

# JAMUNA BANK

# Financial Statements 2013

## Independent Auditors' Report to the Shareholders of Jamuna Bank Limited

We have audited the accompanying consolidated financial statements of Jamuna Bank Limited and its subsidiaries (the "Group") as well as the separate financial statements of Jamuna Bank Limited (the "Bank"), which comprise the consolidated balance sheet and the separate balance sheet as at 31 December 2013, and the consolidated and separate profit and loss accounts, consolidated and separate statements of changes in equity and consolidated and separate cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of consolidated financial statements of the Group and also separate financial statements of the Bank that give a true and fair view in accordance with Bangladesh Financial Reporting Standards as explained in note 2.01.1 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements of the Group and also the separate financial statements of the Bank that are free from material misstatement, whether due to fraud or error. The Bank Companies Act, 1991 as amended and the Bangladesh Bank regulations require the management to ensure effective internal audit, internal control and risk management functions of the Bank. The management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgery.

**Auditors' Responsibility**  
Our responsibility is to express an opinion on these consolidated financial statements of the Group and the separate financial statements of the Bank based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements of the Group and the separate financial statements of the Bank are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements of the Group and separate financial statements of the Bank. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements of the Group and the separate financial statements of the Bank, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements of the Group and the separate financial statements of the Bank that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements of the Group and also the separate financial statements of the Bank.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.  
**Opinion**  
In our opinion, the consolidated financial statements of the Group and also the separate financial statements of the Bank give a true and fair view of the consolidated financial position of the Group and the separate financial position of the Bank as at 31 December 2013, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards as explained in note 2.01.1.

**Report on Other Legal and Regulatory Requirements**  
In accordance with the Companies Act 1994, Securities and Exchange Rules 1987, the Bank Companies Act, 1991 as amended and the rules and regulations issued by Bangladesh Bank, we also report the following:

- we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- in the extent noted during the course of our audit work performed on the basis stated under the Auditors' Responsibility section in forming the above opinion on the consolidated financial statements of the Group and the separate financial statements of the Bank and considering the reports of the management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgery as stated under the Management's Responsibility for the Financial Statements and Internal Control;
- internal audit, internal control and risk management arrangements of the Group and the Bank as disclosed in note 2.01.2 appeared to be adequate with immaterial control deficiencies as identified in management report;
- nothing has come to our attention regarding material instances of forgery or irregularity or administrative error or exception or anything detrimental committed by employees of the Bank and its related entities;
- financial statements of subsidiary companies of the Bank namely Jamuna Bank Capital Management Limited has been notified by ACNABIN, Chartered Accountants and Jamuna Bank Securities Limited has been notified by S. H. Khan & Co., Chartered Accountants. These accounts have been properly reflected in the consolidated financial statements;
- in our opinion, proper books of account as required by law have been kept by the Group and the Bank so far as it appeared from our examination of those books;
- the consolidated balance sheet and consolidated profit and loss account of the Group and the separate balance sheet and separate profit and loss account of the Bank dealt with by the report are in agreement with the books of account;
- the expenditure incurred was for the purposes of the Bank's business;
- the consolidated financial statements of the Group and the separate financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and Bangladesh Financial Reporting Standards as explained in note 2.01.1 as well as with related guidance, circulars issued by Bangladesh Bank and decision taken in tripartite meeting amongst Inspection Team of Bangladesh Bank, External Auditors and the Management, Jamuna Bank Limited held on March 06, 2014;
- adequate provisions have been made for loans & advances, other assets and off balance sheet items which are, in our opinion, doubtful of recovery in compliance with the letter no. DBI-1/125/2014-694 dated 19 March 2014 of Bangladesh Bank;
- in our opinion, proper books of account as required by law have been kept by Jamuna Bank Limited so far as it is appeared from our examination of those books and proper returns adequate for the purpose of our audit have been received from 75 branches not visited by us;
- the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- the information and explanation required by us have been received and found satisfactory;
- Cash Reserve Requirement (CRR) and Statutory Liquidity Reserve (SLR) with Bangladesh Bank have been maintained as per rule;
- The capital adequacy ratio (CAR), as required by law, have been maintained adequately during the year; and
- we have reviewed over 80% of the risk weighted assets of the Bank and we have spent around 2,900 person hours for the audit of the books and accounts of the Bank.

Date: March 27, 2014  
Place: Dhaka

Sayful Shamsul Alam & Co  
Chartered Accountants

## Consolidated Profit and Loss Account For the year ended 31 December 2013

Notes	2013 Taka	2012 Taka
<b>Interest income &amp; profit on investment</b>	20(a) 9,863,160,502	9,674,316,015
<b>Less: Interest/profit on deposits and borrowings, etc.</b>	21(a) 8,738,145,648	7,757,633,973
<b>Net interest income/net profit on investments</b>	<b>1,125,014,854</b>	<b>1,916,682,043</b>
<b>Investment income</b>	22(a) 3,250,565,906	1,988,140,221
<b>Commission, exchange and brokerage</b>	23(a) 1,055,956,273	1,163,593,401
<b>Other operating income</b>	24(a) 349,905,211	307,375,803
	4,656,427,390	3,459,109,425
<b>Total operating income (A)</b>	<b>5,781,442,244</b>	<b>5,375,791,467</b>
<b>Salary and allowances</b>	26(a) 1,708,504,880	1,315,054,511
<b>Rent, Taxes, Insurance, Electricity, etc.</b>	27(a) 348,905,120	263,390,538
<b>Legal expenses</b>	7,489,892	4,975,351
<b>Postage, Stamps, Telecommunication, etc.</b>	28(a) 80,596,513	68,483,067
<b>Stationery, Printings, Advertisements, etc.</b>	29(a) 91,084,726	74,879,429
<b>Managing Director's salary &amp; fees</b>	30(a) 10,114,839	10,487,097
<b>Directors' fees</b>	31(a) 5,929,108	6,750,909
<b>Auditors' fees</b>	32(a) 474,950	423,950
<b>Charges on loan losses</b>	-	-
<b>Depreciation and repairs of bank's assets</b>	33(a) 148,547,815	117,864,956
<b>Other expenses</b>	34(a) 287,052,950	234,931,007
<b>Operating expenses (B)</b>	<b>2,688,700,794</b>	<b>2,097,240,815</b>
<b>Profit before provision (C = A-B)</b>	<b>3,092,741,450</b>	<b>3,278,550,652</b>
<b>Provision for loans and advances/investments</b>	35(a) 709,911,751	1,000,049,860
<b>Provision for off balance sheet exposures</b>	36(a) 10,782,314	93,601,145
<b>Other provisions</b>	1,936,000	213,980
<b>Provision for diminution in value of investments</b>	37(a) (2,501,816)	54,071,617
<b>Total provision (D)</b>	<b>720,128,249</b>	<b>1,147,936,602</b>
<b>Profit before taxation (C-D)</b>	<b>2,372,613,201</b>	<b>2,130,614,050</b>
<b>Contribution to Jamuna Bank Foundation @ 1% of Pre-tax Profit</b>	38(a) 22,848,927	20,805,210
<b>Provision for taxation</b>	13.6(a) 1,202,546,373	1,066,263,423
<b>Current tax</b>	13.6.2 2,739,070	3,228,539
<b>Deferred tax</b>	1,805,285,343	1,069,491,962
<b>Net profit after taxation Attributable to:</b>	<b>1,144,478,934</b>	<b>1,040,316,878</b>
<b>Shareholders of JBL</b>	1,144,478,786	1,040,316,772
<b>Minority interest</b>	147	106
<b>Appropriations:</b>		
<b>Statutory reserve</b>	456,978,539	416,104,192
<b>Retained surplus during the year</b>	<b>687,500,395</b>	<b>624,212,686</b>
<b>Earnings per share (EPS)</b>	39(a) 2.55	2.47

The annexed notes 1 to 50 form an integral part of the consolidated profit and loss account.

Managing Director  
Director  
Director  
Chairman

As per our report of the same date.

Dhaka,  
27 March 2014

Sayful Shamsul Alam & Co  
Chartered Accountants

## Consolidated Cash Flow Statement For the year ended 31 December 2013

Particulars	2013 Taka	2012 Taka
<b>Cash flows from operating activities</b>		
Interest receipts	9,863,160,502	9,691,505,341
Interest payments	(8,738,145,648)	(7,791,538,170)
Dividend receipts	7,856,325	86,662,893
Fees and commission receipts	1,055,956,273	1,163,593,401
Payments to employees	(1,718,619,719)	(1,325,541,608)
Payments to suppliers	(813,366,610)	(670,604,377)
Income taxes paid	(1,434,173,592)	(1,047,572,886)
Receipts from other operating activities	349,905,211	307,375,803
Payments to other operating activities	(287,052,950)	(234,931,007)
<b>(I) Operating profit before changes in operating assets and liabilities</b>	<b>(1,714,480,208)</b>	<b>178,949,390</b>
<b>Increase/Decrease in operating assets &amp; liabilities</b>		
Loans and advances	(12,998,108,345)	1,358,512,246
Other assets	(1,078,209,632)	(814,972,431)
Deposit from other banks	1,542,428,000	2,503,592,000
Deposit from customers	16,516,345,089	6,609,862,483
Other current liabilities	903,828,213	22,229,297
<b>(II) Cash received from operating assets and liabilities</b>	<b>4,886,283,325</b>	<b>9,679,223,595</b>
<b>Net cash flow from operating activities (A)-(I+II)</b>	<b>3,171,803,117</b>	<b>9,858,172,985</b>
<b>Cash flows from investing activities</b>		
Income received from investments	2,827,772,385	1,826,349,654
Proceeds from sale of securities (gain)	414,937,196	161,842,456
Payments for purchase of securities	(394,710,839)	(438,323,765)
Purchase of property, plant & equipment	(244,273,053)	(422,299,904)
Preliminary expenses	106,045	96,046
<b>Net cash flow from investing activities (B)</b>	<b>2,603,831,735</b>	<b>1,127,664,488</b>
<b>Cash flows from financing activities</b>		
Increase/(Decrease) of long term borrowings	(13,410,936,198)	11,337,499,341
Cash dividend paid	(628,255,127)	665,998,304
<b>Net cash flow from financing activities (C)</b>	<b>(14,039,191,324)</b>	<b>12,003,497,645</b>
<b>Net Increase/Decrease in cash and cash equivalents D = (A+B+C)</b>	<b>(8,263,556,473)</b>	<b>22,989,335,118</b>
<b>Cash and cash equivalents at beginning of the year (E)</b>	<b>49,859,812,120</b>	<b>26,870,477,002</b>
<b>Cash and cash equivalents at end of the year (D+E) (F)</b>	<b>41,596,255,647</b>	<b>49,859,812,120</b>
<b>(F) Closing cash &amp; cash equivalent</b>		
Cash in hand (including foreign currencies)	1,272,521,264	1,031,726,728
Balance with Bangladesh Bank and its agent banks	5,377,999,871	5,931,243,609
Balance with other banks and financial institutions	4,278,985,192	3,534,746,693
Money at call on short notice	-	570,000,000
Prize bond in hand	1,416,400	1,920,000
Government securities	30,665,332,920	38,790,175,089
	41,596,255,647	49,859,812,120

The annexed notes 1 to 50 form an integral part of the consolidated cash flow statement.

Managing Director  
Director  
Director  
Chairman

## Consolidated Statement of Changes in Equity For the year ended 31 December 2013

Particulars	Paid up Capital	Reserves	Retained Surplus	Minority Interest	Total Equity
Balance as at 01 January 2013	4,487,536,620	2,139,563,521	8,330,122,422	1,069,491,962	16,026,714,525
Change in accounting policy	-	-	-	-	-
Adjustment for prior year error*	-	-	-	-	-
Revised balance as at 01 January 2013	4,487,536,620	2,139,563,521	8,330,122,422	1,069,491,962	16,026,714,525
Profit before provisions	-	-	3,092,741,450	-	3,092,741,450
Provision for loans and advances	-	-	(709,911,751)	-	(709,911,751)
Provision for off balance sheet exposures	-	-	(10,782,314)	-	(10,782,314)
Other provisions	-	-	(1,936,000)	-	(1,936,000)
Provision for diminution in value of investments	-	-	(2,501,816)	-	(2,501,816)
Contribution to Jamuna Bank Foundation @ 1% of Pre-tax Profit	-	-	(22,848,927)	-	(22,848,927)
Provision for taxation	-	-	(1,202,546,373)	-	(1,202,546,373)
Current tax	-	-	(2,739,070)	-	(2,739,070)
Deferred tax	-	-	(1,805,285,343)	-	(1,805,285,343)
Net profit after taxation	-	-	1,144,478,934	-	1,144,478,934
Appropriations:	-	-	(456,978,539)	-	(456,978,539)
Statutory reserve	-	-	(456,978,539)	-	(456,978,539)
Retained surplus during the year	-	-	687,500,395	-	687,500,395
Balance as at 31 December 2013	4,487,536,620	2,139,563,521	8,330,122,422	1,069,491,962	16,026,714,525

\*Minority interest for the year 2012 was overstated erroneously for the amount of Tk. 1,500

Managing Director  
Director  
Director  
Chairman

Dhaka,  
27 March 2014

Sayful Shamsul Alam & Co  
Chartered Accountants

## Balance Sheet As at 31 December 2013

Notes	31.12.2013 Taka	31.12.2012 Taka	
<b>PROPERTY AND ASSETS</b>			
<b>Cash</b>	4	6,650,506,484	6,962,961,050
<b>Cash in hand (including foreign currencies)</b>	4.1	1,272,521,264	1,031,726,728
<b>Balance with Bangladesh Bank and its agent banks (including foreign currencies)</b>	4.2	5,377,999,871	5,931,243,610
<b>Balance with other banks and financial institutions</b>	5	4,278,985,192	3,512,002,491
<b>In Bangladesh</b>	5.1	4,090,850,520	2,272,895,656
<b>Outside Bangladesh</b>	5.2	188,134,672	1,239,106,835
<b>Money at call on short notice</b>	6	-	570,000,000
<b>Investments:</b>	7	31,392,195,516	39,118,933,310
<b>Government</b>	7.1	30,666,749,320	38,792,095,089
<b>Others</b>	7.2	725,446,195	326,838,222
<b>Loans and advances</b>	8	67,669,376,700	54,887,033,981
<b>Loans, Cash Credit, Overdrafts, etc.</b>	8.01	59,581,547,881	45,582,216,962
<b>Bills purchased &amp; discounted</b>	8.02	8,087,828,819	9,304,817,019
<b>Fixed assets including premises, furniture and fixtures</b>	9	2,195,054,539	2,082,030,781
<b>Other assets</b>	10	3,495,522,852	2,545,547,127
<b>Non-banking assets</b>			
<b>Total assets</b>		<b>115,681,641,283</b>	<b>109,678,508,741</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
<b>Borrowings from other banks, financial institutions and agents</b>	11	3,677,276,377	17,088,212,575
<b>Deposits and other accounts</b>	12	97,485,614,200	79,623,134,457
<b>Current/AI-wadeeah current accounts and other accounts</b>	12.2	9,576,970,169	8,738,371,151
<b>Bills payable</b>	12.3	1,274,219,899	1,211,965,015
<b>Savings/Mudaraba savings bank deposits</b>		5,835,906,062	5,046,423,127
<b>Fixed/Mudaraba fixed deposits</b>		55,112,239,898	44,680,759,023
<b>Bearer certificates of deposit</b>		-	-
<b>Short notice deposits</b>		4,106,636,093	3,832,903,260
<b>Deposit under special scheme</b>		21,282,435,543	15,915,005,992
<b>Foreign currency deposit</b>		297,206,536	197,706,889
<b>Other liabilities</b>	13	5,637,815,488	4,642,332,794
<b>Total liabilities</b>		<b>106,800,706,065</b>	<b>101,353,679,826</b>
<b>Capital/shareholders' equity</b>			
<b>Paid up capital</b>	14	4,487,536,620	4,487,536,620
<b>Statutory reserve</b>	15	2,596,542,060	2,139,563,521
<b>Other reserve</b>	16	1,117,606,141	1,068,436,230
<b>Retained earnings</b>	17	693,829,064	634,583,943
<b>Total shareholders' equity</b>		<b>8,895,513,707</b>	<b>8,330,122,422</b>
<b>Total liabilities and shareholders' equity</b>		<b>115,681,641,283</b>	<b>109,678,508,741</b>
<b>OFF-BALANCE SHEET ITEMS</b>			
<b>Contingent liabilities</b>			
<b>Acceptances &amp; endorsements</b>		3,225,832,370	2,266,309,998
<b>Letters of guarantee</b>		7,161,098,410	4,410,779,895
<b>Irrevocable letters of credit</b>	18.2	14,058,237,736	16,162,152,362
<b>Bills for collection</b>	18.3	4,457,821,967	4,958,366,722
<b>Other contingent liabilities</b>		331,236,473	358,386,473
<b>Total</b>		<b>29,234,226,956</b>	<b>28,155,995,450</b>
<b>Other commitments</b>			
<b>Documentary credits and short term trade related transactions</b>		-	-
<b>Forward assets purchased and forward deposits placed</b>		-	-
<b>Undrawn note issuance and revolving underwriting facilities</b>		-	-
<b>Undrawn formal standby facilities, credit lines and other commitments</b>		-	-
<b>Total</b>		-	-
<b>Total Off-Balance sheet items including contingent liabilities</b>		<b>29,234,226,956</b>	<b>28,155,995,450</b>

The annexed notes 1 to 50 form an integral part of the consolidated profit and loss account