	<b>CORPORATE GOVERNANCE</b>	<b>PPM No.:</b> 003.006
	<b>POLICY AND GUIDELINES ON RELATED PARTY TRANSACTIONS</b>	<b>Rev. No.:</b>
		<b>Date:</b> June 2024

## I. OVERVIEW

China Bank Savings has adopted this Policy on Related Party Transaction (the “Policy”) as a supplement to China Bank Group **Related Party Transaction (RPT) Framework and Policy Guidelines**.

This policy may be amended at any time with new regulatory issuances, subject to the approval of the appropriate Committee and the Board.

RPTs create financial, commercial, and economic benefits to the Bank and to the entire group where the Bank belongs. RPTs are generally allowed provided that these are approved by the appropriate approving body/authority and done on an arm’s length basis.

## II. POLICY

### A. Policy Guidelines

This Policy shall apply to all related party transaction (RPT) of the Bank, regardless of the amount, and shall provide for specific procedures and guidelines in managing the Bank’s RPTs. The Bank’s Board of Directors, Senior Management, officers and staff are mandated to comply with this Policy and shall not allow RPTs that may lead to abuses or may cause disadvantages to the Bank, its depositors, creditors, fiduciary clients, and to other stakeholders.


### B. Coverage of Related Party Transaction

Related Party Transactions are transactions or dealings with related parties of the Bank regardless of whether or not a price is charged. These include, but not limited to the following:

1. On-and-off balance sheet credit exposures and claims and write-offs;
2. Investment and/ or subscription for debt/ equity issuances;
3. Consulting, professional, agency and other service arrangements/ contracts;  
*Example:*
  - *Services received or furnished, such as accounting, management, engineering and legal services*
  - *Outsourcing arrangements*
4. Purchase and sales of assets, including transfer of technology and intangible items (e.g. research and development, trademarks and license agreements)  
*Example:*
  - *Sales, purchases, and transfers of real and personal property*
5. Construction arrangements/ contracts
6. Lease arrangements/ contracts (including extension of lease)  
 Lease contracts and other similar contracts with recurring payment transaction shall only be reported once by the General Services Department (GSD), upon approval of said

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transaction by the Board of Directors or appropriate approving body. In case the parties involved in the transactions are both supervised by the BSP, only the lessor, in case of a lease contract, or the party engaging/requesting for the services of the other bank, in case of other contracts, shall submit the report.

7. Trading and derivative transactions
8. Borrowings, commitments, fund transfer and guarantees;
9. Sale, purchase or supply of any goods or materials; and
10. Establishment of joint venture entities

Transactions that were entered into with an unrelated party that subsequently becomes a Related Party (RP) may be excluded from the limits and approval process stated in this policy. However, any alteration to the terms and conditions, or increase in exposure level, related to these transactions after the unrelated party becomes an RP shall subject the RPT to the requirements of the policy. Thus, necessary recommendation and/or approval shall be observed and/or sought for the transaction.

### **C. Identification of Related Parties**

The Business Units (BU), as defined in the RPT framework, shall be responsible for ensuring that related parties are properly identified. The recommending BU officer shall have the main responsibility.

For purposes of this policy, persons /juridical entity falling under the following categories shall be considered related party of the Bank:

#### *i. Subsidiaries*

Refer to a corporation or firm more than fifty percent (50%) of the outstanding voting stock of which is directly or indirectly owned, controlled or held with power to vote by the Bank as a parent corporation.


#### *ii. Affiliates*

The following are considered affiliates of the Bank thru common ownership of the parent bank - China Banking Corporation:

- ✓ China Bank Capital Corporation (CBCC)
- ✓ CBC Properties and Computer Center, Inc. (CBC PCCI)
- ✓ China Bank Insurance Brokers, Inc. (CIBI)
- ✓ Manulife China Bank Life Assurance Corp. (MCBL)
- ✓ China Bank Securities Corporation
- ✓ Resurgent Capital (FIST-AMC) Inc.
- ✓ CBC Assets One (SPC) Inc.

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In addition to the foregoing, the definition of “Affiliate” as provided in the RPT framework shall likewise be considered.

- iii. Any other party (including their subsidiaries and affiliates) where China Bank Savings exerts direct or indirect control/significant influence.
- iv. Any party that exerts direct or indirect control over the Bank
  - ✓ China Banking Corporation
- v. Subsidiaries, affiliates and associated special purpose entities
  - ✓ Sy Group of Companies
    - SM Investments Corporation
    - BDO Unibank, Inc.
    - SM Prime Holdings, Inc.
    - Others (refer to RP Database System)
  - ✓ Dee Group of Companies (refer to RP Database System)
- vi. Bank’s Directors, Officers, Stockholders, Related Interest (DOSRI)
  1. Directors shall refer to the Bank Directors.
  2. Officers shall refer to senior officers having authority and responsibility for planning, directing and controlling the activities of the Bank, identified to be the President/CEO, Executive Vice President (EVP), Senior Vice President (SVP), First Vice President (FVP), and members of the Management Committee regardless of rank.
 

However, for DOSRI purposes (in compliance with BSP rules), the definition of Officers shall follow the definition based on existing BSP rules on DOSRI.
  3. Stockholders shall refer to any stockholder of record in the books of the bank, acting personally, or through an attorney-in-fact and is considered a Substantial Stockholder owning such number of shares that will allow such person or group to elect at least one (1) member of the board of directors of the bank or who is directly or indirectly the registered or beneficial owner of more than ten percent (10%) of any class of its equity security.
  4. Related Interests
    - a. Spouse and relative within the first degree of consanguinity or affinity, or relative by legal adoption, of a director or officer of the bank.

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- b. Partnership of which a director, officer, or stockholder of a bank or his spouse or relative within the first degree of consanguinity or affinity, or relative by legal adoption, is a general partner.
  - c. Co-owner with the director, officer, stockholder or his spouse or relative within the first degree of consanguinity or affinity, or relative by legal adoption, of the property or interest or right mortgaged, pledged or assigned to secure the loans or other credit accommodations, except when the mortgage, pledge or assignment covers only said co-owner's undivided interest.
  - d. Corporation, association, or firm of which any or a group of directors, officers, stockholders of the lending bank and/or their spouses or relatives within the first degree of consanguinity or affinity, or relative by legal adoption, hold or own at least twenty- percent (20%) of the subscribed capital of such corporation, or of the equity of such association or firm.
  - e. Corporation, association or firm wholly or majority-owned or controlled by any related entity or a group of related entities mentioned in Items 4.2 and "4.4 above".
  - f. Corporation, association or firm which owns or controls directly or indirectly whether singly or as part of a group of related interest at least twenty percent (20%) of the subscribed capital of a substantial stockholder of the lending bank or which controls majority interest of the bank pursuant to MORB, item "g" of Section 362 (Definition of Terms).
  - g. Corporation, association or firm which has an existing management contract or any similar arrangement with the parent of the lending bank; and
  - h. Non-governmental organization NGOs/ foundations that are engaged in retail microfinance operations which are incorporated by any of the stockholders and/or directors and/or officers of related banks.
- vii. Close family members of Directors, Officers and Stockholders (DOS)

Persons related to the Bank's DOS within the second degree of consanguinity or affinity, legitimate or common-law identified in the RP Database.

These shall include the following:

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By Consanguinity	By Affinity
<ul style="list-style-type: none"> <li>• Brother</li> <li>• Sister</li> <li>• Grandparents</li> <li>• Grand children</li> </ul>	<ul style="list-style-type: none"> <li>• Brother-in-law</li> <li>• Sister-in-law</li> <li>• Grandparent-in-law</li> <li>• Grand children-in-law</li> </ul>

viii. Corresponding person in affiliated companies


Refers to the DOS of the affiliated companies and their close family members

#### D. Roles and Responsibilities

1. Regulatory Reporting Department – Controllershship Group shall be responsible for:
  - a. Within seven (7) banking days after the reference quarter, review quarterly the Related Party Transactions (RPTs) received from various BUs as against the following lists:
    - i. Board approved Material RPT from OCS
    - ii. Mancom approved Non-material RPT
  - b. Forwarding the consolidated Material and Non-material Related Party Transaction template and signed hardcopy of the same to CAD-GAD-RBU Officer of CBC not later than the 15<sup>th</sup> calendar day after end of the reference quarter. A copy of the report shall be provided to Compliance Division not later than the 20<sup>th</sup> day from the end of the reference quarter.
  - c. Submitting monthly the summary of the ManCom approved Non-material Related Party Transactions to Compliance Division within five (5) banking days after the reference month.
2. Audit Department shall be responsible for:
  - a. Conducting a periodic review of the effectiveness of the Bank's system and internal controls governing RPTs to assess consistency with the Board-approved policies and procedures.
  - b. Communicating the resulting audit reports, including exceptions or breaches in limits directly to the Audit Committee.

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3. General Services Department – Administrative Division shall be responsible for consolidating the Schedule of Lease Exposures to Related Parties sent by the BUs with lease exposures and forwarding the consolidated and signed hardcopy to the Compliance Division.
4. Compliance Division shall be responsible for:
  - a. Ensuring that a database (RP Database) is established or in place to be used by BUs and their corresponding Operations Unit in accordance with the policy guidelines issued by Compliance Division for that purpose.
  - b. Ensuring that the Bank complies with relevant rules and regulations in the form of Compliance testing and is informed of regulatory developments in areas affecting RPs.
  - c. Aiding in the review of the Bank’s transactions and identifying any potential RPT that would require review by the BOD or the RPT Committee whenever necessary.
  - d. Conducting a training as necessary to the designated RPT Officer per business units to ensure accuracy and consistency of reporting of Related Party Transactions per definition of the Bank’s RPT policy.
  - e. Reviewing the RP database periodically for any updates in related parties to capture organizational and structural changes in the Bank and its related parties.
  - f. Approving the RP updates made by BUs except updates made by Human Resources Division and Office of the Corporate Secretary.
  - g. Ensuring that the RPT policy of the Bank is kept updated and is properly implemented bank-wide.
  - h. Reporting the summary of material and non-material RPTs to the CG Committee on an annual basis.
  - i. Presenting to the RPT Committee for approval and ratification of the BOD the recommendation of the BUs on the changes in the materiality threshold.
  - j. Not later than five (5) banking days from end of reference quarter, Governance and Regulatory Compliance Department shall provide the consolidated list of approved non-material and material RPTs to the Regulatory Reporting Department which shall be its basis to validate the completeness of the RPTs encoded by BUs in the RPT report template (see **Annex D** – Template format).

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5. BU shall be responsible for:

- a. Ensuring that RPs are properly identified and evaluated by checking the available documents (such as but not limited to business papers for corporate clients) in order to establish if a client is an RP.
- b. Ensuring that the RPT is conducted at an arm's length basis and no stakeholder is unduly disadvantaged.
- c. Seeking the necessary approval for the RPT in accordance with the policies and procedures set herein.
- d. BUs shall also be responsible in identifying if a transaction with a related party is among the covered transactions as defined in the RPT Policy.
- e. Include a client/party in the RP Database who/which was not found therein upon the initial checking but later became RP based on the transaction on hand, and all new clients/parties who have been identified by the BUs to be RP but are not yet in the RP Database.
- f. Conducting a periodic review of their accounts.
- g. Ensuring that internal limits for individual and aggregate exposures are not breached by monitoring the exposures for each transaction.
- h. Identifying if transactions are classified as material RPTs based on the amount of transaction if equal or higher than the materiality threshold defined hereof.
- i. BUs shall designate a Related Party Officer (i.e, Unit Compliance Coordinator or UCC) that shall also be responsible for the following:
  1. Identifying and reporting of the related party transactions in accordance with the Bank's approved RPT Policy.
  2. Updating of related parties in the RP Database System subject for approval of Compliance Division.
  3. Performing the following for **non-material transactions**;
    - i. Preparing the RPT Recommendation and Endorsement Form (**Annex A** for Non-material RPT).

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- ii. Forwarding the signed RPT Recommendation and Endorsement (Non-material Transactions) form to the Management Committee for approval.
  - iii. Encoding all approved non-material RPTs (for the quarter) to the Non-material Related Party Transactions template, based on the approved RPT Recommendation.
4. Performing the following for **material transactions**;
  - i. Preparing the RPT Recommendation and Endorsement Form (**Annex B** for Material RPT).
  - ii. Forwarding the RPT Recommendation and Endorsement (Material Transactions) form to OCS for inclusion of the same in the RPT Committee meeting agenda.
  - iii. Upon review of RPT Committee, forwarding the reviewed RPT Recommendation and Endorsement (Material Transactions) form to OCS for inclusion of the same in the BOD meeting agenda.
  - iv. Encoding all approved material RPTs (for the quarter) to the Material Related Party Transactions template based on the Board Resolution secured from OCS on the approved RPT Recommendation and Endorsement - Material Transactions form.
6. Human Resources Division (HRD) shall be responsible for providing/encoding/ maintaining/ updating the data on RPs of the Bank's Officers and their Related Interests and close family members in the RP Database, which includes updating of previously identified unrelated parties which eventually became RPs.
7. Office of the Corporate Secretary shall be responsible for:
  - a. Providing/encoding/monitoring/updating the data on RPs of the Bank's Directors, Stockholders and their Related Interests and close family members in the RP Database, which include updating of previously identified unrelated parties which eventually became RPs;
  - b. Convening the RPT Committee;
  - c. Preparing and distributing the Minutes of the RPT Committee Meeting and the BOD Meeting on approval of the material RPTs based on existing procedures; and
  - d. Preparing and distributing the Minutes of the Stockholders Meeting based on existing procedures.

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- e. Submitting monthly the summary of the BOD approved Material Related Party Transactions to Compliance Division within five (5) banking days after the reference month.
8. Risk Management Division shall be responsible for monitoring of risks that arise from RPT by maintaining adequate capital against risks associated with exposures to RPs, including the material risks arising from RPTs in the capital planning process, and ensuring that the prescribed scenario/stress tests under the capital planning process also capture RPTs to determine whether the Bank is well-insulated from any going concern issue of RPs;
9. RPT Committee shall be responsible for:
  - a. Evaluating 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 RPs than similar transactions with unrelated parties under similar circumstances, and that no corporate or business resources of the Bank are misappropriated or misapplied; and determining any potential reputational risk issues that may arise as a result of or in connection with the transactions;

*Note: In evaluating RPTs, the RPT Committee shall take into account, among others, the following:*

- i. The RP'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, all significant terms and conditions (e.g., loans with holdout) and relevant circumstances (e.g., history of the asset, price discovery mechanism, parties involved in negotiations);*
- iii. The benefits of the proposed RPT to the Bank;*
- iv. The availability of other sources of comparable products or services; and 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; and*
- v. The Bank has in place an effective price discovery system and has exercised due diligence in determining a fair price for RPTs.*
- b. All RPTs that are considered material based on the Bank's internal policy guidelines shall be endorsed by the RPT Committee to the BOD for approval.
- c. Whenever necessary, recommending the amount for "materiality threshold" to the BOD, for approval;

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- d. Evaluating on an ongoing basis, existing relations between and among businesses and counterparties to ensure that all RPs are continuously identified;

*Note: RPTs are monitored and subsequent changes in relationships with counterparties (from unrelated to related and vice versa) are captured in the process of identifying RPs. RPTs and changes in relationships shall be reflected in the relevant reports to the BOD and regulatory/ supervising authorities.*

- e. Ensuring that appropriate disclosure is made, and/or information is provided to regulating/supervising authorities relating to the Bank's RPT exposures, and policy guidelines on conflicts of interest or potential conflicts of interest;

*Note: The disclosure shall include information on the approach to managing material conflicts of interest that are inconsistent with such policy guidelines; and conflicts that could arise as a result of the Bank's affiliation or transactions with other RPs.*


- f. Reporting to the BOD on a regular basis, the status and aggregate exposures to each RP as well as the total amount of exposures to all RPs;
- g. Ensuring that transactions with RPs, including write-off of exposures, are subject to periodic independent review or audit process;
- h. Overseeing the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including the periodic review of RPT policy guidelines and procedures.

10. Senior Management shall be responsible for:

- a. Implementing appropriate controls to effectively manage and monitor RPTs on a per transaction and aggregate basis;
- b. Monitoring exposures (credit and non-credit in nature) to RPs on an ongoing basis to ensure compliance with the Bank's policy guidelines and BSP's regulations;
- c. Addressing legitimate issues on RPTs that are raised.

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11. BOD shall be responsible for:

- a. Ensuring that transactions with RPs are handled in a sound and prudent manner, with integrity and in compliance with applicable laws and regulations to protect the interest of depositors, creditors and other stakeholders.
- b. Observing good governance and approval of an overarching policy on the handling of RPTs to ensure that there is effective compliance with existing laws, rules and regulations at all times, that these are conducted on an arm's length basis, and that no stakeholder is unduly disadvantaged.
- c. Approving all material RPTs, those that cross the materiality threshold and write-off of material exposures to RPs, and submitting the same for confirmation by majority vote of the stockholders in the annual stockholders' meeting. All credit transactions with DOSRI, regardless of amount, and any renewal or material changes in the terms and conditions of RPTs.

For write-off of credit exposures to DOSRI, the actual write-off shall require prior approval of the Monetary Board.

All final decisions of the BOD on material RPTs, including important facts about the nature, terms, conditions, original and outstanding individual and aggregate balances, justification and other details that would allow stockholders to make informed judgment as to the reasonableness of the transaction, must be clearly disclosed during stockholders meetings and duly reflected in the minutes of board and stockholders' meetings.


- d. Delegating to appropriate management committee the approval of RPTs that are below the materiality threshold, subject to confirmation by the BOD. This shall, however, exclude all DOSRI transactions, which are required to be approved by the BOD.

All decisions under the delegated authority must be properly recorded in the minutes of the committee meetings. For this purpose, non-material RPTs shall be approved by the existing approving authorities/body, duly reported to the BOD (for confirmation) on an annual basis by the Compliance Division.

- e. Establishing an effective system to determine, identify and monitor RPs and RPTs; continuously review and evaluate existing relationships between and among businesses and counterparties; and identify, measure, monitor and control risks arising from RPTs.

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The system shall be able to define RPs' extent of relationship with the Bank; assess situations in which an unrelated party (with whom a Bank has entered into a transaction) subsequently becomes a RP and vice versa; and generate information on the type and amount of exposures to a particular RP.

The said system will facilitate submission of accurate reports to the regulators/supervisors. The process as well as the overarching policy guidelines shall be subject to periodic assessment by the Audit Division and Compliance Division and shall be updated regularly for their sound implementation. The overarching policy guidelines and the system shall be made available to the BSP and audit functions for review. Any changes in the policy guidelines and procedures shall be approved by the BOD.

- f. Overseeing the integrity, independence, and effectiveness of the policies and procedures for whistleblowing. The BOD should ensure that senior management addresses legitimate issues on RPT that are raised. The BOD should take responsibility for ensuring that the staff that raised concerns is protected from detrimental treatment or reprisals.

#### **E. Related Party Database**

The Bank shall maintain a database or repository of all known and identified related parties. The database shall be periodically reviewed and updated regularly to capture organizational and structural changes in the Bank and its related parties.

In order to come-up with a comprehensive database, the following shall be observed:


<b>Responsible Department</b>	<b>Particulars</b>
<ul style="list-style-type: none"> <li>Human Resources Division (HRD)</li> </ul>	<ul style="list-style-type: none"> <li>Keep the data updated on RPs of the Bank's Officers and their Related Interests and close family members.</li> </ul>
<ul style="list-style-type: none"> <li>Office of the Corporate Secretary</li> </ul>	<ul style="list-style-type: none"> <li>Keep the data updated on RPs of the Bank's Directors and their Related Interests and close family members.</li> <li>OCS shall notify the Compliance Division of approved RPT once approved by the RPT Committee.</li> </ul>
<ul style="list-style-type: none"> <li>Regulatory Reporting Department - Controllership Group</li> </ul>	<ul style="list-style-type: none"> <li>Regulatory Reporting Department shall furnish Compliance Division with the quarterly report of RPTs to CBC.</li> </ul>

#### **F. Materiality Threshold**

The materiality threshold for each RPT shall vary per transaction and per BU in accordance

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with the threshold approved by the appropriate approving body/authority.

The materiality threshold shall be retained unless the responsible units send a change request. An email shall be sent by the BU Head to Compliance Division on the change of materiality threshold stating the proposed/recommended threshold and justification for changing the same.


Compliance Division shall present to the RPT Committee for approval and ratification of the BOD the recommendation of the BUs on the changes in the materiality threshold.

The Material Threshold for the different Business Units is enumerated below:

Units Concerned	Transaction/s		Material Transaction (as may be applicable, but not limited to)
SLG	Borrowings, commitments, fund transfers and guarantees (except SmallBiz)	-	₱ 20MM
	Smallbiz		₱ 2MM
CLG	Borrowings, commitments, fund transfers and guarantees	Housing	₱ 5MM
		Auto	₱ 2MM
		Personal/Handy Credit	₱ 1MM
		Handy Salary (credit line is assigned to the company and not to the individual Borrower)	₱ 20MM
Treasury	Borrowings, fund transfer, Investments and/or subscription for debt issuances	-	₱ 200MM or its equivalent in other currencies
	Trading transactions	Local Securities	₱ 50MM
		Foreign Currency Securities	USD 1MM
AAD	Sale of acquired assets	FX Spot Transaction	USD 1MM
		Vehicle	₱ 2MM
DepEd	Borrowings, commitments, fund transfers and guarantees.	Real Estate	₱ 20MM
		-	₱ 1MM
Controllership/ Accounting	Consulting, professional, agency and other service arrangements/contracts	-	₱ 2MM

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General Services Dep	Construction arrangements/contracts Consulting, professional, agency and other service arrangements/contracts Sale, purchase or supply of any goods/materials Lease arrangements/ contracts (including extension of lease) – whether or not the bank is lessor/lessee.	-	₱ 20MM
Human Resources	Research and development Consulting, professional, agency and other service arrangements/contracts	-	₱ 5MM
All Units	Other Service Arrangements and Contracts	-	₱ 2MM

The BU shall identify if transactions are classified as material RPTs based on the following criteria:


1. If the parties and relationship of parties involved in the transaction are classified as RPs, as defined hereof.
2. If the amount of transaction is equal or higher than the materiality threshold defined hereof. *Please refer to “Related Party Transactions” hereof.*

Transaction	Identify and Monitor RPT	RPT Committee (reviewed/endorsed)	BOD (approved)
Material transactions - RPT is equal or above the materiality threshold	Yes	Yes	Yes
Non-material transactions - RPT is below the materiality threshold	Yes	No	No

3. All credit transactions to DOSRI, subsidiaries and affiliates shall require approval of the BOD regardless of amount.

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#### **G. Transactions excluded from the materiality threshold and reporting to BSP**

Transactions excluded from materiality threshold and reporting to BSP shall be as follows:

- a. Any transactions involving deposit operations (e.g., deposits, withdrawals);
- b. Regular trade transactions involving purchases and sales of debt securities traded in an active market;
- c. Those granted under BSP-approved fringe benefit programs.

However, even if such transactions are not covered, these shall still be tagged and monitored as “RPT”.

#### **H. Observance of Arm’s Length Terms**

RPT shall be conducted at arm’s length basis, taking into consideration the following:

##### **1. Economic terms**

Assessment of terms as compared to similarly situated non-related third-party clients. This shall cover discussions on why the transaction is at arm’s length basis, particularly discussing that such price, commissions, interest rates, fees, tenor, terms and conditions are also granted to unrelated party clients/parties under similar terms.

##### **2. Processing of transactions**

Transaction shall be conducted in the regular course of business and in accordance with existing policies of the bank.


##### **3. Price Discovery Mechanism (PDM)**

To ensure that RPT are engaged into terms that promote the best interest of the Bank and its stakeholders, a Price Discovery mechanism shall be observed which shall include, but not limited to the following:

- a. When a material RPT is endorsed to the RPT Committee for its review by the concerned units, it shall be supported by: i) an endorsement form and ii) with an effective price discovery mechanism.
- b. The PDM may include price comparison from the market, bidding (for sale of properties), and publication of available property for sale, among others. In this regard, the documents supporting the said process shall be attached to the endorsement memo to aid the RPT Committee in the review of the transaction.

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- c. The Price Discovery Mechanism may include acquiring professional or external expert service as may be determined by the RPT Committee.

Any or all of the above, among others, if considered in the pricing of the transaction, shall be properly disclosed/discussed in the RPT Recommendation and Endorsement Form (see **Annex C** for sample template - *Material Facts of the Proposed RPT* under RPT Recommendation and Endorsement Form).

The Price Discovery Mechanism documents (if any, such as those mentioned above) shall be attached to the RPT Recommendation and Endorsement (For Non-material Transactions) form or RPT Recommendation and Endorsement (For Material Transactions) form, to aid the RPT Committee in the review of the RPT.

The following are the sample price discovery mechanism:

- ✓ For construction arrangements/ contracts; service arrangements

*Opening the transaction to a bidding process* – proof that the transaction was opened to public bidding, including documentation of the bidding process and the awarding of the winning bid.

- ✓ Sale of ROPA

*Publication of available property for sale* – This ensures that the property for sale was also offered to the public to maximize the potential for the bank to get the best price offer for the property. Evidenced of publication (e.g. thru website, newspaper, etc.) shall evidence as one of the proof of price discovery mechanism.

*Comparable Market Rates* – offering price for the sale of ROPA to a related party shall be based on comparable market value such as: using the latest appraised value and making reference to online property seller.

- ✓ Borrowings, commitments, fund transfer and guarantees


Rate provided is based on the approved rate as set by Treasury/ALCO, etc. In this case, copy of duly approved rate sheet may serve as proof of PDM.

In case of rate deviation, appropriate approval shall be secured in accordance with the existing Bank's policy. The request for rate deviation should not in any manner result in excessive or unwarranted variance that would connote terms that are not favorable to the Bank.

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To support the request for rate deviation, proper justification and comparable terms (e.g. the deviation is within the average deviation allowed for the bank's regular client) shall be properly documented.

The rate sheet and approval for rate deviation, together with the documented justification, shall serve as proof of PDM.

4. Business Units shall properly disclose in the endorsement form that all material or significant information about the account or transactions are disclosed correctly and properly in order for the approving body to come up with a sound decision or judgment and that no undue favor is granted to a related party.
5. Proponents of related party transactions are required to provide documented benchmarks of similarly-situated unrelated party transactions. In order to provide guidance on the procedures for determination of the appropriate price, terms and conditions, which warrant the fairness and reasonableness of RPTs, the following should be incorporated in the Business Units Operating Manual:
  - 5.1 Parameters for the selection of comparable accounts and process on price discovery mechanism for types of transactions, (i.e., outsourcing or insourcing of services, sale/disposal of acquired assets, leasing of bank properties, among others) which will serve as inputs for vetting of RPTs;
  - 5.2 Internal limits for individual and aggregate exposures to related parties based on reasonable basis and/or assumptions; and
  - 5.3 Responsibilities of personnel and/or business units for ensuring that RPTs below or exempted from materiality threshold for RPT Committee's review and regulatory reporting requirements are done in arm's length basis

Likewise, the Business Unit's designated RPT Officer shall certify that the RPT Policy Section of their respective operating manuals had been updated, and that a compliance self-assessment are being conducted.


## **I. Treasury Transactions**

The following non-material related party transactions of Treasury Group shall have a blanket approval from the Management Committee as long as the transactions are within the Board-approved counterparty lines.

- a. Money Market Clean Line
- b. Foreign Exchange Line
- c. Bonds PSR

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Compliance Division shall report the summary of the above Treasury Group transactions to the CG Committee on an annual basis.

### III. Approval Guidelines

#### A. Recommendation for Approval of RPTs

1. All recommendations for approval of a RPT shall be made using the prescribed recommendation forms as provided herein - RPT Recommendation and Endorsement (For Non-material Transactions) form and RPT Recommendation and Endorsement (For Material Transactions) form duly addressed to the appropriate approving body/authority. The accomplishment of the RPT form is in addition to the usual process involved in the transaction.
2. In recommending approval for RPT, the following should be clearly stated in the RPT Recommendation and Endorsement (For Material/Non-material Transactions) form:

##### a. Request Details

This shall cover the approving body/authority to which the recommendation is addressed, the date of request and the name of requesting BU.

##### b. Related Party Transaction Details

This shall refer to the identification of the RP, including the name of the person or company related to the client/party making the client/party an RP, the classification of the RP and the nature of the RPT.

The BU should mark the appropriate box on the compliance with the limits.

##### c. Certification


The signatories to the form shall signify that they have checked, recommended and validated the transaction, certifying that the request or transaction and the material facts of the proposed RPT are in compliance with the existing DOSRI and RPT rules.

##### d. Endorsement

This section summarizes the information that the approving body/authority shall look into to ensure that the transaction is conducted at an arm's length basis in accordance with policy guidelines set herein and no stakeholder is unduly disadvantaged.

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Endorsement by the RPT Committee is necessary prior to the BOD's approval of a Material RPT.

e. Material Facts of the RPT

This shall include:

i. The General Terms and Conditions of the RPT.

The BU shall discuss the general terms about the RPT such as price, terms (short term/long term) and other necessary information that should be made known to the appropriate approving body/authority.

ii. Price Discovery Mechanism

This shall include discussion of the price granted for a RPT. *Please refer to policy guideline no. II.H.2 hereof.*

In general, the price for the transaction should be within the approved prices. In case there is a deviation the same shall be duly justified by the BU. The handling of the deviation shall be in accordance with the existing procedures of the Bank on price deviation.

Moreover, the BU should provide an explanation in the "Assessment of Terms as Compared to Similarly-situated Non-related Clients" section of the form that such deviation is not giving favor to the RP, but that such is given to similarly-situated client/party.

iii. Benefits to the Bank


This shall cover any benefit that the Bank may derive from the transaction (e.g., for lease of branches inside malls, it should be taken into consideration that most of the clients/parties of the Bank are also tenants of the mall, thus, the benefit for the Bank and its clients/parties is that it will be very accessible for both parties in addition to the added safety and security due to the presence of security guards in the mall premises).

iv. Availability of Other Sources of Products/Services

This shall refer to other sources, products and services that were considered in the selection process. This may apply to outsourcing of services with a RP (e.g., in engaging a RP for the construction of a branch, the BU Officer in AD should indicate and discuss the price/s given by other contractors).

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Should the cost be given by the RP for the same service (construction) as compared with the other contractors are more beneficial to the Bank, the same should be mentioned.

This section is related to the item iii herein which covers general benefits without comparison to other sources of products/services.

Any benefit derived at after comparing the RPT with other sources of products/ services, as a result of the said comparison, should be discussed in this section.

v. **Assessment of Terms as Compared to Similarly Situated Non-related Clients**

This shall cover discussion on why the transaction is at arm's length, particularly discussing that such price, terms and conditions are also granted to unrelated party clients/parties under similar circumstances or terms.

vi. **Other Remarks**

Other remarks that do not fit in any of the sections of the form shall be indicated on this section.

For credit transactions, the BU shall attach the duly accomplished and approved CRM to the RPT Forms.

**B. Request for Endorsement of Material RPTs**

Material RPTs shall be indicated by the concerned BU in the RPT Recommendation and Endorsement (For Material Transactions) form for subsequent review and endorsement to the RPT Committee.


The concerned BU shall be responsible for ensuring that the information in the RPT Recommendation and Endorsement (For Material Transactions) form are complete, accurate and validated. The signed RPT Recommendation and Endorsement (For Material Transactions) form shall be submitted by the BU to OCS for inclusion in the RPT Committee Meeting Agenda.

**C. Approval Requirements of Material RPTs**

All material RPTs shall be endorsed to the RPT Committee using the RPT Recommendation and Endorsement Form (for material transactions) and approved by the BOD.

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#### **D. Approval Requirements of Non-material RPTs**

All non-material RPTs shall be approved by the Management Committee, subject to consolidation by the Regulatory Reports Department, and subsequent presentation to BOD by the Compliance Division (for its annual confirmation).

For credit transactions to DOSRI/Subsidiaries/Affiliates, approval by the BOD shall be required.

#### **E. Independent Review Committee**

1. All Material RPTs shall be reviewed by the RPT Committee during its meeting, prior to submission to BOD for approval. The RPT Committee shall be responsible for passing upon any RPT and rendering an opinion on the transaction.
2. In case a RPT Committee member has conflict of interest in a particular RPT, he shall refrain from the deliberation and in evaluating the particular transaction.
3. In cases where there is deadlock on matters for resolution of the RPT Committee, the same shall be elevated to BOD for its decision and resolution. For this purpose, the Corporate Secretary shall include the matters which need to be decided upon or resolved by the BOD in view of the deadlock, in the next BOD meeting agenda.

#### **F. RPT Committee Resource Persons**

The Chief Compliance Officer or the Chief Audit Executive may sit as non-voting member/resource person in the said Committee.

#### **G. Approval and Ratification of Material RPTs**

1. The members of the BOD, stockholders, and management shall disclose to the BOD whether they directly, indirectly or on behalf of third parties, have a financial interest in any transaction or matter affecting the Bank. Therefore, no DOS shall be allowed to participate in the discussion/deliberation, approval and management of such transaction or matter affecting the Bank.
2. All BOD approved material Related Party Transaction shall be ratified by the Stockholders (by majority vote) during the Annual Stockholders' Meeting.


### **IV. REPORTING GUIDELINES**

#### **A. RP Database Viewing and Updating Guidelines**

1. Access the CBS Plus Gateway and login using your employee ID and password.

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2. Click the RP Database System icon.
3. From the RP Database dashboard, click the menu of the type of Related Parties for viewing, addition, deletion or revision. Only concerned Business Units specified in the RPT Policy (Human Resources, Office of the Corporate Secretary and Compliance Division) are authorized to approve changes in the RP Database System.
4. Submit copy to Compliance Division necessary documents approved by Management or BOD for every update made in the RP Database System, said file is subject for Compliance Testing periodically. Updating of RP Database shall be done by BUs every time a related party is identified to be a new RP or considered not anymore an RP within five (5) banking days after the reference month.
5. Periodic review of RP updates is to be conducted by Compliance Division based on the approved documents (e.g. Secretary's Certificate or Board approval on the designation of officer or the election/resignation of director).
6. To print an RP Database reports, Heads of Business Units specified in the RPT Policy shall click what type of Related Parties in the dashboard. An RP Database report can be downloaded in Excel file.


## **B. Reporting of RPTs**

### ***Business Unit Designated Staff/Officer***

1. Encodes the necessary details in the Request for Endorsement of RPTs template and prints two (2) copies.
2. Checks the details encoded in the request for endorsement of RPTs template, and if everything is in order, prints the request for endorsement of RPTs in two (2) copies.
3. Affixes signature over printed name on the "Prepared By" portion of the form and indicates date thereon.
4. Forwards the Request for Endorsement of RPTs and applicable supporting documents depending on the type of account/arrangement/service to the Business Unit Department Head/Officer supervising the account/arrangement/service for checking.

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***Business Unit Department Head/Officer Supervising the Account/Arrangement /Service***

5. Upon receipt of the Request for Endorsement of RPTs, ensures that the form is signed by the Business Unit Designated Staff/Officer and date is indicated thereon.
6. Reviews the correctness and completeness of details in the Request for Endorsement of RPTs based on applicable supporting documents.
7. If everything is in order, affixes signature over printed name on the “Checked By” portion of the form and indicates date thereon. Otherwise, coordinates with the Business Unit Designated Staff/Officer for correction.
8. Forwards the Request for Endorsement of RPTs and applicable supporting documents to the Business Unit Group/Division Head for approval.

***Business Unit Group/Division Head***


9. Upon receipt of the Request for Endorsement of RPTs and applicable supporting documents, sees to it that the form is signed by the Business Unit Designated Staff/Officer and Department Head/Officer supervising the account/arrangement/service, and that date is indicated thereon.
10. Checks if the transaction falls under the category of an RPT based on the definition of a Related Party.
11. If everything is in order, affixes signature over printed name on the “Approved By” portion of the form and indicates date thereon.
12. Returns the Request for Endorsement of RPTs and applicable supporting documents to the Department Head/Officer supervising the account/arrangement/service.

***Business Unit Department Head/Officer Supervising the Account/Arrangement /Service***

13. Upon receipt of the Request for Endorsement of RPTs, sees to it that the form is signed by the Business Unit Group/Division Head and date is indicated thereon.
14. Forwards the first (1<sup>st</sup>) copy of the Request for Endorsement of RPTs (material RPT) to the OCS for inclusion of the request for endorsement of RPTs in the RPT Committee meeting agenda and subsequent inclusion in the BOD meeting agenda, once passed by the RPT Committee. For non-material RPT, forwards the request to the appropriate approving body.

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15. Requests the Business Unit Designated Staff/Officer to file the second (2nd) copy of the Request for Endorsement of RPTs.
16. Encodes all approved RPTs for the quarter to the Related Party Transactions Template (material and non-material) (MS Excel file).
17. Checks the correctness and completeness of details encoded in the Related Party Transactions Template against the Request for Endorsement of RPTs.
18. If everything is in order, sends the softcopy of the Related Party Transactions Template to the designated officer of the Controllership Group - **Regulatory Reporting Department** via email not later than five (5) banking days after the reference quarter. If there is none to report, sends the report template with “NONE to REPORT” notation.

***Designated Officer of Regulatory Reporting Department***

19. Receives the Related Party Transactions Template from the Business Unit Department Head/Officer supervising the account/arrangement/service via email.
20. Consolidates the Related Party Transactions Template using the BSP template.
21. Upon consolidation, forwards via email the consolidated quarterly Related Party Transaction Template to another officer for review.

***Reviewing Officer of the Controllership Group – Regulatory Reporting Department***

22. Validates the correctness and completeness of details of the consolidated quarterly Related Party Transactions against the Material RPT Template from OCS (BOD approved RPT) and Non-material RPT Template (ManCom approved RPT).
23. If everything is in order, forwards the consolidated quarterly Related Party Transactions to the designated Staff for printing.


***Designated Staff***

24. Upon receipt of email from the Officer, prints the consolidated quarterly Report on Related Party Transactions in two (2) copies and forwards the same to the Officer for signature.

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### ***Regulatory Reporting Officer***

25. Affixes signature on the consolidated quarterly Report on Related Party Transactions and indicates date thereon.
26. Forwards the signed and soft copy of the consolidated quarterly Report on Related Party Transactions to the designated *CAD-GAD-RBS Officer of CBC not later than the 15<sup>th</sup> calendar day after end of the reference quarter.*
27. Sends a softcopy of the consolidated quarterly Report on Related Party Transactions to Compliance Division via email, not later than the 20<sup>th</sup> calendar day from the end of the reference quarter.

### ***Designated Officer at Compliance Division***

28. Obtain softcopy of the consolidated report on Material and Non-material Related Party Transactions quarterly from Regulatory Reporting Department as basis for the preparation of the Annual Summary of Related Party Transactions for the year.
29. Based on the consolidated quarterly RPT report template from preceding year, prepares the Summary of Related Party Transactions to be reported to Corporate Governance Committee annually on every first scheduled meeting of the year.
30. Confirms with the Office of the Corporate Secretary (OCS) the summary of Materials RPTs for ratification in the Annual Stockholder's Meeting.

### ***Designated Officer at OCS***

31. Upon ratification/approval, prepares the Minutes of the Stockholders Meeting based on existing procedures.

## **V. Whistleblowing**


Employees may report/communicate confidentially, without risk of reprisal, legitimate concerns about illegal, unethical or questionable RPTs, based on the policy guidelines on Whistleblowing.

## **VI. Sanctions and Restitution of Losses**

All concerned units are expected to fully comply with the policies set forth herein and the BOD shall not allow losses to be incurred by the Bank due to the non-observance of arm's length terms in any RPT. In order to further safeguard the interest of the Bank, the following policies on Sanctions shall

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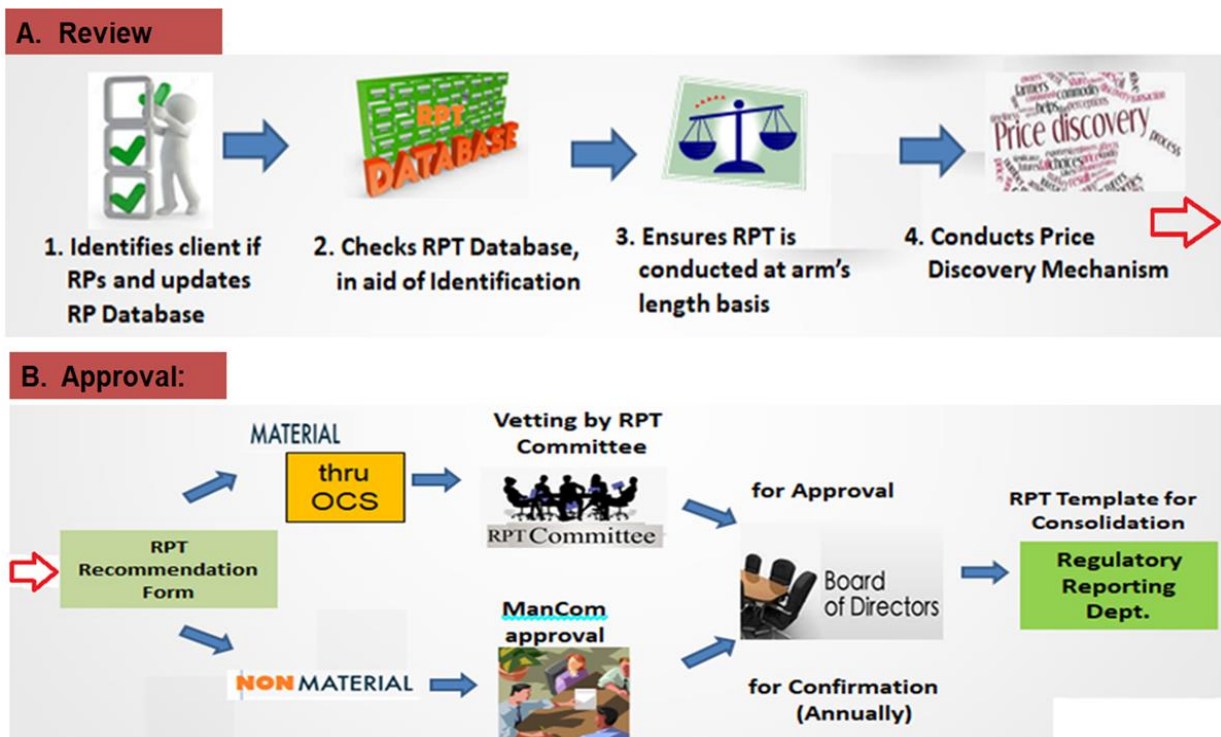
apply, without prejudice to the actions of the Bank to seek refund or restitution of losses within the bounds allowed by law:

Proper disclosure is governed by the standards on honesty and integrity. Any violation shall be considered a breach of such standards.

Sanctions on the delay of submission or failure to submit the signed original consolidated quarterly Report on Material Related Party Transactions to BSP shall be imposed in accordance with the prescribed regulations of the MORB.


## VII. Process Flow

### 1. Business Units – Review and Approval of Related Party Transactions

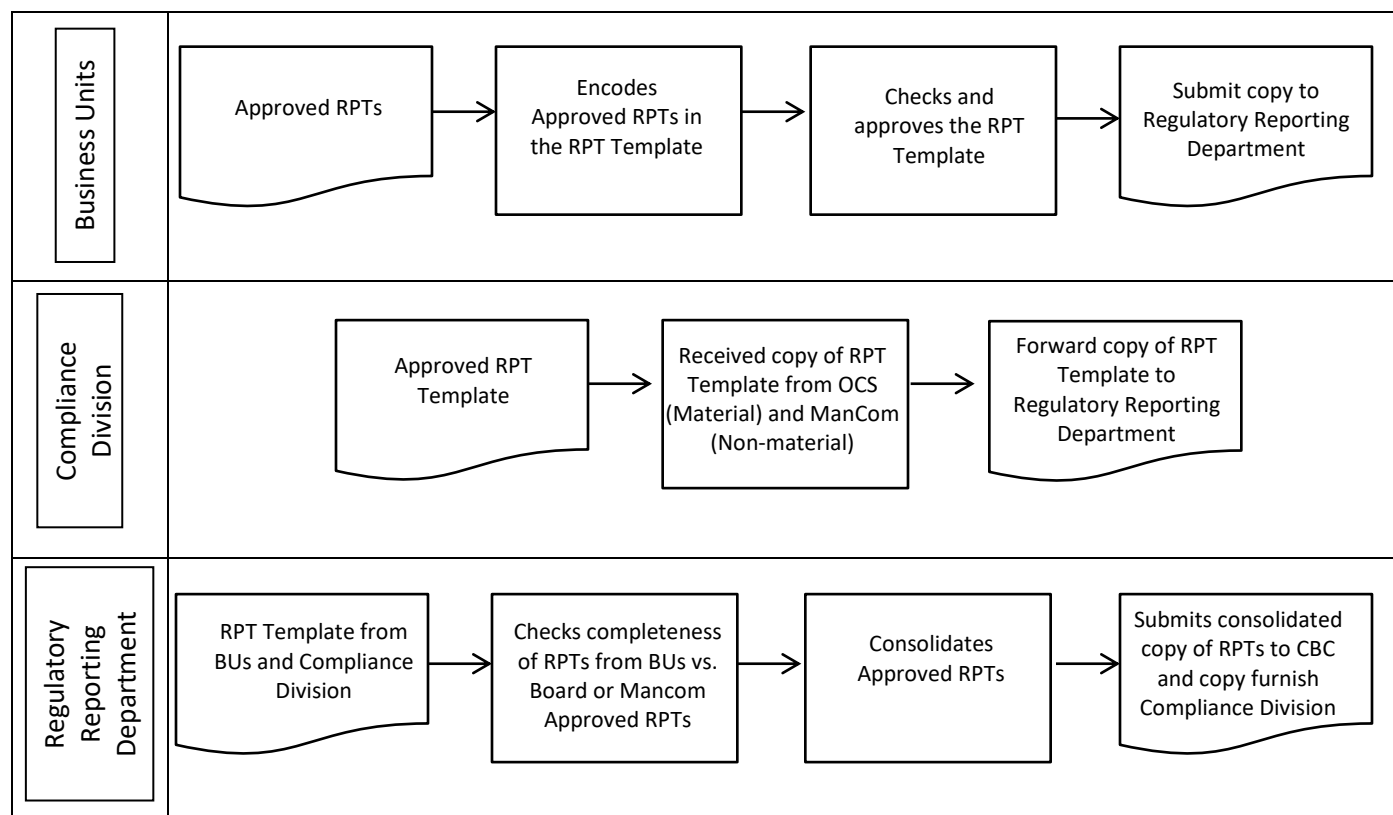


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## 2. Reporting of Approved Related Party Transactions

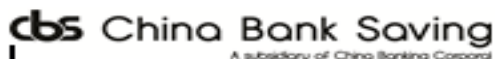


### POLICIES AND PROCEDURES MANUAL

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		Date: June 2024

Annex A – Downloadable in iConnect



**Related Party Transaction (RPT)  
RECOMMENDATION MEMORANDUM  
For Non-Material Transactions**

TO : MANAGEMENT COMMITTEE (MANCOM)

FROM :


DATE :

This is to request your endorsement of the Related Party Transaction (RPT) described below:

RELATED PARTY TRANSACTION DETAILS			
Name of Related Party			
Please indicate related name/s that made the client a related party (indicate the name of the Director, Officer or Stockholder)			
CLASSIFICATION OF RELATED PARTY			
1. Related Party (DOS: Director, Officer, Stockholder) <input type="checkbox"/> Director <input type="checkbox"/> Officer <input type="checkbox"/> Stockholder <input type="checkbox"/> Within the second degree of consanguinity or affinity, legitimate or common law <input type="checkbox"/> DOS of entities where the Bank has ownership of at least 20% but not more than 50%, or the Bank exerts control over			
2. Related Interest (Please choose the relationship of the Related Interest (RI) to DOS) <input type="checkbox"/> Spouse or relative within the first degree of consanguinity or affinity, or relative by legal adoption, of DOS of the Bank <input type="checkbox"/> Partnership of which DOS of the Bank or his spouse or relative within the first degree of consanguinity or affinity, or relative by legal adoption, is a general partner <input type="checkbox"/> Co-owner with the director, officer, stockholders or his spouse or relative within the first degree of consanguinity or affinity, or relative by legal adoption, of the property or interest, or right mortgaged, pledged or assigned to secure the loans or other credit accommodations, except when the mortgage, pledge or assignment covers only said co-owner's undivided interest <input type="checkbox"/> Corporation, association or firm of which any or a group of directors, officers, stockholders of the lending bank and/or their spouses or relatives within the first degree of consanguinity or affinity, or relative by legal adoption, hold or own at least twenty percent (20%) of subscribed capital of such corporation, or of the equity of such association or firm <input type="checkbox"/> Corporation, association or firm wholly or majority-owned or controlled by any related entity or a group of related entities mentioned in items "a(2)" and "a(4)" of Section 341 of the MORS <input type="checkbox"/> Corporation, association or firm which owns or controls directly or indirectly whether singly or as part of a group of related interest at least twenty-percent (20%) of the subscribed capital of a substantial stockholder of the lending bank or which controls majority interest of the Bank mentioned in item m.6 Section 131 of the MORS <input type="checkbox"/> Corporation, association or firm which has an existing management contract or any similar arrangement with the parent of the lending bank, and <input type="checkbox"/> Non-governmental organizations (NGOs)/foundations that are engaged in retail microfinance operations which are incorporated by any of the stockholders and/or directors and/or officers or related banks.			
3. Subsidiary of the Bank <input type="checkbox"/>			
4. Affiliate of the Bank <input type="checkbox"/>			
5. Other Entities Related to the Bank (This column covers, not necessarily subsidiaries/affiliates but may be treated as RPT) <input type="checkbox"/>			
IDENTIFICATION OF RELATED PARTY TRANSACTION			
TYPE OF TRANSACTION	TYPE OF PRODUCT / SERVICE	TYPE OF TRANSACTION	PRODUCT / SERVICE
<input type="checkbox"/> Lending / Credit Accommodation		<input type="checkbox"/> Agency Arrangement	
<input type="checkbox"/> Credit Card		<input type="checkbox"/> Leasing Arrangement	
<input type="checkbox"/> Purchase / <input type="checkbox"/> Sale of Bank Assets / ROPA		<input type="checkbox"/> Outsourcing Arrangement	
<input type="checkbox"/> Transfer of Technology (Outsourcing / In-sourcing)		<input type="checkbox"/> Fund Transfer	
<input type="checkbox"/> Purchase / <input type="checkbox"/> Sale of Services		<input type="checkbox"/> Guarantee	
<input type="checkbox"/> Investments (Equities, Derivatives, etc.)		<input type="checkbox"/> Others, Please identify	
<input type="checkbox"/> Joint Venture			
<input type="checkbox"/> Trust Product and/or Service			
<input type="checkbox"/> Treasury Product and/or Service			
<input type="checkbox"/> Treasury – Counterparty Limits			
MATERIAL FACTS OF THE PROPOSED RPT			
GENERAL TERMS AND CONDITIONS OF THE RPT			

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<b>Important: Please attach additional documentation that supports/provides a more detailed breakdown of the transaction.</b>	
<b>A. PRICE DISCOVERY MECHANISM</b> <i>(May include price comparison from the market, bidding or publication of available property (for properties); please indicate if a professional expert advice was used in determining the price)</i>	<b>B. BENEFITS TO THE BANK</b> <i>(Be specific as to any benefit the Bank may derived out of the service/arrangements)</i>
<b>C. AVAILABILITY OF OTHER SOURCES OF PRODUCTS AND/OR SERVICES</b> <i>(Indicate here the other service providers that were considered by the Bank in the selection process)</i>	<b>D. ASSESSMENT OF TERMS AS COMPARABLE TO OTHER NON-RELATED CLIENTS SIMILARLY-SITUATED</b> <i>(Indicate here the reference terms in arriving at the conclusion that the terms granted are comparable to other clients who are non-related but similarly situated which includes the type of facility granted, risk rating and collateral/security provided, etc.)</i>

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		<b>Date:</b> June 2024

<b>OTHER REMARKS (If applicable):</b>
List of Attachments (if any)


<b>CERTIFICATION</b>	
<i>The requesting unit hereby certifies that the request/transaction is in compliance with the existing DOSRI and RPT rules.</i>	
<b>Prepared By:</b>  <div>Signature Over printed Name Date</div>	<b>Checked By:</b> (Section/Department Head)  <div>Signature Over printed Name Date</div>

<b>RECOMMENDATION AND ENDORSEMENT</b>		
<i>In due consideration of the foregoing details, approval of the transaction is hereby recommended.</i>		
<b>Name/Designation &amp; Signature</b>	<b>Date</b>	<b>Remarks/Special Instructions, if any</b>
<b>Recommended By:</b>  <div>Signature Over printed Name Date</div>		
<b>Endorsed By:</b>  <div>Signature Over printed Name Date</div>		

<b>APPROVAL</b>		
<b>Approved By:</b> <i>This portion is not applicable if the RPT is for approval of a committee other than the Management Committee.</i>  <div>Signature Over printed Name Date</div>		<b>Remarks or Special Instructions</b>

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Annex B – Downloadable in iConnect



**Related Party Transaction (RPT)  
RECOMMENDATION MEMORANDUM**  
For Material Transactions

**TO : RELATED PARTY TRANSACTION COMMITTEE (RPTCOM)**

**THRU :**

**FROM :**


**DATE :**

*This is to request your endorsement of the Related Party Transaction (RPT) described below:*

RELATED PARTY TRANSACTION DETAILS			
Name of Related Party			
Please indicate related names that made the client a related party (Indicate the name of the Director, Officer or Stockholder)			
CLASSIFICATION OF RELATED PARTY			
<b>1. Related Party (DOS: Director, Officer, Stockholder)</b> <input type="checkbox"/> Director <input type="checkbox"/> Officer <input type="checkbox"/> Stockholder <input type="checkbox"/> Within the second degree of consanguinity or affinity, legitimate or common law <input type="checkbox"/> DOS of entities where the Bank has ownership of at least 20% but not more than 50%, or the Bank exerts control over			
<b>2. Related Interest (Please choose the relationship of the Related Interest (RI) to DOS)</b> <input type="checkbox"/> Spouse or relative within the first degree of consanguinity or affinity, or relative by legal adoption, of DOS of the Bank <input type="checkbox"/> Partnership of which DOS of the Bank or his spouse or relative within the first degree of consanguinity or affinity, or relative by legal adoption, is a general partner <input type="checkbox"/> Co-owner with the director, officer, stockholders or his spouse or relative within the first degree of consanguinity or affinity, or relative by legal adoption, of the property or interest or right mortgaged, pledged or assigned to secure the loans or other credit accommodations, except when the mortgage, pledge or assignment covers only said co-owner's undivided interest <input type="checkbox"/> Corporation, association or firm of which any or a group of directors, officers, stockholders of the lending bank and/or their spouses or relatives within the first degree of consanguinity or affinity, or relative by legal adoption, hold or own at least twenty percent (20%) of subscribed capital of such corporation, or of the equity of such association or firm <input type="checkbox"/> Corporation, association or firm wholly or majority-owned or controlled by any related entity or a group of related entities mentioned in items "a(2)" and "a(4)" of Section 341 of the MORB; <input type="checkbox"/> Corporation, association or firm which owns or controls directly or indirectly whether singly or as part of a group of related interest at least twenty-percent (20%) of the subscribed capital of a substantial stockholder of the lending bank or which controls majority interest of the Bank mentioned in item m.6 Section 131 of the MORB; <input type="checkbox"/> Corporation, association or firm which has an existing management contract or any similar arrangement with the parent of the lending bank; and <input type="checkbox"/> Non-governmental organizations (NGOs)/foundations that are engaged in retail microfinance operations which are incorporated by any of the stockholders and/or directors and/or officers or related banks.			
<b>3. Subsidiary of the Bank</b> <input type="checkbox"/>			
<b>4. Affiliate of the Bank</b> <input type="checkbox"/>			
<b>5. Other Entities Related to the Bank</b> <input type="checkbox"/> <small>(This common owners, not necessarily subsidiaries/affiliates, but may be treated as RPT)</small>			
IDENTIFICATION OF RELATED PARTY TRANSACTION			
TYPE OF TRANSACTION	TYPE OF PRODUCT / SERVICE	TYPE OF TRANSACTION	PRODUCT / SERVICE
<input type="checkbox"/> Lending / Credit Accommodation		<input type="checkbox"/> Agency Arrangement	
<input type="checkbox"/> Credit Card		<input type="checkbox"/> Leasing Arrangement	
<input type="checkbox"/> Purchase / <input type="checkbox"/> Sale of Bank Assets / ROPA		<input type="checkbox"/> Outsourcing Arrangement	
<input type="checkbox"/> Transfer of Technology (Outsourcing / In sourcing)		<input type="checkbox"/> Fund Transfer	
<input type="checkbox"/> Purchase / <input type="checkbox"/> Sale of Services		<input type="checkbox"/> Guarantee	
<input type="checkbox"/> Investments (Equities, Derivatives, etc.)		<input type="checkbox"/> Others, Please identify	
<input type="checkbox"/> Joint Venture			
<input type="checkbox"/> Trust Product and/or Service			
<input type="checkbox"/> Treasury Products and/or Services			
<input type="checkbox"/> Treasury – Counterparty Limits			
MATERIAL FACTS OF THE PROPOSED RPT			
GENERAL TERMS AND CONDITIONS OF THE RPT			

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Important: Please attach additional documentation that supports/provides a more detailed breakdown of the transaction.	
<b>A. PRICE DISCOVERY MECHANISM</b> <i>(May include price comparison from the market, bidding or publication of available property (for properties); please indicate if a professional expert advice was used in determining the price)</i>	<b>B. BENEFITS TO THE BANK</b> <i>(Be specific as to any benefit the Bank may derived out of the service/arrangements)</i>
<b>C. AVAILABILITY OF OTHER SOURCES OF PRODUCTS AND/OR SERVICES</b> <i>(Indicate here the other service providers that were considered by the Bank in the selection process)</i>	<b>D. ASSESSMENT OF TERMS AS COMPARABLE TO OTHER NON-RELATED CLIENTS SIMILARLY-SITUATED</b> <i>(Indicate here the reference terms in arriving at the conclusion that the terms granted are comparable to other clients who are non-related but similarly situated which includes the type of facility granted, risk rating and collateral/security provided, etc.)</i>

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		<b>Date:</b> June 2024

<b>OTHER REMARKS (If applicable):</b>
List of Attachments (if any)

<b>CERTIFICATION</b>	
<i>The requesting unit hereby certifies that the request/transaction is in compliance with the existing DOSRI and RPT rules.</i>	
<b>Prepared By:</b>	<b>Checked By:</b> (Section/Department Head)
_____ Signature Over printed Name Date	_____ Signature Over printed Name Date


<b>RECOMMENDATION AND ENDORSEMENT</b>		
<i>In due consideration of the foregoing details, approval of the transaction is hereby recommended.</i>		
<b>Name/Designation &amp; Signature</b>		<b>Remarks/Special Instructions, if any</b>
<b>Recommended By:</b>  _____ Signature Over printed Name Date		
<b>Endorsed By:</b>		
_____ Signature Over printed Name Date	_____ Signature Over printed Name Date	_____ Signature Over printed Name Date

<b>APPROVAL</b>	
<b>Approved By:</b>	<b>Remarks or Special Instruction</b>

<b>FOR OFFICE OF THE CORPORATE SECRETARY'S USE ONLY</b>	
<b>Received by:</b>	<b>Remarks</b>
_____ Signature Over Printed Name / Date	

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## Annex C

### MATERIAL FACTS OF THE PROPOSED RPT

#### GENERAL TERMS AND CONDITIONS OF THE RPT

- Example: Lease payment to be paid on an annual basis
- Example: Standard fees and charges are applied to the RPT.

**Important:** Please attach additional documentation that supports/provides a more detailed breakdown of the transaction.

#### A. PRICE DISCOVERY MECHANISM

(May include price comparison from the market, bidding or publication of available property (for properties); please indicate if a professional expert advice was used in determining the price)

Example:

Ropa Sale:

Comparative Price (Market Survey Online)

Seller	Mileage	Price
CBS	20,058	690,500.00
FB Marketplace	30,000	658,000.00
Carousell.ph	20,000	688,000.00
Philkotse	23,000	720,000.00

- No listing in other bank car listings (BPI, PSBank, RCBC)
- Appraised value – P690,000.00

#### B. BENEFITS TO THE BANK

(Be specific as to any benefit the Bank may derived out of the service/arrangements)

Example:

For lease of branches inside malls, it should be taken into consideration that most of the clients/parties of the Bank are also tenants of the mall, thus, the benefit for the Bank and its clients/parties is that it will be very accessible for both parties in addition to the added safety and security due to the presence of security guards in the mall premises

#### C. AVAILABILITY OF OTHER SOURCES OF PRODUCTS AND/OR SERVICES

(Indicate here the other service providers that were considered by the Bank in the selection process)

#### D. ASSESSMENT OF TERMS AS COMPARABLE TO OTHER NON-RELATED CLIENTS SIMILARLY-SITUATED


(Indicate here the reference terms in arriving at the conclusion that the terms granted are comparable to other clients who are non-related but similarly situated which includes the type of facility granted, risk rating and collateral/security provided, etc.)

Sample:

Particulars	Related Party	Other Clients
Collateral	Fully secured REM + JSS	Fully secured REM
Rate	9% or FTP + 2% w/c ever is higher	9% or FTP + 2% w/c ever is higher
Risk Rating	B-9 and Below RAAC	A-10 Below RAAC

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### Annex D - RPT Template

	A	B	C	D	E	F	G	H	I
1							Deadline : To be submitted Quarterly to Central Accounting Division		
2							5 banking days after the end of the reference Quarter		
3			<b>Material Related Party Transactions</b>						
4			For the Quarter Ended						
5									
6									
7	<b>Parent Bank/QB and Subsidiary/Affiliates</b>	<b>Related Counterparty</b>	<b>Relationship Between the Parties</b>	<b>Transaction Date</b>	<b>Board Approval Date</b>	<b>Type of Transaction</b>	<b>Amount/ Contract Price</b>	<b>Terms</b>	<b>Rationale for Entering into the Transaction</b>
8	<b>A. Bank</b>								
9	a. Subsidiaries and Affiliates								
10	b. DOSRI								
11	c. Others								
12									
13	<b>B. Subsidiary 1</b>								
14	a. Subsidiaries and Affiliates								
15	b. DOSRI								
16	c. Others								
17									
18	<b>C. Subsidiary 2</b>								
19	a. Subsidiaries and Affiliates								
20	b. DOSRI								
21	c. Others								
22									
23	<b>D. Affiliate 1</b>								
24	a. Subsidiaries and Affiliates								
25	b. DOSRI								
26	c. Others								
27									
28	<b>E. Affiliate 2</b>								
29	a. Subsidiaries and Affiliates								
30	b. DOSRI								
31	c. Others								
32									
33	Please indicate the last column (rationale for entering into the transaction) if the counterparty was a non-related party at the time when the transaction was entered into.								
34									
35									
36									
37	<b>Prepared by:</b>	<b>Checked by:</b>				<b>Noted by:</b>			
38									

	A	B	C	D	E	F	G	H	I
1							Deadline : To be submitted Quarterly to Central Accounting Division		
2							5 banking days after the end of the reference Quarter		
3			<b>Non-material Related Party Transactions</b>						
4			For the Quarter Ended						
5									
6									
7	<b>Parent Bank/QB and Subsidiary/Affiliates</b>	<b>Related Counterparty</b>	<b>Relationship Between the Parties</b>	<b>Transaction Date</b>	<b>Board Approval Date</b>	<b>Type of Transaction</b>	<b>Amount/ Contract Price</b>	<b>Terms</b>	<b>Rationale for Entering into the Transaction</b>
8	<b>A. Bank</b>								
9	a. Subsidiaries and Affiliates								
10	b. DOSRI								
11	c. Others								
12									
13	<b>B. Subsidiary 1</b>								
14	a. Subsidiaries and Affiliates								
15	b. DOSRI								
16	c. Others								
17									
18	<b>C. Subsidiary 2</b>								
19	a. Subsidiaries and Affiliates								
20	b. DOSRI								
21	c. Others								
22									
23	<b>D. Affiliate 1</b>								
24	a. Subsidiaries and Affiliates								
25	b. DOSRI								
26	c. Others								
27									
28	<b>E. Affiliate 2</b>								
29	a. Subsidiaries and Affiliates								
30	b. DOSRI								
31	c. Others								
32									
33	Please indicate the last column (rationale for entering into the transaction) if the counterparty was a non-related party at the time when the transaction was entered into.								
34									
35									
36									
37	<b>Prepared by:</b>	<b>Checked by:</b>				<b>Noted by:</b>			
38									

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