

REVISED RELATED PARTY TRANSACTIONS COMMITTEE CHARTER

This Charter sets forth the guiding principles in the management of Related Party Transactions at Philippine Business Bank, Inc. (PBB). The Bank, its officers and staff are committed in ensuring that activities are conducted in accordance with all applicable laws, rules and regulations and highest ethical standards.

I. Membership

The RPT Committee shall be composed of five (5) members of the Board of Directors, 3 of whom shall be independent directors including the Chairperson. The RPT Committee shall at all times be entirely composed of independent directors and non-executive directors, with independent directors comprising majority of the members.

The Chief Compliance Officer, Chief Audit Executive, Chief Operations Officer or their authorized representatives shall act as resource persons to the RPT Committee. The Chief Compliance Officer shall serve as Secretary to the Committee.

The Committee shall have the full discretion to invite any senior officer to attend its meetings as resource persons.

II. Terms of Reference

The Related Party Transaction Committee (RPT Committee) is created by the Board of Directors of Philippine Business Bank to assist the Board in fulfilling its responsibility of strengthening the governance practices in the Bank, particularly on related party transactions (RPT).

III. Authority

The RPT Committee shall have the following authorities:

1. Review and endorse material Related Party Transactions (RPTs), including those that involve DOSRI for Board approval in accordance with the RPT Guidelines and Procedures;
2. Formulate, revise/amend and endorse for Board approval policies on related party transactions;
3. Conduct any investigation required to fulfill its responsibilities on RPTs;
4. Consult at the Bank's expense such outside legal counsel, accounting or other advisers, consultants or experts as the Committee may consider necessary from time to time to carry out its duties; and
5. Has access to all records of the Bank to perform its functions/responsibilities.

IV. Responsibilities

The RPT Committee shall:

1. Assist the Board of Directors in assessing material agreements with a related party that are covered by RPT regulations in determining whether to approve, ratify, disapprove to reject a related party transaction;
2. 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 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;
3. Evaluate and ensure that all RPTs: (i) are entered into on terms not less favorable to the Bank when compared to the terms generally available to unaffiliated third party under same or similar circumstances; (ii) will not result to misappropriation or misapplication of corporate or business resources; (iii) will not result to exposure to reputational risk. 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; and
 - d. The availability of other sources of comparable products or services; and
4. Ensure that the bank shall have in place an effective price discovery system (i.e., bidding) to determine a fair price for RPTs;
5. 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 conflict 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 transaction with other related parties;
6. Ensure that the Bank disclose its policies governing RPTs and other unusual or infrequently occurring transactions in the Manual on Corporate Governance and material or significant RPTs reviewed and approved during the year are disclosed in the Annual Corporate Governance Report.
7. 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;

8. Ensure that transaction with related parties, including write-off of exposures, are subject to period independent review or audit process; and
9. Oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including the periodic review of RPT policies and procedures.

V. Duties and Responsibilities of RPT Secretariat

The Committee Secretariat shall prepare the agenda for each meeting and send out notices at least two (2) banking days before the meeting. The Secretariat shall likewise prepare and distribute the minutes of the meeting and prepare other reports as maybe required by the RPT Committee.

The Committee Secretariat shall likewise draft and distribute the RPT Committee Minutes of Meeting for review/approval of the members as well as maintain on file such records e.g. minutes or summary of matters reviewed and decisions taken.

The use of e-signatures in signing off the RPT Committee Minutes of Meeting may be allowed by the RPT Committee provided that such electronic/digital sign-offs signifying the members' approval thereof are duly supported by the members' approval/clearance either via e-mail or other electronic means.

VI. Term of Office

Each member of the RPT Committee shall be appointed on an annual basis.

VII. Vacancies

The Board shall fill vacancies in the Committee by appointment from among qualified members of the Board.

Whenever there is a vacancy in the Committee, the Corporate Secretary shall immediately inform the Board of Directors of this vacancy. Upon Receipt of the information, the Board shall appoint a new member of the Committee.

VIII. Meetings

The RPT Committee shall convene and meet every second Wednesday of the month, or at such other time and venue as may be called for by the Chairperson or upon the request of the majority of the members.

The RPT Committee meeting may be conducted either physically in person or through teleconferencing or videoconferencing.

IX. Quorum

The quorum shall be comprised of at least three (3) regular members, one of which should be the Chairperson of the committee or in his absence, his or her designated member who shall chair the meeting.

In case a member has conflict of interest in a particular RPT, he shall refrain from evaluating that particular transaction.

A majority vote among the present, but excluding the Chairperson or in his absence the acting Chairperson, who is an Independent Director, shall be required to pass or defeat any resolution at the meeting.

The Chairperson or in his absence the acting Chairperson shall be the casting vote to resolve a deadlock.

X. Approval

Approvals may be made at or during its meetings or through circulation to all members of the Committee.

XI. Charter Review

The Committee shall review and assess the adequacy of this charter annually.

Approved:

Per Board Resolution No. [2023-11-04-C](#) dated [15 November 2023](#).

Last reviewed and updated: 2019 per Board Resolution No. [2019-01-05-B](#)