

The Code of Conduct of the Board of Directors of National Credit and Commerce Bank Limited (NCCBL) including the Chairman of the Board and Chief Executive Officer (CEO) of the Bank

The Code of Conduct of the Board of Directors including the Chairman and Chief Executive Officer is required to ensure good governance in the Bank Management. Bangladesh Bank has given emphasis on Corporate Governance of the banking companies. Bangladesh Securities and Exchange Commission (BSEC) has also given conditions in this regard vide their Corporate Governance Code bearing No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018.

Accordingly, the Code of Conduct has been prepared considering the relevant laws, rules & regulations, instructions/circulars, directives/ notifications of different regulatory authorities. Mentionable that the Nomination and Remuneration Committee (NRC) of the Board of the Bank has recommended the Code of Conduct in its 1st meeting held on 12th December 2019. Further mentionable that the Code of Conduct is revisable and may be updated/amended on the basis of rules and regulations in force from time to time.

Board of Directors of the Bank

The Board of Directors of National Credit and Commerce Bank Limited is comprised with competent and professionally skilled persons with a view to formulating policy-guidelines and supervising business activities of the Bank efficiently as well as ensuring good governance in the Bank Management to maintain confidence of the depositors as its business is mainly run with the depositors' money. For ensuring good governance, constitution of the Board of Directors, their duties & responsibilities and other related activities are as under:

Formation of Board of Directors:

As per Section 15 of the Banking Companies Act, 1991 including the 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; maximum number of directors; appointment of independent directors; appointment of maximum members from a family as director are strictly followed.

Responsibilities of the Board of Directors:

To ensure good governance in the bank management it is essential to have specific demarcation of responsibilities and authorities among controlling bodies over bank affairs. In the Banking Companies Act, 1991, the newly included Section 15(kha) & (ga) give responsibility to the board of directors for establishing policies for the bank company, for risk management, internal controls, internal audit and compliance and for ensuring their implementation.

Authorities of the Board of Directors:

a) Work-planning and strategic management:

- i. The board shall determine the objectives and goals and to this end shall chalk out strategies and work-plans on annual basis. It shall specially engage itself in the affairs of making strategies consistent with the determined objectives and goals and in the issues relating to structural change and reformation for enhancement of institutional efficiency and other relevant policy matters. It shall analyze/monitor, at quarterly rests, the development of implementation of the work-plans.
- ii. The board shall have its analytical review incorporated in the Annual Report as regards to 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 (KPIs) for the CEO & officers immediate two tiers below the CEO, and have it evaluated from time to time.

b) Credit and Risk Management:

- 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, into the process of loan approval.
- 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.

c) Internal control management:

The Board shall be vigilant on the internal control system of the Bank in order to attain and maintain satisfactory qualitative standard of its loan/investment portfolio. 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 compliance of recommendations made in internal and external audit reports and the Bangladesh Bank inspection reports.

d) Human resources management and development:

- i. Policies relating to recruitment, promotion, transfer, disciplinary and punitive measures, human resources development etc. and service rules shall be framed and approved by the Board. The Chairman or the directors shall in no way involve themselves or interfere into or influence over any administrative affairs including recruitment, promotion, transfer and disciplinary measures as executed under the set service rules. No member of the Board of Directors shall be included in the selection committees for recruitment and promotion to different levels. Recruitment, promotion, transfer & punishment of the officers immediate two tiers below the CEO shall, however, rest upon the Board. Such recruitment and promotion shall have to be carried out complying with the service rules i.e., policies for recruitment and promotion.
- ii. The Board shall focus its special attention to the development of skills of Bank's staff in different fields of its business activities including prudent appraisal of loan/investment proposals, and to the adoption of modern electronic and information technologies and the introduction of effective Management Information System (MIS). The Board shall get these programmes incorporated in its annual work plan.
- iii. The Board will compose Code of Ethics for every tier and they will follow it properly. The Board will promote healthy code of conducts for developing a compliance culture.

e) Financial management:

- i. The annual budget and the statutory financial statements shall be finalized with the approval of the Board. It shall at quarterly rests review/monitor the positions in respect of bank's income, expenditure, liquidity, non-performing asset, capital base and adequacy, maintenance of loan loss provision and steps taken for recovery of defaulted loans including legal measures.
- ii. The Board shall frame the policies and procedures for bank's purchase and procurement activities and shall accordingly approve the distribution of power for making such expenditures. The maximum possible delegation of such power of expenditures shall rest on the CEO and his subordinates. The decision on matters relating to infrastructure development and purchase of land, building, vehicles etc. for the purpose of bank's business shall, however, be adopted with the approval of the Board.
- iii. The Board will review whether an Asset-Liability Committee (ALCO) has been formed and it is working according to Bangladesh Bank guidelines.

f) Appointment of Chief Executive Officer (CEO):

In order to strengthen the financial base of the Bank and obtain confidence of the depositors, one of the major responsibilities of the Board of Directors is to appoint an honest, efficient, experienced and suitable CEO or Managing Director. The Board of Directors will appoint a suitable CEO with the approval of the Bangladesh Bank.

g) Other responsibilities of the Board:

The Board should follow and comply with the responsibilities assigned by Bangladesh Bank, Bangladesh Securities and Exchange Commission (BSEC) and other regulatory authorities from time to time.

Meeting of Board:

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

Powers of the Directors of the Bank:

General power of Directors:

The business of the Company shall be managed by the Directors who may pay all expenses of getting the Company registered and may exercise all such powers and do all such acts and things as the Company by its Memorandum of Association or otherwise authorised to exercise and do and are not by these presents or by the Act directed or required to be exercised or done by the Company in general meeting subject nevertheless to the provisions of the Act and of the Memorandum of Association and of these presents and to any regulations not being inconsistent with the Act, Memorandum of Association or these presents from time to time made by the Company in General Meeting, provided that no such regulation shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.

Specific powers of the Directors:

Without prejudice the general powers conferred by the last preceding Article and the other powers conferred by these presents and so as not in any way to limit or restrict any or all of these powers, it is hereby expressly declared that the Directors shall have the following powers:

1. To pay the cost, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company;
2. To purchase or otherwise acquire for the Company any property, right or privileges which the Company is authorised to acquire as such price and generally on such conditions as they think fit.
3. At their discretion to pay for any property or rights acquired by or services rendered to the Company, either wholly or partially in cash or in shares, bonds, debentures, debenture stocks or other securities of the Company and any such shares shall be issued as fully paid up, and any such bonds, debentures, debenture stocks or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital not so charged;
4. To insure and keep insured against loss or damage by fire or otherwise for such period' and to such extent as they may think proper all or any part of the buildings, machinery, goods, stores, produce and other real and movable property of the Company either separately or conjointly; also to insure and keep insured any portion of the goods, produce machinery and other articles imported or exported by the Company and sell, assign, surrender or discontinue any policies of assurance effected in pursuance of this power;

5. To open accounts with any bank or bankers or with any Company, firm or individual and to pay money into and draw money from any such account from time to time as the Directors may think fit;
6. To secure the fulfillment of any contract or engagements entered into by the Company by mortgage or charge of all or any of the property of the Company and its unpaid capital for the time being or in such other manner as they think fit;
7. To attach to any shares to be issued as the consideration or part of the consideration for any contract with or property acquired by the Company or in payment for services rendered to the Company such conditions as to the transfer thereof as they think fit;
8. To accept from any member on such terms and conditions as shall be agreed, surrender of his shares or stock or any part thereof;
9. To appoint any person or persons, whether incorporated or not to accept and hold in trust for the Company any property belonging to the Company or in which it is interested, or for any other purpose and to execute and do all such acts and things as may be requisite in relation to any such trust and to provide for remuneration of such trustee or trustees;
10. To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its officers or otherwise concerning the affairs of the Company, and also to compound and allow time for payment or satisfaction of any debt due or of any claims or demands by or against the Company;
11. To refer any claim or demand by or against the Company to arbitration and observe and perform the awards;
12. To act on behalf of the Company in all matters relating to bankrupts and insolvents;
13. To make and give receipts, releases and other discharges for money payable to the Company and for the claims and demands of the Company;
14. To determine from time to time who shall be entitled to sign the Company's behalf bills, notes, receipts, acceptances, endorsements, cheques, dividend, warrants, releases, contracts and documents;
15. To invest and deal with any of the money of the Company not immediately required for the purpose thereof upon such securities and in such manner as they may think fit and from time to time to vary or realise such investments;
16. To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability for the benefit of the Company such mortgages of the Company's property, present and future, as they think fit and any such mortgage may contain a power of sale and such other powers, covenants and provisions shall be agreed on;

17. To give to any Director, officer or other person employed by the Company an interest in any particular business or transaction either by way of commission on the gross profit thereon or otherwise or a share in the general profits of the Company and such interest, commission or share of profits shall be treated as a part of the working expenses of the Company;
18. To provide for the welfare of employees or ex-employees of the Company and the wives and families of the dependents or connections of such person by building or contributing to the building of houses or dwellings or by grants of money, pensions, allowances, bonus or other payments or by creating and from time to time subscribing or contributing to provident fund and other associations, institutions, funds or trusts and by providing or subscribing towards palaces of instruction and recreation hospitals and dispensaries, medical and other attendances and other assistance as the Company shall think fit;
19. To subscribe or grant money for any national charitable, benevolent , public, general or useful object or for any exhibition or to any institution, club, society or fund;
20. Subject to any regulations from time to time imposed by the Government or Bangladesh Bank, the Directors, may before recommending any dividend, set-aside out of the profits of the Company such sums as they may think proper for depreciation or to a Depreciation fund or as reservoir to Reserve fund or sinking fund or any special fund to meet contingencies or to repay debentures or for payment of dividends or for equalizing dividends or for repairing, improving, extending and maintaining any part of the property of the Company or for such other purposes as the Directors may in their absolute discretion think conducive to the interest of the Company and the Directors may invest the several sums so set-aside or so much thereof as required to be invested upon such investments (subject to the restrictions imposed by the Act) as the Directors may think fit;
21. To appoint and at their discretion remove or suspend such Manager or Managers, Secretary or Secretaries, Officers, Clerks, Employees, Agents, Advisers and Consultants for permanent, temporary or special services as they may from time to time think fit and to determine their powers and duties and fix their salaries, emoluments and remunerations and to require security in such instances and to such amount as they may think fit. And also without prejudice as aforesaid, from time to time to provide for the management and transaction of the affairs of the Company in such manner as they think fit and the provisions constituted in sub-clause (24) and (25) following shall be without prejudice to the general powers conferred by this sub-clause;
22. To comply with the requirements of any local law which in their opinion it shall in the interest of the Company be necessary or expedient to comply with;
23. From time to time and at any time to establish any local board for managing any of the affairs of the Company and to appoint any persons to be members of any local boards and to fix their remunerations. And from time to time and at any time delegate to any person so appointed any of the powers, authorities and discretions for the time being vested, in the Directors, other than their power to make calls, and to authorise the

members for the time being of any such local board, or any of them to fill up any vacancies therein and to act notwithstanding vacancies and any such appointment or delegation may be made on such terms and subjects to such conditions as the Directors may think fit, and Directors may at any time remove any person so appointed and may annul or vary any such delegation. Any such delegation may be authorised by the Directors to sub-delegate all or any of the powers, authorities and discretions for the time being vested in them;

24. At any time and from time to time by power of attorney to appoint any person or persons to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under these presents) and for such period and subject to such conditions as the Directors may from time to time think fit, and any such appointment if the Directors think fit may be made in favour of the members or any of the members of any local board established as aforesaid, or in favour of any Company or Firm or the members, directors, nominees or managers of any company or firm otherwise in favour of any fluctuating body or persons whether nominated directly or indirectly by the Directors, and any such power of attorney may contain such powers for the protection or convenience of persons dealing with such attorneys as the Directors may think fit;
25. Generally subject to the provisions of the Act and these presents to delegate the powers, authorities and discretions vested in the Directors to any person, firm, company or fluctuating copy of persons as aforesaid;
26. Any such delegate or attorney as aforesaid may be authorized by the Directors to sub-delegate all or any of the powers, authorities and discretions for the time being vested in him;
27. To enter into all such negotiations and contracts and to rescind and vary all such contracts and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient for or in relation to any of the matters aforesaid or otherwise for the purpose of the Company, and
28. To make rules consistent with the Act and these presents to provide for all or any matters for which provision may be necessary or convenient for the purpose of giving effect to the provisions of these presents and the business functions, management and the affairs of the Company.

Training for the Directors:

The directors shall make themselves fully aware of the banking laws and other related rules and regulations in force for performing their duties properly.

Delegation of powers of Directors:

The Directors from time to time may delegate any of their powers and authorities as aforesaid to the Chairman, Vice-Chairman, Managing Director, Director and Officers of the Company as they may decide.

Chairman of the Board of Directors:

- a. The Directors shall elect a Chairman and a Vice-Chairman as per Articles of Association of the Bank.
- b. The Chairman and the Vice-Chairman must be Bangladeshi nationals.
- c. The remuneration and other terms and conditions of the office of the Chairman and Vice-Chairman shall be such as may be decided by the Directors from time to time.
- d. All meetings of the Directors shall be presided over by the Chairman and in his absence by the Vice-Chairman, but if at any meeting of the Directors, the Chairman or the Vice-Chairman be not present at the time appointed for holding the same, then and in that case only, the Directors, shall choose another Director to preside over the meeting.
- e. As the Chairman of the Board of Directors or Chairman of any committee formed by the Board or any Director does not personally possess the jurisdiction to apply policy making or executive authority, he/she shall not participate in or interfere into the administrative or operational and routine affairs of the Bank.
- f. The Chairman may conduct on-site inspection of any Branch or financing activities under the purview of the oversight responsibilities of the Board. He may call for any information relating to Bank's operation or ask for investigation into any such affairs; he may submit such information or investigation report to the meeting of the Board or the Executive Committee and if deemed necessary, with the approval of the Board, he shall effect necessary action thereon in accordance with the set rules through the CEO. However, any complaint against the CEO shall have to be apprised to Bangladesh Bank through the Board along with the statement of the CEO.
- g. The Chairman may be offered an office-room, a personal secretary/assistant, one peon/MLSS, one telephone at the office, one mobile phone to use inside the country and a vehicle in the business-interest of the bank subject to the approval of the Board.

Formation of Committees from the Board of Directors:

The Bank can form 01 (one) Executive Committee, 01 (one) Audit Committee, 01 (one) Risk Management Committee and 01 (one) Nomination and Remuneration Committee (NRC) with the Directors.

Executive Committee:

The Executive Committee should be formed with the members of the Board to continue the urgent and daily or routine works between the intervals of two board meetings. The Executive Committee will perform according to their terms of reference determined by the Board of Directors.

a) Organizational structure:

- i. Members of the committee will be nominated by the Board of Directors from themselves;
- ii. The Executive Committee will comprise of maximum 07 (seven) members;
- iii. The Members may be appointed for a 03 (three)-year term of office;
- iv. The Chairman of the Board of Directors can be the chairman of Executive Committee;
- v. The Company Secretary of the Bank will be the secretary of the Executive Committee.

b) Qualifications of the Members:

- i. Integrity, dedication, and opportunity to spare time in the functions of committee will have to be considered while nominating a director to the committee;
- ii. Each member should be capable of making valuable and effective contributions in the functioning of the committee;
- iii. To perform his or her role effectively each committee member should have adequate understanding of the detailed responsibilities of the committee membership as well as the bank's business, operations and its risks.

c) Roles and Responsibilities of the Executive Committee:

- i. The Executive Committee can decide or can act in those cases as instructed by the Board of Directors that are not specifically assigned on full board through the Banking Companies Act, 1991 and other laws and regulations;
- ii. The Executive Committee can take all necessary decision or can approve cases within power delegated by the Board of Directors;
- iii. All decisions taken in the Executive Committee should be ratified in the next Board meeting.

d) Meetings:

- i. The Executive Committee can sit any time as it may deem fit;
- ii. The committee may invite Chief Executive Officer, Head of internal audit or any other Officer to its meetings, if it deems necessary;
- iii. To ensure active participation and contribution by the members, a detailed memorandum should be distributed to committee members well in advance before each meeting;
- iv. All decisions/observations of the committee should be noted in minutes.

Audit Committee:

The Board will approve the objectives, strategies and overall business plans of the Bank and the Audit Committee will assist the Board in fulfilling its oversight responsibilities. The committee will review the financial reporting process, the system of internal control and management of financial risks, the audit process, and the bank's process for monitoring compliance with laws and regulations and its own code of business conduct.

Organizational structure:

1. Members of the committee will be nominated by the Board of Directors from the directors;
2. The Audit Committee will comprise of maximum 05 (five) members, including the independent director(s);
3. The Audit Committee will comprise with directors who are not executive committee members;
4. The Members may be appointed for a 03 (three) year term of office;
5. The Chairman of the Audit Committee will be an Independent Director;
6. The Company Secretary of the Bank will be the secretary of the Audit Committee;
7. The quorum of the meeting will not be fulfilled without Independent Director.

b) Qualifications of the Member:

1. Integrity, dedication, and opportunity to spare time in the functions of committee will have to be considered while nominating a director to the committee;
2. Each member should be capable of making valuable and effective contributions in the functioning of the committee;
3. To perform his or her role effectively each committee member should have adequate understanding of the detailed responsibilities of the committee membership as well as the bank's business, operations and its risks;
4. Professionally Experienced persons in banking/financial institutions specially having educational qualification in Finance, Banking, Management, Economics, Accounting will get preference in forming the committee;
5. Who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company;
6. Who is not a sponsor of the company or is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company:
Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family members;
7. A Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or business association;
8. Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid-up capital of Tk. 100.00 million or of a listed company;

9. Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or Law; or
10. University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or
11. Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;
12. The independent director shall have at least 10 (ten) years of experiences in any field mentioned above.

c) Roles and Responsibilities of the Audit Committee:

(i) Internal Control:

- a. Evaluate whether management is setting the appropriate compliance culture by communicating the importance of internal control and the management of risk and ensuring that all employees have clear understanding of their roles and responsibilities;
- b. Review management's actions in building computerization of the bank and its applications and bank's Management Information System (MIS);
- c. Consider whether internal control strategies recommended by internal and external auditors have been implemented by the management;
- d. Consider reports relating to fraud, forgery, deficiencies in internal control or other similar issues detected by internal and external auditors and inspectors of the regulatory authority and place it before the Board after reviewing whether necessary corrective measures have been taken by the management.

(ii) Financial Reporting:

- a. The Audit Committee will check whether the financial statements reflect the complete and concrete information and determine whether the statements are prepared according to existing rules & regulations and standards enforced in the country and as per relevant prescribed accounting standards set by Bangladesh Bank;
- b. Discuss with management and the external auditors to review the financial statements before its finalization.

(iii) Internal Audit:

- a. The Audit Committee will monitor whether internal audit working independently from the management;
- b. Review the activities of the internal audit and the organizational structure and ensure that no unjustified restriction or limitation hinders the internal audit process;
- c. Examine the efficiency and effectiveness of internal audit function;
- d. Examine whether the findings and recommendations made by the internal auditors are duly considered by the management or not.

(iv) External Audit:

- a. Review the performance of the external auditors and their audit reports;
- b. Examine whether the findings and recommendations made by the external auditors are duly considered by the management or not;
- c. Make recommendations to the Board regarding the appointment of the external auditors.

(v) Compliance with existing Laws and Regulations:

Review whether the laws and regulations framed by the regulatory authorities (central bank and other bodies) and internal regulations approved by the Board are being complied with.

(vi) Other Responsibilities:

- a. Submit compliance report to the Board on quarterly basis on regularization of the omission, fraud and forgeries and other irregularities detected by the internal and external auditors and inspectors of regulatory authorities;
- b. External and internal auditors will submit their related assessment report, if the committee solicit;
- c. Perform other oversight functions as desired by the Board of Directors and evaluate the committee's own performance on a regular basis.

d) Meetings:

- a. The Audit Committee should hold at least 04 (four) meetings in a year and it can sit any time as it may deems fit;
- b. The committee may invite Chief Executive Officer, Head of internal audit or any other Officer to its meetings, if it deems necessary;
- c. To ensure active participation and contribution by the members, a detailed memorandum should be distributed to committee members well in advance before each meeting;
- d. All decisions/observations of the committee should be noted in minutes.

Risk Management Committee:

To play an effective role in mitigating impending risks arising out from strategies and policies formulated by the Board and to carry out the responsibilities efficiently, a risk management committee will play a vital role in this regard. After identifying and assessing several risk factors like credit risks, foreign exchange risks, internal control and compliance risks, money laundering risks, information and communication risks, management risks, interest risks, liquidity risks etc.; the Risk Management Committee will scrutinize whether appropriate risk management measures are being put in place and applied and whether adequate capital and provision is being maintained against the risks identified.

a) Organizational Structure:

1. The Members of the committee will be nominated by the Board of Directors from themselves;
2. The Risk Management Committee will comprise of maximum 05 (five) members;
3. The Members may be appointed for a 03 (three) years term of office;
4. The Company Secretary of the Bank will be the secretary of the Risk Management Committee.

b) Qualifications of the Member:

1. Integrity, dedication, and opportunity to spare time in the functions of committee will have to be considered while nominating a director to the committee;
2. Each member should be capable of making valuable and effective contributions in the functioning of the committee;
3. To perform his or her role effectively each committee member should have adequate understanding of the detailed responsibilities of the committee membership as well as the bank's business, operations and its risks.

c) Roles and Responsibilities of the Risk Management Committee:

i) Risk identification & control policy:

Formulation and implementation of appropriate strategies for risk assessment and its control is the responsibility of Risk Management Committee. Risk Management Committee will monitor risk management policies & methods and amend it if necessary. The committee will review the risk management process to ensure effective prevention and control measures.

ii) Construction of organizational structure:

The responsibility of Risk Management Committee is to ensure an adequate organizational structure for managing risk within the Bank. The Risk Management Committee will supervise formation of separate management level committees and monitor their activities for the compliance of instructions of lending risk, foreign exchange transaction risk, internal control & compliance risk, money laundering risk, information & communication risk including other risk related guidelines.

iii) Analysis and approval of Risk Management policy:

The Risk management policies & guidelines of the Bank should be reviewed annually by the committee. The committee will propose amendments if necessary and send it to the Board of Directors for their approval. Besides, other limits including lending limit should be reviewed at least once annually and should be amended, if necessary.

iv) Storage of data & Reporting system:

Adequate record keeping & reporting system developed by the Bank management will be approved by the Risk Management Committee. The committee will ensure proper use of the system. The committee will minute its proposal, suggestions & summary in a specific format & inform the Board of Directors.

v) Monitoring the implementation of overall Risk Management Policy:

The Risk Management Committee will monitor proper implementation of overall risk management policies. They will monitor whether proper steps have been taken to mitigate all risks including lending risk, market risk, and management risk.

vi) Other responsibilities:.

1. The Committee's decision and suggestions should be submitted to the Board of Directors quarterly in short form;
2. Comply instructions issued time to time by the controlling body;
3. Internal & external auditor will submit respective evaluation report whenever required by the committee.

d) Meetings:

1. The Risk Management Committee should hold at least 04 (four) meetings in a year and it can sit any time as it may deems fit;
2. The committee may invite Chief Executive Officer, Chief Risk Officer and any other Officer to its meetings, if it deems necessary;
3. To ensure active participation and contribution by the members, a detailed memorandum should be distributed to committee members well in advance before each meeting;
4. All decisions/observations of the committee should be noted in minutes.

Nomination and Remuneration Committee (NRC):

Nomination and Remuneration Committee (NRC) as a sub-committee of the Board of Directors of the company comprising the following terms of conditions:

- (a) The Committee shall comprise of at least three members including an independent director;
- (b) All members of the Committee shall be non-executive directors;
- (c) Members of the Committee shall be nominated and appointed by the Board;
- (d) The Board shall have authority to remove and appoint any member of the Committee;
- (e) In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;

- (f) The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee;
- (g) The Company Secretary shall act as the secretary of the Committee;
- (h) The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;
- (i) No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company.

Chairperson of the NRC:

- (a) The Board shall select 01 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;
- (b) In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;
- (c) The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders:

Provided that in absence of Chairperson of the NRC, any other member from the NRC shall be selected to be present in the annual general meeting (AGM) for answering the shareholder's queries and reason for absence of the Chairperson of the NRC shall be recorded in the minutes of the AGM.

Meeting of the NRC:

- a) The NRC shall conduct at least one meeting in a financial year;
- b) The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;
- c) The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must;
- d) The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.

Role of the NRC:

- (a) NRC shall be independent and responsible or accountable to the Board and to the shareholders;
- (b) NRC shall oversee, among others, the following matters and make report with recommendation to the Board:

- (i) formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:
 - a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;
 - b) the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - c) remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.
 - (ii) devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;
 - (iii) identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;
 - (iv) formulating the criteria for evaluation of performance of independent directors and the Board;
 - (v) identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and
 - (vi) developing, recommending and reviewing annually the company's human resources and training policies;
- (c) The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.

Chief Executive Officer of the Bank:

The issue of good governance is very important in Bank management. In order to strengthen the financial base of the Bank and obtain confidence of the depositors, appointing honest, efficient, experienced and suitable Chief Executive is one of the responsibilities of the Board of Directors. In order to ensure good governance, the NCC Bank always follows the guidelines of Bangladesh Bank regarding appointing the CEO and in devising the role-responsibilities and authorities of the CEO:

Duties and Responsibilities of CEO:

The CEO of the Bank, whatever name called, shall discharge the responsibilities and exercise the authorities as follows:

- a. The Managing Director of the Company shall be its Chief Executive, who shall be appointed by the Board of Directors as per rules of the Bangladesh Bank;
- b. The Managing Director shall be ex -officio Director of the Company;

- c. In terms of the financial, business and administrative authorities vested upon him by the Board, the CEO shall discharge his own responsibilities. He shall remain accountable for achievement of financial and other business targets by means of business plan, efficient implementation thereof and prudent administrative and financial management;
- d. The CEO shall ensure compliance of the Banking Companies Act, 1991 and other relevant laws and regulations in discharging routine functions of the Bank;
- e. At the time of presenting any memorandum in the Board Meeting or Board Committee Meeting, the CEO must point out if there is any deviation from the Banking Companies Act, 1991 and other relevant laws and regulations;
- f. The CEO shall report to Bangladesh Bank any violation of the Banking Companies Act, 1991 or of other laws/regulations;
- g. The recruitment and promotion of all staff of the Bank except those in the two tiers below him shall rest on the CEO. He shall act in such cases in accordance with the approved service rules on the basis of the human resources policy and sanctioned strength of employees as approved by the Board;
- h. The authority relating to transfer of and disciplinary measures against the staff, except those at two tiers below the CEO, shall rest on him, which he shall apply in accordance with the approved service rules. Besides, under the purview of the human resources policy as approved by the Board, he shall nominate officers for training etc.

Amendments or Modifications of the Code of Conduct:

The Code of Conduct of the Board of Directors of National Credit and Commerce Bank Limited (NCCBL) including the Chairman of the Board and Chief Executive Officer (CEO) of the Bank will be amended or modified from time to time considering the prevailing laws, rules and regulations in force of the regulatory authorities of the Company.