

Shareholders' Information

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

Taka In BDT. Million

Particulars	YR- 2013	YR- 2012	YR- 2011	YR- 2010	YR- 2009
Income statement Information:					
Interest income	9,702.02	9,626.68	8,473.44	5,207.52	3,788.90
Interest expenses	8,752.19	7,787.48	6,310.59	3,726.52	2,888.74
Net interest income	949.83	1,839.20	2,162.85	1,481.00	900.16
Income from investment	3,330.36	2,007.15	1,404.67	1,152.79	1,361.49
Non interest income	1,355.47	1,438.77	1,296.37	1,112.78	666.34
Non interest expenses	2,666.75	2,078.22	2,046.50	1,335.61	1,013.74
Net Non-interest income & Investment income	2,019.08	1,367.70	654.54	929.96	1,014.09
Profit before provision and tax	2,968.91	3,206.90	2,817.39	2,410.96	1,914.25
Provision for loans and assets	684.02	1,126.38	347.39	344.44	351.05
Profit after provision before tax	2,284.89	2,080.52	2,470.00	2,066.52	1,563.20
Contribution to Jamuna bank foundation	22.85	20.81	12.35	10.32	7.82
Tax including deferred tax	1,126.85	1,017.66	1,127.46	990.18	632.26
Profit after contribution to foundation and tax	1,135.19	1,042.05	1,330.19	1,066.02	923.12
Balance Sheet Information:					
Authorized Capital	10,000.00	10,000.00	10,000.00	10,000.00	4,000.00
Paid up Capital	4,487.54	4,487.54	3,648.40	2,230.09	1,621.88
Reserve & Retained surplus	4,393.40	3,837.29	3,633.11	4,178.10	2,359.00
Total Shareholders' Equity	8,880.94	8,324.83	7,281.51	6,408.19	3,980.88
Deposits (Core & Bank)	97,485.61	79,623.13	70,508.05	60,673.56	42,356.20
Total liabilities	106,800.71	101,353.68	79,783.62	63,605.71	44,750.08
Total liabilities & Shareholders' equity	115,681.65	109,678.51	87,065.13	70,013.90	48,730.96
Long Term Liabilities	33,137.24	15,395.83	13,788.24	11,564.26	14,681.00
Loans and advances	67,669.38	54,887.03	56,611.79	49,734.80	32,287.66
Investments	31,392.20	39,118.93	16,314.93	10,891.02	8,503.44
Property, Plant and Equipment	2,195.05	2,082.03	1,971.72	1,822.66	681.60
Total Assets	115,681.64	109,678.51	87,065.13	70,013.90	48,730.95
Earning Assets	71,948.37	58,969.03	62,461.62	50,886.80	34,961.74
Net Current Assets	61,412.87	53,959.73	54,381.79	44,476.30	31,159.26
Foreign Trade Information:					
Import	52,751.30	57,705.20	55,907.00	61,034.50	46,685.00
Export	64,250.50	68,844.10	57,929.40	41,860.40	21,407.00
Remittance	6,859.00	4,029.00	3,360.03	1,594.11	2,657.64
Guarantee	5,578.10	4,515.30	5,687.20	6,620.00	2,908.50
Capital Information :					
Total Risk weighted Assets	83,421.38	70,448.60	67,041.40	66,839.00	31,170.05
Core Capital (Tier-I)	7,763.33	7,256.39	6,214.34	4,855.51	3,054.14
Supplementary Capital (Tier-II)	1,496.47	1,348.89	1,338.45	1,494.51	943.52
Total Capital	9,259.80	8,605.28	7,552.79	6,350.02	3,997.66
Tier-I Capital Ratio	9.31	10.30	9.27	7.26	9.80
Tier-II Capital Ratio	1.79	1.91	2.00	2.24	3.03
Minimum Capital Adequacy Ratio (MCAR)	11.10	12.21	11.27	9.50	12.83

Shareholders' Information

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

Taka In BDT. Million

Credit Quality Information:	YR- 2013	YR- 2012	YR- 2011	YR- 2010	YR- 2009
Volume of Non-performing Loans (NPLs)	5,133.76	5,337.87	1,618.73	905.52	710.86
% of NPLs to total Loan & Advances	7.59	9.73	2.86	1.82	2.20
Provision for Un-classified Loans	937.67	814.67	804.87	718.17	479.83
Provision for Classified Loans	2,256.68	1,698.25	627.30	453.76	465.64
Share information:					
No. of Share of Outstanding	448.75	448.75	364.84	223.01	162.19
No. of Shareholders' (actual)	51,535	51,758	52,903	43,047	18,535
Dividend:	15.00%	14.00%	23.00%	22.00%	37.500%
Cash (%)	-	14.00%	-	-	-
Bonus (%)	15.00%	-	23.00%	22.00%	37.50%
Effective Dividend Ratio	15.14%	15.47%	25.45%	28.75%	41.44%
Market capitalization	7,310.14	9,733.39	9,737.58	12,265.55	8,922.07
Market price per Share (Taka)	16.29	21.69	26.69	55.00	55.01
Earning per Share Taka (EPS)	2.53	2.32	3.65	2.92	5.67
Book value per Share/ NAV (Taka)	19.79	18.55	19.96	17.56	24.54
Price Earning Ratio (Times)	6.44	9.34	7.32	18.82	13.29
Key Financial Ratios Information:					
Operating Performance Ratio:					
Net interest margin on average earning assets	1.45	3.03	3.82	6.14	7.22
Net non-interest margin on average earning assets	3.08	2.25	1.15	2.17	3.24
Earning base in assets (average)	58.09	61.72	72.16	72.30	77.92
Burden Coverage ratio	50.83	64.30	58.34	58.46	51.33
Cost-income ratio	47.32	39.32	42.08	35.65	34.62
Credit-deposit ratio	69.41	68.93	80.29	81.97	76.23
Cost of funds on average deposits	8.65	8.05	8.28	6.09	6.80
Yield on average advances	14.85	16.63	15.31	12.18	13.15
Asset Utilization ratio	5.00	5.37	6.19	6.31	7.29
Leverage ratio (times)	7.63	7.93	8.72	8.75	7.64
Net profit margin (after tax)	20.14	19.72	27.35	28.46	31.53
Current Ratio	1.20	1.59	1.21	1.17	0.97
Debt Equity Ratio	9.11	10.46	10.33	10.56	9.40
Return on risk weighted assets (after tax)	1.36	1.48	1.98	1.59	2.96
Return on average assets (after tax)	1.01	1.06	1.69	1.80	2.30
Return on average equity (after tax)	13.20	13.35	19.43	20.52	30.06
Other Information:					
Number of branches (incl. SME/Agri Br. & SME center)	91.00	83.00	73.00	66.00	54.00
No. of SME Center	1.00	1.00	1.00	1.00	5.00
No. of Islamic Banking Window	2.00	2.00	2.00	2.00	2.00
Number of employees	2,206.00	2,006.00	1,786.00	1,511.00	1,215.00
Number of foreign correspondents	822.00	818.00	798.00	729.00	735.00
Average Earning Assets	65,458.70	60,715.33	56,674.21	42,924.27	31,315.04
Average Total Assets	112,680.08	98,371.82	78,539.52	59,372.43	40,188.79
Average Deposits	88,554.37	75,065.59	65,590.81	51,514.88	34,832.07
Average Advances	61,278.21	55,749.41	53,173.30	41,011.23	26,662.26
Average Equity	8,602.89	7,803.17	6,844.85	5,194.54	3,070.81

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

Shareholders' Information Financial Highlights- JBL & JBL (Group)

	JBL			JBL (Group)		
	2013	2012	Changes (%)	2013	2012	Changes (%)
	Taka In BDT Million			Taka In BDT Million		
Performance during the year						
Interest income	9,702.02	9,626.68	0.78	9,863.16	9,674.32	1.95
Interest expenses	8,752.19	7,787.48	12.39	8,738.16	7,757.63	12.64
Net interest income	949.83	1,839.20	-48.36	1,125.00	1,916.69	-41.31
Investment income	3,330.36	2,007.15	65.92	3,250.57	1,988.14	63.50
Other income	1,355.47	1,438.77	-5.79	1,405.87	1,470.96	-4.43
Operating income	5,635.66	5,285.12	6.63	5,781.44	5,375.79	7.55
Operating expenses	2,666.75	2,078.22	28.32	2,688.70	2,097.24	28.20
Profit before provision and tax	2,968.91	3,206.90	-7.42	3,092.74	3,278.55	-5.67
Provision for loans and assets	684.02	1,126.38	-39.27	720.13	1,147.94	-37.27
Profit after provision before tax	2,284.89	2,080.52	9.82	2,372.61	2,130.61	11.36
Contribution to Jamuna bank foundation	22.85	20.81	9.80	22.85	20.81	9.80
Tax including deferred tax	1,126.85	1,017.66	10.73	1,205.29	1,069.49	12.70
Profit after contribution to foundation and tax	1,135.19	1,042.05	8.94	1,144.47	1,040.31	10.01
At the end year						
Total Shareholders' Equity	8,880.94	8,324.83	6.68	8,895.52	8,330.12	6.79
Total Liability	106,800.71	101,353.68	5.37	106,744.93	100,926.18	5.77
Deposits	97,485.61	79,623.13	22.43	97,083.29	79,024.52	22.85
Loans and Advances	67,669.38	54,887.03	23.29	68,439.84	55,441.73	23.44
Investments	31,392.20	39,118.93	-19.75	31,494.78	39,175.42	-19.61
Property, Plant and Equipment	2,195.05	2,082.03	5.43	2,482.00	2,368.06	4.81
Current Assets	61,412.87	53,959.73	13.81	70,297.66	69,725.32	0.82
Total Assets	115,681.64	109,678.51	5.47	115,640.45	109,256.30	5.84
Statutory Ratios (%)						
Minimum Capital Adequacy Ratios (MCAR)	11.10	12.21	-9.13	11.14	12.32	-9.58
Required Minimum Capital Adequacy Ratios (MCAR)	10.00	10.00	-	10.00	10.00	-
Liquidity Ratio	56.47	57.98	-2.61	56.47	57.98	-2.61
Loan to Deposit Ratio	69.41	68.93	0.70	70.50	70.16	0.48
Share Information						
Earnings Per Share (Taka)	2.53	2.32	8.94	2.55	2.47	3.24
Dividend (%)	15.00%	14.00%	7.14	15.00%	14.00%	7.14
Net Assets Value Per Share (Taka)	19.79	18.55	6.68	19.82	18.56	6.79
Net Operating Cash flow per share (Taka)	7.14	22.46	-68.20	7.07	21.97	-67.83
Key Ratios (%)						
Non Performing Loan	7.59	9.73	-21.99	7.50	9.63	-22.09
Return on Average Shareholders' Fund (after tax)	13.20	13.35	-1.19	13.29	13.31	-0.16
Return on Average Assets (after tax)	1.01	1.06	-4.89	1.02	1.06	-3.92
Return on Average Investment	9.45	7.24	30.45	9.20	11.67	-21.16

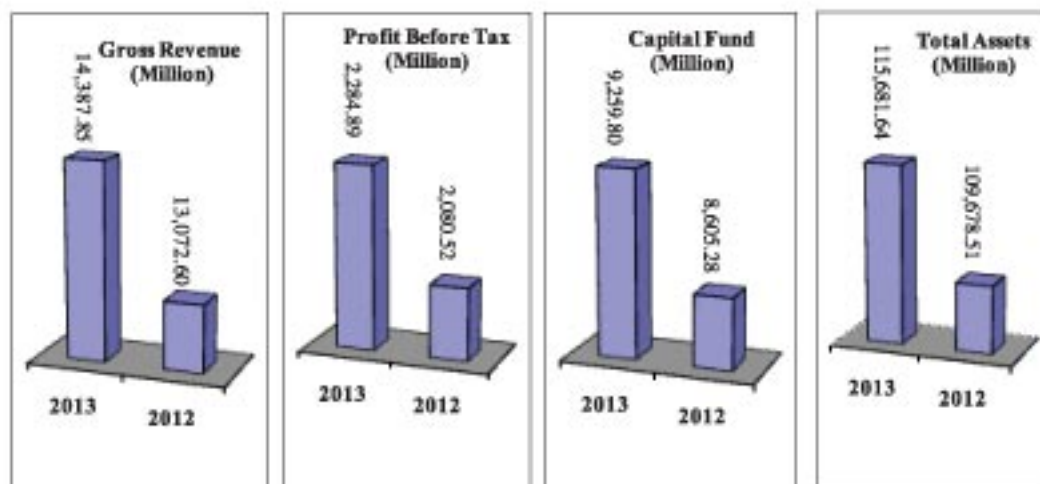
Financial Highlights- JBL

2013	2012
Taka in BDT Million	

Gross Revenue	14,387.85	13,072.60
Operating Income	5,635.66	5,285.12
Profit before Tax	2,284.89	2,080.52
Profit after Tax	1,135.19	1,042.05
Total Capital	9,259.80	8,605.28
Shareholders' Equity	8,880.94	8,324.83
Deposits	97,485.61	79,623.13
Investment	31,392.20	39,118.93
Loans & Advances	67,669.38	54,887.03
Premises, Furniture & Fixture	2,195.05	2,082.03
Total Assets	115,681.64	109,678.51
Import & Export	117,001.80	126,549.30
Return on assets after tax (%)	1.01	1.06
Classified Advance (%)	7.59	9.73
Return on equity (%)	13.20	13.35
Liquidity Ratio (%)	56.47	57.98
Capital Adequacy Ratio (%)	11.10	12.21
No. of deposits accounts	525,347	450,918
No. of advances accounts	24,654	20,607
No. of employees	2,206	2,006
No. of branches (including SME center)	91	83
No. of ATM	140	100

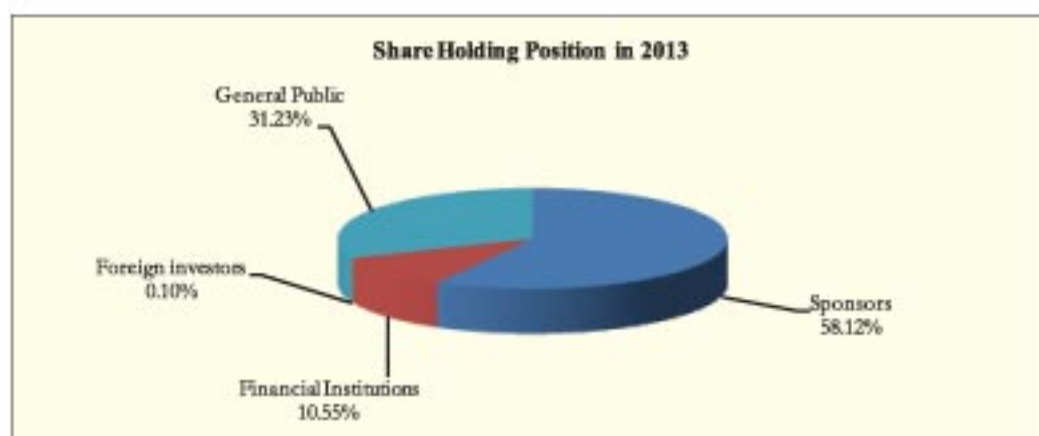
Credit Rating

Long-Term	A 1
Short-Term	ST-2



Shareholders' Information Distribution of Share in 2013

Particulars	Number of Share		% of Share	
	2013	2012	2013	2012
Sponsors	2,608,273,730	2,607,665,980	58.12%	58.11%
Financial Institutions	473,593,740	226,613,850	10.55%	5.05%
Foreign investors	4,369,200	526,700	0.10%	0.01%
Non-resident Bangladeshi	-	-	-	-
General Public	1,401,299,950	1,652,730,090	31.23%	36.83%
Total	4,487,536,620	4,487,536,620	100.00%	100.00%



No. of Shares held by Directors in 2013

Name of Directors	Status	01-01-2013	31-12-2013	Change (%)
		Opening Position	Closing Position	
Mr. Kanutosh Majumder	Chairman	8,998,508	8,998,508	0.00%
Al-haj M.A. Khayer	Director	1,230,000	1,230,000	0.00%
Engr. A.K.M. Mosharraf Hussain	Director	8,975,073	8,975,073	0.00%
Engr. Md. Atiqur Rahman	Director	17,333,248	17,333,248	0.00%
Mr. Golam Dastagir Gazi, Bir Protik	Director	8,975,953	8,975,953	0.00%
Mr. Fazlur Rahman	Director	8,975,622	8,975,622	0.00%
Al-Haj Nur Mohammed	Director	13,261,001	13,261,001	0.00%
Mr. Md. Tajul Islam	Director	10,140,732	10,140,732	0.00%
Mr. Sakhawat, Abu Khair Mohammad	Director	9,000,568	9,000,568	0.00%
Al-haj Md. Rezaul Karim Ansari	Director	8,338,756	9,043,298	8.45%
Mr. Md. Belal Hossain	Director	8,975,953	8,975,953	0.00%
Mr. Md. Mahmudul Hoque	Director	8,978,632	8,978,632	0.00%
Mr. Shaheen Mahmud	Director	21,269,102	21,269,102	0.00%
Mr. Md. Sirajul Islam Varosha	Director	8,125,283	8,125,283	0.00%
Mr. Gazi Golam Murtoza	Director	11,440,851	11,440,851	0.00%
Mr. A. S. M. Abdul Halim	Independent Director	-	-	-
Mr. Narayan Chandra Saha	Independent Director	-	-	-
Mr. Chowdhury Mohammad Mohsin	Independent Director	-	-	-
Mr. Md. Rafiqul Islam	Independent Director	-	-	-
Total		154,019,282	154,723,824	0.46%

Shareholders' Information Market Price Information-2013

Month YR 2013	DSE Price Index		Volume in Million Tk.	Month YR 2013	CSE Price Index		Volume in Million Tk.	Total Volume on DSE & CSE
	High	Low			High	Low		
Jan	23.00	18.80	61.66	Jan	22.00	20.30	7.40	69.06
Feb	22.50	17.50	93.37	Feb	21.80	18.50	7.59	100.96
Mar	20.00	15.90	41.84	Mar	19.80	16.90	4.99	46.83
Apr	18.50	14.90	46.90	Apr	18.20	16.30	6.49	53.39
May	21.90	15.00	177.65	May	21.60	16.50	20.37	198.02
Jun	19.00	14.60	85.70	Jun	18.50	16.00	8.28	93.98
Jul	18.00	13.00	144.50	Jul	17.70	13.90	13.58	158.08
Aug	15.50	12.40	43.84	Aug	14.50	13.20	2.08	45.92
Sep	14.80	12.00	22.48	Sep	14.50	12.80	3.18	25.66
Oct	16.50	11.50	24.10	Oct	15.70	12.60	4.10	28.20
Nov	19.00	13.70	135.99	Nov	18.80	14.00	12.93	148.92
Dec	17.50	14.40	37.28	Dec	16.80	15.10	2.90	40.18



Shareholders' Information Economic Impact Report

Total Capital Structure - JBL

Amount in BDT Million

	2013	2012
Core capital (Tier- I)		
Paid up Capital	4,487.54	4,487.54
Statutory Reserve	2,596.54	2,139.56
Right Issue subscription money	-	-
Retained Earnings	679.25	629.29
Total: Tier -I capital	7,763.33	7,256.39
Supplementary capital (Tier-II)		
General provision maintained against unclassified Loan & Advances	645.33	533.11
General provision maintained against off Balance sheet exposure	292.34	281.56
Revaluation Reserve of HFT Securities (50% of the total revaluation reserve)	27.05	2.47
Assets revaluation Reserve (50% of the total revaluation reserve)	531.75	531.75
Tier -II capital	1,496.47	1,348.89
Tier -I & Tier- II capital	9,259.80	8,605.28
Total Risk Weighted Assets	83,421.38	70,448.60
Required Capital (%)	10.00%	10.00%
Required Capital amount	8,342.14	7,044.86
Capital adequacy ratio maintained (%)	11.10%	12.21%
Core capital to Risk Weighted Assets	9.31%	10.30%
Supplementary capital to Risk Weighted Assets	1.79%	1.91%

Shareholders' Information

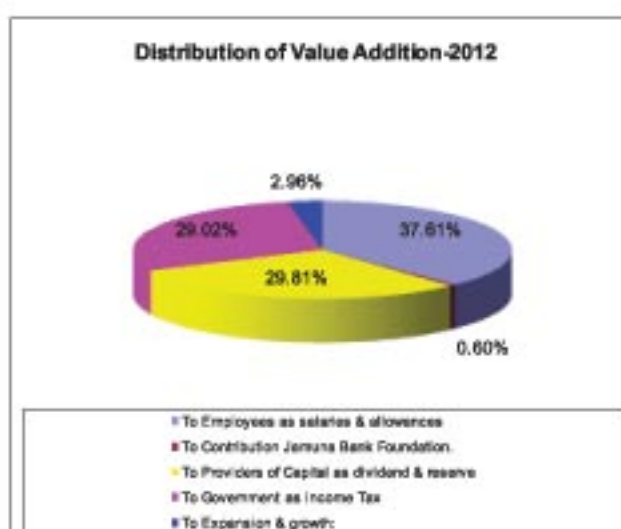
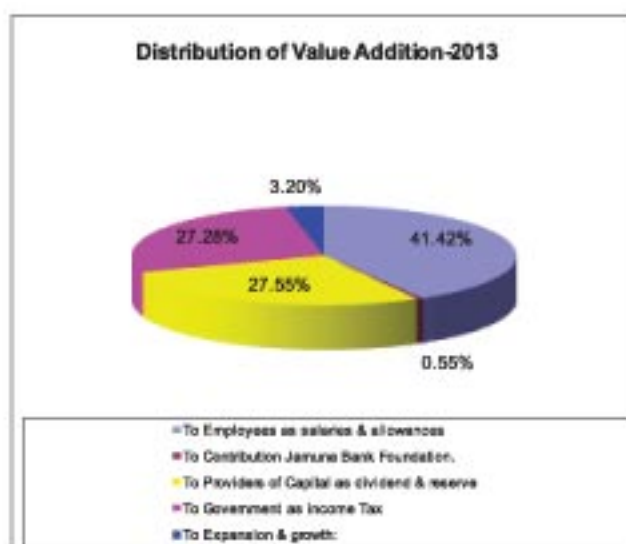
Economic Impact Report

Value Added Statement (VAS) for the year 2013

Value added is the wealth created by JBL through its different banking operations. The Value added statement shows the total wealth created, how it was distributed to meet certain obligations, reward those responsible for its creation and the portion retained for the continued operation and expansion of JBL.

Amount in BDT Million

Particulars	2013	2012
Income from Banking services	14,387.85	13,072.60
Less: Cost of services & Supplies	(9,582.68)	(8,450.67)
Value added by the Banking services	4,805.17	4,621.93
Non-banking income	-	-
Less: Provision for Loan and Advances, Shares, etc.	(684.02)	(1,126.38)
	4,121.15	3,495.55
Distribution of value added		
To Employees as salaries & allowances	1,706.94	1,314.72
To Contribution Jamuna Bank Foundation.	22.85	20.81
To Providers of Capital as dividend & reserve	1,135.19	1,042.05
To Government as income Tax	1,124.11	1,014.43
To Expansion & growth:	132.06	103.54
Retained earnings	-	-
Depreciation	129.32	100.31
Deferred Tax	2.74	3.23
Total	4,121.15	3,495.55



Shareholders' Information

Economic Value Added (EVA) Statement for the year ended 31 December, 2013

Economic value addition is a measure to calculate the economic value added by the enterprise to the stakeholders. In computing economic value addition, economic profit and contribution to the government exchequer is considered

Amount in BDT Million

Particulars	2013	2012
Shareholders equity	8,880.94	8,324.83
Add: Cumulative provision for loan and off-balance sheets items	3,194.35	2,512.92
Total	12,075.29	10,837.75
Average Shareholder's equity	11,456.52	9,775.72
Earnings		
Profit after taxation	1,135.19	1,042.05
Add: Provision for loan and advances	684.02	1,126.38
Less: Write off during the year	-	-
	1,819.21	2,168.43
Average cost of equity (Based on weighted average rate of treasury bill & bond issued by the Bangladesh bank) plus 2% risk factor	10.00%	12.00%
Average cost of equity	1,146	1,173
Economic Value Added	673.56	995.34
Growth over last year	-32.33	42.20

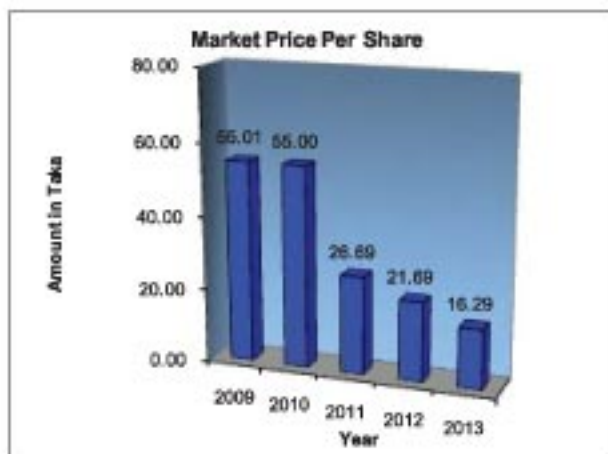
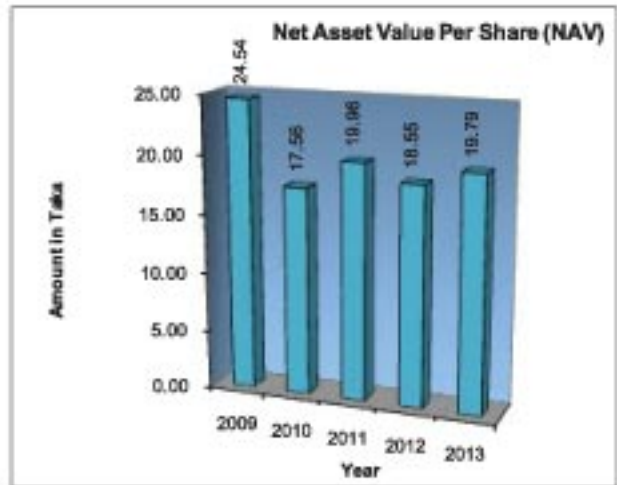
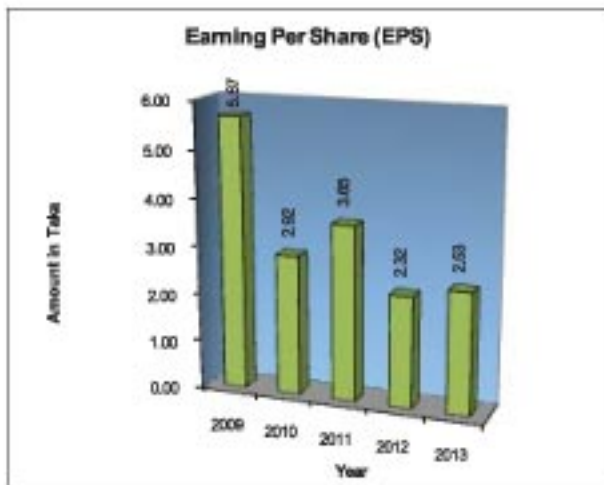
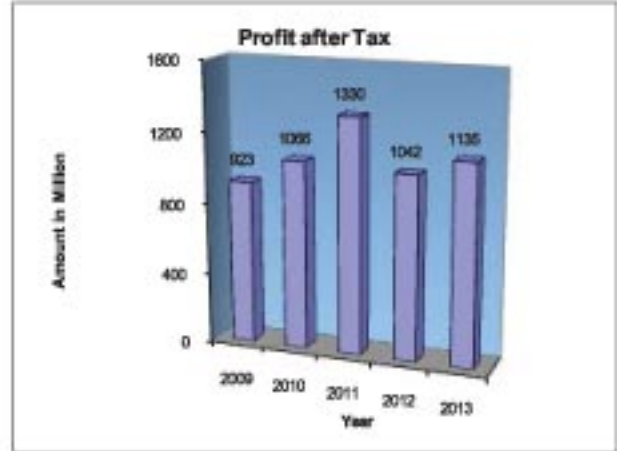
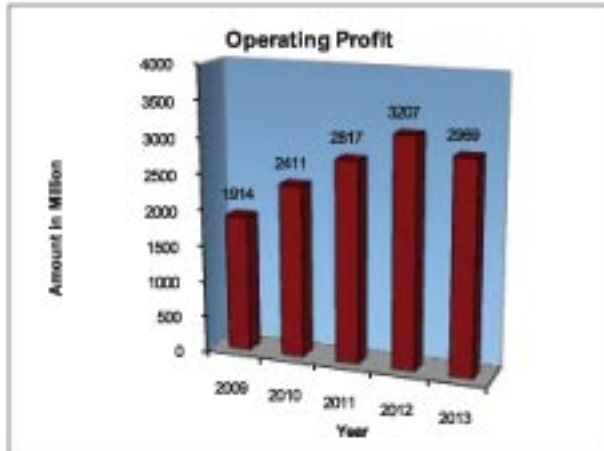
Market Value Added (MVA) Statement for the year ended 31 December, 2013

Market Value Added (MVA) is the difference between the current market value of a company and the capital contributed by the investors. Higher MVA is better for the organization. A high MVA indicates that the company has created substantial wealth for the shareholders. A negative MVA means that the value of management's actions and investments are less than the value of the capital contributed to the company by the capital market.

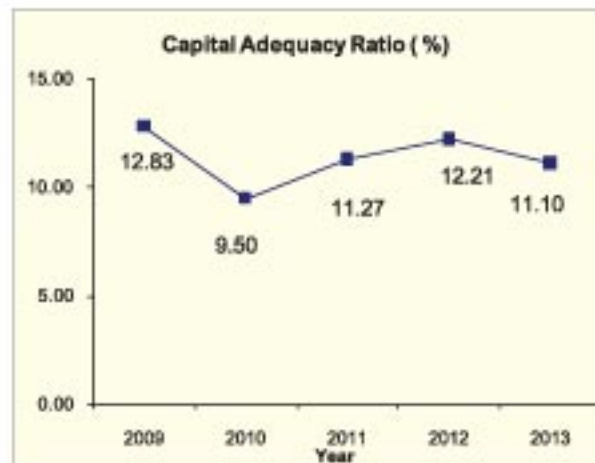
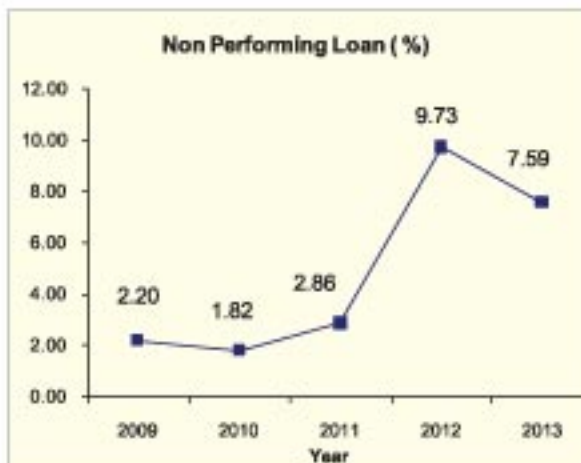
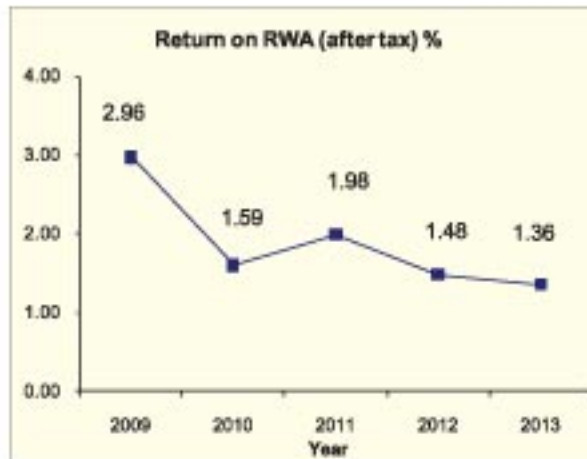
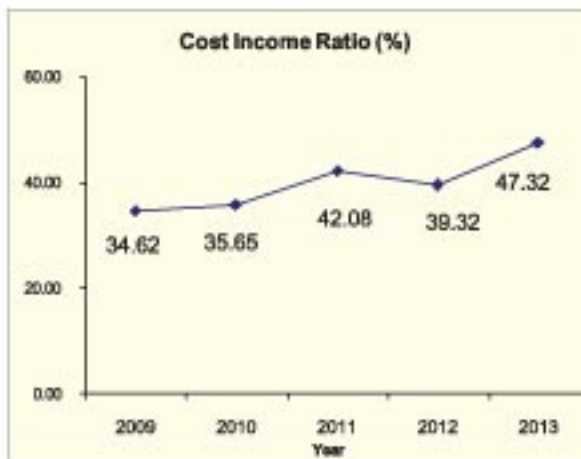
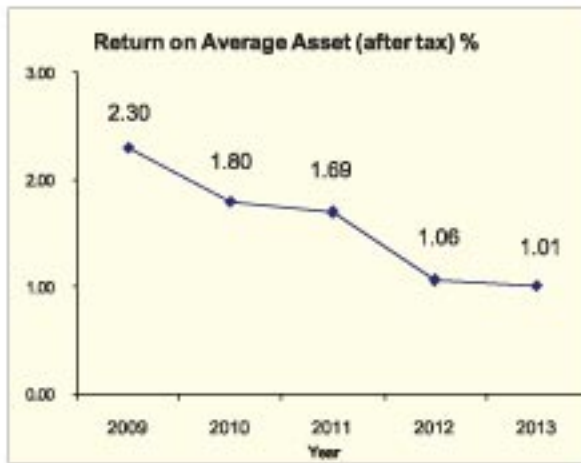
Particulars	2013	2012
Market Value of Total Equity	7,310.14	9,733.39
Less: Book Value of Total Equity	8,880.94	8,324.83
Market Value Added	(1,570.80)	1,408.56

Total Number of share outstanding	448.75	448.75
Market Value per share	16.29	21.69
Book value per share	19.79	18.55

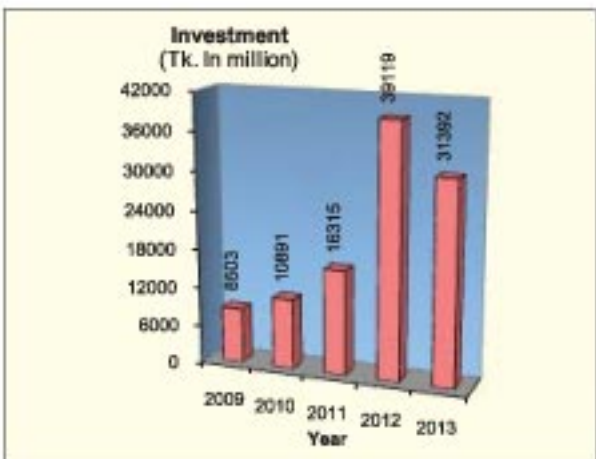
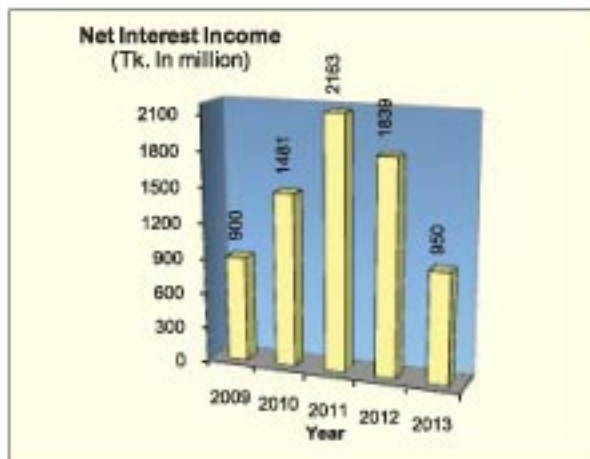
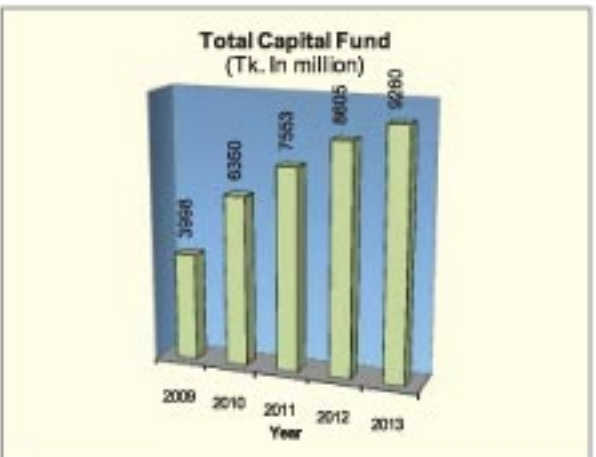
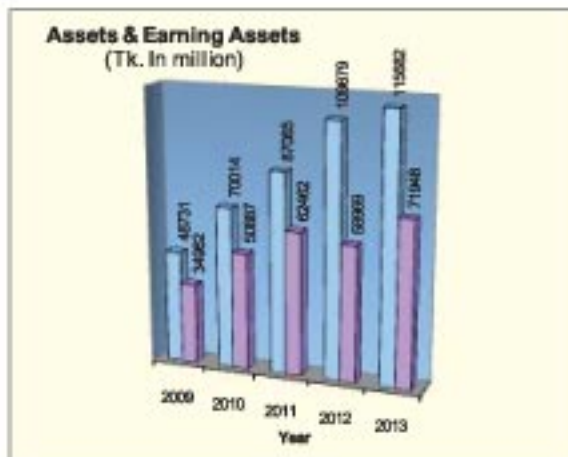
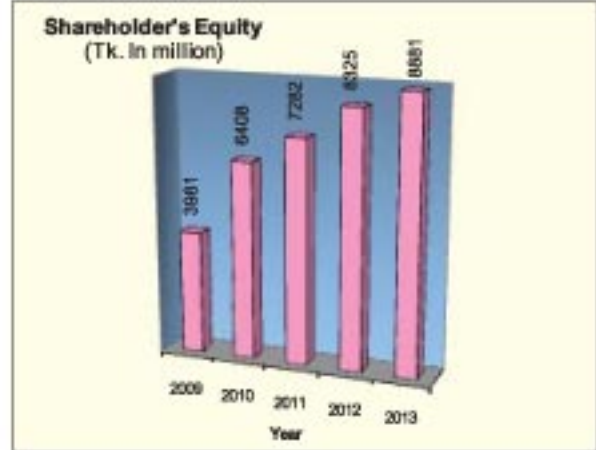
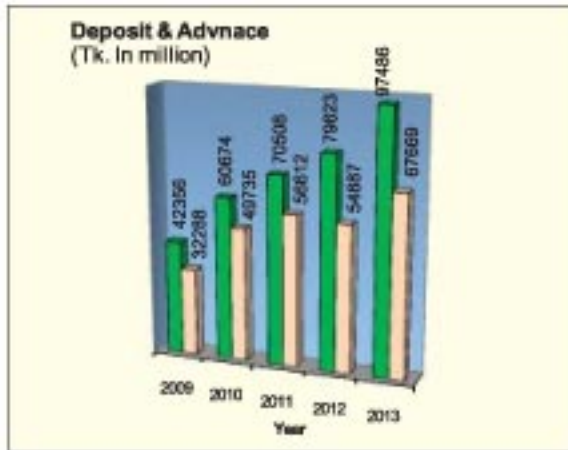
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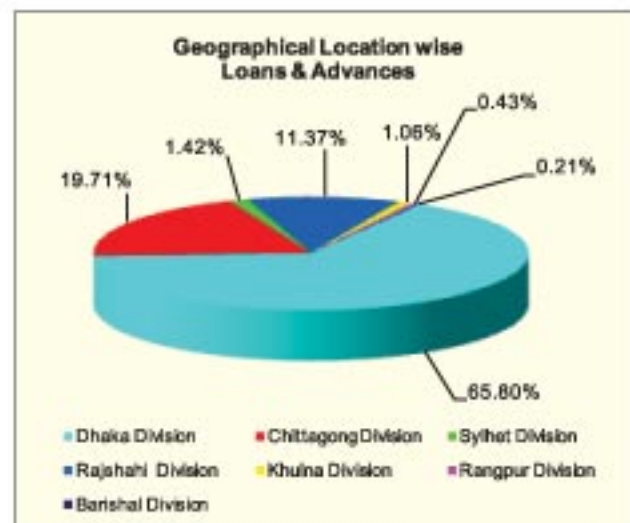
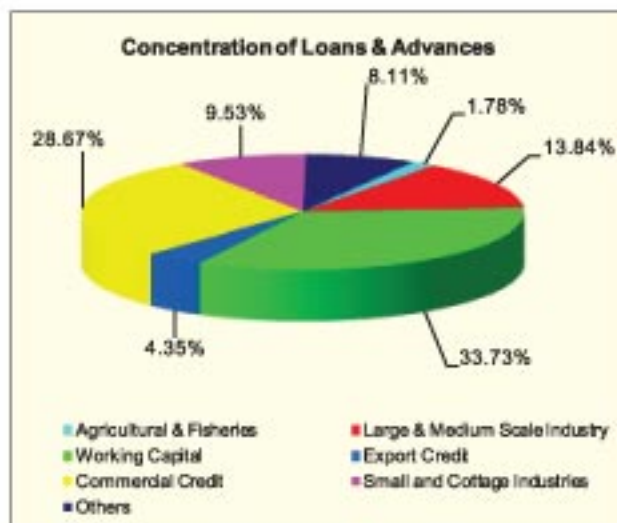
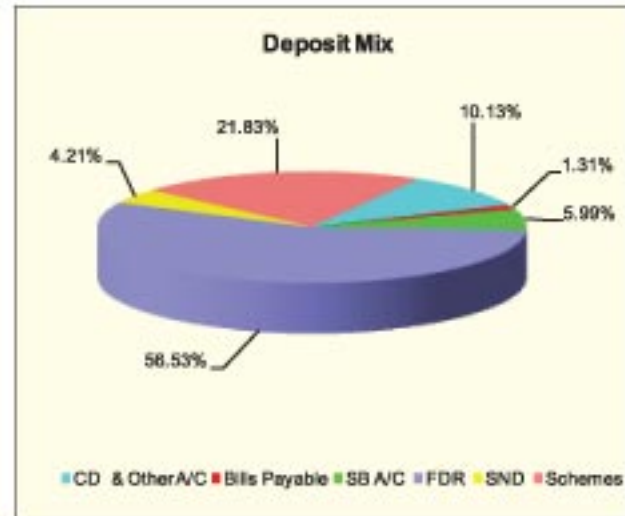
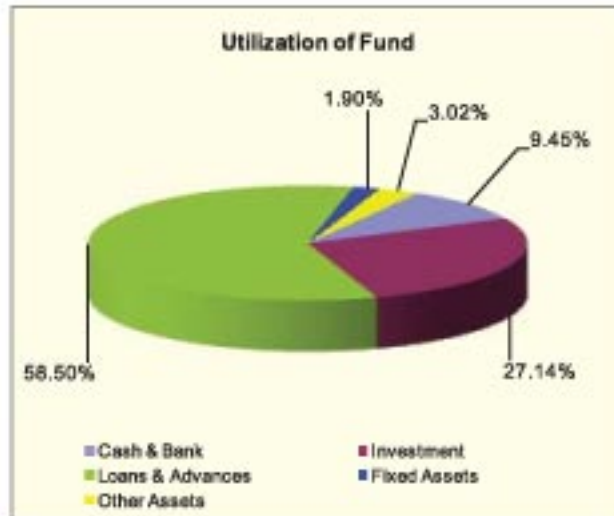
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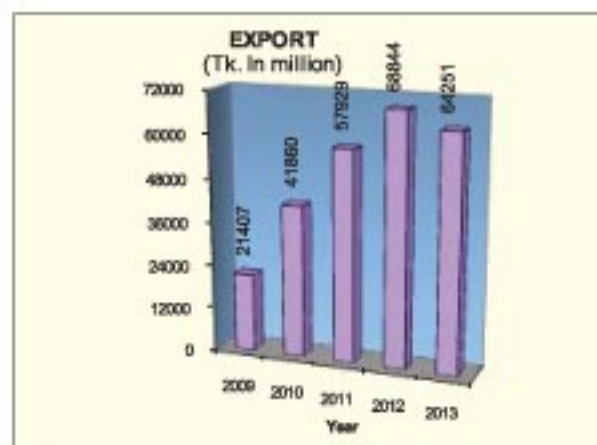
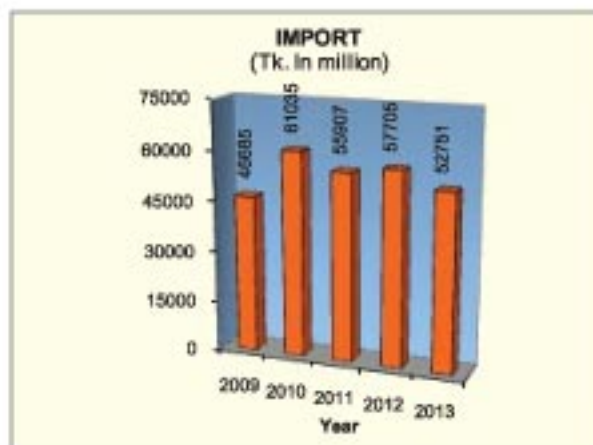
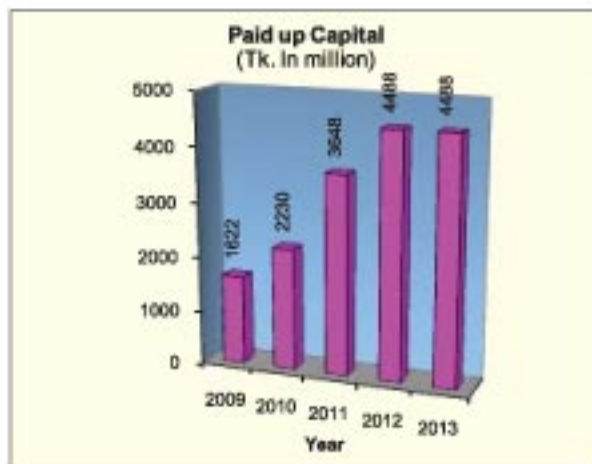
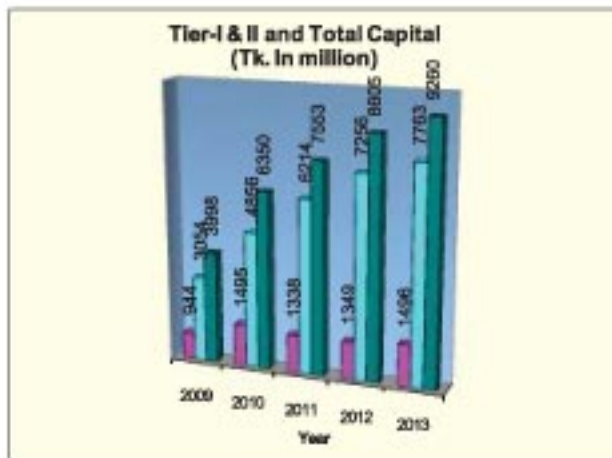
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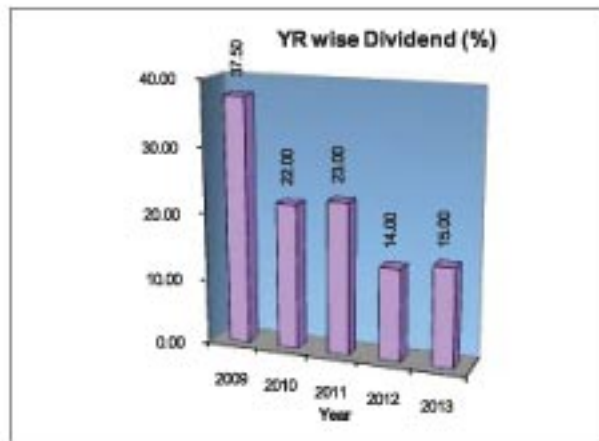
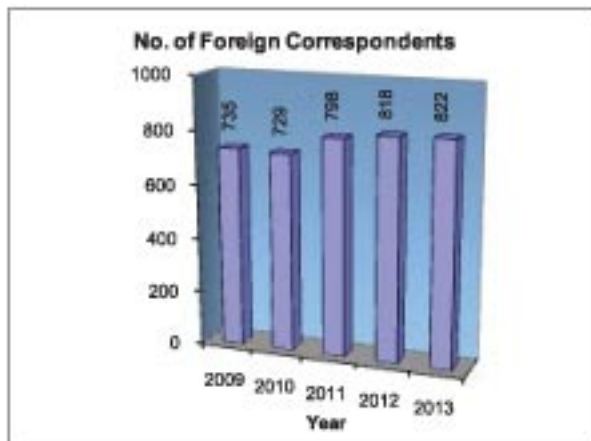
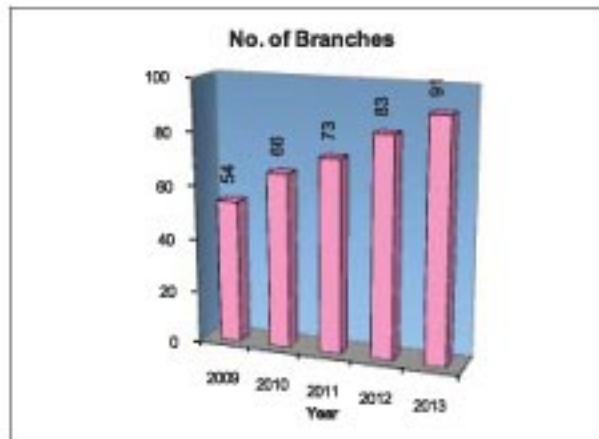
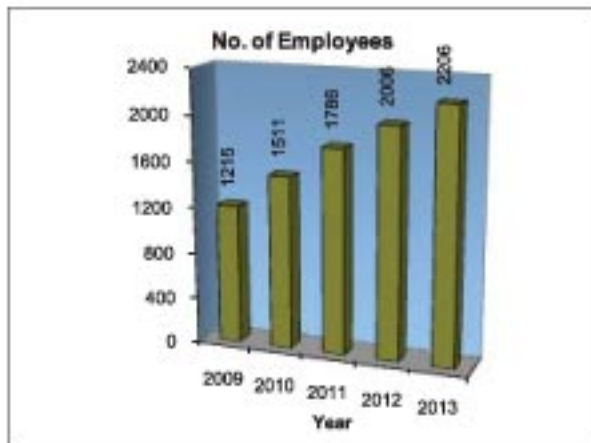
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Chairman's Statement

Mr. Shaheen Mahmud

Our awareness of this challenging condition will continue to guide us through even more difficult situation in the future and contribute to our all round efforts to remain one of the best Banks in Bangladesh in terms of assets management quality, profitability and bettering the Bank's service to its shareholders, clients, stakeholders and our employees.



Distinguished Shareholders

Greetings and Assalamu-Alaikum

My immediate Past Chairman has given you a brief account of our activities and achievement for the year 2013. As per Jamuna Bank's operating system, I have assumed the office of Chairman with effect from 27th April 2014.

I deem it a great privilege and honor to be elected Chairman of the Board and, thus, have an opportunity to do my best in offering my service to the Bank during the current year. You are aware that the key purpose of the Board is to seek to ensure the prosperity of the Bank by collectively directing the Bank's affairs while meeting the appropriate interests of its shareholders and relevant stakeholders and clients, taking into account the law, relevant regulations and commercial considerations.

The challenging condition for successfully wrapping up Banking business that my respected predecessor has stated in his message still exists and is not hoped for any favorable reversal soon. Our awareness of this challenging condition will continue to guide us through even more difficult situation in the future and contribute to our all round efforts to remain one of the best Banks in Bangladesh in terms of assets management quality, profitability and bettering the Bank's service to its shareholders, clients, stakeholders and our employees.

There has never been a dearth in our efforts to remain transparent and socially responsible and our CSR activities have been worth mentioning. All these efforts will continue with added vigor whilst openness to new ideas and new methods to encourage creativity will be sought for. Finally, I believe that singly we fail and together we succeed. So, let us work together for accomplishing our common goals in the year 2014.



Shaheen Mahmud
Chairman



Managing Director & CEO's Review

Shafiqul Alam

Having completed 12 years of stable existence, Jamuna Bank is positioned to deliver world class service to its customers.

The Bank has always been innovative and proactive in meeting the needs of its customer.

In this context we have already completed an agreement to implement a world-class core banking solution which will allow our customer to reap the benefits of superior and priority banking that is based on technology driven services.



MANAGING DIRECTOR & CEO

Bismillahir Rahmanir Rahim

Assalmu Alaikum

The impact of financial scams to which the bank had fallen victim to in 2012 carried over to year 2013, eroding the bottomline result which otherwise had seen a phenomenal growth of business. The Bank added another Tk 1225 crore to its risk asset portfolio, an increase of 24% over the year and December 2012 figure. In the face of uncertainties and challenges in the rapidly evolving business conditions, Jamuna Bank continued to implement changes to strengthen its areas of operations and ensure customer satisfaction in order to remain competitive and successful in the market. We have also increased network coverage by way of opening new branches and ATM's and enhanced service quality with wide range of product options. We have relocated our Banani, Uttara and Gulshan branches to new modern premises in good locations as our flagship branches where our customers will experience the highest quality of service in luxury settings.

Having completed 12 years of stable existence, Jamuna Bank is positioned to deliver world class service to its customers. The Bank has always been innovative and proactive in meeting the needs of its customer. In this context we have already completed an agreement to implement a world-class core banking solution which will allow our customer to reap the benefits of superior and priority banking that is based on technology driven services.

Our strategic objective for 2014 is to go for consolidation and organic growth, increase our capital base, continue compliance of Basell II requirements, roll out the CBS in the fastest possible time towards integration of business under centralization in to order increase efficiency and mitigate operational risk.

At Jamuna Bank we are aware that the growth and performance of the Bank is dependent on the quality of its human capital. We have focused strongly on the quality and development of our human resources. The Bank has arranged intensive training programs for employees of different grades. Leadership and Management workshops have also been organized for senior executives by HR professionals. We continue to recruit entry level officers through competitive exams in our effort to infuse youth and talent to the organization and quality lateral entry executives for specific positions are inducted on need basis thereby maintaining a balance between bright youths who have future potential with lateral entry experience.

Jamuna Bank has been contributing towards the people's welfare through its Corporate Social Responsibility (CSR) activities. We have been working to empower the community through socio economic development of the unprivileged, destitute and the needy. During the year, we undertook a number of CSR Initiatives and came strongly for economic emancipation of the poor and suffering people, support to the education sector, research and technology. The Bank has plans to implement more development programs in the upcoming years.

I take this privilege to express my sincere thanks to all the stakeholders especially my colleagues at Jamuna Bank who contribute strongly to the robust performance of the Bank in 2013. I would also like to place on record my note of thanks to the members of the Board for their strong support and prudent policy guidelines.



Shafiqul Alam
Managing Director & CEO



Directors' Report

Respected Shareholders,

Assalmu Alaikum

The Board of Directors of the Bank are happy to hold Annual General Meeting after concluding a year of exceptional achievement. The Jamuna Bank Limited has been noted for outstanding performance since its beginning and in many respects, its performance reached new levels in 2013.

JBL has come a long way since it rolled out its first growing banking business and went on to become a market leader. Among our accomplishments, we delivered record level financial results, maintained our banking structure, and made careful investments in the capital market. We also strengthened our commitment to make further strides in the development of our banking sector and capital market. As a result, the Jamuna Bank Limited remains well-positioned and continues to contribute to the growth of the national economy and generate longer term benefit for the country.

The Board of Directors supports the practice of good corporate governance in the Bank and endeavors to ensure a good organizational structure so that the Bank's operations are efficient, transparent and reliable. An internal control system and a risk management system have been established to ensure that the financial records are accurate.

The Board of Directors has appointed an Audit committee which comprises five directors including two independent directors one of whom as the Chairman of the Committee complying corporate governance guideline issued by the Bangladesh Securities & Exchange Commission and BRPD circular issued by Bangladesh Bank who are responsible for reviewing the financial reports and for maintaining the adequacy of the internal control and audit systems of the Bank. The Audit Committee has expressed its opinion with regard to the stated matters in the Report of the Audit Committee, which is presented in this Annual Report.

The Board of Directors is of the opinion that the Bank's overall internal control system is adequate, and appropriate and can reasonably assure the credibility of the consolidated financial statements of the Bank and its subsidiaries and the separate financial statements of the Bank for the year ended December 31, 2013.

Directors' Reports are prepared complying prevailing laws, regulations and guidelines issued by regulatory bodies. In this respect, a detailed discussion on such issues has been incorporated in the annexed report.

We express our heartfelt thanks and appreciation to Bank's distinguished shareholders, management, employees, valued customers, patrons for their support, commitment to facing challenges throughout the year 2013 and we express our thanks to all who will share their views, comments, invaluable suggestions during the annual general meeting. Finally we express deep gratitude to government offices, departments, directorates, Bangladesh Bank & Bangladesh Securities & Exchange Commission for their continued support and encouragement.

On behalf of the Board of Directors



Shaheen Mahmud

CHAIRMAN of the Board of Director



Report of the Audit Committee



The Audit Committee performed its duties and responsibilities according to the scope and authority assigned by the Board of Directors as defined for effective implementation of internal control system towards achieving strategic plan from time to time.

The Audit Committee comprises five members including two independent directors who fully meet the qualifications under the rules and practices stipulated by regulations/laws prevailing herewith. Details are hereunder:

From 01-01-2013 to 31-10-2013:

Name	Status
Mr. A. S. M. Abdul Halim, Independent Director	Chairman (AC)
Mr. Kanutosh Majumder, Chairman (BOD)	Member
Al-Haj Nur Mohammed, Director	Member
Mr. Sakhawat, Abu Khair Mohammad, Director	Member
Mr. Md. Sirajul Islam Varosha, Director	Member

The Audit Committee was reconstituted w.e.f. November 01, 2013 comprising of following members including two Independent Directors in the light of BRPD Circular No. 11 dated October 27, 2013 Issued by Bangladesh Bank and revised Corporate Governance Guideline dated September 03, 2013 issued by Bangladesh Securities & Exchange Commission (BSEC):

Name	Status
Mr. A. S. M. Abdul Halim, Independent Director	Chairman (AC)
Mr. Golam Dastagir Gazi, Bir Protik, Director	Member
Al-haj Md. Rezaul Karim Ansari, Director	Member
Mr. Md. Sirajul Islam Varosha, Director	Member
Mr. Md. Rafiqul Islam, Independent Director	Member

Throughout the year 2013, the Audit Committee held 14 (Fourteen) meetings. The Audit Committee reported the significance of its performed duties to the Board of Directors with a summary as follows:

1. Financial Statements

The Audit Committee reviewed the quarterly, half yearly and annual financial statements of the Bank itself and consolidated financial statements as well as disclosure of information supplementary to the financial statements and issues noted from the audit of financial statements made by the external auditors. The review was made along with the management from Financial Administration Division and with the external auditors. Furthermore, the Audit Committee held meeting(s) with the external auditors to discuss the independence of the auditors and restrictions or limitations in performing their duties and expressing opinions.

Considering the auditor's opinion expressed in the financial statements as well as the issues raised from examination of the external auditors, the Audit Committee opined that the Bank has maintained adequate control system for preparing the financial statements.

The Audit Committee considered and opined in line with the opinion of the external auditors that the financial statements fairly presented and adequately disclosed the reliable information in conformity with the Bangladesh Standards of Auditing. As per regulatory requirement, such audited financial statements along with the opinions of the external auditors have been considered and approved by the Audit Committee. The results of the consideration and approval made by the Audit Committee were presented to the Board of Directors for acknowledgement. Meanwhile, the findings/observations raised by the external auditors in the Management Report has also been brought into the consideration and acknowledgement of the Board of Directors as well. In the course of external auditors' duties, they have independently performed their duties without limitation.

2. Internal Control and Audit System

The Audit Committee considered the results of control assessment and the efficiency of the Bank and its subsidiary's management in relation to both operations and information technology through the reports of Internal Control & Compliance Division and those of external auditors. Appropriate discussion would be taken for ensuring the implementation of sound and adequate internal control system.

The Audit Committee considered and approved the annual audit plan and ensured that the audit scope covered the significant banking operations and any areas/processes, which expose high risk to the Bank based upon the result of risk assessment. The Audit Committee also reviewed the audit performance against the approved audit plan on a quarterly basis.

The Audit Committee was of the opinion that the Bank and its subsidiary maintained the appropriate and sufficient control system with sound management and remedial implementation. In addition, the audit systems have been sufficient, appropriate and capable to support business undertaking with sound supervision.

3. Regulatory Compliance

The Audit Committee supervised the Bank's compliance monitoring system through the operation of the Compliance Department. The supervision on the regulatory compliance of the Audit Committee is based upon the result of audit function. Anyway, the Audit Committee still regularly acknowledged reports on regulatory changes affecting the banking operations through the report of Compliance Department.

The Audit Committee opined that the Bank maintained the appropriate compliance functions to ascertain compliance with requirements and laws relevant to the banking business.

4. Statutory Auditors

Pursuant to the normal consideration process with regard to the selection of statutory auditors, the Audit Committee usually considers the performance, independency, and qualifications of the statutory auditors as well as the quality of their auditing services rendered to the Bank and its subsidiary.

The shareholders of the Bank has approved Syful Shamsul Alam & Co., Chartered Accountants as the statutory auditor of the Bank at 12th Annual General Meeting held on June 06, 2013.

Considering Bangladesh Bank guideline, the Management of the Bank placed Memorandum before the Audit Committee requesting to change the statutory auditors of the Bank ACNABIN, Chartered Accountants

for completing three consecutive years of Audit. As such the Committee considering performance, competency, strength, affiliation etc. recommended the Board for Syful Shamsul Alam & Co., Chartered Accountants among others for the year of 2013. Accordingly, the Board recommended Syful Shamsul Alam & Co., Chartered Accountants fixing remuneration for shareholders' consideration, which has been approved by them in the last Annual General Meeting.

In overall, the Audit Committee has performed its duties carefully, independently and expressed opinions with intent to optimize benefit for the Bank. The Audit Committee has annually assessed its performance for ensuring that it completely and effectively conducted according to its roles and responsibilities assigned by the Board of Directors and fully addressed the defined objectives.



A. S. M. Abdul Halim
Chairman, Audit Committee



Global Economy

Although economic activity showed signs of stabilizing in advanced economies during the year and even accelerated somewhat in emerging market economies, it was clear that continued turbulence was likely, at least in the near term. As middle of 2013 financial conditions had improved, but the road to a comprehensive and robust global recovery was expected to remain bumpy. Policy actions during the year 2013 addressed the gravest short-term risks, but growth prospects were little changed by the end of April 2013, and the global economy was evolving at different speeds - in various parts of the world improved financial conditions had not translated evenly into growth or other factors were acting as brakes. World growth hit a trough at about 2¼ percent in the second quarter of 2012, but picked up steam in the second half of the year, reaching 2¾ percent, and in early 2013, leading indicators pointed to a further acceleration of activity. In the advanced economies, in particular, the recovery was expected to proceed at different speeds, with the United States in the lead. Private demand in the United States had shown signs of strength, although the larger-than-expected fiscal adjustment was expected to keep real GDP growth at about 2 percent in 2013. The euro area was projected to remain in recession in 2013, with many economies facing continued fiscal adjustment, competitiveness problems, persistent differences or fragmentation in financial conditions, and deleveraging pressures stemming from private sector debt overhang, including in the banking sector. Japan, by contrast, witnessed a fiscal- and monetary-stimulus-driven rebound in 2013. Overall growth for advanced economies in 2013 was forecast to be 1¼ percent-no better than in 2012-although growth was expected to continue to gain momentum, reaching 2¼ percent in 2014. In emerging market economies and developing countries, the expansion of output was projected to become more broad based and accelerate steadily. After decelerating to 5.1 percent in 2012, activity was expected to reach 5.3 percent in 2013, before rebounding to 5.7 percent in 2014. The return to stronger growth was driven by resilient consumer demand, macroeconomic policy on hold, and exports reviving as the advanced economies recovered. However, some economies in the Middle East and North Africa were continuing to struggle with difficult internal transi-

tions. In contrast, the prospects for many dynamic low-income countries appeared stronger thanks largely to sound policy frameworks and earlier structural reforms.

Outlook of 2014

Advanced Economies are gradually strengthening. At the same time, growth in emerging market economies has slowed down. The confluence is leading to tensions, with emerging market economies facing the dual challenges of slowing growth and tighter global financial conditions. Although global growth prospects for 2014 (3.6%) is higher than the previous two years, the road to recovery in the advanced economies is projected to remain uneven. Global economic prospects have improved again, but the bumpy recovery and skewed macroeconomic policy mix in advanced economies are complicating policy making in emerging market economies. Key trading partners, the US and the EU, are projected to grow faster in 2014 but private demand still remains very sluggish in the Euro Area. On the other hand, Emerging Market and Developing Economies are experiencing a multispeed recovery process with growth projected at 4.5% in 2013 and 5.1% in 2014 - which have both been revised downwards by about 0.5% points since the July 2013 MPS (H1FY14). While China is projected to grow at around 7.3% in 2014 the Indian economy is projected to grow by 5.1%. Though the global crisis has been uneven and hesitant, clear and credible strategies are required for growth and job creation. Structural reforms will be required to all major economies to lift global growth and support global rebalancing.



Local Economy

Economic Growth

Bangladesh economy achieved a respectable growth of 6.0 percent during FY13 in a very challenging domestic and global economic environment. Using the FY96 base year, real GDP growth was 0.2 percentage point lower than 6.2 percent growth recorded in FY12. However a more updated 2005 base was recently released by BBS where growth in FY13 is estimated at 6.18 percent. In FY13, measured at current market prices, the GDP of Bangladesh recorded Taka 10,379.9 billion representing a nominal growth of 13.1 percent. In FY13, the country's per capita real GDP increased by 4.6 percent and per capita nominal GDP increased by 11.6 percent.

Agriculture Sector

The agriculture sector contributed 18.7 percent of total GDP in FY13 compared to 19.4 percent of total GDP in FY12. The output growth of agriculture sector moderated to 2.2 percent in FY13 from 3.1 percent of FY12. The deceleration of agricultural growth was largely due to the base effect of two consecutive years of record growth and lower than expected rice output which led to the crop sector only growing by 0.2 percent. Within the agriculture sector, the highest growth was achieved in the fishing sub-sector followed by the forest and related services sub-sector. Fishing sub-sector grew at a rate of 5.5 percent in FY13 against 5.4 percent recorded in FY12. The production of food grains (Aus, Aman, Boro and Wheat) increased by 0.9 percent from 34.8 million metric tons (MMT) in FY12 to 35.1 MMT in FY13 reflecting slightly higher Aman, Boro and Wheat production.

Industry Sector

The country's industry sector grew substantially by a healthy 9.0 percent in FY13. The sustained increase in mining and quarrying, construction and large and medium scale spurred the growth in the industry sector. The manufacturing sub sector decelerated slightly to 9.3 percent growth in FY13 compared to 9.4 percent in FY12 due to subdued domestic and external demand. The large and medium scale manufacturing which accounted for 73 percent of the manufacturing sub-sector grew by 10.3 percent in FY13 compared to 10.5 percent in FY12. On the other hand, small scale manufacturing sub-sector which contributed about 27.0 percent of the total output of the manufacturing sector grew by 6.8 percent in FY13, slightly higher than 6.5 percent in FY12. Small scale manufacturing showed upward growth in FY13. Production of both large and medium scale manufacturing industries showed growth during FY13. The export of woven garments and knitwear, the country's two key export industries showed a growth of 15.0 percent and 10.4 percent respectively in FY13. However, exports of raw jute, tea, frozen food and chemical products showed a downward growth during the year. Growth of the construction sub-sector increased to 8.1 percent during FY13 from 7.6 percent in FY12. Growth in the power, gas and water supply sub-sector (8.6 percent in FY13) was lower than FY12 but higher than the earlier two years.

Services Sector

The services sector growth moderated to 5.7 percent in FY13 compared to 6.0 percent in FY12. The moderation in this sector growth was led mainly by a slowdown in wholesale and retail trade and financial intermediation. Wholesale and retail trade, which accounted about 28.5 percent of the sector, grew by

4.7 percent in FY13 against 5.6 percent in FY12. Financial intermediation achieved a lower growth of 9.0 percent in FY13 compared to 11.0 percent in FY12 largely due to lower profitability in the banking sector. Growth in real estate, renting and business activities, social and personal services, transport, storage and communication and hotel and restaurants sub-sectors remained virtually unchanged in FY13 compared to the previous year. The education sub-sector exhibited an impressive growth of 9.7 percent in FY13, significantly higher than the 7.2 percent of FY12, possibly due to the growth of new institutions of higher education.

Inflation

Point to point inflation data using the 2005/06 base broadly shows that food inflation has risen steadily from 1.75% in September 2012 to 9.00% in December 2013. The reasons relate to higher distribution costs due to the frequent nationwide strikes, and the fact that Indian food inflation has also risen sharply which is also correlated with Bangladesh food inflation. On the other hand, point to point non-food inflation is steadily declining, having peaked in October 2012 at 11.28% and has declined steadily to 4.88% in December 2013. However, the rise in food inflation is pushing up average inflation which bottomed out at 6.06% in January 2013, rose to 6.78% in June 2013 and is 7.53% in December 2013.

Call money rates

Call money rates have declined since their peaks in early 2012 when they were around 20%, and also fell in H2FY13 from around 10% in January 2013 to around 7% in June 2013. They have since leveled off ranging from around 7-8% in H1FY14. This is also reflected in below average loan to deposit ratios. At the retail level both deposit and lending rates fell in H2FY13 and since interest rate spreads have on average fallen – from 5.13% in June 2013 to 4.97% in November 2013 – we can infer that lending rates have fallen faster than deposit rates. Domestic lending rates have fallen due to lower cost of funds for banks, lower demand for credit as well as due to increasing competition from overseas lenders whose lending rates are in single digits.

Interest Rates on Deposits and Advances

The weighted average interest rate on deposits was stable throughout FY08-FY09; it decreased in FY10 and reached at 6.01%. Again, it started to increase since FY11 and gradually reached 8.54% in FY13. Rate of advances however moved downward during FY08 to FY10 but increased in FY11 and FY12. Further it declined to 13.67 percent in FY13. The trend of the spreads between advances and deposits rates was above 5 percent in the recent years except FY09 and in FY13 spread rate was 5.13 percent.

Public Finance

● Expenditure

The current expenditure in the revised FY13 budget was 15.2% higher than the actual FY12 budget. The total public expenditure in the revised FY13 budget amounted to Tk. 1,893.3 billion, mainly by increased ADP expenditure. ADP of Tk. 523.7 billion in the revised FY13 budget turned out 39.6% higher than the actual FY12 ADP, it fell short of the target by 4.8%. The actual utilization of ADP during FY13 was 96.0% of the revised allocation. Total ADP expenditure increased by 45.3%, while current expenditure increased by only 2.0%, total government expenditure is estimated at Tk. 1679.1 billion which is 13.3% higher than FY12 and 88.7% of FY13 budget. At the same time, the other expenditure category which includes subsidies on petroleum and electricity increased by 57.2% to Tk. 340.2 billion in FY13 which is also higher than the FY13 budget.

● Revenue

During FY13, revenue collection was 95.3% of the annual budgeted amount which was Tk. 1,396.7 billion almost equal to the target. The revenue collection in the revised FY13 budget increased by 21.8% over the actual FY12 revenue. The tax revenue which constitutes 83.6% of the total revenue receipts increased by 22.7% compared to 19.7% growth in FY12. The non-tax revenue displayed lower growth rate of 17.4% in the FY13 compared to 44.8% increase in the preceding fiscal year. The total revenue receipts as percentage of GDP rose to 13.5% in FY13 compared to 12.5% in FY12.

External Sector

● Export

Total exports in FY13 had a strong growth over the same period of FY12. Aggregate exports increased by 11.2% in FY13 to USD 27,027.40 million from USD 24,301.90 million in FY12. Export earnings increased to USD 29,113 million up to December 2013. This growth was mainly due to increased exports of jute goods, leather, frozen food, woven garments and knitwear products while exports of raw jute, tea and terry towels declined compared to FY12. But unless there is a dramatic change in politics, export will suffer and once export receipts fall, it will affect financial sector, employment and related service sectors seriously.

● Import

Import payments remained sluggish during the year. Import payments (fob) in FY13 were USD 33,576.0 million registering a positive growth of 0.8% compared to USD 33,309.0 million in FY12. Overall import payment was USD 33.97 billion up to December 2013. This reflects the higher domestic production, lower imports of food grains. Imports of intermediate goods mainly used for manufacturing output decreased by 1.3%. Overall opening of LCs for imports decreased by 2.8% during FY13.

● Remittance

Remittance inflows play an effective role in poverty alleviation, supporting development process and in humanizing standards of living. Remittance growth of

12.6% which was USD14, 338 million in FY13 is higher than USD 12,734 million in FY12, though this growth did slow during the second half of the year. This slowdown is a function of a 34% drop in the number of migrant workers between July- April FY13 relative to the same period in FY12. Remittance inflow stood at USD 13, 832 million up to December 2013.

Monetary Policy

The July-December 2013 Monetary Policy was based on certain key assumptions and policy directions. A review of developments over the past six months suggests that most of these key assumptions materialized and solid progress was made towards the key goals. Broad money growth of 16.7% in November 2013 was close to program targets. Bangladesh Bank's facilitation of private sector trade credit from abroad led to some switching to lower cost overseas financing with overall private sector credit growth, from both local and foreign sources, amounting to 13.8% in November 2013. Improved external balances are reflected in the accumulation of international reserves of about USD2.5 billion during H1FY14 with gross reserves of over USD 18 billion at the end of December 2013, sufficient to cover about 5.5 months of projected imports. The Taka: USD nominal exchange rate remained stable in H1FY14 and Bangladesh Bank's interventions in the foreign exchange market have significantly limited the loss of external competitiveness by stemming the appreciation of the Taka. Latest data shows that there was a reduction in involvement from 34% of all government securities in FY13 to 26% in H1FY14.

Outlook of 2014

Inflation, 7.53% in December 2013 is higher than the projection 7.00% for the year 2014, which 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 because of the reduction in outgoing migratory workers, which was intensified in the last couple of months of 2013. However increase in export and decrease in import growth depreciated USD against Taka. Decrease in Repo rate is an indication of the availability of liquidity. But over the year low demand of loans and advances enables banking industry to get a satisfying deposit. While global growth prospects for 2014 are expected to be marginally better than 2013, 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 2014 in advanced economies remains bleak while growth has slowed in developing countries. In the year 2014 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.

Credit Rating Agency of Bangladesh Limited



Ref: AGL (01)/RCM/130618/2013-1876

04 July 2013

Mr. Shafiqul Alam
Managing Director
Jamuna Bank Limited
Hadi Mansion, 2 Dilkusha C/A
Dhaka - 1000

Subject: Credit Rating - Jamuna Bank Limited

Dear Sir,

We are pleased to inform you that Credit Rating Agency of Bangladesh Ltd. (CRAB) has assigned the following ratings to Jamuna Bank Limited:

Particulars	Ratings
Long Term	A ₁
Short Term	ST-2
Outlook	Stable

The entity rating is valid up to 30 June 2014. The ratings may be changed or revised prior to expiry, if warranted by extraordinary circumstances in the management, operations and/or performance of the entity rated. We are transmitting to you the copies of the rating report.

We hope the Rating Awards will serve the intended purpose of your organization.

Yours Sincerely,

Hamidul Huq
Managing Director



Financial Performance Review-2013

The Bank met or exceeded almost all of its published objectives for 2013, as illustrated below. As a result of its strong commitment to improve its efficiency and profitability ensuring compliance of all regulatory requirements, the Bank consistently improved its performance. Furthermore, the Bank maintained its financial strength through sound risk, liquidity and capital management.

Total Assets

The total assets of the Bank as on 31.12.2013 rose to Tk.115,681.64 million from Tk.109,678.51 million as on 31.12.2012 which indicated 5.47% growth of assets over the preceding year.

Cash and Balance with Bangladesh Bank and its Agent

The amount of cash and balance with Bangladesh Bank and its Agent as on 31.12.2013 was Tk.6,650.51 million while it was Tk. 6,962.96 million as on 31.12.2012.

Balance with other banks and financial institutions

The total amount stood at Tk.4,278.98 million as on 31.12.2013 and Tk. 3,512.00 million as on 31.12.2012.

Money at Call & Short Notice

The amount stood at nil as on 31.12.2013 while it was Tk.570.00 million as on 31.12.2012.

Investment

The investment portfolio of the Bank as on 31.12.2013 was Tk.31,392.19 million while it was Tk. 39,118.93 million as on 31.12.2012. The investment portfolio was blended with Government Treasury bills/ Treasury Bonds of Tk.30,666.75 million

and investment in primary/secondary shares of Tk.725.44 million. The Bank's major portion of investment is in Govt. Treasury Bills and Bonds for the purpose of fulfilling Statutory Liquidity Requirement as well as an approved dealer of the same.

Loans and Advances/Investments

JBL was in constant efforts to explore different areas of credit operation and could maintain the credit portfolios of Tk.67,669.37 million in 2013 while it was Tk. 54,887.03 million in 2012. In order to ensure compliance with regulatory requirements for avoiding risk of exposure to single borrower, concentration on large loans, to bring in excellence in credit operation in relation to risk management, yield, exposure, tenure, collaterals, security valuation etc. the portfolio of loans and advances increased 23.28% in 2013 from the year 2012. JBL strived for further diversification of credit portfolios. Its credit facilities were concentrated on Trade Finance, SME finance, Agriculture and related sectors, project finance, wholesale and retail trade, transport sector, hospital & diagnostic centres and syndicate financing for big projects, capacity additions to the manufacturing sector and structured financing for developing infrastructure of the country.

Total Non-performing loans and advances/Investments

Total non-performing loans and advances was Tk.5133.75 million as on 31.12.2013 while it was Tk. 5,337.87 million in 2012. The percent of non-performing loans and advances as on 31.12.2013

7.58% while it was 9.73% in 2012. The percentage of classified loans and advances decreased in 2013 due to recovery and regularized following Bangladesh Bank guidelines. Required Provision has been kept against all non-performing loans and advances as per directive of Bangladesh Bank.

Liabilities

Total Liabilities of the Bank stood at Tk.106,800.70 million as on 31.12.2013 which was Tk. 101,353.68 as on 31.12.2012.

Borrowing from Bangladesh Bank Financial Institutions and agents

Borrowing from Bangladesh Bank, other banks, financial institutions and agents stood at Tk. 3,677.27 million as on 31.12.2013 while it was Tk.17,088.21 million as on 31.12.2012.

Deposits

Total deposits stood at Tk.97,485.61 million as on 31.12.2013 which was Tk.79,623.13 million as on 31.12.2012. The growth of deposits Tk.17,862.48 million being 22.43% over the previous year.

Deposits Mix and Growth

JBL attaches utmost importance to the deposit mobilization campaign and to the optimal deposit mix for minimizing COF as far as practicable. JBL was able to instill confidence in customers as to its commitments to the depositors and borrowing customers and thereby could mobilize a total deposit of Tk. 97485.61 million in 2013 against that of Tk.79623.13 million in the preceding year showing an increase of Tk.17862.48 million being 22.43 percent. For healthy growth of business JBL puts emphasis on no cost and low cost deposit all the time. A number of savings schemes are in place for mobilizing long term deposits, which can be planned to invest in term loans in the area lease finance, project finance and SME and retail finance with a view to having better yield. JBL's such move will motivate the people to have good savings habit, as well. The comparative position of deposit mix of the Bank as on 31.12.2013 and 31.12.2012 is depicted below:

(Tk. in Million)

Type of Deposit	As on 31.12.2013	As on 31.12.2012	Changes (+/-)	Changes in % over the Year
Current/AI wadeeah current accounts and other accounts	9576.97	8738.37	838.60	9.60
Bills Payable	1274.22	1211.96	62.26	5.13
Savings/Mudaraba savings bank deposits	5835.91	5046.42	789.49	15.64
Fixed/Mudaraba fixed Deposits	55112.24	44680.76	10431.48	23.35
Short Notice Deposits	4106.63	3832.90	273.73	7.14
Deposit Under Special Scheme	21282.43	15915.01	5367.42	33.72
Foreign Currency Deposit	297.21	197.71	99.50	50.32
Total Deposit	97485.61	79623.13	17862.48	22.43

Capital Adequacy Ratios

According to the instructions contained in Bangladesh Bank's BRPD Circulars No. 10 & 24 dated March 10, 2010 and August 03, 2010 every commercial bank operating in the country is required to maintain at minimum 10 percent of its risk-weighted assets as capital from July 01, 2011. Jamuna Bank Limited could maintain Capital Adequacy ratio of 11.10 percent as at 31.12.2013, which was 1.10 percent higher than that of Minimum Required Capital Adequacy Ratio. The amount of capital with break-up is given below:

(Tk. in Million)

Particulars	2013	2012
Tier I Capital	7763.33	7256.39
Paid up Capital	4487.54	4487.54
Share Premium Account		
Statutory Reserve	2596.54	2139.56
Right Issue Subscription Money		
Retained Earnings	679.25	629.29
Proposed Bonus Share		
Tier II capital	1496.47	1348.89
General provision maintained against unclassified Loans & Advances	645.33	533.11
General provision maintained against off balance sheet exposures	292.34	281.56
Revaluation reserve of Govt. securities (50% of the total revaluation reserve)	27.05	2.47
Assets Revaluation Reserve (50% of total revaluation reserve)	531.75	531.75
Exchange Equalization Account		-
Total Capital (Tier I + Tier II)	9259.80	8605.28

From the above it reveals that Jamuna Bank Limited was able to increase its core capital from Tk. 7256.39 million to Tk. 7763.33 million and supplementary capital from Tk. 1348.89 million to Tk. 1496.47 million and total capital increase from Tk.8605.28 million to Tk. 9259.80 million.

REACHED BDT 4,000 MILLION CAPITAL:

Bangladesh Bank (BB) has mandated all the commercial banks vide BRPD circular letter no. 11 dated August 14, 2008 to raise the capital (the sum of paid up capital and statutory reserve) to BDT 4,000 million by August 11, 2011 with minimum paid up capital of BDT 2,000 million. By the same circular Bangladesh Bank has restricted banks from paying any cash dividend until a bank fulfills the above requirements. As shown in the Balance Sheet, our capital (paid up capital and statutory reserve) as on December 31, 2012 has crossed that mark and stood at BDTk. 7084.08 million (of which paid up capital was BDT 4487.54 million) and as on 31.12.2013 total capital of the Bank reached at Tk. 9259.80 million.

Analysis of Income Statement of JBL Financial Key Performance Indicators

- Deposits and loans are the two important elements considered in monitoring the performances. This helps the management to plan business expansion vis-à-vis liquidity. Deposit performance is measured in terms of cost of deposits. Credit is monitored in terms of yield on advance and impairment charges. Jamuna Bank lead in liquidity management among the conventional private commercial banks;
- Asset and liability mix is monitored to ensure expected profitability, efficiency as well as to achieve diversification;
- Off-balance sheet exposure i.e. letter of credit, export and guarantee are monitored as these are important sources of fee based income. Margin and commission aspects are looked into;
- Revenue growth and revenue mix indicate the business growth and sources of income. This helps the management how well is our business mix and what actions to be taken for balanced growth;
- Cost to income ratio is an important tool which the management uses to determine the efficiency of consumption of resources for creating income;
- NPL ratio measures the asset quality of the bank and helps in managing asset portfolio;
- Net profit before tax measures the operating efficiency of the management and is important

for determining the productivity of the employees;

- Return on average equity measures the return on the average capital invested in the business;
- The dividend policy of the bank aims to deliver sustainable and growing returns to shareholders by remaining a responsible citizen;
- The earnings per share ratio shows the level of earnings generated per ordinary shares.

Going Concern

Going concern of JBL'S Business there are no significant doubts upon the Bank's ability to continue as a going concern. The financial statements of the Bank have been prepared on the assumption that the Base is a going concern and will continue in operation for the foreseeable future. Hence, it is assumed that JBL has neither intention nor the need to liquidate or curtail materially the scale of its operations.

Appointment of Auditors

M/s Syful Shamsul Alam & Co. Chartered Accountants, the audit firm as per Bangladesh Bank's list of the qualified Chartered Accountants has been appointed as the External Auditors of the Bank in the 12th Annual General Meeting held on June 06, 2013 will be retired and is eligible for re-appointment as per BRPD Circular Letter No. 12 dated July 11, 2001 and the Board of Directors has recommended for re-appointment of M/s Syful Shamsul Alam & Co. Chartered Accountants as Auditor of the Bank for the year 2014.

Dividend

After making all provisions and appropriations, the Board has recommended 15% stock dividend (i.e. 15 Bonus shares against existing 100 shares) out of profits for the year ended on 31.12.2013 based on the audited accounts for approval by the shareholders in the ensuing 13th Annual General Meeting.

Payment to National Ex-chequer

During the year 2013 payment made to National Ex-chequer of Tk. 140, 44,34,446 against VAT and tax deducted at source as well as of Tk. 133,78,88,877 made payment as income tax against profit of the Bank for the year 2012.

Financial performance: Giving the changing economic and business conditions, the financial performance of JBL in 2013 was expectedly consistent. Besides, restraining aggressive lending, JBL diversified its funding source, recovered more bad loans, ensured quality of assets and fostered control and compliance during the year. Gross loans to deposit ratio has increased to 69.41 percent as on year-end 2013 against 68.93 percent at year end 2012 which adequately fulfill the regulatory requirement of 81%. Operating income slightly decreased to Tk.2968.91 million as on 31.12.2013 from Tk. 3206.90 million as on 31.12.2012.

Financial Highlights: The key features of the financial performance for the year 2013 are summarized in the following table:

(Tk. in Million)

Particulars	Year 2013	Year 2012
Net interest income (NII)	949.83	1839.20
Profit before provision and tax/Operating profit	2968.91	3206.90
Provision for loans and contingent assets	684.02	1126.38
Profit before tax for the year (PBT)	2284.89	2080.52
Profit after tax (PAT)	1135.19	1042.05

Appropriations: The Profit and Loss account for the year 2013 shows Profit after tax (PAT) of BDT 1135.19 million and the distributable profit is BDT 679.25 million after a mandatory transfer of BDT 456.97 million (20 percent of profit before tax) to statutory reserve.

(Tk. in Million)

Particulars	Year 2013	Year 2012
Profit after tax	1135.19	1042.05
Retained earnings carried forward from previous year	1.04	3.34
Profit to be appropriated	1136.23	1045.39
Transfer to statutory reserve	456.98	416.10
Net profit after appropriation/Retained surplus	679.25	629.29

Net Interest Income

The net interest income as on 31.12.2013 was Tk.949.83 million while it was Tk. 1,839.20 million in 2012. Due to increase of deposits as well as as expenditure on deposits and borrowings, net interest income decreased during the year 2013.

Investment Income

Total investment income of the bank was Tk.3330.36 million in 2013 while it was Tk.2007.15 million in

2012. Due to increase of yield on treasury bills/bonds investment income growth significantly during the year 2013.

Non-Interest Income

Total non- interest income was Tk.1355.46 million in 2013 and Tk.1438.77 million in 2012. Due to decrease of exchange gain income total non-interest income decreased during the year 2013.

Non-Interest Expenses

Total non-interest expenses was Tk.2,666.75 million in 2013 while it was Tk. 2,078.22 million in 2012. Due to revised of salary of the employees as well as expansion of branches total non-interest expenses increased during the year 2013.

Net Profit Before Tax

The net profit before tax of the bank was Tk.2,284.89 million as on 2013 which was Tk.2,080.52 million in 2012.

Provision for Income Tax

Total Tax provision including deferred tax was Tk.1,126.85 million in 2013 while it was Tk.1,017.66 million in 2012.

Net Profit After Tax

The net profit after tax of the bank was Tk.1,135.19 million in 2013 while it was Tk. 1,042.05 million in 2012.

Earning Per Share (EPS)

Earning per share was 2.53 as on 31.12.2013 while it was 2.32 as on 31.12.2012.

Statutory Reserve

Provision for Statutory Reserve of the Bank Tk.456.98 million as on 31.12.2013 while it was Tk. 416.10 million in 2012.

Provision for Loans Advances and others

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

(Tk. in Million)

	During the year 2013	During the year 2012
Required Provision on Loans, Advances & Others	684.02	1126.38
Provision Maintained	684.02	1126.38
Volume of Classified loans & % of the same	5133.75 7.58%	5337.87 9.73%

IMPORT BUSINESS

The total import business handled by the Bank in 2013 was Tk.52,751.30 million compared to Tk. 57705.20 million in the preceding year a decrease of Tk.4,953.90 million being 8.58 percent negative growth due to political unrest over the year 2013.

EXPORT BUSINESS

The Bank handled export business worth Tk.64250.50 million in the year under report. In 2012 total export business handled by the Bank was Tk.68844.10 million. Thus there was a decrease of Tk.4593.60 million in export business handled by the Bank, being 6.67 percent negative growth over the preceding year due to political unrest over the year 2013.

Guarantee Business

The bank handled guarantee business amounting to Tk.5578.10 million in 2013 while it was Tk.4515.30 million in 2012. Thus there was an increase of Tk.1062.80 million in guarantee business by the bank, being 23.54% growth.

Remittance Business

The total remittance of the bank in 2013 was Tk. 6859.00 million while it was Tk.4029.00 million in 2012. It indicated 70.24% growth over the preceding year 2012.

Variance Between Quarterly and Annual Financial Performance

To measure the variance, following financial results of each quarter was analyzed/compared, Profit before/after tax was not considered due to abrupt change in position/deferred tax calculation.

(Figure in lac)

Particulars	Quarter-1	Quarter-2	Quarter-3	Quarter-4	Annually
A) Net Interest income	1,415.08	1,721.78	2105.00	4256.43	9498.29
B) Non-interest income	9471.25	11207.54	10353.38	15826.11	46858.28
C) Operating income (A+B)	10886.33	12929.32	12458.38	20082.54	56356.57
D) Operating expenses	5617.13	6038.77	6798.06	8213.53	26667.49
E) Operating profit (C-D)	5269.19	6890.55	5660.32	11869.02	29689.08

From the above, it was observed that there was no significant variance in 2013 except operating income of Q-4 (52.86% higher than that of Q-3) due to increase of interest income of Treasury Bills/Bonds.



Credit

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

Credit Rating of JBL

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

Credit Rating Report (Entity Rating)

Credit Rating Agency of Bangladesh Limited (CRAB) has shown the rating of the Bank A-1 and short-term rating to ST-2.

Credit Policy of JBL

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

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

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

The major points covered by the JBL credit policy are:

- Organizational structure.
- Segregation of duties.
- Implementation of the concept of relationship Banking
- Credit principles.
- Credit facilities parameter.
- Preferred areas of business.
- Discouraged business.
- Mode-wise credit exposure ceiling.
- Large loan concentration ceiling.
- Management of classified Loans and Advances to keep it at the lowest level.
- Credit budget with sectoral outlook and exposure ceiling.
- Procedure of credit operation including credit assessment.
- Credit Risk Grading System.
- Emphasizing on secured lending.
- Disbursement process, Documentation & Credit Monitoring.
- Delegation of approval authority.

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

Principles for extending Credit:

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

1. **Suitable services & products:** The Bank shall provide suitable credit services and products for the market in which it operates. Product innovation shall be a continuous process.
2. **Loans from Deposit:** Loans and advances shall normally be financed from customers deposit; not out of temporary fund or borrowing from money market.
3. **Maintaining Asset Quality:** Credit facilities shall be allowed in a manner so that credit expansion goes on ensuring quality i.e. no compromise with the Bank's standard of excellence. Credit is extended to customers who will adhere to such standards.

4. **Compliance:** All credit extension must comply with the requirement of Bank's Memorandum and Articles of Association, Bank Companies Act as amended from time to time, Bangladesh Bank's instruction circulars, Guidelines and other applicable laws, rules and regulations.
5. **Risk Return Trade Off:** The conduct of the loan portfolio should contribute, within defined risk limitation, to achieve profitable growth and superior return on the Bank's capital.
6. **Relationship:** Credit sanction shall focus on the development and enhancement of relationship with customers and shall be measured on the basis of the total yield for each relationship with a customer (on the global basis), though particular transaction should also be profitable.
7. **Borrower Selection:** Credit facilities will be extended to those persons/companies, which can make the best use of the facility, thus helping maximize our profit as well as economic growth of the country. To ensure achievement of this objective, lending decision shall be based mainly on the borrower's ability to repay.
8. **Diversification:** The portfolio shall be well-diversified, sector wise, industry wise, geographical area wise, maturity wise, size wise, mode wise as well as purpose wise. Concentration of credit shall be carefully avoided to minimize risk.
9. **Remunerative:** If credit facilities are allowed on a transaction/one-off basis, the yield from the facility should be commensurate with the risk.
10. **Pricing:** Loan pricing shall depend on the level of risk and types of securities offered. Rate of interest is the reflection of risk in the transaction. The higher the risk, the higher is pricing. Interest rate may be revised from time to time keeping in view of the change in the cost of fund and market condition. Effective yield can be enhanced by requiring the customer to maintain deposit to support borrowing activities. Yield may be further improved by realizing Management fee & Commitment fee etc. where possible. Bangladesh Bank's guidelines should be followed in this respect.
11. **Staffing:** Proper analysis of Credit proposal is complex and requires high level of numerical as well as analytical ability and common sense. To ensure effective understanding of the concept and thus to make healthy overall credit portfolio of the Bank, policy of proper staffing is maintained in JBL through placement of qualified officials having right aptitude, formal training in

Credit Risk Analysis, knowledge in Bank's credit procedures as well as required experience.

Credit Budget

JBL prepares Credit Budget at the beginning of each year reviewing previous year performance & outlook for the current year considering factors like economic, regulatory, political environmental, sectoral need & global condition etc.

Budget is the numerical expression of a plan. It acts as the guideline for the operational people and streamline all the efforts to the desired way.

- a) Credit Budget is prepared such a way so that it can be used as yardstick to prevent unwanted credit concentration in one or few sectors. A bank with high concentration in one or few sectors is likely to be severely affected from any adverse change in the respective sectors. So, a sector-wise credit budget can be used as guideline to avoid sectoral concentration.
- b) The credit budget acts as a target to be achieved. It allows the management to review the performance with the budget & to take corrective action, if necessary.
- c) Since credit budget is prepared giving emphasis on potential sectors & for discouraging risky sectors, credit budget provides ready reference for identifying potential sector as well as risky sector. Obviously, some sectors bear good potential while some others may have reached the saturation stage. The risk factors differ from one sector to other.

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

JBL formulates credit budget indicating appetite for growth in different sectors, every year. For the year of 2013, JBL credit budget contains following:

1. Identified & prioritized areas of business.
2. Mode-wise credit exposure ceiling.
3. Large loan concentration ceiling.
4. Utmost attention on managing Classified Loans & Advances to keep it at the lowest level.
5. Credit Budget for the year 2013 with sectoral outlook exposure ceiling.
6. Credit Budget for the different segments of business like Corporate, SME & Retail, Agriculture.

7. Emphasizing on secured lending.
8. Compliance of Basel-II framework & other regulatory guidelines.
9. Loan pricing policy.
10. Delegation of approval authority.
11. Implementation of the concept of relationship banking.
12. Strengthening Credit Monitoring.

As a result total loans & advances reached to Tk.6708.11 crore in diversified & preferred areas of business in the year ended 2013.

Stages of Credit processing:

1. Credit Investigation.
2. Credit assessment, appraisal & analysis.
3. Loan structuring.
4. Loan sanction, documentation & disbursement.
5. Supervision, Monitoring, Follow-up & Recovery

Credit Risk Management

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

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

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

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

1. Risk in judicious selection of customer.

2. Risk in background & credit worthiness checking.
3. Risk in identifying business risk.
4. Risk in security coverage, valuation & perfection.
5. Risk of fund diversion.
6. Risk of end-use supervision, follow-up & monitoring.
7. Risk of not taking timely action.
8. Risk of negligence & not doing due diligence.

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

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

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

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

Credit Risk Assessment

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

- a) **Borrower Analysis:** Reputation, education, experience, age, success history & net worth of the borrower are considered to assess a borrower. Any issue regarding lack of management depth, complicated ownership structures or inter-group transactions are addressed in borrower analysis.
- b) **Industry Analysis:** To analyze an industry JBL considers industry position i.e. threat & prospect in the industry, risk factors pertaining to the industry, borrowers position or share in the industry.
- c) **Supplier/Buyer Analysis:** Analysis of concentration of supplier/buyer with future prospect gathering data/information from reliable source.
- d) **Analysis of Historical financials:** An analysis of a minimum of 3 years historical financial statements of the borrower is collected. The analysis addresses the quality and sustainability of earning, cash flow, and the strength of the borrower's Balance Sheets.
- e) **Projection of financial performance:** In considering proposal for term facilities, a projection of the borrower's future financial performance/cash flows for 3 years are estimated to ascertain that the borrower will be able to repay the installments/bank dues.
- f) **Focusing & considering different aspects:** During feasibility study technical aspects, infrastructural facilities, seasonality of demand, debt-equity ratio, account conduct of the borrower, security, environmental impact/issue, Socio-culture aspects and other relevant factors are considered to assess credit risks.
- g) **Analysis of account conduct:** Careful analysis of trade payments, cheques, principal and interest payments from account statements are done by the Bank's analysts.
- h) **Adherence to lending guideline:** Credit proposals should adhere to the bank's lending guidelines.

The following risks are looked into while analysing any credit proposal

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

Analysis and Mitigation Process:

- Credit Investigation and proper selection of borrower.
- Risk in type wise Loan/Advances facility should be not over/under assessment of actual need
- Structuring Credit Facilities Properly Tenor should be realistic/need based and within policy/guidelines.
- Security against facility
- Sanctioning carefully inserting required covenants
- Documentation/scrutinize properly before disbursement
- Supervision, Monitoring, follow up and recovery.

Credit Facilities Parameter

1. Maximum Size:

- Directives of Bangladesh Bank are meticulously complied in respect of maximum size of single customer/group exposure. At present, as per guidelines of Bangladesh bank, total outstanding of any single borrower /enterprise/organization of a group at any point of time can not exceed 35% of Bank's total capital subject to the condition that the maximum outstanding against fund based financing facilities (Funded Facilities) can not exceed 15% of the total capital. However, for export sector this limit is 50% of the bank's total capital. However, funded facilities shall not exceed 15% of the total capital in this case also.
- Loan sanctioned to any individual enterprise or any organization of a group amounting 10% or more of Bank's total capital is considered as Large Loan.
- Credit limit in each case is fixed after assessment of actual business need maintaining required Debt Equity Ratio, considering Debt Service Coverage Ratio, Pay Back Period, Security Coverage etc.

2. Maximum Tenor:

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

- Medium Term Loan: More than 12 months and up to 36 months.
- Long Term Loan: More than 36 months. Actual loan period shall be fixed considering repayment capacity and projected cash flow.

3. Securities:

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

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

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

Credit Risk Measurement:

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

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

Credit Risk Mitigation:

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

Corporate Banking

In the year 2013, JBL persisted in its key role in supplying business capital in the form of loans and organizing collective finance with a high standard of diligence and full compliance to help building economy, social and physical infrastructure of the country. Jamuna Bank Limited is well conversant with the sophistications of corporate lending modalities with a tailored approach to its corporate customers in a cost effective way. Our corporate banking continues to enjoy stout affiliation with premier corporate clients of the country providing comprehensive and customized services.

JBL Corporate division is segregated into different wings:

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

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

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

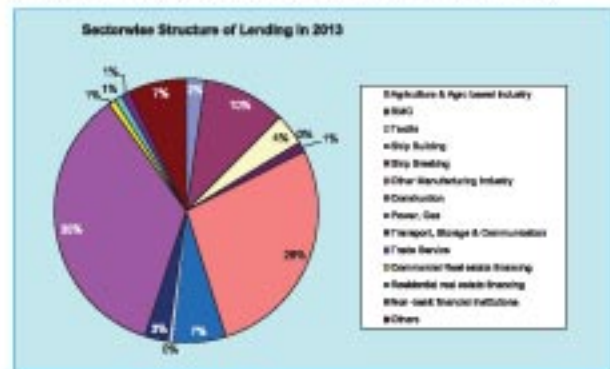
Sector wise distribution of assets of Corporate Finance is as below:

(Tk. in crore)

Sl. No.	Sectorwise Structure of Lending	Outstanding as on 31.12.13	Outstanding as on 31.12.12	Growth in 2013
1	Agriculture & Agro based industry	120.14	113.70	5.66%
2	RMG	530.62	261.40	102.99%
3	Textile	200.47	176.40	13.65%
4	Ship Building	0.00	0.00	0.00%
5	Ship Breaking	64.95	23.46	176.85%
6	Other Manufacturing Industry (Like-Pharmaceutical, Ceramic, Plastic etc.)	1435.21	784.33	82.99%
7	Construction	340.72	265.47	28.35%
8	Power, Gas	27.25	11.99	127.27%
9	Transport, Storage & Communication	149.81	79.59	88.23%
10	Trade Service	1819.37	2070.52	-12.13%
11	Commercial Real Estate Financing	45.61	43.81	4.11%
12	Residential Real Estate Financing	48.32	203.08	-76.21%
13	Non-Bank Financial Institutions	54.89	13.59	303.90%
14	Others	371.02	190.59	94.67%
	Total Loans & Advances	5208.38	4237.93	22.90%

From the table we see most significant growth taking place in 'Non-Bank Financial Institutions' that is 3.04 times greater than that of 2012. The second highest growth is in 'Ship Breaking' that reflects a growth of 1.77 times. Though most of the sectors show positive growth, there are two sectors showing negative growth in investment i.e. Trade Service & Residential Real Estate Financing. These changes in sector-wise allocation are justified from the points of changing situations of our economy, guidelines of Bangladesh Bank & own policies of JBL. Overall growth in lending of JBL in 2013 is 22.90% from the previous year. In amount it is 970.45 crore higher than that of previous year.

Allocation of Total Portfolio in Pie Chart



From the pie chart, we see that the highest allocation of JBL was in Trade Service sector in 2013 that is 34.93%, which means more than one-third of total portfolio of the bank was invested in this sector. The second highest distribution was in Manufacturing Industry. There was no investment in Ship Building sector in 2013. RMG consisted of 10.19% of total portfolio. From above we also notice that JBL maintains a well-balanced portfolio of lending to minimize risk as well as promoting economic growth through nourishing different sectors.

Our management as well as work force is very dynamic and well responsive with the changing market conditions & technologies and looking for innovative services to meet up the varied needs of customers. Recently our bank has signed an MoU with 'CPTU, IMED of Planning Ministry' regarding 'Electronic Tender'. This will save time and ensure fairness in 'electronic government procurement (e-GP) system'. We have also entered into a refinance agreement on 'Green Banking' with 'Bangladesh Bank' in the year 2013. According to this agreement, we will be able to finance on 10(ten) different environment-friendly sectors with the facility to get refinance from Bangladesh Bank. In addition to wide-spread credit amenities, financial advices and all kinds of financial helps are offered to the clients to draw effective solutions for their financial setbacks or debacles.

Our Objectives in 2014

- Corporate Banking Division and Branches of Jamuna Bank Limited extend their joint effort in providing better services to the existing corporate clients as well as booking new corporate clients.
- Better customer service is ensured through effective co-ordination amongst people working in Front-office and Bank-office.

- In order to augment the import business for increasing revenue in the non-funded business area, we put our utmost effort to increase our export oriented clients mainly in 3 (three) thrust sectors.
- Corporate Banking Division has been working with specific focus on the target sectors identified with extensive analysis of the current portfolio. These sectors are prioritized while financing new projects.
- We provide our best effort to explore business opportunities in the other thrust sectors.
- Corporate Banking Division will ensure the coordination of Head Office and Branches to perform the activities in order to achieve the objectives of the year 2014.

Syndication and Structured Finance of JBL

JBL through its journey has participated in different syndicated financing to facilitate different private projects to diversify the loan portfolio and to minimize risk. Keeping syndication concept in mind, our management has formed a syndication wing under the Corporate Banking Division. Last year the bank has participated in several syndicated financing in various sectors viz. Hotel, Steel, Ceramic etc. wherein we have approved TK. 1000.00 million.

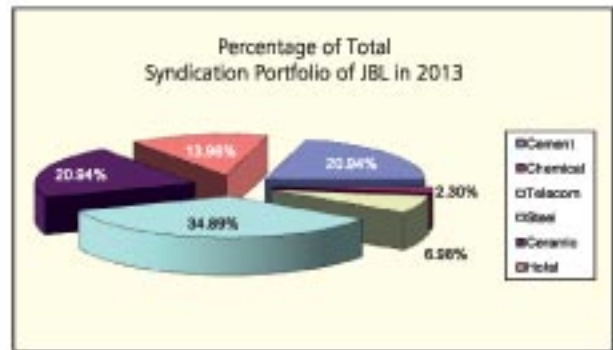
At present the Bank's total Syndication Finance in the form of term loan is TK. 1433 million and total outstanding is TK.556.76 million. These loan covers different sectors, i.e Cement, Steel, Telecom, Hotel, Ceramic and Chemical.

Allocation of Syndication Portfolio (Sector wise)

(Tk. in Core)

SL. No.	Sectors	Allocation
1	Cement	300
2	Chemical	33
3	Telecom	100
4	Steel	500
5	Ceramic	300
6	Hotel	200
	Total	1433

Distribution of Syndication Portfolio



Highest allocation was in Steel Sector, which is more than one-third of the total Syndication Financing. Cement and Ceramic Sectors simultaneously stood second in the portfolio. Besides we are giving emphasis on thrust sectors for financing under syndication arrangement in future.

Jamuna Bank Limited has planned to become a lead arranger to facilitate syndicated loan to impart better service, to meet up the financial need of different big projects and also to contribute in the economy of Bangladesh.

RMG

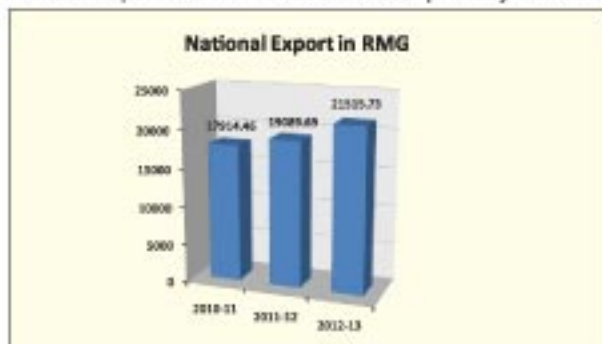
Ready Made Garments Industry of Bangladesh

Impressive economic growth of Bangladesh averaging well over by 6% has been fueled mostly by export oriented RMG industry of Bangladesh. This industry developed rapidly over the past thirty years by taking advantage of the trade quotas. In addition, low labour cost has always been one of the competitive edge of Bangladesh Garments in the global sourcing market. Today Bangladesh is one of the largest RMG exporters in the world with 5600 garments factories exporting nearly USD21515.73 million. It is contributing about 80% to Bangladesh's total export earnings.

Total export of RMG sector in our Bangladesh

Particulars	2010-11	2011-12	2012-13
National Export in RMG	\$ 17914.46 million	\$ 19089.69 million	\$ 21515.73 million
Total No. of RMG factories in our country	5150	5400	5600

Source: Export Promotion Bureau Compiled by BGMEA.

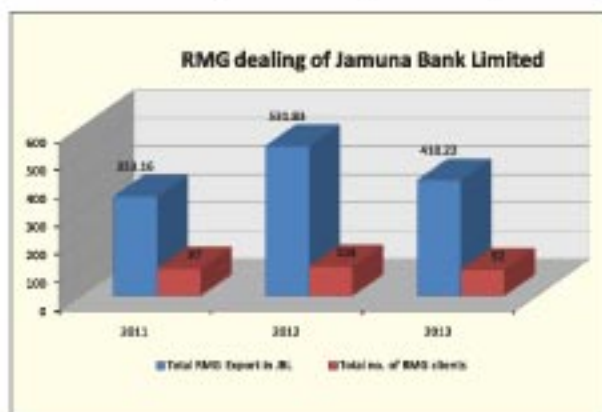


To cope with the tremendous growth of RMG business in Bangladesh, JBL has established a separate RMG cell under Corporate Division with a view to deliver smooth and standard service to the RMG customers and to do business more compliantly. The cell has been well equipped with a team of skilled and experienced personnel who have in depth knowledge regarding garments and textile business. To assess the technical aspect of any RMG unit, we recently recruited some officers who have merchandising or textile background which helped the management to take decision perfectly while approving credit facilities. At present, we have business with 92 RMG factories located in different parts of Dhaka or adjacent to Dhaka & Chittagong through different branches of our Bank.

Performance of RMG unit of our Bank:

Like other business of JBL, RMG unit of our Bank has satisfactory export performance. Total RMG export of our Bank stands at USD 410.22 million in the year of 2013 that is nearly 1.9% of total national export of RMG.

Particulars	Year 2011	Year 2012	Year 2013
Total RMG Export in JBL	353.16	531.83	410.22
Total no. of RMG clients	97	104	92



Compliant issues:

Several incidents of fatal fire have already left a negative impact on the whole Readymade Garment (RMG) sector of our country. The global attention is now

focused on the Bangladesh garment industry. Being worried about issues relating to labour standards in Bangladesh, the US apparel buyers are now putting pressure on the RMG makers here to ensure proper compliance with such standards in the sector. As a third generation Bank, we have also viewed the issue very seriously and took necessary steps to ensure compliance in our Garments client. While considering other issues, we obtain the following papers before financing any RMF unit:

1. Factory's structural compliance certificate issued by BUET,
2. Factory inspection certificate issued by kal-kar Khana, Protishtan Poridarshan Adhidaptar under Department of Labour of GOB.
3. Compliance certificate issued by BSCI /WRAP/OEKO-TEX or any other Internationally reputed inspection agency.
4. Fire license issued by Fire Service and Civil Defence in respect of fire and safety issues.
5. Environment clearance certificate issued by department of environment.

Retail Banking

JBL offers assorted consumer products which are tailor-made for different consumer segments. These products not only meet the financial need of the consumers but also have raised their living standard. Starting its Retail Credit operation in the year of 2009, JBL has continued its success in 2013 also. In 2013, total investment in this sector was 273.09 core (approx) whereas in 2012 & 2011 the same was 278.96 core (approx) & 194.22 core (approx) respectively.

Retail Credit:

As the youngest banking in the banking sector, Jamuna Bank Limited launched Retail Credit in the middle of 2009.

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

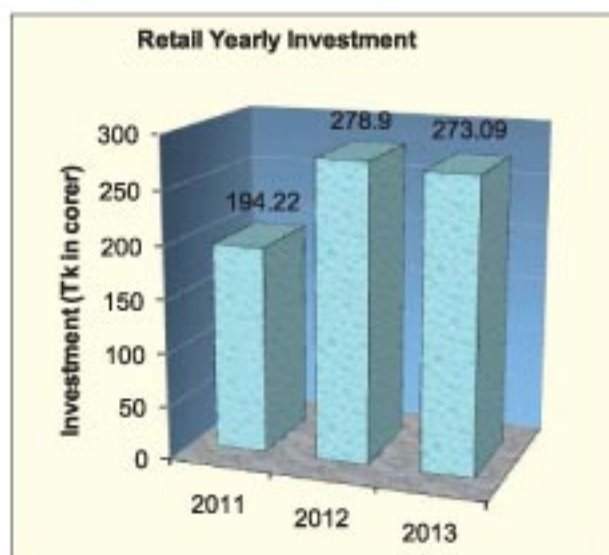
- **Auto Loan:** Customer Segment - For Permanent/ confirmed service holder of Govt., Semi-Govt., Autonomous organizations, Banks, Insurance Companies, Public Limited Companies, Multinational Companies, NGOs, Employees of Private Limited Companies, acceptable to the bank, covered by guarantee of another employee of equal or higher grade. Teachers of Universities, Colleges & Schools (Affiliated). Professional persons like Doctors, Engineers, Chartered Accountants, and Architects. Loan Size - Minimum 5.00 lac Maximum Tk. 20.00. lac.

- **Any Purpose Loan:** Customer Segment - For Permanent/ confirmed service holder of Govt., Semi-Govt., Autonomous organizations, Banks, Insurance Companies, Public Limited Companies, Multinational Companies, NGOs, Employees of Private Limited Companies, acceptable to the bank, covered by guarantee of another employee of equal or higher grade. Teachers of Universities, Colleges & Schools (Affiliated). Professional persons like Doctors, Engineers, Chartered Accountants, and Architects. Loan Size - Minimum 2.00 lac Maximum Tk. 50.00. lac.
- **Personal Loan:** Customer Segment - For Permanent/ confirmed service holder of Govt., Semi-Govt., Autonomous organizations, Banks, Insurance Companies, Public Limited Companies, Multinational Companies, NGOs, Employees of Private Limited Companies, acceptable to the bank, covered by guarantee of another employee of equal or higher grade. Teachers of Universities, Colleges & Schools (Affiliated). Professional persons like Doctors, Engineers, Chartered Accountants, and Architects. Loan Size - Minimum 2.00 lac Maximum Tk. 20.00. lac.
- **Salary Loan:** Customer Segment-For Permanent/ confirmed service holder of Govt., Semi-Govt., Autonomous organizations, Banks, Insurance Companies, Public Limited Companies, Multinational Companies, NGOs, Employees of Private Limited Companies, acceptable to the bank, covered by guarantee of another employee of equal or higher grade. Teachers of Universities, Colleges & Schools (Affiliated). Professional persons like Doctors, Engineers, Chartered Accountants, and Architects. Loan Size - Minimum 1.00 lac Maximum Tk. 8.00. lac.
- **Doctor's Loan:** Customer Segment - For Salaried Doctors of reputed Medical Colleges & Hospitals, Clinics, Diagnostic Centers, NGOs, Multinational/Local Corporate, Govt. Offices, Semi Govt. Offices, Autonomous Organizations, National/International Aid agencies, UN Bodies. Loan Size - Minimum 2.00 lac Maximum Tk. 50.00. lac.
- **Education Loan:** Customer Segment - For Students of reputed Public/Private Universities, Medical/ Engineering/Nursing Colleges & Institutes. Student studying Undergraduate, Post Graduate, Doctoral or Professional courses. Overseas Education in any reputed educational institution. Loan Size - Minimum

1.00 lac Maximum Tk. 10.00. lac.

- **Overseas Job Loan:** Customer Segment - Person having valid Job Offer/Akama/Green Card/Business Visa/ Resident Visa/Work Permit Visa. Person moving overseas for on the job training with subsequent Job Prospect. Loan Size - Minimum 2.00 lac Maximum Tk. 50.00. lac.
- **Consumer Credit scheme:** For JBL Employee Only.
- **EHLB :** Employees House Building Loan
- **Secured Over Draft (SOD):** Loan against Fixed deposit Receipt (FDR), Special Scheme (DPS, MSS, DGDS, and TGDS), Financial Obligation.

Yearly Investment shown through column chart:



Investment growth under Retail Banking Division as on 31, December 2013

Auto Loan	:3.19% of total Retail Portfolio
Any Purpose Loan	:6.15% of total Retail Portfolio
Personal Loan	:1.98% of total Retail Portfolio
Salary Loan	:6.40% of total Retail Portfolio
Doctor's Loan	:0.18% of total Retail Portfolio
CCS	:0.08% of total Retail Portfolio
EHLB	:0.56% of total Retail Portfolio
OD	:81.46% of total Retail Portfolio

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



Treasury Operation

Treasury operation concentrates in funding operation of local currency and foreign currency. JBL Treasury provides diversified products and services of foreign exchange, money market and primary dealer operation. JBL has a committed and well trained treasury team capable of providing all kinds of treasury solutions through wide range of products for providing superior service with respect to pricing in the best possible solution to customers. JBL Treasury has four separate desks and those are:

Foreign Exchange: Foreign exchange operation conducted to meet L/C committed and funding requirement of the customer. JBL is one of the leading market maker in either foreign products like spot, swap, forward transactions in inter bank market. JBL Treasury makes forecast about future exchange rate movement on a regular basis and maintains its open position according to its future position.

Money Market: Money market refers to raising and deploying short-term resources with maturity of funds generally not exceeding one year. JBL money market is one of the most active and efficient desk in the inter-bank money market of the country. The money market products are divided into call money, term money market, SWAP, Repo & Reverse Repo etc.

Primary Dealer: JBL was nominated as primary dealer by Bangladesh Bank for development of secondary market of government securities in 2003. Accordingly, JBL has been participating in primary auction of government securities actively and regularly. Though the active secondary market of the G-secs is still in a nascent stage in the country but we are trying hard to make secondary market in our country. For this reason, we have been awarded by Bangladesh Bank as the best primary dealer continuously since introduction of underwriting and development.

Asset Liability Management: JBL has highly efficient ALM desk. The ALM desk provides analysis, instruction and guidance in the area of Asset Liability management for proper management of balance sheet of the bank. It takes various decision regarding interest rate of deposits, loan pricing, Credit Deposit Ratio, Fund transfer pricing etc.



Human Resource

Human Resource Division of the Bank is assigned with the assiduous task of the management of its workforce in an efficient manner. It encompasses recruitment, training, assessment, overseeing and ensuring compliance with employment and service rules, creating business value through strategic management. With all the policy support from the Board and the higher Management, the Human Resources Division is relentlessly continuing its efforts to recruit the best available Officers at entry level through competitive written examination/interview.

As part of Talent Management, the bank boarded 226 new employees in the year 2013. Experienced Bankers from good banks with fair knowledge and experience were also inducted to meet the demand for quality work force. The total number of head-count of Jamuna Bank Limited as at the close of the year 2013 stood at 2178 compared to 2050 in the year 2012. Rationalization of Human Resources is taken into consideration to validate and ensure proper manning arrangement in line with cost efficiency.

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



Jamuna Bank Capital Management Limited

Jamuna Bank Capital Management Limited, a subsidiary of Jamuna Bank Limited, was awarded full-pledged merchant banking license by Bangladesh Securities Exchange Commission in November 2010 and started its operation in April 2011. The major business activities of the Company are Issue Management, Underwriting, Portfolio Management, Corporate Advisory, Syndication and Structured Financing etc. From the very beginning of the operation, the Company is running profitably. The Operating Profit of the Company was Tk. 19.66 crore in 2013 which was 56% higher than 2012.



Jamuna Bank Securities Limited

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



Monitoring & Vigilance

Credit Monitoring and Follow-up

Credit monitoring and follow-up of advances are the direct responsibility of the bank. The role of proper credit monitoring is very important in a financial institution like bank. Two terms - Monitoring and follow-up are closely related. Monitoring gives more emphasis on proper end-use and follow-up gives more emphasis on timely recovery of advances. In view of the above our bank formulated "Monitoring Division" for effective monitoring of loans and advances.

Monitoring Division of JBL has a system of tracking Early Alert Account. An Early Alert Account is one that has risks or potential weakness of a material nature requiring monitoring, follow-up or close attention of the management. If such weaknesses are left uncorrected, they may result in deterioration of the repayment prospects for the assets or in the banks credit position at some future date with a likelihood of being downgraded. Early identification, prompt reporting and proactive management of Early Alert Accounts are prime responsibility of all Relationship Managers/Officers and the whole process is a continuous one. An Early Alert Report is completed by the RM and sent to the approving authority in CRM as well as Recovery Division for any account that is showing signs of deterioration. The Risk grade is then changed and referred for assistance in recovery.



International Trade Finance

Correspondent Banking & FI Relationship

Jamuna Bank Limited is maintaining correspondent Banking Relationship with 294 world reputed International Banks, Financial Institutes and Multilateral Organizations around 87 Countries in 787 different strategic locations / Financial Centres worldwide to ensure the best and steadfast trade services. Presently we have 22 Nostro Accounts in different major currencies like USD, GBP, EUR, JPY, CAD, AED, CHF, SAR, ACU Dollar etc. with various world reputed Banks at major Financial Centres to settle our Trade Transactions smoothly. We serve our Customers through our international reach, need based approach, expertise and wide range of Global Correspondent Banking services.

As we have wider Correspondent Network with sustainable business relationship globally, we can provide complete range of Services smoothly to cater the International Banking & Trade Finance needs of our Customers through L/C Advising, L/C Confirmation, Purchasing / Discounting / Negotiating of Export Bills, Off-Shore Banking, Trade Payment Settlement, Foreign Remittance and other banking needs/services.

Import Business

Jamuna Bank Limited has been playing a pivotal role in International Trade. During the year 2013 total import business handled by the Bank was TK.52,752.01 million. The major import items have been food grains, edible oil, sugar, fertilizer, industrial raw materials, capital machinery, fabrics, garments accessories etc.

Export Business

The bank handled export business worth TK.64,281.37 million in the year 2013. The major export sectors has been readymade garments, pharmaceuticals, leather goods, jute, non-traditional value added items etc.

Trade Finance Processing Centre (TFPC):

To streamline & facilitate the Trade Finance activities of the Bank in Centralized platform, TFPC started business operation from 15th January 2013 in Dhaka and Chittagong. So, we can handle Import/Export Business of all 91 Branches throughout the Country irrespective of the 21 AD Branches.

Off-Shore Banking Unit (OBU):

An Off-shore Banking Unit (OBU) of a Bank is a deemed foreign branch of the parent bank located within the parent country and undertakes International Banking business involving foreign currency denominated assets & liabilities. An Off-shore Bank is simply a bank based in a jurisdiction outside of the country of residence. Accordingly, Jamuna Bank Limited has started its OBU operation on 22nd April 2010 having the following objectives:

- To widen and diversify JBL's area of service to the foreign investors as they do not have the opportunity to avail credit facilities from different Financial Institutions in Bangladesh.
- To diversify the sources of foreign exchange earnings by increasing export of Bangladesh through the EPZs.
- To encourage and foster establishment and development of industries and commercial enterprises in EPZs in order to widen and strengthen the economic base of Bangladesh.

Jamuna Bank Limited offers the following range of Off-shore Banking Services:

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

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



Credit Administration Division

FUNCTION OF CREDIT ADMINISTRATION DIVISION

Objectives:

- a) To separate documentation and disbursement activities from credit approval process
- b) To ensure discipline in Credit Management

Duties & Responsibilities of CAD

There are four units in Credit Administration Division:

- (i) Documentation & Disbursement Unit
- (ii) CIB On-Line Unit
- (iii) Compliance Unit (Statement and Returns)
- (iv) Others

i) Operational Activities of Documentation & Disbursement Unit:

Documentation:

To ensure so that security documents are obtained by the branches and executed by the borrowers as per terms and conditions of Sanction Advice provided by CRMD.

Disbursement:

The branches obtain/ execute documents as per terms of Head Office Sanction Advice and send a copy of "Documentation Checklist" (duly filled by the branch) to Credit Administration Division for availing Disbursement.

Credit Administration Division examine the Checklist, if the checklist is in order, CAD issue a Disbursement Authority to the branches. If found any exceptions / incomplete documents, CAD obtains undertaking from the branches regarding the completion of documentation formalities within a specific/certain time frame having approval from competent authority for allowing the disbursement.

CAD continuously follow-up with the concerned branch to ensure completion of documentation formalities within the given time frame. In case of large loan, CAD officials may visit the branch to verify the status of documentation.

CAD submits a statement to the ICCD, HO along with the position of incomplete documents against new and enhanced disbursed loans on monthly basis.

Monitoring of Compliance to the conditions and covenants

Enlistment

To enlist and manage all third-party service providers (Surveyors and Lawyers etc).

Marking of lien and Withdrawal of Lien Mark:

CAD also marks lien of Fixed Deposit and any other deposits against different types of loans and advances (Funded and Non-Funded) executed by the Credit Administration Division (CAD), Head Office. Similarly withdrawal of such lien is also done by CAD.

ii) Operational Activities of CIB On-Line Unit:

- CAD collects CIB Reports of the borrower(s) through on-line as and when asked by the Corporate Division / branches.
- CAD submits CIB Report on monthly basis to Bangladesh Bank on the existing borrowers/ customers of the Bank through CIB on-line system.
- CAD makes correction of all types of CIB on-line error data.

iii) Operational Activities of Compliance Unit:

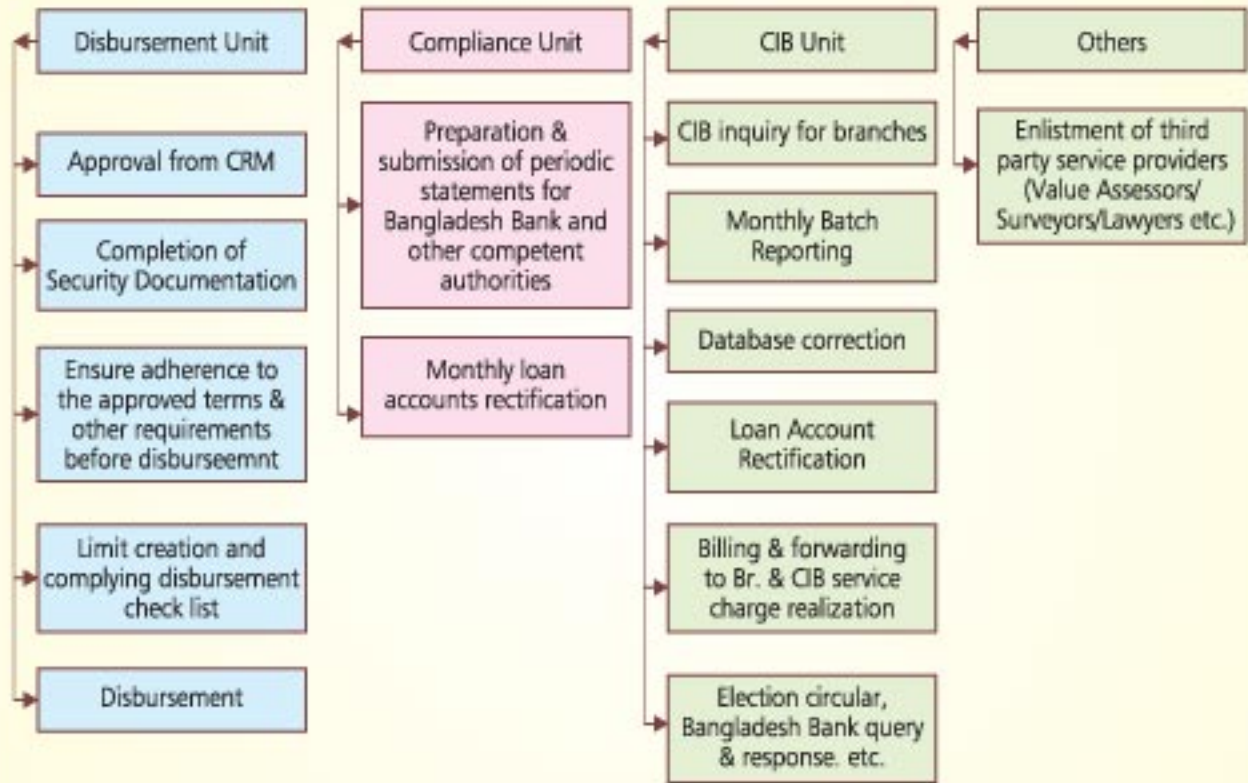
To prepare all types of monthly/Quarterly/Half yearly/annually/ statements and returns for submitting to Bangladesh Bank, External and Internal Audit and as required by the Management.

iv) Others:

To enlist third party service providers-Value Assessors/ Surveyors/Lawyers etc.

Credit Administration Division (CAD) Flowchart

Functions of CAD





SME Banking

SME Banking operation of Jamuna Bank Ltd. is being carried out throughout the country under a semi-centralized system, through a dedicated marketing team and all the Branches of the Bank. After the inception in year 2006 as a pilot project, operation of SME Banking has flourished in many dimensions in last several years. We are now a strong, vibrant and established name in the SME sector for our product diversity, competitive pricing, quality service and size & health of portfolio.

Considering the diversified needs of different type customers in the industry, we are offering different types of Term Loans (with and without security), Over Draft limit, Cash Credit limit, Letter of Credit (Sight) with LTR (document retirement line) and Lease Finance. Special products are also offered to Women Entrepreneurs, established NGOs and environment friendly (green) projects.

The year 2013 was started with a SME portfolio of BDT 565.21 Crore with a target to close the year with 30% growth on the portfolio. At the end of the year, the closing figure was BDT 778.19 Crore, which was a 37% growth. NPL% was only 1.94% of the total outstanding. In the year 2014, we shall try to maintain the growth rate steady ensuring the health of the portfolio. Our dedicated and devoted SME Officers shall be available throughout the country to support the SME customers of all segments.



ICT System Development

Since starting of the bank in the year 2001, ICT Division is working for the Automation of Jamuna Bank Limited. From the commencement of the Bank-

ing operation, JBL started automated banking from their first branch at Mohakhali, Dhaka. Now at the end of year – 2013 the total No. of branch stands at 91 and all these branches are fully automated.

During this long period of journey, ICT Division contributed a significant role for the automation of the Bank. The automation information are:

- Online CBS from 2004.
- SWIFT from 2004.
- ATM Operation from 2005.
- VISA Card introduction/membership 2006-2007.
- Loan A/C centralized control from 2007.
- Credit card introduction from 2008.
- SMS Banking service from 2009 -10.
- BACH, EFTN from 2010-11.
- Trade Finance centralized module from 2012.
- We have implemented Business continuity plan for all branches to ensure safety and security of ICT operation and to ensure uninterrupted customer service.
- Our strategy was to divert an increasing number of customers from branch channel to other electronic channels like ATM, CDM, Internet Banking & SMS banking etc. This ensures customer's convenience and satisfaction through quality service delivery in a very cost effective manner.
- During the year 2013 we have opened 8 new branches with fully automated environment.
- We have launched Internet Banking service in the year 2013 for the valued customers.

For the year – 2014 we have the following plan to make Jamuna Bank's IT capability compared to be one of the best. The steps are:

1. We are going to sign an agreement with Tata Consultancy services Ltd. – India to implement a robust world class core banking software called "TCSBaNCS" for Jamuna Bank Ltd.
2. We are also going to implement a Document management software namely eDoc for Jamuna Bank Ltd. This eDoc solution will archive all the document of JBL and will facilitate the Management to retrieve from their Desktop for verification or decision making as well as archive documents for future needs.
3. The bank will start its Mobile Financial service to serve the unbanked people and diversify the electronic banking service through Mobile banking.
4. We will fully deploy new CIB Software, HRM Software and Anti-money Laundering Software, which has been developed in-house by the ICT Division.

Besides this ICT division will take more and more steps to automate the Bank in the years to come.



Agricultural Loan

Jamuna Bank Limited (JBL) has strengthened its agriculture and rural credit activities under the "Jamuna Bank Agriculture Loan Project" in line with credit norms and policy of Bangladesh Bank with the main objectives of making easy and collateral free loan for landless, marginal & small farmers and share-croppers, disbursement through Area Approach and loan for individuals/groups for self-employment and improving living standard of rural people.

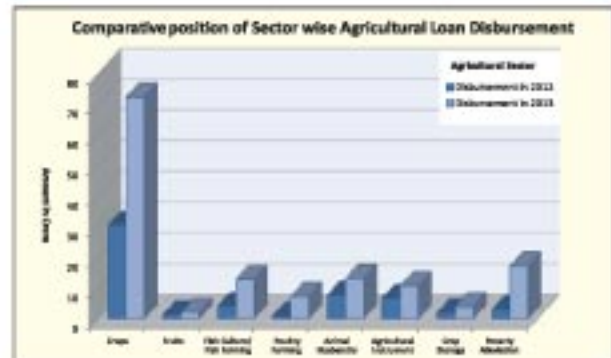
JBL has been providing both short and term loans directly through its branches and linkage program with microfinance NGOs, which has ensured timely availability, use of agriculture production inputs, including irrigation/cultivation and other agricultural equipments.

Since starting of agriculture and rural credit in 2007, the cumulative disbursement of Jamuna Bank Limited has stood at Tk 327.18 crore to 172,218 borrowers of rural areas. In the financial year 2012-13, it has disbursed Tk 148.40 crore to 103,469 borrowers against the target of Tk 109.00 crore registering 36.15% higher disbursement. These were also much higher than those of previous year disbursement of Tk 11.87 crore to 30,209 borrowers. The Bank has set a target of disbursement of Tk 100.00 crore in the financial year 2013-14.

The Agriculture Loan Project of JBL has become popular due to realistic, timely and quick disbursement of agriculture and rural loans to mainly three sub-sectors like crops, fisheries and livestock. These have contributed to emancipation of rural economy by creating more income generating activities and increased agriculture production in rural areas.

The agriculture and rural credit program has also benefited women and unemployed youth, who have received training on different agricultural based trade and other services from the Jamuna bank Foundation.

Sector	Disbursement	
	2012	2013
Crops	30.4432	72.2284
Fruits	1.235	2.005
Fish Culture/Fish Farming	4.0926	12.7849
Poultry Farming	0.8306	7.2128
Animal Husbandry	7.6641	13.099
Agricultural Instrument	6.5569	10.7296
Crop Storage	1.8988	4.0135
Poverty Alleviation	2.8338	17.1899



Anti-Money Laundering

The commercial banks operating in the country have put in place effective risk management system which includes money laundering risk management among others. Since money laundering is a criminal act recognized all over the world has very severe consequences in the economy and security of the society. Jamuna Bank Limited has prepared an Anti-Money Laundering Guideline in keeping with Bangladesh Bank's instructions issued time to time and also included senior Management commitments to the anti-money laundering program. The management has evolved such a culture for the bank so that all the employees strictly adhere to each and every provision of Anti-Money Laundering Act, 2012 and Anti-Terrorism Act 2013. All employees of the bank irrespective of position are accountable to the top management and regulatory bodies for their activities which might directly or indirectly is related to money laundering.

Jamuna Bank Limited is committed to the highest standards of anti money laundering (AML/CFT). Compliance. Management and employees of the Bank are very much keen to uphold the national, international standards, legislations and recommendations. We have been examining our Anti Money Laundering strategies, goals and objectives on an ongoing basis and maintain an effective Anti Money Laundering program for the Bank's business that reflects the best practices for diversified global financial services as well as established framework for the fight against money laundering and financing of terrorism.

AML/CFT program of the Jamuna Bank Limited is formulated and directed by the Top Management of the Bank. The program includes client screening and monitoring requirements, "know your customer" policies (including the requirement to establish the identity of beneficial owners), Embargo policies, record keeping requirements, the reporting of suspicious circumstances in accordance with relevant laws.

To prevent money laundering, Jamuna Bank Limited follows the following procedures:

- Maintaining KYC policy / procedures before opening new accounts.
- Properly collecting of all necessary papers relating to the customer's profession.
- Categorization of risk based customer and its monitoring.
- Monitor transactions & maintaining the transaction profile (TP) compulsorily for all clients.
- Analysis CTR data and reporting.
- Reporting suspicious transactions.
- Periodically review of KYC/TP.
- Monitoring structuring, over/under invoicing cautiously.
- Conduct physical inspection of branches on regular basis to check the status of AML compliance.
- Follow self assessment process.
- Test the system of independent procedures.
- Arranging daylong training/awareness program for the employee.
- Arranging Lead Bank training program as nominated and conducted by Bangladesh Bank.
- Build up public/customer awareness on AML/CFT.

To simplify submission of different statements /returns Bangladesh Bank is going to implement automated system (goAML Software) which is provided by United Nation Office on Drugs & Crime

(UNODC). In this regard Central Bank has instructed all schedule banks for submission of Cash Transaction Report (CTR) and Suspicious Transaction Report (STR) data through goAML Software by January 2014. In this connection Jamuna Bank has taken a massive work plan to bring necessary development in existing software. Anti-Money Laundering Division and Information Communication & Technology Division of Jamuna Bank Limited have been working jointly to implement goAML Software. Our competent team already completed the necessary up-gradation according to the requirements of goAML Software.

So far we hope Jamuna Bank Limited will be able to submit the CTR data within the stipulated time and maintain international standard. In the question of money laundering our branch officials have been advised to verify customers identity and if necessary monitor transaction for suspicious activities. By knowing customers, financial institutions can identify unusual suspicious behavior, anomalies which may be an indication of money laundering. Branch employees have been trained especially to handle anti-money laundering and instructed to report activities that they deem suspicious & inlowful. Besides, an anti money laundering software has been introduced to filter customers transaction when it is co-related to his declaration in his transaction profile (TP) or not, and by using this software the attempt of violation of TP is becoming less day by day.

Jamuna Bank Limited has reported a significant number of suspicious transactions to the regulatory authority which appeared to be logical. Management of the Bank is fully devoted to safeguard bank's interest at all events so far AML perspective is concerned.



Islami Banking Activities

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

The Bank has been rendering Islami Banking services to the customers through these two branches with adherence to the Islami values and norms. To achieve this goal a Shariah Supervisory Committee has been constituted comprising renowned Islami scholars of the country and senior banker having Islami Banking exposure, 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 namely "Islami Banking Division" has also been set up at Head Office as per Guideline on Islamic Banking issued by Bangladesh Bank. The major functions of the Division are as follows:

1. Framing of Islami Banking rules and regulations and ensuring their implementations.
2. Maintaining co-ordination with the Shariah Supervisory Committee and other divisions of the Bank.
3. Ensuring investment of funds received for Islami Banking business under modes approved by Islami Shariah.
4. Arrangement to be made to train up the manpower deployed in the Islami Banking Branch.
5. Submission of required statements to the Central Bank.
6. Supervising the Islami Treasury Function.
7. Conducting Shariah Audit/Inspection of the Islami Banking Branches.
8. Complying of any other responsibility (ies), the Central Bank may assign from time to time.

Besides these, during the year 2013 Islami Banking Service Center namely Al-Ihsan has been extended at different conventional branches linked with the two Islami Banking Branches.

Shariah Supervisory Committee:

Sl. No.	Name	Status
01	Professor Mowlana Md. Salahuddin Khatib, Baitul Mukarram National Mosque, Dhaka.	Chairman
02	Mr. M. Azizul Haque Founder Managing Director of Islami Bank Bangladesh Ltd. Consultant of Islami Banking.	Member
03	Mawlana Abdur Razzak, Principal, Madinatul Uloom Model Institute Boys Kamil Madrasah, Dhaka.	Member

Sl. No.	Name	Status
04	Hafez Mawlana Mufti Ruhul Amin Principal, Jamea Islamia Darul Uloom Khademul Islam Gawherdanga Madrasah, Tungipara, Gopalganj.	Member
05	Prof. Shahidul Islam Barakati Islami Scholar	Member
06	Al-Hajj Mawlana Mohammad Sadequl Islam Imam and Khatib, Mohakhali DOHS Jame Masjid, Dhaka Cantonment.	Member
07	Mr. Shafiqul Alam Managing Director, Jamuna Bank Ltd.	Member (Ex-Officio)



JBL Cards

Card Division 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 with a variety of products. Our division continuously meets the challenges of developing new products and services to match the specific requirements of customers.

Considering present market scenario, Jamuna Bank Limited 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 1.55 lac debit cards & 4500 credit cards in the market. We have approved credit limit of taka 41 Crore against which current outstanding is Tk 17.00 crore. Our daily cash withdrawal limits Tk. 20, 000 & Tk.1,00, 000 from credit and Debit card respectively.

Our cardholders transact around Tk. 3.10 crore per day through their cards from SB, CD & SND accounts & Credit Card which is increasing day by day.

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

Travel Card is customized 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.

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

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. It can be used at thousands of retail outlets within Bangladesh.



Alternate Delivery Channel

ADC is another successful wing of the Card Division. It deals with ATMs, SMS banking, Internet Banking and Mobile Banking etc. At present we have already established 144 ATMs in the countrywide. We have deployed 64 in Dhaka, 13 in Chittagong, 67 at other places. Being a Member of Q-Cash our cardholder can use DBBL, BRAC and Q-Cash ATM approximately 3000 ATMs. In The year 2014 we want to establish more 100 ATMs in the countrywide. We are going to establish VISA ATM Acquiring, Online Merchant Acquiring through Q-cash Payment Gateway, Two factor authenticated 3-D Secure standards online transaction, Chip based EMV standard VISA Debit & Credit cards, EMV standard ATM Acquiring, Mobile financial service for unbanked people by the year 2014-15.

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 (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

1. Mini-statements and checking of account history

2. Alerts on account activity
3. Branch Location inquiry
4. ATM Location inquiry
5. Balance checking in the account
6. Recent 10 transactions
7. PIN provision, Change of PIN and reminder over the Internet

Payments, deposits, withdrawals and transfers

1. Fund transfers
2. Mobile recharging/Top-Up
3. Bill payment processing
4. Mobile E-commerce (Up Coming)
5. Merchant payment (Up Coming)

Jamuna Mobile wallet

Jamuna wallet is a menu-driven mobile application that allows customer to access customer's bank account in Jamuna Bank using a mobile device. It is a convenient standalone application, where account-holder can view account related information such as balance, last 5 transactions, search Jamuna Bank branches and ATM booths, view Foreign Exchange Rates, check out Jamuna Bank's products, etc. Customers are also able to do Mobile Top Up/recharge in all the existing TELCO (except Teletalk) and Fund Transfer from his/her registered JBL A/C to any JBL A/C. Jamuna wallet is a java application that has to be downloaded on customer's mobile phone. Using a Internet connection and then customer can access to this service using mobile banking PIN code. In future, customer will be able to pay Utility bills, Merchant Payment and do much more using Jamuna wallet.

E-commerce payment systems: Q-cash Payment Gateway

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 wide-spread use of internet-based shopping and banking. At present we have acquired 70 Merchant & Merchant service provider (MSP).

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 in the Country through Q-cash.



Internal Control & Compliance

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 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 perform 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.

During the year 2013, 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.

Audit & Inspection Department: This Department conducts inspection on Branches & different Divisions

of Head Office as per Audit Plan duly approved by the Management as well as concurrence of Audit committee of the Board of Directors.

Monitoring Department: It reviews Quarterly Operation Reports and Loan Documentation Checklists collected from the branches.

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

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-2014 as per ICC guidelines of Bangladesh Bank-2004.

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

- i) To encourage employees for compliance with all the policies, procedures and regulations;
- ii) To maintain continuous liaison with the regulators at all level to obtain regular information of regulatory changes and
- iii) 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.



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 up environmental risk of projects before making financing decisions; and in particular supporting and fostering growth of upcoming green initiatives and projects.

Climate Change Impact Identified

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

asking the nations, who are the major contributors of green house gas emission, to forestall the climate change and make the globe worth liveable.

Green Banking objectives outlined

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

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

Green Banking Initiatives Undertaken

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

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

Incorporation of Environmental Risks in CRM: As stipulated in the policy guidelines, JBL started practicing environment risk management in association with credit risk management. To bolster the environmental risk management, it is necessary to inculcate the concerned people to get the environment risk rated of each and every project so as to offset the credit risk to a greater extent. The methodology applied to rate environment risk is fully analogous to that of BB as laid down in its policy guidelines. The branch level officials are entrusted with the responsibility to perform environment risk rating of projects, which comply with the eligibility criteria of risk rating, and incorporate the same with the credit proposal. Environment risk rating particulars in 2013 are reproduced below:

TABLE ENVIRONMENT RISK RATING STATISTICS

Particulars (During the Year-2013)		Quantity/Amount
No. of Projects applicable for Environmental Due Diligence (EDD)		411
No. of Projects Rated (Environmental Risk Rating)	Low	595
	Moderate	9
	High	7
Rated Projects Financed	Total Number	611
	Low	595
	Moderate	9
	High	7
	Total Amount Disbursed (in million Taka)	40598.08
	Low	36947.62
	Moderate	2654.19
	High	996.28

Originating In-house Environment Management

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

environment management, the much talked about issue in contemporary world, from 2011. Activities surrounding in-house environment management performed by JBL are enunciated below:

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

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

TABLE GREEN FINANCING IN 2013

Particulars	Amount Disbursed (in Millions)
Installation of ETP	0.00
Projects financed having ETP	3231.16
Solar Panel/Renewable Energy Plant	0.40
Hybrid Hoffman Kiln (HHK)	3.71



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 also refers to any time, any time banking in which transactions can be completed in any time and at anywhere in the country. JBL has started online banking activities since inception. JBL's online banking activities are performed by means of the state of the art technology data center. JBL is also maintaining a replica of data center namely disaster recovery site located in distant Uttara area of Dhaka city to provide back up service in case of system failure. DRS is similarly configured to Data Center. JBL's online banking is primarily based on the platform which is basically a core banking solution namely Flora Bank System. JBL is running 140 numbers of ATM booths owned by the bank itself throughout the country. Besides its own ATM, JBL is also providing services to its customers through shared ATMs. In 2012, JBL has launched mobile/SMS banking services keeping in mind the growing demand of the customers. A wide range of activities can be performed through mobile/SMS banking services such as balance inquiry, balance transfer, transaction details, mobile account recharge and so on. Mobile/SMS banking services is receiving tremendous responses from customers. JBL has launched Internet Banking service in the year 2013 for the valued customers. As far as service quality is concerned, JBL has acquired a commendable position in the banking sector in terms of providing online banking services. In no way JBL is lagging behind especially in adopting and implementing any recent development that occurs 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	140
	Shared	1070
Online Banking	No. of Total Branches	91
	No. of Branches with online coverage	91
Internet Banking	No. of Accounts facilitated with Mobile / SMS Banking	110
		0.02%
Mobile / SMS Banking	No. of Accounts facilitated with Mobile / SMS Banking	9598
	% of Account facilitated with Mobile / SMS Banking	1.77%

Employee Training and Consumer Awareness Building: No program will reach the apex of success unless the personnel is 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 personnel concerning the much talked about subject, namely green banking. Most often distinguished resource persons are the key speakers at the workshops and training session. The workshops and training programs are designed in light of green banking policy guidelines as well as guidelines on environmental risk management issued by Bangladesh Bank. It is evident that employees after participating in the workshops and training session more enthusiastically, strive to ensure compliance of regulatory requirement. Besides they remain meticulous in assessing project proposal which have some environmental aspects. Environment risk rating becomes a routine exercise in JBL. In 2013, JBL conducted 2 no. of workshops on Green Banking and Environmental Risk Management. Total numbers of participants in the said workshops were 64. It is expected the number and frequency of such workshops and training session on green banking will be increased in coming year. As far as consumer awareness building is concerned, JBL has put forward a number of initiatives in which informally educating customers regarding the environmental risks associated with customers' business nature, pursuing the customers not to produce any negative externality and so on are included. Environmental risk rating status of borrowers' business are appraised to the respective borrowers and any action needed to improve the rating is also communicated to them.



Go Green

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

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

JBL is extending finance for 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.



Law & Recovery Division

Law & Recovery Division deals with the following activities for recovery of classified liability:

1. To detect delinquent accounts early.
2. To formulate key areas to improve the productivity and efficiency of the officers of Law & Recovery Division.
3. To conduct SWOT (Strength, Weakness Opportunity, Threat) analysis on a loan file as soon as it is classified as SS.
4. To formulate action plan for recovery of classified loan accounts of different Branches of the Bank.
5. To advise the Branch to implement the action plan in order of preference.
6. To render efforts for recovery of classified loan through usual process i.e. moral persuasion, rescheduling, restructuring and waiver of interest, where necessary.
7. To initiate legal action, if efforts for recovery of classified loan through usual manner fails.
8. To monitor the suits filed by the Bank very closely by deputing responsible officer(s) who physically visit the court on the dates fixed by the Court. Besides Head of Recovery and other executives of the Division attend the court on the date of hearing of the important suits and ensure presence of the conducting lawyer in order to bring judgment in favor of the Bank.
9. To conduct periodical meeting with the conducting lawyer for monitoring the suits effectively.
10. To prepare list of CL, problematic loan accounts, Branch wise periodically and supervise it for turning into regular loan.
11. To meet the defaulting customers physically and motivate them towards adjustment of their irregular loan liability.
12. To process the approval of filing suit, publication of auction notice, publication of show cause notice etc.



Transactions with Related Parties

Information relating to business with any concern of director(s) to report under section 18(2) of The Bank Company Act, 1991 (Amendment up to 2013).

Two agreements were signed among the Bank and Gazi Communications & Gazi Satellite Television Limited (GTV) represented by Mr Golam Dastagir Gazi and Mr Gazi Golam Murtoza, members of the Board of the Bank to provide V-Sat Connectivity for the Branches as well as for Airing/clock branding 24 hours of Jamuna Bank Limited respectively. The Agreements were signed in compliance with all norms and practices as well as the approval of the Board in its meetings.

Another agreement was signed between the Bank and Somoy Media Limited an organization represented by Mr Fazlur Rahman, a member of the Bank's Board for branding of international news/sports news/special news. The Agreement was signed in compliance with all norms and practices as well as the approval of the Board of Directors of the Bank.

Here it may be mentioned that, guidelines of Bangladesh Bank and rules and regulation of Jamuna Bank Limited were properly followed in all of the above business dealings with the above concerns.



NRB-Banking & Foreign Remittance

Remittances is enriching the foreign currency Reserve of the Country and reducing the dependency on overseas assistance. It facilitates the balance of payment, import financing, adoption of new development plans and its implementation. Remittance

figure attained US\$ 14.46 billion in 2012-2013 FY, which was 12.84 billion in 2011-2012 FY that is 9.61% of Total GDP, 7 times of Overseas Development Assistance (ODA) and 13 times of Foreign Direct Investment (FDI). Bangladesh is the 7th largest remittance sourcing Country of the World.

Jamuna Bank Ltd has a dedicated NRB Banking & Foreign Remittance Division to ensure prompt & efficient services to the Customers offering best competitive price for their hard earning Foreign Currencies. Consequent upon different initiatives taken is last three years, Jamuna Bank's total Foreign Remittance have triggered 83.64% growth in 2013 over 2012 and approximately 15% growth in 2012 over 2011 and almost double growth in 2011 over 2010.



Minister Visit JBL Stall in Intl Migrants Day Fair-2013 at BICC

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



Prize Giving Ceremony of Intl Migrants Day Fair-2013 at BICC

We handle both inward & outward Remittance products. The outward Remittance includes FC Cash, FDD, FTT & wire Transfer through SWIFT. The Inward Remittance products are Over the Counter Payment (OTC), Account Credit, FTT, wire Transfer through SWIFT etc. We have a strong Remittance Settlement Network with different associate Banks & BEFTN

facilities with all the Bangladeshi Banks, which cover about 9,000 remote locations besides our 91 strategic Branch locations and wide ATM Network throughout the Country. We have an admirable Remittance Tie-up with a good number of world's renowned Exchange Houses namely Western Union Money Transfer, Xpress Money Services, MoneyGram, Transfast Remittance LLC, Placid NK Corporation USA, RIA Financial Services, Al Zaman Exchange WLL Qatar, Wall Street Finance (Canada) Ltd, UAE Exchange Malaysia SDN BHD, Zenj Exchange Co Bahrain, Rumana Money Services UK, Moneylink UK, Al Ansari Exchange UAE, Lulu International Exchange UAE, etc and different Banks throughout the World to facilitate the Remittance services to the Beneficiaries.



Risk Management

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 problems in returning to the Bank with expected profit. Risk Management is a process targeted to lessen probable and existing risk in possible extent.

Risk Review: The year 2013 was a crucial one for the banking industry. Exceptional and critical economic scenario expose bank to Acid Test to prove its resilience regarding risk measurement, risk monitoring and risk management. Average inflation was ignited by accelerated wage increase and disrupted supply chain of food due to political turmoil, which contributed inflation from 6.99% to 7.53% during 2013. Declined growth in credit of trade sector from 24.70% to 12.90%, negative growth in transport and communication sector and sluggish demand in cement, steel, retail and wholesale trade shrunk the sectors for banking industry to expand its wing of exposure, which was significantly lower than the projection. However Jamuna Bank Limited has perfectly delineated favorable scenery for itself with the guidance of industry best management team. Loans and advances of the bank rises from Tk. 5483.47 crore in December 2012 to Tk. 6708.11 crore in December 2013. Improved trade deficit triggered from 18% export growth along with 4.4% import growth to the foreign exchange reserve was

compensated by decline in remittances relative to July to November of 2013 from 2012. Government borrowing from banking sector was lower compared to previous year because of low level of ADP implementation. Besides tremendous Savings Certificate sales which was Tk. 33.7 billion between July to November 2013 compared to Tk. 7.72 billion of same period of 2012 played a significant role behind the low level of banking sector borrowing of government. It is important to mention that greater level of preference about Savings Certificate may create liquidity shortage if there is enough credit demand. In addition borrowing from overseas market was significantly higher in the last year which was \$1.82 billion in fiscal year 2013 compared to \$1 billion in fiscal year 2012. Low level of lending also reflects on lowering Call Money rate from 10% in January 2013 to 7% in June 2013 and interest rate spread from 5.13% in June 2013 to 4.97% in November 2013. Under Risk Based Capital Adequacy Statement, Jamuna Bank Limited is strictly maintaining the CAR from the beginning of the 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 Capital requirement. To estimate the capital requirement in the upcoming quarters all branches of the bank prepare their statement of Risk Weighted Asset in every month and in the light of these reports they diversify their portfolio in the favorable manner. The bank is performing stress testing at 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 whether 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 likely to be faced by the bank in coming year are set out below.

Changes in Government and Regulatory Policy: A key uncertainty for the bank relates to the changes in economic policies of the government and regulators. Such changes may be wide-ranging and can influence the volatility and liquidity of financial markets, as well as the repayment of loans. These effects may

directly or indirectly impact bank's financial performance. Relaxation in classification and provisioning will significantly change classification, provision and profit, which may not prevail for longer period. Besides, public sector borrowing has been reduced significantly and created room for private sector borrowing in the year of 2013. But availability of fund for running development budget of the government may not favor to 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	Fiscal Year 2013	June 2014
Domestic Credit	15.9	17.6	28.4	19.3	10.9	17.8
Credit to the public sector	20.3	-5.2	39.9	17.5	11.1	22.9
Credit to the private sector	14.6	24.2	25.8	19.7	10.8	16.5

Country's macroeconomic conditions: Inflation, 7.53% in December 2013 is higher than the projection 7.00% for the year 2014, which 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 because of the reduction in outgoing migratory workers, which was intensified in the last couple of months of 2013. However increase in export and decrease in import growth depreciated USD against Taka.

Foreign Exchange Scenario

Items	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013
Export (%changes)	41.5	5.9	11.2
Import (%changes)	41.8	5.5	.8
Remittances (%changes)	6.0	10.2	12.6
FDI (in million USD)	768	995	1300
Overall Balance (in million USD)	-655	494	5128
Forex Reserve (in million USD)	10912	10364	15315
Exchange Rate (Tk/USD)	74.2	81.9	77.8

Liquidity Stress: Liquidity risk is the risk that 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 is an indication of the availability of liquidity. But over the year low demand of loans and advances enabled banking industry to get a satisfying deposit. Jamuna Bank Limited discreetly managed the portfolio to gain advantage from liquidity. As the bank has effective array of employees so it not only managed the situation but also shaped favorable position in the presence of liquidity problem in the banking industry.

Liquidity Scenario

(Growth in percentage)

Particulars	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	June 2014
Broad Money	19.2	22.4	21.4	17.4	16.7	17.0
Reserve Money	31.9	18.1	21.0	9	15.0	16.2

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 2014 are expected to be marginally better than 2013, 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 2014 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 2014 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
- Operationa 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

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 incorporate 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.

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.

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.

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 2013 it was reported as Tk. 934.02 crore. We can also identify the Capital Adequacy Ratio complied with the regulation of Bangladesh Bank Guidelines. In December 2013 it stood at 11.06% 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.

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 Cutomers 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, 2013 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.



Jamuna Bank Training Academy - A Journey towards creating Job excellence

Jamuna Bank Ltd. started its operation in June 2001. With the objective of enhancing professional knowledge, skill, creating positive attitude, motivation and self confidence among the employees of the Bank

Jamuna Bank established its own training Institute in the year 2006 for imparting professional training to its employees.



Respected Director General of JBTA

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

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

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

During the year 2013 the Training Academy conducted the following Training programmes :

- Number of Trainings /Workshops conducted -85.
- Number of Trainees /Participants -2287
- Number of days of Training / Workshops-207
- Amount spent- Tk.14,08,544.00

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

- i) Need based on-the- Job Training
- ii) Law, rules, regulations, policies related to each Job are taught.
- iii) Banking being a business of risk management, risks involved in each job are analyzed and mitigation thereof are also discussed.
- iv) Trainings/Workshops are mainly planned Job/ desk based so that excellence in Job performance can be achieved.
- v) Training technique is participative i.e. both way communication. Participation/Feedback/questions from trainees are encouraged. Sharing of experience of trainees, life case study related to the training subject are used to make the training more effective , lively and enjoyable.
- vi) After Training a written Test/Aptitude Test/ personal interview are taken to assess strength, weakness, potentiality and aptitude of the trainees. Evaluation is made on the basis of all these very objectively.
- vii) Trainees also make evaluation of the performance of trainers for each session in a specified format neutrally/impartially. To ensure that the trainees can freely exercise their evaluation and their identity not disclosed they are not required to write their name/particulars and not to sign on the evaluation sheet.
- viii) In house trainers are preferred so that the training can be more related to Jamuna Banks environment, practice, policy, products.
- ix) Trainers also get opportunity to develop their professional excellence through their preparation for conducting training session, answering queries & questions of trainees. Trainers are also aware that they are also evaluated by the trainees.
- x) It is also taken into consideration that effective training can be carried out at the minimum possible cost.
- xi) Outreach training/workshops are also arranged at regional level to minimize the cost and also to avoid disruption of work of branches.
- xii) Trainers Trainings are also arranged.
- xiii) It is also an important objective of the Training to inculcate motivation, commitment, devotion, professionalism, sense of ownership, high morale, sense of honesty, integrity, morale, ethical and religious value among the trainees.
- xiv) Discipline, punctuality, manner & etiquette, dress code etc. is also part of Training.
- xv) The Board of Directors, Top management of the Bank always give due weightage to the smooth functioning of the Training Academy and always extend their sincere and prompt support and patronage to the activities of the Training Academy.
- xvi) Vision of the Training Academy is to add value to the development of Human resources of the Bank through effective Training which can be reflected by improved excellence in Job performance, enhancing reputation of the Bank, customers satisfaction and better working result which is measured by enhancing value of shareholders investment in the Bank.



Disclosure on Risk Based Capital under BASEL-II

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

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

SCOPE OF APPLICATION

Scope of Application: The Risk Based Capital Adequacy framework applies to Jamuna Bank Limited (JBL) on 'Solo' basis as well as 'Consolidated' basis as there were two subsidiaries of the bank as on the reporting date i.e. 31 December 2013. The names of the two subsidiary companies are Jamuna Bank Capital Management Limited and Jamuna Bank Securities Limited.

Consistency and Validation: The quantitative disclosures are made on the basis of consolidated audited financial statements of JBL and its Subsidiary as at and for the year ended 31 December 2013 prepared under relevant international accounting and financial reporting standards as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) and related circulars/ instructions issued by Bangladesh Bank from time to time. The assets, liabilities, revenues and expenses of the subsidiaries are combined with those of the parent company (JBL),

eliminating inter company transactions. So assets of the subsidiaries were risk weighted and equities of subsidiaries were crossed out with the investment of JBL while consolidating.

CAPITAL STRUCTURE

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

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

- The amount of Tier 2 capital will be limited to 100% of the amount of Tier 1 capital.
- **Status of Compliance:** Complied.
- 50% of revaluation reserves for fixed assets and securities eligible for Tier-2 capital.
- **Status of Compliance:** Complied.
- 10% of revaluation reserves for equity instruments eligible for Tier 2 capital.
- **Status of Compliance:** Complied.

- Subordinated debt shall be limited to a maximum of 30% of the amount of Tier 1 capital.
 - Status of Compliance: As on the reporting date there was no subordinated debt in the capital structure of JBL.
- Limitation of Tier 3: A minimum of about 28.50% of market risk needs to be supported by Tier 1 capital. Supporting of Market Risk from Tier 3 capital shall be limited up to maximum of 250% of a bank's Tier 1 capital that is available after meeting credit risk capital requirement.
 - Status of Compliance: Capital required for meeting credit risk was BDT 688.49 crore and so the Tier-1 capital after meeting credit risk was BDT 89.30 crore (BDT 777.79 crore minus BDT 688.49 crore). Capital required for meeting 28.50% of market risk was BDT 16.63 crore (BDT 58.34 crore X 28.50%) as on the reporting date. So, this condition is met.

Quantitative Disclosures: The Bank had a consolidated Capital of BDT 927.78 crore comprising Tier-1 capital of BDT 777.79 crore and Tier-2 capital of BDT 149.99 crore (JBL had no Tier-3 element in its capital structure) as on the reporting date (31 December 2013). Following table presents the details of capital (Tier-1, 2 & 3) as on December 31, 2013:

(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	259.65
1.3	Non-repayable Share premium account	-
1.4	General Reserve	-
1.5	Retained Earnings	69.38
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)	777.79
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)	777.79

2.0	Tier-2 (Supplementary Capital)	Amount
2.1	General Provision (Standard + SMA + off Balance Sheet exposure)	94.11
2.2	Assets Revaluation Reserves up to 50%	53.17
2.3	Revaluation Reserve for Securities up to 50%	2.71
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)	149.99
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)	149.99
Tier-3 (Additional Supplementary Capital)		
3.0	Tier-3 (Additional Supplementary Capital)	Amount
3.1	Short-term subordinated debt	-
4.0	Total Supplementary Capital (2.10+3.1)	149.99
5.0	Total Eligible Capital (1.20+4.0)	927.78

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 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.