



KBZ BANK
STRENGTH OF MYANMAR

CONFLICT OF INTEREST POLICY
[FOR DIRECTORS AND OFFICERS]
LEGAL & COMPLIANCE

CONTENTS

PROCEDURE APPROVAL MATRIX	3
LEGAL AND COMPLIANCE – CONFLICTS OF INTEREST POLICY [FOR DIRECTORS AND OFFICERS].....	3
DOCUMENT VERSION CONTROL –	3
1. INTRODUCTION	4
2. DEFINITION	4
3. MAKING DECISION IN GOOD FAITH	5
4. DIRECTORS AND OFFICERS DUTIES TO COMPLY	5
5. DIRECTORS OR OFFICERS DUTIE FOR CONFLICTS OF INTEREST	6
6. CONFLICTS OF INTEREST OF DIRECTORS OR OFFICER OF THE BANK	6
6.1 PROHIBITIONS ON A DIRECTOR AND/OR OFFICER.....	6
6.2 DISCLOSURE OF CERTAIN INTERESTS.....	7
7. MATERIAL CONFLCITS OF INTEREST	7
7.1 RESTRICTIONS ON INVOLVEMENT OFDRECTORS IN ANY FINANCIAL DEALS OF RELATIVES AND FRIENDS WITH THE BANK.....	7
7.2 TO ABSTAIN FROM MAKING DELIBERATION OR VOTING FOR THE DECISION.....	8
7.3 NOTICE TO THE BOARD OF DIRECTORS	8
8. PREVENTING CONFLICTS OF INTEREST.....	8
9. COMPLIANCE WITH EXISTING LAWS	8
10.MAINTENANCE OF CONFLICTS OF INTEREST REGISTER	8
STANDARD OPERATION PROCEDURE AND DECLARATION FORM	9

PROCEDURE APPROVAL MATRIX

LEGAL AND COMPLIANCE – CONFLICTS OF INTEREST POLICY [FOR DIRECTORS AND OFFICERS]

Sr. No.	Name	Designation	Review Level	Signature & Date
1.	U Kaung Nyein Thu Daw Thit Thit Kyaw	Deputy Head of Legal and Compliance Head of Corporate Governance under Legal and Compliance	Proposer	21 st June 2021
2.	U Sett Hlaing	Head of Legal and Compliance	Reviewer	30 th June 2021
3.	Directors	Board of Directors	Approver	23 rd September 2021

DOCUMENT VERSION CONTROL –

Version	Date	Draft by	Section	Description
Version 1	15 th September 2021	Legal and Compliance	Corporate Governance	Conflict of Interest Policy

CONFLICTS OF INTEREST POLICY OF KABAWZA BANK LIMITED

1. INTRODUCTION

This Conflicts of Interest Policy (“**COI Policy**”) of Kanbawza Bank Limited (“**KBZ Bank**”) is adopted in compliance with the Central Bank of Myanmar’s (“**CBM**”) Directive No. 9/2019 for the Directors, Board of Directors and Officers to seek their unbiased opinions and advice in the Bank’s decision-making process.

Conflicts of interest (“**COI**”) may arise as a result of the various activities where the Bank enters into a business relationship with an entity or customers in which one of the Bank’s board members or officers has actual and/or potential and/or perceived COI.

2. DEFINITION

The terms shall be the respective meaning set forth below:

- (i) **Director** means members of the Board of Directors and Directors of the Bank.
- (ii) **Senior Management or Officer** means the Chief Executive Officer, Deputy Chief Executive Officers, the Chief Financial Officer, Chief Operation Officer, Chief Compliance Officer, Chief Internal Auditor, Chief Risk Officer and Chief Credit Officer and other senior executive officers.
- (iii) **Related party in relation to a bank means**
 - (i) a person who has substantial interest in the bank or the bank has significant interest in the person;
 - (ii) a director or an officer of the bank or of a body corporate that control the bank;
 - (iii) a relative of a natural person covered in paragraphs (i) and (ii);
 - (iv) an entity that is controlled by a person described in paragraphs (i), (ii) and (iii);
 - (v) a person or class of persons who has been designated by CBM as a related party because of its past or present interest in or relationship with the bank
- (iv) **Relative in relation to a person** means his spouse, brother or sister of the individual, brother or sister of the spouse of the individual, any lineal ascendant and descendant of the individual or spouse of the individual and his dependents; and any such relationship created through adoption.
- (v) **Substantial interest** means owning, directly or indirectly, ten percent or more of the capital or of the voting rights of a bank or, directly or indirectly, exercising control over the management of the bank as the CBM may determine.

- (vi) **Acting in concert** means, persons who for a common objective or purpose of acquiring substantial interest, acquire shares or voting rights or gain control over the bank, pursuant to an agreement or understanding whether formal or informal to acquire shares or voting rights or control over the bank.

The following person shall be deemed to be persons acting in concert:

- (a) the natural person and his or her relative
 - (b) a corporate entity and its related person and
 - (c) any other legal entity and its related person.
- (vii) **Stakeholder** is a party that has an interest in a company and can either effect or be affected by the business. Stakeholders include employees, customers, suppliers, investors and the concept has been extended to include communities, governments and trade associations.

3. MAKING DECISION IN GOOD FAITH

A director or an officer shall exercise his/her powers and discharge the duties with the degree of care and diligence in the Bank operation circumstances and they shall perform the respective duty and responsibility within the Bank as a director or an officer.

Regarding operation of Bank's business, a director or an officer shall make the decision in good faith for a proper purpose and the subject matter of such decision shall

- not be allowed a material personal interest;
- be reasonable and appropriate, and the best interests of the Bank.

4. DIRECTORS AND OFFICERS DUTIES TO COMPLY

In carrying out the business of the Bank, the directors and officers of the Bank shall ensure that they:

- act honestly and carefully in dealing with the Bank and on its behalf with others;
- give the interest of the Bank, its shareholders and its customers top priority, which includes acting in the Bank's interest even if this may not be in the directors or officers' own personal interest;
- understand their legal obligations under the Companies Law and the Bank Constitution, and comply with them in making their decisions;
- are kept informed about the Bank's financial position and performance, ensuring the Bank can meet its obligations on time, keeps proper financial records and does not take on obligations that it cannot satisfy;
- do not allow or agree for the business to be carried out in a way that is likely to create a substantial risk of serious loss to the Bank;
- use any information received through their position property without detriment to the Bank; and

- avoid any COI and disclose any material and personal interest which may influence in making decisions.

5. DIRECTORS OR OFFICERS DUTIE FOR CONFLICTS OF INTEREST

To avoid any risks arising from COI, the Directors and Officers shall: -

- avoid to the extent possible, activities that could create COI or the appearance of COI;
- avoid the precedent where conflicts can arise when serving as a BOD/ as an officer;
- make a rigorous review and approval process for directors to follow before the BODs engage in certain activities to be ensured that those activities will not create COI;
- promptly disclose any matter that may result, or has already resulted, in COI;
- abstain from voting on any matter if the director may have COI or where the director's objectivity or ability to properly fulfill duties to the bank may be otherwise compromised;
- adhere to the bank policy on related party transactions;
- have a way in which the Board of Directors will deal with any non-compliance with the policy;
- have a format to follow in reporting information; and
- disclose his or her annual updates.

6. CONFLICTS OF INTEREST OF DIRECTORS OR OFFICER OF THE BANK

6.1 PROHIBITIONS ON A DIRECTOR AND/OR AN OFFICER

A Director or an Officer shall not

- engage in any activity which would be against the interests of the bank;
- simultaneously be a director or officer of another bank or financial institution;
- simultaneously hold more than three (5) board seats in any other companies;
- interfere in day-to-day management of the bank;
- engage in any transactions with the bank where he or she has a direct or indirect financial interest in the customer of the bank;
- engage in any activity resulting in personal benefit by misusing the name and office assumed; and
- diverge confidential customer information and
- be in contravention of Financial Institution Law.

6.2 DISCLOSURE OF CERTAIN INTERESTS

Every director and officer shall disclose in full to the Board of Directors of the bank any substantial financial and commercial interest that the person or any relative may have either directly or indirectly. Such disclosure shall be made upon first becoming a director, chief executive officer or manager of the Bank and annually thereafter.

Directors or Officers shall disclose certain interest, either direct or indirect interest, to the Board of Directors of the Bank using Director's Declaration Form shown in Appendix A and B.

7. MATERIAL CONFLICTS OF INTEREST

The Directors and officers of the bank has the duty to disclose their material COI. A COI is considered material when it:

- (i) arises because the director is a member of Bank and is held in common with the other members of the Bank;
- (ii) arises in relation to the director's remuneration as a director of the Bank;
- (iii) relates to a contract the Bank is proposing to enter into that is subject to approval by the members and will not impose any obligation on the Bank if it is not approved by the members;
- (iv) arises merely because the director is a guarantor or has given an indemnity or security for all or part of a loan or proposed loan to the Bank;
- (v) arises merely because the director has a right of subrogation in relation to a guarantee or indemnity referred to in above clause (iv);
- (vi) relates to a contract that insures, or would insure, the director against liabilities the director incurs as an officer of the Bank (but only if the contract does not make the company or a related body corporate the insurer);
- (vii) relates to any payment by the Bank or a related body corporate in respect of an indemnity permitted under the MCL or any contract relating to such an indemnity; or
- (viii) is proposed contract, with, or for the benefit of, or on behalf of, a related body corporate and arises merely because the director is a director of the related body corporate.

7.1 RESTRICTIONS ON INVOLVEMENT OF DIRECTORS IN ANY FINANCIAL DEALS OF RELATIVES AND FRIENDS WITH THE BANK

A Director shall not represent the Bank in any transaction in which he/she has any material connection of COI. Especially, a material connection includes the involvement of any family members and relatives of the director. Transactions involving close personal friends may provide potential for such COI.

7.2 TO ABSTAIN FROM MAKING ANY DELIBERATION OR VOTING FOR THE DECISION

Whenever a matter related to any COI of directors/officers, arises for discussion in a meeting of the Board of Directors, the respective directors/officers shall disclose their interest and shall not attend any meetings for making deliberations or voting on the matter. The person with the COI shall be excluded from the discussion and approval of such transaction.

Director who has a vested interest in a matter that relates to the affairs of Bank, shall disclose the interest to the board members and to refrain from attending meetings or voting on matters in which such interests are generally imposed where the individual holds a position of trust.

7.3 NOTICE TO THE BOARD OF DIRECTORS

- (a) Notice of interest can be given from time to time as required. A director of the Bank who has an interest in a matter shall give the other directors standing notice of the nature and extent of the interest.
- (b) A standing notice can be given at any time whether or not the matter relates to the affairs of the Bank. If a new director is appointed to the board with any standing notices that have been previously given must be refreshed at a new meeting of the board.

8. PREVENTING CONFLICTS OF INTEREST

To prevent COI, directors and officers shall act with integrity, exercise sound judgement and discretion, act independently and objectively in line with their duties and responsibilities mentioned in clause 4 of this Policy.

9. COMPLIANCE WITH EXISTING LAWS

Where the conflicts cannot be prevented, such conflicts should be properly managed based on the permissibility of relationships or transactions under sound corporate policies consistent with local laws and supervisory standards.

10. MAINTENANCE OF CONFLICTS OF INTEREST REGISTER

According to the MCL, any interest declared by directors/ officers in connection with material COI whether they are potential, actual or perceived COI shall be well documents and properly recorded in a register. The register shall be maintained by the Board Secretary and/or Corporate Governance (“CG”) under the Legal and Compliance Function (“L&C”).

This Policy shall be reviewed upon the regulatory requirements.

STANDARD OPERATION PROCEDURE AND DECLARATION FORM for Declaring Conflicts of Interest

This standard operation procedure (“**SOP**”) describes the process/ procedure for declaring a COI. Every director or officer’ shall disclosure their COI issues.

1. Specific Procedure for Director or Officer’s Disclosure of Conflicts of Interest

- The COI Policy shall be contributed to a newly appointed director or officer.
- If a new Director has any COI to be disclosed, such disclosure shall be made in the Declaration Form of Appendix A.
- If a new Officer has any COI to disclose, such disclosure shall be made by Declaration Form of Appendix B.
- Every Director or Officer shall make a written declaration of COI if they have in the above forms.
- The Board Secretary and/or CG shall maintain the Declaration Forms and record them in the register of interest.

**Declaration Form of Conflicts of Interest
Of
Kabawza Bank Limited**

Part A - Declaration of Conflicts of Interest by a Member of the Board or a Director

To:

Chairman of the Board and Board members

I hereby declare that:

-
.....
.....
-
.....
.....

I also acknowledge that I shall make another declaration to state any change in any matter contained in this declaration within **[1]** month after the change occurs and shall provide further information on the particulars contained in this declaration if it required by

Signature:

Name:

Date:

.....

Part B - Acknowledgement of Declaration form the Chairman of the Board and other Board members

Name of Chairman of the Board:

Date:

Name of member of the Board

Date:

Name of member of the Board:

Date:

**Declaration Form of Conflicts of Interest
Of
Kabawza Bank Limited**

Part A - Declaration of Conflicts of Interest by an Officer

To:

Chairman of the Board and Board Members

I hereby declare that:

-
.....
.....
-
.....
.....
-
.....

I also acknowledge that I shall make another declaration to state any change in any matter contained in this declaration within [] month after the change occurs and shall provide further information on the particulars contained in this declaration if it required by

Signature:

Name:

Date:

.....
Part B - Acknowledgement of Declaration from the Chairman of the Board and other Board members

Name of Chairman of the Board:

Date: