

CODE OF CONDUCT OF NCR LTD.

(REVISED AND UPDATED IN 2022)



Code of Conduct

NCR's mission is to provide high quality, independent and reliable analytical information on the creditworthiness of the rated entities and instruments. NCR is committed to continuously reviewing and monitoring its policies, procedures and internal controls in order to ensure the objectivity and integrity of its ratings. NCR is required to comply with the rules of the Bangladesh Securities and Exchange Commission (BSEC). This Code of Conduct also reflects the objectives of the IOSCO Statement of Principles on Credit Rating Agencies. NCR expects all employees to comply with this code and the related policies and procedures. Any exceptions to this code or the related policies and procedures should be approved in writing by the Compliance Officer of NCR who shall be responsible for interpretation of this code and the related policies and procedures. Failure to comply with this code and the related policies and procedures could be sufficient reason for disciplinary action.

Quality and Integrity of the Rating Process

A. Quality of the Rating Process

1.1 NCR has been using rating methodologies/criteria that are rigorous and systematic. Each report has reference to the particular methodology that has been followed.

1.2 NCR has been using standards and procedures to meet the rating requirements for each industry or each type of financial instruments and discloses the methodologies on its public website which shall immediately be updated after any subsequent modification thereof. Analysts involved in the preparation or review of any rating action are using methodologies/criteria established by NCR. It is mandatory for analyst to apply methodology/criteria existing at the time of rating/review in a consistent manner, as determined by NCR.

1.3 Credit ratings must be assigned by the Rating Committee (RC) and not by any individual analyst. The Internal Review Committee (IRC) mandatorily double-check the documents and information on which analyst make ratings and the Rating Committee (RC) rigorously examine and review the analysts proposed ratings thoroughly and assign final rating.

1.4 The Rating Committee (RC) of NCR headed by DMD/ CEO/ External Member, comprised five members including two senior analysts having appropriate knowledge and experience. The Rating Committee has adequate access to information and the authority to make independent decisions. The Chief Rating Officer (CRO) acts as an ex-officio member of the Rating Committee and the Compliance Officer (CO) acts as the secretary to the Rating Committee.

1.5 Ratings shall reflect all information known, and believed to be relevant by the Rating committee, consistent with NCR's published methodology/criteria and NCR shall use people who, individually or collectively have appropriate knowledge and experience in developing a rating opinion.

1.6 NCR has been maintaining internal records including workings of the analysts and proceedings of the Rating Committee meetings concerning its rating decisions for a period of at least 5 (five) years after expiry of validity of the concerned rating either in paper format or in a digitalized version. The Compliance Officer (CO) shall ensure to preserve all such records.



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1.7 NCR and its analysts shall take steps to avoid issuing any credit analyses or reports that contain misrepresentations or are otherwise misleading as to the general creditworthiness of an issuer or obligation.

1.8 NCR shall ensure that it has and devotes sufficient resources to carry out high-quality credit assessments of all obligations and issuers it rates. When deciding whether to rate or continue rating an obligation or issuer, it shall assess whether it is able to devote sufficient personnel with requisite skill sets to make a proper rating assessment, and whether its personnel likely will have access to sufficient information needed in order to make such an assessment.

1.9 NCR has already structured its rating teams to promote continuity and avoid bias in the rating process.

B. Monitoring and Updating

2.1 NCR prepares standard agreement(s) for rating entities and instruments. The standard agreement shall contain, among others, terms and conditions of the rating, rights and obligation of the parties, validity of the agreement, termination and settlement, surveillance rating, mode of payment etc.

2.2 In accordance with NCR's established rating policies and procedures, once a rating is accepted, NCR shall monitor it on an ongoing basis (including withdrawal of a rating), consistent with the applicable rating methodology/criteria; and, c. updating on a timely basis the rating, as appropriate, based on the results of such review.

2.3 NCR typically withdraws rating only when the rated instrument is fully redeemed or if there is no instrument outstanding. Where NCR makes its ratings available to the public, it shall publicly announce if it withdraws rating of an issuer or obligation. Where NCR's ratings are provided only to its subscribers, NCR shall announce to its subscribers if it withdraws rating of an issuer or obligation. In both cases, publications by NCR of the withdrawn rating shall indicate that the rating was withdrawn.

C. Integrity of the Rating Process

3.1 NCR shall establish, maintain, document, and enforce policies, procedures, and controls designed to ensure that NCR and its employees comply with its code of conduct and applicable laws and regulations.

3.2 NCR shall exercise due diligence, ensure proper care and provide fair and independent opinion in order to achieve and maintain objectivity and independence in the rating process.

3.3 NCR and its employees shall deal fairly and honestly with issuers, investors, other market participants, and the public.

3.4 NCR's analysts shall be held to high standards of integrity, and NCR shall not employ individuals with demonstrably compromised integrity.

3.5 NCR and its employees shall not, either implicitly or explicitly, give any assurance or guarantee of a particular rating prior to a rating assessment. This does not preclude NCR from developing prospective assessments used in structured finance and similar transactions.

3.6 Upon becoming aware that another employee of NCR is or has engaged in conduct that is illegal, unethical or contrary to NCR's code of conduct, an employee of NCR shall report such information



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immediately to the individual in charge of compliance or an officer of NCR, as appropriate, so proper action may be taken. NCR's employees are not necessarily expected to be experts in the law. Nonetheless, its employees are expected to report the activities that a reasonable person would question. Any NCR officer who receives such a report from a NCR employee is obligated to take appropriate action, as determined by the laws and regulations of the jurisdiction and the rules and guidelines set forth by NCR. NCR's management prohibits retaliation by other NCR staff or by NCR itself against any employee who, in good faith, make such reports. In case any staff is found guilty on this count, NCR shall take disciplinary action up to and including termination/dismissal of employment.

3.7 NCR and its employees shall not make promises or threats about potential credit rating actions to influence rated entities or users of the NCR's credit ratings (e.g., subscribers) to pay for credit ratings or other services.

3.8 NCR and its employees shall not make proposals or recommendations regarding the activities of rated entities that could impact a credit rating of the rated entity or obligation.

3.9 NCR has already established a compliance function responsible for monitoring and reviewing the compliance of NCR and its employees. The compliance function is also responsible for reviewing the adequacy of its policies, procedures, and controls designed to ensure compliance.

3.10 To prevent aggressive marketing or rating shopping for credit rating, NCR shall not engage in any form of arrangement or commitment or action or make agreement with any financial institution for conducting credit rating of its client(s).

3.11 The rating analysts or employees of credit rating division of NCR shall not be involved in marketing or negotiation of rating fees.

3.12 To ensure independence of the rating process as well as to prevent aggressive marketing or rating shopping for credit rating, NCR shall ensure that they have no dues with their clients before awarding credit ratings by the Rating Committee.

3.13 NCR shall not make any agreement on the same issue or for dual rating on the same issue with a client unless the client terminates its contract with the existing CRC, if any;

3.14 NCR shall not make any proposal or offer to any client with a reduced rating fee before completion of the existing agreement.

3.15 If the rating is upgraded by two notches, NCR shall report to the Commission the reasons of such up-gradation with rationale.



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Independence and Avoidance of Conflicts of Interest

A. General

4.1 The Rating Committee of NCR shall be independent in its rating decision-making and shall disregard any internal or external pressure or interference.

4.2 NCR shall not forbear or refrain from taking a rating action, if appropriate, based on the potential effect (economic, political, or otherwise) of the rating action on NCR, an issuer, an investor, or other market participant.

4.3 NCR and its analysts shall use care and professional judgment to maintain both the substance and appearance of independence and objectivity.

4.4 The determination of a credit rating shall be influenced only by factors known to the Rating Committee that are believed by it to be relevant for credit assessment'

4.5 The credit rating NCR assigns to an issuer or issue shall not be affected by the existence of or potential for a business relationship between NCR (or its affiliates) and the issuer (or its affiliates) or any other party, or the non-existence of such a relationship.

B. NCR's Procedures and Policies

5.1 NCR shall adopt written internal procedures and mechanisms to (1) identify, and (2) eliminate, or manage and disclose, as appropriate, any actual or potential conflicts of interest that may influence the opinions and analyses NCR makes or the judgment and analyses of the analysts. NCR shall disclose such conflict avoidance and management measures.

5.2 NCR's disclosures of actual and potential conflicts of interest should be complete, timely, clear, concise, specific and prominent.

5.3 NCR shall disclose the general nature of its compensation arrangements with rated entities. Where NCR receives from a rated entity compensation unrelated to its ratings service, as such NCR does not have any other subsidiary business activity such as consulting and advisory and therefore the issue of receiving compensation from a rated entity on businesses unrelated to its ratings service does not arise.

5.4 NCR and its employees shall not engage in any securities or derivatives trading presenting conflicts of interest with NCR's rating activities.

5.5 In instances where rated entities (e.g., governments) have, or are simultaneously pursuing, oversight functions related to NCR, NCR shall use different employees to conduct its rating actions than those employees involved in its oversight issues.

5.6 NCR shall publicly disclose if it receives 10 percent or more of its annual revenue from a single entity or group.



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C. Analyst and Employee Independence

6.1 Reporting lines for Analyst and their compensation arrangements shall be structured to eliminate or effectively manage actual and potential conflicts of interest. An analyst will not be compensated or evaluated on the basis of the amount of revenue that NCR derives from issuers that the analyst rates or with which the analyst regularly interacts.

6.2 NCR's analysts shall not be involved in deciding the commercial terms of the rating assignment. This is decided by the Senior Management.

a. No NCR Employee/Rating Committee Member shall participate in or otherwise influence the determination of rating of any particular entity or obligation if the Analyst/Rating Committee Member or member of his family (family includes self, dependent spouse, dependent parents, dependent children, dependent parents in laws):

b. Owns securities or derivatives of the rated entity, other than holdings in diversified collective investment schemes;

c. Owns securities or derivatives of any entity related to a rated entity, the ownership of which may cause or may be perceived as causing a conflict of interest, other than holdings in diversified collective investment schemes;

d. had been employed or had other significant business relationship with the rated entity in the immediately preceding one year that may cause or may be perceived as causing a conflict of interest;

e. Has an immediate relation (i.e., a spouse, partner, parent, child, or sibling) who currently works for the rated entity; or

f. Has, or had in the immediately preceding one year, any other relationship with the rated entity or any related entity thereof that may cause or may be perceived as causing a conflict of interest.

I. NCR's analysts and anyone involved in the rating process (or their dependent spouse, partner or minor children/family member) shall not buy or sell or engage in any transaction in any security or derivative based on a security issued, guaranteed, or otherwise supported by any entity within such analyst's area of primary analytical responsibility, other than holdings in diversified collective investment schemes except as permitted under NCR'S intimal securities trading policy.

II. NCR employees shall not solicit money, gifts, or favors from anyone with whom the NCR does business and shall not accept gifts offered in the form of cash or cash equivalents or any gifts exceeding a minimal monetary value.

III. Any NCR analyst who becomes involved in any personal relationship that creates the potential for any real or apparent conflict of interest (including, for example, any personal relationship with an employee of a rated entity or agent of such entity within his or her area of analytic responsibility), shall be required to disclose such relationship to the appropriate manager or officer of NCR.

IV. NCR shall conduct formal and periodic review of compensation policies and practices for NCR employees at least in every 3 (three) years to ensure that these policies and practices do not compromise the rating process.



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NCR's Responsibilities to the General Investors and Issuers

A. Transparency and Timeliness of Ratings Disclosure

7.1 NCR distributes in a timely manner its ratings decisions regarding the issuers and securities it rates if any.

7.2 NCR publicly discloses its policies for distributing ratings, reports and updates.

7.3 NCR indicates with each of its ratings when the rating was updated.

7.4 Except for private ratings provided only to the issuer, NCR shall disclose to the public, on a non-selective basis and free of charge, any rating regarding publicly issued securities, or public issuers themselves, as well as any subsequent decisions to discontinue such a rating. Press releases providing brief rationale of the rating are provided on NCR's website. It is mandatory for CEO or CRO to sign each rating publications before makes it public.

7.5 If NCR rates or updates a rating or discontinue with a rating of a publicly listed company or any instrument of such a company, it disseminates the information through a news release to the Commission and the stock exchanges within 1(one) hour of such decision.

7.6 NCR publishes sufficient information about its procedures, methodologies and assumptions (including financial statement adjustments that deviate materially from those contained in the issuer's published financial statements) so that outside parties can understand how a rating was arrived at by NCR. This information will include (but not be limited to) the meaning of each rating category and the definition of default.

7.7 When issuing or revising a rating, NCR shall explain in its press releases and reports the key elements underlying the rating opinion.

7.8 Where feasible and appropriate, prior to issuing or revising a rating, NCR shall inform the issuer of the critical information and principal considerations upon which a rating will be based and afford the issuer an opportunity to clarify any likely factual misperceptions or other matters that NCR would wish to be made aware of in order to produce an accurate rating. NCR will duly evaluate the response. Wherein particular circumstances NCR have not informed the issuer prior to issuing or revising a rating, NCR shall inform the issuer as soon as practical thereafter and, generally, shall explain the reason for the delay.

7.9 NCR would publish periodic default and transition studies on its ratings within 45 (forty Five) days of each year end. These studies will explain the methodologies, assumptions and limitations.

7.10 NCR undertakes only ratings solicited by issuers It would hence not be necessary to separately disclose whether each rating has been initiated at the request of the issuer.

7.11 Because users of credit ratings rely on an existing awareness of NCR methodologies, practices, procedures and processes, NCR shall fully and publicly disclose any material modification to its methodologies and significant practices, procedures, and processes. Where feasible and appropriate, disclosure of such material modifications shall be made prior to their going into effect. NCR shall carefully consider the various uses of credit ratings before modifying its methodologies, practices, procedures and processes.



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B. The Treatment of Confidential Information

8.1 NCR shall adopt procedures and mechanisms to protect the confidential nature of information shared with it by issuers under the terms of a confidentiality agreement or otherwise under a mutual understanding that the information is shared confidentially. Unless otherwise permitted by the confidentiality agreement and consistent with applicable laws or regulations, NCR and its employees shall not disclose confidential information in press releases, through research conferences, to future employers, or in conversations with investors, other issuers, other persons, or otherwise.

8.2 NCR shall use confidential information only for purposes related to its rating activities or otherwise in accordance with any confidentiality agreements with the issuer.

8.3 NCR employees shall take all reasonable measures to protect all property and records belonging to or in possession of NCR from fraud, theft or misuse.

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