



EAST WEST UNIVERSITY

Project Paper

*Comparative Performance of Old and New Generation
Private Commercial Banks in Bangladesh*

Course Title: **Project Work**

Course Code: **BUS 498**



Prepared For:

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East West University
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Dhaka- 1212

7 September 2008

Fatema - Tuz - Johora
Student of Bachelor of Business Administration
East West University
Dhaka, Bangladesh

Letter of Authorization

Dear Student

As you are a student of 'Project Work' (BUS 498), I would like to authorize you to prepare a Project Paper based on '**Comparative Performance of Old and New Generation Private Commercial Banks in Bangladesh**'. I hope you are well qualified to undertake the task and it will enhance your practical knowledge.

In your study, please concentrate on the topic properly and provide recent information. If you need any kind of further assistance from me, please let me know without any hesitation.

Submit the report by 21 December 2008.

Thanking you
M Sayeed Alam

East West University
43, Mohakhali C/A
Dhaka- 1212

21 December 2008

M Sayeed Alam
Project Supervisor
Assistant Professor
East West University
Dhaka, Bangladesh

Letter of Transmittal

Dear Sir

I would take this opportunity to submit my project report on '**Comparative Performance of Old and New Generation Private Commercial Banks in Bangladesh**' which has been prepared in partial fulfilment of a BBA degree. According to the guidelines which you have so kindly provided, I have incorporated some information along with the project. The whole exercise of this project work enabled me to get a valuable insight into the situation private in banking of Bangladesh.

I tried my level best to follow your instructions, guidelines, schedule, format and suggestions in every step of writing. I hope you will consider the mistakes that may take place in the report in the spite of my best effort.

I will be always available for answering any question on the paper. Lastly, I would express my gratitude for the help I received throughout the period of Project work, from your good self.

Sincerely yours
Fatema - Tuz - Johora
ID: 2005-1-10-232

Acknowledgement

I have incurred many debts of gratitude over the last three months' while preparing for this report. First and foremost, I would like to pay my gratitude to the almighty Allah for giving me the ability to work with this. I am also grateful to my parents who provided me with the basic necessities of life since my early childhood.

The report titled as '**Comparative Performance of Old and New Generation Private Commercial Banks in Bangladesh**' has been prepared to fulfil the requirements of BBA degree. I am very much fortunate that I have received almost and sincere guidance, supervision and co-operation from various persons while preparing this report.

First of all, I would like to thank my academic supervisor of the Project Work, **Mr. M Sayeed Alam**, (Assistant Professor, East West University, Bangladesh) for giving me the opportunity to prepare this report and for his effortful supervision. He also provided me important advices and guidance for preparing such type of idea based report. As a matter of fact, without his advice, I would not have been able to follow the scheme of things in my study in a systematic way and to come up with a report such as this one.

I am also grateful to some officials of both **Arab Bangladesh Bank Limited** and **Mercantile Bank Limited** for their kind co-operation. They had been extremely helpful to me in providing necessary information, annual reports, statements, documents, brochure, etc. Their excellent attitude has greatly encouraged my work.

I would like to give special thank to my friends, who helped me in collecting some information from the Dhaka Stock Exchange.

Finally, I would express my gratitude to all my course instructors who have been very caring and sincere in teaching me, not only academic knowledge but also great values of professional career. I will always remember them.

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Executive Summery

There is no denying the fact that private commercial banking sector in Bangladesh is continuing to strengthen its position by expanding its core business activities. The Project paper is a comprehensive study of the private commercial banking Industry of our country. For this purpose, I have selected two private commercial banks of the country. One is an **old generation bank** which is the first private sector bank of Bangladesh named '**Arab Bangladesh Bank Limited**' (**AB Bank**) and the other is a **new generation bank** named '**Mercantile Bank Limited**'. The old generation private bank, AB Bank Limited has spread its operation throughout the country and thus provided its banking services to almost all classes of people. Being a new generation private bank, Mercantile Bank Limited could not yet spread that much but have occupied new computerized system of banking like online banking etc. Both the banks believe that building strong relationship with all stakeholders, customers, is crucial for their growth and prosperity. Technology and competition have made it vital for them to forge stronger bond with customers to meet their need at their convenience. They put emphasis on meeting this continuous challenge of managing relationship. Their significant achievements over the past years both financial and strategic are solid indications of their strength and potential. They have effective corporate governance practices and efficient sales force which are essential to achieving and marinating public trust and confidence in the banking sector, which are critical to the proper functioning of the banking sector and economy as a whole. Through the report, I tried to find out the efficiency and effectiveness of their performance in banking. So far they believe that they are well positioned to become a more important partner with their existing clients, to win more share of new business and to achieve their goal of generating positive operating leverage on a consistent basis. Looking forward, they remain confident that they have the right people and right strategies in place to maintain their growth and the bank will continue to successfully deliver excellent results, meeting their financial and operational objectives as well as the needs of their customers and their people.

Introduction

2.1 Origin of the Report:

This report is assigned by my honourable project instructor Mr. M Sayeed Alam, Assistant Professor, East West University. I have prepared this report as my project work to fulfil the requirement of my graduation. So the origination of the report is my '**Project Work**' (BUS 498) course. It was assigned on 7 September 2008 and is due to 21 December 2008. This report is prepared on the Private Commercial Banking Industry of Bangladesh consists of AB Bank Limited and Mercantile Bank Limited.

2.2 Objective of the Report:

The primary objective of preparing this report is to fulfil the partial requirements of Bachelor of Business Administration (BBA) degree. Besides fulfilling the degree requirements, this report intends to focus on the comparative performance of old and new generation private banks of Bangladesh. I tried to give an idea about the overall activities of the two banks - Arab Bangladesh Bank Limited and Mercantile Bank Limited to analyze and compare their performances. Besides these, I wanted to assess the valuable practical knowledge and to relate the institutional knowledge with the real life scenario.

2.3 Scope of the Report:

The report is a comprehensive study of the old and new generation Private Banking Industry of our country. I have accomplished the report by covering the overall performance of the two banks by presenting their missions, visions, nature of the organization, nature of the management, different types of services that they are providing to their clients and their contribution towards the welfare of the society.

2.4 Methodology:

Certain methods and techniques have been utilized to collect data for this report. I used both primary and secondary data. With this view, primary data has been collected from different officials of the two banks. On the other hand, secondary data has been collected from published articles, journals and brochures, internet etc.

2.5 Limitations of the Report:

I tried my level best to produce a comprehensive and well-organized report and came across a lot of difficulties which sometimes slowed me down and in some cases, changed my way to writing. The banking system itself is a complicated process. I could not cover the detail information due to time limitation. Some of the limitations yet present here are:

- I have analyzed the whole private banking industry by considering only two private banks while preparing the report. These two banks may not represent the whole industry.
- Lack of time.
- I had to rely more on the secondary level information.

- In some issues, I did not get the exact information because of the banks' confidentiality.
- The executives and Bank authority were very busy, so they could not give me enough time for discussion.
- For my lack of experience, faults might arise in the report though I made maximum effort to avoid all of those.

Banking Sector in Bangladesh

Bank is a financial intermediary accepting deposits through its different deposit mechanism and granting loans and advances among the loan makers/ investors with the view to earn profit. Bank offers a widest range of services. The main tasks of banks are to safeguard money and valuables and provide loans, credit, and payment services, such as checking accounts, money orders, and cashier's checks. Banks also may offer investment and insurance products, which they were once prohibited from selling. Banks are trying to offer friendly and personalized services, tailored solutions for business needs, global reach in trade and commerce and high yield on investment, assuring excellence of banking services. As a variety of models for cooperation and integration among finance industries have emerged, some of the traditional distinctions between banks, insurance companies, and securities firms have diminished. In spite of these changes, banks continue to maintain and perform their primary role—accepting deposits and lending funds from these deposits.

3.1 Number and Types of Banks in Bangladesh:

The number of banks in all now stands at 49 in Bangladesh. Out of the 49 banks, four are Nationalised Commercial Banks (NCBs), 28 local private commercial banks, 12 foreign banks and the rest five are Development Financial Institutions (DFIs).

Sonali Bank is the largest among the NCBs while Pubali is leading in the private ones. Among the 12 foreign banks, Standard Chartered has become the largest in the country. Besides the scheduled banks, Samabai (Cooperative) Bank, Ansar-VDP Bank, Karmasansthan (Employment) Bank and Grameen bank are functioning in the financial sector. The number of total branches of all scheduled banks is 6,038 as of June 2000. Of the branches, 39.95 per cent (2,412) are located in the urban areas and 60.05 per cent (3,626) in the rural areas. Of the branches NCBs hold 3,616, private commercial banks 1,214, foreign banks 31 and specialised banks 1,177.

3.2 Central Bank (Bangladesh Bank):

Pursuant to Bangladesh Bank Order, 1972 the Government of Bangladesh reorganized the Dhaka branch of the State Bank of Pakistan as the central bank of the country, and named it Bangladesh Bank with retrospective effect from 16th December, 1971. Its prime jobs include issuing of currency, regulating and supervising the activities of all banks, maintaining foreign exchange reserve and providing transaction facilities of all public monetary matters. BB is also responsible for planning the government's monetary policy and implementing it thereby.

The BB has a governing body comprising of nine members with the Governor as its chief. Apart from the head office in Dhaka, it has nine more branches, of which two in Dhaka and one each in Chittagong, Rajshahi, Khulna, Bogra, Sylhet, Rangpur and Barisal.

3.3 Nationalized Commercial Banks:

The banking system of Bangladesh is dominated by the 4 Nationalized Commercial Banks. The nationalized commercial banks are:

1. Sonali Bank
2. Janata Bank
3. Agrani Bank
4. Rupali Bank

3.4 Private Commercial Banks:

The commercial banking system dominates Bangladesh's financial sector. Private banks are the highest growth sector due to the dismal performances of government banks (above). They tend to offer better service and products.

3.5 List of Private Commercial Banks of Bangladesh:

- AB Bank Limited
- BRAC Bank Limited
- Eastern Bank Limited
- Dutch Bangla Bank Limited
- Dhaka Bank Limited
- Islami Bank Bangladesh Ltd
- Pubali Bank Limited
- Uttara Bank Limited
- IFIC Bank Limited
- National Bank Limited
- The City Bank Limited
- United Commercial Bank Limited
- NCC Bank Limited
- Prime Bank Limited
- SouthEast Bank Limited
- Al-Arafah Islami Bank Limited
- Social Investment Bank Limited
- Standard Bank Limited
- One Bank Limited
- Exim Bank Limited
- Mercantile Bank Limited
- Bangladesh Commerce Bank Limited
- Mutual Trust Bank Limited
- First Security Bank Limited
- The Premier Bank Limited
- Bank Asia Limited
- Trust Bank Limited
- Shahjalal Bank Limited
- Jamuna Bank Limited



AB Bank

Arab Bangladesh Bank Limited

4.1 Background of AB Bank Limited:

AB Bank Limited, the first private sector bank in Bangladesh under Joint Venture with Dubai Bank Limited, UAE incorporated in Bangladesh on 31st December 1981 and started its operation with effect from April 12, 1982 as a scheduled private sector commercial bank.

ABBL is the first Arabian-Bangladeshi joint venture private commercial bank in Bangladesh and was formed with the assistance and support of the Dubai-based Galadari family, a group active in international trade, finance and industry. Dubai Bank Limited (name subsequently changed to Union Bank of the Middle East Limited) decided to off-load their investment in AB Bank Limited with a view to concentrate their activities in the UAE in early part of 1987 and in terms of Articles 23A and 23B of the Articles of Association of the Company and with the necessary approval of the relevant authorities, the shares held by them in the Bank were sold and transferred to Group "A" Shareholders, i.e. Bangladeshi Sponsor Shareholders.

ABBL was set up to conduct all types of traditional commercial banking functions including foreign exchange business and other financial services. It has been able to achieve satisfactory progress in all areas of its planned activities including deposit mobilisation, credit expansion, servicing imports and exports, remittance services, investment, and product innovation.

Since beginning, the bank acquired confidence and trust of the public and business houses by rendering high quality services in different areas of banking operations, professional competence and employment of the state of art technology. Initially the authorised capital of the bank was Tk 200 million divided into 2 million shares of Tk 100 each. The issued and paid up capital was Tk 80 million. The authorised capital of the bank has later been enhanced to Tk 800 million. The paid up capital was also enhanced at different times of its operation.

During the last 26 years, AB Bank Limited has opened 70 Branches in different Business Centers of the country, one foreign Branch in Mumbai, India, two Representative Offices in London and Yangon, Myanmar respectively and also established a wholly owned Subsidiary Finance Company in Hong Kong in the name of AB International Finance Limited. To facilitate cross border trade and payment related services, the Bank has correspondent relationship with over 220 international banks of repute across 58 countries of the World.

AB Bank Limited, the premier sector bank of the country is making headway with a mark of sustainable growth. The overall performance indicates mark of improvement with Deposit reaching BDT 42076.99 million, which is precisely 53.78% higher than the preceding year. On the Advance side, the Bank has been able to achieve 46.32% increase, thereby raising a total portfolio to BDT 31289.25 million, which places the Bank in the top tier of private sector commercial banks of the country. On account of Foreign Trade, the Bank made a significant headway in respect of import, export and inflow of foreign exchange remittances from abroad.

A 9-member board of directors including the chairman governs the overall affairs of the bank. The chief executive of the bank is its managing director. In all, 1,472 employees, including the executives and officers, work in the bank in various capacities. The bank has 62 branches (urban-46, rural-15 and overseas-1). The Head Office of the bank is located at Dilkusha, Dhaka.

4.2 Corporate Information of AB Bank Limited:

Name of the Company:

AB Bank Ltd.

Legal Form:

A public limited company incorporated on 31st December, 1981 under the Companies Act, 1913 and listed in the Dhaka Stock Exchange Ltd and Chittagong Stock Exchange Ltd.

Commencement of Business:

27th February 1982

Vision Statement:

"To be the trendsetter for innovative banking with excellence & perfection"

Mission Statement:

"To be the best performing bank in the country"

Registered Office:

BCIC Bhaban, 30-31, Dilkusha C/A

Dhaka 1000, Bangladesh.

Tel: +88-02-9560312

Fax: +88-02-9564122, 23

SWIFT: ABBLBDDH

E-mail: info@abbank.com.bd

Web: www.abbank.com.bd

4.3 Branch Information (Local and Global Presence):

AB Bank Limited has a lot of branches all over the country. It has an overseas branch at Mumbai, India and a Subsidiary Company named AB International Finance Ltd in Hong Kong. In Bangladesh, it has three Regional Offices in Dhaka, one in Chittagong, one in Sylhet, one in Khulna, one in Rajshahi.

The Bank has 26 branches in Dhaka division, 23 branches in Chittagong division, 8 branches in Sylhet division, 6 branches in Khulna division, 6 branches in Rajshahi division, and 1 branch in Barishal division.

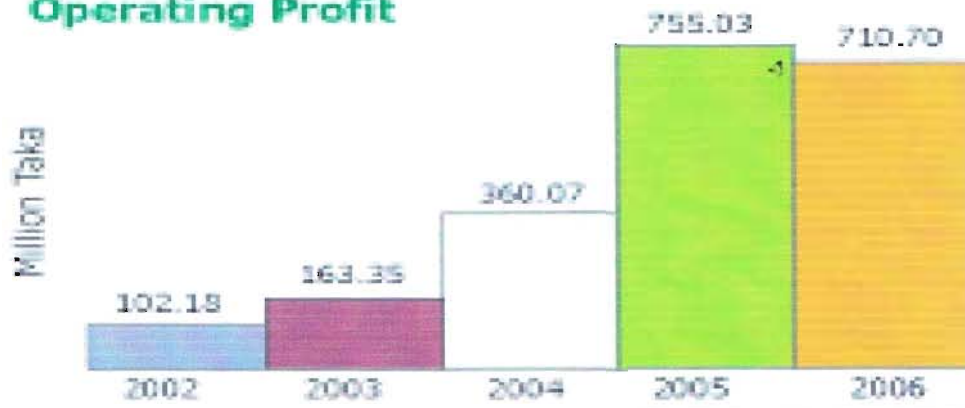
AB Bank's ATM booths are situated at Dilkusha (Principal Branch), Gulshan, Mohakhali, Uttara and Kakrail in Dhaka division. At Agrabad, Nasirabad and Cox's Bazar in Chittagong division. At Dorgahgate, Bandar Bazar and Bishaw Road in Sylhet division. And one in the Khulna division.

4.4 AB Bank Limited at a Glance: Year 2006:

Million (Tk)

December 31	2006	2005	% Change
Gross Interest Income	3,378.34	2,262.95	49.29
Net Interest Income	615.50	691.41	(10.98)
Operating Profit (PBP & T)	710.69	755.03	(5.87)
Net Operating Profit (PBT)	532.19	407.45	30.61
Profit after Tax (PAT)	532.19	162.45	227.60
Deposit	42,077.00	27,361.44	53.78
Loans & Advances	31,289.25	21,384.63	46.32
Total Assets	47,989.34	33,065.40	45.13
Shareholders' Equity	2,582.76	1,526.88	69.15
NIM %	18.22	30.55	
Non Interest Income to Operating Income (%)	76.78	56.17	
Cost Income Ratio	73.18	76.02	
Return on Equity (%)	20.61	10.64	
Return on Assets (%)	1.11	0.50	
Advance Deposit Ratio	74.36	78.16	
CAR (%)	9.23	9.17	
NPL (%)	4.02	8.21	
EPS (Tk.)	93.08	31.26	

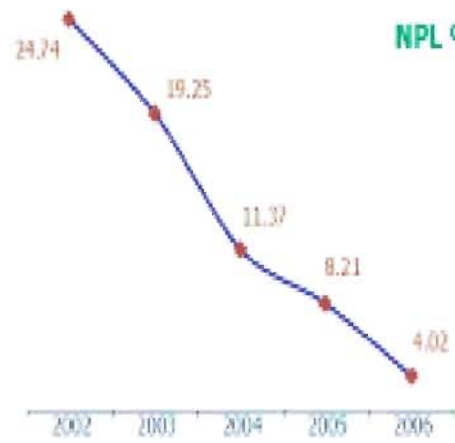
Operating Profit



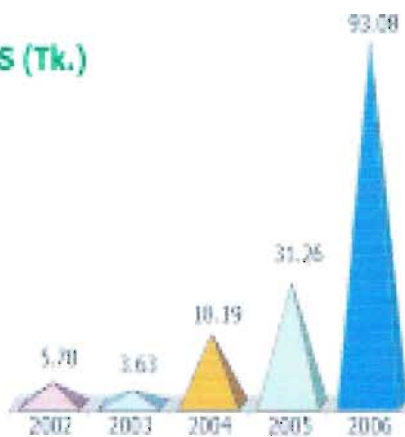
Asset Utilization %



NPL %



EPS (Tk.)



BVPS (Tk.)

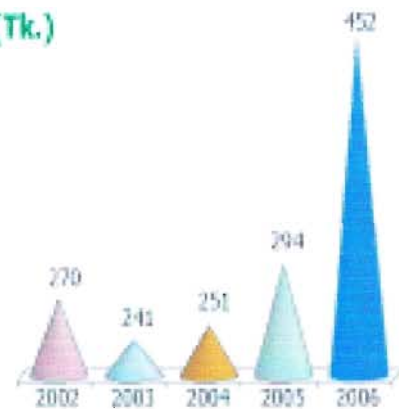
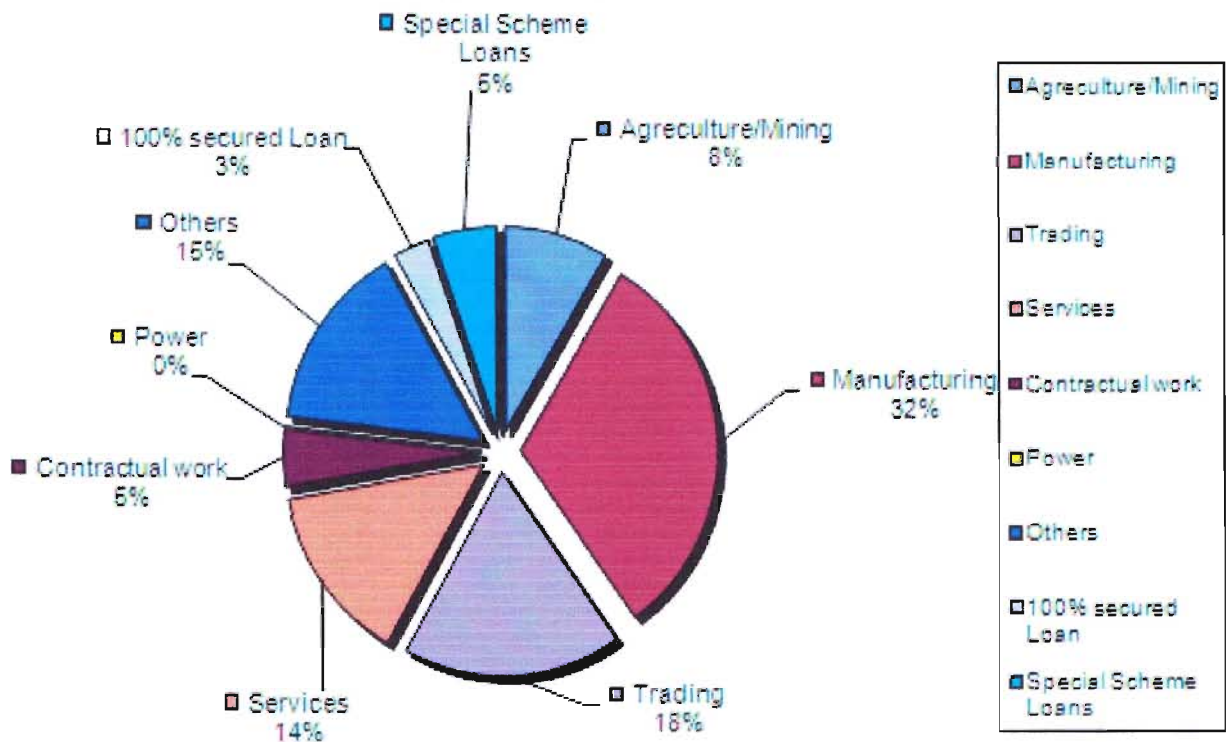
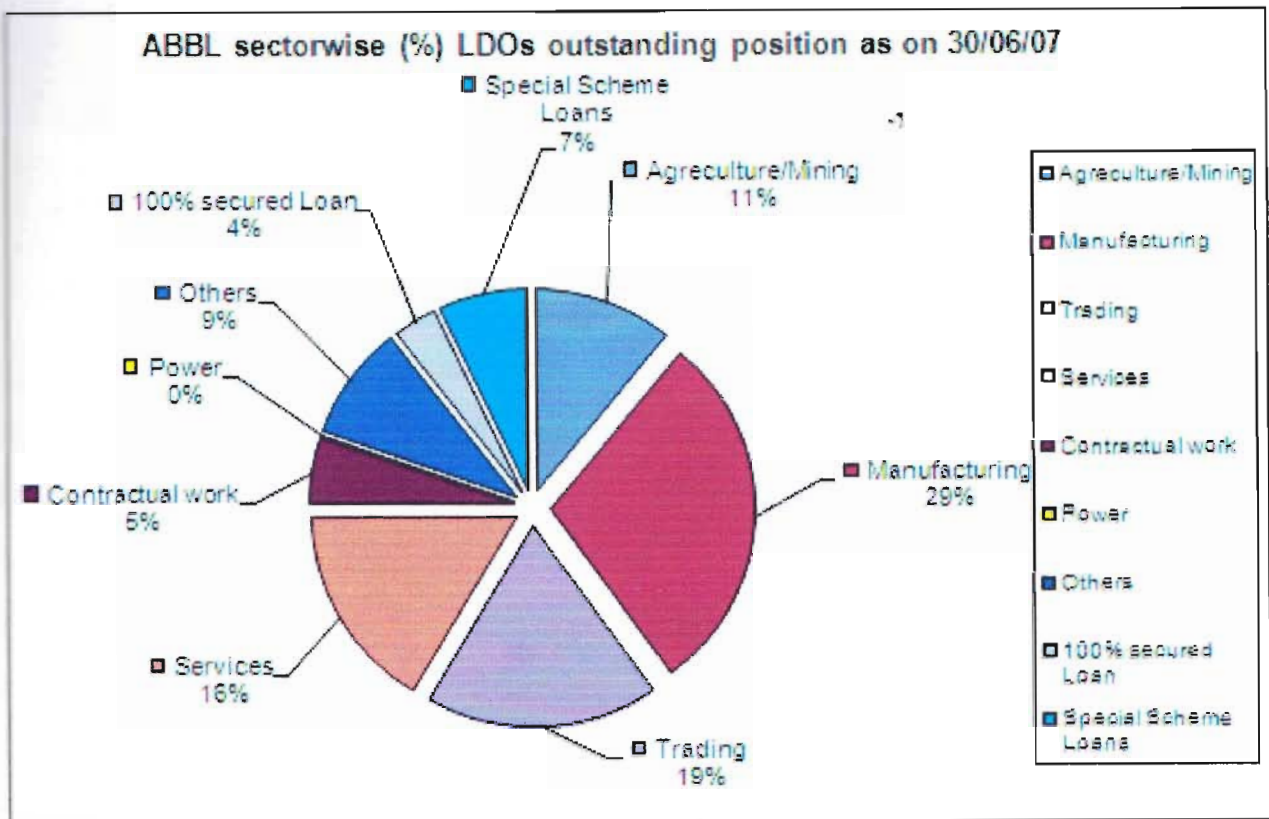


				Figure in '000'
Industrial sector	ISIC Code	Limit	Outstanding	A/C
Agriculture/Mining	1000	3884893	3868704	355
Manufacturing	2000	14434476	10190359	1254
Trading	3000	8158211	6476195	2686
Services	4000	6486794	5773392	162
Contractual work	5000	2063059	1847324	236
Power	6000	17020	16242	6
Others	7000	6830536	3217720	455
100% secured Loan	8000	1344885	1221408	516
Special Scheme Loans	9000	2365697	2450427	186
Total LDOs of all sectors		45585571	35061771	5856

ABBL sectorwise limit (%) of LDOs position as on 30/06/07





4.5 Products and Services of AB Bank Limited:

1. Retail Banking:

A. Unsecured Loans:

I. Personal Loan:

Target Customer: Employees of reputed Local Corporate, MNCs, NGOs, Airlines, Private Universities, Schools and Colleges, International Aid Agencies and UN bodies, Government Employees, Self-employed Professionals (Doctors, Engineers, Chartered Accountants, Architects, Consultants), Businessmen.

Purpose: Marriages in the family, Purchase of office equipment / accessories, Purchase of miscellaneous household appliances, Purchase of Personal Computers, Purchase of audio-video equipment, Purchase of furniture.

Loan Amount:

Minimum Tk. 25,000.00

Maximum Tk. 5,00,000.00

Charges:

Application fee: Tk. 500.0

Processing fee: 1% on the approved loan amount or Tk. 2000.00 whichever is higher

Tenor: Min 12 months

Max 36 months

Rate of Interest: 14.50% p.a. - 17.50% p.a.

Security: Hypothecation of the product to be purchased. Two personal guarantees (as per our list of eligible guarantors)

II. Auto Loan:

Target Customer: Employees of reputed Local Corporate, MNCs, NGOs, Airlines, Private Universities, Schools and Colleges, International Aid Agencies and UN bodies, Government Employees, Self-employed Professionals (Doctors, Engineers, Chartered Accountants, Architects, Consultants), Businessmen

Purpose: To purchase Brand new vehicle, non-registered reconditioned vehicle

Loan Amount:

70% for the brand new car

60% for the reconditioned car but must not exceed BDT 10,00,000.00

Charges:

Application fee: Tk. 500.00

Processing fee: 1% on the approved loan amount or Tk. 5000.00 whichever is higher

Tenor:

For Reconditioned Car: Max 36 months

For Brand new Car: Max 60 months

Rate of Interest: 14.50% p.a. - 17.50% p.a.

Security: Hypothecation of the vehicle to be purchased. Two personal guarantees (as per our list of eligible guarantors)

III. Easy Loan (For Executives):

Target Customer: The loan is specially designed for salaried people who are employed in different reputed companies

Purpose: Marriages in the family, Purchase of office equipment / accessories, Purchase of miscellaneous household appliances, Purchase of Personal Computers, Purchase of audio-video equipment, Purchase of furniture, Advance rental payment, Trips abroad, Admission/Education fee of Children etc.

Loan Amount:

Minimum Tk. 50,000.00

Maximum Tk. 3,00,000.00

Charges:

Application fee: Tk. 500.00

Processing fee: 1% on the approved loan amount or Tk. 1000.00 whichever is higher

Tenor:

Min 12 months

Max 36 months

Rate of Interest: 16.00% p.a.

Security: Letter of confirmation from the employer. One personal guarantee (as per our list of eligible guarantors)

IV. Gold Grace - Jewellery Loan:

Target Customer: Both female & male employees may apply viz. employees of reputed Banks & Leasing companies, reputed Local Corporate, MNCs, NGOs, Airlines, Private Universities, Schools and Colleges, International Aid Agencies and UN bodies. Government Employees. Self-employed Professionals (Doctors, Engineers, Chartered Accountants, Architects, Consultants). Businessmen with a reliable regular source of income.

Purpose: To purchase ornaments/Jewellery for personal use

Loan Amount:

Minimum Tk. 50,000.00

Maximum Tk. 3,00,000.00

Charges:

Application fee: Tk. 500.00

Processing fee: 1% on the approved loan amount or Tk. 1000.00 whichever is higher

Tenor:

Min 12 months

Max 36 months

Rate of Interest: 16.00% p.a.

Security: Letter of confirmation from the employer. Personal guarantee from the parents and spouse (if married)

V. House/Office Furnishing/Renovation Loan:

Target Customer: Expatriate Bangladeshi nationals who are in business or service holders. Employees of reputed Banks & Leasing companies, reputed Local Corporate, MNCs, NGOs, Airlines, Private Universities, Schools and Colleges, International Aid Agencies and UN bodies. Government Employees. Self-employed Professionals (Doctors, Engineers, Chartered Accountants, Architects, Consultants). Reputed and highly respectable Businessmen with a reliable source of income

Purpose: House/Office Furnishing/ Renovation, For interior decoration / Tiles Stones, Electrical fittings, wooden cabinets / Overall furnishing and all types of House/Office Renovation, purchase/furnishing of apartments etc.

Loan Amount:

Minimum Tk. 1,00,000.00

Maximum Tk. 10,00,000.00

Charges:

Application fee: Tk. 500.00

Processing fee: 1% on the approved loan amount or Tk. 2000.00 whichever is higher

Tenor:

Min 12 months

Max 48 months

Rate of Interest: 16.50% p.a.

Security: Title deed of the House/Office to be furnished/renovated along with memorandum of deposit of title deed duly supported by a notarized power of attorney to be kept by the bank as a matter of comfort. Two personal guarantees (as per our list of eligible guarantors).

Registered mortgaged of the property if the loan amount is more than Tk. 5.00 lac

VI. Staff Loan:

Target Customer: All permanent employees of ABBL

Purpose: Marriages in the family, Purchase of office equipment / accessories, Purchase of miscellaneous household appliances, Purchase of Personal Computers, Purchase of audio-video equipment, Purchase of furniture

Loan Amount: According to the debt burden ration and other criteria

Charges:

Processing fee: 1% on the approved loan amount

Tenor:

Min 12 months

Max 36 months

Rate of Interest:

15.50% p.a.

Security:

Hypothecation of the product to be purchased

VII. Education Loan:

Target Customer:

Students Criteria:

Students of reputed Educational Institutes, such as Public & Private Universities, Medical Colleges & Engineering Institute.

Undergraduate & Post graduate Level

Professionals degrees (Chartered Accountants (CA), Cost & Management Accountants (CMA), Marine, MBM, MBA)

Doctorate degree (PhD), FCPS etc.

Occupation: Student

Minimum Age: 17 years

Maximum Age: 40 years

Educational Qualification: Minimum HSC/A-Level Pass.

Parents Criteria:

Service Holder:

Individuals with ranks equivalent to Senior Assistant Secretary or higher would qualify guarantor

Bank officials (Equivalent to Senior Principal Officer of NCBs, AVP / Branch Manager of Local and Foreign banks) and Department Head of Multinational Company or established Local Corporate. Guarantors must be accepted by the Branch Manager / Head Office.

Businessman:

Well reputed and widely respected Self-employed professionals

Purpose: To Financially Assist The Parents: Admission/Education Fees, Semester Fees,

Study abroad

Loan Amount:

Minimum Tk. 50,000.00

Maximum Tk. 3,00,000.00

Charges:

Application fee: Tk. 500.00

Processing fee: 1% on the approved loan amount or Tk. 1000.00 whichever is higher

Tenor:

Min 12 months

Max 36 months

Rate of Interest: 14.50% p.a. - 16.00% p.a.

Security: One personal guarantees (as per our list of eligible guarantors)

B. Secured Loans:

I. Personal Loan:

Target Customer: All Clients of ABBL

Purpose: To meet personal requirement of fund

Loan Amount: Maximum 95% of the present value of the security

Charges:

Processing fee: Tk. 1000.00

Tenor:

Min 12 months

Max 36 months

Rate of Interest: 13.50% p.a. - 16.50% p.a. (s ubject to type of the security). 2% spread must be maintained in case of own bank FDR

Security: Lien over FDR, BSP, ICB Unit Certificate, RFC D, NFCD, CD account(s) etc. One personal guarantee in case of third party cash collateral (as per our list of eligible guarantors)

II. Personal Overdraft:

Target Customer: All Clients of ABBL

Purpose: To meet personal requirement of fund

Loan Amount: Maximum 95% of the present value of the security

Charges: Processing fee: Tk. 1000.00

Tenor: Revolving with annual review

Rate of Interest: 13.50% p.a. - 16.50% p.a. (subject to type of the security). 2% spread must be maintained in case of own bank FDR

Security: Lien over FDR, BSP, ICB Unit Certificate, RFC D, NFCD, CD account(s) etc. One personal guarantee in case of third party cash collateral (as per our list of eligible guarantors)

2. Corporate Banking:

AB Bank we provides complete range of solutions to meet Corporate Customers' requirement. Its Corporate Banking solutions include a broad spectrum of products and services backed by proven, modern technologies.

Corporate Lending:

AB Bank's specialist teams offer a comprehensive service providing finance to large and medium-sized businesses based in Bangladesh.

Structured Finance:

AB Bank has a specialist Structured Finance Team who arrange and underwrite finance solutions including Debt and Equity Syndication for financial sponsors, management teams and corporates. It also provides corporate advisory services. It aims to provide tailored financing solutions with a dedicated team who can rapidly respond to client needs.

Following are some of the products and financial tools of Corporate Banking:

- Project Finance
- Working Capital Finance
- Trade Finance
- Cash Management
- Syndicated Finance, both onshore & off-shore
- Equity Finance, both onshore & off-shore
- Corporate Advisory Services

3. SME Banking:

SME Loan:

Considering the volume, role and contribution of the SMEs, in the last two decades AB Bank has been patronizing this sector by extending credit facilities of different types and tenor. As of now 54% of the bank's total loan portfolio is segmented to the SMEs which deserve all out attention in its plans, projections and forecasting.

As such the bank has emphasized on the following issues:

- To provide the best services to the SME sector
- To increase the SME portfolio of ABBL significantly
- To improve the quality of ABBL's portfolio

SME Sectors in which AB Bank has participated so far:

- Agro machinery
- Poultry
- Animal Feed

- Dairy Product
- Fruit Preservation
- Hotel & Restaurants
- Garments Accessories
- Leather products
- Plastic product
- Furniture : Wooden & Metal
- Ink
- Paint
- Printing & Packaging
- Wire & Cable
- Aluminum
- Cement and Lime Plaster
- Clinics and Hospitals
- Engineering & Scientific Instruments

4. Large Loan & Project Finance:

In order to cater the demand of clients, AB Bank has segmented its portfolio in terms of loan size. As per this segmentation any loan over Tk. 10.00 Crore falls under the purview of Large Loan Unit.

In AB Bank, there is also a separate Project Finance unit who evaluate the business. The unit is entrusted to handle the portfolio in a focused manner. AB Bank is always in fore front to support establishment of new projects of diverse nature which will help to broaden the manufacturing arena vis-à-vis to generate to employment.

5. Loan Syndication:

Syndication or club financing is a growing concept in Banking Arena of Bangladesh. Syndicated finance diversifies the risk of one bank on a single borrower and increases the quality of loan through consensus or cumulative judgment and monitoring of different banks / financial institutions.

AB Bank, the first bank in the private sector also took initiative to adapt to this growing concept. In 1997, AB Bank for the first time arranged a club financing with Dhaka Bank Ltd to raise Tk. 6700 lac - out of which ABBL financed Tk. 5700 Lac and Dhaka bank financed Tk. 1000 Lac. In 1999, AB Bank arranged its second syndicated credit facility with IPDC to raise Tk 3563 Lac. Since then AB Bank did not look back.

Since 1997 to 2008 (till date), AB Bank has raised total Tk. 25989.56 Lac as Lead Arranger. The following banks from time to time have been its partners in these syndications : Dhaka Bank, IPDC, EXIM Bank, Bank Asia, Oriental Bank, NCC Bank, The City Bank, Trust Bank, Bank Asia. AB Bank has also participated in different syndications arranged by other Banks, out of which till date 6 (six) syndication has successfully been completed. AB Bank exposure

in these completed syndications was Tk. 4700 Lac. At the moment AB has participation in 19 (nineteen) syndicated facilities. AB Bank's exposure in the ongoing syndication is Tk. 51560.29 Lac which is diversified in the following ten sectors:

SL	Sector	ABBL Participation (Fig. in Lac Tk.)
1	Textile	9,533.57
2	Micro-finance	3,000.00
3	Cement	7,990.00
4	Energy & Power	11,997.00
5	Telephone (PSTN)	5,500.00
6	Glass	900.00
7	Sugar	900.00
8	Steel Mills	9081.72
9	Paper	1158.00
10	Chemical	1,500.00
	Total	51,560.29

6. Non-Resident Bangladeshi (NRB) Banking:

Facilities offered to NRBs are:

Opening of Foreign Currency A/C: AB Bank opens Foreign Currency Account in USD/GBP/EUR/JPY for NRBs. Foreign Currency can be remitted by the Nationals of Bangladesh living Abroad earned by them as wage earners or from other sources. The deposit amount can also be used for remittance to other countries as per their requirement. Nominee of Account holder can also able to operate this Account.

NFCD: The Bank has issued Foreign Currency Fixed Term Deposit in USD/GBP/EUR with different tenure. Interest is paid in respective Foreign Currency. Rates of Interest are published in our daily Exchange Rate.

Wage Earners Development Bond: These Bonds can be issued from the balance of the FC account with tenure for five years. Rate of interest is 12% p.a. in BDT.

USD Premium Bond: These Bonds can be issued from the balance of the FC account with a tenure for Three years. Rate of interest is 7.5% p.a. in BDT.

USD Investment Bond: These Bonds can be issued from the balance of the FC account with a tenure for Three years. Rate of interest is 6.5% p.a. in USD.

In addition to the above, the Bank also has Drawing Arrangements with 14 (Fourteen) Exchange/Money Transfer Remittance Houses all over the globe to facilitate fast, reliable and hassle-free inward remittance to the expatriate Bangladeshis around the world. It also has special arrangements to credit Beneficiary's account maintained with it on the same day through its extensive real time on-line network.

7. Money Transfer:

Western Union Financial Services Inc. U.S.A. is the number one and reliable money transfer company in the world. This modern Electronic Technology based money transfer company has earned world wide reputation in transferring money from one country to another country within the shortest possible time.

AB Bank Limited has set up a Representation Agreement with Western Union Financial Services Inc. U.S.A. Millions of people have confidence on Western Union for sending money to their friends and family. Through Western Union Money Transfer Service, Bangladeshi Wage Earners can send and receive money quickly from over 280,000 Western Union Agent Locations in over 200 countries and territories world wide- the world's largest network of its kind, only by visiting any branches of AB Bank Limited in Bangladesh.

8. Islami Banking:

To provide the Islamic banking services in accordance with the principles of Islamic Shariah, AB Bank has established Islamic Banking Wing and started its functioning by opening full-fledged Islamic banking branch on 23 December 2004. The branch is known as AB Bank Islami Banking Branch, Kakrail, and is situated at 82, Kakrail, Ramna, Dhaka. Board of directors as well as management of the bank are very much interested to promote Islamic banking system in the bank aiming at opening more Islamic branches in the near future. AB Bank has already obtained membership of Islamic Banks Consultative Forum (IBCF) and Central Shariah Board for Islamic Banks of Bangladesh.

The goals and objectives of Islamic banking Wing are as under:

- To facilitate the Islamic banking system in the country
- To create new entrepreneurs and to arrange required finance for them
- To play effective role for socio economic development of the country
- To give assistance in launching welfare oriented economic system under Islamic values

Under this wing AB Bank extends the following Islamic banking services:

A. Deposit services:

Under Deposit services the following services are being rendered:

- Mudaraba Savings Account
- Mudaraba Short Noticed Account
- Mudaraba Term Deposit Account (with different terms)
- Mudaraba Monthly Profit Account
- Al-Wadiah Current Deposit Account
- Mudaraba Deposit Pension Scheme



Besides Mudaraba Hajj Deposit Scheme and some other schemes are under process.

B. Investment services:

AB Bank Islamic Banking Wing provides investment facilities for project finance, working capital finance, SME finance, consumer / retail banking finance etc. under following modes:

Hire-Purchase under Shirkatul Melk (HPSM): Under this mode the Bank and the client procure asset such as machinery, land, car etc. on equity participation basis. The Bank rents out its portion of assets to the client for a certain period. The client pays the rental with a part of principal amount on monthly / quarterly basis. The client gets its proportionate ownership with the payment of monthly / quarterly installments. On maturity, total ownership of the assets automatically goes to the client as and when final payment of the account is made.

Ijara or Leasing: It is more or less like the HPSM. In this case equity participation may or may not exist. Ownership of the asset is not automatically transferred to the client with the payments of installments. On maturity, the bank transfers the ownership to the client on payment of certain transfer fees.

Bai-Muajjal / Bai-Murabaha: These modes are applicable for working capital finance. Under these schemes bank purchases goods / raw materials as per requirement of the client. In case of Bai-Muajjal bank receives the sales proceed on deferred payment basis. On the other hand in case of Bai-Murabaha Bank receives the sale price at the time of delivery of the goods / raw materials. Before handing over the goods / raw materials the bank generally keeps the same in its custody under pledge.

Musharaka: Under this mode the Bank and clients jointly participate in a project, in a scheme or project. Profit is shared between the Bank & the concerned client as per pre-agreed ratio. On the other hand loss is shared according to capital ratio.

Mudaraba: Under this mode bank finances the scheme as a Shaheb-Al-Maal (owner of the capital). Profit is shared between the two sides as per pre-agreed ratio.

Sector of Investment: Islamic Banking Wing of the bank finances in all sectors i.e., Industry, business, Agriculture, Real Estate etc. if purpose of the investment is permissible under Islamic Shariah.

Limit of Investment: Investment is offered to the extent of single borrower exposure limit as fixed by the Bangladesh Bank from time to time.

Foreign Trade:

Islamic Banking Wing provides the following services at its foreign trade desks:

- Opening of LCs
- Post -Import Finance
- Export bill purchase and negotiation
- Pre-shipment financing etc.

AB Bank Islamic Banking Wing has been continuously trying to expand it's service horizon keeping the necessity of valued clients in view and upholding the principle of Islamic Shariah.

9. Investment Banking:

A. Merchant Banking Wing (MBW):

AB Bank Limited is the first Private Sector Joint Venture Bank in Bangladesh, which is now fully owned by the Bangladeshis. Since our inception in 1982, it has been participating in different industrial and national development activities in addition to normal Trade Finance and SME development. In addition to the 70 Branches within the country ABBL has a branch in Mumbai, India. Beside that it has a wholly owned Finance Company in Hong Kong in the name and style of "AB International Finance Limited" and representative offices at London and Yangoon. To expand its horizon, ABBL launched its Merchant Banking operations in the year 2003. As a full fledged merchant banker, we provide the following services:

1. Portfolio Management
2. Issue Management
3. Underwriting
4. Corporate Advisory
5. Bankers to the Issue
6. Private Placement

B. Custodial Service:

Customers: Investors Who Are Interested to Invest In the Bangladesh Capital Market

- Non Resident Bangladeshi (NRBs)
- Foreign Institutional and individual clients
- Local Institutions
- Sponsors' group and High net worth client

Services:

- Safe custody of client securities
- Foreign Trade Execution and Settlement
- Share transfer in the name of client
- Complete the Dematerialization process as per client request
- IPO, Private Placement & Right share subscription as per client instruction with deposit
- All types of corporate action that includes cash dividend, bonus share and right share collection
- Open BO account
- Instant information regarding client securities position as per their request
- Quarterly reporting to the client by Custodial Department

C. Brokerage Service:

AB Bank Foundation (ABBF) is one of the country's leading securities broker houses of Dhaka Stock Exchange (member # 201) and Chittagong Stock Exchange (member # 101). ABBF has started its operation by soft launching on 28th August 2006. Initially, It has started its operation by giving service to client of AB Bank Merchant Banking wing. The Bank already started its operation in full swing in its corporate head office and Chittagong.

AB Bank's subsidiary, AB Bank Foundation, which has corporate memberships on the Dhaka and Chittagong Stock Exchanges, can act as brokers on behalf of local and foreign individual and institutional client to trade in the local capital market. AB Bank's Sales & Trading Department will also support brokerage service for offloading shares through direct listing.

CDBL Services as full service Depository Participant (DP):

As a full service depository participant, AB Bank Foundation provides following services,

- BO (Beneficial Owner) accounts opening and maintenance.
- Dematerialization & Rematerialization
- Freeze (freeze request and release request) and suspensions
- Pledging, unpledging and confiscation
- BO ISIN balances and master maintenance enquiry

D. Future Products:**Expansion:**

To extend Merchant Banking services across the country, MBW has already launched its operation in Agrabad (Chittagong). The Bank is going to open 3 new service networks in Mohakhali (Dhaka), Uttara (Dhaka) and Sylhet soonits.

New Business: In addition, AB Bank will also expand its operations in the investment

banking in the following areas:

Business Area	Status
Islamic Capital Market Products	Processing
Derivatives Products	Supporting infrastructure going to be prepared
Asset Management / Mutual Fund	We are planning to launch and manage Mutual Fund in future.

10. Cards Facilities:

In the present context of banking business in the world, Card is the future of any bank. Electronic payment system is now ruling the world and some days from now cash transactions system will turn into a history found only in the text book.

AB Bank Limited is one of the leading first generation private sector commercial banks with Branch Network all over the country. The Bank started issuing VISA Credit Cards from the end of year 2004 as a principal member of VISA International.

Card Conversion & Balance Transfer Plan: 'Card Conversion & Balance Transfer Plan' to AB Bank VISA Credit Card will be extended towards all local Credit Cardholders of the market, provided that their 'other banks' credit card is in 'regular' state, not in 'overdue' state. Cardholders will repay the approved transferred amounts to AB Bank Credit Card Account in monthly instalments stated in their monthly statements. Other bank credit cardholders having regular payment history will also be allowed to apply for this facility along with their new AB Bank Credit Card application form. One can convert his other bank card to AB Bank Card and get interest facility @ 19.95% on his outstanding.

EasyBuy: 'EasyBuy' Installment Plan to AB Bank VISA Credit Card will be extended towards all AB Bank Visa Credit Cardholders. Cardholders can convert any retail purchase done using AB Bank credit card into an installment scheme where they can pay back the amount at rate of interest of 19.95% per annum over a tenor ranging from 6 months to 48 months.

Easy, Convenient and Affordable:

Under the Easy buy program, cardholder can choose own installment plan, ranging from 6 to 48 months.

- Simple procedure, no documentation, no down payment
- Available in comfortable payment options of 6 months to 48 months
- Process just a call away

No cash advance fee: No cash advance fee for cash withdrawal from AB Bank ATM Booths & Tk.10 only per cash withdrawal will be charged from other Q Cash ATM booths. Market rate is Tk. 125 per cash withdrawal.

Auto bills pay facility: Hassle free monthly payment from AB Bank Account holders.

Higher transaction limit: AB Bank VISA card gives the customers the facility to withdraw up to Tk. 60,000 or 50% of their credit limit (whichever is lower) of the credit limit from any ATM with Visa logo.

Customer Services: AB Bank Limited provides different types of services to its customers in case of:

- Account Opening
- Account Closing
- Account Transfer
- Address Change
- Signature Change
- Lost Cheque Book
- Lost Credit / Debit Card

4.6 Account Opening Procedure:

1. Individual and Joint Account Opening:

- Bank's prescribed Account opening application form (to be signed by the applicant in front of BM/RM/CSM)
- Two Passport Size Photographs of the Account holder(s) attested by the introducer.
- Specimen Signature Card (To be signed by the applicant in front of BM/RM/CSM)
- Estimated Transaction Profile and
- Any of the following Identification Documents: Current valid passport, Valid driving license, Voter ID Card etc.

All photocopies should be verified with the original and attested by an authorized officer of the Bank. DSEs or other contractual staffs are not allowed to verify photocopies.

2. Foreign Currency Account Opening:

- Duly signed account opening form
- Submit Name, signature and photograph of the Nominee
- Transaction profile
- Signature of an introducer must be incorporated
- Supporting Documents:
- Copy of the passport
- Bank statement/ Work permit (in case of NRB)

3. Non-resident Taka Account (NITA) Opening:

- Duly signed account opening form
- Transaction profile

4. Custodial Account Opening:

- Duly Signed account opening form of Custodial
- Duly signed custodial agreement (must be signed in all pages)
- Duly signed Power of Attorney (POA) in non-judicial stamp of Tk. 200/-
- Supporting Documents:

- Copy of the passport
- Bank statement/ Work permit (in case of NRB)

5. Beneficiary Owner (BO) Account Opening:

- Duly signed BO account opening form
- Duly signed BO agreement (must be signed in all pages)

6. Brokerage Account Opening:

- Duly signed account opening form with AB Bank Foundation
- Nomination Form duly signed
- Agreement with AB Bank Foundation Supporting Documents:

- Copy of the passport
- Bank statement/ Work permit (in case of NRB)

7. Sole Proprietorship Account Opening:

- Bank's prescribed Account Opening application form.(to be signed by the applicant in front of BM/RM/CSM)
- Two Passport Size Photograph of the Proprietor attested by the introducer
- Specimen Signature Card (To be signed by the applicant in front of BM/RM/CSM)
- Copy of valid Trade License issued by Local Government authority (City Corporation, Pourashava, Union Parishad etc.)
- Permission from Bangladesh Bank (For Buying House, Indenting or other specific businesses)
- TIN issued by Income Tax Authority
- The personal identity of the proprietor of the Firm has to be established by any of the documents as mentioned in Individual or Joint Customer category. If the Trade License carries the photo and signature of the Proprietor this is not required.

8. Limited Company Account Opening:

- Bank's prescribed Account Opening application form
- Certified copy of the Memorandum & Articles of Association of the Company
- Certificate of incorporation
- Certificate of commencement of Business (For Public Limited Companies only)
- Extract of the Board resolution sanctioning the account opening and signing authority
- List of the Director with address in form - XII.
- Photograph of the signatories
- Copy of valid Trade License

- Introducer's signature in the A/C opening form and at the back of the photograph(s) of Account holder(s).
- List of names with Appointment letter and Specimen Signature of the Persons authorized to operate the Account.
- The personal identity of all the directors or beneficial owner(s) proprietor of the Firm has to be established by any of the documents as mentioned in Individual or Joint Customer category.

9. Partnership Account Opening:

- Bank's prescribed Account Opening application form signed by the partners in front of BM/RM/CSM
- Certified copy of Partnership Deed/ Agreement
- List of the Partners with Address
- Extract of resolution of the partners Meeting
- Copy of valid Trade License
- Photograph of the signatories/ Partners
- Specimen signature card (To be signed by the signatories in front of BM/RM/CSM)
- Introducer's signature in the A/C opening form and at the back of the photograph(s) of Account holder(s).
- Identity of all Partners/ Directors must be verified in line with the requirements for personal customers. Where a formal partnership agreement exists, a mandate from the partnership authorizing the opening of an account and conferring authority on those who will operate it should be obtained.
- Evidence of the trading address of the business or partnership should be obtained and a copy of the latest report and accounts (audited where applicable).
- An explanation of the nature of the business or partnership should be ascertained (but not necessarily verified from a partnership deed) to ensure that it has a legitimate purpose.

4.7 Lending Rates of AB Bank Limited:

Products	Mid Rate	Interest rate Band W.E.F. 01 November, 2007
1) Agriculture		
i) Loan to Primary producer	13.25%	11.75% - 14.75%
ii) Loan to Agricultural Input	13.75%	12.25% - 15.25%
2) Large & Medium Scale Industry		
i) Large and Medium Scale Industry (Term Loan below Tk.10.00 Crore)	14.75%	13.25% - 16.25%
ii) Large & Medium Scale Industry (Term Loan Tk.10.00 Crore & above)	14.75%	13.25% - 16.25%

3) Working Capital		
i) Small & Medium (upto Tk. 10 Crore)	14.50%	13.00% - 16.00%
ii) Large (above Tk.10 Crore)	14.50%	13.00% - 16.00%
4) Exports		
i) Jute & Jute Goods Export	7.00%	7.00%
ii) Other Export	7.00%	7.00%
5) Commercial Lending		
i) Commercial Lending (General)	15.50%	14.00% - 17.00%
ii) Commercial Lending (Large)	15.00%	13.50% - 16.50%
6) Small & Cottage Industry (Term Loan)	14.75%	13.25% - 16.25%
7) Consumer Credit		
i) Customer Unsecured	16.00%	14.50% - 17.50%
ii) Staff Unsecured	15.50%	14.00% - 17.00%
8) Debit Card Overdraft (Staff)	16.95%	16.95%
9) Credit Card	2.00% per month	2.00% per month
10) Urban housing		
i) Real Estate (Commercial)	15.00%	13.50% - 16.50%
ii) House Building (Non-Commercial)	15.25%	13.75% - 16.75%
11) Others		
i) Cash Collateral - ABBL FDR		
Time Loan for 3m	13.50%	12.00% - 15.00%
Time Loan for 6m	14.00%	12.50% - 15.50%
OD	14.50%	13.00% - 16.00%
ii) Cash Collateral - Other Banks FDR/WDB		
Time Loan for 3m	14.00%	12.50% - 15.50%
Time Loan for 6m	14.50%	13.00% - 16.00%
OD	15.00%	13.50% - 16.50%

Notes:

1. Interest rate on overdraft (OD) under Working Capital & Commercial Lending categories will be higher by 0.50% than that of other funded limits availed by same customer.
2. For lending against ABBL FDR, the rate is 2.00% above the rate of the instrument subject to minimum 13.00%.
3. Exposure under cash collateral of other banks requires clearance from Financial Institutions.

4.8 Deposit Rates of AB Bank Limited:

Interest Rates with effect from November 13, 2008

Products	
Savings Deposits	6.00%
STD for minimum Tk 5.00 lac and above	5.00%
Security Deposit Receipts (SDR) / Call Dep	3.50%
NFCD	Rate as per daily FX rate
RFCD (Minimum balance USD 2,000 or its equivalent for other currency & min tenor one month)	Rate as per daily FX rate
Fixed Deposit (Time Deposits)	
3 (three) Months	
1 to 10,00,000	11.75%
10,00,001 to 20,00,000	12.25%
20,00,001 to 30,00,000	12.50%
30,00,001 to 1,00,00,000	12.75%
1,00,00,001 & above	13.00%
6 (six) Months	
1 to 10,00,000	12.00%
10,00,001 to 20,00,000	12.50%
20,00,001 to 30,00,000	12.75%
30,00,001 to 1,00,00,000	13.00%
1,00,00,001 & above	13.25%
1 (one) Year	
1 to 10,00,000	12.50%
10,00,001 to 30,00,000	13.00%
30,00,001 to 5,00,00,000	13.25%
5,00,00,001 & above	13.50%
2 (two) Years	13.00%



মার্কেটাইল ব্যাংক লিমিটেড
Mercantile Bank Limited

efficiency is our strength

Mercantile Bank Limited

5.1 Background of Mercantile Bank Limited:

Mercantile Bank Limited emerged as a new commercial bank to provide efficient banking services and to contribute socio-economic development of the country. The bank Incorporated on 20 May 1999 and commenced its operation on 2 June 1999. It was listed in the Dhaka Stock Exchange on 16 February 2004 and in the Chittagong Stock Exchange on 26 February 2004. The Authorized Capital of the Bank is Tk. 3000 million and the Paid -up Capital is Tk. 1199.12 million.

Mercantile Bank Limited is committed towards excellence in service with efficiency, accuracy and proficiency and extended its arms towards meeting its social obligations. It is committed to its different stakeholders. The bank is also respectful to its regulators and committed to maintain integrity, strict compliance and meeting its goals with a global vision. Mercantile Bank's vision is to take the Bank as far as possible to all segments of population and accordingly it has designed its product line. Its banking philosophy is not to 'carry coal to the new castle'. The bank wants to make credits available to the poor people. Its activities are aimed at multifaceted growth where its people from all economic strata will enjoy the benefits of better living standard, dignity of labor and self worth. Customers are the banks first priority and main driving force. Its customers come from all walks of life. They are businessmen, entrepreneurs, professionals, manufacturers, public servants, builders, small traders. The bank's efficient teams maintain relationship with the customer and serves as per their requirement. It has already introduced diversified tailored products and services to cater the banking needs of our customers. The Bank also provides a broad range of financial services to its customers and corporate clients. It is aware of its commitment to offer excellence in Banking to the customers, shareholders and other stakeholders. The Board of Directors consists of eminent personalities from the realm of commerce and industries of the country. Mercantile Bank Limited is fully committed to the delivery of superior shareholders' value. Initiative ranging from having more efficient capital structures and improving return on equity, pursuing a high dividend payout policy to the pursuit of excellence corporate governance have been undertaken with a view to enhancing superior shareholders value.

The Bank has differentiated itself from other banks through its products and services. It is banking for the people to fulfill their needs conceptualizing product and services to meet their aspiration and expectations. The Bank is proud to have exemplified the true concept as 'Banglar Bank'.

Mercantile Bank's Corporate Social Responsibility (CSR) functions are also being carried out on the same philosophy, that profit earning is not the only objective of the Bank. It feels a strong obligation to the society. Supporting education, sports and culture and Bank's donation to recent flood and cyclone victims were quite significant in our CSR initiatives. It has responsibility towards the society. It shares the sorrow of its surroundings. It has donated BDT 5.00 million for the flood victims and BDT 5.40 million for the SIDR affected people. Mercantile Bank Limited Foundation a philanthropic arm of its Bank help the needy people and institutions in the society. Mercantile Bank is proud that it is one of the largest taxpayer in the country and therefore, an important source of revenue for the Govt. of Bangladesh.

The magic of success of the Bank is teamwork. It has got a sincere, hardworking team who can make the dream true by meeting financial and operational objectives of the Bank as well as the needs of its customers and people of the country. The team of executives and officers of the bank must be commended for their dynamism, motivation and dedication to the Bank.

Pursued Human Resources policy of the Bank is focused on recruitment, training and development. The human capital of the Bank has continuously been nurtured and proactively managed to bring out the best.

The Bank has married the concepts of IT to the human interface, which it believes is vital in looking ahead at working with the people. Mercantile Bank has put a lot of money in IT. Its online banking or any time and anywhere banking, SMS services, ATM services, Credit and Debit Card, Prepaid Card and introducing SWIFT for facilitating International Trade have gained popularity among the customers. Meanwhile the bank has been more focused on SME, which are recognized worldwide as engines for achieving high and sustainable economic growth and are critically important prerequisites for triggering an exit from endemic poverty and socio-economic deprivation. Through SME banking, the Bank is trying to build up entrepreneurs especially from women.

5.2 Corporate Information of Mercantile Bank Limited:

Name of the Company:

Mercantile Bank Limited

Legal Form:

A public limited company incorporated 20 May 1999 under the Companies Act, 1913. It is listed in the Dhaka Stock Exchange and Chittagong Stock Exchange.

Commencement of Business: 2 June 1999

Vision Statement:

“Would make finest corporate citizen”

Mission Statement:

Will become most caring, focused for equitable growth based on diversified development of resources, and nevertheless would remain healthy and gainfully profitable Bank.

Objectives:

Strategic objectives:

- To achieve positive Economics Value Added (EVA) each year
- To be market leader in product innovation
- To be one of the top three Financial Institutions in Bangladesh in terms of cost efficiency
- To be one of the top five Financial Institutions in Bangladesh in terms of market share in all significant market segments we serve.

Financial Objectives:

- To achieve a return on shareholders equity of 20% or more on average.

Core values:

For the customers: Providing with caring services by being innovative in the development of new banking products and services.

For the Shareholders: Maximizing wealth of the bank.

For the employees: Respecting worth and dignity of individual employees devoting their energies for the progress of the bank.

For the community: Strengthening the corporate values and taking environment and social risks and reward into account.

Registered Office:

BCIC Bhaban, 30-31, Dilkusha C/A

Dhaka 1000, Bangladesh.

Tel: +88-02-9560312

Fax: +88-02-9564122, 23

SWIFT: ABBLBDDH

E-mail: info@abbank.com.bd

Web: www.abbank.com.bd



5.3 Branch Information:

Mercantile Bank has 41 branches all over the country. Its main branch is in Dilkusha Commercial Area, Dhaka. In Dhaka, the branches are situated at Dhanmondi, Banani, Uttara, Elephant Road, Mohakhali, Kawran Bazar, Ramna, Joypara, , Mirpur, Ashulia, Motijheel, Satmosjid Road, Mogh Bazar, Bijoynagar and Nayabazar. In Chittagong the branches are at Agrabad, Khatungonj, Shaikh Mujib Raod, Jubilee Road, Madam Bibir Hat, East Nasirabad, It has other branches at Joypara (Dohar), Rajshahi, Sapahar and Chakdev (Naogaon), Beanibazar and Laldighirpar (Sylhet), Board Bazar and Konabari (Gazipur), Khulna, Rangpur, Jhilongja (Cox's Bazar), Barogola (Bogra), Chowmuhani (Noakhali), Hemayetpur, Feni, Moulvibazar, Barisal, Shariatpur, Comilla,

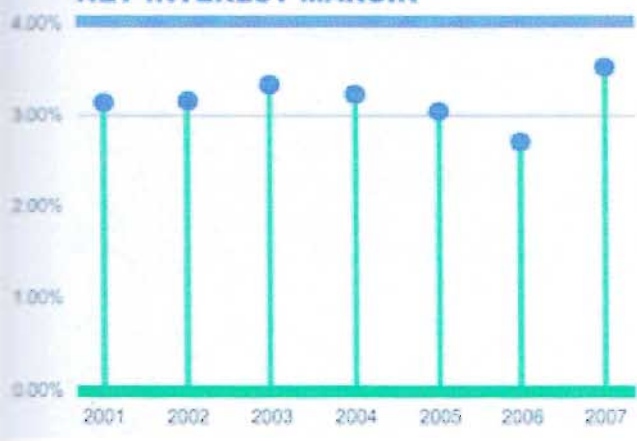
5.4 Mercantile Bank Limited at a Glance: year 2006 and 2007:

(BDT in million)

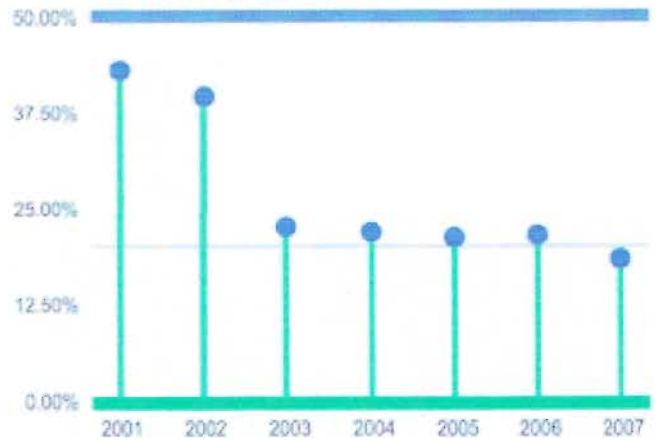
SL NO.	PARTICULARS	2007	2006
1	Paid-up Capital	1,498.90	1,199.12
2	Total Capital Fund	3,387.17	2,554.29
3	Capital Surplus/Deficit	483.51	401.50
4	Total Assets	44,940.54	37,159.65
5	Total Deposits	39,348.00	33,332.65
6	Total Loans and Advances	31,877.86	26,842.14
7	Total Contingent Liabilities and Commitments	18,904.10	20,627.47
8	Credit Deposit Ratio (in %)	81.02	80.53
9	Percentage of Classified Loans against Total Loans and Advances (in %)	2.80	3.79
10	Profit after Tax and Provision	540.50	494.22
11	Amount of Classified Loans during the year	410.98	455.25
12	Provision kept against Classified Loans	563.85	594.00
13	Provision Surplus	0.00	0.0081
14	Cost of Fund (in %)	8.75	9.00
15	Interest Earning Assets	39,707.04	32,882.99
16	Non-interest Earning Assets	5,233.50	4,276.66
17	Return on Investments (ROI) (in %)	10.98	8.21
18	Return on Assets (ROA) (in %)	1.32	1.50
19	Income from Investments	764.48	369.12
20	Earning Per Share (BDT)	36.06	32.97
21	Net Income Per Share (BDT)	36.06	32.97
22	Price Earning Ratio (approximate)	12 Times	11 Times

Financial Summary:

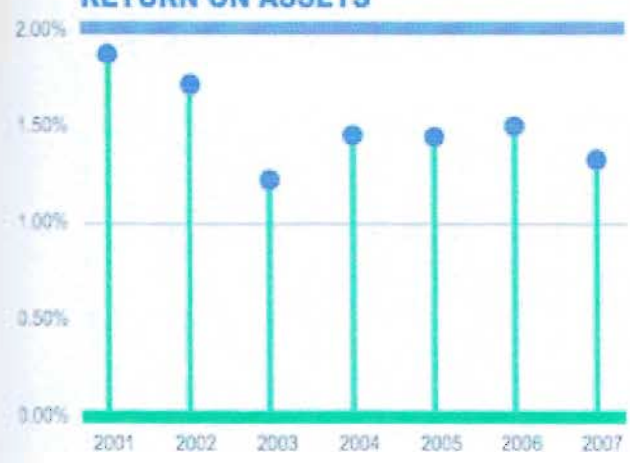
NET INTEREST MARGIN



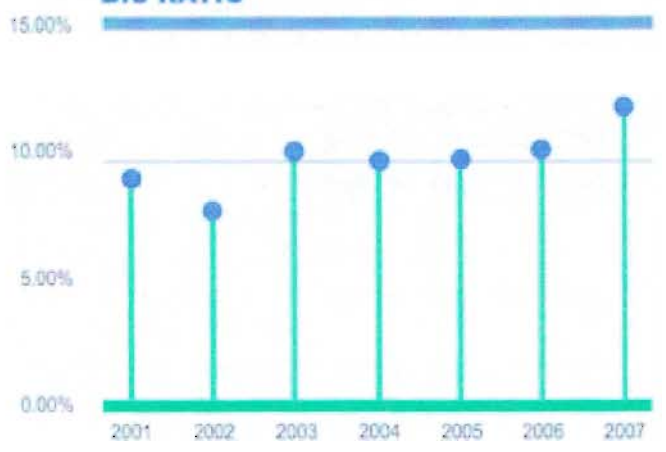
RETURN ON EQUITY



RETURN ON ASSETS



BIS RATIO



5.5 Products and Services:

5.5.1 Deposit Schemes:

1. Double Benefit Deposit Scheme (DBDS):

Objectives:

- Give maximum benefit.
- Help in meeting specific needs like education, marriage etc.
- Deposit becomes double in six years.

Mode:

- Tenure of the deposit is 06(Six) years.

Amount of Deposit	Period	Amount Payable
1,00,000	6 Years	2,00,000

Other Features:

- The Minimum amount of deposit is BDT 50,000.00(Fifty thousand) or its multiples.
- All taxes/duty/levy and /or any other surcharges presently in force or that may be imposed by the Government of Bangladesh (GOB) from time to time will be deducted/ recovered from the deposit account under this scheme.
- In case of premature encashment interest will be paid on Saving A/C Rate.
- Loan may be granted up to maximum 80% of the deposited amount but minimum principle amount must be BDT 20,000.00.
- Loan processing fee be realized BDT 50.00 only and usual stamp costs also be realized.

2. Family Maintenance Deposit (FMD):

Objectives	Mode
<ul style="list-style-type: none">• Help the retired persons for investing their retirement benefits.• Create investment opportunities for Non-Resident Bangladeshi.	<ul style="list-style-type: none">• Deposit a fixed amount of money for 05 (Five) years.• Depositor will get a certain sum of money in each month proportion to his/her deposit during the entire tenure.

<ul style="list-style-type: none"> • Explore investment opportunities for school, college, university etc. • Give investment opportunities for Trust; Foundation etc. 	<p>Benefits:</p> <ul style="list-style-type: none"> • Tenure of deposit is 05 (Five) years. • Minimum amount of required deposit is TK.50,000.00 or its multiple
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Deposit	Monthly Benefit (Amount in TK.)
1,00,000	1,000
2,00,000	2,000
3,00,000	3,000

Other Features:

- The Minimum amount of deposit is BDT 50,000.00 (Fifty thousand) or its multiples.
- All taxes/duty/levy and /or any other surcharges presently in force or that may be imposed by the Government of Bangladesh (GOB) from time to time will be deducted/ recovered from the deposit account under this scheme.
- In case of premature encashment interest will be paid on Saving A/C Rate.
- A saving account will be needed to be maintained to receive quarterly benefit payment.
- Loan may be granted up to maximum 80% of the forced encashment value on the date of loan processing. During the period of continuation of loan, monthly benefits of FMD account will be credited only to loan account.
- Loan processing fee be realized BDT 50.00 only and stamp costs also be realized.

3. Monthly Savings Scheme (MSS):

Objectives	Mode
<ul style="list-style-type: none"> • Build up habit of savings. • Attract small savers. • Saving for rainy days. 	<ul style="list-style-type: none"> • Monthly installments of various sizes.

Benefits:

Amount (TK)

Period	Monthly Installment		
	250	500	1,000
	Benefits		
5 Years	20,625	41,250	82,500
8 Years	40,375	80,750	1,61,500
10 Years	57,500	1,15,000	2,30,000

Period	Monthly Installment		
	1500	2500	5,000
	Benefits		
5 Years	1,23,750	2,06,250	4,12,500
8 Years	2,42,250	4,03,750	8,07,500
10 Years	3,45,000	5,75,000	11,50,000

Other Features:

- All taxes/duty/levy and /or any other surcharges presently in force or that may be imposed by the Government of Bangladesh (GOB) from time to time will be deducted/ recovered from the deposit account under this scheme.
- In case of premature encashment interest will be paid on Saving A/C Rate.
- Upon deposit of installment for at least 01 year (minimum deposit amount must be BDT 12,000.00) under this scheme, loan may be granted up to maximum 82% of the deposited amount.
- Loan processing fee be realized BDT 50.00 only and stamp costs also be realized.

4. Quarterly Benefit Deposit Scheme:

The 'Quarterly Benefit Deposit Scheme' will be maintained for a period of 3 (three) years and the minimum amount of deposit is BDT 50,000.00 (fifty thousand) or its multiples. Interest will be paid on quarterly basis as per example given below. On maturity the principal amount will be paid back.

Example:

Initial Deposit (BDT)	Term	Quarterly Benefit Payable (BDT)
50,000	3 Years	1,500
100,000	3 Years	3,000
200,000	3 Years	6,000

Other Features:

- All taxes/duty/levy and /or any other surcharges presently in force or that may be imposed by the Government of Bangladesh (GOB) from time to time will be deducted/ recovered from the deposit account under this scheme.

- In case of premature encashment interest will be paid on Saving A/C Rate. However, no interest shall be paid if premature encashment take place before expiry of 1 (one) year.
- In the event of death of the depositor before the maturity, the deposit account may be encased (premature) as per rule or may be continued up to maturity on written approach by the nominee(s).
- A saving account will be needed to be maintained to receive quarterly benefit payment.
- Loan may be granted up to maximum 80% of the forced encashment value on the date of loan processing. During the period of continuation of loan, quarterly benefits will be credited only to loan account.
- Loan processing fee be realized BDT 50.00 only and usual stamp costs also be realized.

5. 1.5 Times Benefit Deposit Scheme:

Under the '1.5 Times Benefit Deposit Scheme' a deposit of minimum BDT 50,000.00 (fifty thousand) or its multiples will be received for a period of 42 months (3.5 years). On maturity after 42 months, 1.5 times of the deposited amount will be paid back to the account holder as per example given below:

Example:

Initial Deposit (BDT)	50,000.00	1,00,000.00	5,00,000.00
Return after 42 months (BDT) with benefits	75,000.00	1,50,000.00	7,50,000.00

Other Features:

- All taxes/duty/levy and /or any other surcharges presently in force or that may be imposed by the Government of Bangladesh (GOB) from time to time will be deducted/ recovered from the deposit account under this scheme.
- In case of premature encashment interest will be paid on Saving A/C Rate. However, no interest shall be paid if premature encashment take place before expiry of 1 (one) year.
- In the event of death of the depositor before the maturity , the deposit account may be encased (premature) as per rule or may be continued up to maturity on written approach by the nominee(s).
- Loan may be granted up to maximum 80% of the deposited amount but minimum principle amount must be BDT 20,000.00.
- Loan processing fee be realized BDT 50.00 only and usual stamp costs also be realized.

5. Advance Benefit Deposit Scheme (ABDS):

Objectives	Mode
<ul style="list-style-type: none"> Get Extra benefit from minimum Deposit. 	<ul style="list-style-type: none"> Maintained for a period of 2(Two) years. Minimum deposit amount 1,00,000(One Lac) only.

Interest Rate Per BDT One Lac End deposit

5.5.2 Credit Schemes:

1. Consumers Credit Scheme:

Objectives	Terms & Conditions
<ul style="list-style-type: none"> Help fixed-income people for buying house hold durable. For the amount up to Tk. 1,00,000 the period is two years. Interest rate will be charged quarterly rest. 	<ul style="list-style-type: none"> Interest Rate 16.00% Risk Fund 1.00% SSupervision Charge (per year on outstanding balances) 0.25% Application Fee BDT 200.00 <p style="text-align: center;">Special Feature</p> <ul style="list-style-type: none"> The loan amount is directly credited to the customer's account.

2. Car Loan Scheme:

Objectives	Terms & Conditions
<ul style="list-style-type: none"> Help fixed-income people for buying car Interest rate will 	<ul style="list-style-type: none"> Maximum loan amount is BDT 25.00 lacs. Tenure of loan is 05 (Five) years Interest Rate 16.00%

<p>be charged quarterly rest.</p>	<ul style="list-style-type: none"> • Risk Fund 1.00% • SSupervision Charge (per year on outstanding balances) 0.25% • Application Fee BDT 200.00 <p style="text-align: center;">Special Feature</p> <ul style="list-style-type: none"> • BDT 7.50 Lac for reconditioned Car/Jeeps/SUVs and BDT 25.00 Lac for new Cars/Jeeps/SUVs.
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3. Doctors' Credit Scheme:

Objectives	Terms & Conditions
<ul style="list-style-type: none"> • Help new F.C.P.S. or post-graduate doctors for setting up chambers and buying medical equipment. • Help experienced doctors for refurbishing chambers and buying medical equipment. • Assist private clinics for acquiring modern medical equipment. • Interest rate will be charged at quarterly rest. 	<p>Equity</p> <ul style="list-style-type: none"> » For new doctor 10% » For experienced doctor 15% » For Hospital, Clinic and Diagnostic Center 20%.

Interest Rate: 16.00%

Risk Fund: Tk. 1.00%

Repayment period: 5 years

Credit Limit:

- » For new doctor 5.00 Lac.
- » For experienced doctor 15.00 Lac.
- » For Hospital, Clinic and Diagnostic Center 50.00 Lac.

Application Fee: BDT 200.00

Service Charge / Ledger Fee: 0.25% per year on outstanding balances

4. Rural Development Scheme:

Objectives	Terms & Conditions
<ul style="list-style-type: none"> • Raise the standard of living of rural people. • Initiative to break the vicious cycle of poverty. • Enhance the purchasing power of rural people. 	<ul style="list-style-type: none"> • <u>Group Formation</u> <ul style="list-style-type: none"> » 30 person in a group » 1 group leader » 6 sub-groups consisting 5 person each in a group » 1 sub-group leader in each sub-group • <u>Credit Limit</u> <ul style="list-style-type: none"> » Maximum Tk. 5,000 per person. » Gradually enhanceable up to Tk. 10,000. • Interest Rate 14.00%. • Risk Fund 1.00. • Service Charge 0.25% per year on outstanding balances. • Repayment period 1 years. • Security: Group guarantee, no collateral

5. Lease Financing:

Objectives	Terms & Conditions
<ul style="list-style-type: none"> • Assist and encourage entrepreneurs for acquiring capital machinery, medical equipment, automobiles etc. 	<ul style="list-style-type: none"> • Lease period 3 to 7 years • Lease rent @ 16.00% • Risk Fund 1.00% • Service Charge 0.25% per year on outstanding balances.

Security:

Primary: Ownership of fixed items.

Collateral: Landed property, Bank Guarantee, ICB Unit Certificate etc.



6. Personal Loan Scheme:

Objectives	Mode
<ul style="list-style-type: none"> • Help fixed-income people for buying house hold Durable • For the amount up to Tk. 3,00,000 the period is 03 (Three) years. • Interest rate will be charged quarterly res 	<ul style="list-style-type: none"> • Interest Rate 16.00% • Risk Fund 1.00% • Supervision Charge (per year on outstanding balances) 1.00% • Application Fee BDT 200 <p style="text-align: center;">Special Feature</p> <ul style="list-style-type: none"> • The loan amount is directly credited to the customer's account. • Loan limit BDT 3.00 Lac or 8 times of monthly evidenced income, whichever is lower. • Repayment period Maximum 3 years, that is 36 monthly installments.

7. Small Loan:

Objectives	Mode
<ul style="list-style-type: none"> • Extend credit facility to small shopkeepers . • Give collateral-free credit 	<ul style="list-style-type: none"> • Maximum amount of loan Tk. 2,00,000. • Interest Rate 16.00% • Risk Fund 1.00% • Service Charge 0.25% per year on outstanding balances • Application Fee BDT 200.00 • Loan Limit BDT 2.50 Lac • Repayment period 3 years • Interest rate will be charged at quarterly rest

5.6 Card Facilities:

MBL credit or debit cardholders can enjoy the following benefits and much more.



Dual Card (two in one): Single card with double benefits. No hassle to carry two cards (local and international). A single credit card can be used both locally and internationally to withdraw cash from ATM for POS transaction. This is the special feature of MBL Visa card.

No Cash Withdrawal Fee: For withdrawals of cash from MBL ATM by MBL cardholders no cash advance fee is necessary and from any other Q-cash ATM the fee is Tk.10 only. MBL is the only bank offering such unique facility. Moreover, our VISA Cardholders can also withdraw cash from any Visa logo ATM locally and internationally.

Acceptability: International/Dual card is accepted all over the world at millions of outlets and ATMs. A Dual card is also accepted in most of the big cities like Dhaka, Chittagong, Khulna, Rajshahi, Sylhet at more than 10,000 outlets including 4500 POS. It covers various kinds of merchants like hospital, hotel, restaurant, department store and the card has accessibility to any outlet having VISA logo.

Credit Facility: Mercantile Bank Ltd. Visa Credit card offers maximum 45 days credit facilities free of interest and minimum payment is 5% of outstanding billing payment for easy repayment and convenience of the customers.

Supplementary Card: A Principal cardholder (local) may apply for more than one supplementary card where one supplementary card is free. Expenses made by supplementary card will be charged to the principal card.

Advance against Credit card: MBL cardholder can take advance as term loan up to 50% of the card limit to be repaid on the monthly installment basis.

Any POS transaction over TK. 20000 but not exceeding 50% of the credit limit is convertible to Personal loan/CCS and to be repaid on monthly installment basis. Repayment period of such loan may be from 6 months to 36 months.

Overdraft Facilities: Overdraft facilities up to 80% of the credit card limit may also be allowed for payment of the installment of scheme deposit with our Bank.

Payment of Utility Bill: Payment of utility bills like telephone bills, gas bills, electric bills, water bills, may be settled by card

Debit Card:

Visa debit card is mainly tagged with deposit account (CD/SB/STD) that is automatically debited from the A/C having available balance. Debit card can also be

used for purchasing goods, services, payment of utility bills etc as well as withdrawal of cash from ATM.

Prepaid Card:

Those who have no account with MBL may avail prepaid card facilities. The prepaid cardholders pay first buy later. Prepaid card offers the convenience and security of electronic payment in situations where one might otherwise use cash, such as paying for a gift or a monthly allowance for a young adult. Examples also include gift cards and salary payment, etc.

Lost or Stolen Card:

If card is lost or stolen, just make a call to our customer service centre, at Head Office, card division which is open to receive call 24 hours a day, 365 days a year. We shall stop operation of your card instantly at the call. But for replacement of card, customer should give a letter.

Repayment:

- (i) Credit Card account statement is generated to the cardholder on monthly basis if there is any balance outstanding in the cardholder account.
- (ii) If the cardholder repays the entire amount within the due date of payment, no interest will be charged and thereby cardholders enjoy maximum 45 days credit facilities without interest for POS transactions.
- (iii) If the cardholder repay the minimum payment amount as shown in the credit card account statement within the payment due date then no late payment penalty will be charged.

Calculation of minimum payment:

- (i) When the outstanding balance in the statement is less than or equal to the credit limit, the minimum repayment for the current month is as under:
 - (a) **For International Card:** 5% of the billing amount or USD 25 whichever is higher. If the billing amount is less than USD 25, it should be paid in full.
 - (b) **For Local card:** 5% if the billing amount is TK.500 whichever is higher. If the billing amount is less than Tk.500, it should be paid in full.
- (ii) When the billing amount in the card account statement is more than the credit limit, the minimum payment is 5% of the credit limit plus excess amount of credit limit.
- (iii) If the cardholder fails to pay the minimum of the current bill then in the next month the billing amount will be current month minimum plus previous month minimum.

Interest:

- (i) In case of POS transactions, if entire amount is not paid within payment due date, interest will be charged @ 2.5% on the outstanding balance on daily basis from date of transaction.
- (ii) In case of cash withdrawal, interest will be charged @ 2.5% per month on daily basis from the date of transaction irrespective of payment due date.

- (iii) Cash advance fee:
 - (a) MBL card to MBL ATM: no fee.
 - (b) MBL card to other Q-Cash ATM: Tk.10 per transaction.
 - (c) MBL card to other ATM: 2% of transaction amount or Tk.100 whichever is higher.
 - (d) For international card: USD 3 or 2% of transaction whichever is higher.

Papers/documents required for insurance of Debit Card:

- (i) Two copies of passport size photograph.
- (ii) Customer should maintain a deposit (SB/CD/STD) A/C with any branch of MBL.
- (iii) Other than MBL account holders may also avail debit card against deposit of money.

Papers/documents required for issuance of International Credit Card:

- (i) Two copies of passport size photograph.
- (ii) TIN certificate.
- (iii) Photocopy of passport from 1 to 7 pages including endorsement pages if required.
- (iv) Lien confirmation of RFCD A/C is required from the concerned Branch/Bank for issuance of card against RFCD.
- (v) For issuance of card against the balance in ERQ A/C maintained with us or with other bank, lien confirmation should be obtained from the respective bank/branch.
- (vi) For issuance of card against new exporters and importers/producers quota relevant papers such as recommendation letter from EPB/ copy of tax return, etc is required.

5.7 Information Technology:

Banking operations of the branches have been computerized to minimize the cost and risk and to optimize benefits and increase overall efficiency for improve service. The bank generates the relevant financial statements at the end of the day. The bank has installed return screen for smooth operation of foreign currency dealings. The bank has also hosted a web page of its own to take a place in the World Wide Web. On-line banking has been introduced by the bank to provide better services to its customer. The bank has introduced ATM 'Q- cash'. The bank has installed SWIFT to facilitate quick international trade and payments agreements. The bank has already introduced VISA debit and credit cards.

5.8 Online Banking:

Online Banking have so far been activated with 41 Branches of the Bank from January 01,2006. Online service is now available for all customers –Both Cash deposit and

Bearing within limit) and Monthly Savings Scheme (MSS).

Online Banking Times: Sunday to Thursday, Hours - 9:00 am to 3:00 pm
Saturday, Hours - 9:00 am to 12:00 noon (only in open branches on Saturday)

For Monthly Savings Scheme (MSS) TK. 20 including 15% VAT per transaction.
Yearly service charge is not applicable.

Account wise Online Banking Limit (cash withdrawal, deposit and transfer):

Maximum Deposit Limit : Tk. 500,000.00 per transaction

Cumulative deposit shall not be more than TK.10,00,000.00 per day

Maximum Withdrawal Limit : Tk. 300,000.00 per transaction

Cumulative withdrawal shall not be more than TK.600,000.00 per day

Charges for Online Banking:

Intra City*	Inter City**	Mode of realization
Free	Upto BDT 1,00000 - TK. 50.00	Up front Cash
	Upto BDT 2,00000 - TK. 100.00	
	Upto BDT 3,00000 - TK. 150.00	
	Upto BDT 4,00000 - TK. 200.00	
	Upto BDT 5,00000 - TK. 250.00	

*Intra City Transaction: Branches under Same City Corporation Areas

**Inter City Transaction: Branches outside City Corporation Areas

5.9 Human Resources Development:

In today's competitive business environment the quality of human resources makes the difference. The bank's commitment to contract high quality persons work to it is reflected in the efforts of the bank. In the face of the today's globalization, the bank envisages to develop highly motivated workforce and equip them with latest skills and technologies. The bank evolves human resources development strategy with a view to ensuring good working environment, a high level of loyalty and commitment, devotion and dedication on the part of employees. The bank has set up Training institute for providing training facilities to its executives. A number of officers were sent to Bangladesh Institute of Bank Management and other training institutes at home abroad for specialized training on various aspect of banking. The bank believes in professional excellence and considers its working force as its most valuable asset and the basis of its efficiency and strength.

Conclusion

My association with these two private sector banks and the limited scope to know their operations gave me a wonderful impression about old and new generation private banking of Bangladesh. It is a success story in private sector banking and financial services. These two banks have been operating their business successfully in Bangladesh and have already developed an image of goodwill among their clients by offering excellent and smooth services. The old generation bank, AB Bank Limited has grabbed a very strong position in the country by reaching towards all levels of people. The new generation bank, Mercantile Bank Limited is not lagging behind too. It has also adopted a wide range of services through using computerized systems. Both of the banks' performances are in the satisfactory level. Management and others related to these banks are trying to formulate new services and products. Thus by providing these various services through their Cash Management divisions, the two banks are playing a vital role in the private banking system as well as the economy of Bangladesh.

The successes of these two banks have resulted from dedication, commitment and dynamic leadership of their management over the periods. During the span of time of their operation, the banks have successfully grabbed a position as a progressive and dynamic financial institution in our country. These banks took initiative to add more value to their services through exercise of due diligence, effective risk management, up gradation of technology, organizational restructuring and reduction of cost of fund result of which is expected to reflect in the anticipated higher profitability in the coming years.

From the above representation of the information about the activities of AB Bank Limited and Mercantile Bank Limited, we can say that the private sector banking concept has gained the success in Bangladesh from its origin to the present time. Private Commercial Banks are much more initiative, enthusiastic and flexible in adopting new technologies to provide better services to their customers and thus gaining the highest success in the banking sector of Bangladesh.

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- Annual Reports of Mercantile Bank Limited (2003 - 2007)
- Websites: <http://www.abbank.com.bd>
<http://www.mblbd.com>