

JAMUNA BANK

FINANCIAL STATEMENTS 2016

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 2016, 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 (BFRSs) 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 2016, 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 (BFRSs) 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 and 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;
- adequate provisions have been made for advances and other assets 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 6,263 person hours for the audit of the books and accounts of the Bank.

Dhaka, 27 April 2017


SHAHID BAKAR & CO.
Chartered Accountants

Consolidated Balance Sheet As at 31 December 2016

Notes	31.12.2016 Taka	31.12.2015 Taka
PROPERTY AND ASSETS		
Cash	4(a) 10,460,741,392	11,807,420,437
Cash in hand (including foreign currencies)	4.1(a) 1,679,484,757	1,435,720,630
Balance with Bangladesh Bank and its agent banks (including foreign currencies)	4.2(a) 8,781,256,635	10,371,699,808
Balance with other banks and financial institutions in Bangladesh	5.1(a) 5,701,915,057	2,920,940,539
Outside Bangladesh	5.2(a) 4,644,129,389	771,949,130
Outside Bangladesh	5.2(a) 1,057,785,668	2,148,991,409
Money at call on short notice	6(a) -	1,040,000,000
Investments	7(a) 30,315,152,477	34,926,339,742
Government	7.1(a) 29,747,268,179	34,353,193,898
Others	7.2(a) 567,884,298	573,145,844
Loans and advances	8(a) 118,293,779,461	88,428,802,008
Loans, Cash credit, Overdrafts, etc.	8.1(a) 106,608,386,514	80,664,426,360
Bills purchased & discounted	8.2(a) 11,685,392,946	7,764,375,648
Fixed Assets including premises, furniture and fixtures	9(a) 2,514,969,995	2,512,993,863
Other assets	10(a) 1,908,474,758	1,797,520,422
Non-Banking assets		
Total assets	169,195,033,139	143,434,017,011
Liabilities		
Borrowings from other banks, financial institutions and agents	11(a) 2,727,513,390	1,104,724,893
Deposits and other accounts	12(a) 141,505,954,044	118,843,998,099
Current/Al-wadeeah current accounts and other accounts	12.2(a) 19,749,454,389	15,439,585,382
Bills payable	12.3 10,914,338,305	1,961,645,959
Savings/Mudaraba savings bank deposits	12(b) 12,729,966,705	10,154,755,624
Fixed/Mudaraba fixed deposits	12(b) 51,600,389,749	49,668,192,528
Bearer certificates of deposit	-	-
Short notice deposits	12(c) 7,523,877,711	6,537,571,060
Deposit under special scheme	38,402,419,319	34,584,730,398
Foreign currency deposit	585,507,866	497,517,148
Other liabilities	13(a) 7,177,311,172	5,756,019,419
Subordinated Debt	13(c) 2,000,000,000	2,000,000,000
Total liabilities	153,410,778,606	127,704,742,411
Capital / shareholders' equity		
Paid up capital	14 6,141,193,860	6,141,193,860
Statutory reserve	15 3,998,297,071	3,403,376,819
Dividend equalization fund	16.3(a) 30,705,969	-
Other reserve	16(a) 4,416,826,009	4,955,447,700
Minority interest	16(b) 1,690	1,826
Retained earnings	1,197,229,934	1,229,254,396
Total shareholders' equity	15,784,254,533	15,729,274,600
Total liabilities and shareholders' equity	169,195,033,139	143,434,017,011
OFF-BALANCE SHEET ITEMS		
Contingent liabilities	18(a)	
Acceptances & endorsements	20,190,652,767	14,444,301,217
Letters of guarantee	14,083,196,100	11,041,004,349
Irrevocable letters of credit	14,201,676,615	14,054,453,185
Bills for collection	7,944,289,697	6,833,250,153
Other contingent liabilities	390,533,907	259,775,000
Other commitments	56,810,351,086	46,632,783,904
Documentary credits and short term trade related transactions	-	-
Forward assets purchased and forward deposits placed	-	-
Undrawn note issuance and revolving underwriting facilities	-	-
Undrawn formal standby facilities, credit lines and other commitments	-	-
Total Off-Balance Sheet items including contingent liabilities	56,810,351,086	46,632,783,904

The annexed notes 01 to 51 form an integral part of the financial statements


As per our report of the same date.
Dhaka, 27 April 2017

Consolidated Profit and Loss Account For the year ended 31 December 2016

Notes	2016 Taka	2015 Taka
Interest Income & profit on investment	20(a) 9,709,005,665	9,902,689,115
Less: Interest/profit on deposits and borrowings, etc.	21(a) 7,142,300,073	8,194,848,391
Net interest income/net profit on investments	2,566,705,592	1,707,840,724
Investment income	22(a) 3,748,123,446	3,794,169,364
Commission, exchange and brokerage	23(a) 1,427,409,701	1,219,042,487
Other operating income	24(a) 446,743,292	396,958,571
	5,622,276,439	5,410,170,422
Total operating income (A)	8,188,982,031	7,118,011,146
Salary and allowances	26(a) 2,507,148,284	2,097,231,908
Rent, Taxes, Insurance, Electricity, etc.	27(a) 530,639,870	466,390,433
Legal expenses	5,306,440	5,124,754
Postage, Stamps, Telecommunication, etc.	28(a) 93,440,474	78,276,852
Stationery, Printings, Advertisements, etc.	29(a) 128,372,192	114,947,238
Managing Director's salary & fees	30(a) 12,150,000	10,900,000
Directors' fees	31(a) 8,688,406	6,203,253
Auditors' fees	32(a) 632,500	655,500
Charges on loan losses	-	-
Depreciation and repairs of bank's assets	33(a) 202,758,736	186,130,013
Other expenses	34(a) 475,124,677	404,531,384
Operating expenses (B)	3,964,261,581	3,370,391,333
Profit before provision (C = A - B)	4,224,720,450	3,747,619,813
Provision for loans and advances/investments	35(a) 1,236,932,348	1,426,715,693
Provision for off balance sheet exposures	36(a) 101,775,000	90,307,000
Other provisions	12,471,756	671,004
Provision for diminution in value of investments	37(a) (35,357,704)	(1,047,214)
Total provision (D)	1,315,821,400	1,516,646,483
Profit before taxation (C-D)	2,908,899,050	2,230,973,330
Contribution to Jamuna Bank Foundation	38(a) 89,238,038	43,736,099
Provision for taxation		
Current tax	13.7(a) 1,033,519,550	557,516,436
Deferred tax	13.7.2 (4,913,299)	(13,131,779)
	1,028,606,251	544,384,657
Net profit after taxation Attributable to:	1,791,054,761	1,642,852,574
Shareholders of JBL	1,791,054,888	1,642,852,581
Minority interest	(127)	(7)
Appropriations:		
Statutory reserve	594,920,252	437,360,986
Retained surplus during the year	1,196,134,509	1,205,491,588
Earnings per share (EPS)	39(a) 2.92	2.68

The annexed notes 01 to 51 form an integral part of the financial statements


As per our report of the same date.
Dhaka, 27 April 2017

Consolidated Cash Flow Statement For the year ended 31 December 2016

Particulars	2016 Taka	2015 Taka
Cash flows from operating activities		
Interest receipts	9,719,286,305	9,844,160,793
Interest payments	(7,301,599,715)	(8,632,491,743)
Dividend receipts	7,605,745	9,590,739
Income received from investments	3,836,908,517	3,880,969,442
Fees and commission receipts	1,427,409,701	1,219,042,487
Recoveries on loans previously written off	28,898,092	26,062,419
Payments to employees	(2,519,298,284)	(2,108,131,908)
Payments to suppliers	(1,143,082,647)	(1,021,274,242)
Income taxes paid	(421,274,548)	(495,022,258)
Receipts from other operating activities	446,743,292	397,005,485
Payments to other operating activities	(475,124,677)	(410,297,763)
(i) Operating profit before changes in operating assets and liabilities	3,606,471,780	2,709,613,451
Increase / Decrease in operating assets & liabilities		
Loans and advances	(29,864,977,452)	(9,396,505,066)
Other assets	(110,954,336)	(43,280,319)
Deposit from other banks	2,138,586,561	(6,890,266,000)
Deposit from customers	20,523,369,384	11,107,804,665
Other current liabilities	(759,461,461)	3,034,461,876
(ii) Cash received from operating assets and liabilities	(8,073,437,305)	(2,187,784,844)
Net cash flow from operating activities (A)-(i+ii)	(4,466,965,525)	521,828,607
Cash flows from investing activities		
Proceeds from sale of securities	4,605,925,718	5,263,314,704
Proceeds / Payments for purchase of securities	5,261,546	(27,503,322)
Purchase of property, plant & equipment	(175,220,160)	(112,198,604)
Net cash flow from investing activities (B)	4,435,967,104	5,123,612,778
Cash flows from financing activities		
Increase / (Decrease) of long term borrowings	1,622,788,497	(8,255,130,299)
Dividend paid	(1,197,532,802)	-
Issue of subordinated bond	-	2,000,000,000
Net cash flow from financing activities (C)	425,255,695	(6,255,130,299)
Net Increase/ Decrease in cash and cash equivalents D = (A+B+C)	394,257,273	(609,688,915)
Cash and cash equivalents at beginning of the year (E)	15,770,389,776	16,380,078,691
Cash and cash equivalents at end of the year (D+E) (*)	16,164,647,049	15,770,389,776
(*) Closing cash & cash equivalent		
Cash in hand (including foreign currency)	1,679,484,757	1,435,720,629
Balance with Bangladesh bank and its agent banks	8,781,256,635	10,371,699,808
Balance with other bank's and financial institutions	5,701,915,057	2,920,940,539
Money at call on short notice	-	1,040,000,000
Prize bond in hand	1,990,600	2,028,800
16,164,647,049	15,770,389,776	

The annexed notes 01 to 51 form an integral part of the financial statements


As per our report of the same date.
Dhaka, 27 April 2017

Consolidated Statement of Changes in Equity For the year ended 31 December 2016

Particulars	Paid up Capital	Statutory Reserve	Revaluation Reserve of Securities	Assets Revaluation Reserve	Dividend equalization fund	Currency Translation Reserve	Retained Earnings	Total	Minority interest	Total Equity
Balance as at 01 January 2016	6,141,193,860	3,403,376,819	3,891,870,473	1,063,497,554	-	79,673	1,229,254,396	15,729,272,775	1,824	15,729,274,599
* Changes in accounting policy	-	-	-	-	-	-	-	-	-	-
Restated balance as at 01 January 2016	6,141,193,860	3,403,376,819	3,891,870,473	1,063,497,554	-	79,673	1,229,254,396	15,729,272,775	1,824	15,729,274,599
Surplus/deficit on account of revaluation of properties	-	-	-	-	-	-	-	-	-	-
Surplus/deficit on account of revaluation of investments	-	-	(538,542,018)	-	-	-	-	(538,542,018)	-	(538,542,018)
Currency translation reserve	-	-	-	-	-	(79,673)	79,673	-	-	-
Net gains and losses not recognized in the income statement	-	-	(538,542,018)	-	-	(79,673)	79,673	(538,542,018)	-	(538,542,018)
Dividend (Stock)	-	-	-	-	-	-	(1,197,532,802)	(1,197,532,802)	-	(1,197,532,802)
Interim dividend (Cash)	-	-	-	-	-	-	-	-	(7)	(7)
Net profit for the year	-	-	-	-	-	-	1,791,054,888	1,791,054,888	(127)	1,791,054,761
Statutory reserve	-	594,920,252	-	-	-	-	(594,920,252)	-	-	-
Dividend equalization fund	-	-	-	-	30,705,969	-	(30,705,969)	-	-	-
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	-	1,197,229,934	15,784,254,843	1,690	15,784,254,533
Balance as at 31 December 2015	6,141,193,860	3,403,376,819	3,891,870,473	1,063,497,554	-	79,673	1,229,254,396	15,729,272,775	1,824	15,729,274,599