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## DIRECTORS' REPORT

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 and stakeholders. Sustainability has been one o  
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 4, Block-C, Bir Uttam A. K. Khandker Road, Gul  
 tter risk management capabilities in terms of a  
 sed to USD 1,483.48 million registering a downw  
 3.67%. Against a difficult backdrop that included  
 adly maintaining economic growth. In FY2018-19, .  
 ) US\$1,909 in FY2018-19, up by US\$58 from the previo  
 ability in capital adequacy and improvement in provisio  
 7 percentage points to 9.32 percent in Q2FY20. The reductio  
 end of Q2FY20, gross NPL for both SCBs and PCBs went down to 23.86 percent and 5.78 percent from that of 31.52 percent and 7.43 percent  
 The capital to risk-weighted asset ratio (CRAR) stood at 11.6 percent in Q2FY20 and remained almost unchanged from Q1FY20. The profita  
 urn on asset (ROA) and return on equity (ROE) for SCBs improved from -29.6 percent and -1.3 percent at the end December 2018 to -13.7 per  
 t unchanged to 0.77 percent and 11.16 percent respectively at the end of December 2019. Jamuna Bank was in regular efforts to explore di  
 ) it was BDT 165,402.80 million in 2018. The growth are largely driven by healthy growth in the Corporate advances by 5.95%, SME advan  
 sed of 76.85% of total loans and grew marginally by 5.95% to BDT 136,247.44 million, SME advances comprised 14.53% of total loans and  
 ion and constituted 1.48% of total loans. Total assets increased by 7.96% to BDT 242,928.47 million on 31 December 2019 from BDT 2  
 illion, of which investments in Government and approved securities is 27.40% amounting to BDT 35,299.27 million and Others inver  
 509.52 million against BDT 188,034.30 million last year. Short notice deposits reported a strong growth of 25.61% to BDT 11,163.54  
 eposits reported increase of 1.92% to BDT 31,931.94 million. Besides, Savings/Mudaraba savings bank deposits reported a strong gro  
 's capital adequacy to enhance shareholder value. As per above instruction, required capital of the Bank at the close of business  
 entary capital of BDT 10,235.50 million making a total capital of BDT 25,855.50 million thereby showing a surplus capital/ equity  
 percent as at 31.12.2019, which was 1.75 percent higher than that of Minimum Total Required Capital Adequacy Ratio (CAR). Th  
 ncreased by 12.57% and stood at BDT 2,607.85 million, as compared to the net profit of BDT 2,316.70 million last year, due to l  
 5,841.84 million over the previous year with steady operating revenue growth of 16.52%. Operating revenue rose from BDT 9,  
 137.27 million in the year 2018 to BDT 6,433.56 million in the year 2019. Operating expenses rose 7.88% from BDT 5,188.77 mi  
 nology and human capital to support its business growth. Steady growth in operating revenues despite higher operating exp  
 e year 2018. While in 2019 we had our focus on improved customer service, business, profitability, asset quality, risk manag  
 ich we belong and derive out benefits from. We allocated greater fund and diversified our CSR activities to serve larger nu  
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 its shares were listed in Dhaka Stock Ex  
 mpany's paid-up capital stood at Tk.7492.  
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 year 2019 has also been quite significant for Ja  
 same goal and needed our support. Jamuna Bank  
 ket who are holding similar views. We entered  
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 ficient growth in its business volume and functi  
 ook grown by over 7.18% with a relatively redur  
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 a highest 8.15 percent which was 7.86 percent in th  
 ing sector show some improvement at the end of Q2F  
 eral! NPL went down, driven by state-owned commercial  
 ) with "One Time Exit Policy" for bad loan rescheduling offer

## DIRECTORS' REPORT

The Board of Directors of Jamuna Bank Limited takes pleasure in welcoming you all to the 19th Annual General Meeting (AGM) and presenting Annual Report and the audited financial statements of the bank for the year ended 31 December 2019 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 Code issued on 03 June 2018, 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

Global growth for the year 2019 recorded its weakest pace since the global financial crisis a decade ago, reflecting common influences across countries and country-specific factors.

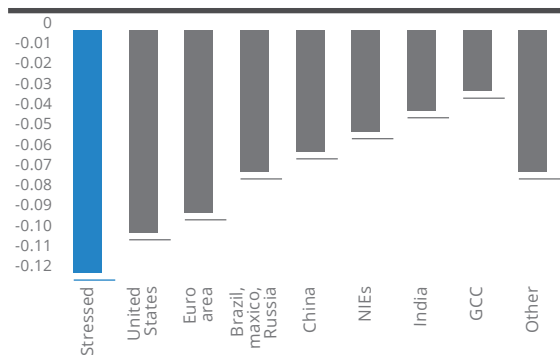
Rising trade barriers and associated uncertainty weighed on business sentiment and activity globally. In some cases (advanced economies and China), these developments magnified cyclical and structural slowdowns already under way.

Further pressures came from country-specific weakness in large emerging market economies such as Brazil, India, Mexico, and Russia. Worsening macroeconomic stress related to tighter financial

#### Weaker and weaker

The slowdown in global growth in 2019 reflects lower growth in several key countries and regions.

(contributions to growth slowdown percentage points, 2019)



conditions (Argentina), geopolitical tensions (Iran), and social unrest (Venezuela, Libya, Yemen) rounded out the difficult picture.

In a report published by the UN trade and development body, UNCTAD reported that 2019 endured the weakest economic expansion in a decade and there was a risk of that slowdown turning into outright contraction in 2020. Weaker growth both in advanced and developing countries now has created the possibility of a global recession in 2020. The report further warned that policy makers should put their increased attention to dealing with fallouts from trade wars and Brexit, currency gyrations and movements in long-term interest rates.

Unconventional monetary policy measures such as negative interest rates and creating money through quantitative easing (QE) have not yielded the desired results to stimulate consumption or investment. The global economy still remains fragile despite it is now more than a decade that the GFC (global financial crisis) ended. The report further added the slowdown in growth in all major economies including the US clearly indicates the reliance on easy monetary policy and asset prices to stimulate demand, at best, produces ephemeral growth. Also, corporate and income tax cuts so far failed to trigger any investment in the real economy.

Amid a global slowdown in economic growth, central banks have lowered interest rates near zero or below in an attempt to provide stimulus but in rich advanced economies like the Eurozone, the US and Japan people are hoarding cash instead of spending. Yet, the US Federal Reserve (Fed) kept its interest rate on hold after three cuts of 0.25 percentage points since the middle of the last year.

Now the newly added coronavirus effect is causing serious concerns how the virus will play out affecting the global economy as global financial markets have already experienced sharp falls in Asia, Europe and the US. Also, stock markets in China have seen the biggest fall for five years as traders rush to sell amid continued fears on the impact of coronavirus on the global economy.

Something rather very new may be emerging - a global economic slowdown triggered by China not the US. China now accounts for about one-third of global growth, a larger share than the US, the EU and Japan combined. Any slowdown in the Chinese economy could be felt widely across the world.

The much anticipated "muted inflation" resulting from a fall in the official level of unemployment to 3.5 per cent, now appears to be dissipated into

the thin air. The reason is the rise in employment numbers has been largely due to jobs created at low wage rates. According to the Brookings Institute 44 per cent of US workers are on low wages. The growth strategy ideally should be based on income growth higher than asset price inflation. This is the sure recipe which will ensure economic security over the longer term.

To further complicate the situation, Trump's tariffs negatively impacted on manufacturing and agriculture. In fact, US manufacturing was in mild recession in 2019 and output declined by 1.3 per cent in 2019. Net farm income in the US fell by nearly half in the last five years from US\$123 billion to US\$63 billion. The agriculture sector is now beset with rising debt and falling commodity prices. Trump's tax cuts and increased spending added substantially to the national debt where the US government budget deficit reached nearly US\$ 1.0 trillion in 2019.

The former chair of the US Federal Reserve, Janet Yellen in late November last year opined that she did not foresee a recession in the coming year but then added "the odds of a recession are higher than normal and at a level that I am not comfortable with". In fact, according to Bloomberg the US will inevitably fall into a recession - with current odds for a downturn in 2020 at 27 per cent.

But it is China, the second biggest global economy, accounting for 16 per cent of global GDP is increasingly becoming a concern. Based on the latest data coming out of China published by the National Bureau of Statistics (NBS), Bloomberg opined that the "engines of China's economy are spluttering with exports falling, factory output slowing. Investment at a record low and consumption coming off the boil". According to the NBS, fixed investment, retail sales and manufacturing output, all are showing a declining trend in their growth rates.

Now the key concern is the impact of the spread coronavirus will have on the Chinese growth rate. More than a dozen provinces announced an extension of the lunar new year holiday by a week in response to the virus. This will have a significant impact on GDP growth. Bloomberg economists warned that the growth rate might drop to 5.6 per cent for the year if the virus is not contained by the second quarter. Goldman Sachs has forecast that the virus could knock Chinese growth down to 5.5 per cent for the year from 6.1 per cent in 2019 with knock-on effect for the rest of the world economy.

Japan, the world's third largest economy has slowed sharply and is expected to grow by 0.6 per

cent this year compared to 1.0 per cent in 2019. The Japanese economy has been hard hit by the US-China trade war. Germany, the world's fourth largest economy and the driving force of the Eurozone economy, narrowly escaped a technical recession in 2019 but all data on the German economy clearly indicate the economy is stalling.

The slowdown in growth in all the major developed economies including the US will lead to sharp decline in the flows of global trade as a result a slump in global demand notwithstanding a tenuous pause in the US-China trade conflict which has damaged both economies. In a global economy of high interdependence, there are serious economic implications for developing economies including Bangladesh arising from global economic slowdown.

## **BANGLADESH ECONOMY: A BRIEF REVIEW & OUTLOOK**

Bangladesh economy grew robustly in fiscal year 2019 (FY2019, ended 30 June 2019) on strong expansion in industry. Inflation moderated with a good harvest. The current account deficit was narrower than forecast in ADO 2019 as import growth slowed and exports accelerated beyond expectations, and as remittances rose to a new record.

### **GDP GROWTH:**

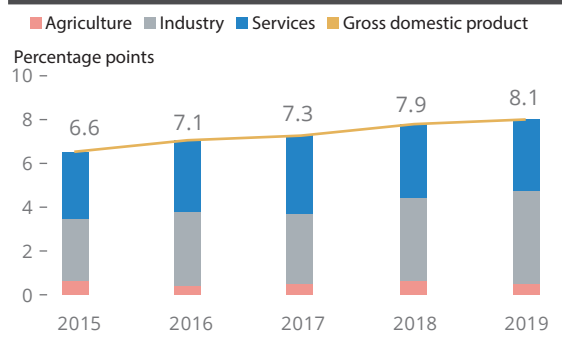
GDP growth was 8.1% in FY2019, according to preliminary official estimates, slightly higher than projected in ADO-2019 as growth in industry accelerated from 12.1% in FY2019 to 13.0%, exceeding expectations thanks to robust growth in manufacturing and electricity, water, and gas utilities. Output from large and medium-sized industrial enterprises grew briskly by 15.6% as exports picked up, especially to the US and some newly penetrated markets. Small manufacturers also excelled. Service growth rose slightly from 6.4% to 6.5%, mainly on better performance in wholesale and retail trade and transport services. Growth in agriculture moderated from a high base of 4.2% in FY2019 to 3.5%.

On the demand side, growth was lifted by a 1.3 percentage point contribution by net exports as exports outpaced imports. Record remittances at \$16.4 billion underpinned 5.4% expansion in private consumption, which allowed total consumption to contribute 4.0 percentage points to growth.

Although investment growth eased from a year earlier, gross domestic investment rose from the

equivalent of 31.2% of GDP to 31.6% as public investment expanded from 8.0% to 8.2% and private investment edged up from 23.3% to 23.4%. Total investment contributed 2.8 percentage points to growth.

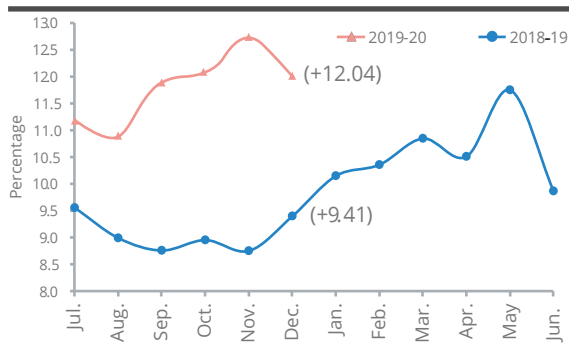
**Figure 3.3.4 Supply-side contributions**



### BROAD MONEY GROWTH:

The broad money (M2) recorded an increase of Taka 139074.50 crore or 12.04 percent at the end of December 2019 against the increase of Taka 99361.80 crore or 9.41 percent at the end of December 2018. Of the sources of broad money, net domestic assets (NDA) increased by Taka 129648.20 crore or 14.56 percent and net foreign assets (NFA) increased by Taka 9426.30 crore or 3.56 percent at the end of December 2019 as compared to the same month of the previous year.

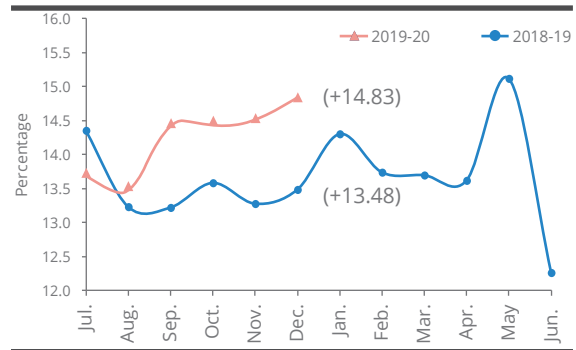
**Trends of broad money growth (year-on-year)**



### DOMESTIC CREDIT

The domestic credit recorded an increase of Taka 160247.90 crore or 14.83 percent at the end of December 2019 against the increase of Taka 128360.50 or 13.48 percent at the end of December 2018. Credit to the private sector and public sector recorded a growth of 9.83 percent and 54.28 percent respectively in December 2019 as compared to the same month of the previous year.

**Trends of domestic credit growth (year-on-year)**

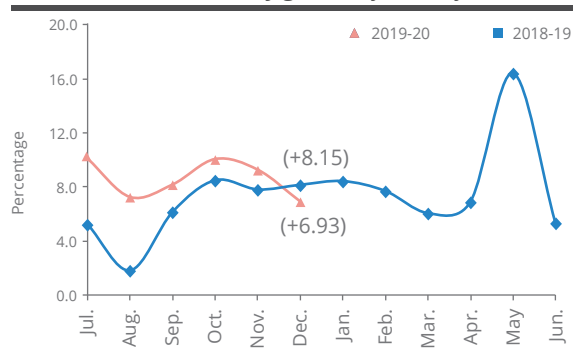


### RESERVE MONEY

Reserve money recorded an increase of Taka 16254.00 crore or 6.93 percent at the end of December 2019 against the increase of Taka 17674.10 crore or 8.15 percent at the end of December 2018. Of the sources of reserve money, net foreign assets of Bangladesh Bank also increased by Taka 11421.70 crore or 4.61 percent and net domestic assets of Bangladesh Bank increased by Taka 4832.30 crore or 37.08 percent at the end of December 2019 as compared to December 2018.

Money multiplier gradually increased and it reached 5.16 at the end of December 2019 from 4.95 at the end of June 2019.

**Trends of reserve money growth (year-on-year)**



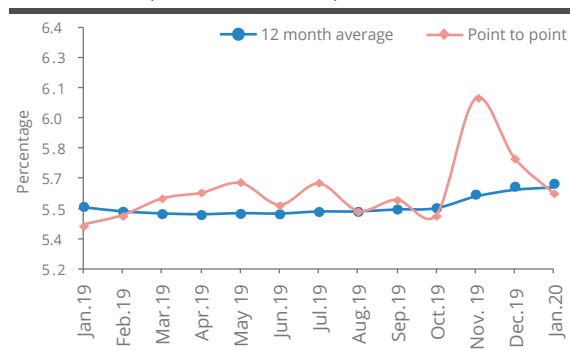
### CPI AND INFLATION

The twelve month average general inflation marginally increased to 5.60 percent in January 2020 from 5.59 percent in December 2019 which was 0.10 percentage point higher than the target of 5.50 percent for FY20.

Point to point general inflation significantly dropped to 5.57 percent in January 2020 which was 5.75 percent in December 2019. The Food inflation dropped to 5.12 percent in January 2020 from 5.88 percent in December 2019. Non food inflation significantly increased to 6.30 percent in January 2020 from 5.55 percent of December 2019. As food consumption carries the major proportion

of weight compared to non food consumption, therefore decline in food inflation helped to pull down the point to point general inflation.

#### CPI Inflation (Base:FY2005-06=100)

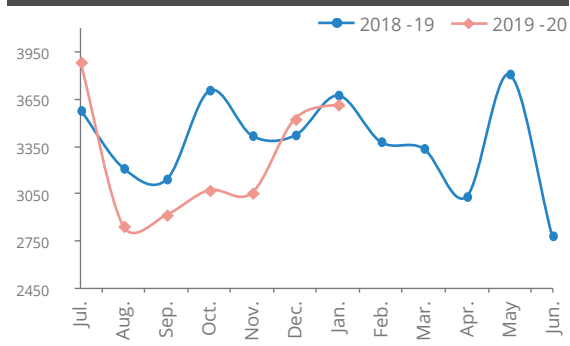


#### EXPORT GROWTH:

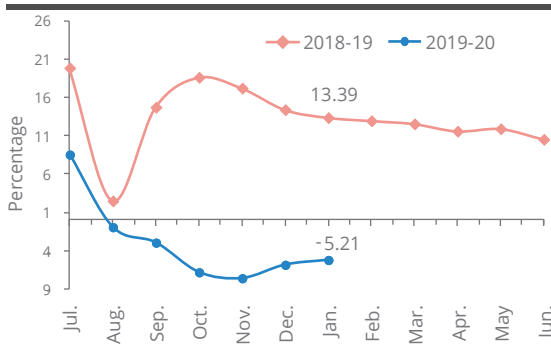
Total merchandise commodity export during July-January, 2019-20 fell by USD 1.26 billion or 5.21 percent to USD 22.92 billion compared to USD 24.18 billion during July-January, 2018-19. The export in January 2020, however, edged up by 0.09 billion or 2.62 percent to USD 3.62 billion in January, 2020 from USD 3.53 billion in December, 2019; according to EPB data.

#### Export performance

(Million USD)



#### Cumulative growth of export



#### Category-wise breakdown of exports

(USD in million)

Particulars	July-January, 2019-20	July-January, 2018-19	July-January, 2019-20 over July-January, 2018-19	
			In amount	In percent
Woven garments	9443.22	10076.90	-633.68	-6.29
Knitwear	9620.02	10140.58	-520.56	-5.13
Specialized Textiles	75.65	84.03	-8.38	-9.97
Agricultural Products*	603.91	579.61	24.30	+4.19
Jute and Jute Goods	602.49	498.66	103.83	+20.82
Leather and Leather Products	558.90	626.42	-67.52	-10.78
Frozen and live fish	337.33	361.09	-23.76	-6.58
Chemical Products	126.25	124.78	1.47	+1.18
Plastic Products	66.42	67.06	-0.64	-0.95
Engineering products	194.82	199.36	-4.54	-2.28
Others**	1290.49	1421.10	-130.61	-9.19
TOTAL	22919.50	24179.59	-1260.09	-5.21

Source : Export Promotion Bureau (EPB).

**Note:-** \* = Includes tea, vegetables, tobacco, cut flower and foliage, fruits, spices, dry food & others, \*\*Others = residual items.

Export earnings continue to witness downtrends in recent months. Readymade garments is the country's top foreign currency earner goods of total overseas sales. Earnings from woven garments and knitwear fell by 6.29 percent and 5.13 percent to USD 9.44 billion and USD 9.62 billion respectively during July-January 2019-20 as compared to the same period of the previous fiscal year. Earning from other sectors like leather and leather products (-10.78), Frozen and live fish (-6.58%), specialized textiles (-9.97%). Engineering products (-2.28%) and plastic products (-0.95%) also fell during the period under review. However, exports of Jute and Jute goods, agricultural products and chemical products climbed by 20.82 percent, 4.19 percent and 1.18 percent respectively during July-January, 2019-20 as compared to the same period of the previous fiscal year.

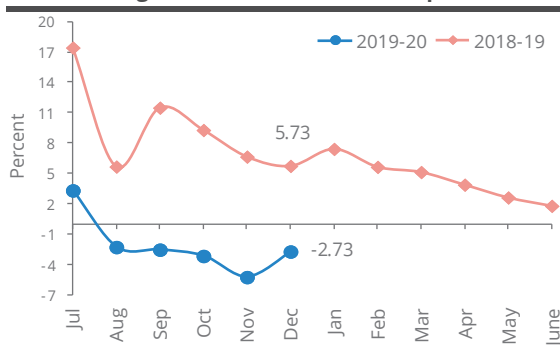
### IMPORT:

Custom based import during July-December, 2019 fell by USD 0.82 billion or 2.73 percent and stood at USD 29.25 billion against USD 30.07 billion of July-December, 2018.

Settlement of import LCs during July-December, 2019 decreased by 0.49 percent and stood at USD 27.19 billion against USD 27.32 billion of July-December, 2018.

Fresh opening of import LCs during July-December, 2019 decreased by 2.46 percent and stood at USD 28.60 billion compared to USD 29.32 billion of July-December, 2018.

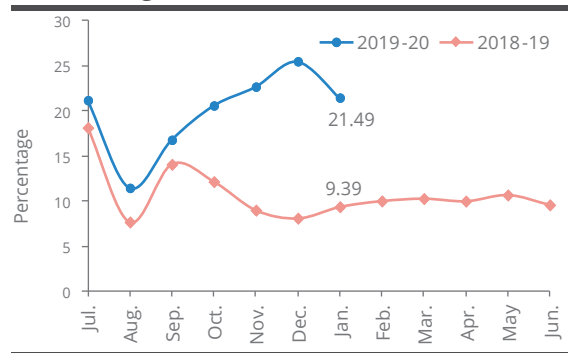
### Cumulative growth of custom based import



### WORKERS' REMITTANCES

Total receipts of workers' remittances during July-January, 2019-20 increased by USD 1.95 billion or 21.49 percent and stood at 11.05 billion against 9.09 billion of July-January, 2018-19. Receipts of workers' remittances in January, 2020 stood lower at USD 1.64 billion against USD 1.69 billion of December, 2019. However, this was higher by USD 0.04 billion against USD 1.60 billion of January 2019.

### Cumulative growth of workers' remittance inflow



### BALANCE OF PAYMENTS (BOP)

Trade balance recorded a smaller deficit of USD 8.22 billion during July-December, 2019 as compared to the deficit of USD 7.80 billion during July-December, 2018. However, current account balance deficit improved mainly due to remarkable inflow of workers' remittances. The overall balance incurred a surplus of USD 0.03 billion during July-December, 2019 as compared to the deficit of USD 0.51 billion during July-December, 2018 mostly due to lower current account deficit.

### BANGLADESH ECONOMY OUTLOOK 2020

A global economic downturn will have varied but wide repercussions across the Bangladesh economy. A global recession will be in the main transmitted to the Bangladesh economy through declining trade volume, investment and remittances. While Bangladesh does not have a highly globally exposed financial sector, yet all those transmission mechanism will have an impact on the balance sheet of banks.

Bangladesh economy began the New Year with both good news and news not so encouraging. The good news was the surge in remittance by wage earners that soared to \$12 billion in January this year. The uptick was credited to both increasing number of wage earners working abroad and the 2.0 per cent cash incentive given on money remitted through official channels. Among other good news was the ongoing implementation of mega projects like Padma Bridge and others. The development that gave cause for concern was the fall in overall exports in which garments, the star performer accounting for 85 per cent of exports, figured prominently. Slack in revenue collection that led the government to borrowing from banks and huge amount of non-performing loans (NPLs) were other weaknesses that characterised the economy at the start of New Year. The beginning was not very bright by any measures but the Bangladesh economy has its proverbial resilience

to engender hope that the worse would be avoided and the negative circumstance would be weathered.

But no sooner have the existing problems spilling over from the last calendar year began to be addressed than appeared a formidable challenge from across the border. Granted, the challenge from or threat of coronavirus is a global one, potentially facing all countries, Bangladesh will have to devise ways and means to tackle it alone, if it strikes and assumes serious proportions. As of now, Bangladesh has been spared from this scourge but with increasing number of countries being affected by the virus we cannot remain complacent. The World Health Organisation (WHO) that declared the respiratory disease as a public health emergency has now upgraded the threat as 'very serious', short of declaring the outbreak as 'pandemic'.

Bangladesh may have been spared the outbreak of the viral attack but our economy has already been hit by the damages wrought by it abroad. According to Bangladesh Trade and Tariff Commission, 14 sectors of the economy are already facing problems because of disruptions in manufacturing industries caused by the disease abroad, particularly in China. The Commission has estimated as a result of probable fall in imports and exports several sectors are likely to suffer loss to the tune of Tk 6.0 billion in the near future. Shortage of the supply of raw materials has reportedly threatened to close down operations in different industries in the manufacturing sector. Declining supply of goods through imports for consumers has also started to hit the market. It is apprehended that if the crisis prolongs the import-export transactions of the country may be squeezed adversely affecting production and consumption.

Bangladesh Trade and Tariff Commission has identified 14 sectors that will be affected by damages done by coronavirus abroad even if does not strike Bangladesh. Among the 14 sectors are garment industries, leather and leather products, cosmetics, electrical goods, jute spinning, printing industries, medical equipment, optical instruments, computer and its components, electronic goods and plastic industries. According to Policy Research Institute those industries which are involved with global supply chain are already suffering from reduced volume of imports and exports. Industries and projects employing Chinese technicians are also affected as those of their Chinese employees who had gone home on leave have not returned. The various chamber of commerce and industries

are collecting information from their members regarding the problems faced by them in the wake of the new viral disease. As the main supplier of goods is China and export from there has been stopped following closure of industries Bangladesh producers are already feeling the pinch.

According to Bangladesh Trade and Tariff Commission exporter of leather and leather goods are apprehending of loss of Tk 3.0 billion as a result of the stoppage of exports to China which accounts for 65 per cent of the export market. According to preliminary estimate by the commission Bangladesh may lose about Tk 6.0 billion across several sectors (Bhorer Dak, March 01).

According to another newspaper the implementation of several mega projects, including Padma Bridge, have been affected because of disruptions in supply. As more than 2000 Chinese workers are employed in Padma bridge project, Pyra power plant, Chittagong-Cox's Bazar rail project, Dhaka bypass project and many of them have gone to China on leave may cause setback to the projects (Jai Jai Din, March 01). The paper has also mentioned that coronavirus may have adverse impact on remittance by wage earners as some of the countries where Bangladeshi workers are employed have been affected by outbreak of the disease. If this happens it will be a heavy blow because the cushion to absorb the fall in exports by garments has been wage earner remittance. During July-January of current fiscal, remittance increased by 21 per cent which far exceeded the earnings of 9.5 per cent during the corresponding period during last fiscal. It can be well imagined what a disaster for the economy it would be if remittance declines all on a sudden.

According to Bangladesh Trade and Tariff Commission revenue collection through customs duty has already fallen as import from China has almost stopped since the outbreak of coronavirus there. According to the Commission revenue collection fell by 26 per cent during the last one month after the import from China through Chittagong port stopped as a result of which Tk 5.0 billion (500 crore) less has been collected than targeted for the period.

It is seen that the damages caused to the economies by coronavirus in the countries that have been affected by it, particularly by China, has started spilling over into Bangladesh economy. So far the situation resulting from decline in imports and exports is not grave and a crisis situation has not arisen. But if this situation continues further, resilience of Bangladesh economy will be severely tested.

According to a newspaper report the Ministry of Finance has prepared a report which has pointed out that increasing volume of remittance, implementation of mega projects and accelerated expenditures for ADP (Annual Development Programme) projects will help keep the economy on an even keel, making it possible to achieve the projected GDP (gross domestic product) growth at 8.2 per cent. Though the negative impact of coronavirus on imports and exports has been acknowledged in the report of the Finance Ministry the beginning of disruptions resulting from supply chain has been minimised. This is acceptable in the interest of confidence building but we should be prepared for the worst. An emergency plan should be drawn up by the government in collaboration with the apex body of chamber of commerce and industries. The last thing that is expected in an abnormal situation like this is an ostrich-like attitude. Bangladesh economy, like others, is clearly in the crosshairs of the scourge that is stalking almost at free will, striking country after country. Being complacent, under the circumstances, will be unconscionable. (source: The Financial Express).

## BANKING INDUSTRY IN 2019 & OUTLOOK

Pushed into a tight corner banks put up a spirited fight against the mounting default loans last year, as their loan recovery went up 15.46 per cent. Banks retrieved Tk. 15,465 crore from defaulters in 2019, according to data from the Bangladesh Bank. Banks are suffocating under the burden of the defaulted loans and they have no way other than to give all-out efforts to recover the delinquent loans. Despite the relaxed rescheduling facility and a strong recovery effort, default loans stood at Tk. 94,313 crore at the end of 2019, up 0.42 per cent year-on-year. (source: The Daily Star, dated 12/03/2020).

Besides, during the recent past, the difficulties of the banking sector have been exacerbated by the various symptoms i.e. Drop in private sector credit growth; Mounting liquidity stress; Unsuccessful cap on interest rates; Unabated non-performing loans (NPLs); Massive loan rescheduling and writing-off; Worrying capital inadequacy in certain banks.

Domestic credit growth of 13.46% is below the target of 14.5% set out in the Monetary Policy Statement (MPS) of FY2020. Private sector credit growth (10.68%) is also below the target of 13.2% set out in the MPS of FY2020. In view of the weak growth of credit, Bangladesh Bank revised the credit targets in the MPS for FY 2020 downwards from the targets of MPS for January-June 2019 for

both public and private sectors. Weak growth in private sector credit is due to slow growth of bank deposits and directives to banks by Bangladesh Bank to maintain a lending rate at 9%. Banks have struggled to keep Advance-Deposit Ratio (ADR) below the threshold of 85%, as recommended by Bangladesh Bank. ADR of banks declined during July - August 2019. This indicates that industrial activity and investment are yet to pick up. This could hamper the growth prospects of the economy.

Liquidity pressure in the banking sector was also evident through the increasing trend of call money rates. The weighted average monthly call money rate increased from 2.17% in July 2018 to 5.04% in September 2019, which was the highest since October 2015. This implies that the demand for cash, particularly by under-capitalised banks, has been high. Difference in real interest rates of bank deposits and National Savings Certificates (NSCs) has also contributed to liquidity pressure in banks. If liquidity crisis persists, private sector credit growth will further slow down and the economy will run the risk of a downturn.

Bangladesh Association of Bankers and Bangladesh Bank instructed banks to cap lending rates at 9% and deposit rates at 6%. As of August 2019, Weighted average deposit rate was 5.6% and Weighted average lending rate was 9.6%. Since the weighted average deposit rate is very close to the point-to-point general CPI inflation rate, the real weighted average deposit rate tends to hover around zero or slightly below zero.

Besides, NPL as a share of total outstanding loans increased from 10.41% in June 2018 to 11.69% in June 2019. Total volume of NPL has increased from BDT 1,10,970 crore in March 2019 to BDT 1,12,430 crore in June 2019. As of June 2019, both private commercial banks (PCBs) and foreign commercial banks (FCBs) had NPLs greater than 5% of total loans, while state-owned commercial banks (SCBs) had NPLs in excess of 30% of total loans.

During the period April-June 2019, loans worth BDT 15,469 crores were rescheduled. As of June 2019, loans worth BDT 54,464 crores were written off. The PCBs had the highest proportion of rescheduled and written-off loans. Bangladesh Bank's Guidelines on Risk Based Capital Adequacy state that banks in must maintain a minimum total capital ratio of 10% (or minimum total capital plus capital conservation buffer of 12.5%) by 2019, in line with BASEL III. However, the SCBs have failed to maintain minimum requirements of capital adequacy. On the other hand, the few PCBs have remained critically under-capitalised.



Meanwhile, Bangladesh Bank, the primary regulator of Banking sector, brought several positive changes in 2019 in terms of expansion, modernization, quality of Assets, application of international standards, technology adaption, capacity development efforts, corporate governance, and improved regulatory and supervisory environment by addressing the challenges in the Banking sector.

### Outlook

Banking sector of our country is currently undergoing a number of challenges such as lowering lending rate to a single digit, bringing down advance-deposit ratio, tackling corruption, ensuring good governance, maintaining adequate liquidity, reviving and retaining depositors' confidence weakened by scams, frustrating deposit interest rate and rumours of bankruptcy, and recovering gigantic default loans. The biggest challenge, however, is the recovery of default loans.

Banks will have a hard time logging in profits in the coming days because of the latest government decision to fix interest rate for lending at 9 percent and for deposit at 6 percent. Although the government has announced splitting its funds equally between the state-run banks and private ones, the latest decision may create a haphazard situation for them nevertheless. Besides, depositors might be unwilling to keep money with banks at rates that would earn them no or negative returns. The rate of inflation is now higher than the maximum interest rate proposed for deposits. The central bank has already instructed banks to fix a maximum 9.0 per cent interest rate on all loans except credit cards as part of the government initiative to bring down the lending rate to a single digit. The new instruction will come into effect from April 01, 2020, according to a notification, issued by the Bangladesh Bank (BB) on February 24, 2020.

Most banks, for a considerable period of time, have been maintaining a conservative approach to sanctioning new loans to the private sector. However, the demand for funds from the trading circle has also recorded a notable decline due to lesser external trading activities in recent period. Besides, the slowdown in its external trade might hurt the country's pace of economic growth in the current fiscal year

The banks are now found to be more comfortable with the investment in government securities. The government, too, apparently, has an insatiable appetite for funds. A notable decline in tax revenue earnings and in the sale of savings instruments has forced the government to take recourse to higher bank borrowing.

Banking regulators and analysts are prescribing remedies one after another. Formation of 'Banking Commission' and 'Asset Management Company' are the latest initiatives. But none seems to work. Default loan problem remains the most daunting challenge of the banking sector. Bankers are in search of remedies to default loans. No magic solution has emerged yet and there is no hope of finding a panacea overnight.

## THE STATE OF THE COMPANY'S AFFAIRS (COMPLIANCE OF SECTION -184 OF CA, 1994)

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 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 19 years of operation. Branch network of the bank expanded to 141 covering more commercially strategic locations all over the country. Besides, we have 14 nos collection booths, 10 nos sub-branches to extend the Banking Service scope and to reach the un-banked people of the Country with convenient banking services thus stepping into a greater financial inclusion for sustainable growth of the economy. Besides, All the branches along with sub-branches are running with real-time Online and ATM facilities to settle their transaction from remote areas. Besides traditional delivery points, the bank has 295 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 the dealing operations with utmost professionalism. In recognition, we are awarded with the "Best Primary Dealer Award" from Bangladesh Bank for 20 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.

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

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

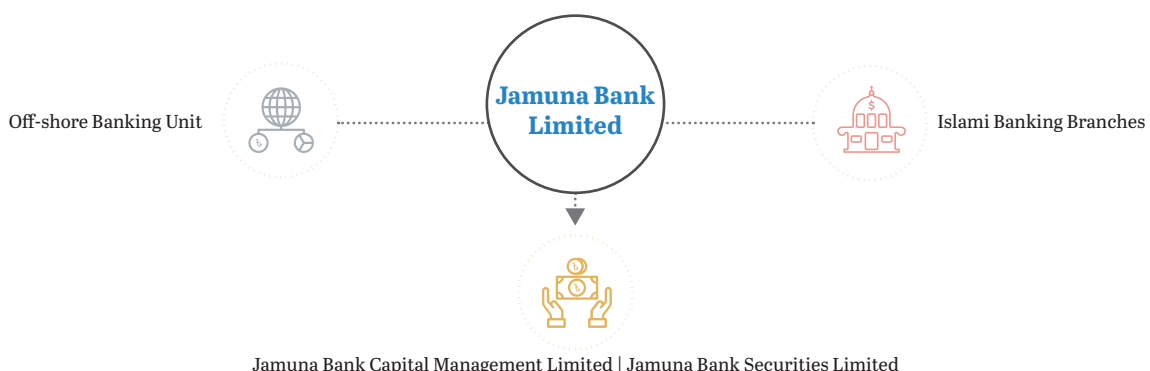
Authorized capital of the Company is Tk.10,000 million divided into 1000 million ordinary shares of Tk.10 each. The company's paid-up capital stood at Tk.7492.26 million divided into 749,225,650 shares of Tk. 10 each.

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

## SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE.

The Bank offers both conventional and Islamic banking through designated branches with innovative products to the society where it operates. Jamuna Bank has 01 Off-shore banking unit, 2 Islami Banking Branches and 2 local subsidiaries. The Business and performance overview of those segments are enumerated as follows:

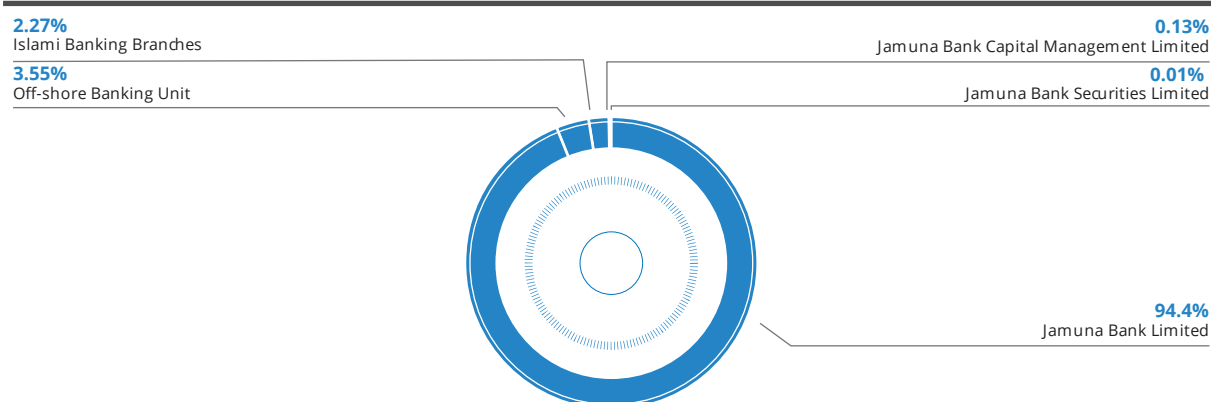
- Incorporated on April 02, 2001
- Obtained license from Bangladesh Bank on 24.04.2001
- Commenced business on June 03, 2001
- Obtained primary dealer license on December 11, 2003.
- 141 No. Online Branch including 02 Islami Banking Branches
- 14 no collection booths, 10 no sub-branches
- 295 Nos. ATM
- "Best Primary Dealer Award" for 20 times.
- Credit rating: Long Term: AA2 and Short Term: ST-2.
- Listed at DSE on April 12, 2006
- Listed at CSE on April 17, 2006
- Paid-up Capital Tk.749.23 crore
- 2 (two) subsidiaries (1) JBCML & (2) JBSL
- Jamuna Bank Foundation, a non-profit & charitable organization of Jamuna Bank Ltd. which has been serving since 2008 with the objective of administering CSR activities of the Bank in a planned and integrated way.



## Group Asset 2019

Figure in BDT million

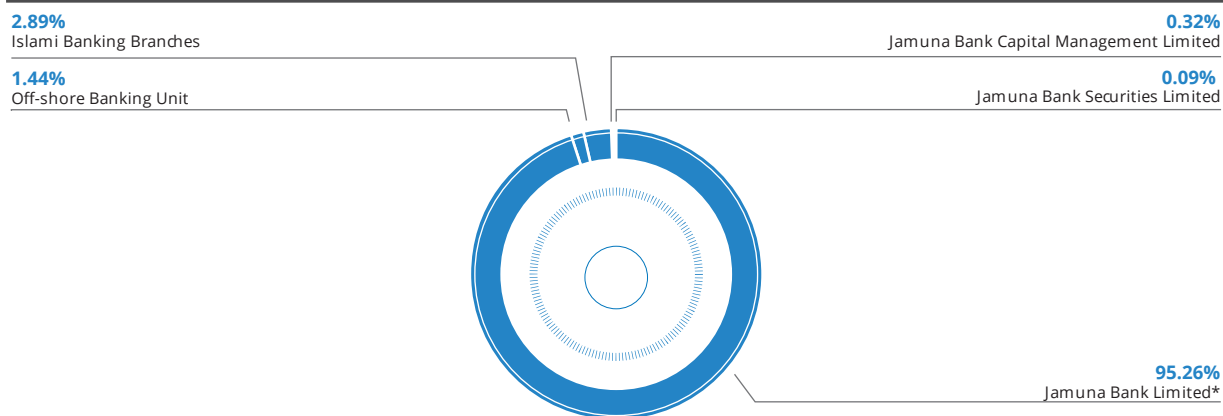
Particulars	2019		2018	
	Amount	% of total assets	Amount	% of total assets
Jamuna Bank Limited	228,770.28	94.04%	212,039.64	94.09%
Off-shore Banking Unit	8,635.40	3.55%	7,950.32	3.53%
Islami Banking Branches	5,522.78	2.27%	5,028.26	2.23%
Jamuna Bank Capital Management Limited	305.32	0.13%	311.97	0.14%
Jamuna Bank Securities Limited	32.64	0.01%	20.44	0.01%
<b>Total</b>	<b>243,266.42</b>		<b>225,350.63</b>	



## Group Revenue 2019

Figure in BDT million

Particulars	2019		2018	
	Amount	% of total revenue	Amount	% of total revenue
Jamuna Bank Limited	10,931.85	95.26%	9,606.85	97.09%
Off-shore Banking Unit	165.68	1.44%	1.38	0.01%
Islami Banking Branches	332.00	2.89%	209.54	2.12%
Jamuna Bank Capital Management Limited	36.25	0.32%	56.78	0.57%
Jamuna Bank Securities Limited	20.09	0.09%	19.83	0.20%
<b>Total</b>	<b>11,485.86</b>		<b>9,894.39</b>	



**Business Segmentation:**

JBL business has been divided into four major segments i.e Corporate Banking, Retail Banking, SME Banking and Agricultural & Micro Credit.

Corporate Banking segment representing 76.56 percent of total loans and advance of the bank. Segmental business (Loans & Advances) as on 31 December 2019 has been stated as follows:

Figure in BDT million

Particulars	2019		2018	
	Amount	% of total loan portfolio	Amount	% of total loan portfolio
Corporate Banking	136,247.44	76.85%	123,117.40	74.43%
SME Banking	25,761.08	14.53%	23,832.30	14.41%
Retail Banking	4,002.80	2.26%	8,643.70	5.23%
Agricultural & Micro Credit	2,632.51	1.48%	1,859.60	1.12%
Off-Shore Banking Unit	8,634.95	4.87%	7,949.80	4.81%
<b>Total</b>	<b>177,278.78</b>		<b>165,402.80</b>	

## Financial Highlights as Required by Bangladesh Bank

### Jamuna Bank Limited as on December 31, 2019

Figures are in million BDT

Sl. No.	Particulars	2019	2018
1.	Paid up Capital	7,492.26	7,492.26
2.	Total Capital	25,855.46	26,430.07
3.	Capital surplus/deficit	3,171.31	3,322.35
4.	Total Assets	242,928.46	225,018.22
5.	Total Deposits	202,509.52	188,034.30
6.	Total Loans and Advances	177,278.78	165,402.85
7.	Total Contingent Liabilities and Commitments	89,066.67	87,831.16
8.	Credit Deposit Ratio	84.97%	84.59%
9.	Percentage of classified loans against total loans and advances	3.70%	3.77%
10.	Profit after tax and provision	2,607.85	2,316.69
11.	Amount of classified loans during current year	6,559.46	6,231.12
12.	Provisions kept against classified loan	3,214.54	1,662.39
13.	Cost of fund	9.35%	9.13%
14.	Cost of deposit	6.48%	5.88%
15.	Interest earning Assets	175,364.86	166,409.37
16.	Non-interest earning Assets	67,563.60	59,130.72
17.	Return on Investment (ROI)	6.56%	6.36%
18.	Return on Asset (ROA)	1.11%	1.10%
19.	Incomes from Investment	2,322.40	1,836.38
20.	Earning per Share	3.48	3.09
21.	Net Income per Share	3.48	3.09
22.	Net asset value per share	22.90	24.12
23.	Price Earning Ratio	5.31	5.69

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

# RISKS AND CONCERNS

In banking organization, risk is the possibility that outcome of an action or event could bring up adverse impact. Such outcome could either result in a direct loss of earnings/capital or may result in imposition of constraints on banks' ability to meet their business objectives. The types and degree of risks an organization may be exposed depend upon a number of factors such as its size, complexity business activities, volume etc. Initially Bangladesh Bank has issued guidelines on six core risk areas and accordingly scheduled banks operating in Bangladesh has implemented the guidelines for better risk management practice. Implementation of core risk management guidelines by Jamuna Bank Limited (JBL) and its status are discussed below.

## 1. CREDIT RISK MANAGEMENT

Credit risk arises while the borrowers or counterparty to a financial transaction fails to discharge an obligation as per agreed covenants, resulting in financial loss to the Bank. Credit exposures may arise from both the banking and trading books as well as Off-Balance sheet exposures. Credit risk is managed in the JBL through a framework that spell out policies and procedures covering the measurement and management of credit risk. There is a clear segregation of duties between transaction originators in the businesses and approvers in the Risk function. All credit exposure limits are approved within a defined credit approval authority framework. Credit policies and standards are considered and approved by the Board of Directors.

### 1.1 Credit rating and measurement

Risk measurement plays a central role, along with judgment and experience, in informing risk taking and portfolio management decisions. We have a sound framework that spell out policies and procedures covering the measurement and management of credit risk. There is a clear segregation of duties between transaction originators in the businesses and approvers in the Risk function. All credit exposure limits are approved within a defined credit approval authority framework. Credit policies and standards are considered and approved by the Board of Directors.

The standard credit risk grading (CRG) system is used in both Corporate and SME Banking. The Bank is also going to introduce Internal Credit Risk Rating System (ICRRS) as per the guidelines

of the Bangladesh Bank. Major credit exposures to individual borrowers, groups of connected counterparties and portfolios of retail exposures are reviewed by the Head Office Credit Review Committee (HOCRC) and HOCRC recommend the loan to the approval authority.

### 1.2 Credit approval

Major credit exposures to individual borrowers, groups of connected counterparties and portfolios of retail exposures are reviewed by the Head Office Credit Committee (HOCC) and HOCC recommend the loan to the approval authority. All credit approval authorities are delegated by the Board of Directors to executives based on their capability, experience & business acumen. Credit origination and approval roles are segregated in all cases.

### 1.3 Credit monitoring

We regularly monitor credit exposures, portfolio performance, and external trends through relationship and corporate administration team at Branch and Head Office. Internal risk management reports containing information on key environmental, political and economic trends across major portfolios; portfolio delinquency and loan impairment performance; as well as credit grade migration are presented to risk committees (Head Office Credit Review Committee (HOCRC) and Business Management Committee (BMC)). The HOCRC & BMC meets regularly to assess the impact of external events and trends on the credit risk portfolio and to define and implement our response in terms of appropriate changes to portfolio shape, underwriting standards, risk policy and procedures. Accounts or portfolios are placed on Early Alert (EA) when they display signs of weakness or financial deterioration, for example, where there is a decline in the customer's position within the industry, a breach of covenants, non-performance of an obligation, or there are issues relating to ownership or management. Such accounts and portfolios are subjected to a dedicated process overseen by the Monitoring & Recovery Division. Account plans are re-evaluated and remedial actions are agreed and monitored. Remedial actions include, but are not limited to, exposure reduction, security enhancement, exiting the account or immediate movement of the account into the control of Recovery unit. In Retail/ Consumer Banking, portfolio delinquency trends are monitored continuously at a detailed level. Individual customer behavior is also tracked and informed in lending decisions, so far the existing software support them. Accounts which are past due are subject to a collections process, monitored in collaboration with the Relationship manager

by the Risk function. Charged-off accounts of the Bank are managed by specialist recovery teams.

#### 1.4 Concentration risk

Credit concentration risk is managed within concentration caps set for counterparty or groups of connected counterparty, for industry sector; and for product. Additional targets are set and monitored for concentrations by credit committee. Credit concentrations are monitored by the responsible risk committees in each of the businesses and concentration limits that are material to the Bank are reviewed and approved at least annually by the Board of Directors.

#### 1.5 Credit risk mitigation

Potential credit losses from any given account, customer or portfolio are mitigated using a range of tools such as collateral, netting agreements, insurance, and other guarantees. The reliance that can be placed on these mitigates is carefully assessed in light of issues such as legal certainty and enforceability, market valuation correlation and counterparty risk of the guarantor. Risk mitigation policies determine the eligibility of collateral types. Collateral types which are eligible for risk mitigation include: cash; residential, commercial and industrial property; fixed assets such as motor vehicles, plant and machinery; marketable securities; commodities;

bank guarantees; and letters of credit. Collateral is valued in accordance with our credit policy, which prescribes the frequency of valuation for different collateral types, based on the level of price volatility of each type of collateral. Collateral held against impaired loans is maintained at fair value.

## 2. FOREIGN EXCHANGE RISK

Foreign exchange risk is the risk that an investment's value changing due to changes in currency exchange rates. The risk that an investor will have to close out a long or short position in a foreign currency at a loss due to an adverse movement in exchange rates. The risk is most acute for businesses that deal in more than one currency. However, other businesses are indirectly exposed to foreign exchange risk if, for example, their business relies on imported products and services. Foreign exchange risk should be managed where fluctuations in exchange rates impact the business profitability.

### 2.1 Methods of measuring foreign exchange risk:

There are many ways to measure foreign exchange risk, ranging from simple to complex measures. Following are some of the examples of the simpler measures which can be applied and understood by most businesses :



MIS of foreign  
currency  
exposures



Table of projected  
foreign currency  
cash-flows



Sensitivity analysis



Value at risk

Like other banks and financial institutions, Jamuna Bank Ltd. is also exposed to Foreign Exchange Risk that sprouts externally due to convergence and divergence of many factors in the international market. The foreign exchange business of the bank, fully backed by the underlying transactions, is well-managed as per Bank's internal risk management policies and guidelines and the guidelines of Bangladesh Bank (Central Bank of Bangladesh). The Asset Liability Management Committee (ALCO) of the bank, headed by the Managing Director & CEO, reviews the risk management position of the bank on regular intervals and provides insights and

guidelines to the Treasury Division to manage the foreign exchange risk of the Bank with minimum financial impact.

## 3. ASSET LIABILITY MANAGEMENT RISK

The Bank has established an Asset Liability Committee (ALCO) contains 10 (ten) members headed by Managing Director. The committee meets at least once in every month. The main responsibilities of ALCO are to look after the Financial Market activities, manage liquidity and interest rate risk, understand the market position and competition etc. The Asset Liability

Management Committee also monitored the balance sheet risk. The balance sheet risk is defined as potential changes in earnings due to change in rate of interest and exchange earnings which are not of trading nature. To support ALM process, the most important strategy of the ALM of the Bank is medium to short-term funding and adequate liquidity both in local and foreign currency all time at the most appropriate funding cost. An important objective of ALCO is to provide cost effective funding to finance the asset growth and trade related transactions, optimize the funding cost, increase spread with the lowest possible liquidity, maturity, foreign exchange and interest rate risks.

#### 4. INTERNAL CONTROL AND COMPLIANCE RISK:

Internal Control and Compliance Division of the Bank undertakes periodical and special audit of the branches and divisions at the Head Office for review of the operation and compliance of statutory requirements. If any deviations are reported, effective measures have been taken to obtain correction or mitigation it on continuous basis. In this way, the division is being ensured the senior management as well as the Board of Directors of the Bank that the operation of bank has been performing in compliance with all approved and established rules regulations, guidelines & instructions for internal control. The Audit Committee of the Board subsequently reviews the reports of the Internal Control and Compliance Division.

#### 5. MONEY LAUNDERING RISK:

Money Laundering Risk is one of the 6(six) core risk elements in banking business. Money Laundering Risk is defined as reputational and legal risk under operational risk and expenses incurred as penalty for being non-complied in prevention of money laundering. In order to manage the AML risk, the bank has set up an effective Anti-Money Laundering programme in line with Anti-Money Laundering Act, 2012 and Bangladesh Bank guidance which has been updated through inclusion of Anti-Terrorist Act, 2012. The Bank has developed manuals for prevention of money laundering and introduced know Your Customer (KYC) program and Transaction Profile (TP) including uniform A/c opening form at branch level for meticulous compliance. The Bank recognizes this risk as a separate classification emphasizing due importance for being compliant on it by way of making conversant of all Executives/Officers through issuing Circulars and providing necessary training of AML and CFT issues by AML Division of the Bank.

#### 6. INFORMATION COMMUNICATION TECHNOLOGY RISK

ICT Division always procures and implements state-of-art technologies to provide better services to our valued clients. We are providing a broad line of services to our valued clients like Online Banking Operation and different Value Added Services (VAS) like SWIFT, ATM Operation, National Payment Switch, VISA Card, Mobile Financial Service (MFS), SMS Banking, Internet Banking service, BACH & EFTN, Trade Finance Processing Center (TFPC), RTGS & different types of utility bill collection like WASA, DPDC, BKash etc. in highly secured manner. JBL Branches have coverage of high-end NVR system for surveillance and monitoring, which can keep video footage up to one year. To provide secured online banking operation and minimize the risk of cyber threat, the bank has implemented the followings in the year 2019: -

- Mail filtering to reduce mail-based cyber threat.
- Next Generation Firewall for mitigating internet threat.
- Wild Fire Sand Boxing solution for advance persistent threat analysis.
- Anti-Malware for servers and end point work stations
- Intrusion Detection System (Damballa) for true positive malware detection.

Besides, bank has arranged awareness programs and trainings on the field of ICT Risk and its mitigation for both business and technical human resources, from top management to the trainee officers.

#### 7. INTEREST RATE RISK

Interest rate risk may arise either from trading portfolio or non-trading portfolio. The trading portfolio of the Bank consists of Government treasury bills of 28 days maturity. The short-term movement in interest rate is negligible or nil. Interest rate risk of non-trading business arises from mismatches between the future yield of an asset and its funding cost. Asset Liability Committee (ALCO) monitors the interest rate movement on a regular basis.

#### 8. EQUITY RISK

Equity risk arises from movement in market value of equities held. The risks are monitored by Investment Committee under a well designed policy framework. The market value of equities held was, however, lower than the cost price at the balance sheet date.



## 9. OPERATIONAL RISK

Operational risk may arise from error and fraud due to lack of internal control and compliance. Management through Internal Control and Compliance Division controls operational procedure of the Bank. Internal Control and Compliance Division undertakes periodical and special audit of the branches and divisions at the Head Office for review of the operation and compliance of statutory requirements. The Audit Committee of the Board subsequently reviews the reports of the Internal Control and Compliance Division.

## 10. RISK MANAGEMENT COMMITTEE DISCLOSURES

The Board of Directors constituted with the following members of the Risk Management Committee of the Board, the third Committee of the Board besides the Executive Committee and the Audit Committee in accordance with Bank Company (Amendment) Act 2013 and it does comply with the BRPD Circular no. 11, dated October 27, 2013.

## DISCUSSION ON COGS, GROSS PROFIT MARGIN AND NET PROFIT MARGIN;

Not applicable for the banking industry

## DISCUSSION ON CONTINUITY OF ANY EXTRAORDINARY ACTIVITIES AND THEIR IMPLICATIONS (GAIN OR LOSS);

Not applicable

## RELATED PARTY TRANSACTIONS

- (1) Names of the Directors together with a list of entities in which they have Interest : See note 46.3 of Financial Statements
- (2) Significant contracts where Bank is a party and wherein Directors have interest during the year 2019: **Nil**
- (3) Shares issued to Directors and Executives without consideration or exercisable at a discount: **Nil**
- (4) Related party transactions :

Name of Directors	Relationship	Nature of Loan	Amount	Status
1. Al-Haj Nur Mohammed	Director	Credit Card	USD 205.00	Regular
2. Al-Haj Nur Mohammed	Director	Credit Card	BDT 1,351	Regular
3. Mr. Md. Mahmudul Hoque	Director	Credit Card	BDT 4,060	Regular
4. Mr. Gazi Golam Murtoza	Director	Credit Card	USD 2,475	Regular
5. Md. Mahmudul Hoque	Director	Term Loan	12,893,840	Regular
6. Al-Haj Nur Mohammed				

- (5) Disclosure of transaction regarding Directors and their related concerns: **Nil**
- (6) Business other than banking business with any relation concern to the Directors as per Section 18(2) of the Bank Companies Act, 1991 as amended upto 2018.

Service receiving companies where the Directors interest subsisted during the year:

Name of party	Relationship	Nature of transaction	Amount
Gazi Satellite Television Ltd.	Director	Advertisement (Electronic media)	13,800,000
Samoy Media Ltd.	Director	Advertisement (Electronic media)	8,280,000
Daily Sarabangla	Director	Newspaper advertisement	7,140,000
Daily Bangladesher Alo	Director	Newspaper advertisement	7,140,000

(7) Investment in the Securities of Directors and their related concern: **Nil**

#### UTILIZATION OF PROCEEDS FROM PUBLIC ISSUES, RIGHTS ISSUES AND/OR THROUGH ANY OTHERS INSTRUMENTS

In the year 2010, Jamuna Bank raised BDT 743.36 million capital through Right Issue of shares to strengthen the Capital Base of the Bank of which was clearly reported in the Annual Report of 2011.

#### AN EXPLANATION IF THE FINANCIAL RESULTS DETERIORATE AFTER THE COMPANY GOES FOR INITIAL PUBLIC OFFERING (IPO), REPEAT PUBLIC OFFERING (RPO), RIGHTS SHARE OFFER, DIRECT LISTING, ETC.

Not applicable

#### VARIANCE BETWEEN QUARTERLY FINANCIAL PERFORMANCE AND ANNUAL FINANCIAL STATEMENTS

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

Figures in BDT Million

Particulars	Quarter-1	Quarter-2	Quarter-3	Quarter-4	Annually
A) Net interest income	1,751.42	1,651.52	1,912.60	1,135.18	6,450.72
B) Non-interest income	925.33	1,325.10	1,116.86	1,667.86	5,035.15
C) Operating income (A+B)	2,676.75	2,976.62	3,029.46	2,803.04	11,485.87
D) Operating expenses	1,248.99	1,303.06	1,320.37	1,756.21	5,628.63
E) Operating profit (C-D)	1,427.76	1,673.56	1,709.09	1,046.83	5,857.24

From the above, it was observed that there was no significant variance in 2019 except Non-interest income of Q-4 (49% higher than that of Q-3) and operating expense of Q-4 (33% higher than that of Q-3).

#### NUMBER OF BOARD MEETINGS HELD DURING THE YEAR & ATTENDANCE BY EACH DIRECTOR AND 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.

### Directors including Independent Director of the Bank Received Honorarium for Board Meeting during 01.01.2019 to 31.12.2019

Sl. No.	Name	Position as on 31.12.2019	No. of meeting	Present	Remuneration
1.	Engr. Md. Atiqur Rahman	Chairman	22	* 20	144,000.00
2.	Engr. A. K. M. Mosharraf Hussain	Director	22	* 20	144,000.00
3.	Mr. Fazlur Rahman	Director	22	* 5	32,000.00
4.	Al-Haj Nur Mohammed	Director	22	* 21	152,000.00
5.	Mr. Robin Razon Sakhawat	Director	22	* 15	112,000.00
6.	Mr. Md. Belal Hossain	Director	22	* 12	80,000.00
7.	Mr. Md. Mahmudul Hoque	Director	22	* 4	24,000.00
8.	Mr. Shaheen Mahmud	Director	22	* 4	24,000.00
9.	Mr. Md. Sirajul Islam Varosha	Director	22	* 19	144,000.00
10.	Mr. Kanutosh Majumder	Director	22	* 20	144,000.00
11.	Mr. Md. Ismail Hossain Siraji	Director	22	* 20	144,000.00
12.	Mr. Gazi Golam Murtoza	Director	22	* 14	96,000.00
13.	Mrs. Tasmin Mahmud	Director	22	* 2	16,000.00
14.	Mr. Md. Hasan	Director	22	* 6	40,000.00
15.	Mr. Md. Abdur Rahman Sarker **	Independent Director	22	** 9	64,000.00
16.	Mr. Md. Rafiqul Islam **	Independent Director	22	** 9	64,000.00
17.	Mr. Obaidul Kabir Khan **	Independent Director	22	** 12	88,000.00

**Note:** \*\* No honorarium paid for (a) 346th meeting held on 28.04.2019 & (b) 358th meeting held on 26.11.2019  
\* Directors who could not attend the meetings were granted leave of absence by the Board.  
\*\* Approval from the Bangladesh Bank obtained on July 04, 2019 for newly appointed Independent Directors

### Directors of the Bank Received Honorarium for Executive Committee meeting during 01.01.2019 to 31.12.2019

Sl. No.	Name	Status	Presence of the members		Remuneration
			No. of meeting	Present	
<b>For the period 01.01.2019 to 15.06.2019</b>					
01.	Mr. Gazi Golam Murtoza	Chairman	7	6	48,000.00
02.	Engr. Md. Atiqur Rahman, Chairman (BOD)	Member	7	7	56,000.00
03.	Engr. A. K. M. Mosharraf Hussain, Director	Member	7	7	56,000.00
04.	Al-Haj Nur Mohammed	Member	7	7	56,000.00
05.	Mr. Shaheen Mahmud	Member	7	1	8,000.00
06.	Mr. Kanutosh Majumder	Member	7	6	48,000.00
<b>For the period 16.06.2019 to 31.12.2019</b>					
1.	Al-Haj Nur Mohammed, Director	Chairman	18	18	1,44,000.00
2.	Engr. Md. Atiqur Rahman, Chairman (BOD)	Member	18	15	1,20,000.00
3.	Engr. A. K. M. Mosharraf Hussain, Director	Member	18	15	1,20,000.00
4.	Mr. Shaheen Mahmud, Director	Member	18	3	24,000.00
5.	Mr. Md. Sirajul Islam Varosha, Director	Member	18	17	1,36,000.00
6.	Mr. Kanutosh Majumder, Director	Member	18	17	1,36,000.00
7.	Mr. Gazi Golam Murtoza, Director	Member	18	9	72,000.00
8.	Mr. Md. Belal Hossain	*		1	8,000.00
9.	Mr. Md. Ismail Hossain Siraji	*		1	8,000.00
10.	Mr. Obaidul Kabir Khan	*		2	16,000.00

\* The Board of Directors of the Bank in its 290th meeting held on 21.07.2016 took decision as follows

“The Board unanimously decided to the effect that the Chairman of the Executive Committee of the Board of Directors of the Bank may co-opt any other Directors, other than member of Audit Committee of the Board, in the Executive Committee (EC) to complete the Quorum of meeting.”

### Directors including Independent Director of the Bank Received Honorarium for Audit Committee meeting during 01.01.2019 to 31.12.2019

Sl. No.	Name	Status	Presence of the members		Remuneration
			No. of meeting	Present	
<b>For the period 01.01.2019 to 15.06.2019</b>					
01.	Mr. Md. Rafiqul Islam, Independent Director	Chairman	6	6	48,000.00
02.	Mr. Redwan-ul Karim Ansari, Director	Member	6	6	48,000.00
03.	Mrs. Tasmin Mahmud, Director	Member	6	-	
04.	Mr. Md. Hasan, Director	Member	6	-	
05.	Mr. Narayan Chandra Saha, Independent Director	Member	6	6	48,000.00
<b>For the period 16.06.2019 to 31.12.2019</b>					
1.	Mr. Md. Abdur Rahman Sarker, Independent Director	Chairman	4	3	24,000.00
2.	Mrs. Tasmin Mahmud, Director	Member	4	2	16,000.00
3.	Mr. Md. Hasan, Director	Member	4	4	32,000.00
4.	Mr. Md. Rafiqul Islam Independent Director	Member	4	4	32,000.00

### Directors of the Bank Received Honorarium for Risk Management Committee meeting during 01.01.2019 to 31.12.2019

Sl. No.	Name	Status	Presence of the members		Remuneration
			No. of meeting	Present	
<b>For the period 01.01.2019 to 15.06.2019</b>					
01.	Mr. Md. Sirajul Islam Varosha, Director	Chairman	1	1	8,000.00
02.	Mr. Robin Razon Sakhawat, Director	Member	1	-	-
03.	Mr. Md. Belal Hossain, Director	Member	1	1	8,000.00
04.	Mr. Md. Mahmudul Hoque, Director	Member	1	1	8,000.00
05.	Mr. Md. Ismail Hossain Siraji, Director	Member	1	-	-
<b>For the period 16.06.2019 to 31.12.2019</b>					
1.	Mr. Md. Belal Hossain, Director	Chairman	3	3	24,000.00
2.	Mr. Md. Mahmudul Hoque, Director	Member	3	3	24,000.00
3.	Mr. Robin Razon Sakhawat, Director	Member	3	1	8,000.00
4.	Mr. Md. Ismail Hossain Siraji, Director	Member	3	1	8,000.00
5.	Mr. Obaidul Kabir Khan, Director	Member	3	3	24,000.00

### Members of the Shariah Supervisory Committee received Honorarium during 01.01.2019 to 31.12.2019

Sl. No.	Name	Status	Presence of the members in the meeting during above tenure		Remuneration
			No. of meeting	Present	
<b>For the period 01.01.2019 to 31.12.2019</b>					
01.	Alhaj Mawlana Md. Sadequl Islam	Chairman	4	4	32,000.00
02.	Mr. M. Azizul Haque	Member	4	4	16,000.00
03.	Professor Mawlana Md. Salahuddin	Member	4	0	0.00
04.	Mawlana Abdur Razzak	Member	4	4	32,000.00
05.	Hafez Mawlana Mufti Ruhul Amin	Member	4	3	16,000.00
06.	Hafez Mawlana Prof. Dr. Shahidul Islam Barakati	Member	4	2	32,000.00
07.	Dr. Ahmadullah Trishali	Member	4	4	32,000.00
08.	Mr. Mirza Elias Uddin Ahmed Managing Director, Jamuna Bank Ltd.	Member (Ex-Officio)	4	4	

## CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Directors of Jamuna Bank, in conformance with the BSEC Notification No. SEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018, confirm compliance with the financial reporting framework for the following:

- Proper books of account as required by law have been kept by Jamuna Bank Limited. The external auditor, Khan Wahab Shafique Rahman & 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.”
- The financial statements, prepared by the management of Jamuna Bank make a fair presentation of its activities, operational details and results, cash flow information and changes in equity structure.
- Financial statements of the Bank for the year ended 31st December 2019 have been prepared in accordance with International Accounting Standards (IAS)/International Financial Reporting Standards (IFRS), 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.
- Accounting estimates are based on reasonable and prudent judgment.
- Internal control processes have been properly designed and effectively implemented and monitored.
- Minority shareholders have been duly protected as have effective means of redress.
- No significant doubt exists upon the Company’s ability to continue as a going concern.

## STATEMENT OF BOARD OF DIRECTORS ON THE RESPONSIBILITY TO ESTABLISH APPROPRIATE SYSTEM OF INTERNAL CONTROL:

The Board of Directors (“the Board”) of Jamuna Bank Limited is pleased to provide the following Statement of Internal Controls, which outlines the nature and features of internal control of the Bank in accordance with the Bangladesh Bank’s instructions, circulars and guidelines and Corporate Governance Code of Bangladesh Securities and Exchange Commission.

The Board of Directors, under section 15(kha) and 15 (Ga) of the Bank Company Act 1991 (Amended upto 2018) are responsible for establishing and executing policies of the Bank. The Board is also responsible to establish the system of internal control and review its effectiveness regularly. The principal aim of the internal control; is to mitigate the business risk with the view to enhance the interest of stakeholders’ and safeguard of the assets of the Bank. Although no method of internal control can provide absolute assurance that the business risk’s will fully be alleviated, the internal control systems have been designed to ascertain a well-defined management structure with clear authorities and delegation of responsibilities, documentation procedures and authority levels, to ensure that all material risks properly be addressed and controlled.

The key features of the Bank’s internal control system may be summarized as follows:

### 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 Jamuna Bank Limited has been designed to protect the interest of all stakeholders of the Bank in the best possible way. The control methods of the bank are being implemented under active supervision of the Board of Directors and its constituted committees;

Executive Committee, Audit Committee and Risk Management Committee. Moreover, the Senior Management Team of the Bank keeps constant involvement to risk management.

Audit Committees: The Board of Directors of Jamuna Bank carries out its responsibilities extensively and has established an Audit Committee of the Board for sustaining sound, adequate and effective internal control systems to safeguard the asset of the bank and interest of the shareholders. The Audit Committee is a sub-committee of the Board of Directors is responsible to review the integrity of the financial statements of the Bank and formal announcements relating to the Bank’s performance, to monitor and review the effectiveness of the company’s internal audit function etc.

Business risk and the Bank’s risk assessment process: The Board of Jamuna Bank is also aware that the main objectives of the bank can be achieved depending on the success of risk management. The Risk Management Committee is a sub-committee of the Board of Directors is monitoring risk management policies & process to ensure effective prevention and control measures; ensuring compliance of BB instructions regarding implementation of core risk management; ensuring formulation and review of risk appetite, limits and recommending these to Board of Directors for their review and approval;

Internal Control Process: The Internal Control & Compliance Division of the Bank contributes to make the job of the above committee 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, the division ensures the Board that the Bank is operating in compliance with all approved and established policies.

### Conclusion

The Board is satisfied that, during the year under review, the system of internal control has instituted is sound and effective. Notwithstanding this, the Board is vigilant and continues to review the effectiveness and adequacy of the systems of internal control, in view of the dynamic and changing business environment, so as to safeguard the Bank’s assets and stakeholder’s interest.



**Fazlur Rahman**  
Chairman

# CERTIFICATE OF SENIOR MANAGEMENT TEAM (SMT) REGARDING THE EFFECTIVENESS OF INTERNAL CONTROL POLICY, PRACTICE AND PROCEDURE

As per guidelines of Bangladesh Bank, the Board of Directors and Senior Management are required to take appropriate steps for establishing appropriate culture to facilitate an effective internal control process and for monitoring its effectiveness on an ongoing basis. Accordingly Senior Management has reviewed the internal control mechanism of the Bank, e.g Effectiveness of Internal Control Environment; Objective of Internal Control; Internal Control Policy Guidelines; Organization Structure; and Internal Control Process of the Bank. The Committee also reviewed the key points of Bangladesh Banks last Inspection Report on ICC of the Bank alongwith the Bank's Compliance thereof.

The Management Committee has observed that Internal Control Policy, Practice and Procedure of the Bank are effective and these provide a reasonable assurance in achieving objectives of the Bank in respect of reliability of the financial information; accuracy and completeness of the accounting records; compliance with applicable laws and regulations; prevention and detection of fraud and errors; safeguarding of Banks Assets; and adherence to management policies;

As it's a ongoing process, the management of the Bank will also take necessary steps to strengthen Internal Control System of the Bank as per guidelines of Bangladesh Bank vide BRPD Circular No.03 dated 08.03.2016 and an amendment of the guideline through their BRPD Circular No-04 dated 04.09.2016.



**Mirza Elias Uddin Ahmed**  
Managing Director & CEO

## STATEMENT REGARDING MINORITY SHAREHOLDERS HAVE BEEN PROTECTED FROM ABUSIVE ACTIONS BY, OR IN THE INTEREST OF, CONTROLLING SHAREHOLDERS ACTING EITHER DIRECTLY OR INDIRECTLY AND HAVE EFFECTIVE MEANS OF REDRESS;

Jamuna Bank ensures equal treatment to all shareholders. The Bank does not discriminate between minority and majority shareholders. It is mentioned that the most important protection afforded to minority shareholders comes in the form of a statutory remedy in section 233 of the Companies Act, 1994 of Bangladesh. In order to be eligible to file a petition under the section, the minority shareholder(s) must hold a minimum of ten percent of the issued shares in the case of a company having a share capital. To ensure equal treatment to all shareholders, the bank created various mechanisms, such as:

- minority shareholders are dealing with candor, honesty, good faith, loyalty, and fairness
- Minority shareholders have the right to benefit from such events as receiving dividends and selling shares for profit.
- Access to Company Financial Records: According to section 191 of the Companies Act, 1994, A copy of every balance sheet, including the profit and loss account, the auditors report or the income and expenditure account and every other document required by law to be annexed or attached to the balance sheet which is to be laid before a company in general meeting shall, not less than fourteen days before the date of the meeting, be sent free of charge, to every member of the company.

Jamuna Bank is always concern regarding the above issue and making available Annual Report to the shareholders of the Bank and the same also uploaded in the website of the Bank.

- Timeliness in the resolution of investors' complaints.
- Friendliness with all investors and all investor segments.
- 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.



**Mirza Elias Uddin Ahmed**  
Managing Director & CEO



# ASSESSMENT REPORT ON THE GOING CONCERN OF JAMUNA BANK LIMITED

The going concern principle is the assumption that an entity will remain in business for the foreseeable future. Conversely, this means the entity will not be forced to halt operations and liquidate its assets in the near term at what may be very low fire-sale prices. The purpose of this going concern statement is to bring together the requirements of Company law, accounting standards and Listing Rules on going concern.

After reviewing the company's present and following 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.

## Positive key financial ratios

The Company's financial ratios indicate sound financial strength and prospects and are evident from financial highlights stated at 'Information for the stakeholders' chapter of this Annual Report.

## Consistent payment of dividends

Jamuna Bank has been paying dividend consistently to its shareholders over the years. We refer to financial highlights stated at 'Information for the stakeholders' chapter of this Annual Report. to show our steady dividend payment records. Moreover, the Company has declared @15% cash dividend in 2019, which reflects the Company's long-term operational viability.

## Credibility in payment of obligations

Jamuna Bank has strong credibility in terms of payment of its obligations to lenders. The Company is particular in fulfilling the terms of

loan agreements and has never defaulted, even in terms of convenience.

## Increasing trend in Loans & Advance and Investment portfolio

The Company's Loans & Advance have increased by 7.18% (solo) and Investment portfolio have increased by 23.86% (solo) in 2019 as compared with 2018.

## Operating indications

### Strengthening of Human Capital

During the year 2019, the Company has recruited 225 new employees, which resulted in a net increase in human resource count to 3049 at the end of the year 2019, in comparison to 2824 at the end of the year 2018.

### Business expansion

Jamuna Bank, in 2019, has been vested in growth through Corporate business and market diversification through channeling resources towards developing Retail segment and smaller loan products for SME segment.

### Employee satisfaction

There exists a healthy corporate environment in the Company. This is reflected in our discussion on Human Capital at Management Discussion and Analysis chapter.

### Maintenance of Capital Adequacy Ratio (CAR)

To strengthen global capital and liquidity rules with the goal of promoting a more resilient banking sector, the Basel Committee on Banking Supervision (BCBS) issued "Basel III: A global regulatory framework for more resilient banks and banking systems" in December 2010. The objective of the reforms was to improve the banking sector's ability to absorb shocks arising from financial and economic stress, whatever the source, thus reducing the risk of spillover from the financial sector to the real economy. Phase-in arrangements for Basel III implementation in Bangladesh and our status is given below:

Particulars	Standard	Status of compliance
Minimum Common Equity Tier 1 (CET1) Capital Ratio	At least 4.5% of the total RWA	Complied
Capital Conservation Buffer	At least 2.5% of the total RWA	Complied
Minimum Total Capital plus Capital Conservation Buffer	At least 12.5% of the total RWA	Complied
Leverage Ratio	3%	Complied
Liquidity Coverage Ratio	>=100%	Complied
Net Stable Funding Ratio	>100%	Complied

From the above table it is observed that, Jamuna Bank complied with all the required conditions for maintaining regulatory capital as stipulated in the revised Risk Based Capital Adequacy (RBCA) guidelines by Bangladesh Bank.



**Mirza Elias Uddin Ahmed**  
Managing Director & CEO

## FORWARD LOOKING STATEMENT

Going forward, we intend to build up a strong and sound footing for the bank. We are concentrating on the fundamentals of our balance sheet and working on to get them stronger. We are looking forward to further strengthening our liquidity, capital and reserves, improve on quality and mix of assets & liabilities and maximize shareholder value.

We are reviewing, evaluating and monitoring our performance following the long term strategic plan to remain on course towards reaching our goals.

Putting in efforts on an on-going basis to excel in risk management capabilities and developing appropriate financial risk modeling.

Working on diversifying risks aimed at a balanced growth of lending by emphasizing more on small and medium sized enterprises through innovative, tailor-made products.

Improving on comprehensive loan work out strategies to maximize recovery of NPLs and add to the bottom line.

Reviewing and updating policies and procedures on a periodic basis to assimilate latest developments in the banking industry to efficiently manage affairs and offer superior services to customers.

Proactively focusing on sustainable development, increasingly emphasizing on environmental management system in bank financed projects.

Developing a comprehensive environmental and social risk management policy framework to address and manage both external and internal environmental and social issues.

Being adaptive to changing environment, responsive to market dynamics, supportive to regulatory reforms, keen to material development and protective to shareholders' and stakeholders' interest.

Putting in place a high standard core banking solution and where necessary, encouraging work around to bring in meaningful improvement in all banking activities, including speedy and online delivery of customer services.

On a continuing basis, imparting trainings to upgrade employee skill and morale, evaluating employee performance, elevating positions, awarding incentives, providing stimulus for motivation, reviewing compensation packages etc. in order to build a highly professional work force to be able lead the industry in course of time.



**Mirza Elias Uddin Ahmed**  
Managing Director & CEO

**Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained;**

**Financial Performance Analysis**

Particulars	Annual Performance-Jamuna Bank Ltd. (Consolidated)		
	2019	2018	Y-o-Y Growth (%)
Net interest income	6,450.72	5,369.50	20.14%
Investment income	2,331.91	1,858.51	25.47%
Commission, exchange and brokerage	2,015.74	1,898.11	6.20%
Other operating income	687.49	768.28	-10.52%
Total operating Income (A)	11,485.86	9,894.39	16.08%
Total operating Expenses (B)	5,628.63	5,217.21	7.89%
Profit/(loss) before taxation & provisions	5,857.24	4,677.19	25.23%
Total provision	1,143.69	1,075.04	6.39%
Provision for taxation for the year	2,181.12	1,305.02	67.13%
Net profit after taxation	2,532.43	2,297.12	10.24%

The tables above depict that our core income, which is the Interest Income, was on the rise due to our rigorous efforts on increasing disbursements and ebbing cost of fund, that resulted in a Net Interest Income to rise by 20.14%. Non-Interest Income, specially investment income increased by 25.47%. Subsequently, PBT increased by 25.23% as well as NPAT increased by 10.24%. Provision for income tax has been made during the year @ 37.50% as prescribed by the Finance Act 2019-20 on the accounting profit made by the Bank after considering some of the add back to income and disallowances of expenditure as per Income Tax Ordinance and Rules 1984.

**KEY OPERATING AND FINANCIAL DATA OF PRECEDING 5 (FIVE) YEARS:**

A detailed presentation on key operating and financial data of preceding 5 (five) years has been presented is appended at at 'Information for the stakeholders' chapter of this Annual Report

**DIVIDEND (CASH OR STOCK) FOR THE YEAR 2019:**

Jamuna Bank continued to honour its commitment to optimization of shareholders' value. However, Board of Directors in its 368th meeting held on 16-06-2020 has recommended @15% cash dividend for the year December 31 2019 subject to the approval of the shareholders at the next Annual General Meeting.

**INTERIM DIVIDEND:**

No cash or bonus share dividend was declared as interim dividend during 2019. No Bonus Share shall be declared as interim dividend.

**PATTERN OF SHAREHOLDING/ OWNERSHIP COMPOSITION:**

As on 31st December 2019 the Sponsor and Directors of Jamuna Bank Ltd. held 48.46% of total shares whereas Financial Institutions, Foreign Investors and General Public held 4.54%, 1.76% and 45.24% respectively.

Sl. No	Particulars	31-12-2019		31-12-2018	
		No of Shares Held	% of total Shares	No of Shares Held	% of total Shares
1	Directors & Sponsors	363,079,197	48.46%	378,762,670	50.55%
2	Financial Institutions	34,048,536	4.54%	29,209,890	3.90%
3	Foreign Investors	13,155,244	1.76%	-	-
4	General Public	338,942,673	45.24%	341,253,090	45.55%
	Total	749,225,650	100.00%	749,225,650	100.00%

**(A) Parent or Subsidiary or Associated Companies and other related parties**

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 31.12.2019	% of Total Share
1.	Engr. Md. Atiqur Rahman	Chairman	28,939,069	3.8625
2.	Engr. A. K. M. Mosharraf Hussain	Director	14,984,509	2.0000
3.	Mr. Fazlur Rahman	Director	14,985,428	2.0001
4.	Al-Haj Nur Mohammed	Director	22,140,168	2.9551
5.	Mr. Robin Razon Sakhawat	Director	15,006,908	2.0030
6.	Mr. Md. Belal Hossain	Director	14,985,979	2.0002
7.	Mr. Md. Mahmudul Hoque	Director	14,990,452	2.0008
8.	Mr. Shaheen Mahmud	Director	37,446,054	4.9980
9.	Mr. Md. Sirajul Islam Varosha	Director	14,984,838	2.0000
10.	Mr. Kanutosh Majumder	Director	15,493,336	2.0679
11.	Mr. Md. Ismail Hossain Siraji	Director	14,984,928	2.0001
12.	Mr. Gazi Golam Murtoza	Director	19,104,452	2.5499
13.	Mrs. Tasmin Mahmud	Director	37,461,280	5.0000
14.	Mr. Md. Hasan	Director	37,461,211	5.0000
15.	Mr. Md. Abdur Rahman Sarker	Independent Director	-	-
16.	Mr. Md. Rafiqul Islam	Independent Director	-	-
17.	Mr. Obaidul Kabir Khan	Independent Director	-	-
18.	Mr. Mirza Elias Uddin Ahmed	Managing Director	-	-
19.	Mr. M.A.Rouf & Spouse	Company Secretary	-	-
20.	Mr. Ashim Kumer Biswas & Spouse	Chief Financial Officer	-	-
21.	Mr. Anupam Kanti Debnath & 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	Designation	Shares Held as on 31 Dec 2019
1.	Mr. Muhammad Shahidul Islam	Deputy Managing Director	-
2.	Mr. Md. Mofazzal Hossain	Deputy Managing Director	-
3.	Mr. Md. Abdus Salam	Deputy Managing Director	-
4.	Md. Mukhlesur Rahman	SEVP	-
5.	Mr. Fazle Quayum	SEVP	-

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

Shareholders holding ten percent (10%) or more voting interest in the company	Nil
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**DIRECTORS' SHAREHOLDING STATUS:**

In compliance with BSEC Notifications dated 22 November 2011, dated 07 December 2011 and dated May 21, 2019, 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%).

**DIRECTORS PROFILE:** Please see Director Profile chapter of this Annual report.

**MANAGEMENT'S DISCUSSION AND ANALYSIS :** Please see the Management's Discussion and Analysis

chapter which is signed by MD & CEO of the Bank presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements.

**HISTORY OF RAISING CAPITAL**

As on the reporting date (31-12-2019), the bank had paid up capital of BDT 7,492,256,500 of which 78.87% was raised through stock dividend. The history of raising our paid up capital to BDT 7,492.26 million as on Year 2019 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 Issued 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
2017	22% Bonus share	135,106,264	1,351,062,639	7,492,256,500

**MATERIAL CHANGES AND COMMITMENTS, AFFECTING THE FINANCIAL POSITION OF THE COMPANY (Compliance of Section 184 of CA, 1994)**

The Board of Directors of Jamuna Bank Limited in its 354th Meeting held on 29.09.2019 accorded issuance of coupon bearing Non-Convertible "Jamuna Bank Limited Perpetual Bond" of BDT 4000.00 million through private Placement as part of the Additional Tier-I of Revised Regulatory Capital Framework for banks in line with Basel III subject to the approval from the concerned Regulatory Authorities.

**SUBSIDIARIES OF JAMUNA BANK LTD. (Compliance of section 184 of CA, 1994)**

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

The Balance sheet size of JBCML is Tk.2188.06 million.

### 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 net profit of Jamuna Bank Securities Limited for the year 2019 was Tk.9.05 million and the Balance sheet size of JBSL is Tk.438.18 million.

### CORPORATE SOCIAL RESPONSIBILITIES

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. Jamuna Bank Foundation conducts multidimensional CSR activities regularly. Its activities encompass wide area e.g. Education, Pro-Poor healthcare, environmental friendly green product, alternative energy use, capacity building, helping destitute, against drug abuse, improving ethical and religious values, preserving national heritage, helping to overcome natural disaster and calamities, humanitarian services, improving the standard of living by creating job opportunities to the destitute, eradicate extreme poverty and hunger. Detailed CSR activities of the Bank has been presented at our Corporate Social Responsibilities chapter.

### 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.

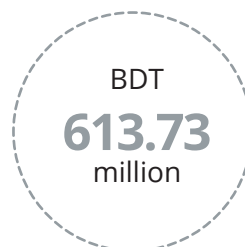
Besides, we have the pleasure to confirm that the Company has, complied with all the necessary guidelines under BSEC Notification No. SEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018. The Compliance Report along with the necessary remarks and disclosures is appended in this Annual Report for the year 2019. Further, a Certificate of Compliance required under the said Guidelines, as provided by ACNABIN Chartered Accountants, is also annexed to this report.

### CONTRIBUTION TO NATIONAL EXCHEQUER & ECONOMY

Jamuna Bank Ltd. is always responsible to the society and the country as a whole. During the year 2019 payment made to national Ex-chequer as follows:



Tax Collected & deposited at source



VAT & excise duty collected & deposited at source



Tax paid on income

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.147.83 million 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 3049 employees up to December 2019. During the year 2019 we have employed 225 employees.
- Jamuna Bank Limited donated Tk.6.00 crore to Prime Minister's Relief Fund to support the destitute people of the society.
- We have spent Tk.105.71 million to develop the country's sport such as cricket by sponsoring a team at Bangabandhu BPL T20 Cricket Tournament 2019 relating to celebrating birth centenary of Father of the Nation, Bangabandhu Sheikh Mujibur Rahman
- We are discouraging projects which is detrimental to the environment and health.

Various initiative have already been taken for Sustainable Banking.

### 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 recognizes 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

### IN 2019

- Tk.2753.47 crore paid to National Ex-chequer against VAT and TDS.
- Tax paid on income BDT 1359.99 million
- Contributed 3.00% on pre-tax profit amounting TK.147.83 million to Jamuna Bank Foundation for the development of underprivileged segment of the Country.
- Recruited 225 employees
- Donated Tk.6.00 crore to Prime Minister's Relief Fund in the year 2019
- We have spent Tk.105.71 million to develop the country's sport such as cricket by sponsoring a team at Bangabandhu BPL T20 Cricket Tournament 2019 relating to celebrating birth centenary of Father of the Nation, Bangabandhu Sheikh Mujibur Rahman

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 2019.

### On behalf of the Board of Directors



**Fazlur Rahman**

Chairman of the Board of Directors





# CORPORATE GOVERNANCE

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. Effective corporate governance is critical to the proper functioning of the banking sector and the economy as a whole. Banks serve a crucial role in the economy by intermediating funds from savers and depositors to activities that support enterprise and help drive economic growth. Banks' safety and soundness are key to financial stability, and the manner in which they conduct their business, therefore, is central to economic health. Governance weaknesses at banks that play a significant role in the financial system can result in the transmission of problems across the banking sector and the economy as a whole.

Jamuna Bank's Corporate governance framework is rigorously aligned with its well-articulated vision, mission, goals and objectives. The Bank's Board of Directors are responsible for proper governance, which includes setting out the Company's strategic aims, providing the necessary leadership to implement such aims, supervising the management of the business and reporting to shareholders on their stewardship. The Board is collectively accountable to the Company's shareholders for good governance to facilitate efficient and effective management towards delivering long-term shareholder value within appropriately established risk parameters.

The Board of Directors of Jamuna Bank Ltd. (JBL) plays the pivotal role in Bank governance through their choice of strategy and leadership to drive the company to growth path. They believe that corporate governance principles should be embedded in our corporate culture. Our corporate culture is anchored on (a) competent leadership, (b) effective internal controls, (c) a strong risk culture and (d) accountability to shareholders. Our internal controls cover financial, operational, compliance and technology, as well as risk management policies and systems.

## Jamuna Bank corporate governance framework



Competent leadership



Effective internal controls



Strong risk culture



Accountability to shareholders

### Compliance status of the Bank

For the financial year ended 31 December 2019, we have complied with:

- The Bank Company Act, 1991 (Amended upto 2018), and
- Corporate Governance Code issued by BSEC dated 03 June 2018 Gazetted on 10 June 2018.
- BRPD Circular No.11 dated 27 October 2013: Formation & Responsibilities of Board of Directors of a Bank Company.
- BRPD Circular No.18 dated 27 October 2013: Appointment and Responsibilities of Chief Executive of a Bank-Company.
- Dhaka Stock Exchange (Listing) Regulations, 2015
- Chittagong Stock Exchange (Listing) Regulations, 2015
- Memorandum of Association and Articles of Association of the Bank.
- And other regulatory guidelines/notifications/circular etc.

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.

Jamuna Bank's corporate governance practices comply with The Bank Company Act, 1991 (Amended upto 2018), Corporate Governance Code issued by BSEC dated 03 June 2018 gazetted on 10 June 2019, notification no. SEC/CMRRCD/2006-158/208/Admin/81, dated June 20, 2018, of financial reporting and disclosure and all aspects of BRPD Circular No.11 dated 27 October 2013: Formation & Responsibilities of Board of Directors of a Bank Company, BRPD Circular No.18 dated 27 October

2013: Appointment and Responsibilities of Chief Executive of a Bank-Company, Dhaka Stock Exchange (Listing) Regulations, 2015, Chittagong Stock Exchange (Listing) Regulations, 2015 and any other applicable regulatory guidelines/notifications/circular etc.

### Board Systems & Procedures

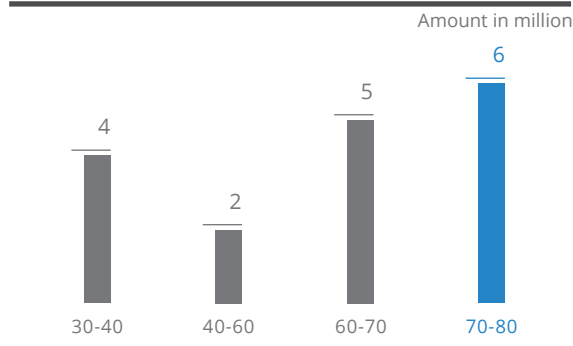
Members of the Board comprise of professionals with diversified backgrounds. At present, there are 17 (Seventeen) Board members including 3(three) Independent Directors, which is within the framework set by the Bangladesh Bank as per section 15(9) of Bank Company Act 1991 (Amended upto 2019). The election 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 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.

Name of the Director	Position Based on 31,12,2019	Executive committee	Audit Committee	Risk Management Committee	Subsidiary's Board
Engr. Md. Atiqur Rahman	Chairman	Member			
Engr. A.K.M. Mosharraf Hussain	Director	Member			
Mr. Fazlur Rahman	Director	-			
Al-Haj Nur Mohammed	Director	Member			Director, JBCML
Mr. Robin Razon Sakhawat	Director	-		Member	
Mr. Redwan-ul Karim Ansari	Director	-	Member		
Mr. Md. Belal Hossain	Director	-		Chairman	
Mr. Md. Mahmudul Hoque	Director	-		Member	
Mr. Shaheen Mahmud	Director	Member			
Mr. Md. Sirajul Islam Varosha	Director	Member			Director, JBCML
Mr. Kanutosh Majumder	Director	Member			Director, JBCML
Mr. Gazi Golam Murtoza	Director	Chairman			Director, JBSL
Mr. Md. Ismail Hossain Siraji	Director	-		Member	Chairman, JBSL
Mrs. Tasmin Mahmud	Director	-	Member		
Mr. Md. Hasan	Director	-	Member		
Mr. Md. Rafiqul Islam	Independent Director	-	Member		Chairman, JBCML
Mr. Md. Abdur Rahman Sarker	Independent Director	-	Chairman		Director, JBSL
Mr. Obaidul Kabir Khan	Independent Director	-		Member	

JBCML= Jamuna Bank Capital Management Limited; JBSL= Jamuna Bank Securities Limited

Note: All Directors are Non-Executive Director

### Age group of our Directors



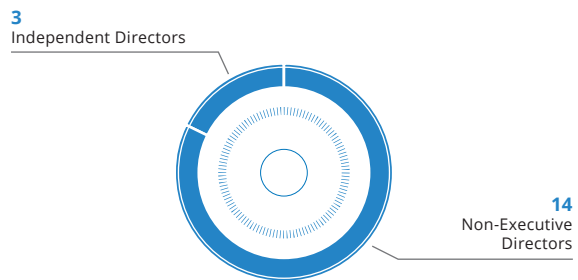
We work closely with our regulators to ensure that our internal governance standards meet their increasing expectations. We are committed to the highest standards of corporate governance. Bank corporate governance framework

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.

### Appointment of Directors

The relevant provision of Companies Act 1994, Bank Company Act 1991 (amended up to 2019), Corporate Governance Code 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 Code" issued by the BSEC & BRPD Circular No.11 dated 27 October 2013 and other guidelines issued by Bangladesh Bank.

### Board Composition



The BoD consists of local entrepreneurs who are well reputed in the field of trade, commerce, industry and business of the country. Collectively they have enriched the Board with the knowledge and expertise in banking and finance, Law, IT, Accounting, Telecom, Administration, and Engineering. Their rich and diverse backgrounds have given the Board a vantage point in directing and monitoring the 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 (Amended up to 2018) 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. The following non-executive directors will retire from the Board in the upcoming 19th AGM:

Name of the Directors	Position
Mr. Fazlur Rahman	Chairman
Mr. Md. Mahmudul Hoque	Director
Mr. Robin Razon Sakhawat	Director
Mr. Md. Belal Hossain	Director
Mr. Md. Sirajul Islam Varosha	Director

### Compliance of BSEC notification dated 05 February, 2020 as regard to incorporating information of retiring Directors:

Name	Primary employment and other engagement		Resume
	Entities where they have interest	Position with the entities/companies	
Mr. Fazlur Rahman, Director	City Vegetable Oil Mills Ltd.	Chairman and MD	Resume presented at the Directors Profile Chapter
	Hasan Flour Mills Ltd.	Chairman and MD	
	City Dal Mills Ltd.	Chairman and MD	
	City Poultry and Fish Feeds Ltd.	Chairman and MD	

Name	Primary employment and other engagement		Resume
	Entities where they have interest	Position with the entities/companies	
	C S I Power and Energy Ltd.	Chairman and MD	
	City Sugar Industries Ltd.	Chairman and MD	
	Rahman Synthetics Ltd.	Chairman and MD	
	Shampa Flour Mills Ltd.	Chairman and MD	
	City Feed Products Ltd.	Chairman and MD	
	Hamida Plastic Containers Limited	Chairman and MD	
	City Navigation Limited	Chairman and MD	
	Somay Media Ltd.	Chairman and MD	
	City PET Industries Ltd.	Chairman and MD	
	Hasan Containers Ltd.	Chairman and MD	
	Hasan Printing & Packaging Ind. Ltd.	Chairman and MD	
	Van Ommeran Tank Terminal (BD) Ltd.	Chairman and MD	
	City Feed Products Ltd.	Chairman and MD	
	Farzana Oil Refineries Ltd.	Chairman and MD	
	Hamida Plastic Containers Ltd.	Chairman and MD	
	New Sagurnal Tea Co. Ltd.	Chairman and MD	
	City Auto Rice & Dal Mills Ltd.	Chairman and MD	
	Asgor Ali Hospital Ltd.	Chairman and MD	
Mr. Md. Mahmudul Hoque, Director	Anlima Yarn Dyeing Limited	Managing Director	Resume has been presented at the Director's Profile Chapter
	Anlima Textile Limited	Chairman and MD	
	Allied Enterprise (Pvt.) Limited	Chairman and MD	
	Anlima Buildtech Limited	Chairman and MD	
	Anlima Petroleum Limited	Chairman and MD	
	Anlima Energy Limited	Chairman and MD	
	Precision Energy Limited	Chairman and MD	
	Anlima Chemicals Limited	Chairman and MD	
	Mirzapur Green City	Shareholder	
Mr. Robin Razon Sakhawat, Director	Robintex (Bangladesh) Ltd.	Director	Resume has been presented at the Director's Profile Chapter
	Complex (Bangladesh) Ltd.	Managing Director	
	Robin Knitwear Limited	Director	
	Germanbangla Chemical Ltd.	Managing Director	
	Hungry Naki.com Limited	Director	
Mr. Md. Belal Hossain, Director	Belcon Company (Pvt.) Ltd.	Managing Director	Resume has been presented at the Director's Profile Chapter
	Nadia Food & Agro Industry (Pvt.) Ltd.	Managing Director	
	B.H. Specialised Cold Storage (Pvt.) Ltd.	Managing Director	
	B. H. Hitech Food Ind. (Pvt.) Ltd	Managing Director	
	M/S Belal Hossain	Proprietor	
	M/S Bandhu Rice Mill	Proprietor	
	M/S New National Automatic Rice Mill	Proprietor	
	M/S B.H. Rice Mill	Proprietor	

Name	Primary employment and other engagement		Resume
	Entities where they have interest	Position with the entities/companies	
Mr. Md. Sirajul Islam Varosha	Karim Impex Limited	Chairman	Resume has been presented at the Director's Profile Chapter
	S. V Food & Chemical Ind. Ltd.	Chairman	
	Amazon Tex Knit Fashion Limited	Chairman	
	R.K. Industries Ltd.	Director	
	R. K. Metal Industries	Managing Director	
	Siraj Varosha Jute Mills Ltd.	Managing Director	
	Wari Golden Hospital & Diagnostic Complex Ltd.	Director	
	S.V. Tobacco Company	Proprietor	
	Siam Enterprise	Proprietor	
	Islam Enterprise	Proprietor	
	S.H Trading Co.	Proprietor	
	7/24 Restaurant	Partner	

### 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 2019), the Board of Directors has appointed 03 (three) Independent Directors, subsequently approved by shareholders in the Annual General Meeting (AGM). It is mentioned that Bangladesh Securities and Exchange Commission (BSEC) has issued Corporate Governance Code vide its Notification No. BSEC/CMRRCD/2006-158/207/ Admin/80; dated:03 June 2018 Gazetted on 10 June 2018, where they imposed condition as follows:

"1.2 (i) (a) At least one-fifth (1/5) of the total number of directors in the company's Board shall be independent directors; any fraction shall be considered to the next integer or whole number for calculating number of independent director(s);"

We have acknowledged the issue to Bangladesh Bank, Primary Regulator for the Banking Sector, through our letter no.JBL/HO/2019/7896 dated November 12, 2018 and subsequently they have informed us that they are working on it vide their

letter no. BRPD (R-1)717/2019-9488, December 18, 2018.

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

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

As per Corporate Governance Code of BSEC, The positions of the Chairperson of the Board and the Managing Director & CEO of the Bank are filled by different individuals. The Chairman of the Bank has been elected from among the Non-Executive 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. Besides, The Managing Director & CEO of the Bank is not holding the same position in another listed company.

In the absence of the Chairperson of the Board, the remaining members of Board of Directors elect one of themselves from non-executive directors as Chairperson for that particular Board's meeting. The reason of absence of the regular Chairperson is also duly recorded in the minutes.

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



### Role of the Chairman

The Chairman's primary role is to ensure that the Board is effective in its task of setting and implementing the Company's direction and strategy. The Chairman is appointed by the Board. The principal features of the role of the Chairman comprise the following:

- Providing leadership to the Board;
- Taking responsibility for the Board's composition and development;
- Ensuring proper information for the Board; Planning and
- conducting Board meetings effectively;
- Getting all Directors involved in the Board's work;
- Ensuring the Board's focus on key tasks;
- Engaging the Board in assessing and improving its performance;
- Overseeing the induction and development of Directors; and
- Supporting the CEO & Managing Director



### Responsibilities of the Chairman

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.

Written code of conduct for the Chairperson, other Board members and Chief Executive Officer:

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.

#### **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 2019, 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 observed that during 2019, the growth of Deposit, Loans & Advances & operating profit were 7.70%, 7.18%, 26.20% respectively compared to previous year.

#### **Training and Development 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.

#### **Meetings of the Board of Directors**

We are conducting Board meetings and recording the minutes of the meetings as well as keeping required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code. We have 01 (One) Fellow Member and 02 (two) Associate members of ICSB who are serving the Bank at Board Secretariat as well as Financial Administration Division of the Bank.

#### **Before meeting**

- To facilitate meaningful participation, all Board and Board committee meetings are planned and scheduled well in advance in consultation with the Chairman of the Board of Directors.
- The Chairman oversees the setting of the agenda of Board meetings in consultation with the Managing Director & CEO to ensure that there is sufficient information and time to address all agenda items.

- The agenda of the Board meetings is carefully thought out and well-managed. At the same time, the agenda allows for flexibility when it is needed.
- Directors are provided with complete information related to agenda items in a timely manner. For example, management provides Board members with detailed reports on the Bank's financial performance/ Business position prior to the Board meeting.

### At every meeting

- The Chairman promotes open and frank debates by all Directors at Board meetings.
- The Board members come well prepared and engage in robust discussions on key matters pertaining to the Bank.
- If there are any situations where there is a conflict of interest, the Director in question will recuse him or herself from the discussions and abstain from participating in any Board decision
- Chairperson of Audit Committee provides a thorough update on significant matters discussed at the committee meeting.
- The Managing Director & CEO gives a complete and comprehensive update on the Group's business and operations as well as a macro perspective on industry trends and developments.
- The Chief Financial Officer (CFO) presents the financial performance and significant financial highlights certain business heads provide an update on their areas of business.
- The Board holds a private session for Directors.
- Divisional Heads/External professionals /in-house subject matter experts are also invited to present key topics identified by the Board as well as updates on corporate governance, risk management, capital, tax, accounting, listing and other regulations, which may have an impact on Bank' affairs.

### Frequent and effective engagement with the Board

- The Board is regularly updated on the performance and prospects of JBL.
- Outside of Board meetings, Board approvals for matters in the ordinary course of business can be obtained through the circulation of written resolutions. Although no such event occurred in 2019.

- Ad-hoc meetings are held when necessary. There was no ad-hoc Board meeting held in 2019.
- The CFO provides the Board with detailed financial performance reports on a monthly basis.
- Directors have direct access to senior management and may request from management any additional information to make informed and timely decisions.
- Throughout the year, the Directors also have various opportunities to interact with members of the Bank Management Committee (for instance at Board hosted dinners, activities of Jamuna Bank Foundation)
- Some Independent Directors sit on the Boards of the Bank's subsidiaries as per regulatory guidelines ; this arrangement gives the Board access to first hand insight on the activities of these subsidiaries.
- Directors have separate and independent access to the Company Secretary at all times. The Secretary attends all Board & its Committee meetings and generally assists Directors in the discharge of their duties. The Secretary facilitates communication between the Board, its committees and management. The Secretary helps with the induction of new Directors. The appointment and removal of the Secretary require the approval of the Board.

### Board meetings and attendance

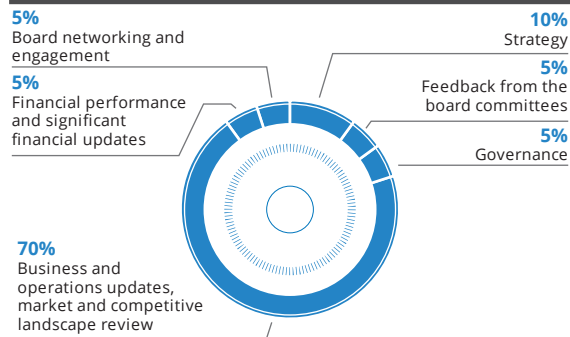
Meeting of the Board of Directors holds on a regular basis. According to the Bangladesh Bank guidelines meeting of the Board of Directors holds usually twice in a month but emergency meetings are called as and when required. During the year 2019, total 22 Meetings of the Board were held. We are providing Notice to every Director as per rule specifying day, date, time and full address of the venue.

The Agenda as to be transacted at the meeting along with Notes to the Agenda are circulating well ahead to 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.



## Key activities of the Board in 2019

How the board spent its time in 2019



### 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.

### Governance of Board of Directors of Subsidiary Company

#### Jamuna Bank Capital Management Limited (JBCML)

The Board of JBCML is comprised of 10(Directors) directors including 1 (one) independent director of the Holding Company (Jamuna Bank Limited). Minutes of the Board meeting of the JBCML has been reviewed by the Board of Directors of Jamuna Bank Limited in their meeting. Besides, Audit Committee of the Jamuna Bank Limited in its 184th meeting held on 16/03/2020 reviewed the financial statements of JBCML for the year ended 2019.

#### Jamuna Bank Securities Ltd. (JBSL)

The Board of JBSL is comprised of 6(six) directors including 1 (one) independent director of the Holding Company (Jamuna Bank Limited). Minutes of the Board meeting of the JBSL has been reviewed by the Board of Directors of Jamuna Bank Limited in their meeting. Besides, Audit Committee of the Jamuna Bank Limited in its 184th meeting held on 16/03/2020 reviewed the financial statements of JBSL for the year ended 2019.

### 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 Jamuna Bank 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).

### Roles and Responsibilities of Managing Director & CEO

Mr. Mirza Elias Uddin Ahmed has appointed as Managing Director & CEO of the Bank by the Board of Directors on October 21, 2019. 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 Code issued by BSEC on 03 June 2018 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.

### Roles, Responsibilities and Duties of Chief Financial Officer (CFO)

The Chief Financial Officer (CFO) is the officer of a company that has primary responsibility for managing the company's finances, including financial planning, management of financial risks, record-keeping, and financial reporting. Providing leadership, direction and management of the finance and accounting team.

**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.

Roles, Responsibilities & Duties:

- Execute the financial strategy of the company.
- Manage financial controls and accounting procedures.
- Ensure full transparency over the financial performance of the company.
- Managing the processes for financial forecasting and budgets.
- To ensure that Financial Statements of the year have been prepared
  - (a) In compliance with Securities and Exchange Rules, 1987 as well as the provisions of International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS) as applicable in Bangladesh, any departure there from has been adequately disclosed or as per requirements under the financial Reporting Act, 2015 and other rules and
  - (c) The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view.
  - (d) The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements.
- To certify the Board along with the Managing Director/CEO that they have reviewed Financial Statements for the year and that to the best of their knowledge and belief:
  - (a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
  - (b) these statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
  - (c) no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.
- Providing strategic recommendations to the CEO/Managing Director and members of the executive management team.
- Provide advice on how to increase revenue and reduce costs.
- Advising on long-term business and financial planning.
- Establishing and developing relations with senior management and external partners and stakeholders.
- Effectively and clearly communicate potential risks in a timely manner.
- Propose action plans to ensure that annual financial objectives are attained.
- Support the CEO with the preparation of monthly and annual financial plans.
- Maintain speed and accuracy of billings and client payments.
- Coordinate and produce all tax documentation as required .
- 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.

## Roles, Responsibilities and Duties of Head of Internal Audit and Compliance (HIAC)

**Mr. Anupam Kanti Debnath**, has been given the charge of Internal Control & Compliance Division (ICCD). The Roles & Responsibilities of the Head of ICCD Should be:

- a) To lead the Internal Control & Compliance Division of the Bank as its Head for bringing a systematic & disciplined approach to evaluate and improve the effectiveness of risk management, control and transparent governance processes.
- b) To fix the job descriptions of the Heads of Audit & Inspection Department, Monitoring Department and Compliance Department and guide/ supervise them accordingly
- c) To identify risks by conducting audit & inspection on all the Branches & Divisions of the Bank
- d) To review and countersign the following Documents of the ICCD and submit the same to the competent authority:
  - Annual Audit Plan
  - Internal comprehensive Audit Reports of the Branches/Divisions
  - Special Audit Report on any Branch/ Division
  - Investigation/ surprise Report on any of the Branches
  - Annual Health Report of the Bank
  - Summary of irregularities of all the Audit Reports of the year
  - Any other Report prepared by this Division
- e) To sign all the correspondences of the Division which are required to be signed by him
- f) To frame new policy or recommend revision of the existing policy as and when required
- g) To hold 'Review Meeting' with the Managers on important audit findings
- h) To arrange training program for the ICCD officials
- i) To run the total administration of Internal Control and Compliance Division of the bank
- j) Any other jobs as and when assigned by the higher management/ACB/Board.

Through performing the above functions the Head of ICCD will ensure the Board of Directors that the Internal Control measures set for the different branches/divisions/units are effectively functioning and the bank is running in a right direction to achieve its objectives.

## Roles, Responsibilities and Duties of Company Secretary:

The Company Secretary has a wide-ranging responsibility as a corporate executive serving as the focal point for communications with the Board, the Company and the Stakeholders. The Company Secretary is also playing a key role in counseling the Board of Directors, Chief Executive Officer and Management team. Because Company Secretary work as bridge between Board and Shareholders/ investors.

Every listed company should have a Company Secretary, whatever the size and the nature of the Company. It's the Board responsible to appoint a Company Secretary to look after the statutory functions of the Company. Listed companies have to go through different compliance and regulatory matters. Company Secretary of listed company has to maintain investors' relations as well.

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:

### Responsible to the Board:

- Adviser to the Board of Directors;
- Act as channel of Communication and information to executive & non-executive Directors. He is also an important liaison between the Board of Director and Management.
- To ensure that Board of Directors comply with statutory requirements and procedures (e.g. internal regulations, policies, competencies, recording the meetings.
- Support the Chairperson related to organizing board matters;
- To organize the Board in a good manner.
- To ensure important information is forwarded to the Board of Directors
- To ensure that collaboration between the Board Committees and Management is enabled.

**Responsible to the Company:**

- Compliance with statute and other appropriate legislation;
- Authentication of accounts & documents;
- Advice on business ethics;
- Avoid conflicts of interest;
- Maintains statutory books and registers
- To act in good faith in the company's interest;

**Responsible to the Stakeholders:**

- Adequate communication with the stakeholders of the company and also to ensure that due regards are paid to their interest.
- Primary contract for corporate governance

**Officer of the Company**

- To planning and organizing board meeting and its committee meeting efficiently.
- To planning and organizing Annual General Meeting, Extra-ordinary General meeting and similar jobs.
- To maintain and distribute the agenda of the meetings for the board of directors and management.
- To invitations, scheduling, and organization of meetings for the board of directors and executive committee of the Board of Directors.
- To record and maintain the records of the meeting and to draft the meeting minutes.
- To provide legal advice to the board of directors and management.
- To ensure and to supervise the share related matters.
- To ensure the compliance with statutory disclosure requirements
- The responsibility for the annual report regarding the corporate governance section.

**Attendance of CFO, CS and HIAC in Board Meeting**

Company Secretary of the Bank is attending the meetings of the Board of Directors regularly. Chief Financial Officer (CFO) & Head of Internal Control & Compliance Division are also attending the meeting when it is required. Provided that the CS, CFO and/or the HICC 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.

**Board of Directors' Committee****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 the provisions contained in BRPD Circular No.11 dated 27 October, 2013, the Board of Directors reconstituted the Executive Committee comprising 7 (Seven) Non-Executive Directors. To comply with regulatory requirement only 01 member included from a family & no member of the Audit Committee is included as a member of the Executive Committee. The Committee performs within the delegated power/terms of reference time to time given/set by the Board of Directors in the light of prevailing rules/regulations. The Company Secretary acts as the secretary of the committee.

**Board committees****Delegation by the Board to the Board committees**

To discharge its stewardship and fiduciary obligations more effectively, the Board has delegated authority to 03 (three) Board committees to enable them to oversee certain specific responsibilities based on clearly defined terms of reference. Any change to the terms of reference for any Board committee requires Board approval

**3 Board committees**

- Constituted in accordance with Bangladesh Bank BRPD Circular No. 11, dated 27 October, 2013 & in compliance with Corporate Governance Code issued by BSEC on 03 June 2018.
- Comprises Directors only

**Executive Committee**

- Maximum 07 (seven) members (BRPD-11, 27/10/13)
- Chairman of the BOD can be the chairman of EC (BRPD-11, 27/10/13)
- Only 01 member from a family (BRPD 04, 14 March 2015)
- Delegation of Power of EC (As per 317th meeting of BOD of JBL held on 26/10/2017)

### Meetings of the Executive Committee

Total 25 (twenty five) nos. meetings of Executive Committee held during 01.01.2019 to 31.12.2019.

### Loan approval in 2019 by the Executive Committee

Figure in BDT Million

	No. of Memo	Funded	Non-Funded
New Sanction	93	4,676.00	4,307.60
Enhancement	54	849.00	1,274.60
Rescheduling	8	118.20	-
Forced Loan			

### Audit Committee

#### Delegation by the Board to the Board committees

- Maximum 05 (five) members, with minimum 2 (two) independent director (BRPD-11, 27/10/13)
- At least 03 members include at least 1(one) independent director (BSEC Cor. Gov. Code 03/06/18)
- AC will comprise with directors who are not EC members; (BRPD-11, 27/10/13)
- Chairperson of the Board shall not appoint members of the Audit Committee (Condition 5(2)(b) BSEC Cor. Gov. Code 03/06/18)
- Independent Director will be the Chairman of Audit Committee (BSEC Cor. Gov. Code 03/06/18)
- The quorum of the AC meeting shall be constituted in presence of either two members or two-third of the members of the Audit Committee, whichever is higher, where presence of an Independent Director is a must. (BSEC Cor. Gov. Code 03/06/18)
- The Audit Committee should hold at least 4 meetings in a year (BRPD-11, 27/10/13 & 5(4)(a) of Corporate Gov. Code 03/06/18)

### Audit Committee

Composition: In compliance with Section 15Kha(2) of the Bank Companies Act 1991 (amended up to 2019), BRPD Circular No.11 dated 27 October 2013 and BSEC's Corporate Governance Code dated 03 June 2019 the Board of Directors of JBL constituted the Audit Committee (AC) of the Board with 4 (four) members including 2 (Two) Independent Directors. All members of the Audit Committee are financially literate and four members have post-graduation degree in Accounting, Economics, Social Science and Law respectively. Moreover, all members of the AC have reasonable knowledge on banking business, its operations, and risks involved in it.

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.

**Chairman of the AC:** The Chairman of the AC is an Independent Director who performs his duties with full freedom and attending Bank's Annual General Meeting.

#### Qualification of Members of AC as on 31 December 2019:

##### Financial expert in the AC:

**Mr. Md. Abdur Rahman Sarker**, Independent Director & Chairman obtained M. A in Economics from Rajshahi University and has extensive banking experience of 40 years. He comes from a respectable Muslim family of Munshigonj. He started his career in 1973 as a Probationary Officer with Janata Bank Limited and afterwards, he served in National Bank Limited in different capacities over 25 years. Lastly, he appointed as Managing Director & CEO of the National Bank Limited and served the Bank for the period from 2007 to 2010. He also served Shahjalal Islami Bank Limited as Managing Director for the period of 2010-2013. He has travelled widely and attended different training programs and seminar at home and abroad.

**Mr. Md. Rafiqul Islam**, Independent Director, obtained M. A from University of Dhaka in 1977 and has extensive banking experience of 40 years. He comes from a respectable Muslim family of Satkhira. He started his career in 1977 as a Senior

Officer with Pubali Bank Limited and afterwards, he served at National Bank Limited, Prime Bank Limited, Jamuna Bank Limited and Al Arafah Islami Bank Limited in different capacities. He also served South Bangla Agriculture & Commerce Bank Limited as Managing Director & CEO. Mr. Rafiqul Islam has travelled widely and attended different training programs and seminar at home and abroad.

**Mrs. Tasmin Mahud, Director**, an eminent personality and well-known entrepreneur in telecommunication, real estate, RMG & textile sector of the country. She did her M.S.S in Public Administration from the University of Dhaka. She is serving as the Member of the Board of different concerns of the Cotton Group, one of the largest & renowned conglomerates of the country. She is widely recognized for her role in shaping the business in multiple sectors, for which Mrs. Mahmud was invited to travel Japan as one of the members of trade delegation led by Ministry of Commerce of the People's Republic of Bangladesh. She was also a member of business delegation led by the FBCCI upon receiving invitation from the Ambassador of Peoples' Republic of South Korea Bangladesh. She is an active and prominent member of Gulshan Ladies Community Club, Army Golf Club and Zonta Club of Dhaka III, Baridhara Diplomatic Club.

**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.

### Major agenda covered in 2019

- Audit Plan for the year 2019 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.
- Reviewed 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.

- Reviewed the Bangladesh Bank comprehensive inspection report and the recommendations.
- Reviewed 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 for the year ended on 31.12.2019.
- Implementation of Core Risk Management Guidelines including Internal Control and Compliance Risk along with compliance.
- Reviewed the Management's Discussion and Analysis for Annual Report of the Bank.
- The review of status of recovery of classified loans and providing with the necessary guidelines to the management to contain the NPLs.
- Reviewing the process of strengthening Internal Control Systems and Procedures of the Bank.
- Reviewing of Annual Report on the Financial Health of the Bank, 2019 in line with the directives /guidelines of Bangladesh Bank and Managing Core Risks designed for Banking Sector.

### Reporting of the Audit Committee:

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.

### 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 10 (Ten) numbers of meetings of Audit Committee have been held during 01.01.2019 to 31.12.2019. Details of member of Audit Committee along with their terms/duration are:

## Board 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 BRMC

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 2019 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.

### Major agenda covered in 2019

- Monthly Risk Management Report (MRMR) and Comprehensive Risk Management Report (CRMR) and Minutes of the meeting of the Executive Risk Management Committee.
- Stress Testing Report.
- Risk Based Capital Adequacy Report in line with Basel-III.
- 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)".
- Internal Capital Adequacy Assessment Process (ICAAP) Report under Supervisory Review Process.

## Risk Management Committee

- **Maximum 05 (five) members**
- **Risk management committee should hold at least 4 meetings in a year**
- **Risk management policies & guidelines of the bank should be reviewed annually by the committee.**
- **Besides, other limits including lending limit should be reviewed at least once annually and should be amended, if necessary.**
- **Committee's decision and suggestions should be submitted to the Board of Directors quarterly in short form;**

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

### Nomination and Remuneration Committee

As Bangladesh Bank is restricted (by Central Bank) to have more than 3(three) sub-committees of the Board, the Board oversees the following activities:

- Recruitment, promotion and remuneration up to two-level below the rank of Managing Director as per BRPD Circular No.11 dated 27 October 2013. Other than the above, all appointments, promotions and fixing remuneration are made by the Managing Director & CEO as authorized by the Board.
- Developing, recommending and reviewing the Bank's Human Resources policies.

Besides, we have acknowledged the issue to Bangladesh Bank, Primary Regulator for the Banking Sector, through our letter no.JBL/HO/2019/7896 dated November 12, 2018 and subsequently they have informed us that they are working on it vide their letter no. BRPD (R-1)717/2019-9488, December 18, 2018.



## 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
1.	<b>Dr. Saikh Muhammad Mahadi Hasan</b> Chief Instructor, Academy of Quran Studies, house# 38, Road# 1/A, Block# J, Baridhara, Dhaka-1212	Chairman
2.	<b>Mr. M. Azizul Haque</b> Founder Managing Director of Islami Bank Bangladesh Ltd., Consultant of Islami Banking	Member
3.	<b>Prof. Mawlana Md. Salahuddin</b> Khatib, Baitul Mukarram, National Mosque, Dhaka	Member
4.	<b>Mawlana Abdur Razzak</b> Principal, Madinatul Ulum Model Institute Boys Kamil Madrasah, Dhaka.	Member
5.	<b>Hafez Mawlana Mufti Ruhul Amin</b> Principal, Jamea Islamia Darul Ulum Khademul Islam Gawherdanga Madrasah, Tungipara, Gopalganj.	Member
6.	<b>Hafez Mawlana Prof. Dr. Shahidul Islam Barakati</b> Islami Scholar	Member
7.	<b>Dr. Ahmadullah Trishali</b> Assistant Director, Bangladesh Madrasa Teachers' Training Institute (BMTTI Board Bazar, Gazipur	Member
8.	<b>Mr. Md. Mirza Elias Uddin Ahmed</b> Managing Director, Jamuna Bank Ltd.	Member (Ex-Officio)

## Appointment of External Auditors

Khan Wahab Shafique Rahman & Co, Chartered Accountants of has completed their first year as External Auditor of the Bank and they are eligible for re-appointment. In this regard, the Board recommended to the shareholders of the Bank in the ensuing Annual General Meeting (AGM) for their approval to appoint Khan Wahab Shafique Rahman & Co., Chartered Accountants of Rupali Bima Bhaban (5th & 6th Floor), 7, Rajuk Avenue, Motijheel, Dhaka as External Auditor of the Bank for the year 2020 i.e. until next AGM of the Bank at a professional fee of Tk.6.00 lac only excluding VAT subject to obtaining No Objection from Bangladesh Bank.

## 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 or special audit services;
- Any other service that the Audit Committee determines.
- Audit or certification services on compliance of corporate governance as required by Corporate Governance Code.

- Any other service that creates conflict of interest.
- 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.

### 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" has been presented in this annual report.

### Communication to Shareholders & Investors' Relation Department

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/Unpledge/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.

**Annual General Meeting**

207 members were present at AGM for the year 2018

**Redressal of Investors Complaints**

A share holder can take up matters like non-receipt of dividend, Annual Reports and Notices of General meetings etc., either with the Share Department at the Head Office of the Bank or with the Company Secretary. The Share Department look into the redressal of shareholder/investor complaints.

The company maintains investor grievance file in which full details of every written complaint are kept. We have 3 designated persons who look after the investor grievances within a timeframe. A letter or email is sent to the investor who has submitted written complaint by the designated person or compliance officer acknowledging receipt of the complaint and informing him/her of the process for suitable decision.

**Jamuna Bank ensures equal treatment to all shareholders. The Bank does not overlook the interest of minority shareholders. However, the most important protection afforded to minority shareholders comes in the form of a statutory remedy in section 233 of the Companies Act, 1994 of Bangladesh. It protects not just the rights of minority shareholders but also their legitimate expectations.**

To ensure equal treatment to all shareholders, the bank created various mechanisms, such as:

- Shareholders who are unable to attend the shareholders meeting are provided with proxy forms to nominate proxy to attend and vote on their behalf. The proxy forms which are in accordance with the standard format, are sent along with the annual report.
- The bank sees the importance of the consideration of transactions which may have conflict of interest or may be connected or related transactions and abides by good corporate governance principles, including the rules and regulations of the Bangladesh Securities and Exchange Commission and the Dhaka Stock Exchange Ltd. and the Chittagong Stock Exchange Ltd.
- Directors, management and those who are related persons do not participate in the consideration to approve such transactions.
- The bank continues to have regular communication with the shareholders through periodic updates of performance.
- The shareholders' meetings proceed in accordance with the order of agenda.
- At times, the investors lodge complaints. These complaints are timely resolved. Investors at times lodge complaints through DSE and CSE. Those are also timely taken up and resolved. The concerned investors and the DSE/CSE are informed of the resolution of the complaint.
- Annual Report of each year and other relevant information about Jamuna Bank may be viewed on JBL's website <http://www.jamunabankbd.com/>.

- The Bank provides copies of Annual Reports to the Bangladesh Securities and Exchange Commission, Bangladesh Bank, The Dhaka Stock Exchange Limited and The Chittagong Stock Exchange Limited for their reference. Investors may read them at public reference room or library.

Besides, Jamuna Bank Ltd. follows the following principles in dealing with the Investors:

- Fair treatment.
- Timeliness in the resolution of investors' complaints.
- Friendliness with all investors and all investor segments.
- Protection of investors' interest.

Investors' Inquiries Queries relating to shareholdings, for example, transfer

of shares and payment of dividend, are to be sent to the following address:

### Investors' Relation Department:



**Address :** Jamuna Bank Limited,  
Head Office : Share Division, Hadi  
Mansion (3rd floor), 2, Dilkhusha C/A,  
Dhaka-1000



**Web Address :**  
www.jamunabank.com.bd



**Name of Contact Person :** Mr. Quzi  
Mohammad Taraqul Akbar, Division  
Head, Share Division



**E-mail :**  
head.share@jamunabank.com.bd



**Phone :** +880-9610005678  
(10:00 A.M. to 6:00 P.M.)



**Fax :**  
+8802 9565762, 47118671

## 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 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 26 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.

### **Disclosure of key policies with regard to remuneration of directors, senior management and employees**

All employees including the Senior Management employees are paid competitive remuneration package. The structure and level of remuneration are reviewed time to time based on Bank's performance and affordability. The remuneration also stresses on ensuring internal and external pay equity.

### **Conflict of Interest**

The Code of Ethics and Business Conduct require all employees to avoid situations where their personal interests are in conflict, or may appear to be in conflict with those of the Bank. Employees are advised to take particular care when they are responsible for dealing with customers, business associates and

agents on behalf of the Bank. Any failure to disclose a conflict of interest leads to a disciplinary action.

### **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 encashed 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 18th AGM held on June 16, 2019 approved 20.00% Cash Dividend for the year 2018 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.

### **Management Committees**

The Bank is manned and managed by a team of efficient professionals headed by Mr. Mirza Elias Uddin Ahmed, the Managing Director & CEO who has long banking experience. 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:

No.	Name of the Committee	Members of the Committee	Functions of the Committees	Year 2019
1.	<b>Management Committee (MANCOM)</b>	It is composed of 14(fourteen) senior members of the Management	To address general issues of importance, evaluate different types of risks, monitor internal control structure and to review effectiveness of the internal control system	Meeting: The meeting of the MANCOM held every quarter.
2.	<b>Senior Management Team (SMT)</b>	Managing Director & CEO (Chairperson)  Additional Managing Director  Deputy Managing Director(s) &  Senior Executive Vice President(s) of Head Office  The Chief Financial Officer	Monitoring the adequacy and effectiveness of the Internal Control System based on the bank's established policy and procedure	Meeting held yearly  Reviewing overall internal control systems of the Bank
3.	<b>Asset Liability Committee (ALCO)</b>	Managing Director (Chairperson)  Deputy Managing Directors and Strategically important Divisional Heads of Head Office.  The Head of Treasury acts as the member-secretary of the committee.	<ul style="list-style-type: none"> <li>■ Ensure that bank' measurement and reporting systems accurately convey the degrees of liquidity and market risk</li> <li>■ Monitor the structure and composition of bank's assets and liabilities and identify</li> <li>■ balance sheet management issues that are leading to underperformance</li> <li>■ Decide on the major aspects of balance sheet structure, such as maturity and currency mix of assets and liabilities, mix of wholesale versus retail funding, deposit mix , etc</li> <li>■ Decide on how to respond to significant, actual and expected increases and decreases in required funding</li> </ul>	<p>The meetings of the Asset Liability Committee are held in every month. Total 16 meeting were held in the year 2019</p> <p>Major agenda covered in 2019:</p> <ul style="list-style-type: none"> <li>■ Review of the Fund Position and Mismatch Position.</li> <li>■ Review of interest rates on Deposits and Advances of our Bank compared to other Bank.</li> <li>■ Discussion on the comparative position of Deposit and Advances of our Branches.</li> <li>■ Discussion regarding activities of PD.</li> <li>■ Review of the Economic &amp; Market Status and outlook &amp; the Key Management indicators of the Bank.</li> <li>■ Discussion regarding bucket information of Asset &amp; Liabilities of the Bank</li> <li>■ Discussion regarding the position of rate sensitive Asset &amp; Liability.</li> </ul>

No.	Name of the Committee	Members of the Committee	Functions of the Committees	Year 2019
			<ul style="list-style-type: none"> <li>■ Review maturity profile and mix of assets and liabilities</li> <li>■ Articulate interest rate view of the bank and decide on balance sheet strategy</li> <li>■ Approve and periodically review the transfer pricing policy of the bank</li> <li>■ Evaluate market risk involved in launching of new products</li> <li>■ Review deposit-pricing strategy, and</li> <li>■ Review contingency funding plan for the bank</li> </ul>	<ul style="list-style-type: none"> <li>■ Discussion regarding the unused whole sale borrowing capacity.</li> <li>■ Discussion regarding the undrawn portion of Commitment.</li> <li>■ Review of the trend of local &amp; foreign currency deposits &amp; advance position.</li> <li>■ Review of the statement showing the interest rate risk of Assets &amp; Liabilities position of the Bank.</li> <li>■ Review of the loan &amp; Deposit Movement.</li> <li>■ Review of the interest rate breakdown for asset &amp; Liability.</li> <li>■ Review of the top 10 Depositors list.</li> <li>■ Review of the top 10 Borrowers list.</li> <li>■ Review of the trend of the limit as states in policy statement for last few months..</li> <li>■ Review of the combined &amp; segmented Deposit &amp; Advance trend in local &amp; foreign currency.</li> <li>■ Review of the comparative balance position of the Bank.</li> <li>■ Review of the status of regulatory compliance.</li> <li>■ Review of the last financial data of the Bank.</li> <li>■ Review of the off balance sheet position.</li> <li>■ Review of the credit limit imposed by the counter parties.</li> <li>■ Review of the limit status and its utilization.</li> </ul>

No.	Name of the Committee	Members of the Committee	Functions of the Committees	Year 2019																										
				<ul style="list-style-type: none"> <li>■ Discussion regarding the amount of loan able fund</li> <li>■ Discussion regarding Borrowed fund to Total Asset</li> <li>■ Review of the average interest rate on loans &amp; deposit</li> <li>■ Review of the highest call money rate for previous 12 months.</li> <li>■ Review on Foreign Exchange Asset &amp; Liability and Net Open Position (NOP)</li> <li>■ Review of the Value at risk (VaR) on foreign Exchange Position.</li> <li>■ Review of the Stress testing report &amp; expected capital requirement</li> </ul>																										
4.	<b>Head Office Credit Review Committee (HOCRC)</b>	HOCRC consist of Head Office executives from different divisions. The Chairperson of the HOCRC is appointed by the MD/CEO	<p>The committee is the reviewing body of client's credit application, recommended for approval by the branch/ business group.</p> <p>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.</p>	<p><b>Meeting held by HOCRC in 2019 : 145</b></p> <table border="1"> <thead> <tr> <th>Sanction type of Credit Committee</th> <th>Number of proposal</th> </tr> </thead> <tbody> <tr> <td colspan="2">Facility Approved in 2019</td> </tr> <tr> <td>New</td> <td>862</td> </tr> <tr> <td>Renewal</td> <td>208</td> </tr> <tr> <td>Enhancement</td> <td>75</td> </tr> <tr> <td>Renewal with Enhancement</td> <td>199</td> </tr> <tr> <td>Reduction</td> <td>5</td> </tr> <tr> <td>Renewal with Reduction</td> <td>11</td> </tr> <tr> <td>Restructuring</td> <td>6</td> </tr> <tr> <td>Renewal with Restructuring</td> <td>0</td> </tr> <tr> <td>Rescheduling</td> <td>27</td> </tr> <tr> <td>Specific</td> <td>385</td> </tr> <tr> <td>Others</td> <td>372</td> </tr> </tbody> </table>	Sanction type of Credit Committee	Number of proposal	Facility Approved in 2019		New	862	Renewal	208	Enhancement	75	Renewal with Enhancement	199	Reduction	5	Renewal with Reduction	11	Restructuring	6	Renewal with Restructuring	0	Rescheduling	27	Specific	385	Others	372
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Specific	385																													
Others	372																													
5.	<b>Business Management Committee (BMC)</b>	<ul style="list-style-type: none"> <li>■ Managing Director</li> <li>■ The Head Office Deputy Managing Directors'</li> <li>■ The Head of Corporate Division</li> </ul>	<p>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</p>	<p>Meeting held by BMC in 2019 : 41</p>																										



No.	Name of the Committee	Members of the Committee	Functions of the Committees	Year 2019
		<ul style="list-style-type: none"> <li>■ The Head of Business</li> <li>■ The Head of CRM Division'</li> <li>■ An Officer of Credit Risk Management Division acts as secretary of the committee</li> </ul>	and Head of Retail Banking Division and Head of SME Division attend meetings if they have proposals placed in the BMC for discussion.	
6	<b>Executive Risk Management Committee</b>	<ul style="list-style-type: none"> <li>■ Additional Managing Director</li> <li>■ DMD (Operations)</li> <li>■ The Head of ICC</li> <li>■ The Head of CRM</li> <li>■ The Head of ICT</li> <li>■ The Head of FAD</li> <li>■ The Head of MLTFPD</li> <li>■ The Head of ID</li> <li>■ The Head of Treasury</li> <li>■ The Head of Law and Recovery</li> <li>■ The Head of RMD acts as the secretary of the committee</li> </ul>	This Committee is engaged in formulating risk management policy and procedures of the Bank.	<p><b>Meeting held by Bank's Executive Risk Management Committee: 12 (Twelve)</b></p> <p><i>Major agenda covered in 2019</i></p> <p>Discussion on the Monthly Risk Management Report (MRMR) and Comprehensive Risk Management Report.</p>
7	<b>Supervisory Review Committee (SRC)</b>	<ul style="list-style-type: none"> <li>■ Managing Director</li> <li>■ DMD</li> <li>■ Head of CRMD</li> <li>■ Head of CBD</li> <li>■ Head of ICTD</li> <li>■ Head if ICCD</li> <li>■ Head of RMD</li> <li>■ Head of LRD</li> <li>■ Head of ID</li> <li>■ Head of TD</li> <li>■ Head of FAD</li> <li>■ Head of HRD</li> <li>■ Head of AMLD</li> </ul>	The committee engaged in reviewing the nature and level of risk relates to banking assets and planning for adequate capital framework.	<p><b>Meeting held by Bank's Supervisory Review Committee: 06 (Six)</b></p> <p><i>Major agenda covered in 2019</i></p> <ul style="list-style-type: none"> <li>■ Discussion on the Monthly Risk Management Report (MRMR) and Comprehensive Risk Management Report.</li> <li>■ Discussion on the Risk Based Capital Adequacy Report in line with Basel-III.</li> <li>■ Discussion on the Stress Testing Report.</li> <li>■ Discussion on Internal Capital Adequacy Assessment Process (ICAAP) Report under Supervisory Review Process.</li> </ul>

## 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 Corporate Governance Code dated 3 June 2018. The Compliance Report along with the necessary remarks and disclosures is appended in this Annual Report for the year 2019. Further, a Certificate of Compliance required under the said Guidelines, as provided by ACNABIN, Chartered Accountant, is also annexed to this report.

## 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,:



BRPD Circular No.11 dated 27 October 2013: Formation & Responsibilities of Board of Directors of a Bank Company.



BRPD Circular No.18 dated 27 October 2013: Appointment and Responsibilities of Chief Executive of a Bank-Company.



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:	Complied
	(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.	
	(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:	Complied
	(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.	
	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:	Complied.
	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.	(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:	Complied
	(i) The annual budget and the statutory financial statements shall be finalized with the approval of the board. It shall at quarterly rests review/monitor the positions in respect of bank's income, expenditure, liquidity, non-performing asset, capital base and adequacy, maintenance of loan loss provision and steps taken for recovery of defaulted loans including legal measures.	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	(JBL follows a Board approved 'Procurement and disposal policy')
	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.	
	(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)

Sl.	Particulars	Compliance Status
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
	The chairman may conduct on-site inspection of any bank-branch or financing activities under the purview of the oversight responsibilities of the board. He may call for any information relating to bank's operation or ask for investigation into any such affairs; he may submit such information or investigation report to the meeting of the board or the executive committee and if deemed necessary, with the approval of the board, he shall effect necessary action thereon in accordance with the set rules through the CEO.	Complied
	However, any complaint against the CEO shall have to be apprised to Bangladesh Bank through the board along with the statement of the CEO.	
	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	<p>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,-</p> <p>a) He has not been convicted by any Criminal Court of Law;</p> <p>b) He has not been punished for violating any rules, regulations or procedures/norms set by any Controlling Authority;</p> <p>c) He was not associated with any such company/organization, registration or licence of which has been cancelled.</p>	Complied
2	<p>Experience and Suitability:</p> <p>a) For appointment as chief executive, the concerned person must have experience in banking profession for at least 15 (fifteen) years as an active officer and at least 02 (two) years experience in a post immediate below the chief executive of a bank.</p> <p>b) He must at least have a Masters degree from any recognized university. Higher academic education in the field of Economics, Accounting, Banking and Finance or Business Administration will be given importance for the concerned person for appointing/re-appointing as Managing Director. No third class will be acceptable in his/her educational life. In grading system, he should have minimum GPA 3.00 in SSC and HSC levels and CGPA 2.50 out of 4.00 or 3.00 out of 5.00 in Graduation and post-graduation level from any approved University.</p> <p><b>(amended on 24th December 2019 vide BRPD Circular Letter No.26)</b></p> <p>c) In respect of service, the concerned person should have excellent record of performance.</p> <p>d) Satisfaction should be ensured that the concerned person was not dismissed from service when he was chairman/director/official of any company;</p> <p>e) Any director of any bank or financial institution or any person who has business interest in the bank concerned will not be eligible for appointment to the post of chief executive.</p>	Complied
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 stuffs/employees, the CEO will be eligible to get such bonus. However, the amount of CEO's incentive bonus will not cross Taka 10.00 (ten) lacs per year.	Complied
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

Sl.	Particulars	Compliance Status
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
A	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
B	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 Code vide its Notification No. BSEC/CMRRC/2006-158/207/Admin/80; dated: 03 June 2018 Gazetted on 10 June 2018. Status of compliance of Jamuna Bank for the year ended December 2019 is as follows:

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks
		Complied	Not complied	
1.0	<b>Board of Directors</b>			
1.1	Board Size: The number of Board Members shall not be less than 5 (five) and more than 20 (twenty)	✓		
1.2	<b>Independent Directors</b>			
1.2 (a)	At least one fifth (1/5) of the total number of directors in the company's board shall be Independent Directors; any fraction shall be considered to the next integer or whole number for calculating number of independent director(s);	✓		The Board of JBL has constituted as per section 15(9) of Bank Company Act 1991 (Amended upto 2018)
1.2 (b) (i)	Who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company;	✓		
1.2 (b) (ii)	Who is not a sponsor and in not connected with any Sponsor/director/nominated director/ shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company;	✓		
1.2 (b) (iii)	who has not been an executive of the company in immediately preceding 2 (two) financial years;	✓		
1.2 (b) (iv)	Does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies	✓		
1.2 (b) (v)	who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange;	✓		
1.2 (b) (vi)	who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market;	✓		

**Compliance Status**  
(Put ✓ in the appropriate column)

Condition No.	Title	Complied	Not complied	Remarks
1.2 (b) (vii)	who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code;	✓		
1.2 (b) (viii)	Not be an independent director in more than 5 (five) listed companies;	✓		
1.2 (b) (ix)	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);			N/A
1.2 (b) (x)	Not been convicted for a criminal offence involving moral turpitude			N/A
1.2 (c)	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 (d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days.	✓		
1.2 (e)	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.  Former independent director may be considered for reappointment for another tenure after a time gap of one tenure, i.e., three years from his or her completion of consecutive two tenures [i.e. six years]:  Provided further that the independent director shall not be subject to retirement by rotation as per the Companies Act, 1994.	✓		
<b>1.3</b>	<b>Qualification of Independent Director (ID)</b>			
1.3 (a)	Knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business.	✓		
<b>1.3 (b)</b>	<b>Independent director shall have following qualifications:</b>			
1.3 (b) (i)	Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or business association; or			N/A

**Compliance Status**  
(Put ✓ in the appropriate column)

Condition No.	Title	Complied	Not complied	Remarks
1.3 (b) (ii)	Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid-up capital of Tk. 100.00 million or of a listed company; or	✓		
1.3 (b) (iii)	Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or Law; or			N/A
1.3 (b) (iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or			N/A
1.3 (b) (v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;			N/A
1.3 (c)	The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b);	✓		
1.3 (d)	In special cases the above qualifications may be relaxed subject to prior approval of the Commission			N/A
1.4	<b>Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer.</b>			
1.4 (a)	The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals;	✓		
1.4 (b)	The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company;	✓		
1.4 (c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company;	✓		
1.4 (d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/ or Chief Executive officer;	✓		

**Compliance Status**  
(Put ✓ in the appropriate column)

Condition No.	Title	Complied	Not complied	Remarks
1.4 (e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	✓		
<b>1.5</b>	<b>The Directors' Report to Shareholders</b>			
1.5 (i)	An industry outlook and possible future developments in the industry;	✓		
1.5 (ii)	The segment-wise or product-wise performance;	✓		
1.5 (iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any;	✓		
1.5 (iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable;	✓		Discussion on interest income, expense and net profit provided
1.5 (v)	A discussion on continuity of any extraordinary activities and their implications (gain or loss);			No Such event arose
1.5 (vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions;	✓		
1.5 (vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments;	✓		
1.5 (viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing, etc.;			N/A
1.5 (ix)	An explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements;	✓		
1.5 (x)	A statement of remuneration paid to the directors including independent directors;	✓		Please refer to Directors Report
1.5 (xi)	A statement that 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)	A statement that proper books of account of the issuer company have been maintained;	✓		
1.5 (xiii)	A statement that 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;	✓		

**Compliance Status**  
(Put ✓ in the appropriate column)

Condition No.	Title	Complied	Not complied	Remarks
1.5 (xiv)	A statement that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;	√		Departure has been adequately explained in notes to the financial statements
1.5 (xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored;	√		
1.5 (xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;	√		Please refer to Director's Report
1.5 (xvii)	A statement that there is no significant doubt 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 there of shall be disclosed;	√		
1.5 (xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained;	√		
1.5 (xix)	A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized;	√		
1.5 (xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year;			N/A
1.5 (xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;	√		
1.5 (xxii)	The total number of Board meetings held during the year and attendance by each director;	√		
1.5 (xxiii)	<b>A report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by:</b>			
1.5 (xxiii) a)	Parent or Subsidiary or Associated Companies and other related parties (name-wise details);	√		
1.5 (xxiii) b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name-wise details);	√		
1.5 (xxiii) c)	Executives; and	√		
1.5 (xxiii) d)	Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details);	√		Nil
1.5 (xxiv)	<b>In case of the appointment or reappointment of a director, a disclosure on the following information to the shareholders:</b>			

**Compliance Status**  
(Put ✓ in the appropriate column)

Condition No.	Title	Complied	Not complied	Remarks
1.5 (xxiv) a)	a brief resume of the director;	✓		
1.5 (xxiv) b)	nature of his or her expertise in specific functional areas; and	✓		
1.5 (xxiv) c)	names of companies in which the person also holds the directorship and the membership of committees of the Board;	✓		
1.5 (xxv)	A Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on:	✓		Please refer to Management's Discussion and Analysis section
1.5 (xxv) a)	accounting policies and estimation for preparation of financial statements;	✓		
1.5 (xxv) b)	changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;	✓		
1.5 (xxv) c)	comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof;	✓		
1.5 (xxv) d)	compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;	✓		
1.5 (xxv) e)	briefly explain the financial and economic scenario of the country and the globe;	✓		
1.5 (xxv) f)	risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; and	✓		
1.5 (xxv) g)	future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM;	✓		
1.5 (xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A; and	✓		
1.5 (xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C.	✓		
1.6	<b>Meetings of the Board of Directors</b>  The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code.	✓		

**Compliance Status**  
(Put ✓ in the appropriate column)

Condition No.	Title	Complied	Not complied	Remarks
1.7	<b>Code of Conduct for the Chairperson, other Board members and Chief Executive Officer.</b>			
1.7 a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the Chairperson of the Board, other board members and Chief Executive Officer of the company;		✓	Clause # 5 of BRPD Circular no. 11 dated 27 October 2013 issued by Bangladesh Bank does not permit any bank in Bangladesh form any other committees except three committees namely, Executive Committee, Audit Committee and Risk Management Committee. Accordingly, the Bank has not formed NRC and as such it could not comply with these conditions.
1.7 b)	The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency.		✓	
2	<b>Governance of Board of Directors of Subsidiary Company.</b>			
2 a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company;	✓		
2 b)	At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company;	✓		Jamuna Bank Limited has two (02) subsidiaries namely Jamuna Bank Capital Management Ltd. & Jamuna Bank Securities Ltd.
2 c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company;	✓		
2 d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also;	✓		

**Compliance Status**  
(Put ✓ in the appropriate column)

Condition No.	Title	Complied	Not complied	Remarks
2 e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	√		
3	<b>Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS).</b>			
3.1	<b>Appointment</b>			
3.1 (a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC);	√		
3.1 (b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals;	√		
3.1 (c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time;	√		
3.1 (d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	√		
3.1 (e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).	√		
3.2	<b>Requirement to attend Board of Directors' Meetings</b>  The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board:  Provided that the CS, CFO and/or the HIAC shall not attend such part of a meeting of the Board which involves consideration of an agenda item relating to their personal matters.	√		
3.3	<b>Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)</b>			
3.3 a)	The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief:	√		
3.3 a) (i)	these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and	√		
3.3 a) (ii)	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;	√		



**Compliance Status**  
(Put ✓ in the appropriate column)

Condition No.	Title	Complied	Not complied	Remarks
3.3 b)	The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members;	✓		
3.3 c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	✓		
4	<b>Board of Directors' Committee.</b>			
4 (i)	Audit Committee;	✓		
4(ii)	(ii) Nomination and Remuneration Committee.		✓	Clause # 5 of BRPD Circular no. 11 dated 27 October 2013 issued by Bangladesh Bank does not permit any bank in Bangladesh form any other committees except three committees namely, Executive Committee, Audit Committee and Risk Management Committee. Accordingly, the Bank has not formed NRC and as such it could not comply with these conditions.
5	<b>Audit Committee</b>			
5(1)	<b>Responsibility to the Board of Directors</b>			
5(1)(a)	The company shall have an Audit Committee as a sub-committee of the Board;	✓		
5(1)(b)	The Audit Committee shall assist the Board 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;	✓		

**Compliance Status**  
(Put ✓ in the appropriate column)

Condition No.	Title	Complied	Not complied	Remarks
5(1)(c)	The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing.	√		
5(2)	<b>Constitution of the Audit Committee</b>	√		
5(2)(a)	The Audit Committee shall be composed of at least 3 (three) members;	√		
5(2)(b)	The Board shall appoint members of the Audit Committee who shall be non-executive directors of the company excepting Chairperson of the Board and shall include at least 1 (one) independent director;	√		
5(2)(c)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience;	√		
5(2)(d)	When the term of service of any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee;			Not such event occurred
5(2)(e)	The company secretary shall act as the secretary of the Committee;	√		
5(2)(f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	√		
5(3)	<b>Chairperson of the Audit Committee</b>			
5 (3)(a)	The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director;	√		
5 (3)(b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	√		

**Compliance Status**  
**(Put ✓ in the appropriate column)**

Condition No.	Title	Complied	Not complied	Remarks
5 (3)(c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM):  Provided that in absence of Chairperson of the Audit Committee, any other member from the Audit Committee shall be selected to be present in the annual general meeting (AGM) and reason for absence of the Chairperson of the Audit Committee shall be recorded in the minutes of the AGM.	√		
5 (4)	<b>Meeting of the Audit Committee</b>			
5 (4) (a)	The Audit Committee shall conduct at least its four meetings in a financial year:  Provided that any emergency meeting in addition to regular meeting may be convened at the request of any one of the members of the Committee;	√		
5 (4) (b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two-third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	√		
5 (5)	<b>Role of Audit Committee The Audit Committee shall:</b>			
5 (5) (a)	Oversee the financial reporting process;	√		
5 (5) (b)	monitor choice of accounting policies and principles;	√		
5 (5) (c)	monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report;	√		
5 (5) (d)	oversee hiring and performance of external auditors;	√		
5 (5) (e)	hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	√		
5 (5) (f)	review along with the management, the annual financial statements before submission to the Board for approval;	√		
5 (5) (g)	review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval;	√		
5 (5) (h)	review the adequacy of internal audit function;	√		
5 (5) (i)	review the Management's Discussion and Analysis before disclosing in the Annual Report;	√		
5 (5) (j)	review statement of all related party transactions submitted by the management;	√		

**Compliance Status**  
(Put ✓ in the appropriate column)

Condition No.	Title	Complied	Not complied	Remarks
5 (5) (k)	review Management Letters or Letter of Internal Control weakness issued by statutory auditors;	√		
5 (5) (l)	oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors; and	√		
5 (5) (m)	<p>oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission:</p> <p>Provided that the management shall disclose to the Audit Committee about the uses or applications of the proceeds 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:</p> <p>Provided further that on an annual basis, the company shall prepare a statement of the proceeds utilized for the purposes other than those stated in the offer document or prospectus for publication in the Annual Report along with the comments of the Audit Committee.</p>			N/A
5 (6)	<b>Reporting of the Audit Committee</b>			
	<b>5 (6) (a) Reporting to the Board of Directors</b>			
5 (6) (a) (i)	(i) The Audit Committee shall report on its activities to the Board.	√		
5 (6) (a)	<p>(ii) The Audit Committee shall immediately report to the Board on the following findings, if any:</p> <p>(a) report on conflicts of interests;</p> <p>(b) suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements;</p>			No Such incidence arose
5 (6) (a) (i)	<p>(c) suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations; and</p> <p>(d) any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;</p>			No Such incidence arose

**Compliance Status**  
(Put ✓ in the appropriate column)

Condition No.	Title	Complied	Not complied	Remarks
	<p><b>5 (6) (b) Reporting to the Authorities</b></p> <p>If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier.</p>			No such reportable incidence arose
	<p><b>5(7) Reporting to the Shareholders and General Investors</b></p> <p>Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.</p>	✓		
6	<b>Nomination and Remuneration Committee (NRC)</b>			
6(1)	<b>Responsibility to the Board of Directors</b>			
6(1)(a)	The company has a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board;		✓	Clause # 5 of BRPD Circular no. 11 dated 27 October 2013 issued by Bangladesh Bank does not permit any bank in Bangladesh form any other committees except three committees namely, Executive Committee, Audit Committee and Risk Management Committee. Accordingly, the Bank has not formed NRC and as such it could not comply with these conditions.
6(1)(b)	The NRC assisted the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive;		✓	
6(1)(c)	The Terms of Reference (ToR) of the NRC is clearly set forth in writing covering the areas stated at the condition No. 6(5)(b).		✓	

**Compliance Status**  
(Put ✓ in the appropriate column)

Condition No.	Title	Complied	Not complied	Remarks
6(2)	Constitution of the NRC			Clause # 5 of BRPD Circular no. 11 dated 27 October 2013 issued by Bangladesh Bank does not permit any bank in Bangladesh form any other committees except three committees namely, Executive Committee, Audit Committee and Risk Management Committee. Accordingly, the Bank has not formed NRC and as such it could not comply with these conditions.
6(2)(a)	The Committee is comprised of at least three members including an independent director;		✓	
6(2)(b)	All members of the Committee is non-executive directors;		✓	
6(2)(c)	Members of the Committee is nominated and appointed by the Board;		✓	
6(2)(d)	The Board has authority to remove and appoint any member of the Committee;		✓	
6(2)(e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board has filled the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;		✓	
6(2)(f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee;		✓	
6(2)(g)	The company secretary acted as the secretary of the Committee;		✓	
6(2)(h)	The quorum of the NRC meeting is not constituted without attendance of at least an independent director;		✓	
6(2)(i)	No member of the NRC has received, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company;		✓	

**Compliance Status**  
(Put ✓ in the appropriate column)

Condition No.	Title	Complied	Not complied	Remarks
6(3)	<b>Chairperson of the NRC</b>			
6(3)(a)	The Board has selected 1 (one) member of the NRC to be Chairperson of the Committee, who is an independent director;		✓	Clause # 5 of BRPD Circular no. 11 dated 27 October 2013 issued by Bangladesh Bank does not permit any bank in Bangladesh form any other committees except three committees namely, Executive Committee, Audit Committee and Risk Management Committee. Accordingly, the Bank has not formed NRC and as such it could not comply with these conditions.
6(3)(b)	In the absence of the Chairperson of the NRC, the remaining members elected one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson is duly recorded in the minutes;		✓	
6(3)(c)	The Chairperson of the NRC attended the annual general meeting (AGM) to answer the queries of the shareholders;		✓	
6(4)	<b>Meeting of the NRC</b>			
6(4)(a)	The NRC has conducted at least one meeting in a financial year;		✓	Clause # 5 of BRPD Circular no. 11 dated 27 October 2013 issued by Bangladesh Bank does not permit any bank in Bangladesh form any other committees except three committees namely, Executive Committee, Audit Committee and Risk Management Committee. Accordingly, the Bank has not formed NRC and as such it could not comply with these conditions.
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;		✓	
6(4)(c)	The quorum of the meeting of the NRC is constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h);		✓	
6(4)(d)	The proceedings of each meeting of the NRC is duly recorded in the minutes and such minutes is confirmed in the next meeting of the NRC;		✓	

**Compliance Status**  
(Put ✓ in the appropriate column)

Condition No.	Title	Complied	Not complied	Remarks
6(5)	<b>Role of the NRC</b>			
6(5)(a)	NRC is independent and responsible or accountable to the Board and to the shareholders;			Clause # 5 of BRPD Circular no. 11 dated 27 October 2013 issued by Bangladesh Bank does not permit any bank in Bangladesh form any other committees except three committees namely, Executive Committee, Audit Committee and Risk Management Committee. Accordingly, The Bank has not formed NRC and as such it could not comply with this condition.
6(5)(b)	<b>NRC oversees, among others, the following matters and make report with recommendation to the Board</b>			
6(5)(b)(i)	Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:		✓	Clause # 5 of BRPD Circular no. 11 dated 27 October 2013 issued by Bangladesh Bank does not permit any bank in Bangladesh form any other committees except three committees namely, Executive Committee, Audit Committee and Risk Management Committee. Accordingly, the Bank has not formed NRC and as such it could not comply with these conditions.
6(5)(b)(i) (a)	The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;		✓	
6(5)(b)(i) (b)	The relationship of remuneration to performance is clear and meets appropriate performance benchmarks;		✓	
6(5)(b)(i) (c)	Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;		✓	
6(5)(b)(ii)	Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;		✓	
6(5)(b)(iii)	Identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;		✓	



**Compliance Status**  
(Put ✓ in the appropriate column)

Condition No.	Title	Complied	Not complied	Remarks
6(5)(b)(iv)	Formulating the criteria for evaluation of performance of independent directors and the Board;		✓	
6(5)(b)(v)	Identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria;		✓	
6(5)(b)(vi)	Developing, recommending and reviewing annually the company's human resources and training policies;		✓	
6(5)(c)	The company has disclosed the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.		✓	
<b>7</b>	<b>External / Statutory Auditors</b>			
7(1)(i)	Non-engagement in appraisal or valuation services or fairness opinions;	✓		
7(1)(ii)	Non-engagement in designing and implementation of Financial Information System;	✓		
7(1)(iii)	Non-engagement in Book Keeping or other services related to the accounting records or financial statements;	✓		
7(1)(iv)	Non-engagement in Broker-dealer services;	✓		
7(1)(v)	Non-engagement in actuarial services;	✓		
7(1)(vi)	Non-engagement in internal audit services;	✓		
7(1)(vii)	Non-engagement in any other services that the Audit Committee determines;	✓		
7(1)(viii)	Non-engagement in audit or certification services on compliance of corporate governance as required under condition No. 9(1); and	✓		
7(1)(ix)	Non-engagement in any other service that creates conflict of interest;	✓		
7(2)	No partner or employees of the external audit firms possesses any share of the company during the tenure of their assignment;	✓		
7(3)	Representative of external or statutory auditors remained present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders.	✓		
<b>8</b>	<b>Maintaining a website by the Company</b>			
8(1)	The company has an official website linked with the website of the stock exchange.	✓		
8(2)	The company kept the website functional from the date of listing.	✓		

**Compliance Status**  
(Put ✓ in the appropriate column)

Condition No.	Title	Complied	Not complied	Remarks
8(3)	The company made available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s).	✓		
9	<b>Reporting and Compliance of Corporate Governance</b>			
9(1)	Obtaining certificate from a practicing Professional Accountant/Secretary regarding compliance of conditions of Corporate Governance Guidelines of the BSEC and include in the Annual Report.	✓		
9(2)	The professional will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting.	✓		
9(3)	The Directors of the company shall state, in accordance with the Annexure-C attached, in the Director's report whether the Company has complied with these conditions or not.	✓		

# CORPORATE GOVERNANCE CERTIFICATE



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## Certificate on Compliance on the Corporate Governance Code

[Issued under condition #1(5) (xxvii) of Corporate Governance Code of BSEC vide Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018]

We have examined the compliance status to the Corporate Governance Code by Jamuna Bank Limited ("the Company") for the year ended 31 December 2019. This Code relates to the notification no. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 of the Bangladesh Securities and Exchange Commission.

Such compliance with the Corporate Governance Code is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

This is a scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

We state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion:

- (a) The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission; except condition no. 1(7), 4(ii) and 6 as stated in ANNEXURE-A;
- (b) The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;
- (c) Proper books and records have been kept by the Company as required under the Companies Act, 1994, the securities laws and other relevant laws; and
- (d) The Governance of the Company is satisfactory.

Dhaka,  
29 June 2020

**M. Moniruzzaman, FCA**  
**Partner**  
**ACNABIN, Chartered Accountants**



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