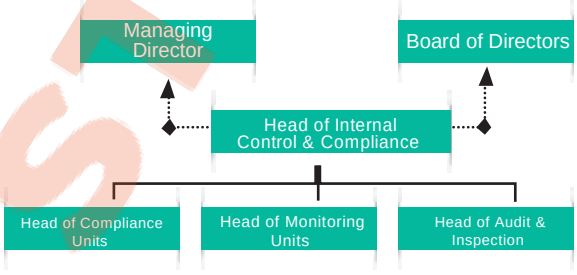
Board of Directors and Senior Management of Mercantile Bank Limited has established an organizational culture that places high priority on the agenda to ensure effective operational risk management and adherence to sound operating controls. Senior Management transforms the strategic direction given by the Board through operational risk management policy. In addition, the management has focused on reinforcement of segregation of responsibilities and establishing accountability as well as transparency in its different spheres of business activities through written procedures, regular training and awareness programs. Departmental Control Function Checklist (DCFCL), Quarterly Operations Report, Loan Documentation Checklists, etc are in place covering all probable risks associated with bank's business and operations. Regular and Surprise inspection are also made on a routine basis to make sure that all control is functioning properly. Risk Management Division of Mercantile Bank has completed an awareness program on risk management among 327 participants (branch level senior officers) as a part of developing effective risk management system and knowledge sharing since most of the risks are originated from branch level.

Managing Internal Control And Compliance Risk

Better internal control and introduction of standardize operating procedures in all the core risk areas for attainment of preset objects ensuring compliance with the prescribe rules & regulation adopted by the regulatory bodies synchronizing with the internal policy perception/guidelines.

MBL's Internal Control And Compliance Risk Management Strategies

According to the Central Bank's guideline, the Bank has formed separate Internal Control and Compliance Division for an effective internal control system. Compliance Unit of ICCD ensures that the Bank complies with all regulatory requirements of the legislative bodies in conducting its business.



Money Laundering Risk

Money laundering risk is defined as the loss of reputation and expenses incurred as penalty for being negligent in prevention of money laundering. Bangladesh Bank through BRPD Circular No. 17 dated October 07, 2003 advised the scheduled commercial banks operating in the country to put in place effective risk management system which includes Money Laundering Risk Management, since money laundering, a criminal act recognized all over the world, has very severe consequences in the economy, security and the society.

MBL's Anti-Money Laundering Policy

Bangladesh Bank's Anti-Money Laundering policy contains the following major issues which have been incorporated in the Bank's Anti Money Laundering policy:

- Duly filled in KYC (Know Your Customer) form is mandatory for account opening
- TP (Transaction Profile) in which every customer must specify what will be the frequency and amount of transaction
- Preservation of correct and full information for identification of its clients during operation of accounts
- Monthly Cash Transaction Report (CTR) to be sent to Bangladesh Bank for the customers depositing or withdrawing cash BDT 1 million or above in any day.
- Monitoring of unusual/suspicious transaction and reporting the same to Bangladesh Bank
- Prohibited any types of transaction/relation with shell banks

- Ensure enhanced due diligence while opening account or handling transactions of Influential Persons/ High Officials of International Organizations
- Prevention of financing of terrorism and financing of proliferation of weapons of mass destruction
- Previous records should be maintained for at least five years after closing of clients account
- Appoint BAMLCO in every branch & CAMLCO and deputy CAMLCO at Head Office
- KYC and TP to be changed on the basis of customers transaction
- Classification of customers on the basis of risk
- Creating awareness among employees by arranging training on Anti Money Laundering

Managing Information Technology Risk

IT risk is the business risk associated with the use, ownership, operation, involvement, influence and adoption of IT within an organization. Risks surrounding Information Technology, such as network failure, software failure, lack of skills, hacking, viruses attack and poor system integration poses threat for the organization. IT risk of the Bank is addressed by initiating appropriate measures within the clear cut policies and procedures as well as defining roles and responsibilities of all relevant officials; dedicated IT audit team as per the Central Bank's guidelines to conduct audit at branch and divisional levels; Segregated job descriptions and responsibilities to minimize IT Risk; Need based trainings are being conducted time to time to grip the IT Risk in an efficient manner. MBL protects and secures its data in various ways. Data is kept in secured place prescribed by the Bank's policy. Furthermore, MBL has adopted "TEMENOS T24", one of the highly sophisticated real time banking software with a view to ensuring superior customer services and at the same time controlling technology related hazards.

State of Art Data Centre and Disaster Recovery Site (DRS)

MBL procured and implemented state of the art Hardware, Software and system in its data centre and Disaster Recovery Site keeping in mind for future stability, efficiency, fault tolerance and high availability. The environmental security features of the data centre and DRS have been provided high priority. The network system of the Bank has been reconfigured with latest technologies for highest availability, efficiency and security.

Basel II & III And Borrower's Rating

Risk Based Capital Adequacy Framework i.e. Basel III, came into force fully in the Banking industry of Bangladesh from January 2015 following the BRPD Circular # 18 on December 21, 2014. The Basel III principle stands on the following three pillars. Pillar 1: Minimum Capital Requirement; Pillar 2: Supervisory Review Process; Pillar 3: Market Discipline. Under Pillar I of Basel III principle, minimum capital requirement is 10.625% to total Risk Weighted Assets (RWA). Therefore, reduction in RWA will lead to lower capital requirement.

Meantime, Bangladesh Bank has issued "Revised Regulatory Capital Framework for all Banks in line with Basel III" in December 2014. Here the reforms are the response of Basel Committee on Banking Supervision (BCBS) to improve the banking sector's ability to absorb shocks arising from financial and economic stress, whatever the source, thus reducing the risk of spillover from the financial sector to the real economy.

To ensure smooth transition to Basel III, appropriate transitional arrangements have been provided for meeting the minimum Basel III capital ratios, full regulatory adjustments to the components of capital, etc. Consequently, Basel III capital regulations would be fully implemented with in January 01, 2019.

Since, corporate exposures constitutes the major part of MBL's loan portfolio, corporate clients' credit rating play key role in determining Risk Weighted Assets (RWA) and thus total capital requirement of the Bank. As such, MBL has taken the issue of Borrower's rating as a matter of utmost priority. Customers having good rating enjoy privilege for renewal, approval of loan facility and pricing thereby to ensuring risk adjusted rate of return of our portfolio. As a result, of our continuous persuasion and vigorous effort, a good number of corporate and SME customers have conducted their credit rating by External Credit Assessment Institutions (ECAI).

Stress Testing

Stress Testing is a risk management technique used to evaluate the potential effects of an institution's financial condition of a specific event and/or movement in a set of financial variables. It refers to the process to cover multiple risk measures across categories and complements traditional risk models. It is also an integral part of the Capital Adequacy Framework. The traditional focus of stress testing relates to exceptional but plausible shocking events. Each shocking events contains Minor, Moderate and Major Levels of shock.

MBL accomplish the quarterly Stress Testing covering Credit Risk, Market Risk and Liquidity Risk in accordance with Bangladesh Bank DOS (Department of Off-site Supervision) Circular no. 01 dated February 23, 2011.

Post shock capital adequacy status at different shock levels as per Stress Testing Report on 31 December 2016 is as under:

Stress Test: Sensitivity Analysis

Quarter: Q4 Year: 2016

Stress Test Results:

Changes in Capital Adequacy at different shock levels

Regulatory CRAR (in %)	**10.625%**
CRAR before shock (in %)	**13.03%**

Individual Shocks	Changes in CRAR (Minor Shock)	CRAR after Shock (%)	Changes in CRAR (Moderate Shock	CRAR after Shock (%)	Changes in CRAR (Major Shock)	CRAR after Shock (%)
Performing loan directly downgraded to B/L :Sectoral Concentration 1: Manufacturing Industry	-0.21	12.81	-0.65	12.38	-1.08	11.94
Performing loan directly downgraded to B/L :Sectoral Concentration 2: Trade Service	-0.07	12.95	-0.22	12.81	-0.37	12.66
Increase in NPLs due to default of Top large loan borrowers	-3.12	9.91	-5.88	7.15	-7.62	5.42

Effect of Combined Shock is as under

Negative Shift in NPLs categories	-0.28	12.74	-0.57	12.46	-1.13	11.90
Decrease in the FSV of the Collateral	-0.27	12.75	-0.55	12.48	-1.10	11.93
Increase in NPLs	-0.92	12.11	-3.23	9.80	-6.95	6.09
Interest Rate	-0.26	12.77	-0.52	12.51	-0.78	12.25
FEX : Currency Appreciation	-0.02	13.00	-0.05	12.98	-0.07	12.96
Equity Shock	-0.44	12.59	-0.89	12.14	-1.79	11.24
Combined Shock	**-2.20**	**10.83**	**-5.79**	**7.24**	**-11.82**	**1.22**

After applying combined shock, Capital to Risk-weighted Asset Ratio (CRAR) of the Bank falls to 10.67%, 7.08% and 1.05% respectively against minor, moderate and major shock. So, the bank can absorb minor level of shock only when all the shocks are considered together. However, for higher levels of shocks i.e. moderate and major shock, the bank may fall below required capital.

Risk Management Report

As per guidelines of Bangladesh Bank, Risk Management Division prepares Risk Management Reports on regular basis considering all key risk indicators and places the same to Risk Management Committee of Management and Board of Directors. At the end of each month, Risk Management Report along with the minutes of the meeting of Risk Management Committee is being submitted to Bangladesh Bank by the Risk Management Division of the Bank. The monthly and half yearly comprehensive report contains identification and mitigation of risk under necessary guidance of the Senior Management of the Bank. Risk Management Report is also being submitted to the Risk Management Committee of the Board and the decisions are being communicated with relevant divisions of the Bank for necessary initiatives.

Mati Ul Hasan
Deputy Managing Director & CRO

Statement of Directors' Responsibility for **Internal Control & Financial Reporting**

Responsibility to Financial Statements

The Directors are responsible for ensuring that the Bank keeps proper books of accounts of all the transactions and prepares financial statements, which give a true and fair view of the state of affairs and profit/loss for the year.

The Board of Directors accepts responsibility for the integrity and objectivity of the financial statements. It ensures that the estimates and judgments relating to the financial statements were made on a prudent and reasonable basis, so that they reflect in a true and fair manner, the form and substance of transactions, and reasonably present the Company's true state of affairs.

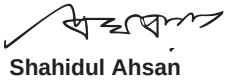
The Board of Directors confirms that the International Financial Reporting Standard (IFRS) and International Accounting Standards, as adopted in Bangladesh by the Institute of Chartered Accountants of Bangladesh, have been adhered to, subject to any material departure being disclosed and explained in the notes to the accounts. The Board also confirms that the Company keeps accounting records, which enables it to ensure that the financial statements comply with the requirements of the Companies Act, 1994, Bangladesh Securities and Exchange Rules 1987, Financial Institution Act 1993 and Listing Regulations of Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited and amendments thereto.

Responsibility to Internal Control Systems

To ensure this, the Bank has taken proper and sufficient care in installing a system of internal control, which is reviewed, evaluated and updated on an ongoing basis. The Internal Control & Compliance Division of the Bank conducts periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed.

Opinion of the External Auditors

The auditor of the Bank, A. Qasem & Co., Chartered Accountants and Aziz Halim Khair Choudhury, Chartered Accountants have carried out annual audits to review on the system of internal controls, as they consider appropriate and necessary, for expressing their opinion on the financial statements. They have also examined the financial statements made available by the management together with all the financial records, related data, minutes of shareholders and Board Meetings, relevant policies and expressed their opinion.



Shahidul Ahsan
Chairman

AMAR STOCK



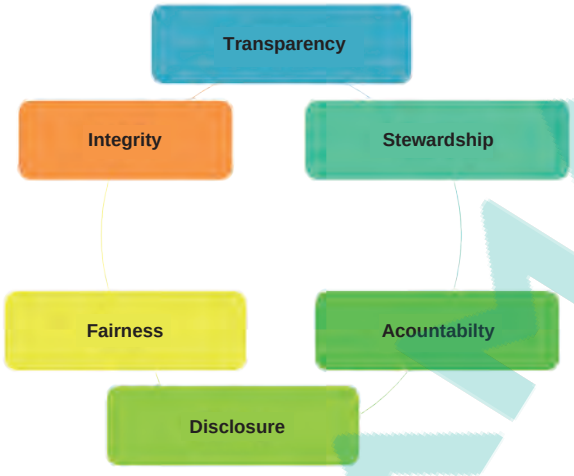
Report on

Corporate Governance

MBL believes that measures to exercise good corporate governance must be in place and ingrained in the Bank's philosophy to ensure that the business is run responsibly and in turn protect all its stakeholders. The practice of good corporate governance is crucial in enhancing shareholders' value, obtaining customers' trust and loyalty as well as strengthening employees' commitment to realize the Bank's aspiration of becoming the country's leading financial service provider for its target market segment.

Subsistence of good corporate governance reduces risk, stimulates performance, improves access to capital markets, enhances the marketability of goods and services, improves leadership, demonstrate transparency and social accountability. We are committed to operating in accordance with best practices in business integrity and ethics and maintaining the highest standards of corporate governance.

Through its strong corporate governance framework the Bank creates value for its stakeholders. It also recognizes that sound governance practices, transparency and accountability are all non-negotiable facts in its entire business ethos. In implementing the framework of long term value creation, MBL has established a foundation of governance excellence which fortifies its information gathering and decision making capabilities, which enables it to discharge its duties towards its stakeholders with utmost responsibility, transparency and accountability.



Framework

To achieve long term institutional viability and soundness, there is no alternative to adopt international best practices in corporate governance. The Bank has focused on the following to augment its governance framework and strategies:

Strategy and Performance – by

- Discussing strategic options and alternatives in their relation to performance and mapping it to the goals set out in the Corporate Plan;
- Revision of the Finance and Accounting Manual of the Company and review by the Board Audit Committee and Approved by the Board of Directors;
- Assessing the strategic and operational performance of the Bank vis a vis individual business units and collectively.

Finance, Capital and Liquidity – by

- Assessing, evaluating and monitoring actual performance against forecast financial targets regularly including all relevant bottom line impacting KPIs;
- Discussing, challenging and approving the short term plans detailed in the Corporate Plan.

Governance, Risk and Controls – by

- Assessing challenges that would be a hurdle to implementation of the goals embedded in the Corporate Plan;
- Strengthening the process of business operation through rearrangement of Corporate Organogram;
- Ensuring that the Bank's internal control process is robust;
- Reviewing the independence, objectivity and performance of the internal audit function;
- Ensuring that the bank remains well aligned with its Enterprise Risk Management strategy;
- Evaluating and approving proposed risk appetite for 2017;
- Evaluating performance against risk appetite and risk profile;
- Initiating actions to enhance accountability and oversight over subsidiaries and associates.

Culture and Values – by

- Approving training and development programs driven by MBL to give the team a complete understanding on the transformation of the culture that will ensue.

The Board of Directors

Being the highest decision making body of the Bank, MBL Board reiterates how it delivers long term sustainable success, which in turn creates the blueprint for the management to deliver on strategy. They are at the helm of the Bank's strategic direction and operations, thus they have oversight and authority over the Bank's properties, interests, businesses, and transactions.

Board Composition

The Board allowed seeking external professional advice on any issue they deem necessary. To be effective, the Board subscribes to the code of proper practices for directors as proposed by the Institute of Corporate Directors, which is based on the core principles of integrity, fairness, accountability, and transparency. In line with Articles of Association, MBL has fourteen elected Board of Directors, including the Managing Director & CEO. It is well-structured with a Chairman, two Vice Chairmen and two Independent Directors. Shahidul Ahsan is the Chairman, while Md. Anwarul Haque and A.K.M. Shaheed Reza are the Vice Chairman of the Board.

Board Appointment Process

MBL always complies with the direction of the regulatory authorities regarding the appointment of Directors. The members of the Board are appointed in compliance with Central Bank's Guidelines and other applicable rules of the country. The members of the Board are elected each year in the Annual General Meeting (AGM) by the Shareholders of the Bank.

The structure of the Board is the mix of knowledge, skills, experience and perceptions that is necessary to allow the Board to perform proficiently. Collectively the BOD have enriched with the knowledge and expertise in banking and finance, IT, accounting, marketing, administration, and engineering.

Retirement and Election of Directors

As per Companies Act, Bank Companies Act and Articles of Association of the Company, each year one-third of the Directors retire from the office of directors and depending on eligibility, may offer themselves for re-election by shareholders at the Annual General Meeting. Therefore, by rotation, every director is required to submit themselves for re-nomination and re-election by shareholders at regular intervals of at least once every three years. A retiring Director shall be eligible for re-election.

Independent Director

MBL encourages effective representation of independent directors in its BoD so that as a team it possesses core competencies relevant to banking business. MBL has appointed two Independent Directors in the Board. They are Dr. Mahmood Osman Imam, MBA, FCMA and Dr. Md. Rahmat Ullah. Dr. Mahmood Osman Imam, MBA, FCMA is the Chairman of our Audit Committee. The independent directors being conversant in the field of financial, regulatory and corporate laws enjoy full freedom to carry out their assigned responsibilities.

Board Effectiveness

Surrounded in the principles of corporate governance is that the Board has a fiduciary role for setting the strategic direction and long-term goals of the company. The Board's responsibilities include decision-making on major business strategies; appointment and confirmation of the Bank's leaders; approval on big funding and investment proposals, annual budget and financial plans; and reviews to ensure MBL's long-term success for the benefit of the stakeholders. The Board will also guarantee that effective policies are in place and sound decisions are made to ensure MBL's smooth operation. Regular meeting of the Board is held, at least once in a month. In 2016, 24 Board Meetings were held. At these meetings, the Board reviews the Company's financial performance, corporate strategy, business plans, potential strategic acquisitions or alliances, strategic or significant operational issues and significant matters attended by Board committees. The Board also reviews the Company's long term corporate strategy and business plans and budget, including principal issues and challenges.

The Board's Responsibilities are:

- Reviewing and approving the strategies and business plans for the Bank;
- Approving the banks budget and has been following up on matching targets with actual goals;
- Reviewing succession planning and talent management plans for the Bank and approving the appointment and compensation of senior management staff;
- Reviewing the adequacy and integrity of the Bank's internal control systems;
- Approving changes in the corporate organization structure;
- Overseeing the business and affairs of the bank;
- Prescribing the minimum standards and establishing policies on the management of credit risks and other key areas of the Bank's operations;
- Ensuring that decisions and investments are consistent with long-term strategic goals;
- Ensuring that the Bank complies with all relevant laws and regulations, including Central Bank's Guidelines, Dhaka and Chittagong Stock Exchange's Listing Regulations and Bangladesh Securities & Exchange Commission's Notifications;
- Ensuring financial transparency, integrity of accounting and sustainable corporate behavior are in right place.

Director's Remuneration

As per Bangladesh Bank's Guidelines, the Board of Directors is paid remuneration as they compensate their valuable time and efforts. Directors are not eligible for any remuneration other than attendance fee for the Board and its Committee Meeting.

Roles and Responsibilities of the chairman of the Board and the Managing Director & CEO

The functional responsibilities of the Chairman of the Board and of the Managing Director & CEO are kept separate and independent of each other. The clear hierarchical structure with its focused approach and attendant authority limits also facilitates efficiency and expedites informed decision-making. This distinction allows for a better understanding and distribution of jurisdictional responsibilities and accountabilities.

Chairman

Shahidul Ahsan is the Chairman of MBL, along with other members of the Board, is responsible for supervising the Bank's operations and ensuring its compliance with all the tenets of corporate governance. The Chairman provides leadership to the Board, preserving order and facilitating the effective discharge of the duties of the Board. The Chairman promotes a healthy working relationship with the CEO and provides the necessary support and advice as appropriate.

He is responsible for ensuring the effective participation of all Directors and maintaining open lines of communication with key management personnel, acting as a sounding board on strategic and operational matters. He continues to demonstrate the highest standards of corporate governance practices and ensures that these practices are regularly communicated to the stakeholders. At annual general meetings and other shareholder meetings, the Chairman plays a pivotal role in fostering constructive dialogue between shareholders, the Board and management. He also ensures orderly conduct and proceedings of the Board, where constructive debate on issues being deliberated is encouraged.

Managing Director & CEO

Kazi Masihur Rahman, as CEO, ensures that the financial management practice is performed at the highest level of integrity and transparency for the benefit of the shareholders and that the business and affairs of the Bank are carried out in an ethical manner and in full compliance with the relevant laws and regulations. He shall remain accountable for achievement of financial and other business targets by means of business plans, efficient implementation thereof and prudent administrative and financial management.

The Managing Director & CEO of MBL is an executive and is primarily responsible for overseeing the Bank's day-to-day operations. In terms of the financial, business and administrative authorities vested upon him by the Board, the CEO shall discharge his own responsibilities. Furthermore, he is responsible for mapping the medium to longer term plans for Board approval, and is accountable for implementing the policies and decisions of the Board, as well as coordinating the development and implementation of business and corporate strategies. His other responsibilities include ensuring that whilst the ultimate objective is maximizing shareholders wealth, social and environmental factors are not neglected also. Managing Director & CEO of MBL is accountable to the Board and its Committees to run and manage the Bank in accordance with the prescribed policies, principles and strategies established by the Board and rules, regulations & guidelines from the Central Bank and other regulatory authorities. He has been delegated certain responsibilities by the Board and is primarily accountable for overseeing the day-to-day operations to ensure the smooth and effective operation of the Bank.

Separation of Chairman and Chief Executive Officer Roles

To ensure equitable distribution of responsibilities and accountabilities as well as to provide proper check and balance of power and authority over the Bank's operations, there is a clear separation of roles between the Chairman of the Board and Managing Director & CEO.

The Chairman of the Company is responsible for leading the Board and ensuring that it is operating to the appropriate governance standards. He also approves the agenda for the Board meetings, assisted by the Managing Director and the Company Secretary.

On the other hand, CEO, being the Head of management team of the Bank, is accountable to the Board and its Committees to run and manage the Bank in accordance with the prescribed policies, principles and strategies established by the Board and rules, regulations and guidelines from the Central Bank, BSEC and other regulatory authorities.

Roles of the Company Secretary

The Company Secretary of the Bank ensuring the Bank complies with its governing document, policies, company law and any other relevant legislation i.e. regulations with Bangladesh Bank, Bangladesh Securities and Exchange Commission (BSEC) and Registrar of Joint Stock Companies etc. support and advice the Chair by ensuring the smooth functioning of the Board. Saiful Alam, FCS, Senior Vice President, is the Company Secretary of MBL, acts as a point of communication between the management, Board of directors, company shareholders, reporting in a timely and accurate manner on company procedures and developments. He is responsible for advising the Board on issues relating to corporate compliance with the relevant laws, rules, procedures and regulations, as well as best practices of governance. In line with Bangladesh Bank guidelines, the company secretary has to act as the Secretary to the Audit Committee/Risk Management Committee of the Board of Directors. The Company Secretary acts as a custodian of Bank governing documents and policies. He also ensures the Bank pursues its objects as defined in its governing document. He should act as a custodian of the interests of the Bank. So it is his prime duty to protect and safeguard such interests of the Bank at all levels: statutory, administrative, and arbitrational and in other policy matters.

Annual Appraisal of the Board's Performance

The Board members have always taken decisions that have benefitted the Bank as a whole and they have always performed their duties accordingly. The Board conducts an annual assessment of the performance and effectiveness of the Board as a whole and of its Committees and individual directors. Performance of each Committee of the Board is initially discussed and reviewed within each Committee and then subsequently reviewed as part of the Board's annual assessment. In addition, evaluation of the Board also takes place at the AGM by the Shareholders.

Annual Evaluation of the MD & CEO by the Board

The CEO is also evaluated on an annual basis and is also given Key Performance Indicators (KPI's) for the years ahead. MBL Board of Directors clearly defined and approved the roles, responsibilities and duties of Chief Executive Officer (CEO). Key evaluation indicators for CEO as well as Management is Profitability, Yearly budget achievement, NPL ratio, Return on Equity, Return on Assets, Earning per Share, Capital Adequacy Ratio, CAMELS Rating etc. are the common ones which are reviewed by Board of Directors on monthly basis.

Directors' Knowledge and Expertise in Finance and Accounting

The Board of Directors of MBL comprises of members who boast a wide diversity of knowledge and experience in finance, economics, management, business administration, marketing etc. Other Directors, majority of whom are either successful entrepreneurs or seasoned professionals, are also well conversant in the field of business, economics and administration. Board of Directors of MBL can devise the appropriate policy for the growth of the bank while having expertise skills, ability to perceive matters in a bigger perspective and adequate independence to review the management in a sensible manner.

Board Committees

A crucial goal of the MBL Board is to ensure that the Board is trusted and achieves the highest ethical standards, so that we continue to best serve our customers, shareholders and the broader community. To ensure proper accountability and transparency through 'due diligence', MBL has three Board committees namely Executive Committee, Audit Committee and Risk Management Committee mainly to oversee and direct the operations, performance and strategic direction of the Bank. To ensure good governance i.e. corporate governance in bank management, Bangladesh Bank issued a circular (BRPD Circular No. 11 dated 27 October 2013) restricting banks to form more than three committees or sub-committees of the Board. The Board delegates some of its responsibilities to the above Board Committees, which were formed to assist the Board in implementing its duties and responsibilities within the bounds of good corporate governance.



Executive Committee (EC)

Beyond the delegated power of the Management, the Executive Committee makes a decision upon all routine and day-to-day operational functioning of the Bank. EC works with the policies and guidelines issues by Bangladesh Bank, Board and Regulatory Bodies. The Committee ensures properly and timely implementation of Polices and guidelines through the management. Among others, Executive Committee according to its Charter discharges the following duties:

- ✓ Approves all revision, restructure and amendments made to the credit proposals as per the approved policy of the Board of Directors;
- ✓ Reviews the policies and guidelines issued by the Central Bank regarding credit, foreign exchange, treasury and other operations of the Bank;
- ✓ Ensures implementation of policies, as per approval from the Board of Directors.

The Committee comprises 7 members from the Board. 43 meetings of Executive Committee were held in the year 2016. The Composition of Executive Committee is as follows:

Composition of Executive Committee	Position
Mohd. Selim	Chairman
Md. Anwarul Haque	Member
A.K.M. Shaheed Reza	
Al-Haj Akram Hossain (Humayun)	
A. S. M. Feroz Alam	
Md. Abdul Hannan	
Morshed Alam, MP	

Audit Committee

The Audit Committee of the Bank assists the Board in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control, the audit process, and the Bank's process for monitoring compliance with laws and regulations and the code of conduct. The Committee carries out its functions based on the Terms of Reference (ToR) approved by the Board and is accountable to the Board of Directors of the Bank. The Committee constituted by the Board with 5 members and plays its role according to its Charter. It reviews the internal and external auditors' audit plans, the effectiveness of audit, and the independence and objectivity of the external auditors. During the year 2016, 12 Audit Committee meeting held. The Composition of the Audit Committee is as follows:

Composition of Audit Committee	Position
Dr. Mahmood Osman Imam, MBA, FCMA	Chairman
Md. Shahabuddin Alam	Member
M. Amanullah	
Alhaj Mosharref Hossain	
Dr. Md. Rahmat Ullah	

Salient Features of the Audit Committee of the Board

Audit Committee Charter has some salient features, such as

- The Audit Committee should be composed of at least 3 (three) members from the Board;
- The Chairman of the Audit Committee should have professional knowledge and relevant financial expertise;

- The Chairman of the Board of Directors shall not be a member of the Audit Committee;
- The Managing Director & CEO or the Chairman of the Board may be invited to attend on the Audit Committee meetings as and when required;
- Audit Committee meetings must be held quarterly to monitor internal and external audits;
- Audit Committee must prepare reports on all meetings for the Board of Directors and report annually to Shareholders.

Roles and Responsibilities of the Audit Committee

The audit Committee is mainly responsible for the following:

(i) Regulatory Compliance

- Reviewing whether the laws and regulations framed by the regulatory authorities (central bank and other bodies) and internal regulations approved by the Board have been complied with;
- Guiding in the implementation of Corporate Governance in the organization;
- Reviewing the content and statements for the understandable and fair presentation of the annual report;
- Approving certain policies in accordance with regulatory requirements.

(ii) Financial Reporting

- Reviewing the audited financial statements with management and the external auditors to ensure that the financial statements are fairly presented in conformity with the accounting standards set by the regulatory authority in all material aspects;
- Meeting with management and the external auditors to review the financial statements before their finalization;
- Discussing with management, the MBL's major financial risk exposures and the steps that management has taken to monitor and control such exposures;
- Guiding bank's management in view of optimum usage and allocation of financial resources.

(iii) Internal Control

- Reviewing the measures taken by the management for building a suitable Management Information System (MIS) including computerization system and its applications;
- Regarding the reports relating to fraud, forgery, deficiencies in internal control or other similar issues detected by internal and external auditors and inspectors of the regulatory authority and place it before the board after reviewing the corrective measures taken by the management;
- Evaluating whether management is setting the appropriate compliance culture by communicating the importance of internal control and the management of risk and ensuring that all employees have understanding of their roles and responsibilities;
- Reviewing internal control strategies recommended by internal and external auditors have been implemented by the management;
- Reviewing the existing risk management procedures for ensuring an effective internal check and control system.

(iv) External Audit

- Reviewing the performance of the external auditors and their audit reports;
- Reviewing whether the findings and recommendations made by the external auditors are duly considered by the management or not;
- Reviewing and approving the annual audit plan and ensure that it is consistent with the scope of the audit engagement, and coordinated with the activities of the Internal Audit function;
- Review and report to the Board on the qualification, expertise and resources, and the effectiveness of audit process and a recommendation on re-appointment;
- The external auditors review the effectiveness of the Company's internal controls and risk management during an annual statutory audit.

(v) Internal Audit

- Examining the efficiency and effectiveness of internal audit function;
- Guiding and reviewing "Internal Audit Process and Procedure";
- Monitoring whether internal audit working independently from the management;
- Reviewing the activities and organizational structure of the internal audit function and ensure that no unjustified restrictions or limitations are made;
- Reviewing whether the findings and recommendations made by the internal auditors are duly considered by the management or not;
- Encompasses the examination and evaluation of the adequacy and effectiveness of MBL system of internal controls, risk management procedures, governance processes and the quality of performance in carrying out assigned responsibilities.

(vi) Other Responsibilities

- Submitting compliance report to the Board on quarterly basis on regularization of the omission, fraud and forgeries and other irregularities detected by the internal and external auditors and inspectors of regulatory authorities;
- Performing other oversight functions as requested by the Board and evaluating the committee's own performance on a regular basis.

Risk Management Committee of The Board

Risk is an inherent component in all aspects of banking businesses. The management of risk has evolved into an important driver for strategic decisions in support of the MBL's business objectives, balancing the appropriate level of risk taken proportionate to the desired level of reward while maintaining a sound financial position and the capital of the Bank. The MBL's approach to the management of risk involves establishment and reinforcement of Integrated Risk Management Framework and strategies within all business units as the core foundation in driving robust and dynamic risk management practices.

In view of the operating context for 2016, our approach towards risk management continues to strengthen along the following dimensions:

- Continuing to protect and maintain a strong balance sheet;
- Ensuring the Bank's portfolios are aligned to the risk appetite and strategy;
- Refreshing and updating the Bank's risk management framework to be forward looking;
- Ensuring returns commensurate with the risks undertaken;
- Applying superior risk and business intelligence, risk based performance measurement and strategic portfolio management;
- Continuing to embed robust risk governance and accountability across the Bank; and
- Ensuring adherence to changing regulatory requirements and risk management practices.

To minimize risk while implementing the policies and business plan of the Bank, the Board has formed a Risk Management Committee as per the guidelines of Bangladesh Bank. The Committee supervises whether the risks arise from credit, foreign exchange, internal control and compliance, money laundering, information technology, operation, interest rate, liquidity and other sources are identified and measured and adequate systems are in place to minimize such risks. Currently 5 (five) members are in the Risk Management Committee. The Committee met 6 times during the year 2016. The Composition of Risk Management Committee is as follows:

Composition of Risk Management Committee	Position
Md. Shahabuddin Alam	Chairman
A.K.M. Shaheed Reza	Member
Al-Haj Akram Hossain (Humayun)	
A. S. M. Feroz Alam	
Md. Abdul Hannan	

Roles and Responsibilities of the Risk Management Committee

(i) Formation of Organizational Structure

Risk Management Committee ensures the abundant organizational structure for managing risk within the Bank. The committee supervises formation of separate management level committees monitor their activities for the compliance of instructions of lending risk, foreign exchange transaction risk, internal control & compliance risk, money laundering risk, information & communication risk including other risk related guidelines.

(ii) Risk identification & control policy

The responsibility of Risk Management Committee is the formulation and implementation of appropriate strategies for risk assessment and its control. The Committee monitors risk management policies & methods and amend it if necessary. The committee reviews the risk management process to ensure effective prevention and control measures.

(iii) Analysis and approval of Risk Management policy

Risk management policies & guidelines of the bank reviewed annually by the committee. The committee propose amendments if necessary and send it to the Board of Directors for their approval. Besides, other limits including lending limit also reviewed at least once annually and amended, if necessary.

(iv) Monitoring the Implementation of Overall Risk Management Policy

To mitigate all risks including lending risk, market risk, and management risk, Risk Management Committee monitors whether proper steps have been taken.

(v) Storage of data & Reporting system

Adequate record keeping & reporting system developed by the bank management approved by the risk management committee. The committee ensures proper use of the system. The committee minutes its proposal, suggestions & summary in a specific format & informs the Board of Directors.

(vi) Other Responsibilities

- Committee's decision and suggestions submitted to the Board of Directors quarterly in short form;
- Comply instructions issued time to time by the controlling body;
- Internal & external auditor will submit respective evaluation report whenever required by the committee.

Managing Director and Directors' Remuneration or Benefit

The determination of remuneration packages for Directors including the Managing Director is a matter for the Board as a whole following the Bangladesh Bank

BRPD Circular no. 09 dated 19th September 1996 after independent benchmarking with relevant external peers. MBL can provide only the following facilities to the:

- Chairman of the Board of Directors may be provided office chamber, private secretary car, and telephone;
- In addition to the above, Directors are entitled to fees and other benefits for attending the Board, EC meetings;
- Managing Director is paid salaries, allowances and other facilities as per approval of the Board and the Bangladesh Bank.

The bank has fully complied with the Bangladesh Bank Circular and Instructions.

Management Review & Responsibility

Bank has approved Organizational Structure with clear functional separation and segregation of functioning authorities. This ensures Core Risk Management practice and compliance across the Bank. The Bank is governed by the rules, regulations, guidelines, directions and policies as applicable for the banking business and operations. MBL has formed a number of designated committees entrusted with specific objectives under the leadership of Managing Director & CEO of the Bank. Management Committee (MANCOM) which is recently renamed as Senior Management Team (SMT) as per Bangladesh Bank Guidelines is the main body of management and decision making in the Bank. Besides, there are Asset Liability Committee (ALCO), Basel III Implementation Unit, Risk Management Committee, ICAAP Preparation Committee, Management Reporting System (MRS) Committee, Share Investment Committee, Credit Assessment Committee, Purchase Committee, etc. are supporting the Bank's management in discharging its duties efficiently and effectively.



Senior Management Team (SMT)

For setting a sturdy internal control framework, each bank must have an effective 'Senior Management Team (SMT)' as per directives of Bangladesh Bank, which is responsible for overall management of the Bank. SMT is considered the highest decision and policy making authority of the Bank which is responsible for overall management of the Bank.

Meetings of SMT are presided over by Managing Director & CEO of the Bank. MBL's SMT is comprised of following members:

Composition of Senior Managment Team	Position
Managing Director & CEO	Chairman
Additional Managing Director at Head Office	Member
Deputy Managing Directors at Head Office	
Head of Board Audit Cell	
Head of Risk Management Division	
Head of Human Resources Division	
Head of Internal Control & Compliance Division	
Head of Corporate Banking Division	
Head of Credit Risk Management Division	
Head of Central Law Division	
Head of Special Asset Management Division	
Head of International Division	
Head of SME Financing Division	
Head of Mobile Banking Division	
The Chief Financial Officer	
Head of Information Technology Division & CTO	
Head of Treasury Division	
Head of Financial Administration Division	
Head of Agricultural Credit Division	Member Secretary

Responsibilities of SMT

SMT of the Bank is primarily responsible to -

- Review vision, mission and strategies of the Bank as a whole;
- Recommend/rectify alternatives in case of any deviation from desired goal;
- Monthly business and financial performance analysis;
- Formulate procedures to identify, measure, monitor and control all risks;
- Monitor adequacy and effectiveness of the internal control system;
- Assign clear responsibility, authority and reporting relationship;
- Set strategic and tactical decisions relating to business, credit, operations, administration, HR, internal and financial control and compliance etc.

Asset Liability Committee (ALCO)

The Asset Liability Committee (ALCO) - comprises with the Managing Director & CEO, senior management to take strategic decisions on fixation of asset liability pricing responding to market scenarios. In ALCO meetings, members discuss economic view, market status, peer group positions, projections on interest rate and exchange rate and spreads; balance sheet gap in liquidity structure & interest rate sensitivity of gap, relevant ratio analysis, internal transfer pricing, regulatory observations on continuous basis.

Asset Liability Committee (ALCO) is mainly accountable to manage the market risks. ALCO is engaged with full of activities in setting strategies and revamping previously taken strategies to cope with current market scenario. The results of Balance Sheet analysis along with recommendations are placed before ALCO meeting to aid the decision making process of the Senior Management. Meetings of ALCO are presided over by Managing Director & CEO of the Bank. ALCO sits at least once in a month. When needed special ALCO meetings are held to respond to the unusual or seasonal market behavior or other volatile market scenarios. In each ALCO meeting following issues are addressed;

- Review of actions taken in previous ALCO;
- Accountable to manage the market risks;
- Economic and market scenario;
- Liquidity risk related to the Balance Sheet;
- Review of the assets' and liabilities' pricings;
- Review of interest rate structure in different economic scenarios;
- Measuring liquidity requirement of the Bank in various time buckets and taking strategic and proactive actions.

Risk Management Committee of Management

To ensure proper and timely identification, measurement and mitigation of risks exposed by the bank in a comprehensive way as per Bangladesh Bank's circular letter no DOS (EW) 1164/14 (Mercantile) 2009-457 dated June 10, 2009, MBL has formed a separate Risk Management Committee of Management. Managing Director & CEO is the Chairman of the committee. The responsibilities of the Risk Management Committee for risk oversight include, amongst others, the following:

- To develop and foster a risk aware culture within the Bank;
- To review and approve risk management strategies, risk frameworks, policies, risk tolerance and risk appetite limits;
- To review and assess adequacy of risk management policies and framework in identifying, measuring, monitoring and controlling risks and the extent to which they operate effectively;
- To oversee the specific risk management concerns in the business units that leverage on the Embedded Risk Units in the business units;
- To review and approve model risk management and validation framework;
- To ensure infrastructure, resources and systems are in place for risk management, i.e. that the staff responsible for implementing risk management systems perform those duties independently of the financial institution's risk taking activities;

Basel Implementation Unit

"Basel III: A global regulatory framework for more resilient banks and banking systems" issued by the Basel Committee on Banking Supervision in December 2010 to strengthen global capital and liquidity rules with the goal of promoting a more resilient banking sector. The objective of the reforms was to improve the banking sector's ability to absorb shocks arising from financial and economic stress, whatever the source, thus reducing the risk of spillover from the financial sector to the real economy. Bangladesh Bank has implemented Basel II Capital Standard in the banking sector solely from January 2010 and running for the successful implementation of Basel III from January 2015. As per Bangladesh Bank instruction, MBL has formed a Committee, namely 'Basel Implementation Unit.' The Committee acts for successful adoption of Basel III.

Functions of Basel Implementation Unit

Basel implementation Unit discusses the implementation progress of Basel III Capital Accord in its each meeting. Moreover, it

- ✓ Assesses the Capital requirement of the Bank;
- ✓ Reviews the current total Capital Fund (Core and Supplementary) of the Bank;
- ✓ Reviews the Total Risk Weighted Assets (RWA) of the Bank;
- ✓ Formulate the strategies to raise the capital to cope with Basel III, if required;
- ✓ Arranges training programs for the Reporting Officers of the Branches so that they can prepare Basel III report efficiently and precisely;
- ✓ Takes initiatives for corporate clients rating of the Bank;
- ✓ Ensures timely submission of Basel III Report to Bangladesh Bank;
- ✓ Reviews the Capital Adequacy Ratio and compare with the Standard set by Bangladesh Bank;
- ✓ Review and recommendation of ICAAP (Internal Capital Adequacy Assessment Process).

ICAAP Preparation Committee

MBL has formed 'ICAAP Preparation Committee' to prepare the Internal Capital Adequacy Assessment (ICAAP) for the Bank. The Committee clearly bears primary responsibility for ensuring that MBL has adequate capital to support its risks. The Committee is supposed to assess the overall capital adequacy of the Bank in relation to risk profile.

Supervisory Review Process (SRP) Team

As per strategy on Supervisory Review Evaluation Process, the level of Capital Adequacy will be determined after evaluation and dialogue between Bangladesh Bank and the SRP Team of the Bank. Banks are necessitated to design their own Supervisory Review Process (SRP)

Team to ensure maintenance of adequate capital to fully cover all risk exposures under Basel-III (Supervisory Review Process). The assessment of capital adequacy will be the outcome of a dialogue between the Bank's own SRP Team and BB's Supervisory Review Evaluation Process (SREP) Team. Bank's own assessment and SREP Team's review will be linked up during this dialogue. MBL has formed a well-designated SRP Team, which will aid to adopt Basel-III Capital Accord successfully.

Functions of the SRP Team

BB's SREP Team will arrange dialogue to evaluate Minimum Capital Requirements (MCR) against Credit, Market and Operational risks; Risks not fully covered under MCR (e.g. Residual Risks deriving from risk mitigation techniques, securitization risk, and model risk); Risks which to be covered under SRP (Credit concentration risk, Interest rate risk in the banking book, Liquidity risk, Settlement risk, Reputation risk, Strategic risk, Other material risks, etc.); Risks deriving from external factors (such as, change in economic and regulatory environment); Adequate capital against comprehensive risks of the Bank. SRP Team of the Bank will attend on the dialogue arranged by BB's SREP Team.

BB's SREP Team will also evaluate the Bank's SRP findings. In the SRP findings capital allocation against each category of risks is to be disclosed. SRP Team of the Bank will discuss and allocate capital against above-mentioned Risks. SRP Team of the Bank will also describe the assessment procedures for these risks and rationale for selecting any particular method and discuss the assessment techniques used (model based, scenario analyses, and stress testing) and quantitative results of each risk. SRP Team will discuss and explain present challenges faced by the Bank to improve the risk management framework and will develop action plans with suitable timeline to adopt/develop the sophisticated advanced techniques or assessment and measurement of all material risks.

Management Reporting System (MRS)

MBL has formed a committee as per Central Bank's requirement, namely, 'Committee for Management Reporting Systems (MRS)'. MRS Committee has been constituted on Wednesday, 29 October 2014 in the 160th Management Committee (MANCOM) meeting.

MRS fulfills the following objectives:

- Collection of information from the internal as well as external sources against any product of the Bank which is apparently found ineffective or unacceptable to the ultimate user;
- Identify the actual weakness/defects for taking appropriate decision by the Management/ Board of Directors;
- Locate the reason of weak performance of any of the branch through collection of relevant information of other bank of the same locality;
- Other internal/external issues may be raised by the Committee to the Management/ Board of Directors for proper solution.

Purchase Committee

A Purchase Committee is functioning with a group of executives headed by a senior most Executive to examine the purchase proposal of goods, services or works whether it has been placed on the basis of actual requirement and maintained necessary formalities as per guidelines of the purchase policy. Among others, the followings are the main responsibilities of Purchase Committee of the Bank:

- Supervising the entire activities against procurement;
- Preparing a report on the basis of evaluation of the purchase proposal (s) with recommendation and send to concerned division for obtaining approval from the competent authority against procurement of goods, services or works;
- Evaluating the proposal (s) received and find out the effectiveness of each proposal.

Investment Committee

With a view to achieve diversification in asset portfolio and generating a healthy revenue (as income from buy/sale of shares through secondary market), MBL has formed an Investment Committee, which is primarily responsible to take investment decision in shares and securities. The Member Secretary will prepare a weekly report on status on investment and report the same to Managing Director & CEO through Chairman.

Responsibilities of Investment Committee

- The Committee will sit for meeting as and when necessary after having consent from the Chair;
- The Committee will take primary decision for investment in shares and securities;
- The Committee will ensure compliance of investment policy while maintaining portfolio of shares and securities;
- The Committee will determine buy range, sale range and loss limit for every share in the portfolio and Member Secretary will convey the same to the Front Office.

Accountability And Internal Control

Accountability

Accountability is in the central to the concept of good corporate governance. It mainly arises from the Agency Relationship among the Stakeholders. Due to agency relationship, agents are accountable to the principals to carry out their assigned duties with due care in the interest of the principals. MBL's Board of Directors is accountable to the Shareholders (owners of the Bank). The Management is accountable to the Board for their activities. The Management team is subject to check and balance which ensures that management's action is reviewed by the Board.



MBL's Board of Directors Responsibilities in preparing Financial Statements

MBL Board of Directors ensures that no information that is false, misleading and incomplete or would lead to mistrust by the public, customers or other stakeholders are not published. The Board also ensures that any monetary transaction done with the customers and other stakeholders are recorded and done under the Bank's established rules and in a transparent manner. MBL's Board of Directors ensures that qualified personnel having professional and academic knowledge in the area of cost and financial accounting prepares Financial Statements in accordance with Generally Accepted Accounting Principles (GAAP), Bangladesh Accounting Standards (BAS), Bangladesh Financial Reporting Standards (BFRS), Bangladesh Bank's Circulars, Schedule of Bank Companies Act of 1991, the Companies Act-1994, the Securities and Exchange Rules-1987 and other applicable laws and regulations. In preparing Financial Statements, the Board of Directors ensures suitable accounting policies, accounting judgments and estimations. It also ensures the highest standards in preparation, reporting and disclosure of accounting and financial information to the regulators and to the Stakeholders of the Bank.

MBL Board has a fiduciary responsibility to present to the shareholders and the public at large, a clear, balanced and meaningful evaluation of the Bank's financial position, financial performance and prospects. In preparing the financial statements, the Directors have applied suitable accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent. The Directors have also ensured that all applicable accounting standards have been followed and financial statements are prepared on a going concern basis as the Directors have a reasonable expectation, having made enquiries that the Bank has adequate resources to continue in operational existence for the foreseeable future. The Directors also have responsibility for ensuring that the Bank keeps accounting records which disclose with reasonable accuracy of the financial position of the Bank and which enable them to ensure that the financial statements comply with the provisions of the Companies Act, 1994. The Directors generally have the duty to take such steps as are reasonably open to them to safeguard the assets of the Bank to prevent and detect fraud and other irregularities.

Accountability in Disclosure of Material Facts

All material facts are disclosed to the Stakeholders for taking their timely economic decisions. Material but non-public information is not divulged that may adversely affect the business of the Bank or create regulatory breach or legal complication. Material public information is disclosed through the Audited Annual Report, Un-audited Half-yearly and Quarterly Report, Quarterly Bulletin (MBL Bulletin) etc. and other forms of print and electronic media. All related party transactions are reviewed regularly by the internal auditors and a report on the reviews conducted is submitted to the Audit Committee for their monitoring.

The compass of the disclosure includes a review of the main sources of revenue by business activity and geography, past year performance analysis and financial adequacy, together with detailed explanation of the changes in the Balance Sheet and Profit and Loss Statement, to facilitate better understanding of the Bank's operations. In addition to the Audited Report, the Bank also releases its unaudited quarterly financial results on a timely basis. These are also accessible on MBL's website.

Accountability in Maintaining Confidentiality of Information

Information of the customers, prospective customers, suppliers, shareholders and employees is kept confidential. Information is used solely for corporate purposes and never to be discussed with or divulged to unauthorized people including family, friends and acquaintances. Examples of confidential information broadly include: (a) customer's account or business details, (b) shareholders' holding or transaction details, (c) employees' job records, pay perquisites, benefits tax issues etc. (d) suppliers' price, sales strategy etc. (e) Internal documents like strategy papers, Product Program Guidelines (PPG) etc.

Internal Control & Compliance

To ensure good governance in the bank management, it is essential to have specific internal control. A strong internal control system can ensure the achievement of banks' goals and objectives with long term profitability. It also helps to comply with rules and regulations as well as policies and to minimize the financial and reputational losses. MBL's Board of Directors has established a management structure that clearly defines roles, responsibilities and reporting lines for Internal Control and Compliance. The Board of Directors is committed to managing risk and to controlling its business and financial activities in a manner which enables it to maximize profitable business opportunities, avoid or reduce risks which can cause loss or reputational damage, ensure compliance with applicable laws and regulations, and enhance resilience to external events.

The effectiveness of the Bank's internal control system is reviewed regularly by the Board, its Committees, Bank's management, and Bank's internal audit. Bank's internal audit monitors compliance with policies and standards and the effectiveness of internal control structures across

the Bank through its program of business audits. Related party transactions are enclosed in the Notes of the Financial Statements. Lending to the members of the Board or Controlling Shareholders is strictly prohibited by the Bank Memorandum and Articles of Association since inception. MBL's Board of Directors, in discharging its responsibilities for effective internal control system within the Bank has formulated internal control policies and procedures.

Internal Control on key Risks of the Bank and Risk Management Policies

The Statement on Risk Management and Internal Control provides an overview of the state of internal controls within the Bank. There exists risk in every transactions of a bank. The effectiveness of risk management and internal controls is crucial in financial sector. Bangladesh Bank has identified six Core Risks and provided guidelines to identify and thereafter minimize the risks. The Board of Directors of the Bank formulated policies for identifying, measuring and controlling the risks involved with banking activities. The Board makes sure that employees have been assigned responsibilities for managing risks, and proper training has been provided to enable them to understand and identify risks as well.

Audit Function

In the case of financial audits, a set of financial statements are said to be true and fair when they are free of material misstatements - a concept influenced by both quantitative (numerical) and qualitative factors. Traditionally, audits were mainly associated with gaining information about financial systems and the financial records of a company or a business. However, recent auditing has begun to include non-financial subject areas, such as safety, security, information systems performance and environmental concerns.

Internal Audit Function

Board Audit Function

In order to review the business performance of the Bank, MBL has formed a separate Audit Cell, namely, Board Audit Cell. The Cell reviews the compliance status of Policy Guidelines of the Board of Directors of the Bank and also of the regulators. Board Audit Cell visits the Branches and Other Divisions of the Bank for verification and inspection purpose.

Internal Control and Audit Function Compliance

To carries out the analysis and independent appraisal of the adequacy and effectiveness of the bank's risk management framework and internal control environment, MBL has been designed and formed an effective control system namely Internal Control and Compliance Division (ICCD). ICCD continually recognizes and assesses all the material risks that could adversely affect the achievement of the Bank's goals. The risk assessment by internal control focuses more on compliance with regulatory requirements, social, ethical and environmental risks that affect the banking industry. It ensures reliable financial and managerial information that promote better strategic decision for the Bank.

The Internal Audit team conducts regular audit functions on the business activities of the Bank based on different manuals, instructions, guidelines and procedures laid down by local regulatory bodies time to time. The Audit regularly evaluates the effectiveness of the risk management process, review the operating effectiveness of the internal controls system and compliance control across the bank.

Access of ICCD

MBL's ICCD has a broad scope of work to investigate at all levels. It is independent from the Management, with a direct access to the Board of Directors and the Audit Committee of the Board. ICCD has the authority to propose initiatives and changes directly to the Board of Directors. Accordingly, The Board of Directors formulates policy for the Bank.

Information Technology (IT) Audit

MBL is fully dependent on Information Technology, and a number of inherent risks such as data collapse, data loss, data modification, unauthorized access to data etc may arise within the Bank. MBL service delivery is designed on IT platform. IT Audit Team follows the prescribed guidelines, solves the unsettled issues and also suggests to the higher Management for needful action. IT Audit Team has been formed as per the Central Bank's Guidelines to identify the intrinsic risks and manage those risks in an effective and efficient manner.

External Audit Function

External Auditors

A Qasem & Co. and Aziz Halim Khair Choudhury have been appointed as the External Auditors of the Bank in the 17th AGM of the Shareholders. They audited the Financial Statements of the Bank namely, Balance Sheet, Profit and Loss Account, Cash Flow Statement, Statement of Changes in Equity, Statement of Liquidity Analysis and explanatory notes to financial statements. External Auditors ware entitled to require from the Bank's officers and employees such information and explanation as they thought necessary for the performance of their duties as External Auditors. Bank employees provided them accurate, timely information and explanations as and when required by the External Auditors.

Central Bank's Inspection

Bangladesh Bank conducts comprehensive inspection at Head Office and Branches of the Bank. Central Bank's Inspection Team exchanges their views with the Bank's Auditors regarding Financial Operation, Treasury Operation, IT Operation, and various process of the audit. Inspection report of the Central Bank is reviewed by the Board of Directors and corrective actions are taken regarding lapses mentioned in the report.

Compliance and Regulatory Matters

Fulfillment of pertinent Rules and Regulations

MBL runs its business activities in full compliance with relevant rules, regulations and guidelines. While conducting its operation, MBL follows strictly Bank Companies Act, 1991, The Companies Act, 1994, Central Bank's Guidelines, Securities and Exchange Rules-1987, Dhaka and Chittagong Stock Exchange Listing Rules, Bangladesh Accounting Standards (BAS), Bangladesh Financial Reporting Systems (BFRS), IAS/IFRS guidelines, SAFA & CAPA guidelines, BIS and UCPDC and other ICC rules.

Human Capital

Human capital may act as a fundamental pillar to acquire success in different magnitude. Developing human capital requires creating and cultivating environments in which human beings can rapidly learn and apply new ideas, competencies, skills, behaviors and attitudes.

MBL considers its employees as the most precious capital of the organization that play the crucial role in materializing the mission, vision, goals and objectives of the bank. To ensure long term sustainability, MBL has a special focus on skill and merit based recruitment and selection process, highly competitive remuneration package, adequate training and development programs, career growth with succession planning, high performance culture and pleasant working atmosphere.

Ecological and Social Commitments

Environmental Promotion

The issue of climatic change is being addressed seriously all over the world. MBL concentrates on environment preservation by financing Projects in the field of renewable energy, organic agriculture across the entire value chain including health food shops and environment technology such as recycling companies and nature conservation projects. MBL always encourages projects which take care of following points while financing them viz., (a) sustainable development and use of renewable natural resources (b) protection of human health, bio-diversity, occupational health and safety, efficient production, delivery and use of energy (c) pollution prevention and waste minimization.

Redressal of Stakeholders Relationship/ Grievance

Communication with Shareholders

While maintaining investors' relation, proper communication and equitable treatment of every shareholder are given the highest priority by MBL. MBL always share information to the concern party and publish integrated operational and financial output and takes initiative to enrich the ability of future assessment of bank of shareholders. Press releases, interim and final results announcements, interim and annual reports, and other information of interest to shareholders are uploaded to Company's corporate website www.mblbd.com. Half Yearly and Annual Reports of the Bank are also sent to shareholders within the respective deadlines stipulated by the regulatory bodies.

For Shareholders' Inquiries

Share Department
Mercantile Bank Limited
Head Office
61 Dilkusha Commercial Area
Dhaka-1000
Web: www.mblbd.com

Communication with Employees

MBL Board of Directors and the senior management of the Bank always maintain communication with the employees to enhance mutual understanding and promote cooperation at all levels. They discuss matters such as safety and the work environment, as well as broader issues relating to staff welfare.

Communication with the General Public

MBL's website www.mblbd.com serve as an easy access for key information source for business, financials and other relevant information about the businesses of the Bank. MBL always provides quarterly and half-yearlly financial statements and Annual Report to provide balanced and clear assessment of its performance for the general public.

Investors Friendly Essentials

MBL has better capital adequacy, good asset quality, steady financial performance, comfortable liquidity, strong market position and experienced Management, so investment in it is reliable. Since inception, MBL is declaring good dividends for the investors. MBL is also a Corporate Shareholder of IDLC Finance Ltd.

ARTISAN
Chartered Accountants

Certificate of Compliance to the Shareholders of
Mercantile Bank Limited
On the Conditions of Corporate Governance Guidelines

We have reviewed the statement of compliance of Conditions of Corporate Governance guidelines prepared by the management of **Mercantile Bank Limited** to comply with the Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 7th August 2012 of Bangladesh Securities and Exchange Commission (BSEC), where the company is listed.

The responsibility for compliance with the Conditions of Corporate Governance Guideline is that of the Board of Directors of the company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the statement of compliance reflects the status of the Company's compliance with the provisions of the conditions of Corporate Governance guidelines and report if it does not.

Based on information and explanations provided to us, our subsequent review and subject to observations as reported in the Compliance Statement, we certify that the Company has complied with the conditions of Corporate Governance, with the best practices contained in the Conditions of Corporate governance as applicable to the Company for the year ended on 31 December, 2016.

Dhaka, 27th February, 2017

Md. Selim Reza FCA FCS
Partner
ARTISAN
Chartered Accountants

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Status of compliance with the conditions imposed by the Bangladesh Securities and Exchange Commission, Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012 (Report under condition No. 7)

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1.	**Board of Directors:**			
1.1	**Board's Size:** The number of the board members of the company shall not be less than 5 (five) and more than 20 (twenty).	√		
1.2	**Independent Directors** All companies shall encourage effective representation of independent directors on their Board of Directors 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(i)	At least one fifth (1/5) of the total number of directors in the company's board shall be independent directors.	√		
1.2(ii) a)	For the purpose of this clause "independent director" means a director 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.	√		
1.2(ii) b)	Who is not a sponsor of the company and is not connected with the company's sponsors or directors or shareholder who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship. His/her family members also should not hold above mentioned shares in the company.	√		
1.2(ii) c)	Who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies	√		
1.2(ii) d)	Who is not a member, director or officer of any stock exchange,	√		
1.2(ii) e)	Who is not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market.	√		
1.2(ii) f)	Who is not a partner or an executive or was not partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm	√		
1.2(ii) g)	Who shall not be an Independent Director in more than 3 listed companies	√		
1.2(ii) h)	Who has not been convicted by a Court of Competent jurisdiction as defaulter in payment of any loan to a Bank or Non-Banking Financial Institution (NBFI)	√		
1.2(ii) i)	Who has not been convicted for a criminal offence involving moral turpitude	√		
1.2(iii)	The independent director(s) shall be appointed by the Board of Directors and approved by the shareholders in the Annual General Meeting (AGM).	√		
1.2(iv)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days.			N/A
1.2(v)	The Board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded.	√		
1.2(vi)	The tenure of office of an Independent Director shall be for a period of 3 (Three) years, which may be extended for 1(One) term only	√		
1.3	**Qualification of Independent Director (ID)**			
1.3 (i)	Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business.	√		
1.3 (ii)	The person shall be a Business Leader/Corporate Leader/ Bureaucrat/University Teacher with Economics or Business Studies or Law background /Professionals like Chartered Accountants, Cost & Management Accountants, Chartered Secretaries. The Independent Director must have at least 12 (twelve) years of corporate management/professional experiences.	√		

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1.3 (iii)	In special cases the above qualifications may be relaxed subject to prior approval of the Commission.			N/A
1.4	**Chairman of the Board and the Chief Executive Officer(CEO)** The positions of the Chairman of the Board and the Chief Executive Officer (CEO) of the companies shall be filled by different individuals. The Chairman of the company shall be elected from among the directors of the company. The Board of Directors shall clearly define respective roles & responsibilities of the Chairman & the Chief Executive Officer (CEO)	√		
1.5	**The Director's Report to Shareholders (sec#184):** The directors of the companies shall include the following additional statements in the Directors' Report prepared under section 184 of the Companies Act, 1994 (Act No. XVIII of 1994):-			
1.5(i)	Industry outlook and possible future developments in the industry	√		
1.5(ii)	Segment-wise or product-wise performance	√		
1.5(iii)	Risks and concerns	√		
1.5(iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin	√		
1.5(v)	Discussion on continuity of any Extra-Ordinary gain or loss			N/A
1.5(vi)	Basis for related party transactions-a statement of all related party transactions should be disclosed in the annual report	√		
1.5(vii)	Utilization of proceeds from public issues, rights issues and/or through any others instruments			N/A
1.5(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering(IPO), Repeat public offering, Right(s) offer, Direct Listing etc.			N/A
1.5(ix)	If significant variance occurs between Quarterly Financial performance and Annual Financial Statements the management shall explain about the variance on their Annual Report			N/A
1.5(x)	Remuneration to directors including independent directors	√		
1.5(xi)	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)	Proper books of account of the issuer company have been maintained.	√		
1.5(xiii)	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)	International Accounting Standards (IAS)/Bangladesh Accounting Standards (BAS)/International Financial Reporting Standards (IFRS)/Bangladesh Financial Reporting Standards (BFRS), 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)	The system of internal control is sound in design and has been effectively implemented and monitored.	√		
1.5(xvi)	There are no significant doubts 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 thereof should be disclosed.	√		
1.5(xvii)	Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained.			N/A
1.5(xviii)	Key operating and financial data of at least preceding 5 (five) years shall be summarized	√		

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1.5(xix)	If the issuer company has not declared dividend (cash or stock) for the year, the reasons thereof shall be given			N/A
1.5(xx)	The number of Board meetings held during the year and attendance by each director shall be disclosed.	√		
1.5(xxi)	**The pattern of shareholding shall be reported to disclose the aggregate number of shares (along with name wise details where stated below) held by:-**			
1.5(xxi) a)	Parent/Subsidiary/Associated Companies and other related parties (name wise details);	√		
1.5(xxi) b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details);	√		
1.5(xxi) c)	Executives; [Explanation: "Executive" means top 5 salaried employees of the company, other than the Directors, CEO, Company Secretary, CFO and Head of Internal Audit.	√		
1.5(xxi) d)	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details).	√		
1.5(xxii)	In case of the appointment/re-appointment of a director the company shall disclose the following information to the shareholders:-			
1.5(xxii) a)	A brief resume of the director;	√		
1.5(xxii) b)	Nature of his/her expertise in specific functional areas;	√		
1.5(xxii) c)	Names of companies in which the person also holds the directorship and the membership of committees of the board.	√		
2.	**Chief Financial Officer (CFO), Head of Internal Audit and Company Secretary (CS):**			
2.1.	**Appointment:** The company shall appoint a Chief Financial Officer (CFO), a Head of Internal Audit (Internal Control and Compliance) and a Company Secretary (CS). The Board of Directors should clearly define respective roles, responsibilities and duties of the CFO, the Head of Internal Audit and the Company Secretary (CS).	√		
2.2	**Requirement to attend the Board Meetings:** The CFO and the Company Secretary of the companies shall attend the meetings of the Board of Directors, provided that the CFO and/or the Company Secretary shall not attend such part of a meeting of the Board of Directors which involves consideration of an agenda item relating to their personal matters.	√		
3.	**Audit Committee:**			
3 (i)	The company shall have an Audit Committee as a Sub-Committee of the Board of Directors.	√		
3 (ii)	The Audit Committee shall assist the Board of Directors 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.	√		
3 (iii)	The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing.	√		
3.1	**Constitution of the Audit Committee**			
3.1 (i)	The Audit Committee shall be composed of at least 3 (three) members.	√		
3.1 (ii)	The Board of Directors shall appoint members of the Audit Committee who shall be directors of the company and shall include at least 1 (one) independent director.	√		
3.1 (iii)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management experience.	√		

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
3.1 (iv)	When the term of service of the Committee members expires or there is any circumstance causing any Committee member to be unable to hold office until 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 of Directors shall appoint the new Committee member(s) to fill up the vacancy(ies) immediately or not later than 1 (one) month from the date of vacancy(ies) in the Committee to ensure continuity of the performance of work of the Audit Committee.			N/A
3.1 (v)	The company secretary shall act as the secretary of the Committee.	√		
3.1 (vi)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	√		
3.2	**Chairman of the Audit Committee**			
3.2 (i)	The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairman of the Audit Committee, who shall be an independent director.	√		
3.2 (ii)	Chairman of the audit committee shall remain present in the Annual General Meeting (AGM).	√		
3.3	**Role of Audit Committee** **Role of audit committee shall include the following:-**			
3.3 (i)	Oversee the financial reporting process.	√		
3.3 (ii)	Monitor choice of accounting policies and principles.	√		
3.3 (iii)	Monitor Internal Control Risk management process.	√		
3.3 (iv)	Oversee hiring and performance of external auditors.	√		
3.3 (v)	Review along with the management, the annual financial statements before submission to the board for approval.	√		
3.3 (vi)	Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval.	√		
3.3 (vii)	Review the adequacy of internal audit function.	√		
3.3 (viii)	Review statement of significant related party transactions submitted by the management.	√		
3.3 (ix)	Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors.	√		
3.3 (x)	When money is raised through Initial Public Offering IPO)/Repeat Public Offering (RPO)/Rights Issue the company shall disclose to the Audit Committee about the uses/applications of funds 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. Further, on an annual basis, the company shall prepare a statement of funds utilized for the purposes other than those stated in the offer document/ prospectus.			N/A
3.4 3.4.1	**Reporting of the Audit Committee** **Reporting to the Board of Directors:**			
3.4.1(i)	The Audit Committee shall report on its activities to the Board of Directors.	√		
3.4.1(ii)	The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:-			
3.4.1(ii) a)	Report on conflicts of interests;			N/A
3.4.1(ii) b)	Suspected or presumed fraud or irregularity or material defect in the internal control system;			N/A
3.4.1(ii) c)	Suspected infringement of laws, including securities related laws, rules and regulations;			N/A
3.4.1(ii) d)	Any other matter which shall be disclosed to the Board of Directors immediately.			N/A

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
3.4.2	**Reporting to the Authorities** If the Audit Committee has reported to the Board of Directors about anything which has material impact on the financial condition and results of operation and has discussed with the Board of Directors 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 of Directors for three times or completion of a period of 6 (six) months from the date of first reporting to the Board of Directors, whichever is earlier.			N/A
3.5	**Reporting to the Shareholders and General Investors** Report on activities carried out by the Audit Committee, including any report made to the Board of Directors under condition 3.4.1 (ii) above during the year, shall be signed by the Chairman of the Audit Committee and disclosed in the annual report of the issuer company.	√		
4.	**External/Statutory Auditors:** **The issuer company should not engage its external/ statutory auditors to perform the following services of the company; namely:-**			
4(i)	Appraisal or valuation services or fairness opinions.	√		
4(ii)	Financial information systems design and implementation.	√		
4(iii)	Book-keeping or other services related to the accounting records or financial statements.	√		
4(iv)	Broker-dealer services.	√		
4(v)	Actuarial services.	√		
4(vi)	Internal audit services.	√		
4(vii)	Any other service that the Audit Committee determines.	√		
4(viii)	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.	√		
4(ix)	Audit/Certification services on compliance of Corporate Governance as required under clause (i) of condition no. 7	√		
5.	**Subsidiary Company:**			
5(i)	Provisions relating to the composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors of the subsidiary company.	√		
5(ii)	At least 1 (one) independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of the subsidiary company.	√		
5(iii)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company.	√		
5(iv)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also.	√		
5(v)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company	√		
6.	**Duties of Chief Executive Officer (CEO) and Chief Financial Officer (CFO):** **The CEO and CFO shall certify to the Board that:-**			
6(i)	they have reviewed financial statements for the year and that to the best of their knowledge and belief;	√		
6(i) a)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;	√		
6(i) b)	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.	√		
6(ii)	There are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violation of the company's code of conduct.	√		
7.	**Reporting and Compliance of Corporate Governance:**			
7(i)	The company shall obtain a certificate from a practicing Professional Accountant/Secretary (Chartered Accountant/ Cost and Management Accountant/Chartered Secretary) regarding compliance of conditions of Corporate Governance Guidelines of the Commission and shall send the same to the shareholders along with the Annual Report on a yearly basis.	√		
7(ii)	The directors of the company shall state, in accordance with the Annexure attached, in the directors' report whether the company has complied with these conditions.	√		

Compliance of
Meeting & Remuneration

Board Meeting held during 2016 and attendance of each Director

Sl. no.	Name	Total No. of Board Meeting		Remuneration
		Held	Attended	
1	Shahidul Ahsan	24	23	160,000.00
2	Md. Anwarul Haque	24	21	144,000.00
3	A. K. M. Shaheed Reza	24	24	168,000.00
4	Mohd. Selim	24	23	160,000.00
5	Dr. Mahmood Osman Imam (Independent Director)	24	22	152,000.00
6	Md. Shahabuddin Alam	24	15	104,000.00
7	Al-Haj Akram Hossain (Humayun)	24	24	168,000.00
8	A. S. M. Feroz Alam	24	20	152,000.00
9	M. Amanullah	24	20	152,000.00
10	Md. Abdul Hannan	24	17	112,000.00
11	Morshed Alam, MP	24	12	96,000.00
12	Alhaj Mosharref Hossain	24	21	144,000.00
13	Dr. Md. Rahmat Ullah (Independent Director)	24	24	168,000.00

* Directors who could not attend meeting were granted leave of absence by the Board.

Executive Committee (EC) meeting held during 2016 and attendance of each Director

Sl.No.	Name	Total No. of EC Meeting		Remuneration
		Held	Attended	
1	Mohd. Selim	43	41	320,000.00
2	Md. Anwarul Haque**	23	20	152,000.00
3	A. K. M. Shaheed Reza	43	42	336,000.00
4	Al-Haj Akram Hossain (Humayun)**	23	23	176,000.00
5	A. S. M. Feroz Alam	43	35	272,000.00
6	Md. Abdul Hannan	43	34	264,000.00
7	Morshed Alam, MP	43	14	104,000.00
8	Alhaj Mosharref Hossain*	20	15	120,000.00
9	Shahidul Ahsan*	20	17	136,000.00

* Continued as member of Executive Committee Up to 25.06.2016

** Appointed as member of Executive Committee on 26.06.2016

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Audit Committee (AC) meeting held during 2016 and attendance of each Director

Sl. no.	Name	Total No. of AC Meeting		Remuneration
		Held	Attended	
1	Dr. Mahmood Osman Imam(Independent Director)	12	12	80,000.00
2	Md. Shahabuddin Alam	12	1	8,000.00
3	M. Amanullah	12	10	64,000.00
4	Alhaj Mosharref Hossain**	7	5	40,000.00
5	Dr. Md. Rahmat Ullah (Independent Director)	12	11	72,000.00
6	Md. Anwarul Haque*	5	5	32,000.00

* Continued as member of Audit Committee Up to 25.06.2016

** Appointed as member of Audit Committee on 26.06.2016

Risk Management Committee (RMC) meeting held during 2016 and attendance of each Director

Sl. no.	Name	Total No. of RMC Meeting		Remuneration
		Held	Attended	
1	Md. Shahabuddin Alam	6	5	40,000.00
2	A.K.M. Shaheed Reza	6	5	40,000.00
3	Al-Haj Akram Hossain (Humayun)**	3	3	24,000.00
4	A.S.M. Feroz Alam**	3	2	16,000.00
5	Md. Abdul Hannan**	3	1	8,000.00
6	Shahidul Ahsan*	3	2	16,000.00
7	Md. Anwarul Haque*	3	1	8,000.00
8	Mohd. Selim*	3	3	24,000.00

* Continued as member of Risk Management Committee Up to 25.06.2016

** Appointed as member of Risk Management Committee on 26.06.2016

The Pattern of **Shareholding**

- Parent/Subsidiary/Associated companies and other related parties: Nil
- Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit.

Sl.	Name	Shares Held	% of Holding	Name of Spouses	Shares Held	% of Holding
01	**Directors**					
	Shahidul Ahsan	18,475,226	2.50%	Farah Ahsan	Nil	Nil
	Md. Anwarul Haque	16,661,652	2.25%	Nargis Anwar	1,533,827	0.21%
	A.K.M. Shaheed Reza	39,048,992	5.28%	Zobeda Begum	144,791	0.02%
	Mohd. Selim	21,420,649	2.90%	Farida Begum	2,292,109	0.31%
	Dr. Mahmood Osman Imam	Nil	Nil			
	Md. Shahabuddin Alam	14,820,172	2.01%	Yeasmin Alam	1,761,776	0.24%
	Al-Haj Akram Hossain (Humayun)	16,042,750	2.17%	Ferdousi Begum	1,849,239	0.25%
	A.S.M. Feroz Alam	23,141,233	3.13%	Yoko Inamori	Nil	Nil
	M. Amanullah	22,200,000	3.00%	Tazneen Aman	2,200,000	0.30%
	Md. Abdul Hannan	16,898,828	2.29%	Israt Jahan	2,108,913	0.29%
	Morshed Alam, MP	18,408,471	2.49%	Bilkis Nahar	251,358	0.03%
	Alhaj Mosharref Hossain	17,692,058	2.39%	Feroza Begum	2,342,373	0.32%
	Dr. Md. Rahmat Ullah	Nil	Nil	Asma Jahan	Nil	Nil

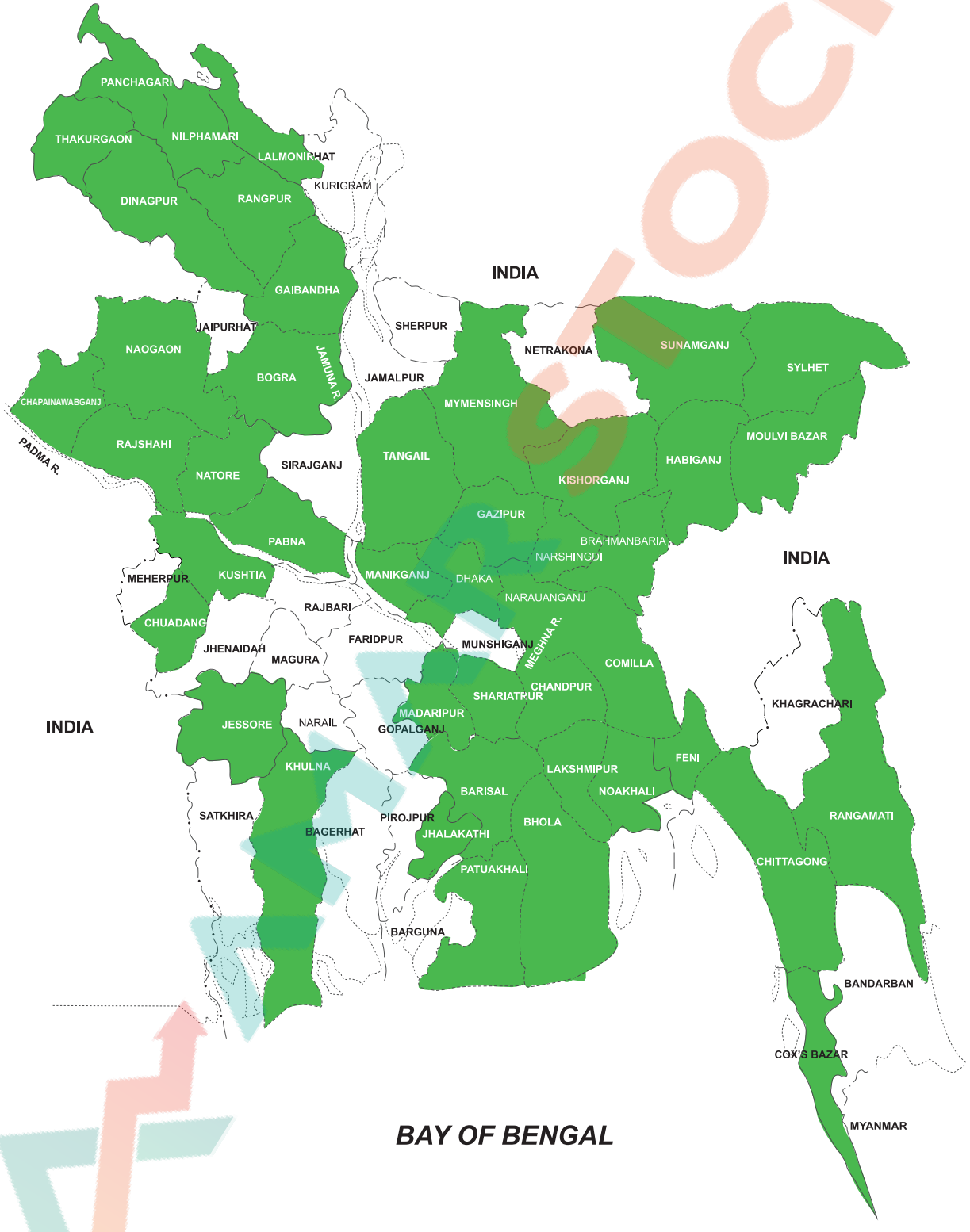
02	Chief Executive Officer	Kazi Masihur Rahman			Nil
03	Chief Financial Officer	Dr. Md. Nurul Islam			Nil
04	Company Secretary	Saiful Alam, FCS			Nil
05	Head of Internal Audit	Md. Enayet Ullah			Nil

- Executives (top five salaried employees of the company, other than the Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer and Head of Internal Audit):

Sl.	Designation	Name	Shares Held
01	Additional Managing Director	Md. Quamrul Islam Chowdhury	Nil
02	Deputy Managing Director	Mati Ul Hasan	Nil
03	Deputy Managing Director	G.W.M. Mortaza	Nil
04	Deputy Managing Director	Adil Raihan	Nil
05	Senior Executive Vice President	Ahmedul Haque	Nil

- Shareholders holding ten percent or more voting interest in the company: Nil

Our **Coverage**



* **The green shaded districts represent our branch network coverage across the country**

Mercantile Bank Limited digitally inaugurated its 10 new branches in different locations across the country in the same time at a single click for the 1st time in Bangladesh





Mr. Abul Maal Abdul Muhith, Honorable Finance Minister inaugurated 10 New Branches of MBL through Video Conference. Mr. Fazle Kabir, Governor, BB was present as special guest on the occasion. The chief guest Mr. Muhit congratulated Mercantile Bank for such a pioneering initiative

Glimpses of 17th AGM













Media Highlights





ত্রাণ তহবিলে মার্কেন্টাইল ব্যাংকের অনুদান



যুগান্তর ১৩

সাক্ষাৎকারে মার্কেন্টাইল ব্যাংকের এমডি

ঋণের চাহিদা কম বেসরকারি খাতে

কাজী মশিউর রহমান





বাংলাদেশ ব্যাংকের সঙ্গে মার্কেন্টাইল ব্যাংকের চুক্তি



The 17th Annual General Meeting of Mercantile Bank Limited was held at FARS Hotel & Resorts, Dhaka Thursday in presence of a large number of shareholders of the Bank. The meeting was presided over by Al-

The Daily Star B3
DHAKA TUESDAY JUNE 14, 2016

MS Ahsan Mercantile Bank new Chairman

Business Desk

MS Ahsan has recently been elected Chairman of Mercantile Bank Limited (MBL).

Mr Ahsan, a sponsor director of MBL, has earlier been elected Vice-chairman of Board of Directors and Chairman of Executive Committee of the same bank for a number of times. said a press release.

Fashion, an export-oriented apparel industry, M/s. Meghna Bank Limited and one of the Directors of "The



MS Ahsan



মুক্তিযোদ্ধা মোকাররম হোসেনকে মার্কেন্টাইল ব্যাংকের অনুদান

Mercantile Bank elects new vice chairmen



Md Anwarul Haque



AKM Shaheed Reza





ডিএমপিকে অ্যাম্বুলেন্স দিল মার্কেন্টাইল ব্যাংক

MBL, BB ink participating deal



আইসিএবি ন্যাশনাল অ্যাওয়ার্ড পেলো মার্কেন্টাইল ব্যাংক



মার্কেন্টাইল ব্যাংকের সাবেক এমডি শাহ মো. নুরুল আলম মারা গেছেন



মার্কেন্টাইল ব্যাংক ও নেক মানি ট্রান্সফার চুক্তি



ড. রহমতকে মার্কেন্টাইল ব্যাংকের অভিনন্দন

Media Highlights



Chairman of Mercantile Bank Limited Shahidul Ahsan hands over a cheque worth Tk
lakh to Prime Minister Sheikh Hasina for the flood affected people, at a programme
the capital



ইল ব্যাংক লিমিটেডের পক্ষ হতে প্রধানমন্ত্রীর
াণ ভান্ডারে শীতার্তদের জন্য কম্বল প্রদান

সকালের খবর ঢাকা : বুধবার ২১ ডিসেম্বর ২০১৬



Finance Minister Abul Maal Abdul Muhith inaugurated 10 new branches of Mercantile Bank Limited
conferencing from Westin Hotel, Dhaka on Thursday. Governor of Bangladesh Bank





১০ ব্যক্তি ও প্রতিষ্ঠান পেল এমবিএল সম্মাননা



একযোগে ১০ শাখা খুলবে
মার্কেন্টাইল ব্যাংক



মার্কেন্টাইল ব্যাংকের প্রতিষ্ঠাতা চেয়ারম্যান
আবদল জলিলের সমাধিতে শ্রদ্ধা নিবেদন



ছোট রাস্তা থেকে হাইওয়েতে
যাচ্ছে দেশের ব্যাংকিং খাত



নতুন ডেপুটি গভর্নরকে মার্কেন্টাইল
কের অভিনন্দন



মার্কেন্টাইল ব্যাংক কর্মকর্তা ও কর্মচারীর সন্তানদের বৃত্তি প্রদান





শহীদ বুদ্ধিজীবী স্মৃতি পাঠাগারকে মার্কেন্টাইল

মার্কেন্টাইল ব্যাংক ও বিটিসিএল চুক্তি



Report of
Audit Committee

An Audit Committee is an operating committee of a company's board of directors, assisting the board to fulfill its oversight responsibilities in areas such as an entity's financial reporting, internal control systems, risk management systems and the internal and external audit functions.

The Audit Committee of Mercantile Bank Limited has been formed as per guidelines of Bangladesh Bank and Bangladesh Securities and Exchange Commission. The committee is overseeing the implementations of strategic plans formulated by the Board of Directors of Mercantile Bank Limited.

The Audit Committee of Mercantile Bank Limited is comprised of 5 members including 2 Independent Directors and they are not members of Executive Committee as per corporate governance guidelines. The composition of audit Committee is as follows:

Name	Status	Position
Dr. Mahmood Osman Imam, MBA, FCMA	Independent Director	Chairman
Md. Shahabuddin Alam	Director	Member
M. Amanullah	Director	Member
Alhaj Mosharref Hossain	Director	Member
Dr. Md. Rahmatullah	Independent Director	Member

The Audit Committee of the Board of Directors conducted 12 (Twelve) meetings during the year 2016. In the meetings, among other things, the following issues were evaluated/reviewed/discussed and provided guidelines and necessary instructions:

Evaluation/Review/Discussion of policy formulation & implementations:

- Time Bound Action Plan under Self Assessment of Anti-Fraud Internal Controls.
- Reviewed Health Report of the Bank for the year 2015.
- Internal Control and Compliance Guidelines of the Bank.
- Position of Non-Performing Loans and Advances.

Evaluation/Review/Discussion of financial related matters, compliances and disclosures:

- Reviewed the yearly, quarterly and half yearly audited/unaudited financial statements along with Balance Sheet, Profit & Loss Accounts, Cash Flow Statements, Changes in Equity, Liquidity Statements and notes of the Bank and discussed with Management and the external auditors prior to submission to the Board of Directors for their approval.
- Reviewed with the external auditors about the result of their audit findings and management letter together with Management's response to their findings.
- Evaluated the performance of external auditors and make the necessary recommendations for appointment/re-appointment of External Auditors of the Bank and to fix their remuneration.

Evaluation/Review/Discussion of internal audit reports and compliances thereagainst on 83 (Eighty three) Branches and 10 (Ten) Divisions at Head Office level:

- Reviewed the internal audit reports of Branches/Divisions with a focus on all major areas of housekeeping particularly day to day operational activities, inter branch adjustment accounts, arrears in the balancing of the books, un-reconciled entries in inter-bank accounts and frauds.
- Reviewed implementation status of report submitted earlier of the Branches/Divisions through respective Cluster Head on continuous basis.
- Reviewed Compliance on observations, recommendations and decisions of the Audit Committee Meetings.
- Reviewed the investigative reports tabled during the year and ensured appropriate remedial actions/measures were taken.
- Discussed the observations relating to inspection reports of Bangladesh Bank and compliance thereof.
- The Committee suggested preventive measures for internal control lapses those were arisen during the period of inspection.

Dr. Mahmood Osman Imam, MBA, FCMA
Chairman, Audit Committee



Sustainability Report

Sustainable bank (also known as an ethical bank) is a bank concerned with the social and environmental impacts of its investments and loans. The ethical banking movement includes: ethical investment, impact investment, socially responsible investment, corporate social responsibility, and is also related to such movements as the fair trade movement, ethical consumerism, and social enterprise. A sustainability report should provide a balanced and reasonable representation of the sustainability performance of a reporting organization – including both positive and negative contributions.

Mercantile bank believes that truly sustainable banking demands complete transparency about our regular activities. Sustainability reporting is the practice of measuring, disclosing, and being accountable to internal and external stakeholders for organizational performance towards the goal of sustainable development. Competitive pressures on business and a slow pace of economy in 2016 created the need for a better understanding of our processes and a greater need for making our business strategy flexible to keep us on the growth path that is sustainable. We have learned that we need to have a strategy that is flexible and a mindset that is open to repositioning or realigning business. Our new stance on business and operation has already had a palpable impact on our competitive strength and business performance.

Sustainability Management

In general all banks play an intermediary role in the economy; because of this the possibility for banks to contribute to sustainable development is potentially profound. Board of Directors sets the framework for sustainability management by formulating business strategies and budget, policies for lending decisions, capital planning, risk appetite, corporate social responsibility, etc. The business strategy is expressed by a three years' plan discussed and summarized in annual strategy session. As a counterweight to the business activities, risk management is supervised by the Risk Management Committee of the Board through a high level management committee and independent risk management unit. Besides the risk committee, there is a Board Audit Committee to ensure compliance and internal control.

Approach to Sustainability

The activities of Banks and other Financial Services Institutions are more than ever under scrutiny, not only by the local and international Regulators, but also by a wider public including clients, employees and investors. Expectations of society are high and this does not just relate to a more sustainable management of financial risks. The financial sector is expected to play a role in supporting national and international development goals and to facilitate the transition to a green and low carbon economy. This is a fantastic opportunity for the banking sector to prove its added value to society.

Our approach to sustainability lies on:

- Adaptability with our long term vision challenging the changes in natural and economic environment.
- Integration of ethical, social and environmental criteria into the business decision making process.
- Adherence to compliance, transparency, and corporate governance.
- Contribution to social and economic progress in the communities where the bank is doing business.
- Continuation of stable and lasting relationships with all related stakeholders including employees of the bank.
- Promotion of sustainable finance with strong focus on the renewable energy and clean technology sector.



Contribution to Economy

Bank has contributed to the economy by generating employment of 2,043 full time employees. It also plays a vital role in creating job opportunities by financing the productive sectors. The Bank recruits a number of fresh graduates and experienced officers every year. In the intermediation process, the Bank mobilized resources of BDT 156,085.77 million from the surplus economic unit and deployed BDT 150,912.52 million in 2016 to deficit group. Following table depicts the Bank's performance in terms of deposit mobilization, its deployments, international business, inward foreign remittance and employments as at December 31 of 2015 and 2016:

(BDT in million)

Contribution to Economy	In 2015	In 2016
Mobilization of Deposit	154,866.52	156,085.77
Deployment of Loans and Advances	126,338.81	150,912.52
Export Business	94,027.10	113,035.20
Import Business	119,982.40	139,766.40
Remittance	19,003.20	24,048.20
Employment (in numbers)	2,117	2,043

MBL made significant contribution to the government revenue. Being a responsible corporate body, Bank plays its responsibility to the Government of Bangladesh paying corporate tax regularly in time. As per tax law, we also deposit excise duty, withheld tax and VAT to govt. exchequer in time through deduction from employees' salary as well as payments to customers and vendors. In 2016, the Bank has made provision of BDT 1,260.00 million for corporate tax against that of BDT 1,250.00 million in 2015.

Promoting Financial Inclusion

Financial inclusion or inclusive financing is the delivery of financial services at affordable costs to sections of disadvantaged and low-income segments of society in contrast to financial exclusion where those services are not available or affordable. One of the strategic priorities of MBL is to promote financial inclusion. Mercantile Bank continued it's thriving to bring the unbanked population under banking services. MBL expanding its branch network across the country for attaining geographical and demographical dividend. We touch a millstone of 119 branches at the end of 2016. Bearing our slogan of "বাংলার ব্যাংক", our commitment in providing financial service to any viable business of any size or nature derives us in flourishing in corporate financing, SME financing, Agriculture financing etc. A key agenda of our fair banking is reaching more people with a wider array of financial solutions. Agriculture and SME are the priority sectors of financing in MBL. In order to facilitate the agricultural activities and promote small and medium enterprises, Bank is financing these two sectors with the assistance of Bangladesh Bank and different Micro Financing Institutions (MFIs). To facilitate Agriculture & SME Credit, the Bank has already established separate Agriculture Credit Department and SME Financing division. It has also inaugurated School Banking and Mobile banking service all over the country.

Supplier Payment Policy

Mercantile Bank always stick to well set payment policies for all suppliers and explains them in details about the payment method and system and reviews process before providing work order. Bills are paid according to the payment terms and VAT and other withholding taxes are deducted from bills as per law.

Community Responsible

Along with the ongoing programs, Mercantile Bank is actively involved in numerous activities which are undertaken to support the society people. In addition Bank has to directly participate in social activities to help the development of specific areas/segments. MBL as a legal corporate entity is fully aware of its responsibility about how its operational activities impact on its stakeholders, the economy, the society, its staff and last but not least, the environment.

We believe in creating lasting value for our clientele, shareholders, and employees and above all for the community we operate in. Activities of our Corporate Responsibility are focused to encourage our culture and uphold our tradition; extending a helping hand to the deprived and the destitute; victims of natural calamities and the disabled. Even we extend our hands of cordial co-operation to the meritorious poor students. A significant contribution of BDT 66.90 million has been made by MBL under CSR in 2016, along with many other CSR initiatives in the offering. The funding policy has focused on five major areas: Community outreach, Health & Medical research, Education Arts & Culture and development of Sports. As a responsible corporate, we ensure our CSR activities are anchored on the principle of a good "Corporate Citizen". We recognize that we have some definite responsibilities to our customers, employees, government, environment, and to the communities at large.

Going Green in the Future of Banking

Green Banking refers to the attempt of the banking sector to consider social, ecological and environmental factors with an aim to protect the environment. As one of the key stakeholders, banks can play a vital role in development and response to the environment through "Green Banking" practice. Being a responsible corporate citizen and in line with the instructions of Bangladesh Bank, Mercantile Bank Limited has taken initiatives to formulate its Green Banking Policy with an aim to inculcate practices towards optimum usage of natural resources and make every effort for environmental friendly activities.

We promotes green banking to reach long term strategic objective to be a green, triple bottom line bank where every decision will be taken with both financial and environmental considerations in mind. Going Green in our Bank can not only bring awareness among our customers and our employees but also build awareness and consciousness to our society. The core business model of MBL clearly expresses its sustainability towards environment and unveils its eco-friendly motives i.e. not to harm or damage 'Green Life Belt' of mother nature which eventually ensures a pollution free breathing atmosphere for our future generations. The Bank's green banking initiatives includes Online & paperless banking, reduction of green house gas emission, mapping bank's carbon foot print, efficient energy use, environment friendly projects, plant nursery and horticulture projects etc.

Environment and Social Obligations

MBL always maintains a business policy conducive to environment and the society as a whole. Our obligation to Social Responsibility maintains a long-term point of view to make economically sound, environmentally responsible and socially supportive decisions. We facilitate the eco friendly business project or green finance like Bio-Gas Plants, solar energy, ETP, bio-gas etc. We are relentlessly working to create awareness among our employees to ensure proper use of non renewable resources like water, electricity, Gas etc. as part of our continuous endeavor to make the world livable for the human being. We take necessary steps have been adopted including green financing, creating awareness among the employees for efficient use of water, electricity & paper and giving preference to eco friendly financing to turn our bank as a 'Green Bank'.

Sustainable Human Recourse Development and healthy working Environment

Human Recourse is a highly productive corporate asset and the overall performance of companies and corporations depends upon the extent to which it is effectively developed and utilized. Our “people first” policy and practices, passion of our people to come to work, performance driven culture, quality of working environment, healthy work life balance, recognition for the performers and investing in people differentiates MBL as an excellent workplace in the country. The bank is developing and motivating the workforce with contemporary HR policies and attractive benefits. Our people are our most valuable asset, embodying our commitment to maximizing wealth of the Bank. We rely on them to communicate this value to our many stakeholders. Some of our highest priorities are finding the right employees, developing, rewarding and retaining them.

We remain committed to promoting diversity, inclusion, flexibility, health and well-being in our workforce. We believe that the investment we make in our people, culture and reputation sets us apart from our peers. MBL’s compensation and benefits strategy has been devised to foster high performance culture keeping market competitiveness in mind. Our management strategy is a multi-pronged one; that includes compelling employee value proposition with a competitive reward package. The Bank offers satisfactory financial and nonfinancial benefits for the employees of the Bank to ensure a better life style. Occupational health and safety is of paramount importance to MBL. The bank values its people and their wellbeing and is committed to providing the highest standards of safe and healthy workplace for all staff, customers and visitors. To meet our commitment, MBL remains always ready to take all reasonably practicable steps to ensure the health and safety of people by the development, implementation and enforcement of policies and procedures.

AMAR STOCK

Report on

Corporate Social Responsibility

Corporate Social Responsibility (CSR) is a corporation's initiatives to assess and take responsibility for the company's effects on environmental and social wellbeing. CSR referred to as corporate citizenship and can involve incurring short-term costs that do not provide an immediate financial benefit to the company, but instead promote positive social and environmental change. The term generally applies to effort that go beyond what may be required by regulators or environmental protection groups.

CSR provides a sole opportunity for corporate citizens to contribute towards the socio-economic of the country, thereby emphasizing the new role that commercial powerhouses are starting to adopt-that of change makers who undertake the resolution to resolve some major problems of the country. MBL Family always tries to be a responsible partner of our customers, shareholders employees, communities, and other stakeholders attaching highest priority to ethical conduct and integrity. This includes monetary donations and aid given to nonprofit organizations and communities. Donations are made in areas such as the arts, education, housing, health, social welfare and the environment, among others, but excluding political contributions and commercial event sponsorship.

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CSR is indeed a fundamental part of the long-term business and sustainable growth and success, which plays an important role in promoting values both locally and internationally. In Mercantile Bank, we believe that financial sustainability goes hand in hand with the development of the communities and environment in which we operate. Our CSR is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large. We believe that investing in today is building for tomorrow. Our future is our society.

Now-a-days Corporate Social Responsibility must be sustainable and be a fundamental part of our business. Common CSR actions include:

- *Environmental Sustainability*: Recycling, waste management, water management, renewable energy, reusable materials, 'greener' supply chains, reducing paper use and adopting Leadership in Energy and Environmental Design building standards.
- *Community Involvement*: This can include raising money for local charities, providing volunteers, sponsoring local events, employing local workers, supporting local economic growth, engaging in fair trade practices, etc.
- *Ethical Marketing*: Companies that ethically market to consumers are placing a higher value on their customers and respecting them as people who are ends in themselves. They do not try to manipulate or falsely advertise to potential consumers. This is important for companies that want to be viewed as ethical.

Mercantile Bank Foundation

Mercantile Bank Foundation (MBF) believes that our responsibility extends beyond our core business to the society in which we operate. That is, our CSR activities are planned and implemented as business strategies after considering what we should do and how we should do it as a Foundation to help solve social issues through our CSR activities and contribute to economic and social.

Actually, MBF has been promoting a dialogue between the Bank and its community people. Core focus of the Foundation is to work for the distressed and disabled people around the country throughout its course of compassionate operation. Mercantile Bank Foundation are committed to helping exponentially more people improve their lives by having access to core services like education and healthcare, because we believe that accessible and affordable core services is foundational to breaking the cycle of poverty. In order to achieve this goal, a strong and dynamic organization which follows an adaptive approach through effective programmes and service delivery is largely instrumental.

Objectives of Mercantile Bank Foundation

Mercantile Bank Foundation has been formed with the aim of achieving some underlying objectives including:

- To take possible initiatives in increasing social wellbeing and poverty alleviation.
- To support the education by establishing new educational institutions, providing stipends/ scholarship to the poor but brilliant students.
- To provide awards to the Scholars in different significant arenas for their outstanding contribution, as they uphold nation's pride brightly even across the geographical boundaries. These arenas are:
  - ✓ Bengali Language and Literature
  - ✓ Education
  - ✓ Culture
  - ✓ Liberation War based Research
  - ✓ Economics and Economics related Research
  - ✓ Healthcare
  - ✓ Science and Technology
  - ✓ Industry and Commerce
  - ✓ Journalism
  - ✓ Agriculture based Research and Development
  - ✓ Sports
- To assist research activities on Bengali Literature through Bangla Academy.
- To assist the unemployed young to make them self sufficient.
- To assist the rootless and distressed orphans and mentally retarded children through taking appropriate steps for their mental perfection and self-support.
- To support in establishing hospitals, clinics, etc. for improvement of the health sector, to donate one time financial endowment to poor artists, literature-patron, for ailing fatal disease-affected poor patients, to support poor fathers for arranging their daughter's marriage and to support writers and publishers through purchasing their books.

Mercantile Bank Foundation has been working constantly since 2000 just after a year of its inception as a responsible corporate citizen. MBL's social responsibilities are overseen by the Mercantile Bank Foundation. MBL contributes 1% of its Operating Profit or BDT 4.00 million, which one is maximum, to the Mercantile Bank Foundation every year, and from this amount, the Foundation cares the distressed and disabled people of the country. Over the past Seventeen years, MBF has relentlessly pursued a range of activities with the sole purpose of benefitting its target people. Following are brief outlines of the activities of MBF which provide new options for many and make a significant contribution in improving the quality of life of the target population.

CSR Activities in MBL

Our sustainability strategy is connected to our vision, would make finest corporate citizen. We leverage on the connections and relationships we have formed in order to win hearts and achieve prosperity for all. Guided by our Core Values of Teamwork, Integrity, Growth, Excellence and Efficiency, and Relationship Building, our place should be at the heart of the communities we serve.

MBL's Corporate Social Responsibility initiatives are firmly based on the four key pillars of our Economy, Community, Environment, and Ethical. Whether conserving the environment, enriching the lives of our neighbors, caring for the development and well-being of our employees, or practicing good governance, we hope to create relevance by investing in the good and building for the long-term.



For Mercantile Bank, Corporate Social Responsibility (CSR) has been an inherited and inbuilt element of its culture from the day the bank was founded. Always we presume to contribute to the community through different projects, but our main focus is to help millions of underprivileged children and poor people in Bangladesh. Bank promotes CSR activities, apart from its own fund, through Mercantile Bank Foundation, which acts as a helping hand to the distressed people of the country. Always we presume to contribute to the community through different projects, but our main focus is to help millions of underprivileged children and poor people in Bangladesh. Investment in CSR programs is always supported and encouraged by the Board of Directors. Through "***CSR Desk***", the Management reports to the Board and Regulatory Bodies on CSR activities. The funding policy has focused on five major areas: Community Outreach, Health & Medical Research, Education Arts & Culture and development of Sports.

Segment wise contribution under CSR activities of Mercantile Bank Foundation in 2016 is furnished below:

(BDT in Million)

Segments	Jan-Jun, 2016	Jul-Dec, 2016	Total	In %
Education	12.6	5.00	17.60	26%
Health	5.60	5.30	10.90	16%
Disaster Management	6.10	27.60	33.70	50%
Sports, Art & Culture	2.20	0.50	2.70	4%
Others	1.40	0.60	2.00	3%
Total	**27.9**	**39.00**	**66.90**	**100%**

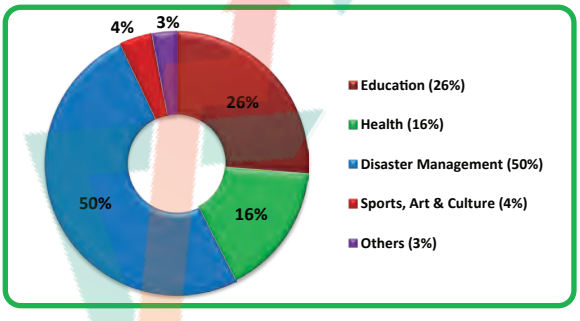


Figure: Segment wise contribution under CSR activities

Education Scholarship Program

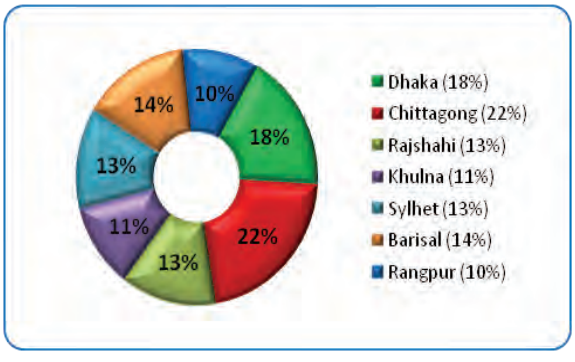
As a part of Mercantile Bank's CSR activities Education Scholarship Program (ESP) began its journey from 2011. Education Scholarship program is an explicit expression of MBL's motive towards building the nation through extending hands of assistance to the future generation of the country. In this circumstances, Mercantile Bank Foundation launched a Scholarship program in the name and style, ***"Mercantile Bank Abdul Jalil Education Scholarship"*** for the meritorious and poor students across the country under the category of J.S.C, S.S.C and H.S.C. Today, after 5 rewarding years, we are proud to say that MBL's Education Scholarship program has influenced the lives of a huge number of students across the country.

In this year, Mercantile Bank Foundation is proud to have another year of success of its Education Scholarship Program. In 2016, MBL provided scholarships among the students who have successfully passed (with minimum CGPA of 4.50) J.S.C, S.S.C and H.S.C to continue their further studies. Through this program, we engage to build self-respect and capabilities to make career, educational and life-changing journey. The details information of the education scholarship program is as under:

Category	Monthly Scholarship (BDT)	No. of Beneficiary	Tenure
J.S.C	750.00	349	1 Year
S.S.C	1,000.00	321	1 Year
H.S.C	1,500.00	167	1 Year

Division wise information of scholarship awardees

Division	Numbers of Students			Total
	J.S.C	S.S.C	H.S.C	
Dhaka	70	43	34	147
Chittagong	65	65	50	180
Rajshahi	48	40	20	108
Khulna	45	35	10	90
Sylhet	42	50	15	107
Barisal	50	50	20	120
Rangpur	29	38	18	85
Total	**349**	**321**	**167**	**837**



In 2016, MBL awarded scholarship worth BDT 10.00 million among 837 students. We aspire to increase the number of beneficiary students in the coming days. For awarding scholarship, we sought application eligible candidates all over the country through advertisement in leading national dailies and selected 837 awardees by a committee. The scholarship was given to the selected students through a formal award giving ceremony organized by MBL.

"Mercantile Bank Abdul Jalil Education Scholarship Distribution program-2016"



Scholarship Distribution Ceremony of Dhaka Region



Scholarship Distribution Ceremony of Dhaka Region



Scholarship Distribution Ceremony of Bogra Region



Scholarship Distribution Ceremony of Noakhali Region



Scholarship Distribution Ceremony of Feni Region



Scholarship Distribution Ceremony of Potuakhali Region



Scholarship Distribution Ceremony of Jessore Region



Scholarship Distribution Ceremony of Chittagong Region

Mercantile Bank Award-2016

Mercantile Bank always tries to continue broadening the scope of its impact through its pioneering social programmes. It is continuously exploring methods of extending the reach and effectiveness of its activities in order to fulfill its long term vision. From foundation, MBL each year on its founding anniversary award some noted intellectual personalities of the society for their outstanding performance in their respective fields.

In continuation, during 2016, the Bank provides awards to 10 (Ten) Scholars for their outstanding contribution in different areas under the heading ***"Mercantile Bank Award-2016"***. The Award includes one Gold Medal (2 Vori), one Crest and one time financial endowment worth BDT 1.00 Lac. Hon'ble Home Minister of People's Republic of Bangladesh, Mr. Asaduzzaman Khan, M.P was the Chief Guest of the program. Al-Haj Akram Hossain (Humayun), Chairman of the Bank presided over the program. The Scholars who have been honored with Mercantile Bank Award-2016 are as under:

Arenas	Scholars Rewarded
Education and Research	Asiatic Society of Bangladesh
Healthcare	Professor Dr. A.B.M. Abdullah
Culture	Selim Al Din (Posthumous)
Freedom Fighter	Nasir Uddin Yousuff
Economics and Economics based Research	Professor Dr. Nurul Islam
Bengali Language and Literature	Helal Hafiz
Commerce and Industry	A. K. Azad
Journalism	A H M Moazzem Hossain
Sports	Mustafizur Rahman
Banking	A K Naziruddin Ahmed (Posthumous)



Mercantile Bank Award-2016

Responsibility to the Society

Community outreach: a helping hand for populations at-risk

Along with the ongoing programs, Mercantile Bank Foundation is actively involved in numerous activities which are undertaken to support the society people. In addition Bank has to directly participate in social activities to help the development of specific areas/segments. MBL as a legal corporate entity is fully aware of its responsibility about how its operational activities impact on its stakeholders, the economy, the society, its staff and last but not least, the environment.

Donation to Emergency Disaster Relief

MBL has donated BDT 20.00 million to Prime Minister's Relief Fund as emergency disaster relief.

Donation to Flood Effected People

MBL has donated BDT 7.50 million to Prime Minister's Relief Fund for flood affected people as part of Corporate Social Responsibility. MBL has also donated BDT 0.10 million to 'Rangpur Old Cadets Association' for flood affected people.

MBL continues Financial Support to BDR Mutiny affected Families

BDR mutiny in February, 2009 caused an irretrievable loss to the nation. MBL has widened its arms to share the sufferings of the revolt-affected families. In continuation, this year also MBL donated BDT 0.96 million to two BDR mutiny-affected families.

Donation to Child Day Care Centre

MBL has donated BDT 0.40 million to Child Day Care Centre of Private Bank, Motijheel.

Distribution of Winter Clothes

MBL has donated 25,000 Pieces Winter Clothes to Prime Minister's Relief Fund for clod affected people as part of Corporate Social Responsibility. MBL has also distributed winter clothes among the individual distressed peoples of the cold affected areas of the country.

Blood Donation Program

In continuation of previous year, this year Mercantile Bank arranged 'Blood Donation Program' on its Anniversary with the help of 'Bangladesh Thalassaemia Hospital'.

Education: teaching the young and spreading knowledge

MBL is continuing its supports to the education sector. In 2016, Bank contributed BDT 17.60 million to individual students and institutions. The Bank encourages the employees to have professional degrees and also gives opportunities to the employees who wish to get higher studies in abroad. The Bank provides cash money incentives to the employees who passed the Banking Diploma. Following are the major contribution of MBL in same arena-

- Financial support to 870 individual meritorious students for their higher studies.
- Donation of BDT 0.10 million to 'Society for the Welfare of Autistic Children (SWAC)'.
- Donation of BDT 0.50 million to Varendra University, Rajshahi.
- Donation of BDT 0.70 million to Pragati Balika Bidda Niketon, Feni.
- Donation of BDT 0.05 million to Economics Department, Dhaka University for research.
- Donation of BDT 0.20 million to Sindurpur Adudia Ulum Islamia Dhakhil Madrasa.
- Donation of BDT 0.20 million to Sheheed Budhijibi Pathagar, Dhaka.
- Donation of BDT 0.60 million to Jaynarayanpur Islamia Kamil Madrasha.

Health and Medical

From the beginning, Bank provides financial support to different medical and health institutions. Apart from institutional support, the Bank also provides financial assistance to individuals for their treatments. In 2016, Bank contributed BDT 10.90 million to different individuals and hospitals. Following are the major contribution of MBL in same arena:

- Donated an ambulance for Dhaka Metropolitan Police (DMP) Hospital.
- Donation of BDT 1.70 million to Shaheda Gafur Ibrahim General Hospital, Patuakhali.
- Donation of BDT 0.35 million to Naogaon Dubal Hati Hospital for infrastructure development.
- Financial aid of BDT 7.25 million to 128 individual's patients for their treatment.

The Arts: preserving cultural heritage and sponsoring the performing arts

Arts & Culture

Mercantile Bank always supports promotion of art and culture. As a recognized benefactor of culture, MBL takes some non-profit initiatives every year. Cultural institutions have been donated to organize cultural events in different times. Moreover, the Bank supports the writers, musicians and other performers in their inventive and creative activities. As earlier, in 2016 MBL contributes to organize and celebrate different cultural and traditional festivals.

Celebration of Bangla New Year-1423

MBL has celebrated the Bangla New year-1423 as it has been doing since inception. All its offices were decorated to a colorful festive look. Customers in the Branches were invited to share the joy of festival and they were entertained with sweets as a traditional ritual. Apart from that, MBL also donated to various cultural and educational institutes to celebrate the Bangla New Year.

Traditional Games and Sports

MBL always encourages the development of games and sports of the country. In different times, the Bank has contributed to organize a variety of traditional games and sports. In 2016, Bank contributes to different institutions/clubs to arrange games and sports.

MBL's Responsibilities to the Society



MBL donated Blankets to Prime Minister's Relief Fund for Cold Affected People of the Country



MBL donated to Prime Minister's Relief Fund for Flood Affected People



MBL donated to Prime Minister's Relief Fund



MBL financially assisted to Mr. Mohammad Minhaj Uddin (Student of DU) for medical treatment



Mercantile Bank financially assisted to Gallant Freedom Fighter "Mr. Mokarram Hossain" for medical treatment



MBL financially assisted to Sheheed Budhijibi Pathagar



Winter Cloth distribution program



Winter Cloth distribution program

Care to Environment: Encouraging new thinking about Environmental Challenges

Green environment is one of the most important issues in today's world where people from all over the world are raising their voice against environmental pollution. MBL believes that every small 'GREEN' step taken today would go a long way in building a greener future. We have established a separate unit to turn our Bank as a '**Green Bank**'. As an environment-responsive bank a lot of measures have been adopted including green financing, creating awareness among the employees for efficient use of water, electricity and paper, giving preference to eco friendly while financing and reuse of equipments. Green Banking is to provide innovative green products to support the activities that are not hazardous to environment and help to conserve the environment. MBL always try to manage the impact of operations and develop initiatives to improve its environment conducive footprint. After reducing the use of electricity and paper at the office, some of our branches and ATM's are now run on solar power.

Contribution to the Economy

The Bank has contributed to the economy by generating employment of over 2,043 full time employees. It also plays an imperative role in creating job opportunities by financing to the productive sectors. In 2016, the Bank mobilized resources of BDT 165,257.45 million from the surplus economic unit and deployed BDT 150,912.52 million to deficit group.

The Bank plays its responsibility to the Government of Bangladesh paying corporate tax regularly. As per tax law, the bank deducts at source income tax, VAT, excise duty from various payments and services for ultimate credit to government exchequer. This year, 42.50% Tax is to be paid to the National Exchequer from its operation profit. The Bank has made provision of BDT 1,260.00 million for corporate tax in 2016 against 1,250.00 million in 2015.

Involving Employees in the CSR Approach

As a "Corporate Citizen", Mercantile Bank Limited is striving to play its responsibility in this regard. The involvement of employees in the CSR approach is one of the most effective ways to CSR awareness. In the new CSR strategy, we have developed activities to keep employees up-to-date with our CSR goals and principles. We believe that they will put their knowledge to both at work place and in their private lives.

Raising CSR awareness among the Group's employees

MBL arranged workshop programs to raise the awareness of its employees regarding key CSR issues and its policies in this area. To build on this training, environmental awareness-raising actions have been set up locally.

Informing and encouraging dialogue

MBL's employees are also kept updated about day-today CSR events, and are invited to exchange on new issues and the Group's actions in this area.

AMARSTOCK

Report on
Green Banking

Main objective of green banking is to minimize filth and give importance to environment and society. Green Banking mainly focuses on two prolonged approaches. First, it puts emphasis on green revolution of internal operations of all banks, meaning all banks should adopt proper ways of consuming renewable energy, digitalization and other measures to minimize carbon mark from banking sectors. Secondly, all banks should adopt financing in an environment-friendly way. Generally Green Banking exposure includes: sustainable banking, ethical banking, green mortgages, green loans, credit cards, mobile banking, online banking, Internet banking etc.

The concept of 'Green Banking' originates in modern banking approaches. The concept has actually been derived from ethical banking which seeks to mitigate the hazards of climate change due to global warming. The rapid changes in the climate pattern cause many problems and directly leave impact on biodiversity, agriculture, forestry, water resources and human health which need immediate global response. Due to unusual weather pattern, rising greenhouse gas, declining air quality etc. society demands that businesses also take responsibility of safeguarding the planet. Green finance as a part of green banking can make great contribution to the transition to resource-efficient and low-carbon industries i.e. green industry and green economy in general.

Green banking is a component of the global initiative by a group of stakeholders to save the environment. Bangladesh is one the Least Developed Countries (LDCs) where natural calamities are a common phenomenon, which often causes huge losses. In the context of Bangladesh, if we think about it, we will find the situation to be terrible. Our people have little awareness about environment, air and water pollution, industrial and medical, and household wastes. The environment of Bangladesh is rapidly deteriorating. The key areas of environmental degradation are: air pollution; water pollution and scarcity; encroachment of rivers; improper disposal of industrial, medical and house-hold waste; deforestation; loss of open space, and loss of biodiversity. In addition, Bangladesh is one of the most climate-vulnerable countries.

In line with global development and response to environmental degradation, the financial sector, as one of the key stakeholders in society, should play its due role. Green banking considers social factors with environmental aspects. It has already started working well in the developed countries. In Bangladesh, as one of the key stakeholders, banks can play a vital role in development and response to the environment through "Green Banking" practice. Being a responsible corporate citizen and in line with the instructions of Bangladesh Bank, Mercantile Bank Limited has taken initiatives to formulate its Green Banking Policy with an aim to inculcate practices towards optimum usage of natural resources and make every effort for environmental friendly activities.

Bangladesh Bank's initiatives

Green banking is nothing but an 'eco-friendly socially responsible banking system' which drives the whole nation towards a healthy environment and presents an excellent and hazardless banking. It refers to the attempt of the banking sector to consider social, ecological and environmental factors with an aim to protect the environment. Green environment is one of the most important issues in today's world where people from all

over the world are raising their voice against environmental pollution. Different stakeholders can minimize the degradation of environment by green practices. In Bangladesh, as one of the key stakeholders, Bangladesh Bank has shown keen interest in it, and encourages the scheduled banks to take measures to create a congenial atmosphere through 'green banking methodology'.

Green Banking Initiatives of the Bangladesh Bank (BB) have two aspects: in-house green activities and non-in-house operations. Bangladesh Bank's in-house green activities include installation of a 8-kilowatt solar power system on its rooftop on March 12, 2012; environmentally harmful incineration of non re-issuable damaged bank notes is being phased out, resorting instead to shredding; steps for measuring the carbon footprint of BB's internal processes and operations are underway, eventually to set time-bound targets for carbon neutrality/emission reduction. Under the networking programme, all the departments of Bangladesh Bank Head Office and its nine branch offices have already been brought under a computer network (LAN/WAN), connecting almost 3,100 PCs.

Sustainable Finance Department of Bangladesh Bank is engaging and encouraging all banks and FIs to step-up their green banking initiatives and standards. The necessary policy guidelines and work plans for banks and FIs have been put into effect by the central bank which encompasses Policy formulation and governance, Incorporation of environmental risks into CRM (credit risk management), In-house environmental management, Introduction of sector-specific green finance, Creation of a climate risk fund, Capacity building through training and awareness and Periodic reporting on green banking practices.

Moreover, Bangladesh Bank also offers low-cost refinancing facilities for clients engaged in various green banking activities. Besides, development partners are also keen to invest in this sector with flexible terms and tenors. As a regulatory body of the Banking sector, Bangladesh Bank introduced Environmental Risk Management (ERM) framework for banks and FIs in 2011. The framework includes the environmental risk factors for ensuring the sustainable development and protection of the surroundings from further deterioration. ERM aims at ensuring the habitable environment and reducing climate change. In 2011, Bangladesh Bank also introduced Green Banking Policy for all banks.

Major challenges for Green Banking

Bangladesh is one of the most climate change vulnerable country to climate change in the world. In respect to the global progress and retort to the global warming, Green Banking in Bangladesh plays a significant role. Overall Green Banking is certainly a good way for people to get more sentience about global warming, each businessman, consumers and staff of the banks will contribute a lot to the environment and make this earth a better place to live.

In fact, Green Banking practices in Bangladesh are on the rise. Banks have profound impact on the harmonization process of environmental imbalance. Government as well as banks of Bangladesh should take proper measures in respect of Green Banking to protect our environment from being spoilt. Government should also encourage the general people about the green banking practices. The central bank should supervise commercial banks whether they are practicing it. Every bank has to participate and contribute to green banking practices today to ensure a green, sustainable and healthy environment to live in.

Moreover, there are some major challenges ahead for green banking in Bangladesh. These are:

- Coordination among all the concerned authorities for green economy.
- Proper awareness and effective capacity building.
- Green Banking Concept requires renewable and recyclable material, which is costly.
- Requires a technology, which requires huge investment in R & D
- Sharing of electronic files, voice mail and email instead of paper memos, which is a challenge in traditional banking system.
- Immediate concentration on sector wise lending policies and procedures.
- Introducing e-statements to the customers rather than usage of paper statement.
- Majority of the people are not aware of green products and their uses
- Shifting of different categories of industry (such as Garments, Textiles, Tanneries) to a proper location.

Environment Related Initiatives

Green banking means operating banking business in such a fashion that proper and adequate attention is allocated in social, ecological and environmental factors of environment by minimizing conservation of nature and natural resources. Depending on the state, a green bank may conform to a variety of structures, utilize many different public funds, and create a diverse array of financial products. We promotes green banking to reach long term strategic objective to be a green, triple bottom line bank where every decision will be taken with both financial and environmental considerations in mind. Going Green in our Bank can not only bring awareness among our customers and our employees but also build awareness and consciousness to our society. The core business model of MBL clearly expresses its sustainability towards environment and unveils its eco-friendly motives i.e. not to harm or damage ‘Green Life Belt’ of mother nature which eventually ensures a pollution free breathing atmosphere for our future generations.

Policy Formulation and Governance

Mercantile Bank Limited has formulated a comprehensive and realistic Green Banking Policy of the bank in a formal and structured manner, which has already been approved by the Board of Directors of the Bank. Bank has also formed the Risk Management Committee of the Bank comprising the members of Board of Directors, which will work as High Power Committee to review the bank’s green

or environmental policies, strategies and program for governing the overall green banking activities of the bank. There is a separate *Green banking Unit (GBU)* which can be reformed time to time for smooth operation of this connection. To increase the share of green finance in the overall portfolio, the bank maintains a considerable fund in its annual budget allocation for green banking.

Incorporation of Environmental Risk in CRM

MBL has integrated the Environmental Risk Management and Climate Change Risk with its Credit Risk Management (CRM) as part of the credit approval process. Environmental Risk Management (ERM) helps identify possible sources of Environmental Risk such as Land use, Climate change, animal diseases, solid waste, etc. While financing business enterprises, MBL actively reviews it environmental commitment through administering Environmental Due Diligence (EDD) checklists.

Green Activities

The main objective of the Green banking would be better management of in-house environmental issues: generating awareness among the employees; responsible utilization of electricity, water, paper and energy and maintenance of a cleaner and more hygienic office environment, in participation of all the employees of the Bank.

From green banking operations four key stakeholders namely customers, management, employees and shareholders can be benefited. We, together with Bangladesh Bank are effectively working to sustain and keep our planet green. Role of Bangladesh Bank has made our job easy to enter into green banking initiatives like Online CIB, Bangladesh Automated Clearing House (BACH), Electronic Fund Transfer Network (EFTN), Enterprise Data Warehouse System (EDWS) etc.

MBL has introduced Mobile Banking, Online Banking, SMS Banking to reduce paper use, time, and fuel consumption. After full implementation of our Core Banking Solution "TEMENOS T24", a world class proven technology platform, bank's MIS system are more robust, prompt and environment friendly at present. Mobile Banking service (MyCash) is gaining popularity day by day. These are allowing the customers to do banking transactions without coming to the bank physically. Expansion of ATM network is greatly reducing the need for cheque book and reducing consumption of security papers etc.

To reduce our energy requirement, 33 branches have been powered by solar energy and installation of solar panels in the rest of branches and Head Office is also in progress. Apart from solar panel installation, our Bank has changed interior decoration concept to get more sunlight in office premises during working hours. Use of paper has been reduced by various initiatives such as both-side printing, non-circulation of hard copy instructions, enhanced use of electronic mail for communication etc.

Bangladesh Bank is also assisting us to empowering women and farmers giving them access to finance. We are allowing substantial loan facilities to woman entrepreneurs and farmers at lower interest rate and getting refinance from Bangladesh Bank. Furthermore, we are getting refinance against Bio-gas, ETP and Solar energy finance.

Green Financing

Considering the environmental degradation situation Bank has already taken steps to address the issue for utmost positive impact on environment. Banks may utilize financial tools such as long-term and low interest rate loans, revolving loan funds, insurance products, Agriculture and SME loan or design new financial products. Green banking makes great contribution to the transition to resource efficient and low carbon industries i.e., green industry. Bank financed various projects which are environment friendly. But the projects which contribute to degradation or deterioration of the environmental issues are usually avoided. The bank finance about 50 (fifty) sectors of green financing as per Bangladesh Bank's guidelines. In 2016, the bank extended finance of BDT 100.00 million for HHK (equivalent technology in Brick Manufacturing Industry), BDT 150.00 million for establishment of green industry and BDT 15.00 million for ensuring work environment and security of workers of Textile & garment industry.

Green Products

Green banking can also reduce the need for expensive branch-banking and customer services. Green banking will seek to promote cheaper, cleaner, and more reliable energy. MBL has introduced various products such as MBL Shakti to finance for installation of ETP, Solar Energy & Bio-Gas Plant and MBL Hybrid Hoffman Klein (HHK) for environment friendly Brick Field finance. Bank is giving focus on financing in the other environment-friendly sectors and/or projects and energy efficient industries, such as adoption of renewable energy and/or energy-efficient technology, supply of clean water, solid and hazardous waste disposal plant, bio-fertilizer plant etc.

Environment and Social Obligations

Green is good for all and the planet. It involves pursuing financial and business policies that are friendly to environment. MBL is proactive to ensure necessary measures to protect environmental pollution while financing a new project or providing working capital to the existing enterprises. Green Banking is defined as promoting eco-friendly banking practices and reducing emitted carbon mark from banking activities. Green Banking mainly focuses on two prolonged approaches. First, it puts emphasis on green revolution of internal operations of all banks, meaning all banks should adopt proper ways of consuming renewable energy, digitalization and other measures to minimize carbon mark from banking sectors. Secondly, all banks should adopt financing in an environment-friendly way. Generally Green Banking exposure includes: sustainable banking, ethical banking, green mortgages, green loans, green credit cards, mobile banking, online banking etc. The main objective of green banking is to minimize grime and give importance to environment and society.

A green banking must be ethically motivated as a social, alternative or sustainable bank concerned with social and environmental impacts of its investments and other matters. Green bank is the largest social movement towards social and environmental responsibility in the financial sector. This movement includes ethical investment, socially responsible investment, rendering corporate social responsibility.

MBL always maintains a business policy conducive to environment and the society as a whole. Our obligation to Social Responsibility maintains a long-term point of view to make economically sound, environmentally responsible and socially supportive decisions. We facilitate the eco friendly business project or green finance like Bio-Gas Plants, solar energy, ETP, bio-gas etc. We are relentlessly working to create awareness among our employees to ensure proper use of non renewable resources like water, electricity, Gas etc. as part of our continuous endeavor to make the world livable for the human being. We take necessary steps have been adopted including green financing, creating awareness to turn our bank as a 'Green Bank'.

Employee Training & Awareness

To take responsibility for implementation of Green Banking initiatives employees are receiving training on regular basis. Training and awareness development program on various environmental and social risks related issues and green banking aspects has become a part of regular training programs of the bank undertaken by Mercantile Bank Training Institute. Bank's officials also attained training & workshops arranged by outside organizations such as Bangladesh Bank, BIBM, BAB, etc.

Consumer Awareness

Bank arranges more seminars and symposiums to make our clients conscious regarding environmental issues as well as to introduce our Green Products. We are also committed to arrange and sponsor, individually and/or jointly, seminars, workshops or events on a continuous basis aimed at improving understanding and awareness on environmental and social issues by clients and other stakeholder groups and minimizing negative environmental impacts on the bank's own operations. In this, different Green Stickers has been prepared & distributed to increase consumer awareness about Importance of tree plantation, use of water, electricity and gas. Green Slogans have been included in New Year greeting cards.

MBL Green Strategic Planning toward Green Future

To implement Green Banking in Bangladesh, Mercantile bank follow the policy guideline issued by the Bangladesh Bank. Green banks must abide by ethical obligations which require an objective way to determine ethical values by exploring their responsibilities towards mankind. Banks should change their behavior in line with socio-economic situations, improving environmental conditions in their own arena. MBL is always committed to ensure proactive and prudent management for the environmental degradation from our banking operations. Bank is also committed to comply with environmental regulation for maintaining ecological as well as social balance and safeguarding the globe for all living beings and their future generation.

From this point of view, Bank has made a *Green Strategic Planning* with a set of achievable targets to do the following activities related to Green Banking:

- As per Bangladesh Bank's directives on Green Banking, Bank will take necessary initiatives to implement the Green Banking Policy within deadline fixed by Bangladesh Bank.
- Bank has already circulated a detailed "Green Office Guide" to strengthen the green practices throughout the Bank. We will continuously monitor the meticulous compliance of green practices in internal operations & environment of the bank and thus we can protect the environment.
- Encouraging "Going Green" through financing in eco-friendly projects, such as: adoption of renewable energy and/or energy efficient technology, supply of clean water, establishment of effluent and/or waste water treatment plant, solid and hazardous waste disposal plant, bio-gas plant, bio-fertilizer plant, improved brick kiln projects etc. at lower interest and utmost care.
- Designing and introducing more innovative Green Products in the near future highlighting eco-benefit from green products and adding value to the existing products by inserting environmental features.
- Checking necessary environmental due diligence factors before lending a loan/investment and reducing of extending loans to certain environmentally harmful projects.
- 33 (thirty three) branches of the bank have already been powered by solar energy and we are expecting that more branches will start their journey with solar panel in the coming days.
- Bank will enhance more services through Alternative Delivery Channel (ATM, Debit / Credit Card, Online Banking, BACPS, BEFTN, issuance of e-statement, Mobile Banking, Internet Banking etc.).
- Introducing new technology in banking operations that would not only benefit the customers but also increase the productivity of the employees.
- Introducing Video/Audio Conference in lieu of physical travel/visit.
- Bank will provide more monetary support, relief and loans at lower interest rate etc. in the natural disaster areas by which the victims will survive in the newer environment.
- Organizing rigorous Training/Workshop on Green Banking issues to educate the employees and that will continue for the coming days.
- Arranging more seminars and symposiums to make our clients conscious regarding environmental issues as well as to introduce our Green Products.

Report on
Human Capital

Our people are an important asset and a key driver of our performance. We remain committed to promoting diversity, inclusion, flexibility, health and well-being in our workforce. We believe that the investment we make in our people, culture and reputation sets us apart from our peers. Our people want to feel proud of our organization, and this is an essential factor in lifting employee engagement, unlocking creativity and innovation, and driving a better outcome for our customers and shareholders.

Human resources are the people who work for the organization as assets of the business. In this context, employees are sometimes referred to as *human capital*. As with other business assets, the goal is to make effective use of employees, reducing risk and maximizing return on investment. MBL focuses on nurturing the skills and competencies of the employees at various levels to meet current needs and expectations of the customers. The Bank is relentlessly patronizing the employees to make them more customer-oriented. MBL's focus on leadership, culture and capability helps to build a better workplace and an organization with which our customers want to do business and where people really want to work.

In present competitive banking industry, delivering timely and efficient customer service is very important. Employees of the banks play significant role in providing better customer service. A talented officer can win the heart of a customer by providing efficient service blended with personal care which eventually builds a strong and ever-lasting business relationship with that customer. Our people are our most valuable asset, embodying our commitment to maximizing wealth of the Bank. We rely on them to communicate this value to our many stakeholders. With the stepping up to entrenching its business strength, MBL Human Capital initiatives continued to focus on building capacity and confidence to keep up the momentum and employees' resilience in pursuit to become most caring and gainfully profitable Bank. Finding the right employees, developing, rewarding and retaining them are some of our highest priorities.

MBL's Human Resources

Our people are an important asset and a key driver of our performance. We remain committed to promoting diversity, inclusion, flexibility, health and well-being in our workforce. We believe that the investment we make in our people, culture and reputation sets us apart from our peers. Our people want to feel proud of our organization, and this is an essential factor in lifting employee engagement, unlocking creativity and innovation, and driving a better outcome for our customers and shareholders. At a time when the industry is frequently criticized, employee engagement and confidence are critical to performance.

MBL significantly considers human resources at corporate level, professional level, social level and overall national level. In this process the banks not only identify the value of human resources but also identify and report investment made in human resources. MBL continues to implement HR policies and practices that are aimed at growing and developing employees and ensuring their active contribution towards the achievement of corporate goals. Our human resources are competent enough to handle the challenges of modern banking. MBL believes that the skills and enthusiasm of its employees are a major force that helps it to achieve sustainable results.

To accomplish the goals and uphold the values, MBL has formulated an efficient recruitment policy to recruit new employees, both fresh and experienced to meet the customers' ever-increasing demand and to support the business expansions of the Bank. Total Manpower of the Bank over the last three years' is shown in the following table:

Manpower	December 2014	December 2015	December 2016
Executives	246	245	259
Officers & Staff	1,716	1,872	1,784
Total	**1,962**	**2,117**	**2,043**

We believe that the investment we make in our people, culture and reputation sets us apart from our peers. Our people want to feel proud of our organization, and this is an essential factor in lifting employee engagement, unlocking creativity and innovation, and driving a better outcome for our customers and shareholders. Our people are an important asset and a key driver of our performance. Like before, we remain committed to promoting diversity, inclusion, flexibility, health and well-being in our workforce.

Employees' Benefits

In order to set our business up for success over the long term, MBL recognizes the importance of attracting and retaining the best talent. Our total rewards strategy has evolved with our business transformation and basic pay is benchmarked against the market to ensure competitiveness. The Bank offers adequate financial and nonfinancial benefits for the employees of the Bank to ensure a better life style. MBL's compensation and benefits strategy has been devised to foster high performance culture keeping market competitiveness in mind. Our management strategy is a multi-pronged one; that includes compelling employee value proposition with a competitive reward package. Such as-

- Attractive compensation package
- Festival and incentive bonus
- Fair promotion
- Annual increment
- Career growth opportunities
- Training and workshop (home and abroad)
- Favorable work environment
- Health care facilities
- Loan facilities at a privileged rate
- Retirement benefits, e.g., provident fund, gratuity fund, disability benefit and
- Leave fare assistance

On top of this, we have platforms which provide recognition for outstanding performance, we offer career development opportunities, and we are dedicated to our employees' well-being. To boost motivation, we recognize and reward top performers, long service employees, best managers, executives and officers. Every year, we commemorate these achievements at the MBL Day Celebration on the Foundation Day of the Bank, Annual Business Conference and other events. Bank is maintaining a welfare fund taking contribution from both employees and the bank to support the employees and their families on the ground of medical, maternity, retirement, disability and death claim. The Fund has been established to provide coverage in the event of accidental death or permanent disabilities, a portion of retirement benefit & stipend to the employees' children.

Fostering Health

Health and safety plays an important part in work environment. MBL strongly believe that safe & healthy work place is a precondition for sound mentality of employees to deliver desired services to valued customers. So the bank is very careful about ensuring modern, healthy & safe workplace for its employees. To meet our commitment, MBL remains always ready to take all reasonably practicable steps to ensure the health and safety of people by the development, implementation and enforcement of policies and procedures. As per bank's policy, any female employee who has been in the continuous service of the bank for at least one year is entitled to get 6 months maternity leave with regular salary and allowances. All the branches, SME branches, and every department & divisions of its corporate office are well decorated having sufficient breathing spaces.

Recruiting the Best People

In order to set our business up for success over the long term, MBL recognizes the importance of attracting and retaining the best talent. MBL recruits fresh graduates from different academic backgrounds of renowned universities, which act as a source of creativity. Fresh graduates are recruited through comprehensive written test and Viva voce. MBL also recruits experienced bankers from the industry having sound banking knowledge and expertise. As a part of MBL's investments in Human Capital, it has formulated Human Resources Policy including a strategic imperative for recruiting the best people from the society. MBL only hires people who demonstrate an alignment with our company values and philosophy, because recruiting decision has a major impact on our business.

Code of Conduct and Ethical Guidelines

MBL has a Code of conduct to guide all employees in discharging their duties and in dealing with customers, colleagues and authorities. It also sets out the standards of good banking practice that all employees must observe. As per the 'Code of Conduct and Ethical Guidelines' for MBL employees, all have to maintain the code of conduct and demonstrate highest ethical standards. These are the core values MBL people must follow and nurture.

Ethical codes of conduct, behavioral patterns of the employees and what the employees should do and what they shouldn't, are elaborately incorporated in the Policy. MBL manages its employees putting into practice its HR Policy. Our Codes of Conduct, Compliance Standards, and Policies guide our day-to-day decisions, actions and behaviors and govern our business. Any known or suspected incidents of illegal/unacceptable/undesirable conduct are viewed with zero tolerance.

Training and Development

Knowledge and skill development is a continuous process and to keep our employees abreast of all the latest

developments in the banking sector, the bank continues to organize training and workshop for the officers and executives in an effort to improve their professional efficiency. MBL has always been very passionate about human capital management and takes responsibility for developing employee potentials and leveraging employee skills in the organization. MBL has a strong focus on imparting training towards enhancement of the skills and competencies of the employees to take over the challenge of modern banking. The Bank has established 'Mercantile Bank Training Institute (MBTI)', run by experienced and talented faculty members. MBTI has brought all the employees of the Bank to the training net. We believe that, trained, skillful, experienced employees are the most important strategic resource in a more competitive business environment.

Mercantile Bank Training Institute

MBL always lays the highest importance on training of its employees as a continuous process of human resources development. Mercantile Bank Training Institute (MBTI) is the flagship learning centre where human resources of the bank are trained and couched in achieving professional excellence throughout the year. In 2002, the Bank has established 'Mercantile Bank Training Institute (MBTI)', run by experienced and talented faculty members. With a view to achieving professional excellence in Banking, MBTI conducts various courses, workshops covering all diverse courses for banking, finance, managements, laws etc. for officers and executives of the Bank. MBTI provides employees with experiences and tools to develop the skills they require to be successful in their current role and to prepare our people for career opportunities of tomorrow. MBL maintains its own training institute which is equipped with all modern study aid and course materials.



Team of Mercantile Bank Training Institute

The learning modules are primarily focused on innovation, high customer engagement and fast problem resolution as well as on products and processes and are knowledge driven. MBTI training programs are designed specially to meet employees' specific need and to build up professional expertise at workplace. MBTI organizes training activities consist of comprehensive foundation courses for entry level Management Trainees, officers and specialized training programs covers relevant areas of banking & finance such as general banking, credit, foreign exchange, marketing and accounts etc.

Mercantile Bank Limited always focus to helping employees to grow and develop their skills, knowledge and abilities. In 2016, we invested BDT 4.03 million In training and development purpose consisting 94 courses and covered 3,282 employees of MBL across the country. A short picture of MBTI performance during 2016 is mentioned below:

Total Courses Conducted	Total Course Frequency	No. of Trainees	Total Investment (BDT in Lac)
In House – 23	48	1,960	28.76
Out Reach – 05	29	720	7.92
Seminar/Workshop –10	17	602	3.60
38	**94**	**3,282**	**42.28**

MBTI is equipped with a modern library, a well furnished dormitory, contemporary class rooms with state-of-the-art audio visual equipment with data projectors, laptops and screens and professional faculty who have extensive banking experience. The library contains books on banking law & regulations, economics, accounting, management, marketing and other related subjects. The Training Institute has fixed a target with three main dimensions-

- To bring all the employees with uniformity of work;
- Ensure 'Tailor-made' training for the employees;
- To build succession of competent employees and enable them to occupy more responsible positions as situation emerge.

Human Resource Accounting in MBL

Accounting of human resources is nothing but the valuation of human asset in monetary terms and the process of their recording and disclosure. It requires the measurement of the performances of an organization and the optimum use of the resources under the direct and indirect control. It also affords investors the opportunity to truly evaluate and understand the complete picture of an organization. Human Resource Accounting (HRA) helps to measure the value of employees, which helps the management to take vital decisions related to human resources in order to increase production.

We are considering the following variables as our Human Resource Accounting-

(BDT in Million)

Ratios related to HRA	2016	2015
Salary cost per employee	1.21	0.86
Operating cost per employee	2.77	1.89
Operating income per employee	10.09	9.33
Profit before provision per employee	2.17	1.86
Profit before tax per employee	1.71	1.25
Salary cost as percentage of operating cost	43.78%	45.26%
Salary cost as percentage of operating income	12.01%	9.18%

Integrated **Reporting**

(BDT in Million)

Value Addition and Distribution to Economy	Year 2015	Year 2016
Value Added		
Income from Banking Services	19,752.57	20,607.52
(-) Cost of services & supplies	13,649.14	13,285.39
Value added by Banking Services	6,103.43	7,322.13
(-) Provision for Loans & Off-balance sheet items	1,292.47	949.08
Total Value Added	**4,810.96**	**6,373.05**
Distribution of Added Value		
(a) To Employees and Directors		
Salaries and other benefits	1,814.02	2,474.43
Remuneration and fees	3.47	4.87
	1,817.49	**2,479.30**
(b) To Government		
Income Tax	1,255.21	1,264.86
VAT	29.68	45.46
Other duties & taxes	-	-
	1,284.89	**1,310.32**
(c) To Expansion and Growth		
Statutory reserve	528.66	697.47
Retained earning	864.63	1,529.89
Depreciation	231.49	300.57
Deferred tax	(5.21)	(4.86)
	1,619.57	**2,523.07**
(d) To Community Investments		
Donations and Gifts	89.01	60.36
	89.01	**60.36**
Total Distributed(a+b+c+d)	**4,810.96**	**6,373.05**
Excellence in Customer Service		
Number of average customers	1,014,680	1,032,568
Number of complaints received through all channels	72	126
Complaints per 1000 customers	0.07	0.12
Usual turnaround time to resolve any complaint	4 - 5 Days	4 - 5 Days
Total number of complaints regarding breaches of customer privacy and losses of customer data	Nill	Nill

AMARSTOCK

(BDT in Million)

Financial Inclusion	Year 2015	Year 2016
Cumulative Agricultural and Rural Credit extended through MFIs (BDT in Million)	1,454.82	3,524.89
Cumulative Agricultural Credit extended through own network (BDT in Million)	396.64	586.39
Cumulative Agricultural and Rural Credit extended from ADB fund (BDT in Million)	Nill	Nill
Total Number of individual impacted	87172	171472
Total Number of MFI partnered	15	34
Tackling Financial Crime		
Number of staffs completed training on AML	776	414
Number of Suspicious Transactions reported to Bangladesh Bank	43	38
Number of accounts closed for unsatisfactory KYC	Nill	Nill
Promoting Sustainable Finance		
Amount financed for installation of ETP to plants in operations	10.00	Nill
Amount financed in plants having ETP (loan disbursed to projects having ETP)	2.50	Nill
Amount financed to solar panel / renewable energy plants	441.48	Nill
Amount financed to Bio-fertilizer plants	Nill	Nill
Amount financed to brick kilns adopted cleaner technology (BDT in Million)	115.50	Nill
Amount financed to other green projects (solar home system through MFI)	13.50	265.00
Total Sustainable Finance	**582.98**	**265.00**
Employer of Choice		
Headcount (Permanent staff)	2117	2043
Percentage of female representation	23.38%	23.35%
Number of voluntary attrition	1	3
Number of permanent staff received training	3098	3,282
Total number of training man days	7,626	6,704
Average training days per employee	3.60	3.28
Percentage* Growth in Headcounts	7.90%	-3.50%
Number of fresh graduates recruited as Management Trainee Officer (MTO)	112	13
Number of fresh graduates recruited as Probationary Officer	Nill	Nill
Number of fresh graduates recruited in other positions	80	1
Years of service with MBL (permanent staff headcount)		
Less than 5 years	902	745
5 > 10 years	807	756
10 > 15 years	298	390
Over 15 years	110	152

(BDT in Million)

Protecting Environment	Year 2015	Year 2016
Cost of stationery & printing (BDT in Million)	61.33	69.08
Cost of energy (lighting, gas and water) consumed by the bank (BDT in Million)	81.79	88.29
Installed capacity of solar energy to run bank premises and ATMs (in Kilowatt)	8.7	8.7
Percentage of bank branches connected online	100%	100%
Corporate Social Responsibility		
Contribution to CSR (BDT in Million)	93.30	66.90
Financial Assistance Received from Government		
Balance of borrowing from Bangladesh Bank under different Refinance programs (as of 31 December 2016)	63.57	1.81
Interest loss compensation received from Bangladesh Bank against disbursements in specified agricultural products @ 4% (BTD)	80,965.31	Nill
Governance		
No. of Incidents of non-compliance with regulations resulting in fine or penalty	Nill	Nill

AMAR STOCK

NPL
Management

Bangladesh bank has, over the last several years, positioned the banks on a path towards higher regulatory capital ratios and a more precise calculation of each individual bank's need for capital, through a gradual implementation of internationally recognized capital standards. The enforcement of stricter regulatory capital regime also requires measure to improve the accuracy of financial data which are used internally, stated in the audited financial statements and reported to Bangladesh Bank as per rules.

Bangladesh bank has, over the last several years, positioned the banks on a path towards higher regulatory capital ratios and a more precise calculation of each individual bank's need for capital, through a gradual implementation of internationally recognized capital standards. The enforcement of stricter regulatory capital regime also requires measure to improve the accuracy of financial data which are used internally, stated in the audited financial statements and reported to Bangladesh Bank as per rules.

An accurate valuation of capital relies, in turn, on an accurate valuation of assets. Loans loss provisioning- the recognition that some or all of the required payments on a loan may never be made – is the single most important aspects of assets valuation to bankers and bank supervisors. It is important because loans typically make up 50% or more of the total assets of the bank. Basel II & Basel III devotes a great deal of attention to the distinction between "expected losses" and "unexpected Losses" on the bank's loan portfolio. The purpose of provisioning is to take into account expected losses. Expected losses can be assigned to loans based on a loan classification system, which has been utilize in Bangladesh for many years and is being update with circulars time to time.

Business Processes and Structures to Facilitate NPL Management

NPL management is one of the topmost priorities of the management of Mercantile Bank Limited. At MBL, NPL management starts from the very beginning of our business process. Step by step NPL management flow is as under

- We have developed credit policies in line with the best practices which are the guiding principles for our recovery teams which drive their business efforts towards quality business through systematic management of any potential risk of NPL.
- Our Credit Risk Management division (CRMD) independently reviews the credit proposals, approves (as per approved delegated authority) or recommends for onward approval those cases which are screened off of potential risks ensuring adequate protection against any potential NPL. The reporting authority of CRMD is also independent of reporting line of business division.
- For managing NPL cases arising out even after all the efforts as mentioned above, a dedicated department namely SAM (Special Asset Management) Division is in place to directly monitor, put into action and intensify recovery and settlement drives through dedicated internal recovery officers

and also third party collection service providers, where necessary. Litigation Unit of Central Law Division is well organized with the assistance of leading law firms of the country to ensure all out legal actions for collection.

- Risk Management Division and Internal Control & Compliance Division are consistently reviewing and monitoring the implementation and execution of the policies, procedures, and systems; blowing whistles where necessary; updating with approval of competent authority the policies, procedures, and systems with the assistance of the Information Technology (IT) Division and other stake-holding divisions;
- The senior management is vigilant to monitor and review all the relevant aspects; provides necessary directions and guidance time to time; all to ensure asset quality maintaining the NPL ratio towards its desired goals outperforming the industry ratio.
- On top of all, the Board of Directors periodically monitors and reviews the NPL movements and performance of the management in arresting NPL; provides necessary directions and guidance, thereby ensures highest quality of assets of the company to ensure a quality asset portfolio thereby maximize business and profitability growth.

Strategies for NPL Management

The recovery strategies are formulated based on analysis carried out through the following three sub-functions

(i) Classifications of loan portfolio

(ii) Analysis of the overdue installments

(iii) Processes of recover

(i) Classifications of Loan Portfolio

Loans are classified into the following categories:

- Regular accounts
- One month's overdue accounts
- Two months' overdue accounts
- Three months' overdue accounts
- Four months' overdue accounts
- Five months' overdue accounts
- Suspended accounts

The above mentioned classification is based on the age of the loan portfolio. The strategy of recovery is based on the age of overdue of the loan facility.

ii) Analysis of the Overdue Loans

The data of the outstanding loan portfolio is analyzed in two respects, namely, Sector-wise Age Analysis and Client-wise Age Analysis. From each of these two reports a trend analysis is carried out. The details are given below:

Sector-wise analysis

This report provides information on the sectoral default level of the loan portfolio. If the default happens to be random in nature for a particular sector, the client-wise age analysis is emphasized. If any sectoral default is evident the following further analysis is carried out.

Industry Sales Analysis

This analysis is carried out by collecting data from the external sources to find the causes of the sectoral sales decline. The nature of the causes (temporary or permanent) is also analyzed.

Industry Profitability Analysis

This analysis is carried out in order to find out the fluctuation of the profit margin of the sectors. The causes of the fluctuations are also analyzed to uncover the nature of the fluctuations.

Industry liquidity Analysis

This analysis is carried out in the context of national economic activity, monetary condition to find out the immediate liquidity situation of the industry and be prepared to face the reality of the business.

Industry Change Analysis

This analysis is carried out to find out changes in the industry in terms of technology, investment, development of substitute product, etc.

Client-wise Age Analysis

This analysis is carried out to discover the clients' integrity and sincerity to pay the loan installments, their business profitability and affectivity of their business strategy in the context of present business situation. The objective is to adopt correct strategy to recover the investment.

(iii) Recovery Processes

The various recovery actions in order of intensity are given below:

- Phone Call/ SMS
- Letter/ E-mail
- Visit
- Reminder
- 2nd Reminder
- Visit conducted by higher level employee/s
- Letter to guarantor/s
- Final letter for legal notice
- Legal Notice
- Report to Central Bank and to other agencies
- Terminate the loan
- Ask the guarantor of payment/encashment of security
- Litigation

The application of the above mentioned options are contingent upon the age of the overdue installments, causes of the overdue, etc. Few of the application are as follows:

a) Immediately after overdue of one installment, telephonic communication/SMS is initiated by monitoring officer. Upon failing to obtain positive result default letter is issued to the client after closure of the due month. If the letter does not bring in result, an official visit is made by a collection officer to resolve the matter.

b) If two installments are overdue, the case is analyzed and necessary corrective action is taken by sending an overdue status and a claim letter, simultaneously telephone calls and/ or visits are made to give the continuous reminder.

c) If the above actions fail a second reminder is given to the client through letter along with telephonic conversation.

d) If consecutively three installments are overdue the client is taken as problem case. In this case a higher level management meeting is conducted, to take corrective action with respect to rescheduling, early realization, etc.

e) If the above measures fail a letter showing the details of overdue and a list of already taken corrective actions is sent to the client with C.C. to the guarantor and security provider.

f) After six monthly installments overdue or the account is overdue for six months, the case is taken as suspended case and legal notice, reporting to central bank, termination of loan, security encashment, final provisioning, litigation etc. are carried out chronologically.

NPL Status as on December 31, 2016

During the year 2016, there was slightly deterioration in NPL status of MBL which is represented in its NPL ratio being increased to 5.13% from previous year's 4.95%. Loans & Advances increased by 16.48% (i.e. from BDT 12,956 to BDT 15,091 crore) compared to the last year.

Loans & Advances classified as per Bangladesh Bank circular: A

	BDT in Thousand	
	2016	2015
Unclassified	143,166,637.93	120,088,060.27
Sub-standard	1,860,399.88	1,156,945.00
Doubtful	597,091.73	395,763.00
Bad Loss	5,288,392.01	4698066.00
	150,912,521.56	**126,338,834.27**

Movement of NPL

(BDT in thousand)

Status of Loans & Advance	2016		2015	
	Mix %	Outstanding	Mix %	Outstanding
Unclassified loans and advances				
Unclassified (including staff loan)	92.71%	139,905,626	92.96%	117,442,632
Special Mention Account	2.16%	3,261,012	2.09%	2,645,428
Total unclassified loans and advances	**94.87%**	**143,166,638**	**95.05%**	**120,088,060**
Classified loans and advances				
Sub-standard	1.23%	1,860,400	0.92%	1,156,945
Doubtful	0.40%.	597,092	0.31%	395,763
Bad/loss	3.50%	5,288,392	3.72%	4,698,066
Total classified loans and advances	**5.13%**	**7,745,884**	**4.95%**	**6,250,774**
Total loans and advances	**100%**	**150,912,521**	**100%**	**126,338,834**

Movement of Provision made against NPL

(BDT in thousand)

Provision for Loans and Advances	2016	2015
Provision against Classified Loans (Specific Provision)	3,117,143	2,551,000
Provision against Unclassified Loans (General Provision)	3,916,600	3,703,868
	7,033,743	**6,254,868**

In order to arrest NPL our focus is not only reducing existing NPL portfolio but also avoiding further NPL. In line with that we have strengthened our recovery & monitoring team, deployed external sources where found suitable, strengthened our legal team, thereby intensified recovery drive which brought in defaulting clients under negotiation and thereby sizable recovery was possible in year 2016. We hope substantial improvement in year 2017.

MBL Album



Annual Business Conference 2016



Orientation meeting was held between the Board of Directors and Officers of MBSL



MBL Celebrating the new hight of Success by raising the number of CASA accounts to 5 lac



Chairman of the MBF Al-Haj Akram Hussain (Humayun) has got floral reception from the former Chairman of the foundation



Press conference on June 01, 2016 on the occasion of celebration of MBL's 17th Founding Anniversary



BAB has given reception to Mr. Shahidul Ahsan, for being elected chairman of MBL



Chairman of Mercantile Bank greeted by the Board of Directors for being elected the Vice Chairman of BAB



Press conference regarding digitally inaugurating 10 new Branches in 2016



MBL inaugurated Sindurpur Express Service and ATM Booth at Dagonbhuiyan, Feni



Bhojeshwar Bazar Branch in a new Premises

MBL Album



Agreement Signing between MBL and BB for participating in the long-term financing facility (FSSP)



Signing Agreement of Green Transformation Fund between BB and MBL



Agreement signing ceremony between MBL & ECRL to carry out the Entity Rating of the Bank



Agreement Signing with BTCL for collection of Telephone Bills through Online Banking System



Remittance Arrangement Signing Ceremony between MBL and NEC Money Transfer Limited



Review Meeting with ADB for allowing credit line to MBL under their TFP



Interactive Meeting with Mid-Level Officers of Mercantile Bank Limited



Manager Operations & BAMLCO Conference - 2016



Open discussion meeting with the prospective new entrepreneurs for start-up financing in the SME segment titled as "UDAYAN."



Celebrated a Colourful MBL Night-2016

MBL Album



Seminar on Agriculture & Rural Credit



Workshop for CASA, Mobile Banking (MyCash) & Card Sales Team



Workshop on Risk Based Audit and Common Findings



Seminar on "Challenges of Cyber Security"



Workshop on "Risk Management"



Initiative of MBL to Stipend the talented Children of its Employees



A floral tribute to the grave of Founder Chairman of MBL Late Abdul Jalil



Mercantile Bank Limited congratulates New Deputy Governor of Bangladesh Bank



A Friendly Cricket Match "Mercantile Bank Limited Vs Bangladesh Bank"



MBL arranged Blood Donation Camp on its 17th Founding Anniversary



CFO's **Statement**

The smooth movement of the wheels of an economy depends on some vital sectors that directly contribute to sustainable economic growth and development. The banking sector is considered as one of the most significant players in strengthening the soundness of an economy. In the year 2016, banking sector in Bangladesh has been performing well in terms of employment generation, profitability and economic value adition. The value of bank shares in the stock market is reasonably high.

Mercantile Bank Limited (MBL) demonstrated improvements in key financial indicators and developed strong fundamentals along with healthy capital base. Although private investments are stagnant, MBL kept the growth momentum achieved cheering results in the year 2016. Prudent fund management, reduction of cost of deposits, good return from investment in government bonds and bills aided to achieve such growth. In the year 2016 we have also emphasis on procuring more low cost and no cost deposits to upgrade the deposit mix which will lead to reduce the cost of deposit. MBL successfully restrained its controllable expenses in the year 2016.

Key Performance Indicators of the Bank as on December 31, 2016 are as follows:

(BDT in Million)

Particulars	2015	2016
Loans and Advances	126,338.83	150,912.52
Deposits	154,869.52	165,257.45
Investments	33,829.46	32,920.69
Operating Profit	3,935.75	4,436.44
Net Profit	1,393.28	2,227.36
Paid-up Capital	7,391.57	7,391.57
Shareholders' Equity	15,513.73	16,809.61
Import	119,982.40	139,766.40
Export	94,027.10	113,035.20
Remittance	19,003.20	24,048.20

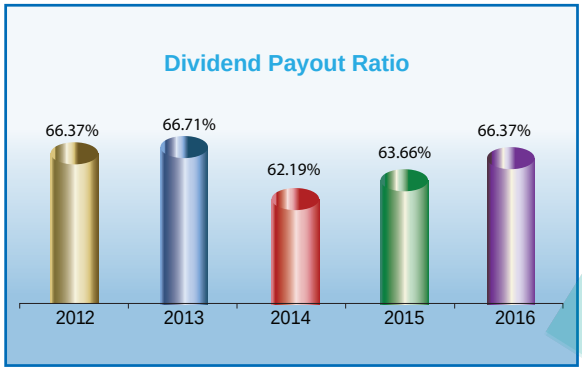
Fund Management and Liquidity

In the year 2016, the management handles its operation very efficiently and smoothly. Loan-Deposits ratio reached to 91.32% which is almost similar with standard level. During the reporting period, the Bank has been able to ensure optimum level of cash inflow and thereby effectively managing its liquidity risk.

Dividend

The Bank has been maintained persistent dividend payout ratio over the years. As on December 31, 2016 the Bank's dividend payout ratio stood at 66.37%. In a bid to maximize shareholder's value and strengthen our core capital, the Bank is maintaining a stable dividend policy emphasizing on stock dividend.

Dividend Payout Ratio	
2012	66.37%
2013	66.71%
2014	62.19%
2015	63.66%
2016	66.37%

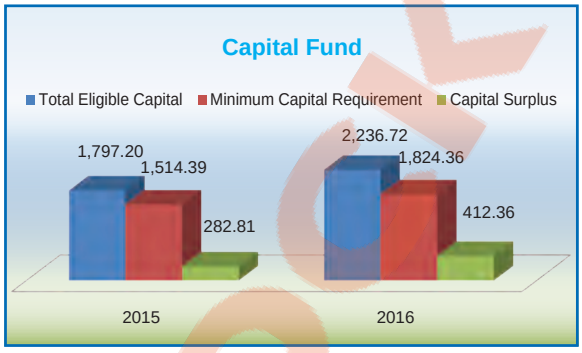


Capital Fund

The bank is committed to maintain adequate capital base to remain compliant as per risk based capital adequacy framework i.e. Basel III. For this, the bank has framed a five year capital plan incorporating its future outlook of achieving capital adequacy ratio far above than minimum requirement in the upcoming future. Furthermore, MBL issued subordinated bond worth BDT 3,000.00 million to strengthen its capital base. As on December 31, 2016 regulatory capital and capital adequacy ratio of the Bank is as under:

(BDT in Crore)

Particulars	2015	2016
Tier 1 Capital	1,290.86	1,433.00
Tier 2 Capital	506.34	803.72
Total Eligible Capital	1,797.20	2,236.72
Total Risk Weighted Assets	15,143.87	17,170.42
Capital to Risk-weighted Asset Ratio	11.87%	13.03%
Minimum Capital Requirement	1,514.39	1,824.36
Capital Surplus	282.81	4,123.59



Operating Efficiency

The Bank exhibited its prudence in limiting cost of deposits by emphasizing on procuring more low cost and no cost deposit while keeping yield on advances at a reasonable level. As on December 31, 2016 MBL successfully brought down its cost of deposits to 6.25% from 7.52% over the previous year. Net interest Margin (NIM) increased to 3.43% as on December 2016 as compared to 3.27% as on December 31, 2015.

(BDT in Million)

Particulars	2015	2016
i. Interest Income	16,967.11	16,533.37
ii. Interest Expense	11,808.55	10,518.54
iii. Net Interest Income (i-ii)	5,158.56	6,014.83
iv. Non Interest Income	2,785.45	4,074.15
v. Operating Income (iii+iv)	7,944.01	10,088.98
vi. Non Interest Expense	4,008.26	5,652.54
vii. Cost Income Ratio (vi/v)	50.46%	56.03%

Contribution to Government Exchequer

Being a corporate stakeholder of the country since inception MBL has been paying a commendable amount of corporate tax in every year. It also deposit excise duty, withheld tax and VAT to Govt. Exchequer on time deducted from employees' salary as well as payments to customers and vendors. In 2016, the Bank has made provision of BDT 1,260.00 million for corporate tax.

The Bank always remains compliant, transparent and accountable in every segment of its appearance. We ensure uncompromising commitment towards all our stakeholders. We believe that our unconditional endeavor for SHAPEING the FUTURE will make the upcoming years more rewarding for all the stakeholders.

Dr. Md. Nurul Islam
Senior Executive Vice President & CFO

Date: 13 February 2016

To the Board of Directors
Mercantile Bank Limited
61, Dilkusha C/A
Dhaka-1000

Statement of Integrity of Financial Statements by the MD & CEO and CFO

In accordance with the notification of Bangladesh Securities and Exchange Commission No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012 we declare the followings regarding the financial statements of Mercantile Bank Limited for the year ended 31 December 2016:

a) We have reviewed the financial statements for the year 2016 and that to the best of our knowledge and belief:

- These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- These statements together present a true and fair view of the Bank's affairs and are in compliance with existing accounting standards and applicable laws;

b) There are, to the best of knowledge and belief, no transactions entered into by the Bank during the year which are fraudulent, illegal or violation of the Bank's code of conduct.

Dr. Md. Nurul Islam
Senior Executive Vice President &
Chief Financial Officer (CFO)

Kazi Masihur Rahman
Managing Director &
Chief Executive Officer (CEO)

AMARSTOCK



Auditors' **Report**

Independent Auditors' Report to the Shareholders of Mercantile Bank Limited

We have audited the accompanying consolidated financial statements of Mercantile Bank Limited and its subsidiaries, ("the Group") as well as the financial statements of Mercantile Bank Limited ("the Bank") which comprise the consolidated balance sheet and the separate balance Sheet as at 31 December 2016 and the consolidated and separate profit & loss accounts, consolidated and separate statement of changes in equity and consolidated and separate cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements and Internal Controls

Management is responsible for the preparation of consolidated financial statements of the Group and also separate financial statements of the Bank that gives a true and fair view in accordance with Bangladesh Financial Reporting Standards (BFRSs) as explained in note 2.15 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements of the Group and also the separate financial statements of the Bank that are free from material misstatement, whether due to fraud and error. The Bank Company Act 1991 as amended in 2013 and the Bangladesh Bank Regulations require the Management to ensure effective internal audit, internal control and risk management functions of the Bank. The Management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements of the Group and the separate financial statements of the Bank based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSAs). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements of the Group and separate financial statements of the Bank are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements of the Group and separate financial statements of the Bank. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements of the Group and separate financial statements of the Bank, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements of the Group and separate financial statements of the Bank that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements of the Group and also separate financial statements of the Bank.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and also separate financial statements of the Bank give a true and fair view of the consolidated financial position of the Group and the separate financial position of the Bank as at 31 December 2016 and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRSs) as explained in note 2.15.

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, Securities and Exchange Rules 1987, the Bank Company Act 1991 as amended in 2013 and the rules and regulations issued by Bangladesh Bank, we also report the following:

(a) we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;

(b) to the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibility section in forming the above opinion on the consolidated financial statements of the Group and the financial statements of the Bank and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the Financial Statements and Internal Control:

i) internal audit, internal control and risk management arrangements of the Group and the Bank, as disclosed in note 2.10 of the financial statements appeared to be materially adequate;

ii) nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Bank and its related entities as disclosed in note 2.10.7 of these financial statements.

(c) financial statements of subsidiaries companies of the Bank namely Mercantile Bank Securities Limited have been audited by K. M. Hasan & Co. Chartered Accountants and Mercantile Exchange House (UK) Limited has been audited by Jahan & Co. Chartered Management Accountants have been properly reflected in the consolidated financial statements;

(d) in our opinion, proper books of account as required by law have been kept by the Group and the Bank so far as it appeared from our examination of those books;

(e) the consolidated balance sheet and consolidated profit and loss account of the Group and the separate balance sheet and separate profit and loss account of the Bank dealt with by the report are in agreement with the books of account;

(f) the expenditure incurred was for the purposes of the Bank's business;

(g) the consolidated financial statements of the Group and the separate financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and Bangladesh Financial Reporting Standards (BFRSs) as explained in note 2.15 as well as with related guidance , circulars issued by Bangladesh Bank and the instruction given by the Bangladesh Bank;

(h) adequate provisions have been made for loans and advances which are, in our opinion, doubtful of recovery;

(i) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;

(j) the information and explanation required by us have been received and found satisfactory;

(k) we have reviewed over 80% of the risk weighted assets of the Bank and we have spent around 6,810 person hours for the audit of the books and accounts of the Bank; and

(l) Capital to Risk- weighted Asset Ratio (CRAR) as required by the Bangladesh Bank has been maintained adequately during the year.

A. Qasem & Co.
Chartered Accountants

Aziz Halim Khair Choudhury
Chartered Accountants

Dated: Dhaka
25 February, 2017

Signing Ceremony of the **Financial Statements 2016**



Mercantile Bank Limited and its Subsidiaries

Consolidated Balance Sheet

As at 31 December 2016

	Notes	Amount in BDT	
		2016	2015
Property and Assets			
Cash in hand	**3(a)**	**12,501,632,123**	**13,226,236,073**
Cash in hand (Including foreign currencies)		1,724,292,311	1,398,277,602
Balance with Bangladesh Bank & its agent bank(s) (including foreign currency)		10,777,339,812	11,827,958,471
Balance with other banks and financial institutions	**4(a)**	**3,752,891,993**	**4,099,692,248**
In Bangladesh		3,394,173,928	3,816,461,041
Outside Bangladesh		358,718,065	283,231,207
Money at call on short notice	**5(a)**	**-**	**800,000,000**
Investments	**6(a)**	**30,200,687,896**	**34,059,461,147**
Government		24,271,567,529	28,817,526,390
Others		5,929,120,367	5,241,934,757
Loans and Advances	**7(a)**	**154,116,150,199**	**126,624,048,642**
Loans, Cash Credit, Overdraft etc.		141,073,305,556	117,965,234,987
Bills purchased and discounted		13,042,844,643	8,658,813,655
Fixed assets including premises, furniture and fixtures	**8(a)**	**3,199,089,093**	**3,348,176,820**
Other assets	**9(a)**	**1,264,942,686**	**1,623,585,687**
Non- banking assets		**-**	**-**
Total Property and Assets		**205,035,393,990**	**183,781,200,617**
Liabilities and Capital			
Liabilities			
Borrowings from other banks, financial institutions and agents	**10(a)**	**8,804,043,480**	**552,848,144**
Deposits and other Accounts		**155,783,565,760**	**147,708,732,715**
Current Accounts and other Accounts	11.1(a)	34,728,064,236	30,452,897,558
Bills Payable	11.2(a)	2,421,841,947	1,634,654,462
Savings Bank Deposits	11.3(a)	16,601,527,469	12,739,771,915
Fixed Deposits	11.4(a)	36,776,569,142	42,028,786,930
Deposits Under Schemes	11.5(a)	65,255,562,966	60,852,621,850
Subordinated Bond	**11.2(b)**	**3,000,000,000**	**3,000,000,000**
Other Liabilities	**12(a)**	**20,578,455,563**	**16,951,728,792**
Total Liabilities		**188,166,064,803**	**168,213,309,651**
Capital/Shareholders' Equity		**16,818,844,936**	**15,515,249,055**
Paid up Capital	13.1	7,391,567,010	7,391,567,010
General Reserve	14.1	-	-
Statutory Reserve	14(a)	5,449,253,039	4,751,781,375
Other Reserve	15(a)	2,430,109,418	2,477,869,048
Surplus in Profit & Loss Account	16(a)	1,547,915,469	894,031,622
Non Controlling Interest	16(b)	50,484,252	52,641,911
Total Shareholders' Equity		**16,869,329,187**	**15,567,890,966**
Total Liabilities & Shareholders' Equity		**205,035,393,990**	**183,781,200,617**

Mercantile Bank Limited and its Subsidiaries

Consolidated Balance Sheet

As at 31 December 2016

	Notes	Amount in BDT	
		2016	2015
Off-Balance Sheet Items			
Contingent Liabilities			
Acceptances and Endorsements	17.1	26,754,596,178	22,710,709,305
Letters of Guarantee	17.2	8,300,212,805	7,682,114,027
Irrevocable Letters of Credit	17.3	33,790,013,239	22,480,501,454
Bills for Collection	17.4	10,116,331,039	8,771,335,282
Other Contingent Liabilities (BLW)	17.5	2,736,632,233	2,391,993,594
Total		**81,697,785,494**	**64,036,653,662**
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		**81,697,785,494**	**64,036,653,662**
Net Asset Value Per Share (NAVPS)		**22.82**	**21.06**

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

Managing Director and CEO | **Director** | **Director** | **Chairman**

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

A. Qasem & Co.
Chartered Accountants
Dated: Dhaka
25 February, 2017

Aziz Halim Khair Choudhury
Chartered Accountants

Mercantile Bank Limited and its Subsidiaries

Consolidated Profit & Loss Account

For the year ended 31 December 2016

	Notes	Amount in BDT	
		2016	2015
Interest income	19(a)	13,746,142,871	14,329,579,494
Less: Interest paid on deposits, borrowings etc.	21(a)	10,518,542,200	11,808,553,787
Net interest income		**3,227,600,671**	**2,521,025,707**
Investment income	20(a)	2,931,908,528	2,664,396,534
Commission, exchange and brokerage	22(a)	1,967,056,164	1,765,210,576
Other operating income	23(a)	2,143,194,233	1,092,376,366
		7,042,158,925	**5,521,983,476**
Total operating income		**10,269,759,596**	**8,043,009,183**
Salaries and allowances	24(a)	2,492,476,735	1,805,289,559
Chief Executive's salary and fees	25(a)	12,982,253	14,136,323
Directors' fees	26(a)	6,593,200	4,531,475
Rent, taxes, insurances, electricity etc.	27(a)	638,468,058	556,503,121
Legal expenses	28(a)	10,572,881	6,928,068
Postage, stamps, telecommunication etc.		65,357,100	68,269,036
Stationery, Printings, Advertisements etc.	29(a)	179,599,987	183,491,323
Auditors' fees		1,304,058	1,084,037
Depreciation and repair of bank's assets	30(a)	381,498,650	306,601,860
Other expenses	31(a)	1,981,536,568	1,136,418,984
Total operating expenses		**5,770,389,490**	**4,083,253,786**
Profit/(Loss) before provision		**4,499,370,106**	**3,959,755,397**
Provision for loans and advances including off Balance Sheet items	12.5(a)	984,077,542	1,292,469,685
Provision for diminution in value of investments in shares		-	-
Other provision	12.3.1(a)	-	5,700,000
Total provision		**984,077,542**	**1,298,169,685**
Total Profit / (Loss) before taxes		**3,515,292,564**	**2,661,585,712**
Provision for Current Tax	12.4.1(a)	1,292,248,341	1,264,011,981
Provision for Deferred Tax	12.4.2(a)	(4,861,038)	(5,214,809)
		1,287,387,303	**1,258,797,172**
Net Profit after Taxation		**2,227,905,261**	**1,402,788,540**
Retained surplus brought forward from previous year		17,966,124	22,541,939
Profit available for appropriation		**2,245,871,385**	**1,425,330,479**
Appropriations			
Statutory Reserve	14	697,471,664	528,656,947
General Reserve	14.1	-	-
Non Controlling Interest in Profit	16(b)	484,252	2,641,911
Retained surplus	16(a)	1,547,915,469	894,031,622
		2,245,871,385	**1,425,330,479**
Consolidated Earnings per share (EPS)	**32(a)**	**3.01**	**1.90**

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

Managing Director and CEO | **Director** | **Director** | **Chairman**

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

A. Qasem & Co.
Chartered Accountants
Dated: Dhaka
25 February, 2017

Aziz Halim Khair Choudhury
Chartered Accountants

Mercantile Bank Limited and its Subsidiaries

Consolidated Cash Flow Statement

For the year ended 31 December 2016

	Notes	Amount in BDT	
		2016	2015
A) Cash flows from operating activities			
		1,340,563,563	**814,335,492**
Interest received		12,996,479,400	13,484,179,820
Interest paid		(8,688,431,874)	(9,928,722,289)
Fees and commission received		1,014,397,719	890,759,799
Payment to the employees		(2,492,476,735)	(1,805,289,559)
Payment to suppliers		(121,363,238)	(102,570,651)
Income tax paid		(1,368,041,709)	(1,724,021,628)
Received from other operating activities		**6,027,761,206**	**4,844,768,661**
Exchange gain		952,658,445	874,450,777
Other operating income		5,075,102,761	3,970,317,884
Payment for other operating activities		**(2,793,556,363)**	**(1,858,784,926)**
Rent, taxes, insurances and electricity		(638,468,058)	(556,503,121)
Legal expenses		(10,572,881)	(6,928,068)
Postage, stamps and telecommunication		(65,357,100)	(68,269,036)
Auditors' fees		(1,084,037)	(1,000,826)
Repair and maintenance		(76,962,266)	(70,997,093)
Chief Executive's salary and fees		(12,982,253)	(14,136,323)
Directors' fees		(6,593,200)	(4,531,475)
Other expenses		(1,981,536,568)	(1,136,418,984)
Operating cash flows before changes in operating assets & liabilities		**4,574,768,406**	**3,800,319,227**
(Increase)/ decrease in operating assets and liabilities		**(22,946,142,696)**	**(8,480,452,898)**
Trading securities (Treasury Bills & Bonds)		4,545,958,861	902,498,412
Loans and advances to other banks		-	-
Loans and advances to customer		(27,492,101,557)	(9,382,951,310)
Other assets (Item-wise)		**211,235,699**	**(282,649,984)**
Suspense account		(12,904,242)	(111,930,360)
Demand Draft paid without advice		-	2,208,051
Advance rent		64,786,203	(126,466,505)
Advance deposits		(336,160)	(597,901)
Stock of stationery		13,054,199	(9,955,416)
Stamps in hand		(134,112)	(416,339)
Premium on bond		4,703,843	113,816
Clearing adjustment account		(168)	697,099
Adjusting account debit		135,332,912	(37,875,077)
Mercantile Exchange House (UK) Limited.		6,733,224	1,572,648
		22,124,392,510	**12,625,092,645**
Deposit from other banks		8,251,195,336	(3,139,519,894)
Deposit from customers		8,074,833,045	12,708,220,845
Other liabilities on account of customers		-	-
Other liabilities		5,798,364,129	3,056,391,694
Net cash flows from operating activities		**3,964,253,919**	**7,662,308,990**

Mercantile Bank Limited and its Subsidiaries

Consolidated Cash Flow Statement

For the year ended 31 December 2016

	Notes	Amount in BDT	
		2016	2015
B) Cash flows from investing activities			
Brokerage House customer account		-	-
Dividend received		-	-
(Purchase)/ sale of property, plant and equipment		(151,484,491)	(441,492,343)
(Purchase)/sale of shares		21,694,389	13,368,285
(Purchase)/sale of bond		(58,880,000)	(2,457,600,000)
Other investment		(3,599,999,979)	-
Net cash flows from investing activities		**(3,788,670,082)**	**(2,885,724,058)**
C) Cash flows from financing activities			
Receipts from issue of loan capital and debt Securities		-	-
Paid for repayment of loan and debt securities		(360,000,000)	(360,000,000)
Received by issue of right share		-	-
Dividend paid		(886,988,041)	(739,491,268)
Net cash flows from financing activities		**(1,246,988,041)**	**(1,099,491,268)**
Net increase/(decrease) in cash & cash equivalent (A+B+C)		**(1,071,404,204)**	**3,677,093,664**
Cash and cash equivalent at beginning of the year		17,325,928,321	13,648,834,658
Cash and cash equivalent at the end of the year	**16.A(2)**	**16,254,524,116**	**17,325,928,321**

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

Managing Director and CEO | **Director** | **Director** | **Chairman**

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

A. Qasem & Co.
Chartered Accountants

Dated: Dhaka
25 February, 2017

Aziz Halim Khair Choudhury
Chartered Accountants

Mercantile Bank Limited and its Subsidiaries

Consolidated Statement of Changes in Equity

For the year ended 31 December 2016

Amount in BDT

Particulars	Paid-up Capital	Statutory Reserve	Other Reserve				Surplus	Total	Non Controlling Interest	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=(C+D+E)	G	H=(A+B+F+G)	I	J=(H+I)
Balance as at 01 January 2016	**7,391,567,010**	**4,751,781,375**	**45,680,250**	**1,788,576,843**	**643,611,955**	**2,477,869,048**	**894,031,622**	**15,515,249,055**	**52,641,911**	**15,567,890,966**
Changes in accounting policy	-	-	-	-	-	-	-	-	-	-
Statutory reserve	-	697,471,664	-	-	-	-	(697,471,664)	-	-	
Market adjustment of approved securities (HTM)	-	-	-	(47,759,631)	-	(47,759,631)	-	(47,759,631)	-	(47,759,631)
Surplus/deficit on account of revaluation of properties	-	-	-	-	-	-	-	-	-	-
Surplus/deficit on account of revaluation of investments	-	-	-	-	-	-	-	-	-	-
Currency transaction difference	-	-	-	-	-	-	10,438,291	10,438,291	-	10,438,291
Net gains and losses not recognised in Income Statement		-	-	-	-	-	-	-	-	-
Net profit for the year after taxation	-	-	-	-	-	-	2,227,905,261	2,227,905,261	(2,157,659)	2,225,747,602
Transfer	-	-	-	-	-	-	-	-	-	-
Issuance of bonus shares	-	-	-	-	-	-	-	-	-	-
Bonus share premium		-	-	-	-	-	-	-	-	-
Cash dividend	-	-	-	-	-	-	(886,988,041)	(886,988,041)	-	(886,988,041)
Dividend equalization fund	-	-	-	-	-	-	-	-	-	-
Non controlling share capital/profit	-	-	-	-	-	-	-	-	-	-
Issue of right share	-	-	-	-	-	-	-	-	-	-
Balance as at 31 December 2016	**7,391,567,010**	**5,449,253,039**	**45,680,250**	**1,740,817,212**	**643,611,955**	**2,430,109,418**	**1,547,915,469**	**16,818,844,935**	**50,484,252**	**16,869,329,187**
Balance as at 31 December 2015	**7,391,567,010**	**4,751,781,375**	**45,680,250**	**1,788,576,843**	**643,611,955**	**2,477,869,048**	**894,031,622**	**15,515,249,055**	**52,641,911**	**15,567,890,966**

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

Managing Director and CEO | **Director** | **Director** | **Chairman**

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

A. Qasem & Co.
Chartered Accountants
Dated: Dhaka
25 February, 2017

Aziz Halim Khair Choudhury
Chartered Accountants

AMARSTOCK

Mercantile Bank Limited and its Subsidiaries

Consolidated Liquidity Statement

Asset and Liability Maturity Analysis
As at 31 December 2016

Amount in BDT

Particulars	Up to 01 Month	01-03 Months	03-12 Months	01-05 Years	More than 05 years	Total
Assets:						
Cash in hand	1,724,292,311	10,777,339,812	-	-	-	12,501,632,123
Balance with other banks and financial institutions	242,958,965	870,265,688	2,639,667,340	-	-	3,752,891,993
Money at call and short notice	-	-	-	-	-	-
Investments	742,759,300	24,606,629	9,649,008,886	2,284,513,621	17,499,799,460	30,200,687,896
Loans and advances	27,494,941,715	18,098,561,603	48,131,514,144	31,223,241,734	29,167,891,003	154,116,150,199
Fixed assets including premises, furniture and fixtures	-	-	462,689,162	699,248,502	2,037,151,429	3,199,089,093
Other assets	-	502,144,090	237,597,531	485,407,468	39,793,597	1,264,942,686
Non-banking assets	-	-	-	-	-	-
Total Assets	**30,204,952,291**	**30,272,917,822**	**61,120,477,063**	**34,692,411,325**	**48,744,635,489**	**205,035,393,990**
Liabilities:						
Borrowing from Bangladesh Bank, other banks, financial institutions and agents	-	-	8,804,043,480	-	-	8,804,043,480
Deposits	21,220,482,685	25,978,546,570	28,959,305,255	31,852,879,537	45,350,509,766	153,361,723,813
Other accounts	2,421,841,947	-	-	-	-	2,421,841,947
Subordinated bond	-	-	-	-	3,000,000,000	3,000,000,000
Provision and other liabilities	-	456,836,938	20,121,618,625	-	-	20,578,455,563
Total Liabilities	**23,642,324,632**	**26,435,383,508**	**57,884,967,360**	**31,852,879,537**	**48,350,509,766**	**188,166,064,803**
Net Liquidity	**6,562,627,659**	**3,837,534,314**	**3,235,509,703**	**2,839,531,788**	**394,125,723**	**16,869,329,187**



Mercantile Bank Limited

Financial Statements (Main Banking Operation)

As at 31 December 2016

Mercantile Bank Limited

Balance Sheet

As at 31 December 2016

	Notes	Amount in BDT	
		2016	2015
Property and Assets			
Cash in hand	**3**	**12,499,971,654**	**13,225,470,762**
Cash in hand (Including foreign currencies)	3.1	1,722,631,842	1,397,512,291
Balance with Bangladesh Bank & its agent bank(s) (including foreign currencies)	3.2	10,777,339,812	11,827,958,471
Balance with other banks and financial institutions	**4**	**3,536,863,426**	**3,822,760,252**
In Bangladesh	4.1	3,190,283,274	3,551,643,870
Outside Bangladesh	4.2	346,580,152	271,116,382
Money at call on short notice	5	-	**800,000,000**
Investments	**6**	**32,920,687,995**	**33,829,461,266**
Government	6.4	24,271,567,529	28,817,526,390
Others	6.5	8,649,120,466	5,011,934,876
Loans and Advances	**7**	**150,912,521,562**	**126,338,834,275**
Loans, Cash Credit, Overdraft etc.	7.A	137,869,676,919	117,680,020,620
Bills purchased and discounted	7.B	13,042,844,643	8,658,813,655
Fixed assets including premises, furniture and fixtures	**8**	**3,175,029,609**	**3,325,794,196**
Other assets	**9**	**1,082,399,453**	**1,457,844,919**
Non- banking assets		-	-
Total Property and Assets		**204,127,473,699**	**182,800,165,670**
Liabilities and Capital			
Liabilities			
Borrowings from other banks, financial institutions and agents	**10**	**8,804,043,480**	**552,848,144**
Deposits and other Accounts	**11**	**156,085,775,549**	**147,816,283,651**
Current Accounts and other Accounts	11.1	35,030,274,025	30,560,448,494
Bills Payable	11.2	2,421,841,947	1,634,654,462
Savings Bank Deposits	11.3	16,601,527,469	12,739,771,915
Fixed Deposits	11.4	36,776,569,142	42,028,786,930
Deposit Under Schemes	11.5	65,255,562,966	60,852,621,850
Subordinated Bond	**11.2(b)**	**3,000,000,000**	**3,000,000,000**
Other Liabilities	**12**	**19,428,048,424**	**15,917,307,280**
Total Liabilities		**187,317,867,453**	**167,286,439,075**
Capital/Shareholders' Equity			
Paid up Capital	13.1	7,391,567,010	7,391,567,010
Statutory Reserve	14	5,449,253,039	4,751,781,375
General Reserve	14.1	-	-
Other Reserve	15	2,430,109,417	2,477,869,048
Surplus in Profit & Loss Account	16	1,538,676,780	892,509,162
Total Shareholders' Equity		**16,809,606,246**	**15,513,726,595**
Total Liabilities & Shareholders' Equity		**204,127,473,699**	**182,800,165,670**

Mercantile Bank Limited

Balance Sheet

As at 31 December 2016

	Notes	Amount in BDT	
		2016	2015
Off-Balance Sheet Items			
Contingent Liabilities			
Acceptances and Endorsements	17.1	26,754,596,178	22,710,709,305
Letters of Guarantee	17.2	8,300,212,805	7,682,114,027
Irrevocable Letters of Credit	17.3	33,790,013,239	22,480,501,454
Bills for Collection	17.4	10,116,331,039	8,771,335,282
Other Contingent Liabilities (BLW)	17.5	2,736,632,233	2,391,993,594
Total		**81,697,785,494**	**64,036,653,662**
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		**81,697,785,494**	**64,036,653,662**
Net Asset Value Per Share (NAVPS)		**22.74**	**20.99**

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

Managing Director and CEO | **Director** | **Director** | **Chairman**

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

A. Qasem & Co.
Chartered Accountants
Dated: Dhaka
25 February, 2017

Aziz Halim Khair Choudhury
Chartered Accountants

Mercantile Bank Limited

Profit and Loss Account

For the year ended 31 December 2016

	Notes	Amount in BDT	
		2016	2015
Interest income	19	13,676,257,833	14,112,696,402
Less: Interest paid on deposits, borrowings etc.	21	10,518,542,200	11,808,553,787
Net interest income		**3,157,715,633**	**2,304,142,615**
Investment income	20	2,931,908,528	2,877,941,518
Commission, exchange and brokerage	22	1,871,881,144	1,673,087,177
Other operating income	23	2,127,471,563	1,088,844,302
		6,931,261,235	**5,639,872,997**
Total operating income		**10,088,976,868**	**7,944,015,612**
Salaries and allowances	24	2,463,052,848	1,781,824,528
Chief Executive's salary and fees	25	11,380,645	12,390,323
Directors' fees	26	4,866,800	3,470,705
Rent, taxes, insurances, electricity etc.	27	626,185,633	543,221,676
Legal expenses	28	8,543,103	6,476,627
Postage, stamps, telecommunication etc.		63,211,761	65,881,733
Stationery, Printings, Advertisements etc.	29	179,044,671	182,383,680
Auditors' fees		920,000	690,000
Depreciation and repair of bank's assets	30	377,534,484	302,489,002
Other expenses	31	1,917,801,057	1,109,432,919
Total operating expenses		**5,652,541,002**	**4,008,261,193**
Profit/(Loss) before provision		**4,436,435,866**	**3,935,754,419**
Provision for loans and advances including of balance sheet items	12.5	949,077,542	1,292,469,685
Other provision		-	-
Total provision		**949,077,542**	**1,292,469,685**
Total Profit/(Loss) before taxes		**3,487,358,324**	**2,643,284,734**
Provision for Current Tax	12.4	1,264,861,038	1,255,214,809
Provision for Deferred Tax		(4,861,038)	(5,214,809)
		1,260,000,000	**1,250,000,000**
Net Profit after Taxation		**2,227,358,324**	**1,393,284,734**
Retained surplus brought forward from previous year		8,790,120	27,881,374
Profit available for appropriation		**2,236,148,444**	**1,421,166,108**
Appropriations			
Statutory Reserve	14	697,471,664	528,656,947
General Reserve	14.1	-	-
Retained surplus	16	1,538,676,780	892,509,162
		2,236,148,444	**1,421,166,108**
Earnings per share (EPS)	**32**	**3.01**	**1.88**

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

Managing Director and CEO | **Director** | **Director** | **Chairman**

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

A. Qasem & Co.
Chartered Accountants
Dated: Dhaka
25 February, 2017

Aziz Halim Khair Choudhury
Chartered Accountants

Mercantile Bank Limited

Cash Flow Statement

For the year ended 31 December 2016

	Notes	Amount in BDT	
		2016	2015
A) Cash flows from operating activities			
		1,205,482,706	**529,901,675**
Interest received		12,926,594,362	13,267,296,728
Interest paid		(8,688,431,874)	(9,928,722,289)
Fees and commission received		919,222,699	798,636,400
Payment to the employees		(2,463,052,848)	(1,781,824,528)
Payment to suppliers		(120,807,923)	(101,463,008)
Income tax paid		(1,368,041,709)	(1,724,021,628)
Received from other operating activities		**5,939,496,687**	**4,822,039,601**
Exchange gain		952,658,445	874,450,777
Other operating income		4,986,838,242	3,947,588,824
Payment for other operating activities		**(2,709,871,264)**	**(1,812,561,076)**
Rent, taxes, insurances and electricity		(626,185,633)	(543,221,676)
Legal expenses		(8,543,103)	(6,476,627)
Postage, stamps and telecommunication		(63,211,761)	(65,881,733)
Auditors' fees		(920,000)	(690,000)
Repair and maintenance		(76,962,266)	(70,997,093)
Chief Executive's salary and fees		(11,380,645)	(12,390,323)
Directors' fees		(4,866,800)	(3,470,705)
Other expenses		(1,917,801,057)	(1,109,432,919)
Operating cash flows before changes in operating assets and liabilities		**4,435,108,129**	**3,539,380,200**
(Increase)/ decrease in operating assets and liabilities		**(20,027,728,426)**	**(8,376,310,494)**
Trading securities (Treasury bills & Bonds)		4,545,958,861	902,498,412
Loans and advances to other banks		-	-
Loans and advances to customers		(24,573,687,287)	(9,278,808,906)
Other assets (Item-wise)		**(15,123,379)**	**(282,649,984)**
Suspense account		(12,904,242)	(111,930,360)
Demand Draft paid without advice		-	2,208,051
Advance rent		64,786,203	(126,466,505)
Advance deposits		(336,160)	(597,901)
Stock of stationery		13,054,199	(9,955,416)
Stamps in hand		(134,112)	(416,339)
Premium on bond		4,703,843	113,816
Clearing adjustment account		(168)	697,099
Adjusting account debit		(254,330,559)	(37,875,077)
Mercantile Exchange House (UK) Ltd.		6,733,224	1,572,648
Mercantile Bank OBU unit		163,304,393	-
		19,557,787,156	**12,414,869,959**
Deposit from other banks		8,251,195,336	(3,139,519,894)
Deposit from customers		8,269,491,898	12,819,790,407
Other liabilities on account of customers		-	-
Other liabilities		3,037,099,922	2,734,599,446
Net cash flows from operating activities		**3,950,043,479**	**7,295,289,681**

Mercantile Bank Limited

Cash Flow Statement

For the year ended 31 December 2016

	Notes	Amount in BDT 2016	2015
B) Cash flows from investing activities			
Dividend received		72,541,849	19,196,996
Purchase/sale of property, plant and equipment		(149,807,631)	(359,175,654)
Purchase/sale of shares		21,694,389	13,368,285
Purchase/sale of bond		(58,880,000)	(2,457,600,000)
Other investment		(3,599,999,979)	-
Net cash flows from investing activities		**(3,714,451,372)**	**(2,784,210,373)**
C) Cash flows from financing activities			
Receipts from Issue of loan capital and debt securities		-	-
Paid for repayment of loan and debt securities		(360,000,000)	(360,000,000)
Received by issue of right share		-	-
Dividend paid		(886,988,041)	(739,491,268)
Net cash flows from financing activities		**(1,246,988,041)**	**(1,099,491,268)**
Net increase/(decrease) of cash & cash equivalent (A+B+C)		**(1,011,395,934)**	**3,411,588,040**
		-	-
Cash and cash equivalent at the beginning of the year		**17,048,231,014**	**13,636,642,974**
Cash and cash equivalent at the end of the year	**16.A(1)**	**16,036,835,080**	**17,048,231,014**

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

Managing Director and CEO | **Director** | **Director** | **Chairman**

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

A. Qasem & Co.
Chartered Accountants
Dated: Dhaka
25 February, 2017

Aziz Halim Khair Choudhury
Chartered Accountants

Mercantile Bank Limited

Statement of Changes in Equity

For the year ended 31 December 2016

Amount in BDT

Particulars	Paid-up Capital	Statutory Reserve	Other Reserve				Surplus Profit/ (Loss)	Total
			Dividend Equalization Fund	Adjustment for approved Securities	Revaluation Surplus for Fixed Assets	Net Balance of other Reserve		
Balance as at 01 January 2015	**7,391,567,010**	**4,751,781,375**	**45,680,250**	**1,788,576,843**	**643,611,955**	**2,477,869,048**	**892,509,162**	**15,513,726,595**
Changes in accounting policy	-	-	-	-	-	-	-	-
Transfer from income of OBU	-	-	-	-	-	-	-	-
Statutory reserve	-	697,471,664	-	-	-	-	(697,471,664)	-
Market adjustment of approved securities (HTM)	-	-	-	-	-	-	-	-
Surplus/deficit on account of revaluation of properties	-	-	-	-	-	-	-	-
Surplus/deficit on account of revaluation of investments	-	-	-	(47,759,630)	-	(47,759,630)	-	(47,759,630)
Currency transaction difference	-	-	-	-	-	-	-	-
Net gains and losses not recognised in the income statement	-	-	-	-	-			
Net profit for the year after taxation	-	-	-	-	-	-	2,227,358,324	2,227,358,324
Transfer	-	-	-	-	-	-	3,268,999	3,268,999
Issuance of bonus share	-	-	-	-	-	-	-	-
Bonus share premium	-	-	-	-	-	-	-	-
Cash dividend	-	-	-	-	-	-	(886,988,041)	(886,988,041)
Dividend equalization fund	-	-	-	-	-	-	-	-
Issue of right share	-	-	-	-	-	-	-	-
Balance as at 31 December 2016	**7,391,567,010**	**5,449,253,039**	**45,680,250**	**1,740,817,213**	**643,611,955**	**2,430,109,417**	**1,538,676,780**	**16,809,606,246**
Balance as at 31 December 2015	**7,391,567,010**	**4,751,781,375**	**45,680,250**	**1,788,576,843**	**643,611,955**	**2,477,869,048**	**892,509,162**	**15,513,726,595**

Managing Director and CEO | **Director** | **Director** | **Chairman**

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

A. Qasem & Co.
Chartered Accountants
Dated: Dhaka
25 February, 2017

Aziz Halim Khair Choudhury
Chartered Accountants

AMARSTOCK

Mercantile Bank Limited

Liquidity Statement

Asset and Liability Maturity Analysis

As at 31 December 2016

Amount in BDT

	Up to 01 Month	01-03 Months	03-12 Months	01-05 Years	More than 05 years	Total
Assets:						
Cash in hand	1,722,631,842	10,777,339,812	-	-	-	12,499,971,654
Balance with other banks and financial institutions	26,930,398	870,265,688	2,639,667,340	-	-	3,536,863,426
Money at call and short notice	-	-	-	-	-	-
Investments	742,759,300	24,606,629	9,649,008,886	5,004,513,720	17,499,799,460	32,920,687,995
Loans and advances	27,494,941,715	14,894,932,966	48,131,514,144	31,223,241,734	29,167,891,003	150,912,521,562
Fixed assets including premises, furniture and fixtures	-	-	462,689,162	698,852,769	2,013,487,678	3,175,029,609
Other assets	-	452,144,090	187,597,531	435,407,468	7,250,364	1,082,399,453
Non-banking assets	-	-	-	-	-	-
Total assets	**29,987,263,255**	**27,019,289,185**	**61,070,477,063**	**37,362,015,691**	**48,688,428,505**	**204,127,473,699**
Liabilities:						
Borrowing from Bangladesh Bank, other banks, financial institutions and agents	-	-	8,804,043,480	-	-	8,804,043,480
Deposits	21,522,692,474	25,978,546,570	28,959,305,255	31,852,879,537	45,350,509,766	153,663,933,602
Other accounts	2,421,841,947	-	-	-	-	2,421,841,947
Subordinated Bond	-	-	-	-	3,000,000,000	3,000,000,000
Provision and other liabilities	-	456,836,938	18,971,211,486	-	-	19,428,048,424
Total liabilities	**23,944,534,421**	**26,435,383,508**	**56,734,560,221**	**31,852,879,537**	**48,350,509,766**	**187,317,867,453**
Net Liquidity	**6,042,728,834**	**583,905,677**	**4,335,916,842**	**5,509,136,154**	**337,918,739**	**16,809,606,246**

ALMARSTOCK

Mercantile Bank Limited
Notes to the Financial Statements
As at and for the year ended 31 December 2016

1.0 Legal Status & Nature of the Bank

Mercantile Bank Limited ("the Bank") was 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 and commenced its commercial operation on 02 June 1999. 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). Presently the Bank has 119 Branches and 2 (two) subsidiary companies.

1.1 Principle Activities

The principal activities of the Bank are to provide all kinds of commercial banking activities encompassing a wide range of services including accepting deposits, making loans, discounting bills, conducting money transfer and foreign exchange transactions and performing other related services such as safe keeping, collections, issuing guarantees, acceptances and letters of credit to the customers through the branches in Bangladesh.

1.2 Off-shore Banking Unit (OBU)

The Bank obtained the Off-shore Banking Unit permission vide letter no. BRPD (P-3)744(114)/2010-1743, dated 04 May 2010. The Off-shore Banking Unit commenced its commercial operation on 20 March 2011. Presently the bank has 2 (two) units in operation in Bangladesh. The Off-shore Banking Unit is governed under the rules and guidelines of Bangladesh Bank. The principal activities of the Units are to provide all kinds of commercial banking services to its customers in foreign currencies approved by the Bangladesh Bank. Separate Financial Statements of Off-shore Banking Unit has been drawn up in **Annexure-G.**

1.3 Mobile Banking Operation

The Bank obtained the permission for conducting the mobile banking operation under reference letter # DCMPS/PSD/37(D)/2011-753, dated 02 November 2011 of Bangladesh Bank. The Bank started its test-run in November 2012. The main activities of the mobile banking services are to serve the customers through Mobile Phone within the applicable rules & regulations and guidelines of Bangladesh Bank.

1.4 Information about Subsidiaries

The Bank has 2 (two) subsidiaries

Name	Principle activities	Country of incorporation	Controlling interest
Mercantile Bank Securities Limited	Trading securities	Bangladesh	98.61%
Mercantile Exchange House (UK) Limited	Financial services	UK	100%

Detail as presented in note no. 1.4.1 to 1.4.2

1.4.1 Mercantile Bank Securities Limited

In line with Bangladesh Bank directives, Mercantile Bank Securities Limited (MBSL), a subsidiary company of Mercantile Bank Limited has been formed on 27 September 2010 to deal with stock dealing and brokering. MBSL has started its commercial operation on 14 September 2011 through obtaining stock dealer & broker license from the Bangladesh Securities and Exchange Commission (BSEC). The main operation of the subsidiary is to buy and sale securities as well as extend margin loan to the customers against their margin for investment in the listed companies. The required margin level is monitored daily and margin loan is provided as per established guidelines. Financial Statements of the Company are shown in **Annexure-H**.

1.4.2 Mercantile Exchange House (UK) Limited

Mercantile Exchange House (UK) Limited was incorporated as private limited company with Companies of England and Wales under registration no. 07456837 on 01 December 2010. The company is a wholly owned subsidiary company of Mercantile Bank Limited incorporated in Bangladesh, which is also the ultimate holding company. Earlier on 17 September 2010, Mercantile Bank Limited got the permission from Bangladesh Bank for opening a fully owned subsidiary in UK. Mercantile Exchange House (UK) Limited obtained Money Laundering registration on 21 February 2011 and renewal and validity upto 01 January 2018 which issued by HM Customs and Excise.

The company got registration from Financial Services Authority (FSA) on 7 October 2010 as Small Payment Institution to carry out business under Payment Services Regulations 2009. The company started its commercial operation in London, UK on 20 September 2012. Financial Statements of the company are shown in **Annexure-I.**

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

2.1 Basis of Accounting

2.1.1 Statement of Compliance

The Financial Statements of the Bank and its subsidiaries are prepared in accordance with International Accounting Standards (IASs) &

International Financial Reporting Standards (IFRSs) adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) as Bangladesh Accounting Standards (BASs) & Bangladesh Financial Reporting Standards (BFRSs).

The financial statements have been prepared on a going concern basis under historical cost convention, except for certain investments which are started at fair/market value and freehold land which are measured at revalued amount in accordance with the First Schedule (Sec-38) of the Bank Company Act, 1991 as amended in 2013, BRPD Circular #14 dated 25 June 2003 and DFIM Circular #11, dated 23 December 2009, other Bangladesh Bank circulars, Bangladesh Accounting Standards (BAS) & Bangladesh Financial Reporting Standards (BFRSs) adopted by the Institute of Chartered Accountants of Bangladesh (ICAB). Bangladesh Financial Reporting Standards (BFRSs) the Companies Act, 1994, the Securities and Exchange Rules, 1987, Dhaka Stock Exchange (DSE) & Chittagong Stock Exchange (CSE) listing regulation and other law & rules applicable in Bangladesh. In cases where the requirements of Bangladesh Bank differ with those of BASs/BFRSs, the requirement of the Bangladesh Bank has been applied (note-2.15)

2.1.2 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 financial year. The consolidated financial statements have been prepared in accordance with BAS 27 "Consolidated and Separate Financial Statements" and BFRS-10 "Consolidated Financial Statements". The consolidated financial statements are prepared to a common financial period ending 31 December 2016.

The conversion policy of subsidiary companies and Off-shore Banking Units are given below.

Particulars	Price	Mercantile Bank Exchange House (UK)	Off-shore Banking Units
For Assets & Liabilities	Closing Price	£1 = BDT 99.0470	USD 1= BDT 78.70
For Income & Expenses	Average Price	£1= BDT 108.8526	USD 1= BDT 78.70

Transactions eliminated on consolidation

All intra-group transactions, balances, income and expenses are eliminated on consolidation. Profit and loss resulting from transactions between groups is also eliminated on consolidation.

2.1.3 Cash Flow Statement

The cash flow statement has been prepared in accordance with the BAS 7 "Statement of Cash Flows" and under the guideline of BRPD Circular # 14, dated 25 June 2003 issued by the Banking Regulation & Policy Department of Bangladesh Bank.

2.1.4 Liquidity Statement

The liquidity statement of assets and liabilities has been prepared in accordance with the residual maturity grouping as on 31 December 2016 under the guidelines of BRPD Circular # 14 dated 25 June 2003 as per the following basis:

a. Balance with other Banks and financial institutions, money at call and short notice etc. are on the basis of their maturity term;

b. Investments are on the basis of their respective maturity;

c. Loans and advances/ investments are on the basis of their repayment schedules;

d. Fixed assets are on the basis of their useful lives;

e. Other assets are on the basis of their realizations/ amortizations;

f. Borrowing from other banks, financial institutions and agents etc. are as per their maturities/ repayment terms;

g. Provisions and other liabilities are on the basis of their payments/ adjustments schedule;

h. Deposits and other accounts are on the basis of their maturity term and past trend of withdrawal by the depositors.

2.1.5 Use of Estimates & Judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amount of assets, liabilities, income, expenses, the accompanying disclosures & the disclosure of contingent liabilities. Actual result may differ from these estimates. Uncertainty about these assumptions & estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the accounting policies, management has made various judgments, estimates & assumptions. These estimates and underlying assumptions are reviewed on an ongoing basis by the management of the Bank. And any revision to accounting estimates are recognized in the period in which the estimates are revised. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Bank. Such changes are reflected in the assumptions when they occur

2.1.6 Foreign Currencies Transaction

i) 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 presentation currency.

ii) Foreign Currency Translation

Transactions in foreign currencies are converted into equivalent BDT applying the ruling rates on the dates of transaction as per BAS-21," The Effects of Changes in Foreign Exchange Rates". Foreign currencies balances held in US dollar are converted into BDT at weighted average rate of interbank market as determined by Bangladesh Bank on the closing date of every month. Balance held in foreign currency other than US dollar are converted into equivalent US dollar at buying rates of New York closing of the previous day and converted into BDT equivalent.

Foreign currencies are translated into BDT at the following rates:

USD 1= BDT 78.70, GBP 1 = BDT 96.5334, EURO 1= BDT 82.1235 and JYEN 1= BDT0.6703 as on 31 December 2016.

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

iii) Commitments

Commitments for outstanding forwarded foreign exchange contracts disclosed in these financial statements are translated at contracted rates. Contingent commitments for letter of credits and letter of guarantees denominated in foreign currencies are expressed in BDT terms at the rate of exchange ruling on the balance sheet date.

iv) Translation gains or losses

The resulting exchange transactions gains or losses are included in the profit or loss account, except those arising on the translation of net investment in foreign subsidiary.

v) Foreign operation

The results and financial position of the Bank's operation whose functional currency is not Bangladeshi Taka are translated into Bangladeshi Taka as follows:

a) Assets and liabilities are translated at the exchange rate prevailing at the balance sheet date;

b) Income and expenses in the income statement are translated at an average rate approximating the exchange rates at the year end;

c) Resulting exchange differences are recognized as a separate component of equity;

d) As per BAS 21, "Foreign Currency Transactions", foreign currency denominated non-monetary items of OBUs are translated at historical rate, as the OBUs are considered as an integral part of the Bank's operation not a foreign operation due to specific regulations governing the OBU and unique nature.

2.1.7 Reporting Period

These financial statements cover period from 01 January 2016 to 31 December 2016.

2.1.8 Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet when there is a largely enforcement right to offset the recognized amounts and there is an intention to settle on net basis, or realized the asset and settle the liabilities.

2.2 Assets & Basis of their Valuation

2.2.1 Cash & Cash Equivalents

Cash and cash equivalents include notes and coins in hand, unrestricted balances held with Bangladesh Bank and highly liquid financial assets which are subject to insignificant risk of changes in their fair value and are used by the Bank for its short term commitments.

2.2.2 Loans & Advances

a. Loans and advances are stated in the balance sheet on gross basis.

b. Interest is calculated on a daily product basis but charged and accounted for on accrual basis. Interest on classified loans and advances is kept in suspense account as per Bangladesh Bank instructions and such interest is not accounted for as income until realized from borrowers. Interest is not charged on bad and loss loans as per guidelines of Bangladesh Bank. Records of such interest amounts are kept in separate accounts.

c. Commission and discounts on bills purchased and discounted are recognized at the time of realization.

d. Provision for loans and advances is made on the basis of period-end review by the management following instructions contained in Bangladesh Bank BRPD Circular no. 07 dated 06 December 2005, BRPD Circular no. 14 dated 23 September 2012, BRPD Circular no. 19 dated 27 December 2012, BRPD Circular no. 05 dated 29 May 2013, BRPD Circular no. 16 dated 18 November 2014. BRPD Circular no. 08 dated 02 August 2015. Provisions and interest suspense are separately shown under other liabilities as per First Schedule of Bank Company Act 1991 (amendment upto 2013).The rates of provision for loans and advances are given below:

For Unclassified Loans and Advances

Particulars	Rate
Small and Medium Enterprise (SME)	0.25%
All unclassified loans (other than loans under Consumer financing, Loan to Brokerage House, Merchant Banking, Stock dealers' etc. and Special Mention account)	1%
Unclassified loans against Housing and Professionals to set up business under Consumer Financing	2%
Unclassified loans to Brokerage House, Merchant Banking, Stock dealers' etc.	2%
Margin Loan Account	2%
Unclassified loans against other Consumer Financing	5%
Outstanding amount of loans kept in the 'Special Mention Account' after netting off the amount of Interest Suspense.	0.25% -5%

For Classified Loans and Advances

Particulars	Rate
Specific Provision on substandard loans and advances	20%
Specific Provision on doubtful loans and advances	50%
Specific Provision on bad/loss loans and advances	100%

Provision for short term agricultural and micro-credits

Particulars	Rate
Substandard and Doubtful	5%
Bad/Loss	100%

e. Loans and advances are written off to the extent that (i) there is no realistic prospect of recovery, (ii) and against which legal cases are pending as per guidelines of Bangladesh Bank. These write off, however, will not undermine/affect the claim amount against the borrower. Detailed memorandum records for all such write off accounts are meticulously maintained and followed up.

2.2.3 Investments

All investment in securities is initially recognized at cost, being fair value of the consideration given, including acquisition charges associated with the investment. Premiums are amortized and discounts accredited, using the effective yield method is taken to discount income as per BAS 32 "Financial Instruments: Presentations" and BAS 39 "Financial Instruments: Recognition and Measurements". Details of investment in shares/securities are given in**.** The valuation methods of investments include. Please see **Annexure-C.**

Held To Maturity (HTM)

HTM consist the Government approved securities in the mode of Treasury bond & Bills which are classified as per Bangladesh Bank DOS Circular # 5, dated 26 May 2008 and DOS Circular # 5, dated 28 January 2009. These securities bear fixed coupon payments and are revalued annually on amortized cost method as directed by Bangladesh Bank. The change in revaluation of the securities is reflected in the Changes in Equity Statement. Please see **Annexure-D.**

Held For Trading (HFT)

Investments classified in this category are acquired principally for the purpose of selling or repurchasing in short-trading or if designated as such by the management. After initial recognition, investments are measured at fair value and any change in the fair value is recognized in the statement of income for the period in which it arises. These investments are subsequently measured at present value as per the Bangladesh Bank Guideline. Investments in securities have been revalued as mark-to-market as at 31 December 2016 and have been shown in the equity. Please see **Annexure-D.**

Investment in Listed Securities

These securities are bought and held primarily for the purpose of selling them in future or held for dividend income. These are valued and reported at market price as per Bangladesh Bank's guidelines. Booking of provision for Investment in securities (gain /loss net off basis) are made as per DOS Circular No. 4 dated 24 November 2011.

Investment in Listed Securities

Investment in unlisted securities is reported at cost under cost method. Adjustment is given for any shortage of book value over cost for determining the carrying amount of investment in unlisted securities.

All investments are stated as per following basis:

Investment Class	Initial Recognition	Measurement after initial recognition	Recording of changes
Govt. T-bills/bonds-Held to Maturity (HTM)	Cost	Amortized cost at each year end	Increase or decrease in value to equity and profit & loss account respectively.
Govt. T-bills/bonds-Held for Trading (HFT)	Cost	Fair Value (weekly revalued at Fair Market value through MTM valuation process)	Loss to profit & loss account, Gain to Revaluation Reserve through Profit & Los Account
Shares (Quoted)	Cost	Lower of Cost or Market Value (overall portfolio)	Loss (gain net off) to Profit & Loss account but no unrealized gain booking.
Share (Unquoted)	Cost	Lower of Cost or net Asset value (NAV)	Loss to profit & Loss account but no unrealized gain booking.
Prize Bond	Cost	Cost	N/A

Investments in Subsidiary

The Bank recognizes investment in subsidiaries under cost method in the Group financial statements in accordance with BAS 28 "Investment in Associates". The investments in subsidiaries are reviewed impairment test regularly to recognize investment at cost.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously as per BFRS 7 "Financial Instruments: Disclosures".

2.2.4 Property, Plant & Equipment (Fixed Assets)

I. All fixed assets are stated at cost less accumulated depreciation as per BAS 16 "Property, Plant and Equipment". The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use inclusive of inward freight, duties and non-refundable taxes.

II. The bank recognizes the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefit embodied with the item will flow to the company and the cost of the item can be measured reliably. Expenditure incurred after the assets have been put into operation, such as repairs and maintenance is normally charged off as revenue expenditure in the period in which it is incurred.

III. Depreciation is charged on property, plant and equipment at the following rates on **straight line method** from the date of acquisition.

Category of Assets	Estimated useful lives (Years)	Rate
Land and Land Development	Nil	Nil
Building	40	2.5%
Furniture and Fixtures	10	10%
Office Equipment	5	20%
Vehicles	5	20%
Books	5	20%

IV. Depreciation on assets addition during the period is charged from the month of addition. Whole month depreciation charged for the month of addition.

V. On the month of disposal of fixed assets no depreciation is charged. The cost and accumulated depreciation of disposed assets are eliminated from the fixed assets schedule and gain or loss on such disposal is reflected in the income statement.

VI. Capital Work-in-Progress is stated at cost. These are expenses of a capital nature directly incurred in the construction of building, system development, awaiting capitalization.

VII. Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets have been capitalized as part of the cost of the assets.

VIII. Useful life and method of depreciation of fixed assets are reviewed at least each financial year end and, if there has been a significant change in the expected pattern of consumption of the future economic benefits embodied in the asset, in that case management may change to reflect the changed pattern and such changed shall be accounted for as a change in an accounting estimate in accordance with BAS 8.

2.2.5 Intangible Assets

a. Intangible asset is an identifiable non-monetary asset without physical substance. An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the assets will flow to the entity and the cost of the asset can be measured reliably in accordance with BAS 38 "Intangible Assets".

b. Subsequent expenditure on intangible asset is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is expensed as incurred.

c. Software represents the value of computer application software licensed for use of the Bank, other than software applied to the operation software system of computers. Intangible assets

are carried at its cost less accumulated amortization and any impairment losses.

d. Initial cost comprise license fees paid at the time of purchase and other directly attributable expenditure that are incurred in customizing the software for its intended use.

e. Software is amortized using the straight line method over the estimated useful life of 5 (five) yeas commencing from date of the application. Software is available for use over the best estimate of its useful economic life.

2.2.6 Assets Revaluation Reserve

The Bank has revalued assets in 2011 by an independent valuation firm as per BAS 16 "Property, Plant & Equipment" by the approval of Board of Directors of the Bank. And the revaluation amount is eligible up to 50% for the supplementary capital (Tier-II) after 20% transitional arrangements for capital deduction as per new RBCA guidelines and BRPD circular # 10, dated 24 November 2002. The tax effects on revaluation gain are measured and recognized in the financial statements as per BAS-12: "Income Taxes"

.2.7 Impairment of Assets

As per BAS 36 "Impairment of Assets" an asset is impaired when its carrying amount exceeds its recoverable amount. The Bank assesses at the end of each reporting year whether there is any indication that an asset may be impaired and/ or whenever events or charges in circumstances indicate that the carrying value of the assets may not be recovered. If any such indication exists, the Bank makes an estimate of the recoverable amount of the assets. The carrying amount of the asset is reduced to its recoverable amount, if the recoverable amount is less than its carrying amount and impairment losses are recognized in the profit and loss account. However, impairment of financial assets is guided by the relevant Bangladesh Bank circular/ instructions and BAS 39 "Financial Instruments: Recognition & Measurement".

2.2.8 Non-Convertible Subordinated Bond

The Bank has issued 7 (Seven) years term subordinated bond during the year 2014 for BDT 3,000,000,000 to raise subordinated debt as part of the Tier-II Regulatory Capital following "Guideline of Risk Capital Adequacy" of Bangladesh Bank circular # BRPD (BIC) 661/14B (P)/ 2014 dated 15 April 2014.

2.2.9 Other Assets

Other assets of the Bank include all balance sheet items which are not covered specifically in other areas of the supervisory activity and such items may be insignificant in terms of overall financial condition of the Bank.

2.2.10 Lease

Leases are classified as finance lease whenever the terms of the lease transfer substantiality all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases as per BAS 17 "Leases".

The Bank as lessor

Amount due from leases under finance leases are recorded as receivables at the amount of the bank's net investment in the leases. Finance Leases income is allotted to accounting periods so as to reflect a constant periodic rate to return on the Bank's net investment outstanding in respect of the leases as per BAS 17 "Leases".

The Bank as lessee

Assets held under finance leases are recognized as assets of Bank at the fair value at the date of acquisition or if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Balance Sheet as a Finance Lessee Obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income as per BAS 17 "Leases".

2.2.11 Receivables

The Bank recognizes receivables when there is a contractual right to receive cash or in form of another financial asset from another entity.

2.2.12 Non- Banking Assets

There are no assets acquired in exchange for loan in the financial statements of the Bank.

2.2.13 Reconciliation of Inter- bank & Inter- branch Account

Accounts with regard to inter-bank (in Bangladesh and outside Bangladesh) are reconciled regularly and there are no material differences, which may affect the financial statements significantly. Un-reconciled entries/ balances in inter-branch transactions as on the reporting date are not material.

2.3 Revenue Recognition

2.3.1 Interest Income

According to the BAS 18 "Revenue", the interest income is recognized on an accrual basis. Interest from loans and advances ceases to be accrued when they are classified as non-performing. It is then kept in interest suspense in a memorandum account. Interest on classified advances is accounted for on a cash receipt basis.

2.3.2 Investment Income

Interest income on investments is recognized on accrual basis using effective interest rate as per BAS 18 "Revenue". Capital gain on investments in shares is recognized as income and credited to investment income in the profit and loss statement as per BAS 39 "Financial Instruments: Recognition and Measurements". Capital Gain is recognized when it is realized.

2.3.3 Fees & Commission Income

Fees and Commission income arises on services provided by the Bank are recognized on a cash receipt basis. Commission charged to customers on letters of credit and letters of guarantee is credited to income at the time of effecting the transactions in accordance with BAS 18 “Revenue”.

2.3.4 Dividend Income on Shares

Dividend income on shares is recognized during the period in which it is declared and right to receive is established as per BAS 18 “Revenue”.

2.3.5 Interest Paid & Other Expenses

In terms of the provisions of BAS 1 “Presentation of Financial Statements” interest and other expenses are recognized on accrual basis.

Rebate to good borrower

As per BRPD Circular No 06 dated 19 March, 2015 and BRPD Circular No 03 dated 16 February, 2016 Banks are required to provide 10% interest rebate to the good borrower subject to some qualifying criteria. The bank has been provided the rebate to the customer accordingly.

2.3.6 Dividend Payments

Final dividend is recognized when the shareholders approve it and right to receive of dividend is established to the shareholder.

2.4 Share Capital

Ordinary shares are classified as capital/ shareholders’ equity which has no contractual obligation to transfer cash or in terms of other financial assets.

2.4.1 Authorized Capital

Authorized capital is the maximum amount of share capital that the Bank is authorized by its Memorandum and Articles of Association.

Details are shown in Note 13

2.4.2 Paid up Capital

Paid up capital represents total amount of shareholder capital that has been paid in full by the ordinary shareholders. Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at shareholders’ meetings. In the event of a winding-up of the Bank, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any residual proceeds of liquidation.

Details are shown in Note 13.3

2.5.1 Statutory Reserve

As per the provision of section 24 of the Bank Companies Act 1991 (as Amended up to 2013) the Bank requires to transfer 20% of its current period's profit before tax to reserve until such reserve equals to its paid up capital. Accordingly Bank has transferred requisite portion of current period’s profit to the statutory reserve account.

2.6 Non Controlling Interest

Non controlling interest is the equity in a subsidiary not attributable, directly or indirectly, to a parent. Non controlling interest belongs to other investors & their interest is reported on the consolidated balance sheet of the parent company to reflect the claim on that subsidiary’s assets. And their share of profit in the subsidiary is presented on the consolidated income statement as a non controlling interest.

2.7 Deposits & Other Accounts

Deposits by customers & banks are recognized when the bank enters into contractual arrangement with counterparties to repay the amount. The amount is initially measured by the Bank at the consideration received.

2.8 Borrowings from Other Banks, Financial Institutions & Agents

Borrowings include call deposits, Bangladesh Bank refinance, other banks borrowings, off-shore banking unit. The amounts are recognized at the repayable amount. An interest expense on this amount is charge to the profit or loss account.

2.9 Basis for Valuation of Liabilities & Provisions

2.9.1 Current Tax

Provision for current income tax has been made as prescribed in the Finance Act, 2016 on the accounting profit made by the Bank after considering some of the add backs to income and disallowances of expenditure as per income tax laws in compliance with BAS 12 " Income Taxes".

2.9.2 Deferred Tax

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax base of assets and liabilities, which is the amount attributed to those assets and liabilities for tax purposes. Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences arising between the carrying value of assets, liabilities, income and expenditures and their respective tax basis. Deferred tax assets and liabilities are measured using tax rate and tax laws that have been enact or substantially enacted at the balance sheet date. The impact on the account of changes in the deferred tax assets and liabilities has also been recognized in the profit and loss account as per BAS 12 “Income Taxes”. Bangladesh Bank BRPD Circular no. 11 dated 12 December 2011 & BRPD Circular no. 06 dated 31 July 2011

2.9.3 Provision for Contingent Assets & Liabilities

A provision is recognized in the balance sheet when the Bank has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefit will be required to settle the obligations, in accordance with the BAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

2.9.4 Off- Balance Sheet Items & Provisions

Off-balance sheet items have been disclosed under contingent liabilities and other commitments as per Bangladesh Bank guidelines. As per BRPD Circular # 10, dated 18 September 2007, and BRPD Circular # 14, dated 23 September 2012, Banks are required to maintain provision @1% against off-balance sheet exposures (L/C and Guarantee) effective from December 2008.

2.9.5 Provisions for Nostro Accounts

As per instruction contained in the circular letter No. FEPD (FEMO)/ 01/ 2005-677, dated 13 September 2005 issued by Foreign Exchange Policy Department of Bangladesh Bank, Bank is not required to make provision regarding the un-reconciled debit balance of nostro account as on the reporting date in these financials**.**

2.9.6 Benefits to the Employees

The retirement benefits accrued for the employees of the Bank as on reporting date have been accounted for in accordance with the provisions of BAS 19 "Employee Benefit". Bases of enumerating the retirement benefit schemes operated by the Bank are outlined below:

Provident Fund

Provident fund benefits are given to the permanent employees' of the Bank in accordance with Bank's service rules. Accordingly, a trust deed and provident fund rules were prepared. The Commissioner of Income Tax, Taxes Zone -3, Dhaka has approved the Provident Fund as a recognized provident fund within the meaning of section 2(52), read with the provisions of part - B of the First Schedule of Income Tax Ordinance 1984.

The recognition took effect from 02 June 1999. The Fund is operated by a Board of Trustees consisting of six members (03 members from the management side and other 03 members from the Board of Directors including Managing Director) of the Bank. All confirmed employees of the Bank are continuing their contribution @10% of their basic salary as subscription to the Fund. The Bank also similarly contributes equal amount of the employees' contribution. Interest earned from the investments is credited to the members' account on yearly basis.

Gratuity Fund

The Bank has started providing Gratuity fund, which was approved by the National Board of Revenue on 05 October 2006. The Fund is operated by a Board of Trustees consisting of 7 (seven) members of whom 03 members are from the Board of Directors including Managing Director of the Bank.

Welfare Fund

Mercantile Bank Limited Employees' Welfare Fund is subscribed by monthly contribution of the employees. The Bank also contributes to the Fund from time to time. The Fund has been established to provide coverage in the event of accidental death or permanent disabilities, a portion of retirement benefit & stipend to the employees' children. Disbursement from the fund is done as per prescribed rules of employees' Welfare Fund.

Incentive Bonus

Mercantile Bank Limited started a scheme under the name and style "Incentive Bonus" for imperative motivation to all the employees work under the Bank. The criterion of payment of Incentive bonus does not exceed 10% of disclosed net profit of the Bank as per section 30(j) of Income Tax Ordinance 1984. This Bonus amount is distributed amongst the employees on annual basis based on their individual job performance.

2.10 Risk Management

The risk of Mercantile Bank Limited is defined as the possibility of losses, financial or otherwise. The risk management of the Bank covers core risk areas of banking viz. credit risk, liquidity risk, market risk that includes foreign exchange risk, interest rate risk, equity risk, operational risk and reputation risk arising from money laundering incidences. The prime objective of the risk management is that the Bank evaluates and takes well calculative business risks and thereby safeguarding the Bank's capital, its financial resources and profitability from various business risks through its own measures and through implementing Bangladesh Bank's guidelines and following some of the best practices as under:

Core Risk Management

BDPD Circulars No.17 dated 07 October 2003 and BRPD Circular No. 04 dated 05 March 2007 require banks to put in place an effective risk management system. The risk management system of the bank covers the following risk area.

2.10.1 Credit Risk

Credit risk arises mainly from lending, trade finance, and leasing and treasury businesses. This can be described as potential loss arising from the failure of a counter party to perform as per contractual agreement with the Bank. The failure may result from unwillingness of the counter party or decline in his/ her financial condition. Therefore, the Bank's credit risk management activities have been designed to address all these issues.

The Bank has segregated duties of the officers/ executives involved in credit related activities. A separate Corporate Division has been formed at Head Office, which is entrusted with the duties of maintaining effective relationship with the customers, marketing of credit products, exploring new business opportunities, etc. Moreover, credit approval; administration, monitoring and recovery functions have been segregated.

For this purpose, three separate units have been formed within the Credit Division. These are (a) Credit Risk Management Unit (b) Credit Administration Unit and (c) Credit Monitoring and Recovery Unit. Credit Risk Management Unit is entrusted with the duties of maintaining asset quality, assessing risk in lending to a particular customer, sanctioning credit, formulating policy/ strategy for lending operation, etc. Adequate provision has been made on classified loans.

A thorough assessment is done before sanction of any credit facility at Credit Risk Management Unit. The risk assessment includes borrower risk analysis, financial analysis, industry analysis, historical performance of the customer, security of the proposed credit facility, etc. The assessment process starts at Corporate Division by the Relationship Manager / Officer and ends at Credit Risk Management Unit when it is approved/ declined by the competent authority. Credit approval authority has been delegated to the individual executives. Proposals beyond their delegation are approved/ declined by the Executive Committee and/ or the Management of the Bank.

In determining Single borrower / large loan limit, the instructions of Bangladesh Bank are strictly followed. Internal audit is conducted at periodical intervals to ensure compliance of Bank's and Regulatory policies. Loans are classified as per Bangladesh Bank's guidelines.

2.10.2 Liquidity Risk/ Assets Liability Management

The objective of liquidity risk management is to ensure that all foreseeable funding commitments and deposit withdrawals can be met when due. To this end, the Bank is maintaining a diversified and stable funding base comprising of core retail and corporate deposits and institutional balance**.** Management of liquidity and funding is carried out by Treasury Department under approved policy guidelines. Treasury front office is supported by a very structured Mid Office and Back Office. Asset Liability Committee (ALCO) monitors the Liquidity Management on a regular basis. A written contingency plan is in place to manage crisis situation.

2.10.3 Market Risk

Market risk is the possibility of loss arising from changes in the value of a financial instrument as a result of changes in market variables such as interest rates, exchange rates, equity and commodity prices.

Foreign Exchange Risk

Foreign exchange risk is defined as the potential change in earnings due to change in market prices. The foreign exchange risk of the Bank is minimal as all the transactions are carried out on behalf of the customers against underlying L/C commitments and other remittance requirements. No foreign exchange dealing on Bank's account was conducted during the Period.

Treasury Department independently conducts the transactions and the back office of treasury is responsible for verification of the deals and passing of their entries in the books of account. All foreign exchange transactions are revalued at Mark-to-Market rate as determined by Bangladesh Bank at the month-end. All Nostro accounts are reconciled on a monthly basis and the management for its settlement reviews outstanding entry beyond 30 days. The position maintained by the bank at the end of day was within the stipulated limit prescribed by the Bangladesh Bank.

Interest Rate Risk

Interest rate risk may arise either from trading portfolio and non-trading portfolio. The trading portfolio of the Bank consists of Government Treasury Bills and Treasury Bonds with maturity varied from 1 to 20 years. The short-term movement in interest rate is negligible or nil. Interest rate risk of non-trading business arises from mismatches between the future yield of an asset and its funding cost. Asset Liability Committee (ALCO) monitors the interest rate movement on a regular basis.

2.10.4 Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risks in the Bank are managed through a comprehensive and well-articulated internal control framework. Material losses are regularly analyzed by cause and actions are taken to improve system and controls to prevent recurrence in the future.

Bank has restructured Internal Control and Compliance Division (ICCD) headed by a senior level executive in light of Core Risk guidelines of Bangladesh Bank. As a tool of Internal Control, the Audit and inspection teams undertake periodic and special audit and inspection on the branches and departments/ divisions of Head Office in order to sort out the weaknesses and defects in the control process and report to the management for taking corrective measures to protect the interests of the Bank.

The Compliance & Monitoring Units ensure timely and proper compliance of all regulatory instructions and internal policies and procedures in the day-to-day operation of the Bank by way of using various control tools. They assess the operational risk and take appropriate measures to mitigate the same for smooth operation of the Bank. ICC Division reports serious non-compliances detected by internal and external auditors with up-to-date compliance position i.e. large financial risk exposures, control weaknesses etc. to the Audit Committee of the Board for review and taking appropriate measures.

The ICC division also ensures the clear definition of organizational structure, appropriate assignment, accountability and delegation of authorities to functional management to create control and compliance culture within organization with the active guidance and supervision of senior management and Board of Directors.

2.10.5 Reputation Risk Arising from Money Laundering Incidences

Money laundering risk is defined as the loss of reputation and expenses incurred as penalty for being negligent in prevention of money laundering. For mitigating the risks, the Bank has a designated Chief Compliance Officer at Head Office and Compliance Officers at branches, who independently review the transactions of the accounts to verify suspicious transactions. Manuals for prevention of money laundering have been established and transaction profile has been introduced. Training is continuously given to all the category of Officers and Executives for developing awareness and skill for identifying suspicious activities/ transactions.

2.10.6 Internal Control & Compliance Risk

To ensure the integrity of liquidity risk management process, Bank has adequate internal controls. These are an integral part of the Bank's overall system of internal control. An effective system of internal control for liquidity risk includes:

- a strong control environment;
- an adequate process for identifying and evaluating liquidity risk;
- the establishment of control activities such as policies and procedures;
- adequate information systems; and
- Continual review of adherence to established policies and procedures.

Our all aspects of the internal control system are effective, including those aspects that are not directly part of the risk management process. The system is evaluated and reviewed regularly by the Management.

Audit Committee

The Audit Committee of the Board was duly formed by the Board of Directors of the Bank in accordance with the BRPD Circular no. 11 dated 27 October 2013 of the Bangladesh Bank

Pursuant to the BSEC notification no. SEC/CMRRCD/2006-158/129/Admin/44 dated 07 August 2012, on Corporate Governance, the current Committee is constituted with the following 5 (five) members of the Board and the Bank hereby has been compliant with the BRPD Circular no. 11 dated 27 October 2013.

Sl No.	Name	Status with Bank	Status with Committee	Educational qualification
1	Dr. Mahmood Osman Imam, FCMA	Independent Director	Chairman	M. Com., MBA, FCMA, PhD
2	Mr. Md.Shahabuddin Alam	Director	Member	M. Com
3	Mr. M. Amanullah	Director	Member	Graduate
4	Alhaj Mosharreh Hossain	Director	Member	Graduate
5	Dr. Md. Rahmat Ullah	Independent Director	Member	LLM,PhD

During the year 2016, the Audit Committee of the Board of Directors conducted 12 (Twelve) meetings in which among other things the following issues were discussed/ evaluated/ reviewed and provided guidelines and necessary instructions:

- Reviewed the Bank's financial statements
  - Balance Sheet,
  - Profit & Loss Account,
  - Cash Flow Statement, Statement of Changes in Equity,
  - Liquidity Statement and
  - Related Explanatory Notes
- Approval of Risk Based Audit Plan.
- Reviewed the performance of Mercantile Bank Securities Limited.
- Reviewed Compliance on observations, recommendations and decisions of the Audit Committee Meetings.
- Reviewed the Bank's Quarterly and Periodical financial statements
- Reviewed the Comprehensive Inspection Reports on different branches as well as different Divisions of Head Office of the Bank conducted by the Team of ICCD from time to time.

Risk Management Committee

The Risk Management Committee of Board of Directors is constituted with 5 (Five) members from the Board of Directors. The committee is formed as the third committee alongside Executive Committee and Audit Committee of the Board as per Bank Company Act 2013 (Amendment) and subsequent Bangladesh Bank BRPD Circular no. 11, dated October 27, 2013. The Risk Management Committee has been formed as follows:

Sl No.	Name	Status with Bank	Status with Committee
1.	Md. Shahabuddin Alam	Director	Chairman
2.	A.K.M. Shaheed Reza	Director	Member
3.	Al-Haj Akram Hossain (Humayun)	Director	Member
4.	A. S. M. Feroz Alam	Director	Member
5.	Md. Abdul Hannan	Director	Member

The Risk Management Committee conducted 6 (six) meetings during the year 2016 where, among others, following issues were discussed:

- Information regarding Risk Management Report as on November 30, 2015.
- Information regarding Risk Management Report as on December 31, 2015.
- Information regarding Stress Testing as on December 31, 2015.
- Review of Asset Liability Management (ALM) Guideline of the Bank.
- Approval of Risk Management Guideline 2016 of the Bank.
- Approval for Risk Appetite Framework on different Key Risk Indicators (KRIs) of the Bank for the Year 2016.
- Approval of revised version of Process Document on Internal Capital Adequacy Assessment (ICAAP) prepared for the Year ended 2014 under Supervisory Review Process (SRP) i.e. pillar 2 of Basel II and Basel III.
- Quarterly report of restructured syndicated Term Loan liability of Jamuna Builders Limited (Lead arranger & Agent: Janata Bank Limited) for the quarter ended on March 2016.
- Information regarding Stress Testing as on March 31, 2016.
- Approval of Internal Capital Adequacy Assessment Process (ICAAP) documents prepared for the year ended 2015 under Supervisory Review Process (SRP) i.e. pillar 2 of Basel III.
- Quarterly report of restructured syndicated Term Loan liability of Jamuna Builders Limited (Lead arranger & Agent: Janata Bank Limited) for the quarter ended on June 2016.
- Information regarding Stress Testing as on June 30, 2016.
- Information regarding Risk Management Report as on June 30, 2016.
- Quarterly report of restructured syndicated Term Loan liability of Jamuna Builders Limited (Lead arranger & Agent: Janata Bank Limited) for the quarter ended on September 2016.
- Review of Guidelines on Treasury Operations.
- Information regarding Stress Testing as on September 30, 2016.
- Information regarding Risk Management Report as on September 30, 2016.

Internal Audit

The Bank's compliance risk management system is subject to implementation by the senior management and a qualified compliance officer/ staff and reviewed by an effective and comprehensive internal audit function.

Compliance risk included in the risk assessment methodology of the internal audit function and an audit program that covers the adequacy and effectiveness of the Bank's compliance function established, including testing of controls commensurate with the perceived level of risk.

This principle implies that the compliance function and the internal audit function separate to ensure that the activities of the compliance function are subject to independent review. However, the audit function keep the head of compliance informed of any audit findings related to compliance.

2.10.7 Fraud and Forgeries

Fraud Detection and Management Process: Internal Audit (IA) team conducts surprise audit on all branches and departments/ divisions of the Head Office at least once in a year. While auditing branches and offices, the IA team thoroughly checks the operational activities of the branches/ offices including transactions in various accounts and search for any irregularities occurred in those accounts. IA team also monitors the staff accounts and if necessary investigate the suspicious transactions and report the same to the management. IA team also conducts investigation into specific allegations and submits report to the management for action. Senior management of the bank also conduct regular visit to branches and advise the branch officials to comply with all the regulatory instructions, policies and procedures of the Bank. Proper financial impact has been given in the books of accounts of the Bank as well as appropriate action has been taken for any financial irregularities due to fraud or forgery.

2.10.8 Information Technology Risk

Financial information is mostly depends on strong, reliable & secured technology for smooth banking operation & other services provided by the Banks to the stakeholders. The Bank has IT policy to maintain sound IT system to minimize risk.

Information System Audit

Systems audit is a part of the overall audit process, which is one of the facilitators for good corporate governance. IT audit is basically "the process of collecting and evaluating evidence to determine whether a computer system (information system) safeguards assets, maintains data integrity, achieves organizational goals effectively and consumes resources efficiently."To Comply the ICT Guideline of Bangladesh Bank and to ensure the smooth operation of business, an independent "IT Audit & Security" department has been formed in May 2007. The main aim of the department is to identify the inherent risks and vulnerabilities associated with the use of IT operated banking system Temenos (T-24), other duties are to implement controls to mitigate the risks and provide recommendations for improvement in controls for reducing risks. Internal IT Audit provides an objective means of reviewing the risks faced by the Bank in relation to use of Information Technology and assesses whether they are being controlled/ mitigated in an effective and efficient manner; provides an assessment of the Bank's IT control against 'Guideline on ICT for Scheduled Banks by Bangladesh Bank'. Internal Control and Compliance contains self-monitoring mechanisms, and actions are taken to correct deficiencies as they are identified. Even with effective internal control, no matter how well designed, has inherent limitations including the possibility of the circumvention or overriding of controls and therefore can provide only reasonable assurance with respect to financial statement preparation. Further, because of changes in conditions, internal control effectiveness may vary over time. MBL has taken all-out efforts to mitigate all sorts of risk as per guidelines issued by Bangladesh Bank. As a part of robust risk management process, the Bank has formulated a comprehensive Credit Risk Management Policy to address credit risk.

2.11 Earnings per Share

The company calculates Earnings per Share (EPS) in accordance with BAS 33 “Earnings per Share” which has been shown on the face of the Profit and Loss account and the computation of EPS is elaborated in **Note-32.**

Basic Earnings per Share

Basic earnings per share have been calculated in accordance with BAS 33 "Earnings per Share" which has been shown on the face of the profit and loss account. This has been calculated by dividing the basic earnings by the weighted average number of ordinary shares outstanding during the period.

Diluted Earnings per Share

No diluted earnings per share is calculated as there is no scope for dilution during the year.

2.12 Directors’ responsibility on financial statements

The Board of Directors’ responsibility is the preparation & presentation of financial statements.

2.13 Memorandum items

Memorandum items are maintained to have control over all items of importance and for such transactions where the Bank has only a business responsibility and no legal commitment. Stock of travelers’ cheque, savings certificates, wage earners bonds and other fall under the memorandum items.

2.14 Compliance report on Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs)

The Institute of Chartered Accountants of Bangladesh (ICAB) is the sole authority for adoption of Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs). While preparing the financial statements, Mercantile Bank Limited applied most of BASs and BFRSs as adopted by the ICAB. Details are given below:

Name of the BAS	BAS No.	Status
Presentation of Financial Statements	1	Applied
Inventories	2	Applied
Statement of Cash Flows	7	Applied
Accounting Policies, Changes in Accounting Estimates & Errors	8	Applied
Events after the Reporting Period	10	Applied
Construction Contracts	11	N/A
Income Taxes	12	Applied
Property, Plant & Equipment	16	Applied
Leases	17	Applied
Revenue	18	Applied
Employee Benefits	19	Applied
Accounting for Government Grants & Disclosure of Government Assistance	20	N/A

Name of the BAS	BAS No.	Status
The Effects of Changes in Foreign Exchange Rates	21	Applied
Borrowing Costs	23	Applied
Related Party Disclosures	24	Applied
Accounting & Reporting by Retirement Benefit Plans	26	Applied
Consolidated & Separate Financial Statements	27	Applied
Investments in Associates	28	N/A
Interests in Joint Ventures	31	N/A
Financial Instruments: Presentation	32	Applied
Earnings per Share	33	Applied
Interim Financial Reporting	34	Applied
Impairment of Assets	36	Applied
Provisions, Contingent Liabilities & Contingent Assets	37	Applied
Intangible Assets	38	Applied
Financial Instruments: Recognition & Measurement	39	Applied
Investment Property	40	Applied
Agriculture	41	N/A
Name of the BFRS	**BFRS No.**	**Status**
First- time Adoption	1	N/A
Share- based Payment	2	N/A
Business Combinations	3	N/A
Insurance Contracts	4	N/A
Non- current Assets Held for Sale & Discontinued Operations	5	N/A
Exploration for & Evaluation of Mineral Resources	6	N/A
Financial Instruments: Disclosures	7	N/A
Operating Segments	8	Applied
Consolidated Financial Statements	10	Applied
Joint Arrangement	11	N/A
Disclosure of Interest in Other Entities	12	N/A
Fair Value Measurement	13	Applied

2.15 Departures from BAS/BFRS

The consolidated financial statements of the Bank as at and for the 31 December 2016 have been prepared under the historical cost convention except investments and in accordance with the "first schedule" (section 38) of the Bank Companies Act 1991 as amended by Bangladesh Bank (the Central Bank of Bangladesh) through BRPD Circular No. 14 dated 25 June 2003, other Bangladesh Bank Circulars, Bangladesh Financial Reporting Standards (BFRSs), the Companies Act 1994, the Securities and exchange Rules 1987, Dhaka and Chittagong Stock Exchange's listing regulations. In case, any requirement of provisions and circulars issued by Bangladesh Bank differ with those of other regulatory authorities, the provisions and circulars issued by Bangladesh Bank shall prevail.

As such the Bank have departed from those contradictory requirements of BFRSs in order to comply with the rules and regulations of Bangladesh Bank which are disclosed below:

i) Investments in shares and securities

BFRS:

As per requirements of 'BAS 39- Financial Instruments: Recognition & Measurement'

investment in shares and securities generally falls either under “at fair value through profit and loss account” or under “available for sale” where any change in the fair value (as measured in accordance with BFRS 13- Fair Value Measurement) at the year-end is taken to profit and loss account or revaluation reserve respectively.

Bangladesh Bank:

As per BRPD circular no. 14 dated 25 June 2003 investments in quoted shares and unquoted shares are revalued at the year end at market price and as per book value of last audited balance sheet respectively. Provision should be made for any loss arising from diminution in value of investment; otherwise investments are recognized at cost.

ii) Revaluation gain/loss on Government securities

BFRS:

As per requirement of ‘BAS 39- Financial Instruments: Recognition & Measurement’ where securities will fall under the category of Held for Trading (HFT), any change in the fair value of held for trading assets is recognized through profit and loss account. Securities designated as Held to Maturity (HTM) are measured at amortized cost method and interest income is recognized through the profit and loss account.

Bangladesh Bank:

HFT securities are revalued on the basis of mark to market and at year end any gains on revaluation of securities which have not matured as at the balance sheet date are recognized in other reserves as a part of equity and any losses on revaluation of securities which have not matured as at the balance sheet date are charged in the profit and loss account. Interest on HFT securities including amortization of discount are recognized in the profit and loss account. HTM securities which have not matured as at the balance sheet date are amortized at the year end and gains or losses on amortization are recognized in other reserve as a part of equity.

iii) Provision on loans and advances

BFRS:

As per ‘BAS 39- Financial Instruments: Recognition & Measurement’ an entity should start the impairment assessment by considering whether objective evidence of impairment exists for financial assets that are individually significant. For financial assets that are not individually significant, the assessment can be performed on an individual or collective (portfolio) basis.

Bangladesh Bank:

As per BRPD Circular No. 14 (23 September 2012), BRPD circular No.19 (27 December 2012), BRPD circular No.05 (29 May 2013) and BRPD circular No 08 (02 August 2015) a general provision at 0.25% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained regardless of objective evidence of impairment. Also provision for sub-standard loans, doubtful loans and bad losses has to be provided at 20%, 50% and 100% respectively for loans and advances depending on the duration of overdue. Again as per BRPD circular no.10 dated 18 September 2007 and BRPD circular no. 14 dated 23 September 2012, a general provision at 1% is required to be provided for all off-balance sheet exposures. Such provision policies are not specifically in line with those prescribed by BAS 39.

iv) Recognition of interest in suspense A/C

BFRS:

Loans and advances to customers are generally classified as 'loans and receivables' as per ‘BAS 39- Financial Instruments: Recognition & Measurement’ and interest income is recognized through effective interest rate method over the term of the loan. Once a loan is impaired, interest income is recognized in profit and loss account on the same basis based on revised carrying amount.

Bangladesh Bank:

As per BRPD circular no. 14 dated 23 September 2012, once a loan is classified, interest on such loans are not allowed to be recognized as income, rather the corresponding amount needs to be credited to an interest in suspense account, which is presented as liability in the balance sheet.

v) Other comprehensive income

BFRS:

As per ‘BAS 1- Presentation of Financial Statements’ Other Comprehensive Income (OCI) is a component of financial statements or the elements of OCI are to be included in a single Other Comprehensive Income statement.

Bangladesh Bank:

Bangladesh Bank has issued templates for financial statements which will strictly be followed by all banks. The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income nor are the elements of Other Comprehensive Income allowed to be included in a single Other Comprehensive Income (OCI) Statement. As such the Bank does not prepare the other comprehensive income statement. However, elements of OCI, if any, are shown in the statements of changes in equity.

vi) **Financial instruments - presentation and disclosure**

In several cases Bangladesh Bank guidelines categories, recognize, measure and present financial instruments differently from those prescribed in 'BAS 39- Financial Instruments: Recognition & Measurement'. As such full disclosure and presentation requirements of 'BFRS 7- Financial Instruments: Disclosures' and 'BAS 32-Financial Instruments: Presentation' cannot be made in the financial statements.

Repo & Reverse Repo Transaction

BFRS:

When an entity sells a financial asset and simultaneously entries into an agreement to repurchase asset (or a similar asset) at a fixed price on a future date (repo or stock lending), the arrangement is treated as a loan and the underlying asset continues to be recognized in the entry's financial statements. The difference between selling price and repurchase price will be treated as interest expense. Same rule applies to the opposite side of the transaction (reverse repo).

Bangladesh Bank:

As per DOS Circular letter No. 6 dated 15 July 2010 and subsequent clarification in Dos circular no. 2 dated 23 January 2013, when a bank sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or similar asset) at a fixed price on a future date (repo or stock lending), the arrangement is accounted for as a normal sales transactions and the financial assets are derecognized in the seller's book and recognized in the buyer's book.

However, as per DMD circular letter No. 7 dated 29 July 2012, non primary dealer banks are eligible to participate in the Assured Liquidity Support (ALS) programme, whereby such banks may enter collateralized repo arrangements with Bangladesh Bank. Here the selling bank accounts for the arrangement as a loan, thereby continuing to recognize the asset.

vii) **Financial Guarantees**

BFRS:

As per 'BAS 39- Financial Instruments: Recognition & Measurement' financial guarantees are contracts that require an entity to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are recognized initially at their fair value, and the initial fair value is amortized over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortized amount and the present value of any expected payment when a payment under the guarantee has become probable. Financial guarantees are included within other liabilities.

Bangladesh Bank:

As per BRPD circular no. 14 dated 25 June 2003, financial guarantees such as letter of credit, letter of guarantee will be treated as off-balance sheet items. No liability is recognized for the guarantee except the cash margin.

viii) **Cash and cash equivalents**

BFRS:

Cash and cash equivalent items should be reported as cash item as per 'BAS 7- Statement of Cash Flows'.

Bangladesh Bank:

Some cash and cash equivalent items such as 'money at call and on short notice', treasury bills, Bangladesh Bank bills and prize bond are not shown as cash and cash equivalents. Money at call and on short notice presented on the face of the balance sheet, and treasury bills, prize bonds are shown in investments.

ix) **Non banking assets**

BFRS:

No indication of Non-banking asset is found in any BFRS.

Bangladesh Bank:

As per BRPD circular no. 14 dated 25 June 2003, there must exist a face item named Non-banking asset.

x) **Cash flow statement**

BFRS:

AS per 'BAS 7- Statement of Cash Flows' The Cash flow statement can be prepared using either the direct method or the indirect method. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently.

Bangladesh Bank:

As per BRPD circular no. 14 dated 25 June 2003, cash flow is the mixture of direct and indirect methods.

xi) **Balance with Bangladesh Bank (CRR)**

BFRS:

Balance with Bangladesh Bank should be treated as other asset as it is not available for use in day to day operations as per 'BAS 7- Statement of Cash Flows'.

Bangladesh Bank:

Balance with Bangladesh Bank is treated as cash and cash equivalents.

xii) Presentation of intangible asset

BFRS:

An intangible asset must be identified and recognized. And the disclosure must be given as per 'BAS 38-Intangible Assets'.

Bangladesh Bank:

There is no regulation for intangible assets in BRPD circular no.14 dated 25 June 2003.

xiii) Off balance sheet items

BFRS:

There is no concept of off-balance sheet items in any BFRS; hence there is no requirement for disclosure of off-balance sheet items on the face of the balance sheet.

Bangladesh Bank:

As per BRPD circular no.14 dated 25 June 2003, off balance sheet items (e.g. Letter of credit, Letter of guarantee etc.) must be disclosed separately on the face of the balance sheet.

xiv) Loans and advances net of provision

BFRS:

Loans and advances should be presented net of provisions.

Bangladesh Bank:

As per BRPD circular no.14 dated 25 June 2003, provision on loans and advances are presented separately as liability and cannot be netted off against loans and advances.

[Also refer to Note-2.14 Compliance of Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs)]

2.16 Approval of Financial Statements

The Board of Directors' approved the financial statements 2016 on 25 February 2017.

2.17 Component of Financial Statements

As per BAS 1 "Presentation of Financial Statements" and as recommended in the BRPD Circular # 14, dated 25 June 2003 issued by the Banking Regulation and Policy Department of Bangladesh Bank the Financial Statement includes;

a) Balance Sheet (Statement of Financial Position);

b) Profit & Loss account (Statement of Profit or Loss & Other Comprehensive Income);

c) Statement of Changes in Equity;

d) Statement of Cash Flows;

e) Liquidity Statement; and

f) Significant Accounting Policies and Explanatory Notes to the Financial Statements.

2.18 Implementation of BASEL-III

Basel III refers to the latest capital and liquidity standards prescribed by the Bank for International Settlements (BIS). Bangladesh has entered into the Basel III regime effective from January 01, 2015. Bangladesh Bank (BB) amended its capital standard which was based on Basel II and circulated new regulatory capital and liquidity guidelines in line with Basel III of BIS. The Basel III reform measures aim to improve the banking sector's ability to absorb shocks arising from financial and economic stress thus reducing the risk of spillover from the financial sector to the real economy, improve risk management and strengthen banks' transparency and disclosures. The new capital and liquidity standards have great implications for banks.

2.19 Rating

Credit Rating and Information Services Limited (CRISL) on the basis of Financial Statements as rated Mercantile Bank Limited**.** The summary of their ratings is given below:

CRISL

CRISL rated the Mercantile Bank Limited to "AA-" (Pronounced as Double A Minus) in the long term. The above gradation has been done in consideration with its financial viability and consequent improvement in asset quality, capital adequacy, stable source of fund, diversified product lines etc. Financial institutions rated in this category are adjudged the financial institution that is subservient to have high safety to timely repayment of financial obligations. It means Bank rated in the category is adjudged to be of high quality, offer higher safety and have high credit quality. This level of rating indicate a corporate entity a sound credit profile and without significant problems. Risks are modest and may vary slightly from time to time because of economic conditions. CRISL rated the Mercantile Bank Limited to ST-2 in the short term. This rate shows High Grade of the Bank it indicates high certainty of timely payment. Liquidity factors are strong and supported by good fundamental protection factors. Risk factors are very small. The long-term rating is valid for only one year and short-term rating is for six months.

2.20 General

a) Wherever considered necessary, previous period's figures have been rearranged for the purpose of comparison**;**

b) Figures appearing in the Financial Statements have been rounded off to the nearest Taka;

c) The expenses, irrespective of capital or revenue nature, accrued/ due but not paid have been provided for in the books of the Bank.

			Amount in BDT	
			2016	2015
3	Cash			
	Cash in hand (including foreign currencies)	3.1	1,722,631,842	1,397,512,291
	Balance with Bangladesh Bank & its agent bank(s) (including foreign currency)	3.2	10,777,339,812	11,827,958,471
			12,499,971,654	13,225,470,762
3.1	Cash in hand (including foreign currencies)			
	In local currency		1,694,948,031	1,380,811,226
	In foreign currency		27,683,810	16,701,065
			1,722,631,842	1,397,512,291
3.2	Balance with Bangladesh Bank & its agent bank(s) (including foreign currency)			
	Bangladesh Bank			
	In local currency		10,396,303,735	10,081,867,941
	In foreign currencies 3.2.a		118,259,530	1,477,831,829
			10,514,563,265	11,559,699,770
	Agent banks(s)			
	Sonali Bank Limited. - Local Currency		262,776,547	268,258,701
			10,777,339,812	11,827,958,471

3.2.a Balance with Bangladesh Bank in Foreign Currencies

Currencies	Amount in 2016	Exchange Rate (Average at BDT)		
USD	1,425,684.20	78.7000	112,201,347	1,470,074,984
GBP	11,513.93	96.5334	1,111,479	3,161,118
EURO	60,231.38	82.1235	4,946,411	4,595,442
JPY	437.00	0.6703	293	285
			118,259,530	1,477,831,829

3.3 Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR)

Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) have been maintained on the basis of total time and demand liabilities and in accordance with the Section 33 of the Bank Companies Act, 1991 and clause (1) of Article 36 of Bangladesh Bank order,1972 (as amended up to 2003), DOS Circular# 01 Dated 19 January 2014 and MPD Circular # 01 dated 23 June 2014. The Statutory Liquidity Ratio (SLR) and Cash Reserve Ratio (CRR) calculated on the Bank's total demand and time liabilities and maintained on a fortnight average basis. CRR 6.5% maintained with the Bangladesh Bank's current account and and SLR 13% is to be maintained in the form of securities which include Treasury Bills, Government Treasury Bonds, Bangladesh Bank Bills and Other Securities approved by the Bangladesh Bank, such as, T&T Bonds and also balance held with Sonali Bank Limited., cash in hand and vault, balance of FC clearing account maintained with Bangladesh Bank. Both the reserves are maintained by the Bank in excess of the statutory requirements, as shown below:

a)	Cash Reserve Ratio (CRR): 6.5% of average demand and time liabilities:		
	Required Reserve	9,636,451,340	10,021,958,440
	Actual Reserve held with Bangladesh Bank (Note-3.2)	10,396,303,735	10,081,867,941
	Surplus	759,852,395	59,909,501
b)	Statutory Liquidity Ratio (SLR): 13% of average demand and time liabilities:		
	Required Reserve	20,878,977,890	20,043,916,880
	Actual Reserve held (Note-3.5)	26,754,051,765	30,274,948,182
	Surplus	5,875,073,875	10,231,031,302
3.4	Maturity grouping of cash		
	Maturity-wise groupings (inside and outside Bangladesh)		
	Payable on demand	12,499,971,654	13,225,470,762
	Up to 1(one) month	-	-
	Over 1(one) month but not more than 3 (three) months	-	-
	Over 3 (three) months but not more than 1 (one) year	-	-
	Over 1 (one) year but not more than 5 (five) years	-	-
	Over 5 (five) years	-	-
		12,499,971,654	13,225,470,762

		Amount in BDT	
		2016	2015
3.5	Held for Statutory Liquidity Ratio		
	Cash in hand (Note-3.1)	1,722,631,842	1,397,512,291
	Surplus of CRR	759,852,395	59,909,501
	Government securities (Note-6.2a)	442,428,939	1,147,481,450
	Government bonds (Note-6.2b)	23,829,138,590	27,670,044,940
		26,754,051,765	30,274,948,182
3(a)	Consolidated Cash		
	Cash in hand (Including foreign currencies)		
	Mercantile Bank Limited	1,722,631,842	1,397,512,291
	Mercantile Bank Securities Limited	112,068	139,634
	Mercantile Exchange House (UK) Limited	1,548,402	625,677
		1,724,292,311	1,398,277,602
	Balance with Bangladesh Bank and its agent bank. (Including foreign currencies)		
	Mercantile Bank Limited	10,777,339,812	11,827,958,471
	Mercantile Bank Securities Limited	-	-
	Mercantile Exchange House (UK) Limited	-	-
		10,777,339,812	11,827,958,471
		12,501,632,123	13,226,236,073
4.	Balance with other banks and financial institutions		
4.1	In Bangladesh		
	Current accounts		
	Sonali Bank Limited	1,200,085	1,200,085
	Agrani Bank Limited	7,333,789	341,289
	Janata Bank Limited	5,673,719	5,675,219
	Rupali Bank Limited	11,770	11,771
	Pubali Bank Limited	-	1,805
	United Commercial Bank Limited	1,360,858	365,583
	Standard Bank Limited	2,000,000	2,000,000
	Bangladesh Commerce Bank Limited	996,225	996,225
	NRB Commercial Bank Limited	1,839,248	1,187,401
	Modhumoti Bank Limited	1,819,664	2,236,534
	NRB Bank Limited	153,593	378,170
	Brack Bank Limited	-	(1,492,344)
	Al Arafah Islami bank Limited	2,500,000	2,500,000
	South Bangla Agriculture Bank	1,985,507	1,397,167
	AB Bank Limited	26,005	26,005
	National Bank Limited	29,935	29,014
		26,930,398	16,853,924
	Short-notice deposits accounts		
	Standard Chartered (VISA settlement)	5,131,957	7,010,588
	Trust bank (Q-CASH settlement)	10,105,381	9,297,488
	National Bank Limited	4,475,538	2,140,206
	Arab Bangladesh Bank Limited	6,616	7,971
	Agrani Bank Limited	84,572,930	53,896,714
	South East Bank Limited	605,504	233,327
	Mercantile Bank Securities Limited	59,076	45,960
	One Bank Limited	-	400,000,000
	Standard Bank Limited	-	500,000,000
	NRB Bank Limited	-	200,000,000
	NRB Global Bank Limited	200,000,000	-
	The Premier Bank Limited	500,000,000	-
	Midland Bank Limited	-	200,000,000
		804,957,002	1,372,632,254
	Off-shore Banking Unit	38,378,288	92,134,514
		870,265,688	1,481,620,692

			Amount in BDT	
			2016	2015
Financial Institutions				
PFI Securities Limited			17,586	23,178
IIDFC Finance Limited			20,000,000	20,000,000
International Finance & Investments Limited			-	500,000,000
Prime Finance & Investment Limited			100,000,000	100,000,000
Union Capital Limited			-	200,000,000
International Leasing and Finance Limited			-	200,000,000
IDLC Finance Limited			600,000,000	500,000,000
LankaBangla Finance Limited			300,000,000	200,000,000
Phoenix Finance & Investments			250,000,000	150,000,000
Delta Brac Housing Finance Corporation Ltd (DBH)			500,000,000	-
Meridian Finance & Investment Limited			50,000,000	-
Industrial Promotion and Development Company Limited			200,000,000	-
United Finance Limited			300,000,000	200,000,000
			2,320,017,586	2,070,023,178
Sub-Total			3,190,283,274	3,551,643,870

4.2 Outside Bangladesh (Nostro Accounts)

	Country	Currency		
Standard Chartered Bank, New York	USA	USD	12,359,348	1,672,028
Mashreq Bank, New York	USA	USD	6,955,815	4,167,755
HSBC, New York	USA	USD	156,327	690,736
Wachovia Bank, New York	USA	USD	99,846,560	84,832,142
Commerzbank, Frankfurt	Germany	USD	6,452,769	62,241,852
Standard Chartered Bank ,London	UK	GBP	4,856,239	24,186,369
The Bank of Tokyo Mitsubishi Limited., Tokyo	Japan	Japanees Yen	7,080,455	5,466,725
Arab Bangladesh Bank Limited., Mumbai	India	ACU	10,214,471	279,406
Commerzbank, Frankfurt	Germany	EURO	6,728,896	8,985
Standard Chartered Bank, Frankfurt	Germany	EURO	618,139	4,009,367
Unicredito Italiano, Milan	Italy	EURO	31,932,163	6,275,924
Hatton National Bank, Colombo	Srilanka	ACU	86,160	3,461,557
Bank of Bhutan, Phuentsholing	Bhutan	ACU	7,939,129	748,823
United Bank of India, Kolkata	India	ACU	1,374,089	297,379
Sonali Bank, Kolkata	India	ACU	630,763	19,482
Nepal BD Bank Limited., Kathmandu	Nepal	ACU	4,603,518	15,573,288
Standard Chartered Bank, Mumbai	India	ACU	43,885,708	274,606
Meezan Bank Ltd.Karachi,(Former HSBC,Karachi)	Pakistan	ACU	50	45
ICICI, Mumbai	India	ACU	3,175,255	22,555
Habib Bank AG Zurich	Switzerland	Swiss Franc	1,385,598	977,150
Mashreq Bank, Mumbai	India	ACU	1,143,737	6,132,248
Habib American Bank	USA	USD	41,657,950	1,414,913
JP Morgan Chase Bank NY	USA	USD	5,698,724	(189,142)
Habib Metropolitan Bank	Pakistan	ACU	23,640,809	205,520
Habib Allied Bank UK	UK	GBP	23,280,957	32,293,006
Sonali Bank, UK	UK	USD	557,789	14,527,461
Sonali Bank, UK	UK	EURO	318,734	1,526,202
Sub-Total			346,580,152	271,116,382
Total			3,536,863,426	3,822,760,252

		Amount in BDT	
		2016	2015
4.3	Maturity-wise groupings (inside and outside Bangladesh)		
	Payable on demand	870,265,688	1,481,620,692
	Up to 1 (one) month	-	-
	Over 1 (one) month but not more than 3 (three) months	346,580,152	271,116,382
	Over 3 (three) months but not more than 1 (one) year	2,320,017,586	2,070,023,178
	Over 1 (one) year but not more than 5 (five) years	-	-
	Over 5 (five) years	-	-
		3,536,863,426	3,822,760,252
4(a)	Consolidated Balance with Other Banks and Financial Institutions		
	In Bangladesh		
	Mercantile Bank Limited	3,190,283,274	3,551,643,870
	Mercantile Bank Securities Limited	652,621,590	483,045,161
	Mercantile Exchange House (UK) Limited	-	-
		3,842,904,864	4,034,689,031
	Inter Company Transaction	(448,730,936)	(218,227,990)
		3,394,173,928	3,816,461,041
	Outside Bangladesh (Nostro Accounts)		
	Mercantile Bank Limited	346,580,152	271,116,382
	Mercantile Exchange House (UK) Limited	12,137,913	12,114,825
		358,718,065	283,231,207
		3,752,891,993	4,099,692,248
5.	Money at call and short notice		
	Non- banking financial institutions		
	Delta Brac Housing Finance Corporation Limited	-	50,000,000
	IDLC BD Limited	-	330,000,000
	Phoenix Leasing	-	190,000,000
	Prime Finance and investment Limited	-	90,000,000
	Union Capital Limited	-	40,000,000
	International Leasing	-	100,000,000
		-	800,000,000
5(a)	Consolidated money at call and short notice		
	Mercantile Bank Limited	-	800,000,000
	Mercantile Bank Securities Limited	-	-
	Mercantile Exchange House (UK) Limited	-	-
		-	800,000,000
6.	Investments		
	Government securities (Note- 6.1)	24,271,567,529	28,817,526,390
	Other investments (Note- 6.5)	8,649,120,466	5,011,934,876
		32,920,687,995	33,829,461,266
6.1	Investment classified as per Bangladesh Bank circular:		
	Held for trading (HFT)	7,482,075,052	9,655,407,845
	Held to maturity (HTM)	16,654,925,133	19,027,184,441
	Other securities	134,567,344	134,934,104
		24,271,567,529	28,817,526,390

		Amount in BDT	
		2016	2015
6.2	Investment classified as per nature:		
	a) Government securities:		
	30 days BB Bills	-	1,147,481,450
	364 days Treasury Bills	442,428,939	-
		442,428,939	1,147,481,450
	b) Government bonds:		
	2 Years Treasury Bond	403,623,822	327,448,012
	5 Years Treasury Bond	2,029,025,850	5,806,709,842
	10 Years Treasury Bond	8,027,929,392	12,804,356,608
	15 Years Treasury Bond	5,504,077,291	5,149,329,052
	20 Years Treasury Bond	7,861,722,935	3,579,075,366
	Prize Bonds	2,759,300	3,126,060
		23,829,138,590	27,670,044,940
	Total (a+b)	24,271,567,529	28,817,526,390
	Other investments (Note- 6.5)	8,649,120,466	5,011,934,876
		32,920,687,995	33,829,461,266

Note:- Value of securities for the year 2016 are also adjusted with the values determined by mark-to-market method.

6.3	Maturity grouping of Government bonds :		
	Payable on demand	2,759,300	3,126,060
	Up to 1 (one) month	740,000,000	1,547,481,450
	Over 1 (one) month but not more than 3 (three) months	24,606,629	992,840,971
	Over 3 (three) months but not more than 1 (one) year	999,888,420	5,028,289,892
	Over 1 (one) year but not more than 5 (five) years	5,004,513,720	4,233,807,747
	Over 5 (five) years	17,499,799,460	17,011,980,270
		24,271,567,529	28,817,526,390
6.4	Types of Government securities		
	A. Held to Maturity (HTM) securities		
	5 Years Treasury Bond	966,549,000	4,738,500,000
	10 Years Treasury Bond	5,438,013,160	9,493,913,416
	15 Years Treasury Bond	4,534,683,276	3,060,721,186
	20 Years Treasury Bond	5,715,679,697	1,734,049,839
		16,654,925,133	19,027,184,441
	B. Held for Trading (HFT) securities		
	91 days BB Bills	442,428,939	1,147,481,450
	2 Years Treasury Bond	403,623,823	327,448,012
	5 Years Treasury Bond	1,062,476,849	1,068,209,842
	10 Years Treasury Bond	2,589,916,232	3,310,443,192
	15 Years Treasury Bond	969,394,015	2,088,607,867
	20 Years Treasury Bond	2,014,235,194	1,713,217,482
		7,482,075,052	9,655,407,845
	C. Other Securities		
	Encumbered Treasury Bond (lien with Bangladesh Bank)	131,808,044	131,808,044
	Prize Bonds	2,759,300	3,126,060
		134,567,344	134,934,104
	Total (A+B+C))	24,271,567,529	28,817,526,390

	Amount in BDT	
	2016	2015
6.5 Other Investments		
A. Investment in shares		
a) Unquoted		
Central Depository Bangladesh Limited	5,138,890	5,138,890
SWIFT	5,218,706	5,218,707
Mercantile Bank Securities Limited	3,550,000,000	600,000,000
Mercantile Exchange House UK Limited	99	119
Market Stabilization Fund Asset Management Co. Limited	2,000,000	2,000,000
	3,562,357,695	612,357,716
b) Quoted		
Al-Arafah Islami Bank Limited	2,074,410	2,074,410
Aftab Auto mobiles	14,586,015	10,238,073
Bank Asia Limited	10,029,928	10,029,928
Beximco Limited	30,947,879	30,947,879
Saif Power	-	3,311,393
Eastern Bank Limited	5,164,616	5,164,616
Eastland Insurance	1,852,762	1,852,762
GPH Ispat Limited	-	2,001,303
IDLC Finance Limited	136,887,000	136,887,000
IFIC Bank Limited	1,019,349	1,019,348
Lanka Bangla Finance Limited	23,501,702	23,501,702
MBL 1st Mutual Fund	200,000,000	200,000,000
National Bank Limited	5,729,116	5,729,116
Navana CNG	3,488,726	3,488,726
Prime Finance & Investment Limited	8,517,764	8,517,764
RAK Ceramics Limited	12,980,621	12,980,620
Saiham Cotton	1,457,001	1,457,001
Salam	1,546,662	1,546,662
Social Islami Bank Limited	3,868,613	3,868,613
Square Pharmaceuticals Limited	4,251,263	9,919,611
Summit Power Company Limited	86,999,885	86,999,885
The City Bank Limited	3,880,736	3,880,736
Titas Gas	4,706,629	4,706,629
Unique Hotel	-	5,132,771
UPGDCL	-	9,928,419
Uttara Bank Limited	1,792,094	1,792,193
ITCL	10,000,000	10,000,000
	575,282,771	596,977,160
Market price of quoted shares	1,417,809,716	1,476,160,448
Gain/(Loss) arises	842,526,945	879,183,288
Gain/(Loss) has been determined on consolidated basis.		
b(I) Investment in Commercial Paper(Non-Trade)		
Danish Condensed Milk BD. Limited	500,000,000	-
Shanta Holdings	250,000,000	100,000,000
	750,000,000	100,000,000

	Amount in BDT	
	2016	2015
B. Bonds		
FSIBL Mudaraba Subordinated Bond	108,000,000	144,000,000
N B L Subordinated Bond	20,480,000	25,600,000
The City Bank Subordinated Bond	783,000,000	783,000,000
Southeast Bank Subordinated Bond	250,000,000	250,000,000
Eastern Bank Subordinated Bond	250,000,000	250,000,000
Exim Bank Subordinated Bond	250,000,000	250,000,000
Prime Bank Subordinated Bond	250,000,000	250,000,000
Bank Asia Subordinated Bond	500,000,000	500,000,000
Jamuna Bank Subordinated Bond	500,000,000	500,000,000
United Commercial Bank Subordinated Bond	500,000,000	500,000,000
Alarafa Islami Bank Subordinated Bond	250,000,000	250,000,000
Trust Bank Limited	100,000,000	-
	3,761,480,000	3,702,600,000
	8,649,120,466	5,011,934,876

6.6 (i) Disclosures regarding outstanding Repo

Counterparty name	Agreement date	Reversal date	Amount (1st leg cash consideration)
Nil			
Total			

(ii) Disclosures regarding outstanding Reverse Repo as on 31 December 2016:

Counterparty name	Agreement date	Reversal date	Amount (1st leg cash consideration)
Nil			

(iii) Disclosure regarding overall transaction of Repo and Reverse Repo

Counterparty name	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding
Security sold under Repo			
I) with Bangladesh Bank	-	-	-
ii) with other Banks & FIs	193,524,693	1,696,652,524	839,078,971
Security purchased under Reverse Repo			
I) From Bangladesh Bank	-	-	-
ii) From other Banks & FIs	172,615,100	2,312,624,501	107,825,244

6(a) Consolidated Investment		
Investment - Government Securities		
Mercantile Bank Limited	24,271,567,529	28,817,526,390
Mercantile Bank Securities Limited	-	-
Mercantile Exchange House (UK) Limited	-	-
	24,271,567,529	28,817,526,390
Other Investments		
Mercantile Bank Limited	8,649,120,466	5,011,934,876
Mercantile Bank Securities Limited	830,000,000	830,000,000
Mercantile Exchange House (UK) Limited	-	-
	9,479,120,466	5,841,934,876
Inter company transaction	(3,550,000,099)	(600,000,119)
	5,929,120,367	5,241,934,757
	30,200,687,896	34,059,461,147

		Amount in BDT	
		2016	2015
7.	Loans and Advances		
	Loans, Cash Credit and Overdraft etc. (Note A)	137,869,676,919	117,680,020,620
	Bills Purchased and Discounted (Note B)	13,042,844,643	8,658,813,655
		150,912,521,562	126,338,834,275
A.	Loans, Cash Credit and Overdraft, etc.		
	Term Loan	43,761,705,985	34,181,961,424
	Time Loan	14,136,815,187	11,070,939,182
	Packing Credit	1,548,226,606	1,427,066,820
	Loan Against Trust Receipt (LTR)	4,581,696,407	3,974,284,395
	Lease Finance	1,132,517,783	1,046,371,397
	EDF Loan	7,809,074,756	5,815,679,466
	Loan General	597,883,291	805,602,236
	House Building Loan	2,890,640,355	2,903,893,309
	Hire Purchase	5,326,803,146	6,580,813,489
	Payment Against Documents (PAD)	369,819,363	458,289,706
	Cash Credit (Hypo)	12,179,623,046	10,979,781,878
	Overdraft	23,015,186,144	22,233,536,229
	Home Loan Scheme Refinance	5,259,700	6,417,477
	Personal Loan	150,682,832	285,241,535
	Consumers Credit Schemes	10,825,370	17,818,870
	Consumers Finance	1,182,876,109	1,047,657,103
	Other Credit Schemes	1,797,439	2,434,876
	Staff Loan	1,142,450,616	696,545,543
	Credit Card	284,791,342	286,625,987
	Small and Medium Enterprise(SME) Loan	14,542,978,240	11,656,871,253
	Agricultural Credit	3,198,023,202	2,202,188,445
		137,869,676,919	117,680,020,620
B.	Bills Purchased and Discounted		
	Payable in Bangladesh	2,840,868,686	6,562,937,673
	Payable outside Bangladesh	10,201,975,957	2,095,875,982
		13,042,844,643	8,658,813,655
7.1	Net loans, advances and leases/ investment		
	Gross performing loans, advances and leases/ investment (Note-7)	150,912,521,562	126,338,834,275
	Non-performing loans, advances and leases/ investment (Note-7.13(x))	(7,745,883,635)	(6,250,774,000)
	Provision for loans, advances and leases/ investment (Note-12.5.1)	(7,033,743,000)	(6,254,868,000)
		(14,779,626,635)	(12,505,642,000)
		136,132,894,927	113,833,192,275
7.2	Residual maturity grouping of loans, advances and leases/ Investments including bill purchased and discounted		
	Up to 1 (one) month	27,494,941,715	24,953,163,089
	Over 1 (one) month but not more than 3 (three) months	24,894,932,966	14,728,130,926
	Over 3 (three) months but not more than 1 (one) year	51,131,514,144	42,434,630,607
	Over 1 (one) year but not more than 5 (five) years	31,223,241,734	27,667,287,603
	Over 5 (five) years	16,167,891,003	16,555,622,050
		150,912,521,562	126,338,834,275

		Amount in BDT	
		2016	2015
7.3	Loans and advances (broad categories)		
	In Bangladesh	150,912,521,562	126,338,834,275
	Loans and advances	101,542,349,946	83,420,331,116
	Leases/investments	1,132,517,783	1,046,371,397
	Cash credits	12,179,623,046	10,979,781,878
	Bill Purchased and discounted	13,042,844,643	8,658,813,655
	Overdraft	23,015,186,144	22,233,536,229
	Outside Bangladesh	-	-
	Total	150,912,521,562	126,338,834,275
7.3.1	Residual maturity grouping of loans and advances		
	Up to 1(one) month	13,130,500,699	9,042,451,884
	Over 1(one) month but not more than 3 (three) months	12,940,318,257	10,086,170,601
	Over 3 (three) months but not more than 1 (one) year	33,000,854,650	22,383,269,031
	Over 1 (one) year but not more than 5 (five) years	26,310,600,077	25,488,283,985
	Over 5 (five) years	16,160,076,263	16,420,155,615
		101,542,349,946	83,420,331,116
7.3.2	Residual maturity grouping of leases / investments		
	Lease rental receivable within 1 year	415,678,566	414,577,670
	Above 1 year but within 5 years	752,552,658	754,534,555
	Above 5 years	285,977,326	280,966,325
	Total lease rental receivable	1,454,208,550	1,450,078,550
	Unearned interest receivable	(321,690,767)	(403,707,153)
		1,132,517,783	1,046,371,397
7.3.3	Residual maturity grouping of cash credit		
	Up to 1 (one) month	1,702,491,502	1,743,147,923
	Over 1 (one) month but not more than 3 (three) months	1,859,473,701	1,268,305,313
	Over 3 (three) months but not more than 1 (one) year	8,617,657,843	7,543,507,019
	Over 1 (one) year but not more than 5 (five) years	-	424,821,623
	Over 5 (five) years	-	-
		12,179,623,046	10,979,781,878
7.3.4	Residual maturity grouping of bill purchased and discounted		
	Up to 1 (one) month	2,900,053,438	6,120,630,105
	Over 1 (one) month but not more than 3 (three) months	9,584,250,552	1,984,417,088
	Over 3 (three) months but not more than 1 (one) year	558,540,653	553,766,462
	Over 1 (one) year but not more than 5 (five) years	-	-
	Over 5 (five) years	-	-
		13,042,844,643	8,658,813,655
7.3.5	Residual maturity grouping of overdraft		
	Up to 1 (one) month	3,013,404,707	8,089,054,805
	Over 1 (one) month but not more than 3 (three) months	4,482,614,456	1,387,803,747
	Over 3 (three) months but not more than 1 (one) year	15,499,935,665	11,851,920,508
	Over 1 (one) year but not more than 5 (five) years	19,231,316	904,757,169
	Over 5 (five) years	-	-
		23,015,186,144	22,233,536,229
7.4	Significant Concentration of Credit		
	Advances to Directors and Others	-	-
	Advances to Managing Director and Chief Executive	-	-
	Advances to customers	37,614,420,946	39,216,710,732
	Industry-wise	112,155,650,000	86,425,578,000
	Staff loan	1,142,450,616	696,545,543
		150,912,521,562	126,338,834,275
7.5	Geographical location-wise break-up		
	Urban		
	Dhaka	99,651,084,840	84,796,919,628
	Chittagong	26,944,329,560	21,025,908,582
	Rajshahi	9,635,711,011	8,518,586,787
	Sylhet	1,005,060,739	923,512,466
	Khulna	1,209,774,755	982,584,072
	Rangpur	1,146,649,787	942,473,562
	Barisal	1,197,731,137	1,143,204,102
		140,790,341,829	118,333,189,199
	Rural		
	Dhaka	4,416,065,800	3,505,125,811
	Chittagong	4,287,538,990	3,458,711,688
	Rajshahi	1,184,226,269	899,868,109
	Sylhet	77,495,312	67,296,339
	Rangpur	89,821,075	59,998,316
	Barisal	67,032,287	14,644,813
		10,122,179,733	8,005,645,076
		150,912,521,562	126,338,834,275

		Amount in Lac	
		2016	2015
7.6	Sector wise break-up of Loans		
	Education (School/College, University, Research institute)	3,210.90	1,687.41
	Health	12,541.17	18,555.48
	Agriculture	80,224.08	63,353.18
	Commodities (Sugar/ Edible Oil/ Wheat/ Rice/ Dal/ Peas/ Maize etc), Food & Beverage	83,202.46	75,154.21
	Trade Finance	274,206.90	197,695.37
	Transport	34,409.75	29,774.25
	Shipping	65,014.52	59,829.36
	Textile (Excluding IDBP)	64,339.78	58,055.89
	Textile (IDBP)	6,751.37	10,842.98
	Readymade Garments (RMG) [excluding IDBP]	203,080.28	163,706.28
	Readymade Garments (RMG) [IDBP]	26,112.07	25,414.45
	Tele communication	8,429.90	7,440.39
	IT & Computer/Trade	4,059.79	3,574.68
	Power & Fuel	3,799.51	4,861.03
	Real Estate	82,741.73	90,178.82
	Cement	2,601.86	2,051.79
	Chemicals	13,995.03	6,560.08
	Leather & Leather products	27,487.88	17,582.45
	Plastic & Plastic products	8,664.78	10,429.37
	Electrical & Electronic goods	11,609.04	15,358.36
	Paper & Packaging	38,179.50	44,951.23
	Jute & Jute products	23,449.42	17,276.69
	Glass & Glass products	782.07	885.18
	Ceramics (Table ware, Sanitary ware, Tiles etc.)	10,531.51	13,426.13
	Iron & Steel	96,656.70	56,011.01
	Engineering & Construction	17,642.38	21,652.65
	Contractor Finance	22,691.56	21,158.78
	Capital Market Intermediaries	43,260.68	47,809.92
	Backward Linkage	18,908.24	35,180.81
	Consumer & Retail Products	9,457.68	8,830.15
	NBFI	37,196.72	24,055.03
	Service (Hotel, Restaurant, Travelling, Tickets, etc.)	7,444.55	6,646.29
	Others	166,441.41	103,398.64
	Total	1,509,125.22	1,263,388.34

		Amount in BDT	
		2016	2015
7.7	Loan and advances allowed to each customer exceeding 10% of Bank's total capital		
	Total loans and advances	39,176,249,000	31,909,488,000
	No. of customers	28	27
	Classified amount thereon	217,974,275	nil
	Measures taken for recovery	nil	nil

The amount represents the sum of total loan allowed to each customer exceeding @ 10% of Capital Fund.

7.8 Details of large loans and advances

Number of clients with outstanding amount exceeding 10% of total capital of the Bank is 28. Total capital of the Bank was BDT 2,236.72 crore as at 31 December 2016.

SL #	Name of Clients	Out standing		Total (BDT)	Branch
		Funded	Non-Funded		
1	Azmat Group	438,476,000	1,173,380,000	1,611,856,000	Main
2	Hasan Flour Mill	-	2,613,855,000	2,613,855,000	Main
3	Natural Group	934,618,000	1,113,317,000	2,047,935,000	Main
4	Jamuna Group	2,486,780,000	2,937,670,000	5,424,450,000	Main
5	United Group	62,183,000	1,557,949,000	1,620,132,000	Main
6	Bashundhara Group	1,450,896,000	567,852,000	2,018,748,000	Main
7	Pioneer Group	505,271,000	719,772,000	1,225,043,000	Main
8	Creative Group	1,445,020,000	610,363,000	2,055,383,000	Main
9	Mercantile Bank Securities Ltd	1,641,024,000	-	1,641,024,000	Main
10	Interstoff Group	1,612,825,000	1,054,876,000	2,667,701,000	Dhanmondi
11	Abul Khair Group	1,044,391,000	3,644,639,000	4,689,030,000	Agrabad
12	T.K. Group	229,213,000	1,206,654,000	1,435,867,000	Agrabad
13	Sanmar Hotels	3,189,605,000	44,736,000	3,234,341,000	Agrabad
14	Kabir Group	1,555,054,000	802,358,000	2,357,412,000	Agrabad
15	BSRM Group	2,269,917,000	931,374,000	3,201,291,000	Jubilee Road
16	Starlight Group	2,827,408,000	3,493,030,000	6,320,438,000	Mohakhali
17	Nitol Motors	817,448,000	203,315,000	1,020,763,000	Mohakhali
18	Rising Group	1,355,663,000	841,374,000	2,197,037,000	Banani
19	KDS Group	1,230,965,000	567,752,000	1,798,717,000	Khatungonj
20	S. Alam Group	1,698,283,000	2,196,759,000	3,895,042,000	Khatungonj
21	Deshbandhu Group	2,197,457,000	1,873,304,000	4,070,761,000	Motijheel
22	Pran RFL Group	2,006,400,000	1,100,900,000	3,107,300,000	Motijheel
23	Jamuna Industrial Agro	2,405,394,000	-	2,405,394,000	Rajshahi
24	Rokeya Group	1,196,183,000	-	1,196,183,000	Rajshahi
25	Sheema Group	806,332,000	813,413,000	1,619,745,000	O.R Nizam Road
26	Robin Group	750,451,000	314,611,000	1,065,062,000	Gulshan
27	IFAD Group	1,669,450,000	126,000,000	1,795,450,000	Satmasjid Road
28	Ananda Shipyard	1,349,542,000	886,136,000	2,235,678,000	Eng. Institution
Total		**39,176,249,000**	**31,395,389,000**	**70,571,638,000**	

7.8.1 Loan and advances related with large loan restructuring

The bank has participated syndication loan of Jamuna Builders Limited with lead arranger of Janata Bank Limited. In addition, these loans have been restructured as large loan restructuring complied with BRPD circular # 04 dated January 29, 2015. Details are given below :

(BDT in Lac)

Nature of facility	Amount	Validity	Outstanding as on 31.12.2016	Total Provision kept	CL Status
Syndication Term Loan (Restructured)	4,246.28	30/6/2027	5,708.04	114.16	SMA (RST)

		Amount in BDT	
		2016	2015
7.9	Loans & advances classified as per Bangladesh Bank circular		
	Unclassified	143,166,637,927	120,088,060,275
	Sub-standard	1,860,399,885	1,156,945,000
	Doubtful	597,091,739	395,763,000
	Bad Loss	5,288,392,011	4,698,066,000
		150,912,521,562	126,338,834,275

Details of loans and advances as follows: (Figure in thousand)

Status of loans and advances	2016		2015	
	Mix %	Outstanding	Mix %	Outstanding
Unclassified loans and advances :				
Unclassified (including staff loan)	92.71%	139,905,626	92.96%	117,442,632
Special Mention Account	2.16%	3,261,012	2.09%	2,645,428
Total unclassified loans and advances :	**94.87%**	**143,166,638**	**95.05%**	**120,088,060**
Classified loans and advances :				
Sub-standard	1.23%	1,860,400	0.92%	1,156,945
Doubtful	0.40%	597,092	0.31%	395,763
Bad/loss	3.50%	5,288,392	3.72%	4,698,066
Total classified loans and advances :	**5.13%**	**7,745,884**	**4.95%**	**6,250,774**
Total loans and advances :	**100%**	**150,912,521**	**100%**	**126,338,834**

		Amount in BDT	
		2016	2015
7.9.1	Base for provision		
	SMA	3,261,011,625	2,643,200,000
	Base for provision		
	Sub-standard	483,848,467	892,317,000
	Doubtful	113,564,539	195,801,000
	Bad Loss	2,694,481,968	2,275,356,000
		3,291,894,974	3,363,474,000
7.10	Nature wise loans & advances		
	Continuous	45,261,471,405	37,312,636,236
	Demand Loan	45,352,630,277	38,018,726,565
	Term Loans up to 5 (five) years	54,889,392,047	50,286,136,127
	Term Loans above 5 (five) years	4,266,577,217	24,789,804
	Term Loans above 5 (five) years - Staff Loan	1,142,450,616	696,545,543
		150,912,521,562	126,338,834,275
7.11	Provision for loans and advances		
	General provision (including SMA)	3,830,682,789	3,671,668,000
	OBU	85,917,000	32,200,000
	Specific provision (classified loans and advances)		
	Sub-standard	96,664,102	178,000,000
	Doubtful	55,997,141	97,564,000
	Bad/ Loss	2,964,481,968	2,275,356,000
	Total	7,033,743,000	6,254,788,000
	Required provision for loans and advances	7,029,769,000	6,254,788,000
	Total provision maintained (Note-12.5.1)	7,033,743,000	6,254,868,000
	Excess/(short) provision	3,974,000	80,000

Provision for loans and advances: (Figure in thousand)

Status of loans and advances	Outstanding Amount (BDT)	Base for Provision	Provision % Amount (BDT)	Provision
Unclassified loans and advances :				
Unclassified (SMEF)	13,410,199	13,410,199	0.25%	33,525
Unclassified (other credit)	109,191,311	110,993,812	1%	3,571,603
Unclassified (OBU)	8,591,726	8,591,726	1%	85,917
Unclassified (HF, LP & BH/MBS/SDS against share)	2,638,565	2,638,565	2%	52,771
Unclassified (other than HF, LP & short term agri. Loan)	667,869	667,869	5%	33,393
Agri Loan	4,263,505	-	2.5%	106,588
Unclassified (staff loan)	1,142,451	-	0%	-
Special Mention Account	3,261,012	3,261,012	0.25% -5%	32,803
Total unclassified loans and advances :	143,166,638	139,563,183		3,916,600
Classified loans and advances :				
Sub - standard	1,860,400	483,848	5%-20%	96,664
Doubtful	597,092	113,565	5%-50%	55,997
Bad/ loss	5,288,392	2,694,482	100%	2,964,482
Total classified loans and advances :	7,745,884	3,291,895		3,117,143
Total loans and advances :	150,912,522	142,855,078		7,033,743

7.12 Provision for off-balance sheet exposures

Particulars of off-balance sheet exposures	Amount	Base for provision	Rate 1% Amount (BDT)	Provision Amount (BDT)
Acceptances and endorsements less margin	26,754,596,178	26,754,596,178	267,545,962	
Letter of guarantee less margin	8,300,212,805	8,300,212,805	83,002,128	
Letter of credit less margin	33,790,013,239	33,790,013,239	337,900,132	
Bills for collection	10,116,331,039	10,116,331,039	101,163,310	
Other contingent liabilities(BLW)	2,736,632,233	353,083,435	3,530,834	
Required provision on off-balance exp	81,697,785,494	79,314,236,696	793,142,367	793,142,367
Total Provision maintained				793,142,367
Excess/(short) provision				-

7.13 Particulars of loans and advances	Amount in BDT	
	2016	2015
i) Loans considered good in respect of which the Bank Company is fully secured	141,744,636,421	117,968,362,348
ii) Loans considered good for which the Bank holds no other Security than the debtors personal security	17,673,388	17,818,870
iii) Loans considered good and secured by the personal security of one or more parties in addition to the personal security of the debtors	261,877,502	1,405,333,514
iv) Loans adversely classified; provision not maintained there against	-	-
	142,024,187,311	119,391,514,732
v) Loans due by directors or executives of the Banking Company or any of them taken either severally or jointly with any other person (Staff Loan)	1,142,450,616	696,545,543
vi) Loans due by companies or firms in which the directors of the Bank Company are interested as directors, partners or managing agents or in case of private companies, as members.	-	-
	-	-

		Amount in BDT	
		2016	2015
vii)	Maximum total amount of advances, including temporary advances made at any time during the year to directors or managers or officers of the Banking Company or any of them either separately or jointly with any other person (Staff Loan)	1,142,450,616	696,545,543
viii)	Maximum total amount of advances, including temporary advances granted during the year to the companies or firms in which the directors of the Banking Company are interested as directors, partners or managing agents or in the case of private companies, as members	-	-
ix)	Due from other banking companies	-	-
x)	Total amount of classified advances on which interest is not credited to income	7,745,883,635	6,250,774,000
a.	Movement of classified loans and advances		
	Opening balance 01 January 2016	6,250,774,000	4,831,630,604
	Increase/(decrease) during the period	1,495,109,635	1,419,143,396
		7,745,883,635	6,250,774,000
b.	Amount of provision kept against loan classified as 'Bad/Loss' on the reporting date of Balance Sheet	2,694,481,968	2,275,356,000
c.	Interest creditable to the Interest Suspense Account	2,049,937,142	1,794,421,414
xi)	Amount of written off loans		
	Opening Balance	2,391,993,594	2,498,091,318
	Amount written off during the Period	972,851	3,162,240
	Amount Recovered / Adjustment	(9,417,647)	(109,259,964)
	Cumulative Balance	2,383,548,798	2,391,993,594
7.14	Listing of assets pledged as security/ collaterals		
	Nature of the secured assets:		
	Fixed assets	142,692,250,000	128,466,905,000
	Cash & quasi-cash	21,026,548,000	17,686,396,000
	Others	1,360,577,000	2,504,083,000
		165,079,375,000	148,657,384,000
7.15	Suits filed by the bank branch-wise details		
	Main Branch	3,118,454,169	3,118,454,169
	Dhanmondi Branch	739,406,342	521,890,789
	Motijheel Branch	17,742,100	17,742,100
	Nayabazar Branch	156,510,589	51,519,619
	Kawran Bazar	344,432,670	170,801,482
	Rajshahi Branch	48,800,000	51,455,823
	Noagaon Branch	231,682,981	232,255,333
	Agrabad Branch	2,942,556,985	2,606,333,353
	Sylhet Branch	72,353,785	72,353,785
	Comilla Branch	38,438,670	38,400,000
	Khatungonj Branch	818,496,673	758,997,096
	Sapahar Branch	5,186,041	5,186,041
	Jubliee Road Branch	6,902,326	6,902,326
	Banani Branch	1,099,802,355	1,109,117,684
	Uttara Branch	7,746,000	7,746,464
	O R Nizam Road Branch	562,612	562,612
	Madam Bibi Hat Branch	665,418,509	561,900,000
	Mogh Bazar Branch	9,136,000	9,136,525
	Faridgonj Branch	2,778,652	2,778,652
	Khulna Branch	3,233,000	2,695,551
	Rangpur Branch	12,085,363	12,085,363
	Sk.Mujib Road Branch	12,672,533	12,672,533
	Elephent Road Branch	7,342,880	7,342,880
	Mazar Road Branch	19,766,000	8,934,406
	BijoynagarBranch	42,644,374	42,644,374
	Joypara Branch	16,190,512	-
	Aganar Branch	537,510	-
	Patiya Branch	1,500,000	-
	Satmasjid Road Branch	145,980,802	10,649,924
		10,588,360,433	9,440,558,884

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		Amount in BDT	
		2016	2015
7(a)	**Consolidated loans and advances**		
	Loans and advances		
	Mercantile Bank Limited.	137,869,676,919	117,680,020,620
	Mercantile Bank Securities Limited.	4,878,310,917	5,243,415,017
	Mercantile Exchange House (UK) Limited	-	-
		142,747,987,836	122,923,435,637
	Inter company transactions	(1,674,682,280)	(4,958,200,650)
		141,073,305,556	117,965,234,987
	Bills purchased and discounted		
	Mercantile Bank Limited.	13,042,844,643	8,658,813,655
	Mercantile Bank Securities Limited.	-	-
	Mercantile Exchange House (UK) Limited	-	-
		13,042,844,643	8,658,813,655
	Inter company transaction	-	-
		13,042,844,643	8,658,813,655
	Total	154,116,150,199	126,624,048,642
8.	**Fixed assets including premises, furniture and fixtures-at cost less accumulated depreciation (Annex-A)**		
	Freehold properties		
	Land & land development	1,341,807,978	1,341,807,978
	Building	671,679,700	691,218,628
	Furniture & fixtures	462,542,345	480,182,082
	Office equipment	656,215,383	753,700,910
	Vehicles	42,637,385	56,033,431
	Books	146,817	229,153
		3,175,029,609	3,323,172,182
	Leasehold properties		
	Vehicles	-	1,204,415
	Automated Teller Machine (ATM)	-	1,417,599
		-	2,622,014
	Total	3,175,029,609	3,325,794,196
8(a).	**Consolidated fixed assets including premises, furniture and fixtures**		
	Mercantile Bank Limited.	3,175,029,609	3,325,794,196
	Mercantile Bank Securities Limited.	19,315,529	16,574,686
	Mercantile Exchange House (UK) Limited	4,743,955	5,807,938
		3,199,089,093	3,348,176,820

Fixed assets of the Bank specially land & land development been revalued by a professional valuation firm M/s Jarip O Paridarshan. Gain arisen from such revaluation is duly accounted for in the year 2011.

9	**Other assets**		
	Advance deposits	7,250,364	6,914,204
	Stock of stationery	9,225,743	22,279,942
	Suspense account (Note 9.1)	529,233,601	516,329,359
	Stamps in hand	4,163,418	4,029,306
	Advance rent	342,223,468	407,009,671
	Adjusting account debit (Note 9.2)	795,683,896	931,016,808
	Premium on bonds	-	4,703,843
	Clearing adjustment account	95,000	94,832
	Mercantile Exchange House (UK) Limited.	33,233,736	39,966,960
	Mercantile Bank OBU Unit	7,844,136,601	2,637,915,255
	Mercantile Bank general account	108,880,111	109,785,486
		9,674,125,939	4,680,045,666
	Intra company transaction (OBU)	(8,591,726,486)	(3,222,200,747)
		1,082,399,453	1,457,844,919

		Amount in BDT	
		2016	2015
9.1	Suspense accounts		
	Advance against TA/DA	15,000	10,000
	Encashment of PSP/BSP	165,368,607	152,766,600
	Others	363,849,994	363,552,759
		529,233,601	516,329,359
9.2	Adjusting account debit		
	Accrued interest	749,663,471	845,399,674
	Other accruals (Note - 9.2.1)	46,020,425	85,617,134
		795,683,896	931,016,808
9.2.1	Other accruals		
	Prepaid insurance premium	7,334,219	7,174,663
	Prepaid expenditure others	29,212,411	32,539,557
	Fees receivable	5,745,100	2,119,500
	Discount receivable	1,173,974	34,293,703
	Protested bills	509,199	334,562
	Other receivables	2,045,521	9,155,149
		46,020,425	85,617,134

9.3 Mercantile Bank General Account

Mercantile Bank General Account represents outstanding inter-branch and Head Office transactions (Net) originated but yet to be responded by the Balance Sheet date. However, the un-respondent entries of 31 December 2016 (position on 07.02.2017) are given below:

Particulars	No of entries	Amount	No of entries	Amount
	Dr.		Cr.	
Up to 3 months	9	101,735	-	-
Over 3 months but within 6 months	-	-	-	-
Over 6 months but within 1 year	-	-	-	-
Over 1 year but within 5 years	-	-	-	-
	9	101,735	-	-

		Amount in BDT	
		2016	2015
9(a)	Consolidated other assets		
	Mercantile Bank Limited.	1,082,399,453	1,457,844,919
	Mercantile Bank Securities Limited.	181,110,023	163,585,106
	Mercantile Exchange House (UK) Limited	1,433,210	2,155,662
		1,264,942,686	1,623,585,687
10.	Borrowings from other banks, financial institutions and agents		
	In Bangladesh	8,804,043,480	552,848,144
	Outside Bangladesh	-	-
		8,804,043,480	552,848,144

		Amount in BDT	
		2016	2015
10.1	In Bangladesh - Interest bearing		
	Call Deposits (10.1a)	3,030,000,000	-
		3,030,000,000	-
	Other Borrowings		
	Bangladesh Bank Refinance (10.1b)	654,633,365	524,263,255
	Other Bank Borrowings (10.1c)	5,080,000,000	-
	Off-shore Banking Unit	8,631,136,601	3,250,785,636
		14,365,769,966	3,775,048,891
	Inter company transaction	(8,591,726,486)	(3,222,200,747)
		5,774,043,480	552,848,144
10.1a	Money at Call		
	United Commercial Bank Limited	250,000,000	-
	BASIC Bank Limited	1,000,000,000	-
	Prime Bank Limited	390,000,000	-
	National Bank Limited	900,000,000	-
	Dhaka Bank Limited	50,000,000	-
	State Bank of India	140,000,000	-
	Janata Bank Limited	200,000,000	-
	Pubali Bank Limited	100,000,000	-
		3,030,000,000	-
10.1b	Bangladesh Bank Refinance		
	Refinance for Women Ent. SME	457,247,202	368,787,679
	Refinance for Home Loan	20,946,543	24,193,883
	Refinance for SME	25,240,332	93,306,299
	Refinance for ETP	10,150,000	150,000
	Refinance Against Fin. Brick Kil	28,214,288	33,857,144
	Refinance Against Jute Sector	30,000,000	2,207,000
	Refinance Against Fin. Incl SC(FIS)	1,810,000	1,761,250
	Refinance for Agro Processing Ind.	81,025,000	-
		654,633,365	524,263,255
10.1c	Other Bank Borrowings		
	Short Notice	500,000,000	-
	Mutual Trust Bank Limited	1,000,000,000	-
	AB Bank Limited	700,000,000	-
	IFIC Bank Limited	100,000,000	-
	Midland Bank Limited	1,000,000,000	-
	Bank Asia Limited	380,000,000	-
	HSBC Limited	500,000,000	-
	Trust Bank Limited	400,000,000	-
	Premier Bank Limited	4,580,000,000	-
	Term Notice	500,000,000	-
	Uttara Bank Limited	5,080,000,000	-
10.2	Outside Bangladesh	-	-
		8,804,043,480	552,848,144
10.3	Security wise grouping		
	Secured borrowings	5,734,633,365	524,263,255
	Unsecured borrowings	39,410,115	28,584,889
		5,774,043,480	552,848,144
10.4	Nature of repayment		
	Repayable on demand	39,410,115	28,584,889
	Others	5,734,633,365	524,263,255
		5,774,043,480	552,848,144

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		Amount in BDT	
		2016	2015
10.5	Maturity grouping of borrowings from other banks, financial institutions and agents		
	Up to 1 (one) month	39,410,115	28,584,889
	Over 1 (one) month but not more than 3 (three) months	-	-
	Over 3 (three) months but not more than 1 (one) year	5,734,633,365	524,263,255
	Over 1 (one) year but not more than 5 (five) years	-	-
	Over 5 (five) years	-	-
		5,774,043,480	552,848,144
10(a)	Consolidated borrowings from other banks, financial institutions		
	Inside Bangladesh		
	Mercantile Bank Limited.	8,804,043,480	552,848,144
	Mercantile Bank Securities Limited.	1,641,006,300	4,917,819,088
	Mercantile Exchange House (UK) Limited	33,675,980	40,381,562
		10,478,725,760	5,511,048,794
	Outside Bangladesh		
	Mercantile Bank Limited.	-	-
	Mercantile Bank Securities Limited.	-	-
	Mercantile Exchange House (UK) Limited	-	-
		-	-
		10,478,725,760	5,511,048,794
	Inter company transaction	(1,674,682,280)	(4,958,200,650)
		8,804,043,480	552,848,144
11.	Deposits and other accounts		
A.	Deposits received from Banks (Note- A-1)	-	-
B.	Other than Bank	156,085,775,549	147,816,283,651
	Payable on demand (Note- B-1)	23,976,206,289	18,483,625,640
	Time Deposits (Note - B-2)	132,109,569,259	129,332,658,011
		156,085,775,549	147,816,283,651
	Maturity Analysis (Deposits received from other than Banks)		
	Repayable on demand	14,958,654,875	13,859,456,578
	Repayable within 1 (one) month	26,985,879,546	25,598,789,456
	Repayable over 1 (one) month but within 3 (three) months	25,978,546,570	24,579,654,750
	Repayable over 3 (three) months but within 1 (one) year	28,959,305,255	27,589,003,552
	Repayable over 1 (one) year but within 5 (five) years	31,852,879,537	30,624,589,753
	Repayable over 5 (five) years but within 10 (ten) years	27,350,509,766	25,563,510,085
	Unclaimed deposits 10 (ten) years and above	-	1,279,477
		156,085,775,549	147,816,283,651
A-1	Deposits received from Banks		
		-	-
		-	-
		-	-
	Maturity wise grouping		
	Repayable within 1 (one) month	-	-
	Repayable over 1 (one) month but within 3 (three) months	-	-
	Repayable over 3 (three) months but within 1 (one) year	-	-
	Repayable over 1 (one) year but within 5 (five) years	-	-
	Repayable over 5 (five) years but within 10 (ten) years	-	-
	Unclaimed deposits 10 (ten) years and above	-	-
		-	-
B-1	Payable on demand		
	Current deposits	8,475,336,536	6,949,750,450
	Saving deposits (9%) - (Note 11.3)	1,494,137,472	1,146,579,472
	Foreign currency deposits (non interest bearing)	1,225,941,965	1,006,195,405
	Security deposit receipt	24,113,850	7,958,083
	Bills payable (Note-11.2)	2,421,841,947	1,634,654,462
	Sundry deposits (Note - 11.6)	5,368,883,340	3,388,786,057
	Foreign currency held against Back to Back L/C	4,965,951,179	4,349,701,711
		23,976,206,289	18,483,625,640

		Amount in BDT	
		2016	2015
B- 2	Time deposits		
	Saving deposits (91%) - (Note-11.3)	15,107,389,997	11,593,192,443
	Fixed deposits (Note-11.4)	36,776,569,142	42,028,786,930
	Special Notice deposits	14,844,168,817	14,703,963,192
	Deposits under schemes (Note-11.5)	65,255,562,966	60,852,621,850
	Non-resident taka deposit	61,100,974	106,622,770
	Deposit under Q-cash	64,777,364	47,470,826
		132,109,569,259	129,332,658,011
11.1	Current accounts & other accounts		
	Current deposits	8,475,336,536	6,949,750,450
	Special Notice deposits	14,844,168,817	14,703,963,192
	Foreign currency deposits	1,225,941,965	1,006,195,405
	Deposit under Q-cash & M-Pay	64,777,364	47,470,826
	Non-resident taka deposits	61,100,974	106,622,770
	Security deposit receipt	24,113,850	7,958,083
	Sundry deposit Notes 11.6	5,368,883,340	3,388,786,057
	Foreign currency held against Back to Back L/C	4,965,951,179	4,349,701,711
		35,030,274,025	30,560,448,494
11.2	Bills payable		
	Demand Draft	11,294,395	10,948,463
	Pay Order	2,409,478,633	1,622,623,616
	Pay Slip	1,068,919	1,082,383
		2,421,841,947	1,634,654,462
	Maturity wise Grouping Bills Payable		
	Repayable within 1 (one) month	2,421,841,947	1,634,654,462
	Repayable over 1 (one) month but within 3 (three) months	-	-
	Repayable over 3 (three) months but within 1 (one) year	-	-
	Repayable over 1 (one) year but within 5 (five) years	-	-
	Repayable over 5 (five) years but within 10 (ten) years	-	-
	Unclaimed deposits 10 (ten) years and above	-	-
		2,421,841,947	1,634,654,462
11.3	Savings Bank deposits		
	As per BRPD Circular No. 03 of 07 July 1997, total saving bank deposits amount is distributed into:		
	9% of total Savings Bank deposits (Demand deposits)	1,494,137,472	1,146,579,472
	91% of total Savings Bank deposits (Time deposits)	15,107,389,997	11,593,192,443
		16,601,527,469	12,739,771,915
11.4	Fixed deposits		
	Customer deposits (Note-11.4.1)	36,776,569,142	42,028,786,930
		36,776,569,142	42,028,786,930
11.4.1	Fixed Deposits - maturity wise Grouping		
	Repayable within 1 (one) month	1,190,399,940	1,744,450,422
	Repayable over 1 (one) month but within 3 (three) months	23,438,308,446	25,686,368,928
	Repayable over 3 (three) months but within 1 (one) year	12,078,214,355	14,583,164,924
	Repayable over 1 (one) year but within 5 (five) years	69,646,402	14,802,656
	Repayable over 5 (five) years but within 10 (ten) years	-	-
	Unclaimed deposits for 10 (ten) years and above	-	-
		36,776,569,142	42,028,786,930
11.5	Deposits under schemes		
	Monthly Savings Scheme	37,811,106,624	36,840,931,072
	Double Benefit Deposit Scheme	21,884,239,582	19,445,319,839
	Family Maintenance Deposit Scheme	2,318,262,575	2,789,315,789
	Special Savings Scheme	295,417,799	313,651,969
	Pension and Family Support Scheme	219,318,300	251,486,308
	Quarterly Benefit Deposit Scheme	57,200,000	56,200,000
	One & Half Time Benefit Scheme	78,071,058	57,058,154
	Super Benefit Scheme	2,587,734,611	1,095,735,908
	Education Planning Deposit Scheme	4,212,418	2,922,811
		65,255,562,966	60,852,621,850

		Amount in BDT	
		2016	2015
11.6	Details of sundry deposit		
	Sundry Creditors	244,461,862	157,747,714
	Withholding Tax - IT	171,542,974	147,210,837
	Withholding Tax - Excise Duty	112,855,649	116,141,589
	Withholding Tax - VAT	41,626,538	32,680,777
	Margin on Letter of Guarantee	512,597,817	484,333,903
	Margin on L/C	2,409,931,612	1,812,257,519
	Margin on FDBP/IBP	4,000	230,573,129
	Margin on Inward bill collection	34,050,043	7,479,772
	Other Margin Account	4,469,357	4,029,294
	Sale proceeds of PSP/BSP	21,515,000	67,225,015
	Advance deposit against lease	22,332,300	22,450,200
	Security deposit	8,253,605	7,958,085
	Payable to employee welfare fund	200	20
	Export bill agency commission	10,577,645	25,860,092
	Export bill reserve margin	184,492,370	7,258,367
	Other sundry deposit	1,590,172,368	265,579,744
		5,368,883,340	3,388,786,057
11(a)	Consolidated deposits and other accounts		
11.1(a)	Current and other accounts		
	Deposits Received from Banks		
	Mercantile Bank Limited	-	-
	Mercantile Bank Securities Limited	-	-
	Mercantile Exchange House (UK) Limited	-	-
		-	-
	Other than Bank		
	Mercantile Bank Limited	35,030,274,025	30,560,448,494
	Mercantile Bank Securities Limited	146,521,148	110,677,054
		35,176,795,173	30,671,125,548
	Inter Company Transaction	(448,730,936)	(218,227,990)
		34,728,064,236	30,452,897,558
11.2(a)	Bills Payable		
	Mercantile Bank Limited	2,421,841,947	1,634,654,462
	Mercantile Bank Securities Limited	-	-
	Mercantile Exchange House (UK) Limited	-	-
		2,421,841,947	1,634,654,462
	Maturity wise Grouping Bills Payable		
	Repayable within 1 (one) month	2,421,841,947	1,634,654,462
	Repayable over 1 (one) month but within 3 (three) months	-	-
	Repayable over 3 (three) months but within 1 (one) year	-	-
	Repayable over 1 (one) year but within 5 (five) years	-	-
	Repayable over 5 (five) years but within 10 (ten) years	-	-
	Unclaimed Deposits 10 (ten) years and above	-	-
		2,421,841,947	1,634,654,462
11.2(b)	Subordinated Bond		
	BRAC Bank Limited	1,000,000,000	1,000,000,000
	ONE Bank Limited	500,000,000	500,000,000
	NRBC Bank Limited	450,000,000	450,000,000
	Dhaka Bank Limited	300,000,000	300,000,000
	NRB Bank Limited	200,000,000	200,000,000
	Pubali Bank Limited	100,000,000	100,000,000
	IDLC Finance Limited	300,000,000	300,000,000
	United Finance Limited	100,000,000	100,000,000
	National Life Insurance Company Limited	50,000,000	50,000,000
		3,000,000,000	3,000,000,000

		Amount in BDT	
		2016	2015
11.3(a)	Savings Bank Deposits		
	Mercantile Bank Limited	16,601,527,469	12,739,771,915
	Mercantile Bank Securities Limited	-	-
	Mercantile Exchange House (UK) Limited	-	-
		16,601,527,469	12,739,771,915
11.4(a)	Fixed Deposits		
	Mercantile Bank Limited	36,776,569,142	42,028,786,930
	Mercantile Bank Securities Limited	-	-
	Mercantile Exchange House (UK) Limited	-	-
		36,776,569,142	42,028,786,930
11.4.1(a)	Fixed Deposits - Maturity wise Grouping		
	Repayable within 1 (one) month	1,190,399,940	1,744,450,422
	Repayable over 1 (one) month but within 3 (three) months	23,438,308,446	25,686,368,928
	Repayable Over 3 (three) months but within 1 (one) year	12,078,214,355	14,583,164,924
	Repayable Over 1 (one) year but within 5 (five) years	69,646,402	14,802,656
	Repayable Over 5 (five) years but within 10 (ten) years	-	-
	Unclaimed Deposits for 10 (ten) years and above	-	-
		36,776,569,142	42,028,786,930
11.5(a)	Deposits Under Schemes		
	Mercantile Bank Limited	65,255,562,966	60,852,621,850
	Mercantile Bank Securities Limited	-	-
	Mercantile Exchange House (UK) Limited	-	-
		65,255,562,966	60,852,621,850
12.	Other liabilities		
	Provision for Gratuity (Note-12.1)	-	-
	Provision for Fixed Assets (Note-12.2)	85,000,000	85,000,000
	Other Provision (Note-12.2.1)	509,200	334,562
	Provision for Off Balance Sheet Items (Note-12.3)	793,142,367	616,446,601
	Provision for Incentive Bonus	456,031,938	162,613,908
	Provision for Current Tax (Note-12.4.1)	(187,533,373)	(84,352,702)
	Provision for Deferred Tax (Note-12.4.2)	24,743,577	29,604,615
	Provision for Loans and Advances (Note-12.5.1)	7,033,743,000	6,254,868,000
	Adjusting Account Credit (Note-12.6)	1,584,973,772	2,033,501,313
	Interest Suspense Account (Note-12.7)	2,049,937,142	1,794,421,414
	Provision for Audit fees	805,000	690,000
	Foreign Currency held against EDF L/C	7,586,695,801	5,019,744,855
	Lease Payable (Note-12.8)	-	4,434,714
		19,428,048,424	15,917,307,280
12.1	Provision for Gratuity		
	Provision held at the beginning of year	-	-
	Provision made during the period	120,000,000	30,000,000
		120,000,000	30,000,000
	Transferred to savings Account for Gratuity	120,000,000	30,000,000
		-	-
12.2	Provision for Fixed Assets		
	Provision held at the beginning of the year	85,000,000	85,000,000
	Provision made during the period	-	-
		85,000,000	85,000,000
12.2.1	Other Provision		
	Protested Bill	509,199	334,562
	Other	-	-
		509,199	334,562

A Land is included under freehold properties- land (Note-8), located at Gulshan, Plot# 3, Block# CWN (C), Gulshan Avenue, Gulshan, Dhaka-1212, Municipality Holding# 105, Gulshan Avenue, Gulshan. Area of land is 1 bigha 2 chattaks purchased in the year 2005 for Bank's own use as per decision of the Board of Directors in its 73rd meeting held on 23 August 2005. The land is under litigation and possession of the land is yet to be taken. In this connection a provision has been made as per Bangladesh Bank's instruction.
Provision was made for land as per instruction of Bangladesh Bank vide letter no. DBI-1(vigilance) / 5050 (15)/ 2006-400, 20 March 2006.

12.3	Provision for Off Balance Sheet Items		
	Provision held at the beginning of the year	616,446,601	583,004,896
	Provision made during the period	176,695,766	33,441,705
		793,142,367	616,446,601

		Amount in BDT	
		2016	2015
12.3 (a)	Consolidated current years provision for off-balance sheet		
	Mercantile Bank Limited	176,695,766	33,441,705
	Mercantile Bank Securities Limited	-	-
	Mercantile Exchange House (UK) Limited	-	-
		176,695,766	33,441,705
12.3.1 (a)	Consolidated current years other provision		
	Mercantile Bank Limited	-	-
	Mercantile Bank Securities Limited	-	5,700,000
	Mercantile Exchange House (UK) Limited	-	-
		-	5,700,000
12.4	Provision for Tax including Deferred Tax		
	Provision held at the beginning of the year	10,624,280,564	9,369,065,755
	Provision made during the period	1,264,861,038	1,255,214,809
	Deferred tax provision	-	-
	Total provision	11,889,141,602	10,624,280,564
	Tax paid during the period	(1,368,041,709)	(1,724,021,628)
		10,521,099,893	8,900,258,936
	Advance tax paid up to last year	(10,673,813,842)	(8,949,792,214)
	Balance held at the end of the year	(152,713,949)	(49,533,278)

Current tax liabilities for the current and prior periods have been measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and tax law that have been enacted or substantively enacted by the Balance Sheet date (BAS 12 "Income Taxes" ; Para 46).

12.4.1	Tax liabilities		
	Provision held at the beginning of the year	10,589,461,140	9,334,246,331
	Provision made during the period	1,264,861,038	1,255,214,809
		11,854,322,178	10,589,461,140
	Advance tax paid	(12,041,855,551)	(10,673,813,842)
		(187,533,373)	(84,352,702)
12.4.2	Deferred Tax liabilities		
	Provision held at the beginning of the year	29,604,615	34,819,424
	Provision made during the Period	(4,861,038)	(5,214,809)
		24,743,577	29,604,615
12.4.1(a)	Consolidated tax provision		
	Mercantile Bank Limited	1,264,861,038	1,255,214,809
	Mercantile Bank Securities Limited	27,387,303	8,612,580
	Mercantile Exchange House (UK) Limited	-	184,592
		1,292,248,341	1,264,011,981
12.4.2(a)	Consolidated deferred tax provision		
	Mercantile Bank Limited	(4,861,038)	(5,214,809)
	Mercantile Bank Securities Limited	-	-
	Mercantile Exchange House (UK) Limited	-	-
		(4,861,038)	(5,214,809)
12.5	Provision made for loans & advances including off-balance sheet items		
	Provision against Un Classified Loans	212,732,000	1,156,383,000
	Provision against Classified Loans	559,475,139	102,644,980
	Other Provision (Protested Bill)	174,637	-
	Other Provision (Off-Balance Sheet Items) (Note-12.3)	176,695,766	33,441,705
		949,077,542	1,292,469,685
12.5(a)	Provision made for loans & advances including off-balance sheet items		
	Mercantile Bank Limited	949,077,542	1,292,469,685
	Mercantile Bank Securities Limited	35,000,000	-
	Mercantile Exchange House (UK) Limited	-	-
		984,077,542	1,292,469,685

		Amount in BDT	
		2016	2015
12.5.1	**Provision for loans and advances**		
	Provision against Classified Loans (Specific Provision)	3,117,143,000	2,551,000,000
	Provision against Unclassified Loans (General Provision)	3,916,600,000	3,703,868,000
		7,033,743,000	6,254,868,000
	Movement of Provision against Classified Loans and Advances (Specific Provision)		
	Provision held at the beginning of the year	2,551,000,000	2,405,182,020
	Fully Provided Debts written off	-	-
	Recoveries of amounts previously written off	6,667,861	43,173,000
	Specific Provision for the year	-	-
	Recoveries and Provisions no longer required	-	-
	Net Charge to Profit and Loss Account	559,475,139	102,644,980
	Provision held at the end of the period	3,117,143,000	2,551,000,000
	Provision against Unclassified Loans		
	Provision held at the beginning of the year	3,703,868,000	2,547,485,000
	Adjustment during the period	-	-
	Addition during the period	212,732,000	1,156,383,000
		3,916,600,000	3,703,868,000
	Provision at the end of the year	7,033,743,000	6,254,868,000
12.5.1(a)	**Consolidated Provision for Loans and Advances**		
	Mercantile Bank Limited	7,033,743,000	6,254,868,000
	Mercantile Bank Securities Limited	35,000,000	5,700,000
	Mercantile Exchange House (UK) Limited	-	-
		7,068,743,000	6,260,568,000
12.6	**Adjusting Account Credit**		
	Interest provision	1,470,110,326	1,879,831,498
	Other provision	114,863,446	153,669,815
		1,584,973,772	2,033,501,313
12.7	**Interest Suspense Account**		
	Opening balance	1,794,421,414	1,588,170,608
	Amount transferred during the period	618,998,728	316,104,806
		2,413,420,142	1,904,275,414
	Amount recovered and waiver during the period	363,112,000	109,284,000
	Amount written off during the period	371,000	570,000
		(363,483,000)	(109,854,000)
	Balance at the end of the period	2,049,937,142	1,794,421,414
12.8	**Obligation Under Finance Lease (Lease Payable)**		
	Lease rental payable within 1 year	4,434,714	12,599,686
	Above 1 year but within 5 years	(4,434,714)	(8,164,972)
	Total lease rental payable	-	4,434,714
	Finance charge payable	-	-
		-	4,434,714
12(a)	**Consolidated Other Liabilities**		
	Mercantile Bank Limited	19,428,048,424	15,917,307,280
	Mercantile Bank Securities Limited	1,139,076,558	1,023,918,625
	Mercantile Exchange House (UK) Limited	11,330,581	10,502,887
		20,578,455,563	16,951,728,792
13.	**Capital**		
	Authorized capital		
	1,200,000,000 Ordinary shares of BDT 10 each	12,000,000,000	12,000,000,000

	Amount in BDT	
	2016	2015

13.1 Issued, Subscribed and Fully Paid-up Capital

Total 739,156,701 Ordinary shares (79,195,360 Ordinary shares during 2013) of BDT 10 each were issued, subscribed and fully paid up as at 31 Decmbember 2016.

Opening balance	7,391,567,010	7,391,567,010
Issued for cash	-	-
Right shares	-	-
Issued for other than cash (Bonus shares)	-	-
Closing balance	7,391,567,010	7,391,567,010
Issued for cash	245,000,000	245,000,000
IPO	319,765,000	319,765,000
Right shares	1,438,942,300	1,438,942,300
Bonus shares	5,387,859,710	5,387,859,710
	7,391,567,010	7,391,567,010

13(a) Consolidated Paid-up Capital

Mercantile Bank Limited	7,391,567,010	7,391,567,010
Mercantile Bank Securities Limited	3,600,000,000	650,000,000
Mercantile Exchange House (UK) Limited	99	118
	10,991,567,109	8,041,567,128
Inter Company Transaction	(3,000,000,099)	(600,000,118)
	7,991,567,010	7,441,567,010

13.2 History of Paid-up capital

Accounting year	Declaration	No. of shares	Value in capital (BDT)	Cumulative (BDT)
1999	Initial	24,500,000	245,000,000	245,000,000
2000	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	Bonus	-	-	7,391,567,010
2015				
	Total	739,156,701	7,391,567,010	-

13.3 Particulars of Fully Paid-up Share Capital

	2016 No. of Shares	2015 No. of Shares	2016 (%)	2015 (%)
Sponsor	275,601,198	271,941,197	37.29%	36.79%
Financial Institutions	57,668,146	53,176,387	7.80%	7.19%
General Public	405,887,357	414,039,117	54.91%	56.02%
	739,156,701	739,156,701	100%	100%

	Amount in BDT	
	2016	2015

13.4 Classification of Shareholders by Holding as on 31 December 2016

	No. of Share Holders	No. of Shares	(%) of Holdings
1 to 499 Shares	8,095	1,476,629	0.20%
500 to 5,000 Shares	15,030	27,677,346	3.74%
5,001 to 10,000 Shares	2,446	17,744,590	2.40%
10,001 to 20,000 Shares	1,267	18,197,908	2.46%
20,001 to 30,000 Shares	378	9,383,179	1.27%
30,001 to 40,000 Shares	200	7,058,750	0.95%
40,001 to 50,000 Shares	144	6,665,436	0.90%
50,001 to 100,000 Shares	276	19,912,603	2.69%
100,001 to 1,000,000 Shares	277	87,691,606	11.86%
1,000,001 to 99999999 Shares	97	543,348,654	73.51%
	28,210	739,156,701	100.00%

13.5 Capital to Risk Weighted Asset Ratio (CRAR)-under BASEL-III

Tier – I Capital (Going Concern Capital)		
a) Common Equity Tier I (CET-I)		
Paid up Capital	7,391,567,010	7,391,567,010
Statutory Reserve	5,449,253,039	4,751,781,375
Retained Earnings	1,538,676,780	892,509,162
Dividend Equalization Fund	45,680,250	45,680,250
	14,425,177,079	13,081,537,797
Regulatory Adjustment from CET-I	(95,180,818)	(172,951,128)
	14,329,996,260	12,908,586,669
b) Additional Tier-I (AT-I)	-	-
Tier-I Capital (a+b)	14,329,996,260	12,908,586,669
Tier-II Capital (Gone Concern Capital)		
General Provision	4,709,742,367	1,626,819,073
Revaluation Reserve for Fixed Assets	321,805,978	321,805,978
Revaluation Reserve for Equity Investment	-	-
Subordinated bond	3,000,000,000	3,000,000,000
Revaluation Reserve for Securities	223,908,457	223,908,457
	8,255,456,801	5,172,533,508
Regulatory Adjustments from Tier-II Capital	(218,285,774)	(109,142,887)
Tire-II Capital	8,037,171,028	5,063,390,621
A. Total Capital	22,367,167,288	17,971,977,290
B. Total Risk Weighted Assets (RWA)	171,704,238,842	151,438,724,706
C. Minimum Capital Requirement (MCR) (10.625% of RWA)	18,243,575,377	15,143,872,471
D. Surplus/ (Deficiency) (A-C)	4,123,591,911	2,828,104,819
Capital to Risk Weighted Asset Ratio (CRAR)	13.03%	11.87%

	2016		2015	
Capital Requirement	% Required	% Held	% Required	% Held
Tier -I Capital (Going-Concern Capital)	5.5%	5.50%	5.5%	5.50%
Capital Conservation Buffer		2.85%		3.03%
Tier -II Capital (Gone-Concern Capital)	4.5%	4.68%	4.5%	3.34%
Total	10.0%	13.03%	10.0%	11.87%

	Amount in BDT	
	2016	2015

13.6 Capital to Risk Weighted Asset Ratio (CRAR)-under BASEL-III

There remains a surplus of BDT 4,123,591,911 on capital and reserve fund of the Bank as per requirement of section 13A of Bank Companies Act, 1991 and BRPD circular # 09, dated 31 December 2008 respectively details of which are placed below :

(a) Minimum Capital Requirement (MCR) (10.625% of RWA)	18,243,575,377	15,143,872,471
(b) Actual Capital:	22,367,167,288	17,971,977,290
i) Tier I Capital (Going-Concern Capital)	14,329,996,260	12,908,586,669
ii) Tier-II Capital (Gone -Concern Capital)	8,255,456,801	5,063,390,621
General provision	4,709,742,367	1,626,819,073
Exchange Equalization Account	-	-
Revaluation Reserve for Fixed Assets	321,805,978	321,805,978
Revaluation Reserve for equity Investment	-	-
Subordinated bond	3,000,000,000	3,000,000,000
Revaluation Reserve for securities	223,908,457	223,908,457
Regulatory Adjustments from Tier-II Capital	(218,285,774)	(109,142,887)
Surplus/ (Deficiency) (b-a)	4,123,591,911	2,828,104,819

14. Statutory Reserve

Opening balance	4,751,781,375	4,223,124,428
Addition during the year (20% of pre-tax profit)	697,471,664	528,656,947
Closing balance	5,449,253,039	4,751,781,375

This has been made according to Sec. 24 of Bank Companies Act, 1991 and shall be maintained until it equals to Paid-up Capital.

14(a) Consolidated Statutory Reserve

Mercantile Bank Limited	5,449,253,039	4,751,781,375
Mercantile Bank Securities Limited	-	-
Mercantile Exchange House (UK) Limited	-	-
	5,449,253,039	4,751,781,375

14.1 General reserve

Opening balance	-	-
Transferred during the year from Profit & Loss Account	-	-
Closing balance	-	-

15. Other reserves

A. Dividend Equalization Fund

Opening balance	45,680,250	45,680,250
Addition during the period	-	-
Closing balance	45,680,250	45,680,250

B. Adjustment for Approved Securities HTM

The above amount represents the adjustment made of approved securities held for adjusting against Treasury Bond held for Statutory Liquidity Reserve Requirements (SLR).

Opening balance	30,885,323	49,707,862
Last years adjustment	(30,321,586)	(18,822,539)
Adjustment during the period	-	-
Closing balance	563,737	30,885,323

C. Reserve from revaluation

HFT securities	1,740,253,476	1,757,691,520
Revaluation Reserve for Fixed Assets	643,611,955	643,611,955
	2,383,865,431	2,401,303,475
Total other reserves (A+B+C)	2,430,109,417	2,477,869,048

		Amount in BDT	
		2016	2015
15(a)	Consolidated other reserves		
	Mercantile Bank Limited	2,430,109,418	2,477,869,048
	Mercantile Bank Securities Limited	-	-
	Mercantile Exchange House (UK) Limited	-	-
		2,430,109,418	2,477,869,048
16.	Retained earnings/ movement of profit and loss account		
	Opening balance	892,509,162	767,372,642
	Transfer from Intt. Suspense	2,768,999	-
	Cash dividend	(886,988,041)	(739,491,268)
	Transfer from Other Provision	500,000	-
	Retained earnings	8,790,120	27,881,374
	Profit before income tax	3,487,358,324	2,643,284,734
		3,496,148,444	2,671,166,108
	General reserve	-	-
	Statutory reserve	697,471,664	528,656,947
		2,798,676,780	2,142,509,162
	Provision for income tax	1,264,861,038	1,255,214,809
		1,533,815,742	887,294,353
	Provision for deferred tax	(4,861,038)	(5,214,809)
	Closing balance	1,538,676,780	892,509,162
16.1	Consolidated retained earnings last year		
	Mercantile Bank Limited	8,790,120	27,881,374
	Mercantile Bank Securities Limited	34,344,837	34,334,617
	Mercantile Exchange House (UK) Limited	(25,168,833)	(39,674,053)
		17,966,124	22,541,938
16(a)	Consolidated Surplus in Profit and Loss Account		
	Mercantile Bank Limited	1,538,676,780	892,509,162
	Mercantile Bank Securities Limited	34,381,869	31,702,926
	Mercantile Exchange House (UK) Limited	(25,143,180)	(30,180,466)
		1,547,915,469	894,031,622
16(b)	Non Controlling Interest		
	Non controlling share capital	50,000,000	50,000,000
	Share of profit	484,252	2,641,911
		50,484,252	52,641,911
16.A(1)	Cash and cash equivalent		
	Cash	12,499,971,654	13,225,470,762
	Balance with other Banks and Financial Institutions	3,536,863,426	3,822,760,252
		16,036,835,080	17,048,231,014
16.A(2)	Consolidated cash and cash equivalent		
	Cash	12,501,632,123	13,226,236,073
	Balance with other Banks and Financial Institutions	3,752,891,993	4,099,692,248
		16,254,524,116	17,325,928,321
17	Contingent liabilities		
17.1	Acceptance and endorsements		
	Back to Back Bills	9,545,957,770	8,367,872,784
	Banker's Liabilities PAD (DEF)	17,208,638,408	14,342,836,521
		26,754,596,178	22,710,709,305

		Amount in BDT	
		2016	2015
17.2	Letter of guarantees		
	Money for which the Bank is contingently liable in respect of guarantees are given favoring:		
	Directors	-	-
	Government	5,117,773,520	5,115,956,390
	Bank and other Financial Institutions	430,004,340	897,943,946
	Others (Note-17.2.1)	2,752,434,945	1,668,213,691
		8,300,212,805	7,682,114,027
17.2.1	Letter of guarantees others		
	Local	2,743,518,945	1,666,453,691
	Foreign	8,916,000	1,760,000
		2,752,434,945	1,668,213,691
17.3	Letter of credit		
	Inland	1,736,648,273	6,486,632,735
	General	25,882,707,624	10,510,937,319
	Back to Back L/C	6,170,657,342	5,482,931,400
		33,790,013,239	22,480,501,454
17.4	Bills for collection		
	Outward Bills for Collection	2,373,929,130	3,177,470,917
	Outward Foreign Bills for Collection	7,742,401,909	5,593,864,365
	Outward Foreign Bills Lodge	-	-
		10,116,331,039	8,771,335,282
17.5	Other contingent liabilities		
	Banker's Liabilities (BLW)	2,383,548,798	2,391,993,594
	Other Commitments	353,083,435	-
		2,736,632,233	2,391,993,594
18	Income Statement		
	Income:		
	Interest, discount and similar income	16,533,366,886	16,967,125,009
	Dividend income	72,541,849	19,196,996
	Fees, commission and brokerage	919,222,699	798,636,400
	Gain less losses arising from dealing securities	1,185,294,978	280,899,612
	Gain less losses arising from investment securities	2,257,626	4,333,507
	Gain less losses arising from dealing in foreign currencies	952,658,445	874,450,777
	Income from non-banking assets	7,837,693	520,870
	Other operating income	934,338,892	807,406,228
	Sub. Total	20,607,519,068	19,752,569,399
	Expenses:		
	Interest, fees and commission	10,518,542,200	11,808,553,787
	Administrative expenses	2,479,300,293	1,797,685,556
	Other operating expenses	2,872,668,490	1,979,083,728
	Depreciation on banking assets	300,572,218	231,491,909
	Sub. Total	16,171,083,201	15,816,814,980
	Operating profit before provision	4,436,435,867	3,935,754,419
19	Interest income		
	Interest from Banks & other Financial Institutions (Note-19.1)	287,641,534	126,598,707
	Interest from F.C. Clearing Account	292,981,076	54,059,549
	Interest from Loans and Advances (Note-19.2)	13,095,635,224	13,932,038,146
		13,676,257,833	14,112,696,402
	*** Rebate to the good borrower has been offset from the interest income to the respective customer.		
19.1	Interest received from Banks & other Financial Institutions		
	Interest from money at call and short notice	57,406,625	40,430,153
	Interest from other Banks	228,496,250	69,447,502
	Interest from Reverse REPO	1,738,659	16,721,052
		287,641,534	126,598,707

		Amount in BDT	
		2016	2015
19.2	Interest from loans and advances		
	Loan General	20,569,538	203,835,999
	Term Loan	3,587,010,919	3,299,112,377
	Time Loan	1,194,663,199	1,470,897,531
	Loan Against Trust Receipt	535,201,635	730,341,697
	Packing Credit	129,385,640	105,726,207
	Lease Finance	150,996,590	148,330,869
	Hire Purchase	676,369,899	910,047,990
	Payment Against Documents	77,044,333	61,165,016
	Cash Credit (Hypo)	1,341,906,577	1,587,726,925
	Overdraft	2,206,783,289	2,297,127,751
	Consumers Credit	157,249,034	157,733,140
	House Building Loan	376,358,712	403,480,417
	Staff Loan	42,416,687	32,178,195
	EDF Loan	155,399,426	102,317,455
	Bill Purchase and Discounted	490,727,644	695,530,867
	S M E	1,654,842,192	1,435,370,555
	Agricuultural Credit	269,336,687	250,718,237
	Other Credit Schemes	547,480	1,327,957
	Personal Loan	28,825,741	39,068,961
		13,095,635,224	13,932,038,146
19(a)	Consolidated interest income		
	Mercantile Bank Limited	13,676,257,833	14,112,696,402
	Mercantile Bank Securities Limited	78,456,203	224,865,021
	Mercantile Exchange House (UK) Limited	-	-
		13,754,714,036	14,337,561,423
	Inter Company Transaction	(8,571,165)	(7,981,929)
		13,746,142,871	14,329,579,494
20	Investment income		
	Interest on Investments (Note-A)	2,857,109,053	2,854,411,015
	Income on Investment in Shares (Note-B)	74,799,475	23,530,503
		2,931,908,528	2,877,941,518
A	Interest on Investments		
	Interest on Treasury Bills	11,934,974	43,303,533
	Interest on Treasury Bonds	2,303,318,629	2,445,174,767
	Interest on Bangladesh Bank Bill	32,353,310	23,191,410
	Interest on Commercial Paper	90,655,556	30,120,455
	Interest on Subordinated Bona	417,902,672	312,620,850
	Interest on SWAP	943,913	-
		2,857,109,053	2,854,411,015
B	Income on Investment in Shares		
	Gain on sale of shares	2,257,626	4,333,507
	Dividend on shares	72,541,849	19,196,996
		74,799,475	23,530,503
20(a)	Consolidated Investment Income		
	Mercantile Bank Limited	2,931,908,528	2,877,941,518
	Mercantile Bank Securities Limited	-	(213,544,984)
	Mercantile Exchange House (UK) Limited	-	-
		2,931,908,528	2,664,396,534
21	Interest paid on deposits & borrowings etc.		
	Interest on Deposits	9,992,044,450	11,414,282,666
	Interest on Refinance BB	24,416,147	19,076,875
	Interest on Secondary Treasury Bill Purchased	142,081,603	15,194,246
	Interest on Subordinated Bonds	360,000,000	360,000,000
	Interest on Borrowings	-	-
		10,518,542,200	11,808,553,787

		Amount in BDT	
		2016	2015
21(a)	Consolidated interest expenses		
	Mercantile Bank Limited	10,518,542,200	11,808,553,787
	Mercantile Bank Securities Limited	8,571,165	7,981,929
	Mercantile Exchange House (UK) Limited	-	-
		10,527,113,365	11,816,535,716
	Inter Company Transaction	(8,571,165)	(7,981,929)
		10,518,542,200	11,808,553,787
22	Commission, exchange & brokerage		
	Commission	919,222,699	798,636,400
	Exchange (Note-22.1)	952,658,445	874,450,777
		1,871,881,144	1,673,087,177

Commission income arises on services provided by the Bank and recognized on a cash receipt basis. Commission charged to customers on letter of credits and letter of guarantees are credited to income at the time of effecting the transactions.

22.1	Exchange		
	Gains arising from dealing securities	-	-
	Losses on dealing securities	-	-
	Gains arising from investment securities	-	-
	Losses on investing in securities	-	-
	Gains arising from foreign trade business (including dealings)	952,658,445	874,505,284
	Losses on foreign trading	-	(54,507)
		952,658,445	874,450,777
22(a)	Consolidated Commission, Exchange & Brokerage		
	Mercantile Bank Limited	1,871,881,144	1,673,087,177
	Mercantile Bank Securities Limited	78,202,977	65,849,368
	Mercantile Exchange House (UK) Limited	16,972,043	26,274,031
		1,967,056,164	1,765,210,576
23	Other Operating Income		
	Charges on L/C	63,451,299	193,251,575
	Services & Other Charges	361,690,375	143,063,140
	Income from rent of locker	6,530,646	5,737,980
	Telephone, telex and e-mail charges	10,500	966,735
	On Line client fees	77,263,349	79,555,174
	ATM card	36,476,031	25,968,258
	VISA card	86,488,434	75,810,359
	Co-brand services	8,506,450	7,091,592
	Discount	-	17,592
	Gain on sale and revaluation of securities	1,185,294,978	280,899,612
	Gain on sale on assets	7,837,693	520,870
	Miscellaneous earnings (Note-23.1)	293,921,809	275,961,415
		2,127,471,563	1,088,844,302
23.1	Miscellaneous earnings		
	Postage cost recovery	10,245,504	13,133,363
	SWIFT cost recovery	92,735,316	83,236,746
	Foreign correspondence cost recovery	97,546,101	76,627,570
	Others	93,394,888	102,963,736
		293,921,809	275,961,415
23(a)	Consolidated Other Operating Income		
	Mercantile Bank Limited	2,127,471,563	1,088,844,302
	Mercantile Bank Securities Limited	13,031,289	478,263
	Mercantile Exchange House (UK) Limited	2,691,381	3,053,801
		2,143,194,233	1,092,376,366

		Amount in BDT	
		2016	2015
24	Salaries and Allowances		
	Basic salary	927,040,056	764,074,442
	Bonus (Festival and incentive)	598,243,430	276,159,958
	Bank's contribution to employees provident fund	85,115,452	75,414,780
	House rent allowances	347,863,109	297,878,851
	Conveyance allowance	57,819,047	44,112,796
	Medical allowance	81,091,040	167,841,698
	Dearness allowance	365,050,910	155,644,503
	Overtime allowance	371,684	379,550
	Other allowances	458,120	317,950
		2,463,052,848	1,781,824,528
24(a)	Consolidated Salaries and Allowances		
	Mercantile Bank Limited	2,463,052,848	1,781,824,528
	Mercantile Bank Securities Limited	22,476,370	16,841,641
	Mercantile Exchange House (UK) Limited	6,947,517	6,623,390
		2,492,476,735	1,805,289,559
25	Chief Executive's Salary and Allowances		
	Salary	8,380,645	7,190,323
	Other allowances	3,000,000	5,200,000
		11,380,645	12,390,323
25(a)	Consolidated Chief Executive's Salary and Allowances		
	Mercantile Bank Limited	11,380,645	12,390,323
	Mercantile Bank Securities Limited	1,601,608	1,746,000
	Mercantile Exchange House (UK) Limited	-	-
		12,982,253	14,136,323
26	Directors' Fees		
	Director fees	4,232,000	3,018,605
	VAT on director fees	634,800	452,100
		4,866,800	3,470,705

Fee of the Chairman & Directors is Taka 8,000 per meeting as per BRPD Circular Letter No. 11 Dated 04 October 2015.
No other financial benefits are extended to Board of Directors [as per section 18(1) of the Banking Companies Act (Amendment) 2013] excluding above fees.

26(a)	Consolidated Directors' Fees		
	Mercantile Bank Limited	4,866,800	3,470,705
	Mercantile Bank Securities Limited	1,726,400	1,060,770
	Mercantile Exchange House (UK) Limited	-	-
		6,593,200	4,531,475
27	Rent, Taxes, Insurance, Lightings etc		
	Office rent	346,749,787	306,013,061
	Rates, taxes & excise duty and VAT on rent	45,461,487	29,682,501
	Insurance	145,689,141	125,739,924
	Lighting, gas & water	88,285,218	81,786,190
		626,185,633	543,221,676
27(a)	Consolidated Rent, Taxes, Insurance, Lightings etc		
	Mercantile Bank Limited	626,185,633	543,221,676
	Mercantile Bank Securities Limited	7,509,565	7,326,411
	Mercantile Exchange House (UK) Limited	4,772,860	5,955,034
		638,468,058	556,503,121
28	Legal Expenses		
	Legal fees & charges	3,659,937	4,045,439
	Stamps & notary public expenses registration fees	4,883,166	2,431,188
		8,543,103	6,476,627

		Amount in BDT	
		2016	2015
28(a)	**Consolidated Legal Expenses**		
	Mercantile Bank Limited	8,543,103	6,476,627
	Mercantile Bank Securities Limited	396,989	421,000
	Mercantile Exchange House (UK) Limited	1,632,789	30,441
		10,572,881	6,928,068
29	**Stationary, Printing and Advertisements**		
	Printing & stationery	69,075,738	61,332,988
	Advertisement	58,236,749	80,920,672
	Computer expenses	51,732,185	40,130,020
		179,044,671	182,383,680
29(a)	**Consolidated Stationary, Printing and Advertisements**		
	Mercantile Bank Limited	179,044,671	182,383,680
	Mercantile Bank Securities Limited	469,104	539,743
	Mercantile Exchange House (UK) Limited	86,211	567,900
		179,599,987	183,491,323
30	**Depreciation and Repair of Fixed Assets**		
	Depreciation on fixed assets (Note-30.1)	300,572,218	231,491,909
	Repairs & Maintenance (Note-30.2)	76,962,266	70,997,093
		377,534,484	302,489,002
30.1	**Depreciation on fixed assets (Annexure - A)**		
	Free hold property	297,950,245	225,041,288
	Lease hold property	2,621,973	6,450,621
		300,572,218	231,491,909
30.2	**Repairs & Maintenance**		
		76,962,266	70,997,093
		76,962,266	70,997,093
30(a)	**Consolidated Depreciation and Repair of Fixed Assets**		
	Mercantile Bank Limited	377,534,484	302,489,002
	Mercantile Bank Securities Limited	3,518,306	3,744,771
	Mercantile Exchange House (UK) Limited	445,860	368,087
		381,498,650	306,601,860
31	**Other Expenses**		
	Bank charges	3,764,854	9,948,193
	Other charges	2,831,330	4,322,140
	Donation	60,359,957	89,014,082
	Car expenses	149,198,132	128,331,207
	Discount & commission paid	3,000	1,896,820
	Training expenses	10,660,425	14,228,864
	Securities & cleaning	301,802,242	289,789,265
	Subscription	2,940,590	3,137,234
	Entertainment expenses	35,658,206	38,171,605
	Travelling expenses	20,363,166	19,713,238
	Conveyance, carriage & freight	8,781,328	9,072,512
	Business development	20,562,295	14,778,386
	Liveries & uniforms	3,880,776	6,340,015
	Medical expenses	146,939	433,697
	Newspapers and magazines	1,796,341	1,851,088
	House Attendance Allowance/Cook servant	600,000	600,000
	Professional service fees	2,192,650	170,500
	Interest expenses lease	641,841	3,202,795
	Q-cash/ATM cards/VISA cards	34,321,022	31,611,304
	House furnishing	9,183,951	8,175,451
	Leave encashment & LFA	185,246,776	138,666,576
	Gratuity	120,000,000	30,000,000
	Credit rating fees	345,000	345,000
	Loss on sale of assets	13,968,593	10,522,861
	Loss on sale of securities	54,764,379	2,590,993
	Loss on market adjustment (Securities)	798,598,573	158,160,371
	Mobile banking	23,433,709	22,954,520
	Miscellaneous expenses (Note-31.1)	51,754,982	71,404,202
		1,917,801,057	1,109,432,919

		Amount in BDT	
		2016	2015
31.1	Miscellaneous expenses		
	Laundry & cleaning	3,830,985	3,545,344
	Photocopy	698,369	889,931
	Cash caring charge	10,732,697	10,367,975
	Nursery	1,301,065	1,376,138
	Cash incentive	4,030,249	2,610,829
	Sundry expenses	31,161,616	52,613,985
		51,754,982	71,404,202
31(a)	Consolidated Other Expenses		
	Mercantile Bank Limited	1,917,801,057	1,109,432,919
	Mercantile Bank Securities Limited	58,420,892	21,339,577
	Mercantile Exchange House (UK) Limited	5,314,619	5,646,488
		1,981,536,568	1,136,418,984
32	Earnings per Share (EPS)		
	Net profit after tax	2,227,358,324	1,393,284,734
	Number of Ordinary Shares outstanding in the year	739,156,701	739,156,701
	Weighted average no. of share outstanding	739,156,701	739,156,701
	Earnings per Share (EPS)	3.01	1.88
32(a)	Consolidated Earnings per Share (EPS)		
	Consolidated net profit after tax	2,227,905,261	1,402,788,540
	Weighted average no. of share outstanding	739,156,701	739,156,701
	Consolidated Earnings per Share (EPS)	3.01	1.90

EPS has been calculated in accordance with BAS 33 "Earnings per Share".

33 Number of Employees

The number of employees engaged for the entire period who received a total remuneration of BDT 36,000 or above were 2043.

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

Range of Salary	No of employees
Tk. 0.00 to Tk. 20,000	3
Tk 20,001 to Tk. 50,000	806
Tk. 50,001 to Tk. 1,00,000	868
Tk. 100,001 to Tk. 2,00,000	342
Tk. 2,00,001 and above	24
Total	**2043**

34 Related Party Disclosure

34.1 Name of Directors and their interest in the Bank and different entities-shown in Annexure - B.

34.2 Significant contracts where Bank is a party and herein Directors have interest:

Nature of contract	Name of Director & related by	Remarks
Lease agreement with Mr. M.S. Ahsan, Director and Chairman of the Bank	Mr. M.S. Ahsan, Director and Chairman of the Bank.	The lease agreement was approved by the Bangladesh Bank vide its letter no BRPD(P-3)745(44)/2006-3776 dated 22.11.2006.
Lease agreement with Arena Industries Ltd. where Mr. Tahsin Aman, Director of the said company, Son of M. Amanullah Director of the Bank.	Mr. M. Amanullah Director of the Bank, father of Mr. Tahsin Aman.	The lease agreement was approved by the Bangladesh Bank vide its letter no BRPD(P-3)745(44)/2006-3776 dated 22.11.2006.
Lease agreement with Mr. Md. Shahabuddin Alam, Director of the Bank.	Mr. Md. Shahabuddin Alam, Director of the Bank.	The lease agreement was approved by the Bangladesh Bank vide its letter no BRPD(P-3)745(44)/2009-2706 dated 29.07.2009.
Lease agreement with Mr. Md. Abdul Hannan, Director of the Bank.	Mr. Md. Abdul Hannan, Director of the Bank.	The lease agreement was approved by the Bangladesh Bank vide its letter no BRPD(P-3)745(44)/2009-4159 dated 10.11.2009.
Lease agreement with Mr. M.S. Ahsan, Director and Chairman of the Bank	Mr. M.S. Ahsan, Director and Chairman of the Bank.	The lease agreement was approved by the Bangladesh Bank vide its letter no BRPD(P-3)745(44)/2010-313 dated 31.01.2010.
Lease agreement with Mrs. Begum Rounak Afza, Mother of A. K. M. Shaheed Reza, Director and Vice Chairman of the Bank.	A. K. M. Shaheed Reza, Director and Vice Chairman of the Bank.	The lease agreement was approved by the Bangladesh Bank vide its letter no. BRPD(P-3)745(44)2010-1202, dated 31.03.2010.
Lease agreement with Mr. Md. Baharul Ahsan, Brother of M.S. Ahsan, Director and Chairman of the Bank	Mr. M.S. Ahsan, Director and Chairman of the Bank.	The lease agreement was approved by the Bangladesh Bank vide its letter no BRPD(P-3)745(44)/2010-1814 dated 06.05.2010.
Lease agreement with Mr. Mohd. Selim, Director of the Bank.	Mr. Mohd. Selim, Director of the Bank.	The lease agreement was approved by the Bangladesh Bank vide its letter no BRPD(P-3)745(44)/2011-3456 dated 25.09.2011.
Lease agreement with Mr. Alhaj Akram Hossain (Humayun) Director of the Bank.	Mr. Alhaj Akram Hossain (Humayun) Director of the Bank.	The lease agreement was approved by the Bangladesh Bank vide its letter no BRPD(P-3)745(44)/2011-3455 dated 25.09.2011.
Lease agreement with Mr. M.S. Ahsan, Director and Chairman of the Bank	Mr. M.S. Ahsan, Director and Chairman of the Bank	The lease agreement was approved by the Bangladesh Bank vide its letter no BRPD(P-3)745(44)/2010-3888 dated 20.10.2011.
Lease agreement with Mr. Md. Abdul Hannan, Director of the Bank.	Mr. Md. Abdul Hannan, Director of the Bank.	The lease agreement was approved by the Bangladesh Bank vide its letter no BRPD(P-3)745(44)/2011-4574 dated 01.12.2011.
Lease agreement with Mr. Shawket Reza, Brother of A. K. M. Shaheed Reza, Director and Vice Chairman of the Bank.	A. K. M. Shaheed Reza, Director and Vice Chairman of the Bank.	The lease agreement was approved by the Bangladesh Bank vide its letter no. BRPD(P-3)745(44)/2012-2215 dated 28.05.2012.
Lease agreement with Mr. M. Amanullah, Director of the Bank.	Mr. M. Amanullah, Director of the Bank.	The lease agreement was approved by the Bangladesh Bank vide its letter no BRPD(P-3)745(44)/2012-3497 dated 27.08.2012.
Lease agreement with Mr. Md. Shahabuddin Alam, Director of the Bank.	Mr. Md. Shahabuddin Alam, Director of the Bank.	The lease agreement was approved by the Bangladesh Bank vide its letter no BRPD(P-3)745(44)/2013-1121 dated 24.10.2013.
Lease agreement with Mr. Md. Abdul Hannan, Director of the Bank.	Mr. Md. Abdul Hannan, Director of the Bank.	The lease agreement was approved by the Bangladesh Bank vide its letter no BRPD(P-3)745(44)/2014-5723 dated 03.09.2014.
Lease agreement with Mr. A.S.M. Feroz Alam, Director of the Bank.	Mr. A.S.M. Feroz Alam, Director of the Bank.	The lease agreement was approved by the Bangladesh Bank vide its letter no BRPD(P-3)745(44)/2014-7845 dated 10.12.2014.
Lease agreement with Mr. M. Amanullah, Director of the Bank.	Mr. M. Amanullah, Director of the Bank.	The lease agreement was approved by the Bangladesh Bank vide its letter no BRPD(P-3)745(44)/2014-3575 dated 11.06.2014.
Lease agreement with Mr. Morshed Alam, M.P., Director of the Bank	Mr. Morshed Alam, M.P., Director of the Bank.	The lease agreement was approved by the Bangladesh Bank vide its letter no. BRPD(P-3)/745(44)/2015-17268 dated 22.11.2015.

34.3 Shares issued to Directors & Executives without consideration or exercisable at discount: Nil

34.4 Related Party Transaction:

Transaction with related Party	Nature of transaction	Amount
Mercantile Bank Securities Limited.	Loan (SOD)	1,641,006,300

34.5 Lending Policies to related Parties :

Lending to related parties is effected as requirements of Section 27 (1) of Bank Companies Act 1991

34.6 Loan and Advances to Directors and their related concern : Nil

34.7 Business other than Banking business with any related concern of the Directors as per Section 18 (2) of Bank Companies Act 1991 : Nil

34.8 Investments in the Securities of Directors and their related concern : Nil

35 Reconciliation of Inter-Bank/Books of Accounts

Books of Accounts with regards to inter-bank (in Bangladesh and outside Bangladesh) are reconciled and there are no material differences, which may affect the financial statements significantly.

36 LAND UNDER LITIGATION

A Land is included under free hold properties - land (Note-8), located at Gulshan, Plot # 3, Block # CWN (C), Gulshan Avenue, Gulshan, Dhaka-1212, Municipality Holding # 105, Gulshan Avenue, Gulshan. Area of land is 1 bigha 2 chattaks purchased in the year 2005 for Bank's own use as per decision of the Board of Directors in its 73rd meeting held on August 23, 2005. The land is under litigation and possession of the land is yet to be taken. In this connection a provision has been made as per Bangladesh Bank's instruction (Note-12.2).

37 STATEMENT OF LIQUIDITY

The Liquidity Statement has been prepared in accordance with the remaining maturity grouping of the value of the assets and liabilities as on December 31, 2016 and under the guidelines of Bangladesh Bank BRPD Circular No.14 dated June 25, 2003.

38 RESTATEMENTS

Wherever considered necessary, Previous year's figures have been rearranged for the purpose of comparison with current period's presentation without any impact on the profit and value of assets and liabilities as reported in the Financial Statements.

39 Events after the reporting period

As per BAS 10 "Events after the Reporting Period" are those events favorable and unfavorable, that occurs between the end of the reporting period and the date when financial statements are authorized for issue. Two types of events can be identified:

Those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after balance sheet date); and

Those are indicative of conditions that arose after the reporting period (Non-adjusting events after balance sheet date).

(a) The Board of Directors of the company in its meeting held on 25 February 2017 approved the financial statements of the company for the year ended 31 December 2016 and authorized the same for the issue. The Broad of Directors also recommended 15% cash and 5% Stock dividend for public shareholders only for the year ended 31 December 2016 subject to approval in the next Annual General Meeting.

(b) There is no other significant event that has occurred between the Balance sheet date and the date when the financial statements were authorized for issue by the Board of Directors.

Managing Director and CEO | Director | Director | Chairman

Dated: Dhaka
25 February, 2017

Consolidated Fixed Assets schedule as at 31 December 2016

A. Freehold Property

Particulars	Cost				Accumulated Depreciation				
	Balance as on 1 January 2016	Additions/Revaluation during the Period	Sales during the Period	Balance as at 31 December 2016	Balance as on 1 January 2016	Charge for the Period	Adjustment on during the Period	Balance as at 31 December 2016	Written down value at 31 December 2016
Land	1,341,807,978	-	-	1,341,807,978	-	-	-	-	1,341,807,978
Building	787,603,844	-	-	787,603,844	96,385,217	19,538,927	-	115,924,144	671,679,700
Furniture & Fixtures	840,595,738	48,194,633	22,841,925	865,948,446	350,619,606	56,998,792	16,061,783	391,556,615	474,391,832
Office Equipment	947,633,676	36,439,446	8,341,286	975,731,836	402,080,280	93,601,617	6,845,665	488,836,232	486,895,604
Vehicles	138,088,303	19,209,362	16,030,466	141,267,199	82,054,871	31,927,496	15,447,554	98,534,813	42,732,386
Books	762,316	30,650	-	792,966	533,163	112,987	-	646,150	146,816
Sub-total	**4,056,491,855**	**103,874,090**	**47,213,676**	**4,113,152,269**	**931,673,137**	**202,179,819**	**38,355,003**	**1,095,497,953**	**3,017,654,316**

B. Intangible asset:

Particulars	Cost				Accumulated Amortization				
	Balance as on 1 January 2016	Additions/Revaluation during the Period	Sales during the Period	Balance as at 31 December 2016	Balance as on 1 January 2016	Charge for the Period	Adjustment on during the Period	Balance as at 31 December 2016	Written down value at 31 December 2016
Software	437,873,745	10,227,632	-	448,101,377	217,137,658	49,528,942	-	266,666,600	181,434,777
Sub-total	437,873,745	10,227,632	-	448,101,377	217,137,658	49,528,942	-	266,666,600	181,434,777
Total (A+B)	**4,494,365,600**	**114,101,722**	**47,213,676**	**4,561,253,646**	**1,148,810,795**	**251,708,761**	**38,355,003**	**1,362,164,553**	**3,199,089,093**

C. Leasehold Property

Particulars	Cost				Accumulated Depreciation				
	Balance as on 1 January 2016	Additions during the Period	Sales during the Period	Balance as at 31 December 2016	Balance as on 1 January 2016	Charge for the Period	Adjustment on during the Period	Balance as at 31 December 2016	Written down value at 31 December 2016
ATM	50,729,875	-	-	50,729,875	49,312,276	1,417,559	(40)	50,729,875	-
Furniture & Fixtures	-	-	-	-	-	-	-	-	-
Office Equipment	-	-	-	-	-	-	-	-	-
Vehicles	10,323,595	-	-	10,323,595	9,119,180	1,204,414	(1)	10,323,595	-
Books	-	-	-	-	-	-	-	-	-
Total	**61,053,470**	**-**	**-**	**61,053,470**	**58,431,456**	**2,621,973**	**(41)**	**61,053,470**	**-**
Grand Total (A+B+C)	**4,555,419,070**	**114,101,722**	**47,213,676**	**4,622,307,116**	**1,207,242,251**	**254,330,734**	**38,354,962**	**1,423,218,023**	**3,199,089,093**
Balance as at 31 Dec' 15	**4,219,067,466**	**367,905,376**	**31,553,772**	**4,555,419,070**	**988,053,548**	**234,765,781**	**15,577,078**	**1,207,242,251**	**3,348,176,820**

Annexure-A (Solo)

Fixed Assets schedule as at 31 December 2016

A. Freehold Property

Particulars	Cost				Rate (%)	Accumulated Depreciation				Written down value at 31 December 2016
	Balance as on 1 January 2016	Additions/Revaluation during the Period	Sales during the Period	Balance as at 31 December 2016		Balance as on 1 January 2016	Charge for the Period	Adjustment on during the Period	Balance as at 31 December 2016	
Land	1,341,807,978	-	-	1,341,807,978	Nil	-	-	-	-	1,341,807,978.00
Building	787,603,844	-	-	787,603,844	2.5%	96,385,217	19,538,927	-	115,924,144	671,679,699.80
Furniture & Fixtures	825,179,362	44,970,931	22,841,925	847,308,368	10%	344,997,279	55,830,527	16,061,783	384,766,023	462,542,345.58
Office Equipment	926,068,903	84,751,770	8,341,286	1,002,479,387	20%	393,104,080	141,044,633	6,845,665	527,303,048	475,176,339.40
Vehicles	137,448,225	19,109,363	16,030,466	140,527,122	20%	81,414,794	31,922,496	15,447,554	97,889,736	42,637,385.69
Books	762,316	30,650	-	792,966	20%	533,163	112,987	-	646,150	146,816.41
Sub-total	**4,018,870,628**	**148,862,713**	**47,213,676**	**4,120,519,665**		**916,434,533**	**248,449,570**	**38,355,003**	**1,126,529,100**	**2,993,990,565**

B. Intangible asset:

Particulars	Cost				Rate (%)	Accumulated Amortization				Written down value at 31 December 2016
	Balance as on 1 January 2016	Additions/Revaluation during the Period	Sales during the Period	Balance as at 31 December 2016		Balance as on 1 January 2016	Charge for the Period	Adjustment on during the Period	Balance as at 31 December 2016	
Software	437,873,745	9,803,632	-	447,677,377	20%	217,137,658	49,500,675	-	266,638,333	181,039,044
Sub-total	437,873,745	9,803,632	-	447,677,377		217,137,658	49,500,675	-	266,638,333	181,039,044
Total (A+B)	**4,456,744,373**	**158,666,345**	**47,213,676**	**4,568,197,042**		**1,133,572,191**	**297,950,245**	**38,355,003**	**1,393,167,433**	**3,175,029,609**

C. Leasehold Property

Particulars	Cost				Rate (%)	Accumulated Depreciation				Written down value at 31 December 2016
	Balance as on 1 January 2016	Additions during the Period	Sales during the Period	Balance as at 31 December 2016		Balance as on 1 January 2016	Charge for the Period	Adjustment on during the Period	Balance as at 31 December 2016	
ATM	50,729,875	-	-	50,729,875	20%	49,312,276	1,417,559	(40)	50,729,875	-
Furniture & Fixtures	-	-	-	-	10%	-	-	-	-	-
Office Equipment	-	-	-	-	20%	-	-	-	-	-
Vehicles	10,323,595	-	-	10,323,595	20%	9,119,180	1,204,414	(1)	10,323,595	-
Books	-	-	-	-	20%	-	-	-	-	-
Total	**61,053,470**	**-**	**-**	**61,053,470**		**58,431,456**	**2,621,973**	**(41)**	**61,053,470**	**-**
Grand Total (A+B+C)	**4,517,797,843**	**158,666,345**	**47,213,676**	**4,629,250,512**		**1,192,003,647**	**300,572,218**	**38,354,962**	**1,454,220,903**	**3,175,029,609**
Balance as at 31 Dec' 15	**4,169,897,773**	**364,385,198**	**16,485,128**	**4,517,797,843**		**969,877,162**	**231,491,909**	**9,365,424**	**1,192,003,647**	**3,325,794,196**

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

SL No.	Name and address	Designation	No. of Shares held in Bank		Name of Firms/Companies in which interested as proprietor, partner, director, managing agent, guarantor, employee etc.	Position (as proprietor, partner, director, managing agent, guarantor, employee etc.)	Nature and Value of interest in the firm/ companies in which interested
			2016	2015			
1	2	3	4		5	6	7
01.	**SHAHIDUL AHSAN** Road No- 120 House No- 19(2nd Floor) Gulshan-02 Dhaka	Chairman & Sponsor Director	1,84,75,226	1,84,75,226	1. AG Agro Industries Limited 2. AG Property Developments Limited 3. Regent Holding Developments Limited 4. AG High Tech Limited 5. AG Limited 6. AG Ceramics Limited 7. AG Green Property Development Ltd. 8. AG Fashion & Textile Limited 9. AG Ship Breaking Industries 10. M/s. Friends Traders 11. R.N.S. Corporation 12. Mercantile Bank Limited 13. Mercantile Bank Securities Limited 14. National Credit Ratings Limited 15. Swadesh Life Insurance Company Ltd 16. Meghna Bank Ltd 17. AG Poly & Fiber Industries Ltd 18. AG Broilers Limited 19. Dhaka Bangla Media & Communication Ltd 20. The Daily Observer Ltd 21. AG Plastic & Accessories industries Ltd 22. AG GP Limited 23. Preyo.com. 24. iPay Systems Limited	Chairman Chairman Chairman Chairman Chairman Chairman Chairman Chairman Proprietor Proprietor Proprietor Chairman Sponsor Director Sponsor Director Sponsor Director Sponsor Shareholder Chairman Chairman Managing Director Director Chairman Chairman Chairman Chairman	70% 60% 70% 45% 50% 70% 70% 40% 100% 100% 100% - - - - 0.23% 50% 70% 25% 6.25% 60% 80%
02.	**MD. ANWARUL HAQUE** Apartment-4-A, House-45, Road-15/A, Dhanmondi R/A, Dhaka.	Vice Chairman & Sponsor Director	1,66,61,652	1,59,61,652	1. Living Plus Ltd. 2. Global Insurance Ltd. 3. Premier Leasing & Finance Ltd. 4. Holiday Travels Ltd. 5. Premier Leasing Securities Ltd. 6. Securities Broking & Management Ltd 7. Mercantile Bank Securities Ltd	Managing Director Shareholder Sponsor Shareholder Director Director Director Sponsor director	32.00% 0.01% 0.02% 35.00% 0.40% - -

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

SL No.	Name and address	Designation	No. of Shares held in Bank		Name of Firms/Companies in which interested as proprietor, partner, director, managing agent, guarantor, employee etc.	Position (as proprietor, partner, director, managing agent, guarantor, employee etc.)	Nature and Value of interest in the firm/ companies in which interested
			2016	2015			
1	2	3	4		5	6	7
03	**A.K.M. SHAHEED REZA** "Shurjamukhi" House No.: 2, Road no.: 11 Sector- 14 Uttara Model Town, Dhaka	Vice Chairman & Sponsor Director	3,90,48,992	3,90,48,992	1. Allure Apparels Ltd. 2. Fashion Plus Ltd. 3. Reza Fabrics Ltd. 4. Global Insurance Ltd. 5. Fashion Exports 6. Reza Fashions Ltd. 7. National Credit Ratings Ltd. 8. Padma Bleaching & Dying Ltd. 9. Padma Weaving Ltd. 10. Padma Yearn Mills Ltd. 11. The Daily Observer 12. Bangla Radio FM 95.2 13. Mercantile Bank Securities Ltd.	Chairman Chairman Chairman Shareholder Proprietor Chairman Vice Chairman Chairman Chairman Chairman Director Owner Chairman	40.00% 30.00% 25.00% 0.08% 100.00% 25.00% 7.00% 25.00% 25.00% 25.00% 07.00% 100.00%
04	**MOHD. SELIM** Shanta Properties, Diganta- 3/3a Flat No. 12/A 3, Paribagh, Ramna Dhaka	Chairman, Executive Committee & Sponsor Director	2,14,20,649	2,14,20,649	1. Synthia Securities Ltd 2. Sumon Cloth Store 3. Global Insurance Ltd. 4. Central Plaza 5. Mercantile Bank Securities Ltd.	Chairman Proprietor Shareholder Proprietor Sponsor Director	35.00% 100% 0.27% 100%
05	**DR. MAHMOOD OSMAN IMAM** House No- B/6 Road No- 23A Block- B Banani, Dhaka	Chairman Audit Committee & Independent Director	-	-	-	-	-
06	**MD. SHAHABUDDIN ALAM** S A Group of Industries Finlay House (3rd floor), Agrabad C/A, Chittagong.	Chairman Risk Management Committee & Sponsor Director	1,48,20,172	1,48,20,172	1. S.A. Oil Refinery Ltd. 2. Samannaz Super Oil Ltd. 3. Laila Vanashpati Products Ltd. 4. Kamal Vegetable Oil Ltd. 5. Sharija Oil Refinery Limited. 6. South Eastern Oil Refinery Ltd. 7. Samannaz Dairy & Food Products Ltd. 8. Mercantile Bank Securities Ltd.	Managing Director Managing Director Managing Director Managing Director Managing Director Chairman Managing Director Sponsor Director	85.00% 50.00% 50.00% 75.00% 70.00% 50.00% 87.50%

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

SL No.	Name and address	Designation	No. of Shares held in Bank		Name of Firms/Companies in which interested as proprietor, partner, director, managing agent, guarantor, employee etc.	Position (as proprietor, partner, director, managing agent, guarantor, employee etc.)	Nature and Value of interest in the firm/ companies in which interested
			2016	2015			
1	2	3	4		5	6	7
07	**AL-HAJ AKRAM HOSSAIN (HUMAYUN)** 2/C, Purana Paltan, Dhaka.	Sponsor Director	1,60,42,750	1,60,42,750	1. Akram Traders 2. FARS Holding & Associates Ltd. 3. FARS Hotels & Resorts Ltd. 4. Indigo Packaging & Accessories 5. Mercantile Bank Securities Ltd.	Proprietor Managing Director Managing Director Managing Partner Sponsor Director	100.00% 25.00% 25.00% 50.00%
08	**MD. ABDUL HANNAN** 190 Arambag, Inner Circular Road, Dhaka	Sponsor Director	1,68,98,828	1,68,98,828	1. Dabstar Associates Limited 2. Reu Fashion Limited 3. ZHAS Garments Limited 4. M.H. Trading 5. Murad Apparels Limited 6. Unnayan Engineers Ltd. 7. Unnayan Housing Ltd. 8. Logistic Suport Ltd 9. Global Insurance Ltd 10. Pan Pacific Hospital Ltd 11. Eastern University 12. Mercantile Bank Securities Ltd.	Chairman Chairman Chairman Proprietor Chairman Proprietor Managing Director Director Shareholder Director Director Sponsor Director	90.00% 50.00% 50.00% 100.00% 70.00% 100.00% 50.00% 30.00% 00.01% 5.00% -
09	**A. S. M. FEROZ ALAM** Flat No-08 House No- 211 Road No- 7 Bashundhara R/A Dhaka	Sponsor Director	2,31,41,233	2,31,41,233	1. Premier Leasing & Finance Ltd. 2. Bengal Media Corporation Limited 3. Bengal Trading Ltd.(Tokyo) 4. Mercantile Bank Securities Ltd.	Sponsor Shareholder Director Managing Director Sponsor Director	6.09% -- 100.00%
10	**M. AMANULLAH** House No.06, Road No. 80, Gulshan-2, Dhaka.	Sponsor Director	222,00,000	222,00,000	1. Aman Spinning Mills Ltd. 2. Mousumi Enterprises Ltd. 3. Arena HRI Limited 4. Arena Securities Ltd. 5. Arena Industries Ltd. 6. Arena Consumer Products Ltd. 7. Daily Amader Shomoy 8. Mercantile Bank Securities Ltd.	Chairman Chairman Chairman Chairman Chairman Chairman Sponsor Director Sponsor Director	20.00% 50.00% 05.00% 10.00% 25.00% 25.00% 10.00%

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

SL No.	Name and address	Designation	No. of Shares held in Bank		Name of Firms/Companies in which interested as proprietor, partner, director, managing agent, guarantor, employee etc.	Position (as proprietor, partner, director, managing agent, guarantor, employee etc.)	Nature and Value of interest in the firm/ companies in which interested
			2016	2015			
1	2	3	4		5	6	7
11	**MORSHED ALAM, MP** House No. 12/A, Road No. 63, Gulshan-2, Dhaka-1213.	Sponsor Director	1,84,08,471	1,84,08,471	1. Bengal Windsor Thermoplastics Limited. 2. Bengal Media Corporation Limited 3. Bengal Plastics Limited. 4. Bengal Poly and Paper Sack Ltd. 5. Bengal Adhesive & Chemical Products Ltd. 6. Bengal Flexipak Limited 7. Bengal Polymer Wares Ltd. 8. Bengal Plastic Pipes Ltd. 9. Romania Food and Beverage Ltd. 10. Power Utility Bangladesh Ltd. 11. Bengal Concept and Holdings Ltd. 12. Bengal Corrugated Carton Industries Ltd. 13. Bengal Overseas Corporation Ltd. 14. Hamilton Metal Corporation Ltd. 15. Bengal Feed & Fisheries Ltd. 16. Designer Jeans Ltd. 17. Designer Fashion Ltd. 18. Bengal Retails Ltd. 19. Bengal Renewable Energy Limited 20. Bengal Hotel and Resort Limited 21. Romania Agro-vet Limited 22. National Life Insurance Co. Ltd. 23. Mercantile Bank Securities Ltd.	Chairman Sponsor Director	11.17% 18.00% 37.50% 08.19% 27.27% 30.00% 26.00% 20.00% 18.00% 35.00% 23.00 % 36.36% 33.33% 42.00% 39.97% 30.95% 20.53% 15.00% 15.00% 20.00% 17.00% 02.00% -
12	**ALHAJ MOSHARREF HOSSAIN** M.H.Traders, 30 Nawab Yusuf Road, Zinda Bahar 1st Lane, Dhaka.	Director	1,76,92,058	1,76,92,058	1. M/S M.H. Traders. 2. Toka Ink (BD) Ltd. 3. Eastern Paper House 4. Hossain Traders 5. Mercantile Bank Securities Ltd.	Proprietor Director Partner Proprietor Sponsor Director	100.00% 5.00% 50.00% 100.00%
13	**DR. MD. RAHMAT ULLAH** Provost Bungalow, Kabi Jasim Uddin Hall, Dhaka University Campus, Dhaka-1000	Independent Director	-	-	-	-	-

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Annexure-C

Investment in Shares/Securities

As on 31 December 2016

A. Listed Company

Name of the Company	Type of Shares	Face Value	No of Shares	Avg. cost	Total cost	Close price 31.12.2016	Total market value as on 31.12.2016
Aftab Automobiles Ltd.	Quoted	10	200,000	72.93	14,586,015	56.70	11,340,000
Al-Arafah Islami Bank Ltd.	Quoted	10	76,257	27.20	2,074,410	15.90	1,212,486
Bank Asia Ltd.	Quoted	10	421,141	23.82	10,029,928	17.90	7,538,424
Bangladesh Export Import Company Ltd	Quoted	10	326,835	94.69	30,947,879	26.00	8,497,710
City Bank Ltd.	Quoted	10	129,937	29.87	3,880,736	27.20	3,534,286
Eastland Insurance Company Ltd.	Quoted	10	49,585	37.37	1,852,762	23.90	1,185,082
Eastern Bank Ltd.	Quoted	10	116,437	44.36	5,164,616	29.00	3,376,673
IDLC Finance Ltd.	Quoted	10	18,852,538	7.26	136,887,000	57.00	1,074,594,666
IFIC Bank Ltd.	Quoted	10	45,916	22.20	1,019,349	20.90	959,644
IT Consultants Ltd.	Quoted	10	1,150,000	8.70	10,000,000	47.30	54,395,000
LankaBangla Finance Ltd.	Quoted	10	291,518	80.62	23,501,702	34.80	10,144,826
Navana CNG Ltd.	Quoted	10	31,464	110.88	3,488,726	72.90	2,293,726
National Bank Ltd.	Quoted	10	210,985	27.15	5,729,116	10.20	2,152,047
Prime Finance & Investment Ltd.	Quoted	10	65,956	129.14	8,517,764	9.80	646,369
RAK Ceramics (Bangladesh) Ltd.	Quoted	10	100,526	129.13	12,980,620	61.90	6,222,559
Saiham Cotton Mills Ltd.	Quoted	10	66,000	22.08	1,457,001	17.20	1,135,200
S. Alam Cold Rolled Steels Ltd.	Quoted	10	40,000	38.67	1,546,662	37.30	1,492,000
Social Islami Bank Ltd.	Quoted	10	173,250	22.33	3,868,613	18.40	3,187,800
Square Pharmaceuticals Ltd.	Quoted	10	33,000	128.83	4,251,263	249.10	8,220,300
Summit Power Ltd.	Quoted	10	1,835,994	47.39	86,999,885	37.00	67,931,778
Titas Gas Transmission & Dist. Co. Ltd.	Quoted	10	58,500	80.46	4,706,629	49.40	2,889,900
Uttara Bank Ltd.	Quoted	10	34,787	51.52	1,792,096	24.70	859,239
Total of Shares (a)					**375,282,771**		**1,273,809,716**
MBL1st Mutual Fund	Quoted	10	20,000,000	10.00	200,000,000	7.20	144,000,000
Total of Mutual Fund (b)					**200,000,000**		**144,000,000**
Sub Total (a+b)					**575,282,771**		**1,417,809,716**
B. Un-Listed Company							

Name of the Company	Type of Shares	Face Value	No of Shares	Avg. cost	Total cost	Close price 31.12.2016	Total market value as on 31.12.2016
SWIFT	Un-Quoted		-	-	5,218,706	-	5,218,706
MSF Asset Mgt. Co, Ltd	Un-Quoted	10	200,000	10.00	2,000,000	10.00	2,000,000
Mercantile Bank Securities Ltd	Un-Quoted	10	355,000,000	10.00	3,550,000,000	10.00	3,550,000,000
MBL Exchange House UK.	Un-Quoted						99
CDBL	Un-Quoted	10	1,142,362	4.50	5,138,890	4.50	5,138,890
Sub Total (B)					**3,562,357,596**		**3,562,357,695**
Grand Total (A+B)					**4,137,640,367**		**4,980,167,411**

Annexure-D

Adjustment for Approved Securities HTM:

As on December 31, 2016

As per Bangladesh Bank's DOS Circular Letter # 5 dated May 26, 2008 all Government Securities holding by scheduled banks with effect from July 1, 2008 must be segregated into HTM (Held to Maturity) and HFT (Held for Trading). HTM securities are to be amortized at the end of each year and any increase/decrease due such amortization is to be adjusted in the changes in equity system. HFT securities are to revalued weekly as per Mark to Market method. Any increase/decrease due to such valuation (Mark to Market) can not be taken into Profit & Loss account untill sale or maturity rather the same is to be transferred to Reserve for Revaluation Accounts .

	(Amount in BDT)
Market Adjustment on Approved Securities HTM	
Balance as on Januray 1, 2016	30,885,323
Less : Adjustment due to Bond Maturity	30,460,700
Add. Adjustment of Amortization of HTM secutrities	139,114
Balance as on December 31, 2016	**563,737**
Reserve for Revaluation (for HFT securities)	
Balance as on January 1, 2016	1,569,826,172
Add adjustment during the year in Mark to market Method on Treasury Bond	1,143,457,422
Add adjustment during the year in Mark to market Method on Treasury Bill	93,801,239
Less adjustment due to Maturity,sale & Repo Treasury Bond	978,929,734
Less adjustment due to Maturity,MTM, sale & Repo Treasury Bill	87,901,624
Balance as on Deceember 31, 2016	**1,740,253,476**

(Market adjustment on Treasury Bond is reported as per DOS circular no.220 Dated. 08 December ,2010.)

Annexure - E

Maturity Analysis of Other Assets

As at 31 December 2016

Amount inTaka

Particulars	Up to 01 Month	01-03 Months	03-12 Months	01-05 Years	More than 05 years	Total
1	2	3	4	5	6	7
Advance deposits		-	-	-	7,250,364	7,250,364
Stock of stationery	2,313,372	4,626,742	2,285,629	-	-	9,225,743
Suspense account (Note 9.1)	-	244,206,168	3,343,433	281,684,000	-	529,233,601
Stamps in hand	1,234,515	1,460,435	1,468,469	-	-	4,163,419
Advance rent	14,500,000	43,500,000	130,500,000	153,723,468	-	342,223,468
Adjusting account debit (Note 9.2)	428,652,500	367,031,396	-	-	-	795,683,896
Premium on bonds	-	-	-	-	-	-
Clearing adjustment account	95,000	-	-	-	-	95,000
Mercantile Exchange House (UK) Limited.	13,273,633	19,960,103	-	-	-	33,233,736
Mercantile Bank OBU Unit	7,844,136,601	-	-	-	-	7,844,136,601
Mercantile Bank general account	108,880,111	-	-	-	-	108,880,111
Intra company transaction (OBU)	(8,591,726,486)	-	-	-	-	(8,591,726,486)
	-	**-**	**-**	**-**	**-**	**1,082,399,453**

Annexure-F

Highlights of Mercantile Bank Limited

(BDT in crore)

	31.12.2016	31.12.2015	31.12.2014	31.12.2013	31.12.2012
Paid-up Capital	739.16	739.16	739.16	659.96	611.08
Total Capital Fund	2,236.72	1,797.20	1,910.39	1,370.97	1,207.87
Capital Surplus / deficit	412.36	282.77	435.55	171.02	75.34
Total Assets	20,412.75	18,280.02	16,847.41	14,484.19	15,253.18
Total Deposits	15,608.58	14,781.63	13,499.65	12,085.79	11,810.69
Total Loans and Advances	15,091.25	12,633.88	11,706.00	9,768.85	9,361.09
Total Contingent Liabilities and Commitments	8,169.78	6,403.67	6,079.86	5,175.36	5,175.36
Credit Deposit Ratio (in %)	85.15%	78.54%	86.71%	80.83%	79.26%
"Percentage of Classified Loans against Total Loans and Advances (in %)"	5.13%	4.95%	4.13%	4.77%	4.37%
Profit after Tax and Provision	222.74	139.33	118.85	197.87	138.15
Amount of Classified Loans during the year	774.59	625.08	483.16	465.98	409.09
Provision kept against classified Loans	311.71	255.10	240.52	424.51	93.29
Provision Surplus	0.40	0.01	0.27	5.91	0.99
Cost of Fund (in %)	5.72%	7.32%	7.90%	8.07%	9.28%
Interest Earning Assets	16,978.44	13,880.95	13,971.20	11,983.34	12,593.67
Non-interest Earning Assets	3,434.31	4,399.07	2,876.22	2,500.87	2,659.51
Return on Equity (ROE) (in %)	13.78%	9.60%	9.11%	16.84%	13.42%
Return on Assets (ROA) (in %)	1.15%	0.79%	0.76%	1.33%	1.03%
Income from Investment	293.19	287.79	279.60	326.69	166.88
Earning Per Share (Tk.)	3.01	1.88	1.61	3.00	2.09
Net Income Per Share (Tk)	3.01	1.88	1.61	3.00	2.09
Return on investment (ROI)	8.91%	8.51%	8.69%	10.86%	4.04%
Net assets value per share (NAVPS)	22.74	20.99	18.29	19.05	17.88
Cost of deposit (%)	6.25%	7.52%	8.26%	8.93%	10.02%
Price Earning Ratio (approximate)	**5 Times**	**7 Times**	**9 Times**	**6 Times**	**9 Times**

TAMARSTOCK



Mercantile Bank Limited

Off-shore Banking Unit (OBU)

Financial Statements

As at 31 December 2016

Mercantile Bank Limited

Off-shore Banking Unit

Balance Sheet

As on December 31, 2016

Particulars	Notes	USD	Taka
Property and Assets:			
Cash:			
Cash in Hand			
Balance with Bangladesh Bank			
Balance With other Banks and Financial Institutions			
In Bangladesh	3	3,165,117.25	249,094,728
Outside Bangladesh			
Money at Call and Short Notice:			
Investments			
Loans and Advances:	4		
Loans, Cash Credit, Overdraft etc.		2,012,710.00	158,400,277
Time Loans		239,786.19	18,871,173
Term Loans		9,246,244.07	727,679,408
Bills Purchased & Discounted		97,671,863.12	7,686,775,628
Fixed Assets including Premises, furniture and Fixtures	5	2,195.80	172,809
Other Assets	6	10,939.90	860,970
Non-Banking Assets			
Total Assets:		**112,348,856.33**	**8,841,854,993**
Liabilities and Capital :			
Liabilities:			
Borrowings from Banks, Financial institutions and Agents			
Borrowings from Head office (ID) Parent Bank	7	99,671,367.23	7,844,136,601
Outside Bangladesh		10,000,000.00	787,000,000
Deposit and Other Accounts:			
Current Deposits and Other Accounts	8	24.80	1,952
Fixed Deposits			
Other Liabilities	9	-	-
Total Liabilities		**109,671,392.03**	**8,631,138,553**
Capital/Shareholders' Equity:			
Retained Earnings carried forward from previous year			
Surplus in Profit & Loss Account		**2,677,464.30**	**210,716,440**
Total Liabilities and Shareholders' Equity:		**112,348,856.33**	**8,841,854,993**

USD 1.00 = BDT 78.7000

AMAR STOCK

Mercantile Bank Limited

Off-shore Banking Unit

Profit and Loss Account

For the year ended December 31, 2016

Particulars	Notes	USD	Taka
Interest Income	10	4,192,565.72	329,954,922
Less: Interest paid on Deposits, Borrowings etc.	11	1,454,516.19	114,470,424
Net Interest Income		**2,738,049.53**	**215,484,498**
Investment Income			
Commission, Exchange and Brokerage		-	-
Other Operating Income	12	27,782.60	2,186,491
Miscellaneous Earnings		1,836.82	144,558
Total Operating Income		**2,767,668.95**	**217,815,546**
Salary and Allowances			
Rent, Taxes, Insurances, Electricity etc.	13	88,958.95	7,001,069
Postage, Stamps, Telecommunication etc.		-	-
Depreciation and repair of Fixed Assets		-	-
Other Expenses	14	1,245.70	98,037
Profit before Provision		**2,677,464.30**	**210,716,440**
Provision against Classified Loans			
Provision against Unclassified Loans			
Other Provision			
Total Provision**			
Total Profit before Taxes			
Provision for Taxation***		**2,677,464.30**	**210,716,440**
Net Profit after Taxation		**2,677,464.30**	**210,716,440**

** Provisions would be calculated with central operation

*** Taxes would be calculated with central operation

USD 1.00 = BDT 78.7000

AMARSTOCK

Mercantile Bank Limited

Off-shore Banking Unit

Notes to the Financial Statements

For the year ended December 31, 2016

1. Background Information

Mercantile Bank Limited is operating two Off-shore Banking units as a separate business unit under the Rules and Guidelines of Bangladesh bank as per the permission vide letter no. BRPD(P-3)744(114)/2010-1743 dated May 04, 2010. The Bank commenced operation of these units from July 04, 2010 at its Gulshan, Dhaka and CEPZ, Chittagong Branches.

2. Significant Accounting Policy

2.1 Basis of Accounting:

The Unit maintains its accounting records in USD form which accounts are prepared according to the Bank Companies Act 1991, Bangladesh Financial Reporting Standards (BFRS), Bangladesh Accounting Standards (BAS) and other applicable directives issued by Bangladesh Bank.

2.2 Common Expenses:

- Establishment expenses have not been separately accounted for in the Financial Statements
- Provision for taxation, loans & advances and Off-balance sheet items have not been separately accounted for in the Financial Statements

  These are accounted for consolidation in the central accounts of Mercantile Bank Limited

		USD	BDT
3	**Balance with other Banks and Financial Institutions**		
	In Bangladesh	3,165,117.25	249,094,728
	Outside Bangladesh		
		3,165,117.25	**249,094,728**
4	**Loans & Advances**		
	Loans, Cash credit etc.		
	Overdrafts	2,012,710.00	158,400,277
	Time Loan	239,786.19	18,871,173
	Term Loans	9,246,244.07	727,679,408
	Bill purchased and Discounted (Local)	3,624,137.81	285,219,646
	Bill purchased and Discounted (Foreign)	94,047,725.31	7,401,555,982
		109,170,603.38	**8,591,726,486**
5	**Fixed Assets including Premises, Furniture and Fixtures**		
	Software	256.38	20,177
	Computer, Printer & Peripherals	1,368.90	107,732
	Furniture	570.52	44,900
		2,195.80	**172,809**
6	**Other Assets**		
	Interest Receivable	10,569.09	831,787
	Prepaid Expenditures on Furniturre allowances	370.81	29,183
		10,939.90	**860,970**
7	**Borrowing from other Banks, Financial Institutions and Agents**		
	In Bangladesh		
	Head Office, ID	99,671,367.23	7,844,136,601
	Bangladesh bank		
	Outside Bangladesh	10,000,000.00	787,000,000
		109,671,367.23	**8,631,136,601**

AMARSTOCK

		USD	BDT
8	**Deposit and Other Accounts:**		
	Current Deposit		
	Fixed Deposit		
	Foreign Currency Deposit FCAD (Gen)	24.80	1,952
		24.80	1,952
9	**Other Liabilities**		
	Accrued Interest		
	Payable to Head Office		
	Accumulated		
10	**Interest Income**		
	Interest on Advances	4,192,565.72	329,954,922
	Interest on Money at Call and Short Notice		
	Interest on fund placement with ID, HO		
	Interest on foreign Currency Balances		
		4,192,565.72	329,954,922
11	**Interest paid on Deposit, Borrowings etc.**		
	Interest on Deposit		
	Interest on Borrowings form ID	1,288,266.19	101,386,549
	Interest on Borrowings form Other Banks	166,250.00	13,083,875
	Discount		
	Interest on REPO		
		1,454,516.19	114,470,424
12	**Other Income**		
	Investment Income		
	Commission, Exchange Gain & Brokerage		
	Other Operating Income/Foreign Correspondence Charge	27,782.60	2,186,491
	Miscellaneous Earnings	1,836.82	144,558
		29,619.42	2,331,049
13	**Salary and Allowances, Rent, Taxes, Insurances, Electricity etc.**		
	Basic Salary	33,777.71	2,658,306
	House Rent	15,177.80	1,194,493
	Medical Allowances	3,253.97	256,087
	Conveyance Allowance	2,637.44	207,567
	Utility Services	7,354.68	578,813
	House Maintenance Allowances	7,354.68	578,813
	Leave Fare Assistance	5,989.07	471,340
	Car Allowance	3,678.50	289,498
	Provident Fund	3,377.76	265,830
	Bonus	6,238.48	490,968
	Traveling Expenses	-	-
	Telephone Bill	89.35	7,032
	Periodicals, Newspaper &Magazine	14.51	1,142
	House Furnishing Allowances	15.00	1,180
		88,958.95	7,001,069
14	**Free Hold Properties-Depreciation and repair of Fixed Assets**		
	Computer	340.00	26,758
	Software	839.70	66,085
	Furniture	66.00	5,194
		1,245.70	98,037

Provision will be calculated with the central accounts
Taxes will be computed with the central operation
Assets and liabilities have been converted into BDT @ USD1.00 = BDT 78.7000
Depreciation has been charged @20% on Office Equipments & Machineries and @10% p.a. on Fixtures and furniture.

AMAR STOCK

Mercantile Bank Subsidiaries

AMBER STOCK



Mercantile Bank Securities Limited

Auditor's Report and audited Financial Statements
As at 31 December 2016

Auditor's Report To The Shareholders
of
Mercantile Bank Securities Limited

Report on the Financial Statement

We have audited the accompanying financial statements of **Mercantile Bank Securities Limited**, which comprise the statement of financial position as at 31 December 2016 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management of **Mercantile Bank Securities Limited** is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRSs) the companies Act, 1994, the Securities and Exchange Rules 1987, conditions and regulations issued by Bangladesh Securities and Exchange Commission and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA), as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting polices used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements prepared in accordance with Bangladesh Financial Reporting Standard (BFRSs), give a true and fair view of the financial position as at 31 December 2016 and its financial performance and its cash flows for the year then ended and comply with the Companies Act 1994, the Securities and Exchange Rules 1987, conditions and regulations issued by the Bangladesh Securities and Exchange Commission and other applicable laws and regulations.

We also report that:

(a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;

(b) in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books;

(c) the company's statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account; and

(d) the expenditure incurred and payments made were for the purpose of the company's business.

Place: Dhaka, Bangladesh
Date: 22 February 2017

K. M. HASAN & CO.
Chartered Accountants

AMARSTOCK

Mercantile Bank Securities Limited

Statement of Financial Position

As at 31 December 2016

ASSETS	Notes	2016 Taka	2015 Taka
Non-Current Assets			
Property, Plant and Equipment	3	19,315,529	16,574,686
Investment in Share with TREC			
Dhaka Stock Exchange Ltd.		650,000,000	650,000,000
Chittagong Stock Exchange Ltd.		180,000,000	180,000,000
		830,000,000	830,000,000
Total Non-Current Assets		**849,315,529**	**846,574,686**
Current Assets			
Receivable from Client	4	4,878,310,917	5,243,415,017
Receivable from DSE & CSE		5,065,920	4,287,377
Advance, Deposit & Prepayment	5	90,975,031	93,595,067
Advance Income Tax	6	85,069,072	65,702,662
Investment in FDR	7	53,100,000	167,000,000
Cash and Cash Equivalents	8	599,633,658	316,184,795
Total Current Assets		**5,712,154,598**	**5,890,184,918**
Total Assets		**6,561,470,127**	**6,736,759,604**
EQUITY AND LIABILITIES			
Equity			
Share Capital	9	3,600,000,000	650,000,000
Retained Earnings	10	34,866,122	34,344,837
Total Equity		**3,634,866,122**	**684,344,837**
Non-Current Liabilities			
Borrowing from Banks	11	1,641,006,300	4,750,988,250
ICB Pronodona Fund		-	166,830,838
Total Non-Current Liabilities		**1,641,006,300**	**4,917,819,088**
Current Liabilities			
Payable to Clients	12	146,521,148	110,677,054
Other Liabilities	13	1,033,554,198	982,029,120
Payable to DSE		36,245,552	-
Provision for Income Tax	14	69,276,807	41,889,505
Total Current Liabilities		**1,285,597,705**	**1,134,595,679**
Total Liabilities		**2,926,604,005**	**6,052,414,767**
Total Equity and Liabilities		**6,561,470,127**	**6,736,759,604**

The annexed notes form an integral part of these financial statements

Chief Executive Officer (CC) | Vice Chairman | Chairman

Signed in terms of our separate report of even date annexed

Place: Dhaka, Bangladesh
Date: 22 February 2017

K. M. HASAN & CO.
Chartered Accountants

Mercantile Bank Securities Limited

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2016

	Notes	2016 Taka	2015 Taka
Operating Income	15	138,598,008	281,724,873
Less: Operating Expenses	16	55,106,028	241,681,534
Gross Profit		**83,491,980**	**40,043,339**
Less: Administrative and General Expenses	17	51,675,854	35,188,320
Operating Profit/(Loss)		**31,816,126**	**4,855,019**
Add: Other Income	18	31,092,461	9,467,781
Profit Before Provision and Income Tax		**62,908,587**	**14,322,800**
Less: Provision for Margin Loan	19	35,000,000	5,700,000
Profit Before Income Tax		**27,908,587**	**8,622,800**
Less: Provision for Income Tax for 2015		3,842,434	-
Less: Provision for Income Tax for 2016		23,544,868	8,612,580
Net Profit After Income Tax		**521,285**	**10,220**
Add: Other Comprehensive Income		-	-
Total Comprehensive Income		**521,285**	**10,220**

The annexed notes form an integral part of these financial statements

Chief Executive Officer (CC) | Vice Chairman | Chairman

Signed in terms of our separate report of even date annexed

Place: Dhaka, Bangladesh
Date: 22 February 2017

K. M. HASAN & CO.
Chartered Accountants

Mercantile Bank Securities Limited

Statement of Changes in Equity

For the year ended 31 December 2016

Amount in Taka

Particulars	Share Capital	Retained arnings	Total
Balance as at 01 January 2016	**650,000,000**	**34,344,837**	**684,344,837**
Increase of Share Capital	2,950,000,000	-	2,950,000,000
Net profit/(loss) for the year	-	521,285	521,285
Balance as at 31 December 2016	**3,600,000,000**	**34,866,122**	**3,634,866,122**

For the year ended 31 December 2015

Particulars	Share Capital	Retained arnings	Total
Balance as at 01 January 2015	**650,000,000**	**34,334,617**	**684,334,617**
Net profit/(loss) for the year	-	10,220	10,220
Balance as at 31 December 2015	**650,000,000**	**34,344,837**	**684,344,837**

Chief Executive Officer (CC) | Vice Chairman | Chairman

Signed in terms of our separate report of even date annexed

Place: Dhaka, Bangladesh
Date: 22 February 2017

K. M. HASAN & CO.
Chartered Accountants

Mercantile Bank Securities Limited

Statement of Cash Flows

For the year ended 31 December 2016

	2016 Taka	2015 Taka
A. Cash flows from operating activities:		
Net Profit/(Loss) Before Income Tax	27,908,587	8,622,800
Adjustment for :		
Depreciation	2,971,832	2,986,512
Loss on Sale of Shares (Negative equity clients)	22,495,210	213,544,984
Loss on disposal of Property, Plant & Equipment	-	8,222,589
Cash generated from operating activities before Changes in	**53,375,629**	**233,376,885**
(Increase) / Decrease in Operating Assets	344,450,383	(34,687,261)
Increase / (Decrease) in Operating Liabilities	123,614,724	507,735,982
	521,440,735	**706,425,606**
Income Tax paid	(19,366,410)	(11,204,312)
Net cash flows from Operating activities	**502,074,326**	**695,221,294**
B. Cash flows from Investing activities:		
Acquisition of Property, Plant & Equipment	(5,712,675)	(3,520,177)
Disposal of Property, Plant & Equipment	-	634,400
Investment in FDR (short term)	113,900,000	(167,000,000)
Increase of Share Capital	2,950,000,000	-
Net cash used in Investing activities	**3,058,187,325**	**(169,885,777)**
C. Cash flows from Financing activities:		
Proceeds/(Payments) from Long Term Borrowing	(3,109,981,950)	(449,871,999)
ICB Pronodona Fund	(166,830,838)	166,830,838
Net cash used in financing activities	**(3,276,812,788)**	**(283,041,161)**
Net surplus in cash & bank balance for the year (A+B+C)	**283,448,863**	**242,294,356**
Cash & Bank Balance at the beginning of the year	316,184,795	73,887,139
Cash & Bank Balance at the end of the year (*)	**599,633,658**	**316,181,495**
(*) Cash & Bank Balance :		
Cash in Hand	112,068	139,634
Cash at Bank	599,521,590	316,045,161
	599,633,658	**316,184,795**

Chief Executive Officer (CC) | Vice Chairman | Chairman

Signed in terms of our separate report of even date annexed

Place: Dhaka, Bangladesh
Date: 22 February 2017

K. M. HASAN & CO.
Chartered Accountants

Mercantile Bank Securities Limited

Notes to the Financial Statements

As at and for the year ended 31 December 2016

1.0 Background Information:

Mercantile Bank Securities Limited was established on 27 June 2010 to facilitate development of sound capital market and to provide higher, better and diversified services to a wide range of customer. MBSL is offering high quality products and services at a competitive rate.

Mercantile Bank Securities Limited offers full-fledged international standard brokerage service with margin loan facility. MBSL is also a full service Depository Participant (DP) of Central Depository Bangladesh Limited (CDBL). The brokerage service is designed to provide customer with necessary support and profitability in the stock market. The company obtained DSE Membership on 04 September 2011 and CSE Membership on 25 September 2011 and started it's operation on 14 September 2011.

2.0 Significant Accounting Policies:

2.1 Basis of Accounting

The financial statements of the Mercantile Bank Securities Limited have been prepared applying accrual basis of accounting under the historical cost convention in accordance with Bangladesh Financial Reporting Standards.

2.2 Property, Plant & Equipment

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

2.2.1 Depreciation

Depreciation is charged on Fixed Assets at the following rates on the Straight Line Method from date of acquisition.

Name Of Assets	Rate of Depreciation	Method
Vehicles	20%	Straight line
Office Equipment & Machineries	20%	Straight line
Furniture & Fixtures	10%	Straight line

2.3 Revenue Recognition:

Revenue is recognized only when it is probable that the economic benefits associated with the transaction will flow to the company. Revenue during the year are recognized as follows:

(i) Brokerage commission is recognized as income when selling or buying order is executed;

(ii) Interest income from margin loan is calculated quarterly.

2.4 General

(i) Figures appearing in these accounts have been rounded off to the nearest Taka.

(ii) Previous year's figures have been re-arranged where necessary to conform to current year's financial presentation.

			2016 Taka	2015 Taka
3	**Property, Plant and Equipment**			
	A. Cost			
	Opening Balance		31,525,931	43,074,398
	Add: Addition during the year		5,712,675	3,520,177
			37,238,606	46,594,575
	Less: Disposal during the year		640,078	15,068,644
			36,598,528	**31,525,931**
	B. Accumulated depreciation			
	Opening Balance		14,951,245	18,176,387
	Add: Charged during the year		2,971,832	2,986,512
			17,923,077	21,162,899
	Less: Disposal during the year		640,078	6,211,654
			17,282,999	**14,951,245**
	C. Written Down Value (A-B)		**19,315,529**	**16,574,686**
	A schedule of Property, Plant and Equipment is given in Annexure-A.			
4	**Receivable from clients**			
	General Client		684,995	25,563,600
	Margin Client		4,875,616,382	5,217,851,417
	Merchant Bank		2,009,540	-
			4,878,310,917	**5,243,415,017**
5	**Advance, Deposit & Prepayment**			
	Advanced against Rent		887,000	1,787,000
	Other Advance		30,960	1,754,000
	Prepaid Expenses (LFA)		9,000	-
	Prepaid Expenses (Furniture Allowance)		38,071	54,067
	Prepaid Expenses (Supplier)		10,000	-
	Investment in Dealer A/C		90,000,000	90,000,000
			90,975,031	**93,595,067**
6	**Advance Income Tax**			
	Opening Balance		65,702,662	54,498,349
	Add: Advance Income Tax Paid for the year 2014-15		-	523,423
			65,702,662	55,021,772
	Add: Advance Income Tax Paid for the year 2015-16		3,842,434	-
			69,545,096	55,021,772
	Add: Tax Deducted at Source during the year		10,465,507	8,612,580
			80,010,603	63,634,352
	Add: Tax Deducted at Source against bank interest and others		5,058,469	2,068,310
			85,069,072	**65,702,662**
7	**Investment in FDR**	**FDR No.**		
	Reliance Finance Limited	05/5812	-	33,500,000
	Reliance Finance Limited	05/5813	-	33,500,000
	Reliance Finance Limited	05/5811	-	100,000,000
	Meridian Finance & Investment Ltd.	000899	50,000,000	-
	People's Leasing & Financial Services Ltd.	5167	3,100,000	-
			53,100,000	**167,000,000**
8	**Cash and Cash Equivalents**			
	Cash in Hand		112,068	139,634
	Cash at Bank (Note- 8.1)		599,521,590	316,045,161
			599,633,658	**316,184,795**
8.1	**Cash at Bank**			
	Name of Bank	**Account No.**		
	MBL, Main Branch (Income Expenditure A/C)	0101-13100002230	6,103,059	618,239
	MBL, Main Branch (MBSL Cons. Cust. A/C, SND)	0101-13100002437	440,370,894	215,140,362
	MBL, Main Branch (Public Issue Application A/C)	0101-13100002558	2,256,983	2,469,389
	One Bank Ltd., Principal Branch (SND A/C)	0013-000000616	150,790,654	97,817,171
			599,521,590	**316,045,161**

		2016 Taka	2015 Taka
9	**Share Capital**		
9.1	**Authorized Capital**		
	500,000,000 Ordinary shares during 2016 @ Tk. 10 each and 200,000,000 Ordinary shares during 2015 @ Tk. 10 each	5,000,000,000	2,000,000,000
		5,000,000,000	**2,000,000,000**
9.2	**Issued, Subscribed and Fully Paid-up Capital**		
	Total 360,000,000 Ordinary shares (65,000,000 Ordinary shares during year 2015) of Tk. 10 each were issued, subscribed and fully paid up as at December 31, 2016.		
	Opening Balance	650,000,000	650,000,000
	Issued for cash	2,950,000,000	-
	Closing Balance	**3,600,000,000**	**650,000,000**
10	**Retained Earnings**		
	Opening Balance	34,344,837	34,334,617
	Net profit/(loss) during the year	521,285	10,220
	Closing Balance	**34,866,122**	**34,344,837**
11	**Borrowing from Banks**		
	Mercantile Bank Limited	1,641,006,300	4,750,988,250
		1,641,006,300	**4,750,988,250**

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

Nature of facility	: SOD General (Renewal)
Purpose	: To provide liquidity of MBSL & to meet day to day operational expenses in the business.
Facility Amount	: Tk. 45,834 lac
Rate of Interest	: Nil
Tenor of the facility	: One year
Security	: Usual charge documents of the bank and undated chequed covering the credit limit

12	**Payable to Clients**		
	General Client	85,003,958	85,273,214
	Margin Client	61,517,190	25,403,840
		146,521,148	**110,677,054**
13	**Other Liabilities**		
	Sundry Deposit	494,726	452,192
	Tax on Rent	-	7,500
	VAT payable	7,500	20,250
	Payable to CDBL	1,550,813	2,899,312
	Audit Fees	50,000	25,000
	Provision for Margin Loan (Note-13.1)	40,700,000	5,700,000
	Provision for Gratuity	6,000,000	-
	Provident Fund	7,410,346	-
	Welfare Fund	129,925	-
	Incentive Bonus	2,200,000	-
	Interest Suspense A/C	972,779,849	972,411,873
	IPO Application (IPO)	2,231,040	6,040
	Other Provisions	-	506,954
		1,033,554,198	**982,029,120**
13.1	**Provision for Margin Loan**		
	Opening Balance	5,700,000	-
	Add: Provision made during the year	35,000,000	5,700,000
	Closing Balance	**40,700,000**	**5,700,000**

		2016 Taka	2015 Taka
14	**Provision for Income Tax**		
	Opening Balance	41,889,505	33,276,925
	Add: Proivision for the year 2015-16	3,842,434	
		45,731,939	33,276,925
	Add: Provision made during the year (TDS)	23,544,868	8,612,580
	Closing Balance	**69,276,807**	**41,889,505**
	TDS final settlement 82 (C)	**15,523,976**	**8,612,580**

Provision for income tax is Tk.15,523,976 which includes TDS deducted from DSE & CSE TK.10,465,507, TDS deducted from bank interest TK. 3,100,968 and TDS deducted from Dividend Tk. 1,957,501.

15	**Operating Income**		
	Brokerage Commission DSE & CSE	78,202,977	65,849,370
	Account Opening Fees	129,000	174,400
	BO Account Maintenance Fees	2,819,500	-
	Interest on Margin Loan	47,370,338	215,305,753
	Account Closing Fees	88,117	37,077
	IPO Commission	30,535	20,897
	Interest Charged on Cash Client	123,037	337,376
	Dividend Income (DSE)	7,215,106	-
	Dividend Income (CSE)	2,572,398	-
	Cheque Dishonor Fees	47,000	-
		138,598,008	**281,724,873**
16	**Operating Expenses**		
	Howla Charge DSE & CSE	5,634	6,648
	Laga Charge DSE & CSE	5,218,545	4,299,253
	CDBL Charges	3,394,043	2,937,580
	Audit Fees	57,500	28,750
	Directors Fees	1,726,400	1,060,770
	Bank Charges	90,519	52,159
	Interest on Bank Loan	8,571,165	7,981,929
	Depreciation	2,971,832	2,986,512
	Other Operating Expenses	1,161,008	560,357
	Loss on Disposal of Fixed Assets	-	8,222,592
	Loss on Sale of Shares (Negative equity clients)	22,495,210	213,544,984
	Expense of Authorized Capital (RJSC)	1,383,660	-
	Loss on Margin Interest Reverse	8,030,512	-
		55,106,028	**241,681,534**
17	**Administrative and General Expenses**		
	Salaries & Allowances (Note- 17.1)	25,595,027	18,587,641
	Rent, Taxes, VAT, Insurances, Electricity etc.	7,509,565	7,326,411
	Postage, Stamps, Telecommunication etc.	2,033,983	2,294,277
	Printing & Stationery	469,104	539,743
	Repairs and Maintenances	546,474	758,259
	Security & Cleaner .	2,530,775	2,252,992
	Legal Fees	396,989	421,000
	Miscellaneous	493,537	440,879
	Refreshment	1,043,460	1,095,987
	Utility Expenses	290,121	187,964
	Fuel Costs	83,719	101,515
	Excise duty	60,000	-
	Travel Expenses	537,960	281,651
	Gratuity	6,000,000	-
	Incentive Bonus	2,200,000	-
	Investor Awareness Program	1,800,000	900,000
	PSSL Uniform	65,930	-
	Capital Market Expo Expense	19,210	-
		51,675,854	**35,188,320**

		2016	2015
		Taka	Taka
17.1	**Salaries & Allowances**		
	Basic Salary	11,546,866	8,171,532
	Consolidated Salary	560,000	259,067
	Arrear Salary	37,441	-
	Bonus	2,199,960	1,592,950
	Car Allowances	450,000	360,000
	House Rent	3,939,167	2,818,314
	Conveyance Allowances	1,115,250	677,400
	Medical Allowances	1,654,867	1,482,033
	House Maintenance Allowances	706,350	753,100
	Utilities Allowance	706,350	750,267
	PF Contribution	1,054,227	628,144
	Furniture Allowance	32,263	31,166
	Leave Fare Assistance	1,484,786	1,063,668
	Gratuity	107,500	-
		25,595,027	**18,587,641**
18	**Other Income**		
	Bank Interest	30,962,828	9,221,892
	Miscellaneous Earnings	129,632	245,889
	Office Rent Income	-	-
		31,092,461	**9,467,781**

19 Provision for Margin Loan

The market value of shares of the client account having negative equity stood at Tk. 2,584,510,920 as on 31 December 2016 against outstanding loan amount of Tk. 4,454,264,161 leaving equity erosion of Tk. 1,869,753,241. If the market price of the shares goes up in future this equity erosion will be reduced.

Besides that, we have written off 4 clients' negative equity amounting Tk. 22,495,210 as on 31 December 2016 as per approval of board of directors. However, it is mentionable that we have written off 43 clients' negative equity amounting Tk. 295,936,345 as on 31 December 2015 as per approval of board of directors. It represents that, MBSL have written off in total 47 clients' negative equity of Tk. 318,431,555 in year 2015 & 2016.

The Bangladesh Securities and Exchange Commission vide its Instruction no. SEC/CMRRCD/2009-193/196 dated 28 December 2016 allowed the stock broker to provide the loss on margin loan in 5 quarters in equal amount (20%) beginning from December 2016 to December 2017. However, MBSL has maintained a lump sum amount of Tk. 35,000,000 as provision for margin loan in 2016. In addition, the company has also transferred Tk. 972,779,849 being interest on margin loan to interest suspense account as mentioned under Note - 13.

20 Investment in DSE & CSE Shares & TREC

(a) **Investment in DSE Shares & TREC**

As per the provision of the Exchange Demutualization Act, 2013 and in accordance with the Bangladesh Securities and Exchange Commission (BSEC) approved Demutualization Scheme, Dhaka Stock Exchange allotted 7,215,106 ordinary Shares of Taka 10 each and Trading Right Entitlement Certificate (TREC) in favour of the company against the membership of DSE. Out of the total 7,215,106 Shares DSE transferred and credited 2,886,042 shares directly to Company's BO Account and rest 4,329,064 shares were credited to the "Demutualization Blocked Account" maintained by the DSE.

(b) **Investment in CSE Shares & TREC**

As per the provision of the Exchange Demutualization Act, 2013 and in accordance with the Bangladesh Securities and Exchange Commission (BSEC) approved Demutualization Scheme, Chittagong Stock Exchange allotted 4,287,330 ordinary Shares of Taka 10 each and Trading Right Entitlement Certificate (TREC) in favor of the company against the membership of CSE. Out of the total 4,287,330 Shares CSE transferred and credited 1,714,932 shares directly to Company's BO Account and rest 2,572,398 shares were credited to the "Demutualization Blocked Account" maintained by the CSE.

21 Events after the reporting period

i) The Board of Directors in its 37th board meeting held on 22 February, 2017 approved the financial statements of the company for the year ended 31 December 2016 and authorized the same for issue.

ii) No material events occurred after the date of statement of financial position, non-disclosure of which could affect the ability of the users of these financial statements to make appropriate evaluation.

Chief Exicutive Officer (CC) | Vice Chairman | Chairman

Place: Dhaka, Bangladesh
Date: 22 February 2017

Mercantile Bank Securities Limited

Annexure- A

Schedule of Property, Plant and Equipment

As at 31 December 2016

Amount in Taka

Particulars	Cost				Depreciation					Written Down Value as on 31.12.2016
	Balance as on 01.01.2016	Addition during the year	Adjustment/ Disposal during the year	Balance as on 31.12.2016	Rate %	Balance as on 01.01.2016	Charged During the year	Adjustment/ Disposal during the year	Balance as on 31.12.2016	
Vehicle	640,078	100,000	640,078	100,000	20%	640,078	5,000	640,078	5,000	95,000
Furniture & Fixture	15,416,376	3,223,701	-	18,640,077	10%	5,622,327	1,168,265	-	6,790,592	11,849,485
Equipment & Machineries	15,469,476	2,388,974	-	17,858,450	20%	8,688,840	1,798,567	-	10,487,407	7,371,043
As at 31 December 2016	**31,525,931**	**5,712,675**	**640,078**	**36,598,528**		**14,951,245**	**2,971,832**	**640,078**	**17,282,999**	**19,315,529**
As at 31 December 2015	**43,074,398**	**3,520,177**	**15,068,644**	**31,525,931**		**18,176,387**	**2,986,512**	**6,211,654**	**14,951,245**	**16,574,686**

AMARSTOCK



Mercantile Exchange House (UK) Limited

Financial Statements

As at 31 December 2016

Mercantile Exchange House (UK) Limited

Financial Statements

For the year ended December 31, 2016

Directors	Shahidul Ahsan Akm Shaheed Reza Kazi Masihur Rahman
Secretary	Khoyruzzaman Khan
Registered Office	108 Whitechapel Road London E1 1JD
Company Number	7456837
Bankers	Habib Bank Uk
Accountants	Jahan & Co Chartered Management Accountants 22 Osborn Street, London, E1 6TD

AMAR STOCK

Mercantile Exchange House (UK) Limited

Directors' Report

For the year ended December 31, 2016

The directors present their report and accounts for the year ended 31 December 2016

PRINCIPAL ACTIVITIES

The principal activity of the company in the year under review was MONEY REMITTANCE .

DIRECTORS

The directors who served during the year and their interests in the share capital of the company were as follows:

	2016	*2015*
	No.	*No.*
SHAHIDUL AHSAN	0.00%	*0.00%*
AKM SHAHEED REZA	0.00%	*0.00%*
KAZI MASIHUR RAHMAN	0.00%	*0.00%*

DIRECTORS RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss for that period.

The report of the directors has been prepared in accordance with the special provisions within Part 15 of the Companies Act 2006.

This report was approved by the board on 16 January 2017

Kazi Masihur Rahman
Director

AMAR STOCK

Mercantile Exchange House (UK) Limited

Accountants' Report To The Board Of Directors On The Unaudited Accounts Of Mercantile Exchange House (Uk) Limited, For The Year Ended 31 December 2016

In order to assist you to fulfill your duties under the Companies Act 2006, we have prepared for your approval the accounts of MERCANTILE EXCHANGE HOUSE (UK) LIMITED for the year ended 31 December 2016 as set out on pages 5 to 10 from the company's accounting records and from information and explanations you have given us.

As a practising member of the Chartered Institute of Management Accountants (CIMA), we are subject to its ethical and other professional requirements which are detailed on their website.

This report is made solely to the Board of Directors of MERCANTILE EXCHANGE HOUSE (UK) LIMITED, as a body, in accordance with the terms of our engagement letter dated . Our work has been undertaken solely to prepare for your approval the accounts of MERCANTILE EXCHANGE HOUSE (UK) LIMITED and state those matters that we have agreed to state to the Board of Directors of MERCANTILE EXCHANGE HOUSE (UK) LIMITED, as a body, in this report, in accordance with the requirements of the Chartered Institute of Management Accountants (CIMA) as detailed on their website. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than MERCANTILE EXCHANGE HOUSE (UK) LIMITED and its Board of Directors as a body for our work or for this report.

It is your duty to ensure that MERCANTILE EXCHANGE HOUSE (UK) LIMITED has kept adequate accounting records and to prepare statutory accounts that give a true and fair view of the assets, liabilities, financial position and profitability of MERCANTILE EXCHANGE HOUSE (UK) LIMITED. You consider that MERCANTILE EXCHANGE HOUSE (UK) LIMITED is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the accounts of MERCANTILE EXCHANGE HOUSE (UK) LIMITED. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory accounts.



Jahan & Co
Chartered Management Accountants
22 Osborn Street
London, E1 6TD
Date : 16 January 2017

Mercantile Exchange House (UK) Limited

Profit And Loss Account

For The Year Ended December 31, 2016

Particulars	Note	2016 £	2015 £
TURNOVER	2	155,941	217,746
GROSS PROFIT		155,941	217,746
Distribution costs		(1,404)	(2,566)
Administrative expenses		(179,001)	(158,811)
Other operating income		24,725	25,080
OPERATING PROFIT	3	261	81,449
Interest payable and similar charges		(2)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		259	81,449
Tax on profit on ordinary activities	4	-	(1,516)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		259	79,933
PROFIT FOR THE FINANCIAL YEAR		259	79,933

Mercantile Exchange House (UK) Limited

Balance Sheet

AS AT 31 DECEMBER 2016

Particulars	Note	2016 £		2015 £	
FIXED ASSETS					
Tangible assets	5		47,896		48,901
CURRENT ASSETS					
Debtors (amounts falling due within one year)	6	4,570		8,250	
Debtors (amounts falling due after more than one year)	6	9,900		9,900	
Cash at bank and in hand		138,180		107,270	
		152,650		125,420	
CREDITORS: Amounts falling due within one year	7	114,397		88,431	
NET CURRENT ASSETS			38,253		36,989
TOTAL ASSETS LESS CURRENT LIABILITIES			86,149		85,890
CREDITORS: Amounts falling due after more than one year	8		340,000		340,000
NET LIABILITIES			**(253,851)**		**(254,110)**
CAPITAL AND RESERVES					
Called up share capital	9		1		1
Profit and loss account	10		(253,852)		(254,111)
SHAREHOLDERS' FUNDS			(253,851)		(254,110)

For the year ending 31 December 2016 the company was entitled to exemption under section 477 of the Companies Act 2006 relating to small companies.

The members have not required the company to obtain an audit in accordance with section 476 of the Companies Act 2006.

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

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

Approved by the board on 16 January 2017 and, signed on their behalf by

Khoyruzzaman Khan
Company Secretary & CEO

Kazi Masihur Rahman
Director

Mercantile Exchange House (UK) Limited

Notes To The Accounts

For The Year Ended 31 December 2016

1. ACCOUNTING POLICIES

1a. Basis Of Accounting

The accounts have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015).

1b. Cash Flow Statement

The Company is exempt from including a statement of cash flows in its accounts in accordance with Financial Reporting Standard for Smaller Entities (effective January 2015).

1c. Depreciation

Depreciation has been provided at the following rates in order to write off the assets over their estimated useful lives.

Fixtures and Fittings	reducing balance 5%

1d. Taxation

Corporation tax payable is provided on taxable profits at the current rates.
Provision is made for deferred taxation in so far as a liability or asset has arisen as a result of transactions that had occurred by the balance sheet date and have given rise to an obligation to pay more tax in the future, or the right to pay less tax in the future. An asset has not been recognised to the extent that the transfer of economic benefits in the future is uncertain. Deferred tax assets and liabilities recognised have not been discounted.

1e. Turnover

Turnover represents the invoiced value of goods and services supplied by the company, net of value added tax and trade discounts.

2. TURNOVER

The turnover and pre-tax result is attributable to MONEY REMITTANCE.

	2016 £	2015 £
Commissions	115,025	99,148
Commisssion from Note Machine	2,468	1,425
Gains on remittances	38,448	117,173
	155,941	**217,746**

3. OPERATING PROFIT

Operating Profit is stated after charging:	-	-
Depreciation	2,306	2,360
	2,306	**2,360**

4. TAX ON ORDINARY ACTIVITIES

Corporation Tax	-	1,516
	-	1,516

AMAZON STOCK

Mercantile Exchange House (UK) Limited

Notes To The Accounts

AS AT 31 DECEMBER 2016

	Particulars	Land and Buildings	Fixtures and Fittings	Total - 2016
5.	**TANGIBLE FIXED ASSETS**			
	Cost			
	At 1 January 2016	4,098	51,352	55,450
	Additions	-	1,300	1,300
	At 31 December 2016	**4,098**	**52,652**	**56,750**
	Depreciation			
	At 1 January 2016	-	6,549	6,549
	For the year	-	2,305	2,305
	At 31 December 2016	-	8,854	8,854
	Net Book Amounts			
	At 31 December 2016	4,098	43,798	47,896
	At 31 December 2015	4,098	44,803	48,901

		2016	2015
		£	£
6.	**DEBTORS**		
	Amounts falling due within one year:		
	Trade debtors	4,570	-
	Other debtors	-	8,250
		4,570	8,250
	Amounts falling due after more than one year:		
	Long term debtor	9,900	9,900
		9,900	9,900
7.	**CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**		
	Trade creditors	108,081	81,036
	Taxation and social security	2,579	4,344
	Other creditors	3,737	3,051
		114,397	**88,431**

Trade Creditors represent the amount due to Mercantile Bank, Bangladesh. Taxation & Social Security is the Employee Tax & National Insurance contribution amount owed to HMRC; Other Creditors represent the Accountancy fees of £750 due to Jahan & Co, Rent deposit of £2301 payable to Sub-Tenant, and Accrued Salary of £686

8.	**CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**		
	Amounts owed to group undertakings and undertakings in which the company has a particpating interest	340,000	340,000
		340,000	**340,000**
9.	**SHARE CAPITAL**		
	Allotted, issued and fully paid:		
	1 Ordinary shares of £ 1 each	1	1
		1	**1**
10.	**PROFIT AND LOSS RESERVE**		
	Opening balance	(254,111)	(334,044)
	Profit for the year	259	79,933
		(253,852)	**(254,111)**

MAR STOCK

Mercantile Exchange House (Uk) Limited

Trading And Profit And Loss Account

For The Year Ended 31 December 2016

	2016		2015	
	£		£	
Turnover		155,941		217,746
Cost of Sales:				
Gross Profit		155,941		217,746
Other operating income		24,725		25,080
		180,666		242,826
Less:				
Distribution costs	1,404		2,566	
Administrative expenses	179,001		158,811	
Interest payable and similar charges	2		-	
		180,407		161,377
Net profit for the year before taxation		259		81,449
Taxation		-		1,516
Net profit for the year after taxation		259		79,933
Retained losses brought forward		(254,111)		(334,044)
Retained losses carried forward		(253,852)		(254,111)

This page does not form part of the Company's Statutory Accounts and is prepared for the information of the Directors only.

AMARSTOCK

Mercantile Exchange House (Uk) Limited

Profit And Loss Account Summaries

For The Year Ended 31 December 2016

	2016 £	2015 £
Distribution Costs:		
Advertising and sales promotion	1,392	2,105
Travelling & Subsistence	12	230
Staff entertaining	-	231
	1,404	2,566
Interest payable and similar charges:		
Other interest	2	-
	2	-
Administrative Expenses:		
Bad debts	110	-
Insurance	1,274	1,299
Heat and light	2,434	6,448
Rent, Rates & Insurance	40,139	41,160
Repairs and renewals	1,790	663
Wages - regular	63,109	54,396
Staff welfare	399	-
Staff Training	270	-
Accountancy fees	3,000	3,000
Professional fees	15,000	250
Stationery & office supplies	792	2,559
Telephone, Fax & Internet	1,023	764
Fees & Subscriptions	2,107	663
Security costs	317	432
Bank charges & commission	44,931	44,817
Depreciation and Amortisation:		
Depreciation of fixtures and fittings	2,306	2,360
	179,001	158,811

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মার্কেন্টাইল ব্যাংক লিমিটেড
Mercantile Bank Limited
Registered office : 61, Dilkusha Commercial Area, Dhaka

Proxy Form

I/We, ...

of .....

being a member of Mercantile Bank Limited do hereby appoint .....

of .....

as Proxy / Attorney in my absence to attend and vote for me and on my behalf at the 18th Annual General Meeting of the Company to be held on March 30, 2017 at 11.00 am and at any adjournment thereof.

As witness my hand this ..... day of ..... 2017.

Signature of Member

Revenue Stamp of Tk. 20 /=

Signature of Proxy

Folio No. .....

BO NO. | | | | | | | | | | | | | | | | |

Note:

a. The Proxy form duly completed must be deposited at Registerd Office of the Company not less than 48 hours before the time fixed for the meeting.

b. Signature of the Shareholders should agree with the specimen signature registered with the Company and Depository Register.

মার্কেন্টাইল ব্যাংক লিমিটেড
Mercantile Bank Limited
Registered office: 61, Dilkusha Commercial Area, Dhaka

Attendance Slip

I hereby record my attendance at the 18th Annual General Meeting of the Comapany being held on March 30, 2017, at 11.00 am in the FARS Hotel & Resorts, 212 Sahid Syed Nazrul Islam Sarani (Bijoynagar), Dhaka-1000

Name of the Member/Proxy .....

Folio No. .....

BO No. | | | | | | | | | | | | | | | | |

Signature

Note: Please complete the attendance slip and hand it over at the entrance.

AMARSTOCK

AMAR STOCK

বাংলার ব্যাংক

মার্কেন্টাইল ব্যাংক লিমিটেড
Mercantile Bank Limited
efficiency is our strength

61, Dilkusha C/A, Dhaka-1000
Ph: +88 02 9559333, 9553892, Fax: 88 02 9561213
Swift: MBLBBDDH, E-mail: it@mblbd.com, Web: www.mblbd.com