

THE RELATED PARTY TRANSACTION COMMITTEE

Composition, Functions and Responsibilities

By-Laws, Article II, Section 9:

“The Board of Directors, by a vote of the majority of the whole board may appoint from the directors such committees as they may deem judicious, and to such extent as is provided by resolution delegate to such committees all or any of the powers of the Board of Directors which may be lawfully delegated, and such committees shall have and thereupon may exercise all or any of the powers so delegated to them.”

New Manual on Corporate Governance, clauses 3 and 3.5:

“3. Establishing Board Committees

Board committees shall be set up to support the performance of the Board’s functions, particularly on audit, ERM, RPTs, nomination and remuneration. The composition, functions and responsibilities of all committees, if established, shall be contained in a publicly available committee charter.

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3.5 The Board, taking into consideration the Company’s size, risk profile and complexity of operations, may establish a separate RPT committee, which shall review all material RPTs and should be composed of at least three Non-Executive Directors, two of whom should be independent, including the chairman. The following are the functions of the RPT committee, among others:

- (a) Evaluates, on an ongoing basis, existing relations between and among businesses and counterparties to ensure that all Related Parties are continuously identified, RPTs are monitored, and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured. Related parties, RPTs and changes in relationships should be reflected in the relevant reports to the Board and regulators/supervisors;
- (b) Evaluates all material RPTs to ensure that these are not undertaken on more favorable economic terms (e.g. price, commissions, interest rates, fees, tenor, collateral requirement) to such Related Parties than similar transactions with non-Related Parties under similar circumstances and that no corporate or business resources of the Company are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions. In evaluating RPTs, the committee takes into account, among others, the following:
 - (i) The Related Party’s relationship to the Company and interest in the transaction;
 - (ii) The material facts of the proposed RPT, including the proposed aggregate value of such transaction;
 - (iii) The benefits to the Company of the proposed RPT;
 - (iv) The availability of other sources of comparable products or services; and
 - (v) An assessment of whether the proposed RPT is on terms and conditions that are comparable to the terms generally available to a non-Related Party under similar circumstances;
- (c) Ensures that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the Company’s RPT exposures, and

policies on conflicts of interest or potential conflicts of interest. The disclosure should include information on the approach to managing material conflicts of interest that are inconsistent with such policies, and conflicts that could arise as a result of the Company's affiliation or transactions with other Related Parties;

- (d) Reports to the Board of Directors on a regular basis, the status and aggregate exposures to each Related Party, as well as the total amount of exposures to all Related Parties;
- (e) Ensures that transactions with Related Parties, including write-off of exposures are subject to a periodic independent review or audit process; and
- (f) Oversees the implementation of the system for identifying, monitoring measuring, controlling and reporting RPTs, including a periodic review of RPT policies and procedures.”