



RELATED PARTY TRANSACTIONS COMMITTEE CHARTER¹

PURPOSE

The Related Party Transactions Committee (RPT Committee) shall assist the Board of Directors in evaluating all material RPTs to ensure that transactions with related parties are undertaken on an arm's length basis and handled in a sound and prudent manner, with integrity and in compliance with applicable laws and regulations, to protect the interest of the depositors, creditors and other stakeholders.

MEMBERSHIP

The RPT Committee shall be composed of at least three (3) members of the Board of Directors, two (2) of whom shall be independent directors, including the chairperson. The Committee shall at all times be entirely composed of independent directors and non-executive directors, with independent directors comprising the majority of the members.²

The Chief Risk Officer, Chief Legal Counsel, Chief Compliance Officer and the Corporate Secretary or their authorized representatives shall sit as resource persons in the RPT Committee.

The Committee must be provided with adequate resources, including the authority to procure the assistance of independent experts, if necessary, to assess the fairness of RPTs.

FREQUENCY AND CONDUCT OF MEETINGS

The RPT Committee shall meet at least once every quarter or as often as necessary to evaluate material RPTs to be endorsed to the Board of Directors for approval and confirmation. The Office of the Corporate Secretary (OCS) shall prepare the agenda for each meeting and send out notice at least three (3) days before the meeting date. The OCS shall also prepare and distribute minutes of the meetings and submit other regular reports to the Board, as required by the RPT Committee or by regulation.

If a Committee member has conflict of interest in the transaction to be evaluated, the concerned Committee member shall abstain from the evaluation and discussion of that particular transaction, including the review in the approval of endorsement to the Board of such transaction.

¹ Approved per Board Resolution No. 0371 dated 15 August 2018.

² Subsection X144.4.a of the Manual of Regulations for Banks (MORB).

Participation of Committee members may be in person or through *modern technologies*³: Provided, that attendance and participation of members in committee meetings shall be considered in the assessment of continuing fitness and propriety of each director as members of the RPT Committee and the Board.⁴ Reasonable effort should be made to have all members of the Committee participate.

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.

DUTIES AND RESPONSIBILITIES⁵

- A. *Evaluate on an on-going 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 of directors and regulators/supervisors.

- B. *Evaluate all material RPTs and allowable DOSRI RPTs regardless of amount to ensure that these are undertaken on an arm's length basis⁶* and that no corporate or 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 transactions. In evaluating RPTs, the Committee shall take into account, among others, the following:
 - i. The related party's relationship to the Bank 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 Bank of the proposed RPT;

³ Section 3.3.3.a of GCG Memorandum Circular No. 2014-03 (3rd Issue), viz:

x x x

(a) Attendance through teleconferencing or video conferencing in accordance with Securities and Exchange Commission (SEC) Memorandum Circular No. 15, 2001, is allowed.

⁴ Subsection X142.5.b. of the MORB.

⁵ Subsection X144.4.b. of the MORB.

⁶ 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.

- 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 an unrelated party under similar circumstances. The Bank shall have in place an effective price discovery system and shall have exercised due diligence in determining a fair price for RPTs.

All RPTs that are considered material based on the Bank's Related DBP Related Party Transactions Policy shall be endorsed by the RPT Committee to the Board of Directors for approval. In reviewing related party transactions, the RPT Committee may consult appropriate Bank units and independent experts.

- C. *Ensure that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the Bank's RPT exposures, and policies on conflicts of interest or potential conflicts of interest.* The disclosure shall 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 Bank's affiliation or transactions with other related parties.
- D. *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.*
- E. *Ensure that transactions with related parties, including write-off of exposures, are subject to periodic independent review or audit process.*
- F. *Oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting of all RPTs, including the periodic review of RPT policies and procedures.*

COMMITTEE SELF-ASSESSMENT

The Committee shall conduct a self-assessment of its performance, at least once a year, as prescribed and in accordance with the Bank's Revised Manual of Corporate Governance.

REVIEW OF THE CHARTER

The Committee shall review and assess the adequacy of this Charter at least once a year and/or as deemed necessary.

RPT Governance Framework

