



SECRETARY'S CERTIFICATE

I, **CESAR S. CABAÑES**, Filipino, of legal age, and with office address at Overseas Filipino Bank Center, Liwasang Bonifacio, Manila, after having been duly sworn in accordance with the law, hereby certify that:

1. I am the duly appointed Corporate Secretary of Overseas Filipino Bank, Inc. (the "Corporation"), a government financial institution duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office address at Overseas Filipino Bank Center, Liwasang Bonifacio, Manila.
2. The Board of Directors issued the following resolution in a meeting held on **23 August 2019** at which a quorum was duly present:

Board Resolution No. 2019-93

"RESOLVED, that, the Amendments to the Policy of Related Party Transactions (RPT) re: Composition of RPT Committee under Board Resolution No. 2019-74, to include the following provisions be, as they are hereby approved:

"The Related Party Transactions (RPT) Committee shall be composed of at least three (3) members of the Bank's Board of Directors, two (2) of whom shall be Independent Directors, including the Chairperson.

The Compliance Officer or Internal Auditor or the Risk Officer may sit as resource person/s in the absence of an Independent Director of RPT Committee.

The RPT Committee shall decide unanimously in all its vetting actions in cases where the minimum number of Independent Directors in the Committee is not sufficient."

IN WITNESS WHEREOF I have hereunto set my hand on this 11th day of October, 2019 in the City of Manila, Philippines.

ATTY. CESAR S. CABAÑES
Corporate Secretary



Management Committee Resolution No. 209-2019

“RECOMMENDING APPROVAL OF THE AMENDMENT TO THE POLICY ON RELATED PARTY TRANSACTIONS RE: OVERSIGHT AND ORGANIZATION OF RPT COMMITTEE”

It was moved by Atty. Avengoza and seconded by Mgr. Prado and concurred by all Members of the Management Committee, to recommend to the Corporate Governance and Risk Management Committee/ Board of Directors the approval of the amendment to the Policy on Related Party Transactions specifically Item II re: Oversight and Organization of RPT Committee (RPTCom), as endorsed by the Compliance Office (CO) headed by OIC-AM Cabrera, as follows:

From	To
<p>2) <i>The RPTCom shall be composed of at least three (3) members of the Bank's BOD, two (2) of whom shall be independent directors, including the chairperson.</i></p>	<p>2) <i>The RPTCom shall be composed of at least three (3) members of the Bank's BOD, two (2) of whom shall be independent directors, including the chairperson.</i></p> <p><i>The Compliance Officer or Internal Auditor or the Risk Officer may sit as resource person/s in the absence of an independent Directors (per BSP qualification) of Related Party Transactions (RPT) Committee.</i></p>
<p>5) <i>Xxxx xxxx xxx</i></p> <p><i>In the absence of independent Directors (per BSP qualification), the Compliance Officer, Internal Auditor and the Risk Officer shall constitute the interim RPT Committee (RPT Com) that will temporarily do the functions of an RPT Com where all transactions that should be vetted/ approved (if any) based on the materiality thresholds by the RPT Com shall be acted upon / deliberated by the interim RPT Com (Compliance Officer, Internal Auditor and the Risk Officer) for approval by the Board of Directors, the meantime, until such time that independent Directors be appointed to OFBank that would qualify for the composition of an RPT Com. It shall accordingly be reconstituted once the independent Directors were already appointed to OFBank.</i></p>	<p>5) <i>Xxxx xxxx xxx</i></p> <p><i>To be deleted</i></p>

Done this 14th day of August 2019 at OFBank Board Room, Postbank Center, Liwasang Bonifacio 1000 Manila.

Recommending Approval by:


RENATO G. EJE
Chairman


NIDA S. PAGDANGANAN
Member


PATRIA P. MADRIO
Member


MA. ALONA B. LEE
Member


CLARISSA C. PITALLANO
Member


MA. THERESA C. URBANO
Member


ATTY. RONILO D. CONDE
Member


ATTY. RAMON C. AVENGOZA
Member


AMADOR A. PRADO
Member



OverseasFilipinoBank

A Savings Bank of **LANDBANK**

Management Committee Resolution No. 184-2019

“RECOMMENDING APPROVAL OF THE AMENDMENTS TO THE POLICY ON RELATED PARTY TRANSACTIONS”

It was moved by VP Urbano and seconded by Mgr. Pitallano and concurred by all Members of the Management Committee, to recommend to the Board of Directors the approval of the amendments to the Policy on Related Party Transactions (hereto attached as “Annex A”) as presented by the Corporate Planning and Public Relations Unit (CPPRU) headed by SM Llarena;

Further, in the absence of independent Directors (per BSP qualification), the RPT Committee shall be composed of the Compliance Officer, Internal Auditor and Risk Officer and shall accordingly be reconstituted once the independent Directors were already appointed to OFBank.

Done this 24th day of July 2019 at OFBank Board Room, Postbank Center, Liwasang Bonifacio 1000 Manila.

Recommending Approval by:


RENATO G. EJE
Chairman


NIDA S. PAGDANGANAN
Member


MA. ALONA B. LEE
Member


MA. THERESA C. URBANO
Member


ATTY. RAMON C. AVENGOZA
Member


PATRIA P. MADRIO
Member


CLARISSA C. PITALLANO
Member

- on official business -
ATTY. RONILO D. CONDE
Member


AMADORA A. PRADO
Member



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OBJECTIVE <ol style="list-style-type: none">1. To create and implement effective oversight and control systems/measures in dealing with the Bank's Related Parties (RPs);2. To identify effectively the Bank's RPT as basis for the control measures that shall be established;3. To define materiality thresholds and excluded transactions from vetting and/or independent review;4. To ensure that Bank's RPT are done in an arm's length basis; and5. To ensure an updated RP Database in the Related Party System (RPS) is maintained for better-monitoring of the Bank's RPs.		
SCOPE/ COVERAGE <p>All transactions or dealings with RPs of OFBank including outstanding transactions that were entered into with unrelated parties that subsequently became related parties.</p>		
REFERENCE <ul style="list-style-type: none">• Manual on Regulations for Banks (MORB)• Circular No. 895 dated 14 December 2015• Circular 969 dated 22 August 2017		
DEFINITION OF TERMS		
TERM	DEFINITION	
a. Affiliate	Shall refer to an entity linked directly or indirectly to the Bank by means of: <ol style="list-style-type: none">1) Ownership, control as defined in item "d", or power to vote 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 in item "d", 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 at least ten percent (10%) of the outstanding voting stock of the	
PREPARED BY: MARIBEL M. WILLY	REVIEWED BY: GLENDA M. LLARENA	APPROVED BY: MANAGEMENT COMMITTEE RESOLUTION NOS. 184 – 2019 AND 209–2019 APPROVED BY THE BOARD OF DIRECTORS ON 23 AUGUST 2019



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	<p>Bank and at least twenty percent (20%) of the outstanding voting stock of the entity;</p> <p>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</p> <p>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.</p>	
b. Close Family Member (CFM)	<p>Shall refer to persons related to the Bank's Directors, Officers and Stockholders (DOS) within the second degree of consanguinity or affinity, legitimate or common-law. These shall include the spouse, parent, child, brother, sister, grandparent, grandchild, parent-in-law, son-/daughter-in-law, brother-/sister-in-law, grandparent-in-law, and grandchild-in-law of the Bank's DOS.</p>	
c. Complex Banks	<p>Shall refer to universal/commercial banks (UBs/KBs). Nonetheless, a UB/KB may apply with the Bangko Sentral for a reclassification as simple or non-complex bank in order to avail of the reduced minimum requirement on the constitution of board committees. The Bangko Sentral may likewise declare thrift banks (TBs), rural banks (RBs) or cooperative banks (Coop Banks) as complex. Any TB, RB or Coop Bank having at least three (3) of the following characteristics shall be deemed a complex bank:</p> <ol style="list-style-type: none"> 1) Total assets of at least P6 billion; 2) Extensive branch network; 3) Non-traditional financial products and services by virtue of special authorities (e.g., trust, quasi-banking derivatives licenses), as well as distinctive products like credit cards, remittance, trade-related services, contract -to-sell (CTS) financing, among other financial services; 4) Use of non-conventional business model, such as those using non-traditional delivery platform such as electronic platforms; and 5) Business strategy characterized by risk appetite that is aggressive and risk exposures which are increasing such as those with robust branch expansion programs or acquisition plans as determined by the Bangko Sentral. 	
d. Control	<p>of an enterprise exists when there is:</p> <ol style="list-style-type: none"> 1) Power over more than one-half of the voting rights by virtue of an agreement with other stockholders; or 2) Power to govern the financial and operating policies of the enterprise under a statute or an agreement; or 	
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<p>3) Power to appoint or remove the majority of the members of the Board of Directors or equivalent governing body; or</p> <p>4) Power to cast the majority votes at meetings of the Board of Directors or equivalent governing body; or</p> <p>5) Any other arrangement similar to any of the above.</p> <p>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.</p> <p>Should the Bank choose to disclaim or rebut the presumption, it should provide facts sufficient to show that there is indeed no control. Further, the Bank shall submit a written commitment that: (a) shares owned or held are exclusively for investment purposes; (b) the Bank-stockholder will not serve on the Board of Directors and will not nominate any candidate to serve on the board or otherwise seek board representation; (c) the Bank-stockholder will have only limited contacts with bank management that are customary for interested shareholders; (d) the Bank-stockholder will engage only in normal and customary transactions with the enterprise; and (e) the Bank will not pledge the shares acquired to secure a loan with any institution.</p> <p>e. Corresponding persons in affiliated companies Shall refer to the DOS of the affiliated companies and their close family members</p> <p>f. Directors Directors shall include:</p> <p>1) Directors who are named as such in the articles of incorporation;</p> <p>2) Directors duly elected in subsequent meetings of the stockholders or those appointed by virtue of the charter of government-owned BSFIs; and</p> <p>3) Those elected to fill vacancies in the Board of Directors.</p> <p>g. Independent Directors An independent director shall refer to a person who</p> <p>1) Is not or was not a director, officer or employee of the Bank, its subsidiaries, affiliates or related interests during the past three (3) years counted from the date of his election/appointment;</p> <p>2) Is not or was not a director, officer, or employee of the Bank's substantial stockholders and their related companies during</p>		
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<p>the past three (3) years counted from the date of his election/appointment;</p> <p>3) Is not an owner of more than two percent (2%) of the outstanding shares or a stockholder with shares of stock sufficient to elect one (1) seat in the board of directors of the institution, or in any of its related companies or of its majority corporate shareholders;</p> <p>4) Is not a close family member of any director, officer or stockholder holding shares of stock sufficient to elect one (1) seat in the board of directors of the Bank or any of its related companies or of any of its substantial stockholders;</p> <p>5) Is not acting as nominee or representative of any director or substantial shareholder of the Bank, any of its related companies or any of its substantial shareholders;</p> <p>6) Is not or was not retained as professional adviser, consultant, agent or counsel of the Bank, any of its related companies or any of its substantial shareholders, either in his personal capacity or through his firm during the past three (3) years counted from the date of his election;</p> <p>7) Is independent of management and free from any business or other relationship, has not engaged and does not engage in any transaction with the Bank or with any of its related companies or with any of its substantial shareholders, whether by himself or with other persons or through a firm of which he is a partner or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arm's length and could not materially interfere with or influence the exercise of his judgment;</p> <p>8) Was not appointed in the Bank, its subsidiaries, affiliates or related interests as Chairman "Emeritus", "Ex-Officio", Directors/Officers or Members of any Advisory Board, or otherwise appointed in a capacity to assist the board of directors in the performance of its duties and responsibilities during the past three (3) years counted from the date of his appointment;</p> <p>9) Is not affiliated with any non-profit organization that receives significant funding from the Bank or any of its related companies or substantial shareholders; and</p> <p>Is not employed as an executive officer of another company where any of the Bank's executives serve as directors.</p> <p>h. Majority Stockholder or majority shareholder</p> <p>Shall refer to a person, whether natural or juridical, owning more than fifty percent (50%) of the voting stock of a Bank</p>		
PREPARED BY: MARIBEL M. WILLY	REVIEWED BY: GLENDA M. LLARENA	APPROVED BY: MANAGEMENT COMMITTEE RESOLUTION NOS. 184 – 2019 AND 209–2019 APPROVED BY THE BOARD OF DIRECTORS ON 23 AUGUST 2019



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<p>i. Non- executive directors</p>		<p>Shall refer to those who are not part of the day to day management of operations and shall include the independent directors. However, not all non-executive directors are considered independent directors</p>	
<p>j. Officers</p>		<p>Officers shall include the Chief Executive Officer (CEO), executive vice president, senior vice president, vice president, general manager, treasurer, secretary, trust officer and others mentioned as officers of the Bank, or those whose duties as such are defined in the by-laws, or are generally known to be the officers of the Bank (or any of its branches and offices other than the head office) either through announcement, representation, publication or any kind of communication made by the Bank: <i>Provided</i>, That a person holding the position of chairman or vice-chairman of the board of directors or another position in the board of directors shall not be considered as an officer unless the duties of his position in the board of directors include functions of management such as those ordinarily performed by regular officers: <i>Provided, further</i>, That members of a group or committee, including sub-groups or sub-committees, whose duties include functions of management such as those ordinarily performed by regular officers, and are not purely recommendatory or advisory, shall likewise be considered as officers.</p>	
<p>k. Parent</p>		<p>Shall refer to a corporation which has control over another corporation directly or indirectly through one (1) or more intermediaries;</p>	
<p>l. Related company</p>		<p>Shall refer to another company which is:</p> <ol style="list-style-type: none"> 1) Its parent or holding company; 2) Its subsidiary or affiliate; or <p>A corporation where a Bank or its majority stockholder own such number of shares that will allow/enable such person or group to elect at least one (1) member of the board of directors or a partnership where such majority stockholder is a partner.</p>	
<p>m. Related Interest</p>		<p>Shall refer to any of the following:</p> <ol style="list-style-type: none"> 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 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 	
<p>PREPARED BY:</p> <p>MARIBEL M. WILLY</p>		<p>REVIEWED BY:</p> <p>GLENDIA M. LLARENA</p>	
<p>APPROVED BY:</p> <p>MANAGEMENT COMMITTEE RESOLUTION NOS. 184 – 2019 AND 209-2019 APPROVED BY THE BOARD OF DIRECTORS ON 23 AUGUST 2019</p>			



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<p>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;</p> <ol style="list-style-type: none"> 4) Corporation, association or firm of which any or a group of directors, officers, stockholders of the 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 "m (2)" and "m (4)" of this subsection; 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 Bank or which controls majority interest of the Bank; 7) Corporation, association or firm which has an existing management contract or any similar arrangement with the parent of the 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 or related Banks. <p>The general principles and standards that will govern the business relationships between Banks and their NGOs/foundations engaged in retail microfinance.</p> <p>n. Related Parties (RPs)</p> <p>Shall cover the Bank's subsidiaries as well as affiliates and 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; the Bank's directors; officers; stockholders and their related interests (DOSRI), and their close family members, as well as corresponding persons in affiliated companies. This shall also include such other person/juridical entity whose interests may pose potential conflict with the interest of the Bank, hence, is identified as a related party.</p> <p>The above definition shall also include direct or indirect linkages to a Bank identified as follows:</p> <ol style="list-style-type: none"> 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; 		
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<p>o. Related Party Transactions (RPTs)</p>	<p>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;</p> <p>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</p> <p>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.</p> <p>Shall refer to transactions or dealings with related parties of the Bank, including its trust department regardless of whether or not a price is charged. (Refer to Item F.II-RPTs)</p> <p>RPTs shall be interpreted broadly to include not only transactions that are entered into with related parties but also outstanding transactions that were entered into with an unrelated party that subsequently becomes a related party.</p> <p>1) Material RPT – transaction to be entered into whether individually or taken together with previous transactions that exceed the set thresholds by the Bank; RPT that meets the materiality threshold</p> <p>2) Non-Material RPT – transaction to be entered into whether individually or taken together with previous transactions that do not exceed the set thresholds by the Bank; RPT that is below the materiality threshold</p>	
<p>p. Risk appetite statement</p>	<p>Shall refer to the articulation in written form of the aggregate level and types of risk that a BSFI is willing to accept, or to avoid, in order to achieve its business objectives. It includes qualitative statements as well as quantitative measures expressed relative to earnings, capital, risk measures, liquidity and other relevant measures as appropriate.</p>	
<p>q. Risk governance framework</p>	<p>Shall refer to the framework through which the board of directors and management establish the bank's strategy; articulate and monitor adherence to risk appetite and risk limits; and identify, measure and manage risks.</p>	
<p>r. Risk Limits</p>	<p>Shall refer to the allocation of the bank's risk appetite statement</p>	
<p>PREPARED BY: MARIBEL M. WILEY</p>	<p>REVIEWED BY: GLENDAM. LLARENA</p>	<p>APPROVED BY: MANAGEMENT COMMITTEE RESOLUTION NOS. 184 – 2019 AND 209-2019 APPROVED BY THE BOARD OF DIRECTORS ON 23 AUGUST 2019</p>



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s. Stockholder	<p>to specific risk categories (e.g., credit, market, liquidity, operational); the business unit or platform level (e.g., retail, capital markets); lines of business or product level (e.g., concentration, value-at-risk (VaR), or other limits); and other levels, as appropriate.</p> <p>Shall refer to any stockholder of record in the books of the Bank, acting personally, or through an attorney-in-fact; or any other person duly authorized by him or through a trustee designated pursuant to a proxy or voting trust or other similar contracts, whose stockholdings in the Bank, individual and/or collectively with the stockholdings of: (1) his spouse and/or relative within the first degree by consanguinity or affinity or legal adoption; (2) a partnership in which the stockholder and/or the spouse and/or any of the aforementioned relatives is a general partner; and (3) corporation, association or firm of which the stockholder and/or his spouse and/or the aforementioned relatives own more than fifty percent (50%) of the total subscribed capital stock of such corporation, association or firm, amount to one percent (1%) or more of the total subscribed capital stock of the Bank.</p>	
t. Substantial Stockholder	<p>Shall refer to a person, or group of persons whether natural or juridical, owning such number of shares that will allow such person or group to elect at least one (1) member of the board of directors of a Bank or who is directly or indirectly the registered or beneficial owner of more than ten percent (10%) of any class of its equity security.</p>	
u. Subsidiary	<p>Shall refer to 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</p>	
v. Materiality Threshold	<p>Set level of amount where omission or misstatement of a financial transaction could pose significant risk to the Bank and could influence the economic decisions of its Board of Directors (BOD)</p>	
w. Arm's Length Term	<p>Condition or the fact that the parties to a transaction are independent and on an equal footing; dealings/transactions in the regular course of business being made by two or more parties independently of each other and on equal footing without the intention to extend more favorable economic terms (e.g., price, commissions, interest rates, fees, tenor, collateral requirement) to related parties than with non-related parties under similar circumstances.</p>	
PREPARED BY: MARIBEL M. WILLY	REVIEWED BY: GLENDA M. LLARENA	APPROVED BY: MANAGEMENT COMMITTEE RESOLUTION NOS. 184 – 2019 AND 209–2019 APPROVED BY THE BOARD OF DIRECTORS ON 23 AUGUST 2019



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x. Vetting The conduct of thorough and diligent review of an RPT prior to making of a relevant decision, whether to recommend approval or confirmation of the same		
GUIDELINES		
I. RATIONALE <p>These guidelines are hereby issued in compliance with Bangko Sentral ng Pilipinas (BSP) Circular No. 895, Series of 2015 <i>Guidelines on Related Party Transactions (RPTs)</i> and Circular No. 969, Series of 2017 Enhanced Corporate Governance Guidelines for BSP Supervised Financial Institution. The Bank ensures that the revised guidelines shall form part of the overall oversight and effective control systems implementation for managing RPT exposures that may potentially lead to abuses that are disadvantageous to the Bank and its depositors, creditors, fiduciary clients and other stakeholders</p> <p>The Bank shall ensure that all relevant policies will be strictly implemented to strengthen corporate governance and sustaining the resiliency and stability of the financial system</p>		
II. OVERSIGHT AND ORGANIZATION OF RPT COMMITTEE (RPTCOM)		
a. Board of Directors (BOD) <ol style="list-style-type: none">1) The BOD shall have the overall responsibility in ensuring that transaction with RPs 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, fiduciary clients and other stakeholders.2) The BOD shall create a board-level RPT Committee tasked to perform oversight of the Bank's RPTs.3) The BOD shall approve all material RPTs including write-offs of material exposures to RPs and any renewal or material changes in the terms and conditions of material RPTs.		
b. Related Party Transaction Committee (RPTCom) <ol style="list-style-type: none">1) The RPTCom shall:<ol style="list-style-type: none">a) 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		
PREPARED BY: MARIBEL M. WILLY	REVIEWED BY: GLENDA M. LLARENA	APPROVED BY: MANAGEMENT COMMITTEE RESOLUTION NOS. 184 – 2019 AND 209–2019 APPROVED BY THE BOARD OF DIRECTORS ON 23 AUGUST 2019



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<p>in relationships shall be reflected in the relevant reports to the board of directors and regulators/supervisors.</p> <p>b) 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 nonrelated 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:</p> <ul style="list-style-type: none">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; andv. 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. <p>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.</p> <p>c) 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. 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.</p> <p>d) Report quarterly to the board of directors, the status and aggregate exposures to each related party as well as the total amount of exposures to all related parties.</p> <p>e) Ensure that transactions with related parties, including write-off of exposures, are subject to periodic independent review or audit process; and</p> <p>f) Oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including the periodic review of RPT policies and procedures.</p> <p>2) The RPTCom shall be composed of at least three (3) members of the Bank's BOD, two (2) of whom shall be independent directors, including the chairperson.</p>		
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<p style="text-align: center;"><i>The Compliance Officer or Internal Auditor or the Risk Officer may sit as resource person/s in the absence of an independent Director/s (per BSP qualification) of Related Party Transactions (RPT) Committee.</i></p> <p>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.</p> <p>4) In case a member has conflict of interest in a particular RPT, he should refrain from evaluating that particular transaction. The Compliance Officer, Risk Officer and Internal Auditor shall sit as resource persons in RPTCom meeting.</p> <p>5) The Office of the Corporate Secretary (CorSec) shall act as Secretariat.</p>										
<p>III. RELATED PARTY TRANSACTIONS (RPTS)</p> <p>The scope of RPT shall include dealings with RPs of the Bank, including trust operations whether or not the price is charged.</p> <p>RPTs shall include, but are not limited to the following:</p> <ul style="list-style-type: none"> a. On-and off-balance sheet credit exposures and claims and write-offs; b. Investments and/or subscriptions for debt/equity issuances; c. Consulting, professional, agency and other service arrangements /contracts; d. Purchases and sales of assets, including transfer of technology and intangible items (e.g., research and development, trademarks and license agreements) e. Construction arrangements/contracts; f. Lease arrangements/contracts; g. Trading and derivative transactions; h. Borrowings, commitments, fund transfers and guarantees; i. Sale, purchase or supply of any goods or materials; and j. Establishment of joint venture entities 										
<p>IV. VETTING AND APPROVAL OF RPTS</p> <p>a. RPTs are generally allowed, provided that these are done on an arm's length basis.</p> <p>b. In addition to the approval requirements of the CASA, all RPTs shall be vetted and approved as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;">RPT</th> <th style="width: 50%;">APPROVAL/CONFIRMATION BY</th> </tr> </thead> <tbody> <tr> <td>Material RPT</td> <td> <ul style="list-style-type: none"> • Vetted and endorsed by RPTCom • Approved by the BOD </td> </tr> <tr> <td>Non-Material RPT or below the materiality threshold</td> <td> <ul style="list-style-type: none"> • Vetted and approved by the ManCom • Confirmed by the BOD </td> </tr> <tr> <td>Excluded RPT</td> <td> <ul style="list-style-type: none"> • Exempted from vetting </td> </tr> </tbody> </table>			RPT	APPROVAL/CONFIRMATION BY	Material RPT	<ul style="list-style-type: none"> • Vetted and endorsed by RPTCom • Approved by the BOD 	Non-Material RPT or below the materiality threshold	<ul style="list-style-type: none"> • Vetted and approved by the ManCom • Confirmed by the BOD 	Excluded RPT	<ul style="list-style-type: none"> • Exempted from vetting
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<p>c. The list of transactions with materiality threshold and the excluded RPTs with justifications/considerations as to reason for its exemption is attached as Annex A.</p> <p>d. A statement that the transaction is an RPT shall be categorically disclosed on the applicable documents and the following information shall be determined during the review of the transactions;</p> <ol style="list-style-type: none">1) The identities of the RPs involved or the relationship;2) The nature and terms of the transactions on arm's length basis;3) Original, outstanding and aggregated RPT exposure;4) Benefit to the Bank of the proposed RPT; and5) Availability of other sources of comparable products or services. <p>e. The RPTCom and other approving authorities shall ensure that all material RPTs are conducted in the regular course of business and not undertaken on more favorable economic terms (e.g. price, commissions, interest rates, fees, tenor, collateral requirement, etc.) to such RPs than similarly-situated, non-related parties.</p> <p>f. Any member of the Bank's ManCom, RPTCom and the BOD who has personal interest in the transaction must abstain from the discussion, approval and management of such transaction or matter affecting the Bank.</p> <p>V. SUPPORTING DOCUMENTS FOR RPTS</p> <p>The following documents bearing proper tagging/classification whether the client is an RP and to include the reason/s for such classification shall be duly accomplished to support the RPTs:</p> <ol style="list-style-type: none">a. Credit Facility Proposal being utilized by Lending Unitsb. Contract Award Proposal for procurement of goods and services, civil works and consulting services through Direct Contracting and Negotiated Procurement- Agency-to-Agencyc. Real and Other Properties Acquired (ROPA) Transaction Proposal for Negotiated Sale for Acquired Assets Unit transactionsd. The documentary requirements for other types of RPTs shall include RPT disclosure as to identification of the RP to facilitate review and approval. <p>VI. RESTITUTION OF LOSSES AND OTHER REMEDIES FOR ABUSIVE RPTS</p> <p>The restitution of losses and other remedies for abusive RPTs shall include the following:</p> <ol style="list-style-type: none">a. All contracts entered into by the Bank shall bear the following additional phrase that shall allow recovery of losses or opportunity costs incurred by the Bank arising from RPTs that are not engaged on arm's length terms: <p><i>"In case of dispute in respect but not limited to the undisclosed RP relationship, the Bank</i></p>		
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<p><i>reserves the right to recover against any losses incurred or cost of the opportunity loss from the RP concerned."</i></p> <p>b. Manner of handling Bank employees, Officers or Directors who have been remiss in their duties in handling RPTs shall be in accordance with:</p> <ol style="list-style-type: none"> 1) Code of Conduct for OFBank Employees 2) Accountability and Assessment Committee (AAC) Procedural Guidelines 																
<p>VII. RELATED PARTY SYSTEM (RPS)</p> <p>a. The RPS is the database of existing relations between and among business and counterparties of the Bank. It shall be used as a reference and to identify RPs of the Bank with the following available information:</p> <ul style="list-style-type: none"> • Name of Related Party <ol style="list-style-type: none"> 1) Relation 2) Degree of Relationship 3) Personnel Number or Employee/ID Number 4) Last Name 5) First Name/Agency Name/Corporation 6) Middle Name 7) Birthdate/SEC Registration Date 8) Address 9) Telephone Number 10) Birthplace 11) Unit/Department/Agency/Corporation 12) Position <p>b. The coverage of the Bank's RPs is identified in Annex B.</p> <p>c. The RP information shall be provided and maintained by the following authorized Systems users/units:</p>																
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<p>d. The following identified units shall perform the specific duties and responsibilities pertinent to the assigned roles pursuant to "Guidelines on Security Access Controls on IT Systems"</p> <table border="1" style="width: 100%; border-collapse: collapse; margin: 10px 0;"> <thead> <tr> <th style="width: 50%;">UNIT RESPONSIBLE</th> <th style="width: 50%;">ASSIGNED ROLES</th> </tr> </thead> <tbody> <tr> <td>CPPR</td> <td>System Owner and User Administrator</td> </tr> <tr> <td>Information Technology</td> <td>Application Administrator</td> </tr> <tr> <td>Information Technology</td> <td>Security Administrator</td> </tr> <tr> <td>Information Technology</td> <td>Database Administrator</td> </tr> </tbody> </table>			UNIT RESPONSIBLE	ASSIGNED ROLES	CPPR	System Owner and User Administrator	Information Technology	Application Administrator	Information Technology	Security Administrator	Information Technology	Database Administrator
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<p>e. Enrollment of authorized users shall be duly supported by an approved memo-request addressed to the Head, CPPR and a User Request/Certification of Access Rights Form (UR/CARF). The UR/CARF shall be approved by the Head of the requesting unit and shall be endorsed by the Department Head concerned.</p>												
<p>f. CPPR as the System Owner/User Administrator shall provide access/rights to the above authorized System Users based on a duly approved Security Matrix.</p> <ul style="list-style-type: none"> 1) Credit Department 2) Branch Banking Department 3) Treasury Department 4) Operations Department – General Services/Procurement, Human Resources 												
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<p>g. The enrolled users shall access the database through their desktop using any web browser with the provided URL.</p> <p>h. The periodic updating of the RP database shall be the responsibility of the unit handling the transaction. It shall be reviewed and modified to capture organizational changes on a regular basis or as the need arises.</p> <p>VIII. DISCLOSURE AND REGULATORY REPORTING</p> <p>a. Disclosures</p> <ol style="list-style-type: none">1) The CPPR shall disclose in its official website the Bank's basic policy on RPT and the approach in handling the conflict of interest.2) CPPR shall adequately disclose in the Bank's Annual Report the overarching policies, procedures for managing RPTs and conflict of interest, the responsibility of the RPTCom and the aggregate balances of material RPTs to be provided by CorSec.3) The review and approval process by the appropriate approving Committees on related transactions shall also cover a thorough evaluation of the disclosure of the RPs and CFMs.4) All BUs are enjoined to revise existing guidelines/policies/bulletins to include provision on RPT disclosure. <p>Subsequently, all related policies shall include RPT disclosure aside from DOSRI for all approving medium to provide RP classification/tagging.</p> <p>b. Regulatory Reporting of Material RPT</p> <p>The Bank shall comply with the Vetting and Approval Process of RPT as illustrated in <u>Annex C.</u></p> <ol style="list-style-type: none">1) The Secretariat of various Committees (i.e., ITCOM, ALCO, BAC, etc.) shall submit to CorSec proposals involving RPTs for endorsement to the RPTCom for its deliberation/approval/reporting purposes to the BOD.2) The Bank shall report all entities in its conglomerate structure and disclose beneficial owners of its shareholdings to BSP within thirty (30) calendar days after the end of every calendar year (<i>Report on Conglomerate Map/Organization Structure-Annex D-1</i>)3) A quarterly report on approved material exposures to RPs, which shall include the material RPTs of its non-bank financial subsidiaries and affiliates, shall also be submitted by the CorSec through Compliance Office using the prescribed template in		
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<p>(Report on Material Related Party Transactions-Annex D-2) within 20 calendar days after the end of the reference quarter.</p> <p>4) The following transactions shall be excluded from reporting requirements to BSP:</p> <ul style="list-style-type: none">a. Deposit operationsb. Credit card availmentsc. Regular trade transactions involving purchases and sale of debt securities traded in an active marketd. Lease contracts <p>Notes:</p> <ul style="list-style-type: none">a) <i>Renewal of credit card lines of RPs shall be reported to BSP upon approval of the line</i>b) <i>Contracts (e.g., lease) with recurring payment transactions shall only be reported once, upon approval of said transaction by the BOD. In case the Lessor and the Lessee are both supervised by BSP, only the Lessor shall submit the report.</i>		
<p>IX. RISK ASSESSMENT OF RPT RISK</p> <p>All RPT exposures with potential loss to the Bank shall be included in the Pillar 2 risks under the Internal Capital Adequacy Assessment Process (ICAAP) and shall be covered with capital. The Risk Management Office (RMO) shall be the secondary risk owners tasked to coordinate with front owners concerned and shall prepare the annual Risk Assessment Map (RAM) for RPT risk.</p>		
<p>X. THE APPLICABLE PROVISIONS</p> <p>The applicable provisions of the following guidelines and documents shall be observed as to compliance to BSP circular 895, Series of 2015 as updated by Circular 969 series of 2017</p> <ul style="list-style-type: none">a. IRR of RA 9184b. Code of Conduct for OFBank employeesc. Guidelines on Internal Whistleblowing and Reportingd. AAC Charter with Procedural Guidelinese. OFBank No Gift Policyf. OFBank Freedom of Informationg. Guidelines in Handling Transactions through Outsourced LBP IT Systems and Support Servicesh. Personnel Policy Manuali. Data Privacy Statement		
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XI. DUTIES AND RESPONSIBILITIES		
1. The <u>Board of Directors</u> shall:		
<ul style="list-style-type: none">a. Observe good governance and approve an overarching policy on the handling of RPTs to ensure that there is effective compliance with existing laws, rules and regulations at all times, that these are conducted on an arm's length basis, and that no stakeholder is unduly disadvantaged;b. Approve all material RPTs, those that cross the materiality threshold, and write-off of material exposures to related parties, and submit the same for confirmation by majority vote of the stockholders in the annual stockholders' meeting. Any renewal or material changes in the terms and conditions of RPTs shall also be approved by the board of directors. <p>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, must be clearly disclosed during stockholder's meetings.</p> <ul style="list-style-type: none">c. Delegate to ManCom the approval of RPTs that are below the materiality threshold, subject to confirmation by the board of directors. This shall, however, exclude DOSRI transactions, which are required to be approved by the Board of Directors. All decisions under the delegated authority must be properly recorded in the minutes of the committee meetings.d. To establish an effective system to:<ul style="list-style-type: none">1) Determine, identify and monitor related parties and RPTs;2) Continuously review and evaluate existing relationships between and among businesses and counterparties, and;3) Identify, measure and monitor and control risks arising from RPTs.<p>The system should be able to identify related parties' extent of relationship with the Bank; assess situations in which a non-related party (with whom a bank has entered into a transaction) subsequently becomes a related party and vice versa; and generate information on the type and amount of exposures to a particular related party. The said system will facilitate submission of accurate reports to the regulators/supervisors. The system as well as the overarching policies shall be subject to periodic assessment by the internal audit and compliance functions and shall be updated regularly for their sound implementation. The overarching policy and the system shall be made available to the BSP and audit functions for review. Any changes in the policies and procedures shall be approved by the board of directors</p>e. Shall maintain adequate capital against risks associated with exposures to related parties. In this regard, material risks arising from RPTs shall be considered in the capital planning		
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<p>process. The prescribed scenario/stress tests under the capital planning process shall also capture RPTs in order to determine whether the BSFI is well-insulated from any going concern issue of related parties.</p> <p>f. Shall oversee the integrity, independence and effectiveness of the policies and procedures for whistleblowing. The Board of directors should ensure that senior management addresses legitimate issues on RPT that are raised. The board of directors should take responsibility for ensuring that staff who raise concerns are protected from detrimental treatment or reprisals.</p> <p>g. Constitute an RPT Committee and provide adequate resources to said Committee, including the authority to procure the assistance of independent experts, if necessary, to assess the fairness of RPTs.</p> <p>2. The RPTCom shall:</p> <p>a. Report quarterly to the BOD the status and aggregate exposures to each RP as well as the total amount of exposures to all RPs; and</p> <p>b. Oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including the periodic review of RPT policies and procedures.</p> <p>3. ManCom shall:</p> <p>a. Approve the non-material RPTs as presented by the Business Units (BUs) in accordance with CASA</p> <p>b. Implement effectively the board approved RPT policy and ensure that said policy is reviewed annually or as the need arises; and</p> <p>c. Implement appropriate controls to effectively manage and monitor individual RPTs and on an aggregate basis.</p> <p>4. CORSEC</p> <p>a. As Secretariat of RPTCom, shall:</p> <p>1) Prepare the following:</p> <p>a) Minutes of meetings</p> <p>b) Agenda/materials</p> <p>c) RPTCom Resolutions</p> <p>d) Required reports for submission to BSP and LBP within set deadline</p>		
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<ul style="list-style-type: none">2) Coordinate with BUs concerned, if necessary, on compliance with any RPTCom instructions3) Endorse RPTs/report for BOD approval; and4) Maintain and safekeep all final decisions of the BOD on material RPTs, including important facts about the nature, terms, conditions, original and outstanding individual and aggregate balances, justification and other details that shall allow stakeholders to make informed judgement as to the reasonableness of the transaction, duly reflected in the minutes of the meetings and shall be readily available for audit and monitoring purposes. <p>b. Shall provide the needed information to CPPR for its disclosure to the Annual Report the Bank's RPT Exposure.</p> <p>5. <u>Compliance Office</u> shall:</p> <ul style="list-style-type: none">a. Ensure compliance of the Bank with relevant rules and regulations and keep the Bank units informed of regulatory developments in areas affecting RPTs;b. As resource person, aid in the review of the Bank's transactions and identify any potential RPT that would require review by the BOD or RPTCom; andc. Ensure that the RPT policy is kept updated and properly implemented throughout the Bank. <p>6. <u>Internal Audit Office</u> shall:</p> <ul style="list-style-type: none">a. Conduct a semi-annual formal review of the effectiveness of the Bank's system and internal controls governing RPTs to assess consistency with the BOD-approved policies and procedures; andb. Submit to the Audit Committee the resulting audit reports, including exceptions or breaches in limits. <p>7. <u>Risk Management Office</u> shall:</p> <ul style="list-style-type: none">a. Based on the report of the IAO, quantify the potential losses which may be incurred by the Bank arising from the RPTs that are not engaged on arm's length terms;b. Prepare RAM for RPT risk for inclusion in the annual ICAAP Document;c. Perform the annual review of the RPT policy or as the need arises; andd. Submit to CorSec the RPT reports from subsidiaries.		
PREPARED BY: MARIBEL M. WILLY	REVIEWED BY: GLEND A. M. LLARENA	APPROVED BY: MANAGEMENT COMMITTEE RESOLUTION NOS. 184 - 2019 AND 209-2019 APPROVED BY THE BOARD OF DIRECTORS ON 23 AUGUST 2019



DOCUMENT: POLICY	SUBJECT: RELATED PARTY TRANSACTIONS	Page 20 of 21
DOCUMENT NO.: CMSD-PO-028	SUPERSEDES: CMSD-PO-004	
DATE OF EFFECTIVITY: 23 AUGUST 2019	DATED: 16 DECEMBER 2016	
<p><u>This is a controlled document.</u> Photocopying or printing of this document, without the controlled mark, shall make this document an uncontrolled copy.</p>		
<p>8. IT shall provide necessary technical support in the handling and maintenance of the RPS.</p> <p>9. CPPR shall:</p> <ul style="list-style-type: none">a. Manage the RPs and validate user access rights based on approved security access matrix;b. Endorse requests for enrolment/deletion;c. Adequately disclose in the Annual Report the Bank's RPT exposure and the policies and procedures for managing RPTs;d. Shall post in the official website the Bank's Annual Report including the policies on RPT. <p>10. The following BUs shall require and submit to CPPR the necessary information of covered RPs and their RPs, for the RP database maintenance and succeeding updating:</p> <ul style="list-style-type: none">a. Branch Banking Departmentb. Credit Management <p>Note:</p> <p style="padding-left: 40px;"><i>It is the responsibility and accountability of the Account Officer concerned and any recommending personnel to identify whether the party is an RP.</i></p> <ul style="list-style-type: none">c. Operations Department<ul style="list-style-type: none">▫ Human Resources▫ General Services (Procurement)▫ Information Technology▫ Security▫ Acquired Assetsd. Comptrollership Departmente. Treasury Department <p>11. IT-Security Administrator shall perform independent review and monitor administrator/activity logs.</p> <p>XII. INTERNAL CONTROLS</p> <ul style="list-style-type: none">1. All material RPTs shall be coursed through the RPTCom for vetting prior to the BOD approval and non-material RPTs to ManCom.2. The RPTCom shall report breaches in RPT internal limits to the BOD, if any.3. IAO shall conduct periodic formal review of the effectiveness of the system and the resulting audit reports shall be communicated directly to the Audit Committee		
PREPARED BY: MARIBEL M. WILDY	REVIEWED BY: GLEND A. M. LLARENA	APPROVED BY: MANAGEMENT COMMITTEE RESOLUTION NOS. 184 – 2019 AND 209–2019 APPROVED BY THE BOARD OF DIRECTORS ON 23 AUGUST 2019



DOCUMENT: POLICY	SUBJECT: RELATED PARTY TRANSACTIONS	Page 21 of 21
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<p><u>This is a controlled document.</u> Photocopying or printing of this document, without the controlled mark, shall make this document an uncontrolled copy.</p>		
<p>4. The RP database file shall be password-protected and adequately secured to avoid data corruption and unauthorized changes. Access to the database shall be covered by a duly approved Special Order and Security Matrix.</p>		
<p>XIII. DATA PRIVACY ACT (DPA) OF 2012</p> <p>The BOD, Senior Management and all Bank employees whether permanent, temporary or co-terminus and contractual shall not disclose any personal information on RPs and CFMs (data subject) to any third party without authorization or consent from the RPs or data subjects in compliance with the DPA.</p> <p>Any Bank personnel involved in the processing of personal data, who fails to comply with the DPA shall be held liable and shall be subject to corresponding violations, sanctions and penalties in accordance with the DPA.</p>		
<p>XIV. REPEALING CLAUSE</p> <p>All relevant provisions of previous issuances inconsistent hereto shall be deemed superseded.</p>		
<p>XV. EFFECTIVITY</p> <p>This policy shall take effect upon approval of the Board of Directors.</p>		
<p>ADMINISTRATION</p> <ol style="list-style-type: none">1. Office of the Corporate Secretary2. Branch Banking Department3. Credit Department4. Comptrollership Department5. Treasury Department6. Operations Department – IT, General Services/Procurement, Human Resources7. Risk Management Office8. Compliance Office9. Internal Audit Office10. Corporate Planning and Public Relations		
PREPARED BY: MARIBEL M. WILLY	REVIEWED BY: GLENDA M. LLARENA	APPROVED BY: MANAGEMENT COMMITTEE RESOLUTION NOS. 184 – 2019 AND 209–2019 APPROVED BY THE BOARD OF DIRECTORS ON 23 AUGUST 2019

ANNEX A

LIST OF TRANSACTIONS WITH MATERIALITY THRESHOLD AND THE EXCLUDED RPTs

Bank Processes/Transactions/Products/Services	Excluded from review/approval as RP		IF YES, PROVIDE JUSTIFICATION	If NO, Provide Materiality Threshold	Justification for the Materiality Threshold:
	YES	NO			
Lending					
a. Short Term Loan/Line; Term Loan; Retail Loan Products; Syndicated Loans		✓		≥₱200M	RPT shall be presented/disclosed in every resolution from CreCom and Board of Directors (BOD). Also, the review/ approval/ grant of loans for accounts of related parties are done in arm's length to avoid conflict of interest.
b. Sale of Real and Other Properties Acquired		✓		≥₱5M	Sale transaction of related parties shall be done in arm's length during review, deliberation/approval of the Head Office Unit on Assets Disposal
c. Loan to be granted to Local Government Units, Government-Owned and Controlled Corporation/Public Sector	✓		The Loan implementation is subject to the issuance of Monetary Board Opinion		

Bank Processes/Transactions/Products/Services	Excluded from review/approval as RP		IF YES, PROVIDE JUSTIFICATION	If NO, Provide Materiality Threshold	Justification for the Materiality Threshold:
	YES	NO			
Agrarian Services					
Human Resource Management					
a. Personnel Administration					
1) Hiring	✓		With existing Bank policy on restriction of hiring of relatives up to third degree of consanguinity/affinity to any employee of the Bank (ManCom Resolution No. 87-79 dated 11/23/27)		
2) Executive Assessment (Behavioral Dynamics, Inc)	✓		Passes through the Head Office Bids and Awards Committee (BAC)		
3) Job Evaluation/Compensation Study					
4) Time and Attendance Enhancement (SAP)					
5) Manpower Outsourcing	✓		For bidding through the LBP Leasing Corporation		
6) Uniform Selection	✓		Undertaken by the Uniform Committee		
7) Consultancy Services under the BOD	✓		Passes through BAC		
8) External Training Programs	✓		The bank allows its employees to see participate in external training programs, which are publicly offered,		

Bank Processes/Transactions/Products/Services	Excluded from review/approval as RP		IF YES, PROVIDE JUSTIFICATION	If NO, Provide Materiality Threshold	Justification for the Materiality Threshold:
	YES	NO			
			<p>when participation to in-house trainings is not possible, subject to the following conditions:</p> <ol style="list-style-type: none"> 1. Course offered matches the training needs of Bank units 2. Topics to be discussed are not covered by in-house training program scheduled for implementation during the year; and 3. Total training cost is reasonable <p>Approval for participation is required from the Heads of Human Resource Unit and Operations Department, and the President and CEO, depending on the investment.</p>		
b. Employee Relations					
1) Committee on Decorum and Investigation Case	✓		Covered by the Administration Disciplinary on Sexual Harassment Cases of the bank which is in accordance with the Civil Service Commission (CSC) Resolution No. 01-0940,		

Bank Processes/Transactions/Products/Services	Excluded from review/approval as RP		IF YES, PROVIDE JUSTIFICATION	If NO, Provide Materiality Threshold	Justification for the Materiality Threshold:
	YES	NO			
			Administrative Rules on Sexual Harassment Cases.		
2) Conduct of Collective Negotiation Agreement (CNA)	✓		CNA is covered by Malacanang EO No. 180, Rules and Regulations covering the Exercise of the Right of the Government Employees to Organize, CSC circulars and Public Sector Labor and Management Council (PSLMC) issuances		
3) Complaints handling:					
a) Potential Administrative Cases	✓		Covered by the Bank's Code and Conduct AAC Charter		
b) Non-Payment of Financial Obligations	✓		Covered by the Bank's Code and Conduct AAC Charter		
4) Handling of Employee Grievance	✓		Covered by the Bank's Code and Conduct AAC Charter		
Procurement of Goods and Services, Civil Works and Consulting Services Through:					
a. Public Building	✓		The Bank strictly adheres to the provisions of RA 9184 (Government Procurement Reform Act) and its 2016 Revised Implementing Rules and Regulations (IRR) which		
b. Limited Source Bidding					
c. Repeat Order					
d. Shopping					
e. Negotiated Procurement					
1) Two-Failed Procurement					

Bank Processes/Transactions/Products/Services	Excluded from review/approval as RP		IF YES, PROVIDE JUSTIFICATION	If NO, Provide Materiality Threshold	Justification for the Materiality Threshold:
	YES	NO			
2) Emergency Cases and 3) Small Value Procurement			provides public monitoring of the procurement process and the implementation of awarded contracts with the end in view of guaranteeing that these contracts are awarded pursuant to the provisions of the Act and its IRR, and that all these contracts are performed strictly according to specifications. The said law also requires disclosure of relations wherein relation to the head of the Procuring Entity, BAC members, TWG, BAC Secretariat or end-user Unit within the third civil degree of consanguinity or affinity shall automatically disqualify a bidder from participating in the procurement of contracts of procuring entity.		
f. Procurement Through:					
1) Direct Contracting		✓		>P50M (amount of contract award per supplier)	Contract price and other terms are agreed through negotiating only there is no price discovery
2) Negotiated Procurement					
a) Take-over of Contracts					
b) Adjacent or Contiguous					
c) Agency-to-Agency					

Bank Processes/Transactions/Products/Services	Excluded from review/approval as RP		IF YES, PROVIDE JUSTIFICATION	If NO, Provide Materiality Threshold	Justification for the Materiality Threshold:
	YES	NO			
d) Scientific, Scholarly or Artistic Work, Exclusive Technology and Media					process being employed.
e) Highly Technical Consultants					
f) Lease of Real Property and					
g) Non-Government Organization Participation					
h) Community Participation					
i) United Nations Agencies, International Organizations or International Financing Institutions					
Disposal of Obsolete and Unserviceable Properties Through					
a. Barter		✓		≥₱5M (total appraised value of assets to be disposed of)	Contract price and other terms are agreed through negotiating only there is no price discovery process being employed.
b. Transfer to another Government Agency					
c. Public Auction	✓		The Bank strictly adheres to COA Circular No. 89-296 in the disposal of obsolete and unserviceable properties. This Circular prescribes adheres to established		
d. Sale Thru Negotiation					

Bank Processes/Transactions/Products/Services	Excluded from review/approval as RP		IF YES, PROVIDE JUSTIFICATION	If NO, Provide Materiality Threshold	Justification for the Materiality Threshold:
	YES	NO			
			<p>mechanics and procedures in public bidding, some of which are:</p> <ol style="list-style-type: none"> 1. Adequate publicity and notification as so to attract the greatest number of interested number of interested parties; (vide, Sec. 79, P.D. 1445) 2. Sufficient time frame between publication and date of auction; 3. Opportunity afforded to interested parties to inspect the property or assets to be disposed of; 4. Confidentially of sealed proposals; 5. Bond and other prequalification requirements to guarantee performance; and 6. Fair evaluation of tenders and proper notification of award. 		

ANNEX B

COVERAGE OF THE BANK'S RPs

Related Parties – Directors, Officers, Stockholders and their Related Interests (DOSRI)		OFB Related Parties
Existing DORSI Regulations	Related Parties (Additional Coverage)	
Directors – Shall include a) Directors who are named as such in the articles of incorporation; b) Directors duly elected in subsequent meetings of the stockholders or those appointed by virtue of the charter of government-owned banks; and c) those elected to fill vacancies in the board of directors. (X1411.1, MORB)	<p>Close Family Members (CFMs) Persons related to the bank's directors, officers and stockholders (DOS) within the second degree of consanguinity of affinity (SDCA), <u>legitimate or common law.</u></p> <ul style="list-style-type: none"> a. Spouse b. Parent/Parent-in-Law c. Child/Son-/Daughter-in-Law d. Brother/Brother-in-Law e. Sister/Sister-in-Law f. Grandparent/Grandparent-in-Law g. Grandchild/Grandchild-in-Law 	<ul style="list-style-type: none"> • OFB Board Directors • CFMs to be identified
Officers – Include the president, executive vice president, senior vice-president, vice president, general manager, treasure, secretary, trust officer and others mentioned as officers of the bank, or those whose duties as such are defined in the by-laws, or are generally known to be the officers of the bank (or any of its branches and offices other than head office) either through announcement, representation, publication or any kind of communication made by the bank. (X142.1, MORB)		<ul style="list-style-type: none"> • OFB Officers • CFMs to be identified •
Stockholders – Any stockholder of record in the books of the bank, acting personally, or through an attorney-in-fact; or any other person duly authorized by him or through a trustee designated pursuant to a proxy or voting trust or other similar contracts, whose stockholdings in the lending bank, individual and/or collectively with the stockholdings of: <ul style="list-style-type: none"> a. His spouse and/or relative within the first degree by consanguinity or affinity (FDCA) or legal adoption; b. A partnership in which the a stockholder and/or the spouse and/or any of the aforementioned relatives is a general partner; and c. Corporation, association or firm (CAF) of which the stockholder and/or his spouse and/or the aforementioned relatives own more than 50% of the total subscribed capital stock of the bank. {X326.1(c), MORB} 		<ul style="list-style-type: none"> • Republic of the Philippines (ROP) • Items a-c – not applicable • CFMs not applicable
Related Interest {X326.1(e), MORB} <ul style="list-style-type: none"> a. Spouse, or Relative within FDCA, or Relative by legal adoption } of the DOS <p>Note: Relative within FDCA 1) Parent/Parent-in-Law 2) Child/Son-/Daughter-in-Law</p>		<ul style="list-style-type: none"> • OFB Officers • CFMs to be identified

Related Parties – Directors, Officers, Stockholders and their Related Interests (DOSRI)		OFB Related Parties
Existing DORSI Regulations	Related Parties (Additional Coverage)	
b. Partnership of which – The DOS. Or } His spouse, or Relative by legal adoption } is a general partner		<ul style="list-style-type: none"> To be identified
c. Co-ownership with – The DOS, or his Spouse, or } Relative within FDCA, or Relative by legal adoption } of property/interest/right mortgaged, pledged or assigned to secure the loans/other credit accommodations, except when the mortgage, pledge or assignment covers only said co-owner's undivided interest		<ul style="list-style-type: none"> To be identified
d. Interlocking Directors and Officers – CAF of which a 1) Directors and Officers, or 2) His spouse } is also a Director of Officer of such CAF (Note: With exceptions)	<p>Corresponding Persons in Affiliated Companies (CPACs) 1) Directors 2) Officers } and their CFMs</p> <p>CFMs – Persons related to the bank's DOS within the SDCA, <u>legitimate or common law.</u></p> <p>a. Spouse b. Parent/Parent-in-Law c. Child/Son-/Daughter-in-Law d. Brother/Brother-in-Law e. Sister/Sister-in-Law f. Grandparent/Grandparent-in-Law g. Grandchild/Grandchild-in-Law</p>	<ul style="list-style-type: none"> To be identified
e. CAF of which Any of a group of - Directors, Officers and/or Stockholder } Their spouses or relatives within FDCA, or Relative by legal adoption } hold or own at least 20% of the CAF's subscribed capital/equity		<ul style="list-style-type: none"> GOCC, SUCs Corporations whose ROP, its agencies, departments, bureaus and/or GOCC owned at least 20% of the subscribed capital stock CPACs and CFMs to be identified
f. CAF wholly/majority-owned/controlled by 1) Any other entity, or 2) A group of related entities } mentioned in terms b, d and e above		<ul style="list-style-type: none"> GOCCs and private corporations CPACs and CFMs to be identified
g. CAF whether 1) Singly, or 2) as part of a group of related interest } owns controls directly/indirectly at least 20% of the subscribed capital of		<ul style="list-style-type: none"> Not applicable

Related Parties – Directors, Officers, Stockholders and their Related Interests (DOSRI)		OFB Related Parties
Existing DORSI Regulations	Related Parties (Additional Coverage)	
a substantial stockholder of lending bank or controls majority interest of the bank		
h. CAF which 1) Has an existing management contract, or 2) Any similar arrangement } with the parent of the lending bank		<ul style="list-style-type: none"> To be identified
i. NGOs/foundation in retail microfinance operations incorporated by <ul style="list-style-type: none"> Any of the stockholders, and /or Directors, and/or Officers of Banks 		<ul style="list-style-type: none"> To be identified

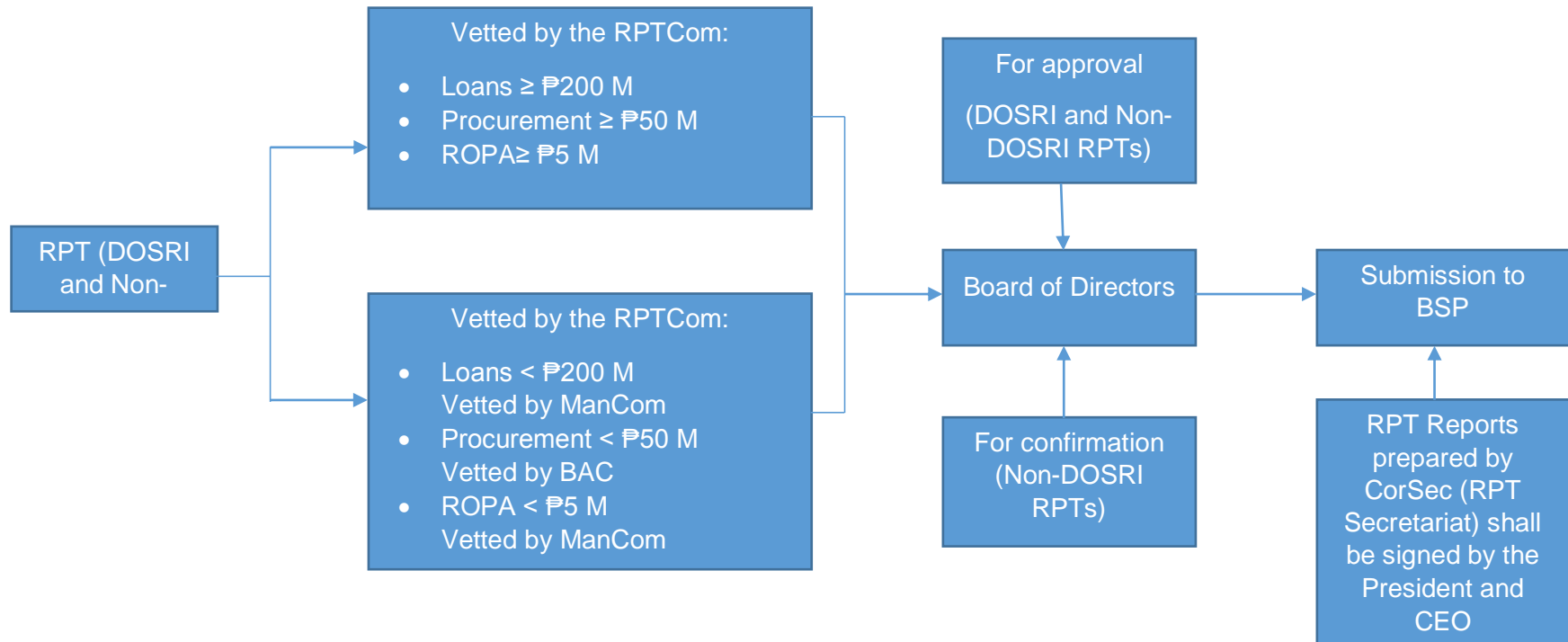
Related Parties – Subsidiaries, Affiliates and other Parties (SAP)		
SAP	Related Parties (Additional Coverage)	OFB Related Parties
Subsidiaries – Corporation or firm more than 50% of the outstanding voting stock of which is directly or indirectly owned, controlled or held with power to vote by its parent corporation. [X326.1(f), MORB]	CPACs – 1) Directors 2) Officers 3) Stockholders } and their CFMs CFMs – Persons related to the bank’s DOS within the SDCA, <u>legitimate or common law.</u> a. Spouse b. Parent/Parent-in-Law c. Child/Son-/Daughter-in-Law d. Brother/Brother-in-Law e. Sister/Sister-in-Law f. Grandparent/Grandparent-in-Law g. Grandchild/Grandchild-in-Law	NONE
Affiliates – Includes those with a) ownership, control or power to vote of 10% or more of the outstanding voting stock; b) interlocking directorship/officership. Except in case of independent directors; c) common stockholders owning 10% or more of the outstanding voting stock; d) management contract or any arrangement granting power to the bank to direct or cause the direction of management and policies; and e) permanent proxy or voting trusts in favor of the bank constituting 10% or more of the outstanding voting stock (Subsec. X192.12, MORB) (Definition per BSP presentation on Related Party Transaction/subject to review)		<ul style="list-style-type: none"> To be identified

Any party [including their subsidiaries, affiliates and special purpose entities (SASPES)]: <ul style="list-style-type: none"> • That the bank exerts direct/indirect control over, or • That exerts direct/indirect control over the bank. 		<ul style="list-style-type: none"> • Item a – Same as b.1 above • Item b – ROP • CPACs and CFMs to be identified
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Related Parties – Other Persons/Juridical Entities		
Other person/juridical entity whose interests may pose potential conflict with the interest the financial institution		To be identified

ANNEX C

VETTING AND APPROVAL PROCESS OF RPT



ANNEX D-1

REPORT ON CONGLOMERATE MAP/ORGANIZATION STRUCTURE

Page 1 of _ pages

CONGLOMERATE MAP/ORGANIZATIONAL STRUCTURE ¹¹

Name of Bank	Bank Code
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Date	
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¹¹ Organizational structure/diagram of the conglomerate.

CONGLOMERATE MAP/ORGANIZATIONAL STRUCTURE ¹⁾

Name of Bank		Bank Code
Date		

¹⁾ Organizational structure/diagram of the conglomerate.

ANNEX D-2

REPORT ON MATERIAL RELATED PARTY TRANSACTIONS

Category:

Category A-1 Annex B

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 _____

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 _____

Name of Bank	Bank Code
--------------	-----------

Date _____

[illegible]

Please indicate in the last column (rationale for entering into the transaction) if the counterparty was a non-related party at the time when the transaction was entered into.