

7 RELATED PARTY TRANSACTIONS

Related party relationship exists when parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related party transaction means a transfer of resources or obligations between parties, regardless of whether a price is charged. Control refers to an ownership, directly, or indirectly through subsidiaries, of more than one half of the voting power of an enterprise, or a substantial interest in voting power and the power to direct, by statute or agreement, the financial and operating policies of the management of the enterprise. Significant influence refers to the power to participate in the financial and operating policy decisions of an enterprise, but not control of those policies. Significant influence may be exercised in several ways, usually by representation on the board of directors but also by, for example, participation in the policy making process, material inter company transactions, interchange of managerial personnel or dependence on technical information. Significant influence may be gained by share ownership, statute or agreement.

Disclose related party relationships where control or significant influence exists, irrespective of whether transactions have taken place between the parties. If there have been transactions between related parties, disclose:

- a) the nature of the related party relationship;
- b) the type of transactions;
- c) amount or appropriate proportions of (this should be disclosed in the foot note to the relevant outstanding items in the notes to the accounts):
 - i) each of loans and advances, deposits and acceptances and promissory notes; disclosure may include the aggregate amounts outstanding at the beginning and end of the period, as well as advances, deposits, repayments and other changes during the period;
 - ii) each of principal types of income/mark-up, interest expense and commissions paid;
 - iii) the amount of the expense recognized in the period for losses on loans and advances and the amount of the provision at the balance sheet date; and
 - iv) irrevocable commitments and contingencies and commitments arising from off-balance sheet items; and
- e) the elements of transactions necessary for an understanding of the financial statements of the bank including lending policy and pricing policy.

President/Chief Executive

Director

Director

Director

8 GENERAL

- 8.1 The note numbers given are for reference purposes. Further details may be given, if considered necessary, by way of additional note(s).
- 8.2 Except for the first financial statements laid before the shareholders of the bank financial statements shall also give the corresponding figures for the immediately preceding period.
- 8.3 The figures in the financial statements may be rounded off to the nearest thousand.

9 DATE OF AUTHORIZATION

The Board of Directors have authorized the accounts for issuance on _____ day of (month), (year).