

## Bank Committees

**Committee Name**      **Related Party Transactions Committee**

**Short Name**            **RPTC**

**Nature**                    Board Level Committee

**Responsibility Statement**      The Related Party Transaction Committee (RPTC) assists the Board in its oversight in ensuring that Bank's transactions with related parties are reviewed to assess risks and are subject to appropriate restrictions to ensure that such are conducted at arm's-length terms and that corporate and business resources of the Bank are not misappropriated or misapplied.

Membership	Committee Membership	Designation	Appointed Members
	Chairman	Independent Director	PGSoliven
	Regular Member	Independent Director Independent Director	EOChua AHLavares
	Resource Person	Head, Internal Audit Group	BACatacutan
	Secretary	Compliance Officer	ABPascoles, Jr.

- Duties and Responsibilities**
1. Evaluates on an on-going basis the 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.
  2. Evaluates all material RPTs to ensure that these are not undertaken on more favorable economic terms (e.g., price, commissions, interest rates, fees, tenor, capital requirement) to such related parties than similar transactions with non-related parties under similar circumstances and that no resources of the Bank are misappropriated or misapplied.

The Committee should take into account 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 of 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.
3. Ensures that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the Bank's RPT exposures, and policies on conflicts of interest or potential conflicts of interest.
4. Reports to the Board on a regular basis the status and aggregate exposures to each related party as well as the total amount of exposures to all related parties
5. Ensures that transactions with related parties, including write-off of exposures, are subject to periodic independent review or audit process.
6. Oversees the implementation of the system identifying, monitoring, measuring, controlling and reporting RPTs;
7. Perform annual review of the RPT policies to make sure that these are updated and remain relevant vis-à-vis current regulatory environment.

### Composition

The members of the RPTC shall be composed of at least three (3) members of the Board of Directors, two (2) of whom shall be independent directors, including the chairman. The Committee shall at all times be entirely composed of independent director and non-executive directors, with independent directors comprising majority of the members.

As a rule, a member may only serve for a maximum cumulative term of nine (9) years. However, on the recommendation of the Chairman of the Board, thru the Nominations Committee, the Board may waive this requirement.

The Committee members, including the Chairman, may be occasionally rotated.

### Quorum/Majority Votes

All decisions or resolutions of the Committee shall have the affirmative vote of the majority of the members of the Committee.

In case a member has conflict of interest in a particular RPT, he should refrain from evaluating that particular transaction.

RPTC members who cannot physically attend the meeting can participate through remote communication such as videoconferencing, teleconferencing or other alternative modes of communication as allowed by the Bank. If a member intends to participate in a meeting through remote communication, he/she shall notify in advance the RPTC Secretary of his/her intention for proper notation in the

## Bank Committees

minutes of the meeting. The member participating remotely shall be deemed present for the purpose of attaining a quorum and shall be allowed reasonable opportunities to vote.

<b>Meeting Schedule</b>	<p>The Committee shall meet monthly and as necessary.</p> <p>The Committee Secretary shall develop the agenda for each meeting and send out notices at least five (5) banking days before the meeting date. He/She shall likewise prepare/distribute the minutes and make memo to the Board and other reports as needed.</p>
<b>Performance Assessment</b>	<p>The Committee shall perform an annual self-assessment using the attached self-assessment form (<i>Exhibit</i>).</p>
<b>Charter Review</b>	<p>The Committee Charter shall be reviewed annually or as necessary should there be changes in the regulations affecting the Committee.</p>
<b>Reporting to the Board</b>	<p>The Committee shall report to the Board monthly or as necessary.</p>
<b>Interaction with other Committees</b>	<p>As necessary, the Committee shall interact with other committees on the review and evaluation of the related party accounts.</p>

## Metropolitan Bank &amp; Trust Company

## RELATED PARTY TRANSACTIONS COMMITTEE

Rating Sheet for the Year \_\_\_\_\_

Name of Director: \_\_\_\_\_

The rating sheet has to be completed independently by each member of the Committee following the rating scale described below. For each of the statement listed in the form, please encircle the number that best reflects the member's own evaluation.

Rating Scale:

Rating	Description
5	<b>Strong</b> – exceeds what is considered necessary given the size, risk profile and complexity of operations of the Bank. Deficiencies/weaknesses are considered to be minor and insignificant.
4	<b>Satisfactory</b> – meets what is considered necessary given the size, risk profile and complexity of operations of the Bank. Deficiencies/weaknesses are considered to be minor and insignificant.
3	<b>Less than Satisfactory</b> – does not meet what is considered necessary given the size, risk profile and complexity of operations of the Bank. However, the Board is committed (with ability and willingness) to correct the situation in a timely manner.
2	<b>Deficient</b> – deficient, in a material way, to meet what is considered necessary given the size, risk profile and complexity of operations of the Bank. Moreover, the ability of the Board to correct the situation in a timely manner is doubtful.
1	<b>Critically deficient</b> – critically deficient to meet what is considered necessary given the size, risk profile and complexity of operations of the Bank. The deficiencies/weaknesses pose an imminent threat to the safety and soundness of the Bank.

Duties and responsibilities of the Related Party Transaction Committee	Rating
1. Does the Committee evaluate on an on-going 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?	5 4 3 2 1
2. Does the Committee evaluate all material RPTs to ensure that these are not undertaken on more favorable economic terms (e.g., price, commissions, interest rates, fees, tenor, capital requirement) to such related parties than similar transactions with nonrelated parties under similar circumstances and that no resources of the Bank are misappropriated or misapplied by considering the following?	5 4 3 2 1

## Exhibit

Duties and responsibilities of the Related Party Transaction Committee	Rating
3. Does it 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?	5 4 3 2 1
4. Does it report to the Board on a regular basis, the status and aggregate exposures to each related party as well as the total amount of exposures to all related parties?	5 4 3 2 1
5. Does it ensure that transactions with related parties, including write-off of exposures, are subject to periodic independent review or audit process?	5 4 3 2 1
6. Does it perform oversight function on the implementation of the system identifying, monitoring, measuring, controlling and reporting RPTs?	5 4 3 2 1
7. Does it perform annual review of the RPTC policies to make sure that these are updated and remain relevant vis-à-vis current regulatory environment?	5 4 3 2 1
Average:	

**Bank Committees**  
**Exhibit A**

Committee Member's Evaluation	
1. What are the strengths of the Committee?	
2. What was the Committee's greatest contribution during the period?	
3. What are the Committee's areas for improvement?	
4. If you could change anything with the Committee, what would you change and why?	

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Signature over Printed Name