

# JAMUNA BANK

## FINANCIAL STATEMENT 2017

### Cash Flow Statement

For the year ended 31 December 2017

	Notes	2017 Taka	2016 Taka
<b>Cash flows from operating activities</b>			
Interest receipts		11,447,854,630	9,676,937,302
Interest payments		(7,302,983,504)	(7,301,599,715)
Dividend receipts		82,247,788	22,605,737
Income received from investments		2,581,824,006	3,809,658,212
Fee and commission receipts		1,800,940,490	1,390,410,770
Recoveries on loans previously written off		94,617,278	28,898,092
Payments to employees		(2,718,950,717)	(2,501,869,802)
Payments to suppliers		(219,809,376)	(217,319,412)
Income taxes paid		(1,317,211,631)	(392,642,005)
Receipts from other operating activities	40	476,066,615	415,710,003
Payments for other operating activities	41	(1,306,452,806)	(1,045,011,965)
<b>(I) Operating profit before changes in operating assets and liabilities</b>		<b>3,618,142,772</b>	<b>3,885,777,216</b>
<b>Increase/Decrease in operating assets &amp; liabilities</b>			
Statutory deposit		-	-
Loans and advances		(25,153,330,167)	(29,847,327,793)
Other assets		(188,581,471)	(8,934,821)
Deposit from other banks		10,891,007,439	2,138,586,561
Deposit from customers		14,806,871,136	20,722,493,083
Other current liabilities	42	(1,507,548,281)	(1,354,772,332)
<b>(II) Cash received from operating assets and liabilities</b>		<b>(1,151,581,344)</b>	<b>(8,349,955,302)</b>
<b>Net cash flow from operating activities (A)=(I+II)</b>		<b>2,466,561,428</b>	<b>(4,464,178,086)</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale/purchase of Govt. securities		3,951,722,212	4,605,925,718
Proceed/ (Payments) for purchase of securities		99,968,941	2,878,785
Purchase of property, plant & equipment		(483,570,586)	(175,624,395)
<b>Net cash flow from investing activities (B)</b>		<b>3,568,120,567</b>	<b>4,433,180,108</b>
<b>Cash flows from financing activities</b>			
Increase/ (Decrease) of long term borrowings		(631,845,117)	1,622,788,496
Dividend paid		(1,258,944,741)	(1,197,532,802)
Issue of subordinated bond		3,000,000,000	-
<b>Net cash flow from financing activities (C)</b>		<b>1,109,210,142</b>	<b>425,255,694</b>
<b>Net Increase/ Decrease in cash and cash equivalents D=(A+B+C)</b>		<b>7,143,892,137</b>	<b>394,257,717</b>
Cash and Cash Equivalents at beginning of the year (E)		16,164,632,930	15,770,375,213
<b>Cash and cash equivalents at end of the year (D+E) (*)</b>		<b>23,308,525,067</b>	<b>16,164,632,930</b>
<b>(*) Closing cash &amp; cash equivalent</b>			
Cash in hand (including foreign currency)		1,837,648,640	1,679,470,638
Balance with Bangladesh Bank and its agent banks		9,645,463,029	8,781,256,635
Balance with other banks & financial institutions		11,823,779,799	5,701,915,057
Money at call on short notice		-	-
Prize bond in hand		1,633,600	1,990,600
		<b>23,308,525,067</b>	<b>16,164,632,930</b>

The annexed notes D to S1 form an integral part of the financial statements

Managing Director  
Chairman

### Statement of Changes in Equity

For the year ended 31 December 2017

Particulars	Paid up Capital	Statutory Reserve	Reserve of Securities	Assets Revaluation Reserve	Dividend Equalization Fund	Currency Translation Reserve	Retained Earnings	Total
Balance as at 01 January 2017	6,141,193,860	3,998,297,071	3,933,128,455	1,063,497,554	30,705,969	-	1,261,617,320	15,848,440,229
Changes in accounting policy	-	-	-	-	-	-	-	-
Retained balance as at 01 January 2017	6,141,193,860	3,998,297,071	3,933,128,455	1,063,497,554	30,705,969	-	1,261,617,320	15,848,440,229
Dividend equalization fund transferred to retained earnings	-	-	-	-	(30,705,969)	-	30,705,969	-
Surplus/Deficit on account of revaluation of properties	-	-	-	(1,177,338,976)	-	-	-	(1,177,338,976)
Surplus/Deficit on account of revaluation of investments	-	-	-	-	-	-	-	-
Surplus/Deficit on account of revaluation of other assets	-	-	-	-	-	-	-	-
Net gains and losses not recognized in the income statement	-	-	-	-	-	-	-	-
Net Profit for the year	-	-	-	-	-	-	2,021,024,217	2,021,024,217
Dividend (Cash)	-	-	-	-	-	-	(1,258,944,741)	(1,258,944,741)
Statutory reserve	-	699,271,023	-	-	-	-	(699,271,023)	-
Dividend equalization fund	-	-	-	-	-	-	-	-
Balance as at 31 December 2017	6,141,193,860	4,697,568,094	3,175,989,529	1,063,497,554	-	-	1,385,121,743	16,413,370,820
Balance as at 31 December 2016	6,141,193,860	3,998,297,071	3,933,128,455	1,063,497,554	30,705,969	-	1,261,617,320	15,848,440,229

### Liquidity Statement

(Asset and Liability Maturity Analysis)  
As at 31 December 2017

Particulars	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	More than 5 years	Total
Cash in hand	11,483,111,668	-	-	-	-	11,483,111,668
Balance with other banks & financial institutions	1,488,197,469	35,382,130	10,300,200,000	-	-	11,823,779,799
Money at call on short notice	-	-	200,000,000	-	-	200,000,000
Investment	379,464,663	-	-	171,793,276	25,309,663,342	26,661,321,011
Loans & Advances	36,546,000,000	35,250,000,000	17,146,300,000	25,605,528,947	27,885,309,648	142,252,938,595
Fixed assets including premises, furniture and fixtures	452,550,943	676,270,306	-	2,106,974,381	402,834,472	2,509,800,253
Other Assets	50,389,324,742	39,961,602,038	27,646,300,000	1,794,363,950	3,943,512	2,036,978,720
<b>Total assets</b>	<b>50,389,324,742</b>	<b>39,961,602,038</b>	<b>27,646,300,000</b>	<b>29,679,639,304</b>	<b>53,403,653,384</b>	<b>137,664,330,864</b>
Borrowings from Bangladesh Bank, other banks, financial institutions and agents	-	-	2,095,668,273	12,269,141,453	62,366,012,992	2,095,668,273
Deposits and other accounts	53,863,608,390	26,834,079,575	12,238,484,427	968,483,534	5,000,000,000	167,571,300,837
Other liabilities	89,248,630	5,900,437,962	-	-	-	11,958,166,126
<b>Total liabilities</b>	<b>53,952,857,020</b>	<b>26,834,079,575</b>	<b>20,234,352,683</b>	<b>13,277,624,986</b>	<b>67,366,012,992</b>	<b>181,425,102,256</b>
Net liquidity	(3,603,532,278)	(6,872,477,537)	(2,588,052,683)	(3,600,000,000)	(13,962,359,608)	(14,131,370,820)

\* As a primary dealer we have invested in long term government securities as well as we have managed counter fund from inter-bank or customers as short term settlement. In this regard, our up to 1 month bucket gap is negative.

The following assumptions have been applied in preparing the maturity analysis:

- Balance with other banks and financial institutions, Money at call on short notice are on the basis of their maturity.
- Investments are on the basis of their maturity.
- Loans and advances are on the basis of their maturity.
- Fixed assets including premises land & buildings, furniture & fixtures are on the basis of their useful life.
- Other assets are on the basis of their adjustments.
- Borrowings from Bangladesh Bank, other banks, financial institutions and agents are on the basis of their payment.
- Deposits and other accounts are on the basis of their maturity and payment.
- Provision and other liabilities are on the basis of their adjustment.

### Notes to the Financial Statements

For the year ended 31 December 2017

- 1.00 Reporting entity**
- 1.01 Legal status and nature of the company**  
Jamuna Bank Limited (the "Bank") was incorporated in Bangladesh on 02 April 2001 as a public limited company under the Companies Act, 1994. The Bank within the stipulations laid down by the Bank Companies Act, 1991 (as amended in 2013) and directives as received from Bangladesh Bank and applicable to it from time to time provides all types of commercial banking services. The registered office of the Bank is located at Hadi Mansion, 2 Dilkusha C/A, Dhaka-1000. The Bank has one hundred twenty two (122) branches (including 2 Islamic Banking Branches) with no overseas branches as at 31 December 2017. The consolidated financial statements of the Bank as at and for the year ended 31 December 2017 comprise financial statements of the Bank and its subsidiaries (together referred to as the "Group" and individually as "Group entities").
- 1.02 Nature of the business**  
The principal activities of the bank are providing all kinds of commercial banking services to its customers. The other activities of the bank are providing of all kinds of Islamic banking services to its customers through Islamic Banking branches.
- 1.03 Jamuna Bank Capital Management Limited**  
Jamuna Bank Capital Management Limited is a subsidiary company of Jamuna Bank Limited holding 99.99984% of total paid-up capital incorporated as a private limited company on 23 December 2009 with the Registrar of Joint Stock Companies & Firms, Dhaka vide certificate of incorporation no. C-81290/09. The main objectives of the company for which it was established are to carry out the business of full-fledged merchant banking activities like issue management, portfolio management, underwriting etc.
- 1.04 Jamuna Bank Securities Limited**  
Jamuna Bank Securities Limited is a subsidiary company of Jamuna Bank Limited holding 99.99995% of total paid-up capital incorporated as a private limited company on February 07, 2011 with the Registrar of Joint Stock Companies & Firms, Dhaka vide certificate of incorporation no. C-90274/11. The main objectives of the company for which was established for brokerage services to the investors.
- 1.05 Off-shore banking unit**  
Off-shore Banking Unit (OBU) is a separate business unit of Jamuna Bank Limited, governed under the rules and guidelines of Bangladesh Bank. The Bank obtained the Off-shore Banking Unit permission vide Bangladesh Bank's letter no. BRPD (P-3) 744 (107)/ 2009-4642 dated 22 December 2009. The Bank commenced operation of this unit from 22 April 2010 and its office is located at Land View Commercial Center, 28 Gulshan North C/A, Gulshan, Dhaka. Separate financial statements for Off-shore Banking Unit are enclosed in Annexure- H.
- 1.06 Islamic Banking**  
The Bank obtained the Islamic Banking branches permission vide letter no. BRPD(P)745(55)/2003-3220 and BRPD(P)745(55)/2005-235 The Bank operates Islamic Banking in 2 (two) branches designated for the purpose of complying with the rules of Islamic Shariah. The financial statements of the branches have also been prepared as per the Bank Companies Act, 1991, Bangladesh Accounting Standards/ Bangladesh Financial Reporting Standards and guidelines issued by the Accountancy & Auditing organization for Islamic Financial Institutions for which a separate set of books and records are being maintained. As per Bangladesh Bank BRPD circular no. 15, dated 09 November 2009, separate statements of accounts of consolidated accounts of 2 (two) Islamic Banking branches are enclosed in Annexure- I.

### 2.00 Basis of preparation of the financial statements

#### 2.01 Statement of compliance

##### 2.01.1 Departures from BFRS

The financial statements of the Bank are prepared on a going concern basis under historical cost convention and in accordance with First Schedule (Sec-38) of the Bank Companies Act, 1991, as amended by Bangladesh Bank (Central Bank) vide BRPD Circular No. 14 dated 25 June 2003, other circulars of Bangladesh Bank, Bangladesh Accounting Standards (BAS), the Companies Act, 1991, the Listing Rules of the Stock Exchange, the Securities and Exchange Rule 1987 and other laws and regulations applicable in Bangladesh. In case any requirement of provisions and circulars issued by Bangladesh Bank differs with those of other regulatory authorities, the provisions and circulars issued by Bangladesh Bank shall prevail.

As such the Group and the Bank have departed from those contradictory requirements of BFRSs in order to comply with the rules and regulations of Bangladesh Bank which are disclosed below:

##### i) Investment in shares and securities

**BFRS:** As per requirements of BAS 39 investment in shares and securities generally falls either under "at fair value through profit and loss account" or under "available for sale" where any change in the fair value (as measured in accordance with BFRS 13) at the year-end is taken to profit and loss account or revaluation reserve respectively.

**Bangladesh Bank:** As per BRPD circular no. 14 dated 25 June 2003 investments in quoted shares and unquoted shares are revalued at the year end at market price and as per book value of last audited balance sheet respectively. Provision should be made for any loss arising from diminution in value of investment; otherwise investments are recognized at costs.

##### ii) Revaluation gain/loss on Government securities

**BFRS:** As per requirement of BAS 39 where securities T-bills and T-bonds will fall under the category of "held for trading", any change in the fair value of held for trading assets is recognized through profit and loss account.

**Bangladesh Bank:** HFT securities are revalued on the basis of mark to market and at year end any gains on revaluation of securities which have not matured as at the balance sheet date are recognized in other reserves as a part of equity and any losses on revaluation of securities which have not matured as at the balance sheet date are charged in the profit and loss account. Interest on HFT securities including amortization of discount are recognized in the profit and loss account. HTM securities which have not matured as at the balance sheet date are amortized at the year end and gains or losses on amortization are recognized in other reserve as a part of equity.

##### iii) Provision on loans and advances

**BFRS:** As per BAS 39 an entity should start the impairment assessment by considering whether objective evidence of impairment exists for financial assets that are individually significant. For financial assets that are not individually significant, the assessment can be performed on an individual or collective (portfolio) basis.

**Bangladesh Bank:** As per BRPD circular no. 14 dated 23 September 2012, BRPD circular no. 19 dated 27 December 2012 and BRPD circular no. 05 dated 29 May 2013 a general provision at 0.25% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained regardless of objective evidence of impairment. Also provision for sub-standard loan, doubtful loans and bad losses has to be provided at 20%, 50% and 100% respectively for loans and advances depending on the duration of overdue. Again as per BRPD circular no. 10 dated 18 September 2007, a general provision at 1% is required to be provided for all off-balance sheet exposures. Such provision policies are not specifically in line with those prescribed by BAS 39.

##### iv) Recognition of interest in suspense

**BFRS:** Loans and advances to customers are generally classified as 'loans and receivables' as per BAS 39 and interest income is recognized through effective interest rate method over the term of the loan. Once a loan is impaired, interest income is recognized in profit and loss account on the same basis based on revised carrying amount.

**Bangladesh Bank:** As per BRPD circular no. 14 dated 23 September 2012, once a loan is classified, interest on such loans are not allowed to be recognized as income, rather the corresponding amount needs to be credited to an interest in suspense account, which is presented as liability in the balance sheet.

##### v) Other comprehensive income

**BFRS:** As per BAS 1 Other Comprehensive Income is a component of financial statements or the elements of Other Comprehensive Income are to be included in a Single Comprehensive Income (OCI) Statement.

**Bangladesh Bank:** Bangladesh Bank has issued templates for financial statements which will strictly be followed by all banks. The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income nor are the elements of Other Comprehensive Income allowed to include in a Single Comprehensive Income (OCI) Statement. As such the company does not prepare the other comprehensive income statement. However elements of OCI, if any, are shown in the statements of changes in equity.

##### vi) Provision for Gratuity

**BFRS:** As per BAS 19, actuarial valuation has to be carried out with sufficient regularity to ensure that the provision for gratuity is accounted for fairly. Moreover, provision has to be maintained for gratuity for all of its employees from their date of joining.

**Bangladesh Bank:** The company has a policy to pay gratuity on the basis of last basic pay and is payable at the rate of two months basic pay for every completed year of service upon fulfilling the eligibility criteria. The eligibility criteria of accounting for gratuity is 6 (six) years of continued service with the Bank or a period of 3 (three) years with any other Bank and 3 (three) years with Jamuna Bank Limited. The Bank management has accounted for gratuity using this system instead of accounting for gratuity from the year of joining as per BAS 19.

##### vii) Financial instruments – presentation and disclosure

In several cases Bangladesh Bank guidelines categorize, recognize, measure and present financial instruments differently from those prescribed in BAS 39. As such some disclosure and presentation requirements of BFRS 7 and BAS 32 cannot be made in the accounts.

##### viii) Repo transactions

**BFRS:** When an entity sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repo or stock lending), the arrangement is accounted for as a deposit, and the underlying asset continues to be recognized in the entity's financial statements. This transaction will be treated as loan and the difference between selling price and repurchase price will be treated as interest expense.

**Bangladesh Bank:** As per BRPD guidelines, when a bank sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repo or stock lending), the arrangement is accounted for as a normal sales transactions and the financial assets are derecognized in the seller's book and recognized in the buyer's book.

##### ix) Financial guarantees

**BFRS:** As per BAS 39, financial guarantees are contracts that require an entity to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are recognized initially at their fair value, and the initial fair value is amortized over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortized amount and the present value of any expected payment when a payment under the guarantee has become probable. Financial guarantees are included within other liabilities.

**Bangladesh Bank:** As per BRPD 14, financial guarantees such as L/C, L/G will be treated as Off-Balance Sheet items. No liability is recognized for the guarantee except the cash margin.

##### x) Cash and cash equivalent

**BFRS:** Cash and cash equivalent items should be reported as cash item as per BAS 7.

**Bangladesh Bank:** Some cash and cash equivalent items such as 'money at call and on short notice', Treasury bills, Prize bond are not shown as cash and cash equivalent. Money at call and on short notice presented on the face of the balance sheet, and Treasury bills, Prize bonds are shown in Investments.

##### xi) Non-banking asset

**BFRS:** No indication of Non-banking asset is found in any BFRS.

**Bangladesh Bank:** As per BRPD 14, there must exist a face item named Non-banking asset.

##### xii) Cash flow statement

**BFRS:** Cash flow statement can be prepared using either in direct method or in indirect method. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently.

**Bangladesh Bank:** As per BRPD 14, cash flow is the mixture of direct and indirect method.

##### xiii) Balance with Bangladesh Bank: (CCR)

**BFRS:** Balance with Bangladesh Bank should be treated as other asset as it is not available for use in day to day operations as per BAS 7.

**Bangladesh Bank:** Balance with Bangladesh Bank is treated as cash and cash equivalents.

##### xiv) Presentation of intangible asset

**BFRS:** Intangible asset must be identified and recognized, and the disclosure must be given as per BAS 38.

**Bangladesh Bank:** There is no requirement for regulation of intangible assets in BRPD 14.

##### xv) Off-balance sheet items

**BFRS:** There is no concept of off-balance sheet items in any BFRS; hence there is no requirement of disclosure of off-balance sheet items on the face of the balance sheet.

**Bangladesh Bank:** As per BRPD 14, off balance sheet items (e.g. Letter of credit, Letter of guarantee etc.) must be disclosed separately in face of balance sheet.

##### xvi) Disclosure of appropriation of profit

**BFRS:** There is no requirement to show appropriation of profit in the face of statement of comprehensive income.

**Bangladesh Bank:** As per BRPD 14, an appropriation of profit should be disclosed in the face of profit and loss account.

##### xvii) Loans and advance (net of provision)

**BFRS:** Loans and advances should be presented net of provisions.

**Bangladesh Bank:** As per BRPD 14, provision on loans and advances are presented separately as liability and cannot be netted off against loans and advances.

The financial statements of the Islamic banking branches have also been prepared as per Bank Companies Act 1991, BFRSs and other prevailing laws and regulations applicable in Bangladesh.

##### xviii) Provision of rebate for good borrower

BRPD Circular Letter No. 03 dated 16 February 2016 was issued by the Bangladesh Bank which instructed Banks to provide 10% rebate on the interest collected from good borrowers as defined in BRPD Circular No. 06 dated 19 March 2015, subject to some qualifying criteria. The aforementioned circular goes on to clarify that such rebate may be availed to the good borrowers. During the year 2017, Tk.50.00 lac kept as provision for good borrower by the Bank.