

## CSBI RELATED PARTY TRANSACTIONS COMMITTEE CHARTER

REV. DATE: DECEMBER 22, 2021

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### **Mandate**

In compliance with the requirements of Bangko Sentral ng Pilipinas (BSP), Securities and Exchange Commission (SEC), and other applicable laws and regulations, the Related Party Transaction Committee, an independent board-level committee, is created by the Board of Directors of Citystate Savings Bank, Inc. (CSBI) to exercise oversight and implement effective control system for ensuring all related party transactions are done on an arm's length basis and that no stakeholder is unduly disadvantaged.

### **Section 1. Objectives**

1. To implement policies and procedures that would ensure the integrity and transparency of related party transactions for the approval of the RPT Committee;
2. To adopt and approve a group-wide Related Party Transaction (RPT) Policy which shall encompass all entries within the banking group;
3. To effectively identify, manage and monitor RPTs on per transaction and aggregate basis; and ensure that RPTs are within prudent level.

### **Section 2. Duties and Responsibilities**

The RPT Committee shall:

1. Assist the Board in ensuring that all transactions with related parties are handled in a sound and prudent manner, with integrity and complies to the requirements of applicable laws and regulations.
2. Review all related party transactions including new and existing relations between and among business and counterparties.
3. Evaluate all material RPTs to make sure that these transactions are not undertaken on more favorable economic terms (such as: price, fees, interest rates, tenor or collateral requirements) and no resources of the Bank are misappropriated or misapplied.
4. Determine any potential reputational risk issues that may arise as a result of or in connection with the transactions.
5. Ensure the transactions with the Related Party (including write-off of exposures) are subject to periodic independent review or audit process.
6. Ensure that all appropriate disclosures are made and shall include information on the approach to managing material conflicts of interest that are inconsistent with the policies

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7. Oversee the implementation of the system for identifying, monitoring, measuring, controlling and reporting RPTs, including the periodic review of RPT and procedures.
8. Approve and endorses material RPTs for board approval; and confirmation of non-material RPTs for notation of the Board.
9. Reports to the Board of Directors on a quarterly basis the status and aggregate exposures of each related party, as well as the total amount of exposures to all related parties.

### Section 3. Composition/Term of Office/Decisions/Approvals/Quorum

The Related Party Committee shall be composed of the following members:

#### 1. Composition

The committee shall be composed of at least three (3) members of the board of directors, two (2) of whom shall be independent directors, including the chairperson. The committee shall at all times be entirely composed of independent directors and non-executive directors, with independent directors comprising majority of the members.

The compliance officer or internal auditor or risk officer may sit as resource persons in said committee.

#### 2. Secretariat

The RPT Department shall serve as the Secretariat and custodian of minutes and/or resolutions of the Committee.

#### 3. Term of Office

Each member of the RPT Committee shall be appointed on an annual basis.

#### 4. Decision/Approvals

The Related Party Transactions Committee shall act and decide collectively on all matters or issues submitted before it. All decisions of the Committee shall be reached by a majority of all its members. Approvals by the Committee may be made at or during its meetings or through circulation to all members of the Committee

Prohibition: In case a member of the Committee has conflict of interest in a particular RPT, he shall inhibit himself/herself from evaluating that particular transaction.

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### 5. Quorum

A majority of the members of the Committee shall constitute a quorum and every decision of at least a majority of the Committee members present at a meeting at which there is a quorum shall be valid, unless a specific number of votes is required by existing laws and regulations. In case a member has conflict of interest in a particular RPT, he shall refrain from evaluating that particular transaction.

Directors who participate through remote communication shall be deemed present, for purposes of quorum.

### Section 4. Meetings

The Committee shall meet at least quarterly or four times (4x) a year or whenever necessary to discuss and agree on matters to be endorsed to the Board of Directors for approval and confirmation. The Committee Secretary shall prepare the agenda for each meeting and send out notice at least two (2) days before the meeting date. The Committee Secretary shall also prepare and distribute minutes of the meetings and make other regular reports to the Board, as required by the RPT Committee or by regulation.

Special meetings may be conducted, even before the scheduled quarter meeting, for urgent and important matters that needs immediate action, decision and/or approval.

### Section 5. Review and Revision to the Charter

The RPT Committee Charter shall be reviewed annually to align with the current mandates and requirements as needed and recommend changes thereto to the Board.

### Section 6. Committee Self-Assessment

To assess the effectiveness of the Committee in performing its mandate and functions, each member of the Committee shall accomplish every January of the present year a Self-Assessment Form approved by the Committee.

The Committee Secretariat shall collate all the forms and submits to Compliance Department to tabulate the results of the self-assessments and shall present it for discussion before the Committee in one of its meeting in April of the present year.

### Effectivity

This amended Charter shall take effect immediately upon approval of the Board of Directors.