

RELATED PARTY TRANSACTION COMMITTEE CHARTER

I. Introduction

The Related Party Transaction Committee (“RPT Committee”) is a committee created by the Board of Directors of China Bank Savings, Inc. to perform specific functions in regards relationship and transactions with related businesses and counterparties set out hereunder. It is part of the Bank’s corporate governance framework, set up pursuant to banking rules and regulations, internal policies, regulatory expectations and best practices. As such, the Board of Directors shall appoint/designate the chairman and the member of this Committee.

II. Purpose

The purpose of the Committee are as follows:

1. Evaluate on an ongoing basis the existing relationship between and among business and counterparties and subsequent changes (from non-related to related and vice versa) are captured.
2. Ensure that all related parties are continuously identified and RPTs are monitored.
3. Ensure that RPTs are conducted at arm’s length, fair market terms or shall be upon terms not less favourable to the Bank than offered to others.

III. Membership

1. The RPT Committee shall be composed of at least three (3) member of the Board of Directors, all of whom shall be non-executive and independent directors. The Board of Directors shall appoint/designate the Chairman and the members of this Committee.
2. The members of the RPT Committee shall be composed of directors with a range of expertise as well as adequate knowledge of the institution’s risk relating to related party transactions.
3. The Board of Directors shall have the power to remove and replace the members of, and fill vacancies in, the RPT Committee.

IV. Term of Office

The Board shall consider occasional rotation of committee members and chairman to avoid undue concentration of power, promote fresh perspective and at the same time ensure continuity and consistency.

In this regard, a director who has been a member of a board-level committee for at least five (5) consecutive years may be rotated, as necessary.

V. Quorum and Voting

A majority of the members of the Committee shall constitute a quorum and every decision of at least a majority of the Committee members present at a meeting at which there is a quorum shall be valid, unless a specific number of votes is required by existing laws and regulations.

VI. Access and Authority

1. The Committee shall have the authority to investigate any matter within its duties and responsibilities under the law, rules, circulars, memoranda and /or this charter, full access to and cooperation from management and other units of the Bank, with full discretion to invite any officer or employee to its meetings.
2. The Committee shall have adequate resources to enable it to effectively discharge its functions.
3. Whenever appropriate, the Committee shall have access to external expert advice, like in relation to proposed strategic transactions, such as mergers and acquisitions.
4. In case a member has conflict of interest in a particular RPT, he should refrain from evaluating that particular transaction. The Chief Compliance Officer or the Chief Audit Executive may sit as resource persons in the said Committee.

VII. Duties and Responsibilities

1. Meetings

- 1.1 The RPT Committee shall meet on the 1st Thursday of every month or on such date and time as determined by the Chairperson of the Committee.
- 1.2 The committee meetings can be face to face, via video conferencing, or through email referendums.

2. Policy

- 2.1 Shall be responsible in ensuring that a policy on RPT is in place and that the said policy is reviewed annually or whenever necessary. Any changes therein shall be approved by the Board of Directors through the RPT Committee.
- 2.2 The Committee shall determine the Material Interests or the amount of significant transactions that could pose material risk to the Bank. For this purpose, materiality threshold or values for various transactions have been set for concerned Bank units. The RPT Materiality Threshold Summary is in the Policies and Guidelines on the Related Party Transactions (PPM No. 003-006), subject to updating whenever necessary.

The materiality threshold may be changed upon the recommendation of the business unit, providing justification for the change.

2.3 Review of RPT

- 2.3.1 Evaluate 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 shall be reflected in the relevant reports to the board and regulators/supervisors.
- 2.3.2 The Committee shall also be responsible in evaluating or reviewing all material related party transactions as defined in the existing policies of the bank.
- 2.3.3 The Committee shall evaluate the terms and conditions of the facility or the transaction, ensuring that it is conducted at arm's length basis, or shall be upon economic terms not less favorable to the Bank than those offered to others and that no business resources of the bank are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of or in connection with the transaction.
- 2.3.4 In determining that a transaction is at arm's length or not undertaken on more favorable economic terms for the related party, it shall consider the pricing, commission, interest rates, fee, tenor, collateral requirement, timing of transactions, economic benefit, etc.

In the evaluation, the Committee shall take into account, among others, the following:

- a. The related party's relationship to the Bank and Interest in the transaction;
 - b. The material facts of the proposed RPT, including the proposed aggregate value of such transaction;
 - c. The benefits to the bank of the proposed RPT;
 - d. The availability of other sources of comparable products and services; and
 - e. An assessment of whether the proposed RPT is on Terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances.
- 2.3.5 Ensure that appropriate disclosure is made, and/or information is provided to regulatory agencies regarding the Bank exposures, and policies on conflicts of interest or potential conflicts of interest with the 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 Bank's affiliation or transactions with other related parties.

- 2.3.6 Report 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.
- 2.3.7 Ensure that transactions with related parties, including write-off of exposures, are subject to periodic independent review or audit process.
- 2.3.8 Oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including the periodic review of RPT policies and procedures.
- 2.3.9 Any director who has an interest in the transaction shall not participate in the deliberation thereof and shall abstain from the approval of the transaction.

VIII. Annual Review and Update

The materiality threshold may be changed upon the recommendation of the business unit, providing justification for the change. The Committee shall review, assess and/or update this Charter at least annually and/or as deemed necessary and make appropriate recommendation to the Board for approval.