

UNITED STATES OF AMERICA
BEFORE THE
BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON, D.C.

Written Agreement by and among

UNITED BANK LIMITED
Karachi, Pakistan

UNITED BANK LIMITED,
NEW YORK BRANCH
New York, New York

and

FEDERAL RESERVE BANK OF NEW YORK
New York, New York

Docket Nos. 13-026-WA/RB-FB
13-026-WA/RB-FBR

WHEREAS, United Bank Limited, Karachi, Pakistan (the “Bank”) is a foreign bank as defined in section 1(b)(7) of the International Banking Act (12 U.S.C. § 3101(7));

WHEREAS, the Bank conducts operations in the United States through a branch in New York, New York (the “Branch”) for which the Board of Governors of the Federal Reserve System (the “Board of Governors”) is the appropriate federal supervisor;

WHEREAS, the Branch provides international remittance services and examiners have identified compliance and risk management deficiencies at the Branch in this product line;

WHEREAS, the Bank and the Branch are taking steps to address deficiencies relating to the Branch’s risk management and compliance with applicable federal and state laws, rules, and regulations relating to anti-money laundering (“AML”) compliance, including the Bank Secrecy Act (“BSA”) (31 U.S.C. § 5311 *et seq.*); the rules and regulations issued thereunder by the U.S.

Department of the Treasury (31 C.F.R. Chapter X); and the requirements of Regulation K of the Board of Governors to report suspicious activity and maintain an adequate BSA/AML compliance program (12 C.F.R. §§211.24(f) and 211.24(j)) (collectively, the “BSA/AML Requirements”), particularly with regard to international remittance services;

WHEREAS, it is the common goal of the Board of Governors, the Federal Reserve Bank of New York (the “Reserve Bank”), the Bank, and the Branch that the Branch operates in compliance with all applicable federal and state laws, rules, and regulations; and

WHEREAS, on October 14, 2013, the board of directors of the Bank, at a duly constituted meeting, adopted a resolution authorizing and directing Mr. Atif R. Bokhari and Mr. Salman Muhammad to enter into this Written Agreement (the “Agreement”) on behalf of the Bank and the Branch, respectively, and consenting to compliance with each and every applicable provision of this Agreement by the Bank, the Branch, and their institution-affiliated parties, as defined in sections 3(u) and 8(b)(4) of the Federal Deposit Insurance Act, as amended (the “FDI Act”) (12 U.S.C. §§ 1813(u) and 1818(b)(4)).

NOW, THEREFORE, the Reserve Bank, the Bank, and the Branch agree as follows:

Primary Contact

1. Within 10 days of this Agreement, the Bank and the Branch shall designate an officer to be responsible for coordinating and submitting to the Reserve Bank the written programs, procedures, and engagement letter required under the terms of this Agreement.

BSA/AML Compliance Review

2. Within 30 days of this Agreement, the Bank and the Branch shall retain an independent consultant acceptable to the Reserve Bank to conduct a comprehensive review of the Branch’s compliance with the BSA/AML Requirements with regard to the Branch’s

international remittance services (the “Compliance Review”), and prepare a written report of findings, conclusions, and recommendations (the “Compliance Report”).

3. Within 10 days of the engagement of the independent consultant, but prior to the Compliance Review, the Bank and the Branch shall jointly submit to the Reserve Bank for approval an engagement letter that provides, at a minimum, for the independent consultant to:

(a) Conduct a comprehensive assessment of the Branch’s BSA/AML compliance program, policies, and procedures with regard to the Branch’s international remittance services;

(b) assist the Branch in developing the programs required pursuant to paragraphs 4 and 5 of this Agreement;

(c) provide to the Reserve Bank a copy of the Compliance Report at the same time that the report is provided to the Bank and the Branch; and

(d) commit that any and all interim reports, drafts, workpapers, or other supporting materials associated with the Compliance Review will be made available to the Reserve Bank upon request.

Enhanced BSA/AML Compliance Program

4. Within 60 days of the submission of the Compliance Report, the Bank and the Branch shall submit to the Reserve Bank an acceptable written enhanced BSA/AML compliance program with regard to the Branch’s international remittance services. The program shall include provisions for updates on an ongoing basis as necessary to incorporate amendments to the BSA/AML Requirements. The enhanced program, at a minimum, shall provide for:

(a) Appropriate oversight by the Bank to ensure that the Branch complies with all applicable BSA/AML laws and regulations, and the particular requirements of this Agreement;

(b) a comprehensive BSA/AML risk assessment for the Branch's international remittance services that:

(i) considers the nature of the services offered, the customers, and the political and geographic jurisdictions covered by the services;

(ii) identifies all risks and mitigating factors related to the Branch's international remittance services;

(iii) is supported by thorough, documented analysis; and

(iv) requires the annual review and update of the methodology;

(c) improvements to the Branch's system of internal controls for international remittance services designed to ensure compliance with all recordkeeping and reporting requirements;

(d) policies and procedures to ensure identification and verification of the identity of customers;

(e) adequate resources for the BSA/AML compliance officer, including sufficient staffing levels, and periodic re-evaluation of resources and staffing needs; and

(f) policies that provide for effective, ongoing training of all personnel, including targeted training for personnel with compliance-related responsibilities, in all aspects of the BSA/AML Requirements, and applicable internal policies and procedures.

Enhanced Suspicious Activity Monitoring and Reporting Program

5. Within 60 days of the submission of the Compliance Report, the Bank and the Branch shall submit to the Reserve Bank an acceptable written enhanced program with regard to the Branch's international remittance services designed to reasonably ensure the identification and timely, accurate, and complete reporting by the Branch of all known or suspected violations of law or suspicious transactions to law enforcement and supervisory authorities, as required by applicable suspicious activity reporting laws and regulations. At a minimum, the program shall include:

(a) Policies, procedures, and controls to ensure that the Branch collects, analyzes, and retains complete and accurate information for all customers of the Branch's international remittance services;

(b) a methodology for assigning risk ratings to customers that considers factors such as type of customer, geographic location, and frequency of use of international remittance services;

(c) appropriate risk-based customer due diligence and as applicable, enhanced due diligence procedures;

(d) a timetable to implement improvements to the Branch's suspicious activity monitoring systems and processes, including but not limited to:

(i) policies and procedures for identifying suspicious activity, including standards for determining when an alert or case should be generated and escalated for further analysis, or waived;

(ii) policies and procedures to ensure appropriate analysis is conducted when a monitoring alert or case is generated;

(iii) maintenance of sufficient documentation with respect to the investigation and analysis of potentially suspicious activity, including the resolution and escalation of concerns;

(e) the scope and frequency of transaction monitoring; and

(f) measures to ensure that transaction monitoring and suspicious activity reporting functions meet regulatory requirements.

Interim Transaction Monitoring Procedures

6. Within 30 days of this Agreement, the Bank and the Branch shall submit to the Reserve Bank acceptable written interim transaction monitoring procedures for the Branch for international remittance services that shall remain in effect until the policies and procedures referred to in paragraph 5 have been determined to be acceptable by the Reserve Bank and fully implemented by the Branch. These interim procedures shall be designed to monitor the transactions of the Branch so that it can comply with applicable suspicious activity reporting requirements.

Transaction Review

7. (a) Within 30 days of this Agreement, the Bank and the Branch shall engage an independent consultant acceptable to the Reserve Bank to conduct a review of the Branch's international remittance transaction activity from January 1, 2013 to June 30, 2013 to determine whether suspicious activity involving high risk customers or transactions at, by, or through the Branch was properly identified and reported in accordance with applicable suspicious activity reporting regulations (the "Transaction Review") and to prepare a written report detailing the consultant's findings (the "Transaction Review Report").

(b) Based on the Reserve Bank's evaluation of the results of the Transaction Review, the Reserve Bank may direct the Bank and the Branch to engage the independent consultant to conduct a review of the types of transactions described in paragraph 7(a) for an additional six-month period.

8. Within 10 days of the engagement of the independent consultant, but prior to the commencement of the Transaction Review, the Bank and the Branch shall submit to the Reserve Bank for approval an engagement letter that sets forth:

- (a) The scope of the Transaction Review;
- (b) the methodology for conducting the Transaction Review;
- (c) the expertise and resources to be dedicated to the Transaction Review;
- (d) the anticipated date of completion of the Transaction Review and the Transaction Review Report; and
- (e) a commitment that supporting material associated with the Transaction Review will be made available to the Reserve Bank upon request.

9. The Bank and the Branch shall provide to the Reserve Bank a copy of the Transaction Review Report at the same time that the report is provided to the Bank and the Branch.

10. Throughout the Transaction Review, the Bank and the Branch shall ensure that all matters or transactions required to be reported that have not previously been reported are reported in accordance with applicable rules and regulations.

Compliance with Laws and Regulations

11. The Bank and the Branch shall immediately take all necessary steps to correct violations of the regulations issued by the Office of Foreign Assets Control of the United States

Department of the Treasury regarding the payment of interest on blocked accounts (31 C.F.R. §§ 537.208(b)(2), 538.203(b)(2), and 544.203(b)(2)).

Approval, Implementation, and Progress Reports

12. (a) The Bank and the Branch shall submit the written programs and procedures that are acceptable to the Reserve Bank within the applicable time periods set forth in paragraphs 4, 5, and 6 of this Agreement. Independent consultants acceptable to the Reserve Bank shall be retained by the Bank and the Branch within the time periods set forth in paragraphs 2 and 7 of this Agreement. Engagement letters shall be submitted to the Reserve Bank within the time periods set forth in paragraphs 3 and 8 of this Agreement.

(b) Within 10 days of acceptance by the Reserve Bank, the Bank and the Branch shall adopt the programs and procedures. Upon adoption, the Bank and the Branch shall implement the programs and procedures and thereafter fully comply with them.

(c) During the term of this Agreement, the approved programs, procedures, and engagement letters shall not be amended or rescinded without the prior written approval of the Reserve Bank.

13. Within 30 days after the end of each calendar quarter following the date of this Written Agreement, the Bank and the Branch shall submit to the Reserve Bank written progress reports detailing the form and manner of all actions taken to secure compliance with the provisions of this Agreement and the results thereof. The Reserve Bank may, in writing, discontinue the requirement for progress reports or modify the reporting schedule.

Notices

14. All communications regarding this Agreement shall be sent to:
 - (a) Mr. Eric Caban
Supervising Examiner
Federal Reserve Bank of New York
33 Liberty Street
New York, New York 10045
 - (b) Mr. Atif R. Bokhari
President and Chief Executive Officer
United Bank Limited
State Life Building, No. 1
I.I. Chundrigar Road
Karachi, 74000 Pakistan
 - (c) Mr. Salman Muhammad
General Manager
United Bank Limited,
New York Branch
80 Broad Street
New York, New York 10004

Miscellaneous

15. For purposes of this Agreement, “customer” shall mean any person or entity who uses the Branch’s international remittance services.
16. The provisions of this Agreement shall be binding on the Bank and the Branch and each of their institution-affiliated parties in their capacities as such, and their successors and assigns.
17. Each provision of this Agreement shall remain effective and enforceable until stayed, modified, terminated, or suspended in writing by the Reserve Bank.
18. Notwithstanding any provision of this Agreement, the Reserve Bank may, in its sole discretion, grant written extensions of time to the Bank and the Branch to comply with any provision of this Agreement.

19. The provisions of this Agreement shall not bar, estop, or otherwise prevent the Board of Governors, the Reserve Bank, or any other federal or state agency from taking any further or other action affecting the Bank and the Branch or any of their current or former institution-affiliated parties or their successors or assigns.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of this 28th day of October, 2013.

UNITED BANK LIMITED

FEDERAL RESERVE BANK OF
NEW YORK

By: /s/ Atif R. Bokhari
Atif R. Bokhari
President and Chief Executive Officer

By: /s/ F. Christopher Calabia
F. Christopher Calabia
Senior Vice President

UNITED BANK LIMITED,
NEW YORK BRANCH

By: /s/ Salman Muhammad
Salman Muhammad
General Manager