PO Number: **PO-CD-2025-001-V15** **Date Issued:** **9/25/2025**
Document Owner: **Compliance Division**
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Subject: **POLICY ON RELATED PARTY TRANSACTIONS**

DOCUMENT CONTROL

VERSION	ISSUE DATE	OLD PROVISION	NEW PROVISION	REASON/IMPACT
15	9/25/2025	**PPM-CD-2022 Related Party Transactions** *For the details of <u>Document Control versions 1 to 14</u>, refer to Annex A - Comparative Table of Revisions of RPT Policy.*	**PO-CD-2024-001-v15 Policy on Related Party Transactions** This version was amended as follows: **1. Revised Section II particularly the Related Party definition to:** a. Changed Trust Division to Trust Division and Asset Management Group in the opening paragraph a. Removed #2 RP Definition: Investments and/or subscriptions for debt/equity issuances and updated to 'All Trust accounts opened by Related Parties and subsequent transactions, regardless of investment mandate.' b. Removed #4 RP Definition: Entities within the Filinvest group, directly or indirectly controlled by the parent of the Bank and/or its subsidiaries and affiliates, which exert control over the Bank. c. Removed below statement as #7 Related Party Definition and revised its placement in the policy: "It is within the prerogative of the Board of Directors, or	1. To ensure consistency with regulations on the definition of Related Parties. 2. To incorporate additional types of transactions excluded in the RPT vetting. 3. To align with the latest RPT Committee Charter and RPT Management Committee Charter. 4. Formatting and minor revisions 5. This PO shall supersede the PPM-CD-2022 Related Party Transactions issued on October 7, 2022.

			any of the Directors, to endorse a transaction to the RPT Committee, for its review and vetting, even if said transaction is with a counterparty that is not considered as related party under this Policy but whose interests may pose potential conflict with the interest of the Bank." d. Added a footnote – ' For detailed provisions on the management of trust accounts, please refer to the Trust and Asset Management Group's (TAMG) Related Party Transactions Policy.' 2. **Revised Section III Exclusions to Related Party Transaction Policy to:** a. Removed No. 2 Directional Trust Products b. Add transactions which are less than the materiality threshold of Php10M and have undergone the vendor selection and accreditation process of SharePro Inc by virtue of the existing service level agreement with the Bank. c. Added a footnote – ' For detailed provisions on the management of trust accounts, please refer to the Trust and Asset Management Group's (TAMG) Related Party Transactions Policy.' 3. Updated the composition of RPT Management Committee and embedded the oversight of RPT Committee in the	

			transactions vetted by the management committee. 4. Updated the following: a. Exhibit A – Proposal for RPT Management Committee Consideration b. Exhibit B – Proposal for RPT Committee Consideration c. Exhibit C- Proposal for Board Consideration d. Exhibit D - Certification on No Conflict of Interest e. Exhibit E - Advisement Report	
1-14				Refer to **Annex A - Comparative Table of Revisions of RPT Policy** for the update history.

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I. INTRODUCTION

The Bangko Sentral ng Pilipinas (BSP) 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.

This Related Party Transaction (RPT) policy of East West Bank aims to ensure that ---

1. All RPTs are conducted at arm's length and managed in a manner that will protect the Bank, its depositors, creditors, and other stakeholders from conflicts of interest and possible material risks arising from exposures to such transactions; and

2. All RPTs are appropriately reviewed, approved, ratified, and disclosed as required in compliance with legal and regulatory requirements.

Further, this manual shall supersede all existing provisions relative to Related Party Transactions as stipulated in PM-CD-2020-007 (Conflict of Interest, issued 09/24/2020)[1].

II. DEFINITION OF TERMS

A. Definition of a Related Party

A Related Party is defined to be[2] ---

1. Directors[3], Officers[4], Stockholders[5] and Related Interests[6] (DOSRI) of the Bank as defined in the BSP Manual of Regulations for Banks (MORB) Section 341 and any amendments thereto.

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[1] Only the RPT provisions covered under PM-CD-2020-007 shall be superseded and that the existing policies on Conflict of Interest shall remain in effect until amended/updated by Compliance through issuance of a separate manual.

[2] Based on MORB Corporate Governance Sec. 131 and Sec. 341

[3] **Directors** shall include: (1) directors who are named as such in the articles of incorporation; (2) directors duly elected in subsequent meetings of the stockholders or those appointed by virtue of the charter of government-owned BSFIs; and (3) those elected to fill vacancies in the board of directors.

[4] **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 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. Note: CEO Shall also refer to the President or any other title referring to the top management post

[5] **Stockholder** shall refer to any stockholder of record in the books of the BSFI, 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 BSFI, 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.

[6] **Related Interest** refers to
(1) Spouse or relative within first degree of consanguinity or affinity, or relative by legal adoption, of a director, officer or stockholder of the BSFI;
(2) Partnership of which a director, officer, or stockholder of a BSFI or his spouse or relative within the first degree of consanguinity or affinity, 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 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;
(4) Corporation, association or firm of which any or a group of directors, officers, stockholders of the BSFI 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 "(2)" and "(4)" above;

2. Close family members of the Bank's Directors, Officers, and Stockholders (DOS) who are second-degree relatives of consanguinity or affinity or by legal adoption, legitimate or common-law. For the purpose of this specific provision of the RPT Policy, "Officers" refer to the Chief Executive Officer (CEO), the President, and heads of Governance units, and all senior officers with the rank of Senior Vice President and up.

   The following are considered close family members of the Bank's DOS:

   a. Brother/Sister
   b. Brother-/Sister-in-law
   c. Grandparent
   d. Grandparent-in-law
   e. Grandchild
   f. Grandchild-in-law

3. The Bank's subsidiaries and affiliates[7] and any party, including their subsidiaries and affiliates, which the Bank directly or indirectly controls.

   Control of a company exists when there is any of the following conditions:

   a. Power over more than ½ of the voting rights by virtue of an agreement with other stockholders; or
   b. Power to govern the financial and operating policies of the company under a statue or an agreement; or
   c. Power to appoint or remove the majority of the members of the Board of Directors or equivalent governing body; or
   d. Power to cast the majority votes at meetings of the Board of Directors or equivalent governing body; or
   e. 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 (20%) percent or more of a class of voting shares of a company. The Bank may disclaim or rebut the presumption by presenting supporting documents and by submitting a written commitment.[8]

4. Directors, Individual Stockholders directly owning at least twenty percent (20%), Key Officers of the Bank's related parties and their first- and second-degree relatives. Key Officers as defined for this provision are the Chief Executive Officer, President, Chief Finance Officer, Chief Operation Officer or their equivalent.

5. Direct or Indirect linkages to a bank identified as follows:

   a. 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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(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 BSFI or which controls majority interest of the BSFI
(7) Corporation, association, or firm which has an existing management contract or any similar arrangement with the parent of the BSFI; 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 BSFIs.

[7] As defined in the BSP Manual of Regulations for Banks (MORB) Section 131(Subsidiaries and Affiliates) and any subsequent amendments thereto.

[8] Written commitment shall contain declarations stated in Section X146.1.4 as amended by Circular No. 895 Series of 2015.

b. Interlocking directorship or officership, except in cases involving independent directors as defined under existing regulations or directors holding nominal share in the borrowing corporation;

c. 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

d. 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.

It is within the prerogative of the Board of Directors, or any of the Directors, to endorse a transaction to the RPT Committee, for its review and vetting, even if said transaction is with a counterparty that is not considered as related party under this Policy but whose interests may pose potential conflict with the interest of the Bank.

B. Definition of Related Party Transaction

A related party transaction (RPT) covers any of the following direct or indirect (i.e. done in behalf of a related party) transactions or dealings, viewed in either party's perspective, between the Bank, including its Trust and Asset Management Group and its related party, with or without underlying monetary consideration. In addition, the RPT scope shall include outstanding transactions that were initially entered into with an unrelated party that subsequently became a related party.

1. On-and off-balance sheet credit exposures and claims and write-offs
2. All Trust accounts opened by Related Parties and subsequent transactions, regardless of investment mandate[9]
3. Consulting, professional, agency and other service arrangements or contracts, including outsourcing agreements
4. Sale and purchase of assets, including transfer of technology and intangible assets
5. Construction contracts
6. Lease agreements
7. Trading and derivative transactions
8. Borrowings, commitments, fund transfers and guarantees
9. Sale, purchase or supply of any goods or materials
10. Establishment of joint ventures

III. POLICIES

A. Ensuring Arm's Length Terms

1. All related party transactions shall be conducted at arm's length. This means that transactions with a Bank's related party shall be managed in the regular course of the Bank's business and under terms and conditions[10] that are substantially the same as those of similar transactions with non-related parties under comparable circumstances.

2. In the process of determining the fairness and reasonableness of the prices, terms and conditions offered to a related party (RP), the following criteria/standards shall be followed and resorted to, for the selection of comparable non-related parties:

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[9] For detailed provisions on the management of trust accounts, please refer to the Trust and Asset Management Group's (TAMG) Related Party Transactions Policy.

[10] Such as but not limited to price, commission, interest rates, fees and charges, tenor, and collateral requirements.

a. The unit shall compare with a non-RP client in the same industry.

b. If no comparable non-RP client in the same industry, compare with non-RP client with the same asset size.

c. If still no comparable non-RP client with the same asset size, compare with other non-RP client with similar products or services and risk profile.

d. In case none among the existing non-RP clients are considered comparable, justification shall be provided showing that the transactions are to be negotiated in the Bank's best interest and that:

   i. Terms and conditions of the RPT are no less favorable than terms generally available to a third party for similar transaction;
   ii. Economic terms (e.g. price, commissions, interest, rates, fees) are the same or at least close to the prevailing market rate of similar transactions;
   iii. Bidding process was conducted;
   iv. Market research was conducted;
   v. Services of an external expert (e.g. appraisers), as applicable, have been availed; or
   vi. There are no unique or unusual terms and conditions offered.

3. The unit shall provide at least (3) comparable transactions with non-RP considering the material terms and conditions of the transaction (e.g. price, commissions, interest rates, fees, tenor, collateral requirement) to ensure that these are not undertaken on more favorable economic terms to such related parties than similar transactions with non-RP under similar circumstances. Further, the Bank shall have in place an effective price discovery system and have exercised due diligence in determining a fair price for RPTs to ensure that transactions are engaged into at terms that promote the best interest of the bank and its stakeholders. The price discovery mechanism may include but is not limited to acquiring the services of an external expert (e.g. appraisers), opening the transaction to a bidding process, or publication (in case of an available property for sale)[11]:

   a. For credit transactions, comparison on material terms and conditions (e.g. interest rates, fees, collateral/security position, tenor), that pricing is based on the Transfer Pool Rate (TPR) plus the targeted spread depending on the product and client segment, available information on similar industry benchmark for similar transactions, Account Profitability Analysis (APA) and other compensating business, as applicable, shall form part of the proposal to ensure loan pricing granted to related parties are at arm's length terms.

   b. For sale of ROPA or purchase of an asset, the results of the appraisal, the valuation methodology applied and alternative approaches to valuation, or whether a bidding process was conducted, and the results thereof shall be provided. Further, the list of Bank's ROPAs shall be made available to the public by publishing the same internally via the corporate email and externally via the Bank's website. The list should bear information on the indicative/minimum selling price of the property.

   c. For selection of service providers and suppliers allowed to be outsourced, other available sources of comparable products and/or services shall be provided.

   d. For lease agreements, resort to an accredited third-party appraisal company or through market research with comparison on rental fees per floor area within the same vicinity area may be had.

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[11] Sec. 136 Related Party Transactions of the Manual of Regulations for Banks (MORB)

4. In case of deviation from the standard policies and procedures or terms and conditions, proper justification and comparable terms (e.g. the deviation is within the average deviation allowed for non-RP) shall be properly documented and monitored in order to facilitate vetting that the transaction is not undertaken on more favorable economic terms, notwithstanding the deviations.

B. Conflict of Interest[12]

1. Members of the Board of Directors, Stockholders or Management of the Bank shall immediately disclose to the Board of Directors if they or their close family members directly, indirectly or on behalf of third parties, have a financial interest or potential conflict of interest in any transaction, arrangement or relationship affecting the Bank. The duty to disclose shall include disclosure of relationships with clients, prospects, service providers, suppliers and vendors.

2. Non-disclosure by the Bank's officer of a possible conflict of interest shall be dealt with in accordance with the Bank's Code of Discipline and Ethics.

3. Directors or officers with personal interest in the transaction shall abstain from the discussion, approval and management of the transaction, arrangement, or relationship.

C. Materiality Threshold for Related Party Transactions

Transactions with related parties amounting to at least ten million pesos (Php10Million). All transactions below the materiality threshold shall be considered non-material.

D. Exclusions to Related Party Transaction Policy

The following transactions shall not require review and approval of the RPT Committee and the Board of Directors.

1. Financial services provided to all related parties in the ordinary course of business **which are voluminous** such as deposit operations (CASA, Time Deposit, Investment Funds), cash management services, regular trade transactions involving purchase and sale of securities traded in the active market, foreign exchange trade transactions and derivative transactions.

2. Transactions where the rates or charges involved are fixed by law or regulated by governmental authority.

3. Executive Officer and Director compensation arrangements.

4. Transaction or banking service granted under the Bank's BSP-approved fringe benefit program.

5. Transactions less than the materiality threshold of Php10M which have undergone the vendor selection and accreditation process of SharePro Inc. by virtue of the existing service level agreement with the Bank.

E. Review and Approval of Related Party Transactions

1. Below is the approval policy structure for Related Party Transactions.

    a. Material RPTs
        i. vetted by the RPT Committee and endorsed to the Board of Directors

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[12] Refer to PM-CD-2020-007 for detailed policy on Conflict of Interest.

    ii. approved by the Board of Directors
    iii. confirmed by the Stockholders

b. Non-material RPTs
    i. vetted by RPT Management Committee
    ii. reviewed by RPT Committee
    iii. confirmed by the Board of Directors.

c. DOSRI Transactions
    i. vetted by the RPT Committee and endorsed to the Board of Directors
    ii. approved by the Board of Directors

2. The RPT Management Committee and the board-level RPT Committee are tasked to assist the Board of Directors in ensuring that transactions with related parties are handled in a sound and prudent manner, with integrity and in compliance with applicable laws and regulations to protect the interest of depositors, creditors and other stakeholders; and that RPTs are conducted on an arm's length basis and that no stakeholder is unduly disadvantaged.

3. The RPT Committee shall be composed of at least 3 members of the Board of Directors, 2 of whom shall be independent directors, including the chairperson. The Committee shall at all times be entirely composed of independent and non-executive directors, with independent directors comprising majority of the members.

4. The RPT Management Committee shall be composed of the following:

    a. (2) Senior Officers from Consumer Lending Cluster (CLC):
        i. 1 from Secured Loans (auto/housing)
        ii. 1 from Unsecured loans (credit cards/personal loan)

    b. (1) Senior Officer from Corporate Services Division

    c. (1) Senior Officer from Information Technology Division

5. All material related party transactions, including renewals and/or changes in the terms and conditions of the RPTs and subsequent write-off, as applicable, shall be reviewed/vetted and endorsed to the Board of Directors for approval by the RPT Committee. Problem credits to DOSRI shall be written-off only upon prior approval of the BSP Monetary Board.

6. For individual material transactions amounting to 10% or higher of the Bank's total consolidated assets based on the latest audited financial statements, or for aggregate related party transactions within a 12 month period that breaches the materiality threshold of 10% with the same related party, it shall be approved by at least 2/3 vote of 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 2/3 of the outstanding capital stock.

7. RPTs below the materiality thresholds shall be vetted by the RPT Management Committee. Highlights of the proposed RPT to be reviewed by the RPT Committee shall be presented by the Requesting Unit[13] using the "Proposal for RPT Management Committee Consideration" Template **(Exhibit A).** Such RPTs vetted by the RPT Management Committee shall be presented to the RPT Committee in the next regular meeting for review and endorsement of such transactions to the Board for confirmation.

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[13] Refers to the unit where the request of the RPT is processed and coursed through.

8. Before the execution of the material RPT amounting to 10% or higher of the Bank's total consolidated assets based on the latest audited financial statements entered either individually or in aggregate over a 12-month period within the same related party, the Board should appoint an external independent party to evaluate the fairness of the terms of the material RPTs. An external independent party may include but is 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.

9. All DOSRI transactions, whether within or below the materiality thresholds, shall be vetted by the RPT Committee and endorsed for approval by the Board of Directors in accordance with regulation.

10. Transactions that were entered into with an unrelated party that subsequently becomes a related party shall be excluded from the limits and approval of this policy. However, any renewal, change in 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 provisions of this policy.

11. In the event wherein there are changes in the RPT classification from non-material to material (e.g. exceeded the materiality threshold on an aggregate basis over a period of one year), the material RPT shall be subject to the provisions of this policy.

12. All material RPTs and write-offs of material exposures to related parties shall be submitted for confirmation by at least majority vote of the stockholders, constituting a quorum, at the annual stockholders' meeting of the Bank.

13. Highlights of the proposed RPT to be reviewed by the RPT Committee shall be presented by the Requesting Unit[14] using the "Proposal for RPT Committee Consideration" Template **(Exhibit B)**. This shall be submitted together with all supporting documents to Compliance Division not later than the 5th banking day prior to the scheduled Committee meeting for assessment and evaluation by the Chief Compliance Officer/Designated Compliance Officer.

14. Subsequently, a request for approval by the Board of Directors of all RPTs vetted by the RPT Committee shall be obtained via the Proposal for Board Consideration **(Exhibit C)**.

15. Any related party transaction that will be consummated prior to approval or confirmation of the Board of Directors shall be escalated to the Related Party Transactions Committee for appropriate actions.

F. General Criteria for Approval of Related Party Transactions

To appropriately evaluate material related party transactions, the RPT Committee shall take into account whether the related party transaction is entered into at arm's length. The reporting unit shall provide all relevant material information of the RPT in the Term Sheet or Offering Memo, more specifically, the following:

1. The name of the related party, description of the relationship and interest in the transaction.

2. General description of the transaction, including purpose and rationale of the transaction;

    a. If a credit transaction, indicate present and previous (if existing borrower) risk rating of the related party.

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[14] Refers to the unit where the request of the RPT is processed and coursed through.

   b. If the transaction involves the sale of a Bank asset, a description of the asset, including date acquired and cost basis.
   c. Indicate whether the Bank is a party to the transaction and if not, the nature of its participation in the transaction.

3. Total Value of the proposed transaction and the share of the related party's interest in the transaction

   a. If a credit transaction, total exposure to the borrower and related borrowers.

4. Material terms and conditions of the transaction, including deviations from bank policies and standards;

   a. Include a comparative table of key terms and conditions given to the related party and those offered to non-related parties for similar products or services.

5. The manner of determining the pricing and other commercial terms;

   a. For credit transactions, pricing is based on the Transfer Pool Rate (TPR) plus the targeted spread depending on the product and client segment.
   b. If the transaction involves the sale of a Bank asset or purchase of an asset from a related party, the results of the appraisal, the valuation methodology applied and alternative approaches to valuation.
   c. Whether there was a bidding process and the results thereof.
   d. For lease agreements, it shall be determined by an accredited third party appraisal company or through market research.

6. Benefits of the transaction to the Bank and to the Related Party.

7. Description of any provisions or limitations imposed as a result of entering into the proposed transaction.

8. Whether the proposed transaction includes any potential risk, including reputational risk, which may arise as a result or in connection with the proposed transaction.

9. Other relevant information regarding the transaction which may have impact on the decision of the Committee and the Board of Directors.

G. Capital Management for Related Party Transactions

1. Material Risks arising from RPTs shall be considered in the Bank's capital planning process and shall be captured in the scenario/stress testing exercise to ensure that the Bank maintains adequate capital to cushion risks associated with RPT exposures.

2. The Board-approved policies on the Management Action Triggers for Select Regulatory Lending Limits shall be adopted for the setting and reporting of internal limits for individual and aggregate exposures for related party transactions.

H. Identifying and Monitoring Related Parties and Their Transactions

1. The Human Resources Division shall be the owner of Related Party Database.

   a. All service providers, suppliers and vendors shall be required to issue a Certification that they do not have any conflict of interest with the Bank. (See **Exhibit D**)

b. All authorized officers who sign contracts, agreements or approval documents of transactions shall sign a disclaimer that they are not related to the counterparties of the proposed transaction.

2. Business and operating units shall put in place the appropriate systems and procedures to identify, track, monitor and report to the RPT Committee, the Board and regulators their related party transactions. The system must be able to assess situations when a non-related party with whom the Bank has entered into a transaction subsequently becomes a related party and vice-versa. At the minimum, the unit's system shall capture the following information:

   a. Name of the Related Party
   b. Relationship with the Bank, its Directors, Stockholders or Officers
   c. Approval Date of the RPT
   d. Transaction Date
   e. Type of Transaction
   f. Approved Amount/Contract Price/Total Value of Transaction
   g. Outstanding Amount, individually and on an aggregate basis
   h. Status of Account/Transaction (ex. Current, Past Due for credit transactions; On-going, Closed for agreements or contracts)
   i. Relevant Terms
   j. Rationale for Entering in the Transaction

3. The Compliance Division, as reconciled to the data maintained by Finance Group, shall submit every other month to the RPT Committee and thereafter report by the RPT Committee to the Board of Directors the status and aggregate exposures to each related party and the total exposures to all related parties. Any breaches in the RPT internal limits for individual and aggregate exposures as defined in Section III.G.2 of this policy shall be reported by RPT Committee. For breaches on internal limits, based on RPT Committee's recommendation, the Board shall then decide to either accept the exposure or take steps to address the breaches, with its decision duly documented in the minutes of the meeting.

I. Disclosure and Reporting

1. The Bank shall ensure that its Annual Report and website appropriately disclose the policies and procedures for managing RPTs, including managing of conflicts of interest or potential conflicts of interest; responsibilities of the RPT Committee; nature, terms, and conditions of material RPTs as well as their outstanding individual and aggregate balances.

2. 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 relevant details that would allow stockholders to make an informed judgment as to the reasonableness of the transaction, shall be disclosed during the stockholder's meeting and duly reflected in the minutes of the Board and Stockholders' Meeting.

3. The Controllership Division shall submit all required reports on RPTs to the BSP in accordance with regulations. These include the following:

Report	Format and Contents	Submission Date
Report on Conglomerate Structure	Using Exhibit A of BSP Circular No. 895, the report shall disclose beneficial owners of shareholdings that are in the name of PCD Nominee Corporation.	Within 30 calendar days after end of every calendar year

Report	Format and Contents	Submission Date
Report on Material Exposures to Related Parties	Using Exhibit B of BSP Circular No. 895, the report shall --- a. Include material RPTs of supervised non-bank financial subsidiaries and affiliates; and b. Not include transactions concerning deposit operations, credit card availments, regular trade transactions involving purchases and sales of debt securities traded in an active market, provided that credit card lines with amounts falling within the definition of "material transactions" shall be reported to the BSP upon approval of the line. Lease contracts and other similar contracts with recurring payment transactions shall be reported only once, upon approval of said transaction by the Board of Directors. In case the parties involved are both supervised by the BSP, only the lessor, in the case of a lease contract, or the party engaging/requesting for the services of the other bank, in case of other contracts, shall submit the report.	Within 20 calendar days after the end of the reference quarter

4. For individual material transactions amounting to 10% or higher of the Bank's total consolidated assets based on the latest audited financial statements, or for aggregate related party transactions within a 12 month period that breaches the materiality threshold of 10% with the same related party, the Corporate Secretary or its Authorized Representative shall file a signed Advisement Report in the form attached as **Exhibit E** to SEC within 3 calendar days after the execution date of the transaction. The Advisement Report shall also be signed by the Related Party or Its Authorized Representative. Proof of Authority shall also be attached in the submission.

J. Roles of Internal Audit and Compliance

1. The Internal Audit Division shall conduct a periodic review of the effectiveness of the system and internal controls governing related party transactions to assess consistency with the Board-approved policy and procedures. The audit reports, including exceptions or breaches in limits, shall be communicated to the Audit Committee.

2. The Compliance Division shall ensure the Bank's compliance with relevant rules and regulations on related party transactions. It shall assist the RPT Committee in the review of RPTs and identify any potential RPT that would require review by the RPT Committee and the Board of Directors. It shall ensure that the RPT policy is kept updated and properly implemented throughout the Bank.

K. Whistle Blowing Mechanism

In furtherance of the Bank's commitment to carry out the regulations on Related Party Transaction, the Bank shall adopt the Board-approved whistle-blowing policy to promote the cooperation of all employees in reporting, confidentially and without the risk of reprisal, legitimate concerns about illegal, unethical, or questionable RPTs.

L. Related Party Transactions Not Approved Under This Policy

In the event that the Bank becomes aware of a RPT that has not been approved under this policy prior to its consummation, the RPT shall be promptly reviewed by the appropriate Management

Committee or by the RPT Committee. The responsible committee shall consider all of the relevant facts and circumstances regarding the RPT, including those listed in Section III.C of this policy, and shall evaluate possible options, including ratification, revision or termination/cancellation of the RPT. The responsible committee shall also examine the facts and circumstances pertaining to the failure of reporting the RPT under this policy, and shall take action as it deems appropriate.

M. Restitution of Losses and Other Remedies for Abusive and Fraudulent Related Party Transactions

1. Any finding of abusive and fraudulent RPTs shall be referred to the following for immediate restitution.

    a. Finance Group for the determination of actual loss incurred from the RPT transaction in question as well as any probable and imminent financial loss that may result therefrom.
    b. Legal Services Division for the recommendation of appropriate legal action to recover loss incurred or to prevent any further incurrence of losses.

2. Any stockholder who does not confirm any material Related Party Transaction approved by the Board during the year due to certain issues, shall write a formal letter to the Chairman of the RPT Committee within 10 calendar days from the Annual Stockholders' meeting, presenting his/her issues on the RPT/s in question. The Chairman of the RPT Committee shall ask Senior Management to explain and if deemed necessary, may convene the RPT Committee to discuss the stockholder's letter and recommend action steps to address the same. Based on the discussions, the Chairman of the RPT Committee will send a letter-reply to the concerned stockholder.

3. Any breach of this policy by the Bank's Director may be a ground for his removal in accordance with the Corporation Code of the Philippines, the General Banking Laws, and other related laws and regulations, after compliance with due process has been served and evaluation by the Board of Directors has been completed.

4. Any breach of this policy by a Bank employee shall be considered a Serious Offense under the Bank's Code of Ethics and Discipline and shall be sanctioned accordingly after due process has been served.

5. All aforementioned findings and recommendations shall be forwarded to the Compliance Division for consolidation and reporting to the Board of Directors, through the RPT Committee for proper disposition.

N. Policy Review

The RPT policy shall be reviewed at least annually and amended when necessary, by the RPT Committee. Any changes or amendments in the RPT policy and procedure shall be approved by majority of the Board of Directors and approved by majority of the Stockholders constituting a quorum[15].

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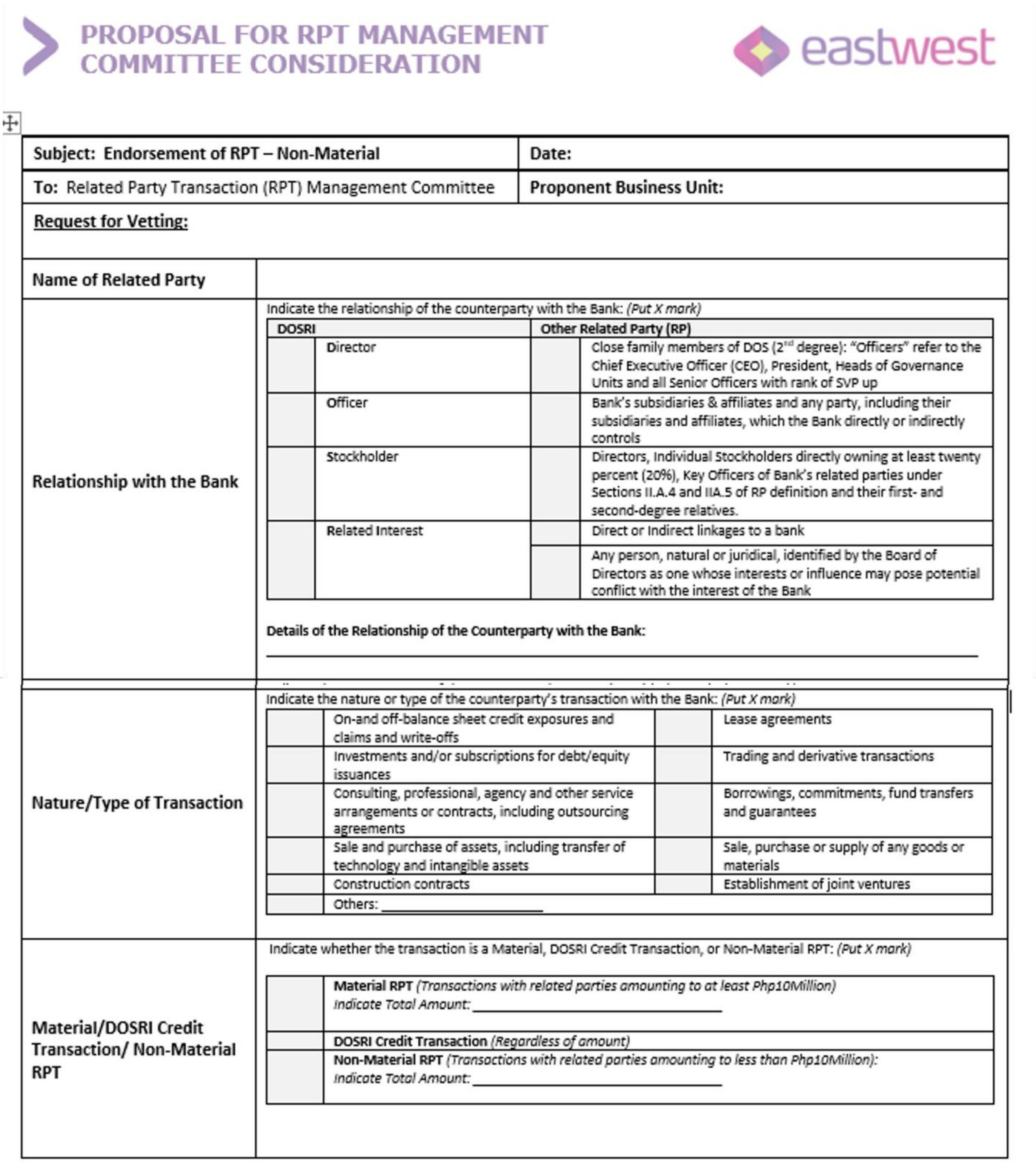
[15] Approval by majority of the Stockholders constituting a quorum shall be manifested through a ratification in the subsequent stockholder's meeting.

IV. ATTACHMENTS

A. Annex A - Comparative Table of Revisions of RPT Policy attached separately from this Policy

Note: Please refer to the Annex A - Comparative Table of Revisions of RPT Policy attached separately from this Policy.

B. Exhibit A – Proposal for RPT Management Committee Consideration



PROPOSAL FOR RPT MANAGEMENT COMMITTEE CONSIDERATION

Subject: Endorsement of RPT – Non-Material	**Date:**
To: Related Party Transaction (RPT) Management Committee	**Proponent Business Unit:**
Request for Vetting:	
Name of Related Party	
Relationship with the Bank	Indicate the relationship of the counterparty with the Bank: *(Put X mark)*

DOSRI		**Other Related Party (RP)**	
	Director		Close family members of DOS (2^{nd} degree): "Officers" refer to the Chief Executive Officer (CEO), President, Heads of Governance Units and all Senior Officers with rank of SVP up
	Officer		Bank's subsidiaries & affiliates and any party, including their subsidiaries and affiliates, which the Bank directly or indirectly controls
	Stockholder		Directors, Individual Stockholders directly owning at least twenty percent (20%), Key Officers of Bank's related parties under Sections II.A.4 and IIA.5 of RP definition and their first- and second-degree relatives.
	Related Interest		Direct or Indirect linkages to a bank
			Any person, natural or juridical, identified by the Board of Directors as one whose interests or influence may pose potential conflict with the interest of the Bank

Details of the Relationship of the Counterparty with the Bank:

____

Nature/Type of Transaction

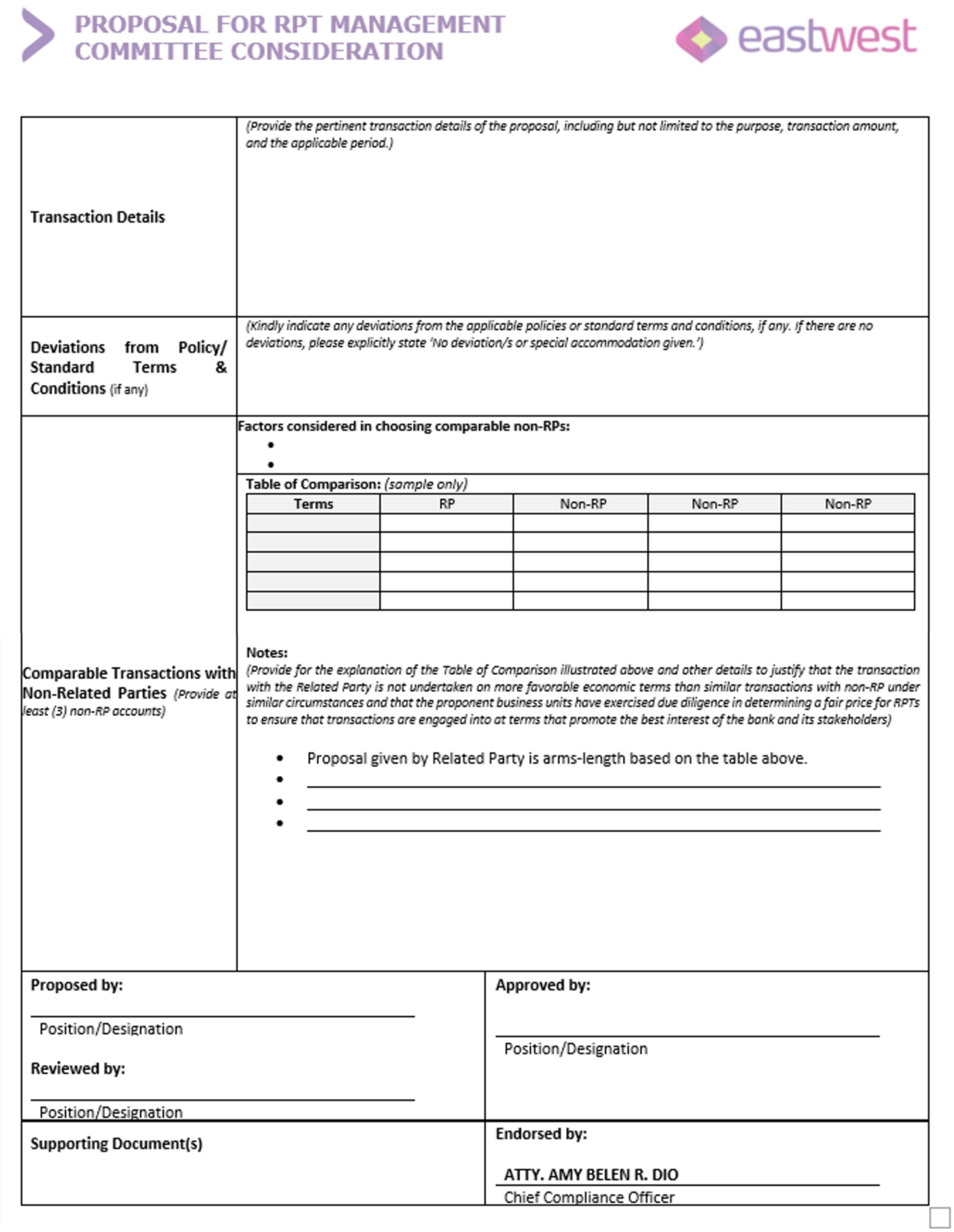
Indicate the nature or type of the counterparty's transaction with the Bank: *(Put X mark)*

	On-and off-balance sheet credit exposures and claims and write-offs		Lease agreements
	Investments and/or subscriptions for debt/equity issuances		Trading and derivative transactions
	Consulting, professional, agency and other service arrangements or contracts, including outsourcing agreements		Borrowings, commitments, fund transfers and guarantees
	Sale and purchase of assets, including transfer of technology and intangible assets		Sale, purchase or supply of any goods or materials
	Construction contracts		Establishment of joint ventures
	Others: ____________________		

Material/DOSRI Credit Transaction/ Non-Material RPT

Indicate whether the transaction is a Material, DOSRI Credit Transaction, or Non-Material RPT: *(Put X mark)*

	Material RPT *(Transactions with related parties amounting to at least Php10Million)* *Indicate Total Amount:* ______________________________
	DOSRI Credit Transaction *(Regardless of amount)*
	Non-Material RPT *(Transactions with related parties amounting to less than Php10Million):* *Indicate Total Amount:* ______________________________



PROPOSAL FOR RPT MANAGEMENT COMMITTEE CONSIDERATION

Transaction Details	*(Provide the pertinent transaction details of the proposal, including but not limited to the purpose, transaction amount, and the applicable period.)*
Deviations from Policy/ Standard Terms & Conditions (if any)	*(Kindly indicate any deviations from the applicable policies or standard terms and conditions, if any. If there are no deviations, please explicitly state 'No deviation/s or special accommodation given.')*
Comparable Transactions with Non-Related Parties *(Provide at least (3) non-RP accounts)*	**Factors considered in choosing comparable non-RPs:** • •

Table of Comparison: *(sample only)*

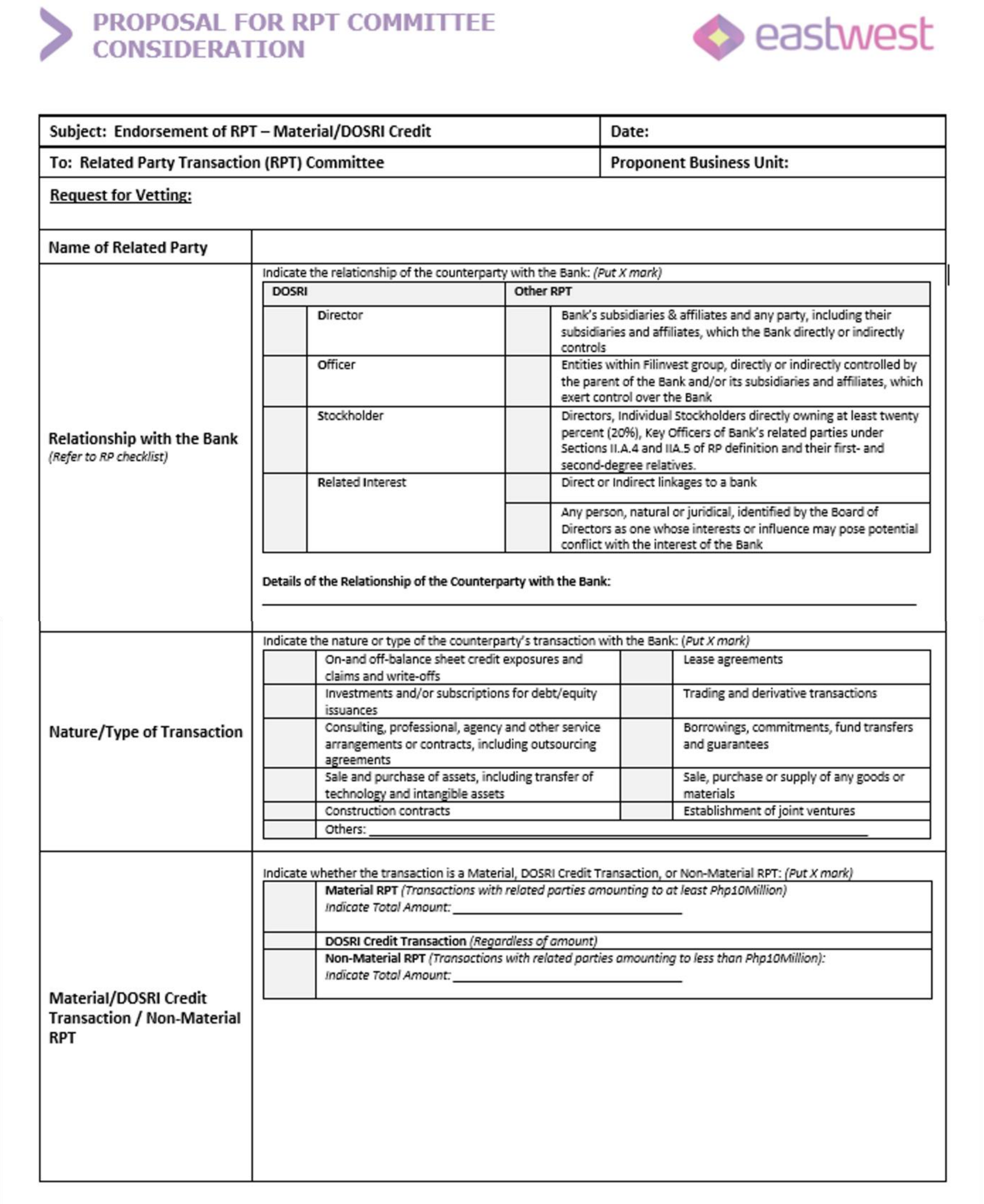
Terms	RP	Non-RP	Non-RP	Non-RP

Notes:
(Provide for the explanation of the Table of Comparison illustrated above and other details to justify that the transaction with the Related Party is not undertaken on more favorable economic terms than similar transactions with non-RP under similar circumstances and that the proponent business units have exercised due diligence in determining a fair price for RPTs to ensure that transactions are engaged into at terms that promote the best interest of the bank and its stakeholders)

- Proposal given by Related Party is arms-length based on the table above.
- ______________________________
- ______________________________
- ______________________________

Proposed by: ______________________________ Position/Designation **Reviewed by:** ______________________________ Position/Designation	**Approved by:** ______________________________ Position/Designation
Supporting Document(s)	**Endorsed by:** ATTY. AMY BELEN R. DIO Chief Compliance Officer

C. Exhibit B - Proposal for RPT Committee Consideration



PROPOSAL FOR RPT COMMITTEE CONSIDERATION

Subject: Endorsement of RPT – Material/DOSRI Credit	**Date:**
To: Related Party Transaction (RPT) Committee	**Proponent Business Unit:**
Request for Vetting:	
Name of Related Party	

Relationship with the Bank
(Refer to RP checklist)

Indicate the relationship of the counterparty with the Bank: *(Put X mark)*

DOSRI		**Other RPT**	
	Director		Bank's subsidiaries & affiliates and any party, including their subsidiaries and affiliates, which the Bank directly or indirectly controls
	Officer		Entities within Filinvest group, directly or indirectly controlled by the parent of the Bank and/or its subsidiaries and affiliates, which exert control over the Bank
	Stockholder		Directors, Individual Stockholders directly owning at least twenty percent (20%), Key Officers of Bank's related parties under Sections II.A.4 and IIA.5 of RP definition and their first- and second-degree relatives.
	Related Interest		Direct or Indirect linkages to a bank
			Any person, natural or juridical, identified by the Board of Directors as one whose interests or influence may pose potential conflict with the interest of the Bank

Details of the Relationship of the Counterparty with the Bank:

____

Nature/Type of Transaction

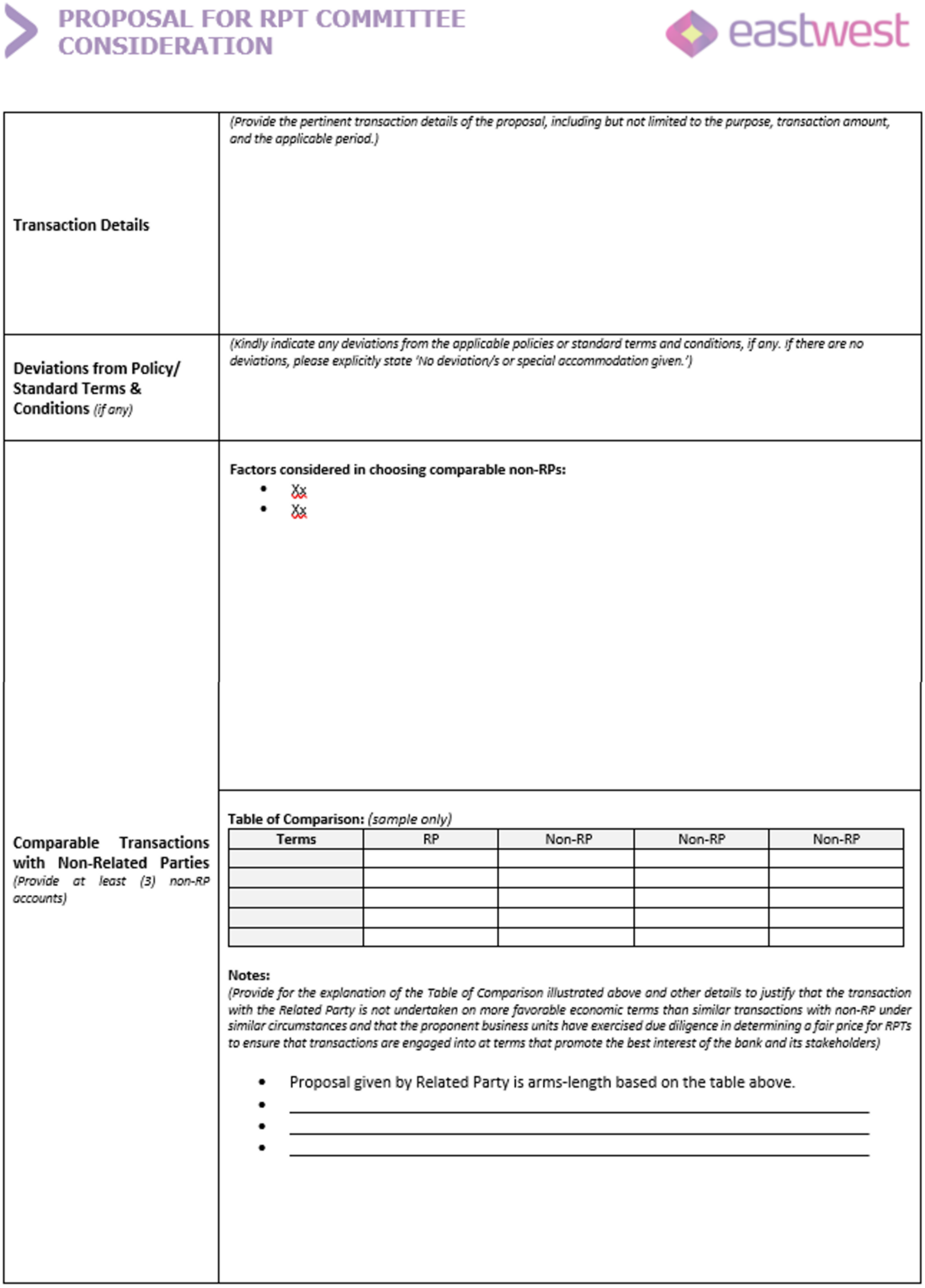
Indicate the nature or type of the counterparty's transaction with the Bank: *(Put X mark)*

	On-and off-balance sheet credit exposures and claims and write-offs		Lease agreements
	Investments and/or subscriptions for debt/equity issuances		Trading and derivative transactions
	Consulting, professional, agency and other service arrangements or contracts, including outsourcing agreements		Borrowings, commitments, fund transfers and guarantees
	Sale and purchase of assets, including transfer of technology and intangible assets		Sale, purchase or supply of any goods or materials
	Construction contracts		Establishment of joint ventures
	Others: ______________________________		

Material/DOSRI Credit Transaction / Non-Material RPT

Indicate whether the transaction is a Material, DOSRI Credit Transaction, or Non-Material RPT: *(Put X mark)*

	Material RPT *(Transactions with related parties amounting to at least Php10Million)* *Indicate Total Amount:* ____________________
	DOSRI Credit Transaction *(Regardless of amount)*
	Non-Material RPT *(Transactions with related parties amounting to less than Php10Million):* *Indicate Total Amount:* ____________________



PROPOSAL FOR RPT COMMITTEE CONSIDERATION

<table>
<tr><td>Transaction Details</td><td><i>(Provide the pertinent transaction details of the proposal, including but not limited to the purpose, transaction amount, and the applicable period.)</i></td></tr>
<tr><td>Deviations from Policy/ Standard Terms & Conditions <i>(if any)</i></td><td><i>(Kindly indicate any deviations from the applicable policies or standard terms and conditions, if any. If there are no deviations, please explicitly state 'No deviation/s or special accommodation given.')</i></td></tr>
<tr><td rowspan="2">Comparable Transactions with Non-Related Parties <i>(Provide at least (3) non-RP accounts)</i></td><td>Factors considered in choosing comparable non-RPs:
Xx
Xx</td></tr>
<tr><td>Table of Comparison: <i>(sample only)</i>
<table>
<tr><th>Terms</th><th>RP</th><th>Non-RP</th><th>Non-RP</th><th>Non-RP</th></tr>
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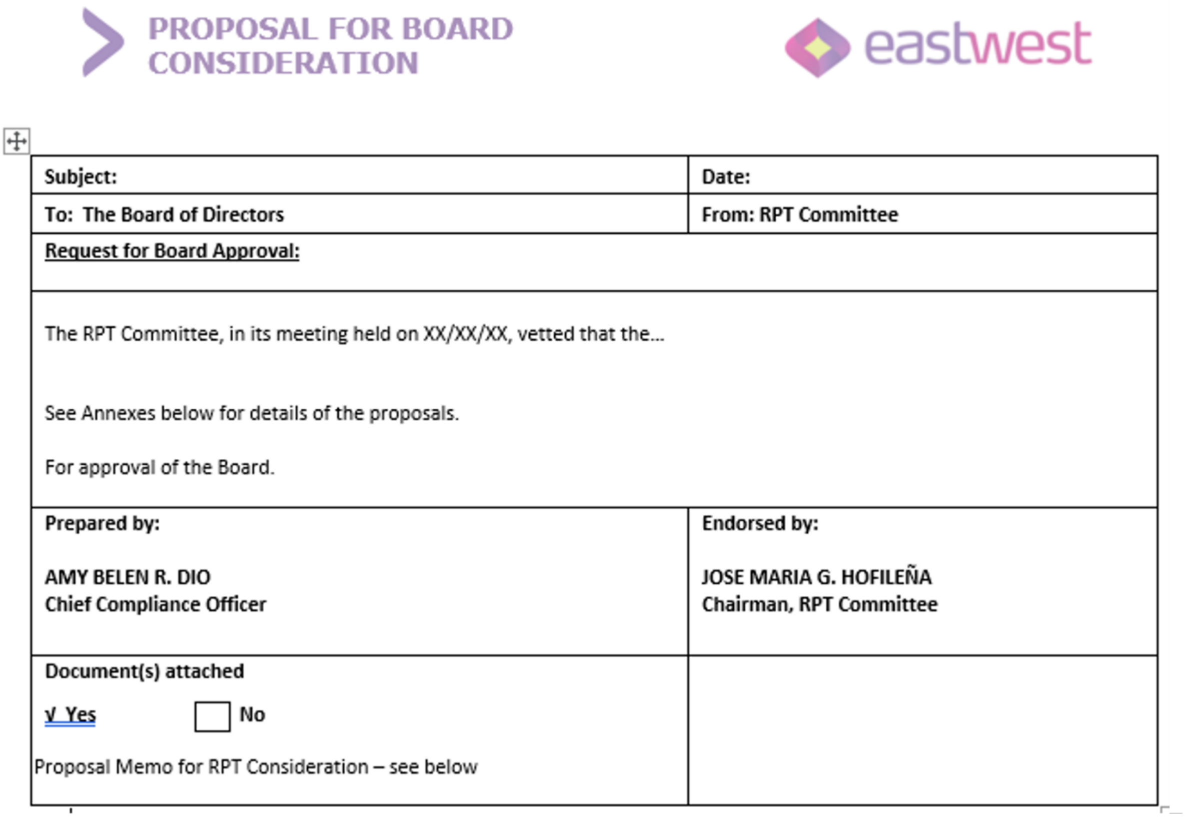
</table>
Notes:
<i>(Provide for the explanation of the Table of Comparison illustrated above and other details to justify that the transaction with the Related Party is not undertaken on more favorable economic terms than similar transactions with non-RP under similar circumstances and that the proponent business units have exercised due diligence in determining a fair price for RPTs to ensure that transactions are engaged into at terms that promote the best interest of the bank and its stakeholders)</i>
Proposal given by Related Party is arms-length based on the table above.
____
____
____________________</td></tr>
</table>

D. Exhibit C - Proposal for Board Consideration



PROPOSAL FOR BOARD CONSIDERATION

eastwest

Subject:	**Date:**
To: The Board of Directors	**From: RPT Committee**
Request for Board Approval:	
The RPT Committee, in its meeting held on XX/XX/XX, vetted that the… See Annexes below for details of the proposals. For approval of the Board.	
Prepared by: **AMY BELEN R. DIO** **Chief Compliance Officer**	**Endorsed by:** **JOSE MARIA G. HOFILEÑA** **Chairman, RPT Committee**
Document(s) attached **√ Yes** ☐ **No** Proposal Memo for RPT Consideration – see below	

E. Exhibit D – Certification of No Conflict of Interest

CERTIFICATION

____
Date

This is to certify that __________________, has no conflict of interest, directly or indirectly, with East West Banking Corporation ("EWBC") as the term is defined in EWBC's policies and procedures duly approved by the Bangko Sentral ng Pilipinas ("BSP").

It is further certified that ______________ and/or any of its directors and officers is/are not related parties to any Director, Officer, Stockholder, Subsidiary/ies and Affiliate/s of EWBC as the term "related party" is defined in EWBC's policies and procedures duly approved by the Bangko Sentral ng Pilipinas ("BSP").

It is further certified that all information contained in this document are complete, true and correct.

Name of Service Provider

By:

Authorized Officer's Signature
Over Printed Name / Designation

F. Exhibit E – Advisement Report

Securities and Exchange Commission
PHILIPPINES

ADVISEMENT REPORT ON
MATERIAL RELATED PARTY TRANSACTIONS

Reporting PLC: .... **SEC Identification Number:** ....

Name of Related Party: .... **Execution Date of Transaction:** ....

Relationship between the Parties including financial/non-financial interest: ....

Type/Nature of Transaction and Description of Assets Involved	Terms and Conditions	Rationale for Entering into the Transaction	Total Assets[16] of Reporting PLC	Amount/ Contract Price	Percentage of the Contract Price to the Total Assets of the Reporting PLC	Carrying Amount of Collateral, if any	Approving Authority[17]

SIGNATURES

Pursuant to the requirements of the Commission, the company has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

(Name of Reporting PLC)

....

Name, Signature of the Corporate Secretary/

Authorized Representative[18]

(Name of Related Party)

....

Name, Signature of the Related Party/Authorized Representative[3]

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[16] Total assets shall pertain to consolidated assets if the reporting PLC is a parent company.

[17] The information shall include the names of directors present, names of directors who approved the Material Related Party Transaction and the corresponding voting percentage obtained.

[18] Proof of authority must be attached to the Advisement Report.