



RELATED PARTY TRANSACTIONS POLICY

I. Policy Statement

This policy shall ensure that all material related party transactions of the Company and its subsidiaries shall be at “Arm’s Length”, and shall be fair and transparent to all parties concerned. It shall ensure that the rights of the Company and its stakeholders are protected and the material related party transactions are properly disclosed, approved and readily available to the proper parties.

II. Purpose

This Related Party Transactions Policy sets out to achieve the following:

- To formulate and implement policies and procedures that would ensure the integrity and transparency of Related Party Transactions;
- To set out the general requirements, responsibilities, and the specific policies, procedures and disclosures to be followed as Related Party Transactions occur;
- To ensure that every Related Party Transaction is conducted in a manner that will protect the Company and its stakeholders from conflict of interest which may arise between the Company and its Related Parties;
- To ensure that every Related Party Transaction is at arm’s length, with terms that are fair and inure to the best interest of the Company, its stakeholders, subsidiaries and affiliates;
- To ensure proper periodic review, evaluation, approval, ratification, disclosure and implementation of transactions between the Company and any of its Related Party/ies as required in compliance with legal and regulatory requirements; and
- To ensure whistle-blowing mechanisms and remedies for abusive Related Party Transactions are in place.

III. Coverage

This Related Party Transactions Policy applies to the Company, its subsidiaries and affiliates, and all related parties of the Company, as defined herein.

IV. Definition of terms

For purposes of this Related Party Transactions Policy, the following definitions shall apply:

Related parties - covers the company’s subsidiaries, as well as affiliates and any party (including their subsidiaries, affiliates and special purpose entities), that the company exerts direct or indirect control over or that exerts direct or indirect control over the company; the company’s directors; officers; shareholders and related interests (DOSRI), and their spouses and relatives within the fourth civil degree of consanguinity or affinity, legitimate or common-law, as well as corresponding persons in affiliated companies.

Affiliate - a company that (a) is controlled by or is under common control with the Company or (b) owns, controls, or holds the power to vote 20 percent (20%) or more of a class of voting securities in the Company.

“Arm’s Length” - refers to characteristic of a transaction done in an open and unrestricted market and between willing parties who are knowledgeable, informed, and who act independently of and without regard to any relationship with each other.

Control - the power to determine the financial and operating policies of an entity in order to benefit from its activities. It is presumed to exist when the parent entity owns, directly or through subsidiaries and/or associates, more than fifty percent (50%) of the voting power of an entity. It also exists when the parent entity owns fifty percent (50%) or less of the voting power of an entity, but has any of the following powers:

- More than fifty percent (50%) of the voting rights by virtue of an agreement with other investors;
- To govern the financial and operating policies of the entity under a statute or agreement;
- To appoint or remove the majority of the members of the board of directors or equivalent governing body; or
- To cast the majority of votes at meetings of the board of directors or equivalent governing body.

Related party transactions (RPTs) - a transfer of resources, services or obligations between the Company and a related party, regardless of whether a price is charged. It should be interpreted broadly to include not only transactions that are entered into with related parties, but also outstanding transactions that are entered into with an unrelated party that subsequently becomes a related party.

Materiality Threshold– Any related party transaction/s, either individually or over a twelve (12)-month period, amounting to ten percent (10%) or higher of a company’s total assets.

V. Responsibilities

A. Board of Directors

The Board of Directors shall have the overall responsibility in ensuring that the 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 the Company’s shareholders and other stakeholders. Towards this end, the Board of Directors shall carry out the following duties and responsibilities:

- To institutionalize an over-arching policy on management of material RPTs to ensure effective compliance with existing laws, rules and regulations at all times and that material RPTs are conducted at an arm’s length basis, and that no shareholder or stakeholder is unduly disadvantaged;
- To approve all material RPTs that cross the materiality threshold and write-off of material exposures to related parties, as well as any renewal or material changes (such as changes in price, interest rate, maturity date, payment terms, commissions, fees, tenor and collateral requirements) in the terms and conditions of material RPTs in accordance with this Policy;
- To establish an effective audit, risk and compliance system to (a) determine, identify, and monitor related parties and material RPTs; (b) continuously review and evaluate existing relationships between and among businesses and counterparties; and, (c) identify, measure, monitor and control risks arising from material RPTs.

The system shall be able to define the related parties' extent of relationship with the Company; assess situations in which a non-related party (with whom the Company has entered into a transaction) subsequently becomes a related party and vice versa; and generate information on the nature and amount of exposures of the Company to a particular related party. The said system will facilitate the submission of accurate reports to the regulators/supervisors. The system as well as the over-arching policies shall be subject to periodic assessment by the Internal Audit Head and Compliance Officer and shall be updated regularly for their sound implementation. The over-arching policy and the system shall be made available to the Securities and Exchange Commission (SEC) and audit functions for review. Any change in the policy and procedure shall be approved by the majority of the Board of Directors and approved by majority of the shareholders constituting a quorum.

- To oversee the integrity, independence and effectiveness of the policies and procedures for whistle-blowing. The Board should ensure that senior Management addresses legitimate issues on material RPTs that are raised. The Board should take responsibility for ensuring that stakeholders who raise concerns are protected from detrimental treatment or reprisals.

B. SENIOR MANAGEMENT

The Company's Senior Management Team shall implement appropriate controls to effectively manage and monitor material RPTs on a per transaction and aggregate basis. Exposures to related parties shall also be monitored on an ongoing basis to ensure compliance with the Company's policy and SEC's regulations.

VI. POLICIES

- Identification of related parties.** As delegated by the Company's Board of Directors, by itself or through Company's Executive Committee shall identify the persons and companies that are considered as the company's related parties. The Company's Board of Directors by itself or through the Company's Executive Committee shall regularly review and update such list of related parties in order to reflect any structural or organizational changes.
- Coverage of Material RPT policy.** The material RPT policy shall cover all transactions meeting the materiality threshold.
- Materiality thresholds.** Any related party transaction/s, either individually or over a twelve (12)-month period, amounting to ten percent (10%) or higher of a company's total assets.
- Identification and prevention or management of potential or actual conflicts of interest which may arise out of or in connection with material RPTs.** 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 material RPT and abstain from the 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 the purposes of assessing the quorum and their votes shall not be counted for purposes of determining majority approval.
- Guidelines in ensuring arm's length terms.** No preferential treatment shall be given to related parties that are not extended to non-related parties under similar circumstances.

The Board of Directors or the Executive Committee shall appoint an independent party to evaluate the fairness of the terms of the material RPTs. The Board of Directors or the Executive Committee may resort to acquiring the services of an external expert, opening the transaction to a bidding process, or publication of available property for sale, or other similar methods to ensure that the Material Related Party Transaction remains at Arm's Length.

- f. **Approval of material RPTs.** All individual material RPTs shall be approved by the majority vote of the board of directors and shareholders. The Directors shall ensure that these Material RPTs shall be at "Arm's Length" and shall be to the best interest of the Company. Directors with personal interest in the transaction shall abstain from discussions and voting on the same. In case they refuse to abstain, their attendance shall not be counted for the purposes of assessing the quorum and their votes shall not be counted for purposes of determining majority approval.
- g. **Self-assessment and periodic review of policy** - The internal audit shall conduct a periodic review of the effectiveness of the company's system and internal controls governing material RPTs to assess consistency with the board-approved policies and procedures. The resulting audit reports, including exceptions or breaches in limits, shall be communicated directly to the Audit Committee.

The company's Compliance Officer shall ensure that the company complies with relevant rules and regulations and is informed of regulatory developments in areas affecting related parties. It shall aid in the review of the company's transactions and identify any potential material RPT that would require review by the Board. It shall ensure that the company's material RPT policy is kept updated and is properly implemented throughout the company.

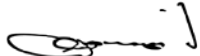
- h. **Disclosure requirement of material RPTs.** The members of the board, shareholders, and management shall fully disclose to the Board of Directors all material facts related to material RPTs as well as their direct and indirect financial interest in any transaction or matter that may affect or is affecting the company.
- i. **Whistle blowing mechanisms.** Any employee or stakeholder of the Company who has any legitimate concern about any illegal, unethical or questionable Material Related Party Transactions can report and raise their concerns with the Company's Board of Directors or Executive Committee, through the Company's Corporate Secretary who will validate and investigate the materiality and legitimacy of the concerns reported. If found to have merit and a Material Related Party Transaction, the Corporate Secretary shall raise the matter to the Company's Board of Directors in the next Regular Board of Director's Meeting, if not earlier. The Corporate Secretary shall ensure that the matter is communicated and reported confidentially and without risk of reprisal.
- j. **Remedies for abusive RPTs.** Any Material Related Party Transactions that are found by the Board of Directors to be illegal, unethical or contrary to the interest of the Company can be overturned, modified or invalidated by the Board of Directors. The Board of Directors shall then instruct the Company's Management implement steps or measures that would cut losses and allow recovery of losses or opportunity costs incurred by the company arising out of or in connection with abusive material RPTs. Any erring officer or employee shall then be investigated by the Company's Disciplinary Committee, the latter will then recommend the proper sanction against the erring officer or employee.
- k. **Disclosure and Publication.** This Related Party Transaction Policy shall be published and disclosed in the Company's Website and any other avenues required by law or regulation. In addition, the Company shall comply with the following reportorial requirements:

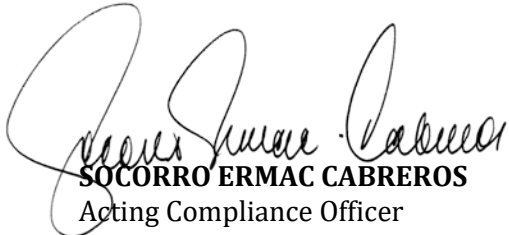
1. Recommendation 8.5 of the Integrated Annual Corporate Governance Report (I-ACGR) submitted annually every May 30; and
2. Advisement Report of any material RPT filed within three (3) calendar days after the occurrence of the transaction.

At a minimum, the disclosures in both (1) and (2) above shall include the following information:

- i. complete name of the related party;
 - ii. relationship with the party;
 - iii. financial or non-financial interest of the related party;
 - iv. transaction date;
 - v. type and nature of transaction as well as a description of the assets involved;
 - vi. amount or contract price;
 - vii. terms and conditions;
 - viii. rationale for entering into the transaction; and
 - ix. the required approval (i.e., names of the board of directors approving, names and percentage of shareholders who approved) based on the company's material RPT policy.
- l. **Additional Rules.** The Company's Board of Directors, by itself or through the Company's Executive Committee or Related Party Transactions Committee, shall have the authority to amend this Policy or issue any additional clarificatory rule in order to effectively implement the objectives of this Policy.

SIGNED:


DOMINGO T. UY
Chairman of the Board


SOCORRO ERMAC CABREROS
Acting Compliance Officer