



PHILIPPINE  
**BUSINESSBANK**  
*a savings bank*

# **RELATED PARTY TRANSACTIONS POLICY MANUAL**

*(As of December 2023)*

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## A. Overview

In accordance with the regulations, policies and guidelines on Corporate Governance issued by the Bangko Sentral ng Pilipinas (BSP), the Securities and Exchange Commission (SEC) and other regulatory bodies, Philippine Business Bank (PBB) recognizes the need to strengthen its policy on related-party transactions and other similar situations so as to prevent or mitigate abusive transactions with related parties and avoid risks of conflict of interest.

This is also in consonance with PBB's adherence to the highest principles of good governance as the bank subscribes to the philosophy of integrity, accountability and transparency in doing business.

Similarly, Philippine Accounting Standard (PAS) 24 Related Party Disclosures provides that an entity should disclose information about the transactions and outstanding balances necessary for an understanding of the potential effect of the relationship on the financial statements.

## B. Definition of Terms

### 1. **Related parties** shall cover the following:

- a. **Directors<sup>1</sup>, Officers<sup>2</sup>, Stockholders<sup>3</sup>, and Related Interests<sup>4</sup> (DOSRI)** of the Bank, as defined in Section 131 of the Manual of Regulations for Banks (MORB);
  - i. **Officers** shall include Senior Officers of the Bank **with a rank of AVP and up.**
- b. **Persons related to the Bank's director, officer, and stockholder (DOS) within the second degree of consanguinity or affinity, legitimate or common-law<sup>5</sup>**, including the spouse, parent, child, brother, sister, grandparent, grandchild, parent-in-law, son/daughter-in-law, brother/sister-in-law of the Bank's DOS;

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<sup>1</sup> Section 131 (f), MORB.

<sup>2</sup> Section 131 (j), MORB.

<sup>3</sup> Section 131 (s), MORB.

<sup>4</sup> Section 131 (m), MORB.

<sup>5</sup> Section 131 (b), MORB; Common-law refers to a relationship between a man and a woman who live exclusively with each other as husband and wife without the benefit of a marriage

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- i. **Corresponding persons in affiliated companies<sup>6</sup>**, who are the DOS and their relatives within the **second degree of consanguinity or affinity, legitimate or common-law** in the following companies: (**Related Interests**, as defined in Section 131 of the MORB and item 8 hereof; their **subsidiaries** and **affiliates** (see definition under items 3 and 4 respectively); or **any entity that the Bank exerts direct/indirect control** over or that exerts direct/indirect control over the Bank).
  - c. Any party (including their subsidiaries, affiliates, and **special purpose entities**) that the Bank exerts direct/indirect control over or that exerts direct/indirect control over the bank;
  - d. Such other person/juridical entity whose interests may pose potential conflict with the interest of the Bank;
  - e. Any party that has **direct or indirect linkages** to the Bank identified as follows:
    - i. **Ownership, control or power to vote, of ten percent (10%)** to less than twenty percent (20%) of the outstanding voting stock of the borrowing entity, or vice versa;
    - ii. **Interlocking directorship or officership**, except in cases involving independent directors as defined under existing regulations or directors holding nominal share in the borrowing corporation;
    - iii. **Common stockholders** owning at least **ten percent (10%)** of the **outstanding voting stock of the Bank** and **ten percent (10%)** to less than twenty percent (20%) of the **outstanding voting stock of the borrowing entity**; or
    - iv. **Permanent proxy or voting trusts** in favor of the Bank constituting **ten percent (10%)** to less than twenty percent (20%) of the outstanding voting stock of the borrowing entity, or vice versa.
- 2. Related Party Transactions** are transactions or dealings with related parties of the Bank, **including its Trust Department**, regardless of whether or not a price is charged. These shall include, but not limited to the following:

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<sup>6</sup> Section 131 (e), MORB.

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- On- and off-balance sheet credit exposures and claims and write-offs;
- Investments and/or subscriptions for debt/equity issuances;
- Consulting, professional, agency and other service arrangements / contracts;
- Purchases and sales of assets, including transfer of technology and intangible items (e.g. research and development, trademarks and license agreements);
- Construction arrangements/ contracts;
- Lease arrangements/contracts;
- Trading and derivative transactions;
- Borrowings, commitments, fund transfers and guarantees;
- Sale, purchase or supply of any goods or materials; and
- Establishment of joint venture entities.

RPTs shall also include outstanding transactions that were entered into with an unrelated party that subsequently becomes a Related Party.

- 3. Subsidiary.** 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 its parent corporation.
- 4. Affiliate.** shall refer to an entity linked directly or indirectly to a Bank by means of:
  - (1) Ownership, control as defined under Item “5” hereof, or power to vote of at least **twenty percent (20%)** of the outstanding voting stock of the entity, or vice-versa;
  - (2) **Interlocking directorship or officership**, where the director or officer concerned owns, controls, as defined under Item “5” hereof, or has the power to vote, at least **twenty percent (20%)** of the outstanding voting stock of the entity;
  - (3) Common ownership, whereby the common stockholders own at least ten percent (10%) of the outstanding voting stock of the Bank and at least twenty percent (20%) of the outstanding voting stock of the entity;

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- (4) Management contract or any arrangement granting power to the Bank to direct or cause the direction of management and policies of the entity;  
or
- (5) Permanent proxy or voting trusts in favor of the Bank constituting at least twenty percent (20%) of the outstanding voting stock of the entity, or vice versa.

**5. Control** of an enterprise exists when there is:

- a. Power over more than one-half of the voting rights by virtue of an agreement with other stockholders; or
- b. Power to govern the financial and operating policies of the enterprise under a statute or an agreement; or
- c. Power to appoint or remove the majority of the members of the board of directors or equivalent governing body; or
- d. Power to cast the majority votes at meetings of the board of directors or equivalent governing body; or
- e. Any other arrangement similar to any of the above.

Control is presumed to exist if there is ownership or holding, whether direct or indirect, of 20 percent or more of a class of voting shares of a company.

- 6. Arm's-length transaction.** A transaction between two (2) unrelated or unaffiliated parties acting on their own self-interest and are not subject to any pressure or duress from the other party<sup>7</sup>.
- 7. Conflict of interest.** A situation in which a person or organization is involved in multiple interests, financial interest, or otherwise, one of which could possibly corrupt the motivation of the individual or organization. It is a set of circumstances that creates a risk that professional judgement or action regarding a primary interest will be unduly influenced by a secondary interest.<sup>8</sup>

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<sup>7</sup> Per investopedia.

<sup>8</sup> Per wikipedia

## **8. Related Interest (RI):**

- (1) Spouse or relative within the first degree of consanguinity or affinity, or relative by legal adoption, of a director, officer or stockholder of the bank;
- (2) 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;
- (3) 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;
- (4) 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;
- (5) 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 this Section;
- (6) 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 Sec. 362 of the MORB. (Definition of terms, Item "g");
- (7) Corporation, association or firm which has an existing management contract or any similar arrangement with the parent of the lending bank; and
- (8) 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 of related banks.

## **C. Coverage of RPT Policy**

### **1. Covered Transactions**

The RPT policy shall cover the following:



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<b>Loan Transactions</b>	<b>Non-Loan Transactions</b>
Loans and other credit accommodations (including off-balance sheet commitments/ guarantees and sureties)/borrowings and fund transfers	Investments and/or subscriptions for debt/equity issuances not traded in active market
Write-off of related party	Service Contracts Consulting, professional, agency and other service arrangements / contracts;
	Purchases and sales of assets (other than ROPA), including transfer of technology and intangible items (e.g. research and development, trademarks and license agreements) whether in cash or installment
	Construction arrangements/ contracts <sup>9</sup>
	Lease Arrangements / Contracts
	Trading and derivative transactions not traded in active market
	Sale of Real and Other Properties Acquired (ROPA), whether in cash or installment
	Establishment of Joint Venture

Covered RPTs shall be subjected to the corresponding materiality thresholds under **item “J”**.

## **2. Excluded Transactions**

The following transactions shall not be deemed related party transactions and shall therefore be excluded from materiality thresholds requirement and reporting to the BSP:

- i. Transactions concerning deposit operations;
- ii. Regular trade transactions involving purchases and sales of debt securities traded in an active market; and
- iii. Transactions allowed/granted under BSP-approved fringe benefit programs.
- iv. Executive Officer and Director Compensation arrangements.

<sup>9</sup> Subject to bidding

### **3. Unrelated Party that Subsequently Becomes a Related Party**

Those unrelated party that subsequently becomes a related party may be excluded from the limits and approval process. However, any alteration to the terms and conditions, or increase in exposure level, related to these transactions after the non-related party becomes a related party shall subject the RPT to the requirements of the policy.

## **D. Duties and Responsibilities of the Board of Directors**

The Board of Directors (BOD) shall:

1. Approve an overarching RPT policy on the handling of RPTs to ensure that there is effective compliance with existing laws, rules and regulations at all times, that these re conducted on arm's length basis, and that no stakeholder is unduly disadvantaged;
2. Approve all material RPTs, those that cross the materiality threshold, and write-off material exposures to related parties, and submit the same for confirmation by majority vote of the stockholders in the annual stockholder's meeting;
3. Approve any renewal and material changes in the terms and conditions of RPTs;
4. Disclose in the stockholders meeting all final decisions of the board of directors 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, duly reflected in the minutes of the board of directors and stockholders' meetings.
5. Delegate to appropriate management committee the approval of RPTs that are below the materiality threshold, subject to the confirmation by the board of directors except DOSRI transactions.
6. Establish an effective system to:
  - a. Determine, identify and monitor related parties and RPTs;
  - b. Continuously review and evaluate existing relationships between and among businesses and counterparties;
  - c. Identify, measure, monitor and control risks arising from RPTs.

7. Maintain adequate capital against risks associated with exposures to related parties. Material risks arising from RPTs shall be considered in the capital planning process and stress testing.

## **E. Related Party Transactions Committee**

The RPT Committee shall:

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. Evaluate 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 related parties 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:
  - i. The related party'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;
  - iii. The benefits to the bank of the proposed RPT;
  - iv. The availability of other sources of comparable products or services; and
  - v. 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. The bank shall have in place an effective price discovery system and have exercised due diligence in determining a fair price for RPTs.

All RPTs that are considered material based on bank's internal policies shall be endorsed by the RPT Committee to the board of directors for approval.

3. 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 conflicts of interest.
4. 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. 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.
6. Ensure that transactions with related parties, including write-off of exposures, are subject to periodic independent review or audit process.
7. Oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including the periodic review of RPT policies and procedures.

See **Appendix 1** for the Revised RPT Charter.

## **F. RPT Management Committee**

The RPT Management Committee is responsible for the review and approval of RPTs falling below the set materiality threshold.

The Committee is composed of five (5) members including the Chairperson as shown below:

Chairperson	Credit Management Group Head
Members	Retail Banking Segment (RBS) Head Operations and Control Group (OCG) Head Human Resource Group Head Legal Services Group Head
Secretariat	Compliance Center representative

See **Appendix 2** for the Revised RPT Management Committee Charter.

## **G. Role of the RPT Secretariat**

Compliance Center shall act as the RPT Committee and RPT Management Committee Secretariat. Hence, the proposing unit shall inform Compliance Center should there be related party transactions that they have determined to be within the criteria.

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

The RPT Secretariat shall likewise draft and distribute the RPT Committee and RPT Management 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 and RPT Management Committee Minutes of Meeting may be allowed by the RPT Committee/RPT Management 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.

## **H. Internal Audit Function**

The Internal Audit Center shall perform the following:

1. Conduct a periodic formal review of the effectiveness of the Banks system and internal controls governing RPTs to assess consistency with the board-approved policies and procedures
2. Communicate Audit reports to the Audit Committee, including exceptions or breaches in limits.

## **I. Compliance and Corporate Governance Function**

The Compliance Center shall perform the following:

1. Ensure that the Bank complies with relevant rules and regulations.
2. Inform the Bank of regulatory developments in areas affecting related parties.
3. Aid in the review of the Bank's RPT transactions.
4. Aid in the identification of any potential RPT that would require review by the Board or the RPT Committee.
5. Ensure that the RPT policy is kept updated and properly implemented in throughout the Bank.

The role of Compliance Center for the vetting shall be for advisory purposes and to give guidance on inquiries and clarifications if a transaction shall fall within the parameters and thresholds to be considered an RPT. Further, Compliance Center shall be in charge of receiving items for agenda/approval/endorsement of the RPT Committee and RPT Management Committee. Compliance Center shall sort those items for RPT Committee and those which shall fall under RPT Management Committee. Compliance Center shall stamp and sign those that they have endorsed for inclusion in the agenda.

## **J. Materiality Thresholds**

Materiality thresholds refers to a threshold amount, as approved by the Board, is prescribed for each type of transaction with each related party or group of related parties. An RPT that crossed the threshold amount shall be considered material RPT and shall be subject to materiality threshold requirements, i.e., review and endorsement by the RPT Committee for approval of the Board, respectively, and reporting to the Bangko Sentral ng Pilipinas (BSP).

**Per Internal threshold per transaction:**

Non-material RP Transactions	below Php10M
Material RP Transactions	Php10M and above

**Per SEC MC No.10 S.2019**

SEC Materiality Threshold	10% or more of the Bank's total assets
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## **K. Internal Limits for Individual and Aggregate Exposures**

To ensure that RPTs are within prudent levels, the Bank shall establish internal limits for individual and aggregate exposures, as follows:

- i. **DOSRI** – Ninety percent (90%) of the existing prudential limits for both individual and aggregate exposures prescribed under Sections 344 and 345 of the MORB;
- ii. **Subsidiary/affiliate** – Ninety percent (90%) of the existing prudential limits for both individual and aggregate exposures as prescribed under Section 341 of the MORB;
- iii. **Other related parties:**
  - a. **Individual** – Eighty percent (80%) of single borrower's limit (SBL); and
  - b. **Aggregate** - Eighty percent (80%) of the existing prudential limits.

The internally set limits shall be tied in with the Bank's internal definition of capital. Breaches in limits shall be reported to the Board of Directors with the decision of the Board to accept the exposure or to take steps to address the breaches, as may be necessary, duly documented in the minutes of meetings.

## **L. General Guidelines**

1. Related party transactions (RPTs) shall be allowed provided that these comply with applicable regulatory/internal limits/requirements and dealings are conducted at arm's length basis. Said transactions shall only be made and entered into substantially on terms and conditions not less favorable than those with other customers of comparable risks.
2. All DOSRI transactions regardless of amount shall be presented to the RPT Committee for review and subsequent endorsement to the Board for approval.



3. All RPTs that cross the threshold amounts shall be considered as material RPTs and shall be subject to review and pre-board approval by the RPT Committee before the same are endorsed to the Board for approval;
4. All non-DOSRI RPTs falling below the threshold amounts shall be considered as non-material RPTs and shall be subject to approval by the RPT Management Committee and subsequent confirmation by the RPT Committee;
5. All approved material related party transactions, including DOSRI transactions shall be reported by the proponent unit to the Operations and Control Group (OCG) upon approval of the transaction / signing and notarization of the contract for MIS/disclosure and regulatory reporting purposes using the report format.
6. All approved non-material related party transactions shall be reported by the proponent unit to the Operations and Control Group (OCG) upon approval of the transaction / signing and notarization of the contract for MIS/disclosure and regulatory reporting purposes using the report format.
7. If an actual or potential conflict of interest arises on the part of a director, officer or employee, he is mandated to fully and immediately disclose the same and should not participate in the decision-making process relating to the transaction.
8. Any member of the Board who has an interest in the transaction under evaluation shall not participate therein and shall abstain from voting on the approval of the transaction.
9. The Bank shall maintain a database for its related parties as well as the related party transactions and shall periodically review and update the same to capture organizational and structural changes in the Bank and its related parties.
10. Transactions that were entered into with an unrelated party that subsequently becomes a related party may be excluded from the limits and approval process required in the policy. However, any alteration to the terms and conditions, or increase in exposure level, related to these transactions after the non-related party becomes a related party shall subject the RPT to the requirements of this policy. The prospective treatment should, however, be without prejudice to supervisory actions that may be enforced for transactions noted to have not been conducted on an arm's length basis.
11. The Bank shall follow its existing policies and procedures for writing-off RPT accounts.



## **M. Vetting and Approval Process**

The proponent unit shall be responsible for the initial vetting to determine if a transaction is a related party or DOSRI covered transaction in accordance with the RPT Policy Manual. Proponent unit shall prepare and accomplish (refer to **item N**) the vetting sheet together with the required proposal documents and present it to endorsing committee for endorsement to appropriate approving committee.

Upon endorsement of the appropriate endorsing committee (**Appendix 3**), the proponent unit shall submit the accomplished RPT vetting sheet (**Appendix 4**) and accompanying proposal documents to the RPT Secretariat and present it to the appropriate approving Committee.

The RPT Secretariat shall sort those transactions for RPT Management Committee and those which shall fall under RPT Board-level Committee for inclusion in the agenda of RPT Management Committee and RPT Board-level Committee meeting.

Material Related Party Transactions and DOSRI transactions must be endorsed to and vetted by the RPT Committee (**Appendix 5**) and approved by the Board of Directors.

Vetting and approval of material RPTs, including DOSRI transactions must only be through a regular or special RPT Board-level Committee meeting.

In reviewing the proposal endorsed to it, the RPT Board-level Committee shall consider the guidelines set forth under item “**O**” of this policy.

The RPT Board-level Committee, after its appropriate review, shall endorse the proposal to the Board for approval through the RPT Secretariat.

The proponent unit shall inform Operations and Control Group of those material RPTs approved by the Board for centralized monitoring of all material related party transactions.

The OCG personnel shall consolidate the list of all approved material RPTs and shall furnish the RPT Secretariat on a monthly basis, through e-mail using the report format in (**Appendix 6**).

Non-material Related Party Transactions must be endorsed to, vetted and approved by the RPT Management Committee/Approving authority using the RPT Management Committee vetting form (**Appendix 7**), subject to the confirmation by the RPT Board-level Committee.

Vetting and approval of non-material RPTs is conducted through the routing of the RPT Management Committee vetting form.

The RPT Management Committee shall signify their approval, rejection and deferral by marking the appropriate “approved, disapproved, and deferred” boxes provided in the RPT Management Committee vetting form and by providing a mandatory justification in the remarks portion of the vetting form.

In reviewing the proposal endorsed to it, the RPT Management Committee shall consider the guidelines set forth under item “**O**” of this policy.

The proponent unit shall inform RPT Secretariat of those non-material RPTs approved by the RPT Management Committee for centralized monitoring of all non-material related party transactions.

The RPT Secretariat shall consolidate the list of all approved non-material RPTs and shall furnish the RPT Management Committee on a monthly basis, through e-mail using the report format in (**Appendix 8**).

The RPT Management Committee shall present, on a quarterly basis, the list of approved non-material RPTs to the RPT Committee for confirmation.

Renewal of an approved RPT/material change in the terms and conditions of a Related Party Transaction shall also pass through vetting and approval process of the RPT Policy Manual.

See **Appendix 9** for the process flow chart.

## **N. Guidelines in Accomplishing the RPT Vetting Sheet**

In compliance with the requirement of vetting of transactions with related parties per BSP Cir 895, the Bank's hereby adopts the implementation of the RPT Vetting sheet.

The latter allows the documentation of the vetting conducted which includes the comparison of terms and conditions given to a related party against a non-related party with similar transaction.

In accomplishing the RPT vetting sheet, proponent unit shall perform the following:

1. Identification of a related party; (**Appendix 10**)
2. Classification of the related party transaction; (**Appendix 11**)
3. Indicate the type of transaction; (see covered transactions under item "C" of this policy)
4. Indicate the amount involved/exposure to the said transaction;
5. Indicate the price discovery mechanism<sup>10</sup> adopted in order to ensure that the transaction is conducted at arms' length and that the pricing is of the transaction is not favorable only to the related party;
6. Accomplish the terms and conditions portion of the vetting sheet;
7. Compare the terms against a non- related party with similar transaction. Comparison may also be done against the proposals received from another non-related party;
8. If there are variances for the terms and conditions per comparison, the proponent unit should provide justifications for the differences.

The endorsing committee shall determine whether the justifications along with the supporting documents are valid and would warrant their endorsement/approval. Otherwise, the transaction with the related party may not be endorsed/approved as it will be determined to be done in violation of BSP Cir 895 or not within arms' length terms.

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<sup>10</sup> as required per BSP Cir 895

## **O. Guidelines in Ensuring Arm's Length Terms**

All transactions with related parties shall undergo the normal/regular transaction processing and approval process. Interest on loans and other credit accommodations and deposits/deposit substitutes shall be consistent with the pricing mechanism/standard of the Bank as posted weekly by Treasury Services Group in the Bank's website.

Other economic terms of RPTs (e.g., price, commissions, fees, tenor, and collateral requirement) shall likewise be based on existing policy of the Bank. All RPTs with deviations shall be subject to evaluation and endorsement by the RPT Committee to the Board of Directors for approval, regardless of amount, and shall be supported by written justifications, such as Account Profitability Analysis.

As such, Bank's shall ensure that transactions are engaged into at terms that promote the best interest of the Bank and its stakeholders. An Effective Price Discovery Mechanism may include:

1. Acquiring the services of an external expert
2. Opening the transaction to a bidding process
3. Publication of available property for sale
4. List of Bank's ROPAs shall be posted at the conspicuous place in the Head Office and branches. The list should bear information on the indicative/minimum selling price of the property.
5. Selection of service providers for courier/janitorial/security, construction/maintenance, information technology and other services allowed to be outsourced under existing regulations, and suppliers of office and other administrative supplies, furniture, fixtures and equipment (including for transport) and systems applications, shall be subject to applicable procurement/bidding process in accordance with existing policy of the Bank.

## **P. Related Party Database**

- a. The RPT Secretariat shall maintain a Related Party Database.
- b. The Database shall be made available upon request to the Compliance Center.
- c. The database shall be updated on a quarterly basis. Any change in the list must be reported by the following to Compliance Center for updating:
  1. Corporate Secretary – Directors and their close family members, interlocking positions from other companies
  2. HRG - Officers and their close family members from the Human Resources Group.
  3. Operations and Control Group - Conglomerate Structure.
- d. The database may not capture all of the Bank's related parties. Hence, proponent units should be properly guided by the classification of related parties in this policy.

## **Q. Whistle Blowing Mechanisms & Restitution of Losses.**

The Bank has an existing whistleblowing mechanism consistent with the corporate values and codes of conduct set by the board of directors. The policy encourages employees to communicate, confidentially and without the risk of reprisal, legitimate concerns about illegal, unethical or questionable transactions that would include RPT. The current whistle blowing policy includes guidance on how and by whom legitimate material concerns should be reported, investigated and addressed by an objective independent internal body. (See Bank's Whistle Blowing Policy) Refer to (**Appendix 18**) for the report format.

Whenever applicable, the Bank shall discontinue a related party transaction if found abusive and demand restitution of losses or opportunity costs it incurred from such related party transaction.

## R. Disclosure and Regulatory Reporting

The Bank shall, in addition to the required disclosure under Philippine Accounting Standard (PAS) 24<sup>11</sup>, disclose in its **Annual Report** the following:

- a. The overarching policies and procedures for managing RPT
- b. Policies and procedures in managing conflicts of interest or potential conflicts of interest
- c. Responsibilities of the RPT Committee.
- d. Nature, terms and conditions, original and outstanding individual and aggregate balances of material RPTs, off-balance sheet commitments of material RPTs.
- e. Reports on DOSRI and transactions with subsidiaries under existing regulations.
- f. Banks shall submit a report on material exposures to related parties based on the bank's internal definition within twenty (20) calendar days after the end of the reference quarter starting with the quarter ending 31 March 2016.
- g. Reporting of all entities in the conglomerate structure where it belongs. The report on conglomerate structure shall be submitted to the BSP within 30 calendar days after the end of every calendar year.
- h. Lease contracts and other similar contracts with recurring payment transaction shall only be reported once, upon approval of said transaction by the Board of Directors.

In case the parties involved in the transactions are both supervised by the Bangko Sentral. In case of lease contract, only the LESSOR shall submit

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<sup>11</sup> The following are the minimum required disclosures in the Annual Report under the Philippine Accounting Standard (PAS) 24:

- i. the amount of the transactions;
- ii. the amount of outstanding balances and their terms and conditions, including whether they are secured, and the nature of the consideration to be provided in settlement, and details of any guarantees given or received;
- iii. provisions for doubtful debts related to the amount of outstanding balances; and
- iv. the expense recognized during the period in respect of bad or doubtful debts due from related parties.

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- the report. If other contracts, the party engaging/requesting for the services of the other bank shall submit the report.
- i. Summary of material related party transactions entered into during the reporting year which shall be disclosed in the Bank’s Integrated Annual Corporate Governance Report (I-ACGR) to be submitted annually every May 30; (SEC Reports)
  - j. Advisement report (Annex) of any material RPT filed within three (3) calendar days from the execution date of the transaction. The advisement report shall be signed by the reporting PLC’s Corporate Secretary or authorized representative. (SEC Reports)

Description	Source	Recipient	Frequency/Deadline	Manner of Reporting
Overarching policies and procedures for managing RPT; policies and procedures in managing conflicts of interest or potential conflicts of interest; responsibilities of the RPT Committee; nature, terms and conditions, original and outstanding individual and aggregate balances of material RPTs, off-balance sheet commitments of material RPTs; Reports on DOSRI and transactions with subsidiaries under existing regulations	General Accounting Center/ Corporate Secretary	BSP	Annually/ 30 <sup>th</sup> of June.	To be submitted by GAC to Compliance Center (CGU) on or before the deadline for submission via <a href="mailto:fssmail@bsp.gov.ph">fssmail@bsp.gov.ph</a> .
Material exposures to related parties	Operations & Control Group	BSP	Quarterly / twenty (20) calendar days after the end of the reference quarter.	To be submitted by OCG to Compliance Center (CGU) on or before the deadline for submission via <a href="mailto:fssmail@bsp.gov.ph">fssmail@bsp.gov.ph</a> . (See <b>Appendix 12</b> )



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Report on Conglomerate Structure	Operations & Control Group	BSP	Annually/ BSP within 30 calendar days after the end of every calendar year. (30 <sup>th</sup> of January of every year)	To be submitted by OCG to Compliance Center (CGU) on or before the deadline for submission via <a href="mailto:fssmail@bsp.gov.ph">fssmail@bsp.gov.ph</a> . (See <b>Appendix 13</b> )
Summary of material related party transactions (I-ACGR)	General Accounting Center/ Corporate Secretary	SEC	Annually/ 30 <sup>th</sup> of May of every year.	To be submitted by Corporate Secretary to Compliance Center (CGU) on or before the deadline for submission via <b>SEC e-Fast</b> .
Advisement report of any material RPT	Operations & Control Group	SEC	Annually/ 30 <sup>th</sup> of December of every year.	To be submitted by OCG to Compliance Center (CGU) on or before the deadline for submission via <a href="mailto:ictdsubmission@sec.gov.ph">ictdsubmission@sec.gov.ph</a> . (See <b>Appendix 14</b> )

## S. Internal Reports

For internal monitoring purposes, the following reports on related party transactions shall be rendered by the Operations and Control Group, which may be generated using the existing data warehouse system.

The Operations and Control Group (OCG) shall prepare a monthly report of all material related party transactions to the RPT Committee for the latter's information. Said committee shall be provided with all pertinent documents and material facts that support the transaction. OCG shall also be in-charge in preparing the required report to BSP under BSP Cir. No. 895. The Compliance Center shall submit the report to BSP.

Description	Recipient	Frequency/Deadline	Remarks	Source	Manner of Reporting
List of Outstanding RPTs	Corporate Secretary, Compliance Center, Trust and Investment Center,	Quarterly/7 working days from end of reference quarter.	Report format is shown in. (See <b>Appendix 15</b> )	OCG	To be submitted by OCG to Compliance Center (CGU) on or before the deadline for submission via <a href="mailto:compliance@pbb.com.ph">compliance@pbb.com.ph</a> .



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	Treasury Services Group, concerned lending units,				
List of Past Due Exposures to RPTs	Credit Committee, Corporate Secretary, Compliance Center, concerned lending units, Legal Services Group	Monthly/7 working days from reference month	Report format is shown in (See <b>Appendix 16</b> )	OCG	To be submitted by OCG to Compliance Center (CGU) on or before the deadline for submission via compliance@pbb.com.ph.
List of Maturing Loans Granted to RPT	Crecom, concerned lending units, ERMG	Weekly/3 days prior to covered week	Report format is shown in (See <b>Appendix 17</b> )	OCG	To be submitted by OCG to Compliance Center (CGU) on or before the deadline for submission via compliance@pbb.com.ph.
List of Approved Material RPTs	Compliance Office through the RPT Secretariat, concerned units, LSG	Weekly/3 days from reference week	Report format is shown in (See <b>Appendix 6</b> )	OCG	To be submitted by OCG to Compliance Center (CGU) on or before the deadline for submission via compliance@pbb.com.ph.

For internal monitoring purposes, reports on non-material related party transactions shall be rendered by the Compliance Center through the RPT Secretariat.

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Description	Recipient	Frequency/Deadline	Remarks
List of Approved Non-material RPTs	Credit Management Group (CMG), Retail Banking Segment (RBS), Operations and Control Group (OCG), Human Resource Group (HRG), Legal Services Group (LSG)	Monthly and Quarterly / 5 working days from reference month	<p>To be submitted by Compliance Center (CGU) to the members of the RPT Management Committee on or before the deadline via their respective PBB email addresses.</p> <p>Report format is shown in <b>(Appendix 8)</b>.</p>

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## APPENDICES

*Appendix 1 . RPT Committee Charter*

### 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:

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1. Review and endorse material Related Party Transactions (RPTs) for Board approval in accordance with the RPT Guidelines and Procedures, including those that involve DOSRI;
2. Formulate, revise/amend and endorse for Board approval policies on related party transactions;
3. Conduct at 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;

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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.

***Appendix 2 . RPT Management Committee Charter***

**REVISED RPT MANAGEMENT COMMITTEE CHARTER  
(Proposed for approval)**

**Introduction**

The Related Party Transactions (RPT) Management Committee is created to ensure that proper vetting of related party transactions below materiality threshold is performed.

**Composition**

The committee shall be composed of the heads of the following groups:

Chairperson	Credit Management Group (CMG) Head
Members	Operations and Control Group (OCG) Head Retail Banking Segment (RBS) Head Human Resources Group (HRG) Head Legal Services Group (LSG) Head
Secretariat	Compliance Center Representative

**Duties and Responsibilities**

The RPT Management Committee shall:

1. Ensure compliance to internal and external rules and regulations for Related Party transactions;
2. Ensure that appropriate controls to effectively manage and monitor RPTs on a per transaction and aggregate basis;
3. Ensure proper vetting of all RPTs below Php10M threshold; and
4. Ensure endorsement to RPT Board-level Committee of those items exceeding the RPT Management Committee threshold and those involving DOSRI transactions regardless of amount.



5. Ensure endorsement to the RPT Board-level Committee of those RPT transactions below the materiality threshold that were approved by the RPT Management Committee for endorsement to the Board of Directors and subsequent confirmation.

### **Conduct of Meeting**

The committee shall meet on a quarterly basis, or as the need arises.

Minutes of the meetings shall be approved by the Committee and be maintained for reference and record purposes.

### **Duties and Responsibilities of RPT MANCOM Secretariat**

The RPT Management Committee Secretariat shall prepare the agenda for each meeting and send out notices 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 Management Committee.

The Committee Secretariat shall likewise draft and distribute the RPT Management 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 Management Committee Minutes of Meeting may be allowed by the RPT Management 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.

### **Quorum**

The quorum shall be comprised of at least three (3) the regular members or the chosen representative in case of the member's absence. In the absence of the Chairperson, the highest-ranking member of the committee shall preside the meeting. A majority of the vote among the present shall be required to pass or defeat any resolution at the meeting.

### **Approvals**

Approvals by the committee may be made at or during its meeting or through circulation to all the members of the committee.

### **Annual Review and Update**

The committee may review, assess and recommend amendment/s to this charter at least **every 2 years** or as necessary and submit such recommendation/s to the Board for approval.

**Effective Date: December 2023**

***Appendix 3 . Endorsing Body***

<b>Transaction Type</b>	<b>RPT Management Committee/Endorsing Body</b>	<b>RPT Committee</b>	<b>BOD</b>	<b>Stockholders</b>
<b>DORSI Transactions regardless of amount</b>	Endorsement	Endorsement	Approval	Confirmation <sup>12</sup>
<b>RP Transactions</b>				
<b><i>Material</i></b>	Review and Endorsement	Endorsement	Approval	Confirmation <sup>13</sup>
<b><i>Non-material</i></b>	Review and Approval	Confirmation		

<sup>12</sup> To be coursed through the Office of the Corporate Secretary

<sup>13</sup> To be coursed through the Office of the Corporate Secretary

**RPT VETTING SHEET**

**ACCOUNT NAME:**
**ACCOUNT RELATIONSHIP:**

DOSRI Pls specify: \_\_\_\_\_  
 OTHER RPT Pls specify: \_\_\_\_\_

**TYPE OF TRANSACTION:**
**AMOUNT/CONTRACT PRICE:**
**PRICE DISCOVERY MECHANISM:**

- Publication/Posting of the property on sale with indicative/minimum selling price
- Opening the transaction to a Bidding Process
- Acquiring services of internal expert
- Conducted survey within same industry/type of transaction (Includes proposals from other competitors)

**TERMS AND CONDITIONS:**

TERMS/CONDITIONS	RELATED PARTY	NON-RELATED PARTY WITH SIMILAR TRANSACTION	JUSTIFICATION FOR VARIANCE
Interest Rate			
Term			
Collateral/Security			
Other significant terms/conditions:			
1. i.e. commissions			
2. i.e. fees/charges			
3. i.e. down payment			

**Effective Date: December 2023**

**If Renewal/If Non-Related Party then subsequently becomes a Related Party and vice-versa:**

Fill-up the table for the changes of the terms and conditions

<b>TERMS/CONDITIONS</b>	<b>PREVIOUS TERMS AND CONDITIONS</b>	<b>PROPOSED TERMS AND CONDITIONS</b>	<b>REMARKS/JUSTIFICATIONS</b>
Interest Rate			
Term			
Collateral/Security			
Other significant terms/conditions:			
4. i.e. commissions			
5. i.e. fees/charges			
6. i.e. down payment			

Prepared by:

Checked/Reviewed by:

Received by:

**COMPLIANCE OFFICE PERSONNEL**

**Effective Date: December 2023**
**Appendix 5 . Vetting and Approval Matrix**

Below are the set materiality thresholds for Related Party Transactions to be vetted by the RPT Board-level Committee:

COVERED TRANSACTION	THRESHOLD	PROPONENT UNIT	ENDORISING BODY	ENDORISING BODY	APPROVING BODY	CONFIRMING BODY
Loans and other credit accommodations (including off-balance sheet commitments/guarantees)/ borrowings and fund transfers	Php 10 Million and Up	Lending Units	Credit Committee	RPT Committee	BOD	Stockholders
Consulting, professional, agency and other service arrangements / contracts;	Php 10 Million and Up	Project Management Group	IT Steering Committee	RPT Committee	BOD	Stockholders
Purchases and sales of assets (other than ROPA), including transfer of technology and intangible items (e.g. research and development, trademarks and license agreements) whether in cash or installment	Php 10 Million and Up	Information Technology Group  General Services Group  Project Management Group	IT Steering Committee  President	RPT Committee	BOD	Stockholders
Construction arrangements/ contracts <sup>14</sup>	Php 10 Million and Up	Asset Management	ALCO	RPT Committee	BOD	Stockholders
Lease Arrangements / Contracts	Php 10 Million and Up	Branch Expansion Unit	President/BEU	RPT Committee	BOD	Stockholders

<sup>14</sup> Subject to bidding

**Effective Date: December 2023**

<b>Trading and derivative transactions</b>	Php 10 Million and Up	Treasury Services Group	ALCO	RPT Committee	BOD	Stockholders
<b>Sale of Real and Other Properties Acquired (ROPA), whether in cash or installment</b>	Php 10 Million and Up	Asset Management Group	ALCO	RPT Committee	BOD	Stockholders

Below are the Related Party Transactions to be vetted by the RPT Management Committee:

COVERED TRANSACTION	THRESHOLD	PROPONENT UNIT	ENDORISING BODY	APPROVING BODY	CONFIRMING BODY
<b>Loans and other credit accommodations (including off-balance sheet commitments/guarantees)/borrowings and fund transfers</b>	Below Php 10 Million	Lending Units	Credit Committee	RPT Management Committee	RPT Committee
<b>Consulting, professional, agency and other service arrangements / contracts;</b>	Below Php 10 Million	Project Management Group	IT Steering Committee	RPT Management Committee	RPT Committee
<b>Purchases and sales of assets (other than ROPA), including transfer of technology and intangible items (e.g. research and development, trademarks and license agreements) whether in cash or installment</b>	Below Php 10 Million	Information Technology Group  General Services Group  Project Management Group	IT Steering Committee  President	RPT Management Committee	RPT Committee
<b>Construction arrangements/ contracts<sup>15</sup></b>	Below Php 10 Million	Asset Management	ALCO	RPT Management Committee	RPT Committee

<sup>15</sup> Subject to bidding

**Effective Date: December 2023**

<b>Lease Arrangements / Contracts</b>	Below Million	Php 10	Branch Expansion Unit	President/BEU	RPT Management Committee	RPT Committee
<b>Trading and derivative transactions</b>	Below Million	Php 10	Treasury Services Group	ALCO	RPT Management Committee	RPT Committee
<b>Sale of Real and Other Properties Acquired (ROPA), whether in cash or installment</b>	Below Million	Php 10	Asset Management Group	ALCO	RPT Management Committee	RPT Committee

**Trust RPT with deviations**

<b>COVERED TRANSACTION</b>	<b>THRESHOLD</b>	<b>PROONENT UNIT</b>	<b>ENDORING BODY</b>	<b>ENDORING BODY</b>	<b>APPROVING BODY</b>	<b>CONFIRMING BODY</b>
<b>Investments and/or subscriptions for debt/equity issuances</b>	Php 10 Million and Up with deviations	Trust and Investment Center	Trust Committee	RPT Committee	BOD	Stockholders

**Trust RPT without deviations**

<b>COVERED TRANSACTION</b>	<b>THRESHOLD</b>	<b>PROONENT UNIT/ENDORING BODY</b>	<b>APPROVING BODY</b>	<b>NOTATION</b>	<b>CONFIRMING BODY</b>
<b>Investments and/or subscriptions for debt/equity issuances</b>	Regardless of amount No deviations	Trust and Investment Center	Trust Committee	RPT Committee	BOD



**Effective Date: December 2023**

**Appendix 6 . List of Approved Material RPTs**

Center/Group: \_\_\_\_\_  
 Report of Approved Related Party Transactions  
 Date: \_\_\_\_\_

Date of Approval	Account Name	Nature /Description of Transaction	Approved Amount

Prepared by: \_\_\_\_\_

Noted by: \_\_\_\_\_  
 Center/Group Head

Effective Date: December 2023

**Appendix 7 . RPT ManCom Vetting Form**

<b>ACCOUNT NAME:</b>	
<b>TYPE OF TRANSACTION:</b>	
<b>AMOUNT/CONTRACT PRICE:</b>	

**REVIEWED AND VETTED BY:**

**RPT MANAGEMENT COMMITTEE**

<b>RPT MANCOM</b>	<b>ACTION</b>	<b>SIGNATURE/JUSTIFICATION</b>
<i>Miami V. Torres</i> <b>Credit Management Group Head</b>	£ APPROVED £ DISAPPROVED £ DEFERRED	
<i>Cynthia A. Almirez</i> <b>Operations and Control Group Head</b>	£ APPROVED £ DISAPPROVED £ DEFERRED	
<i>Carlos Oliver L. Leytte</i> <b>Retail Banking Segment Head</b>	£ APPROVED £ DISAPPROVED £ DEFERRED	
<i>Nancy L. Soriano</i> <b>Human Resources Group Head</b>	£ APPROVED £ DISAPPROVED £ DEFERRED	
<i>Atty. Roberto S. Santos</i> <b>Legal Services Group Head</b>	£ APPROVED £ DISAPPROVED £ DEFERRED	

**Effective Date: December 2023**

**Appendix 8 . List of Approved Non-Material RPTs**

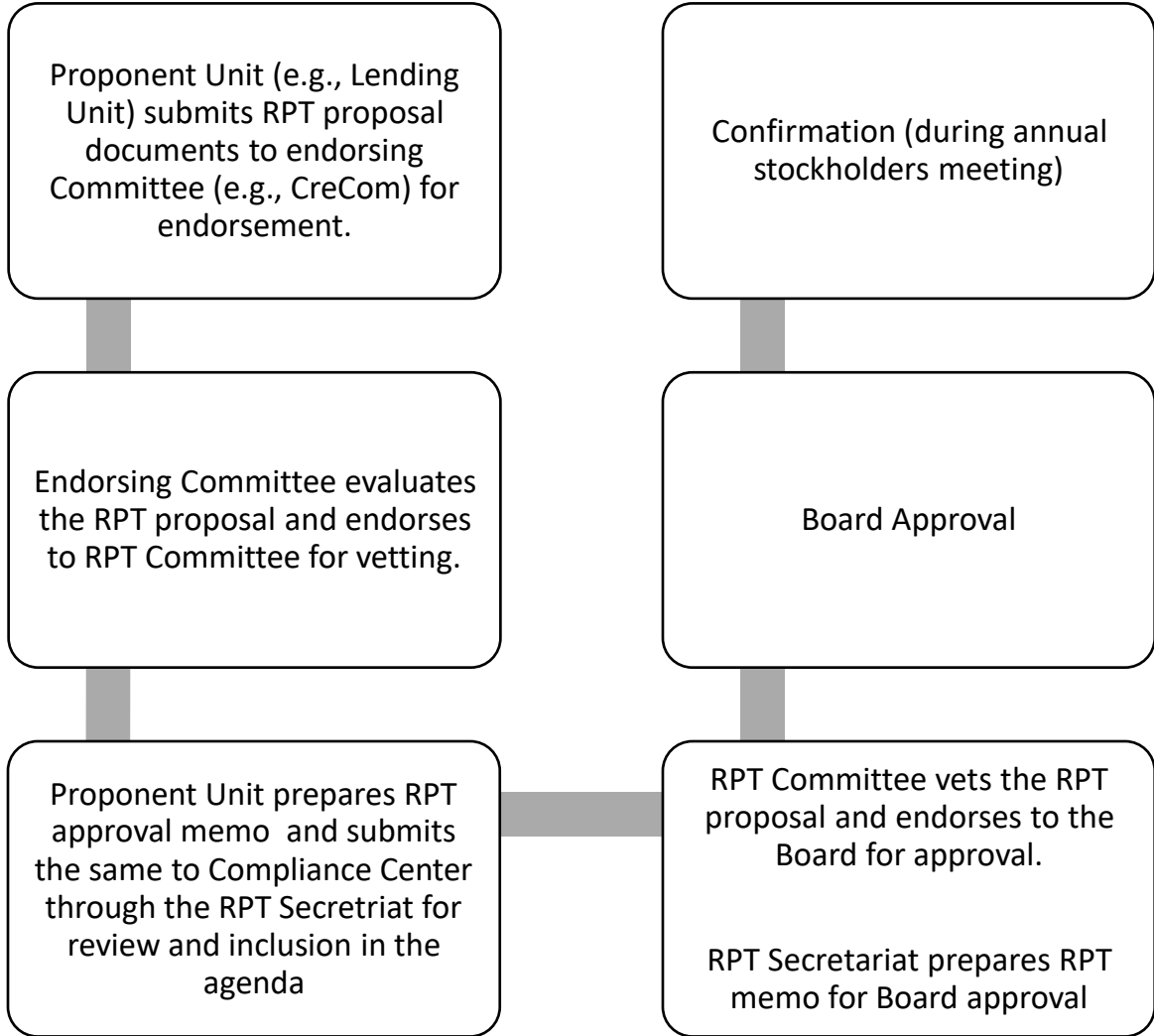
Center/Group: \_\_\_\_\_  
 Report of Approved Related Party Transactions  
 Date: \_\_\_\_\_

Date of Approval	Account Name	Nature/Description of Transaction	Approved Amount

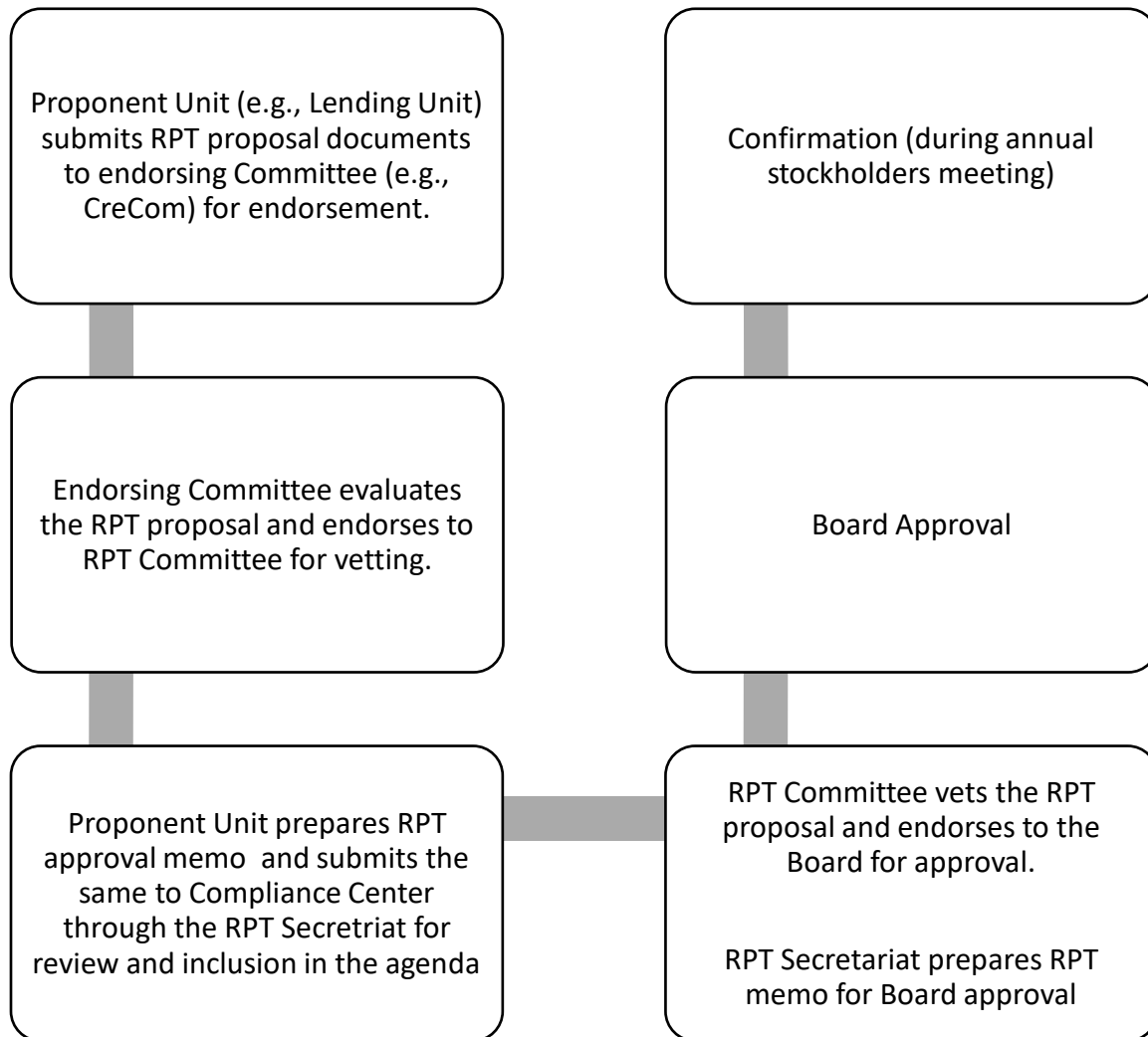
Prepared by: \_\_\_\_\_

Noted by: \_\_\_\_\_  
 Center/Group Head

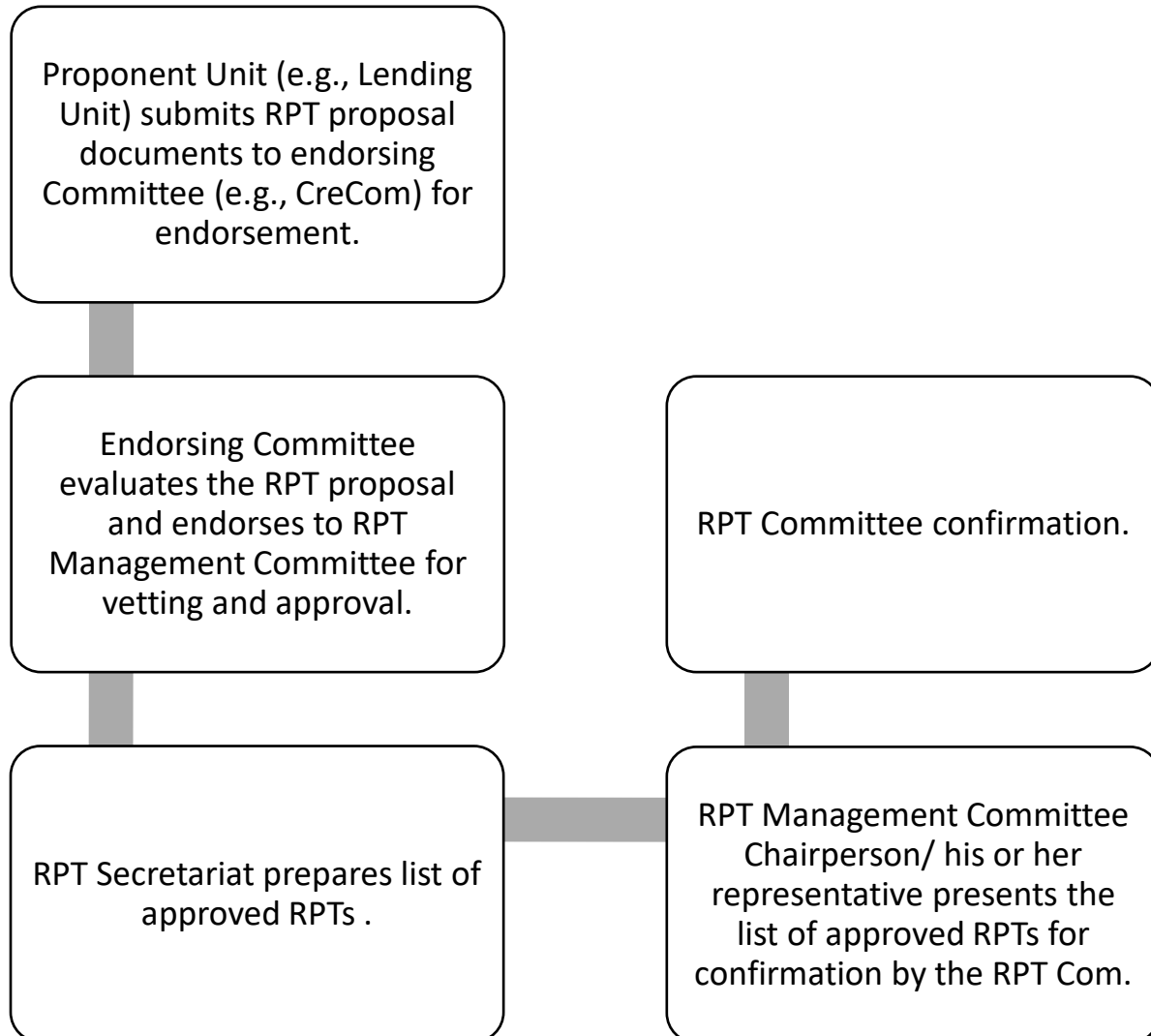
**DOSRI TRANSACTION REGARDLESS OF AMOUNT**



**RPT PHP 10M AND ABOVE**



**RPT BELOW PHP 10M**



**Effective Date: December 2023**

**Appendix 10 . Relationship Chart . Degree of Relationship**

**Relationship by Consanguinity - by blood**

	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
<b>You/Spouse<sup>16</sup></b>	Parent/child	Grandparents/children/sibling	Great grandparents/children/Uncle/Auntie/Nephews/Nieces	Great Nephew/niece/Uncle/Aunt/First Cousin

**Relationship by Affinity – by marriage**

	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
<b>You/Spouse<sup>17</sup></b>	Parent-in-law/child-in-law	Grandparents/children/sibling –in-law	Great grandparents/children/Uncle/Auntie/Nephews/Nieces-in-law	Great Nephew/niece/Uncle/Aunt/First Cousin-in-law

<sup>16</sup> Includes common-law spouse (relationship between a man and a woman who live exclusively with each other as husband and wife without the benefit of marriage (live-in relationship))

<sup>17</sup> Includes common-law spouse (relationship between a man and a woman who live exclusively with each other as husband and wife without the benefit of marriage (live-in relationship))

**Effective Date: December 2023**

*Appendix 11 . RP Classification*

		<b>Spouse and 1<sup>st</sup> degree relatives</b>	<b>2<sup>nd</sup> degree relatives</b>	<b>3<sup>rd</sup> degree relatives</b>	<b>4<sup>th</sup> degree relatives</b>	<b>Other Related interests</b>
<b>Directors</b>	DOSRI	DOSRI	RP	RP	RP	DOSRI
<b>Stockholders</b>	DOSRI	DOSRI	RP	RP	RP	DOSRI
<b>Senior Officers (AVP and up)</b>	DOSRI	DOSRI	RP	RP	RP	DOSRI



**Effective Date: December 2023**

**Appendix 12 . Material Exposures to Related Parties**

Category: Annex B  
 Category A-1  
 Deadline: 20 calendar days after  
 the reference quarter

Name of Bank	Code
Address	

Report on Material Related Party Transactions

As of	_____ (Quarter-End)
-------	------------------------

REPUBLIC OF THE PHILIPPINES)  
 \_\_\_\_\_ ) S.S.

I solemnly swear that all matters set forth in this report are true and correct, to the best of my knowledge and belief.

\_\_\_\_\_  
 (Signature of Officer/Alternate)

SUBSCRIBED AND SWORN TO BEFORE ME this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_, affiant exhibiting to me his  
 Community Tax Certificate No. \_\_ A  
 on \_\_\_\_\_ 20 \_\_\_\_.

Notary Public  
 Until December 31, 200 \_\_\_\_\_  
 PTR No. \_\_\_\_\_  
 Place \_\_\_\_\_

Doc. No. \_\_\_\_\_  
 Page No. \_\_\_\_\_  
 Book No. \_\_\_\_\_  
 Series of \_\_\_\_\_

**Effective Date: December 2023**

**Appendix 13 . Report on Conglomerate Structure**



Category: Annex A  
 Category A-1  
 Deadline: 30 calendar days after the end of the calendar year

Name of Bank	Code
Address	

Report on Conglomerate Structures

As of	_____
	(Year-End)

REPUBLIC OF THE PHILIPPINES)  
 \_\_\_\_\_ ) S.S.

I solemnly swear that all matters set forth in this report are true and correct, to the best of my knowledge and belief.

\_\_\_\_\_  
 (Signature of Officer/Alternate)

SUBSCRIBED AND SWORN TO BEFORE ME this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, affiant exhibiting to me his  
 Community Tax Certificate No. \_\_\_\_ A  
 on \_\_\_\_\_ 20\_\_\_\_.

Notary Public  
 Until December 31, 200\_\_\_\_\_  
 PTR No. \_\_\_\_\_  
 Place \_\_\_\_\_

Doc. No. \_\_\_\_\_  
 Page No. \_\_\_\_\_  
 Book No. \_\_\_\_\_  
 Series of \_\_\_\_\_

CONGLOMERATE MAP/ORGANIZATIONAL STRUCTURE <sup>1</sup>

Name of Bank	Bank Code

Date

Page 1 of \_ pages

<sup>1</sup> Organizational structure/diagram of the conglomerate.

**Appendix 14 . Advisement Report**


Annex A to SEC MC No. \_\_\_\_, Series of 2019

**ADVISEMENT REPORT ON  
MATERIAL RELATED PARTY TRANSACTIONS**

Reporting PLC: \_\_\_\_\_ SEC Identification Number: \_\_\_\_\_  
 Name of Related Party: \_\_\_\_\_ Execution Date of Transaction: \_\_\_\_\_  
 Relationship between the Parties including financial/non-financial interest: \_\_\_\_\_

Type/Nature of Transaction and Description of Assets Involved	Terms and Conditions	Rationale for Entering into the Transaction	Total Assets <sup>1</sup> of Reporting PLC	Amount/ Contract Price	Percentage of the Contract Price to the Total Assets of the Reporting PLC	Carrying Amount of Collateral, if any	Approving Authority <sup>2</sup>

Annex A to SEC MC No. \_\_\_\_, Series of 2019

**SIGNATURES**

Pursuant to the requirements of the Commission, the company has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

(Name of Reporting PLC)

(Name of Related Party)

 \_\_\_\_\_  
 Name, Signature of the Corporate Secretary/  
 Authorized Representative<sup>3</sup>

 \_\_\_\_\_  
 Name, Signature of the Related Party/Authorized Representative<sup>3</sup>

Annex 2 – Booking Unit Report to Central Operations Group  
 Annex 2 – Booking Unit Report to Central Operations Group

**Effective Date: December 2023**

**Appendix 15 . List of Outstanding RPTs**

Center/Group: \_\_\_\_\_  
**List of Outstanding Related Party Transactions**  
 Date: \_\_\_\_\_

Account Name	PN Number	Date Granted	Date of Maturity	Nature/Description of Transactions	Collateral	Original Amount	O/S Balance	STATUS
A. DOSRI								
B. AFFILIATE								
C. RELATED PARTY								

Prepared by: \_\_\_\_\_      Noted by: \_\_\_\_\_      Approved by: \_\_\_\_\_

**Effective Date: December 2023**

**Appendix 16 . List of Past Due Exposures to RPT**

Center/Group: \_\_\_\_\_  
**Report of Past Due Exposures to Related Party Transactions**  
 Date: \_\_\_\_\_

Account Name	PN Number	Date Granted	Date of Maturity	Nature/Description of Transactions	O/S Balance	Remarks

Prepared by: \_\_\_\_\_      Noted by: \_\_\_\_\_      Approved by: \_\_\_\_\_

**Effective Date: December 2023**

***Appendix 17 . List of Maturing Loans Granted to RPTs***

Center/Group: \_\_\_\_\_  
**Report of Maturing Loans Granted to Related Party Transactions**  
 Date: \_\_\_\_\_

Account Name	PN Number	Date Granted	Date of Maturity	Nature/Description of Transactions	O/S Balance

Prepared by: \_\_\_\_\_

Noted by: \_\_\_\_\_  
 Center/Group Head

**Effective Date: December 2023**

**Appendix 18 . Whistle Blower Report**

Internal Audit Center  
Report on RPT Concerns Received from Whistle Blower  
For the Month of \_\_\_\_\_ 20\_\_\_\_\_

Date Received	Description of RPT Concern Received	Action Taken	Status

Prepared by: \_\_\_\_\_

Noted by: \_\_\_\_\_

IAC Head



**Approved:**

**Per Board Resolution No. [2023-12-06-E](#) dated [20 December 2023](#)**

**Last reviewed and updated: [20 April 2022](#) per Board Resolution No. [2022-04-04-F](#)**