IAMUNABANK

FINANCIAL STATEMENT 2017

Cash Flow Statement For the year ended 31 December 2017 2016 Notes Taka Taka Cash flows from operating activities 11,447,854,630 9,676,937,302 (7,302,983,504) (7,301,599,715) 82,247,788 22,605,737 3,809,658,212 Income received from investments 2,581,824,006 1,800,940,490 1,390,410,770 94,617,278 28,898,092 Recoveries on loans previously written off (2,501,869,802) (2,718,950,717) (219,809,376) (217,319,412) (392,642,005) (1,317,211,631) Receipts from other operating activities 476,066,615 415,710,003

(1,306,452,806)

3,618,142,772

3,951,722,212

99,968,941

(483,570,586)

(631,845,117)

(1,258,944,741)

3,000,000,000

1,109,210,142

7,143,892,137

16,164,632,930

23,308,525,067

1,837,648,640

9,645,463,029

3,568,120,567

(1,045,011,965)

3,885,777,216

4,605,925,718

2,878,785

(175,624,395)

4,433,180,108

1,622,788,496

(1,197,532,802)

425,255,694

394,257,717

15,770,375,213

16,164,632,930

1,679,470,638

8,781,256,635

(i) Operating profit before changes in operating assets and liabilities

Payments for other operating activities

Increase/Decrease in operating assets & liabilities			
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)
(ii) Cash received from operating assets and liabilities		(1,151,581,344)	(8,349,955,302)
Net cash flow from operating activities (A)=(i+ii)		2,466,561,428	(4,464,178,085)

Cash flows from investing activities

Interest receipts

Interest payments

Dividend receipts

Fee and commission receipts

Payments to employees

Payments to suppliers

Income taxes paid

Proceeds from sale/purchase of Govt. securities
Proceed/ (Payments) for purchase of securities
Purchase of property, plant & equipment
Net cash flow from investing activities (B)

Cash flows from financing activities Increase/ (Decrease) of long term borrowings

(*) Closing cash & cash equivalent

Dividend paid Issue of subordinated bond Net cash flow from financing activities (C)

Net Increase/ Decrease in cash and cash equivalents D= (A+B+C)

Cash and Cash Equivalents at beginning of the year (E)

Cash and cash equivalents at end of the year (D+E) (*)

Cash in hand (including foreign currency)
Balance with Bangladesh Bank and its agent banks
Balance with other bank's and financial institutions
Money at call on short notice
Prize bond in hand

short notice	11,823,779,799	5,701,915,05
nd	1,633,600	1,990,60
	23,308,525,067	16,164,632,93
/ 1	1	
The annexed notes 01 to 51 form an integral p	art of the financial statements	
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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	Currency Translation Reserve	Retained Earnings	Total
Balance as at 01 January 2017	6,141,153,860	3,998,297,071	3,353,328,455	1,063,497,554	30,705,969	2	1,261,617,320	15,848,640,229
Changes in accounting policy	4		45	9		39		
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	17	1,261,617,320	15,848,640,229
Dividend equalization fund transferred to Retained earnings					(30,705,969)		30,705,969	(170
Surplus/deficit on account of revaluation of properties			¥3	9				(*)
Surplus/deficit on account of revaluation of investments	\$		(1,177,338,876)	1 1	- 2		¥	(1,177,338,876
Currency translation difference		- 5	1500000			5.5		4
Net gains and losses not recognized in the income statement	- 4	-	(1,177,338,876)	- 40		37	30,705,969	(1,177,338,876
Net Profit for the year				:1		1.0	2,021,014,217	2,021,014,217
Olvidend (Cash)	3			1	- 8		(1,258,544,741)	(1,258,944,741
Statutory reserve	*	699,271,023		- 31	186		(699,271,023)	1.0
Dividend equalization fund								
	(+)) 40	F)	- 3		- 19		
Balance as at 31 December 2017	6,141,193,860	4,697,568,094	2,175,989,579	1,063,497,554			1,355,121,743	15,433,370,829
Balance as at 31 December 2016	6,141,193,860	3,998,297,071	3,353,328,455	1,063,497,554	30,705,969		1,261,617,320	15,848,540,229

Liquidity Statement (Asset and Liability Maturity Analysis)

As at 31 December 2017

Particulars	Upto 1 month	1-3 months	3 - 12 months	1 - 5 years	More than 5 years	Total
Cash in hand	11,483,111,668		-11 -40			11,483,111,668
Balance with other banks & financial institutions	1,488,197,469	35,382,330	10,300,200,000		× 1	11,823,779,799
Money at call on short notice	100 mg/A	540	(4)	(4)		
Investment	379,464,663	1040	200,000,000	172,792,026	25,309,663,342	26,061,920,031
Loans & Advances	36,546,000,000	35,250,000,000	17,166,100,000	25,605,528,947	27,685,309,648	142,252,938,595
Fixed assets including premises, furniture and fixtures	4.1	2.0	589 (3.1	2,106,974,381	402,834,872	2,509,809,253
Other Assets	452,550,943	676,220,306	33.1	1,794,363,950	3,843,522	2,926,978,720
Total assets	50,349,324,742	35,961,602,636	27,666,300,000	29,679,659,304	53,401,651,384	197,058,538,066
Borrowings from Bangladesh Bank, other banks, financial institutions and agents Deposits and other accounts. Other liabilities	\$3,863,608,390 89,248,630	26,834,079,575	2,095,668,273 12,238,484,427 5,900,437,962	12,269,145,453 968,481,534	62,366,012,992 5,000,000,000	2,095,668,273 167,571,330,837 11,958,168,126
Total liabilities	53,952,857,020	26,834,079,575	20,234,590,663	13,237,626,986	67,366,012,992	181,625,167,236
Net liquidity	(3,603,532,277)	9,127,523,060	7,431,709,337	16,442,032,317	(13,964,361,608)	15,433,370,829

- 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. ii) Loans and advances are on the basis of their maturity
- v) Fixed assets including premises land & buildings, furniture & fixtures are on the basis of their useful life. Other assets are on the basis of their adjustment
- V) Borrowings from Bangladesh Bank, other banks, financial institutions and agents are on the basis of their payment. vii) Deposits and other accounts are on the basis of their maturity and payment. viii) Provision and other liabilities are on the basis of their adjustment.

Notes to the Financial Statements For the year ended 31 December 2017

Reporting entity

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").

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.

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.

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.

Basis of preparation of the financial statements

2.01.1 Departures from BFRS

Statement of compliance

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, 1994, 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.

Securities T-bills designated as held to maturity are measured at amortized cost method and interest income is recognized through the profit & 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 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

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: (CRR)

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

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.

xix) Provision for climate risk fund

GBCSRD Circular No. 04 dated 9 July 2015 was issued by Bangladesh Bank which instructed Banks to maintain a climate fund of 10% of the CSR budget. During the year ended 31 December 2017, the bank kept provision inline with the circular.

2.01.2 The Bank's compliance with related pronouncements by Bangladesh Bank:

i) Internal control

The objective of internal control is to ensure that management has reasonable assurance that (i) operations are effective, efficient and aligned with strategy, (ii) financial reporting and management information is reliable, complete and timely accessible, (iii) the entity is in compliance with applicable Laws and Regulations as well as its internal policies and ethical values including sustainability, and (iv) assets of the company are safeguarded and frauds, forgeries & errors are prevented or detected.

Jamuna Bank has established an effective internal control system whose primary aim is to ensure the overall control of risks and provide reasonable assurance that the objectives set by the Bank will be met. It has designed to develop a high level risk culture among the personnel of the Bank, establish efficient and qualified operating model of the Bank, ensure reliability of internal and external information including accounting and financial information, secure the Bank's operations and assets, and comply with laws, regulatory requirements and internal policies.

The Board of Directors of Jamuna Bank, through its Audit Committee, periodically reviews the effectiveness of Bank's internal control system covering all the material controls, including financial, operational and compliance controls, risk management systems, the adequacy of resources, qualifications and experience of staff of the accounting and financial reporting function, training programs, budget, etc. The Board Audit Committee reviews the actions taken on internal control issues identified by the Internal & External Auditors and Regulatory Authorities. It has active oversight on the internal audit's independence, scope of work and resources and it also reviews the functions of Internal Control & Compliance Division of Head Office, particularly the scope of the annual audit plan and frequency of the internal audit activities.

During the year 2017, ICCD conducted inspection on most of the Branches/ Divisions of Head Office of the Bank and submitted reports presenting the findings of the audits/ inspections. The bank conducted the risk grading of branches as per Bangladesh Bank guideline. The ICCD plan and perform the audit accordingly. Necessary control measures and corrective actions have been taken on the suggestions or observations made in these reports. The reports or key points of the Reports have also been discussed in the meetings of the Audit Committee of the Board and necessary steps have been taken according to the decision of the said Committee for correct functioning of Internal Control & Compliance.

ii) Internal audit

Internal Audit is the continuous and systematic process of examining and reporting on the activities of an organization undertaken by the specially assigned officers. Internal Auditor works as the Eyes & Ears of the

Internal Audit Mechanism is used as an important element to ensure good governance of JBL. Internal Audit Activity of JBL is effective and it provides Senior Management with a number of important services. These include detecting and preventing fraud, testing internal control, Monitoring and compliance with own policies & procedures, applicable rules & regulations, instructions/guidelines of Regulatory Authority etc. Our team carry out Comprehensive inspection, Special inspection & Surprise inspection and investigation, etc. in order to help avoiding any fraudulent activities which in turn would strengthen the bank to set up sound structural base.

iii) Fraud and forgeries

Fraud can happen anywhere. Though, only relatively few major frauds are picked up by the media, huge sums are lost by all kinds of businesses against large number of frauds. The risks of fraud is increasing day by day as a result of growing globalization, more competitive markets, rapid developments in technology, periods of economic difficulty, etc. Banks by virtue of the nature of activities undertaken and its operating environment are vulnerable to frauds, which takes place when aggressive business strategy and process for quick growth is adopted without adequate/ appropriate internal controls or non-adhering to operating standards/ controls. In the recent past, incidence of frauds in the Banking industry has increased to some extent, which calls for concerted steps in investigating the frauds and identifying the fraudsters for eventual criminal prosecution and internal punitive action.

It will never be possible to eliminate all frauds and no system is completely fraud proof, since many fraudsters are able to bypass control systems put in place. JBL pays attention on anti-fraud internal controls for prevention of fraud and forgery. JBL assesses /evaluates the effectiveness of its Anti-Fraud Internal Control measures on quarterly basis as per the items/ areas mentioned in the prescribed checklist of Bangladesh Bank.

iv) Risk management

The risky nature of Banking business has caused the Central Bank to be much concerned about the risk factors affecting the financial position of the banks. In this connection every Central Bank has come forwarded to establish a general framework to defeat risk factors considering the laws of the land. Bangladesh bank has also undertaken an overall core-risk management project under which every bank is bounded to the authoritative covenants to install risk management system.

major areas such as (i) Credit risk management (b) Foreign exchange risk management (c) Asset liability management (d) Money laundering risk (e) Internal control & compliance (f) Information and communication technology security risk. Jamuna Bank Limited has adopted Risk Management Guidelines formulated by Bangladesh Bank. The

Jamuna Bank Limited has established approved policies in compliance with Central bank's guidelines covering

purpose of the guidelines is to inform management about the loopholes of full fledged implementation of Core risks management, improve risk management culture, restructure minimum standards and assist in the ongoing improvement.

In compliance with the requirements of Bangladesh Bank guidelines, Risk Management Division monthly prepare Risk Management Paper (RMP) and the paper is reviewed in the meeting of Risk Management Committee to have their opinion/decision on the issues identified in RMP.

Functional and presentation currency

as otherwise indicated, financial information presented in Taka has been rounded to the nearest integer.

These financial statements are presented in Bangladesh Taka, which is the Bank's functional currency. Except

Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates is revised and in any future periods affected.

2.04 Reporting period

These financial statements cover one calendar year from 01 January 2017 to 31 December 2017.

2.05 Statement of cash flows

Cash flow statement has been prepared in accordance with the BRPD circular no. 14, Dated: 25 June 2013 issued by the Banking Regulations and Policy Department of Bangladesh Bank.

Foreign currency conversion Transaction in Foreign Currencies are translated into Bangladesh Taka and recorded at the ruling Exchange

rates applicable on the dates of transactions in accordance with Bangladesh Accounting Standards (BFRS/BAS) – 21 "The Effects of Changes in Foreign Exchange Rates". As such i) Assets and liabilities denominated in foreign currency are translated into Bangladesh Taka at the balance

sheet date at mid rates.

ii) Transactions in foreign currencies are converted into Bangladesh Taka currency at average exchange rate of such transactions and any gains or losses thereon are adjusted to revenue through foreign exchange trading account.

Assets and liabilities have been converted into Taka Currency @ US\$ 1 = Tk. 82.675 which represents the year end spot mid rate of exchange as at 31 December 2017 and the income and expenses have been converted into Taka Currency @ US\$ 1=Tk. 81.56 which represents the average rate for the year 2017.

2.07 Statement of liquidity

The liquidity statement has been prepared in accordance with the remaining maturity grouping of the value of the assets and liabilities for the year ended 31 December 2017.

3.00 Significant Accounting Policies Consolidation Procedure 3.01

The consolidated financial statements include the financial statements of Jamuna Bank Limited and its subsidiaries- Jamuna Bank Capital Management Limited and Jamuna Bank Securities Limited made up to the end of the financial year. The consolidated financial statements have been prepared in accordance with Bangladesh Accounting

Standard 27: Consolidated and Separate Financial Statements and Bangladesh Financial Reporting Standard 10: Consolidated Financial Statements . The consolidated financial statements are prepared to a common financial year ended 31 December 2017. Subsidiary

Subsidiary is that enterprise which is controlled by the Bank. Control exists when the Bank has the power, directly or indirectly, to govern the financial and operating policies of an enterprise from the date that control commences until the date that control ceases. The financial statements of subsidiary are included in the consolidated financial statements from the date that control effectively commences until the date that the control effectively ceases. Subsidiary companies are consolidated using the purchase method of accounting.

3.01.1 Transactions eliminated on consolidation

Intra-group balances, and income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

3.01.2 Non-controlling interest

For each business combination, the Group elects to measure any non-controlling interests in the acquiree · at fair value; or

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

at their proportionate share of the acquiree's identifiable net assets, which are generally at fair value.

Subsidiaries are the entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control