

RELATED PARTY TRANSACTION COMMITTEE CHARTER

The Related Party Transaction Committee (“RPT Committee”) shall be responsible for *evaluating the existing relationship between and among businesses and counterparties, and for monitoring RPT by reviewing all material* related party transactions as defined in the existing policies of the Bank, laws, rules and regulations and in ensuring that they are conducted at arm’s length, fair market terms or shall be upon terms not less favorable to the Bank than offered to others.

I. Membership

1. The RPT Committee shall be composed of at least three (3) members of the Board of Directors, two (2) of whom shall be *independent director including the Chairman*. 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.

II. 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.

III. 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.

IV. Duties and Responsibilities

1. Meetings and reports
 - 1.1 The RPT Committee shall meet whenever necessary to discuss related party transactions, and on the 3rd Wednesday of the month at the Bank’s Head Office.
 - 1.2 Keep the Board of Directors informed as needed, at least once every year.
2. General Responsibilities of the RPT Committee

2.1 Policy

2.1.1 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.

2.1.1 The Committee shall determine the Material Interests or the amount of significant transactions that could pose material risk to the Bank. For this purpose, the amount to be considered as 'Significant and to be included in the Bangko Sentral ng Pilipinas (BSP) report must be Philippine Peso (PHP) 50 Million (or its foreign currency equivalent) and above.

The amount may be changed based on the discretion of the Board of Directors.

2.2 Review of RPT

2.2.1 *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.*

2.2.2 The Committee shall also be responsible in evaluating or reviewing all material related party transactions as defined in the existing policies of the bank.

2.2.3 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.*

2.2.4 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 of 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.*
- 2.2.5 *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.*
- 2.2.6 *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.*
- 2.2.7 *Ensure that transactions with related parties, including write-off of exposures, are subject to periodic independent review or audit process.*
- 2.2.8 *Oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including the periodic review of RPT policies and procedures.*
- 2.2.9 *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.*

V. Duties and Responsibilities

The Board of Directors shall review and assess the adequacy of this charter at least once every year and/or as deemed necessary.