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Title of Manual		
RELATED PARTY TRANSACTIONS		
Policy Expert	Compliance	Issue Date September 30, 2021
		Page No. 2 of 34

APPROVAL SHEET

Version 11.0 (Revised September 30, 2021)

ACTION	NAME	UNIT	SIGNATURE	DATE
Prepared by	Ma. Imelda S. Buzon	Compliance	Approval on file	09/21/2021
Endorsed by	RPT Committee		Approval on file	09/21/2021
Approved by	Board of Directors		Approval on file	09/30/2021

Version 10.0 (Revised May 27, 2021)

ACTION	NAME	UNIT	SIGNATURE	DATE
Prepared by	Eleanor B. Rivera	Compliance	Approval on file	05/20/2021
Endorsed by	RPT Committee		Approval on file	05/20/2021
Approved by	Board of Directors		Approval on file	05/27/2021

Version 9.0 (Revised November 26, 2020)

ACTION	NAME	UNIT	SIGNATURE	DATE
Prepared by	Eleanor B. Rivera	Compliance	Approval on file	11/20/2020
Endorsed by	RPT Committee		Approval on file	11/24/2020
Approved by	Board of Directors		Approval on file	11/26/2020



INTERNAL/ CONFIDENTIAL

Title of Manual RELATED PARTY TRANSACTIONS		
Policy Expert Compliance	Issue Date September 30, 2021	Page No. 3 of 34

Version 8.0 (Revised September 24, 2020)

ACTION	NAME	UNIT	SIGNATURE	DATE
Prepared by	Eleanor B. Rivera	Compliance	Approval on file	09/17/2019
Endorsed by	RPT Committee		Approval on file	09/22/2020
Approved by	Board of Directors		Approval on file	09/24/2020

Version 7.0 (Revised July 25, 2019)

ACTION	NAME	UNIT	SIGNATURE	DATE
Prepared by	Eleanor B. Rivera	Compliance	Approval on file	07/01/2019
Endorsed by	RPT Committee		Approval on file	07/23/2019
Approved by	Board of Directors		Approval on file	07/25/2019

Version 6.0 (Revised May 25, 2018)

ACTION	NAME	UNIT	SIGNATURE	DATE
Prepared by	Ma. Bernadette T. Ratcliffe	Compliance	Approval on file	04/19/2018
Endorsed by	RPT Committee		Approval on file	04/19/2018
Approved by	Board of Directors		Approval on file	04/20/2018



INTERNAL/ CONFIDENTIAL

Title of Manual RELATED PARTY TRANSACTIONS		
Policy Expert Compliance	Issue Date September 30, 2021	Page No. 4 of 34

Version 5.0 (Revised December 14, 2017)

ACTION	NAME	UNIT	SIGNATURE	DATE
Prepared by	Ma. Bernadette T. Ratcliffe	Compliance	Approval on file	12/07/2017
Endorsed by	RPT Committee		Approval on file	12/07/2017
Approved by	Board of Directors		Approval on file	12/14/2017

Version 4.0 (Revised August 31, 2017)

ACTION	NAME	UNIT	SIGNATURE	DATE
Prepared by	Ma. Bernadette T. Ratcliffe	Compliance	Approval on file	08/22/2017
Endorsed by	RPT Committee		Approval on file	08/22/2017
Approved by	Board of Directors		Approval on file	08/31/2017

Version 3.0 (Revised February 23, 2017)

ACTION	NAME	UNIT	SIGNATURE	DATE
Prepared by	Ma. Bernadette T. Ratcliffe	Compliance	Approval on file	02/21/2017
Endorsed by	RPT Committee		Approval on file	02/21/2017
Approved by	Board of Directors		Approval on file	02/23/2017

Title of Manual		
RELATED PARTY TRANSACTIONS		
Policy Expert	Issue Date	Page No.
Compliance	September 30, 2021	5 of 34

Version 2.0 (Revised December 15, 2016)

ACTION	NAME	UNIT	SIGNATURE	DATE
Prepared by	Ma. Bernadette T. Ratcliffe	Compliance	Approval on file	12/08/2016
Endorsed by	Antonio C. Moncupa, Jr.	Office of the President & CEO	Approval on file	12/08/2016
Endorsed by	RPT Committee		Approval on file	12/08/2016
Approved by	Board of Directors		Approval on file	12/15/2016

Version 1.0 (Issued June 30, 2016)

ACTION	NAME	UNIT	SIGNATURE	DATE
Prepared by	Ma. Bernadette T. Ratcliffe	Compliance	Email approval on file	05/20/2016
Concurred by	Allan John M. Tumbaga	BMCC	Email approval on file	05/31/2016
	Ma. Alicia C. Arnaldo	Operations and Technology	Email approval on file	05/31/2016
	Jacqueline S. Fernandez	Consumer Lending	Email approval on file	05/31/2016
	Ernesto T. Uy	Corporate Banking I	Email approval on file	05/31/2016
	Ferdinand E. Yap	Corporate Banking II	Email approval on file	05/31/2016
	Renato P. Peralta	Credit Management	Email approval on file	05/31/2016
	Gina Marie C. Galita	Customer Service	Email approval on file	05/31/2016
	Jeannette Yvonne M. Zagala	Distribution	Email approval on file	05/31/2016
	Renato K. De Borja	Finance	Email approval on file	05/31/2016
	Consuelo V. Dantes	Human Resources	Email approval on file	05/31/2016
	Eloida F. Oquialda	Internal Audit	Email approval on file	05/31/2016
	Roberto N. Fernandez	Investment Banking	Email approval on file	05/31/2016



INTERNAL/ CONFIDENTIAL

Title of Manual		
RELATED PARTY TRANSACTIONS		
Policy Expert	Issue Date	Page No.
Compliance	September 30, 2021	6 of 34

	Noemi A. Gallardo	Office of the Corporate Secretary	Email approval on file	05/31/2016
	Gerardo Susmerano	Retail Banking	Email approval on file	05/31/2016
	Grace N. Ang	Risk Management	Email approval on file	05/31/2016
	Alvin S. Dimla	Safety and Security	Email approval on file	05/31/2016
	Cherry Ann Vanessa Barasi-Kimpo	Treasury	Email approval on file	05/31/2016
	Angel Marie L. Pacis	Trust	Email approval on file	05/31/2016
Endorsed By	RPT Committee		Approval on file	06/24/2016
Approved by	Board of Directors		Approval on file	06/30/2016



INTERNAL/ CONFIDENTIAL

Title of Manual		
RELATED PARTY TRANSACTIONS		
Policy Expert	Issue Date	Page No.
Compliance	September 30, 2021	7 of 34

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Title of Manual RELATED PARTY TRANSACTIONS		
Policy Expert Compliance	Issue Date September 30, 2021	Page No. 8 of 34

DOCUMENT CONTROL

VERSION	ISSUE DATE	DESCRIPTION
11.0	September 30, 2021	<p>RELATED PARTY TRANSACTIONS</p> <p>This version was amended to address the issue noted by BSP.</p> <p>H. Identifying and Monitoring Related Parties and Their Transactions</p> <p>1. The Human Resources Division shall be the owner of Related Party Database. Refer to Annex E for Guidelines on Maintenance of Related Party Database.</p> <p>E. Review and Approval of Related Party Transactions</p> <p>2. All material related party transactions, including renewals and/or changes in the terms and conditions of the RPTs and subsequent write-off, as applicable, shall be reviewed/vetted and endorsed to the Board of Directors for approval by the RPT Committee. Problem credits to DOSRI shall be written-off only upon prior approval of the BSP Monetary Board.</p>
10.0	June 30, 2021	<p>RELATED PARTY TRANSACTIONS</p> <p>This version was amended to align with the Securities and Exchange Commission (SEC) provision on the Officers with control, joint control or significant influence over the Bank.</p> <p>II. A. Definition of Related Party</p> <p>Xxx</p> <p>3. Close family members of the Bank's Directors, Officers and Substantial Shareholders who are relatives in the 3rd and 4th degree of consanguinity or affinity or by legal adoption, legitimate or common-law, if these persons have control, joint control or significant influence over the Bank. For the purpose of this specific provision of the RPT Policy, "Officers" refer to the Chief Executive Officer (CEO), the President and Cluster Heads.</p> <p>xxx</p>

Title of Manual RELATED PARTY TRANSACTIONS		
Policy Expert Compliance	Issue Date September 30, 2021	Page No. 9 of 34

VERSION	ISSUE DATE	DESCRIPTION
9.0	November 26, 2020	<p>RELATED PARTY TRANSACTIONS</p> <p>This version was amended to update the relevant sections as provided in the latest Manual of Regulations for Banks (MORB) and to clarify certain provisions.</p> <p>II.</p> <p>A. Definition of Related Party xxx</p> <p>1. Directors, Officers, Stockholders and Related Interests (DOSRI) of the Bank as defined in the BSP Manual of Regulations for Banks (MORB) Section 341 and any amendments thereto.</p> <p>2. Close family members of the Bank's Directors, Officers and Stockholders (DOS) who are second-degree relatives of consanguinity or affinity or by legal adoption, legitimate or common-law. For the purpose of this specific provision of the RPT Policy, "Officers" refer to the Chief Executive Officer (CEO), the President, their direct reports and heads of Governance units, regardless of rank, and all senior officers with the rank of Senior Vice President and up. The following are considered close family members of the Bank's DOS:</p> <ul style="list-style-type: none"> a. Brother/Sister b. Brother-/Sister-in-law c. Grandparent d. Grandparent-in-law e. Grandchild f. Grandchild-in-law <p>3. Close family members of the Bank's Directors, Officers and Substantial Shareholders* who are relatives in the 3rd and 4th degree of consanguinity or affinity or by legal adoption, legitimate or common-law, if these persons have control, joint control or significant influence over the Bank. For the purpose of this specific provision of the RPT Policy, "Officers" refer to the Chief Executive Officer (CEO), the President, their direct reports and heads of Governance units, regardless of rank, and all senior officers with the rank of Senior Vice President and up.</p> <p>For purposes of this Section A. 3, a person or an entity "controls" EWB if and only if the person or entity has all of the following:</p> <p style="margin-left: 20px;">a. Power over the Bank</p>

Title of Manual RELATED PARTY TRANSACTIONS		
Policy Expert Compliance	Issue Date September 30, 2021	Page No. 10 of 34

VERSION	ISSUE DATE	DESCRIPTION		
		<p>b. Exposure or rights to variable returns from its involvement with the Bank, and</p> <p>c. The ability to use its power over the Bank to affect the amount of the Bank's returns.</p> <p>Further, "significant influence" means the power to participate in the financial and operating policy decisions of the company but has no control or joint control of those policies.</p> <p>The following are the 3rd and 4th degree relatives by affinity and consanguinity:</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <p>Great Grandparent</p> <p>b. Aunt/Uncle</p> <p>c. Niece/Nephew</p> <p>d. Great Grandchild</p> <p>e. Great Grandparent-in-law</p> <p>f. Aunt/Uncle -in-law</p> <p>g. Niece/Nephew-in-law</p> <p>h. GreatGrandchild-in-law</p> <p>i. Great Great Grandparent</p> </td> <td style="width: 50%; vertical-align: top;"> <p>j. Great Aunt/Uncle</p> <p>k. First Cousin</p> <p>l. Great Niece/Nephew</p> <p>m. Great Great Grandchild</p> <p>n. Great Great Grandparent-in-law</p> <p>o. Great Aunt/Uncle -in-law</p> <p>p. First cousin-in-law</p> <p>q. Great Niece/Nephew-in-law</p> <p>r. Great Great Grandchild-in-law</p> </td> </tr> </table> <p>* Any person who is directly or indirectly the beneficial owner of more than ten percent (10%) of any class of its equity security</p> <p>5. The Bank's subsidiaries and affiliates**and any party, including their subsidiaries and affiliates, which the Bank directly or indirectly controls.</p> <p>**As defined in the BSP Manual of Regulations for Banks (MORB) Section 131(Subsidiaries and Affiliates) and any subsequent amendments thereto</p> <p>7. Directors, Individual Stockholders directly owning at least twenty percent (20%), Key Officers of the Bank's related parties under Sections II.A.4 and II.A.5 of this policy and their first and second degree relatives. Key Officers as defined for this provision are the Chief Executive Officer, President, Chief Finance Officer, Chief Operation Officer or their equivalent.</p> <p>F. General Criteria for Approval of Related Party Transactions To appropriately evaluate material related party transactions, the RPT Committee shall take into account whether the related party transaction is entered into at arm's length. The reporting unit shall</p>	<p>Great Grandparent</p> <p>b. Aunt/Uncle</p> <p>c. Niece/Nephew</p> <p>d. Great Grandchild</p> <p>e. Great Grandparent-in-law</p> <p>f. Aunt/Uncle -in-law</p> <p>g. Niece/Nephew-in-law</p> <p>h. GreatGrandchild-in-law</p> <p>i. Great Great Grandparent</p>	<p>j. Great Aunt/Uncle</p> <p>k. First Cousin</p> <p>l. Great Niece/Nephew</p> <p>m. Great Great Grandchild</p> <p>n. Great Great Grandparent-in-law</p> <p>o. Great Aunt/Uncle -in-law</p> <p>p. First cousin-in-law</p> <p>q. Great Niece/Nephew-in-law</p> <p>r. Great Great Grandchild-in-law</p>
<p>Great Grandparent</p> <p>b. Aunt/Uncle</p> <p>c. Niece/Nephew</p> <p>d. Great Grandchild</p> <p>e. Great Grandparent-in-law</p> <p>f. Aunt/Uncle -in-law</p> <p>g. Niece/Nephew-in-law</p> <p>h. GreatGrandchild-in-law</p> <p>i. Great Great Grandparent</p>	<p>j. Great Aunt/Uncle</p> <p>k. First Cousin</p> <p>l. Great Niece/Nephew</p> <p>m. Great Great Grandchild</p> <p>n. Great Great Grandparent-in-law</p> <p>o. Great Aunt/Uncle -in-law</p> <p>p. First cousin-in-law</p> <p>q. Great Niece/Nephew-in-law</p> <p>r. Great Great Grandchild-in-law</p>			

Title of Manual		
RELATED PARTY TRANSACTIONS		
Policy Expert	Issue Date	Page No.
Compliance	September 30, 2021	11 of 34

VERSION	ISSUE DATE	DESCRIPTION
		<p>provide all relevant material information of the RPT in the Term Sheet or Offering Memo, more specifically, the following:</p> <p style="padding-left: 40px;">Xxxx</p> <p>N. Policy Review The RPT policy shall be reviewed at least annually and amended when necessary by the RPT Committee. Any changes or amendments in the RPT policy and procedure shall be approved by majority of the Board of Directors and approved by majority of the Stockholders constituting a quorum**.</p> <p>***Approval by majority of the Stockholders constituting a quorum shall be manifested through a ratification in the subsequent stockholder's meeting.</p>
8.0	September 24, 2020	<p>RELATED PARTY TRANSACTIONS</p> <p>This version was amended to address the issue noted by BSP on establishing determinable criteria on what constitutes a "material impact" that requires vetting of the RPT Committee. Revisions are as follows:</p> <p>III. C. Materiality Threshold for Related Party Transactions</p> <p style="padding-left: 40px;">xxx</p> <p style="padding-left: 40px;">On Actively traded products, foreign exchange trade transactions, derivative transactions:</p> <p style="padding-left: 40px;">Trade and derivative transactions conducted under terms and conditions which are deemed to not have been at arm's length (i.e. if the key terms, including pricing and fees of the transaction, taken as a whole, are not comparable with those of similar transactions if they would have been undertaken with unrelated parties).</p> <p style="padding-left: 40px;">xxx</p>
7.0	July 25, 2019	<p>RELATED PARTY TRANSACTIONS</p> <p>The revisions are in compliance with the SEC Memorandum Circular (MC) No. 10 s2019 Rules on Material Related Party Transactions for</p>

Title of Manual RELATED PARTY TRANSACTIONS		
Policy Expert Compliance	Issue Date September 30, 2021	Page No. 12 of 34

VERSION	ISSUE DATE	DESCRIPTION
		<p>Publicly-Listed Companies and to address BSP and IAD findings. Revisions are as follows:</p> <p>A. Definition of a Related Party</p> <p>3. Close family members of the Bank's Directors, Officers and Stockholders (DOS) who are relatives within the 3rd and 4th degree of consanguinity or affinity or by legal adoption, legitimate or common-law, if these persons have control, joint control or significant influence over the Bank. For the purpose of this specific provision of the RPT Policy, "Officers" refer to the Chief Executive Officer (CEO), the President, their direct reports and heads of Governance units, regardless of rank, and all senior officers with the rank of Senior Vice President and up.</p> <p>E. Review and Approval of RPT</p> <p>2. All material related party transactions, including renewals and/or material changes in the terms and conditions of the RPTs and subsequent write-off, as applicable, shall be reviewed/vetted and endorsed to the Board of Directors for approval by the RPT Committee. Problem credits to DOSRI shall be written-off only upon prior approval of the BSP Monetary Board.</p> <p>3. For individual material transactions amounting to 10% or higher of the Bank's total consolidated assets based on the latest audited financial statements, or for aggregate related party transactions within a 12 month period that breaches the materiality threshold of 10% with the same related party, it shall be approved by at least 2/3 vote of Board of Directors, with at least a majority of the independent directors voting to approve the material RPT. In case that a majority of the independent directors vote is not secured, the material RPT may be ratified by the vote of the stockholders representing at least 2/3 of the outstanding capital stock.</p> <p>5. Before the execution of the material RPT amounting to 10% or higher of the Bank's total consolidated assets based on the latest audited financial statements entered either individually</p>

Title of Manual RELATED PARTY TRANSACTIONS		
Policy Expert Compliance	Issue Date September 30, 2021	Page No. 13 of 34

VERSION	ISSUE DATE	DESCRIPTION
		<p>or in aggregate over a 12 month period within the same related party, the Board should appoint an external independent party to evaluate the fairness of the terms of the material RPTs. An external independent party may include, but is not limited to auditing/accounting firms and third party consultants and appraisers. The independent evaluation of the fairness of the transparent price ensures the protection of the rights of shareholders and other stakeholders.</p> <p>I. Disclosure and Reporting</p> <p>4. For individual material transactions amounting to 10% or higher of the Bank's total consolidated assets based on the latest audited financial statements, or for aggregate related party transactions within a 12 month period that breaches the materiality threshold of 10% with the same related party, the Corporate Secretary or its Authorized Representative shall file a signed Advisement Report in the form attached as Annex D to SEC within 3 calendar days after the execution date of the transaction. The Advisement Report shall also be signed by the Related Party or Its Authorized Representative. Proof of Authority shall also be attached in the submission.</p> <p>N. Policy Review</p> <p>The RPT policy shall be reviewed at least annually and amended when necessary by the RPT Committee. Any changes or amendments in the RPT policy and procedure shall be approved by majority of the Board of Directors and approved by majority of the Stockholders constituting a quorum.</p> <p>E. Review and Approval of RPT</p> <p>8. In the event wherein there are changes in the RPT classification from non-material to material (e.g. exceeded the materiality threshold on an aggregate basis over a period of one year), the material RPT shall be subject to the provisions of this policy.</p> <p>H. Identifying and Monitoring Related Parties and their Transactions</p>

Title of Manual		
RELATED PARTY TRANSACTIONS		
Policy Expert	Issue Date	Page No.
Compliance	September 30, 2021	14 of 34

VERSION	ISSUE DATE	DESCRIPTION
		<p>3. The Compliance Division, as reconciled to the data maintained by Finance Group, shall submit every other month to the RPT Committee and thereafter report by the RPT Committee to the Board of Directors the status and aggregate exposures to each related party and the total exposures to all related parties. Any breaches in the RPT internal limits for individual and aggregate exposures as defined in Section III.G.2 of this policy shall be reported by RPT Committee. For breaches on internal limits, based on RPT Committee's recommendation, the Board shall then decide to either accept the exposure or take steps to address the breaches, with its decision duly documented in the minutes of the meeting.</p>
6.0	May 25, 2018	<p>RELATED PARTY TRANSACTIONS</p> <p>This version amended provision under Section E and Section M to ensure that all transactions are granted or conducted at arms-length with the terms and conditions similar to those of non-related parties and to include mechanisms for redress and grievances of minority stockholders in case of abusive RPTs.</p>
5.0	December 14, 2017	<p>RELATED PARTY TRANSACTIONS</p> <p>This version amended certain provision under Section E on the Review and Approval process of Related Party Transactions.</p>
4.0	August 31, 2017	<p>RELATED PARTY TRANSACTIONS</p> <p>This version amended the Definition of Bank Officers under Related Party and the covered Sections used in reference to the Definition of the Directors, Stockholders, Key Officers of the Bank's related parties and their close family members.</p>
3.0	February 23, 2017	<p>RELATED PARTY TRANSACTIONS</p> <p>This version includes the following amendments in this manual:</p> <p>Added provision under the General Criteria for Approval of Related Party Transactions to enhance documentation and justification to support the terms, rates and conditions offered in an RPT:</p>

Title of Manual		
RELATED PARTY TRANSACTIONS		
Policy Expert	Issue Date	Page No.
Compliance	September 30, 2021	15 of 34

VERSION	ISSUE DATE	DESCRIPTION
		<p>Xxx</p> <p>5.1 For credit transactions, pricing is based on the Transfer Pool Rate (TPR) plus the targeted spread depending on the product and the client segment.</p> <p>Xxx</p> <p>5.4 For lease agreements, it shall be determined by an accredited third party appraisal company or through market survey of similar lease agreements in the area.</p>
2.0	December 15, 2016	<p>RELATED PARTY TRANSACTIONS</p> <p>This version further amends the provision in the June 30, 2016 manual.</p>
1.0	June 30, 2016	<p>RELATED PARTY TRANSACTIONS</p> <p>This Related Party Transaction (RPT) policy of East West Bank aims to ensure that ---</p> <ol style="list-style-type: none"> 1. All RPTs are conducted at arm's length and managed in a manner that will protect the Bank, its depositors, creditors and other stakeholders from conflicts of interest and possible material risks arising from exposures to such transactions; and 2. All RPTs are appropriately reviewed, approved, ratified and disclosed as required in compliance with legal and regulatory requirements. <p>Further, this manual shall supersede all existing provisions relative to Related Party Transactions as stipulated in PM COMP 2013-003 (Related Party Transactions and Conflict of Interest, issued 12/19/13) and shall supersede IOM 2014-031(Guidelines on the Vetting of Related Party Transactions and DOSRI Transactions by CGCC, issued 12/18/14).</p>



INTERNAL/ CONFIDENTIAL

Title of Manual		
RELATED PARTY TRANSACTIONS		
Policy Expert	Issue Date	Page No.
Compliance	September 30, 2021	16 of 34

TABLE OF CONTENTS

I. INTRODUCTION 16

II. DEFINITION OF TERMS 17

 A. Definition of a Related Party 17

 B. Definition of Related Party Transaction 20

III. POLICIES 21

 A. Guidelines on Arm's Length Terms 21

 B. Conflict of Interest 20

 C. Materiality Threshold for Related Party Transactions 20

 D. Exclusions to Related Party Transaction Policy 25

 E. Review and Approval of Related Party Transactions 25

 F. General Criteria for Approval of Related Party Transactions 28

 G. Capital Management for Related Party Transactions 29

 H. Identifying and Monitoring Related Parties and Their Transactions 30

 I. Disclosure and Reporting 30

 J. Roles of Internal Audit and Compliance 32

 K. Whistle Blowing Mechanism 32

 L. Related Party Transactions Not Approved Under This Policy 32

 M. Restitution of Losses and Other Remedies for Abusive and Fraudulent Related Party Transactions 32

 N. Policy Review 34

Title of Manual		
RELATED PARTY TRANSACTIONS		
Policy Expert	Issue Date	Page No.
Compliance	September 30, 2021	17 of 34

I. INTRODUCTION

The Bangko Sentral ng Pilipinas (BSP) recognizes that transactions between and among related parties create financial, commercial and economic benefits to individual institutions and to the entire group where said institutions belong. In this regard, related party transactions are generally allowed provided, that these are done on an arm's length basis.

This Related Party Transaction (RPT) policy of East West Bank aims to ensure that ---

1. All RPTs are conducted at arm's length and managed in a manner that will protect the Bank, its depositors, creditors and other stakeholders from conflicts of interest and possible material risks arising from exposures to such transactions; and
2. All RPTs are appropriately reviewed, approved, ratified and disclosed as required in compliance with legal and regulatory requirements.

Further, this manual shall supersede all existing provisions relative to Related Party Transactions as stipulated in PM-CD-2020-007 (Conflict of Interest, issued 09/24/2020)¹.

II. DEFINITION OF TERMS

A. Definition of a Related Party

A Related Party is defined to be ---

1. Directors, Officers, Stockholders and Related Interests (DOSRI) of the Bank as defined in the BSP Manual of Regulations for Banks (MORB) Section 341 and any amendments thereto.
2. Close family members of the Bank's Directors, Officers and Stockholders (DOS) who are second-degree relatives of consanguinity or affinity or by legal adoption, legitimate or common-law. For the purpose of this specific provision of the RPT Policy, "Officers" refer to the Chief Executive Officer (CEO), the President, their direct reports and heads of Governance units, regardless of rank, and all senior officers with the rank of Senior Vice President and up.
 The following are considered close family members of the Bank's DOS:
 - a. Brother/Sister

¹ Only the RPT provisions covered under PM-CD-2020-007 shall be superseded and that the existing policies on Conflict of Interest shall remain in effect until amended/updated by Compliance through issuance of a separate manual.

Title of Manual RELATED PARTY TRANSACTIONS		
Policy Expert Compliance	Issue Date September 30, 2021	Page No. 18 of 34

- b. Brother-/Sister-in-law
 - c. Grandparent
 - d. Grandparent-in-law
 - e. Grandchild
 - f. Grandchild-in-law
3. Close family members of the Bank's Directors, Officers and Substantial Shareholders² who are relatives in the 3rd and 4th degree of consanguinity or affinity or by legal adoption, legitimate or common-law, if these persons have control, joint control or significant influence over the Bank. For the purpose of this specific provision of the RPT Policy, "Officers" refer to the Chief Executive Officer (CEO), the President and Cluster Heads.

For purposes of this Section A. 3, a person or an entity "controls" EWB if and only if the person or entity has all of the following:

- a. Power over the Bank
- b. Exposure or rights to variable returns from its involvement with the Bank, and
- c. The ability to use its power over the Bank to affect the amount of the Bank's returns.

Further, "significant influence" means the power to participate in the financial and operating policy decisions of the company but has no control or joint control of those policies.

The following are the 3rd and 4th degree relatives by affinity and consanguinity:

- | | |
|-----------------------------|-----------------------------------|
| a. Great Grandparent | j. Great Aunt/Uncle |
| b. Aunt/Uncle | k. First Cousin |
| c. Niece/Nephew | l. Great Niece/Nephew |
| d. Great Grandchild | m. Great Great Grandchild |
| e. Great Grandparent-in-law | n. Great Great Grandparent-in-law |
| f. Aunt/Uncle -in-law | o. Great Aunt/Uncle -in-law |
| g. Niece/Nephew-in-law | p. First cousin-in-law |
| h. GreatGrandchild-in-law | q. Great Niece/Nephew-in-law |
| i. Great Great Grandparent | r. Great Great Grandchild-in-law |

- 4. Any individual living within the same household of the DOS whose interest or influence may pose potential conflict of interest with the Bank.

² Any person who is directly or indirectly the beneficial owner of more than ten percent (10%) of any class of its equity security

Title of Manual		
RELATED PARTY TRANSACTIONS		
Policy Expert	Issue Date	Page No.
Compliance	September 30, 2021	19 of 34

5. The Bank's subsidiaries and affiliates³ and any party, including their subsidiaries and affiliates, which the Bank directly or indirectly controls.

Control of a company exists when there is any of the following conditions:

- a. Power over more than ½ of the voting rights by virtue of an agreement with other stockholders; or
- b. Power to govern the financial and operating policies of the company 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 twenty (20%) percent or more of a class of voting shares of a company. The Bank may disclaim or rebut the presumption by presenting supporting documents and by submitting a written commitment.⁴

6. Entities within the Filinvest group, directly or indirectly controlled by the parent of the Bank and/or its subsidiaries and affiliates, which exert control⁵ over the Bank.
7. Directors, Individual Stockholders directly owning at least twenty percent (20%), Key Officers of the Bank's related parties under Sections II.A.5 and II.A.6 of this policy and their first and second degree relatives. Key Officers as defined for this provision are the Chief Executive Officer, President, Chief Finance Officer, Chief Operation Officer or their equivalent.
8. Direct or Indirect linkages to a bank identified as follows:
 - 8.1 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;

³ As defined in the BSP Manual of Regulations for Banks (MORB) Section 131 (Subsidiaries and Affiliates) and any subsequent amendments thereto.

⁴ Written commitment shall contain declarations stated in Section X146.1.4 as amended by Circular No. 895 Series of 2015.

⁵ Refer to definition of "Control" in Section II.A.3 above.

Title of Manual		
RELATED PARTY TRANSACTIONS		
Policy Expert	Issue Date	Page No.
Compliance	September 30, 2021	20 of 34

- 8.2 Interlocking directorship or officership, except in cases involving independent directors as defined under existing regulations or directors holding nominal share in the borrowing corporation;
 - 8.3 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
 - 8.4 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.
9. Any person or juridical entity as identified by the Board of Directors whose interest or influence on a related party and its transaction may pose potential conflict of interest with the Bank.

B. Definition of Related Party Transaction

A related party transaction (RPT) covers any of the following direct or indirect (i.e. done in behalf of a related party) transactions or dealings, viewed in either party's perspective, between the Bank, including its Trust Division and its related party, with or without underlying monetary consideration. In addition, the RPT scope shall include outstanding transactions that were initially entered into with an unrelated party that subsequently became a related party.

- 1. On-and off-balance sheet credit exposures and claims and write-offs
- 2. Investments and/or subscriptions for debt/equity issuances
- 3. Consulting, professional, agency and other service arrangements or contracts, including outsourcing agreements
- 4. Sale and purchase of assets, including transfer of technology and intangible assets
- 5. Construction contracts
- 6. Lease agreements
- 7. Trading and derivative transactions
- 8. Borrowings, commitments, fund transfers and guarantees
- 9. Sale, purchase or supply of any goods or materials
- 10. Establishment of joint ventures

Title of Manual		
RELATED PARTY TRANSACTIONS		
Policy Expert	Issue Date	Page No.
Compliance	September 30, 2021	21 of 34

III. POLICIES

A. Guidelines on Arm's Length Terms

All related party transactions shall be conducted at arm's length. This means that transactions with a Bank's related party shall be managed in the regular course of the Bank's business and under terms and conditions⁶ that are substantially the same as those of similar transactions with non-related parties under comparable circumstances.

The deviation from the standard policies and procedures or terms and conditions of either parties in the conduct of related party transactions shall be vetted in accordance with Section III.E of this policy.

B. Conflict of Interest⁷

1. Members of the Board of Directors, Stockholders or Management of the Bank shall immediately disclose to the Board of Directors if they or their close family members directly, indirectly or on behalf of third parties, have a financial interest or potential conflict of interest in any transaction, arrangement or relationship affecting the Bank. The duty to disclose shall include disclosure of relationships with clients, prospects, service providers, suppliers and vendors.
2. Non-disclosure by the Bank's officer of a possible conflict of interest shall be dealt with in accordance with the Bank's Code of Discipline and Ethics.
3. Directors or officers with personal interest in the transaction shall abstain from the discussion, approval and management of the transaction, arrangement or relationship.

C. Materiality Threshold for Related Party Transactions

The following table identifies the Bank's material related party transactions and those below the threshold, taking into consideration the nature of the transaction and the degree of risk associated with it. The materiality criteria are also set to allow the Bank to undertake RPTs in a timely manner while ensuring that the review mandate of the RPT Committee shall be carried out judiciously and in accordance to the Bank's size, risk profile and risk management framework

⁶ Such as but not limited to price, commission, interest rates, fees and charges, tenor and collateral requirements.

⁷ Refer to PM-CD-2020-007 for detailed policy on Conflict of Interest.

Title of Manual RELATED PARTY TRANSACTIONS		
Policy Expert Compliance	Issue Date September 30, 2021	Page No. 22 of 34

Type of Transaction	Material Related Party Transactions	Below Materiality Threshold
Credit Transactions	<ol style="list-style-type: none"> 1. All commercial and corporate loans, credit accommodations and guarantees. 2. All credit cards and consumer loans amounting to P10 million and above on a single or aggregate basis over a period of one year 3. Credit cards and consumer loans⁸ with key terms and conditions which are not offered to the general public. 4. All restructured and past due loans, credit accommodations and guarantees, including consumer loans and credit cards 5. Write-offs 	<ol style="list-style-type: none"> 1. Back-to-back loans granted under terms and conditions similar to those offered to non-related parties. 2. Extension of existing non-DOSRI commercial or corporate credit facility for a period not more than 90 days from expiry date provided that there is no adverse credit event and under the same terms and conditions as the existing facility⁹. 3. Credit cards and consumer loans below P10 million granted under terms and conditions similar to those granted to non-related parties.
Deposits, Investments and Other Retail Financial Services ¹⁰	<ol style="list-style-type: none"> 1. Deposits with interest rates above board rates 2. Investments in equity and debt issuances at off-market rates 3. Other retail financial services with fees and charges not aligned with the bank's published fees and charges 	Below materiality threshold shall not apply for deposits, investments and other financial services transactions conducted within the normal course of the business and with terms and conditions similar to those offered to non-related parties as stated in Section III.D.1.
Actively traded products, foreign	Trade and derivative transactions conducted under	Purchase and sale of securities, foreign exchange trade

⁸ Consumer loans refer to auto, personal, salary and mortgage loans

⁹ Extension of DOSRI accounts would require vetting of the RPT Committee and approval by the Board

¹⁰ Include but not limited to cash management services, regular trade transactions involving purchase and sale of securities traded in the active market and foreign exchange trade transactions

Title of Manual		
RELATED PARTY TRANSACTIONS		
Policy Expert	Issue Date	Page No.
Compliance	September 30, 2021	23 of 34

Type of Transaction	Material Related Party Transactions	Below Materiality Threshold
exchange trade transactions, derivative transactions	terms and conditions which are deemed to not have been at arms' length (i.e. if the key terms, including pricing and fees of the transaction, taken as a whole, are not comparable with those of similar transactions if they would have been undertaken with unrelated parties)	transactions and derivative transactions flagged as a potential off-market deal but deemed to have been at arms' length as determined by the Treasurer, ALCO or Associated Person.
Sale and Purchase of Assets, including transfer of technology and intangible assets	<ol style="list-style-type: none"> All negotiated sales amounting to P10 million and above on a single or aggregate basis over a period of one year of foreclosed assets to related parties and all EW officers, regardless of rank who are involved in the appraisal, foreclosure and sale of such assets. Purchase of assets at a price of P10 million and above on a single or aggregate basis over a period of one year or at a price above prevailing market values determined by an accredited third party appraisal company. 	<ol style="list-style-type: none"> Sale of foreclosed assets conducted through public bidding. All negotiated sales of foreclosed assets below P10 million on a single or aggregate basis for a period of one year at prevailing market prices as determined by an accredited third party appraisal company. Purchase of assets at a price of below P10 million and at a prevailing market values as determined by an accredited third party appraisal company.
Service contracts, including outsourcing contracts	<ol style="list-style-type: none"> Contracts amounting to P10 million and above on a single or aggregate basis over a period of one year Contract price and/or terms and conditions deviate from the standards granted to non-related parties 	Contract below P10 million on a single or aggregate basis over a period of one year at price and terms and conditions are similar to those of non-related parties

Title of Manual RELATED PARTY TRANSACTIONS		
Policy Expert Compliance	Issue Date September 30, 2021	Page No. 24 of 34

Type of Transaction	Material Related Party Transactions	Below Materiality Threshold
Construction Contracts	<ol style="list-style-type: none"> 1. Contract amounting to P10 million and above on a single or aggregate basis over a period of one year 2. Contract was not obtained through competitive bidding 	Contract amounting to below P10 million and was obtained through competitive bidding
Lease Agreements	<ol style="list-style-type: none"> 1. Lease agreements amounting to P10 million and above for the entire lease term on a single or aggregate basis over a period of one year 2. If Bank is lessee, lease price is above prevailing market rates as determined by the Bank's Credit Appraisal Department or an accredited third party appraisal company or the market research conducted by the Business Unit. 3. If Bank is lessor, lease price is below prevailing market rate as determined by the Bank's Credit Appraisal Department or an accredited third party appraisal company or the market research conducted by the Business Unit. 	Whether the Bank is lessee or lessor, lease price is less than P10 million and at prevailing market rates as determined by the Bank's Credit Appraisal Department or an accredited third party appraisal company or the market research conducted by the Business Unit.
Sale, purchase or supply of any goods or materials	<ol style="list-style-type: none"> 1. Sale, purchase or supply of any goods or materials amounting to P10 million and above on a single or aggregate basis over a period of one year 	Sale, purchase or supply of any goods or materials below P10 million and at a price within prevailing market rates

Title of Manual RELATED PARTY TRANSACTIONS		
Policy Expert Compliance	Issue Date September 30, 2021	Page No. 25 of 34

Type of Transaction	Material Related Party Transactions	Below Materiality Threshold
	2. Sale, purchase or supply of any goods or materials at a price not within prevailing market rates	

All other related party transactions not listed in the above table shall be considered material related party transactions.

D. Exclusions to Related Party Transaction Policy

The following transactions shall not require review and approval of the RPT Committee and the Board of Directors.

1. Financial services provided to all related parties in the ordinary course of business such as deposit operations (CASA, Time Deposit, Investment Funds), cash management services, regular trade transactions involving purchase and sale of securities traded in the active market, foreign exchange trade transactions and derivative transactions, *provided that* such transactions are conducted at arms-length and on substantially the same terms and conditions as those for comparable services provided to unrelated parties.
2. Directional Trust Products¹¹ *provided that* such transactions are conducted at arms-length and on substantially the same terms and conditions as provided to unrelated parties.
3. Transactions where the rates or charges involved are fixed by law or regulated by governmental authority
4. Executive Officer and Director compensation arrangements
5. Transaction or banking service granted under the Bank's BSP-approved fringe benefit program.

E. Review and Approval of Related Party Transactions

Below is the approval policy structure for Related Party Transactions.

¹¹ Refers to Directional IMA, Trust and other fiduciary accounts

Title of Manual		
RELATED PARTY TRANSACTIONS		
Policy Expert	Issue Date	Page No.
Compliance	September 30, 2021	26 of 34

Approving Authority	Function
Board-Delegated Approving Officer or Management Committee	<ul style="list-style-type: none"> • Approves RPTs below materiality threshold
RPT Committee	<ul style="list-style-type: none"> • Reviews material RPTs and endorses these to the Board of Directors for approval • Reports to the Board every other month the status and aggregate exposures to each related party as well as the total amount of exposures to all related parties • Evaluates any breach in the internal limits set for RPTs and recommends actions to be taken on the breach to the Board of Directors
Board of Directors	<ul style="list-style-type: none"> • Approves Material RPTs endorsed by the RPT Committee • Confirms approval of RPTs below materiality threshold by delegated authority • Approves all DOSRI transactions • Decides on actions to be taken to address any breach in the internal limits set for RPTs
Stockholders	Confirms by majority vote all material RPTs approved by the Board of Directors

1. The RPT Committee is tasked to assist the Board of Directors in ensuring that 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 that RPTs are conducted on an arm's length basis and that no stakeholder is unduly disadvantaged.

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.

Title of Manual		
RELATED PARTY TRANSACTIONS		
Policy Expert	Issue Date	Page No.
Compliance	September 30, 2021	27 of 34

2. All material related party transactions, including renewals and/or changes in the terms and conditions of the RPTs and subsequent write-off, as applicable, shall be reviewed/vetted and endorsed to the Board of Directors for approval by the RPT Committee. Problem credits to DOSRI shall be written-off only upon prior approval of the BSP Monetary Board.

3. For individual material transactions amounting to 10% or higher of the Bank's total consolidated assets based on the latest audited financial statements, or for aggregate related party transactions within a 12 month period that breaches the materiality threshold of 10% with the same related party, it shall be approved by at least 2/3 vote of Board of Directors, with at least a majority of the independent directors voting to approve the material RPT. In case that a majority of the independent directors vote is not secured, the material RPT may be ratified by the vote of the stockholders representing at least 2/3 of the outstanding capital stock.

4. RPTs below the materiality thresholds shall follow the approval limits and structure authorized by the Board of Directors and shall be subject to the confirmation of the Board of Directors on a monthly basis.

Compliance will submit for Board confirmation all non-material RPTs.

5. Before the execution of the material RPT amounting to 10% or higher of the Bank's total consolidated assets based on the latest audited financial statements entered either individually or in aggregate over a 12 month period within the same related party, the Board should appoint an external independent party to evaluate the fairness of the terms of the material RPTs. An external independent party may include, but is not limited to auditing/accounting firms and third party consultants and appraisers. The independent evaluation of the fairness of the transparent price ensures the protection of the rights of shareholders and other stakeholders.

6. All DOSRI transactions, whether within or below the materiality thresholds shall be approved by the Board of Directors in accordance with regulation.

7. Transactions that were entered into with an unrelated party that subsequently becomes a related party shall be excluded from the limits and approval of this policy. However, any renewal, change in 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 provisions of this policy.

Title of Manual		
RELATED PARTY TRANSACTIONS		
Policy Expert	Issue Date	Page No.
Compliance	September 30, 2021	28 of 34

8. In the event wherein there are changes in the RPT classification from non-material to material (e.g. exceeded the materiality threshold on an aggregate basis over a period of one year), the material RPT shall be subject to the provisions of this policy.
9. All material RPTs and write-offs of material exposures to related parties shall be submitted for confirmation by at least majority vote of the stockholders, constituting a quorum, at the annual stockholders' meeting of the Bank.
10. Highlights of the proposed RPT to be reviewed by the RPT Committee shall be presented by the Requesting Unit¹² using the "Proposal for RPT Committee Consideration" Template (**Annex A**). This shall be submitted together with all supporting documents to Compliance Division not later than the 5th banking day prior to the scheduled Committee meeting for assessment and evaluation by the Chief Compliance Officer/Designated Compliance Officer.
11. Subsequently, request for approval by the Board of Directors of all RPTs vetted by the RPT Committee shall be obtained via the Proposal for Board Consideration (**Annex B**).

F. General Criteria for Approval of Related Party Transactions

To appropriately evaluate material related party transactions, the RPT Committee shall take into account whether the related party transaction is entered into at arm's length. The reporting unit shall provide all relevant material information of the RPT in the Term Sheet or Offering Memo, more specifically, the following:

1. The name of the related party, description of the relationship and interest in the transaction.
2. General description of the transaction, including purpose and rationale of the transaction;
 - 2.1 If a credit transaction, indicate present and previous (if existing borrower) risk rating of the related party
 - 2.2 If the transaction involves the sale of a Bank asset, a description of the asset, including date acquired and cost basis.
 - 2.3 Indicate whether the Bank is a party to the transaction and if not, the nature of its participation in the transaction.

¹² Refers to the unit where the request of the RPT is processed and coursed through.

Title of Manual		
RELATED PARTY TRANSACTIONS		
Policy Expert	Issue Date	Page No.
Compliance	September 30, 2021	29 of 34

3. Total Value of the proposed transaction and the share of the related party's interest in the transaction
 - 3.1 If a credit transaction, total exposure to the borrower and related borrowers.
4. Material terms and conditions of the transaction, including deviations from bank policies and standards;
 - 4.1 Include a comparative table of key terms and conditions given to the related party and those offered to non-related parties for similar products or services.
5. The manner of determining the pricing and other commercial terms;
 - 5.1 For credit transactions, pricing is based on the Transfer Pool Rate (TPR) plus the targeted spread depending on the product and client segment.
 - 5.2 If the transaction involves the sale of a Bank asset or purchase of an asset from a related party, the results of the appraisal, the valuation methodology applied and alternative approaches to valuation.
 - 5.3 Whether there was a bidding process and the results thereof.
 - 5.4 For lease agreements, it shall be determined by an accredited third party appraisal company or through market research.
6. Benefits of the transaction to the Bank and to the Related Party.
7. Description of any provisions or limitations imposed as a result of entering into the proposed transaction
8. Whether the proposed transaction includes any potential risk, including reputational risk, which may arise as a result or in connection with the proposed transaction
9. Other relevant information regarding the transaction which may have impact on the decision of the Committee and the Board of Directors.

G. Capital Management for Related Party Transactions

1. Material Risks arising from RPTs shall be considered in the Bank's capital planning process and shall be captured in the scenario/stress testing exercise to ensure that

Title of Manual		
RELATED PARTY TRANSACTIONS		
Policy Expert	Issue Date	Page No.
Compliance	September 30, 2021	30 of 34

the Bank maintains adequate capital to cushion risks associated with RPT exposures.

2. The Board-approved policies on the Management Action Triggers for Select Regulatory Lending Limits shall be adopted for the setting and reporting of internal limits for individual and aggregate exposures for related party transactions.

H. Identifying and Monitoring Related Parties and Their Transactions

1. The Human Resources Division shall be the owner of Related Party Database. Refer to **Annex E** for Guidelines on Maintenance of Related Party Database.
 - 1.1 All service providers, suppliers and vendors shall be required to issue a Certification that they do not have any conflict of interest with the Bank. (See **Annex C**)
 - 1.2 All authorized officers who sign contracts, agreements or approval documents of transactions shall sign a disclaimer that they are not related to the counterparties of the proposed transaction.
2. Business and operating units shall put in place the appropriate systems and procedures to identify, track, monitor and report to the RPT Committee, the Board and regulators their related party transactions. The system must be able to assess situations when a non-related party with whom the Bank has entered into a transaction subsequently becomes a related party and vice-versa. At the minimum, the unit's system shall capture the following information:
 - a. Name of the Related Party
 - b. Relationship with the Bank, its Directors, Stockholders or Officers
 - c. Approval Date of the RPT
 - d. Transaction Date
 - e. Type of Transaction
 - f. Approved Amount/Contract Price/Total Value of Transaction
 - g. Outstanding Amount, individually and on an aggregate basis
 - h. Status of Account/Transaction (ex. Current, Past Due for credit transactions; On-going, Closed for agreements or contracts)
 - i. Relevant Terms
 - j. Rationale for Entering in the Transaction
3. The Compliance Division, as reconciled to the data maintained by Finance Group, shall submit every other month to the RPT Committee and thereafter report by the RPT Committee to the Board of Directors the status and aggregate exposures to each related party and the total exposures to all related parties. Any breaches in

Title of Manual		
RELATED PARTY TRANSACTIONS		
Policy Expert	Issue Date	Page No.
Compliance	September 30, 2021	31 of 34

the RPT internal limits for individual and aggregate exposures as defined in Section III.G.2 of this policy shall be reported by RPT Committee. For breaches on internal limits, based on RPT Committee's recommendation, the Board shall then decide to either accept the exposure or take steps to address the breaches, with its decision duly documented in the minutes of the meeting.

I. Disclosure and Reporting

1. The Bank shall ensure that its Annual Report and website appropriately disclose the policies and procedures for managing RPTs, including managing of conflicts of interest or potential conflicts of interest; responsibilities of the RPT Committee; nature, terms and conditions of material RPTs as well as their outstanding individual and aggregate balances.
2. 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 relevant details that would allow stockholders to make an informed judgment as to the reasonableness of the transaction, shall be disclosed during the stockholder's meeting and duly reflected in the minutes of the Board and Stockholders' Meeting.
3. The Controllership Division shall submit all required reports on RPTs to the BSP in accordance with regulations. These include the following:

Report	Format and Contents	Submission Date
Report on Conglomerate Structure	Using Annex A of BSP Circular No. 895, the report shall disclose beneficial owners of shareholdings that are in the name of PCD Nominee Corporation.	Within 30 calendar days after end of every calendar year
Report on Material Exposures to Related Parties	Using Annex B of BSP Circular No. 895, the report shall --- a. Include material RPTs of supervised non-bank financial subsidiaries and affiliates; and b. Not include transactions concerning deposit operations, credit card availments, regular trade transactions involving purchases and sales of debt securities traded in an active market, provided that credit	Within 20 calendar days after the end of the reference quarter

Title of Manual RELATED PARTY TRANSACTIONS		
Policy Expert Compliance	Issue Date September 30, 2021	Page No. 32 of 34

Report	Format and Contents	Submission Date
	<p>card lines with amounts falling within the definition of "material transactions" shall be reported to the BSP upon approval of the line.</p> <p>Lease contracts and other similar contracts with recurring payment transactions shall be reported only once, upon approval of said transaction by the Board of Directors. In case the parties involved are both supervised by the BSP, only the lessor, in the case of a lease contract, or the party engaging/requesting for the services of the other bank, in case of other contracts, shall submit the report.</p>	

4. For individual material transactions amounting to 10% or higher of the Bank's total consolidated assets based on the latest audited financial statements, or for aggregate related party transactions within a 12 month period that breaches the materiality threshold of 10% with the same related party, the Corporate Secretary or its Authorized Representative shall file a signed Advisement Report in the form attached as **Annex D** to SEC within 3 calendar days after the execution date of the transaction. The Advisement Report shall also be signed by the Related Party or Its Authorized Representative. Proof of Authority shall also be attached in the submission.

J. Roles of Internal Audit and Compliance

1. The Internal Audit Division shall conduct a periodic review of the effectiveness of the system and internal controls governing related party transactions to assess consistency with the Board-approved policy and procedures. The audit reports, including exceptions or breaches in limits, shall be communicated to the Audit Committee.
2. The Compliance Division shall ensure the Bank's compliance with relevant rules and regulations on related party transactions. It shall assist the RPT Committee in the review of RPTs and identify any potential RPT that would require review by the RPT

Title of Manual		
RELATED PARTY TRANSACTIONS		
Policy Expert	Issue Date	Page No.
Compliance	September 30, 2021	33 of 34

Committee and the Board of Directors. It shall ensure that the RPT policy is kept updated and properly implemented throughout the Bank.

K. Whistle Blowing Mechanism

In furtherance of the Bank's commitment to carry out the regulations on Related Party Transaction, the Bank shall adopt the Board-approved whistle-blowing policy to promote the cooperation of all employees in reporting, confidentially and without the risk of reprisal, legitimate concerns about illegal, unethical or questionable RPTs.

L. Related Party Transactions Not Approved Under This Policy

In the event that the Bank becomes aware of a RPT that has not been approved under this policy prior to its consummation, the RPT shall be promptly reviewed by the appropriate Management Committee or by the RPT Committee. The responsible committee shall consider all of the relevant facts and circumstances regarding the RPT, including those listed in Section III.C of this policy, and shall evaluate possible options, including ratification, revision or termination/cancellation of the RPT. The responsible committee shall also examine the facts and circumstances pertaining to the failure of reporting the RPT under this policy, and shall take action as it deems appropriate.

M. Restitution of Losses and Other Remedies for Abusive and Fraudulent Related Party Transactions

1. Any finding of abusive and fraudulent RPTs shall be referred to the following for immediate restitution

1.1 Finance Group for the determination of actual loss incurred from the RPT transaction in question as well as any probable and imminent financial loss that may result therefrom.

1.2 Legal Services Division for the recommendation of appropriate legal action to recover loss incurred or to prevent any further incurrence of losses.

2. Any stockholder who does not confirm any material Related Party Transaction approved by the Board during the year due to certain issues, shall write a formal letter to the Chairman of the RPT Committee within 10 calendar days from the Annual Stockholders' meeting, presenting his/her issues on the RPT/s in question. The Chairman of the RPT Committee shall ask Senior Management to explain and if deemed necessary, may convene the RPT Committee to discuss the stockholder's letter and recommend action steps to address the same. Based on

Title of Manual		
RELATED PARTY TRANSACTIONS		
Policy Expert	Issue Date	Page No.
Compliance	September 30, 2021	34 of 34

the discussions, the Chairman of the RPT Committee will send a letter-reply to the concerned stockholder.

3. Any breach of this policy by the Bank's Director may be a ground for his removal in accordance with the Corporation Code of the Philippines, the General Banking Laws, and other related laws and regulations, after compliance with due process has been served and evaluation by the Board of Directors has been completed.
4. Any breach of this policy by a Bank employee shall be considered a Serious Offense under the Bank's Code of Ethics and Discipline and shall be sanctioned accordingly after due process has been served.

All aforementioned findings and recommendations shall be forwarded to the Compliance Division for consolidation and reporting to the Board of Directors, through the RPT Committee for proper disposition.

N. Policy Review

The RPT policy shall be reviewed at least annually and amended when necessary by the RPT Committee. Any changes or amendments in the RPT policy and procedure shall be approved by majority of the Board of Directors and approved by majority of the Stockholders constituting a quorum¹³.

¹³ Approval by majority of the Stockholders constituting a quorum shall be manifested through a ratification in the subsequent stockholder's meeting.