Directors' Report

Directors' Report 2014

The Board of Directors of Jamuna Bank Limited takes pleasure in welcoming you all to the 23rd Annual General Meeting (AGM) and presenting Annual Report along with the Audited Financial Statements for the year 2014. Before going into details performance of the bank, let's start with the status of global and local economy in brief.

Global Economy: An Overview

We have come through 2014 without a major disaster for the global economy. But it hasn't been a terribly good year. Before it started, the International Monetary Fund forecast a year of "yet another transition". Advanced economies would strengthen, the IMF said, while emerging economies had already weakened.

Some of that turned out to be right. The US and Britain did indeed gain some strength. The slowdown in the emerging world, which was already apparent a year ago, has continued in China, Brazil and Russia - most of the famous BRICS grouping, in other words. But other rich countries have continued to turn in a disappointing performance. While the Eurozone did continue to grow, it failed to gain momentum. Now there are some concerns that even Germany may have been afflicted by the Eurozone economic malaise. Certainly, Europe's traditional powerhouse suffered a setback with economic activity falling back in the second quarter of 2014. There was one bit of good news. The Greek economy finally started to expand. But it was just a tentative start after a very deep decline - by more than 25% in total. Unemployment remains excruciatingly high.

Japan too had a setback after an increase in the tax on consumer spending. The Japanese government has enormous debts, so there was a reason for it, but the economic consequences have led the government to delay the next tax rise it was planning. Ukraine itself was affected and so was Russia due to Western sanctions. The sanctions also appear to have hit Germany whose exports to Russia fell sharply. There was one geopolitical crisis that didn't have the global economic impact that might have been expected.

The rise of Islamic State in Iraq and Syria did not affect the oil market in the way that many previous crises in the Middle East had, when concerns about possible disruptions pushed prices up. The same was largely true of the instability in Libya and the latest episode in the conflict between Israel and the Palestinians. IS had little impact on the global supply of oil, which has been increasingly plentiful due to the shale oil revolution in the US. At the same time, demand for oil has weakened due to the slowdown in China and the persistent sluggishness of the Eurozone and Japan. The result of all those factors was a fall in the oil price of 40% from its peak in June.

That aggravated Russia's financial problems, but it is an economic boost for countries that import oil - which is to say most of the world.

Outlook of 2015

As per IMF projections, the global growth is expected to be 3.5% in 2015 in consideration of recent prospects in China, Russia, the euro area, and Japan as well as weaker activity in some major oil exporters because of the sharp drop in oil prices. From the advance economies the growth is expected to be 2.4% on the back of gradually recovering labor markets, ebbing fiscal consolidation, still-low financing costs. Among major advanced economies, growth in the U.S. economy is projected to 3.6%, with domestic demand supported by lower oil prices, more moderate fiscal adjustment and continued support from accommodative monetary policy. In the euro area, the growth is projected to be 1.2% which is expected to be supported by lower oil prices, further monetary easing, and more neutral fiscal policy stance. In emerging and developing economies, growth is projected to remain stable at 4.3%. Slower growth in China will have important regional effects to downward growth in much of emerging Asia. The growth forecast in India is broadly unchanged as weaker external demand is offset by the boost to the terms to of trade from lower oil prices and a pickup in industrial and investment activity after reforming of policy.

Local Economy

Bangladesh economy managed to maintain the growth momentum in FY14 notwithstanding the political unrest and moderate recovery of global economy. The real GDP growth increased by 0.1 percentage point; from 6.0 percent in FY13 to 6.1 percent in FY14. The growth of industry sector was lower in FY14 compared to the preceding year partly due to political problem and uncertainty. Moderate growth of agriculture sector along with satisfactory growth of services sector helped to achieve the 6.1 percent growth of the overall economy. During FY14, the average inflation showed an upward trend, mainly due to increase in food inflation although the nonfood inflation declined during the same period.

Aided by strong agricultural growth of 3.4 percent, GDP growth during the year was also supported by 5.8 percent modest growth in services sector and moderate growth of 8.4 percent in industry sector. The expansion of the economy during the year was broad based, reflected in positive growth by all sectors and sub-sectors of the economy. Out of the overall GDP growth of 6.1 percent in FY14, 3.1 percentage points was contributed by services sector, followed by industry sector (2.5 percentage points) and agriculture sector (0.5 percentage point).

The nominal GDP of the country was Taka 13509.2 billion in FY14 which was about 12.7 percent higher than that of FY13. The per capita real GDP and GNI are estimated at Taka 49726.0 and Taka 53040.0 respectively in FY14. The per capita nominal GDP and GNI, however, in the same year are estimated at Taka 86731 and Taka 92510 respectively. Country's per capita real and nominal GDP increased by 4.7 and 11.2 percent respectively in FY14 compared to FY13.

Agriculture Sector

The growth of agriculture sector increased to 3.4 percent in FY14 from 2.5 percent in FY13. This increase is attributable mainly to the favourable weather, continued Government support and higher disbursement of agricultural credit. Despite the increase in growth of agriculture sector, its share in total GDP declined as other sectors grew at a relatively faster rate. The share of agriculture sector in total GDP in FY14 was 16.3 percent, which was 16.8 percent in FY13. Within agriculture sector, most of the subsectors performed well during FY14. Crops and horticulture sub-sector recorded a growth of 1.9 percent in FY14 as against 0.6 percent in FY13. Animal farming and fishing subsectors registered slightly higher growth of 2.8 and 6.5 percent in FY14 compared to 2.7 and 6.2 percent respectively in FY13. Forest and related services sub-sectors grew at a rate of 5.1 percent in FY14 compared to 5.0 percent in FY13.

Industry Sector

The growth in industry sector decreased to 8.4 percent in FY14 from 9.6 percent in FY13. The main reasons for this decrease include inadequate domestic demand and political unrests ahead of national election in the country, which took a toll on the industrial production. Among the industry sub-sectors, growth of construction increased to 8.6 percent in FY14 from 8.0 percent in FY13. However, growth of all other sub-sectors declined over the same period.

The growth of mining and quarrying subsector registered the highest decline, from 9.4 percent in FY13 to 5.2 percent in FY14. Growth of manufacturing sub-sector decreased to 8.7 percent from 10.3 percent over the same period. The large and medium scale manufacturing which accounted for 81.9 percent of the manufacturing sub-sector registered a growth of 9.2 percent in FY14 compared to 10.7 percent in FY13. On the other hand, small scale manufacturing registered a growth of 6.6 percent in FY14 which was 8.8 percent in FY13. Quantum Index of Industrial Production (QIP) which has been estimated for computing value added of large and medium scale industries showed a growth of 9.2 percent in FY14.

Production of pharmaceuticals and medicinal chemical grew significantly (29.0 percent) in FY14. Beverages, machinery and equipment n.e.c, other transport equipments, wearing apparel, motor vehicles, trailers and semi trailers, fabricated metal products except machinery, food products, basic metal, rubber and plastic products and computer, electronic and optical products registered positive growth during FY14. The ready-made garments and knitwear, country's two key export items, showed higher growth of 13.8 percent in FY14 compared to 12.7 percent in FY13. However, manufacturing of coke and refined petroleum products, furniture, paper and paper products, chemicals and chemical products and textile experienced a negative growth in FY14.

Services sector

The services sector grew at a rate of 5.8 percent in FY14, which was slightly higher than the preceding fiscal year. This growth was mainly driven by wholesale and retail trade, public administration and defence, education and health and social work subsectors. The wholesale and retail trade subsector grew at a rate of 6.6 percent in FY14 compared to 6.2 percent in FY13. The growth of public administration and defence subsector increased from 6.5 percent in FY13 to 7.1 percent in FY14. Health and social work sub-sector registered a 5.0 percent growth in FY14, which was 4.8 percent in FY13. The growth of education sub-sector increased from 6.3 percent in FY13 to 8.2 percent in FY14, mainly as a result of significant increase of primary school teachers. Hotel and restaurants; transport, storage and communication; and real estate, renting and business activities sub-sectors grew by 6.7, 6.5 and 4.2 percent respectively in FY14. The growth rates of these subsectors in FY13 were 6.5, 6.3 and 4.0 percent respectively. The performances of financial intermediations and community, social and personal services sub-sectors remained unchanged in FY14.

Consumer Prices in Bangladesh

Annual average CPI inflation (base: FY06=100) in Bangladesh showed a mixed trend in FY14. The inflation stood at 7.35 percent in June 2014 against the target of 7.0 percent set in the monetary policy statement (January-June 2014) while it was 6.78 percent in FY13. Inflationary pressure was rising from February 2013 and reached the peak in January 2014 (7.60 percent) due to higher food prices as a result of supply disruptions because of preelection political unrest. However, the CPI inflation started to decrease from February 2014 and came down to 7.35 percent in June 2014. The falling inflation largely attributed to stable fuel price, good domestic harvest and stable exchange rate. Low growth rate of money supply and private sector credits accompanied by decline in government borrowing from Bangladesh Bank has also contributed to the reduction of inflation. The twelve month point-to-point CPI inflation has also substantially eased down to 6.97 percent in June 2014 from 8.05 percent in June 2013.

The annual average and point-to-point food inflation in Bangladesh experienced mixed trends in FY14. The annual average food inflation increased to 8.57 percent in June 2014 which was 5.22 percent in June 2013.

The point-to-point food inflation increased to 9.09 percent in May 2014, the peak for FY14 and then decreased to 8.00 percent in June 2014. Food inflation was high because of high retail prices as traders have to add up higher transportation cost as well as uncertainty driven risk premium over the goods transported. In addition, business entities have also sought to make up losses incurred during political unrest, which ultimately passed on to the prices. The food inflation started declining in June 2014 due to the improvements of overall political situation of the country, decrease in global and regional food prices, and advent of boro harvest in the market. The average non-food inflation showed a declining trend during FY14 mainly due to weaker domestic demand and the central banks cautious monetary policy. The average non-food inflation fell from 9.17 percent in June 2013 to 5.54 percent in June 2014.

Point-to-point non-food inflation has also declined to 5.45 percent in June 2014 against 7.75 percent in June 2013. Decrease in prices of clothing and footwear; furniture furnishing; recreation, entertainment, education and cultural services; and other non food items contributed to decrease in non-food inflation during FY14. However, the nonfood inflation started increasing in June 2014. Monthly percentage change in general, food and non-food inflation showed a mixed trend from July 2013.

In FY14, between urban and rural areas, inflation was relatively high in the former than later. In rural areas, average inflation was 7.07 percent while it was 7.89 percent in urban areas. Annual average inflation in the rural areas increased to 7.07 percent in June 2014 from 6.14 percent in June 2013. In the same areas, the food inflation reached at 8.11 percent from 4.64 percent and the non-food inflation decreased to 5.21 percent from 8.94 percent over the same period.

Call money rates

The weighted average interest rate in the call money market was ranging from 6.3 percent to 8.1 percent during FY14. During FY14 the average volume of trade in the call money market increased by Taka 51.1 billion which was 3.7 percent higher than that of FY13. Both the volume of transaction in the call money market and the weighted average interest rate showed a balanced trend during FY14. However, a lower rate was observed in the 4th quarter of the year.

Interest Rates on Deposits and Advances

The weighted average interest rates of scheduled banks on deposits and lending along with the spread during FY09 to FY14 showed mixed trends. The weighted average interest rate on lending declined to 13.10 percent in FY14 from 13.67 percent in FY13 though policy rates remained unchanged as a result of fall in demand for credit and continued moral persuasion by BB. The weighted average deposit interest rate came down to 7.79 percent in FY14 compared to 8.54 percent in FY13. The large excess liquidity in the banking system contributed to lower the deposit rate. The trends of the spreads between lending and deposits rates were above 5 percent from FY10 to FY14. The spread stood at 5.31 percent in FY14 compared with 5.13 percent in the preceding year.

External Sector

Export

The export earnings (including EPZ) continued to increase from USD 26567 million in FY13 to USD 29765 million in FY14. During the same time, total import payments increased from USD 33576 million to USD 36571 million. Trade deficit declined to USD 6806 million in FY14 from USD 7009 million in FY13. The services and income account including primary income and secondary income registered a surplus of USD 8152 million. Current account balance registered a surplus of USD 1346 million in FY14, which was USD 2388 million in FY13. The capital and financial account continued to register surplus and rose to USD 3719 million in FY14 from USD 3399 million in FY13. Enhanced portfolio investment was one of the main driver of this increase. The overall balance of payments registered a surplus of USD 5483 million in FY14, implying a slight decline from the preceding year. Gross international foreign exchange reserves stood at USD 21508 million at end of FY14 representing 7.1 months of import cover.

The growth of export earnings increased from 10.7 percent in FY13 to 12.0 percent in FY14. Despite this increase of growth, total export earnings as a percentage of GDP slightly decreased from 17.7 to 17.1 over the same period as nominal GDP of the country increased by more than 12.0 percent. Notwithstanding the supply chain disruptions, robust growth of export of ready-made garments continued. While shrimps, leather, knitwear, woven garments, home textile and footwear experienced a positive growth, some of the exports items like fish, petroleum byproducts, raw jute, jute goods, specialized textiles and engineering products experienced a negative growth.

Import

Import payments as a percent of GDP decreased from 22.4 in FY13 to 21.0 percent in FY14. Imports grew at a rate of 8.9 percent in FY14 compared with the 0.8 percent growth in FY13. Total import bills for all items except petroleum and fertiliser has increased in FY14 compared to FY13.

Remittance

Remittance inflows play an effective role in poverty alleviation, supporting development process and in humanizing standards of living. The workers' remittance inflows experienced negative growth of 1.6 percent in FY14 compared to 12.6 percent positive growth in FY13. There are indications of a reversal of this trend.

Monetary Policy

A cautious but inclusive growth and investment friendly monetary policy stance was implemented during FY14. Policy rates were kept unchanged due to the risks of inflationary pressure and to support economic growth. Broad money (M2) registered 16.1 percent growth in FY14 against the targeted growth of 17.0 percent and the actual growth of 16.7 percent in FY13. Total domestic credit increased from 10.9 percent in FY13 to 11.6 percent in FY14. Private sector credit growth was 12.3 percent in FY14 which was lower against the targeted growth of 16.5 percent mainly due to sluggish credit demand, political uncertainty and stringent lending practices by banks following some scams in some banks.

On the other hand, the growth of credit to the public sector declined to 8.8 percent in FY14 against the target growth of 22.9 percent due to significantly lower government borrowing from the banking sector. Instead of borrowing from banks, government collected a good amount of resources through selling National Savings Certificates. Export continued to grow from 10.7 percent in FY13 to 12.0 percent in FY14. Almost imports of all items in the import basket increased last year pushing the overall growth of imports from 0.8 in FY13 to 8.9 percent in FY14.Trade deficit declined to USD 6806 million. Workers' remittances stood lower at USD 14115 million in FY14 compared to the preceding fiscal year, registering a negative growth of 1.6 percent. The current account balance showed a relatively small surplus of USD 1346 million in FY14 which is attributable to the negative growth of remittances. Supported by a significant surplus in the combined capital and financial account, the overall balance recorded a surplus of USD 5483 million in FY14. This contributed to foreign exchange reserves reaching USD 21508 million at the end of FY14, sufficient to meet over seven months of imports. In order to protect Bangladesh's external competitiveness Bangladesh Bank continued its interventions in the domestic foreign exchange market by purchasing foreign currencies as and when deemed appropriate. As a result, Taka-USD exchange rate remained stable during FY14.

Banking Industry in 2014

Banking sector in Bangladesh has come across a turbulent year facing many odds and pitfalls in the macroeconomic fundamentals. The major challenges faced by the banking industry were low credit growth, increasing trend of non-performing loans resulting to higher provisioning requirements, and surplus liquidity. The cumulative effects of these put pressure on the profitability of the banking sector as a whole.

However, the NPL of banking sector dropped in the last quarter of 2014 to 9.69% as on 31 December 2014 (source: The Daily Star) due to taking strong recovery drives, conducting rescheduling and write-offs by the bank companies upon strong direction and supervision of central bank.

Credit growth of private sector registered 12.7% at the end of November 2014. Political uncertainty and infrastructural bottlenecks are holding the pace of expected private investment back. Besides, public sector credit registered 6% growth at the end of November 2014. The lower demand for credit by the public sector occurred due to relatively lower payment for imports by government such as for petroleum products in view of falling oil prices in the international market and mobilization of resources from other sources remarkably from sales of National Savings Deposit Certificates.

Banks are overflowing with liquidity due to lower demand for private and public sectors credit. The weighted average interest rate in the call money market was ranging from 6.3 percent to 8.1 percent during FY14.

The weighted average deposit interest rate came down to 7.79 percent in FY14 compared to 8.54 percent in FY13. The large excess liquidity in the banking system contributed to lower the deposit rate. The trends of the spreads between lending and deposits rates were above 5 percent from FY10 to FY14.

Capital adequacy ratio (CAR) decreased to 10.6% at the end of September 2014 from 11.5% in December 2013 which is still exceeding the BASEL accord of the minimum 10% capital adequacy ratio.

Outlook of 2015

The prospects of the Bangladesh economy over the near and medium terms are reasonably good. The strong domestic demand base, gradually improving investment climate, decreasing uncertainty and reduced inflation are expected to lead to better economic performance. GDP growth is expected to pick up between 6.2 to 6.5 percent in FY15 keeping inflation at a reasonable level provided that macro-economic policies must continue to support sustained expansion in agriculture and industry together with large investment in infrastructure while striving to enhance government revenue collection.

The risks of high inflation include global food price volatility, any shocks to domestic crop production and the knock-on impact of upward adjustments in public sector wages. Fiscal monetary coordination will continue and the track record of containing Government borrowing well within budgetary limits is expected to continue. As such there is no risk of crowding out of private sector credit flow.

Efforts have been continued to maintain the country's external sector stability. Further build up in foreign exchange reserves in FY15 will continue at a more moderate pace than FY14.

Although restrictions in major host countries leading to a reduction in migrant workers outflows resulted in decline of remittance inflows during FY14, it is expected that remittances will increase in FY15. Government is trying to send more people with the help of recruiting countries. Bangladesh Bank projects a 12 and 15 percent growth of export earnings and import bills respectively during FY15. Bangladesh's aspiration to become a middle income country by 2021 is likely to be possible if there is good governance in financial and fiscal fronts, political stability and development of infrastructural facilities.

Financial Performance Review 2014

The Bank met or exceeded almost all of its published objectives for 2014 as illustrated below. As a result of its strong commitment to improve its efficiency and profitability ensuring compliance of all regulatory requirements, the Bank consistently improved its performance. Furthermore, the Bank maintained its financial strength through sound risk, liquidity and capital management.

Total Assets

The total assets of the Bank as on 31.12.2014 rose to Tk.139,494.58 million from Tk.115,162.95 million as on 31.12.2013 which indicated 21.13% growth of assets over the preceeding year.

Cash and Balance with Bangladesh Bank and its Agent

The amount of cash and balance with Bangladesh Bank and its Agent as on 31.12.2014 was Tk.10,040.97 million while it was Tk. 6,650.51 million as on 31.12.2013.

Balance with other banks and financial institutions

The total amount stood at Tk.6,336.94 million as on 31.12.2014 and Tk. 4,278.98 million as on 31.12.2013.

Money at Call & Short Notice

The amount stood at nil as on 31.12.2014 & on 31.12.2013.

Investment

The investment portfolio of the Bank as on 31.12.2014 was Tk.39,963.54 million while it was Tk. 31,392.20 million as on 31.12.2013. The investment portfolio was blended with Government Treasury bills/ Treasury Bonds of Tk.39,510.01 million and investment in primary/secondary shares of Tk.453.53 million. The Bank's major portion of investment is in Govt. Treasury Bills and Bonds for the purpose of fulfilling Statutory Liquidity Requirement as well as an approved dealer of the same.

Loans and Advances/Investments

JBL was in constant efforts to explore different areas of credit operation and could maintain the credit portfolios of Tk.77,899.79 million in 2014 while it was Tk. 67,669.38 million in 2013. In order to ensure compliance with regulatory requirements for avoiding risk of exposure to single borrower, concentration on large loans, to bring in excellence in credit operation in relation to risk management, yield, exposure, tenure, collaterals, security valuation etc. the portfolio of loans and advances increased 15.12% in 2014 from the year 2013. JBL strived for further diversification of credit portfolios. Its credit facilities were concentrated on Trade Finance, SME finance, Agriculture and related sectors, project finance, wholesale and retail trade, transport sector, hospital & diagnostic centres and syndicate financing for big projects, capacity additions to the manufacturing sector and structured financing for developing infrastructure of the country.

Total Non-performing loans and advances/Investments

Total non-performing loans and advances was Tk.4,422.15 million as on 31.12.2014 while it was Tk. 5,133.75 million in 2013. The percent of non-performing loans and advances as on 31.12.2014 5.68% while it was 7.58% in 2013. The percentage of classified loans and advances decreased in 2014 due to recovery, regularized and written-off of bad loans following Bangladesh Bank guidelines. Required Provision has been kept against all non-performing loans and advances as per directive of Bangladesh Bank.

Liabilities

Total Liabilities of the Bank stood at Tk.128,683.91 million as on 31.12.2014 which was Tk. 106,282.01 million as on 31.12.2013.

Borrowing from Bangladesh Bank Financial Institutions and agents

Borrowing from Bangladesh Bank, other banks, financial institutions and agents stood at Tk. 9,359.85 million as on 31.12.2014 while it was Tk. 3,677.28 million as on 31.12.2013.

Deposits

Total deposits stood at Tk.114,635.13 million as on 31.12.2014 which was Tk. 97,485.61 million as on 31.12.2013. The growth of deposits Tk.17,149.52 million being 17.59% over the previous year.

Deposits Mix and Growth

JBL attaches utmost importance to the deposit mobilization campaign and to the optimal deposit mix for minimizing COF as far as practicable. JBL was able to instill confidence in customers as to its commitments to the depositors and borrowing customers and thereby could mobilize a total deposit of Tk. 114,635.13 million in 2014 against that of Tk. 97,485.61 million in the preceding year showing an increase of Tk.17,149.52 million being 17.59 percent. For healthy growth of business JBL puts emphasis on no cost and low cost deposit all the time. A number of savings schemes are in place for mobilizing long term deposits, which can be planned to invest in term loans in the area lease finance, project finance and SME and retail finance with a view to having better yield. JBL's such move will motivate the people to have good savings habit, as well. The comparative position of deposit mix of the Bank as on 31.12.2014 and 31.12.2013 is depicted below:

"Figure in BDT Million"

Type of Deposit	As on 31.12.2014	As on 31.12.2013	Changes (+)/(-)	Changes in % over the Year
Current/Al wadeeah current accounts and other accounts	12697.60	9576.97	3120.63	32.58
Bills Payable	2433.04	1274.22	1158.82	90.94
Savings/Mudaraba savings bank deposits	7894.49	5835.91	2058.58	35.27
Fixed/Mudaraba fixed Deposits	57955.48	55112.24	2843.24	5.16
Short Notice Deposits	5273.92	4106.63	1167.29	28.42
Deposit Under Special Scheme	28061.99	21282.43	6779.56	31.86
Foreign Currency Deposit	318.60	297.21	21.39	7.20
Total Deposit	114635.13	97485.61	17149.52	17.59

Capital Adequacy Ratios

According to the instructions contained in Bangladesh Bank's BRPD Circulars No. 10 & 24 dated March 10, 2010 and August 03, 2010 every commercial bank operating in the country is required to maintain at minimum 10 percent of its risk-weighted assets as capital from July 01, 2011. Jamuna Bank Limited could maintain Capital Adequacy ratio of 11.25 percent as at 31.12.2014, which was 1.25 percent higher than that of Minimum Required Capital Adequacy Ratio. The amount of capital with break-up is given below:

"Fig in BDT Million"

Particulars	2014	2013
Tier I Capital	9110.44	7763.33
Paid up Capital	5160.67	4487.54
Share Premium Account		
Statutory Reserve	2966.02	2596.54
Right issue Subscription Money		
Retained Earnings	983.75	679.25
Proposed Bonus Share		
Tier II capital	1947.81	1496.47
General provision maintained against unclassified Loans & Advances	721.72	645.33
General provision maintained against off balance sheet exposures	376.02	292.34
Revaluation reserve of Govt. securities (50% of the total revaluation reserve)	318.32	27.05
Assets Revaluation Reserve (50% of total revaluation reserve)	531.75	531.75
Exchange Equalization Account		
Total Capital (Tier I + Tier II)	11058.24	9259.80

From the above it reveals that Jamuna Bank Limited was able to increase its core capital from Tk.7763.33 million to Tk.9110.44 million and supplementary capital from Tk.1496.47 million to Tk.1947.81 million and total capital increase from Tk.9259.80 million to Tk.11058.24 million.

Analysis of Income Statement of JBL
Financial Key Performance Indicators

- Deposits and loans are the two important elements considered in monitoring the performances. This helps the management to plan business expansion vis-à-vis liquidity. Deposit performance is measured in terms of cost of deposits. Credit is monitored in terms of yield on advance and impairment charges. Jamuna Bank lead in liquidity management among the conventional private commercial banks;
- Asset and liability mix is monitored to ensure expected profitability, efficiency as well as to achieve diversification;
- Off-balance sheet exposure i.e. letter of credit, export and guarantee are monitored as these are important sources of fee based income. Margin and commission aspects are looked into;
- Revenue growth and revenue mix indicate the business growth and sources of income. This helps the management how well is our business mix and what actions to be taken for balanced growth;
- Cost to income ratio is an important tool which the management uses to determine the efficiency of consumption of resources for creating income;
- NPL ratio measures the asset quality of the bank and helps in managing asset portfolio;
- Net profit before tax measures the operating efficiency of the management and is important for determining the productivity of the employees;
- Return on average equity measures the return on the average capital invested in the business;
- The dividend policy of the bank aims to deliver sustainable and growing returns to shareholders by remaining a responsible citizen;
- The earnings per share ratio shows the level of earnings generated per ordinary shares.

Financial performance: Giving the changing economic and business conditions, the financial performance of JBL in 2014 was expectedly consistent. Besides, restraining aggressive lending, JBL diversified its funding source, recovered more bad loans, ensured quality of assets and fostered control and compliance during the year. Gross loans to deposit ratio has slightly decreased to 67.95 percent as on year-end 2014 against 69.41 percent at year end 2013 which adequately fulfill the regulatory requirement of 80.50%. Operating income increased to Tk. 3068.79 million as on 31.12.2014 from Tk. 2968.91 million as on 31.12.2013.

Financial Highlights: The key features of the financial performance for the year 2014 are summarized in the following table:

Particulars	Year 2014	Year 2013
Net interest income (NII)	1430.64	1619.88
Profit before provision and tax/Operating profit	3068.79	2968.91
Provision for loans and contingent assets	1221.43	684.02
Profit before tax for the year (PBT)	1847.37	2284.89
Profit after tax (PAT)	1347.11	1135.19

Appropriations: The Profit and Loss account for the year 2014 shows Profit after tax (PAT) of BDT 1347.11 million and the distributable profit is BDT 977.63 million after a mandatory transfer of BDT 369.47 million (20 percent of profit before tax) to statutory reserve.

Figures are in million BDT

Particulars	Year 2014	Year 2013
Profit after tax	1347.11	1135.19
Retained earnings carried forward from previous year	6.11	1.04
Profit to be appropriated	1353.22	1136.23
Transfer to statutory reserve	369.47	456.98
Net profit after appropriation/ Retained surplus	983.75	679.25

Net Interest Income

The net interest income as on 31.12.2014 was Tk.1430.64 million while it was Tk. 1,619.88 million in 2013. Due to increase of deposits as well as as expenditure on deposits and borrowings, net interest income decreased during the year 2014.

Investment Income

Total investment income of the bank was Tk.3267.68 million in 2014 while it was Tk.2660.31 million in 2013. Due to increase investment in treasury bills/bonds as well as increase of yield on investment during the year 2014.

Non-Interest Income

Total non- interest income was Tk.1392.30 million in 2014 and Tk.1355.47 million in 2013. Due to increase of gain and commission income, total non-interest income increased during the year 2014.

Non-Interest Expenses

Total non-interest expenses was Tk.3,021.83 million in 2014 while it was Tk. 2,666.75 million in 2013. Due to expansion of branches as well as number of employees increased, total non-interest expenses increased during the year 2014.

Net Profit Before Tax

The net profit before tax of the bank was Tk. 1,847.37 million as on 2014 which was Tk. 2,284.89 million in 2013. Due to requirement of additional provision for loans and advances during 2014 net profit before tax decreased in comparison to 2013.

Provision for Income Tax

Total Tax provision including deferred tax was Tk.463.31 million in 2014 while it was Tk. 1,126.85 million in 2013. Due to write-off of bad loans during the year 2014 some tax refund/adjusment claimed in 2014.

Net Profit After Tax

The net profit after tax of the bank was Tk.1,347.11 million in 2014 while it was Tk. 1,135.19 million in 2013.

Earning Per Share (EPS)

Earning per share was 2.61 as on 31.12.2014 while it was 2.20 as on 31.12.2013.

Statutory Reserve

Provision for Statutory Reserve of the Bank Tk. 369.47 million as on 31.12.2014 while it was Tk. 456.98 million in 2013.

Provision for Loans Advances and others

Required provision has been kept/maintained by the bank against loans advances and others as under :

Figure in BDT Million

	During the year 2014	During the year 2013
Required Provision on Loans, Advances & Others	1221.43	684.02
Provision Maintained	1221.43	684.02
Volume of Classified loans & % of the same	4422.15 5.68%	5133.75 7.58%

Import Business

The total import business handled by the Bank in 2014 was Tk. 59,909.80 million compared to Tk. 52,751.30 million in the preceding year a increase of Tk.7,158.50 million being 13.57 percent growth.

Export Business

The Bank handled export business worth Tk. 64988.60 million in the year under report. In 2013 total export business handled by the Bank was Tk. 64250.50 million. Thus there was a increase of Tk. 738.10 million in export business handled by the Bank, being 1.15 percent growth over the preceding.

Guarantee Business

The bank handled guarantee business amounting to Tk. 4471.00 million in 2014 while it was Tk. 5578.10 million in 2013. Thus there was a decrease of Tk.1107.10 million in guarantee business by the bank, being 19.85% negative growth.

Remittance Business

The total remittance of the bank in 2014 was Tk. 8200.00 million while it was Tk. 6859.00 million in 2013. It indicated 19.55% growth over the preceeding year 2013.

Finally, I wish to thank our shareholders for their continued support and trust placed on us and Jamuna Bank Limited is determined to do better in future and with this expectation we are pleased to place the annual report, the audited financial statements for the year ended December 31, 2014 together with auditor's report thereon for approval

On behalf of the Board of Directors

Mr. Md. Sirajul Islam Varosha
Chairman of the Board of Directors


Management
Discussion
& Analysis

Credit

As a financial intermediary, Bank tries its best to channelize fund received from surplus savings units (depositors) to deficit savings units (borrowers) of an economy in such a manner so that its goal of maximize profit at minimum risk can be achieved. Loans & advances therefore plays most important role in this respect since loans and advances are the heart of asset of all commercial Banks. The bank continues credit facilities offering different customized loan products to business entities and individuals.

Stages of Credit processing:

- Credit Investigation.
- Credit assessment, appraisal & analysis.
- Loan structuring.
- Loan sanction, documentation & disbursement.
- Supervision, Monitoring, Follow-up & Recovery

Credit Risk Management

Credit Risk:

The risk of loss that may occur from the failure of any counter party to make required payments in accordance with agreed terms and conditions and/or deterioration of creditworthiness is called "Credit Risk". Credit risk may arise from both the banking book and trading book. Credit risk is managed through a framework set by policies and procedures established by the Board of Directors. The responsibility is clearly segregated between origination of business transaction and approval of the transaction.

Authority, responsibility and Delegation:

Authority and responsibility for all activities that expose the bank to credit risk is finally rests with the Board of Directors in conjunction with the senior management of the bank. The Board delegated authority to the Managing Director and CEO or other senior officials for sanction credit (limit/case to case) except large loans (more than 10 percent of banks eligible capital). The Board also set credit policies and delegates authority to the Executive Committee of the Board of Directors & the management for setting procedures, which together have structured the credit risk management framework in the bank. Our Credit Policy contains the core principles for identifying, measuring, approving, and managing credit risk in the bank and designed to meet the present & expected organizational requirements. These policies represent the minimum standards for credit extension by the bank, and are not a substitute for experience and good judgment.

The policy covers corporate, retail, small and medium enterprise exposures. Policies and procedures together have structured and standardized credit risk management process both in obligor and portfolio level. There is a comprehensive credit appraisal procedure that covers industry/business risk, management risk, financial risk, facility structure risk, security risk, environmental risk, reputational risk and account performance risk.

To make its business sustainable, risk management is a most vital issue. The Bank thus restlessly adopt continuous policies & procedures to mitigate the risks i.e. operational, market, liquidity, concentration, cross border, legal, reputational & the most important risk "credit risk" that arises from extending credit to customers through lending operations. JBL's risk management strategy is based on identifying & addressing of various risks, assessing systematically, measuring & monitoring such risks continuously. Risk management objective is to maximize risk adjusted returns within own risk appetite.

CRM is responsible for the appraisal of all credit requests & processing to obtain requisite approvals in line with the Bank's policy. This handles request from corporate, retail, SME, agriculture and card division. It is also responsible for the planning, monitoring & reporting of the credit portfolio.

The CRM strategy tries to focus on sound risk management practices in such a manner that complies with all applicable laws & regulations. The Bank does not lend to that business which the bank does not clearly understand. CRM function is independent of business originating functions to establish better internal control & check.

The JBL's management viewed credit risk from the following perspective:

- Risk in judicious selection of customer.
- Risk in background & credit worthiness checking.
- Risk in identifying business risk.
- Risk in security coverage, valuation & perfection.
- Risk of fund diversion.
- Risk of end-use supervision, follow-up & monitoring.
- Risk of not taking timely action.
- Risk of negligence & not doing due diligence.

During the entire life cycle of any commercial operation, especially in borrowing – lending business, there subsist different types of inherent risks which are need to be properly identified, analyzed and mitigated using some tools and techniques, applying realistic judjement as well as handling those with most rational way.

Among other risks, credit risk is the most vital which deserves most preferential attention to be addressed. Credit risk asrises from the bank's dealing with or lending to corporate, individuals and other banks or financial institutions, where there is a possibility that a borrower or counter party will fail to meet its obligation in accordance with agreed terms and conditions and /or deterioration of credit worthiness of customers.

To proactively manage loan portfolios, Credit Risk Management needs to be a vigorous process that enables banks to minimize losses and earn an acceptable level of return for shareholders, Credit risk is an essential factor that needs to be managed. Given the fast changing, dynamic global economy and the increasing pressure of globalization, liberalization, consolidation and disintermediation, it is essential that banks have robust credit risk management policies and procedures that are sensitive and responsive to these changes.

Credit risk of JBL is managed through a policy framework set by its Board of Directors. Although the final authority & responsibility for all activities that expose the bank to credit risk rest with the Board of the Directors; the Board, however, delegated authority to the Managing Director and/or others with Credit risk management responsibility. Bank's credit policy approved by the Board contains the core principles for identifying, measuring, approving & managing credit risk in the Bank. These policies represent the minimum standards for extending credit.

Credit Risk Assessment

Since Credit is the confidence of the Bank on the ability/capacity as well as willingness of the borrower/customer as regard to repayment of loan within stipulated tenor, thorough credit risk assessment is conducted prior to the sanction of credit facilities. Thereafter, it is reviewed annually for each relationship. The result of this assessment is presented in the credit proposal originated from the Relationship Manager. Following risk areas are addressed and assessed in credit sanctioning process:

a) Borrower Analysis: Reputation, education, experience, age and success history and net worth of the borrower are considered to analyze a borrower. Any issue regarding lack of management depth, complicated ownership structures or inter-group transactions are addressed in borrower analysis.

b) Industry Analysis: To analyze an industry JBL considers industry position i.e. threat & prospect in the industry, risk factors pertaining to the industry, borrowers position or share in the industry.

c) Supplier/Buyer Analysis: Analysis of concentration of supplier/buyer with future prospect.

d) Analysis of Historical financials: An analysis of a minimum of 3 years historical financial statements of the borrower is being presented. The analysis addresses the quality and sustainability of earning, cash flow, and the strength of the borrower's Balance Sheets.

e) Projection of financial performance: In considering proposal for term facilities, a projection of the borrower's future financial performance/cash flows for 3 years are estimated to ascertain that the borrower will be able to repay the installments/bank dues.

f) Feasibility study: During feasibility study technical aspects, infrastructural facilities, seasonality of demand, debt-equity ratio, account conduct of the borrower, security, environmental impact/issue, Socio-culture aspects and other relevant factors are considered to assess credit risks.

g) Analysis of account conduct: Careful analysis of trade payments, cheques, principal and interest payments from account statements are done by the Bank's analysts.

h) Adherence to lending guideline: Credit proposals do not adhere to the bank's lending guidelines.

Risks:

The following risks are generally needed o be addressed to analyze any credit proposal:

- Business Risk
- Industry Risk
- Financial Risk
- Management Risk
- Facility Structure Risk
- Security Risk
- Environmental Risk
- Reputational Risk
- Account Performance Risk

Analysis and Mitigation Process:

- Credit Investigation and proper selection of borrower.
- Type wise Loan/Advances facility extended on actual need; not over/under assessed of actual need
- Tenor should be realistic/need based and within the framework of policy/guidelines.
- Sufficiency of security against facility should be ensured.
- Sanctioning with inserting all required covenants/terms & and conditions
- Proper documentation/scrutinize before disbursement
- Supervision, Monitoring, follow up and recovery should be a continuous process.

Credit Facilities Parameter

i. Maximum Size:

- Directives of Bangladesh Bank are meticulously complied in respect of maximum size of single customer/group exposure. At present, as per guidelines of Bangladesh bank, total outstanding of any single borrower /enterprise/organization of a group at any point of time does not exceed 35% of Bank's total capital subject to the condition of the maximum outstanding against fund based financing facilities (Funded Facilities) do not exceed 15% of the total capital. However, for export sector this limit is 50% of the banks total capital. However, funded facilities shall also not exceed 15% of the total capital.

- Loan sanctioned to any individual enterprise or any organization of a group amounting 10% or more of Bank's total capital is considered as Large Loan.

- Credit limit in each case is fixed after assessment of actual business need considering required Debt Equity Ratio, Debt Service Coverage Ratio, Pay Back Period and Security Coverage etc.

ii. Maximum Tenor:

- Short term loan: Maximum period is 12 twelve months. Actual loan period shall be fixed on a case to case basis considering cycle of business and requirement.

- Medium Term Loan: More than 12 months and up to 36 months.

- Long Term Loan: More than 36 months. Actual period shall be fixed considering repayment capacity and projected cash flow.

iii. Securities:

The credit facilities are secured by both primary and collateral security of substantial value and quality. However, the security requirements are flexible for rated customers having excellent track record that indicates lower business risks.

The credit facilities are secured by both primary and collateral security of substantial value and quality but the security requirements are flexible for borrowers having lower business risks.

Valuation of collateral securities is conducted by Bank enlisted independent surveyor, as well as the recommending Branch under some specific guidance and procedures set out by Head Office. The performances of the enlisted surveyors are reviewed periodically. The collateral security must have adequate value, proper demarcation, possession right and right title of documents as pointed by the panel lawyer of the Bank. The collaterals mostly remain within the command area of the respective Branches. In addition Guarantee of the sponsors, spouses, mortgagors as well as post dated cheques covering the facilities with usual charge documents are obtained to make the facilities secured. Assets pledged, as security are properly insured, financial instruments pledged as security are properly liened and authenticated.

Credit Risk Measurement:

Starting from Loan origiantion through initial screening & credit appraisal, credit approval process requires various data/information, reports, papers/documents and rational judgment. All sincere efforts are made for ensuring standards of crdit approval are maintained. JBL has formulated clear guidelines for loan approval/renewal by adopting approval structure.

Credit risk team is absolutely independent during assessment of credit prposals.

Though internal risk rating is important, however credit decisions are not taken solely on the basis of rating. Credit approval primarily made on the basis of cash flows, repayment ability and profitability/business prospect of a particular loan seeker which are distinct from collateral based lending.

Problem loan identification in the early stage act as "safeguard" to the Bank against possible losses. Credit Risk Management Division measures & tracks the status of the credit portfolio, undertakes impact studies & detects early warning signals pointing to deterioration in the financial health of an existing borrower.

Risk Management plays a vital role along with judgment & experience in informed risk taking decision and portfolio management. Although Credit Risk grading Matrix is not a lending decision making tool but used as a general indicator to compare. It is an important tool used as a general indicator to compare one set of customers with another for credit risk measurement as it helps the Bank and financial institutions to understand various dimensions of risk involved in different credit transactions. The grading across the borrowers activities and lines of business provide better assessment of the quality of credit portfolio of a bank or a branch. Well-managed credit risk grading systems promote bank's safety and soundness by facilitating informed decision-making. Grading systems measure credit risk and differentiate individual credits and groups of credits by the risk they pose. This allows bank management and examiners to monitor changes and trends in risk levels. The process also allows bank management to manage risk to optimize returns.

The credit risk grading is done by assigning weightage in accordance to the gravity of risk. The primary risk areas are financial risk, business/industrial risk, management risk, security risk and relationship risk. These risk components are further sub-divided.

Credit Risk Mitigation:

In addition to credit risk grading matrix to use numerical grading system associated with borrower, bank applies other tools and techniques to indicate risk of lending. After determining risks, potential losses expected to be arised from any given account, customer or portfolio, these are mitigated using a wide range of tools such as collateral, insurance, guarantees and netting agreements. Collateral & guarantees constitute a vital part of the credit risk mitigation process. These mitigants are assessed carefully in light of issues like legal certainty and enforceability, market value and counterparty risk of the guarantor. Collaterals are physically inspected, valued by independent 3rd parties (enlisted surveyors) in accordance to Banks credit policy and procedures. Performance of these third parties are reviewed periodically. As risk mitigation tool, collaterals like cash, financial instruments, residential/commercial/industrial land & building, marketable securities, bank guarantees, L/C etc. are preferred by the Bank. Internal policy dictates the type of security offered, standards for periodic valuation & assessment of realisable value of collateral. Bank generally sanctions loan putting appropriate terms and conditions and set out pricing as well as tenor depending on risk involved in a particular credit proposal.

Credit Rating of JBL

It is mandatory requirement of Bangladesh Bank for banks conduct Credit Rating which has been instructed through BRPD Circular No.06 dated July 05, 2006. Credit Rating of Jamuna Bank Limited was done by the Credit Rating of Bangladesh Limited (CRAB) on the audited Balance Sheet as of 31.12.2013. CRAB has submitted their report as following:

Credit Rating Report (Surveillance Rating)

	Long Term	Short Term
Rating Outstanding (updated May 18, 2014)	A 1 (Strong Capacity & High Quality)	ST-2 (High Grade)
Validity of Outstanding	June 30, 2015	

Credit Rating Agency of Bangladesh Limited (CRAB) has assigned A 1 (pronounced as single A one) rating of Jamuna Bank Limited in the Long Term and ST-2 in the Short Term. This level of rating indicates Strong Capacity & High Quality based on audited Financial Statement as on 31st December 2013 and other relevant information.

Commercial Banks rated A 1 in the long term belong to "Strong Capacity and High Quality" cohort. Banks rated A 1 have strong capacity to meet their financial commitments but are somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than Commercial Banks in higher-rated categories. Such Banks are judged to be of high qality and are subject to low credit risk.

Commercial Banks rated in the short term ST-2 (high Grade) category are considered to have strong capacity for timely repayment. Commercial Banks rated in this category are characterized with commendable position in terms of liquidity, internal fund generation and access to alternative sources of funds is outstanding.

Credit Policy of JBL

The Bank has formulated its own Credit Policy Guidelines focusing all core risks specially risks arising out of its credit operation. Experienced human resources are engaged to handle & manage these efficiently within the regulatory guidance & frame work. JBL's credit policy guidelines was initially approved by the Board of Directors in its 59th meeting held on 08.01.2006.

As per CRM guidelines of Bangladesh Bank, the policy should be reviewed at least annually taking into consideration of latest economic, business condition & circumstances. The Credit Policy Guidelines encompasses a wide range of issues related to credit operation.

The Bank updates through reviewing its credit policy periodically commensurate with the ongoing changes in the financial sector in the domestic economy & also collecting information regarding changes in global arena of Banking as well as business & economic condition.

The major points covered by the JBL credit policy are:
- Organizational Structure.
- Segregation of duties.
- Implementation of the concept of Relationship Banking
- Credit principles.
- Credit facilities parameter.
- Preferred areas of Business.
- Discouraged Business.
- Mode-wise Credit Exposure Ceiling.
- Large Loan Concentration Ceiling.
- Management of Classified Loans and Advances to keep it at the lowest level.
- Credit Budget with sectoral outlook and exposure ceiling.
- Procedure of Credit Operational including credit assessment.
- Credit Risk Grading System.
- Emphasizing on secured lending.
- Disbursement process and Documentation Credit Monitoring.
- Delegation of Approval Authority.

To manage risks arising out of its Credit operation efficiently and professionally, the Bank has formulated its own Credit Policy Guidelines. The Credit Policy Guidelines encompasses a wide range of issues related to credit operation.

Principles for extending Credit:

The Credit Policy Guidelines have outlined the Credit Principles of JBL as under:

1. Suitable services & products: The Bank shall provide suitable credit services and products for the market in which it operates. Product innovation shall be a continuous process.

2. Loans from Deposit: Loans and advances shall normally be financed from customers' deposit and not out of temporary fund or borrowing from money market.

3. Maintaining Asset Quality: Credit facilities shall be allowed in a manner so that credit expansion goes on ensuring quality i.e. no compromise with the Bank's standard of excellence. Credit is extended to customers who will adhere to such standards.

4. Compliance: All credit extension must comply with the requirement of Bank's Memorandum and Articles of Association, Bank companies Act as amended from time to time, Bangladesh Bank's instruction circulars, Guidelines and other applicable laws, rules and regulations.

5. Risk Return Trade Off: The conduct of the loan portfolio should contribute within defined risk limitation to achieve profitable growth and superior return on the Bank's capital.

6. Relationship: Credit sanction shall focus on the development and enhancement of relationship with customers and shall be measured on the basis of the total yield for each relationship with a customer (on the global basis), though particular transaction should also be profitable.

7. Borrower Selection: Credit facilities will be extended to those persons/companies, which can make best use of the facility thus helping maximize our profit as well as economic growth of the country. To ensure achievement of this objective, lending decision shall be based mainly on the borrower's ability to repay.

8. Diversification: The portfolio shall be well-diversified, sector wise, industry wise, geographical area wise, maturity wise, size wise, mode wise as well as purpose wise. Concentration of credit shall be carefully avoided to minimize risk.

9. Remunerative: If credit facilities are allowed on a transaction/one-off basis, the yield from the facility should be commensurate with the risk.

10. Pricing: Loan pricing shall depend on the level of risk and type of securities offered. Rate of interest is the reflection of risk in the transaction. The higher the risk, the higher is pricing. Interest rate may be revised from time to time keeping in view of the change in the cost of fund and market condition. Effective yield can be enhanced by requiring the customer to maintain deposit to support borrowing activities. Yield may be further improved by realizing Management fee. Commitment fee etc. where possible following the Bangladesh Bank's guidelines in this respect.

11. Staffing: Proper analysis of Credit proposal is complex and requires high level of numerical as well as analytical ability and common sense. To ensure effective understanding of the concept and thus to make healthy overall credit portfolio of the Bank, the policy of proper staffing is maintained in JBL through placement of qualified officials having right aptitude, formal training in Credit Risk Analysis, knowledge in Bank's credit procedures as well as required experience.

Credit Budget

JBL prepares Credit Budget in the inception of each year reviewing previous year performance & outlook for the current year considering each factor like economic, regulatory, political environmental, sectoral need and global condition etc. Budget is the numerical expression of a plan. It acts as the guideline for the operational people and streamlines all the efforts to the desired way.

a) Credit Budget is prepared so that it can be used as yardstick to prevent unwanted credit concentration in one or few sectors. A bank with high concentration in one or few sectors is likely to be severely affected from any adverse change in the respective sectors. So, a sector-wise credit budget can be used as guideline to avoid sectoral concentration.

b) The credit budget acts as a target to be achieved. It allows the management to review the performance with the budget & to take corrective action, if necessary.

c) Since credit budget is prepared giving emphasis on potential sectors & for discouraging risky sectors, credit budget provides ready reference for identifying potential sector as well as risky sector. Obviously some sectors bear good potential while some other sectors may have reached the saturation stage. The risk factors differ from one sector to other.

To provide guidelines to the credit marketing team & to smoothen the credit decision, credit budget may act as yardstick.

JBL formulates credit budget indicating appetite for growth in different sectors, every year. For the year of 2014, JBL's credit budget contains following:

1. Identified & prioritized areas of business.
2. Mode-wise Credit Exposure Ceiling.
3. Large Loan concentration ceiling.
4. Utmost attention on managing Classified Loans & Advances to keep it at the lowest level.
5. Credit Budget for the year 2014 with sectoral outlook exposure ceiling.
6. Credit Budget for the different segments of business like Corporate, SME & Retail, Agriculture.
7. Emphasizing on Secured Lending.
8. Compliance of Basel-II framework & other regulatory guidelines.
9. Loan pricing policy.
10. Policy for delegation of Approval Authority as per Bangladesh Bank guidelines.
11. Implementation of the concept of Relationship banking.
12. Strengthening Credit Monitoring.

As a result its total loans & advances reached to Tk.7578 crore in diversified & preferred areas of business in the year ended 2014.

Corporate Banking

Taking the opportunity of calm political situation in the country Jamuna Bank Limited has achieved balanced growth in the year 2014.By focusing on asset quality, strict portfolio monitoring, innovation of new financial products and offering wide array of financial services our Corporate Division is committed to help customers to achieve their ambitions.

All through the year 2014, JBL persisted in its key role in supplying business capital in the form of loans and organizing collective finance with a high standard of diligence and full compliance to help build economy and social and physical infrastructure of the country. The Bank's corporate banking business focuses mainly on three areas , namely commercial banking , project financing and export financing. Jamuna Bank Limited is well conversant with the sophistications of corporate lending modalities with a tailored approach to its corporate customers in a cost effective way. Our corporate banking continues to enjoy stout affiliation with premier corporate clients of the country providing comprehensive and customized services.

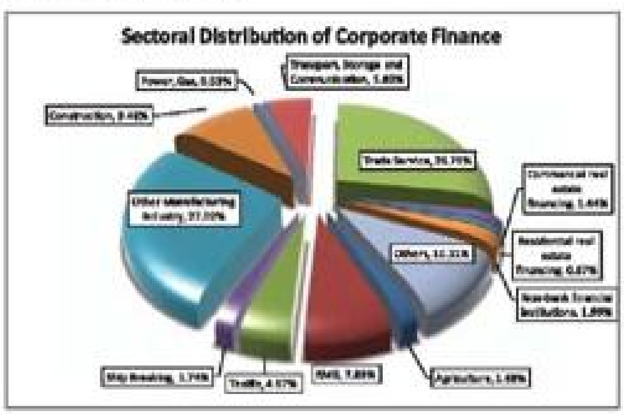
JBL Corporate Division is segregated into different wings:

- Working Capital Finance
- Project & Equity Finance
- Syndication & Structured Finance
- Trade Finance
- Export Finance
- Financial Restructuring, &
- Commercial Banking Services

The policies of Corporate Assets product have been devised addressing current and future challenges for corporate banking business. Though the banking industry experienced a rigid condition in last few years, our corporate banking continues to emphasize on new windows of business. It also considers portfolio diversification before entertaining any customer. Concentration risk is reduced proficiently by a well diversification of loan portfolio. We are also attracting non-funded business, which has two-way benefits such as - for bank: it earns fee income; on the other hand, it promotes international trade (export & import) which helps boost up our economy.

Our corporate division is well equipped and staffed with skilled and experienced personnel who have in depth knowledge to select right customers by analyzing credit worthiness and all associated risks. Our Relationship Managers (RMs) work closely with the clients to understand the pros and cons of the business and its requirements. Tailor made services and need based financial support are offered to assist them all the time.

Sector wise distribution of assets of Corporate Finance is as below:



From the pie chart, we see that the highest allocation of JBL was in Trade service sector in 2014 that is 27%, which means more than one-fourth of total portfolio of the bank was invested in this sector. The second highest distribution was in manufacturing industry. There was no investment in Ship Building sector in 2014. RMG consisted of 10.00% of total Corporate loan portfolio. From above we also notice that JBL maintain a well-balanced portfolio of lending to minimize risk as well as promoting economic growth through nourishing different sectors.

Sector wise comparisom of assets of Corporate Finance is as below:

Fig in Crore Taka

Sector wise Structure of Lending	Outstanding as on 31.12.14	Outstanding as on 31.12.13	Growth in 2014
Agriculture	107.38	119.90	-10.44%
RMG	505.59	447.97	12.86%
Textile	299.12	289.39	3.36%
Ship Building	0.00	0.00	0.00%
Ship Breaking	111.54	120.21	-7.21%
Other Manufacturing Industry	1731.60	1335.01	29.71%
Construction	607.74	503.81	20.63%
Power, Gas	33.77	30.46	10.87%
Transport, Storage and Communication	371.42	330.81	12.28%
Trade Service	1716.63	1760.61	-2.50%
Commercial real estate financing	92.35	85.94	7.46%
Residential real estate financing	43.24	50.36	-14.14%
Non-bank financial institutions	127.59	48.08	165.37%
Others	660.93	842.29	-21.53%
Total Corporate Loans and Advances	6408.90	5964.84	7.44%
SME 645.49	404.88	59.42%	
Retail	432.68	264.12	63.82%
Capital Market	91.43	74.03	23.50%
Total Loans & Advances	7578.50	6707.88	12.98%

From the table we see most significant growth in 'Non-bank financial institutions' (165.37%). The second highest growth is in 'Retail Loan ' (63.82%). These changes in sector-wise allocation are justified from the points of changing situations of our economy, guidelines of Bangladesh Bank & own policies of JBL. Overall growth in lending of JBL in 2014 is 27.33% from the previous year. In amount it is 1627.09 crore larger than that of previous year.

Our management as well as work force is very dynamic and well responsive with the changing market conditions & technologies and seeking for innovative services to meet up the varieties needs of customers. The Bank has prioritized financing in infrastructure development and environment friendly projects. Jamuna Bank has stepped up to finance Green Projects e.g. Construction Brick Field using environment friendly technology, Solar Energy, as per guidelines of Bangladesh Bank.

Our Objectives in 2015

- Corporate Banking Division and Branches of Jamuna Bank Limited will give their joint effort in providing better services to the existing corporate clients as well as focusing on untapped large corporate clients.

- Better customer service will be ensured through effective co-ordination amongst people working in Front-office and Back-office.

- In order to address the import business for increasing revenue in the non-funded business area, we will put our utmost effort to increase our export oriented clients mainly in thrust sectors.

- Corporate Banking Division has been working with specific focus on the target sectors identified with extensive analysis of the current portfolio. These sectors will be prioritized while financing new projects.

- Providing innovative, low cost and customized financial solutions to the corporate clients. In the coming years, the division expects to cater to client needs for bilateral, multi bank loans or specialized financing products.

- Corporate Banking Division will ensure the coordination of Head Office and Branches for better management and supervision of loan portfolio as well as to maintain NPL at an acceptable level.

Retail Banking

JBL offers assorted consumer products which are tailor-made for different consumer segments. These products not only meet the financial need of the consumers but also have raised their living standard. Starting its Retail Credit operation in the year of 2009, JBL has continued its success in 2014 also. In 2014, total investment in this sector was 67.49 cores (approx) whereas in 2013, 2012 & 2011 the same was 48.99 crores, (approx) 41.72 cores (approx) & 47.80 cores (approx) respectively.

As the youngest banking in the banking sector, Jamuna bank Limited Launched Retail Credit in the middle of 2009.

JBL offers the following Retail Banking Products for its valued Customer:

Auto Loan:

- Customer Segment- For Permanent/confirmed service holder of Govt., Semi-Govt., Autonomous organizations, Banks, Insurance Companies, Public Limited Companies, Multinational Companies, NGOs, employees of Private Limited Companies, acceptable to the bank, covered by guarantee of another employee of equal or higher grade, teachers of Universities, Colleges & Schools (Affiliated). Professional persons like Doctors, Engineers, Chartered Accountants, and Architects.
- Loan Size - Minimum 5.00 lac and Maximum Tk. 40.00. lac.

Any Purpose Loan:

- Customer Segment - For Permanent/confirmed service holder of Govt., Semi-Govt., Autonomous organizations, Banks, Insurance Companies, Public Limited Companies, Multinational Companies, NGOs, Employees of Private Limited Companies, acceptable to the bank, covered by guarantee of another employee of equal or higher grade, teachers of Universities, Colleges & Schools (Affiliated). Professional persons like Doctors, Engineers, Chartered Accountants, and Architects.
- Loan Size - Minimum 2.00 lac and Maximum Tk. 50.00. lac.

Personal Loan:

- Customer Segment - For Permanent/confirmed service holder of Govt., Semi-Govt., Autonomous organizations, Banks, Insurance Companies, Public Limited Companies, Multinational Companies, NGOs, Employees of Private Limited Companies, acceptable to the bank, covered by guarantee of another employee of equal or higher grade, teachers of Universities, Colleges & Schools (Affiliated). Professional persons like Doctors, Engineers, Chartered Accountants, and Architects.
- Loan Size - Minimum 2.00 lac and Maximum Tk. 20.00. lac.

Salary Loan:

- Customer Segment- For Permanent/confirmed service holder of Govt., Semi-Govt., Autonomous organizations, Banks, Insurance Companies, Public Limited Companies, Multinational Companies, NGOs, Employees of Private Limited Companies, acceptable to the bank, covered by guarantee of another employee of equal or higher grade, teachers of Universities, Colleges & Schools (Affiliated). Professional persons like Doctors, Engineers, Chartered Accountants, and Architects.

- Loan Size - Minimum 1.00 lac Maximum Tk. 8.00. lac.

Doctor's Loan:

- Customer Segment - For Salaried Doctors of reputed Medical Colleges & Hospitals, Clinics, Diagnostic Centers, NGOs, Multinational/Local Corporate, Govt. Offices, Semi Govt. Offices, Autonomous Organizations, National/ International Aid agencies, UN Bodies.

- Loan Size - Minimum 2.00 lac Maximum Tk. 50.00. lac.

Education Loan:

- Customer Segment - For Students of reputed Public/Private Universities, Medical/Engineering/ Nursing Colleges & Institutes. Student studying Undergraduate, Post Graduate, Doctoral or Professional courses. Overseas Education in any reputed educational institution.

- Loan Size - Minimum 1.00 lac Maximum Tk. 10.00. lac.

Overseas Job Loan:

- Customer Segment - Person having valid Job Offer/Akama/Green Card/Business Visa/ Resident Visa/Work Permit Visa. Person moving overseas for on the job training with subsequent Job Prospect.

- Loan Size - Minimum 2.00 lac Maximum Tk. 50.00. lac.

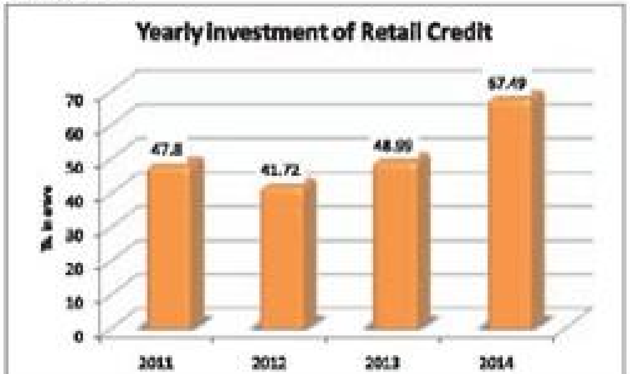
Consumer Credit scheme:

- For JBL Employees Only.

EHBL : Employees House Building Loan

Secured Over Draft (SOD):

Loan against Fixed deposit Receipt (FDR), Special Scheme (DPS, MSS, DGDS, and TGDS), Financial Obligation.



Investment growth under Retail Banking Division as on 31, December 2014

With these distinct products, JBL meets the various customers' necessity. The retail portfolio has been diversified with various products to meet the need of different segments of people of the society.

Treasury Operation

Treasury is involved in identifying and measuring the risks associated in the business and accordingly minimizing or hedging those risks using various financial tools and maximizes profit for bank. In the process, treasury operates through the integrated efforts of Money, FX and ALM to achieve the desired goal. JBL has a dedicated and well trained treasury team capable of providing all kinds of treasury solutions through wide range of products for providing superior service with respect to pricing in the best possible solution to customers. JBL Treasury has five desks and those are:

Money Market: Money market refers to raising and deploying short-term resources with maturity of funds generally not exceeding one year. The year 2014 was a new challenge for Treasury as it was very much flat in both money and forex market. JBL money market is one of the most active and efficient desks in the inter-bank money market of the country. The money market products are divided into call money, term money market, SWAP, Repo & Reverse Repo etc. JBL Treasury money market has earned good amount of spread income between borrowing & lending in various product of Money Market.

Foreign Exchange: Over the year, treasury maintained bank's net open position and FC liquidity in a prudent manner to manage exchange rate risk involved in commercial transactions of on-shore and off-shore Banking units. JBL is one of the leading market makers in either foreign products like spot, swap, forward transactions in inter bank market. In 2014, JBL Treasury makes forecast about future exchange rate movement on a regular basis and maintains its open position according to its future position.

Primary Dealer: With a view to activating a secondary market in Treasury bond, Treasury bill and other government security, Bangladesh Bank selected Jamuna Bank Limited as a Primary Dealer (PD) in 2003 with roles in subscribing and underwriting primary issues and in market making deals with firm two-way price quotes. JBL Treasury has been participating in primary auction of government securities actively and is one of the most successful traders in secondary market. Though the active secondary market of the G-secs is still in a nascent stage in the country but we are trying hard to make secondary market possible in our country. For this reason, we have been awarding by Bangladesh Bank as the best primary dealer continuously since introduction of underwriting commission and trading volume of secondary market. JBL Treasury has earned a good amount of 42.50% tax free income in 2014 with active trading as Primary Dealer.

Corporate Desk: Now-a-days, Treasury is also managing corporate portfolio by matching fund on borrowing & lending to corporate clients with a view to welfare of the economy keeping spread for the bank. In 2014, this is possible only for JBL Treasury by introducing Special Investment Fund for Corporate (SIFCO) to increase corporate client for welfare of the bank as well the economy investment portfolio. Corporate Desk also links the corporate client with treasury by nursing them.

Asset Liability Management: The responsibility of Asset liability Management is on the Treasury Division of the bank. Specifically, the Asset liability Management (ALM) desk of the Treasury Division shall manage the balance sheet. Treasury's primary objective was to mitigate the balance sheet gap in cost effective manner. The Head of Treasury Division will place the results of balance sheet analysis along with recommendation in the ALCO meeting where important decisions are made to minimize risk and maximize returns. JBL has highly efficient ALM desk. During year 2014, treasury maintained uninterrupted liaison with higher management about asset liability position, commitment of bank, market liquidity scenario through ALCO (Asset Liability Committee). The ALM desk provides analysis, instruction and guidance in the area of Asset Liability management for proper management of balance sheet of the bank. It takes various decision regarding interest rate of deposits, loan pricing, Credit Deposit Ratio, Fund transfer pricing etc.

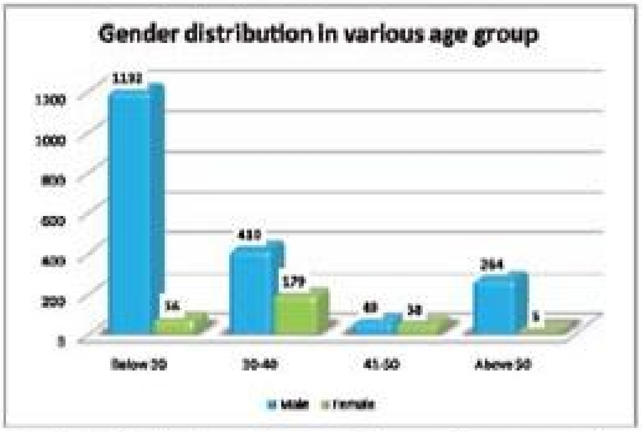
Human Resources

In simple terms HRM is a variety of tasks associated with acquiring, training, developing, motivating, organizing and maintaining human employees in an organization. HRM is a managerial concept, which deals with personnel, hiring, and firing employees, employee skill set and several other human related policies and procedures in an organization. HRM plays a very vital role in all the operations of the organization. In recent years, HRM has changed profoundly and it will continue to change as the work needs of the organizations are constantly changing and becoming more complex. To meet these profound changes in the concept of HRM, organizations are recognizing the need of strategic approach to HRM. SHRM is not a new concept but it is an extension of the traditional HRM in the organizations. In today's powerful competitive and global marketplace, maintaining competitive advantage and a differentiator puts a heavy premium on having a highly committed or competent workforce. Competitive advantage lies not just in differentiating a product or service but in also being able to tap the company's special skills or core competencies and rapidly responding to customer's needs and competitor's moves. In other words competitive advantage lies in management's ability to consolidate corporate-wide technologies and skills into competencies that empower individual business. With all the policy support from the Board and the higher Management, the Human Resources Division is relentlessly continuing its efforts to recruit the best available Officers at entry level through competitive written examination/interview.

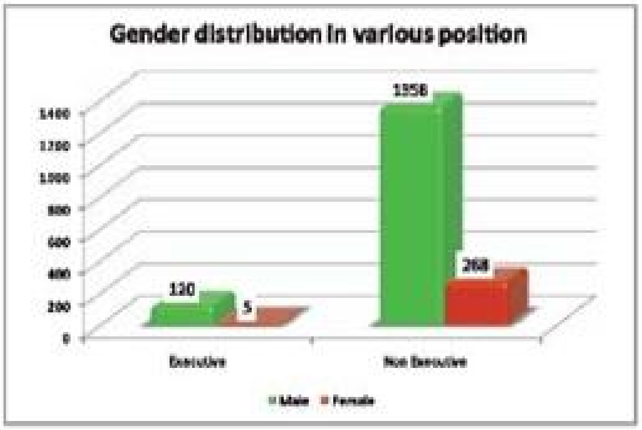
As part of Talent Management, the bank boarded 163 new employees in the year 2014.Experienced Bankers from good banks with fair knowledge and experience were also inducted to meet the demand for quality work force. The total number of headcount of Jamuna Bank Limited as at the close of the year 2014 stood at 2204 compared to 2138 in the year 2013. Rationalization of Human Resources is taken into consideration to validate and ensure proper manning arrangement in line with cost efficiency.

Human Resources Division has taken steps to review and update its Human Resources Management Policy. Training is another aspect. While ensuring a performance driven culture and better learning environment, the bank encouraged for personal development, enabled the individuals to drive for the organizational accomplishments on business priorities.

Gender distribution in various age groups of workforce in 2014



Gender distribution in executive and noexecutive workforce in 2014



Jamuna Bank Employee Welfare Activities

Cheque handover to family members of deceased employee, faiz Ahsan.

Cheque handover to Mr. Nazrul Islam

Jamuna Bank Capital Management Limited (JBCML)

Jamuna Bank Capital Management Limited (JBCML), a fully owned subsidiary of Jamuna Bank Limited obtained full-fledged merchant banking license from Bangladesh Securities & Exchange Commission (BSEC) in November 2010 and started its operation in April 2011. The major business activities of the Company are Issue Management, Underwriting, Portfolio Management, Corporate Advisory etc. From the very beginning of the operation, the Company is running profitably. The Operating Profit of the Company was Tk. 20.33 crore in 2014 which was 3.41% higher than that of 2013. The Company deserves a soar up in the operating income in upcoming years since its numbers of account opened have increased by 2,923 which is 291.14% higher in 2014 than that of the previous year.

Jamuna Bank Securities Limited

Jamuna Bank Securities Limited is another subsidiary of Jamuna Bank Limited. The Company was incorporated in February 2011 with an objective to carry out the stock-brokerage business. With this aim, the Company purchased a membership of Chittagong Stock Exchange Limited in March 2011 and was also exploring the opportunity to purchase the membership of Dhaka Stock Exchange Limited. The Company subsequently obtained Stock-Broker, Stock-Dealer and Full Service DP license from Bangladesh Securities Exchange Commission in June 2012 and started its operation in February 2013. However, the Company is running profitably since its inception. Presently, the Company is the Shareholder and TREC Holder of Chittagong Stock Exchange Limited and pursuing to purchase Share/ TREC of Dhaka Stock Exchange Limited. The Company is providing the services of BO A/C Opening, Share Trading with on-line trading facilities to the both individual and corporate investors.

International Trade Finance

Jamuna Bank Limited (JBL) has been keeping pace with the growing need of its customers through facilitating them in exploring new market and bringing the diversification to have steady and sustainable growth in the International Trade activities. The Bank has been conducting Foreign Exchange business through all its Branches (ADs and non-ADs) supported by International Division (ID). The Division has added values to the Bank facing highly competitive market through all dedicated work forces of the Branches by generating significant revenue and market position.

INTERNATIONAL DIVISION (ID):

International Division is quite dynamic in operating Import and Export business under the efficient leadership and prudent guidance of the Management and has been working as the major support unit for Trade-Finance of Jamuna Bank Limited. ID provides customized support to the Branches through establishing RMA, LC Advising / Confirmation, Purchasing / Discounting / Negotiating of Export Bills, Re-discounting, Arranging Credit Line (funded & non-funded), Bank Guarantee, Trade Payment Settlement, Foreign Exchange Services (e.g. commercial remittances, private remittances, travel expenses etc.) and any other banking needs / services to cope up with the changing and challenging business trends complying prevailing local and international laws.

Foreign Correspondent Relationship of the Bank covers most of the important financial centres and financial institutions. The Bank is maintaining correspondent Banking Relationship (RMA) with 306 world reputable Banks, Financial Institutes and Multilateral Organizations in 85 Countries at 836 different strategic locations to facilitate its expanding International Trade and services. With the developed Correspondent Relationship and upon constant persuasion, the Bank enjoys substantial Credit Lines from the world reputable Correspondent Banks including Asian Development Bank for adding confirmation to our LCs as and when needed.

Presently, we are maintaining 20 Nostro Accounts in eight popular foreign Currencies i.e. USD, GBP, EUR, JPY, AED, CHF, SAR and ACU Dollar with 13 reputable foreign banks at major financial centres to settle our International Trade Transactions smoothly.

Import - Export Business:

In 2014, JBL addressed Import business of Tk. 5,990.98 Crore registering a substantial growth of 13.57% over the previous year. The major import items have been food grains, edible oil, sugar, fertilizer, industrial raw materials, capital machinery, fabrics, garments accessories etc.

At the same period, JBL's Export business sustained positively amounting Tk. 6,498.86 Crore which is 1.10% over year 2013. The major export sectors have been readymade garments, pharmaceuticals, leather goods, frozen fish, jute, non-traditional value added items etc.

Centralised TRADE FINANCE PROCESSING CENTRE (TFPC):

With a view to facilitating the Trade-Finance activities of the Bank in a Centralized platform, TFPC started its business operation from January 2013 in Dhaka and Chittagong and since then, it has been handling Import/Export business of all our non-AD branches. As such, the Bank can handle Import/Export Business of all Branches throughout the Country irrespective of the AD Branches.

OFF-SHORE BANKING UNIT (OBU):

Jamuna Bank Limited has started Offshore Banking in April 2010 with a view to catering the banking requirement of non-resident / foreign customers of Export Processing Zones (EPZs), Special Economic Zones (SEZs) etc. and maximizing Foreign Exchange earnings by increasing Export through the EPZs. At present, the Bank is offering the following offshore banking facilities through its only OBU located at Gulshan, Dhaka:

- Foreign Currency Deposits (Non Resident entities and NRBs)
- Credit Facilities including Trade Financing in Foreign Currency.
- Negotiation/Purchase of Export Bills
- Discounting of Export Bills etc.

The deposit of the Bank's OBU was USD 26.85 million and advance was USD 26.84 million in 2014. At the same period the OBU has discounted 245 Export Bills amounting USD 38.58 million which is 205.71% higher than that of 2013. We are expecting to start our second OBU in Chittagong zone shortly.

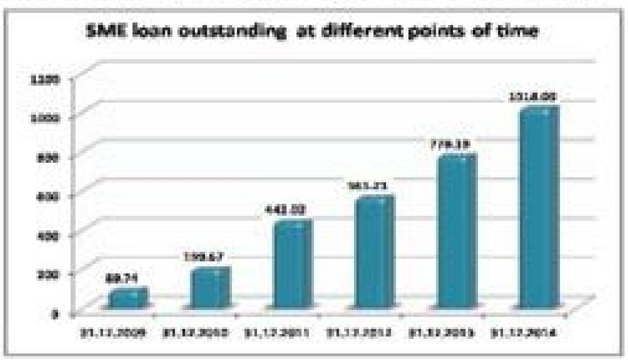
Jamuna Bank Limited adheres to the highest level of integrity, efficiency and caution in providing value added services to its customers, especially in new issues and products in Global Trade Services, thereby creating an ongoing relationship of trust and confidence in all their dealings with the Bank.

SME Banking

Jamuna Bank Ltd. is a successful and established name in the SME sector of the industry. It has been continuously supporting the small and medium segmented entrepreneurs in the manufacturing, trading and service sectors since year 2006. Area of SME operation of the Bank covers all over the country through 97 branches. Total SME loan portfolio of the bank is Tk. 1018.09 Crore and total number of SME borrower is 5274 as on 31.12.2014. Classification is 2.56% of the total outstanding, which can be treated as the best in the industry.

The name of Jamuna Bank has a clear difference in comparison with the other players in the SME market for the quality and quickest service, competitive pricing and diversified credit products (Letter of Credit, LTR, Cash Credit, Term Loan, Lease Finance, Over Draft) designed to meet up the business needs of different types of clients.

Jamuna Bank always stood by the SME entrepreneurs as partner, still standing and will always be there in future. The Bank is committed to create and develop successful entrepreneurs and thus to contribute in the over all socio-economic growth of the country.



ICT System Development

Since starting of the bank in the year 2001, ICT Division is working on the Automaton of Jamuna Bank Limited. From the commencement of the Banking operation, JBL started automated banking from our first branch at Mohakhali, Dhaka. Now at the end of year - 2014 the total No. of branch stands at 97 and all these branches are fully automated and under online operation.

During this long period of journey, ICT Division contributed a significant role and setting up milestone for the automation of the Bank. At present, our Bank has Online CBS and Different Value Added Services (VAS) like SWIFT, ATM Operation, VISA Card, Mobile Financial Service (MFS), SMS Banking, Internet Banking service, BACH & EFTN, Trade Finance Processing Center (TFPC) and different types of bill collection etc.

The ICT Operation also Maintain and Monitor different level of ICT Security. We have implemented Fall Back and Business Continuity plan for all branches to ensure safety and security of ICT operation and to ensure uninterrupted customer Service.

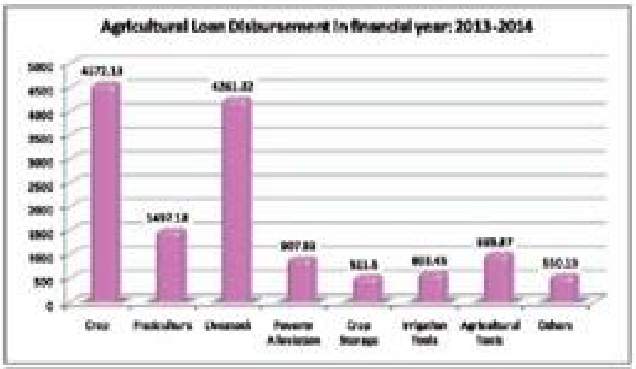
Recently, we have signed an agreement with Tata Consultancy services Ltd. of India to implement a robust world class core banking software called "TCS-BaNCS" and the implementation process is underway. We have developed and deployed new CIB Software, GoAML Anti-Money Laundering Software, Human Resource Management (HRM) Software and Credit Card Management Software which was developed by the ICT Division of the Bank.

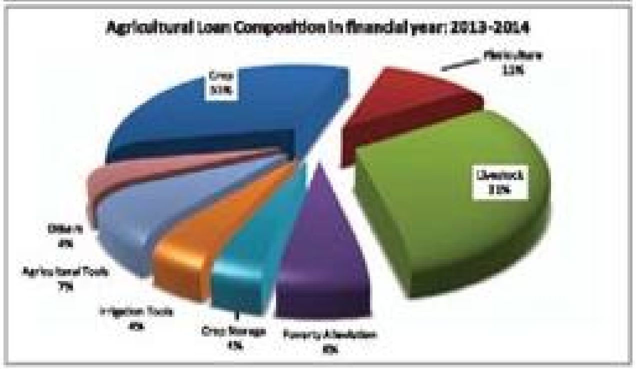
At present, we are working to make Jamuna Bank's IT capability compared to be one of the best in the banking industry of Bangladesh by taking more steps to adopt new technology and services for automation of the Bank in the years to come.

Agreement signing ceremony for core banking solution

Agricultural Loan

The Jamuna Bank Limited (JBL) has further expanded its agricultural loan and rural credit program under the Jamuna Bank Agriculture Loan Project in line with credit norms and policy of Bangladesh Bank. Landless, marginal & small farmers and sharecroppers of rural areas have been receiving such easy and collateral free loan through Area Approach. Both the short and term loans have been provided directly through its branches and linkage program with microfinance NGOs. This program of JBL has become more popular due to realistic, timely and quickly disbursement. The loan is repaid through a customer friendly practice with a grace period of maximum two to five years with installment of monthly, quarterly, half yearly and yearly basis. For direct lending, the Bank determines the rate of interest based on customer-banker relationship and analysis of risks for various sector and sub-sector, and except such declared interest no other charges is applicable.





During 2013-2014 an amount of Tk. 139.10 crore was disbursed to 50151 borrowers against the target of Tk. 100.00 crore set by the Bangladesh Bank (BB) registering 139.10 % achievement. More than 63% of disburse amount was made to crop and livestock sub-sector with almost equal share followed by pisciculture, agricultural equipment, irrigation, poverty alleviation, crop storage and others. Since starting of such loan program in 2008 an amount of Tk. 357.32 crore was disbursed up to 2013-2014 to 153620 borrowers. For such tremendous achievement, BB has awarded an appreciation letter to the JBL.

The loan has made significant contribution to emancipation of rural economy by creating more self-employment opportunities and increasing agriculture production. This has especially benefited women and unemployed youth who have received training on different agricultural based trade and other services from the Jamuna bank Foundation, and also improved their living standard.

Agricultural loan disbursement during the financial year: 2013-2014

Sector	Amount (fig in lac)
Crop	4572.13
Pisciculture	1497.18
Livestock	4261.32
Poverty Alleviation	907.93
Crop Storage	521.50
Irrigation Tools	603.45
Agricultural Tools	995.87
Others	550.19
Total	**13909.57**

Anti Money Laundering & Terrorist Financing

With advancement of globalized economy, organized crime groups are acquiring huge amounts of illegal money through financial crimes and other illegal activities. Globally, Government's objective is to ensure financial integrity and security. Bangladesh Government has strong commitment to fight against Money Laundering, financing of terrorism, and financing of proliferation of weapons for mass destruction as a top priority. Generally, money laundering is the name given to the process by which the origin of illicit funds is disguised. The need to indulge in money laundering is primarily to cover up the means by which such funds have been acquired with the aim of legitimizing them.

Money Laundering constitutes through Banks and NBFIS, real estate companies, securities, brokers/intermediaries, leasing, insurance companies, money changers, courier service providers, drug and arm dealers etc. It is most likely to be prevalent in countries those do not put in place effective AML/CFT regime for detection/prevention of money laundering. Financing of terrorism is a fundamentally simple concept. It is the financial support, in any form of terrorism or of those who encourage, plan or engage in it. Generally terrorist financing refers to carrying out of transactions involving funds that are around by terrorist or intended to be used to assist the commission of terrorist act.

Nowadays, electronic nature of virtual currencies, Internet Banking, stored valued cards and Mobile Banking, all of these have a close relationship with cyber crime. Easy access of E-Commerce attracts to Launderers to do cyber crime for various reasons i.e. cyber crimes leave traces of evidence, there are numerous legal and technical difficulties in security and examining such evidence within short Period. Launderers and criminals may take this kind of opportunities to legalize their illicit activities. All cross border wire transfer should be accompanied by accurate and traceable originator /beneficiary information. Henceforth, all concerned persons are to be more careful on their day to day SWIFT message transaction, mobile banking, customers handling and remittance disbursement. Launders always seek new avenues/ways to circumvent regulation and seizure of assets.

Considering above all these facts prevention of money laundering and terrorist financing is being viewed by the core management as a part of the risk management. Prevention of money laundering is not viewed in isolation from the bank's day to day operational works, services & needs. In order to monitor changes law, rules and regulation and also the instructions of regulatory authority, which may require AML policy & procedures revised from time to time. To ensure that all business activities of banks are carried out in conformity with the Law/Regulations with the government (i.e. Prevention of Money Laundering Act-2012, Anti terrorism Act-2009 (Amended 2013). To comply and monitor the effective implementation of the Bangladesh Bank's instructions and guidance notes Jamuna Bank Ltd. has prepared an "AML/CFT Policy-Guidelines" to prevent money laundering & financing of terrorism in the bank approved by the Board of Directors of the bank.

The policy/ guidelines have established clear responsibilities and accountabilities of the bank officials for discharging their day to day banking activities /duties in terms of AML/CFT issues. The management has created such a culture for the bank so that all employees of the bank irrespective of position have to obey & comply AML/CFT acts, laws/rules and instructions of the Regulators & Jamuna bank.

A very senior member of the top management, Deputy Managing Director is the Chief Anti Money Laundering Compliance Officer (CAMLCO) of the bank & under his active guidance, a Deputy CAMLCO & SVP supervise Anti Money Laundering Division activities.

A senior & responsible officer at branch level has also been nominated as Branch Anti Money Laundering Compliance Officer (BAMLCO), who is responsible to ensure that branches are carrying out AML/CFT policies and procedures as required in the BFIU, Bangladesh Bank's Circular-10 (Master Circulars) dated 28.12.2014 and he is responsible to CAMLCO & D-CAMLCO in case of all sorts of reporting regarding Anti Money Laundering issues. Branch will also ensure reporting of cash transaction & suspicious/abnormal transaction to CAMLCO & D-CAMLCO of HO with their justification as on-going process. Jamuna Bank has reported a significant numbers of suspicious transactions to BFIU, Bangladesh Bank, which were more logical.

As a part of compliance Jamuna Bank Ltd. now performs the following duties:

a) Maintenance of KYC Policy/Procedures for existing account and for new accounts.
b) Maintenance of CDD policy for existing accounts & for opening new accounts.
c) Maintenance of mini KYC with identity (as per instruction of BFIU, Circular-10) on-line, walk-in, one-off & remittance customers.
d) Maintenance of account screening for all official sanction list.
e) Categorization of Risk-Based customers.
f) Maintenance & monitoring of the Transaction Profile (TP) for all customers.
g) Analysis CTR data & reporting through go AML & FIU (CD media).
h) Reporting of suspicious transaction through go-AML & manual system.
i) Review of KYC/TP periodically.
j) Monitoring of structuring & over/under invoicing.
k) Conduct of physical inspection on branches regularly so as to check the status of AML/CFT compliance.
l) Follow self assessment process.
m) Test the system of independent procedures.
n) Arranging day long training/awareness program on AML/CFT issues for the employees.
o) Arranging training program for all branches BAMLCO's every year.
p) Make awareness to customer on AML/CFT issues.

In fact, Jamuna Bank Ltd. has been giving immense importance on the compliances of prevention of money laundering &financing of terrorism to strengthen the AML/CFT issues. All and above of the stated measures, our management & employee's persistent effort will be helpful to us to fight against ML & TF threat & make our bank as a best compliant bank.

Islamic Banking Activities:

Islamic Banking is described as a system of financial intermediation that avoids receipt and payment of interest in its all transactions and conducts its operations in accordance with the objectives of an Islamic economy. There are four primary objectives of Islamic Banking:

1. Islamic Banks are expected to provide contemporary financial services in accordance with the laws set forth in the Shariah.
2. Islamic Banks strive to be more development oriented as the profit sharing nature of the Islamic Banking system establishes a direct relationship between the bank's return and the investment.

3. All business/investments must be for the welfare of the people under the light of Islamic Shariah. Islamic Banks expect to allocate financing to those projects that will benefit to the society as a whole and
4. Islamic Banks strive to ensure equitable distribution of income and resources to all the parties to the transaction.

Islamic Banking Branches:

Considering the above and demand of the people of the country, Jamuna Bank Ltd. has been rendering Islamic Banking services through its two (02) Islamic Banking Branches and twenty three (23) Al-Ihsan Islamic Banking Service Centers linked with the Islamic Banking Branches in addition to its conventional banking activities. The first Islamic Banking Branch of the Bank was opened on October 25, 2003 at Nayabazar in Dhaka. Afterwards, its second branch was opened on November 27, 2004 at Jubilee Road in Chittagong.

The Bank has been rendering Islamic Banking services to the customers through these branches with adherence to the Islamic values and norms. To achieve this goal a Shariah Supervisory Committee has been constituted comprising of renowned Islamic scholars of the country and senior bankers having Islamic Banking exposure in depth of knowledge of conventional and Islamic Banking. All activities of Islamic Banking Branches are carried out under the guidance of this Committee.

Islamic Banking Division:

A full-fledged separate Division namely "Islami Banking Division" has also been set up at Head Office as per Guidelines for Islamic Banking issued by Bangladesh Bank BRPD Circular No.15 dated 09.11.2009. The major functions of the Division are as follows:

1. Framing the Islamic Banking rules and regulations and ensuring implementations thereof.
2. Arranging the meeting of Shariah Supervisory Committee from time to time.
3. Maintaining co-ordination with the Shariah Supervisory Committee and the other Divisions of the Bank.
4. Ensuring the investment against the funds usually received for Islamic Banking business under modes approved by Islamic Shariah.
5. To train up the manpower deployed in the Islamic Banking Branches and service centers.
6. Submitting of required statements to the Central Bank.
7. Supervising the Islamic Treasury Function.
8. Conducting the Shariah Audit/Inspection on the Islamic Banking Branches.
9. To maintain co-ordination with the Central Shariah Board for Islamic Banks of Bangladesh.
10. Complying of any other responsibility (ies), may assign from time to time.

Shariah Supervisory Committee:

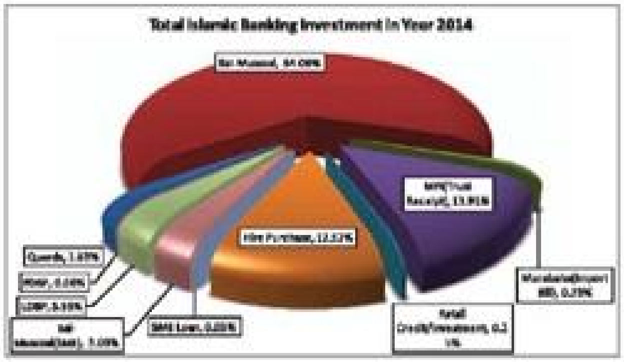
Sl. No.	Name	Status
01	Professor Mowlana Md. Salahuddin Khatib, Baitul Mukarram National Mosque, Dhaka.	Chairman
02	Mr. M. Azizul Haque Founder Managing Director of Islami Bank Bangladesh Ltd. Consultant of Islami Banking.	Member
03	Mawlana Abdur Razzak, Principal, Madinatul Ulum Model Institute Boys Kamil Madrasah, Dhaka.	Member
04	Hafez Mawlana Mufti Ruhul Amin Principal, Jamea Islamia Darul Ulum Khademul Islam Gawherdanga Madrasah, Tungipara, Gopalganj.	Member
05	Prof. Shahidul Islam Barakati Islami Scholar	Member
06	Al-Haj Mawlana Mohammad Sadequl Islam Imam and Khatib, Mohakhali DOHS Jame Masjid, Dhaka Cantonment.	Member
07	Mr. Shafiqul Alam Managing Director, Jamuna Bank Ltd.	Member (Ex-Officio)

Islamic Banking Information:
Training Courses and participants on Islamicc Banking in the year 2014:

Number of Branch	Total Manpower	Total Deposit*	Total Investment*	Total Import	Total Export*	Operating Profit*
02	49	331.61	321.57	198.65	133.72	15.40

*Tk. in crore.

Sl. No.	Course Name	Number of Participant
01	Islamic Banking	107
02	Concept of Islam, Islamic Banking, Al-Ihsan Islamic Banking Service Center, Riba (Interest), Rent, Profit, Commission, Overview on Islamic Banking practice at Jamuna Bank Ltd.	59
03	Process of Deposit mobilization and different modes of Investment of Islamic Banking.	59
04	Islamic Banking & Finance	3
05	Investment & Foreign Exchange	2
	Total:	230



Card

Card Division was launched in 2005. Since then it has been operating with good reputation. Jamuna Bank has been awarded a Principal Membership of VISA international. Card Division introduces to the customers with a variety of products. Our card division is continuously meeting the challenges of developing new products and services to match the specific requirements of customers.

In future, we want to introduce a new version credit card for small income group like service holder and Businessman. Our future upcoming product is Biometric Card, Mobile POS, Co-Branded Debit Cards and Virtual Card for Payment of membership fee of foreign professional and scientific institutions and fees for application, registration, admission, examination (TOEFL, SAT etc.) in connection with admission in foreign educational institution.

We took important steps for financial inclusion and launch initiatives to reduce one of the most significant barriers to Bangladesh economic growth and provide the banking facilities in rural areas.

Our Products:

- Debit
  1. VISA Electron Debit Card
- Credit
  1. VISA Duel currency Credit Card
  2. VISA Local Gold Credit Card
  3. Exporter Retention Quota (ERQ) Credit Card
  4. VISA Local Classic Credit Card
- Prepaid
  1. VISA Gift Card
  2. VISA Travel Card

Business Highlights

- Total Debit Card = 2,16000
- Total Credit Card = 5628
- Total Debit & Credit Card Transaction Per/Day= Taka 4.00 Core
- Total Credit Card outstanding=Taka 20.56 Core
- Total income = Taka 5.49 Core
- Total Expenditure = Taka 2.65 Core
- Net Income = Taka 2.83 Core

Alternative Delivery Channel (ADC):

ADC is another successful wing of the Card Division. It deals with ATM, Cash Deposit Machine (CDM), SMS banking, Mobile Financial Services (MFS) and Mobile Banking etc. At present we have already established 167 ATMs in the countrywide. Being a Member of Q-Cash our cardholder can use NPSB, DBBL, BRAC and Q-Cash ATM approximately 3000 ATMs. As an endless endeavor to provide the customers with top class banking experience, Alternative Delivery Channel (ADC) is offering customers with a range of convenient banking options.

Today, JBL provides Smart phone based App. (Mutho Banking) one of the best Mobile Banking services in the country. Customers can enjoy banking services through JBL Mutho Banking from their PC, Tab or Smart Phone with complete security and confidentiality. Account holders can access their JBL transactional accounts with Mobile App. A wide array of services are available; e.g. viewing account details, instant mobile recharge, utility bill payments, online payment including intra- bank fund transfer and more.

JBL opened 28 new Night & Day (brand name of JBL ATM locations) in 2014. With this addition, now JBL has one of the largest networks of 167 ATMs. Jamuna Bank Limited has also set up a number of Cash Deposit Machine (CDM) across the country to help the customers to pay bills 24x7. JBL has 3 CDMs in operation now. Jamuna Bank has recently launched Mobile Financial Services under the brand name Jamuna Bank- SureCash in December 2014.

Launching Ceremony of Mobile financial Services

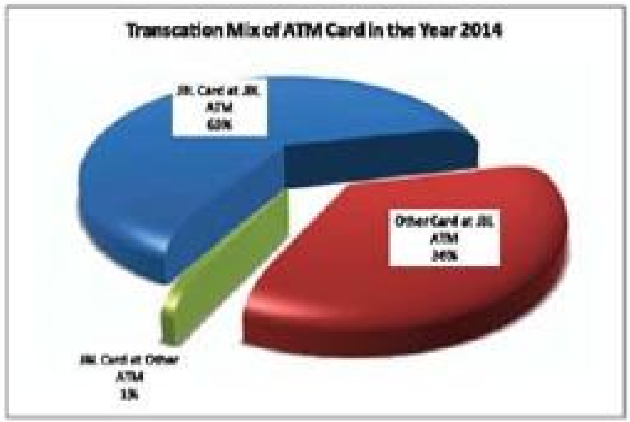
Business Highlights

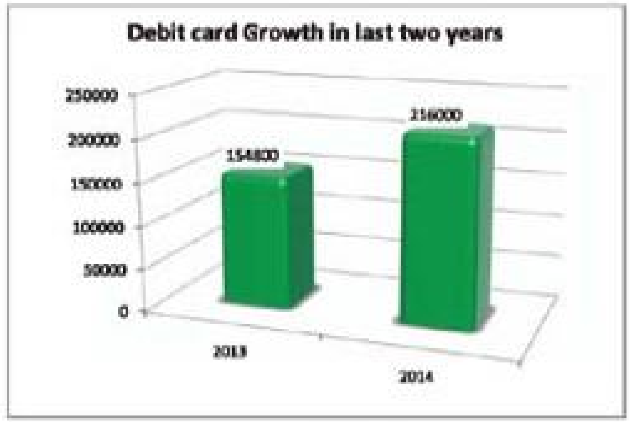
- Total ATM= 167
- CDM = 3
- Total Mobile Banking Customer=71000
- Total Mobile Banking Transaction P/Day= BDT 15000/- (approx.)
- Total number E-commerce Merchant & Merchant Service Provider (MSP): 10
- Monthly Cash Loading at ATMs: Taka 102.87 Core
- Monthly Number of ATM Transactions: 1,02,835
- Monthly ATM Transaction: Taka 95.42 Core
- Transaction Mix:
  1. On Us (JBL Card at JBL ATM): 63%
  2. Off Us (Other card at JBL ATM): 36%
  3. Remote on us (JBL Card at Other ATM): 1%

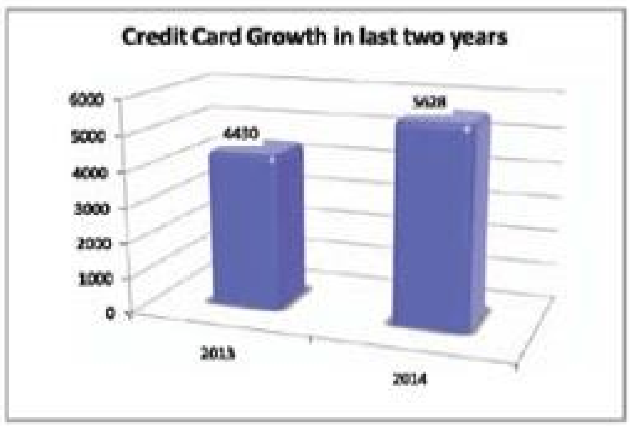
Key priorities in 2014

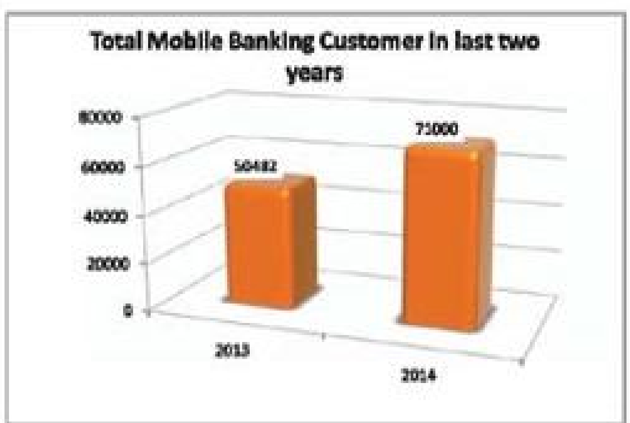
Popularizing Mobile, Internet & ATMs based Banking & increasing number of transactions through Alternate Delivery Channels.

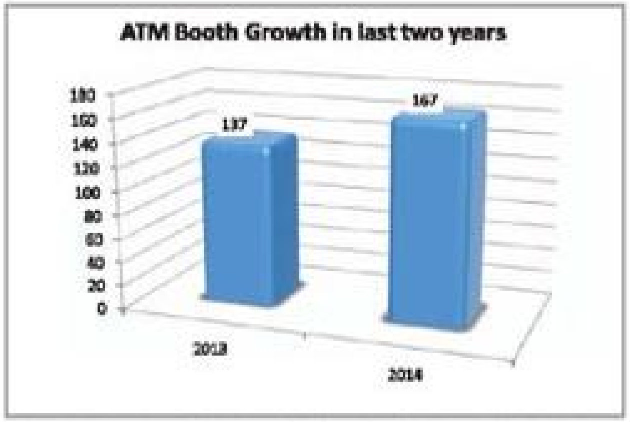
ATM inauguration in Sena Kalyan Bhaban ATM Booth.











INTERNAL CONTROL & COMPLIANCE

Jamuna Bank has established an effective organizational structure to maintain strong internal control culture by properly implementing its ICC policy and Bangladesh Bank guidelines through the resources of the ICC Division. The Division reviews and monitors bank's credit risk, market risk, operational risk etc. to achieve its organizational goals/objectives in the effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws & regulations.

During the year 2014, inspection teams of Jamuna Bank ICC Division carried out comprehensive inspections on all the branches and different divisions of Head Office as per approved annual Audit Plan and submitted Reports accordingly. Subsequently, required remedial measures/corrective steps have been taken against suggestions/observations made in the said Reports. Besides, the summary of each Report was placed and discussed in the meeting of Audit Committee of the Board of Directors. Appropriate actions have also been taken as per decisions of the said Committee for protecting the interest of the bank.

Internal Control & Compliance Division (ICCD) of the Bank is comprised of 03 (three) interrelated wings/units namely i) Audit & Inspection Department, ii) Monitoring Department and iii) Compliance Department.

Audit & Inspection Department: This department conducts comprehensive/ surprise/special inspection on branches and different divisions of Head Office in line with yearly audit plan as well as concurrence of Audit Committee of the Board, as & when it is necessary. We have already chalked out Audit Plan for the year 2015 as per ICC Guidelines of Bangladesh Bank.

Monitoring Department: It monitors and reviews the operational performance of various branches through off-site supervision. If any major deviation is found, this department recommends the HoICCD for sending inspection team to the concerned branch for thorough review. Besides, they prepare Memo for the Audit Committee of the Board and subsequently, communicate their instructions to the branch/division for prompt implementation.

Compliance Department: The department ensures full compliance of the regulatory requirements including directives of Bangladesh Bank, National Board of Revenue (NBR), Bangladesh Security & Exchange Commission (BSEC), Registrar of Joint Stock Companies & Firms (RJSC), Ministry of Finance etc. having significant impact on the bank's business. Compliance is a continuous process. For this, our control system has been designed in such a way that compliance with all the relevant requirements is maintained in each activity of the bank. The Board of Directors and the Senior Management of the bank have developed a high ethical and moral standard to ensure strong compliance culture.

AUDIT COMMITTEE

Objective

To assist the Board of Directors with regard to the auditing of financial reports, internal controls and work in co-ordination with the Bank's external auditors.

Composition & Qualifications

The Audit Committee constituted with 05 (five) members of the Board as per BRPD Circular Letters of Bangladesh Bank. All the members of the Audit Committee are professionally sound, having understanding and profound knowledge in accounting, finance and banking. Chairman of the Committee is an Independent Director as per latest BSEC guideline.

From January, 2014 to October 2014

From November 2014 to December 2014

Authority and Responsibility

The Audit Committee is charged with the duty and responsibility of reviewing the Bank's financial reports to ensure that they are accurate and are adequately disclosed and to work in coordination with the external auditors and the executive in charge of financial reports preparation.

- It is responsible for ensuring that the Bank's internal control and audit systems are adequate, appropriate and effective by reviewing those systems with external auditors as well as internal auditors.
- Review quarterly, half yearly and annual financial statements.

- The internal control & compliance division is responsible for auditing various branches and divisions/departments of head office of the Bank under supervision of the Audit Committee.
- The Compliance Unit is responsible for providing clarification on the rules & regulations issued by relevant authorities as well as ensuring that the Bank complies with relevant laws & regulations.
- Review statement of significant related party transactions submitted by the management.
- Review management letter(s) of internal control weakness issued by statutory auditors.
- With regard to risk management, the Bank recognizes the importance of controlling and managing risks that may arise in the course of doing business and has followed the risk management policy and guidelines as recommended by Bangladesh Bank. The Bank's Risk Management Committee is charged with the responsibility of establishing and proposing to the Board of Directors the policy for overall risk management as well supervision and monitoring to ensure that managing of risks is within the guidelines of the established policy.
- To understand the regular task of managing the Bank's assets & liabilities in such a way that market risk - which arises from the movement of interest rates, exchange rates and prices is maintained within an acceptable level with minimal volatility.

Meetings

The Audit Committee schedules meetings depending on circumstances to scrutinize matters as assigned by the Board of Directors. The Audit Committee held 11 (eleven) meetings in 2014.

Reporting

The Audit Committee has a duty to report its performance to the Board of Directors, and produce and publish its report as part of the Bank's Annual Report.

The Audit Committee is primarily responsible for internal control, audit and financial reporting. It monitors implementation of policies on internal control & compliances and management actions to rectify audit objections. It actively reviews appropriateness of the accounting policies, annual internal audit plan, audit report, risk management of the Bank and Bank's technological needs. It also oversees the discharge of responsibilities of the external auditors. The Committee time to time reports on its activities to the Board of Directors. If any significant deviation is come to the notice of the Committee including the following findings, it inform the Board of Directors of the Bank immediately upon receiving such findings.

a. Report on conflict of interests;
b. Suspected or presumed fraud or irregularity or material defect in the internal control system;
c. Suspected infringement of laws, including securities, related laws, rules & regulations;
d. Any other matter, which should be disclosed to the Board of Directors immediately.

HEAD OF INTERNAL CONTROL & COMPLIANCE DIVISION

Mr Md Belal Hossain, Senior Vice President, has been appointed as the Head of Internal Control & Compliance Division (ICCD) as per compliance to rules & regulations and corporate governance notification. ICC Division of the bank is comprised of 03 (three) interrelated wings/units, namely i) Audit & Inspection Department, ii) Monitoring Department and iii) Compliance Department. As the Head of ICC Division, he monitors and mitigates different risks of the bank and helps to achieve bank's organizational goals/objectives.

Audit & Inspection Department conducts inspection on branches and divisions of the Head Office as per annual Audit Plan duly approved by the Board of Directors. Monitoring Department reviews quarterly operation reports (QORs), loan documentation checklists (LDCs) etc. as part of their off-site supervision activities. Compliance Department ensures full compliance of the regulatory requirements including directives of Bangladesh Bank, National Board of Revenue (NBR), Bangladesh Security & Exchange Commission (BSEC), Registrar of Joint Stock Companies & Firms (RJSC), Ministry of Finance etc.

NRB Banking & Foreign Remittance

Remittances is enriching the foreign currency Reserve of the Country and reducing the dependency on overseas assistance. It facilitates the balance of payment, import financing, adoption of new development plans and its implementation. Remittance figure attains US$ 14.23 billion in 2013-2014 FY, which was 14.46 billion in 2012-2013 FY that is 9.49% of Total GDP, 5.56 times of Official Development Assistance (ODA) and 10 times of Foreign Direct Investment (FDI). Bangladesh is the 8th largest remittance sourcing Country of the World. If the Inward Remittance increases by 1%, the per capita GDP of Bangladesh will grow by 0.12% in short-run (usually 3 years).

Jamuna Bank Ltd has a dedicated NRB Banking & Foreign Remittance Division to ensure prompt & efficient services to the Customers offering best competitive price for their hard earning Foreign Currencies. Consequences upon different initiatives taken by last four years Jamuna Bank secured total Remittance of USD 103.71 million In 2014 achieving 18% growth in 2014 over 2013 (USD 87.92 million) where as our country growth is 8.03% in 2014 compared to previous year. In 2014, total 1,42,266 transactions were made by JBL which is 42% higher than that of 2013 (1,01,937 nos. transactions)

Award Presentation Ceremony on Intl Migrants Day Fair- 2014 at BICC

Minister Visit JBL Stall on Intl Migrants Day Fair-2014 at BICC

Signing of MOU for Distribution of Foreign Remittance

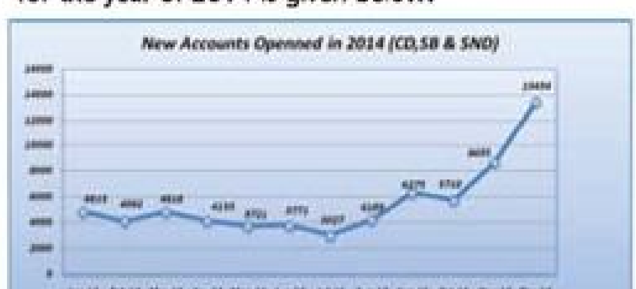
Launching of Foreign Remittance Services of Trans-Fast Remittance LLC

We have different attractive deposit and investment products or schemes to accumulate the hard earned remittance proceeds of NRBs so that NRBs and their Beneficiaries can contribute to the economic growth of the Country by investing their remittance proceeds into productive sector of the economy.

Marketing & Development

Marketing & Development Division serves as a beacon for a Bank, guiding it on which product, pricing, promotional and distribution strategies to use. Effective marketing starts with a considered, well-informed marketing strategy. A good marketing strategy will help us to define our vision, mission and business goals, and outlines the steps we need to take to achieve these goals.

To establish relationship banking and improve service quality through development of Strategic Marketing Plans, Jamuna Bank Limited has restructured the Marketing & Development Division in the year of 2012. In order to acquire substantial increase in customer base for our branches, a Sales Team has been launched in September-2012. At the end of Dec-14, total 79,703 Accounts (CD&SB, DPS, FDR) with booking deposit of 345 Cr. were procured from the Sales Channel. Due to their intensive marketing efforts, Jamuna Bank Limited has achieved a significant growth in terms of sourcing new accounts. Month wise number of new accounts(CD,SB & SND) for the year of 2014 is given below:



School Banking

School banking is gradually getting popularity among the people due to its some particular features including safe deposit and most of the private banks have already achieved a substantial progress in terms of school banking. In October 28, 2013, Bangladesh Bank (BB) has issued a guideline for school banking to provide students with necessary services by ensuring more transparent, encouraging and dynamic institutional financial supports to them .To include the young population of society under the umbrella of banking and to act accordance with the instruction for School Banking Guideline, a new product "JBL School Account" has been introduced with the following attractive features.

Features:	
Type of Account	Savings Account
Age Limit	Student aged from 6 years to below 18 years.
Account Operating	The account is only for the students but it must be operated by the parents or legal guardian.
Account Opening Form	Existing Account Opening Form (Individual)
Initial Deposit	Minimum Tk.100/-
Nationality	Both the Account holder and his/her parents or legal guardian must be Bangladeshi.
Service Charge/Fees	a) No Fees and Charges are applicable except Government fees as applicable by central bank time to time. b) Free on-line service across JBL branches.
Debit Card Fee	Free
Maximum withdrawal	Per month BDT 2000/- through Debit Card and Point of Sales (POS). This limit may be increased up to BDT 5000/- on request of the Guardian. But all the transaction must be notified to the parent or legal guardian by SMS transaction Alert.
Interest Rate	1% higher interest than usual SB A/c. Interest on every day's balance and payment at the end of the month

At the end of Dec-14, total 5,354 Student/School Accounts with the balance of 3.03 Crore were opened. Jamuna Bank has participated all the School Banking Conferences held in the different districts organized by Bangladesh Bank.

Customer Feedback

In August 2014, a survey has been conducted among the customers of our 9 branches in Dhaka & Chittagong and found that our customers are overall satisfied with the services provided from the branches. The objective of the surveys was measuring the customers' satisfaction toward our services as well as to detect the reasons of customers' dissatisfaction (if any). Another objective of gathering customer feedback was determining which additional products or features customers want. The needs of consumers change over time, as does technology.

School Banking Campaign in Queen's School & College

Law & Recovery

Law & Recovery Division (LRD) is one of the vital departments of the Bank entrusted to deal with Non-Performing assets of the Bank, rescheduling, amicable settlement and write-off proposals, provide in-house legal services and monitor pending cases. The law officers are engaged in providing in-house legal opinion, drafting of various deeds & agreements

on various matters in discharging Bank's day to day dealings. We also closely monitor and follow-up the court cases and maintain liaison with the Bank's panel lawyers for speedy disposal of suits filed by the Bank and/or filed against Bank.

In the year 2014, LRD with the help of respective branches has recovered Tk. 404.97 million from classified loan accounts including recovery of Tk. 6.92 million from written-off accounts.

During the year 2014, out of total 87 Artha Rin suits valuing Tk. 6432.02 million, a total number of 13 Artha Rin Suits valuing Tk.

1830.86 million have been decreed in favor of the Bank. On the other hand, an amount of total Tk 121.15 million has been recovered from the suit related accounts: 11 accounts have been finally disposed off/withdrawn upon receipt of the compromised amount of Tk. 30.14 million, 09 accounts against which Court has awarded certificate of ownership and possession of mortgaged property valued Tk. 154.19 million in Bank's favor, out of which partial amount for Tk. 27.20 million has been recovered and 76 Artha Rin Suits valued Tk. 6287.80 million are pending in the Court out of which partial amount for Tk. 331.18 million has been recovered.

Jamuna Bank Training Academy

-------------A Journey towards creating Job excellence

Jamuna Bank Ltd. started its operation in June 2001. With the objective of enhancing professional knowledge , skill , creating positive attitude ,motivation and self confidence among the employees of the Bank-Jamuna Bank established its own Training Institute in the year 2006 for imparting professional training to its employees.

The Bank felt the necessity to make the in- house training more effective and accordingly shifted the premises of the Training Institute in the last part of 2013 to a centrally located Building i.e. Surma Tower,59/2, Purana Paltan, Dhaka-1000 for convenience of the trainers and trainees and also renovated the premises with necessary facilities and required training tools/ equipments as per guidelines of Bangladesh Bank and engaged a competent senior Banker as its principal. To give more emphasis to the Training Jamuna Bank renamed the Jamuna Bank Training Institute as Jamuna Bank Training Academy and redesignated its Principal as Director General and also posted a senior Banker as its Chief Co-ordinator.

Board of Directors and Management of Jamuna Bank put highest importance to the smooth functioning of the Training Academy as an effective tool of human resources development.

In the month of December every year Training Academy submits a Training Calendar and Training Financial Budget for the next year for approval of the Management of the Bank. The Training Academy carries out the Training programme during the year accordingly.

During the year 2014 the Training Academy conducted the following Training programmes :

Number of Trainings /Workshops conducted -56.
Number of Trainees /Participants -3359
Number of days of Training / Workshops-161
Amount spent- Tk.15,50,079.00

Trainings/Workshops are designed according to the Training need of the Bank employees focusing on:

i) Need based on-the- Job Training

ii) Law, Rules, Regulations, Policies related to each Job are taught.

iii) Banking being a business of risk management, risks involved in each job are analyzed and mitigation thereof are also discussed.

iv) Trainings/ Workshops are mainly planned Job/ desk based so that excellence in Job performance can be achieved.

v) Training technique is participative i.e. both way communication. Participation Feedback/ questions from trainees are encouraged. Sharing of experience of trainees, life case study related to the training subject are used to make the training more effective , lively and enjoyable.

vi) After Training a written Test / Aptitude Test/ personal interview are taken to assess strength, weakness, potentiality and aptitude of the trainees. Evaluation is made on the basis of all these very objectively.

vii) Trainees also make evaluation of the performance of trainers for each session in a specified format neutrally/ impartially. To ensure that the trainees can freely exercise their evaluation and their identity not disclosed. They are not required to write their name / particulars and not to sign on the evaluation sheet.

viii) In house trainers are preferred so that the training can be more related to Jamuna Banks environment, practice, policy, products.

ix) Trainers also get opportunity to develop their professional excellence through their preparation for conducting training session, answering queries & questions of trainees. Trainers are also aware that they are also evaluated by the trainees.

x) It is also taken into consideration that effective training can be carried out at the minimum possible cost.

xi) Outreach training / workshops are also arranged at regional level to minimize the cost and also to avoid disruption of work of branches.

xii) Trainers Trainings are also arranged.

xiii) It is also an important objective of the Training to inculcate motivation, commitment, devotion , professionalism , sense of ownership , high morale, sense of honesty, integrity, morale, ethical and religious value among the trainees.

xiv) Discipline, punctuality, manner & etiquette, dress code etc. is also part of Training.

xv) The Board of Directors, Top Management of the Bank always give due weightage to the smooth functioning of the Training Academy and always extend their sincere and prompt support and patronage to the activities of the Training Academy.

xvi) Vision of the Training Academy is to add value to the development of Human resources of the Bank through effective Training, which can be reflected by improved excellence in Job performance, enhancing reputation of the Bank, customer's satisfaction and better working result, which is measured by enhancing value of shareholders investment in the Bank.

Foundation Training Course of 9th Batch Probationary officers

Participants of the Training Course

Mirza Elias Uddin Ahmed is delivering instruction to the participants

Training Course on International Trade & Foreign Exchange Operatoin

DMD, Executives & Participants of the Training Course

Mirza Elias Uddin Ahmed is delivering his valuable remark to the participants

Banking Operation Division

With a view to managing overall operational activities of the Bank having 97 (Ninety Seven) Branches, the Banking Operation Division works like as a bridge between Central Bank & Branches for implementation of its relevant rules, policies & procedures by circulating instruction from time to time. Its functions broadly relates to regulations for compliance under various provisions of Bank Company Act. This division has a pivotal role such as establishment of new branch, collection booth, ATM booth, Relocation of Branches, managing Evening Banking and operations of branch and issuance of guidelines for smooth functioning of the bank. The role played by the Banking Operations Division is important in the pretext that it implements operational policies, procedures and ensures strict compliance of the same through maintaining liaison with Internal Control & Compliance Division. Objective of the division is to provide Safety & Security guidelines to the Branches and also monitor performance of branches against set objectives, analyzing Branch Problems & Prospects, oversee the Peer Group Performance etc.

Banking Operations Division provides guidance to the branches enabling them to provide quick and error free customer service and maintains service standards. As a part of Banking Operation Division, a "Customer Service & Complain Management Department" has been structured. To become trustworthy to the customers, to protect interest of the customers as well as strengthen Banker-Customer relationship are the mottos of establishing the Department. Necessary remedial measures/ corrective steps have been suggested to the branches for solving the various complain/trouble of the customers.

The Division discharges vital responsibility regarding arrangement of different programs of our Bank. It organizes MANCOM (Meeting of Management Committee), Manager's Conference, Annual Business Conference, Deposit & Recovery Campaign, Grading of Branches, Zone-wise Segregation of Branches and other Business Development programs as and when required by the Management. Minutes of the programs are also prepared & delivered from the division in due time.

The banking operations division is mainly responsible for managing the operations i.e. functional aspects of the bank. The division has a pivotal role, as it has to work in close coordination with almost all other Divisions/ Departments/ Branches for smooth functioning of the bank. The role played by the BOD is important in the pretext that they implement operational policies, procedures and ensures strict compliance of the same through liaison with internal audit Division.

Banking Operations Division not only provides guidance to the branches enabling them to provide quick and error free customer service and maintains service standards, but also identifies training needs of their staff and suggests in-house training programs. Objective of this division is to maintain internal security, proper cash vaults, test keys, customer records and computer security features in the branches and also to allocate annual operational targets and monitor performance of staff against set objectives. This Division works like a bridge between Central Bank and branches for implementation of its relevant rules and policies/procedures as circulated from time to time.

New Opportunities

Mr. Shaheen Mahmud Past Chairman, Jamuna Bank Limited with Mr. Leonardo Bastos Azevedo, Deputy Head of Mission, Embassy of Brazil at the Chariman's Office at Jamuna Bank Head Office.

ORGANOGRAM OF BANKING OPERATION DIVISION (BOD), H O, Dhaka

MANAGING DIRECTOR

DMD (BOD)

HEAD OF BOD

New Branch Opening

- Obtaining New Branch permission from BB.
- Feasibility Study & selection of new premises.
- Confirmation of Rental deed & Rent of Branches.
- Dealing with BB for Collecting License/ Evening Banking permission/ SBS code
- Providing all Circulars/Manual/Delegation of power to new Branches.

Branch Operation

- Day to day support on the basis of regulatory guideline.
- Operational activities related to:

  Interest Rate/Online weaver/Premature encashment/ Deceased A/C /Peer group performance/

  BACH
- Support on Bill Collection process (DESA, PDB, BTCL, WASA, etc)
- Branch follow-up for GB related Audit Compliance.
- Providing Service Quality Guideline.
- Trade License renewal.
- Lien Confirmation from the other banks.
- Logistic support to CSR Activities
- Branch Grading

Circulars

- Issuance of BB's Instruction /Information/General Banking related circulars.
- Issuance of Lost Instrument Circular.
- Issuance circular to collect information relating to NBR, CIC, Anti Corruption Authority

Customer Service & Complaint Management

- Ensure Customer Service.
- Attend Customer complaint & mitigation of all problems thereon.
- Reporting to BB.

Reporting

- Reporting to Anti Corruption relating to Income Tax/ Central Intelligence Cell/Anti Corruption Authority
- Arranging MANCOM/Managers Conference and preparation of minutes.
- Sending RIT statement to BB
- Providing all kinds of statement related to Torn Note, School Banking, Complaint Cell, Schedule of charges to BB within their time frame.

Risk Management

Risk Management

Earning is not free from risk. Because a certain amount of money is invested for a certain period, which may face various problem in returning to the Bank with expected profit. Risk Management is a process targeted to lessen probable and existing risk in possible extent.

Risk Review: The year 2014 was a crucial one for the banking industry. Exceptional and critical economic scenario expose bank to Acid Test to prove its resilience regarding risk measurement, risk monitoring and risk management. GDP growth rate was preliminary estimated at 6.1%. Lower manufacturing growth was declining factor for GDP in contrast with positive agricultural growth. Overall average inflation declined from 7.60% to 7.35% during second half of Fiscal Year 2014 mostly triggered by the decline in non-food inflation. On the other hand excessive food inflation was evident in last year. Declined growth of credit in trade sector, negative growth in transport and communication sector and sluggish demand in cement, steel, retail and wholesale trade shrunk the sectors for banking industry to expand its wing of exposure, which was significantly lower than the projection. Domestic credit growth was declined from 11.20% in January 2014 to 10.10% in May 2014. However Jamuna Bank Limited has perfectly delineated favorable scenery for itself with the guidance of industry best management team. Loans and advances of the bank rises from Tk. 6708.11 crore in December 2013 to Tk. 7578.72 crore in December 2014. Declining trade deficit triggered from 13% export growth along with 10% import growth could more favorable if there were no negative growth in remittances. Government borrowing (net) from the banking system amounted to 64.3 billion in FY14 against an original budget provision of 260 billion for the whole of FY14 and a revised Budget estimate of 300 billion. The relatively low borrowing levels partly relates to the slow pace of ADP implementation and a sharp rise in revenue from the sales of National Savings Certificates as the differential between their returns and that of bank fixed deposit rates has grown. Savings certificates sales between July-May of FY14 of BDT 100.2 billion compares with BDT 7.7 billion for the whole of FY13. It is important to mention that greater level of preference about Savings Certificate could create liquidity shortage but our efficient management prudently crafted situation to extend loans and advances maintaining adequate liquidity. In addition borrowing from overseas market was significantly higher in the last year. Around US $2.6 was approved in FY14 while US $2.4 billion was approved in FY13 compared with US $1.8 billion in FY12. In addition private capital flows to local corporate have also grown due to the addition of short term foreign currency loans for working capital purposes in the form of 'buyers credit' and 'discounted export bills'. Low level of lending also reflects on lowering Call Money rate from 7.17% in January 2014 to 6.23% in June 2014. Lower cost of funds for banks, lower demand for credit as well as due to increasing competition from overseas lenders whose lending rates are in single digit contributed in lowering domestic lending rate. Under Risk Based Capital Adequacy Statement, Jamuna Bank Limited is strictly maintaining the CAR from the beginning of the implementation of Basel-II accord, it was 10.51%, 10.89%, 10.55% and 11.22% in March, June, September and December of 2014 respectively. As the prudently selected less capital consuming and economy renovating sectors are the loan disbursed areas of Jamuna Bank Limited so it does not create any predicament to maintain any Capital requirement. To estimate the capital requirement in the upcoming quarters all branches of the bank prepare their statement of Risk Weighted Asset in every quarter and in the light of these reports they diversify their portfolio in the favorable manner.

The bank is performing stress testing in regular interval to determine the impact on itself under a set of exceptional, but plausible assumption through a series of battery of tests. The shock absorbent capacity of the bank is gauged while various types of risks are faced by it. Over the year the Bank has successfully lessened cumulative gap between risk sensitive asset and liability and average duration of bond. As a result interest rate risk infers less capital shock in 2014 comparative to year 2013. Negative shift in NPL categories and decrease in forced sale value of collateral create tolerable effect in CAR of year 2014 than year 2013. Jamuna Bank Limited regularly adjusts its loan portfolio, foreign exchange position, equity position and liquidity position to confront any unfavorable situation.

Various aspects of credit risk, market risk, liquidity risk, operational risk, reputational risk, and compliance risk are discussed monthly in Risk Management paper. Credit Risk analysis covers concentration risk, classified loan, recovery, provisioning, top defaulters, collateral coverage, overdue bill and fund diversion. Market Risk analysis incorporates the interest rate risk, foreign exchange risk, equity risk and Value at Risk. Liquidity Risk analysis covers Statutory Liquidity Requirement (SLR), Cash Reserve Ratio (CRR), Advance Deposit Ratio (ADR), Structural Liquidity Profile, liability concentration, Whole sale Borrowing Guidelines, Maximum Cumulative Outflow and Medium Term Funding Ratio. Internal fraud, external fraud and evaluation of core risk management are discussion of Operational Risk. Risk Management paper is regularly discussed in Risk Management Committee of Management, Risk Management Committee of Board of Directors and Meeting of Board of Directors. Risk Management paper and other related documents are sent to Bangladesh Bank and which are evaluated to determine the risk management status. It is revealed that Comprehensive Risk Management Rating of the Bank is gaining excellence.

To encompass other risk bank regularly prepares Internal Capital Adequacy Assessment Statement containing proper calculation of Residual Risk, Concentration Risk, Liquidity Risk, Reputation Risk, Strategic Risk, Settlement Risk, Evaluation of Core Risk Management, Environmental & Climate Change Risk and Other material risk against adequate capital. Besides, bank also assesses whether there is any chance of jeopardize to environment by bank financed initiative and damaging bank's initiative by environmental hazard. Jamuna Bank Limited is successfully maintaining additional Capital Requirement.

Major risks and uncertainties: Risks are by their nature uncertain and management of risks relies on judgment and predictions about the future. Since uncertainty can adversely affect the profitability of a bank and it can also deplete the liquidity so Jamuna Bank Limited always try to avoid any unforeseen problem. The principle risks and uncertainties faced by the bank in coming year are set out below.

Changes in Government and Regulatory Policy: A key uncertainty for the bank relates to the changes in economic policies of the government and regulators. Such changes may be wide-ranging and can influence the volatility and liquidity of financial markets, as well as the repayment of loans. These effects may directly or indirectly impact bank's financial performance. Besides, public sector borrowing has been reduced significantly and created room for private sector borrowing in the year of 2014. Private sector credit growth has been targeted to grow at 15.5 percent at the end of FY2015. Foreign investors are now allowed to source term loans from local banks and access working capital as an interest free loan from their parent company.

National Credit Growth in different fiscal year

(in percentage)

Particulars	2009	2010	2011	2012	2013	2014	2014 November	2015 June
Domestic Credit	15.90	17.60	28.40	19.30	10.90	10.10	11.30	17.30
Credit to the public sector	20.30	-5.20	39.90	17.50	11.10	5.30	6.00	24.80
Credit to the private sector	14.60	24.20	25.80	19.70	10.80	11.40	12.70	15.50

Bank's Initiative:
Jamuna Bank Limited diversified its loan portfolio in the utmost manner, which cushioned it from all type of specific crisis.

Country's macroeconomic conditions: The 12-month average inflation based on the consumer price index (CPI) maintained a declining trend during the last six months and came down to 6.99 percent in December 2014 from 7.28 percent in July 2014 mainly because of declining food prices. This inflation was driven 68 percent by food and 32 percent by nonfood items. As we have already experienced unrest in political situation and even upcoming days of 2015 is not giving any sign of peaceful political situation so there is chance of rise in inflation. Inflation in December 2014 is higher than the projection 6.50% for the Fiscal year 2014, which is not easily achievable. The economy is poised to achieve a respectable growth rate between 6.5 and 6.8 percent in the fiscal year 2015 if political stability prevails. The bottlenecks of infrastructure, turmoil in political situation and energy may play depressing role. If situation does not follow the expectation then the entrepreneurial initiative, the life supporting activity of the economy may face great challenge. Growth projection for both advanced and emerging economies has been down scaled because of their slower than expected rate of recovery from the post crisis stage. The weaker-than-expected growth in advanced economies could weigh on RMG, and other, exports. This is particularly so given that 74% of all exports go to the US and the EU and other new destinations. Remittances could also be affected because of the reduction in outgoing migratory workers in fiscal year 2014 compare to fiscal year 2013. Import growth speeded up at the end of 2014, exceeding the growth of exports.

Foreign Exchange Scenario in different fiscal year

Items		2011	2012	2013	2014
Export (% changes)		41.5	5.9	11.2	12.6
Import (% changes)	F.O.B (including EPZ)	52.1	2.4	0.8	9.8
	L/Cs Opened	34.0	-4.0	-2.8	13.3
Remittances (%changes)		6.0	10.2	12.6	-3.6
FDI (in million USD)		775	1,192	1,300	1,413
Overall Balance (in million USD)		-655	494	5128	4971
Forex Reserve (in million USD)		10,912	10,364	15,315	20,257
Exchange Rate (Tk./USD)		74.2	81.9	77.8	77.5

Bank's Initiative:
Bank is keenly monitoring country's macroeconomic condition. It always gives emphasis to the sectors which contributes stable input to the bank's profitability.

Liquidity Stress: Government borrowing (net) from the banking system amounted to 64.3 billion in FY14 against an original budget provision of 260 billion for the whole of FY14 and a revised Budget estimate of 300 billion. The relatively low borrowing levels partly relates to the slow pace of ADP implementation and a sharp rise in revenue from the sales of National Savings Certificates as the differential between their returns and that of bank fixed deposit rates has grown. Savings certificates sales between July-May of FY14 of BDT 100.2 billion compares with BDT 7.7 billion for the whole of FY13. Cash Reserve Requirement (CRR) was raised in June 2014 by 50 basis points to absorb part of the excess liquidity and help contain inflation – this remains unchanged. In H2FY14 call money rates fell further from 7.17% in January 2014 to 6.23% in June 2014. High liquidity levels are also reflected in below average loan to deposit ratios. Domestic lending rates have fallen due to lower cost of funds for banks, lower demand for credit as well as due to increasing competition from overseas lenders whose lending rates are in single digits.

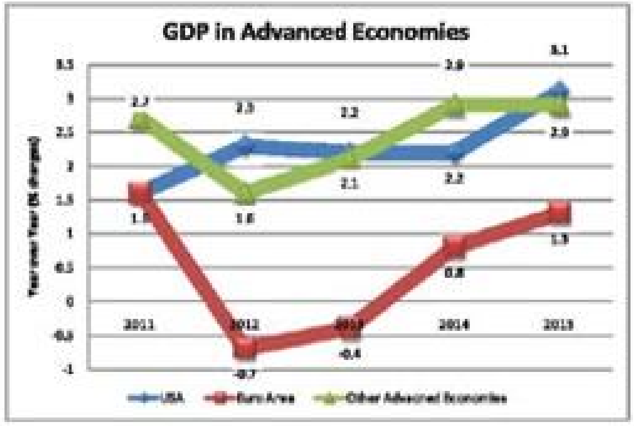
Liquidity Scenario in different fiscal year

(Growth in percentage)

Particulars	2009	2010	2011	2012	2013	May 2014	2015
Broad Money	19.2	22.4	21.4	17.4	16.7	15.20	16.50
Reserve Money	31.9	18.1	21.0	9	15.0	10.80	15.90

Bank's initiative:
Jamuna Bank Limited discreetly managed the portfolio to gain advantage from liquidity. As the bank has effective array of employees so it not only managed the situation but also shaped favorable position in the presence of excess liquidity in the banking industry.

Instability in the global situation: Banks are exposed to financial institutions at home and abroad since they often negotiates, discounts export bills and extends credit facilities against commitment of other banks. While Europe has escaped from negative growth that prevailed until 2013, the region is still expected to flounder in slow growth as low as 1.3 percent in 2015. The US is likely to earn a growth rate of 3.1 percent in 2015 – remarkably higher that its growth of 2.2 percent in 2014. These results of Europe and the US emit mixed signals to the prospects of Bangladesh's exports.



Bank's Initiative:
Jamuna Bank proactively monitors the global economic scenarios and arranges the portfolio accordingly to attain the most favorable situation for the bank.

Lack of business confidence: In the year 2015 Bangladesh Bank is going to relax private sector lending and public sector borrowing. Infrastructural gap, political instability and global economic instability become headache for the entrepreneur. Turmoil in political situation disrupted supply chain of foods, which has already indicated high price of foods. Increase in inflation has become daunting factor for investor and devaluation of Taka influence the potential investors to meticulously consider the situation. However Government has tried to create favorable situation for the country by removing all the business detrimental factors.

Bank's Initiative:
Bank is much cautious about the sectors which are very much sensitive to the political condition of the country. Banks always prioritizes the sectors which are less sensitive to the political situation.

Disclosure on Risk Based Capital under Basel II

Background: These disclosures on the position of the bank's risk profiles, capital adequacy and risk management system under Pillar-III of Basel-II are made following revised "Guidelines on Risk Based Capital Adequacy" for banks issued by Bangladesh Bank in December 2010. These quantitative and qualitative disclosures are intended to complement the Minimum Capital Requirement (MCR) under Pillar-I and Supervisory Review Process (SRP) under Pillar-II of Basel-II.

The purpose of these disclosures is to establish more transparent and more disciplined financial market so that stakeholders can assess the position of the bank regarding holding of assets and to identify the risks relating to the assets and capital adequacy to meet probable loss of assets.

SCOPE OF APPLICATION

Scope of Application: The Risk Based Capital Adequacy framework applies to Jamuna Bank Limited (JBL) on 'Solo' basis as well as 'Consolidated' basis as there were two subsidiaries of the bank as on the reporting date i.e. 31 December 2014. The names of the two subsidiary companies are Jamuna Bank Capital Management Limited and Jamuna Bank Securities Limited.

Consistency and Validation: The quantitative disclosures are made on the basis of consolidated audited financial statements of JBL and its Subsidiary as at and for the year ended 31 December 2014 prepared under relevant international accounting and financial reporting standards as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) and related circulars/ instructions issued by Bangladesh Bank from time to time. The assets, liabilities, revenues and expenses of the subsidiaries are combined with those of the parent company (JBL), eliminating inter company transactions. So assets of the subsidiaries were risk weighted and equities of subsidiaries were crossed out with the investment of JBL while consolidating.

CAPITAL STRUCTURE

Capital Structure of JBL: Regulatory capital, as stipulated by the revised RBCA guidelines by BB, is categorized into three tiers according to the order of quality of capital i.e. Tier 1, Tier 2, and Tier 3. Tier 1 capital called 'Core Capital' comprises of highest quality of capital elements. Tier 2 capital called 'Supplementary Capital' represents other elements which fall short of some of the characteristics of the core capital but contribute to the overall strength of a bank and Tier 3 capital or 'Additional Supplementary Capital' consists of short-term subordinated debt with maturity two to five years, would be solely for the purpose of meeting a proportion of the capital requirements for market risk.

Conditions for Maintaining Regulatory Capital: The Bank complied with all the required conditions for maintaining regulatory capital as stipulated in the revised RBCA guidelines by Bangladesh Bank as per following details:

- The amount of Tier 2 capital will be limited to 100% of the amount of Tier 1 capital.

  » Status of Compliance: Complied.

- 50% of revaluation reserves for fixed assets and securities eligible for Tier-2 capital.

  » Status of Compliance: Complied.

- 10% of revaluation reserves for equity instruments eligible for Tier 2 capital.

  » Status of Compliance: Complied.

- Subordinated debt shall be limited to a maximum of 30% of the amount of Tier 1 capital.

  » Status of Compliance: As on the reporting date there was no subordinated debt in the capital structure of JBL

- Limitation of Tier 3: A minimum of about 28.50% of market risk needs to be supported by Tier 1 capital. Supporting of Market Risk from Tier 3 capital shall be limited up to maximum of 250% of a bank's Tier 1 capital that is available after meeting credit risk capital requirement.

  » Status of Compliance: Capital required for meeting credit risk was BDT 808.23 crore and so the Tier-1 capital after meeting credit risk was BDT 104.83 crore (BDT 913.06 crore minus BDT 808.23 crore). Capital required for meeting 28.50% of market risk was BDT 23.41 crore (BDT 82.14 crore X 28.50%) as on the reporting date. So, this condition is met.

Quantitative Disclosures: The Bank had a consolidated Capital of BDT 1,108.25 crore comprising Tier-1 capital of BDT 913.06 crore and Tier-2 capital of BDT 195.19 crore (JBL had no Tier-3 element in its capital structure) as on the reporting date (31 December 2014). Following table presents the details of capital (Tier-1, 2 & 3) as on December 31, 2014:

Tk. in Crore

1.0	Tier-1 (Core Capital)	Amount
1.1	Fully Paid-up Capital/Capital Deposited with BB	516.07
1.2	Statutory Reserve	296.60
1.3	Non-repayable Share premium account	-
1.4	General Reserve	-
1.5	Retained Earnings	100.40
1.6	Minority interest in Subsidiaries	0.00
1.7	Non-Cumulative irredeemable Preferences shares	-
1.8	Dividend Equalization Account	-
1.9	Others	-
1.10	Sub-Total: (1.1 to 1.9)	913.06
Deductions from Tier-1 (Core Capital)		
1.11	Book value of Goodwill	-
1.12	Shortfall in provisions required against classified assets	-
1.13	Shortfall in provisions required against investment in shares	-
1.14	Remaining deficit on account of revaluation of investments in securities after netting off from any other surplus on the securities	-
1.15	Reciprocal crossholdings of bank capital/subordinated debt	-
1.16	Any investment exceeding the approved limit under section 26(2) of Bank Company Act, 1991	-
1.17	Investments in subsidiries which are not consolidated - 50%	-
1.18	Other if any	-
1.19	Sub Total (1.11 to 1.18)	-
1.20	Total Eligible Tier-1 Capital (1.10-1.19)	913.06
2.0	Tier-2 (Supplementary Capital)	Amount
2.1	General Provision (Standard + SMA + off Balance Sheet exposure)	110.18
2.2	Assets Revaluation Reserves up to 50%	53.17
2.3	Revaluation Reserve for Secutities up to 50%	31.83
2.4	Revaluation Reserve for equity instrument up to 10%	
2.5	All other preference shares	-
2.6	Subordinated debt	-
2.7	Other (if any item approved by Bangladesh Bank)	
2.8	Sub-Total (2.1 to 2.7)	195.19
2.9	Deductions if any (e.g. investment in subsidiaries which are not consolidated-50%)	-
2.10	Total Eligible Tier-2 Capital (2.8-2.9)	195.19
3.0	Tier-3 (Additional Supplementary Capital)	Amount
3.1	Short-term subordinated debt	-
4.0	Total Supplementary Capital (2.10+3.1)	195.19
5.0	Total Eligible Capital (1.20+4.0)	1108.25

CAPITAL ADEQUACY

Bank's Approach to Assessing Capital Adequacy: As banks in Bangladesh are now in a stage of developing risk management models, BB suggested the banks for using Standardized Approach for credit risk capital requirement for banking book and Standardized (rule based) Approach for market risk capital charge in their trading book. JBL used the Basic Indicator Approach (BIA), as prescribed by Bangladesh Bank in determining capital charge against operational risk. Under the Basic Indicator Approach (BIA), the capital charge for operational risk is a fixed percentage (denoted by alpha) of average positive annual gross income of the bank over the past three years.

Jamuna Bank Limited focuses on strengthening and enhancing its risk management culture and internal control environment rather than increasing capital to cover up weak risk management and control practices. JBL has been generating most of its incremental capital from retained profit to support incremental growth of Risk Weighted Assets (RWA). Therefore, the Bank's Capital Adequacy Ratio (CAR) remains consistently within the comfort zone since the parallel run from 1 January, 2009.

Assessing regulatory capital in relation to overall risk exposure of a bank is an integrated and comprehensive process. Jamuna Bank Limited, through its Basel-II Supervisory Review Committee (B2SRC) and Risk Management Committee, is taking active measures to identify, quantify, manage and monitor all risks to which the Bank is exposed to. Assessment of Regulatory Capital will be in alignment with the findings of these exercises.

Quantitative Disclosures: Following table shows component wise allocation of capital to meet three risks and an amount of additional capital maintained over MCR i.e. 10% of RWA. As on the reporting date, Jamuna Bank Limited maintained a Capital Adequacy Ratio (CAR) of 11.23% on 'Consolidated Basis' and 11.25% on 'Solo Basis' against required minimum of 10%. We had an excess capital of BDT 121.73 crore (Consolidated) after meeting all three risks as on the reporting date as shown in the following table:

Tk. in Crore

Capital Adequacy	Consolidated	Bank (Solo)
a. Capital requirement for Credit Risk	808.23	808.61
b. Capital requirement for Market Risk	82.14	80.34
c. Capital requirement for Operational Risk	96.15	94.03
Capital maintained to meet credit, market and operational risks	986.52	982.99
d. Some additional capital over MCR maintained by the bank	121.73	122.83
Total Capital Maintained	1108.25	1105.82

CREDIT RISK
Qualitative Disclosures:

Definition of Credit Risk: Credit risk is the possibility that a borrower will fail to meet its obligation in accordance with agreed terms and conditions. That is credit risk is the risk of loss that may occur from the failure of any counterparty to make required payments in accordance with agreed terms and conditions and/or deterioration of credit worthiness. Credit risk is managed through a framework set by policies and procedures approved by the Board. The responsibility is clearly segregated between originator of business transaction and approver in the risk function.

Credit Risk Management Policies and Procedures: Credit risk management needs to be a robust process that enables Banks to proactively manage loan portfolio in order to minimize losses and earn an acceptable level of return for Shareholders. Central to this is a comprehensive IT system, which should have ability to capture all key customer data, risk management and transaction information. Jamuna Bank Ltd. already has real time on-line Banking system which enables to capture all key customer data. Given the fast changing dynamic global economy and the increasing pressure of globalization, liberalization, consolidation and disintermediation, it is essential that Banks have robust Credit risk management polices and procedures that are sensitive and responsive to these changes.

Jamuna Bank Limited being a progressive and dynamic private sector Bank formulated its own Credit Policy Guidelines to efficiently and professionally manage risks arising out of its Credit operation. The Credit Policy Guidelines was initially approved by the Board of Directors in its 59th meeting held on 08.01.2006. As per Credit Risk Management Guidelines of Bangladesh Bank, the credit policy of JBL has been refined from time to time.

The Credit Policy Guidelines of JBL encompasses a wide range of issues related to credit operation. Jamuna Bank Limited continually updates by the bank to lead the ongoing improvement in the banking sector. The focal points of the JBL credit policy are:

1. Organizational Structure
2. Segregation of Duties
3. Implementation of the concept of Relationship Banking
4. Credit Principles
5. Credit Facilities parameter
6. Discouraged Business
7. Review of Mode-wise Credit Position
8. Review of Large Loan Concentration
9. Review of Classification Position and Target
10. Credit Budget with sectoral outlook
11. Procedure of Credit Operation including credit assessment
12. Credit Risk Grading System
13. Emphasizing on Secured Lending
14. Disbursement process and Documentation
15. Credit Monitoring
16. Policy for Delegation of Lending Authority

Methods used to measure Credit Risk: Credit risk grading is an important tool for credit risk measurement as it helps the Banks and financial institutions to understand various dimensions of risk involved in different credit transactions. The aggregation of such grading across the borrowers, activities and the lines of business can provide better assessment of the quality of credit portfolio of a bank or a branch. Well-managed credit risk grading systems promote bank safety and soundness by facilitating informed decision-making. Grading systems measure credit risk and differentiate individual credits and groups of credits by the risk they pose. This allows bank management and examiners to monitor changes and trends in risk levels. The process also allows bank management to manage risk to optimize returns.

The credit risk grading is done by assigning weightage accordance to the severity of risk. The primary risk areas are financial risk, business/ industry risk, management risk, security risk and relationship risk. These risk components are further subdivided.

A thorough credit risk assessment is being conducted prior to the sanctioning of credit facilities. Thereafter it is done annually for each relationship. The result of this assessment is presented in the credit proposal originated from the Relationship Manager.

Following risk areas are addressed and assessed in credit sanctioning process:

a. Borrower Analysis: Reputation, education, experience, age and success history and net worth of the borrower are considered to analyze a borrower. Any issues regarding lack of management depth, complicated ownership structures or inter-group transactions are addressed in borrower analysis.

b. Industry Analysis: To analyze an industry JBL considers industry position i.e. threat & prospect in the industry, risk factors pertaining to the industry, borrowers position or share in the industry.

c. Historical financial analysis: An analysis of a minimum of 3 years historical financial statements of the borrower is being presented. The analysis addresses the quality and sustainability of earning, cash flow and the strength of the borrower's balance sheet.

d. Projected financial Performance: Where term facilities are being proposed, a projection of the borrower's future financial performance is required to be provided.

e. Technical feasibilities / Infrastructural facilities, Seasonality of demand, Debt-Equity Ratio, Account conduct of the borrower, Security and other relevant factors are considered to assess credit risks.

Credit Risk Management System: Jamuna Bank Limited (JBL) has established a robust credit risk management system to proactively manage loan portfolio in order to minimize losses. It has significantly improved risk management culture and established standard for segregation of duties and responsibilities relating to Credit Operation of the Bank.

The major steps taken by JBL to implement credit risk management guidelines are:

i) It has formulated its own Credit Policy Guidelines in line with the core risk guideline of Bangladesh Bank.

ii) The policy takes into account the sectoral concentration and specific industry exposure cap is set in the policy.

iii) Head Office Organizational structure has been segregated in line with CRM Guideline (Credit Marketing, Credit Approval and Credit Administration activities have been separated).

iv) Borrower's Risk Grade are assigned and mentioned in the credit proposal.

v) All disbursement is authorized centrally in the computer system only after confirming fulfillment of documentation requirement as per sanction term. There is no scope of disbursement without approval of the competent authority.

vi) Credit Approval Authority has been clearly defined in the policy.

vii) Strong monitoring of loan portfolio is ensured by separate Credit Monitoring Department.

Asset Impairment Policy: JBL follows central bank guidelines as its asset impairment policy. Bangladesh Bank set loan impairment/classification criteria and provisioning policies vide BRPD Circular No.14 dated September 23, 2012. The summary of objective criteria of loan classification and provisioning requirement are as below:

Objective Criteria:

Type of Loan	Unclassified		Sub-standard	Doubtful	Bad/ Loss
	Standard	SMA			
Continuous	O<2	2<O<3	3<O<6	6<O<9	O>9
Demand	O<2	2<O<3	3<O<6	6<O<9	O>9
Fixed Term	O<2	2<O<3	3<O<6	6<O<9	O>9
Fixed Term (Up to Tk. 10.00 Lacs)	O<2	2<O<6	6<O<9	9<O<12	O>12
SAC/MC	O<12		12<O<36	36<O<60	O>60

Note: O = Overdue, SMA = Special Mention Account, SAC = Short term Agricultural Credit, MC = Micro Credit.

Rate of Provision:

Particulars		Short Term Agri. Credit	Consumer Financing			SMEF	Loans to BMs/ MBs /SDs	All Other Credit
			Other than HF, LP	HF	LP			
UC	Standard	2.50%	5%	2%	2%	0.25%	2%	1%
	SMA	-	5%	5%	5%	5%	5%	5%
Classified	SS	5%	20%	20%	20%	20%	20%	20%
	DF	5%	50%	50%	50%	50%	50%	50%
	B/L	100%	100%	100%	100%	100%	100%	100%

Base for Provision: Provision will be maintained at the above rate on the balance to be ascertained by deducting the amount of 'Interest Suspense' and value of eligible securities from the outstanding balance of classified accounts.

Quantitative Disclosures:

Total gross credit risk exposures broken down by major types of credit exposure: Bangladesh Bank guidelines on RBCA, stipulated to segregate bank's asset portfolio into different categories and the following table shows our gross exposure in each asset category.

Major Types of Credit Exposure As on 31.12.2014

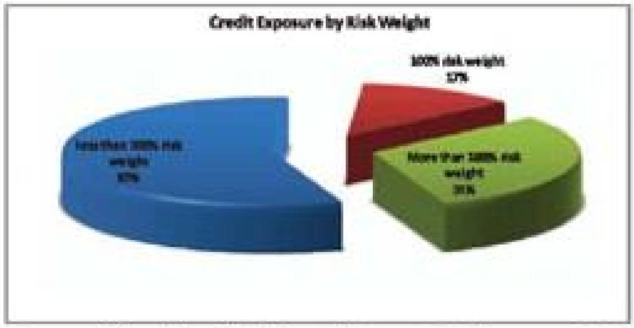
(Tk. in Crore)

Sl.	Exposure Type		Exposure	Risk Weighted Asset
1	Cash		124.67	-
2	Claims on Bangladesh Government and Bangladesh Bank		2873.26	-
3	Claims on Multilateral Development Banks (MDBs):		-	-
4	Claims on Public Sector Entities		-	-
5	Claims on Banks & NBFIS			
	Original Maturity over 3 months: BB's Rating Grade:	1	404.61	80.92
		2,3	80.78	40.39
		4,5	-	-
		6	-	-
		Unrated	21.97	21.97
	Original Maturity less than 3 months		382.66	76.53
6	Claims on Corporate			
	BB's Rating Grade:	1	480.94	96.19
		2	1100.49	550.25
		3,4	447.83	447.83
		5,6	-	-
		Unrated	2800.28	3500.35
	Claims on SME			
		SME1	-	
		SME2	0.68	0.27
		SME3	2.43	1.46
		SME4	-	-
		SME5	-	-
		SME6	-	-
		Unrated (small enterprise & <BDT 3.00 m)	313.52	235.14
		Unrated (small enterprise having ≥BDT 3.00m & Medium Enterp.)	536.58	536.59
7	Claims under Credit Risk Mitigation		1118.15	103.67
8	Claims categorized as retail portfolio (excluding SME, consumer loan & Staff Loan) upto 1 Crore.		36.04	27.03
9	Consumer Loan		68.44	68.44
10	Claims fully secured by residential property		29.71	14.86
11	Claims fully secured by commercial real estate		39.45	39.45
12	Past Due Claims		251.12	273.67
13	Capital Market Exposure		204.69	255.86
14	Unlisted equity investments and regulatory capital instruments issued by other			
	banks (other than those deducted from capital) held in banking book		16.00	20.00
15	Investments in venture capital		-	-
16	Investments in premises, plant and equipment and all other fixed assets		256.43	256.43
17	Claims on all fixed assets under operating lease		-	-
18	All other assets:			
	i) Claims on GoB & BB		95.28	-
	ii) Staff Loan/Investment		11.75	2.35
	iii) Cash items in the Process of Collection		-	-
	iv) Claims on Off-shore Banking Unit (OBU)		-	-
	v) Other Assets (net off specific provision, if any)		75.25	75.25
	Grand Total		11,773.04	6,724.90

Credit Exposure by Risk Weight: Bank needs more capital for assets where risk weight is higher and the below table shows our exposure under three main risk weight bands.

(Tk. In Crore)

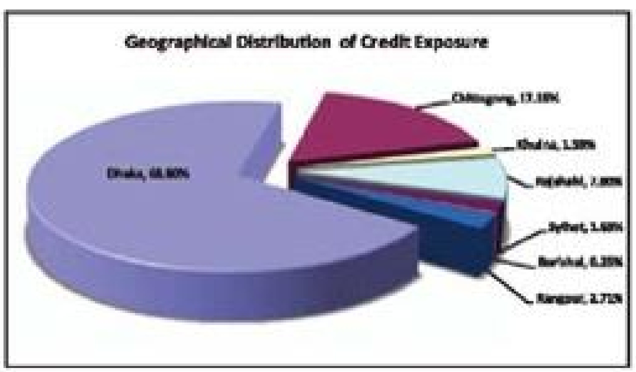
Particulars	Credit Exposure		
	Balance Sheet	Off-Balance Sheet	Total
Less than 100% risk weight	7023.32	517.82	7541.14
100% risk weight	1536.17	102.63	1638.80
More than 100% risk weight	3213.55	859.97	4073.52
Total	**11,773.04**	**1,480.42**	**13,253.46**



Geographical Distribution of Loans & Advances: Our business is concentrated in two major cities- Dhaka and Chittagong as country's business activities are concentrated in these two locations. The following table shows Loans & Advances in different divisions:

TK. in Crore

Sl. No.	Divisions	Credit Exposure	Percentage
1	Dhaka	5359.60	68.80%
2	Chittagong	1335.96	17.15%
3	Khulna	124.04	1.59%
4	Rajshahi	607.85	7.80%
5	Sylhet	131.65	1.69%
6	Barishal	19.84	0.25%
7	Rangpur	211.04	2.71%
	Total	**7,789.98**	**100.00%**



Credit Exposure by Major Industry or Sector: Major sector wise credit exposure as on 31 December, 2014 was as below and the exposure amount remained within the appetite of the bank.

(Tk. In Crore)

Sl. No.	Sectoral Structure of Lending	Outstanding as on 31.12.2012	As % of Total Loans & Advances
1)	Agriculture and Agro-based industry	107.38	1.38%
2)	RMG	505.59	6.49%
3)	Textile	299.12	3.84%
4)	Ship Building	0	0.00%
5)	Ship Breaking	111.54	1.43%
6)	Other Manufacturing industry	1731.6	22.23%
7)	SME Sector	645.5	8.29%
8)	Construction	607.74	7.80%
9)	Power, Gas	33.77	0.43%
10)	Transport, Storage and Communication	371.42	4.77%
11)	Trade Service	1675.35	21.51%
12)	Commercial real estate financing	133.62	1.72%
13)	Residential real estate financing	43.24	0.56%
14)	Consumer Credit (i.e. Auto/Vehicle loans for personal use, personal loans, any purpose loans etc.)	412.12	5.29%
15)	Capital Market (loan provided for brokerage or merchant banking, to stock dealer or any kind of capital market activities)	20.57	0.26%
16)	Credit Card	91.43	1.17%
17)	Non-bank financial Institutions	127.59	1.64%
18)	Bank Acceptance (i.e. LDBP, FDBP)	760.29	9.76%
19)	Others	112.11	1.44%
	Total Loans & Advances	**7,789.98**	**100.00%**

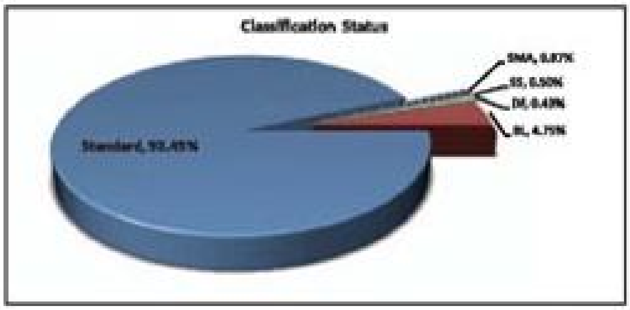
Residual Contractual Maturity of Loans and Advances:

Particulars	Amount in Crore TK.
Up to 1 Month	1,984.22
More than 1 Month to 3 Months	1497.94
More than 3 Months but not more than 1 year	2,559.98
More than 1 year but not more than 5 years	1,593.54
More than 5 years	154.31
Total	**7,789.98**

Non Performing Assets: Total non-performing loans and advances was BDT 442.21 crore as on 31.12.2014 while it was BDT 513.37 crore in 2013.

(Tk. In Crore)

Classification Status	% of Total Loans	Outstanding
Standard	93.45%	7279.63
Special Mention Account (SMA)	0.87%	68.13
Sub-standard (SS)	0.50%	38.76
Doubtful (DF)	0.43%	33.19
Bad/Loss (B/L)	4.75%	370.27
Total	100.00%	7,789.98



Movement of Non Performing Assets: The closing volume of non performing loans and Advances was BDT 442.21 crore while it was BDT 513.37 crore in the opening balance of the year 2014. Movement of non performing assets during the year is presented in the following table:

Particulars	Tk in Crore
1. Opening balance as on 01 January 2014	513.37
2. Additions during the year	297.46
3. Reductions during the year	398.72
4. Closing balance as on 31 December 2014	442.21
Non Performing Assets (NPAs) to Outstanding Loans and advances	5.68%

Movement of specific provisions for NPAs is presented in following table:

Particulars	Tk in Crore
1. Opening balance	225.67
2. Provisions made during the period	109.69
3. Adjustment/Write-off during the year	155.67
4. Closing balance	179.69

EQUITY POSITION RISK

Equity Risk: Equity risk is the risk that one's investments will depreciate because of stock market dynamics causing one to lose money. Investment of JBL in equity securities is broadly categorized into two parts: Securities (Shares-common or preference, Mutual Fund) that are traded in the secondary market (trading book assets) and Un-quoted securities that are categorized as banking book assets.

The capital charge for equities would apply on their current market value in bank's trading book. This capital charge for both specific risk and the general market risk will be at the rate of the required minimum capital adequacy ratio. This is applied to all instruments that exhibit market behaviour similar to equities. The instruments covered include equity shares, whether voting or non-voting, convertible securities that behave like equities, for example: units of mutual funds, and commitments to buy or sell equity.

Quantitative Disclosures:

Total Investment in Capital Market (Consolidated Basis)

(Tk. in Crore)

Investment in Capital Market			Total of Capital Components as stated in the last audited Balance Sheet					% of Investment in Capital Market to total prescribed Capital Components
	Component	Amount	Paid up	Statutory Reserve	Retain Earnings	Share Premium	Total	
1	Portfolio: Bank							
a)	Shares	27.41						
	Less Equity investment in subsidiaries other than Merchant Bank and Brokerage Subsidiaries	-						
b)	Mutual Fund/Fund	6.32						
c)	Bonds/Debentures	-	448.75	259.65	69.38	-	777.78	31.36%
d)	Loan to others for merchant banking and brokerage activities	83.37						
e)	Loan to Stock Dealer	-						
f)	Placement/others	0.06						
	Less placement in subsidiaries	-						
2	Portfolio: Subsidiaries							
a)	Shares	4.86						
b)	Mutual Fund/Fund	4.10						
c)	Bonds/Debentures	-						
d)	Loans:							
	Margin Loan	117.80						
	Bridge Loan	-						
e)	Placement/others	-						
	Total	243.92						

Capital requirements for equity position risk:

(Tk. in Crore)

Sl. No.	Particulars	Amount (Market Value)	Weight	Capital Charge
	1	2	3	4=(2X3)
a)	Specific Risk :	26.69	10%	2.67
b)	General Market Risk:	26.69	10%	2.67
	Total			5.34

INTEREST RATE RISK IN THE BANKING BOOK (IRRBB)

Interest rate risk is the potential that the value of the on-balance sheet and the off-balance sheet positions of the bank would be negatively affected with the change in the interest rates. In general, as rates rise, the price of a fixed rate bond will fall, and vice versa.

Interest rate risk in the banking book arises from mismatches between the future yield of an asset and their funding cost. The Bank assess interest rate risk in earning perspective which is traditional approach to interest rate risk assessment and obtained by measuring the changes in the Net Interest Income (NII) on Net Interest Margin (NIM) i.e. the difference between total interest income and the total interest expenses. Asset Liability Committee (ALCO) monitors the interest rate movement on a regular basis. Duration Gap analysis is one of the technique by which JBL measures interest rate risk in the banking book on a quarterly basis. Duration is the measure of a portfolio's price sensitivity to changes in interest rates.

Quantitative Disclosures:
The impact of interest rate movement:

Tk. in Crore

Particulars		< 3 months	3-6 months	6-12 months
Total Rate Sensitive Assets		4005.32	1115.32	1997.99
Total Rate Sensitive Liabilities		6135.73	1530.32	473.51
Gap		-2130.41	-415.01	1524.48
Cummulative Gap		-2130.41	-2545.42	-1020.94
Regulatory Capital		1105.82	1105.82	1105.82
Total RWA		9829.87	9829.87	9829.87
CAR before Shock		11.25%	11.25%	11.25%
Interest Rate Stress Test		Minor	Moderate	Major
Assumed Increase in Interest Rate		1.00%	2.00%	3.00%
Net Interest Income Impact:	<12 months	-10.21	-20.42	-30.63
Tax Adjusted Impact		-5.87	-11.74	-17.61
Capital after Shock		1099.95	1094.08	1088.21
CAR after Shock		11.19%	11.13%	11.07%
Change in CAR after Shock		-0.06%	-0.12%	-0.18%
Duration GAP		1.00	1.00	1.00
Change in Market Value of Equity		-121.62	-243.25	-364.87
Tax Adjusted Loss		-69.93	-139.87	-209.80
Regulatory Capital (after shock)		1035.89	965.95	896.02
Total RWA(after shock)		9820.29	9820.29	9820.29
CAR after Shock		10.55%	9.84%	9.12%

MARKET RISK

Market risk is the risk that the value of a portfolio, either an investment portfolio or a trading portfolio, will decrease due to the change in value of the market risk factors. The four standard market risk factors are stock prices, interest rates, foreign exchange rates and commodity prices. The objectives of our market risk policies and processes are to obtain the best balance of risk and return whilst meeting customers' requirements. The primary categories of market risk for the bank are:

Interest Rate Risk: The risk of loss resulting from changes in interest rates. As a result of mismatch of interest rates on its assets and liabilities and/or timing differences in the maturity thereof.

Foreign Exchange Risk: It is the risk to earnings and capital arising from adverse movements in currency exchange rates. It refers to the impact of adverse movement in currency exchange rates on the value of open foreign currency position and. There are also the risk of default of the counter parties and settlement risk.

Equity Risk: It is risk that results from adverse changes in the value of equity related portfolios.

Commodity Price Risk: Commodity price risk arises from changes in commodity prices and implied volatilities in commodity options, covering energy, precious metals, base metals and agriculture. Currently we do not have any exposure in commodity financing.

Market Risk Management:

To manage, monitors & control the above risks the Bank has Risk Management Committee & Asset-Liability Committee comprising the Divisional Heads and Seniors Executives and Mid Office etc. They set in every month to discuss the matters and takes immediate steps as and when required to mitigate the issues.

To manage the interest rate risk, ALCO regularly monitors various ratios and parameters. Among the ratios, the key ratios that ALCO regularly monitors are Liquid asset to total assets, Volatile Liability dependency ratio, medium term funding ratio and short term borrowing to Liquid assets ratio. ALCO also regularly monitors the interest rate sensitive gap and duration gap of total portfolio.

To manage exchange rate risk, bank always keep its net open position within the limit set by central bank. Also to manage exchange rate risk in cross currency, bank always square its position in cross currency or convert its exposure to USD. For monitoring and controlling the risk Bank has made contacts with several foreign banks and closely monitors the incoming and outgoing sources & payment schedule of foreign currency.

Quantitative Disclosure
Capital Required for Market Risk:

TK. in Crore

Particulars	Amount
Capital requirements for:	
- Interest rate risk;	69.71
- Equity position risk;	5.34
- Foreign exchange risk; and	7.08
- Commodity risk	-
Total Capital Required for Market Risk	82.14

OPERATIONAL RISK

Operational Risk is defined as the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk, but excludes strategic and reputation risk.

The operational risk may be of this following category:

- Internal Fraud.
- External Fraud.
- Employment practices & work plan.
- Clients, products & business practice.
- Damage of physical assets.
- Business disrupt & system failure.
- Execution, delivery & process management.
- Legal risk.

Potential External Events:

External Events that means theft of information, Hacking Damage, Third party Theft & Forgery. The Risk Management Unit of our Bank reviews the external fraud monthly basis and takes necessary action against any of the above External events.

Policies and processes for mitigating operational risk:

The Bank developed a Risk Management Committee and Supervisory Review Committee for reviewing and managing operational risk as well as evaluating of the adequacy of capital. It includes policies outlining the bank's approach to identifying, assessing, monitoring and controlling/mitigating the risk.

Quantitative Disclosure
Capital Required for Operation Risk:

Basic Indicator Approach
As on 31.12.2014

(Amount in crore taka)

Sl.	Operational Risk	2014	2013	2012	Capital Charge (15% of Gross Income)
1.	Gross Income	719.32	630.66	573.01	
2.	Last 3 years Average annual Gross Income		641.00		96.15

Green Banking

Green Banking

A Green bank is an ethical bank, an ideal bank, an environmentally responsible bank, a socially responsible bank and a sustainable bank, which considers all the social, ecological and environmental factors with an aim to protect the environment and conserve natural resources.

The term "Green Banking" generally refers to banking practices that foster environmentally responsible financing practices and environmentally sustainable internal processes minimizing Green House Gas Emissions. Green banking thus involves a two-pronged approach. Firstly, green banking focuses on green transformation of internal operations of banks. Secondly, banks should adopt environmentally responsible financing; weighing up environmental risk of projects before making financing decisions; and in particular supporting and fostering growth of upcoming green initiatives and projects.

Climate Change Impact Identified

Climate, as we know, is the average weather condition of 20 years or more. Climate is changing now with unfavorable and unpredictable manner due to man made and natural reasons. Bangladesh falls into the group of most climate change vulnerable countries despite her inconsequential share of global green house gas emission in comparison with other developing and developed countries. In almost every year natural disasters like flood, cyclone, drought, tornado etc revisit the Bangladesh. Frequently occurring natural disasters insinuates that climate change has been being exacerbated at an alarming rate for the last couple of years. Given the exigency of the recent climate change, global environmentalists are repeatedly raising their voices in several forums and asking the nations, who are the major contributors of green house gas emission, to forestall the climate change and make the globe worth liveable.

Green Banking objectives outlined

Jamuna bank Limited being one of the third generation banks has been keeping its keen eye on any new development in the banking industry so as to enable itself to undertake profitable investment opportunities having regard to the environmental concern. Green banking is a much talked about issue in recent times. A score of objectives set to accomplish in course of time is listed below:

- Make effective and efficient uses of resources with a view to accomplishing bank's ultimate goal;
- Increase good will or improve brand image by showing its commitment to save and protect the environment;
- Reduce giving loans to any environmentally detrimental project;
- Check the necessary environmentally due diligence factors before lending a loan;
- Channel the funds to the environmentally benign project; and
- Ensure regulatory compliance.

Green Banking Initiatives Undertaken

Since the inception of green banking practices, brought about by the Bangladesh Bank in our country through formulating and issuing policy guidelines on green banking, JBL keeps its wheel moving through putting in place a good number of initiatives related to green banking. So far activities surrounding green banking undertaken by the JBL are depicted below:

Green Banking Policy Formulation: The first and foremost task in introducing green banking in a bank is to formulate comprehensive guidelines on green banking. JBL has already introduced the same in a formal and structured manner not only to ensure regulatory compliance but also to make the employees inured to every aspects of green banking. In effect, the policy guideline covers most of the aspects as outlined in the BB policy guidelines.

Incorporation of Environmental Risks in CRM: As stipulated in the policy guidelines, JBL started practicing environment risk management in association with credit risk management. To bolster the environmental risk management, it is necessary to inculcate the concerned people to get the environment risk rated of each and every project so as to offset the credit risk to a greater extent. The methodology applied to rate environment risk is fully analogous to that of BB as laid down in its policy guidelines. The branch level officials are entrusted with the responsibility to perform environment risk rating of projects, which comply with the eligibility criteria of risk rating, and incorporate the same with the credit proposal. Environment risk rating particulars in 2014 are reproduced below:

TABLE ENVIRONMENT RISK RATING STATISTICS

Particulars (During the Year-2014)		Quantity/Amount
No. of Projects Rated (Environmental Risk Rating)	Low	292
	Moderate	4
	High	0
Rated Projects Financed	Total Number	296
	Low	292
	Moderate	4
	High	0
	Total Amount Disbursed (in million Taka)	48,904.53
	Low	44,896.28
	Moderate	3,298.81
	High	709.44

Originating In-house Environment Management:

In-house environment management has several aspects. It starts from efficient use of organization's resources like water, paper electricity, and energy to adoption of information, communication and technology in every sphere of internal operation. These sorts of greening activities are in fact compensative in nature. JBL is set to avail of the ample opportunity that compensative greening promises, for significant achievement of its goals. JBL with its own motivation and regulatory compliance issue has opted for adopting measures to ensure in-house environment management, the much talked about issue in contemporary world, from 2011. Activities surrounding in-house environment management performed by JBL are enunciated below:

- An inventory of the consumption of water, paper, electricity and energy is prepared;
- Energy efficient bulbs are widely used in its branches and head office;
- Photocopiers are kept in energy saving mode;
- Online communication is used in place of printed documents (where possible) for office management through a dedicated common server namely FTP server;
- Printers are defaulted to duplex for double-side printing to save papers;
- Eco fonts are used (where applicable) in printing to reduce use of ink;
- Scrap papers are utilized as notepads and for draft printing (if opposite sides left blank);
- Energy efficient equipments are increasingly becoming installed such as LED monitors; and
- Arrangement is made to use fans, lights, air conditions efficiently.

Green Financing: The extent of recognizing the green financing as a crucial part of green banking is on the rise in the present world. Green financing, in the narrow sense, implies financing to the environmentally benign projects. JBL is committed to pursuing low carbon green development without compromising its relatively faster growth. JBL is increasingly dilated its voyage towards green industry in recent past. With an early recognition that green financing has profound impact on environment, JBL is enthusiastically proceeding a long way towards green financing. JBL has made inroad in green financing in several forms like financing for installation of ETP, financing to the projects having ETP, financing to solar panel/renewable energy plant, financing to hybrid Hoffman kiln (HHK). JBL has much potential to take the lead in green financing. A brief statistics of green financing done by JBL is provided below for quicker assessment:

TABLE GREEN FINANCING IN 2014

Particulars	Amount Disbursed (in Millions)
Installation of ETP	0.00
Projects financed having ETP	2316.45
Solar Panel/Renewable Energy Plant	16.90
Hybrid Hoffman Kiln (HHK)	7.50

Online Banking: Online banking encompasses activities which are done or performed through automated process. In other word, online banking includes transactions or services which are done or performed through electronic means. Online banking is also refers to any time, any time banking in which transactions can be completed in any time and at anywhere in the country. JBL has started online banking activities since inception. JBL's online banking activities are performed by means of the state of the art technology data center. JBL is also maintaining a replica of data center namely disaster recovery site located in distant Uttara area of Dhaka city to provide back up service in case of system failure. DRS is similarly configured to Data Center. JBL's online banking is primarily based on the platform which is basically a core banking solution namely Flora Bank System. JBL is running 168 numbers of ATM booths owned by the bank itself throughout the country. Besides its own ATM, JBL is also providing services to its customers through shared ATMs. In 2012, JBL has launched mobile/SMS banking services keeping in mind the growing demand of the customers. A wide range of activities can be performed through mobile/SMS banking services such as balance inquiry, balance transfer, transaction details, mobile account recharge and so on. Mobile/SMS banking services is receiving tremendous responses from customers. JBL has launched Internet Banking service in the year 2013 for the valued customers. As far as service quality is concerned, JBL has acquired a commendable position in the banking sector in terms of providing online banking services. In no way JBL is lagged behind especially in adopting and implementing any recent development occurs within the national frontier. A statistics of online banking status of JBL is depicted below:

Particulars		Numbers
Numbers of ATM	Own	167
	Shared	1340
Online Banking	No. of Total Branches	97
	No. of Branches with online coverage	97
Internet Banking	No. of Accounts facilitated with Internet Banking	649
	% of Accounts facilitated with Internet Banking	0.10%
Mobile / SMS Banking	No. of Accounts facilitated with Mobile / SMS Banking	71405
	% of Account facilitated with Mobile / SMS Banking	11.10%

Employee Training and Consumer Awareness Building: No program will reach the apex of success unless the program executing personnels are completely aware of that. Getting the employees trained and educated regarding the banking activities which pose environmental and social threat is of paramount importance. JBL is continuously conducting supporting program such as workshop and training exclusively on green banking with a view to enlightening the personnels concerning the much talked about subject namely green banking. Most often distinguished resource persons were the key speakers at the workshops and training session. The workshops and training programs are designed in light of green banking policy guidelines as well as guidelines on environmental risk management issued by Bangladesh Bank. It is evident that employees after participating in the workshops and training session more enthusiastically strive to ensure compliance of regulatory requirement. Besides they remain meticulous in assessing a project proposal which have some environmental aspects. Environment risk rating becomes a routine exercise in JBL. In 2014, JBL conducted 5 no. of workshops on Green Banking and Environmental Risk Management. Total numbers of participants in the said workshops were 178. It is expected the number and frequency of such workshops and training session on green banking will be increased in coming year. As far as consumer awareness building is concerned, JBL has put forward a number of initiatives in which informally educating customers regarding the environmental risks associated with customers' business nature, pursuing the customers not to produce any negative externality and so on are included. Environmental risk rating statuses of borrowers' business are apprised to the respective borrowers and any action needed to improve the rating is also communicated to them.

Green Marketing: Green marketing is the designing and featuring a product that meets the customers' needs and is presumed to be environmentally safe. JBL is expected to start its green marketing campaign with the motto "Think Green, Live Green" in near future. JBL is exercising on designing and developing products that produce environmentally propitious outcome. The first and foremost task of JBL will be to disseminate the green banking concept among the mass people, the existing and the potential customers, followed by introducing environment benign products so as to enable them to evaluate the JBL's products and services effectively. In course of green marketing, JBL may highlight its technological advancement which helps reduce paper use that eventually save trees. JBL may go for persuading customers to use debit card instead of cheques. Besides, JBL is believed to launch some financing facilities which include:

- Green Residential and Commercial Real Estate Finance (Green Architecture);
- Green Project Finance (e.g. Installing ETP, project having ETP, Bio-gas plant, solar panel, Hybrid Hoffman Kiln etc);
- Financing to a business which have less potential to environmental degradation;

JBL is presumed to be extending finance in the aforesaid purposes at a much affordable rate of interest subject to availing of refinancing facilities from Bangladesh Bank.

Disclosure and Reporting of Green Banking Activities: As part of compliance, JBL quarterly submits report on green banking activities to Bangladesh Bank in a prescribed format. This report is intended to meet the requirement of disclosure of green banking activities. Now it is a matter of time to make this disclosure in JBL's website.

Corporate Governance

Implementation of the Principles of Good Corporate Governance

Jamuna Bank recognizes the importance of good corporate governance as a major factor in enhancing the efficiency of the organization. The Bank therefore conducts its business in line with the principles of good corporate governance, which form a basis for sustainable growth.

In order to maintain the Bank's solid financial status, to achieve ongoing positive performance results and to sustain its good reputation, the Bank is committed to conducting its business in a prudent manner by setting up sufficient and appropriate internal controls and risk management systems in accordance with the principles of good corporate governance.

The Board of Directors supports and encourages the adoption and implementation of good corporate governance principles in a prudent manner suited to the Bank's environment and situation, the monitoring of the implementation of the good corporate governance policy, together with the code of conduct and business ethics, as well as the review and revision of principles and relevant practical guidelines and directions so that they remain appropriate. Shareholders can also find more information about the Rules and Guidelines from the Bank's official website.

- Rights of Shareholders and Equitable Treatment of Shareholders

The Bank is fully committed to ensure that fair treatment is extended to all shareholders and proactive communications is practiced at all times with all shareholders. In this respect, it aims to ensure that shareholders have the opportunity to exercise their rights fully and fairly in an informed manner, such as the rights to sell, purchase, or transfer shares, access to the Bank's information, fair distribution of profits, and attendance of the meeting to cast votes, express opinions and comments, and to make decisions on important matters.

The Bank is holding its annual general meeting of shareholders within specified time. Meetings of shareholders other than general meetings are called extraordinary general meetings. The Board can convene extraordinary general meetings at any time it deems fit.

To convene Annual General Meeting of Shareholders, the Bank sent notice of meeting in which each agenda item was clearly identified whether it was for acknowledgement or consideration together with recommendations of the Board as well as information supporting documents which comprised of the criteria of the meeting attendance, voting, proxy granting of shareholders together with the annual report. This allows shareholders to have time to study the information before hand.

The Bank also published the notice and other supporting documents well ahead of the meeting on the Bank's website. Furthermore, in accordance with the regulatory requirements, notice was published in the daily newspapers. On the day of the Meeting, various measures were taken to facilitate effective participation by the shareholders or proxy holders, including assigning staff to verify their related credentials to preserve the rights and equitable treatment is offered to all shareholders. Registration of attendees was conducted through a computerized system with Proxy Forms. The shareholders and proxy holders had the opportunity to register. The Bank prepared proxy forms and details on proxy granting for shareholders who have appointed proxies to attend the Meeting on their behalf. The proxy form and details on proxy granting were submitted together with the meeting notice to all shareholders.

During annual general meeting, the Company Secretary read out the agendas and the Chairman of the Board provide assurance to the shareholders regarding their opportunity to speak, raise any issues or make recommendations. At the meeting, the Chairman of the Board and Managing Director answers or clarifies related issues clearly and comprehensively. The issues, which are raised and thereupon the recommendations in respect of such issues are recorded in the meeting report. After the Meeting of shareholders, the report of the Meetings are prepared in an accurate and comprehensive manner, and included a summary of issues raised and clarifications or views provided. The reports of the annual general meetings are submitted to the regulatory bodies within specified time and copy of the report is also available on the Bank's website.

In relation to preventive measures against internal use of information by the Board, management and employees, the Board recognizes the importance of preventing the use of internal information of the Bank for personal gains. The Bank has put in place measures to prohibit unauthorized disclosure of material, which is non-public information. Members of the Board, Executive Management and employees are to refrain from using information that has become privately known to them for personal gains or for the interest of other persons seeking information dishonestly to conduct competing business with the Bank. In addition, the Bank has formulated Codes of Conduct for the Management and employees on the use of internal information. There are also available guidelines to avoid any conflicts of interest for efficiency and transparency in the management of the Bank.

- Role of Stakeholders

The Bank places great importance with regard to the rights of all stakeholders including directors, executive officers, employees, shareholders, clients, business partners and the relevant authorities.

Clients

The Bank takes seriously its commitment to provide clients with high-quality products and services while safeguarding their interests and accord them fair treatment in all aspects of their dealings with the Bank. In this regard, the Bank has developed processes and operating systems, using modern technology as appropriate, and has provided knowledgeable and skilled personnel to ensure that customers receive the best possible service. The Bank is continually expanding its network of branches, ATMs nationwide, protecting customer information, and managing and duly rectifying complaints. The Bank is equipped to efficiently handle client complaints and queries through a 'Cell'. To effectively manage complaints, the Cell maintains a database of client complaints and classifies them according to source and type. A report is prepared and forwarded to the Office of the Managing Director, the Internal Control & Compliance Division and other relevant offices, to resolve any complaints in an effective, fair and coordinated and timely manner. Client confidentiality is strictly observed at all time.

Regulatory bodies & Shareholders

The Bank recognizes the critical importance of ensuring systems and processes are in place to provide assurance of effective and efficient operations, internal controls and compliance with laws and regulations. Business conduct and ethics related policies are implemented and employees are governed by these policies. The Bank is focused on creating and delivering sustainable shareholder value, protection of assets and providing all shareholders with fair treatment whilst allowing them to exercise their rights fully and fairly in an informed manner.

Employees

The Bank believes in fair treatment accorded to all employees, and is fully committed in enhancing the quality of its human capital. In this context, the Bank consistently offers training and support, provides staff with the opportunity to enhance their performance and career development options. Such efforts will support the Bank's sustainable growth and expansion plans in an increasingly competitive marketplace. To support sustainable development and growth of the Bank's operations, the guidelines are based on good relationships and cooperation between the Bank and staff.

The Bank provides good security for the premises using standard systems and equipment for security control and by providing appropriate security guards. The Bank provides suitable workplaces that encourage staff to perform their work efficiently and effectively taking into consideration workplace safety and health.

The Bank provides various welfare systems such as healthcare (free of cost & reduced rate, in this respect corporate agreement with Anwer Khan Modern Hospital has been made), gratuity fund and provident funds.

The Bank's Human Resource Management is charged with the duty of proposing human resource management policy as well as its opinions on enhancement of staff knowledge and potential including development, training, work rotation, promotion, development and human resource development plans. Staffs are provided with orientation and knowledge and skill development programs. The Bank allocates a budget for providing more than 100 internal and external training and development programs throughout the year to help enhance the knowledge, ability, working skills, and managerial and other technical skills of its staff. The Bank has developed its own core training courses to provide the necessary knowledge and skills required for most members of staff, and for certain key functions within the Bank. The Bank has also developed various courses for the development of employees such as:

(1) General development training courses, including techniques for effective leadership, time management, and analytical and report-writing techniques;

(2) Training courses for specific job positions, for example customer service officer, marketing officer, branch manager and credit officer. The courses arranged by the Bank covering all areas of banking

Creditors and Business Partners

The Bank is committed to maintaining high standards of business conduct in compliance with all applicable laws and regulations. The Bank conducts business with its creditors and business partners fairly and in compliance with the relevant laws and regulations.

Competitors

The Bank recognizes the importance of a fair and competitive business environment. It is committed to conduct business in a fair and confidential manner while protecting the reputation of its competitors and ensuring best legal and ethical practices in the Bank.

Responsibility towards the community and the environment

The Bank recognizes the importance of putting into practice the corporate social responsibility guidelines and principles generally accepted to be suitable for the economic and social environment of the country and the region. The Bank therefore supports undertakings, which contribute to the public, to the community and to society as a whole. The Bank is actively involved in a range of CSR activities, including blood donation, relief for affected people from natural disaster, distribution of blankets to the cold stricken people, free eye camp, Seminar on Anti Drug movement, Anti Drug Rally, Seminar on Importance of Holly Ramadan, Qirat Competition Program, Scholarship & Crest Awarding Program among unprivileged but meritorious students and off springs of JBL employees who got GPA-5 in SSC & HSC, establishment of Jamuna Bank Old Home & Old Aged Rehabilitation Complex, establishment of Jamuna Bank After Care Centre, establishment of Jamuna Bank Medical College & Hospital, establishment of Sewing Machine Training Centre etc.

Disclosure and Transparency

The Board of Directors is responsible for the preparation of consolidated financial statements of the Bank and its subsidiary companies. It has assigned the Audit Committee to review the Bank's financial statements to ensure that they are accurate, credible and in line with accounting standards. A report from the Audit Committee on the financial statements has been included in this Annual Report.

The Bank recognizes the significance of the disclosure of important financial and non-financial information, including the Annual Report. The Bank has disclosed such information to investors and involved parties across a variety of channels and media, namely sending information to shareholders by direct mail, holding press conferences and sending out press releases, including disseminating information through the Stock Exchange s and on its website. These initiatives include:

- Dissemination of Bank's information and maintaining good communications with investors/stakeholders through media and other ways. Reports on financial results and material transactions are made in an accurate, fair, and transparent manner and in compliance with the applicable laws and regulatory requirements.
- The dissemination of information to the general public via the media when financial results are announced.

Counter parties

The Bank believes that counterparties play a significant role in supporting its business, and undertakes to honor its trade conditions and agreements with counterparties based on mutual good understanding and cooperation together with recognition of the basis for fair competition and market practice, as well as other widely accepted practices relating to the Bank's business undertakings.

Board of Directors :

The Board of Directors is the apex body responsible for formulating policies, determining objectives, ensure good corporate governance and playing a holy role of stewardship on behalf of shareholders/stakeholders to manage the Bank's operations smoothly, mitigate any untoward/adverse situations and monitor the Bank's performance effectively and efficiently to maximize shareholders' wealth as well as to earn the confidence and safeguard the interest of the depositors.

The functional areas of the Board include, but not limited to, setting corporate objectives/goals, Framing Strategic & short term/mid term/long term business policies, prepare budgets in line with strategic policies, approval of financial statements, set and review Bank's performance/objectives, establishing effective and sound internal control system and risk management system complying rules/regulations/circulars time to time issued by the regulatory bodies (such as Bangladesh Bank, Bangladesh Securities & Exchange Commission etc.).

The functions of the Board not limited to but reviewing existence/up-gradation of company's corporate governance standards, focus areas of corporate social responsibility(ies), putting in place strategic Mission, Vision, objectives, targets, policies and procedures to achieve the set target, carrying on business smoothly in competitive environment, efficient management of expenses, enhancing the expertise of all level personnel, providing extended customer services and taking steps for its continuous improvement, developing compliance culture, approving proposals beyond the delegated business/financial/administrative powers of the Management, Executive Committee of the Board. The Board also delegated it's powers/responsibilities as much as possible considering guideline(s) and capacity/ability as commensurable.

The Directors of the Bank except the Managing Director retire by rotation in accordance with the provision of law.

- The Role and Responsibilities of the Board of Directors

o The basic responsibility of the Board is to exercise business judgment in good faith, in a manner that they reasonably believe to be in the best interest of the Bank, while complying with the applicable laws and regulations, Memorandum of Association and Articles of Association and resolutions adopted by the shareholders.

o To set the vision, mission, direction and policies of the Bank and to determine objectives and strategies to ensure the effective discharge of the Bank's functions and to ensure efficient use of Bank's resources.

o To seek individuals from diverse professional backgrounds admixtured with a broad spectrum of experience and expertise with a reputation for integrity for appointment to management positions.

o To review and approve Annual Budgets as proposed by the Management.

o To delegate responsibility(ies) to the Management for carrying on business smoothly based on agreed targets and objectives except when the matter warrants the Board's attention.

o To determine the issues required to be brought to the attention of the Board by the Management.

o To ensure that Management is discharging duties based on the Bank's strategic objectives and communicating those strategic objectives to all levels on regular interval.

o To ensure that Management is complying with all relevant laws and regulations as well as the terms and conditions of various agreements.

o To ensure/establish an effective and sound risk management and internal control system.

o Review policy(ies) regarding yearly Key Performance Indicators (KPIs), adequate capital requirement(s), approval/appraisal of loans & advances proposals, overdue/classified, rescheduled, waived, written off loans & advances, adequate provision on loans & advances, monitoring, supervision & recovery of classified loans & advances.

o Besides, the Board approves, modifies/alters policies regarding business planning as and when requires, core risk management, service rules for the sake of business advancement.

o The members of the Board of Directors are elected complying prevailing laws/regulations including Articles of Association.

The Board shall also be responsible for approving all matters which require its approval, or recommending them to the shareholders for approval, as it deems fit, based on the following principles:

- Act in the best interest of the Bank;
- Exercise sound and prudent judgment; and
- Decide rationally and impartially without consideration of personal gain.
- Exercise due care and diligence by taking all the steps that he or she ought to take as a Director;
- Make informed decisions; and
- Pose intelligent questions.
- Act in good faith;
- Make impartial decisions, avoid the possibility of appearance of any conflict of interest and
- Avoidance of abuse of power or authority by using classified information for personal gain.

Leadership and Vision

The Board of Directors consists of individuals from diverse professional backgrounds with a broad spectrum of experience, expertise and high standards of business ethics. The roles of the Board, including the appointment and removal of directors, are set out in the Articles of Association. The Board is committed to maintaining the highest standards of corporate governance and has a good understanding of the Bank's business and affairs.

It is responsible for ensuring independent oversight of internal control and risk management while providing an objective assessment of Executive Management in the execution of the Bank's policies and strategies.

Ethics and Conflict of Interests

The Management and employees must comply with code of conduct when interacting with the Bank's clients, shareholders, employees, and business partners/ debtors.

Great emphasis is also placed on their responsibilities for environment, society and competitors, preservation of client confidentiality, honesty, fairness, professional integrity, business capacities, strict compliance with laws and regulations, as well as cooperation with regulatory agencies. In performing their duties, employees are required to adhere to the principles of good corporate governance, use good judgment, act in compliance to rules and regulations and ensure that the Bank discharges its legal and regulatory responsibilities accordingly. Alleged breaches are investigated in accordance with set procedures, and disciplinary penalties are imposed if any employee is found guilty of a breach of conduct.

The Bank has in place policies to prevent conflicts of interest, connected transactions or related-party transactions. These include:

- A policy for the consideration of the granting of credits and investments to and undertaking contingent of liabilities or other credit-like transactions with the Bank's major shareholders, or businesses with beneficial interest to directors or persons with managing authority of the Bank, which must adhere to the terms stipulated by the Bangladesh Bank. Any such grant must be approved unanimously by the Board and no director or person with managing authority who benefits from the granting of credits and investments and the undertaking of contingent liabilities or other credit-like transactions can take part in the decision-making process.
- A policy for undertaking major transactions. Major transactions include agreements to undertake connected transactions and/or agreements to undertake transactions to acquire or dispose of major assets and/or rights to acquire or dispose of the Bank's major assets. The Bank must comply with requirements of related regulatory bodies.
- Ensure that the transaction is legitimate and is in the best interest of the Bank, that the terms and conditions of the said transaction are not different from similar transactions entered into with unrelated parties; and
- Ascertain that the procedures for considering and approving any given transaction are fair, transparent, and verifiable.

Sufficient information on the transaction must also be disclosed to investors as per requirement of laws.

Connected transactions must be approved by the Board. Persons who review or recommend the transaction for approval must not have any interests in the said transaction. Directors with any material interest in the transaction are not allowed to take part in the discussion relating to such transaction or vote on the matter.

Related Transactions

As of 31 December 2014, the Bank recorded business transactions with its subsidiary company. These transactions have been concluded under commercial terms and based on mutual agreement on the criteria involved in the ordinary course of business between the Bank and its subsidiary company.

Board Meetings

Board meetings are scheduled at least twice in every month. In addition to the scheduled Board meetings, further Board meetings may also be held as and when they are required. The Board secretary is responsible for providing all Directors with the agenda, supporting papers and relevant information for each meeting seven days before the meeting, to give the Directors advance notice of the business to be transacted. The Secretary is also responsible for taking the minutes of each meeting and preparing the meeting report, which is signed by the Chairman of the Board and filed.

- Board Performance Review

The Board conducts an annual evaluation of its performance, where it also reviews problems and obstacles, and makes suggestions to increase the Bank's operational efficiency.

- Selection, Appointment and Removal of directors

The members of the Board of Directors are elected as per Bank's Articles of Association as well as approval by regulatory bodies. The members are appointed to take charge of selecting and nominating qualified persons who have no disqualifications according to the law for appointment as directors before submitting to the meeting of the Shareholders for approval and appointment. This is compliant with the rules and procedures on appointment and removal of directors as specified in the Bank's Articles of Association as well as guidelines of regulatory bodies time to time issued in this respect.

- Remuneration of Directors

The Bank discloses information on the remuneration of its Directors in compliance with the circular/notification time to time issued by the regulatory bodies. Each Board member get Tk.5,000.00 (five thousand) only as Meeting Attendance Fee and members who are living outside Dhaka get Traveling & Daily Allowance as per policy approved by the Board.

- Internal Controls

The Bank has implemented various initiatives in order to establish an internal control system which is in line with the International Standards on Auditing (ISA), International Financial Reporting Standards (IFRS) & International Accounting Standards (IAS) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) and as per Bangladesh Bank core risk guideline. The Bank has prescribed duties for its committees and units as follows:

The Internal Control & Compliance Division is responsible for auditing the various Branches and Divisions/Departments of Head Office of the Bank under the supervision of the Audit Committee.

The Compliance Unit is responsible for providing clarification on the rules and regulations issued by relevant authorities as well as ensuring that the Bank complies with relevant laws and regulations.

With regard to risk management, the Bank recognizes the importance of controlling and managing risks that may arise in the course of doing business and has followed the risk management policy and guidelines as recommended by the Bangladesh Bank. The Bank's Risk Management Committee is charged with the responsibility of establishing and proposing to the Board of Directors the policy for overall risk management as well as supervising and monitoring to ensure that the management of risks is within the guidelines of the established policy.

To undertake the regular task of managing the Bank's assets and liabilities in such a way that market risk - which arises from the movement of interest rates, exchange rates and prices – is maintained within an acceptable level with minimal volatility.

Committees

The Board of Directors has set up committees to closely monitor and oversee the Bank's operations, and reports the progress to the Board of Directors on a regular basis. These committees include the Executive Committee, Audit Committee and Risk Management Committee :

- Executive Committee

To assist the Board, Executive Committee constitutes complying guidelines of Bangladesh Bank to deliberate urgent and daily/routine works/important management issues and matters for execution of operations of the Bank between the intervals of Board meeting. The Committee performs within the delegated power/terms of reference time to time given/set by the Board of Directors in the light of prevailing rules/regulations. The Committee is composed of 7 (seven) members. The Chairman of Executive Committee has been selected from the members of the said Committee for a period of two months.

Details of Members of Executive Committee along with their terms/duration are given hereunder:

From 01-01-2014 to 26-04-2014 :

1 Al-haj M. A. Khayer	-
2 Engr. Md. Atiqur Rahman	Chairman for January
3 Al-Haj Nur Mohammed	-
4 Mr. Md. Tajul Islam	-
5 Mr. Sakhawat, Abu Khair Mohammad	-
6 Mr. Md. Belal Hossain	-
7 Mr. Shaheen Mahmud	Chairman for February to April

From 27-04-2014 to 26-10-2014 :

1 Engr. A. K. M. Mosharraf Hussain	-
2 Al-Haj Nur Mohammed	-
3 Mr. Md. Tajul Islam	-
4 Mr. Sakhawat, Abu Khair Mohammad	Chairman for September to October
5 Al-haj Md. Rezaul Karim Ansari	Chairman for July to August
6 Mr. Kanutosh Majumder	-
7 Mr. Gazi Golam Murtoza	Chairman for May to June

From 27-10-2014 to 31-12-2014 :

1 Mr. Md. Sirajul Islam Varosha	-
2 Mr. Shaheen Mahmud	-
3 Engr. Md. Atiqur Rahman	-
4 Mr. Md. Belal Hossain	-
5 Mr. Md. Mahmudul Hoque	Chairman for November to December
6 Mr. Gazi Golam Murtoza	-
7 Mr. Md. Hasan	-

o Audit Committee

Objective

To assist the Board of Directors with regard to the auditing of financial reports, internal controls and internal audits, and to select and work in co-ordination with the Bank's external auditors. The Audit Committee assists the Board in fulfilling its oversight responsibilities. The committee reviews the financial reporting process, the system of internal control and management of financial risks, the audit process, and the bank's process for monitoring compliance with laws and regulations and its own code of business conduct.

Composition and Qualifications

The Committee time to time formed by the members of the Board having such qualification(s) as determined by the Board in light of guideline(s) time to time framed by the Bangladesh Bank and Bangladesh Securities & Exchange Commission. Chairman of the Committee is an Independent Director as per BSEC guideline.

Details of Members of Audit Committee as on 31-12-2014 are given hereunder:

S/N	Name of the member	Relationship with the Bank	Position	Educational Qualification
1	Mr. Md. Rafiqul Islam	Independent Director	Chairman	M.A
2	Engr. A. K. M. Mosharraf Hussain	Director	Member	B. Sc. Engg (Civil) FIE (Bangladesh)
3	Al-Haj Nur Mohammed	Director	Member	B. A
4	Mrs. Tasmin Mahmud	Director	Member	Masters
5	Mr. A. S. M. Abdul Halim	Independent Director	Member	B. Com. (Hons), M. Com (Dhaka University) Higher studies in Development Administration, Birmingham University, UK

Roles and Responsibilities of the Audit Committee :

i) Internal Control:

1. Evaluate whether management is setting the appropriate compliance culture by communicating the importance of internal control and the management of risk and ensuring that all employees have clear understanding of their roles and responsibilities;

2. Review management's actions in building computerization of the bank and its applications and bank's Management Information System (MIS);

3. Consider whether internal control strategies recommended by internal and external auditors have been implemented by the management;

4. Consider reports relating to fraud, forgery, deficiencies in internal control or other similar issues detected by internal and external auditors and inspectors of the regulatory authority and place it before the board after reviewing whether necessary corrective measures have been taken by the management.

(ii) Financial Reporting:

1. Audit committee will check whether the financial statements reflect the complete and concrete information and determine whether the statements are prepared according to existing rules & regulations and standards enforced in the country and as per relevant prescribed accounting standards set by Bangladesh Bank;

2. Discuss with management and the external auditors to review the financial statements before its finalization.

(iii) Internal Audit:

1. Audit committee will monitor whether internal audit working independently from the management.

2. Review the activities of the internal audit and the organizational structure and ensure that no unjustified restriction or limitation hinders the internal audit process;

3. Examine the efficiency and effectiveness of internal audit function;

4. Examine whether the findings and recommendations made by the internal auditors are duly considered by the management or not.

(iv) External Audit:

1. Review the performance of the external auditors and their audit reports;

2. Examine whether the findings and recommendations made by the external auditors are duly considered by the management or not.

3. Make recommendations to the board regarding the appointment of the external auditors.

(v) Compliance with existing laws and Regulations: Review whether the laws and regulations framed by the regulatory authorities (central bank and other bodies) and internal regulations approved by the board are being complied with.

(vi) Other Responsibilities:

1. Submit compliance report to the board on quarterly basis on regularization of the omission, fraud and forgeries and other irregularities detected by the internal and external auditors and inspectors of regulatory authorities;

2. External and internal auditors will submit their related assessment report, if the committee solicit;

3. Perform other oversight functions as desired by the Board of Directors and evaluate the committee's own performance on a regular basis.

Meetings

The Audit Committee schedules meetings depending on circumstances to scrutinize matters as assigned by the Board of Directors. The Audit Committee held 11 meetings in 2014.

Reporting

The Audit Committee has a duty to report its performance to the Board of Directors, and produce and publish its report as part of the Bank's Annual Report.

The Audit Committee is primarily responsible for internal control, audit and financial reporting. It monitors implementation of policies on internal control and compliances and management actions to rectify audit objections. It actively reviews appropriateness of the accounting policies, annual internal audit plan, audit reports, risk management of the Bank and Bank's technological needs. It also oversees the discharge of responsibilities of the external auditors. The Committee time to time reports on its activities to the Board of Directors. If any significant deviation(s) was/were come to the notice of the Committee including the following findings, inform the Board of Directors of the Bank immediately upon receiving such findings:

a. Report on conflicts of interests.
b. Suspected or presumed fraud or irregularity or material defect in the internal control system.
c. Suspected infringement of laws, including securities related laws, rules and regulations.
d. Any other matter, which should be disclosed to the Board of Directors immediately.

Risk Management Committee

To play an effective role in mitigating impending risks arising out from strategies and policies formulated by the Board and to carry out the responsibilities efficiently, risk management committee time to time forms as per guideline(s). After identifying and assessing several risk factors like credit risks, foreign exchange risks, internal control and compliance risks, money laundering risks, information and communication risks, management risks, interest risks, liquidity risks etc.; the risk management committee will scrutinize whether appropriate risk management measures are being put in place and applied and whether adequate capital and provision is being maintained against the risks identified. The Committee time to time formed by the members of the Board having such qualification(s) as determined by the Board in light of guideline(s) time to time framed by the Bangladesh Bank and Bangladesh Securities & Exchange Commission.

Roles and Responsibilities of the Risk Management Committee:

i) Risk identification & control policy : Formulation and implementation of appropriate strategies for risk assessment and its control is the responsibility of Risk Management Committee. Risk Management Committee will monitor risk management policies & methods and amend it if necessary. The committee will review the risk management process to ensure effective prevention and control measures.

ii) Construction of organizational structure : The responsibility of Risk Management Committee is to ensure an adequate organizational structure for managing risk within the bank. The Risk Management Committee will supervise formation of separate management level committees and monitor their activities for the compliance of instructions of lending risk, foreign exchange transaction risk, internal control & compliance risk, money laundering risk, information & communication risk including other risk related guidelines.

iii) Analysis and approval of Risk Management policy : Risk management policies & guidelines of the bank should be reviewed annually by the committee. The committee will propose amendments if necessary and send it to the Board of Directors for their approval. Besides, other limits including lending limit should be reviewed at least once annually and should be amended, if necessary.

iv) Storage of data & Reporting system : Adequate record keeping & reporting system developed by the bank management will be approved by the risk management committee. The committee will ensure proper use of the system. The committee will minute its proposal, suggestions & summary in a specific format & inform the Board of Directors.

v) Monitoring the implementation of overall Risk Management Policy : Risk Management Committee will monitor proper implementation of overall risk management policies. They will monitor whether proper steps have been taken to mitigate all risks including lending risk, market risk, and management risk.

vi) Other responsibilities:

1. Committee's decision and suggestions should be submitted to the Board of Directors quarterly in short form.
2. Comply instructions issued time to time by the controlling body.
3. Internal & external auditor will submit respective evaluation report whenever required by the committee.

Independent Directors

At the end of December 2014, the Board of Directors comprised 20 members, four of whom was independent director. Independent director(s) are appointed by the board of directors and approved by the shareholders in the Annual General Meeting (AGM). Meantime, Bangladesh Securities and Exchange Commission vide its Corporate Governance Guidelines and Bangladesh Bank vide The Bank Company Act, 1991 (Amended up to 2013) provided guideline(s)/law(s)/regulations(s)/Act(s) in this respect which are complying by the Bank.

- Board Structure

Members of the Board comprise of professionals with diversified backgrounds. At present, there are 20 (Twenty) Board members including four Independent Director and Managing Director (ex-officio Director), which is within the framework set by the Bangladesh Securities & Exchange Commission (BSEC) in its revised guideline on Corporate Governance released on August 07, 2012. The election of Board members follows the resolution of the Shareholders' Meetings, as set out in the Bank's Articles of Association. The number of directors on the Board is determined by the meeting of shareholders and should not be less than 7 or more than 20. The structure of the Board of Directors and Board Committees is set in accordance to the laws/notification regarding "Corporate Governance" issued by the regulatory bodies.

The Board appoints one of its directors to be the Chairman. In the interest of good governance, the roles of Chairman and Managing Director are separate, with each of them bearing clear and defined roles and responsibilities. The Board is responsible for the Bank's goals, policies and strategic direction while the Management assumes responsibility for the day-to-day operations.

Each director has a term of office as prescribed in the Articles of Association, i.e. at every annual general meeting; one-third of the directors shall retire. In any subsequent years, the directors who have been in office the longest shall retire. The retired directors may be re-elected.

⊠ Management Committees

The Bank is manned and managed by a team of efficient professionals headed by Mr. Shafiqul Alam, the Managing Director & CEO who has long 35 years' banking experience (both at home and abroad). The functions of the Board and the Management are clearly defined and sharply bifurcated. The Management implements and acts within the policies and manuals approved by the Board. A clearly defined organizational structure with definite lines of responsibility and delegation of powers to different echelons of the management are in place in the Bank. The Management enjoys full freedom in conducting the business of the Bank within the scope of the policy guidelines of the Board and the regulatory bodies. However, the Board and the Management work in unison for the continued well being of the Bank. To streamline the functions of different divisions / departments of the Bank, the following Committees are actively working in the Bank:

i) Management Committee (MANCOM)

To address general issues of importance, evaluate different types of risks, monitor internal control structure and to review effectiveness of the internal control system, a Management Committee (MANCOM) is working in the Bank. It is composed of senior members of the Management. The Managing Director is the Chairman of MANCOM. The meeting of the MANCOM is held every month.

MANCOM consists of:

Name	Designation/Position	Status
Mr. Shafiqul Alam	Managing Director	Chairman
Mr. Mosleh Uddin Ahmed	Additional Managing Director	Member
Mr. Mirza Elias Uddin Ahmed	Deputy Managing Director	Member
Mr. A.K.M. Saifuddin Ahamed	Deputy Managing Director	Member
Mr. Md. Habibur Rahman	Deputy Managing Director	Member
Mr. Md. Mukhlesur Rahman	Head of Credit Risk Management Division	Member
Mr. Masud Al Faruque	Head of Corporate Division	Member
Mr. Md. Abul Bashar	Head of Human Resources Division	Member
Mr. Malik Muntasir Reza	Company Secretary	Member
Mr. Md. Belal Hossain	Head of Internal Control & Compliance Division	Member
Mr. Ahmed Nawaz	Head of Information & Communication Technology Division	Member
Mr. Ashim Kumer Biswas	Head of Financial Administration Division	Member
Mr. Md. Mehedi Hasan	Head of Treasury Division	Member
Mr. Mohammad Shamsur Rahman	Head of International Division	Member
Mr. S. M. Jamal Uddin	Head of Banking Operation Division	Member-secretary

i) Asset Liability Committee (ALCO)

Asset Liability Committee consists of the Managing Director, the Additional Managing Director, the Deputy Managing Directors and strategically important Divisional Heads of Head Office. The Managing Director and in his absence the Additional/ Deputy Managing Director chairs the meeting of the Asset Liability Committee. The Committee is responsible for managing Balance Sheet gap (minimize the mismatching between deposits and Loans & Advances), interest rate risk and liquidity risk of the Bank. The meetings of the Asset Liability Committee are held in every month.

ALCO consists of:

Name	Designation/Position	Status
Mr. Shafiqul Alam	Managing Director	Chairman
Mr. Mosleh Uddin Ahmed	Additional Managing Director	Member
Mr. Mirza Elias Uddin Ahmed	Deputy Managing Director	Member Secretary
Mr. A.K.M. Saifuddin Ahamed	Deputy Managing Director	Member
Mr. Md. Habibur Rahman	Deputy Managing Director	Member
Mr. Md. Mukhlesur Rahman	Executive Vice President	Member
Mr. Md. Belal Hossain	Senior Vice President	Member
Mr. Ashim Kumer Biswas	Senior Vice President	Member
Mr. Md. Shah Alam	Vice President	Member
Mr. Masud Al Faruque	Vice President	Member
Mr. Mohammad Shamsur Rahman	Senior Assistant Vice President	Member
Mr. Md. Mehedi Hasan	Senior Assistant Vice President	Member

Details of the duties and responsibilities are as follows:

- o Ensure that the Bank is able to meet its cash flow obligations in a timely and cost effective manner even in times of financial market stress;
- o Ensure there is diversification of funding source and to avoid over dependence on volatile sources of funding;
- o Decide on the level of Liquidity Reserves that needs to be maintained in the form of Liquid Assets;
- o Ensure Compliance with the Bangladesh Bank liquidity requirements and to periodically review all assumptions made as a consequence of this;
- o Approve the contingency funding plan and thereafter to monitor the liquidity management action triggers and the Early Warning System of the Contingency Funding Plan (CFP). Periodically to review the CFP and ensure Operational readiness and testing;

- Oversee the development of the stress test and the stress scenarios for Liquidity Risk and to ensure the Bank is able to meet its obligations under the stress situation;
- Review all new Product Programs to ensure that the Liquidity Risk and Market Risk reflected in the banking books associated with such new products are properly recognized and managed;
- Recommend the Risk and Returns objectives for the Banking Balance Sheet to the Board and thereafter to approve the entire Balance Sheet subject related matters;
- Review, evaluate and approve strategic hedging proposals within limits approved by the Board;
- Provide guidelines for determining special interest rates for Business Groups, with the exception of Capital Markets and Treasury products.
- Deliberate and decide on all FTP matters;
- Analyze, review and evaluate the performance of each product focusing on profitability, volume and market share;
- Review and track the Performance of deposits based on accumulation of initiatives against targets for Retail Banking, SME Banking and Corporate Banking;
- Review and recommend the liquidity risk management policies for managing interest rate risk on banking books to the Board for approval.

i) Head Office Credit Review Committee (HOCRC)

A Credit Review Committee headed by the Deputy Managing Director of the Bank has been constituted in the Head Office of the Bank for minute appraisal and quick disposal of credit proposals. The Head of Credit Risk Management Division in Head Office plays an important role in the meetings of the Credit Review Committee. Credit proposals that do not merit considerations are declined. Credit proposals that merit considerations in the opinion of the Credit Review Committee are presented before the Managing Director of the Bank for approval. The credit proposals that are beyond the delegated business power of the Managing Director are placed before the Executive Committee/Board of Directors for consideration/approval.

Head Office Credit Review Committee consists of:

Name	Designation/Position	Status
Mr. Mirza Elias Uddin Ahmed	Deputy Managing Director	Chairman
Mr. Mosleh Uddin Ahmed	Additional Managing Director (Business)	Member
Mr. A.K.M. Saifuddin Ahamed	Deputy Managing Director (CRM)	Member
Mr. Md. Habibur Rahman	Senior Executive Vice President	Member Secretary
Mr. Md. Mukhlesur Rahman	Executive Vice President	Member
Md. Masud A. Faruque	Vice President	Member
Mr. Md. Shariful Ahsan	Senior Assistant Vice President	Member
Mr. Md. Ahsan Tariq	Senior Assistant Vice President	Member
Mr. Abu Syed Md. Yousuf	Senior Assistant Vice President	Member

i) Risk Management Committee (RMC)

The Bank has realized the significance of risk management covering both internal and external risk factors. Risk Management Committee has been appointed by the Board of Directors with relevant roles, duties and responsibilities defined and operations of which assessed to ensure conformity with the risk management plan in place. Risk Management Group is in charge of formulating risk management policy and procedures of the Bank.

RMC consists of:

Name of Executives	Designation	Status
Mr. Mosleh Uddin Ahmed	AMD	Member
Mr. Mirza Elias Uddin Ahmed	DMD	Chairman
Mr. A.K.M. Saifuddin Ahamed	DMD	Member
Mr. Md. Habibur Rahman	DMD	Member
Mr. Md. Mukhlesur Rahman	EVP	Member
Mr. Ahmed Sufi	SVP	Member
Mr. Md. Belal Hossain	SVP	Member
Mr. Adhim Kumer Biswas	SVP	Member
Mr. Ahmed Nawaz	SVP	Member
Mr. Md. Abul Bashar Mazumder	VP	Member
Mr. Abdul Awal Khan	VP	Member
Mr. Md. Shah Alam	VP	Member Secretary
Mr. Mohammad Shamsur Rahman	SAVP	Member
Mr. Md. Mehedi Hasan	SAVP	Member

Powers, Duties and Responsibilities

- Allocation of risk capital and determination of global risk limits. Allocation of capital-at-risk (CAR) for different lines of businesses and for different categories of risks. In the process of allocating capital, the Committee seeks to ensure adequate diversification of risk and that the Bank has sufficient capital to cushion against stress scenarios;
- Enhancing shareholder value through evaluation of risk-return profiles of business activities and ensuring that they are within the parameters set by the Board of Directors;

- o Risk Management Policies
- o Review and recommend to the Executive Committee and Board of Directors for approval of appropriate risk policies so that the risk management framework is in line with corporate plans, best practices, and conforms to legal and regulatory requirements;
- o Recommendations on appointment of members to the various risk committees for Board's approval;
- o Evaluate and review proposals on new products, investments, businesses and product variations, and subsequently grant the approval in principle prior to operational readiness or recommendation to the Board of Directors for approval;
- o Establish and revise guidelines on operational risk management and to approve tools and methodologies for risk assessment and risk controls; also to review the adequacy of resources to manage operational risk.
- o Approve the guidelines and conditions for approval of any credit-related products of Corporate Banking, SME Banking, Retail Banking and subsidiaries; and the guidelines and conditions for investment in debt instruments or other financial instruments (the guidelines and conditions for investment in debt instruments with embedded derivatives must be proposed to the Board of Directors for approval);
- o Compliance. Enforce compliance with all risk policies and limits allocated by the various risk committees.
- o Risk Identification and Measurement
- ☒ Deployment of proper methodologies to identify and measure risks for all positions;
- ☒ Set strategies to evaluate, monitor and control risks to be within a reasonable level;
- ☒ Approve methodologies and tools for the measurement of credit risk, market risk and operational risk.
- o Maintenance of Asset Quality. Ensure to maintain asset quality through close monitoring of the processing and approval of new loans and the prompt recovery of Non-Performing Loans;
- o Review contingency plans/business continuity management plans including business continuity plans of various departments of the Bank and its subsidiaries for implementation whenever necessary and to propose to the Board of Directors for approval;
- o Review and recommend the risk-related delegated authorities for the Bank to the Board for approval;
- o Review and recommend investment policies related to investment in equity, debt or other securities, to the Board for approval.

i) Supervisory Review Committee

Basel II Supervisory Review Committee consists of the Managing Director, the Additional Managing Directors, the Deputy Managing Directors, Head of Treasury, Head of FAD, Head of Anti Money Laundering, Head of ICCD, Head of ID, Head of ICT and Head of Credit Risk Management Division. The Committee is exclusively be assigned for reviewing the nature and level of risk relates to banking assets and planning for adequate capital framework. For this, the unit has developed their own review process document. A sound risk management process is the foundation for an effective assessment of the adequacy of a bank's capital position.

Basel-II Supervisory Review Committee consists of:

Sl. No.	Particulars of Members	Status
01.	Managing Director	Chairman
02.	AMD & All DMDs	Member
03.	DMD (Risk Management Division)	Member Secretary
04.	Head of Credit Risk Management Division	Member
05.	Head of Internal Control & Compliance Division	Member
06.	Head of Anti-Money Laundering Division	Member
07.	Head of Information & Communication Technology Division	Member
08.	Head of Financial Administration Division	Member
09.	Head of Human Resources Division	Member
10.	Head of Risk Management Division	Member
11.	Head of Law & Recovery Division	Member
12.	Head of International Division	Member
13.	Head of Treasury Division	Member

Basel-II Supervisory Review Committee (B2SRC) is performing the following factors:

- o Review the nature and level of risk being taken by the bank and how this risk relates to adequate capital levels.
- o Liable for ensuring that the formality and sophistication of the risk management processes are appropriate in light of the risk profile and business plan.

- o Analyze bank's current and future capital requirements in relation to its strategic objectives
- o Adopt strategic planning process for bank's capital needs, anticipated capital expenditures, desirable capital level, and external capital sources.
- o The Board and senior management reviews the capital planning to achieve its desired strategic objectives.
- o Responsible for setting the bank's tolerance for risks, establishes a framework for assessing the various risks.
- o Develops a system to relate risk to the bank's capital level, and establishes a method for monitoring compliance with internal policies.

- Company Secretary and Secretary to the Board of Directors

The Board has appointed Mr. M. A. Rouf as Assistant Vice President & Company Secretary and Secretary to the Board of Directors and its Committees to assist the Board in fulfilling its tasks. Duties of the Secretary include providing advice and ensuring compliance with the applicable laws and regulations, which is consistent with the Corporate Governance Notification, as well as the following services:

- o Providing preliminary advice and recommendations pertaining to legal, regulatory, and governance issues and practices related to the Board.
- o Arranging Board and Shareholders' Meetings in accordance with the laws and the Bank's Articles of Association, preparing minutes of these meetings and monitoring compliance with the resolutions passed at those meetings.
- o Ensuring that corporate information disclosures to regulatory agencies are in accordance with laws and regulations.
- o Communicating with shareholders.
- o Maintaining the register of directors, shareholders, reports of Board meetings, stakeholders' reports and meeting notices
- o Ensuring compliance with other rules and procedures as required by relevant laws and regulations.
- o Ensure of payment of dividend/fractional dividend/refund warrant to the respective accounts as per instructions.
- o Assist the regulatory bodies for conducting/ discharging their duties (Bangladesh Bank, SEC, DSE, CSE, CDBL, NBR etc.).
- o Timely submission of regulatory compliances.

- Chief Financial Officer (CFO)

Mr. Ashim Kumer Biswas, Senior Vice President has appointed as Chief Financial Officer (CFO) of the Bank. He attends the meetings of the Board of Directors as and when required. Duties of the CFO include the following, ensuring compliance with the applicable laws and regulations and Corporate Governance Notification:

- o Participate in developing new business, specifically: assist the CEO in identifying new funding opportunities, the drafting of budgets, and determining cost effectiveness of prospective service delivery.
- o Oversee the management and coordination of all fiscal reporting activities for the Bank including: organizational revenue/expense and Quarterly, Half yearly & Annual Accounts of the Bank/Financial Statements, The Securities & Exchange Commission, Bangladesh Bank, sending of Statements and preparation of Returns to submit to the National Board of Revenue & VAT authority and other regulatory bodies and monitoring of organizational budgets.
- o Oversee all purchasing, payment of Bills.
- o Prepare and manage Employees' Provident Fund, Gratuity Fund, Social Security Fund
- o Serve as one of the trustees and oversee administration and financial reporting of the organization's Savings and Retirement Plan.
- o Assist in the design, implementation, and timely calculations of incentives, festival bonus and salaries for the employees.
- o Oversee Accounts Payable and Accounts Receivable.
- o Working as a Banker to the Issue,
- o Ensure of payment of dividend/fractional dividend/refund warrant to the respective accounts as per instructions.

- o Working as a joint custodian of cash to meet up day-to-day expenses.
- o Assist the auditors of Bangladesh Bank, Statutory Auditors, Rating Agency, Income Tax & VAT officials and other regulatory bodies for conducting audit/discharging their duties etc.

- Head of Internal Control & Compliance Division

Mr Md Belal Hossain, Senior Vice President, has been appointed as the Head of Internal Control & Compliance Division (ICCD) as per compliance of laws, rules & regulations and corporate governance notification. ICC Division of the bank is comprised of 03 (three) interrelated wings/units, namely i) Audit & Inspection Department, ii) Monitoring Department and iii) Compliance Department. As the Head of ICC Division, he monitors and mitigates different risks of the bank and helps achieve bank's organizational goals/objectives.

Audit & Inspection Department conducts inspection on branches and divisions of the Head Office as per annual Audit Plan duly approved by the Board of Directors. Monitoring Department reviews quarterly operation reports (QORs), loan documentation checklists (LDCs) etc. as part of their off-site supervision activities. Compliance Department ensures full compliance of the regulatory requirements including directives of Bangladesh Bank, National Board of Revenue (NBR), Bangladesh Security & Exchange Commission (BSEC), Registrar of Joint Stock Companies & Firms (RJSC), Ministry of Finance etc.

Holding of Positions in subsidiary Companies by Directors or High-Level Executives

The Bank complies with the regulation of the BSEC, which specifies that the Bank's not more than 50% of directors and senior executive officers must not hold positions in its subsidiaries. The minutes of the Board meeting of the subsidiary companies are being reviewed by the Board of the Bank on regular interval.

Members of Jamuna Bank Capital Management Limited (Merchant Bank & a subsidiary of JBL)

JBCML consists of:

Name	Designation/Position	Status	Remarks
Mr. Mirza Elias Uddin Ahmed	Deputy Managing Director, JBL	Chairman	Nominated by Jamuna Bank Ltd.
Mr. Chowdhury Golam Kibria	–	Director	MBA (Management) IBA Associate Professor Jahangir University
Mr. Erfanuddin Ahmed	–	Director	MBA (Finance), IBA Ex-Managing Director Bank Asia Ltd.
Mr. Chowdhury Mohammad Mohsin	–	Director	Ex- Secretary, Govt. Peoples Republic of Bangladesh
Mr. Mosleh Uddin Ahmed	Additional Managing Director, JBL	Director	Nominated by Jamuna Bank Ltd.
Mr. M.M. Mostafa Bilal	Chief Executive Officer	CEO (Ex-Officio)	CEO (Ex-Officio)

Members of Jamuna Bank Securities Limited (Brokerage House & a subsidiary of JBL)

JBSL consists of:

Name	Designation/Position	Status	Remarks
Mr. Shafiqul Alam	Managing Director JBL	Chairman	Nominated by Bank
Mr. A. K. M. Saifuddin Ahamed	DMD of, JBL	Director	Nominated by Bank
Mr. A. F. Nurul Azam Khan	—	Director	Nominated by Bank
			Ex-Managing Director Bangladesh Commerce Bank Ltd.
Mr. Mohammed Ali Chowdhury	—	Director	Nominated by Bank Ex-General Manager Pubali Bank Ltd.
Mr. Narayon Chandra Saha	Independent Director of JBL	Director	Nominated by Bank
Mr. Md. Al Tamas	VP, JBL & CEO, JBSL	Chief Executive Officer	Ex-Officio Director

- Organization and environment

The Bank has structured its organization taking into account proper segregation of duties that will contribute to effective risk management and internal control as well as monitoring and audit systems. It has also consistently monitored the operations of its staff to be in line with the code of ethics and best practice in business operations with fair treatment of its customers. Short- and medium-term business plans have been worked out to determine business strategy and framework, which are communicated to the staff at managerial levels bank-wide for their awareness and implementation to achieve the plans and targets set forth.

• Oversight of Executive Management

The Bank has clearly defined, documented and regularly reviewed the scope of authority and responsibilities conferred on or delegated to executive officers at different levels. A clear division of responsibility between various management positions provides a mechanism for checks and balances between senior executives. Executive Management is required to bring to the attention of the Board any transactions that concern major shareholders, directors, and senior executives or parties related to them. In addition, the Bank has put in place policies and procedures governing the approval of loans for or investment in businesses in which the Bank or its senior executives have material interest, including in relation to shareholders or senior executives. In addition to the above, the Bank has established the Compliance Department to provide oversight and support to ensure that the Bank conducts its businesses in compliance with all applicable laws and regulatory requirements. The Internal Control & Compliance Division has been set up as an independent unit to examine and ensure all Bank activities are effectively and efficiently managed and operated.

• Information and communication infrastructure

The Bank has established its accounting policies and procedures in line with Bangladesh Accounting Standard (BAS) & Bangladesh Financial Reporting Standard (BFRS) as adopted by Institute of Chartered Accountants of Bangladesh (ICAB) that support the Bank's business requirements. It has developed and managed its information and database systems consistently so that significant information is accessible on an adequate and timely basis. The document management system provides an effective tool for retrieving and storing important electronic documents appropriately and safely. In addition, the policies and procedures have been communicated to relevant staff at all levels.

• Follow-up and monitoring system

The Bank has put in place processes for monitoring and reviewing the implementation of activities against the Bank's strategic objectives, procedures, relevant laws, regulations and internal control systems. The Bank prepares an annual business plan, which is periodically reviewed to ensure its effectiveness in a rapidly changing environment. The Audit Committee is committed to ensure that concrete actions are taken to execute recommendations and regularly monitors resolutions to ensure that any identified issues are brought to a satisfactory conclusion.

⊠ Succession Plan

The Bank is well aware of the necessity to operating the business efficiently and continuously. Thus, Human Resources Management Division is responsible for providing Succession Plans to ensure that the Bank identifies executives or talents as successors with appropriate training and development plans to prepare identified individuals to succeed key positions in case of unexpected conditions/situations with immediate effect.

⊠ Organization & Employees

As at 31 December 2014, the total staff strength of the Bank amounts to 2204 employees, comprising 1747 staff and 457 sub staff. Out of which 1646 are working in Branches and 558 are in Head office.

⊠ Staff Development Programs and Human Resources Management Plans

Human Resource Management (HRM) software is in progress to manage key administrative processes in human resource management such as attendance Register, leave plans of the employees/applications, end service benefit, claim submissions, training, transfer & posting, salary and performance appraisals. This paperless system will improve work efficiency. In addition to that, the Bank's HR Division has analyzed skills, knowledge, and capabilities of employees in different areas by making development plans together between staff and the Training team. This also includes development plans for the management.

⊠ Employee Benefits

Staff welfare and benefits have been significantly enhanced in 2014, in order to retain outstanding talent. This enhancement is also aimed at ensuring that benefits offered by the Bank-housing loan facilities, car loan facilities, personal loan facilities and other loan facilities are in line with other banks. To be an employer of choice, the bank continues to develop more improvements in staff benefits, which are currently in the pipeline.

⊠ Training Courses and Human Resources Development

In 2014, the Training Academy imparted training and workshop to 3359 executives & Officers on different topics. Alongside, Academy also arranged sessions on code of conduct of employees, manners, etiquettes and ethics in Banking.

Compliance Report on SEC's Notification

As per Notification No. SEC/CMRRCD/2006-158/129/Admin/43 dated August 07, 2012, all listed companies are required to report on compliance of following matters :

ANNEXURE-I

22 nos. of Board Meetings were held in 2014. Details of attendance of Directors in the Board meetings are as follows:

Sl. No	Name of the Member	Total Meeting Held	Meeting Attended
1.	Mr. Shaheen Mahmud, Chairman (BOD)	22	20
2.	Engr. A. K. M. Mosharraf Hussain, Director	22	19
3.	Engr. Md. Atiqur Rahman, Director	22	18
4.	Mr. Golam Dastagir Gazi, Bir Protik, Director	22	19
5.	Mr. Fazlur Rahman, Director	22	15
6.	Al-Haj Nur Mohammed, Director	22	22
7.	Mr. Md. Tajul Islam, Director	22	17
8.	Mr. Sakhawat, Abu Khair Mohammad, Director	22	12
9.	Al-haj Md. Rezaul Karim Ansari, Director	22	18
10.	Mr. Md. Belal Hossain, Director	22	13
11.	Mr. Md. Mahmudul Hoque, Director	22	14
12.	Mr. Md. Sirajul Islam Varosha, Director	22	18
13.	Mr. Kanutosh Majumder, Director	22	14
14.	Mr. Gazi Golam Murtoza, Director	22	8
15.	Mrs. Tasmin Mahmud, Director (Elected on 08-05-2014)	22	10 (Out of 15)
16.	Mr. Md. Hasan, Director (Elected on 17-09-2014)	22	6 (Out of 8)
17.	Mr. A. S. M. Abdul Halim, Independent Director	22	22
18	Mr. Narayan Chandra Saha, Independent Director	22	19
19.	Mr. Chowdhury Mohammad Mohsin, Independent Director	22	8
20.	Mr. Md. Rafiqul Islam, Independent Director	22	22
21.	Alhaj M. A. Khyer, Director (Deceased on 19-02-2014)	22	1 (Out of 1)

Compliance Report on SEC's Notification

Annexure- II

The Pattern of Shareholdings:

The Authorized Capital of Jamuna Bank Ltd. is Tk.10,000,000,000.00 divided into 1,000,000,000 ordinary shares of Tk. 10.00 each. The Paid-up Capital of the Bank is Tk. 516,066,7110.00 divided into 516,066,711 ordinary shares. As per Section 1.4 (k) of SEC Notification No. SEC/CMRRCD/2006-158/Admin/02-08 dated February 20, 2006 the pattern of shareholding is given below:

i) Parent/Subsidiary Associated companies and other related parties : N/A

ii) Shares held by Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children are as follows :

a) Shares held by the Directors and their spouses as on 31 December 2014:

Sl. No.	Name of Directors	Status	No. of Shares	Name of Spouse	No. of shares
1	Mr. Shaheen Mahmud	Chairman	24,459,466	Mrs. Tasmin Mahmud	25,940,705
2	Engr. A.K.M. Mosharraf Hussain	Director	10,321,333	Mrs. Husna Ara Begum	4,425,518
3	Engr. Md. Atiqur Rahman	Director	19,933,235	Mrs. Mahmuda Begum	1,794,094
4	Mr. Golam Dastagir Gazi, Bir Protik	Director	10,322,345	Mrs. Hasina Gazi	1,802,230
5	Mr. Fazlur Rahman	Director	10,321,965	Mrs. Hamida Rahman	3,145,144
6	Al-Haj Nur Mohammed	Director	15,250,151	Mrs. Monsura Begum	575,090
7	Mr. Md. Tajul Islam	Director	11,661,841	Mrs. Fouzia Islam	1,495,089
8	Mr. Sakhawat, Abu Khair Mohammad	Director	10,350,653	Mrs. Petra Sakhawat	Nil
9	Al-haj Md. Rezaul Karim Ansari	Director	10,399,792	Mrs. Mariuam Akhter	Nil
10	Mr. Md. Belal Hossain	Director	10,322,345	Mrs. Laily Hossain	920,090
11	Mr. Md. Mahmudul Hoque	Director	10,325,426	Mrs. Hubbun Nahar	3,116,730
12	Mr. Md. Sirajul Islam Varosha	Director	10,321,560	Mrs. Hasina Siraj	500,000
13	Mr. Kanutosh Majumder	Director	10,348,283	Dr. Paratima Paul Majumder	1,495,090
14	Mr. Gazi Golam Murtoza	Director	13,159,151	Mrs. Sania Gazi	Nil
15	Mrs. Tasmin Mahnud	Director	25,940,705	Mr. Shaheen Mahmud	
16	Mr. Md. Hasan	Director	25,803,287		
17	Mr. A. S. M. Abdul Halim	Independent Director	Nil	Mrs. Sufia Begum	Nil
18	Mr. Narayan Chandra Saha	Independent Director	Nil	Mrs. Laxmi Rani Saha	Nil
19	Mr. Chowdhury Mohammad Mohsin	Independent Director	Nil	Mrs. Mamtaz Begum	Nil
20	Mr. Md. Rafiqul Islam	Independent Director	Nil	Mrs. Habiba Rafique	Nil

b) Shares held by the Chief Executive Officer, Company Secretary, Head of ICCD and Chief Financial Officer as on 31 December 2014 :

Sl. No.	Name of Executives	Status	Number of Shares
1	Mr. Shafiqul Alam	Managing Director	Nil
2	Mr. Malik Muntasir Reza	Company Secretary	Nil
3	Mr. Belal Hossain	SVP & Head of ICCD	Nil
4	Mr. Ashim Kumer Biswas	Chief Financial Officer	Nil

c) Shares held by top five salaried employees other than the Chief Executive Officer, Company Secretary, Head of ICCD and Chief Financial Officer as on 31 December 2013:

Sl. No.	Name of Executives	Status	Number of Shares
1	Mr. Mosleh Uddin Ahmed	Additional Managing Director	Nil
2	Mr. Mirza Elias Uddin Ahmad	Deputy Managing Director	
3	Mr. A.K.M. Saifuddin Ahamed	Deputy Managing Director	Nil
4	Mr. Md. Habibur Rahman	Deputy Managing Director	Nil
5	Mr. Md. Mofazzal Hossain	Senior Executive Vice President	Nil

d) Share holdings 10% or more voting interest in the Company: N/A

Annexure – III

Status of compliance with the conditions of Corporate Governance Guidelines as set by Bangladesh Securities & Exchange Commission (BSEC) by the notification # SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012 and subsequently amended through their notification # SEC/CMRRCD/2006-158/147/Admin/48 dated 21 July 2013 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

(Report under Condition No. 7.00)

Condition No.	Title	Compliance status (put √ in the appropriate column)		Remarks (if any)
		Complied	Non-complied	
1.1	Board's Size	√		
1.2 (i)	Independent Directors All companies shall encourage effective representation of independent directors on their Board of Directors so that the Board, as a group, includes core competencies considered relevant in the context of each company. For this purpose, the companies shall comply with the following:- (i) At least one fifth (1/5) of the total number of directors in the company's board shall be independent directors.	√		
1.2 (ii) a)	For the purpose of this clause "independent director" means a director- a) who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company;	√		
1.2 (ii) b)	who is not a sponsor of the company and is not connected with the company's any sponsor or director or shareholder who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship. His/her family members also should not hold above mentioned shares in the company: Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family members;	√		

1.2 (ii) c)	who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies;	√		
1.2 (ii) d)	who is not a member, director or officer of any stock exchange;	√		
1.2 (ii) e)	who is not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market;	√		
1.2 (ii) f)	who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm;	√		
1.2 (ii) g)	who shall not be an independent director in more than 3 (three) listed companies;	√		
1.2 (ii) h)	who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a Non-Bank Financial Institution (NBFI);	√		
1.2 (ii) i)	who has not been convicted for a criminal offence involving moral turpitude.	√		
1.2 (iii)	the independent director(s) shall be appointed by the board of directors and approved by the shareholders in the Annual General Meeting (AGM).	√		
1.2 (iv)	the post of independent director(s) can not remain vacant for more than 90 (ninety) days.	√		
1.2 (v)	the Board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded.	√		
1.2 (vi)	the tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only	√		
1.3 (i)	Qualification of Independent Director (ID) (i) Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business.	√		

1.3 (ii)	The person should be a Business Leader/ Corporate Leader/ Bureaucrat/ University Teacher with Economics or Business Studies or Law background/ Professionals like Chartered Accountants, Cost & Management Accountants, Chartered Secretaries. The independent director must have at least 12 (twelve) years of corporate management/ professional experiences.	√		
1.3 (iii)	In special cases the above qualifications may be relaxed subject to prior approval of the Commission.	-	-	Noted, but no such cases are required so far.
1.4	Chairman of the Board and Chief Executive Officer The positions of the Chairman of the Board and the Chief Executive Officer of the companies shall be filled by different individuals. The Chairman of the company shall be elected from among the directors of the company. The Board of Directors shall clearly define respective roles and responsibilities of the Chairman and the Chief Executive Officer.	√		
1.5 (i)	The Directors' Report to Shareholders The directors of the companies shall include the following additional statements in the Directors' Report prepared under section 184 of the Companies Act, 1994 (Act No. XVIII of 1994):- (i) Industry outlook and possible future developments in the industry.	√		
1.5 (ii)	Segment-wise or product-wise performance.	√		
1.5 (iii)	Risks and concerns.	√		
1.5 (iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin.	√		
1.5 (v)	Discussion on continuity of any Extra-Ordinary gain or loss.	√		
1.5 (vi)	Basis for related party transactions- a statement of all related party transactions should be disclosed in the annual report.	√		
1.5 (vii)	Utilization of proceeds from public issues, rights issues and/or through any others instruments.	√		

1.5 (viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing, etc.	√		
1.5 (ix)	If significant variance occurs between Quarterly Financial performance and Annual Financial Statements the management shall explain about the variance on their Annual Report.	√		
1.5 (x)	Remuneration to directors including independent directors.	√		
1.5 (xi)	The financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.	√		
1.5 (xii)	Proper books of account of the issuer company have been maintained.	√		
1.5 (xiii)	Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.	√		
1.5 (xiv)	International Accounting Standards (IAS)/Bangladesh Accounting Standards (BAS)/ International Financial Reporting Standards (IFRS)/Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed.	√		
1.5 (xv)	The system of internal control is sound in design and has been effectively implemented and monitored.	√		
1.5 (xvi)	There are no significant doubts upon the issuer company's ability to continue as a going concern. If the issuer company is not considered to be a going concern, the fact along with reasons thereof should be disclosed.	√		
1.5 (xvii)	(xvii) Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained.	√		

1.5 (xviii)	Key operating and financial data of at least preceding 5 (five) years shall be summarized.	√		
1.5 (xix)	If the issuer company has not declared dividend (cash or stock) for the year, the reasons thereof shall be given.	√		
1.5 (xx)	The number of Board meetings held during the year and attendance by each director shall be disclosed.	√		
1.5 (xxi) a)	The pattern of shareholding shall be reported to disclose the aggregate number of shares (along with name wise details where stated below) held by:- a) Parent/Subsidiary/Associated Companies and other related parties (name wise details);	√		
1.5 (xxi) b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details);	√		
1.5 (xxi) c)	Executives;	√		
1.5 (xxi) d)	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details).	√		
1.5 (xxii) a)	In case of the appointment/re-appointment of a director the company shall disclose the following information to the shareholders:- a) a brief resume of the director;	√		
1.5 (xxii) b)	nature of his/her expertise in specific functional areas;	√		
1.5 (xxii) c)	names of companies in which the person also holds the directorship and the membership of committees of the board.	√		
2.	Chief Financial Officer (CFO), Head of Internal Audit And Company Secretary (CS): Appointment			
2.1	The company shall appoint a Chief Financial Officer (CFO), a Head of Internal Audit (Internal Control and Compliance) and a Company Secretary (CS). The Board of Directors should clearly define respective roles, responsibilities and duties of the CFO, the Head of Internal Audit and the CS.	√		

2.2	Requirement to attend the Board Meetings The CFO and the Company Secretary of the companies shall attend the meetings of the Board of Directors, provided that the CFO and/or the Company Secretary shall not attend such part of a meeting of the Board of Directors which involves consideration of an agenda item relating to their personal matters.	√		
3 (i)	3. Audit committee: (i) The company shall have an Audit Committee as a sub-committee of the Board of Directors.	√		
3 (ii)	The Audit Committee shall assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business.	√		
3 (iii)	The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing.	√		
3.1 (i)	3.1 Constitution of the Audit Committee			
	(i) The Audit Committee shall be composed of at least 3 (three) members.	√		
3.1 (ii)	The Board of Directors shall appoint members of the Audit Committee who shall be directors of the company and shall include at least 1 (one) independent director.	√		
3.1 (iii)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management experience.	√		
3.1 (iv)	When the term of service of the Committee members expires or there is any circumstance causing any Committee member to be unable to hold office until expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board of Directors shall appoint the new Committee member(s) to fill up the vacancy (ies) immediately or not later than 1 (one) month from the date of vacancy(ies) in the Committee to ensure continuity of the performance of work of the Audit Committee.	-	-	Noted, but no such cases are required so far.

3.1 (v)	The company secretary shall act as the secretary of the Committee.	√		
3.1 (vi)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	√		
3.2 (i)	3.2 Chairman of the Audit Committee			
	(i) The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairman of the Audit Committee, who shall be an independent director.	√		
3.2 (ii)	Chairman of the audit committee shall remain present in the Annual General Meeting (AGM).	√		
3.3 (i)	3.3 Role of Audit Committee			
	Role of audit committee shall include the following:- (i) Oversee the financial reporting process.	√		
3.3 (ii)	Monitor choice of accounting policies and principles.	√		
3.3 (iii)	Monitor Internal Control Risk management process.	√		
3.3 (iv)	Oversee hiring and performance of external auditors.	√		
3.3 (v)	Review along with the management, the annual financial statements before submission to the board for approval.	√		
3.3 (vi)	Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval.	√		
3.3 (vii)	Review the adequacy of internal audit function.	√		
3.3 (viii)	Review statement of significant related party transactions submitted by the management.	√		
3.3 (ix)	Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors.	√		

3.3 (x)	When money is raised through Initial Public Offering (IPO)/Repeat Public Offering (RPO)/Rights Issue the company shall disclose to the Audit Committee about the uses/applications of funds by major category (capital expenditure, sales and marketing expenses, working capital, etc), on a quarterly basis, as a part of their quarterly declaration of financial results. Further, on an annual basis, the company shall prepare a statement of funds utilized for the purposes other than those stated in the offer document/prospectus.	√		
3.4	Reporting of the Audit Committee			
3.4.1 3.4.1 (i)	Reporting to the Board of Directors The Audit Committee shall report on its activities to the Board of Directors.	√		
3.4.1 (ii) a)	The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:- a) report on conflicts of interests;	√		
3.4.1 (ii) b)	suspected or presumed fraud or irregularity or material defect in the internal control system;	√		
3.4.1 (ii) c)	suspected infringement of laws, including securities related laws, rules and regulations;	√		
3.4.1 (ii) d)	any other matter which shall be disclosed to the Board of Directors immediately.	√		
3.4.2	3.4.2 Reporting to the Authorities If the Audit Committee has reported to the Board of Directors about anything which has material impact on the financial condition and results of operation and has discussed with the Board of Directors and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board of Directors for three times or completion of a period of 6 (six) months from the date of first reporting to the Board of Directors, whichever is earlier.	-	-	Noted, but no such cases are required so far.

3.5	Reporting to the Shareholders and General Investors Report on activities carried out by the Audit Committee, including any report made to the Board of Directors under condition 3.4.1 (ii) above during the year, shall be signed by the Chairman of the Audit Committee and disclosed in the annual report of the issuer company.	√		
4 (i)	4. External/Statutory Auditors:			
	The issuer company should not engage its external/statutory auditors to perform the following services of the company; namely:- (i) Appraisal or valuation services or fairness opinions.	√		
4 (ii)	Financial information systems design and implementation.	√		
4 (iii)	Book-keeping or other services related to the accounting records or financial statements.	√		
4 (iv)	Broker-dealer services.	√		
4 (v)	Actuarial services.	√		
4 (vi)	Internal audit services.	√		
4 (vii)	Any other service that the Audit Committee determines.	√		
4 (viii)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company.	√		
4 (ix)	Audit/certification services on compliance of corporate governance as required under clause (i) of condition No. 7	√		
5 (i)	Subsidiary Company:			
	(i) Provisions relating to the composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors of the subsidiary company.	√		
5 (ii)	At least 1 (one) independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of the subsidiary company.	√		

5 (iii)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company.	√		
5 (iv)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also.	√		
5 (v)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	√		
6 (i) a)	Duties of Chief Executive Officer (CEO) and Chief Financial Officer (CFO): The CEO and CFO shall certify to the Board that:- (i) They have reviewed financial statements for the year and that to the best of their knowledge and belief: a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;	√		
6 (i) b)	these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws.	√		
6 (ii)	There are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violation of the company's code of conduct.	√		
7 (i)	Reporting and Compliance of Corporate Governance: (i) The company shall obtain a certificate from a practicing Professional Accountant/Secretary (Chartered Accountant/Cost and Management Accountant/Chartered Secretary) regarding compliance of conditions of Corporate Governance Guidelines of the Commission and shall send the same to the shareholders along with the Annual Report on a yearly basis.	√		
7 (ii)	The directors of the company shall state, in accordance with the Annexure attached, in the directors' report whether the company has complied with these conditions.	√		

Certificate on Compliance of Corporate Governance Guidelines to the Shareholders' of Jamuna Bank Limited

[Issued under Condition # 7(i) of Corporate Governance Guidelines of BSEC
Vide Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012]

We are engaged by Jamuna Bank Limited to provide certification whether the company complied with the conditions of corporate governance guidelines issued by the Bangladesh Securities and Exchange Commission in its notification number SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012 and SEC/CMRRD/2006-158/134/Admin/48 dated 21 July 2013 ("the conditions of corporate governance guidelines")

The Company's Responsibilities:

Those charged with governance and management of the company is responsible for complying with the conditions of corporate governance guidelines. Those charged with governance of the company is also responsible for stating in the directors' report whether the company has complied with the conditions of the corporate governance guidelines.

Our Responsibilities:

Our responsibility is to examine the Company's status of compliance with the conditions of the corporate governance guidelines and to clarify thereon in the term of an independent assurance conclusion based on the evidence obtained. For the purpose of the engagement, we comply with ethical requirements including independence requirements and plan and perform our procedures to obtain assurance whether the company has complied with the conditions of corporate governance guidelines.

Our conclusion has been formed on the basis of and is subject to the matter outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion:

In our opinion, the company has complied with the conditions of corporate governance guidelines for the year ended 31 December 2014.

Dated, Dhaka
08 April 2015

M. J. ABEDIN & CO
Chartered Accountants