

FIRST NATIONAL BANK

Conflict of Interest Policy

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Preamble

First National Bank Modaraba is a perpetual, multipurpose and multi dimensional Modaraba. First National Bank Modaraba was established in December 2003 and is being managed by National Bank Modaraba Management Company Limited, a wholly owned subsidiary of National Bank of Pakistan. FNBM operates strictly under principles of Islamic Sharia.

First National Bank Modaraba is an islamic financial institution dealing in Ijara, Morabaha and Diminishing Musharika.

The Company chalks out its policies on various subjects to achieve its goals in line with its vision, mission, objectives, and core values.

The Management of First National Bank Modaraba realizes the importance of conducting business with honesty, transparency and with good corporate governance. Therefore, the Company has retreated its responsibility and set up a Conflict of Interest Policy to restrict directors and employees from the company matters where they have any interest, pecuniary or otherwise.

This Policy is developed under Code of Corporate Governance for Public Sector Enterprises issued by SECP, which clearly sets out under Section 5- (5)(b) (ii) that a Conflict of Interest Policy needs to be developed and implemented to lay down circumstances or considerations when a person may be deemed to have actual or potential conflicts of interests, and the procedure for disclosing such interest.

The Conflict of Interest Policy is applicable on all Directors, Employees and any one acting on behalf of First National Bank Modaraba.

1. Disclosure of Interest by Members of Board of Directors

1. Any Member of Board of Directors shall be deemed to have an interest in a matter if he has any interest, pecuniary or otherwise, in such matter which could reasonably be regarded as giving rise to a conflict between his duty to honestly perform his function under the Companies Ordinance and such interest, so that his ability to consider and decide any question impartially or to give any advice without bias, may reasonably be regarded as impaired.
2. Any Member of the Board of Directors having any interest in any matter to be discussed or decided by the Company, the Board or a committee shall, prior to any discussion of the matter, disclose in writing, respectively, to the Company, the Board or a committee, as the case may be, the fact of his interest and the nature thereof.
3. A disclosure of interest under sub-section (2) shall be recorded in the minutes of the Company, the Board, or a Committee, as the case may be, prior to any discussion of, or decision on, the matter and, after the disclosure, the Member of Board of Directors or, as the case may be, the Member of Board of Directors:-
 - a. Shall not, save, in the case of Members of Board of Directors, as provided in sub-section (7) to (9), take part nor be present in any deliberation or decision of the Company, the Board or a Committee, as the case may be, and
 - b. Shall be disregarded for the purpose of constitution of a quorum of the Board or a Committee, as the case may be.
4. Any Member of Board of Director or the Member of a Committee who fails to disclose his interest as required by this section shall be guilty of an offence and shall on conviction be liable to imprisonment for a term which may extend to one year, or a fine not exceeding one million rupees, or both.
5. It shall be a valid defense for a person charged with an offence under sub-section (4), if he proves that he was not aware of the facts constituting the offence and that he exercised due care and diligence in discovering those facts which he ought reasonably to have known in the circumstances.
6. Each Member of Board of Directors shall give written notice to the Company of all direct or indirect pecuniary interests that he has or acquires in a body corporate carrying on a business in Pakistan. The nature of such interests and the particulars thereof shall be disclosed in the annual report of the Company.
7. If a Member of Board of Directors is not the Chairman and the Chairman becomes aware that a Member of Board of Directors has the interest, the Chairman shall:-
 - a. If the Chairman considers that the Member should not take part, or continue to take part, as the case may require, in determining the matter, direct the Member of Board of Directors accordingly, or

b. In any other case, cause the BOD Member's interest to be disclosed to the persons concerned in the matter (including any person whose application is pending decision or adjudication by the Company).

8. The Member of Board of Directors in respect of whom a direction has been given under clause (a) of sub-section (7) shall comply with the direction.

9. Subject to sub-section (7), the Chairman or the Member of Board of Directors who has any interest in any matter referred to in this section shall not take part, or continue to take part, as the case may require, in determining the matter unless everyone concerned in it consents to the Chairman or, as the case may be, the Member of Board of Directors so taking part.

2. Employees Conflict Of Interest

i). The employee of First Natioanl Bank Modaraba will not hold a position of director, consultant, employee, representative or agent with any supplier, contractor or competitor of FNBm either doing or seeking to do business with FNBm without prior written consent of the BOD.

ii). Employee will report to Management of FNBm in case any one of his immediate family member seeks to apply for any position in FNBm.

iii). Employee will not hold commercial interest in any organization doing business with FNBm.

iv). Employee will seek permission from BOD in case he wish to take position as non-executive director, trustee, honorary or supervisory position with any external organization.

v) Employee will not participate in an inquiry/ decision making process on matter of any other employee who is my close/immediate relative unless explicitly directed by BOD.

3. Notification of interest by others

1. Where a person who, in the course of

a. Performing a function, or exercising a power, as a delegate of the Company.

b. Performing a function or services in any capacity by way of assisting or advising the Company, the Board, any Committee or any delegate of the Company is required to consider a matter in which he has an interest, such person shall forthwith give to the Company a written notice stating that he is required to consider the matter and has an interest in it and setting out particulars of the interest.

2. The person referred to in sub-section (1) shall also declare his interest in accordance with the said sub-section whenever it is necessary to avoid the conflict of interest.