

Mercantile Bank Ltd. (DSE:MERCANBANK)	
Current Price (January 24, 2013 )	18.70
Total Number of Share (mn)	611.08
Free Float (%)	59.6%
Forward PE - MERCANBANK	8.20
Trailing PE – MERCANBANK	9.23
Forward PE – Banking sector	13.30

Financials (BDT mn)	2010	2011	Q3, 2012 (unaudited)
Consolidated NPAT	1,425	1,756	1,046
Net interest income	1,662	1,738	849
Income from Investment	919	1,671	1,473
Comm., Ex. & brokerage	1,201	1,456	1,094
Total Deposit	73,739	94,054	110,534
Total Loans & advances	66,378	79,728	89,378

Per share (BDT)	2010	2011	Q3, 2012 (unaudited)
Diluted EPS	2.33	2.87	1.71
BVPS	11.76	15.92	17.31

Others	2010	2011	Q3, 2012 (unaudited)
Capital Adequacy Ratio	9.13%	10.60%	
Non Performing Loan	1.79%	2.61%	
Return on Assets (ROA)	2%	2%	0.76%
Return on Equity (ROE)	25%	21%	9.89%
Stock Dividend	22%	23%	
Cash Dividend	0%	0%	

### Company Profile

As one of the third generation banks, Mercantile Bank Limited (MERCANBANK) was incorporated in 1999. Later, it was listed both in DSE & CSE in 2004. As of today, the bank has 84 branches across Bangladesh, and 1 offshore banking unit. In addition, the company has a few subsidiaries in capital market, Mercantile Bank Securities Ltd., Mercantile Bank Investment Ltd., and Mercantile Bank Brokerage House. Further, the company has an exchange house in UK named Mercantile Exchange House (UK) Ltd.

### Key Revenue Drivers & Company Insight

Hit by interest rate volatility and liquidity pressures in financial sector, Net Interest Income (NII) growth of MERCANBANK declined to 5% in 2011 vis-à-vis 27% earlier year. Benefitted by rise in interest rate, Investment income soared up by 82%, while commission, exchange and brokerage income grew by 21% in 2011. Capital adequacy improved to 10.60% in 2011 from 9.13% last year. Meanwhile, asset quality deteriorated as NPL climbed up to 2.61% in 2011 from 1.79% in 2010.

### Financial Performance

Growth slowdown in NII pulled down NPAT growth to 23% in 2011, from 77% in 2010. Although NII growth trend has reversed by Q3 2012, NPAT still recorded a 33% YoY decline, primarily due to negative growth in investment income and rise in provisioning requirements.

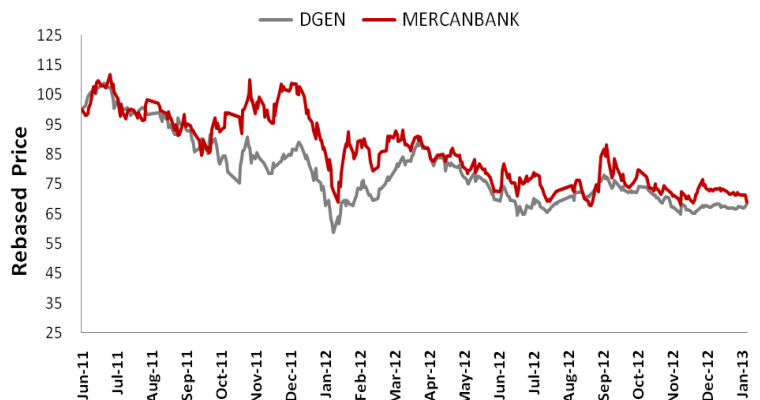
**According to un-audited nine months' accounts as on 30.09.12 (Jan'12 to Sep'12), consolidated net profit after tax (excluding non-controlling interest) was Tk. 1045.78 million with consolidated EPS of Tk. 1.71 for the period of nine months as against Tk. 1563.55 million and Tk. 2.56 respectively for the same period of the previous year.**

#### Terminologies

Free Float : % of total shares not owned by Sponsors/ Directors, and Govt.

Forward PE: Based on Annualized Earnings of the latest declared quarter

Trailing PE: Based on Latest 12 Months Earnings



#### Disclaimer:

This Document has been prepared and issued by IDLC Investments Limited on the basis of the public information available in the market, internally developed data and other sources believed to be reliable. Whilst all reasonable care has been taken to ensure that the facts & information stated in the Document are accurate as on the date mentioned herein. Neither IDLC Investments Limited nor any of its director, shareholder, and member of the management or employee represents or warrants expressly or impliedly that the information or data of the sources used in the Document are genuine, accurate, complete, authentic and correct. Moreover, none of the director, shareholder, and member of the management or employee in any way is responsible about the genuineness, accuracy, completeness, authenticity and correctness of the contents of the sources that are publicly available to prepare the Document. It does not solicit any action based on the materials contained herein and should not be construed as an offer or solicitation to buy sell or subscribe to any security. If any person takes any action relying on this Document, shall be responsible solely by himself/herself/themselves for the consequences thereof and any claim or demand for such consequences shall be rejected by IDLC Investments Limited or by any court of law.