

জনতা ব্যাংক লিমিটেড  
প্রধান কার্যালয়  
ঢাকা।

রিস্ক ম্যানেজমেন্ট ডিপার্টমেন্ট  
ফোন নং- ৯৫৫৮৪২১

নির্দেশ বিজ্ঞপ্তি নম্বর: ৮২৩/১৮

তারিখ: ২৮ জুন ২০১৮ খ্রিস্টাব্দ  
১৪ আষাঢ় ১৪২৫ বঙ্গাব্দ

সকল মহাব্যবস্থাপক/ উপ-মহাব্যবস্থাপক  
একান্ত সচিব, সিইও এন্ড এমডি এবং সকল উপ-ব্যবস্থাপনা পরিচালক  
সকল সহকারী মহাব্যবস্থাপক এবং ব্যবস্থাপক  
জনতা ব্যাংক লিমিটেড  
প্রধান কার্যালয়ের সকল ডিভিশন ও ডিপার্টমেন্ট/ বিভাগীয় কার্যালয়/  
লোকাল অফিস/ জনতা ভবন কর্পোরেট শাখা/ এরিয়া অফিস/ সকল শাখা  
এবং সকল সাবসিডিয়ারী কোম্পানি।

বিষয় : জনতা ব্যাংক লিমিটেড এর সার্বিক কর্মকান্ড পরিচালনায় বাংলাদেশ ব্যাংকের সাথে স্বাক্ষরিত ২০১৮ সালের মেমোরেভাম অফ  
আন্ডারস্ট্যান্ডিং (এমওইউ) এর নির্ধারিত লক্ষ্যমাত্রা অর্জন ও শর্ত পরিপালন প্রসঙ্গে।

প্রিয় মহোদয়,

বাংলাদেশ ব্যাংক কর্তৃক প্রেরিত মেমোরেভাম অফ আন্ডারস্ট্যান্ডিং (এমওইউ)-২০১৮ গত ২৮.০৬.২০১৮ তারিখে অনুষ্ঠিত বোর্ড অব  
ডিরেক্টরস এর ৫২৮তম সভায় অনুমোদন করা হয়েছে যা পর্যদের মাননীয় চেয়ারম্যান এবং ব্যাংকের সিইও এবং ব্যবস্থাপনা পরিচালক  
কর্তৃক স্বাক্ষরান্তে বাংলাদেশ ব্যাংকে প্রেরণ করা হয়েছে। স্বাক্ষরিত এমওইউ-১৮ সংশ্লিষ্ট সকলের অবগতি ও পরিপালনের নিমিত্তে এতদসঙ্গে  
সংযুক্ত করা হ'ল (পরিশিষ্ট-ক)।

এমওইউ এর ১৪নং শর্তে উল্লিখিত বিবরণীসমূহ নির্ধারিত ছকে মাসিক/ ত্রৈমাসিক ভিত্তিতে বাংলাদেশ ব্যাংকে প্রেরণ করার নির্দেশনা  
রয়েছে। বিবরণী সংশ্লিষ্ট তথ্যাদি সংশ্লিষ্ট ডিপার্টমেন্ট, এরিয়া অফিস এবং শাখা থেকে সংগ্রহপূর্বক একীভূত করে রিস্ক ম্যানেজমেন্ট  
ডিপার্টমেন্ট কর্তৃক বাংলাদেশ ব্যাংকে প্রেরণ করা হবে।

মেমোরেভাম অফ আন্ডারস্ট্যান্ডিং (এমওইউ) বোর্ড অব ডিরেক্টরস এর মাননীয় চেয়ারম্যান ও ব্যাংকের সিইও এবং ব্যবস্থাপনা পরিচালক  
কর্তৃক স্বাক্ষরিত যা পরিপালন করা সকলের জন্য বাধ্যতামূলক। এমওইউ এর ১৫(২) নং শর্ত মোতাবেক এমওইউ এর কোন রকম লংঘন  
ব্যাংক কোম্পানী আইন ১৯৯১ (২০১৮ পর্যন্ত সংশোধিত) অনুযায়ী শাস্তিযোগ্য।

সংশ্লিষ্ট সকল কর্তৃপক্ষকে এমওইউ-এর শর্তাবলি সর্বোচ্চ অগ্রাধিকার ভিত্তিতে পরিপালনের জন্য পুনরায় পরামর্শ প্রদান করা যাচ্ছে।  
এমওইউ বিষয়ে কোনোরূপ স্পষ্টিকরণ বা যেকোন ব্যাখ্যার প্রয়োজন হলে রিস্ক ম্যানেজমেন্ট ডিপার্টমেন্ট, জনতা ব্যাংক লিমিটেড, প্রধান  
কার্যালয়, ঢাকা'র সাথে যোগাযোগ করা যেতে পারে।

আপনার বিশ্বস্ত

মোঃ আবদুল হালিম  
উপ-মহাব্যবস্থাপক

খন্দকার আতাউর রহমান  
মহাব্যবস্থাপক

## Memorandum of Understanding (MOU) of Board Members of Janata Bank Limited

### Mandate:-

Every year since 2003, Janata Bank Limited has been monitored by Bangladesh Bank under an MOU. The mandate was to create a safe and sound banking culture within the bank. The performance of the bank in the recent past years has revealed that the mandate was not fulfilled to a desired level. This MOU has been prepared for the Board of Directors as well as for the management of the bank to be carried out meticulously and with utmost sincerity. The targets being set herein the MOU are to be achieved by the end of December, 2018. The present MOU is the continuation of the previous one and subject to review by Bangladesh Bank from time to time. The contents of this MOU shall remain in force until a new MOU or revision is issued by Bangladesh Bank.

### Agreed terms and targets:-

#### 1.a. Ceiling on Adjusted Loan Growth:-

The adjusted loan growth will be limited to a certain percentage of the adjusted loans of the previous year. The percentage will be fixed by Bangladesh Bank from time to time.

The adjusted loan growth of 2018 is fixed at 17% of the outstanding adjusted loan of December, 2017.

The adjusted loan will be calculated by using the following formula:-

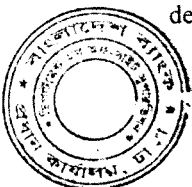
**Adjusted Loan = Gross Loan - Staff Loan - Agri Loan - Loan against Govt. Guarantee - SOD (against Janata Bank's financial obligation) - Freedom Fighter's Loan (If any).**

#### 1.b. SME Loan:-

Utmost efforts shall be taken by the bank to achieve the yearly disbursement targets of SME Loan of Tk 4,500.00 crore (bank's own target) in the year 2018. The board will review the progress on regular basis.

#### 1.c. Reduction of high cost deposit in the Deposit Mix:-

To have a sustainable deposit mix in place the bank shall have to emphasize on low cost or no cost deposit. The bank will take necessary steps to reduce at least 6% high cost deposit (term deposit) from its deposit mix from that of the previous year. (u)



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**1.d. Liquidity and Fund Management:**

Fund management will directly be supervised by the Chief Executive Officer and Managing Director and efficiency of Fund Manager(s) shall specially be taken care of. The use of cash flow projections is mandatory and bank will ensure the compliance of ALM Guideline. The bank must apply a mechanism to avoid the inability for settlement of letters of credit (L/Cs).

**2. Investment:-**

i) The board shall ensure that the bank will follow the limit meticulously set in the section 26Ka(1) of Bank Company Act, 1991 (amended up to 2018) regarding investment in any kinds of share such as ordinary share, preference share etc. of any company.

ii) In case of investing in bond/debentures of a company, BRPD circular no. 05, dated 05 April, 2017 will be applicable.

**3. Large Loan Concentration:-**

To avoid large loan concentrations the bank will follow the following single borrower exposure limit prescribed by Bangladesh Bank from time to time:-

i) The outstanding amount of exposure, both funded and non-funded, to a single person/counterparty or a group shall not exceed 15% of the capital at any point of time.

ii) The aggregate outstanding principal amount of funded exposures shall not exceed 10% of the capital at any point of time.

iii) In case of export financing, the outstanding amount of exposure, both funded and non-funded, at any point of time to a single person/counterparty or a group shall not exceed 20% of the capital. However, the aggregate outstanding principal amount of funded exposures shall not exceed 10% of the capital at any point of time.

iv) The following exceptions may be applicable:-

a. The exposure, both funded and non-funded, to a single person/counterparty or a group for infra-structural development projects, e.g. gas exploration, may exceed 20% but shall remain within 25% of the capital, provided that the funded exposures shall not exceed 10% of the capital at any point of time



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- b. In case of financing in the power sector, the clause 3(c) of the BRPD Circular No.-02/2014 dated 16-01-2014 and BRPD Circular Letter no.-04/2016 dated 10-05-2016 shall be applicable.
- c. Funded and non-funded facilities favoring Government organizations and State-owned Enterprises against which Government guarantees exist, and loans extended under agricultural credit targets.
- v) The bank will strictly maintain 'Large Loan Portfolio Ceiling' against 'Bank's Total Loans and Advances' as instructed in the clause 2(b)(ii) of the BRPD Circular No- 02 dated 16 January, 2014.

However, while sanctioning such facilities stated in (i), (ii), (iii) and (iv) including the above mentioned exceptions, immense care shall be taken such that all necessary formalities are accomplished and the exposures remain within the prudent limit decided by Bank's Board. *No post facto approval will be allowed for sanctioning, renewal and rescheduling of large loans.*

#### **4. Credit Risk Management:-**

A Credit Policy and Credit Risk Management Policy has already been developed by the bank's Board according to the MOU signed in 2013. To establish a sound credit management, the Board will ensure that:

- i) the management takes all the necessary steps for human resources development regarding assessing the credit and credit risk management.
- ii) the management ensures the compliance of the credit policy and credit risk management policy approved by the board.

#### **5. Asset Quality Management :-**

- i. Utmost effort shall be taken such that newly disbursed loans are underwritten prudently, with appropriate borrower follow-up, to minimize the likelihood of adverse classification and credit losses, and a special drive shall be taken by the bank to reduce at least 25% (by monetary amount) the stock of gross classified loans from that of the previous year's level during the year 2018.
- ii. The bank shall not take over any non-performing loan of other banks. While taking over performing loans, if at all, due diligence will have to be observed by the bank and prior approval of Bangladesh Bank is required. In case of taking over the




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performing loans, only the outstanding principal amount of the loan shall be taken over by the bank and interest of the loan must be paid by the borrower. The bank shall monitor the performance of take over loans and shall inform the board on quarterly basis. The bank will submit a statement regarding the performance of take over loans on quarterly basis to Bangladesh Bank.

- iii. Special care shall be taken while allowing non-funded facilities, so that the allowed non-funded facilities do not turn into funded facilities, with the potential of becoming classified. The bank will submit a statement regarding the non-funded facilities on quarterly basis to Bangladesh Bank.
- iv. While sanctioning any loan Bank company Act, all prudential regulations of Bangladesh Bank and conditions of bank's Credit Policy and Credit Risk Management Policy especially, taking of KYC, latest CIB and Credit Rating, verifying creditworthiness with emphasizing focus on borrower's profitability and cash flow, accomplishing of Credit Risk Grading (CRG) for lending risk analysis, completion of proper documentation, taking of necessary collateral, consideration of Credit Committee (both branch and head office) opinion etc. are to be ensured strictly.
- v. A quarterly account-wise report on the compliance with the aforesaid issues (for loans amounting Tk. 25.00 crore and above) shall have to be submitted to Department of Off-site Supervision of Bangladesh Bank as per prescribed format within last working day of the following month.
- vi. Bank shall approve FDBP limit by the competent authority (management/board) in favour of eligible customers and will purchase FDBP within the prior approved limit. Bank shall create forced loan/PAD/Demand loan with the approval (prior/post facto) of the board in favour of large borrowers (as per BRPD circular no. 2/2014). The bank shall report the status of the FDBP/forced loan/ PAD/Demand loan on the quarterly basis to the board.

#### **6. Cash Recovery Targets:-**

- i. The target of cash recovery against classified loan will be minimum Tk. 1700.00 crore, of which recovery from the Top-20 defaulters will be Tk. 600.00 crore and recovery from other borrowers will be Tk. 1100.00 crore for 2018. 





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ii. **Cash recovery from Written-off loan:-** Effective measures shall be taken to ensure cash recovery against the cumulative written-off loan. A special drive shall be taken to achieve at least 10% cash recovery in 2018 from the previous year's outstanding written-off loan. The bank will submit a statement regarding written off loan on quarterly basis to Bangladesh Bank.

**7. Restriction on Operating Expenses:-**

Operating expenses will be restricted to no more than 15% higher than the previous year's level.

**8. Development of Human Resources:-**

The Board shall ensure that the bank has effective management in place in all the key executive positions, including (but not be limited to) MD/CEO, DMD, Chief Financial Officer, Chief Credit Officer, Chief Information Officer, Chief Risk Officer, Chief Accountant, Head of Treasury and Head of Internal Control and Compliance.

**9. Reconciliation of Nostro Accounts:-**

All existing Nostro accounts remaining unreconciled for more than 90 (ninety) days shall be adjusted by September 30, 2018. It shall also be ensured that all such future entries be reconciled within a maximum period of 90 (ninety) days from the date of entry. A quarterly statement regarding unreconciled overdue entries of Nostro Accounts (90 days and above) shall have to be reported to Department of Off-site Supervision of Bangladesh Bank as per prescribed format within the last working day of the following month.

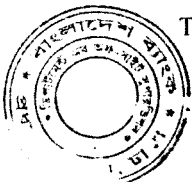
**10. Implementation of Core Risk Management Guidelines:-**

The bank will implement the Core Risk Management Guidelines meticulously, so that the rating of the each segment of core risk items is to be upgraded to at least "Satisfactory" level by December, 2018. The Board shall review the progress of implementation of the Core Risk Management Guidelines on regular basis.

**11. Internal Control and Compliance System:-**

An Internal Control and Compliance Policy has already been formulated by the bank in order to establish an effective and independent internal control and compliance system.

The Board shall have to ensure the compliance of the Internal Control and Compliance



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Policy in consultation with the management. A compliance report regarding the full implementation of ICC policy is to be sent to Bangladesh Bank by September 30, 2018 with the approval of the Board of Directors. The Board will monitor the progress regularly.

Financial or other penalties and sanctions may be imposed on the bank by Bangladesh Bank, under the relevant sections of Bank Company Act, 1991 (amended up to 2018) and Bangladesh Bank Order 1972, if the bank produces false or wrong information regarding the compliance report of the ICC policy implementation.


**12. Digitization of Payment Infrastructure/Systems:-**

- i. Bank shall take adequate initiative for enabling all its branches capable for initiating and receiving EFT and RTGS entries.
- ii. Engage efficient personnel for ensuring smooth participation in all the payment platforms.
- iii. The bank will ensure the implementation of CBS (Core Banking Solution) in all the branches within September 30, 2018. The Board shall review the progress of CBS implementation on quarterly basis.

**13. Submission of the Audited Balance Sheet:-**

Appropriate measures shall have to be taken to finalize the audited Balance Sheet within 2(two) months of the closing of the accounting year in terms of section 40 of Bank Company Act, 1991 (amended up to 2018). The financial statements shall have to be prepared as per relevant IAS and IFRS as adopted in Bangladesh in accordance with the instructions given in Section 38 of Bank Company Act, 1991 (amended up to 2018) as well as the instructions given by Bangladesh Bank from time to time.

**14. Reporting:-**

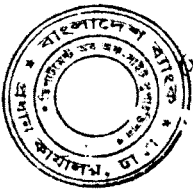
In addition to the regular reporting requirement to different departments and offices of Bangladesh Bank, the following information shall be reported to the Department of Off-site Supervision of Bangladesh Bank in the prescribed formats within the last working day of the following month: 





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- (i) Monthly statement of new loans and advances, repayment and adjusted loan growth with certification about compliance with the MOU - Form-I [Mou-14(1) M]
- (ii) Monthly statement of operating expenses - Form-II [Mou-14(2) M].
- (iii) Monthly Statement of Loans and Advances in the Public and Private Sector along with their present status - Form-III [Mou-14(3) M].
- (iv) Monthly Statement of Bank's Exposure to a Single Client or Group exceeding 10% (funded) and 15% (funded + non funded) of Bank's Total Capital a) in Private Sector and b) in Govt. Sector - Form-IV [Mou-14(4) M].
- (v) Monthly Statement of Key Performance Indicators (KPIs)- Form-V[Mou-14(5) M]
- (vi) Quarterly statement of cash recovery a) from top- 20 defaulters by account wise and b) from other borrowers- Form-VI [Mou-14(6) Q].
- (vii) Quarterly statement showing the status of the cases filed with Artha Rin Adalat- Form-VII [Mou-14(7) Q].
- (viii) Quarterly statement of Non-Funded Loan turned into Funded -Form-VIII [MOU-14(8)Q].
- (ix) Quarterly statement of loan sanctioned, enhanced and renewed: a) amounting to Tk.25.00 crore and b) to large borrowers (funded and non-funded)- Form-IX [Mou-14(9) Q].
- (x) Quarterly statement of the unreconciled Nostro Account entries (90 days and above) -Form-X [Mou-14(10) Q].
- (xi) Quarterly statement of cash recovery against the outstanding written-off loans: a) from Top-20 written off accounts and b) from other accounts (against which law suit has been filed)- Form- XI [Mou-14(11) Q].
- (xii) Quarterly statement on SME loan -Form- XII [Mou-14(12) Q].
- (xiii) Quarterly statement on forced loan/FDBP/PAD -Form- XIII[Mou-14(13) Q].
- (xiv) Quarterly statement on the performance of loans rescheduled and restructured by bank with the approval of Bangladesh bank- Form- XIV [Mou-14(14) Q].
- (xv) Quarterly Statement of take over loans, whether performing or non-performing, from other banks- Form- XV [Mou-14(15) Q].
- (xvi) Quarterly statement on Deposit mix and interest rates -Form- XVI [Mou-14(16) Q].
- (xvii) Quarterly statement of recovery from the borrowers provided facilities of interest waiver (approved by the Board/Executive Committee)-Form- XVII [Mou-14(17) Q].
- (xviii) Quarterly compliance of the MOU- Form-XVIII [Mou-14(18) Q]



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**15 (1). Condition from Bangladesh Bank:-**

- a. Each provision of the MOU shall be binding on the bank and its affiliated institutions, and all the constituents of the bank. However, terms and conditions of the MOU conflicting (if any) with the rules and regulations of respective foreign countries shall not be applicable for branches and affiliated institutions of Janata Bank Limited abroad.
- b. Bangladesh Bank preserves the right to modify, amend or suspend any provision of this MOU at any time in consultation with the bank (if necessary).
- c. Financial or other penalties and sanctions may be imposed on the bank by Bangladesh Bank, under the relevant sections of Bank Company Act, 1991 (amended up to 2018) and Bangladesh Bank Order 1972, if the bank fails to abide by any of the above provisions of the MOU. These sanctions may include, but not be limited to,
- A recommendation by Bangladesh Bank to the Ministry of Finance to dismiss one or more Board members;
  - The dismissal by Bangladesh Bank of one or more executive officers;
  - A capital directive from Bangladesh Bank, instructing the bank to increase its regulatory capital to a certain monetary amount or a certain percentage of risk-weighted assets within a stipulated period of time;
  - An order by Bangladesh Bank not to open any additional deposit accounts or accept any increase in any existing account;
  - An order by Bangladesh Bank not to enter into any new agreement to borrow or receive deposits from another scheduled bank or non-bank financial institution in Bangladesh, or accept any increase in any existing borrowing or deposit facility;
  - An order by Bangladesh Bank to sell certain assets; or
  - An order by Bangladesh Bank to transfer certain deposit accounts, with a corresponding transfer of assets of equal value, to one or more designated banks.
- d. Clause 3 of section 29 of Bank Company Act, 1991 (amended up to 2018) will be applicable in the case of any default in clause 1.a of this MOU (regarding adjusted loan growth) @



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**15 (2) Responsibility and Accountability:-**

The Board of Directors is solely responsible to ensure the full compliance of 15 “kha” and 15 “Ga” of Bank Company Act, 1991 (amended up to 2018) and other instructions issued by Bangladesh Bank from time to time. The bank is to be operated on a prudent and commercial basis. This responsibility will be discharged by the board by way of reviewing the bank’s performance, providing input, and approving the policies, plans and strategies developed by management without being directly involved in the operation of the bank. The Board will regularly review and evaluate management’s performance against agreed targets.

The management will be responsible for the sound and prudent operation of the bank on a commercial basis.

The Board and Management are held responsible and accountable for compliance with all prudential requirements. Any willful or reckless violation of this MOU will be subject to penalty under appropriate section of Bank Company Act, 1991 (amended up to 2018).

**Undertaking:-**


We, on behalf of Janata Bank Limited, a scheduled bank within the meaning of the Bank Company Act, 1991 (amended up to 2018) and incorporated under the Company Act, 1994, having its Head Office at Dhaka, hereto undertake the responsibility of the implementation of the agreed terms and targets and fully acknowledge the conditions from clause 1 to 15 stated in this MOU set out by Bangladesh Bank @

Date:



  
Managing Director  
Name & Seal

Md. Abdus Salam Azad  
CEO & MD  
Janata Bank Limited  
Dhaka, Bangladesh

  
Chairman  
Name & Seal

Luna Shamsuddoha  
Chairman, Board of Directors  
Janata Bank Limited