

## **RPT (RELATED PARTY TRANSACTION) COMMITTEE CHARTER**

### **PURPOSE**

The RPT Committee shall assist the Board in ensuring that ---

1. 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
2. RPTs are conducted on an arm's length basis and that no stakeholder is unduly disadvantaged.

### **MEMBERSHIP**

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.

The Chief Audit Executive shall sit as non-voting member of the Committee while the Chief Compliance Officer shall serve as the Secretary of the Committee.

### **FREQUENCY AND CONDUCT OF MEETINGS**

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

If the member of the Committee has a personal interest in the transaction to be reviewed, the concerned Board member shall abstain from the discussion and endorsement to the Board of such transaction.

Committee members may attend meetings in person or by electronic or tele/video communication means, provided that reasonable efforts are made to have all members of the Committee participate.

### **COMMITTEE RESPONSIBILITIES**

1. Evaluates on an ongoing basis existing relations between and among the Bank's businesses and counterparties to ensure that all related parties are continuously identified, RPTs are monitored and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured. Related parties, RPTs and changes in relationships shall be reflected in the relevant reports to the Board and regulators/supervisors.

2. Evaluates all material RPTs to ensure that these are not undertaken on more favorable economic terms than similar transactions with non-related parties under similar circumstances and that no corporate or business resources of the bank are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions. In evaluating RPTs, the Committee shall take into account, among others, the following:
  - a. The related party's relationship to the bank and interest in the transaction;
  - b. The material facts of the proposed RPT, including the proposed aggregate value of such transaction;
  - c. The benefits to the Bank of the proposed RPT;
  - d. The availability of other sources of comparable products or services; and
  - e. An assessment of whether the proposed RPT is on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances.

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

3. Reviews and endorses to the Board for confirmation non-material RPTs approved by the Board-delegated approving officer or Management Committee.
4. Ensures that appropriate public disclosure is made, and/or information is provided to supervisors, relating to the Bank's RPT exposures, policies on conflicts of interest and potential conflicts of interest. The disclosure shall include information on the approach to managing material conflicts of interest that are inconsistent with such policies; and conflicts that could arise as a result of the Bank's affiliation or transactions with other related parties.
5. Reports to the Board of Directors on bimonthly/every other month, the status and aggregate exposures to each related party and the total amount of exposures to all related parties.
6. Evaluates any breach in the internal limits set for RPTs and recommends actions to be taken on the breach to the Board of Directors.
7. Ensures that transactions with related parties, including write-off of exposures, are subject to periodic independent review or audit process.
8. Oversees the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs.
9. Conducts a periodic review of RPT policies and procedures, including materiality thresholds and internal limits for individual and aggregate exposures and endorse revisions for Board approval, if necessary based on updates in banking laws and regulations, recommendations of Senior Management and actions taken by the Board of Directors.
10. Review and assess, at least annually, the adequacy of this Charter and recommend any changes to the Board for approval.

## **COMMITTEE SELF-ASSESSMENT**

The Committee shall conduct a self-assessment of its performance, at least once a year, as prescribed and in accordance with the Corporate Governance Manual.