cbs China Bank Saving
A subsidiary of China Banking Corporal

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) ☐ Director ☐ Officer ☐ Stockholder

☐ Within the second degree of consanguinity or affinity, legitimate or common law
☐ 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]*

☐ Spouse or relative within the first degree of consanguinity or affinity, or relative by legal adoption, of DOS of the Bank
☐ 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
☐ 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
☐ 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
☐ Corporation, association or firm wholly or majority-owned or controlled by any related entity or a group of related entities mentioned in items "e(2)" and "e(4)" of Section 341 of the MORB;
☐ 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.
☐ Corporation, association or firm which has an existing management contract or any similar arrangement with the parent of the lending bank; and
☐ 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	☐
4. Affiliate of the Bank	☐
5. Other Entities Related to the Bank *(Thru common owners, not necessarily subsidiaries/affiliates but may be treated as RPT)*	☐

IDENTIFICATION OF RELATED PARTY TRANSACTION

TYPE OF TRANSACTION	TYPE OF PRODUCT/SERVICE	TYPE OF TRANSACTION	TYPE OF PRODUCT/SERVICE
☐ Lending / Credit Accommodation		☐ Agency Arrangement	
☐ Credit Card		☐ Leasing Arrangement	
☐ Purchase / ☐ Sale of Bank Assets / ROPA		☐ Outsourcing Arrangement	
☐ Transfer of Technology (Outsourcing / In sourcing)		☐ Fund Transfer	
☐ Purchase / ☐ Sale of Services		☐ Guarantee	
☐ Investments *(Equities, Derivatives, etc.)*		☐ Others, Please identify ____________________	
☐ Joint Venture			
☐ Trust Product and/or Service			
☐ Treasury Product and/or Service			
☐ Treasury – Counterparty Limits			

MATERIAL FACTS OF THE PROPOSED RPT

GENERAL TERMS AND CONDITIONS OF THE RPT

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

Benchmarking Template for <u>CREDIT TRANSACTION</u>

Date		
DETAILS OF FACILITY		
Related Party Account Name	**Non-Related Party Account Name 1**	**Non-Related Party Account Name 2**
CRITERIA FOR SELECTION OF COMPARABLE NON-RPT ACCOUNTS		
Facility		
Risk Rating		
Industry		
Firm / Asset Size		
Collateral		
COMPARATIVE TERMS AND CONDITIONS		
Facility Number 1		
Interest Rate		
Loan Value of Collateral		
Top Up / Pay Down Provision		
Other Non-Standard Terms and Conditions		
Date of Availment		
Facility Number 2		
Interest Rate		
Loan Value of Collateral		
Top Up / Pay Down Provision		
Other Non-Standard Terms and Conditions		
Date of Availment		
BENEFITS TO THE BANK *(Be specific as to any benefit the Bank may derived out of the service/arrangements)*		
OTHER REMARKS		

1. Following are the five (5) criteria to be used when identifying comparable non-RPT accounts against which the RPT account shall be benchmarked:

   a. Facility - pertains to the type of credit accommodation extended to the RPT. This could be short-term or long-term in nature.
   b. Risk Rating - based on the most recent approved risk rating of the RPT and its comparables.
   c. Industry - based on category per Philippine Standard Industrial Classification (PSIC) code.
   d. Firm Size - classified as Micro, Small, Medium or Large category.
   e. Collateral – collateral(s) securing the credit facility(ies).

2. The AO shall perform benchmarking by checking the IBG portfolio for similarly-situated non-RPT accounts using all the five (5) criteria, on a best effort basis.

3. The RPT Benchmarking Template shall be prepared and attached to the Credit Proposal of the RPT for approval. The terms and conditions shall likewise be matched on a per facility basis, for comparability. However, only the NON-STANDARD terms and conditions shall be indicated in the matrix.

4. Upon loan availment, the same benchmarking template shall be updated by indicating the actual interest rates (likewise benchmarked against non-RPT accounts), and re-submitted to the RPTC on a monthly basis.

Note: In case the chosen non-RPT account has no availment at the time of the related party's loan availment, an alternate non-RPT account matching the identified parameters, may be used.

Benchmarking Template for NON-CREDIT TRANSACTION

Date		
DETAILS OF FACILITY		
Related Party Account Name	**Non-Related Party Account Name 1**	**Non-Related Party Account Name 2**
CRITERIA FOR SELECTION OF COMPARABLE NON-RPT ACCOUNTS		
COMPARATIVE TERMS AND CONDITIONS *(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.)*		
APPLICABLE METRICS *(e.g., unit cost, approved indicative price, lease rate, service fee, etc.),* **and OTHER RELEVANT DETAILS** *[e.g., interest rate, repayment period & collateral (for sale of assets), price discovery mechanism employed (as applicable), etc.]*		
BENEFITS TO THE BANK *(Be specific as to any benefit the Bank may derived out of the service/arrangements)*		

OTHER REMARKS (If applicable):
List of Attachments *(if any)*

CERTIFICATION

The requesting unit hereby certifies that the request/transaction is in compliance with the existing DOSRI and RPT rules.

Prepared By:	**Checked By:** *(Section/Department Head)*
Signature Over printed Name Date	Signature Over printed Name Date

RECOMMENDATION AND ENDORSEMENT

In due consideration of the foregoing details, approval of the transaction is hereby recommended.

Name/Designation & Signature	Date	Remarks/Special Instructions, if any
Recommended By: Signature Over printed Name Date		
Endorsed By: Signature Over printed Name Date		

APPROVAL

Approved By: *This portion is not applicable if the RPT is for approval of a committee other than the Management Committee.* Signature Over printed Name Date		**Remarks or Special Instructions**