



**GOVERNANCE
REPORTS**

CORPORATE GOVERNANCE



Corporate Governance

The corporate governance of a company is critical to its success and sustainability. It encompasses the practices, systems, and processes by which a company is directed and controlled, and it establishes the framework for achieving the company's objectives and managing its risks. United Commercial Bank PLC, a financial institution with a strong presence in Bangladesh, recognizes the importance of good corporate governance in maintaining its reputation and ensuring the trust of its stakeholders. This report will highlight UCB's corporate governance practices and evaluate the effectiveness of its governance framework in achieving its strategic objectives, managing its risks, and meeting its obligations to its stakeholders. The report will provide an overview of UCB's governance structure, its policies and procedures, and the mechanisms in place for monitoring and reporting on its performance.

Syncing Governance with Bank's Vision, Mission, and Values

Corporate vision, mission, and values are important components of governance, as they provide a framework for decision-making and guide the behaviour of the organization. The vision is a statement of the Bank that articulates the long-term aspirations of the organization, while the Bank's mission outlines its purpose and the actions it takes to achieve its vision. UCB has values that are the guiding principles which underpin the Bank's culture and inform its decision-making.

Together, the vision, mission, and values of the Bank form the foundation of its overall governance, providing a clear sense of direction and purpose. They are helping to align the Bank around a common set of goals and principles and provide a framework for decision-making that is consistent with the Bank's broader objectives. UCB believes that effective governance, including a well-defined vision, mission, and set of values, is crucial to the long-term success of an organization and UCB nurtures it in a good manner. The vision, mission, and values of UCB are presented at the beginning of the Annual Report for stakeholders' convenience.

Breaking Down the Agency Problem Towards Sustainable Bank

The agency problem in the context refers to the potential conflict of interest between the Bank's Management, who are the agents, and its shareholders, who are the principals. The Management may act in their self-interest rather than in the best interests of the shareholders, which can lead to value destruction for the shareholders. UCB is very caring regarding breaking down the agency problem if arises. The Board of Directors are overseeing the Management and ensures that they act in the best interests of the shareholders. The Board is independent and diverse, and it has the necessary skills and experience to provide effective oversight. UCB appointed independent Directors and ensured that the Board is not dominated by the Management.

UCB implemented strong risk Management policies and procedures to mitigate the risks that may arise from the agency problem. UCB implemented a robust internal control system, an effective audit committee, and a system of checks and balances to prevent fraud and other unethical behaviour throughout the Bank environment.

UCB is continuously working and ensuring the best practice to improve transparency by providing clear and comprehensive information to the shareholders, the Board, and the public. This can include regular financial reporting, regulatory compliance, and clear communication of the Bank's strategy to the stakeholders. By implementing good governance practices, UCB believes that it will lead to long-term value creation for the shareholders and a stronger, more sustainable Bank.

Good Governance Practiced by the Board of Directors of UCB

Governance and the Board of Directors are closely related as the Board is the primary governing body responsible for overseeing the Management of an organization and ensuring that the organization is run in the best interests of its stakeholders. The Board of Directors is responsible for overseeing the Management of the organization and ensuring that it is run by good governance practices. The Board's

responsibilities include setting the organization's strategy and goals, monitoring performance against those goals, appointing and compensating senior Management, and ensuring compliance with legal and regulatory requirements. Effective governance by the Board can help to ensure that the organization is managed in a responsible and sustainable manner, creating long-term value for its stakeholders. This includes ensuring that the organization operates ethically and transparently, managing risks effectively, and promoting diversity and inclusion.

UCB, a Bank with a firm commitment to inclusive and sustainable growth, has ingrained in its core values the principles of good governance. As a locally incorporated Bank, two key regulators-Bangladesh Bank (Central Bank of Bangladesh) and Bangladesh Securities and Exchange Commissions regulate to ensure good governance practices. BSEC has a significant impact on the Bank's governance structure and practices through Corporate Governance Code.

The corporate governance concept of the UCB, however, also includes a number of internal rules, policies, protocols, and best practices of regional and international institutions in addition to statutory and legal requirements. In order to foster trust among stakeholders, the Bank is dedicated to following good governance principles founded on honesty, transparency, justice, expertise, and responsibility. The Corporate Governance philosophy of UCB consists of –

- a) Generating value for all parties involved without sacrificing moral values.
- b) Ensuring the reasonable and equal handling of all parties involved, including stockholders and workers.
- c) Adherence to the letter and intent of all relevant laws, rules, and regulations.
- d) Upholding a complete disclosure strategy with the adage "when in question, disclose" and ensuring accountability.
- e) Adopting a trusteeship paradigm in which Management, rather than being the proprietor, is the trustee of the capital of the shareholders.
- f) Setting up a reliable system of internal controls and Risk Management with sufficient protections and early notification systems.

Governance Structure of United Commercial Bank PLC

UCB follows a very simplistic and effective governance structure model aligned with every stakeholder.

UCB entrusts with the theme- "The Way of Life, rather a Mere Legal Compulsion". The shareholders of the Bank elect/approve the appointment/reappointment of the Board of Directors. They also appoint statutory auditors for the Bank. The Board forms different Committees- a) Executive Committee b) Audit Committee c) Risk Management Committee; maintaining regulatory compliance. The Board appoints the Management and directs to manage the business with the support of different resources to ensure quality services to the stakeholders in an efficient and effective manner. The Bank, through its

Board and Committees, endeavours to strike and deliver the highest governing standards for the benefit of its stakeholders. The Auditors through the audit Committee placed the audit report to the Board. In UCB, due importance is given to major parameters of corporate governance to ensure Fairness, Transparency, Accountability, and Responsibility.

Formation of the Board of Directors of UCB and its Structure

UCB utters to believe that its Board of Directors should be made up of competent and highly skilled individuals in order to effectively formulate policy guidelines, supervise business operations of the Bank, and ensure good governance in Bank administration. The Board currently comprises 16 (Sixteen) numbers of Non-Executive Directors including the Chairman, 3 (three) Non-executive Independent Directors, and One Managing Director (Ex-officio). Among the 20 (Twenty) members of the Board of Directors, 4 (Four) positions are held by women including the Chairman.

The BoD is made up of well-known company owners and executives with expertise in a wide variety of industries and operations. Together, they have increased the Board's knowledge and experience in a variety of fields, including Banking and finance, accounting, economics, marketing, Management, law, and the arts. The Board now has a unique perspective for managing and overseeing the Bank to accomplish its goals through its rich and varied experiences.

Directors' Election/ Re-election/ Appointment

The Board of Directors of the Bank has been appointed in accordance with the Companies Act 1994, Bank Companies Act 1991, Articles of Associations of the Bank, and other regulatory requirements. The Bank also followed the regulatory requirements for appointing Independent Directors for the Board of Directors. With regards to nomination, removal, and casual vacancy of the Directors, Bank follows all relevant rules and regulations of the respective regulatory bodies.

Non-Executive Directors of the Bank

Except for the Managing Director and CEO, all of UCB's Directors, including the chairman, are non-executive Directors. Regularly attending Board meetings, the Directors actively engage in the deliberations and conversations. They took a proactive role in the Bank's overall strategy development. However, they do not take part in or meddle with the Bank's managerial, operational, or daily activities. Additionally, they protect the privacy of the Bank's plan materials, Board and committee meeting talks, notes, and minutes.

Independence of the Non-Executive Directors

There is broad consensus regarding the importance of the active engagement of the Directors in the guidance and formulation of policies for the Bank. Independence does not lend itself to a precise definition. It is in large part dependent on the particular governance function

being performed by the Directors. A corporate Director's role includes two principal functions: a decision-making function and an oversight function. The decision-making function involves actions taken at a particular point of time, while the oversight function involves ongoing monitoring over a period of time. In the context of the Board's decision-making function, the question of independence necessarily requires a case-by-case evaluation based on the facts and circumstances surrounding the particular subject before the Board. Generally, the analysis focuses on whether the Director is able to base his or her decision on the corporate merits of the subject rather than extraneous considerations or influences. The Directors of UCB are meaningfully independent to ensure the best governance practice within the Bank considering the stakeholders' interest.

Independent Directors and their Independence

In compliance with the Corporate Governance Guidelines issued by BSEC, Bank Company Act 1991 (amended up to 2018), and Corporate Governance Guidelines issued by Bangladesh Bank, the Board of Directors of the Bank has appointed 3 (three) number of Independent Directors in its Board and one of whom is the Chairman of the Board Audit Committee. The Independent Directors are conversant in the field of financial, regulatory, and corporate laws; enjoy full freedom to carry out their assigned responsibilities.

In order to ensure a Director is eligible as an Independent Director, the Board establishes that the Director has no substantial relationship with UCB either as a partner, shareholder or officer of an organization that has a relationship with UCB that would prevent that nominee from becoming an Independent Director. For the purpose of true independence, Board decided that its Independent Directors do not hold any share of the Bank; not associated with the Bank's Promoters or Directors or Shareholders who maintain one percent or more of the total paid-up share of the Company; not related with the existing Directors or families; does not have any other relationship, whether monetary or otherwise with the company or its subsidiary/ associate companies; not a member, Director or officer of any Stock exchange and who is not a shareholder, Director or officer of any stock exchange or an intermediary of the capital market. The Independent Director is appointed for a period of three years which may be extended by one term only. A person cannot be appointed Independent Director who has already been appointed such Director of five other listed companies. The Board ensures that all these guidelines are strictly followed by the Independent Directors appointed by them.

As per Bangladesh Bank's regulations, the Audit Committee is formed electing the Chair from the Independent Directors. As an Independent Director, the Chairman of the Audit Committee enjoys full freedom to carry out the Committee's assigned responsibilities.

Induction & Training of the Directors

New Directors and existing Directors are likely to require some key information in case of first and consecutive appointment to have updated knowledge about the latest position of the Bank and all related rules and regulations. Providing key information will help the Directors to have a better understanding of their roles and responsibilities. Provided key information including an introduction with the Board and Senior Management, Bank's current status, related strategic priorities and action plans, good governance practices, etc.

Besides, training of the Directors of the Bank includes sharing information on the latest update related to the Banking business such as relevant laws, policy guidelines, circulars, rules, and regulations issued by the regulatory authorities; so that they could effectively discharge the responsibilities as a Director of the Bank. Sometimes special discussion sessions are arranged with experts on highly technical and complex issues. They also participate in the programs and seminars organized by various professional bodies at home and abroad on business, economic, technical, professional, and corporate governance issues.

Code of Conduct of the Board of Directors of UCB

United Commercial Bank PLC has adopted this Director's Code (Code of Conduct) aiming to guide its Board of Directors in fulfilling their duties and responsibilities to the Bank. UCB believes that the Board is cooperatively responsible for promoting the success of the Bank by directing and supervising the Bank's affairs where the code of conduct plays a very significant role in some broader aspects. This Code of Conduct is prepared in compliance with the mentioned guideline of Bangladesh Bank and it is neither a conclusive nor final document; in contradiction with any laws, guidelines, or notifications, there will be scope for changing, altering, and adding time to time when it deems fit.

a) Foreword

The Board of Directors of UCB should be comprised of competent and professionally skilled persons to formulate policy guidelines and supervise the business activities of UCB efficiently as well as ensure good governance in the Bank Management. The responsibilities of the Board of Directors of a Bank company are more important than those of other companies; because in case of a Bank-company, it is essential to earn and maintain the confidence of the depositors as its business is mainly run with the depositors' money. The following directives are given to ensure good governance regarding the constitution of the Board of Directors, their duties & responsibilities, and other related activities:

b) Formation of Board of Directors

The newly amended Section 15 of the Bank Company Act, 1991 (Amended up to 2018) includes provisions for prior approval of Bangladesh Bank before the appointment of new Directors, as well as dismissal, termination, or removal of any Director from the post; Director's fit & proper criteria; the maximum number of Directors; appointment of independent Directors; appointment of maximum 4(four) members from a single family as Director; etc.

c) Appointment of a New Director

Under section 15(4) of the Bank Company Act, 1991 (amended up to 2018), Bank at the time of taking prior approval from Bangladesh Bank for appointing/reappointing Directors should furnish the following documents along with the application:

- Personal information of the nominated person (Appendix-ka);
- Nominated person's declaration (Appendix-kha);
- Declaration for confidentiality' by the nominated person (Appendix-ga);
- In the case of the Independent Director, the approval letter from Bangladesh Securities and Exchange Commission (BSEC);
- In the case of an Independent Director, a declaration of the Director concerns as Appendix-gha (he will also submit a declaration under Appendix-ka, kha & ga);
- CIB report of the nominated person;
- The updated list of Directors.

d) Vacation of office of Director

The office of the Director shall be vacated according to the instructions specified in section 108(1) of the Companies Act, 1994. Besides, when a Bank Director becomes a defaulter and does not repay the loan within two months after getting a notice under section 17 of the Bank Company Act, 1991; provides a false statement at the time of appointment; or fails to fulfil the minimum eligibility criteria, the office of the Director will be vacated.

If the office of a Director is vacated by a notice under section 17 of the Bank Companies Act, the person will not be eligible to become a Director of the Bank for one year from the date of repayment of the total amount due to the Bank. It is mentionable here that the dues can be adjusted with the shares held by the Director in that Bank. When a Director receives a notice under section 17 of BCA, 1991, he/she can't transfer his/her shares of that Bank until he/she repays all the liabilities of the noticed Bank or financial institution.

Besides, Bangladesh Bank can remove a Director or chairman of a Bank, for conducting any kind of activities that is detrimental to the interest of the Bank's depositors or against the public interest under Section 46 and can supersede the Board of a Banking company under Section 47 of BCA, 1991.

e) Removal of Directors from office

The newly amended Section 15 of the Bank Company Act, 1991 (Amended up to 2018) and Bangladesh Bank's Circular include provisions and instructions for prior approval of Bangladesh Bank before the appointment of new Bank Directors, as well as dismissal, termination or removal of any Director from the post; Director's fit & proper criteria. In this case, the removal will be effective from the date of Bangladesh Bank's approval.

f) Appointment of Alternate Director

- Subject to compliance with section 101 of the Companies Act, 1994, an alternate Director can be appointed to act for a Director during his absence for a continuous period of not less than three months from Bangladesh. In this context, the following instructions should be followed:
- Bank has to collect and properly maintain the documentary evidence relating to the departure and arrival of the original Director. If there is any exception, the chief executive officer should immediately inform Bangladesh Bank.
- A copy of the decision of the Board regarding the appointment of an alternate Director, with the original Director's probable return date from abroad, should be sent to Bangladesh Bank within 7 days of taking the decision and the Director's arrival date must be intimated to Bangladesh Bank immediately after his return.
- Any loan defaulter or any person who is not eligible to become a Director as per any rules & regulations will not be appointed as an alternate Director.
- As the appointment of an alternate Director is a temporary measure; therefore, he/she will not be included in any kind of committee constituted by the Board.
- While in the office, an alternate Director or his/her affiliated organization will not get any kind of loan facilities from his Bank. In the case of a previous loan, enhancement of limit or extension of period or any kind of exemption or interest waiver will not be allowed. Moreover, all restrictions applicable to Directors according to rules & regulations will also apply to the alternate Director.

g) Roles and Responsibilities of the Board of Directors

Setting the Bank's vision, purpose, and policies as well as deciding on goals, objectives, and strategies to ensure the effective use of the Bank's resources are some of the Board's major roles and responsibilities. In accordance with Bangladesh Bank BRPD Circular No. 11 dated October 27, 2013, and other pertinent statutes and rules, the Board of Directors' duties are listed below (not limited to).

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| <p><i>Work planning and strategic Management</i></p> | <p><i>i. The Board shall determine the objectives and goals and to this end shall chalk out strategies and work plans on an annual basis. It shall especially engage itself in the affairs of making strategies consistent with the determined objectives and goals and in the issues relating to structural change and reformation for enhancement of institutional efficiency and other relevant policy matters. It shall analyze/monitor, at quarterly rests, the development of the implementation of the work plans.</i></p> <p><i>ii. The Board shall have its analytical review incorporated in the Annual Report as regards the success/failure in achieving the business and other targets as set out in its annual work plan and shall apprise the shareholders of its opinions/recommendations on future plans and strategies. It shall set the Key Performance Indicators (KPI) for the CEO & officers immediately two tiers below the CEO and have it evaluated from time to time.</i></p> |
| <p><i>Credit and risk Management</i></p> | <p><i>i. The policies, strategies, procedures, etc. in respect of appraisal of loan/investment proposal, sanction, disbursement, recovery, reschedule and write-off thereof shall be made with the board's approval under the purview of the existing laws, rules, and regulations. The board shall specifically distribute the power of sanction of loan/investment and such distribution should desirably be made among the CEO and his subordinate executives as much as possible. No Director, however, shall interfere, direct or indirect, in the process of loan approval.</i></p> <p><i>ii. The Board shall frame policies for risk Management and get them complied with and shall monitor the compliance at quarterly rests and review the concerned report of the risk Management team and shall compile in the minutes of the board meeting. The board shall monitor the compliance of the guidelines of Bangladesh Bank regarding key Risk Management.</i></p> |
| <p><i>Internal Control Management</i></p> | <p><i>The board shall be vigilant on the internal control system of the Bank in order to attain and maintain the satisfactory qualitative standards of its loan/investment portfolio. The board will establish such an internal control system so that the internal audit process can be conducted independently from the Management. It shall review the reports submitted by its audit committee at quarterly rests regarding the compliance of recommendations made in internal and external audit reports and the Bangladesh Bank inspection reports.</i></p> |
| <p><i>Human resources Management and development</i></p> | <p><i>i. Policies relating to recruitment, promotion, transfer, disciplinary and punitive measures, human resources development, etc. and service rules shall be framed and approved by the board. The chairman of the Directors shall in no way involve themselves or interfere in or influence any administrative affairs including recruitment, promotion, transfer, and disciplinary measures as executed under the set service rules. No member of the board of Directors shall be included in the selection committees for recruitment and promotion to different levels. Recruitment, promotion, transfer & punishment of the officers immediately two tiers below the CEO shall, however, rest upon the board. Such recruitment and promotion shall have to be carried out complying with the service rules i.e., policies for recruitment and promotion.</i></p> <p><i>ii. The board shall focus its special attention to the development of skills of the Bank's staff in different fields of its business activities including a prudent appraisal of loan/investment proposals, and to the adoption of modern electronic and information technologies, and the introduction of effective Management Information System (MIS). The board shall get these programs incorporated into its annual work plan.</i></p> <p><i>iii. The board will compose a Code of Ethics for every tier and they will follow it properly. The board will promote a healthy code of conduct for developing a compliance culture.</i></p> |
| <p><i>Financial Management</i></p> | <p><i>i. The annual budget and the statutory financial statements shall be finalized with the approval of the board. It shall at quarterly rests review/monitors the positions in respect of the Bank's income, expenditure, liquidity, non-performing asset, capital base and adequacy, maintenance of loan loss provision, and steps taken for recovery of defaulted loans including legal measures.</i></p> <p><i>ii. The board shall frame the policies and procedures for the Bank's purchase and procurement activities and shall accordingly approve the distribution of power for</i></p> |

making such expenditures. The maximum possible delegation of such power of expenditures shall rest on the CEO and his subordinates. The decision on matters relating to infrastructure development and purchase of land, buildings, vehicles, etc. for the purpose of the Bank's business shall, however, be adopted with the approval of the board.

iii. The board will review whether an Asset-Liability Committee (ALCO) has been formed and working according to Bangladesh Bank guidelines.

h) Information regarding Directors

- The Board should keep an updated list of Bank Directors,
- The concern should send a Directors' list to other Banks or financial institutions immediately after the appointment or release of the Director.
- List of Directors should be uploaded on the website and updated regularly.

i) Confidentiality of the Board of Directors

Each Director, during his or her tenure as a Director and after leaving the Board, must maintain the confidentiality of information entrusted to him or her by the Bank and its customers, except when disclosure is required by law or regulation or is otherwise expressly authorized in advance by the Board or the Bank's Legal Department. Confidential information includes all non-public information that might be used by the Bank's competitors, or that, if disclosed, might be harmful or may affect the interests of the Bank and other parties who have business dealings with the Bank, or its customers. It also includes information that customers and vendors have entrusted to the Bank.

j) Conflicts of Interest

Directors are expected to make business decisions on behalf of the Bank free from conflicting outside interests. It is a violation of this Code and of the Bank's policies to foster personal or business interests (or those of others with whom such persons have a personal or business relationship) at the expense of the Bank. Although it is impossible to cover every potential conflict of interest situation, a potential conflict exists whenever a Bank's Director has an outside interest, directly or indirectly, which conflicts with their duty to the Bank or adversely affects their judgment in the discharge of their responsibilities to the Bank. The appearance of a conflict of interest may be just as damaging to the Bank's reputation as a real conflict of interest and may be difficult to discern. The Bank's Directors are expected to objectively assess their actions periodically to determine whether a reasonable, disinterested observer, a customer, a supplier, a shareholder, an acquaintance, or a government official would have grounds to believe a conflict of interest exists.

k) Duality of Chairperson of the Board of Directors and Managing Director & Chief Executive Officer

- The positions of the Chairperson of the Board and the Managing Director (MD) & Chief Executive Officer (CEO) of the Bank shall be filled by different individuals;
- The Managing Director (MD) & Chief Executive Officer (CEO) of the Bank shall not hold the same position in another listed company;
- The Chairperson of the Board shall be elected from among the non-executive Directors of the Bank;
- The Board shall clearly define the respective roles and responsibilities of the Chairperson and the Managing Director & Chief Executive Officer;
- In the absence of the Chairperson of the Board, the remaining members may elect one of their non-executive Directors as Chairperson for that particular Board's meeting; the reason for the absence of the regular Chairperson shall be duly recorded in the minutes.

l) Meeting of the Board of Directors

The Board of Directors may meet once or more than once a month if necessary. But the Board of Directors shall meet at least once in every three months. Excessive meetings are discouraged.

Performance Evaluation of the Board of Directors

The UCB Board of Directors is governed by the Directors' Code of Conduct. Even though UCB does not have a policy for annual evaluation of the Board's performance, the Bank rigorously adheres to the guidelines prescribed by the country's various regulators, including Bangladesh Bank. It is pertinent to note that the Board of Directors evaluates the consistent performance of the Bank based on the implementation status of approved projects and proposals. First and foremost, the Board has been evaluated through the Annual General Meeting (AGM) with the direct participation of the Bank's shareholders.

Chairman of the Board of Directors of UCB

A chair of the board (COB) holds the most power and authority on the board of Directors and provides leadership to the firm's officers and executives. The chair of the board ensures that the firm's duties to shareholders are being fulfilled by acting as a link between the board and upper Management.

Mrs. Rukhmila Zaman, a young woman entrepreneur in the Country, is the Chairman of United Commercial Bank PLC. The Chairman aspires to significantly contribute to the economic development of the country and the society in which the Bank operates. Her priority is to generate positive and lasting effects for clients and employees. The Chairman is ardently working to uphold corporate culture and values to establish a connection of trust with the community she serves.

a) Election of the Chairman

Mrs. Rukhmila Zaman is a non-executive Director of the Board of United Commercial Bank PLC. She was re-elected as the Chairman of the Board of Directors by the direct participation of the other members of the Board. She does not personally possess the jurisdiction to apply policy-making or executive authority, she does not participate in or interfere in the administrative or operational, and routine affairs of the Bank.

b) Role and Responsibility of the Chairman

The Chairman's roles and responsibilities are as follows:

- Provides leadership and governance of the Board to create the conditions for the overall Board's and individual Director's effectiveness, and ensures that the Board discusses all key and pertinent issues on time.
- Establish standard corporate governance practices and procedures, and promote the highest standards of integrity, probity, and corporate governance throughout the Bank, especially at the Board level.
- Ensures that shareholders are effectively communicated with and that each Director develops and maintains an understanding of stakeholder perspectives.
- Promotes effective relationships and open communication, and fosters an environment conducive to constructive debates on Bank-improving proposals.
- Since the chairman of the board of Directors lacks the authority to make policy or exercise executive authority, she shall not participate in or interfere with the administrative or operational and routine affairs of the Bank.
- The chairman is permitted to conduct on-site inspections of any Bank branch or financing activities within the scope of the board's supervision responsibilities. She may request any information on the Bank's operations or request an investigation into any such matters; she may submit such information or investigation report to the meeting of the board or the executive committee, and if deemed necessary, with the board's approval, she shall take the appropriate action in accordance with the established rules through the CEO. However, any complaint against the CEO must be communicated to Bangladesh Bank via the board along with the CEO's statement.

- The Chairman is responsible for fostering a culture of Corporate Governance within the organization.
- The Chairman is responsible for ensuring that the Bank is perceived as an organization that values business ethics and social responsibilities.

c) Code of Conduct of the Chairman

The Bank is committed to being a responsible and ethical member of the business communities in which it operates. The Bank strives to maintain the utmost levels of honesty, integrity, and morality at all times. This Code is intended to serve as a source of governing principles for the Chairman, despite the fact that no code or policy can anticipate all possible situations. This Code does not contain exclusive or exhaustive standards. The Chairman of the Board of Directors must comply with all applicable laws, rules, and regulations, regardless of whether they are specifically addressed in this Code. It is pertinent to mention here that the code of conduct of the Chairman was supposed to be recommended by the Nomination and Remuneration Committee (NRC), but due to restrictions of Bangladesh Bank the Committee is not in operation. The following code of conduct was generally adopted by the Board for the Chairman.

Compliance with Laws, Regulations, And Policies

The Chairman of the Board shall serve as the Bank's ambassador. The Chairman endeavours to ensure that all Bank activity is conducted in accordance with applicable laws and regulations. When interacting with customers, suppliers, competitors, or other third parties, the Chairman shall not make any commitments or enter into any agreements that are illegal, discriminatory, or anti-competitive. In addition to complying with laws and regulations, the Chairman is expected to conduct business with consumers, suppliers, governmental bodies, and partners with integrity and professionalism.

Fair and Honest Transactions

The Chairman of the Board shall manage and lead the Bank's Board of Directors with integrity and fairness. The Chairman is expected to uphold a culture that emphasizes honesty, integrity, fairness, trust, competence, professionalism, discipline, and collaboration, as well as truthfulness and high moral standards in day-to-day interactions and behavior within and outside the Bank.

Divergences of Interest

The Chairman must uphold the utmost levels of integrity and morality. These include, but are not limited to, sensitivity to the existence or appearance of a conflict of interest or the prospect of one. Conflicts of interest can arise in many forms and the Chairman must always be sensitive to those situations in which they are most likely to be present. The Chairman must always act in the greatest interest of the Bank.

- **Compliance with Insider Trading Regulations**

Insider information is defined as knowledge of data, projects, transactions, or processes, the disclosure of which could affect the stock market price of securities, particularly resulting in substantial price movements of the Bank's stock or other financial instruments. The Chairman must comply with applicable insider trading laws when trading with insider information.

- **Non-Public Information**

Confidential information encompasses all non-public information that, if disclosed, could be useful to competitors or detrimental to the Bank. The Chairman shall take all reasonable precautions to protect such sensitive information.

- **The Accuracy and Authenticity of Financial Documents**

The preparation and maintenance of accurate books, records, and accounts are mandated by law and necessary for meeting financial, legal, and reporting obligations. The Chairman shall instruct the concerned people to ensure that all financial data are recorded completely and accurately.

- **Environment and Safety & Health**

The Chairman is committed to adhering to and encouraging adherence to all applicable environmental and Health & Safety laws, regulations, and standards. The Chairman shall encourage employees to adhere to all applicable Health & Safety rules, regulations, and work instructions.

- Assumes financial, business, and administrative responsibilities when delegated by the board, and is responsible for achieving financial and other business objectives via business plan, efficient implementation, and prudent administrative and Financial Management.
- Ensures compliance with the Bank Company Act, 1991 (amended up to 2018) and other relevant laws and regulations when performing routine Bank functions; responsible for reporting any violations to Bangladesh Bank.
- Whenever the Management presents a memorandum at a Board Meeting or Board Committee Meeting, the CEO highlights any deviations from the Bank Company Act, 1991 (amended through 2018) and other applicable laws and regulations.
- The CEO is responsible for the hiring and promotion of all Bank employees except those in the two levels below him. In such situations, he acts in accordance with the Bank's approved service norms.
- He has the authority to transfer and implement disciplinary measures against staff, excluding those two levels below the CEO, in accordance with the approved service rules. The authority relates the preparation of financial statements along with different reports in line with the requirement of primary and related regulatory bodies. He has the authority to ensure publishing the Annual Report maintains a true picture of the company's performance.
- The Managing Director is an executive ex-officio Director who can play a vital role to establish corporate governance within the organization by complying with all respective rules and regulations.

The Managing Director & Chief Executive Officer of the Bank.

Mr. Arif Quadri, a prominent and professional Banker with years of rewarding multi-dimensional experience in Banking and other fields of Management is the Managing Director & CEO of United Commercial Bank PLC. He was appointed by the Board of Directors ensuring all the related rules and regulations of Bangladesh Bank including the Company Act of 1994, and the Bank Companies Act of 1991.

a) Role and Responsibilities of the Managing Director & Chief Executive Officer of the Bank

- The Managing Director & CEO of the Bank is dedicatedly responsible to maintain the responsibilities which are assigned in the Bank's Articles of Association and instructions given by the Bangladesh Bank. Besides, the following are maintained by the Managing Director & Chief Executive Officer of the Bank.
- He is responsible for implementing Board policies and managing the Bank as a whole. The Board has delegated him financial, commercial, and administrative authority to carry out his responsibilities.

b) Performance Evaluation of the Managing Director & CEO of the Bank

Annually, the Board revises the Strategic Priorities & Action Plans document used to evaluate the CEO and Management. The CEO is evaluated annually based on predetermined KPIs for the upcoming years. The Board has the ability to evaluate UCB's chief executive officer whenever it chooses. The CEO is evaluated at the conclusion of his tenure, and the Board considers reappointing him for another term based on this evaluation. At the beginning of each year, the Board engages in exhaustive discussions with the Managing Director & CEO to determine the Bank's financial and non-financial goals. The Board reviews and approves the annual financial budget at the beginning of the fiscal year. Quarterly, the Board evaluates the business and financial objectives based on actual accomplishments. Each quarter, the Board also evaluates the non-financial successes. In addition, an annual evaluation and assessment of objective accomplishments and deviations are conducted at the end of each year.

Benefits availed by the Chairman, Directors, and The Managing Director & CEO

According to Bangladesh Bank's Circulars, Guidelines may only offer the following facilities to Directors:

- **Chairman:** According to the BRPD circular of Bangladesh Bank, the Chairman of the Board of Directors is entitled to receive an office chamber, a private secretary, an office assistant, a telephone in the office, a full-time automobile, and a mobile phone for use within the country; the Bank is following so.
- **Directors:** Directors are entitled to fees and other benefits for attending Board/sub-committee (EC/AC/RMC) meetings. Financial Statements described the benefits provided to Directors.

- **Managing Director & Chief Executive Officer:** The Managing Director receives a salary, allowances, and other benefits in accordance with his service contract, which has been approved by the Board and Bangladesh Bank.

Rotation of the Directors

According to clauses 108 and 109 of the Articles of Association of UCB, at the Ordinary General Meeting in every subsequent year one-third (1/3rd) of the Directors shall retire from the office of Director. The Directors to retire by rotation every year shall be those who have been longest in office since their last election. Besides, according to clause 110, A Director retiring by rotation shall be eligible for re-election.

a) List of Directors who were retired and re-elected in the last AGM:

In the 39th AGM, the following 6 Directors retired from the office of Director.

| SL | Name | Mode of Change |
|----|-----------------------------|----------------------|
| 01 | Bazal Ahmed | Retired & Re-elected |
| 02 | Anisuzzaman Chowdhury | Retired & Re-elected |
| 03 | Hajee M. A. Kalam | Retired & Re-elected |
| 04 | Asifuzzaman Chowdhury | Retired & Re-elected |
| 05 | Prof. Dr. Md. Jonaid Shafiq | Retired & Re-elected |
| 06 | Md. Aksed Ali Sarker | Retired & Re-elected |

As they were eligible for re-election, their appointment was placed before the Shareholders and the shareholders re-elected them.

b) Brief Resume of the Directors who were re-elected

| 01 | Personal Information | | Corporate Information | |
|--|----------------------|--|-----------------------|------------|
| | Name | Bazal Ahmed | First Appointment | 21.01.1989 |
| Date of Birth | 12.04.1969 | Last Appointment | 09.06.2022 | |
| Nationality | Bangladeshi | Status in Bank | Director | |
| Entities where he has an interest | | | | |
| 1. M/S Taj Accessories (Pvt) Limited | | 2. M/S Saikat Textile Industries Limited | | |
| 3. M/S Deen Fashions Limited | | | | |

| 02 | Personal Information | | Corporate Information | |
|--|----------------------|--------------------------------------|-----------------------|------------|
| | Name | Anisuzzaman Chowdhury | First Appointment | 14/02/2012 |
| Date of Birth | 13/05/1972 | Last Appointment | 09/06/2022 | |
| Nationality | Bangladeshi | Status in Bank | Director | |
| Entities where he has an interest | | | | |
| 1. Asif Steels Limited | | 2. Asif Synthetic Fibres Limited | | |
| 3. Javed Steel Mills Limited | | 4. Holy Crescent Hospital Limited | | |
| 5. Vanguard Steel Limited | | 6. Ronny Chemical Industries Limited | | |
| 7. Afroza Oil Limited | | 8. Navana Pharmaceuticals Limited | | |

| 03 | Personal Information | | Corporate Information | |
|--|----------------------|----------------------------|-----------------------|------------|
| | Name | Hajee M. A. Kalam | First Appointment | 29/06/1983 |
| Date of Birth | 02/01/1946 | Last Appointment | 09/06/2022 | |
| Nationality | Bangladeshi | Status in Bank | Director | |
| Entities where he has an interest | | | | |
| 1. M/s. M. A. Kalam Limited | | 2. Arab Plantation Limited | | |
| 3. M/s. United Overseas (BD) Limited | | 4. Modern Bricks Limited | | |

| 04 | Personal Information | | Corporate Information | |
|---|----------------------|---------------------------------------|-----------------------|------------|
| | Name | Asifuzzaman Chowdhury | First Appointment | 11/11/2012 |
| Date of Birth | 07/07/1978 | Last Appointment | 09/06/2022 | |
| Nationality | Bangladeshi | Status in Bank | Director | |
| Entities where he has an interest | | | | |
| 1. Asif Steels Limited | | 2. Bangladesh Fertilizer Limited | | |
| 3. Javed Steel Mills Limited | | 4. Asif Cotton Mills Limited | | |
| 5. Vanguard Steel Limited | | 6. Asif Synthetic Fibres Limited | | |
| 7. Afroza Oil Limited | | 8. JASA Corporation Limited | | |
| 9. Bhatiary Fruits & Vegetable Products (Pvt) Limited | | 10. Ronny Chemical Industries Limited | | |

| 05 | Personal Information | | Corporate Information | |
|---|----------------------|--|-----------------------|------------|
| | Name | Prof. Dr. Md. Jonaid Shafiq | First Appointment | 08.05.2019 |
| Date of Birth | 13.12.1960 | Last Appointment | 09.06.2022 | |
| Nationality | Bangladeshi | Status in Bank | Director | |
| Entities where he has an interest | | | | |
| 1. Navana Pharmaceuticals Limited | | 2. Dhaka Specialized Pain Management & Research Center Limited | | |
| 3. Japan Bangladesh Friendship Hospital Pvt. Limited | | 4. Visteon Electronics Limited | | |
| 5. Japan Bangladesh Friendship Medical Services Limited | | 6. Dhaka Evergreen Retirement Homes Pvt. Limited | | |
| 7. Japan Bangladesh Medical Associates Limited | | 8. AMDA Agro Farms Limited | | |

| 06 | Personal Information | | Corporate Information | |
|--|----------------------|----------------------|-----------------------|------------|
| | Name | Md. Aksed Ali Sarker | First Appointment | 29/12/2021 |
| Date of Birth | 31/12/1963 | Last Appointment | 09/06/2022 | |
| Nationality | Bangladeshi | Status in Bank | Director | |
| Entities where he has an interest | | | | |
| NIL | | | | |

c) Rotation of the Directors in the upcoming AGM

According to the Articles of Associations of the Bank, 5 Directors will retire in the 40th Annual General Meeting of the Bank and all of them are eligible for re-election.

Meeting of the Board of Directors

A Board Meeting is a formal meeting of the board of Directors of an organization and any guests, held at regular intervals and as needed to approve the business agenda, review performance, discuss policy issues, address major problems, and conduct the board's legal business. The Board meetings of the Board of Directors of United Commercial Bank PLC. were held maintaining the due diligence and the

secretarial standard issued by the Institute of Chartered Secretaries of Bangladesh (ICSB). The Board of Directors holds regular meetings, typically One per month, but emergency meetings are called as needed. Management provides all Directors with information, references, and detailed working papers for each agenda item well in advance of the scheduled BoD meeting. In the meeting, the Chairman of the Board of Directors allows sufficient time for the Directors to consider each item on the agenda and allows them to freely discuss, inquire, and express their opinions on the items of interest so that they can perform their responsibilities to the best of their abilities. During the year 2022, a total of 12 Board Meetings were held.

a) Meeting Calendar

| SL | Board Meeting No. | Date of the Board Meeting |
|----|-------------------|---------------------------|
| 01 | 467 | 24.01.2022 |
| 02 | 468 | 20.02.2022 |
| 03 | 469 | 30.03.2022 |
| 04 | 470 | 19.04.2022 |
| 05 | 471 | 12.05.2022 |
| 06 | 472 | 06.07.2022 |
| 07 | 473 (Special) | 28.07.2022 |
| 08 | 474 | 28.07.2022 |
| 09 | 475 | 24.08.2022 |
| 10 | 476 | 08.09.2022 |
| 11 | 477 | 23.10.2022 |
| 12 | 478 | 28.12.2022 |

b) Attendance of the Board Meeting of the Board of Directors

| SL | Name | Status with the Board | Total Meetings held during the year | Total Meetings held during their period | Attended | Absent | Remarks |
|----|----------------------------|--|-------------------------------------|---|----------|--------|---------|
| 1 | Rukhmila Zaman | Chairman | 12 | 12 | 9 | 3 | |
| 2 | Bashir Ahmed | Vice Chairman | 12 | 12 | 10 | 2 | |
| 3 | Anisuzzaman Chowdhury | Chairman - Executive Committee | 12 | 12 | 10 | 2 | |
| 4 | Touhid Shipar Rafiquzzaman | Independent Director & Chairman, Audit Committee | 12 | 12 | 12 | 0 | |
| 5 | M. A. Sabur | Chairman - Risk Management Committee | 12 | 12 | 10 | 2 | |
| 6 | Bazal Ahmed | Chairman, Shariah Supervisory Committee | 12 | 12 | 10 | 2 | |
| 7 | Nurul Islam Chowdhury | Director | 12 | 12 | 11 | 1 | |

| SL | Name | Status with the Board | Total Meetings held during the year | Total Meetings held during their period | Attended | Absent | Remarks |
|----|------------------------------------|-------------------------|-------------------------------------|---|----------|--------|--|
| 8 | Hajee Yunus Ahmed | Director | 12 | 12 | 8 | 4 | |
| 9 | Hajee M. A. Kalam | Director | 12 | 12 | 5 | 7 | |
| 10 | Roxana Zaman | Director | 12 | 12 | 10 | 2 | |
| 11 | Asifuzzaman Chowdhury | Director | 12 | 12 | 6 | 6 | |
| 12 | Afroza Zaman | Director | 12 | 12 | 10 | 2 | |
| 13 | Syed Kamruzzaman, FCMA | Director | 12 | 12 | 12 | 0 | |
| 14 | Muhammed Shah Alam, FCMA | Director | 12 | 12 | 12 | 0 | |
| 15 | Kanak Kanti Sen, FCMA | Director | 12 | 12 | 12 | 0 | |
| 16 | Md. Aksed Ali Sarker | Director | 12 | 12 | 12 | 0 | |
| 17 | Masuma Parvin | Director | 12 | 1 | 1 | 0 | 1 meeting was held during her tenure |
| 18 | Dr. Aparup Chowdhury | Independent Director | 12 | 9 | 9 | 0 | 9 meetings were held during his tenure |
| 19 | Prof. Dr. Iftekhar Uddin Chowdhury | Independent Director | 12 | 1 | 1 | 0 | 1 meeting was held during his tenure |
| 20 | Arif Quadri | Managing Director & CEO | 12 | 12 | 12 | 0 | |

c) Attendance of the Past Member of the Board

| SL | Name | Total Meeting | Total Meetings held during their period | Total Attended | Total Absent | Remarks |
|----|---|---------------|---|----------------|--------------|---|
| 1 | Akhter Matin Chaudhury FCA (E&W), FCA, FCS | 12 | 8 | 5 | 3 | 8 meetings were held during his tenure |
| 2 | Prof. Dr. Md. Jonaid Shafiq | 12 | 10 | 9 | 1 | 10 meetings were held during his tenure |

ICT Governance by the Board of Directors

UCB is committed to preserving the confidentiality, integrity, and availability of all information and information assets critical to its Banking services in Bangladesh, and shall strive to ensure robust Information Security with a strong emphasis on an effective risk Management approach and continuous improvement. UCB established, implemented, maintained, and continuously improved a holistic and robust Information Security Management System in accordance with the applicable requirements, putting in place adequate and appropriate resources, which would enable it to effectively protect the "confidentiality", maintain the "integrity", and ensure the "availability" of its information assets, and to respond and recover from information security incidents. UCB also maintained a level of emergency preparedness for its Business Continuity and Disaster Recovery, ensuring that the company's operations continue under all circumstances.

UCB has identified supporting policies, and all employees and relevant stakeholders are expected to integrate them into the operational activities and culture, making it the responsibility of each and every employee and relevant stakeholder to maintain and make available to authorized personnel a robust information security structure. This policy has been communicated to all stakeholders pertinent to UCB's Information Security and is endorsed by the highest level of Management.

Chief Financial Officer, Head of Internal Audit & Compliance, and Company Secretary

a) Appointment of CFO, Head of ICC, and Company Secretary

The Bank appointed a Chief Financial Officer, a Head of Internal Control & Compliance and a Company Secretary as per the policy of the Bank and other regulatory laws and regulations.

They are well conversant in the field of financial, regulatory, and corporate laws to carry out their assigned responsibilities. The positions of the Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) are filled by different individuals. They are not holding the same position in any other listed companies.

b) Roles and Responsibilities of CFO, Head of ICC, and Company Secretary

The Board shall clearly define their respective roles, and responsibilities. To set out the following responsibilities of the CEO, BRPD Circular Letter No. 18 dated 27 October 2013 issued by Bangladesh Bank and Corporate Governance Code issued by BSEC on 03 June 2018 has been taken into consideration.

▪ Roles and Responsibilities of Chief Financial Officer

Faruk Ahammad is serving as the Bank's chief financial officer. The CFO oversees all of the organization's financial operations,

including accounting, financial reporting, taxes, and business control. CFOs oversee all aspects of financial decision-making and Management. The Chief Financial Officer is primarily responsible for directing the company's financial goals, objectives, and budgets. In addition, he advises the Board of Directors on the actions to be taken to maintain the high standards of financial supervision and reporting.

▪ Roles and Responsibilities of Company Secretary

The Company Secretary of the Bank, who is appointed by the Board, provides advice and support to the Board and is accountable to the Board, via the Chairman, for all matters pertaining to the effective operation of the Board and its Committees. The Company Secretary is accountable for advising the Board on governance issues and ensuring adherence to Board and Board Committee Charters and Procedures. ATM Tahmiduzzaman, FCS, Deputy Managing Director, is serving as the Bank's Company Secretary.

▪ Roles and Responsibilities of Head of Internal Audit & Compliance

Mohammed Khorshed Alam, Deputy Managing Director, is acting as the head of Internal Audit. The Head of Internal Audit and Compliance (HIAC) is accountable for the Bank's risk-based strategic internal audit plan and the Management of the internal audit function in accordance with the Bank's internal audit charter. Among the responsibilities is providing reasonable assurance on the organization's Risk Management and Internal Controls. This position evaluates the compliance of the entire organization with the Bank's internal policies and procedures, laws and regulations, and contractual provisions. Directly reporting to the Audit Committee of the Bank's Board of Directors is the Head of Internal Audit reports.

c) Attendance of the CFO, Head of ICC, and CS in Board Meeting

Chief Financial Officer (CFO), Head of Internal Control & Compliance (ICC), and the Company Secretary (CS) of the Bank attend the meetings of the Board of Directors, provided that the CFO, Head of ICC and/or the CS do not attend such part of a meeting which involves consideration of an agenda item relating to their matters.

Governance of Group Structure

United Commercial Bank PLC. has four subsidiary companies under its umbrella. The subsidiary companies were formed under the Companies Act 1994 and regulated by the existing regulatory bodies in the land. The Bank owns approximately 99.99% of the shares of each subsidiary company. The companies

follow good governance practices as the UCB does. Let's have a quick look at the subsidiary companies:

a) UCB Stock Brokerage Limited:

UCB Stock Brokerage Limited is one of the largest stock brokers in Bangladesh. It is a wholly-owned subsidiary of United Commercial Bank PLC, a market-leading first-generation Bank in Bangladesh. UCB Stock Brokerage Limited started its journey in June 2013. The company achieved exceptional growth over the years. In its first year of operation, UCB Stock Brokerage Limited ranked #102 among 250 stock brokers in Dhaka Stock Exchange (DSE). After only eight and a half years of operation, as on December 2021, the company ranked #1 among all the brokers in DSE. The company's success can be attributed to the following three factors –

- From the early stage of its operation, the company had the vision to be one of the top brokers in the country. Accordingly, the company set short-term and long-term strategies and changed the strategies in line with the evolving business scenario.
- UCB Stock Brokerage Limited put the right people in the right place which helped the company execute its strategic plans and reach its organizational goals. Moreover, the company, having effective leadership, managed to keep its human resources motivated to work towards the common vision.
- In this growth journey, UCB Stock Brokerage Limited remained compliant with regulations and took only calculated risks.

Over the years, the company has earned a reputation as one of the most trusted service providers by exceeding investors' expectations.

b) UCB Asset Management Limited

UCB Asset Management is backed by United Commercial Bank PLC. As a wholly-owned subsidiary of United Commercial Bank PLC, it has the unique advantage to offer a wide range of investment solutions that are difficult for others to replicate. UCB Asset Management has a strong team of investment professionals who have a long track record of managing mutual funds in Bangladesh. The team is consisting of top graduates from leading business schools, and has the right mix of youth and experience, enabling us to have a balanced approach while solving any problem. The Company believes that our well-defined investment process facilitates long-term value appreciation. The Investment team strictly follows a conscientious investment process to generate a lucrative risk-adjusted return.

c) UCB Investment Limited

UCB Investment was formed in 2011 and received its license to start operation as a fully-fledged merchant Bank on 5th October 2020

under the firm guidance of the founding Managing Director and CEO, Mr. Tanzim Alamgir. From the initiation- the company is committed to doing business in a socially responsible way. UCB Investment Limited already has a proven track record in contributing towards the development of the capital market in the country by initiating new products and solutions and looks forward to contributing to the favorable economic growth of the country by becoming a significant force in the capital market. The key strength of UCB Investment Limited comes from its people, who are highly talented investment professionals with vast and versatile experience in both local and international investment landscapes. Utilizing this knowledge and expertise, UCB Investment Limited covers all investment Banking services including Corporate Advisory, Fixed Income Securities, Local and Foreign Financing Arrangements, Issue Management Services, and Portfolio Management.

UCB Investment Ltd won first prize under Merchant Banking Category in “স্বাধীনতা সূবর্ণজয়ন্তী পুরস্কার ২০২১” by Bangladesh Securities and Exchange Commission (BSEC). Such recognition is proof of UCBIL's outstanding business excellence through initiating new products and solutions and contributing toward favorable economic growth as well as in the capital market of Bangladesh.

d) UCB Fintech Company Limited

One of the biggest strengths of the People of Bangladesh is resilience in the face of challenges, persistently figuring out solutions to any problem we confront. Inspired by this optimistic spirit, উপায় (upay) was founded to become a companion that makes the customer journey simple, secure, and convenient, while availing financial services.

উপায় (upay) is the digital financial service brand of UCB Fintech Company Limited, a subsidiary of the United Commercial Bank PLC. Upon receiving the license from Bangladesh Bank, উপায় (upay) started its journey in early 2021, offering a broad range of mobile financial services to people from all walks of life.

উপায় (upay) products and services include mobile transactions, utility bill payment, in-store and e-commerce payment, inward remittance, salary disbursement, airtime recharge, and other value-added financial services. Customers can avail of the services from our nationwide agent and merchant network at an affordable charge.

Driven by the 'Digital Bangladesh' vision, উপায় (upay) aims to actively contribute to transforming the financial landscape of the country. উপায় (upay) offers easy access to seamless digital financial solutions, touching the lives of millions of people, and thus driving financial inclusion in the country.

Governance of Boards of Directors Regarding the Subsidiary Companies of UCB

UCB has complied in full with the following provisions of the BSEC Corporate Governance Code pertaining to the governance of Boards of Directors of Subsidiary Companies:

- At least one Independent Director of UCB serves on the Board of the subsidiary Company.
- The minutes of the subsidiary companies' Board meetings will be reviewed at the next Board meeting of UCB.
- The Audit Committee of UCB reviews the Financial Statements, in particular the investments made by the subsidiary companies.
- The Board of Directors of UCB reviews the subsidiary companies' affairs, as documented in the meeting minutes.

Whistle-blower Policy and UCB

The purpose of the Whistle Blowing Policy is to create an environment by fostering a culture at UCB in which the honest, devoted, and loyal staff is encouraged and feels confident to reveal and report, without fear of retaliation, subsequent discrimination, or being disadvantaged in any way, any fraudulent, immoral, unethical, or malicious activity or conduct of employees that, in their opinion, may result in a financial or reputational loss to the Bank. The Bank has established a Whistle-blower Policy. The Bank's policy assures whistle-blowers of confidentiality and protection of their legitimate personal interests. It also provides whistle-blowers with incentives for exposing dubious activities. The policy of the Bank is to support and encourage its honest, devoted, and loyal employees to report and disclose fraudulent, immoral, unethical, or malevolent activities, and to investigate such reports. The Corporate Whistle-blowing Policy guarantees that all reports submitted under this Policy will be kept strictly confidential and that the Bank will investigate any reports alleging interference, retaliation, or threats against whistle-blowers.

Learning Architecture for the Employee

UCB as a first-generation Bank has been going through many changes to establish the best practices in the organization under the leadership of the Senior Management Team. To fulfill this objective, it is imperative that the employees of the organization are well-equipped with an adequately advanced knowledge base. The Development & Training Need Assessment (DTNA) for 2022 was formulated accordingly in a globally standardized method covering the 9 Key Learning areas (which are also the focus of BIBM and BBTA) that are Identified to ensure learning goals and mitigate maximum competency-based risks, which are:

- I) Business/General Banking
- ii) Sustainable Finance
- iii) Trade
- iv) Risk Management
- v) Bank Management, Regulation, and Supervision

- vi) Treasury, Investment, and Merchant Banking
- vii) Information and Communication Technology
- viii) Product Knowledge
- ix) Soft-skill Development.

Through this comprehensive survey which consisted of a variety of training options in different categories, the collected training needs from all the divisions and branches were included in the training calendar. It is to be mentioned that judgments were used in some cases depending on need, business focus, and regulatory requirements.

Communication with Shareholders and Other Stakeholders

- **Communication with Shareholders:** *The designated station within the Company Secretariat plays a vital role in facilitating effective communication with the company's shareholders and other stakeholders. During office hours, shareholders and other constituents of the Bank may contact this department for any information or questions. Common services include, but are not limited to, the acceptance or rejection of the transfer or transmission of shares, the issuance of duplicate certificates, the allocation of shares issued from time to time, the opening and Management of Bank accounts for dividend payment, the redemption of paper shares, and the listing of securities on stock exchanges, etc. Moreover, UCB updates its website periodically with information for the Bank's shareholders and other stakeholders.*
- **Mechanism to Provide Opinion, Recommendation by the Shareholder:** UCB publishes Annual / Half Yearly Reports, quarterly financials, and price-sensitive information (PSI) in newspapers for its stakeholders in a complete, fair, accurate, timely, and understandable manner. Shareholders can also use their query rights or can provide any recommendations or direction to the Board of Directors at the Annual General Meeting and the Board answers all questions of shareholders.
- **Ensuring Participation of Shareholders at AGM:** To ensure effective and efficient participation of shareholders in the AGM, UCB published notice of the AGM in daily newspapers with necessary details within a reasonable time frame. The arrangement of an AGM normally takes place in a well-known place and at a convenient time. Annual Reports are circulated as per the provision of the Companies Act 994; so that shareholders would get sufficient time to go through the report and freely provide their valuable comments and suggestions in the AGM.

Review of Internal Control & Compliance System

UCB has a sound system of internal control to safeguard the stakeholders' interests. The Board of

Directors retains the ultimate responsibility for its operations, though has delegated to the Audit Committee for the review of the adequacy and effectiveness of the system of internal controls. Bank has a separate Division for Internal Control and Compliance. This division operates independently and has been given responsibilities by the Board in line with the Bangladesh Bank guidelines. Under Internal Control & Compliance Division, there are four major units: (1) Audit & Inspection Unit (2) Compliance Unit (3) Monitoring Unit, and (4) IT System Audit Unit.

Rules and Procedures Governing Extraordinary Transactions

For making decisions for the extraordinary transaction, the Management takes approval from the Board of Directors, if not covered within the Board approved financial delegation. In financial results, the Bank also discloses the impact of the extraordinary transaction (if any).

Statutory Auditors' Appointment and Their Responsibilities

The external auditors are appointed by the shareholders with the recommendation of the Board of Directors. External auditors covered sufficient number of branches and Head Office as part of the annual audit program. Auditors covered 80% of the risk-weighted assets of the Bank. They have also discussed with the Management and Audit Committee of the Board on various issues including Internal Control and Compliance issues. Suggestions of the auditors (if any) are given due consideration and are implemented by the Management. Before presenting to the shareholders, the report is reviewed by the Audit Committee and the Board. Before recommending to the shareholders for appointment as auditors, Board considers the level of independence and integrity of the external auditors. Services not provided by External Auditors:

ACNABIN, Chartered Accountants, was appointed in the 39th Annual General Meeting as statutory auditors of the Bank until the next AGM. Complying with the provision of BSEC & Bangladesh Bank's guidelines, it was declared that ACNABIN, Chartered Accountants, was involved in a statutory audit and was not engaged in any of the following services during 2022:

- Appraisal or valuation services or fairness opinions.
- Financial information system design and implementation.
- Bookkeeping or other services related to accounting records or financial statements.
- Broker-dealer service.
- Actuarial services.
- Internal audit services.

Human Capital: The Most Unique and Expensive Asset

UCB considers any expenditure on its employees to be a long-term investment in their education, development, health, and welfare. As a value-driven business, UCB

recognizes the importance of its employees. They are the engine that powers the business toward its mission, vision, and goals.

a) Management of People Resources

Human Resource Strategy at UCB defines in depth the idea of People Management and Growth. It contains the underlying ideas that form the basis for UCB's mission and vision. The Human Resource Policy addresses issues such as hiring, training, managing performance and consequences, maintaining an ethical work environment, and firing employees. In addition, a Discipline Policy is implemented to guarantee that disciplinary matters are dealt with in a fair, consistent, and legally compliant manner.

b) Leadership in Managing Potential

UCB cares about its workers and wants to see them succeed in their chosen fields, so it supports their efforts to further their schooling and professional development through a variety of programs. This may entail going to in-house workshops, touring appropriate places, or even seeking additional training elsewhere.

c) Strategy for the Future: Succession Planning

It is crucial to assess UCB's Talent Pool and discreetly secure the resumes of potential candidates from a variety of internal and external sources to guarantee a steady group of talent from which to select whenever UCB needs to recruit employees. Because the business values internal promotions, it provides its employees with the training and opportunities they need to advance in the organization.

d) Assessment of Performance

UCB conducts regular performance evaluations to ensure that its workforce is well-equipped to meet the ever-changing needs of the financial services sector. There are a number of essential metrics in place to evaluate workers' efficiency, such as the success with which they achieve financial targets, the growth of their clientele, the consistency with which they meet deadlines, etc.

e) Human Resource Accounting

UCB believes that Human resources are considered to be the most crucial and important asset of an organization since it controls all other resources. Human resource accounting encompasses the entire process of identifying and measuring data about human resources and communicating this information to interested parties. The Board gives the highest priority on its human assets and instructed the concerned to bring out the quantitative scenario in the financial statements. The Board believes that spending on human resources is a long-term investment with predictable returns. All the end of the 2022 UCB proudly owns 5354 no. of employees and operating profit per employee was BDT 2.14 million compared to BDT 2.01 in 2021.

REPORT OF THE EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS



Formation of the Committee

In Compliance with Section 15 Kha (2) of Bank Company Act 1991 and BRPD Circular No. 11 dated 27 October 2013, the Board of Directors of UCB has reconstituted the Executive Committee (EC) of the

Board in 2022 with seven members (maximum limit is seven members). The Company Secretary acts as the secretary of the committee. The EC is comprised of 7 (Seven) Non-Executive Directors and the Managing Director & CEO of the Bank. The composition of the Committee is as follows:

| SL | Name | Designation in the Committee | Designation in the Board |
|----|------------------------|------------------------------|---|
| 1 | Anisuzzaman Chowdhury | Chairman | Chairman, EC |
| 2 | Bashir Ahmed | Member | Vice Chairman |
| 3 | M. A. Sabur | Member | Chairman, RMC |
| 4 | Bazal Ahmed | Member | Chairman, Shariah Supervisory Committee |
| 5 | Hajee Yunus Ahmed | Member | Director |
| 6 | Roxana Zaman | Member | Director |
| 7 | Asifuzzaman Chowdhury | Member | Director |
| 8 | ATM Tahmiduzzaman, FCS | Member Secretary | Secretary |

Chairman and the Members of the Executive Committee

Mr. Anisuzzaman Chowdhury is the Chairman of the Executive Committee. He is a non-executive Director of the Board of Directors. The rest of the Members are also Non-Executive Directors. None of them are members of the Audit Committee of the Board. All members are nominated by the Board of Directors according to the BRPD Circular No. 11 dated 27 October 2013.

EC's Terms of Reference (ToR)

The Terms of Reference of the Executive Committee have been prepared in accordance with the provisions of BRPD Circular No. 11 dated October 27, 2013, and the articles of associations of the Bank.

The Roles and Responsibilities of the Committee

The roles and responsibilities of the Committee have been fixed in accordance with the provisions of BRPD Circular No. 11 dated October 27, 2013, and the articles of associations of the Bank, and it was well notified in the terms of reference. The Bank has structured the delegation and sub-delegation of credit approval authority in order to ensure sound governance and a more effective credit approval system. The Board of Directors and its Executive Committee have the ultimate authority for credit approval in accordance with the recommendation of the credit committee, which is comprised of the organization's senior management. All decisions taken in the executive committee should be ratified in the next board meeting.

Meeting & Attendance of the Executive Committee

Meeting Detail of the Executive Committee

| Meeting No. | Date of the Meeting |
|-------------------|---------------------|
| 449 th | 27.01.2022 |
| 450 th | 23.03.2022 |
| 451 st | 27.04.2022 |
| 452 nd | 31.07.2022 |
| 453 rd | 24.08.2022 |
| 454 th | 25.09.2022 |
| 455 th | 23.10.2022 |
| 456 th | 28.12.2022 |

| SL | Name | Position | Total Meeting held | Meetings held during his/ her period | Attended | Absent | Remarks |
|----|-----------------------|----------|--------------------|--------------------------------------|----------|--------|--|
| 1 | Anisuzzaman Chowdhury | Chairman | 8 | 8 | 8 | 0 | |
| 2 | Bashir Ahmed | Member | 8 | 8 | 8 | 0 | |
| 3 | M. A. Sabur | Member | 8 | 8 | 6 | 2 | |
| 4 | Bazal Ahmed | Member | 8 | 8 | 7 | 1 | |
| 5 | Hajee Yunus Ahmed | Member | 8 | 8 | 5 | 3 | |
| 6 | Roxana Zaman | Member | 8 | 5 | 3 | 2 | 5 meetings were held during her tenure |
| 7 | Asifuzzaman Chowdhury | Member | 8 | 8 | 5 | 3 | |

Past Members Attendance Details

| SL | Name | Total Meeting held | Total Meetings held during their period | Total Attended | Total Absent | Remarks |
|----|-----------------------|--------------------|---|----------------|--------------|--|
| 1 | Nurul Islam Chowdhury | 8 | 3 | 3 | 0 | 3 meetings were held during his tenure |

Note: Directors unable to attend meetings were granted a leave of absence.

REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS



Corporate Governance & Audit Committee

The audit committee plays a crucial role in corporate governance because it holds the board and the organization accountable in nearly every area, including Financial, Internal and External Audits, and Risk Management. The audit committee and Management must maintain the internal controls and governance that ensure the accuracy and effectiveness of the financial reporting process.

Before beginning their duties, members of the audit committee must comprehend how Management develops and reports internal financial information. Audit committee members will be aware of the potential impact of financial statements and how they interact with Compliance and Risk Management if they have a solid grasp of audit reports.

Auditing is an interactive process involving the audit committee, auditors, and Management. Audit committees examine audit results with senior Management and external auditors, including matters that Management is required to share with the audit committee in accordance with generally accepted auditing standards. One of the audit committee's primary responsibilities is to evaluate significant accounting and reporting issues and recommend solutions to ensure regulatory compliance.

Audit teams are the first line of defence in financial reporting, so corporate governance relies on audit committees. Through internal and external audits, they can both identify risks and recommend adjustments that are consistent with the Bank's governance and with broader industry regulations.

Audit Committee (AC) of United Commercial Bank PLC

In compliance with BRPD Circular No.11, dated 27 October 2013, and Bangladesh Securities and Exchange Commission notification on Corporate Governance Code, dated 3 June 2018, an Audit Committee was constituted by the Board of Directors to assist it in an overview of the operations of an audit process that would ensure reliable financial reporting, transparency in corporate disclosures, effective internal controls, compliance with all applicable rules, laws, and regulations as well as establish a strong and dependable Banking system for the benefit of all stakeholders, especially depositors and shareholders.

Composition of the Committee (as of 31.12.2022) & Qualifications of the Members

The Audit Committee of the Bank comprises 5 (Five) members with 2 (two) Independent Directors. The composition of the Audit Committee is as under:

| SL | Name and Qualification | Status in the Committee | Status in the Board |
|----|--|-------------------------|----------------------|
| 1. | Touhid Shipar Rafiquzzaman a) Date of Birth: 23.07.1959 b) Educational & Professional Qualifications: MA c) Years of Experience: 38 d) Fields of Expertise: Risk Management, Customer Relationship Management | Chairman | Independent Director |
| 2. | Syed Kamruzzaman, FCMA a) Date of Birth: 21.02.1964 b) Educational & Professional Qualifications: B.Com. (Honors) in Accounting, FCMA c) Years of Experience: 29 d) Fields of Expertise: Finance and Accounting | Member | Director |

| SL | Name and Qualification | Status in the Committee | Status in the Board |
|----|--|-------------------------|----------------------|
| 3. | Muhammed Shah Alam, FCMA a) Date of Birth: 01.03.1962 b) Educational & Professional Qualifications: M.Com. in Accounting, FCMA c) Years of Experience: 34 d) Fields of Expertise: Finance and Accounting | Member | Director |
| 4. | Dr. Aparup Chowdhury a) Date of Birth: 01.11.1959 b) Educational & Professional Qualification: M.Sc. (Zoology), MBA (Human Resources Management), Ph.D. (USA) c) Year of Experience: 38 years d) Field of Expertise: Civil Service & Administration | Member | Independent Director |
| 5. | Kanak Kanti Sen, FCMA a) Date of Birth: 24.06.1965 b) Educational & Professional Qualifications: M.Com in Management, FCMA c) Year of Experience: 29 years d) Field of Expertise: Finance and Accounting, Company Secretariat | Member | Director |

In accordance with regulatory guidelines, the Company Secretary of the Bank, Mr. ATM Tahmiduzzaman, FCS, is the Secretary of the Audit Committee.

Chairman and the Members of the Audit Committee

Touhid Shipar Rafiquzzaman is the Chairman of the Audit Committee. He is an Independent Director who performs his duties with full freedom. All members of the AC are Non-executive Directors. No Executive of the Bank is eligible to become a member of the AC. Also, no member of the Executive Committee is nominated as a member of the AC.

AC's Terms of Reference (ToR)

The Terms of Reference for the Audit Committee have been drafted in accordance with the provisions of BRPD Circular No. 11 dated October 27, 2013, the Corporate

Governance Code issued by BESC on June 3, 2018, and other best-practice corporate governance regulations and standards.

Meetings of the Audit Committee

Bangladesh Bank has suggested that Audit Committees hold at least 4 (four) meetings annually. The Audit Committee of UCB held 7 (seven) meetings in 2022. The Committee had detailed discussions and review sessions with the Head of Internal Control & Compliance, the Head of Audit, and the External Auditors, with regard to Audit findings, observations, and remedial actions. Audit Committee meeting dates were as follows:

Details of Audit Committee Meetings held in 2022

| Sl. No. | Meeting No. | Date of Meeting |
|---------|-------------|-----------------|
| 1 | 121 | 17.02.2022 |
| 2 | 122 | 30.03.2022 |
| 3 | 123 | 12.05.2022 |
| 4 | 124 | 26.07.2022 |
| 5 | 125 | 28.07.2022 |
| 6 | 126 | 23.10.2022 |
| 7 | 127 | 21.12.2022 |

Particulars of Attendance of the Members of Audit Committee

| Name of the Directors | Position | Meetings held in 2022 | Meetings held during member's tenure in 2022 | Meetings Attended | Remarks |
|-----------------------------------|----------|-----------------------|--|-------------------|---|
| Touhid Shipar Rafiquzzaman | Chairman | 7 | 5 | 5 | 5 meetings were held during his tenure |
| Syed Kamruzzaman, FCMA | Member | 7 | 7 | 5 | |
| Muhammed Shah Alam, FCMA | Member | 7 | 7 | 6 | |
| Dr. Aparup Chowdhury | Member | 7 | 6 | 5 | 6 meetings were held during his tenure |
| Kanak Kanti Sen, FCMA | Member | 7 | 0 | 0 | No meetings were held during his tenure |

Particulars of Attendance of the Members who left the Committee due to Reconstitution

| Name of the Directors | Position | Meetings held during member's tenure in 2022 | Meetings Attended | Remarks |
|---|----------|--|-------------------|--|
| Akhter Matin Chaudhury FCA (E & W), FCA, FCS | Member | 5 | 5 | 5 meetings were held during his tenure |

Note: Directors unable to attend meetings were granted a leave of absence.

Roles and Responsibilities of the Audit Committee

Besides any other responsibilities that may be assigned by the Board of Directors from time to time, the roles and responsibilities of the Audit Committee are as follows:

A. Internal Control

1. The Audit Committee shall review major Internal Control issues identified in internal audit reports and refer these to the Board for rectification;
2. The Audit Committee shall assess the adequacy and efficacy of the prevailing Internal Control System and recommend necessary improvements to the Board;
3. The Audit Committee shall monitor progress in the computerization of the operations and records of the Bank and its Management Information Systems (MIS).

B. Reporting of Financial Statements

1. The Audit Committee shall oversee the financial reporting process of the Bank and review the appropriateness of accounting policies and principles, based on which the Financial Reports of the Bank are prepared;
2. The Audit Committee shall, along with the external Auditors and the Management of the Bank, review the annual financial statements before the submission of these to the Board of Directors for approval.

C. Internal Audit

1. The Audit Committee shall consider and approve detailed Annual Audit Plans based on an assessment of the risks and exposures that may affect the organization. This should be done at least annually in order to reflect the most current strategies and directions of the organization;
2. The Audit Committee shall review internal audit reports and recommend measures to rectify major deficiencies to the Board;
3. The Audit Committee shall evaluate the adequacy and efficiency of the internal audit function;
4. The Audit Committee shall review the organizational framework and take steps to remove obstacles or limitations in the performance of the internal audit function;
5. The Audit Committee shall monitor whether the Internal Audit function is able to work independently from Management or not;
6. The Audit Committee shall examine whether the findings and recommendations made by the internal Auditors are duly acted upon by the Management or not.

D. External Audit

1. The Audit Committee shall review the audit procedures and the audit reports of the External Auditors;
2. The Audit Committee shall examine whether the findings and recommendations made by the

External Auditors are duly acted upon by the Management or not;

3. The Audit Committee shall recommend the appointment of External Auditors.

E. Compliance with Laws, Rules, and Regulations

The Audit Committee shall report on the status of compliance, as revealed by audits carried out by the internal audit team, with regulatory directives, relevant laws, and rules and regulations of the Bank.

F. Reporting to Shareholders

The Audit Committee shall report to shareholders its activities during the year, including any reports made to the Board of Directors. The report shall be signed by the Chairman of the Audit Committee and appear in the Bank's Annual Report.

G. Reporting to the Board of Directors

1. The Audit Committee shall report on its activities to the Board of Directors;
2. The Audit Committee shall immediately report to the Board of Directors any findings of conflicts of interest, fraud, or forgeries in the internal control system and any suspected infringement of laws including securities-related laws, rules, and regulations.

H. Other Responsibilities

1. The Audit Committee shall report to the Board, at least quarterly, on all major issues, including errors, fraud, and other irregularities, detected by external and internal Audits and Bangladesh Bank inspections;
2. The Audit Committee shall perform any other supervisory activity entrusted to it by the Board;
3. The Audit Committee shall appraise its performance and report its conclusions to the Board;
4. The Audit Committee shall review the statement of significant related party transactions submitted by the Management;
5. The Audit Committee shall review Management Letters and Letters of Internal Control Weakness issued by the statutory auditors;
6. The Audit Committee shall disclose the uses and applications of funds by major category (e.g. capital expenditure, sales, and marketing expenses, working capital) raised through IPO, RPO, or Right Issues, along with quarterly financial results.

I. Special Responsibilities of the Chairman

The Chairman of the Audit Committee shall remain present at all Annual General Meetings (AGMs) of the Bank. Provided that in the absence of the

Chairman of the Audit Committee, any other member from the Audit Committee shall be selected to be present in the Annual General Meeting (AGM) and reason for the absence of the Chairperson of the Audit Committee shall be recorded in the minutes of the AGM.

Major issues reviewed by the Audit Committee during 2022

- a) Audited and Un-Audited Financial Statements and Auditors' Report of the Bank;
- b) Internal Audit Strategic Plan-2022;
- c) Un-rectified Compliance status of RBIA & Off-site audit report;
- d) Recommendation for the Appointment of Professionals to Provide the Certificate on Compliance as per the Corporate Governance Code;
- e) Appointment of Auditors and Fixation of Remuneration;
- f) Status of Loan Recovery Cases;
- g) Status of the Legal Issues pending before the Court;
- h) Recommendations and findings of the External Auditors;
- i) Follow up on recommendations made to the Board of Directors;
- j) Compliance with the Surprise Inspection Report of Bangladesh Bank;
- k) Efficiency and adequacy of the Internal Audit Function;
- l) Self-Assessment on Anti-Fraud Internal Controls;
- m) Submission of "Annual Health Report" of the Bank;
- n) External Auditor's Management Letter;
- o) Strategic Plan for Internal Audit (RBIA) and IT Audit.

Acknowledgment

The members of the Audit Committee expressed their gratitude to the Board of Directors, the Management of the Bank, and the Internal and External Auditors, for their cooperation which enabled it to effectively perform its duties and discharge its responsibilities during the year 2022. The Committee is also grateful to both Bangladesh Bank and the Bangladesh Securities and Exchange Commission for the direction and guidance, which facilitated the due discharge of its duties and responsibilities.

(On behalf of the Audit Committee)



Touhid Shipar Rafiquzzaman
Chairman
Audit Committee
United Commercial Bank PLC.

REPORT OF THE RISK MANAGEMENT COMMITTEE OF THE BOARD OF DIRECTORS



Corporate Governance and Risk Management Committee

Risk Management is a discipline at the core of every enterprise and encompasses all activities that affect its risk profile. However, this function needs not to be uniform across all Banks. The definition of a sound or adequate Risk Management system is ever-changing, as new technology accommodates innovation and better information and as market efficiency grows. UCB adopts a comprehensive Risk Management Program tailored to its needs and the circumstances under which it operates. In this context, UCB updates its risk approach and policies with the Bangladesh Bank's risk guidelines to adapt with the changing Banking environment as well as to deal with various risk issues prudently.

There is no alternative but to ensure sound Risk Management practices for surviving in the competitive environment. Therefore, UCB gives greater emphasis on continuous improvement in Risk Management, and sets its performance goals in line with strategic planning/objectives. While the extent of Risk Management function performed and structure kept in place depend on the size and complexity of the Bank, Risk Management is most effective when basic principles and elements of risk Management are applied consistently throughout the institution UCB believes.

Risk Management Committee of the Board

In compliance with the BRPD Circular No. 11 dated 27 October 2013, the Board of Directors (BoD) formed the Risk Management Committee (RMC) of the Bank to oversee various risks like credit risk, foreign exchange risk, internal control, and compliance risks, money laundering risks, information and communication risks, Management risks, interest risks, liquidity risks as to whether these risks have been properly and adequately identified and measured by the Bank Management. The objective of the Committee is to ensure risk governance, oversee, direct, and set policies, and reduce probable risks arising while implementing policies, procedures, and strategies.

Composition of the Committee

Members of the RMC were nominated by the Board of Directors of the Bank and are all non-executive Directors.

The Committee comprises 5 (Five) members. According to the BRPD Circular No. 11, dated 27 October 2013, the Company Secretary of the Bank was the Member Secretary of the Committee.

| SL | Name | Status in the Committee | Status in the Board | Qualification | Year of Experience | Field of Experience |
|----|------------------------------------|-------------------------|----------------------|---------------|--------------------|---|
| 1 | M. A. Sabur | Chairman | Director | MBA | 42+ | Bank, RMG, Agro, others |
| 2 | Anisuzzaman Chowdhury | Member | Director | BBA | 25+ | Bank, Chemical, Aluminium, Pharma, Others |
| 3 | Nurul Islam Chowdhury | Member | Director | B. Com | 34+ | Bank, Steel & Shipping Business |
| 4 | Afroza Zaman | Member | Director | B. Com | 29+ | Bank, Insurance |
| 5 | Prof. Dr. Iftekhar Uddin Chowdhury | Member | Independent Director | LLB & MA | 37+ | Teaching |
| 6 | ATM Tahmiduzzaman, FCS | Member Secretary | Company Secretary | MBA & CS | 21+ | Bank, Telco Others |

Role and Responsibilities of the Committee

The roles and responsibilities of RMC have been framed in line with the BRPD Circular No. 11, dated 27 October 2013, and the industry's best practices. Some important roles and responsibilities are emphasized below:

1) Risk Identification & Control Policy

- To formulate and implement appropriate strategies for risk assessment and its control;
- To monitor Risk Management policies & methods and amend them if necessary;
- To review the Risk Management process to ensure effective prevention and control measures.

2) Construction of Organizational Structure

- To ensure an adequate organizational structure for managing risk within the Bank;
- To supervise the formation of separate Management level Committees;
- To monitor the activities related to compliance of instruction of lending risk, foreign exchange transaction risk, internal control & compliance risk, money laundering risk, information & communication risk, including other risk-related guidelines.

3) Analysis and approval of Risk Management Policy:

- To review the Risk Management policy & guidelines of the Bank annually
- To recommend the Board of Directors regarding any proposed amendments if necessary;
- To review limits, including lending limits, and amend if necessary;

4) Storage of data & reporting system:

- To approve adequate record keeping & reporting system developed by the Bank Management;
- To ensure proper use of the system (i.e., record keeping & reporting system);
- Minutes its proposal, suggestions & summary and inform to the Board of Directors;
- Monitoring the implementation of the overall Risk Management Policy
- To observe the proper execution of comprehensive Risk Management policies;
- To monitor whether appropriate steps have been taken to mitigate all risks, including lending and Management risks.

5) Other responsibilities:

- To submit the decision and suggestions of the Committee to the Board of Directors quarterly in short form;
- To comply with instructions issued from time to time by the controlling bodies;
- To collect evaluation reports from the internal & external auditors whenever required;

Meetings of the Risk Management Committee

Bangladesh Bank advised RMC to hold at least four meetings in a year. In line with the same, RMC held 4 (Four) meetings during 2022 and had detailed discussions and review sessions with the Management regarding their findings, observations, and recommendations on various issues of interest and concern. The meeting detail is as follows:

Meeting Detail

| Sl. No. | Meeting No. | Date of Meeting |
|---------|-------------|-----------------|
| 1 | 34 | 23.03.2022 |
| 2 | 35 | 31.07.2022 |
| 3 | 36 | 11.12.2022 |
| 4 | 37 | 27.12.2022 |

Attendance Detail

| Name of the Directors | Status | Total Meeting Held During 2022 | Meeting Held During his tenure | Meetings Attended | Remarks |
|------------------------------------|----------|--------------------------------|--------------------------------|-------------------|--|
| M. A. Sabur | Chairman | 4 | 4 | 4 | |
| Anisuzzaman Chowdhury | Member | 4 | 4 | 4 | |
| Nurul Islam Chowdhury | Member | 4 | 3 | 3 | 3 meetings were held during his tenure |
| Afroza Zaman | Member | 4 | 4 | 3 | |
| Prof. Dr. Iftekhar Uddin Chowdhury | Member | 4 | 0 | 0 | No meeting held during his tenure |

Attendance Detail of the Past Member

| Name of the Member | Status | Meeting Held During Their Tenure | Total Attendance | Remarks |
|-----------------------|--------|----------------------------------|------------------|--------------------------------------|
| Kanak Kanti Sen, FCMA | Member | 4 | 4 | |
| Roxana Zaman | Member | 1 | 1 | 1 meeting was held during her tenure |

Major Issues Reviewed by The Risk Management Committee During 2022

Significant issues and areas of interest dealt with by RMC during 2022 are noted below:

- a) Risk Appetite statement of the Bank;
- b) Country Risk Management Policy;
- c) Stress Test Report of the Bank;
- d) Comprehensive Risk Management Rating;
- e) Stress Test and financial flexibility to respond to severe but plausible scenarios;
- f) Monthly Risk Management Report (MRMR),
- g) Half-Yearly Comprehensive Risk Management
- h) Foreign Exchange Position
- i) Revised Management Action Trigger (MAT) Document,
- j) Network outage for a certain period;
- k) Revised Operational Risk Management Policy;
- l) Revised Risk Management Policy;
- m) Overdue Export/Import Bills and Loan;
- n) Recovery Plan of the Bank;
- o) Revised Policy of the Customer Services and Complaints Management;
- p) Sustainable finance Status;
- q) The Compliance Status of time-bound action plan set by BFIU;
- r) Revised Business Continuity Plan (BCP) of the Corporate Office and the Branches;

- s) Bank's Self-Assessment & Independent Testing Procedure (ITP) report to BFIU;
- t) Approval of an updated version of Bank's ICT Risk Appetite and Tolerance Document.

The Minutes of RMC Meetings containing various suggestions and recommendations to the Management were subsequently placed to the Board of Directors for ratification.

Acknowledgment

The members of the Risk Management Committee express their gratitude and thanks to the Bank's Board of Directors, Management, and Risk Management Team for their cooperation while performing their duties and responsibilities.

On behalf of the Risk Management Committee,



M.A. Sabur
Chairman
Risk Management Committee