

The Dhaka Mercantile Co-operative Bank Limited
19, Indira Road, Farmgate
Tejgaon, Dhaka, 1215

The Dhaka Mercantile Co-operative Bank Limited

Auditor's report and financial statements
For the year ended 30 June 2024

S. F. AHMED & CO.

Chartered Accountants | Since: 1958

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Independent Auditor's Report

To the Shareholders/ Members of The Dhaka Mercantile Co-operative Bank Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Dhaka Mercantile Co-operative Bank Limited (the Society/Bank), which comprise the statement of financial position (balance sheet) as at 30 June 2024, and the statement of profit or loss and other comprehensive income (profit and loss account), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 30 June 2024 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with 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 Project in accordance with the ethical requirement that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, the Co-operative Societies Act, 2001 and Rules, 2004 and other applicable laws and regulations, 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 or error.

In preparing the financial statements, management is responsible for assessing the Bank'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 Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank'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 as a whole 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



Independent Auditor's Report (continued)

As part of an audit in accordance with ISAs, we exercise professional judgement 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 Bank's internal control.
- 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 Bank'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 Bank 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 gives a true and fair view.

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.

Other matter

The DMCB has one hundred and forty seven (147) branches out of which we have conducted the audit of the fifteen (15) branches.

Auditor's Signature

Name of Engagement Partner

Enrollment No.

Firm's Name

Firm's Reg No.


: Md. Moktar Hossain, FCA, Senior Partner
: 728
: S. F. AHMED & CO., Chartered Accountants
: 10898 E.P. under Partnership Act 1992



Document Verification Code (DVC)

: 2408200720 AS380015

Dhaka, Bangladesh

Dated 20 AUG 2024

The Dhaka Mercantile Co-operative Bank Limited

Statement of Financial Position (Balance Sheet)
As at 30 June 2024

	Notes	2024 BDT	2023 BDT
Property and assets			
Cash in hand		322,097,142	64,384,195
Balance with banks and non-banking financial institutions	3	6,120,892,911	4,221,356,746
		<u>6,442,990,053</u>	<u>4,285,740,941</u>
Investments			
Bai - murabaha (micro)	4	30,670,378,008	29,681,458,789
Bai - murabaha (general)	5	2,911,871,775	2,616,097,427
Bai - murabaha (cash credit)	6	2,561,224,302	3,501,421,921
Bai - murabaha (SOD)	7	884,436,924	895,455,035
Bai - muazzal (consumer)	8	10,107,740	9,188,569
Bai - muazzal (staff)	9	1,088,020,140	783,207,936
Hire purchase under shirkatul meelk	10	9,185,801	7,589,532
Quard - e - hasana	11	13,796,461	10,923,649
Bai - murabaha (seasonal)	12	33,628,937	36,134,274
		<u>38,182,650,088</u>	<u>37,541,477,132</u>
Fixed assets (property, plant and equipment)	13	1,451,124,007	1,427,537,291
Other assets	14	870,621,494	810,139,860
Total assets		<u>46,947,385,642</u>	<u>44,064,895,224</u>
Liabilities and equity			
Liabilities			
Financing (borrowing) from banks	15	2,103,676,953	2,532,531,533
Deposits			
Al - wadeeah current and other deposits	16	4,358,956,852	4,187,480,178
Mudaraba saving deposits		738,511,515	738,399,566
Mudaraba term deposits	17	17,719,579,168	16,655,735,529
Other mudaraba deposits	18	19,134,481,555	17,481,620,777
		<u>41,951,529,090</u>	<u>39,063,236,050</u>
Other liabilities	19	2,221,947,392	1,948,364,874
Total liabilities		<u>46,277,153,435</u>	<u>43,544,132,457</u>
Equity			
Share capital	20	63,290,500	62,320,190
General reserve	21	320,698,123	264,375,883
Retained earnings	22	286,243,584	194,066,694
Total equity		<u>670,232,207</u>	<u>520,762,767</u>
Total liabilities and equity		<u>46,947,385,642</u>	<u>44,064,895,224</u>

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

For and on behalf of the board of The Dhaka Mercantile Co-operative Bank Limited


Chairman



Dhaka, Bangladesh

Dated, **20 AUG 2024**



Deputy Managing Director

See annexed report of the date



S. F. AHMED & CO.

Chartered Accountants

DVC:

2408200728 AS300015

The Dhaka Mercantile Co-operative Bank Limited

Statement of Profit or Loss and Other Comprehensive Income (Profit and Loss Account)
For the year ended 30 June 2024

	Notes	2024 BDT	2023 BDT
Profit on investments	23	8,509,007,414	8,038,403,500
Profit paid on deposits and borrowings	24	(3,237,094,906)	(2,895,369,859)
Net investment income		5,271,912,508	5,143,033,641
Other operating income	25	99,674,130	128,636,103
Total operating income		5,371,586,638	5,271,669,744
Operating expenses			
Salary, remuneration and allowances	26	3,844,925,728	3,698,442,443
Rent, taxes, insurance, electricity, etc.	27	408,131,373	335,022,939
Legal expenses		34,915,152	19,330,024
Postage, stamps, telecommunications, etc.	28	29,563,288	13,888,363
Stationery, printing, advertisement, etc.	29	74,057,532	124,986,536
Audit and professional fees		3,290,750	2,053,000
Depreciation, repair and maintenance of assets	30	159,642,112	163,851,676
Other expenses	31	422,514,351	577,325,114
Total operating expenses		4,977,040,286	4,934,900,095
Profit before provision and tax		394,546,352	336,769,649
Provision for bad and doubtful debt	32	73,124,265	78,252,596
Profit before tax		321,422,087	258,517,053
Provision for taxation (current tax)	33	96,133,127	37,193,490
Profit for the year		225,288,960	221,323,563
Appropriation			
General reserve		56,322,240	55,330,891
Provision for co-operative development fund		11,836,391	10,103,089
Staff welfare fund		4,505,779	4,426,471
Recreation and sports fund		6,758,669	6,639,706
Incentive bonus		11,264,448	11,066,178
Reserve for profit payable		11,264,448	11,066,178
Dividend (proposed)		31,160,095	30,390,220
Total appropriations	34	133,112,070	129,022,733
Profit after appropriation	22	92,176,890	92,300,830

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

For and on behalf of the board of The Dhaka Mercantile Co-operative Bank Limited


Chairman



Dhaka, Bangladesh
Dated: **20 AUG 2024**



Deputy Managing Director
See annexed report of the date



S. F. AHMED & CO.
Chartered Accountants
DVC:

2408200728 AS380015

The Dhaka Mercantile Co-operative Bank Limited

Statement of Changes in Equity
For the year ended 30 June 2024

	Share capital BDT	General reserve BDT	Retained earnings BDT	Total BDT
Balance as at 30 June 2022	60,780,440	209,044,992	77,555,369	347,380,801
Addition during the year	1,539,750	-	-	1,539,750
Profit appropriated to general reserve	-	55,330,891	-	55,330,891
Profit after appropriation	-	-	92,300,830	92,300,830
Transferred from dividend payable	-	-	24,210,495	24,210,495
Balance as at 30 June 2023	62,320,190	264,375,883	194,066,694	520,762,767
Balance as at 30 June 2023	62,320,190	264,375,883	194,066,694	520,762,767
Addition during the year	970,310	-	-	970,310
Profit appropriated to general reserve	-	56,322,240	-	56,322,240
Profit after appropriation	-	-	92,176,890	92,176,890
Balance as at 30 June 2024	63,290,500	320,698,123	286,243,584	670,232,207

For and on behalf of the board of The Dhaka Mercantile Co-operative Bank Limited


Chairman



Dhaka, Bangladesh

Dated, **20 AUG 2024**


Deputy Managing Director

The Dhaka Mercantile Co-operative Bank Limited

Statement of cash flows
For the year ended 30 June 2024

	2024 BDT	2023 BDT
A. Cash flows from operating activities		
Profit before tax	321,422,087	258,517,053
Adjustment for non-cash items:		
Depreciation	146,818,658	150,057,889
Loss/(Gain) on sale of fixed assets	2,083,341	(6,236,045)
Operating profit before working capital	470,324,086	402,338,897
(Increase)/decrease in current assets:		
Investments	(641,172,956)	(7,519,711,826)
Other assets	(58,543,948)	(234,842,414)
Increase/(decrease) in current liabilities:		
Deposits	2,888,293,040	5,123,685,362
Other liabilities	137,853,051	489,729,854
Cash generated from/(used in) operating activities	2,326,429,187	(2,141,139,024)
Income tax paid	(39,131,176)	(32,450,268)
Net cash from/(used in) operating activities	2,757,622,097	(1,771,250,395)
B. Cash flows from investing activities		
Acquisition of fixed assets	(178,149,879)	(188,178,513)
Receipts from disposal of fixed assets	5,661,164	15,050,985
Net cash from/(used in) investing activities	(172,488,715)	(173,127,528)
C. Cash flows from financing activities		
Increase in share capital	970,310	1,539,750
Financing (borrowing) from banks	(428,854,580)	1,989,259,747
Net cash from/(used in) financing activities	(427,884,270)	1,990,799,497
D. Net changes in cash and cash equivalents (A+B+C)	2,157,249,112	46,421,574
E. Opening cash and cash equivalents	4,285,740,941	4,239,319,367
F. Closing cash and cash equivalents (D+E)	6,442,990,053	4,285,740,941
Cash and cash equivalents:		
Cash in hand	322,097,142	64,384,195
Balance with banks and non-banking financial institutions	6,120,892,911	4,221,356,746
	6,442,990,053	4,285,740,941

For and on behalf of the board of The Dhaka Mercantile Co-operative Bank Limited


Chairman


Deputy Managing Director



Dhaka, Bangladesh

Dated, **20 AUG 2024**

The Dhaka Mercantile Co-operative Bank Limited

Notes to the financial statements
For the year ended 30 June 2024

1. Background of the bank/society

1.1 Legal status of the bank/ society

The Dhaka Mercantile Co-operative Bank Limited (the Bank/Society) was registered with the Government under the "The Bengal Co-operative Societies Act, 1940 (Bengal Act XXI of 1940)" dated 6 January 1973. After registration, its Bye Laws were prepared for operating the activities of the Bank. In the Bye Laws, unless there is anything repugnant in the subject of context:

- (a) Act means the Bengal Co-operative Societies Act, 1940.
- (b) Rules mean the Bengal Co-operative Societies Rules, 1942.

In the case of The Dhaka Mercantile Co-operative Bank Limited, the words, 'Society' and the 'Bank' has become synonymous.

1.2 Objectives of DMCB

- i) To improve the socio-economic condition of the members of the society through the extension of investments for their small and medium enterprises, trades, agriculture etc.
- ii) To reduce unemployment by investing and augmenting economic activities which leads to the creation of jobs and steady income.
- iii) Encouraging and motivating the new entrepreneurs to establish industries and businesses in line with the development of the national economy.
- iv) Enhancing savings tendency of the members by offering attractive and lucrative new savings schemes.
- v) Promoting the mobilization of savings both from urban and rural areas.
- vi) To procure funds, particularly from the small savers for investments.
- vii) To extend security-free investments to attract the less-privileged towards co-operative society.
- viii) To aid the members of our society in understanding individual and communal goals and moving towards a better future.
- ix) To explore the needs of the common people including businessman and professionals.

1.3 Business philosophy of DMCB

Part of DMCB's business philosophy is to keep moving and developing with the changing era. What sets DMCB apart from other co-operative banks/society its operational accuracy which it has mastered gradually over the years. Through the development of key human resources and excellent service to its members, DMCB aims to be the leader in the Bangladeshi Co-operative Sector. The other half of our philosophy is to assist in the development of our national economy to its highest potential.

1.4 Corporate governance

The Dhaka Mercantile Co-operative Bank Limited is a 100% locally sponsored Co-operative Bank/Society as per the Co-operative Societies Act. The bank/society has given proper importance to the compliance of all the rules, regulations and guidelines of Co-operative Society and other regulatory bodies.

Corporate Governance refers to the structure and process for the direction and control of the Bank. This is the framework of rules and practices by which a Board of Directors ensures accountability, fairness, and transparency in the institution's relationship with its all stakeholders. The Board reviews the policies and operating procedures of the various segments of businesses in order to establish effective risk management in investment and other key areas of operations. DMCB has continued to practice good corporate governance at all levels. It enables the bank/society to establish professionalism combined with trust and confidence among the interested parties, build the capacity necessary to operate the business efficiently, and create a congenial working environment that will inevitably meet the challenges of the present competitive business arena. The bank/society has established a clear outline for each sector to ensure corporate governance and functionality. To improve awareness of corporate governance, the members of the Board and the Management are encouraged to join seminars, workshops and other programs.



The Dhaka Mercantile Co-operative Bank Limited

Notes to the financial statements
For the year ended 30 June 2024

1.5 Structure of the board

The board is elected according to the Co-operative Societies Act, Rules and Bye laws. The Board of Directors of DMCB is a professionally run forum having members from various backgrounds and professions.

The Board is primarily responsible for strategy and policy formulations and for taking decisions on business, operational and financial matters alongside ensuring compliance and risk management of the bank/society. The management of the bank/society operates within the set policies, guidance and limits approved by the Board.

2. Significant accounting policies

2.1 Basis of measurement

The financial statements have been prepared on a going concern basis under the historical cost convention.

2.2 Functional and presentation currency

The financial statements are presented in Bangladeshi Taka (BDT), which is also the functional currency of the Bank.

2.3 Reporting period

The financial statements are prepared for a period from 1 July 2023 to 30 June 2024.

2.4 Components of the financial statements

Following are the components of the financial statements:

- (i) Statement of financial position (balance sheet);
- (ii) Statement of profit or loss and other comprehensive income (profit and loss account);
- (iii) Statement of changes in equity;
- (iv) Statement of cash flows;
- (v) Explanatory notes to the financial statements which also describe accounting policies adopted and followed by the Bank.

2.5 Revenue recognition

Revenue is recognized as follows complying with the conditions of revenue recognition as provided:

- i) Profit on Bai - murabaha (micro) investments is recognized on a cash basis.
- ii) Profit on other investments is recognized on an accrual basis.
- iii) Fees and other income on services provided by the co-operative bank/society are recognized as and when the services are rendered.

2.6 Profit paid on deposits and borrowings

- i) Profit paid to different mudaraba depositors has been recognized on the accrual basis as per the provisional rate.
- ii) Profit paid on borrowings is accounted for on the accrual basis.

2.7 Other operating expenses

All other operating expenses are provided for in the books of the account on the accrual basis.

2.8 Reconciliation of books of accounts

Books of account concerning inter-branch transactions are reconciled and no material difference was found which may affect the financial statements significantly.



The Dhaka Mercantile Co-operative Bank Limited

Notes to the financial statements
For the year ended 30 June 2024

2.9 Fixed assets and depreciation

All fixed assets are stated at cost less accumulated depreciation which is charged on the "straight-line method" applying the following rates:

<u>Category of asset</u>	<u>Rate of depreciation</u>
Land	Nil
Building	5%
Furniture and fixtures	10%
Office equipment	20%
Electrical appliances	20%
Computers equipment	20%
Motor vehicles	20%
Others	10%

For the addition of an asset, depreciation is charged from the date of purchase and for disposal depreciation is charged up to the date of disposal.

2.10 Cash in hand and balance with banks and non-banking financial institutions

Cash in hand and balance with banks and non-banking financial institutions include notes and coins in hand and balances held with other banks and non-banking financial institutions that are readily available amounts of cash and which are subject to an insignificant risk of changes in value.

2.11 Investments

Investments are stated at the net receivable amount of profit on 30 June 2024 except Quard - e - hasana investments are stated at the gross amount on 30 June 2024.

2.12 Deposits

Deposits are recognized when the bank/society enters into contractual agreements with the counterparties, which are generally on trade date and initially measured at the amount of consideration received.

2.13 Financing (borrowing) from other banks

Borrowed funds include secured overdrafts from different commercial banks and non-banking financial institutions. These are stated in the balance sheet as amounts payable. Profit/interest paid/payable on these borrowings is charged to the profit and loss account.

2.14 Provision for bad and doubtful debt

Provisions for bad and doubtful debt are made on the basis of year-end review by the managing committee.

2.15 Provision for taxation

As per the Income Tax Act 2023 provision for income tax has been made by applying applicable @ 20% after considering adjustments of income and expenditure as per income tax laws.

2.16 General reserve

Provision for general reserve has been made @ 25% on profit in compliance with minimum 15% requirement as prescribed in the Co-operative Societies Act.

2.17 Co-operative development fund

Provision for co-operative development fund has been made @ 3% on profit before provision and tax as prescribed in the Co-operative Societies Act.

2.18 Staff welfare fund

The Dhaka Mercantile Co-operative Bank Limited has established a staff welfare fund for regular and confirmed employees. The fund is subscribed by the monthly contribution of the employees and also a percentage of net profit earned by the bank of each financial year and contributed by the bank. This fund is mainly used to provide coverage in the event of accidental death, permanent disabilities, clinical treatment, marriage ceremony, etc. and also payment of scholarships to the meritorious students among the children of DMCB's employees. Disbursement from the fund is done as per rules for employees' welfare fund. Provision for staff welfare fund has been made @ 2% on profit as per Co-operative Societies Act.



The Dhaka Mercantile Co-operative Bank Limited

Notes to the financial statements
For the year ended 30 June 2024

2.19 Recreation and sports fund

The Dhaka Mercantile Co-operative Bank Limited, has created a recreation and sports fund for its staff. The fund is subscribed at a percentage of net profit earned by the bank/society each financial year. Provision for recreation and sports fund has been made @ 3% on profit as per Co-operative Societies Act.

2.20 Incentive bonus

This fund is used for payment to respective employees in recognition of their outstanding performance/ contributions to the bank/society. The fund shall be subscribed at a percentage of net profit earned by the bank/society each financial year. Provision for incentive bonus has been made @ 5% on profit as per Co-operative Societies Act.

2.21 Dividend

Dividend has been proposed @ 50% on share capital for the year ended 30 June 2023, which comes to BDT 31,160,095.

2.22 Distribution of profit under islami banking operation

DMCB operates its activities in complying with the rules of Islamic shariah, which absolutely prohibits receipts and payments of interest in any form. This year 38% of the full year's investment income is distributed to the different types of Mudaraba depositors according to the weightage and the remaining investment income is retained by the bank/society to meet administrative expenses and various reserves and provisions.

Provisional rate of its being applied to the different types of depositors at the rates decided by the bank/society from time to time taking into consideration of the business trend and of the rates of other institutions of Bangladesh. Final rates of profit are declared annually on the basis of income earned from different types of investments and distributed as per weightage of the different types of deposit products.

2.23 Provident fund

Provident Fund benefits are given to the permanent employees of the DMCB in accordance with DMCB's service rules. Accordingly, a trust deed and provident fund rules were prepared. The Commissioner of Income Tax, Taxes Zone-4, Dhaka has approved the provident fund as a recognized provident fund within the meaning of section 2(52), read with the provisions of part-B of the First Schedule of Income Tax Ordinance 1984. The recognition took effect on 31 May 2013. The fund is operated by a Board of Trustees consisting of five members (3 members from management and other 2 members from the Board of Directors) of the bank/ society. All confirmed employees of the bank/society are contributing 10% of their basic salary as a subscription to the fund. The bank/society also contributes an equal amount to the employee's contribution. Profit earned from the investments is credited to the member's account on yearly basis.

2.24 Gratuity fund

The Gratuity Fund for the regular and confirmed employees of the bank/ society was established on 1st July 2016. The employees who served at least 10 (ten) years at the bank/ society are entitled to get a gratuity equivalent to 1 (one) month's basic pay and those were served for 20 (twenty) years are entitled to get 1.5 (one and half) months' basic pay for each completed years of service and fraction thereof.

2.25 Leases

IFRS 16 is effective for annual periods beginning on or after 1 January 2020 which replaces the previous guidance in IAS 17 Leases. Under this revised guidance, leases will be brought on to the organisations' balance sheets, increasing the visibility of it's assets and liabilities. It further mostly removes the classification of leases as either operating leases or finance leases. therefore, eliminating the requirement for a lease classification test.

Applying IFRS 16 leases, except for short term leases (lease term of a year or less) and leases of low value assets, are recognized as the right of use assets and recognized lease liabilities in the statement of financial position, initially measured as the present value of future lease rental payment on its initial application.

The Dhaka Mercantile Co-operative Bank Limited

Notes to the financial statements
For the year ended 30 June 2024

The bank/society has entered into rental agreements for its office spaces. In all cases, the lease term is for more than one year, and some of the leases have an escalation and renewal clause. There are no directions imposed by the guidelines of the co-operative department for co-operative bank/society to follow lease standards. For the co-operative bank/society has not given any effect for such.

2.26 Reason for departures from IFRS

Sl no.	Area	IAS/IFRS	DMCB
i)	Provision on loans/ investments	As per IFRS 9, an entity shall recognise an impairment allowance on loans/investments based on expected credit losses. Expected credit losses are required to be measured through a loss allowance at an amount equal to: (i) the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or (ii) full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument). For loans investments whose credit risk increased significantly since initial recognition, a loss allowance for full lifetime expected credit losses is required. For loans investments whose credit risk didn't increased significantly, a loss allowance equal to the 12-month expected credit losses is required.	To maintain provision the Bank follows 1% provisional rate regarding good and irregular loan/investments and 20% provisional rate regarding doubtful and bad loss loan investments. As per the directives issued by management vide letter no MCB/01/CAD/438 2023 dated 18 July 2023 provision have been maintained on Bai - murabaha (micro) investments at the rate of 75% based on outstanding month end value of investments. However, it is important to note that the above mentioned cases are more conservative/ prudent than the Co-operative Societies Act and rules prescribed provisional and write-off guidelines regarding loan/investments.
ii)	Leases	As per IFRS 16, except for short term leases (lease term of a year or less) and leases of low value assets, are recognized as the right of use assets and recognized lease liabilities in the statement of financial position, initially measured as the present value of future lease rental payment on its initial application.	The Bank has entered into rental agreements for its office spaces. In all cases, the lease term is for more than one year, and some of the leases have an escalation and renewal clause. There are no directions imposed by the guidelines of the co-operative department for co-operative bank/society to follow lease standards and hence this has not been adopted.



The Dhaka Mercantile Co-operative Bank Limited

Notes to the financial statements
For the year ended 30 June 2024

	2024 BDT	2023 BDT
3. Balance with banks and non-banking financial institutions		
Current account	355,453,255	266,638,361
Short term deposit account	60,125,736	49,404,465
Other deposits account (TDR/FDR)	5,705,313,920	3,905,313,920
	6,120,892,911	4,221,356,746
4. Bai - murabaha (micro)		
Bai - murabaha (micro)	34,839,873,001	33,744,541,841
Less: Profit receivable on bai - murabaha (micro)	4,169,494,993	4,063,083,052
	30,670,378,008	29,681,458,789
5. Bai - murabaha (general)		
Bai - murabaha (general)	2,992,737,125	2,701,072,458
Less: Profit receivable on bai - murabaha (general)	80,865,350	84,975,031
	2,911,871,775	2,616,097,427
6. Bai - murabaha (cash credit)		
Bai - murabaha (cash credit)	2,584,403,323	3,531,431,723
Less: Profit receivable on bai - murabaha (cash credit)	23,179,021	30,009,802
	2,561,224,302	3,501,421,921
7. Bai - murabaha (SOD)		
Bai - murabaha (SOD)	884,639,139	895,657,250
Less: Profit receivable on bai - murabaha (SOD)	202,215	202,215
	884,436,924	895,455,035
8. Bai - muazzal (consumer)		
Bai - muazzal (consumer)	13,322,584	13,394,620
Less: Profit receivable on bai - muazzal (consumer)	3,214,844	4,206,051
	10,107,740	9,188,569
9. Bai - muazzal (staff)		
Bai - muazzal (staff)	1,088,400,373	783,588,169
Less: Profit receivable on bai - muazzal (staff)	380,233	380,233
	1,088,020,140	783,207,936
10. Hire purchase under shirkatul meelk		
Hire purchase under shirkatul meelk	10,635,523	8,710,566
Less: Profit receivable on hire purchase shirkatul meelk	1,449,722	1,121,034
	9,185,801	7,589,532
11. Quard - e - hasana		
Quard - e - hasana (general)	3,530,000	3,015,000
Quard - e - hasana (staff)	10,266,461	7,908,649
	13,796,461	10,923,649
12. Bai - murabaha (seasonal)		
Bai - murabaha (seasonal)	45,586,460	49,093,207
Less: Profit receivable on bai - murabaha (seasonal)	11,957,523	12,958,933
	33,628,937	36,134,274



The Dhaka Mercantile Co-operative Bank Limited

Notes to the financial statements
For the year ended 30 June 2024

	2024 BDT	2023 BDT
13. Fixed assets (property, plant and equipment)		
Cost:		
Opening balance	2,239,983,787	2,086,442,511
Add: Addition during the year	178,149,879	188,178,513
	2,418,133,666	2,274,621,024
Less: Disposal during the year	37,868,395	34,637,237
Closing balance (A)	2,380,265,271	2,239,983,787
Accumulated depreciation:		
Opening balance	812,446,496	688,210,904
Add: Charge for the year	146,818,658	150,057,889
	959,265,154	838,268,793
Less: Disposal during the year	30,123,890	25,822,297
Closing balance (B)	929,141,264	812,446,496
Written down value (A-B)	1,451,124,007	1,427,537,291
Details are in Annex A.		
14. Other assets		
Advance office rent	409,568,904	457,207,906
Profit receivable on other investments (TDR/FDR)	228,643,902	133,297,210
Head office general a/c	-	5,038,948
Advance income tax (14.1)	84,779,234	82,841,548
Suspense account	109,069,941	94,052,489
Advance against VAT	18,641,862	18,641,862
Stock of stationery and printing materials etc.	17,237,558	16,482,159
Advance deposits	2,067,438	2,105,838
Receivable (bKash)	91,850	-
Stamps	520,805	471,900
	870,621,494	810,139,860
14.1 Advance income tax		
Opening balance	82,841,548	80,210,562
Add: Tax deducted at source on TDR/FDR profit	36,140,276	29,309,368
Advance tax paid for vehicles	2,952,500	3,102,500
Advance tax paid for house rent	38,400	38,400
	121,972,724	112,660,830
Less: Adjusted during the year	37,193,490	29,819,282
Closing balance	84,779,234	82,841,548
15. Financing (borrowing) from banks		
Pubali Bank Limited, Khamarbari Branch	1,447,605,148	943,753,093
National Bank Limited, Gulshan Branch	79,627,653	92,008,073
Southeast Bank Limited, Dhanmondi Branch	-	276,375,524
Agrani Bank Limited, B.A.F Branch	576,444,152	1,220,394,843
	2,103,676,953	2,532,531,533
16. AI - wadeeah current and other deposits		
AI - wadeeah current deposits	4,338,101,969	4,169,099,770
Sundry deposits	20,854,883	18,380,408
	4,358,956,852	4,187,480,178
17. Mudaraba term deposits		
Mudaraba term deposits	15,362,809,588	14,495,753,984
Add: Profit payable on mudaraba term deposits	2,356,769,580	2,159,981,545
	17,719,579,168	16,655,735,529



The Dhaka Mercantile Co-operative Bank Limited

Notes to the financial statements
For the year ended 30 June 2024

	2024 BDT	2023 BDT
18. Other mudaraba deposits		
Mudaraba special deposits scheme (note 18.1)	18,430,148,200	16,847,813,118
Add: Profit payable on mudaraba special deposits scheme	696,172,150	607,122,151
	19,126,320,350	17,454,935,269
Mudaraba short notice deposits	8,161,205	26,685,508
	19,134,481,555	17,481,620,777
18.1 Mudaraba special deposits scheme		
Mudaraba daily sanchay prokalpa	10,283,631,242	9,419,706,394
Mudaraba daily education prokalpa	156,363,737	157,394,061
Mudaraba daily marriage prokalpa	7,662,039	9,348,659
Mudaraba daily hajj prokalpa	8,698,081	12,113,241
Mudaraba weekly sanchay prokalpa	35,387,056	42,884,746
Mudaraba monthly sanchay prokalpa	7,715,947,580	7,002,344,848
Mudaraba education sanchay prokalpa	156,354,027	142,082,945
Mudaraba marriage sanchay prokalpa	56,276,020	53,457,388
Mudaraba hajj sanchay prokalpa	9,828,418	8,480,836
	18,430,148,200	16,847,813,118
19. Other liabilities		
Profit payable on financing (borrowings) from other banks	64,076,284	72,766,336
Payable to co-operative societies (note 19.1)	11,836,391	10,103,089
Staff welfare fund (note 19.2)	114,841,567	95,561,987
Recreation and sports fund (note 19.3)	8,802,488	7,274,903
Incentive bonus (note 19.4)	13,276,325	11,880,728
Dividend payable (note 19.5)	135,605,693	116,292,718
Reserve for profit payable (note 19.6)	18,947,377	17,397,256
Reserve for contingency (note 19.7)	-	2,262,696
With-holding tax (note 19.8)	25,936,771	40,384,319
With-holding VAT	6,094,882	39,631,099
Provident fund (note 19.9)	-	-
Special welfare fund (note 19.10)	8,303,097	7,504,996
Provision for bad and doubtful debt (note 19.11)	397,742,998	343,231,690
Provision for taxation (note 33)	96,133,127	37,193,490
Risk fund (note 19.12)	443,062,638	342,093,028
Investment loss provision micro (note 19.13)	853,331,164	745,798,974
Other payables (note 19.14)	23,956,590	58,987,565
	2,221,947,392	1,948,364,874
19.1 Payable to co-operative societies		
Opening balance	10,103,089	6,510,191
Add: Provision made during the year	11,836,391	10,103,089
	21,939,480	16,613,280
Less: Amount paid during the year	10,103,089	6,510,191
Closing balance	11,836,391	10,103,089
19.2 Staff welfare fund		
Opening balance	95,561,987	85,625,266
Add: Addition during the year from salary	22,058,862	19,795,941
Provision made during the year	4,505,779	4,426,471
	122,126,628	109,847,678
Less: Amount paid during the year	7,285,061	14,285,691
Closing balance	114,841,567	95,561,987



The Dhaka Mercantile Co-operative Bank Limited

Notes to the financial statements
For the year ended 30 June 2024

	2024 BDT	2023 BDT
19.3 Recreation and sports fund		
Opening balance	7,274,903	6,401,371
Add: Provision made during the year	6,758,669	6,639,706
	14,033,572	13,041,077
Less: Amount paid during the year	5,231,084	5,766,174
Closing balance	8,802,488	7,274,903
19.4 Incentive bonus		
Opening balance	11,880,728	6,206,060
Add: Provision made during the year	11,264,448	11,066,178
	23,145,176	17,272,238
Less: Amount paid during the year	9,868,851	5,391,510
Closing balance	13,276,325	11,880,728
19.5 Dividend payable		
Opening balance	116,292,718	115,307,963
Add: Provision made during the year	31,160,095	30,390,220
	147,452,813	145,698,183
Less: Transfer to retained earnings	-	24,210,495
Amount paid during the year	11,847,120	5,194,970
Closing balance	135,605,693	116,292,718
19.6 Reserve for profit payable		
Opening balance	17,397,256	11,637,362
Add: Provision made during the year	11,264,448	11,066,178
	28,661,704	22,703,540
Less: Amount paid during the year	9,714,327	5,306,284
Closing balance	18,947,377	17,397,256
19.7 Reserve for contingency		
Opening balance	2,262,696	12,262,696
Add: Provision made during the year	-	-
	2,262,696	12,262,696
Less: Amount paid during the year	2,262,696	10,000,000
Closing balance	-	2,262,696
19.8 With-holding tax		
Tax payable (profit on deposits)	12,221,411	13,896,776
Tax payable (others)	13,715,360	26,487,543
	25,936,771	40,384,319
19.9 Provident fund		
Opening balance	-	19,727,825
Add: Addition during the year (contribution)	247,370,179	226,119,633
	247,370,179	245,847,458
Less: Transfer to employees' provident fund	247,370,179	245,847,458
Closing balance	-	-
19.10 Special welfare fund		
Opening balance	7,504,996	6,460,077
Add: Addition during the year	798,101	1,044,919
	8,303,097	7,504,996
Less: Amount paid during the year	-	-
Closing balance	8,303,097	7,504,996



The Dhaka Mercantile Co-operative Bank Limited

Notes to the financial statements
For the year ended 30 June 2024

	2024 BDT	2023 BDT
19.11 Provision for bad and doubtful debt		
Opening balance	343,231,690	277,681,882
Add: Provision made during the year (note 32)	73,124,265	78,252,596
	416,355,955	355,934,478
Less: Adjustment/write off during the year	18,612,957	12,702,788
Closing balance	397,742,998	343,231,690
19.12 Risk fund		
Opening balance	342,093,028	208,202,273
Add: Addition during the year	150,821,445	157,828,238
	492,914,473	366,030,511
Less: Amount paid during the year	49,851,835	23,937,483
Closing balance	443,062,638	342,093,028
19.13 Investment loss provision micro		
Opening balance	745,798,974	435,630,996
Add: Addition during the year	138,195,809	310,167,978
	883,994,783	745,798,974
Less: Adjustment/write off during the year	30,663,619	-
Closing balance	853,331,164	745,798,974
19.14 Other payables		
Bonus	20,000,000	55,000,000
Electricity	1,951,944	1,834,591
Fuel	508,900	550,000
Sundry expenses	417,248	395,895
Service charge	85,293	324,725
Telephone charges	260,236	296,759
Gas	146,175	140,985
Water	164,554	133,000
Postage and courier	136,869	116,281
Internet bill	96,893	109,099
Mobile phone charges	147,028	46,230
Wages	41,450	40,000
	23,956,590	58,987,565
20. Share capital		
Opening balance	62,320,190	60,780,440
Add: Addition during the year	970,310	1,539,750
Closing balance	63,290,500	62,320,190
21. General reserve		
Opening balance	264,375,883	209,044,992
Add: Addition during the year	56,322,240	55,330,891
Closing balance	320,698,123	264,375,883
22. Retained earnings		
Opening balance	194,066,694	77,555,369
Add: Transferred from dividend payable	-	24,210,495
Profit after appropriation	92,176,890	92,300,830
Closing balance	286,243,584	194,066,694



The Dhaka Mercantile Co-operative Bank Limited

Notes to the financial statements
For the year ended 30 June 2024

	2024 BDT	2023 BDT
23. Profit on investments		
Profit on investments (note 23.1)	8,508,829,944	8,038,269,014
Profit on other bank accounts	177,470	134,486
	8,509,007,414	8,038,403,500
23.1 Profit on investments		
Profit on bai - murabaha (micro)	7,577,356,471	7,302,625,392
Profit on bai - murabaha (general)	185,547,346	146,111,376
Profit on bai - murabaha (cash credit)	160,428,597	148,832,919
Profit on bai - murabaha (SOD)	138,426,400	125,322,203
Profit on bai - muazzal (consumer)	897,702	1,288,790
Profit on bai - muazzal (staff)	77,962,631	54,479,601
Profit on hire purchase under shirkatul meelk	126,726	175,174
Profit on quard - e - hasana (staff)	1,018,846	753,281
Profit on bai - murabaha (seasonal)	497,034	877,683
Profit on investments (TDR/FDR)	366,568,191	257,802,595
	8,508,829,944	8,038,269,014
24. Profit paid on deposits and borrowings		
Profit paid on deposits (note 24.1)	3,136,459,927	2,796,442,271
Profit paid on borrowings	90,967,628	90,459,373
Profit paid on staff welfare fund	9,667,351	8,468,215
	3,237,094,906	2,895,369,859
24.1 Profit paid on deposits		
Profit paid on al-wadeeah current and mudaraba saving deposits	144,757,705	134,651,540
Profit paid on mudaraba term deposits	1,604,633,612	1,392,357,942
Profit paid on mudaraba special deposits	1,387,068,610	1,269,432,789
	3,136,459,927	2,796,442,271
25. Other operating income		
Membership fees	12,153,300	28,610,630
Incidental charges	35,703,139	33,105,072
SMS charges	24,864,247	24,167,737
Account closing fees and bank charges	15,039,813	16,285,410
Refund from PF forfeiture account (as per FRC circular)	804,626	9,226,492
Membership card charges	4,637,390	4,956,900
Documentation charges	2,258,205	2,166,720
Cheque book charges	1,169,168	1,376,168
Investment form charges	961,500	982,200
Rental income	768,000	768,000
Sundry income	751,979	247,296
Pass book charges	372,365	305,948
Remittance charges	190,398	201,485
Gain on sale of assets	-	6,236,045
	99,674,130	128,636,103



The Dhaka Mercantile Co-operative Bank Limited

Notes to the financial statements
For the year ended 30 June 2024

	2024 BDT	2023 BDT
26. Salary, remuneration and allowances		
Salary and remuneration	3,066,226,943	2,864,315,571
Bonus	350,496,259	396,407,759
Allowances	213,564,420	223,573,900
Bank's contribution to provident fund	123,638,106	111,933,698
Gratuity	91,000,000	102,211,515
	3,844,925,728	3,698,442,443
27. Rent, taxes, insurance, electricity, etc.		
Rent, taxes, rates and VAT	348,610,657	286,000,176
Electricity, gas and water	51,432,972	42,750,545
Insurance	5,912,478	5,908,764
Renewal, registration and licence fees	2,175,266	363,454
	408,131,373	335,022,939
28. Postage, stamps, telecommunications, etc.		
Internet charges	8,884,306	7,205,724
Postage and courier	4,365,659	4,324,623
Mobile phone & SMS charges	15,918,814	1,844,563
Telephone charges	394,509	513,453
	29,563,288	13,888,363
29. Stationery, printing, advertisement, etc.		
Office stationery and printing	53,778,515	69,015,667
Computer toner and accessories	17,086,366	51,786,856
Publicity and advertisement	1,236,263	2,010,060
Photocopy expenses	1,303,454	1,358,582
Medicine and medical accessories	652,934	815,371
	74,057,532	124,986,536
30. Depreciation, repair and maintenance of assets		
a) Depreciation of fixed assets (Annex A):		
Building	14,827,182	14,017,055
Furniture and fixtures	17,318,771	16,496,910
Office equipment	536,867	2,314,210
Electrical appliances	18,065,378	23,622,674
Computers equipment	17,983,780	15,836,748
Motor vehicles	43,337,833	44,365,319
Others	34,748,847	33,404,973
	146,818,658	150,057,889
b) Repairs and maintenance of fixed assets:		
Building	-	248,409
Furniture and fixtures	746,433	400,782
Office equipment	768,331	781,942
Electrical appliances	4,399,886	5,162,802
Computers equipment	466,506	411,098
Motor vehicles	4,015,602	4,466,073
Office premises	1,883,120	1,493,367
Others	543,576	829,314
	12,823,454	13,793,787
	159,642,112	163,851,676



The Dhaka Mercantile Co-operative Bank Limited

Notes to the financial statements
For the year ended 30 June 2024

	2024 BDT	2023 BDT
31. Other expenses		
Investment recovery expenses	138,195,809	310,167,978
Food expenses	94,607,801	94,194,841
Conveyance	78,470,030	73,100,835
Local travel cost	25,232,400	26,628,614
Annual general meeting	14,237,627	13,443,922
Daily allowances	14,611,034	13,281,157
Fuel	10,523,235	10,761,535
Branch opening, business expansion and development	13,926,450	10,128,785
Entertainment	10,785,367	6,369,345
Seminar and workshop	238,710	3,793,884
Bank charges	3,747,465	3,715,841
Sundry expenses (*)	1,647,640	2,907,831
Service charges	2,675,267	2,485,921
Staff uniform	6,001,643	2,474,810
Members' meeting and conference	3,893,164	1,450,359
Newspaper, books and periodicals	570,060	1,222,399
Loss on sale of assets	2,083,341	-
Wages	579,417	625,775
Carrying charges	457,295	571,282
Investment recovery expenses (bKash)	30,596	-
	422,514,351	577,325,114
(*) Sundry expenses includes corporate expenses, expenses on managers' conference, business expansion expenses and other expenses.		
32. Provision for bad and doubtful debt		
Bai - murabaha (Micro)	42,391,365	62,901,219
Other investments	30,732,900	15,351,377
	73,124,265	78,252,596
33. Provision for taxation		
Opening balance	37,193,490	29,819,282
Add: Provision made during the year	96,133,127	37,193,490
	133,326,617	67,012,772
Less: Adjustment during the year	37,193,490	29,819,282
Closing balance	96,133,127	37,193,490
34. Appropriations:		
General reserve	56,322,240	55,330,891
Provision for co-operative development fund	11,836,391	10,103,089
Staff welfare fund	4,505,779	4,426,471
Recreation and sports fund	6,758,669	6,639,706
Incentive bonus	11,264,448	11,066,178
Reserve for profit payable	11,264,448	11,066,178
Dividend (proposed)	31,160,095	30,390,220
	133,112,070	129,022,733



The Dhaka Mercantile Co-operative Bank Limited

Notes to the financial statements
For the year ended 30 June 2024

35. Others

- 35.1** Figures in these notes and in the annexed financial statements have been rounded to the nearest integer.
- 35.2** These notes form an integral part of the annexed financial statements and accordingly are to be read in conjunction therewith.
- 35.3** Figures relating to the previous period included in this report have been rearranged, wherever considered necessary, without creating any impact on the value of assets and liabilities as reported in the financial statements.

For and on behalf of the board of The Dhaka Mercantile Co-operative Bank Limited


Chairman



Dhaka, Bangladesh

Dated, **20 AUG 2024**


Deputy Managing Director

The Dhaka Mercantile Co-operative Bank Limited

Annex A

Details of fixed assets
As at 30 June 2024

Assets category	Cost			Rate	Accumulated depreciation			Written Down Value at 30 June 2024
	Balance as on 1 July 2023	Addition during the year	Disposal during the year		Balance as at 1 July 2023	Charge for the year	Disposal during the year	
	BDT	BDT	BDT	(%)	BDT	BDT	BDT	BDT
Land	726,875,924	15,544,494	-	0%	-	-	-	742,420,418
Building	280,341,105	28,103,800	-	5%	24,573,170	14,827,182	-	269,044,553
Furniture and fixtures	181,274,240	13,043,418	7,697,586	10%	103,828,303	17,318,771	5,834,459	71,307,457
Office equipment	22,303,349	485,010	411,024	20%	20,967,807	536,867	410,585	1,283,246
Electrical appliances	294,266,150	20,023,405	8,934,356	20%	250,063,237	18,065,378	8,706,506	45,933,090
Computers equipment	136,625,072	46,235,261	945,560	20%	94,117,689	17,983,780	940,942	70,754,246
Motor vehicles	250,821,876	38,341,800	8,988,235	20%	136,277,897	43,337,833	6,509,059	107,068,770
Others	347,476,071	16,372,691	10,891,634	10%	182,618,393	34,748,847	7,722,339	143,312,227
Total 2024	2,239,983,787	178,149,879	37,868,395		812,446,496	146,818,658	30,123,890	1,451,124,007
Total 2023	2,086,442,511	188,178,513	34,637,237		688,210,904	150,057,889	25,822,297	1,427,537,291

