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 2025

S. F. AHMED & CO.
Chartered Accountants | Since: 1958
House 51 (**3rd Floor**), Road 9, Block F, Banani, Dhaka 1213, Bangladesh
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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 Bank/Society), which comprise the statement of financial position (balance sheet) as at 30 June 2025, 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 2025 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 Bank in accordance 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 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 (Amended 2002 and 2013) and the Co-operative Societies 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.

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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 Bank has one hundred and fifty (150) branches out of which we have visited and audited fifteen (15) branches in addition to Bank's Head Office.

Auditor's Signature	:	
Name of Engagement Partner	:	Md. Moktar Hossain, FCA, Senior Partner
Enrollment No.	:	728
Firm's Name	:	S. F. AHMED & CO., Chartered Accountants
Firm's Reg No.	:	10898 E.P. under Partnership Act 1932
Document Verification Code (DVC)	:	2508070728AS446318

S. F. AHMED & CO.

Dhaka, Bangladesh
Dated, 07 AUG 2025

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The Dhaka Mercantile Co-operative Bank Limited

Statement of Financial Position (Balance Sheet)
As at 30 June 2025

	Notes	2025 BDT	2024 BDT
Property and assets			
Cash in hand		381,621,811	322,097,142
Balance with banks and non-banking financial institution	3	5,798,786,108	6,120,892,911
		6,180,407,919	6,442,990,053
Investments			
Bai - murabaha (micro)	4	33,526,210,238	30,670,378,008
Bai - murabaha (general)	5	2,778,592,135	2,911,871,775
Bai - murabaha (cash credit)	6	2,602,418,183	2,561,224,302
Bai - murabaha (SOD)	7	984,419,772	884,436,924
Bai - muazzal (consumer)	8	9,323,498	10,107,740
Bai - muazzal (staff)	9	1,477,972,043	1,088,020,140
Hire purchase under shirkatul meelk	10	11,351,952	9,185,801
Quard - e - hasana	11	15,655,287	13,796,461
Bai - murabaha (seasonal)	12	20,940,348	33,628,937
		41,426,883,456	38,182,650,088
Fixed assets	13	1,528,903,647	1,451,124,007
Other assets	14	860,970,693	870,621,494
Total assets		**49,997,165,715**	**46,947,385,642**
Liabilities and equity			
Liabilities			
Financing (borrowing) from other banks	15	1,177,881,691	2,103,676,953
Deposits			
Al - wadeeah current and other deposits	16	4,870,637,125	4,358,956,852
Mudaraba saving deposits		796,184,581	738,511,515
Mudaraba term deposits	17	19,072,227,041	17,719,579,168
Other mudaraba deposits	18	20,753,498,456	19,134,481,555
		45,492,547,203	41,951,529,090
Other liabilities	19	2,494,159,709	2,221,947,392
Total liabilities		49,164,588,603	46,277,153,435
Equity			
Share capital	20	53,228,720	63,290,500
General reserve	21	384,462,691	320,698,123
Retained earnings	22	394,885,701	286,243,584
Total equity		832,577,112	670,232,207
Total liabilities and equity		**49,997,165,715**	**46,947,385,642**

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

Deputy Managing Director

See annexed report of the date

S. F. AHMED & CO.
Chartered Accountants
DVC:
2508070728AS446318

Dhaka, Bangladesh
Dated, 07 AUG 2025

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 2025

	Notes	2025 BDT	2024 BDT
Profit from investments	23	9,923,386,617	8,509,007,414
Profit paid on deposits and borrowings	24	(3,475,546,279)	(3,237,094,906)
Net investment income		**6,447,840,338**	**5,271,912,508**
Other operating income	25	158,093,037	99,674,130
Total operating income		**6,605,933,375**	**5,371,586,638**
Operating expenses			
Salary, remuneration and allowances	26	5,007,462,322	3,844,925,728
Rent, taxes, insurance, electricity, etc.	27	447,800,310	408,131,373
Legal expenses		24,839,732	34,915,152
Postage, stamps, telecommunications, etc.	28	41,868,953	29,563,288
Stationery, printing, advertisement, etc.	29	75,915,736	74,057,532
Audit and professional fees		9,208,000	3,290,750
Depreciation and repair and maintenance of assets	30	186,141,048	159,642,112
Other expenses	31	387,777,379	422,514,351
Total operating expenses		**6,181,013,480**	**4,977,040,286**
Profit before provision and tax		**424,919,895**	**394,546,352**
Provision for bad & doubtful debt	32	77,928,740	73,124,265
Profit before tax		**346,991,155**	**321,422,087**
Provision for taxation (current tax)	33.1	91,932,882	96,133,127
Profit for the year		**255,058,273**	**225,288,960**
Appropriation			
General reserve		63,764,568	56,322,240
Provision for co-operative development fund		12,747,597	11,836,391
Staff welfare fund		5,101,165	4,505,779
Recreation and sports fund		7,651,748	6,758,669
Incentive bonus		12,752,914	11,264,448
Reserve for profit payable		12,752,914	11,264,448
Dividend (proposed)		31,645,250	31,160,095
Total appropriations	34	**146,416,156**	**133,112,070**
Profit after appropriation	22	**108,642,117**	**92,176,890**

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

Deputy Managing Director

See annexed report of the date

S. F. AHMED & CO.

Dhaka, Bangladesh
Dated, 07 AUG 2025

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The Dhaka Mercantile Co-operative Bank Limited

Statement of Changes in Equity
for the year ended 30 June 2025

	Share capital BDT	General reserve BDT	Retained earnings BDT	Total BDT
Balance as at 30 June 2023	62,320,190	264,375,883	194,066,694	520,762,767
Addiiton 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**
Balance as at 30 June 2024	63,290,500	320,698,123	286,243,584	670,232,207
Decrease during the year	(10,061,780)	-	-	(10,061,780)
Profit appropriated to general reserve	-	63,764,568	-	63,764,568
Profit after appropriation	-	-	108,642,117	108,642,117
Balance as at 30 June 2025	**53,228,720**	**384,462,691**	**394,885,701**	**832,577,112**

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

Chairman

Deputy Managing Director

S. F. AHMED & CO.

Dhaka, Bangladesh
Dated, 07 AUG 2025

The Dhaka Mercantile Co-operative Bank Limited

Statement of Cash Flows
for the year ended 30 June 2025

	2025 BDT	2024 BDT
A. Cash flows from operating activities		
Profit before tax	346,991,155	321,422,087
Adjustment for non-cash items:		
Depreciation	167,819,302	146,818,658
Loss/(Gain) on sale of fixed assets	(10,968,093)	2,083,341
Operating profit before working capital	**503,842,364**	**470,324,086**
(Increase)/decrease in current assets:		
Investments	(3,244,233,368)	(641,172,956)
Other assets	16,805,241	(58,543,948)
Increase/(decrease) in current liabilities:		
Deposits	3,541,018,113	2,888,293,040
Other liabilities	169,183,887	137,853,051
Cash generated from/(used in) operating activities	**482,773,873**	**2,326,429,187**
Income tax paid	(78,710,480)	(39,131,176)
Net cash from/(used in) operating activities	**907,905,757**	**2,757,622,097**
B. Cash flows from investing activities		
Acquisition of fixed assets	(260,307,892)	(178,149,879)
Receipts from disposal of fixed assets	25,677,043	5,661,164
Net cash from/(used in) investing activities	**(234,630,849)**	**(172,488,715)**
C. Cash flows from financing activities		
Increase/(decrease) in share capital	(10,061,780)	970,310
Financing (borrowing) from other banks	(925,795,262)	(428,854,580)
Net cash from/(used in) financing activities	**(935,857,042)**	**(427,884,270)**
D. Net changes in cash and cash equivalents (A+B+C)	**(262,582,134)**	**2,157,249,112**
E. Opening cash and cash equivalents	6,442,990,053	4,285,740,941
F. Closing cash and cash equivalents (D+E)	**6,180,407,919**	**6,442,990,053**
Cash and cash equivalents:		
Cash in hand	381,621,811	322,097,142
Balance with other banks and non-banking financial institution	5,798,786,108	6,120,892,911
	6,180,407,919	**6,442,990,053**

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

Chairman

Deputy Managing Director

S. F. AHMED & CO.

Dhaka, Bangladesh
Dated, 07 AUG 2025

The Dhaka Mercantile Co-operative Bank Limited

Notes to the financial statements
For the year ended 30 June 2025

1. Background of the bank/society

1.1 Legal status of the bank/ society

The Dhaka Mercantile Co-operative Bank Limited (DMCB) (the Bank/Society) was registered with the Government under the "The Bengal Co-operative Societies Act, 1940 (Bengal Act XXI of 1940)" on 6 January 1973. After registration, the Bank's Bye Laws were prepared to govern its operations. 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' have 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 places strong emphasis on complying with all applicable 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. Bank 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 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.

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1.5 Structure of the board of directors

The Directors are elected according to the Co-operative Societies Act, Rules and Bye Laws of the Bank. The Board of Directors of Bank 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 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 2024 to 30 June 2025.

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 account

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

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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:

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

For the calculation of depreciation, if an asset is acquired on or before the 15th day of a given month, depreciation shall be charged for the entire month. Conversely, if the asset is acquired after the 15th, no depreciation shall be charged for that particular month. In the case of disposal, if the asset is disposed of on or before the 15th of the month, no depreciation shall be charged for that month; however, if the disposal takes place after the 15th, depreciation for the full month shall be applied.

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 2025 except Quard - e - hasana investments are stated at the gross amount on 30 June 2025.

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. 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 with applicable amendments, 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 2001 (Amended 2002 and 2013).

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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 Bank'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.

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 2001 (Amended 2002 and 2013).

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 2001 (Amended 2002 and 2013).

2.21 Dividend

Dividend has been proposed @ 50% on share capital for the year ended 30 June 2024, which comes to BDT 31,645,250.

2.22 Distribution of profit under islami banking operation

The Bank operates its activities in complying with the rules of Islamic shariah, which absolutely prohibits receipts and payments of interest in any form. This year 35% of the full year's investments 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 Bank in accordance with its 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 (currently it is Income Tax Act 2023). 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.

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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 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/ invetments 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/society follows 1% provisional rate regarding good and irregular loans/investments and 20% provisional rate regarding doubtful and bad loans/ investments. As per the directives issued by management vide letter no MCB/01/CAD/484/2024 dated 24 July 2024 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 mantioned cases are more conservative/prudent than the Co-operative Societies Act and Rules prescribed provisional and write-off guidlines regarding loans/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 2025

	2025 BDT	2024 BDT
3. Balance with banks and non-banking financial institutions		
Current account	431,550,047	355,453,255
Short term deposit account	62,272,141	60,125,736
Other deposits account (TDR/FDR)	5,304,963,920	5,705,313,920
	5,798,786,108	**6,120,892,911**
4. Bai - murabaha (micro)		
Bai - murabaha (micro)	37,990,381,840	34,839,873,001
Less: Profit receivable on bai - murabaha (micro)	4,464,171,602	4,169,494,993
	33,526,210,238	**30,670,378,008**
5. Bai - murabaha (general)		
Bai - murabaha (general)	2,864,640,765	2,992,737,125
Less: Profit receivable on bai - murabaha (general)	86,048,630	80,865,350
	2,778,592,135	**2,911,871,775**
6. Bai - murabaha (cash credit)		
Bai - murabaha (cash credit)	2,624,695,593	2,584,403,323
Less: Profit receivable on bai - murabaha (cash credit)	22,277,410	23,179,021
	2,602,418,183	**2,561,224,302**
7. Bai - murabaha (SOD)		
Bai - murabaha (SOD)	984,621,987	884,639,139
Less: Profit receivable on bai - murabaha (SOD)	202,215	202,215
	984,419,772	**884,436,924**
8. Bai - muazzal (consumer)		
Bai - muazzal (consumer)	11,134,278	13,322,584
Less: Profit receivable on bai - muazzal (consumer)	1,810,780	3,214,844
	9,323,498	**10,107,740**
9. Bai - muazzal (staff)		
Bai - muazzal (staff)	1,478,352,276	1,088,400,373
Less: Profit receivable on bai - muazzal (staff)	380,233	380,233
	1,477,972,043	**1,088,020,140**
10. Hire purchase under shirkatul meelk		
Hire purchase under shirkatul meelk motor cycle/car	8,726,655	-
Hire purchase under shirkatul meelk rickshaw/van	3,081,323	10,635,523
	11,807,978	10,635,523
Less: Profit receivable on hire purchase shirkatul meelk	456,026	1,449,722
	11,351,952	**9,185,801**
11. Quard - e - hasana		
Quard - e - hasana (general)	1,985,450	3,530,000
Quard - e - hasana (staff)	13,669,837	10,266,461
	15,655,287	**13,796,461**
12. Bai - murabaha (seasonal)		
Bai - murabaha (seasonal)	25,735,109	45,586,460
Less: Profit receivable on bai - murabaha (seasonal)	4,794,761	11,957,523
	20,940,348	**33,628,937**

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The Dhaka Mercantile Co-operative Bank Limited

Notes to the financial statements
for the year ended 30 June 2025

	2025 BDT	2024 BDT
13. Fixed assets		
Cost:		
Opening balance	2,380,265,271	2,239,983,787
Add: Addition during the year	260,307,892	178,149,879
	2,640,573,163	2,418,133,666
Less: Disposal during the year	86,310,559	37,868,395
Closing balance (A)	2,554,262,604	2,380,265,271
Accumulated Depreciation:		
Opening balance	929,141,264	812,446,496
Add: Charge for the year	167,819,302	146,818,658
	1,096,960,566	959,265,154
Less: Disposal during the year	71,601,609	30,123,890
Closing balance (B)	1,025,358,957	929,141,264
Written down value (A-B)	**1,528,903,647**	**1,451,124,007**

Details are in **Annex A.**

	2025 BDT	2024 BDT
14. Other assets		
Advance office rent	393,356,069	409,568,904
Profit receivable on investments (TDR/FDR)	279,478,843	228,643,902
Advance income tax (14.1)	91,933,674	84,779,234
Suspense account	56,925,390	109,069,941
Advance against VAT	18,641,862	18,641,862
Stock of stationery and printing materials etc.	17,812,942	17,237,558
Advance deposits	2,226,738	2,067,438
Receivable (bKash)	5,200	91,850
Stamps	589,975	520,805
	860,970,693	**870,621,494**
14.1 Advance income tax		
Opening balance	84,779,234	82,841,548
Add: Tax deducted at source on TDR/FDR profit	75,782,080	36,140,276
Advance tax paid for vehicles	2,890,000	2,952,500
Advance tax paid for house rent	38,400	38,400
	163,489,714	121,972,724
Less: Adjustment during the year	71,556,040	37,193,490
Closing balance	91,933,674	84,779,234
15. Financing (borrowing) from other banks		
Pubali Bank Limited, Khamarbari Branch	795,249,800	1,447,605,148
National Bank Limited, Gulshan Branch	-	79,627,653
Agrani Bank Limited, B.A.F Branch	382,631,891	576,444,152
	1,177,881,691	**2,103,676,953**
16. Al - wadeeah current and other deposits		
Al - wadeeah current deposits	4,847,059,567	4,338,101,969
Sundry deposits	23,577,558	20,854,883
	4,870,637,125	**4,358,956,852**
17. Mudaraba term deposits		
Mudaraba term deposits	16,827,622,207	15,362,809,588
Add: Profit payable on mudaraba term deposits	2,244,604,834	2,356,769,580
	19,072,227,041	**17,719,579,168**

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The Dhaka Mercantile Co-operative Bank Limited

Notes to the financial statements
for the year ended 30 June 2025

	2025 BDT	2024 BDT
18. Other mudaraba deposits		
Mudaraba special deposits scheme (note 18.1)	20,004,768,277	18,430,148,200
Add: Profit payable on mudaraba special deposits scheme	726,187,267	696,172,150
	20,730,955,544	19,126,320,350
Mudaraba short notice deposits	22,542,912	8,161,205
	20,753,498,456	**19,134,481,555**
18.1 Mudaraba special deposits scheme		
Mudaraba daily sanchay prokalpa	10,978,676,975	10,283,631,242
Mudaraba daily education prokalpa	155,373,220	156,363,737
Mudaraba daily marriage prokalpa	9,165,573	7,662,039
Mudaraba daily hajj prokalpa	6,026,705	8,698,081
Mudaraba weekly sanchay prokalpa	34,208,021	35,387,056
Mudaraba monthly sanchay prokalpa	8,604,998,694	7,715,947,580
Mudaraba education sanchay prokalpa	154,919,660	156,354,027
Mudaraba marriage sanchay prokalpa	52,603,322	56,276,020
Mudaraba hajj sanchay prokalpa	8,796,107	9,828,418
	20,004,768,277	18,430,148,200
19. Other liabilities		
Profit payable on financing (borrowing) from other banks	-	64,076,284
Payable to co-operative societies (note 19.1)	12,747,597	11,836,391
Staff welfare fund (note 19.2)	139,014,871	114,841,567
Recreation and sports fund (note 19.3)	8,152,610	8,802,488
Incentive bonus (note 19.4)	16,029,239	13,276,325
Dividend payable (note 19.5)	160,619,738	135,605,693
Reserve for profit payable (note 19.6)	22,544,845	18,947,377
With-holding tax (note 19.7)	21,722,523	25,936,771
With-holding VAT	6,784,502	6,094,882
Special welfare fund (note 19.8)	9,351,180	8,303,097
Provision for bad & doubtfull debt (note 19.9)	436,842,827	397,742,998
Provision for taxation (note 33)	116,509,969	96,133,127
Risk fund (note 19.10)	526,669,986	443,062,638
Investment loss provision micro (note 19.11)	912,822,230	853,331,164
Other payables (note 19.12)	104,347,592	23,956,590
	2,494,159,709	**2,221,947,392**
19.1 Payable to co-operative societies		
Opening balance	11,836,391	10,103,089
Add: Provision made during the year	12,747,597	11,836,391
	24,583,988	21,939,480
Less: Amount paid during the year	11,836,391	10,103,089
Closing balance	12,747,597	11,836,391
19.2 Staff welfare fund		
Opening balance	114,841,567	95,561,987
Add: Addition during the year from salary and profit	26,808,654	22,058,862
Provision made during the year	5,101,165	4,505,779
	146,751,386	122,126,628
Less: Amount paid during the year	7,736,515	7,285,061
Closing balance	139,014,871	114,841,567

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		2025 BDT	2024 BDT
19.3	**Recreation and sports fund**		
	Opening balance	8,802,488	7,274,903
	Add: Provision made during the year	7,651,748	6,758,669
		16,454,236	14,033,572
	Less: Amount paid during the year	8,301,626	5,231,084
	Closing balance	8,152,610	8,802,488
19.4	**Incentive bonus**		
	Opening balance	13,276,325	11,880,728
	Add: Provision made during the year	12,752,914	11,264,448
		26,029,239	23,145,176
	Less: Amount paid during the year	10,000,000	9,868,851
	Closing balance	16,029,239	13,276,325
19.5	**Dividend payable**		
	Opening balance	135,605,693	116,292,718
	Add: Provision made during the year	31,645,250	31,160,095
		167,250,943	147,452,813
	Less: Amount paid during the year	6,631,205	11,847,120
	Closing balance	160,619,738	135,605,693
19.6	**Reserve for profit payable**		
	Opening balance	18,947,377	17,397,256
	Add: Provision made during the year	12,752,914	11,264,448
		31,700,291	28,661,704
	Less: Amount paid during the year	9,155,446	9,714,327
	Closing balance	22,544,845	18,947,377
19.7	**With-holding tax**		
	Tax payable (profit on deposits)	10,198,892	12,221,411
	Tax payable (others)	11,523,631	13,715,360
		21,722,523	25,936,771
19.8	**Special welfare fund**		
	Opening balance	8,303,097	7,504,996
	Add: Addition during the year	1,048,083	798,101
		9,351,180	8,303,097
	Less: Amount paid during the year	-	-
	Closing balance	9,351,180	8,303,097
19.9	**Provision for bad & doubtful debt**		
	Opening balance	397,742,998	343,231,690
	Add: Provision made during the year (note 32)	77,928,740	73,124,265
		475,671,738	416,355,955
	Less: Adjustment/ write off during the year	38,828,911	18,612,957
	Closing balance	436,842,827	397,742,998
19.10	**Risk fund**		
	Opening balance	443,062,638	342,093,028
	Add: Addition during the year	169,362,484	150,821,445
		612,425,122	492,914,473
	Less: Amount paid during the year	85,755,136	49,851,835
	Closing balance	526,669,986	443,062,638

The Dhaka Mercantile Co-operative Bank Limited

Notes to the financial statements
for the year ended 30 June 2025

	2025 BDT	2024 BDT
19.11 Investment loss proivision-micro		
Opening balance	853,331,164	745,798,974
Add: Addition during the year	75,951,598	138,195,809
	929,282,762	883,994,783
Less: Adjustment/ write off during the year	16,460,532	30,663,619
	912,822,230	853,331,164
19.12 Other payables		
Bonus	90,000,000	20,000,000
Accrued expenses	10,517,543	417,248
Electricity	1,987,682	1,951,944
Fuel	565,572	508,900
Water	209,490	164,554
Legal bill	199,135	-
Telephone charges	183,089	260,236
Internet bill	168,160	96,893
Mobile phone charges	165,434	147,028
Postage and courier	106,691	136,869
Service charge	99,493	85,293
Gas	95,303	146,175
Wages	50,000	41,450
	104,347,592	23,956,590
20. Share capital		
Opening balance	63,290,500	62,320,190
Add: Addition during the year	-	970,310
	63,290,500	63,290,500
Less: Adjusment during the year	10,061,780	-
Closing balance	**53,228,720**	**63,290,500**
21. General reserve		
Opening balance	320,698,123	264,375,883
Add: Addition during the year	63,764,568	56,322,240
Closing balance	**384,462,691**	**320,698,123**
22. Retained earnings		
Opening balance	286,243,584	194,066,694
Add: Profit after appropriation	108,642,117	92,176,890
Closing balance	**394,885,701**	**286,243,584**

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	2025 BDT	2024 BDT
23. Profit from investments		
Profit from investments (note 23.1)	9,923,111,157	8,508,829,944
Profit from other bank accounts	275,460	177,470
	9,923,386,617	**8,509,007,414**
23.1 Profit from investments		
Bai - murabaha (micro)	8,829,886,354	7,577,356,471
Bai - murabaha (general)	217,124,765	185,547,346
Bai - murabaha (cash credit)	109,144,922	160,428,597
Bai - murabaha (SOD)	141,132,676	138,426,400
Bai - muazzal (consumer)	1,248,251	897,702
Bai - muazzal (staff)	104,140,449	77,962,631
Hire purchase under shirkatul meelk	1,084,804	126,726
Quard - e - hasana (staff)	1,488,026	1,018,846
Bai - murabaha (seasonal)	72,425	497,034
TDR/FDR	517,788,485	366,568,191
	9,923,111,157	8,508,829,944
24. Profit paid on deposits and borrowings		
Deposits (note 24.1)	3,207,017,832	3,136,459,927
Borrowings	256,892,937	90,967,628
Staff welfare fund	11,635,510	9,667,351
	3,475,546,279	**3,237,094,906**
24.1 Profit paid on deposits		
Al-wadeeah current and mudaraba saving deposits	143,956,926	144,757,705
Mudaraba term deposits	1,687,300,223	1,604,633,612
Mudaraba special deposits	1,375,760,683	1,387,068,610
	3,207,017,832	3,136,459,927
25. Other operating income		
Membership fees	12,555,600	12,153,300
Incidental charges	46,780,394	35,703,139
SMS charges	36,199,809	24,864,247
Account closing fees and bank charges	15,519,564	15,039,813
Account maintenance charges	22,707,426	-
Refund from PF forfeiture account (as per FRC circular)	1,032,456	804,626
Gain on sale of assets	10,968,093	-
Membership card charges	5,251,175	4,637,390
Documentation charges	2,205,025	2,258,205
Cheque book charges	1,948,503	1,169,168
Investment form charges	919,600	961,500
Rental income	768,000	768,000
Sundry income	542,727	751,979
Pass book charges	509,267	372,365
Remittance charges	185,398	190,398
	158,093,037	**99,674,130**

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	2025 BDT	2024 BDT
26. Salary, remuneration and allowances		
Salary, remuneration and allowances	4,201,045,200	3,279,791,363
Bonus	375,591,643	350,496,259
Bank's contribution to provident fund	151,625,479	123,638,106
Gratuity	279,200,000	91,000,000
	5,007,462,322	**3,844,925,728**
27. Rent, taxes, insurance, electricity and etc.		
Office rent	310,063,879	296,007,329
Taxes, rates and VAT	52,691,367	52,603,328
Electricity, gas and water	57,062,554	51,432,972
Renewal, registration and licence fees	24,016,755	2,175,266
Insurance	3,965,755	5,912,478
	447,800,310	**408,131,373**
28. Postage, stamps, telecommunications and etc.		
Mobile bill & SMS charges	22,537,399	15,918,814
Internet charges	14,537,591	8,884,306
Postage and courier	4,424,259	4,365,659
Telephone charges	369,704	394,509
	41,868,953	**29,563,288**
29. Stationery, printing, advertisement and etc.		
Office stationery	7,469,369	7,385,678
Printing	45,140,646	46,392,837
Computer toner and accessories	20,497,710	17,086,366
Photocopy expenses	1,228,903	1,303,454
Publicity and advertisement	692,090	1,236,263
Medicine	682,268	652,934
IT enabled services	204,750	-
	75,915,736	**74,057,532**
30. Depreciation and repair and maintenance of assets		
a) Depreciation of fixed assets (Annex A):		
Building	15,564,370	14,827,182
Furniture and fixtures	58,025,540	52,067,618
Office equipment	605,077	536,867
Electrical appliances	23,197,579	18,065,378
Computer	25,767,505	17,983,780
Motor vehicles	44,659,231	43,337,833
	167,819,302	146,818,658
b) Repairs and maintenance of fixed assets:		
Furniture and fixtures	1,568,292	1,290,009
Office equipment	884,550	768,331
Electrical appliances	7,912,646	4,399,886
Computer	442,944	466,506
Motor vehicles	5,895,711	4,015,602
Office premises	1,617,603	1,883,120
	18,321,746	12,823,454
	186,141,048	**159,642,112**

S. F. AHMED & CO.

The Dhaka Mercantile Co-operative Bank Limited
Notes to the financial statements
for the year ended 30 June 2025

	2025 BDT	2024 BDT
31. Other expenses		
Investment recovery expenses	75,951,598	138,195,809
Food expenses	98,778,315	94,607,801
Conveyance	87,733,831	78,470,030
Travelling allowance	25,779,282	25,232,400
Fuel	10,873,047	10,523,235
Daily allowances	20,499,921	14,611,034
Annual general meeting	12,627,238	14,237,627
Staff uniform	16,538,980	6,001,643
Entertainment	7,418,609	10,785,367
Bank charges	5,655,884	3,747,465
Members' meeting and conference	4,215,878	3,893,164
Seminer and workshop	1,555,702	238,710
Branch opening	5,220,716	5,163,956
Business expansion	3,091,430	2,261,905
Business development	6,548,477	6,500,589
Service charges	2,901,924	2,675,267
Carrying charges	508,096	457,295
Wages	626,450	579,417
Loss on sale of assets	-	2,083,341
Newspaper	424,900	418,090
Books and periodicals	28,118	151,970
Sundry expenses (*)	758,813	1,647,640
Investment recovery expenses (bKash)	40,170	30,596
	387,777,379	**422,514,351**

(*) Sundry expenses includes corporate expenses, expenses on managers' conference, business expansion expenses and other expenses.

	2025 BDT	2024 BDT
32. Provision for bad & doubtful debt		
Bai - murabaha (micro)	71,574,160	42,391,365
Other investments	6,354,580	30,732,900
	77,928,740	**73,124,265**
33. Provision for taxation		
Opening balance	96,133,127	37,193,490
Add: Provision made during the year (note 33.1)	91,932,882	96,133,127
	188,066,009	133,326,617
Less: Adjustment during the year	71,556,040	37,193,490
Closing balance	**116,509,969**	**96,133,127**
33.1 Provision made during the year		
Provision against current tax for the year	94,494,124	96,133,127
Less: Overprovision adjustment against prior years tax	2,561,242	-
Required provision for the year	**91,932,882**	**96,133,127**
34. Appropriations:		
General reserve	63,764,568	56,322,240
Provision for co-operative development fund	12,747,597	11,836,391
Staff welfare fund	5,101,165	4,505,779
Recreation and sports fund	7,651,748	6,758,669
Incentive bonus	12,752,914	11,264,448
Reserve for profit payable	12,752,914	11,264,448
Dividend (proposed)	31,645,250	31,160,095
	146,416,156	**133,112,070**

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The Dhaka Mercantile Co-operative Bank Limited

Notes to the financial statements
for the year ended 30 June 2025

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.

Chairman

Deputy Managing Director

S. F. AHMED & CO.

Dhaka, Bangladesh
Dated, 07 AUG 2025

The Dhaka Mercantile Co-operative Bank Limited

Annex A

Details of Fixed assets
for the year ended 30 June 2025

Assets category	Cost				Rate	Accumulated depreciation				Written Down Value at 30 June 2025
	Balance as on 01 July 2024	Addition during the year	Disposal during the year	Balance at 30 June 2025		Balance as at 01 July 2024	Charge for the year	Disposal during the year	Upto 30 June 2025	
	BDT	BDT	BDT	BDT	(%)	BDT	BDT	BDT	BDT	BDT
Land	742,420,418	6,294,906	-	748,715,324	0%	-	-	-	-	748,715,324
Building	308,444,905	9,857,762	-	318,302,667	5%	39,400,352	15,564,370	-	54,964,722	263,337,945
Furniture and fixtures	539,577,200	105,405,602	34,637,114	610,345,688	10%	324,957,516	58,025,540	27,590,486	355,392,570	254,953,118
Office equipment	22,377,335	1,570,086	393,276	23,554,145	20%	21,094,089	605,077	382,032	21,317,134	2,237,011
Electrical appliances	305,355,199	58,919,819	16,608,093	347,666,925	20%	259,422,109	23,197,579	16,302,250	266,317,438	81,349,487
Computers equipment	181,914,773	51,717,084	3,689,187	229,942,670	20%	111,160,527	25,767,505	3,017,602	133,910,430	96,032,240
Motor vehicles	280,175,441	26,542,633	30,982,889	275,735,185	20%	173,106,671	44,659,231	24,309,239	193,456,663	82,278,522
Total 2025	**2,380,265,271**	**260,307,892**	**86,310,559**	**2,554,262,604**		**929,141,264**	**167,819,302**	**71,601,609**	**1,025,358,957**	**1,528,903,647**
Total 2024	**2,239,983,787**	**178,149,879**	**37,868,395**	**2,380,265,271**		**812,446,496**	**146,818,658**	**30,123,890**	**929,141,264**	**1,451,124,007**

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