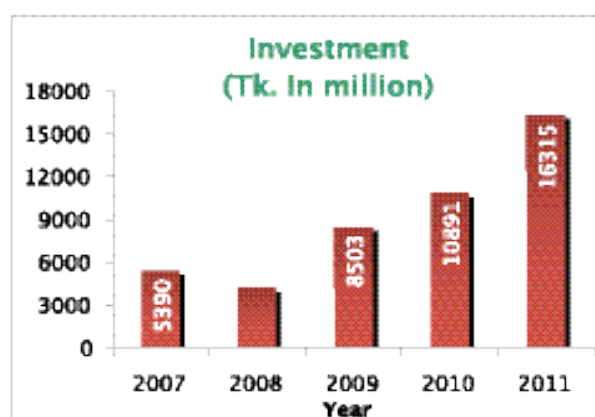
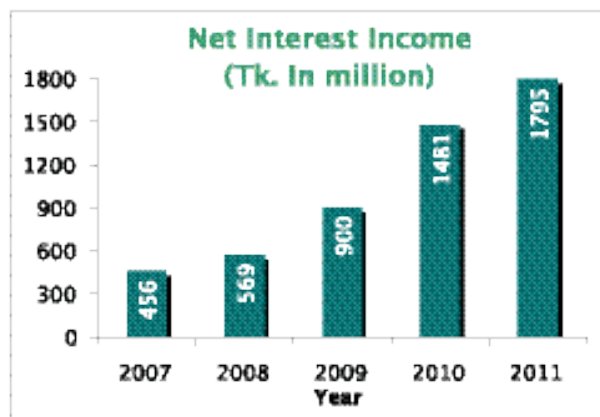
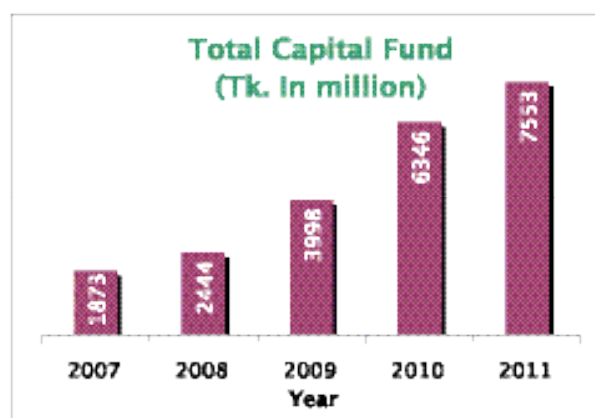
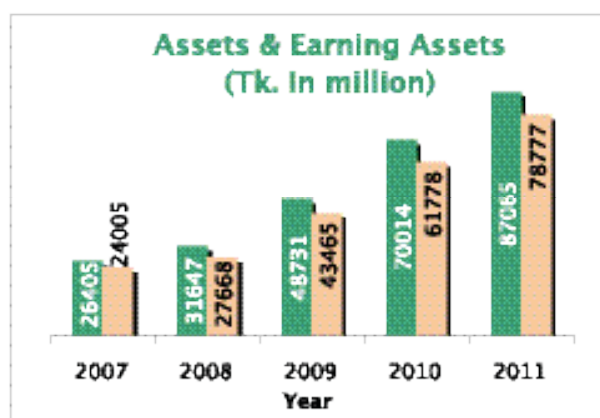
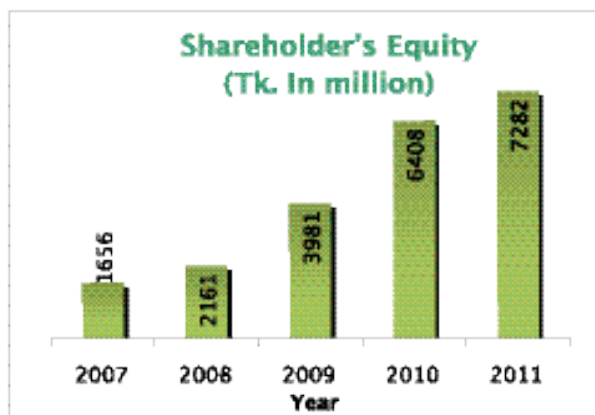
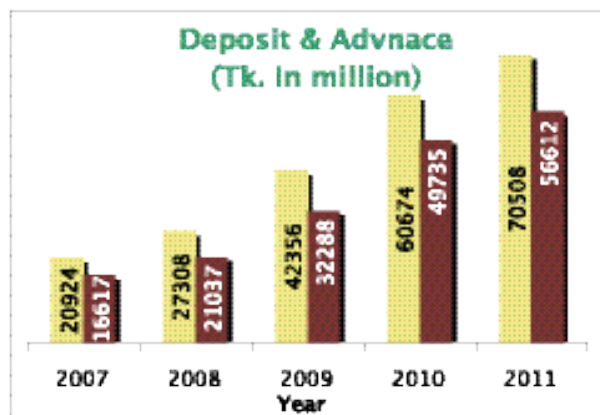


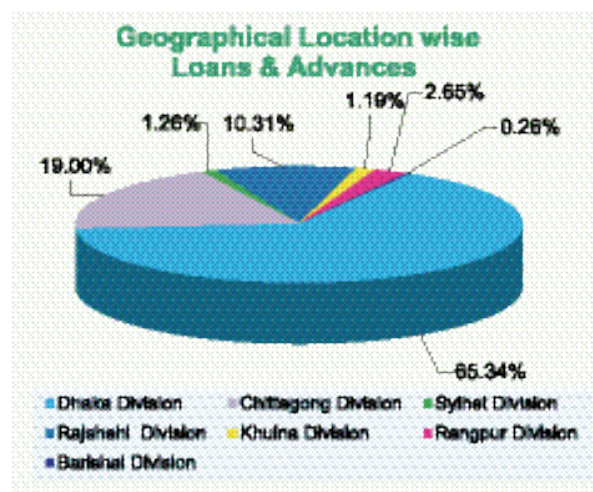
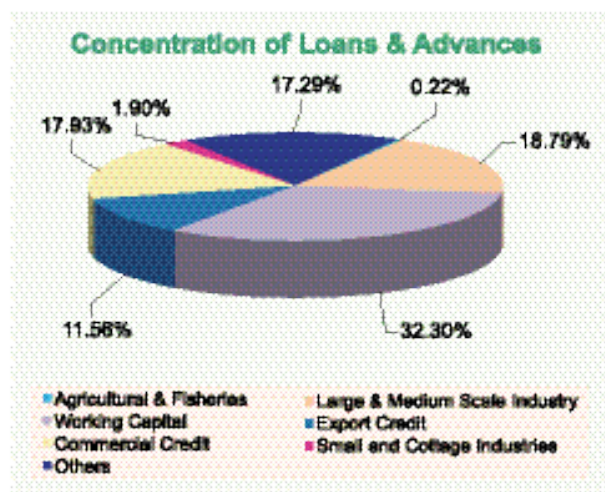
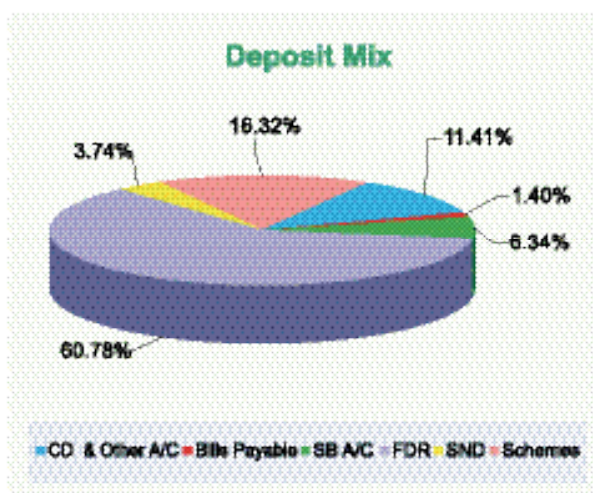
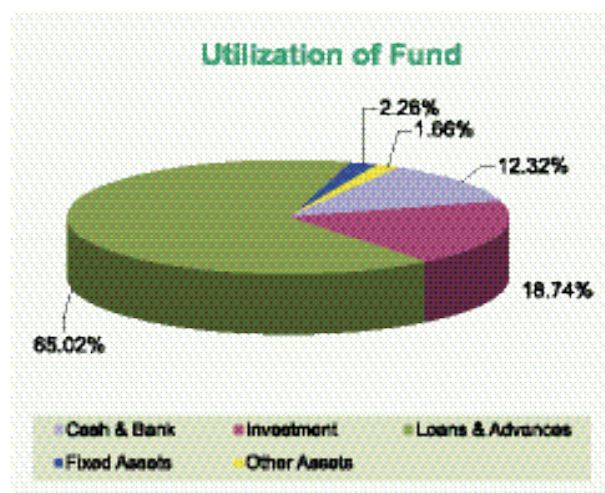
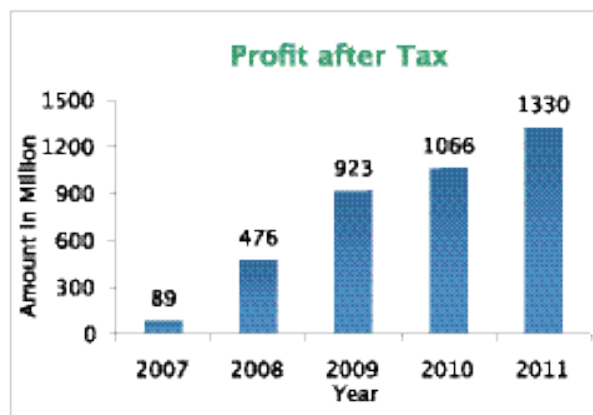
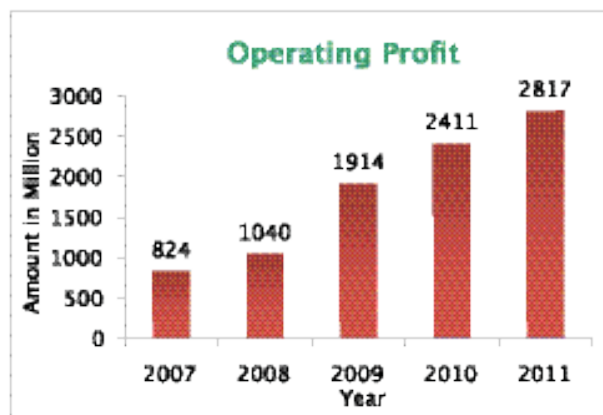
## Shareholders' Information

### Graphical Presentation



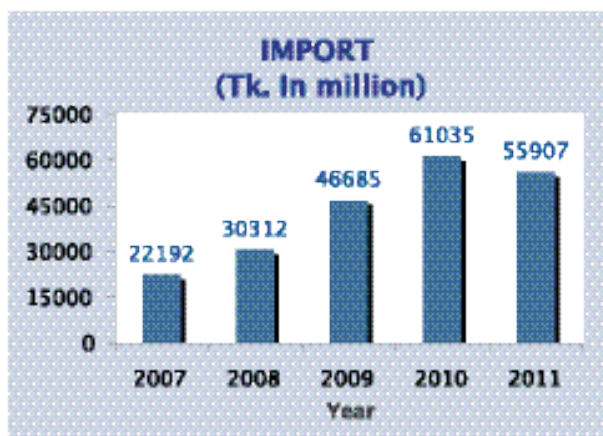
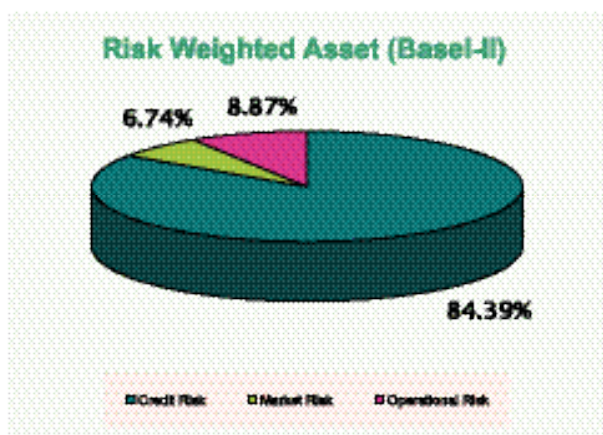
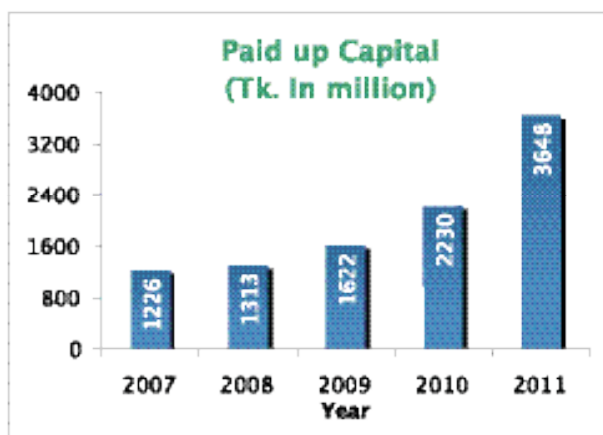
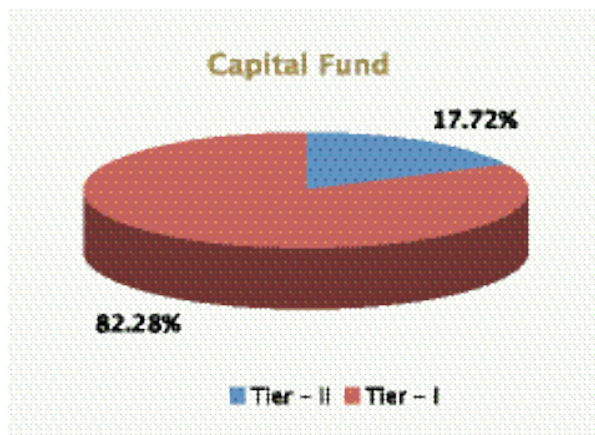
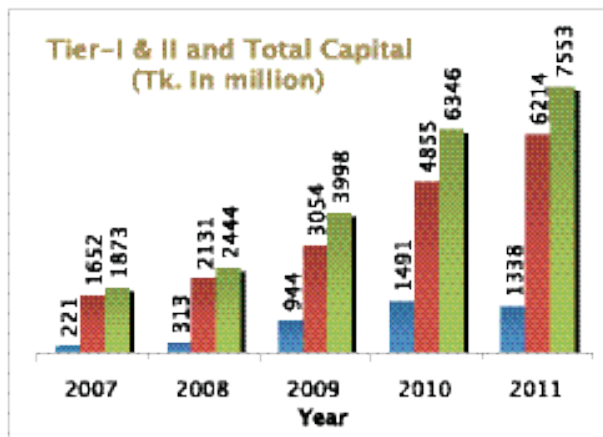
## Shareholders' Information

### Graphical Presentation



## Shareholders' Information

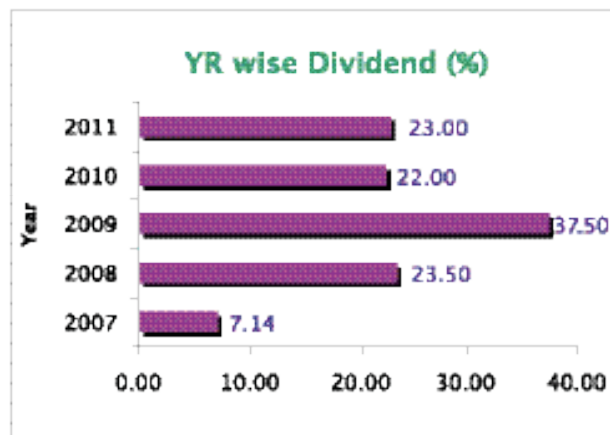
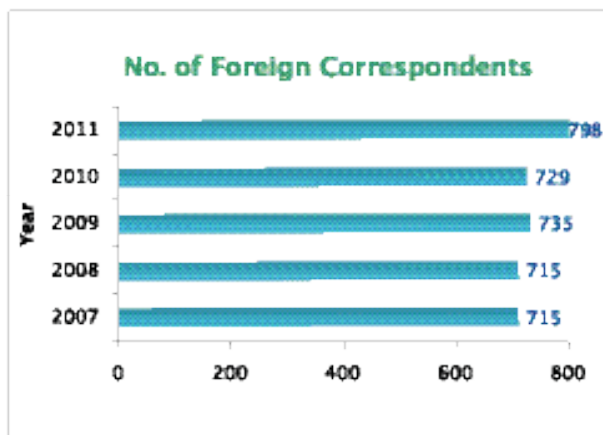
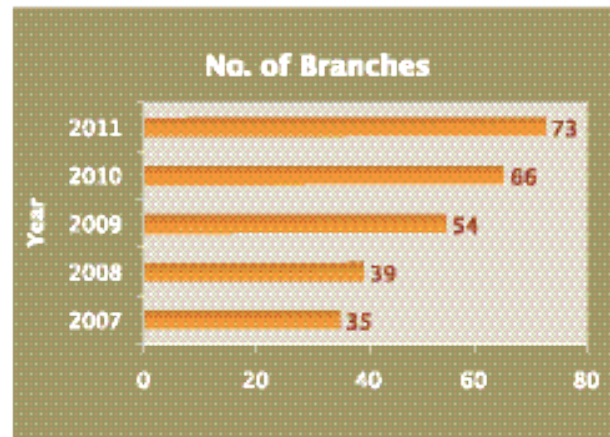
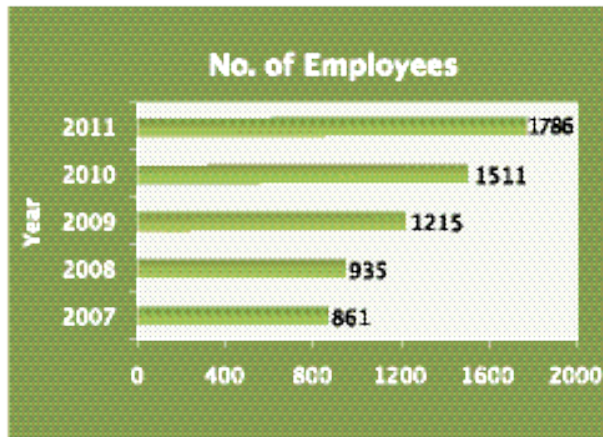
### Graphical Presentation





## Shareholders' Information

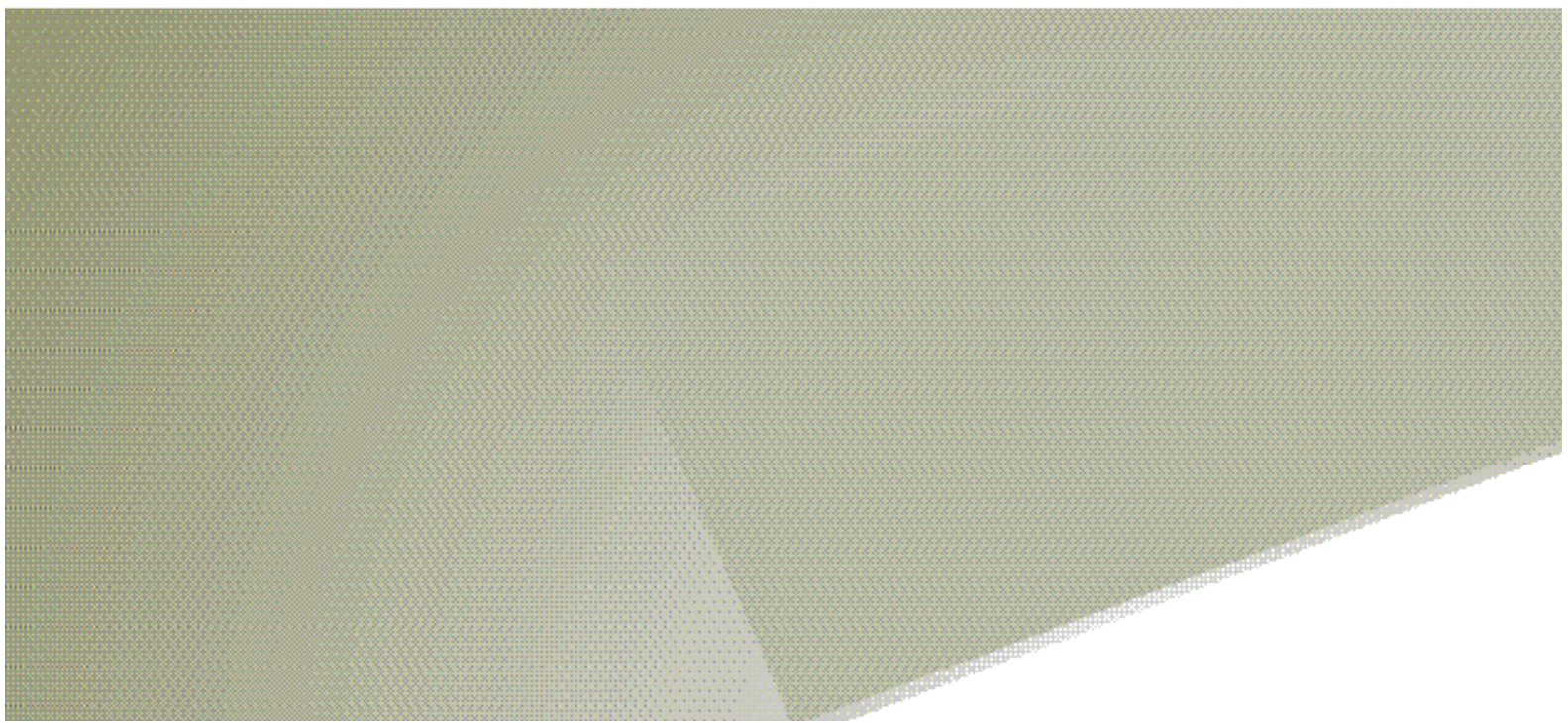
### Graphical Presentation







# **C h a i r m a n ' s S t a t e m e n t**





**“*In this momentous occasion, I congratulate all distinguished shareholders for your continued trust, support and confidence reposed on us towards attaining overwhelming business success in the year 2011. I also reiterate our indomitable commitment to take your bank to the next height with same zeal and enthusiasm in the ensuing years.*”**

*Bismillahir Rahmanir Rahim*

**Dear fellow shareholders,**

*Assalamu Alaikum*

It is indeed a great honor and privilege for me to welcome you all at the eleventh annual general meeting of the bank. Please accept my heartfelt thanks and sincere appreciations at the very outset of my speech. In this momentous occasion, I also congratulate all distinguished shareholders for your continued trust, support and confidence reposed on us towards attaining overwhelming business success in the year 2011. At the same time, on behalf the board directors, I reiterate our indomitable commitment to take your bank to the next height with same zeal and enthusiasm in the ensuing years.



## **The year 2011: A retrospective analysis**

### **Distinguished shareholders,**

It is really encouraging to pronounce before you the JBL's outstanding financial performance of 2011. Bank booked operating profit for BDT 2817.40 million registering 17 percent growth while net profit of the bank reached to BDT 1330.20 million recording 25 percent growth from the pervious year. Bank's total deposit grew by 16 percent to BDT 70508.04 million while loans and advances increased by 14 percent to BDT 56611.79 million amid highly volatile and shrinking money market scenario. Foreign trade to the tune of BDT 113836.00 million were routed through the bank rolling 11 percent growth in the edge of shriveling foreign exchange market during the same period. As a result of achieving tremendous business growth in all major areas of operation, earning per share (EPS) of the bank scaled up to BDT 3.65 during the period under review which was BDT 2.92 a year before.

Your bank had been able to achieve this enviable level of financial performance by way of maneuvering a pragmatic and time befitting business model lagging behind many of the prominent industry players. This upshot has been resulted, no doubt, for your continued support, cooperation and confidence on our capabilities, commitment of Board of Directors for making your investment to have an ever increasing value. Utmost devotion of our management and employees has also contributed a lot to reach this commendable level of success. I would take the opportunity to point out some remarkable events that happened during 2011 in different areas of our business and operations which were instrumental in achieving such high level of performance.

Branch network of the bank expanded to 73 in 2011 covering more commercially strategic locations all over the country. Numbers of new products have been launched having unique features in the area of retail, SME and NRB banking which were highly acclaimed by the customers. Corporate banking relationship is further reinforced to maintain and boost long term relationship with all who contributed a lot or

have potential to contribute in future towards our accomplishment.

We used to maintain the highest level of ethical standard and transparency while disclosing any business information to the regulators, shareholders and public. Annual report of the bank for 2010 has been awarded with "**Certificate of Merit**" from Institute of Chartered Accountants of Bangladesh (ICAB) that testifies this proposition. Being the Primary Dealer (PD) of government securities, JBL has been awarded with the "**Best Primary Dealer Award**" from Bangladesh Bank.

### **Respectable Shareholders,**

You will appreciate that your bank ensures the blooming financial result practising inflexible compliance culture within the organization. You know, compliance is the key to risk management of bank. Risk in banking has been increasing day by day not only in numbers but also in diversity and complexity. Our risk management unit (RMU) is constantly thriving on identifying, assessing, monitoring and mitigating diverse type of risk associated with various banking transactions. We never encourage making quick profit shouldering higher risk in excess of our economic capital, rather, we believe in sustainable profit based on solid financial footings that will undoubtedly strengthen bank's position in the long run.

### **Honorable Shareholders,**

Being the youngest member of the private sector commercial banks, JBL has earned mentionable recognition in the field of corporate social responsibility (CSR). The very objective of our CSR activities is to support the unprivileged class of the society and in turn to contribute for the greater socio-economic development of the country. Jamuna Bank Foundation has so far been conducting 34 types of CSR activities. Some of which some are: 1) Laying foundation stone of Medical College and Hospital at Rupgonj, Narayanganj, 2) Establishing Old Home for the neglected old persons, 3) Setting up Sewing Training Centers for



unprivileged women in the society, 4) Establishing an Anti-Drug Care Center (now at Rakeya Smarani, Mirpur, Dhaka), 5) Organizing Blood Donation Camp 6) Organizing Free Eye Camp, 7) Distributing Relief for the disaster affected people, 8) Distributing blankets among the cold prone destitute, 9) Launching anti-drug movement by arranging seminars, rally & publishing stickers 10) Arranging Art Competition for the children, 11) Holding Seminar on the significance of Holy Ramadan and Qirat competition, 12) Setting up Model Village at Thakurgaon, 13) Donating of BDT 50.00 lac to the Muktijuddha Jadughor, 14) Organizing Medical Team at Biswa Ejtama (Tongi), 15) Establishing Solar village at Kishoregonj, 16) Establishing Vocational Training Center at Rayerbazar, Dhaka, 17) Establishing Free Primary School for the slum dwellers at Rayerbazar, Dhaka, 18) Donating to Bangladesh Olympic Association TK. 50.00 Lac for participating in the 11<sup>th</sup> SA Games, 19) Providing Financial Assistance for TK. 25,000/- every month to Mr. Binod Bihari Chowdhury, a great Freedom Fighter who fought against British rule and who was a Co-Fighter of Shaheed Masterda Surja Sen, which will continue for the rest of the time of his life, 20) Providing Financial Assistance to two martyred Army Officers of BDR carnage at Pilkhana, Dhaka and one Army Personnel who died in Helicopter crash in Ghatal, Tangail, 21) Organizing Mobile Medical Team, 22) Distributing Relief for AILA affected people, 23) Donating Tk. 50.00 Lac to the Prime Minister's Fund for Nimtali Tragedy, 24) Donating to SK. Jamal Dhanmondi Club Ltd., 25) Providing a new car to the Cricketers, 26) Awarding Scholarship to poor but meritorious students, 27) Laying under foundation stone of Madrasha for underprivileged class of people at Rayerbazar and many more.

We believe our competitive advantage lies within our people. Our HR policy patronizes merit and competencies at all times. The best and talented university graduates are attracted to serve for the bank with view to strengthen the future of bank by developing competent leadership. We continue to invest for the development of knowledge, skill and attitude of our employees to reap maximum benefit for the organization.

## **State of Global and National Economy & JBL'S Business Outlook for 2012**

### **Dear Shareholders,**

Following two years of feeble and patchy recovery from global financial crisis, the world economy is hovering on the verge of another major downturn. The Eurozone crisis that started from Greek sovereign debt default has spreaded with contagion effect throughout Italy and Spain and other neighboring economy. Germany and France came up with their economic might to save the Eurozone from collapsing. Besides, US Government and opposition exhibited some dramatic incidents and coincident regarding enhancement of debt ceiling as its public debt outstanding creeps up to unsustainable levels reaching 100 percent of GDP. Prospect of recovery still remain shabby in other advance economies and downturn is now cascading to emerging economies. The aftermath of 2008-2009 financial crisis, sovereign debt default by number of affluent economy of Eurozone and effect of double dip recessions on US economy have led to widespread uncertainty in the global investment climate. It has already stated to taking the toll by increasing unemployment rate in the western world and mounting volatility in the equity market without any specific direction through the globe. In this apparently feeble global economic scenario, IMF in its economic outlook projected a modest output growth of 4 percent (same as estimated for 2011) with global trade slowing under 6 percent from 7.5 percent estimated for 2011.

Though the global economic outlook appears to be less rosy than it was a year back, Bangladesh has achieved or even exceeded the targeted rate of GDP growth (6.7 percent) for last fiscal year. Nevertheless, how long will the growth momentum be sustainable is a million dollar question. Country's macro economic stability is under stress due to adverse movement of some major macro economic indicator. These are i) unabated rise of inflation rate (presently it crossed double digit); ii) Extreme volatility in the money market iii) mounting pressure on the

budget due to payment of subsidy to high cost power project and deficit financing of public enterprises; iv) Excessive government borrowing from banking sector leaving crowding out effect for the private sector v) strain on balance of payment & F.Ex. reserve due to increasing trade deficit; vi) collapse of equity market and vii) complexity in mobilizing foreign financing. Despite having all these odds, some of the parameters still show us a silver lining. Booming external trade and initiation of reform measures by revenue authority have made us still optimistic. With our export reaching more than USD 22 billion and import paying in excess of USD 34 billion and service payment exceeding USD 2 billion a year, our external sector has already exceeded 50 percent of our GDP. Tax revenue continues to excel at a rapid rate and marked 10 percent of GDP during financial year ended on 2011.

In the midst of various onslaught posed by internal and external shocks on the economy, Bangladesh Bank has recently announced its half yearly monetary policy statement for January-June, 2012 (MPS-H2FY12) projecting growth in the range of 6.5-7.00 percent. Taking the recent economic development into account, MPS-H2FY12 will pursue a restrained monetary growth path in order to curb inflationary and external sector pressures, while ensuring adequate private sector credit to stimulate inclusive growth. Yet, the success of this policy objective will depend on how fiscal management of the government is aligned with the monetary management of the central bank. There is also debate as to capability of fiscal policy in managing government expenditure or in diminishing borrowing from banking sector to minimize crowding out effect for the private sector.

#### **Honorable Shareholders,**

You are aware of that, being one of the pivotal components of the financial system, banking sector is very much responsive to internal and external economic changes. After experiencing dramatic growth in last couple of years,

profitability of the industry has been slowed down in 2011. Although the industry players showed resilience to a reasonable degree, its competitive edge needs to be revisited while crafting future strategic planning to ensure consistent growth. As movement of interest rate was extremely volatile resulting from liquidity crunch prevailing in the market during the whole period of 2011, most of the banks showed apathy in disbursing fresh credit. Then again, rapid depreciation of BDT against major foreign currencies due to ever shrivelling foreign exchange market caused from mismatch between F.Ex. outflow and inflow, most of the banks were not very much comfortable in opening letter of credit, particularly for the large values. Supernormal profit earned by some banks having merchant banking wing in 2009 and 2010 came to a halt in 2011 due to diminishing trade volume after stock market having experienced persistent instability. Notwithstanding that the industry growth have been negatively impacted by all these factors, Jamuna Bank have been able to exhibit a sizeable level of growth in all key business areas during 2011. To keep this growth momentum up in 2012 in the brink of rapidly changing financial and economic scenario, our key strategy for 2012 would include but not limited to the following:

- To maintain superior asset quality by lowering non-performing loan (NPL) at a minimal level by way of practicing stringent compliance culture in all areas of credit management, i.e. credit approval, credit administration, credit control and monitoring, credit recovery etc.
- To employ sustained and concerted effort to mobilize deposit for maintaining advance deposit ratio (AD ratio) and statutory liquidity ratio (SLR) within the prescribed range of Bangladesh Bank at all times. Deposit mix to be further changed to increase pie of low cost deposit. A sales team has already been recruited who will put in their undiluted effort on full time basis to mobilize deposit from the market.



- > To employ focused attention for improving our human capital. Right personnel will be positioned in the right place of the organization. Any area that requires specialized skill will be outsourced immediately. Competent and skilled HR will be elevated to the leadership position.
- > To implement any expansion program solely on the basis of business consideration. A research and development wing has already been established to equip the management with required data, information, facts, figures, market insight etc. for taking decision as to new product, process, service outlet, business strategy etc.
- > To employ stronger surveillance in capital market operation and capital market investment. In 2011, we set up two subsidiaries in the name of **Jamuna Bank Capital Management Ltd.** - a full service merchant bank and **Jamuna Bank Securities Ltd.** - a full service brokerage house in line with Bangladesh Bank directives. It contributes to maintain due diligence and to avoid any possible agency conflict. In 2012, Pros and cons analysis to be conducted before penetration of fresh fund into capital market and will only be done when potential benefit justifies potential risk.

In conclusion of my speech, I am grateful to the Almighty Allah for all His blessings. I express my thanks and gratitude to the Government of Bangladesh, Ministry of Finance, Bangladesh Bank, National Board of Revenue, the Securities and Exchange Commission, and Office of the Registrar of Joint Stock Companies and Firms, Bangladesh Dhaka Stock Exchange, Chittagong Stock Exchange for their all out cooperation. My heartfelt felicitation to our valued customers for giving us the opportunity to serve them and for being associated with us in our journey for excellence. My special thanks to auditors, tax consultants and legal advisors for their valuable advice time and again. Finally, I take the opportunity to thank all distinguished shareholders and my colleagues on the board for their continued support for making the endeavor a success. I also appreciate the Managing Director and management of all levels and employees of all categories for their devotion and relentless hard work towards the development of the bank.

Allah Hafez.

Sincerely Yours,



**Md. Mahmudul Hoque**  
Chairman





# **Managing Director & CEO's Review**





**“*The year 2011 was another successful year for Jamuna Bank Limited, because JBL has been able to ensure significant growth in operating profit despite a number of reasons that compelled some others to have a diminishing or even negative growth*”**

*Bismillahir Rahmanir Rahim*

*Assalamu Alaikum*

I am delighted to welcome you all in the 11<sup>th</sup> Annual General Meeting of Jamuna Bank Limited (JBL). The year 2011 was another successful year for JBL, because JBL has been able to ensure 17% growth in operating profit despite a number of reasons that compelled most of the Banks to have a diminishing growth or even some others had a negative growth. The objectives of the Bank i.e. maximizing the shareholders' value and at the same time remaining fully compliant in terms of regulatory issues were successfully achieved.

#### ***The Achievements***

I am highly delighted to inform the stakeholders that by the grace of the Almighty Allah, Jamuna Bank Limited made a significant progress in 2011 in all areas of its operation. The Bank achieved an Operating Profit of Tk. 2817.40 million, an increase of 17% profit from that of the previous year. The Deposit of the Bank increased to Tk. 70508.04 million in 2011 from Tk. 60673.56 million in 2010, an increase of 16%. The loans and



advance of the Bank registered a growth of 14% and stood at Tk. 56611.79 million in 2011 from Tk. 4,9430.50 million in 2010. Foreign Trade business to the tune of BDT 113836 million were routed through our Bank during 2011 registering 11% growth over its previous year's position. In the year 2011, the Asset base of the Bank increased by 23% from Tk. 70013.90 million in 2010 to Tk. 87065.13 million in 2011. Shareholders' Equity has increased to Tk. 7281.51 million in 2011 from Tk. 6408.19 million in 2010 registering a growth of 14%. The Bank was able to realize a significant amount against the written-off liability through its vigorous recovery activities. Growth in all areas of our core business was praiseworthy and we remained compliant of all regulations throughout the year. The Bank showed its strength providing liquidity support to the market during 2011.

We are one of the leading banking institutions, which have been carrying out treasury operations expeditiously and efficiently in respect of Government Securities since December 11, 2003. Extraneous efforts, proven skills and prudent decisions by our expert Management Team could make it possible to get the prestigious reward by Bangladesh Bank as the best Primary Dealer for selling Bonds.

Expansion of credit during 2011 by us, like all other banks, was constrained by mandatory higher capital charge due to implementation of BASEL-II accord and pressure on liquidity in the financial market. However, judicious Management of Asset-Liability, increase of earning Asset base, quality loan portfolio and efficient portfolio management entering into new avenues of business i.e., Offshore Banking, Merchant Banking operations have contributed for our satisfactory level of growth despite the situation did not remain favorable all the times.

### Current Scenario of Banking Industry

Banking industry is encountering a number of challenges. Some Major challenges are:

- Pressure on Liquidity
- Pressure on Foreign Exchange position
- Fluctuation of Interest Rate
- Fluctuation of Foreign Exchange Rate
- Compliance of some stringent rules and regulations

### ➤ Listless Capital Market situation

On the backdrop of the above, we are confident that, like the previous years when we could ensure a satisfactory level of growth despite most of the banks experienced a declining trend of bottom line even some of them had negative growth, we will be able to ensure our targeted level of growth in 2012 also.

Our strength is that our involvement is to the highest level (99.5%) in core quality banking business which has not only given the bottom line a strong foundation but also helped us remain least bothered about the expansion of our asset book during this challenging time. The present level of our Asset is enough to support further healthy growth if we just reduce cost. We have number of opportunities to reduce cost by at least 2% in 2012 and more in future.

### Our business strategies for 2012

Considering the overall situation, we have chalked out following business strategies:

- Credit growth will be in those areas that possess lower level of risk, require lower level of capital and have a scope of non-funded business ensuring commission income. Priority areas are:
  - Export oriented business
  - Short term Trade Finance activities
  - Bill purchase/discount
  - SME having good business record and preferably against collateral
  - Guarantee business
  - Above all, we will continue maintaining our impaired assets at the lowest level in the industry.
- Deposit growth will give emphasis on low cost/no cost funds and individual/stable fixed deposit. We have already hired Sales Executives in this regard. Expansion of alternate delivery channels will also support in this target. Strengthening our marketing force will surely help encountering pressure on liquidity.



- We have taken a number of steps for growth of remittance, deposits and investment from NRB. These steps along with the growth of export will surely help ensuring a comfortable FEX position.
- OBU will remain vibrant.
- Merchant Banking operation will continue supporting our bottom line.
- Brokerage operations with portfolio investment will remain in surveillance of the market.

Apart from the above, we will continue our emphasis on

- **Creating Customers Value:** We are going to appoint Customer Care Officers at every branch so that customers get dedicated and personalized service. We are also going to start the Call Centre shortly to ensure access to us all the time. Again, Mobile Banking, Internet Banking, expansion of ATM will surely add value.
- Taking banking to the doorsteps of our customers and unbanked people through our Sales Force and alternative delivery channels.
- Strengthening our IT platform to ensure paperless green Banking and speedy communication.

In 2011, despite we made a satisfactory growth of our business and bottom line, a number of issues of our strategies remained under progress level. At the beginning of 2012, we have strengthened our Head Office Team.

Apart from that in the coming days, we will remain completely dedicated for enhancing the brand value of the Bank.

On the top of the above, Risk management and Compliance will remain under inflexible attention.

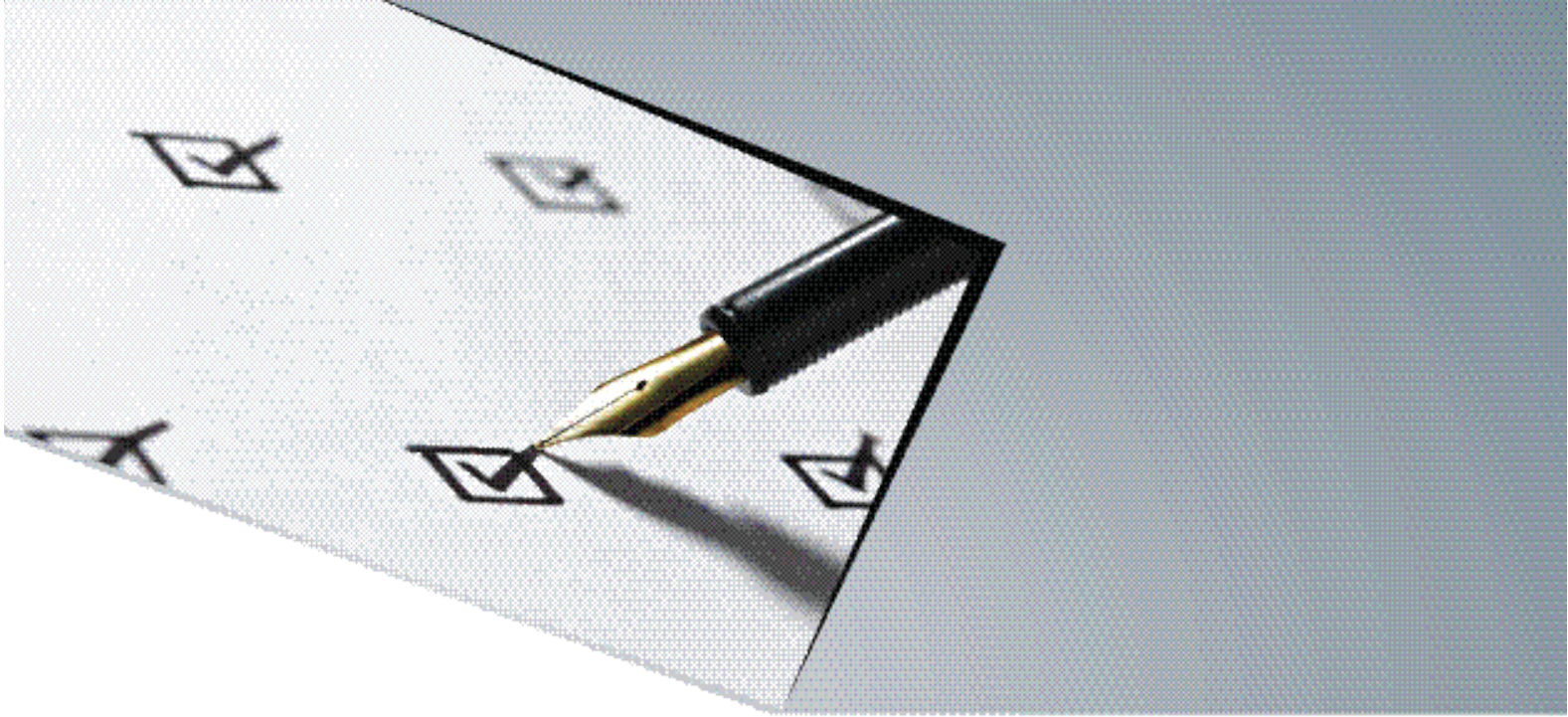
We will continue supporting next generation and people under various challenges through our CSR programs. Our CSR programs will also give emphasis on ensuring a green and clean environment of our soil.

Last but not the least, it will always remain top of the task list the issues of the development of our Human capital and the motivation of the workforce.

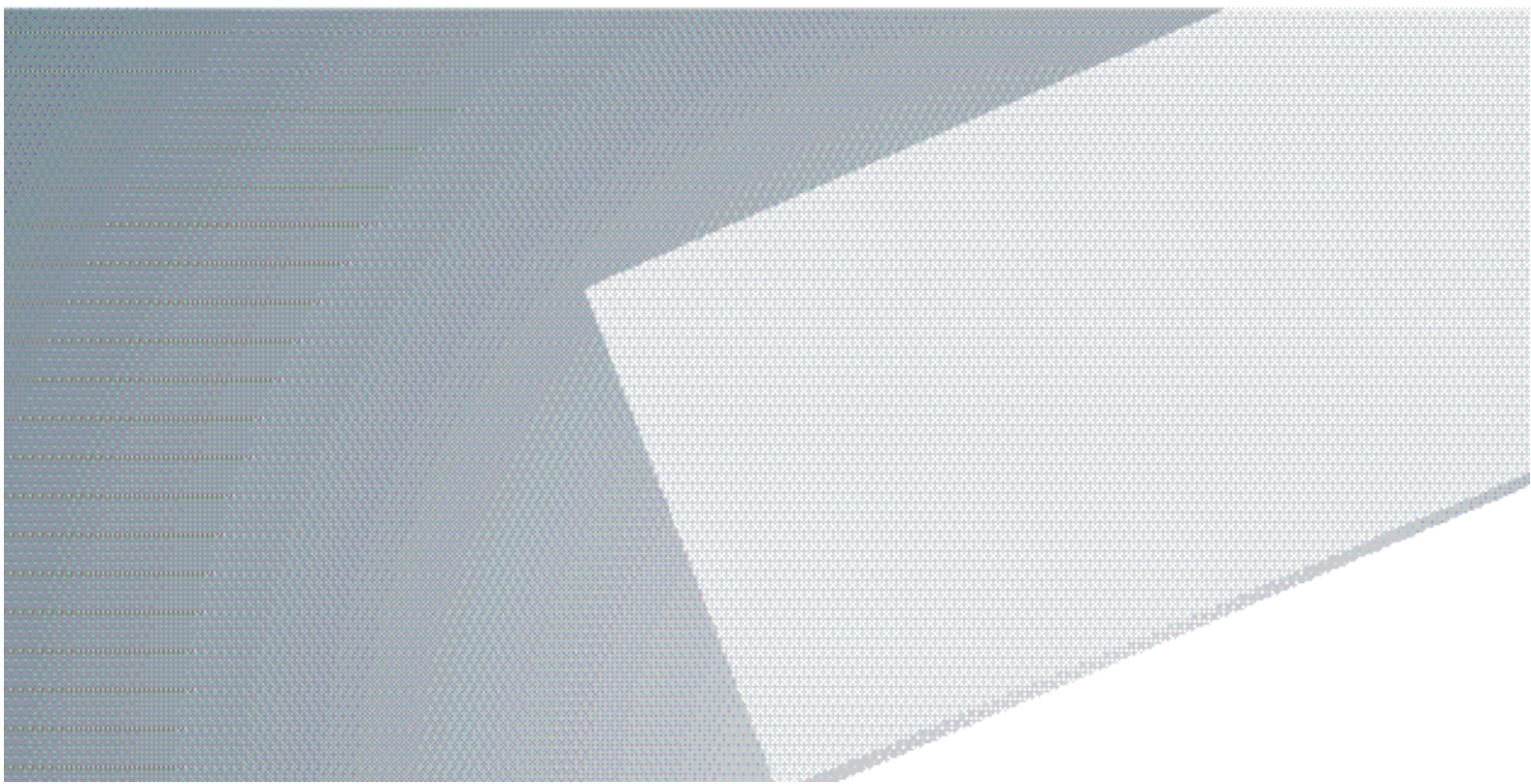
While concluding, I would like to extend my appreciation to Bangladesh Bank and other regulatory authorities for their support and guidance. I express my deep gratitude to the Chairman and all members of the Board of Directors for their encouragement and supportive role. I would like to thank all Shareholders, valued customers, Stakeholders for their confidence on our team. I believe with the grace of Almighty Allah, year 2012 will be another year of our success story.



**Md. Moliur Rahman**  
Managing Director & CEO



# Directors' Report





## Dear Shareholders

The Board of Directors of Jamuna Bank Limited takes this opportunity to present before the honorable shareholders the Annual Report and the Audited Financial Statements for the year ended on December 31, 2011 together with the Auditors' Report thereon in accordance with the Companies Act 1994, The Bank Company Act, 1991, International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), Rules and Regulations of Bangladesh Bank, Securities and Exchange Commission (SEC) Rules, 1987 and the Listing Rules of the Dhaka Stock Exchange Limited, Chittagong Stock Exchange Limited. This report also contains a true picture on the Global Economy and domestic economic scenario including banking sector of the country. It reveals from the report that despite there was stringent position in trade and commerce; the Bank could post a good growth in different areas of operations.

## Global financial scenario

Nearly three years after the downturn observed in 2009, the developed countries in the North America, Europe and Asia still continue to grapple with an uncertain future and markets are agitated by trepidations of new setbacks, defaults and the possibility of a "double-dip" recession. A number of factors are behind the current situation, including the high unemployment rate in the USA, the sovereign debt crisis in Europe and decision by credit rating agencies to downgrade the ratings of some of the developed countries. Also, the tsunami and earthquake in Japan had transmitted shocks to the global economy. The fact that the EU debt rescue package is in a vulnerable position due to the Greek referendum announcement has further heightened the likelihood of a recession.

### ■ Uneven recovery of output

The growth of the world economy is expected to increase by 3.6 per cent in 2012 marginally higher than that was predicted earlier. For the European Union, the growth rate may remain stagnant in 2011 and 2012 at a level lower than the pre-crisis benchmark. According to the latest forecast, USA is expected to grow in 2012 at a rate lower than that of 2011.

### ■ Slowdown in global trade

Recent global trade expansion was mostly led by the Asian economies. World trade in goods and services expanded by about 12.0 per cent in 2010, more than what was previously estimated, after the steep decline of 11.0 per cent in 2009.

Yet growth of global trade is expected to fall, as per latest estimates, to 7.6 per cent in 2011 and further down to 7.1 per cent in 2012.

### ■ Inflationary trend

It needs to be further noted that the covariate shocks in Japan have undermined the world financial market, whereas unrest in Western Asia and North Africa have contributed to further increase in oil prices. Sustained high prices of food grains along with other commodities also pose a threat to the process of economic recovery. Soaring headline inflation is corroding real income of the common people across the world. This has compelled governments to safeguard consumers' interests through subsidies and cash transfer programs which, in turn, are putting further pressure on the fiscal situation.

However, a weak dollar is expected to help take some of the heat off the mounting oil and food prices in the world market. In addition, better harvests are expected to moderate food prices in the near term.

### ■ Capital flow

Net private capital flows to developing countries have increased as investors are shifting parts of their portfolios to emerging markets, mostly in developing economies, in the form of short-term equity investments and FDI. This trend has put upward pressure on the foreign exchange rate and the currencies of developing countries putting pressure to undertake sterilization measures to offset the risks allied with the influx of capital inflows.



## Outlook for South Asia

### ■ Dual track

South Asia has been able to absorb the impact of the global financial shocks rather well. The reasons for this can be primarily attributed to the stellar economic performance of countries such as India and Sri Lanka. The South Asian economy is projected to grow at 7.0 per cent and 7.2 per cent in 2011 and 2012 respectively. Again, India is expected to be the major driver of this growth. The country with a population of 1.2 billion is expected to achieve GDP growth rates of 8.6 per cent and 9.1 per cent in 2011 and 2012. Sri Lanka is projected to grow at a slightly higher than the South Asian average growth rate of 7.8 per cent and 7.4 per cent over the next two years.

However, countries such as Nepal (4.3 per cent and 4.6 per cent) and Pakistan (3.8 per cent and 4.2 per cent) are estimated to grow at a much slower pace. This is likely to be the story in the near future for South Asia - India will continue to grow with dynamism whilst the other South Asian countries will have mixed fortunes.

### ■ South Asian Resilience

The slowdown in the regional GDP growth rates by nearly 3-percentage points was the least pronounced among the developing regions. The adverse affects were nevertheless significant - large negative output shocks, job, income and wealth losses, and erosion of confidence, stock market declines, indirect contagion effects propagated by domestic financial markets, losses in exports and tourism, and pressure on the already weak fiscal, balance-of-payments, reserves and exchange rates.

In FY2000-01, share of foreign sources accounted for about 40 per cent of the financing of fiscal deficit, which, a decade later in FY2010-11 was only a little above 7 per cent of the same.

The macro-impacts of the crisis were most severe on countries with weaker macroeconomic fundamentals and higher external vulnerabilities. These included in Maldives, Pakistan and Sri Lanka. However, this extent of the damage was eventually contained.

The crisis also affected India because of the contagion impact in terms of spending; there was limited negative impact in other countries including Bangladesh, Bhutan, and Nepal.

Some key factors insulated South Asia's growth during the crisis and have helped its strong recovery performance. Sources of this resilience included remittance flow, export expansion, good agriculture production and strong policy responses.

### ■ Scenario of Bangladesh Economy

Despite having an estimated GDP growth rate of 6.7 per cent in FY2010-11, several growing downside risks arising from external economic environment are exerting added pressure on economy.

The transmission channels of the implications of global economic downturn for the Bangladesh economy are primarily mediated through trade, remittances, foreign aid and FDI.

European countries accounts for 50 per cent of Bangladesh's export basket. Thus the current Euro debt crisis is likely to have adverse implications for Bangladesh's exports in general, and exports of apparels in particular, in the EU. First signs of this are already there.

The knock-on effect on remittances may not be very high since about two-third of the remittance flow originates from the Middle East. However, the specter of double-dip crisis in the developed world and the after-effects of the turmoil in the Middle East are likely to weaken remittance flow in the coming month.

### ■ Foreign aid Inflow

Foreign aid inflow to Bangladesh economy has more or less steadily fallen during the current decade. This has led to an apparent fall in aid dependence of the country. However, development financing continued to remain critically dependent on foreign sources, particularly in the areas of social and physical infrastructure.

### ■ Bank borrowing

The budget for FY2011-12 targets to finance 47.1 per cent (Taka 18957.0 crore) of the projected deficit through bank borrowing (Tk. 6253.2 crore less than actual borrowing in FY2010-11).

According to Bangladesh Bank, the government has already borrowed Tk.9,470 crore till 10 October 2011, which is about 50 per cent of its total allocation for the year.

### ■ Non-tax revenue collection

Overall revenue collection has been impressive in recent times. It may be recalled that in FY2010-11 non-tax revenue collection declined over that of FY2009-10 by (-) 12.3 per cent. In FY2011-12, this source is programmed to contribute more than 19 per cent of the total revenue collection. Against a target of almost doubling its collection (92.1 per cent target growth), actual in-take during the first month (July 2011) had been (-)12.3 per cent less compared to that of the first month of FY2010-11.

### ■ Revenue expenditure

A significantly high growth of 20.5 per cent in revenue expenditure has been envisaged in the budget for FY2011-12. Besides Block Allocation, high expenditure growth is to take place in case of subsidies and transfer (23.8 per cent), interest payment (20.4 per cent), and goods and services (19.7 per cent). In the first month of the current fiscal year higher off-take in case of a number of important expenditure items is evident, e.g., pay and allowances (19.6 per cent) and interest payments (21.7 per cent).

### ■ Interest payments and public debt

Both domestic and foreign interest payments, as share of revenue budget, declined during the last two fiscal years (FY2009-10 and FY2010-11). The budget for FY2011-12, projects significant rise in interest payments. In the first month of FY2011-12, significant increase (21.7 per cent) in domestic interest payment has been recorded. Heightened bank borrowing that was made in FY2010-11, and is likely to be made again in the current fiscal year, could lead to an increase in the share of domestic interest payment in the coming years.

Total public debt as a share of GDP from the recent peak of 53.7 per cent in FY2001-02 has come down to 38.7 per cent in FY2010-11. Domestic debt as a share of GDP is showing increasing trend. The concerned figure was 19.9 per cent of GDP in FY2010-11, up from 18.9 per cent of GDP in FY2009-10.

### ■ Delivering ADP

ADP expenditure has increased during the initial months of FY2011-12 owing to certain improvement in its implementation rate – from 9 per cent in the first quarter of FY2010-11 to 11 per cent during the same period in FY2011-12.

In spite of the heightened importance of ensuring project aid flow in the current fiscal year, a further deterioration in the situation is evident. 15 per cent (Tk 4,011 crore) of the Taka component has been utilized so far, which was 11 per cent (Tk 2,518 crore) during the first quarter of the previous fiscal.

### ■ NBR revenue earnings

16.5 per cent growth has been recorded during the first two months of FY2011-12 over the corresponding period of the previous month.

## Price Inflation

### ■ Inflationary trends

Inflation started to increase since the second quarter of FY2009-10 and continued to rise throughout FY2009-10 and FY2010-11. During the first three months of FY2011-12 there has not been any change in the direction of inflationary movements. The 12-month point-to-point consumer price index (CPI) inflation has reached as high as 11.97 per cent in September 2011 compared to 7.61 per cent in September 2010. As in most years, food inflation was higher than general inflation. Food inflation reached to 13.75 per cent in September 2011 as opposed to 9.72 percent in September 2010. Moreover, high food inflation had a knock on effect on non-food inflation as well, pushing it upward to settle at 8.77 per cent in September 2011 from as low as 3.69 per cent in September 2010.



## Policy Initiatives

### ■ Monetary Policy

Bangladesh's monetary stance in H2 FY12 will take these recent economic developments into account and pursue a restrained monetary growth path consistent with curbing inflationary and external sector pressures, while ensuring adequate private sector credit to stimulate inclusive growth. This path is essentially a continuation of the monetary stance declared in July 2011, with some small adjustment in the monetary targets and a greater focus of using BB's policy tools to limit foreign reserve depletion by reducing import demand pressure. Ensuring positive real interest rates will strengthen monetary transmission channels, curb non-essential import, stabilize external reserves and lead to an equilibrium exchange rate.

Specially, we aim to contain reserve money growth to 12.2% and broad money growth to 17.0% by June 2012. Credit growth to the private sector is envisaged to remain at 16.0% well in line with other countries in the region, and sufficient to meet growth targets. Bank deposit, lending rates and spreads are being monitored, and were posted on BB's website, in order to foster transparency. Day to day market inventions by Bangladesh Bank will be maintained only to the extent of avoiding excessive volatility.

	Actual (Percentage)					Program
	FY08	FY10	FY11	Apr-11	Dec-11	June 2012
1. Net Foreign Assets	27.3	41.3	5.3	-0.8	-8.6	-8.9
2. Net Domestic Assets	17.8	18.8	25.0	24.3	22.9	21.9
Domestic Credit	15.9	17.8	28.4	27.2	25.7	29.1
Credit to the public sector (including Govt.)	20.3	-5.2	39.9	52.4	62.0	31.0
Credit to the private sector	19.2	22.4	21.4	29.6	17.4	17.0
3. Broad Money	31.9	38.1	21.0	17.6	12.5	12.2
4. Reserve Money						

There are a number of key policy measures underlying this program:

**First,** there is scope for increasing private sector credit growth for productive investments beyond the programmed level if there is a reduction in growth in credit to the public sector. Limiting public sector borrowing from the banking sector can be achieved by increasing interest rates on

savings certificates, through greater external and domestic resource mobilization and by rationalizing public expenditures. In parallel BB will aim to reduce the demand for consumer loans (e.g. the recent step to change the loan margin ratios for consumer items), so as to increase the share of lending going towards growth-enhancing investment purposes.

**Second,** BB will ensure liquidity support for banks, so that productive credit growth is not crowded out. In future, the Government's borrowing calendar will need to be modified to allow for a higher percentage of Debt auctions in Treasury bills, as the long dated Treasury bonds lack liquidity in the absence of an active secondary market.

**Third,** while the interest rate regime will remain liberalized, BB will focus more on monitoring interest rate spreads so that they remain below 5% except for SME lending (as the costs of SME operations are higher) and consumer lending (in order to reduce consumer demand). In future BB expects to see these spreads further reduced as the banking sector becomes even more competitive. By enforcing and making these spreads public through its Open Data Initiative, BB aims to make the pricing of loans competitive and reasonable.

**Fourth,** in order to reach the new external sector equilibrium, overall import demand needs to be rationalized. Opening of L/Cs for non-essential and luxury items will be discouraged while those for essentials such as petroleum will be unhindered. Inter-agency coordination related to petroleum import payments are being enhanced; a new coordination committee will aim to ensure that taka liquidity is provided ahead of time so that banks can purchase the needed foreign exchange on the inter-bank market on a regular basis so that lumpy Bangladesh Petroleum Corporation payments can be met instead of approaching BB for foreign exchange.

**Fifth**, in order to ensure that savings is intermediated safely and efficiently in support of our pro-poor growth strategy we will take further steps to improve the stability, and outreach, of our financial system. Financial Inclusion will be promoted through specific products targeted to the needs of the unbanked, and this objective is fully consistent with the monetary program.

The outcomes of the monetary program and policies pursued in H2 FY12 will be reviewed in July 2012 in light of prevailing global and domestic economic conditions.

#### ■ Fiscal Measures

Major fiscal policy of the government towards addressing the high inflation rate and ensuring food security has been reduction of import duty on rice and wheat, provision of credit to food importers at subsidized rates, cash transfer, allocation of funds to increase supply and expansion of the operation of public food distribution system (PFDS). Total distribution under the PFDS has increased due to the higher level of distribution under priced channels, even though distribution under non-priced channels has decreased sharply. Distribution through priced channels has observed a significant rise due to government's intensive open market sale (OMS) and Fair Price drive. During the period July to 20 October 2011 distribution of food grains amounted to 4.2 lakh MT which is reportedly an increase of 30 per cent compared to what was in the last year during the same period. During the last 3 fiscal years about 30 per cent of total budget for the social safety net (SSN) programs has been allocated for food security.

#### ■ Export

The extraordinary high export growth observed in FY2010-11 had started to slow down in the first quarter of FY2011-12, though the pace of growth is ahead of the target set for the current fiscal year. During the first three months of FY2011-12, total export earnings registered a 22.6 per cent growth. Export performance for the first quarter of FY2011-12 reveals that export growth of the dominant RMG sector was outpaced by that of non-RMG sector. RMG export increased by 21.2

per cent while for non-RMG export the rate of growth was 27.6 per cent.

In the first quarter of FY2011-12, some progress was observed in case of export market diversification. Export earnings from new markets (other than US, EU and Canada) increased significantly, by 36.0 per cent over the corresponding figure for last year. Over the same period, export to EU and Canada increased by 28.8 per cent and 16.4 per cent, respectively. Germany, United Kingdom, France, Spain, Italy, Belgium and Netherlands remained the major export destinations in EU. In spite of the crisis engulfing the Euro zone, significant export growth was attained in such crisis-impacted economies as Spain (48.3 per cent) and Italy (47.4 per cent). The revised rules of origin (RoO) under the EU GSP scheme may have contributed to this export boost in the EU, particularly favoring export of woven wears. Significant rise in exports to India, from USD 92.0 million to USD 143.1 million, may have originated from effective utilization of the tariff rate quota (TRQ) of 10 million pieces. Recently, India has downsized its sensitive list for LDCs under SAFTA granting duty-free import of 46 items of which 45 are RMG. Bangladesh's global export of these 45 products accounted for 87.5 per cent of her total RMG export and 68.5 per cent of its total export. Hence, given Bangladesh's competitiveness in export of these 45 items globally, Bangladesh may be able to harness benefit by exporting these items to India.

On the other hand, in 2010, Turkey imposed a countervailing duty of 17.0 per cent on imports from LDCs. During the first quarter of FY2011-12, Bangladesh's export to Turkey decreased by (-) 0.4 per cent. Export to US, the second largest export destination for Bangladeshi products, decreased by (-) 1.7 per cent during the first three months of FY2011-12 when export of RMG declined by (-) 0.8 per cent and that of non-RMG declined by (-)12.4 per cent<sup>21</sup>.

It is notable that export performance in September is transmitting some disquieting signals. Month-on-month analysis shows that in September FY2011-12, RMG export declined by (-) 6.6 per cent; indeed, export of knitwear decreased by (-)12.3 per cent.



As a result, growth of export earnings in September 2011 was merely 2.4 per cent. RMG export to US was declining by (-)17.0 per cent in September 2011.; export of knitwear declined by (-) 37.4 per cent. As a matter of fact, Bangladesh's global export of knitwear for the month of September 2011 had declined in EU.

#### ■ Import

Demand for raw materials, capital machineries and fuel rose dramatically resulting in higher growth of import (41.9 per cent) in FY2010-11. The high import growth overshadowed the robust export sector performance resulting in a deterioration of the trade balance. This also put the BoP situation under pressure. However, during the first two months of FY2011-12, import growth somewhat slowed down to 16.5 per cent while imports of food grains, petroleum products and raw cotton saw a decrease. Import of capital machineries increased by 36.4 per cent during first two months of FY2011-12 mostly due to higher demand from new power plant, import L/Cs opened for capital machineries decreased by (-) 37.3 per cent in the first quarter of FY2011-12, indicating a possible stagnation of the investment sector in the coming months. Import of intermediate goods such as yarn and textiles and articles thereof also increased over the same period of FY2011-12.

#### ■ Overseas Employment

Remittance inflow during the first six months of the current fiscal stood about USD 4.0 billion (Tk.30,064 crore) which was 12.0 per cent higher than that of the comparable period of the previous fiscal. Average monthly flow of remittances during the second half of FY2010-11 was USD 1.0 billion, which was maintained in the current fiscal year. In October remittance inflow increased by 12.8 per cent.

According to the World Bank, remittance inflow in the developing world is likely to increase in 2012 and 2013, in a more sustainable way, compared to the period prior to the global financial crisis, with an annual projected growth of 7.4 and 7.9 per cent respectively. In case of

Bangladesh, if the current situation persists, and no other external shock affects overseas employment, remittance growth is likely to be more than 10 per cent in FY2011-12 compared to FY2010-11.

#### ■ Foreign Aid

Slowdown in foreign aid inflow has been a major concern for Bangladesh in FY2010-11. During the first quarter, inflow of net foreign aid was only USD 74.4 million, whereas it was USD 173.0 million in the comparable period of the previous fiscal year.

In the backdrop of falling growth of exports and remittances in September and lower levels of foreign aid disbursement in the first quarter, along with projected higher impacts in the coming months, the balance of payment is expected to remain under pressure in the coming months of FY2011-12. In this backdrop, BDT may witness further depreciation towards the end of FY2011-12. In the short term, it appears that higher utilization of foreign aid will be key to maintaining balance in the external sector.

#### ■ Balance of Payments

FY2010-11 ended with a negative overall balance and it was apprehended that this pressure would continue during FY2011-12. Monetary Policy Statement (July-December, 2011) of Bangladesh Bank projected even a wider deficit of trade balance for FY2011-12 coupled with low remittance growth.

In FY2011-12 (July-August), a low import growth had restrained, the trade balance at (-) USD 409 million. This, along with the increasing pace of remittance inflow helped to attain a current account balance surplus of USD 1194 million (which was USD 625 million during the corresponding months of FY2010-11). Negative balance in financial account continued, owing to a large extent, to the lower net inflow of foreign aid.

Net foreign direct investment (FDI) inflow registered promising growth of 66.4 per cent during the first two months of FY2011-12 but its volume was inadequate to restrain deterioration of financial account balance. Overall balance managed to maintain positive balance, for now, at USD 89 million.

#### ■ Value of BDT against major currencies

Growing balance of payments pressure got transmitted into depreciating exchange rate during last fiscal year. The exchange rate of BDT against USD has been going down further and at a faster rate in recent months. Additionally, exchange rate management has become more difficult due to volatility in international exchange rate markets. BDT was appreciating against Euro between July-September 2011 period. However, in view of Euro's strengthening in October, BDT experienced marginal depreciation in October 2011.

With a more acceptable and favorable agreement on debt crisis by EU leaders, the value of Euro has become more stable at the end of October 2011. As of end October 2011, BDT depreciated against all major currencies (USD, Euro, GBP and CNY) except for INR. Depreciation of BDT would imply that export to US and EU will be benefited. However, greater depreciation against CNY would also mean costlier intermediate and capital goods imported from China. *Ceteris paribus*, exporters may switch to importing raw materials from India (particularly for export of RMG products). Falling value of BDT put some pressure on prices of most of the imported consumer goods other than rice. Accordingly, it may also create further strain on domestic price levels in the coming months. Currently, foreign exchange reserve is maintained at around USD 10.0 billion which is equivalent to 3.6 months of import payments. Hence, there is hardly any room to use forex reserve to contain BDT's value. The volatility in international foreign exchange market made foreign exchange policymaking only harder.

#### ■ Growth Prospect

The World Bank has maintained that it is "uncertain" that the target GDP growth rate for FY12 will be achieved, while the IMF has projected it to be 6.3 per cent. Nonetheless, it should not be missed that a 6 per cent plus growth rate is a pretty respectable figure given all the visible risks afflicting the Bangladesh economy.

#### ■ Cash Reserve Requirement

The Cash Reserve Requirement (CRR) for the scheduled banks with the Bangladesh Bank has been fixed at 5.50 percent of their total demand and time liabilities from 15 May 2010 for the first time since September 2005, to mop up BDT 20 billion of excess liquidity. In December, the CRR was further raised by 50 basis points to 6.0% for the commercial banks to curb inflationary pressure on the economy.

#### ■ Statutory Liquidity Ratio

The Statutory Liquidity Ratio (SLR) for the scheduled banks, except banks operating under the Islamic Shariah and the specialized banks has been re-fixed at 18.50 percent of their total demand and time liabilities, excluding inter bank items with effect from 15 May 2010. The SLR for the Islamic banks re-fixed at 10.50 percent with effect from 15 May 2010 percent. The specialized banks continued to remain exempt from maintaining the SLR. In December, the SLR was further raised by 50 basis points to 19.0% for the commercial banks to curb inflationary pressure on the economy.

#### ■ Bank rate

The bank rate remained unchanged at 5.0 percent in FY10. This rate has been in effect since 6 November 2003.

#### ■ Capital Adequacy of the Bank

To cope with the international best standard practices and to make the Bank's capital more



risk sensitive as well as more shock resilient, 'Guidelines on Risk Based Capital Adequacy (RBCA) for Banks' (Revised regulatory capital framework in line with Basel II) have been introduced from January 01, 2009. However, Basel II regime has been started and the guidelines on RBCA have come fully into force from January 01, 2010 with its subsequent supplements/revisions.

Jamuna Bank limited is firm in maintaining all regulatory compliance, so maintenance of Capital Adequacy Ratio (CAR) is not exception. In three phases Basel-II accord has been implemented. From January 01, 2010 - June 30, 2010 in the obligation of maintaining 8% CAR Jamuna Bank Limited maintained more than 8% CAR. From July 01, 2010 - June 30, 2011 in case of maintaining 9% CAR the Bank was always forward in complying more than that. From July 01, 2011 to onwards it was fixed to 10% and Jamuna Bank Limited maintained 10.70% and 11.46% in September and December 2011 respectively which are far more of the minimum requirement.

#### ■ Liquidity

Commercial bank's demand and time liabilities are at present subject to a statutory liquidity requirement (SLR) of 19.0 percent inclusive of average 6.0 percent cash reserve ratio (CRR0). Liquidity indicators measured as percentage of demand and time liabilities (excluding inter-bank items) of the banks indicate that all the banks had excess liquidity.

FCBs are having the highest liquidity ratios followed by the SCBs. This situation of constant surplus of liquidity warrants creation of effective demand for credit at lower costs.

#### ■ Capital Market Activities

The capital market plays a significant role in the economy as a source of long-term financing. Despite the global financial crisis, Bangladesh capital market flourished during last two years especially in 2010. The bull run of the market ended in early December of 2010 and since then the market in a bearish trend with decline in daily turnover coupled with substantial price

correction and high volatility. Massive price correction shattered the investors' confidence and which on the other hand fuelled further price correction. Thus the year 2011 was a stormy year for the capital market. All the stakeholders of the market time to time took initiatives to stabilize the market and finally the prime minister also personally intervened and directed all to work for a stable capital market. As a result the market started to show a positive trend at the end of December 2011 and continued till 1<sup>st</sup> week of January 2012. Again, the investors' confidence has been further shaken due to some comments and steps from different quarters and fearing the macro economic instability. As such, the market has entered into further bearish trend. We expect a stable capital market in 2012 and future with coordinated steps from all the stake-holders.

A good number of companies raised fund through IPO and also increased Paid-up Capital by issuing Right and Bonus shares despite the bearish trend of the market. Fourteen companies floated IPOs with issued capital of Taka 18.79 billion in 2011 while the number of IPOs were eighteen with issued capital of Taka 26.54 billion in 2010. Total fund raised through IPO in 2011 is Tk. 30.03 billion out of which Sponsors' portion was Tk. 6.85 billion, Pre-IPO placement was Tk. 3.27 billion and Public portion was Tk. 19.91 billion. Paid-up capital raised through Bonus shares and Right shares was Tk. 51.09 billion and Tk. 18.59 billion respectively in 2011 which was Tk. 31.20 billion and Tk. 17.60 billion in 2010 respectively.

At the end of 2011, Market Capitalization marked a 25.41% fall over the year 2010 closed at Tk. 2,616.73 billion from Tk. 3,508.01 billion. Market capitalization at the end of 2011 stood 33.23% of our GDP. In market capitalization, the financial sector dominated with 38.33% share, followed by Bond (21.35%), Services and Miscellaneous (21.18%) and Manufacturing (19.14%).

At the end of 2011, DSE General Index stood at 5,257.61 which was at 8,290.41 at the end of 2010.

### ■ Foreign Exchange Market Operations

Under the Free Floating Exchange Rate regime, Banks are free to set their own Exchange Rates for Inter Bank and Customer transactions based on their Demand & Supply of FC. In the month of January, 2011 average Taka-Dollar Exchange Rate was 71.15 which depreciated 15.04% and stood 81.8529 at the end of December, 2011.

The Volume of Inter bank Transactions in 2011 stood at USD 2,784.54 Million against BDT which is 52.75% lower than that of USD 5,892.71 in 2010. But SWAP Transactions in 2011 stood at USD 16,098.05 Million, which is 115.65% higher than the previous year.

### ■ Foreign Exchange Reserves

The Gross Foreign Exchange Reserves of Bangladesh Bank stood at USD 9,634.90 Million at the end of December, 2011, which is 13.78% lower than the USD 1,1174.40 Million of December, 2010. This Foreign Exchange Reserve of Bangladesh without ACU liability is equivalent to meet approx 3 Months Import obligation.

The gross Foreign Exchange balances held abroad by commercial banks stood lower at USD 930.81 million by end of December, 2011 which was higher than the balance of USD 538.07 million by end December, 2010.

### ■ Foreign Remittance

Remittances in December, 2011 stood at USD 1,147.22 million which was higher by 18.38% against USD 969.10 million of December, 2010. Total Remittance receipts during the FY 2010-11 was USD 11,650.32 million that is 6.03% higher than USD 10,987.40 million for the FY 2009-2010.

### ■ Exchange Rate Movement

The Exchange Rate in the domestic FX Market was volatile. In 1<sup>st</sup> Quarter of 2011, USD/BDT Exchange Rate was 72.74 then BDT depreciated 12.49% against USD at the end of 4<sup>th</sup> Quarter, 2011. Overall appreciation of USD against BDT was 15.04% in the year 2011.



## Credit Rating Agency of Bangladesh Limited



Ref: AGL (01)/RCM/120515/2012- 343

03 May 2012

Mr. Md. Motior Rahman  
Managing Director  
Jamuna Bank Limited  
3, Dilkusha C/A, Dhaka

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	AA-
Short Term	ST-2
Outlook	Stable

The entity rating is valid up to 30 June 2013. 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 hope the Rating Awards will serve the intended purpose of your organization.

Yours Sincerely,

Hamidul Haq  
Managing Director

## Financial Performance Review 2011

The Bank met or exceeded almost all of its published objectives for 2011, as illustrated below. As a result of its strong commitment to improve its efficiency and profitability ensuring compliance of all regulatory requirements, the Bank significantly 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 31.12.2011 rose to Tk.87065.13 million from Tk.70013.89 million as on 31.12.2010, which indicates 24.35% growth of assets over the preceding year.

The total assets of the Bank as on 31.12.2011 rose to Tk.87065.13 million from Tk.70013.89 million as on 31.12.2010, which indicates 22.52% 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 31.12.2011 was Tk.4874.87 million while it was Tk.4487.94 million as on 31.12.2010.

### ■ Balance with other banks and financial institutions

The total amount stood at Tk.5849.83 million as on 31.12.2011 and Tk.1151.99 million as on 31.12.2010.

### ■ Money at Call & Short Notice

The amount stood at nil as on 31.12.2011 while it was also nil as on 31.12.2010.

### ■ Investment

The investment portfolio of the Bank as on 31.12.2011 rose to Tk.16314.92 million from Tk.10891.02 million as on 31.12.2010. The investment portfolio was mingled with Government Treasury bills amounting to Tk.32.72 million, Treasury Bonds of Tk.15772.92 million, Islami Bond Tk.180.00 million investment in primary/secondary shares of Tk.307.84 million of which Tk.3.13 million has been invested in acquisition of 913,889 shares of Central Depository Bangladesh Limited (CDBL), 05 shares of SWIFT amounting to Tk.1.19 million, Asset Pledge as security Tk.20.00 million and prize bond of Tk.1.43 million. The Bank's major portion of investment is in Govt. Treasury Bills and Bonds for the purpose of fulfilling Statutory Liquidity Requirement.

### ■ Loans and Advances/Investments

JBL made constant efforts to explore different areas of credit operation and could raise the credit portfolios to Tk.56611.79 million in 2011 with an increase of Tk.6876.99 million i.e. 13.83% over that of the preceding year. 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, JBL strived hard for further diversification of credit portfolios.

Its credit facilities were diversified in Trade Finance, SME finance, Agriculture and related sectors, project finance, wholesale and retail trade, transport sector, hospital & diagnostic centers, syndicate financing for big projects, capacity additions to the manufacturing sector and structured financing for developing infrastructure of the country.

JBL made constant efforts to explore different areas of credit operation and could raise the credit portfolios to Tk.56611.79 million in 2011 with an increase of Tk. 6876.99 million i.e. 13.83% over that of the preceding year.



■ **Total Non-performing loans and advances/Investments**

Total non-performing loans and advances was Tk.1618.73 million as on 31.12.2011 while it was Tk.905.52 million in 2010. The percent of non-performing loans and advances as on 31.12.2011 was 2.86% while it was 1.82% in 2010. Sufficient provision has been kept against all non-performing loans and advances.

■ **Liabilities**

Total Liabilities of the Bank stood at Tk.79783.62 million as on 31.12.2011 which was Tk.63605.71 million as on 31.12.2010.

■ **Borrowing from Bangladesh Bank Financial Institutions and agents**

Borrowing from Bangladesh Bank, other banks, financial institutions and agents stood at Tk.5750.71 million as on 31.12.2011 it was Tk.502.32 million as on 31.12.2010.

■ **Deposits**

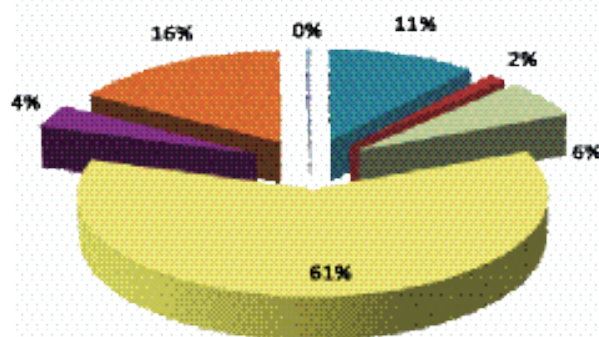
Total deposits stood at Tk.70508.05 million as on 31.12.2011 which was Tk.60673.56 million as on 31.12.2010. The growth of deposits was Tk.9834.49 million registering growth of 16.21% over the previous year.

Total deposits stood at Tk.70508.05 million as on 31.12.2011 which was Tk.60673.56 million as on 31.12.2010. The growth of deposits was Tk.9834.49 million registering growth of 16.21% 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.70508.05 million in 2011 against that of Tk.60673.56 million in the preceding year showing an increase of Tk.9834.49 million being 16.21 percent. For healthy growth of business JBL puts emphasis on no cost and low cost deposit all the time. A good number of savings schemes are in place for mobilizing long term deposits, which can be planned to invest in term loans in the area of 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. JBL's total Deposit mix in various categories is presented below:

**Deposit Mix as Percentage of Total Deposit**

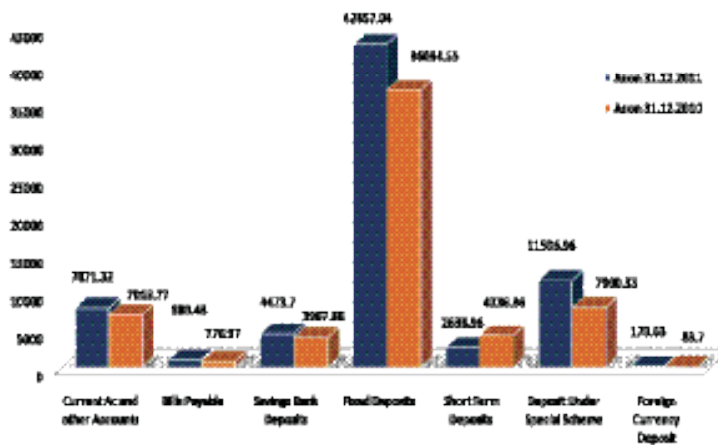


- Current Ac and other Accounts
- Bills Payable
- Savings Bank Deposits
- Fixed Deposits
- Short Term Deposits
- Deposit Under Special Schemes
- Foreign Currency Deposit

The comparative position of deposit mix of the Bank as on 31.12.2011 and 31.12.2010 is depicted below:

Type of Deposit	As on 31.12.2011	As on 31.12.2010	Changes (+)/(-)	Changes In % over the Year
Current Ac and other Accounts	7871.32	7013.77	857.55	12.22
Bills Payable	989.43	776.97	212.46	27.34
Savings Bank Deposits	4473.70	3967.88	505.82	12.75
Fixed Deposits	42857.05	36894.55	6162.50	16.79
Short Term Deposits	2638.96	4236.36	(1597.40)	(37.71)
Deposit Under Special Scheme	11506.96	7900.33	3606.63	45.65
Foreign Currency Deposit	170.63	83.70	86.93	103.85
<b>Total Deposit</b>	<b>70508.05</b>	<b>60673.56</b>	<b>9834.49</b>	<b>16.21%</b>

Comparative Analysis for Deposit Mix



### Capital Adequacy Ratios

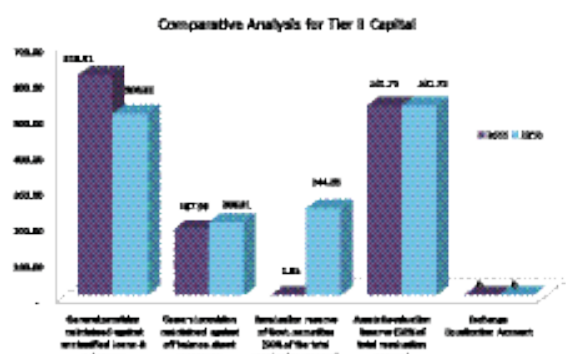
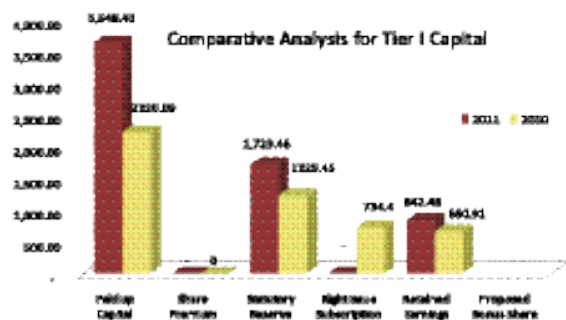
According to the instructions contained in Bangladesh Bank's BRPD Circulars No. 10 & 24 dated March 10, 2010 and August 03, 2010 every commercial bank operating in the country is required to maintain at minimum 10 percent of its risk-weighted assets as capital from July 01, 2011. Jamuna Bank Limited could maintain Capital Adequacy ratio of 11.27 percent as at 31.12.2011, which was 1.27 percent higher than the Minimum Required Capital Adequacy Ratio. The amount of capital with break-up is given in the following:

(Figure in BDT Million)

Particulars	2011	2010	Change (+/-)
<b>Tier I Capital</b>	<b>6214.34</b>	<b>4855.51</b>	<b>1358.83</b>
Paid up Capital	3648.40	2230.09	1418.31
Share Premium Account	-	-	-
Statutory Reserve	1723.46	1229.45	494.01
Right Issue Subscription Money	-	735.35	-
Retained Earnings	842.48	660.91	181.57
Proposed Bonus Share	-	-	-
<b>Tier II capital</b>	<b>1338.45</b>	<b>1494.51</b>	<b>(156.06)</b>
General provision maintained against unclassified Loans & Advances	616.19	511.86	104.33
General provision maintained against off balance sheet exposures	187.96	206.31	(18.35)
Revaluation reserve of Govt. securities (50% of the total revaluation reserve)	1.83	244.59	(242.76)
Assets Revaluation Reserve (50% of total revaluation reserve)	531.75	531.75	-
Exchange Equalization Account	-	-	-
<b>Total Capital (Tier I + Tier II)</b>	<b>7552.79</b>	<b>6350.02</b>	<b>1202.77</b>



**Graphical Presentation for Capital Adequacy Ratios:**



From the figures it reveals that Jamuna Bank Limited was able to increase its core capital from Tk.4855.51 million to Tk.6214.34 million and supplementary capital reduced from Tk.1494.51 million to Tk.1338.45 million and total capital increased from Tk.6350.02 million to Tk.7552.79 million.

■ **Crossed the mandatory Capital ceiling:**

Bangladesh Bank (BB) has instructed all the commercial banks vide BRPD circular letter no. 11 dated August 14, 2008 to raise the Tier-1 core 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. In the same circular Bangladesh Bank has restricted banks from paying any cash dividend until a bank meets the above requirements. As shown in the Balance Sheet, our capital (paid up capital and statutory reserve) as on December 31, 2011 has already

crossed that mark and stood at BDTk.6214.34 million (of which paid up capital was BDT 3648.40 million) and as on 31.12.2011 total capital (Tier-1 and Tier-2) of the Bank reached at 7552.79 million.

**Analysis of Income Statement of JBL**

■ **Financial performance**

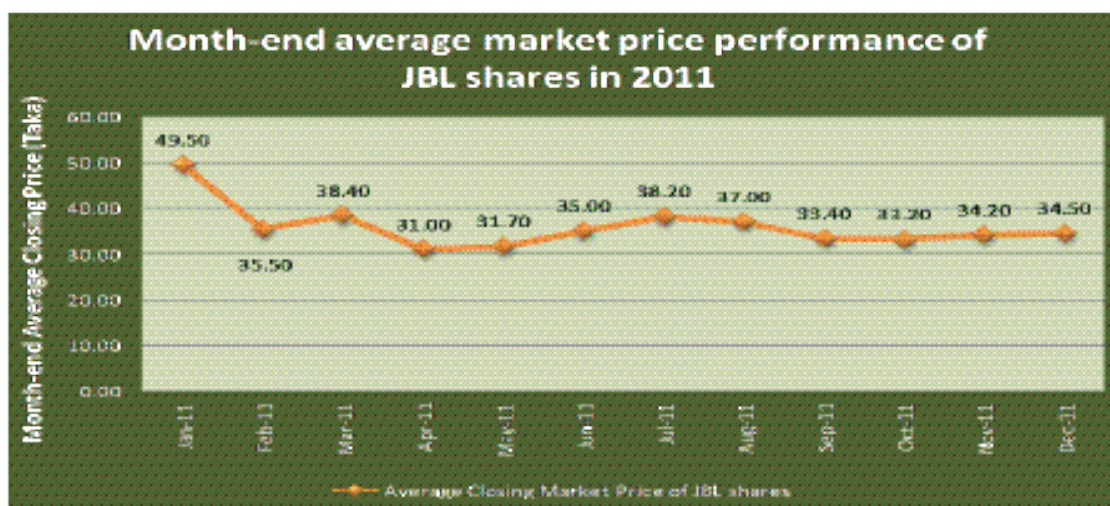
Giving the changing economic and business conditions, the financial performance of JBL in 2011 was as expectedly consistent. Besides, restraining from aggressive lending, JBL diversified its funding source, recovered more bad loans, enhanced quality of assets, fostered control and compliance during the year.

Although number of shares increased due to stock dividend, basic earnings per share (EPS) increased to Tk. 3.65 (against per value Tk. 10) on 31.12. 2011 from Tk. 2.92 (against per value Tk. 10 as on 31.12.2010, Non-performing loans (NPL) ratio was 2.86 percent on the year-end 2011 against 1.83 percent on the year-end 2010. Gross loans to deposit ratio has also decreased to 80.29 percent as on year-end 2011 against 81.47 percent at year end 2010 which adequately fulfilled the regulatory requirement of 85%. Operating Profit increased to Tk.2817.40 million as on 31.12.2011 from Tk.2410.96 million as on 31.12.2010 registering a growth of 17%.

Gross loans to deposit ratio has also decreased to 80.29 percent as on year-end 2011 against 81.47 percent at year end 2010 which adequately fulfilled the regulatory requirement of 85%.

## JBL shares performance

- Price performance of JBL shares from 01.01.2011 to 31.12.2011



- Index Information

	<b>Figures in Taka</b>
Market price on 02.01.2011 (First market day)	54.20
Market price on 29.12.2011 (Last market day)	34.50
High-low market price in 2011	
High	55.10
Low	27.90
Market capitalization as of 29.12.2011	12,586,992,972.00
Free-float shares as of 29.12.2011	150,415,293
% of free-float shares on total shares outstanding	41.23%

- Share details

DSE & CSE trading Code	JamunaBank
DSE & CSE Company No.	11134
Issue Price per share at IPO (Face value and Premium were Tk. 100.00 and Tk. 20.00 respectively)	120.00
Present Denomination of shares	Tk.10.00
Market lot (shares)	250
Number of shares outstanding as of 01.01.2011	223,008,840
Number of shares outstanding as of 31.12.2011	364,840,376
Average number of shares outstanding in 2011	324,327,972

- Rights issue

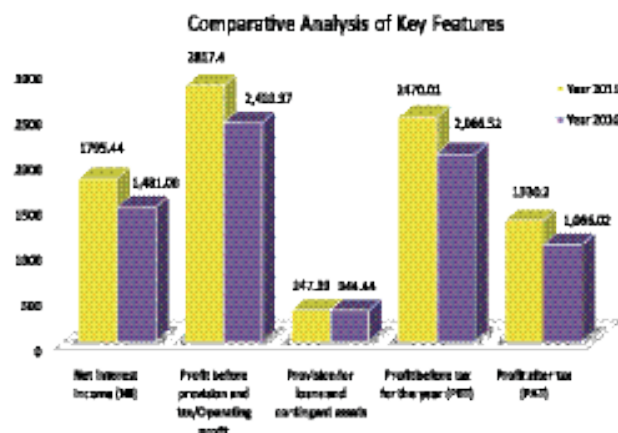
No. of Rights shares issued	74,336,280
Ratio	1:3
Subscription amount for each Rights share	Tk. 10.00
Rights shares credited to BO account on	07.02.2011



■ Financial Highlights

The key features of the financial performance for the year 2011 are summarized in the following table:

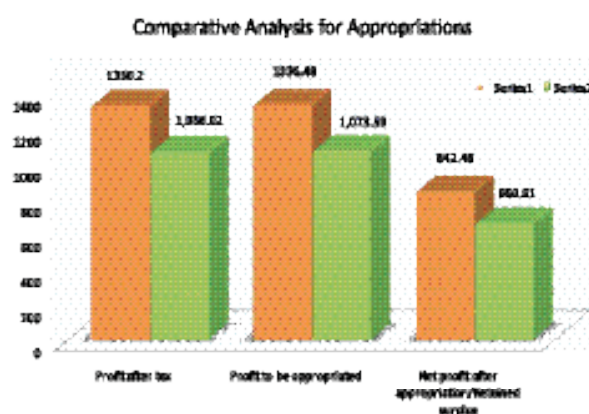
Figures in million BDT			
Particulars	Year 2011	Year 2010	Change in %
Net interest income (NII)	1795.44	1,481.00	21.23%
Profit before provision and tax/Operating profit	2817.40	2,410.97	16.86%
Provision for loans and contingent liabilities	347.39	344.44	0.86%
Profit after provision but before tax for the year (PBT)	2470.01	2,066.52	19.53%
Profit after tax (PAT)	1330.20	1,066.02	24.78%



■ Appropriations:

The Profit and Loss account for the year 2011 shows Profit after tax (PAT) of BDT 1330.20 million and the distributable profit is BDT 836.20 million after a mandatory transfer of BDT 494.00 million (20 percent of profit before tax) to statutory reserve.

Figures are in million BDT		
Particulars	Year 2011	Year 2010
Profit after tax	1330.20	1,066.02
Retained earnings carried forward from previous year	6.28	7.57
Profit to be appropriated	1336.48	1,073.59
Transfer to statutory reserve	494.00	412.98
Net profit after appropriation/Retained surplus	842.48	660.61



■ Net Interest Income

The net interest income as on 31.12.2011 was Tk.1795.44 million while it was Tk.1481.00 million in 2010.

■ Investment Income

Total investment income of the bank was Tk.1772.08 million in 2011 while it was Tk.1152.79 million in 2010.

■ Non-Interest Income

Total non-interest income was Tk.1296.77 million in 2011 and Tk.1112.45 million in 2010.

■ Non-Interest Expenses

Total non-interest expenses was Tk.2046.89 million in 2011 while it was Tk.1335.61 million in 2010.

**■ Statutory Reserve**

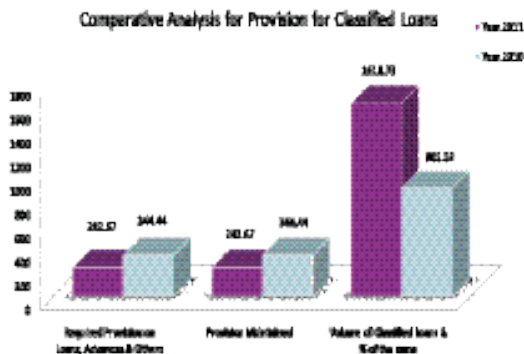
Total statutory reserve of the Bank was 494.00 million as on 31.12.2011 while it was Tk.412.98 Million in 2010.

**■ Provision for Classified Loans**

Sufficient provision has been maintained by the bank against total required provision.

(Figures are in million BDT)

Particulars	During the year 2011	During the year 2010
Required Provision on Loans, Advances & Others	347.39	344.44
Provision Maintained	347.39	344.44
Volume of Classified loans & % of the same	1618.73 & 2.86%	905.52 & 1.83%
Provision Maintenance Ratio	100%	100%



**■ Net Profit After Provision but Before Tax**

The net profit before tax of the bank was Tk.2470.01 million as on 2011 which was Tk.2066.52 million in 2010.

**■ Provision for Income Tax**

Total Tax provision including deferred tax was Tk.1127.46 million in 2011 while it was Tk.990.18 million in 2010.

**■ Net Profit After Tax**

The net profit after tax of the bank was Tk.1330.20 million in 2011 while it was Tk.1066.02 million in 2010. It indicated a steady and an excellent growth of the bank.

**■ Import Business**

The total import business handled by the Bank in 2011 was Tk.55907.00 million compared to Tk.61034.50 million in the preceding year, a slight decrease of Tk.5127.50 million being 8.40 percent. Due to heavy pressure in FEX market and rise of price of greenback against BDT several times, the import business of the bank slightly decreased in 2011.

The total import business handled by the Bank in 2011 was Tk.55907.00 million compared to Tk.61034.50 million in the preceding year, a slight decrease of Tk.5127.50 million being 8.40 percent due to heavy pressure in FEX market and rise of price of greenback against BDT several times. Again, there was an increase of Tk.16068.60 million in export business handled by the Bank, being 38.39 percent over the preceding year.

**■ Export Business**

The Bank handled export business worth Tk.57929.40 million in the year under report. In 2010 total export business handled by the Bank was Tk.41860.40 million. Thus there was an increase of Tk.16069.00 million in export business handled by the Bank, being 38.39 percent over the preceding year.



## Credit

Loans and advances are the heart of asset of all Commercial Banks. Banks, all over the world, try immensely to make such a loan portfolio which helps maximize revenue at a minimum risk. Our bank continued to extend its credit facility by offering different customized loan products to business entities and individuals.

### ■ Credit Rating of JBL

As per Bangladesh Bank's mandatory requirement vide BRPD circular No. 06 dated July 05, 2006 Credit Rating of Jamuna Bank Limited was done by the Credit Rating Agency of Bangladesh Limited (CRAB) on the audited Balance Sheet as on 31.12.2011. CRAB has submitted their report as following:

Current Rating	Previous Rating
Long Term A A <sub>2</sub>	Long Term A-1
Short Term ST-2	Short Term ST-2
Date of Rating: 03.05.2012	Date of Rating: 13.04.2011

### ■ Credit Rating Report (Entity Rating)

Credit Rating Agency of Bangladesh Limited (CRAB) upgrades the rating of Jamuna Bank Limited (JBL) to AA<sub>2</sub> from A-1 and reaffirms short-term rating to ST-2.

### ■ Credit Policy

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

Jamuna Bank Limited continually updates its credit policy in line with the ongoing improvement in the banking sector.

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 and Documentation
- Credit Monitoring
- Delegation of Approval Authority

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

### ■ Credit Principles

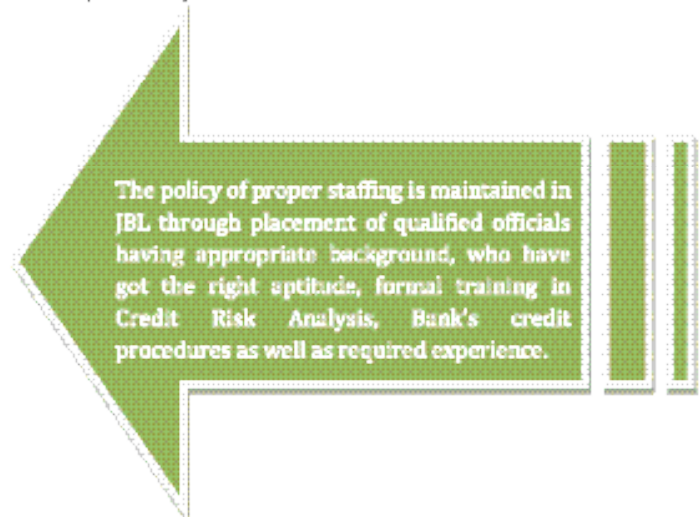
The Credit Policy Guidelines have outlined the Credit Principles of JBL as under:

- i. The Bank shall provide suitable credit services and products for the market in which it operates. Product Innovation shall be a continuous process.

- i. Loans and advances shall normally be financed from customers deposit and not out of temporary fund or borrowing from money market.
- ii. 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.
- iii. All credit extension must comply with the requirements 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.
- iv. The conduct of the loan portfolio should contribute, within defined risk limitation, to the achievement of profitable growth and superior return on the Bank's capital.
- v. 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.
- vi. Credit facilities will be extended to those persons/ companies, which can make 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.
- vii. **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.
- viii. **Remunerative:** If Credit facilities are allowed on a transaction/one-off basis, the yield from the facility should be commensurate with the risk.
- ix. **Loan pricing:** Loan pricing shall depend on the level of risk and type 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 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, following the Bangladesh Bank's guidelines in this respect.

- i. **Proper 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 the overall credit port-folio of the Bank healthy, the policy of proper staffing is maintained in JBL through placement of qualified officials having appropriate background, who have got the right aptitude, formal training in Credit Risk Analysis, Bank's credit procedures as well as required experience.



#### ■ Credit Budget

Budget is the numerical expression of a plan. It acts as the guideline for the operational people and streamlines all the efforts to the desired way. In credit operation, budget performs some other important functions.

**Firstly,** a credit budget can be used as yardstick to prevent unwarranted 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.



**Secondly**, the credit budget acts as a target to be achieved. It allows the management to review the performance with the budget and to take corrective action, if necessary.

**Thirdly**, since credit budget is prepared giving emphasis on potential sectors and 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 other sectors may have reached the saturation stage. The risk factors differ from one sector to another.

JBL formulates credit budget indicating appetite for growth in different sectors, every year.

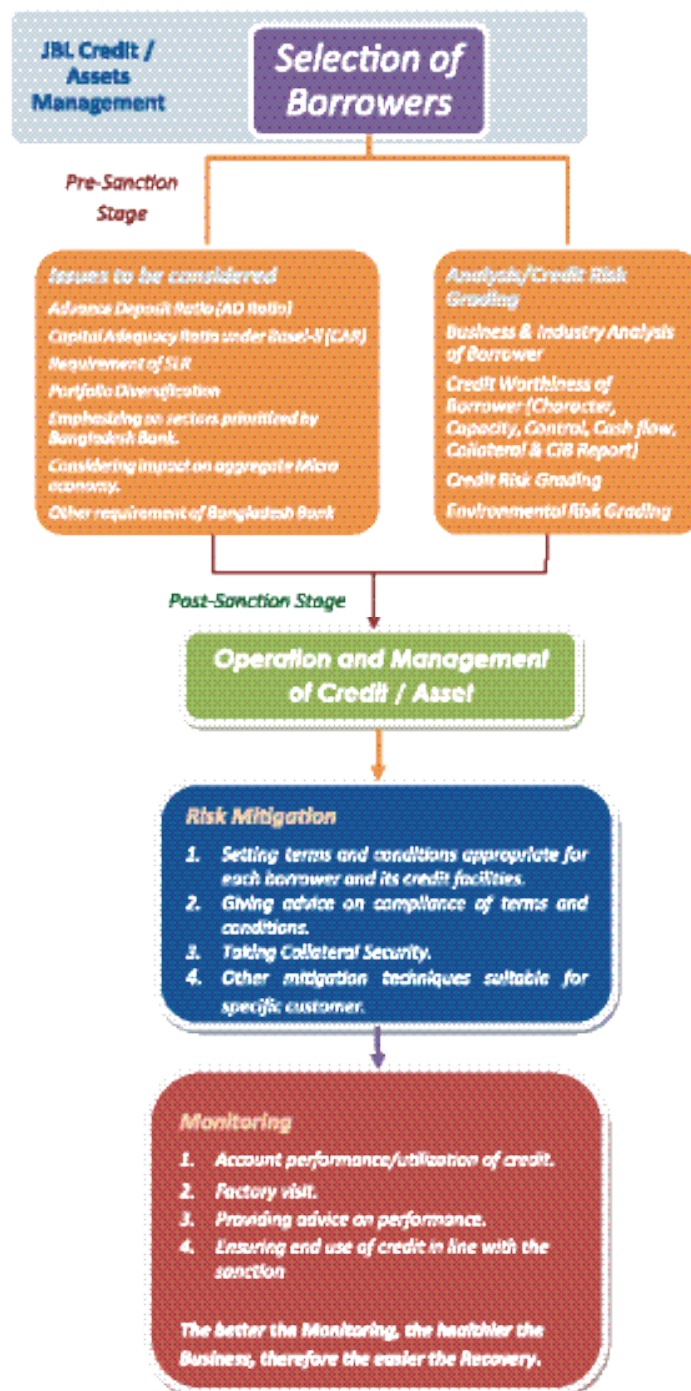
To provide guidelines to the credit marketing team and to smoothen the credit decision, credit budget may act as yardstick.

JBL formulates credit budget indicating appetite for growth in different sectors, every year. For the year of 2011, JBL credit budget contains following:

1. Preferred Areas of Business
2. Mode-wise Credit Exposure Ceiling
3. Large Loan Concentration Ceiling
4. Management of Classified Loans and Advances to keep it at the lowest level
5. Credit Budget for the year 2011 with sectoral outlook and exposure ceiling
6. Credit Budget for the different segments of Business like Corporate, SME and Retail
7. Emphasizing on Secured Lending
8. Compliance of Basel-II Framework
9. Loan Pricing Policy
10. Policy for Delegation of Approval Authority as per Bangladesh Bank Guidelines
11. Implementation of the concept of Relationship Banking
12. Strengthening Credit Monitoring

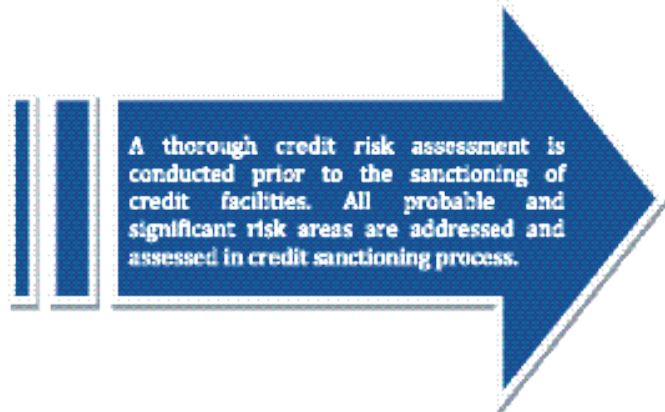
As a result its total loans and advances reached to Tk.5660.99 crore in diversified and preferred areas of business in the year ended 2011.

### Credit Procedures Flowchart



## ■ Credit Risk Assessment

A thorough credit risk assessment is conducted prior to the sanctioning of credit facilities. Thereafter it is done annually for each relationship. The result of this assessment is presented in the credit proposal originated from the Relationship Manager. Following risk areas are addressed and assessed in credit sanctioning process:



A thorough credit risk assessment is conducted prior to the sanctioning of credit facilities. All probable and significant risk areas are addressed and assessed in credit sanctioning process.

- a. **Borrower Analysis:** Reputation, education, experience, age and success history and net worth of the borrower are considered to analyze a borrower. Any 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. **Historical financial analysis:** An analysis of a minimum of 3 years historical financial statements of the borrower is being presented. The analysis addresses the quality and sustainability of earning, cash flow and the strength of the borrower's balance sheet.
  - d. **Projected financial Performance:** Where term facilities are proposed, a projection of the borrower's future financial performance/cash flow is estimated to ascertain that the borrower will be able to repay the installments.
- a. Technical feasibilities / Infrastructural facilities, Seasonality of demand, Debt-Equity Ratio, Account conduct of the borrower, Security and other relevant factors are considered to assess credit risks.

## ■ Credit Facilities Parameter

### 1. Maximum Size:

- Directives of Bangladesh Bank are meticulously complied in respect of maximum size single customer/group exposure. At present, as per guidelines of Bangladesh Bank, total outstanding of any single person or enterprise or organizations of a group at any point of time does not exceed 35% of Bank's total capital subject to the condition that the maximum outstanding against fund based financing facilities (Funded facilities) do not exceed 15% of the total capital.

However, in case of export sector single borrower exposure is 50% of the Bank's total capital. But funded facility in case of export credit also does not exceed 15% of Bank's total Capital.

- Loan sanctioned to any individual enterprise or any organization of a group amounting to 10% or more of Bank's total capital is considered as Large Loan.

JBL having classified loan less than 5% (i.e. classified loan as on 31.12.2011) can extend large loan up to 56% of its total capital funds.

- Credit limit in each case shall be 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	Medium Term Loan	Long Term Loan
<p>•Maximum period 12 (twelve) months. Actual loan period shall be fixed on a case-to-case basis considering cycle of business and requirement.</p>	<p>•Loan period shall be for more than 12 months and up to 36 months</p>	<p>•Loan period shall be for more than 36 months. Actual loan period shall be fixed considering repayment capacity and projected cash flow.</p>

## 3. Securities:

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

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

Collateral securities are properly valued by enlisted independent surveyor and the recommending Branch. The collateral security must have adequate value, proper demarcation, possession right and right title of documents as opined by the panel lawyer of the Bank. The collateral must be within the commanding area of the Branch. In addition to that Guarantee of the sponsors, spouses, mortgagors as well as past 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

Credit risk grading is an important tool for credit risk measurement as it helps the Banks and financial institutions to understand various dimensions of risk involved in different credit transactions. The grading across the borrowers, activities and the 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 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 accordance to the gravity of risk. The primary risk areas are financial risk, business/industry risk, management risk, security risk and relationship risk. These risk components are further sub-divided.

## Corporate Banking

Corporate Banking of JBL is heading forward by offering customized corporate Banking solution for local as well as MNCs (Multi-National Companies) corporates. Our corporate Banking continues to enjoy robust relationship with premier corporate clients of the country providing comprehensive and customized financial solution which include, among others, working Capital financing, Structured and Syndicated financing, Trade finance, Financial restructuring and Commercial Banking products and services.

Although the Banking industries experienced a tight situation 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 minimized efficiently by well diversification of the loan portfolio.

We are also attracting non-funded business which has two way benefits such as for Bank - it earns huge "fee income" on the other hand it promotes international trade (Export & Import) which helps boost up our economy.

Our relationship managers work closely with the clients to understand the pros and cons of business and its requirements. Tailor made services and need based financial support are offered to assist them all the time.

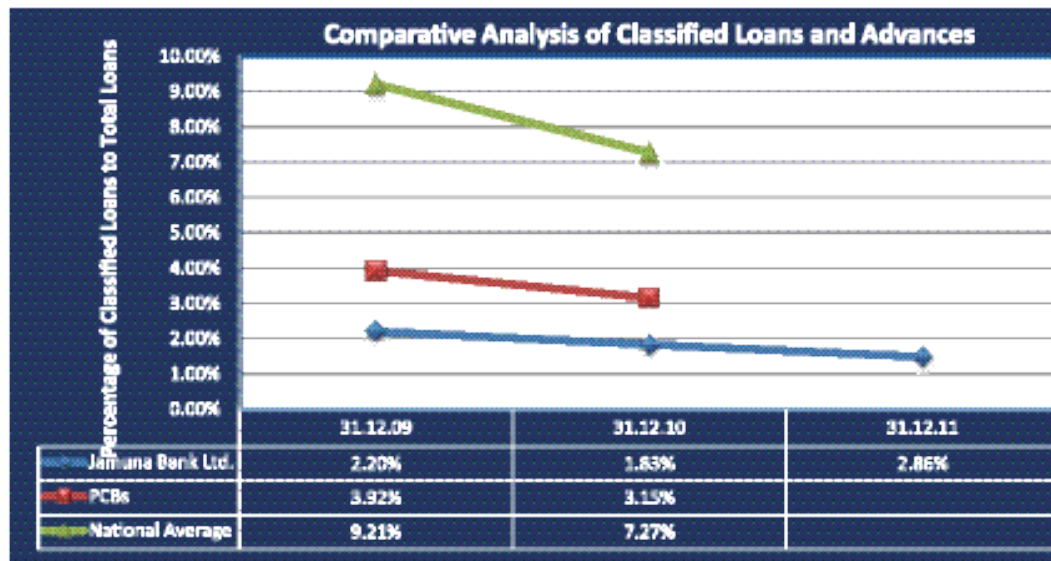
Our corporate Banking maintains robust relationship with premier corporate clients providing comprehensive and customized financial solution from working Capital financing, Structured and Syndicated financing, Trade finance, Financial restructuring and Commercial Banking products and service.

Our corporate division is well equipped and staffed with skilled and experienced personnel who have in depth knowledge to select right customers by analyzing credit worthiness and all associate risks. Trend of our Non Performing Loan (NPL, which is 2.86% as on 31.12.2011, is in the lowest level in the industry) is good enough to articulate the performance of our corporate banking:

*Status of classified loans & advances of Jamuna Bank Ltd.:*

Classification Status	Amount (in Lac Taka)		
	31.12.2009	31.12.2010	31.12.2011
Sub-Standard	109.17	961.07	370.47
Doubtful	146.03	1536.18	1400.46
Bad & Loss	6853.38	6557.91	7656.83
<b>Total</b>	<b>7108.58</b>	<b>9055.16</b>	<b>9427.76</b>
<b>% Classified loans to Total Loans</b>	<b>2.20%</b>	<b>1.83%</b>	<b>2.86%</b>

A detail scenario of classified loan and advances of JBL in comparison to banking sector is presented below:



PCBs=Private Commercial Bank Ltd.

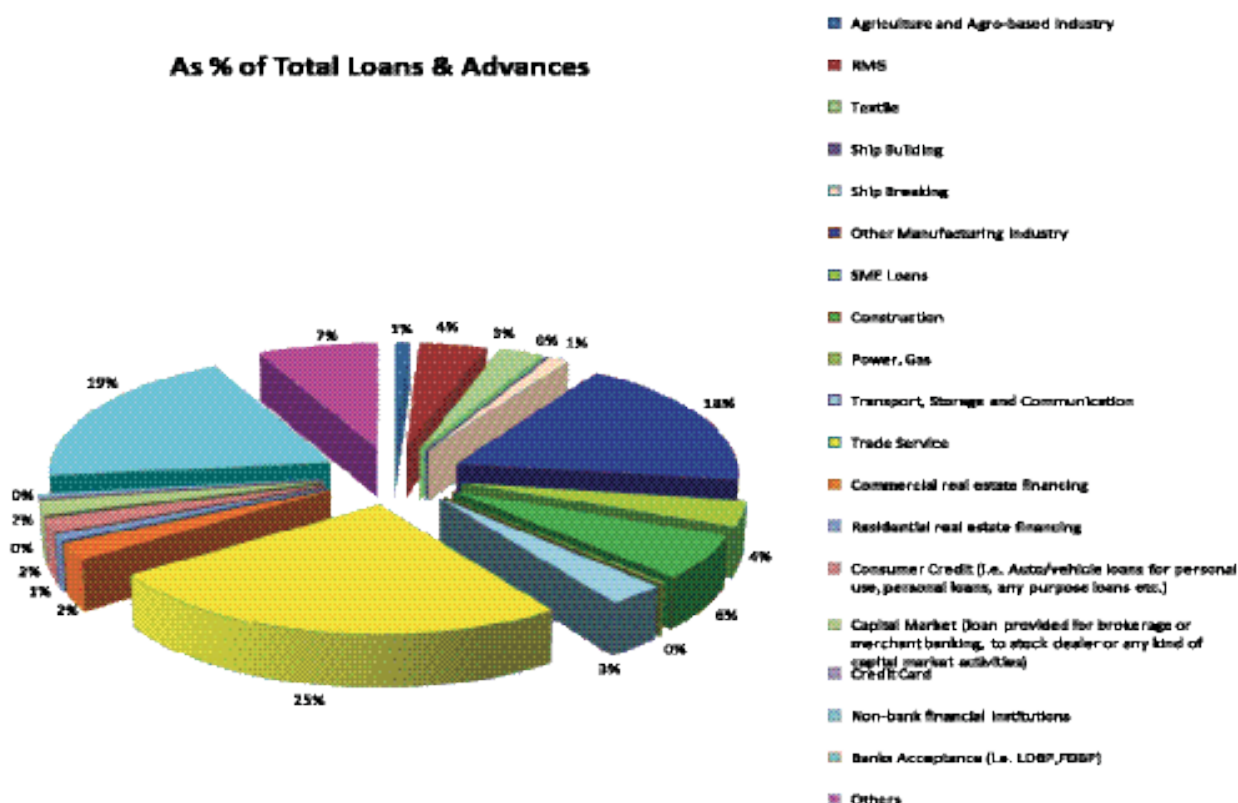


Credit exposure of Jamuna Bank Limited is as under:

(Tk. In Crore)

Sl. No.	Sectoral Structure of Lending	Outstanding as on 31.12.2011	As % of Total Loans & Advances
1	Agriculture and Agro-based Industry	51.32	0.91%
2	RMG	235.40	4.16%
3	Textile	155.76	2.75%
4	Ship Building	0.00	0.00%
5	Ship Breaking	73.45	1.30%
6	Other Manufacturing Industry	1030.70	18.21%
7	SME Loans	204.85	3.62%
8	Construction	350.68	6.19%
9	Power, Gas	11.84	0.21%
10	Transport, Storage and Communication	174.03	3.07%
11	Trade Service	1421.39	25.11%
12	Commercial real estate financing	129.02	2.28%
13	Residential real estate financing	48.26	0.85%
14	Consumer Credit (i.e. Auto/vehicle loans for personal use, personal loans, any purpose loans etc.)	105.10	1.86%
15	Capital Market (loan provided for brokerage or merchant banking, to stock dealer or any kind of capital market activities)	113.01	2.00%
16	Credit Card	9.70	0.17%
17	Non-bank financial institutions	21.01	0.37%
18	Banks Acceptance (i.e. LDBP, FDBP)	1102.10	19.47%
19	Others	423.35	7.48%
<b>Total Loans &amp; Advances</b>		<b>5660.99</b>	<b>100.00%</b>

As % of Total Loans & Advances

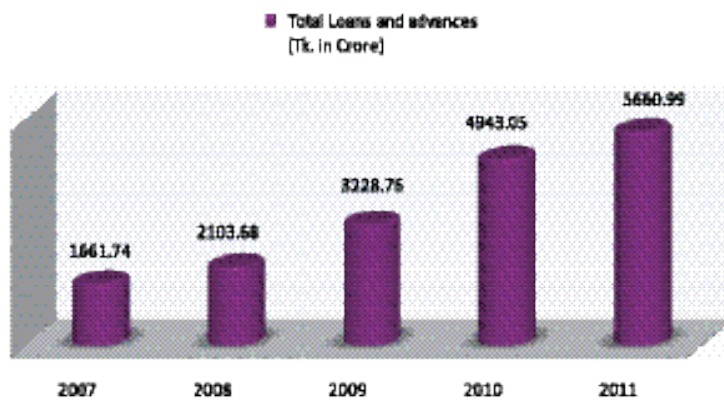


Jamuna Bank Limited not only makes a suitable loan portfolio but also maintains a sustainable growth in its total exposure over the several years. The trend is depicted below:

(Tk. in Crore)

Year	2007	2008	2009	2010	2011
<b>Total Loans &amp; advances</b>	1661.74	2103.68	3228.76	4943.05	5660.99

Total Loans and advances



JBL credit division is segregated into different wings viz. General Credit Unit, Export (RMG) Unit, Leasing Unit, Syndication and structured Finance Unit which have been staffed by extremely skilled and experienced personnel who are running the wings successfully. Not only comprehensive credit facilities but also financial advices & all sorts of financial helps are provided to the clients to draw effective solutions for their financial problems.

## Ready Made Garments Industry of Bangladesh

The ready-made garments (RMG) industry of Bangladesh started its journey in the late 1970s and has become a prominent player in the economy within a short period of time. The industry has contributed to export earnings, raising foreign exchange reserve, employment creation, poverty alleviation and empowerment of women. The export-quota system and the availability of cheap labor are the two main reasons behind the success of the industry. Bangladesh exports its RMG products mainly to the United States of America and the European Union. These two destinations account for more than a 90 percent share of the country's total earnings from garment exports. This sector is the biggest contributor to the country's foreign exchange- around 76 percent- and employing around 2.2 million people.

Export of RMG is undoubtedly playing vital role in boosting up the national economy where Jamuna Bank Limited has its footprint performing satisfactory export business amounting to above taka four thousand crore (Tk.4000.00 crore) in 2011.

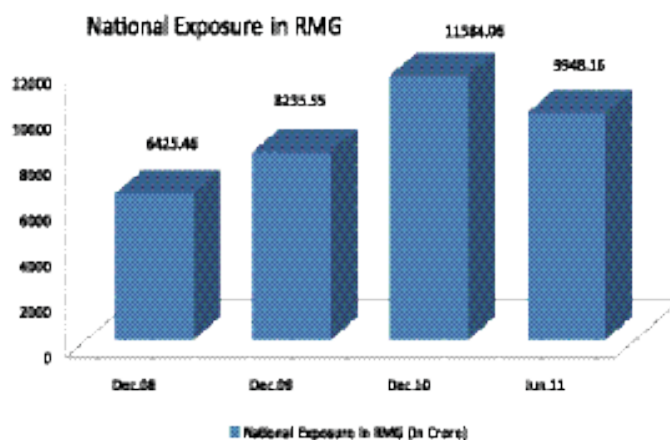
Export of RMG is undoubtedly playing vital role in boosting up the national economy where Jamuna Bank Limited has its footprint performing satisfactory export business amounting to above taka four thousand crore (Tk.4000.00 crore) in 2011.



Total Loans and Advances in RMG provided by all Schedule Banks of Bangladesh

(Tk. in Crore)

	Dec.08	Dec.09	Dec.10	Jun.11
National Exposure in RMG	6425.46	8235.55	11584.06	9948.16



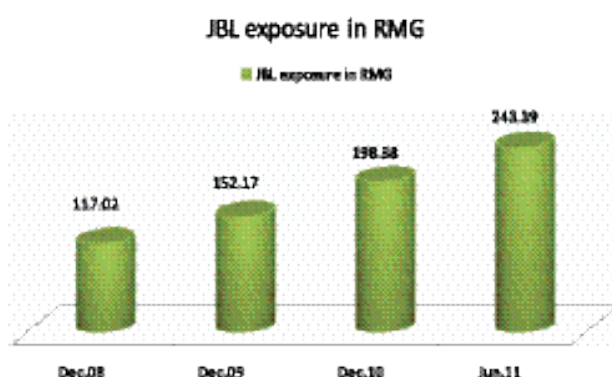
In July 2011, total National exposure in RMG got a bit down due to the acute financial turmoil in USA and European Country.

In June, 2011, JBL provided 4.53% of total Loans & Advances in RMG sector.

The chart given below depicts total loan amount provided by JBL and percentage of total loans & Advances

(Fig in Crore Taka)

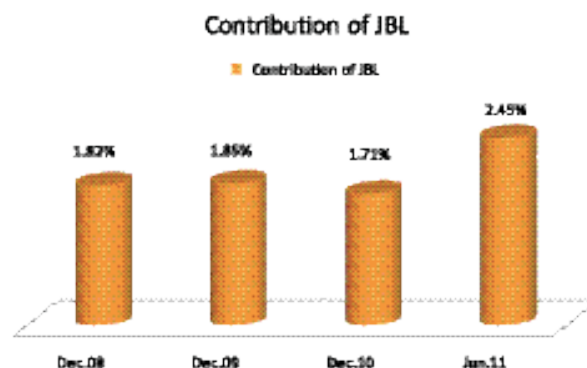
	Dec.08	Dec.09	Dec.10	Jun.11
JBL exposure in RMG	117.02	152.17	198.38	243.39
Total Loans & Advances	2103.36	3228.76	4943.04	5374.13
% of RMG in total Loans & Advances of JBL	5.56%	4.71%	4.01%	4.53%



#### ■ Contribution of JBL in the national RMG Industry

The graph below demonstrates the JBL contribution in entire banking industry in RMG  
(Fig in Crore Taka)

	Dec.08	Dec.09	Dec.10	Jun.11
Contribution of JBL	1.82%	1.85%	1.71%	2.45%



#### ■ Exposure of JBL in Garments Industry

JBL has satisfactory exposure in Readymade Garments (RMG) sector. In June, 2011, JBL provided 4.53% of total Loans & Advances in RMG sector. To mitigate the Concentration Risk JBL provides loans & advances in a well thought out diversified manner in different sectors of economy.

### ■ Risk Posessed By the RMG sector

Around 90% of garment's export is destined for the US and European countries, which are currently facing economic slowdown. The economic slowdown in these countries poses intensive risk for our Garments Industry because it may decrease the demand of apparel exports from our country. Unstable price of raw materials used in RMG sector is also another factor of Risk. The apparel sector faces substantial productivity loss also because of labour unrest, which results in production halt, shipment delays and revenue loss.

Besides those, some other factors such as insufficient safety and security measures, political instability and power crisis also have drastic impact on the Garment sector.

### ■ The major benefits arising from the sector are:

- The income for the bank from these sector is manifold, which may take following forms:
  - L/C and Acceptance Commission
  - Exchange Gain and
  - Interest/ Profit from funded facility
- Bank can earn foreign currency, which may be used to finance import business.
- Major finance is in non-funded mode (BTB L/C/ ABP) which generates huge commission and fee income.
- The facility is self-liquidating from the export proceeds.
- Bank has good control over the cash flow of the customer.

### ■ Steps taken by JBL to Mitigate Risk

- i) We have a separate department named RMG dept., which has been well equipped with a team of skilled and experienced personnel who have in depth knowledge regarding Garments & Textile Business. They engage themselves whole heartedly to monitor and supervise the business; provide necessary support including financial advice to the client.

We have a separate department named RMG dept., which has been well equipped with a team of skilled and experienced personnel who have in depth knowledge regarding Garments & Textile Business.

- ii) We are selective in parking customers. A customer must be compliant having proven track record and good resilience.
- iii) We are gradually coming out from the business relationship with non-compliant customers.
- iv) Emphasis is being given on providing working capital finance to self-financed projects instead of providing project finance.
- v) Effective monitoring and supervision is ensured at branch and Head Office level.
- vi) We are trying to pursue our customers to be rated by External Rating Agencies.

### SME Banking Operation of Jamuna Bank Ltd. – A trusted name in the SME market

Jamuna Bank Limited started its SME Banking operation in Year 2005 under supervision of the Credit Division. Since inception, it has been serving the SME Community in different districts of the country significantly. In the Year 2009, SME Unit got a high momentum when the Bank decided to turn this into a separate division having Sales Force. Since then, the SME Banking operation of the Bank is being carried out under a semi centralized platform, i.e., some SME Officers are posted at different branches all over the country and a very strong Central Marketing Unit is there at Head Office. Both Branch and Head Office based officers are reporting to the Head of SME. To ensure the asset quality under SME portfolio, there are very sound CRM & Monitoring Units in the Back Office at Head Office.



Jamuna Bank Ltd. is now a very vibrant name in the SME market and has earned the confidence and trust of the SME entrepreneurs of different segments. High quality service in quickest possible time, commitment, diversified products, have competitive pricing and focused marketing for cluster based finance have made Jamuna Bank Ltd. a strong SME player in the market. Considering the need & requirement of different types of SME entrepreneurs in the market, we are offering different types of Term Loan, Overdraft, Festival Loan and Letter of Credit with document retirement line. The Women Entrepreneur Cell of the Division is also working in full swing with commitment to provide specialized service to the eligible and promising women entrepreneurs all over the country. In line with the Green Banking Policy of the Bank, we are offering a special product – Jamuna Green (Carbon Finance).

JBL closed the year with a total SME Portfolio for BDT 4399.60 million in diversified clusters with quality lending having around 99% recovery rate.

High quality service in quickest possible time, commitment, diversified products, competitive pricing and focused marketing for cluster based finance has made Jamuna Bank Ltd. a strong SME player in the market.

The Year 2011 was a year of achievement and success for the SME Banking Division. We have closed the year with a total SME Portfolio for BDT 4399.60 million in diversified clusters with quality lending having around 99% recovery rate. To ensure smooth service to the SME entrepreneurs outside the Dhaka City, we have already established a Regional SME Credit Center in Bogra and another one is under process in Chittagong, which is expected to be completed very soon.

We are confident that in the coming days too, we shall be able to contribute towards the development of SME sector of the country.



**Workshop on "Effective SME Operation and Techniques of Supervision & Recovery"**

## Real Estate Financing

Real Estate finance plays a pivotal role in improving standard of living, empowering the middle-income and lower-income groups and thereby balancing equitable growth in the society. It does not only provide physical shelter but also have significant impact on the lives of the dwellers in terms of skills enhancement, income generation, increased security, health, self-confidence and human dignity. As such real estate finance by Banks and NBFs has been rising rapidly in the past few years, fuelled by growing demand from the urban middle-class.

In our country Real Estate finance is prospective from business point of view; at the same time it is associated with low-risk and minimum capital requirement as per Basel II. Consequently Jamuna Bank limited introduced Real Estate Financing products exclusively from the very beginning of the year 2010.

The Board of Directors of Jamuna Bank in its 132nd meeting held on 20.12.2009 approved a separate Wing and Policy for Real Estate Financing with a Product Program Guideline (PPG) containing the following 05(five) products:

<p><b>(i) Construction of Residential Building (CRB)</b></p> <p>•For Construction/ Extension/ Renovation/ Refurbishing of residential building with maximum limit of Tk.100.00 lac.</p>	<p><b>(ii) Construction of Commercial Building (CCB)</b></p> <p>•For Construction of Commercial Building, Construction/ Extension/ Renovation/ Refurbishing of commercial cum residential building, Installation of Lift/ Generators/Sub station, Office spaces, Chamber, shops with maximum limit of Tk.500.00 lac.</p>	<p><b>(iii) Flat Purchase (FP)</b></p> <p>•For Purchase of Apartments/Flat for Residential purpose with maximum limit of Tk.75.00 lac.</p>
<p><b>(iv) Building Purchase (BP)</b></p> <p>•For Purchase of Readymade House/Building, which is not used more than 10 (ten) years with maximum limit of Tk.100.00 lac.</p>	<p><b>(v) Developers (DEV)</b></p> <p>•For Construction of residential Apartment /flat/commercial building/commercial cum residential building with maximum limit of Tk.1500.00 lac.</p>	

Apart from this, JBL also offers the product named as "Probashi Nibashi" for Non Resident Bangladeshis (NRBs).

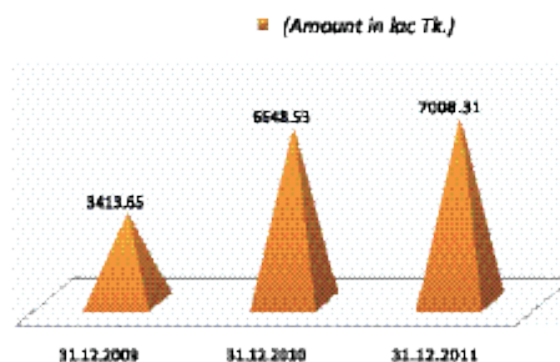
JBL has steady growth in the Real Estate Sector. Total outstanding in this sector stood at is Tk.70.08 crore in 2011 as against Tk.34.13 crore and Tk.66.48 crore respectively in 2009 and 2010. Growth achieved in 2011 is 6% as compared to previous year as under:

(Amount in lac Tk.)

Head of A/c	Position as on 31.12.2009	Position as on 31.12.2010	Position as on 31.12.2011
Real State Finance (REF)	-	3282.70	4062.09
House Building Loan (HBL)	3413.65	3365.83	2946.22
Total	3413.65	6648.53	7008.31

Graph presenting REF & HBL growth in Jamuna Bank Ltd.

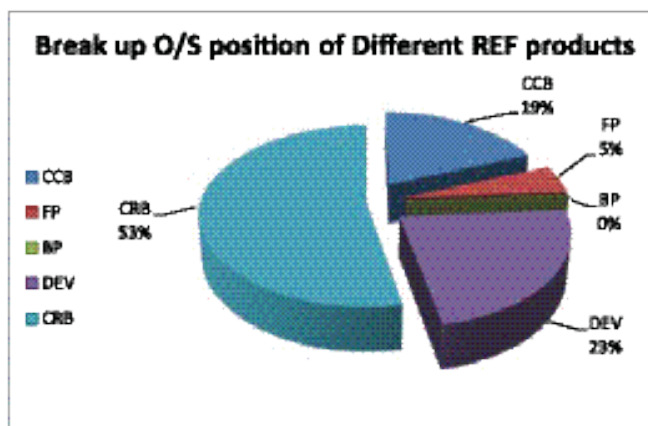
REF & HBL Growth of JBL



The above Graph and also the following one showing REF product mix showed that the JBL Real Estate Wing is gradually boosting up with the growing demand of its valued customers.



A graph presenting the Breakup of O/S Position of different REF products is shown below:



■ Retail Credit

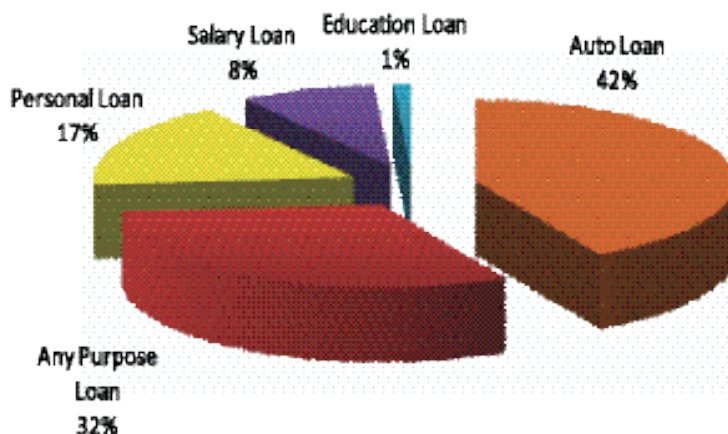
As the youngest bank in the banking sector, Jamuna Bank launched Retail Credit in the middle of 2009. Since then, it offers various attractive products such as Auto Loan, Salary Loan, Personal Loan, Education Loan, Any Purpose Loan, Overseas Job Loan, Doctor's Loan, OD loan etc.

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. The portfolio in three years stood as follows:

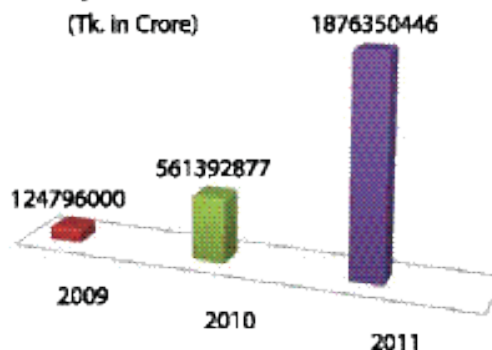
## Retail Banking

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 2011 also. In 2011, total investment in this sector was 194.22 crore (approx) whereas in 2010 and 2009 the same were Tk.56.00 core (approx) and Tk.12.00 core (approx) respectively. At present we provide financial services to more than 941 clients nationwide through our extensive channels and networks. Growth achieved in 2011 was 234% as compared to previous year. Maintaining the volume & quality of assets was instrumental to success in this sector.

### Retail Concentration - 2011



### Retail Yearly Investment Trend



In 2011, total investment in this sector was 194.22 crore (approx) whereas in 2010 and 2009 the same were Tk.56.00 core (approx) and Tk.12.00 core (approx) respectively.

## Lease Financing

Leasing business is gaining momentum in the economy of Bangladesh with its gradual transformation from an agrarian to industrial one. Predicting this trend, JBL introduced Lease Financing in the year of 2003. JBL follows Financial Lease as its method of financing wherein the Bank (Lessor) is the legal owner of the lease asset and the customer (Lessee) having the control over the asset bears all operating & maintenance costs and makes periodic rental payments to the Bank. The lessee has the option to acquire ownership of the lease asset after full & final adjustment of all liabilities.

JBL extend Lease Financing facility to the following sectors:

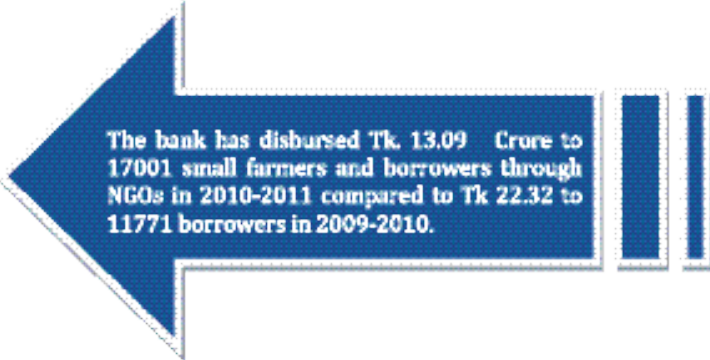
- Capital Machinery for new industrial units,
- Capital Machinery for BMRE of existing Industrial units,
- Road transport vehicles,
- Medical equipments,
- Construction equipments,
- IT equipments,
- Generator, Lift, Elevator, Air-conditioning Plant, Power Generation Plant,
- Any other machinery & equipment, which Bank thinks, fit for such financing.

However, no machinery, equipment & vehicles meant for personal use will be financed under this program. Our customers are getting benefit from Lease Financing as they get access to tax benefit, competitive monthly rental & easy handover of lease asset as well.

## Rural Micro Credit and Agricultural loan program

Considering national importance and uplifting of rural economy, Jamuna Bank Limited has strengthened its rural micro credit and agriculture loan program during the year 2011, which started in 2007. The bank has introduced easy short term loans through Area Approach to landless, marginal & small farmers and sharecroppers individually and /or in groups. In line with rural and agriculture credit policy of the Bangladesh Bank, Jamuna Bank Limited has an

additional target for disbursement of Tk 25 crore for agriculture / rural credit during the financial year 2010-2011.



The bank has disbursed Tk. 13.09 Crore to 17001 small farmers and borrowers through NGOs in 2010-2011 compared to Tk 22.32 to 11771 borrowers in 2009-2010.

The bank has disbursed Tk. 13.09 Crore to 17001 small farmers and borrowers through NGOs in 2010-2011 compared to Tk 22.32 to 11771 borrowers in 2009-2010.

The Bank has accorded timely approval of loans with flexible and easy conditions. For direct lending, the Bank determines interest rate based on customer-banker relationships and analyzing associated loan risks for different sectors and sub-sectors. No other charge is applicable for rural/agriculture loans except declared interest.

The marginal farmers and sharecroppers have received collateral free loans directly from the bank for purchasing seeds, fertilizer, irrigation facilities and equipments for improved cultivation, which have contributed to the change of their socioeconomic conditions. Loans have also been disbursed for fisheries development, poultry, dairy, beef fattening, storage & marketing facilities and income generating activities for poverty alleviation.

The bank has made significant contribution to agriculture sector by sanctioning fresh agriculture loans amongst the targeted borrowers. Meeting the intensive need for working capital of marginal and small farmers can help achieving sustainable development in the rural sector. The bank will take more effective measures for expansion of micro credit for the marginalized people of different areas of the country.



## Credit Administration

### ■ Objectives

- a) To separate documentation and disbursement activities from credit approval process
- b) To ensure discipline in Credit Management
- c) To have central control over disbursement activities by different branches

### ■ Duties & Responsibilities of CAD

There are three units in Credit Administration Division:

- (I) Documentation & Disbursement Unit
- (II) CIB On-Line Unit
- (III) Compliance Unit

#### (I) responsibilities of Documentation & Disbursement Unit

##### Documentation:

To ensure security documents have been obtained by the branches and executed by the borrowers as per terms and conditions of Sanction Advices.

##### Disbursement Process:

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 examines the Checklist. If it finds the checklist in order, CAD issues a Disbursement Authority to the branches. If it finds any exception / Incomplete document, 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.

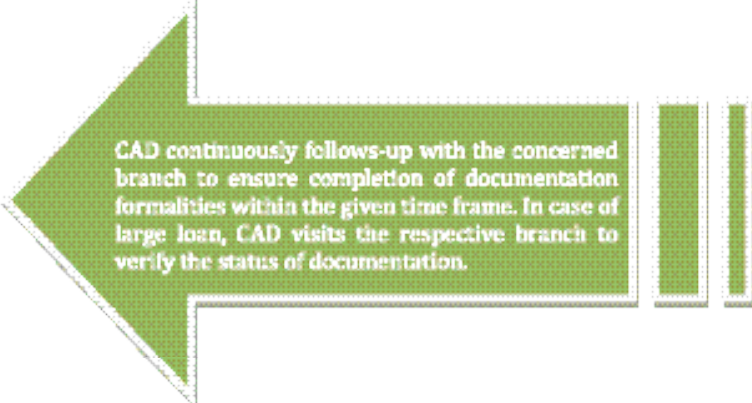
CAD continuously follows-up with the concerned branch to ensure completion of documentation

formalities within the given time frame. In case of large loan, CAD visits the respective branch to verify the status of documentation.

CAD submits a statement to the Managing Director furnishing the position of incomplete documents against disbursed loans.

##### Other Responsibilities:

- Monitoring the Compliance of the conditions and covenants of each sanction Advice
- Monitoring past dues, limit utilization status, expiry and deficiencies, if any, with regard to documentation



CAD continuously follows-up with the concerned branch to ensure completion of documentation formalities within the given time frame. In case of large loan, CAD visits the respective branch to verify the status of documentation.

##### Enlistment:

CAD enlists and manages all third-party service providers (Surveyors/Valuers and Lawyers, insurers and C&F Agents) etc. and reviews their performance on an annual basis.

#### (I) Responsibilities of CIB On-Line Unit

- To collect CIB Report of the borrower through on-line as and when asked by the Corporate Division / branches.
- To submit CIB Report on monthly basis to Bangladesh Bank on the existing borrowers/ customers of the Bank through on-line.
- To make CIB correction, if any, online.

#### (II) Responsibilities 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.

■ **Loan classification system used in Bangladesh**

Since 1989, Bangladesh follows both "overdue criteria" and "qualitative judgment criteria" to assess the status of loan as classified or unclassified. According to overdue criteria, as suggested by BB, The Bank usually divides all loans into five categories (continuous loan, demand loan, term loan payable within five years, term loan payable in more than five years and short-term agricultural credit / micro credit), and then observes periods elapsed for repayments.

All troubled loans are then classified as special mention account (SMA), sub-standard, doubtful, and bad / losses to comply with international norms of loan classification. Further, in order to keep the management up to date about the status of loans, the Bank reviews the loan quality on a quarterly basis. The banking sector at present follows a norm of provisioning at the rate of 5%, 20%, 50% and 100% against special mention accounts, sub-standard, doubtful, and bad/loss loans respectively.

According to the qualitative judgment criteria, the bank classifies any loan if it forecasts the uncertainty of recovery of the loan due to the followings reasons:

- a. Non compliance of Terms and Conditions of sanction letters.
- b. Unsatisfactory account conduct or performance
- c. Drastic fall in the value of security.
- d. Borrowers have incurred heavy loss in capital due to natural calamity or business condition.
- e. Rescheduling terms and conditions are not followed.
- f. Suit against the borrower for recovery of credit.

As per the guidance of Bangladesh Bank, a bank deducts the amount of interest in suspense and the value of eligible securities from the outstanding amount in order to determine the base for provisioning of NPLs. For unclassified loans, however, they keep a general provision

{1%} against the outstanding amount. A Bank can not consider the amount of interest on substandard and doubtful loans as income for the bank, rather keeps it separately in an "interest suspense account". However, if any amount is received against sub-standard and doubtful loans, the said amount is deducted from the total interest suspense amount. In the case of a bad / loss loan, the changing of interest on such loan is suspended.

■ **NPL Effects**

NPL has double effect on financial institutions. There is no income from NPL and the capacity of further loan is reduced due to provisioning rule against NPL. The FIs have no option to off load the NPL in order to maximize their profit. Banks are under strong pressure in the Basel II environment, leading to more drastic measures to clean up their balance sheets.

■ **NPL Administration**

Files of loan accounts having classified as SS (Sub-Standard) and thereafter further downgraded is transferred to Credit Recovery and Legal Division for salvaging the same. On receipt of the files, SWOT (strength, weakness, opportunity and threat) analysis is conducted by recovery Division. After analysis steps are taken in accordance with the findings of the analysis. If it is found that the account can be rehabilitated by giving necessary support like psychological motivation, further financing and rescheduling under the terms and conditions suitable for the business.

Loan accounts having classified as SS (Sub-Standard) and thereafter further downgraded is transferred to Credit Recovery and Legal Division for salvaging the same. Then SWOT (strength, weakness, opportunity and threat) analysis is conducted by recovery Division.



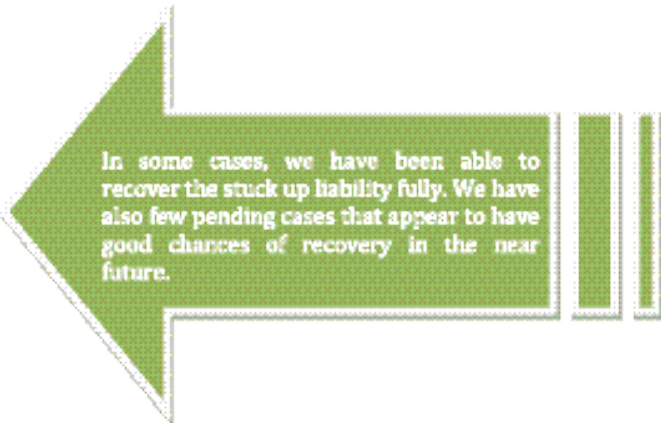
We also provide necessary advisory service as needed by the account. In the event of failure to regularize the liability in the above style, we go for realizing the stuck up liability by taking legal measure under the existing law of the land. After filing suits, we follow up with the conducting lawyer for bringing judgment favoring the Bank at the earliest. Bank also sends Executives/officers, specially assigned for this purpose to Court for hearing on different dates fixed by the court.

■ **Measures against new NPL generation**

The Bank has a separate cell namely Credit Monitoring Cell for having surveillance on the accounts going to be NPL. The cell conducts offsite and onsite supervision on the accounts having potential probability to become NPL. The cell also provides required support, where necessary, for keeping the accounts regular.

■ **Assessment of NPL performance against the competitors, future plan etc.**

The Management of the Bank is very cautious about recovery of NPL. Each and every action relating to recovery of NPL is adopted on time for realization of outstanding stuck up liability. The present size of NPL is only 2.86% of the total portfolio. The Management of the Bank is determined to bring it down to 1% in future. With this end in view, strong monitoring is going on the court cases to recover the stuck up loan. In some cases, we have been able to recover the stuck up liability fully. We have also few pending cases that appear to have good chances of recovery in the near future.



In some cases, we have been able to recover the stuck up liability fully. We have also few pending cases that appear to have good chances of recovery in the near future.

■ **Enforcement status of laws relating to the default loans in Bangladesh**

There is a maxim "justice delayed is justice denied". This can be applied to banks, especially in developing countries like Bangladesh, owing to the presence of corruption and opaqueness in the settlement process as well as poor enforcement of laws that usually create a fertile ground for the willful defaulters. In the case of Bangladesh, although several laws have been enacted and amended with a view to ensuring the safety and soundness of the banking system, the banking sector still witness an alarming amount of NPLs. Therefore, it would be meaningful to measure the actual performance of different courts in terms of number of suits filed, rate of settlement and rate of recovery of NPLs over the years. The Artha Rin Adalat Act was enacted in 1990 to address separately all issues related to NPLs, with the objective of ensuring the safety and soundness of the banking system.

## International Trade Finance

### ■ Correspondent Banking & FI Relationship

We are maintaining correspondent Banking Relationship with 228 world reputed International Banks, Financial Institutes & Multilateral Organizations around 100 Countries in 798 different strategic locations/Financial centres worldwide to ensure the best & steadfast trade services. Presently we have 22 Nostro Accounts in different Major Currencies like USD, GBP, EUR, JPY, CHF, SAR & ACU Dollar with various World reputed Bank 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, Cash Letter services, Foreign Remittance, other Banking needs/services etc.

### ■ International Trade Finance

#### IMPORT BUSINESS

JBL has been playing a pivotal role in International Trade. During the year 2011 total import business handled by the Bank was Tk.55,916.24 million. The major import items were food grains, edible oil, sugar, fertilizer, industrial raw materials, capital machinery, fabrics, garments accessories etc.

#### EXPORT BUSINESS

The Bank handled export business worth Tk 57,936.80 million in the year under report. In 2010 total export business handled by the Bank was Tk.41860.40 million which assist to meet the scarcity of FX liquidity. There was an increase of Tk 16,076.40 Million in export business handled by the Bank, being 38.40 Percent over the preceding year. The major export sector was Readymade Garments, pharmaceuticals, leather goods, Jute & Non Traditional value added items etc.



*Collaboration with 'Western Union Money Transfer' to facilitate Remittance Services*



*Signing of MOU with Rural Construction Foundation for Distribution of Foreign Remittance*

### ■ NRB- Banking & Foreign Remittance

Jamuna Bank Ltd has a dedicated NRB Banking Department to ensure prompt & efficient services to the customers offering best competitive price for their hard earning Foreign Currencies.

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 & NGOs, which cover more than 8,000 remote locations besides our 73 strategic Branch locations throughout the Country. We have an admirable Remittance Tie-up with a good number of world renowned



Exchange Houses namely Western Union, Xpress Money, Money gram, Placid, Fast Remit Malaysia, Home link Remit UK, Raffles Exchange UK, Moneylink UK, Al Ansari UAE etc and different Banks throughout the World to facilitate the Remittance services to the beneficiaries.


#### ■ Offshore Banking Services

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

- 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 wider and strengthen the economic base of Bangladesh.

Jamuna Bank Limited offer the following range of Offshore Banking Services:

- Foreign Currency Deposites( 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 transfers
- Fee free accounts



We are maintaining correspondent Banking Relationship with 228 world reputed International Banks, Financial Institutes & Multilateral Organizations around 100 Countries in 798 different strategic locations/Financial centers worldwide to ensure the best & steadfast trade services.

- To widen and diversify JBL's area of services to the foreign investors as they do not have the opportunity of availing credit facilities from different Financial Institution in Bangladesh.

## Internal Control & Compliance

Jamuna Bank Limited 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 are performing their functional activities in accordance with the Bank's own policies as well as guidelines issued by Bangladesh Bank from time to time for mitigating the Internal Control and Compliance Risks of the Bank.

During the year 2011, Inspection Teams of ICCD carried out inspections on all the Branches and different Divisions of Head Office and submitted Reports thereon. Necessary remedial measures have been taken on the suggestions/observations made in the said reports.

During the year 2011, Inspection Teams of ICCD of the Bank carried out inspections on all the Branches and different Divisions of Head Office and submitted Reports thereon. Necessary remedial measures/corrective 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 Board as well as Audit Committee of the Board of Directors. Appropriate measures have also been taken as per the decisions for protecting 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 Board of Directors.

### ■ Monitoring Department

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

### ■ Compliance

The Bank ensures full compliance of regulatory requirements including the directives of Bangladesh Bank (Regulatory Body), National Board of Revenue, Securities and Exchange Commission, Registrar of Joint Stock Companies and Firms, Ministry of Finance etc. We believe that compliance of rules and regulations has 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. In this context, the bank gives priority on the following issues:

- i) To encourage employees to comply 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 deliver 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.

Furthermore, MD's Special Vigilance Squad conducts special inspection on branches as and when instructed by the Managing Director.



## Treasury

The Treasury provides services to clients covering foreign exchange, derivatives, money markets, fixed income origination and trading. Internally we provide the Bank with specialized management of the balance sheet, monitoring the net interest margin of the business. The team is also responsible for the investments of subsidiaries and other companies arising from previously restructured loans.



In 2011 the Bank continued to play a leading role in the origination of Fixed Income instruments for our clients, leveraging on our network of retail and institutional clients to place these Bonds for issuers.

In 2011 the Bank continued to play a leading role in the origination of Fixed Income instruments for our clients, leveraging on our network of retail and institutional clients to place these Bonds for issuers.

Treasury also continued to leverage on JBL's expertise in providing risk management, debt capital market, alternative investment and loans for local clients.

Going forward into 2011, the Treasury will continue to take on opportunities and build on the regional synergies provided through JBL while ensuring risks are managed through the various initiatives made and expanding opportunities for stable income generation. The Bank remains committed to becoming the best provider of Treasury products and services by understanding clients' needs and providing comprehensive financial solutions. In recognition of efficient treasury management, the Bank has been rewarded twice as the best Primary Dealer Bank by Bangladesh Bank.

The Treasury also focuses on providing innovative products to help both borrowers and the depositors with products that are flexible and suitable for their risk appetite. The team is committed to play a key role in the development of JBL as a leading Bank in Bangladesh, leveraging on JBL's Treasury expertise in local currency products.

## Money Laundering & Terrorist Financing

Money Laundering is an issue that has gained increasing importance following event of the 9/11. Governments are especially keen on keeping a vigil on the movement of money that is suspected of being utilized in the financing of Terrorists. More generally, money laundering is the name given to the process by which the origin of illicit funds is disguised. The need to indulge in money laundering is primarily to cover up the means by which such funds have been acquired with the aim of legitimizing them.

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

Considering all above these facts prevention of money laundering and Terrorist financing is being viewed by the core management as a part of the risk management. Prevention of money laundering is not viewed in isolation from the banks day-to-day business, operations, systems and needs. To monitor changes, law, rules, regulation and also the instructions of regulatory authority, which may require that the Anti Money Laundering procedures are revised from time to time. To ensure that, banks see that all business activities are carried out inconformity with the law/regulations with the government (i.e. prevention of Money Laundering act 2009, Antiterrorism act 2009) and in lieu Bangladesh Bank guide lines "AML/CFT policy-Guidelines" have been updated and implemented to prevent Money Laundering and terrorist financing in the bank.

These policies/guidelines has established clearly responsibilities and accountabilities of the bank officials for discharging their day to day banking activities/duties to assist operational units in head office and branches in providing solution to problem crossing up from activities. To supervise Anti Money Laundering division related activities there is one CAMLCO who is the head of the division.

Prevention of money laundering is not viewed in isolation from the banks day-to-day business, operations, systems and needs. Bangladesh Bank guidelines "AML/CFT policy-Guidelines" have been updated and implemented to prevent Money Laundering and terrorist financing in the bank.

A responsible officer has also been nominated at branch level named as Branch Anti Money Laundering Compliance officer (BAMLCO). The senior level officer (BAMLCO) of the branch is responsible to ensure that branch is carrying out AML/CFT policies and procedures as described in the guidelines and the BAMLCO is responsible to CAMLCO directly for reporting regarding Anti Money Laundering issues (AML Division has also designed AML guidelines in pursuant to Bangladesh bank core risk guidelines).

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

- In the year 2011 Anti Money Laundering Division has inspected 49 branches out of 67 branches.
- During the same period Internal Control & Compliance Division inspected 68 branches.
- A daylong exclusive training program for 67 BAMLCO's has been conducted by this Division in collaboration with Bangladesh Bank in the first quarter of this year.

- During the year this division conducted nos.04 of region daylong workshop viz. Chittagong, Bogra, Rangpur & Dhaka where almost more than thousands of officials of different branches.
- Under the lead bank program, which is conducted by the different commercial banks as per scheduled by the Bangladesh Bank, BAMLCO's have participated in their respective areas.



Workshop on "Prevention of Anti-Money Laundering & Terrorism Financing" arranged by JBL

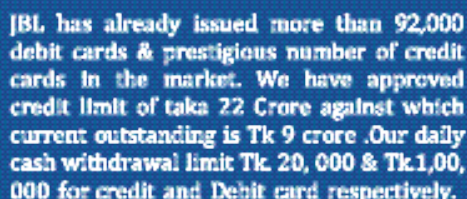
All these trainings and workshops based on Anti Money Laundering conducted so far have definitely enriched the knowledge and developed the skill of the officers of the branches, which were helpful to ensure the full compliance of the different issues of the AML/CFT.



## Jbl Cards

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

The card business is becoming very much competitive and a risky day by day. Despite that we believe if we drive with full effort providing required logistics and support to the customers upto their satisfaction we can achieve desired business in secured manner. The bank will deploy required men, machine, material, method and money to mark Jamuna Bank as a major player in the card industry within next few years.



JBL has already issued more than 92,000 debit cards & prestigious number of credit cards in the market. We have approved credit limit of taka 22 Crore against which current outstanding is Tk 9 crore .Our daily cash withdrawal limit Tk 20, 000 & Tk.1,00, 000 for credit and Debit card respectively.

Considering present market scenario Jamuna Bank Limited introduced VISA Debit Card , Single & Dual currency credit card in the market for valued customers & employees. We have already issued more than 85,000 debit cards & prestigious number of credit cards in the market. We have approved credit limit of taka 43 Crore against which current outstanding is Tk 10 crore .Our daily cash withdrawal limit Tk. 20, 000 & Tk.1,00, 000 for credit and Debit card respectively.

It has been observed from the market that customers are generally interested to get entire limit in one transaction. The reason behind is to avoid from section fees & to comfortable. Recently we have introduced 'Day Order' against Credit Card Limit.

In line with the successful implementation of online VISA Electron debit card operation of JBL, volume of cash withdrawal has become more than Tk. 22 crore per month through debit cards in SB, CD & STD accounts, which is increasing day by day.

We have also introduced two new product "JBL Gift Card" & "JBL Travel Card". These are pre-paid cards. To use either of this cards customer has to load money into the card before use.

Considering the present market scenario Jamuna Bank Limited has introduced Exporter Retention Quota (ERQ) credit card in the market for valued customers.

As a new market player we have understood the market and in the year 2011 we introduced wide range of VISA card products including Local Gold card, Pre-Paid Cards like dual currency VISA Gift card, VISA Travel card. In future we want to introduce a new version of credit card for small income groups like bankers and Businessmen. Our upcoming product is Islami Card, which is based on islami shariah. Co-Branded Debit Cards and Virtual Card for Payment of membership fee of foreign professional and scientific institutions and fees for application, registration, admission, examination (TOEFL, SAT etc.) in connection with admission in foreign educational institutions.

## Alternate Delivery Channel

ADC is another successful wing of the Card Division. This wing provides all the Alternate delivery channel service & to the customers, which included ATM Services, Cash Deposit Machine Services, SMS Banking, Mobile Banking & Internet Banking. At present, we have already established 59 ATMs accross the country. Being a Member of Q-Cash, our cardholders can use DBBL, BRAC and Q-Cash ATMs which adds up to approximately 3000 ATMs in total.

At present we have already established 54 ATMs in the countrywide. Being a Member of Q-Cash our cardholder can use DBBL, BRAC and Q-Cash ATM; approximately 3000 ATMs in total.

In The year 2012 we have a target to establish our own ATM network of 150 ATMs countrywide. We are going to establish Internet Banking & Mobile Banking also by the year 2012.



Inauguration of ATM Booth in Manipur, Mizpur



ATM Booth in 73<sup>rd</sup> Branch- Barura, Comilla

## Human Resource

Human Resource Division of the Bank is entrusted with the responsibility of management of its workforce. It encompasses recruitment, training, assessment, overseeing and ensuring compliance with employment & 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 at 31st December, 2011, 71 Probationary Officers, 48 Officers (General/Cash/Technical) have been appointed to meet the requirement of growing branch network. 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 employees of Jamuna Bank Limited as at the close of the year 2011 stood at 1785 compared to 1511 in the year 2010. In 2011 Jamuna Bank HR assisted the Management to form Merchant Banking Division.

The total number of employees of Jamuna Bank Limited as at the close of the year 2011 stood at 1785 compared to 1511 in the year 2010.

Human Resources Division has successfully rolled out its Human Resources Management Policy. Training is another aspect.



## Jamuna Bank Training Institute

Bank plays role of a financial intermediary, mobilizes fund from surplus unit and deploys it to the deficit unit. Efficient, effective human resources are the main asset of any bank. To become a leading banking institution and to play a significant role in the development of the country we need to develop skilled, capable and professionally sound human resources of the Bank. As such we need to know about different Act, Laws, Rules, directives and guidelines circulated from time to time. To achieve this objective, our Bank established its own Training Institute in September 2006 to provide different types of training throughout the year for raising efficiency and skills of our Human resources. Since then the Institute is engaged in providing effective training to the Executives and Officers of our Bank.

In the year 2011, JBL Training Institute imparted training to 895 Executives and Officers. Again it arranged workshops on different topics to 456 Executives/Officers.

It is mentionable that in the year 2011, the Training Institute imparted training to 895 Executives and Officers. The Institute has arranged different courses like *i)* Foundation Training for Probationary Officers *ii)* Orientation on Banking Operation *iii)* Customer Services and Relationship Management *iv)* Credit Operation and Management *v)* Credit Monitoring, Supervision and Recovery *vi)* Financial Analysis for Credit Officers *vii)* Foreign Exchange and Money Market Products *viii)* Foreign Remittance –Rules and procedures *ix)* Credit Risk Grading System *x)* SBS Reporting- 1,2 &3 *xi)* International Trade Finance & Foreign Exchange Operation *xii)* Audit, Inspection, Control and Compliance *xiii)* Cash Management, etc. Apart from this, it has also arranged training on *a)* Foreign Exchange Tools and techniques, *b)* short and long courses on Loans and Advances *c)* Core Risk Management, *d)* IT security and Fraud prevention in Banks, *e)* Prevention of Money Laundering and Terrorist Financing *f)* Basel-II and others as and when required.

Alongside, to build up morality and to make the employees more aware the institute has also arranged the sessions like code of conduct of employees, manners, etiquettes and ethics in Banking.

In the year 2011, side by side JBTI Res also arranged workshops on different topics to 456 Executives/Officers so that they can interact with each other and do have the scope to share their knowledge. Recently, it has added some more workshops like Green Banking, Rationalized Input-Template (RIT), Risk based Internal Audit & Supervision, EXP on line Reporting Technique, Effective SME Operation, Technique of Supervision & Recovery, IT Security-Antivirus & its operation, Investment & Merchant Banking, Provisioning & CIB reporting.

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

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



Foundation Training Course for Probationary Officers organized by JBL Training Institute

## Merchant Bank

Merchant Banking provides a broad range of banking products and financial services geared to major companies and institutional clients, including services for investment funds.

The Bank has formed a subsidiary company in the name and style Jamuna Bank Capital Management Limited (JBCML) and obtained licence on November 29, 2010 to carry on merchant banking business with an aim to become the leading employer in the finance sector.

The business plan aims to expand as a major player in the local market. The plan is to enable the JBCML to use the Bank's expertise to optimize its customer relations management and extend its product offering. By sharing best practices and major investments in trading, the product offering and systems, the company will be able to respond more quickly and effectively the client needs.

Merchant Banking provides a broad range of banking products and financial services geared to major companies and institutional clients, including services for investment funds.

As regards high net worth individuals, the company's wealth management model will be tailored to meet the specific needs of the local market. A specialized corporate team will be created, with services devoted to the public and semi-public sector, as well as property development.



Investors' Awareness Program arranged by Jamuna Bank Capital Management Limited

## Securities Services

The Bank has formed a subsidiary company in the name and style of Jamuna Bank Securities Limited (JBSL) and purchased membership of Chittagong Stock Exchange to carry on brokerage business with an aim to develop an efficient capital market environment, provide best corporate advisory services, provide integrated, innovative solutions for all operators involved in the investment cycle, act as a financial intermediary to offer customized solutions in clearing, settlement/delivery, institutional investors have access to an array of custodial and fund administration services, including fund distribution support etc. The company has applied to SEC for Stock-Broker and Stock-Dealer License and expected to start its formal operation soon.

## 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:

An agreement was signed between the Bank and Gazi Communications an organization represented by Mr Gazi Golam Murtoza, a member of the Bank's Board for providing V-Sat Connectivity for the Branches of Jamuna Bank Limited. The Agreement was signed in compliance with all norms and practices by inviting offers in the print media. After scrutiny of the offers made by three/four providers with Gazi Communication the proposal was placed before EC/Board and EC/Board approved the offer made by Gazi Communications on competitive basis. Consequently Gazi Communications has installed V-Sat Connectivity in all Branches and Head Office.

As per approval of the EC/Board we have purchased Juniper Router, Core Switch etc. from Gazi Communications for the Data center, Disaster recovery site, BACH project and for the new Branches which has been opened during the year 2011 of Jamuna Bank Limited.

The invitation for price offers was published in the Newspaper for the purchase of Computers and



accessories and Gazi Communications became the lowest bidder for these routers.

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

## Islami Banking

Besides conventional banking, Jamuna Bank Limited is carrying Islami Banking activities based on Islami Shariah principles. The first Islami Banking branch of the Bank was opened on October 25, 2003 at Nayabazar in Dhaka. Afterwards the second Islami Banking branch was opened on November 27, 2004 at Jubilee Road in Chittagong. Jamuna Bank Limited is committed to conduct business of its Islami Banking branches strictly complying Shariah requirements. To achieve this goal a Shariah Supervisory Committee has been constituted with renowned Islami scholars of the country and senior banker having Islami Banking experience and in - depth knowledge of both conventional and Islami Banking.

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

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

### JBL Islami Banking Facilities

#### Transactional Accounts

- Mudaraba Savings Deposit
- Al-wadiah Current Deposit
- Mudaraba Short Notice Deposit
- Mudaraba Term Deposit

#### Scheme Deposits

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

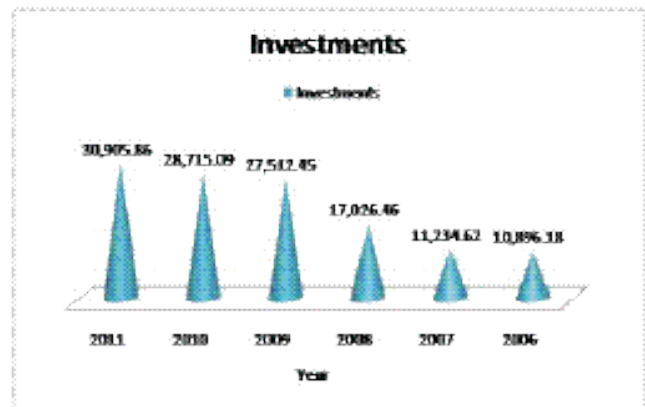
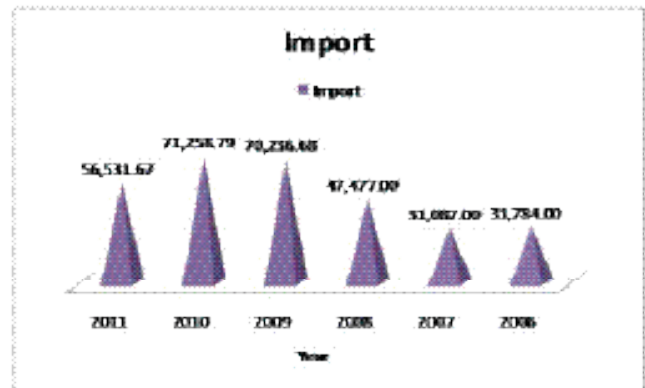
#### Mode of Investments

- Bai-Muazzal
- Bai-Muazzal-SME
- Bai-Murabaha
- Musharaka
- Quard
- Ijarah
- Hire Purchase under Shirkatul Milk (HPSM)
- Murabaha Import Bill (MIB)
- Murabaha Post Import (MPI)
- Murabaha Post Import -TR (MPI-TR)
- Local Documentary Bill Purchase (LDBP)
- Foreign Documentary Bill Purchase (FDBP)

**Financial Performance of JBL Islami Banking**

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

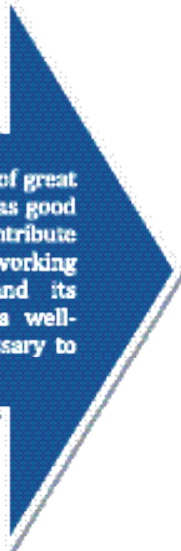
Amount in lac in all Figures





## Corporate Governance

The board is committed to high standards of corporate governance. Corporate governance is of paramount importance for any organization. Corporate governance is an outcome for a sound financial system. Good corporate governance can contribute substantially to a shared working environment between company and its' supervisors. It supports not only a well-managed system but it is also necessary to protect depositors' interest as far as the Bank is concerned.



Responsible corporate governance is of great importance to Jamuna Bank Limited as good corporate governance can contribute substantially to a shared working environment between company and its supervisors. It supports not only a well-managed system but it is also necessary to protect depositors' interest.

High priority is therefore accorded to give corporate governance comprising a mix of legal, regulatory and institutional provisions specifying the roles and accountabilities/constitution of the board, the executive committee, the audit committee, external and internal audit, disclosure and transparency prescriptions, include fit and proper test for appointment of chief executive officers etc. The roles and functions of the Board and Management are well defined and clarified with a view to specifying the powers of the management. A detailed Report on Corporate Governance as per rules/regulations/laws are enumerated in page 138

## Risk Management

The Bank is always aware of managing risks covering all the areas of risk management. JBL ensures the system to mitigate risks in best possible way giving highest priority with intense monitoring. A separate report on Risk Management is given at page-131

## Jamuna Bank 20% Convertible Zero Coupon Bond

A fund of Tk. 2,000,001,439.00 (issue price) to be raised by issuing 20% Zero Coupon Bond after receiving positive nods from regulatory bodies as well as by the shareholders in forthcoming general meeting to strengthen capital base of the Bank as per BASEL II requirement. The specialty of the Bond is its lucrative features having convertibility into shares. Effective rate of return of the Bond is 18.41% (individual) and 15.77% (institution). 20% of the Bond reserved for private placement and remaining 80% to be offered to existing shareholders as well as public equally.

## Appointment of Auditors

M/S ACNABIN, Chartered Accountants, the Audit Firm as per Bangladesh Bank's list of the qualified Chartered Accountants has been reappointed as the External Auditors of the Bank in the 10th Annual General Meeting held on May 19, 2011 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 ACNABIN as Auditor of the Bank for the year 2012.

## Dividend

After making all provisions and appropriations, the Board has recommended 23% stock dividend (i.e., 23 Bonus Shares against existing 100 shares) as on 31.12.2011 out of profits for the year based on the audited accounts in the 11th Annual General Meeting subject to approval by the shareholders as well as permission from regulatory bodies.

## Corporate Social Responsibility

Corporate social responsibility (CSR) is mainly about the awareness of and actions in support of environmentally sustainable societal development. CSR actions aim at mitigating the diverse environmental impacts of the activities of the business and at reducing inequalities and alleviating deprivation and poverty in the communities across the country.

CSR expenditures of banks have far largely been in the form of passive grants and donations. Bank is highly responsive to emergency support needs of population groups affected in natural and manmade disasters. Apart from one-off grants and giveaways, bank has engagement in longer term continuing support commitments, in areas of education and healthcare.

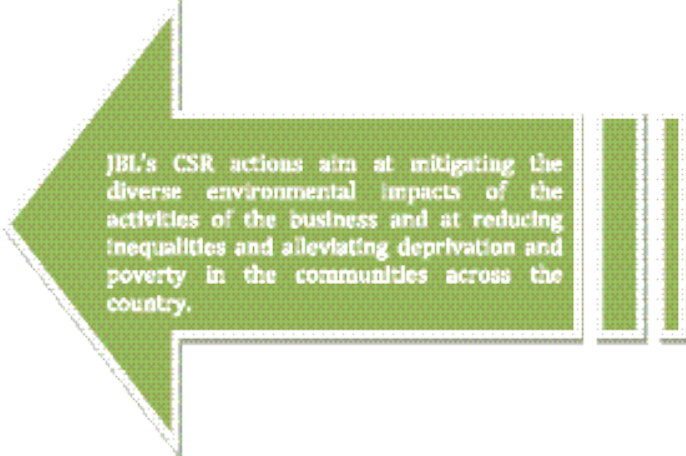
Besides the passive engagements by way of grants/donations, the bank is now getting actively engaged in socially responsible business operations, by way of increased lending to under-served economic sectors like agriculture and SMEs, towards fuller financial inclusion and faster poverty eradication. Bank is showing commitment for environmental sustainability in own and client businesses.

Our coherent corporate social responsibility (CSR) programs encompass three key strands:

- Our people
- Environment
- Supporting the community and charities

We treat all of our people as individuals, with fairness and respect, in the same way that we always conduct our business with honesty and integrity. These same core principles underpin our policies on the environment and with local communities and charities. We have taken several steps/initiatives that benefit our employees.

The Bank has a strong environmental policy and we are always looking for ways in which we can improve this. We focus on a number of key areas like Green Banking and investment in environment friendly projects.



JBL's CSR actions aim at mitigating the diverse environmental impacts of the activities of the business and at reducing inequalities and alleviating deprivation and poverty in the communities across the country.

We wholeheartedly believe in supporting local charities, with each office choosing their own charity and the way in which they support it. A separate report on Corporate Social Responsibility of the Jamuna Bank Foundation is starting on page-165

## Contribution to National Exchequer

Every year Jamuna Bank Limited contributes significantly to the National Exchequer. The bank deducts/collects income taxes VAT and excise duty at sources complying laws/regulations and deposits the same to the government exchequer accordingly. Payment to National Exchequer during 2011 are enumerated hereunder:

Taka in Lac

Particulars	2011	2010
Payment of income tax on bank's earnings	8763.99	4350.50
Income Tax, VAT and Excise Duty deducted at source from various payment and services by the bank	7580.61	3722.75
<b>Total</b>	<b>16344.60</b>	<b>8073.25</b>



## Growth Prospect of the Bank in 2012

Being one of the pivotal components of the financial system, banking sector is very much responsive to internal and external economic changes. After experiencing dramatic growth in last couple of years, profitability of the industry slowed down in 2011. Notwithstanding that the industry growth have been negatively impacted by various factors, Jamuna Bank have been able to exhibit a sizeable level of growth in all key business areas during 2011. We are confident and determined to fulfill our goals and objectives in 2012 also, overcoming all sorts of negative impacts or lingering effects of Global economical crisis of previous year.

JBL's strength lies in its development model which has always been based on meticulous risk management, compliance, belief in continuous improvement of governance as well as potential growth, exploring avenues for optimum utilization of funds for shareholders' wealth maximization with a permanent drive for customer satisfaction.

No matter how much instable or unfavorable market conditions we face on 2012, we are confident of our ability to serve our clients with superior products and value added services taking the brand value of JBL to a new height. We are working with the best in banking arena and constantly exploring for newer opportunities to excel. This report represents the enduring principles, values and ethics that guide our business strategy, followed by all our employees, who are tirelessly working to ensure the best interests of our customers. We will continue serving the society with our CSR activities as well.

We express our gratitude to the Government of Bangladesh, Bangladesh Bank, Securities & Exchange Commission and other regulatory bodies for their all out co-operation and guidance. Our heartfelt felicitation goes to our valued shareholders, customers, investors, investment bankers, rating agencies and stock exchanges for their precious support.

Directors' reports are prepared complying SEC guidelines and as per guideline the Board declares the following:

- a. Financial statements prepared by the management of the issuer company fairly present its state of affairs, the result of its operations, cash flows & changes in equity.
- b. Proper books of account of the company have been maintained.
- c. Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.
- d. International Accounting Standards, International Financial Reporting Standard as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed.
- e. The system of internal control is sound in design and has been effectively implemented and monitored.
- f. There are no significant doubts upon the company's ability to continue as a going concern.
- g. There are no significant deviations 2012 operating results.
- h. Summarized key operating and financial data of preceding five years are furnished in this report.
- i. The number of Board meetings/Committee meetings held in 2011 with attendance by directors has been disclosed in Corporate Governance Report annexed to this report.
- j. Pattern of shareholding, aggregate number of shares held by the subsidiary/associated companies, other related parties, Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children and shareholders holding ten percent (10%) or more voting interest in the company have been disclosed adequately.

We promise to do our best to reward for the confidence you have on JBL.

On behalf of the Board of Directors



**Md. Mahmudul Hoque**  
Chairman of the Board of Directors

## Audit Committee's Report

The Audit Committee of Jamuna Bank Limited comprises three qualified independent members as follows:

1.	Mr. Md. Tajul Islam, MP	Chairman
2.	Mr. Engr. Md. Atiqur Rahman	Co-Chairman
3.	Mr. A. S. M. Abdul Halim	Member

In 2011, the Audit Committee held 9 meetings with management, senior executives in charge of concerned units, auditors, and held a meeting with the auditors without the presence of JBL executives. Summaries and recommendations from each Audit Committee meeting were presented to the Board of Directors to seek directives on issues as they deem fit.

Under its scope of authority and responsibilities bestowed on it, the Audit Committee addressed the following issues:

### ■ Internal Control and Audit

The Committee assessed the internal control & compliance status, financial risk, reviewed publication of financial statements, categorization of risks depending on gravity/severity of risk, periodically advised how to diversify risks associated with loans & advances providing loans & advances in different sectors instead of concentrating the loans & advances into one basket, reviewed & considered annual audit plans, adequacy of personnel and their qualifications, independence of internal audit, reviewed the reports of internal audit, statutory audit and audit conducted by Bangladesh Bank and monitored corrective actions taken.

The Audit Committee considered the assessment of the internal control as presented by internal and external auditors, and followed up proposed corrective actions. Management personnel of JBL and its subsidiaries were invited to Audit Committee meetings to consider related operational issues and internal control when required.

In terms of internal audits, the Audit Committee reviewed and considered audit plans, personnel adequacy and qualifications, and internal audit independence. The Audit Committee also advised the Audit Division on improvement and increased effectiveness.

### ■ Regulatory Compliance

The Audit Committee supervised the works of Audit Division, Compliance Division & Monitoring Division complying with prevailing laws and regulations. The Audit Committee also regularly acknowledged reports on regulatory changes affecting the operations and emphasized that corrective actions be taken and closely followed up on a regular basis, and be reported to the Board of Directors.

### ■ Financial Statements

The Audit Committee, considered and reviewed the completeness and accuracy of information presented in Bank's quarterly, half-year, and annual financial statements and consolidated financial statements of JBL, its subsidiaries, disclosure of information in the notes to financial statements, impact of accounting standards, internal control pertaining to the preparation of financial statements.

### ■ Risk Management

The Audit Committee reviewed risk management policy and held meetings with senior management executives of the Bank about risk management reports to ensure that there are appropriate and effective steps in place in Bank's risk management. The Audit Committee also envisaged that the structure of risk management entailed adequate comprehensive coverage for the Bank's operations.



#### ■ External Auditor

The Audit Committee held meetings with auditors as and when required. The meetings were to consider audit findings and discuss issues found in the audit process. The Audit Committee also reviewed the external auditor's performance and independence to ensure their compliance with corporate governance, and considered audit fees before proposing to the Board of Directors and shareholders.

#### ■ Transactions with Related Parties and Conflicts of Interest

The Audit Committee considered transactions with related parties and those that might give rise to conflict of interest as reported by concerned units before proposing to the Board of Directors.

Audit Committee performs its duties prudently and independently, considering core operational areas and holds meetings at regular intervals with senior executives in charge of concerned units, internal and external auditors. The Audit Committee is of the view that the financial statements have been reflected accurately with adequate information disclosure. The Bank's internal control and audit system are appropriate efficient, and in harness with to cover high-risk operational procedures. JBL has strictly supervised and monitored its regulatory compliance. The external auditor is independent and has performed all duties professionally. The Bank's transactions with related parties and those that might be involved in conflicts of interest were justified. The JBL risk management system is effective. Given this performance, JBL is capable of sustaining its trustworthiness among its customers, shareholders, employees and community in keeping with its vision.



**Md. Tajul Islam**

Chairman, Audit Committee of the Board of Directors



## Shariah Supervisory Committee Report

### Honorable Shareholders of Jamuna Bank Limited

Assalamu Alaikum Wa Rahmatullahi Wa Barakatuhu.

All praises are due to Allah, the Lord of the Universe, the Beneficent, and the Merciful. Durud and Salaam is for our Prophet Mohammad (SM.) who is Rahmat for the creatures of the World.

We take this opportunity to express our appreciation to the Board of Directors, the Managing Director and all members of the Management team of Jamuna Bank Limited for their continuous support. We are grateful to our shareholders and clients for their confidence reposed on us. Without their confidence and support, we would not be able to perform our activities properly.

During the year 2011 the Shariah Supervisory Committee of Jamuna Bank Limited held different meetings and reviewed different operational activities in respect of the Islami Shariah principles and regulations. Islami Banking Division of the Bank inspected the two Islami Banking branches of the Bank during the year and submitted their reports to the Shariah Supervisory Committee. Islami Banking Division is working & conducting Shariah audit of the said branches independently. If any violation or irregularity is found, the same is reported directly to the Shariah Supervisory Committee for information and necessary measures and disseminate the decision of the committee accordingly to the respective branches for compliance/ non-recurrence of the said violation / irregularity.

The duty of the Shariah Supervisory Committee is to give independent opinions & necessary guidelines upon observing and reviewing the activities of the Bank and also to conduct shariah related training for the manpower of the Bank and to make the clients aware of Shariah compliance.

On the other hand the responsibility of the Islami Banking branches is to ensure that the businesses are carried in accordance with the rules and principles of Islami Shariah. As per Shariah Supervisory Committee's recommendation specific marks are reserved for questions relating to Islami Banking to be asked to the Bank's Officials during interview at the time of promotion.

Following issues were also discussed in the meeting of Shariah Supervisory Committee of Jamuna Bank Limited during 2011:

- Awareness for Compliance with Islami Shariah.
- Shariah Audit & Inspection Report of Islami Banking branches.
- Actualization of Profit Rate for Mudaraba Depositors of Islami Banking branches.
- Different policies for Islami Banking branches.

At this point Shariah Supervisory Committee is furnishing the following suggestions:

- To take effective measures to operate investment in Musharaka and Mudaraba mode which are superior methods of investment in Islami Banking.
- To take comprehensive initiative to train adequately all levels of manpower related with Islami Banking branches.

May Allah (SWT) give us tawfiq in granting His satisfaction to help in establishing Shariah based banking in the country and have His blessings in all spheres of life.

Ma-assalam.

  
**Malik Muntazir Reza**  
Company Secretary

  
**Professor Dr. Muhammad Mustafizur Rahman**  
Chairman,  
Shariah Supervisory Committee



# 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

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.

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 2011. JBL established a merchant bank namely Jamuna Bank Capital Management Limited with 99.99% share and JBL is going to carry out brokerage business in the name of Jamuna Bank Securities Limited which is not in operation as on the reporting date.

### ■ 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 2011 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 intercompany 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 569.89 crore and so the Tier-1 capital after meeting credit risk was BDT 53.68 crore (BDT 623.57 crore minus BDT 569.89 crore). Capital required for meeting 28.50% of market risk was BDT 13.01 crore (BDT 45.66 crore X 28.50%) as on the reporting date. So, this condition is met.

■ **Quantitative Disclosures**

The Bank had a consolidated Capital of BDT 757.41 crore comprising Tier-1 capital of BDT 623.57 crore and Tier-2 capital of BDT 133.84 crore (JBL had no Tier-3 element in its capital structure) as on the reporting date (31 December 2011).

The Bank had a consolidated Capital of BDT 757.41 crore comprising Tier-1 capital of BDT 623.57 crore and Tier-2 capital of BDT 133.84 crore.

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



Disclosure on risk Based Capital Under Basel II

Following table presents the details of capital (Tier-1, 2 & 3) as on December 31, 2011

(Tk. in Crore)

<b>1.0</b>	<b>Tier-1 (Core Capital )</b>	<b>Amount</b>
1.1	Fully Paid-up Capital/Capital Deposited with BB	364.84
1.2	Statutory Reserve	172.35
1.3	Non-repayable Share premium account	-
1.4	General Reserve	-
1.5	Retained Earnings	86.38
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)	623.57
<b>Deductions from Tier-1 (Core Capital )</b>		
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	<b>Total Eligible Tier-1 Capital (1.10-1.19)</b>	<b>623.57</b>
<b>2.0</b>	<b>Tier-2 (Supplementary Capital)</b>	<b>Amount</b>
2.1	General Provision (Standard + SMA + off Balance Sheet exposure)	80.49
2.2	Assets Revaluation Reserves up to 50%	53.17
2.3	Revaluation Reserve for Securities up to 50%	0.18
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)	133.84
2.9	Deductions if any (e.g. Investment in subsidiaries which are not consolidated-50%)	-
2.10	<b>Total Eligible Tier-2 Capital (2.8-2.9)</b>	<b>133.84</b>
<b>3.0</b>	<b>Tier-3 (Additional Supplementary Capital)</b>	<b>Amount</b>
3.1	Short-term subordinated debt	-
4.0	<b>Total Supplementary Capital (2.10+3.1)</b>	<b>133.84</b>
5.0	<b>Total Eligible Capital (1.20+4.0)</b>	<b>757.41</b>

## Capital Adequacy

### ■ Bank's Approach to Assessing Capital Adequacy

As banks in Bangladesh are now at 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.

During the year 2011, the CAR ranges from 9.07% to 11.22% against minimum requirement of 9% (January to June 2011) and 10% (July to December 2011).

JBL focuses on strengthening and enhancing its risk management culture and internal control environment rather than increasing capital to cover up weak risk management and control practices. JBL has been generating most of its incremental capital from retained profit to support incremental growth of Risk Weighted Assets (RWA). Therefore, the Bank's Capital Adequacy Ratio (CAR) remains consistently within the comfort zone since the parallel run from 1 January, 2009. During the year 2011, the CAR range was from 9.07% to 11.22% against minimum requirement of 9% (January to June 2011) and 10% (July to December 2011).

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

### ■ Quantitative Disclosures

Following table shows component wise allocation of capital to meet three risks and an amount of additional capital maintained over MCR i.e. 10% of RWA. As on the reporting date, JBL maintained a Capital Adequacy Ratio (CAR) of 11.22% on 'Consolidated Basis' and 11.23% on 'Solo Basis' against required minimum of 10%. We had an excess capital of BDT 82.38 crore (Consolidated) after meeting all three risks as on the reporting date as shown in the following table:

(Tk. in Crore)

Capital Adequacy		Consolidated	Bank (Solo)
a.	Capital requirement for Credit Risk	569.89	567.97
b.	Capital requirement for Market Risk	45.66	45.20
c.	Capital requirement for Operational Risk	59.47	59.47
	Capital maintained to meet credit, market and operational risks	675.03	672.65
d.	Some additional capital over MCR maintained by the bank	82.38	82.63
	<b>Total Capital Maintained</b>	<b>757.41</b>	<b>755.28</b>



## Credit Risk

### Qualitative Disclosures:

#### ■ Definition of Credit Risk

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

#### ■ Credit Risk Management Policies and Procedures

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

Jamuna Bank Limited being a progressive and dynamic private sector Bank formulated its

own Credit Policy Guidelines to efficiently and professionally manage risks arising out of its Credit operation. The Credit Policy Guideline was initially approved by the Board of Directors in its 59<sup>th</sup> meeting held on 08.01.2006. As per Credit Risk Management Guidelines of Bangladesh Bank, the credit policy of JBL has been refined from time to time.

Jamuna Bank Limited being a progressive and dynamic private sector Bank formulated its own Credit Policy Guidelines to efficiently and professionally manage risks arising out of its Credit operation.

The Credit Policy Guidelines of JBL encompasses a wide range of issues related to credit operation. Jamuna Bank Limited continually updates to carry forward ongoing improvement in the banking sector. The focal points of the JBL credit policy are:

1. Organizational Structure
2. Segregation of Duties
3. Implementation of the concept of Relationship Banking
4. Credit Principles
5. Credit Facilities parameter
6. Discouraged Business
7. Review of Mode-wise Credit Position
8. Review of Large Loan Concentration
9. Review of Classification Position and Target
10. Credit Budget with sectoral outlook
11. Procedure of Credit Operation including credit assessment
12. Credit Risk Grading System
13. Emphasizing on Secured Lending
14. Disbursement process and Documentation
15. Credit Monitoring
16. Policy for Delegation of Lending Authority

### ■ Methods used to measure Credit Risk

Credit risk grading is an important tool for credit risk measurement as it helps the Banks and financial institutions to understand various dimensions of risk involved in different credit transactions. The aggregation of such grading across the borrowers, activities and the lines of business can provide better assessment of the quality of credit portfolio of a bank or a branch. Well-managed credit risk grading systems promote bank 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 maximize returns.

A thorough credit risk assessment is being conducted prior to the sanctioning of credit facilities. Thereafter it is done annually for each relationship. The result of this assessment is presented in the credit proposal originated from the Relationship Manager.

The credit risk grading is done by assigning weightage accordance to the severity of risk. The primary risk areas are financial risk, business/ industry risk, management risk, security risk and relationship risk. These risk components are further subdivided.

A thorough credit risk assessment is being conducted prior to the sanctioning of credit facilities. Thereafter it is done annually for each relationship. The result of this assessment is presented in the credit proposal originated from the Relationship Manager.

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

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

### ■ Credit Risk Management System

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



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

- I. It has formulated its own Credit Policy Guidelines in line with the core risk guideline of Bangladesh Bank.
- II. The policy takes into account the sectoral concentration and specific industry exposure cap is set in the policy.
- III. Head Office Organizational structure has been segregated in line with CRM Guideline (Credit Marketing, Credit Approval and Credit Administration activities have been separated).
- IV. Borrower's Risk Grade are assigned and mentioned in the credit proposal.
- V. All disbursement is authorized centrally in the computer system only after confirming fulfillment of documentation requirement as per sanction term. There is no scope of disbursement without approval of the competent authority.
- VI. Credit Approval Authority has been clearly defined in the policy.
- VII. Strong monitoring of loan portfolio is ensured by separate Credit Monitoring Department.

#### ■ Asset Impairment Policy

JBL follows Central Bank guidelines as regard to asset impairment policy. Bangladesh Bank set loan impairment/classification criteria and provisioning policies vide BRPD Circular No.5 dated June 05, 2006. The summary of objective criteria of loan classification and provisioning requirement are as followed:

#### ■ Objective Criteria

Type of Loan	Unclassified		Sub-standard	Doubtful	Bad/Loss
	Standard	SMA			
Continuous	0<3	3<0<6	6<0<9	9<0<12	0>12
Demand	0<3	3<0<6	6<0<9	9<0<12	0>12
Term (<5 years)	0<3	3<0<6	6<0<12	12<0<18	0>18
Term (>5 years)	0<3	3<0<12	12<0<18	18<0<24	0>24
SAC/MC	0<12		12<0<36	36<0<60	0>60

Note: 0 - Overdue, SMA - Special Mention Account, SAC - Short term Agricultural Credit, MC - Micro Credit.

#### ■ Provisioning Requirements

Classification Status	Short Term Agrl. Credit & Micro Credit	All other credits
Standard	5%	1% (Except Small Enterprise & Consumer Financing) 2% (For Small Enterprise & Consumer Financing)
Special Mention Account (SMA)	5%	5%
Sub-standard (SS)	5%	20%
Doubtful (DF)	5%	50%
Bad/Loss (B/L)	100%	100%

#### ■ Base for Provision

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

### Quantitative Disclosures

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

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

(Tk. in crore)

Major Types of Credit Exposure			
As on 31.12.2011			
Sl	Exposure Type	Exposure	Risk Weighted Asset
1	Cash	68.52	-
2	Claims on Bangladesh Government and Bangladesh Bank	1408.09	-
3	Claims on Multilateral Development Banks (MDBs):	-	-
4	Claims on Public Sector Entities	-	-
5	Claims on Banks & NBFIS		
	Original Maturity over 3 months: BB's Rating Grade: 1	681.65	136.33
	2,3	305.03	152.65
	4,5	-	-
	6	-	-
	Unrated	10.49	10.49
	Original Maturity less than 3 months	705.40	141.08
6	Claims on Corporate		
	BB's Rating Grade: 1	106.39	21.28
	2	483.44	241.72
	3,4	204.96	204.96
	5,6	-	-
	Unrated	2199.74	2749.68
7	Claims under Credit Risk Mitigation	468.75	80.18
8	Claims categorized as retail portfolio & SME(excluding consumer loan )	653.05	489.79
9	Consumer Loan	39.27	39.27
10	Claims fully secured by residential property	44.00	22.00
11	Claims fully secured by commercial real estate	77.26	77.26
12	Past Due Claims	170.97	226.75
13	Capital Market Exposure	18.85	23.56
14	Unlisted equity investments and regulatory capital instruments issued by other banks (other than those deducted from capital) held in banking book	-	-
15	Investments in venture capital	-	-
16	Investments in premises, plant and equipment and all other fixed assets	197.76	197.76
17	Claims on all fixed assets under operating lease	-	-
18	All other assets:		
	i) Claims on GOB & BB	193.94	0.00
	ii) Staff Loan/Investment	12.95	2.59
	iii) Cash Items in the Process of Collection	-	-
	iv) Claims on Off-shore Banking Unit (OBU)	-	-
	v) Other Assets (net off specific provision, if any)	113.39	113.39
	<b>Grand Total</b>	<b>8,164.16</b>	<b>4,930.72</b>



■ Credit Exposure by Risk Weight

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

(TK. in Crore)

Particulars	Risk Weighted Asset		
	Balance Sheet	Off-Balance Sheet	Total
Less than 100% risk weight	1253.79	121.39	1375.18
100% risk weight	681.20	5.35	686.55
More than 100% risk weight	2995.73	641.47	3637.20
<b>Total</b>	<b>4930.72</b>	<b>768.21</b>	<b>5698.93</b>

■ Geographical Distribution of Credit Exposure

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

(TK. in Crore)

Sl No.	Divisions	Credit Exposure	Percentage
1	Dhaka	3698.87	65.34%
2	Chittagong	1075.55	19.00%
3	Khulna	67.43	1.19%
4	Rajshahi	583.41	10.31%
5	Sylhet	71.12	1.26%
6	Barisal	14.86	0.26%
7	Rangpur	149.95	2.65%
<b>Total</b>		<b>5661.18</b>	<b>100.00%</b>

■ Credit Exposure by Major Industry or Sector

Major sector wise credit exposure as on 31 December, 2011 was as presented in the next page and the exposure amount remained within the appetite of the bank.

**SECTORS AND SUBSECTORS/INDUSTRIES OF THE NATIONAL ECONOMY**

As on 31/12/11

(Amount in crore)

Sl No	Sectors	Sub-sectors/Industries	Outstanding amount
1	Agriculture		
		i) Crops;	3.17
		ii) Forestry;	0.51
		iii) Livestock;	1.37
		iv) Fisheries;	4.03
		v) Others (Please specify).	53.96
2	Mining & Quarrying		
		a) Lime stone;	-
		b) White Clay.	-
3	Industry		
		i) Large Scale	
		a) Food Manufacturing;	86.75
		b) Beverage;	28.95
		c) Tobacco;	17.55
		d) RMG & Textile;	
		i) RMG;	616.00
		ii) Textile;	408.46
		e) Footwear, other wearing apparel & made up Textiles;	8.66
		f) Wood cork & allied products;	-
		g) Furniture & Fixture;	31.20
		h) Paper & paper products;	81.95
		i) Printing, publishing & allied industries;	2.52
		j) Leather & leather products;	1.15
		k) Rubber products;	-
		l) Chemical & chemical products;	29.50
		m) Petroleum & coal products;	
		n) Non-metallic mineral products;	
		o) Basic metal products;	134.39
		p) Metal products except machinery;	23.60
		q) Machinery except electrical;	-



Disclosure on risk Based Capital Under Basel II

Sl No	Sectors	Sub-sectors/Industries	Outstanding amount
		r) Electrical machinery & apparatus;	39.83
		s) Transport equipment	9.67
		t) Other manufacturing industries.	295.34
		u) Ship building	
		v) ship breaking	
		w) Pharmaceutical;	166.94
		ii) Small Scale	260.32
4	Constructions		268.71
5	Power, Gas, Water & Sanitary Services		
		i) Power;	-
		ii) Gas;	13.93
		iii) Water & Sanitary Services.	-
6	Transport, Storage & Communication		
		i) Land Transport;	121.80
		ii) Air Transport;	-
		iii) Water Transport;	-
		iv) Communication;	4.39
		v) Storage.	34.91
7	Trade Services		2,393.36
8	Housing Services		
		i) Urban;	
		a) Commercial	103.83
		b) Residential	58.66
		ii) Rural.	14.17
9	Public Admn. Defence		
		i) Central Government;	
		ii) Local Government.	

Sl. No	Sectors	Sub-sectors/Industries	Outstanding amount
10	Banking & Insurance		
		i) Banking:	
		a) Public;	
		b) Private.	
		ii) Insurance	
		a) Public;	
		b) Private.	0.01
		iii) Leasing Company	10.44
11	Professional & Misc. services		
		i) Educational Services;	13.06
		ii) Medical Services;	5.52
		iii) Legal Services;	-
		iv) Recreation Services;	-
		v) Personal Services;	177.32
		vi) Hotel & Restaurant Services;	2.39
		vii) Religious Services;	-
		viii) Domestic Services.	1.15
		ix) Others	111.94
		x) Car loans;	10.07
		xi) Credit Cards;	9.70
		xii) Media financing.	-
		<b>TOTAL</b>	<b>5,661.18</b>

■ Residual Contractual Maturity of Loans and Advances

(Tk. In Crore)

Particulars	Amount in Crore Tk.
Up to 1 Month	1,472.58
Up to 3 Months	1,025.86
More than 3 Months but not more than 1 year	1,973.69
More than 1 year but not more than 5 years	1,033.02
More than 5 years	156.02
<b>Total</b>	<b>5,661.18</b>



## Disclosure on risk Based Capital Under Basel II

### ■ Non Performing Assets

Total non-performing loans and advances was BDT 161.87 crore as on 31.12.2011 while it was BDT 90.55 crore in 2010.

(Tk. In Crore)

Classification Status	% of Total Loans	Outstanding Amount
Standard	95.72%	5418.69
Special Mention Account (SMA)	1.42%	80.61
Sub-standard (SS)	1.30%	73.41
Doubtful (DF)	0.15%	8.32
Bad/Loss (B/L)	1.42%	80.14
<b>Total</b>	<b>100.00%</b>	<b>5661.18</b>

### ■ Movement of Non Performing Assets

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

Particulars	Tk In Crore
1. Opening balance as on 01 January 2011	90.55
2. Additions during the year	92.32
3. Reductions during the year	21.00
4. Closing balance as on 31 December 2011	161.87
<b>Non Performing Assets ( NPAs) to Outstanding Loans and advances</b>	<b>2.86%</b>

### ■ Movement of specific provisions for NPAs is presented in following table

Particulars	Tk In Crore
1. Opening balance	45.38
2. Provisions made during the period	17.35
3. Write-off	0.00
4. Write-back of excess provisions	0.00
5. Closing balance	62.73

## Equity Position Risk

### ■ Equity Risk

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

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

## Quantitative Disclosures

### ■ Bank's Holdings of Shares

(Tk. in crore)

Sl. No.	Particulars	Value of Shares	Total Liabilities as on 30.09.2011	% of Value of Shares to Total Liabilities
a)	Own Portfolio	20.00	7462.18	0.27%
b)	Market value of liened shares	1.52		0.02%
c)	Custody			
	<b>Total Holdings</b>	<b>21.51</b>		<b>0.29%</b>

### ■ Exposure In Capital Market

(Tk. in Crore)

Sl. No.	Particulars	Amount	Total Liabilities as on 30.09.2011	% of Capital Market Exposure to Total Liabilities
a)	Own Portfolio	20.12	7462.18	0.27%
b)	Loan to own subsidiary/subsidiaries	95.00		1.27%
c)	Loan to others for merchant banking and brokerage activities	115.00		1.54%
d)	Guarantee against loan of own subsidiary/subsidiaries and others			0.00%
e)	Loan to Stock Dealer			0.00%
	<b>Total Exposure</b>	<b>230.12</b>		<b>3.08%</b>

### ■ Capital requirements for equity position risk

(Tk in Crore)

Sl. No.	Particulars	Amount (Market Value)	Weight	Capital Charge
	1	2	3	4=(2X3)
a)	Specific Risk :	20.11	10%	2.01
b)	General Market Risk:	20.11	10%	2.01
	<b>Total</b>			<b>4.02</b>

## Interest Rate Risk in the Banking Book (IRRBB)

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

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

### Quantitative Disclosures

- The Impact of interest rate movement

(Tk. in Crore)

Particulars	< 3 months	3-6 months	6-12 months
Total Rate Sensitive Assets	2884.95	944.93	1118.63
Total Rate Sensitive Liabilities	4153.61	997.62	503.52
Gap	-1268.66	-52.69	615.11
Cummulative Gap	-1268.66	-1321.35	-706.24
Regulatory Capital	755.28	755.28	755.28
Total RWA	6726.48	6726.48	6726.48
CAR before Shock	11.23%	11.23%	11.23%

Interest Rate Stress Test	Minor	Moderate	Major
Assumed Increase in Interest Rate	1.00%	2.00%	3.00%
Net Interest Income Impact: <12 months	-7.06	-14.12	-21.19
Tax Adjusted Impact	-4.06	-8.12	-12.18
Capital after Shock	751.22	747.16	743.10
CAR after Shock	11.17%	11.11%	11.05%
Change in CAR after Shock	-0.06%	-0.12%	-0.18%
Duration GAP	1.17	1.17	1.17
Change in Market Value of Equity	-86.76	-173.52	-260.28
Tax Adjusted Loss	-49.89	-99.77	-149.66
Regulatory Capital (after shock)	705.39	655.51	605.62
Total RWA(after shock)	6677.68	6677.68	6677.68
CAR after Shock	10.56%	9.82%	9.07%



## Market Risk

Market risk is the risk when the value of a portfolio, either an investment portfolio or a trading portfolio, will decrease due to the change in value of the market risk factors. The four standard market risk factors are stock prices, interest rates, foreign exchange rates and commodity prices.

The objectives of our market risk policies and processes are to obtain the best balance of risk and return whilst meeting customers' requirements. The primary categories of market risk for the bank are:

### Interest Rate Risk

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

### Foreign Exchange Risk

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

### Equity Risk

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

### Commodity Price Risk

• Commodity price risk arises from changes in commodity prices and implied volatilities in commodity options, covering energy, precious metals, base metals and agriculture. Currently we do not have any exposure in commodity financing.

## ■ Market Risk Management

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

To manage the interest rate risk, ALCO regularly monitors various ratios and parameters. Among the ratios, the key ratios that ALCO regularly monitors are Liquid asset to total assets, Volatile Liability dependency

ratio, medium term funding ratio and short term borrowing to Liquid assets ratio. ALCO also regularly monitors the interest rate sensitive gap and duration gap of total portfolio.

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

## Quantitative Disclosure

### ■ Capital Required for Market Risk

(TK. in Crore)

Particulars	Amount
Capital requirements for:	
- Interest rate risk;	38.17
- Equity position risk;	4.02
- Foreign exchange risk; and	3.01
- Commodity risk	-
<b>Total Capital Required for Market Risk</b>	<b>45.20</b>

## Operational Risk

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

The operational risk may be of this following category:

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

### ■ Potential External Events

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

### ■ Policies and processes for mitigating operational risk

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

## Quantitative Disclosure

### ■ Capital Required for Operation Risk

(TK. in Crore)

Basic Indicator Approach					
As on 31.12.2011					
Sl.	Operational Risk	2011	2010	2009	Capital Charge (15% of Gross Income)
1.	Gross Income	500.78	386.78	301.97	59.48
2.	Last 3 years Average annual Gross Income	396.51			

## Risk Management

Banks have grown from being a financial intermediary into a risk intermediary at present. Risk is inherent in any walk of life in general and in financial sectors in particular. Risk is associated with uncertainty and reflected by way of charge on the fundamental/ basic i.e. in the case of bank it is the Capital, which is the cushion that protects the liability holders of an institution. Business grows mainly by taking risk. Greater the risk, higher the profit and hence the business unit must strike a tradeoff between the two.

### Risk Review

Due to the non-expansionary monetary Policy being pursued by the central bank, the banking industry faced problem in conducting business for normal business course. The government borrowing from the banking system grew by 62% between last July-December period while growth of credit to the private sector during the period declined to 18% from nearly 26% in the fiscal 2010-11. In the year 2011 the target for real GDP growth was 6.7%, which faced difficulty from the year 2010 to attain. Banks experienced acute liquidity shortage, which was not observed at the very beginning of 2010. Credit growth was faster than the deposit growth (in December 2010 they were 28.4% and 21.6% respectively). In addition to this, situation became severe when time deposits grew slower than the demand deposits because of high liquidity preference amongst public, presumably engagement in capital market. So positive duration gap forced banks to hardship in meeting demand of depositors in time. But due to the presence of proactive liquidity management team, Jamuna Bank Limited efficiently crafted favorable situation for itself. Banking industry faced another delicate problem, which is foreign currency

dearth from the year 2010. Export grew as strongly as imports, but the import base being larger than the export base, the trade deficit widened at the end of 2010. Weakening growth in workers' remittance and other external payment such as income surplus/profit/dividend repatriation by foreign ventures was also responsible for this phenomenon. Jamuna Bank Limited foresaw the situation and got prepared for facing the increased demand of LC. Under Risk Based Capital Adequacy Statement, Capital Adequacy Ratio (CAR) was increased to 10% at the last two quarters of 2011. Jamuna Bank Limited is strictly maintaining the CAR from the beginning of

**Under Risk Based Capital Adequacy Statement Capital Adequacy Ratio (CAR) was increased to 10% at the last two quarters of 2011. Jamuna Bank Limited is strictly maintaining the CAR from the beginning of the Basel-II implementation in January 01, 2010.**

the Basel-II implementation in January 01, 2010. 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 in regular interval to determine the impact on it under a set of exceptional, but plausible assumption through a series of battery of tests. The shock absorbent capacity of the bank is gauged when various types of risks are faced by it. Jamuna Bank Limited regularly diversifies its loan portfolio, foreign exchange position, equity position and liquidity position to confront any unfavorable situation.



## 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 attempts to avoid any unforeseen problem. The most notable risks and uncertainties faced by the bank in coming year are set out below.

Monetary policy for the January-June 2012 intends to bring down the public sector borrowings to 31% and private sector credit growth to 16%. Jamuna Bank Limited plays an active role in addressing such issues, in its budget of 2012 we can see the reflection of the tight monetary policy.

### ■ 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. For example, monetary policy for the January-June 2012 intends to bring down the public sector borrowings to 31% and private sector credit growth to 16%. However, Jamuna Bank Limited plays an active role in ventilating such issues; in its budget of 2012 we can see the reflection of the tight monetary policy.

### National Credit Growth

(In percentage)

Particulars	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	September, 2011	December, 2011	Ave. 2012
Domestic Credit	15.9	17.6	28.4	27.2	25.7	19.1
Credit to the public sector	20.3	-5.2	39.9	52.4	62	31
Credit to the private sector	14.6	24.2	25.8	22	18	16

### ■ Country's macroeconomic conditions

Inflation, 10.7% in December 2011 is higher than the 7.5% average projected in the 2011/12, which will hinder the entrepreneurial initiative the life supporting activity of the economy. 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. Remittances could also be affected but the risks are lower given the relative resilience of the Middle Eastern economies. November 2011 witnessed a marginally negative current account balance for the first time in recent years as the negative trade balance was not fully compensated by worker remittances, despite the robust 9.3% remittance growth witnessed in the first six months of FY12. A sharp decline in net foreign aid (total aid minus payments) is another major reason behind balance of payment pressures.

### Foreign Aid

(In Million USD)

Particulars	2009-10 (July- November)	2010-11 (July- November)	2011-12 (July- November)
Total Aid	1237	614.4	413.9
Net Aid	989	322.7	68.9

Increase in import of production inputs including fuel oil will not decrease in the year 2012. In addition growth in worker's remittance inflows weakened. As a result of this, Taka depreciated against USD, with the weighted average inter bank rate at Taka 84.53 per USD as of 31 January 2012, Taka 70.75 per USD as of 30 December 2010 and Taka 69.44 per USD as of 30 June, 2010.

#### ■ Liquidity Stress

Liquidity risk emanates at a situation when the bank either does not have sufficient financial resources available to meet all its obligations and commitments when they fall due, or can access funding only at excessive cost. From the last couple of months of 2011 liquidity position of the banks became vulnerable because of withdrawal of deposit by customers' at a substantially faster rate than the expectation and/ or repayments are not received on the intended maturity dates. However Jamuna Bank Limited discreetly managed the situation because of the matured sensible prediction of the crisis. As the bank has effective team of employees so it not only managed the situation but also shaped favorable position in the presence of liquidity problem in the banking industry.

Jamuna Bank Limited discreetly managed the liquidity crisis because of the sensible prediction of the crisis. 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.

#### ■ 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. Global growth prospects in 2012 remain highly uncertain in key trading partner countries, particularly in Europe due to the unfolding sovereign debt crisis in several countries and the increasing related risk of a global recession. The United States is showing fledgling signs of recovery but overall the growth prospects for 2012 in advanced economies remain weak and there have also been downward growth adjustments for developing countries. We have already observed the upward trend of the fuel price and consumable goods, the depleting trend of the increase of remittance inflow, the augmented force of import and the increased demand of foreign currency. However, Jamuna Bank Limited diversified its loan portfolio in the utmost manner, which armored it from all types of crisis.

#### ■ Lack of business confidence

In the year 2012 Bangladesh Bank is going to squeeze private sector lending as a result crowding out effect caused by public sector borrowing has already seen by the economy. Increase in inflation has become daunting factor for investor and devaluation of Taka influenced the potential investors to consider the situation. However Government has tried to create favorable situation for the country.

#### Liquidity Scenario

(Growth in percentage)

Particulars	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	September, 2011	December, 2011	June, 2012
Broad Money	15.2	22.4	21.4	19.6	17.4	17.0
Reserve Money	31.9	18.1	21.0	17.6	12.5	12.2

## Risk Management Activities

The activities of Risk Management involve 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

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 has 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.

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

- 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 has incorporated 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.

Jamuna Bank Limited Ensures 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%.

Jamuna Bank Limited periodically calculates VAR to identify the loss in interest sensitive asset which 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, non 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 upholds 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.

In last quarter of 2011, Total capital of JBL was reported as Tk. 737.41 crore. We can also identify the Capital Adequacy Ratio complied with the regulation of Bangladesh Bank Guidelines. In September 2011 it stood at 10.70% where as the minimum requirement was 10%.

■ 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 2011 it was reported as Tk. 737.41 crore. We can also identify the Capital Adequacy Ratio complied with the regulation of Bangladesh Bank Guidelines. In September 2011 it stood at 10.70% 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 that of a best rated customer. Considering the above matter Jamuna Bank Limited has pursuing the Corporate Customers for being rated. It always contacts with Rating Agencies for providing data of Unrated and Rated Customers, exchanging practiced strategy in the industry and analyzing for incentive of Rated Corporate Customers. Due to the above-mentioned

Jamuna Bank Limited has increased its Rated Corporate Customers more than eleven times than that of March 2010.

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, 2011 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.

According to Stress Testing report for the 4th quarter ended on December 31, 2011 Jamuna bank limited does not have any liquidity risk, foreign exchange shock and equity price shock.



*Few glimpses of  
"Workshop on Core Risk Management"  
arranged by JBL*



## Corporate Governance

At Jamuna Bank, we firmly believe in fulfilling our ongoing commitment to ensure a strong corporate governance structure and culture across all tiers of our organization, which will help us deliver value to all our stakeholders. Hence we are committed to ensure good corporate governance practices are in place and the highest standards of business integrity are applied in all of our activities.

We are committed to ensure that good corporate governance practices are in place, and the highest standards of business integrity are applied in all of our activities.

Processes have been developed for identifying, assessing and managing the significant risks and uncertainties facing the Bank. Internal control processes are established to ensure efficiency and effectiveness of business operations and controls on all areas including finance and operations, as well as compliance with relevant laws and regulations. The Internal Control and Compliance Division have been tasked to provide oversight and support to ensure that individual business units conduct their businesses and affairs in a manner that drives forward the Bank's strategic objectives, complying with applicable laws and regulatory requirements. A strong focus is placed on educating and increasing awareness among Directors, Executive Officers and employees on the Bank's Code of Conduct, the relevant laws and regulatory requirements as well as disciplinary procedures.

### ■ Rights of Shareholders and Equitable Treatment of Shareholders

The Bank is fully committed to ensure that fair treatment is extended to all shareholders and proactive communications is practiced at all times with all shareholders. In this respect, it aims to ensure that shareholders have the opportunity to exercise their rights fully and fairly in an informed manner, such as the rights to sell,

purchase, or transfer shares, access to the Bank's information, fair distribution of profits, and attendance of the meeting to cast votes, express opinions and comments, and to make decisions on important matters.

The Bank is holding its annual general meeting of shareholders within specified time.

Meetings of shareholders other than general meetings are called extraordinary general meetings. The Board can convene extraordinary general meetings at any time it deems fit.

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

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

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

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

#### ■ Role of Stakeholders

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

JBL is equipped to efficiently handle client complaints and queries through a 'Cell'. To effectively manage complaints, the Cell maintains a database of client complaints and classifies them according to source and type.

#### ■ Clients

The Bank earnestly tries to fulfill its commitment to provide clients with high-quality products and services while safeguarding their interests, accord them fair treatment in all aspects of their dealings with the Bank. The Bank is equipped to efficiently handle client complaints and queries through a 'Cell'. To effectively manage complaints, the Cell maintains a database of client complaints and classifies them according to source and type. A report is prepared and forwarded to the Office of the Managing Director, the Internal Control & Compliance Division and other relevant offices, to resolve any complaints in an effective, fair and coordinated and in timely manner. Client confidentiality is strictly observed at all time.



Customer Meet for Rajshahi Region



#### ■ Regulatory bodies & Shareholders

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

The Bank consistently offers training and support, provides staff with the opportunity to enhance their performance and career development options.

#### ■ Employees

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

#### ■ Creditors and Business Partners

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

#### ■ Competitors

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

#### ■ Responsibility towards the community and the environment

The Bank recognizes its ability to have a positive impact on the community and the environment. The Bank is actively involved in a range of CSR activities, including blood donation, relief for affected people from natural disaster, distribution of blankets to the cold stricken people, free eye camp, Seminar on Anti Drug movement, Anti Drug Rally, Seminar on Importance of Holy Ramadan, Qirat Competition Program, Scholarship & Crest Awarding Program among unprivileged but meritorious students and off springs of JBL employees who got GPA-5 in SSC & HSC, establishment of Jamuna Bank Old Home & Old Aged Rehabilitation Complex, establishment of Jamuna Bank After Care Centre, establishment of Sewing Machine Training Centre etc.

#### ■ Disclosure and Transparency

The Bank places great importance to ensuring that accurate, timely and clear information, is communicated to the shareholders and other concerned parties. In addition to that, in compliance with various laws and regulations, the Bank's annual report contains relevant significant disclosures. In line with the practice of good disclosure and transparency, significant policies have been initiated to earn investors' confidence in the capital market, including the communication of clear and accurate information on the Bank's activities to regulatory

Significant policies have been initiated to boost investor confidence in the capital market, including the communication of clear and accurate information on the Bank's activities to regulatory bodies, investors, shareholders, analysts and the general public.

bodies, investors, shareholders, analysts and the general public. These initiatives include:

- Dissemination of Bank's information and maintaining good communications with the investors/stakeholders through media and other ways. Reports on financial results and material transactions are made in a fair,



accurate and transparent manner and in compliance with the applicable laws and regulatory requirements.

- The dissemination of information to the general public via the media when financial results are announced.

#### ■ Responsibilities of the Board

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

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

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

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

The Board has constituted the following 2 (two) Committees:

#### Executive Committee

The Board has set up the Executive Committee as per Guideline of Bangladesh Bank to

deliberate important management issues and matters for execution of operations of the Bank. The Committee performs within the power delegated to it by the Board of Directors. The Committee is composed of 7 (seven) members. The Chairman of the Board is the member of the Executive Committee.

Details of Members of Executive Committee are given hereunder:

From January to April 26, 2011

	<i>Al-haj M. A. Khayer</i> Chairman April, 2011	
<i>Engr. A. K. M. Mosharraf Hussain</i> Member	<i>Al-Haj Nur Mohammed</i> Chairman January to February, 2011	<i>Mr. Sakawat, Abu Khair Mohammad</i> Chairman March, 2011
<i>Al-haj Md. Rezaul Karim Ansari</i> Member	<i>Mr. Kanutosh Majumder</i> Member	<i>Mr. Gazil Golam Murtaza</i> Member

From April 27, 2011 to October 31, 2011

<i>Al-haj M. A. Khayer</i> Chairman May, August & September, 2011	<i>Engr. A. K. M. Mosharraf Hussain</i> Chairman June to July, 2011	<i>Mr. Fazlur Rahman</i> Member
<i>Al-Haj Nur Mohammed</i> Chairman October, 2011	<i>Mr. Sakawat, Abu Khair Mohammad</i> Member	<i>Al-haj Md. Rezaul Karim Ansari</i> Member
	<i>Mr. Md. Ismail Hassain Siraji</i> Member	

From November 01, 2011 to till date

<i>Mr. Md. Bejal Hassain</i> Member	<i>Mr. Md. Mahmudul Haque</i> Chairman November & December, 2011	<i>Mr. Farhad Ahmed Akand</i> Member
<i>Mr. Shaheen Mahmud</i> Member	<i>Mr. Md. Sirajul Islam Veracha</i> Member	<i>Mr. Kanutosh Majumder</i> Member
	<i>Mr. Gazil Golam Murtaza</i> Member	

### Audit Committee

The Audit Committee is primarily responsible for internal control, audit and financial reporting. It monitors implementation of policies on internal control and compliances and management actions to rectify audit objections. It actively reviews appropriateness of the accounting policies, annual internal audit plan, audit reports, risk management of the Bank and Bank's technological needs. It also oversees the discharge of responsibilities of the external auditors. The Committee time to time reports on its activities to the Board of Directors. If any significant deviation(s) was/were come to the notice of the Committee including the following findings, inform the Board of Directors of the Bank immediately upon receiving such findings:

- a. Report on conflicts of interests.
- b. Suspected or presumed fraud or irregularity or material defect in the internal control system.
- c. Suspected infringement of laws, including securities related laws, rules and regulations.
- d. Any other matter, which should be disclosed to the Board of Directors immediately.

The Audit Committee consists of 3 (three) members of the Board as per BRPD Circular No. 12 dated December 23, 2002 of Bangladesh Bank. All the members of the Audit Committee are professionally sound, having understanding and profound knowledge in accounting, finance, and economics.

Following 3 (three) members of the Board of Directors are the members and Chairman of the Audit Committee as per BRPD Circular No. 12 dated December 23, 2002 of Bangladesh Bank:

Sl	Name	Status	Status	Educational Qualification
1	Mr. Md. Tajul Islam	Director	Chairman	B.A. & Member of Finance Committee of Bangladesh Parliament
2	Engr. Md. Atiqur Rahman	Director	Co-Chairman	B.Sc. Engg. (Civil), F.I.E. (Bangladesh)
3	Mr. A. S. M. Abdul Hasim	Director	Member	M. Com.

### Board Structure

Members of the Board comprise of professionals with diversified backgrounds. At present, there are 19 Board members including Managing Director (ex-officio Director). The election of Board members follows the resolution of the Shareholders' Meetings, as set out in the Bank's Articles of Association. The number of directors on the Board is determined by the meeting of shareholders and should not be less than 7 or more than 20. The structure of the Board of Directors and Board Committees is set in accordance to the laws/notification regarding "Corporate Governance" issued by the regulatory bodies.

The Board appoints one of its directors to be the Chairman. In the interest of good governance, the roles of Chairman and Managing Director are separate, with each of them bearing clear and defined roles and responsibilities. The Board is responsible for the Bank's goals, policies and strategic direction while the Management assumes responsibility for the day-to-day operations.

In the interest of good governance, the roles of Chairman and Managing Director are separate, with each of them bearing clear and defined roles and responsibilities. The Board is responsible for the Bank's goals, policies and strategic direction while the Management assumes responsibility for the day-to-day operations.

Each director has a term of office as prescribed in the Articles of Association, i.e. at every annual general meeting; one-third of the directors shall retire. In any subsequent years, the directors who have been in office for the longest shall retire. The retired directors may be re-elected

### Company Secretary and Secretary to the Board of Directors

The Board has appointed Mr. Malik Muntasir Reza as Company Secretary and Secretary to the Board of Directors to assist the Board in fulfilling its tasks. Duties of the Secretary include providing advice and also ensuring compliance with the applicable laws and regulations, which is in harmony with the Corporate Governance



Notification, as well as the following services:

- Providing preliminary advice and recommendations pertaining to legal, regulatory, and governance issues and practices related to the Board.
- Arranging Board and Shareholders' Meetings in accordance with the laws and the Bank's Articles of Association, preparing minutes of these meetings and monitoring compliance with the resolutions passed at those meetings.
- Ensuring that corporate information disclosures to regulatory agencies are in accordance with laws and regulations.
- Communicating with shareholders.
- Maintaining the register of directors, shareholders, reports of Board meetings, stakeholders' reports and meeting notices
- Ensuring compliance with other rules and procedures as required by relevant laws and regulations.
- Ensure of payment of dividend/fractional dividend/refund warrant to the respective accounts as per instructions.
- Assist the regulatory bodies for conducting/discharging their duties (Bangladesh Bank, SEC, DSE, CSE, CDBL, NBR etc.).
- Timely submission of regulatory compliances.

#### ■ Chief Financial Officer (CFO)

The Board has appointed Mr. Uttam Kumar Saha, ACA, ACS as Chief Financial Officer of the Bank. He attends the meetings of the Board of Directors as and when required. Duties of the CFO include the following, ensuring compliance with the applicable laws and regulations and Corporate Governance Notification:

- Participate in developing new business, specifically; assist the CEO in identifying new funding opportunities, the drafting of budgets, and determining cost effectiveness of prospective service delivery.
- Oversee the management and coordination of all fiscal reporting activities for the Bank including: organizational revenue/expense and Quarterly, Half yearly & Annual Accounts of the Bank/Financial Statements, The Securities & Exchange Commission,

Bangladesh Bank, sending of Statements and preparation of Returns to submit to the National Board of Revenue & VAT authority and other regulatory bodies and monitoring of organizational budgets.

- Oversee all purchasing, payment of Bills.
- Prepare and manage Employees' Provident Fund, Gratuity Fund, Social Security Fund
- Serve as one of the trustees and oversee administration and financial reporting of the organization's Savings and Retirement Plan.
- Assist in the design, implementation, and timely calculations of incentives, festival bonus and salaries for the employees.
- Oversee Accounts Payable and Accounts Receivable.
- Working as a Banker to the Issue,
- Ensure of payment of dividend/fractional dividend/refund warrant to the respective accounts as per instructions.
- Working as a joint custodian of cash to meet up day-to-day expenses.
- Assist the auditors of Bangladesh Bank, Statutory Auditors, Rating Agency, Income Tax & VAT officials and other regulatory bodies for conducting audit/discharging their duties etc.

#### ■ Head of Internal Control & Compliance Division

Mr. Ahamed Sufi, Senior Vice President has been appointed as the Head of Internal Control & Compliance Division as per compliance of the applicable laws and regulations and Corporate Governance Notification. ICCD of the Bank comprises three departments (i) Audit and Inspection Department, (ii) Monitoring Department and (iii) Compliance Department.

As Head of ICCD he reviews and monitors Bank's Internal Control and Compliance Risk.

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

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



Monitoring Department reviews Quarterly Operation Reports, Loan Documentation Checklists etc. Compliance ensures full compliance of regulatory requirements including the directives of Bangladesh Bank (regulatory body), National Board of Revenue, the Securities and Exchange Commission, Registrar of Joint Stock Companies and Firms, Ministry of Finance etc.

The basic responsibility of the Board is to exercise business judgment in good faith, in a manner that they reasonably believe to be in the best interests of the Bank, while complying with the applicable laws and regulations, the Bank's Articles of Association and resolutions adopted by the shareholders.

#### ■ The Role and Responsibilities of the Board of Directors

The basic responsibility of the Board is to exercise business judgment in good faith, in a manner that they reasonably believe to be in the best interests of the Bank, while complying with the applicable laws and regulations, the Bank's Articles of Association and resolutions adopted by the shareholders.

- To set the direction, vision and policies of the Bank and to determine objectives and strategies to ensure the effective discharge of the Bank's functions and the most efficient use of the Bank's resources.
- To seek individuals from diverse professional backgrounds combined with a broad spectrum of experience and expertise with a reputation for integrity for appointment to management positions.
- To review and approve, together with the Management, specific financial objectives such as budgets proposed by Executive Management.
- To delegate responsibility for day-to-day management to the Management based on agreed targets and objectives except when the matter warrants the Board's attention.
- To determine issues to be brought to its attention by Management.
- To require the Management to discharge its duties based on the Bank's strategic objectives

and to regularly communicate those strategic objectives to the staff at all levels.

- To require the Management to comply with all relevant laws and regulations as well as the terms and conditions of various agreements.
- To ensure that the Bank has in place effective systems of risk management.
- To ensure that the Bank has in place effective internal controls; formulate and implement a well-defined conflict of interest policy; put in place policies and processes requiring Management and other concerned parties to refrain from using confidential information for personal gain; evaluate and provide assurance on the effectiveness of the Bank's internal controls at the end of every year.

It shall also be responsible for approving all matters which require its approval, or recommending them to the shareholders for approval, as it deems fit, based on the following principles:

- Act in the best interest of the Bank;
- Exercise sound and prudent judgment; and
- Decide rationally and impartially without consideration of personal gain.
- Exercise due care and diligence by taking all the steps that he or she ought to take as a Director;
- Make informed decisions; and
- Pose intelligent questions.
- Act in good faith;
- Make impartial decisions, avoid the possibility of appearance of any conflict of interest and
- Avoidance of abuse of power or authority by using classified information for personal gain.

#### ■ Leadership and Vision

The Board of Directors consists of individuals from diverse professional backgrounds with a broad spectrum of experience, expertise and high standards of business ethics. The roles of the Board including the appointment and removal of directors are set out in the Articles of Association. The Board is committed to maintaining the highest standards of corporate governance and has a good understanding of the Bank's business and affairs.

It is responsible for ensuring independent oversight of internal control and risk management while providing an objective assessment of Executive Management in the execution of the Bank's policies and strategies.

The Board is committed to maintaining the highest standards of corporate governance and has a good understanding of the Bank's business and affairs.

#### ■ Ethics and Conflict of Interests

The Management and employees must comply with code of conduct when interacting with the Bank's clients, shareholders, employees, and business partners/ debtors.

Great emphasis is also placed on their responsibilities for environment, society and competitors, preservation of client confidentiality, honesty, fairness, professional integrity, business capacities, strict compliance with laws and regulations, as well as cooperation with regulatory agencies. In performing their duties, employees are required to adhere to the principles of good corporate governance, use good judgement, act in compliance to rules and regulations and ensure that the Bank discharges its legal and regulatory responsibilities accordingly. Alleged breaches are investigated in accordance with set procedures, and disciplinary penalties are imposed if any employee is found guilty of any breach of conduct.

In performing their duties, employees are required to adhere to the principles of good corporate governance, use good judgment, act in compliance to rules and regulations and ensure that the Bank discharges its legal and regulatory responsibilities accordingly.

The Bank has in place policies to prevent conflicts of interest, connected transactions or related-party transactions. These include:

- A policy for the consideration of the granting of credits and investments to and undertaking contingent of liabilities or other credit-like transactions with the Bank's major shareholders, or businesses with beneficial interest to directors or persons with managing authority of the Bank, which must adhere to the terms stipulated by the Bangladesh Bank. Any such grant must be approved unanimously by the Board and no director or person with managing authority who benefits from the granting of credits, investments and the undertaking of contingent liabilities or other credit-like transactions can take part in the decision-making process.
- A policy for undertaking major transactions. Major transactions include agreements to undertake connected transactions and/or agreements to undertake transactions to acquire or dispose of major assets and/or rights to acquire or dispose of the Bank's major assets. The Bank must comply with requirements of related regulatory bodies.
- Ensure that the transaction is legitimate and is in the best interest of the Bank, that the terms and conditions of the said transaction are not different from similar transactions entered into with unrelated parties; and
- Ascertain that the procedures for considering and approving any given transaction are fair, transparent, and verifiable.

Sufficient information on the transaction must also be disclosed to investors as per requirement of laws.

The Board must approve connected transactions. Persons who review or recommend the transaction for approval must not have any interests in the said transaction. Directors with any material interest in the transaction are not allowed to take part in the discussion relating to such transaction or vote on the matter.



#### ■ Related Transactions

As of 31 December 2011, the Bank recorded business transactions with its subsidiary company. These transactions have been concluded under commercial terms and based on mutual agreement on the criteria involved in the ordinary course of business between the Bank and its subsidiary company.

#### ■ Board Meetings

Board meetings are scheduled at least once in every month. In addition to the scheduled Board meetings, further Board meetings may also be held as and when they are required. The Board secretary is responsible for providing all Directors with the agenda, supporting papers and relevant information for each meeting seven days before the meeting, to give the Directors advance notice of the business to be transacted. The Secretary is also responsible for taking the minutes of each meeting and preparing the meeting report, which is signed by the Chairman of the Board and filed.

#### ■ Board Performance Review

The Board conducts an annual evaluation of its performance, where it also reviews problems and obstacles, and makes suggestions to increase the Bank's operational efficiency.

#### ■ Selection, Appointment and Removal of directors

The members of the Board of Directors are elected as per Bank's Articles of Association. The members are appointed to take charge of selecting and nominating qualified persons who have no disqualifications according to the law for appointment as directors before submitting to the meeting of the Shareholders for approval and appointment. This is compliant with the rules and procedures on appointment and removal of directors as specified in the Bank's Articles of Association as well as guidelines of regulatory bodies time to time issued in this respect.

#### ■ Remuneration of Directors and Senior Executives

The Bank discloses information on the remuneration of its Directors and Senior Executives in compliance with the circular/notification time to time issued by the regulatory bodies. Each Board member get Tk.5,000.00 (five thousand) only as Meeting Attendance Fee and members who are living outside Dhaka get Traveling & Daily Allowance as per policy approved by the Board.

#### ■ Management Committees

The Bank is manned and managed by a team of efficient professionals headed by Mr. Md. Motior Rahman, the Managing Director & CEO who has long 38 years' banking experience (both at home and abroad). The functions of the Board and the Management are clearly defined and sharply bifurcated. The Management implements and acts within the policies and manuals approved by the Board. A clearly defined organizational structure with definite lines of responsibility and delegation of powers to different echelons of the management are in place in the Bank.

The Management enjoys full freedom in conducting the business of the Bank within the scope of the policy guidelines of the Board and the regulatory bodies. However, the Board and the Management work in unison for the continued well-being of the Bank.

The Management enjoys full freedom in conducting the business of the Bank within the scope of the policy guidelines of the Board and the regulatory bodies. However, the Board and the Management work in unison for the continued well-being of the Bank. To streamline the functions of different divisions / departments of the Bank, the following Committees are actively working in the Bank:



### I) Management Committee (MANCOM)

To address general issues of importance, evaluate different types of risks, monitor internal control structure and to review effectiveness of the internal control system, a Management Committee (MANCOM) is working in the Bank. It is composed of senior members of the Management. The Managing Director is the Chairman of MANCOM. The meeting of the MANCOM is held every month.

MANCOM works to address general issues of importance, evaluate different types of risks, monitor internal control structure and to review effectiveness of the internal control system.

### II) Asset Liability Management Committee (ALCO)

Asset Liability Management Committee consists of the Managing Director, the Deputy Managing Directors and strategically important Divisional Heads of Head Office. The Managing Director and in his absence the Deputy Managing Director(s) chairs the meeting of the Asset Liability Management Committee. The Committee is responsible for managing Balance Sheet gap (minimize the mismatching between deposits and Loans & Advances), interest rate risk and liquidity risk of the Bank. The meetings of the Asset Liability Management Committee are held every month. Details of the duties and responsibilities are as follows:

- Ensure that the Bank is able to meet its cash flow obligations in a timely and cost effective manner even in times of financial market stress.
- Ensure there is diversification of funding source and to avoid over dependence on volatile sources of funding.
- Decide on the level of Liquidity Reserves that needs to be maintained in the form of Liquid Assets.
- Ensure Compliance with the Bangladesh Bank liquidity requirements and to periodically review all assumptions made as a consequence of this.

- Approve the contingency funding plan and thereafter to monitor the liquidity management action triggers and the Early Warning System of the Contingency Funding Plan (CFP). Periodically to review the CFP and ensure Operational readiness and testing.
- Oversee the development of the stress test and the stress scenarios for Liquidity Risk and to ensure the Bank is able to meet its obligations under the stress situation.
- Review all new Product Programmes to ensure that the Liquidity Risk and Market Risk reflected in the banking books associated with such new products are properly recognized and managed.
- Recommend the Risk and Returns objectives for the Banking Balance Sheet to the Board and thereafter to approve the entire Balance Sheet subject related matters.
- Review, evaluate and approve strategic hedging proposals within limits approved by the Board.
- Provide guidelines for determining special interest rates for Business Groups, with the exception of Capital Markets and Treasury products.

ALCO is responsible for managing Balance Sheet gap (minimize the mismatching between deposits and Loans & Advances), interest rate risk and liquidity risk of the Bank.

- Deliberate and decide on all FTP matters
- Analyze, review and evaluate the performance of each product focusing on profitability, volume and market share
- Review and track the Performance of deposits based on accumulation of initiatives against targets for Retail Banking, SME Banking and Corporate Banking.
- Review and recommend the liquidity risk management policies for managing interest rate risk on banking books to the Board for approval.

### i) Credit Committee (CC)

A Credit Committee headed by the Deputy Managing Director of the Bank has been constituted in the Head Office of the Bank for minute appraisal and quick disposal of credit proposals. The Head of Credit Division in Head Office plays an important role in the meetings of the Credit Committee. Credit proposals that do not merit considerations are declined. Credit proposals that merit considerations in the opinion of the Credit Committee are presented before the Managing Director of the Bank for approval. The credit proposals that are beyond the delegated business power of the Managing Director are placed before the Executive Committee / Board of Directors for consideration/approval.

### ii) Risk Management Committee (RMC)

The Bank has realized the significance of risk management covering both internal and external risk factors. Risk Management Committee has been appointed by the Board of Directors with relevant roles, duties and responsibilities defined and operations of which assessed to ensure conformity with the risk management plan in place. Risk Management Group is in charge of formulating risk management policy and procedures of the Bank.

Risk Management Committee has been appointed by the Board of Directors with relevant roles, duties and responsibilities defined and operations of which assessed to ensure conformity with the risk management plan in place.

#### ■ Powers, Duties and Responsibilities

- Allocation of risk capital and determination of global risk limits. Allocation of capital-at-risk (CAR) for different lines of businesses and for different categories of risks. In the process of allocating capital, the Committee seeks to ensure adequate diversification of risk and

that the Bank has sufficient capital to cushion against stress scenarios.

- Enhancing shareholder value through evaluation of risk-return profiles of business activities and ensuring that they are within the parameters set by the Board of Directors.
- Risk Management Policies
- Review and recommend to the Executive Committee and Board of Directors for approval of appropriate risk policies so that the risk management framework is in line with corporate plans, best practices, and conforms to legal and regulatory requirements.
- Recommendations on appointment of members to the various risk committees for Board's approval.
- Evaluate and review proposals on new products, investments, businesses and product variations, and subsequently grant the approval in principle prior to operational readiness or recommendation to the Board of Directors for approval.
- Establish and revise guidelines on operational risk management and to approve tools and methodologies for risk assessment and risk controls; also to review the adequacy of resources to manage operational risk.
- Approve the guidelines and conditions for approval of any credit-related products of Corporate Banking, SME Banking, Retail Banking and subsidiaries; and the guidelines and conditions for investment in debt instruments or other financial instruments (the guidelines and conditions for investment in debt instruments with embedded derivatives must be proposed to the Board of Directors for approval).
- Compliance. Enforce compliance with all risk policies and limits allocated by the various risk committees.
- Risk Identification and Measurement
  - › Deployment of proper methodologies to identify and measure risks for all positions.
  - › Set strategies to evaluate, monitor and control risks to be within a reasonable level.



- › Approve methodologies and tools for the measurement of credit risk, market risk and operational risk.
- Maintenance of Asset Quality. Ensure to maintain asset quality through close monitoring of the processing and approval of new loans and the prompt recovery of Non-Performing Loans;
- Review contingency plans/business continuity management plans including business continuity plans of various departments of the Bank and its subsidiaries for implementation whenever necessary and to propose to the Board of Directors for approval;
- Review and recommend the risk-related delegated authorities for the Bank to the Board for approval;
- Review and recommend investment policies related to investment in equity, debt or other securities, to the Board for approval.
- Review the nature and level of risk being taken by the bank and how this risk relates to adequate capital levels.
- Liable for ensuring that the formality and sophistication of the risk management processes are appropriate in light of the risk profile and business plan.
- Analyze bank's current and future capital requirements in relation to its strategic objectives
- Adopt strategic planning process for bank's capital needs, anticipated capital expenditures, desirable capital level, and external capital sources.
- The Board and senior management reviews the capital planning to achieve its desired strategic objectives.
- Responsible for setting the bank's tolerance for risks, establishes a framework for assessing the various risks.
- Develops a system to relate risk to the bank's capital level, and establishes a method for monitoring compliance with internal policies.

#### 1) Basel-II Supervisory Review Committee

Basel II Supervisory Review Committee consists of the Managing Director, the Deputy Managing Directors, Head of Treasury, Head of FAD, Head of Anti Money Laundering, Head of ICCD, Head of ID, Head of ICT and Head of Credit Division. The Committee is exclusively assigned for reviewing the nature and level of risk relating to bank assets and planning for adequate capital framework. For this, the unit has developed their own review process document. A sound risk management process is the foundation for an effective assessment of the adequacy of a bank's

#### Internal Controls

The Bank has put in an organizational structure, established policies and work procedures to ensure that effective risk management and internal control system are in place, enabling stable business growth and in conformity with good corporate governance principles.

#### Organization and environment

The Bank has structured its organization taking into account proper segregation of duties that will contribute to effective risk management and internal control as well as monitoring and audit systems. It has also consistently monitored the operations of its staff to be in line with the code of ethics and best practice in business operations with fair treatment of its customers. Short- and medium-term business plans have been worked out to determine business strategy and framework, which are communicated to the staff at managerial levels for their awareness and implementation to achieve the plans and targets set forth.

The Basel-II Supervisory Review Committee is exclusively assigned reviewing the nature and level of risk relates to banking assets and planning for adequate capital framework.

capital position. Basel-II Supervisory Review Committee (B2SRC) is performing the following factors:



### ■ Oversight of Executive Management

The Bank has clearly defined, documented and regularly reviewed the scope of authority and responsibilities conferred on or delegated to executive officers at different levels. A clear division of responsibility between various management positions provides a mechanism for checks and balances between senior executives. Executive Management is required to bring to the attention of the Board any transactions that concern major shareholders, directors, and senior executives or parties related to them. In addition, the Bank has put in place policies and procedures governing the approval of loans for or investment in businesses in which the Bank or its senior executives have material interest, including in relation to shareholders or senior executives. In addition to the above, the Bank has established the Compliance Department to provide oversight and support to ensure that the Bank conducts its businesses in compliance with all applicable laws and regulatory requirements. The Internal Control & Compliance Division has been set up as an independent unit to examine and ensure all Bank activities are effectively and efficiently managed and operated.

The Bank has clearly defined, documented and regularly reviewed the scope of authority and responsibilities conferred on or delegated to executive officers at different levels. A clear division of responsibility between various management positions provides a mechanism for checks and balances between senior executives.

### ■ Information and communication Infrastructure

The Bank has established its accounting policies and procedures in line with Bangladesh Accounting Standard (BAS) & Bangladesh Financial Reporting Standard (BFRS) as adopted by Institute of Chartered Accountants of Bangladesh (ICAB) that support the Bank's business requirements. It has developed and managed its information and database systems consistently so that significant information is accessible on an adequate and timely basis. The document management system provides an

effective tool for retrieving and storing important electronic documents appropriately and safely. In addition, the policies and procedures have been communicated to relevant staff at all levels.

The document management system of JBL provides an effective tool for retrieving and storing important electronic documents appropriately and safely. In addition, the policies and procedures have been communicated to relevant staff at all levels.

### ■ Follow-up and monitoring system

The Bank has put in place processes for monitoring and reviewing the implementation of activities against the Bank's strategic objectives, procedures, relevant laws, regulations and internal control systems. The Bank prepares an annual business plan, which is periodically reviewed to ensure its effectiveness in a rapidly changing environment. The Audit Committee is committed to ensure that concrete actions are in place to execute recommendations and regularly monitors resolutions to ensure that any identified issues are brought to a satisfactory conclusion.

### ■ Succession Plan

The Bank is well aware of the necessity to operate the business efficiently and to maintain continuity. Thus, Human Resources Management Division is responsible for providing Succession Plans to ensure that the Bank identifies executives or talents as prospective successors with appropriate training and development plans to prepare and groom up individuals to shoulder key responsibilities in case of unexpected conditions/situations.

### ■ Organization & Employees

On 31<sup>st</sup> December 2011, the total staff strength of the Bank stands at 1786, comprising 1409 staffs and 377 sub staffs. Out of that, 1118 employees are working at Bank branches and 291 staffs work at the head office.

### ■ Staff Development Programs and Human Resources Management Plans

The Bank will begin operation of its Human Resource Management (HRM) software very shortly to manage key administrative processes in human resource management such as attendance Register, leave plans of the employees/applications, end service benefit, claim submissions, training, transfer & posting, salary and performance appraisals.

The total staff strength of the Bank stands at 1786, comprising 1409 staffs and 377 sub staffs. Out of that, 1118 employees are working at Bank branches and 291 staffs work at the head office. The Bank's HR Division has analyzed skills, knowledge, and capabilities of employees in different areas by making development plans together between staff and the Training team.

This paperless system will improve work efficiency. In addition to that, the Bank's HR Division has analyzed skills, knowledge, and capabilities of employees in different areas by making development plans together between staff and the Training team. This also includes development plans for the management.

### ■ Employee Benefits

Staff welfare and benefits have been significantly enhanced in 2011, in order to retain outstanding talent. This enhancement is also aimed at ensuring ample benefits offered by the Bank in the form of - housing loan facilities, car loan facilities, personal loan facilities and other loan facilities, so that they are in line with other banks. To be an employer of choice, the bank continues to develop more improvements in staff benefits, which are currently in the pipeline.

### ■ Training Courses and Human Resources Development

In 2011, the Bank organized 50 training courses/workshops, comprising 206 working days at a total cost of Tk.20.00 lac. The number of

participants was 1328 in total and some of them attended more than one time.

Courses of the trainings/workshops conducted by the bank are i) Foundation Training courses for Probationary Officers ii) Orientation on Banking Operation iii) Customer Services and Relationship Management iv) Credit Operation and Management v) Credit Monitoring, Supervision and Recovery vi) Financial Analysis for Credit Officers vii) Foreign Exchange and Money Market Products viii) Foreign Remittance -Rules and procedures ix) Credit Risk Grading System x) SBS Reporting- 1,2 &3 xi) International Trade Finance & Foreign Exchange Operation xii) Audit, Inspection, Control and Compliance xiii) Cash Management, etc. Apart from this, we have also arranged training on i) Foreign Exchange Tools and techniques, ii) short and long courses on Loans and Advances iii) Core Risk Management, iv) IT security and Fraud prevention in Banks, v) Prevention of Money Laundering and Terrorist Financing vi) Basel-II and others as and when required. Alongside, to build up morality and to make the employees more aware we also arranged training sessions like code of conduct of employees, manners, etiquettes and ethics in Banking.

In 2011, the Bank organized 50 training courses/workshops, comprising 206 working days at a total cost of Tk.20.00 lac. The number of participants were 1328 in total and some of them attended more than one time.

The Bank has added some more workshops like Green Banking, Rationalized Input-Template (RIT), Risk based Internal Audit & Supervision, EXP on line Reporting Technique, Effective SME Operation, Technique of Supervision & Recovery, IT Security-Antivirus & its operation, Investment & Merchant Banking, Provisioning & CIB reporting.



**Glimpses of Various Training Courses and Workshops arranged by JBL Training Institute**



**Workshop on "Effective SME Operation & Techniques of Supervision & Recovery"**



**Foundation Training Course for Probationary Officers of 6<sup>th</sup> Batch**



**Workshop on "Prevention of Money Laundering & Terrorism Financing"**



## Compliance Report on SEC's Notification

As per Notification No. SEC/CMRRCD/2006-158/Admin/02-08 dated February 20, 2006, all listed companies are required to report on compliance of following matters:

### ANNEXURE-I

31 nos. of Board Meetings were held in 2011. Details of attendance of Directors in the Board meetings are as follows:

S/N.	Name of Directors	Designation	No. of meetings attended
1.	Mr. Md. Belal Hossain	Chairman	29
2.	Al-Haj M. A. Khayer	Director	23
3.	Engr. A.K.M. Mosharraf Hussain	Director	27
4.	Engr. Md. Atiqur Rahman	Director	28
5.	Mr. Golam Dastagir Gazi, Bir Protik	Director	15
6.	Mr. Fazlur Rahman	Director	12
7.	Al-Haj Nur Mohammed	Director	31
8.	Mr. Md. Tajul Islam	Director	24
9.	Mr. Sakawat, Abu Khair Mohammad	Director	20
10.	Al-Haj Md. Rezoul Karim Ansari	Director	30
11.	Mr. Md. Mahmudul Haque	Director	20
12.	Mr. Farhad Ahmed Akand	Director	26
13.	Mr. Shaheen Mahmud	Director	16
14.	Mr. Md. Sirajul Islam Varosha	Director	25
15.	Mr. Kanutosh Majumder	Director	28
16.	Mr. Md. Ismail Hossain Siraji	Director	28
17.	Mr. Gazi Golam Murtoza	Director	16
18.	Mr. A. S. M. Abdul Halim Representative : Dhaka Insurance Co.	Director	31

### ■ The Pattern of Shareholdings

The Authorized Capital of Jamuna Bank Ltd. is Tk.10,000,000,000.00 divided into 1,000,000,000 ordinary shares of Tk. 10.00 each. The Paid-up Capital of the Bank is Tk. 3,648,403,760.00 divided into 364,840,376 ordinary shares. As per Section 1.4 (k) of SEC Notification No. SEC/CMRRCD/2006-158/Admin/02-08 dated February 20, 2006 the pattern of shareholding is given below:

- a. Parent/Subsidiary Associated companies and other related parties : N/A
- b. Shares held by Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children are as follows :

Shares held by the Directors and their spouses as on 31 December 2011

Sl. No.	Name of Directors	Status	No. of shares	Name of spouse	No. of shares
1	Mr. Md. Belal Hossain	Chairman	7,187,523	Mrs. Lolly Hossain	1,056,975
2	Al-haj M.A. Khayer	Director	1,000,000	Mrs. Nilufar Khayer	-
3	Engr. A.K.M. Mosharraf Hossain	Director	5,382,427	Mrs. Husna Ara Begum	3,128,681
4	Engr. Md. Atiqur Rahman	Director	14,092,072	Mrs. Mahmuda Begum	1,268,360
5	Mr. Golam Dastagir Gazi, Bir Protik	Director	7,187,523	Mrs. Hasina Gazi	1,272,576
6	Mr. Fazlur Rahman	Director	5,865,254	Mrs. Hamsida Rahman	2,223,504
7	Al-Haj Nur Mohammed	Director	10,781,302	Mrs. Mansura Begum	1,056,975
8	Mr. Md. Tajul Islam	Director	8,244,498	Mrs. Fouzia Islam	1,056,975
9	Mr. Sakhawat, Abu Khair Mohammad	Director	7,217,535	Mrs. Petra Sakhawat	-
10	Al-haj Md. Rezaul Karim Ansari	Director	4,530,215	Mrs. Mariyam Akhter	589,748
11	Mr. Md. Mahmudul Hoque	Director	7,145,230	Mrs. Hubbun Nahar	2,203,416
12	Mr. Farhad Ahmed Akand	Director	6,272,076	-	-
13	Mr. Shaheen Mahmud	Director	17,291,953	Mrs. Tasmin Mahmud	18,135,884
14	Mr. Md. Sirajul Islam Varasha	Director	3,593,727	Mrs. Hasina Siraj	2,906,672
15	Mr. Kanutash Majumder	Director	5,065,861	Dr. Pratima Paul Majumder	1,056,975
16	Mr. Md. Ismail Hossain Siraji	Director	5,221,420	Mrs. Suhl Farzana Hossain	372,332
17	Mr. Gazi Golam Murtoza	Director	9,301,506	Mrs. Sania Gazi	-
18	Dhaka Insurance Limited (Represented by Mr. A. S. M. Abdul Halim)	Director	8,085,360	-	-



Shares held by the Chief Executive Officer, Company Secretary, Head of ICCD and Chief Financial Officer as on 31 December 2011

Sl No.	Name of Executives	Status	Number of shares
1	Mr. Md. Motiar Rahman	Managing Director	Nil
2	Mr. Malik Muntasir Reza	Company Secretary	Nil
3	Mr. Ahamed Suft	SVP & Head of ICCD	Nil
4	Mr. Uttam Kumar Saha, ACA & ACS	Chief Financial Officer	Nil

Shares held by top five salaried employees other than the Chief Executive Officer, Company Secretary, Head of ICCD and Chief Financial Officer as on 31 December 2011

Sl.	Name of Executives	Status	Number of shares
1	Mr. Md. Abul Shahjahan	Deputy Managing Director	23,300
2	Mr. M. Shamsul Arefin	Senior Executive Vice President	11,175
3	Mr. Md. Habibur Rahman	Senior Executive Vice President	Nil
4	Mr. Md. Zobaidul Islam	Senior Executive Vice President	Nil
5	Mr. Md. Abrar Hassain Khan	Senior Executive Vice President	Nil

- Share holdings 10% or more voting interest in the Company: N/A

## ANNEXURE III

Status of compliance with the conditions imposed by the Securities and Exchange Commission's notification No.SEC/CMRRCD/0006-158/Admin/02-08 dated February 20, 2006 issued under section 20C of the Securities and Exchange Ordinance, 1969:

Condition No.	Title	Compliance status (Put ✓ in the appropriate column)		Explanation for non compliance with condition
		Complied	Non-complied	
1.00	<b>Board of Directors</b>			
1.1	Board's Size: Should not be less than 5 (five) and more than 20 (twenty)	✓		
1.2 (i)	Independent Director: at least 1/10 <sup>th</sup> i.e. minimum one	-		Under process
1.2 (ii)	Appointment of Independent Director by elected Directors	-		Under process
1.3	Separate Chairman of the Board and Chief Executive and clearly defined roles and responsibilities	✓		
1.4	<b>The Directors report to Shareholders</b>			
1.4 (a)	Fairness of Financial Statements	✓		
1.4 (b)	Maintenance of Proper Books of Accounts	✓		
1.4 (c)	Adaptation of appropriate Accounting policies and estimates	✓		
1.4 (d)	Compliance with International Accounting Standard	✓		
1.4 (e)	Soundness of Internal Control System	✓		
1.4 (f)	Ability to Continue as Going Concern			
1.4 (g)	Significant deviations in operating results from last year	-		No such deviations
1.4 (h)	Presentation of last preceding three years financial data	✓		
1.4 (i)	Declaration of Dividend	✓		
1.4 (j)	Details of Board Meeting	✓		
1.4 (k)	Shareholding Pattern	✓		
2.00	<b>Chief Financial Officer, Head of Internal Audit and Company Secretary</b>			
2.1	Appointment of Chief Financial Officer (CFO) Company Secretary and Head of Internal Audit and defining of their responsibilities	✓		
2.2	Attendance of Chief Financial Officer (CFO) & Company Secretary in the Board of Directors meeting	✓		CFO attends the meetings as and when required



Condition No.	Title	Compliance status (Put ✓ in the appropriate column)		Explanation for non compliance with condition
		Complied	Non-complied	
3.00	<b>Audit Committee</b>			
3.1 (i)	Constitution of Committee	✓		
3.1 (ii)	Constitution of Committee with Board members including one Independent Director			Under Process
3.1 (iii)	Filling of Casual Vacancy in the Audit Committee	-		No such circumstances
3.2 (i)	Chairman of the Committee	✓		
3.2 (ii)	Professional Qualification and experience of the Chairman of the Committee	✓		
3.3	<b>Reporting to the Audit Committee</b>			
3.3.1 (i)	Reporting on the activities of the Audit Committee	✓		
3.3.1 (ii) (a)	Reporting of Conflict of Interest to the Board of Directors	-		No such circumstances
3.3.1 (ii) (b)	Reporting of any fraud or irregularity to the Board of Directors	-		No such circumstances
3.3.1 (ii) (c)	Reporting of violation of laws to the Board of Directors	-		No such circumstances
3.3.1 (ii) (d)	Reporting of any other matter to the Board of Directors	✓		
3.3.2	Reporting of Qualified point to Commission	-		No such circumstances
3.4	Reporting of activities to the Shareholders and General investors	✓		
4.00	<b>External/Statutory Auditors</b>			
4.00 (i)	Non-engagement in appraisal or valuation	✓		
4.00 (ii)	Non-engagement in designing of Financial Information System	✓		
4.00 (iii)	Non-engagement in Book-Keeping	✓		
4.00 (iv)	Non-engagement in Broker-dealer service	✓		
4.00 (v)	Non-engagement in Actuarial Services	✓		
4.00 (vi)	Non-engagement in Internal Audit	✓		
4.00 (vii)	Non-engagement in any other services	✓		

Status of Compliance of Bangladesh Bank's guideline for Corporate Governance (BRPD circular no 16 dated 24.07.2003)

Sl No Particulars	Compliance Status
<p><b>1. Responsibilities and authorities of the Board of Directors</b></p> <p><b>a) Work-planning and strategic management:</b></p> <p>i) The board shall determine the objectives and goals and to this end shall chalk out strategies and work-plans on annual basis. It shall specially engage itself in the affairs of making strategies consistent with the determined objectives and goals and in the issues relating to structural change and reorganization for enhancement of institutional efficiency and other relevant policy matters. It shall analyze/monitor at quarterly rests the development of implementation of the work-plans.</p> <p>ii) The board shall have its analytical review incorporated in the Annual Report as regard the success/failure in achieving the business and other targets as set out in its annual work-plan and Complied shall apprise the shareholders of its opinions/ recommendations on future plans and strategies. It shall set the Key Performance Indicators (KPIs) for the CEO and other senior executives and have it evaluated at times.</p>	Complied
<p><b>(b) Lending and risk management:</b></p> <p>i) The policies, strategies, procedures etc. in respect of appraisal of loan/ investment proposal, sanction, disbursement, recovery, rescheduling and written-off thereof shall be made with the board's approval under the purview of the existing laws, rules and regulations. The board shall specifically distribute the power of sanction of loan/investment and such distribution should desirably be made among the CEO and his subordinate executives as much as possible. No director, however, shall interfere, directly or indirectly, into the process of loan approval.</p> <p>ii) The board shall frame policies for risk management and get them complied with and shall monitor at quarterly rests the compliance thereof.</p>	Complied
<p><b>(c) Internal control management:</b></p> <p>The board shall be vigilant on the internal control system of the bank in order to attain and, maintain satisfactory qualitative standard of its loan/investment portfolio. It shall review at quarterly rests the reports submitted by its audit committee regarding compliance of recommendations made in internal and external audit reports and the Bangladesh Bank inspection reports.</p>	Complied
<p><b>(d) Human resources management and development:</b></p> <p>i) Policies relating to recruitment, promotion, transfer, disciplinary and punitive measures, human resources development etc. and service rules shall be framed and approved by the board. The chairman or the directors shall in no way involve themselves or interfere into or influence over any administrative affairs including recruitment, promotion, transfer and disciplinary measures as executed under the set service rules. No member of the board of directors shall be included in the selection committees for recruitment and promotion to different levels. Recruitment and promotion to the immediate two tiers below the CEO shall, however, rest upon the board. Such recruitment and promotion shall have to be carried out complying with the service rules i.e., policies for recruitment and promotion.</p> <p>ii) The board shall focus its special attention to the development of skills of bank's staff in different fields of its business activities including prudent appraisal of loan/investment proposals, and to the adoption of modern electronic and information technologies and the introduction of effective Management Information System (MIS). The board shall get these programs incorporated in its annual work plan.</p>	Complied

SI No Particulars	Compliance Status
<p><b>(e) Financial management:</b></p> <p>i) The annual budget and the statutory financial statements shall finally be prepared with the approval of the board. It shall at quarterly rests review/ monitor the positions in respect of bank's income, expenditure, liquidity, non-performing asset, capital base and adequacy, maintenance of loan. Loss provision and steps taken for recovery of defaulted loans including legal measures.</p> <p>ii) The board shall frame the policies and procedures for bank's purchase and procurement activities and shall accordingly approve the distribution of power for making such expenditures. The maximum possible delegation of such power shall rest on the CEO and his subordinates. The decision on matters relating to infrastructure development and purchase of land, building, vehicles etc. for the purpose of bank's business shall, however, be adopted with the approval of the board.</p>	Complied
<p><b>(f) Formation of supporting committees:</b></p> <p>For decision on urgent matters an executive committee, whatever name called, may be formed with the directors. There shall be no committee or sub-committee of the board other than the executive committee and the audit committee. No alternate director shall be included in these committees.</p>	Complied
<p><b>(g) Appointment of CEO:</b></p> <p>The board shall appoint a competent CEO for the bank with the approval of the Bangladesh Bank.</p>	Complied
<p><b>2. Responsibilities of the Chairman and Board of Director:</b></p> <p><b>(a)</b> As the chairman of the board of directors (or chairman of any committee formed by the board or any director) does not personally possess the jurisdiction to apply policy making or executive authority, he shall not participate in or interfere into the administrative or operational and routine affairs of the bank.</p>	Complied
<p><b>(b)</b> The chairman may conduct on-site inspection of any bank-branch or financing activities under the purview of the oversight responsibilities of the board. He may call for any information relating to bank's operation or ask for investigation into any such affairs; he may submit such information or investigation report to the meeting of the board or the executive committee and if deemed necessary, with the approval of the board, he shall effect necessary action thereon in accordance with the set rules through the CEO. However, any complaint against the CEO shall have to be apprised to Bangladesh Bank through the board along with the statement of the CEO.</p>	Complied
<p><b>(c)</b> The chairman may be offered an office-room, a personal secretary/ assistant, a telephone at the Complied office and a vehicle in the business-interest of the bank subject to the approval of the board.</p>	Complied
<p><b>3. Responsibilities of Adviser:</b></p> <p>The adviser, whatever name called, shall advise the board of directors or the CEO on such issues only for which he is engaged in terms of the conditions of his appointment. He shall neither have access to the process of decision-making nor shall have the scope of effecting executive authority in any matters of the bank including financial, administrative or operational affairs.</p>	Complied
<p><b>4. Responsibilities and authorities of CEO</b></p> <p>The CEO of the bank, whatever name called, shall discharge the responsibilities and effect the authorities as follows:</p>	



SI No Particulars	Compliance Status
<i>(a) In terms of the financial, business and administrative authorities vested upon him by the board, Complied the CEO shall discharge his own responsibilities. He shall remain accountable for achievement of financial and other business targets by means of business plan, efficient implementation thereof and prudent administrative and financial management.</i>	Complied
<i>(b) The CEO shall ensure compliance of the Bank Companies Act, 1991 and/ or other relevant laws and Complied regulations in discharge of routine functions of the bank.</i>	Complied
<i>(c) The CEO shall report to Bangladesh Bank of issues violating of the Bank Companies Act, 1991 or Complied of other laws/regulations and, if required, may apprise the board post facto.</i>	Complied
<i>(d) The recruitment and promotion of all staff of the bank except those in the two tiers below him Complied shall rest on the CEO. He shall act in such cases in accordance with the approved service rules on the basis of the human resources policy and sanctioned strength of employees as approved by the board. The board or the chairman of any committee of the board or any director shall not get involved or interfere into such affairs. The authority relating to transfer of and disciplinary measures against the staff, except those at one tier below the CEO, shall rest on him, which he shall apply in accordance with the approved service rules. Besides, under the purview of the human resources policy as approved by the board, he shall nominate officers for training etc.</i>	Complied



## Green Banking

JBL's Credit policy is based on Green Banking concept. The credit policy of the bank strictly forbids financing in environmentally hazardous industries. To provide special emphasis, a separate policy namely "Green Banking Policy" has also been prepared/formulated based on Bangladesh Bank's policy guideline on Green Banking, in line with global development and response to the environmental degradation. Thus the policy is being implemented in phases.

As stipulated in Bangladesh Bank guidelines, Phase-I, requiring policy formulation, awareness development, training etc., have been completed during 2011. Phase-II requires formation of sector specific environmental policies, setting up of Green branches, formation of bank's specific environmental risk management plan and guidelines, etc. Phase-III requires designing & introduction of innovative products and reporting in standard format with external verification. Phase-II has to be completed by December 31, 2012 and Phase-III by December 31, 2013.

Accordingly Jamuna Bank Ltd. has developed its own Green Banking Guidelines focusing the following issues:

- Providing a safe and healthful workplace and ensuring that personnel are properly trained with appropriate safety and emergency equipment.
- Being an environmentally responsible bank in Bangladesh.
- Participating in efforts to improve environmental protection, understanding and sharing appropriate pollution prevention technology, knowledge and methods.
- Using and encouraging use of methods that do not adversely affect the environment, including developing and improving products, operations and

technologies to minimize waste, prevent air, water and other pollution, minimize health and safety risks and dispose of waste safely and responsibly.

- Ensuring that JBL makes responsible use of energy including conserving energy, improving energy efficiency and giving preference to renewable energy sources when feasible.
- Allocating a separate fund in their annual budget allocation for Green Banking.
- Incorporating Environmental Risk in CRM.
- Initiating In-house Environmental Management.
- **Introducing Green Finance:** JBL will give preference in financing Eco-friendly business activities and energy efficient industries.
- **Creating Climate Risk Fund:** Bank shall finance the economic activities in the flood, cyclone and drought prone areas at the regular interest rate without charging additional risk premium.
- **Introducing Green Marketing:** Green Marketing is the marketing of products that are presumed to be environmentally safe.
- Introducing of Internet Banking.
- Supporting Employee Training, Consumer Awareness and Green Event.
- Disclosing and reporting Green Banking Activities.

In line with above JBL established Green Banking Unit headed by a Senior Executive. To create awareness about Green Banking and develop necessary skill intense training program has been undertaken.

JBL as a socially responsible Bank, remains committed towards keeping this world habitable, peaceful and beautiful.





# **Corporate Social Responsibility**





## CSR activities at a glance by Jamuna Bank Foundation



Jamuna Bank Limited is one of the 3rd generation Banks having its birth on 3rd June 2001. Jamuna Bank Limited being youngest among the commercial Banks in the private sector earned mentionable applause in playing important role in the field of Corporate Social Responsibilities with the object to contributing for the cause of destitute/unprivileged segment of the society and for socio-economic development of the country. The onerous task of fulfilling commitment to the society is commendably undertaken by Jamuna Bank Foundation since inception in the year 2007.

As Jamuna Bank's non-profit subsidiary, Jamuna Bank Foundation has a unique role to play, providing leadership and making a difference for CSR in the country. For us, it is all about meeting some of the basic needs of unprivileged class of the society. We have always focused on providing and/or making need based services available for our priority target population. Now we are expanding our field of vision to include the challenging realities of our country's huge unmet needs and our understanding of the relationships among economic, natural and human systems. Getting these basic needs also requires us to think beyond the usual boundaries of our work. During its birth to till date the Foundation undertook different CSR activities.

Since the outset of the Jamuna Bank Foundation it undertook good number of CSR activities. The following CSR activities are done by Jamuna Bank Foundation:

(1) Scholarship for the unprivileged & disabled but meritorious students (2) Blood donation by the employees of the Bank (3) Free eye camps (4) Relief for the disaster affected people (5) Distribution of blankets among the cold prone destitute (6) Sewing machine training centers for assisting unprivileged women of the society (7) Launching anti-drug movement by arranging seminar, rally, publishing stickers and established an anti-drug care center (now at Rokeya smarani, Mirpur, Dhaka) (8) Old Home for the neglected old aged persons (9) Arranging Art competition for the children (10) Holding seminar on Holy Ramadan & Qirat competition (11) Model Village at Thakurgaon (12) Donation of tk. 50.00 lac to the MuktiJuddho Jadughar (13) Medical Team at Biswa Ejtama (Tongi) (14) Salar Village at Kishoregonj (15) Vocational Training Center at Rayerbazar, Dhaka (16) Free Primary School for the slum dwellers at Rayerbazar, Dhaka (17) Donation to Bangladesh Olympic Association Tk. 50.00 lac for participating in the 11th SA Games (18) Financial assistance every month Tk. 25000/- to Mr. Binod Bihari Chowdhury, a valiant freedom fighter who fought against British rule and who was a Co-fighter of Shaheed Masterda Surja Sen. The assistance will continue for rest of the time of his life (19) Financial Assistance of two martyred Army Officers in BDR Carnage at Peelkhana, Dhaka and one Army Personnel killed in Helicopter crash at Ghatail, Tangail (20) Mobile Medical Team (21) Relief for AILA affected Peoples (22) Donation to the Prime Minister's fund for Nimtali Tragedy Tk. 50.00 lac (23) Donation to Sk. Jamal Dhanmandi Club Ltd. (24) Presenting a new car to the Cricketers. (25) 19 katha land has been purchased for establishing a medical college at Rupshi, Narayongonj for the unprivileged but meritorious students for facilitating Medicare and educational needs. (26) Jamuna Bank Madrasa at Rayerbazar, Dhaka (27) Tree Plantation Program by Jamuna Bank Foundation (28) Financial support to poor people for treatment (29) Cleft Lip/Cleft Palate Operation (Country-wide) (30) Financial support to poor freedom fighters (31) Financial support for Cancer treatment to Singer Sabina Yesmin (32) Donation for MuktiJuddho Jadu Ghor (33) Donation to National Heart Foundation, Sylhet, and many other activities.

Besides the above-mentioned CSR activities, Jamuna Bank Foundation is also aiming at undertaking many benevolent schemes for unprivileged people of the society.

I like to draw conclusion by saying that our endeavors in the field of CSR activities is our commitment to the nation to raise life standard of the destitute, downtrodden and unprivileged class of the society and thus creating examples for others to follow in doing the same for a changed society.

**Alhaj Nur Mohammed**  
Chairman  
Jamuna Bank Foundation



## Glimpses of CSR Activities of Jamuna Bank Limited



Free Primary School



Free Eye Camp



Free Blanket Distribution



Model Village



Solar Village



Tree Plantation



Nursing Laboratory Establishment



Badhir Computer Training Center



Medical College & Hospital Establishment



Anti-Drug Rally



Blood Donation Camp



Free Dental Camp



Mobile Medical Team



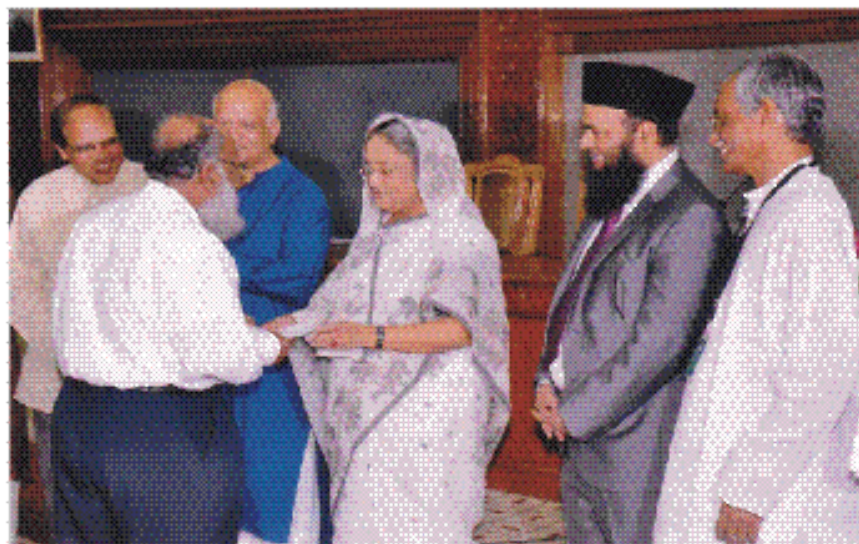
Scholarship for unprivileged meritorious students



Art Competition for children



Being imbued with the urge of doing something noble for the society and as a part of social responsibility, Jamuna Bank Foundation was established on 31-03-2008. With a view to extend its services as a part of corporate social responsibilities, Jamuna Bank Foundation undertook various CSR activities. Some of the activities are depicted below with snapshots.



#### **Financial Support for construction of Liberation War Museum**

Al-haj M.A. Khayer, Founder Chairman, Jamuna Bank Limited handed over a Pay Order for Tk.50.00 (Fifty) Lac to Honorable Prime Minister of the People's Republic of Bangladesh for the noble cause of construction of the Liberation War Museum (Muktijuddha Jadughar) on behalf of Jamuna Bank Ltd. as a part of CSR activities.

#### **Donation to the Honorable Prime Minister's Relief and Welfare Fund for the bereaved family members of the victims of the devastating blaze at Nimtali and building collapse in Begunbari in the city**

Al-haj Md. Rezaul Karim Ansari, Director (Past Chairman of the Bank) handed over a Pay Order for Tk. 25.00 (Twenty Five) Lac to Honourable Prime Minister of the People's Republic of Bangladesh for the bereaved family members of the victims of the devastating blaze at Nimtali and building collapse in Begunbari in the city as a part of CSR activities. Al-Haj Nur Mohammed, Chairman, JBF was also present at the program.



#### **Donation to the Honorable Prime Minister's Relief and Welfare Fund to the bereaved family members of the victims of the devastating blaze at Nimtali and building collapse at Begunbari in the city**

#### **Tk.15.00 lac for purchasing Cars for the Cricketers of Bangladesh National Cricket Team**

As one of the members of Bangladesh Association of Banks, Jamuna Bank Limited donated Tk.15.00 lac for the cricketers of Bangladesh National Cricket Team for wining against New Zealand in five one day international series. The Honorable Prime Minister of the People's Republic of Bangladesh received the cheque.





### **Model Village (Adarsha Gram) at Thakurgaon**

A Model Village (Adarsha Gram) has been established at Singpara village under Thakurgaon district sponsored by Jamuna Bank Foundation. The objectives of the establishment of Model Village is to promote the life-standard of remote village dwellers & Unprivileged people of the society as CSR activities of Jamuna Bank Limited. The inaugural ceremony of the Model Village was attended among others by Al-Haj Nur Mohammed, Chairman, JBF, Engineer A.K.M. Mosharraf Hussain, Director, Jamuna Bank Limited, Mr. Md. Beial Hossain (Immediate Past Chairman), Director, Jamuna Bank Limited & Mr. Md. Sirajul Islam Varasha, Director, Jamuna Bank Limited. The function was presided over by Mr. Md. Motior Rahman, Managing Director of the Bank and Member-Secretary of the Foundation.

### **Financial Assistance to Mr. Binod Bihar Chowdhury a national hero, a valiant freedom fighter who fought against British rule and also a co-fighter of Shaheed Masterda Surja Sen**

JB Foundation provides financial assistance every month to Mr. Binod Bihar Chowdhury, a great freedom fighter who fought against British rule and who was a Co-fighter of Shaheed Masterda Surja Sen. The financial assistance will continue for rest of the time of his life in recognition of contribution towards freedom movement against the British rulers. In this regard a Program was arranged by the Foundation to honour the great freedom fighter. On the occasion the Governor of Bangladesh Bank, Dr. Atiur Rahman was the chief guest and was presided over by Al-Haj Nur Mohammed, Director, JBL & Chairman of the Foundation, Al-haj M.A. Khayer, Director & Founder Chairman of the Bank and Managing Director & CEO Mr. Md. Motior Rahman, were present. Also present in the program were Mr. A. Q. Siddiqui, Chairman of Bangladesh Commerce Bank Limited, Mr. Mohiuddin Ahmed, Ex-Foreign Secretary, Journalist Mr. Abul Momen and other dignitaries as guests of honour.



### **Financial Assistance of two martyred Army Officers in BDR Carnage at Peelkhana, Dhaka and one Army Personnel killed in Helicopter crash at Ghatail, Tangail**

A bloodbath took place at the BDR Headquarters in the city on February 25-26, 2009. Around 57 officers were killed in the carnage. To assist two families of the martyred army officers and one Army Personnel killed in Helicopter crash at Ghatail, Tangail the Foundation donated Tk.14.40 lac as a part of its corporate social responsibility.





### Jamuna Bank AFTER CARE CENTRE

Jamuna Bank Foundation established an After Care Centre for Drug addicted people at Mirpur, Al-Haj Nur Mohammed, the Chairman of the Foundation along with Al-haj Md. Rezaul Karim Ansari, Director and former Chairman of the BOD and Mr. Md. Motiur Rahman, Managing Director visited the After Care Center.

### Anti Drug Seminar & Rally

Jamuna Bank Foundation has organized series of seminars/ symposia in different areas of the country on the menace of drugs with a view to unite, make aware of severe impact of drugs and to build up image against drug addiction among the people of the society/community and also employees of the Bank. The Foundation as a part of its anti-drug movement distributes Drug Awareness Posters, No Smoking Stickers etc. and on regular interval publishing "মরণ দেশা মাদক থেকে দূরে থাকুন" in widely circulated daily newspapers and published Poster in this regard, which are displayed in the Branches and Head Office of the Bank with a view to make aware the people for saying no to drug. Foundation as a part of social responsibility also organized Seminar on Anti Drug on various places.



### Anti Drug Hospital at Mirpur, Dhaka

Jamuna Bank Foundation has established a hospital to provide support and free treatment to extend Medicare and save the young generation from the curse of drug addiction, assist them to come out of dark and start normal life for building a healthy nation. In view of contributing in nation building, the Foundation established a hospital having 3,400 sq ft floor space in one of the drug prone area, Mirpur with an eye to establish more such kind of hospitals nationwide.



### Relief for AILA affected People at Dakop Thana of Khulna

A Severe Cyclonic Storm known as Aila was formed on 25 May 2009. 330 people were killed by Aila and at least 8,208 more were missing, while about 1 million were rendered homeless. Health officials in Bangladesh confirmed a deadly outbreak of diarrhea on 29 May, with more than 7,000 people being infected and four dying. In Bangladesh, an estimated 20 million people were at risk of post-disaster diseases due to Aila. Damage totaled \$40.7 million (USD).

Jamuna Bank Foundation responded immediately and distributed rice, dal, potato, medicine etc. among the 7,000 affected family of Dakop Thana under Khulna District. Mr. Sakhawat, Abu Khair Mohammad, Director, Al-Haj Nur Mohammed, Director & Chairman of the Foundation, Engr. A.K.M. Mosharraf Hussain, Director and Mr. Kanutosh Majumder, Director of the Bank distributed the grants among the people in presence of UNO, Officer in-Charge and Vice Chairman of the Upazilla.



### Jamuna Bank Badhir Computer Training Center, Dhaka

Jamuna Bank Computer Training Center for the Deaf was opened on 04-05-2011 at Bangladesh National Federation of the Deaf, 174, Shahid Nazrul Islam Avenue, Dhaka-1000. Al-Haj Nur Mohammed, the Honorable Chairman of Jamuna Bank Foundation was present on the occasion as the Chief Guest. Brigadier General Ghash Uddin Ahmed Chowdhury, Birbikram, PSc, M.B.S.(RTD.) President, Bangladesh National Federation of the Deaf presided over the Inaugural ceremony.



### Jamuna Bank Old Home & Old Age Rehabilitation Complex

Jamuna Bank Foundation has unveiled the plaque of Old Home at Mekail Nagar, Keraniganj. Al-Haj Nur Mohammed, Chairman of the Foundation presided over the function. Mr. Sakhawat, Abu Khair Mohammad, Director, Mr. Ismail Hossain Siraji, Director, Engr. A. K. M. Mosharraf Hossain, Director, Mr. Kanutosh Majumder, Director and Managing Director, Mr. Md. Mofiar Rahman were present.





### Free Primary School at Rayerbazar, Dhaka

A Free Primary School under Bank's CSR activities program has been established at Rayerbazar Dhaka under the auspices and finance by Jamuna Bank Foundation with a view to come along side the children of slum dwellers who are in darkness and yet to be enlightened by formal education.



### Jamuna Bank Free Sewing Machine Training Center Vocational Training Center at Rayerbazar, Dhaka:

As a part of CSR activities by Jamuna Bank Foundation, decision has been taken to establish Jamuna Bank Free Sewing Machine Training Center & Jamuna Bank Free Vocational Training Center at 76/8-A, Pabna House Lane, Jafraabad, Mohammadpur, Dhaka with an intention to come in aid of the Unprivileged women & meritorious slum dwellers.



### Sewing Machine Training Center for Women

Foundation inaugurated the first Sewing Machine Training Centre having 1,300 sq ft floor space at Senpara Parbata, Rokeya Sharani, Mirpur, Dhaka to assist the unprivileged women of the society with a view to create skilled women workforce for country's garments industry. The objective of the Foundation is to contribute in eradicating unemployment of the country, create skilled work force in the interest of uninterrupted production process, eventually bring more foreign currency into the country and strengthen GDP and Socio-economic condition. With this broad dream, the Foundation sketched a plan to establish Sewing Machine Training Centre countrywide phase by phase. In this arena Jamuna Bank Foundation is playing a significant role and pioneer to implement such kind of Training Centre. As a process of building healthy nation Jamuna Bank Foundation has established Sewing Machine Training Centres in different of the country.

