

# JAMUNA BANK

## FINANCIAL STATEMENT 2017

### 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 and separate Balance Sheets as at 31 December 2017, consolidated and separate profit and loss accounts, consolidated and separate statements of changes in equity and consolidated and separate cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation 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 (BFRS) as explained in Note 2 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements of the Group and also 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 in the year 2013) and the local central bank (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 forgeries.

#### 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 (BSAs). 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, we consider internal control relevant to the entity's preparation of consolidated financial statements of the Group and 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 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 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 2017, 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 (BFRS) as explained in note 2.

#### 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 in the year 2013) and the rules and regulations issued by Bangladesh Bank, we also report that:

- we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- to 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 forgeries 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 Notes 2 to the financial statements appeared to be materially adequate; and
  - 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 other than matters disclosed in these financial statements;
- financial statements of all subsidiaries of the Bank have been audited by other auditors and 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 together with the annexed notes dealt with by the report are in agreement with the books of account;
- the expenditure incurred was for the purpose 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 accounting standards as well as related guidance issued by Bangladesh Bank;
- provisions as explained in note 8.8.1 and 13 have been made for the loan and advances, other assets, and off balance sheet items which are, in our opinion, doubtful of recovery;
- the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- the information and explanations required by us have been received and found satisfactory;
- we have reviewed over 80% of the risk weighted assets of the Bank and we have spent around 6,453 person hours for the audit of the books and accounts of the Bank.

Place: Dhaka  
26 April, 2018

*Shafiq Basak & Co.*  
Chartered Accountants

### Consolidated Balance Sheet As at 31 December 2017

Notes	31.12.2017 Taka	31.12.2016 Taka
<b>PROPERTY AND ASSETS</b>		
Cash	4(a) 11,483,138,074	10,460,741,392
Cash in hand (including foreign currencies)	4.1(a) 1,837,675,045	1,679,484,758
Balance with Bangladesh Bank and its agent banks (including foreign currencies)	4.2(a) 9,645,463,028	8,781,256,635
Balance with other banks and financial institutions	5.1(a) 10,902,128,523	4,644,129,389
Outside Bangladesh	5.2(a) 921,651,276	1,057,785,668
Money at call on short notice	6(a) -	-
Investments	7(a) 26,240,786,690	30,315,152,478
Government	7.1(a) 25,795,188,968	29,747,268,180
Others	7.2(a) 445,597,722	567,884,298
Loans and advances	8(a) 143,488,806,522	118,293,779,641
Loans, Cash credit, Overdrafts, etc.	8.1(a) 135,410,697,990	106,608,386,514
Bills purchased & discounted	8.2(a) 8,078,108,532	11,685,392,946
Fixed Assets including premises, furniture and fixtures	9(a) 2,791,931,883	2,514,969,994
Other assets	10(a) 1,840,755,985	1,893,757,307
<b>Non-Banking assets</b>		
<b>Total assets</b>	<b>197,669,198,952</b>	<b>169,180,315,689</b>
<b>LIABILITIES</b>		
Borrowings from other banks, financial institutions and agents	11(a) 2,095,668,273	2,727,513,390
<b>Deposits and other accounts</b>	<b>12(a) 167,563,846,183</b>	<b>141,505,954,043</b>
Current/Al-wadeeah current accounts and other accounts	12.2(a) 23,592,326,890	19,749,454,389
Bills payable	12.3 7,320,014,898	10,914,338,305
Savings/Mudaraba savings bank deposits	14,973,379,158	12,729,966,705
Fixed/Mudaraba fixed Deposits	12(b) 72,646,951,187	51,600,389,749
Bearer certificates of deposit	12(c) 9,767,338,427	7,523,877,711
Short notice deposits	38,715,364,893	38,402,419,319
Deposit under special scheme	548,470,730	585,507,866
Foreign currency deposit	13(a) 7,585,128,752	7,162,593,722
Other liabilities	13(c) 5,000,000,000	2,000,000,000
<b>Subordinated Debt</b>	<b>182,244,643,208</b>	<b>153,396,061,155</b>
<b>Capital / shareholders' equity</b>		
Paid up capital	14 6,141,193,860	6,141,193,860
Statutory reserve	15 4,697,568,094	3,998,297,071
Dividend equalization fund	16.3(a) -	30,705,969
Other reserve	16(a) 3,239,487,133	4,416,826,009
Minority interest	16(b) 1,778	1,691
Retained earnings	1,346,304,877	1,197,229,934
<b>Total shareholders' equity</b>	<b>15,424,555,743</b>	<b>15,784,254,534</b>
<b>Total liabilities and shareholders' equity</b>	<b>197,669,198,952</b>	<b>169,180,315,689</b>
<b>OFF-BALANCE SHEET ITEMS</b>		
<b>Contingent liabilities</b>		
Acceptances & endorsements	23,611,575,773	20,190,652,767
Letters of guarantee	17,942,145,561	14,083,198,100
Irrevocable letters of credit	20,500,715,649	14,201,676,615
Bills for collection	11,162,797,737	7,944,289,697
Other contingent liabilities	1,316,198,424	390,533,907
<b>Total contingent liabilities</b>	<b>74,533,433,144</b>	<b>56,810,351,087</b>
<b>Other commitments</b>		
Documentary credits and short term trade related transactions	-	-
Forward assets purchased and forward deposits placed	-	-
Indrawn note issuance and revolving underwriting facilities	-	-
Indrawn formal standby facilities, credit lines and other commitments	-	-
<b>Total Off-Balance Sheet Items including contingent liabilities</b>	<b>74,533,433,144</b>	<b>56,810,351,087</b>

The annexed notes D to S1 form an integral part of the financial statements.  
Managing Director, Director, Chairman, Auditor, Chartered Accountants.  
Dhaka, 26 April 2018

### Consolidated Profit and Loss Account For the year ended 31 December 2017

Notes	2017 Taka	2016 Taka
Interest income & profit on investment	20(a) 11,472,092,844	9,709,005,665
Less: Interest/profit on deposits and borrowings, etc.	21(a) 7,625,479,385	7,139,635,205
<b>Net interest income/net profit on investments</b>	<b>3,846,613,459</b>	<b>2,569,370,460</b>
Investment income	22(a) 2,604,788,463	3,748,123,446
Commission, exchange and brokerage	23(a) 1,847,048,894	1,427,409,701
Other operating income	24(a) 573,127,782	446,743,292
	5,024,965,139	5,622,276,439
<b>Total operating income (A)</b>	<b>8,871,578,598</b>	<b>8,191,646,899</b>
Salary and allowances	26(a) 2,722,590,945	2,507,148,284
Rent, Taxes, Insurance, Electricity, etc.	27(a) 614,517,838	530,639,870
Legal expenses	8,100,898	5,270,465
Postage, Stamps, Telecommunication, etc.	28(a) 93,721,936	93,440,474
Stationery, Printings, Advertisements, etc.	29(a) 137,085,274	128,372,192
Managing Director's salary & fees	30(a) 15,080,000	12,150,000
Directors' fees	31(a) 8,373,436	8,688,406
Auditors' fees	32(a) 782,000	632,500
Charges on loan losses	-	-
Depreciation and repairs of bank's assets	33(a) 238,985,065	202,758,736
Other expenses	34(a) 642,464,565	475,124,677
<b>Operating expenses (B)</b>	<b>4,481,702,406</b>	<b>3,964,225,605</b>
<b>Profit before provision (C = A - B)</b>	<b>4,389,876,192</b>	<b>4,227,421,294</b>
Provision for loans and advances/investments	35(a) 699,873,949	1,236,932,348
Provision for off balance sheet exposures	36(a) 125,797,147	101,775,000
Other provisions	60,788,071	12,471,756
Provision for diminution in value of investments	37(a) (83,890,237)	(35,357,704)
<b>Total provision (D)</b>	<b>802,568,930</b>	<b>1,315,821,400</b>
<b>Profit before taxation (C - D)</b>	<b>3,587,307,262</b>	<b>2,911,599,893</b>
Contribution to Jamuna Bank Foundation	38(a) 104,890,653	89,238,038
<b>Provision for taxation</b>		
Current tax	13.7(a) 1,384,959,516	1,033,519,550
Deferred tax	13.7.2 20,872,164	(4,913,299)
	1,405,831,680	1,028,606,251
<b>Net profit after taxation Attributable to:</b>	<b>2,076,584,929</b>	<b>1,793,755,604</b>
Shareholders of JBL	2,076,584,738	1,793,755,732
Minority interest	191	(127)
<b>Appropriations:</b>		
Statutory reserve	699,271,023	594,920,252
<b>Retained surplus during the year</b>	<b>1,377,313,906</b>	<b>1,198,835,352</b>
<b>Earnings per share (EPS)</b>	<b>3.38</b>	<b>2.92</b>

The annexed notes D to S1 form an integral part of the financial statements.  
Managing Director, Director, Chairman, Auditor, Chartered Accountants.  
Dhaka, 26 April 2018

### Consolidated Cash Flow Statement For the year ended 31 December 2017

Particulars	2017 Taka	2016 Taka
<b>Cash flows from operating activities</b>		
Interest receipts	11,495,296,405	9,719,286,305
Interest payments	(7,302,983,504)	(7,301,599,715)
Dividend received	8,247,891	7,605,745
Income received from investments	2,645,410,906	3,836,908,517
Fees and commission receipts	1,847,048,894	1,427,409,701
Recoveries on loans previously written off	94,617,278	28,898,092
Payments to employees	(2,737,670,945)	(2,519,298,284)
Payments to suppliers	(219,809,376)	(1,143,082,647)
Income taxes paid	(1,343,339,431)	(421,274,549)
Receipts from other operating activities	478,510,504	446,743,292
Payments to other operating activities	(1,318,772,594)	(475,124,677)
<b>(i) Operating profit before changes in operating assets and liabilities</b>	<b>3,646,556,027</b>	<b>3,606,471,779</b>
<b>Increase / Decrease in operating assets &amp; liabilities</b>		
Loans and advances	(25,195,027,061)	(29,864,977,452)
Other assets	24,437,871	(110,954,336)
Deposit from other banks	10,891,007,439	2,138,586,561
Deposit from customers	14,818,850,105	20,523,369,384
Other current liabilities	(1,742,797,085)	(759,461,461)
<b>(ii) Cash received from operating assets and liabilities</b>	<b>(1,203,528,731)</b>	<b>(8,073,437,305)</b>
<b>Net cash flow from operating activities (A)=(i+ii)</b>	<b>2,443,027,296</b>	<b>(4,466,965,526)</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale/purchase of Govt. securities	3,951,722,212	4,605,925,718
Proceeds/ (Payments) for purchase of securities	122,286,576	5,261,546
Purchase of property, plant & equipment	(482,341,699)	(175,220,160)
<b>Net cash flow from investing activities (B)</b>	<b>3,591,667,089</b>	<b>4,435,967,104</b>
<b>Cash flows from financing activities</b>		
Increase/ (Decrease) of long term borrowings	(631,845,117)	1,622,788,496
Dividend paid	(1,258,944,844)	(1,197,532,802)
Issue of subordinated bond	3,000,000,000	-
<b>Net cash flow from financing activities (C)</b>	<b>1,109,210,039</b>	<b>425,255,694</b>
<b>Net Increase/ Decrease in cash and cash equivalents D = (A+B+C)</b>	<b>7,143,904,424</b>	<b>394,257,272</b>
Cash and cash equivalents at beginning of the year (E)	16,164,647,048	15,770,389,776
<b>Cash and cash equivalents at end of the year (D+E) (*)</b>	<b>23,308,551,472</b>	<b>16,164,647,048</b>
<b>(*) Closing cash &amp; cash equivalent</b>		
Cash in hand (including foreign currency)	1,837,675,045	1,679,484,757
Balance with Bangladesh bank and its agent banks	9,645,463,028	8,781,256,634
Balance with other banks & financial institutions	11,823,779,799	5,701,915,056
Money at call on short notice	-	-
Prize bond in hand	1,633,600	1,990,600
<b>Total</b>	<b>23,308,551,472</b>	<b>16,164,647,048</b>

The annexed notes D to S1 form an integral part of the financial statements.  
Managing Director, Director, Chairman, Auditor, Chartered Accountants.  
Dhaka, 26 April 2018

### Consolidated Statement of Changes in Equity For the year ended 31 December 2017

Particulars	Paid up Capital	Statutory Reserve	Revaluation Reserve of Securities	Assets Revaluation Reserve	Dividend equalization fund	Retained Earnings	Total	Minority interest	Total Equity
Balance as at 01 January 2017	6,141,193,860	3,998,297,071	3,353,328,455	1,063,497,554	30,705,969	1,197,229,934	15,784,252,844	1,690	15,784,254,535
* Changes in accounting policy	-	-	-	-	-	-	-	-	-
Restated balance as at 01 January 2017	6,141,193,860	3,998,297,071	3,353,328,455	1,063,497,554	30,705,969	1,197,229,934	15,784,252,844	1,690	15,784,254,535
Dividend equalization fund transferred to Retained earnings	-	-	-	-	(30,705,969)	30,705,969	-	-	-
Surplus/deficit on account of revaluation of properties	-	-	-	-	-	-	-	-	-
Surplus/deficit on account of revaluation of investments	-	-	(1,177,338,876)	-	-	-	(1,177,338,876)	-	(1,177,338,876)
<b>Net gains and losses not recognized in the income statement</b>	-	-	(1,177,338,876)	-	(30,705,969)	30,705,969	(1,177,338,876)	-	(1,177,338,876)
Dividend (Cash)	-	-	-	-	-	(1,258,944,741)	(1,258,944,741)	-	(1,258,944,741)
Interim dividend (Cash)	-	-	-	-	-	-	-	(103)	(103)
Net profit for the year	-	-	-	-	-	2,076,584,738	2,076,584,738	191	2,076,584,929
Statutory reserve	-	699,271,023	-	-	-	(699,271,023)	-	-	-
<b>Balance as at 31 December 2017</b>	<b>6,141,193,860</b>	<b>4,697,568,094</b>	<b>2,175,989,579</b>	<b>1,063,497,554</b>	<b>-</b>	<b>1,346,304,877</b>	<b>15,424,555,965</b>	<b>1,778</b>	<b>15,424,555,743</b>
<b>Balance as at 31 December 2016</b>	<b>6,141,193,860</b>	<b>3,998,297,071</b>	<b>3,353,328,455</b>	<b>1,063,497,554</b>	<b>30,705,969</b>	<b>1,197,229,934</b>	<b>15,784,252,843</b>	<b>1,690</b>	<b>15,784,254,533</b>

The annexed notes D to S1 form an integral part of the financial statements.  
Managing Director, Director, Chairman, Auditor, Chartered Accountants.  
Dhaka, 26 April 2018

### Balance Sheet As at 31 December 2017

Notes	31.12.2017 Taka	31.12.2016 Taka
<b>PROPERTY AND ASSETS</b>		
Cash	4 11,483,111,668	10,460,727,273
Cash in hand (including foreign currencies)	4.1 1,837,648,640	1,679,470,638
Balance with Bangladesh Bank and its agent banks (including foreign currencies)	4.2 9,645,463,029	8,781,256,635
Balance with other banks and financial institutions	5 11,823,779,799	5,701,915,057