

Its importance has been keenly felt due to the evolution of Internet and e-commerce that have changed the competitive landscape of retail banking by eroding the barriers to entry.

Various electronic delivery channels like ATM, POS, SMS banking etc. through which customers are getting services like cash withdrawal, payment for shopping at merchant shop, balance enquiry, mini-statement etc along with alert service.

Keeping this in view, the bank has already computerized all of its branches from day one of its opening. All the branches are connected through telecommunication links using VSAT, optical fibre, Radio link connections to form corporate Intranet. We have a centralized Core Banking Solution (CBS) named Flora Bank installed at our Disaster Recovery Site at Uttara. We are providing any branch banking services to our valued customers with this CBS using the Corporate Intranet. We have so far added various electronic delivery channels like ATM, POS, SMS banking etc. through which customers are getting services like cash withdrawal, payment for shopping at merchant shop, balance enquiry, mini-statement etc along with alert service.

Internet Banking service is at testing stage and will be soon available for all customers. We have set up a modern Data Center at Surma Tower, Motijheel that facilitates the bank to start functioning with the whole IT system if the DRS becomes unavailable for any disaster.

Our Board of Directors has approved an IT enabled Business Process Centralization plan that is running at its elementary stage. Initially, loan processing system and trade finance processing system will be redesigned where processing of these two streams of business will be pulled from the branch to regional processing centers with the ultimate objective of bringing efficiency and better risk management. It will allow the branch officials to be more focused on customer service rather than transactional processing. Under this comprehensive strategic business plan supported by strategic IT plan, the existing Core Banking Solution may be replaced by a CBS of International standard. Many new Applications like Document Management System, Workflow Management System, Loan Originating System may crop up in various stages in future in order to make the plan successful.

In recent years Money Laundering is a global issue. Rapid developments in financial information, technology and communication allow money to move anywhere of world with speed and ease. Globally, Governments are concerned about the consequences of money laundering and the financing of terrorism on their economies. Government of the people's Republic of Bangladesh has strong commitment to fight against money laundering and financing of terrorism as a priority.



Anti-Money Laundering

More Generally, money laundering is the name given to the process by which the origin of illicit funds is disguised. The need to indulge in money laundering is primarily to cover up the means by which such funds have been acquired with the aim of legitimizing them.

Money Laundering occurs through banks and through NBFIs, real estate companies, securities, brokers/intermediaries, leasing, insurance companies and private Moneychangers etc. It is most likely to be prevalent in countries that do not have a developed financial and legal framework for detection/ prevention of money laundering. Financing of terrorism is the financial support in any form of terrorism or of those who encourage, plan or engage in Terrorism. Generally Terrorist financing refers to carrying out of transactions involving funds that are arranged by terrorist or those that have been or are intended to be used to assist the commission of terrorist acts.

Now a days Internet Banking, Virtual money, Stored valued cards, Mobile Banking has become increasingly vulnerable to Money Laundering & Terrorism Financing Vehicle. E-Commerce has drawn attraction to Launderers for various reasons i.e. convenience, speed, ease, cost, mobility, location etc. Launderers and Criminals may take this kind of facilities to legalize their illicit activities. All cross Border wire transfer should be accompanied by accurate and traceable originator/beneficiary information. Concerned are to be more careful on their day-to-day SWIFT message transaction, Launderers always seek new ways to circumvent regulation and seizure of assets.

Now a days Internet Banking, Virtual money, Stored valued cards, Mobile Banking has become increasingly vulnerable to Money Laundering & Terrorism Financing Vehicle.

Considering all these facts prevention of money laundering and Terrorist financing is being viewed by the core management as a part of the risk management.

Prevention of money laundering is not viewed in isolation from the banks day-to-day business, operations, systems and needs. To monitor changes law, rules and regulation and also the instructions of regulatory authority, needed procedures are revised from time to time. To ensure that all business activities are carried out in conformity with the law/regulations formulated by the government (i.e. prevention of Money Laundering act 2012, Anti-terrorism amended act 2012) and as a follow up Bangladesh Bank guidelines "AML/CFT policy-Guidelines" have been updated and implemented to prevent Money Laundering and terrorist financing.

To ensure that the banks all business activities are carried out in conformity with the law/regulations with the government (i.e. prevention of Money Laundering act 2012, Anti-terrorism amended act 2012)

These policy/guidelines have been chalked out to pinpoint responsibilities and accountabilities of the bank officials for discharging their day to day banking activities/duties to assist operational units in head office and branches in providing solution to problem cropped up from activities all transactions related to Money Laundering. There is a designated CAMLCO who is also the Additional Managing Director of the bank. Over all day to day compliance issues are supervised by the deputy CAMLCO & Head of the Anti-Money Laundering Division.

A responsible officer has also been nominated at branch level named as Branch Anti Money Laundering Compliance Officer (BAMLCO) of the respective branch is responsible to ensure that AML/CFT policies

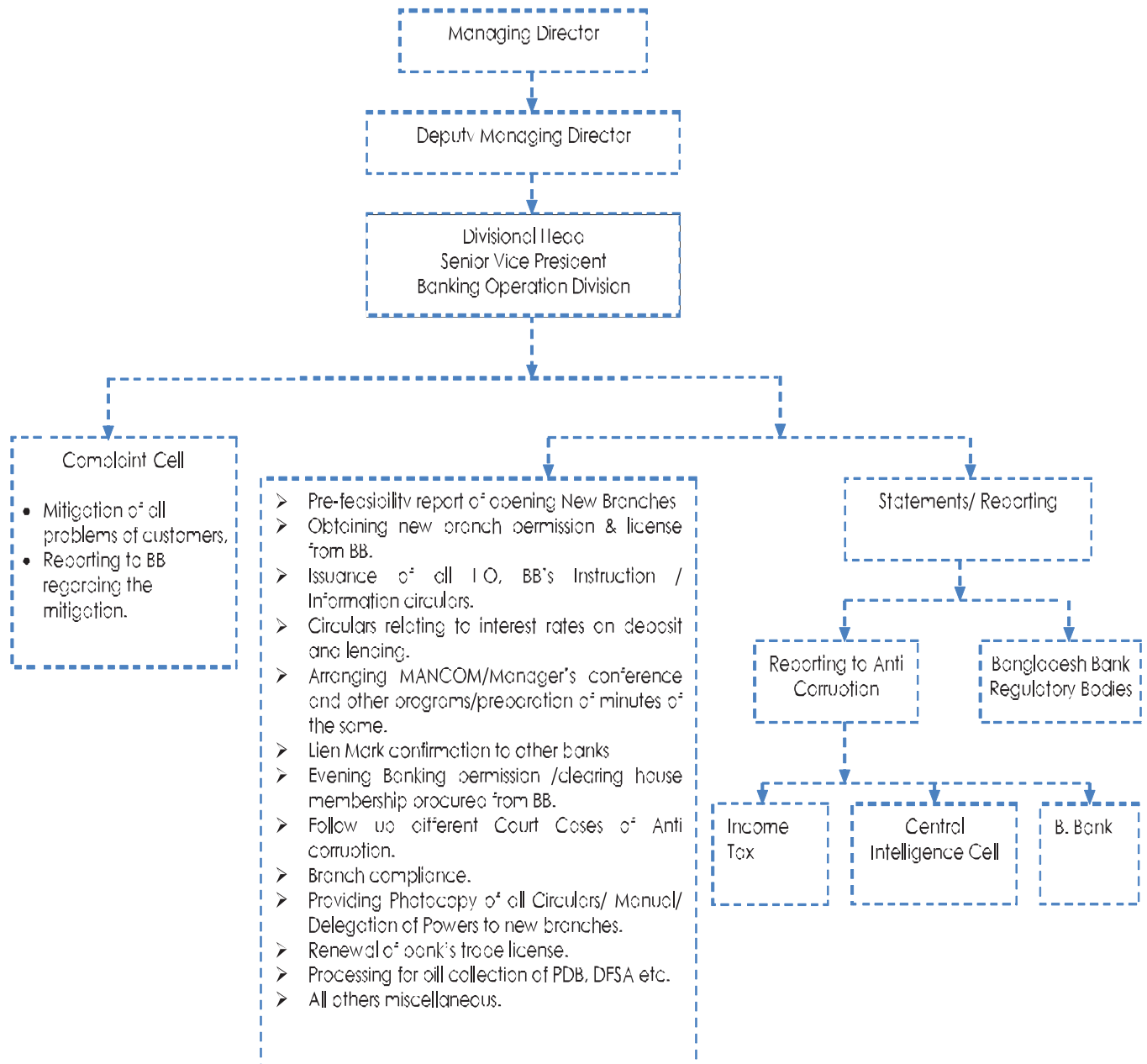
and procedures as described in the guidelines are adhered and complied, and they are responsible to CAMLCO directly in case of all sorts of reporting regarding Anti Money Laundering issues. Respective Branch will ensure reporting of suspicious/ abnormal transactions to HOD- CAMLCO with their justification as on going process.

As a part of monitoring AML Division has performed the following duties:

- In the year 2012 Anti Money Laundering Division has inspected 68 branches out of 83 branches. Generally, newly opened branches are inspected after 6 months of operation.
- During the same period Internal Control & Compliance Division inspected 73 branches.
- A daylong exclusive training program for 75 BAMLCO's has been conducted by this division in collaboration with Bangladesh Bank in the first Quarter of this year.
- Under the lead bank program, which is conducted by the different commercial banks as per scheduled by the Bangladesh Bank, Managers have participated in their respective areas;

All this training and workshop conducted so far has enriched the knowledge and developed the skill of the officers of the branches, which was helpful to ensure the full compliance of the different issues of the AML/CFT.

Banking Operation Division Organogram



Jamuna Bank Limited has established sophisticated organizational structure to exercise smooth operation & strong control culture within the organization. Banking Operation Division of the Bank is one of them. The Division entrusted with the responsibility of overseeing the operations of general banking sector of the bank. It provides day-to-day support to the branches for smoothing their operation and ensuring better customer services.

Banking Operation



The Division issues different circulars for implementing policy guidelines of internal control appropriately and strengthening internal controls system. The Division ensures full compliance of regulatory requirements including the directives of Bangladesh Bank (Regulatory Body), National Board of Revenue, Central Intelligence Cell etc.

As a part of Banking Operation Division, a "Complaint Cell" has been structured. To be useful to the customers, to protect interest of the customers, to ensure the transparency of the organization as well as strengthening Banker-Customer relationship has been put in place. Necessary remedial measures/corrective steps have been suggested to the branches for solving the various complaint/objections of the customers. A responsible officer has been assigned to solve the day to day problems faced by the clients.

To be useful to the customers, to protect interest of the customers, to ensure the transparency of the organization as well as strengthening Banker-Customer relationship has been put in place.

The Division discharges the vital responsibility regarding arrangement of different programs in our Bank. It organizes MANCOM (Management Committee) Meeting in monthly, Manager's Conference in Quarterly basis and other programs as and when required by the management. Minutes of the programs are also prepared & delivered from the division in due time.

The Division deals with Bangladesh Bank from time to time regarding new branch opening, ATM Booth opening and other related matters for new and existing branches. Approval & licensing for new branches, evening banking license procurement from Bangladesh bank are some of the responsibilities of this Division.

The Division is dedicated to ensure prompt & efficient services to the customers offering quick solution of the customer's problems received from the branches of the Bank. Banking Operation Division plays a pivotal role in smooth operation of the Bank.

General & Common Services Division (GCSD) is committed to directly reducing the cost of Bank by promoting a transparent and responsible procurement process that ensures integrity, excellence and efficiency for its internal partners.



General & Common Services

This team aims to continually foster cooperation with different Division and Branches, promote fair and equal opportunities for all individuals and business entities interested in doing business with the Bank. Our emphasis is to implement effective, creative solutions for better efficiency of our Bank.

GOALS OF GCSD

1. Comply with procurement policy of our Bank
2. Emphasize quality, value, and integrity in all procurements.
3. Promote administrative efficiency and due diligence
4. Providing timely support to Branch and Departments so that they can provide customer support to ensure growth of this Bank

RESPONSIBILITIES OF GCSD

GCSD has the responsibility and the authority to purchase goods, services, and supplies after taking approval from competent authority through the use of Press tenders, Quotations, and work Orders. The Division is also entrusted with the responsibility for price negotiating, and delivery of goods and services on behalf of the Bank.

Our emphasis is to implement effective, creative solutions for better efficiency of our Bank.

ACHIEVEMENTS FOR THE YEAR 2012

- Commencement of construction work of 13 storied Head Office building with 3 basement namely Jamuna Bank Tower at Gulshan, Dhaka.

- Shifting Head Office from Chini Shilpa Bhaban to Hadi Mansion and Surma Tower within short period of time successfully.
- Timely inauguration of 10 (Ten) new Branches, renovation of 3 (Three) existing and shifting of 1 (One) Branch around the urban areas as well as rural areas of our country.
- Buying permanent premise for our Rajshahi, Chapai Nawabgonj and Naogaon Branch
- Procuring and distributing souvenir items of Jamuna Bank in timely manner
- Uninterrupted customer service is ensured through importing 12 modern and efficient generators from UK to ensure continuous power supply at different Branches

- Introducing more secured newly designed SB and CD cheque leaves in compliance with Bangladesh Bank instructions and equipping the branches with proper modern state of the art technology to make banking more secure for our customers.
- Working as active participant with Jamuna Bank Foundation during their CSR activities around the extremities of Bangladesh

Jamuna Bank Limited is committed to conduct business of it's Islami Banking branches strictly complying Shariah requirements.

Islami Banking

Besides conventional banking, Jamuna Bank Limited is carrying Islami Banking activities based on Islami Shaiah principles. The first Islami Banking branch of the Bank opened on October 25, 2003 at Nayabazar in Dhaka. Afterwards it's second branch opened on November 27, 2004 at Jubilee Road in Chittagong.



Jamuna Bank Limited is committed to conduct business of it's Islami Banking branches strictly complying Shariah requirements. To achieve this goal a Shariah Supervisory Committee has been constituted with renowned Islami scholars of the country and senior bankers having Islami Banking experiences & in depth knowledge of conventional and Islami Banking.

All activities of Islami Banking branches are carried out under the guidance of this Committee. A separate division has also been created at Head Office.

The financial performance of the Islami Banking branches is admirable. Financial highlight of the Islami Banking branches for the last five years is given underneath:

Amount in lac

SL.	Particulars	2012	2011	2010	2009	2008
1	Total Assets	36,964.85	37,420.38	30,281.73	28,455.59	19,130.05
2	Total Deposits	35,549.93	33,603.50	29,045.62	23,949.17	16,061.51
3	Investments	27,560.02	30,905.86	28,715.09	27,512.45	17,026.46
4	Import	25,967.90	56,531.67	71,258.79	70,236.68	47,477.00
5	Export	18,505.07	24,749.79	30,181.68	17,131.20	14,520.00
6	Operating Profit	2,025.15	2,160.54	1,886.97	1,583.94	1,070.36

MODE OF DEPOSITS:

- Mudaraba Savings Deposit
- Mudaraba Student Savings Account
- Mudaraba Senior Citizen Savings Account
- Mudaraba Grihinee Savings Account.
- Al-Wadiah Current Account
- Mudaraba Short Notice Deposit
- Mudaraba Term Deposit

SCHEME DEPOSITS:

- Mudaraba Lakhpoti Deposit Scheme
- Mudaraba Millionaire Deposit Scheme
- Mudaraba Kotipoti Deposit Scheme
- Mudaraba Double/Triple Growth Deposit Scheme
- Mudaraba Pension Deposit Scheme
- Mudaraba Monthly Profit Deposit Scheme
- Mudaraba Monthly Savings Scheme
- Mudaraba Marriage Deposit Scheme
- Mudaraba Education Savings Scheme
- Mudaraba Hajj Deposit Scheme
- Mudaraba Rural Deposit Scheme

MODE OF INVESTMENTS:

- Bai-Muajjal
- Bai-Muajjal-SMC
- Bai-Murabaha
- Quard
- Ijarah/Lease Finance
- Hire Purchase under Shirkatul Melk (HPSM)
- Murabaha Import Bill (MIB)
- Murabaha Post Import (MPI)
- Murabaha Post Import -TR (MPI-TR)
- Local Documentary Bill Purchased (LDBP)
- Foreign Documentary Bill Purchased (FDBP)



Green BANKING



GREEN BANKING DEFINED

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

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


CLIMATE CHANGE IMPACT IDENTIFIED

Climate, as we know, is the average weather condition of 20 years or more. Climate is changing now with unfavorable and unpredictable manner due to man made and natural reasons.

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

GREEN BANKING OBJECTIVES OUTLINED

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

-  Make effective and efficient uses of resources with a view to accomplishing bank's ultimate goal;

- Increase good will or improve brand image by showing its commitment to save and protect the environment;
- Reduce giving loans to any environmentally detrimental project;
- Check the necessary environmentally due diligence factors before lending a loan;
- Channel the funds to the environmentally benign project; and
- Ensure regulatory compliance.

GREEN BANKING INITIATIVES UNDERTAKEN

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

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

■ Incorporation of Environmental Risks in

CRM: As stipulated in the policy guidelines, JBL started practicing environment risk management in association with credit risk management. To bolster the environmental risk management, it is necessary to inculcate the concerned people to get the environment risk rated of each and every project so as to offset the credit risk to a greater extent. The methodology applied to rate environment risk is fully analogous to that of BB as laid down in its policy guidelines. The branch level officials are entrusted with the responsibility to perform environment risk rating of projects, which comply with the eligibility criteria of risk rating, and incorporate the same with the credit proposal. Environment risk rating particulars in 2012 are reproduced below:

TABLE ENVIRONMENT RISK RATING STATISTICS

Particulars		Quantity /Amount
No. of Projects applicable for Environmental Due Diligence (EDD)		1196
No. of Projects Rated (Environmental Risk Rating)	Low	401
	Moderate	13
	High	7
Rated Projects Financed	Total Number	339
	Low	321
	Moderate	11
	High	7
	Total Amount Disbursed (in million Taka)	13481.85
	Low	12835.60
	Moderate	455.23
	High	191.02





■ **Originating In-house Environment Management:**

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

- An inventory of the consumption of water, paper, electricity and energy is prepared;
- Energy efficient bulbs are widely used in its branches and head office;
- Photocopiers are kept in energy saving mode;

- Online communication is used in place of printed documents (where possible) for office management through a dedicated common server namely FTP server;
- Printers are defaulted to duplex for double-side printing to save papers;
- Eco fonts are used (where applicable) in printing to reduce use of ink;
- Scrap papers are utilized as notepads and for draft printing (if opposite sides left blank);
- Energy efficient equipments are increasingly becoming installed such as LED monitors; and
- Arrangement is made to use fans, lights, air conditions efficiently.

- **Green Financing:** The extent of recognizing the green financing as a crucial part of green banking is on the rise in the present world. Green financing, in the narrow sense, implies financing to the environmentally benign projects. JBL is committed to pursuing low carbon green development without compromising its relatively faster growth. JBL increasingly dilated its voyage towards green industry in recent past. As green financing has profound impact on environment, JBL is enthusiastically proceeding hand in hand in the crusade for a green environment friendly society.



JBL has made inroad in green financing in several forms like financing for installation of ETP, financing to the projects having ETP, financing to solar panel/renewable energy plant, financing to hybrid Hoffman kiln (HHK). JBL has much potential to take the lead in green financing. A brief statistics of green financing done by JBL is provided below for quicker assessment:

TABLE : GREEN FINANCING IN 2012

Particulars	Amount Disbursed (in Millions)
Installation of ETP	9.50
Projects financed having ETP	2121.87
Solar Panel/Renewable Energy Plant	3.15
Hybrid Hoffman Kiln (HHK)	2.16

■ **Online Banking:** Online banking encompasses activities which are done or performed through automated process. In other word, online banking includes transactions or services which are done or performed through electronic means. Online banking is also refers to any time, any where banking in which transactions can be completed in any time and at anywhere in the country.



Mr. Md. Abul Shahjahan, Managing Director (CC) is inaugurating 100th ATM booth at Fakirapul in Dhaka.

JBL has started online banking activities since inception. JBL's online banking activities are performed by means of the state of the art technology data center. JBL is also maintaining a replica of data center namely disaster recovery site located in distant Uttara area of Dhaka city to provide back up service in case of system failure. DRS is similarly configured to Data Center. JBL's online banking is primarily based on the platform which is basically a core banking solution namely Flora Bank System. JBL is running 100 numbers of ATM booths owned by the bank itself throughout the country. Besides its own ATM, JBL is also providing services to its customers through shared ATMs. In 2012, JBL has launched mobile/SMS banking services keeping in mind the growing demand of the customers. A wide range of activities can be performed through mobile/SMS banking services such as balance inquiry, balance transfer, transaction details, mobile account recharge and so on. Mobile/SMS banking services is receiving tremendous responses from customers. As far as service quality is concerned, JBL has acquired a commendable position in the banking sector in terms of providing online banking services. JBL is not lagging behind especially in adopting and implementing any recent development taking place within the national frontier.



A statistics of online banking status of JBL is depicted below:

TABLE: ONLINE BANKING STATUS

Particulars		Numbers
Numbers of ATM	Own	100
	Shared	925
Online Banking	No. of Total Branches	83
	No. of Branches with online coverage	83
Mobile / SMS Banking	No. of Accounts	2749
	Facilitated with Mobile / SMS Banking	
	% of Account facilitated with Mobile / SMS Banking	0.59%

■ **Employee Training and Consumer Awareness Building:** No program will reach the apex of success unless the program executing personnels are completely aware of that. Getting the employees trained and educated regarding the banking activities which pose environmental and social threat is of paramount importance. JBL is continuously conducting supporting program such as workshop and training exclusively on green banking with a view to enlightening the personnels concerning the much talked about subject namely green banking. Most often distinguished resource persons remain the key speakers at the workshops and training session. The workshops and training programs are designed in light of green banking policy guidelines as well as guidelines on environmental risk management issued by Bangladesh Bank. It is palpable that employees after participating in the workshops and training session strive more enthusiastically

to ensure compliance of regulatory requirement.

Besides they remain meticulous in assessing a project proposal which have some environmental aspects. Environment risk rating becomes a routine exercise in JBL. In 2012, JBL conducted 4 no. of workshops in three different venues namely Dhaka, Chittagong and Rajshahi. The purpose of conducting those workshops in different venues was to ensure participation from all branches which are located in remote areas. Total number of participants in the said workshops were 250. It is expected the number and frequency of such workshops and training session on green banking will be increased in coming year. As far as consumer awareness building is concerned, JBL has put forward a number of initiatives for educating customers informally regarding the environmental risks associated with customers' business nature, pursuing the customers not to produce any negative externality and so on. Environmental risk rating status of borrowers' business are apprised to the respective borrowers and action if any needed to improve the rating is also communicated to them.



GO GREEN

save our earth

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

- Green Residential and Commercial Real Estate Finance (Green Architecture);
- Green Project Finance (e.g. Installing CTP, project having CTP, Bio-gas plant, solar panel, Hybrid Hoffman Kiln etc);

- Financing to a business which have less potential to environmental degradation;

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

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



THINK GREEN
LIVE GREEN

Jamuna Bank has established sophisticated organizational structure to exercise strong control culture within the organization by implementing policy guidelines of internal controls appropriately and strengthening internal controls system.



Internal Control & Compliance

Internal Control and Compliance Division (ICCD) of the Bank comprises three departments, namely (i) Audit and Inspection Department, (ii) Monitoring Department and (iii) Compliance Department. The Division reviews and monitors Bank's Internal Control and Compliance Risk to help the Bank perform better through use of its resources. The Departments of the Division are performing their functional activities in accordance with the Bank's own policies as well as guidance notes issued by Bangladesh Bank from time to time for mitigating the Internal Control and Compliance Risks of the Bank.

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During the year 2012, Inspection Teams of ICCD of the Bank carried out comprehensive inspections on all the Branches and different Divisions of Head Office of our Bank as per approved Audit Plan and submitted Reports thereon.

Necessary remedial measures/ correctives steps have been taken on the suggestions/observations made in the said reports. The summary of key points of the reports were also placed and discussed in the meeting of the Audit Committee of the Board of Directors. Appropriate actions have also been taken as per the decisions of the said Committee for protecting the Bank's interest.

Monitoring Department reviews Quarterly Operation Reports, Loan Documentation Checklists collected from the branches.

AUDIT & INSPECTION DEPARTMENT

This Department conducts inspection on Branches & different Divisions of Head Office as per Audit Plan duly approved by the Board of Directors.

Monitoring Department reviews Quarterly Operation Reports, Loan Documentation Checklists collected from the branches.

COMPLIANCE

The Bank ensures full compliance of regulatory requirements including the directives of Bangladesh Bank (regulatory body), National Board of Revenue, Securities and Exchange Commission, Registrar of Joint Stock Companies and Firms, Ministry of Finance etc. having significant impact on the Bank's business.

The Bank's Control System has been designed in such a manner so that the compliance with all the relevant regulatory requirements is carried out in each activity of the Bank.

Compliance is a continuous process. For this purpose, the Bank's Control System has been designed in such a manner so that the compliance with all the relevant regulatory requirements is carried out in each activity of the Bank. The Board of Directors and Senior Management of the Bank have developed a high ethical and moral standard to ensure strong compliance culture in the Bank. We have already chalked out Audit Plan for the year-2013 as per ICC guidelines of Bangladesh Bank-2004.

In this context, the bank gives priority on the following issues:

- To encourage employees for compliance with all the policies, procedures and regulations;
- To maintain continuous liaison with the regulators at all level to obtain regular information of regulatory changes and
- To establish an effective communication process to distribute smoothly the relevant regulations among the officials of the concerned Divisions and Branches.

Besides, Internal Control & Compliance Division conducts internal comprehensive/special/surprise inspection on the branches & different Divisions of Head Office and investigation of different issues as and when it is necessary.

Vigilance is an inseparable part of Management. It promotes clean business transactions, professionalism, productivity, promptness and transparent practices and ensures putting in place systems and procedures to curb opportunities for corruption which results in improving efficiency and effectiveness of the individual as well as the organization.

Monitoring & Vigilance



Monitoring & Vigilance Division was established on March 21, 2012. The Division is working under the direct supervision of the Managing Director. The function of the Monitoring & Vigilance Division is supervised by a Senior Executive and run with other 07(Seven) Officials of different positions.

The purpose of monitoring in Banks is to ensure proper follow-up of credit facilities from Head Office for maintaining the credit portfolio of the Bank regular and healthy.

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Surprise Inspection of each Branch is to be done to ensure constant vigilance about compliance of Bank's rules & discipline. The main duties and responsibilities of Vigilance Team are furnished below:

- To make Surprise Inspection/Short Inspection on the activities of the Branches and report to the Managing Director;

- To make surprise checking in the Godowns of Pledge/LIM/LTR goods under Bank's control as well as parties Godowns;
- To check shipping documents against PAD liabilities specially in the AD Branches of our Bank;
- Special Inspection in any Branch on a particular issue/ any Division of Head Office assigned by the Competent Authority;
- To investigate the complaints/ information about corruption, malpractice or misconduct on the part of Employees, which may origin/be informed from any source.
- To attend any other works as and when assigned by the Managing Director/audit Committee/Executive Committee/Board of Directors.

Monitoring & Vigilance Division may play an active role to run the Bank in a much complied way.

Card Division was launched in 2005. Since then it has been operating with good reputation. Jamuna Bank has been awarded a Principal Membership of VISA International. Card Division (Formerly known as Personal Banking Division) introduces to the customers a variety of products. Our division continuously meets the challenges of developing new products and services to match the specific requirements of customers.

JBL Cards



Considering present market scenario, Jamuna Bank Limited has introduced VISA Debit Card, Single & Dual currency credit card, Exporter Retention Quota (ERQ) credit card in the market for valued customers. We have already issued more than 1.15 lac debit cards & prestigious number of credit cards in the market. We have approved credit limit of taka 25 Crore against which current outstanding is Tk 12.00 crore. Our daily cash withdrawal limits Tk. 20, 000 & Tk. 1,00,000 from credit and Debit card respectively.

We have already issued more than 1.15 lac debit cards & prestigious number of credit cards in the market. We have approved credit limit of taka 25 Crore against which current outstanding is Tk 12.00 crore.

In line with the successful implementation of online VISA Electron debit card operation of JBL volume of cash withdrawal is more than Tk. 40 crore per month through debit cards in SB, CD & STD accounts, which is increasing day by day.

We have also introduced new product "JBL Gift Card". & "JBL Travel Card". It is a pre-paid card and customers have to load money to the card before use.

Our future upcoming products are Islami Card which is based on Islami Shariah, SME card, Payroll card, Co-Branded Debit Cards and Virtual Card for Payment of membership fee of foreign professional and scientific institutions and fees for application, registration, admission, examination (TOEFL, SAT etc.) in connection with admission in foreign educational institutions.

VISA ELECTRON DEBIT CARD

Makes your life easy!!!!

JBLVISA Debit Card is a smart alternative to cash and meant to make shopping more convenient. Our Debit Card can be used to pay for purchases at more than 3000 merchant establishments in Bangladesh and is also accepted in any Q-Cash and VISA ATMs.

FEATURES

- This Debit Card is offered with all¹ BDT Savings, Current, Short Term Deposit (SND),
 - This card is valid only in Bangladesh.
 - You can access all of your JBL accounts¹ by one JBL VISA Debit Card.
 - There is no interest related charges for using the JBL VISA Debit Card
 - Debit Card as you are actually paying from your own account.⁴
 - You can enjoy higher ATM withdrawal limit, the Daily ATM Withdrawal Limit is BDT 1,00,000/-
 - No fees on retail purchase and can use JBL VISA Debit Cards at thousands of retail outlets within Bangladesh.
 - The JBL VISA Debit Card gives a fast, convenient and reliable way to pay, 24 hours a day & 7 days a week, wherever in Bangladesh.
 - With JBL large ATM network including non-branch ATM, any Q-Cash and VISA ATM across the country, customers have the privilege of round the clock withdrawal and other account services at customers' convenience.
- Utility bill payment
 - Daily Pin Change option
 - Cash withdrawal 5 times in a day
 - The validity of an ATM card is 2 (Two) years

VISA Classic is a local currency card. This credit card will bring the ultimate power and flexibility to your life. Wherever you go, you can enjoy the power of using this Card in every corner of Bangladesh.

VISA CLASSIC CREDIT CARD

Makes your life easy!!!!

VISA Classic is a local currency card. This credit card will bring the ultimate power and flexibility to your life. Wherever you go, you can enjoy the power of using this Card in every corner of Bangladesh. All transactions in your Credit Card will be applied in Bangladeshi Taka in your monthly statement.

BENEFITS

JBL VISA Credit Card comes to you with a winning combination of value-packed features and benefits. Please take a moment to briefly go through these great benefits to make the most of your Card.

- You can now avail the convenience of JBLVISA Credit Card. It is the easiest and the most secured way of utilizing your money for 24 hours a day & 7 days a week retail purchases as well as cash withdrawal.¹
- You can enjoy higher ATM withdrawal limit each day.
- 50% Cash withdrawal of Credit Limit through any ATM Machine round the clock.
- No fees on retail purchase and can use JBLVISA Credit Cards at thousands of retail outlets within Bangladesh.
- You can enjoy maximum 50 days & minimum 20 days interest free period on any retail purchase¹.
- The JBL VISA Classic Credit Card gives a fast, convenient and reliable way to pay, 24 hours a day, wherever in Bangladesh.

- You can enjoy this credit limit by transferring your available balance⁴ to your JBL deposit account or making pay order and you can payback the amount in Monthly Installments over a tenor ranging.
- With JBL large ATM network including non-branch ATM, any Q-Cash and VISA ATM across the country, customers have the privilege of round the clock withdrawal and other account services at customers' convenience.
- This card is valid only in Bangladesh.

SUPPLEMENTARY CARD

You can share the exclusive benefits of your Credit Card by giving your loved ones a Supplementary Card. As a Primary cardholder, you can also set spending limits for each of your Supplementary Cards in a billing cycle.

VISA LOCAL GOLD CREDIT CARD

As a VISA Gold (Local) Cardholder, you will be entitled to an unparalleled range of benefits that no other Card offers. Choose the JBLVISA Gold Card for the ultimate luxury and convenience that others can only dream of. VISA Gold Credit Card is designed to give you greater flexibility and round-the-clock convenience. JBL VISA Gold credit cards are accepted at outlets across Bangladesh. All transactions in your Credit Card will be applied in Bangladeshi Taka in your monthly statement.

BENEFITS

JBLVISA Credit Card comes to you with a winning combination of value-packed features and benefits. Please take a moment to briefly go through these great benefits to make the most of your Card.

- You can now avail the convenience of JBL VISA A Credit Card. It is the easiest and the most secured way of utilizing your money for 24 hours a day & 7 days a week retail purchases as well as cash withdrawal.¹
- You can enjoy higher ATM withdrawal limit each day. 50% Cash withdrawal of Credit Limit through any ATM Machine round the clock.
- No fees on retail purchase and can use JBLVISA Credit Cards at thousands of retail outlets within Bangladesh.
- You can enjoy maximum 50 days & minimum 20 days interest free period on any retail purchase¹.
- The JBLVISA Gold Credit Card gives a fast, convenient and reliable way to pay, 24 hours a day, wherever in Bangladesh.
- You can enjoy this credit limit by transferring your available balance¹ to your JBL deposit account or making pay order and you can payback the amount in Monthly Installments over a tenor ranging.
- With JBL large ATM network including non-branch ATM, any Q-Cash and VISA ATM across the country, customers have the privilege of round the clock withdrawal and other account services at customers' convenience.
- This card is valid only in Bangladesh.

SUPPLEMENTARY CARD

You can share the exclusive benefits of your Credit Card by giving your loved ones a Supplementary Card. As a Primary cardholder, you can also set spending limits for each of your Supplementary Cards in a billing cycle. The first Supplementary Card will be free of charge.

VISA DUAL CURRENCY CREDIT CARD

Makes your life easy!!!!

The JBL VISA Dual Gold Credit card simplifies your travel and eliminates the need to carry cash. Whether traveling on business or taking a holiday, just relax and let your JBL VISA Dual Gold Credit Card take care of your money matters. The Dual Gold Credit Card is denominated both in Bangladeshi Taka and US Dollars, and you can also get one of these against your personal Resident Foreign Currency Deposit (RFCD) Account, Foreign Currency (FC) Account or your Exporter's Retention Quota (ERQ) Account. The international usage on your Credit Card is allowed against your annual **Travel Quota (TQ)** entitlement as per the prevailing Foreign Exchange Regulations. Your Supplementary Cardholder can also enjoy international usage facility against his/her **Travel Quota (TQ)** entitlement

FEATURES

JBL VISA Credit Card comes to you with a winning combination of value-packed features and benefits. Please take a moment to briefly go through these great benefits to make the most of your Card.

- You can use VISA Dual Gold Credit card both locally and internationally.
- You can now avail the convenience of JBLVISA A Credit Card. It is the easiest and the most secured way of utilizing your money for 24 hours a day & 7 days a week retail purchases as well as cash withdrawal.⁺
- You can enjoy higher ATM withdrawal limit each day.¹
- 50% Cash withdrawal of Credit Limit through any ATM Machine round the clock.
- No fees on retail purchase and can use JBL VISA Credit Cards at thousands of retail outlets both within and outside Bangladesh. You can enjoy maximum 50 days & minimum 20 days interest free period on any retail purchase⁺. The JBL VISA Dual Gold Credit Cards give a fast, convenient and reliable way to pay, 24 hours a day, wherever you go.
- You can enjoy the power of using these Cards in every corner of the world. VISA Dual Gold Credit allows flexibility and convenience when Cardholder travels internationally.
- The VISA Dual Gold Credit Card entitles to exclusive discounts worldwide.
- You can enjoy BDT credit limit by transferring your available balance⁺ to your JBL deposit account or making pay order and you can payback the amount in Monthly Installments over a tenor ranging.
- There will be no commission charge on the endorsement of foreign currency for self and supplementary.

- With JBL large ATM network including non-branch ATM, any Q-Cash and VISA ATM across the world, customers have the privilege of round the clock withdrawal and other account services at customers' convenience.
- For enhanced security, you can keep your International Usage Privileges temporarily disabled while you are not traveling outside Bangladesh. You can re-activate this feature by simply calling our Customer Service Center.

SUPPLEMENTARY CARD

You can share the exclusive benefits of your Credit Card by giving your loved ones a Supplementary Card. As a Primary cardholder, you can also set spending limits for each of your Supplementary Cards in a billing cycle.

GIFT CARD

"The most unique gift for every occasion!"

Keeping in mind the diversity of the occasions for which you would need the Gift Card, JBL has designed VISA Prepaid Gift Card for every occasion. Now you can choose a JBL VISA Gift Card as your gift; which you can load-up with the amount of your choice.

BENEFITS

- It's convenient!** As this is a VISA Card, the recipient has the option of using this Card to buy his/her product of choice from outlets across the country.

- The recipient can also withdraw Cash from the any Q-Cash and VISA ATM at any time.
- After each transaction through a Gift card, the pre-paid value is automatically deducted for the same amount.
- The Card remains valid till expiry date from the issuing date to allow the user to wait for the right opportunity to spend.
- There are no interest related charges for using the VISA Prepaid Gift Card as recipient is actually paying from his/her own money.
- It's flexible!** Based on your requirement, you can load your Gift Card for any amount ranging; while paying only a nominal issuing fee. Moreover, you may like to pay for the Gift Card through cash or your JBL Credit Card or JBL Account.
- It's personalized!** You can also personalize a Gift Card with the recipient's name and a personal message by applying for the same at any of our branches and we will make it ready for you within 5 working days. We also have Instant-Issue card with pre-printed messages which you can pick-up to meet your immediate need.
- It's for everyone!** You can enjoy the benefits of the JBL VISAGift Card, even if you do not have an account or a Credit Card with Jamuna Bank limited.

CHARGES

Issuance fee Tk. 150+VAT (15%)

TRAVEL CARD

"The best way to carry your money abroad!"

JBL Travel Card is a prepaid Visa card available over the counter to both JBL and non-JBL customers. It has been specially designed to give you more convenient access to your own money – in the USD – while you're traveling.

JBL Travel Card can be use anywhere outside Bangladesh, you will no longer need to worry about running after money exchange houses while you are abroad. It's a Visa Card, which means it is accepted at over 24 million locations worldwide – including shops, car rental companies, travel agents and ATMs.

With JBL VISA Prepaid Travel Card (denominated in US Dollars); you can re-live those days while leaving the worries related to money matters with us. This is a VISA prepaid traveler's card that gives you a secured and hassle-free travel experience.

BENEFITS

It's against your Personal Travel Quota!

You can purchase a VISA Prepaid Travel Card for any amount up to your entitlement of Foreign Currency in a calendar year as per the Personal **Travel Quota (TQ)** guidelines of Bangladesh Bank. So you will buy this Card in Bangladeshi Taka and then use it anywhere outside Bangladesh, in the currency of the country you are traveling to.

It's convenient!

With the VISA Prepaid Travel Card, your days of worrying about finding a Money Changer in a foreign land are over! Your Travel Card is more secure than currency or travelers cheques and is more convenient to carry.

Moreover, unlike Cash Dollars or Travelers Cheques, you do not need a travel plan (i.e. Visa & confirmed Ticket) to obtain a VISA Prepaid Travel Card.

JBL Travel Card can be use anywhere outside Bangladesh, you will no longer need to worry about running after money exchange houses while you are abroad.

There are no interest related charges for using VISA Prepaid Travel Card as you are actually paying from your own money. The transaction amount is directly debited from your Travel Card balance.

It's widely accepted! As this is a VISA Card, you have the option of using this Card to buy your product of choice from outlets across the world.

It's your key to instant cash! JBL VISA Prepaid Travel Card can be used to withdraw cash at any VISA ATMs worldwide. You will be provided a PIN with your Card, which you can use to draw cash anywhere in the world in the local currency of the country where you are traveling.

It's personalized! The Travel Card is personalized with your name for your own security. After applying for the Card at any of our branches, it will be ready for you within the next five working days.

- **It's safe!** Your Travel Card is a whole lot safer than carrying cash, because it is protected against misuse at ATMs with your Personal Identification Number (PIN).
- **It's prepaid.** Load a maximum of \$ 5,000 for Non-SAARC countries and \$ 1,500 for SAARC countries & Myanmar. The amount is determined by Bangladesh Bank for a calendar year.
- Worldwide ATM access to withdraw cash (75% of the loaded amount) in local currency through any Visa-enabled ATM.

- No transaction fee for purchases
- Accepted electronically at over 24 million locations worldwide
- Roaming cell phone bill payment facility
- Reloadable in Bangladesh against remaining individual travel quota

CHARGES

Issuance fee Tk.500+VAT (15%)



Alternate Delivery Channel

ADC is another successful wing of the Card Division. It deals with ATM, SMS banking, Internet Banking and Mobile Banking etc. At present we have already established 100 ATMs in the countrywide. Being a Member of Q-Cash our cardholder can use DBBL, BRAC and Q-Cash ATM approximately 3000 ATMs. In The year 2013 we look forward to establish more 100 ATMs across the country. We are going to establish ATM Acquiring, Online Merchant Acquiring & wireless PABX system by the year 2013.

At present we have already established 100 ATMs across the country. Being a Member of Q-Cash our cardholder can use DBBL, BRAC and Q-Cash ATM approximately 3000 ATMs.

SMS & MOBILE BANKING

Mobile Banking is a service that allows doing banking transactions on mobile phone without making a call, using the SMS facility.

Mobile Banking Solution is the mobile banking application that allows to enjoy the facility in the handset menu option only that need JAVA enabled handset with internet access. Mobile Banking (also known as Mutho Banking, SMS Banking) is a term used for performing balance checks, account transactions, payments, credit applications, balance transfer, Mobile recharge and other banking transactions through a mobile device such as a mobile phone. The earliest mobile banking services were offered over SMS.

FEATURES OF THE PRODUCTS

Mobile banking can offer services such as the following:

ACCOUNT INFORMATION

- Mini-statements and checking of account history
- Alerts on account activity or passing of set thresholds
- Branch Location inquiry
- ATM Location inquiry
- Balance checking in the account
- Recent 10 transactions
- PIN provision, Change of PIN and reminder over the Internet

PAYMENTS, DEPOSITS, WITHDRAWALS, AND TRANSFERS

- Fund transfers
- Mobile recharging/Top-Up
- Bill payment processing
- Mobile E-commerce (Up Coming)
- Merchant payment (Up Coming)

INTERNET BANKING

E-commerce payment systems:

Our service partner ITCL, successfully established & tested the secured Q-cash Payment Gateway (Q-cash PG) to facilitate valued cardholder's of buying goods and services and transfer of funds through on-line electronic payments. It performs authentication of electronic transactions in compliance with 3-D Secure Code standards and allows customer identification from an issuer as well as acquirer's side.

Our Q-cash PG has additional security features including various access certificates, digital signature verification, as well as support of DPA/CAP (Dynamic Pass Code Authentication / Chip Authentication Program). This solution has been designed to be apt for issuers and acquirers. All domestic Visa, Master, Pre-paid, Debit and Credit cards are able to transact through this payment gateway .E-commerce payment systems have become increasingly popular due to the widespread use of internet-based shopping and banking.

E-commerce payment systems have become increasingly popular due to the widespread use of internet-based shopping and banking.

ONLINE TAX PAYMENT

The National Board of Revenue (NBR) in collaboration with the World Bank are jointly introducing an e-payment system through Sonali Bank with an objective of reducing taxpayers' hassles by automating the payment of taxes, VAT & other regulatory taxes. After the introduction of the e-payment method, JBL cardholder will be able to pay taxes online, or through the ATM booth by Debit or Credit cards from anywhere of the Country through Q-cash.



Now a days, Banking has become more complex than before. The area and the scope is getting wider. In this pace, technology is also a dominating factor. The word "Banking" means who collects deposit from one and lends it to others. But, present scenario is a little bit different from the previous concepts. We cater needs of the Customer and try to extend best possible service with a variety of decoration and blending. To provide better customer service we need to skilled human resources and we believe skilled human resources are the main asset of our bank.

To become a leading banking institution and to play a significant role in the development of the country we need to develop skilled, efficient and professionally proficient human resources of the Bank.

To become a leading banking institution and to play a significant role in the development of the country we need to develop skilled, efficient and professionally proficient human resources of the Bank. As such we need to learn about different Act, Laws, Rules and Principles. To meet the demand, our Bank established its own Training Institute in September 2006 to provide different types of training/workshop throughout the year for development of efficiency and skills of our Human resources.

Jamuna Bank Training Institute

Since then the Institute is engaged in providing effective training to the Executives and Officers of our Bank. In the year 2012 the total number of 1427 (One Thousand Four Hundred Twenty Seven) Executives and Officers were trained for different issue related to banking arena and arranged 55 training and workshops in the institute.

In the year 2012, the Training Institute imparted training to 753 Executives and Officers. We have arranged different courses

It is mentionable that in the year 2012, the Training Institute imparted training to 753 Executives and Officers. We have arranged different courses like i) Foundation Training courses for Probationary Officers ii) Orientation on Banking Operation iii) Customer Services and Relationship Management iv) Credit Operation and Management v) Credit Monitoring, Supervision and Recovery vi) Financial Analysis for Credit Officers vii) Foreign Exchange and Money Market Products viii) Foreign Remittance –Rules and procedures ix) Credit Risk Grading System x) SBS Reporting- 1,2 &3 xi) International Trade Finance & Foreign Exchange Operation xii) Audit, Inspection, Control and Compliance xiii) Cash Management, etc.

Apart from this, we have also arranged training on i) Foreign Exchange Tools and techniques, ii) short and long courses on Loans and Advances iii) Core Risk Management, iv) IT security and Fraud prevention in Banks, v) Prevention of Money Laundering and Terrorist Financing vi) BaseHI and others as and when required. Alongside, to build up morality and to make the employees more aware we also arranged the sessions like code of conduct of employees, manners, etiquettes and ethics in Banking.

In the year 2012, we have also arranged workshops on different topics to 674 Executives/Officers so that they can interact with each other and do have the scope to share their knowledge.

In the year 2012, we have also arranged workshops on different topics to 674 Executives/Officers so that they can interact with each other and do have the scope to share their knowledge. Recently, we have added some more workshops like Green Banking, On-Line CLB, Risk based Internal Audit & Supervision, EXP on line Reporting Technique, Effective SME Operation, Technique of Supervision & Recovery, Electronic Mail (E-mail) Operation, Foreign Exchange and Treasury Module, Investment & Merchant Banking, On-Line Reporting System of Import, TM Form, C-Form and Wage Earners Remittance, Islami Banking Operation.

The Institute invites renowned Bankers and personalities of the country including Bangladesh Bank, Bangladesh Institute of Bank Management (BIBM), Public and Private Banks, different Universities and Insurance companies.

We hope and believe that this Training Institute will help create more and more skilled Bankers for the industry who will be able to uphold the image of the Bank and assume greater responsibilities in future.

'No Risk No Gain', the mostly uttered word is explicitly true for the Banking business. To ensure fair return to the depositors, Bank needs to select profitable withstanding nation-assisting sectors. Earning is not free from risk. Because a certain amount of money is invested for a certain period, which may face various problem in returning to the Bank with expected profit. Risk Management is a process targeted to lessen probable and existing risk in possible extent.

Risk Management



RISK REVIEW

The growth of government borrowing from the banking system was 23.96% in the year 2012, while growth of credit to the private sector during the period declined to 19.11%. In the year 2012 the target for real GDP growth was 7.2%, which faced difficulty from first of the year to attain. Average inflation was 10.96% in February and it was almost same over the year. And inter bank rate was 20% in January 2012. As a result Banks experienced acute liquidity shortage, which was observed from the very beginning of the year 2012. Average credit growth was faster than the Broad Money growth; up to November 2012 they were 19.86% and 17.9% respectively from previous year. In addition of this, situation became severe when time deposits grew slower than the demand deposits because of high liquidity preference amongst public, presumably high inflation especially non-food inflation.

So positive duration gap forced banks to hardship in meeting demand of depositors in time. But with the presence of proactive liquidity management team Jamuna Bank Limited efficiently helped craft favorable situation for itself. Banking industry faced another delicate problem, which is foreign currency dearth from the year 2011. Export growth was worse compared to previous year, which was 5.9% and 41.5% in the fiscal year 2012 and 2011.

Jamuna Bank Limited is strictly maintaining the CAR from the beginning of the implementation of Basel-II.

Jamuna Bank Management foresaw the scenario and got prepared for facing the demand of foreign currency. Recent changes in Loan Classification and Provisioning twisted significant impact in banking industry by changing the banks profitability.

Under Risk Based Capital Adequacy Statement, Jamuna Bank Limited is strictly maintaining the CAR from the beginning of the implementation of Basel-II. As the prudently selected less capital consuming and economy renovating sectors are the borrowers of Jamuna Bank Limited so it does not create any predicament to maintain any extent of Capital requirement. To estimate the capital requirement in the upcoming quarters all branches of the bank will prepare their statement of Risk Weighted Asset in every month and in the light of these reports they diversify their portfolio in the favorable manner.

Jamuna Bank Limited regularly adjusts its loan portfolio, foreign exchange position, equity position and liquidity position to confront any unfavorable situation.

The bank is performing stress testing in regular interval to determine the impact on it under a set of exceptional, but plausible assumption through a series of battery of tests. The shock absorbent capacity of the bank is gauged while various types of risks are faced by it. Jamuna Bank Limited regularly adjusts its loan portfolio, foreign exchange position, equity position and liquidity position to confront any unfavorable situation. To encompass other risk bank regularly prepares Internal Capital Adequacy Statement containing proper calculation of risk against adequate capital. Besides bank also assesses if there is any chance of jeopardizing environment by bank financed initiative and damaging bank's initiative by environmental hazard.

MAJOR RISKS AND UNCERTAINTIES

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

Changes in Government and Regulatory

Policy: A key uncertainty for the bank relates to the changes in economic policies of the government and regulators. Such changes may be wide-ranging and can influence the volatility and liquidity of financial markets, as well as the repayment of loans. These effects may directly or indirectly have impact on bank's financial performance. Recent circular regarding Classification and provisioning will significantly change classification, provision and profit. Jamuna Bank Limited has taken several measures addressing the issue. Besides, public sector borrowing has been reduced significantly and created room for private sector borrowing in the first half of fiscal year of 2013. If this situation does not favor the private sector then it may face problem in getting loans.

National Credit Growth


(In percentage)

Particulars	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	June, 2013
Domestic Credit	15.9	17.6	28.4	19.3	18.9
Credit to the public sector	20.3	-5.2	39.9	17.5	20.3
Credit to the private sector	14.6	24.2	25.8	19.7	18.5

Country's macroeconomic conditions

Inflation, 10.96% in the year 2012 is higher than the 10.7% in December 2011. In the Fiscal year 2013 the inflation target 7.5% is not easily achievable. If situation does not follow the expectation then the entrepreneurial initiative, the life supporting activity of the economy may face great challenge. The weaker-than-expected growth in advanced economies could weigh on RMG, and other, exports. This is particularly so given that 74% of all exports go to the US and the EU and other new destinations, which lit a great hope for the country. Remittances could also be affected but the risks were averted in the last couple of months of 2012.


Year 2011 witnessed negative current account balance for the first time in recent years, which was turned into positive in the year 2012.

-  It is uncertain to have a targeted GDP growth 7.2% because of sluggish global economic growth and uncertain agricultural production. Year 2011 witnessed negative current account balance for the first time in recent years, which was turned into positive in the year 2012. Increase in remittance, played a significant role regarding the issue.

Increase in export and worker's remittance inflows growth and decrease in import growth depreciated USD against Taka, with the weighted average inter bank rate at Taka 84.53 per USD as of 31 January 2012, Taka 70.75 per USD as of 30 December 2010 and Taka 69.44 per USD as of 30 June, 2010.

Foreign Exchange Scenario

Items	Fiscal Year 2011	Fiscal Year 2012
Export (%changes)	41.5	5.9
Import (%changes)	41.8	5.5
Remittances (%changes)	6.0	10.2
FDI (in million USD)	768	995
Overall Balance (in million USD)	-655	494
Forex Reserve (in million USD)	10912	10364
Exchange Rate (Tk./USD)	74.2	81.9

-  **Liquidity Stress:** Liquidity risk arises when the bank either does not have sufficient financial resources available to meet all its obligations and commitments as they fall due, or can access funding only at excessive cost. Decrease in repo rate at .50% is an indication of the availability of liquidity. But over the year of 2012 due to the increased inflation rate Banking industry struggled to get a comfortable deposit. However Jamuna Bank Limited discreetly managed the situation because of sensing the prediction of the crisis. As the bank has effective fleet of employees, it not only managed the situation but also shaped favorable position inspite of presence of liquidity problem in the banking industry.

Liquidity Scenario

(Growth in percentage)

Particulars	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	June, 2013
Broad Money	19.2	22.4	21.4	17.4	17.7
Reserve Money	31.9	18.1	21.0	9	16.1

Instability in the global situation: Banks are exposed to financial institutions at home and abroad since they often negotiate, discount export bills and extend credit facilities against commitment of other banks. While global growth prospects for 2013 are expected to be marginally better than 2012, they remain highly uncertain in key trading partner countries, particularly in Europe. The United States is showing some signs of recovery but overall the growth prospect for 2013 in advanced economies remains bleak while growth has slowed in developing countries. Jamuna Bank Limited diversified its loan portfolio in the utmost manner, which armored it from all type of specific crisis.

Lack of business confidence: In the year 2013 Bangladesh Bank is going to relax private sector lending and restrain public sector borrowing. Infrastructural gap, political instability, tightening loan classification and provisioning guidelines, global economic instability become headache for the entrepreneur. Increase in inflation has become daunting factor for investor and devaluation of Taka influence the potential investors to meticulously consider the situation.

However Government has tried to create favorable situation for the country.

RISK MANAGEMENT ACTIVITIES

The activities of Risk Management involves scrutiny, assessment and management of different degree of risks or combination of risks under the following framework which has been established in line with Bangladesh Bank guidelines:

- Credit Risk Management
- Liquidity Risk Management
- Market Risk Management
- Operational Risk Management
- Management of Interest Rate Risk in the banking book
- Reputational Risk Management
- Core risk management ratings and implementation status:
- Oversee the capital management function
- Analysis of bank's own resilience capacity
- Pursuance of corporate customer to being rating
- Evaluation of Stress Test Result

Jamuna Bank Limited manages risk through a precise and comprehensive way. It prepared a vivid and instructive Credit policy guideline.

- **Credit Risk Management:** Credit risk arises from the potential that an obligor is either unwilling to perform on an obligation or its ability to perform such obligation is impaired resulting in economic loss to the bank. Credit risk emanates from a bank's dealing with individuals, corporate, financial institutions or a sovereign. For most banks, loans are the largest and most obvious source of credit risk; however, credit risk could stem from activities both on and off balance sheet.

Jamuna Bank Limited manages risk through a precise and comprehensive way. It prepared a vivid and instructive Credit policy guideline for-

- Identifying inherent, hidden and disclosed risk of every credit application
- Measuring identified risk not only in the perspective of return but also from economy and environment.
- Approving credit application from proper analysis of credit risk management
- Managing credit from the very beginning of the application to the last repayment.

- **Liquidity Risk Management:** Bank Deposits generally have a much shorter contractual maturity than loans and liquidity management needs to provide a cushion to cover anticipated deposit withdrawals. To overcome Liquidity Risk Jamuna bank limited usually implements various tasks. Some of them are as follows.

- Analysis of combined as well as segmented (Current, STD, Term etc.) deposit trend for local and foreign currency.
- Scrutiny of Combined as well as segmented (Overdraft, Term etc.) Advance trend for local and foreign currency.
- Maintenance of Loan/Deposit Ratios.

- **Market Risk Management:** Market risk is the risk to the bank's earnings and capital due to changes in the market level of interest rates or prices of securities, foreign exchange and equities, as well as the volatilities, of those prices.

Market Risk Management provides a comprehensive and dynamic framework for measuring, monitoring and managing risks derived from market. Jamuna Bank Limited incorporates following steps:

- Delineate bank's overall risk tolerance in relation to market risk.

- Ensure that bank's overall market risk exposure is maintained at prudent levels and consistent with the available capital.
- Ensure that top management as well as individuals responsible for market risk management possess sound expertise and knowledge to accomplish the risk management function.
- Ensure that the bank implements sound fundamental principles that facilitate the identification, measurement, monitoring and control of market risk.
- Ensure that adequate resources (technical as well as human) are devoted to market risk management.

Market Risk Management provides a comprehensive and dynamic framework for measuring, monitoring and managing risks derived from market.

■ **Operational Risk Management:** Always banks live with the risks arising out of human error, financial fraud and natural disasters. Operational risk, though defined as any risk that is not categorized as market or credit risk, is the risk of loss arising from inadequate or failed internal processes, people and systems or from external events. In order to mitigate this, internal control and internal audit systems are used as the primary means.

Jamuna Bank Limited uses different techniques such as the traditional Maturity Gap Analysis to measure the interest rate sensitivity, Duration Gap Analysis to measure interest rate sensitivity of capital, Value at Risk for measurement of interest rate risk.

■ **Management of Interest Rate Risk in the banking book:** Interest Rate Risk in the banking book is the potential negative impact on the Net Interest Income and it refers to the vulnerability of bank's financial condition to the movement in interest rates. Changes in interest rate affect earnings, value of assets, liability off-balance sheet items and cash flow. Jamuna Bank Limited uses different techniques such as a) the traditional Maturity Gap Analysis to measure the interest rate sensitivity, b) Duration Gap Analysis to measure interest rate sensitivity of capital, c) Value at Risk for measurement of interest rate risk.

VaR is a measure of the worst expected loss that a bank may suffer over a period of time that has been specified by itself, under normal market conditions and a specified level of confidence. Jamuna Bank Limited periodically calculates VaR to identify the loss in interest sensitive asset.

It is a statistical measure of risk exposure and measures the worst expected loss over a given time interval under normal market conditions at a given confidence level of say 95% or 99%.

Reputational Risk Management:

Reputation risk is the existing or potential indirect risk to earnings and capital, decline in the deposit base or reduced organizational value due to activities that damage perception of the image of the banks on the part of customers, counter parties, shareholders, investors or regulators. Resilience in the maintenance of regulatory compliance, lack of commitment in maintaining the legitimate demand of counter party, delay in fulfilling the demand of customers, loss of employee satisfaction and decline in revenue, etc. Our bank always uphold in priority basis in maintaining regulatory compliance, honoring the legitimate demand of counter party, timely fulfilling the demand of customers and exceeding the expectation of employees.

Jamuna Bank Limited always tries to improve average core risk management ratings. And it is praiseworthy among reputed banks of Bangladesh.

Core risk management ratings and implementation status: Core risk management rating portrays identification, measurement, management and evaluation of six core risk.

Jamuna Bank Limited prepared guidelines for every risk. Those guidelines are strictly followed for identification of risk. After identification proper actions are taken for measuring risks, mitigating

actions are also seriously considered for identified risks. Evaluation activities are an important part for core risk management rating. Jamuna Bank Limited always tries to improve average core risk management ratings. And it is praiseworthy among reputed banks of Bangladesh.

Oversee the capital management


function: capital management is the area where Jamuna Bank limited has proved its competence. Jamuna bank limited considers not only the increase of capital but also the tuning of its portfolio commensurate with the capital. In 2006 total capital was Tk. 170.182 crore which became Tk. 634.602 crore in 2010. In last quarter of 2012 it was reported as Tk. 870.44 crore. We can also identify the Capital Adequacy Ratio complied with the regulation of Bangladesh Bank Guidelines. In December 2012 it stood at 12.38% where as the minimum requirement was 10%.

Analysis of bank's own resilience

capacity: Jamuna Bank Limited always maintains single borrower exposure limit. Besides the amount of large loan is completely collateral covered and insignificant compare to total sanction capacity. So our bank practices less concentration in large loan and it also maintains equilibrium disbursement of loans in terms of geographical area, economic purpose and connected group of borrowers. Jamuna Bank

Limited has experienced no interest rate risk in the Banking book so far as it has the opportunity to change interest rate of deposit and loans and advances.

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 **Pursuance of corporate customer to being rated:** Exposure of every borrower of a bank is evaluated in terms of capital need. It has been observed that capital consumption of an unrated customer is six times more than a best rated customer. Considering the above matter Jamuna Bank Limited has pursuing the Corporate Customers for being rated. It always contacts with Rating Agencies for providing data of Unrated and Rated Customers, exchanging practiced strategy in the industry and analyzing for

incentive of Rated Corporate Customers. Due to the above-mentioned practice Jamuna Bank Limited increased its Rated Corporate Customers more than eleven times than that of March 2010.

Evaluation of Stress Test Result:

According to Stress Testing report for the 4th quarter ended on December 31, 2012 Jamuna bank limited does not have any liquidity risk, foreign exchange shock and equity price shock. In case of liquidity risk there is little bit vulnerable position. Increase of NPL due to default of top large borrowers may have considerable impact on Capital Adequacy Ratio. In case of protesting individual credit shock Jamuna Bank Limited has proved its competence. Combined credit shock may create unfavorable impact but existence of collateral may act as cushioning effect.

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



Disclosure on Risk Based Capital under BASEL-II

Background

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

Scope of Application

The Risk Based Capital Adequacy framework applies to Jamuna Bank Limited (JBL) on 'Solo' basis as well as 'Consolidated' basis as there were two subsidiaries of the bank as on the reporting date i.e. 31 December 2012. JBL has established a merchant bank namely Jamuna Bank Capital Management Limited with 99.99% share and also a brokerage business house in the name of Jamuna Bank Securities Limited.

The assets, liabilities, revenues and expenses of the subsidiaries are combined with those of the parent company (JBL), eliminating intercompany transactions.

Consistency and Validation

The quantitative disclosures are made on the basis of consolidated audited financial statements of JBL and its Subsidiary as at and for the year ended 31 December 2012 prepared under relevant international accounting and financial reporting standards as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) and related circulars/ instructions issued by Bangladesh Bank from time to time. The assets, liabilities, revenues and expenses of the subsidiaries are combined with those of the parent company (JBL), eliminating inter company transactions. So assets of the subsidiaries were risk weighted and equities of subsidiaries were crossed out with the investment of JBL while consolidating.

Capital Structure of JBL

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

Conditions for Maintaining Regulatory Capital

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

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

Status of Compliance: Complied.

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

Status of Compliance: Complied.

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

Status of Compliance: Complied.

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

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

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

Status of Compliance: Capital required for meeting credit risk was BDT 583.83 crore and so the Tier-1 capital after meeting credit risk was BDT 142.34 crore (BDT 726.17 crore minus BDT 583.83 crore). Capital required for meeting 28.50% of market risk was BDT 11.84 crore (BDT 41.53 crore X 28.50%) as on the reporting date. So, this condition is met.

The Bank had a consolidated Capital of BDT 861.06 crore comprising Tier-1 capital of BDT 726.17 crore and Tier-2 capital of BDT 134.89 crore

QUANTITATIVE DISCLOSURES

The Bank had a consolidated Capital of BDT 861.06 crore comprising Tier-1 capital of BDT 726.17 crore and Tier-2 capital of BDT 134.89 crore (JBL had no Tier-3 element in its capital structure) as on the reporting date (31 December 2012). Table on the next page presents the details of capital (Tier-1, 2 & 3) as on December 31, 2012:

(Tk. in Crore)

1.0	Tier-1 (Core Capital)	Amount
1.1	Fully Paid-up Capital/Capital Deposited with BB	448.75
1.2	Statutory Reserve	213.96
1.3	Non-repayable Share premium account	-
1.4	General Reserve	-
1.5	Retained Earnings	63.46
1.6	Minority Interest In Subsidiaries	0.00
1.7	Non-Cumulative Irredeemable Preferences shares	-
1.8	Dividend Equalization Account	-
1.9	Others	-
1.10	Sub-Total: (1.1 to 1.9)	726.17
Deductions from Tier-1 (Core Capital)		
1.11	Book value of Goodwill	-
1.12	Shortfall in provisions required against classified assets	-
1.13	Shortfall in provisions required against Investment in shares	-
1.14	Remaining deficit on account of revaluation of Investments in securities after netting off from any other surplus on the securities	-
1.15	Reciprocal crossholdings of bank capital/subordinated debt	-
1.16	Any Investment exceeding the approved limit under section 26(2) of Bank Company Act, 1991	-
1.17	Investments in subsidiaries which are not consolidated - 50%	-
1.18	Other If any	-
1.19	Sub Total (1.11 to 1.18)	-
1.20	Total Eligible Tier-1 Capital (1.10-1.19)	726.17
2.0	Tier-2 (Supplementary Capital)	Amount
2.1	General Provision (Standard + SMA + off Balance Sheet exposure)	81.47
2.2	Assets Revaluation Reserves up to 50%	53.17
2.3	Revaluation Reserve for Securities up to 50%	0.25
2.4	Revaluation Reserve for equity Instrument up to 10%	
2.5	All other preference shares	-
2.6	Subordinated debt	-
2.7	Other (If any Item approved by Bangladesh Bank)	
2.8	Sub-Total (2.1 to 2.7)	134.89
2.9	Deductions If any (e.g. Investment in subsidiaries which are not consolidated- 50%)	-
2.10	Total Eligible Tier-2 Capital (2.8-2.9)	134.89
3.0	Tier-3 (Additional Supplementary Capital)	Amount
3.1	Short-term subordinated debt	-
4.0	Total Supplementary Capital (2.10+3.1)	134.89
5.0	Total Eligible Capital (1.20+4.0)	861.06

CAPITAL ADEQUACY

Bank's Approach to Assessing Capital Adequacy

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

JBL used the Basic Indicator Approach (BIA), as prescribed by Bangladesh Bank in determining capital charge against operational risk.

JBL focuses on strengthening and enhancing its risk management culture and internal control environment rather than increasing capital to cover up weak risk management and control practices. JBL has been generating most of its incremental capital from retained profit to support incremental growth of Risk Weighted Assets (RWA). Therefore, the Bank's Capital Adequacy Ratio (CAR) remains consistently within the comfort zone since the parallel run from 1 January, 2009. During the year 2012, the CAR ranges from 11.40% to 12.32% against minimum requirement of 10%.

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

QUANTITATIVE DISCLOSURES

Following table shows component wise allocation of capital to meet three risks and an amount of additional capital maintained over MCR i.e. 10% of RWA. As on the reporting date, JBL maintained a Capital Adequacy Ratio (CAR) of 12.32% on 'Consolidated Basis' and 12.21% on 'Solo Basis' against required minimum of 10%. We had an excess capital of BDT 162.32 crore (Consolidated) after meeting all three risks as on the reporting date as shown in the following table:

Tk. in Crore

Capital Adequacy		Consolidated	Bank (Solo)
a.	Capital requirement for Credit Risk	583.83	591.29
b.	Capital requirement for Market Risk	41.53	40.62
c.	Capital requirement for Operational Risk	73.38	72.58
	Capital maintained to meet credit, market and operational risks	698.78	704.49
d.	Some additional capital over MCR maintained by the bank	162.32	156.04
	Total Capital Maintained	861.06	860.53

CREDIT RISK

QUALITATIVE DISCLOSURES

Definition of Credit Risk

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

Credit Risk Management Policies and Procedures

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

CREDIT RISK MANAGEMENT SYSTEM

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

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

- i) It has formulated its own Credit Policy Guidelines in line with the core risk guideline of Bangladesh Bank.
- ii) The policy takes into account the sectoral concentration and specific industry exposure cap is set in the policy.
- iii) Head Office Organizational structure has been segregated in line with CRM Guideline (Credit Marketing, Credit Approval and Credit Administration activities have been separated).
- iv) Borrower's Risk Grade are assigned and mentioned in the credit proposal.
- v) All disbursement is authorized centrally in the computer system only after confirming fulfillment of documentation requirement as per sanction term. There is no scope of disbursement without approval of the competent authority.
- vi) Credit Approval Authority has been clearly defined in the policy.

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

- a. Borrower Analysis: Reputation, education, experience, age and success history and net worth of the borrower are considered to analyze a borrower. Any issues regarding lack of management depth, complicated ownership structures or inter-group transactions are addressed in borrower analysis.
- b. Industry Analysis: To analyze an industry JBL considers industry position i.e. threat & prospect in the industry, risk factors pertaining to the industry, borrowers position or share in the industry.
- c. Historical financial analysis: An analysis of a minimum of 3 years historical financial statements of the borrower is being presented. The analysis addresses the quality and sustainability of earning, cash flow and the strength of the borrower's balance sheet.
- d. Projected financial Performance: Where term facilities are being proposed, a projection of the borrower's future financial performance is required to be provided.
- e. Technical feasibilities / Infrastructural facilities, Seasonality of demand, Debt-Equity Ratio, Account conduct of the borrower, Security and other relevant factors are considered to assess credit risks.

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

ASSET IMPAIRMENT POLICY

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

OBJECTIVE CRITERIA

Type of Loan	Unclassified		Sub-standard	Doubtful	Bad/Loss
	Standard	SMA			
Continuous	0<2	2<0<3	3<0<6	6<0<9	0>9
Demand	0<2	2<0<3	3<0<6	6<0<9	0>9
Fixed Term	0<2	2<0<3	3<0<6	6<0<9	0>9
Fixed Term (Up to Tk. 10.00 Lacs)	0<2	2<0<6	6<0<9	9<0<12	0>12
SAC/MC	0<12		12<0<36	36<0<60	0>60

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

RATE OF PROVISION

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

Base for Provision

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

QUANTITATIVE DISCLOSURES

Total gross credit risk exposures broken down by major types of credit exposure:

Bangladesh Bank guidelines on RBCA, stipulated to segregate bank's asset portfolio into different categories and the following table shows our gross exposure in each asset category.

Major Types of Credit Exposure			
As on 31.12.2012			
			(Tk. In Crore)
Sl.	Exposure Type	Exposure	Risk Weighted Asset
1	Cash	103.17	-
2	Claims on Bangladesh Government and Bangladesh Bank	2540.43	-
3	Claims on Multilateral Development Banks (MDBs):	-	-
4	Claims on Public Sector Entities	-	-
5	Claims on Banks & NBFIS		
	Original Maturity over 3 months: BB's Rating Grade: 1	466.11	93.22
	2,3	135.09	67.55
	4,5	-	-
	6	-	-
	Unrated	5.39	5.39
	Original Maturity less than 3 months	364.43	72.89
6	Claims on Corporate		
	BB's Rating Grade: 1	175.45	35.09
	2	646.80	323.40
	3,4	377.99	377.99
	5,6	-	-
	Unrated	1704.66	2130.83
7	Claims under Credit Risk Mitigation	582.15	98.98
8	Claims categorized as retail portfolio & SME(excluding consumer loan)	656.31	492.23
9	Consumer Loan	63.24	63.24
10	Claims fully secured by residential property	41.22	20.61
11	Claims fully secured by commercial real estate	30.38	30.38
12	Past Due Claims	363.96	445.84
13	Capital Market Exposure	143.00	178.75

14	Unlisted equity investments and regulatory capital instruments issued by other banks (other than those deducted from capital) held in banking book	-	-
15	Investments in venture capital	-	-
16	Investments in premises, plant and equipment and all other fixed assets	236.81	236.81
17	Claims on all fixed assets under operating lease	-	-
18	All other assets:		
	i) Claims on GoB & BB	263.28	-
	ii) Staff Loan/Investment	15.02	3.00
	iii) Cash items in the Process of Collection	-	-
	iv) Claims on Off-shore Banking Unit (OBU)	-	-
	v) Other Assets (net off specific provision, if any)	36.09	36.09
	Grand Total	8950.97	4712.27

CREDIT EXPOSURE BY RISK WEIGHT:

Bank needs more capital for assets where risk weight is higher and the below table shows our assets under three main risk weight bands.

TK. in Crore

Particulars	Risk Weighted Asset		
	Balance Sheet	Off-Balance Sheet	Total
Less than 100% risk weight	1172.85	216.46	1389.31
100% risk weight	845.25	79.67	924.92
More than 100% risk weight	2694.17	829.94	3524.11
Total	<u>4712.27</u>	<u>1126.07</u>	<u>5838.34</u>

GEOGRAPHICAL DISTRIBUTION OF CREDIT EXPOSURE:

Our business is concentrated in two major cities- Dhaka and Chittagong as country's business activities are concentrated in these two locations. The following table shows credit exposure in different divisions:

TK. in Crore

Sl. No.	Divisions	Credit Exposure	Percentage
1	Dhaka	3558.65	64.84%
2	Chittagong	1008.93	18.38%
3	Khulna	56.62	1.03%
4	Rajshahi	619.06	11.28%
5	Sylhet	72.16	1.31%
6	Barishal	16.08	0.29%
7	Rangpur	157.20	2.86%
	Total	5488.70	100.00%

CREDIT EXPOSURE BY MAJOR INDUSTRY OR SECTOR:

Major sector wise credit exposure as on 31 December, 2012 was as below and the exposure amount remained within the appetite of the bank.

TK. in Crore

Sl. No.	Sectoral Structure of Lending	Outstanding as on 31.12.2012	As % of Total Loans & Advances
1)	Agriculture and Agro-based Industry	106.68	1.94%
2)	RMG	350.77	6.39%
3)	Textile	156.10	2.84%
4)	Ship Building	0.00	0.00%
5)	Ship Breaking	41.61	0.76%
6)	Other Manufacturing Industry	987.70	18.00%
7)	SME Sector	313.13	5.70%
8)	Construction	308.03	5.61%
9)	Power, Gas	12.52	0.23%
10)	Transport, Storage and Communication	166.55	3.03%
11)	Trade Service	1689.62	30.78%
12)	Commercial real estate financing	83.27	1.52%
13)	Residential real estate financing	85.85	1.56%
14)	Consumer Credit (i.e. Auto/vehicle loans for personal use, personal loans, any purpose loans etc.)	109.58	2.00%
15)	Capital Market (loan provided for brokerage or merchant banking, to stock dealer or any kind of capital market activities)	87.58	1.60%
16)	Credit Card	12.90	0.24%
17)	Non-bank financial institutions	21.49	0.39%
18)	Bank Acceptance (i.e. LDBP, FDBP)	767.28	13.98%
19)	Others	188.04	3.43%
Total Loans & Advances		5488.70	100.00%

RESIDUAL CONTRACTUAL MATURITY OF LOANS AND ADVANCES:

Particulars	Amount in Crore TK.
Up to 1 Month	1722.57
More than 1 Month to 3 Months	886.19
More than 3 Months but not more than 1 year	1,725.25
More than 1 year but not more than 5 years	1,063.32
More than 5 years	91.37
Total	5,488.70

NON PERFORMING ASSETS:

Total non-performing loans and advances was BDT 533.79 crore as on 31.12.2012 while it was BDT 161.87 crore in 2011.

(Tk. In Crore)

Classification Status	% of Total Loans	Outstanding Amount
Standard	88.22%	4842.16
Special Mention Account (SMA)	2.05%	112.76
Sub-standard (SS)	2.16%	118.41
Doubtful (DF)	2.01%	110.12
Bad/Loss (B/L)	5.56%	305.26
Total	100.00%	5488.70

MOVEMENT OF NON PERFORMING ASSETS:

The year opening and closing volume of non performing loans and Advances remains almost at same level. Movement of non performing assets during the year is presented in the following table:

Particulars	Tk in Crore
1. Opening balance as on 01 January 2012	161.87
2. Additions during the year	402.99
3. Reductions during the year	31.07
4. Closing balance as on 31 December 2012	533.79
Non Performing Assets (NPAs) to Outstanding Loans and advances	9.73%

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

Particulars	Tk in Crore
1. Opening balance	62.73
2. Provisions made during the period	107.09
3. Write-off	0.00
4. Write-back of excess provisions	0.00
5. Closing balance	169.82

EQUITY POSITION RISK**Equity Risk:**

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

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

QUANTITATIVE DISCLOSURES:**EXPOSURE IN CAPITAL MARKET**

Tk. in crore

Sl. No.	Particulars	Amount	Total Liabilities as on Last base date	% of Capital Market Exposure to Total Liabilities
a)	Own Portfolio	17.21	9095.61	0.19%
b)	Loan to own subsidiary/subsidiaries	95.00		1.04%
c)	Loan to others for merchant banking and brokerage activities	99.10		1.09%
d)	Guarantee against loan of own subsidiary/subsidiaries and others	-		0.00%
e)	Loan to Stock Dealer	-		0.00%
	Total Exposure	211.31		2.32%

CAPITAL REQUIREMENTS FOR EQUITY POSITION RISK:

Sl. No.	Particulars	Amount (Market Value)	Weight	(Tk in Crore) Capital Charge
	1	2	3	4=(2X3)
a)	Specific Risk :	21.74	10%	2.17
b)	General Market Risk:	21.74	10%	2.17
	Total			4.34

INTEREST RATE RISK IN THE BANKING BOOK (IRRBB)

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

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

QUANTITATIVE DISCLOSURES:

The impact of interest rate movement:

Tk. in Crore

Particulars	< 3 months	3-6 months	6-12 months
Total Rate Sensitive Assets	3805.90	1202.00	1140.69
Total Rate Sensitive Liabilities	5720.46	940.32	524.77
Gap	-1914.56	261.68	615.92
Cumulative Gap	-1914.56	-1652.88	-1036.96
Regulatory Capital	860.53	860.53	860.53
Total RWA	7044.86	7044.86	7044.86
CAR before Shock	12.21%	12.21%	12.21%
Interest Rate Stress Test	Minor	Moderate	Major
Assumed Increase in Interest Rate	1.00%	2.00%	3.00%
Net Interest Income Impact: <12 months	-10.37	-20.74	-31.11
Tax Adjusted Impact	-5.96	-11.93	-17.89
Capital after Shock	854.57	848.60	842.64
CAR after Shock	12.13%	12.05%	11.96%
Change in CAR after Shock	-0.08%	-0.17%	-0.25%
Duration GAP	1.00	1.00	1.00
Change in Market Value of Equity	-94.43	-188.86	-283.28
Tax Adjusted Loss	-54.30	-108.59	-162.89
Regulatory Capital (after shock)	806.23	751.94	697.64
Total RWA(after shock)	7027.64	7027.64	7027.64
CAR after Shock	11.47%	10.70%	9.93%

MARKET RISK

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

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

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

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

Commodity Price Risk: Commodity price risk arises from changes in commodity prices and implied volatilities in commodity

options, covering energy, precious metals, base metals and agriculture. Currently we do not have any exposure in commodity financing.

MARKET RISK MANAGEMENT:

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

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

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

Quantitative Disclosure

Capital Required for Market Risk:

TK. in Crore

Particulars	Amount
Capital requirements for:	
- Interest rate risk:	29.60
- Equity position risk:	4.35
- Foreign exchange risk: and	7.58
- Commodity risk	-
Total Capital Required for Market Risk	41.53

OPERATIONAL RISK

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

The operational risk may be of this following category:

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

POTENTIAL EXTERNAL EVENTS:

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

POLICIES AND PROCESSES FOR MITIGATING OPERATIONAL RISK:

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

QUANTITATIVE DISCLOSURE

CAPITAL REQUIRED FOR OPERATION RISK:

Basic Indicator Approach					
As on 31.12.2012					
				(Amount in crore taka)	
Sl.	Operational Risk	2012	2011	2010	Capital Charge (15% of Gross Income)
1.	Gross Income	580.01	500.78	386.78	73.38
2.	Last 3 years Average annual Gross Income	489.19			

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

Corporate Governance



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

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

RIGHTS OF SHAREHOLDERS AND EQUITABLE TREATMENT OF SHAREHOLDERS

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

The Bank is holding its annual general meeting of shareholders within specified time. Meetings of shareholders other than general meetings are called extraordinary general meetings.

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

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

In accordance with the regulatory requirements, notice was published in the daily newspapers. On the day of the Meeting, various measures were taken to facilitate effective participation by the shareholders or proxy holders.

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

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

In relation to preventive measures against internal use of information by the Board, management and employees, the Board recognizes the importance of preventing the use of internal information of the Bank for personal gains.

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

ROLE OF STAKEHOLDERS

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

The Bank has developed processes and operating systems, using modern technology as appropriate, and has provided knowledgeable and skilled personnel to ensure that customers receive the best possible service.

CLIENTS

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

REGULATORY BODIES & SHAREHOLDERS

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

JBL consistently offers training and support, provides staff with the opportunity to enhance their performance and career development options. Such efforts will support the Bank's sustainable growth and expansion plans in an increasingly competitive marketplace.

EMPLOYEES

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

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

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

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

- General development training courses, including techniques for effective leadership, time management, and analytical and report-writing techniques;
- Training courses for specific job positions, for example customer service officer, marketing officer, branch manager and credit officer. The courses arranged by the Bank covering all areas of banking

CREDITORS AND BUSINESS PARTNERS

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

JBL is committed to conduct business in a fair and confidential manner while protecting the reputation of its competitors and ensuring best legal and ethical practices in the Bank.

COMPETITORS

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

■ The Role and Responsibilities of the Board of Directors

The Board of Directors is the body responsible for corporate governance, devising policies, determining objectives and playing a role of stewardship on behalf of shareholders to manage the Bank's operations smoothly, mitigate any untoward adverse situations and monitor the Bank's performance effectively and efficiently to maximize shareholders' wealth.

The functional areas of the Board include, but not limited to, approving suitable business policies, fixation of operational budgets, approval of financial statements, review of Bank's operational performance towards achievement of objectives and approval of policies and operational manuals to establish effective risk management in core banking areas.

The Board of Directors is the body responsible for corporate governance, devising policies, determining objectives and playing a role of stewardship on behalf of shareholders to manage the Bank's operations smoothly.

The functions of the Board also include reviewing company's corporate governance standard for further improvement, determining Bank's corporate social responsibility status and taking steps for its improvement, developing compliance culture in the Bank, approving proposals beyond the delegated business/financial/administrative powers of the Management, Executive Committee of the Board, appointment of the Chief Executive Officer and fixation of his benefits etc.

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

- The basic responsibility of the Board is to exercise business judgment in good faith, in a manner that they reasonably believe to be in the best interests of the Bank, while complying with the applicable laws and regulations, the Bank's Articles of Association and resolutions adopted by the shareholders.
- To set the direction, vision and policies of the Bank and to determine objectives and strategies to ensure the effective discharge of the Bank's functions and the most efficient use of the Bank's resources.
- To seek individuals from diverse professional backgrounds combined with a broad spectrum of experience and expertise with a reputation for integrity for appointment to management positions.
- To review and approve, together with the Management, specific financial objectives such as budgets proposed by Management.
- To delegate responsibility for day-to-day management to the Management based on agreed targets and objectives except when the matter warrants the Board's attention.
- To determine issues to be brought to its attention by Management.
- To require the Management to discharge its duties based on the Bank's strategic objectives and to regularly communicate those strategic objectives to the staff at all levels.