

## REVISED CHARTER OF THE RELATED PARTY TRANSACTIONS (RPT) COMMITTEE

### INTRODUCTION

The Related Party Transactions (RPT) Committee of Philtrust Bank was constituted to assist the Board of Directors in fulfilling its duties and responsibilities pursuant to Section 133 of the Manual of Regulations for Banks (MORB) and SEC Memorandum Circular No. 19, series of 2016.

This Related Party Transactions (RPT) Committee Charter sets out the composition, power, authority, duties and responsibilities of the Committee.

### Section 1. Composition

- 1.1 The Members of the Committee shall be appointed by the Board of Directors upon the recommendation of the Corporate Governance Committee.
- 1.2 The RPT Committee shall be composed of at least three (3) members of the Board of Directors, two (2) of whom shall be independent directors, including the chairperson.
- 1.3 The Committee shall at all times be entirely composed of independent directors and non-executive directors, with independent directors comprising majority of the members.
- 1.4 In case a member has a conflict of interest in a particular RPT, he should refrain from evaluating that particular transaction.
- 1.5 The Compliance Officer or Internal Auditor may sit as resource persons in said committee.
- 1.6 The Compliance Office shall serve as the Secretariat of the RPT Committee.

### Section 2. Power and Authority

- 2.1 For purposes of ensuring transparency and fairness for all stakeholders, the RPT Committee shall review proposed Related Party Transactions, for the purpose of determining whether or not the transaction is on terms no less favorable to the Bank than terms available to any unconnected third party under the same or similar circumstances.

### Section 3. Duties and Responsibilities of the Committee

- 3.1 The Committee shall 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-

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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 to BSP.

**3.2** The Committee shall evaluate all material RPTs to ensure that:

- a. The RPTs 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;
- b. No corporate or business resources of the Bank are misappropriated or misapplied;
- c. Any potential reputational risk issues that may arise as a result of, or in connection with, the transactions are determined; and
- d. Review shall include:
  - 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

**3.3** Require the members of the Board of Directors, stockholders, and principal officers of the Bank, with a rank of Vice President and up, to disclose material information on their existing and proposed transactions with the Bank.

**3.4** 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.

**3.5** Ensure that RPTs, including write-off of exposures, are subject to periodic independent review or audit process.

**3.6** Oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs.

**3.7** Oversee the periodic review of the RPT policies and procedures.

### Section 4. Meetings

**4.1 Schedule of Meetings.** The Committee shall meet frequently or as needed as determined by the Committee Head or its members.

**4.2 Quorum.** A majority of the members shall constitute a quorum at all meetings of the RPT Committee and the vote of a majority of the members shall be necessary for the approval of any action or decision of the Committee.

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- 4.3 Conflict of Interest.** In case a member has a direct/indirect interest or a conflict of interest in a particular related party transaction (RPT), he should refrain from taking part in the deliberation, approval, or voting on the matter.
- 4.4 Resource Person/Proponent.** As may be deemed necessary by the Committee Chairman, the proponent unit of each RPT may be invited to attend Committee meetings as resource persons relative to the proposals.
- 4.5 Minutes of the Meetings.** The Compliance Office shall serve as the Secretariat of the Committee.

### Section 5. Reporting

- 5.1** The Committee shall report proposed material Related Party Transactions, together with all information, as well as the action taken by the Committee thereon, as contained in the Minutes, to the Board for approval.
- 5.2** The Committee shall make a semi-annual report to the Board on the status and exposures to related parties as well as the total amount of exposures to all related parties.

### Section 6. Self-Assessment

- 6.1** The Committee shall conduct a self-assessment of its performance at least once annually.

### Section 7. Charter Review and Amendments

- 7.1** The RPT Committee shall from time to time assess the adequacy of the Charter and recommend changes thereto to the Board; and
- 7.2** The RPT Committee Charter shall be approved by the Board of Directors, as duly endorsed by the Corporate Governance Committee, and reviewed and updated at least annually or whenever there are significant changes therein.