

# Directors' Report



## DIRECTORS' REPORT

The Board of Directors of Jamuna Bank Limited takes pleasure in welcoming you all to the 17th Annual General Meeting (AGM) and presenting Annual Report and the audited financial statements of the bank for the year ended 31 December 2017 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 performance of the bank, let's start with the status of global and local economy in brief.

### Global Economy: A Brief Review & Outlook

Overview of the World Economic Outlook

GDP at constant prices	Percentage Change				Difference from October 2017 WEO Projection	
	Actual	Estimate	Projection		2018	2019
	2016	2017	2018	2019		
World	3.2	3.7	3.9	3.9	0.2	0.2
Advanced Economies	1.7	2.3	2.3	2.2	0.3	0.4
USA	1.5	2.3	2.7	2.5	0.4	0.6
Euro Area	1.8	2.4	2.2	2.0	0.3	0.3
Other Advanced Economies	2.3	2.7	2.6	2.6	0.1	0.1
Emerging Market and Developing Economies	4.4	4.7	4.9	5.0	0.0	0.0
China	6.7	6.8	6.6	6.4	0.1	0.1
India	7.1	6.7	7.4	7.8	0.0	0.0

The global economy is experiencing a cyclical recovery, reflecting a rebound in investment, manufacturing activity, and trade. This improvement comes against the backdrop of benign global financing conditions, generally accommodative policies, rising confidence, and firming commodity prices. Global growth is estimated to have grown by 3.7 percent in 2017 and the forecast for 2018 has been revised up by 0.2 percentage points to 3.9 percent, supported by higher investment, trade, and industrial production, coupled with increasing business and consumer confidence. The pickup in global growth in 2017 reflects firmer domestic demand growth in US, Euro area, Canada and Japan among the advanced economies and China, emerging Europe, and Russia among the emerging market and developing economies. Looking ahead, during 2018, global growth is expected to receive support from the strengthening recovery in the euro area from rising exports amid stronger global trade performance. It is also expected to benefit from strong domestic demand, aided by supportive financial conditions and lower political risks. Japan is expected to benefit from global demand and supportive fiscal stance. China grew by 6.8 percent in 2017, underpinned by prior policy easing and some supply-side reforms. In the rest of emerging market and developing Asia, growth is expected to be strong. In India, growth in 2018 is projected to rise to 7.4 percent, up from

6.7 percent in 2017. The cyclical growth recovery in the Euro area, USA, and Canada, the main export destinations of our readymade garments, is expected to have a favorable impact on our export performance. Despite the optimistic forecast, the World Bank warned that risks to the outlook remain tilted to the downside, which includes an abrupt tightening of global financing conditions, escalating trade restrictions and rising geopolitical tensions. Besides, Global Economy facing few challenges i.e. (1) Climate change / destruction of nature (2) Large scale conflict / wars (3) Inequality (income, discrimination) (4) Poverty (5) Religious conflicts (6) Government accountability and transparency/corruption (7) Food and water security (8) Lack of education (9) Safety/ security/ well being (10) Lack of economic opportunity and unemployment.

### Bangladesh Economy: A Brief Review & Outlook

Bangladesh's economic performance in the immediate past year was somewhat mixed with a number of macro-indicators doing well and some others showing signs of weaknesses. Its gross domestic product (GDP) growth performance was impressive at over 7.0 per cent. There are however different views about how the country's GDP is calculated with sceptics having their reservations for the official data on its

economic growth rate. The country's export performance and remittance earning were well below expectations in 2017. After many years, its overall balance of payments (BoP) turned negative; the economy faced inflationary pressure in the final months in 2017, mainly due to surge in prices of rice and some other essentials. The major sore point of the economy experienced in 2017 was the unabated rise in soured assets of the country's banks and poor financial health of most public sector banks and a number of private ones, including those which started their journey not long ago.

Investment and private-sector credit-growth situation, as the official data indicate, showed improvements in 2017 over the corresponding levels of 2016. The government's net borrowing from the banking system was in the negative as it got more than enough through sales of its savings instruments. The country faced a major humanitarian crisis in the second half of 2017 when more than 0.6 million Rohingyas from neighbouring Myanmar entered its territory to escape ethnic persecution there. The influx has stirred up major international condemnation; the two governments are now in the midst of an intense negotiation on starting the repatriation of the Rohingyas to their homeland.

In the year 2017, there were natural calamities as well, with their adverse impacts on the economy and people's livelihoods. Two spells of devastating flooding damaged standing crops and subsequent agriculture, resulting in shortage of rice and some spices and price rises. Prices of the staple food hit an all-time high on the local market, so did onion prices. Spiraling retail prices of two essential commodities -- rice and onion -- hit hard limited-income group of people. The government cut down tariffs on import of rice to augment supply of the staple, but to little effects. Also, there was hardly any tangible price control of onion, which persists at the same level of around Tk.80 a kilogram despite new arrivals on the market.

Bangladesh came into world focus by a quirky happening -- Rohingya minority people flooding in to escape persecution at home in Rakhine state of neighbouring Myanmar. As of December 2017, an estimated 655,000 Rohingyas fled to Bangladesh in a fresh influx amid crackdown by military-men and predators. There are also 300,000 more already living in Bangladesh since earlier influxes. Rohingya repatriation figured as a big issue later in the year, as the United Nations repeatedly adopted resolutions while China and Russia vetoed the motions and headed off the two countries to the discussion table for an amicable solution through bilateral dialogue.

The cost of living rose by 8.44 per cent in the city last year that that of 2016 due to soaring prices of rice, edible oil, vegetables, gas and other services, according to Consumers Association of Bangladesh (CAB). Market syndication, lack of government monitoring, weak import policy and natural calamity were responsible for such a rising trend in prices of commodities.

The much-talked-about VAT Act 2012 failed to sail through in the year despite the fact that national budget statement had announced its launch from the first day of the current financial year, 2017-18. The government backtracked on implementing the tax law following obstruction from a section of businesses. The capital market witnessed an upward trend, with its benchmark index rising over 6,000 points.

Bangladesh got international recognition of hilsha fish as geographical indication by the World Intellectual Property Organisation. Jamdani, Bangladesh's one of the finest textiles, bagged the country's first geographical indication product certification.

On the socio-political front, the situation is featured by a relaxation of tensions with some eruptions in militancy tackled and major political parties like the ruling Awami League and the beleaguered BNP celebrating some national events with mammoth rallies, albeit as next elections draw near.

In a landmark development, the UNESCO recognized Bangabandhu Sheik Mujibur Rahman's historic 7th March speech as a world documentary heritage.

### **Bangladesh Economy Outlook**

The year 2018 will be a turning point for Bangladesh in many ways. Bangladesh will prepare to graduate from the least developed country status in 2018. It will also continue its efforts toward becoming a middle-income country. Additionally, it will continue to implement the sustainable development goals (SDGs). These will hinge on a number of factors such as accelerated resource mobilisation, higher investment, efficiency in infrastructure implementation, skilled human resources and strong institutional set up.

The country enters the New Year which in all likelihood will prove challenging, both politically and economically. The next national election is scheduled for the final months of this year or the first month of 2019. It is hard to rule out political troubles, ahead of it, in the event of persistence of disagreement over the process of its holding. Its economy could be a major casualty, as it happened during past elections, of political rivalries. Let's hope it does not happen this time. Unbridled corruption, tax evasion, capital flight, poor governance, regulatory failures, institutional malfunctioning etc., can further compound problems on the country's economic front, particularly about its growing income inequality.

### **Banking Industry in 2017 & Outlook**

Most of the private banks' operating profits soared -- ranging between 10 percent and 60 percent -- in the outgoing year on the back of a resurgence of demand for credit from the private sector. The upward trend of private sector credit growth in recent months helped banks record handsome profits for 2017. Besides, banks' export and import business grew this year. The banking sector's liquidity base had remained

stable in 2017, which, enabled the lenders to disburse credit uninterruptedly. The cost of deposits was also lower last year. This also helped in generating profits.

A severe governance crisis caused the industry to face a record increase in non-performing loans (NPL), financial scams and liquidity shortages. Bad loans and recapitalization in the banking sector, especially in the state-owned banks, have always been a cause for concern in Bangladesh. As in previous years, state-owned banks were the worst performers as they failed to improve their health in 2017. Bangladesh Bank data shows NPL of eight state banks were Tk.44,126 crore or 55 percent of the total. Some 40 private banks and nine foreign banks together have Tk.36,271 crore NPL. Together, the state-owned banks had a capital shortfall of Tk.12,683 crore at the end of June 2017 despite the government's injection of Tk.2,000 crore.

First generation lender AB Bank's \$20 million money laundering to accounts of a bank in the UAE revealed was another major scandal.

The year 2017, began with major changes in the shariah-based Islami Bank Bangladesh. Issues pertaining to changes to different banks' boards -- concomitant with major developments in the banking circles -- continued to prevail round the calendar year. Arastoo Khan, a former bureaucrat, was put at the helm of the bank in the first week of the outgoing year. Social Islami Bank Limited, another shariah-based bank, also saw a dramatic management shakeup. Seven directors of the private-sector bank resigned from their posts on 'personal grounds'. Four of the SIBL directors were independent while three others were shareholders of the bank.

The Farmers Bank has been facing a liquidity crisis and depositors are now seriously concerned over getting back their deposits. Earlier, sometime in November, former home minister Dr Mohiuddin Khan Alamgir was made to resign as chairman of the Farmers Bank board of directors and executive committee. Another member of the board, Mahabubul Haque Chisti, also stood down from the post of chairman of the FBL audit committee. A press release issued by the central bank said that these changes came in line with regulatory measures to strengthen the bank facing liquidity crunch.

In a major event amid stories of alleged forgeries and irregularities in the banking circles, the Anti-Corruption Commission (ACC) quizzed former chairman of the state-owned BASIC Bank, Sheikh Abdul Hye Bacchu. Besides, Chairman of AB Bank -- MWahidul Haque and its two directors stepped down from the bank's board in December. The two others are Vice-Chairman Salim Ahmed and director Faheemul Huq.

Some incidents of voluntary retirement from bank boards and removal of CEOs by the central bank also featured the chronicles of the calendar year. AB Bank and Farmers' Bank

are among them. The Bangladesh Bank removed Managing Director of the Farmers Bank Bangladesh Limited (FBL) AKM Shameem later in the year.

Experts have questioned the failure of the central bank and the finance ministry to deal with such a crucial sector. And the government's plans to allow three more banks have become controversial in 2017.

### Banking Industry Outlook

High credit growth amid tightening liquidity in the banking system, strong import growth with a smaller overall BoP (balance of payments) balance, and the rising trend in food inflation warrant a cautious macroeconomic management for preserving monetary and financial stability in FY 18. The Bangladesh Bank (BB) also indentified downside risks like any shock to remittance inflow and export due to growing political uncertainty in the Middle East. The central bank, however, predicted that political and macroeconomic conditions are likely to be broadly stable in the fiscal year (FY) 2017-18.

On the other hand, the country's private commercial banks (PCBs) are facing liquidity crisis at the moment because of distributional problem. However, it happened mainly due to higher credit growth than that of deposit within PCBs. The overall credit growth in the banking system recorded a higher growth than that of deposit one in the last three years which is the main cause of the current liquidity stress of the banks. The deposit growth had been on a slide, falling from 13.13 per cent on December 31, 2016 to 10.60 per cent as on December 31 last calendar year. It was 13.66 per cent as on December 10, 2015. On the other hand, credits rose to 18.08 per cent, as on December 31, 2017 from 15.32 per cent a year before. It was 12.74 per cent as on December 10, 2015.

Besides, country's classified loans to total outstanding rose to 9.31 per cent in 2017 from 9.23 per cent a year ago. A total of over 0.127 million different types of cases involving over Tk.1.70 trillion were filed against the clients for non-payment of loan disbursed by all the scheduled banks and non-banking financial institutions until December 31, 2017.

To improve this situation, banking sector need a strong judiciary support to speed up recovery process of classified loans which would help improving financial health and growth of the banks. A separate bench may be formed under the High Court to deal with only default loan issues. Besides, the functions of Artha Rin Adalats (Money Loan Courts) should be strengthened across the country for settling the cases within the shortest possible time-frame. Currently, it takes about eight to nine years to settle a case. This encourages defaulters to take the legal routes instead of coming to bank for negotiation.

By doing this the inflow of loan-able funds will be increased in the banking system and amount of NPL will be reduced. Besides, we have to take strong measures both socially and

legally against the loan defaulters for bringing down the amount of NPLs at a reasonable level. If we look to the other countries, different measures have taken by different countries to reduce the NPL, such as Nepal has already been able to bring down their NPLs less than 2.0 per cent reportedly while China has imposed bar on their loan defaulters for commuting bullet train. Some other neighbouring countries like India are also thinking to impose social restrictions on defaulters.

Regarding the foreign-exchange market, nominal exchange rate depreciated in line with the market forces. In order to avoid any disruptive fluctuations in the foreign- exchange market, the BB supported to smooth large fluctuations.

Alongside, five critical challenges for the Bangladeshi economy in 2018.

- (1) Political uncertainty looming over national election which can further affect private investment. This year will be difficult year for the PCBs because businessmen are likely to follow a 'go-slow' policy in either expansion of their businesses or setting up new businesses;
- (2) rising food inflation;
- (3) being on track with respect to SDGs;
- (4) challenge of growth of exports and remittance and
- (5) finally governance issues around the banking sector. As Bangladesh is now progressing fast to its coveted goal to be a middle income country by 2024, this is the high time to improve the overall governance issues with establishing transparency to achieve desired sustainable development goal. Regulators may think of arranging different training programmes for the policy makers as well as senior management of the banks to ensure that everyone is on the same page.

### 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 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 Bengali named 3rd generation private commercial bank, was established by a group of local entrepreneurs who are well reputed in the field of trade, commerce, industry and business of the country.

It offers both conventional and Islamic banking through designated branches. The Bank is being managed and operated by a group of highly educated and professional team with diversified experience in finance and banking. Thus the bank has already built up reputation as one of quality service providers of the country. Jamuna Bank Ltd. has already achieved tremendous progress within its past 17 years of operation. Branch network of the bank expanded to 122 covering more commercially strategic locations all over the country. All the branches are running with real-time Online and ATM facilities to settle their transaction from remote areas. Besides traditional delivery points, the bank has 243 nos. ATMs of its own, sharing with other partner banks and consortium throughout the country. Being the Primary Dealer (PD) of government securities, JBL has been conducting

 <b>April 02, 2001</b> Incorporated	 <b>April 24, 2001</b> Obtained license from Bangladesh Bank	 <b>June 03, 2001</b> Commenced Business	 <b>December 11, 2003</b> Obtained primary dealer license
 <b>122</b> Online Branches	 <b>243</b> ATMs	 <b>16 times</b> Best Primary Dealer Award	 <b>Long Term: AA2 &amp; Short Term: ST-2</b> Credit Rating
 <b>April 12, 2006</b> Listed at DSE	 <b>April 12, 2006</b> Listed at CSE	 <b>Tk. 614.11 crore</b> Paid-up Capital	 <b>JBCML &amp; JBSL</b> 2 Subsidiaries

the dealing operations with utmost professionalism. In recognition, we are awarded with the "Best Primary Dealer Award" from Bangladesh Bank for 15 times. Our credit rating also impressive which was carried out by the Credit Rating Agency of Bangladesh (CRAB) and rated us as AA2 [very strong capacity and very high quality] for Long Term and ST-2 for Short Term.

## Products & Services

### Transactional Accounts

- ▶ Current Deposit (CD) Account
- ▶ Short Notice Deposit (SND) Account
- ▶ Savings Bank(SB) Account
- ▶ Special Savings Bank Account
- ▶ Resident Foreign Currency Deposit (RFCD) Accounts

### Fixed Deposit Receipts

- ▶ Double Growth Deposit Schemes (DGDS)
- ▶ Triple Growth Deposit Schemes (TGDS)
- ▶ Monthly Benefit Scheme (MBS)

### Deposit Schemes

- ▶ Earn First Deposit Scheme
- ▶ Lakhpati Deposit Scheme
- ▶ Millionaire Deposit Scheme
- ▶ Kotipati Deposit Scheme
- ▶ Monthly Savings Scheme
- ▶ Monthly Benefit Scheme
- ▶ Marriage Scheme
- ▶ Pension Deposit Scheme
- ▶ Education Savings Scheme
- ▶ Grihini Savings Account

### Islami Banking

- ▶ Mudaraba Monthly Savings Deposit Scheme
- ▶ Mudaraba Crorepoti Deposit Scheme
- ▶ Mudaraba Lakhpoti Deposit Scheme
- ▶ Mudaraba Double/Triple Growth Deposit Scheme
- ▶ Mudaraba Education Deposit Scheme
- ▶ Mudaraba Hajj Deposit Scheme
- ▶ Mudaraba Marriage Deposit Scheme
- ▶ Mudaraba Millionaire Deposit Scheme
- ▶ Mudaraba Monthly Benefit Deposit Scheme
- ▶ Mudaraba Rural Deposit Scheme
- ▶ Mudaraba Pension Deposit Scheme
- ▶ Mudaraba Car Deposit Scheme

### Deposit Schemes For Nrb

- ▶ NRB Monthly Savings Scheme
- ▶ NRB Monthly Benefit Scheme
- ▶ NRB Double Growth Benefit Scheme(DBS)
- ▶ NRB Triple Growth Benefit Scheme (TBS)
- ▶ NRB Kotipoti Deposit Scheme
- ▶ NRB Millionaire Deposit Scheme
- ▶ NRB Monthly pension Deposit Scheme
- ▶ NRB Pension Term Deposit Scheme
- ▶ NRB Home travel Deposit Scheme
- ▶ NRB Property Deposit Scheme(Land/Apartment)
- ▶ NRB Wage Earners Deposit Scheme
- ▶ NRB Home Car Deposit Scheme
- ▶ NRB Education Saving Scheme
- ▶ NRB Student deposit Scheme
- ▶ NRB Women/ Housewife Deposit Scheme
- ▶ NRB Future Plan Deposit Scheme
- ▶ NRB Advance Earning Deposit Scheme

## Loans & Advances

### Continuous Loan Products Cash Credit

- ▶ Hypothecation Cash Credit Pledge
- ▶ Overdraft (General)
- ▶ Secured Overdraft

### Demand Loan Products

- ▶ Payment against Document (PAD)
- ▶ Loan against EDF
- ▶ Loan against Trust Receipt (LTR)
- ▶ Loan against Imported Merchandize (LIM)
- ▶ Work Order Finance
- ▶ Packing Credit
- ▶ Export Credit
- ▶ Loan under Cash Assistance
- ▶ Export Bill Purchase and Discounting
- ▶ Time Loan

### Term Loan Products

- ▶ Term Loan
- ▶ Hire Purchase Loan
- ▶ Lease Finance
- ▶ Bridge Financing Loan
- ▶ Syndicated loan financing

### Sme Products

- ▶ Jamuna Jantrik -Lease Finance
- ▶ Jamuna Green -Term Loan

- ▶ Jamuna Somriddhi -Term Loan with 25% FDR
- ▶ Jamuna Shachchondo- Term Loan & SOD
- ▶ Jamuna NGO Shahojogi -Term Loan
- ▶ Jamuna Swabolombi-Term Loan
- ▶ Jamuna Chalantika- Term Loan & CC (Hypo)
- ▶ Jamuna Nari Uddog- Term Loan for Women
- ▶ Jamuna Bonik -LC & LTR

#### Retail Loan Products

- ▶ Personal Loan
- ▶ Auto Loan
- ▶ Any Purpose Loan
- ▶ Salary Loan
- ▶ Doctors Loan
- ▶ Education Loan
- ▶ Overseas Job Loan

#### Agriculture Loan Products

- ▶ Crop Loan
- ▶ Fish Culture Loan
- ▶ Crop Warehouse & Marketing
- ▶ Poverty Alleviation/Income generating activities
- ▶ Irrigation Tools
- ▶ Livestock Development
- ▶ Agricultural Tools
- ▶ Nursery & Horticulture
- ▶ Income generating activities
- ▶ Other term loan activities

#### Loan Schemes for NRB

- ▶ NRB SME
- ▶ NRB Agriculture
- ▶ NRB Real Estate Financing
- ▶ NRB Retail Loan

#### Non Funded Products

- ▶ Letter of Guarantee
- ▶ Letter of Credit (Sight/Deferred/UPAS/EDF)
- ▶ Back to back Letter of Credit
- ▶ Acceptance of letter of credit
- ▶ Bills for Collection

#### Treasury Products

##### Money Market

- ▶ Call Money.
- ▶ FDR
- ▶ Repo
- ▶ Reverse Repo.

#### Fixed Income (Primary Dealer)

- ▶ Sale and Purchase of Govt. Treasury Bill and Bond and Bangladesh Bank Bills.

#### Corporate Service

- ▶ Special Investment Fund for Corporate (SIFCO)

#### Foreign Exchange

- ▶ Spot Dealing.
- ▶ Forward Dealing.
- ▶ SWAP.
- ▶ Corporate Deals.
- ▶ Term Placement.

#### Offshore Banking Unit (OBU)

#### Asset Liability Management (ALM)

#### Investment Facilities For Nrb

- ▶ US Dollar Premium Bond
- ▶ US Dollar Investment Bond
- ▶ Government Treasury Bond (5,10,15 & 20 years)
- ▶ Treasury Bills (91, 181, 365 days)
- ▶ Wage Earners Development Bond
- ▶ Non Resident Investors Taka A/C (NITA)- Share Investment

#### Foreign Remittance Services:

- ▶ Inward Foreign Remittances
- ▶ Outward Foreign remittance

#### Credit Card Products:

- ▶ Visa Classic Credit Card
- ▶ Visa Gold Credit Card
- ▶ Visa Dual Gold Credit Card
- ▶ Visa Electron Debit Card
- ▶ Protection Plus

#### Off-Shore Banking Unit (Obu Products)

- ▶ Foreign Currency Deposits ( Non Resident entitles and NRBs)
- ▶ Loan in Foreign Currencies
- ▶ Credit Facilities including Trade Financing
- ▶ Negotiation/Purchase of Export Bills
- ▶ Discounting of Export Bills
- ▶ Corporate Treasury Services.
- ▶ Competitive interest rates
- ▶ Easy international transfers
- ▶ Fee free accounts

### Correspondent Banking

- ▶ LC Advising
- ▶ LC Confirmation
- ▶ Bank Guarantee
- ▶ Hajj Guarantee
- ▶ Purchasing /Discounting /Negotiating Export Bills
- ▶ Off Shore Banking Services
- ▶ Trade Payment Settlement
- ▶ Foreign Remittance

### Trade Finance

- ▶ Issuing, advising and confirming of Documentary Credits.
- ▶ Pre-shipment and post-shipment finance.
- ▶ Negotiation and purchase of Export Bills.
- ▶ Discounting of Bills of Exchange.
- ▶ Collection of Bills.
- ▶ Foreign Currency Dealing etc.

### Other Services

- ▶ ATM Services
- ▶ JAMUNA Wallet (Mobile Application Base Services)
- ▶ Jamuna Bank Sure Cash (Mobile Financial Services)
- ▶ Internet banking services

- ▶ SMS banking services
- ▶ Online Banking
- ▶ Electronic Fund Transfer (EFT)
- ▶ Real Time Gross Settlement (RTGS)
- ▶ Utility bill/fees payment
- ▶ Travelers cheque
- ▶ Locker services
- ▶ Corporate cash management services
- ▶ Loan syndication

### Capital Market Services

- ▶ Portfolio Management
- ▶ Securities Trading
- ▶ Margin Loan
- ▶ CDBL Services

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

Despite all challenges, Jamuna Bank managed its portfolio efficiently with an NPL 4.02% (4.05% in 2016). 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:

Amount in BDT million

Particulars	2017	2016
Paid up Capital	6,141.19	6,141.19
Total Capital	19,894.12	15,809.24
Capital surplus/deficit	1,030.63	1,348.26
Total Assets	197,058.54	168,418.30
Total Deposits	167,571.33	141,550.96
Total Loans and Advances	142,252.94	117,099.61
Total Contingent Liabilities and Commitments	74,533.43	56,810.35
Credit Deposit Ratio	84.89%	82.73%
Percentage of classified loans against total loans and advances	4.02%	4.05%
Profit after tax and provision	2,021.01	1,876.36
Amount of classified loans during current year	5,725.10	4,743.50
Provisions kept against classified loan	1,799.71	1,608.11
Cost of fund	9.54%	9.21%
Cost of deposit	5.73%	5.60%
Interest earning Assets	179,760.81	152,437.69
Non-interest earning Assets	17,297.73	15,980.61
Return on Investment (ROI)	9.73%	11.52%
Return on Asset (ROA)	1.15%	1.21%
Incomes from Investment	2,615.20	3,735.87
Earning per Share (BDT)	3.29	3.06
Net Income per Share (BDT)	3.29	3.06
Price Earning Ratio (BDT)	6.69	5.11

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 profit of Tk.4,335.41 million in 2017 (solo) with a growth of 3.73% 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 2017 suggests that our achievement particularly revenue basket was more viable than we have expected. Bank's Net Interest Income increased by 49.28%, Net Non-Interest Income increased by 29.24%. Although, Investment Income was decreased during the year, total operating income increased by 3.73%.

On the balance sheet side, the total assets of the Bank Tk.181,625.17 million showing up an increase of Tk.13,206.86 million from Tk.168,418.30 million of 2016. The Growth was achieved in Loans and advances by 21.48%. Deposits also showed a growth of 18.38%. The Bank continued to have capital adequacy at 11.86% in accordance with Basel-III requirement. 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 25.05% of total assets. The Bank could maintain an effective control on Loan to Deposit ratio at 84.89% at the year-end.

During the year 2017, the NPL Ratio of the Bank decreased to 4.02% from previous year's 4.05%. 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 consolidated and as the Bank.

Particulars	Consolidated (BDT Million)		Bank (BDT Million)		% Change (Group)	% Change (Bank)
	2017	2016	2017	2016		
Interest Income & profit on investment	11,472.09	9,709.01	11,424.65	9,687.22	18.16	17.94
Interest Expense	(7,625.48)	(7,142.30)	(7,625.48)	(7,142.30)	6.77	6.77
Net Interest Income	3,846.61	2,566.71	3,799.17	2,544.92	49.87	49.28
Non-Interest Income	5,024.97	5,622.28	4,986.83	5,570.89	(10.62)	(10.48)
Total Operating Income	8,871.58	8,188.98	8,786.00	8,115.81	8.34	8.26
Total Operating expense	4,481.70	3,964.26	4,450.59	3,936.30	13.05	13.07
Operating profit	4,389.88	4,224.72	4,335.41	4,179.51	3.91	3.73
Total provisions	802.57	1,315.82	839.06	1,204.91	(39.01)	(30.36)
Profit before tax for the year	3,587.31	2,908.90	3,496.36	2,974.60	23.32	17.54
Contribution to Jamuna Bank Foundation	104.89	89.24	104.89	89.24	17.54	17.54
Tax provision	1,405.83	1,028.61	1,370.45	1,009.00	36.67	35.82
Profit after tax (PAT) (considering contribution of JBF)	2076.58	1,791.05	2,021.01	1,876.36	15.94	7.71
EPS	3.38	2.92	3.29	3.06	15.75	7.52

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

ROI is 9.31% and ROA is 1.15% which have decreased slightly from the previous year. EPS is increased to 3.29 as the Net profit after tax is increased by 7.71% in the year 2017. ROE is 12.92% which was 11.84% in the year 2016. Following table presents some of the key financial ratios;

Particulars	Bank	
	Year 2017	Year 2016
Return on Equity(PAT/Equity)	12.92%	11.84%
Return on Asset(PAT/Total Assets)	1.11%	1.21%
Return on Investment	9.31%	11.52%
Cost to Income Ratio (Operating Expense/Revenue)	50.66%	48.50%
Capital Adequacy Ratio (Basel III)	11.86%	10.93%
NPL ratio	4.02%	4.05%
Net asset value per share	25.13	25.81
EPS (BDT)	3.29	3.06

### Segment/sector wise product performance:

The bank operates under the following business segments:

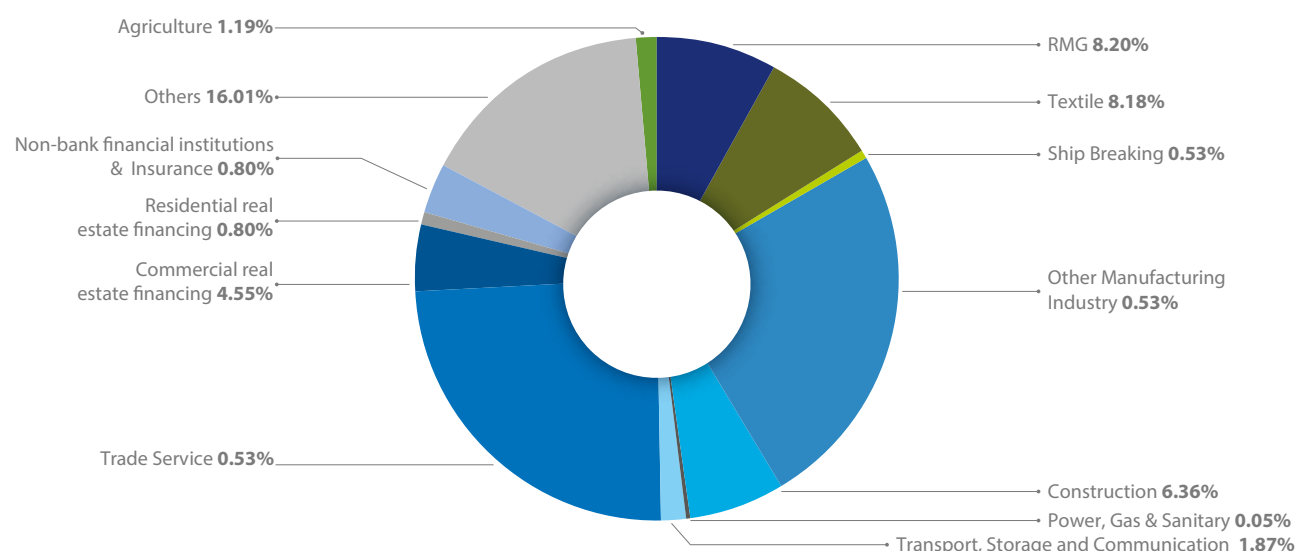
Particulars	Conventional	Islamic	Total
Total Operating Income	8,598,889,633	187,107,894	8,785,997,526
Allocated Expenses	4,388,413,273	62,173,756	4,450,587,029
Operating Profit (Before Tax & Provision)	4,210,476,359	124,934,138	4,335,410,497
Total Provision (Loans/Advances & Others)	943,946,036	-	943,946,036
Profit Before Tax	3,496,355,115	-	3,496,355,115
Provision for Income Tax	1,370,450,244	-	1,370,450,244
Net Profit after taxation	2,021,014,217	-	2,021,014,217
Segment Assets	193,352,896,739	3,705,641,326	197,058,538,065
Segment Liabilities	177,919,525,909	3,705,641,326	181,625,167,236

The bank operates under the following geographical segments:

Particulars	Bangladesh	Off Shore Banking Unit	Total
Total Operating Income	8,699,089,330	86,908,196	8,785,997,526
Allocated Expenses	4,444,916,701	5,670,328	4,450,587,029
Operating Profit (Before Tax & Provision)	4,254,172,630	81,237,868	4,335,410,497
Total Provision (Loans/Advances & Others)	943,946,036	-	943,946,036
Profit Before Tax	3,496,355,115	-	3,496,355,115
Provision for Income Tax	1,370,450,244	-	1,370,450,244
Net Profit after taxation	2,021,014,217	-	2,021,014,217
Segment Assets	191,914,637,591	5,143,900,474	197,058,538,065
Segment Liabilities	176,481,266,761	5,143,900,474	181,625,167,236

### Sector wise Loan Portfolio:

The graphical presentation below reflects that, almost 25% of the loans to Corporate was made to various manufacturing industry, 24% was made to Trade Services, and 16% loan was made to RMG & Textile Sector which reflect that JBL maintained a balanced approach in lending to different industry sectors.



Area	Amount in Core	Percentage
RMG	1124.93	8.20%
Textile	1121.61	8.18%
Ship Breaking	72.36	0.53%
Other Manufacturing Industry	3394.03	24.75%
Construction	871.48	6.36%
Power, Gas & Sanitary	6.85	0.05%
Transport, Storage and Communication	255.82	1.87%
Trade Service	3340.1	24.36%
Commercial real estate financing	623.31	4.55%
Residential real estate financing	109.23	0.80%
Non-bank financial institutions & Insurance	432.44	3.15%
Others	2195.69	16.01%
Agriculture	163.13	1.19%
Total	13710.98	100%

### Appropriation of Profit :

Profit after Tax (PAT) stood at Tk.2,021.01 million. Profit available for distribution comprising of last year's retain earnings and net profit for the year 2017, among shareholders is Tk.1355.08 million after a mandatory transfer of statutory reserve of Tk.699.27 million (@ 20% on PBT).

Profit and loss Appropriation Accounts for the year ended 31 December 2017

BDT in Million

Particulars	Year 2017
Profit for the year before taxation	3496.36
Less: Tax	(1370.45)
Net Profit after tax	2,021.01
Add: Retained profit from last year	2.67
Add: Dividend Equalization Fund from last year	30.70
	2,054.38
Less: Transfer to Statutory Reserve (@ 20% on PBT).	(699.27)
Retained profits	1,355.12

### Recommended Dividend:

Jamuna Bank continued to honour its commitment to optimization of shareholders' value. However, Board of Directors in its 327th meeting held on 26 April 2018 has recommended stock dividend @22% 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 2018) and Bangladesh Bank BRPD circular no. 35 dated 29 December 2010, required capital of the Bank at the close of business on 31 December 2017 was Taka 18,977.05 million as against available core capital of Taka 12,193.88 million and supplementary capital of Taka 7,705.61 million making a total capital of Taka 19,899.49 million thereby showing a surplus capital/ equity of Taka 922.44 million at that date. Details are shown below:

Amount in BDT Million

	2017 In line of BASEL-III	2016 In line of BASEL-III
<b>Common Equity ( Tier- I Capital)</b>		
Paid up Capital	6,141.19	6,141.19
Statutory Reserve	4,697.57	3,998.29
Dividend equalization fund	-	30.71
Right Issue subscription money	-	-
Retained Earnings	1,355.12	1,261.62
Less: Regulatory adjustments (Reciprocal crossholdings)	(5.37)	(8.21)
<b>Total: Tier -I capital</b>	<b>12,188.51</b>	<b>11,423.60</b>

	2017 In line of BASEL-III	2016 In line of BASEL-III
Additional/Supplementary capital (Tier-II Capital)		
General provision of unclassified loans & advances and off balance sheet items	2,365.58	1,875.60
Revaluation Reserve of securities & fixed assets after regulatory adjustment	340.03	510.04
Subordinated bond	5,000.00	2,000.00
<b>Sub total : Tier -II</b>	<b>7,705.61</b>	<b>4,385.64</b>
<b>Tier -I &amp; Tier- II capital</b>	<b>19,894.12</b>	<b>15,809.24</b>
<b>Total Risk Weighted Assets</b>	<b>167,675.45</b>	<b>144,609.82</b>
Required Capital (%)	11.25%	10.63%
<b>Minimum Capital Requirement</b>	<b>18,863.49</b>	<b>14,460.98</b>
<b>Capital to Risk Weighted Assets Ratio (CRAR)</b>	<b>11.86%</b>	<b>10.93%</b>
Tier - I Capital to Risk Weighted Assets	7.27%	7.90%
Tier - II Capital to Risk Weighted Assets	4.59%	3.03%

### Status of Asset Quality

During the year 2017, the NPL Ratio of the Bank decreased to 4.03% from previous year's 4.05%. 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:

Amount in BDT Million

Particulars	31-12-2017	%	31-12-2016	%	Change (%)
Unclassified & Special Mention Account	136,527.84	95.98%	112,356.11	95.95%	0.03%
Sub-standard (SS)	320.70	0.23%	135.10	0.12%	0.11%
Doubtful (DF)	294.99	0.21%	185.60	0.16%	0.05%
Bad/Loss (B/L)	5,109.41	3.59%	4,422.80	3.78%	-0.19%
<b>Total</b>	<b>142,252.94</b>		<b>117,099.61</b>		

### Contribution to National Exchequer & Economy

Jamuna Bank Ltd. is always responsible to the society and the country as a whole. During the year 2017 payment made to national Ex-chequer of Tk.199,57,51,677.10 against VAT and tax deducted at source as well as of Tk.1,694,957,486 made payment as income tax against profit of the Bank for the year 2016. 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 amounting Tk.10.00 crore 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

2592 employees up to December 2017. During the year 2017 we have employed 231 employees.

- ▶ Jamuna Bank Limited donated Tk.5 crore to Prime Minister's Relief Fund to support helpless Rohingya refugees
- ▶ Jamuna Bank Limited donated Taka 2 crore to Prime Minister's Relief Fund for flood affected people
- ▶ Jamuna Bank Limited donated Taka 4 crore to three benevolent organizations dedicated for social welfare, education and autism. The three organizations are- Jatir Janak Bangabandhu Sheikh Mujib Memorial Trust, PM's Education Assistance Trust Fund and Suchana Foundation
- ▶ We are discouraging projects which is detrimental to the environment and health.

Various initiative have already been taken for Sustainable Banking.

## In 2017

- ▶ Tk.199.57 crore paid to National Ex-chequer against VAT and TDS.
- ▶ Contributed 3.00% on pre-tax profit (amounting to Tk.10.49 crore) to Jamuna Bank Foundation for the development of underprivileged segment of the Country .
- ▶ Recruited 231 employees
- ▶ Donated Tk.11.00 (eleven) crore to Prime Minister's Relief Fund

## History of raising capital

As on the reporting date (31-12-2017), 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 2017 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.

BDT in Million

Particulars	Quarter-1	Quarter-2	Quarter-3	Quarter-4	Annually
A) Net interest income	787.40	852.13	558.39	1,601.25	3,799.17
B) Non-interest income	1,058.35	1,164.16	1,438.28	1,326.04	4,986.83
C) Operating income (A+B)	1,845.75	2,016.29	1,996.67	2,927.29	8,786.00
D) Operating expenses	1,041.93	1,019.64	1,047.58	1,341.44	4,450.59
E) Operating profit (C-D)	803.82	996.65	949.09	1,585.85	4,335.41

From the above, it was observed that there was no significant variance in 2017 except operating income of Q-4 (187% higher than that of Q-3) due to increase Interest/profit on loan and advances of main operation.

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

5(Five) Years Key Financial Data & Ratios- JBL (Solo) & JBL (Consolidate) has been presented in the Stakeholder Information Chapter in this report.

### 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 2017, 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 31st December 2017 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 details 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 details 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 watch in risk management the ICC Division contributes making 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 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 including access rights, end point security, firewalls, intrusion prevention/detection, network access control, security monitoring and wireless security. Jamuna Bank Management is very much concern regarding the IT security and 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 243 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 Meeting and Attendance

During the year 2017, a total 23 Board Meetings were held. The details discussion in this regard has been presented in the "Corporate Governance" report of this annual report.

#### Pattern of shareholding

Particulars	No of Shares		Percentages (%)	
	31 Dec'17	31 Dec'16	31 Dec'17	31 Dec'16
Directors & Sponsors	308,151,937	305,765,272	50.18%	49.79%
Financial Institutions	24,532,379	69,596,135	3.99%	11.33%
Foreign Investors	-	-	-	-
Non-resident Bangladeshi	-	-	-	-
General Public	281,435,070	238,757,979	45.83%	38.88%
<b>Total</b>	<b>614,119,386</b>	<b>614,119,386</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;

Name of the Directors	Status	Share holding position as on 31.12.2017	% of Total Share
Mr. Md. Ismail Hossain Siraji	Chairman	12,282,729	2.00
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. Tazul Islam	Director	13,877,590	2.26
Mr. Robin Razon Sakhawat	Director	12,300,745	2.00
Mr. Redwan-ul Karim Ansari	Director	12,855,307	2.09
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. Gazi Golam Murtoza	Director	15,659,388	2.55
Mrs. Tasmin Mahmud	Director	30,869,438	5.03
Mr. Md. Hasan	Director	30,705,911	5.00
Mr. Narayan Chandra Saha	Independent Director	-	-
Mr. Chowdhury Mohammad Mohsin	Independent Director	-	-
Mr. Md. Rafiqul Islam	Independent Director	-	-
Mr. Shafiqul Alam	Managing Director	-	-
Mr. M.A.Rouf & Spouse	Company Secretary	-	-
Mr. Ashim Kumer Biswas & Spouse	Chief Financial Officer	-	-
Mr. Md. Ebtadul Islam & Spouse	Head of ICC	-	-

(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 2017
1	Mr. Mirza Elias Uddin Ahmed	Additional Managing Director
2	Mr. A. K. M. Saifuddin Ahamed	Deputy Managing Director
3	Mr. Muhammad Shahidul Islam	Deputy Managing Director
4	Mr. Md. Mofazzal Hossain	Deputy Managing Director
5	Mr. Md. Abdus Salam	Deputy Managing Director

(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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## Appointment/Re-Appointment of Directors

As per Section 91(2) of The Companies Act, 1994 and Article-101 (ii) of the Articles of Association of the Bank, 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 compliance of regulatory requirement. 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 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

**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.

## Sustainability

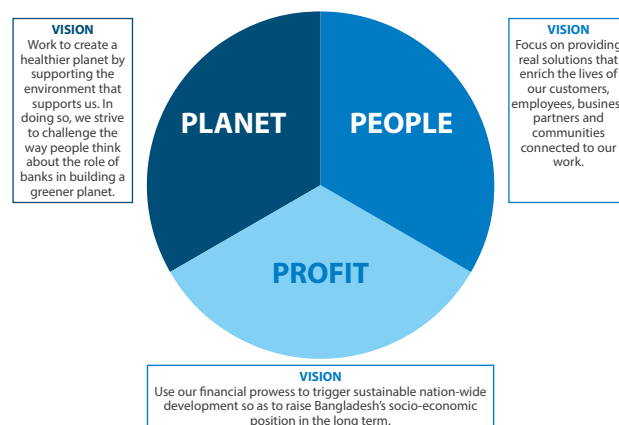
JBL's ambition is to create long-term value from a financial, ethical, social and environmental perspective. Sustainability for us means that we take responsibility for how we conduct

our business, how it affects our customers, employees, shareholders and society at large. JBL takes a broad business approach and we strive to address sustainability issues that are relevant and meaningful for JBL as a bank and the markets in which we operate.

Our stakeholders' feedback is instrumental to the success of our sustainability work. We aim to identify and seize opportunities for positive impact as well as avoiding adverse impacts through JBL's own activities or through our financial products and transactions.

As a bank and financial institution we believe that we can achieve the most effective positive impact by focusing on:

- ▶ Going to a leading position in green finance that promotes climate friendly and resource efficient solutions.
- ▶ Sustainable investments that combine financial value and positive impact on the environment and society.
- ▶ Supporting entrepreneurship to drive sustainable economic development and new jobs.
- ▶ Reducing our carbon footprint.



We are striving to reinvent ourselves as a more sustainable business and sharpen our competitive edge in the market. Therefore, we have begun gauging the consequences of our actions and taking responsibility for how our business decisions affect our shareholders, regulators, customers, employees, suppliers and service providers, society and the environment. Our ultimate goal is to be able to derive and sustain economic, social and environmental value, long into the future.

To bridge the gap between where we are now and where we want to be, we have adopted a 360° sustainability matrix that begins with our stakeholder engagement mechanism where we identify key sustainability trends and determine the opportunities and threats arising there from. These are embedded into our corporate objectives via our strategic planning process and then carried out on a day-to-day basis under the purview of our governance, risk management and product stewardship pillars.



### Our Ethical Policy to Sustainability:

#### Trade and social involvement

We will seek to support and encourage:

- ▶ The business of organizations which promote the concept of fair trade;
- ▶ Business customers and suppliers to take a pro-active stance on ethical sourcing with any Third World suppliers they may use;
- ▶ Organizations participating in our social economy, e.g. co-operatives, credit unions and charities
- ▶ Suppliers whose activities are compatible with our Ethical Policy

#### In addition:

- ▶ We will ensure that our financial services are not exploited for the purpose of money laundering relating to the proceeds of drug trafficking, terrorism and other serious crime;
- ▶ We will not participate in currency speculation which consciously damages the economies of sovereign states;

#### Human rights

We will not invest in or provide financial services to:

- ▶ Any organization which oppresses the human spirit or takes away the rights of the individual
- ▶ Manufacturers of torture equipment or other equipment that is used in the violation of human rights.

#### The arms trade

We will not invest in or provide financial services to any business involved in the:

- ▶ Manufacture
- ▶ Sale
- ▶ Licensed production
- ▶ Brokerage of armaments to any country which has an oppressive regime.

#### Ecological impact

- ▶ We will encourage business customers to take a pro-active stance on the environmental impact of their own activities and will invest in companies that avoid repeated damage to the environment

In line with the principles we will not invest in any business or organization that, as a core activity, relies on:

- ▶ The extraction or production of fossil fuels, which contribute to problems such as global climate change and acid rain;
- ▶ The manufacture of unnatural chemicals which may contribute to problems such as ozone depletion, or which may accumulate in nature;
- ▶ The unsustainable harvest of natural resources such as timber clearance, which leads to deforestation.

#### Customer consultation

We will regularly re-appraise customers' views on these and other issues and develop our ethical stance accordingly.

- ▶ From time to time we seek to represent our customers' views on the issues contained within our ethical policy and other ethical issues.

On occasion we will make decisions on specific business ethical issues not included in our ethical policy. The details discussion on the bank's "Sustainability Report" has been presented in this annual report.

#### CSR Activities

Jamuna Bank has been playing pioneer role in the CSR activities since its inception through Jamuna Bank Foundation. The Bank has been providing 3% pre-tax profit for helping the destitute people of the society.

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, Free Eye camp, Mobile Medical treatment, 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, awarding of reception and crest to the distinguished Citizen, establishment of old home, Seminar on Anti-drug and drug free society (June 26), arrangement of seminar in every year for establishment of drug-free society in every Division of the country by the participation of Executive, Officer & Staff of the bank, establishment of cure center in Mirpur area of Dhaka City for the drug addicted

persons, 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, 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.

Besides, establishment of solar village at char Tertakia, P.S. Pakundia under Kishoregonj district by Jamuan Bank Foundation. Char Tertakia is the remote char area where no electricity is available, many poor & meritorious students of the village can not study due to want of kerosene oil. 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, many items like sewing machine, Van, Riskshaw will be provided for the rehabilitation of disabled & freedom fighters. The details discussion on the bank's "Corporate Social Responsibility" has been presented in this annual report.

### Corporate Governance Compliance Statement

Jamuna Bank Ltd. believes that enriched corporate governance contributes to the long-term success of a company and creates trust and engagement between the company and its stakeholders. Accordingly, the Board of Directors and Management are committed to continuously striving for the highest standards in governance to ensure that the business and its affairs are in strict adherence to the doctrine and principles of sound governance such as integrity, transparency, accountability and responsible business conduct to safeguard the interests of its shareholders and stakeholders. It is the responsibility of the Company Secretary, being the highest governance official in the Company, to ensure effective compliance of rules and regulations in this respect.

As part of its corporate policy, Jamuna Bank always strives to maximize its shareholders' value and benefit. In doing so, the Bank is committed to maintaining high standards of Corporate Governance. The Company's Corporate Governance framework is directed towards achieving its business objectives in a manner that is responsible and in accordance with its high standards of honesty, reliability,

transparency and accountability. The essential elements that define effective corporate governance in the Company are outlined in the Corporate Governance Statement which is appended in this Annual Report.

Besides, we have the pleasure to confirm that the Company has, complied with all the necessary guidelines under BSEC Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 7 August 2012. The Compliance Report along with the necessary remarks and disclosures is appended in this Annual Report for the year 2017. Further, a Certificate of Compliance required under the said Guidelines, as provided by ACNABIN, Chartered Accountant, is also annexed to this report.

### Acknowledgements

The achievement of the year is more than a tribute to the customers of the Bank and its numerous stakeholders'. And with that conviction at the background, the Board of Directors firmly believes that Jamuna Bank has the necessary strengths, resources and commitments to further propel the Company to newer heights. The Members of the Board would like to place on record their high appreciation to the valued Shareholders and all other Stakeholders of the bank for their persistent support and guidance. The Board would also like to thank each and every customer for their continued support and banking with us. The Board also recognises that its journey and accomplishments during the year was possible because of the cooperation, positive support and guidance that it had received from the Government of Bangladesh, particularly the Bangladesh Bank, Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange, Chittagong Stock Exchange, Registrar of Joint Stock Companies and Firms, National Board of Revenue and other numerous stakeholders. The Board would also like to appreciate the support from vendors, the Press & Media, business partners and all of our employees. Accordingly, the Board offers its utmost gratitude to them.

We also extend our warmest thanks to the management and employees for being the essential part of Jamuna Bank during the year. It was their unrelenting commitment, dedication and diligence throughout the year that led to the Company achieving the results in 2017.

### On behalf of the Board of Directors



**Engr. A. K. M. Mosharraf Hussain**  
Chairman of the Board of Directors

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## DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for the governance of the Bank, and in that capacity, the Directors confirm, to the best of their knowledge that:

- a. The financial statements, prepared by the Management of the Bank, present fairly its state of affairs, the result of its operations, cash flows and change in equity;
- b. Proper books of account of the Bank have been maintained;
- c. 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;
- d. The International Accounting Standards, as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;
- e. The system of internal control is sound in design and has been effectively implemented and monitored;
- f. There is no doubt, whatsoever, upon the Bank's ability to continue as a going concern;
- g. The CEO and CFO have certified to the Board that they have reviewed the financial statements and affirm that:
  - (1) these statements do not contain any materiality untrue statement or omit any material fact or contain statements that might be misleading
  - (2) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and laws
- h. The CEO and CFO have certified to the Board that no transactions entered into by the Bank during the year which are fraudulent, illegal or violation of the Bank's code of conduct.



# Corporate Governance Report

## CORPORATE GOVERNANCE REPORT

Corporate Governance can bring investors' trust by ensuring compliance of laws, transparency, accountability, responsibility and fairness. By maintaining compliance continuously for long term, it can benefit the major stakeholders including shareholder, vendor, customer, government, society and employees to keep trust on financial disclosures as well as strengths of the company

Banks are vital elements in any economy. Banks keep deposit from various parties and provide loans to different parties. The amount of their loans is far bigger than their capital. Banks do business with the money of other peoples. Thus the risk of the banking sector is actually the risk of those peoples who make deposit with them.

“Corporate Governance ensures to bring transparency, accountability and professionalism in the management system of a corporate body that enhances the credibility and acceptability to the shareholders, employees, potential investors, customers, lenders, governments, regulators and all other stakeholders.

The responsibilities of the Board of Directors of a bank-company are more important than those of other companies; because in case of a bank-company it is essential to earn and maintain confidence of the depositors as its business is mainly run with the depositors' money.

### Key Constituents of Corporate Governance

Corporate governance contributes to the efficiency of organization enabling them to compete in a sustained way. Corporate governance plays an important role in maintaining integrity in the organization and to manage the risk of the organization. It is a crucial system which guides, monitors and controls the organizational functions. The three important constituents of corporate governance are:



The important role in the system of the corporate governance is performed by the Board of Directors. The board is accountable to the stakeholders and directs and controls the management. It stewards the company, sets its strategic aim and financial goals and oversees their implementation, puts in place adequate internal controls and periodically reports the activities and progress of the company in a transparent manner to all the stakeholders.

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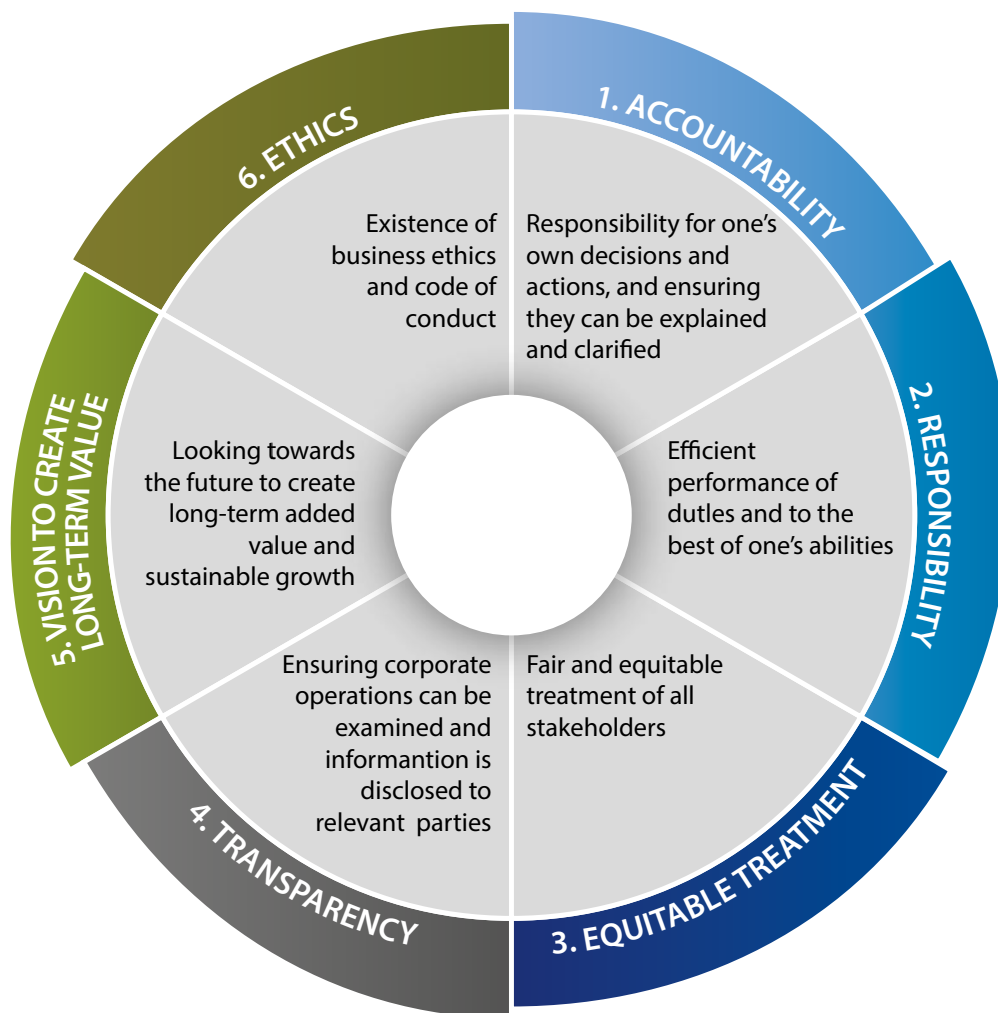
The important role of the shareholders is to hold the board accountable for the proper governance of the company by enabling the board to provide them periodically the required information in a transparent manner about the activities and progress of the company.

The Management has the responsibility to undertake the management of the organization in terms of the direction provided by the board, to put in place adequate control systems and to ensure their operation and to provide information to the board on a timely basis and in a transparent manner to enable the board to monitor the accountability of management to it.

### Common Principles of Corporate Governance

Commonly accepted principles of corporate governance include:

- ▶ **Rights and equitable treatment of shareholders:** Organizations should respect the rights of shareholders and help shareholders to exercise those rights. They can help shareholders exercise their rights by effectively communicating information that is understandable and accessible and encouraging shareholders to participate in general meetings.
- ▶ **Interests of other stakeholders:** Organizations should recognize that they have legal and other obligations to all legitimate stakeholders.
- ▶ **Role and responsibilities of the board:** The board needs a range of skills and understanding to be able to deal with various business issues and have the ability to review and challenge management performance. It needs to be of sufficient size and have an appropriate level of commitment to fulfill its responsibilities and duties.



- ▶ **Integrity and ethical behavior:** Ethical and responsible decision making is not only important for public relations, but it is also a necessary element in risk management and avoiding lawsuits. Organizations should develop a code of conduct for their directors and executives that promotes ethical and responsible decision making. It is important to understand, though, that reliance by a company on the integrity and ethics of individuals is bound to eventual failure. Because of this, many organizations establish Compliance and Ethics Programs to minimize the risk that the firm steps outside of ethical and legal boundaries.
- ▶ **Disclosure and transparency:** Organizations should clarify and make publicly known the roles and responsibilities of board and management to provide shareholders with a level of accountability. They should also implement procedures to independently verify and safeguard the integrity of the company's financial reporting. Disclosure of material matters concerning the organization should be timely and balanced to ensure that all investors have access to clear, factual information.

The financial institutions market is very much sensitive and confronted with certain unique problems in applying governance principles. Any governance principles adopted by this industry should be flexible enough to take into account the variety of business within its purview. Having the right "tone at the top" is one of the most important factors in ensuring the corporate governance. The right "tone at the top" will establish the ethical culture of the corporation and permeate the corporation's relationships with employees, the business community and regulators.

### Factors that Determine success of Corporate Governance in an Organization

#### Organization Working Board

A functioning Board represents the interests of shareholders in truth and in spirit. If a board exist it does not mean that it functions. Functioning of a board goes beyond setting. It must be able to set policies and define the large purpose of the business, approves strategic directions and hold executive accountable for performance. Board members must not own

their seats to the benevolence of the executives they are meant to govern, if they would exercise objective judgements in the discharge of their duties. They must also be knowledgeable in the complexities of the company and its industry, of finance and of relevant laws and regulations. If they lack expertise in their field cannot simply be effective partners in decision making.

### Transparency

There is the need for transparency in the organization, in its day to day operations, its systems and decision making process. A culture of organization transparency is critical to sound ethical practice and corporate governance. Low level of organization transparency is usually the umbrella that hides abuse of power and unethical managerial behaviour. An organization that is not internally transparent to itself cannot be externally transparent to its shareholders and the larger public.

### Whistle blowing

It encourages the confidential reporting of unethical practice among employees, suppliers' customers in their business dealing with the company. Are there clear hierarchies of whistle blowing up to the board level, usually an independent board ethics to report such malpractices. Are there sufficient safe guard to protect whistle blowers from victimizations? The perceived integrity objectivity and independence of the reporting hierarchy for whistle-blowing up to the board level is critical for whistle-blowing to work.

### Power Concentration

The organization should have a system of check and balances. The organization should have a system of check and balances that ensure power is not concentrate in a few hands. A organization should not be run like a democracy; it should also not be run like an imperial kingdom. Imperialialness of power leads to abuse of power. You find in situation good men with good intentions have found themselves corrupted by power and end up abusing their office because the organization is not run by a system of checks and balances against power concentration.

### Formal and Periodic evaluation of the CEO

The Board should also have as one of its key responsibilities the annual review of the organization's succession plans for senior management. This process should involve a dialogue with the Chief executive about his or her strengths, weakness, objectives, personal plans, and of course performance. It should access the company's annual and long term performance in comparison with that of similar organization. Evaluating the CEO also helps to preserve his or humility, a trait that is difficult to come by.

### External Regulation and Monitoring

It is important to have a regulatory environment in place which can compel companies to stick to high levels of corporate governance. It is also important where extant laws are logging behind ethical or governance challenges of corporations.

### Open and well implemented conflict of interest policy

It ensures that interests of mangers, executives and directors are disclosed when they enter into relationship with the company. This will be to ascertain that such business is fair to the firm, the larger shareholders and that such business interests are not in conflict with the fiduciary responsibilities of directors and in the case of mangers that such interest are not in conflict with their duty as agents of shareholders.

### Candour between executives of a firm and staff

It shows the good signal of quality of corporate governance if staff as internal stakeholders cannot express themselves with truthfulness; it might signal excessive power concentration at the top of the organization which can be potentially abused by leaders of the organizations. Candour between staff and executives of firms is also a critical ingredient that builds an internal culture of organization transparency. However people can ask and feel free to ask, nothing untoward can be hidden in the organization, ensuring a high degree of corporate governance.

### 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 2018). 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 implementation of the same as well as the day-to-day operations of the Bank..

### Appointment of Directors

The relevant provision of Companies Act 1994, Bank Company Act 1991 (amended up to 2018), Corporate Governance Guidelines of BSEC, Guidelines of Bangladesh Bank 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 Committee(s) is set in accordance to the relevant section of Bank Company Act 1991 (amended up to 2018), “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, subject to complying rules/regulations of regulatory bodies

in this regard. In this connection, 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:
- b) Credit and risk management:
- c) Internal control management:
- d) Human resources management and development:
- e) Financial management:
- f) Formation of Board committees
- g) Appointment of Managing Directors & CEO.

### 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 2018) 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 2017, a total 23 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.



307th Meeting of the Board of Directors of Jamuna Bank Ltd. held on 09.05.2017

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. Md. Ismail Hossain Siraji	Chairman	19
2	Engr. A. K. M. Mosharraf Hussain	Director	*16
3	Engr. Md. Atiqur Rahman	Director	*18
4	Mr. Golam Dastagir Gazi, Bir Protik	Director	*18
5	Mr. Fazlur Rahman	Director	*6
6	Al-Haj Nur Mohammed	Director	*21
7	Mr. Md. Tazul Islam	Director	*17
8	**Mr. Sakhawat, Abu Khair Mohammad	Director	*8
9	**Mr. Robin Razon Sakhawat	Director	*6
10	Mr. Redwan-ul Karim Ansari	Director	*17
11	Mr. Md. Belal Hossain	Director	*11
12	Mr. Md. Mahmudul Hoque	Director	*3
13	Mr. Shaheen Mahmud	Director	*9
14	Mr. Md. Sirajul Islam Varosha	Director	*15
15	Mr. Kanutosh Majumder	Director	*20
16	Mr. Gazi Golam Murtoza	Director	*10
17	Mrs. Tasmin Mahmud	Director	*2
18	Mr. Md. Hasan	Director	*7
19	Mr. Narayan Chandra Saha	Independent Director	*22
20	Mr. Chowdhury Mohammad Mohsin	Independent Director	*10
21	Mr. Md. Rafiqul Islam	Independent Director	*21

\* 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.

\*\* Mr. Sakhawat, Abu Khair Mohammad retired in the 16th AGM held on 7 August 2017 and Mr. Robin Razon Sakhawat, eldest son of Mr. Sakhawat, elected as Director of Jamuna Bank Limited.

### 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.

### 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%). The details discussion in this regard has been presented in the "Directors Report" report of this annual report

### 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 committee(s) 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 2017, 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 the huge amount of competition the Bank has been able to earn Operating Profit Target by 89.69% for the year 2017 having a growth of 8.26% over the previous year's achievement. The Board also observed that

during 2017, the growth of Deposit, Loans & Advances, Import business, Export Business, Guarantee Business and Foreign Remittance were 18.38%, 21.48%, 20.72%, 8.26%, 44.31% and 39.98% 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 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.



503rd meeting of the Executive Committee of the Board of Directors of Jamuna Bank Limited held on 29-11-2017

## Meetings of the Executive Committee

Total 25 (Twenty five) numbers of meetings of Executive Committee have been held during 01.01.2017 to 31.12.2017.

Details of member of Executive Committee along with their terms/duration are as follows:

The Executive Committee of the Board of Directors for the period 01.01.2017 to 13.08.2017

Sl.	Name	Status	Remarks
01.	Mr. Kanutosh Majumder, Director	Chairman	15 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. Tazul Islam, 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 14.08.2017 to 31.12.2017

Sl.	Name	Status	Remarks
01.	Engr. Md. Atiqur Rahman, Director	Chairman	10 meetings held during the period
02.	Mr. Md. Ismail Hossain Siraji, Chairman (BOD)	Member	
03.	Al-Haj Nur Mohammed, Director	Member	
04.	Mr. Md. Tazul Islam, Director	Member	
05.	Mr. Shaheen Mahmud, Director	Member	
06.	Mr. Kanutosh Majumder, Director	Member	
07.	Mr. Gazi Golam Murtoza, Director	Member	

## Meeting held by Executive Committee: 25 (Twenty five)

Loan approval in 2017

BDT Million

	No. of Memo	Funded	Non-Funded
New Sanction	238	7594.00	5528.90
Enhancement	115	594.00	840.50
Rescheduling	8	63.10	-
Forced Loan	-	-	-

## 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.

## 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.

**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 11 (Eleven) numbers of meetings of Audit Committee have been held during 01.01.2017 to 31.12.2017. Details of member of Audit Committee along with their terms/duration are:



163rd meeting of Audit Committee of the Board of Directors, Jamuna Bank Limited held on 18-12-2017

Sl.	Name	Status	Remarks
01.	Mr. Md. Rafiqul Islam, Independent Director	Chairman	11 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. 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. Born in November 30, 1985, Mr Redwan-ul Karim Ansari has had more than 11 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 Kira 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.

#### Major agenda covered in 2017

- ▶ Bangladesh Bank comprehensive inspection report and the recommendations.
- ▶ Actions taken by the management in regard to deficiencies raised in the Bangladesh Bank Inspection report and by the Internal Audit and Inspection team of the Bank.



- ▶ Audit and Inspection reports on the branches, divisions and departments of the Corporate Office prepared by the Internal Control and Compliance Division (ICCD) of the Bank.
- ▶ External Audit Report Of The Bank and the recommendations of the Bank.
- ▶ The corrective measures taken by the management in regard to the lapses pointed out on the internal control and other issues as are raised by internal and external auditors and inspectors of the regulatory authority.
- ▶ The compliance status of the audit objections and the recommendations made by the Bangladesh Bank inspectors, External Auditors and the Internal Auditors in the reports.
- ▶ Management Report on Accounts of the Bank.
- ▶ Implementation of Core Risk Management Guidelines including Internal Control and Compliance Risk along with compliance.
- ▶ The review of status of recovery of classified loans and providing with the necessary guidelines to the management to contain the NPLs.

#### 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 has been submitting the internal comprehensive inspection reports on branches along with the compliance reports and 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 Audit Committee 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 2017 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.



17th meeting of the Risk Management Committee of the Board of Directors of Jamuna Bank Limited held on 27-12-2017.

(i) Nos. of Meeting of Risk Management Committee of the Board of Directors held from the period 01.01.2017 to 13.08.2017.

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

(ii) Nos. of Meeting of Risk Management Committee of the Board of Directors held from the period 14.08.2017 to 31.12.2017.

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

#### Meeting held by Risk Management Committee: 04

##### Major agenda covered in 2017

- ▶ Comprehensive Risk Management Report and Minutes of the meeting of the Risk Management Committee (Monthly Basis)
- ▶ Stress Testing Report (Quarterly Basis)
- ▶ Risk Based Capital Adequacy Report in line with Basel-III (Quarterly Basis)
- ▶ Leverage Ratio
- ▶ Memorandum on quarterly calculation of Comprehensive Value at Risk (VAR) of Foreign Exchange position
- ▶ Appraisal of the minutes of the "Supervisory Review Committee (SRC)"
- ▶ Statement on ICAAP under Supervisory Review Process

- ▶ Memo on LCR & NSFR. Structural Liquidity Profile (SLP), Wholesale Borrowing & Commitments.

##### 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 16th AGM held on 07th August 2017 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 2017.

### 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 2017, 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 2017. 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 Capital" & "Human Resources Value Creation" has been presented in Management Discussion and Analysis chapter 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 "Sustainability Report" has been presented in 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, 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, 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 completed the construction works of 2 storied out of 10 storied building of Jamuna Bank Old home at Mekail Nagar, Keranigonj. A local business man AL-Haj Zulhash donated 10 bigha land for establishing this Old home 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".



*Jamuna Bank Limited donated Tk.5 crore to Prime Minister's Relief Fund to support helpless Rohingya refugees*

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 inaugurated 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 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 enched 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 in

one on-line news portal to acknowledge our shareholders regarding decision of the Board in this regard.

Shareholders of the Bank in their 16th AGM held on August 07, 2017 approved 20.50% Cash Dividend for the year 2016 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 Newspaper 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.

S/N	Name of the Members	Status
01	Al-Hajj Mawlana Mohammad Sadequ Islam, Imam and Khatib, Mohakhali DOHS Jame Masjid, Dhaka Cantonment.	Chairman
02	Mr. M. Azizul Haque, Founder Managing Director of Islami Bank Bangladesh Ltd., Consultant of Islami Banking	Member
03	Prof. Mawlana Md. Salahuddin, Khatib, Baitul Mukarram, National Mosque, Dhaka	Member
04	Mawlana Abdur Razzak, Principal, Madinatul Ulum Model Institute Boys Kamil Madrasah, Dhaka.	Member
05	Hafez Mawlana Mufti Ruhul Amin, Principal, Jamea Islamia Darul Ulum Khademul Islam Gawherdanga Madrasah, Tungipara, Gopalganj.	Member
06	Hafez Mawlana Prof. Dr. Shahidul Islam Barakati, Islami Scholar	Member
07	Dr. Ahmadullah Trishali, Assistant Director, Bangladesh Madrasa Teachers' Training Institute (BMTTI), Board Bazar, Gazipur	Member
08	Mr. Shafiqul Alam, Managing Director, Jamuna Bank Ltd.	Member (Ex-Officio)

Total 03 (Three) numbers of meetings of Shariah Supervisory Committee have been held during 01.01.2017 to 31.12.2017. Details of which is illustrated as follows:

(i) Nos. of Meeting of Shariah Supervisory Committee of Jamuna Bank Limited held from the 01.01.2017 to 15.07.2017.

Sl.	Name	Status
01.	Professor Mawlana Md. Salahuddin	Chairman
02.	Hafez Mawlana Mufti Ruhul Amin	Member
03.	Mawlana Abdur Razzak	Member
04.	Mr. M. Azizul Haque	Member
05.	Hafez Mawlana Prof. Dr. Shahidul Islam Barakati	Member
06.	Alhaj Mawlana Md. Sadequ Islam	Member
07.	Mr. Shafiqul Alam (Ex-Officio)	Member

(ii) Nos. of Meeting of Shariah Supervisory Committee of Jamuna Bank Limited held from the 16.07.2017 to 31.12.2017.

Sl.	Name	Status
01.	Alhaj Mawlana Md. Sadequl Islam	Chairman
02.	Mr. M. Azizul Haque	Member
03.	Professor Mawlana Md. Salahuddin	Member
04.	Mawlana Abdur Razzak	Member
05.	Hafez Mawlana Mufti Ruhul Amin	Member
06.	Hafez Mawlana Prof. Dr. Shahidul Islam Barakati	Member
07.	Dr. Ahmadullah Trishali	Member
08.	Mr. Shafiqul Alam (Ex-Officio)	Member

### 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 banking experience (both at home and abroad). The functions of the Board and the Management are clearly defined and sharply bifurcated. The Management implements and acts within the policies and manuals approved by the Board. A clearly defined organizational structure with definite lines of responsibility and delegation of powers to different echelons of the management are in place in the Bank. The Management enjoys full freedom in conducting the business of the Bank within the scope of the policy guidelines of the Board and the regulatory bodies. However, the Board and the Management work in unison for the continued well being of the Bank. To streamline the functions of different divisions / departments of the Bank, the following Committees are actively working in the Bank:

#### 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.

#### Senior Management Team (SMT)

The highest committee of Management is the Senior Management Team (SMT), which is responsible for overall management of the Bank, internal control and core risk management as well as recommending strategy and monitoring business performance of the bank and its subsidiaries. It is composed of 6 (six) senior members of the Management.

#### 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. The Head of Treasury acts as the secretary of the committee.

#### Meeting held by ALCO in 2017: 15 (Fifteen)

##### Major agenda covered in 2017:

- ▶ Review of the Fund Position and Mismatch Position.
- ▶ Review of interest rates on Deposits and Advances of our Bank compared to other Bank.
- ▶ Discussion on the comparative position of Deposit and Advances of our Branches.
- ▶ Discussion regarding activities of PD.
- ▶ Review of the Economic & Market Status and outlook & the Key Management indicators of the Bank.
- ▶ Discussion regarding bucket information of Asset & Liabilities of the Bank.
- ▶ Discussion regarding the position of rate sensitive Asset & Liability.
- ▶ Discussion regarding the unused whole sale borrowing capacity.
- ▶ Discussion regarding the undrawn portion of Commitment.
- ▶ Review of the trend of local & foreign currency deposits & advance position.
- ▶ Review of the statement showing the interest rate risk of Assets & Liabilities position of the Bank.
- ▶ Review of the loan & Deposit Movement.
- ▶ Review of the interest rate breakdown for asset & Liability.
- ▶ Review of the top 10 Depositors list.
- ▶ Review of the top 10 Borrowers list.
- ▶ Review of the trend of the limit as states in policy statement for last few months..

- ▶ Review of the combined & segmented Deposit & Advance trend in local & foreign currency.
- ▶ Review of the comparative balance position of the Bank.
- ▶ Review of the status of regulatory compliance.
- ▶ Review of the last financial data of the Bank.
- ▶ Review of the off balance sheet position.
- ▶ Review of the credit limit imposed by the counter parties.
- ▶ Review of the limit status and its utilization.
- ▶ Discussion regarding the amount of loan able fund
- ▶ Discussion regarding Borrowed fund to Total Asset
- ▶ Review of the average interest rate on loans & deposit
- ▶ Review of the highest call money rate for previous 12 months.
- ▶ Review on Foreign Exchange Asset & Liability and Net Open Position (NOP)
- ▶ Review of the Value at risk (VaR) on foreign Exchange Position.
- ▶ Review of the Stress testing report & expected capital requirement

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

#### Meeting held by HOCRC in 2017: 173 (One seventy three)

Sanction type of Credit Committee	Number of proposal
Facility Approved in 2017	
New	1579
Renewal	89
Enhancement	253
Renewal with Enhancement	458
Reduction	9
Renewal with Reduction	-
Restructuring	19
Renewal with Restructuring	-
Rescheduling	20
Specific	115
Others	485

The business proposals having funded facilities within Tk.1.00 Crore will be placed before the Committee.

#### Business Management Committee (BMC)

The Board of Directors is the source of all powers. It can delegate power to any committee, The Managing Director and different tiers of the Management from time to time for smooth operation of the Bank. The Board in its 306th meeting held on 27/04/2017 delegated business power of total BDT 15.00 crore (where funded Tk.5.00 crore + non-funded Tk.10.00 crore) to the Managing Director and CEO of the Bank. And Managing Director formed a committee titled "Business Management Committee" chaired by the Managing Director and other member of the committee for this purpose will be as follows:

- 1) The Additional Managing Director.
- 2) The Head Office Deputy Managing Directors'
- 3) The Head of Corporate Banking Division'
- 4) The Head of Business.
- 5) The Head of Credit Risk Management Division'
- 6) An officer of Credit Risk Management Division will act as secretary to the Management Committee Board.

The business proposals having funded facilities above Tk.1.00 Crore to Tk.5.00 crore and non-funded facilities upto Tk.10.00 crore will be placed before the Committee. The Head of Retail Banking Division and Head of SME Division attend meetings if they have proposals placed in the BMC for discussion.



**Meeting held by BMC in 2017 : 15 (Fifteen)****Risk Management Committee at management-level**

In compliance of DOS Circular Letter No. 13 dated 09 September 2015, the Bank has formed Risk Management Committee at management level comprising AMD & CRO, DMD (Operations), Head of ICC, Head of CRM, Head of ICT, Head of FAD, Head of AML, Head of ID, Head of Treasury, Head of Law and Recovery. The Head of RMD acts as the secretary of the committee. This Committee is engaged in formulating risk management policy and procedures of the Bank.

**Meeting held by Bank's Risk Management Committee: 12 (Twelve)****Major agenda covered in 2017**

- ▶ Discussion on the Comprehensive Risk Management Report on Monthly Basis.

**Supervisory Review Committee (SRC)**

A sound risk management process is the foundation for an effective assessment of the adequacy of a bank's capital position. In this regard, Supervisory Review Committee is engaged in reviewing the nature and level of risk relates to banking assets and planning for adequate capital framework.

**Meeting held by Supervisory Review Committee (SRC): 4 (four)****Major agenda covered in 2017**

- ▶ Discussion on the Risk Management Paper on quarterly basis.
- ▶ Discussion on the statement of the Capital Adequacy on quarterly basis.
- ▶ Discussion on the statement of the Stress Testing on quarterly basis.
- ▶ Discussion on Internal Capital Adequacy Assessment Process (ICAAP) on yearly basis.

Company Secretary and Secretary to the Board of Directors

The Board has appointed Mr. M. A. Rouf as the 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. 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 for 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 Audit Committee of the Board to review whether they are conducting day to day business transactions as per set policies & procedures.

Monitoring Department collects the Departmental Control Function Checklist (DCFCL), Quarterly Operations Report (QORs), Loan Document Checklists (LDCs), etc. and reviews them thoroughly to ensure that they are properly prepared and applied.

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 Securities & 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	Formation of Board of Directors: 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	Appointment of New directors: 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	Vacation of office of Director	
(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
1.3	Removal of Directors from office: 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

Sl.	Particulars	Compliance Status
1.4	Appointment of Alternate Director: 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	Depositor Director: 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	Information regarding Directors: 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	Responsibilities of the Board of Directors	
4.1	Responsibilities and Authorities of the Board of Directors:	
(a)	Work-planning and strategic management:  (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
(b)	Credit and risk management:  (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
(c)	Internal control management	
	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

Sl.	Particulars	Compliance Status
(d)	Human resources management and development:	
	(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
(e)	Financial management:	
	(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.	Complied
	(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
(f)	Appointment of Chief Executive Officer (CEO): 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
(g)	Other responsibilities of the Board: In accordance to BB Guidelines issued from time to time.	Complied. (The BoD will do so as and when required by BB)
4.2	Meeting of Board: 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)
4.3	Responsibilities of the Chairman of the Board	
	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

Sl.	Particulars	Compliance Status
	<p>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.</p> <p>However, any complaint against the CEO shall have to be apprised to Bangladesh Bank through the board along with the statement of the CEO.</p>	Complied
	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
5	Formation of committees from the Board of Directors: 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
5.1	Executive committee: 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
5.2	Audit Committee: 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
5.3	Risk Management Committee: 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
6.	Training for the Directors: The directors shall make themselves fully aware of the banking laws and other related rules and regulations for performing his duties properly.	Complied
7	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
A	Rules and regulations for appointing CEO	
1	Moral Integrity: In case of appointment to the post of Chief Executive, satisfaction in respect of the concerned person should be ensured to the effects that,- a) He has not been convicted by any Criminal Court of Law; b) He has not been punished for violating any rules, regulations or procedures/norms set by any Controlling Authority; c) He was not associated with any such company/organization, registration or licence of which has been cancelled.	Complied
2	Experience and Suitability: 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. 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. c) In respect of service, the concerned person should have excellent record of performance. d) Satisfaction should be ensured that the concerned person was not dismissed from service when he was chairman/director/official of any company; 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.	Complied
3	Transparency and Financial Integrity: As per BRPD Circular No.18 dated 27 October 2013 issued by Bangladesh Bank.	Complied
4	Age limit: No person crossing the age of 65 years shall hold the post of CEO of a bank.	Complied
5	Tenure: 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
6	Guidelines in fixing the salary and allowances: 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
7	Incentive Bonus: Subject to the payment of incentive bonuses to all staffs/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
8	Honorarium for Board Meeting: 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
9	Evaluation Report: 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
10	Prior approval from Bangladesh Bank: 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	Duties and Responsibilities of CEO: 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
B	Rules and regulations for Appointment of Advisor:-	No such advisor in JBL
	1. Experience and Suitability: As mentioned in the BRPD Circular No.19 dated 27 October 2013 issued by Bangladesh Bank.	N/A
	2. Responsibilities: As mentioned in the BRPD Circular No.19 dated 27 October 2013 issued by Bangladesh Bank.	N/A
	3. Prior approval from Bangladesh Bank: As mentioned in the BRPD Circular No.19 dated 27 October 2013 issued by Bangladesh Bank.	N/A
	4. Remuneration and other facilities: As mentioned in the BRPD Circular No.19 dated 27 October 2013 issued by Bangladesh Bank.	N/A
	5. Tenure: As mentioned in the BRPD Circular No.19 dated 27 October 2013 issued by Bangladesh Bank.	N/A
	6. Appointment of Ex-officials: As mentioned in the BRPD Circular No.19 dated 27 October 2013 issued by Bangladesh Bank.	N/A
C	Appointment of Consultant:-	No such consultant in JBL
	1. Terms of Reference: As mentioned in the BRPD Circular No.19 dated 27 October 2013 issued by Bangladesh Bank.	N/A
	2. Responsibilities: As mentioned in the BRPD Circular No.19 dated 27 October 2013 issued by Bangladesh Bank.	N/A
	3. Appointment: As mentioned in the BRPD Circular No.19 dated 27 October 2013 issued by Bangladesh Bank.	N/A
	4. Tenure: As mentioned in the BRPD Circular No.19 dated 27 October 2013 issued by Bangladesh Bank.	N/A
	5. Remuneration/honorarium: As mentioned in the BRPD Circular No.19 dated 27 October 2013 issued by Bangladesh Bank.	N/A
	6. Appointment of Ex-officials: 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 2017 is as follows:

Condition No.	Title	Compliance Status		Remarks
		(Put ✓ in the appropriate column)		
		Complied	Not complied	
1.0	Board of Directors			
1.1	Board Size: The number of Board Members shall not be less than 5 (five) and more than 20 (twenty)	✓		
1.2	Independent Directors			
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 in 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.	✓		



Condition No.	Title	Compliance Status		Remarks
		(Put ✓ in the appropriate column)		
		Complied	Not complied	
1.2 (vi)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only.	√		
1.3	Qualification of Independent Director (ID)			
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	√		
1.5	The Directors' Report to the Shareholders			
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	√		

Condition No.	Title	Compliance Status		Remarks
		(Put ✓ in the appropriate column)		
		Complied	Not complied	
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.	✓		
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.	✓		
1.5 (xxi)	The pattern of shareholding shall be reported to disclose the aggregate number of shares (along with name wise details where stated below) held by:			
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		
1.5 (xxii)	In case of the appointment/re-appointment of a director the company shall disclose the following information to the shareholders:			
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
2.0	Chief Financial Officer (CFO), Head of Internal Audit and Company Secretary (CS)			
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	✓		

Condition No.	Title	Compliance Status		Remarks
		(Put √ in the appropriate column)		
		Complied	Not complied	
3	Audit Committee:			
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.	√		
3.1	Constitution of Audit Committee			
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	√		
3.1 (v)	The company secretary shall act as the secretary of the Committee.	√		
3.1 (vi)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	√		
3.2	Chairman of the Audit Committee			
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)	√		
3.3	Role of the Audit Committee			
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.	√		

Condition No.	Title	Compliance Status		Remarks
		(Put $\checkmark$ in the appropriate column)		
		Complied	Not complied	
3.3 (ix)	Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors.	$\checkmark$		
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		
3.4	Reporting of the Audit Committee			
3.4.1	Reporting to the Board of Directors			
3.4.1 (i)	The Audit Committee shall report on its activities to the Board of Directors.	$\checkmark$		
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;	$\checkmark$		
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		
4	External/Statutory auditors:			
	Non-Engagement of External/Statutory Auditors in the following services			
4 (i)	Appraisal or valuation services or fairness opinions.	$\checkmark$		
4 (ii)	Financial information systems design and implementation.	$\checkmark$		
4 (iii)	Book-keeping or other services related to the accounting records or financial statements.	$\checkmark$		
4 (iv)	Broker-dealer services.	$\checkmark$		
4 (v)	Actuarial services.	$\checkmark$		
4 (vi)	Internal audit services.	$\checkmark$		
4 (vii)	Service that the Audit Committee determines.	$\checkmark$		
4 (viii)	Audit firms shall not hold any share of the company they audit	$\checkmark$		
5	Subsidiary Company			
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.	$\checkmark$		

Condition No.	Title	Compliance Status		Remarks
		(Put ✓ in the appropriate column)		
		Complied	Not complied	
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.	√		
6	Duties of Chief Executive Officer and Chief Financial Officer			
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.	√		
7	Reporting and Compliance of Corporate Governance			
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 Annexure attached, in the directors' report whether the company has complied with these conditions.	√		

# CORPORATE GOVERNANCE CERTIFICATE



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## Certificate on Compliance with 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 2017. 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 is 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,  
14 May 2018

**ABM Azizuddin, FCA**  
**Partner**  
**ACNABIN, Chartered Accountants**  
ICAB Enrollment # 46



Branch Office: Jahan Building No.7 (1st Floor, North Side), 59 Agrabad Commercial Area, Chittagong-4100, Bangladesh.  
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## REPORT OF THE AUDIT COMMITTEE OF THE BOARD

In compliance with Bangladesh Bank guidelines and Corporate Governance Guidelines of Bangladesh Securities and Exchange Commission (BSEC), the Audit Committee (AC) is time to time formed by the Board of Directors of the Bank. The Audit Committee is comprised of five members including two Independent Directors. Name of the members of the Audit Committee as on 31 December 2017 is shown below:

No.	Name	Status
1	Mr. Md. Rafiqul Islam, Independent Director	Chairman (AC)
2	Mr. Redwan-ul Karim Ansari, Director	Member
3	Mr. Md. Belal Hossain, Director	Member
4	Mr. Md. Hasan, Director	Member
5	Mr. Narayan Chandra Saha, Independent Director	Member

### The major objectives of the Audit Committee are

To assist the Board of Directors with regard to the auditing of financial reports, internal controls and internal audits, and selecting and working 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.

### Roles and Responsibilities of the Audit Committee

#### (A) Internal Control:

- ▶ Evaluates 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;
- ▶ Reviews management's actions in building computerization of the bank and its applications and bank's Management Information System (MIS);
- ▶ Considers whether internal control strategies recommended by the internal and the external auditors have been implemented by the management;
- ▶ Considers reports relating to fraud, forgery, deficiencies in internal control or other similar issues detected by the internal and the external auditors and inspectors of the regulatory authority and places it before the board after reviewing whether necessary corrective measures have been taken by the management.

#### (B) Financial Reporting:

- ▶ Audit committee checks whether the financial statements reflect the complete and concrete information and determines 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, Bangladesh Accounting Standards, etc.
- ▶ Discusses with management and the external auditors to review the financial statements before its finalization.

#### (C) Internal Audit:

- ▶ Audit committee monitors whether internal audit is working independently from the management.
- ▶ Reviews the activities of the internal audit and the organizational structure and ensures that no unjustified restriction or limitation hinders the internal audit process;
- ▶ Examines the efficiency and effectiveness of internal audit function;
- ▶ Examines whether the findings and recommendations made by the internal auditors are duly considered by the management or not.

#### (D) External Audit:

- ▶ Reviews the performance of the external auditors and their audit reports;
- ▶ Examines whether the findings and recommendations made by the external auditors are duly considered by the management or not.
- ▶ Makes recommendations to the board regarding the appointment of the external auditors.

#### (E) Compliance with existing Laws and Regulations:

Reviews 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.

#### (F) Other Responsibilities:

- ▶ Submits compliance report to the board on quarterly basis on regularization of the omission, fraud & forgeries and other irregularities detected by the internal and the external auditors and inspectors of regulatory authorities;
- ▶ Asks the Internal and the External auditors to submit their related assessment reports for review purpose

- ▶ Performs other oversight functions as desired by the Board of Directors and evaluates the committee's own performance on a regular basis.

### Meeting of the Audit Committee

In compliance with the instructions of the Bangladesh Bank Circular, the Audit Committee held 11(eleven) meetings throughout the year 2017 as per requirement of holding of at least 4 meetings in a year. The committee invites Chief Executive Officer, Head of Internal Control & Compliance Division or any other officer to its meeting, if it deems necessary.

All decisions/observations of the committee are being noted in the minutes.



### Areas focused by the AC in 2017:

The major areas focused by the audit committee of the Bank during the year 2017 are mentioned below:

- ▶ Approval of plan for the year 2017 for conducting Internal Comprehensive Audit & Inspection on all Branches and Divisions of Head Office.
- ▶ Audit and Inspection reports on the branches, divisions and departments of the Corporate Office prepared by the Internal Control and Compliance Division (ICCD) of the Bank.
- ▶ Bangladesh Bank comprehensive inspection report and the recommendations.
- ▶ Reviewing of the latest Implementation status on documentation of disbursed Loans & Advances against new/enhanced credit facilities of the Branches of the Bank.
- ▶ Actions taken by the management in regard to deficiencies raised in the Bangladesh Bank Inspection report and by the Internal Audit and Inspection team of the Bank.
- ▶ External Audit Report of The Bank and the recommendations of the Bank.

- ▶ The corrective measures taken by the management in regard to the lapses pointed out on the internal control and other issues as are raised by internal and external auditors and inspectors of the regulatory authority.
- ▶ The compliance status of the audit objections and the recommendations made by the Bangladesh Bank inspectors, External Auditors and the Internal Auditors in the reports.
- ▶ Management Report on Accounts of the Bank.
- ▶ Implementation of Core Risk Management Guidelines including Internal Control and Compliance Risk along with compliance.
- ▶ The review of status of recovery of classified loans and providing with the necessary guidelines to the management to contain the NPLs.
- ▶ Reviewing the Quarterly, Half-yearly and Annual Financial Statements of the Bank itself and consolidated financial statements as well as disclosures of information supplementary to the financial statements and issues noted from the audit of financial statements made by the external auditors. Furthermore, the Audit Committee held meeting(s) with the external auditors to discuss the independence of the auditors and restrictions or limitations in performing their duties and expressing opinions.
- ▶ Appraising the Minutes of meeting of the Supervisory Review Committee (SRC) of the Bank.
- ▶ Reviewing the process of strengthening Internal Control Systems and Procedures of the Bank.
- ▶ Reviewing of Annual Report on the Financial Health of the Bank, 2017 in line with the directives /guidelines of Bangladesh Bank and Managing Core Risks designed for Banking Sector.

Overall, the Audit Committee has performed its duties diligently, independently and has expressed opinions with intent to optimize the overall benefit for the Bank. Finally, it can be said that the Audit Committee it has completely and effectively conducted meetings in accordance with its roles and responsibilities assigned by the regulators and fully addressed the defined objectives.

On behalf of the Audit Committee,

**Md. Rafiqul Islam**  
Chairman, Audit Committee