PKF AHKC

Auditor's Report
&
Audited Financial Statements
of
Mercantile Bank Unit Fund
For the year ended 31 December 2025

PKF AHKC
Aziz Halim Khair Choudhury
Chartered Accountants
House 75/A, Road #5/A, Abasar Bhaban (2nd Floor), Dhanmondi, Dhaka-1209.
Tel: +8809613339090-92
E-mail: pkfahkc.co@pkfahkcbd.com, ahkc@ahkcbd.com
Website: www.pkfahkcbd.com

Auditor's Report
&
Audited Financial Statements
of
Mercantile Bank Unit Fund
For the year ended 31 December 2025

Mercantile Bank Unit Fund
For the year ended 31 December 2025

Table of Contents

Sl. No.	Particulars	Page No.
1.	Independent Auditor's Report	01-04
2.	Statement of Financial Position	05
3.	Statement of Profit or Loss and Other Comprehensive Income	06
4.	Statement of Cash Flows	07
5.	Statement of Changes in Equity	08
6.	Notes to the Financial Statements	09-16
7.	Schedule of Investment Portfolio (Annexure- A)	17
8.	Schedule of Fixed Deposit Receipts (FDR) (Annexure- B)	18
9.	List of Unit Subscribers (Annexure- C)	19

PKF AHKC

Aziz Halim Khair Choudhury
Chartered Accountants
Corporate Office
House # 75/A, Abasar Bhaban (2nd Floor),
Road #5/A, Dhanmondi, Dhaka-1209.

Tel: +8809613339090-92
E-mail: pkfahkc.co@pkfahkcbd.com
Website: www.pkfahkcbd.com

Independent Auditor's Report
To the trustee board of Mercantile Bank Unit Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Mercantile Bank Unit Fund (the "Fund"), which comprise the statement of financial position as at 31 December 2025 and the statement of profit or loss and other comprehensive income and statement of changes in equity and statement of cash flows for the period from 01 January 2025 to 31 December 2025, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give true and fair view of the financial position of the fund as at 31 December 2025 and its financial performance and its cash flows for the period from 01 January 2025 to 31 December 2025 in accordance with International Financial Reporting Standards (IFRS) as explained in note-2.

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of key audit matters	Our response to key audit matters
Valuation of investments	
The fund has invested a substantial portion of its total assets in capital market instruments (i.e. equity shares). As per IFRS-9 Financial Instruments, such equity investment is considered a financial asset and requires it to be measured at fair value. Subsequently such investments shall be classified either as 'fair value through other comprehensive income' or 'fair value through profit or losses on the basis of the entity's business model for managing	The Fund determines the fair value of its investment in listed equity shares as per the closing market price of the Dhaka Stock Exchange on the date of valuation and the resultant net unrealized gain / (loss) is calculated on portfolio basis. As per BSEC regulation for Mutual Fund and relevant Trust deed, the fund is obliged to distribute a minimum portion of its net profit to unit holders as dividend and hence distribution of any profit from unrealized gain may create cash flow issue for the fund. Accordingly, the Fund has adopted the policy

Aziz Halim Khair Choudhury Chartered Accountants is a member of PKF Global, the network of member firms of PKF International Limited, each of which is a separate and independent legal entity and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm(s).

these financial assets and contractual cash flow characteristics. IFRS-9 further allow an entity to make an irrevocable election to present in other comprehensive income, the subsequent changes in fair value of an investment in equity instrument that is not held for trading with no subsequent recycle through profit or loss. Accordingly, because of the inherent nature of such investment we have considered valuation of investment and subsequent measurement basis as key audit matter.	to treat such equity investment as 'held for trading' which require fair value change to be taken to profit or loss. Consistent with the industry practice and considering the requirement to distribute certain portion of net profit as dividend, the fund has adopted the policy that if there are any net unrealized loss on portfolio basis such loss is charged to profit or loss, but in case of any unrealized net gain on portfolio basis, such gain is taken directly to reserve through other comprehensive income instead of profit or loss. Upon selling of any such equity shares the fund takes the realized gain/ (loss) of that individual share to profit or loss. As stated in "Annexure-A" to the financial statements, because of this accounting policy an aggregate amount of BDT. 11,444,024 is shown as annual unrealized loss on marketable securities in the statement of profit or loss and other comprehensive income.
See "Annexure-A" for further details	

Valuation of Bangladesh Government Treasury Bill and Treasury Bond	
The classification and measurement of T-Bill and T-Bond require judgment and complex estimates. In the absence of a quoted price in an active market, the fair value of T-Bills and T-Bonds is determined using complex valuation techniques which may take into consideration direct or indirect unobservable market data and complex pricing models which require an elevated level of judgment. At year end the fund reported total investment in treasury bill and treasury bond of BDT 7,387,045 and 152,856,961.	We assessed the processes and controls put in place by the fund to identify and confirm the existence of treasury bills and bonds. We obtained an understanding, evaluated the design and tested the operating effectiveness of the key controls over the treasury bills and bonds valuation processes, including controls over market data inputs into valuation models, model governance, and valuation adjustments. We tested a sample of the valuation models and the inputs used in those models, using a variety of techniques, including comparing inputs to available market data. Finally, we assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh fund guidelines.
See "Annexure-A" for further details	

Other Matter

The financial statements of the Fund for the year ended 31 December 2024 were audited by another auditor, Hoda Vasi Choudhury & Co., Chartered Accountants, who expressed an unmodified opinion on those financial statements.

Aziz Halim Khair Choudhury ahkc Chartered Accountants

Reporting on other information

Management is responsible for the other information. The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, on the other information obtained prior to the date of this audit report, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements and Internal Controls

The Asset Manager of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRSs) as explained in note 2, Securities and Exchange Commission (Mutual Fund) Rules 2001 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud and error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Fund's internal control.

Aziz Halim Khair Choudhury * AHKC * Chartered Accountants

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Signed for and on behalf of
Aziz Halim Khair Choudhury
Chartered Accountants



Golam Fazlul Kabir FCA
Partner
ICAB Enrolment No. 1721
DVC: 2602191721AS436181

Dhaka
Date: 19 February, 2026

Mercantile Bank Unit Fund
Statement of Financial Position
For the year ended 31 December 2025

Particulars	Notes	Amount in taka	
		31 Dec 2025	31 Dec 2024
Assets			
Non-current aseets		**234,808,243**	**222,032,876**
Preliminary and issue expenses	3.00	1,131,052	1,813,046
Investments in securities and BGT. Bond & Bill	4.00	226,878,542	209,118,496
Premium on BGT. Bond	5.00	680,651	14,432
Investment in FDR	6.00	6,117,999	11,086,901
Current assets		**8,333,742**	**15,853,803**
Accounts receivable	7.00	5,493,934	7,745,851
Advance, deposit & prepayments	8.00	148,083	144,845
Cash and cash equivalents	9.00	2,691,725	7,963,107
Total Asset		**243,141,986**	**237,886,679**
Shareholders' equity and liabilities			
Shareholders' equity		**229,122,853**	**228,719,956**
Unit capital	10.00	216,000,000	216,000,000
Retained earnings	11.00	13,122,853	12,719,956
Current liabilities		**14,019,133**	**9,166,723**
Provision for unrealized gain/(loss) on investment	12.00	11,444,024	6,598,901
Liability for expenses	13.00	2,575,109	2,567,822
Total Shareholders' equity and liabilities		**243,141,986**	**237,886,679**
Net asset value (NAV)		**229,122,853**	**228,719,956**
Net asset value (NAV) per unit:			
At cost	14.00	**11.14**	**10.89**
At market price	15.00	**11.07**	**10.59**

These financial statements should be read in conjunction with annexed notes.

For Chairman
(Trustee)

Member
(Trustee)

On behalf of
Chief Executive Officer
(AMC)

Compliance Officer
(AMC)

Research Associate
(AMC)

Signed in terms of our report of even date

Signed for & on behalf of
Aziz Halim Khair Choudhury
Chartered Accountants

Signed by
Golam Fazlul Kabir FCA
Partner
ICAB Enrolment No: 1721
DVC: 2602191721AS436181

Dhaka
19 February, 2026

Mercantile Bank Unit Fund
Statement of Profit or Loss and Other Comprehensive Income
For the Period from 01 January 2025 to 31 December 2025

Pariculars	Notes	Amount in taka	
		From 1 Jan to 31 Dec 2025	From 1 Jan to 31 Dec 2024
INCOME			
Interest income	16.00	18,943,553	17,216,481
Gain/(loss) on sale of marketable securities	17.00	-	1,185,481
Dividend income	18.00	3,443,220	4,806,009
		22,386,772	**23,207,972**
EXPENSES			
Administrative expenses	19.00	6,272,182	6,800,393
Bank charges	20.00	66,570	53,070
		6,338,752	**6,853,463**
Net profit before provision		**16,048,020**	**16,354,508**
Unrealized gain/(loss) on investments	12.00	(4,845,123)	(4,882,897)
Net profit for the period		**11,202,897**	**11,471,611**
Earnings per unit	21.00	**0.52**	**0.53**

These financial statements should be read in conjunction with annexed notes.

For Chairman
(Trustee)

Member
(Trustee)

On behalf of
Chief Executive Officer
(AMC)

Compliance Officer
(AMC)

Research Associate
(AMC)

Signed in terms of our report of even date

Signed for & on behalf of
Aziz Halim Khair Choudhury
Chartered Accountants

Signed by
Golam Fazlul Kabir FCA
Partner
ICAB Enrolment No: 1721
DVC: 2602191721AS436181

Dhaka
19 February, 2026

Mercantile Bank Unit Fund

Statement of Cash Flows

For the Period from 01 January 2025 to 31 December 2025

Particulars		Amount in taka	
		From 01 Jan to 31 Dec 2025	From 01 Jan to 31 Dec 2024
A.	**Cash flows from operating activities**		
	Cash inflows:		
	Interest income received	13,324,922	2,031,880
	Dividend income received	3,204,792	4,424,879
	Payments for administrative expenses	(5,563,723)	(5,566,862)
	Net cash from operating activities	**10,965,991**	**889,898**
B.	**Cash flows from investing activities**		
	Net investment in shares	(5,550,000)	18,088,673
	Net Investment in BGT-Bills	88,196,645	113,416,815
	Net Investment in BGT-Bond	(94,099,920)	(125,110,297)
	Net Investment in FDR	6,015,903	-
	Net cash from investing activities	**(5,437,373)**	**6,395,191**
C.	**Cash flows from financing activities**		
	Proceeds from issuance of units	-	(1,674,200)
	Dividend payment	(10,800,000)	(6,528,000)
	Net cash from financing activities	**(10,800,000)**	**(8,202,200)**
	Net cash flows for the period (A+B+C)	**(5,271,382)**	**(917,112)**
	Cash and cash equivalents at the beginning of the period	7,963,107	8,880,220
	Cash and cash equivalents at the end of the period	**2,691,725**	**7,963,107**
	Net operating cash flows per unit	**0.51**	**0.12**

These financial statements should be read in conjunction with annexed notes

For Chairman
(Trustee)

Member
(Trustee)

On behalf of
Chief Executive Officer
(AMC)

Compliance Officer
(AMC)

Research Associate
(AMC)

Aziz Halim Khair Choudhury Chartered Accountants ahkc

Mercantile Bank Unit Fund
Statement of Changes in Equity
For the Period ended 31 December 2025

"Amount in taka"

Particulars	Unit capital	Retained earnings	Total equity
Opening balance as on 01 January 2025	216,000,000	12,719,956	228,719,956
Cash dividend for the period of 2024	-	(10,800,000)	(10,800,000)
Net profit during the period	-	11,202,897	11,202,897
Balance as on 31 December 2025	**216,000,000**	**13,122,853**	**229,122,853**

Mercantile Bank Unit Fund
Statement of Changes in Equity
For the Period ended 31 December 2024

"Amount in taka"

Particulars	Unit capital	Retained earnings	Total equity
Opening balance as on 01 January 2024	217,600,000	7,908,598	225,508,598
Unit surrended	(1,600,000)	-	(1,600,000)
Cash dividend for the period of 2023	-	(6,528,000)	(6,528,000)
Unrealized gain/(loss)	-	(75,000)	(75,000)
Prior adjustment for newspaper bill		5,400	5,400
Prior adjustment for dividend receivable	-	(62,654)	(62,654)
Net profit during the period	-	11,471,611	11,471,611
Balance as on 31 December 2024	**216,000,000**	**12,719,956**	**228,719,956**

These financial statements should be read in conjunction with annexed notes

For Chairman
(Trustee)

Member
(Trustee)

On behalf of
Chief Executive Officer
(AMC)

Compliance Officer
(AMC)

Research Associate
(AMC)

Mercantile Bank Unit Fund
Notes to the financial statements
For the year ended 31 December 2025

1.00 Legal status and nature of the Fund

1.01 The Fund and its objectives

Mercantile Bank Unit Fund (the "Fund") was established as a Trust under the Trust Act 1882 and registered with Sub-Registrar's Office under the Registration Act 1908, on January 04, 2022. The Fund received Registration Certificate from the Bangladesh Securities and Exchange Commission (BSEC) on January 25, 2022 under the Securities and Exchange Commission (Mutual Fund) Rules 2001. The BSEC approved the Fund and provided consent on September 01, 2022. The initial size of the Fund is Tk. 500,000,000 (Taka five hundred million only) divided into 50,000,000 units of Tk. 10 each. Subsequently, the unit capital of the Fund now stands at Tk. 216,000,000.

Mercantile Bank PLC. (MBPLC.) is the sole Sponsor of the Fund. ICB Capital Management Limited is the Trustee and BRAC Bank PLC is the Custodian of the Fund. MBL Asset Management Limited is managing the operations of the Fund as the Asset Management Company.

1.02 Objectives

The primary objective of the Fund is to achieve capital appreciation as well as earn dividend and interest income through investment in the capital market of Bangladesh. It mostly shall focus on generating cash earnings and at the same time preservation of capital. The fund shall strive to accumulate reserves over its life in order to reinvest and be able to distribute a lump sum at redemption.

2.00 Summary of significant accounting policies and basis of preparation of the financial statements

2.01 Preparation of the financial statements

These financial statements are prepared on the accrual basis of accounting, under the historical cost convention, as modified for investments, which are 'mark-to-market' and in conformity with the International Financial Reporting Standards (IFRS) and also in compliance with requirements of Bangladesh Securities and Exchange Commission (Mutual Fund) Rules, 2001 ("Rules") and other laws and regulations applicable in Bangladesh. In certain cases, where IFRS requirements are different from the Rules, the Rules have been followed in particular for recognition of unrealized fair value gain/loss on investments and capitalization of preliminary and issue expenses.

The Mutual Fund Rules, 2025 were issued on 12 November 2025 and became effective from that date, replacing the Mutual Fund Bidhimala, 2001. Due to the short transition period, the Fund could not fully comply with certain provisions of the new Rules during the period from 12 November 2025 to 31 December 2025. Management is in the process of ensuring full compliance from 2026. The impact of such non-compliance on the financial statements for the year ended 31 December 2025 is not material.

2.02 Statement of cash flows

IAS-1, "Presentation of financial statements requires that a cash flow statement be prepared as it provides information about cash flows of the enterprise which is useful in providing users of financial statements with basis to assess the ability of the enterprise to generate cash and cash equivalents and needs of the enterprise to utilize those cash flows. Statement of cash flows has been prepared under the direct method for the year as per IAS 7 Statements of Cash Flows". In accordance with Mutual Fund Rules 2001, proceeds from investments has been shown under investing activities. However, the amount of resultant gain on sale of investment has been shown in operating activities.

2.03 Statement of changes in equity

The statement of changes in equity reflects information about the increase or decrease in net assets or wealth.

2.04 Functional and presentation currency

These financial statements are presented in Taka, which is Fund's functional currency. Except as indicated figures have been rounded to the nearest Taka.

Aziz Halim Khair Choudhury Chartered Accountants AHKC

2.05 Reporting period

This Financial Statement is presented for the period from 01 January 2025 to 31 December 2025.

2.06 Date of authorization

This Financial Statements were authorized for issue by the Board of Trustee of the Fund on 1 February 2026.

2.07 Investment policy

The Fund shall invest subject to the Securities and Exchange Commission (Mutual Fund) Rules, 2001 and only in those securities, deposits and investments approved by the Bangladesh Securities and Exchange Commission and/or any other competent authority in this regard.

a) Not more than 70% of the total assets of the fund shall be invested in capital market instruments out of which at least 50% shall be invested in listed securities.

b) Not more than 30% of the total asset of the fund shall be invested in investment-grade Fixed Income Securities (FIS) including Government Securities. Exposure to fixed income securities including term deposits shall not how ever exceed 40% of the total assets of the fund.

c) Not more than 10% of the total assets of the fund shall be invested in non-listed securities at any particular date. In case of investment in non-listed corporate bonds or pre-IPO capital, the asset manager shall obtain prior approval of the Commission.

d) All money collected under the Fund shall be invested only in encashable/transferable instruments. securities whether in money market or capital market or privately placed pre-IPO equity, preference shares, debentures or securitized debts.

e) The Fund shall get the securities purchased or transferred in the name of the Fund.

f) Only the Asset Management Company will make the investment decisions and place orders for securities to be purchased or sold for the Scheme's portfolio.

g) Non-listed securities that are "investment grade" and enjoy "very strong" credit rating by a licensed credit rating agency are eligible for investment under the mutual fund. The fund can invest in investment grade unlisted securities only after a prior approval of the commission.

2.08 Valuation of investment

a) Listed securities (other than mutual Fund) are valued at market in compliance of IFRS 9 - Financial instruments b) The listed securities are valued at the closing quoted market price for the calendar year 2025 based on the Dhaka Stock Exchange on the date of valuation i.e., 30 December 2025. However, the valuation of the IPO shares, trading of which did not start at the end of the year, are being done at the cost value.

2.09 Dividend policy

Pursuant to Rule 66 of the Securities and Exchange Commission (Mutual Fund) Rules, 2001 or any amendments of the Rules by Bangladesh Securities and Exchange Commission time to time, the Fund shall distribute by way of dividend to the holders of the units after the closing of the accounts an amount which shall be minimum 70% of the annual net profit as decided in the trustee meeting.

2.10 Management fee

Management fee is charged as per Trust Deed as well as pursuant to Rule 65 (2) of the Securities and Exchange Commission (Mutual Fund) Rules, 2001. The fee is accrued and payable quarterly at the following rates:

a) at the rate of 2.50% per annum of the weekly average NAV fund up to Taka 5 crore.

b) at the rate of 2.00% per annum for additional amount of the weekly average NAV above Taka 5 crore fund up to Taka 25 crore

c) at the rate of 1.50% per annum for additional amount of the weekly average NAV above Taka 25 crore fund up to Taka 50 crore

d) at the rate of 1.00% per annum for additional amount of the weekly average NAV over Taka 50 crore.

Aziz Halim Khair Choudhury ahkC Chartered Accountants

2.11 Trustee fee

The trustee fee shall be paid an annual trusteeship fee at the following rate on semi-annual in advance basis

SL No.	Fees Tranches	Fees
1	NAV of the first 200 crore of fund	0.10%
2	NAV of the next 100 crore of fund	0.09%
3	NAV of the remaining fund	0.08%

2.12 Custodian fee

The custodian shall have physical possession of the stock and securities of the fund and be responsible for safe keeping of the securities. The fee for custodian services will be 0.07% per annum of balance securities held by the fund, calculated on the average market value per month. Besides this, the fund will bear all other expenses viz (a) transaction fee of TK. 200 per transaction (b) local duties and fees like stamp duty on transaction, stamp duty on transaction deed (c) levies, brokerage, registrar's fee, local counsel/representation, external auditors at the clients at the client's request, depository fees etc. However, a fee cap of 0.09% per annum on balance securities held by the fund, calculated on the average market value per month would be applicable if the total expenses (including custodian fees, transaction fee & other expenses, mentioned above) per annum go higher than the mentioned fee cap amount. The fee for Custodian services will be realized semiannually.

2.13 CDBL (Central Depository of Bangladesh Limited) Fees

The fixed annual fee of CDBL will be TK. 40,000 only plus VAT. Annual Central Depository System (CDS) connection fee will be TK. 6,000 only plus VAT.

2.14 Fund registration and annual fees

The fund has paid Tk 10,000 only to the Bangladesh Securities and Exchange Commission as registration fee. In addition, the fund will have to pay @ 0.10% of the fund value or Tk. 50,000 whichever is higher, as annual fee in term of Bangladesh Securities and Exchange Commission (Mutual Fund) Rules, 2001.

2.15 Revenue recognition

a) Dividend income is recognized on the ex-dividend date, which is considered as the date when rights to receive dividend is established.

b) Capital gains are recognized on being realized.

c) Bonus shares have been recognized at zero cost.

d) Interest on Fixed Deposit and Short-Term Deposit is recognized as income on accrual basis.

2.16 Taxation

As per Tax Poripotra-2023-24, Tax Act-2023. Finance Act-2023, part-1 of the 6th schedule, all types of income received from mutual funds are free from tax.

2.17 Preliminary and issue expenses

As per Bangladesh Securities and Exchange Commission (Mutual Fund) Rules, 2001 preliminary and issue expenses are being written off over a period of 7 (seven) years. Where the fund will amortize preliminary and issue expenses within 5 years on a straight-line method.

2.18 Net asset value (NAV) per unit

The mutual fund calculates Net Asset Value per share using the cost and market value, which has been shown on the face of statement of financial position and the computation of NAV per unit is stated in Note 14 and 15.

2.19 Earning per unit

The mutual fund calculates Earning per Unit (EPU) in accordance with IAS 33. Earnings per Share, which has been shown on the face of the statement of profit or loss and other comprehensive income.

2.20 General

Figures appearing in these financial statements have been rounded off to nearest Taka.

2.21 Comparative information

The financial statement provides comparative information in respect of the previous period for all amount reported in the current period's financial statements. Comparative figures have been re-arranged and restated wherever considered necessary to ensure better comparability with the current period without causing any impact on the profit and value of assets and liabilities as reported in the financial statements.



Notes	Particulars	Amount in taka	
		31 Dec 2025	31 Dec 2024

3.00 Preliminary and issue expenses

Preliminary and issue expenses	1,813,046	2,496,908
Less: Amortization made during the period	(681,994)	(683,862)
	1,131,052	**1,813,046**

As per Bangladesh Securities and Exchange Commission (Mutual Fund) Rules, 2001 preliminary and issue expenses should be written off within 7 (seven) years. The fund, however, disclosed its policy for writing off preliminary expenses over 5 years in the prospectus. The management has charged amortization for the full period in current year.

4.00 Investments in securities and BGT. bond and bill

Investment in shares	66,634,536	61,084,536
Bangladesh Government Treasury Bond	152,856,961	59,819,046
Bangladesh Government treasury bills	7,387,045	88,214,915
	226,878,542	**209,118,496**

The value of investment shares in the secondary market is shown at the Cost price. According to prospectus note-3.5(2), not more than 70% of total assets of the fund shall be invested in capital market instruments. Of this at least 50% shall be invested in listed securities The Fund has invested 27.41% of the total net assets of the fund in the capital market instruments.

The fund also purchased Government treasury bond 05 year, 10 years, 05 years, 05 years & 20 years respectively which is present at the purchase price with a coupon rate of 12.30%, 10.48%, 12.38%, 12.38% & 12.24% respectively and 182 days government treasury bill from which is presented at the purchase price with a zero coupon rate.

As per IFRS 9, the treasury bond to be subsequently measured at amortised cost. However, the management decided to present the bond at cost price.

Details are given on "Annexure -A"

5.00 Premium on BGT. Bond

Opening Balance	14,432	-
Add: During the period	741,206	14,600
Less: Amortization	(74,987)	(168)
Clossing Balance	**680,651**	**14,432**

6.00 Investment in FDR

FDR-7607 MBPLC	-	5,574,608
FDR-1068 MBPLC	6,117,999	5,512,293
	6,117,999	**11,086,901**

The fund has one FDR in the money market with a 10.5% nterest rate that are paid on a quarterly basis. According to prospectus note-3.5(3) The Fixed Income Securities including term deposits shall not be however exceed 40% of the total assets of the fund. The fund has invested at FDR is 2.52% of the total assets of the fund.

Details are given on "Annexure-B"

7.00 Accounts receivable

Dividend receivable	Note-7.01	1,919,558	1,681,130
Other receivable	Note-7.02	3,574,377	6,064,721
		5,493,934	**7,745,851**

Notes	Particulars	Amount in taka	
		31 Dec 2025	31 Dec 2024
7.01	**Dividend receivable**		
	Meghna Petroleum Limited	400,000	340,000
	Square Pharmaceuticals PLC.	780,000	715,000
	Jamuna Oil Company Limited	630,000	525,000
	United Power Generation & Distribution Company Ltd.	109,558	101,130
		1,919,558	**1,681,130**
7.02	**Other receivable**		
	Interest on FDR	5,353	146,279
	Interest on SND	-	65,890
	Interest on BGT. Bond	3,539,740	1,274,729
	Interest on BGT. Bills	29,285	4,577,824
		3,574,377	**6,064,721**
8.00	**Advance, deposit & prepayments**		
	Annual CDBL fees	37,304	37,311
	Annual BSEC fees	110,779	107,533
		148,083	**144,845**
9.00	**Cash and cash equivalents**		
	Cash at Bank		
	Mercantile Bank PLC. A/C No: 1131000048326	2,691,725	7,963,107
		2,691,725	**7,963,107**
10.00	**Unit capital**		
	Opening balance	216,000,000	217,600,000
	Add: Unit capital gain/(loss)	-	(800)
	Less: Units surrendered	-	(1,599,200)
		216,000,000	**216,000,000**
11.00	**Retained earnings**		
	Opening balance	12,719,956	7,908,598
	Dividend paid for the previous year	(10,800,000)	(6,528,000)
	Unrealized gain/(loss)	-	(75,000)
	Net profit during the period	11,202,897	11,471,611
	Prior adjustment for newspaper publication bill payable	-	5,400
	Prior adjustment for dividend receivable	-	(62,654)
		13,122,853	**12,719,956**
12.00	**Provision for unrealized gain/(loss) on investment**		
	Opening balance	6,598,901	1,716,004
	Add: Addition during the year	4,845,123	4,882,897
	Closing Balance	**11,444,024**	**6,598,901**
13.00	**Liability for expenses**		
	Management fees	2,517,609	2,425,713
	Payable to MBL AML	-	4,600
	Audit fees	46,000	43,363
	Newspaper publication expenses	11,500	10,350
	Custodian fees	-	83,796
		2,575,109	**2,567,822**

Notes	Particulars	Amount in taka	
		31 Dec 2025	31 Dec 2024
14.00	**Net Asset Value (NAV) per unit at cost**		
	Net Asset Value (NAV) at market price	229,122,853	228,719,956
	Add: Unrealised gain/loss	11,444,024	6,598,901
	Net Asset Value (NAV) at cost price	**240,566,877**	**235,318,857**
	No. of unit	21,600,000	21,600,000
	Net Asset Value (NAV) per unit at cost price	**11.14**	**10.89**
15.00	**Net Asset Value per unit at market price**		
	Net Asset Value (NAV)	229,122,853	228,719,956
	Add: Unrealised gain/loss on BGT. Bond	9,922,541	-
	Net Asset Value (NAV) at fair price	**239,045,394**	228,719,956
	No. of unit	21,600,000	21,600,000
	NAV per unit at market price	**11.07**	**10.59**

Notes	Particulars	Amount in taka	
		From 1 Jan to 31 Dec 2025	From 1 Jan to 31 Dec 2024
16.00	**Interest income**		
	Fixed Deposits Receipts (FDR)	919,075	1,040,261
	Short Notice Deposit (SND)	619,032	950,770
	Amortization of BGT. Bond Discount	37,915	8,726
	Interest in BGT. Bills	2,820,136	12,794,996
	Interest in BGT. Bond	14,547,396	2,421,729
		18,943,553	**17,216,481**
17.00	**Gain/(loss) on sale of marketable securities**		
	AOPLC	-	86,474
	GIB	-	285,885
	SICL	-	281,057
	NRB Bank	-	365,383
	WEBCOATS	-	90,403
	CRAFTSMAN	-	76,279
		-	**1,185,481**
18.00	**Dividend income**		
	Marico Bangladesh Limited	571,662	270,270
	Lafarge Holchim Bangladesh Limited	166,500	310,500
	Grameenphone Ltd.	280,000	285,000
	Berger Paints Bangladesh Ltd.	262,500	250,000
	Bangladesh Submarine Cable Company Limited	69,800	83,149
	Meghna Petroleum Limited	400,000	340,000
	Deltalife Insurance Company	60,000	120,000
	Jamuna Oil Company Limited	630,000	525,000
	Square Pharmaceuticals PLC.	780,000	715,000
	Power Grid Company of Bangladesh	-	75,000
	Linde Bangladesh Limited	113,200	1,596,120
	United Power Generation & Distribution Company Ltd.	109,558	235,970
		3,443,220	**4,806,009**
19.00	**Administrative expenses**		
	Management fees	4,845,817	4,779,915
	Amortization of preliminary and issue expenses	681,994	683,863
	BSEC annual fees	220,148	218,578
	CDBL settlement and demat charges	46,007	54,689
	Trustee fees	223,092	221,408
	Custodian fees	84,350	229,552
	Expenses for Treasury Bond	-	474,077
	Amortization of BGT. Bond	74,987	168
	IPO application fees	-	3,000
	Brokerage commission	-	45,779
	Audit fees	48,637	43,363
	Newspaper publication expense	47,150	46,000
		6,272,182	**6,800,392**

Azizul Huq Chowdhury & Co. Chartered Accountants ahkc

Notes	Particulars	Amount in taka	
		From 1 Jan to 31 Dec 2025	From 1 Jan to 31 Dec 2024
20.00	**Bank charges**		
	Bank charges	66,570	53,070
		66,570	**53,070**
21.00	**Earning Per Unit (EPU)**		
	Net profit for the period	11,202,897	11,471,611
	No. of unit	21,600,000	21,600,000
	Earning per unit	**0.52**	**0.53**

22.00 Related party disclosure

Sl. No.	Related Parties	Relationship between the parties involved	Nature of the transaction	Balance as on	
				31 December 2025	31 December 2024
1	Mercantile Bank PLC	Parent-Subsidiary	Management Fees	4,845,817	4,779,915
2			FDR	6,117,999	11,086,901
3			SND	2,691,725	7,963,107
4	Mercantile Bank Securities Ltd.	Related Party	Share buy and sell from Secondary Market	66,634,536	61,084,536

Mercantile Bank Unit Fund
Schedule of Investment Portfolio
For the year ended 31 December 2025

"Annexure -A"

Investment in share

"Amount in taka"

Name of the securities	Sector	Number of share / unit	Average unit cost	Acquisition cost	Market rate	Market value	% of NAV	Sectoral exposuer as % of total asset at	Unrealised gain/ (loss)
Square Pharmaceuticals Ltd.	Pharmaceuticals & Chemical	65,000	210	13,637,000	199	12,909,000	5.72%	7.67%	(728,000)
Marico Bangladesh Limited		1,638	2,435	3,988,337	2,674	4,379,193	1.94%		390,856
Linde Bangladesh Limited	Fuel & Power	2,830	1,408	3,983,400	750	2,122,783	0.94%	7.01%	(1,860,617)
Power Grid Company of Bangladesh Ltd.		75,000	54	4,072,286	27	2,002,500	0.89%		(2,069,786)
Jamuna Oil Company Limited		35,000	173	6,044,129	168	5,876,500	2.61%		(167,629)
Meghna Petroleum Limited		20,000	202	4,047,687	192	3,848,000	1.71%		(199,687)
United Power Generation & Distribution Company Ltd.		16,855	237	3,988,052	116	1,956,866	0.87%		(2,031,186)
LafargeHolcim Bangladesh Limited	Manufacturing	45,000	70	3,127,500	47	2,101,500	0.93%	0.93%	(1,026,000)
Delta Life Insurance Company Ltd.	Insurance	20,000	147	2,940,300	68	1,360,000	0.60%	0.60%	(1,580,300)
Bangladesh Submarine Cable Company Limited	Telecommunication	17,450	228	3,983,830	127	2,209,170	0.98%	2.12%	(1,774,660)
Grameenphone Ltd.		10,000	262	2,616,000	258	2,579,000	1.14%		(37,000)
Berger Paints Bangladesh Ltd.	Others	10,000	1,421	14,206,016	1,385	13,846,000	6.14%	6.14%	(360,016)
Total				**66,634,536**		**55,190,512**	**24.47%**	**24.47%**	**(11,444,024)**

Bangladesh Government Treasury Bond

"Amount in taka"

Government Treasury Bond	Issue date	Maturity Date	Tenure	Face Value	Bond Price/ Total Offered Price	Premium/ (Discount)	Coupon Rate	Market Value	Unrealised gain/ (loss)	Sectoral exposuer as % of total asset at cost	Investment as at 31 December, 2025
BD0929151050	9-Oct-24	9-Oct-29	1,826	40,000,000	39,810,320	(189,680)	12.30%	42,639,280	2,828,960	17.46%	39,856,961
BD0935031106	23-Jul-25	23-Jul-35	3,652	38,000,000	38,162,906	162,906	10.48%	37,853,662	(309,244)	16.58%	38,162,103
BD0929241059	11-Dec-24	11-Dec-29	1,826	20,000,000	20,014,600	14,600	12.38%	21,417,900	1,403,300	8.73%	20,011,514
BD0929241059	11-Dec-24	11-Dec-29	1,826	30,000,000	30,354,300	354,300	12.38%	32,126,850	1,772,550	13.09%	30,284,705
BD0945461202	28-May-25	28-May-45	7,305	25,000,000	25,224,000	224,000	12.24%	29,450,975	4,226,975	10.91%	25,222,329
Total				**153,000,000**	**153,566,126**			**163,488,667**	**9,922,541**	**66.78%**	**153,537,612**

Bangladesh Government Treasury Bills

"Amount in taka"

Government Treasury Bill	Issue date	Maturity Date	Yield	Face Value	Purchase cost	Market Value	Sectoral exposuer as % of total asset at cost	Unrealised gain/ (loss)
BD0918209265	11-Aug-25	9-Feb-26	95.07%	7,500,000	7,387,045	7,412,993	3.22%	-
Total				**7,500,000**	**7,387,045**	**7,412,993**	**3.22%**	-

Mercantile Bank Unit Fund
Schedule of Fixed deposit receipts (FDR)
For the year ended 31 December 2025

"Annexure -B"

SL	Bank Name	FDR Number	Deposited Date	Maturity Date	Purchase amount	% of NAV	Interest Rate	Interest Income	TDS	Closing Amount in taka
01	Mercantile Bank PLC	1410001451068	28-Dec-23	28-Mar-26	5,000,000	2.52%	10.50%	1,112,273	-	6,117,999
Total					**5,000,000**			**1,112,273**	**-**	**6,117,999**

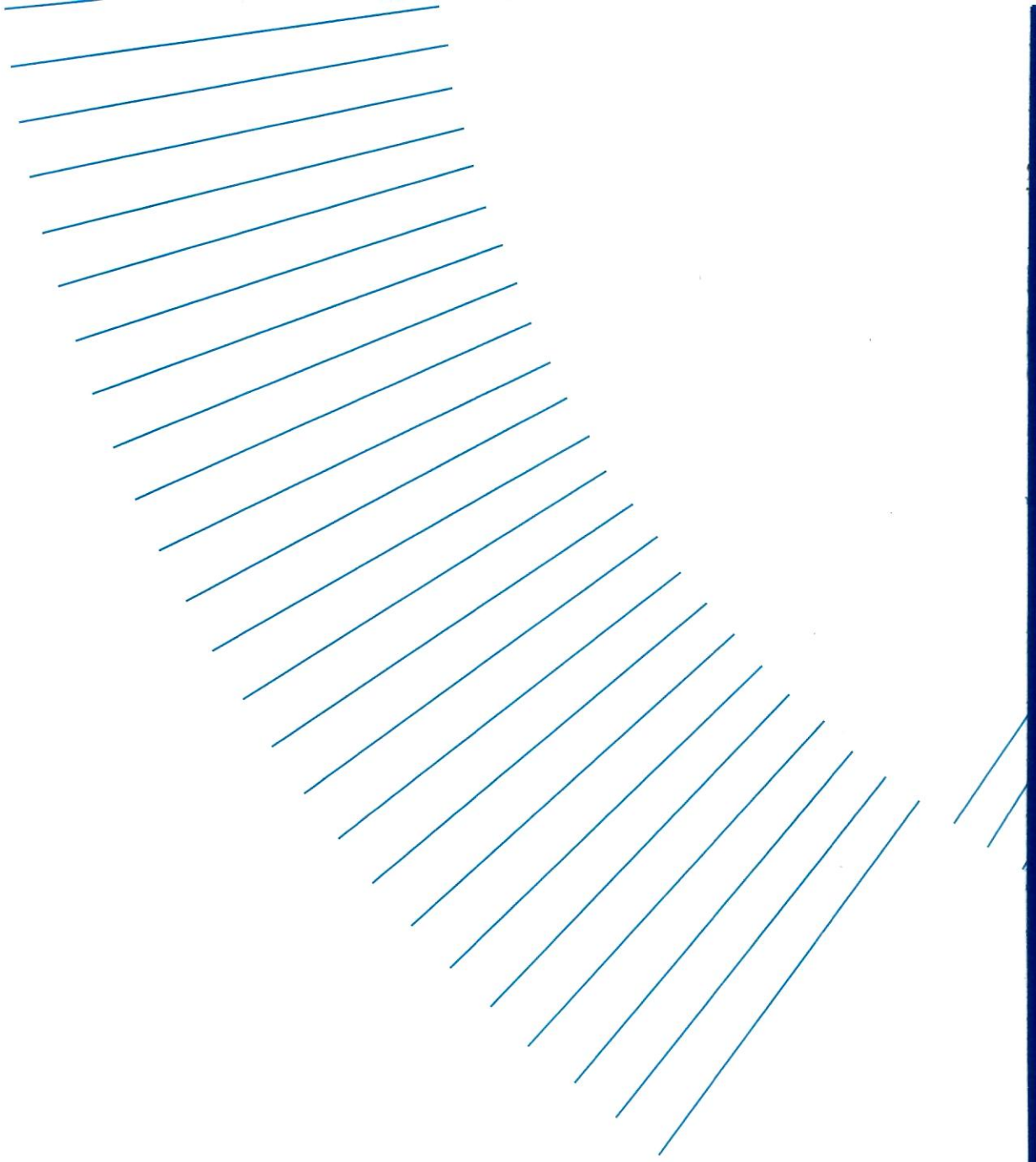
Mercantile Bank Unit Fund

List of Unit Subscribers

For the year ended 31 December 2025

"Annexure -C"

Name of The Subscribers	No. of Unit	Per Unit Taka	Total Amount in taka
Mercantile Bank LTD.	5,000,000	10	50,000,000
ICB Asset Management Ltd.	100,000	10	1,000,000
National Life Insurance Ltd.	5,000,000	10	50,000,000
Mercantile Bank LTD.	2,500,000	10	25,000,000
LRG (DBH First Mutual Fund)	681,965	10	6,819,650
LRG (Green Delta Mutual Fund)	835,006	10	8,350,060
LRG (AIB 1st Islami Mutual Fund)	524,611	10	5,246,110
LRG (MBL 1st Mutual Fund)	546,298	10	5,462,980
LRG (LR Global Bangladesh Mutual Fund)	1,778,728	10	17,787,280
LRG (NCCBL Mutual Fund-1)	633,392	10	6,333,920
Mercantile Bank Securities Limited (Dealer)	3,000,000	10	30,000,000
IDLC Finance Limited	1,000,000	10	10,000,000
Total	**21,600,000**		**216,000,000**



PKF AHKC

Aziz Halim Khair Choudhury, Chartered Accountants
House 75/A, Road #5/A, Abasar Bhaban (2nd Floor),
Dhanmondi, Dhaka-1209.

Tel: +8809613339090-92
E-mail: pkfahkc.co@pkfahkcbd.com, ahkc@ahkcbd.com
Website: www.pkfahkcbd.com

Aziz Halim Khair Choudhury Chartered Accountants is a member of PKF Global, the network of member firms of PKF International Limited, each of which is a separate and independent legal entity and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm(s).