



RPT (RELATED PARTY TRANSACTION) COMMITTEE CHARTER

I. PURPOSE

The RPT Committee has been constituted by the Board to ensure that:

1. There is effective compliance with existing laws, rules, and regulations at all times;¹
2. Transactions with related parties 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; and
3. RPTs are conducted on an arm's length basis and that no stakeholder is unduly disadvantaged.²

II. COMPOSITION

1. The RPT Committee shall be composed of at least 3 members of the Board of Directors, 2 of whom shall be independent directors, including the chairperson. The Committee shall at all times be entirely composed of independent and non-executive directors, with independent directors comprising majority of the members.³
2. Each member shall hold office for a term of one (1) year from election by the Board of Directors. The election of the members of the Committee and the appointment of its Chairperson shall be held during the Organizational Meeting of the Board after each Annual Stockholder's Meeting.
3. Vacancies in the Committee, other than by expiration of term, may be filled for the unexpired term by election or appointment made by the Board of Directors.
4. The Chief Audit Executive shall sit as non-voting member of the Committee while the Chief Compliance Officer shall serve as the Secretary of the Committee.

III. FREQUENCY AND CONDUCT OF MEETINGS

1. The RPT Committee shall meet bi-monthly/once every other month or whenever necessary to discuss and agree on matters to be endorsed to the Board of Directors for approval and confirmation. The Committee Secretary shall prepare the agenda for each meeting and send out notice at least two (2) days before the meeting date. The Committee Secretary shall also prepare and distribute minutes of the meetings, and make other regular reports to the Board, as required by the RPT Committee or by regulation.

¹ Section 131 of the MORB on "Specific duties and responsibilities of the board of directors."

² Section 131 of the MORB on "Specific duties and responsibilities of the board of directors."

³ Section 133 of the MORB on "Related party transactions committee."

2. A quorum shall comprise of majority of the members of the Committee. Voting on Committee matters shall be on one member – one vote basis. Majority vote of all members present shall constitute an official action of the Committee. In case a member has conflict of interest in a particular RPT, he/she should refrain from evaluating that particular transaction.⁴
3. Committee members may attend meetings in person or through teleconferencing or videoconferencing that will allow the members to actively take part in the deliberations on matters taken up during said meetings.
4. On highly meritorious cases, i.e., for time sensitive or urgent transactions, the Chairperson may either (1) convene the Committee for a special meeting or (2) approve the routing of transactions via email to facilitate the evaluation of material RPTs with the actions/decisions documented in the minutes of meeting for confirmation of the Committee in its regular meeting.

IV. DUTIES AND RESPONSIBILITIES

1. Evaluates on an ongoing basis existing relations between and among the Bank's 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. Evaluates all material RPTs to ensure that these are not undertaken on more favorable economic terms than similar transactions with non-related parties under similar circumstances 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:
 - 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 or 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.

⁴ Section 133 of the MORB on "Related party transaction committee."



Based on its assessment, the RPT Committee shall endorse acceptable material RPTs as defined in the Bank's Policy on Related Party Transactions to the Board of Directors for approval.

3. Performs look back review of non-material RPTs vetted by the RPT Management Committee and endorses to the Board for confirmation.
4. Ensures that appropriate public disclosure is made, and/or information is provided to regulating and supervising authorities relating to the Bank's RPT exposures, policies on conflicts of interest and 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.
5. Reports to the Board of Directors on bimonthly/every other month, the status and aggregate exposures to each related party and the total amount of exposures to all related parties.
6. Evaluates any breach in the internal limits set for RPTs and recommends actions to be taken on the breach to the Board of Directors.
7. Ensures that transactions with related parties, including write-off of exposures, are subject to periodic independent review or audit process.
8. Oversees the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs.
9. Conducts a periodic review of RPT policies and procedures, including materiality thresholds and internal limits for individual and aggregate exposures and endorse revisions for Board approval, if necessary, based on updates in banking laws and regulations, recommendations of Senior Management and actions taken by the Board of Directors.
10. Review and assess, at least annually or whenever there are significant changes therein, the adequacy of this Charter and recommend any changes to the Board for approval.

V. 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 Corporate Governance Manual.