



# REPORTS

## DIRECTORS' REPORT

**Bismillahir Rahmanir Rahim**

**Assalamu Alaikum**

**Dear Shareholders,**

**We are delighted to welcome everyone to our 11<sup>th</sup> Annual General Meeting. On behalf of the Board of Directors, it is our privilege to submit the Directors' Report, Auditors' Report, and the Audited Financial Statements for the year ended December 31, 2023 for your consideration, adoption, and approval. These documents have been meticulously prepared in accordance with the Companies Act, 1994, the Bank Company Act of 1991, guidelines and circulars issued by Bangladesh Bank, and the regulations set forth by the Bangladesh Securities and Exchange Commission and various regulatory bodies. Before we review the Bank's achievements and financial performance, allow us to give you a brief update on the prevailing macroeconomic conditions and the state of the banking sector.**

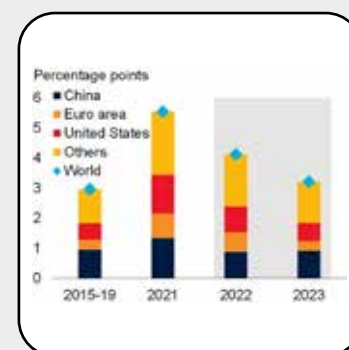
### GLOBAL ECONOMY

The global economy in 2024 presents a complex but cautiously optimistic picture, reflecting resilience in some sectors alongside persistent challenges in others. In the United States, the economy has shown remarkable strength, with GDP growth exceeding expectations at a rate of 3.1% year over year in the fourth quarter of 2023. This robust performance, spurred by consumer confidence and a buoyant stock market, stands in contrast to Europe, where growth has been more muted. The eurozone faced a slight contraction, but there are signs of recovery fueled by rising real incomes and improving foreign demand. Meanwhile, the UK grappled with unexpected inflation pressures, complicating its economic outlook.

Emerging economies are navigating their unique paths through the global economic landscape. China continues to grow, driven largely by consumer spending despite a slowdown in exports and ongoing challenges in the real estate sector. India aims for 7% growth, buoyed by a strong services sector, while Brazil's economy benefits from easing inflation and policy efforts to lower interest rates. Russia, on the other hand, faces a mix of external pressures and domestic challenges, with government spending expected to be a key growth driver amid monetary tightening and a focus on military expenditure.

Overall, the global economy is moving through a period of transition, marked by the interplay of recovery efforts, inflationary pressures, and geopolitical dynamics. While advanced economies like the US show signs of robust health, regions such as Europe and the UK navigate more uncertain waters. Emerging markets, with their diverse challenges and opportunities, contribute to a global economic picture that is both nuanced and dynamic. This blend of resilience and uncertainty underscores the importance of strategic planning and adaptability as nations and businesses look ahead.

**Global growth is projected to decelerate in 2022 and 2023**



World Economic Forum

## BANGLADESH ECONOMY

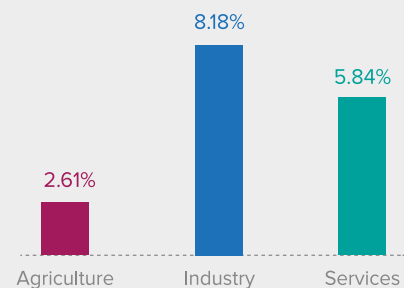
In 2023, Bangladesh faced major economic problems, including high inflation and lower growth in exports and remittance. People struggled with very high inflation, making everyday living more expensive. The value of Bangladesh's Taka fell a lot, and there was less foreign currency saved up than before. This situation happened partly because of a war between Ukraine and Russia that affected the whole world, but also because of long-standing issues in Bangladesh like not collecting enough taxes, a banking sector with many problems, not doing well in the stock market and not spending enough on important things like healthcare and education.

Despite some efforts to fix these problems, the solutions weren't enough. Looking ahead, fixing the economy will need good planning and action in areas like exports, banking, and collecting taxes better. It's also important to finish major projects that can help the country earn foreign currency and attract investment. Strong leadership and a clear focus on what needs to be done are essential for improving the situation.

Bangladesh made some big economic moves in 2023. The country started trading with India using Indian rupees to reduce dependence on the US dollar, which was a significant step. There were major projects like the Bangabandhu tunnel and new transportation links that aimed to improve travel and business. The government got a big loan from the IMF, started Universal Pension Scheme, and introduced digital banking to help the economy. Yet, with wages not keeping up with the cost of living, many people found it hard to afford basic needs, showing the mixed economic situation in Bangladesh.

Despite the challenges, the fundamental indicators of the economy have shown resilience. The per capita Gross Domestic Product (GDP) and Gross National Income (GNI) experienced slight fluctuations, standing at US\$ 2,657 and US\$ 2,765 respectively in FY 2022-23. Sector-wise, agriculture, industry, and services have all contributed to the economic tapestry, albeit with varied growth rates; agriculture grew by 2.61%, industry by 8.18%, and services by 5.84% in FY 2022-23. Notably, the industry sector has continued to play a significant role in the economy, despite a slight dip from the previous year.

Growth Rate of Different Sectors in FY 2022-23



## BANKING SECTOR

In 2023, the banking sector in Bangladesh faced numerous challenges, including a sharp increase in bad loans, governance issues and a severe dollar crisis. The volume of non-performing loans (NPLs) surged dramatically, indicating that many borrowers were unable to repay their debts, which put a strain on the banks' finances. Additionally, the governance of many banks was questioned, leading to regulatory actions. These problems were compounded by a dollar crisis, which began in mid-2022 and worsened over the year. This crisis made it difficult for banks to finance imports, pushing the government to seek international aid.

Despite these obstacles, there have been significant strides toward innovation and digital transformation within the sector. A surge in digital banking users and the adoption of mobile financial services (MFS) showcased a shift towards more accessible and efficient financial services. Initiatives like the interoperable Bangla QR and Binimoy platform have made digital transactions more seamless, connecting banks, MFS providers, and payment service providers in a unified ecosystem. The central bank's push for digital banking

licenses and guidelines has set the stage for a modernized banking environment, focusing on improving customer service through technology, such as AI-powered chatbots and enhanced mobile banking apps.

Looking forward, the banking sector in Bangladesh has opportunities for diversification and growth, despite the hurdles. The introduction of venture capital financing and wealth management services opens up new avenues for economic development. The adoption of bancassurance and exploration into the derivatives market could further expand the sector's offerings, while open banking initiatives promise to foster innovation and competitive financial services. By embracing these opportunities and continuing to invest in digital infrastructure and regulatory improvements, Bangladesh's banking sector can overcome its current challenges and play a pivotal role in the country's economic growth.

### An Overview of Union Bank PLC.

Celebrating its 11 year milestone, Union Bank PLC. remains focused on integrating the latest banking technologies, introducing customer-centric products, and ensuring high ethical standards among its employees. Through continuous innovation and a commitment to excellence, Union Bank is poised to meet the evolving needs of its customers while contributing to the broader financial landscape.

In 2023, Union Bank PLC. achieved significant milestones across various divisions, enhancing its banking services and expanding its customer base. The introduction of the Mudaraba Monthly Payable SND Account (Fayida) aimed at increasing low/no cost deposits and retail customers. The bank successfully partnered with Jalalabad Gas T & D System Ltd. for utility bill collection in Srimangal & Moulvibazar, Union Bank was the champion of the Sheikh Hasina Interbank Football Tournament-2023. Innovations in banking included new utility services, a revamped UniON app for improved customer experience, and active participation in Bangladesh Bank's Nikash settlement system. The establishment of a state-of-the-art Disaster Recovery Data Center ensured business continuity.

In 2023, Union Bank focused on technological advancements and service expansion. The Sub Branch Module extended banking services to underprivileged areas, while the upgrade to the latest Oracle DB version boosted database management. The bank also enhanced its Disaster Recovery capabilities with a new site at Bangabandhu Hi-Tech City, Kaliakoir, Gazipur. Service offerings expanded to include several utilities, making bill payments easier for customers. The UniON app was optimized for better digital banking experiences, and an in-house notification service was developed for timely communication with customers. The Ababil NG CBS implementation aimed at streamlining processes and improving customer service.

The International Division faced competitive pressure but managed a significant volume in international trade, with import business at BDT 6205.00 million and export business at BDT 4204.20 million. The bank maintained a strong correspondent banking network, with 153 correspondents worldwide and involvement in major currencies. The state-of-the-art remittance software facilitated efficient operations, partnering with 14 remittance houses and achieving a total remittance of BDT 4168.10 million. The Central Trade Operations Unit also contributed to the bank's performance with substantial import and export business volumes.

In 2023, Union Bank PLC. saw its total deposits increase by 5.72%, reaching BDT 225,585.37 million from the previous year's BDT 213,375.29 million. The bank's investments also saw a notable rise of 15.05%, climbing to BDT 255,691.91 million from BDT 222,275.43 million. In the international market, the bank handled imports worth BDT 6,205.00 million (USD 56.54 million) and exports valued at BDT 4,204.20 million (USD 38.31 million). The bank is optimistic about further growth in its trade business as the global economy recovers. The operating profit for the year increased by 6.17% to BDT 4404.88 million from the previous year's BDT 4,148.57million. Union Bank PLC. is partnered with 14 remittance houses and opened 2 new branches and 8 sub-branches across various regions, ending the year with a total of 114 branches and 54 sub-branches.

#### Future Outlook

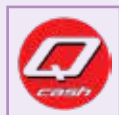
Looking towards 2024, we are optimistic about achieving significant growth, overcoming challenges from the past such as economic fluctuations and banking sector hurdles. Our focus will be on enhancing asset quality by adhering to strict regulatory standards and risk management practices. We aim to strengthen our brand and customer base by forging strategic partnerships and leveraging innovative technologies for better service. With a commitment to developing our team and maintaining prudent management, we are poised to secure our place as a leading bank in the new era.

Union Bank remains accessible  
to every corner of Bangladesh with

114  
Branches

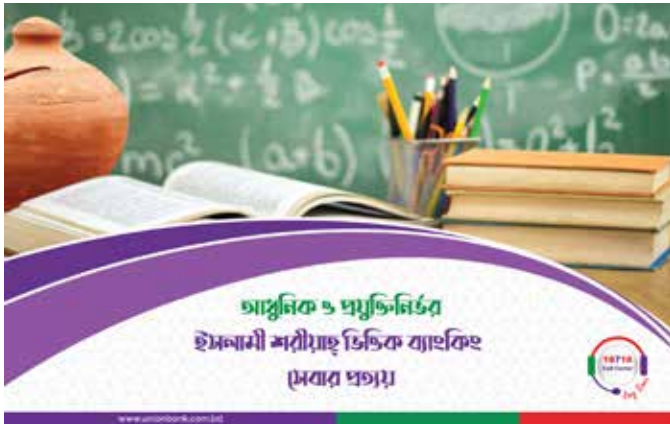
54  
Sub-Branches

100  
ATMs



**Deposit Products of the Bank are as follows:**

- Al Wadia Current Deposit
- Mudaraba Savings Deposit (MSD)
- Mudaraba School Banking Savings Account
- Mudaraba No Frill Savings Account
- Mudaraba Privileged Savings Account
- UB Salary Account
- Mudaraba Gift Cheque
- Mudaraba Short Notice Deposits (MSND)
- Mudaraba Monthly Payable SND Account (Fayida)
- Mudaraba Term Deposit (MTD)  
01 Month | 03 Months | 06 Months | 100 Days'  
12 Months | 24 Months | 36 Months



**Scheme Products of the Bank are as follows:**

- Mudaraba Monthly Profit Scheme
- Mudaraba Monthly Saving Scheme
- Mudaraba Double Benefit Deposit Scheme
- Mudaraba Millionaire Saving Scheme
- Mudaraba Crorepoty Sanchaya Prokalpa
- Mudaraba Pension Prokalpa
- Mudaraba Marriage Saving Scheme
- Mudaraba Hajj Saving Scheme
- Mudaraba Muhor Saving Scheme
- Mudaraba Barakah Saving Scheme
- Mudaraba Privileged Deposit Scheme
- Mudaraba Probashi Sanchaya Prokalpa
- Mudaraba Femina Deposit Scheme (Nisa)
- Mudaraba Senior Citizen Deposit Scheme (Ehsan)
- Mudaraba Waleda Monthly Profit Scheme (Maa)
- Mudaraba Lifestyle Deposit Scheme (Shohoj)



## INFORMATION AND COMMUNICATION TECHNOLOGY DIVISION

2023 has been marked by remarkable strides in technological innovation, positioning Union Bank PLC. as a trailblazer in the financial sector. Our commitment to excellence and customer-centric solutions has driven us to achieve significant milestones. We've embraced cutting-edge technologies, including the Robust Islamic Core Banking Solution (CBS) which seamlessly integrates processes and ensures a robust foundation for our services. The adoption of Oracle has empowered us with advanced database capabilities, safeguarding data integrity while enabling rapid access for critical transactions. Our sub-branches Module (Upo-shakha) provide personalized services, fostering stronger community connections.

Beyond traditional banking, we've introduced new utility services (Gas, Power, Wasa) simplifying bill payments. The revamped UniON app offers an intuitive user experience, empowering customers to manage their finances effortlessly. Our active participation in implementing Nikash, the settlement system of Bangladesh Bank, has strengthened the financial ecosystem. Our state-of-the-art Disaster Recovery Data Center ensures business continuity even in adverse situations.

With 114 branches, 54 sub-branches, and 100 ATMs spread across the country, Union Bank remains accessible to every corner of Bangladesh. In this report, we delve into the details of these achievements, share success stories, and outline our vision for the future. As we embrace technology, we remain steadfast in our mission to serve our customers with integrity, transparency, and unwavering dedication.



Bangladesh has transitioned from manual to becoming a Digital Bangladesh. The banking sector has served as a role model throughout this journey, with Union Bank leading the charge as a Shariah based digital bank from day one. Its unwavering commitment to national development remains steadfast as it continues to pave the way forward. Viewing Information and Communication Technology (ICT) from two angles, the bank recognizes it as both a tool for fostering communication, connectivity and a means to revamp business processes.

Embracing ICT has enabled the development of cutting-edge products, bolstered market infrastructure, implemented robust risk management practices, and expanded financial intermediaries' access to diverse markets, regardless of geographical constraints. The benefits of this technological leap are evident in improved customer service, enhanced branch productivity, innovative service delivery methods, and seamless, reliable transactions facilitated by channels like Internet Banking, SMS Banking, Mobile Banking, ATM Facilities, SWIFT Network, Electronic Clearing Service, and Chip-based Card Services. Furthermore, ICT serves as a vehicle for cost reduction and facilitates effective communication with stakeholders across the banking sector, underscoring its transformative potential beyond mere digitization.

Union Bank has consistently demonstrated its unwavering commitment to embracing enhanced services and efficiency. Recognizing that new technology is the linchpin for strengthening our competitive advantage, we have prioritized its integration into our operations. Our belief is simple: by harnessing cutting-edge solutions, we not only enhance profitability and productivity but also elevate the efficiency of our service delivery.

### What We Achieved in 2023:

Union Bank PLC. has introduced several groundbreaking initiatives within the year 2023.

**Sub-branch Module (Upo-shakha):** The Sub Branch Module developed by Union Bank facilitates the extension of banking services to previously unbanked and underprivileged populations. This module aims to make banking more accessible by introducing sub-branches in remote areas, reducing the difficulties associated with accessing traditional banking services.

**Latest Database:** Union Bank's upgraded to latest Oracle DB version reflect a significant advancement in its database management system. This upgrade ensures improved performance, enhanced security features, and better support for modern applications, contributing to the bank's operational efficiency and data management capabilities.

**Disaster Recovery Data Center** Union Bank's establishment of a new Disaster Recovery Site underscores its commitment to business continuity and data protection. This site Flectcity IDE, located at Bangabandhu Hi-Tech City, Kaliakoir, Gazipur serves as a backup location equipped with modern infrastructure and security measures, ensuring the seamless continuation of critical operations in the event of a disaster or system failure.

**New Service on Utility:** We've expanded our service offerings to include utility-related transactions, simplifying bill payments and enhancing convenience for our customers. Within last year we added several utility to our pipeline those are: BREB, DPDC, KGDCL, DESCO, TITAS and WASA.

**Optimised UniON App:** Our revamped UniON app offers an intuitive user experience, empowering customers to manage their finances effortlessly. With enhanced features and real-time notifications, it serves as a gateway to seamless digital banking.

**Active Participation in Nikash Implementation:** As part of our commitment to the financial ecosystem, we actively participate in implementing Nikash—the settlement system of Bangladesh Bank. Real-time settlement ensures smoother interbank transactions, contributing to overall efficiency.

**In-House Notification Service:** Union Bank's development of an in-house SMS/mail notification service signifies its dedication to enhancing communication with customers. This service enables the bank to send timely alerts, notifications, and transaction updates via SMS, providing customers with convenient access to essential banking information and enhancing overall customer experience.

**Updated CBS:** By implementing the Ababil NG CBS, Union Bank aims to enhance its efficiency and streamline its processes. This updated CBS offers advanced features and capabilities that enable faster transaction processing, improved risk management, and enhanced customer service. This project is ongoing with MISL facilities.

As we continue this transformative journey, Union Bank PLC. remains steadfast in our pursuit of excellence through technology. Together, we shape the future of banking, one innovation at a time.

### **Our Legacy :**

At the heart of our technological transformation lies the renowned shariah-based CORE banking software, Ababil. Developed by MISL. This robust CBS (Ababil) empowers us to provide a wide range of services to our valued customers, spanning general banking, investment, and trade finance. Moreover, it facilitates the generation of essential reports for our customers, management, and regulatory authorities.

Since our inception, Union Bank has actively participated in the Bangladesh Automated Clearing House (BACH) and the Bangladesh Electronic Fund Transfers Network (BEFTN). Seamlessly conducting RTGS operations with Bangladesh Bank, we've embraced the digital landscape. Recently, we initiated the new BACH-II infrastructure under the guidance of Bangladesh Bank. This upgrade enables our branches to transfer funds using BEFTN within the same day, thanks to the introduction of two sessions per day.

Furthermore, we've established network connectivity with the Election Commission (EC), EGP(e procurement), granting us access to the National ID (NID) Database. This integration serves as a vital tool for identity verification (KYC) during any account opening process.

Union Bank continually innovates to provide advanced digital services for customer convenience. Our ATM services offer round-the-clock cash withdrawal facilities, allowing Union Bank debit cardholders to access cash from ATMs of any bank. Moreover, Union Bank is soon launching e-commerce transaction capabilities for its debit cardholders, VISA and Credit Card facilities.

Furthermore, Union Bank initiated Real-Time Fund Transfer through Internet Banking via the NPSB Network, effective from July 21, 2022. Our SMS banking service, operated through a dedicated portal, facilitates registration, balance inquiries, and transaction alerts, ensuring seamless banking experiences.

Our internet banking facility offers real-time features such as balance inquiries, transaction searches, and statement downloads, enabling customers to manage their finances efficiently. Customers can also conduct real-time fund transfers between personal accounts, pay bills, recharge mobile phones, and perform credit card transactions.

Union Bank introduced the 'UniON' mobile application for Android and iOS devices, along with internet banking web services, providing convenient access to account balances, statements, fund transfers, bill payments, and more. Additionally, customers can utilize mobile financial services such as 'NAGAD' and 'bKash' through our internet banking platform and application.

Since its establishment in Bangladesh's financial sector, Union Bank has consistently improved its foreign exchange procedures. From the onset of operations, the bank has provided SWIFT services. Presently, seven AD branches along with the Head Office utilize this service for foreign exchange transactions. Union Bank has established connectivity with the SWIFT Network through 'Nelito,' facilitating secure

financial messaging, automated payment processes, and management of correspondents and nostro accounts.

Additionally, Union Bank has upgraded to SWIFT Alliance Access (SAA) version 7.6.52, enhancing the bank's security and reliability. Moreover, the bank has introduced a SWIFT module known as the 'KYC Security Attestation (KYC-SA)' application under the Customer Security Program (CSP). This application enables transparent exchange of security status information with counterparties, supporting cyber risk management and business due diligence.

To manage foreign remittance services efficiently, Union Bank employs remittance management software called 'RemitBook.' This software handles various remittance services such as RIA, Western Union, MoneyGram, and others. These services are meticulously maintained by the ICT Division to ensure the smooth flow of foreign remittances.

Union Bank's management and banking operations heavily rely on a range of in-house developed automation software, including eSupport, Inventory Management System, UBPLC Training Institute Module, Integrated Supervision System (ISS), SMS Notification Hub and Tahlil. These systems streamline various processes within the bank, from customer support to inventory management and training.

Furthermore, Union Bank incorporates a 'CIB Module' in its CBS for sorting, handling, and delivering credit information reports to Bangladesh Bank. Additionally, the bank has developed the Union AML Interface and Anti-Money Laundering Software, known as 'The Velocity AML Solution Suite,' to comply with regulations set by the Bangladesh Financial Intelligence Unit and Bangladesh Bank. This software enables monitoring, analysis, screening, and detection of potential money laundering and illegal financial activities.

Union Bank has also created a reporting system for Bangladesh Bank's ISS, facilitating supervision of the financial health of the bank's Head Office and branches. Additionally, 'Tahlil' was introduced for investment classification and provisioning reporting.

Moreover, the bank manages a Document Management System (DMS) through its ICT Division, enabling departments to archive necessary data and promote green banking practices. This system automates processes such as customer onboarding, KYC verification, and loan processing, leading to increased operational efficiency and improved customer experience.

Furthermore, Union Bank offers an 'INST@NT Account' facility, managed by the ICT Division's 'Cihno' software, allowing customers to open accounts instantly from home via the internet banking application.



Additionally, the bank utilizes a Card Management Portal, known as 'TWCMS,' for various debit card-related operations such as card and pin production, activation/deactivation, and transaction reporting and reconciliation.

Union Bank prioritizes data security and operational continuity. With a robust ICT infrastructure, including active data centres and disaster recovery sites, we ensure swift recovery in case of disruptions. Comprehensive policies for data backup and recovery are in place. We've implemented stringent security measures, such as secure intranet connectivity, password-protected access, and surveillance systems.

Our Cyber Security Policy aligns with regulatory guidelines, overseen by dedicated committees to mitigate risks effectively. The bank will prioritize strengthening cybersecurity measures by deploying advanced security technologies, conducting regular audits, and providing ongoing employee training to combat cyber threats prevalent worldwide.

Union Bank aims to revolutionize banking by harnessing ICT capabilities, transitioning from Traditional Banking to Smart Banking. By integrating ICT innovations into our existing systems and successfully implementing projects, we aim to meet the evolving expectations of customers, regulators, shareholders, and employees.

In the upcoming years, Union Bank plans to leverage ICT to gather and analyse customer data, enabling personalized banking solutions and enhancing customer satisfaction. Moreover, ICT will be utilized to automate internal processes and streamline operations, resulting in improved efficiency, cost savings, and enhanced customer services.

Union Bank's commitment to innovation, customer satisfaction, and prudent financial management has driven robust financial performance, increased market share, and established us as a prominent bank in Bangladesh. We remain dedicated to maintaining this reputation in the years to come.



## MANAGEMENT INFORMATION SYSTEMS

A Management Information System (MIS) in the banking sector refers to a system that collects, organizes, processes, and presents data and information to support decision-making, planning, and control within a bank or financial institution.

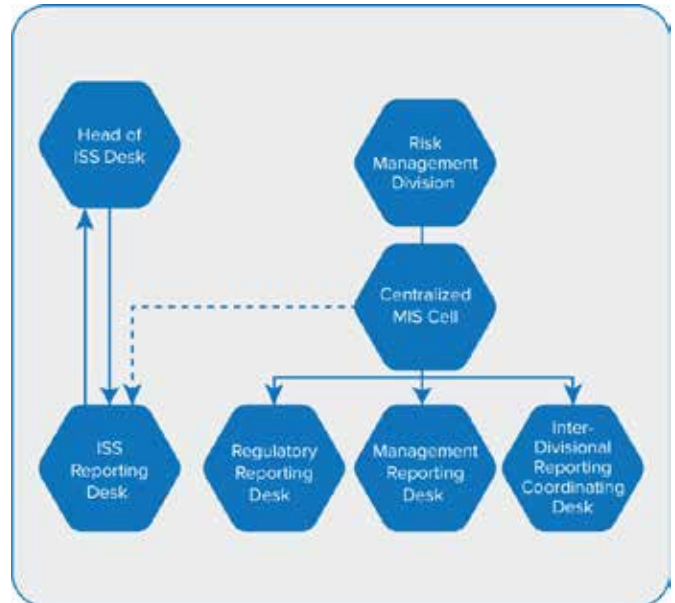
### Responsibilities:

- Perform quality management and performance reporting to enhance Management insight in financial performance measurement and strategic business decision.
- Conduct financial performance/P&L analysis by business lines and products.
- Support KPI setting and monitoring.

Management Information Systems are very useful tools for the purpose of reviewing and controlling bank's operations. The main goal of these systems is to organize all data collected from primary level as well as secondary level (CBS) of the bank, summarize it, and present it in a way that facilitates and improves the quality of the decisions being made to increase the bank's profitability and productivity.

Union Bank PLC. established a separate division named Management Information Systems (MIS) to provide improved banking service and support decision making process from its inception. Later the division has been reformed as "Centralized MIS Cell" under Risk Management Division (RMD). The cell provides financial and non-financial information to the Senior Management for decision making, coordination, control, analysis, and visualization of information of the Bank as well as submit various errorless statements to Bangladesh Bank. By ensuring data accuracy, security, and privacy, banks can build trust and confidence with their customers. Effective data governance enables banks to maintain up-to-date and complete customer profiles, which in turn allows for personalized and targeted services.

## Organogram of Centralized MIS Cell under RMD, HO



### ISS Desk:

Bangladesh Bank has introduced a web based regulatory tools namely Integrated Supervision System (ISS). Through ISS report, Bangladesh Bank can easily observe overall performance of all Scheduled Commercial Bank at Head Office Level and also Branch Level in monthly basis within a very few time.

To become a modern technology based banking organization, Union Bank PLC. has developed "ISS Reporting & Validation Tools" with the collaboration of ICT Division and CMIS Cell of RMD. These reporting & validation tools ensures concise, accurate, time saving & minimum human effort to prepare ISS report.

### Regulatory Reporting Desk:

Prepare regulatory reports as and when required by providing relevant information to the respective divisions/ departments as well as adhoc reports as per requirement of the regulatory bodies and submit the same within the stipulated time.

### Management Reporting Desk:

Provide necessary information to the Senior Management to take proper strategic decision from time to time as well as validated information to the respective divisions/departments for preparation of internal/regulatory reports by the respective divisions/departments/branches.

**Inter-Divisional Reporting Coordinating Desk:**

Preserve bank related all circulars/letters/instructions to be routed through Central MIS Cell for archiving and subsequently follow-up the respective compliance within set timeline. Collect required information from the respective divisions/departments/branches and retain the same in the Data Archive for reporting purpose.

**Key Achievements after reformation of CMIS Cell:**

- Developed “ISS Reporting & Validation Tools”;
- Developed “Central Performance” report to monitor branch performance;
- Developed Daily MIS module for management;
- Developed Bangladesh Bank Circular Bank;
- e-banking and e-Commerce report;
- Assist to prepare annual Budget;
- Prepare Presentation for Annual Business Conference, etc.

**BRANCH EXPANSION**

SL.	Branch Name	Opening Date	Urban/Rural
<b>2013</b>			
	Head Office	01.04.13	
01.	Gulshan Branch	20.05.13	Urban
02.	Dilkusha Branch	08.07.13	Urban
03.	Hatkhola Branch	04.08.13	Urban
04.	Lichubagan Branch	01.10.13	Rural
05.	Shathibari Branch	06.10.13	Rural
06.	Mouchak Branch	14.11.13	Rural
07.	Shantirhat Branch	16.11.13	Rural
08.	Khatungonj Branch	07.12.13	Urban
09.	Ashulia Branch	14.12.13	Rural
10.	Zindabazar Branch	21.12.13	Urban
11.	Ashkona Bazar Branch	28.12.13	Urban
<b>2014</b>			
12.	Panthapath Branch	10.03.14	Urban
13.	Sebarhat Branch	30.03.14	Rural
14.	Badarkhali Branch	26.05.14	Rural
15.	Islampur Branch	29.05.14	Urban
16.	Pahartoli Branch	10.06.14	Rural
17.	Bogura Branch	19.06.14	Urban
18.	Khulna Branch	26.06.14	Urban
19.	Sarkarhat Branch	09.07.14	Rural
20.	Agrabad Branch	10.07.14	Urban

SL.	Branch Name	Opening Date	Urban/Rural
21.	Lalmai Branch	18.10.14	Rural
22.	Cumilla Branch	19.10.14	Urban
23.	Talshahor Branch	21.10.14	Rural
24.	Cox's Bazar Branch	26.10.14	Urban
25.	Hnila Branch	27.10.14	Rural
26.	Uttara Branch	06.11.14	Urban
27.	Muradpur Branch	18.12.14	Urban
<b>2015</b>			
28.	Banani Branch	14.05.15	Urban
29.	Mawna Branch	18.05.15	Rural
30.	Rajshahi Branch	28.05.15	Urban
31.	DT Road Eidgah Branch	01.06.15	Urban
32.	Bahubal Branch	04.06.15	Rural
33.	Munshirhat Branch	08.06.15	Rural
34.	Patiya Branch	10.06.15	Urban
35.	Pabna Branch	14.06.15	Urban
36.	Joksin Bazar Branch	17.06.15	Rural
37.	Panchaboti Branch	12.08.15	Rural
38.	Narayangonj Branch	16.11.15	Urban
39.	Miar Bazar Branch	29.11.15	Rural
40.	Bazar Hasnabad Branch	06.12.15	Rural
41.	Nanupur Branch	13.12.15	Rural
42.	Mirpur Branch	17.12.15	Urban
43.	Feni Branch	23.12.15	Urban
44.	Bonpara Branch	26.12.15	Urban
<b>2016</b>			
45.	Dewan Bazar Branch	08.05.16	Urban
46.	Ataikula Branch	15.05.16	Rural
47.	Barishal Branch	19.05.16	Urban
48.	Keranihat Branch	02.06.16	Rural
49.	Mymensingh Branch	16.06.16	Urban
50.	Nawabpur Road Branch	20.07.16	Urban
51.	Ati Bazar Branch	28.07.16	Rural
52.	Khilpara Branch	17.08.16	Rural
53.	Eidgaon Branch	21.08.16	Rural
54.	Jashore Branch	01.09.16	Urban
55.	Kalukhali Bazar Branch	04.12.16	Rural
56.	Banskhali (Chandpur) Branch	08.12.16	Rural
57.	Jamuna Future Park Branch	27.12.16	Urban
<b>2017</b>			
58.	Kumira Branch	29.03.17	Rural
59.	Jotpukuria Bazar Branch	24.05.17	Rural
60.	Laldighi Branch	25.05.17	Urban
61.	Dhanmondi Branch	20.08.17	Urban
62.	Rangpur Branch	22.08.17	Urban
63.	Tangail Branch	05.10.17	Urban
64.	Shakpura Chowmuhony Branch	19.10.17	Rural
65.	Madhobdi Branch	26.10.17	Rural
66.	Lohagara Branch	07.12.17	Rural
67.	Keranigonj Branch	19.12.17	Rural
68.	Gazipur Chowrasta Branch	21.12.17	Urban

SL.	Branch Name	Opening Date	Urban/Rural
<b>2018</b>			
69.	Kushtia Branch	09.05.18	Urban
70.	Jubilee Road Branch	13.05.18	Urban
71.	Raozan Branch	14.05.18	Rural
72.	Dinajpur Branch	08.10.18	Urban
73.	Islampur Branch, Dhaka	24.10.18	Urban
74.	Moulvibazar Branch	18.11.18	Urban
75.	Bhulta Branch	20.11.18	Rural
76.	Jorargonj Branch	27.11.18	Rural
77.	Hemayatpur Branch	20.12.18	Rural
<b>2019</b>			
78.	Chapainawabganj Branch.	01.08.19	Urban
79.	Barlekha Branch	05.08.19	Rural
80.	Bandarila Branch	13.11.19	Urban
81.	Fatikchhari Branch	14.11.19	Rural
82.	Ukhiya Branch	24.11.19	Rural
83.	Link Road Branch	24.11.19	Rural
84.	Rajabari Bazar Branch	05.12.19	Rural
85.	Tajmahal Road Branch	12.12.19	Urban
86.	Ambarkhana Branch	19.12.19	Urban
87.	Kanchan Branch	24.12.19	Rural
<b>2020</b>			
88.	O R Nizam Road Branch	11.06.20	Urban
89.	Tongi Branch	07.07.20	Urban
90.	Borodighir Par Branch	29.07.20	Rural
91.	Chambal Branch	03.12.20	Rural
92.	Brahmanbaria Branch	10.12.20	Urban
93.	Elephant Road Branch	14.12.20	Urban
94.	Fenchuganj Branch	24.12.20	Rural
95.	Ramu Branch	29.12.20	Rural
<b>2021</b>			
96.	Goalabazar Branch	07.01.21	Rural
97.	Kadamtali Branch	17.06.21	Urban
98.	Habiganj Branch	07.09.21	Urban
99.	Dohazari Branch	17.11.21	Rural
100.	Bijoy nagar Branch	20.12.21	Urban
101.	Satkhira Branch	23.12.21	Urban
102.	Sapahar Branch	28.12.21	Rural
103.	Nazumeah Hat Branch	28.12.21	Rural
104.	Sagardighi Branch	29.12.21	Rural
<b>2022</b>			
105.	Bahaddarhat Branch	20.07.22	Urban
106.	Khajura Bazar Branch	02.10.22	Rural
107.	Jhalakathi Branch	27.11.22	Urban
108.	Nazirhat Branch	01.12.22	Rural
109.	Bijoy Sarani Branch	07.12.22	Urban
110.	Gouripur Branch	14.12.22	Rural
111.	Naria Branch	21.12.22	Rural
112.	Munshiganj Branch	29.12.22	Urban
<b>2023</b>			
113.	Shibchar Branch	19.12.23	Urban
114.	Nalitabari Branch	26.12.23	Rural

## SUB-BRANCH EXPANSION

SL.	Sub-Branch Name	Controlling Branch	Opening Date	Urban/Rural
<b>2020</b>				
01.	Jaldi	Banshkhali (Chandpur)	29.07.20	Urban
02.	Bazalia	Keranihat	26.08.20	Rural
03.	Adhunagar	Lohagara	21.09.20	Rural
04.	Kadoir Bazar	Munshirhat	28.09.20	Rural
05.	Mirpur Bazar	Bahubal	28.09.20	Rural
06.	Nachol	Chapainawabganj	02.11.20	Rural
07.	Fazilpur	Feni	03.12.20	Rural
08.	Sitakunda	Kumira	10.12.20	Urban
09.	Merul Badda	Gulshan	14.12.20	Urban
10.	Rowshanhat	Patiya	21.12.20	Rural
11.	Matarbari	Badarkhali	21.12.20	Rural
12.	Gunagori	Banshkhali (Chandpur)	24.12.20	Rural
13.	Fakirhat	Fatikchhari	27.12.20	Rural
14.	Bangla Bazar	Jotpukuria Bazar	27.12.20	Rural
<b>2021</b>				
15.	Halishahar Bus Stand	D.T Road Eidgah	07.01.21	Urban
16.	Hathazari	Sarkarhat	28.01.21	Urban
17.	Ghatail	Tangail	28.01.21	Urban
18.	Palongkhali	Hnila	15.02.21	Rural
19.	Khuntakhali	Eidgaon	15.02.21	Rural
20.	Chatkhil	Khilpara	24.03.21	Urban
21.	Kachua	Miar Bazar	24.03.21	Urban
22.	Shibganj	Chapainawabganj	12.04.21	Urban
23.	Kutupalong	Ukhiya	12.04.21	Rural
24.	College Bazar	Shantirhat	19.07.21	Rural
25.	Khanhat	Keranihat	19.07.21	Urban
26.	Dakshinkhan	Ashkona Bazar	17.08.21	Urban
27.	Solingmoor	Mawna	17.08.21	Rural
28.	Tilpapara	Hatkhola	15.09.21	Urban
29.	Kamrangirchar	Dhanmondi	15.09.21	Urban
30.	College Gate	Tongi	29.11.21	Urban
31.	Gobindganj	Ambarkhana	29.11.21	Rural
<b>2022</b>				
32.	Gokarnoghat Bazar	Brahmanbaria	14.02.22	Urban
33.	Chatmohar	Pabna	09.03.22	Urban
34.	Puichhari	Chambal	27.03.22	Rural
35.	Mariumnagar	Lichu Bagan	20.06.22	Rural
36.	Peton Shah Mazar Gate	Shakpura Chowmuhony	20.06.22	Rural
37.	Gohira	Raozan	27.06.22	Urban
38.	Mahiganj	Rangpur	17.07.22	Urban
39.	Gopalganj Bazar	Dinajpur	17.07.22	Rural
40.	Zero Point	Khulina	17.07.22	Rural
41.	Rayer Bazar	Dhanmondi	17.07.22	Urban
42.	Roazarhat	Lichubagan	01.09.22	Rural
43.	Tokirhat	Nanupur	01.09.22	Rural
44.	Madhabdi Bazar	Madhabdi	01.09.22	Urban
45.	Tanbazar	Narayanganj	19.12.22	Urban
46.	Chhagalnaiya	Feni	19.12.22	Urban

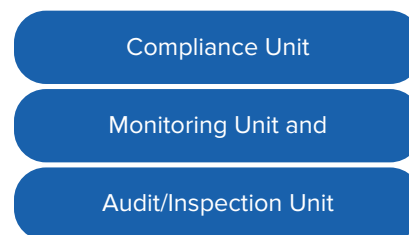
SL.	Sub-Branch Name	Controlling Branch	Opening Date	Urban/Rural
<b>2023</b>				
47.	Dakshin Banasree	Gulshan	23.01.23	Urban
48.	Khilkheth	Ashkona Bazar	27.02.23	Urban
49.	Bijoypur Bazar	Lalmal	27.02.23	Rural
50.	Madam Bibir Hat	Kumira	21.03.23	Rural
51.	Aganagar	Keranigonj	01.06.23	Rural
52.	Dewanhat	D.T Road Eidgah	05.07.23	Urban
53.	Ranavola	Uttara	05.07.23	Urban
54.	Nobodoy (Dncc)	Tajmahal Road	25.09.23	Urban

## COLLECTION BOOTH

SL.	Palli Bidyut Collection Booth	Opening Date	Urban/Rural
01.	Barishal Palli Bidyut Samiti-1 (Barishal Branch)	03.03.19	Urban
02.	Chapinawabgonj Palli Bidyut Samiti (Chapinawabgonj Branch)	27.01.20	Urban
03.	Moharajpur Palli Bidyut Samiti (Chapinawabgonj Branch)	27.01.20	Rural
04.	Cox's Bazar Palli Bidyut Samiti (Ukhiya Branch)	18.10.20	Rural
05.	Chattogram Palli Bidyut Samiti-1 (Shakpura Branch)	01.11.20	Rural
06.	Chattogram Palli Bidyut Samiti-1 (Keranihat Branch)	05.11.20	Rural
07.	Narshingdi Palli Bidyut Samiti (Bazar Hasnabad Branch)	07.12.20	Rural
08.	Chattogram Palli Bidyut Samiti-1 (Shantirhat Branch)	10.01.21	Rural
09.	Chattogram Palli Bidyut Samiti-1 (Banshkhali Chandpur Branch)	16.03.21 08.12.22	Rural
10.	Chapinawabgonj Palli Bidyut Samiti, Nachol (Chapinawabgonj Branch)	06.06.21	Urban
11.	Sylhet Palli Bidyut Samiti-1 (Fenchugonj Branch)	15.06.21	Rural
12.	Chattogram Palli Bidyut Samiti-2 (Pahartoli Branch)	20.09.21	Rural
13.	Chattogram Palli Bidyut Samiti-2 (Fatikchhari Branch)	13.09.21	Rural
14.	Narshingdi Palli Bidyut Samiti, Karimpur-2 (Bazar Hasnabad Branch)	23.11.21	Rural
15.	Hobigonj Palli Bidyut Samiti-1 (Bahubal Branch)	27.09.21	Rural
16.	Sylhet Palli Bidyut Samiti-1, Osmani Nagar (Goalabazar Branch)	01.12.21	Rural
17.	Sylhet Palli Bidyut Samiti-1, Balagonj (Goalabazar Branch)	01.12.21	Rural
18.	Chattogram Palli Bidyut Samiti-2 (Lichubagan Branch)	16.01.22	Rural
19.	Chattogram Palli Bidyut Samiti-1 (Keranihat Branch)	25.05.22	Rural
20.	Cox's Bazar Palli Bidyut Samiti (Link Road Branch)	04.09.22	Rural

## INTERNAL CONTROL & COMPLIANCE DIVISION

Internal Control and Compliance Division has been established since the very beginning of the Bank. Now Internal Control and Compliance Division consist of three wings as follows:



Internal Control refers to the mechanism in place on a permanent basis to control the activities in an organization. In absence of it, risks resulting in unexpected losses caused by faulty internal processes, human errors, frauds & forgery, technology failure and documentary lapses may surface.

Operational risk may arise from error and fraud due to lack of proper internal control & compliance. Good controls gear up professional competence, compliance of legal requirements, sound reporting system and resistance to fraud & forgery.

Internal Control & Compliance is not only for getting things done but also to ensure that the issues are done properly. Internal Control & Compliance plays a pivotal role in building up culture of transparency & accountability.

Modern bank management and supervision mainly focus on risk factors in banking. UBPLC has taken all-out efforts to mitigate all sorts of risks as per guidelines issued by the Central Bank.

As a part of robust risk management policy, the Bank has formulated a comprehensive Investment Risk Management policy to address investment risks. To mitigate operational risk, money laundering and terrorist financing risk, circumvention or over-riding the internal control procedures, Internal Audit, Board Audit Committee and ICC Division are carrying out regular audit & inspection of the functions of the branches and divisions of Head Office.

The Bank has set up Internal Control & Compliance (IC&C) Division at Head Office to ensure that the internal control processes are in place. As per instruction of Bangladesh Bank, the Audit Committee of the Board has been constituted to assist the board in fulfilling the objectives, strategies and overall business plans set by the board for effective functioning of the bank. The committee reviews the financial reporting process, financial risks, the audit process, health report of the bank and the bank's process for monitoring compliance with laws and regulations and its own code of business conduct. In the year 2023, 06 meetings of the Audit Committee were held. 'Risk Based Internal Audit (RBIA)' has been introduced

by the Bank to assess the business risk as well as control risk associated with the branches, and determines how much follow up, monitoring & periodicity of internal audit would be required to bring a particular branch back to normalcy, if it is found that the performance of the branch is not satisfactory, and which may pose a potential threat for the bank.

Each year the IC&C Division sets out an Audit Plan (Internal) for the year, which is approved by the Managing Director and placed before the Audit Committee of the Board for concurrence. In the year 2023, IC&C Division conducted Comprehensive Audit in 89 Branches and 45 sub branches, 06 Divisions at Head Office, Online Foreign Exchange Transaction Monitoring System Audit in 07 AD Branches and CTOU of Head Office of the Bank.

The Bank has already prepared the Risk Assessment Matrix of various banking functions and trying to incorporate the same in the Department Control Function Checklist (DCFCL) and Quarterly Operation Report (QOR). The branches and divisions will follow these attaching due importance to high risk and medium risk functions. The Bank follows the Guideline of Internal Control & Compliance meticulously to strengthen internal control functions.

Internal Control & Compliance Division of UBPLC is an Integral part of Bank Management and a foundation for safe & sound operation. IC&C Division is thoroughly guided by the motto "Prevention is better than cure". The array of IC&C Division activities can be categorized as per following order:

**Performance Objective:**

To accelerate compliance and effectiveness of involvements.

**Information Objective:**

To ensure dependability, efficiency and time worthiness of financial and management information.

**Compliance Objective:**

To adhere to regularity framework including applicable laws and regulations.

It intensively, follows-up compliance of audit/ inspections reports conducted by the IC&C Division, Bangladesh Bank and External Auditors. The Division monitors the banking activities, specially the sensitive areas of Foreign Exchange, Finance & Accounts and Investments.

The IC&C Division submit summary report (Quarter Basis) on Audit findings and corrective action taken is placed in a meeting of the Audit Committee of the Board for reviewing and necessary suggestions.

## **BRANCHES OPERATION AND CONTROL DIVISION (BOCD)**

Branches Operation and Control Division (BOCD) is dedicated to orchestrating seamless banking operations at the branch level, elevating customer satisfaction as its paramount objective. This division acts as a pivotal bridge between branches and the head office, with its core functions streamlined into five pivotal categories:

### **Automated Annual Business Budget Module Formation:**

BOCD spearheads the development of a comprehensive module tailored for crafting Annual Business Budgets. By meticulously analyzing factors like Deposit, Investment, Profit, and Market Trends, BOCD ensures the creation of realistic profit targets. Through a data-driven approach encompassing economic evaluations and industry trends, BOCD enables informed decision-making, thus fortifying the bank's financial position.

### **Business Conference Organization:**

Arranging a business conference in a bank is an important undertaking that requires careful planning and execution. As an organizer, it is BOCD's responsibility to ensure that the conference runs smoothly and meets the goals and objectives of the bank. This includes selecting a suitable venue, coordinating with branch managers and sub-branch in-charges, preparing branch's performance data, evaluate the performance of branches based on business categories and reward them accordingly, managing registrations, and ensuring that all logistical details are taken care of. In addition, BOCD has to handle any issues that may arise during the conference and ensure that participants have a positive and productive experience. Overall, the success of the conference rests largely on the BOCD's ability to plan, coordinate, and execute the event with professionalism and attention to detail.

### **Customer Service Excellence and Complaint Management:**

BOCD ensures customer satisfaction through proactive feedback collection and complaint resolution mechanisms. BOCD manages all complaints by providing solutions in accordance with the guidelines set forth by Bangladesh Bank. BOCD also ensures prompt and effective resolution of customer grievances, thereby bolstering trust and loyalty.

### **Core Banking Operation Solutions through ICTD:**

Branches rely to BOCD for advice and answers to any problems relating to operations of any kind. Then, in order to address the problems, BOCD seeks the required authorization, when necessary, from the appropriate authority. Also, all operational policies and procedures have been compiled in accordance with Bangladesh Bank guidelines.

### Settlement and Approval of Operational Activities:

In this crucial function, BOCD ensures the smooth settlement and approval of various operational tasks. This includes handling deceased accounts and overseeing insurance formalities for vaults, ATMs, and lockers. Additionally, BOCD provides approval for re-issuance of various instruments such as MMPS, MTDR and Payment Orders. It also oversees charge waivers, prepares and submits regulatory reports to Bangladesh Bank, including daily cash position reports, weekly vault position reports, monthly coin reports, quarterly no-frill reports, monthly torn and dust reports, school banking reports and quarterly & monthly complaint reports.



Furthermore, BOCD assumes a pivotal role in advancing inclusive banking initiatives, catering to underserved demographics through “no-frills” accounts and school banking programs. By fostering financial literacy and expanding access to banking services, BOCD ensures financial inclusion, thereby driving socio-economic empowerment.

At BOCD, our unwavering commitment to superior customer service and operational excellence underpins every endeavor, propelling the bank towards sustained growth and prosperity.

### INTERNATIONAL DIVISION

Banking industry of Bangladesh, especially Foreign Trade segment of this sector has experienced a bittersweet sustenance through the whole 2023. On the one hand the COVID situation has shown significant improvement, leading to the formal declaration by the WHO that the COVID pandemic has ended in 2023 and similarly, the effects of the Russia-Ukraine war have started to fade in recent times

and on the other hand Bangladesh started facing multiple challenges including high inflationary and exchange rate pressure, as well as substantial erosion of foreign exchange (Forex) reserves which headlined Bangladesh’s economy throughout 2023.

Bangladesh started to emerge from the shadow of the pandemic. Company order books began to fill up once more, and demand for energy, cars, travel and home improvements returned. But foreign trade stumbled again due to Dollar crisis, escalating exchange rate and Government’s conservative policy for import.

In spite of all the hurdles, International Division played a crucial role to keep the stability in pace of foreign trades i.e. Export, Import & Remittance. Indeed, International Division was the most active as well as the key role player in the market in 2023. The division explores Foreign Exchange business opportunities while maintaining associated risks. The wing is also responsible for maintaining the bank’s Net Open Position (NOP), in line with regulatory limits and forecasting exchange rates. The bank’s International division currently comprises four units: **(1) International Trade (2) the Financial Institution Unit/Correspondent Banking Relationship Unit (3) the Foreign Remittance Unit and (4) Central Trade Operation Unit.**

#### Key Responsibility:

The FX Desk manages the day-to-day FCY requirements and also the surplus/shortfall of the bank’s FCY holdings. The desk is also responsible for maintaining the net open position of the bank, as per regulatory requirements.

#### Core Strengths

- Focused FX management strategy aligned with market dynamics.
- Strong management focus and support for growth of the foreign exchange business
- Rich understanding of FX markets and good relationships with customers.
- Sustained exposure in terms of training and development opportunities to FX traders to reinforce core fundamental knowledge and also enable them to explore new business opportunities.
- Management support in maintaining a balance between import-export volumes growth.

### 1) International Trade:

Global inflation has resulted in increased demand for the US dollars and, hence, the Bangladeshi taka, like many other currencies in the world, has recently began losing value. Meanwhile, the tremendous foreign currency crisis specially US dollar due to erosive trend in Forex reserve led foreign trade business to a huge shrinkage. During 2023, Union Bank experienced significant competitive pressure in both import and export business compared to previous year. Import Business stood **BDT 6205.00 million (Equivalent to USD 56.54 million)** in 2023. Import business of UBPLC covers areas like industrial raw materials, food items, chemicals, medicines, textiles, capital machineries etc. Export Business also experienced a slight shrinkage in the year 2023 compared to the previous year. Total Export was **BDT 4204.20 million (Equivalent to USD 38.31 million)** at the end of the year 2023. Export business was concentrated in frozen fish, readymade garments, knitwear and other indigenous products.

### 2) Correspondent Banking Relationship:

Correspondent Banking Relationship or Financial Institution Unit is the gateway between the local & global clients as well as it connects banks & financial institutions across the globe. Now a days setting up as well as maintaining correspondent relationship with Banks & FIs, specially with foreign Banks & FIs has become one of the notable challenges that we require to give extra efforts since security, AML, KYC and overall compliance have become the prime concerns and thus hassles & expenses has increased remarkably for correspondent Banking Relationship worldwide. In spite of having tremendous obstacles, **Financial Institution Unit/Correspondent Banking Relationship Unit under International Division** is doing outstanding by exploring the potential partners and paths for its FX businesses and developing a strong base in terms of establishing RMA, maintaining Nostro accounts, arrangement of Credit Lines etc. UBPLC has a wide range of correspondent network across the world to facilitate smooth foreign trade transactions. The Bank maintains 12 Standard Settlement Instructions (Nostro Account) involving 4 major currencies e.g. USD, GBP, EURO & JPY and also USD under ACU mechanism at different significant financial centers across the Globe. Total correspondents of UBPLC stand at 153 (Home and abroad) as on 31 December 2023.

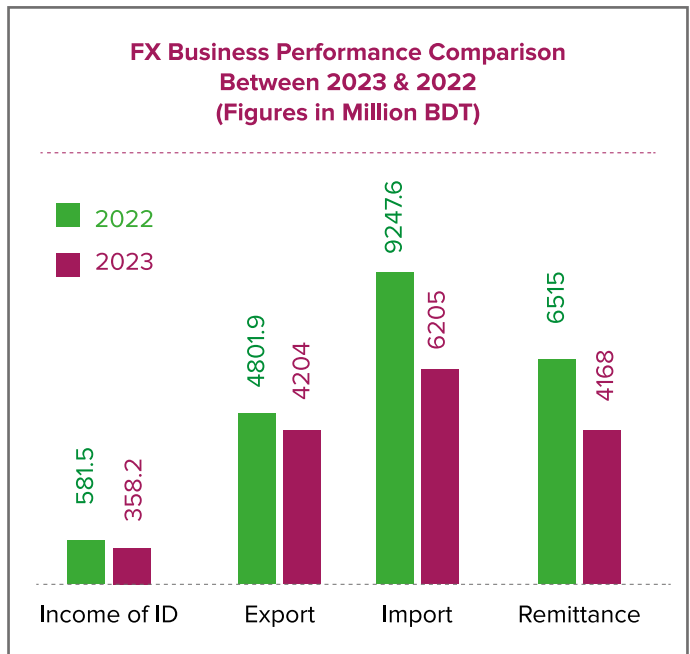
### 3) Remittance:

Union Bank has been using an excellent state-of-the-art remittance software for excellence in remittance operation of the Bank. We strengthened the remittance relationship with various renowned exchange houses in 2023. Now we are focusing on excellence in customer service through the existing Branch network and agents. A dedicated

“Remittance Hub” backed by advanced technology platform helps expanding the Bank’s service to the doorstep of the customers. Our corporate clients remained another major source of foreign currency. We are also trying to broaden its base through solicitation of indigenous export clients. UBPLC disbursing remittance being affiliated with 14 remittance houses and total remittance at the end of the year 2023 was BDT 4168.10 million (Equivalent to USD 37.98 million.)

### 4) Central Trade Operations Unit (CTOU):

In 1<sup>st</sup> March 2018 established Central Trade Operations Unit (CTOU) is a vital part of International Division with skilled workforce to boost up as well as to facilitate Trade Service Operations exclusively for the Non-AD branches effectively, smoothly and promptly under the purview of prioritized banking abilities. Moreover, a dedicated FX team was included as a wing under CTOU named Regional Trade Operations Unit, Chattogram (RTOU-CTG) working for developing foreign exchange business for Chattogram Region. In 2023 CTOU performed Import business amounting BDT 1112.50 million (Eqvt. \$10.26 million) and Export business amounting BDT 928.90 million (Eqvt. \$ 8.61 million).



### CORPORATE AFFAIRS & BRANDING DIVISION

The Corporate Affairs & Branding Division (Former Marketing & Development Division) of Union Bank PLC. implies a set of strategies for establishing a strong Brand in the competitive marketplace which is also considered as one of the most valuable driving forces of the Bank.

The core activities of Corporate Affairs & Branding Division are to formulate branding and business promotion policies.

Side by side, Corporate Affairs & Branding Division is also involved in performing several functions which are enlisted below:

Key Functional Area	Function Details
Branding	<ul style="list-style-type: none"> <li>• Make proper arrangement of full fledge branding and other support to head office as well as branches for celebrating the anniversary of bank and other occasions.</li> <li>• Design brochure, banner and other branding materials for arranging business conference, promotional campaign and other branding related issues of head office and branches as well.</li> <li>• Facilitate pavilion in fairs/exhibition in different occasions for the bank.</li> <li>• Ensure proper arrangement of distributing gift items for valued clients.</li> <li>• Maintain the expenses of branches regarding School Banking Conference, Business Fair and any other business development purpose.</li> </ul>
Product & Service Development	<ul style="list-style-type: none"> <li>• Introduce new products &amp; services.</li> <li>• Development of existing products under current product lines.</li> <li>• Identify new opportunities and take initiatives to develop customer service.</li> </ul>
360 Degree Marketing	<ul style="list-style-type: none"> <li>• Post information regarding several occasions in the LinkedIn, Youtube and Facebook Page of our bank.</li> <li>• Promoting products and services in online media.</li> <li>• Assist E-Mail Marketing &amp; SMS Marketing.</li> </ul>
Corporate Affairs and customer acquisition	<ul style="list-style-type: none"> <li>• Take initiatives to procure corporate fund and enhance Low/No Cost Deposit of the bank.</li> <li>• Take proper initiatives for providing value added service to customers and new customer acquisition.</li> <li>• Arrange all necessary initiatives for making corporate agreement with prominent organizations with the aim of ensuring exclusive privileges for the employees and all the Cardholders of the bank.</li> <li>• Support to enhance the source of ancillary income (Such as, Collection of DPDC Bill, WASA Bill, DESCO Bill, BREB, Jalalabad Gas, Karnaphuli Gas Titas Gas Bill, Pre-registration and registration fees of Hajj Pilgrims)</li> </ul>

### Achievements in 2023

From the very beginning of the operation of the bank, Corporate Affairs & Branding Division is doing well to establish a strong brand in the competitive market. It has completed 120 successful corporate agreements with renowned organizations of the country for ensuring the exclusive privileges for the Employees and Cardholders of the bank and as well as to build a strong brand image in the competitive marketplace. Corporate Affairs & Branding division has introduced Mudaraba Monthly Payable SND Account (Fayida) for enhancing low/no cost deposit and to increase retail customer of the bank. Apart from this, the successful agreement has been accomplished with Jalalabad Gas Transmission & Distribution System Ltd. for collecting utility bills of Srimangal & Moulvibazar Zone. It is glad to be mentioned here that, Union Bank PLC. titled champion in Sheikh Hasina Interbank Football Tournament-2023 and CABD arranged full fledge branding in final match held at Bangladesh Army Stadium.

### Future Goals

An initiative has been taken to relaunch of logo and name of the bank in line with the direction of board of directors, higher management and necessary clearance from Bangladesh Bank. Apart from this, unique branch branding is continuing and new brand source will be identified to set strong brand image of the bank countrywide.

Corporate Affairs & Branding Division is always committed to do best for achieving the goals of the bank. Year-2024 will be the entrance of new arena of branding In-Sha- Allah.

## RISK MANAGEMENT & CONTROL ENVIRONMENT

### 1.00: Introduction

Risk is an integral part of banking business in an ever dynamic environment, which is undergoing radical changes both on the technology front and product offerings whereas Risk Management is the procedure to minimize the adverse effect of a possible financial loss by identifying potential sources of loss, measuring the financial consequences of a loss occurring and using control tools to minimize actual losses or their financial consequences. To perform the same, necessary directions have been provided by Bangladesh



Bank through various letters/circulars/guidelines from time to time. Bangladesh Bank issued guidelines that formed the basic framework of risk management that need to be followed by the banks in Bangladesh. Union Bank PLC. has established a prudent and well-structured risk management framework for managing various risks in the light of BB guideline and instruction in order to minimize the risks and thus ensuring sustainable growth of the bank in the long run and also increase employee awareness on risk management so that bank can evaluate its performance towards all banking operations. In this regard, the bank is committed to pay all out effort to identify and reduce the risk of business operations constantly in a constructive manner.

## 2.00: Objectives of Risk Management

Risk management is a discipline at the core of every bank and encompasses all the activities that affect its risk profile from time to time. The ultimate objectives of risk management functions are;

- To promote better risk management culture at all levels.
- To improve financial soundness and stability.
- To adopt and implement a sound risk management framework.
- To introduce dynamic and time based risk management tools and techniques for assessment and treatment of various risks; etc.

## 3.00: Elements of a sound Risk Management System

The key elements of a sound risk management system are as follows:

- a) Active involvement of board and senior management;
- b) Adequate organization, policies and procedures;
- c) Appropriate management information systems; and
- d) Comprehensive internal controls and limits.

## 4.00: Risk Management Process

Understanding of risk management process can contribute progressively to organizational improvement by providing special attention insight into the identified and potential risks and their impact. It is a series of multi-steps that, when undertaken in sequence, enable continual improvement in strategic decision-making. However, steps of risk management process are as follows:

- Step 1 – Communicate and Consult
- Step 2 – Establish the context
- Step 3 – Identify the risks
- Step 4 – Analyze the risks
- Step 5 – Evaluate the risks
- Step 6 – Treat/Mitigate the risks
- Step 7 – Monitor the risks

## 5.00: Risk Management Regulations for Banks

Practicing sound risk management is crucial for banking sector. For effective risk management within the banks, necessary directions have been provided by Bangladesh Bank through various letters/circulars/guidelines from time to time most of which are as follows:

- Risk Based Capital Adequacy (RBCA) Guidelines-2014.
- Core Risk Management Guidelines issued by Bangladesh Bank (2015 & 2016);
- Comprehensive Risk Management Guidelines-2018;
- Stress Testing Guideline;
- BRPD Circular No.11 (Section-5.3), dated 27 October 2013 regarding responsibilities of Board of Directors and Board Risk Management Committee (BRMC);
- Guidelines on Environmental & Social Risk Management (ESRM) for Banks, dated 08 February 2017.
- Guidelines on Internal Credit Risk Rating System for Banks-2018
- BRPD Circular No.03 regarding Recovery Plan for Banks
- DOS Circular No.03 regarding Introduction of new Input Template for Comprehensive Risk Management Report
- BRPD Circular No.07, dated 05 December, 2023 regarding Prompt Corrective Action Framework
- Other related instructions/circulars/letters as issued by regulators from time to time; etc.

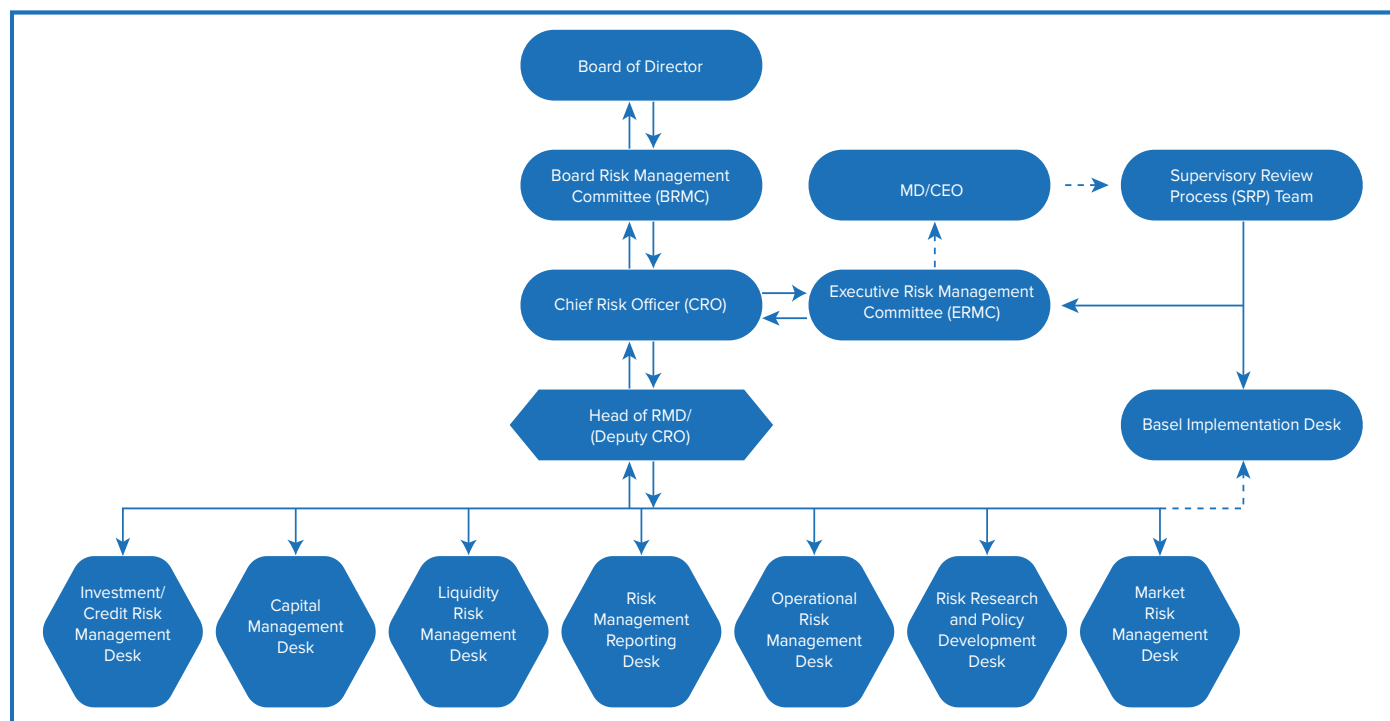
## 6.00: Risk Appetite Statement

Risk appetite is the level and type of risk a bank is able and willing to assume in its exposures and business activities, given its business objectives and obligations to stakeholders (depositors, creditors, shareholders, borrowers, regulators). Risk appetite is generally expressed through both quantitative and qualitative means and should consider extreme conditions, events, and outcomes. It should be stated in terms of the potential impact on profitability, capital and liquidity.

Bank prepares risk appetite statement covering all regulatory requirements related to risks, components of pillar-II under Basel III, strategic planning and all other probable risks exist in the bank. The bank sets risk appetite, tolerance and limit for all the probable areas of risks.

## 7.00: Risk Management Framework of the Bank

Risk management framework is fundamental element for establishing proper authorities of risk management in banks. As such, the bank's risk management framework has been outlined according to the Bangladesh Bank latest Risk Management guidelines-2018 which is as follows.



## 8.00: Risk Management Authorities of the Bank

### 8.01: Board of Directors

The key risk management reports/issues are placed before the board of directors on quarterly basis for review and perusal. Board provides guidance against the identified/mentionable risks and the same are communicated to responsible organs for taking corrective actions. Board of Directors will take every possible initiative to keep various risks (investment, market, liquidity, operational risks etc.) within tolerable level. For this purpose, the board will play the following role:

- Establishing organizational structure for enterprise risk management within the bank and ensuring that top management as well as staffs responsible for risk management possess sound expertise and knowledge to accomplish the risk management function properly;
- Assigning sufficient authority and responsibility to risk management related officials;
- Ensuring uninterrupted information flow to RMD for sound risk management;
- Continuously monitoring the bank's performance and overall risk profile through reviewing various reports;

- Ensuring the formulation, review (at least annually) and implementation of appropriate policies, plans and procedures for risk management;
- Defining and reviewing the risk appetite, risk tolerance, limit etc. in line with strategic planning;
- Making sure maintenance of adequate capital and provision to absorb losses resulting from risk;
- Ensuring that internal audit reviews the investment operations, foreign exchange operations and securities portfolio management functions etc. to assess the effectiveness of internal control system;
- Monitoring the function of Board Risk Management Committee; etc.

### 8.02: Board Risk Management Committee (BRMC)

Board Risk Management Committee (BRMC) reviews the material risks related to investment, foreign exchange, internal control & compliance, money laundering & terrorist financing, information & communication technology, operation, profit rate, liquidity, capital management functions and provisioning (required & maintained); etc. on quarterly basis. The BRMC provides guidance against the identified risks for taking

corrective actions by the management. 4 (four) meetings of the BRMC were held during the year 2023. Board Risk Management Committee (BRMC) of the bank will provide utmost importance on sound risk management practices. For this purpose the BRMC will play the following role:

- Formulating and reviewing (at least annually) risk management policies and strategies for sound risk management;
- Monitoring implementation of risk management policies & process to ensure effective prevention and control measures;
- Ensuring construction of adequate organizational structure for managing risks within the bank;
- Supervising the activities of Executive Risk Management Committee (ERMC);
- Ensuring compliance of BB instructions regarding implementation of core risk management;
- Ensuring formulation and review of risk appetite, limits and recommending these to Board of Directors for their review and approval;
- Approving adequate record keeping & reporting system and ensuring its proper use;
- Holding at least 4 meetings in a year (preferably one meeting in every quarter) and more if deemed necessary;
- Analyzing all existing and probable risk issues in the meeting, taking appropriate decisions for risk mitigation, incorporating the same in the meeting minutes and ensuring follow up of the decisions for proper implementation;
- Submitting proposal, suggestions & summary of BRMC meetings to board of directors at least on quarterly basis;
- Complying with instructions issued from time to time by the regulatory bodies;
- Ensuring appropriate knowledge, experience, and expertise of lower-level managers and staff involved in risk management;
- Ensuring sufficient & efficient staff resources for RMD;
- Establishing standards of ethics and integrity for staff and enforcing these standards;
- Assessing overall effectiveness of risk management functions on yearly basis.

### **8.03: Executive Risk Management Committee (ERMC)**

Bank has formed ERMC comprising of divisional Heads of all concerned divisions and Executives from other divisions related to risk as deemed necessary. RMD act as secretariat of the committee. The ERMC, from time to time, invite top management (CEO, AMD, DMD or senior most executives), to attend the meetings so that they are well aware of risk management process.

The responsibilities/Terms of Reference of ERMC are as follows:

- Identifying, measuring and managing bank's existing and potential risks through detailed risk analysis;
- Holding meeting at least once in a month based on the findings of risk reports and taking appropriate decisions to minimize/control risks;
- Ensuring incorporation of all the decisions in the meeting minutes with proper dissemination of responsibilities to concerned divisions;
- Minimizing/controlling risks through ensuring proper implementation of the decisions;
- Reviewing risks involved in new products and activities and ensuring that the risks can be measured, monitored, and controlled adequately;
- Submitting proposals, suggestions & summary of ERMC meetings to CEO, BRMC on regular basis;
- Implementing the decisions of BRMC and board meetings regarding risk issues;
- Assessing requirement of adequate capital in line with the risk exposures and ensuring maintenance of the same through persuading senior management and board;
- Determining risk appetite, limits in line with strategic planning through threadbare discussions among the members;
- Contributing to formulation of risk policies for business units;
- Handling "critical risks" (risks that require follow-up and further reporting);
- Following up reviews and reports from BB and informing BRMC the issues affecting the bank's operation;
- Ensuring arrangement of Annual Risk Conference in the bank; etc.

#### 8.04: Supervisory Review Process (SRP) Team

Supervisory Review Process (SRP) includes regulations of bank's own supervisory review of capital positions, aiming to reveal whether a bank has prudent risk management and sufficient capital to manage the risks. In respect of SRP, bank has a defined process for assessing overall capital adequacy and a strategy for maintaining capital at an adequate level. In this regard, the bank has formed an exclusive body called SRP Team with the defined Terms of Reference (TORs) and a process document called Internal Capital Adequacy Assessment Process (ICAAP) for assessing the bank's overall risk profile in addition to minimum capital requirement. The SRP team is headed by the Managing Director of the bank. The Team sits on bi-monthly basis.

#### 8.05: Risk Management Division (RMD)

UBPLC has an independent full-fledged risk management department/division where CRO is responsible for overall supervision of the division. According to Latest Risk Management Guideline 2018, UBPLC has established 8 (eight) separate desks and functions of particular desks. The responsibilities of RMD & 8 (eight) separate desks are ensured by the Head/Deputy CRO. The defined separate desks within the risk management division will oversee each key risk areas. The main functions of the division include, but not limited to, the following:

- Managing the process for developing risk policies and procedures;
- Coordinating with business users/units to prepare functional specifications;
- Preparing and forwarding risk reports; and
- Assisting in the implementation of all aspects of the risk function.

##### 8.05.01: Desk wise function of RMD

For smooth functioning of risk management activities, the desks of RMD should commonly do the defined tasks. All the desks are individually responsible for collecting the related data/information, progress report of the previously taken decisions of ERM and BRMC from concerned divisions for proper risk analysis and identification of risks, making appropriate recommendations, preparing memo on related issues, monitoring and following up of implementation status of the decisions of meeting minutes, ensuring regulatory compliance on related issues, assisting in formulation and review of risk appetite and risk related policies/guidelines. The desks are also responsible for monitoring the associated risks through concerned department/divisions. However, RMD is performing its specific tasks with the 8(eight) desks are as follows:

- ▶ Desk-1: Investment/Credit Risk Management Desk
- ▶ Desk-2: Capital Management Desk
- ▶ Desk-3: Liquidity Risk Management Desk
- ▶ Desk-4: Risk Management Reporting Desk
- ▶ Desk-5: Operational Risk Management Desk
- ▶ Desk-6: Risk Research and Policy Development desk
- ▶ Desk-7: Market Risk Management Desk
- ▶ Desk-8: Basel Implementation Desk

#### 9.00: Risk Management Reporting

The bank adheres to the applicable rules, regulations and relevant policy guidelines related to risk management reporting as amended up to date. In these contexts, RMD has been preparing and submitting the following reports, summary of which are as under:

Sl. No.	Name of report	Reporting Frequency	Status	Remarks
1	Statement of Capital Adequacy	4	Complied	Quarterly reporting to BB, BRMC & Board of Directors
2	Statement of ICAAP under Supervisory Review Process	1	Complied	Yearly reporting to BB, BRMC & Board of Directors.
3	Stress Testing Report	4	Complied	Quarterly reporting to BB and Board of Directors.
4	Comprehensive Risk Management Report (CRM)	2	Complied	Half yearly reporting to BB for determination of risk management rating.
5	Monthly Risk Management Report (MRM)	10	Complied	<ul style="list-style-type: none"> <li>• Monthly reporting to ERM &amp; BB.</li> <li>• Quarterly reporting to BB, BRMC &amp; Board of Directors.</li> </ul>
6	Statement of Market Discipline	1	Complied	Yearly reporting to BB & Board of Directors and disclose the same in the Bank's Website.
7	Statement of Risk Appetite	1	Complied	Yearly reporting to BB & Board of Directors for approval.
8	Review Report on Risk Management Policies and Effectiveness of Risk Management Functions	1	Complied	Yearly reporting to BB & Board of Directors for approval.
9	Bank's Credit Rating	1	Complied	Yearly reporting to BB, Board of directors, bank's website, daily newspapers.
10	Recovery Plan	1	Complied	Yearly reporting to BB, Board of directors.
11	Compliance Report	As and when required.	Complied	Reporting to the respective departments of BB from time to time.

## 10.00: Core Risk Management

Bangladesh Bank issued core risk management guidelines for banks which provided the benchmark that needs to be followed by the banks as minimum standard apart from the bank specific internal core risk management guidelines. Bank's core risk management compliance issues are monitored by the Executive Risk Management Committee (ERMC) in its monthly meeting through RMD. The recommendations/suggestions are communicated to the concerned divisions for ensuring timely compliance of the particular risk factors. In managing the core risks, banks follows the latest core risk management guidelines, such as:

1. Investment/Credit Risk
2. Foreign Exchange Risk
3. Asset-Liability Risk
4. Internal Control & Compliance (ICC) Risk
5. Information & Communication Technology (ICT) Risk
6. Money Laundering and Terrorist Financing (ML & TF) Risk

## 11.00: Key initiatives in the year-2023

- Established and maintained prudent risk management framework.
- Prepared a Prompt Corrective Action (PCA) management committee and arrange meeting for future courses of action.
- Review the core risk management guidelines in line with latest risk management guidelines of BB.
- Effective risk management functioning with 08 (eight) separate desks as per latest Risk Management Guideline.
- Convey national & global risk issues to the head office and branches.
- Arranged Annual Risk Management Conference with the participation of all the branch managers including officials related to risk issues.
- Expedite the process of issuing subordinated bond.
- Identified year end challenging issues and conveyed the courses of action to SRP and MANCOM.
- Prepared Strategical Recovery plan for identifying credible options of recovery against stressed scenario and subsequently submitted the board approved Recovery Plan to BRPD.
- Greater Reliance on Information Technology for efficient supervision.
- Expedited credit rating process to reduce risk weighted assets and thus improving bank's capital adequacy.

- Formulated Individual Investment Risk Assessment & Evaluation Checklist and assessed the risk originating from Top investment clients accordingly.
- Address key risk areas and action plan for the year 2023 and communicated the same to the Board of Directors and Senior Management for necessary guidance as against.
- Developed bank's risk profile considering the risks under Basel-III accord.
- Streamlining risk management reporting to the Regulator, Management, BRMC & Board.
- Developed a comprehensive "documentation checklist" for investment.
- Introducing robust employees' awareness programs on risk management.

## 12.00: Action Plan for the year-2024

- To develop risk profile of the bank and determining appropriate risk management strategies based on the periodic capital adequacy as well as identified and potential risks.
- Initiative for issuance of subordinated bond for strengthening capital base of the bank.
- Expediting Credit Rating of eligible client to reduce Risk Weighted Assets (RWA) of the bank.
- Taking strategic measures to tackle systemic risk arisen in banking sector.
- Ensuring all applicable regulatory compliances related to capital adequacy & risk management.
- Updated MIS guideline book of regulatory instructions, circulars, guidelines and other major information on regular basis.
- Review and update recovery plan for promptly and effectively acting in the event of a stress situation.
- Prepare a PCA policy to identify bank's risk status and required courses of action.
- Identify triggers and key vulnerabilities of the bank for adequate monitoring of the risk factors.
- Focus on digital and online banking and provide better customer services.
- Properly monitor stress situation and inform to the Board and senior management regularly for taking timely action.
- Initiated process of developing automated resources for calculating different risk indicators.
- Identifying, assessing and controlling the environmental risk.

- Implementation of Key Risk Indicators (KRIs) for addressing the risks on timely basis.
- Updating the required risk management policies and procedures of the bank through Management, BRMC & Board Approval.
- Improving bank's core risk segments.
- Developed a mobile app based dashboard so that Senior Management can monitor branch and head office level performance report and take instant decision thereagainst.
- Ensuring automation of bank's Management Information Systems (MIS) through the Centralized MIS Cell and its supporting team.
- Regular review of board approved risk appetites/limits.
- Communicating the key risk issues to the Senior Management, BRMC and Board.
- Monitoring the national and global risk issues in line with bank's exposure.
- Ensuring the defined activities under Basel Unit.
- Reviewing the ICAAP Policy document ; etc.

#### 14.00: Concluding Remarks

Bank aims to achieve an appropriate trade-off between risk and return to maximize shareholder value. Now-a-days, Banking business are struggling to recover with reducing scope of earnings and maintain regulatory requirements due to business devastation, dollar crunch, liquidity crisis, high inflation and price hikes. However, Union Bank PLC. managed the risk by taking proactive measures and good governance in its operational arena. Apart, the bank's risk management organs are working together for minimizing the identified and future potential risks with a view to sustainable growth of the bank in the long run and constantly taking forward looking initiatives by the all responsible authorities of the bank considering the changing circumstances from time to time.

### TREASURY DIVISION

#### Treasury Operations and Fund Management

Treasury Division maintains liquidity, based on historical requirements, anticipated funding requirements from operation, current liquidity position and collection of financing available sources of funds, risks and returns. Treasury Division is fully concentrated on fund management and maintaining adequate cash to meet day-to-day requirements. It also responsible for maintaining Cash Reserve Ratio (CRR), Statutory Liquidity Ratio (SLR), Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR) and Maximum Cumulative Outflow (MCO). Treasury deals with funding operation for managing the liquidity positions in local and foreign currency & Inter-Bank Market dealings etc. The Division also ensures Balance Sheet Risk Management and oversees the asset-

liability mismatch position and implements appropriate measures to mitigate liquidity risks.

#### Asset Liability Committee (ALCO)

The Asset Liability Committee (ALCO) is constituted with the senior management of the bank headed by the Managing Director. Treasury Mid Office responsible for balance sheet planning from risk-return perspective including the strategic management of profit rate risk and liquidity risk being within the limits. ALCO meets at least once in a month to review economic outlook, market status and liquidity position of the banks. ALCO also assesses pricing of assets and liabilities, maturity wise grouping of assets and liabilities, liquidity contingency funding plan in order to manage the Balance Sheet Risk in a prudent manner. The Committee also reviews transfer pricing, other liquidity ratios and sensitivity of asset-liabilities etc.

The ALCO of the Bank monitors balance sheet risk, liquidity risk, investment deposit ratio (IDR), deposit mix, investment mix, gap analysis etc. The primary objectives of the ALCO are liquidity management, fund management and assets liability matching. The committee monitors and averts significant volatility in net investment income (NII), investment value and exchange earnings. In every ALCO meeting, the committee reviews the action taken in previous ALCO meeting, economic outlook, market status and liquidity risk related to balance sheet and profit rate structure etc. Special ALCO meeting is arranged as and when any contingent situation arises.

The Treasury Division essentially deals with liquidity management and as a service center through various desk, such as:

- Asset Liability Management (ALM) desk
- Inter Bank Money Market desk
- Non-Resident Business desk
- Treasury Investment desk
- Foreign Exchange desk
- Corporate Sales desk

#### Asset Liability Management (ALM) Desk

Asset Liability Management is one of the major functions of Treasury Division. Union Bank PLC. has a highly efficient ALM Desk, which is an independent unit within the division. Objective of the desk is to ensure efficient allocation of fund within an acceptable, measurable and defined risk structure. The desk monitor and analyzes various cash flows, cash positions, balance sheet gaps, daily Profit & Loss, economic trends, investment options, arbitrage opportunities, future business growth and place the facts & findings before the ALCO. Regular ALCO meeting is conducted once in month but in case of urgent situation, special meeting is arranged. The desk proposes balance sheet strategy to the management.

### Inter Bank Money Market Desk

Money market dealers arrange short and medium term funds at most economical terms which are required by the bank aside from customer deposit mobilization efforts. Money market desk ensures that the bank remains sufficiently liquid for meeting all its financial commitments and obligations to its customers besides meeting the CRR & SLR requirement at minimum risk and cost to the bank. In stress liquidity condition the desk always manages sufficient fund to provide business needs.

### Non Resident Business Desk

Inward remittances from Bangladeshi nationals working abroad is a major driver of economic activity in the country. Treasury Division has a dedicated NRB desk to procure inward remittance through Exchange Houses across the world.

### Treasury Investment Desk

Investment desk in Treasury Front Office operates within the policy frame approved by the Board of Directors of the Bank. The philosophy is to manage and maximize income within certain parameters and limits. It also includes use of effective duration, rate shock analysis, as well as total return to analyze and manage the investment portfolio and to determine the effect of movements on the yield and value of the bank's portfolio. Investment desk operates within available investment opportunities in the country. The desk keeps an eye on the market movement to reap on every opportunity and to get the best of every penny invested and maximize profit as well as shareholder's value.

### Foreign Exchange Desk

Forex Desk is one of the leading market maker in spot and forward transactions in inter-bank market. The Bank has good sources of Foreign Currency through its own export customers, Non-residence Remittances and local & multinational corporate houses remittances/exports. The Bank is also well equipped to price world major currency spot & forward prices. The Treasury is connected to the International Market through on-line dealing platforms of different international banks to quote very competitive prices on world major currency spot & forwards.

### Corporate Sales Desk

Treasury has a dedicated corporate sales desk that assists clients in managing their risk exposure as to minimize the impact of market volatility on the companies. This desk has played pivotal role especially forward market and contributed significantly to the bottom line of the bank.

## ANTI-MONEY LAUNDERING & COMBATING FINANCING OF TERRORISM DIVISION

### Activities to Prevent Money Laundering and Terrorist Financing:

Money laundering and terrorist financing are critical global issues that erode the integrity of financial systems and pose severe threats to national security. Governments and regulatory authorities worldwide implement measures to prevent these illicit activities, safeguard economies and protect society from the harmful consequences associated with money laundering & terrorist financing through worldwide. This introduction provides an overview of the principles, regulations, and methods employed to combat money laundering and terrorist financing.

To prevent money laundering and terrorist financing, governments enact legislation and establish regulatory frameworks. Financial institutions, including banks, insurance companies, and money services businesses, must adhere to robust anti-money laundering (AML) and combating financing of terrorism (CFT) measures. These measures aim to detect, prevent, and report suspicious transactions which will ensure unlegitimized overall criminal funds within the financial system.

Key components of AML and CFT efforts include Know Your Customer (KYC) procedures, customer identification and verification, enhanced due diligence (EDD), transaction monitoring, and suspicious activity reporting. These activities require financial institutions to perceive their customers, assess risk profiles, monitor aggregated transactions, and report any suspicious activity to relevant authorities.

International co-operation is critical in strive against these illicit activities due to their transnational nature. Governments, law enforcement agencies, and financial intelligence units collaborate to share information, intelligence, and best practices. This collaboration is enhancing the effectiveness of AML and CFT efforts, facilitating the identification and disruption of international money laundering and terrorist financing networks.

Preventing against money laundering and terrorist financing requires proactive, comprehensive, and multi-faceted approach. Financial institutions, governments, and regulatory authorities are continuing to enhance their efforts by updating regulations, improving strategies, and leveraging technological innovations. Societies can safeguard their financial systems, protect national security, and contribute to a safer, more secure world by implementation of effective preventive measures.

To prevent money laundering and terrorist financing, financial institutions and other regulated entities implement a range of activities and measures as part of their Anti-Money

Laundering (AML) and Combating Financing of Terrorism (CFT) efforts. Some of these activities include:

1. **Know Your Customer (KYC) Procedures:** Conducting thorough customer due diligence to verify the identity of customers, understand the nature of their businesses, assess their risk profiles, and monitor their transactions for any suspicious activity.
2. **Customer Identification and Verification:** Establishing and verifying the identity of customers through reliable and independent documentation, data, or information, and ensuring ongoing monitoring of customer transactions and behaviors.
3. **Enhanced Due Diligence (EDD):** Applying enhanced scrutiny to higher-risk customers, business relationships, and transactions, including politically exposed persons (PEPs) and high-net-worth individuals, to mitigate the increased risk associated with these relationships.
4. **Transaction Monitoring:** Employing automated systems and processes to monitor and analyze customer transactions for patterns of unusual or suspicious activity that may indicate money laundering or terrorism financing.
5. **Suspicious Activity Reporting:** Establishing mechanisms for employees to report and escalate any suspicions of money laundering or terrorist financing to the appropriate authorities, such as financial intelligence units or law enforcement agencies.
6. **Risk-Based Approach:** Implementing a risk-based approach to AML and CFT, which involves assessing the risk associated with different customers, products, services, and geographies, and tailoring AML and CFT controls to address those specific risks.
7. **Compliance Training and Awareness:** Providing regular training and awareness programs for employees to ensure they understand their responsibilities in detecting and preventing money laundering and terrorist financing.
8. **Regulatory Compliance:** Ensuring compliance with AML and CFT laws, regulations, and guidelines issued by local and international regulatory authorities.
9. **Technology and Data Analytics:** Leveraging innovative technologies and data analytics to enhance AML and CFT capabilities, including the use of artificial intelligence, machine learning, and big data analysis to identify and mitigate financial crime risks.
10. **International Cooperation:** Collaborating with domestic and international law enforcement agencies, financial intelligence units, and regulatory authorities to share information and coordinate efforts to combat money laundering and terrorism financing across borders.

These activities, among others, form an integral part of a comprehensive AML and CFT program, and their effective implementation is essential in the fight against financial crime and illicit activities.

Moreover, The Honorable Managing Director of Union bank PLC. regularly circulates his yearly statement of commitment which is conveying the messages to the concerned officials to identify the Beneficial Owner, KYC and Transaction profile properly. He also advises the bank officials to be more careful in ascertaining and recognizing suspicious / unusual transactions, contact point verification and complete record keeping requirements etc. Our bank is also arranging program to aware the members of the Board of Directors on AML & CFT issues. For successful compliance of all activities, we all are committed to uphold Union Bank PLC.'s image in the financial arena.

### HUMAN RESOURCES DIVISION

Human Resources plays a strategic role in managing people, the workplace culture, environment and to build & accomplish a successful Business strategy. Human Resources always play a prime role for an organization. Human Resources is a function within an organization concentrated basically on recruiting, managing and directing people who work in it. Besides, it deals with issues related to compensation, performance management, organization development, safety, wellness, benefits, employee motivation, training and others. If effective, it can contribute greatly to the overall company direction and success of its goals and objectives. Successful organizations realize the importance of well-trained and motivated employees to achieve the company's financial goals. Successful HR divisions realize the importance of keeping employees' focus on the company's financial goals while providing opportunities for employee growth and advancement. Thus, employees and management must both realize that a cooperative, not adversarial, relationship is vital to a company's success.

Union Bank PLC. is an Islami Shariah based 4<sup>th</sup> generation Bank with an advanced and service oriented disclosure. With a view to ensure best of the service to its clients and compete with other organizations in the same business line, thousands of employees are dedicatedly working for stirring its improvement. A service based financial institute always give emphasis on the growth & development of its manpower to provide quality services to its clients and UBPLC is not an exception to this. It believes that the factors which help the Bank to survive and differentiate it from other banks are closely interlinked with the quality of services and satisfaction of the clients and those entirely depends on the qualification of the employees, efficiency & effectiveness of their works. The Bank distinguishes the value and contribution of its human resources in its achievements. As the Bank identifies that the human resources give the organization a significant



competitive edge, it continues the policy of recruiting the best possible professionals making equal opportunity for new talents in its process of recruitment & selection. The Bank, thereby, simultaneously adopts & implements different programs which includes training, workshops, seminars at home & abroad to develop its human resources with a view to make it a human capital for the organization and to retain high quality professionals to face the challenges of the 21<sup>st</sup> Century. Union Bank PLC. as one of the employee responsive organizations always recognizes and responds to the necessity & prospects of its members and thus implements & embraces various policies to ensure their job security as well as social security even after retirement.

### **BUSINESS DEVELOPMENT DIVISION**

Business Development Division (BDD) has been formed with a view to pave the way for strategy formulation in relation to achievement of Business Targets, analytical preparation of potential growth opportunities of the Bank as well as extending subsequent support for its implementation. Business Development Division has been felt by the Management of the Bank which will eventually ensure smooth & efficient accomplishment activities of the Division. BDD works on four essential aspects.

**Business Planning:** Business plan is the main tools to achieve Business Targets. BDD closely observed business and market trends, formulate action plan to survive in competitive market. BDD also acts as a connector between Branch and Head office in business expansion.

**Follow-up & Monitoring:** Follow up and monitoring of the achievement status of Branch's Business Budgets on monthly, quarterly and yearly basis and report to the management is a vital issue for banking business. BDD performs these duties from time to time. BDD also pragmatically the action plans received from the Branches, if necessary and communicate the same to the concerned Branches to pave the way for their business targets achievement.

**Business Solution and process reengineering:** BDD plays vital role to find solution and takes necessary action to sort out solution for the Business gridlock of branch within shortest period of time. BDD also keeps liaison with different departments of bank to minimize time of approval and makes the process simple and fast.

**Business Development:** Developing New Business Insights (NBI) for a growth strategy of the Branches focused on financial gain. At last, to continue successive Business growth as well as market position despite having challenging business activities of the economy supervising business targets and giving all sorts of necessary assistance and cooperation to the branches from the Division in respect of business targets achievement. In addition to these, BDD provides required policy/guideline and support on Business Target time to time.

### **UNION BANK TRAINING INSTITUTE**

Union Bank Training Institute provides training to the employees of UBPLC in several areas that include Islamic Shariah, Islamic Economics, Islamic Banking, General Banking, Green Banking, National Integrity Strategy, Investment Mechanism, Foreign Exchange & Foreign Trade, Modern Techniques of Project Appraisal & Evaluation, Selection of Clients, Supervision & Follow-up of Investment, Customer Service Policy & Business Development, ICT operation & Security, Prevention of Money Laundering & Terrorist Financing, Core Risks Management, Non-Performing Investment Management, Financial Reporting Act, Credit Information System and other areas of banking to the employees. A total of 813 employees of UBPLC were trained during the year 2023.

#### ***Training and Development***

Human capital is an important asset for organizations under competitive market condition. Training and development function enables human capital to unleash their skill. A profound training program acts as an effective way to enhance employee skills and enable them to perform better in their job. Training and development is indispensable strategic tool for enhancing employee performance and organizations. It aims to improve employee's skills by making them learn new techniques and compliance of regulations & circulars. Thus, it helps updating their knowledge of doing work which results in increasing their efficiency and hence, results in increasing productivity of an organization.

In UBPLC, Training is being provided to the employees round the year in the following manner:

- a. Foundation Training Course for newly recruited officer
- b. Advanced Training on Specialized Areas
- c. Workshop on Different compliances
- d. e-Workshop on Different Issues
- e. Virtual Conference

Union Bank Training Institute always strives for excellence in improving the ethical & professional standard of the officials of the bank & reviews the issue regularly.

#### ***Performance Report***

In 2023, Union Bank Training Institute has conducted and facilitated training, workshops, discussion for meeting the banking challenges. In-Sha-Allah this effort will be continued in upcoming days to enrich knowledge, improve skills and build positive attitudes.

Synopsis of the activities of the Union Bank Training Institute are as follows:

## a) Foundation Training Courses conducted during 2023:

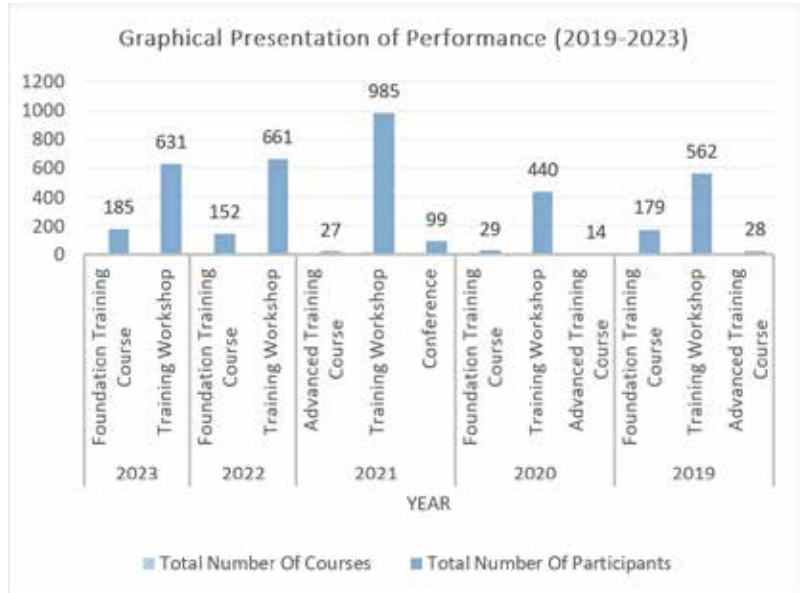
SL	Name of the Courses	Period	Duration	No. of Participants
01	Foundation Training Course for newly recruited officer	17.01.2023 to 31.01.2023	15 Days	30
		14.02.2023 to 28.02.2023	15 Days	30
		16.05.2023 to 30.05.2023	15 Days	32
		13.07.2023 to 27.07.2023	15 Days	32
		22.08.2023 to 05.08.2023	15 Days	28
		04.10.2023 to 18.10.2023	15 Days	30
<b>Sub Total</b>				<b>182</b>

## b) Workshops conducted during 2023:

S.L	Name of the Courses	Date	Duration	No. of Participants
01	Workshop on: "Titas Fee Collection System"	12.01.2023	Day long	30
02	Workshop on "Gender Equality: Challenges"	21.06.2023	Day long	28
		23.09.2023	Day long	30
03	e-Workshop on "Smart Banking: Opportunities & Challenges"	29.03.2023	Day long	51
		12.04.2023	Day long	64
		12.12.2023	Day long	51
04	e-Workshop on "Prevention of Money Laundering & Combating Terrorist Financing"	17.07.2023	Day long	41
	Workshop on "Prevention of Money Laundering & Combating Terrorist Financing"	17.09.2023	Day long	28
05	e-Workshop on "Credit Information System (CIS)"	05.11.2023	Day long	56
		06.11.2023	Day long	56
		07.11.2023	Day long	56
		08.11.2023	Day long	56
06	Workshop on "Cyber Security Training"	17.01.2023	2 Day Long	5
		18.01.2023		
07	Workshop on "ফাইন্যান্সিয়াল রিপোর্টিং আইন, ২০১৫ এবং উচ্চ আইনান্বিত বিধি, প্রবিধি, কোড, গাইডলাইন, প্রজ্ঞাপন সমূহ অনুসরণ ও প্রশিক্ষণ"	07.10.2023	Day long	29
08	Workshop on "National Integrity Strategy Hilighting Compliance"	23.06.2023	Day long	30
09	Orientation Program of Sales Executives	17.08.2023	Day long	20
<b>Sub Total</b>				<b>631</b>
<b>Grand Total (a+b)</b>				<b>813</b>

### Presentation of Performance (2019-2023)

Year	Title	Number of Programs	Total Participants
2023	Foundation Training Course	6	182
	Training Workshop	16	631
2022	Foundation Training Course	5	152
	Training Workshop	9	661
2021	Advanced Training Course	1	27
	Training Workshop	20	985
	Conference	1	99
2020	Foundation Training Course	1	29
	Training Workshop	8	440
	Advanced Training Course	1	14
2019	Foundation Training Course	6	179
	Training Workshop	20	562
	Advanced Training Course	2	28



### INITIAL PUBLIC OFFERING (IPO)

#### Utilization of proceeds raised through public issue:

Union Bank Received the proceeds of Initial Public Offering (IPO) amounting Tk. 428,00,00,000/- (Four Hundred Twenty-Eight Crore only) in the mid of January 2022 followed by subscription from December 26, 2021 to December 30, 2021. As per condition number 3, Part C of the consent letter # BSEC/CI/IPO-319/2021/599 dated on 24 November 2021, our external Auditor K. M. Hasan & Co. Chartered Accountant conducted the audit of status report on Utilization of Initial Public offering (IPO) Proceeds. The status of Utilization of Initial Public Offering (IPO) Proceeds as on December 31, 2023 is as follows:

SL	Purpose Mentioned in Prospectus	Amount as per Prospectus	Amount mentioned after Modification	Total Utilized	Utilized %	Total Un-utilized	Un-utilized %
1	Investment in SME	100,00,00,000/-	100,50,69,150/-	100,00,00,000/-	100.00%	-	0.00%
2	Investment in Project Finance	146,50,00,000/-	146,50,00,000/-	146,50,00,000/-	100.00%	-	0.00%
3	Investment in Government Securities	100,00,00,000/-	100,00,00,000/-	100,00,00,000/-	100.00%	-	0.00%
4	Investment in Capital Market	75,00,00,000/-	75,00,00,000/-	14,10,20,658/-	18.80%	60,89,79,342/-	81.20%
5	IPO Expenses	6,50,00,000/-	5,99,30,850/-	5,99,30,850/-	100.00%	-	0.00%
<b>Total</b>		<b>428,00,00,000/-</b>	<b>428,00,00,000/-</b>	<b>367,10,20,658/-</b>		<b>60,89,79,342/-</b>	<b>14.23%</b>

The deadline of Utilization of Initial Public Offering (IPO) Proceeds was 12 months from the date of receiving fund. However, shareholders in the 10<sup>th</sup> Annual General Meeting has extended the deadline for full utilization till 30 June 2024.

## DIVIDEND

The Board of Directors has recommended 5% Cash Dividend for the year ended December 31, 2023.

## RETIREMENT & RE-ELECTION OF DIRECTORS

As per the Companies Act, Bank Company Act and Articles of Association of the Company, each year one-third of the Directors retire from the office of Directors and depending on eligibility, may offer themselves for re-election by shareholders at the Annual General Meeting. Therefore, by rotation, every Director is required to submit themselves for retirement and re-election by shareholders at regular intervals.

## APPOINTMENT OF AUDITORS

The present Auditor M M Rahman & Co., Chartered Accounts was appointed as external Auditor for the year 2023 by the Shareholders in the 10<sup>th</sup> Annual General Meeting as per provision of Companies Act, 1994. They have completed their first tenure for the year 2023 as external Auditor. They are eligible for re-appointment. However, the Board of Directors has recommended M M Rahman & Co., Chartered Accounts for re-appointment as External Auditor for the year 2024.

## APPOINTMENT OF COMPLIANCE AUDITORS

Haruner Rashid & Associates, Chartered Secretaries & Management Consultants was appointed as Compliance Auditor of the Bank for the year 2023 by the Shareholders as per condition 9(2) of the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June, 2018 of Bangladesh Securities & Exchange Commission. They are eligible for re-appointment for the year 2024. The Board of Directors has recommended the firm for re-appointment as Compliance Auditor for the year 2024.

## APPRECIATION

Thanks to Almighty Allah for the Business success of the Bank in 2023. I would like to thank my Board colleagues for their continued support and on their behalf to express my thanks to Managing Director, officials and also all staffs of Union Bank PLC. The Board of Directors and the bank management are confident that the Bank is well-positioned to continue its growth journey in the coming years. This can be achieved through an unwavering focus on enhancing the Bank's customer service and product proposition, adopting sound asset and liability management, embracing market best practices and practicing prudent risk management and good governance. I would like to take this opportunity to extend my sincerest gratitude and appreciation to Union Bank PLC. shareholders and clients for their trust and support.

And I would also like to thank Bangladesh Bank, Bangladesh Securities and Exchange Commission, Registrar of Joint Stock Companies and Firms, Dhaka Stock Exchange PLC. and Chittagong Stock Exchange PLC and all other concerned regulatory authorities who have supported us and extended to us their valuable co-operation.

May Almighty Allah grant his infinite mercy upon us.

Ameen.

On behalf of the Board of Directors



**Professor Dr. Md. Salim Uddin FCA FCMA**  
Chairman