



YOMA BANK

Corporate Governance Policy Manual

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CHAIRMAN OF THE
BOARD OF DIRECTORS



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Definitions

Various capitalised terms used throughout this Corporate Governance Policy Manual have the respective meanings set forth below:

Affiliates: with respect to any Person, any other Person directly or indirectly Controlling, Controlled by or under common Control with, such Person (where “**Control**” means the power to direct the management or policies of a Person, directly or indirectly, provided that the direct or indirect ownership of twenty percent (20%) or more of the voting share capital of a Person is deemed to constitute Control of such Person).

Board: the board of directors of the Bank.

Director: an individual who is a member of the Board of the Bank.

Distribution:

- (a) the transfer of cash or other property without consideration, whether by way of dividend or otherwise, distributed by the Bank or a Subsidiary in respect of any class of equity security; or
- (b) the purchase or redemption of equity securities of the Bank issued to or held by employees, officers, Directors or consultants of the Bank or its Subsidiaries upon termination of their employment pursuant to an employee stock plan approved by the Board.

equity securities: ordinary shares, loans, rights, options or other similar instruments or securities which are convertible into or exercisable or exchangeable for, or which carry a right to subscribe for or purchase ordinary shares of a company or any instrument or certificate representing a beneficial ownership interest in the ordinary shares of a company, including any other security issued by the company, even if not convertible into ordinary shares, that derives its value and/or return based on the financial performance of the company or its shares.

Independent Director:

- (a) a Director who:
 - (i) has no direct or indirect business relationship with any Relevant Shareholder or its Affiliates;
 - (ii) is not a director, officer or employee of any Relevant Shareholder or its Affiliates or a Person that has or had a business relationship with any Relevant Shareholder or its Affiliates;
 - (iii) is not a Related Party; and
 - (iv) is not a Relative of any Individual Shareholders or any other individual under items (i), (ii) or (iii) above; or
- (b) in the event of a proposed admission of Shares on one of the Relevant Markets listed below, a Director who is classified as an ‘independent director’ and fulfils the requirements of an ‘independent director’ under applicable listing agreement or regulations of such Relevant Market, during the period commencing on a date which is six (6) months prior to the date of admission of Shares of the Bank on such Relevant Market and until expiry of the SHA.

Relevant Markets: Singapore Exchange Limited, New York Stock Exchange, London Stock Exchange, Hong Kong Stock Exchange, any other stock exchange consented to by the Investors, or any reputable and internationally recognised automated quotation system or stock exchange as may be mutually agreed by the Bank, the Sponsors, U Zaw Moe Khine, International Finance Corporation, Greenwood Capital Private Limited and Norfund.

Independent Non-Executive Director: A Director that holds less than five percent (5%) of the voting shares of the Bank and is not a Statutory Related Party.

Individual Shareholders: U Zaw Moe Khine and U Theim Wai.

Investors: International Finance Corporation, Greenwood Capital Private Limited and Norfund.

non-executive Director: a Director that is not an employee of the Bank or of any Relevant Shareholder.

Person: any individual, corporation, company, partnership, firm, voluntary association, joint venture, trust, unincorporated organization, any national, supranational, regional or local government, or governmental, statutory, regulatory, administrative, fiscal, judicial or government-owned body, department, commission, authority, tribunal, agency or entity, or central bank, or any other entity whether acting in an individual, fiduciary or other capacity.

Related Party: any Person:

(a) that holds a **material interest** in the Bank or any Subsidiary;

(b) in which the Bank or any Subsidiary holds a **material interest**;

material interest means a direct or indirect ownership of shares representing at least one percent (1%) of the outstanding voting power or equity of the Bank or any Subsidiary.

(c) that is otherwise an Affiliate of the Bank;

(d) who serves (or has within the past twelve (12) months served) as a Director, officer or employee of the Bank;

(e) who is a Relative of any individual included in any of the foregoing; or

(f) who is described as a “related party” in the Financial Institutions Law No. 20 of 2016 (“**Statutory Related Party**”), being:

(i) a person who has a **substantial interest** in the Bank or in whom the Bank has a significant interest;

substantial interest means owning, directly or indirectly, ten percent or more of the capital or of the voting rights of the Bank, or directly or indirectly exercising control over the management of the Bank as CBM may determine.

(ii) a Director or officer (including the CEO and his deputies, the CFO and other persons performing executive functions at the Bank) of the Bank or of a body corporate that controls the Bank;

(iii) the:

spouse; (B) brother; (C) sister; (D) brother or sister of the spouse; (E) any lineal ascendant or descendant; (F) any lineal ascendant or descendant of the spouse; or (G) any dependents,

of any natural person covered in items (i) and (ii) above, including where any of the foregoing relationship are created through adoption; or

(iv) any person or class of persons who has been designated by the CBM as a related party because of any past or present interest in or relationship with the Bank.

Relative: with reference to any person, anyone who is related to another if (i) they are members of a family; or (ii) they are husband and wife. The foregoing includes any person related in the following manner: (i) father; (ii) mother; (iii) son; (iv) son’s wife; (v) daughter; (vi) daughter’s husband; (vii) brother or sister (viii) stepsister, stepbrother,

stepson, stepmother or stepfather; and (ix) first cousin.

Relevant Shareholders: the Sponsors and U Zaw Moe Khine.

SHA: the Shareholders Agreement entered into between the Bank, the Sponsors, U Zaw Moe Khine, International Finance Corporation, Greenwood Capital Private Limited and Norfund on 29 August 2019.

Shareholders: International Finance Corporation, Greenwood Capital Private Limited, Norfund and the Relevant Shareholders.

Shares: ordinary shares in the capital of the Bank.

Sponsors: U Theim Wai, Serge Pun and Associates (Myanmar) Limited and First Myanmar Public Investment Public Company Limited.

Statutory Related Party: Any person falling under item (f) of the definition of Related Party above.

Subsidiary:

- (a) a company ("**Company 1**") in which another company ("**Company 2**"):
 - (i) controls the composition of the board of Company 1;
 - (ii) is in a position to exercise, or control the exercise of, more than one-half the maximum number of votes that can be exercised at a meeting of Company 1;
 - (iii) holds more than one-half of the issued shares of Company 1, other than shares that carry no right to participate beyond a specified amount in a distribution of either profits or capital; or
 - (iv) is entitled to receive more than one-half of every dividend paid on shares issued by the Company 1, other than shares that carry no right to participate beyond a specified amount in a distribution of either profits or capital; and
- (b) a subsidiary of Company 1 is also a subsidiary of Company 2.

Restricted Person:

- (a) a Person that has been named on lists promulgated by the United Nations Security Council or its committees pursuant to resolutions issued under Chapter VII of the United Nations Charter;
- (b) a Person named on or in a senior management position at an entity listed on the World Bank Listing of Ineligible Firms;
- (c) any other Person that constitutes a Prohibited Person under the Bank's Business Integrity Policy (as amended from time to time).

Introduction

The purpose of the Yoma Bank Corporate Governance Policy Manual (or “**Manual**”) is to summarize the key corporate governance policies and provisions (the “**Policies**”) of Yoma Bank (the “**Bank**”).

Yoma Bank defines corporate governance as a set of structures and processes that provide strategic direction and oversight control of the Bank. It includes the relationships between the Bank’s shareholders, Board of Directors and executive bodies for the purpose of creating long-term shareholder value.

The corporate governance framework of Yoma Bank is broadly based on the Organization for Economic Cooperation and Development (OECD) principles of:

- **Accountability.** The policy establishes Yoma Bank’s accountability to shareholders and guide the Bank’s Board in setting strategy and guiding and monitoring Bank management.
- **Effectiveness.** Yoma Bank ensures that this framework covers the basis for its effectiveness with a sound legal, regulatory and institutional framework. The framework develops with the view to its impact on overall economic performance and market integrity.
- **Fairness.** Yoma Bank protects shareholder rights and ensures the equitable treatment of all shareholders, including minority shareholders. All shareholders are to be granted effective redress for violation of their rights through the Board.
- **Transparency.** Yoma Bank ensures that timely and accurate disclosure is made on all material matters regarding the Bank, including financial situation, performance, share ownership and governance, in a manner easily accessible to interested parties.
- **Responsibility.** Yoma Bank recognizes the rights of other stakeholders as established by laws and regulations, and encourages cooperation between the Bank and stakeholders in creating sustainable and financially sound enterprises.

This Manual has been developed in adherence with:

1. the Financial Institutions Law 2016 (“**FIL**”) and Directives issued by the CBM and other relevant statutory authorities;
2. Myanmar Companies Law 2017; and
3. Yoma Bank’s Constitution

The Board of Directors of Yoma Bank will ensure these Policies are adhered to throughout the Bank. Further, the Board will review and update these Policies as needed. Any changes to these Policies must be approved by the Board of Directors. The provisions in this Manual will be applied as possible and practically allowed within the current legal constraints of Myanmar law and during the transition towards the new legal framework.

By adopting these Policies, Yoma Bank confirms its ongoing commitment to strong corporate governance.



1. Board of Directors Policies

1.1. Board Roles and Director Duties

1. **Board Roles and Responsibilities.** The Board is elected by and accountable to the shareholders of Yoma Bank. Pursuant to CBM directive no. (9/2019), the appointment of the Directors of the Board shall be staggered to ensure that the duties and functions of the Board are conducted without interruption. Except for decisions explicitly reserved for shareholders, the Board has full authority to carry out all activities necessary to provide effective strategic guidance and sound oversight, key personnel decisions, organizational structure, governance framework and practices, risk management and compliance obligations. Its ultimate goal is to create long-term shareholder value while taking into account the interest of its stakeholders. The following are the primary roles and responsibilities of the Board:
 - Review, approve and monitor the Bank's long-term strategic objectives and management business plans and budgets, including any performance indicators and targets to be used in relation to the strategy. Such plans and budgets may only be approved by Board Supermajority (see discussion below on matters requiring a Supermajority);
 - Playing a lead role in establishing the Bank's corporate culture and values;
 - Set the risk appetite for the Bank, including specific targets, caps, or indicators related to risk appetite;
 - Monitor the overall performance of the Bank's progress towards its strategic objectives and variance from its defined risk appetite;
 - Establish a framework of effective controls which enables risks to be assessed and managed, including safeguarding of shareholder interests and Bank assets and the steps taken by management to monitor and control such risks;
 - Oversee and approve the risk management framework and associated policies and procedures used by management to effectively manage risk;
 - Approving the policy and overseeing the implementation of key policies and rules pertaining to the Bank's capital adequacy assessment process, capital and liquidity plans, compliance policies and obligations, and the internal control system;
 - Periodically reviewing key policies and rules to ensure their continued applicability and change or update the same where necessary;
 - At the recommendation of the Chief Executive Officer, approve the appointment and dismissal of the Chief Audit Officer/ Internal Auditor and provide input on the appointment and dismissal of the Chief Risk Officer, which appointment requires a Board Supermajority (see discussion below);
 - Overseeing (i) the integrity of the financial statements, (ii) the compliance with legal and regulatory requirements, (iii) the performance, qualifications, and independence of the external auditor, and (iv) the performance of the internal audit function.
 - Overseeing and approving the human resource policies and framework of the Bank.
 - Making decisions on major business matters and credit applications as per the defined Authority Matrix (Annex A) in this Manual.



- Appoint and, as necessary, dismiss the Chief Executive Officer and the Chief Financial Officer of the Bank, which in each case requires a Board Supermajority (see discussion below);
 - Determine the remuneration and incentive schemes, including key performance indicators, for senior executives;
 - Evaluate the overall performance of key senior executives and take corrective action as needed;
 - Develop succession plans and developmental objectives for senior executive positions;
 - Identify and recommend potential Board members for election by shareholders;
 - Recommend the Board remuneration policy for shareholder approval;
 - Evaluate the overall performance and effectiveness of the Board and its members and take corrective actions as needed;
 - Overseeing the Bank's corporate governance framework and ensure compliance with approved policies;
 - Overseeing the Bank's policies on salaries and benefits, including monitoring and reviewing executive compensation and assessing whether it is aligned with the Bank's risk culture and risk appetite;
 - Overseeing the integrity, independence and effectiveness of the Bank's policies and procedures for reporting fraud and other illegal activities;
 - Overseeing the development of, and approving, the Bank's policy on transactions with related parties;
 - Setting the Bank's values and standards and ensuring that obligations to shareholders and other stakeholders are understood and met;
 - Ensuring stakeholder interests are considered and the Bank conducts its business in a socially responsible manner, to the extent practicable; and
 - Ensuring that the Bank complies with the requirements of prevailing law along with any rules, regulations, directives and/or guidelines issued thereunder.
2. **Board Authority.** The Board has defined and shall maintain an Authority Matrix (Annex A) that clearly defines the authority of the Board, its committees and its management. The Board shall ensure that the Authority Matrix is in-line with the authority granted in the Constitution, SHA and applicable laws and regulations.

The authority of members of the Board to enter into contractual arrangements, incur financial liabilities, make commitments, and correspond with third parties, on behalf of the Bank, including the rights of members of the Board to delegate to other persons such authority, is as set forth in the Signing and Financial Authority Policy of the Bank (appended to this Manual as **Annex G**).

3. **Board Supermajority Matters.** The Board only has the authority to make decisions on the following matters with the written consent of Directors representing shareholders of the Bank holding at least eighty-five percent (85%) of the Bank's shares ("**Board Supermajority**"):
- Removing or replacing the external auditor of the Bank and changing the financial year of the Bank.
 - Approving or amending the business plan or budget of the Bank.
 - Appointing or dismissing the Chief Executive Officer, Chief Financial Officer or Chief Risk Officer of the



Bank.

- Incurring any financial debt involving the payment by the Bank of amounts exceeding twenty-five percent (25%) of the Bank's total share capital in any financial year, other than in the normal course of business.
 - Declaring, authorizing or making any Distribution in relation to any equity securities of the Bank other than out of the profits of the Bank for the then-current financial year, or amending the Dividend Policy of the Bank.
 - Creating any Subsidiary or entering into any joint venture or partnership.
 - Issuing any equity securities other than issuance of equity securities of the Bank to all shareholders by way of rights issue.
4. **Specific Responsibility of Supervision and Financial Reporting.** The Board, in consultation with the Audit Committee, supervises compliance with written procedures for the preparation and publication of the Annual Report, which includes the Financial Accounts. The Board, through the Audit Committee, also supervises the internal control and audit mechanisms for external financial reporting.
5. **Specific Responsibility of Nomination and Assessment of External Auditor.** The External Auditor meeting the fit and proper criteria set forth in CBM directive no. (8/2019) shall: (a) be appointed at each Annual General Meeting (AGM); be replaced at least once every five (5) years; and (c) not be appointed for more than three (3) consecutive terms. The Board nominates a candidate for this appointment to the AGM based on an open, transparent and competitive selection process, and may recommend replacement of the External Auditor. The Audit Committee shall advise the Board on such matters.
6. **Director Duties.** The Board members of the Bank owe the Bank and its shareholders fiduciary duties of care and diligence, loyalty, and compliance with corporate authority, along with such other duties as imposed on directors of banks under prevailing law and regulations. In the discharge of their fiduciary duties, Board members must at all times act in good faith, with honesty and integrity, avoiding all potential or actual conflicts of interest, in the best interests of the Bank and in compliance with the Constitution and all applicable laws. Specifically, each Director shall adhere to the following duties:
- Each Director shall exercise his/her duties of loyalty and honesty and integrity by NOT:
 - Engaging in or voting on any transactions in which they have a personal interest where it would create a conflict of interest or duties;
 - Engaging in or voting on any transaction with the Bank where they have a direct or indirect financial interest in the relevant customer of the Bank;
 - Simultaneously assuming the position of director or officer with any other bank of financial institution in Myanmar;
 - Interfering or inhibiting the day-to-day management of the Bank;
 - Disclosing confidential information, including any confidential information of customers of the Bank or any disclosure in contravention of any provision of the FIL;
 - Entering into contractual relations with a competing company;
 - Engaging in any activity or using assets and facilities of the Bank for personal benefit/gain,



- particularly by misusing the name of the Bank or the office of Director; or
- Using information and business opportunities received in their official capacity for personal gain.
 - Engaging in any activity which would be contrary to the interests of, or cause detriment to, the Bank or that would otherwise render them no longer fit and proper to hold office per the criteria set forth in CBM directive no. (8/2019)
- Each Director shall exercise his/her duty of care to the Bank by:
 - Directing and governing the affairs of the Bank in a manner oriented towards the long-term interest of the entire Bank;
 - Displaying maximum care, diligence, and prudence in carrying out his/her duties; and
 - Ensuring that the Bank acts in compliance with all applicable laws and regulations.
 - Each Director must fully understand the Board's roles and responsibilities as identified in this Manual and help ensure that the Board is discharging those roles and responsibilities to the greatest extent possible.
 - Each Director must fully understand the corporate governance and ethics policies of Yoma Bank and help ensure the Board is acting in accordance with those policies at all times and actively promoting them through the organization.
 - Each Director shall commit adequate time to the position, including the time to attend Board and committee meetings, time to prepare for meetings, and time to stay adequately informed of developments in the Bank. The position of a Director who misses more than three (3) consecutive meetings without reasonable cause and prior notice, shall be considered vacant.
 - Each Director shall ensure maximum contribution of his/her knowledge, skills, expertise, abilities, and professional resources as an individual to ensure the Board is maximizing its capacity and attaining full utilization of its members.
 - Each Director shall fully participate in Board discussions by ensuring that he/she gives full consideration and appropriate depth of analysis to issues discussed at meetings and that he/she shall express his/her opinions and perspective on given matters whenever appropriate.
 - Each Director shall ensure objectivity of analysis to ensure that his/her points of view are not unduly swayed or influenced by the Chairman, committee heads, or other members and instead are based on fact and objective consideration of all relevant matters.
 - Each Director shall ensure that he/she takes individual responsibility to stay educated and informed on any subject, topic, or matter related to the Bank or industry in general.
 - Each Director shall voice concerns to the Chairman or other members as appropriate if he/she feels that any of the terms discussed in this Manual are not being realized or have been compromised for any reason.

1.2. Board Composition and Committee Structure

1. **Number and Terms of Directors.** As per the FIL, the Bank's Constitution and CBM directive No. (9/2019) the number of Directors shall be not less than five (5) or more than fifteen (15). In accordance with the



SHA, any appointment of more than nine (9) Directors must be approved by each of the following shareholders of the Bank: International Finance Corporation, Greenwood Capital Private Limited and Norfund (collectively, the “Investors”). As per the SHA, at least one-third (1/3) of the Directors comprising the Board shall be Independent Directors. Subject to law, each Director will hold office until they are removed under the Constitution or automatically cease to be a Director in accordance with the law. Each Director will be appointed to serve a conditional term of three (3) years. As described in clause 3A.3, the term of appointment of each Director is subject to an annual assessment and re-appointment process requiring each Director to demonstrate he/she continues to meet the fit and proper criteria under CBM directive no. (8/2019) (see discussion immediately below), along with any other relevant qualifications. Board members may also be re-appointed for subsequent terms based on their qualifications, performance and ongoing ability to perform necessary duties.

2. **Director (and Senior Executive) Qualifications.** Directors shall at all times meet the fit and proper criteria as set forth in the CBM directive no. (8/2019).

Further, each Director (and each senior executive), shall:

- Have adequate relevant technical skills and experience to perform his/her duties;
- Be a natural person of good standing and reputation;
- Not be required to hold any Shares;
- Not be an individual (or represent a company/Person) that is a Restricted Person; and
- Not have committed any crime or sanctionable practice (or representing a company/person that has) (i.e., practices that involve corruption, fraud, coercion, collusion, or obstruction) either in Myanmar or abroad.

In accordance with CBM directive no. (8/2019), limited financial means shall not alone disqualify a person from holding Director/senior executive position if the other criteria of honesty, integrity and reputation and competence and capability are met and depending on further considerations as to whether (a) the person has been and will be able to fulfill his/her financial obligations, including paying his/her debts, whether in Myanmar or abroad, as and when they fall due; and (b) the person has been the subject of a judgement debt or Bankruptcy proceedings either in Myanmar or abroad.

No person shall be nominated for a Director position (or appointed to a senior executive position) unless they meet these qualifications and each Director shall additionally be required within thirty (30) days from his/her appointment to sign an oath of office in the form prescribed by CBM directive no. (9/2019) (such form appended to this Manual as Annex C) affirming, among other matters, that he/she meets such qualifications. Further, if a Director (or senior executive) ceases to meet such qualifications, that person shall resign or be dismissed/removed.

To avoid potential conflicts of interest and as per CBM directive No. (9/2019), Directors are not permitted to serve on the board of or be employed by other banks or financial institutions or their affiliates in Myanmar.

The Bank shall request, as per CBM directive No. (8/2019), written approval to the Central Bank of Myanmar thirty (30) days prior to the nomination or appointment of a Director and Chief Executive Officer

3. **Board Composition.** The Board of Directors shall include both a Chairperson and the Chief Executive Officer. Pursuant to the SHA, not less than one third (1/3) of the Board shall be Independent Directors, and pursuant



to CBM directive No. (9/2019) at least one (1) shall be an Independent Non-Executive Director.¹ The Chairperson shall be appointed by majority vote of the members of the Board of Directors (the CEO shall not be appointed as chairperson). Collectively, the Board should possess a broad range of expertise, skills, and competencies, sufficient to provide effective stewardship and oversight of the Bank. This includes, without limitation, strong collective expertise in Banking, risk management and financial management. Further, there should be an appropriate mix of representatives from majority Shareholders, minority Shareholders, and Independent Directors as possible to ensure proper Board balance and mitigate the possibility of Board dominance by a small number of Directors.

4. **Board Balance and Independence.** To ensure the impartiality of decisions and to maintain the balance of interests among various groups of Shareholders, the Bank shall ensure that at least one-third (1/3) of the Board of Directors are not affiliated with a Sponsor, and are independent from the Bank overall, per the respective definitions of Independent Director and Independent Non-Executive Director (see Definitions section above).

The following are examples of relationships that would render a Director non-independent:

- a. Director is or has been employed by any Relevant Shareholder or its Affiliates.
- b. Director has a Relative who is or was employed by any Relevant Shareholder or its Affiliates.
- c. Director, or their Relative, provides services to a Relevant Shareholder or its Affiliates.
- d. Director who is, or who has a Relative who is, a Related Party of the Bank.
- e. Shareholder that holds more than five percent (5%) of the Bank's voting shares.

5. **Structure of Board Committees.** At a minimum, the Bank shall maintain the following Board committees:

- **Audit Committee:** The purpose is to oversee the financial reporting framework of the Bank with particular emphasis on the soundness of internal controls, compliance, and financial management and the independence and performance of the external auditor and internal auditor of the Bank (please refer to Audit Committee Policies).
- **Risk Oversight Committee:** The purpose is to oversee the Bank's risk management with particular emphasis on material risks including credit, market and liquidity risks, technology risk, legal and compliance risk, reputational risk and other operational and macro-economic risk components that may affect business (please refer to Risk Oversight Committee Policies).
- **People, Remuneration and Nomination Committee:** The purpose is to ensure the proper oversight and guidance in relation to the Bank's people and remuneration related strategies, policies, frameworks, and practices (please refer to People, Remuneration and Nomination Committee Policies).
- **Technology Advisory Committee:** The committee is appointed by the Board of Directors to assist the Board in its oversight of: (a) the Bank's technology strategy and significant investments in support of such strategy; and (b) the Bank's technology risk management and security framework and its effectiveness in conjunction with the Bank's Risk Oversight Committee (please refer to Technology

¹ Pursuant to directive (9/2019), applies where the Board has less than twelve (12) members. Otherwise the requirement is two (2) Independent Non-Executive Directors.



Advisory Committee Charter).

Beyond these committees, the Board may need to establish other committees for specific purposes. The precise committee structure for the Bank may vary over time and can be determined by the Board as needed.

All committees shall have charters containing provisions on the scope of authority, competencies, composition, working procedures and rights and responsibilities of the committee members. Final authority and decision-making on all Board-designated matters ultimately rests with the full Board of Directors. The Board may delegate certain responsibilities to the committees for review and recommendation back to the full Board for decision. The Board remains collectively responsible for the decisions and actions taken by any committee. A committee may only perform the tasks delegated to it by the Board and may not exceed the authority or powers of the Board as a whole. Decisions that, by law, must be taken by the Board may not be delegated to a committee.

A committee shall report meeting minutes to the Board, including proposals/recommendations on particular issues, after each meeting. The Board Chairman will assign each committee chairman. Membership of each committee should be reviewed and reconfirmed each year by the Board.

6. **Director Nomination Process.** Directors are subject to election by the Shareholders at the Annual General Meeting (or 'AGM') of the Bank. The Board, based on assessment of the People, Remuneration and Nomination Committee (or 'People Committee'), should propose a list of fit and proper nominees who have been approved by the CBM to the shareholders for election to the Board. The Board's recommended nominees shall be based on an objective process, whereby Director nominees are assessed against skill and composition criteria defined by the Board, as discussed above.

A nomination of a Director candidate at the AGM shall state: (i) the candidate's age, (ii) background, education, and profession, (iii) relationship to any Shareholder, Board member, or executive in the Bank, (iv) statement of compliance against the Director qualification criteria defined above, (v) other directorships or senior executive roles currently or previously held in the past three years, (vi) key skillsets which will aid the functioning of the Board, (vii) statement of independence, if applicable; and (viii) any other information relevant to assess his/her suitability as a Board member.

Before recommending a Director for reappointment, the Board of Directors and People Committee must carefully consider his/her past performance on the Board (see discussion at clause 3A.3 below).

7. **Filling Vacant Board Seats.** Should a vacant Board seat materialize between AGMs, the Board may appoint an individual Person to fill that vacancy until the next general meeting of the Bank (subject to the Investors' respective rights to nominate Directors under the SHA). Their appointment should be based on the same objective process as described above (including fulfillment of the Fit and Proper Criteria and any other relevant qualifications). Pursuant to the Myanmar Companies Law, that individual must then be officially approved by the Shareholders at the next general meeting of the Bank, which must be called within six months of the date of appointment in order to continue as a Director.
8. **Alternate Directors and Observers.**

8A. Alternate Directors

Subject to prevailing laws and regulations, each Director may, with the approval of the other Directors, appoint a person (whether or not a Shareholder of the Bank) to act as an alternate director in that Director's place during any period the appointing Director determines. The appointment must be in writing and signed by the



appointing Director and a copy of the appointment must be given to the Bank at its office or to a meeting of the Directors. Any alternate director is also required to meet the fit and proper criteria and any other relevant qualifications (see discussion above).

Any alternate director:

- a. may be removed or suspended from office by written notice to the Bank from the Director who appointed the alternate ('**appointer**');
- b. is entitled to receive notice of, attend (if the appointer is not present) and be counted towards a quorum at meetings of Directors;
- c. is entitled to vote at meetings of Directors they attend on all resolutions on which the appointer could vote had that appointer attended and, where the alternate is a Director in the alternate's own right, will have a separate vote on behalf of the appointer in addition to the alternate's own vote;
- d. is not required to hold any Shares in the Bank;
- e. subject to the terms of their appointment, may exercise any powers that the appointer may exercise in the alternate's own right where the appointer is unavailable for any reason, except the power to appoint an alternate director.
- f. will automatically vacate office if the appointer is removed or otherwise ceases to be a Director;
- g. while acting as a Director, is:
 - i. an officer of the Bank and not the appointing Director's agent; and
 - ii. responsible to the Bank for the alternate's own acts and defaults;
- h. is not entitled to receive any remuneration from the Bank but is entitled to paid or reimbursed for reasonable travelling and other costs and expenses incurred in attending and returning from meetings of Directors, any committee of the Directors or any general meetings of the Bank or otherwise in connection with the Bank's business (subject to Bank's Director Remuneration and Expense Reimbursement Policy, see discussion below); and
- i. may act as an alternate for more than one (1) Director

Each Director shall use his or her best endeavours to appoint the same alternate for a minimum period of one (1) year to ensure consistency, to physically be present at Board meetings or to attend by telephone or video conference or similar electronic means.

8B. Observers

Pursuant to the SHA, U Zaw Moe Khine, Greenwood and Norfund each also have the right to appoint one person as an Observer to the Board. Such right also includes the right at any time to remove the Observer and to appoint a substitute, the right to determine the period the appointed Observer will serve in that capacity, and the right to invite another person to attend a meeting of the Board or of a Board committee in circumstances where the Observer is unable to attend or as the relevant appointing Shareholder may otherwise require.



Each Observer may attend and speak at all meetings of the Board, or at any Board committee, but is not entitled to vote on any resolution of the Board or of any such committee. The Observers are to be provided with electronic copies of all notices, minutes, consents, resolutions and any other materials and information relating to Meetings of the Board, or of any Board committee, at the same time such materials or information are provided to the Directors.

Any appointment or removal of an Observer may be exercised by the relevant Shareholder by signed, written notice to the Bank. It is the responsibility of each Shareholder appointing an Observer to procure that its Observer, and any of its other attendees at meetings of the Board or any Board committee, are subject to legally binding confidentiality obligations not to disclose any information received in relation to the Bank to any other person.

9. **Director Remuneration and Reimbursement.**

In accordance with the SHA, the Bank has adopted on 15 June 2020, and has amended on 10 August 2020, a Director Remuneration and Expense Reimbursement Policy ("**Remuneration & Reimbursement Policy**").

In accordance with the Remuneration & Reimbursement Policy, Independent Directors are entitled to the following attendance fees:

- A standard fee per General Meeting, Board Meeting or Board Committee Meeting attended;
- A standard fee for each other meeting attended other than those above; and
- A standard per-day advisory fee payable for attendance to matters in relation to his/her duties as a Director other than as described above ("**Advisory Fees**"); and
- A standard fee for each international trip to Myanmar to attend Board, Committee or General Meetings.

There is also a cap (set at USD60,000 as of the date of this Manual) on the total amount of fees that can be paid by the Bank to each Independent Director during each financial year.

Additionally, Directors (and not just Independent Directors) are entitled to be reimbursed for the following reasonable expenses:

- Expenses in attending Board and Board Committee Meetings, General Meetings or any other meetings in which such Director (in his or her capacity as a Director) is requested to attend, including reasonable costs of travel and attendance; and
- Expenses in obtaining independent legal or professional advice in furtherance of his or her duties as a Director, provided the Director informs the People Committee of the Bank of the estimated expense of the legal or professional advice in advance, and further provided the Director exercises good business judgment in respect to the cost of such legal or professional advice.

The Director's Travel and Expense Policy, as appended to the Remuneration & Reimbursement Policy as Annex F, also addresses how and when Directors are to be reimbursed for expenses. The general rule is that expenses shall be reimbursed on the basis of actual and reasonable expenses incurred, subject to certain limitations:

- **Reimbursable Expenses:** reasonable cost of air travel, ground transportation, hotels and meals, reasonable baggage charges (excluding excess baggage, unless containing Bank's records or property),



travel visa required for travelling on Bank-related business, reasonable business office expenses (such as photocopying, fax, postage, etc.), reasonable laundry and dry-cleaning charges for trips of more than five (5) consecutive days.

- **Non-reimbursable Expenses:** Shoe-shining, personal grooming and similar services, in-room movies and mini-bar charges, excess cost of making circuitous or side trips for personal reasons, fines for traffic violations, loss of personal property, purchase of clothing or toiletries and similar items for personal use, cost of members of Director's family travelling with him/her except in those instances where their presence serves a bona fide business purpose, maintenance and/or repair of personal property while travelling, memberships in social or athletic organisations, entertainment of spouses/significant others and hotel spa and gift shop charges unless specifically provided for.
- **Foreign Currency and Exchange Rates:** Any currency exchange receipts may be submitted for reimbursement of service/commission charges. Board members shall indicate their preferred currency for reimbursement.

The Remuneration and Reimbursement Policy is appended in full as Annex F of this Manual.

10. **Chairman of Board of Directors.** The Board of Directors shall elect a Chairman from among its members.

If no Chair is elected or if at any meeting the Chair or the Deputy Chair (if any) is not present within fifteen (15) minutes after the time appointed for the meeting, the Directors present at the meeting may choose one (1) of the Directors present to be Chair of the meeting.

The Chairman of the Board of Directors is primarily responsible for governing the Board and thus for the activities of the Board of Directors and its Committees. He or she shall act as the spokesperson of the Board of Directors and is the principal contact for the CEO and the management team. The CEO and the Board Chairman shall meet regularly. The Board Chairman usually presides over the AGM.

The responsibilities of the Chairman are to:

- Lead the Board to ensure effectiveness on all aspects of its role;
- Ensure Board members, when appointed, participate in an induction program and, as needed, additional education or training programs;
- Ensure Board members receive all information necessary for them to perform their duties;
- Ensure the Board has sufficient time for consultation and decision-making;
- Determine the agenda of Board meetings, chair such meetings and ensure that minutes are kept of such meetings;
- Promote a culture of openness and debate at the Board;
- Ensure the Board and committees function properly;
- Ensure Board members have full opportunity to provide their views and opinions on Board matters and issues are discussed and vetted fully prior to taking decision;
- Ensure the performance of the management team and Board members are evaluated at least once a year;



- Ensure the Board of Directors has proper contact with the management team;
- Ensure the Board of Directors satisfies its duties;
- Consult with external advisors appointed by the Board of Directors;
- Address problems related to the performance of individual Board members;
- Address internal disputes and conflicts of interest concerning individual Board members and the possible resignation of such members as a result;
- Ensure that the Board elects a deputy Chairman; and

- Promote a high standard of corporate governance.

11. Director Indemnification and Insurance.

To the maximum extent permitted by law:

- a. the Bank must indemnify each Director and Secretary and each former Director and Secretary, and may indemnify any other officer or former officer of the Bank against any liability incurred in acting as a Director, Secretary or, where applicable, other officer of the Bank (except for legal costs), other than in respect of:
 - i. a liability owed to the Bank or a related body corporate; or
 - ii. a liability that did not arise out of conduct in good faith;
- b. the Bank must indemnify each Director and Secretary, and may indemnify any other officer of the Bank, for costs and expenses incurred by a Director, Secretary or, where applicable, other officer of the Bank, in defending an action for a liability incurred in acting as a Director, Secretary or, where applicable, other officer of the Bank, except for legal costs incurred:
 - i. in defending or resisting any proceedings, whether civil or criminal, in which the Director, Secretary or, where applicable, other officer of the Bank, is found to have a liability for which they could not be indemnified under section a above;
 - ii. in defending or resisting criminal proceedings in which the Director, Secretary or, where applicable, any other officer of the Bank, is found guilty;
 - iii. in defending or resisting proceedings brought by the Directorate of Investment and Company Administration or by a liquidator for a court order if the grounds for making the order are found by the court to have been established, except for costs incurred in responding to actions taken by the Directorate of Investment and Company Administration or a liquidator as part of an investigation before commencing proceedings for the court order; or
 - iv. in connection with proceedings for relief to the Director, Secretary or, where applicable, other officer of the Bank, under prevailing law in which the relief is denied by the court; and
- c. the Bank may make a payment, or agree to make a payment, whether by way of advance, loan or otherwise, for any legal costs incurred by a Director, Secretary or, where applicable, other officer of the Bank, on the condition that the Director, Secretary or, where applicable, other officer of the Bank,



must repay the amount paid by the Bank to the extent that the Bank is ultimately found not liable to indemnify the Director, Secretary or, where applicable, other officer of the Bank, for those legal costs.

Insurance. To the maximum extent permitted by law the Bank may pay, or agree to pay, a premium in respect of a contract insuring a person who is or has been a director, secretary or other officer of the Bank or a director, secretary or other officer of a subsidiary of the Bank, other than a liability arising out of:

- a. conduct involving willful breach of duty in relation to the Bank; or
- b. a contravention of prevailing law.

The Bank shall obtain and maintain Directors and Officers liability insurance policy with respect to the nominee Directors of the Investors for such amounts and on terms and conditions acceptable to the Investors.

1.3. Board Working Procedures

1. **Annual Plan.** The Board shall strive to meet according to a set scheduled annual plan which enables it to properly discharge its duties. The plan should highlight the proposed schedule of meetings and highlight key topics to be covered over the course of the year. This will help ensure the Board does not only focus on near-term issues, but also considers other strategic and routine matters in-line with its role as a Board, as needed. Other matters will be added to the agenda of specific meetings, as needed.
2. **Meeting Frequency.** The Board of Directors shall meet as often as necessary, but at least twelve (12) times a year, provided that the interval between any two (2) meetings shall not exceed two (2) months. If possible, Board meetings shall be scheduled at least six (6) months in advance. Committees shall also meet as frequently as needed, but at least quarterly.
3. **Meeting Agenda.** An agenda setting out in detail the items of business proposed to be transacted at a meeting of the Board together with necessary information and supporting documents shall be circulated to each of the Directors and any of their alternates, if any. Individual Board meeting agendas should align with the annual plan to the extent practicable. The Chairman shall consult with the CEO on the content of the agenda prior to convening the meeting. Each Board member, the CEO, and the management team collectively, has the right to request that an item be placed on the agenda for a Board meeting, per the approval of the Chairman.
4. **Meeting Notice.** Board of Directors' meetings are called by the Chairman. Except in urgent cases where the requirement for prior notice is waived by unanimous approval of the Board (or, in respect of any Board Committee, by all Directors on that Board Committee), the notice and agenda for a Board meeting shall be sent to all Board members and any alternates at least fifteen (15) calendar days before the meeting. For each item on the agenda, an explanation in writing shall be provided along with related documentation.
5. **Information for Directors.** In addition to the agenda, all Directors shall be provided a concise yet complete set of information in relation to a forthcoming Board meeting by the Bank's Secretary in a timely manner, as much in advance as possible. This includes: (a) minutes of the prior Board meeting; (b) issue papers to discuss; and (c) other reports prepared by management. Issue papers should be clear, succinct, insightful, and include recommendations for action based on proper analysis.
6. **Meeting Venue.** Board of Directors' meetings are generally held at the offices of the Bank but may also



take place elsewhere in Myanmar. In addition, meetings of the Board of Directors may be held by conference call, video conference or by any other means of communication, provided all participants can communicate with each other simultaneously.

7. **Minutes of Meeting.** The Corporate Secretary shall keep complete minutes of Board meetings that adequately reflect Board discussions, signed by the Chairman. The minutes should capture the essence of discussions held, any dissenting points of view, and key decisions or actions taken by the Board. A standard and consistent format shall be used for documenting Board minutes. The minutes are to be signed by all Directors present in the meeting and then added to Bank records. Each member of the Board of Directors shall receive a copy of the minutes. Each member of the Board of Directors may demand a note explaining how he voted or a formal declaration by him to be included in the minutes. The minutes of a meeting are taken as having been approved if the members of the Board of Directors do not submit a written objection to the Chairman within four (4) weeks of the date on which the minutes were distributed. If the Chairman is unable to resolve the objection, a decision must be made in the next meeting. Urgent resolutions may be drawn up and adopted immediately in the relevant meeting.
8. **Undue Absence.** If a Board director is frequently absent from Board meetings, he or she shall be required to explain such absences to the Chairman. Frequent absences may result in dismissal from the Board. If a director absents him- or herself from three (3) consecutive Board meetings, or from all Board meetings for a continuous period of three (3) months, whichever is longer, and without taking a leave of absence or appointing an alternate, this shall be deemed a vacation of the office of Director.
9. **Attendance by Non-Members.** The admission to a meeting of persons other than Board members, the Corporate Secretary, Observers and (if invited) members of the management team shall be decided by the Chairman or a majority of the Board members present at the meeting.
10. **Presiding Role.** Board meetings are presided over by the Chairman or, in his/her absence, the Deputy Chairman. If both are absent, one of the other Board members, designated by majority vote of the Board members present at the meeting, shall preside.
11. **Board Quorum and Decision-Making.** Quorum for a Board meeting shall be a majority of Directors then in office, including at least one (1) Independent Director/Independent Non-Executive Director. In the absence of a valid quorum, the Board meeting shall be adjourned to the same time and place no later than twenty-one (21) days thereafter as the Chairman may determine. The foregoing quorum requirements shall likewise apply to such adjourned meeting. The Board members shall try to unanimously adopt resolutions that are brought before the Board for a decision. Should a matter be brought to a vote by the Board, then each Board member has the right to cast one vote. Where unanimity cannot be reached, all resolutions of the Board of Directors are adopted by a majority of the votes cast. In the event of a tie, the Chairman of the Board of Directors has the deciding vote.
12. **Written Resolution.** In general, resolutions of the Board of Directors are adopted at a Board of Directors meeting. Board of Directors resolutions may also be adopted in writing without holding a Board of Directors meeting, provided that all Directors entitled to vote on the resolution sign a document containing a statement that they are in favour of the resolution set out in the document.
13. **Board and Management Interaction.** Yoma Bank encourages open dialogue between the Board and management. In that spirit, the Board shall have unrestricted access to the Bank's management and employees, including for questions or information requests. The Corporate Secretary plays a key role in facilitating this process. Likewise, senior executives shall be given ample opportunity to present during Board meetings, so that managers gain the necessary exposure and experience in interacting with the Board and the Board in turn can obtain direct information and better gauge the next generation of



managers and future leaders.

14. **Obtaining Adequate Information.** The Chairman (and Corporate Secretary) shall ensure that the management team, in a timely manner, provides the Board of Directors and its committees with the information it needs to properly function. If the Board thinks it necessary, it may obtain information from officers and external advisors of the Bank. The Bank shall aid the Board in obtaining such information. The Board of Directors may require certain officers and external advisors to attend its meetings.
15. **Access to Records.** Each member of the Board has access to the books and records of the Bank (if useful) to perform his/her duties. Most of the records are held on Diligent Board, and access to the system is provided to all Directors. Non-executive Board members should coordinate such requests with the Chairman of the Board and the Corporate Secretary.
16. **Board Self-Evaluation.** The Board shall conduct a yearly self-evaluation to identify ways to strengthen its overall effectiveness. This evaluation process can be facilitated either by People, Remuneration and Nomination Committee or by the Chairman with the support of the Corporate Secretary, as needed. If required, independent consultants may also be invited to assist the Board in this process.
17. **Board Continuing Education.** The Bank shall offer an orientation program for new Board members on the Bank, its business and on other subjects that will assist them in discharging their duties. The Bank shall also provide general access to training courses to its Board members as a matter of continuous professional education. The Board should annually determine training needs for the Board as a group and for individual members and then decide, based on its budget, training that should be undertaken each year.
18. **Executive Succession Planning.** The Board shall adopt a succession plan that outlines the succession of key management positions. The CEO should provide support to the Board in this process and be part of the committee that plans for succession. The succession plan goes beyond simply naming potential leaders, but also identifies plans to professionally develop the Bank's leadership pipeline. It should also lead the Board to define strategies for recruiting and retaining qualified management staff to support the growth of the Bank. The Board should update this plan on a regular basis. Beyond long-term succession planning, the Board should also ensure there are short-term continuity plans in place in the case of an unexpected executive absence. For key executive positions, the Board shall identify backups that can quickly take over a function should it be unexpectedly vacated for whatever reason. This should be part of a wider business continuity plan for the Bank.
19. **Senior Management Remuneration and Evaluation.** The Board shall oversee the processes for setting remuneration policy of the CEO and members of the senior management. The remuneration package shall be based on various components, including fixed salary plus defined performance incentive bonuses. The executive remuneration policy shall be approved by the Board of Directors and disclosed to the shareholders. The Board shall evaluate the performance of the CEO and determine compensation in light of the goals and objectives of the remuneration policy. The CEO and the Board together assess the performance of the other executive officers and determine their compensation based on initial recommendations from the CEO. The Board should define the remuneration scheme based on the key underlying principles: (i) that the level of remuneration ensures alignment of executives' incentives with the long-term interests of the Bank and its shareholders; and (ii) that the remuneration of executives be of sufficient order so as to attract, motivate, and retain the managerial talent it needs.
20. **Corporate Secretary.** Yoma Bank shall employ a Corporate Secretary to assist with its governance matters. He/she shall possess the necessary qualifications and skills to ensure that the governing bodies follow internal rules and external regulations, facilitates clear communications between governing bodies in-line



with the Bank's Constitution, Business Integrity Policy, Code of Corporate Governance, charters, by-laws and other internal rules, and updates the Board and the Bank's key officers on the latest corporate governance developments. The Corporate Secretary shall assist the Chairman of the Board in organizing the Board's activities including providing information, preparing an agenda, reporting of meetings, yearly Board evaluations and training programs. The Corporate Secretary shall also assist the Board committees as needed.

1.4. Confidentiality

1. **Duty to Keep Information Confidential.** Unless required to do so by law, no Board Director shall, during his/her membership on the Board or afterwards, disclose any information of a confidential nature regarding the business of the Bank and/or any affiliated companies, that came to his knowledge in the capacity of his work for the Bank and which he/she knows or should know to be of a confidential nature. This does not apply to shareholder nominated Board directors, who with approval by the Board, may share information with their respective shareholders so long as it is in-line with local laws and regulations.
2. **Return of Confidential Information.** At the end of each Board member's term of office, he/she shall return all confidential documents in his/her possession to the Bank or guarantee their disposal in a manner that ensures confidentiality is preserved.
3. **Notice of Disclosure.** If a Director intends to disclose to a third-party information which he/she has become aware of in his/her duties and which may be confidential, he/she must inform the Chairman of his/her intent and the identity of the person who is to receive the information with sufficient notice for the Chairman to assess the situation and advise the Board member. This section applies to both official and personal statements and to any person attending Board meetings which in terms of their content and form are clearly only intended for the Board of Directors.

1.5. Other General Provisions

1. **No Excess Memberships.** Members of the Board of Directors shall limit their other positions so as to ensure they can effectively perform their duties as members of the Board of Directors.
2. **Notice of Outside Positions.** Board members must inform the Chairman of the Board of Directors and the Corporate Secretary of their other positions which may be of importance to the Bank or that may impact the performance of their duties before accepting such positions. If the Chairman determines that there is a risk of a conflict of interest, the matter shall be discussed by the Board of Directors. The Corporate Secretary shall keep a list of the outside positions held by each Board member.
3. **Conflicting Positions.** Board members shall not hold positions as Board members, executives, or advisors of other Financial Institutions in Myanmar or their affiliated companies, since these may lead to conflicting interests.
4. **Acceptance by Board members.** Anyone who is appointed as a Board director must, upon assuming office, declare in writing to the Bank that he accepts and agrees to comply with these policies.
5. **Amendment.** These policies may be amended by the Board of Directors at its sole discretion without prior notification so long as the changes conform to the Bank's Constitution and all applicable laws and regulations.
6. **Interpretation.** In case of uncertainty or difference of opinion on how a provision of these policies should



be interpreted, the opinion of the Chairman of the Board of Directors, with input from other Board members, shall be decisive.

7. **Inconsistency with National Law and Bank Constitution.** These policies are complementary to the provisions governing the Board of Directors as contained in the Myanmar Companies Law (2017), other applicable Myanmar laws and regulations, such as the FIL, and the Bank's Constitution. Where these policies are inconsistent with Myanmar law, other applicable Myanmar regulations or the Bank's Constitution, the latter shall prevail. Where these policies are consistent with the Bank's Constitution but inconsistent with Myanmar law or other applicable Myanmar regulation, the latter shall prevail.
8. **Partial Invalidity.** If one or more provisions of these policies are (or become) invalid, this shall not affect the validity of the remaining provisions. The Board of Directors may replace the invalid provisions by provisions which are valid and the effect of which, given the contents and purpose of these policies is, to the greatest extent possible, similar to that of the invalid provisions



2. Audit Committee Policies

2.1. Introduction

The following Audit Committee policies are complementary to the policies of the Board of Directors, the Bank's Constitution, and any other provisions required of the Bank by the Myanmar Companies Law and FIL.

2.2. Roles and Responsibilities

The role of the Committee is to assist the Board in fulfilling its oversight responsibility related to Yoma Bank's financial controls with particular emphasis on: (1) the integrity of internal controls and financial reporting; (2) the performance of the internal audit function; (3) the qualification and independence of internal and external auditor; (4) the appointment and removal of internal and external auditor; and (5) compliance with legal and regulatory requirements.

To fulfill its role, the Committee shall have the following authorities and responsibilities:

- Review the effectiveness of the internal audit function.
- Review internal auditor reports, including financial and non-financial issues, remedial procedures and means of controlling the risks faced by the Bank.
- Review annual and semi-annual financial statements and other financial information provided to the Board and shareholders and include its recommendations.
- Ensure the accuracy and integrity of accounting and compliance with laws and regulations applicable to the activities of the Bank.
- Review and report to the Board at least annually the adequacy and effectiveness of the Bank's internal controls, including financial, operational, compliance and information technology controls (such review can be carried out internally or with the assistance of any competent third party).
- Review external auditors' proposed audit scope and approach.
- Develop disclosure and transparency standards and submit them to the Board for approval.
- Review the financial system deployed at the Bank and make recommendations for improvement.
- Establish a system that allows employees to report potential violations anonymously and in a manner that makes it possible to investigate them independently and confidentially. The audit committee shall monitor the implementation of these procedures.
- Communicate between the Board of Directors and the external and internal auditors.
- Submit reports to the Board of Directors on all matters that fall within its scope of work thereby enabling it to carry out its function of monitoring the management of the Bank and submitting to shareholders and investors factual and documented information.

In particular, the Audit Committee shall have the following specific roles and responsibilities:

1. **Inspection and Investigation.** The Audit Committee shall:



- Investigate any activity within its authority.
- Seek any information that it requires from any employee of the Bank and all employees are directed to cooperate with any request made by the Audit Committee.

2. Internal Audit. The Audit Committee shall:

- Monitor and review the effectiveness and organizational structure of the Bank's internal audit function.
- Approve the appointment and removal of the Chief Auditor and Head of Internal Audit and review the qualifications and effectiveness of internal audit personnel.
- Ensure the internal audit function has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards.
- Review with the Bank's internal auditor the preparation, execution, and results of the Bank's annual internal audit work program, as well as any activities undertaken outside such annual program.
- Review and assess the annual internal audit plan.
- Review all internal audit reports and take or instruct necessary action.
- Ensure the internal audit function remains independent from management to ensure objective reporting.
- Review with the Bank's internal auditor and report to the Board on the adequacy of the Bank's internal audit function, including the structure, responsibilities, staffing, budget, resources and functioning of the Bank's internal auditing department and any proposed changes in the scope or procedures of the internal audit year on year; such review will include an annual evaluation of the performance and qualifications of the department head.
- Review and monitor management's responsiveness to the findings and recommendations of the internal auditor.

3. External Auditors. The Bank's external auditor shall work closely with the Board of Directors, especially the Audit Committee, and report directly to shareholders through the Annual General Meeting of Shareholders (AGM). The Audit Committee shall consider and make recommendations to the Board, to be put to shareholders for approval, regarding the appointment, re-appointment and removal of the Bank's external auditors. The Audit Committee shall oversee the external auditor selection process; if an auditor resigns the Audit Committee shall investigate the issues leading to this and decide whether any action is required by the Board of Directors.

The Audit Committee shall work closely with the Bank's external auditors to:

- Recommend to the Board of Directors an external auditor who is efficient, of good reputation, is a fit and proper person, and with appropriate experience and ability to meet the criteria for external auditors of Banks as set forth under prevailing laws and regulations.
- Apply in writing for approval of the appointment of the external auditor from the CBM within ten days from such appointment. In a case where the CBM disapproves the external auditor, the Bank shall



nominate another auditor and seek CBM approval for the same.

- Oversee the relationship with the external auditor and ensure adherence to the Bank's External Audit Policy.
- Recommend to the Board for approval remuneration, including fees for audit or non-audit services and whether the level of fees is appropriate to enable an adequate audit to be conducted.
- Recommend to the Board for approval terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit.
- Review the preparation and execution of the auditor's annual program of work for the Bank.
- Evaluate, on an annual basis, the qualification, independence, and performance of the external auditor and report to the Board and the AGM the Committee's opinion with respect to the adequacy of its performance and independence. Such report shall include the Committee's recommendation on the reappointment or termination of the external auditor and, if required, such firm's replacement. The committee report shall be submitted to the AGM. The Shareholders shall reappoint the External Auditor each year during the AGM.
- Satisfy itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the Bank (other than in the ordinary course of business).
- Monitor the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the Bank compared to the overall fee income of the firm, office and partner and other related requirements.
- Assess annually qualifications, expertise and resources and the effectiveness of the audit process which shall include a report from the external auditor on their own internal quality procedures.
- Ensure adherence with the Bank's policies on providing the non-audit services by the external auditor, taking into account relevant ethical guidance and legal requirements regarding the matter. In general, the Bank stipulates that the appointed external auditor shall not provide any other services to the Bank beyond the scope of the financial audit, unless otherwise explicitly approved by the Board of Directors. No exceptions shall be granted if they are deemed to compromise the independence of the external auditor in any way (e.g., consulting services, tax services, other). Any exceptions to this provision should be disclosed to shareholders along with an explanation as to why this was granted and what assurances exist to safeguard the auditor's independence.
- In order to assure the continuing independence and effectiveness of the external auditors and in line with the requirements under the FIL and CBM directive no. (10/2019), the committee shall ensure a rotation policy is adhered to whereby the same external auditor should not serve for more than three consecutive terms of appointment and shall be replaced with another audit firm every five years or less.
- Review, on an annual basis, the Bank's policies on the selection of external auditor and its policy on rotation of its external auditor and audit partners, and report to the Board the Committee's recommendations for any modification of such policies.
- Monitor and review management's responses to recommendations of the external auditor, including those in the Management Letter.



- Review annually with Bank management, internal and external auditors and the Finance Department:
 - a. Significant financial reporting issues and judgments identified and made in connection with the preparation of the Bank's financial statements;
 - b. Major issues regarding the Bank's accounting and auditing principles and practices, including key accounting policies, and major changes in auditing and accounting principles and practices suggested by the external auditor, the Bank's Internal Audit and Finance departments or Bank management; and
 - c. Any audit problems or difficulties encountered and raised by the external auditor in the course of its work for the Bank, including any restrictions on the scope of such activities or on access to personnel or information, and disagreements with Bank management or members of its Internal Audit and Finance Departments.

4. Financial Reporting and Financial Statements. The Audit Committee shall:

- Monitor, review and assess the integrity of the financial statements of the Bank, including the monthly financial reports required by the regulator, and any other formal announcements relating to the Bank's financial performance, and review any significant reporting issues and judgments contained therein.
- Discuss with management and the external auditors on a regular basis and review and approve the annual financial statements and other disclosures required by laws and regulations, including announcements of a sensitive nature, prior to Board approval and public disclosure.
- Review the findings of the audit with the external auditor. This shall include but not be limited to, the following:
 - A discussion of any major issues which arose during the audit;
 - Any accounting and audit judgments; and
 - Levels of errors identified during the audit.
- Review and challenge where necessary:
 - The consistency of, and any changes to, accounting policies both on a year-on-year basis and across the Bank/Group;
 - The methods used to account for significant or unusual transactions where different approaches are possible;
 - Whether the Bank has followed appropriate accounting standards and made appropriate estimates and judgments, taking into account the views of the external auditor;
 - The clarity of disclosure in the Bank's financial reports and the completeness of the accompanying notes; and
 - All material information presented with the financial statements, including both financial and non-financial information, such as the business review and the corporate governance statement.
- Review annual audit plans and the degree of coordination of such plans with the internal and external auditors and ensure consistency with the scope of the audit engagement.



5. Internal Controls. The Audit Committee shall:

- Monitor and review the framework for internal controls and risk management of the Bank to ensure its effectiveness. This includes ensuring the internal auditor conducts adequate testing of the internal controls, per its plan, to attest to the Bank's control effectiveness.
- Discuss any significant internal control deficiencies or material weaknesses and monitor changes needed to mitigate the issues.
- Discuss with management, the internal auditors and the external auditors the Bank's policies with respect to risk assessment and management. This discussion should cover the Bank's major financial and non-financial risk exposures in close collaboration with the Risk Oversight Committee and the steps management has taken to monitor and control these exposures.

6. Compliance. The Audit Committee shall:

- Ensure the Bank has an effective compliance function in place to ensure compliance with prevailing laws and regulations and internal codes and policies, particularly the Code of Conduct.
- Review the findings of any examinations by regulatory and supervisory agencies and respond as needed.
- Review with the Bank's legal counsel, the internal auditors and other appropriate parties, legal matters that may have a material impact on financial statements and compliance procedures of the Bank, and any material reports received from or communications with regulators or government agencies.
- Oversee the procedures for: (a) the receipt and treatment of complaints received by the Bank regarding financial reporting, accounting and auditing, internal controls, conduct or conflict matters; and (b) the confidential, anonymous submission by the Bank's employees of concerns regarding questionable financial reporting, accounting, auditing or other matters. The Committee's objective shall be to ensure that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action.

2.3. Committee Composition

1. The Audit Committee shall be appointed by a majority vote of the Board from among its members. The Committee shall consist of three (3) Board members, all non-executive Directors, at least one (1) of whom will be an Independent Director. Pursuant to the FIL, an Independent Non-Executive Director shall lead/chair the Audit Committee. Ideally a majority of the Audit Committee shall be non-affiliated with the controlling Shareholder. A non-affiliated Director is an individual who does not possess any family or business relationship with the controlling Shareholder while not entirely fulfilling the criteria of independence.
2. As long as they remain Directors of the Bank, members of the Audit Committee shall serve for a period of four (4) years, with the possibility of re-appointment to the Committee.
3. At least one (1) Audit Committee member shall have recent and relevant financial expertise, as determined by the Board.
4. The Board shall designate one member of the Audit Committee to act as its Chairman. The Chairman should be independent (per requirements set out in these policies) but at a minimum not affiliated with the



controlling Shareholder. A non-affiliated Director is an individual who does not possess any family or business relationship with the controlling Shareholder while not entirely fulfilling the criteria of independence.

2.4. Committee Work Procedures

1. **Meeting Frequency.** The Committee shall meet as needed, but at least four (4) times a year. If possible, meetings shall be scheduled in advance according to an annual calendar and adjusted as needed, but not more than two (2) weeks from the original schedule, to reflect issues or topics that arise during the year that require Committee attention.
2. **Meeting Notice and Agenda.** Meetings of the Committee are called by the Chairman of the Committee. Except in urgent cases where the requirement for prior notice is waived by unanimous approval of the members of the Audit Committee, the notice and agenda for a meeting shall be sent to all members at least fifteen (15) days before the meeting.
3. **Meeting Material.** In addition to an agenda, all Audit Committee members are provided with a concise yet comprehensive set of information by the Corporate Secretary in a timely manner, as much in advance as possible (target three (3) to five (5) days). This includes: (i) minutes of the prior Audit Committee meeting; (ii) issue papers to be discussed; and (iii) other reports prepared by management. Issue papers should be clear, succinct, insightful, and include recommendations for action based on proper analysis. The Committee shall keep detailed meeting minutes that adequately reflect Board discussions, signed by all Audit Committee members present in the meeting.
4. **Meeting Venue.** Committee meetings are generally held at Bank offices but may also take place elsewhere in Myanmar. In addition, Committee meetings may be held by conference call, video conference or by any other means of communication provided all participants can communicate with each other simultaneously.
5. **Attendance of and Admittance to Meetings.** A Committee member shall attend all meetings and may not be represented (by proxy) at meetings by another committee member. Non-Committee members (other Board members, executives, or other outside individuals) may attend Committee meetings at the permission of the Committee Chairman. The Committee may request that any Director, officer, member of the internal audit function or other employee of the Bank, or any other person whose advice and counsel are sought by the Committee, attend any meeting, and provide such pertinent information as the Committee requests. The Head of Internal Audit shall meet with the Committee on a frequent basis. The Committee may exclude from its meetings any person it deems appropriate. The Bank's external auditors will be invited to attend meetings of the Committee as needed and shall meet with the Committee at least annually without the presence of management.
6. **Quorum and Voting.** A majority of members of the Audit Committee, including at least one (1) Independent Director, shall constitute a quorum (personally and not by proxy). In the absence of a valid quorum, the Audit Committee meeting shall be adjourned to the same time and place no later than twenty-one (21) days thereafter as the Chairman of the Audit Committee may determine. The foregoing quorum requirements shall likewise apply to such adjourned meeting.

Each member of the Audit Committee shall have one (1) vote. Decisions taken through majority voting can result in actions directed by the Audit Committee. All resolutions of the Audit Committee are adopted by majority vote.



7. **Minutes of Meeting.** The Audit Committee shall keep meeting minutes which shall be circulated to members for objections and approval. If no objection is lodged within ten (10) business days, the minutes shall be approved. Once approved, such minutes shall be provided to the Board and then added to the Bank's records and circulated in the next meeting. Each member of the Audit Committee shall receive a copy of the minutes.
8. **Support to the Committee.** The activities of the Audit Committee, including providing information, preparing an agenda, and reporting of meetings should be supported by the Corporate Secretary, or another competent person as determined by the Audit Committee.

2.5. Other Practices

1. **Access to Independent Advisors.** The Audit Committee shall have its own budget and the authority to engage and obtain advice and assistance from internal or external legal, accounting or other advisors, without having to seek Board approval and at the Bank's expense. The Audit Committee shall make determinations with respect to the payment of the Bank's external auditors and other advisors retained by the Committee.
2. **Reporting Obligations.** The Audit Committee shall maintain meeting minutes and shall give regular reports to the Board, including on the Audit Committee's actions, conclusions and recommendations and such other matters as the Board shall from time to time specify. Reports to the Board may take the form of oral reports by the Chairman of the Committee or any other member of the Committee designated by the Committee to give such report. In addition to the Audit Committee's reporting obligations above, it shall prepare a report describing the Audit Committee's work in discharging its responsibilities to be included in the Bank's Annual Report.
3. **Disclosure.** The Annual Report of Yoma Bank shall include a report of the Audit Committee summarizing its role and activities. It shall also include the names and qualifications of the Committee members and meeting frequency.
4. **Committee Performance Evaluation.** The Audit Committee shall review its own performance at least annually in such manner as it deems appropriate, and submit such evaluation, including any recommendations for change, to the full Board for review, discussion, and approval.
5. **Training.** Members of the Audit Committee shall receive appropriate training on an ongoing and timely basis to ensure that they can carry out their functions.
6. **Amendment.** This Policy will come into effect upon its adoption by the Board of Directors, except where expressly mentioned otherwise. It can be amended at any time by a decision of the Board of Directors.



3. Risk Oversight Committee Policies

3.1. Introduction

The Risk Oversight Committee (“**Risk Committee**”) policies are complementary to the policies of the Board of Directors, the Bank’s Constitution, and any other provisions required of it by the Myanmar Companies Law (2017) and the FIL.

3.2. Roles and Responsibilities

The role of the Risk Committee is to assist the Board of Directors of the Bank in fulfilling its oversight responsibilities with regard to (a) the risks inherent in the business of the Bank and the control processes with respect to such risks, (b) the assessment and review of credit, market, technology, legal and compliance, operational, liquidity, reputational, strategic, and all other types of internal/external risk impacting the Bank; and (c) the effectiveness of the risk management framework of the Bank and its subsidiaries. In order to fulfill its role, the Risk Committee shall have the following responsibilities:

1. Approve the overall risk management policies and ensure there is an effective Enterprise Risk Management framework in place to proactively identify, measure, mitigate, and monitor all types of risk in the Bank and to promote continuous dialogue about risk management throughout the organization.
2. Ensure the Bank pro-actively uplifts Risk and Compliance culture, implements Business Integrity Policy and Three Lines of Defense accountabilities.
3. Ensure the overall risk profile and tolerances are in line with the agreed ‘risk appetite’ as approved by the Board.
4. Obtain assurance from executive management and internal auditing that the risk processes and systems are operating effectively, with sound controls, and compliance with approved policies.
5. Obtain assurance that the Bank is complying with applicable laws and regulations regarding all risk management policies and procedures, especially in complying with the FIL.
6. Review the capital provisions of the Bank to ensure they are in compliance with regulatory guidelines and in-line with the risk profile of the Bank.
7. Review reports from executive management on the status of the Bank’s risk portfolio, highlighting key risk areas, trends, forecasts, and management actions being taken to address particular issues.
8. Review significant risk exposures and the steps management has taken to monitor, control, and report all types of risk, including, credit, market, operational, liquidity, reputational, strategic, and all other types of internal/external risk impacting the Bank.
9. Provide guidance to management, as needed, to help improve risk management practices and/or mitigate particular risks, including the existence of qualified personnel at the management level to carry out risk management activities effectively.
10. Report the Bank’s risk portfolio status to the Board on a regular basis and immediately inform the Board of any substantial changes.
11. Provide input on the hiring and dismissal of the most senior risk officer in the Bank, including the Chief



Credit Officer and/or Chief Risk Officer and monitor effectiveness of the Risk Management Unit in general.

Further, in respect of the Anti-Money Laundering and Combatting the Financing of Terrorism (“**AML/CFT**”) framework of the Bank, the Risk Committee shall have the following responsibilities:

- Set Bank’s risk appetite with respect to AML/CTF and ensure effective implementation of code of conduct/risk culture and clear accountabilities consistent with the Bank’s three lines of defense.
- Approve and oversee implementation of enterprise-wide AML/CFT policy and its subsequent amendments from time to time.
- Ensure the Bank implements robust oversight over the status of implementation of the Anti-Money Laundering Law, Anti-Money Laundering Rules and the provisions contained in the directives, instructions, regulations and guidelines issued by regulatory bodies at least on a quarterly basis and furnish the review report on the implementation of the initiatives to the Myanmar Financial Intelligence Unit on a half-yearly basis.
- Review and challenge the reports submitted by the Chief Compliance Officer with respect to the Bank’s compliance with legislation and other requirements contained therein and provide directions to the Bank’s management, as required.
- Review management’s strategy to ensure adequate management resources are allocated to setting up and improving mechanism to identify and manage high risk customers, customer’s suspicions and abnormal transactions or money laundering based on the report submitted by the Chief Compliance Officer, at least on a quarterly basis, and make the necessary arrangements to this effect.

The above item includes continuously monitoring the Bank’s resource allocation to ensure the Bank has sufficient expertise, vendors (including independent specialists), technology and control systems dedicated to AML/CFT compliance.

- Risk Committee members are required to be suitably qualified and have clear understanding of AML/CTF best practices, to receive adequate up-to-date training on AML/CFT and to be accountable for ensuring they remain informed of the main compliance risks or plans to mitigate them and be informed of other AML/CFT matters, such as major compliance.

In performing the above responsibilities, the Risk Committee shall conduct or authorize investigations into any matter deemed necessary and obtain advice and assistance from independent professional advisors to assist in carrying out its responsibilities as set forth in this section as needed.

In establishing the risk policies and procedures of the Bank, the Risk Committee shall ensure the policies and procedures:

- Include defined objectives, strategies and risk management work procedures, the nature of risks the Bank faces and appropriate thresholds.
- Define the ceiling for risk exposure that executive management must adhere to.
- Are clear and understandable to the responsible managers.
- Provide for a comprehensive risk control system to ensure proper business process controls are in place to help identify and safeguard against risks.



- Are periodically revised to ensure consistency with regulatory and banking changes.
- Are being complied with by management.

The above list of activities should serve as a guide with the understanding that the Risk Committee may carry out additional functions and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory, legal or other conditions. The Risk Committee shall also carry out any other responsibilities and duties delegated to it by the Board of Directors of the Bank from time to time related to the purposes of the Risk Committee outlined in this section.

3.3. Committee Composition

1. The Risk Committee shall be appointed by a majority vote of the Board from among its members. The Risk Committee shall consist of at least three (3) Board members. All members of the Committee shall be Directors chosen for their competence and banking and risk management experience. All members should be non-executive Directors and at least one (1) member shall be either an Independent Director or at least non-affiliated with the controlling Shareholder. A non-affiliated Director is an individual who does not possess any family or business relationship with the controlling shareholder while not entirely fulfilling the criteria of independence.
2. As long as they remain Directors of the Bank, members shall serve for a period of one year, with the possibility of re-appointment.

3.4. Committee Work Procedures

1. **Meeting Frequency.** The Risk Committee shall meet as needed, but at least four (4) times a year. If possible, meetings shall be scheduled in advance according to an annual calendar and adjusted as needed, but not more than two (2) weeks from the original schedule, to reflect issues or topics that arise during the year and require Committee attention.
2. **Meeting Notice and Agenda.** Meetings of the Committee are called by the Chairman of the Risk Committee.

Except in urgent cases where the requirement for prior notice is waived by unanimous approval of the members of the Risk Committee, the notice and agenda for a meeting shall be sent to all members at least fifteen (15) days before the meeting.

The following agenda items should ideally be addressed at each meeting, in addition to other topics as needed:

- a. Review of Yoma Bank's risk summary reports, paying particular attention to items that have changed since the previous meeting (i.e., risks for which the prioritization has changed, new risks, new mitigation activities, etc.);
- b. Report from the Chief Risk Officer or management team concerning the activities of the Risk Management Department;
- c. Discussion of particular risk mitigation activities; and
- d. Any other business.



3. **Meeting Material.** In addition to an agenda, all Risk Committee members are provided with a concise yet comprehensive set of information by the Corporate Secretary in a timely manner, as much in advance as possible (target three (3) to five (5) days). This includes: (i) minutes of the prior Committee meeting; (ii) issue papers to be discussed; and (iii) other reports prepared by management. Issue papers should be clear, succinct, insightful, and include recommendations for action based on proper analysis. The Risk Committee shall keep detailed meeting minutes that adequately reflect Board discussions signed by all members of the Risk Oversight Committee present in the meeting.
4. **Meeting Venue.** Committee meetings are generally held at the offices of the Bank but may also take place elsewhere in Myanmar. In addition, Risk Committee meetings may be held by conference call, video conference or by any other means of communication, provided all participants can communicate with each other simultaneously.
5. **Attendance of and Admittance to Meetings.** A Risk Committee member may be represented at meetings by another committee member holding a proxy in writing. Non-Committee members (other Board members, executives, or other outside individuals) may attend Committee meetings at the permission of the Committee Chairman.
6. **Quorum and Voting.** A majority of members of the Risk Committee, including at least one (1) Independent Director or non-affiliated Director (as applicable), shall constitute a quorum (personally and not by proxy). In the absence of a valid quorum, the Risk Committee meeting shall be adjourned to the same time and place no later than twenty-one (21) days thereafter as the Chairman of the Risk Oversight Committee may determine. The foregoing quorum requirements shall likewise apply to such adjourned meeting.
7. **Minutes of Meeting.** The Risk Committee shall keep meeting minutes which shall be circulated to members for objections and approval. If no objection is lodged within ten (10) business days, the minutes shall be approved. Once approved, such minutes shall be provided to the Board and then added to the Bank's records and circulated in the next meeting. Each member of the Risk Committee shall receive a copy of the minutes.
8. **Support to the Committee.** The activities of the Risk Committee, including providing information, preparing an agenda and reporting of meetings, may be supported by the Corporate Secretary or another competent person as determined by the Risk Committee.

3.5. Other Practices

1. **Access to Independent Advisors.** The Risk Committee shall have the right at any time to retain independent advisors, and the Bank shall provide appropriate funding, as determined by the Risk Committee, to compensate such independent outside advisors, as well as to cover the ordinary administrative expenses incurred by the Risk Committee in carrying out their duties.

Reporting Obligations. The Chairman of the Risk Committee shall report to the Board at the Board meeting following each Risk Committee meeting on matters discussed in each such meeting. The Risk Committee shall present to the Board a brief Annual Report of its own work. The Committee shall also assess (at least annually) the adequacy of this Policy and propose any improvements that the Risk Committee considers necessary or valuable.

2. **Disclosure.** The Annual Report of the Bank shall include a report of the Risk Committee summarizing the role of the Risk Committee, describing risk exposure and policies and processes for risk management. It shall also include the names and qualifications of Risk Committee members and meeting frequency.



3. **Committee Performance Evaluation.** The Risk Committee shall review its own performance at least annually in such manner as it deems appropriate, and submit such evaluation, including any recommendations for change, to the full Board for review, discussion, and approval.
4. **Training.** Members of the Risk Committee shall receive appropriate training on taking office on an ongoing and timely basis to ensure that they can carry out their functions.
5. **Amendment.** This Policy will come into effect upon its adoption by the Board of Directors, except where expressly mentioned otherwise. It can be amended at any time by a decision of the Board of Directors.



3A. People, Remuneration and Nomination Committee

3A.1. Introduction

The People, Remuneration and Nomination Committee (“**People Committee**”) is to execute a vital role in providing advisory to the Board of Directors and Shareholders. The People Committee is also responsible for ensuring the proper oversight and guidance is provided in the Bank's people and remuneration related strategies, policies, frameworks, and practices.

3A.2. Main Roles and Responsibilities

- To approve the Bank's organizational structure reporting to the CEO;
- Recommending the appointment, and reviewing the performance of Non-Executive Director, CEO, C-Suite Officers, and other key personnel;
- Approving of the Bank's succession plan and identification of critical roles;
- Recommending the Bank's performance management plan to the Board;
- Ensuring that the Bank's incentive approach is aligned to the Board's vision and business objectives, including fixed remuneration, short and long-term incentive plans; and
- To review and update the Remuneration and Reimbursement Policy for Directors.

3A.3. Re-nomination of Directors

The People Committee reviews the performance of each Director and revises the fit and proper capacity for the position annually. When considering the nomination of Directors for re-election and re-appointment, the People Committee takes into consideration the Director's contribution to the effective running of the Board, preparedness, participation, time commitments, whether proper attention has been given by the Director to the affairs of the Bank, and Director's other board memberships at other organizations.

In addition to that, the People Committee also determines whether he/she is independent in character and judgment, and whether there are relationships or circumstances that are likely to affect the Director's judgement. The People Committee reviews all the re-nomination and re-appointment of the Directors and submits such review to the Board of Directors for their endorsement before each AGM. Shareholders are provided with relevant information on the candidates that are subject to election or re-election in the AGM notice.

3A.4. Process and Criteria for appointment of new Director

The Bank adopts a holistic approach in the selection of new Directors. The People Committee is tasked to identify candidates and to review all nominations for the appointment, reappointment and termination of Directors and Board Committee members, taking into consideration the Directors' character and competence, including integrity, reputation, capability, independence status, contributions during and outside of Board and Board Committee meetings, as well as other criteria prescribed under clause 1.2 above and additional relevant factors as may be defined by the People Committee.



4. General Corporate Governance Policies

4.1. Introduction

The following policies govern Yoma Bank's other general corporate governance practices in addition to those described in the Board and Committee Policies. These complement and conform to the Bank's Constitution, the Myanmar Companies Law (2017) and the FIL. There may be other specific provisions in the laws mentioned above which are not described below, but to which Yoma Bank shall comply.

4.2. Shareholder Practices

1. **The Annual General Meeting of Shareholders (AGM).** Following are procedural requirements that the Bank must follow for the conduct of the AGM:
 - Approval of the CBM shall be sought not less than one (1) month prior to the intended date of the AGM, including submitting all documents required by the CBM (e.g., cover letter, AGM agenda, fit and proper submission for each Director, etc.), and the AGM shall only be held once such approval has been granted.
 - Not less than twenty-one (21) days' prior written notice of all General Meetings shall be given to shareholders at their respective addresses from the Bank register. An agenda and accompanying materials setting out the proposed business to be discussed at the General Meeting shall be circulated by the Bank to shareholders at the same time as the notice above.
 - The meetings shall be conducted professionally, fairly and expeditiously.
 - The meeting is to be chaired by the Chairman of the Board or, in the Chairman's absence, the Deputy Chairman of the Board (if any), or if neither of them is present within thirty (30) minutes after the time appointed for holding the meeting, the directors present at the meeting may choose a chair of the meeting.
 - The meeting shall discuss the matters mentioned in the invitation agenda.
 - The chair of the meeting shall decide the logical order of the agenda before the start of the meeting.
 - The Shareholders may send written questions to the Board of Directors prior to the meeting.
 - Every member of the meeting, whether attending personally, by proxy or by corporate representative, has one vote for each share owned for any matter decided by poll.
 - The Board of Directors shall ensure that the responsible partner or certifying auditor of the External Auditor attends the General Meeting of Shareholders and is available to address the meeting. The Shareholders must listen to the auditor's report during the AGM. In order for shareholders to approve the Bank's accounts, shareholders have the right to question the auditor with regard to any of the matters reported in these accounts.
 - The AGM is held at a place that is easily accessible for the majority of Shareholders and at a convenient date and time in Myanmar. The registration procedures are convenient and allow for quick and easy admittance to the AGM. The AGM (and other general meetings) may be attended by Shareholders and Directors either physically or by conference call, video conference or by any other means of communication, provided all participants can communicate with each other simultaneously.



- The voting results and other relevant materials are distributed to Shareholders, either at the end of, or soon after, the AGM.
 - The Board of Directors shall make a report of the AGM available to the shareholders of the Bank no later than one month after the end of the meeting. Shareholders shall then have one month to respond to the report. Following such period, the report shall be adopted by the Chairman and the Corporate Secretary of the meeting.
2. **Shareholder Information and Influence.** Where appropriate, the Board of Directors and management shall ensure that any substantial or material information about the Bank (i.e., any information that may influence a decision or action taken by a Shareholder) is provided to all Shareholders on an equal basis and ensure, as practical, that no single Shareholder possesses such information that others do not possess. This will ensure that shareholders have access to the same information. Likewise, no single Shareholder shall attempt to have undue influence on the Board or management in general (e.g., influencing decision-making or action-taking by the Board or management) or seek to undermine the authorities granted to the Bank's Board and management. Shareholder actions and authorities shall be made through the appropriate Shareholder channels (e.g., via AGM decisions) as defined by law, Bank's Constitution, these policies and other formal shareholder agreements.
3. **Special Majority Shareholder Matters.** Certain vital resolutions shall require a supermajority vote of at least seventy-five percent (75%) of outstanding shares at the AGM or at any other general meeting of the Bank in order to be adopted. Such resolutions are set out in the Myanmar Companies Law (2017). They include (there may be others from the Companies Law which are not listed below, but which the Bank will equally comply with):
- Changing name.
 - Amending (i.e., alter or add) the Constitution.
 - A selective reduction of share capital (i.e., any reduction other than a reduction in ordinary Shares that applies to each holder of ordinary Shares in proportion to the number of ordinary shares they hold and is made on the same terms to each ordinary shareholder), if so authorized by the Constitution, for any purpose.
 - Deciding that the Bank should be voluntarily wound up by the Court.
 - Authorizing the liquidator to transfer the Bank's business or property in whole or in part for a consideration in shares or other like interests in another Bank.
 - Issuing preference shares in the Bank with preferred, deferred or other special rights or restrictions regarding dividend, voting, return of share capital, or otherwise.
 - Providing financial assistance in relation to any purchase of any shares in the Bank.
 - Where Bank is about to be wound up, confirming an arrangement with its creditors.
 - Authorizing the liquidator, with the sanction of the Court when the Bank is being wound up by the Court or subject to the supervision of the Court, to pay classes of creditors, conclude compromises with creditors and settle claims for calls and debts.



- Changing or cancelling the rights attached to classes of shares (with the consent in writing of the holders of three- fourths of the issued shares of that class), including converting any ordinary Share into a preference share or vice versa.
4. **Investor Consent Matters.** In addition to the above, under the SHA various matters (including certain among the matters listed above) require the consent of all of the Investors in order to be adopted. These are as follows:
- a. Amending or repealing the Bank's constitution;
 - b. Changing the designations, powers, rights, preferences or privileges, or the qualifications, limitations or restrictions of the shares held by the Investors, whether through amendment or repeal of the Bank's constitution or otherwise;
 - c. creating, authorising or issuing any equity securities in the Bank or any Subsidiary or availing of any shareholder loans;
 - d. change the primary business of the Bank or of any of its Subsidiaries;
 - e. authorizing or undertaking any mergers or acquisitions or any arrangement for the disposal (including but not limited to any sale, exchange or lease) of: (i) more than twenty percent (20%) of the fair market value of the assets of the Bank or any Subsidiary, whether in one or a series of transactions; (ii) assets that contribute to the generation of more than twenty-five percent (25%) of the net income of the Bank or any Subsidiary; or (iii) any shares of any Subsidiary that results in the Bank owning (directly or indirectly) less than fifty percent (50%) of any Subsidiary, other than the assets acquired by the Bank or any Subsidiary upon enforcement of a lien created in favour of the Bank or any Subsidiary as part of its operations;
 - f. any amalgamation, merger, de-merger, acquisition, consolidation, reconstitution, divestment, restructuring or similar transaction or other action that results in a Change in Control of the Bank or any Subsidiary (where "Change in Control" means an event that leads to: (a) a change in the power to direct the management or policies, directly or indirectly, whether through the ownership of shares or other securities, by contract or otherwise; or (b) Sponsors directly or indirectly owning less than fifty per cent (50%) of the voting share capital);
 - g. authorizing or undertaking any liquidation, winding up or any bankruptcy, reorganization, composition with creditors or other analogous insolvency proceedings of the Bank or any Subsidiary;
 - h. authorizing or undertaking any reduction of capital or share repurchase, other than any repurchase of equity securities of the Bank issued to or held by employees, officers, directors or consultants of the Bank upon termination of their employment pursuant to an employee stock plan approved by the Investors;
 - i. the sale, transfer or assignment of any intellectual property rights of the Bank or any Subsidiary that is required for current or future operations;
 - j. grant or enter into any material license, agreement or arrangement which is expected to have a material adverse effect on any intellectual property rights of the Bank or any Subsidiaries;
 - k. amending or modifying the policy governing the payment of dividend and other distributions adopted by the Bank or any Subsidiary;
 - l. adopting, amending or revising any employee stock plan, pension scheme and bonus schemes;
 - m. entering, or permitting any Subsidiary to enter, into any commitments for capital investments in excess of ten percent (10%) of total share capital of the Bank or such Subsidiary (as applicable) in the aggregate in any financial year;
 - n. entering, or permitting any Subsidiary to enter, into any commitments for acquisition of other entities (whether by the acquisition of shares, assets, or otherwise) for a consideration in excess of ten percent (10%)



of the total share capital of the Bank or such Subsidiary (as applicable) in any financial year;

- o. authorizing or undertaking any listing or any offering of equity securities of the Bank or any Subsidiary;
- p. authorizing or undertaking any delisting of equity securities of the Bank or any Subsidiary;
- q. entering, or permitting any Subsidiary to enter, into any obligation outside the normal course of business in excess of ten percent (10%) of the total share capital of the Bank or such Subsidiary (as applicable) in any financial year;
- r. the creation, sale, disposal or liquidation of significant investments, shares, securities or other interests of the Bank or any Subsidiary except where a resolution of the Bank is passed at a General Meeting with the affirmative vote of shareholders holding shares representing at least eighty-five percent (85%) of the total share capital of the Bank, approving such act;
- s. the Bank or any Subsidiary entering transactions with a Related Party other than where the transaction is undertaken on an arm's length basis in the ordinary course of business; provided that the Bank, or Subsidiary, as relevant, shall inform the Board, or the board of the relevant Subsidiary, on a regular basis of any transaction entered into with a Related Party;
- t. any amendments or termination of any transaction between the Bank or any Subsidiary and a Related Party and any grant of consents or waivers or any other actions in relation to any such transaction;
- u. any agreement on the terms of any sale of shares of Digital Money Myanmar Limited held by the Bank to the Sponsors as and when such sale occurs;
- v. changes to the number of Directors comprising the Board in the event the total number of Directors after the change is less than five (5);
- w. any material changes to the accounting policy of the Bank or any Subsidiary unless such changes are required by applicable laws and/or prevailing accounting standards;
- x. amend, alter, modify, renew, extend or change the McKinsey Agreement in any manner whatsoever;
- y. commencement or settlement of litigation outside of the ordinary course of business;
- z. issuance of any corporate bonds by the Bank or any Subsidiary to any person in excess of more than twenty five percent (25%) of the total share capital of the Bank or of such Subsidiary (as applicable) except where a resolution of the Bank is passed at a General Meeting with the affirmative vote of shareholders holding shares representing at least eighty-five percent (85%) of the total issued and paid-up share capital of the Bank, approving such act of issuance of such corporate bonds;
- aa. approving the adoption by the Bank or any Subsidiary of IFRS promulgated by IASB; and
- bb. approving the appointment of more than nine (9) Directors to the Board.

In the event that the total number of shares held by an Investor falls below 148,672, then the rights of such Investor to give its consent on the matters listed under items (c) to (n) and (q) to (bb) above shall no longer apply in respect of that Investor.

5. **Minority Shareholder Rights Protection - Pre-emptive Rights.** New issuances of Shares by the Bank are subject to preemptory rights of the Investors and U Zaw Moe Khine, as set forth in the SHA.

4.3. Other Policies

1. **Director and Employee Confidentiality.** Unless required to do so by law, no Board member or employee shall, during his or her membership on the Board or afterwards, disclose any information of a confidential nature regarding the business of the Bank and/or any companies in which it holds a stake, that came to his or her knowledge in the capacity of his or her work for the Bank and which he/she knows or should know



to be of a confidential nature. A Board member shall not use such confidential information for his or her personal benefit.

2. **Changes to Corporate Governance.** Any substantial change to the corporate governance structure of the Bank shall be submitted to the AGM for discussion under a separate agenda item. Any other non-substantial changes can be approved by the Board of Directors.
3. **Adherence to CG Policies, Business Integrity Policy, Code of Conduct, and Applicable Laws.** Bank Directors and employees shall understand these Corporate Governance Policies as their joint obligation, and accordingly, obligate themselves to ensure that its provisions and spirit are adhered to and acted upon throughout the Bank. Further, all directors and employees of the Bank shall agree to act in accordance with all applicable laws and regulations and ethical standards of business conduct, including as required by the Business Integrity Policy of the Bank. Board shall have primary responsibility for ensuring the development of, compliance with, and periodic review of corporate governance, conduct and business integrity policies and practices in the Bank, including the regular update of these policies.
4. **Anonymous Reporting of Breaches or Conduct Concerns.** The Board shall implement the procedure set out in the Code of Conduct, to allow anyone (including employees or stakeholders) who has a concern about conduct, Corporate Governance practices, accounting, internal controls, or auditing matters, to communicate that concern directly to the Board Audit Committee Chairman or other Audit Committee member (refer to the Code of Conduct for procedures).

4.4. Audit & Control Environment

1. **Risk Management and Internal Control:** The Bank places great importance on maintaining a sound risk management and internal control framework. The Board of Directors of the Bank, via the Audit and Risk Committees, is tasked with ensuring that appropriate risk management and internal systems are established and working effectively. Among other things, the Board (i) approves risk management procedures and ensures compliance with such procedures; (ii) analyzes, evaluates, and improves the effectiveness of the internal risk management and internal control procedures on a regular basis; (iii) develops adequate incentives for executive bodies, departments and employees to apply internal control systems; and (iv) ensures that the Bank complies with legislation and charter provisions.
2. **Internal Auditor.** The Bank shall have an internal audit function that is responsible for ensuring the risk management and internal control framework of the Bank is working effectively. The Bank shall ensure the internal audit function is staffed by qualified person(s) with appropriate levels of authority in the organization and is given necessary training and resources to carry out its duties effectively. The internal audit function shall report to the Board Audit Committee functionally and to the CEO administratively. The Board shall ensure the internal audit function is independent from management to ensure objective analysis and reporting. The internal auditor's authority, composition, working procedures and other relevant matters are regulated in its Constitution.
3. **External Auditor.** The Bank shall engage a publicly recognized, independent auditing firm fully independent from the Bank, the Bank's management and major Shareholders. The external auditor shall be submitted for approval of Central Bank of Myanmar as set out in the relevant regulations and thereafter appointed by the AGM. The remuneration of the auditor shall be disclosed to Shareholders. The external auditor should rotate its lead engagement partner at least every three (3) years to help ensure objectivity and the Bank shall not appoint the same external auditor for more than three (3) consecutive terms and shall replace their external auditors at least once every five (5) years or such other period as may be prescribed by the Central Bank of Myanmar.



4.5. Information Disclosure and Transparency

1. **Disclosure Policies and Practices.** The Bank shall disclose all material key financial and non-financial information as described below. Such information should be included in the Annual Report to Shareholders and may also be disclosed in summary form to the public via an Annual Report and/or corporate website (excluding some sensitive financial information as decided by the Board). Information includes:
 - **Financial Information.** The Bank shall keep records and prepare a full set of financial statements in accordance with International Financial Reporting Standards (IFRS) or the Generally Accepted Accounting Practices (GAAP) of Myanmar. Detailed notes should accompany the financial statements so that the users of the statements can properly interpret the Bank's financial performance. A management discussion and analysis as well as the opinions of the external auditor shall complement all financial information.
 - **Non-Financial Information.** Yoma Bank shall strive to disclose key non-financial information such as: (i) Risk management and control frameworks, qualitative and quantitative disclosure of risk; (ii) management summary of operations, including forward-looking commentary; capital adequacy status; (iii) governance and management frameworks; (iv) share ownership including ultimate beneficial owners; (v) key corporate governance information (below); (vi) Related Party transactions; and (vii) other non-financial information deemed pertinent.
 - **Corporate Governance Information.** The Corporate Governance section of the Annual Report shall include:
 - Names of Board members, its Chairman and his/her deputy, other key position holders, a brief resume of each member including his/her qualifications and experience and identification of independent member(s).
 - Board committees and members, their delegated authorities, and activities undertaken during the year.
 - Number of Board and committee meetings with names of members who did not attend.
 - Names of major Shareholders who own, directly or indirectly, more than five percent (5%) of Bank's Shares, in addition to a brief description of the changes that occurred in the Bank's capital structure.
 - A report on the adequacy of the Bank's risk management framework and internal controls, including the following:
 - The degree to which corporate governance rules are followed and applied;
 - The approach for self-evaluation of the Board's performance; and
 - Internal audit procedures and the extent to which the Board strictly follows their application.
 - **Key Policy Documents.** The Bank shall disclose on its website key policies and policy documents, such as the Corporate Governance Policy Manual, Code of Conduct, Risk Management Framework, Organizational Structure, and any other key documents which help demonstrate the Bank's commitment to good governance and conduct.
2. **Confidentiality.** Despite striving for strong transparency and disclosure practices, the Bank shall take measures to protect confidential information as defined in its Information Disclosure Policy. The Bank is



not required to disclose any information of Bank confidentiality, such as that related to its clients, or the information of which the disclosure may damage or deprive the Bank of its competitive advantage. Any information obtained by the Bank's employees and the members of the governing bodies may not be used for their personal benefit.



5. Succession Policy – CEO and Senior Management

5.1. Introduction

The main purpose of the CEO and Senior Management Succession Policy (or the '**Policy**') is to provide guidance on the mechanism of CEO and Senior Management replacement when a decision of replacement, emergency or planned, has been made.

This Policy aims to avoid disruption in the operations of the Bank, maximize the value of the business of the Bank and enable it to meet future needs. This Succession Policy does not apply to cases of planned vacation, business trips, etc. However, vacation should be planned as best as possible with the rest of the managers in order to avoid management disruptions and ensure proper and efficient management of Bank operations.

The Succession Policy, including legal considerations and remuneration, shall be implemented in accordance with:

1. The Financial Institutions of Myanmar Law No. 20 of 2016.
2. The Myanmar's Companies Law (2017)
3. Constitution of the Bank
4. Yoma Bank Corporate Governance Policy Manual
5. Yoma Bank Business Integrity Policy
6. Other relevant internal documents and policies.

The ultimate responsibility of CEO and Senior Management Succession planning rests with the Board of Directors either directly or through the People Remuneration and Nomination Committee of the Board.

5.2. Capacity and needs Assessment

- The Board of Directors of Yoma Bank along with the Chief Executive Officer and Chief People Officer (CPO) of the Bank shall identify key positions in the Bank including CEO, Senior Management and staff with specialized skills that would be hard to replace.
- Review the strategic and operational plans to clearly articulate priorities and review the list of current and emerging needs.
- Identify and list gaps in the positions.
- Evaluate and assess the senior staff members with the goal of identifying those who have the skills and knowledge or the potential **along with the desire** to be promoted to existing and new positions.

5.3. Defining CEO and Senior Management Profiles and Designing the Succession Planning Process

The Board of Directors of Yoma Bank along with the CEO, CPO of the Bank shall develop and adopt the CEO and Senior Management Profiles of the Bank. The CPO shall document Terms of Reference for the each of the positions identified. These shall be reviewed by the Board and updated on an annual basis by the CPO.



In this Policy, any part that relates to the CEO succession planning process, the Board along with the People Remuneration and Nomination Committee and the CPO will be involved. The CEO shall be involved once his/her successor has been identified.

The CEO shall be involved along with the Board and the People Remuneration and Nomination Committee and the CPO in the Senior Management succession planning process.

The CEO shall be directly involved with the CPO in developing the Senior Management profiles. Board shall work with the CPO to develop the CEO profile.

The Board shall lead and oversee the succession planning process of the Bank. The Board shall approve a timeline and budget for the CEO succession process as well as each of the Senior Management positions.

The CPO of the Bank and other members of the management shall support and cooperate with the Board to assure effective implementation the succession planning process.

5.4. Planned Succession: Identifying and Developing Internal Candidates as Successor, Monitoring External Opportunities in the Market

In order to ensure identification and development of internal candidates for the CEO and Senior Management position, the Board along with the CPO shall:

- Ensure that the CEO of the Bank and the Senior Management has an appropriate talent development process in place to identify, develop and retain high potential individuals.
- Conduct its own independent assessment of the progress and readiness of the internally identified succession candidates, by investing time both inside and outside the boardroom with them and collecting information on them through different sources to determine how well does the particular candidate fit the individual profiles, where gaps exist between the candidates' attributes and the profile, and what is the candidates' potential to fill that gap.
- Enhance its interaction with identified candidates by means of informal discussions with them about the strategy and business plans, inviting candidates to the board social events observing the candidates in their work environments over a period of time.
- Establish clear lines for board-management interactions so that the Board shall develop an independent perspective on the leadership talent in the Bank, ensure that a talent development process is put in place, monitor and review the Bank's progress against that process and, when the time comes, decide upon each internal candidate's ultimate fit with the specific position.
- The Board with the help of external search firms shall monitor external talent available in the market and based on the needs of the Bank shall identify and evaluate prospective candidates.
- Shall facilitate the engagement of including professional development of the internally selected candidates.
- Shall be responsible for the early identification and grooming of potential internal CEO candidate and to ensure that the Bank is also developing succession-ready executives for other Senior Management positions.



5.5. Evaluating and Selecting the CEO Successor and other Senior Management Position Successors.

To ensure an effective decision-making process when evaluating and selecting a candidate, the Board along with the CPO shall:

- Narrow the list of the internal candidates to two or three finalists and define the final round of professional development for them.
- Conduct a final review of individual profiles.
- Evaluate and compare the finalists with the peers available in the external market, define extra development steps for the finalists (if needed).
- Conduct targeted search to confirm external candidates (if needed).
- Schedule a board meeting to review all relevant information and impressions in order to encourage questions and input from the Board, and assure that the most skilled and experienced board members shall hold individual interviews with the finalists and external candidates.
- Hold post-interview debriefing sessions to review their insights and perceptions of each candidate to build a consensus among all board members before the final decision is made on selecting the successor.
- Internally consider and decide on the remuneration for the successor and take all reasonable efforts to assure that the proposed remuneration is sufficient to attract, retain and motivate the successful candidate.
- Complete a careful background and reference check on the candidates (both internal and external candidates), using all available internal and external resources.
- Plan ahead and monitor how the Bank shall announce the decision to all relevant stakeholders, including those finalists that are not selected.
- Ensure that selected candidates submit to, and are approved by, the CBM as meeting the fit and proper criteria (see discussion at clause 1.2 above) and all other relevant qualifications

5.6. Transition and Mentoring

The succession planning shall include a transition, and mentoring program to help the selected individuals succeed, which shall include the following key components:

- **Communication and involvement expectations.** The Board shall be very clear and specific about the communication it requires from the new CEO and any appointed Senior Management.
- **Relationships and Culture.** The Board shall help the new CEO and Senior Management (as and when a new vacancy is filled) establish the right relationships with the key stakeholders of the Bank, by providing him or her with any insights it has developed regarding each stakeholder or stakeholder group. The Board shall also help the new CEO understand and successfully navigate the Bank's culture,



particularly, when an external candidate has been selected to fill a position.

- **Board support and committee orientation.** The Board shall take all reasonable measures to assure smooth transition of the new CEO and Senior Management by determining how various members could be most helpful to new staff, based on their particular background, skills, and familiarity with certain aspects of the Bank and the industry.
- **Mentoring and assistance by the Chairman.** The Chairman of the Board shall mentor the new CEO for the first year of his tenure, by meeting with the new CEO periodically to see how things are going and helping him/her to establish a communication pattern consistent with the board's expectations. The CEO shall act as a mentor to the senior management.

5.7. Emergency CEO and Senior Management Succession

The Board shall have an Emergency CEO or Senior Management Succession plan and be responsible for appointing an interim CEO or a member of the Senior Management in case the current CEO is unable to properly perform his/her functions due to the illness or any other circumstances for a period of more than three months over a total of six (6) months. In the case of unforeseen events and the current CEO or a member of the Senior Management is for some reason unable to inform the Bank about the need to put the Emergency Succession into action after a more than 3-5-day period, the Emergency Succession shall be automatically put into action.

It is expected that the position shall be filled by an internal officer for a defined period of time, but no longer than six (6) months. The main requirements to the potential successor candidates are the ability to immediately start the performance of duties, awareness and understanding of the state of business in the Bank, its business processes, culture and leadership.

As a part of the succession planning process, the Board shall annually discuss with the CEO/Senior Management Emergency Succession plan, including potential candidates who can act as the Emergency CEO/Senior Management Successors (these can be internal candidates for the planned succession as well as other persons within the Bank), their professional and leadership development activities, as well as and the individuals and/or positions that might secure proper management during unexpected leave and/or absence.

Based on these considerations, the Board shall determine the most appropriate internal candidate to act as the emergency successor. In case the selected candidate leaves the Bank during the year, the Board shall revert to the issue at its next meeting and determine a new internal Emergency Successor, who shall be a valid candidate till the next annual review and consideration of succession planning arrangements.

To put in action, the Emergency Succession plan, the Chairman of the Board shall convene a meeting of the Board, which shall consider the existing situation, meet and discuss with the internally selected Emergency Successor his/her readiness and willingness to be appointed in the interim, review salary compensation and provide an adjustment for increased responsibilities during a transition period.

The Chairman of the Board shall extend the offer to the Emergency Successor who shall have all rights and responsibilities in accordance with the Bank's Constitution.

All key stakeholders shall be informed of the interim successor, and they shall be provided an outline of the succession planning timeline and steps.

5.8. Annual Review



The Board shall annually review and revise the Succession Policy if required and/or in case of changes in priorities for choosing a successor or changes in other aspects of business activity affecting the implementation of the Policy.

5.9. Amendment

This policy shall come into force upon its adoption by the Board of Directors, except where expressly mentioned otherwise. It is the responsibility of the Board of Directors to control the implementation of the Succession Policy.



6. Dividend Policy

The Board adopted on 21 September 2018 a new Dividend Policy. Its provisions are restated below.

6.1. General Provisions

1. The Dividend Policy sets guidelines for calculation, declaration and payment of dividends in the Bank.
2. Dividend per Share is the portion of net profit of the Bank which is calculated and disbursed to Shareholders for each Share.
3. Dividend per preferred share is the amount disbursed to preferred shareholders as a fixed percent of nominal share value, irrespective of Bank income.
4. Dividends can only be disbursed from the Bank's net profit of the current financial year.
5. Bank's dividends are disbursed to Shareholders each year as monetary funds or as stock/share dividends, based on Bank performance results.
6. The Bank will use best efforts to pay dividends each fiscal year and when not able to do so, the Bank will inform the Shareholders accordingly.
7. Per the Bank's Constitution, every year before recommending any dividend, Directors shall allocate a portion of profit towards a reserve fund to meet contingencies and for such purpose other than payment of dividends. The total sum standing to the credit of such reserve fund shall amount to a sum equal to the amount of issued share capital at that time.

6.2. Decision on Disbursement of Dividends

1. Decision on declaration and disbursement of dividends shall be made by Annual General Meeting of Shareholders (AGM) upon recommendation of the Board of Directors (Board).
2. Amount of dividends and method of disbursement for each share type shall be identified when decision is made to declare and disburse dividends.
3. Recommendations on dividend amount and method of disbursement are adopted at the Board meeting devoted to approval of year-end profit distribution.
4. Decision of the AGM on declaration and disbursement of dividends shall reflect the following:
 - Category and type of shares for which dividends are to be disbursed;
 - Amount of dividends per share for each share type;
 - Period of dividend disbursement; and
 - Form of dividend disbursement.
5. Decision on accrual and disbursement of Share dividends can be made by the AGM solely after a decision



is made to fully calculate and disburse dividends on preferred stock stipulated by the Bank's Constitution.

6. AGM may not make a decision on declaration and disbursement of dividends in the following cases:
- Value of Bank net assets is lower than its charter capital or will be lower as a result of dividend disbursement;
 - The Bank faces bankruptcy risk as of the date of that decision or this decision causes probability of bankruptcy for the Bank;
 - If such dividend is not distributed and disbursed from the Bank's net profit of the current financial year; or
 - Other cases set forth in legislation or in the Constitution of the Bank.

6.3. Dividend Accrual/Calculation

1. Share dividends are distributed and disbursed from Bank's net profit in proportion to amount of Shares owned by shareholders.
2. Preference shares dividends are disbursed to holders of preference shares from the Bank's established dividend fund.
3. Amount of Share dividends shall not exceed the amount recommended by the Board.
4. Amount of dividend payable per Share is identified by dividing total amount of dividends by total number of Shares issued by the Bank.
5. Amount of dividends payable for preference share is identified in accordance with current legislation and Bank's Constitution.
6. Any taxes deductible from shareholders are not taken into account in declaration of dividends.

6.4. List of Persons with the Right to Receive Dividends

1. List of persons possessing the right to receive dividends is developed based on the Bank's Shareholder register. The aforementioned register shall be developed no later than thirty (30) days prior to the expected date of the AGM where dividend disbursement issue is to be reviewed.
2. During the preparation of the dividend recipient list, nominal holders of Shares shall deliver information on Shareholders they are representing to the Bank's registrar as of the date of register development.

6.5. Disbursement of Dividends

1. Declared dividends shall be disbursed within two (2) months.
2. The Board shall ensure disbursement of declared dividends to shareholders.
3. The Bank shall publish in the media and deliver the information in writing to shareholders the method,



date and venue of dividend disbursement set by Bank Policy.

4. A Shareholder may address the Bank to inquire whether he/she is on the dividend recipient list, as well as the method, date and venue of dividend disbursement. In this case the Bank shall adequately respond to the Shareholder's request within fourteen (14) business days from the receipt date of the inquiry.
5. The Bank may outsource an external company (including the registrar) with a proper agreement to execute the disbursement of declared dividends. Shareholders shall be properly notified and informed on the outsourcing of an external entity. Contracting an external company does not release the Bank from dividend disbursement responsibility.
6. The Bank may not disburse declared dividends to Shareholders in the following cases:
 - As of the date of dividend disbursement, value of Bank net assets is lower than its charter capital or will be lower as a result of dividend disbursement;
 - As of the date of dividend disbursement, the Bank faces bankruptcy risk or disbursement of dividends could cause bankruptcy for the Bank;
 - If such dividend is not distributed and disbursed from the Bank's net profit of the current financial year; or
 - Other cases set forth in legislation.
7. In the event when instances delineated under paragraphs 5 and 6 of this clause 6.5 are eliminated the Bank shall distribute the declared dividends to shareholders within two (2) months.

6.6. Final Provisions

1. The Dividend Policy took effect as of the date of approval by the Board, being 21 September 2018. Any amendment to the Dividend Policy requires a supermajority vote by the Board.
2. The previous Bank policies on dividend policy became invalid upon the Dividend Policy taking effect.

In the event changes and amendments are made to legislation or the Bank's constitution, provisions of the Dividend Policy are applied in the parts not contradicting the mentioned changes.



7. Conflict of Interest Policy

7.1. General Provisions

This Policy is to provide guidance on identifying handling potential and actual conflicts of interest involving the Directors and Officers of the Bank.

The Bank is committed to the highest level of ethical standards. The Directors and Officers of the Bank are required to conduct their business internally and externally with objectivity and honesty and in accordance with the Bank's Corporate Governance Code, Policies (including this Conflict of Interest Policy and the Related Party Transaction Policy), and Code of Ethics.

7.2. Identification and Management of Conflict

1. **Definition.** A conflict of interest may occur if an interest or activity influences or appears to influence the ability of an individual to exercise objectivity or impairs the individual's ability to perform his or her responsibilities in the best interests of the Bank.

An individual is said to have a potential conflict of interest when:

- A Board member is in a position to use his/her position or confidential information obtained by him/her related to the Bank, in order to achieve a benefit for him/herself or Related Party (including his/her spouse, child and relatives by blood or marriage up to second degree); or
 - A Board member has potential or existing outside interest that could appear to influence an individual's independence in performing their duties in the best interest of the Bank.
2. **Individual Director Responsibility.** Directors shall act at all times in the best interests of the Bank rather than in the interests of any particular constituencies. Directors shall perform their duties and conduct affairs of the Bank in such a manner that promotes public confidence and trust in the Bank. Directors shall abstain from actions that may lead to a conflict of interest, or the appearance of a conflict of interest, with the Bank. If a conflict arises, including as a result of any non-compliance with this policy, the Directors are obligated to report it immediately to the Chairman and conflicted Directors shall remove themselves from a position of decision-making authority with respect to any conflict situation involving the Bank.
 3. **Conflict of Interest.** Conflicts of interest may arise in many circumstances, affiliations and relationships and may either be perceived or real.

The following are among the circumstances deemed to create a conflict of interest:

- A Board member's outside interest or activity could influence, or appear to influence, a Board member's ability to act in the best interest of the Bank; or
- The Bank and Board member or other Related Party is involved in a transaction in which the Board member or related party has a material financial interest.

In case of any uncertainty, the relevant Board member shall seek guidance and approval from the Chairman of the Board (or from such person or body as the Chairman may direct) prior to engaging in an activity that may constitute a conflict of interest. Such approval shall only be given after rigorous review of the intended activity.

**7.3. Procedure**

Prior to Board action on a contract or transaction involving a potential conflict (including any circumstances where a Director's objectivity or ability to properly fulfill his/her duties to the Bank may be compromised), the Board member who has the conflict shall declare all material information related to the conflict at the earliest opportunity. The Corporate Secretary shall record this declaration in the relevant Board meeting minutes. In such a case, the other Board members present shall consider whether it is appropriate for the conflicted Board member to take part in the discussion of that item of business before the Board, after giving full consideration to whether the conflict may otherwise compromise the member's objectivity and/or ability to properly fulfill his/her duties to the Bank. If they decide that it is not appropriate, they may require the Board member to leave the meeting room during the discussions. The Board member shall not attempt to exert his or her personal influence with respect to the matter, either at or outside the meeting. The Board member will not be permitted to vote on the relevant resolution or be counted toward the quorum of that Board meeting at the time of any such vote or, if the resolution is to be passed by circular written resolution, shall not sign such resolution to the extent such Board member is not entitled to vote on the matter.

In the event it is not entirely clear that a conflict of interest exists, the Board member with the potential conflict shall disclose the circumstances to the Chairman of the Board or his designee, who shall determine whether full Board discussion is warranted or whether there exists a conflict of interest that is subject to this Policy.

7.4. Confidentiality

Each Director shall exercise care not to disclose confidential information acquired in connection with disclosures of conflicts of interest or potential conflicts, which might be averse to the interests of the Bank. Furthermore, Directors shall not disclose or use information relating to the Bank for their personal profit or advantage or the personal profit or advantage of their family member (A family member for the purpose of this Policy is a spouse, parent, child or spouse of a child, brother, sister, or spouse of a brother or sister, of a Board member).

7.5. Declaration of Interest

Upon taking office, a Board member shall be required to disclose to the Bank all interests and relationships which could or might be seen to affect his ability to perform his or her duties as a Board member. Further, pursuant to CBM directive no. (9/2019), Board members and Officers of the Bank shall disclose all direct and indirect substantial financial and commercial interests they or their family members have in the Bank. Any such interests declared shall be recorded by the Corporate Secretary. The Board members shall disclose any relevant directorships, employment or significant interests of family members which might give rise to a real or perceived conflict. Each Board member shall inform the Bank when there are changes to his/her interests and shall complete a form annually that specifically lists his or her interests. The Board secretary may request Board members to review the form annually for accuracy and completeness.

7.6. Gifts

Accepting gifts or other favors from individuals or entities can also result in a conflict or duality of interest when the party providing the gift/favor does so under circumstances where it might be inferred that such action was intended to influence or possibly would influence the Board member in the performance of his or her duties. This does not preclude the acceptance of gifts or entertainment that are unquestionably modest in nature (MMK 25,000 or less), in line with customary practices in the ordinary course of business and not related to any particular transaction or activity of the Bank.

7.7. Review of Policy

Each Director shall be provided with and asked to review a copy of this Policy and to acknowledge in writing that he or she has done so.

- Annually each Director shall complete a disclosure form (Annex B) identifying any relationships, positions or circumstances in which he or she is involved that he or she believes could contribute to a



conflict of interest. Such relationships, positions or circumstances might include service as a Director of or consultant to another company, or ownership of a business that might provide services to the Bank. Any such information regarding the business interests of a Director or his family member shall be treated as confidential and shall generally be made available only to the Chairman of the Board or any committee/body if appointed to address conflicts of interest.

- This Policy shall be reviewed annually by the Board of Directors. Any changes to the Policy shall be communicated immediately to all Board members.



8. Related Party Transaction Policy

8.1. Introduction

It is the Policy of the Bank that Related Party transactions are conducted at arm's length with any consideration paid or received by the Bank in connection with any such transaction being on terms no less favorable than terms available to any unconnected third party under the same or similar circumstances. The purpose of this Policy is to set out the procedures by which the Bank may enter into a Related Party transaction.

This Policy applies to the Directors and senior managers of the Bank. Related Party transactions constitute a conflict of interest within the meaning of the Bank's Code of Corporate Governance. This Policy is not intended to conflict with any applicable laws or regulations and if any such conflict occurs the requirements of the law or regulation shall prevail.

8.2. Definition

For purposes of this Related Party Transaction Policy (and as defined in the SHA and the Definitions section of this Manual), any of the following constitute a Related Party:

Any Person:

- (g) that holds a **material interest** in the Bank or any Subsidiary;
- (h) in which the Bank or any Subsidiary holds a **material interest**;

(**material interest** means a direct or indirect ownership of shares representing at least one percent (1%) of the outstanding voting power or equity of the Bank or any Subsidiary.)

- (i) that is otherwise an Affiliate of the Bank;
- (j) who serves (or has within the past twelve (12) months served) as a director, officer or employee of the Bank;
- (k) who is a Relative of any individual included in any of the foregoing; or
- (l) who is described as a "related party" in the Financial Institutions Law No. 20 of 2016 ("**Statutory Related Party**"), being:

- (v) a person who has a **substantial interest** in the Bank or in whom the Bank has a significant interest;

(**substantial interest** means owning, directly or indirectly, ten percent or more of the capital or of the voting rights of the Bank, or directly or indirectly exercising control over the management of the Bank as CBM may determine.)

- (vi) a Director or officer (including the CEO and his deputies, the CFO and other persons performing executive functions at the Bank) of the Bank or of a body corporate that controls the Bank;

- (vii) the:

(A) spouse; (B) brother; (C) sister; (D) brother or sister of the spouse; (E) any lineal ascendant or descendant; (F) any lineal ascendant or descendant of the spouse; or (G) any dependents,



of any natural person covered in items (i) and (ii) above, including where any of the foregoing relationship are created through adoption; or

- (viii) any person or class of persons who has been designated by the CBM as a related party because of any past or present interest in or relationship with the Bank.

8.3. Review and Approval Procedures

- When a Related Party conflict exists, members of the Board and management shall disclose information about the conflict of interest to the Board. It is the responsibility of each Director and senior manager to promptly notify the Board, through the Corporate Secretary, of any proposed Related Party transaction as soon as they become aware of it and obtain approval prior to entering into the transaction.
 - Approval for Related Party transactions shall be required as follows:
 - (a) If the value of the Related Party transaction is **MMK800,000,000** or greater, the Board Audit Committee shall first review and recommend the transaction for approval or rejection to the full Board of Directors. The review shall include determining if the terms of the transaction are at arm's length and per fair market value terms.
 - (b) If the Related Party transaction does not meet the **MMK800,000,000** threshold and is not a transaction involving the grant of a loan or facility to a Statutory Related Party, it shall not require Board approval.
 - (c) Pursuant to section 64(c) of the Financial Institutions Law, if the transaction is a Statutory Related Party transaction involving the grant by the Bank of a loan or facility to any Statutory Related Party, it shall require the approval of two thirds of the Board (save for any Directors interested in the transaction) – see item 2 (Disclosure of Related Party) below for further discussion.
 - Conflicted Board members shall not participate in discussions on transactions in which they are a conflicted party (except to explain the nature of the conflict) and abstain from voting on such issues. Conflicted Board members include any directors appointed by the Related Party.
 - The Board of Directors shall then vote to approve or reject the transaction. Transactions must be approved by the votes of not less than two-thirds of the number of its non-conflicted Board members.
 - The Bank will strive to ensure all Related Party transactions are conducted at arm's length with fair market value terms. Per the SHA, approval of the Investors must also be sought if the transaction is covered by the definition of Related Party under the SHA (i.e., per definition of Related Party under this Manual - see above categories) and is outside of the ordinary course of business or not on an arm's length basis (see section 4.2(4) of this Manual on Investor Consent Matters).
1. **Personal Loans.** Personal loans to employees shall be permitted in line with the board approved Employee Loan Policy, which shall ensure that employee loans are disclosed to the Board.
 2. **Disclosure of Related Party Loans.** All related party transactions approved by the Board of Directors shall be recorded in the minutes of the Board meeting. The Bank is required under CBM directive no. (11/2019) to report all Statutory Related Party transactions (i.e., granting of any loan/facility to a Statutory Related Party) to the Banking Supervision Department of the CBM on a monthly basis and disclose all Related Party transactions in its annual financial statements, including: the Related Parties, the nature of the relationship, type/description of the transactions, the date and amount of the transaction(s), balances with Related



Parties at the end of the financial period, amount of outstanding balances, including guarantees, commitments, their terms and provisions/expenses for any doubtful debts, and procedures followed for approval (per this Policy). Moreover, pursuant to the FIL and CBM directive no. (11/2019), the Bank shall not provide lending or facilities to Statutory Related Parties unless done on market terms and conditions (arm's length basis) and unless such transaction is secured by collateral. Lending to Related Parties shall not exceed more than five percent (5%) of the Bank's capital. Further, any facility or lending provided to a Statutory Related Party must be deducted from the Bank's Tier 1 capital if such facility or loan remains outstanding, as required by CBM directive No. (11/2019).

3. **Review by External Auditors.** The Bank's independent external auditor shall be required to review all Related Party transactions included in the financial statements to provide assurance as to the accuracy of the information reported.

8.4. Review of Policy

The Audit Committee shall review and assess the adequacy of this Policy at least annually and recommend for approval by the Board any changes it considers necessary.



9. Technology Advisory Committee

The Technology Advisory Committee (“**Tech Committee**”) is appointed by the Board to assist the Board in its oversight of: (i) the Bank’s technology strategy and significant investments in support of such strategy; and (ii) the Bank’s technology risk management and security framework and its effectiveness in conjunction with the Bank’s Risk Committee.

Following are the purposes of the Tech Committee:

- Represent the Board in all Technology Strategic issues ensuring alignment to the guiding Technology Guiding Principles.
- Represent the Board to ensure all Technology Initiatives are aligned to delivering the Board’s Strategic Agenda represented and articulated in the Plan on a Page, and Annual Strategic Board approved plan.
- Represent the Board to guide Management throughout the Technology Delivery Lifecycle (Plan/Design/Build/Implement/Operate/Optimize) on issues that have Strategic implications.
- Act as a challenge and alternate independent voice to Management on the approach to Technology Investment and Procurement (by offering alternative and reviewing options considered). Make recommendations to the Board on proposals for technology investments of 7Bn MMK or over.
- Leverage the diverse experience, background, skills, and competencies of the Committee to ensure that Management are aware of local, international and peer Bank Technology options and alternatives.
- Monitor, review and agree the Technology Target Architecture to ensure that over time we are future proofing the organization.
- Review the key LEAD and LAG measures of the Technology Division for both the RUN and CHANGE agendas.

9.1. Composition of the Tech Committee

The Board will appoint all members of the Tech Committee, including the Chairperson. The Tech Committee Chairperson must be a non-executive Director and an Independent Director. The Tech Committee must comprise of a minimum of three (3) members and all members must attend the meetings to form a quorum.

The Tech Committee Chairperson is responsible for leading the Tech Committee and overseeing processes for the Tech Committee’s performance of its purposes.

Meetings shall include any participants the Tech Committee deems appropriate. Non-members in attendance at Tech Committee meetings will have no voting rights.

Company Secretary, his/her designated representative, or such other person as the Tech Committee may nominate, will act as Tech Committee Secretary.

9.2. Tech Committee Meetings



The Tech Committee shall hold regular meeting at least every two (2) months for two (2) hours and report to the Board on a regular basis by the Chairperson.

Meeting dates and times are to be determined by the Tech Committee Chairperson. However, any Tech Committee member may call a Tech Committee meeting at any time. On the request of a Tech Committee member, the Tech Committee Secretary must convene a meeting of the Tech Committee, provided that reasonable notice is given to all Tech Committee members.

The agenda for Tech Committee meetings will be prepared by the Tech Committee Secretary and approved by the Tech Committee Chair.

Tech Committee Meeting Papers and Minutes

The Tech Committee Secretary will endeavour to ensure that, to the extent practicable, Tech Committee meeting papers would be submitted by Management to Tech Committee at least five (5) Business Days in advance of the scheduled meeting to enable the members to read the papers and properly prepare for the meeting. The nature of the papers will be either decision papers or strategic alignment.

A member of the Bank's Technology team shall keep minutes of Tech Committee meetings that adequately reflect discussions together with action and decision logs. The Tech Committee shall keep meeting minutes which shall be circulated to members for objections and approval. If no objection is lodged within ten (10) business days, the minutes shall be approved. Each member of the Tech Committee shall receive a copy of the minutes.

Information / update papers will be provided to the Tech Committee as required on a more frequent basis in key areas of strategic delivery e.g., payments.

9.3. Other Practices**Access to Independent Advisors**

The Tech Committee shall have its own budget and the authority to engage and obtain advice and assistance from internal or external legal, accounting, or other advisors, without having to seek Board approval and at the Bank's expense. The Tech Committee shall make determinations with respect to the payment of the Bank's external auditors and other advisors retained by the Tech Committee.

Reporting Obligations

The Tech Committee shall maintain meeting minutes and shall give regular reports to the Board, including on the Tech Committee's actions, conclusions and recommendations and such other matters as the Board shall from time to time specify. Reports to the Board may take the form of oral reports by the Chairperson of the Tech Committee or any other member of the Tech Committee designated by the Tech Committee to give such report. In addition to the Tech Committee's reporting obligations above, it shall prepare a report describing the Tech Committee's work in discharging its responsibilities to be included in the Bank's Annual Report.

Disclosure

The Annual Report of Yoma Bank shall include a report of the Tech Committee summarizing its role and activities. It shall also include the names and qualifications of the Tech Committee members and meeting frequency.

Tech Committee Performance Evaluation



The Tech Committee shall review its own performance at least annually in such manner as it deems appropriate, and submit such evaluation, including any recommendations for change, to the full Board for review, discussion, and approval.



Annex A: Authority Matrix

No.	Authority	Shareholders	Board of Directors	Management Committee
CG Corporate Governance				
CG1	Amend/alter/repeal the Bank's Constitution	X (SR + ICM)		
CG2	Approve/modify specific Corporate Governance Policies or the Code of Conduct (consistent with the Constitution approved by Shareholders)		X	
CG3	Approval of Risk Management Policies & Frameworks		X (RC)	
CG4	Approve Risk Appetite and associated targets and limits		X (RC)	
CG5	Approve/modify all other Policies and inform on working Procedures (Credit, HR, Finance/Treasury, Compliance, Risk, Legal, etc.)		X	
CG5A	Amending/modifying the policy governing the payment of dividend and other Distributions adopted by the Bank or any Subsidiary	(ICM)	X	
CG6	Approve all Procedures			X
CG7	Approve organizational structure down to division level		X	
CG8	Approve department organizational chart			X
CS Capital Structure				
CS1	Issuing any equity securities (other than issuance of equity securities to all shareholders by way of rights issue).	(ICM)	X (BSM)	
CS1A	Issuing any equity securities in Bank or any Subsidiary or availing of any shareholder loans	(ICM)	X	
CS2	Issue special rights for shares or change rights attached to existing shares	X (SM)		
CS2A	Changing the designations, powers, rights, preferences or the qualifications, limitations or restrictions of the shares held by the Investors	X (SM + ICM)		
CS3	Approve a listing, offering or delisting of equity securities of Bank or any Subsidiary	X (ICM)		



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Annex A: Authority Matrix

CS4	Reduction of capital or share repurchase (other than any repurchase of equity securities of the Bank issued to or held by employees, officers, directors or consultants of the Bank upon termination of their employment pursuant to an employee stock plan approved by the Investors)	X (ICM + SR for selective reduction)		
CS6	Approve long-term debt financing		X	
CS7	Approve non-budgeted, non-operational investment transactions (excluding equity investments that result in a controlling interest)		X (>800M Kyat)	X (<800M Kyat)
CS8	Entering, or permitting any Subsidiary to enter, into any commitments for capital investments in excess of 10% of total share capital of the Bank or such Subsidiary (as applicable) in the aggregate in any financial year	(ICM)	X	
CS9	The creation, sale, disposal or liquidation of significant investments, shares, securities or other interests of the Bank or any Subsidiary	85% affirmative poll vote or ICM	X	
CS10	Issuance of any corporate bonds by the Bank or any Subsidiary to any person in excess of more than 25% of the total share capital of the Bank or of such Subsidiary (as applicable)	85% affirmative poll vote or ICM	X	
CS11	Creating any Subsidiary or entering into any joint venture or partnership		X (BSM)	
	Authorizing or undertaking any mergers or acquisitions or any arrangement for the disposal of: (i) more than 20% of the FMV of assets of the Bank or any Subsidiary; (ii) assets that contribute to the generation of more than 25% of net income of the Bank or any Subsidiary; or (iii) any shares of any Subsidiary that results in the Bank owning less than 50% of any Subsidiary, other than the assets acquired by the Bank or any Subsidiary upon enforcement of a lien created in favour of the Bank or any Subsidiary as part of its operations;	X (ICM)	X	
CS12	Any amalgamation, merger, de-merger, acquisition, consolidation, reconstitution, divestment, restructuring or similar transaction or other action that results in a change in control (50% shareholding threshold) of the Bank or any Subsidiary.	X (ICM)	X	
CS13	Any agreement on the terms of any sale of shares of Digital Money Myanmar Limited held by the Bank to the Sponsors as and when such sale occurs	(ICM)	X	


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Annex A: Authority Matrix

FA Finance & Audit				
FA1	Approve/Endorse the Annual Reports and accounts		X	
FA2	Approve dividends and net profit allocations		X	
FA2A	Declaring, authorizing or making Distributions other than out of profits of the Bank for then-current financial year		X (BSM)	
FA3	Approve corporate budget		X (BSM)	
FA4	Revise or reallocate annual budget spending		X (BSM)	X (<15%)
FA5	Approval of unit specific plans and budgets			X
FA6	Approve emergency/ unplanned expenditures		X (>1.0B Kyat)	X (<1.0B Kyat)
FA7	Approval of individual expenditures/invoices approved in budget			X
FA8	Approve New Project Plan and Cost			X
FA9	Approve sale or retirement of inventory, materials & fixed assets		X (>800M Kyat)	X (<800M Kyat)
FA10	Any material changes to the accounting policy of the Bank or any Subsidiary unless such changes are required by applicable laws and/or prevailing accounting standards	(ICM)	X	
FA11	Approving the adoption by the Bank or any Subsidiary of IFRS promulgated by IASB	(ICM)	X	
FA12	Approve incurring financial debt involving the payment by the Bank of amounts exceeding 25% of Bank's total share capital in any financial year (other than in normal course of business)		X (BSM)	
FA13	Entering, or permitting any Subsidiary to enter, into any obligation outside the normal course of business in excess of ten percent (10%) of the total share capital of the Bank or such Subsidiary (as applicable) in any financial year	(ICM)	X	

No.	Authority	Shareholders	Board of Directors	Management Committee
FA10	Approve appointment and remuneration of External Auditors	X		
FA11	Removing or replacing the External Auditors		X (BSM)	
FA12	Approve Internal Audit plan and monitor internal auditor reports		X (AC)	
FA13	Changing financial year of Bank		X (BSM)	



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Annex A: Authority Matrix

LE Legal				
LE1	Approve non-operational litigation/arbitration		X	
LE2	Approve operational litigation/arbitration			X
P Personnel				
P1	Appoint Director to Board	X		
P1A	Changes to the number of Directors comprising the Board in the event the total number of Directors after the change is less than 5; or approval of appointment of more than 9 Directors to the Board	X (ICM)		
P2	Dismiss a Board member before his/her term ends	X		
P3	Approve Director remuneration	X		
P4	Elect Chairman, Deputy Chairman of the Board		X	
P5	Approve hiring/dismissal of the Chief Financial Officer and/or Chief Risk Officer		X (BSM)	
P6	Approve hiring/dismissal of the Chief Audit Officer		X	
P7	Appoint/dismiss the CEO		X (BSM)	
P8	Appoint/dismiss other Senior Executive staff			X
P9	Appoint/dismiss other non-Senior Executive staff			X
P10	Adopt/amend/revise compensation, benefits, and incentive scheme for CEO	(ICM for any stock plan, pension or bonus scheme)	X	
P11	Adopt/amend/revise compensation, benefits, and incentive schemes for other staff and employees	(ICM for any stock plan, pension or bonus scheme)		X
P12	Develop/approve succession plan for the CEO		X	
OP Operations				
OP1	Approve corporate strategy		X	
OP2	Approve or amend annual business plan		X (BSM)	
OP3	Approval of new contracts within prescribed procedures			X
OP4	Approve new Bank products and services			X
OP5	Approve Related Party Transactions (approval must be done in accordance with RPT Policy above)		X (AC if >800M Kyat)	X (AC if >800M Kyat)
OP5A	Bank or any Subsidiary entering transactions with a Related Party where not on arm's length basis and in the ordinary course of business	(ICM)	X (AC)	



Yoma Bank Corporate Governance Policy Manual

Annex A: Authority Matrix

OP5B	Amendments or termination of any transaction between the Bank or any Subsidiary and a Related Party and any grant of consents or waivers or any other actions in relation to any such transaction	(ICM)		
OP6	Notify/inform on credit transactions		X (>5.0B Kyat)	X (>3.0B Kyat)
OP7	Change the primary business of the Bank or of any of its Subsidiaries	(ICM)	X	
OP8	Sale, transfer or assignment of any intellectual property rights of the Bank or any Subsidiary that is required for current or future operations	(ICM)	X	
OP9	Grant or enter into any material license, agreement or arrangement which is expected to have a material adverse effect on any intellectual property rights of the Bank or any Subsidiaries	(ICM)	X	
OP10	Amend, alter, modify, renew, extend or change the McKinsey Agreement	(ICM)	X	
OP11	Commencement or settlement of litigation outside the ordinary course of business	(ICM)	X	
LI Liquidation				
LI1	Dissolve (i.e., liquidate, wind up, enter insolvency proceedings in respect of, etc.) the Bank or approve a merger with another Bank	X (SR + ICM)		
LI2	Approve arrangements with creditors in case of the Bank's wind-up	X (SR + ICM)		
LI3	Dissolve/liquidate/ etc. Subsidiaries and Affiliates	(ICM for Subsidiaries)	X	

Notes: "SM" = Special Resolution; "BSM" = Board Supermajority; "ICM" = Investor Consent Matter, "RC" = Risk Committee; "AC" = Audit Committee; "M" = Millions; "B" = Billions.



Annex B: Conflict of Interest Disclosure Form

Conflict of Interest Disclosure Form

Date: _____

Name: _____

Position: _____

Board Member Questionnaire

To be completed by each director:

Question #	Y/N	If yes, provide details
1. Are you (or any related party to you/family members) an employee of an organization that conducts business or has a relationship with Yoma Bank?		
2. Do you currently serve (or any related party to you/family members) on the Board of a business in which Yoma Bank invests?		
3. Have you served in the past (or any related party to you/family members) on the Board of a business in which Yoma Bank invests?		
4. Do you (or any related party to you/family members) have a direct or indirect arrangement with third party vendors that do business with Yoma Bank that could result in personal benefit to you?		
5. Have you received any gifts (cash or in-kind) by a person engaged in any transaction with Yoma Bank which is above the USD 50 limit?		
6. Do you (or any related party to you/family members) have any ownership interest in an organization that does business with Yoma Bank?		
7. Please list companies (or any related party to you/family members) in which you hold directorship.		
8. Any other interest which may reasonably be perceived to be relevant to the exercise of Board member duties?		

I hereby certify that the information set forth above is true and complete to the best of my knowledge. I have reviewed, and agree to abide by, the Conflict of Interest Policy of Yoma Bank.

Signature: _____

Date: _____



Annex C: Director Oath of Office Form

Oath of Office Form

The Board of Directors
Yoma Bank Limited
Date:

Re.: Oath of Office

I, on assuming the position as Director of this Bank onwish to furnish the following declaration as required by the Directive on Directors of bank:

1. I meet the qualifications and criteria for serving as a Director of a Bank as defined in the CBM Directive on Fit and Proper Criteria.
2. I am not disqualified from being a Director of this Bank as defined in the CBM Directive on Fit and Proper Criteria.
3. I will adhere to the Conflicts of Interest Policy of this Bank as defined in the CBM Directive on Board of Directors of Banks.
4. I will adhere to the Bank policy on Related Parties as required by the CBM Directive on Related Parties.
5. I or my family own shares and debentures of this Bank. (attach list if necessary)
6. I or my family own ... shares and debentures of other banks or financial institutions. (attached list if necessary)
7. Except this, I am not a Director of any other bank or financial institution.
8. Members of my family are/are not working as executive/staff of this Bank. (If yes, specify)
9. The above declaration/information is true and correct.
10. If found to be otherwise, shall be liable according to laws.

Signature of Director
Name of Director:
Date:



Annex D: Provision Summary Table

Section	Provision	Metric	CG Manual (December)	FIL 2016/ CBM	IFC Best Practices	Myanmar Companies Law	YB Constitutio n
1. BOD	Minimum Body size	# directors	5 to 15 (1.2.1.)	5+ (73.a)		>=1	2 to 9 (p.11)
1. BOD	BOD Director term	#yrs.	3 (1.2.1.)	3 (CBM)		N/A	N/A
1. BOD	Written notice to CBM prior to nomination/ appt of director/ CEO	#days	30 (1.2.2.)	30 (76.d)		N/A	N/A
1. BOD	independent director (ID)	Ratio/ # directors	Ratio ID>=1/3 (1.2.4.)	>=1 ID (73.b)	1/3	N/A	N/A
1. BOD	ID Shareholding cutoff	% ownershi	N/A	>5% (CBM)		N/A	N/A
1. BOD	ID #yrs since employed cutoff	#yrs	3 (1.2.4.b.)	N/A		N/A	N/A
1. BOD	ID significant payment	\$/yr	>\$200,000 (1.2.4.e.iii.)	N/A		N/A	N/A
1. BOD	AGM freq.	x/yr	1 (Ch.1)	1 (89.b)		1 (146(a))	1 (11.1)
1. BOD	BOD mtg freq.	x/yr	>=12x (1.3.2.)	N/A		N/A	N/A
1. BOD	BOD quorum	#directors	>50% incl. 1x ID (1.3.11.)	>50% incl. 1x ID (73.b, CBM)		2+ (145 iii)	>50% incl. 1x ID (11.1)
1. BOD	Cmte Mtg. Freq	x/yr	>=4x	N/A		N/A	N/A
2. AC	Audit Cmte Composition	#members	=3 (2.3.1.)	=3 (85.b)		N/A	N/A
2. AC	AC non-exec Dir Composition	#NED	=3 (2.3.1.)	=3 (85.c)			
2. AC	Audit Cmte Term	#years	=4 (2.3.2.)	=4 (85.b)		N/A	N/A
2. AC	Rotation of lead external audit partner	#years	3 (4.4.3.)	N/A		N/A	N/A
2. AC	Replace external auditor	#years	5 (4.4.3.)	5 (88.b)			
2. AC	AGM consec. Terms to appt external	#terms	N/A	3 (88.b)		N/A	N/A
2. AC	Audit Cmte. Meet freq	x/yr	>=4x (2.4.1.)	>=4x (85.e)		N/A	N/A



2. AC	AC attendance requirement	% total	>50% (2.4.6.)	N/A (74)			
2. AC	EA meet w/ audit cmte w/o mgmt	x/yr	>=1x (2.4.5.)	N/A		N/A	N/A



Section	Provision	Metric	CG Manual (July 2015)	FIL 2016	IFC Best Practices	Myanmar Companies Laws	YB Constitutio n
3. ROC	Risk cmte composition	#members	>=3 (3.3.1.)	N/A		N/A	N/A
3. ROC	Risk cmte term	#years	1 (3.3.2.)	N/A		N/A	N/A
3. ROC	Risk cmte meet freq	x/yr	>=4x (3.4.1.)	N/A		N/A	N/A
4. Gen	Supermajority / Special Resolution	%	75% (4.2.3.)	>=2/3 (RP; 64.c.1)		75%	75%
4. Gen	% lend limit to single individual/ entity	% capital + reserves	N/A	<=20% (59.a)			
4. Gen	Risk-weighted assets to capital + reserves	Multiple	N/A	N/A			
4. Gen	Purchase equity in projects/ enterprises	% ownership interest	N/A	<=10% (60.b)			
6. Div	Dividend disbursement #months	#months	2 (6.5.1.)	N/A		N/A	N/A
7. Col	Gift threshold	US\$	50 (7.6.)	N/A		N/A	N/A
8. RP	Personal loans: no credit facility to shareholders w/ >X% of voting shares	% Ownership	5% (8.4.1.)	5% (64.a)		N/A	N/A
8. RP	% of Bank capital to lend to RP	% Bank capital	5% (8.4.2.)	N/A		N/A	N/A
9. Adv	Advisory Committee composition	#members	<=7 (9.2.)	N/A		N/A	N/A
9. Adv	Advisory Committee term	#years	2 (9.2.)	N/A		N/A	N/A
9. Adv	AdC mtg. freq	x/yr	>=6x (9.3.2.)	N/A		N/A	N/A
9. Adv	AdC. quorum	%	>50% (9.3.4.)	N/A		N/A	N/A
9. Adv	AAC comp.	#members	>=3 (9.6.1.)	N/A		N/A	N/A
9. Adv	AAC term	#years	1 (9.6.3.)	N/A		N/A	N/A
9. Adv	AAC meeting frequency	x/yr	>=4x (9.7.1.)	N/A		N/A	N/A
9. Adv	AAC quorum	%	>50% (9.7.4.)	N/A		N/A	N/A



Annex E: Sample Board Evaluation

Sample Board Evaluation

Part I: Board Evaluation

To be completed by each Director on a confidential basis. Scores can then be aggregated to help identify areas of concern and then prompt a board discussion to define specific improvement actions.

Section I:

Authorities and General Information

	Needs significant improvement (1)	Needs improvement (2)	Adequate (3)	Consistently good (4)	Outstanding (5)
1. How would you rate the Board's role in protecting the company's interests?					
2. How would you rate the Board's consideration of shareholder value in its decision-making process?					
3. How would you rate the other Board members understanding of their role, authority, and priorities?					
4. How would you rate the Boards' authority distinct from that of the CEO and the General Meeting of Shareholders (GMS) in practice?					
5. How would you rate the Board members' knowledge and understanding of the company's values, mission, and strategic and business plans?					
6. How would you rate the Board's effectiveness in guiding and setting strategy?					
7. How would you rate the Board having the appropriate tools to properly oversee the operational and financial performance of the company?					
8. How would you rate the Board in managing the performance and evaluating the CEO?					



Comments:

Section II:
Composition

	Needs significant improvement	Needs improvement	Adequate	Consistently good	Outstanding
1. How would you rate the size of the Board in terms of the number of Directors being consistent with the needs of the company?					
2. How would you rate the effectiveness of the Chairman's leadership, both at the Board and committee levels?					
3. How would you rate the Board in terms of designing, articulating, and implementing policies related to its composition (size, composition and mix-of-skills, breadth of experience, and other pertinent qualities)?					
4. How would you rate the Board's composition (in terms of competencies and mix of skills) Is it suited to its oversight duties and the development of the company's strategy?					
5. How effectively does the Board work together?					
6. To what degree do you feel that the Company's independent Directors are truly independent?					

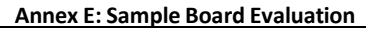


Comments:


Section IV:

Working Procedures

	Needs significant improvement	Needs improvement	Adequate	Consistently good	Outstanding
1. How well has the Board identified, prioritized, and scheduled key issues that should be reviewed on a regular basis?					
2. To what degree is information on the various agenda items provided to you well in advance of Board meetings, allowing you to properly prepare?					
3. Are you as a Director receiving proper information for good decision-making, i.e., is the information presented in a succinct manner, are key issues and risks properly highlighted, and do the materials also contain annexes with relevant detail for further study allowing you to understand and evaluate agenda items of the Board's meeting and take effective decisions?					
4. To what degree are Board meetings conducted in a manner that ensures open communication, meaningful participation, and timely and constructive resolution of issues?					
5. To what degree are the presentations given to you during the Board meetings sufficiently clear to make good decisions?					
6. To what degree is the Board meeting time appropriately allocated between Board discussion and management presentations?					
7. Do you have sufficient access to senior executives outside of Board meetings?					
8. To what degree has the Board identified the company's key performance indicators to monitor managerial performance?					
9. To what degree does the financial information provided to you prior to Board meetings give you the necessary information to understand the important issues and trends in the business?					
10. Is the financial information presented in such a way as to highlight these important issues and trends?					
11. To what degree does the Board, together with management, focus on risks that could have a significant impact on the Company?					
12. To what degree does the Board have a system for auditing the other, less significant risks that still have the potential under certain circumstances to influence significantly or negatively the Company's performance?					
13. To what degree is the Company's orientation program for new Directors providing helpful information about Board processes and the Company?					
Comments:					



Duties and Liabilities

Section V: Duties and Liabilities		Needs significant improvement	Needs improvement	Adequate	Consistently good	Outstanding
1.	To what degree have your duties of loyalty, care, and business judgment been sufficiently communicated to you?					
2.	To what degree do Board members spend sufficient time learning about the Company's business and understand it well enough to provide critical oversight?					
3.	To what degree do you generally believe that Board members ask appropriate, yet challenging and critical questions of management?					
4.	To what degree do Directors disclose personal interests in transactions and abstain from voting where appropriate?					
Comments:						

**Part II: Individual Director Evaluation**

To be completed by the Chairman on a confidential basis.

1 = Needs significant improvement

2 = Needs improvement

3 = Adequate

⁴ = Consistently good 5

= Outstanding

	Professional Experience	Industry Knowledge	Specific Competency	Business Judgment	Strategic Vision	Integrity	Attendance	Meeting Preparation	Team Player	Active Participation	Overall Contribution
Director 1											
Director 2											
Director 3											
Director 4											
Director 5											
Director 6											
Director 7											
Director 8											
Director 9											



Annex F: Director Remuneration and Expense Reimbursement Policy

YOMA BANK LIMITED DIRECTOR REMUNERATION AND EXPENSE REIMBURSEMENT POLICY (VERSION 2)

Subject to approval of the Board of Directors (the “**Board**”) of Yoma Bank Limited (the “**Company**”) in accordance with the requirements of the Myanmar Companies Law (2017) (“**MCL**”), the People, Remuneration, and Nomination Committee (the “**People Committee**”) of the Board has established the following Director Remuneration and Expense Reimbursement Policy (the “**Policy**”) for the compensation of the Board.

Independent Directors,¹ in addition to entitlement to receive reimbursement of expenses in accordance with Article III of this Policy, shall be eligible to receive cash compensation as set forth in this Policy, unless such Independent Director declines the receipt of such cash compensation by written notice to the Company.

Other members of the Board, while entitled to reimbursement of expenses in accordance with Article III of this Policy, shall receive no additional compensation for their service on the Board or any Committee thereof.

Members of the Board shall not be entitled to receive any compensation for service on the Board or any Committee thereof other than as described in this Policy.

¹ The term “Independent Director” means:

- (A) a Director who (i) has no direct or indirect business relationship with any Relevant Shareholder or its Affiliates; (ii) is not a director, officer or employee of any Relevant Shareholder or its Affiliates or a Person that has or had a business relationship with any Relevant Shareholder or its Affiliates; (iii) is not a Related Party; and (iv) is not a Relative of any Individual Shareholders or any other individual under clauses (i), (ii) or (iii); or
- (B) in the event of a proposed Listing on a Relevant Market, a Director who is classified as an ‘independent director’ and fulfils the requirements of an ‘independent director’ under applicable listing agreement or regulations of such Relevant Market, during the period commencing on a date which is six (6) months prior to the date of Listing and until the expiry of the term of the Shareholders Agreement.

The term “Affiliate” means with respect to any Person, any other Person directly or indirectly Controlling, Controlled by or under common Control with, such Person (where “Control” means the power to direct the management or policies of a Person, directly or indirectly, provided that the direct or indirect ownership of twenty percent (20%) or more of the voting share capital of a Person is deemed to constitute Control of such Person, and “Controlling” and “Controlled” have corresponding meanings)

The term “Authority” means any national, supranational, regional or local government, or governmental, statutory, regulatory, administrative, fiscal, judicial, or government-owned body, department, commission, authority, tribunal, agency or entity, or central bank (or any Person whether or not government owned and howsoever constituted or called, that exercises the functions of the central bank)

The term “Individual Shareholders” means U Zaw Moe Khine and U Theim Wai.

The term “Listing” means the admission of Shares to listing on any Relevant Market.

The term “Person” means any individual, corporation, company, partnership, firm, voluntary association, joint venture, trust, unincorporated organization, Authority or any other entity whether acting in an individual, fiduciary or other capacity.

The term “Relative” means with reference to any person, anyone who is related to another if (i) they are members of a family; or (ii) they are husband and wife. It is clarified that any person shall be deemed to be the Relative of another, if he or she is related to another in the following manner: (i) father; (ii) mother, (iii) son, (iv) son’s wife, (v) daughter, (vi) daughter’s husband, (vii) brother, (viii) sister (including stepsister, step-brother, step-son, step-mother, step-father), and (ix) first cousin.

The term “Related Party” has the meaning given to in in the Shareholders Agreement dated 29 August 2019 between the Company, the Sponsors (as defined therein), U Zaw Moe Khine, and the Investors (as defined therein) (the “Shareholders Agreement”).

The term “Relevant Market” means a Specified Market or any reputable and internationally recognized automated quotation system(s) or stock exchange(s) as may be mutually agreed between the parties to the Shareholders Agreement.

The term “Relevant Shareholder” means U Theim Wai, Serge Pun and Associates (Myanmar) Limited, First Myanmar Investment Public Company Limited, and U Zaw Moe Khine.

The term “Shares” means the ordinary shares in the capital of the Company.

The term “Specified Market” means the Singapore Exchange Limited, New York Stock Exchange, London Stock Exchange, Hong Kong Stock Exchange or any other stock exchange as consented to by the Investors (as defined in the Shareholders Agreement).



This Policy will be effective as of the date of approval by the Board of Directors of the Company in accordance with the requirements of the MCL (the “**Effective Date**”). This Policy shall remain in effect until it is revised or rescinded by further action of the Board in accordance with the requirements of the MCL.

As of Effective Date, the terms and conditions of this Policy shall supersede any prior cash or other compensation arrangements between the Company and its Directors, *provided*, that in the case of any existing Independent Director Contracts, this Policy shall supersede such Independent Director Contracts upon the respective expirations of the same.

I. Attendance Fees

Each Independent Director will be paid the following attendance fees:

1. US\$1,500 for each Board meeting and General Meeting of the Company attended whether physically, by telephone or video conference or similar electronic means;
2. US\$1,500 for each Risk Committee meeting attended whether physically, by telephone or video conference or similar electronic means;
3. US\$1,500 for each Audit Committee meeting attended whether physically, by telephone or video conference or similar electronic means;
4. US\$1,500 for each People Committee meeting attended whether physically, by telephone or video conference or similar electronic means;
5. US\$1,500 for each other meeting attended whether physically, by telephone or video conference or similar electronic means with respect to such other Committee(s) as the Board may establish from time to time;
6. US\$1,500/day for attendance to matters in relation to his or her duties as a Director other than as described above (the “**Advisory Fees**”).
7. US\$1,000 for each international trip to Myanmar to attend Board, Committee or General Meetings.

(collectively, the “**Fees**”)

The total amount of Fees to be paid by the Company to each Independent Director during each financial year shall be capped at US\$60,000.

II. Payment of Fees

The Fees described in Article I hereof, other than the Advisory Fees, hereof shall be paid as soon as practicable following the close of each quarter.

Advisory Fees shall be paid as soon as practicable following the close of each quarter, subject to the submission to the Corporate Secretary of reasonable and appropriate documentation substantiating such Advisory Fees.

Fees will be paid *via* bank transfer and are subject to income tax and other statutory deductions prevailing in the Republic of the Union of Myanmar (“**Myanmar**”).



On termination of the appointment as Director, such Director shall only be entitled to such Fees as may have accrued to the date of termination, together with reimbursement of expenses incurred up to the termination of the appointment as Director.

III. Expense Reimbursement

Directors will be reimbursed for reasonable expenses incurred by them:

- (i) in attending a Board or Committee meeting or a General Meeting or any other meeting in which such Director (in his or her capacity as Director of the Company) is requested to attend, including reasonable costs of travel and attendance; and
- (ii) in obtaining independent legal or professional advice in furtherance of his or her duties as a Director of the Company.

In the case of Article III, paragraph (ii) above, a Director who intends to obtain such independent legal or professional advice shall inform the People Committee of the estimated expense in writing prior to obtaining such independent legal or professional advice. With respect to the cost of obtaining such independent legal or professional advice, the relevant Director shall exercise good business judgment.

The Company shall make such reimbursement *via* bank transfer within a reasonable amount of time following the submission of reasonable and appropriate documentation substantiating the expenses, subject to the Company's Director's Travel and Expense Policy hereto attached as Annex A, as in effect from time to time. Such reimbursement may be subject to any relevant transfer charges in connection with remittance outside of Myanmar.

If any expense reimbursement payment is subject to tax imposed by the Internal Revenue Department ("IRD"), each Director will also be entitled to a payment, up to an amount ("Gross-Up Payment") such that after the deduction of all taxes (including, without limitation, any income taxes calculated at the rate applicable to each Director for the year in which the expenses were incurred) on the Gross-Up Payment, the Director will retain an amount equal to the full reimbursement payment. Such Gross-Up Payment be made no later than the last day of such individual's taxable year that immediately follows the taxable year in which the taxable expense was incurred. All taxes due will be paid by the Company to the IRD.

IV. Directors and Officers Liability Insurance

The Company shall maintain Directors and Officers liability insurance policy in the amounts and on the terms and conditions at least equal to the those specified in Policy Number MI-F/F-P/1801/09-2019 for the period of insurance 01 August 2019 to 01 August 2020, except that the territorial limit thereof shall be Worldwide.



**Annex “A”
YOMA BANK LIMITED
DIRECTOR’S TRAVEL AND EXPENSE POLICY**

A. Purpose

This Director’s Travel and Expense Policy (the “**Travel and Expense Policy**”) addresses how and when members of the Board of Directors (the “**Board**”) of Yoma Bank Limited (the “**Company**”) are reimbursed for expenses in relation to Article III of the Director Remuneration and Expense Reimbursement Policy to which this Travel and Expense Policy is attached as an Annex.

As a general rule, expenses shall be reimbursed on the basis of actual and reasonable expenses incurred, subject to limitations set forth in this Travel and Expense Policy.

B. Airfare

Reasonable cost of air travel shall be reimbursed by the company to Directors, provided that Any travel by air: (i) greater than five (5) hours in duration (point-to-point, layovers are not considered) may be booked in business class/premium economy (as available); (ii) less than or equal to five (5) hours in duration should be booked in economy class.

First class travel is not permitted except where an airline only has two classes and describes business as “first”.

For avoidance of doubt, the Company shall not reimburse any expenses in relation to a spouse/significant other travelling with the member of the Board.

In the event that a Board/Committee/General Meeting is cancelled, the Company shall reimburse the members of the Board for any non-refundable incurred expenses as of cancellation date.

In the event that a Director cancels attendance at a Board/Committee/General Meeting, the Company will consider reimbursement on a case-by-case basis.

N.B: Directors may keep any travel related awards or club points (e.g., frequent flier miles, hotel points, etc.).

C. Ground Transportation

In general, the Company will make arrangements for ground transportation in Myanmar in connection with Board/Committee/General Meetings or events. Generally, Directors will make arrangements for and the Company will reimburse a Director for the cost of ground transportation to and from the airport to the Director’s residence when the Director must travel by air to attend Board meetings or events. This includes taxi, limousine fare, mileage reimbursement, tolls and/or parking cost.

D. Hotels

When required in the performance of their duties, Members of the Board may stay in hotels that are close and convenient to the place where the meeting will be held. Reimbursement will be made for reasonable costs incurred for accommodations.



Rather than establish a set guideline value, the Company requests that Directors use their best judgment when booking.

For avoidance of doubt, expenses relating to non-Board Members travelling with a Director will not be reimbursed.

Directors are requested to cancel reservations within the time limits of the hotel so that no unnecessary charges are incurred. The Company may reimburse such charges on a case-by-case basis.

E. Meals

Reasonable cost of meals are reimbursable while travelling on Company-related business when not provided by the meeting host of the Company. It is requested that Directors exercise good business judgment.

In addition to the receipt, Directors are requested to provide a list of attendees and the purpose of the meal.

F. Other Reimbursable Expenses

Charges for Baggage (Luggage): reasonable baggage charges will be reimbursable. Excess baggage is not reimbursable unless that bag holds Company related records or property.

Travel Visa: Directors can claim cost of travel visas incurred when travelling on Company-related business.

Business office expenses: reasonable expenses such as photocopying, fax, postage, and the like.

Laundry: reasonable laundry and dry cleaning charges for trips of more than five (5) consecutive days.

Below is a non-exhaustive list of **non-reimbursable expenses:**

- Shoe shining, personal grooming, and similar services
- In-room movies and mini-bar charges
- Excess cost of making circuitous or side trips for personal reasons
- Fines for traffic violations
- Loss of personal property
- Purchase of clothing or toiletries and similar items for personal use
- Cost of members of the Director's family travelling with him/her except in those instances where their presence serves a *bona fide* business purpose
- Maintenance and/or repair of personal property while travelling
- Memberships in social or athletic organizations
- Entertainment of spouses/significant others
- Hotel spa or gift shop charges unless specifically provided for

G. Foreign Currency and Exchange Rates

Any currency exchange receipts may be submitted for reimbursement of service/commission charges. Board Members shall indicate their preferred currency for reimbursement.



H. Procedure for Reimbursement

A travel expense report must be completed for all travel reimbursements. Such travel and expense report should be submitted to the Corporate Secretary for processing and approval as quickly as practicable, but no later than sixty (60) days after the last day of travel for each trip. Reimbursement of expenses in connection with a travel expense report submitted after the sixty (60) day period shall be considered on a case-to-case basis.

Each expense must include: relevant receipts, date expense was incurred; the vendor's name and location where the expense was incurred, description of expenses; and cost of each expense. Description of expenses should ideally be thorough and include the business purpose/business relationship that explains why the expense was incurred.

With respect to airfare, airline ticket purchases shall be evidenced by the receipt showing confirmed and purchased flight and the cost of the flight must be submitted with the travel expense form.

With respect to hotel accommodations, a copy of the hotel bill showing itemized charges must be submitted with the travel expense form.

Documentation which does not provide details of expenses may be deemed inadequate for purposes of reimbursement. If a receipt cannot be obtained or has been lost, a statement to that effect shall be made on the travel expense report and the reason given. In this case, it is possible that the amount involved may not be allowed on a case-to-case basis.

The travel expense report may be submitted electronically. If approved, the Company will reimburse the relevant expenses *via* bank transfer.

The form of the travel and expense report shall be provided to the Directors and shall be updated from time to time in the discretion of the People, Remuneration, and Nomination Committee (the "**People Committee**").

I. Periodic Review of this Travel and Expense Policy

The People Committee shall annually review this Travel and Expense Policy and shall submit its recommendation to the Board for approval no later than the last regularly scheduled meeting of the Board for each financial year.



Annex G: Signing and Financial Authority Policy



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Signing and Financial Authority Policy

1. Scope

This Signing and Financial Authority Policy ("Policy") applies to (i) any type of contractual arrangement that obligates Yoma Bank to provide or receive credit facilities, payments, services or goods to or from a third party, or requires use of Yoma Bank property, facilities or other resources and (ii) any correspondence for and on behalf of Yoma Bank with third parties.

2. Policy

Yoma Bank will only be bound by written contracts to which Yoma Bank is a party that (i) have been reviewed and administered in accordance with Yoma Bank's approved policies and procedures and (ii) have been executed by Yoma Bank representatives who have specific contract signature authority as set out in section 3.1 below. No employee or officer of Yoma Bank has authority to sign contracts on behalf of Yoma Bank without a formal written delegation of authority.

In addition, no Yoma Bank employee or officer may incur any financial liability on behalf of Yoma Bank unless they are specifically authorized under this Policy, or have a formal written delegation of authority to do so.

3. Authorized signatories, financial authority limits and delegated signing authority

3.1 Authorized signatories

The Executive Chairman and each of the persons appointed from time to time as the Chief Executive Officer, Chief Financial Officer, and Chief Risk Officer (as set out in Table 1 below) have primary delegated authority from the Board of Directors to sign all contracts, agreements and correspondence and other documents on behalf of Yoma Bank Limited ("**Authorized Signatories**") in accordance with the limits set out in Table 2.

Table 1: Authorized Signatories

Title
Executive Chairman
Chief Executive Officer (CEO)
Chief Financial Officer (CFO)
Chief Risk Officer (CRO)

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The Authorized Signatories must exercise their signatory authority as follows:

Table 2: Authorized Signatories limits

Type of document and limit	Signing requirements
Contracts, agreements, or other documents with a value equal to or greater than seven (7) billion MMK	Executive Chairman's signature and one (1) Authorized Signatory signature required
Contracts, agreements, or other documents with a value between three (3) billion MMK and up to seven (7) billion MMK	Any two (2) Authorized Signatories signatures required
Contracts, agreements, or other documents with a value up to three (3) billion MMK	Any one (1) Authorized Signatory signature required or a signature of a delegated individual. A "delegated individual" is an individual to whom an Authorized Signatory has delegated their authority to sign contract, agreements and correspondence and other documents on behalf of Yoma Bank Limited, by signing a Delegation of Signing Authority as per Appendix A. An Authorized Signatory may not delegate authority to sign contracts, agreements and correspondence and other documents with a value equal to or exceeding three (3) billion MMK.

3.2 Financial authority limits

The person appointed from time to time as Chief Executive Officer has primary delegated authority from the Board of Directors to incur financial expenditure (both CAPEX and OPEX) each financial year for and on behalf of Yoma Bank in accordance with the budget approved by the Board of Directors for that financial year.

The Chief Executive Officer may delegate his or her authority to incur financial expenditure for and on behalf of Yoma Bank by signing a Delegation of Authority as per Appendix A.

**YOMA BANK****3.3. Signing authority for credit facilities**

Authority to approve and issue credit facilities to Yoma Bank customers is governed by Yoma Bank's Credit Charter and Delegation of Authority ("**Credit Charter**"). The Credit Charter sets out the authority limits for approval of credits by the Yoma Bank credit committees, such authority having been delegated to the respective credit committees by the Yoma Bank Board of Directors.

Where a credit facility document requires signing by Yoma Bank, the Board of Directors delegates signing authority as set out in Table 2 below:

Table 2: Signing authority for credit facility documents

Product type	Credit limit	Authorized signatories
Trade		
Import and export facilities	Up to and including MMK 1 billion	Head of Corporate
	Above MMK 1 billion	CEO, CFO or Chief Customer Officer (Business)
Corporate		
Demand loans, term loans & overdraft	Up to and including MMK 1 billion – will be "SME" loan (see below)	N/A
	Above MMK 1 billion	CEO, Chief Customer Officer (Business), or CFO
Club/ syndicated loan	Any amount	CEO, Chief Customer Officer (Business), or CFO
MFI loan	Any amount	CEO, Chief Customer Officer (Business), or CFO
SME		
Demand loans, term loans & overdraft	Up to and including MMK 1 billion	Regional Manager
HP/ AFP		
Dealer Agreement	Up to and including MMK 1 billion	Head of Business Financing
	Above MMK 1 billion	CEO, Chief Customer Officer (Personal), or CFO



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4. Other signing authorities

4.1. Signing of periodic financial returns

Periodic financial returns (as required by section 87 of the Financial Institutions Law 2016) are to be signed by the Chief Executive Officer and Chief Financial Officer, however:

- (a) In the event the Chairman & Chief Executive Officer is not reasonably available, Chief Risk Officer may sign for and on behalf of the Chairman & Chief Executive Officer with delegated authority; and
- (b) In the event the Chief Financial Officer is not reasonably available, the Chief Financial Officer's direct deputy/s may sign for and on behalf of the Chief Financial Officer with delegated authority.

The above authority for signing financial returns is as notified by Yoma Bank to the Central Bank of Myanmar.

4.2. Signing of minutes and resolutions

Minutes of Board and Committees meetings will be signed by:

- (a) All Directors present in the meeting.

Minutes of Shareholders meetings will be signed by:

- (a) Chairman, Executive Director or Corporate Secretary; or
- (b) Any 2 of the Directors/Shareholders.

Resolutions of Shareholders, Board and Committees meetings will be signed by:

- (a) Chairman, Executive Director or Corporate Secretary; or
- (b) Any 2 of the Directors/Shareholders.

5. Conditions for all signing authority

- (a) Any officer or employee of Yoma Bank holding delegated authority under this Policy shall have the authority to delegate to another party within his/her department and under their immediate supervision for the limited purpose of signing in his or her absence. Such delegated authority must be in writing, and state the scope and duration of the delegation.
- (b) No officer or employee of Yoma Bank may sign or otherwise execute any document that binds Yoma Bank or incurs any financial liability, or otherwise exercise any Authority to Commit, unless he or she has been delegated authority in accordance with this Policy, that has been documented in writing as required by this Policy. Documents signed by officers or employees without documented signature authority, or commitments made without due Authority to Commit, may be deemed void. Individuals in such circumstances may be personally liable for the obligations

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assumed under such documents and may be subject to disciplinary action up to and including termination of employment.

- (c) If any one of the authorized person(s) as set out in this Policy resigns from or is no longer employed with the Bank, or is for any reason no longer appointed in the relevant role conferring financial and/or signing authority and/or Authority to Commit under this Policy, any financial and/or signing authority and/or Authority to Commit is automatically revoked.
- (d) The Board may at any time revoke financial and/or signing authority and/or Authority to Commit of any person(s), notwithstanding that such person may still be appointed in a role otherwise conferring financial and/or signing authority and/or Authority to Commit under this Policy.
- (e) All transactions and contracts above MMK seven (7) billion will be reported back to the Board.

6. Authority to Commit

- (a) The persons appointed from time to time in the role of Chief Executive Officer, Chief Financial Officer, and Chief Risk Officer shall each have primary delegated authority of the Board of Directors to approve and commit the Bank to, and to make representations to external parties that the Bank is willing to enter into any legally binding contracts or arrangements in respect of, any commitment by the Bank involving the exchange of money or property, any obligation to perform services requiring payment or use of the resources of the Bank, or the assumption of any liabilities, including any indebtedness ("**Authority to Commit**").
- (b) The Authority to Commit shall only extend to contracts or arrangements with a total transaction value:
 - (i) equal to or lesser than three (3) billion MMK ("**Individual Commitment Limit**"); or
 - (ii) in an amount more than three (3) billion MMK but less than seven (7) billion MMK if the relevant person has obtained, prior to any exercise of his/her Authority to Commit in respect of the relevant commitment, the prior written assent of one of the other Authorized Signatories (per table 1 above) as to the relevant commitment.
- (c) Each Authorized Signatory may delegate his or her Authority to Commit by signing a Delegation of Authority as per Appendix A, provided that any such delegation shall only extend to contracts or arrangements with a total transaction value equal to or lesser than three (3) billion MMK, in line with the Individual Commitment Limit.



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- (d) Where required to be signed by the Bank, any contract or arrangement referred to in 6(a) above must be executed in conformity with the Authorized Signatories requirements set forth in this Policy.



Appendix A: Delegation of Authority Template

Delegation of Authority

This Delegation of Authority (DoA) is from -----(Name, Designation) ----- of Yoma Bank Limited to -----(Name, Designation)----- of Yoma Bank Limited.

The purpose of this DoA is a process, wherein, the -----(Designation)----- divides his/her work among his/her direct reports and give them the responsibility to accomplish the respective tasks related to his/her line of work. Along with the responsibility, the -----(Designation)----- also shares the authority, i.e. the power to take decisions with the directs, such that responsibilities can be completed efficiently while taking into considerations of delegation principles and benefits of delegation and authorizations outlined below.

Delegation Principles

- Delegates must exercise their own discretion – a specific direction authority source that a decision must be made in a particular way is not a delegation. The RASCI provides each delegate with a guide on how to engage the organization.
- Delegations can be general or specific but must be in writing – in Yoma Bank this is in the form of a DoA.
- Delegations cannot be sub-delegated unless the DoA specifically states otherwise.
- The exercise of a delegation is deemed to be the act of the Board / CEO granting the delegation.
- Delegations are hierarchical and can always be exercised 'upwards' in the chain of command if required.
- Delegations can always be revoked.
- A delegate needs to ensure they exercise their powers in line with the Bank's Code of Conduct, Values and in line with the overall Purpose and Goals of the Organization.
- A delegation needs to identify the delegate with sufficient certainty and clarity to enable them to make the decision.

Benefits of Delegations and Authorisations

- They decentralize decision-making and reduce red-tape.
- They relieve senior officers from routine decision-making.
- They encourage personal initiative and promote a wider skills base.
- They can promote a better risk appetite.
- They allow staff to know at all times 'who can do what'.
- Decision-making can be done more quickly and with less formality.
- Decision-making can be done by those with specialized knowledge

**YOMA BANK****Delegation of Authority**

By means of this letter, I, -----(Name, Designation)----- (the Delegating Official) of Yoma Bank Limited ("Yoma Bank"), delegate the authority described below to -----(Name, Designation)----- (the Delegate), on the following terms and conditions. Once this DoA becomes effective, any previous/ existing/ other DoA signed between the Delegating Official and the Delegate will be terminated.

Acknowledged and agreed:

----- (Name, Designation) -----

----- (Name, Designation) -----

1. Financial and Commitment authorities**Expenditure Limits**

- (i) The Delegate may incur financial expenditure for and on behalf of Yoma Bank in accordance with the budget for ----XXXX for the financial year ("Budget") in which the financial expenditure is to be incurred, up to MMK ----XXXX of the ----XXXX budget ("Expenditure Limit"). Any financial expenditure above the Expenditure Limit or that is not in the Budget will require approval from the ----XXXX.

Pricing Discretion for Financial Expenditure

----XXXX.

Authority to Commit

The Delegate may exercise the Authority to Commit for and on behalf of Yoma Bank provided that such authority shall only extend to contracts or arrangements with a total transaction value of ----XXXX or less

2. Signing authorities

The Delegate may review and execute, on behalf of Yoma Bank, the following documents:

----XXXXX

3. RASCI (People Leader accountabilities)

The Delegate has People Leader accountabilities and ----XXXX accountabilities which may be updated from time to time. The aforementioned accountabilities are defined in the Appendix A.

4. Power of sub-delegation

- a. The Delegate has the power to sub-delegate above authorities to her directs.
- b. The effective date of this delegation is ----XXXX and will run until:
 - i. revoked by me;
 - ii. revoked by the Board; or
 - iii. The Delegate resigns from his employment or his employment with Yoma Bank Limited is terminated in any other way, or no longer holds the position for which he received this delegation of authority.
- c. The authority delegated may be sub-delegated once by the Delegate, but may not be further sub-delegated without my prior and express written consent. Any sub-delegation under this clause must be done by way of a written delegation of authority in this format.
- d. This delegation is made pursuant to the Yoma Bank Signing and Financial Authority Policy approved by the Board of Directors on 24th September 2019.

**YOMA BANK****Appendix (a)****People Leader Accountabilities**

The Delegate has the following People Leader accountabilities, which may be updated from time to time.

No.	Accountable deliverable/ task
1	Accountable to develop and manage SOPs, guidelines and SLAs
2	Accountable for exercising discretions under their DOA
3	Accountable for effective working relationships with peers and other divisions
4	Accountable for people fundamentals and empowerment
5	Accountable for putting the customers first
6	Accountable for coaching, capability building and development plan and training
7	Accountable for setting SMART KPIs
8	Accountable for engagement and communications with the team
9	Accountable to meet with their direct reports at least once a month
10	Accountable for risk management of the bank (including escalation to CEO/CRO)
11	Accountable for communicating the Bank's strategy
12	Accountable for role modelling the Bank's culture, values and speak-up

RASCI Accountabilities

The Delegate has the following accountabilities defined in the Yoma Bank RASCI matrix, which may be updated from time to time.

No.	Accountable deliverable/ task
	XXXX

CC – Corporate Secretary Office



Annex H: CBM Directives

Various CBM directives are referred to throughout this Manual. For ease of reference, certain among such directives have been appended in this Annex H in the following order:

1. **CBM Directive No. (8/2019)** – *Directive on Fit and Proper Criteria;*
2. **CBM Directive No. (9/2019)** – *Directive on Directors of Bank;*
3. **CBM Directive No. (10/2019)** – *Directive on External Auditors of Banks; and*
4. **CBM Directive No. (11/2019)** – *Related Parties Directive.*

The Republic of the Union of Myanmar

Central Bank of Myanmar

Directive No. (8/2019)

5th Waning of Tabaung 1380 ME

March 25, 2019

In exercise of the powers conferred under Section 76 on Fit and Proper Criteria and Section 184 of the Financial Institutions Law (FI Law), the Central Bank of Myanmar (CBM) hereby issues the following Directive.

1. This Directive shall be called the Directive on Fit and Proper Criteria.

Persons Subject to Directive

2.
 - (a) This Directive shall apply to all banks, persons having substantial interest in a bank (substantial shareholder), Directors, Officers of a bank and External Auditor.
 - (b) Director means members of the Board of Directors and Directors of a bank.
 - (c) Chief Executive Officer means the Chief Executive, his deputies of a bank and in the case of state owned bank, Managing Director and his deputies.
 - (d) Officer means:
 - (i) the Chief Financial Officer;
 - (ii) persons performing executive functions at the bank including:
 - (aa) Chief Operating Officer;
 - (bb) Chief Compliance Officer;
 - (cc) Chief Internal Auditor;
 - (dd) Chief Risk Management Officer; and
 - (ee) Chief Credit Officer
 - (e) State owned bank means a bank licensed by the Central Bank of Myanmar under the FI Law and fully owned by the Government of Myanmar.

On-going Fit and Proper Criteria

3. The fit and proper criteria shall be applied on an on-going basis and not confined to the initial nomination, appointment or approval of substantial shareholders, Directors and Officers.
4. The Board of Directors of a bank has ultimate responsibility for ensuring that all Directors and Officers of a bank are fit and proper.

Approval of Directors and Chief Executive Officer

5.
 - (a) A bank must request the CBM in writing for the approval of the appointment of the Directors and Chief Executive Officer 30 days prior to their appointment.
 - (b) The request for approval shall include information and documentation on the candidates in Forms-1 and 2 and shall include at a minimum-
 - (i) Name, National Identification Card/Passport, surname, address, academic qualifications, profession and experience;
 - (ii) Details as to designation and responsibility of prior work;

- (iii) Details as to the name and address of family of the Director, Chief Executive Officer, family and relevant person's details and financial interests of himself/herself or his/her family, share ownership in his/her name and names of the family, and whether or not there is substantial ownership and substantial capacity;
- (iv) Details of the shares and debentures subscribed by him/her and family members in the concerned bank;
- (v) Details as to whether any of his/her family member is working as an employee in the concerned bank, if any;
- (vi) Details as to whether the concerned bank has, or is going to have, any type of agreement with himself/herself or his/her family member;
- (vii) Personal-declaration in Form 1 made by the concerned person that he/she is not ineligible or disqualified according to the Financial Institutions Law and this Directive;
- (viii) Any other details specified by the Central Bank of Myanmar from time to time.
- (c) The Central Bank of Myanmar shall review the request and approve or disapprove the said request within thirty days.

Background Checks

6. The Central Bank of Myanmar may carry out such other background checks as it considers necessary to verify the matters referred to in Paragraph 5.

Minimum Qualification

7. The minimum qualification for Directors, Chief Executive Officer and Officers is listed in the Appendix.

Conducting Assessments

- 8.
- (a) Fit and proper assessments shall be supported by relevant information for the person being assessed.
 - (b) Where significant reliance is placed on information that is obtained from the candidate, and that information is material to the determination of the person's fitness and propriety, the bank shall take reasonable steps against independent sources to verify the information obtained from the candidate.
 - (c) Criteria should be assessed individually, as well as collectively, taking into consideration their relative importance.
 - (d) Failure to meet one criterion on its own does not necessarily mean failure to meet the fit and proper criteria under this Directive.
 - (e) A bank should consider the specific circumstances surrounding a person's failure to meet specific factors including the lapse of time since the occurrence of events, other contributing factors of the event and the significance of the event from the perspective of potential risks posed to the bank.
 - (f) The assessment process shall involve a good measure of judgment, which should be exercised objectively and always in the best interests of the bank and the sound conduct of the bank's business.
 - (g) Information relevant to the assessment of the fitness and propriety of persons within the scope of this Directive may also vary depending on the degree of their influence and responsibilities in the affairs of the bank.
 - (h) In determining fitness and propriety of a person, a bank may consider whether there

have been material changes in the nature or scope of the responsibilities assumed by an individual which would call for higher standards of competence or judgment in order to properly perform the duties associated with the covered position.

Fit and Proper Criteria

9. The criteria for determining whether an individual meets the fit and proper test include but are not limited to the following three main areas:

- (a) Honesty, integrity and reputation;
- (b) Competence and capability; and
- (c) Financial soundness.

Honesty, integrity and reputation

10 Honesty, integrity and reputation are values that are demonstrated over time and does not include persons who have committed acts or exhibit traits as follows:

- (a) the person is or has been the subject of any proceedings of a disciplinary or criminal nature, or has been notified of any impending proceedings or of any investigations, which might lead to such proceedings either in Myanmar or abroad;
- (b) the person has contravened any provision made by or under any written law designed to protect members of the public against financial loss due to dishonesty, incompetence or malpractice either in Myanmar or abroad;
- (c) the person has contravened any of the requirements and standards of a regulatory body, professional body, government or its agencies either in Myanmar or abroad;
- (d) the person, or any business in which he has a controlling interest or exercises significant influence, has been investigated, disciplined, suspended or reprimanded by a regulatory or professional body, a court or tribunal, whether publicly or privately either in Myanmar or abroad;
- (e) the person has been engaging in any business practices which are deceitful, oppressive or otherwise improper (whether unlawful or not), or which otherwise reflect discredit on his professional conduct either in Myanmar or abroad;
- (f) the person has been dismissed, asked to resign or has resigned from employment or from a position of trust, fiduciary appointment or similar position because of questions about his honesty and integrity either in Myanmar or abroad;
- (g) the person has been associated, in ownership or management capacity, with a company, partnership or other business association that has been refused registration, authorization, membership or a license to conduct any trade, business or profession, or has had that registration, authorization, membership or license revoked, withdrawn or terminated either in Myanmar or abroad;
- (h) the person has held a position of responsibility in the management of a business that has gone into receivership, insolvency or involuntary liquidation while the person was connected with that business either in Myanmar or abroad;
- (i) the person has been a director of, or directly concerned in the management of, any corporation which is being or has been wound up by a court or other authority competent to do so within or outside Myanmar or of any licensed financial institution, the license of which has been revoked under any written law;
- (j) in the past, the person has acted unfairly or dishonestly in his dealings with his customers, employer, auditors and regulatory authorities either in Myanmar or abroad;

- (k) the person has at any time shown a strong objection or lack of willingness to cooperate with regulatory authorities and failure to comply with legal, regulatory and professional requirements and standards, including compliance with tax requirements and obligations either in Myanmar or abroad;
- (l) a person has contributed significantly to the failure of an organization or a business unit;
- (m) the person has at any time shown strong objection or a lack of willingness to maintain effective internal control systems and risk management practices either in Myanmar or abroad; and
- (n) the person is associated with any business or other relationship which could materially pose a conflict of interest or interfere with the exercise of his judgment when acting in the capacity of a covered position which would be disadvantageous to the bank or bank's business in Myanmar.

Competence and capability

11. (a) Competence and capability are demonstrated by a person who possesses the relevant experience and ability to understand the technical requirements of the business, the inherent risks and the management process required to perform his role effectively.
- (b) In determining competence and capability, the following shall be considered-
 - (i) whether the person has the appropriate qualification, training, skills, practical experience and commitment to effectively fulfill the role and responsibilities of the position and in the case of directors, having regard to their other commitments;
 - (ii) whether the person has satisfactory past performance or expertise in the nature of the business being conducted; and
 - (iii) Guidance on qualifications and experience by position is listed in Appendix, however the Board of Directors may adopt qualification and experience specific to the bank requirement while ensuring fitness and propriety of its officers.

Financial soundness

12. Financial soundness shall not alone disqualify a person from holding an officer position because of limited financial means if they meet the other criteria and the following shall be considered-

- (a) whether the person has been and will be able to fulfill his financial obligations, whether in Myanmar or abroad, as and when they fall due; and
- (b) whether the person has been the subject of a judgment debt or bankruptcy proceeding either in Myanmar or abroad.

Removal from Office

13. A Director or Chief Executive Officer or an officer shall not remain in office:
 - (a) if the person is not able to meet the fit and proper criteria under this Directive;
 - (b) if the bank did not obtain the prior approval of CBM for their appointment.
14. A bank shall, within 15 days of becoming aware that a Director or Chief Executive Officer or an officer is not fit and proper, remove the person and provide written notification to CBM.

15. If CBM determines that a Director or Chief Executive Officer or an Officer is not fit and proper, CBM in accordance with section 78 of the FI Law will direct the bank in writing to remove such person from office within the period described in the written notice and the bank must comply regardless of the presence of an employment contract or other written law.

16. A bank that fails to comply with paragraphs 14 and 15 commits an offence under the FI Law.

Substantial Shareholders

17. (a) All substantial shareholders of a bank must be fit and proper.
(b) No person who is a substantial shareholder of a bank shall continue to be a substantial shareholder unless the person is fit and proper.
(c) The Central Bank of Myanmar may exercise the powers under section 47 of the Financial Institutions Law against a substantial shareholder who does not meet the fit and proper criteria.

Non-Compliance of the Directive

18. Failure to comply with this Directive constitutes a violation and is subject to administrative penalties under sections 78 and 154 and such other sanctions as may be imposed under the Financial Institutions Law.

Repeal

19. The Central Bank of Myanmar Directive No(3/2010) dated May 17, 2010 is hereby repealed by this Directive.

Effectiveness

20. This Directive shall come into effect within 12 months.

Sd./xxxxxxxxx
For Governor
Soe Thein, Deputy Governor

PERSONAL DECLARATION FORM
(to be filled by the applicant)

1. Name of the bank in connection with which this form is being filled ("the institution")

.....
.....

2. Full names:

.....

3. Former surname(s) and /or forenames by which you may have been known(if any):

.....

4. Please state the capacity under which you are completing this form, e.g., director, chief executive or officer.

.....

In addition, please provide a copy of your curriculum vitae.

.....

5. Date and place of birth:

.....

.....

6. (1) Citizen of:..... (<i>Country</i>) since: (<i>Year</i>)	(2) Resident of:..... (<i>Country</i>) since:..... (<i>Year</i>)
--	---

7. Addresses:

(a) Present business address:

.....
.....
.....
.....

(b) Present residential address:

.....
.....
.....
.....

(c) Last two addresses during the past ten (10) years:

.....
.....
.....
.....

8. Professional & academic qualifications:

<i>Particulars</i>	<i>Year obtained</i>
--------------------	----------------------

.....
.....

(a) Highest academic qualification

.....

(b) Special awards or honours (if any)

.....

(c) Training courses and seminars attended

.....

(d) Membership in professional organizations

.....

9. Occupation or employment (present or most recent and for the past 10 years)

<i>Name & business of employer</i>	<i>Positions held</i>	<i>Inclusive date (month & year) From Year</i>
.....
.....
.....

10. Names and addresses of your bankers within the last 10 years

.....

11. Corporations other than the current institution where you are now a director, officer, shareholder, or manager? Give relevant dates.....

.....

12. Corporations other than the institution and those listed above where you have been a director, shareholder, controller or manager at any time during the last ten years. Give relevant Dates

.....

13. Have you, in Myanmar or elsewhere, been dismissed from any office or employment, or subjected to disciplinary proceedings by your employer or barred from entry to any profession or occupation? If so, give particulars:

.....

14. Past and present business affiliations (direct or indirect):

<i>Nature of business</i>	<i>Nature of affiliation i.e. director, officer, share holder with...% holdings specified etc.</i>	<i>Inclusive date (month and year) from to</i>
.....
.....
.....

15. Do any of the above business affiliations maintain a business relationship with the institution? If so, give particulars:

.....

16. Do you hold or have you ever held or applied for a licence or equivalent authorisation to carry on any business activity in Myanmar or any other country? If any such application was refused or withdrawn after it was made or any authorisation was revoked, give particulars:

.....

.....

17. State whether the corporation with which you are, or have been, associated as a director, officer, shareholder or manager holds, or has ever held or applied for a licence or equivalent authorisation to carry on any financial business? If so, give particulars. If any such application was refused, or was withdrawn after it was made or any licence revoked, give particulars:

.....

.....

18. State whether any of your past or current employer(s) or institution in which you were affiliated as shareholder, director, officer, etc has ever been under criminal investigation, placed under receivership or insolvent liquidation by any regulatory body or court of law.....

.....

.....

19. Family group:

Business affiliation

(State name of business and nature of affiliation i.e. director, officer, shareholder with...% holdings specified)

Name:

(a) Spouse:

.....

.....

(b) Children:

.....

.....

.....

(c) Parents:

.....

.....

.....

(d) Brothers and sisters:

.....

.....

.....

20. Have you failed to satisfy any debt adjudged due and payable by you as a judgment debtor under an order of a court in Myanmar or elsewhere, or made any compromise arrangement of debt with your creditors within the last ten years? If so, give particulars:.....

.....

21. Have you been adjudicated bankrupt by a court in Myanmar or elsewhere, or has a bankruptcy petition ever been served on you? If so, give particulars:.....

.....

22. Have you, in connection with the formation or management of any corporation, partnership or unincorporated entity, been adjudged by a court in Myanmar or elsewhere, civilly liable for any fraud, misfeasance or other misconduct by you towards such entity or towards members thereof? If so, give particulars:.....

.....

23. Has any body corporate, partnership or unincorporated entity with which you are associated as a director, shareholder, controller or manager, in Myanmar or elsewhere, been wound up, made subject to an administrative order, otherwise made any compromise or arrangement with its creditors or ceased trading either while you were associated with it or within one year after you ceased to be associated with it or has anything analogous to any of these events occurred under the laws of any other jurisdiction? If so, give particulars:.....

.....

24. Have you been concerned with the management or conduct of affairs of any entity which, by reason of any matter relating to a time when you were so concerned, has been censured, warned as to future conduct, disciplined or publicly criticized by, or made the subject of a court order at the instigation of any regulatory authority in Myanmar or elsewhere? If so, give particulars:.....

.....

25. In carrying out your duties will you be acting on the directions or instructions of any individual or entity? If so, give particulars:.....

.....

26. Do you, in your private capacity, or does any related party, undertake business with the institution? If so, give particulars:.....

.....

27. How many shares in the institution are registered in your names or the names of a related party? If applicable, give name(s) in which registered and class of shares.....

.....

28. In how many shares in the institution (not being registered in your names or that of a related party) are you or any party beneficially interested?.....

29. Do you or does any related party, hold any shares in the institution as trustee or nominee? If so, give particulars:

30. Are any shares in the institution mentioned in answer to questions 27, 28, and 29 above equitably or legally charged or pledged to any party? If so, give particulars:

31. What proportion of the voting power, at any general meeting of the institution (or another body corporate of which it is a subsidiary) are you or any related party entitled to exercise or control the exercise of?

32. Personal record of court cases or any investigation by governmental, professional or any regulatory body (including pending and prospective cases or on-going investigations):

Name of court or Full particulars Status investigative body

33. Documentary requirements:

- (a) a certified statement of assets and liabilities;
- (b) latest tax compliance certificate or certified true copy of income tax returns;
- (c) two letters of character references from individuals other than relatives who have personally known the undersigned for at least ten years; and
- (d) letters duly certified from financial institutions with whom the undersigned has had dealings for the last five years on the performance of past and present accounts.

34. Please provide any other information, which may assist the Central Bank in deciding whether the concerned person fulfils the fit and proper criteria.

DECLARATION

I certify that all the information contained in and accompanying this form is complete and accurate to the best of my knowledge, information and belief and that there are no other facts relevant to this application of which the Central Bank of Myanmar should be aware.

I undertake to inform the Central Bank of Myanmar of any material changes to the above particulars.

Sworn at.....(City) this.....day of

.....
Name

.....
Position held

.....
Signed

.....
Date

I know and understand the contents of this declaration and that I am making it under oath.

Sworn at.....(City) this.....day of.....

.....
Signature of deponent

.....
(Position)

The Deponent understands the contents of this affidavit.

Before me,

.....
COMMISSIONER FOR OATHs

INFORMATION SHEET
(to be filled by the bank)

1. Name: _____
2. Former name(s)(if any) by which the applicant has been known: _____

3. Principal Business Activities: _____
4. Head/Main Office: _____

 - (a) Address: _____

 - (b) Telephone No: _____
 - (c) Telefax No: _____
5. Branches: _____
Address: _____ Date Opened _____

Subsidiaries & Affiliates:

Name and Type of Business	Amount of Shares Held	% of shares Held to Total
_____	_____	_____
_____	_____	_____
6. Management:
Board of Directors;

Name:	Designation	Present Term	No. of years as Board Member
_____	_____	_____	_____
_____	_____	_____	_____

 Principal Officers:

Name:	Designation	No. of years as Officer
_____	_____	_____
_____	_____	_____
7. Ownership Profile for ownership of 5% and more)

Sr.Name	Country of Citizenship	Residence	Paid up Capital	%
a.	_____	_____	_____	_____
b.	_____	_____	_____	_____
other shareholders owing less than 5% (Number _____)			_____	_____
TOTAL			_____	_____
8. Holding Company / Group Information (if any);
 - (a) Group Chart showing % of shareholdings
 - (b) Substantial shareholders, directors and officers of the holding company
 - (c) Brief description of companies in the group
 - (d) Attach latest audited financial statements of the group
9. Shareholdings of the holding company or group in other financial institutions:

Name of Financial Institution	Shares Owned Amount	Number	% of	Capital
_____	_____	_____	_____	_____

DECLARATION

We certify that we do not knowingly or recklessly provide the Central Bank of Myanmar any information which is false or misleading in a material particular in connection with the fit and proper evaluation.

We, certify that all the information contained in and accompanying this form is complete and accurate to the best of our knowledge, information and belief and that there are no other facts relevant to this evaluation of which the Central Bank of Myanmar should be aware of.

We undertake to inform the Central Bank of Myanmar of any material changes to the above information which arise while the Central Bank is doing the evaluation.

Sworn at _____ this _____ day of _____

1. _____
Name

Position held

Signed

Date

2. _____
Name

Position Held

Signed

Date

Deponent understand the contents of this affidavit.

Before me,

A COMMISSIONER OF OATHS

Guidelines on Education, Training and Experience

Director

Candidates should meet the following minimum requirements.

1. **Education and training:**
 - (a) Has a bachelor's or master's degree majoring in accounting, economics or business administration from an accredited university in Myanmar or abroad or has a professional certification and training in accounting and banking, or
 - (b) Has direct and hands on experience in banking operations and procedures, auditing, risk management, compliance management, credit and lending experience, banking or accounting.
2. **Experience:**
 - Has at least 7 to 10 years of experience in a bank, financial institution, and other institutions that provide financial services.
3. **Knowledge, skills and abilities:**
 - Has knowledge of banking operations and procedures, auditing, risk management, compliance management, credit and lending experience, and banking or accounting.
 - Understands applicable laws including Financial Institutions Law, regulations, directives, instructions and guidelines issued by the Central Bank of Myanmar.

Chief Executive Officer (CEO)

Candidates should meet the following minimum requirements.

1. **Education and training:**

- (a) Has a bachelor's or master's degree, ideally in accounting, economics or business administration from an accredited university in Myanmar or abroad or professional certification and training in banking, accounting and management, or
- (b) In the case of existing Chief Executive Officer, the person has direct and hands on experience in banking operations and procedures, auditing, risk management, compliance management, credit and lending experience, banking or accounting.

2. **Experience:**

- Has at least 10 to 15 years of progressive management experience within the banking industry, the last 7 years of which have been in a position of executive management.

3. **Knowledge, skills and abilities:**

- Thorough knowledge of the banking industry, financial and accounting policies and practices and related laws and regulations of Myanmar;
- Advanced knowledge of financial management and financial operation;
- Strong leadership, organizational and analytical skills;
- Ability to identify, develop and direct the implementation of business strategy;
- Ability to plan and direct the organization to achieve its goals;
- Ability to apply himself exclusively to the management of the bank;
- Ability to define and articulate the organizations vision to develop strategies for achieving that vision;
- Proven track record in business management, planning and financial oversight;
- High ethical standards and integrity in both their personal and professional dealings;
- Excellent written, verbal and communication skills.

Chief Operating Officer (COO)

Candidates should meet the following minimum requirements:

1. **Education and training:**
 - (a) Has a bachelor's or master's degree, ideally in accounting, business administration or economics from an accredited university in Myanmar or abroad or relevant professional certification and training, or
 - (b) In the case of existing Chief Operating Officer, the person has direct and hands on experience in banking operations and procedures, auditing, risk management, compliance management, credit and lending experience, banking or accounting.
2. **Experience:**
 - 7 to 10 years of progressive management experience in financial institutions and at least 5 years at an executive level;
 - A strong background in banking, management and employee management;
 - At least 3 to 5 years of experience in various phases of bank operations.
3. **Knowledge, skills and abilities:**
 - Familiarity with relevant operating systems of a bank;
 - Working knowledge of bank computer systems, analysis, policies and operating procedures;
 - Technical knowledge of bank operations in one or more operational areas, such as retail banking, mortgage processing or branch operations;
 - Sound knowledge of all operational requirements with regard to the administration, compliance, risk, finance and legal functions of a bank;
 - Understanding on applicable laws including Myanmar Financial Institutions Law, regulations, directives, instructions and guidelines issued by the Central Bank of Myanmar;
 - Excellent management and organizational skills;
 - Excellent technical and analytical problem-solving abilities;
 - Ability to develop and build skills of officers and employee of the bank;
 - High ethical standards and integrity in both the personal and professional dealings;
 - Excellent written, verbal and communication skills.

Chief Compliance Officer (CCO)

Candidates should meet the following minimum requirements:

1. **Education and training:**

- (a) Has a bachelor's or master's degree, ideally in accounting, laws or economics from an accredited university in Myanmar or abroad or relevant professional certification and training in accounting and laws, or
- (b) In the case of existing Chief Compliance Officer, the person has direct and hands on experience in banking operations and procedures, auditing, risk management, compliance management, credit and lending experience, banking or accounting.

2. **Experience:**

- 3 to 5 years' relevant experience in regulatory compliance in a bank, financial institution and other institutions that provide financial services.

3. **Knowledge, skills and abilities:**

- Knowledge of financial institutions policies and procedures;
- Ability to demonstrate thorough knowledge of applicable laws including Myanmar Financial Institutions Law, regulations, directives, instructions and guidelines issued by the Central Bank of Myanmar;
- Ability to understand and apply banking rules;
- Ability to read and interpret government, financial rules and legal documents;
- Proven ability to identify, solve and prevent regulatory issues;
- Ability to effectively report information and respond to regulatory requirements;
- Strong analytical, research, planning, organizational and communication skills;
- Commitment to identifying compliance issues and solutions while ensuring adherence to applicable laws, regulations, policies and procedures;
- High ethical standards and integrity in both their personal and professional dealings;
- Excellent written, verbal and communication skills.

Chief Financial Officer (CFO)

Candidates should meet the following minimum requirements:

1. **Education and training:**

- (a) Has a bachelor's or master's degree, ideally in accounting from an accredited university in Myanmar or abroad or professional certification in accounting, or
- (b) In the case of existing Chief Financial Officer, the person has direct and hands on experience in banking operations and procedures, auditing, risk management, compliance management, credit and lending experience, banking or accounting.

2. **Experience:**

- 7 to 10 years' experience in a relevant professional position in a bank, financial institution and other institutions that provide financial services;
- Experience in budgeting, risk management, asset and liability management;
- Progressive accounting and financial analysis experience;
- Experience as a financial officer in a bank, financial institution and other institutions that provide financial services.

3. **Knowledge, skills and abilities:**

- Knowledge of Myanmar accounting standards, financial reporting standard and management accounting systems;
- Knowledge of international financial reporting standards desirable;
- Investment management skills;
- Knowledge of Myanmar financial sector's legal and regulatory framework;
- Strong analytical skills and ability to think strategically;
- Ability to manage finance professionals and strong project management skills;
- Ability to identify and effectively report financial conditions to management and respond to regulatory requirements;
- High ethical standard and integrity in both their personal and professional dealings;
- Excellent written, verbal and communication skills.

Chief Credit Officer (CCO)

Candidates should meet the following minimum requirements:

1. Education and training:

- (a) Has a bachelor's or master's degree, ideally in accounting, business administration or economics from an accredited university in Myanmar or abroad or professional certification and training in banking or accounting, or
- (b) In the case of existing Chief Credit Officer, the person has direct and hands on experience in banking operations and procedures, auditing, risk management, compliance management, credit and lending experience, banking or accounting.

2. Experience:

- 7 to 10 years of lending experience in a bank or financial institution;
- Experience should include credit origination, credit evaluation, portfolio management and risk management;
- Experience in managing credit department, developing and implementing credit policies and procedures for commercial lending.

3. Knowledge, skills and abilities:

- Knowledge of commercial lending, credit evaluation and underwriting;
- Knowledge of applicable laws including Myanmar Financial Institutions Law, regulations, directives, instructions and guidelines issued by the Central Bank of Myanmar regarding lending functions;
- Ability to manage problem assets and develop workout strategies;
- Ability to develop credit policies, processes and procedures, together with a creative approach to identifying new credit products and structures for clients;
- Proficient in financial statement analysis, risk assessment, cash flow projections, valuations, stress testing and other financial models;
- Familiarity with local market, corporate and consumer business;
- Ability to interpret and understand financial statements;
- Good sales, negotiation, and relationship management skills;
- High ethical standards and integrity in both their personal and professional dealings;
- Excellent written, verbal and communication skills.

Chief Risk Management Officer (CRO)

Candidates should meet the following minimum requirements:

1. Education and training:

- (a) Has a bachelor's or master's degree, ideally in accounting, business administration or economics from an accredited university in Myanmar or abroad or professional certification and training in banking and risk management, or
- (b) In the case of existing Chief Risk Management Officer, the person has direct and hands on experience in banking operations and procedures, auditing, risk management, compliance management, credit and lending experience, banking or accounting.

2. Experience:

- 5 to 7 years working experience in a bank, financial institutions and other institutions that provide financial services, rating agency, finance company or similar financial institution as a credit or risk management officer;
- Development or participation in credit grading activities, portfolio management or credit review or approval processes; or
- Credit and risk management in a bank, financial institution and other institutions that provide financial services;
- Experience in default and fraud management;
- Assets and liability management experience.

3. Knowledge, skills and abilities:

- Understanding of risk exposure calculation methods;
- Knowledge of credit grading and rating concepts and the technical development of such underlying models as well as working knowledge of Basel II accord;
- Analytical skills with working knowledge in the principles of credit risk, market risk, operational risk, liquidity risk and finance;
- Sound knowledge of investment risk and portfolio management concepts;
- Understanding of other operational risks including IT security;
- Ability to clearly articulate and express a bank or financial institution risk appetite;
- Good command of risk management principles, tools and models;
- High ethical standards and integrity in both their personal and professional dealings;
- Excellent written, verbal and communication skills.

Chief Internal Auditor

Candidates should meet the following minimum requirements:

1. **Education and training:**

- (a) Has a bachelor's or master's degree, ideally in accounting and auditing business administration or economics from an accredited university in Myanmar or abroad or professional certification and training in banking, accounting and auditing, or
- (b) In the case of existing Chief Internal Auditor, the person has direct and hands on experience in banking operations and procedures, auditing, risk management, compliance management, credit and lending experience, banking or accounting.

2. **Experience:**

- 7 to 10 years of progressively responsible experience in public accounting firm or in internal audit in a bank or financial institution;
- Senior audit director experience with a solid track record of delivering quality audit services within an audit firm;
- Experience in auditing operating systems, databases, networks, and related operating systems.

3. **Knowledge, skills and abilities:**

- In depth knowledge of financial and operational audit;
- Strong knowledge of standard audit practices and ability to apply them;
- Ability to develop a comprehensive internal audit program for a bank;
- Ability to lead and manage audit teams;
- Ability to effectively report to the management and respond to audit findings;
- Excellent analytical, investigative skills and attention to details;
- Extensive knowledge of a bank or financial institution policies and procedures;
- Thorough understands applicable laws including Myanmar Financial Institutions Law, regulations, directives, instructions and guidelines issued by the Central Bank of Myanmar;
- High ethical standards and integrity in both their personal and professional dealings;
- Excellent written, verbal and communication skills.

The Republic of the Union of Myanmar

Central Bank of Myanmar

Directive No. (9/2019)

5th Waning of Tabaung 1380 ME

March 25, 2019

In exercise of the powers conferred under Sections 73,74,75,76, 80 relating to Directors of Banks and Section 184 of the Financial Institutions Law (FI Law), the Central Bank of Myanmar (CBM) hereby issues the following Directive.

Title and Application

1. This Directive shall be called Directive on Directors of Bank.
2. This Directive shall apply to all Banks, Board of Directors and Directors.

Definition

3. An Independent Non-Executive director of a bank is a person who holds less than 5% of the voting shares of the bank and is not a Related Party as defined in the FI Law.

Fit and Proper Criteria

4. All directors and candidates for the Board of Directors must meet the Criteria under the Directive on Fit and Proper Criteria issued by the CBM.

Election of Board of Directors

5. The Annual General Meeting of the bank must formally elect the directors from the list of candidates who have been approved by the CBM.

Term of Board of Directors

6. The term of a director shall be 3 years and can be renewed not more than 3 consecutive times.

Vacancy in the Board of Directors

7. When a Director of the Board of Directors position becomes vacant, the Board of Directors by a majority vote can approve the appointment of a new director subject to the prior approval of the CBM and such appointment must be ratified at the next annual general meeting of the shareholders.

Composition of Board of Directors

8. The Board of Directors shall consist of 5 and not more than 15 members and shall include:
 - (a) A Chairperson appointed by majority vote of the members of the Board of Directors (CEO shall not be appointed as Chairperson).
 - (b) A Chief Executive Officer.
 - (c) At least one Independent Non-Executive Director for the Board which consists of 11 members and at least two Independent Non-Executive Directors for the Board which consists of more than 11 members.

9. The appointment of Board of Directors shall be staggered to ensure the continuity of the duties and functions of the Board of Directors.

Meetings and Minutes

10. Meetings of the Board of Directors shall be carried out as follows:
 - (a) Meetings of the Board of Directors must be held at least 12 times a year, provided that the interval between two meetings shall not exceed two months.
 - (b) The Chairperson may also call for a special meeting at any time when at least two-thirds of the Directors request a meeting in writing.
 - (c) Meetings of the Board of Directors shall be presided over by the chairperson.
 - (d) In the absence of the chairperson, the meeting shall be presided over by a Director selected by majority of the Directors present at the meeting.
 - (e) Half of the members of the board including at least one independent non-executive director shall constitute the quorum.
 - (f) The decision of a majority in the meeting of the Board of Directors shall be binding and in the event of a tie, the Chairman shall have the deciding vote.
 - (g) Minutes of the meeting including the names of Directors present in the meeting and the decisions taken shall be recorded, and such minutes shall be signed by all Directors present in the meeting.
 - (h) Minutes of the meeting shall include the names of any person attending the meeting who is not a member of board.
 - (i) A Director must attend all meetings of the Board of Directors if there is no reasonable cause.
 - (j) The position of a Director who misses more than 3 consecutive meetings without reasonable cause and prior notice, shall be considered vacant.
 - (k) The minutes of the meeting must record any opinion opposed to all differing from the decision taken at the meeting.

Signing of Oath

11. Every Director elected to the Board of Directors of a bank must sign an oath of office in the prescribed Form attached to this Directive within 30 days of his or her election.
12. Failure to sign an oath of office will render the election of such director invalid.
13. A copy of this oath of office must be provided to the CBM within 14 days from the date of the oath.

Duties, Powers and Responsibilities

14. The Board of Directors, has ultimate responsibility for the bank's business strategy and financial soundness, key personnel decisions, organizational structure, governance framework and practices, risk management and compliance obligations.
15. In discharging these responsibilities, the Board of Directors must take into account the legitimate interests of depositors, shareholders and other relevant stakeholders.
16. The Board of Directors may appoint suitable committees and delegates some of its functions.

17. The Board of Directors shall establish the bank's organizational structure.
18. The responsibilities of the Board of Directors shall include -
 - (a) keeping up with material changes in the bank's business and external environment as well as act necessary changes in a timely manner to protect the long-term interests of the bank;
 - (b) overseeing the development and approval of the bank's business objectives and strategies and monitor their implementation;
 - (c) playing a lead role in establishing the bank's corporate culture and values;
 - (d) overseeing implementation of the bank's governance framework and periodically review that it remains appropriate in the light of material changes to the bank's size, complexity, geographical footprint, business strategy, markets and regulatory requirements;
 - (e) establishing, along with bank's officers, the bank's risk appetite, taking into account the competitive and regulatory landscape in the banking industry and the bank's long-term interests, risk exposure and ability to manage risk effectively;
 - (f) overseeing the bank's adherence to its risk policy and risk limits;
 - (g) approving the policy and oversee the implementation of key policies and rules pertaining to the bank's capital adequacy assessment process, capital and liquidity plans, compliance policies and obligations, and the internal control system;
 - (h) periodically reviewing key policies and rules to ensure their continued applicability and change or update where necessary;
 - (i) requiring the bank to maintain a robust finance function responsible for accounting and financial data;
 - (j) approving the annual financial statements and require an annual independent audit;
 - (k) approving the selection and performance of the CEO and other Officers;
 - (l) overseeing the bank's policies on salaries and benefits, including monitoring and reviewing executive compensation and assessing whether it is aligned with the bank's risk culture and risk appetite;
 - (m) overseeing the integrity, independence and effectiveness of the bank's policies and procedures for reporting fraud and other illegal activities;
 - (n) overseeing the development of, and approve the bank's policy on transactions with related parties; and
 - (o) overseeing the compliance of the bank with the FI Law, regulations and directives issued there under.
19. The Board of Directors should maintain appropriate records (e.g. meeting minutes, summaries of matters reviewed, recommendations made, decisions taken and dissenting opinions) for a period of ten years of its deliberations and decisions.
20. The Board of Directors is responsible for ensuring that the bank maintains an effective relationship with its regulators.
21. The Board of Directors is responsible for the bank's compliance with all applicable Laws of Myanmar.

Conflicts of Interest

22. The Board of Directors shall adopt a formal written conflicts-of-interest policy which shall apply to the member of the Board of Directors as well as the Officers of the bank and compliance process for implementing the policy.
23. The conflict of interest policy shall require a member of Board of Directors and Officers to disclose all direct and indirect substantial financial and commercial interests of the directors and officers, and his or her relative in the bank.
24. The conflict of interest policy must include:
- (a) a director's duty to avoid, to the extent possible, activities that could create conflicts of interest or the appearance of conflicts of interest;
 - (b) examples of where conflicts can arise when serving as a board of director;
 - (c) a rigorous review and approval process for directors to follow before they engage in certain activities so as to ensure that such activity will not create a conflict of interest;
 - (d) a director's duty to promptly disclose any matter that may result, or has already resulted, in a conflict of interest;
 - (e) a director's responsibility to abstain from voting on any matter where the director may have a conflict of interest or where the director's objectivity or ability to properly fulfill duties to the bank may be otherwise compromised;
 - (f) adherence to the bank policy on related party transactions;
 - (g) the way in which the Board of Directors will deal with any non-compliance with the policy;
 - (h) format to follow in reporting information; and
 - (i) annual updates to the disclosure.

Prohibitions on a Director

25. A Director shall not-
- (a) engage in any activity which would be against the interests of the bank;
 - (b) simultaneously be a director or officer of another bank or financial institution;
 - (c) interfere in day to day management of the bank;
 - (d) engage in any transactions with the bank where he has a direct or indirect financial interest in the customer of the bank;
 - (e) engage in any activity resulting in personal benefit by misusing the name and office assumed;
 - (f) diverge confidential customer information and contravention of FI Law; and
 - (g) engage in any activity which render the director no longer fit and proper to hold office as defined in the Directive on Fit and Proper Criteria.

Professional Development of Directors

26. All directors shall undergo necessary training every 2 years to enable them to fulfill the duties effectively.

Liability of Directors and Chief Executive Officers

27. Directors and Chief Executive Officers must discharge their duties with honesty and integrity.

28. A director and Chief Executive Officer of a bank shall be liable for any loss or damages sustained by the bank, any depositor of the bank or any other person as a result of his or her gross negligence or willful misconduct in the performance of his or her functions or duties.

Non-Compliance of the Directive

29. Failure to comply with this Directive constitutes a violation of the FI Law and is subject to corrective actions or sanctions as may be imposed under sections 94 and 96 of the Law and the administrative penalties under section 154 of the said Law.

Effectiveness

30. This Directive shall come into effect 12 months from the issued date.

Sd./xxxxxxxxx
For Governor
Soe Thein, Deputy Governor

Form

The Board of Directors

Date:

.....Bank

.....

Re.: Oath of Office

I, on assuming the position as Director of this Bank onwish to furnish the following declaration as required by the Directive on Directors of bank:

1. I meet the qualifications and criteria for serving as a Director of a Bank as defined in the CBM Directive on Fit and Proper Criteria.
2. I am not disqualified from being a Director of this Bank as defined in the CBM Directive on Fit and Proper Criteria.
3. I will adhere to the Conflicts of Interest Policy of this Bank as defined in the CBM Directive on Board of Directors of Banks.
4. I will adhere to the Bank policy on Related Parties as required by the CBM Directive on Related Parties.
5. I or my family own shares and debentures of this Bank. (attach list if necessary)
6. I or my family own ... shares and debentures of other banks or financial institutions. (attached list if necessary)
7. Except this, I am not a Director of any other bank or financial institution.
8. Members of my family are/are not working as executive/staff of this Bank.
(If yes, specify)
9. The above declaration/information is true and correct.
10. If found to be otherwise, shall be liable according to laws.

.....
Signature of Director

Name of Director

The Republic of the Union of Myanmar

Central Bank of Myanmar

Directive No. (10/2019)

5th Waning of Tabaung 1380 ME

March 25, 2019

In exercise of the powers conferred under Sections 88, 89, 90 on External Auditors of Banks and Section 184 of the Financial Institutions Law (FI Law), the Central Bank of Myanmar (CBM) hereby issues the following Directive.

Title

1. This Directive shall be called the Directive on External Auditors of Banks.

Persons Subject to Directive

2. This Directive shall apply to all banks and their external auditors.

Purpose of Directive

3. The purpose of this Directive is-
 - (a) to ensure that external auditors of banks have acceptable standards of competence and independence;
 - (b) to require external auditors of banks to discharge their responsibilities effectively;
 - (c) to enforce international best practices in carrying out audits of banks;
 - (d) to assist in promoting confidence in the financial system by ensuring that qualified auditors prepare audit reports;
 - (e) to promote transparency and accuracy in financial reporting to enhance market discipline; and
 - (f) to help safeguard depositors' funds by requiring banks to be subjected to an effective external audit.

Appointment of external auditors

4. A bank shall appoint during its annual general meeting a suitable external auditor to audit the annual financial statements of the bank.

5. Only fit and proper person shall be appointed as external auditor of a bank.

Qualification and approval of external auditor

6. A bank shall within ten days after appointing an external auditor, apply in writing to the CBM for approval of the appointment.

7. The bank shall submit to the CBM the name, business address, qualification and experience of the external auditor and such other necessary information to enable the CBM to process the approval.

8. The CBM shall use the following criteria to evaluate the qualification of the external auditor for approval:

- (a) the experience of the auditor and the audit firm that person belongs to;

- (b) the staff strength of the audit firm taking into account the number of staff, their qualifications and experience in audit;
- (c) the history and experience of the audit firm based on audit firm's date of establishment and its experience in auditing banks;
- (d) the audit procedures and methodology employed by the audit firm; and
- (e) the legal status of the audit firm and the auditor, which shall consist of proper registration of the firm and authorization of valid practicing certificate of partners or auditors by the Myanmar Accountancy Council.

9. The CBM shall within 30 days after receipt of an application for the appointment of an external auditor-

- (a) approve the appointment; or
- (b) approve the appointment subject to such conditions; or
- (c) disapprove the appointment stating reasons.

10. In the case where the CBM disapprove the external auditor, the bank shall nominate another auditor and seeks the CBM approval.

Failure of a bank to appoint external auditor

11. Where a bank, within 2 months after the lapse of the term of its previous external auditor, fails to obtain the approval of an external auditor by CBM or fails to fill a vacancy for an external auditor, the CBM may appoint a qualified external auditor whose remuneration shall be paid by the bank.

12. A person appointed as an external auditor by the CBM shall be deemed to have been appointed as an external auditor at the immediately preceding annual general meeting of the bank and shall be deemed to be an external auditor appointed by the bank and approved by the CBM.

Conditions on appointment of external auditor

13. A bank shall not appoint the same external auditor for more than 3 consecutive times and replace the audit firm every 5 years, unless the CBM approves otherwise.

14. The CBM may withdraw its approval of the appointment of an external auditor if the auditor-

- (a) fails to comply with the requirements of the FI Law and the duties imposed under the Law or
- (b) is unable to perform his/her duties in accordance with this Directive.

15. Where the CBM withdraws its approval of the external auditor or where the auditor becomes a related party or employee of the bank, the auditor concerned shall immediately cease to act as the bank's external auditor.

16. A bank shall not change its external auditors without prior written approval of the CBM.

17. An external auditor of a bank shall not resign from office unless the external auditor gives thirty-days notice to the bank and the CBM of his decision to resign from office.

Disqualification of the external auditor

18. A person shall not act as an external auditor of a bank if-
- (a) that person is a related party or employee of the bank;
 - (b) that person is not a registered member of the Myanmar Institute of Certified Public Accountants and not have a practicing certificate issued by the Myanmar Accountancy Council;
 - (c) that person, either directly or indirectly has a material interest in the bank or its affiliates;
 - (d) in the opinion of the CBM, circumstances exist which may impair the independence or impartiality of that person in the performance of his duties as an external auditor of the bank;
 - (e) that person is an officer of a bank;
 - (f) that person is a partner, or associate of a director or substantial shareholder of the bank;
 - (g) that person by himself or his or her partners or employees, performs the duties of corporate secretary or bookkeeper for the bank;
 - (h) the firm that the person belongs to or its partners serve the bank in any other capacity other than that of external auditors or as tax professionals.

Duties, responsibilities and rights of external auditor

19. The primary duty of an external auditor of a bank is to perform an audit of the financial statements of a bank and to give an opinion in accordance with the FI Law, the existing Myanmar Companies Law, and international standards on auditing as adopted in Myanmar on the annual statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows and other financial statements required to be submitted by the bank to the CBM.

20. The opinion must indicate-
- (a) whether the financial statements are full and fair and properly drawn up;
 - (b) whether they exhibit a true and correct statement of the affairs of the bank; and
 - (c) whether the information obtained from the officers or agents of such bank is satisfactory.

21. The form and contents of the audited annual financial statements required under this Directive shall be prepared in accordance with the guidelines issued by the CBM.

22. An external auditor shall-
- (a) warn the board of directors of a bank of-
 - (i) the inability of a bank to meet its capital requirements;
 - (ii) the inability of the bank to meet the minimum reserve requirements and liquidity ratio and to comply with other prudential limits;
 - (iii) the credit, foreign exchange, operational and other risks of the bank; and
 - (iv) any other matter which the auditor becomes aware of in the performance of his function as an external auditor which may prejudice the ability of the bank to continue conducting business as a going concern, may be detrimental to the interest of the depositors, or may violate the principles of sound financial management or the maintenance of adequate internal control systems by the bank;

- (b) obtain sufficient, relevant and reliable evidence to satisfy himself of the various matters necessary to form his opinion;
 - (c) carefully plan, supervise and review all his work including work performed by subordinate staff;
 - (d) ascertain, evaluate and test internal controls before placing audit reliance on them;
 - (e) exercise reasonable care and skill in accordance with the current professional standards and practices and perform the audit in accordance with international standards on auditing and such other regulations, directives, policies and guidelines as the CBM may issue; and
 - (f) assess and comment in writing on the report of the board of directors before the report is tabled at the annual general meeting.
23. An external auditor shall immediately report to the CBM if -
- (a) there has been a serious breach or non-observance of the provisions of the FI Law, or a criminal offence involving fraud or dishonesty has been committed;
 - (b) losses have been incurred which reduce the capital funds of the bank by fifty per cent;
 - (c) serious irregularities have occurred, including irregularities that jeopardize the security of the creditors; or
 - (d) the auditor is unable to confirm that the claims of creditors are still covered by the assets.
24. The external auditor of a bank shall have a right of access at all times to the books, accounts and vouchers and all documents and records belonging to the bank, which he considers necessary for the performance of his duties, and he shall be entitled to require from directors and officers of the bank such information and explanations as he thinks necessary for the performance and proper discharge of his duties and functions as auditor.
- Reporting requirements**
25. The external auditor shall, after performing the audit, submit to the bank and to the CBM the audit report together with the management letter and other reports connected with the audit as well as documents that may be prescribed by the CBM not later than 90 days after the close of the financial year.
26. The external auditor shall obtain from the management of a bank a letter of assurance in which they shall state that they have disclosed all financial and other related transactions both on and off balance sheet including contingent liabilities, and a copy of this letter shall be submitted to the CBM with the audit report.
27. When the auditor issues an opinion other than an unqualified opinion on the audited financial statements, the auditor shall identify and quantify the matters that have led to the qualification or the issuance of a disclaimer or other types of opinion.
28. Pursuant to section 64(f) of the FI Law, all credit to related party shall be disclosed in the financial statements for that financial year and for each subsequent year till such credit facility has been repaid or settled in full.

29. If the CBM is dissatisfied with the quality of the audit or finds that the audited financial statements do not exhibit a true and correct statement of affairs of the bank or that the auditor's report or management letter is unsatisfactory, it may order the bank to require the auditor or newly appointed external auditor to submit a fresh report at the expense of the bank.

Meetings between the Central Bank of Myanmar, the bank and the external auditor

30. The CBM shall, at least once in every financial year, arrange meetings between the CBM, the bank and its external auditor to discuss matters relevant to the CBM's supervisory responsibilities which have arisen in the course of the annual audit of that bank, including relevant aspects of the business of the bank, its accounting and internal control systems, and its annual financial statements and management letter.

31. The CBM may, if it considers it necessary, arrange from time to time meetings with the auditor of a bank.

Special audit services

32. The CBM, as may deem necessary, require an external auditor -

- (a) to submit such additional information in relation to the audit of a bank;
- (b) to carry out any other special examinations or further examinations and submit a report on the matter concerned.

33. Where an external auditor carries out an audit or examination under paragraph 32, the bank shall remunerate the auditor for the additional duties.

Publication and exhibition of financial statements

34. Every bank shall publish its audited statement of financial position and statement of comprehensive income together with the external auditor's opinion in at least one widely read newspaper in Myanmar and on its website within four months after the end of its financial year.

35. Every bank shall exhibit throughout the year in a conspicuous place in the banking hall of each of its offices and branches a copy of its audited annual financial statements and the external auditor's report.

Offences, penalties and remedial measures

36. Where an external auditor fails to comply with the requirements of this Directive, CBM may instruct the bank to remove the external auditor notwithstanding the terms of the appointment of the auditor.

37. Failure to comply with this Directive constitutes an offence under the FI Law.

38. The following actions by a bank shall constitute an offence and are subject to the administrative penalties in Paragraph 39-

- (a) failure to submit the audited annual financial statements and management letter to CBM within the period prescribed;
- (b) failure to publish the audited financial statements within the period prescribed; and
- (c) obstructions an external auditor in the performance of his or her duties;
- (d) failures, refusals or neglect to provide books, accounts, computer systems, vouchers or financial records as requested by the external auditor.

39. The CBM may impose any or all of the following administrative penalties on a bank for failure to comply with this Directive -

- (a) suspension of access to new credit facilities of the CBM;
- (b) suspension or restriction of lending and investment operations;
- (c) suspension of opening letters of credit or issuance of guarantees;
- (d) suspension of acceptance of new deposits; or
- (e) suspension or removal from office of the erring director, officer or employee.

Effectiveness

40. This Directive shall come into effect for the next financial year of the banks.

Sd./xxxxxxxxx
For Governor
Soe Thein, Deputy Governor

The Republic of the Union of Myanmar

Central Bank of Myanmar

Directive No. (11/2019)

5th Waning of Tabaung 1380 ME

March 25, 2019

In exercise of the powers conferred under Section 64 on related parties and Section 184 of the Financial Institutions Law (FI Law), the Central Bank of Myanmar (CBM) hereby issues the following Directive:

Title and Application

1. This Directive shall be called Related Parties Directive.
2. This Directive shall apply to all banks.

Definition

3. (a) **Related Party in relation to a bank** means-
 - (i) a person who has substantial interest in the bank or the bank has significant interest in the person;
 - (ii) a Director or Officer of the bank or of a body corporate that control the bank;
 - (iii) a relative of a natural person covered in paragraphs (i) and (ii);
 - (iv) an entity that is controlled by a person described in paragraphs (i), (ii) and (iii);
 - (v) a person or class of persons who has been designated by CBM as a related party because of its past or present interest in or relationship with the bank.
- (b) **Relative in relation to a natural person** means his spouse, brother or sister of the individual, brother or sister of the spouse of the individual, any lineal ascendant and descendant of the individual or spouse of the individual and his dependents; and any such relationship created through adoption.
- (c) **Substantial Interest** means owning, directly or indirectly, ten percent or more of the capital or of the voting rights of a financial institution or, directly or indirectly, exercising control over the management of the bank as the CBM may determine.
- (d) **A person is deemed to have control over the management of a bank** when the person-
 - (i) has the power to appoint a majority of the director of the bank; or
 - (ii) has the power to make decisions in respect of the business or administration of the bank;
- (e) **Officer in relation to a bank** includes-
 - (i) the chief executive officer, or his deputies;
 - (ii) the chief financial officer;
 - (iii) such other person performing executive functions at the bank.
- (f) **Market terms and conditions in relation to a transaction** means terms and conditions of an open market transaction in securities, foreign currencies and bullion prevailing in the market at the time of the transaction.

Transactions with Related Parties

4. A bank shall not lend to any related parties and shareholders holding more than five percent of the voting shares of the bank unless such transaction has been approved by a vote of two thirds or more of the Board of Directors excluding the involved Director and secured by collateral and made on market terms and conditions.

5. The paragraph 4 shall not apply to a Director or an Officer who is an employee of the bank at the time that the credit facility is granted if the credit facility is granted under the scheme applicable to the employees.

6. A bank must deduct the amount of the credit facility granted to a related party from its Tier I capital if such credit facilities remain outstanding whether the credit facility is on or off balance sheet.

7. All credit facilities whether they are on or off balance sheet granted to related party shall be disclosed in the financial statements for that financial year and for each subsequent financial year till such credit facility has been repaid or settled in full.

Documentation and Reporting Requirements

8. All related party transactions approved by the Board of Directors must be recorded in the minutes of the board meeting.

9. A Director who is a related party shall not be present or vote at the meeting when the related party transaction is voted on by the Board of Directors.

10. A bank must have adequate supporting information and documents readily available to allow the bank to make an evaluation of the bank's commitment in respect to the related party transaction.

11. A bank must ensure that all related party transactions and relationships are fully disclosed, and whether payment for services rendered; payment for facilities used, such as premises, personnel, or equipment; or payment for assets sold, of the bank is fully documented.

12. Every bank must report all related party transactions to the Banking Supervision Department of the CBM monthly in accordance with the form specified by the Banking Supervision Department of the CBM.

Existing Related Party transactions

13. If a bank has related party transactions in its book that violate this Directive, the bank must provide a written plan to the Banking Supervision Department of the CBM on how the bank proposes to resolve such transactions within thirty days of the effective date of this Directive.

Non-Compliance of the Directive

14. Failure to comply with this Directive constitutes a violation of the FI Law and is subject to administrative penalties under section 154 and such other sanctions as may be imposed under such Law.

Effectiveness

15. This Directive shall come into effect immediately.

Sd./xxxxxxxxx
For Governor
Soe Thein, Deputy Governor