



YOMA BANK

Corporate Governance Policy Manual

Board Approval Date: _____



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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.** These Policies establish Yoma Bank’s accountability to shareholders and guide the Bank’s Board in setting strategy and guiding and monitoring Bank management.
- **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 Banks and Financial Institutions Law of Myanmar Law of 2016
2. The Myanmar Companies Act of 1914; and
3. The Articles of Association of Yoma Bank.

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. 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. Its ultimate goal is to create long-term shareholder value while taking into account the interest of its stakeholders. 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, including any performance indicators and targets to be used in relation to the strategy.
 - 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.
 - At the recommendation of the Chief Executive Officer, approve the appointment and dismissal of the Chief Audit Officer/ Internal Auditor. 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 (once implemented).
 - Oversee (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.
 - Oversee and approve the human resource policies and framework of the Bank.
 - Make 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 of the Bank.
 - 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.
 - Oversee the Bank's corporate governance framework and ensure compliance with approved policies.
 - Set the Bank's values and standards and ensure that obligations to shareholders and other stakeholders are understood and met.
 - Ensure stakeholder interests are considered and the Bank conducts its business in a socially responsible manner to the extent practical.
 - Ensure that the Bank complies with the requirements of the law and rules, regulations, directives, and guidelines issued there under.
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 management. The Board shall ensure that the Authority Matrix is in-line with the authority granted in the Articles of Association and applicable laws and regulations.
3. **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.
4. **Specific Responsibility of Nomination and Assessment of External Auditor.** The External Auditor shall be appointed by the Annual General Meeting (AGM). 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.
5. **Director Duties.** The Board members of Yoma Bank owe the Bank and its shareholders fiduciary duties of care, loyalty, and compliance with corporate authority. In the discharge of their fiduciary duties, Board members must at all times act in good faith, with candor, avoiding all potential or actual conflicts of interest, in the best interests of the Bank, in compliance with the Articles of Association and all applicable laws. Specifically, each director shall adhere to the following duties:
- The director shall exercise his/her duty of loyalty to the Bank by NOT:
 - Conducting transactions in which they have a personal interest;
 - Disclosing confidential information;
 - Entering into contractual relations with a competing company;
 - Using assets and facilities of the Bank for personal benefit/gain; or
 - Using information and business opportunities received in their official capacity for personal gain.
 - The 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.
- The director shall 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 best extent possible.
- The director shall 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.
- The 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 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.
- The director shall fully participate in Board discussions by ensuring that he/she gives full consideration and depth of analysis to issues discussed at meetings and that he/she always feels open to express his/her opinions and perspective on given matters whenever appropriate.
- The director shall ensure objectivity of analysis to ensure that his/her points of view are not unduly swayed by the Chairman, committee heads, or other members and instead are based on facts and objective consideration of all matters.
- The 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.
- The director shall voice concern 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 FIL the number of directors shall be not less than five (5) or more than nine (9). Each director will be elected to serve a term of two (2) years. Board members may be re-elected to 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 FIL. Further, each director (and each senior executive), shall:
 - Have adequate relevant technical skills and experience to perform his/her duties;
 - Be a person of good standing and reputation;
 - Not be an individual (or representing a company/person) that is deemed a 'Restricted Person'¹; and

¹ A Restricted Person is either: (i) someone 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, or (ii) Someone named on or in a senior management position at an entity listed on the World Bank Listing of Ineligible Firms.



- 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).

No person shall be nominated for a director position (or appointed to a senior executive position) unless they meet these qualifications. Further, if a director (or senior executive) ceases to meet such qualifications, that person shall resign or be dismissed.

To avoid potential conflicts of interest, directors should not serve on Boards of or be employed by other banks or their affiliates.

Per Myanmar law, Yoma Bank shall give 30 days' written notice to the Central Bank of Myanmar prior to nomination or appointment of a director and Chief Executive Officer.

3. **Board Composition.** Collectively, the Board should possess a broad range of expertise, skills, and competencies, sufficient to provide effective stewardship and oversight of the Bank. In particular, this includes 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, Yoma Bank should strive to ensure that at least one-third of the Board directors are not affiliated with the sponsor, and ideally include directors that are independent from the Bank overall, per the definition below.

An "independent" director is one who has no relationship with the Bank, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment with a view to the best interests of the Bank.

The following relationships would inhibit director independence:

- a. Director being employed by the Bank or any of its related corporations for the current or any of the past three financial years.
- b. Director who has an immediate family member who is, or has been in any of the past three financial years, employed by the Bank or any of its related corporations and whose remuneration is determined by the remuneration committee.
- c. Director, or immediate family member, accepting any significant compensation from the Bank or any of its related corporations for the provision of services, for the current or immediate past financial year, other than compensation for Board service.
- d. A director who is or has been directly associated with a 10% shareholder of the Bank in the current or immediate past financial year.
- e. A director or immediate family member, in the current or immediate past financial year, is or was:
 - i. A 10% shareholder of, or a partner in (with 10% or more stake) the Bank;
 - ii. An executive officer of, or a director of, any organization affiliated with the Bank or any of its subsidiaries; or



- iii. A party from which the Bank or any of its subsidiaries received significant payments or material services (which may include auditing, banking, consulting and legal services) in the current or immediate past financial year. As a guide, payments aggregated over any financial year in excess of \$200,000 should generally be deemed significant.

In spite of the existence of one or more of these relationships, if the Board wishes to consider the director as independent, it should disclose in full the nature of the director's relationship and bear responsibility for explaining rationale for being considered independent.

5. **Structure of Board Committees.** At a minimum, Yoma 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 (refer to Audit Committee Policies).
- **Risk Oversight Committee:** The purpose is to oversee the Bank's risk management with particular emphasis on credit, market and liquidity risks, and other operational and macro-economic risk components that may affect business (refer to Risk Oversight Committee Policies).

Beyond these committees, the Board may need to establish other committees for specific purposes such as corporate governance, nomination or remuneration committees. 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 re-election by the shareholders at the Annual General Meeting (AGM). The Board should propose a list of nominees 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 earlier. A nomination to the AGM of a director candidate 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 earlier (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 must carefully consider his/her past performance on the Board.



7. **Filling Vacant Board Seats.** Should a vacant Board seat materialize between AGMs, the Board may elect a Board member to fill that vacancy until the next AGM. Their election should be based on the same objective process as described above. That individual should then be officially elected by the shareholders at the next AGM in order to continue as a director.
8. **Director Remuneration.** The Board shall propose the Non-Executive Director Remuneration Policy to be approved by the shareholders. The Remuneration Policy shall seek to attract, motivate, reward, and retain directors of high integrity and ability. Further, the Remuneration Policy shall be such that it does not jeopardize a director's independence or encourage unjustified short-term risk taking. The remuneration package shall be based on the following components:
 - Annual fee, whereby each non-executive director receives the same annual fee;
 - Fee per meeting attended;
 - Special fee for committee membership and/or chairmanship; and
 - A fee to cover expenses, if applicable.The specific amount of payment shall be recommended to shareholders at each AGM for approval. Executive directors shall not receive additional compensation for Board work as their regular compensation packages are considered to include Board duties.
9. **Chairman and Vice-Chairman of Board of Directors.** The Board of Directors shall elect a Chairman and a Vice-Chairman from among its members. The Vice-Chairman replaces and assumes the powers and duties of the Chairman when the Chairman is absent.

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 Vice-Chairman; and
 - Promote a high standard of corporate governance.
10. **Director Indemnification and Insurance.** Per Yoma Bank's Articles of Association, the members of the Board shall bear no personal liabilities while performing their duties within their authorities in regard to the Bank's liabilities; their responsibility is limited to their duties. The same applies to the other officers of the Bank. Every other director and officer shall be indemnified out of the assets of the Bank against any liability, loss or expenditure incurred by him or her in the actual or purported execution and/or discharge of his or her duties. Further, directors shall be entitled to have the Bank purchase reasonable directors' and officers' (D & O) liability insurance on their behalf, to protect from any liability, loss or expenditure incurred by any director, or other officers of the Bank in relation to carrying out his/her duties as a director or officer. Indemnification shall not cover situations where wrongful acts of misconduct were committed by a director or officer.

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 doesn't 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 four times per year. If possible, meetings shall be scheduled at least six months in advance. Committees shall also meet as frequently as needed, but at least quarterly.
3. **Meeting Agenda.** Individual Board agendas should align with the annual plan as practical. 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 as determined by the Chairman, the agenda for a meeting shall be sent to all Board members at least eight 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.** All directors shall be provided a concise yet complete set of information by the Corporate Secretary in a timely manner, as much in advance as possible (ideally at least five days). This



includes: (i) an agenda; (ii) minutes of the prior Board meeting; (iii) issue papers to discuss, and (iv) 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 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 the Chairman and then added to Bank records. Each member of the Board of Directors and the management team 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. **Proxies.** A Board director may be represented at a Board meeting by another director holding a proxy in writing. The existence of such authorization must be proved satisfactorily to the Chairman of the meeting.
9. **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.
10. **Attendance by Non-Members.** The admission to a meeting of persons other than Board members, the Corporate Secretary 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.
11. **Presiding Role.** Board meetings are presided over by the Chairman or, in his/her absence, the Vice-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.
12. **Board Quorum and Decision-Making.** Quorum for a Board meeting shall be a majority of Board members, including at least one independent director or one director not affiliated with the controlling majority shareholder(s). In the absence of a valid quorum, the meeting shall be adjourned to the same time and place no later than twenty-one (21) days thereafter as the Chairman may determine. The same quorum requirements shall be applicable at 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.
13. **Written Consent.** 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, provided the proposal concerned is submitted to all Board members and none of them objects to this form of adoption. Adoption of resolutions in writing shall be effected by statements in writing from all Board members. A statement from a Board member who wishes to abstain from voting on a particular resolution which is adopted in writing must reflect the fact that he/she does not object to this form of adoption.



14. **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.
15. **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.
16. **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. Non-executive Board members should coordinate such requests with the Chairman of the Board and the Corporate Secretary.
17. **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 a special 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.
18. **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.
19. **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.
20. **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 each year and disclosed to the shareholders and in the Annual Report. 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.



21. **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 Articles of Association, 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 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 banks 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 Articles of Association of Yoma Bank 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 Charter.** These policies are complementary to the provisions governing the Board of Directors as contained in the Myanmar Companies Act of 1914, other applicable Myanmar regulation, such as the FIL and Articles of Association of Yoma Bank. Where these policies are inconsistent with Myanmar law, other applicable Myanmar regulation or the Bank's Articles of Association, the latter shall prevail. Where these policies are consistent with the Bank's Articles of Association 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 Articles of Association of Yoma Bank, and any other provisions required of it by the Myanmar Companies Act of 1914 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 auditors; (3) the qualification and independence of external auditor; (4) the performance of internal audit function 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, make recommendations for improvement and guarantee that it fairly represents the situation and that no false data are reported.
- Establish a system that allows employees to report anonymously for fear of potential violations and in a manner that makes it possible to investigate them independently and confidentially. The audit committee shall monitor the implementation of these procedures.
- Liaise amongst 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 Committee shall have the following specific roles and responsibilities:

1. **Inspection and Investigation.** The Audit Committee shall be authorized to:



- Investigate any activity within its authority as outlined in its Articles of Association.
- 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 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 Head of Internal Audit / Chief Audit Officer 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 structure, responsibilities, staffing, resources and functioning of the Bank's internal auditing department; 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 and with appropriate experience and ability.
- 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 supply of 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, the committee shall ensure a rotation policy is adhered to whereby the same external auditor should not serve for more than ten consecutive years and the main engagement partner of the external auditor should be rotated every five years or less.
- Review and discuss with the Board, internal and external auditors the performance and adequacy of the Bank's internal audit function, including responsibilities, budget, staffing, and any proposed changes in the scope or procedures of the internal audit year on year.
- 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 external 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 Yoma 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 Committee shall be appointed by a majority vote of the Board from among its members. The Committee shall consist of three Board members and be in compliance with relevant regulation. All members should be non-executives and at least one member and ideally a majority shall be either independent or at least 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. As long as they remain directors of the Bank, members shall serve for a period of four years, with the possibility of re-appointment to the Committee.
3. At least one Committee member shall have recent and relevant financial expertise, as determined by the Board. Ideally the Committee Chairman would possess these skills.
4. The Board shall designate one member of the 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, as determined by the Chairman, the agenda and related documentation for a meeting shall be sent to all members at least three days before the meeting.
3. **Meeting Material.** All 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 to five days). This includes: (i) an agenda; (ii) minutes of the prior Committee meeting; (iii) issue papers to be discussed; and (iv) 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 the Chairman.
4. **Meeting Venue.** Committee meetings are generally held at Bank offices, but may also take place elsewhere. 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 shall constitute a quorum (personally and not by proxy). Each member of the committee shall have one vote. Decisions taken through majority voting can result in actions directed by the Committee. All resolutions of the committee are adopted by majority vote.
7. **Minutes of Meeting.** The Committee shall keep meeting minutes which shall be circulated to members for objections and approval. If no objection is lodged within ten 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 Committee shall receive a copy of the minutes.
8. **Support to the Committee.** The activities of the 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 Committee.



2.5. Other Practices

1. **Access to Independent Advisors.** The 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 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 Committee shall maintain meeting minutes and shall give regular reports to the Board, including on the 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 Committee's reporting obligations above, it shall prepare a report describing the 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 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 Committee shall receive appropriate training on taking office and 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 policies are complementary to the policies of the Board of Directors, the Articles of Association of Yoma Bank, and any other provisions required of it by the Myanmar Companies Act of 1914 and the FIL.

3.2. Roles and Responsibilities

The role of the Committee is to assist the Board of Directors of Yoma 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, operational, liquidity, reputational, strategic, and all other types of internal/external risk impacting Yoma Bank, and (c) the effectiveness of the risk management framework of the Bank and its subsidiaries. In order to fulfill its role, the 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 (i.e., promoting a 'Risk Culture').
2. Ensure the overall risk profile and tolerances are in line with the agreed 'risk appetite' as approved by the Board.
3. 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.
4. 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.
5. 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.
6. 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.
7. 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.
8. 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.
9. Report the Bank's risk portfolio status to the Board on a regular basis and immediately inform the Board of any substantial changes.
10. 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 (once implemented) and monitor effectiveness of the Risk Management Unit in general.



In performing the above, the 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 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 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 Committee shall also carry out any other responsibilities and duties delegated to it by the Board of Directors of Yoma Bank from time to time related to the purposes of the Committee outlined in this section.

3.3. Committee Composition

1. The Committee shall be appointed by a majority vote of the Board from among its members. The Committee shall consist of at least three 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-executives and at least one member shall be either independent or at least 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. 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 Committee shall meet as needed, but at least four 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 Committee. Except in urgent cases, as determined by the Chairman, the agenda and related documentation for a meeting shall be sent to all members at least three to five 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 Credit Officer (CRO) 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.** All 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 to five days). This includes: (i) an agenda; (ii) minutes of the prior Committee meeting; (iii) issue papers to be discussed; and (iv) 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 the Chairman.
4. **Meeting Venue.** Committee meetings are generally held at the offices of the Bank, but may also take place elsewhere. 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 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 shall constitute a quorum (personally or by proxy). Each member of the committee shall have one vote. All Committee resolutions are adopted by majority vote. In the event of a tie, the Chairman of the Committee has the deciding vote.
7. **Minutes of Meeting.** The Committee shall keep meeting minutes which shall be circulated to members for objections and approval. If no objection is lodged within ten 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 Committee shall receive a copy of the minutes.
8. **Support to the Committee.** The activities of the 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 Committee.

3.5. Other Practices

1. **Access to Independent Advisors.** The Committee shall have the right at any time to retain independent advisors, and the Bank shall provide appropriate funding, as determined by the Committee, to compensate such independent outside advisors, as well as to cover the ordinary administrative expenses incurred by the Committee in carrying out their duties.
2. **Reporting Obligations.** The Chairman of the Committee shall report to the Board at the Board meeting following each Committee meeting on matters discussed in the meetings. The 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 Committee considers necessary or valuable.

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



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 Articles of Association of Yoma Bank, the Myanmar Companies Act of 1914 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:

- Not less than thirty (30) 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 headed by the Chairman of the Board or any other person appointed as proxy.
- The meeting shall discuss the matters mentioned in the invitation agenda.
- The Chairman 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.
- 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. The registration procedures are convenient and allow for quick and easy admittance to the AGM.
- 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, Articles of Association of the Bank, 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 in order to be adopted. Such resolutions are set out in the Myanmar Companies Act of 1914. They include (there may be others from the Act which are not listed below, but which the Bank will equally comply with):

- Changing name.
- Altering the provisions of the Memorandum of Association with respect to the objectives of the Bank.
- Amending (i.e., alter or add) the Articles of Association.
- Reorganizing share capital by consolidation of shares in different classes or by the division of shares into shares of different classes, subject to confirmation by the Court.
- Reducing share capital, subject to confirmation by the Court, if so authorized by the Articles of Association, for any purpose.
- Determining that any portion of share capital which has not been already called up shall not be capable of being called up (except in the event of the Bank being wound up).
- 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 in another bank.
- Issuing shares in the Bank with preferred, deferred or other special rights or restrictions regarding dividend, voting, return of share capital, or otherwise.
- Removing any director whose period of office is liable to determination by retirement of directors in rotation before the expiration of his/her office period. The Bank may by an ordinary resolution appoint another person in his stead.
- For a Bank that is about to be wound up, confirming an arrangement with its creditors (such arrangement is binding upon the creditors if the arrangement is acceded to by three-fourths in number and value of the 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 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).



4. **Minority Shareholder Rights Protection - Pre-emptive Rights.** As set out in the Articles of Association, any shareholder shall have the right to purchase its pro-rata share of any new securities to be issued by the Bank (Preemptive Right) allowing the Bank's shareholders to maintain a proportionate share of ownership when the Bank issues new shares and thus avoiding dilution.

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 Yoma 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, Code of Conduct, and Applicable Laws.** Yoma 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. Board shall have primary responsibility for ensuring the development of, compliance with, and periodic review of corporate governance and conduct 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 Yoma Bank, via the Audit and Risk Oversight 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 charter.



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 appointed by the AGM and submitted to approval of Central Bank of Myanmar as set out in the relevant regulations. 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 Yoma Bank 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.** Yoma 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 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.** Yoma 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, Yoma 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 Yoma 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 Act, of 1914
3. Articles of Association of Yoma Bank
4. Yoma Bank Corporate Governance Policy Manual
5. 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 Nomination and Remuneration Committee of the Board (as and when it is formed).

5.2. Capacity and needs Assessment

- The Board of Directors of Yoma Bank along with the Chief Executive Officer and Chief Human Resources Officer (CHRO) 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, CHRO of the Bank shall develop and adopt the CEO and Senior Management Profiles of the Bank. The CHRO 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 CHRO.²

² In this Policy, any part that relates to the CEO succession planning process, the Board along Nomination and Remuneration Committee (as and when it is formed) and the CHRO 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 Nomination and Remuneration Committee (as and when it is formed) and the CHRO in the Senior Management succession planning process.



The CEO shall be directly involved with the CHRO in developing the Senior Management profiles. Board shall work with the CHRO 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 CHRO 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 CHRO 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 CHRO 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 the 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.

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 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 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 an extraordinary 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 Articles of Association.

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

6.1. General Provisions

1. This Policy sets guidelines for calculation, declaration and payment of dividends in the Bank.
2. Dividend per common 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. Bank dividends are disbursed to shareholders each year as monetary funds based on Bank performance results.
5. 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.
6. Per the Articles of Association of Yoma Bank, 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 common 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 charter.
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; and
- Other cases set forth in legislation or in the Articles of Association of the Bank.

6.3. Dividend Accrual/Calculation

1. Common stock dividends are distributed and disbursed from Bank net profit in proportion to amount of common shares owned by shareholders.
2. Preferred stock dividends are disbursed to holders of preferred stock from the Bank's established dividend fund.
3. Amount of common stock dividends shall not exceed the amount recommended by the Board.
4. Amount of dividend payable per share of common stock is identified by dividing total amount of dividends by total number of common stock issued by the Bank.
5. Amount of dividends payable for preferred stock is identified in accordance with current legislation and Bank charter.
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 stock 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 in the dividend recipient list, as well as 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; and
 - Other cases set forth in legislation.
7. In the event when instances delineated in clauses 5 and 6 hereof are eliminated the Bank shall distribute the declared dividends to shareholders within two (2) months.

6.6. Final Provisions

1. This Policy takes effect as of the date of approval by the Board. Any amendment to the present Policy shall require a supermajority vote by the Board.
2. Upon enactment of this Policy previous Bank policies on dividend policy become invalid.

In the event changes and amendments are made to legislation or the Bank's charter, provisions hereof 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 of Yoma Bank.

Yoma Bank is committed to the highest level of ethical standards. The directors of the Bank are expected to conduct their business internally and externally with objectivity and honesty and in accordance to Yoma Bank's Corporate Governance Code, Policies, 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 with the Bank. If a conflict arises, the directors are obligated to report it immediately to the Chairman and shall remove themselves from a position of decision-making authority with respect to any conflict situation involving the Bank.

3. **Conflict of Interest.** Conflict of interest may arise in many circumstances, affiliations and relationships and may either be perceived or real.

The following circumstances are 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 party³ is involved in a transaction in which the Board member or related party has material financial interest.

In case of uncertainty the Board member shall seek guidance from the Chairman of the Board prior to engaging in an activity that may constitute a conflict of interest.

³ Related Party of a Board member for the purposes of this Policy shall include his/her spouse, child and relatives by blood or marriage up to second degree.

**7.3. Procedure**

Prior to Board action on a contract or transaction involving a potential conflict, 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.

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 adverse to the interests of Yoma 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 member⁴.

7.5. Declaration of Interest

Upon taking office, a Board member shall be required to disclose to Yoma 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. 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 items of nominal or insignificant value (USD 50) or entertainment of nominal or insignificant value which are 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 Yoma Bank. Any such information regarding the business interests of a director or his family member shall

⁴ 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.



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 Yoma 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 Yoma 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

A related party includes both individuals and other entities per the following:

- The Board members of the Bank and of any parent, affiliated, or sister companies and associates.
- A parent company and any subsidiary or affiliated company of the Bank that is not wholly owned.
- The Chairman, key officers, and employees, including anyone who reports directly to the Board or the Chairman.
- Any significant shareholder (i.e., significant shareholder could be a person or entity owning 5% or more or having the ability to control, or exercise a significant influence on, the outcome of resolutions voted on by shareholders or directors of the Bank, its parent company, affiliated or associated companies), and the directors and key officers of any significant shareholders.
- The father, mother, sons, daughters, husband, or wife of any of the natural persons listed in clauses above.
- Any person whose judgment or decisions could be influenced as a consequence of an arrangement or relationship between or involving themselves and any of the persons listed in clauses above.
- A person or class of persons who has been designated by the Central Bank of Myanmar (CBM) as a related party because of its past or present interest in or relationship with the Bank.

8.3. Review and Approval Procedures

- When such a 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.
- 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 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.
 - 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.
 - In addition, transactions greater than one million USD (\$1,000,000 USD) must then be approved by a majority vote of the non-conflicted shareholders of the Bank.
 - The Bank will strive to ensure all related party transactions are conducted at arm's length with fair market value terms.
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 Transactions.** The Bank shall 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, the Bank shall not provide lending to related parties unless done on market terms and conditions (arm's length basis). Lending to related parties shall not exceed more than five percent (5%) of the Bank's capital.
 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. Advisory Committee

The Advisory Committee of Yoma Bank shall serve as a main governing body that advises the Board of Directors of Yoma Bank. The Advisory Committee shall function like a Board of Directors but shall not have the authority to make decisions. It shall aid the Board of Directors in making decisions. The Board of Directors will continue to be the official Board of the Bank with ultimate decision-making power.

The members of the Advisory Committee shall be appointed by Yoma Bank and will be accountable to the Board of Directors. The Advisory Committee shall have full authority to carry out all activities necessary to provide effective strategic guidance and sound oversight to the Board of Yoma Bank.

Following are the primary roles and responsibilities of the Advisory Committee:

Strategy and Stewardship. Providing recommendations to the Board on the following range of activities:

- Creating a vision for the Bank;
- Setting the strategic direction of the Bank;
- Director nomination and evaluation; and
- CEO/senior management succession planning.

Oversight and Control. Providing recommendations to the Board on the following range of activities:

- Internal control and risk management;
- Financial management and reporting;
- Internal/external audit;
- Compliance; and
- Oversight of management performance.

Accountability. Assisting the Board of Yoma Bank on the following matters:

- Accountability to the Bank, regulators, legislators and stakeholders;
- Protection of shareholder rights; and
- Adequate transparency and disclosures of financial and non-financial information.

9.1. Decision Making

The Advisory Committee shall make recommendations to the Board of Directors on the matters within its purview as mentioned above. The Board of Directors shall pass resolutions and make decisions based on the expert advice and recommendations of the Advisory Committee.



9.2. Composition of the Advisory Committee

The Advisory Committee shall be comprised of maximum seven members (7) and appointed to serve a term of two years (2). Members may be re-elected to subsequent terms based on their qualifications and performance.

The Advisory Committee shall comprise of a mix of individuals with banking experience in Myanmar (i.e. Myanmar Nationals) and individuals with international experience (i.e. foreign nationals). Collectively, the Advisory Committee members shall possess a broad range of expertise, skills and competencies sufficient to provide advice on effective stewardship and oversight to the Bank. They shall come with experience preferably in the field of banking, risk management and finance/accounting.

9.3. Advisory Committee Working Procedures

1. The Advisory Committee shall strive to meet according to a set Annual Plan, which shall enable it to properly discharge its duties. The plan shall highlight the proposed schedule of meetings and highlight key topics to be covered over the course of the year. The Annual Plan shall be in alignment with the decisions that need to be made by the formal Board of Directors during the year and as such the Advisory Committee and the Board of Directors shall be in alignment with each other.
2. The Advisory Committee shall meet at least once every two months or as needed and preferably prior to the date set for the Board of Directors' meeting. A yearly schedule for the meeting shall be set in advance. An agenda for the meetings shall be circulated in advance. Members shall be provided with a complete set of information prior to the meeting.
3. After every meeting, Advisory Committee members shall approve minutes which shall then be circulated to the Board of Directors with recommendations for action by the Board of Directors.
4. The quorum for the Advisory Committee meeting shall be simple majority of the members. Recommendation for resolution to the Board of Directors shall be made by a decision of the majority of the Advisory Committee members.
5. The Advisory Committee shall have unrestricted access to the Bank's management and employees, including for questions or request for information. It shall also have access to the books and records of the Bank (if needed) to perform its duties.
6. The Advisory Committee shall allow for the holding of meetings by electronic means (video or audio conference).

9.4. Indemnity and Insurance

The members of the Advisory Committee shall bear no personal liabilities during performing their duties within their authorities in regard to Bank liabilities; their responsibility is limited to their duties. The same applies to the other officers of the Bank. Every advisory member and other officer shall be indemnified out of the assets of the Bank against any liability, loss or expenditure incurred by him or her in the actual or purported execution and/or discharge of his or her duties. Further, the members shall also be entitled to have the Bank purchase reasonable directors' and officers' (D & O) liability insurance on their behalf, to protect from any liability, loss or expenditure incurred by them, or other officers of the Bank in relation to carrying out his/her duties as a member or officer. Indemnification shall not cover situations where wrongful acts of misconduct were committed by a member/officer.

9.5. Advisory Audit Committee (AAC)

The Advisory Committee shall form an Advisory Audit Committee (AAC) which shall compliment the work done by the Advisory Committee.



The AAC shall assist the Advisory Committee in fulfilling its oversight responsibility related to Yoma Bank's financial controls with particular emphasis on: (i) the integrity of internal controls and financial reporting; (ii) performance of the internal auditors; (iii) the qualification and independence of external auditor; (iv) the performance of internal audit function and external auditor; and (v) compliance with legal and regulatory requirements.

9.6. Composition of the AAC

1. Members of the AAC shall be selected from among the Advisory Committee members. It shall have at least three members.
2. The AAC shall consist of members who (preferably) possess strong financial literacy and banking experience. At least one member with relevant accounting or auditing expertise shall be a part of the AAC. The Chairman/Head of the AAC shall ideally possess these skills.
3. Members of the committee shall serve for a term of one year with possibility of re-appointment.

9.7. Working Procedure of the AAC

1. The AAC 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 AAC attention.
2. The agenda and related documentation for a meeting shall be sent to all members before the meeting.
3. An AAC member shall attend all meetings and may not be represented (by proxy) at meetings by another AAC member. Non-AAC members (other Advisory Committee members, executives, or other outside individuals) may attend AAC meetings at the invitation of the AAC Chairman. The AAC may request that any director, officer, member of the internal audit function or other employee of the Bank, or any other persons whose advice and counsel are sought by the AAC, attend any meeting and provide such pertinent information as the AAC requests. The Head of Internal Audit shall meet with the AAC on a frequent basis. The AAC may exclude from its meetings any persons it deems appropriate. The Bank's external auditors will be invited to attend meetings of the AAC as needed, and shall meet with the AAC at least annually without the presence of management.
4. A majority of members shall constitute a quorum (personally and not by proxy). Each member of the AAC shall have one vote. Decisions taken through majority voting can result in actions directed by the AAC. All resolutions of the AAC are adopted by a majority of the votes cast.
5. After every meeting, the AAC members shall keep meeting minutes which shall be circulated to members for objections and approval. Once approved, such minutes shall be provided to the Advisory Committee. Based on the decisions made in the Advisory Committee meetings, the Advisory Committee members shall then make recommendations for action to the Board of Directors.



Annex A: Authority Matrix

No.	Authority	Shareholders	Board of Directors	Management Committee
CG	Corporate Governance			
CG1	Amend/alter the Bank's Memorandum or Articles of Association	X (SM)		
CG2	Approve/modify specific Corporate Governance Policies or the Code of Conduct (consistent with the Articles of Association 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, etc.)		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	Change the authorized share capital	X (SM)		
CS2	Issue special rights for shares or change rights attached to existing shares	X (SM)		
CS3	Approve a public offering of shares	X		
CS4	Approve purchase (or divestment) of shares or equity in other entities that result in a controlling interest	X		
CS5	Approve long-term debt financing		X	
CS6	Approve non-budgeted, non-operational investment transactions (excluding equity investments that result in a controlling interest)		X (>800M Kyat)	X (<800M Kyat)
FA	Finance & Audit			
FA1	Approve/Endorse the Annual Reports and accounts		X	
FA2	Approve dividends and net profit allocations		X	
FA3	Approve corporate budget		X	
FA4	Revise or reallocate annual budget spending		X (>15%)	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)



No.	Authority	Shareholders	Board of Directors	Management Committee
FA10	Approve appointment and remuneration of External Auditors		X (AC)	
FA11	Approve Internal Audit plan and monitor internal auditor reports		X (AC)	
LE	Legal			
LE1	Approve non-operational litigation/arbitration		X	
LE2	Approve operational litigation/arbitration			X
P	Personnel			
P1	Appoint Director to Board	X		
P2	Dismiss a Board member before his/her term ends	X (SM)		
P3	Approve Director remuneration	X		
P4	Elect Chairman, Deputy Chairman of the Board		X	
P5	Approve hiring/dismissal of the Chief Credit Officer and/or Chief Risk Officer (once implemented)		X	
P6	Approve hiring/dismissal of the Chief Audit Officer		X	
P7	Appoint/dismiss the CEO		X	
P8	Appoint/dismiss other Senior Executive staff			X
P9	Appoint/dismiss other non-Senior Executive staff			X
P10	Approve compensation, benefits, and incentive scheme for CEO		X	
P11	Approve compensation, benefits, and incentive schemes for other staff and employees			X
P12	Develop/approve succession plan for the CEO		X	
OP	Operations			
OP1	Approve corporate strategy		X	
OP2	Approve annual business plan		X	
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 via non-conflicted persons/parties)		X (>800M Kyat)	X (<800M Kyat)
OP6	Notify/inform on credit transactions		X (>5.0B Kyat)	X (>3.0B Kyat)
LI	Liquidation			
LI1	Dissolve the Bank or approve a merger with another bank	X (SM)		
LI2	Approve arrangements with creditors in case of the Bank's wind-up	X (SM)		
LI3	Form and liquidate subsidiaries and affiliates		X	

Notes: "SM" = Special Majority; "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: Provision Summary Table

Section	Provision	Metric	CG Manual (July 2015)	FIL 2015 (Draft)	FIL 1990	IFC Best Practices	Myanmar Companies Act	YB Articles of Association
1. BOD	Minimum BoD size	# directors	5 to 9 (1.2.1.)	5 to 9 (62.a)	N/A (Ch.4)		>=3 (83A)	2 to 9 (p.11)
1. BOD	BOD Director term	#yrs	2 (1.2.1.)	N/A (62)	N/A (Ch.4)		N/A	N/A
1. BOD	Written notice to CBM prior to nomination/ appt of director/ CEO	#days	30 (1.2.2.)	30 (65.d)	N/A (Ch.4)		N/A	N/A
1. BOD	Independent director (ID)	Ratio/ # directors	Ratio ID>=1/3 (1.2.4.)	>=1 ID (62.b)	N/A	1/3	N/A	N/A
1. BOD	ID Shareholding cutoff	% ownership	<10% (1.2.4.)	N/A	<10% (39.e)		N/A	N/A
1. BOD	ID #yrs since employed cutoff	#yrs	3 (1.2.4.b.)	N/A	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	N/A
1. BOD	AGM freq.	x/yr	1 (Ch.1)	1 (78.b)	N/A		1 (76.1)	1 (p.18)
1. BOD	BOD mtg freq.	x/yr	>=4x (1.3.2.)	N/A	N/A		N/A	>=12x (p.12)
1. BOD	BOD quorum	#directors	>50% incl. 1x ID/NAD (1.3.12.)	>50% incl. 1x ID (62.b)	N/A		N/A	N/A
1. BOD	Cmte Mtg. Freq	x/yr	>=4x	N/A	N/A		N/A	N/A
2. AC	Audit Cmte Composition	#members	=3 (2.3.1.)	=3 (74.b)	=3 (49)		N/A	N/A
2. AC	AC non-exec Dir Composition	#NED	=3 (2.3.1.)	=3 (74.c)	N/A			
2. AC	Audit Cmte Term	#years	=4 (2.3.2.)	=4 (74.b)	N/A (49)		N/A	N/A
2. AC	Rotation of lead external audit partner	#years	3 (4.4.3.)	N/A (77.b)	N/A (Ch.7)		N/A	N/A
2. AC	Replace external auditor	#years	5 (4.4.3.)	5 (77.b)	N/A (Ch.7)			
2. AC	AGM consec. Yrs to appt external auditor	#years	N/A	3 (77.b)	N/A (Ch.7)		N/A	N/A
2. AC	Audit Cmte. Meet freq	x/yr	>=4x (2.4.1.)	>=4x (74.e)	>=4x (50)		N/A	N/A
2. AC	AC attendance requirement	% total	>50% (2.4.6.)	N/A (74)	100% (50)			
2. AC	EA meet w/ audit cmte w/o mgmt	x/yr	>=1x (2.4.5.)	N/A	N/A (Ch.7)		N/A	N/A



Section	Provision	Metric	CG Manual (July 2015)	FIL 2015 (Draft)	FIL 1990	IFC Best Practices	Myanmar Companies Act	YB Articles of Association
3. ROC	Risk cmte composition	#members	>=3 (3.3.1.)	N/A	N/A		N/A	N/A
3. ROC	Risk cmte term	#years	1 (3.3.2.)	N/A	N/A		N/A	N/A
3. ROC	Risk cmte meet freq	x/yr	>=4x (3.4.1.)	N/A	N/A		N/A	N/A
4. Gen	Supermajority	%	75% (4.2.3.)	66.7% (RP; 53.d.1)	N/A		75%	N/A
4. Gen	% lend limit to single individual/entity	% capital + reserves	N/A	<=20% (50.a)	<20% (32)			
4. Gen	Risk-weighted assets to capital + reserves	Multiple	N/A	N/A	<10x (31.a)			
4. Gen	Purchase equity in projects/enterprises	% ownership interest	N/A	<=10% (51.b)	<=10% (35)			
6. Div	Dividend disbursement #months	#months	2 (6.5.1.)	N/A	N/A		N/A	N/A
7. Col	Gift threshold	US\$	50 (7.6.)	N/A	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% (53.a)	N/A		N/A	N/A
8. RP	% of Bank capital to lend to RP	% Bank capital	5% (8.4.2.)	N/A	5% (personnel; 43.d)		N/A	N/A
9. Adv	Advisory Committee composition	#members	<=7 (9.2.)	N/A	N/A		N/A	N/A
9. Adv	Advisory Committee term	#years	2 (9.2.)	N/A	N/A		N/A	N/A
9. Adv	AdC mtg. freq	x/yr	>=6x (9.3.2.)	N/A	N/A		N/A	N/A
9. Adv	AdC. quorum	%	>50% (9.3.4.)	N/A	N/A		N/A	N/A
9. Adv	AAC comp.	#members	>=3 (9.6.1.)	N/A	N/A		N/A	N/A
9. Adv	AAC term	#years	1 (9.6.3.)	N/A	N/A		N/A	N/A
9. Adv	AAC meeting frequency	x/yr	>=4x (9.7.1.)	N/A	N/A		N/A	N/A
9. Adv	AAC quorum	%	>50% (9.7.4.)	N/A	N/A		N/A	N/A



Annex D: 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:					

Section V:

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											