



# Directors' Report

# DIRECTORS REPORT

The Board of Directors of Jamuna Bank Limited takes pleasure in welcoming you all to the 16<sup>th</sup> Annual General Meeting (AGM) and presenting Annual Report and the audited financial statements of the bank for the year ended 31 December 2016 along with the Auditors' Report thereon.

The Directors' Report has been prepared in compliance with section 184 of the Companies Act 1994, BSEC Corporate Governance Guidelines issued on 07 August 2012, Listing Regulations of Dhaka and Chittagong Stock Exchanges, guidelines of Bangladesh Bank and other applicable rules and regulations.

Before going into details of the performance of the Bank, let's start with the status of global and local economy in brief.

## Global Economy: A Brief Review & Outlook

Stagnant global trade, subdued investment and heightened policy uncertainty marked another difficult year for the world economy. Advanced economies continue to struggle with subdued growth and low inflation in a context of increased uncertainty about policy direction, tepid investment, and sluggish productivity growth.

Activity decelerated in the United States and, to a lesser degree, in some other major economies. As a result, advanced-economy growth is now estimated to have slowed to 1.6 percent in 2016, a downward revision of 0.1 percentage point.

The condition of emerging and developing economies remains quite varied: growth in China was a bit stronger than expected supported by continued policy stimulus; overall activity was weaker than expected in some Latin American countries currently in recession, such as Argentina and Brazil, as well as in Turkey, which faced a sharp reduction in tourism revenues. Activity in Russia was slightly better than expected, in part reflecting firmer oil prices. Many economies in the Middle East and Sub-Saharan Africa, however, continued to face challenging conditions. India's economy continued to recover strongly, benefiting from a large improvement in the terms of trade, effective policy actions, and stronger external buffers, which have helped boost sentiment.

The global growth is projected to be 3.4% in 2017 and 1.9% for advanced economies, as per IMF projections.

The projection for the United States is the one with the highest likelihood among a wide range of possible scenarios. It assumes a fiscal stimulus that leads growth to rise to 2.3 percent in 2017. Growth projections for 2017 also have been made upward for Germany, Japan, Spain, and the UK, mostly on account of a stronger than expected performance during the later part of 2016. The growth forecast for 2017 in China is projected to be 6.5%. In India, the growth forecast for the current (2016-17) and next fiscal year were trimmed by one percentage (7.2%) point and 0.4 percentage point, respectively, primarily due to the temporary negative consumption shock induced by cash shortages and payment disruptions associated with the recent currency note withdrawal and exchange initiative. Elsewhere in emerging Asia, growth was also revised down in Indonesia, reflecting weaker-than-projected private investment, and in Thailand, in light of a slowdown in consumption and tourism. In Latin America, the growth downgrade reflects to an important extent more muted expectations of short-term recovery in Argentina and Brazil following weaker-than-expected growth outturns in the second half of 2016, tighter financial conditions and increased headwinds from U.S.-related uncertainty in Mexico, and continued deterioration in Venezuela. In the Middle East, growth in Saudi Arabia is expected to be weaker than previously forecast for 2017 as oil production is cut back in line with the recent OPEC agreement, while civil strife continues to take a heavy toll on a number of other countries.

## Bangladesh Economy: A Brief Review & Outlook

Bangladesh Economy has achieved significant success in many areas including trade, finance, business, commerce, planning in recent years. GDP growth rate reached 7.11 percent while the per capita income rose to \$ 1466. The country's foreign exchange reserve has reached almost \$ 31.265 billion and foreign remittance stood at \$16 billion. Foreign direct investment witnessed upward trend, which attests to a conducive investment climate. In order to prioritize large scale infrastructure, communications and power projects, government is implementing various mega projects like Padma Multipurpose Bridge, Rooppur Nuclear Power Plant Project, Rampal Coal-fired Thermal Power Plant, Dhaka Mass Rapid Transit Development Project (Metro Rail Project)

etc. The government has achieved successes in the power sector and power generation capacity reached to 15000.00 MW and has fixed a target to generate 24,000 MW electricity by 2021. Seventh Five year plan (2016-20) has been approved with a view to accelerating the economic growth of the country and to alleviating poverty.

**Economic Growth:** Bangladesh has maintained an impressive track record on growth and development. In the past decade, the economy has grown at nearly 6 percent per year. In 1972, the World Bank approximated the Gross Domestic Product (GDP) of Bangladesh at USD 6.29 billion, in 2015, the GDP stood at USD 195.1 billion (according to World Bank), growing almost 31 times in a matter of four decades. Bangladesh economy is classified in three sectors—Agriculture and allied (contributing about 14.75% in GDP), Industry (contributing about 28.56% in GDP) and Services (contributing about 56.69% in GDP). Among the extensive sectors of GDP, the growth of Agriculture, Industry and Service sector is 2.60 percent, 10.10 percent and 6.70 percent respectively in the current fiscal year, which was 3.33 percent, 9.67 percent & 5.80 percent in the previous fiscal year. The steady growth rate was possible due to satisfactory growth in industrial and service sector.

**Money Supply and Credit:** Though the growth of the reserve money and Broad Money (M2) increased a little bit, the growth of the Narrow Money (M1) decreased during 2015-16. The growth of the Narrow Money has stood at 16.14 percent in 2015-16, whereas this growth was 10.00 percent in the previous year. During the same period the growth of Broad Money and the reserve money stood at 13.11 percent & 15.51 percent respectively which was 12.80 percent & 15.29 percent in the last fiscal year.

**Inflation:** The annual average inflation rate was 6.25 percent in July, 2015 which stood at 5.52 percent in December, 2016 due to decrease in both food and non food inflation. In, December 2016, the average inflation rate stood at 5.52 percent.

**Interest Rate:** At the end of June 2015 the weighted average rate of interest on loan and the weighted average rate of interest on deposit was 11.67 percent and 6.8 percent which at the end of June, 2016 came down to 10.39 percent & 5.54 percent respectively. The spread of interest rate slightly decreased to 4.85 percentage points at the end of June, 2016 from 4.87 percentage points at the end of June, 2015.

**Export:** According to Bangladesh Economic Survey-2016, with export of \$34 billion in 2015-16 was not one of the best years for export growth though it ended on a positive note of 9.7% growth for the

year despite several challenges in the global market including terror attacks in Europe and Brexit. During this period, the growth rate of two major products i.e. readymade garments and knitwear were 12.71 percent & 7.29 percent respectively. Among the other products petroleum by-product (328.51%), pharmaceuticals (15.33%) and leather products (62.09%) were mentionable.

**Import:** The total import payment stood at \$39.7 billion registering growth of 5.5% compared to 11% in the previous year. The import of crude oil and petroleum products accounted for 6% of imports shares right after textiles (14%), capital machinery (8%), iron and steel (8%).

**Overseas Employment and Remittances:** Remittance takes center stage this year as remittance figures experienced a fall in 2015-16 (\$14.7 billion) recording a decline of 2.5%. During the Fiscal year 2015-16 about 5,62,000 number of Bangladeshi workers left for foreign employment which was 51.25 percent higher than that of the same period of previous year.

**Balance of Payments:** In the fiscal year 2015-16 the trade deficit stood at USD 4.64 billion which at the same time of the previous year was USD 4.67 billion. During this period, the deficit in service & revenue stood at USD 1.91 billion & USD 1.89 billion respectively. The surplus in the current account stood at USD 2.93 billion whereas it was USD 2.43 billion at the same time of the previous year.

**Foreign Currency Reserve:** The foreign currency reserve had surpluses USD 25,000 million at 30 June, 2015 and increased to USD 30.05 billion at 30 June, 2016.

**Exchange Rate:** At the end of July, 2015 the weighted average value of Taka was Tk. 77.80 per USD where it stood at Tk. 78.40 against per USD at the end of June, 2016. During the current fiscal year the exchange rate between Taka & USD has depreciated by 0.76 percent.

**Per Capita Income:** The per capita income in Bangladesh increased by 11.39 percent to \$1,466 this fiscal year, according to the Bangladesh Bureau of Statistics. It was \$1,316 in the last fiscal year.

**Savings and Investment:** In the fiscal year 2015-16, the domestic savings and national savings increased compared to the rate of GDP growth. According to the provisional statement, domestic savings and national savings has been estimated to be 23.89 percent & 30.31 percent of GDP in fiscal year 2015-16, respectively, which was 22.16 percent & 29.02 percent respectively in the previous fiscal year.

**Revenue Collection:** The target of revenue collection (revised) was fixed at Tk. 1,77,400 Crore during fiscal year 2015-16 which was 10.26 percent of total GDP. Of this target, NBR Tax Revenue was Tk. 1, 50,000 Crore (8.67 percent of GDP), Non-NBR Tax Revenue was Tk. 5,400 Crore (0.31 percent of GDP) and Non-Tax Revenue was Tk. 22,000 Crore (1.27 percent of GDP).

**Government Expenditure:** According to revised budget, in 2015-16 the total Govt. expenditure was estimated at Tk. 2, 64,564 Crore which was 15.30 percent of GDP. Of this, the Annual Development Programme expenditure and Non-Development Budget expenditure were Tk. 91,000 Crore (5.26 percent of GDP) and Tk. 1,73,564 Crore (10.04 percent of GDP) respectively.

**Capital Market:** It is observed that, though the index of capital market has slightly decreased, the capital market experienced relatively stable condition in the recent years. The market capitalizing of DSE stood at Tk. 3, 18,574 Crore at the end of 30 June 2016 compared to Tk. 3, 24,731 Crore at the end of 30 June 2015. At the end of June, 2016 the number of listed securities in DSE stood at 559, which was 555 in June, 2015.

**Overall Outlook:** Bangladesh aspires to be a middle-income country by 2021 which requires GDP growth to be 7.5 to 8 percent per year based on accelerated export and remittance growth. In this regard, both public and private investment will need to increase as well. Growth will also need to be more inclusive through creation of productive employment opportunities in the domestic economy. To sustain accelerated and inclusive growth, Bangladesh will need to manage the urbanization process more effectively, as well as prepare for adaptation to climate change impacts.

## Banking Industry in 2016 & Outlook

Banking sector passed a steady year in 2016 as there was no report of any big corruption though Bangladesh Bank (BB) continued to face reserve hacking problem during the period. All the major indicators, including deposit, advance, foreign exchange reserve, exchange rate, export, import, inflation and private sector credit growth are in good position. Operating profits of most of the scheduled banks increased significantly in the year 2016 amid relatively calm political situation in the country.

But It was observed that in 2016 there was a intense competition among banks in terms of rates. The Industry is entering into a new epoch of lower interest rates regime. All the schedule banks have slashed the lending rates. In December 2016, the weighted average interest rate on lending reduced to 9.93 percent. In the same way weighted average interest rate on Deposit also reduced to 5.22 percent in December 2016.

Increasing off-shore borrowing by reputed local business houses has reduced banks' scope to lend more, while rising nonperforming loans have eaten up profits in the name of provision. Banks with surplus liquidity also offered additional benefits in the just-concluded year to retain good customers who have a record of regular loan payments. The overall non-performing loan (NPL) situation reveals a higher percentage of impaired loans which is around 10 percent of total outstanding loan of the banking industry. Due to rising levels of NPLs, banks will be forced to increase their loan-loss provisions which have an adverse impact on their profitability.

On the other hand Banking Industry has achieved significant growth in deposit mobilization and also in rational approach for loan disbursement. Total deposits in banking industry increased to Tk.8403 billion in December 2016 as against Tk.7,450 billion in December 2015 representing a growth of more than 12.78 percent. Total Bank's advance increased to Tk.7,131 billion in 2016 from Tk.6,175 billion in 2015 registering around 15.49 percent growth.

The forex reserve hit a record of \$32 billion in 2016, which was enough for meeting the country's eight months import costs. But the inflow of remittance witnessed a downward trend in the last couple of months of FY 17 as the country received \$5207.13 million from July to November in the fiscal which was 15.67 per cent lower than the same period of FY16 when it was 6,174.57 million.

## Brief History of Jamuna Bank Limited

Jamuna Bank Limited (JBL) is a Banking Company incorporated in Bangladesh on April 02, 2001 as Public Limited Company under the Companies Act 1994. The company obtained its license from Bangladesh Bank on 24.04.2001 as a Banking Company under the Bank Companies Act, 1991 and commenced business on June 03, 2001. Its Head Office is currently at Hadi Mansion, 2, Dilkusha C/A, Dhaka-1000, Bangladesh.

The Bank provides all types of support to trade, commerce, industry and overall business of the country. JBL's finances are also available for the entrepreneurs to set up promising new ventures and BMRE of existing industrial units. Jamuna Bank Ltd., the only 3<sup>rd</sup> generation private commercial bank whose name represents the culture and heritage of the country, was established by a group of local entrepreneurs who are well reputed and well established in the field of trade, commerce, industry and business of the country.

The Bank offers both conventional and Islamic banking through designated branches. The Bank is being managed and operated by a group of highly educated and professional bankers with diversified experience in finance and banking. The Management of the Bank constantly focuses on understanding and anticipating customers' needs. Since the need of customers is changing day by day with the changes of time, the bank endeavors its best to devise strategies and introduce new products to cope with the change. Jamuna Bank Ltd. has already achieved tremendous progress within its past 16 years of operation. The bank has already built up reputation as one of quality service providers of the country.

The company also obtained license from Bangladesh Bank as Primary Dealer to buy and sell Government Treasury Bonds and Bills on December 11, 2003.

The company went for Initial Public Offering (IPO) in December 12, 2005 and its shares were listed in Dhaka Stock Exchange Limited on April 12, 2006 and Chittagong Stock Exchange Limited on April 17, 2006.

Authorized capital of the Company is Tk.10,000 million divided into 1000 million ordinary shares of Tk.10 each. The company's paid-up capital stood at Tk.614,11,93,860.00 divided into 61,41,19,386 shares of Tk. 10 each.

At present the Bank has real-time Online banking branches (in both Urban and Rural areas) network throughout the country having smart IT-backbone. Besides traditional delivery points, the bank has 215 ATMs of its own, sharing with other partner banks and consortium throughout the country. As on 31 December 2016, the Bank has 112 branches (including 2 Islamic Banking Branches) and 8 SME centers, with no overseas branches.

The Bank Consists of two subsidiaries; **Jamuna Bank Capital Management Limited** established in 23 December 2009 with the objectives to carry out the business of full-fledged merchant banking activities like issue management, portfolio management, underwriting etc. and **Jamuna Bank Securities Ltd.** with the objectives to carry out the business of brokerage services to the investors.

## Main Activities of the Bank

### Interest Earning Activities:

**Corporate Banking:** Corporate Banking of Jamuna Bank Limited offers customized corporate banking solution for both its local Business Houses as well as Multinational Companies. JBL Corporate Banking offers a wide range of financial solutions through both Conventional and Islamic Banking products that include-

- **Project Finance** is allowed for both new project and expansion of existing project by financing mainly capital machinery at a desired debt-equity ratio in the form of Term Loan preferably up to 5 years, Hire Purchase, Lease Finance etc. However, for exceptionally desired Project, JBL also extends financing for factory building. For promoting Green Banking, JBL gives priority for financing ETP and other environmental friendly arrangements. JBL prefers for being the lone banker in Project Financing. However, for economically desired projects, JBL offers Project Financing through loan syndication and also take part in syndication under other bank's lead.
- **Working Capital Finance** is the preferred area for JBL Corporate Banking. It offers wide range of products for meeting the working capital requirement of all types of industrial units, trading houses and commercial houses. JBL meets the working capital requirement not only of local but also of international businesses requiring import-export supports through Trade Finance. Various working capital modes of Finances that JBL offers i.e. **Cash Credit (Hypothecation), includes Time Loan** etc. for those business houses that procure raw materials/ Stocks-in-trade from local market.
- **Offers for importers:** JBL Corporate Banking extends all out supports to Importers by allowing Irrevocable Letter of Credit both sight and deferred term basis advising and even confirming the same through its wider correspondent network. Post Import Finance preferred mode are:
  - Loan against Trust Receipt popularly known as **LTR** is allowed as post import working capital finance for a period of mainly 45 days to 90 days for trading and 90 days to 180 days for manufacturing houses. This is a preferred mode of finance since it is a short-term facility.

- ▶ **Time Loan** is allowed in very special cases considering the creditworthiness, reputation and/or security position of the customer for supporting a part of duty structure against high volume imported consignment.
- **Offers for Exporters:** Various supports that JBL Offers for Exporters are as follows:
  - ▶ **Back-to-Back Letter of Credit** facility for RMG sector is allowed against confirmed Master (Export Order) LC/Contract of well-reputed buyers for procuring various raw materials from both local and international markets.
  - ▶ **Packing Credit** popularly known as PC is allowed at 7% interest rate for financing cutting and manufacturing expenses. PC is allowed at 10% to 20% of export bill considering other financial obligations of the customer(s). However, it is allowed at the pre-shipment stage but when raw materials against respective export order is available at warehouse.
  - ▶ **Overdraft** popularly known as OD is allowed to Exporters for meeting any emergency working capital requirement.
  - ▶ Foreign Documentary Bill Purchase (**FDBP**) is allowed at the request of the exporter against complied export documents.
  - ▶ Local Documentary Bill Purchase (**LDBP**) is allowed as finance against Accepted deferred Export Bills of deemed Exporters. This is the most preferred mode of finance for JBL and JBL offers concessional rate of interest on this finance.
- **JBL offers to Contractors/Suppliers:** Various support that JBL offers to Contractors/Suppliers are as follows:
  - ▶ **Bid Bond** is allowed for helping Contractors/Suppliers for participating in different Tenders.
  - ▶ **Overdraft (Pay Order)** is allowed where Contractors/Suppliers are required to submit Pay Order in lieu of Bid Bond. JBL extends 90% finance in the form of Overdraft after depositing 10% cash margin by the Contractors/Suppliers for issuance of the Pay Order.
  - ▶ **Performance Guarantee (PG)** is allowed for ensuring Contractors' /Suppliers' performance of the Contract.
  - ▶ **Advance Payment Guarantee (APG)** is allowed for helping Contractors' /Suppliers' receipt of advance against the work from the Employer/Work Order awarding Agency.
  - ▶ **Overdraft (Work Order)** is allowed as working capital for smooth execution of the work under a specific Work Order against assignment of entire bills under the Work Order. Finance is allowed for any construction work up to 20-30% of Work Order value, which is disbursed in phases based on satisfactory progress of work and for any Supply Order up to 60-70% of Supply Order value.
  - ▶ **Security Bond (Payment Guarantee)** is allowed in favor of various utility providing authorities, customers, shipping agents, Airlines, AITA, or any other purpose as per requirement within the purview of regulatory rules & regulations.
  - ▶ JBL also provides **Guarantee** against Counter Guarantee of any good rated foreign bank.

#### Investment Activities:

**Money Market:** JBL Money market desk assumes the responsibility of maintaining Cash Reserve Ratio (CRR) and also local currency fund management of the Bank. The year 2016 was particularly challenging for Treasury as the money and FX market was flat. The desk kept a close watch and strict monitoring to make sure CRR is maintained. JBL money market is one of the most active and efficient desks in the inter-bank money market of the country. The desk used the money market products such as call money, term money, SWAP, Repo, Reverse Repo etc. to the best of their potential to reap a considerable income in 2016.

**Fixed Income (Primary Dealer):** Fixed Income desk of JBL Treasury proactively conducts its role as a PD. It also maintains the required liquidity reserve in approved securities. JBL is working hard to build a secondary market for Govt. securities. In recognition of its proactive role and being the most successful trader of securities in the secondary market, JBL has been rewarded 14 times by Bangladesh Bank as the best primary dealer. JBL fixed income desk maintained a sizable amount of securities in its trading book and has been very successful in utilizing the market potential to book hefty gain.

**Foreign Exchange:** JBL Treasury has been playing a pivotal role and meeting all the funding requirement of the bank including foreign currency. Over the years the FX desk of JBL Treasury has been maintaining bank's Net Open Position (NOP) and FC liquidity in a discreet 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 of foreign currency products like spot, swap, forward transactions in inter bank market. In 2016, JBL Treasury made forecasts on future exchange rate movement on a regular basis and maintained its open position based on its forecasted future position. FX market saw an upward trend during November -December 2016 when JBL made cautious moves and managed the position with high efficiency and made handsome gains.

### Card Business:

Jamuna Bank Limited (JBL), a leading issuer of Debit and Credit cards in Bangladesh, has introduced EMV Chip based Credit Card to make authentication more secure risks from schemers. The Bank gradually replace all its existing magnetic stripe Debit, Credit Cards with this EMV Chip Card in coming days. The introduction of EMV Chip Card is expected to make card transactions safer and secured and also promote cashless transactions. Jamuna Bank Limited has introduced 'Protection Plus' the life insurance product for its valued Debit card customers. The purpose of Protection Plus is to provide bank's customers with an opportunity to manage their life risk by simply transacting to a nominal amount in card. Protection Plus is the life insurance offer from Jamuna Bank Limited built on monthly debit card transaction of a customer in POS machine. Jamuna Bank Limited has introduced VISA Platinum Credit Card for its premium customers.

### NRB Banking & Foreign Remittance

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 earned Foreign Currencies.

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. Recently we have started to sell Wage Earner's Development Bond to the NRB's through our Exchange House abroad.

JBL handle both inward & outward Remittance products. The outward Remittance includes FC Cash, FDD, FTT & wire Transfer through SWIFT. The Inward Remittance products are Over the Counter Payment (OTC), JBL Account Credit, 3rd Bank Account Credit through BEFTN, wire Transfer through SWIFT etc. We have a strong Remittance Settlement Network with different associate Banks & BEFTN facilities with all the commercial Banks operating in Bangladesh, which cover about 10,050 remote locations besides our 112 strategic Branch locations and 215 owned & over 8000 shared ATM Network throughout the Country. We have an admirable Remittance Tie-up with a good number of world's renowned Exchange Houses.

### Financial Performance Highlights (All Analysis is done based on solo basis)

Despite all challenges, Jamuna Bank managed its portfolio efficiently with an NPL of 4.05% (6.69% in 2015). The Bank is maintaining good asset quality, enhancing service excellence, recovering written off loans and rationalizing cost for establishing itself as the sound financial institution in the industry. A brief review is given below:

Figures are in million BDT

Sl. No.	Particulars	2016	2015
1	Paid up Capital	6,141.19	6,141.19
2	Total Capital	15,809.24	14,596.97
3	Capital surplus/deficit	439.39	3,216.33
4	Total Assets	168,418.30	142,859.17
5	Total Deposits	141,550.96	118,849.18
6	Total Loans and Advances	117,099.61	87,252.28
7	Total Contingent Liabilities and Commitments	56,810.35	46,632.78
8	Credit Deposit Ratio	82.73%	73.41%

Sl. No.	Particulars	2016	2015
9	Percentage of classified loans against total loans and advances	4.05%	6.69%
10	Profit after tax and provision	1,876.36	1,642.47
11	Amount of classified loans during current year	4,743.50	5,839.68
12	Provisions kept against classified loan	1,608.11	1,549.91
13	Provision surplus/deficit	-	-
14	Cost of fund	9.21%	10.22%
15	Interest earning Assets	152,437.69	125,455.32
16	Non-interest earning Assets	15,980.61	17,403.86
17	Return on Investment (ROI)	11.52%	10.13%
18	Return on Asset (ROA)	1.21%	1.16%
19	Incomes from Investment	3,735.87	3,783.69
20	Earning per Share	3.06	2.67
21	Net Income per Share	3.06	2.67
22	Price Earning Ratio	5.11	4.52

Previous year's figures have been rearranged to conform to the current year's presentation.

### Profitability and performance of the Bank

Jamuna Bank recorded operating income of Tk.8,115.81 million in 2016 (solo) with a growth of 16.34% against previous year. We had to devote a lot of effort to achieve the growth. 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. Bank's performance was accomplished mainly from downsizing of loan loss, sticking to core banking business, consolidation of business mix with expanded pie on textile sector, efficient cost management as well as appropriate strategic choice.

Our overall position for the year 2016 suggests that our achievement particularly revenue basket was more viable that we have expected. Bank's Net Interest Income increased by 57.85%, Investment Income was stable consequently total operating income increased by 16.34%. Thus the Bank could gross an amount of Tk.8,115.81 million in Operating Income.

On the balance sheet side, the total assets of the Bank Tk.168,418.30 million showing up an increase of Tk. 25,559.13 million from Tk.142,859.17 million of 2015. The Growth was achieved in Loans and advances by 34.21%. Deposits also showed a growth of 19.10%. The Bank continued to have capital adequacy at 10.93% in accordance with Basel-III requirement. Total Shareholders' Equity increased to Tk.140.29 million. Liquidity maintained a comfortable position with liquid assets (Cash, Balance with other banks and financial institutions, money at call, treasury bonds and tradable securities) forming 27.48% of total assets. The Bank could maintain an effective control on Loan to Deposit ratio at 82.73% at the year-end.

During the year 2016, the NPL Ratio of the Bank decreased to 4.05% from previous year's 6.69%. The absolute figures show the decrease in classified portfolio from BDT 5,839.68 million in 2015 to Tk.4,743.50 million in 2016. Special efforts are being made by forming various Recovery Task Forces during the course of the year, which were further intensified during the last quarter of the year and it helped to reduce the impact of the stressful economy on NPL to a moderate extent comparing to the industry.

Following table shows the comparative financial position of JBL both as a Group and as the Bank.



Particulars	Group (BDT Million)		Bank (BDT Million)		% Change (Group)	% Change (Bank)
	2016	2015	2016	2015		
<b>Interest Income &amp; profit on investment</b>	9,709.01	9,902.69	9687.22	9,807.08	-1.96%	-1.22%
<b>Interest Expense</b>	(7,142.30)	(8,194.85)	(7,142.30)	(8,194.85)		
<b>Net Interest Income</b>	2,566.71	1,707.84	2544.92	1,612.23	50.29%	57.85%
<b>Non-Interest Income</b>	5,622.28	5,410.17	5,570.89	5,363.97	3.92%	3.86%
<b>Total Operating Income</b>	<b>8,188.98</b>	<b>7,118.01</b>	<b>8,115.81</b>	<b>6,976.20</b>	15.05%	16.34%
<b>Total Operating expense</b>	<b>3,964.26</b>	<b>3,370.39</b>	<b>3,936.30</b>	<b>3,347.33</b>	17.62%	17.60%
<b>Operating profit</b>	4,224.72	3,747.62	4,179.51	3,628.87	12.73%	15.17%
<b>Total provisions</b>	1,315.82	1,516.65	1,204.91	1,442.06	-13.24%	-16.45%
<b>Profit before tax for the year</b>	2,908.90	2,230.97	2,974.60	2,186.80	30.39%	36.02%
<b>Tax provision</b>	1,028.61	544.38	1,009.00	500.60	88.95%	101.56%
<b>Profit after tax (PAT) (considering contribution of JBF)</b>	1,791.05	1,642.85	1,876.36	1,642.46	9.02%	14.24%
<b>EPS</b>	2.92	2.68	3.06	2.67	8.96%	14.61%

Previous year's figures have been rearranged to conform to the current year's presentation.

ROI is 11.52% which has increased from the previous year on the other hand ROA is 1.21% which also increased slightly. EPS is increased to 3.06 as the Net profit after tax is increased by 14.24% in the year 2016. ROE is 11.89% which was 12.39% in the year 2015. Following table presents some of the key financial ratios;

Particulars	Bank	
	Year 2016	Year 2017
<b>Return on Equity(PAT/Equity)</b>	11.89%	12.39%
<b>Return on Asset(PAT/Total Assets)</b>	1.21%	1.16%
<b>Return on Investment</b>	11.52%	10.13%
<b>Cost to Income Ratio (Operating Expense/Revenue)</b>	48.50%	47.98%
<b>Capital Adequacy Ratio (Basel III)</b>	10.93%	12.83%
<b>NPL ratio</b>	4.05%	6.69%
<b>Net asset value per share</b>	25.81	25.58
<b>EPS (BDT)</b>	3.06	2.67

## Segment/sector wise product performance

The bank operates under the following business segments:

Particulars	Conventional	Islamic	Total
Total Operating Income	7,928,701,974	187,107,894	8,115,809,867
Allocated Expenses	3,874,129,357	62,173,756	3,936,303,113
Operating Profit (Before Tax & Provision)	4,054,572,617	124,934,138	4,179,506,755
Total Provision (Loans/Advances & Others)	1,294,143,531	-	1,294,143,531
Profit Before Tax	2,974,601,261	-	2,974,601,261
Provision for Income Tax	1,009,000,528	-	1,009,000,528
Net Profit after taxation	1,876,362,696	-	1,876,362,696
Segment Assets	164,712,661,555	3,705,641,326	168,418,302,882
Segment Liabilities	148,864,021,326	3,705,641,326	152,569,662,652

The bank operates under the following geographical segments:

Particulars	Bangladesh	Off Shore Banking Unit	Total
Total Operating Income	8,051,577,650	64,232,217	8,115,809,867
Allocated Expenses	3,932,100,289	4,202,823	3,936,303,113
Operating Profit (Before Tax & Provision)	4,119,477,361	60,029,394	4,179,506,755
Total Provision (Loans/Advances & Others)	1,294,143,531	-	1,294,143,531
Profit Before Tax	2,974,601,261	-	2,974,601,261
Provision for Income Tax	1,009,000,528	-	1,009,000,528
Net Profit after taxation	1,876,362,696	-	1,876,362,696
Segment Assets	162,768,615,707	5,649,687,175	168,418,302,882
Segment Liabilities	146,919,975,477	5,649,687,175	152,569,662,652

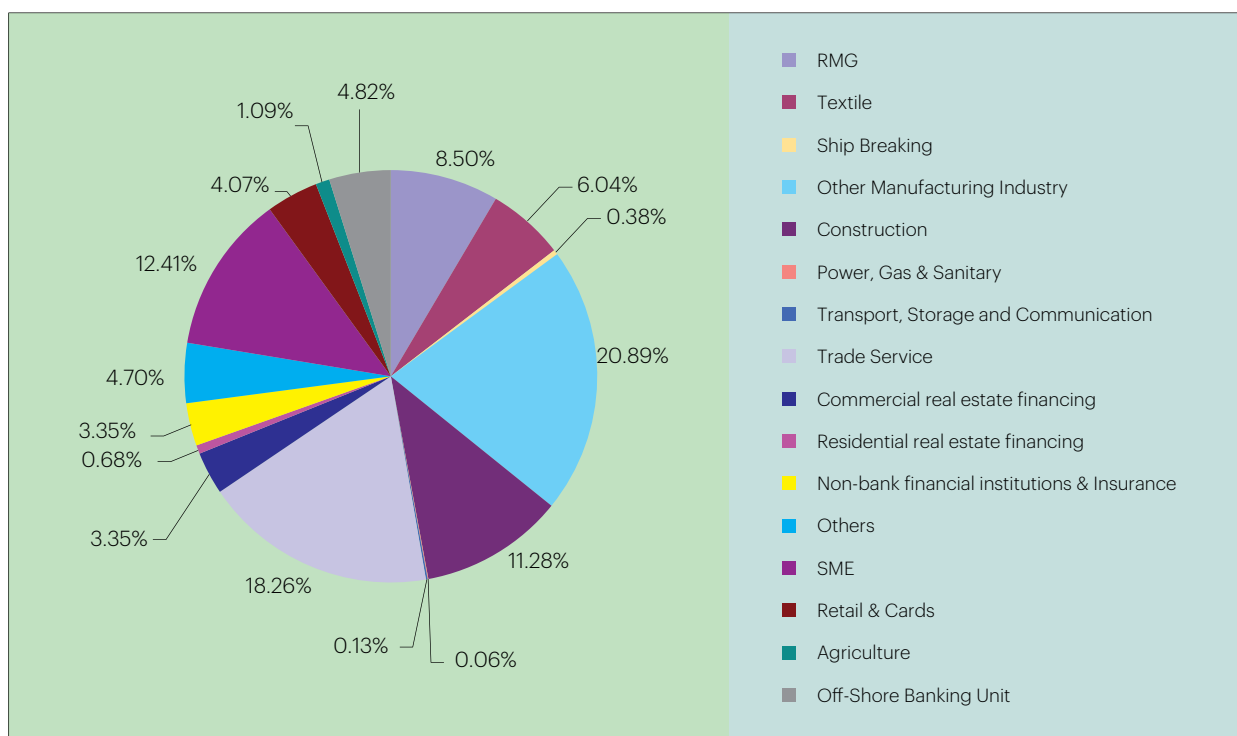
### Sector wise Loan portfolio

In 31<sup>st</sup> December, 2015 total outstanding of loans and advances of Jamuna Bank Limited was Tk.8725.23 Crore rose to a total of Tk.11709.96 Crore as of 31.12.2016 depicting around 34.21% growth. Sector-wise distribution of corporate lending vis-à-vis total lending of the bank as on 31.12.2016 is presented in the table below:

Fig in Crore Taka

Sector wise Structure of Lending	Outstanding as on 31.12.16	
	Amount	% of total loan
RMG	994.91	8.50%
Textile	707.30	6.04%
Ship Breaking	44.34	0.38%
Other Manufacturing Industry	2446.04	20.89%
Construction	1320.91	11.28%
Power, Gas & Sanitary	7.41	0.06%
Transport, Storage and Communication	15.23	0.13%
Trade Service	2137.71	18.26%
Commercial real estate financing	392.35	3.35%
Residential real estate financing	79.06	0.68%
Non-bank financial institutions & Insurance	392.27	3.35%
Others	550.09	4.70%
<b>Total Corporate Loans and Advances</b>	<b>9087.62</b>	<b>77.61%</b>
SME	1453.37	12.41%
Retail & Cards	476.66	4.07%
Agriculture	127.40	1.09%
OBU	564.91	4.82%
<b>Total Loans &amp; Advances</b>	<b>11709.96</b>	<b>100%</b>

The graphical presentation below also reflects that JBL maintained a balanced approach in lending to different industrial sectors and enjoyed a fair share of the business of RMG and Textile industry. JBL's exposure to RMG & Textile Industry stood at 14.54% of total loan portfolio. Loans in Manufacturing Industry dominated the total loan portfolio of JBL, which stood at 20.89% and loans in Trade Service stood at 18.26% of total loan outstanding.



## Appropriation of Profit

Profit after Tax (PAT) stood at Tk.1,876.36 million. Profit available for distribution comprising of last year's retain earnings and net profit for the year 2016, among shareholders is Tk.1,292.24 million after a mandatory transfer of statutory reserve of Tk.594.92 million (@ 20% on PBT).

"Fig in BDT Million"

Particulars	Year 2016	Year 2015
<b>Profit after tax</b>	1,876.36	1,642.47
<b>Retained earnings carried forward from previous year</b>	10.80	3.23
Profit to be appropriated	<b>1,887.16</b>	<b>1,645.70</b>
<b>Transfer to statutory reserve</b>	594.92	437.36
Net profit after appropriation/Retained surplus	<b>1,292.24</b>	<b>1,208.34</b>
Dividend (Cash 20.50%)	<b>1,258.94</b>	<b>1,197.53</b>
*Dividend Equalization Fund	<b>30.70</b>	-
Retained Earnings to be carried forward	<b>2.67</b>	<b>3.23</b>
Dividend Payout Ratio (Dividend/PAT)	<b>67.09%</b>	<b>72.91%</b>

\* The board of Directors in its 306<sup>th</sup> meeting held on April 27, 2017 approved to maintain a Dividend Equalization Fund in compliance with Bangladesh Bank BRPD letter Circular no. 18 dated October 20, 2002 which requires approval from the shareholders of the Bank.

## Recommended Dividend

Jamuna Bank continued to honour its commitment to optimization of shareholders' value. However, Board of Directors in its 306<sup>th</sup> meeting held on 27 April 2017 has recommended cash dividend @20.50% subject to the approval of the shareholders at the next Annual General Meeting.

## Capital Adequacy status of the Bank under Basel III

In terms of section 13 (2) of the Bank Companies Act, 1991 (as amended in 2013) and Bangladesh Bank BRPD circular no. 35 dated 29 December 2010, required capital of the Bank at the close of business on 31 December 2016 was Taka 1,536.98 crore as against available core capital of Taka 1,142.36 crore and supplementary capital of Taka 438.56 crore making a total capital of Taka 1,580.92 crore thereby showing a surplus capital/ equity of Taka 43.94 crore at that date. Details are shown below:

Amount in BDT Million

	2016 (In line of BASEL-III)	2015 (In line of BASEL-III)
<b>Common Equity ( Tier- I Capital)</b>		
Paid up Capital	6,141.19	6,141.19
Statutory Reserve	3,998.29	3,403.38
Dividend equalization fund	30.71	
Right Issue subscription money	-	-
Retained Earnings	1,261.62	1,208.33
Less: Regulatory adjustments (Reciprocal crossholdings)	(8.21)	
<b>Total: Tier -I capital</b>	<b>11,423.60</b>	<b>10,752.90</b>
<b>Additional/Supplementary capital ( Tier-II Capital)</b>		
General provision of unclassified loans & advances and off balance sheet items	1,875.60	1,164.01
Revaluation Reserve of securities & fixed assets after regulatory adjustment	510.04	680.05
Subordinated bond	2,000.00	2,000.00
<b>Sub total : Tier -II</b>	<b>4,385.64</b>	<b>3,844.06</b>
<b>Tier -I &amp; Tier- II capital</b>	<b>15,809.24</b>	<b>14,596.96</b>
<b>Total Risk Weighted Assets</b>	144,657.44	113,806.38
Required Capital (%)	10.625%	10.00%
<b>Minimum Capital Requirement</b>	15,369.85	11,380.64
<b>Capital to Risk Weighted Assets Ratio (CRAR)</b>	<b>10.93%</b>	<b>12.83%</b>
Tier - I Capital to Risk Weighted Assets	7.90%	9.45%
Tier - II Capital to Risk Weighted Assets	3.03%	3.38%

## Status of Asset Quality

During the year 2016, the NPL Ratio of the Bank decreased to 4.05% from previous year's 6.69%. The absolute figures show the decrease in classified portfolio from BDT 5,839.68 million in 2015 to Tk.4,743.50 million in 2016. Special efforts are being made by forming various Recovery Task Forces during the course of the year, which were further intensified during the last quarter of the year and it helped to reduce the impact of the stressful economy on NPL to a moderate extent comparing to the industry. The status of unclassified and classified loan of the Bank is given below:

"Fig in BDT Million"

Particulars	31-12-2016	%	31-12-2015	%	Change (%)
Unclassified & Special Mention Account	112,356.11	95.95%	81,412.60	93.31%	2.64%
Sub-standard (SS)	135.10	0.12%	1,637.90	1.88%	-1.76%
Doubtful (DF)	185.60	0.16%	580.18	0.66%	-0.50%
Bad/Loss (B/L)	4,422.80	3.78%	3,621.60	4.15%	-0.37%
<b>Total</b>	<b>117,099.61</b>		<b>87,252.28</b>		

## History of raising capital

As on the reporting date (31-12-2016), the bank had paid up capital of BDT 6,141,193,861 of which 74.22% was raised through stock dividend. The history of raising our paid up capital to BDT 6,141.19 million as on Year 2016 is presented below:

Accounting year	Particulars	No. of Shares	Volume in Taka	Cumulative Paid up Capital in Taka
2001	Opening Capital	39,000,000	390,000,000	390,000,000
2003	10% Bonus share	3,900,000	39,000,000	429,000,000
2005	25% Bonus share	21,450,000	214,500,000	643,500,000
2006	Initial Public offering (IPO)	42,900,000	429,000,000	1,072,500,000
2006	14.29% Bonus share	15,321,420	153,214,200	1,225,714,200
2007	7.14% Bonus share	8,755,100	87,551,000	1,313,265,200
2008	23.50% Bonus share	30,861,730	308,617,300	1,621,882,500
2009	37.50% Bonus share	60,820,590	608,205,900	2,230,088,400
2010	Right Issue	74,336,280	743,362,800	2,973,451,200
2010	22% Bonus share	65,415,926	654,159,260	3,627,610,460
2011	Share Issue to Mrs. Aysha Hussain	2,079,330	20,793,300	3,648,403,760
2011	23% Bonus share	83,913,286	839,132,860	4,487,536,620
2013	15% Bonus share	67,313,049	673,130,490	5,160,667,110
2014	19% Bonus share	98,052,675	980,526,751	6,141,193,861

## Variance between Quarterly Financial performance and Annual Financial Statements

Following table presents quarterly information of four quarters of the Bank.

Figures in BDT Million

Particulars	Quarter-1	Quarter-2	Quarter-3	Quarter-4	Annually
A) Net interest income	649.42	742.22	500.69	652.58	2,544.92
B) Non-interest income	1,017.44	1,419.40	1,190.58	1,943.48	5,570.89
C) Operating income (A+B)	1,666.86	2,161.62	1,691.27	2,596.06	8,115.81
D) Operating expenses	848.01	964.83	946.30	1,177.16	3,936.30
<b>E) Operating profit (C-D)</b>	<b>818.85</b>	<b>1,196.79</b>	<b>744.97</b>	<b>1,418.90</b>	<b>4,179.51</b>

From the above, it was observed that there was no significant variance in 2016 except operating income of Q-4 (53.50% higher than that of Q-3) due to increase of interest income of Treasury Bills/Bonds.

## Key Operating and Financial data of preceding 5 (five) years

### 5 (Five) Years Key Financial Data & Ratios- JBL (Solo)

Figure In BDT. Million

Particulars	YR- 2016	YR- 2015	YR- 2014	YR- 2013	YR- 2012
<b>Income statement Information:</b>					
Interest income	9,687.22	9,807.08	10,269.61	9,697.92	9,626.68
Interest expenses	7,142.30	8,194.85	8,838.96	8,078.04	7,787.48
Net interest income	2,544.92	1,612.23	1,430.65	1,619.88	1,839.20
Income from Investment	3,735.87	3,783.69	3,267.68	2,660.31	2,007.15
Non interest income	1,835.02	1,580.28	1,392.31	1,355.47	1,438.77
Total Operating Income	8,115.81	6,976.20	6,090.64	5,635.66	5,285.12
Total Operating Expenses	3,936.30	3,347.33	3,021.83	2,666.75	2,078.22
Profit before provision and tax	4,179.51	3,628.87	3,068.81	2,968.91	3,206.90
Provision for loans and assets	1,204.91	1,442.07	1,221.43	684.02	1,126.38
Profit before tax	2,974.60	2,186.80	1,847.38	2,284.89	2,080.52
Contribution to Jamuna bank foundation	89.24	43.74	36.95	22.85	20.81
Tax including deferred tax	1,009.00	500.60	463.31	1,126.85	1,017.66
Profit after tax	1,876.36	1,642.46	1,347.12	1,135.19	1,042.05
<b>Balance Sheet Information:</b>					
Authorized Capital	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Paid up Capital	6,141.19	6,141.19	5,160.67	4,487.54	4,487.54
Reserve & Retained surplus	9,707.45	9,567.16	5,650.00	4,393.40	3,837.29
Total Shareholders' Equity	15,848.64	15,708.35	10,810.67	8,880.94	8,324.83
Deposits	141,550.96	118,849.18	114,635.13	97,485.61	79,623.13
Total liabilities	152,569.66	127,150.82	128,683.91	106,282.01	101,353.68
Total liabilities & Shareholders' equity	168,418.30	142,859.17	139,494.58	115,162.95	109,678.51
Long Term Liabilities	65,981.97	42,106.07	32,922.17	32,618.54	15,395.83
Loans and advances	117,099.61	87,252.28	77,899.79	67,669.38	54,887.03
Investments	30,113.97	34,722.81	39,963.54	31,392.20	39,118.93
Property, Plant and Equipment	2,231.61	2,228.09	2,278.50	2,195.05	2,082.03
Total Assets	168,418.30	142,859.17	139,494.58	115,162.95	109,678.51
Earning Assets	116,627.19	83,005.17	78,830.04	66,451.51	52,304.67
Net Current Assets	99,904.75	79,203.65	71,648.34	61,412.87	53,959.73
<b>Foreign Trade Information:</b>					
Import	87,479.60	70,296.40	59,909.80	52,751.30	57,705.20
Export	74,317.50	67,080.80	64,988.60	64,250.50	68,844.10
Remittance	12,030.00	11,726.70	8,200.00	6,859.00	4,029.00
Guarantee	11,920.00	9,406.30	4,471.00	5,578.10	4,515.30
<b>Capital Information:</b>					
Total Risk weighted Assets	144,657.44	113,806.38	98,298.68	83,421.38	70,448.60
Core Capital (Tier-I)	11,423.60	10,752.90	9,110.44	7,763.33	7,256.39
Supplementary Capital (Tier-II)	4,385.64	3,844.06	1,947.80	1,496.47	1,348.89
Total Capital	15,809.24	14,596.96	11,058.24	9,259.80	8,605.28
Tier-I Capital Ratio	7.90	9.45	9.27	9.31	10.30
Tier-II Capital Ratio	3.03	3.38	1.98	1.79	1.91
Minimum Capital Adequacy Ratio (MCAR)	10.93	12.83	11.25	11.10	12.21

## 5 (Five) Years Key Financial Data & Ratios- JBL (Solo)

Figure In BDT. Million

Particulars	YR- 2016	YR- 2015	YR- 2014	YR- 2013	YR- 2012
<b>Credit Quality Information:</b>					
Volume of Non-performing Loans (NPLs)	4,743.50	5,839.60	4,422.15	5,133.76	5,337.87
% of NPLs to total Loan & Advances	4.05	6.69	5.68	7.59	9.73
Provision for Un-classified Loans	1,875.60	1,274.22	1,097.74	937.67	814.67
Provision for Classified Loans	1,608.11	1,549.91	1,796.86	2,256.68	1,698.25
<b>Share information:</b>					
No. of Share Outstanding	614.12	614.12	516.07	448.75	448.75
No. of Shareholders' (actual)	31,981	38,596	46,984	51,535	51,758
Total Dividend:	20.50%	19.50%	19.00%	15.00%	14.00%
Cash (%)	20.50%	19.50%	-	-	14.00%
Bonus (%)	0.00%	0.00%	19.00%	15.00%	-
Effective Dividend Ratio	20.54%	21.38%	20.39%	15.14%	15.47%
Market capitalization	9,586.40	7,424.71	6,342.50	7,310.14	9,733.39
Market price per Share (Taka)	15.61	12.09	14.64	16.29	21.69
Earning per Share Taka (EPS)	3.06	2.67	2.61	2.53	2.32
Book value per Share/ NAV (Taka)	25.81	25.58	20.95	19.79	18.55
Price Earning Ratio (Times)	5.11	4.52	5.61	6.44	9.34
<b>Key Financial Ratios Information:</b>					
Net interest margin on average earning assets	2.55	1.99	1.97	2.72	3.27
Earning base in average assets	64.13	57.32	57.05	52.89	57.10
Burden Coverage ratio	46.62	47.21	46.08	50.83	64.30
Cost-income ratio	48.50	47.98	49.61	47.32	39.32
Credit-deposit ratio	82.73	73.41	67.95	69.41	68.93
Weighted average interest rate of loan (year end)	10.36	12.07	13.59	15.50	16.31
Weighted average interest rate of deposits (year end)	5.60	6.75	7.87	9.54	9.92
Asset Utilization ratio	5.21	4.94	4.78	5.01	5.37
Leverage ratio (times)	10.14	9.39	7.73	7.65	7.93
Net profit margin (after tax)	23.12	23.54	22.12	20.14	19.72
Current Ratio	1.15	0.93	0.75	0.83	0.63
Debt Equity Ratio	9.63	8.09	11.90	11.97	12.17
Per employee deposit	57.73	51.58	52.01	45.60	39.87
Per employee operating profit	1.70	1.58	1.39	1.39	1.61
Per employee overhead cost	1.61	1.45	1.37	1.25	1.04
Dividend cover ratio (times)	1.49	1.37	1.37	1.69	1.66
Return on risk weighted assets (after tax)	1.30	1.44	1.37	1.36	1.48
Return on average investment	11.52	10.13	9.16	7.55	7.24
Return on average assets (after tax)	1.21	1.16	1.06	1.01	1.06
Return on average equity (after tax)	11.89	12.39	13.68	13.20	13.35
<b>Other Information:</b>					
Number of branches	111.00	102.00	97.00	91.00	83.00
No. of Islamic Banking Window	2.00	2.00	2.00	2.00	2.00
Number of employees	2,452.00	2,304.00	2,204.00	2,138.00	1,997.00
Number of foreign correspondents	897.00	880.00	836.00	822.00	818.00

## 5 (Five) Years Key Financial Data & Ratios- JBL (Solo)

Figure In BDT. Million

Particulars	YR- 2016	YR- 2015	YR- 2014	YR- 2013	YR- 2012
Average Earning Assets	99,816.18	80,917.61	72,640.78	59,378.09	56,169.86
Average Total Assets	155,638.74	141,176.88	127,328.77	112,420.73	98,371.82
Average Deposits	130,200.07	116,742.16	106,060.37	88,554.37	75,065.59
Average Investment	32,418.39	37,343.18	35,677.87	35,255.57	27,716.93
Average Advances	102,175.94	82,576.04	72,784.59	61,278.21	55,749.41
Average Equity	15,778.50	13,259.51	9,845.81	8,602.89	7,803.17

\* Previous years figure have been re-arranged to conform present year presentation.

### Review of Financial Reporting

As per requirement of the Corporate Governance guidelines issued by the Bangladesh Securities and Exchange Commission (BSEC), we are presenting the following information:

#### True and Fair view of Financial Statements :

Management is responsible for the preparation of consolidated financial statements of the Group and also separate financial statements of the Bank that give a true and fair view in accordance with Bangladesh Financial Reporting Standards as explained in note 2.01.1 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements of the Group and also the separate financial statements of the Bank that are free from material misstatement, whether due to fraud or error. The external auditors i.e. SHAFIQ BASAK & CO., Chartered Accountants also provided their opinion that the consolidated financial statements of the Group and also the separate financial statements of the Bank give a true and fair view of the consolidated financial position of the Group and the separate financial position of the Bank as at 31 December 2016, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards as explained in note 2.01.1.

**Maintenance of Proper Books of Account:** Proper books of account as required by law have been kept by JBL. The external auditor, SHAFIQ BASAK & CO., Chartered Accountants mentioned in their report titled "Report on Other Legal and Regulatory Requirement" that "proper books of account as required by law have been kept by the Group and the Bank so far as it appeared from our examination of those books."

**Application of Accounting Policies and Accounting Estimates:** 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.

#### Preparation of Financial Statements as BAS/BFRS and any Departure there from:

Financial statements of the Bank for the year ended 31<sup>st</sup> December 2016 have been prepared in accordance with International Accounting Standards (IAS)/Bangladesh Accounting Standards (BAS)/International Financial Reporting Standards (IFRS)/Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, the "First Schedule" (section 38) of the Bank Companies Act, 1991, BRPD Circular no. 14 dated 25 June 2003, other Bangladesh Bank Circulars, The Companies Act 1994, the Securities and Exchange Rules 1987, Dhaka and Chittagong Stock Exchange's listing regulations and any departure there-from has been adequately disclosed.

### Going Concern of Bank's Business

After reviewing the company's present and potential business growth, it is observed that the company has adequate resources to continue to operate in the foreseeable future and No significant doubts upon the Bank's ability to continue as a going concern. The financial statements of the Bank have been prepared on the assumption that the Bank is a going concern and will continue in operation for the foreseeable future.

### Disclosure of Related party transactions

The basis for related party transactions has been incorporated in the Corporate Governance Report and details of which has been presented in the Note 46(i) – 46(vii) of the Financial Statements.



## Remuneration to directors including Independent Director

Chairman of the Board of Director is provided an office chamber, private secretary, peon, a telephone in office, a full time car and a mobile phone according to the provision of BRPD Circular No.11, dated: 27 October, 2013.

Directors including Independent Director are getting fees/benefits according to the provision of BRPD Circular No.11, dated: 04 October, 2015 for attending Board/its Committee meeting. The detailed information regarding Director Honorarium is presented in Note 31 of the Financial Statements.

Managing Director is paid salary, allowances and other facilities according to his service contract. The detailed information regarding Managing Director's Salary and Fees is presented in Note 30 of the Financial Statements.

## Review of Internal Control System

Jamuna Bank has established an effective organizational structure to maintain strong internal control culture by properly complying with Bangladesh Bank Guidelines and implementing JBL ICC policies through the resources of the ICC Division.

### Control Environment:

The control environment is the foundation on which an effective system of internal control is built and operated in an organization that strives to (1) achieve its strategic objectives, (2) provide reliable financial reporting to internal and external stakeholders, (3) operate its business efficiently and effectively, (4) comply with all applicable laws & regulations, and (5) safeguard its assets. Control environment of JBL has been designed to protect the interest of all the stakeholders of the Bank in the best possible way.

### Risk Management:

As Board of Directors, its Executive Committee, Audit Committee, Risk Management Committee, Management Committees, Management Units keep constant involvement in risk management, the ICC Division contributes to make the job more effective and successful. This Division independently verifies that all the branches/divisions are conducting their business in compliance with all approved risk management and internal control policies. If deviations are found, they are reported and got corrected to mitigate risk on a continuous basis. Thus,

ICCD ensures the Board that the Bank is operating in compliance with all approved and established policies.

### Segregation of Duties:

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/units of Head Office in line with the yearly audit plan as approved by the Board of Directors. The division has already chalked out the Audit Plan for the year 2017 covering all the branches and divisions of the Bank as per ICC guidelines of Bangladesh Bank.

**Monitoring Department:** It monitors and reviews the operational performance of various branches like off-site supervision through quarterly operation reports (QORs), loan documentation checklists (LDCs), departmental control function checklists (DCFCLs), etc. as part of their off-site supervision activities. If any major deviation is found, this department recommends to the Head of ICCD 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 primary responsibility of this department is to ensure full compliance of the regulatory requirements including directives of Bangladesh Bank, National Board of Revenue (NBR), Bangladesh Securities & 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.

### Accounting Information and Reconciliation:

A proper system and environment has been established in the Bank to provide accurate and updated accounting information and proper reconciliation of accounts on timely basis.

## IT security:

IT security is the protection of information systems from theft or damage to the hardware, the software, and to the information on them, as well as from disruption or misdirection of the services they provide. It includes controlling physical access to the hardware, as well as protecting against harm that may come via network access, data and code injection, and due to malpractice by operators, whether intentional, accidental, or due to them being tricked into deviating from secure procedures.

IT security is composed of computer security & Network security. At present scenario most of the crime occurred through the Network. Network security management includes access rights, end point security, firewalls, intrusion prevention/detection, network access control, security monitoring and wireless security. Jamuna Bank Management is very much concerned regarding the IT security and has taken all kinds of initiative as per ICT security guide line of the regulator.

Jamuna Bank Ltd. started its Banking operation since June 2001 with the Core Banking solution (CBS) called "Flora Bank". Till date this software is providing all sorts of banking services to the valued clients

of the Bank. In the CBS – the User security is being maintained in compliance with the ICT security guide line of the regulator.

JBL has the ATM services network having 215 Nos. of own ATMs. JBL has deployed the enterprise security solution for the Data and information security of the Bank. We have the real time replication system to maintain Data redundancy to mitigate the Data loss risk. We have a Disaster Recovery site (DRS) to ensure the banking operation at the time of any failure of the main Data center (DC).

## Self-Assessment/Monitoring

While conducting comprehensive/surprise/special inspection on different branches the Audit & Inspection Division evaluates, assesses and gives risk rating of the branches in the reports and submits to the Audit Committee of the Board for their further evaluation and recommendation.

Furthermore, according to the provision of DOS circular letter no.17/2012 of Bangladesh Bank, JBL has started its self-assessment (on the effectiveness of anti-fraud internal controls) activities to report to Bangladesh Bank timely.

## Board Meetings and Attendance

During the year 2016, a total 21 Meetings of the Board of Directors were held. The details information is given below:

Sl. No.	Name	Position	Meeting Held	Attended
1	Mr. Gazi Golam Murtoza	Chairman	21	15*
2	Engr. A. K. M. Mosharraf Hussain	Director	21	15*
3	Engr. Md. Atiqur Rahman	Director	21	17*
4	Mr. Golam Dastagir Gazi, Bir Protik	Director	21	18*
5	Mr. Fazlur Rahman	Director	21	3*
6	Al-Haj Nur Mohammed	Director	21	21
7	Mr. Md. Tajul Islam	Director	21	13*
8	Mr. Sakhawat, Abu Khair Mohammad	Director	21	5*
9	Mr. Md. Belal Hossain	Director	21	11*
10	Mr. Md. Mahmudul Hoque	Director	21	7*
11	Mr. Shaheen Mahmud	Director	21	13*
12	Mr. Md. Sirajul Islam Varosha	Director	21	18*
13	Mr. Kanutosh Majumder	Director	21	20
14	Mr. Md. Ismail Hossain Siraji	Director	21	11*
15	Mrs. Tasmin Mahmud	Director	21	8*
16	Mr. Md. Hasan	Director	21	3*
17	Mr. Redwan-ul Karim Ansari	Director	21	9*
18	Mr. Narayan Chandra Saha	Independent Director	21	19*
19	Mr. Chowdhury Mohammad Mohsin	Independent Director	21	13*
20	Mr. Md. Rafiqul Islam	Independent Director	21	19*

\* Directors who could not attend the meeting(s) were granted leave of absence by the Board.

## Pattern of shareholding

Particulars	Amount in Taka		Percentages (%)	
	31 December'16	31 December'15	31 December'16	31 December'15
<b>Sponsors</b>	3,057,652,720	3,814,615,700	49.79	62.12
<b>Financial Institutions</b>	695,961,350	682,310,960	11.33	11.11
<b>Foreign investors</b>	-	4,373,750	-	0.07
<b>Non-resident Bangladeshi</b>	-	-	-	-
<b>General Public</b>	2,387,579,790	1,639,893,450	38.88	26.70
<b>Total</b>	<b>6,141,193,860</b>	<b>6,141,193,860</b>	<b>100.00</b>	<b>100.00</b>

(A) Share held by Parent/Subsidiary/Associated Companies and other related parties (name wise details);

Name of the Parent/Subsidiary/Associated	Status	Shareholding
Jamuna Bank Capital Management Limited	Subsidiary	Nil
Jamuna Bank Securities Ltd.	Subsidiary	Nil

(B) Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children;

Sl. No.	Name	Shares Held as on 31 Dec 2016
i)	<b>Directors</b>	
	Mr. Gazi Golam Murtoza	15,659,388
	Engr. A. K. M. Mosharraf Hussain	12,282,385
	Engr. Md. Atiqur Rahman	23,720,549
	Mr. Golam Dastagir Gazi, Bir Protik	12,283,590
	Mr. Fazlur Rahman	12,283,138
	Al-Haj Nur Mohammed	18,147,679
	Mr. Md. Tajul Islam	13,877,590
	Mr. Sakhawat, Abu Khair Mohammad	12,317,277
	Mr. Md. Belal Hossain	12,283,590
	Mr. Md. Mahmudul Hoque	12,287,256
	Mr. Shaheen Mahmud	29,106,763
	Mr. Md. Sirajul Islam Varosha	12,282,655
	Mr. Kanutosh Majumder	12,314,456
	Mr. Md. Ismail Hossain Siraji	12,282,729
	Mrs. Tasmin Mahmud	30,869,438
	Mr. Md. Hasan	30,705,911
	Mr. Redwan-ul Karim Ansari	12,855,307
	Mr. Narayan Chandra Saha	-
	Mr. Chowdhury Mohammad Mohsin	-
	Mr. Md. Rafiqul Islam	-
ii)	Mr. Shafiqul Alam, Managing Director	-
iii)	Mr. M.A.Rouf, Company Secretary & Spouse	-
iv)	Mr. Ashim Kumer Biswas, Chief Financial Officer & Spouse	-
v)	Mr. Md. Ebtadul Islam, Head of ICC & Spouse	-

- (C) Executives (executive" means top 5 (five) salaried employees of the company, other than the Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer and Head of Internal Audit.)

Sl. No.	Name of the Executives	Shares Held as on 31 Dec 2016
1.	Mr. Mirza Elias Uddin Ahmed, Additional Managing Director	-
2.	Mr. A. K. M. Saifuddin Ahamed, Deputy Managing Director	-
3.	Muhammad Shahidul Islam, Head of Business	-
4.	Md. Badiul Alam, SEVP	-
5.	Md. Mofazzal Hossain, SEVP	-

- (D) Shareholders holding ten percent (10%) or more voting interest in the company :

Shareholders holding ten percent (10%) or more voting interest in the company	Nil
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29, 2010 bearing Registration Certificate No. MB-49/2010. As per Registration Certificate JBCML performs the following activities:-

- 1) Issue Management
- 2) Underwriting of public issue of shares
- 3) Portfolio Management on behalf of clients through investors' scheme

## Appointment/Re-Appointment of Directors

Each director has a term of office as prescribed in the Articles of Association and Bank Company Act 1991 (amended up to 2013) 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. In this regards, JBL has been complying the provisions of Law and the Articles of Association of the Bank.

Brief resume of the directors and their expertise in specific functional areas is included in the Director's profile chapter. The details of the interested entities of the Directors has been presented in the Note 46.3 of Financial Statements.

## Brief Review of Subsidiaries Business

JBL has two subsidiaries namely (I) Jamuna Bank Capital Management Limited & (II) Jamuna Bank Securities Ltd.

### Jamuna Bank Capital Management Limited (JBCML)

Jamuna Bank Capital Management Limited (JBCML) a fully owned subsidiary of Jamuna Bank Limited (JBL) started its merchant banking operation in April 2011, vide Securities & Exchange Commission (SEC) letter no. SEC/Reg/MB-54/2009/467 dated November

### Jamuna Bank Securities Ltd. (JBSL)

Jamuna Bank Securities Limited, a fully owned subsidiary of Jamuna Bank Limited, was established in 2011 as a private limited company. The company obtained Stock Dealer, Stock Broker and Full Service Depository Participant (DP) licenses from the Bangladesh Securities and Exchange Commission in the year 2012 and started commercial operation in 2013. The company is both TREC and Share holder of Chittagong Stock Exchange Limited under TREC No. CSE-147. The main objective of the company is to provide brokerage services as well as margin loan to individual and institutional investors.

The operating and net profit of Jamuna Bank Securities Limited for the year 2016 was Tk.151.89 lac and Tk.135.49 lac respectively. There was no negative equity with the company. Overall financial position of the company in 2016 was well and consistent.

## CSR Activities

Social Responsibilities with the object to contributing for the cause of destitute/underprivileged segment of the society and for socio-economic development of the country. The onerous task of fulfilling commitment to the society is commendably undertaken by Jamuna Bank Foundation since inception in the year 2007. The Bank made provision for Jamuna Bank Foundation at 3.00% on pretax profit of Jamuna Bank Limited.



*"On behalf of Jamuna Bank Foundation a cheque valuing Tk.50.00 lac was handed over to the hon'ble Prime Minister, Sheikh Hasina. Al-Haj Nur Mohammed, Chairman, Jamuna Bank Foundation and Mr. Golam Dastagir Gazi, Bir Protik, MP, Director, Jamuna Bank Ltd. were present at the ceremony."*

- We are discouraging projects which is detrimental to the environment and health.
- Various initiative have already been taken for Green Banking.

The details discussion on the bank's "Corporate Social Responsibility" has been presented in **page 187-207** of this annual report.

**On behalf of the Board of Directors**

**Md. Ismail Hossain Siraji**  
Chairman of the Board of Directors  
Dhaka, 27 April 2017

As Jamuna Bank's non-profit subsidiary, Jamuna Bank Foundation has a unique role to play, providing leadership and making a difference for CSR in the Country. We have always focused on providing and /or making need based services available for our priority target population. The detailed discussion on the bank's "Corporate Social Responsibility" has been presented in **page 187-207** of this annual report.

## Contribution to National Exchequer & Economy

Jamuna Bank Ltd. is always responsible to the society and the country as a whole. During the year 2016 payment made to national Ex-chequer of Tk.1,694,957,486 against VAT and tax deducted at source as well as of Tk.556,396,692 made payment as income tax against profit of the Bank for the year 2015.. JBL is also contributing to the economy in the following manner, besides the direct contribution to national economy in the form of payment of taxes:

- The Bank made provision for Jamuna Bank Foundation at 3.00% on pretax profit of Jamuna Bank Limited for the cause of development of destitute/underprivileged segment of the society and for socio-economic development of the country.
- Direct economic impact by creating employment and a well-trained workforce. JBL and its subsidiary employed 2,443 employees up to December 2016. During the year 2016 we have employed 199 employees.
- Jamuna Bank Limited donated Tk.50 Lac to the Prime Minister's Relief Fund.





# Corporate Governance





- The Board of Directors should participate in creating the right “tone at the top” and oversee how it is being communicated to all employees and constituents of the corporation.
- It is best practice for a board to have the following committees:
  - a) an Audit Committee
  - b) an Executive Committee
  - c) a Risk Management Committee, and

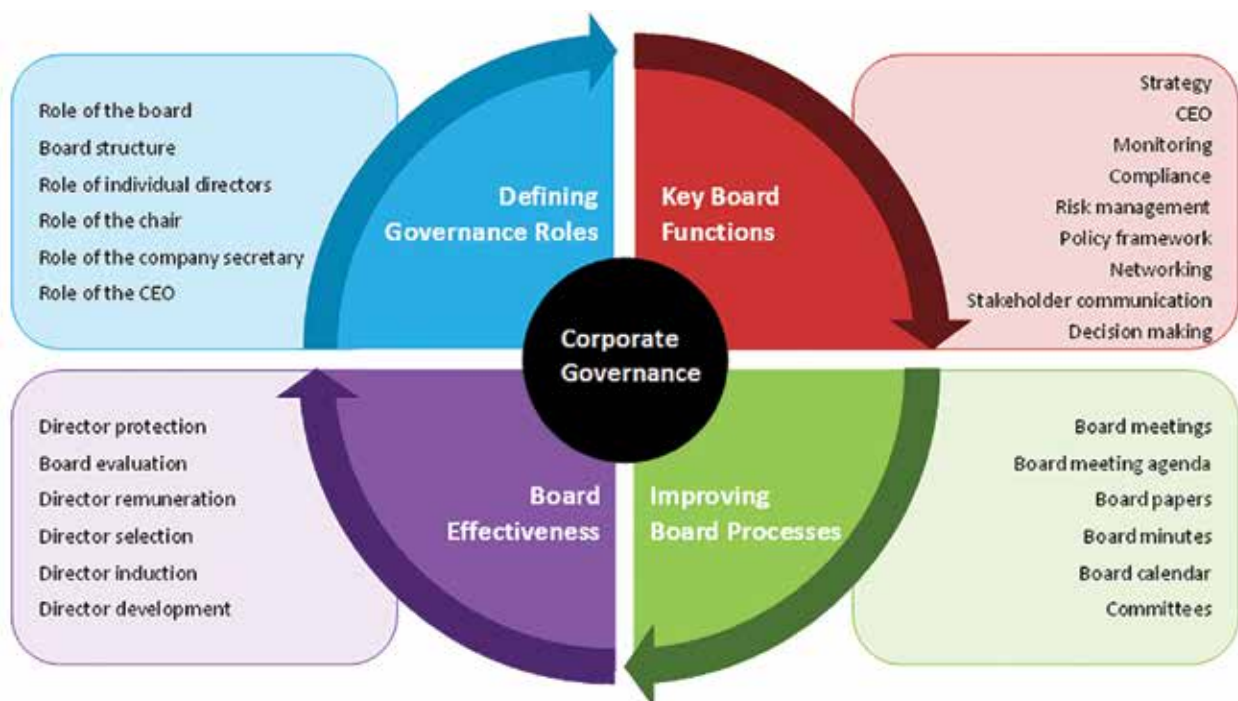
Each committee may formally establish a charter that specifies its responsibilities and the manner and frequency of meeting and reporting to the Board of Directors.

- There is no “one size fits all” template for board structures. When appropriate, smaller boards may opt to always meet as the full board with break-out sessions for independent directors to perform committee-type functions.
- Adoption and implementation of a code of ethics is one of the most common practices in corporate governance. It is increasingly expected that all companies will have a code of ethics in place to ensure that employees conduct themselves in a fair and ethical manner. Topics commonly addressed in a code of ethics are as follows:
  - a) Conflict of interest;

- b) Corporate opportunities;
- c) Confidentiality;
- d) Fair dealing;
- e) Protection and proper use of company assets;
- f) Compliance with laws, rules and regulations; and
- g) Encouraging the reporting of any illegal or unethical behavior

## Corporate Governance in JBL

The Board of Directors of JBL plays the pivotal role in Bank governance through their choice of strategy and leadership to drive the company to growth path. The Board is responsible for both designing and implementing governance mechanism including appointment and supervision of respective Board committees and top management. The onus of setting strategic aims and goals of the company is also on the Board. The management of JBL is an extended wing of the Board executes policies and procedures set by the Board for the greater interest of shareholders and other stakeholders. The risk management and overall support functions of JBL has been designed and kept fully independent from Business to guard against any unforeseen events that undermine the brand value of the Bank.



Being a 3rd generation Bank of Bangladesh, JBL is guided in its corporate governance practices mainly by two regulatory bodies: **Bangladesh Bank and Bangladesh Securities and Exchange Commission (BSEC)**. However, the Bank's corporate governance philosophy encompasses not only regulator and legal requirements but also various internal rules, policies, procedures and practices based on the best practices of local banks. At JBL we attach a simple meaning to 'Corporate Governance' which is 'Due diligence' in observing responsibilities by Board as well as by management to safeguard interest of key stakeholders i.e. depositors, shareholders, employees and the society at large. Two very important pillars of a good corporate governance structure are "Transparency" and "Accountability" backed by strong Internal Control and Compliance Structure and MIS capabilities.

## Board Systems & Procedures

Members of the Board comprise of professionals with diversified backgrounds. At present, there are 20 (Twenty) Board members including 3(three) Independent Directors, which is within the framework set by the Bangladesh Bank as per section 15(9) of Bank Company Act 1991(Amended upto 2013). 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/notifications 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, subject to complying rules/regulations of regulatory bodies in this regard.

## Appointment of Directors

The relevant provision of Companies Act 1994, Bank Company Act 1991 (amended up to 2013), Corporate Governance Guidelines of BSEC, Guidelines of

Bangladesh Bank (i.e. BRPD Circular No.11, dated: 27 October, 2013) and Articles of Association of the Bank are followed while appointing Directors. 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 relevant section of Bank Company Act 1991 (amended up to 2013), "Corporate Governance" guidelines issued by the BSEC & Circulars issued by Bangladesh Bank.

## Retirement and Election of Directors

Each director has a term of office as prescribed in the Articles of Association and Bank Company Act 1991 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. In this regards, JBL has been complying the provisions of the existing Law and the Articles of Association of the Bank.

## Responsibilities and Authorities of the Board of Directors

The Board is responsible to set the vision, mission and policies of the Bank and to determine the goals, objectives and strategies to ensure efficient utilization of the Bank's resources. In compliance with Bangladesh Bank BRPD Circular No.11 dated 27 October 2013, the roles and responsibilities of the Board of Directors of Jamuna Bank Limited are mentioned below (but not limited to):

### a) Work-planning and strategic management:

- The board is determining the objectives and goals and to this end shall chalking out strategies and work-plans on annual basis. The Board is specially engaged itself in the affairs of making strategies consistent with the determined objectives and goals and in the issues relating to structural change and reformation for enhancement of institutional efficiency and other relevant policy matters. The Board also analyzing/monitoring the development of implementation of the work-plans at quarterly rests.
- The Board is setting the Key Performance Indicators (KPIs) for the CEO & officers immediate two tiers below the CEO, and evaluating performance of those officials from time to time.

## b) Credit and risk management:

- The policies, strategies, procedures etc. in respect of appraisal of loan/investment proposal, sanction, disbursement, recovery, reschedule and write-off thereof are being made with the board's approval under the purview of the existing laws, rules and regulations. The board already distributed the power of sanction of loan/investment among the CEO and his subordinate executives. No director is interfering into the process of loan approval directly or indirectly.
- The board framed policies for risk management and getting them complied with and monitoring the compliance at quarterly rests and reviewing the concerned report of the risk management team and ensures compiling in the minutes of the board meeting. The board also monitoring the compliance of the guidelines of Bangladesh Bank regarding key risk management.

## c) Internal control management:

- The board is vigilant on the internal control system of the bank in order to attain and maintain satisfactory qualitative standard of its loan/investment portfolio. The board established an internal control system for the bank and the division is conducting its activities independently from the management.
- It also reviewing the reports submitted by its audit committee at quarterly rests regarding compliance of recommendations made in internal and external audit reports and the Bangladesh Bank inspection reports.

## d) Human resources management and development:

- Policies relating to recruitment, promotion, transfer, disciplinary and punitive measures, human resources development etc. and service rules are framed and approved by the board.
- The chairman or the directors are in no way involve themselves or interfere into or influence over any administrative affairs including recruitment, promotion, transfer and disciplinary measures as executed under the set service rules.

- No member of the board of directors is included in the selection committees for recruitment and promotion to different levels.
- Recruitment, promotion, transfer & punishment of the officers immediate two tiers below the CEO is rested upon the Board by complying with the service rules of the Bank.
- The board is concerned to the development of skills of bank's staff in different fields of its business activities including prudent appraisal of loan/investment proposals, and to the adoption of modern electronic and information technologies and the introduction of effective Management Information System (MIS).
- The board is formulated Code of Ethics for every tier and they are following it properly. The board promoted healthy code of conducts for developing a compliance culture.

## e) Financial management:

- The annual budget and the statutory financial statements are finalized with the approval of the board. It is reviewing/monitoring the positions in respect of bank's income, expenditure, liquidity, non-performing asset, capital base and adequacy, maintenance of loan loss provision and steps taken for recovery of defaulted loans including legal measures at quarterly rests.
- The board framed the policies and procedures for bank's purchase and procurement activities and accordingly approved the distribution of power for making such expenditures. The maximum possible delegation of such power of expenditures is rested on the CEO and his subordinates. The decision on matters relating to infrastructure development and purchase of land, building, vehicles etc. for the purpose of bank's business is adopted with the approval of the board.
- The board reviewing the activities of Asset-Liability Committee (ALCO) according to Bangladesh Bank guidelines.

## f) Formation of Board committees

According to the guidelines of BRPD Circular No: 11, Dated: 27 October 2013, the Board of Directors have formed 1(one) Executive Committee, 1(one) Audit Committee and 1(one) Risk Management

Committee comprising of the members of the Board of Directors.

#### g) Appointment of Managing Directors & CEO.

In order to strengthen the financial base of the bank and obtain confidence of the depositors the board of directors has re-appointed Mr. Shafiqul Alam as Managing Director & CEO with the approval of the Bangladesh Bank.

### The Role and Responsibilities of the Chairman of the Board

The overall responsibility of the Chairman is to:

- Set the Board's Agenda and plan Board Meetings.
- Chair all Board Meetings, directing debate towards consensus.
- Ensure the Board receives appropriate, accurate, timely and clear information.
- Chair the AGM and other Shareholders' Meetings to foster effective dialogue with Shareholders.
- Work with Chairman of Board Committees.
- Ensure that the Board sets and implements the Bank's direction and strategy effectively.
- Act as the Bank's lead representative, explaining aims and policies to the Shareholders.
- Ensure no participation in or interference into the administrative or operational and routine affairs of the Bank.
- Provide overall leadership to the Board, setting vision and driving innovation, working closely with the CEO.
- Conduct (if required) on-site inspection of any bank-branch or financing activities under the purview of the oversight responsibilities of the Board.

### Chairman and Directors position as non-executive

All the directors of Jamuna Bank Limited including the Chairman are Non-Executive Directors except the Managing Director & CEO. Chairman of the Bank is getting facilities in line with BRPD Circular No. 11 dated 27 October 2013 issued by Bangladesh Bank.

### Chairman of the Board and Managing Director & CEO

The position of the Chairman of the Board and the Managing Director & CEO of the Bank is filled by different individuals. The Chairman of the Bank is

elected from among the directors of the Bank. In this regard, the Board of Directors has already clearly defined respective roles and responsibilities of the Chairman and the Managing Director & CEO.

### Independent Director

Independent Director acts as a third party for having a "neutral perspective" over policy-related issues of the Company. Having no share-based interest with the company and having no attachment with the nonexecutive directors and management, the Independent Director aids in ensuring neutrality and fairness over policies formulated by the Board.

In compliance with the Bank Company Act 1991 (amended up to 2013) and Corporate Governance Guidelines issued by Bangladesh Bank, the Board of Directors has appointed 03 (three) Independent Directors, subsequently approved by shareholders in the Annual General Meeting (AGM).

It is mentionable that Bank is following the criteria set in the Corporate Governance Guidelines issued by Bangladesh Securities and Exchange Commission while appointing Independent Directors. The independent directors being conversant in the field of financial, regulatory and corporate laws enjoy full freedom to carry out their assigned Responsibilities.

### Board meetings and attendance

Meeting of the Board of Directors holds on a regular basis. According to the Bangladesh Bank guidelines meeting of the Board of Directors holds usually twice in a month but emergency meetings are called as and when required. During the year 2016, a total 21 Meetings of the Board were held. We are providing Notice to every Director as per rule specifying day, date, time and full address of the venue.



289<sup>th</sup> Meeting of the Board of Directors of Jamuna Bank Ltd.  
held on 28.06.2016

The Agenda as to be transacted at the meeting along with Notes to the Agenda are circulating well ahead to the meeting. Supplementary items are taken up for consideration with the permission of the Chairman and with the consent of the majority of the Directors present in the meeting. In the meeting, the Chairman

of the Board of Directors allocates sufficient time for the Directors to consider each item of the agenda and allow them to discuss, inquire, and express opinions freely on the items of interest so that they can fulfill their duties to the best of their abilities.

Sl. No.	Name	Position	No. of meetings attended
1	Mr. Gazi Golam Murtoza	Chairman	15
2	Engr. A. K. M. Mosharrif Hussain	Director	15
3	Engr. Md. Atiqur Rahman	Director	17
4	Mr. Golam Dastagir Gazi, Bir Protik	Director	18
5	Mr. Fazlur Rahman	Director	3
6	Al-Haj Nur Mohammed	Director	21
7	Mr. Md. Tajul Islam	Director	13
8	Mr. Sakhawat, Abu Khair Mohammad	Director	5
9	Mr. Md. Belal Hossain	Director	11
10	Mr. Md. Mahmudul Hoque	Director	7
11	Mr. Shaheen Mahmud	Director	13
12	Mr. Md. Sirajul Islam Varosha	Director	18
13	Mr. Kanutosh Majumder	Director	20
14	Mr. Md. Ismail Hossain Siraji	Director	11
15	Mrs. Tasmin Mahmud	Director	8
16	Mr. Md. Hasan	Director	3
17	Mr. Redwan-ul Karim Ansari	Director	9
18	Mr. Narayan Chandra Saha	Independent Director	19
19	Mr. Chowdhury Mohammad Mohsin	Independent Director	13
20	Mr. Md. Rafiqul Islam	Independent Director	19

\* It may be mentioned here that Directors who could not make it convenient to attend the meeting(s), leave of absence were granted to them by the Board.

## Attendance of CFO and CS in Board Meeting

**Company Secretary** of the Bank is attending the meetings of the Board of Directors regularly. **Chief Financial Officer (CFO)** also attending the meeting when it is required. Provided that the CFO and/or the CS do not attend such part of a meeting of the Board of Directors which involves consideration of an agenda item relating to their personal matters.

## Ownership Composition

Particulars	No of Shares		Percentages (%)	
	31 Dec'16	31 Dec'15	31 Dec'16	31 Dec'15
Directors & Sponsors	305,765,272	381,461,570	49.79%	62.12%
Financial Institutions	69,596,135	68,231,096	11.33%	11.11%
Foreign Investors	-	437,375	-	0.07%
Non-resident Bangladeshi	-	-	-	-
General Public	238,757,979	163,989,345	38.88%	26.70%
<b>Total</b>	<b>614,119,386</b>	<b>614,119,386</b>	<b>100.00</b>	<b>100.00</b>

## Directors' Shareholding Status

In compliance with BSEC Notifications dated 22 November 2011 and dated 07 December 2011, all the eligible directors (other than independent directors) of JBL have been holding required percentage of shares individually (minimum 2%) as well as jointly (minimum 30%)

Name of the Directors	Status	Share holding position as on 31.12.2016	% of Total Share
Mr. Gazi Golam Murtoza	Chairman	15,659,388	2.55
Engr. A. K. M. Mosharraf Hussain	Director	12,282,385	2.00
Engr. Md. Atiqur Rahman	Director	23,720,549	3.86
Mr. Golam Dastagir Gazi, Bir Protik	Director	12,283,590	2.00
Mr. Fazlur Rahman	Director	12,283,138	2.00
Al-Haj Nur Mohammed	Director	18,147,679	2.96
Mr. Md. Tajul Islam	Director	13,877,590	2.26
Mr. Sakhawat, Abu Khair Mohammad	Director	12,317,277	2.01
Mr. Md. Belal Hossain	Director	12,283,590	2.00
Mr. Md. Mahmudul Hoque	Director	12,287,256	2.00
Mr. Shaheen Mahmud	Director	29,106,763	4.74
Mr. Md. Sirajul Islam Varosha	Director	12,282,655	2.00
Mr. Kanutosh Majumder	Director	12,314,456	2.01
Mr. Md. Ismail Hossain Siraji	Director	12,282,729	2.00
Mrs. Tasmin Mahmud	Director	30,869,438	5.00
Mr. Md. Hasan	Director	30,705,911	5.00
Mr. Redwan-ul Karim Ansari	Director	12,855,307	2.09
Mr. Narayan Chandra Saha	Independent Director	-	-
Mr. Chowdhury Mohammad Mohsin	Independent Director	-	-
Mr. Md. Rafiqul Islam	Independent Director	-	-

## Shareholding of CEO, CS, CFO, Head of ICC and top 5 Salaried Executives

Name	Designation	No. of Shares (JBL) held
Mr. Shafiqul Alam	Managing Director	-
Mr. Mirza Elias Uddin Ahmed	Additional Managing Director	-
Mr. A. K. M. Saifuddin Ahamed	Deputy Managing Director	-
Muhammad Shahidul Islam	Head of Business	-
Md. Badiul Alam	SEVP	-
Md. Mofazzal Hossain	SEVP	-
Mr. Ashim Kumer Biswas	Chief Financial Officer	-
Mr. Md. Ebtadul Islam	Head of ICC	-
Mr. M.A.Rouf	Company Secretary	-

## Roles and Responsibilities of Managing Director & CEO, CFO, Head of ICC and CS

The Bank appointed a Managing Director & CEO, a Chief Financial Officer, a Head of Internal Control & Compliance and a Company Secretary as per the policy of the bank and other regulatory laws and regulations. They are well conversant in the field of financial, regulatory and corporate laws to carry out their assigned responsibilities. The Board of Directors of JBL clearly defined and approved the respective roles, responsibilities and duties of Managing Director & CEO, Chief Financial Officer (CFO), Company Secretary and Internal Control & Compliance (ICC).

To set out the following responsibilities of Managing Director & CEO, BRPD Circular Letter No.18 dated 27 October 2013 issued by Bangladesh Bank and Corporate Governance Notification issued by BSEC on 07 August 2012 has been taken into consideration:

- In terms of the financial, business and administrative authorities vested upon him by the Board of Directors, the CEO shall discharge his own responsibilities. He shall remain accountable for achievement of financial and other business targets by means of business plan, efficient implementation thereof and prudent administrative and financial management.
- The CEO shall ensure compliance of the Bank Company Act 1991 and other relevant laws and regulations in discharging routine functions of the bank.
- The CEO shall include clearly any violation from Bank Company Act 1991 and/or other relevant laws and regulations in the "Memo" presented to the meeting of the BoD or any other Committee(s) engaged by the BoD.
- The CEO shall report to Bangladesh Bank of issues in violation of the bank Company Act 1991 or of other laws/regulations.
- The recruitment and promotion of all staffs of the bank except those in the two tiers below him shall rest on the CEO. He shall act in such cases in accordance with the approved service rules on the basis of the human resources policy and approved delegation of employees as approved by the Board of Directors.

- Transfer, posting and disciplinary measures against the staff, except those at two tiers below the CEO, shall rest on him, which he shall apply in accordance with the approved service rules. Besides under the purview of the human resources policy as approved by the Board of Directors, he shall nominate officers for training and other related issues.

## Independence of Non-Executive Directors

All of the Directors of Jamuna Bank Ltd. are Non-Executive Directors and they are enjoying full freedom to carry out their coveted responsibilities. They attend Board meeting regularly and participate in the deliberation and discussions effectively. They actively involve in the matter of formulation of general strategies of the Bank. But they do not participate in or interfere into the administrative or operational or routine affairs of the Bank.

## Independence of Chairmen of Board's Committees

Chairmen of the committees of the Board of Directors are enjoying full freedom to carry out their responsibilities.

## Annual Appraisal of the Board's Performance

Shareholders are evaluating the performance of the Board at AGM through evaluation of financial position and performance of the bank, its adequacy and effectiveness of internal control system and overall governance mechanisms. The shareholders also ask questions and make queries to the BoD during AGM and the Chairman of BoD gives a patient hearing and responds to all their queries.

In JBL, the Board approves business target at the beginning of each year and monitors the status of the same periodically to ensure achievement of the target. The Board's performance is greatly dependent on the achievement (under or over) of business target. Besides, the performance reports of supporting committees of the Board are also placed in the Board meeting through which the performances of the Board members are regularly assessed.

## Annual Evaluation of the MD & CEO by the Board

The roles, responsibilities and duties of Managing Director & CEO of JBL has clearly defined and approved by the Board of Directors. BoD also makes annual evaluation of MD & CEO through various reports like financial position and performance report of the Bank, knowing update of various assignments given by the Board to the CEO and the Management from time to time and doing variance analysis of Budget with Actual result and steps taken by CEO to achieve the Budgeted target. Among the financial parameters, NPL ratio, Growth of Loan & Deposit, Cost to Income Ratio, Loans write off and its recovery, Capital Adequacy Ratio, Credit to Deposit Ratio etc. are the common ones.

During 2016, the Board reviewed the overall business performance of the Bank and observed with satisfaction that there is significant growth in terms of profitability, deposit growth, growth of quality Loans & Advances, foreign remittances and decrease of problematic Loans & Advances. The Board felt that despite adverse global economic situation the Bank has been able to earn Operating Profit Target by 88.91% for the year 2016 having a growth of 16.54% over the previous year's achievement. The Board also observed that during 2016, the growth of Deposit, Loans & Advances, Import business, Export Business, Guarantee Business and Foreign Remittance were 19.10%, 34.21%, 24.45%, 10.79%, 26.74% and 2.59% respectively compared to previous year.

## Policy on Induction of Directors

The policy on training of Directors includes providing information on the latest update related to banking business such as relevant laws, policy guideline, circulars, notifications, directives, rules and regulations issued by the regulatory authorities; so that they could effectively discharge the responsibilities as a Director of the Bank. They also participate in the programs and seminars organized by various professional bodies at home and abroad on business, economic, technical, professional and corporate governance issues.

## Written code of conduct for Directors & Senior Management

Jamuna Bank Limited has written Code of Conduct for the members of the Board of Directors as well as Employees of the Bank. The Board of Directors complies with all applicable Laws and Regulations of the land and Memorandum & Articles of Association of the Bank.

## Board Committees and their Responsibilities

To ensure good governance i.e. corporate governance in bank management, Bangladesh Bank issued a circular (BRPD circular no.11 dated 27 October 2013) restricting banks to form more than three committees or sub-committees of the Board.

To ensure proper accountability and transparency through due diligence, JBL has three Board committees namely Executive Committee, Audit Committee and Risk Management Committee mainly to oversee and direct the operations, performance and strategic directions of the bank.

## Executive Committee

**Objective:** To assist the Board, Executive Committee forms 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.

**Composition:** In compliance with BRPD Circular No.11 dated 27 October 2013, the Board of Directors of JBL constituted the Executive Committee (EC) of the Board with 7 (seven) members. 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. None of them are the members of Audit Committee of the Board. The Chairman of Executive Committee has been selected from the members of the said Committee for a period of two months. The Company Secretary acts as the secretary of the committee.



## Roles and Responsibilities of the 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.

**Meetings of the Executive Committee:** Total 37 (Thirty seven) numbers of meetings of Executive Committee have been held during 01.01.2016 to 31.12.2016. Details of member of Executive Committee along with their terms/duration are as follows:



476<sup>th</sup> Meeting of the Executive Committee of the Board of Directors held on 29.11.2016

## The Executive Committee of the Board of Directors for the period 01.01.2016 to 31.05.2016

Sl.	Name	Status	Remarks
01.	Al-Haj Nur Mohammed, Director	Chairman	12 no. meetings held during the period
02.	Mr. Gazi Golam Murtoza, Director	Member	
03.	Engr. Md. Atiqur Rahman, Director	Member	
04.	Mr. Fazlur Rahman, Director	Member	
05.	Mr. Md. Mahmudul Hoque, Director	Member	
06.	Mr. Shaheen Mahmud, Director	Member	
07.	Mr. Md. Sirajul Islam Varosha, Director	Member	

## The Executive Committee of the Board of Directors for the period 01.06.2016 to 30.11.2016

Sl.	Name	Status	Remarks
01.	Al-Haj Nur Mohammed, Director	Chairman	22 no. meetings held during the period
02.	Mr. Gazi Golam Murtoza, Chairman (BOD)	Member	
03.	Engr. Md. Atiqur Rahman, Director	Member	
04.	Mr. Md. Tajul Islam, Director	Member	
05.	Mr. Kanutosh Majumder, Director	Member	
06.	Mr. Shaheen Mahmud, Director	Member	
07.	Mr. Md. Ismail Hossain Siraji, Director	Member	

## The Executive Committee of the Board of Directors for the period 01.12.2016 to 31.12.2016

Sl.	Name	Status	Remarks
01.	Mr. Kanutosh Majumder, Director	Chairman	3 no. meetings held during the period
02.	Mr. Gazi Golam Murtoza, Chairman (BOD)	Member	
03.	Engr. Md. Atiqur Rahman, Director	Member	
04.	Al-Haj Nur Mohammed, Director	Member	
05.	Mr. Md. Tajul Islam, Director	Member	
06.	Mr. Shaheen Mahmud, Director	Member	
07.	Mr. Md. Ismail Hossain Siraji, Director	Member	

## Audit Committee

**Composition:** In compliance with Section 15Kha(2) of the Bank Companies Act 1991 (amended up to 2013), BRPD Circular No.11 dated 27 October 2013 and BSEC's Corporate Governance Guidelines dated 07 August 2012 the Board of Directors of JBL constituted the Audit Committee (AC) of the Board with 5 (five) members including 2 (Two) Independent Directors.

**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.

### Meeting of Audit Committee and Attendance:

The committee is entitled to conduct at least four meetings in a year and call meeting at any time as per requirement. Total 12 (Twelve) numbers of meetings of Audit Committee have been held during 01.01.2016 to 31.12.2016. Details of member of Audit Committee along with their terms/duration are:



### Audit Committee of the Board of Directors held from the period 01.01.2016 to 31.05.2016

Sl.	Name	Status	Remarks
01.	Mr. Md. Rafiqul Islam, Independent Director	Chairman	5 no. meetings held during the period
02.	Mr. Md. Belal Hossain, Director	Member	
03.	Mr. Kanutosh Majumder, Director	Member	
04.	Mr. Md. Hasan, Director	Member	
05.	Mr. Narayan Chandra Saha, Independent Director	Member	

### The Audit Committee of the Board of Directors held from the period 01.06.2016 to 30.11.2016

Sl.	Name	Status	Remarks
01.	Mr. Narayan Chandra Saha, Independent Director	Chairman	6 no. meetings held during the period
02.	Mr. Md. Belal Hossain, Director	Member	
03.	Mr. Md. Hasan, Director	Member	
04.	Mr. Redwan-ul Karim Ansari, Director	Member	
05.	Mr. Md. Rafiqul Islam, Independent Director	Member	

### The Audit Committee of the Board of Directors held from the period 01.12.2016 to 31.12.2016.

Sl.	Name	Status	Remarks
01.	Mr. Md. Rafiqul Islam, Independent Director	Chairman	1 no. meeting held during the period
02.	Mr. Md. Belal Hossain, Director	Member	
03.	Mr. Md. Hasan, Director	Member	
04.	Mr. Redwan-ul Karim Ansari, Director	Member	
05.	Mr. Narayan Chandra Saha, Independent Director	Member	

**Chairman of the AC:** The Chairman of the AC is an Independent Director who performs his duties with full freedom.

**Qualification of Members of AC:**

All members of the Audit Committee are financially literate and three members have post-graduation degree in Accounting and Economics respectively. Moreover, all members of the AC have reasonable knowledge on banking business, its operations, and risks involved in it.

**Financial expert in the AC:**

Among the AC members **Mr. Md. Hasan, Director** obtained BBA from Charles Strut University in Australia. Mr. Hasan is one of the Directors of renowned business house City Group founded by his father, Mr. Fazlur Rahman, a prominent business personality in Bangladesh. Mr. Hasan, upon his return from abroad, keeps himself engaged as one of the Directors of those business enterprises that City Group has conglomerated for last 42 years, By dint of his endeavour Mr. Md. Hasan has, by now, assumed very significant role in the field of Finance and Banking as well as Corporate affairs of City Group.

**Mr. Redwan-ul Karim Ansari** is an innovation driven entrepreneur with a diversified portfolio. He is the youngest son of Late Mr. Rezaul Karim Ansari, ex-chairman and director, Jamuna Bank Ltd. Born in November 30, 1985, Mr Redwan-ul Karim Ansari has had more than 10 years of experience in a variety of domains such as commercial, company and competition law, risk management, process flow management and design, optimization and financial Information Technology and alternative distribution channel exploration for banks.

Mr Ansari obtained Bachelor of Law in Commercial Law from Westminster University, London in 2008-09. He completed his LLM in International Competition Law from City University of London in 2009-10. In 2010-11, He received his tutelage from the City University and was called to the bar at Lincoln's Inn.

**Mr. Md. Belal Hossain** is one of the noted businessman and industrialist of the country. Through his expertise, he established a giant importing house along with a numbers of small and large food grain industry. He is the Managing Director of Belcon Company Pvt. Ltd., BH Hitech Food Ind. Pvt. Ltd., Nadia Food & Agro Industries Pvt. Ltd. , B.H. Specialised Cold Storage Pvt. Ltd. and B.H. Premium Flowers Mills Pvt. Ltd. He is an executive member of (A) Naogaon Chamber of Commerce & Industry, (B) Importers Association, Hilly, Dinajpur (C) Importers Association, Sonamasjid,

Chapai Nawabgonj and member of Dhaka New DOHS Council.

He has been awarded by the President of the Govt. of Bangladesh as "ADGP Fellow Membership" of Atish Dipankar Gobeshona Porishad in 2004 and as "Best Agro based industrial Entrepreneur " of FNS Business Award 2005.

He is a life time member of (A) Naogaon Zilla Krira Sangstha, Naogaon (B) Tennis Club, Naogaon (C) Bangladesh Red Crescent Society, Naogaon (D) Bangladesh Diabetic Sommittee, Naogaon Branch, Naogaon and (E) Naogaon Sunrise Club, Naogaon. He is an executive member of Naogaon Tennis Club, Rice Merchant Association, Naogaon and Chief Advisor of Bangladesh Auto Major and Husking Mills owner's Association, Dhaka.

**Mr. Narayan Chandra Saha, Independent Director** passed M. Com. with major in Accounting from Dhaka University in 1968. He started his career as Lecturer in 1968 and was elevated to the position of Head of the Department of Commerce in 1973. Mr Saha joined Government Service in early 1974 and worked in different Ministries/Divisions in different capacities and retired as a joint Chief/Joint Secretary to the Govt. in 2001. His last posting was in Bangladesh Tariff Commission under Ministry of Commerce where he used to deal with bilateral and multilateral Trade Agreements, Trade & Industrial Policy Analysis, Tariff Policy, Tariff Structure, Sectoral/Sub-sectoral Studies, Review of Tax Policy with special emphasis on Custom Duty, VAT, Supplementary Duty, Tariff Value etc.

**Mr. Md. Rafiqul Islam, Independent Director** passed M. A (Economics) in 1970 from University of Chittagong. He started his career in the year 1974 in Bangladesh Civil Service (Administration). He was a Secretary to the Government of People's Republic of Bangladesh in the Ministry of Shipping in February 2005. He was engaged to formulate the policies for development, monitoring and implementation of inland water transportation systems. He was Secretary in-charge in Ministry of Primary and Mass Education.

**Roles and Responsibilities of the Audit Committee:**

- Internal Control:
  - ▶ 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;

- ▶ Review management's actions in building computerization of the bank and its applications and bank's Management Information System (MIS);
- ▶ Consider whether internal control strategies recommended by internal and external auditors have been implemented by the management;
- ▶ 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.
- Financial Reporting:
  - ▶ 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;
  - ▶ Discuss with management and the external auditors to review the financial statements before its finalization.
- Internal Audit:
  - ▶ Audit committee will monitor whether internal audit working independently from the management.
  - ▶ Review the activities of the internal audit and the organizational structure and ensure that no unjustified restriction or limitation hinders the internal audit process;
  - ▶ Examine the efficiency and effectiveness of internal audit function;
  - ▶ Examine whether the findings and recommendations made by the internal auditors are duly considered by the management or not.
- External Audit:
  - ▶ Review the performance of the external auditors and their audit reports;
  - ▶ Examine whether the findings and recommendations made by the external auditors are duly considered by the management or not.
- ▶ Make recommendations to the board regarding the appointment of the external auditors.
- 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.
- Other Responsibilities:
  - ▶ 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;
  - ▶ External and internal auditors will submit their related assessment report, if the committee solicit;
  - ▶ Perform other oversight functions as desired by the Board of Directors and evaluate the committee's own performance on a regular basis.

#### 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 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 reports on its activities to the Board of Directors time to time by ratifying Minutes to the Board on a regular basis. 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.

#### Reporting of Internal Auditor to the Audit Committee

Internal Control & Compliance Division has 03 units- (i) Audit & Inspection Department, (ii) Monitoring

Department and (iii) Compliance Department who are performing the following activities:

- Conducting comprehensive/surprise/special audit & inspection on branches and divisions/units of Head Office.
- Monitoring and reviewing the operational performance of various branches through examination of Quarterly Operations Report (QOR), Loan Documentation Checklist (LDC), Departmental Control Function Checklist (DCFCL), etc. as part of risk management.
- Collecting compliance of the inspection/audit reports & complying regulatory requirements including directives of Bangladesh Bank, National Board of Revenue (NBR), Bangladesh Securities & Exchange Commission (BSEC), Registrar of Joint Stock Companies & Firms (RJSC), Ministry of Finance, etc.

Head of ICCD is submitting the internal comprehensive inspection reports on branches, internal comprehensive report showing nature of irregularities/lapses (RED, ORANGE, YELLOW), Bangladesh Bank comprehensive inspection report on branches to the Audit Committee on a regular basis. Moreover, ICCD is submitting the Quarterly and Annual Summary Reports of irregularities detected during audit/inspection to the AC.

#### **Presence of the Chairman of the AC at the AGM:**

The Chairman of the Audit Committee is attending at the Annual General Meeting of the Bank regularly.

## **Risk Management Committee**

#### **Composition:**

In compliance with Section 15 Kha (3) of the Bank Companies Act 1991 (amended up to 2013), BRPD Circular No. 11 dated 27 October 2013 the Board of Directors of JBL constituted the Risk Management Committee with 5 (five) members.

#### **Objective:**

- 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,
- 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.

#### **Meeting of the RMC**

The committee is entitled to conduct at least four meetings in a year and call meeting at any time as per requirement. The committee may call the CEO, Head of RMD or any executive to attend the committee meeting. The RMC of JBL held 4(Four) meetings during 2016 having detailed discussions and review session with the Head of RMD regarding their findings, observations and recommendations on issue of bank affairs that need improvement.

### **The Risk Management Committee of the Board of Directors for the period 01.01.2016 to 31.05.2016**

Sl.	Name	Status	Remarks
01.	Engr. A. K. M. Mosharraf Hussain, Director	Chairman	1 no. meeting held during the period
02.	Mr. Golam Dastagir Gazi, Bir Protik, Director	Member	
03.	Mr. Md. Tajul Islam, Director	Member	
04.	Mr. Sakhawat, Abu Khair Mohammad, Director	Member	
05.	Mrs. Tasmin Mahmud, Director	Member	

## Nos. of Meeting of the Risk Management Committee of the Board of Directors held from the period 01.06.2016 to 30.11.2016

Sl.	Name	Status	Remarks
01.	Engr. A. K. M. Mosharraf Hussain, Director	Chairman	2 no. meeting held during the period
02.	Mr. Sakhawat, Abu Khair Mohammad, Director	Member	
03.	Mr. Md. Mahmudul Hoque, Director	Member	
04.	Mr. Md. Sirajul Islam Varosha, Director	Member	
05.	Mrs. Tasmin Mahmud, Director	Member	

## Meeting of the Risk Management Committee of the Board of Directors held on 01.12.2016 to 31.12.2016.

Sl.	Name	Status	Remarks
01.	Mr. Md. Sirajul Islam Varosha, Director	Chairman	1 no. meeting held during the period
02.	Engr. A. K. M. Mosharraf Hussain, Director	Member	
03.	Mr. Sakhawat, Abu Khair Mohammad, Director	Member	
04.	Mr. Md. Mahmudul Hoque, Director	Member	
05.	Mrs. Tasmin Mahmud, Director	Member	

## 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) Others

## Benefits provided to Directors and Managing Directors

Chairman of the Board of Directors and Directors of the Bank are enjoying benefits as per provision of BRPD Circular No.11, dated: 27 October, 2013 and BRPD Circular Letter No. 11, dated 04 October, 2015 issued by Bangladesh Bank.

The Managing Director is enjoying salary & allowances and other facilities according to his service contract duly approved by Bangladesh Bank.

## Appointment of External Auditors

The shareholders of the Bank in its 15th AGM held on 30<sup>th</sup> May 2016 appointed Shafiq Basak & Co., Chartered Accountants of Sharaqa Mac-2C (1st Floor), 3/1 & 3/2, Bijoy Nagar, Motijheel, Dhaka as External Auditor of the Bank for the year 2016 .

## Services not involved by External Auditor

As per instruction of Corporate Governance Guidelines of BSEC, the statutory auditor is not involved in the following services of the Bank:

- Appraisal or valuation services or fairness opinions.
- Financial information systems design and implementation.
- Book-keeping or other services related to the accounting records or financial statements.
- Broker-dealer services.
- Actuarial services.
- Internal audit services.
- Any other service that the Audit Committee determines.
- 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.

## Related Party Transactions

As of 31 December 2016, the Bank had funded exposures with its subsidiaries, to some current and ex-directors and credit card limit to some of its Directors. Besides, the Bank had procured some goods from the entities of related party (ies) during 2016. The details information regarding Related party transactions is presented in the Financial Statements.

## Ethics and Compliance

Jamuna Bank Limited has written Code of Conduct for the members of the Board of Directors as well as Employees of the Bank. The Board of Directors

complies with all applicable Laws and Regulations of the land and Memorandum & Articles of Association of the Bank.

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.

## Human Capital

Jamuna Bank Limited regards its employees as Human Capital in the sense that our people suffix the added value to organization in respect of both skill value and economic value. It is our people who are the differentiator for the organization and absolute basis for competitive advantage.

JBL feels, without creating core competencies, no organization can leapfrog than that of the competitors and it is the caliber including their knowledge and skills can only create core competencies of the organization for reaping the cutting edge.

To this effect, JBL constantly sharpen its people's knowledge and skills through continuous training and development and acquire employees embodying a set of skills which ultimately generates a stock of productive capital for our organization. We simply link between the HR practices and business performance in terms of assets.

In this backdrop, JBL polarizes the investment cost i.e. acquiring cost, training & development cost and other cost expended for the individuals from plausible outcome which is generated from the employees' concerted efforts and consequently surfaces per employee cost and income.

To conclude, our core brand has always been our employees, appreciated for their passion to perform. For us, employees are the best brand. We do not offer our employees a job, we offer them a career. We

strongly believe that employees are required to work in a team to run a system smoothly and efficiently. Our efficient work force acted as the fundamental pillar to elevate the Bank at today's height of success and beyond. We are always concerned with upgrading our entire workforce to the next level of skill and efficiency through internal & external training and it is a continuous process. In line with its expansion plans, Jamuna Bank plans to acquire talents from the market to meet the customers' ever-increasing demand and to support the ever changing business scenario.

The details discussion on the bank's "Human Resources Division" has been presented in **page 224-232** of this annual report.

## Communication to Shareholders & Stakeholders

To make effective communication to the shareholders and other stakeholders of the bank, the Share Division under the Board Secretariat is playing a vital role. They are providing various services to the shareholders and other stakeholders of the bank i.e. to allow or rejection transfer or transmission of shares, Share transfer/ Buy/Sell/Gift of Shares for the Sponsors/Directors as per prevailing rules/regulations, allotment of shares issued from time to time, issue of duplicate certificates, payment of dividend, De-materialization/ Re-materialization of shares, Distribution of Annual Report, issue and dispatch of MICR Dividend/ Fractional Dividend Warrants, To issue Shareholding Certificate to the Directors/ Shareholders, to allow or rejection Pledge/Un-pledge/Confiscation of shares.

As per provision of regulation 44(2) (i) of the Dhaka and Chittagong Stock Exchange (Listing) Regulation, we have published the Contact number (Fax, e-mail & telephone) of the officials of

Investors' Relation Department of our Bank through which the honorable shareholders and other stakeholders can communicate with us.

## Environmental and Social Obligations

### Environmental obligations

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' or in other word 'Sustainable Banking' is a major issue worldwide now. Awareness about the development

of sustainable/green financial regulations has been increasing rapidly. Through protecting or preserving environment, such financial inclusion in sustainable measures result onto special jobs, economic uplift and creates a long-lasting positive impact in a country's economy. Jamuna Bank Limited has already stepped in different arena for implementation of "Sustainable Development Goals". as per following:

- JBL has formulated Environmental Risk Management Policy to understand and manage risks arising from environmental concerns.
- JBL has taken initiatives to create a climate change risk - fund for financing in different areas after assessing the risks involved. The said fund will be a part of the bank's CSR expenses.
- JBL has given preferences for financing in eco-friendly business activities and energy efficient industries like Effluent Treatment Plant, renewable energy project, clean water supply, waste management plan, solid & hazardous disposal plant, bio gas plant, bio-fertilized etc. The Bank has financed in Hybrid Hoffman Kiln (HHK) technology, solar panel etc.
- The Bank has started to set up energy efficient bulbs in the newly established/existing Branches. Different divisions of the Bank are disseminating operational guidelines, circulars and Management decisions as well as collecting statements through email reducing use of paper.
- We maintain negative list of sectors (adversely impacting the environment) in the credit policy as best practice,
- For setting up of Branches, Bank is emphasizing on use of renewable energy (e.g. solar), use of energy saving bulbs and other equipment, reduced water and electricity use, use of recycled water etc. Already 22 branches are powered partially by Solar energy.

We have introduced and practicing Green Tips to manage better In-House Environment. Some of the practices are as below:

- Preparation & maintenance of inventory of the consumption of water, paper, electricity, energy etc. in offices and branches in different places.
- Saving electricity and reduce water and paper consumption.
- In place of relying on printed documents, online communication is extensively used (where possible) for office management.



- Installing energy efficient electronic equipment's and automatic shutdown of computers, -fans, lights, air coolers etc.
- Use of energy saving LED Bulb as much as possible.
- Printing on reusable sheets.
- Printing multiple pages on single sheets of paper.
- Setting defaults to print double -sided and print on both sides
- Printing only the pages required.
- Use email statements, we save an enormous amount of paper.
- Low use of cheque book or paying-in book (withdrawal & payment through Card)
- Switching off the ACs after 7 pm (or earlier specially when not required), and maintaining the temperature of the AC over 22 Degree Celsius ;
- Switching off the lights of the common are after banking hour.
- Switching off the computer / printer, when not in use, and air coolers inside ATM Booths every night from 12:00 midnight to 6:00 a.m. etc.
- Putting a restrain and ensure judicious consumption of water, fuel and energy.

The details discussion on the "Sustainable Finance" has been presented in **page 183-185** of this annual report.

## Social Obligation

Jamuna Bank earned mentionable applause in playing important role in the field of Corporate Social Responsibilities with the object to contributing for the cause of destitute/underprivileged segment of the society and for socio-economic development of the country. The onerous task of fulfilling commitment to the society is commendably undertaken by Jamuna Bank Foundation since inception in the year 2007. The Bank made provision for Jamuna Bank Foundation at 3.00% on pretax profit of Jamuna Bank Limited.

Jamuna Bank Foundation has been playing pioneer role in the CSR activities since its inception in the year-2007. Among all the CSR activities done by Jamuna Bank Foundation, scholarship is given to the poor and meritorious students for higher study, voluntary blood donation by the bank's executive, Officer and Staff in every year, Qirat Competition,



*Al-Haj Nur Mohammed, Chairman, Jamuna Bank Foundation, handed over a cheque for TK. 1.00 Crore only to the hon'ble Prime Minister Sheikh Hasina. Mr. Golam Dastagir Gazi, Bir Protik, MP and Mr. Md. Tazul Islam, MP, Directors, Jamuna Bank Limited, were also present at the ceremony.*

Free medical camp (free Eye Camp, Diabetes, Gynae and General treatment services with providing medicine), Providing relief assistance to the affected and distressed people for the cause of natural calamity, Distribution of Blanket to the poor people to get rid of cool from winter, Seminar on Anti-drug and drug free society (June 26), arrangement of seminar in every year for establishment of drug-free society by the participation of Executive, Officer & Staff of the bank, establishment of cure center in Mirpur area of Dhaka City for the drug addicted people, distribution of grant to the Prime Minister Relief fund for help of peel khana BDR killing/carnage tragedy, grant to the Prime Minister's Relief fund for the burnt people at Nimtoly, Grant for the establishment of Liberation War Museum, establishment of Jamuna Bank free primary School & Madarsa, Providing medical services through medical team to the musallis of religious minded in the Biswa Iztema at Tongi, establishment of Sewing machine training centers, organizing Art Competition on the occasion of Victory Day, providing financial assistance to Sk. Jamal Dhanmondi Club Ltd. for development of sports, Financial assistance to 11th SA Games, etc. Besides, arrangement of plastic surgery by the foreign (Netherland) expert specialist medical team to the poor patient having cleft Lip and cleft Palate in different districts of the country. Establishment of model village at Sena Para remote area under Thakugaon district by Jamuna Bank Foundation as a part of Corporate Social Responsibilities.

Jamuna Bank Foundation has started the construction works of Old home at Mekail Nagar, Keranigonj. A local business man AL-Haj Zulhash donated 10 bigha land for establishing this Old home. In this regard a master plan was also approved by the Foundation to establish a 10(ten) storied building to accommodate

people having no place in the earth to stay. Here old aged people but poor will be able to stay free of cost, option is there for middle income and high income class may stay with minimum cost.

Construction of Jamuna Bank Complex at Chand Uddayan, Mohammadpur in 10.00 katha land is going on. At present, a 6-storied (having foundation of 8-storied) is being constructed in this land. After completion of the construction works the activities of Jamuna Bank Foundation i.e. Free Primary School, Sewing machine training center, Vocational Training Center and Free Medical Center etc. will be operated in this building.

Jamuna Bank Institute of Information, Communication & Technology" (JBIICT) an initiative of Jamuna Bank Foundation was inaugurated at National Plaza, 109, Bir Uttam CR Datta Road, Sonargaon Road, Dhaka. JBIICT will give free ICT training to poor but meritorious students.

Besides, establishment of solar village at char Tertakia, P.S. Pakundia under Kishoregonj district by Jamuna Bank Foundation. Char Tertakia is the remote char area where no electricity is available, many poor & meritorious students of the village could not study well due to cost of kerosene oil etc. We have arranged Solar light for every family in this village. Henceforth, the students of that village can study at night by using solar light, the villagers can perform all works of the night continuously and without any hindrance/barrier.

Land is purchased for laid down of foundation Stone for establishment of world standard Medical College at Rupshi, Rupgonj near Dhaka, where medical services will be provided at free of cost/less cost for the poor patient and also arrangement of medical study for the poor meritorious students.

Jamuna Bank Foundation introduces "Disable Marriage Scheme" to support the disable poor people, "Bidhoba Boyosko Bhata" for those old widow women who are not getting benefit from the Government and also providing support to the disabled people for their treatment through "Disable Rehabilitates scheme".

Besides, Sewing Machine, Van, Rickshaw etc. will be provided by the foundation to persons with disabilities and liberation fighters so that they can make income from these equipments. Jamuna Bank Dialysis center will be established at Shantinagar, Dhaka very soon. The foundation has started works for establishing Jeley(fishermen) Palli at Amua, Khathalia, Jalakathi. The foundation has also more generous plans. It will materialize these plans gradually by increasing financial capabilities

The details discussion on the "Corporate Social Responsibility" has been presented in **page 187-207** of this annual report.

## Particulars of Whistle blower Policy

The Internal Control & Compliance Division (ICCD) of the Bank engaged in examination of whether any fraud-forgery or irregularities is going on in the Bank. The ICCD also conducts special audit or investigations as instructed by the Board or Audit Committee of the Bank. The ICCD are submitting reports to Audit Committee regarding their finding on different issues at a regular basis.

## Periodic reminders to shareholding who have not enchased their dividend

To acknowledge our valuable shareholders, we are publishing Notice of AGM (mentioning dividend, record date etc.) in two different National Dailies. Besides, Price Sensitive Information is also published in the two different national dailies and one on-line news portal to acknowledge our shareholders regarding decision of the Board in this regard.

Shareholders of the Bank in their 15<sup>th</sup> AGM held on May 30, 2016 approved 19.5% Cash Dividend for the year 2015 which was subsequently credited to the respective Bank Account of the shareholders through Bangladesh Electronic Funds Transfer Network (BEFTN).

The shareholders who did not receive dividend through BEFTN due to not updating their information of Bank account with CDBL system, option also provided to collect the same by issuing dividend warrant. In this regard, JBL also issued Dividend Warrant and dispatched the same to the addresses of the respective shareholders as per record. Formal paper add also published in two widely national dailies as per rule.

## Shariah Supervisory Committee

The Shariah Supervisory Committee of the Bank has been participating in different meetings and discussed various issues on Islami Banking activities of the Bank in respect of the Islami Shariah principles & regulations and provides their opinion and necessary directions. The duty of the Shariah Supervisory Committee is to provide independent opinion & necessary guidelines upon observing and reviewing the activities of the Bank and also to conduct Shariah related training for the manpower of the Bank and to make the clients aware of Shariah compliance.

Sl. No.	Name	Status	Educational Qualification
01.	<b>Prof. Mawlana Md. Salahuddin</b> Khatib, Baitul Mukarram, National Mosque, Dhaka	Chairman	M.A. Kamil
02.	<b>Hafez Mawlana Mufti Ruhul Amin</b> Principal, Jamea Islamia Darul Ulum Khademul Islam Gawherdanga Madrasah, Tungipara, Gopalganj.	Member	M.A. (Mufti)
03.	<b>Mawlana Abdur Razzak</b> Principal, Madinatul Ulum Model Institute Boys Kamil Madrasah, Dhaka.	Member	Kamil
04.	<b>Mr. M. Azizul Haque</b> Founder Managing Director of Islami Bank Bangladesh Ltd., Consultant of Islami Banking.	Member	M.A. (Islami Economist)
05.	<b>Hafez Mawlana Prof. Dr. Shahidul Islam Barakati</b> Islami Scholar	Member	Kamil, M.A. and PhD.
06.	<b>Alhaj Mawlana Md. Sadequl Islam</b> Imam and Khatib, Mohakhali DOHS Jame Masjid, Dhaka Cantonment.	Member	Kamil, M.A.
07.	<b>Mr. Shafiqul Alam</b> Managing Director, Jamuna Bank Ltd.	Member (Ex-Officio)	M.Sc.
08.	<b>Mr. M.A. Rouf</b> Company Secretary (CC), Jamuna Bank Ltd.	Member Secretary	MBM

**Total 03 (Three) numbers of meetings of Shariah Supervisory Committee have been held during 01.01.2016 to 31.12.2016. Details of which is illustrated as follows:**

Sl.	Name	Status	Remarks
01.	Professor Mawlana Md. Salahuddin	Chairman	3 no. meeting held during the period
02.	Hafez Mawlana Mufti Ruhul Amin	Member	
03.	Mawlana Abdur Razzak	Member	
04.	Mr. M. Azizul Haque	Member	
05.	Prof. Shahidul Islam Barakati	Member	
06.	Alhaj Mawlana Md. Sadequl Islam	Member	
07.	Mr. Shafiqul Alam (Ex-Officio)	Member	
08.	Mr. M.A. Rouf	Member Secretary	

## 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 36 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 wellbeing of the Bank. To streamline the functions of different divisions / departments of the Bank, the following Committees are actively working in the Bank:

## 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 14(fourteen) senior members of the Management. The Managing Director is the Chairman of MANCOM. The meeting of the MANCOM held every quarter.

### MANCOM consists of:

Name	Designation/Position	Status
Mr. Shafiqul Alam	Managing Director	Chairman
Mr. Mirza Elias Uddin Ahmed	Additional Managing Director	Member
Mr. A.K.M. Saifuddin Ahamed	Deputy Managing Director	Member
Mr. Muhammad Shahidul Islam	Head of Business	Member
Mr. Fazle Quayum	Head of Credit Risk Management Division	Member
Mr. Faisal Ahsan Chowdhury	Head of Corporate Division	Member
Mr. Mamun Mahmud	Head of Human Resources Division	Member
Mr. M.A. Rouf	Company Secretary	Member
Mr. Md. Ebtadul Islam	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

## Asset Liability Committee (ALCO)

Asset Liability Committee consists of the Managing Director, the Additional Managing Director & Deputy Managing Director and strategically important Divisional Heads of Head Office. The Managing Director and in his absence the Additional 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. Mirza Elias Uddin Ahmed	Additional Managing Director	Member
Mr. A.K.M. Saifuddin Ahamed	Deputy Managing Director	Member
Mr. Muhammad Shahidul Islam	Head of Business	Member
Mr. Faisal Ahsan Chowdhury	Executive Vice President	Member
Mr. Ashim Kumer Biswas	Senior Vice President	Member
Mr. Asif Khan	Senior Vice President	Member
Mr. Md. Shah Alam	Vice President	Member
Mr. Mohammad Shamsur Rahman	Vice President	Member Secretary
Mr. Md. Mehedi Hasan	Senior Assistant Vice President	Member
Md. Ashaduzzaman	Assistant Vice President	Member

Details of the duties and responsibilities are as follows:

- 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;
- Ensure there is diversification of funding source and to avoid over dependence on volatile sources of funding;
- Decide on the level of Liquidity Reserves that needs to be maintained in the form of Liquid Assets;
- Ensure Compliance with the Bangladesh Bank liquidity requirements and to periodically review all assumptions made as a consequence of this;
- 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.

### Head Office Credit Review Committee (HOCRC)

The **Head Office Credit Review Committee (HOCRC)** serves as a reviewing body of client's credit application, recommended for approval by the branch/business group. The Committee also recommends credit applications/proposals for approval by the competent approving authorities. In addition, the committee reviews framing/updating of credit policy and recommends for approval by the Board of Directors. The committee also reviews adequacy of credit risk management and loan loss provisioning.

HOCRC consist of Head Office executives from different divisions. The Chairperson of the HOCRC is appointed by the MD/CEO. Presently, it comprise with the following executives:

Sl.	Designation	Status
01.	Additional Managing Director	Chairman
02.	Deputy Managing Director	Member
03.	Head of Business	Member
04.	Head of CRM	Member
05.	Head of Corporate	Member
06.	Head of RMG	Member
07.	Deputy Head of Corporate	Member
08.	Deputy Head of CRM	Member Secretary

The Head of Retail Banking Division and Head of SME Division attend meetings if they have proposals placed in the HOCRC for discussion.

**Meetings:**

The committee has scheduled meetings at least twice in a week, preferably on Monday and Wednesday. Meeting held at the Head Office or at any other place deemed appropriate by the committee. Meeting convened upon a notice of the Chairman or the Secretary of the Committee.

However, depending on requirement to discuss urgent business, the committee may sit on any other day(s) as well with prior permission to the Chair. The Secretary of the committee is, in consultation and approval of the Chairman developing the agenda for each meeting and circulating it to all members of the committee in advance. The Secretary gives notice of committee meetings to committee members and the Chairman.

The Committee may invite any staff member of the Bank to attend meetings to assist its discussion. All meetings preceded by recording the attendance of the members present. Minutes of the previous meeting is confirmed at the beginning of the business session. Committee may, time to time, meet in camera and upon invitation of the committee, a Branch Manager may attend in a camera session.

A committee meeting will not be valid unless a majority of its members are in attendance or represented. For the transaction of business and the meeting to be valid, at least two third of the members of the committee shall need to be present to constitute the quorum. In case of absence of the chairman in any HOCRC meeting, the DMD present chair the meeting.

All credit applications shall need to be agreed unanimously by all members to recommend it to the approving authority. Any observation by any of the members need to be addressed adequately and be acceptable before recommending the proposal for approval.

**Duties and responsibilities:**

1. The committee reviews applications related to loans, guarantees and all other credit applications of Tk.10.00 lac and above forwarded and recommended by the branch/business group and reviewed, recommended by the CRM group. The committee recommend applications found acceptable & suitable for the bank to the approving authorities e.g. the Managing Director, the Executive Committee of the Board of Directors or the Board of Director (as the cases may be).
2. The committee may decline a credit application or defer it with observations for submission in subsequent meeting duly addressing the

observations. On a periodic basis, a list of declined proposals submitted to the Managing Director for information.

3. The Chairman of HOCRC is a signatory to all credit proposals cleared by HOCRC and placed for approval of the competent authority.
4. The committee ensures that all key credit risks are identified and adequately addressed in the credit applications.
5. The committee reviews the credit policy of the bank, provide guidelines to branches & respective Divisions of the Head Office to manage the key credit risks. The reviewed credit policy shall be placed before the Board of Directors for approval.
6. The Chief Risk Officer or the Head of Risk Management will attend all credit committee meetings and report to the committee on the performance of the Bank on the risk measures and limits contained in Risk Appetite Statement.
7. The committee reviews the delegation of authority to the Managing Director and senior management for loans, guarantees, LCs, securitized transactions and all other credit transactions on an annual basis and recommend for approval to the Board.
8. The committee reviews loan classification reports and the loan loss provisions to oversee compliance of regulations and bank's internal policy stipulations and the adequacy of loan loss provisions on a quarterly basis.
9. The committee reviews risk management paper with particular reference to credit risks submitted to the regulators and subsequent feedback, recommendations, received on the paper from the regulators towards implementation of the recommendations and strengthening the credit risk management capability.
10. The committee is, from time to time, review performance of financial inclusion and priority landings as directed and pursued by central bank and assess bank's position in order to suggest measures going forward.
11. The committee assess this terms of reference (ToR) at least once in a year and evaluate its mandate to ensure that the ToR reflect best paractices and are relevant to bank's business and associated risks and shall make recommendations to the Board with respect to any proposed modification.

**Minutes:** Minutes of the committee meetings are recorded and signed by the members attending the meeting and the Secretary.

### **Banks 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:

Sl. No.	Name of Executives	Designation	Status
01.	Mr. Mirza Elias Uddin Ahmed	AMD	Chairman
02.	Mr. A.K.M. Saifuddin Ahamed	DMD	Member
03.	Mr. Md. Ebtadul Islam	Head of ICCD	Member
04.	Mr. Md. Mukhlesur Rahman	EVP	Member
05.	Mr. Faisal Ahsan Chowdhury	EVP	Member
06.	Mr. Fazle Quayum	EVP	Member
07.	Mr. Ahmed Nawaz	SVP	Member
08.	Mr. Ashim Kumer Biswas	SVP	Member
09.	Mr. Md. Shah Alam	VP	Member Secretary
10.	Mr. Abdul Awal Khan	VP	Member
11.	Mr. Mohammad Shamsur Rahman	VP	Member
12.	Mr. Md. Mehedi Hasan	SAVP	Member
13.	Mr. Saleh Kabir Chowdhury	AVP	Member

### **Powers, Duties and Responsibilities**

- Allocation of risk capital and determination of global risk limits. Allocation of capital-at-risk 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;
- Risk Management Policies
- 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;
- Recommendations on appointment of members to the various risk committees for Board's approval;
- 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;
- 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.
- 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);
- Compliance. Enforce compliance with all risk policies and limits allocated by the various risk committees.
- 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.
- 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;
- 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;
- Review and recommend the risk-related delegated authorities for the Bank to the Board for approval;
- Review and recommend investment policies related to investment in equity, debt or other securities, to the Board for approval.

#### Supervisory Review Committee (SRC)

Supervisory Review Committee consists of the following members. 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.

#### Supervisory Review Committee consists of:

Sl. No.	Particulars of Members	Status
01.	Managing Director	Chairman
02.	Additional Managing Director	Member
03.	Deputy Managing Director	Member
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 Secretary
11.	Head of Law & Recovery Division	Member
12.	Head of International Division	Member
13.	Head of Treasury Division	Member

Supervisory Review Committee (SRC) is performing the following factors:

- Review the nature and level of risk being taken by the bank and how this risk relates to adequate capital levels.
- Liable for ensuring that the formality and sophistication of the risk management processes are appropriate in light of the risk profile and business plan.
- Analyze bank's current and future capital requirements in relation to its strategic objectives
- Adopt strategic planning process for bank's capital needs, anticipated capital expenditures, desirable capital level, and external capital sources.
- The Board and senior management reviews the capital planning to achieve its desired strategic objectives.
- Responsible for setting the bank's tolerance for risks, establishes a framework for assessing the various risks.
- 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, 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:

- Providing preliminary advice and recommendations pertaining to legal, regulatory, and governance issues and practices related to the Board.
- 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.
- Ensuring that corporate information disclosures to regulatory agencies are in accordance with laws and regulations.
- Communicating with shareholders.
- Maintaining the register of directors, shareholders, reports of Board meetings, stakeholders' reports and meeting notices
- Ensuring compliance with other rules and procedures as required by relevant laws and regulations.
- Ensure of payment of dividend/fractional dividend/refund warrant to the respective accounts as per instructions.
- 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 require. Duties of the CFO include the following, ensuring compliance with the applicable laws and regulations and Corporate Governance Notification:

- 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.
- Oversee all accounting practices 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.

- Prepare and manage Employees' Provident Fund, Gratuity Fund, Social Security Fund
- Serve as one of the trustees and oversee administration and financial reporting of the organization's Savings and Retirement Plan.
- Assist in the design, implementation, and timely calculations of incentives, festival bonus and salaries for the employees.
- Supervises investment and raising of funds for business.
- Working as a joint custodian of cash to meet up day-to-day expenses.
- 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. Ebtadul Islam, Executive Vice President, an experienced central banker (Rtd.) has been appointed as the Head of Internal Control & Compliance Division (ICCD) in compliance with 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 arranges to conduct comprehensive/special/surprise inspections to examine whether the internal controls assigned for different branches and divisions of the bank working effectively with a view to reducing risks and achieving bank's 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 to examine whether they are conducting day to day business transactions as per set policies.

As part of their off-site supervision activities, Monitoring Department reviews Departmental Control Function Checklist (DCFCL), Quarterly Operations Report (QORs), Loan Documentation Checklists (LDCs), etc. as submitted by the branches.

Compliance Department ensures full compliance of the recommendations/suggestions as made in the

internal comprehensive inspections and Bangladesh Bank inspection reports. It further complies with 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.

## Bangladesh Bank Guidelines for Corporate Governance: Our Compliance Status

Bangladesh Bank (BB) issued three circulars in 2013 covering three following areas as follows to ensure

good governance i.e. corporate governance in bank management,:

1. **BRPD Circular No.11 dated 27 October 2013:** Formation & Responsibilities of Board of Directors of a Bank Company.
2. **BRPD Circular No.18 dated 27 October 2013:** Appointment and Responsibilities of Chief Executive of a Bank-Company.
3. **BRPD Circular No.19 dated 27 October 2013:** Contractual appointment of Advisor and Consultant in a Bank-Company.

### 1. Formation & Responsibilities of Board of Directors of a Bank Company.

Sl.	Particulars	Compliance Status
1	<b>Formation of Board of Directors:</b> Prior approval of Bangladesh Bank before the appointment/re-appointment of new directors including Independent Directors; director's fit & proper criteria; maximum number of directors; appointment of maximum 2(two) members from a family as director.	Complied
1.1	<b>Appointment of New directors:</b> Under section 15(4) of the Bank Company Act, 1991 (amended upto 2013), every banking company, other than specialized banks, at the time of taking prior approval from Bangladesh Bank for appointing/reappointing directors should furnish documents as mentioned in the BRPD Circular No.11 dated 27 October 2013 along with the application.	Complied
1.2	<b>Vacation of office of Director</b>	
(a)	The office of director shall be vacated according to the instructions specified in section 108(1) of the Companies Act, 1994. Besides, when a bank director becomes defaulter and does not repay the loan within two months after getting a notice under the section 17 of the Bank Company Act, 1991; provides false statement at the time of appointment; or fails to fulfill the minimum eligibility criteria, the office of the director will be vacated.	No such case
(b)	If the office of a director is vacated by a notice under the section 17 of BCA, the person will not be eligible to become a director of the bank or any other bank or any financial institution for one year from the date of repayment of the total amount due to the bank. It is mentionable here that the dues can be adjusted with the shares held by the director in that bank. When a director receives a notice under section 17 of BCA, 1991, he/she can't transfer his/her shares of that bank until he/she repays all the liabilities of the noticed bank or financial institution.	No such incident
(c)	Besides, Bangladesh Bank can remove a director or chairman of a bank, except state owned banks, for conducting any kind of activities that is detrimental to the interest of the banks depositors or against the public interest under Section 46 and can supersede the board of a banking company under Section 47 of BCA, 1991.	No such instance

Sl.	Particulars	Compliance Status
1.3	<b>Removal of Directors from office:</b> With the prior approval of Bangladesh Bank, a bank director other than specialized banks can be removed from his office for the reason specified in its Articles of Association. For this purpose, the reason and grounds of the dismissal/removal and copy of the decision of the board and list of directors should be submitted to Bangladesh Bank. In this case, the removal will be effective from the date of Bangladesh Bank's approval.	No such instance
1.4	<b>Appointment of Alternate Director:</b> an alternate director can be appointed to act for a director during his absence for a continuous period of not less than three months from Bangladesh. In this context, the instructions stipulated in BRPD Circular No.11 dated 27 October 2013 should be followed.	Currently No such Director in JBL
2	<b>Depositor Director:</b> As the previous provisions regarding appointment of Depositor Directors of the Bank Company Act, 1991 has been amended; appointment of director from depositors is no longer required. But, after complying regulation under sec 15(9) of the Bank Company Act, 1991 (amended upto 2013) bank can consider the tenure of existing depositor director or may appoint them as independent director.	Currently No such Director in JBL
3	<b>Information regarding Directors:</b> Banks are advised to take the following steps regarding director information:	
(a)	Every bank should keep an updated list of Bank Directors.	Complied
(b)	Banks should send a directors' list to other banks or financial institutions immediately after the appointment or release of director.	Complied
(c)	Banks should display a list of directors in the website and update it on a regular basis.	Complied
4	<b>Responsibilities of the Board of Directors</b>	
4.1	<b>Responsibilities and Authorities of the Board of Directors:</b>	
(a)	<b>Work-planning and strategic management:</b>	
(i)	The board shall determine the objectives and goals and to this end shall chalk out strategies and work-plans on annual basis. It shall specially engage itself in the affairs of making strategies consistent with the determined objectives and goals and in the issues relating to structural change and reformation for enhancement of institutional efficiency and other relevant policy matters. It shall analyze/monitor, at quarterly rests, the development of implementation of the work-plans.	Complied
(ii)	The board shall have its analytical review incorporated in the Annual Report as regards to the success/failure in achieving the business and other targets as set out in its annual work-plan and shall apprise the shareholders of its opinions/ recommendations on future plans and strategies. It shall set the Key Performance Indicators (KPIs) for the CEO & officers immediate two tiers below the CEO, and have it evaluated from time to time.	Complied

Sl.	Particulars	Compliance Status
<b>(b)</b>	<b>Credit and risk management:</b>	
	(i) The policies, strategies, procedures etc. in respect of appraisal of loan/ investment proposal, sanction, disbursement, recovery, reschedule and write-off thereof shall be made with the board's approval under the purview of the existing laws, rules and regulations. The board shall specifically distribute the power of sanction of loan/investment and such distribution should desirably be made among the CEO and his subordinate executives as much as possible. No director, however, shall interfere, direct or indirect, into the process of loan approval.	Complied
	(ii) The board shall frame policies for risk management and get them complied with and shall monitor the compliance at quarterly rests and review the concerned report of the risk management team and shall compile in the minutes of the board meeting. The board shall monitor the compliance of the guidelines of Bangladesh Bank regarding key risk management.	Complied
<b>(c)</b>	<b>Internal control management</b>	
	The board shall be vigilant on the internal control system of the bank in order to attain and maintain satisfactory qualitative standard of its loan/ investment portfolio. The board will establish such an internal control system so that the internal audit process can be conducted independently from the management. It shall review the reports submitted by its audit committee at quarterly rests regarding compliance of recommendations made in internal and external audit reports and the Bangladesh Bank inspection reports.	Complied
<b>(d)</b>	<b>Human resources management and development:</b>	
	(i) Policies relating to recruitment, promotion, transfer, disciplinary and punitive measures, human resources development etc. and service rules shall be framed and approved by the board. The chairman or the directors shall in no way involve themselves or interfere into or influence over any administrative affairs including recruitment, promotion, transfer and disciplinary measures as executed under the set service rules. No member of the board of directors shall be included in the selection committees for recruitment and promotion to different levels. Recruitment, promotion, transfer & punishment of the officers immediate two tiers below the CEO shall, however, rest upon the board. Such recruitment and promotion shall have to be carried out complying with the service rules i.e., policies for recruitment and promotion.	Complied. (BoD of JBL approves HR policy from time to time which guides all actions or decisions related to HR of JBL)
	(ii) The board shall focus its special attention to the development of skills of bank's staff in different fields of its business activities including prudent appraisal of loan/investment proposals, and to the adoption of modern electronic and information technologies and the introduction of effective Management Information System (MIS). The board shall get these programmes incorporated in its annual work plan.	Complied
	(iii) The board will compose Code of Ethics for every tier and they will follow it properly. The board will promote healthy code of conducts for developing a compliance culture.	Complied

Sl.	Particulars	Compliance Status
<b>(e)</b>	<b>Financial management:</b>	Complied
	(i) The annual budget and the statutory financial statements shall be finalized with the approval of the board. It shall at quarterly rests review/monitor the positions in respect of bank's income, expenditure, liquidity, non-performing asset, capital base and adequacy, maintenance of loan loss provision and steps taken for recovery of defaulted loans including legal measures.	
	(ii) The board shall frame the policies and procedures for bank's purchase and procurement activities and shall accordingly approve the distribution of power for making such expenditures. The maximum possible delegation of such power of expenditures shall rest on the CEO and his subordinates. The decision on matters relating to infrastructure development and purchase of land, building, vehicles etc. for the purpose of bank's business shall, however, be adopted with the approval of the board.	Complied (JBL follows a Board approved 'Procurement and disposal policy')
	(iii) The board will review whether an Asset-Liability Committee (ALCO) has been formed and it is working according to Bangladesh Bank guidelines.	Complied
<b>(f)</b>	<b>Appointment of Chief Executive Officer (CEO):</b> In order to strengthen the financial base of the bank and obtain confidence of the depositors, one of the major responsibilities of the board of directors is to appoint an honest, efficient, experienced and suitable CEO or Managing Director. The Board of directors will appoint a suitable CEO with the approval of the Bangladesh Bank.	Complied
<b>(g)</b>	<b>Other responsibilities of the Board:</b> In accordance to BB Guidelines issued from time to time.	Complied. (The BoD will do so as and when required by BB)
<b>4.2</b>	<b>Meeting of Board:</b> Board of directors may meet once or more than once in a month if necessary. But Board of directors shall meet at least once in every three months. Excessive meetings are discouraged.	Complied. (Usually JBL holds two Board Meetings in a month)
<b>4.3</b>	<b>Responsibilities of the Chairman of the Board</b>	
	As the chairman of the board of directors or chairman of any committee formed by the board or any director does not personally possess the jurisdiction to apply policy making or executive authority, he/she shall not participate in or interfere into the administrative or operational and routine affairs of the bank.	Complied
	The chairman may conduct on-site inspection of any bank-branch or financing activities under the purview of the oversight responsibilities of the board. He may call for any information relating to bank's operation or ask for investigation into any such affairs; he may submit such information or investigation report to the meeting of the board or the executive committee and if deemed necessary, with the approval of the board, he shall effect necessary action thereon in accordance with the set rules through the CEO.	Complied
	However, any complaint against the CEO shall have to be apprised to Bangladesh Bank through the board along with the statement of the CEO.	

Sl.	Particulars	Compliance Status
	The chairman may be offered an office-room, a personal secretary/assistant, one peon/MLSS, one telephone at the office, one mobile phone to use inside the country and a vehicle in the business-interest of the bank subject to the approval of the board.	Complied
<b>5</b>	<b>Formation of committees from the Board of Directors:</b> Each bank company can form 1(one) executive committee, 1(one) audit committee and 1(one) risk management committee with the directors. Board can't form any other permanent, temporary or sub- committee except the above mentioned three committees.	Complied
<b>5.1</b>	<b>Executive committee:</b> Executive committee to be formed with the members of the board to continue the urgent and daily or routine works between the intervals of two board meetings. Executive committee will perform according to their terms of reference determined by the board of directors. Banks to be followed instruction of BRPD Circular No.11 dated 27 October 2013 as regards to (A) Organizational structure, (B) Qualifications of the Members & (C) Meetings of the Executive Committee.	Complied
<b>5.2</b>	<b>Audit Committee:</b> Audit committee to be formed with the members of the board to review 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. Banks to be followed instruction of BRPD Circular No.11 dated 27 October 2013 as regards to (A) Organizational structure, (B) Qualifications of the Member, (C) Roles and Responsibilities of the Audit Committee & (D) Meeting of the Audit Committee.	Complied
<b>5.3</b>	<b>Risk Management Committee:</b> Risk Management committee to be formed with the members of the board 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. 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. Banks to be followed instruction of BRPD Circular No.11 dated 27 October 2013 as regards to (A) Organizational structure, (B) Qualifications of the Member, (C) Roles and Responsibilities of the Risk Management Committee & (D) Meeting of the Risk Management Committee.	Complied
<b>6.</b>	<b>Training for the Directors:</b> The directors shall make themselves fully aware of the banking laws and other related rules and regulations for performing his duties properly.	Complied
<b>7</b>	The Chief Executive Officer will inform about this circular to the directors and other related persons.	Complied

## 2. Appointment and Responsibilities of Chief Executive of a Bank Company.

Sl.	Particulars	Compliance Status
<b>A</b>	<b>Rules and regulations for appointing CEO</b>	
<b>1</b>	<p><b>Moral Integrity:</b> In case of appointment to the post of Chief Executive, satisfaction in respect of the concerned person should be ensured to the effects that,-</p> <p>a) He has not been convicted by any Criminal Court of Law;</p> <p>b) He has not been punished for violating any rules, regulations or procedures/norms set by any Controlling Authority;</p> <p>c) He was not associated with any such company/organization, registration or licence of which has been cancelled.</p>	Complied
<b>2</b>	<p><b>Experience and Suitability:</b></p> <p>a) For appointment as chief executive, the concerned person must have experience in banking profession for at least 15 (fifteen) years as an active officer and at least 02 (two) years experience in a post immediate below the chief executive of a bank.</p> <p>b) He must at least have a Masters degree from any recognized university. Higher academic education in the field of Economics, Banking and Finance or Business Administration will be treated as additional qualification for the concerned person.</p> <p>c) In respect of service, the concerned person should have excellent record of performance.</p> <p>d) Satisfaction should be ensured that the concerned person was not dismissed from service when he was chairman/director/official of any company;</p> <p>e) Any director of any bank or financial institution or any person who has business interest in the bank concerned will not be eligible for appointment to the post of chief executive.</p>	Complied
<b>3</b>	<b>Transparency and Financial Integrity:</b> As per BRPD Circular No.18 dated 27 October 2013 issued by Bangladesh Bank.	Complied
<b>4</b>	<b>Age limit:</b> No person crossing the age of 65 years shall hold the post of CEO of a bank.	Complied
<b>5</b>	<b>Tenure:</b> The tenure of the chief executive shall be for at least 03 (three) years, which is renewable. If the candidate has less than 3 years left to attain 65 years, he/she can be appointed for that period.	Complied
<b>6</b>	<b>Guidelines in fixing the salary and allowances:</b> Banks are required to follow the guidelines stipulated in BRPD Circular No.18 dated 27 October 2013 issued by Bangladesh Bank while determining the salary and allowances of the CEO and submitting such proposal to Bangladesh Bank.	Complied
<b>7</b>	<b>Incentive Bonus:</b> Subject to the payment of incentive bonuses to all stuffs/employees, the CEO will be eligible to get such bonus. However, the amount of CEO's incentive bonus will not cross Taka 10.00 (ten) lacs per year.	Complied
<b>8</b>	<b>Honorarium for Board Meeting:</b> As CEO is a salaried official of the bank, he will not get any honorarium for attending the Board meeting or the meeting of any Committee formed by the Board.	Complied
<b>9</b>	<b>Evaluation Report:</b> While reappointing CEO, an evaluation report approved by the board of directors should be submitted to Bangladesh Bank by the chairman of the Board.	Complied

Sl.	Particulars	Compliance Status
10	<b>Prior approval from Bangladesh Bank:</b> Prior approval from Bangladesh Bank is mandatory before appointing CEO as per section 15(4) & (5) of the Bank Company Act 1991 (Amended upto 2013). For processing such approval, along with the proposal signed by the chairman of the board, the selected person's complete resume, offer letter (mentioning the direct & indirect remuneration and facilities) and copy of board's approval must be submitted to Bangladesh Bank. The selected person must also submit declarations as per Annexure-ka & Annexure-kha to Bangladesh Bank.	Complied
11	Decision of Bangladesh Bank if final The decision of BB for appointment of CEO will be treated as final and such appointed CEO cannot be dismissed, released and removed from his office without prior approval from Bangladesh Bank.	Complied
B	<b>Duties and Responsibilities of CEO:</b> The CEO of the bank, whatever name called, shall discharge the responsibilities and affect the authorities as mentioned in the BRPD Circular No.18 dated 27 October 2013 issued by Bangladesh Bank.	Complied

### 3. Contractual appointment of Advisor and Consultant in a Bank-Company

Sl.	Particulars	Compliance Status
A	<b>Rules and regulations for Appointment of Advisor:</b>	<b>No such advisor in JBL</b>
	<b>1. Experience and Suitability:</b> As mentioned in the BRPD Circular No.19 dated 27 October 2013 issued by Bangladesh Bank.	N/A
	<b>2. Responsibilities:</b> As mentioned in the BRPD Circular No.19 dated 27 October 2013 issued by Bangladesh Bank.	N/A
	<b>3. Prior approval from Bangladesh Bank:</b> As mentioned in the BRPD Circular No.19 dated 27 October 2013 issued by Bangladesh Bank.	N/A
	<b>4. Remuneration and other facilities:</b> As mentioned in the BRPD Circular No.19 dated 27 October 2013 issued by Bangladesh Bank.	N/A
	<b>5. Tenure:</b> As mentioned in the BRPD Circular No.19 dated 27 October 2013 issued by Bangladesh Bank.	N/A
	<b>6. Appointment of Ex-officials:</b> As mentioned in the BRPD Circular No.19 dated 27 October 2013 issued by Bangladesh Bank.	N/A
B	<b>Appointment of Consultant:</b>	<b>No such consultant in JBL</b>
	<b>1. Terms of Reference:</b> As mentioned in the BRPD Circular No.19 dated 27 October 2013 issued by Bangladesh Bank.	N/A
	<b>2. Responsibilities:</b> As mentioned in the BRPD Circular No.19 dated 27 October 2013 issued by Bangladesh Bank.	N/A
	<b>3. Appointment:</b> As mentioned in the BRPD Circular No.19 dated 27 October 2013 issued by Bangladesh Bank.	N/A
	<b>4. Tenure:</b> As mentioned in the BRPD Circular No.19 dated 27 October 2013 issued by Bangladesh Bank.	N/A
	<b>5. Remuneration/honorarium:</b> As mentioned in the BRPD Circular No.19 dated 27 October 2013 issued by Bangladesh Bank.	N/A
	<b>6. Appointment of Ex-officials:</b> As mentioned in the BRPD Circular No.19 dated 27 October 2013 issued by Bangladesh Bank.	N/A



## Corporate Governance Compliance Report

Jamuna Bank Limited (JBL) is complying with the corporate governance guidelines as issued by the Bangladesh Securities & Exchange Commission vide the Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012. Status of compliance of JBL for the year ended December 2012 is as follows:

Condition No.	Title	Compliance Status		Remarks
		(Put ✓ in the appropriate column)		
		Complied	Not complied	
<b>1.0</b>	<b>Board of Directors</b>			
1.1	Board Size: The number of Board Members shall not be less than 5 (five) and more than 20 (twenty)	✓		
<b>1.2</b>	<b>Independent Directors</b>			
1.2 (i)	One fifth (1/5th) of the total number of Directors	✓		According to the provision of 1.1 of the Corporate Governance guidelines, the Board of JBL has constituted as per section 15(9) of Bank Company Act 1991 (Amended upto 2013)
1.2 (ii) a)	Does not hold any share or holds less than 1% shares of the total paid up shares	✓		
1.2 (ii) b)	Is not a sponsor and is not connected with any Sponsor/director/shareholder who holds 1% or more shares of the total paid up shares on the basis of the family relationship.	✓		
1.2 (ii) c)	Does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies	✓		
1.2 (ii) d)	Not a member, director or officer of any stock exchange	✓		
1.2 (ii) e)	Not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market	✓		
1.2 (ii) f)	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)	Not be an independent director in more than 3 (three) listed companies;	✓		
1.2 (ii) h)	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)	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) cannot 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.	✓		

Condition No.	Title	Compliance Status		Remarks
		(Put √ in the appropriate column)		
		Complied	Not complied	
<b>1.3</b>	<b>Qualification of Independent Director (ID)</b>			
1.3 (i)	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)	Background of the Independent Directors: Business Leader/ Corporate Leader/Bureaucrat/Professionals like Chartered Accountants, Cost & Management Accounts, Chartered Secretaries. The independent director must have at least 12 (twelve) years of corporate management/professional experience.	√		
1.3 (iii)	In special cases the above qualifications may be relaxed subject to prior approval of the Commission	N/A		
1.4	Chairman of the Board and Chief Executive Officer shall be filled by different individuals and clearly define respective roles and responsibilities	√		
<b>1.5</b>	<b>The Directors' Report to the Shareholders</b>			
1.5 (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)	Discussion on Cost of Goods Sold, Gross Profit Margin and Net Profit Margin	√		Discussion on interest income, expense, operating and net profit provided
1.5 (v)	Discussion on continuity of any Extra-Ordinary gain or loss	√		
1.5 (vi)	Basis for related party transactions	√		
1.5 (vii)	Explanation if the financial results	√		
1.5 (viii)	Explanation if the financial results deteriorate after the company goes for IPO, RPO, Rights Offer, Direct Listing	N/A		
1.5 (ix)	Explanation about significant variance occurs between Quarterly Financial performance and Annual Financial Statements the management shall explain about the variance on their Annual Report.	N/A		
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	√		
1.5 (xiv)	Followed IAS, BAS, IFRS, BFRS, as applicable in Bangladesh, have been followed in preparation of 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.	√		

Condition No.	Title	Compliance Status		Remarks
		(Put ✓ in the appropriate column)		
		Complied	Not complied	
1.5 (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.	N/A		
1.5 (xx)	The number of Board meetings held during the year and attendance by each director shall be disclosed.	✓		
<b>1.5 (xxi)</b>	<b>The pattern of shareholding shall be reported to disclose the aggregate number of shares (along with name wise details where stated below) held by:</b>			
1.5 (xxi) 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).	Nil		
<b>1.5 (xxii)</b>	<b>In case of the appointment/re-appointment of a director the company shall disclose the following information to the shareholders:</b>			
1.5 (xxii) 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.	✓		Please refer to Note 46.4 of FS
<b>2.0</b>	<b>Chief Financial Officer (CFO), Head of Internal Audit and Company Secretary (CS)</b>			
2.1	Appointment of 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	Attendance of CFO and Company Secretary at the meeting of the Board of Directors	✓		
<b>3</b>	<b>Audit Committee:</b>			
3 (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.	✓		
<b>3.1</b>	<b>Constitution of Audit Committee</b>			
3.1 (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)	Term of Service of Audit Committee Members/Filling Casual vacancy in committee	✓		

Condition No.	Title	Compliance Status		Remarks
		(Put ✓ in the appropriate column)		
		Complied	Not complied	
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.	✓		
<b>3.2</b>	<b>Chairman of the Audit Committee</b>			
3.2 (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)	✓		
<b>3.3</b>	<b>Role of the Audit Committee</b>			
3.3 (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.	N/A		
<b>3.4</b>	<b>Reporting of the Audit Committee</b>			
<b>3.4.1</b>	<b>Reporting to the Board of Directors</b>			
3.4.1 (i)	The Audit Committee shall report on its activities to the Board of Directors.	✓		
3.4.1 (ii)	The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:-			
3.4.1 (ii) a)	Report on conflicts of interests;	Nil		
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;	Nil		
3.4.1 (ii) d)	Any other matter which shall be disclosed to the Board of Directors immediately.	Nil		
3.4.2	Reporting of anything having material financial impact to the commission.	Nil		
3.5	Reporting to the shareholders & General Investors	Nil		

Condition No.	Title	Compliance Status		Remarks
		(Put ✓ in the appropriate column)		
		Complied	Not complied	
<b>4</b>	<b>External/Statutory auditors:</b>			
	Non-Engagement of External/Statutory Auditors in the following services			
4 (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)	Service that the Audit Committee determines.	✓		
4 (viii)	Audit firms shall not hold any share of the company they audit	✓		
<b>5</b>	<b>Subsidiary Company</b>			
5 (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)	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 reviewed the financial statements, in particular the investments made by the subsidiary company.	✓		
<b>6</b>	<b>Duties of Chief Executive Officer and Chief Financial Officer</b>			
6 (i)	They have reviewed financial statements for the year and that to the best of their knowledge and belief:			Please refer to the declaration of MD & CEO and CFO on the Integrity of FS
6 (i) 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.	✓		
<b>7</b>	<b>Reporting and Compliance of Corporate Governance</b>			
7 (i)	The company shall obtain a certificate from a practicing Professional Accountant/Secretary (CA/CMA/CS) 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 <b>Annexure</b> attached, in the directors' report whether the company has complied with these conditions.	✓		

# Certificate on Compliance of Corporate Governance Guidelines



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## Certificate on Compliance of Conditions of Corporate Governance Guidelines

[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]

I have reviewed the compliance with the conditions of Corporate Governance Guidelines by Jamuna Bank Limited ("the Bank") for the year ended 31 December 2016. These conditions of Corporate Governance were issued by Bangladesh Securities & Exchange Commission (BSEC) vide their notification no. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012. The compliance with the said conditions of Corporate Governance and reporting the status thereof are the responsibility of the management of the Bank. My responsibility is to provide a certificate about whether the Bank is in compliance with the said conditions of Corporate Governance based on my examination.

My examination for the purpose of issuing this certificate was limited to the procedures including implementation thereof as adopted by the Bank for ensuring the compliance of the conditions of Corporate Governance and correct reporting of the status of the compliance on the attached statement on the basis of evidence gathered and representation received. It is neither an audit nor an expression of opinion on the financial statements of the Bank.

To the best of my information and according to the explanations given to me by the Bank, I hereby certify that Jamuna Bank Limited has complied with the conditions of Corporate Governance stipulated in the above mentioned BSEC's notification dated 07 August 2012.

Dhaka,  
15 May 2017

**M. Moniruzzaman, FCA**  
**Partner**  
**ACNABIN, Chartered Accountants**  
ICAB Enrollment # 787



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