RCBC
Partners Through Generations

October 8, 2025

SECURITIES AND EXCHANGE COMMISSION
8/F SEC Headquarters
7907 Makati Avenue, Bel-Air,
Makati City 1209

Attention: Director Rachel Esther J. Gumtang - Remalante
Corporate Governance and Finance Department

Dear Director Gumtang – Remalante,

Pursuant to SEC Memorandum Circular No. 10, Series of 2019, we submit herewith the updated Material Related Party Transactions (RPT) Policy of Rizal Commercial Banking Corporation as approved by its Board of Directors on September 29, 2025.

Thank you.

Very truly yours,

RIZAL COMMERCIAL BANKING CORPORATION

By:

SHEILA RICCA G. DIOSO
Chief Compliance Officer

COVER SHEET

1	7	5	1	4					

S.E.C. Registration Number

R	I	Z	A	L		C	O	M	M	E	R	C	I	A	L		B	A	N	K	I	N	G						
C	O	R	P	O	R	A	T	I	O	N																			

(Company's Full Name)

6	8	1	9		A	Y	A	L	A		A	V	E	N	U	E		C	O	R	N	E	R			G	I	L	
P	U	Y	A	T		A	V	E	N	U	E		M	A	K	A	T	I		C	I	T	Y							

(Business Address: No. Street City/ Town/ Province)

Mikhail G. Romulo

Contact Person

8894-9000 (loc. 9429)

Company Telephone Number

SEC FORM 17-C

1	2

Month

3	1

Day

Fiscal Year

	R	P	T	

FORM TYPE

0	6

Month

3	0

Day

Annual Meeting

Secondary License Type, If Applicable

C	G	F

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. Of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

_____

LCU

Document I.D.

_____

Cashier

STAMPS

Remarks= pls. Use black ink for scanning purposes

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) S S.

SECRETARY'S CERTIFICATE

I, **JOYCE CORINE O. LACSON,** of legal age, with postal address at Rizal Commercial Banking Corporation, 21/F Yuchengco Tower, RCBC Plaza, 6819 Ayala Avenue corner Sen. Gil Puyat Avenue, Makati City, do hereby depose and say:

1. I am an Assistant Corporate Secretary of the Rizal Commercial Banking Corporation ("Bank"), a corporation organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal place of business at Yuchengco Tower, RCBC Plaza, 6819 Ayala Avenue corner Sen. Gil Puyat Avenue, Makati City.

2. As Assistant Corporate Secretary, I have shared custody of the minutes book of the Bank, which contains the minutes of the meetings of the Board of Directors and the Executive Committee.

3. The Board of Directors, in its regular meeting held on September 29, 2025 wherein a quorum was present and acting throughout, issued the following resolution:

Resolution No. BR-25-214a

"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, that, on the endorsement of the Related Party Transactions (RPT) Committee, the Board of Directors approves the amendments to the Bank's RPT Policy inclusive of the following:

- Terminology Updates to Reflect Current Organizational Structure
- Reference Alignment
- Updating of Transfer Pricing Reference
- Updating of Definition of Affinity."

IN WITNESS WHEREOF, I have hereunto signed this Certificate this OCT 03 2025 at Makati City, Philippines.

JOYCE CORINE O. LACSON
Assistant Corporate Secretary

SUBSCRIBED AND SWORN to before me this OCT 03 2025 at Makati City, affiant, who is personally known to me, exhibiting to me her IBP ID Lifetime Member No. 013497.

Doc. No. 253
Page No. 52
Book No. 8
Series of 2025.

ATTY. IAN ALDRIN C. RAMOS
NOTARY PUBLIC FOR CITY OF MAKATI
Appointment No. M-542 (2024-2025)
Roll of Attorneys No. 64313
PTR No. 10465652; 1/2/2025; Makati City
IBP LRN 013644; 4/17/2015; Makati City
MCLE Compliance No. VIII-0011668; 8/8/2024, valid until 4/14/2028
21st Floor, Yuchengco Tower 2, RCBC Plaza
6819 Ayala Avenue, Makati City

POLICY ON
RELATED PARTY TRANSACTIONS (RPTs)

RPT-2025-01

(Board approved: September 29, 2025)

Prepared By:
Mikhail G. Romulo

For questions/clarifications, please contact:
Mikhail G. Romulo 894-9000 (local 9429)

Table of Contents

I. INTRODUCTION 3
II. COVERAGE OF THE POLICY 3
III. RELATED PARTIES 4
a. DIRECTORS, OFFICERS, STOCKHOLDERS AND THEIR RELATED INTERESTS (DOSRI) and CLOSE FAMILY MEMBERS OF THE DOS; 4
b. SUBSIDIARIES, AFFILIATES and any party that the Bank exerts direct/indirect CONTROL over or that exerts direct/indirect control over the Bank: 6
c. OTHER MEMBERS OF THE YUCHENGCO GROUP OF COMPANIES (YGC) 8
d. CORRESPONDING PERSONS IN AFFILIATED COMPANIES shall refer to the DOS of the affiliated companies and their relatives within the second degree of consanguinity and affinity. 8
e. WITH DIRECT OR INDIRECT LINKAGES TO THE BANK as follows: 8
f. MEMBERS OF THE BANK'S ADVISORY BOARD; and 9
g. SUBSIDIARIES OF RELATED PARTIES 9
IV. DATABASE OF RELATED PARTIES 9
V. IDENTIFICATION, REVIEW, APPROVAL AND REPORTING OF RPTs 9
a. IDENTIFICATION OF RELATED PARTIES 9
b. REVIEW AND APPROVAL OF RPTs 10
c. REPORTING / DISCLOSURES 12
VI. GUIDELINES IN DETERMINING ARM'S LENGTH TERMS 13
VII. MATERIALITY THRESHOLD AND EXCLUDED TRANSACTIONS 14
a. MATERIALITY THRESHOLD 14
b. EXCLUDED TRANSACTIONS 14
VIII. INDIVIDUAL AND AGGREGATE EXPOSURES 16
IX. CONFLICT OF INTERESTS 16
X. CONTROLS AND AUDIT 17
XI. WHISTLEBLOWING MECHANISM 17
XII. RESTITUTION OF LOSSES AND REMEDIES FOR ABUSIVE RPTS 17
XIII. TRAINING OF EMPLOYEES ON RPTS 18
XIV. POLICY REVIEW 18

I. INTRODUCTION

The Bangko Sentral recognizes that transactions between and among related parties create financial, commercial and economic benefits to individual institutions and to the entire group where said institutions belong. In this regard, **related party transactions are generally allowed**: Provided, That these are done on an **arm's length basis**. The Bangko Sentral expects banks, including their non-bank financial subsidiaries and affiliates, to exercise appropriate oversight and implement effective control systems for managing said exposures as these may potentially lead to abuses that are disadvantageous to the bank and its depositors, creditors, fiduciary clients, and other stakeholders.[1]

This policy is being adopted to ensure that related party transactions are in compliance with the minimum requirements of law and regulations.

II. COVERAGE OF THE POLICY

Related Party Transactions (RPTs)[2] shall refer to transactions or dealings with related parties of the Bank **regardless of whether or not a price is charged**. These shall include, but not limited to the following:

(1) On- and off-balance sheet credit exposures and claims and write-offs;
(2) Investments and/or subscriptions for debt/equity issuances;
(3) Consulting, professional, agency and other service arrangements/contracts;
(4) Purchases and sales of assets, including transfer of technology and intangible items (e.g., research and development, trademarks and license agreements);
(5) Construction arrangements/contracts;
(6) Lease arrangements/contracts;
(7) Trading and derivative transactions;
(8) Borrowings, commitments, fund transfers and guarantees;
(9) Sale, purchase or supply of any goods or materials; and
(10) Establishment of joint venture entities.

The coverage of this RPT policy shall be interpreted broadly to cover not only those that give rise to credit and/or counterparty risks but also those that could pose material/special risk or potential abuse to the Bank and its stakeholders.

Transactions that were entered into with an unrelated party that subsequently becomes related party may be excluded from the limits and approval process. However, any alternation to the terms and conditions, or increase in exposure level, related to these transactions after the non-related party becomes a related party shall subject the RPT to the requirements of the policy.[3]

[1] Section 136, Policy Statement, Manual of Regulations for Banks (MORB).
[2] Section 131.o, MORB.
[3] Section 136, RPT policies/roles of senior management and self-assessment functions, MORB.

III. RELATED PARTIES

The following are the Bank's related parties:

a. DIRECTORS, OFFICERS, STOCKHOLDERS AND THEIR RELATED INTERESTS (DOSRI) and CLOSE FAMILY MEMBERS OF THE DOS;

(1) ***Directors***[4] shall include:

i. directors who are named as such in the articles of incorporation;

ii. directors duly elected in subsequent meetings of the stockholders or those appointed by virtue of the charter of government-owned BSFIs; and

iii. those elected to fill vacancies in the board of directors.

(2) ***Officers***[5] 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 BSFI, or those whose duties as such are defined in the by-laws, or are generally known to be the officers of the BSFI (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 BSFI: Provided, 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: Provided, further, 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.

(3) ***Stockholder***[6] 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 BSFI.

(4) ***Related Interest***[7] shall refer to any of the following:

[4] Section 131.f, MORB.
[5] Section 131.k, MORB.
[6] Section 131.u, MORB.
[7] Section 131.o, MORB.

i. Spouse or relative within the first degree of consanguinity or affinity, or relative by legal adoption, of a director, officer or stockholder[8] of the Bank;

ii. Partnership of which a director, officer, or stockholder of the Bank or his spouse or relative within the first degree of consanguinity or affinity, or relative by legal adoption, is a general partner;

iii. 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 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;

iv. 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;

v. Corporation, association or firm wholly or majority-owned or controlled by any related entity or a group of related entities mentioned in Items "4.ii." and "4.iv." above;

vi. 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 pursuant to Item "g" of Sec. 362 (Definition of terms);

vii. Corporation, association or firm which has an existing management contract or any similar arrangement with the parent of the Bank; and

viii. 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 BSFIs[9].

(5) ***Close family members*** shall refer to persons related to the Bank's directors, officers and stockholders[10] (DOS) within the fourth degree[11] of consanguinity or affinity, legitimate or common-law.

[8] The stockholders referred to under the definition of "related interest" are natural persons only.
[9] BSP Supervised Financial Institutions.
[10] For stockholders, close family relatives refer to second degree of consanguinity and affinity.
[11] Section 31, Revised Corporation Code.

Table of Relationship

CLOSE FAMILY MEMBERS

CONSANGUINITY	4th degree	Great Great Grandparent Great Great Grandchild Great Uncle/Aunt Grand Nephew/Niece First Cousin
	3rd degree	Great Grandparent Great Grandchild Nephew/Niece Uncle/Aunt
	2nd degree	Grandparent Grandchild Brother / Sister
	1st degree	Parent Child
YOU (DOS) / SPOUSE		
AFFINITY	1st degree	Parent-in-law Son/Daughter-in-law
	2nd degree	Grandparent-in-law Grandson/daughter-in-law Brother/Sister-in-law
	3rd degree	Great Grandparent-in-law Great Grandson/daughter-in-law Nephew/Niece-in-law Uncle/Aunt-in-law
	4th degree	Great Great Grandparent-in-law Great Great Grandson/daughter-in-law Great Uncle/Aunt-in-law Grand Nephew/Niece-in-law First Cousin-in-law

The relation which one spouse because of marriage has to blood relatives of the other. The connection existing, in consequence of marriage between each of the married persons and the kindred of the other. The doctrine of affinity grows out of the canonical maxim that marriage makes husband and wife one. The husband has the same relation by affinity to his wife's blood relatives as she has by consanguinity and vice versa. (People v. Berana, G.R. No. 123544, July 29, 1999, citing Campbell, Henry, Black's Law Dictionary, 5th Edition, 1979 p. 54) HCS (Affinity)

b. SUBSIDIARIES, AFFILIATES and any party that the Bank exerts direct/indirect CONTROL over or that exerts direct/indirect control over the Bank:

(1) ***Subsidiary***[12] 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.

(2) ***Affiliate***[13] shall refer to an entity linked directly or indirectly to the Bank by means of:

[12] Section 131.w, MORB.
[13] Section 131.1 a., MORB.

i. Ownership, control as defined herein, or power to vote of at least twenty percent (20%) of the outstanding voting stock of the entity, or vice-versa;

ii. Interlocking directorship or officership, where the director or officer concerned owns, controls, or has the power to vote, at least twenty percent (20%) of the outstanding voting stock of the entity;

iii. Common ownership, whereby the common stockholders own at least ten percent (10%) of the outstanding voting stock of the Bank and at least twenty percent (20%) of the outstanding voting stock of the entity;

iv. Management contract or any arrangement granting power to the Bank to direct or cause the direction of management and policies of the entity; or

v. 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.

(3) ***Control***[14] of an enterprise exists when there is:

i. Power over more than one-half of the voting rights by virtue of an agreement with other stockholders; or

ii. Power to govern the financial and operating policies of the enterprise under a statute or an agreement; or

iii. Power to appoint or remove the majority of the members of the board of directors or equivalent governing body; or

iv. Power to cast the majority votes at meetings of the board of directors or equivalent governing body; or

v. Any other arrangement similar to any of the above.

Control is presumed to exist if there is ownership or holding, whether direct or indirect, of twenty percent (20%) or more of a class of voting shares of a company.

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:

i. shares owned or held are exclusively for investment purposes;

ii. the Bank-stockholder will not serve on the board of directors and will not nominate any candidate to serve on the board of directors or otherwise seek board representation;

iii. the Bank-stockholder will have only limited contacts with BSFI management that are customary for interested shareholders;

iv. the Bank-stockholder will engage only in normal and customary transactions with the enterprise; and

[14] Section 131.d., MORB.

v. the Bank will not pledge the shares acquired to secure a loan with any institution.

c. OTHER MEMBERS OF THE YUCHENGCO GROUP OF COMPANIES (YGC)

These are other corporations in the Yuchengco Group of Companies that are not classified as DOSRI, subsidiary or affiliate.

d. **CORRESPONDING PERSONS IN AFFILIATED COMPANIES**[15] shall refer to the DOS of the affiliated companies and their relatives within the second degree of consanguinity and affinity.

Affiliated Companies	Corresponding Persons			
	Directors	Officers (SVP & up)	Substantial Individual Stockholders*	Relatives within the 2nd degree
Parent Company – PMMIC	√	√	√	√
Subsidiaries	√	√	√	√
Affiliates	√	√	√	√
Other YGC Companies	√	√	√	√

**** Substantial Individual Stockholder*** – a person owning such number of shares that will allow such person to elect at least one (1) member of the board of directors of the affiliated company or who is directly or indirectly the registered or beneficial owner of more than ten percent (10%) of any class of its equity security.

e. WITH DIRECT OR INDIRECT LINKAGES TO THE BANK[16] as follows:

(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;

(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;

(3) Common stockholders owning at least ten percent (10%) of the outstanding voting stock of the BSFI and ten percent (10%) to less than twenty percent (20%) of the outstanding voting stock of the borrowing entity; or Permanent proxy or voting trusts in favor of the BSFI constituting ten percent (10%) to less than twenty percent (20%) of the outstanding voting stock of the borrowing entity, or vice versa.

[15] Section 131.e, MORB.
[16] Section 131.p, MORB.

f. MEMBERS OF THE BANK'S ADVISORY BOARD; and

g. SUBSIDIARIES OF RELATED PARTIES

IV. DATABASE OF RELATED PARTIES

a. The Compliance Office through its Compliance Oversight Division shall maintain a database of related parties based on the following, among others:

(1) List of directors, their close family relatives and interlocking positions from other companies from the Office of the Corporate Secretary;

(2) List of officers and their close family relatives from the Human Resources Group;

(3) List of related parties submitted by the Chief Compliance Officers of the Subsidiaries;

(4) General Information Sheets of related companies, *i.e.*, subsidiaries, affiliates and other members of the Yuchengco Group of Companies;

b. The database shall be made available at the **Compliance Office Online Library (COOL)**.

c. The database shall be updated on a quarterly basis. Any change in the list must be reported by the following to Compliance Oversight Division for updating:

(1) Office of the Corporate Secretary – directors, their close family relatives and interlocking positions in other companies;

(2) Human Resources Group – officers, their close family relatives and interlocking positions in other companies;

(3) CCOs of Subsidiaries – directors and officers of the subsidiaries including their close family relatives.

d. The database may not capture all of the Bank's related parties. As such, proponents of transactions should be properly guided by the classification of related parties in this policy.

V. IDENTIFICATION, REVIEW, APPROVAL AND REPORTING OF RPTs

a. IDENTIFICATION OF RELATED PARTIES

It shall be the responsibility of the proponent[17] of the transaction to verify whether the client or counterparty is a related party of the bank. The proponent shall be guided not only by the Bank's database of related parties but also by the classification of related parties under this policy.

[17] The responsible officer from the originating unit of the transaction.

The proponents of transactions shall regularly evaluate existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified and subsequent changes in relationships with counterparties (*i.e.*, from non-related parties to related parties) are updated. Changes in the relationship shall be reported to the Compliance Oversight Division for updating of the database.

It is also the responsibility of the proponents to monitor the expiration of their non-loan contracts and ensure the timely presentation of transactions for renewal to the RPT Committee/Management Committee. The proponents shall also report all pre-terminated contracts with Related Party/ies to the appropriate Division of Compliance Group.

b. REVIEW AND APPROVAL OF RPTs

(1) The proponent of the RPT shall submit the transaction to the appropriate Committee for review and approval by accomplishing the appropriate **RPT Cover Sheet (Annexes A-1 to A-5).** The proponent of the RPT shall disclose the following relevant information, among others, in the Cover Sheet that would aid the Committee in determining whether the RPT is at arm's length terms:

i. Relationship – based on the classification of related parties under this policy
ii. Interlocking Directorships
iii. Type of Transaction
iv. Terms and Conditions
v. Potential risks
vi. Documented benchmarks or comparable pricing of similarly situated unrelated transactions, when applicable. Where no comparable prices are available, proponents must resort to other price discovery mechanisms *e.g.* subjecting the transaction to a bidding process or securing an external expert's fairness opinion, or must provide sufficient justification why no comparable prices can be presented.
vii. Other relevant information about the transaction
viii. Where the amount involved in the transaction is at least 10%[18] of the combined assets of the **RCBC Group**[19] based on the latest audited financial statements, the transaction shall be accompanied by a fairness opinion issued by an external independent party to be appointed by the Board of Directors. An external independent party may include, but is not limited to, auditing/accounting firms and third party consultants and appraisers.[20]

(2) Duly accomplished Cover Sheets shall be by the proponent submitted to their Partner Compliance Advisors for review to ensure compliance with the requirements of the policy.

[18] May be a single transaction or in aggregate over a twelve month period with the same related party.
[19] RCBC and its subsidiaries
[20] Section 3.e. of SEC Memorandum Circular No. 10, series of 2019.

Cover Sheets with incomplete/incorrect information shall be returned to the proponent for completion/correction.

(3) After initial evaluation of by the Partner Compliance Advisors, the RPT Coversheet shall be submitted to the RPT Committee/Management Committee Secretariat for inclusion in the agenda materials.

(4) RPTs shall be reviewed and approved by the following authorities:

Type of RPT	Review	Approval
Non-Material RPT	RPT Management Committee	RPT Management Committee
Material RPT / SEC Material RPT	RPT Board Committee	Board of Directors

(5) The RPT Management Committee shall present the actions taken during its meeting, i.e., Approval of non-material RPTs, to the Board of Directors for confirmation.

(6) Material RPTs requiring Board approval must also be submitted by the proponent to the Office of the Corporate Secretary to be included in the Board's agenda. All material RPTs shall be approved by at least two-thirds (2/3) vote of the Board of Directors, with at least a majority of the independent directors voting to approve the material RPT. In case that a majority of the independent directors' vote is not secured, the material RPT may be ratified by the vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock.[21]

(7) Material RPTs approved by the Board shall be submitted to the Stockholders for confirmation during the Annual Stockholders Meeting.

(8) **Renewal/Material Changes in the Contract** - Any renewal, material changes or amendments in the terms and conditions of material RPTs shall be reported to the RPT Committee for its review and evaluation. The Board of Directors shall only approve RPTs that have been endorsed to it by the RPT Committee.

The proponents must have an inventory of all their contracts with related parties and should monitor the expiration of the contracts. The presentation to the appropriate RPT Committee should be prior to the renewal/amendment of the contract.

The detailed RPT process should be included in the unit's Operations Manuals and should be part of the unit's Risk and Control Self-Assessment.

[21] Section 3.f. of SEC Memorandum Circular No. 10, series of 2019.

c. REPORTING / DISCLOSURES

(1) The Bank shall adequately disclose in its Annual Report the overarching policies and procedures for managing RPTs including managing of conflicts of interests or potential conflicts of interests and responsibility of the RPT Committee.

(2) The Bank shall report all entities in the conglomerate structure where it belongs in accordance with the applicable rules and regulations. The report shall likewise disclose beneficial owners of shareholdings that are in the name of the PCD Nominee. The report on conglomerate structure shall be submitted to the BSP within **30 calendar days** after the end of every calendar year.

(3) The Bank shall submit a report on material exposures to related parties, which shall include the material RPTs of its non-bank financial subsidiaries and affiliates within **20 calendar days** after the end if the reference quarter.

(4) The Policy on Related Party Transactions as well as any update thereto shall be submitted to the Securities and Exchange Commission (SEC) pursuant to SEC Memorandum Circular No. 10, series of 2019 or the "Rules on Material Related Party Transactions for Publicly-Listed Companies." The policy shall be signed by the Chairperson and the Chief Compliance Officer.[22]

(5) The Policy on Related Party Transactions shall be posted on RCBC's website within **5 days** from submission to the SEC.[23]

(6) For transactions with amounts of at least 10% of the consolidated assets of the RCBC Group based on the latest audited financial statement, an Advisement Report on Material RPTs shall be filed with the SEC within **3 calendar days** after the execution date of the transaction. The Advisement Report shall be signed by the Corporate Secretary.[24]

Imposable Penalties under SEC Memorandum Circular No. 10, Section 5

• Non/late filing of or incomplete/Incorrect Signature in the Material Related Party Transaction Policy

Basic Penalty	Php10,000.00
Monthly Penalty	Php1,000.00

- Non/late filing of or Incomplete/Incorrect Advisement Report

Violation	First Offense	Second Offense		Third Offense	
		Basic Penalty	Daily Penalty	Basic Penalty	Daily Penalty

[22] Section 4, SEC Memorandum Circular No. 10, series of 2019.
[23] Id.
[24] Id.

Non/Late Filing of Advisement Report	Reprimand	Php30,000.00	Php200.00	Php40,000.00	Php400.00
Incomplete / Incorrect Advisement Report	Reprimand	Php10,000.00	Php200.00	Php20,000.00	Php400.00

(7) A summary of material related party transactions entered into during the reporting year shall be disclosed in the Bank's Integrated Annual Corporate Governance Report (I-ACGR) submitted every May 30.[25]

VI. GUIDELINES IN DETERMINING ARM'S LENGTH TERMS

Proponents of related party transactions are required to provide the reviewing RPT Committee with documented benchmarks or comparable pricing of similarly situated unrelated transactions. For an effective price discovery mechanism, proponents may use as guide the provisions of Bank's Transfer Pricing Policy in applying arm's length principles to related party transactions to the extent applicable.

Arm's Length Principle is the condition or the fact that the parties to a transaction are independent and on equal footing. When applied to related party transactions, it ensures that RPTs are conducted in the regular course of business (fair process); and not undertaken on more favorable economic terms to such related parties than similar transactions with non-related parties under similar circumstances (fair terms). This is the standard under which unrelated parties, each acting in his or her own best interest, would carry out a particular transaction.

The application of arm's length principle would involve the identification of comparable situation(s) or transaction(s) undertaken by unrelated parties against which the related party transaction is to be benchmarked. This is known as **comparability analysis**.

Comparability analysis entails an analysis of similarities and differences in the conditions and characteristics between the related party transaction and a transaction with an unrelated party.

In the application of the arm's length principle, the 3-step approach below shall be observed:

Step 1 : Conduct a comparability analysis.
Step 2 : Identify the tested party[26] and the appropriate transfer pricing method.
Step 3 : Determine the arm's length results.

[25] Id.
[26] Tested Party / Independent Party - the unrelated party to which the transfer method can be most reliably applied to, and from which the most reliable comparables can be found.

These steps should be applied in line with the key objective of transfer pricing analysis to present a logical and persuasive basis to demonstrate that transfer prices set between two related parties conform to the arm's length principle.

Please refer to **ANNEX B** for the Bank's Transfer Pricing Policy.

FAIRNESS OPINION

For transactions with amounts of **at least 10% of the consolidated assets of the RCBC Group based on the latest financial audited statement**, the transaction shall be accompanied by a fairness opinion to be rendered by an external independent party to be appointed by the Board of Directors. An external independent party may include, but not limited to, auditing/accounting firms and third party consultants and appraisers. The independent evaluation of the fairness of the transparent price ensures the protection of the rights of shareholders and other stakeholders.[27]

The fairness opinion must be submitted to the RPT Committee as part of the supporting documents of the transaction under review.

VII. MATERIALITY THRESHOLD AND EXCLUDED TRANSACTIONS

a. MATERIALITY THRESHOLD

Material RPT - Transactions with related parties involving amounts of at least Pesos: Ten Million (Php10,000,000.00) are considered as material RPTs.

The said threshold shall not apply to DOSRI, Subsidiaries & Affiliates' loans and other credit accommodations and guarantees, and other transactions requiring Board approval under the regulations, *i.e.*, cross-selling, outsourcing, etc., which are always considered "material" regardless of amount.

SEC Material RPT – Any related party transaction/s, either individually or in aggregate over a 12-month period with the same related party, amounting to 10% or higher of the combined assets of the RCBC Group, based on its latest audited Financial Statements.[28]

b. EXCLUDED TRANSACTIONS

Excluded transactions are related party transactions that, regardless of the amount involved, are exempted from vetting, approval and reporting but still subject to other RPT requirements, such as:

(1) Deposit operations;
(2) Investment in bonds issued by the Government of the Philippines, its political subdivisions and its instrumentalities

[27] Section 3.e of SEC Memo Cir. 10, series of 2019
[28] Section 1 of SEC Memo Cir. 10, series of 2019

The following transactions shall also be exempted from the vetting, approval and reporting requirements of RPTs provided that the amount involved in the transaction is less than the SEC Material RPT threshold (10% of the combined assets of the RCBC Group, based on the latest audited financial statements):

(1) Regular trade transactions involving purchases and sales of debt securities traded in an active market. However, subject to post-reporting to the RPT Committee;

(2) Pre-approved Treasury Transactions covered by the Policy on Related Party Transactions covering Treasury Deals. (Refer to ANNEX C of the RPT Policy);

(3) Credit card availments, except those with credit card lines with amounts falling under the definition of "material transactions";

(4) Availments under the BSP-approved fringe benefit program; and

(5) Transactions that do not present a real risk of potential abuse, i.e. sale of fully depreciated assets.

(6) Sales of bank properties (e.g., repossessed cars and real estates) to related parties done through competitive/public bidding or auction. It is emphasized that the loan component of the sale, if any, is NOT covered by this amendment.

In case the amount involved in the transaction shall reach the SEC Material RPT threshold, the transaction shall be subject to the vetting, approval and reporting requirements of RPTs, including the following processes:

(1) The Board of Directors shall appoint an external independent party to evaluate the fairness of the terms of the material RPT. An external independent party may include, but is not limited to, auditing/accounting firms and third party consultants and appraisers.

(2) An Advisement Report shall be filed with the SEC within 3 calendar days after the execution date of the transaction. The Advisement Report shall be signed by the Corporate Secretary.

VIII. INDIVIDUAL AND AGGREGATE EXPOSURES

a. The Bank shall observe the following individual and aggregate limits to exposures to related parties:

	Individual Limits	Aggregate Limits
Loans / Credit	SBL	50% of Capital
Non-Loan / Other Contracts	None*	10% of Capital

* Not to exceed the aggregate limit for Other Contracts

b. The foregoing limits shall not apply to loans and other credit accommodations to Directors, Officer, Stockholders and their related interests, Subsidiaries and Affiliates that are governed by the ceiling requirements under Part III.D of the Manual of Regulations for Banks.

c. The Credit and Loans Services Department (CLSD) shall submit a report on the loan exposures to related parties on a quarterly basis. The report shall be submitted to Compliance Group within 15 days from the end of the reference quarter which will be presented to the RPT Committee.

d. The exposures on the following related party transactions shall be reported to the RPT Committee on a quarterly basis:
   - Corporate Loans
   - Consumer Loans
   - Non-Loan Transactions

   For non-loan transactions, it shall be the responsibility of the proponents to immediately report to Compliance Group's Compliance Oversight Division in cases wherein an outsourcing contract with a related party is pre-terminated to properly capture outstanding RPT exposures.

e. Breaches in limits shall be reported to the Board of Directors with the decision of the Board of Directors to accept the exposure or to take steps to address the breaches, as may be necessary, duly documented in the minutes of meeting.

IX. CONFLICT OF INTERESTS

a. Interested directors and officers with personal interest in the transaction shall fully and timely disclose any and all material facts, including their respective interests in the related party transaction.

b. Interested directors and officers shall abstain from discussion, approval and management of such transaction or matter affecting the company. In case they refuse to abstain, their attendance shall not be counted for purposes of assessing the quorum and their votes shall not be counted for purposes of determining majority approval.

X. CONTROLS AND AUDIT

a. Internal Audit shall conduct a periodic formal review of the effectiveness of the Bank's system and internal controls governing RPTs to assess consistency with the board-approved policies and procedures. The resulting audit reports, including exceptions or breaches in limits shall be presented to the RPT Committee and Audit & Compliance Committee.

b. The Compliance Group shall ensure that the Bank complies with relevant rules and regulations and is informed of regulatory developments in areas affecting related parties. For this purpose, it shall aid in the review of the Bank's transactions and identify any potential RPT that would require review by the Board or RPT Committee. It shall also conduct compliance assurance review, on RPTs approved by the Board to determine compliance with regulatory requirements and internal policies. Finally, it shall ensure that the RPT policy is kept updated and is properly implemented throughout the Bank.

c. With the implementation of Hub and Spoke model, RAG shall include in the conduct of its periodic compliance assurance review subsidiaries' RPTs.

XI. WHISTLEBLOWING MECHANISM

The Bank encourages employees to communicate, confidentially and without risk of reprisal, legitimate concerns about illegal, unethical or questionable RPTs. For this purpose, the Bank's Whistleblowing Policy shall apply. Please refer to **ANNEX D** for the Bank's Whistleblowing Policy.

XII. RESTITUTION OF LOSSES AND REMEDIES FOR ABUSIVE RPTS

a. Abusive RPTs are RPTs that are not entered at arm's length and unduly favor a related party.[29]

b. Reporting and investigation of abusive RPTs shall be handled following the Bank's existing Code of Conduct[30] and Whistleblowing Policy. Please refer to **ANNEX E** for the Bank's Code of Conduct.

c. The grievance procedure under the Corporate Governance Manual shall apply to stockholders, including minority stockholders, who wish to report or express legitimate concerns on abusive RPTs.

d. Pursuant to Section 26 and 27 of the Revised Corporation Code, an interested director or officer of a corporation shall be disqualified from being a director, trustee or officer of any other corporation on the basis of a final judgment rendered by a court of competent jurisdiction against the interested

[29] Section 3.j. of SEC Memorandum Circular No. 10, series of 2019.
[30] See provisions on Dissemination of Bank Policies; The Anti-Money Laundering Act, Law on Secrecy of Bank Deposits, Government Reportorial Requirement, etc.; Presumption of Knowledge and Understanding; Offenses and Penalties; Code of Discipline.

director or officer for abusive RPTs. The disqualification shall be for a period of at least one (1) year or more, as may be determined by the SEC.

The imposition of the foregoing penalties shall be without prejudice to any other administrative penalties that may be imposed by the SEC and BSP, and/or civil or criminal penalties, as may be provided by the Revised Corporation Code of the Philippines, Securities Regulation Code, Manual of Regulations for Banks, and other related laws and regulations.[31]

XIII. TRAINING OF EMPLOYEES ON RPTS

The Compliance Group may conduct employee training to enable bank associates to fully comply with their obligations and responsibilities under the regulations on RPTs and this Policy. The annual refresher on RPT policies is being conducted to the Deputy Compliance Officers (DCOs). Compliance Group shall work with Human Resources Group in determining the training requirements of bank associates and in the development of an appropriate training program on related party transactions.

XIV. POLICY REVIEW

The policy on related party transactions shall be reviewed every three (3) years or as necessary whenever there are any amendments on regulations related to RPT. The policy shall be reviewed by the RPT Committee and approved by the Board.

XV. APPROVAL

This Policy on Related Party Transactions has been reviewed by the RPT Committee on September 15, 2025 and approved by the Board of Directors on September 29, 2025.

HELEN Y. DEE
Chairperson

SHEILA RICCA G. DIOSO
Chief Compliance Officer

[31] Section 5, SEC Memorandum Circular No. 10, series 2019.